

FEB 1 1996
LOCAL GOVERNMENT

HOUSE FILE 2134
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(COMPANION TO LSB 3872SS
BY GRONSTAL)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to housing development, including tax increment
2 financing, and making an appropriation for housing programs.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2134

DIVISION I

1
2 Section 1. 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 358C.2. A real estate improvement
7 district shall not be created after June 30, 2000.

8 Sec. 2. Section 358C.3, subsection 6, Code Supplement
9 1995, is amended to read as follows:

10 6. The petition shall propose the names of three or more
11 trustees who shall be owners of real estate in the proposed
12 district or the designees of owners of property in the
13 proposed district, to serve as a board of trustees until their
14 successors are elected and qualified if the district is
15 organized. The board of trustees shall only carry out those
16 purposes which are authorized in this chapter and listed in
17 the petition. Each person proposed as a trustee shall
18 disclose whether the person has any financial interest in any
19 business which is or may be a developer or contractor for
20 public improvements within the proposed real estate
21 improvement district and the extent of the person's land
22 ownership in the district, if any.

23 Sec. 3. Section 358C.10, Code Supplement 1995, is amended
24 by adding the following new subsection:

25 NEW SUBSECTION. 4. A candidate to fill a vacancy or as a
26 successor trustee shall disclose prior to selection as a
27 trustee whether the person has any financial interest in any
28 business which is or may be a developer or contractor for
29 public improvements within the real estate improvement
30 district and the extent of the person's land ownership in the
31 district, if any.

32 Sec. 4. Section 358C.13, Code Supplement 1995, is amended
33 by adding the following new subsections:

34 NEW SUBSECTION. 1A. The board of trustees shall maintain
35 the official records of the district, which shall include

1 information regarding the service of any indebtedness of the
2 district, including special assessment bonds. The board shall
3 report annually on the progress of the district in retiring
4 indebtedness.

5 NEW SUBSECTION. 2A. The board of trustees shall provide
6 public notice prior to each meeting of the board. The notice
7 shall contain the agenda of the meeting which shall describe
8 the proposed actions to be taken by the board at the meeting.

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

14 NEW SUBSECTION. 7. The board of trustees shall not enter
15 into a contract for public improvements or other services with
16 a board member or with any person owning more than twenty-five
17 percent of the land of a real estate improvement district
18 except as a result of competitive bidding.

19 Sec. 5. Section 358C.17, Code Supplement 1995, is amended
20 by adding the following new subsection:

21 NEW SUBSECTION. 4. A special assessment under this
22 section shall be recorded in the county in which the district
23 is located for each lot in the district.

24 Sec. 6. Section 543B.56, subsection 1, Code Supplement
25 1995, is amended by adding the following new paragraph:

26 NEW PARAGRAPH. e. Disclose the amount of any special
27 assessments, if any, against property in a real estate
28 improvement district established under chapter 358C.

29 Sec. 7. Section 358C.2, Code Supplement 1995, is repealed.

30 DIVISION II

31 Sec. 8. Section 403.2, subsection 3, Code 1995, is amended
32 to read as follows:

33 3. It is further found and declared that there exists in
34 this state the continuing need for programs to alleviate and
35 prevent conditions of unemployment and a shortage of housing;

1 and that it is accordingly necessary to assist and retain
2 local industries and commercial enterprises to strengthen and
3 revitalize the economy of this state and its municipalities;
4 that accordingly it is necessary to provide means and methods
5 for the encouragement and assistance of industrial and
6 commercial enterprises in locating, purchasing, constructing,
7 reconstructing, modernizing, improving, maintaining,
8 repairing, furnishing, equipping, and expanding in this state
9 and its municipalities, for the provision of public
10 improvements related to housing and residential development,
11 and for the provision construction of housing ~~and-residential~~
12 ~~development~~ for low and moderate income families; that
13 accordingly it is necessary to authorize local governing
14 bodies to designate areas of a municipality as economic
15 development areas for commercial and industrial enterprises,
16 public improvements related to housing and residential
17 development, or construction of housing ~~and-residential~~
18 ~~development~~ for low and moderate income families; and that it
19 is also necessary to encourage the location and expansion of
20 commercial enterprises to more conveniently provide needed
21 services and facilities of the commercial enterprises to
22 municipalities and the residents of the municipalities.
23 Therefore, the powers granted in this chapter constitute the
24 performance of essential public purposes for this state and
25 its municipalities.

26 Sec. 9. Section 403.5, subsection 2, unnumbered paragraph
27 1, Code 1995, is amended to read as follows:

28 The municipality may itself prepare or cause to be prepared
29 an urban renewal plan; or any person or agency, public or
30 private, may submit such a plan to a municipality. Prior to
31 its approval of an urban renewal plan, the local governing
32 body shall submit such plan to the planning commission of the
33 municipality, if any, for review and recommendations as to its
34 conformity with the general plan for the development of the
35 municipality as a whole. The planning commission shall submit

1 its written recommendations with respect to the proposed urban
2 renewal plan to the local governing body within thirty days
3 after receipt of the plan for review. Upon receipt of the
4 recommendations of the planning commission or, if no
5 recommendations are received within the thirty days, then,
6 without such recommendations, the local governing body may
7 proceed with the hearing on the proposed urban renewal project
8 plan prescribed by subsection 3.

9 Sec. 10. Section 403.5, subsection 3, Code 1995, is
10 amended to read as follows:

11 3. The local governing body shall hold a public hearing on
12 an urban renewal project plan after public notice thereof by
13 publication in a newspaper having a general circulation in the
14 area of operation of the municipality. The notice shall
15 describe the time, date, place and purpose of the hearing,
16 shall generally identify the urban renewal area covered by the
17 plan, and shall outline the general scope of the urban renewal
18 project activities under consideration. A copy of the notice
19 shall be sent by ordinary mail to each affected taxing entity.

20 Sec. 11. Section 403.5, subsection 4, paragraph b,
21 subparagraph (1), Code 1995, is amended to read as follows:

22 (1) If it is to be developed for residential uses, the
23 local governing body shall determine that a shortage of
24 housing of sound standards and design with decency, safety and
25 sanitation exists in the municipality; that the acquisition of
26 the area for residential uses is an integral part of and
27 essential to the program of the municipality; and that one or
28 more of the following conditions exist:

29 (a) That the need for housing accommodations has been or
30 will be increased as a result of the clearance of slums in
31 other areas, including other portions of the urban renewal
32 area. ~~that the~~

33 (b) That conditions of blight in the area municipality and
34 the shortage of decent, safe and sanitary housing cause or
35 contribute to an increase in and spread of disease and crime,

1 and so as to constitute a menace to the public health, safety,
2 morals, or welfare; and that the acquisition of the area for
3 residential uses is an integral part of and essential to the
4 program of the municipality.

5 (c) That the provision of public improvements related to
6 housing and residential development will encourage housing and
7 residential development which is necessary to encourage the
8 retention or relocation of industrial and commercial
9 enterprises in this state and its municipalities.

10 (d) The acquisition of the area is necessary to provide
11 for the construction of housing for low and moderate income
12 families.

13 Sec. 12. Section 403.6, Code 1995, is amended by adding
14 the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. The provisions of this chapter
16 shall be liberally interpreted to achieve the purposes of this
17 chapter.

18 Sec. 13. Section 403.9, subsection 3, Code 1995, is
19 amended by adding the following new unnumbered paragraph:

20 NEW UNNUMBERED PARAGRAPH. Before the local governing body
21 may institute proceedings for the issuance of bonds under this
22 section, a notice of the proposed action, including a
23 statement of the amount and purposes of the bonds and the time
24 and place of the meeting at which the local governing body
25 proposes to take action for the issuance of the bonds, must be
26 published as provided in section 362.3. At the meeting, the
27 local governing body shall receive oral or written objections
28 from any resident or property owner of the municipality.
29 After all objections have been received and considered, the
30 local governing body, at that meeting or any subsequent
31 meeting, may take additional action for the issuance of the
32 bonds or abandon the proposal to issue the bonds. Any
33 resident or property owner of the municipality may appeal the
34 decision of the local governing body to take additional action
35 to the district court of the county in which any part of the

1 municipality is located, within fifteen days after the
2 additional action is taken. The additional action of the
3 local governing body is final and conclusive unless the court
4 finds that the municipality exceeded its authority.

5 Sec. 14. Section 403.9, subsection 4, Code 1995, is
6 amended to read as follows:

7 4. Such bonds may be sold at not less than ninety-eight
8 percent of par at public or private sale, or may be exchanged
9 for other bonds on-the-basis at not less than ninety-eight
10 percent of par.

11 Sec. 15. Section 403.10, Code 1995, is amended to read as
12 follows:

13 403.10 BONDS AS LEGAL INVESTMENT.

14 All banks, trust companies, building and loan associations,
15 savings and loan associations, investment companies and other
16 persons carrying on an investment business; all insurance
17 companies, insurance associations, and other persons carrying
18 on an insurance business; and all executors, administrators,
19 curators, trustees, and other fiduciaries, may legally invest
20 any sinking funds, moneys, or other funds belonging to them or
21 within their control in any bonds or other obligations issued
22 by a municipality pursuant to this chapter, or those issued by
23 any urban renewal agency vested with urban renewal project
24 powers under section 403.14:--~~Provided, that such bonds and~~
25 ~~other obligations shall be secured by an agreement between the~~
26 ~~issuer and the federal government, in which the issuer agrees~~
27 ~~to borrow from the federal government and the federal~~
28 ~~government agrees to lend to the issuer, prior to the maturity~~
29 ~~of such bonds or other obligations, moneys in an amount which,~~
30 ~~together with any other moneys irrevocably committed to the~~
31 ~~payment of interest on such bonds or other obligations, will~~
32 ~~suffice to pay the principal of such bonds or other~~
33 ~~obligations with interest to maturity thereon, which moneys~~
34 ~~under the terms of said agreement are required to be used for~~
35 ~~the purpose of paying the principal of and the interest on~~

1 ~~such-bonds-or-other-obligations-at-their-maturity.~~ Such bonds
2 and other obligations shall be authorized security for all
3 public deposits. It is the purpose of this section to
4 authorize any persons, political subdivisions and officers,
5 public or private, to use any funds owned or controlled by
6 them for the purchase of any such bonds or other obligations.
7 Nothing contained in this section with regard to legal
8 investments shall be construed as relieving any person of any
9 duty of exercising reasonable care in selecting securities.

10 Sec. 16. Section 403.17, subsection 9, Code 1995, is
11 amended to read as follows:

12 9. "Economic development area" means an area of a
13 municipality designated by the local governing body as
14 appropriate for commercial and industrial enterprises, public
15 improvements related to housing and residential development,
16 or construction of housing and residential development for low
17 and moderate income families, including single or multifamily
18 housing. If an urban renewal plan for an urban renewal area
19 is based upon a finding that the area is an economic
20 development area and that no part contains slum or blighted
21 conditions, then the division of revenue provided in section
22 403.19 and stated in the plan shall be limited to twenty years
23 from the calendar year following the calendar year in which
24 the city first certifies to the county auditor the amount of
25 any loans, advances, indebtedness, or bonds which qualify for
26 payment from the division of revenue provided in section
27 403.19. Such area designated before July 1, 1994, shall not
28 include land which is part of a century farm.

29 Sec. 17. Section 403.19, subsection 2, Code 1995, is
30 amended to read as follows:

31 2. That portion of the taxes each year in excess of such
32 amount shall be allocated to and when collected be paid into a
33 special fund of the municipality to pay the principal of and
34 interest on loans, moneys advanced to, or indebtedness,
35 whether funded, refunded, assumed, or otherwise, including

1 bonds issued under the authority of section 403.9, subsection
2 1, incurred by the municipality to finance or refinance, in
3 whole or in part, an urban renewal project within the area,
4 and to provide assistance for low and moderate income family
5 housing as provided in section 403.22, except that taxes for
6 the payment of bonds and interest of each taxing district must
7 be collected against all taxable property within the taxing
8 district without limitation by the provisions of this
9 subsection. Unless and until the total assessed valuation of
10 the taxable property in an urban renewal area exceeds the
11 total assessed value of the taxable property in such area as
12 shown by the last equalized assessment roll referred to in
13 subsection 1, all of the taxes levied and collected upon the
14 taxable property in the urban renewal area shall be paid into
15 the funds for the respective taxing districts as taxes by or
16 for the taxing districts in the same manner as all other
17 property taxes. When such loans, advances, indebtedness, and
18 bonds, if any, and interest thereon, have been paid, all
19 moneys thereafter received from taxes upon the taxable
20 property in such urban renewal area shall be paid into the
21 funds for the respective taxing districts in the same manner
22 as taxes on all other property.

23 Sec. 18. NEW SECTION. 403.22 FINANCING PUBLIC
24 IMPROVEMENTS RELATED TO LOW INCOME HOUSING AND RESIDENTIAL
25 DEVELOPMENT.

26 1. With respect to any urban renewal area established upon
27 the determination that the area is an economic development
28 area, a division of revenue as provided in section 403.19
29 shall not be allowed for the purpose of providing or aiding in
30 the provision of public improvements related to housing and
31 residential development, unless the municipality assures that
32 the project will include assistance for low and moderate
33 income family housing. The amount to be provided for low and
34 moderate income family housing for such projects shall be
35 either equal to or greater than the percentage of the original

1 project cost that is equal to the percentage of low and
2 moderate income residents for the county in which the urban
3 renewal area is located as determined by the United States
4 department of housing and urban development using section 8
5 guidelines or such other amount as set out in a plan adopted
6 by the municipality and approved by the Iowa department of
7 economic development if the municipality can show that it
8 cannot undertake the project if it has to meet the low and
9 moderate income assistance requirements.

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

12 a. Lots for low and moderate income housing within or
13 outside the urban renewal area.

14 b. Construction of low and moderate income housing within
15 or outside the urban renewal area.

16 c. Grants, credits or other direct assistance to low and
17 moderate income families living within or outside the urban
18 renewal area, but within the area of operation of the
19 municipality.

20 d. Payments to a low and moderate income housing fund
21 established by the municipality to be expended for one or more
22 of the above purposes, including matching funds for any state
23 or federal moneys used for such purposes.

24 3. Sources for low and moderate income family housing
25 assistance may include the following:

26 a. Proceeds from loans, advances, bonds or indebtedness
27 incurred.

28 b. Annual distributions from the division of revenues
29 pursuant to section 403.19 related to the urban renewal area.

30 c. Lump sum or periodic direct payments from developers or
31 other private parties under an agreement for development or
32 redevelopment between the municipality and a developer.

33 d. Any other sources which are legally available for this
34 purpose.

35 4. The assistance to low and moderate income family

1 housing may be expended outside the boundaries of the urban
2 renewal area.

3 5. The division of the revenue under section 403.19 for
4 each project under this section shall be limited to ten years
5 from the calendar year following the calendar year in which
6 the municipality first certifies to the county auditor the
7 amount of any loans, advances, indebtedness, or bonds which
8 qualify for payment from the division of the revenue in
9 connection with the project. The portion of the urban renewal
10 area which is involved in a project under this section shall
11 not be subject to any subsequent division of revenue under
12 section 403.19.

13 Sec. 19. Section 403A.2, subsection 8, Code 1995, is
14 amended to read as follows:

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

35 Sec. 20. Section 403A.3, subsection 10, Code 1995, is

1 amended to read as follows:

2 10. To co-operate with the Iowa finance authority, to
3 participate in any of its programs, to use any of the funds
4 available to the municipality for the uses of this chapter to
5 contribute to such programs in which it participates, and, in
6 such instances, to comply with the provisions of ~~sections 16.1~~
7 ~~to 16.36~~ chapter 16 and the rules of the Iowa finance
8 authority promulgated thereunder.

9 Sec. 21. Section 403A.6, Code 1995, is amended to read as
10 follows:

11 403A.6 OPERATION OF HOUSING NOT FOR PROFIT.

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

1 administrative expenses}; and (4) to make such payments in
2 lieu of taxes and, after payment in full of all obligations
3 for which federal annual contributions are pledged, to make
4 such repayments of federal and local contributions as it
5 determines are consistent with the maintenance of the low-rent
6 character-of projects. Rentals or payments for dwellings
7 shall be established and the projects administered, insofar as
8 possible, so as to assure that any federal financial
9 assistance required shall be strictly limited to amounts and
10 periods necessary to maintain the-low-rent-character-of
11 federal assistance for the projects.

12 Sec. 22. Section 403A.7, Code 1995, is amended to read as
13 follows:

14 403A.7 HOUSING RENTALS AND TENANT ADMISSIONS.

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

30 Nothing contained in this or the preceding section shall be
31 construed as limiting the power of a municipality with respect
32 to a housing project, to vest in an obligee the right, in the
33 event of a default by the municipality, to take possession or
34 cause the appointment of a receiver thereof, free from all the
35 restrictions imposed by this or the preceding section or

1 limiting the power to construct, manage, or operate projects
2 to provide housing for families who do not meet the
3 definitions of section 403A.2, subsection 6.

4 Sec. 23. Section 403A.12, unnumbered paragraph 2, Code
5 1995, is amended to read as follows:

6 Neither the governing body of a municipality nor any person
7 executing the bonds shall be liable personally on the bonds by
8 reason of the issuance thereof hereunder. The bonds and other
9 obligations issued under the provisions of this chapter (and
10 such bonds and obligations shall so state on their face) shall
11 be payable solely from the sources provided in this section
12 and shall not constitute an indebtedness within the meaning of
13 any constitutional or statutory debt limitation or
14 restriction. Bonds issued pursuant to this chapter are
15 declared to be issued for an essential public and governmental
16 purpose and to be public instrumentalities and, together with
17 interest thereon and income therefrom, shall be exempt from
18 all taxes. The tax exemption provisions of this chapter shall
19 be considered part of the security for the repayment of bonds
20 and shall constitute, by virtue of this chapter and without
21 the necessity of the same being restated in said bonds, a
22 contract between the bondholders and each and every one
23 thereof, including all transferees of said bonds from time to
24 time on the one hand and the respective municipalities issuing
25 said bonds and the state on the other.

26 Sec. 24. Section 403A.14, Code 1995, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 11. a. Covenant that it will annually
29 budget or appropriate moneys, subject to statutory limitations
30 on the amount that may be levied, to pay all or a designated
31 amount of any shortfall in the income and revenues available
32 to pay the costs of operating or maintaining a housing project
33 after provision has been made for payment of bonds or restore
34 deficiencies in a debt service reserve fund established for
35 the bonds.

1 b. Notwithstanding paragraph "a", a municipality shall not
2 be obligated to appropriate or otherwise provide moneys for
3 the payment of operating deficit reimbursements and in the
4 event the municipality fails to appropriate funds for this
5 purpose, the municipality shall not be liable for any damages
6 resulting from the nonappropriation.

7 c. If a municipality elects to incur an obligation to
8 appropriate or otherwise provide moneys for the payment of
9 operating deficit reimbursements, the operating deficit
10 agreement may provide that in the event a municipality shall
11 fail to pay an operating deficit reimbursement, the
12 municipality shall be in default under the operating deficit
13 agreement and the default shall constitute a default by the
14 municipality under the loan agreement with respect to the
15 project.

16 Sec. 25. NEW SECTION. 403A.25 RULE OF CONSTRUCTION.

17 The provisions of this chapter shall be liberally
18 interpreted to achieve the purposes of this chapter.

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

20 The municipality shall pay out of the surplus net revenues
21 of a project for the prior fiscal year, not required to pay
22 principal, interest or other requirements of its bonds, to the
23 state of Iowa and its city, school district, and any other
24 political subdivision authorized to levy taxes against
25 property in the jurisdiction in which the project is located,
26 twenty-five percent of the amount of tax for the prior fiscal
27 year determined by applying the tax rate of the taxing
28 district to the assessed value of the project, which the
29 state, county, school district or other political subdivision
30 would receive for the prior fiscal year if the project were
31 owned by a private person. For the purposes of arriving at
32 this tax equivalent, the property of the project shall be
33 valued and assessed by the assessor in whose jurisdiction the
34 project is located, in accordance with chapter 441, but the
35 municipality and other persons authorized by chapter 441 shall

1 be entitled to protest any assessment in the same manner as
2 any taxpayer. Income from this source shall be considered
3 other income under the provisions of section 384.16,
4 subsection 1, paragraph "b". This subsection shall apply to
5 projects acquired from proceeds of bonds issued under
6 authority of this chapter.

7 Sec. 27. Section 403A.28, Code 1995, is amended to read as
8 follows:

9 403A.28 PUBLIC HEARING REQUIRED.

10 The A municipality or municipal housing agency shall not
11 undertake any low-cost housing project until such time as a
12 public hearing has been called, at which time the agency it
13 shall advise the public of the name of the proposed project,
14 its location, the number of living units proposed and their
15 approximate cost. If the municipality proposes to issue bonds
16 with respect to the project, it may combine any notice and
17 hearing requirement for the bonds with the notice for the
18 public hearing and conduct the public hearing or the bond
19 proposal simultaneously with the public hearing on the housing
20 project. Notice of the public hearing on the proposed project
21 shall be published at least once in a newspaper of general
22 circulation within the municipality, at least fifteen days
23 prior to the date set for the hearing.

24 DIVISION III

25 Sec. 28. Section 331.384, subsection 1, paragraph c, Code
26 1995, is amended to read as follows:

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

29 Sec. 29. Section 657A.1, subsections 1, 3, and 4, Code
30 1995, are amended to read as follows:

31 1. "Abandoned" or "abandonment" means that a building has
32 remained vacant and has been in violation of the housing code
33 of the city in which the property is located or the housing
34 code applicable in the county in which the property is located
35 if outside the limits of a city for a period of six

1 consecutive months.

2 3. "Building" means a building or structure located in a
3 city or outside the limits of a city in a county, which is
4 used or intended to be used for residential purposes, and
5 includes a building or structure in which some floors may be
6 used for retail stores, shops, salesrooms, markets, or similar
7 commercial uses, or for offices, banks, civic administration
8 activities, professional services, or similar business or
9 civic uses, and other floors are used, designed, or intended
10 to be used for residential purposes.

11 4. "Interested person" means an owner, mortgagee,
12 lienholder, or other person that possesses an interest of
13 record or an interest otherwise provable in property that
14 becomes subject to the jurisdiction of the court pursuant to
15 this chapter, the city in which the property is located, the
16 county in which the property is located if the property is
17 located outside the limits of a city, and an applicant for the
18 appointment as receiver pursuant to this chapter.

19 Sec. 30. Section 657A.2, subsections 1 and 2, Code 1995,
20 are amended to read as follows:

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

32 2. If a petition filed pursuant to this chapter alleges
33 that a building is abandoned or is in a dangerous or unsafe
34 condition, the city, county, if the property is located
35 outside the limits of a city, neighboring landowner, or

1 nonprofit corporation may apply for an injunction requiring
2 the owner of the building to correct the condition or to
3 eliminate the condition or violation. The court shall conduct
4 a hearing at least twenty days after written notice of the
5 application for an injunction and of the date and time of the
6 hearing is served upon the owner of the building. Notice of
7 the hearing shall be served in the manner provided in
8 subsection 1.

9 Sec. 31. Section 657A.4, Code 1995, is amended to read as
10 follows:

11 657A.4 APPOINTMENT OF RECEIVER.

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

1 trustees.

2

DIVISION IV

3 Sec. 32. NEW SECTION. 446.19A PURCHASE BY COUNTY OR CITY
4 FOR LOW OR MODERATE INCOME HOUSING.

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

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

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

31 After one year and nine months from the date of sale, or
32 after nine months from the date of a sale made under section
33 446.18, 446.38 or 446.39, or following the date of a sale made
34 under section 446.19A of abandoned property assessed for
35 taxation as residential property or as multifamily commercial

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

23 DIVISION V

24 Sec. 34. Section 16.100, subsection 2, Code 1995, is
25 amended by adding the following new paragraph:

26 NEW PARAGRAPH. f. A local housing trust fund program.
27 This program shall use only those moneys from the real estate
28 transfer tax deposited in the housing improvement fund created
29 in section 428A.8.

30 Sec. 35. Section 428A.8, unnumbered paragraph 1, Code
31 1995, is amended to read as follows:

32 On or before the tenth day of each month the county
33 recorder shall determine and pay to the treasurer of state
34 eighty-two and three-fourths percent of the receipts from the
35 real estate transfer tax collected during the preceding month

1 and the treasurer of state shall ~~deposit-ninety-five-percent~~
2 ~~of-the-receipts-in-the-general-fund-of-the-state-and~~ transfer
3 ~~five-percent-of~~ the receipts to the Iowa finance authority for
4 deposit in the housing improvement fund created in section
5 16.100.

6 DIVISION VI

7 Sec. 36. HOUSING PROGRAMS. There is appropriated from the
8 general fund of the state to the Iowa finance authority for
9 the fiscal year beginning July 1, 1996, and ending June 30,
10 1997, the following amount, or so much thereof as is
11 necessary, to be used for the purposes designated:

12 For deposit in the housing improvement fund under section
13 16.100 for use to fund housing programs, particularly those
14 programs which receive federal funding which is reduced for
15 the federal fiscal year beginning October 1, 1995:
16 \$ 10,000,000

17 Notwithstanding section 8.33, moneys appropriated in this
18 section which remain unexpended or unobligated at the close of
19 the fiscal year shall not revert to the general fund of the
20 state but shall remain available for expenditure in the
21 succeeding fiscal year.

22 EXPLANATION

23 Division I. Sections 1 and 7 repeal the pilot program
24 which limits the establishment of real estate improvement
25 districts to six counties, thus allowing the statewide
26 establishment of real estate improvement districts. Section 1
27 also provides that real estate improvement districts cannot be
28 created after June 30, 2000.

29 Sections 2 and 3 provide that a person proposed to be a
30 trustee, successor trustee, or to fill a vacancy on the board
31 of trustees must disclose, prior to selection as a trustee,
32 any financial interest the person has in a developer or
33 contractor who may receive a contract for public improvements
34 or other services in the district. A person proposed as a
35 trustee, successor trustee, or to fill a vacancy on the board

1 of trustees must also disclose the amount of land the person
2 owns in the district.

3 Section 4 requires real estate improvement districts to
4 allow the building of manufactured homes by prohibiting
5 actions by the board of trustees of the district to prohibit
6 or restrict the construction of manufactured homes.

7 Section 4 also requires the board of trustees to maintain
8 the official records of the district, including information
9 regarding the debt service of the district and to make an
10 annual report of the progress made by the district in retiring
11 the debt.

12 In addition, section 4 requires meeting notices to be made
13 public and to state the actions which will be taken by the
14 board at the meeting. Finally, that section prohibits the
15 board from entering into a contract for public improvements or
16 other development services with a person owning more than 25
17 percent of the land in the district without competitive
18 bidding.

19 Section 5 requires the existence of a special assessment to
20 be recorded, regarding each lot, in the county in which the
21 real estate improvement district is located.

22 Section 6 provides that real estate brokers must disclose
23 the existence of a special assessment against property in a
24 district to a potential buyer.

25 Division II makes the following changes to chapter 403
26 regarding urban renewal:

27 Section 8 adds to the declaration of policy regarding urban
28 renewal that a need exists for programs to alleviate and
29 prevent a shortage of housing and that programs which provide
30 for public improvements related to housing and residential
31 development and the construction of housing are essential
32 public purposes for the state and its municipalities.

33 Sections 9 and 10 provide that public hearings are to be
34 held on a proposed urban renewal plan, rather than on each
35 urban renewal project undertaken in accordance with the plan.

1 Section 11 requires the municipality to make a finding that
2 acquisition of land for residential uses is essential to the
3 municipality's urban renewal plan. Section 11 also requires
4 the municipality to find that one of four conditions exist
5 including that the provision of public improvements related to
6 housing and residential development will encourage residential
7 development and the retention or relocation of industrial or
8 commercial enterprises or that the area to be acquired under
9 the plan is necessary to provide for the construction of low
10 and moderate income housing.

11 Section 13 requires a public notice and hearing before
12 bonds may be issued for urban renewal and provides a 15 day
13 window, following the decision of the municipality to take
14 additional action to issue the bonds, for a resident or
15 property owner to appeal the additional action to the district
16 court. The additional action is final and conclusive unless
17 the court finds that the municipality exceeded its authority.

18 Section 14 provides that bonds may be sold or exchanged at
19 98 percent of par value or higher.

20 Section 15 removes the requirement that bonds and other
21 obligations under chapter 403 be secured by an agreement
22 between the issuer of the bonds and the federal government
23 obligating the issuer to borrow from the federal government if
24 necessary to pay off the bonds or obligations.

25 Section 16 adds public improvements related to housing
26 development to the definition of economic development area and
27 makes construction of low and moderate income housing an
28 alternative use (along with commercial and industrial
29 enterprises and public improvements for housing) for an
30 economic development area. The division of revenue under tax
31 increment financing based upon a finding that the area is an
32 economic development area is limited to 20 years.

33 Sections 17 and 18 add low and moderate income housing
34 assistance to the uses for which revenue from tax increment
35 financing may be used and set out the manner in which

1 assistance for public improvements related to housing and
2 residential development, both low and moderate income and
3 otherwise, may be provided.

4 Section 18 also provides that property in an urban renewal
5 area upon which public improvements related to housing and
6 residential development are being placed as part of a project
7 financed by tax increment financing can only be used for tax
8 increment financing once.

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

24 Division II also makes the following changes to chapter
25 403A regarding municipal housing projects:

26 Section 19 removes the requirement that a housing project
27 be for families of low income, lower income or very low income
28 levels.

29 Section 21 removes the prohibition on for profit housing by
30 municipalities if the profits from a housing project are used
31 only for the development of housing for low and moderate
32 income families.

33 Section 22 eliminates the requirement that municipal
34 housing only be rented or leased to families of low income and
35 provides that municipalities shall not be limited to

1 constructing, managing, or operating projects for persons of
2 low income.

3 Section 23 exempts bonds issued for municipal housing
4 projects and the interest thereon from all taxes.

5 Section 24 gives a municipality the power to covenant that
6 it will annually budget or appropriate moneys to make up any
7 shortfall in the income available to pay the operating and
8 maintenance costs of a municipal housing project. Section 24
9 provides that a municipality is not obligated to do so and
10 that it is not liable for any damages because it does not
11 appropriate any money to cover the costs. If the municipality
12 does elect to appropriate money for the payment of operating
13 deficits, the municipality may be considered in default under
14 the loan agreement with respect to the housing project if it
15 fails to make an operating deficit payment.

16 Section 25 provides that a municipality shall make payments
17 in lieu of taxes out of surplus net revenues to any
18 jurisdiction which may levy taxes against the property on
19 which the housing project is located in the amount of 25
20 percent of the tax which is owed the taxing jurisdiction.

21 Section 26 provides that a municipality may combine the
22 public hearing on a housing project with the public hearing
23 regarding the issuance of bonds for the project.

24 Division III provides that counties may utilize the
25 abatement procedure regarding property which is abandoned or
26 deemed to constitute a public nuisance currently only
27 available to cities, neighboring landowners, and nonprofit
28 housing corporations. The county may file a petition for
29 abatement if the property is located outside the limits of a
30 city and is either abandoned and in violation of the housing
31 code applicable to the county or is deemed a public nuisance.

32 Division IV provides that cities or counties may purchase
33 abandoned single or multifamily housing which is tax
34 delinquent and which did not sell at the annual tax sale. The
35 city or county may retain the tax sale certificate or sell it.

1 If sold, preference in the sale must go to low or moderate
2 income families or organizations which provide housing
3 assistance for low or moderate income families. The holder of
4 the certificate may immediately send notice that the right to
5 redeem the property shall expire in 90 days.

6 Only property which is assessed for tax purposes as
7 residential property or as multifamily commercial housing is
8 eligible for purchase by a city or county in this manner and
9 for the shortened redemption period.

10 Division V. Sections 34 and 35 establish a new program for
11 local housing trust funds in the Iowa finance authority and
12 provide for the funding of the program through the real estate
13 transfer tax. Section 35 provides that all the proceeds from
14 the real estate transfer tax paid to the treasurer of state
15 shall be transferred to the housing improvement fund in the
16 Iowa finance authority. Currently, only 5 percent of the
17 proceeds from the transfer tax are deposited in the housing
18 improvement fund.

19 Division VI. Section 36 makes an appropriation to the Iowa
20 finance authority of \$10 million to be used for housing
21 programs, particularly those whose federal funding has been
22 reduced for the 1995-1996 federal fiscal year.

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