

MAR 14 1996  
APPROPRIATIONS

HOUSE FILE 2479  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2466)

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:

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HF 2479

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. Except for a municipality with a population under  
23 fifteen thousand, the division of the revenue under section  
24 403.19 for each project under this section shall be limited to  
25 tax collections for ten fiscal years beginning with the second  
26 fiscal year after the year in which the municipality first  
27 certifies to the county auditor the amount of any loans,  
28 advances, indebtedness, or bonds which qualify for payment  
29 from the division of the revenue in connection with the  
30 project. A municipality with a population under fifteen  
31 thousand may, with the approval of the governing bodies of all  
32 other affected taxing districts, extend the division of  
33 revenue under section 403.19 for up to five years if necessary  
34 to adequately fund the project. The portion of the urban  
35 renewal area which is involved in a project under this section

1 shall not be subject to any subsequent division of revenue  
2 under section 403.19.

3 DIVISION III

4 Sec. 20. Section 331.384, subsection 1, paragraph c, Code  
5 1995, is amended to read as follows:

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

8 Sec. 21. NEW SECTION. 364.12A CONDEMNATION OF  
9 RESIDENTIAL BUILDINGS -- PUBLIC PURPOSE.

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

16 Sec. 22. Section 657A.1, subsections 1, 3, and 4, Code  
17 1995, are amended to read as follows:

18 1. "Abandoned" or "abandonment" means that a building has  
19 remained vacant and has been in violation of the housing code  
20 of the city in which the property is located or the housing  
21 code applicable in the county in which the property is located  
22 if outside the limits of a city for a period of six  
23 consecutive months.

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

33 4. "Interested person" means an owner, mortgagee,  
34 lienholder, or other person that possesses an interest of  
35 record or an interest otherwise provable in property that

1 becomes subject to the jurisdiction of the court pursuant to  
2 this chapter, the city in which the property is located, the  
3 county in which the property is located if the property is  
4 located outside the limits of a city, and an applicant for the  
5 appointment as receiver pursuant to this chapter.

6 Sec. 23. Section 657A.2, subsections 1 and 2, Code 1995,  
7 are amended to read as follows:

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

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

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

33 657A.4 APPOINTMENT OF RECEIVER.

34 After conducting a hearing pursuant to section 657A.3, the  
35 court may appoint a receiver to take possession and control of

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

24 DIVISION IV

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

27 Notwithstanding section 446.18, a city or county may  
28 purchase abandoned property assessed as residential or  
29 commercial multifamily housing which did not sell at an annual  
30 tax sale under section 446.7 for the total amount due. Money  
31 shall not be paid by the county or other tax-levying or tax-  
32 certifying body for the purchase, but each of the tax-levying  
33 and tax-certifying bodies having any interest in the taxes  
34 shall be charged with the total amount due the tax-levying or  
35 tax-certifying body as its just share of the purchase price.

1 Prior to the purchase the city or county shall file with the  
2 county treasurer a verified statement that a parcel to be  
3 purchased is abandoned and deteriorating in condition or is,  
4 or is likely to become, a public nuisance, and that the parcel  
5 is suitable for use for low or moderate income housing  
6 following rehabilitation.

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

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

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

1 is given by a county as a holder of a certificate of purchase  
2 the notice shall be signed by the county treasurer or the  
3 county attorney, and when given by a city, it shall be signed  
4 by the city officer designated by resolution of the council.  
5 When the notice is given by the Iowa finance authority or a  
6 city or county agency holding the parcel as part of an Iowa  
7 homesteading project, it shall be signed on behalf of the  
8 agency or authority by one of its officers, as authorized in  
9 rules of the agency or authority.

## 10 DIVISION V

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

13 NEW SUBSECTION. 1A. The authority shall use moneys  
14 received from the real estate transfer tax under section  
15 428A.8 to supplement expenditures for programs under this  
16 section which promote housing development and ownership.

17 Sec. 28. Section 428A.8, unnumbered paragraph 1, Code  
18 1995, is amended to read as follows:

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

28 Sec. 29. Section 428A.8, unnumbered paragraph 2, Code  
29 1995, is amended to read as follows:

30 The county recorder shall deposit the remaining ~~seventeen~~  
31 ~~and-one-fourth~~ sixty percent of the receipts in the county  
32 general fund to be used by the county to fund a local housing  
33 trust fund or programs which facilitate housing development  
34 through new construction or rehabilitation and promote home  
35 ownership. The county may participate in an agreement under

1 chapter 28E regarding these programs.

2 DIVISION VI

3 Sec. 30. Section 404.2, subsection 6, Code 1995, is  
4 amended to read as follows:

5 6. The city or county has adopted the proposed or amended  
6 plan for the revitalization area after the requisite number of  
7 hearings. The city or county may subsequently amend this plan  
8 after a hearing. Notice of the hearing shall be published as  
9 provided in section 362.3 or 331.305, except that at least  
10 seven days' notice must be given and the public hearing shall  
11 not be held earlier than the next regularly scheduled city  
12 council or board of supervisors meeting following the  
13 published notice. A city which has adopted a plan for a  
14 revitalization area which covers all property within the city  
15 limits may amend that plan at any time, pursuant to this  
16 section, to include property which has been or will be annexed  
17 to the city. The provisions of the original plan shall be  
18 applicable to the property which is annexed and the property  
19 shall be considered to have been part of the revitalization  
20 area as of the effective date of its annexation to the city.

21 DIVISION VII

22 Sec. 31. EFFECTIVE DATES. Divisions I, II, and VI of this  
23 Act, being deemed of immediate importance, take effect upon  
24 enactment. Division V of this Act takes effect July 1, 1997.

25 EXPLANATION

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

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

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

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

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

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

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

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

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

32 Division I takes effect upon enactment.

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

35 Section 9 adds to the declaration of policy regarding urban

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

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

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

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

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

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

33 Section 17 adds public improvements related to housing  
34 development to the definition of economic development area and  
35 makes construction of low and moderate income housing an

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

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

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

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

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

1 financing for housing projects is limited in duration to 10  
2 years except for municipalities of under 15,000 in population,  
3 which may extend the tax increment financing for up to five  
4 years with the approval of all affected taxing jurisdictions.

5 Division II takes effect upon enactment.

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

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

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

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

34 Division V. Sections 27 and 28 direct 40 percent of the  
35 proceeds of the real estate transfer tax to the Iowa finance

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

10 Division V takes effect July 1, 1997.

11 Division VI. Section 30 provides that, where a city has  
12 adopted an urban revitalization plan covering all property  
13 within the city, the plan shall also apply to property annexed  
14 by the city. Division VI takes effect upon enactment.

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**HOUSE FILE 2479  
FISCAL NOTE**

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A fiscal note for House File 2479 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 2479 relates to housing development. Among other changes, the Bill adds construction of public improvements for housing and residential development as an alternative use of tax increment financing (TIFs) in an economic development area and requires projects utilizing TIFs for housing improvements to include assistance for low and moderate income family housing.

The Bill also redistributes the proceeds of the Real Estate Transfer Tax. Currently, the general fund of the county receives 17.25% of the tax and the State receives 82.75%. The Housing Improvement Fund of the Iowa Finance Authority receives 5.0% of the State share. The Bill would allow the counties to retain 60.0% of the tax, earmarked for housing needs, with the remaining 40.0% deposited to the Housing Improvement Fund.

**ASSUMPTION**

The Real Estate Transfer Tax raises an average of \$9.0 million per year, providing \$1.6 million for county general funds, \$370,000 for the Housing Improvement Fund of the Iowa Finance Authority, and \$7.0 million for the State General Fund.

**FISCAL IMPACT**

The change in distribution of the Real Estate Transfer Tax would increase county revenues by \$3.8 million per year, increase revenue to the Housing Improvement Fund by \$3.2 million per year, and decrease State General Fund revenues by \$7.0 million per year. The impact would begin in FY 1998.

The inclusion of public improvements for housing development as an alternative use of tax increment financing and the requirement that housing development TIFs include a low and moderate income component would have an indeterminable impact on revenues of local governments. Information is not available concerning the degree to which the financing option would be used.

**SOURCES**

Iowa Finance Authority  
Department of Economic Development

(LSB 3872hz, JWR)

FILED MARCH 19, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

H-5529

1 Amend House File 2479 as follows:

2 1. Page 16, by inserting after line 20 the  
3 following:

4 "Sec. \_\_\_\_\_. Section 404.5, Code 1995, is amended by  
5 adding the following new unnumbered paragraph:  
6 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
7 section, the actual value of the property upon which  
8 the value of improvements in the form of  
9 rehabilitation or additions to existing structures  
10 shall be determined shall be the lower of either the  
11 amount listed on the assessment rolls in the  
12 assessment year in which such improvements are first  
13 begun or the price paid by the owner if the  
14 improvements in the form of rehabilitation or  
15 additions to existing structures were begun within one  
16 year of the date the property was purchased and the  
17 sale was a fair and reasonable exchange between a  
18 willing buyer and a willing seller, neither being  
19 under any compulsion to buy or sell and each being  
20 familiar with all the facts relating to the particular  
21 property.

22 Sec. \_\_\_\_\_. APPLICABILITY. This amendment in this  
23 division to section 404.5 applies to tax exemptions  
24 granted under chapter 404 for improvements to real  
25 property first begun on or after January 1, 1995."

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

28 3. By renumbering as necessary.

By GRUNDBERG of Polk

H-5529 FILED MARCH 25, 1996