

Gen. State Jov. 3/31/87 to Comm 4/9/87 (p. 1200)

MAR 19 1987  
Place On Calendar

HOUSE FILE **603**  
BY COMMITTEE ON SMALL BUSINESS  
AND COMMERCE

(Formerly House Study Bill 49)

Passed House, Date 3-27-87 (p. 905) Passed Senate, Date 4/27/87 (p. 1540)

Vote: Ayes 55 Nays 33 Vote: Ayes 27 Nays 19

Approved June 8, 1987

~~Repassed House~~ 5/6/87 (p. 2028)  
58-30

**A BILL FOR**

1 An Act establishing and appropriating from a housing trust fund  
2 and appropriating its funds.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
HOUSE FILE 603

S-3569

1 Amend House File 603, as passed by the House, as  
2 follows:

3 1. Page 1, line 33 by inserting after the word  
4 "needs," the following: "including vacancy rate of  
5 rental property and ratio of subsidized rental housing  
6 to nonsubsidized housing,".

7 2. Page 2, line 12 by inserting after the word  
8 "section" the following: "to hire adequate staff to  
9 carry out these programs".

10 3. Page 2, by inserting after line 12 the  
11 following:

12 "7. This section is repealed July 1, 1989."

S-3569

Filed April 14, 1987

BY JEAN LLOYD-JONES

*Adopted 4/27/87 (p. 1540)*

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1 Section 1. NEW SECTION. 220.100 HOUSING TRUST FUND  
2 PROGRAM.

3 1. A housing trust fund is created within the authority.  
4 The moneys in the housing trust fund are annually appropriated  
5 to the authority which shall allocate the available funds  
6 among and within the programs authorized by this section. The  
7 authority may provide financial assistance in the form of  
8 loans, guarantees, grants, interest subsidies or by other  
9 means for the programs authorized by this section.

10 2. By rule, the authority shall establish the following  
11 financial assistance programs and provide the requirements for  
12 their proper administration:

13 a. A grant program for the homeless for the construction,  
14 rehabilitation, or expansion of group home shelter for the  
15 homeless.

16 b. A home maintenance and repair program providing repair  
17 services to elderly, handicapped, or disabled families which  
18 qualify as lower income or very low income families.

19 c. A rental rehabilitation program for the construction or  
20 rehabilitation of single or multifamily rental properties  
21 leased to lower income or very low income families.

22 d. A home ownership incentive program to help lower income  
23 and very low income families achieve single family home  
24 ownership.

25 3. The authority shall coordinate the programs authorized  
26 by this section with the other programs under the jurisdiction  
27 of the authority.

28 4. Each application for financial assistance shall be  
29 rated based on local housing sponsor, and recipient financial  
30 commitment, proposals for leveraging other financial  
31 assistance, experience with the recipient group involved,  
32 consideration for the housing project in the context of  
33 overall community needs, ability to provide a counseling  
34 support system to the recipients, and a demonstrated  
35 capability by the housing sponsor to provide follow-up

1 monitoring of recipients to determine if identifiable results  
2 have been achieved.

3 5. For the purposes of this section, "housing sponsor" is  
4 limited to private nonprofit corporations and local  
5 governments and joint ventures involving a private nonprofit  
6 corporation or local government and does not include a for-  
7 profit entity.

8 6. None of the funds provided to a housing sponsor under  
9 this section shall be used for the costs of administration.  
10 The authority may expend up to four percent of the funds  
11 appropriated for the programs in this section for the  
12 administrative costs under this section.

13 EXPLANATION

14 This bill establishes a housing trust fund in the Iowa  
15 finance authority.

16 The housing trust fund is appropriated to and will be  
17 administered by the Iowa finance authority, which will  
18 allocate the fund among the authorized programs. The  
19 authorized programs are:

20 1. A grant program for the homeless for the construction,  
21 rehabilitation, or expansion of group home shelters for the  
22 homeless.

23 2. A rental rehabilitation program for the construction or  
24 rehabilitation of single or multifamily rental property units  
25 leased to lower income or very low income people.

26 3. A home maintenance and repair program providing  
27 matching grants to nonprofit organizations and local  
28 governments for repair services to low-income elderly and  
29 handicapped homeowners.

30 4. A home ownership incentive program providing below-  
31 market rate financing to local governments and nonprofit  
32 organizations to develop single family projects.

33 Rating standards for applications are provided.

34 "Housing sponsor" is defined to exclude for-profit  
35 entities, and limits are placed on administration  
36 expenditures.

SENATE AMENDMENT TO  
HOUSE FILE 603

H-4040

- 1 Amend House File 603, as passed by the House, as  
2 follows:  
3 1. Page 1, line 33 by inserting after the word  
4 "needs," the following: "including vacancy rate of  
5 rental property and ratio of subsidized rental housing  
6 to nonsubsidized housing,".  
7 2. Page 2, line 12 by inserting after the word  
8 "section" the following: "to hire adequate staff to  
9 carry out these programs".  
10 3. Page 2, by inserting after line 12 the  
11 following:  
12 "7. This section is repealed July 1, 1989."

H-4040 FILED APRIL 28, 1987 RECEIVED FROM THE SENATE  
*House concurred 5/6/87 (p 20 28)*

NSB 49

MWB

SMALL BUSINESS AND COMMERCE

*1/21/87*

HOUSE/SENATE FILE \_\_\_\_\_

BY AFFORDABLE HOUSING,

THE HOMELESS, AND UTILITY

SHUT-OFFS INTERIM STUDY

COMMITTEE

Passed House, Date \_\_\_\_\_

Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act establishing and financing a housing trust fund and  
2 appropriating its funds.

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

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**SUB COMMITTEE ASSIGNMENTS**

CHAIR: *Shonetz*

COMMITTEE: *Small Business*

*1-21-87*

1 Section 1. NEW SECTION. 220.100 HOUSING TRUST FUND  
2 PROGRAM.

3 1. A housing trust fund is created within the authority.  
4 The moneys in the housing trust fund are annually appropriated  
5 to the authority which shall allocate the available funds  
6 among the programs authorized by this section.

7 2. By rule, the authority shall establish the following  
8 programs and provide the requirements for their proper  
9 administration:

10 a. A rental reduction program to provide below-market rate  
11 loans to build or substantially rehabilitate rental housing.

12 b. A rental allowance program providing rent subsidies to  
13 homeless people capable of maintaining independent living  
14 quarters.

15 c. A special rehabilitation program to provide below-  
16 market rate loans to homeowners, nonprofit organizations, and  
17 rental property owners leasing units to low-income people or  
18 providing group-home shelter for homeless people.

19 d. A nonprofit housing rehabilitation program providing  
20 loan funds to nonprofit sponsors which own or are agents for  
21 owners of buildings in need of rehabilitation which will serve  
22 households of limited income.

23 e. A home maintenance and repair program providing  
24 matching grants to nonprofit organizations and local  
25 governments for repair services to low-income elderly and  
26 handicapped homeowners.

27 f. A home ownership incentive program providing below-  
28 market rate financing to local governments and nonprofit  
29 organizations to develop single family projects.

30 3. The authority shall coordinate the programs authorized  
31 by this section with the other programs under the jurisdiction  
32 of the authority. The authority shall establish the  
33 appropriate income eligibility requirements for the  
34 beneficiaries or participants of the program. The authority  
35 shall require that a housing sponsor submitting plans for

1 financing from the housing trust fund shall demonstrate  
2 experience with low-income projects and include provisions for  
3 housing counseling in their plans.

4 4. If a rental deposit is required to be deposited  
5 pursuant to this section, the rental deposits, pooled or  
6 separately, shall be an interest-bearing trust account in a  
7 bank, savings bank, trust company, savings and loan  
8 association, savings association, credit union, or federally  
9 regulated investment company selected by the landlord in the  
10 exercise of ordinary prudence, authorized by federal or state  
11 law to do business in Iowa, and insured by the federal deposit  
12 corporation, the national credit union share insurance fund,  
13 or the federal savings and loan insurance corporation.  
14 Interest-bearing rental deposits shall be placed in accounts  
15 from which withdrawals or transfers can be made without delay  
16 when such funds are required, subject only to any notice  
17 period which the depository institution is required to reserve  
18 by law or regulation. The landlord shall direct the  
19 depository institution to remit interest or dividends, net of  
20 any service charges or fees, as computed in accordance with  
21 the depository institution's standard accounting practice, at  
22 least quarterly, to the authority for deposit in the housing  
23 trust fund, and to transmit with each remittance to the  
24 authority a copy of the depositor's statement showing the name  
25 of the landlord for whom the remittance is sent, the rate of  
26 interest applied, the amount of service charges deducted, if  
27 any, and the account balance of the period for which the  
28 report is made.

29 Sec. 2. Section 220.91, subsection 1, Code 1987, is  
30 amended to read as follows:

31 1. The authority through the title guaranty division shall  
32 initiate and operate a program in which the division shall  
33 offer guaranties of real property titles in this state. The  
34 terms, conditions and form of the guaranty contract shall be  
35 forms approved by the division board. The division shall fix

1 a charge for the guaranty in an amount sufficient to permit  
2 the program to operate on a self-sustaining basis, including  
3 payment of administrative costs and the maintenance of an  
4 adequate reserve against claims under the title guaranty  
5 program. A title guaranty fund is created in the office of  
6 the treasurer of state. Funds collected under this program  
7 shall be placed in the title guaranty fund and are available  
8 to pay all claims, necessary reserves and all administrative  
9 costs of the title guaranty program. Moneys in the fund shall  
10 not revert to the general fund and interest on the moneys in  
11 the fund shall be retained as a part of the fund and shall not  
12 accrue to the general fund. If the authority board in  
13 consultation with the division board determines that there are  
14 surplus funds in the title guaranty fund after providing for  
15 adequate reserves and operating expenses of the division, the  
16 surplus funds shall be transferred to the commitment-costs  
17 housing trust fund created pursuant to section ~~220-40~~ 220.100.

18 Sec. 3. NEW SECTION. 562.12 COMMERCIAL RENTAL PROPERTY.

19 If the landlord is renting property assessed as commercial  
20 or industrial property and the landlord has received as a  
21 rental deposit a deposit of money to secure performance of the  
22 rental agreement, other than a deposit which is exclusively in  
23 advance payment of rent, the rental deposit shall be deposited  
24 pursuant to section 220.100.

25 Sec. 4. Section 562A.12, subsection 2, Code 1987, is  
26 amended to read as follows:

27 2. All rental deposits shall be held by the landlord for  
28 the tenant, who is a party to the agreement, ~~in-a-bank-or~~  
29 ~~savings-and-loan-association-or-credit-union-which-is-insured~~  
30 ~~by-an-agency-of-the-federal-government~~ and deposited pursuant  
31 to section 220.100. Rental deposits shall not be commingled  
32 with the personal funds of the landlord. Notwithstanding the  
33 provisions of chapter 117, all rental deposits may be held in  
34 a trust account, which may be a common trust account ~~and-which~~  
35 ~~may-be-an-interest-bearing-account~~. ~~Any-interest-earned-on-a~~



~~1 rental-deposit-during-the-first-five-years-of-a-tenancy-shall  
2 be-the-property-of-the-landlord:~~

3 Sec. 5. Section 562B.13, subsection 2, Code 1987, is  
4 amended to read as follows:

5 2. All rental deposits shall be held by the landlord for  
6 the tenant, who is a party to the agreement, ~~in-a-bank,-credit~~  
7 ~~union-or-savings-and-loan-association-which-is-insured-by-an~~  
8 ~~agency-of-the-federal-government~~ and deposited pursuant to  
9 section 220.100. Rental deposits shall not be commingled with  
10 the personal funds of the landlord. All rental deposits may  
11 be held in a trust account, which may be a common trust  
12 account ~~and-which-may-be-an-interest-bearing-account~~. Any  
13 ~~interest-earned-on-a-rental-deposit-shall-be-the-property-of~~  
14 ~~the-landlord:~~

15 EXPLANATION

16 This bill establishes a housing trust fund in the Iowa  
17 finance authority that will be financed by requiring that  
18 residential and commercial rental deposits be placed in  
19 interest-bearing accounts and that the interest be paid to the  
20 housing trust fund. The surplus in the title guaranty fund  
21 shall also be paid to the housing trust fund.

22 The housing trust fund is appropriated to and will be  
23 administered by the Iowa finance authority, which will  
24 allocate the fund among the authorized programs. The  
25 authorized programs are:

26 1. A rental reduction program to provide preferred-  
27 interest loans to build or substantially rehabilitate rental  
28 housing.

29 2. A rental allowance program providing rent subsidies to  
30 homeless people capable of maintaining independent living  
31 quarters.

32 3. A special rehabilitation program to provide below-  
33 market rate loans to homeowners, nonprofit organizations, and  
34 rental property owners leasing units to low-income people or  
35 providing group home shelter to homeless people.

1 4. A nonprofit housing rehabilitation program providing  
2 loan funds to nonprofit sponsors which own or are agents for  
3 owners of buildings in need of rehabilitation which will serve  
4 households of limited income.

5 5. A home maintenance and repair program providing  
6 matching grants to nonprofit organizations and local  
7 governments for repair services to low-income elderly and  
8 handicapped homeowners.

9 6. A home ownership incentive program providing below-  
10 market rate financing to local governments and nonprofit  
11 organizations to develop single family projects.

12 The Iowa finance authority may coordinate these programs  
13 with its other housing programs, establish income eligibility  
14 requirements, and require that developers submitting plans for  
15 financing from the housing trust fund demonstrate experience  
16 with low-income projects and include provisions for housing  
17 counseling in their plans.

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