

MAR 6 1996
WAYS AND MEANS

HOUSE FILE 2466
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HF 2134)

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, making an appropriation for housing programs, and
3 establishing effective dates.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

HF 2466

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. NEW SECTION. 358C.24 DISCLOSURE OF SPECIAL
25 ASSESSMENT.

26 The seller of property in a real estate improvement
27 district or a person acting on behalf of a seller shall
28 disclose the amount of any special assessment under this
29 chapter against the property during negotiations for the sale
30 of the property.

31 Sec. 7. Section 543B.56, subsection 1, Code Supplement
32 1995, is amended by adding the following new paragraph:

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

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 Section 358C.2, Code Supplement 1995, is repealed.

2 DIVISION II

3 Sec. 9. Section 403.2, subsection 3, Code 1995, is amended
4 to read as follows:

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

33 Sec. 10. Section 403.5, subsection 2, unnumbered paragraph
34 1, Code 1995, is amended to read as follows:

35 The municipality may itself prepare or cause to be prepared

1 an urban renewal plan; or any person or agency, public or
2 private, may submit such a plan to a municipality. Prior to
3 its approval of an urban renewal plan, the local governing
4 body shall submit such plan to the planning commission of the
5 municipality, if any, for review and recommendations as to its
6 conformity with the general plan for the development of the
7 municipality as a whole. The planning commission shall submit
8 its written recommendations with respect to the proposed urban
9 renewal plan to the local governing body within thirty days
10 after receipt of the plan for review. Upon receipt of the
11 recommendations of the planning commission or, if no
12 recommendations are received within the thirty days, then,
13 without such recommendations, the local governing body may
14 proceed with the hearing on the proposed urban renewal project
15 plan prescribed by subsection 3.

16 Sec. 11. Section 403.5, subsection 3, Code 1995, is
17 amended to read as follows:

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

27 Sec. 12. Section 403.5, subsection 4, paragraph b,
28 subparagraph (1), Code 1995, is amended to read as follows:

29 (1) If it is to be developed for residential uses, the
30 local governing body shall determine that a shortage of
31 housing of sound standards and design with decency, safety and
32 sanitation exists in the municipality; that the acquisition of
33 the area for residential uses is an integral part of and
34 essential to the program of the municipality; and that one or
35 more of the following conditions exist:

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

5 (b) That conditions of blight in the area municipality and
6 the shortage of decent, safe and sanitary housing cause or
7 contribute to an increase in and spread of disease and crime,
8 and so as to constitute a menace to the public health, safety,
9 morals, or welfare; and that the acquisition of the area for
10 residential uses is an integral part of and essential to the
11 program of the municipality.

12 (c) That the provision of public improvements related to
13 housing and residential development will encourage housing and
14 residential development which is necessary to encourage the
15 retention or relocation of industrial and commercial
16 enterprises in this state and its municipalities.

17 (d) The acquisition of the area is necessary to provide
18 for the construction of housing for low and moderate income
19 families.

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

22 NEW UNNUMBERED PARAGRAPH. The provisions of this chapter
23 shall be liberally interpreted to achieve the purposes of this
24 chapter.

25 Sec. 14. Section 403.9, subsection 3, Code 1995, is
26 amended by adding the following new unnumbered paragraph:

27 NEW UNNUMBERED PARAGRAPH. Before the local governing body
28 may institute proceedings for the issuance of bonds under this
29 section, a notice of the proposed action, including a
30 statement of the amount and purposes of the bonds and the time
31 and place of the meeting at which the local governing body
32 proposes to take action for the issuance of the bonds, must be
33 published as provided in section 362.3. At the meeting, the
34 local governing body shall receive oral or written objections
35 from any resident or property owner of the municipality.

1 After all objections have been received and considered, the
2 local governing body, at that meeting or any subsequent
3 meeting, may take additional action for the issuance of the
4 bonds or abandon the proposal to issue the bonds. Any
5 resident or property owner of the municipality may appeal the
6 decision of the local governing body to take additional action
7 to the district court of the county in which any part of the
8 municipality is located, within fifteen days after the
9 additional action is taken. The additional action of the
10 local governing body is final and conclusive unless the court
11 finds that the municipality exceeded its authority.

12 Sec. 15. Section 403.9, subsection 4, Code 1995, is
13 amended to read as follows:

14 4. Such bonds may be sold at not less than ninety-eight
15 percent of par at public or private sale, or may be exchanged
16 for other bonds ~~on-the-basis~~ at not less than ninety-eight
17 percent of par.

18 Sec. 16. Section 403.10, Code 1995, is amended to read as
19 follows:

20 403.10 BONDS AS LEGAL INVESTMENT.

21 All banks, trust companies, building and loan associations,
22 savings and loan associations, investment companies and other
23 persons carrying on an investment business; all insurance
24 companies, insurance associations, and other persons carrying
25 on an insurance business; and all executors, administrators,
26 curators, trustees, and other fiduciaries, may legally invest
27 any sinking funds, moneys, or other funds belonging to them or
28 within their control in any bonds or other obligations issued
29 by a municipality pursuant to this chapter, or those issued by
30 any urban renewal agency vested with urban renewal project
31 powers under section 403.14:--~~Provided, that such bonds and~~
32 ~~other obligations shall be secured by an agreement between the~~
33 ~~issuer and the federal government, in which the issuer agrees~~
34 ~~to borrow from the federal government and the federal~~
35 ~~government agrees to lend to the issuer, prior to the maturity~~

1 of such bonds or other obligations, moneys in an amount which,
2 together with any other moneys irrevocably committed to the
3 payment of interest on such bonds or other obligations, will
4 suffice to pay the principal of such bonds or other
5 obligations with interest to maturity thereon, which moneys
6 under the terms of said agreement are required to be used for
7 the purpose of paying the principal of and the interest on
8 such bonds or other obligations at their maturity. Such bonds
9 and other obligations shall be authorized security for all
10 public deposits. It is the purpose of this section to
11 authorize any persons, political subdivisions and officers,
12 public or private, to use any funds owned or controlled by
13 them for the purchase of any such bonds or other obligations.
14 Nothing contained in this section with regard to legal
15 investments shall be construed as relieving any person of any
16 duty of exercising reasonable care in selecting securities.

17 Sec. 17. Section 403.17, subsection 9, Code 1995, is
18 amended to read as follows:

19 9. "Economic development area" means an area of a
20 municipality designated by the local governing body as
21 appropriate for commercial and industrial enterprises, public
22 improvements related to housing and residential development,
23 or construction of housing and residential development for low
24 and moderate income families, including single or multifamily
25 housing. If an urban renewal plan for an urban renewal area
26 is based upon a finding that the area is an economic
27 development area and that no part contains slum or blighted
28 conditions, then the division of revenue provided in section
29 403.19 and stated in the plan shall be limited to twenty years
30 from the calendar year following the calendar year in which
31 the city first certifies to the county auditor the amount of
32 any loans, advances, indebtedness, or bonds which qualify for
33 payment from the division of revenue provided in section
34 403.19. Such area designated before July 1, 1994, shall not
35 include land which is part of a century farm.

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

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

30 Sec. 19. NEW SECTION. 403.22 FINANCING PUBLIC
31 IMPROVEMENTS RELATED TO LOW INCOME HOUSING AND RESIDENTIAL
32 DEVELOPMENT.

33 1. With respect to any urban renewal area established upon
34 the determination that the area is an economic development
35 area, a division of revenue as provided in section 403.19

1 shall not be allowed for the purpose of providing or aiding in
2 the provision of public improvements related to housing and
3 residential development, unless the municipality assures that
4 the project will include assistance for low and moderate
5 income family housing. For a municipality with a population
6 of over fifteen thousand, the amount to be provided for low
7 and moderate income family housing for such projects shall be
8 either equal to or greater than the percentage of the original
9 project cost that is equal to the percentage of low and
10 moderate income residents for the county in which the urban
11 renewal area is located as determined by the United States
12 department of housing and urban development using section 8
13 guidelines or such other amount as set out in a plan adopted
14 by the municipality and approved by the Iowa department of
15 economic development if the municipality can show that it
16 cannot undertake the project if it has to meet the low and
17 moderate income assistance requirements. However, the amount
18 provided for low and moderate income family housing for such
19 projects shall not be less than an amount equal to ten percent
20 of the original project cost.

21 For a municipality with a population of fifteen thousand or
22 less, the amount to be provided for low and moderate income
23 family housing shall be the same as for a municipality of over
24 fifteen thousand in population, except that a municipality of
25 fifteen thousand or less in population is not subject to the
26 requirement to provide not less than an amount equal to ten
27 percent of the original project cost for low and moderate
28 income family housing.

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

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

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

35 c. Grants, credits or other direct assistance to low and

1 moderate income families living within or outside the urban
2 renewal area, but within the area of operation of the
3 municipality.

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

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

10 a. Proceeds from loans, advances, bonds or indebtedness
11 incurred.

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

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

17 d. Any other sources which are legally available for this
18 purpose.

19 4. The assistance to low and moderate income family
20 housing may be expended outside the boundaries of the urban
21 renewal area.

22 5. The division of the revenue under section 403.19 for
23 each project under this section shall be limited to tax
24 collections for ten fiscal years beginning with the second
25 fiscal year after the year in which the municipality first
26 certifies to the county auditor the amount of any loans,
27 advances, indebtedness, or bonds which qualify for payment
28 from the division of the revenue in connection with the
29 project. The portion of the urban renewal area which is
30 involved in a project under this section shall not be subject
31 to any subsequent division of revenue under section 403.19.

32 DIVISION III

33 Sec. 20. Section 331.384, subsection 1, paragraph c, Code
34 1995, is amended to read as follows:

35 c. Require the removal, repair, or dismantling of a an

1 abandoned or dangerous building or structure.

2 Sec. 21. NEW SECTION. 364.12A CONDEMNATION OF
3 RESIDENTIAL BUILDINGS -- PUBLIC PURPOSE.

4 For the purposes of section 6A.4, subsection 6, a city may
5 condemn a residential building found to be a public nuisance
6 and take title to the property for the public purpose of
7 disposing of the property under section 364.7 by conveying the
8 property to a private individual for rehabilitation or for
9 demolition and construction of housing.

10 Sec. 22. Section 657A.1, subsections 1, 3, and 4, Code
11 1995, are amended to read as follows:

12 1. "Abandoned" or "abandonment" means that a building has
13 remained vacant and has been in violation of the housing code
14 of the city in which the property is located or the housing
15 code applicable in the county in which the property is located
16 if outside the limits of a city for a period of six
17 consecutive months.

18 3. "Building" means a building or structure located in a
19 city or outside the limits of a city in a county, which is
20 used or intended to be used for residential purposes, and
21 includes a building or structure in which some floors may be
22 used for retail stores, shops, salesrooms, markets, or similar
23 commercial uses, or for offices, banks, civic administration
24 activities, professional services, or similar business or
25 civic uses, and other floors are used, designed, or intended
26 to be used for residential purposes.

27 4. "Interested person" means an owner, mortgagee,
28 lienholder, or other person that possesses an interest of
29 record or an interest otherwise provable in property that
30 becomes subject to the jurisdiction of the court pursuant to
31 this chapter, the city in which the property is located, the
32 county in which the property is located if the property is
33 located outside the limits of a city, and an applicant for the
34 appointment as receiver pursuant to this chapter.

35 Sec. 23. Section 657A.2, subsections 1 and 2, Code 1995,

1 are amended to read as follows:

2 1. A petition for abatement under this chapter may be
3 filed in the district court of the county in which the
4 property is located, by the city in which the property is
5 located, by the county if the property is located outside the
6 limits of a city, a neighboring landowner, or a duly organized
7 nonprofit corporation which has as one of its goals the
8 improvement of housing conditions in the county or city in
9 which the property in question is located. Service on the
10 owner shall be by personal service or by certified mail, or if
11 service cannot be made by either method, by posting the notice
12 in a conspicuous place on the building and by publication.

13 2. If a petition filed pursuant to this chapter alleges
14 that a building is abandoned or is in a dangerous or unsafe
15 condition, the city, county, if the property is located
16 outside the limits of a city, neighboring landowner, or
17 nonprofit corporation may apply for an injunction requiring
18 the owner of the building to correct the condition or to
19 eliminate the condition or violation. The court shall conduct
20 a hearing at least twenty days after written notice of the
21 application for an injunction and of the date and time of the
22 hearing is served upon the owner of the building. Notice of
23 the hearing shall be served in the manner provided in
24 subsection 1.

25 Sec. 24. Section 657A.4, Code 1995, is amended to read as
26 follows:

27 657A.4 APPOINTMENT OF RECEIVER.

28 After conducting a hearing pursuant to section 657A.3, the
29 court may appoint a receiver to take possession and control of
30 the property in question. A person shall not be appointed as
31 a receiver unless the person has first provided the court with
32 a viable financial and construction plan for the
33 rehabilitation of the property in question and has
34 demonstrated the capacity and expertise to perform the
35 required work in a satisfactory manner. The appointed

1 receiver may be a financial institution that possesses an
2 interest of record in the property, a nonprofit corporation
3 that is duly organized and exists for the primary purpose of
4 improving housing conditions in the county or city in which
5 the property in question is located, or any person deemed
6 qualified by the court. No part of the net earnings of a
7 nonprofit corporation serving as a receiver under this section
8 shall benefit a private shareholder or individual. Membership
9 on the board of trustees of a nonprofit corporation does not
10 constitute the holding of a public office or employment and is
11 not an interest, either direct or indirect, in a contract or
12 expenditure of money by a city or county. No member of a
13 board of trustees of a nonprofit corporation appointed as
14 receiver is disqualified from holding public office or
15 employment, nor is a member required to forfeit public office
16 or employment by reason of the membership on the board of
17 trustees.

18 DIVISION IV

19 Sec. 25. NEW SECTION. 446.19A PURCHASE BY COUNTY OR CITY
20 FOR LOW OR MODERATE INCOME HOUSING.

21 Notwithstanding section 446.18, a city or county may
22 purchase abandoned property assessed as residential or
23 commercial multifamily housing which did not sell at an annual
24 tax sale under section 446.7 for the total amount due. Money
25 shall not be paid by the county or other tax-levying or tax-
26 certifying body for the purchase, but each of the tax-levying
27 and tax-certifying bodies having any interest in the taxes
28 shall be charged with the total amount due the tax-levying or
29 tax-certifying body as its just share of the purchase price.
30 Prior to the purchase the city or county shall file with the
31 county treasurer a verified statement that a parcel to be
32 purchased is abandoned and deteriorating in condition or is,
33 or is likely to become, a public nuisance, and that the parcel
34 is suitable for use for low or moderate income housing
35 following rehabilitation.

1 The city or county may sell the certificate of purchase.
2 Preference shall be given to purchasers who are low or
3 moderate income families or organizations which assist low and
4 moderate income families to obtain housing. For the purpose
5 of this section, "low or moderate income families" has the
6 same meaning as in section 403.17. All persons who purchase
7 certificates under this section shall demonstrate the intent
8 to rehabilitate the property for habitation if the property is
9 not redeemed.

10 Sec. 26. Section 447.9, unnumbered paragraph 1, Code
11 Supplement 1995, is amended to read as follows:

12 After one year and nine months from the date of sale, or
13 after nine months from the date of a sale made under section
14 446.18, 446.38 or 446.39, or following the date of a sale made
15 under section 446.19A of abandoned property assessed for
16 taxation as residential property or as multifamily commercial
17 property, the holder of the certificate of purchase may cause
18 to be served upon the person in possession of the parcel, and
19 also upon the person in whose name the parcel is taxed, in the
20 manner provided for the service of original notices in R.C.P.
21 56.1, if the person resides in Iowa, or otherwise as provided
22 in section 446.9, subsection 1, a notice signed by the
23 certificate holder or the certificate holder's agent or
24 attorney, stating the date of sale, the description of the
25 parcel sold, the name of the purchaser, and that the right of
26 redemption will expire and a deed for the parcel be made
27 unless redemption is made within ninety days from the
28 completed service of the notice. The ninety-day redemption
29 period begins as provided in section 447.12. When the notice
30 is given by a county as a holder of a certificate of purchase
31 the notice shall be signed by the county treasurer or the
32 county attorney, and when given by a city, it shall be signed
33 by the city officer designated by resolution of the council.
34 When the notice is given by the Iowa finance authority or a
35 city or county agency holding the parcel as part of an Iowa

1 homesteading project, it shall be signed on behalf of the
2 agency or authority by one of its officers, as authorized in
3 rules of the agency or authority.

4 DIVISION V

5 Sec. 27. Section 16.100, Code 1995, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 1A. The authority shall use moneys
8 received from the real estate transfer tax under section
9 428A.8 to supplement expenditures for programs under this
10 section which promote housing development and ownership.

11 Sec. 28. Section 428A.8, unnumbered paragraph 1, Code
12 1995, is amended to read as follows:

13 On or before the tenth day of each month the county
14 recorder shall determine and pay to the treasurer of state
15 ~~eighty-two-and-three-fourths~~ forty percent of the receipts
16 from the real estate transfer tax collected during the
17 preceding month and the treasurer of state shall ~~deposit~~
18 ~~ninety-five-percent-of-the-receipts-in-the-general-fund-of-the~~
19 ~~state-and~~ transfer ~~five-percent-of~~ the receipts to the Iowa
20 finance authority for deposit in the housing improvement fund
21 created in section 16.100.

22 DIVISION VI

23 Sec. 29. EFFECTIVE DATES. Divisions I and II of this Act,
24 being deemed of immediate importance, take effect upon
25 enactment. Division V of this Act takes effect July 1, 1997.

26 EXPLANATION

27 Division I. Sections 1 and 8 repeal the pilot program
28 which limits the establishment of real estate improvement
29 districts to six counties, thus allowing the statewide
30 establishment of real estate improvement districts. Section 1
31 also provides that real estate improvement districts cannot be
32 created after June 30, 2000.

33 Sections 2 and 3 provide that a person proposed to be a
34 trustee, successor trustee, or to fill a vacancy on the board
35 of trustees must disclose, prior to selection as a trustee,

1 any financial interest the person has in a developer or
2 contractor who may receive a contract for public improvements
3 or other services in the district. A person proposed as a
4 trustee, successor trustee, or to fill a vacancy on the board
5 of trustees must also disclose the amount of land the person
6 owns in the district.

7 Section 4 requires real estate improvement districts to
8 allow the building of manufactured homes by prohibiting
9 actions by the board of trustees of the district to prohibit
10 or restrict the construction of manufactured homes.

11 Section 4 also requires the board of trustees to maintain
12 the official records of the district, including information
13 regarding the debt service of the district and to make an
14 annual report of the progress made by the district in retiring
15 the debt.

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

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

26 Section 6 requires the seller of property in a real estate
27 improvement district or a person acting on the seller's behalf
28 to disclose the amount of a special assessment during sale
29 negotiations.

30 Section 7 provides that real estate brokers must disclose
31 the existence of a special assessment against property in a
32 district to a potential buyer.

33 Division I takes effect upon enactment.

34 Division II makes the following changes to chapter 403
35 regarding urban renewal:

1 Section 9 adds to the declaration of policy regarding urban
2 renewal that a need exists for programs to alleviate and
3 prevent a shortage of housing and that programs which provide
4 for public improvements related to housing and residential
5 development and the construction of housing are essential
6 public purposes for the state and its municipalities.

7 Sections 10 and 11 provide that public hearings are to be
8 held on a proposed urban renewal plan, rather than on each
9 urban renewal project undertaken in accordance with the plan.

10 Section 12 requires the municipality to make a finding that
11 acquisition of land for residential uses is essential to the
12 municipality's urban renewal plan. Section 11 also requires
13 the municipality to find that one of four conditions exist
14 including that the provision of public improvements related to
15 housing and residential development will encourage residential
16 development and the retention or relocation of industrial or
17 commercial enterprises or that the area to be acquired under
18 the plan is necessary to provide for the construction of low
19 and moderate income housing.

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

27 Section 15 provides that bonds may be sold or exchanged at
28 98 percent of par value or higher.

29 Section 16 removes the requirement that bonds and other
30 obligations under chapter 403 be secured by an agreement
31 between the issuer of the bonds and the federal government
32 obligating the issuer to borrow from the federal government if
33 necessary to pay off the bonds or obligations.

34 Section 17 adds public improvements related to housing
35 development to the definition of economic development area and

1 makes construction of low and moderate income housing an
2 alternative use (along with commercial and industrial
3 enterprises and public improvements for housing) for an
4 economic development area. The division of revenue under tax
5 increment financing based upon a finding that the area is an
6 economic development area is limited to 20 years.

7 Sections 18 and 19 add low and moderate income housing
8 assistance to the uses for which revenue from tax increment
9 financing may be used and set out the manner in which
10 assistance for public improvements related to housing and
11 residential development, both low and moderate income and
12 otherwise, may be provided.

13 Section 19 also provides that property in an urban renewal
14 area upon which public improvements related to housing and
15 residential development are being placed as part of a project
16 financed by tax increment financing can only be used for tax
17 increment financing once.

18 Tax increment financing for housing or residential
19 development is not allowed unless the municipality assures
20 that the project will include assistance for low and moderate
21 income family housing in an amount either based on the
22 percentage of low and moderate income persons in the county or
23 in some other amount as determined by the municipality and
24 agreed to by the department of economic development. A
25 municipality of over 15,000 in population must provide low-
26 income and moderate-income housing assistance of at least 10
27 percent of the total project cost. A municipality of 15,000
28 in population or under is not subject to the 10 percent
29 limitation. The municipality shall, however, provide some
30 amount of low-income and moderate-income assistance.

31 Assistance for low and moderate income housing may take
32 many forms, including lots for low and moderate income housing
33 within or outside the urban renewal area or payments to a low
34 and moderate income housing fund established by the
35 municipality. Funding sources may include revenue from tax

1 increment financing or any other legal source. Tax increment
2 financing for housing projects is limited in duration to ten
3 years.

4 Division II takes effect upon enactment.

5 Division III provides that counties may utilize the
6 abatement procedure regarding property which is abandoned or
7 deemed to constitute a public nuisance currently only
8 available to cities, neighboring landowners, and nonprofit
9 housing corporations. The county may file a petition for
10 abatement if the property is located outside the limits of a
11 city and is either abandoned and in violation of the housing
12 code applicable to the county or is deemed a public nuisance.

13 Division III also provides that a city may condemn a
14 residential building under its power of eminent domain and
15 dispose of the property to a private person for rehabilitation
16 or demolition and new construction of housing. The city is
17 required to follow the procedures of section 364.7, including
18 a public hearing and adoption of an ordinance authorizing the
19 conveyance.

20 Division IV provides that cities or counties may purchase
21 abandoned single or multifamily housing which is tax
22 delinquent and which did not sell at the annual tax sale. The
23 city or county may retain the tax sale certificate or sell it.
24 If sold, preference in the sale must go to low or moderate
25 income families or organizations which provide housing
26 assistance for low or moderate income families. The holder of
27 the certificate may immediately send notice that the right to
28 redeem the property shall expire in 90 days.

29 Only property which is assessed for tax purposes as
30 residential property or as multifamily commercial housing is
31 eligible for purchase by a city or county in this manner and
32 for the shortened redemption period.

33 Division V. Sections 27 and 28 direct 40 percent of the
34 proceeds of the real estate transfer tax to the Iowa finance
35 authority for use to supplement programs which promote housing

1 development and ownership. Section 28 provides that 40
2 percent of the proceeds from the real estate transfer tax paid
3 to the treasurer of state shall be transferred to the housing
4 improvement fund in the Iowa finance authority. Currently,
5 only 5 percent of the proceeds from the transfer tax are
6 deposited in the housing improvement fund. The county in
7 which the tax was collected shall keep 60 percent of the
8 proceeds.

9 Division V takes effect July 1, 1997.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

HOUSE FILE 2466

H-5308

1 Amend House File 2466 as follows:

2 1. Page 15, by inserting after line 21 the
3 following:

"DIVISION

5 Sec. ____ . Section 404.5, Code 1995, is amended by
6 adding the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. For the purposes of this
8 section, the actual value of the property upon which
9 the value of the improvements shall be determined
10 shall be the lower of either the amount listed on the
11 assessment rolls in the assessment year in which the
12 improvements are first begun or the price paid by the
13 owner if the improvements were begun within three
14 years of the date the property was purchased and the
15 sale was a fair and reasonable exchange between a
16 willing buyer and a willing seller, neither being
17 under any compulsion to buy or sell and each being
18 familiar with all the facts relating to the particular
19 property.

20 Sec. ____ . APPLICABILITY. This division applies to
21 tax exemptions granted under chapter 404 for
22 improvements to real property first begun on or after
23 January 1, 1995."

24 2. Title page, line 3, by inserting after the
25 word "effective" the following: "and applicability".

26 3. By renumbering as necessary.

By GRUNDBERG of Polk

H-5308 FILED MARCH 12, 1996