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SENATE FILE 2464
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2096)

Passed Senate, Date 4/3/96 (p.1229) Passed House, ^(p.1590) Date 4-11-96
Vote: Ayes 50 Nays 0 Vote: Ayes 95 Nays 0
Approved 5/30/1996
Stem returned

A BILL FOR

1 An Act relating to housing development, including tax increment
2 financing and providing an effective date.

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

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S.F. 2464

DIVISION I

1
2 Section 1. Section 358C.1, subsection 2, paragraphs c and
3 d, Code Supplement 1995, are amended to read as follows:

4 c. "Cost" of a public improvement includes the cost of
5 engineering, preliminary reports, property valuations,
6 estimates, plans, specifications, notices, legal services,
7 acquisition of land, consequential damages, easements, rights-
8 of-way, construction, repair, supervision, inspection,
9 testing, notices and publication, interest during construction
10 and for not more than ~~six~~ twelve months thereafter, and
11 printing and sale of bonds.

12 d. "District" means a real estate improvement district as
13 created in this chapter, ~~in a county designated as a pilot~~
14 ~~county under section 358C.2.~~ A real estate improvement
15 district shall not be created after June 30, 2000.

16 Sec. 2. Section 358C.3, subsection 6, Code Supplement
17 1995, is amended to read as follows:

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

31 Sec. 3. Section 358C.4, subsection 2, paragraph i, Code
32 Supplement 1995, is amended to read as follows:

33 i. Street Clearing, stripping, grubbing, earthwork,
34 erosion control, lot grading, street grading, paving,
35 graveling, macadamizing, curbing, guttering, and surfacing

1 with oil and gravel or chloride.

2 Sec. 4. Section 358C.10, Code Supplement 1995, is amended
3 by adding the following new subsection:

4 NEW SUBSECTION. 4. A candidate to fill a vacancy or as a
5 successor trustee shall disclose prior to selection as a
6 trustee whether the person has any financial interest in any
7 business which is or may be a developer or contractor for
8 public improvements within the real estate improvement
9 district and the extent of the person's land ownership in the
10 district, if any.

11 Sec. 5. Section 358C.13, Code Supplement 1995, is amended
12 by adding the following new subsections:

13 NEW SUBSECTION. 1A. The board of trustees shall maintain
14 the official records of the district, which shall include
15 information regarding the service of any indebtedness of the
16 district, including special assessment bonds. The board shall
17 report annually on the progress of the district in retiring
18 indebtedness.

19 NEW SUBSECTION. 2A. The board of trustees shall provide
20 public notice prior to each meeting of the board. The notice
21 shall contain the agenda of the meeting which shall describe
22 the proposed actions to be taken by the board at the meeting.

23 NEW SUBSECTION. 6. The board of trustees shall not
24 prohibit or restrict the construction of manufactured homes in
25 a real estate improvement district. As used in this
26 subsection, "manufactured home" has the same meaning as under
27 section 435.1, subsection 2.

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

33 Sec. 6. Section 358C.16, subsection 4, Code Supplement
34 1995, is amended to read as follows:

35 4. The proceeds of any bond issue made under this section

1 shall be used only for the cost of public improvements as
2 specified in ~~section~~ sections 358C.1 and 358C.4. Proceeds
3 from the bond issue may also be used for the payment of
4 special assessment deficiencies. The bonds shall be payable
5 in not more than forty annual installments and with interest
6 at a rate not exceeding that permitted by chapter 74A, and
7 shall be made payable at the place and be of the form as the
8 board of trustees shall by resolution designate. A district
9 issuing bonds as authorized in this section is granted
10 authority to pledge the future avails of a tax levy to the
11 payment of the principal and interest of the bonds after the
12 same come due, and the power to impose and certify the levy is
13 granted to the trustees of real estate improvement districts
14 organized under this chapter.

15 Sec. 7. Section 358C.17, subsection 1, Code Supplement
16 1995, is amended to read as follows:

17 1. The board of trustees of a real estate improvement
18 district may provide for payment of all or any portion of the
19 costs of a public improvement as specified in ~~section~~ sections
20 358C.1 and 358C.4, by assessing all, or any portion of, the
21 costs on adjacent property according to the benefits derived.
22 For the purposes of this chapter, the board of trustees may
23 define "adjacent property" as all that included within a
24 designated benefited district to be fixed by the board, which
25 may be all of the property located within the real estate
26 improvement district or any lesser portion of that property.
27 It is not a valid objection to a special assessment that the
28 improvement for which the assessment is levied is outside the
29 limits of the district, but a special assessment shall not be
30 made upon property situated outside of the district. Special
31 assessments pursuant to this section shall be in proportion to
32 the special benefits conferred upon the property, and not in
33 excess of the benefits. The value of a property is the
34 present fair market value of the property with the proposed
35 public improvements completed. Payment of installments of a

1 special assessment against property shall be made in the same
2 manner and under the same procedures as provided in chapter
3 384 for special assessments by cities. Notwithstanding the
4 provisions of section 384.62, the combined assessments against
5 any lot for public improvements included in the petition
6 creating the housing development district or as authorized in
7 section 358C.4 shall not exceed the valuation of that lot as
8 established by section 384.46.

9 Sec. 8. Section 358C.17, Code Supplement 1995, is amended
10 by adding the following new subsections:

11 NEW SUBSECTION. 4. A special assessment under this
12 section shall be recorded in the county in which the district
13 is located for each lot in the district.

14 NEW SUBSECTION. 5. Notwithstanding section 384.65,
15 subsection 5, a district shall have a lien on the benefited
16 property only in the amount of special assessment installments
17 that have come due but have not been paid. The district shall
18 not have a lien for the total amount of the special assessment
19 originally levied against the benefited property. A lien,
20 including, but not limited to, a lien for a mortgage for the
21 construction or the purchase of housing on property benefited
22 by improvements and against which a special assessment is
23 levied under this chapter, shall have precedence over a
24 special assessment which has been levied by the district but
25 is not due. A district's lien shall only be in the amount of
26 installments whose due dates have passed without payment,
27 along with all interest and penalties on the delinquent
28 installments. The district's lien for delinquent
29 installments, interest, and penalties shall have equal
30 precedence with ordinary taxes and shall not be divested by
31 judicial sale. Any remaining special assessment installments
32 that have not become due shall not be divested by judicial
33 sale and shall become a lien when the special assessment
34 installments become due.

35 Sec. 9. NEW SECTION. 368.24 NOTIFICATION TO PUBLIC

1 UTILITIES.

2 Notwithstanding any other provision of law to the contrary,
3 any city that annexes territory shall provide written
4 notification consisting of a legal description and map of the
5 annexed territory, each street address within the annexed
6 area, where possible, a statement containing the effective
7 date of the annexation and a copy of the order, resolution, or
8 ordinance proclaiming the annexation to all public utilities
9 operating in the annexed area. If the notification of the
10 annexation is provided to a public utility less than sixty
11 days prior to the effective date of the annexation, the public
12 utility shall have sixty days from the date of notification to
13 adjust its tax and accounting records to reflect the
14 annexation for any tax purpose.

15 Sec. 10. Section 543B.56, subsection 1, Code Supplement
16 1995, is amended by adding the following new paragraph:

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

20 Sec. 11. Section 358C.2, Code Supplement 1995, is
21 repealed.

22 DIVISION II

23 Sec. 12. Section 403.2, subsection 3, Code 1995, is
24 amended to read as follows:

25 3. It is further found and declared that there exists in
26 this state the continuing need for programs to alleviate and
27 prevent conditions of unemployment and a shortage of housing;
28 and that it is accordingly necessary to assist and retain
29 local industries and commercial enterprises to strengthen and
30 revitalize the economy of this state and its municipalities;
31 that accordingly it is necessary to provide means and methods
32 for the encouragement and assistance of industrial and
33 commercial enterprises in locating, purchasing, constructing,
34 reconstructing, modernizing, improving, maintaining,
35 repairing, furnishing, equipping, and expanding in this state

1 and its municipalities, for the provision of public
2 improvements related to housing and residential development,
3 and for the provision construction of housing and-residential
4 development for low and moderate income families; that
5 accordingly it is necessary to authorize local governing
6 bodies to designate areas of a municipality as economic
7 development areas for commercial and industrial enterprises,
8 public improvements related to housing and residential
9 development, or construction of housing and-residential
10 development for low and moderate income families; and that it
11 is also necessary to encourage the location and expansion of
12 commercial enterprises to more conveniently provide needed
13 services and facilities of the commercial enterprises to
14 municipalities and the residents of the municipalities.
15 Therefore, the powers granted in this chapter constitute the
16 performance of essential public purposes for this state and
17 its municipalities.

18 Sec. 13. Section 403.5, subsection 2, unnumbered paragraph
19 1, Code 1995, is amended to read as follows:

20 The municipality may itself prepare or cause to be prepared
21 an urban renewal plan; or any person or agency, public or
22 private, may submit such a plan to a municipality. Prior to
23 its approval of an urban renewal plan, the local governing
24 body shall submit such plan to the planning commission of the
25 municipality, if any, for review and recommendations as to its
26 conformity with the general plan for the development of the
27 municipality as a whole. The planning commission shall submit
28 its written recommendations with respect to the proposed urban
29 renewal plan to the local governing body within thirty days
30 after receipt of the plan for review. Upon receipt of the
31 recommendations of the planning commission or, if no
32 recommendations are received within the thirty days, then,
33 without such recommendations, the local governing body may
34 proceed with the hearing on the proposed urban renewal project
35 plan prescribed by subsection 3.

1 Sec. 14. Section 403.5, subsection 3, Code 1995, is
2 amended to read as follows:

3 3. The local governing body shall hold a public hearing on
4 an urban renewal project plan after public notice thereof by
5 publication in a newspaper having a general circulation in the
6 area of operation of the municipality. The notice shall
7 describe the time, date, place and purpose of the hearing,
8 shall generally identify the urban renewal area covered by the
9 plan, and shall outline the general scope of the urban renewal
10 project activities under consideration. A copy of the notice
11 shall be sent by ordinary mail to each affected taxing entity.

12 Sec. 15. Section 403.5, subsection 4, paragraph b,
13 subparagraph (1), Code 1995, is amended to read as follows:

14 (1) If it is to be developed for residential uses, the
15 local governing body shall determine that a shortage of
16 housing of sound standards and design with decency, safety and
17 sanitation exists in the municipality; that the acquisition of
18 the area for residential uses is an integral part of and
19 essential to the program of the municipality; and that one or
20 more of the following conditions exist:

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

25 (b) That conditions of blight in the area municipality and
26 the shortage of decent, safe and sanitary housing cause or
27 contribute to an increase in and spread of disease and crime,
28 and so as to constitute a menace to the public health, safety,
29 morals, or welfare;~~and that the acquisition of the area for~~
30 ~~residential uses is an integral part of and essential to the~~
31 program of the municipality.

32 (c) That the provision of public improvements related to
33 housing and residential development will encourage housing and
34 residential development which is necessary to encourage the
35 retention or relocation of industrial and commercial

1 enterprises in this state and its municipalities.

2 (d) The acquisition of the area is necessary to provide
3 for the construction of housing for low and moderate income
4 families.

5 Sec. 16. Section 403.6, Code 1995, is amended by adding
6 the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. The provisions of this chapter
8 shall be liberally interpreted to achieve the purposes of this
9 chapter.

10 Sec. 17. Section 403.9, subsection 3, Code 1995, is
11 amended by adding the following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. Before the local governing body
13 may institute proceedings for the issuance of bonds under this
14 section, a notice of the proposed action, including a
15 statement of the amount and purposes of the bonds and the time
16 and place of the meeting at which the local governing body
17 proposes to take action for the issuance of the bonds, must be
18 published as provided in section 362.3. At the meeting, the
19 local governing body shall receive oral or written objections
20 from any resident or property owner of the municipality.
21 After all objections have been received and considered, the
22 local governing body, at that meeting or any subsequent
23 meeting, may take additional action for the issuance of the
24 bonds or abandon the proposal to issue the bonds. Any
25 resident or property owner of the municipality may appeal the
26 decision of the local governing body to take additional action
27 to the district court of the county in which any part of the
28 municipality is located, within fifteen days after the
29 additional action is taken. The additional action of the
30 local governing body is final and conclusive unless the court
31 finds that the municipality exceeded its authority.

32 Sec. 18. Section 403.9, subsection 4, Code 1995, is
33 amended to read as follows:

34 4. Such bonds may be sold at not less than ninety-eight
35 percent of par at public or private sale, or may be exchanged

1 for other bonds on-the-basis at not less than ninety-eight
2 percent of par.

3 Sec. 19. Section 403.10, Code 1995, is amended to read as
4 follows:

5 403.10 BONDS AS LEGAL INVESTMENT.

6 All banks, trust companies, building and loan associations,
7 savings and loan associations, investment companies and other
8 persons carrying on an investment business; all insurance
9 companies, insurance associations, and other persons carrying
10 on an insurance business; and all executors, administrators,
11 curators, trustees, and other fiduciaries, may legally invest
12 any sinking funds, moneys, or other funds belonging to them or
13 within their control in any bonds or other obligations issued
14 by a municipality pursuant to this chapter, or those issued by
15 any urban renewal agency vested with urban renewal project
16 powers under section 403.14:--~~Provided, that such bonds and~~
17 ~~other obligations shall be secured by an agreement between the~~
18 ~~issuer and the federal government, in which the issuer agrees~~
19 ~~to borrow from the federal government and the federal~~
20 ~~government agrees to lend to the issuer, prior to the maturity~~
21 ~~of such bonds or other obligations, moneys in an amount which,~~
22 ~~together with any other moneys irrevocably committed to the~~
23 ~~payment of interest on such bonds or other obligations, will~~
24 ~~suffice to pay the principal of such bonds or other~~
25 ~~obligations with interest to maturity thereon, which moneys~~
26 ~~under the terms of said agreement are required to be used for~~
27 ~~the purpose of paying the principal of and the interest on~~
28 ~~such bonds or other obligations at their maturity.~~ Such bonds
29 and other obligations shall be authorized security for all
30 public deposits. It is the purpose of this section to
31 authorize any persons, political subdivisions and officers,
32 public or private, to use any funds owned or controlled by
33 them for the purchase of any such bonds or other obligations.
34 Nothing contained in this section with regard to legal
35 investments shall be construed as relieving any person of any

1 duty of exercising reasonable care in selecting securities.

2 Sec. 20. Section 403.17, subsection 9, Code 1995, is
3 amended to read as follows:

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

21 Sec. 21. Section 403.17, subsection 13, Code 1995, is
22 amended to read as follows:

23 13. "Low or moderate income families" means those
24 families, including single person households, earning no more
25 than eighty one hundred twenty percent of the higher of the
26 median family income of the county or the statewide
27 nonmetropolitan area as determined by the latest United States
28 department of housing and urban development, section 8 income
29 guidelines.

30 Sec. 22. Section 403.19, subsection 2, Code 1995, is
31 amended to read as follows:

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

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

24 Sec. 23. Section 403.19, subsection 7, Code 1995, is
25 amended by striking the subsection.

26 Sec. 24. NEW SECTION. 403.22 FINANCING PUBLIC
27 IMPROVEMENTS RELATED TO LOW INCOME HOUSING AND RESIDENTIAL
28 DEVELOPMENT.

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

1 income family housing. The amount to be provided for low and
2 moderate income family housing for such projects shall be
3 either equal to or greater than the percentage of the original
4 project cost that is equal to the percentage of low and
5 moderate income residents for the county in which the urban
6 renewal area is located as determined by the United States
7 department of housing and urban development using section 8
8 guidelines or such other amount as set out in a plan adopted
9 by the municipality and approved by the Iowa department of
10 economic development if the municipality can show that it
11 cannot undertake the project if it has to meet the low and
12 moderate income assistance requirements. However, the amount
13 provided for low and moderate income family housing for such
14 projects shall not be less than an amount equal to twenty-five
15 percent of the original project cost.

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

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

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

22 c. Grants, credits or other direct assistance to low and
23 moderate income families living within or outside the urban
24 renewal area, but within the area of operation of the
25 municipality.

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

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

32 a. Proceeds from loans, advances, bonds or indebtedness
33 incurred.

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

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

4 d. Any other sources which are legally available for this
5 purpose.

6 4. The assistance to low and moderate income family
7 housing may be expended outside the boundaries of the urban
8 renewal area.

9 5. The division of the revenue under section 403.19 for
10 each project under this section shall be limited to tax
11 collections for ten fiscal years beginning with the second
12 fiscal year after the year in which the municipality first
13 certifies to the county auditor the amount of any loans,
14 advances, indebtedness, or bonds which qualify for payment
15 from the division of the revenue in connection with the
16 project. The portion of the urban renewal area which is
17 involved in a project under this section shall not be subject
18 to any subsequent division of revenue under section 403.19.

19 Sec. 25. Section 403A.2, subsection 8, Code 1995, is
20 amended to read as follows:

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

1 structures, the construction, reconstruction, alteration or
2 repair of the improvements and all other work in connection
3 therewith, and the term shall include all other real and
4 personal property and all tangible or intangible assets held
5 or used in connection with the housing project.

6 Sec. 26. Section 403A.3, subsection 10, Code 1995, is
7 amended to read as follows:

8 10. To co-operate with the Iowa finance authority, to
9 participate in any of its programs, to use any of the funds
10 available to the municipality for the uses of this chapter to
11 contribute to such programs in which it participates, and, in
12 such instances, to comply with the provisions of ~~sections 16-1~~
13 ~~to-16-36~~ chapter 16 and the rules of the Iowa finance
14 authority promulgated thereunder.

15 Sec. 27. Section 403A.6, Code 1995, is amended to read as
16 follows:

17 403A.6 OPERATION OF HOUSING NOT FOR PROFIT.

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

1 and interest on the bonds issued pursuant to this chapter; (2)
2 to create and maintain such reserves as may be required to
3 assure the payment of principal and interest as it becomes due
4 on such bonds; (3) to meet the cost of, and to provide for,
5 maintaining and operating the projects, (including necessary
6 reserves therefor and the cost of any insurance, and of
7 administrative expenses); and (4) to make such payments in
8 lieu of taxes and, after payment in full of all obligations
9 for which federal annual contributions are pledged, to make
10 such repayments of federal and local contributions as it
11 determines are consistent with the maintenance of the low-rent
12 character-of projects. Rentals or payments for dwellings
13 shall be established and the projects administered, insofar as
14 possible, so as to assure that any federal financial
15 assistance required shall be strictly limited to amounts and
16 periods necessary to maintain the-low-rent-character-of
17 federal assistance for the projects.

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

20 403A.7 HOUSING RENTALS AND TENANT ADMISSIONS.

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

1 Nothing contained in this or the preceding section shall be
2 construed as limiting the power of a municipality with respect
3 to a housing project, to vest in an obligee the right, in the
4 event of a default by the municipality, to take possession or
5 cause the appointment of a receiver thereof, free from all the
6 restrictions imposed by this or the preceding section or
7 limiting the power to construct, manage, or operate projects
8 to provide housing for families who do not meet the
9 definitions of section 403A.2, subsection 6.

10 Sec. 29. Section 403A.12, unnumbered paragraph 2, Code
11 1995, is amended to read as follows:

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

32 Sec. 30. Section 403A.14, Code 1995, is amended by adding
33 the following new subsection:

34 NEW SUBSECTION. 11. a. Covenant that it will annually
35 budget or appropriate moneys, subject to statutory limitations

1 on the amount that may be levied, to pay all or a designated
2 amount of any shortfall in the income and revenues available
3 to pay the costs of operating or maintaining a housing project
4 after provision has been made for payment of bonds or restore
5 deficiencies in a debt service reserve fund established for
6 the bonds.

7 b. Notwithstanding paragraph "a", a municipality shall not
8 be obligated to appropriate or otherwise provide moneys for
9 the payment of operating deficit reimbursements and in the
10 event the municipality fails to appropriate funds for this
11 purpose, the municipality shall not be liable for any damages
12 resulting from the nonappropriation.

13 c. If a municipality elects to incur an obligation to
14 appropriate or otherwise provide moneys for the payment of
15 operating deficit reimbursements, the operating deficit
16 agreement may provide that in the event a municipality shall
17 fail to pay an operating deficit reimbursement, the
18 municipality shall be in default under the operating deficit
19 agreement and the default shall constitute a default by the
20 municipality under the loan agreement with respect to the
21 project.

22 Sec. 31. NEW SECTION. 403A.25 RULE OF CONSTRUCTION.

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

25 Sec. 32. NEW SECTION. 403A.26 PAYMENT IN LIEU OF TAXES.

26 The municipality shall pay out of the surplus net revenues
27 of a project for the prior fiscal year, not required to pay
28 principal, interest or other requirements of its bonds, to the
29 state of Iowa and its city, school district, and any other
30 political subdivision authorized to levy taxes against
31 property in the jurisdiction in which the project is located,
32 twenty-five percent of the amount of tax for the prior fiscal
33 year determined by applying the tax rate of the taxing
34 district to the assessed value of the project, which the
35 state, county, school district or other political subdivision

1 would receive for the prior fiscal year if the project were
2 owned by a private person. For the purposes of arriving at
3 this tax equivalent, the property of the project shall be
4 valued and assessed by the assessor in whose jurisdiction the
5 project is located, in accordance with chapter 441, but the
6 municipality and other persons authorized by chapter 441 shall
7 be entitled to protest any assessment in the same manner as
8 any taxpayer. Income from this source shall be considered
9 other income under the provisions of section 384.16,
10 subsection 1, paragraph "b". This subsection shall apply to
11 projects acquired from proceeds of bonds issued under
12 authority of this chapter.

13 Sec. 33. Section 403A.28, Code 1995, is amended to read as
14 follows:

15 403A.28 PUBLIC HEARING REQUIRED.

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

30 DIVISION III

31 Sec. 34. Section 331.384, subsection 1, paragraph c, Code
32 1995, is amended to read as follows:

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

35 Sec. 35. Section 657A.1, subsections 1, 3, and 4, Code

1 1995, are amended to read as follows:

2 1. "Abandoned" or "abandonment" means that a building has
3 remained vacant and has been in violation of the housing code
4 of the city in which the property is located or the housing
5 code applicable in the county in which the property is located
6 if outside the limits of a city for a period of six
7 consecutive months.

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

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

25 Sec. 36. Section 657A.2, subsections 1 and 2, Code 1995,
26 are amended to read as follows:

27 1. A petition for abatement under this chapter may be
28 filed in the district court of the county in which the
29 property is located, by the city in which the property is
30 located, by the county if the property is located outside the
31 limits of a city, a neighboring landowner, or a duly organized
32 nonprofit corporation which has as one of its goals the
33 improvement of housing conditions in the county or city in
34 which the property in question is located. Service on the
35 owner shall be by personal service or by certified mail, or if

1 service cannot be made by either method, by posting the notice
2 in a conspicuous place on the building and by publication.

3 2. If a petition filed pursuant to this chapter alleges
4 that a building is abandoned or is in a dangerous or unsafe
5 condition, the city, county, if the property is located
6 outside the limits of a city, neighboring landowner, or
7 nonprofit corporation may apply for an injunction requiring
8 the owner of the building to correct the condition or to
9 eliminate the condition or violation. The court shall conduct
10 a hearing at least twenty days after written notice of the
11 application for an injunction and of the date and time of the
12 hearing is served upon the owner of the building. Notice of
13 the hearing shall be served in the manner provided in
14 subsection 1.

15 Sec. 37. Section 657A.4, Code 1995, is amended to read as
16 follows:

17 657A.4 APPOINTMENT OF RECEIVER.

18 After conducting a hearing pursuant to section 657A.3, the
19 court may appoint a receiver to take possession and control of
20 the property in question. A person shall not be appointed as
21 a receiver unless the person has first provided the court with
22 a viable financial and construction plan for the
23 rehabilitation of the property in question and has
24 demonstrated the capacity and expertise to perform the
25 required work in a satisfactory manner. The appointed
26 receiver may be a financial institution that possesses an
27 interest of record in the property, a nonprofit corporation
28 that is duly organized and exists for the primary purpose of
29 improving housing conditions in the county or city in which
30 the property in question is located, or any person deemed
31 qualified by the court. No part of the net earnings of a
32 nonprofit corporation serving as a receiver under this section
33 shall benefit a private shareholder or individual. Membership
34 on the board of trustees of a nonprofit corporation does not
35 constitute the holding of a public office or employment and is

1 not an interest, either direct or indirect, in a contract or
2 expenditure of money by a city or county. No member of a
3 board of trustees of a nonprofit corporation appointed as
4 receiver is disqualified from holding public office or
5 employment, nor is a member required to forfeit public office
6 or employment by reason of the membership on the board of
7 trustees.

8 DIVISION IV

9 Sec. 38. Section 331.361, Code 1995, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 2A. An interest in real property which is
12 assessed for taxation as residential or commercial multifamily
13 property may be disposed of through a public request for
14 proposal process. A proposal submitted pursuant to this
15 section shall state the housing use planned by the person
16 submitting the proposal. The board shall publish the
17 proposals in a notice of the time and place of a public
18 hearing on the proposals, in accordance with section 331.305.
19 After the public hearing, the board may choose by resolution
20 from among the proposals submitted or may reject all proposals
21 and submit a new request for proposals.

22 Sec. 39. Section 569.8, subsection 1, Code 1995, is
23 amended to read as follows:

24 1. Disposition by a county of a parcel acquired by tax
25 deed shall comply with section 331.361, subsection 2 or 2A.

26 DIVISION V

27 Sec. 40. Section 16.100, Code 1995, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 1A. Moneys transferred to the housing
30 improvement fund pursuant to section 428A.8 shall only be used
31 for low-income housing projects and shall be allocated as
32 follows:

33 a. Eighty percent of the moneys shall be distributed,
34 based upon the 1990 federal census, as follows:

35 (1) Each city with a population of fifty thousand or more

1 shall receive a per capita share of the moneys.

2 (2) Each county, within which a city with a population of
3 fifty thousand or more is located, shall receive a per capita
4 share equal to the total population in the county less the
5 population of the city under subparagraph (1).

6 (3) All other counties shall receive a per capita share of
7 the moneys.

8 b. Twenty percent of the moneys may be distributed to
9 eligible cities, counties, or entities established under
10 chapter 28E on a competitive basis as follows:

11 (1) To be eligible to receive an award under this
12 paragraph "b" a city or county which seeks to utilize funds
13 under this paragraph "b" shall have completed a housing needs
14 assessment.

15 (2) Applications for awards under this paragraph "b" shall
16 be rated on at least the following factors:

17 (i) The population of the county. A preference shall be
18 given for projects which will benefit smaller communities or
19 rural areas.

20 (ii) Whether the project to be funded by the award is a
21 joint project between the county and a city or cities.

22 (iii) Whether the project will involve cooperation between
23 public and private entities.

24 (iv) Whether the city or county for which the award is
25 being sought has adopted a multiyear housing plan and a joint
26 city and county housing advisory body.

27 c. Entities receiving moneys under this subsection shall
28 track the use of the funds by project, program, or activity
29 and shall provide a report to the department of economic
30 development and the Iowa finance authority regarding the use
31 of the funds by December 15 of each year.

32 d. Moneys provided under this subsection shall not be used
33 to supplant funding for housing programs provided by the city
34 or county.

35 e. The authority shall adopt rules to administer this

1 subsection.

2 Sec. 41. Section 428A.8, unnumbered paragraph 1, Code
3 1995, is amended to read as follows:

4 On or before the tenth day of each month the county
5 recorder shall determine and pay to the treasurer of state
6 eighty-two and three-fourths percent of the receipts from the
7 real estate transfer tax collected during the preceding month
8 and the treasurer of state shall deposit ~~ninety-five~~ fifty
9 percent of the receipts in the general fund of the state and
10 transfer ~~five~~ fifty percent of the receipts to the Iowa
11 finance authority for deposit in the housing improvement fund
12 created in section 16.100.

13 Sec. 42. Section 428A.8, unnumbered paragraph 1, Code
14 1995, as otherwise amended by this Act, is amended by striking
15 the unnumbered paragraph and inserting in lieu thereof the
16 following:

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

24 Sec. 43. EFFECTIVE DATES. Divisions I and II of this Act,
25 being deemed of immediate importance, take effect upon
26 enactment. Section 42 of this Act takes effect on July 1,
27 1997.

28 EXPLANATION

29 Division I. Sections 1 and 11 repeal the pilot program
30 which limits the establishment of real estate improvement
31 districts to six counties, thus allowing the statewide
32 establishment of real estate improvement districts. Section 1
33 also provides that real estate improvement districts cannot be
34 created after June 30, 2000.

35 Sections 2 and 4 provide that a person proposed to be a

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

9 Section 3 adds to the provision describing what public
10 improvements regarding lots and streets may be undertaken by a
11 real estate improvement district.

12 Section 5 requires real estate improvement districts to
13 allow the building of manufactured homes by prohibiting
14 actions by the board of trustees of the district to prohibit
15 or restrict the construction of manufactured homes.

16 Section 5 also requires the board of trustees to maintain
17 the official records of the district, including information
18 regarding the debt service of the district and to make an
19 annual report of the progress made by the district in retiring
20 the debt.

21 In addition, section 5 requires meeting notices to be made
22 public and to state the actions which will be taken by the
23 board at the meeting. Finally, that section prohibits the
24 board from entering into a contract for public improvements or
25 other development services with a person owning more than 25
26 percent of the land in the district without competitive
27 bidding.

28 Sections 6 and 7 provide that proceeds from a bond issue in
29 a real estate improvement district shall be used only for the
30 costs of public improvements as specified in sections 358C.1
31 and 358C.4.

32 Section 8 requires the existence of a special assessment to
33 be recorded, regarding each lot, in the county in which the
34 real estate improvement district is located.

35 Section 8 also provides that the special assessment lien

1 held by the district against a parcel of property shall only
2 be for that part of the special assessment which has come due
3 but is not yet paid, not a lien for the total amount of the
4 special assessment.

5 Section 9 requires a city to notify all public utilities
6 service areas to be annexed by the city 60 days prior to the
7 annexation. Failure to provide timely notice provides the
8 utility 60 days from the notice to adjust its tax and
9 accounting records to reflect the annexation.

10 Section 10 provides that real estate brokers must disclose
11 the existence of a special assessment against property in a
12 district to a potential buyer.

13 Division II makes the following changes to chapter 403
14 regarding urban renewal:

15 Section 12 adds to the declaration of policy regarding
16 urban renewal that a need exists for programs to alleviate and
17 prevent a shortage of housing and that programs which provide
18 for public improvements related to housing and residential
19 development and the construction of housing are essential
20 public purposes for the state and its municipalities.

21 Sections 13 and 14 provide that public hearings are to be
22 held on a proposed urban renewal plan, rather than on each
23 urban renewal project undertaken in accordance with the plan.

24 Section 15 requires the municipality to make a finding that
25 acquisition of land for residential uses is essential to the
26 municipality's urban renewal plan. Section 11 also requires
27 the municipality to find that one of four conditions exist
28 including that the provision of public improvements related to
29 housing and residential development will encourage residential
30 development and the retention or relocation of industrial or
31 commercial enterprises or that the area to be acquired under
32 the plan is necessary to provide for the construction of low
33 and moderate income housing.

34 Section 16 requires the provisions of chapter 903 to be
35 liberally interpreted.

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

8 Section 18 provides that bonds may be sold or exchanged at
9 98 percent of par value or higher.

10 Section 19 removes the requirement that bonds and other
11 obligations under chapter 403 be secured by an agreement
12 between the issuer of the bonds and the federal government
13 obligating the issuer to borrow from the federal government if
14 necessary to pay off the bonds or obligations.

15 Section 20 adds public improvements related to housing
16 development to the definition of economic development area and
17 makes construction of low and moderate income housing an
18 alternative use (along with commercial and industrial
19 enterprises and public improvements for housing) for an
20 economic development area. The division of revenue under tax
21 increment financing based upon a finding that the area is an
22 economic development area is limited to 20 years.

23 Section 21 raises the income threshold for the definition
24 of low and moderate income families to 120 percent of the
25 higher of the county median family income or the statewide
26 nonmetropolitan area. Currently the threshold level is 80
27 percent.

28 Sections 22 and 24 add low and moderate income housing
29 assistance to the uses for which revenue from tax increment
30 financing may be used and set out the manner in which
31 assistance for public improvements related to housing and
32 residential development, both low and moderate income and
33 otherwise, may be provided.

34 Section 24 also provides that property in an urban renewal
35 area upon which public improvements related to housing and

1 residential development are being placed as part of a project
2 financed by tax increment financing can only be used for tax
3 increment financing once.

4 Tax increment financing for housing or residential
5 development is not allowed unless the municipality assures
6 that the project will include assistance for low and moderate
7 income family housing in an amount either based on the
8 percentage of low and moderate income persons in the county or
9 in some other amount as determined by the municipality and
10 agreed to by the department of economic development which
11 shall not be below 25 percent of the original project cost.
12 Assistance for low and moderate income housing may take many
13 forms, including lots for low and moderate income housing
14 within or outside the urban renewal area or payments to a low
15 and moderate income housing fund established by the
16 municipality. Funding sources may include revenue from tax
17 increment financing or any other legal source. Tax increment
18 financing for housing projects is limited in duration to ten
19 years.

20 Section 23 allows counties to use tax increment financing
21 for economic development purposes in the same manner as
22 cities.

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

25 Section 25 removes the requirement that a housing project
26 be for families of low income, lower income or very low income
27 levels.

28 Section 26 makes changes to the provision authorizing a
29 municipality to cooperate with the Iowa finance authority.

30 Section 27 removes the prohibition on for profit housing by
31 municipalities if the profits from a housing project are used
32 only for the development of housing for low and moderate
33 income families.

34 Section 28 eliminates the requirement that municipal
35 housing only be rented or leased to families of low income and

1 provides that municipalities shall not be limited to
2 constructing, managing, or operating projects for persons of
3 low income.

4 Section 29 exempts bonds issued for municipal housing
5 projects and the interest thereon from all taxes.

6 Section 30 gives a municipality the power to covenant that
7 it will annually budget or appropriate moneys to make up any
8 shortfall in the income available to pay the operating and
9 maintenance costs of a municipal housing project. Section 24
10 provides that a municipality is not obligated to do so and
11 that it is not liable for any damages because it does not
12 appropriate any money to cover the costs. If the municipality
13 does elect to appropriate money for the payment of operating
14 deficits, the municipality may be considered in default under
15 the loan agreement with respect to the housing project if it
16 fails to make an operating deficit payment.

17 Section 31 requires the provisions of chapter 403A to be
18 liberally interpreted.

19 Section 32 provides that a municipality shall make payments
20 in lieu of taxes out of surplus net revenues to any
21 jurisdiction which may levy taxes against the property on
22 which the housing project is located in the amount of 25
23 percent of the tax which is owed the taxing jurisdiction.

24 Section 33 provides that a municipality may combine the
25 public hearing on a housing project with the public hearing
26 regarding the issuance of bonds for the project.

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

35 Division IV provides that counties may dispose of single or

1 multifamily housing acquired by the county through a request
2 for bids process.

3 Division V. Section 40 provides that the Iowa finance
4 authority shall distribute funds received from the real estate
5 transfer tax to cities and counties. Eighty percent of the
6 funds shall be distributed on a per capita basis to cities
7 with populations of 50,000 or more, the counties which have a
8 city over 50,000 in population, on a per capita basis after
9 subtracting out the city's population, and on a per capita
10 basis to all other counties. Twenty percent of the funds may
11 be distributed on a competitive basis to cities, counties, or
12 entities under chapter 28E. Criteria for awarding funds
13 include the rural nature of the city or county, whether the
14 project to be funded involves public-private partnerships, and
15 whether the city or county has had a house needs assessment.
16 Both programs are limited to low-income housing.

17 Section 41 provides that 50 percent of the real estate
18 transfer tax proceeds deposited in the general fund in fiscal
19 year 1997 shall be transferred to the Iowa finance authority.

20 Section 42 provides that all the proceeds from the real
21 estate transfer tax paid to the treasurer of state shall be
22 transferred to the housing improvement fund in the Iowa
23 finance authority starting in fiscal year 1998.

24 Divisions I and II of the bill take effect upon enactment.

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SENATE FILE 2464

S-5651

1 Amend Senate File 2464 as follows:
2 1. Page 12, line 1, by striking the word "The"
3 and inserting the following: "For a municipality with
4 a population over fifteen thousand; the".
5 2. Page 12, by inserting after line 15 the
6 following:
7 "For a municipality with a population of fifteen
8 thousand or less, the amount to be provided for low
9 and moderate income family housing either shall be the
10 same as for a municipality with a population over
11 fifteen thousand or shall not be less than an amount
12 equal to ten percent of the original project cost."

By MICHAEL E. GRONSTAL

S-5651 FILED APRIL 3, 1996

ADOPTED (p.1223)

SENATE FILE 2464

S-5652

1 Amend Senate File 2464 as follows:
2 1. Page 13, line 9, by striking the word "The"
3 and inserting the following: "Except for a
4 municipality with a population under fifteen thousand,
5 the".
6 2. Page 13, line 16, by inserting after the word
7 "project." the following: "A municipality with a
8 population under fifteen thousand may, with the
9 approval of the governing bodies of all other affected
10 taxing districts, extend the division of revenue under
11 section 403.19 for up to five years if necessary to
12 adequately fund the project."

By MICHAEL E. GRONSTAL

S-5652 FILED APRIL 3, 1996

ADOPTED (p.1223)

SENATE FILE 2464

S-5644

1 Amend Senate File 2464 as follows:
2 1. Page 5, line 17, by inserting after the word
3 "Disclose" the following: "that the property is
4 located in a real estate improvement district
5 established under chapter 358C and".
6 2. Page 5, by striking lines 18 and 19 and
7 inserting the following: "assessments, if any,
8 against the property."

By O. GENE MADDOX

S-5644 FILED APRIL 3, 1996

ADOPTED (p.1222)

SENATE FILE 2464

S-5653

- 1 Amend Senate File 2464 as follows:
2 1. Page 23, by inserting after line 23 the
3 following:
4 "DIVISION 201
5 Sec. _____. Section 331.441, subsection 2, paragraph
6 b, subparagraph 10, Code Supplement 1995, is amended
7 to read as follows:
8 (10) The establishment or funding of programs to
9 provide for or assist in providing for the
10 acquisition, restoration, or demolition of housing, as
11 part of a municipal housing project under chapter 403A
12 or otherwise, or for other purposes as may be
13 authorized under chapter 403A.
14 Sec. _____. Section 384.24, subsection 3, paragraph
15 u, Code 1995, is amended to read as follows:
16 u. The establishment or funding of programs to
17 provide for or assist in providing for the
18 acquisition, restoration, or demolition of housing, as
19 part of a municipal housing project under chapter 403A
20 or otherwise, or for other purposes as may be
21 authorized under chapter 403A."
22 2. By renumbering as necessary.

By O. GENE MADDOX

S-5653 FILED APRIL 3, 1996

ADOPTED

(p.1223)

SENATE FILE 2464

S-5654

1 Amend Senate File 2464 as follows:

2 1. Page 23, by inserting after line 23 the
3 following:

4 "DIVISION 101

5 Sec. ____ . NEW SECTION. 15E.175 DEFINITIONS.

6 As used in this section and sections 15E.176 and
7 15E.177:

8 1. "Affordable housing assistance" means money,
9 real or personal property, or professional services
10 expended or devoted to the construction or
11 rehabilitation of housing for low and moderate income
12 families.

13 2. "Low or moderate income families" has the same
14 meaning as in section 16.1, subsection 24.

15 3. "Taxpayer" means a person subject to tax under
16 chapter 422, division II, III, or V, or chapter 432.

17 4. "Tax year" means for individuals and entities
18 subject to the state personal net income tax,
19 corporate income tax, or the state franchise tax under
20 chapter 422, division II, III, or V, respectively, the
21 tax year as defined for those divisions or means for
22 insurance companies subject to the gross premiums tax
23 under chapter 432, the calendar year for which the
24 premiums are taxed.

25 Sec. ____ . NEW SECTION. 15E.176 TAX CREDITS.

26 1. For tax years beginning on or after January 1,
27 1997, there is allowed a credit against that tax
28 imposed under the personal net income tax in chapter
29 422, division II, the corporate income tax in chapter
30 422, division III, the franchise tax in chapter 422,
31 division V, or the gross premiums tax in chapter 432,
32 for affordable housing assistance provided by the
33 taxpayer.

34 2. The amount of credit allowed under subsection
35 1, subject to subsection 4, is equal to not more than
36 fifty-five percent of the affordable housing
37 assistance provided by the taxpayer.

38 3. The taxpayer is allowed the credit as computed
39 each year in subsection 2 for up to ten consecutive
40 years beginning with the first year for which the
41 credit is taken.

42 If the amount of the credit exceeds the taxpayer's
43 tax liability for the tax year, the excess may be
44 credited to the tax liability for the following five
45 tax years or until depleted, whichever is the earlier,
46 and is in addition to any other credit allowed under
47 this section. For purposes of this section, an
48 individual may claim a credit for affordable housing
49 assistance incurred by a partnership, subchapter S
50 corporation, estate, or trust electing to have the

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1 income taxed directly to the individual. The amount
2 claimed by the individual shall be based upon the pro
3 rata share of the individual's earnings of a
4 partnership, subchapter S corporation, estate, or
5 trust.

6 4. Notwithstanding the amount of credit allowed in
7 subsection 2, the total amount of credits for all
8 taxpayers that shall be allowed under subsection 1 for
9 any fiscal year of the qualified venture capital
10 company shall not exceed two million dollars and shall
11 not exceed a total amount of ten million dollars. In
12 determining if the credit allowed has exceeded the
13 fiscal year limit, credits carried over from a
14 previous tax year are not counted.

15 5. The credit provided for in subsection 2, to the
16 extent not previously utilized, shall be freely
17 transferable to and by subsequent transferees for a
18 period of ten years from the date the credit is first
19 available to the taxpayer.

20 Sec. . NEW SECTION. 15E.177 AFFORDABLE
21 HOUSING ASSISTANCE -- APPROVAL.

22 A taxpayer who wishes to engage in affordable
23 housing assistance shall submit a proposal regarding
24 the assistance to the department of economic
25 development. The proposal shall contain the program
26 of affordable housing assistance to be conducted by
27 the taxpayer, the location and number of units,
28 reasons why the program is needed, the time period for
29 which affordable housing assistance shall be provided,
30 the estimated amount to be invested in the program,
31 plans for implementing the program, and a list of
32 other taxpayers who plan to participate in the
33 program, if any.

34 In the case of rental units, all proposals approved
35 by the department shall require a land use restriction
36 agreement stating that the units shall be devoted to
37 affordable housing for a period deemed reasonable by
38 the department. In the case of owner-occupied units,
39 all proposals approved by the department shall require
40 a land use restriction agreement for a time period
41 deemed reasonable by the department requiring any
42 subsequent owner, except a lender with a security
43 interest in the property, to be a low or moderate
44 income family and further requiring the acquisition
45 price to any subsequent owner not to exceed, by more
46 than five percent annual appreciation, the acquisition
47 price to the original low or moderate income owner at
48 the time the tax credit is first claimed. The
49 restriction shall be approved by the property owner
50 and shall be binding on any subsequent owner of the

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1 property unless otherwise approved by the department.

2 The department, in approving the proposal, may
3 authorize the use of tax credits by one or more
4 taxpayers listed in the proposal and shall establish
5 specific requirements regarding the degree of
6 completion of affordable housing assistance necessary
7 to be eligible for the tax credits under this
8 division. The approval shall state the maximum credit
9 allowable to each taxpayer listed in the proposal.

10 Sec. ____ . NEW SECTION. 422.9A AFFORDABLE HOUSING
11 ASSISTANCE CREDIT.

12 There is allowed as a credit against the tax
13 determined in section 422.5 for a tax year an amount
14 equal to the affordable housing assistance credit as
15 provided in section 15E.176. Notwithstanding any
16 other provision, the credit allowed for in this
17 section shall be applied prior to all other credits
18 allowed the taxpayer.

19 Sec. ____ . Section 422.33, Code Supplement 1995, is
20 amended by adding the following new subsection:

21 NEW SUBSECTION. 9. There is allowed as a credit
22 against the tax determined in subsection 1 for a tax
23 year an amount equal to the affordable housing
24 assistance credit as provided in section 15E.176.
25 Notwithstanding any other provision, the credit
26 allowed for in this subsection shall be applied prior
27 to all other credits allowed the taxpayer. The
28 taxpayer shall not receive for the same investment a
29 credit under subsection 8 and this subsection.

30 Sec. ____ . Section 422.60, Code Supplement 1995, is
31 amended by adding the following new subsection:

32 NEW SUBSECTION. 4. There is allowed as a credit
33 against the tax determined in this division for a tax
34 year an amount equal to the affordable housing
35 assistance credit as provided in section 15E.176.
36 Notwithstanding any other provision, the credit
37 allowed for in this subsection shall be applied prior
38 to all other credits allowed the taxpayer. The
39 allocation of revenues to a city or county under
40 section 422.65 shall be determined as if the credit
41 under this subsection had not been taken.

42 Sec. ____ . Section 432.1, Code 1995, is amended by
43 adding the following new subsection:

44 NEW SUBSECTION. 5. There is allowed as a credit
45 against the tax determined in subsection 1 or 2 for a
46 tax year an amount equal to the affordable housing
47 assistance credit as provided in section 15E.176.
48 Notwithstanding any other provision, the credit
49 allowed for in this subsection shall be applied prior
50 to all other credits allowed the taxpayer.

S-5654

-3-

S-5654

Page 4

- 1 Sec. ____ . APPLICABILITY. Division 101 applies for
- 2 tax years of individuals subject to the personal net
- 3 income tax and entities subject to the state corporate
- 4 income tax or franchise tax which begin on or after
- 5 January 1, 1997. Division 101 applies for calendar
- 6 years beginning on or after January 1, 1997, for
- 7 entities subject to the gross premiums tax under
- 8 chapter 432."
- 9 2. By renumbering as necessary.

By O. GENE MADDOX

S-5654 FILED APRIL 3, 1996

WITHDRAWN (p.1223)

SENATE FILE 2464

S-5655

- 1 Amend Senate File 2464 as follows:
- 2 1. Page 21, line 33, by striking the word
- 3 "Eighty" and inserting the following: "Fifty".
- 4 2. Page 22, line 8, by striking the word "Twenty"
- 5 and inserting the following: "Fifty".

By PATTY JUDGE

S-5655 FILED APRIL 3, 1996

ADOPTED (p.1223)

SENATE FILE 2464

S-5656

- 1 Amend Senate File 2464 as follows:
- 2 1. Page 10, by striking lines 21 through 29.
- 3 2. By renumbering as necessary.

By MICHAEL E. GRONSTAL

S-5656 FILED APRIL 3, 1996

ADOPTED (p.1222)

SENATE FILE 2464

S-5667

- 1 Amend Senate File 2464 as follows:
- 2 1. Page 12, by inserting before line 16 the
- 3 following: "However, a municipality with a population
- 4 of four thousand or less and the department of
- 5 economic development may agree to waive the ten
- 6 percent of the original project cost requirement."

By ALLEN BORLAUG

S-5667 FILED APRIL 3, 1996

ADOPTED (p.1228)

SENATE FILE 2464

S-5660

1 Amend Senate File 2464 as follows:

2 1. Page 21, line 31, by striking the words "low-
3 income housing projects" and inserting the following:
4 "housing projects for families defined as low or
5 moderate income by the United States department of
6 housing and urban development".

7 2. By striking page 21, line 34, through page 22,
8 line 7, and inserting the following: "on a per capita
9 basis according to the 1990 federal census, to each
10 county as provided in this subsection.

11 (1) In order to receive moneys under this
12 subsection, a housing council must have been
13 established. The housing council shall consist of the
14 supervisors of the county and the mayor of each city
15 in the county, or their designees. A housing council
16 may represent more than one county and the cities
17 within each county and may be an entity formed under
18 chapter 28E.

19 (2) The functions of the housing council include
20 having a housing needs assessment completed if one has
21 not already been done, developing an integrated
22 housing plan for the county or counties, encouraging
23 the formation of partnerships with other governmental
24 entities and public-private partnerships to implement
25 the housing plan, and funding projects under the
26 housing plan from moneys received under this
27 subsection.

28 (3) Moneys received by the county under this
29 subsection shall be placed in a special account under
30 the control of the housing council and shall not be
31 expended for any purpose other than through the
32 housing council. The cost of the housing needs
33 assessment may be paid from moneys received under this
34 subsection. Moneys not obligated for a project within
35 one year of transfer to the county shall revert to the
36 authority for purposes of the competitive program
37 under paragraph "b".

38 3. By renumbering, relettering, and correcting
39 internal references as necessary.

By MICHAEL E. GRONSTAL
STEWART IVERSON, JR.
EMIL J. HUSAK

S-5660 FILED APRIL 3, 1996

ADOPTED (p.1223)

SENATE FILE 2464

S-5661

- 1 Amend Senate File 2464 as follows:
2 1. Page 12, line 1, by striking the word "The"
3 and inserting the following: "For a municipality with
4 a population over fifteen thousand, the".
5 2. Page 12, line 15, by inserting after the word
6 "cost." the following: "For a municipality with a
7 population of fifteen thousand or less, the
8 municipality is not required to provide an amount for
9 low and moderate income family housing."

By ALLEN BORLAUG

S-5661 FILED APRIL 3, 1996
RULED OUT OF ORDER (p. 1223)

SENATE FILE 2464

S-5666

- 1 Amend Senate File 2464 as follows:
2 1. Page 23, by inserting after line 23 the
3 following:
4 "DIVISION 401
5 Sec. ____ . NEW SECTION. 404A.1 HOUSING
6 DEVELOPMENT -- TAX STATUS -- LIMITATION.
7 1. In a county with a population of less than
8 twenty thousand, property acquired and subdivided for
9 development of housing shall continue to be assessed
10 for taxation in the manner that it was prior to the
11 acquisition for housing until a lot is sold for
12 construction or occupancy of housing or five years
13 from the date of subdivision, whichever is shorter.
14 Upon the sale or the expiration of the five-year
15 period, the property shall be assessed for taxation as
16 residential or commercial multifamily property,
17 whichever is applicable.
18 2. In a county with a population of twenty
19 thousand or more, property acquired and subdivided for
20 development of housing shall continue to be assessed
21 for taxation in the manner that it was prior to the
22 acquisition for housing until a lot is sold for
23 construction or occupancy of housing or three years
24 from the date of subdivision, whichever is shorter.
25 Upon the sale or the expiration of the three-year
26 period, the property shall be assessed for taxation as
27 residential or commercial multifamily property,
28 whichever is applicable."
29 2. Title page, line 2, by inserting after the
30 word "financing" the following: ", providing for the
31 assessment of certain property for tax purposes,".
32 3. By renumbering as necessary.

By ALLEN BORLAUG

S-5666 FILED APRIL 3, 1996
ADOPTED (p. 1228)

H. 4/8/96 Approp.
H. 4/9/96 Amend/Do Pass
w/H 5896

SENATE FILE **2464**
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2096)

(AS AMENDED AND PASSED BY THE SENATE APRIL 3, 1996)

- New Language by the Senate
- * - Language Stricken by the Senate

Passed Senate, Date <u>5/1/96</u>	Passed House, Date <u>4-11-96</u>
Vote: Ayes <u>47</u> Nays <u>2</u>	Vote: Ayes <u>95</u> Nays <u>0</u>

(P. 1565)

(P. 1590)

Approved 5/30/96
Stacy Welch

Repassed 5/1/96 (P. 2101)
Vote 91-0

A BILL FOR

- 1 An Act relating to housing development, including tax increment
- 2 financing, providing for the assessment of certain property
- 3 for tax purposes, and providing an effective date.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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S.F. 2464

DIVISION I

1
2 Section 1. Section 358C.1, subsection 2, paragraphs c and
3 d, Code Supplement 1995, are amended to read as follows:

4 c. "Cost" of a public improvement includes the cost of
5 engineering, preliminary reports, property valuations,
6 estimates, plans, specifications, notices, legal services,
7 acquisition of land, consequential damages, easements, rights-
8 of-way, construction, repair, supervision, inspection,
9 testing, notices and publication, interest during construction
10 and for not more than ~~six~~ twelve months thereafter, and
11 printing and sale of bonds.

12 d. "District" means a real estate improvement district as
13 created in this chapter, ~~in a county designated as a pilot~~
14 county under section 358E.2. A real estate improvement
15 district shall not be created after June 30, 2000.

16 Sec. 2. Section 358C.3, subsection 6, Code Supplement
17 1995, is amended to read as follows:

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

31 Sec. 3. Section 358C.4, subsection 2, paragraph i, Code
32 Supplement 1995, is amended to read as follows:

33 i. Street Clearing, stripping, grubbing, earthwork,
34 erosion control, lot grading, street grading, paving,
35 graveling, macadamizing, curbing, guttering, and surfacing

1 with oil and gravel or chloride.

2 Sec. 4. Section 358C.10, Code Supplement 1995, is amended
3 by adding the following new subsection:

4 NEW SUBSECTION. 4. A candidate to fill a vacancy or as a
5 successor trustee shall disclose prior to selection as a
6 trustee whether the person has any financial interest in any
7 business which is or may be a developer or contractor for
8 public improvements within the real estate improvement
9 district and the extent of the person's land ownership in the
10 district, if any.

11 Sec. 5. Section 358C.13, Code Supplement 1995, is amended
12 by adding the following new subsections:

13 NEW SUBSECTION. 1A. The board of trustees shall maintain
14 the official records of the district, which shall include
15 information regarding the service of any indebtedness of the
16 district, including special assessment bonds. The board shall
17 report annually on the progress of the district in retiring
18 indebtedness.

19 NEW SUBSECTION. 2A. The board of trustees shall provide
20 public notice prior to each meeting of the board. The notice
21 shall contain the agenda of the meeting which shall describe
22 the proposed actions to be taken by the board at the meeting.

23 NEW SUBSECTION. 6. The board of trustees shall not
24 prohibit or restrict the construction of manufactured homes in
25 a real estate improvement district. As used in this
26 subsection, "manufactured home" has the same meaning as under
27 section 435.1, subsection 2.

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

33 Sec. 6. Section 358C.16, subsection 4, Code Supplement
34 1995, is amended to read as follows:

35 4. The proceeds of any bond issue made under this section

1 shall be used only for the cost of public improvements as
2 specified in section sections 358C.1 and 358C.4. Proceeds
3 from the bond issue may also be used for the payment of
4 special assessment deficiencies. The bonds shall be payable
5 in not more than forty annual installments and with interest
6 at a rate not exceeding that permitted by chapter 74A, and
7 shall be made payable at the place and be of the form as the
8 board of trustees shall by resolution designate. A district
9 issuing bonds as authorized in this section is granted
10 authority to pledge the future avails of a tax levy to the
11 payment of the principal and interest of the bonds after the
12 same come due, and the power to impose and certify the levy is
13 granted to the trustees of real estate improvement districts
14 organized under this chapter.

15 Sec. 7. Section 358C.17, subsection 1, Code Supplement
16 1995, is amended to read as follows:

17 1. The board of trustees of a real estate improvement
18 district may provide for payment of all or any portion of the
19 costs of a public improvement as specified in section sections
20 358C.1 and 358C.4, by assessing all, or any portion of, the
21 costs on adjacent property according to the benefits derived.
22 For the purposes of this chapter, the board of trustees may
23 define "adjacent property" as all that included within a
24 designated benefited district to be fixed by the board, which
25 may be all of the property located within the real estate
26 improvement district or any lesser portion of that property.
27 It is not a valid objection to a special assessment that the
28 improvement for which the assessment is levied is outside the
29 limits of the district, but a special assessment shall not be
30 made upon property situated outside of the district. Special
31 assessments pursuant to this section shall be in proportion to
32 the special benefits conferred upon the property, and not in
33 excess of the benefits. The value of a property is the
34 present fair market value of the property with the proposed
35 public improvements completed. Payment of installments of a

1 special assessment against property shall be made in the same
2 manner and under the same procedures as provided in chapter
3 384 for special assessments by cities. Notwithstanding the
4 provisions of section 384.62, the combined assessments against
5 any lot for public improvements included in the petition
6 creating the housing development district or as authorized in
7 section 358C.4 shall not exceed the valuation of that lot as
8 established by section 384.46.

9 Sec. 8. Section 358C.17, Code Supplement 1995, is amended
10 by adding the following new subsections:

11 NEW SUBSECTION. 4. A special assessment under this
12 section shall be recorded in the county in which the district
13 is located for each lot in the district.

14 NEW SUBSECTION. 5. Notwithstanding section 384.65,
15 subsection 5, a district shall have a lien on the benefited
16 property only in the amount of special assessment installments
17 that have come due but have not been paid. The district shall
18 not have a lien for the total amount of the special assessment
19 originally levied against the benefited property. A lien,
20 including, but not limited to, a lien for a mortgage for the
21 construction or the purchase of housing on property benefited
22 by improvements and against which a special assessment is
23 levied under this chapter, shall have precedence over a
24 special assessment which has been levied by the district but
25 is not due. A district's lien shall only be in the amount of
26 installments whose due dates have passed without payment,
27 along with all interest and penalties on the delinquent
28 installments. The district's lien for delinquent
29 installments, interest, and penalties shall have equal
30 precedence with ordinary taxes and shall not be divested by
31 judicial sale. Any remaining special assessment installments
32 that have not become due shall not be divested by judicial
33 sale and shall become a lien when the special assessment
34 installments become due.

35 Sec. 9. NEW SECTION. 368.24 NOTIFICATION TO PUBLIC

1 UTILITIES.

2 Notwithstanding any other provision of law to the contrary,
3 any city that annexes territory shall provide written
4 notification consisting of a legal description and map of the
5 annexed territory, each street address within the annexed
6 area, where possible, a statement containing the effective
7 date of the annexation and a copy of the order, resolution, or
8 ordinance proclaiming the annexation to all public utilities
9 operating in the annexed area. If the notification of the
10 annexation is provided to a public utility less than sixty
11 days prior to the effective date of the annexation, the public
12 utility shall have sixty days from the date of notification to
13 adjust its tax and accounting records to reflect the
14 annexation for any tax purpose.

15 Sec. 10. Section 543B.56, subsection 1, Code Supplement
16 1995, is amended by adding the following new paragraph:

17 NEW PARAGRAPH. e. Disclose that the property is located
18 in a real estate improvement district established under
19 chapter 358C and the amount of any special assessments, if
20 any, against the property.

21 Sec. 11. Section 358C.2, Code Supplement 1995, is
22 repealed.

23 DIVISION II

24 Sec. 12. Section 403.2, subsection 3, Code 1995, is
25 amended to read as follows:

26 3. It is further found and declared that there exists in
27 this state the continuing need for programs to alleviate and
28 prevent conditions of unemployment and a shortage of housing;
29 and that it is accordingly necessary to assist and retain
30 local industries and commercial enterprises to strengthen and
31 revitalize the economy of this state and its municipalities;
32 that accordingly it is necessary to provide means and methods
33 for the encouragement and assistance of industrial and
34 commercial enterprises in locating, purchasing, constructing,
35 reconstructing, modernizing, improving, maintaining,

1 repairing, furnishing, equipping, and expanding in this state
2 and its municipalities, for the provision of public
3 improvements related to housing and residential development,
4 and for the ~~provision~~ construction of housing ~~and-residential~~
5 ~~development~~ for low and moderate income families; that
6 accordingly it is necessary to authorize local governing
7 bodies to designate areas of a municipality as economic
8 development areas for commercial and industrial enterprises,
9 public improvements related to housing and residential
10 development, or construction of housing ~~and-residential~~
11 ~~development~~ for low and moderate income families; and that it
12 is also necessary to encourage the location and expansion of
13 commercial enterprises to more conveniently provide needed
14 services and facilities of the commercial enterprises to
15 municipalities and the residents of the municipalities.
16 Therefore, the powers granted in this chapter constitute the
17 performance of essential public purposes for this state and
18 its municipalities.

19 Sec. 13. Section 403.5, subsection 2, unnumbered paragraph
20 1, Code 1995, is amended to read as follows:

21 The municipality may itself prepare or cause to be prepared
22 an urban renewal plan; or any person or agency, public or
23 private, may submit such a plan to a municipality. Prior to
24 its approval of an urban renewal plan, the local governing
25 body shall submit such plan to the planning commission of the
26 municipality, if any, for review and recommendations as to its
27 conformity with the general plan for the development of the
28 municipality as a whole. The planning commission shall submit
29 its written recommendations with respect to the proposed urban
30 renewal plan to the local governing body within thirty days
31 after receipt of the plan for review. Upon receipt of the
32 recommendations of the planning commission or, if no
33 recommendations are received within the thirty days, then,
34 without such recommendations, the local governing body may
35 proceed with the hearing on the proposed urban renewal project

1 plan prescribed by subsection 3.

2 Sec. 14. Section 403.5, subsection 3, Code 1995, is
3 amended to read as follows:

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

13 Sec. 15. Section 403.5, subsection 4, paragraph b,
14 subparagraph (1), Code 1995, is amended to read as follows:

15 (1) If it is to be developed for residential uses, the
16 local governing body shall determine that a shortage of
17 housing of sound standards and design with decency, safety and
18 sanitation exists in the municipality; that the acquisition of
19 the area for residential uses is an integral part of and
20 essential to the program of the municipality; and that one or
21 more of the following conditions exist:

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

26 (b) That conditions of blight in the ~~area~~ municipality and
27 the shortage of decent, safe and sanitary housing cause or
28 contribute to an increase in and spread of disease and crime,
29 and so as to constitute a menace to the public health, safety,
30 morals, or welfare; ~~and that the acquisition of the area for~~
31 ~~residential uses is an integral part of and essential to the~~
32 program of the municipality.

33 (c) That the provision of public improvements related to
34 housing and residential development will encourage housing and
35 residential development which is necessary to encourage the

1 retention or relocation of industrial and commercial
2 enterprises in this state and its municipalities.

3 (d) The acquisition of the area is necessary to provide
4 for the construction of housing for low and moderate income
5 families.

6 Sec. 16. Section 403.6, Code 1995, is amended by adding
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. The provisions of this chapter
9 shall be liberally interpreted to achieve the purposes of this
10 chapter.

11 Sec. 17. Section 403.9, subsection 3, Code 1995, is
12 amended by adding the following new unnumbered paragraph:

13 NEW UNNUMBERED PARAGRAPH. Before the local governing body
14 may institute proceedings for the issuance of bonds under this
15 section, a notice of the proposed action, including a
16 statement of the amount and purposes of the bonds and the time
17 and place of the meeting at which the local governing body
18 proposes to take action for the issuance of the bonds, must be
19 published as provided in section 362.3. At the meeting, the
20 local governing body shall receive oral or written objections
21 from any resident or property owner of the municipality.
22 After all objections have been received and considered, the
23 local governing body, at that meeting or any subsequent
24 meeting, may take additional action for the issuance of the
25 bonds or abandon the proposal to issue the bonds. Any
26 resident or property owner of the municipality may appeal the
27 decision of the local governing body to take additional action
28 to the district court of the county in which any part of the
29 municipality is located, within fifteen days after the
30 additional action is taken. The additional action of the
31 local governing body is final and conclusive unless the court
32 finds that the municipality exceeded its authority.

33 Sec. 18. Section 403.9, subsection 4, Code 1995, is
34 amended to read as follows:

35 4. Such bonds may be sold at not less than ninety-eight

1 percent of par at public or private sale, or may be exchanged
2 for other bonds on-the-basis at not less than ninety-eight
3 percent of par.

4 Sec. 19. Section 403.10, Code 1995, is amended to read as
5 follows:

6 403.10 BONDS AS LEGAL INVESTMENT.

7 All banks, trust companies, building and loan associations,
8 savings and loan associations, investment companies and other
9 persons carrying on an investment business; all insurance
10 companies, insurance associations, and other persons carrying
11 on an insurance business; and all executors, administrators,
12 curators, trustees, and other fiduciaries, may legally invest
13 any sinking funds, moneys, or other funds belonging to them or
14 within their control in any bonds or other obligations issued
15 by a municipality pursuant to this chapter, or those issued by
16 any urban renewal agency vested with urban renewal project
17 powers under section 403.14~~---Provided, that such bonds and~~
18 ~~other obligations shall be secured by an agreement between the~~
19 ~~issuer and the federal government, in which the issuer agrees~~
20 ~~to borrow from the federal government and the federal~~
21 ~~government agrees to lend to the issuer, prior to the maturity~~
22 ~~of such bonds or other obligations, moneys in an amount which,~~
23 ~~together with any other moneys irrevocably committed to the~~
24 ~~payment of interest on such bonds or other obligations, will~~
25 ~~suffice to pay the principal of such bonds or other~~
26 ~~obligations with interest to maturity thereon, which moneys~~
27 ~~under the terms of said agreement are required to be used for~~
28 ~~the purpose of paying the principal of and the interest on~~
29 ~~such bonds or other obligations at their maturity.~~ Such bonds
30 and other obligations shall be authorized security for all
31 public deposits. It is the purpose of this section to
32 authorize any persons, political subdivisions and officers,
33 public or private, to use any funds owned or controlled by
34 them for the purchase of any such bonds or other obligations.
35 Nothing contained in this section with regard to legal

1 investments shall be construed as relieving any person of any
2 duty of exercising reasonable care in selecting securities.

3 Sec. 20. Section 403.17, subsection 9, Code 1995, is
4 amended to read as follows:

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

* 22 Sec. 21. Section 403.19, subsection 2, Code 1995, is
23 amended to read as follows:

24 2. That portion of the taxes each year in excess of such
25 amount shall be allocated to and when collected be paid into a
26 special fund of the municipality to pay the principal of and
27 interest on loans, moneys advanced to, or indebtedness,
28 whether funded, refunded, assumed, or otherwise, including
29 bonds issued under the authority of section 403.9, subsection
30 1, incurred by the municipality to finance or refinance, in
31 whole or in part, an urban renewal project within the area,
32 and to provide assistance for low and moderate income family
33 housing as provided in section 403.22, except that taxes for
34 the payment of bonds and interest of each taxing district must
35 be collected against all taxable property within the taxing

1 district without limitation by the provisions of this
2 subsection. Unless and until the total assessed valuation of
3 the taxable property in an urban renewal area exceeds the
4 total assessed value of the taxable property in such area as
5 shown by the last equalized assessment roll referred to in
6 subsection 1, all of the taxes levied and collected upon the
7 taxable property in the urban renewal area shall be paid into
8 the funds for the respective taxing districts as taxes by or
9 for the taxing districts in the same manner as all other
10 property taxes. When such loans, advances, indebtedness, and
11 bonds, if any, and interest thereon, have been paid, all
12 moneys thereafter received from taxes upon the taxable
13 property in such urban renewal area shall be paid into the
14 funds for the respective taxing districts in the same manner
15 as taxes on all other property.

16 Sec. 22. Section 403.19, subsection 7, Code 1995, is
17 amended by striking the subsection.

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

21 1. With respect to any urban renewal area established upon
22 the determination that the area is an economic development
23 area, a division of revenue as provided in section 403.19
24 shall not be allowed for the purpose of providing or aiding in
25 the provision of public improvements related to housing and
26 residential development, unless the municipality assures that
27 the project will include assistance for low and moderate
28 income family housing. For a municipality with a population
29 over fifteen thousand, the amount to be provided for low and
30 moderate income family housing for such projects shall be
31 either equal to or greater than the percentage of the original
32 project cost that is equal to the percentage of low and
33 moderate income residents for the county in which the urban
34 renewal area is located as determined by the United States
35 department of housing and urban development using section 8

1 guidelines or such other amount as set out in a plan adopted
2 by the municipality and approved by the Iowa department of
3 economic development if the municipality can show that it
4 cannot undertake the project if it has to meet the low and
5 moderate income assistance requirements. However, the amount
6 provided for low and moderate income family housing for such
7 projects shall not be less than an amount equal to twenty-five
8 percent of the original project cost.

9 For a municipality with a population of fifteen thousand or
10 less, the amount to be provided for low and moderate income
11 family housing either shall be the same as for a municipality
12 with a population over fifteen thousand or shall not be less
13 than an amount equal to ten percent of the original project
14 cost. However, a municipality with a population of four
15 thousand or less and the department of economic development
16 may agree to waive the ten percent of the original project
17 cost requirement.

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

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

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

24 c. Grants, credits or other direct assistance to low and
25 moderate income families living within or outside the urban
26 renewal area, but within the area of operation of the
27 municipality.

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

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

34 a. Proceeds from loans, advances, bonds or indebtedness
35 incurred.

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

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

6 d. Any other sources which are legally available for this
7 purpose.

8 4. The assistance to low and moderate income family
9 housing may be expended outside the boundaries of the urban
10 renewal area.

11 5. Except for a municipality with a population under
12 fifteen thousand, the division of the revenue under section
13 403.19 for each project under this section shall be limited to
14 tax collections for ten fiscal years beginning with the second
15 fiscal year after the year in which the municipality first
16 certifies to the county auditor the amount of any loans,
17 advances, indebtedness, or bonds which qualify for payment
18 from the division of the revenue in connection with the
19 project. A municipality with a population under fifteen
20 thousand may, with the approval of the governing bodies of all
21 other affected taxing districts, extend the division of
22 revenue under section 403.19 for up to five years if necessary
23 to adequately fund the project. The portion of the urban
24 renewal area which is involved in a project under this section
25 shall not be subject to any subsequent division of revenue
26 under section 403.19.

27 Sec. 24. Section 403A.2, subsection 8, Code 1995, is
28 amended to read as follows:

29 8. "Housing project" or "project" means any work or
30 undertaking: (a) to demolish, clear or remove buildings from
31 any slum areas area; or (b) to provide decent, safe and
32 sanitary urban or rural dwellings, apartments or other living
33 accommodations ~~for-families-of-low-income7-lower-income~~
34 ~~families7-or-very-low-income-families~~; or (c) to accomplish a
35 combination of the foregoing. Such work or undertaking may

1 include buildings, land, equipment, facilities and other real
2 or personal property for necessary, convenient or desirable
3 appurtenances, streets, sewers, water service, utilities,
4 parks, site preparation, landscaping, administrative,
5 community, health, recreational, welfare or other purposes.
6 The term "housing project" or "project" also may be applied to
7 the planning of the buildings and improvements, the
8 acquisition of property, the demolition of existing
9 structures, the construction, reconstruction, alteration or
10 repair of the improvements and all other work in connection
11 therewith, and the term shall include all other real and
12 personal property and all tangible or intangible assets held
13 or used in connection with the housing project.

14 Sec. 25. Section 403A.3, subsection 10, Code 1995, is
15 amended to read as follows:

16 10. To co-operate with the Iowa finance authority, to
17 participate in any of its programs, to use any of the funds
18 available to the municipality for the uses of this chapter to
19 contribute to such programs in which it participates, and, in
20 such instances, to comply with the provisions of ~~sections 16.1~~
21 ~~to 16.36~~ chapter 16 and the rules of the Iowa finance
22 authority promulgated thereunder.

23 Sec. 26. Section 403A.6, Code 1995, is amended to read as
24 follows:

25 403A.6 OPERATION OF HOUSING NOT FOR PROFIT.

26 It is hereby declared to be the policy of this state that
27 ~~each municipality shall manage and operate its housing~~
28 ~~projects in an efficient manner so as to enable it to fix the~~
29 ~~rentals or payments for dwelling accommodations at low rates~~
30 ~~consistent with its providing decent, safe and sanitary~~
31 ~~dwelling accommodations for persons of low income, and that no~~
32 municipality shall construct or operate any housing project
33 for profit, or as a source of revenue to the municipality
34 unless provision is made that any profits or excess revenues
35 shall be used only for the development of housing for families

1 as defined in section 403A.2, subsection 6. To this end the
2 municipality shall fix the rentals or payments for dwellings
3 in its projects at no higher rates than it shall find to be
4 necessary in order to produce revenues which, ~~(together with~~
5 all other available moneys, revenues, income and receipts in
6 connection with or for such projects from whatever sources
7 derived, including federal financial assistance~~),~~ will be
8 sufficient (1) to pay, as the same become due, the principal
9 and interest on the bonds issued pursuant to this chapter; (2)
10 to create and maintain such reserves as may be required to
11 assure the payment of principal and interest as it becomes due
12 on such bonds; (3) to meet the cost of, and to provide for,
13 maintaining and operating the projects, ~~(including necessary~~
14 reserves therefor and the cost of any insurance, and of
15 administrative expenses~~);~~ and (4) to make such payments in
16 lieu of taxes and, after payment in full of all obligations
17 for which federal annual contributions are pledged, to make
18 such repayments of federal and local contributions as it
19 determines are consistent with the maintenance of the ~~low-rent~~
20 ~~character-of~~ projects. Rentals or payments for dwellings
21 shall be established and the projects administered, insofar as
22 possible, so as to assure that any federal financial
23 assistance required shall be strictly limited to amounts and
24 periods necessary to maintain ~~the-low-rent-character-of~~
25 federal assistance for the projects.

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

28 403A.7 HOUSING RENTALS AND TENANT ADMISSIONS.

29 A municipality shall (1) rent or lease the dwelling
30 accommodations in a housing project ~~only~~ to persons or
31 families ~~of-low-income-and~~ at rentals within their financial
32 reach; (2) rent or lease to a tenant such dwelling
33 accommodations consisting of the number of rooms which it
34 deems necessary to provide safe and sanitary accommodations to
35 the proposed occupants thereof, without overcrowding; and (3)

1 fix income limits for occupancy and rents after taking into
2 consideration (a) the family size, composition, age, physical
3 handicaps, and other factors which might affect the rent-
4 paying ability of the person or family, and (b) the economic
5 factors which affect the financial stability and solvency of
6 the project. ~~Provided, however, such determination of~~
7 ~~eligibility shall be within the limits of the income limits~~
8 ~~hereinbefore set out.~~

9 Nothing contained in this or the preceding section shall be
10 construed as limiting the power of a municipality with respect
11 to a housing project, to vest in an obligee the right, in the
12 event of a default by the municipality, to take possession or
13 cause the appointment of a receiver thereof, free from all the
14 restrictions imposed by this or the preceding section or
15 limiting the power to construct, manage, or operate projects
16 to provide housing for families who do not meet the
17 definitions of section 403A.2, subsection 6.

18 Sec. 28. Section 403A.12, unnumbered paragraph 2, Code
19 1995, is amended to read as follows:

20 Neither the governing body of a municipality nor any person
21 executing the bonds shall be liable personally on the bonds by
22 reason of the issuance thereof hereunder. The bonds and other
23 obligations issued under the provisions of this chapter (and
24 such bonds and obligations shall so state on their face) shall
25 be payable solely from the sources provided in this section
26 and shall not constitute an indebtedness within the meaning of
27 any constitutional or statutory debt limitation or
28 restriction. Bonds issued pursuant to this chapter are
29 declared to be issued for an essential public and governmental
30 purpose and to be public instrumentalities and, together with
31 interest thereon and income therefrom, shall be exempt from
32 all taxes. The tax exemption provisions of this chapter shall
33 be considered part of the security for the repayment of bonds
34 and shall constitute, by virtue of this chapter and without
35 the necessity of the same being restated in said bonds, a

1 contract between the bondholders and each and every one
2 thereof, including all transferees of said bonds from time to
3 time on the one hand and the respective municipalities issuing
4 said bonds and the state on the other.

5 Sec. 29. Section 403A.14, Code 1995, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 11. a. Covenant that it will annually
8 budget or appropriate moneys, subject to statutory limitations
9 on the amount that may be levied, to pay all or a designated
10 amount of any shortfall in the income and revenues available
11 to pay the costs of operating or maintaining a housing project
12 after provision has been made for payment of bonds or restore
13 deficiencies in a debt service reserve fund established for
14 the bonds.

15 b. Notwithstanding paragraph "a", a municipality shall not
16 be obligated to appropriate or otherwise provide moneys for
17 the payment of operating deficit reimbursements and in the
18 event the municipality fails to appropriate funds for this
19 purpose, the municipality shall not be liable for any damages
20 resulting from the nonappropriation.

21 c. If a municipality elects to incur an obligation to
22 appropriate or otherwise provide moneys for the payment of
23 operating deficit reimbursements, the operating deficit
24 agreement may provide that in the event a municipality shall
25 fail to pay an operating deficit reimbursement, the
26 municipality shall be in default under the operating deficit
27 agreement and the default shall constitute a default by the
28 municipality under the loan agreement with respect to the
29 project.

30 Sec. 30. NEW SECTION. 403A.25 RULE OF CONSTRUCTION.

31 The provisions of this chapter shall be liberally
32 interpreted to achieve the purposes of this chapter.

33 Sec. 31. NEW SECTION. 403A.26 PAYMENT IN LIEU OF TAXES.

34 The municipality shall pay out of the surplus net revenues
35 of a project for the prior fiscal year, not required to pay

1 principal, interest or other requirements of its bonds, to the
2 state of Iowa and its city, school district, and any other
3 political subdivision authorized to levy taxes against
4 property in the jurisdiction in which the project is located,
5 twenty-five percent of the amount of tax for the prior fiscal
6 year determined by applying the tax rate of the taxing
7 district to the assessed value of the project, which the
8 state, county, school district or other political subdivision
9 would receive for the prior fiscal year if the project were
10 owned by a private person. For the purposes of arriving at
11 this tax equivalent, the property of the project shall be
12 valued and assessed by the assessor in whose jurisdiction the
13 project is located, in accordance with chapter 441, but the
14 municipality and other persons authorized by chapter 441 shall
15 be entitled to protest any assessment in the same manner as
16 any taxpayer. Income from this source shall be considered
17 other income under the provisions of section 384.16,
18 subsection 1, paragraph "b". This subsection shall apply to
19 projects acquired from proceeds of bonds issued under
20 authority of this chapter.

21 Sec. 32. Section 403A.28, Code 1995, is amended to read as
22 follows:

23 403A.28 PUBLIC HEARING REQUIRED.

24 The A municipality or municipal housing agency shall not
25 undertake any low-cost housing project until such time as a
26 public hearing has been called, at which time the-agency it
27 shall advise the public of the name of the proposed project,
28 its location, the number of living units proposed and their
29 approximate cost. If the municipality proposes to issue bonds
30 with respect to the project, it may combine any notice and
31 hearing requirement for the bonds with the notice for the
32 public hearing and conduct the public hearing or the bond
33 proposal simultaneously with the public hearing on the housing
34 project. Notice of the public hearing on the proposed project
35 shall be published at least once in a newspaper of general

1 circulation within the municipality, at least fifteen days
2 prior to the date set for the hearing.

3 DIVISION III

4 Sec. 33. 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. 34. Section 657A.1, subsections 1, 3, and 4, Code
9 1995, are amended to read as follows:

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

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

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

33 Sec. 35. Section 657A.2, subsections 1 and 2, Code 1995,
34 are amended to read as follows:

35 1. A petition for abatement under this chapter may be

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

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

23 Sec. 36. Section 657A.4, Code 1995, is amended to read as
24 follows:

25 657A.4 APPOINTMENT OF RECEIVER.

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

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

16 DIVISION IV

17 Sec. 37. Section 331.361, Code 1995, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 2A. An interest in real property which is
20 assessed for taxation as residential or commercial multifamily
21 property may be disposed of through a public request for
22 proposal process. A proposal submitted pursuant to this
23 section shall state the housing use planned by the person
24 submitting the proposal. The board shall publish the
25 proposals in a notice of the time and place of a public
26 hearing on the proposals, in accordance with section 331.305.
27 After the public hearing, the board may choose by resolution
28 from among the proposals submitted or may reject all proposals
29 and submit a new request for proposals.

30 Sec. 38. Section 569.8, subsection 1, Code 1995, is
31 amended to read as follows:

32 1. Disposition by a county of a parcel acquired by tax
33 deed shall comply with section 331.361, subsection 2 or 2A.

34 DIVISION V

35 Sec. 39. Section 16.100, Code 1995, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 1A. Moneys transferred to the housing
3 improvement fund pursuant to section 428A.8 shall only be used
4 for housing projects for families defined as low or moderate
5 income by the United States department of housing and urban
6 development and shall be allocated as follows:

7 a. Fifty percent of the moneys shall be distributed, on a
8 per capita basis according to the 1990 federal census, to each
9 county as provided in this subsection.

10 (1) In order to receive moneys under this subsection, a
11 housing council must have been established. The housing
12 council shall consist of the supervisors of the county and the
13 mayor of each city in the county, or their designees. A
14 housing council may represent more than one county and the
15 cities within each county and may be an entity formed under
16 chapter 28E.

17 (2) The functions of the housing council include having a
18 housing needs assessment completed if one has not already been
19 done, developing an integrated housing plan for the county or
20 counties, encouraging the formation of partnerships with other
21 governmental entities and public-private partnerships to
22 implement the housing plan, and funding projects under the
23 housing plan from moneys received under this subsection.

24 (3) Moneys received by the county under this subsection
25 shall be placed in a special account under the control of the
26 housing council and shall not be expended for any purpose
27 other than through the housing council. The cost of the
28 housing needs assessment may be paid from moneys received
29 under this subsection. Moneys not obligated for a project
30 within one year of transfer to the county shall revert to the
31 authority for purposes of the competitive program under
32 paragraph "b".

33 b. Fifty percent of the moneys may be distributed to
34 eligible cities, counties, or entities established under
35 chapter 28E on a competitive basis as follows:

1 (1) To be eligible to receive an award under this
2 paragraph "b" a city or county which seeks to utilize funds
3 under this paragraph "b" shall have completed a housing needs
4 assessment.

5 (2) Applications for awards under this paragraph "b" shall
6 be rated on at least the following factors:

7 (i) The population of the county. A preference shall be
8 given for projects which will benefit smaller communities or
9 rural areas.

10 (ii) Whether the project to be funded by the award is a
11 joint project between the county and a city or cities.

12 (iii) Whether the project will involve cooperation between
13 public and private entities.

14 (iv) Whether the city or county for which the award is
15 being sought has adopted a multiyear housing plan and a joint
16 city and county housing advisory body.

17 c. Entities receiving moneys under this subsection shall
18 track the use of the funds by project, program, or activity
19 and shall provide a report to the department of economic
20 development and the Iowa finance authority regarding the use
21 of the funds by December 15 of each year.

22 d. Moneys provided under this subsection shall not be used
23 to supplant funding for housing programs provided by the city
24 or county.

25 e. The authority shall adopt rules to administer this
26 subsection.

27 Sec. 40. Section 428A.8, unnumbered paragraph 1, Code
28 1995, is amended to read as follows:

29 On or before the tenth day of each month the county
30 recorder shall determine and pay to the treasurer of state
31 eighty-two and three-fourths percent of the receipts from the
32 real estate transfer tax collected during the preceding month
33 and the treasurer of state shall deposit ~~ninety-five~~ fifty
34 percent of the receipts in the general fund of the state and
35 transfer ~~five~~ fifty percent of the receipts to the Iowa

1 finance authority for deposit in the housing improvement fund
2 created in section 16.100.

3 Sec. 41. Section 428A.8, unnumbered paragraph 1, Code
4 1995, as otherwise amended by this Act, is amended by striking
5 the unnumbered paragraph and inserting in lieu thereof the
6 following:

7 On or before the tenth day of each month the county
8 recorder shall determine and pay to the treasurer of state
9 eighty-two and three-fourths percent of the receipts from the
10 real estate transfer tax collected during the preceding month
11 and the treasurer of state shall transfer the receipts to the
12 Iowa finance authority for deposit in the housing improvement
13 fund created in section 16.100.

14 DIVISION VI

15 Sec. 42. Section 331.441, subsection 2, paragraph b,
16 subparagraph 10, Code Supplement 1995, is amended to read as
17 follows:

18 (10) The establishment or funding of programs to provide
19 for or assist in providing for the acquisition, restoration,
20 or demolition of housing, as part of a municipal housing
21 project under chapter 403A or otherwise, or for other purposes
22 as may be authorized under chapter 403A.

23 Sec. 43. Section 384.24, subsection 3, paragraph u, Code
24 1995, is amended to read as follows:

25 u. The establishment or funding of programs to provide for
26 or assist in providing for the acquisition, restoration, or
27 demolition of housing, as part of a municipal housing project
28 under chapter 403A or otherwise, or for other purposes as may
29 be authorized under chapter 403A.

30 DIVISION VII

31 Sec. 44. NEW SECTION. 404A.1 HOUSING DEVELOPMENT -- TAX
32 STATUS -- LIMITATION.

33 1. In a county with a population of less than twenty
34 thousand, property acquired and subdivided for development of
35 housing shall continue to be assessed for taxation in the

1 manner that it was prior to the acquisition for housing until
2 a lot is sold for construction or occupancy of housing or five
3 years from the date of subdivision, whichever is shorter.
4 Upon the sale or the expiration of the five-year period, the
5 property shall be assessed for taxation as residential or
6 commercial multifamily property, whichever is applicable.

7 2. In a county with a population of twenty thousand or
8 more, property acquired and subdivided for development of
9 housing shall continue to be assessed for taxation in the
10 manner that it was prior to the acquisition for housing until
11 a lot is sold for construction or occupancy of housing or
12 three years from the date of subdivision, whichever is
13 shorter. Upon the sale or the expiration of the three-year
14 period, the property shall be assessed for taxation as
15 residential or commercial multifamily property, whichever is
16 applicable.

17 Sec. 45. EFFECTIVE DATES. Divisions I and II of this Act,
18 being deemed of immediate importance, take effect upon
19 enactment. Section 41 of this Act takes effect on July 1,
20 1997.

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SENATE FILE 2464

H-5896

1 Amend Senate File 2464, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 4, by inserting after line 34 the
4 following:

5 "Sec. ____ . NEW SECTION. 358C.24 DISCLOSURE OF
6 SPECIAL ASSESSMENT.

7 The seller of property in a real estate improvement
8 district or a person acting on behalf of a seller
9 shall disclose the amount of any special assessment
10 under this chapter against the property during
11 negotiations for the sale of the property."

12 2. Page 12, line 7, by striking the words
13 "twenty-five" and inserting the following: "ten".

14 3. Page 12, by striking lines 9 through 17 and
15 inserting the following:

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

25 4. Page 13, by inserting after line 26 the
26 following:

27 "6. A municipality shall not prohibit or restrict
28 the construction of manufactured homes in any project
29 for which public improvements were finalized under
30 this section. As used in this subsection,
31 "manufactured home" means the same as under section
32 435.1, subsection 2."

33 5. By striking page 13, line 27, through page 19,
34 line 2.

35 6. Page 21, by inserting after line 29 the
36 following:

37 "Sec. ____ . NEW SECTION. 446.19A PURCHASE BY
38 COUNTY OR CITY FOR LOW OR MODERATE INCOME HOUSING.

39 Notwithstanding section 446.18, a city or county
40 may purchase abandoned property assessed as
41 residential or commercial multifamily housing which
42 did not sell at an annual tax sale under section 446.7
43 for the total amount due. Money shall not be paid by
44 the county or other tax-levying or tax-certifying body
45 for the purchase, but each of the tax-levying and tax-
46 certifying bodies having any interest in the taxes
47 shall be charged with the total amount due the tax-
48 levying or tax-certifying body as its just share of
49 the purchase price. Prior to the purchase the city or
50 county shall file with the county treasurer a verified

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1 statement that a parcel to be purchased is abandoned
2 and deteriorating in condition or is, or is likely to
3 become, a public nuisance, and that the parcel is
4 suitable for use for low or moderate income housing
5 following rehabilitation.

6 The city or county may sell the certificate of
7 purchase. Preference shall be given to purchasers who
8 are low or moderate income families or organizations
9 which assist low and moderate income families to
10 obtain housing. For the purpose of this section, "low
11 or moderate income families" has the same meaning as
12 in section 403.17. All persons who purchase
13 certificates under this section shall demonstrate the
14 intent to rehabilitate the property for habitation if
15 the property is not redeemed. In the alternative, the
16 county may, if title to the property has vested in the
17 county under section 447.9, dispose of the property in
18 accordance with section 331.361."

19 7. By striking page 21, line 35, through page 24,
20 line 13, and inserting the following:

21 "Sec. ____ . Section 16.100, Code 1995, is amended
22 by adding the following new subsection:

23 NEW SUBSECTION. 1A. a. Moneys transferred to the
24 housing improvement fund pursuant to section 428A.8,
25 subsection 1, paragraph "b", shall be distributed, on
26 a per capita basis according to the 1990 federal
27 census, to each county.

28 b. In order to receive moneys under this
29 subsection, a county shall be a member of a housing
30 council. The housing council shall consist of the
31 supervisors of the county and the mayor of each city
32 in the county, or their designees. A housing council
33 may represent more than one county and the cities
34 within each county and may be an entity formed under
35 chapter 28E or an entity under chapter 28H.

36 c. The function of the housing council shall be to
37 coordinate housing programs in the county including
38 having housing needs assessments completed if not
39 already done, developing or coordinating a housing
40 plan approved by the department of economic
41 development, encouraging the formation of partnerships
42 with other governmental entities and public-private
43 partnerships regarding housing, and recommending
44 funding for projects under the housing plan from
45 moneys received under this subsection.

46 d. Moneys received under this subsection shall
47 only be used for housing programs which facilitate
48 housing development, including housing trust funds or
49 programs for the rehabilitation or construction of
50 housing. The cost of the housing needs assessment may

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1 be paid from moneys received under this subsection.
2 Moneys not obligated for a project recommended by the
3 housing council within one year of transfer shall
4 revert to the general fund of the state.
5 e. Counties receiving moneys under this subsection
6 shall track the use of the funds by project, program,
7 or activity and shall provide a report to the
8 department of economic development and the Iowa
9 finance authority regarding the use of the funds by
10 December 15 of each year.

11 f. Moneys provided under this subsection shall not
12 be used to supplant funding for housing programs
13 provided by a city or county.

14 g. The authority shall adopt rules to administer
15 this subsection.

16 Sec. ____ . Section 428A.8, Code 1995, is amended to
17 read as follows:

18 428A.8 REMITTANCE TO STATE TREASURER -- PORTION
19 RETAINED IN COUNTY.

20 1. On or before the tenth day of each month the
21 county recorder shall determine and pay to the
22 treasurer of state eighty-two and three-fourths
23 percent of the receipts from the real estate transfer
24 tax collected during the preceding month and the
25 treasurer of state shall deposit ninety-five the
26 receipts as follows:

27 a. Twenty percent of the receipts in-the-general
28 fund-of-the-state-and-transfer-five-percent-of-the
29 receipts shall be transferred to the Iowa finance
30 authority for deposit in the housing improvement fund
31 created in section 16.100.

32 b. Of the remaining receipts, fifty percent shall
33 be deposited in the general fund of the state and
34 fifty percent shall be transferred to the Iowa finance
35 authority for deposit in the housing improvement fund
36 created in section 16.100 for the purposes of section
37 16.100, subsection 1A.

38 2. The county recorder shall deposit the remaining
39 seventeen and one-fourth percent of the receipts in
40 the county general fund.

41 3. The county recorder shall keep records and make
42 reports with respect to the real estate transfer tax
43 as the director of revenue and finance prescribes."

44 8. Page 24, by striking lines 33 and 34 and
45 inserting the following:

46 "1. The board of supervisors of a county with a
47 population of less than twenty thousand may adopt an
48 ordinance providing that property acquired and
49 subdivided for development of".

50 9. Page 25, by striking lines 7 and 8 and

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Page 4

1 inserting the following:

2 "2. The board of supervisors of a county with a
3 population of twenty thousand or more may adopt an
4 ordinance providing that property acquired and
5 subdivided for development of".

6 10. Page 25, by striking lines 17 through 20 and
7 inserting the following:

8 "DIVISION 101

9 Sec. _____. Section 404.2, subsection 2, paragraph
10 f, unnumbered paragraph 1, Code 1995, is amended to
11 read as follows:

12 A statement specifying whether the revitalization
13 is applicable to none, some, or all of the property
14 assessed as residential, agricultural, commercial or
15 industrial property within the designated area or a
16 combination thereof and whether the revitalization is
17 for rehabilitation and additions to existing buildings
18 or new construction or both. If revitalization is
19 made applicable only to some property within an
20 assessment classification, the definition of that
21 subset of eligible property must be by uniform
22 criteria which further some planning objective
23 identified in the plan. The city shall state how long
24 it is estimated that the area shall remain a
25 designated revitalization area which time shall be
26 longer than one year from the date of designation and
27 shall state any plan by the city to issue revenue
28 bonds for revitalization projects within the area.
29 ~~For-a-county,--a-revitalization-area-shall-include-only~~
30 ~~property-which-will-be-used-as-industrial-property~~
31 ~~only.~~

32 Sec. _____. Section 404.2, subsection 6, Code 1995,
33 is amended to read as follows:

34 6. The city or county has adopted the proposed or
35 amended plan for the revitalization area after the
36 requisite number of hearings. The city or county may
37 subsequently amend this plan after a hearing. Notice
38 of the hearing shall be published as provided in
39 section 362.3 or 331.305, except that at least seven
40 days' notice must be given and the public hearing
41 shall not be held earlier than the next regularly
42 scheduled city council or board of supervisors meeting
43 following the published notice. A city which has
44 adopted a plan for a revitalization area which covers
45 all property within the city limits may amend that
46 plan at any time, pursuant to this section, to include
47 property which has been or will be annexed to the
48 city. The provisions of the original plan shall be
49 applicable to the property which is annexed and the
50 property shall be considered to have been part of the

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

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

DIVISION 102

26 Sec. ____ . EFFECTIVE DATES. Divisions I, II, and
 27 101 of this Act, being deemed of immediate importance,
 28 take effect upon enactment. Division V of this Act
 29 takes effect July 1, 1997."

30 11. Title page, line 3, by striking the word
 31 "date" and inserting the following: "and
 32 applicability dates".

33 12. By renumbering as necessary.

By COMMITTEE ON APPROPRIATIONS
 MILLAGE of Scott, Chairperson

H-5896 FILED APRIL 9, 1996

adopted

4-11-96

(P.1589)

SENATE FILE 2464

H-5924

1 Amend the amendment, H-5896, to Senate File 2464,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 3, by inserting after line 49 the
5 following:

6 "_____. Page 25, lines 1 and 2, by striking the
7 words "until a" and inserting the following: ". Each
8 lot shall continue to be taxed in the manner it was
9 prior to its acquisition for housing until the"."

10 2. Page 4, by inserting after line 5 the
11 following:

12 "_____. Page 25, lines 10 and 11, by striking the
13 words "until a" and inserting the following: ". Each
14 lot shall continue to be taxed in the manner it was
15 prior to its acquisition for housing until the"."

By JACOBS of Polk

H-5924 FILED APRIL 11, 1996

Adopted 4-11-96 (p.1588)

SENATE FILE 2464

H-5926

1 Amend Senate File 2464, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 12, line 1, by inserting after the word
4 "guidelines" the following: ", by limiting the tax
5 revenues to be deposited in the special fund from that
6 portion of the assessed value defined in section
7 403.19, subsection 2, of property assessed as
8 residential property, to the tax revenues from any
9 levy on the first two hundred thousand dollars of
10 improvements to each parcel of such residential
11 property. Any value of such property in excess of two
12 hundred thousand dollars shall be included in the
13 valuation defined in section 403.19, subsection 1,".

14 2. Page 12, line 1, by inserting after the word
15 "or" the following: "by providing".

By WEIGEL of Chickasaw

H-5926 FILED APRIL 11, 1996

Adopted 4-11-96 p.1589

SENATE FILE 2464

H-5929

1 Amend the amendment, H-5896, to Senate File 2464,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 3, line 27, by striking the word "Twenty"
5 and inserting the following: "Sixty".

6 2. Page 3, by striking lines 32 through 34 and
7 inserting the following:

8 "b. Forty percent of the receipts shall be
9 transferred to the Iowa finance".

By WISE of Lee

JOCHUM of Dubuque

H-5929 FILED APRIL 11, 1996

Lost 4-11-96 (p.1588)

SENATE FILE 2464

H-5930

1 Amend the amendment, H-5896, to Senate File 2464,
2 as amended, passed, and reprinted by the Senate, as
3 follows:
4 1. Page 2, line 25, by striking the word ", on".
5 2. Page 2, by striking lines 26 and 27 and
6 inserting the following: "to each county based on the
7 proportion of real estate transfer tax collected in
8 the county to the total amount of real estate transfer
9 tax collected in all counties."

By McCOY of Polk
CATALDO of Polk

H-5930 FILED APRIL 11, 1996

Lost 4-11-96 (P. 1587)

SENATE FILE 2464

H-5938

1 Amend the amendment, H-5896, to Senate File 2464,
2 as amended, passed, and reprinted by the Senate, as
3 follows:
4 1. Page 1, by striking lines 25 through 32.
5 2. By renumbering as necessary.

By FALLON of Polk
HOLVECK of Polk

H-5938 FILED APRIL 11, 1996

Lost 4-11-96 (P. 1589)

HOUSE AMENDMENT TO
SENATE FILE 2464

S-5738

1 Amend Senate File 2464, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 4, by inserting after line 34 the
4 following:

5 "Sec. ____ . NEW SECTION. 358C.24 DISCLOSURE OF
6 SPECIAL ASSESSMENT.

7 The seller of property in a real estate improvement
8 district or a person acting on behalf of a seller
9 shall disclose the amount of any special assessment
10 under this chapter against the property during
11 negotiations for the sale of the property."

12 2. Page 12, line 1, by inserting after the word
13 "guidelines" the following: ", by limiting the tax
14 revenues to be deposited in the special fund from that
15 portion of the assessed value defined in section
16 403.19, subsection 2, of property assessed as
17 residential property, to the tax revenues from any
18 levy on the first two hundred thousand dollars of
19 improvements to each parcel of such residential
20 property. Any value of such property in excess of two
21 hundred thousand dollars shall be included in the
22 valuation defined in section 403.19, subsection 1,".

23 3. Page 12, line 1, by inserting after the word
24 "or" the following: "by providing".

25 4. Page 12, line 7, by striking the words
26 "twenty-five" and inserting the following: "ten".

27 5. Page 12, by striking lines 9 through 17 and
28 inserting the following:

29 "For a municipality with a population of fifteen
30 thousand or less, the amount to be provided for low
31 and moderate income family housing shall be the same
32 as for a municipality of over fifteen thousand in
33 population, except that a municipality of fifteen
34 thousand or less in population is not subject to the
35 requirement to provide not less than an amount equal
36 to ten percent of the original project cost for low
37 and moderate income family housing."

38 6. Page 13, by inserting after line 26 the
39 following:

40 "6. A municipality shall not prohibit or restrict
41 the construction of manufactured homes in any project
42 for which public improvements were finalized under
43 this section. As used in this subsection,
44 "manufactured home" means the same as under section
45 435.1, subsection 2."

46 7. By striking page 13, line 27, through page 19,
47 line 2.

48 8. Page 21, by inserting after line 29 the
49 following:

50 "Sec. ____ . NEW SECTION. 446.19A PURCHASE BY

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1 COUNTY OR CITY FOR LOW OR MODERATE INCOME HOUSING.

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

19 The city or county may sell the certificate of
20 purchase. Preference shall be given to purchasers who
21 are low or moderate income families or organizations
22 which assist low and moderate income families to
23 obtain housing. For the purpose of this section, "low
24 or moderate income families" has the same meaning as
25 in section 403.17. All persons who purchase
26 certificates under this section shall demonstrate the
27 intent to rehabilitate the property for habitation if
28 the property is not redeemed. In the alternative, the
29 county may, if title to the property has vested in the
30 county under section 447.9, dispose of the property in
31 accordance with section 331.361."

32 9. By striking page 21, line 35, through page 24,
33 line 13, and inserting the following:

34 "Sec. ____ . Section 16.100, Code 1995, is amended
35 by adding the following new subsection:

36 NEW SUBSECTION. 1A. a. Moneys transferred to the
37 housing improvement fund pursuant to section 428A.8,
38 subsection 1, paragraph "b", shall be distributed, on
39 a per capita basis according to the 1990 federal
40 census, to each county.

41 b. In order to receive moneys under this
42 subsection, a county shall be a member of a housing
43 council. The housing council shall consist of the
44 supervisors of the county and the mayor of each city
45 in the county, or their designees. A housing council
46 may represent more than one county and the cities
47 within each county and may be an entity formed under
48 chapter 28E or an entity under chapter 28H.

49 c. The function of the housing council shall be to
50 coordinate housing programs in the county including

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1 having housing needs assessments completed if not
2 already done, developing or coordinating a housing
3 plan approved by the department of economic
4 development, encouraging the formation of partnerships
5 with other governmental entities and public-private
6 partnerships regarding housing, and recommending
7 funding for projects under the housing plan from
8 moneys received under this subsection.

9 d. Moneys received under this subsection shall
10 only be used for housing programs which facilitate
11 housing development, including housing trust funds or
12 programs for the rehabilitation or construction of
13 housing. The cost of the housing needs assessment may
14 be paid from moneys received under this subsection.
15 Moneys not obligated for a project recommended by the
16 housing council within one year of transfer shall
17 revert to the general fund of the state.

18 e. Counties receiving moneys under this subsection
19 shall track the use of the funds by project, program,
20 or activity and shall provide a report to the
21 department of economic development and the Iowa
22 finance authority regarding the use of the funds by
23 December 15 of each year.

24 f. Moneys provided under this subsection shall not
25 be used to supplant funding for housing programs
26 provided by a city or county.

27 g. The authority shall adopt rules to administer
28 this subsection.

29 Sec. ____ . Section 428A.8, Code 1995, is amended to
30 read as follows:

31 428A.8 REMITTANCE TO STATE TREASURER -- PORTION
32 RETAINED IN COUNTY.

33 1. On or before the tenth day of each month the
34 county recorder shall determine and pay to the
35 treasurer of state eighty-two and three-fourths
36 percent of the receipts from the real estate transfer
37 tax collected during the preceding month and the
38 treasurer of state shall deposit ninety-five the
39 receipts as follows:

40 a. Twenty percent of the receipts in-the-general
41 fund-of-the-state-and-transfer-five-percent-of-the
42 receipts shall be transferred to the Iowa finance
43 authority for deposit in the housing improvement fund
44 created in section 16.100.

45 b. Of the remaining receipts, fifty percent shall
46 be deposited in the general fund of the state and
47 fifty percent shall be transferred to the Iowa finance
48 authority for deposit in the housing improvement fund
49 created in section 16.100 for the purposes of section
50 16.100, subsection 1A.

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1 2. The county recorder shall deposit the remaining
2 seventeen and one-fourth percent of the receipts in
3 the county general fund.

4 3. The county recorder shall keep records and make
5 reports with respect to the real estate transfer tax
6 as the director of revenue and finance prescribes."

7 10. Page 24, by striking lines 33 and 34 and
8 inserting the following:

9 "1. The board of supervisors of a county with a
10 population of less than twenty thousand may adopt an
11 ordinance providing that property acquired and
12 subdivided for development of".

13 11. Page 25, lines 1 and 2, by striking the words
14 "until a" and inserting the following: ". Each lot
15 shall continue to be taxed in the manner it was prior
16 to its acquisition for housing until the".

17 12. Page 25, by striking lines 7 and 8 and
18 inserting the following:

19 "2. The board of supervisors of a county with a
20 population of twenty thousand or more may adopt an
21 ordinance providing that property acquired and
22 subdivided for development of".

23 13. Page 25, lines 10 and 11, by striking the
24 words "until a" and inserting the following: ". Each
25 lot shall continue to be taxed in the manner it was
26 prior to its acquisition for housing until the".

27 14. Page 25, by striking lines 17 through 20 and
28 inserting the following:

29 "DIVISION 101

30 Sec. ____ . Section 404.2, subsection 2, paragraph
31 f, unnumbered paragraph 1, Code 1995, is amended to
32 read as follows:

33 A statement specifying whether the revitalization
34 is applicable to none, some, or all of the property
35 assessed as residential, agricultural, commercial or
36 industrial property within the designated area or a
37 combination thereof and whether the revitalization is
38 for rehabilitation and additions to existing buildings
39 or new construction or both. If revitalization is
40 made applicable only to some property within an
41 assessment classification, the definition of that
42 subset of eligible property must be by uniform
43 criteria which further some planning objective
44 identified in the plan. The city shall state how long
45 it is estimated that the area shall remain a
46 designated revitalization area which time shall be
47 longer than one year from the date of designation and
48 shall state any plan by the city to issue revenue
49 bonds for revitalization projects within the area.

50 ~~For a county, a revitalization area shall include only~~

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1 ~~property-which-will-be-used-as-industrial-property~~
2 ~~only.~~

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

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

24 Sec. _____. Section 404.5, Code 1995, is amended by
25 adding the following new unnumbered paragraph:

26 NEW UNNUMBERED PARAGRAPH. For the purposes of this
27 section, the actual value of the property upon which
28 the value of improvements in the form of
29 rehabilitation or additions to existing structures
30 shall be determined shall be the lower of either the
31 amount listed on the assessment rolls in the
32 assessment year in which such improvements are first
33 begun or the price paid by the owner if the
34 improvements in the form of rehabilitation or
35 additions to existing structures were begun within one
36 year of the date the property was purchased and the
37 sale was a fair and reasonable exchange between a
38 willing buyer and a willing seller, neither being
39 under any compulsion to buy or sell and each being
40 familiar with all the facts relating to the particular
41 property.

42 Sec. _____. APPLICABILITY. This amendment in this
43 division to section 404.5 applies to tax exemptions
44 granted under chapter 404 for improvements to real
45 property first begun on or after January 1, 1995.

46 DIVISION 102

47 Sec. _____. EFFECTIVE DATES. Divisions I, II, and
48 101 of this Act, being deemed of immediate importance,
49 take effect upon enactment. Division V of this Act
50 takes effect July 1, 1997."

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Page 6

- 1 15. Title page, line 3, by striking the word
- 2 "date" and inserting the following: "and
- 3 applicability dates".
- 4 16. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-5738 FILED APRIL 12, 1996

Senate Concurred 5/1/96 (p. 1565)

SENATE FILE 2464

S-5878

- 1 Amend the House amendment, S-5738, to Senate File
- 2 2464, as amended, passed, and reprinted by the Senate,
- 3 as follows:
- 4 1. By striking page 4, line 50, through page 5,
- 5 line 2, and inserting the following: "For a county, a
- 6 revitalization area shall include only property which
- 7 will be used as industrial property only, commercial
- 8 property, commercial property consisting of three or
- 9 more separate living quarters with at least seventy-
- 10 five percent of the space used for residential
- 11 purposes, or residential property. However, a county
- 12 shall not provide a tax exemption under this chapter
- 13 to commercial property, commercial property consisting
- 14 of three or more separate living quarters with at
- 15 least seventy-five percent of the space used for
- 16 residential purposes, or residential property which is
- 17 located within the limits of a city."

By MICHAEL E. GRONSTAL
O. GENE MADDOX
ALLEN BORLAUG

S-5878 FILED MAY 1, 1996

ADOPTED (p. 1565)

SENATE FILE 2464

S-5875

- 1 Amend the House amendment, S-5738, to Senate File
- 2 2464, as amended, passed, and reprinted by the Senate,
- 3 as follows:
- 4 1. By striking page 4, line 30, through page 5,
- 5 line 2.

By O. GENE MADDOX
ALLEN BORLAUG

S-5875 FILED MAY 1, 1996

WITHDRAWN (p. 1565)

SENATE FILE 2464

S-5873

1 Amend the House amendment, S-5738, to Senate File
2 2464, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by striking lines 7 through 22 and
5 inserting the following:

6 "A person interested in transferring real property
7 located in a district, or a broker or salesperson
8 acting on behalf of the person, shall disclose, in
9 accordance with chapter 558A, that the property is
10 located in a real estate improvement district and the
11 amount of any special assessment under this chapter
12 against the property."

13 _____. Page 5, by striking lines 15 through 20 and
14 inserting the following:

15 "Sec. _____. Section 558A.4, subsection 1, Code
16 1995, is amended to read as follows:

A 17 1. The disclosure statement shall include
18 information relating to the condition and important
19 characteristics of the property and structures located
20 on the property, including significant defects in the
21 structural integrity of the structure, as provided in
22 rules which shall be adopted by the real estate
23 commission pursuant to section 543B.9. The disclosure
24 statement shall also include whether the property is
25 located in a real estate improvement district and the
26 amount of any special assessment against the property
27 under chapter 358C. The rules may require the
28 disclosure to include information relating to the
29 property's zoning classification; the condition of
30 plumbing, heating, or electrical systems; or the
31 presence of pests.""

32 2. Page 1, by inserting after line 47 the
33 following:

34 "_____. Page 19, by inserting after line 7 the
35 following:

36 "Sec. _____. NEW SECTION. 364.12A CONDEMNATION OF
37 RESIDENTIAL BUILDINGS -- PUBLIC PURPOSE.

38 For the purposes of section 6A.4, subsection 6, a
39 city may condemn a residential building found to be a
40 public nuisance and take title to the property for the
41 public purpose of disposing of the property under
42 section 364.7 by conveying the property to a private
43 individual for rehabilitation or for demolition and
44 construction of housing.""

45 3. Page 2, line 38, by striking the letter ""b""
46 and inserting the following: ""a", for the purposes
47 of this paragraph".

48 4. Page 3, line 17, by striking the words
49 "general fund of the state" and inserting the
50 following: "housing improvement fund".

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Page 2

1 5. Page 3, line 40, by striking the words "Twenty
2 percent" and inserting the following: "Two-thirds
3 percent".

4 6. Page 3, line 44, by inserting after the figure
5 "16.100." the following: "Of the moneys transferred
6 under this paragraph, sixty percent shall be used in
7 accordance with section 16.100, subsection 1A, and
8 forty percent shall be used for the other purposes of
9 the housing improvement fund."

10 7. Page 3, by striking lines 45 through 50 and
11 inserting the following:

12 "b. One-third of the receipts shall be deposited
13 in the general fund of the state."

14 8. Page 4, by inserting after line 6 the
15 following:

16 "____. Page 24, line 21, by striking the figure
17 "403A" and inserting the following: "403".

18 _____. Page 24, line 28, by striking the figure
19 "403A" and inserting the following: "403"."

20 9. By striking page 4, line 50, through page 5,
21 line 2, and inserting the following: "For a county, a
22 revitalization area shall include only property which
23 will be used as industrial property ~~only~~, commercial
24 property, commercial property consisting of three or
25 more separate living quarters with at least seventy-
26 five percent of the space used for residential
27 purposes, or residential property."

28 10. Page 5, by inserting after line 45 the
29 following:

"DIVISION 201

31 Sec. _____. APPROPRIATION. There is appropriated
32 from the general fund of the state to the Iowa finance
33 authority for the fiscal year beginning July 1, 1995,
34 and ending June 30, 1996, the following amount, or so
35 much thereof as is necessary, to be used for the
36 purpose designated:

37 For assisting counties and cities in forming or
38 organizing housing councils:

39 \$ 1,000,000

40 Notwithstanding section 8.33, moneys remaining
41 unobligated or unexpended shall not revert but shall
42 remain available to the Iowa finance authority for the
43 purposes of this section for the fiscal year beginning
44 July 1, 1996, and ending June 30, 1997. Funds
45 remaining unobligated on June 30, 1997, shall be
46 transferred to the housing improvement fund created in
47 section 16.100."

48 11. Page 5, lines 47 and 48, by striking the word
49 and figure "and 101" and inserting the following:
50 "101, and 201".

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Page 3

1 12. By renumbering as necessary.

By MICHAEL E. GRONSTAL

A. Withdrawn 5/1/96 (P. 1565)

B. adopted 5/1/96 (P. 1558)

S-5873 FILED APRIL 30, 1996

SENATE AMENDMENT TO HOUSE AMENDMENT TO
SENATE FILE 2464

H-6064

1 Amend the House amendment, S-5738, to Senate File
2 2464, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by striking lines 7 through 22 and
5 inserting the following:

6 "A person interested in transferring real property
7 located in a district, or a broker or salesperson
8 acting on behalf of the person, shall disclose, in
9 accordance with chapter 558A, that the property is
10 located in a real estate improvement district and the
11 amount of any special assessment under this chapter
12 against the property."

13 _____. Page 5, by striking lines 15 through 20 and
14 inserting the following:

15 "Sec. _____. Section 558A.4, subsection 1, Code
16 1995, is amended to read as follows:

17 1. The disclosure statement shall include
18 information relating to the condition and important
19 characteristics of the property and structures located
20 on the property, including significant defects in the
21 structural integrity of the structure, as provided in
22 rules which shall be adopted by the real estate
23 commission pursuant to section 543B.9. The disclosure
24 statement shall also include whether the property is
25 located in a real estate improvement district and the
26 amount of any special assessment against the property
27 under chapter 358C. The rules may require the
28 disclosure to include information relating to the
29 property's zoning classification; the condition of
30 plumbing, heating, or electrical systems; or the
31 presence of pests.""

32 2. Page 1, by inserting after line 47 the
33 following:

34 "_____. Page 19, by inserting after line 7 the
35 following:

36 "Sec. _____. **NEW SECTION. 364.12A CONDEMNATION OF**
37 **RESIDENTIAL BUILDINGS -- PUBLIC PURPOSE.**

38 For the purposes of section 6A.4, subsection 6, a
39 city may condemn a residential building found to be a
40 public nuisance and take title to the property for the
41 public purpose of disposing of the property under
42 section 364.7 by conveying the property to a private
43 individual for rehabilitation or for demolition and
44 construction of housing.""

45 3. Page 2, line 38, by striking the letter ""b""
46 and inserting the following: ""a", for the purposes
47 of this paragraph".

48 4. Page 3, line 17, by striking the words
49 "general fund of the state" and inserting the
50 following: "housing improvement fund".

H-6064

- 1 5. Page 3, line 40, by striking the words "Twenty
- 2 percent" and inserting the following: "Two-thirds
- 3 percent".
- 4 6. Page 3, line 44, by inserting after the figure
- 5 "16.100." the following: "Of the moneys transferred
- 6 under this paragraph, sixty percent shall be used in
- 7 accordance with section 16.100, subsection 1A, and
- 8 forty percent shall be used for the other purposes of
- 9 the housing improvement fund."
- 10 7. Page 3, by striking lines 45 through 50 and
- 11 inserting the following:
- 12 "b. One-third of the receipts shall be deposited
- 13 in the general fund of the state."
- 14 8. Page 4, by inserting after line 6 the
- 15 following:
- 16 " . Page 24, line 21, by striking the figure
- 17 "403A" and inserting the following: "403".
- 18 " . Page 24, line 28, by striking the figure
- 19 "403A" and inserting the following: "403"."
- 20 9. By striking page 4, line 50, through page 5,
- 21 line 2, and inserting the following: "For a county, a
- 22 revitalization area shall include only property which
- 23 will be used as industrial property only, commercial
- 24 property, commercial property consisting of three or
- 25 more separate living quarters with at least seventy-
- 26 five percent of the space used for residential
- 27 purposes, or residential property. However, a county
- 28 shall not provide a tax exemption under this chapter
- 29 to commercial property, commercial property consisting
- 30 of three or more separate living quarters with at
- 31 least seventy-five percent of the space used for
- 32 residential purposes, or residential property which is
- 33 located within the limits of a city."
- 34 10. Page 5, by inserting after line 45 the
- 35 following:

"DIVISION 201

37 Sec. . APPROPRIATION. There is appropriated
38 from the general fund of the state to the Iowa finance
39 authority for the fiscal year beginning July 1, 1995,
40 and ending June 30, 1996, the following amount, or so
41 much thereof as is necessary, to be used for the
42 purpose designated:

43 For assisting counties and cities in forming or
44 organizing housing councils:

45 \$ 1,000,000

46 Notwithstanding section 8.33, moneys remaining
47 unobligated or unexpended shall not revert but shall
48 remain available to the Iowa finance authority for the
49 purposes of this section for the fiscal year beginning
50 July 1, 1996, and ending June 30, 1997. Funds

- 1 remaining unobligated on June 30, 1997, shall be
- 2 transferred to the housing improvement fund created in
- 3 section 16.100."
- 4 11. Page 5, lines 47 and 48, by striking the word
- 5 and figure "and 101" and inserting the following:
- 6 "101, and 201".
- 7 12. By renumbering as necessary.

RECEIVED FROM THE SENATE

Concurred 5/1/96 (P.2101)



OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD
GOVERNOR

May 30, 1996

RECEIVED

MAY 31 1996

LEGISLATIVE SERVICE
BUREAU

The Honorable Paul Pate
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit Senate File 2464, an act relating to housing development, including tax increment financing, providing for the assessment of certain property for tax purposes, and providing an effective and applicability dates.

Senate File 2464 is a significant accomplishment of the Seventy-Sixth General Assembly, containing many of the recommendations that I made to enhance the ability of local communities to provide for quality, affordable housing. Among other provisions, the bill expands the real estate improvement district program from six counties to the entire state, provides additional flexibility in Iowa's Tax Increment Financing (TIF) law for residential development and gives local governments a variety of tools to expedite the process of dealing with vacant or dilapidated housing stock. In addition, a \$1 million appropriation is provided to assist cities and counties in organizing housing councils to conduct housing needs assessments and develop pro-active housing strategies and actions tailored to the needs of the community. Together, this set of tools will enable local communities to eliminate what has been one of the state's most significant barriers to economic development.

Senate File 2464 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the items designated as Sections 33 and 34, in their entirety. Beginning in fiscal year 1998, Section 34 would divert \$5.1 million from the general fund into the housing improvement fund, and Section 33 specifies how a portion of these new funds are to be spent. If the General

The Honorable Paul Pate
May 30, 1996
Page 2

Assembly wishes to enhance spending for housing, it should do so in a straightforward manner through a general fund appropriation rather than through an earmarking of receipts. Because these sections would not take effect until fiscal year 1998, this item veto will have no impact on our ability to address housing needs this year.

For the above reasons, I respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2464 are hereby approved as of this date.

Sincerely,



Terry E. Branstad
Governor

TEB/ps

cc: Secretary of the Senate
Chief Clerk of the House

SENATE FILE 2464

AN ACT

RELATING TO HOUSING DEVELOPMENT, INCLUDING TAX INCREMENT FINANCING, PROVIDING FOR THE ASSESSMENT OF CERTAIN PROPERTY FOR TAX PURPOSES, AND PROVIDING AN EFFECTIVE AND APPLICABILITY DATES.

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

DIVISION I

Section 1. Section 358C.1, subsection 2, paragraphs c and d, Code Supplement 1995, are amended to read as follows:

c. "Cost" of a public improvement includes the cost of engineering, preliminary reports, property valuations, estimates, plans, specifications, notices, legal services, acquisition of land, consequential damages, easements, rights-of-way, construction, repair, supervision, inspection, testing, notices and publication, interest during construction and for not more than six twelve months thereafter, and printing and sale of bonds.

d. "District" means a real estate improvement district as created in this chapter, ~~in a county designated as a pilot county under section 358C.2~~. A real estate improvement district shall not be created after June 30, 2000.

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

6. The petition shall propose the names of three or more trustees who shall be owners of real estate in the proposed district or the designees of owners of property in the proposed district, to serve as a board of trustees until their successors are elected and qualified if the district is organized. The board of trustees shall only carry out those purposes which are authorized in this chapter and listed in the petition. Each person proposed as a trustee shall

disclose whether the person has any financial interest in any business which is or may be a developer or contractor for public improvements within the proposed real estate improvement district and the extent of the person's land ownership in the district, if any.

Sec. 3. Section 358C.4, subsection 2, paragraph i, Code Supplement 1995, is amended to read as follows:

i. Street Clearing, stripping, grubbing, earthwork, erosion control, lot grading, street grading, paving, graveling, macadamizing, curbing, guttering, and surfacing with oil and gravel or chloride.

Sec. 4. Section 358C.10, Code Supplement 1995, is amended by adding the following new subsection:

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

Sec. 5. Section 358C.13, Code Supplement 1995, is amended by adding the following new subsections:

NEW SUBSECTION. 1A. The board of trustees shall maintain the official records of the district, which shall include information regarding the service of any indebtedness of the district, including special assessment bonds. The board shall report annually on the progress of the district in retiring indebtedness.

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

NEW SUBSECTION. 6. The board of trustees shall not prohibit or restrict the construction of manufactured homes in a real estate improvement district. As used in this

subsection, "manufactured home" has the same meaning as under section 435.1, subsection 2.

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

Sec. 6. Section 358C.16, subsection 4, Code Supplement 1995, is amended to read as follows:

4. The proceeds of any bond issue made under this section shall be used only for the cost of public improvements as specified in section sections 358C.1 and 358C.4. Proceeds from the bond issue may also be used for the payment of special assessment deficiencies. The bonds shall be payable in not more than forty annual installments and with interest at a rate not exceeding that permitted by chapter 74A, and shall be made payable at the place and be of the form as the board of trustees shall by resolution designate. A district issuing bonds as authorized in this section is granted authority to pledge the future avails of a tax levy to the payment of the principal and interest of the bonds after the same come due, and the power to impose and certify the levy is granted to the trustees of real estate improvement districts organized under this chapter.

Sec. 7. Section 358C.17, subsection 1, Code Supplement 1995, is amended to read as follows:

1. The board of trustees of a real estate improvement district may provide for payment of all or any portion of the costs of a public improvement as specified in section sections 358C.1 and 358C.4, by assessing all, or any portion of, the costs on adjacent property according to the benefits derived. For the purposes of this chapter, the board of trustees may define "adjacent property" as all that included within a designated benefited district to be fixed by the board, which may be all of the property located within the real estate

improvement district or any lesser portion of that property. It is not a valid objection to a special assessment that the improvement for which the assessment is levied is outside the limits of the district, but a special assessment shall not be made upon property situated outside of the district. Special assessments pursuant to this section shall be in proportion to the special benefits conferred upon the property, and not in excess of the benefits. The value of a property is the present fair market value of the property with the proposed public improvements completed. Payment of installments of a special assessment against property shall be made in the same manner and under the same procedures as provided in chapter 384 for special assessments by cities. Notwithstanding the provisions of section 384.62, the combined assessments against any lot for public improvements included in the petition creating the housing development district or as authorized in section 358C.4 shall not exceed the valuation of that lot as established by section 384.46.

Sec. 8. Section 358C.17, Code Supplement 1995, is amended by adding the following new subsections:

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

NEW SUBSECTION. 5. Notwithstanding section 384.65, subsection 5, a district shall have a lien on the benefited property only in the amount of special assessment installments that have come due but have not been paid. The district shall not have a lien for the total amount of the special assessment originally levied against the benefited property. A lien, including, but not limited to, a lien for a mortgage for the construction or the purchase of housing on property benefited by improvements and against which a special assessment is levied under this chapter, shall have precedence over a special assessment which has been levied by the district but is not due. A district's lien shall only be in the amount of

installments whose due dates have passed without payment, along with all interest and penalties on the delinquent installments. The district's lien for delinquent installments, interest, and penalties shall have equal precedence with ordinary taxes and shall not be divested by judicial sale. Any remaining special assessment installments that have not become due shall not be divested by judicial sale and shall become a lien when the special assessment installments become due.

Sec. 9. NEW SECTION. 358C.24 DISCLOSURE OF SPECIAL ASSESSMENT.

A person interested in transferring real property located in a district, or a broker or salesperson acting on behalf of the person, shall disclose, in accordance with chapter 558A, that the property is located in a real estate improvement district and the amount of any special assessment under this chapter against the property.

Sec. 10. NEW SECTION. 368.24 NOTIFICATION TO PUBLIC UTILITIES.

Notwithstanding any other provision of law to the contrary, any city that annexes territory shall provide written notification consisting of a legal description and map of the annexed territory, each street address within the annexed area, where possible, a statement containing the effective date of the annexation and a copy of the order, resolution, or ordinance proclaiming the annexation to all public utilities operating in the annexed area. If the notification of the annexation is provided to a public utility less than sixty days prior to the effective date of the annexation, the public utility shall have sixty days from the date of notification to adjust its tax and accounting records to reflect the annexation for any tax purpose.

Sec. 11. Section 558A.4, subsection 1, Code 1995, is amended to read as follows:

1. The disclosure statement shall include information relating to the condition and important characteristics of the property and structures located on the property, including significant defects in the structural integrity of the structure, as provided in rules which shall be adopted by the real estate commission pursuant to section 543B.9. The disclosure statement shall also include whether the property is located in a real estate improvement district and the amount of any special assessment against the property under chapter 358C. The rules may require the disclosure to include information relating to the property's zoning classification; the condition of plumbing, heating, or electrical systems; or the presence of pests.

Sec. 12. Section 358C.2, Code Supplement 1995, is repealed.

DIVISION II

Sec. 13. Section 403.2, subsection 3, Code 1995, is amended to read as follows:

3. It is further found and declared that there exists in this state the continuing need for programs to alleviate and prevent conditions of unemployment and a shortage of housing; and that it is accordingly necessary to assist and retain local industries and commercial enterprises to strengthen and revitalize the economy of this state and its municipalities; that accordingly it is necessary to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in locating, purchasing, constructing, reconstructing, modernizing, improving, maintaining, repairing, furnishing, equipping, and expanding in this state and its municipalities, for the provision of public improvements related to housing and residential development, and for the provision construction of housing and residential development for low and moderate income families; that accordingly it is necessary to authorize local governing bodies to designate areas of a municipality as economic

development areas for commercial and industrial enterprises, public improvements related to housing and residential development, or construction of housing and residential development for low and moderate income families; and that it is also necessary to encourage the location and expansion of commercial enterprises to more conveniently provide needed services and facilities of the commercial enterprises to municipalities and the residents of the municipalities. Therefore, the powers granted in this chapter constitute the performance of essential public purposes for this state and its municipalities.

Sec. 14. Section 403.5, subsection 2, unnumbered paragraph 1, Code 1995, is amended to read as follows:

The municipality may itself prepare or cause to be prepared an urban renewal plan; or any person or agency, public or private, may submit such a plan to a municipality. Prior to its approval of an urban renewal plan, the local governing body shall submit such plan to the planning commission of the municipality, if any, for review and recommendations as to its conformity with the general plan for the development of the municipality as a whole. The planning commission shall submit its written recommendations with respect to the proposed urban renewal plan to the local governing body within thirty days after receipt of the plan for review. Upon receipt of the recommendations of the planning commission or, if no recommendations are received within the thirty days, then, without such recommendations, the local governing body may proceed with the hearing on the proposed urban renewal project plan prescribed by subsection 3.

Sec. 15. Section 403.5, subsection 3, Code 1995, is amended to read as follows:

3. The local governing body shall hold a public hearing on an urban renewal project plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the municipality. The notice shall

describe the time, date, place and purpose of the hearing, shall generally identify the urban renewal area covered by the plan, and shall outline the general scope of the urban renewal project activities under consideration. A copy of the notice shall be sent by ordinary mail to each affected taxing entity.

Sec. 16. Section 403.5, subsection 4, paragraph b, subparagraph (1), Code 1995, is amended to read as follows:

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

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

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

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

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

Sec. 17. Section 403.6, Code 1995, is amended by adding the following new unnumbered paragraph:

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

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

NEW UNNUMBERED PARAGRAPH. Before the local governing body may institute proceedings for the issuance of bonds under this section, a notice of the proposed action, including a statement of the amount and purposes of the bonds and the time and place of the meeting at which the local governing body proposes to take action for the issuance of the bonds, must be published as provided in section 362.3. At the meeting, the local governing body shall receive oral or written objections from any resident or property owner of the municipality. After all objections have been received and considered, the local governing body, at that meeting or any subsequent meeting, may take additional action for the issuance of the bonds or abandon the proposal to issue the bonds. Any resident or property owner of the municipality may appeal the decision of the local governing body to take additional action to the district court of the county in which any part of the municipality is located, within fifteen days after the additional action is taken. The additional action of the local governing body is final and conclusive unless the court finds that the municipality exceeded its authority.

Sec. 19. Section 403.9, subsection 4, Code 1995, is amended to read as follows:

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

Sec. 20. Section 403.10, Code 1995, is amended to read as follows:

403.10 BONDS AS LEGAL INVESTMENT.

All banks, trust companies, building and loan associations, savings and loan associations, investment companies and other persons carrying on an investment business; all insurance companies, insurance associations, and other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other fiduciaries, may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds or other obligations issued by a municipality pursuant to this chapter, or those issued by any urban renewal agency vested with urban renewal project powers under section 403.14. ~~Provided, that such bonds and other obligations shall be secured by an agreement between the issuer and the federal government, in which the issuer agrees to borrow from the federal government and the federal government agrees to lend to the issuer, prior to the maturity of such bonds or other obligations, moneys in an amount which, together with any other moneys irrevocably committed to the payment of interest on such bonds or other obligations, will suffice to pay the principal of such bonds or other obligations with interest to maturity thereon, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such bonds or other obligations at their maturity.~~ Such bonds and other obligations shall be authorized security for all public deposits. It is the purpose of this section to authorize any persons, political subdivisions and officers, public or private, to use any funds owned or controlled by them for the purchase of any such bonds or other obligations. Nothing contained in this section with regard to legal investments shall be construed as relieving any person of any duty of exercising reasonable care in selecting securities.

Sec. 21. Section 403.17, subsection 9, Code 1995, is amended to read as follows:

9. "Economic development area" means an area of a municipality designated by the local governing body as

appropriate for commercial and industrial enterprises, public improvements related to housing and residential development, or construction of housing and residential development for low and moderate income families, including single or multifamily housing. If an urban renewal plan for an urban renewal area is based upon a finding that the area is an economic development area and that no part contains slum or blighted conditions, then the division of revenue provided in section 403.19 and stated in the plan shall be limited to twenty years from the calendar year following the calendar year in which the city first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of revenue provided in section 403.19. Such area designated before July 1, 1994, shall not include land which is part of a century farm.

Sec. 22. Section 403.19, subsection 2, Code 1995, is amended to read as follows:

2. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of section 403.9, subsection 1, incurred by the municipality to finance or refinance, in whole or in part, an urban renewal project within the area, and to provide assistance for low and moderate income family housing as provided in section 403.22, except that taxes for the payment of bonds and interest of each taxing district must be collected against all taxable property within the taxing district without limitation by the provisions of this subsection. Unless and until the total assessed valuation of the taxable property in an urban renewal area exceeds the total assessed value of the taxable property in such area as shown by the last equalized assessment roll referred to in subsection 1, all of the taxes levied and collected upon the

taxable property in the urban renewal area shall be paid into the funds for the respective taxing districts as taxes by or for the taxing districts in the same manner as all other property taxes. When such loans, advances, indebtedness, and bonds, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in such urban renewal area shall be paid into the funds for the respective taxing districts in the same manner as taxes on all other property.

Sec. 23. Section 403.19, subsection 7, Code 1995, is amended by striking the subsection.

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

1. With respect to any urban renewal area established upon the determination that the area is an economic development area, a division of revenue as provided in section 403.19 shall not be allowed for the purpose of providing or aiding in the provision of public improvements related to housing and residential development, unless the municipality assures that the project will include assistance for low and moderate income family housing. For a municipality with a population over fifteen thousand, the amount to be provided for low and moderate income family housing for such projects shall be either equal to or greater than the percentage of the original project cost that is equal to the percentage of low and moderate income residents for the county in which the urban renewal area is located as determined by the United States department of housing and urban development using section 8 guidelines or by providing such other amount as set out in a plan adopted by the municipality and approved by the Iowa department of economic development if the municipality can show that it cannot undertake the project if it has to meet the low and moderate income assistance requirements. However, the amount provided for low and moderate income family housing

for such projects shall not be less than an amount equal to ten percent of the original project cost.

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

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

- a. Lots for low and moderate income housing within or outside the urban renewal area.
- b. Construction of low and moderate income housing within or outside the urban renewal area.
- c. Grants, credits or other direct assistance to low and moderate income families living within or outside the urban renewal area, but within the area of operation of the municipality.
- d. Payments to a low and moderate income housing fund established by the municipality to be expended for one or more of the above purposes, including matching funds for any state or federal moneys used for such purposes.

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

- a. Proceeds from loans, advances, bonds or indebtedness incurred.
- b. Annual distributions from the division of revenues pursuant to section 403.19 related to the urban renewal area.
- c. Lump sum or periodic direct payments from developers or other private parties under an agreement for development or redevelopment between the municipality and a developer.
- d. Any other sources which are legally available for this purpose.

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

5. Except for a municipality with a population under fifteen thousand, the division of the revenue under section 403.19 for each project under this section shall be limited to tax collections for ten fiscal years beginning with the second fiscal year after the year in which the municipality first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of the revenue in connection with the project. A municipality with a population under fifteen thousand may, with the approval of the governing bodies of all other affected taxing districts, extend the division of revenue under section 403.19 for up to five years if necessary to adequately fund the project. The portion of the urban renewal area which is involved in a project under this section shall not be subject to any subsequent division of revenue under section 403.19.

6. A municipality shall not prohibit or restrict the construction of manufactured homes in any project for which public improvements were finalized under this section. As used in this subsection, "manufactured home" means the same as under section 435.1, subsection 2.

DIVISION III

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

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

Sec. 26. NEW SECTION. 364.12A CONDEMNATION OF RESIDENTIAL BUILDINGS -- PUBLIC PURPOSE.

For the purposes of section 6A.4, subsection 6, a city may condemn a residential building found to be a public nuisance and take title to the property for the public purpose of disposing of the property under section 364.7 by conveying the

property to a private individual for rehabilitation or for demolition and construction of housing.

Sec. 27. Section 657A.1, subsections 1, 3, and 4, Code 1995, are amended to read as follows:

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

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

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

Sec. 28. Section 657A.2, subsections 1 and 2, Code 1995, are amended to read as follows:

1. A petition for abatement under this chapter may be filed in the district court of the county in which the property is located, by the city in which the property is located, by the county if the property is located outside the limits of a city, a neighboring landowner, or a duly organized nonprofit corporation which has as one of its goals the

improvement of housing conditions in the county or city in which the property in question is located. Service on the owner shall be by personal service or by certified mail, or if service cannot be made by either method, by posting the notice in a conspicuous place on the building and by publication.

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

Sec. 29. Section 657A.4, Code 1995, is amended to read as follows:

657A.4 APPOINTMENT OF RECEIVER.

After conducting a hearing pursuant to section 657A.3, the court may appoint a receiver to take possession and control of the property in question. A person shall not be appointed as a receiver unless the person has first provided the court with a viable financial and construction plan for the rehabilitation of the property in question and has demonstrated the capacity and expertise to perform the required work in a satisfactory manner. The appointed receiver may be a financial institution that possesses an interest of record in the property, a nonprofit corporation that is duly organized and exists for the primary purpose of improving housing conditions in the county or city in which the property in question is located, or any person deemed qualified by the court. No part of the net earnings of a nonprofit corporation serving as a receiver under this section

c. The function of the housing council shall be to coordinate housing programs in the county including having housing needs assessments completed if not already done, developing or coordinating a housing plan approved by the department of economic development, encouraging the formation of partnerships with other governmental entities and public-private partnerships regarding housing, and recommending funding for projects under the housing plan from moneys received under this subsection.

d. Moneys received under this subsection shall only be used for housing programs which facilitate housing development, including housing trust funds or programs for the rehabilitation or construction of housing. The cost of the housing needs assessment may be paid from moneys received under this subsection. Moneys not obligated for a project recommended by the housing council within one year of transfer shall revert to the housing improvement fund.

e. Counties receiving moneys under this subsection shall track the use of the funds by project, program, or activity and shall provide a report to the department of economic development and the Iowa finance authority regarding the use of the funds by December 15 of each year.

f. Moneys provided under this subsection shall not be used to supplant funding for housing programs provided by a city or county.

g. The authority shall adopt rules to administer this subsection.

Sec. 34. Section 428A.8, Code 1995, is amended to read as follows:

428A.8 REMITTANCE TO STATE TREASURER -- PORTION RETAINED IN COUNTY.

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

Retained
Retained

and the treasurer of state shall deposit ninety-five the receipts as follows:

a. Two-thirds percent of the receipts in the general fund of the state and transfer five percent of the receipts shall be transferred to the Iowa finance authority for deposit in the housing improvement fund created in section 16.100. Of the moneys transferred under this paragraph, sixty percent shall be used in accordance with section 16.100, subsection 1A, and forty percent shall be used for the other purposes of the housing improvement fund.

b. One-third of the receipts shall be deposited in the general fund of the state.

2. The county recorder shall deposit the remaining seventeen and one-fourth percent of the receipts in the county general fund.

3. The county recorder shall keep records and make reports with respect to the real estate transfer tax as the director of revenue and finance prescribes.

DIVISION VI

Sec. 35. Section 331.441, subsection 2, paragraph b, subparagraph (10), Code Supplement 1995, is amended to read as follows:

(10) The establishment or funding of programs to provide for or assist in providing for the acquisition, restoration, or demolition of housing, as part of a municipal housing project under chapter 403 or otherwise, or for other purposes as may be authorized under chapter 403A.

Sec. 36. Section 384.24, subsection 3, paragraph u, Code 1995, is amended to read as follows:

u. The establishment or funding of programs to provide for or assist in providing for the acquisition, restoration, or demolition of housing, as part of a municipal housing project under chapter 403 or otherwise, or for other purposes as may be authorized under chapter 403A.

DIVISION VII

shall benefit a private shareholder or individual. Membership on the board of trustees of a nonprofit corporation does not constitute the holding of a public office or employment and is not an interest, either direct or indirect, in a contract or expenditure of money by a city or county. No member of a board of trustees of a nonprofit corporation appointed as receiver is disqualified from holding public office or employment, nor is a member required to forfeit public office or employment by reason of the membership on the board of trustees.

DIVISION IV

Sec. 30. Section 331.361, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. An interest in real property which is assessed for taxation as residential or commercial multifamily property may be disposed of through a public request for proposal process. A proposal submitted pursuant to this section shall state the housing use planned by the person submitting the proposal. The board shall publish the proposals in a notice of the time and place of a public hearing on the proposals, in accordance with section 331.305. After the public hearing, the board may choose by resolution from among the proposals submitted or may reject all proposals and submit a new request for proposals.

Sec. 31. NEW SECTION. 446.19A PURCHASE BY COUNTY OR CITY FOR LOW OR MODERATE INCOME HOUSING.

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

Item returned

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

The city or county may sell the certificate of purchase. Preference shall be given to purchasers who are low or moderate income families or organizations which assist low and moderate income families to obtain housing. For the purpose of this section, "low or moderate income families" has the same meaning as in section 403.17. All persons who purchase certificates under this section shall demonstrate the intent to rehabilitate the property for habitation if the property is not redeemed. In the alternative, the county may, if title to the property has vested in the county under section 447.9, dispose of the property in accordance with section 331.361.

Sec. 32. Section 569.8, subsection 1, Code 1995, is amended to read as follows:

1. Disposition by a county of a parcel acquired by tax deed shall comply with section 331.361, subsection 2 or 2A.

DIVISION V

Sec. 33. Section 16.100, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. a. Moneys transferred to the housing improvement fund pursuant to section 428A.8, subsection 1, paragraph "a", for the purposes of this paragraph, shall be distributed, on a per capita basis according to the 1990 federal census, to each county.

b. In order to receive moneys under this subsection, a county shall be a member of a housing council. The housing council shall consist of the supervisors of the county and the mayor of each city in the county, or their designees. A housing council may represent more than one county and the cities within each county and may be an entity formed under chapter 28E or an entity under chapter 28H.

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Sec. 37. NEW SECTION. 404A.1 HOUSING DEVELOPMENT -- TAX STATUS -- LIMITATION.

1. The board of supervisors of a county with a population of less than twenty thousand may adopt an ordinance providing that property acquired and subdivided for development of housing shall continue to be assessed for taxation in the manner that it was prior to the acquisition for housing. Each lot shall continue to be taxed in the manner it was prior to its acquisition for housing until the lot is sold for construction or occupancy of housing or five years from the date of subdivision, whichever is shorter. Upon the sale or the expiration of the five-year period, the property shall be assessed for taxation as residential or commercial multifamily property, whichever is applicable.

2. The board of supervisors of a county with a population of twenty thousand or more may adopt an ordinance providing that property acquired and subdivided for development of housing shall continue to be assessed for taxation in the manner that it was prior to the acquisition for housing. Each lot shall continue to be taxed in the manner it was prior to its acquisition for housing until the lot is sold for construction or occupancy of housing or three years from the date of subdivision, whichever is shorter. Upon the sale or the expiration of the three-year period, the property shall be assessed for taxation as residential or commercial multifamily property, whichever is applicable.

DIVISION VIII

Sec. 38. Section 404.2, subsection 2, paragraph f, unnumbered paragraph 1, Code 1995, is amended to read as follows:

A statement specifying whether the revitalization is applicable to none, some, or all of the property assessed as residential, agricultural, commercial or industrial property within the designated area or a combination thereof and whether the revitalization is for rehabilitation and additions

to existing buildings or new construction or both. If revitalization is made applicable only to some property within an assessment classification, the definition of that subset of eligible property must be by uniform criteria which further some planning objective identified in the plan. The city shall state how long it is estimated that the area shall remain a designated revitalization area which time shall be longer than one year from the date of designation and shall state any plan by the city to issue revenue bonds for revitalization projects within the area. For a county, a revitalization area shall include only property which will be used as industrial property only, commercial property, commercial property consisting of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes, or residential property. However, a county shall not provide a tax exemption under this chapter to commercial property, commercial property consisting of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes, or residential property which is located within the limits of a city.

Sec. 39. Section 404.2, subsection 6, Code 1995, is amended to read as follows:

6. The city or county has adopted the proposed or amended plan for the revitalization area after the requisite number of hearings. The city or county may subsequently amend this plan after a hearing. Notice of the hearing shall be published as provided in section 362.3 or 331.305, except that at least seven days' notice must be given and the public hearing shall not be held earlier than the next regularly scheduled city council or board of supervisors meeting following the published notice. A city which has adopted a plan for a revitalization area which covers all property within the city limits may amend that plan at any time, pursuant to this section, to include property which has been or will be annexed

to the city. The provisions of the original plan shall be applicable to the property which is annexed and the property shall be considered to have been part of the revitalization area as of the effective date of its annexation to the city.

Sec. 40. Section 404.5, Code 1995, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the purposes of this section, the actual value of the property upon which the value of improvements in the form of rehabilitation or additions to existing structures shall be determined shall be the lower of either the amount listed on the assessment rolls in the assessment year in which such improvements are first begun or the price paid by the owner if the improvements in the form of rehabilitation or additions to existing structures were begun within one year of the date the property was purchased and the sale was a fair and reasonable exchange between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and each being familiar with all the facts relating to the particular property.

Sec. 41. APPLICABILITY. This amendment in this division to section 404.5 applies to tax exemptions granted under chapter 404 for improvements to real property first begun on or after January 1, 1995.

DIVISION IX

Sec. 42. APPROPRIATION. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For assisting counties and cities in forming or organizing housing councils:

..... \$ 1,000,000

Notwithstanding section 8.33, moneys remaining unobligated or unexpended shall not revert but shall remain available to the Iowa finance authority for the purposes of this section

for the fiscal year beginning July 1, 1996, and ending June 30, 1997. Funds remaining unobligated on June 30, 1997, shall be transferred to the housing improvement fund created in section 16.100.

DIVISION X

Sec. 43. EFFECTIVE DATES. Divisions I, II, VIII, and IX of this Act, being deemed of immediate importance, take effect upon enactment. Division V of this Act takes effect July 1, 1997.

LEONARD L. BOSWELL
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2464, Seventy-sixth General Assembly.

Item veto
5/30
Approved _____, 1996

JOHN F. DWYER
Secretary of the Senate

TERRY E. BRANSTAD
Governor