

*Reprinted 4/80*

**APR 19 1984**

Place On Calendar

HOUSE FILE 2531

BY COMMITTEE ON FINANCE

(Formerly House File 2441)

Passed House, Date 4-19-84 (p. 3376) Passed Senate, Date \_\_\_\_\_

Vote: Ayes 72 Nays 20 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved May 7, 1984

## A BILL FOR

1 An Act relating to urban renewal.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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*HF 2531*

1 Section 1. Section 403.6, Code Supplement 1983, is amended  
2 by adding the following new subsections:

3 NEW SUBSECTION. To provide in an urban renewal plan for  
4 the exclusion from taxation of value added to real estate  
5 during the process of construction for development or  
6 redevelopment. The exclusion may be limited as to the scope  
7 of exclusion, territory, or class of property affected.  
8 However, the value added during construction shall not be  
9 eligible for exclusion from taxation for more than two years  
10 and the exclusion shall not be applied to a facility which  
11 has been more than eighty percent completed as of the date  
12 of assessment for taxes. This subsection permits the  
13 elimination only of those taxes which are levied against the  
14 development or redevelopment during its construction.

15 NEW SUBSECTION. A municipality, upon entering into a  
16 development or redevelopment agreement pursuant to section  
17 403.8, subsection 1, or as otherwise permitted in this chapter,  
18 may enter into a written assessment agreement with the  
19 developer of taxable property in the urban renewal area which  
20 establishes a minimum actual value of the land and completed  
21 improvements to be made on the land until a specified  
22 termination date which shall not be later than the date after  
23 which the tax increment will no longer be remitted to the  
24 municipality pursuant to section 403.19, subsection 2. The  
25 assessment agreement shall be presented to the appropriate  
26 assessor. The assessor shall review the plans and  
27 specifications for the improvements to be made and if the  
28 minimum actual value contained in the assessment agreement  
29 appears to be reasonable, the assessor shall execute the  
30 following certification upon the agreement:

31 The undersigned assessor, being legally responsible  
32 for the assessment of the above described property upon  
33 completion of the improvements to be made on it,  
34 certifies that the actual value assigned to that land  
35 and improvements upon completion shall not be less

1 than \$.....

2 This assessment agreement with the certification of the  
3 assessor and a copy of this subsection shall be filed in the  
4 office of the county recorder of the county where the property  
5 is located. Upon completion of the improvements, the assessor  
6 shall value the property as required by law, except that the  
7 actual value shall not be less than the minimum actual value  
8 contained in the assessment agreement. This subsection does  
9 not prohibit the assessor from assigning a higher actual value  
10 to the property or prohibit the owner from seeking  
11 administrative or legal remedies to reduce the actual value  
12 assigned except that the actual value shall not be reduced  
13 below the minimum actual value contained in the assessment  
14 agreement. An assessor, county auditor, board of review,  
15 director of revenue or court of this state shall not reduce  
16 or order the reduction of the actual value below the minimum  
17 actual value in the agreement during the term of the agreement  
18 regardless of the actual value which may result from the  
19 incomplete construction of improvements, destruction or  
20 diminution by any cause, insured or uninsured, except in the  
21 case of acquisition or reacquisition of the property by a  
22 public entity. Recording of an assessment agreement complying  
23 with this subsection constitutes notice of the assessment  
24 agreement to a subsequent purchaser or encumbrancer of the  
25 land or any part of it, whether voluntary or involuntary,  
26 and is binding upon a subsequent purchaser or encumbrancer.

27 Sec. 2. Section 403.8, subsections 1 and 2, Code 1983,  
28 are amended to read as follows:

29 1. A municipality may sell, lease or otherwise transfer  
30 real property or any interest ~~therein~~ in real property acquired  
31 by it, and may enter into contracts for such purposes, in  
32 an urban renewal area for residential, recreational,  
33 commercial, industrial or other uses, or for public use,  
34 subject to such covenants, conditions and restrictions,  
35 including covenants running with the land, as it may deem

1 deems to be necessary or desirable to assist in preventing  
2 the development or spread of future slums or blighted areas,  
3 or to otherwise carry out the purposes of this chapter.  
4 Provided However, ~~that-such~~ the sale, lease, other transfer,  
5 or retention, and any agreement relating ~~thereto~~ to it, may  
6 be made only after the approval of the urban renewal plan  
7 by the local governing body. The purchasers or lessees and  
8 their successors and assigns shall ~~be-obligated-to~~ devote  
9 such the real property only to the uses specified in the urban  
10 renewal plan, and they may be obligated to comply with such  
11 other requirements ~~as the municipality may-determine~~ determines  
12 to be in the public interest, including the ~~obligation~~  
13 requirement to begin within a reasonable time any improvements  
14 on such the real property required by the urban renewal plan.  
15 Such The real property or interest shall be sold, leased,  
16 otherwise transferred, or retained at not less than its fair  
17 value for uses in accordance with the urban renewal plan  
18 except as provided in section 3 of this Act. In determining  
19 the fair value of real property for uses in accordance with  
20 the urban renewal plan, a municipality shall take into account  
21 and give consideration ~~to--The~~ to the uses provided in such  
22 the plan; the restrictions upon, and the covenants, conditions  
23 and obligations assumed by the purchaser or lessee or by the  
24 municipality retaining the property; and the objectives of  
25 such the plan for the prevention of the recurrence of slum  
26 or blighted areas. The municipality in any an instrument  
27 of conveyance to a private purchaser or lessee may provide  
28 that such the purchaser or lessee shall ~~be-without-power-to~~  
29 not sell, lease or otherwise transfer the real property,  
30 without the prior written consent of the municipality, until  
31 he the purchaser or lessee has completed the construction  
32 of any or all improvements which he the purchaser or lessee  
33 has become obligated ~~himself~~ to construct ~~thereon~~. Real  
34 property acquired by a municipality which, in accordance with  
35 ~~the-provisions-of~~ the urban renewal plan, is to be transferred,

1 shall be transferred as rapidly as feasible in the public  
2 interest, consistent with the carrying out of the ~~provisions~~  
3 ~~of-the~~ urban renewal plan. Any A contract for ~~such a~~ transfer  
4 under the urban renewal plan, or ~~such a~~ part or parts of ~~such~~  
5 the contract or plan as the municipality ~~may-determine~~  
6 determines, may be recorded in the land records of the county  
7 in ~~such a~~ manner as to afford actual or constructive notice  
8 thereof of the contract or plan.

9     2. A municipality may dispose of real property in an urban  
10 renewal area to private persons only under ~~such~~ reasonable  
11 competitive bidding procedures as it shall prescribe, or as  
12 ~~hereinafter~~ provided in this subsection. A municipality,  
13 by public notice by publication in a newspaper having a general  
14 circulation in the community, thirty days prior to the  
15 execution of ~~any a~~ contract to sell, lease or otherwise  
16 transfer real property, and prior to the delivery of ~~any an~~  
17 instrument of conveyance with respect ~~thereto~~ to the real  
18 property under ~~the-provisions-of~~ this section, may invite  
19 proposals from and make available all pertinent information  
20 to any persons interested in undertaking to redevelop or  
21 rehabilitate an urban renewal area, or ~~any a~~ part ~~thereof~~  
22 of the area. ~~Such~~ The notice shall identify the area, or  
23 portion ~~thereof of the area,~~ and shall state that proposals  
24 shall be made by those interested within thirty days after  
25 the date of publication of ~~said~~ the notice, and that ~~such~~  
26 further information ~~as-is~~ available may be obtained at ~~such~~  
27 the office ~~as-shall-be~~ designated in ~~said~~ the notice. The  
28 municipality shall consider all ~~such~~ redevelopment or  
29 rehabilitation proposals, and the financial and legal ability  
30 of the persons making ~~such~~ the proposals to carry them out,  
31 and the municipality may negotiate with any persons for  
32 proposals concerning the purchase, lease or other transfer  
33 of ~~any~~ real property acquired by the municipality in the urban  
34 renewal area. The municipality may accept ~~such~~ the proposal  
35 as it deems to be in the public interest and in furtherance

1 of the purposes of this chapter--~~Provided~~ However, that a  
2 notification of intention to accept ~~such~~ the proposal shall  
3 be filed with the governing body not less than thirty days  
4 prior to ~~any-such~~ the acceptance. Thereafter, the municipality  
5 may execute ~~such~~ a contract in accordance with ~~the-provisions~~  
6 ~~of subsection 1 of-this-section~~ and may deliver deeds, leases  
7 and other instruments and may take all steps necessary to  
8 effectuate ~~such~~ the contract.

9 However, this subsection does not apply to real property  
10 disposed of for the purpose of development or redevelopment  
11 as an industrial building or facility, a home office or  
12 regional office facility for a multistate business or which  
13 meets the criteria set forth in section 3 of this Act.

14 Sec. 3. Section 403.8, Code 1983, is amended by adding  
15 the following new subsection:

16 NEW SUBSECTION. The requirement that real property or  
17 an interest in real property transferred or retained for the  
18 purpose of a development or redevelopment be sold, leased,  
19 otherwise transferred, or retained at not less than its fair  
20 market value does not apply if the development or redevelopment  
21 is of a nature that it is reasonably expected to provide  
22 sufficient taxable valuations to permit the collection of  
23 incremental taxes as provided in subsection 2 of section  
24 403.19 to cause the indebtedness and other costs incurred  
25 by the municipality with respect to the property or interest  
26 transferred or retained to be repayable as to principal within  
27 four tax years following the commencement of full operation  
28 of the development.

29 EXPLANATION

30 The bill allows a city to provide in an urban renewal plan  
31 that during construction of an urban renewal project the value  
32 added is not subject to property tax for up to two years but  
33 will be subject to tax as soon as the project is eighty percent  
34 complete.

35 The bill allows a city upon entering into an agreement

1 for an urban renewal project to enter into a written assessment  
 2 agreement with the developer of the taxable property in the  
 3 project to provide that upon completion of all improvements  
 4 the property shall be assessed at not less than a minimum  
 5 actual value. The local assessor must review the plans and  
 6 specifications for the improvements and if the assessor  
 7 determines that the minimum actual value agreed to is  
 8 reasonable then the assessor will certify the agreement.  
 9 The agreement is to be recorded in the county recorder's  
 10 office and is binding on subsequent purchasers. The bill  
 11 does not prevent the assessor from determining a higher actual  
 12 value or prevent the owner from seeking reduction of the  
 13 actual value so long as the reduction does not result in an  
 14 actual value of less than the minimum actual value set by  
 15 the agreement.

16 The bill allows a city to transfer real property or an  
 17 interest in real property for redevelopment under an urban  
 18 development plan at less than its fair market value if it  
 19 reasonably expects that any indebtedness or costs the city  
 20 may incur in regard to the urban renewal project for which  
 21 the property was transferred will be repaid within four tax  
 22 years after the development is operational from the incremental  
 23 taxes on the development project.

24 The bill also allows the city to transfer real property  
 25 without meeting the bidding requirements of present law if  
 26 the real property disposed of will be used for the purpose  
 27 of developing an industrial building or facility, or a home  
 28 or regional office facility for a multistate business, or  
 29 if the taxation from the development of the property will  
 30 provide for the payment of any indebtedness the city may incur  
 31 as a result of the development within four tax years after  
 32 the development is operational.

33 The bill takes effect July 1 following enactment.

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HOUSE FILE 2531

H-6489

Amend House File 2531 as follows:

1. Page 3, line 18, by striking the words "except as provided in section 3 of this Act".
2. Page 5, by striking lines 11 through 28 and inserting in lieu thereof the following: "as an industrial building or facility, or a home office or regional office facility for a multistate business."

H-6489 FILED APRIL 19, 1984 BY OSTERBERG of Linn  
LOST (p. 2349)

HOUSE FILE 2531

H-6490

Amend House File 2531 as follows:

1. Page 5, line 12, by striking the word "or" and inserting in lieu thereof the word "and".

H-6490 FILED APRIL 19, 1984 BY ROSENBERG of Story  
LOST (p. 2364)

HOUSE FILE 2531

H-6492

Amend House File 2531 as follows:

1. Page 1, by striking lines 11 through 14 and inserting in lieu thereof the words "has been more than eighty percent completed as of the most recent date of assessment. This subsection permits the elimination only of those taxes which are levied against assessments made during the construction of the development or redevelopment."

H-6492 FILED APRIL 19, 1984 BY ROSENBERG of Story  
ADOPTED (p. 2368)

HOUSE FILE 2531

H-6491

Amend House File 2531 as follows:

1. Page 5, by striking lines 20 and 21 and inserting in lieu thereof the words and figure "market value does not apply if the developer enters into a written assessment agreement with the municipality pursuant to section 1 of this Act and the minimum actual value contained in the assessment agreement would indicate that there will be".

H-6491 FILED APRIL 19, 1984 BY ROSENBERG of Story  
ADOPTED (p. 2376)

HOUSE FILE 2531

H-6485

Amend House File 2531 as follows:

1. Page 5, line 11, by inserting after the word "facility," the words "facilities for use as a center for export for international trade".

H-6485 FILED APRIL 20, 1984 BY O'KANE of Woodbury  
ADOPTED (p. 2329)

Dem. Finance 4/19 Do Pass 4/26 (p. 1741)

HOUSE FILE 2531

BY COMMITTEE ON FINANCE

(As Amended and Passed by the House)

Passed House, Date 4-19-84 (p. 2370) Passed Senate, Date 4-26-84 (p. 1743)

Vote: Ayes 72 Nays 20 Vote: Ayes 43 Nays 4

Approved May 7, 1984

# A BILL FOR

1 An Act relating to urban renewal.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments \_\_\_\_\_

1 Section 1. Section 403.6, Code Supplement 1983, is amended  
2 by adding the following new subsections:

3 NEW SUBSECTION. To provide in an urban renewal plan for  
4 the exclusion from taxation of value added to real estate  
5 during the process of construction for development or  
6 redevelopment. The exclusion may be limited as to the scope  
7 of exclusion, territory, or class of property affected.  
8 However, the value added during construction shall not be  
9 eligible for exclusion from taxation for more than two years  
10 and the exclusion shall not be applied to a facility which  
11 has been more than eighty percent completed as of the most  
12 recent date of assessment. This subsection permits the  
13 elimination only of those taxes which are levied against  
14 assessments made during the construction of the development  
15 or redevelopment.

16 NEW SUBSECTION. A municipality, upon entering into a  
17 development or redevelopment agreement pursuant to section  
18 403.8, subsection 1, or as otherwise permitted in this chapter,  
19 may enter into a written assessment agreement with the  
20 developer of taxable property in the urban renewal area which  
21 establishes a minimum actual value of the land and completed  
22 improvements to be made on the land until a specified  
23 termination date which shall not be later than the date after  
24 which the tax increment will no longer be remitted to the  
25 municipality pursuant to section 403.19, subsection 2. The  
26 assessment agreement shall be presented to the appropriate  
27 assessor. The assessor shall review the plans and  
28 specifications for the improvements to be made and if the  
29 minimum actual value contained in the assessment agreement  
30 appears to be reasonable, the assessor shall execute the  
31 following certification upon the agreement:

32 The undersigned assessor, being legally responsible  
33 for the assessment of the above described property upon  
34 completion of the improvements to be made on it,  
35 certifies that the actual value assigned to that land

1 and improvements upon completion shall not be less  
2 than \$.....

3 This assessment agreement with the certification of the  
4 assessor and a copy of this subsection shall be filed in the  
5 office of the county recorder of the county where the property  
6 is located. Upon completion of the improvements, the assessor  
7 shall value the property as required by law, except that the  
8 actual value shall not be less than the minimum actual value  
9 contained in the assessment agreement. This subsection does  
10 not prohibit the assessor from assigning a higher actual value  
11 to the property or prohibit the owner from seeking  
12 administrative or legal remedies to reduce the actual value  
13 assigned except that the actual value shall not be reduced  
14 below the minimum actual value contained in the assessment  
15 agreement. An assessor, county auditor, board of review,  
16 director of revenue or court of this state shall not reduce  
17 or order the reduction of the actual value below the minimum  
18 actual value in the agreement during the term of the agreement  
19 regardless of the actual value which may result from the  
20 incomplete construction of improvements, destruction or  
21 diminution by any cause, insured or uninsured, except in the  
22 case of acquisition or reacquisition of the property by a  
23 public entity. Recording of an assessment agreement complying  
24 with this subsection constitutes notice of the assessment  
25 agreement to a subsequent purchaser or encumbrancer of the  
26 land or any part of it, whether voluntary or involuntary,  
27 and is binding upon a subsequent purchaser or encumbrancer.

28 Sec. 2. Section 403.8, subsections 1 and 2, Code 1983,  
29 are amended to read as follows:

30 1. A municipality may sell, lease or otherwise transfer  
31 real property or any interest ~~therein~~ in real property acquired  
32 by it, and may enter into contracts for such purposes, in  
33 an urban renewal area for residential, recreational,  
34 commercial, industrial or other uses, or for public use,  
35 subject to such covenants, conditions and restrictions,

1 including covenants running with the land, as it ~~may-deem~~  
2 deems to be necessary or desirable to assist in preventing  
3 the development or spread of future slums or blighted areas,  
4 or to otherwise carry out the purposes of this chapter.  
5 ~~Provided However, that-such~~ the sale, lease, other transfer,  
6 or retention, and any agreement relating ~~thereto~~ to it, may  
7 be made only after the approval of the urban renewal plan  
8 by the local governing body. The purchasers or lessees and  
9 their successors and assigns shall ~~be-obligated-to~~ devote  
10 ~~such~~ the real property only to the uses specified in the urban  
11 renewal plan, and they may be obligated to comply with ~~such~~  
12 other requirements as the municipality ~~may-determine~~ determines  
13 to be in the public interest, including the ~~obligation~~  
14 requirement to begin within a reasonable time any improvements  
15 on ~~such~~ the real property required by the urban renewal plan.  
16 ~~Such~~ The real property or interest shall be sold, leased,  
17 otherwise transferred, or retained at not less than its fair  
18 value for uses in accordance with the urban renewal plan  
19 except as provided in section 3 of this Act. In determining  
20 the fair value of real property for uses in accordance with  
21 the urban renewal plan, a municipality shall take into account  
22 and give consideration ~~to--~~ to the uses provided in ~~such~~  
23 the plan; the restrictions upon, and the covenants, conditions  
24 and obligations assumed by the purchaser or lessee or by the  
25 municipality retaining the property; and the objectives of  
26 ~~such~~ the plan for the prevention of the recurrence of slum  
27 or blighted areas. The municipality in any an instrument  
28 of conveyance to a private purchaser or lessee may provide  
29 that ~~such~~ the purchaser or lessee shall ~~be-without-power-to~~  
30 not sell, lease or otherwise transfer the real property,  
31 without the prior written consent of the municipality, until  
32 he the purchaser or lessee has completed the construction  
33 of any or all improvements which he the purchaser or lessee  
34 has become obligated ~~himself~~ to construct ~~thereon~~. Real  
35 property acquired by a municipality which, in accordance with

1 ~~the-provisions-of~~ the urban renewal plan, is to be transferred,  
2 shall be transferred as rapidly as feasible in the public  
3 interest, consistent with the carrying out of the ~~provisions~~  
4 ~~of-the~~ urban renewal plan. Any A contract for such a transfer  
5 under the urban renewal plan, or such a part or parts of such  
6 the contract or plan as the municipality ~~may-determine~~  
7 determines, may be recorded in the land records of the county  
8 in such a manner as to afford actual or constructive notice  
9 thereof of the contract or plan.

10 2. A municipality may dispose of real property in an urban  
11 renewal area to private persons only under such reasonable  
12 competitive bidding procedures as it shall prescribe, or as  
13 ~~hereinafter~~ provided in this subsection. A municipality,  
14 by public notice by publication in a newspaper having a general  
15 circulation in the community, thirty days prior to the  
16 execution of any a contract to sell, lease or otherwise  
17 transfer real property, and prior to the delivery of any an  
18 instrument of conveyance with respect ~~thereto~~ to the real  
19 property under ~~the-provisions-of~~ this section, may invite  
20 proposals from and make available all pertinent information  
21 to any persons interested in undertaking to redevelop or  
22 rehabilitate an urban renewal area, or any a part ~~thereof~~  
23 of the area. ~~Such~~ The notice shall identify the area, or  
24 portion ~~thereof~~ of the area, and shall state that proposals  
25 shall be made by those interested within thirty days after  
26 the date of publication of ~~said~~ the notice, and that such  
27 further information ~~as-is~~ available may be obtained at such  
28 the office ~~as-shall-be~~ designated in ~~said~~ the notice. The  
29 municipality shall consider all such redevelopment or  
30 rehabilitation proposals, and the financial and legal ability  
31 of the persons making such the proposals to carry them out,  
32 and the municipality may negotiate with any persons for  
33 proposals concerning the purchase, lease or other transfer  
34 of any real property acquired by the municipality in the urban  
35 renewal area. The municipality may accept such the proposal

1 as it deems to be in the public interest and in furtherance  
2 of the purposes of this chapter. ~~Provided~~ However, that a  
3 notification of intention to accept ~~such~~ the proposal shall  
4 be filed with the governing body not less than thirty days  
5 prior to ~~any-such~~ the acceptance. Thereafter, the municipality  
6 may execute ~~such~~ a contract in accordance with ~~the-provisions~~  
7 ~~of subsection 1 of this section~~ and may deliver deeds, leases  
8 and other instruments and may take all steps necessary to  
9 effectuate ~~such~~ the contract.

10 However, this subsection does not apply to real property  
11 disposed of for the purpose of development or redevelopment  
12 as an industrial building or facility, facilities for use  
13 as a center for export for international trade, a home office  
14 or regional office facility for a multistate business or which  
15 meets the criteria set forth in section 3 of this Act.

16 Sec. 3. Section 403.8, Code 1983, is amended by adding  
17 the following new subsection:

18 NEW SUBSECTION. The requirement that real property or  
19 an interest in real property transferred or retained for the  
20 purpose of a development or redevelopment be sold, leased,  
21 otherwise transferred, or retained at not less than its fair  
22 market value does not apply if the developer enters into a  
23 written assessment agreement with the municipality pursuant  
24 to section 1 of this Act and the minimum actual value contained  
25 in the assessment agreement would indicate that there will  
26 be sufficient taxable valuations to permit the collection  
27 of incremental taxes as provided in subsection 2 of section  
28 403.19 to cause the indebtedness and other costs incurred  
29 by the municipality with respect to the property or interest  
30 transferred or retained to be repayable as to principal within  
31 four tax years following the commencement of full operation  
32 of the development.

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HOUSE FILE 2531

AN ACT

RELATING TO URBAN RENEWAL.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 403.6, Code Supplement 1983, is amended by adding the following new subsections:

NEW SUBSECTION. To provide in an urban renewal plan for the exclusion from taxation of value added to real estate during the process of construction for development or redevelopment. The exclusion may be limited as to the scope of exclusion, territory, or class of property affected. However, the value added during construction shall not be eligible for exclusion from taxation for more than two years and the exclusion shall not be applied to a facility which has been more than eighty percent completed as of the most recent date of assessment. This subsection permits the elimination only of those taxes which are levied against assessments made during the construction of the development or redevelopment.

NEW SUBSECTION. A municipality, upon entering into a development or redevelopment agreement pursuant to section 403.8, subsection 1, or as otherwise permitted in this chapter, may enter into a written assessment agreement with the developer of taxable property in the urban renewal area which establishes a minimum actual value of the land and completed improvements to be made on the land until a specified termination date which shall not be later than the date after which the tax increment will no longer be remitted to the municipality pursuant to section 403.19, subsection 2. The assessment agreement shall be presented to the appropriate assessor. The assessor shall review the plans and

specifications for the improvements to be made and if the minimum actual value contained in the assessment agreement appears to be reasonable, the assessor shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be made on it, certifies that the actual value assigned to that land and improvements upon completion shall not be less than \$.....

This assessment agreement with the certification of the assessor and a copy of this subsection shall be filed in the office of the county recorder of the county where the property is located. Upon completion of the improvements, the assessor shall value the property as required by law, except that the actual value shall not be less than the minimum actual value contained in the assessment agreement. This subsection does not prohibit the assessor from assigning a higher actual value to the property or prohibit the owner from seeking administrative or legal remedies to reduce the actual value assigned except that the actual value shall not be reduced below the minimum actual value contained in the assessment agreement. An assessor, county auditor, board of review, director of revenue or court of this state shall not reduce or order the reduction of the actual value below the minimum actual value in the agreement during the term of the agreement regardless of the actual value which may result from the incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording of an assessment agreement complying with this subsection constitutes notice of the assessment agreement to a subsequent purchaser or encumbrancer of the land or any part of it, whether voluntary or involuntary, and is binding upon a subsequent purchaser or encumbrancer.

H.F. 2531

Sec. 2. Section 403.8, subsections 1 and 2, Code 1983, are amended to read as follows:

1. A municipality may sell, lease or otherwise transfer real property or any interest ~~therein in real property~~ acquired by it, and may enter into contracts for such purposes, in an urban renewal area for residential, recreational, commercial, industrial or other uses, or for public use, subject to ~~such~~ covenants, conditions and restrictions, including covenants running with the land, ~~as it may deem~~ deems to be necessary or desirable to assist in preventing the development or spread of future slums or blighted areas, or to otherwise carry out the purposes of this chapter. ~~Provided however, that such the~~ sale, lease, other transfer, or retention, and any agreement relating ~~thereto to it~~, may be made only after the approval of the urban renewal plan by the local governing body. The purchasers or lessees and their successors and assigns shall ~~be obligated to~~ devote ~~such~~ the real property only to the uses specified in the urban renewal plan, and they may be obligated to comply with ~~such~~ other requirements ~~as the municipality may determine~~ determines to be in the public interest, including the ~~obligation~~ requirement to begin within a reasonable time any improvements on ~~such the~~ real property required by the urban renewal plan. ~~Such~~ The real property or interest shall be sold, leased, otherwise transferred, or retained at not less than its fair value for uses in accordance with the urban renewal plan ~~except as provided in section 3 of this Act~~. In determining the fair value of real property for uses in accordance with the urban renewal plan, a municipality shall take into account and give consideration ~~fee--the~~ to the uses provided in ~~such~~ the plan; the restrictions upon, and the covenants, conditions and obligations assumed by the purchaser or lessee or by the municipality retaining the property; and the objectives of ~~such the~~ plan for the prevention of the recurrence of slum or blighted areas. The municipality in any an instrument

of conveyance to a private purchaser or lessee may provide that ~~such the~~ purchaser or lessee shall ~~be without power to~~ not sell, lease or otherwise transfer the real property, without the prior written consent of the municipality, until ~~as the~~ the purchaser or lessee has completed the construction of any or all improvements which ~~he the~~ the purchaser or lessee has ~~become~~ obligated himself to construct ~~thereon~~. Real property acquired by a municipality which, in accordance with ~~the provisions of~~ the urban renewal plan, is to be transferred shall be transferred as rapidly as feasible in the public interest, consistent with the carrying out of the ~~provisions of~~ the urban renewal plan. Any a contract for ~~such a~~ transfer under the urban renewal plan or ~~such a~~ part or parts of ~~such~~ the contract or plan as the municipality ~~may determine~~ determines, may be recorded in the land records of the county in ~~such a~~ manner as to afford actual or constructive notice thereof of the contract or plan.

2. A municipality may dispose of real property in an urban renewal area to private persons only under ~~such~~ reasonable competitive bidding procedures as it shall prescribe, or as ~~hereinafter~~ provided in this subsection. A municipality, by public notice by publication in a newspaper having a general circulation in the community, thirty days prior to the execution of any a contract to sell, lease or otherwise transfer real property, and prior to the delivery of ~~say an~~ instrument of conveyance with respect ~~thereto~~ to the real property under ~~the provisions of~~ this section, may invite proposals from and make available all pertinent information to any persons interested in undertaking to redevelop or rehabilitate an urban renewal area, or any a part thereof of the area. ~~Such the~~ notice shall identify the area, or portion ~~thereof of the area~~, and shall state that proposals shall be made by those interested within thirty days after the date of publication of ~~said the~~ notice, and that ~~such~~ further information ~~as-is~~ available may be obtained at ~~such~~

the office as shall be designated in said the notice. The municipality shall consider all such redevelopment or rehabilitation proposals, and the financial and legal ability of the persons making such the proposals to carry them out, and the municipality may negotiate with any persons for proposals concerning the purchase, lease or other transfer of any real property acquired by the municipality in the urban renewal area. The municipality may accept such the proposal as it deems to be in the public interest and in furtherance of the purposes of this chapter--~~Provided However, that a~~ notification of intention to accept such the proposal shall be filed with the governing body not less than thirty days prior to any-such the acceptance. Thereafter, the municipality may execute such a contract in accordance with ~~the provisions of subsection 1 of this section~~ and may deliver deeds, leases and other instruments and may take all steps necessary to effectuate such the contract.

However, this subsection does not apply to real property disposed of for the purpose of development or redevelopment as an industrial building or facility, facilities for use as a center for export for international trade, a home office or regional office facility for a multistate business or which meets the criteria set forth in section 3 of this Act.

Sec. 3. Section 403.8, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION The requirement that real property or an interest in real property transferred or retained for the purpose of a development or redevelopment be sold, leased, otherwise transferred, or retained at not less than its fair market value does not apply if the developer enters into a written assessment agreement with the municipality pursuant to section 1 of this Act and the minimum actual value contained in the assessment agreement would indicate that there will be sufficient taxable valuations to permit the collection of incremental taxes as provided in subsection 2 of section

403.19 to cause the indebtedness and other costs incurred by the municipality with respect to the property or interest transferred or retained to be repayable as to principal within four tax years following the commencement of full operation of the development.

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DONALD D. AVENSON  
Speaker of the House

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CHARLES P. MILLER  
President Pro Tempore of the  
Senate

I hereby certify that this bill originated in the House and is known as House File 2531, Seventieth General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved May 7 1984

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JERRY E. BRANSTAD  
Governor