

FINAL REPORT

**HOUSING DEVELOPMENT
STUDY COMMITTEE**

Presented to the Legislative Council
and the Iowa General Assembly
February 1996

Prepared by the Legislative Service Bureau



Legislative
Service
Bureau

FINAL REPORT

Housing Development Study Committee

January 1996

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Senator Mary Lundby
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AUTHORIZATION AND APPOINTMENT

The Housing Development Study Committee was established by the Legislative Council for the 1995 interim. The Committee was authorized two meeting days and subsequently was authorized a third meeting day. The Committee was charged with determining what, if any, changes should be made to Iowa's laws regarding housing development and making recommendations. The Committee was to contact persons representing the following groups for participation in the interim study: The Director of the Department of Economic Development and the Director of the Iowa Finance Authority, or their designees; a representative of the Iowa League of Cities; a representative of the Iowa State Association of Counties; a representative of an organization representing homebuilders; a person with experience in municipal bonding and knowledgeable about the legal requirements for issuing bonds; a person representing an organization which advocates for low and moderate income persons regarding housing; a person with experience in financing the development and purchase of housing; a representative of the Iowa Association of Regional Councils; and a representative of an organization representing real estate brokers. The Committee was also charged with consulting with the Department of Economic Development and the Iowa Finance Authority and coordinating the activities of the Committee with the Housing Summit, and with the Executive Branch.



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1. Presentations.

a. **October 4 Meeting.** The following presentations were made to the Committee at its first meeting:

◆ **State Programs.** Ted Chapler, Executive Director of the Iowa Finance Authority, and David Lyons, Director of the Iowa Department of Economic Development, provided an overview of the housing programs administered by their agencies, and made recommendations to the Committee, including expanding the availability of real estate improvement districts statewide (currently real estate improvement districts may be implemented in only six counties as part of a pilot project), making tax increment financing more available for housing by adding flexibility to the manner in which the low and moderate income housing requirement may be met, and providing an appropriation of \$1.2 million to fund part of the match required by the federal HOME program.

◆ **Housing Summit.** Tom Hannafan and Glen Jesse, co-chairpersons of the Housing Summit created pursuant to House File 577, reviewed the report and recommendations of the Summit and the process by which the Summit reached the recommendations. Recommendations of the Summit include expanding the use of tax increment financing for housing, appropriating \$10 million to the Iowa Finance Authority to make up for shortfalls in federal funding of housing programs, and making it easier and faster for cities to acquire derelict housing.

◆ **Federal Housing Update.** Joe O'Hern, representing the Secretary of Housing and Urban Development (HUD), and William McNarney, HUD State Coordinator for Iowa, discussed the Clinton administration and Congressional funding proposals for housing programs and the potential impacts on Iowa programs of the reductions in funding proposed by Congress. Currently, HUD is looking at an overall reduction in housing funding of about 20 percent. These reductions potentially could result in up to a \$100 million annual decrease in HUD-related economic activity in Iowa.

◆ **Tax Increment Financing (TIF).** John McKinney and Robert Josten, attorneys specializing in municipal financing, discussed the history of tax increment financing (TIF) in Iowa. They explained how recent amendments limiting, for housing, the use of TIF to housing for persons with family incomes under 80 percent of the area median income has significantly restricted the ability of communities, particularly smaller communities, to use TIF for housing purposes. They also discussed possible changes to chapter 403A, regarding municipal housing projects, to provide more flexibility for communities to meet the need for low and moderate income housing and the need for other kinds of housing projects.

◆ **Builders.** A panel consisting of a manufactured housing representative, electrical contractor representative, and a lumber yard owner discussed housing issues from their perspective. Recommendations included prohibiting real estate improvement districts from discriminating against manufactured homes, requiring that affordable housing be a part of all comprehensive land use plans, and finding ways to reduce permitting costs and delays. It was also noted that capital access

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is a problem for both builders and buyers of homes and that the costs of developing lots often makes building a house in the \$50,000 to \$75,000 range unprofitable.

◆ **Developers.** A panel representing housing financiers, developers, and realtors recommended redirecting real estate transfer tax proceeds, currently going to the state general fund, to the Iowa Finance Authority, and appropriating state funds to provide the local match required for the federal HOME program and to make up for lost federal funding. The Committee was also told that it should avoid a one-size-fits-all approach to solving Iowa's housing problems.

b. November 9 Meeting. The following presentations were made to the Committee at its second meeting on November 9:

◆ **Rural Economic and Community Development.** Ellen King Huntoon, Acting State Director, Rural Economic and Community Development (RECD, formerly Farmers Home Administration) of the United States Department of Agriculture, spoke regarding the programs administered by RECD, and the potential impact of anticipated reductions in its budget from the budget for federal fiscal year 1995. The RECD programs are limited to communities under 20,000 in population and rural in character. The programs consist of single and multifamily housing assistance in the form of loans or grants aimed at low and moderate income families and the elderly. Iowa has the largest number of RECD multifamily projects in the country. Ms. Huntoon also discussed the implications for Iowa if federal funds are consolidated into block grants and the amount of funding reduced from past levels. Iowa could see a 30 to 40 percent decrease in available program funds and up to a 60 percent decrease in funding for rural infrastructure under the block grant proposals now before Congress.

◆ **Neighborhood Finance Corporation.** Curt Heidt, Executive Director, Neighborhood Finance Corporation (NFC), discussed the role NFC plays in housing development. The NFC was founded in 1990 as a nonprofit mortgage banker and has loaned over \$28 million and provided grants of over \$4 million to designated neighborhoods in Des Moines. The NFC programs operate on a partnership philosophy, seeking citizen participation, economic diversity, maximum leverage of funds, and goals that create accountability. Mr. Heidt stressed the need for flexible sources of funds for housing development, for tools to encourage capital investment along the entire housing continuum, and for introducing some flexibility in local building codes.

◆ **Iowa Coalition for Housing and the Homeless.** Loyd Ogle, Executive Director, Iowa Coalition for Housing and the Homeless, spoke regarding the need for Iowa to take a more active role in improving Iowa's response to homelessness and the lack of affordable housing in the state. Mr. Ogle recommended fully funding the emergency assistance program so that it operates on a year round basis, encouraging the formation of local or regional housing trust funds with proceeds from the real estate transfer tax, and endorsed the recommendation from the Housing Summit that the General Assembly appropriate an additional \$10 million to the Iowa Finance Authority Housing Improvement Fund.



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◆ **Impact of TIF on Schools.** Dr. Veronica Slacker, Superintendent of Schools, and Ron Marr, Vice President of the School Board, Waukee, Iowa, explained the impact of tax increment financing (TIF) on the Waukee school district. While supporting the use of tax increment financing as a positive development tool for cities, Dr. Slacker recommended that school districts be involved, in more than a consulting capacity, in the planning and implementation of tax increment financing districts and that a limit be placed on the amount of a school district budget which may be diverted by tax increment financing. Mr. Marr stated that tax increment financing reduces a district's ability to plan for expansion and to avoid large changes in the property tax levy.

◆ **Quad-Cities Development Cluster.** Robert Zelsdorf and Shelley Sheehy, representing the Davenport - Quad Cities Housing Cluster, expressed their support for an additional \$10 million appropriation to the Iowa Finance Authority, the creation of local housing trust funds using real estate transfer tax proceeds, and maintaining the current low and moderate income requirement for tax increment financing for housing. Mr. Zelsdorf also provided an overview of the services currently provided by the Cluster and explained how creation of a local housing trust fund would provide upwards of \$500,000 for housing projects by the Cluster.

◆ **Homebuilders Association of Iowa.** Charles Wasker, General Counsel, Homebuilders Association of Iowa, stated that the Association has officially adopted the recommendations made to the Committee by the Department of Economic Development at the October 4, 1995, meeting. (See page 2 under the "State Programs" heading.) Mr. Wasker also recommended that the sales tax on housing building materials be eliminated, that proceeds from the real estate transfer tax be appropriated to the Iowa Finance Authority, that the state codes regarding housing be examined with an eye toward eliminating unnecessary requirements that increase the cost of housing without impacting on health and safety, and that multifamily housing not be assessed as commercial property.

◆ **Proposed Committee Recommendations.** The Committee proposed the following recommendations made to the Committee be considered for discussion at the third meeting:

- (1) Extend access to real estate improvement districts to all counties.
- (2) Allow flexibility in using tax increment financing for housing development, assuring that each TIF district generates a benefit for low and moderate income housing.
- (3) Make housing projects utilizing TIF nonrenewable and limit the life of a housing TIF project based on a cost/benefit analysis conducted by the local entities prior to implementation.
- (4) Provide adequate funding to agencies to continue to assess the effectiveness of outreach efforts and increase technical assistance and education programs.

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(5) Encourage the development of construction trades programs through IDED workforce development and school-to-work programs at community colleges and high schools.

(6) Support continuation of federal housing tax credits.

(7) Make the interest from public bonds for housing exempt from state income tax to improve the marketability.

(8) Consider appropriating \$10 million to the Iowa Finance Authority to make up for federal housing program funding reductions.

(9) Assign \$1.2 million of real estate transfer tax receipts, or funds from some other source, to the federal HOME program in order to meet half of the 25 percent match required by the program.

(10) Allow the proceeds from the real estate transfer tax to remain in the county in which the tax is collected if the county creates a housing trust fund. Five percent of the proceeds would continue to be appropriated to the Iowa Finance Authority.

(11) Divert real estate transfer tax proceeds from the General Fund of the State to housing development uses.

(12) Enable cities to acquire dilapidated vacant houses through nuisance abatement procedures.

(13) Allow counties flexibility to dispose of tax-delinquent houses, including the ability to give special consideration to prospective low and moderate income buyers.

(14) Review and modify state regulations on housing rehabilitation to allow local flexibility in areas other than safety.

(15) Make low-interest revolving loans available for rehabilitation to replace the current rehabilitation grant programs administered by the state.

(16) Prohibit discrimination against manufactured housing by real estate improvement districts.

(17) Reduce taxes applicable to the construction industry, particularly the sales tax on building materials used in affordable residential development.

(18) Change the manner by which property under development is taxed. Phase in property taxes 15 percent a year starting three years after the property is acquired for development.

(19) Do not increase governmental regulations in this area.

(20) Increase the percentage of property owners which must petition city council from 20 to 35 percent in order to force a vote of the city council on approving a low income housing project and reduce the supermajority approval requirement from 75 percent to 60 percent.



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2. Recommendations.

At its third meeting on December 12, 1995, the Committee adopted the following recommendations (Recommendations a through e were adopted by the Committee in the form of proposed statutory revisions. These recommendations may be found in Attachment 1.):

- a. Extend access to real estate improvement districts to all counties.
- b. Allow flexibility in using tax increment financing and municipal housing projects for all types of housing development while providing that each TIF district generates a benefit for low and moderate income housing and limiting each TIF project to a life of 10 years.
- c. Enable cities to acquire dilapidated vacant houses through nuisance abatement procedures.
- d. Allow counties flexibility to dispose of tax-delinquent houses, including the ability to give special consideration to prospective low and moderate income buyers.
- e. Prohibit discrimination against manufactured housing by real estate improvement districts.
- f. Divert real estate transfer tax proceeds currently going into the General Fund of the State to the Iowa Finance Authority to be used for the benefit of local housing trust funds.
- g. Provide \$1.2 million of state funds for use in meeting half of the 25 percent matching funds required under the federal HOME program.
- h. Increase education and capacity building efforts regarding housing development.
- i. That the General Assembly show its support for the continuation of federal housing tax credits.
- j. Encourage local flexibility on building codes, particularly with respect to codes relating to the rehabilitation of housing and that the appropriate standing committees in the Senate and House of Representatives explore the option of adopting a separate building code for housing rehabilitation.
- k. Encourage the development of construction trades programs through the Department of Economic Development, school-to-work programs, high school programs, and coordination with the applicable unions.
- l. Appropriate up to \$10 million to the Iowa Finance Authority for a flexible response to reductions in federal housing programs, should they occur.
- m. Provide adequate funding to perform housing needs assessments, to continue to assess the effectiveness of outreach efforts, and to increase technical assistance programs.

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n. Continue to explore ways to remove the sales tax with respect to housing rehabilitation and low and moderate income housing construction.

3. Materials Distributed at Committee Meetings.

a. Iowa Department of Economic Development - "Iowa - The Smart State for Business" - packet of information.

b. Iowa Finance Authority:

◇ Program Activity Maps by Senate and House District.

◇ Pamphlets on First-time Homebuyer Mortgage Loan Program, Mortgage Credit Certificate Program, and Down Payment/Closing Cost Grant Program.

c. Report from the Housing Summit.

d. Iowa Manufactured Housing Association:

◇ Summary of Testimony.

◇ Special Report - Local Regulation of Manufactured Housing.

◇ Pamphlet from Manufactured Housing Institute.

◇ Consumer's Guide to Today's Manufactured Homes.

e. National Electrical Contractors Association:

◇ Summary of Testimony.

◇ "The Quality Connection - A Commitment to Excellence".

◇ "The Quality Connection - A Case Study for the Electrical Construction Industry".

◇ "What is NECA?"

f. Robert Josten - "1994 Amendments to Urban Renewal Law"

g. United States Department of Housing and Urban Development:

◇ Comments by William H. McNarney.

◇ HUD's Partnership with Iowa.

◇ Housing Cuts in Iowa.

◇ FY 1996 U. S. Senate Appropriations Bill Highlights.

h. Realtor Positions on Housing - Iowa Association of Realtors.

i. Robert Burns - Perspectives on Iowa's Housing Situation - Affordable Rental Housing.

j. Recommendations for Committee Consideration - compiled by the Legislative Service Bureau from recommendations made at first meeting.



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- k. Median Income Information - provided by Department of Housing and Urban Development.
- l. Business Perspective on Housing - Steve Bragg, Pella Corporation.
- m. Metro Area Housing Program - Recommendations to the Iowa Legislature.
- n. AFL-CIO Housing Investment Trust - Letter and summary of financing programs.
- o. Background Paper on Tax Increment Financing - Ted Chapler, Iowa Finance Authority.
- p. Section 403 legislative proposals.
- q. Memorandum concerning state receipts from the Real Estate Transfer Tax - Legislative Fiscal Bureau.
- r. Rural Economic and Community Development, U. S. Department of Agriculture - packet of material.
- s. Neighborhood Finance Corporation - summary of testimony - packet of information.
- t. Iowa Coalition for Housing and the Homeless - summary of testimony - Iowa Department of Education summary of homeless children and families.
- u. Waukee Schools - Document entitled "Factors Which Inhibit Financial Planning and Long Range Financial Forecasting in Growing Districts".
- v. United Neighbors, Inc. - summary of testimony.
- w. Homebuilders Association of Iowa - summary of testimony.

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1 PART 1

2 Sec. 101. Section 358C.1, subsection 2, paragraph d, Code
3 Supplement 1995, is amended to read as follows:

4 d. "District" means a real estate improvement district as
5 created in this chapter, ~~in a county designated as a pilot~~
6 county under section 358E.2. A real estate improvement
7 district shall not be created after June 30, 2000.

8 Sec. 102. Section 358C.2, Code Supplement 1995, is
9 repealed.

10

11 EXPLANATION FOR PART 1

12 This part repeals the pilot program which limits the
13 establishment of real estate improvement districts to six
14 counties, thus allowing the statewide establishment of real
15 estate improvement districts. This part also provides that
16 real estate improvement districts cannot be created after June
17 30, 2000.

18

19 PART 2

20 Sec. 201. Section 403.2, subsection 3, Code 1995, is
21 amended to read as follows:

22 3. It is further found and declared that there exists in
23 this state the continuing need for programs to alleviate and
24 prevent conditions of unemployment and a shortage of housing;
25 and that it is accordingly necessary to assist and retain
26 local industries and commercial enterprises to strengthen and
27 revitalize the economy of this state and its municipalities;
28 that accordingly it is necessary to provide means and methods
29 for the encouragement and assistance of industrial and
30 commercial enterprises in locating, purchasing, constructing,
31 reconstructing, modernizing, improving, maintaining,
32 repairing, furnishing, equipping, and expanding in this state
33 and its municipalities, for the provision of public
34 improvements related to housing and residential development,
35 and for the provision construction of housing and residential

1 development for low and moderate income families; that
2 accordingly it is necessary to authorize local governing
3 bodies to designate areas of a municipality as economic
4 development areas for commercial and industrial enterprises,
5 public improvements related to housing and residential
6 development, or construction of housing and residential
7 development for low and moderate income families; and that it
8 is also necessary to encourage the location and expansion of
9 commercial enterprises to more conveniently provide needed
10 services and facilities of the commercial enterprises to
11 municipalities and the residents of the municipalities.
12 Therefore, the powers granted in this chapter constitute the
13 performance of essential public purposes for this state and
14 its municipalities.

15 Sec. 202. Section 403.5, subsection 2, unnumbered
16 paragraph 1, Code 1995, is amended to read as follows:

17 The municipality may itself prepare or cause to be prepared
18 an urban renewal plan; or any person or agency, public or
19 private, may submit such a plan to a municipality. Prior to
20 its approval of an urban renewal plan, the local governing
21 body shall submit such plan to the planning commission of the
22 municipality, if any, for review and recommendations as to its
23 conformity with the general plan for the development of the
24 municipality as a whole. The planning commission shall submit
25 its written recommendations with respect to the proposed urban
26 renewal plan to the local governing body within thirty days
27 after receipt of the plan for review. Upon receipt of the
28 recommendations of the planning commission or, if no
29 recommendations are received within the thirty days, then,
30 without such recommendations, the local governing body may
31 proceed with the hearing on the proposed urban renewal project
32 plan prescribed by subsection 3.

33 Sec. 203. Section 403.5, subsection 3, Code 1995, is
34 amended to read as follows:

35 3. The local governing body shall hold a public hearing on

1 an urban renewal project plan after public notice thereof by
2 publication in a newspaper having a general circulation in the
3 area of operation of the municipality. The notice shall
4 describe the time, date, place and purpose of the hearing,
5 shall generally identify the urban renewal area covered by the
6 plan, and shall outline the general scope of the urban renewal
7 project activities under consideration. A copy of the notice
8 shall be sent by ordinary mail to each affected taxing entity.

9 Sec. 204. Section 403.5, subsection 4, paragraph b,
10 subparagraph (1), Code 1995, is amended to read as follows:

11 (1) If it is to be developed for residential uses, the
12 local governing body shall determine that a shortage of
13 housing of sound standards and design with decency, safety and
14 sanitation exists in the municipality; that the acquisition of
15 the area for residential uses is an integral part of and
16 essential to the program of the municipality; and that one or
17 more of the following conditions exist:

18 (a) That the need for housing accommodations has been or
19 will be increased as a result of the clearance of slums in
20 other areas, including other portions of the urban renewal
21 area;~~that the~~

22 (b) That conditions of blight in the area municipality and
23 the shortage of decent, safe and sanitary housing cause or
24 contribute to an increase in and spread of disease and crime,
25 and so as to constitute a menace to the public health, safety,
26 morals, or welfare;~~and that the acquisition of the area for~~
27 ~~residential uses is an integral part of and essential to the~~
28 ~~program of the municipality.~~

29 (c) That the provision of public improvements related to
30 housing and residential development will encourage housing and
31 residential development which is necessary to encourage the
32 retention or relocation of industrial and commercial
33 enterprises in this state and its municipalities.

34 (d) The acquisition of the area is necessary to provide
35 for the construction of housing for low and moderate income

1 families.

2 Sec. 205. Section 403.6, Code 1995, is amended by adding
3 the following new unnumbered paragraph:

4 NEW UNNUMBERED PARAGRAPH. The provisions of this chapter
5 shall be liberally interpreted to achieve the purposes of this
6 chapter.

7 Sec. 206. Section 403.9, subsection 3, Code 1995, is
8 amended by adding the following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. Before the local governing body
10 may institute proceedings for the issuance of bonds under this
11 section, a notice of the proposed action, including a
12 statement of the amount and purposes of the bonds and the time
13 and place of the meeting at which the local governing body
14 proposes to take action for the issuance of the bonds, must be
15 published as provided in section 362.3. At the meeting, the
16 local governing body shall receive oral or written objections
17 from any resident or property owner of the municipality.
18 After all objections have been received and considered, the
19 local governing body, at that meeting or any subsequent
20 meeting, may take additional action for the issuance of the
21 bonds or abandon the proposal to issue the bonds. Any
22 resident or property owner of the municipality may appeal the
23 decision of the local governing body to take additional action
24 to the district court of the county in which any part of the
25 municipality is located, within fifteen days after the
26 additional action is taken. The additional action of the
27 local governing body is final and conclusive unless the court
28 finds that the municipality exceeded its authority.

29 Sec. 207. Section 403.9, subsection 4, Code 1995, is
30 amended to read as follows:

31 4. Such bonds may be sold at not less than ninety-eight
32 percent of par at public or private sale, or may be exchanged
33 for other bonds ~~on-the-basis~~ at not less than ninety-eight
34 percent of par.

35 Sec. 208. Section 403.10, Code 1995, is amended to read as

1 follows:

2 403.10 BONDS AS LEGAL INVESTMENT.

3 All banks, trust companies, building and loan associations,
4 savings and loan associations, investment companies and other
5 persons carrying on an investment business; all insurance
6 companies, insurance associations, and other persons carrying
7 on an insurance business; and all executors, administrators,
8 curators, trustees, and other fiduciaries, may legally invest
9 any sinking funds, moneys, or other funds belonging to them or
10 within their control in any bonds or other obligations issued
11 by a municipality pursuant to this chapter, or those issued by
12 any urban renewal agency vested with urban renewal project
13 powers under section 403.14:--~~Provided, that such bonds and~~
14 ~~other obligations shall be secured by an agreement between the~~
15 ~~issuer and the federal government, in which the issuer agrees~~
16 ~~to borrow from the federal government and the federal~~
17 ~~government agrees to lend to the issuer, prior to the maturity~~
18 ~~of such bonds or other obligations, moneys in an amount which,~~
19 ~~together with any other moneys irrevocably committed to the~~
20 ~~payment of interest on such bonds or other obligations, will~~
21 ~~suffice to pay the principal of such bonds or other~~
22 ~~obligations with interest to maturity thereon, which moneys~~
23 ~~under the terms of said agreement are required to be used for~~
24 ~~the purpose of paying the principal of and the interest on~~
25 ~~such bonds or other obligations at their maturity.~~ Such bonds
26 and other obligations shall be authorized security for all
27 public deposits. It is the purpose of this section to
28 authorize any persons, political subdivisions and officers,
29 public or private, to use any funds owned or controlled by
30 them for the purchase of any such bonds or other obligations.
31 Nothing contained in this section with regard to legal
32 investments shall be construed as relieving any person of any
33 duty of exercising reasonable care in selecting securities.
34 Sec. 209. Section 403.17, subsection 9, Code 1995, is
35 amended to read as follows:

1 9. "Economic development area" means an area of a
2 municipality designated by the local governing body as
3 appropriate for commercial and industrial enterprises, public
4 improvements related to housing and residential development,
5 or construction of housing and residential development for low
6 and moderate income families, including single or multifamily
7 housing. If an urban renewal plan for an urban renewal area
8 is based upon a finding that the area is an economic
9 development area and that no part contains slum or blighted
10 conditions, then the division of revenue provided in section
11 403.19 and stated in the plan shall be limited to twenty years
12 from the calendar year following the calendar year in which
13 the city first certifies to the county auditor the amount of
14 any loans, advances, indebtedness, or bonds which qualify for
15 payment from the division of revenue provided in section
16 403.19. Such area designated before July 1, 1994, shall not
17 include land which is part of a century farm.

18 Sec. 210. Section 403.19, subsection 2, Code 1995, is
19 amended to read as follows:

20 2. That portion of the taxes each year in excess of such
21 amount shall be allocated to and when collected be paid into a
22 special fund of the municipality to pay the principal of and
23 interest on loans, moneys advanced to, or indebtedness,
24 whether funded, refunded, assumed, or otherwise, including
25 bonds issued under the authority of section 403.9, subsection
26 1, incurred by the municipality to finance or refinance, in
27 whole or in part, an urban renewal project within the area,
28 and to provide assistance for low and moderate income family
29 housing as provided in section 403.22, except that taxes for
30 the payment of bonds and interest of each taxing district must
31 be collected against all taxable property within the taxing
32 district without limitation by the provisions of this
33 subsection. Unless and until the total assessed valuation of
34 the taxable property in an urban renewal area exceeds the
35 total assessed value of the taxable property in such area as

1 shown by the last equalized assessment roll referred to in
2 subsection 1, all of the taxes levied and collected upon the
3 taxable property in the urban renewal area shall be paid into
4 the funds for the respective taxing districts as taxes by or
5 for the taxing districts in the same manner as all other
6 property taxes. When such loans, advances, indebtedness, and
7 bonds, if any, and interest thereon, have been paid, all
8 moneys thereafter received from taxes upon the taxable
9 property in such urban renewal area shall be paid into the
10 funds for the respective taxing districts in the same manner
11 as taxes on all other property.

12 Sec. 211. NEW SECTION. 403.22 FINANCING PUBLIC
13 IMPROVEMENTS RELATED TO LOW INCOME HOUSING AND RESIDENTIAL
14 DEVELOPMENT.

15 1. With respect to any urban renewal area established upon
16 the determination that the area is an economic development
17 area, a division of revenue as provided in section 403.19
18 shall not be allowed for the purpose of providing or aiding in
19 the provision of public improvements related to housing and
20 residential development, unless the municipality assures that
21 the project will include assistance for low and moderate
22 income family housing. The amount to be provided for low and
23 moderate income family housing for such projects shall be
24 either equal to or greater than the percentage of the original
25 project cost that is equal to the percentage of low and
26 moderate income residents for the county in which the urban
27 renewal area is located as determined by the United States
28 department of housing and urban development using section 8
29 guidelines or such other amount as set out in a plan adopted
30 by the municipality and approved by the Iowa department of
31 economic development if the municipality can show that it
32 cannot undertake the project if it has to meet the low and
33 moderate income assistance requirements.

34 2. The assistance to low and moderate income housing may
35 be in, but is not limited to, any of the following forms:

- 1 a. Lots for low and moderate income housing within or
2 outside the urban renewal area.
- 3 b. Construction of low and moderate income housing within
4 or outside the urban renewal area.
- 5 c. Grants, credits or other direct assistance to low and
6 moderate income families living within or outside the urban
7 renewal area, but within the area of operation of the
8 municipality.
- 9 d. Payments to a low and moderate income housing fund
10 established by the municipality to be expended for one or more
11 of the above purposes, including matching funds for any state
12 or federal moneys used for such purposes.
- 13 3. Sources for low and moderate income family housing
14 assistance may include the following:
- 15 a. Proceeds from loans, advances, bonds or indebtedness
16 incurred.
- 17 b. Annual distributions from the division of revenues
18 pursuant to section 403.19 related to the urban renewal area.
- 19 c. Lump sum or periodic direct payments from developers or
20 other private parties under an agreement for development or
21 redevelopment between the municipality and a developer.
- 22 d. Any other sources which are legally available for this
23 purpose.
- 24 4. The assistance to low and moderate income family
25 housing may be expended outside the boundaries of the urban
26 renewal area.
- 27 5. The division of the revenue under section 403.19 for
28 each project under this section shall be limited to ten years
29 from the calendar year following the calendar year in which
30 the municipality first certifies to the county auditor the
31 amount of any loans, advances, indebtedness, or bonds which
32 qualify for payment from the division of the revenue in
33 connection with the project. The portion of the urban renewal
34 area which is involved in a project under this section shall
35 not be subject to any subsequent division of revenue under

S.F. _____ H.F. _____

1 section 403.19.

2 Sec. 212. Section 403A.2, subsection 8, Code 1995, is
3 amended to read as follows:

4 8. "Housing project" or "project" means any work or
5 undertaking: (a) to demolish, clear or remove buildings from
6 any slum ~~areas~~ area; or (b) to provide decent, safe and
7 sanitary urban or rural dwellings, apartments or other living
8 accommodations ~~for-families-of-low-income,-lower-income~~
9 ~~families,-or-very-low-income-families~~; or (c) to accomplish a
10 combination of the foregoing. Such work or undertaking may
11 include buildings, land, equipment, facilities and other real
12 or personal property for necessary, convenient or desirable
13 appurtenances, streets, sewers, water service, utilities,
14 parks, site preparation, landscaping, administrative,
15 community, health, recreational, welfare or other purposes.
16 The term "housing project" or "project" also may be applied to
17 the planning of the buildings and improvements, the
18 acquisition of property, the demolition of existing
19 structures, the construction, reconstruction, alteration or
20 repair of the improvements and all other work in connection
21 therewith, and the term shall include all other real and
22 personal property and all tangible or intangible assets held
23 or used in connection with the housing project.

24 Sec. 213. Section 403A.3, subsection 10, Code 1995, is
25 amended to read as follows:

26 10. To co-operate with the Iowa finance authority, to
27 participate in any of its programs, to use any of the funds
28 available to the municipality for the uses of this chapter to
29 contribute to such programs in which it participates, and, in
30 such instances, to comply with the provisions of ~~sections-16-1~~
31 ~~to-16-36~~ chapter 16 and the rules of the Iowa finance
32 authority promulgated thereunder.

33 Sec. 214. Section 403A.6, Code 1995, is amended to read as
34 follows:

35 403A.6 OPERATION OF HOUSING NOT FOR PROFIT.

1 It is hereby declared to be the policy of this state that
2 ~~each-municipality-shall-manage-and-operate-its-housing~~
3 ~~projects-in-an-efficient-manner-so-as-to-enable-it-to-fix-the~~
4 ~~rentals-or-payments-for-dwelling-accommodations-at-low-rates~~
5 ~~consistent-with-its-providing-decent,-safe-and-sanitary~~
6 ~~dwelling-accommodations-for-persons-of-low-income,-and-that~~ no
7 municipality shall construct or operate any housing project
8 for profit, or as a source of revenue to the municipality
9 unless provision is made that any profits or excess revenues
10 shall be used only for the development of housing for families
11 as defined in section 403A.2, subsection 6. To this end the
12 municipality shall fix the rentals or payments for dwellings
13 in its projects at no higher rates than it shall find to be
14 necessary in order to produce revenues which, {together with
15 all other available moneys, revenues, income and receipts in
16 connection with or for such projects from whatever sources
17 derived, including federal financial assistance}, will be
18 sufficient (1) to pay, as the same become due, the principal
19 and interest on the bonds issued pursuant to this chapter; (2)
20 to create and maintain such reserves as may be required to
21 assure the payment of principal and interest as it becomes due
22 on such bonds; (3) to meet the cost of, and to provide for,
23 maintaining and operating the projects, {including necessary
24 reserves therefor and the cost of any insurance, and of
25 administrative expenses}; and (4) to make such payments in
26 lieu of taxes and, after payment in full of all obligations
27 for which federal annual contributions are pledged, to make
28 such repayments of federal and local contributions as it
29 determines are consistent with the maintenance of the ~~low-rent~~
30 ~~character-of~~ projects. Rentals or payments for dwellings
31 shall be established and the projects administered, insofar as
32 possible, so as to assure that any federal financial
33 assistance required shall be strictly limited to amounts and
34 periods necessary to maintain the ~~low-rent-character-of~~
35 federal assistance for the projects.

1 Sec. 215. Section 403A.7, Code 1995, is amended to read as
2 follows:

3 403A.7 HOUSING RENTALS AND TENANT ADMISSIONS.

4 A municipality shall (1) rent or lease the dwelling
5 accommodations in a housing project ~~only~~ to persons or
6 families ~~of low income and~~ at rentals within their financial
7 reach; (2) rent or lease to a tenant such dwelling
8 accommodations consisting of the number of rooms which it
9 deems necessary to provide safe and sanitary accommodations to
10 the proposed occupants thereof, without overcrowding; and (3)
11 fix income limits for occupancy and rents after taking into
12 consideration (a) the family size, composition, age, physical
13 handicaps, and other factors which might affect the rent-
14 paying ability of the person or family, and (b) the economic
15 factors which affect the financial stability and solvency of
16 the project. ~~Provided, however, such determination of~~
17 ~~eligibility shall be within the limits of the income limits~~
18 ~~hereinbefore set out.~~

19 Nothing contained in this or the preceding section shall be
20 construed as limiting the power of a municipality with respect
21 to a housing project, to vest in an obligee the right, in the
22 event of a default by the municipality, to take possession or
23 cause the appointment of a receiver thereof, free from all the
24 restrictions imposed by this or the preceding section or
25 limiting the power to construct, manage, or operate projects
26 to provide housing for families who do not meet the
27 definitions of section 403A.2, subsection 6.

28 Sec. 216. Section 403A.12, unnumbered paragraph 2, Code
29 1995, is amended to read as follows:

30 Neither the governing body of a municipality nor any person
31 executing the bonds shall be liable personally on the bonds by
32 reason of the issuance thereof hereunder. The bonds and other
33 obligations issued under the provisions of this chapter (and
34 such bonds and obligations shall so state on their face) shall
35 be payable solely from the sources provided in this section

1 and shall not constitute an indebtedness within the meaning of
2 any constitutional or statutory debt limitation or
3 restriction. Bonds issued pursuant to this chapter are
4 declared to be issued for an essential public and governmental
5 purpose and to be public instrumentalities and, together with
6 interest thereon and income therefrom, shall be exempt from
7 all taxes. The tax exemption provisions of this chapter shall
8 be considered part of the security for the repayment of bonds
9 and shall constitute, by virtue of this chapter and without
10 the necessity of the same being restated in said bonds, a
11 contract between the bondholders and each and every one
12 thereof, including all transferees of said bonds from time to
13 time on the one hand and the respective municipalities issuing
14 said bonds and the state on the other.

15 Sec. 217. Section 403A.14, Code 1995, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 11. a. Covenant that it will annually
18 budget or appropriate moneys, subject to statutory limitations
19 on the amount that may be levied, to pay all or a designated
20 amount of any shortfall in the income and revenues available
21 to pay the costs of operating or maintaining a housing project
22 after provision has been made for payment of bonds or restore
23 deficiencies in a debt service reserve fund established for
24 the bonds.

25 b. Notwithstanding paragraph "a", a municipality shall not
26 be obligated to appropriate or otherwise provide moneys for
27 the payment of operating deficit reimbursements and in the
28 event the municipality fails to appropriate funds for this
29 purpose, the municipality shall not be liable for any damages
30 resulting from the nonappropriation.

31 c. If a municipality elects to incur an obligation to
32 appropriate or otherwise provide moneys for the payment of
33 operating deficit reimbursements, the operating deficit
34 agreement may provide that in the event a municipality shall
35 fail to pay an operating deficit reimbursement, the

1 municipality shall be in default under the operating deficit
2 agreement and the default shall constitute a default by the
3 municipality under the loan agreement with respect to the
4 project.

5 Sec. 218. NEW SECTION. 403A.25 RULE OF CONSTRUCTION.

6 The provisions of this chapter shall be liberally
7 interpreted to achieve the purposes of this chapter.

8 Sec. 219. NEW SECTION. 403A.26 PAYMENT IN LIEU OF TAXES.

9 The municipality shall pay out of the surplus net revenues
10 of a project for the prior fiscal year, not required to pay
11 principal, interest or other requirements of its bonds, to the
12 state of Iowa and its city, school district, and any other
13 political subdivision authorized to levy taxes against
14 property in the jurisdiction in which the project is located,
15 twenty-five percent of the amount of tax for the prior fiscal
16 year determined by applying the tax rate of the taxing
17 district to the assessed value of the project, which the
18 state, county, school district or other political subdivision
19 would receive for the prior fiscal year if the project were
20 owned by a private person. For the purposes of arriving at
21 this tax equivalent, the property of the project shall be
22 valued and assessed by the assessor in whose jurisdiction the
23 project is located, in accordance with chapter 441, but the
24 municipality and other persons authorized by chapter 441 shall
25 be entitled to protest any assessment in the same manner as
26 any taxpayer. Income from this source shall be considered
27 other income under the provisions of section 384.16,
28 subsection 1, paragraph "b". This subsection shall apply to
29 projects acquired from proceeds of bonds issued under
30 authority of this chapter.

31 Sec. 220. Section 403A.28, Code 1995, is amended to read
32 as follows:

33 403A.28 PUBLIC HEARING REQUIRED.

34 The A municipality or municipal housing agency shall not
35 undertake any ~~low-cost~~ housing project until such time as a

1 public hearing has been called, at which time the agency it
2 shall advise the public of the name of the proposed project,
3 its location, the number of living units proposed and their
4 approximate cost. If the municipality proposes to issue bonds
5 with respect to the project, it may combine any notice and
6 hearing requirement for the bonds with the notice for the
7 public hearing and conduct the public hearing or the bond
8 proposal simultaneously with the public hearing on the housing
9 project. Notice of the public hearing on the proposed project
10 shall be published at least once in a newspaper of general
11 circulation within the municipality, at least fifteen days
12 prior to the date set for the hearing.

13

14

EXPLANATION FOR PART 2

15 This part makes the following changes to chapter 403
16 regarding urban renewal:

17 1. Section 201 adds to the declaration of policy regarding
18 urban renewal that a need exists for programs to alleviate and
19 prevent a shortage of housing and that programs which provide
20 for public improvements related to housing and residential
21 development and the construction of housing are essential
22 public purposes for the state and its municipalities.

23 2. Sections 202 and 203 provide that public hearings are
24 to be held on a proposed urban renewal plan, rather than on
25 each urban renewal project undertaken in accordance with the
26 plan.

27 3. Section 204 requires the municipality to make a finding
28 that acquisition of land for residential uses is essential to
29 the municipality's urban renewal plan. Section 204 also
30 requires the municipality to find that one of four conditions
31 exist including that the provision of public improvements
32 related to housing and residential development will encourage
33 residential development and the retention or relocation of
34 industrial or commercial enterprises or that the area to be
35 acquired under the plan is necessary to provide for the

1 construction of low and moderate income housing.

2 4. Section 206 requires a public notice and hearing before
3 bonds may be issued for urban renewal and provides a 15 day
4 window, following the decision of the municipality to take
5 additional action to issue the bonds, for a resident or
6 property owner to appeal the additional action to the district
7 court. The additional action is final and conclusive unless
8 the court finds that the municipality exceeded its authority.

9 5. Section 207 provides that bonds may be sold or
10 exchanged at 98 percent of par value or higher.

11 6. Section 208 removes the requirement that bonds and
12 other obligations under chapter 403 be secured by an agreement
13 between the issuer of the bonds and the federal government
14 obligating the issuer to borrow from the federal government if
15 necessary to pay off the bonds or obligations.

16 7. Section 209 adds public improvements related to housing
17 development to the definition of economic development area and
18 makes construction of low and moderate income housing an
19 alternative use (along with commercial and industrial
20 enterprise and public improvements for housing) for an
21 economic development area. The division of revenue under tax
22 increment financing based upon a finding that the area is an
23 economic development area is limited to 20 years.

24 8. Sections 210 and 211 add low and moderate income
25 housing assistance to the uses which revenue from tax
26 increment financing may be used and set out the manner in
27 which assistance for public improvements related to housing
28 and residential development, both low and moderate income and
29 otherwise, may be provided.

30 Section 211 also provides that property in an urban renewal
31 area upon which public improvements related to housing and
32 residential development are being placed as part of a project
33 financed by tax increment financing can only be used for tax
34 increment financing once.

35 Tax increment financing for housing or residential

1 development is not allowed unless the municipality assures
2 that the project will include assistance for low and moderate
3 income family housing in an amount either based on the
4 percentage of low and moderate income persons in the county or
5 in some other amount as determined by the municipality and
6 agreed to by the department of economic development.
7 Assistance for low and moderate income housing may take many
8 forms, including lots for low and moderate income housing
9 within or outside the urban renewal area or payments to a low
10 and moderate income housing fund established by the
11 municipality. Funding sources may include revenue from tax
12 increment financing or any other legal source. Tax increment
13 financing for housing projects is limited in duration to ten
14 years.

15 Part 2 also makes the following changes to chapter 403A
16 regarding municipal housing projects:

17 1. Section 212 removes the requirement that a housing
18 project be for families of low income, lower income or very
19 low income levels.

20 2. Section 214 removes the prohibition on for profit
21 housing by municipalities if the profits from a housing
22 project are used only for the development of housing for low
23 and moderate income families.

24 3. Section 215 eliminates the requirement that municipal
25 housing only be rented or leased to families of low income and
26 provides that municipalities shall not be limited to
27 constructing, managing, or operating projects for persons of
28 low income.

29 4. Section 216 exempts bonds issued for municipal housing
30 projects and the interest thereon from all taxes.

31 5. Section 217 gives a municipality the power to covenant
32 that it will annually budget or appropriate moneys to make up
33 any shortfall in the income available to pay the operating and
34 maintenance costs of a municipal housing project. Section 217
35 provides that a municipality is not obligated to do so and

1 that it is not liable for any damages because it does not
2 appropriate any money to cover the costs. If the municipality
3 does elect to appropriate money for the payment of operating
4 deficits, the municipality may be considered in default under
5 the loan agreement with respect to the housing project if it
6 fails to make an operating deficit payment.

7 6. Section 219 provides that a municipality shall make
8 payments in lieu of taxes out of surplus net revenues to any
9 jurisdiction which may levy taxes against the property on
10 which the housing project is located in the amount of 25
11 percent of the tax which is owed the taxing jurisdiction.

12 7. Section 220 provides that a municipality may combine
13 the public hearing on a housing project with the public
14 hearing regarding the issuance of bonds for the project.

15

16

PART 3

17 Sec. 301. Section 331.384, subsection 1, paragraph c, Code
18 1995, is amended to read as follows:

19 c. Require the removal, repair, or dismantling of a an
20 abandoned or dangerous building or structure.

21 Sec. 302. Section 657A.1, subsections 1, 3, and 4, Code
22 1995, are amended to read as follows:

23 1. "Abandoned" or "abandonment" means that a building has
24 remained vacant and has been in violation of the housing code
25 of the city in which the property is located or the housing
26 code applicable in the county in which the property is located
27 if outside the limits of a city for a period of six
28 consecutive months.

29 3. "Building" means a building or structure located in a
30 city or outside the limits of a city in a county, which is
31 used or intended to be used for residential purposes, and
32 includes a building or structure in which some floors may be
33 used for retail stores, shops, salesrooms, markets, or similar
34 commercial uses, or for offices, banks, civic administration
35 activities, professional services, or similar business or

1 civic uses, and other floors are used, designed, or intended
2 to be used for residential purposes.

3 4. "Interested person" means an owner, mortgagee,
4 lienholder, or other person that possesses an interest of
5 record or an interest otherwise provable in property that
6 becomes subject to the jurisdiction of the court pursuant to
7 this chapter, the city in which the property is located, the
8 county in which the property is located if the property is
9 located outside the limits of a city, and an applicant for the
10 appointment as receiver pursuant to this chapter.

11 Sec. 303. Section 657A.2, subsections 1 and 2, Code 1995,
12 are amended to read as follows:

13 1. A petition for abatement under this chapter may be
14 filed in the district court of the county in which the
15 property is located, by the city in which the property is
16 located, by the county if the property is located outside the
17 limits of a city, a neighboring landowner, or a duly organized
18 nonprofit corporation which has as one of its goals the
19 improvement of housing conditions in the county or city in
20 which the property in question is located. Service on the
21 owner shall be by personal service or by certified mail, or if
22 service cannot be made by either method, by posting the notice
23 in a conspicuous place on the building and by publication.

24 2. If a petition filed pursuant to this chapter alleges
25 that a building is abandoned or is in a dangerous or unsafe
26 condition, the city, county, if the property is located
27 outside the limits of a city, neighboring landowner, or
28 nonprofit corporation may apply for an injunction requiring
29 the owner of the building to correct the condition or to
30 eliminate the condition or violation. The court shall conduct
31 a hearing at least twenty days after written notice of the
32 application for an injunction and of the date and time of the
33 hearing is served upon the owner of the building. Notice of
34 the hearing shall be served in the manner provided in
35 subsection 1.

S.F. _____ H.F. _____

1 Sec. 304. Section 657A.4, Code 1995, is amended to read as
2 follows:

3 657A.4 APPOINTMENT OF RECEIVER.

4 After conducting a hearing pursuant to section 657A.3, the
5 court may appoint a receiver to take possession and control of
6 the property in question. A person shall not be appointed as
7 a receiver unless the person has first provided the court with
8 a viable financial and construction plan for the
9 rehabilitation of the property in question and has
10 demonstrated the capacity and expertise to perform the
11 required work in a satisfactory manner. The appointed
12 receiver may be a financial institution that possesses an
13 interest of record in the property, a nonprofit corporation
14 that is duly organized and exists for the primary purpose of
15 improving housing conditions in the county or city in which
16 the property in question is located, or any person deemed
17 qualified by the court. No part of the net earnings of a
18 nonprofit corporation serving as a receiver under this section
19 shall benefit a private shareholder or individual. Membership
20 on the board of trustees of a nonprofit corporation does not
21 constitute the holding of a public office or employment and is
22 not an interest, either direct or indirect, in a contract or
23 expenditure of money by a city or county. No member of a
24 board of trustees of a nonprofit corporation appointed as
25 receiver is disqualified from holding public office or
26 employment, nor is a member required to forfeit public office
27 or employment by reason of the membership on the board of
28 trustees.

29

30

EXPLANATION FOR PART 3

31 Part 3 provides that counties may utilize the abatement
32 procedure regarding property which is abandoned or deemed to
33 constitute a public nuisance currently only available to
34 cities, neighboring landowners, and nonprofit housing
35 corporations. The county may file a petition for abatement if

1 the property is located outside the limits of a city and is
2 either abandoned and in violation of the housing code
3 applicable to the county or is deemed a public nuisance.

4

5

PART 4

6 Sec. 401. NEW SECTION. 446.19A PURCHASE BY COUNTY OR
7 CITY FOR LOW OR MODERATE INCOME HOUSING.

8 Notwithstanding section 446.18, a city or county may
9 purchase abandoned property assessed as residential or
10 commercial multifamily housing which did not sell at an annual
11 tax sale under section 446.7 for the total amount due. Money
12 shall not be paid by the county or other tax-levying or tax-
13 certifying body for the purchase, but each of the tax-levying
14 and tax-certifying bodies having any interest in the taxes
15 shall be charged with the total amount due the tax-levying or
16 tax-certifying body as its just share of the purchase price.
17 Prior to the purchase the city or county shall file with the
18 county treasurer a verified statement that a parcel to be
19 purchased is abandoned and deteriorating in condition or is,
20 or is likely to become, a public nuisance, and that the parcel
21 is suitable for use for low or moderate income housing
22 following rehabilitation.

23 The city or county may sell the certificate of purchase.
24 Preference shall be given to purchasers who are low or
25 moderate income families or organizations which assist low and
26 moderate income families to obtain housing. For the purpose
27 of this section, "low or moderate income families" has the
28 same meaning as in section 403.17. All persons who purchase
29 certificates under this section shall demonstrate the intent
30 to rehabilitate the property for habitation if the property is
31 not redeemed.

32 Sec. 402. Section 447.9, unnumbered paragraph 1, Code
33 Supplement 1995, is amended to read as follows:

34 After one year and nine months from the date of sale, or
35 after nine months from the date of a sale made under section

S.F. _____ H.F. _____

1 446.18, 446.38 or 446.39, or following the date of a sale made
2 under section 446.19A of abandoned property assessed for
3 taxation as residential property or as multifamily commercial
4 property, the holder of the certificate of purchase may cause
5 to be served upon the person in possession of the parcel, and
6 also upon the person in whose name the parcel is taxed, in the
7 manner provided for the service of original notices in R.C.P.
8 56.1, if the person resides in Iowa, or otherwise as provided
9 in section 446.9, subsection 1, a notice signed by the
10 certificate holder or the certificate holder's agent or
11 attorney, stating the date of sale, the description of the
12 parcel sold, the name of the purchaser, and that the right of
13 redemption will expire and a deed for the parcel be made
14 unless redemption is made within ninety days from the
15 completed service of the notice. The ninety-day redemption
16 period begins as provided in section 447.12. When the notice
17 is given by a county as a holder of a certificate of purchase
18 the notice shall be signed by the county treasurer or the
19 county attorney, and when given by a city, it shall be signed
20 by the city officer designated by resolution of the council.
21 When the notice is given by the Iowa finance authority or a
22 city or county agency holding the parcel as part of an Iowa
23 homesteading project, it shall be signed on behalf of the
24 agency or authority by one of its officers, as authorized in
25 rules of the agency or authority.

26

27

EXPLANATION FOR PART 4

28 Part 4 provides that cities or counties may purchase
29 abandoned single or multifamily housing which is tax
30 delinquent and which did not sell at the annual tax sale. The
31 city or county may retain the tax sale certificate or sell it.
32 If sold, preference in the sale must go to low or moderate
33 income families or organizations which provide housing
34 assistance for low or moderate income families. The holder of
35 the certificate may immediately send notice that the right to

1 redeem the property shall expire in 90 days.

2 Only property which is assessed for tax purposes as
3 residential property or as multifamily commercial housing is
4 eligible for purchase by a city or county in this manner and
5 for the shortened redemption period.

6

7

PART 5

8 Sec. 501. Section 358C.13, Code Supplement 1995, is
9 amended by adding the following new subsection:

10 NEW SUBSECTION. 6. The board of trustees shall not
11 prohibit or restrict the construction of manufactured homes in
12 a real estate improvement district. As used in this
13 subsection, "manufactured home" has the same meaning as under
14 section 435.1, subsection 2.

15

16

EXPLANATION FOR PART 5

17 Part 5 requires real estate improvement districts to allow
18 the building of manufactured homes by prohibiting actions by
19 the board of trustees of the district to prohibit or restrict
20 the construction of manufactured homes.

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