

S-4/23/97 approp.

# REPRINTED

APR 22 1997

APPROPRIATIONS CALENDAR

HOUSE FILE

732

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HF 723)

(SUCCESSOR TO HF 648)

Passed House, Date 4/22/97

Passed Senate, Date 4/25/97 (P.1466)

Vote: Ayes 96 Nays 2

Vote: Ayes 46 Nays 0

Approved May 29, 1997

## A BILL FOR

1 An Act relating to housing development and making an  
2 appropriation.

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

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HF 732

1 Section 1. Section 15.108, Code 1997, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 11. HOUSING DEVELOPMENT. a. To provide  
4 assistance to local governments, housing organizations,  
5 economic development groups, and other local entities to  
6 increase the development of housing in the state and to  
7 improve the quality of existing housing in order to maximize  
8 the effects of other economic development efforts.

9 b. To carry out this responsibility, the department shall:

10 (1) Provide housing needs assessments.

11 (2) Provide a one-stop source, in coordination with other  
12 agencies of the state, for housing development assistance.

13 (3) Establish programs which assist communities or local  
14 entities in developing housing to meet a range of community  
15 needs, including programs to assist homeless shelter  
16 operations and programs to assist in the development of  
17 housing to enhance economic development opportunities in the  
18 community.

19 Sec. 2. NEW SECTION. 15.351 SHORT TITLE.

20 This part shall be known and may be cited as the "Local  
21 Housing Assistance Program".

22 Sec. 3. NEW SECTION. 15.352 PURPOSE.

23 The purpose of this part is to assist communities on a  
24 cooperative basis to address the housing development needs in  
25 the communities in order to better position the communities  
26 for economic development or to meet housing needs arising as a  
27 result of other economic development efforts in the area.  
28 Assistance may be either technical or financial and shall be  
29 provided pursuant to rules established by the department in  
30 accordance with the provisions of this part and be coordinated  
31 with existing housing assessment and assistance programs when  
32 feasible.

33 Sec. 4. NEW SECTION. 15.353 PROGRAM.

34 The department shall establish the local housing assistance  
35 program in coordination with the Iowa finance authority to

1 effectuate the purposes of this part, subject to the following  
2 provisions:

3 1. The department shall provide financial assistance on a  
4 competitive basis for housing projects. Requests for  
5 assistance for housing projects may be made by a city, county,  
6 housing trust fund, local housing organization, recognized  
7 neighborhood organization, economic development organization,  
8 or other entity or by a local housing group on behalf of a  
9 local entity. To be eligible to receive assistance, a housing  
10 needs assessment must have been completed for the community in  
11 which the project will be undertaken within the five years  
12 prior to the date of the application.

13 2. The department shall also provide technical assistance  
14 to local housing groups or entities. Technical assistance  
15 provided under the program shall be coordinated with existing  
16 departmental programs or resources and existing programs or  
17 resources of the Iowa finance authority, to the extent  
18 feasible.

19 3. A local housing group which applies to the department  
20 on behalf of a local entity shall not directly administer a  
21 project receiving financial assistance under the program. The  
22 project shall be administered by the entity for which the  
23 local housing group made the application.

24 4. In reviewing applications for financial assistance, the  
25 department shall consider a variety of factors including, but  
26 not limited to, the following:

27 a. Whether the project is consistent with the  
28 recommendations of the housing needs assessment.

29 b. Whether the need for the project arose as a result of  
30 economic development efforts or opportunities not reflected in  
31 the housing needs assessment. When considering projects not  
32 consistent with the housing needs assessment, the department  
33 shall consider whether failure to fund the project will cause  
34 the economic development activity necessitating the project to  
35 fail.

1 c. Whether the local housing group or entity has adopted a  
2 comprehensive housing plan for the community in which the  
3 project will be undertaken.

4 d. The extent to which financial assistance under the  
5 program will leverage local or private matching funds or  
6 financial assistance or other state or federal financial  
7 assistance.

8 5. As used in this part:

9 a. "Community" means a city or county, or an entity  
10 established pursuant to chapter 28E.

11 b. "Local housing group" means an entity organized to  
12 represent community housing development interest.

13 Sec. 5. NEW SECTION. 15.354 LOCAL HOUSING ASSISTANCE  
14 PROGRAM FUND.

15 1. The local housing assistance program fund is created  
16 consisting of one million dollars appropriated from the  
17 rebuild Iowa infrastructure fund each fiscal year starting  
18 with the fiscal year beginning July 1, 1997, and ending June  
19 30, 1998, and ending with the fiscal year beginning July 1,  
20 2001, and ending June 30, 2002, notwithstanding section 8.57,  
21 subsection 5, paragraph "c", and any other moneys appropriated  
22 to or received by the department for deposit in the fund.

23 2. Payments of interest, recaptures of awards, or other  
24 repayments to the fund shall be deposited in the fund. Moneys  
25 in the local housing assistance program fund are not subject  
26 to section 8.33.

27 3. The fund is subject to an annual audit by the auditor  
28 of state. Moneys in the fund, which may be subject to  
29 warrants written by the director of revenue and finance, shall  
30 be drawn upon the written requisition of the director of the  
31 department of economic development or an authorized  
32 representative of the director.

33 Sec. 6. Section 16.91, subsection 1, Code 1997, is amended  
34 to read as follows:

35 1. The authority through the title guaranty division shall

1 initiate and operate a program in which the division shall  
2 offer guaranties of real property titles in this state. The  
3 terms, conditions and form of the guaranty contract shall be  
4 forms approved by the division board. The division shall fix  
5 a charge for the guaranty in an amount sufficient to permit  
6 the program to operate on a self-sustaining basis, including  
7 payment of administrative costs and the maintenance of an  
8 adequate reserve against claims under the title guaranty  
9 program. A title guaranty fund is created in the office of  
10 the treasurer of state. Funds collected under this program  
11 shall be placed in the title guaranty fund and are available  
12 to pay all claims, necessary reserves and all administrative  
13 costs of the title guaranty program. Moneys in the fund shall  
14 not revert to the general fund and interest on the moneys in  
15 the fund shall be ~~retained-as-a-part-of-the-fund~~ transferred  
16 to the department of economic development for deposit in the  
17 local housing assistance program fund established in section  
18 15.354 and shall not accrue to the general fund. If the  
19 authority board in consultation with the division board  
20 determines that there are surplus funds in the title guaranty  
21 fund after providing for adequate reserves and operating  
22 expenses of the division, the surplus funds shall be  
23 transferred to the housing program fund created pursuant to  
24 section 16.40.

25 Sec. 7. Section 103A.10, subsection 4, paragraph a, Code  
26 1997, is amended to read as follows:

27 a. Provisions of the state building code establishing  
28 thermal efficiency energy conservation standards shall be  
29 applicable to all new construction owned by the state, an  
30 agency of the state or a political subdivision of the state,  
31 to all new construction located in a governmental subdivision  
32 which has adopted ~~either the state building code, or a local~~  
33 ~~building-code-or-compilation-of-requirements-for-building~~  
34 ~~construction~~ and to all other new construction in the state  
35 which will contain more than one hundred thousand cubic feet

1 of enclosed space that is heated or cooled.

2 Sec. 8. Section 103A.10, Code 1997, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. 5. Provisions of the state building code  
5 establishing thermal efficiency energy conservation standards  
6 shall not apply to new construction which is not owned by a  
7 governmental subdivision, and which contains less than one  
8 hundred thousand cubic feet of enclosed space that is heated  
9 or cooled, and which is located in a governmental subdivision  
10 that has adopted its own thermal efficiency energy  
11 conservation standards.

12 Sec. 9. Section 404.1, Code 1997, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 5. An area designated as appropriate for  
15 public improvements related to housing and residential  
16 development, or construction of housing and residential  
17 development, including single or multifamily housing.

18 Sec. 10. NEW SECTION. 404.3A RESIDENTIAL DEVELOPMENT  
19 AREA EXEMPTION.

20 Notwithstanding the schedules provided for in section  
21 404.3, all qualified real estate assessed as residential  
22 property in an area designated under section 404.1, subsection  
23 5, is eligible to receive an exemption from taxation on the  
24 first seventy-five thousand dollars of actual value added by  
25 the improvements. The exemption is for a period of five  
26 years.

27 Sec. 11. Section 543B.46, subsection 1, Code 1997, is  
28 amended to read as follows:

29 1. Each real estate broker shall maintain a common trust  
30 account in a bank, a savings and loan association, savings  
31 bank, or credit union for the deposit of all down payments,  
32 earnest money deposits, or other trust funds received by the  
33 broker or the broker's salespersons on behalf of the broker's  
34 principal, except that a broker acting as a salesperson shall  
35 deposit these funds in the common trust account of the broker

1 for whom the broker acts as salesperson. The account shall be  
2 an interest-bearing account. The interest on the account  
3 shall be transferred quarterly to the treasurer of state and  
4 ~~deposited in the title guaranty fund and used for public~~  
5 ~~purposes and the benefit of the public pursuant to section~~  
6 ~~16-91 unless there is a written agreement between the buyer~~  
7 ~~and seller to the contrary. The broker shall not benefit from~~  
8 ~~interest received on funds of others in the broker's~~  
9 ~~possession~~ transferred to the department of economic  
10 development for deposit in the local housing assistance  
11 program fund established in section 15.354 unless there is a  
12 written agreement between the buyer and seller to the  
13 contrary. The broker shall not benefit from interest received  
14 on funds of others in the broker's possession.

## EXPLANATION

16 This bill does the following:

17 1. Adds housing development to the primary  
18 responsibilities of the department of economic development.  
19 The bill requires the department to provide housing needs  
20 assessments, provide a one-stop source for housing development  
21 assistance in coordination with other state agencies, and  
22 establish programs to assist communities in developing housing  
23 to meet a range of community needs.

24 2. Establishes the local housing assistance program in the  
25 department of economic development. The purpose of the  
26 program is to provide financial and technical assistance to  
27 cities, counties, local housing entities, or local economic  
28 development organizations to meet housing development needs  
29 arising from economic development efforts. Financial  
30 assistance under the program is to be awarded on a competitive  
31 basis to cities, counties, housing trust funds, other local  
32 housing organizations, or local economic development  
33 organizations. To be eligible to receive assistance the  
34 community in which the project will be undertaken must have  
35 had a housing needs assessment completed within the five years

1 prior to the application for assistance. In reviewing  
2 applications for financial assistance, the department shall  
3 consider whether the proposed project is consistent with the  
4 community's housing needs assessment, whether the project is  
5 necessitated by other economic development efforts, whether  
6 economic development efforts by the community would fail if a  
7 project necessitated by those efforts, but not consistent with  
8 the housing needs assessment, is not funded, whether the  
9 community has adopted a comprehensive housing plan, and  
10 whether there will be a local match to the financial  
11 assistance.

12 A local housing assistance program fund is created to  
13 provide funding for the program. Moneys in the fund do not  
14 revert at the close of each fiscal year and the fund is  
15 subject to an annual audit by the auditor of state.

16 3. Provides that interest on moneys in the title guarantee  
17 fund of the Iowa finance authority and in real estate brokers  
18 common trust accounts shall be transferred to the department  
19 of economic development for the local housing assistance  
20 program.

21 4. Authorizes cities and counties to provide a property  
22 tax exemption for the first \$75,000 of value of improvements  
23 added to residential property in an area designated by the  
24 city or county as appropriate for public improvements related  
25 to housing and residential development, or construction of  
26 housing and residential development, including single or  
27 multifamily housing.

28 5. Provides that a city or county which has adopted its  
29 own thermal efficiency energy conservation standards need not  
30 follow the state thermal efficiency energy conservation  
31 standards regarding privately owned new construction of  
32 buildings with less than 100,000 cubic feet of enclosed space  
33 which requires heating or cooling. Currently, all new  
34 construction must meet state standards.

35 6. Appropriates \$1 million each fiscal year for the period



1 beginning July 1, 1997, and ending June 30, 2002, from the  
2 rebuild Iowa infrastructure fund for deposit in the local  
3 housing assistance program fund.

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**HOUSE FILE 732  
FISCAL NOTE**

A fiscal note for **House File 732** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 732 relates to housing development by establishing a Local Housing Assistance Program within the Department of Economic Development (DED). The Program is funded by certain fees, taxes, and excess program funds currently deposited to the Iowa Finance Authority (IFA) and through an annual \$1.0 million appropriation from the Infrastructure Fund for FY 1998 through FY 2002.

The Local Housing Assistance Program would be used to finance housing needs assessments, technical assistance related to housing, and provide financing for other housing assistance, including homeless shelter operations.

The Bill creates a housing designation as a purpose for an Urban Revitalization Area. A qualified residential property within the Area is eligible to receive a property tax exemption on the first \$75,000 of new value. The exemption is for a period of five years.

The Bill allows local governments to adopt energy efficiency standards for non-governmental construction of less than 100,000 square feet.

**ASSUMPTIONS**

1. The annual interest on the Title Guarantee Fund is \$550,000.
2. The annual receipts from real estate broker trust accounts are \$350,000.
3. The Iowa Finance Authority (IFA) Board will authorize expenditure of \$3.0 million from IFA excess funds for four years, beginning FY 1998. At the April meeting of the IFA Board, a resolution was adopted approving the expenditure of \$3.0 million in excess funds on DED housing programs during FY 1998, contingent on enactment of this Bill.
4. The language relating to a housing purpose of an Urban Revitalization Area will have an unknown positive impact on housing development within Urban Revitalization areas.

**FISCAL IMPACT**

The following table lists the fiscal impact on the Iowa Finance Authority, the Infrastructure Fund, and the new DED housing program. The net fiscal impact across all three is zero each year. The impact for years beyond FY 2003 would be the same as FY 2003.

<u>YEAR</u>	<u>FIN AUTHORITY</u>	<u>INFRAST FUND</u>	<u>DED HOUSING</u>
FY 1998	\$ -3,900,000	\$ -1,000,000	\$ 4,900,000
FY 1999	-3,900,000	-1,000,000	4,900,000
FY 2000	-3,900,000	-1,000,000	4,900,000
FY 2001	-3,900,000	-1,000,000	4,900,000

-2-

FY 2002	-900,000	-1,000,000	1,900,000
FY 2003	-900,000	0	900,000
Total	<u>\$-17,400,000</u>	<u>\$ -5,000,000</u>	<u>\$ 22,400,000</u>

The provisions creating a housing purpose for an Urban Revitalization Area designation would have an unknown negative impact on local property tax revenues and would also result in an unknown increase in State School Aid payments.

SOURCES

Department of Economic Development  
Iowa Financial Accounting System (IFAS)

(LSB 2377hz, JWR)

FILED APRIL 22, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

## HOUSE FILE 732

H-1846

1 Amend House File 732 as follows:

2 1. Page 5, by inserting after line 11 the  
3 following:

4 "Sec. \_\_\_\_ . Section 403.22, subsection 1, Code  
5 1997, is amended by adding the following new  
6 unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. For a municipality with  
8 a population of five thousand or less, the  
9 municipality need not provide any low and moderate  
10 income family housing assistance if the municipality  
11 has completed a housing needs assessment meeting the  
12 standards set out by the department of economic  
13 development, which shows no low and moderate income  
14 housing need and the department of economic  
15 development agrees that no low and moderate family  
16 housing assistance is needed."

17 2. By renumbering as necessary.

By MEYER of Sac

H-1846 FILED APRIL 22, 1997

ADOPTED

(P. 1450)

## HOUSE FILE 732

H-1850

1 Amend House File 732 as follows:

2 1. Page 5, line 26, by inserting after the word  
3 "years." the following: "A city or county that has  
4 designated an area under section 404.1, subsection 5,  
5 and in which residential property will be eligible to  
6 receive a property tax exemption shall notify by mail  
7 the school district or districts in which the  
8 residential property is located. However,  
9 notwithstanding contrary provisions of this or other  
10 chapters, residential property shall not be exempt  
11 from the property taxes certified by a school district  
12 in which the property is located if the board of  
13 directors of the school district passes, within sixty  
14 days of receipt of the notification, a resolution  
15 specifying that the residential property is not exempt  
16 from school property taxes."

By RICHARDSON of Warren

H-1850 FILED APRIL 22, 1997

LOST

(P. 1451)

## HOUSE FILE 732

H-1845

1 Amend House File 732 as follows:

2 1. Page 3, by striking lines 16 through 21 and  
3 inserting the following: "consisting of any moneys  
4 appropriated".

5 2. Page 5, by inserting after line 26 the  
6 following:

7 "Sec. \_\_\_\_ . Section 428A.8, Code 1997, is amended  
8 to read as follows:

9 428A.8 REMITTANCE TO STATE TREASURER -- PORTION  
10 RETAINED IN COUNTY.

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

22 a. For the fiscal year beginning July 1, 1997, and  
23 ending June 30, 1998, eighty-seven and one-half  
24 percent of the receipts shall be deposited in the  
25 general fund of the state and twelve and one-half  
26 percent of the receipts shall be transferred to the  
27 department of economic development to be deposited in  
28 the local housing assistance program fund established  
29 in section 15.354.

30 b. For the fiscal year beginning July 1, 1998, and  
31 ending June 30, 1999, seventy-five percent of the  
32 receipts shall be deposited in the general fund of the  
33 state and twenty-five percent of the receipts shall be  
34 transferred to the department of economic development  
35 to be deposited in the local housing assistance  
36 program fund established in section 15.354.

37 c. For the fiscal year beginning July 1, 1999, and  
38 ending June 30, 2000, sixty-two and one-half percent  
39 of the receipts shall be deposited in the general fund  
40 of the state and thirty-seven and one-half percent of  
41 the receipts shall be transferred to the department of  
42 economic development to be deposited in the local  
43 housing assistance program fund established in section  
44 15.354.

45 d. For the fiscal year beginning July 1, 2000, and  
46 ending June 30, 2001, fifty percent of the receipts  
47 shall be deposited in the general fund of the state  
48 and fifty percent of the receipts shall be transferred  
49 to the department of economic development to be  
50 deposited in the local housing assistance program fund

H-1845

H-1845

Page 2

1 established in section 15.354.

2 e. For the fiscal year beginning July 1, 2001, and  
3 ending June 30, 2002, thirty-seven and one-half  
4 percent of the receipts shall be deposited in the  
5 general fund of the state and sixty-two and one-half  
6 percent of the receipts shall be transferred to the  
7 department of economic development to be deposited in  
8 the local housing assistance program fund established  
9 in section 15.354.

10 f. For the fiscal year beginning July 1, 2002, and  
11 ending June 30, 2003, twenty-five percent of the  
12 receipts shall be deposited in the general fund of the  
13 state and seventy-five percent of the receipts shall  
14 be transferred to the department of economic  
15 development to be deposited in the local housing  
16 assistance program fund established in section 15.354.

17 g. For the fiscal year beginning July 1, 2003, and  
18 ending June 30, 2004, twelve and one-half percent of  
19 the receipts shall be deposited in the general fund of  
20 the state and eighty-seven and one-half percent of the  
21 receipts shall be transferred to the department of  
22 economic development to be deposited in the local  
23 housing assistance program fund established in section  
24 15.354.

25 h. For the fiscal year beginning July 1, 2004, and  
26 each subsequent fiscal year, one hundred percent of  
27 the receipts shall be transferred to the department of  
28 economic development to be deposited in the local  
29 housing assistance program fund established in section  
30 15.354.

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

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

37 3. Title page, lines 1 and 2, by striking the  
38 words "making an appropriation" and inserting the  
39 following: "providing for funding from the real  
40 estate transfer tax".

41 4. By renumbering as necessary.

By JOCHUM of Dubuque

H-1845 FILED APRIL 22, 1997

LOST

(P. 1450)

S-4/25/97 No Pass

HOUSE FILE 732  
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HF 723)  
(SUCCESSOR TO HF 648)

(As Amended and Passed by the House, April 22, 1997)

Passed House, Date \_\_\_\_\_ Passed Senate, Date 4/25/97 (p.1466)  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 46 Nays 0  
Approved May 29, 1997

**A BILL FOR**

1 An Act relating to housing development and making an  
2 appropriation.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments \_\_\_\_\_

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6 increase the development of housing in the state and to  
7 improve the quality of existing housing in order to maximize  
8 the effects of other economic development efforts.

9 b. To carry out this responsibility, the department shall:

10 (1) Provide housing needs assessments.

11 (2) Provide a one-stop source, in coordination with other  
12 agencies of the state, for housing development assistance.

13 (3) Establish programs which assist communities or local  
14 entities in developing housing to meet a range of community  
15 needs, including programs to assist homeless shelter  
16 operations and programs to assist in the development of  
17 housing to enhance economic development opportunities in the  
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27 result of other economic development efforts in the area.  
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31 with existing housing assessment and assistance programs when  
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34 The department shall establish the local housing assistance  
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29 b. Whether the need for the project arose as a result of  
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31 the housing needs assessment. When considering projects not  
32 consistent with the housing needs assessment, the department  
33 shall consider whether failure to fund the project will cause  
34 the economic development activity necessitating the project to  
35 fail.

1 c. Whether the local housing group or entity has adopted a  
2 comprehensive housing plan for the community in which the  
3 project will be undertaken.

4 d. The extent to which financial assistance under the  
5 program will leverage local or private matching funds or  
6 financial assistance or other state or federal financial  
7 assistance.

8 5. As used in this part:

9 a. "Community" means a city or county, or an entity  
10 established pursuant to chapter 28E.

11 b. "Local housing group" means an entity organized to  
12 represent community housing development interest.

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23 2. Payments of interest, recaptures of awards, or other  
24 repayments to the fund shall be deposited in the fund. Moneys  
25 in the local housing assistance program fund are not subject  
26 to section 8.33.

27 3. The fund is subject to an annual audit by the auditor  
28 of state. Moneys in the fund, which may be subject to  
29 warrants written by the director of revenue and finance, shall  
30 be drawn upon the written requisition of the director of the  
31 department of economic development or an authorized  
32 representative of the director.

33 Sec. 6. Section 16.91, subsection 1, Code 1997, is amended  
34 to read as follows:

35 1. The authority through the title guaranty division shall

1 initiate and operate a program in which the division shall  
2 offer guaranties of real property titles in this state. The  
3 terms, conditions and form of the guaranty contract shall be  
4 forms approved by the division board. The division shall fix  
5 a charge for the guaranty in an amount sufficient to permit  
6 the program to operate on a self-sustaining basis, including  
7 payment of administrative costs and the maintenance of an  
8 adequate reserve against claims under the title guaranty  
9 program. A title guaranty fund is created in the office of  
10 the treasurer of state. Funds collected under this program  
11 shall be placed in the title guaranty fund and are available  
12 to pay all claims, necessary reserves and all administrative  
13 costs of the title guaranty program. Moneys in the fund shall  
14 not revert to the general fund and interest on the moneys in  
15 the fund shall be ~~retained-as-a-part-of-the-fund~~ transferred  
16 to the department of economic development for deposit in the  
17 local housing assistance program fund established in section  
18 15.354 and shall not accrue to the general fund. If the  
19 authority board in consultation with the division board  
20 determines that there are surplus funds in the title guaranty  
21 fund after providing for adequate reserves and operating  
22 expenses of the division, the surplus funds shall be  
23 transferred to the housing program fund created pursuant to  
24 section 16.40.

25 Sec. 7. Section 103A.10, subsection 4, paragraph a, Code  
26 1997, is amended to read as follows:

27 a. Provisions of the state building code establishing  
28 thermal efficiency energy conservation standards shall be  
29 applicable to all new construction owned by the state, an  
30 agency of the state or a political subdivision of the state,  
31 to all new construction located in a governmental subdivision  
32 which has adopted ~~either the state building code, or-a-local~~  
33 ~~building-code-or-compilation-of-requirements-for-building~~  
34 ~~construction~~ and to all other new construction in the state  
35 which will contain more than one hundred thousand cubic feet

1 of enclosed space that is heated or cooled.

2 Sec. 8. Section 103A.10, Code 1997, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. 5. Provisions of the state building code  
5 establishing thermal efficiency energy conservation standards  
6 shall not apply to new construction which is not owned by a  
7 governmental subdivision, and which contains less than one  
8 hundred thousand cubic feet of enclosed space that is heated  
9 or cooled, and which is located in a governmental subdivision  
10 that has adopted its own thermal efficiency energy  
11 conservation standards.

12 Sec. 9. Section 403.22, subsection 1, Code 1997, is  
13 amended by adding the following new unnumbered paragraph:

14 NEW UNNUMBERED PARAGRAPH. For a municipality with a  
15 population of five thousand or less, the municipality need not  
16 provide any low and moderate income family housing assistance  
17 if the municipality has completed a housing needs assessment  
18 meeting the standards set out by the department of economic  
19 development, which shows no low and moderate income housing  
20 need and the department of economic development agrees that no  
21 low and moderate family housing assistance is needed.

22 Sec. 10. Section 404.1, Code 1997, is amended by adding  
23 the following new subsection:

24 NEW SUBSECTION. 5. An area designated as appropriate for  
25 public improvements related to housing and residential  
26 development, or construction of housing and residential  
27 development, including single or multifamily housing.

28 Sec. 11. NEW SECTION. 404.3A RESIDENTIAL DEVELOPMENT  
29 AREA EXEMPTION.

30 Notwithstanding the schedules provided for in section  
31 404.3, all qualified real estate assessed as residential  
32 property in an area designated under section 404.1, subsection  
33 5, is eligible to receive an exemption from taxation on the  
34 first seventy-five thousand dollars of actual value added by  
35 the improvements. The exemption is for a period of five

1 years.

2 Sec. 12. Section 543B.46, subsection 1, Code 1997, is  
3 amended to read as follows:

4 1. Each real estate broker shall maintain a common trust  
5 account in a bank, a savings and loan association, savings  
6 bank, or credit union for the deposit of all down payments,  
7 earnest money deposits, or other trust funds received by the  
8 broker or the broker's salespersons on behalf of the broker's  
9 principal, except that a broker acting as a salesperson shall  
10 deposit these funds in the common trust account of the broker  
11 for whom the broker acts as salesperson. The account shall be  
12 an interest-bearing account. The interest on the account  
13 shall be transferred quarterly to the treasurer of state and  
14 ~~deposited in the title guaranty fund and used for public~~  
15 ~~purposes and the benefit of the public pursuant to section~~  
16 ~~16.91 unless there is a written agreement between the buyer~~  
17 ~~and seller to the contrary. -- The broker shall not benefit from~~  
18 ~~interest received on funds of others in the broker's~~  
19 possession transferred to the department of economic  
20 development for deposit in the local housing assistance  
21 program fund established in section 15.354 unless there is a  
22 written agreement between the buyer and seller to the  
23 contrary. The broker shall not benefit from interest received  
24 on funds of others in the broker's possession.

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## HOUSE FILE 732

S-3794

- 1 Amend House File 732, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 5, by striking lines 12 through 21.
- 4 2. By renumbering as necessary.

By ROBERT E. DVORSKY  
TOM VILSACK

S-3794 FILED APRIL 25, 1997

LOST (p. 1465)

## HOUSE FILE 732

S-3796

- 1 Amend House File 732, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 3, by striking lines 16 through 22 and
- 4 inserting the following: "consisting of any moneys
- 5 transferred to the fund pursuant to section 428A.8 and
- 6 any other moneys received by the department for
- 7 deposit in the fund."
- 8 2. Page 6, by inserting after line 1 the
- 9 following:
- 10 "Sec. \_\_\_\_ . Section 428A.8, unnumbered paragraph 1,
- 11 Code 1997, is amended to read as follows:
- 12 On or before the tenth day of each month the county
- 13 recorder shall determine and pay to the treasurer of
- 14 state eighty-two and three-fourths percent of the
- 15 receipts from the real estate transfer tax collected
- 16 during the preceding month and the treasurer of state
- 17 shall deposit ninety-five sixty-two and one-half
- 18 percent of the receipts in the general fund of the
- 19 state and transfer five thirty-seven and one-half
- 20 percent of the receipts to the Iowa-finance-authority
- 21 department of economic development for deposit in the
- 22 housing-improvement local housing assistance program
- 23 fund created in section ~~16.100~~ 15.354."
- 24 3. By renumbering as necessary.

By ROBERT E. DVORSKY  
TOM VILSACK

S-3796 FILED APRIL 25, 1997

LOST (p. 1465)

## HOUSE FILE 732

S-3792

1 Amend House File 732, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 3, by striking lines 16 through 21 and  
4 inserting the following: "consisting of any moneys  
5 appropriated".

6 2. Page 6, by inserting after line 1 the  
7 following:

8 "Sec. \_\_\_\_ . Section 428A.8, Code 1997, is amended  
9 to read as follows:

10 428A.8 REMITTANCE TO STATE TREASURER -- PORTION  
11 RETAINED IN COUNTY.

12 1. On or before the tenth day of each month the  
13 county recorder shall determine and pay to the  
14 treasurer of state eighty-two and three-fourths  
15 percent of the receipts from the real estate transfer  
16 tax collected during the preceding month and the  
17 treasurer of state shall deposit ~~ninety-five-percent~~  
18 ~~of-the-receipts-in-the-general-fund-of-the-state-and~~  
19 ~~transfer-five-percent-of-the-receipts-to-the-Iowa~~  
20 ~~finance-authority-for-deposit-in-the-housing~~  
21 ~~improvement-fund-created-in-section-16-100-~~ the  
22 receipts as follows:

23 a. For the fiscal year beginning July 1, 1997, and  
24 ending June 30, 1998, eighty-seven and one-half  
25 percent of the receipts shall be deposited in the  
26 general fund of the state and twelve and one-half  
27 percent of the receipts shall be transferred to the  
28 department of economic development to be deposited in  
29 the local housing assistance program fund established  
30 in section 15.354.

31 b. For the fiscal year beginning July 1, 1998, and  
32 ending June 30, 1999, seventy-five percent of the  
33 receipts shall be deposited in the general fund of the  
34 state and twenty-five percent of the receipts shall be  
35 transferred to the department of economic development  
36 to be deposited in the local housing assistance  
37 program fund established in section 15.354.

38 c. For the fiscal year beginning July 1, 1999, and  
39 ending June 30, 2000, sixty-two and one-half percent  
40 of the receipts shall be deposited in the general fund  
41 of the state and thirty-seven and one-half percent of  
42 the receipts shall be transferred to the department of  
43 economic development to be deposited in the local  
44 housing assistance program fund established in section  
45 15.354.

46 d. For the fiscal year beginning July 1, 2000, and  
47 ending June 30, 2001, fifty percent of the receipts  
48 shall be deposited in the general fund of the state  
49 and fifty percent of the receipts shall be transferred  
50 to the department of economic development to be

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Page 2

1 deposited in the local housing assistance program fund  
2 established in section 15.354.

3 e. For the fiscal year beginning July 1, 2001, and  
4 ending June 30, 2002, thirty-seven and one-half  
5 percent of the receipts shall be deposited in the  
6 general fund of the state and sixty-two and one-half  
7 percent of the receipts shall be transferred to the  
8 department of economic development to be deposited in  
9 the local housing assistance program fund established  
10 in section 15.354.

11 f. For the fiscal year beginning July 1, 2002, and  
12 ending June 30, 2003, twenty-five percent of the  
13 receipts shall be deposited in the general fund of the  
14 state and seventy-five percent of the receipts shall  
15 be transferred to the department of economic  
16 development to be deposited in the local housing  
17 assistance program fund established in section 15.354.

18 g. For the fiscal year beginning July 1, 2003, and  
19 ending June 30, 2004, twelve and one-half percent of  
20 the receipts shall be deposited in the general fund of  
21 the state and eighty-seven and one-half percent of the  
22 receipts shall be transferred to the department of  
23 economic development to be deposited in the local  
24 housing assistance program fund established in section  
25 15.354.

26 h. For the fiscal year beginning July 1, 2004, and  
27 each subsequent fiscal year, one hundred percent of  
28 the receipts shall be transferred to the department of  
29 economic development to be deposited in the local  
30 housing assistance program fund established in section  
31 15.354.

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

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

38 3. Title page, lines 1 and 2, by striking the  
39 words "making an appropriation" and inserting the  
40 following: "providing for funding from the real  
41 estate transfer tax".

42 4. By renumbering as necessary.

By TOM VILSACK

ROBERT E. DVORSKY

S-3792 FILED APRIL 25, 1997

LOST (p. 1464)



House File 732 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the items designated as Sections 7 and 8, in their entirety. These items would reduce the applicability of the state thermal efficiency energy conservation standards to construction of residential housing. Energy efficiency makes economic sense during the new construction of a home, and compliance with such standards is now required for the housing programs under the Federal Housing Administration, the Department of Agriculture, and the Department of Veteran's Affairs. The current standards provide important safeguards to home buyers and contribute to the state's effort to conserve energy.

For the above reason, I hereby 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 House File 732 are hereby approved as of this date.

Sincerely,

A handwritten signature in black ink that reads "Terry E. Branstad". The signature is written in a cursive style with a horizontal line above the first name.

Terry E. Branstad  
Governor

TEB/ps

cc: Secretary of the Senate  
Chief Clerk of the House

Item Added

HOUSE FILE 732

AN ACT  
RELATING TO HOUSING DEVELOPMENT AND MAKING AN APPROPRIATION.

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

Section 1. Section 15.108, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 11. HOUSING DEVELOPMENT. a. To provide assistance to local governments, housing organizations, economic development groups, and other local entities to increase the development of housing in the state and to improve the quality of existing housing in order to maximize the effects of other economic development efforts.

b. To carry out this responsibility, the department shall:

- (1) Provide housing needs assessments.
- (2) Provide a one-stop source, in coordination with other agencies of the state, for housing development assistance.
- (3) Establish programs which assist communities or local entities in developing housing to meet a range of community needs, including programs to assist homeless shelter operations and programs to assist in the development of housing to enhance economic development opportunities in the community.

Sec. 2. NEW SECTION. 15.351 SHORT TITLE.

This part shall be known and may be cited as the "Local Housing Assistance Program".

Sec. 3. NEW SECTION. 15.352 PURPOSE.

The purpose of this part is to assist communities on a cooperative basis to address the housing development needs in the communities in order to better position the communities for economic development or to meet housing needs arising as a result of other economic development efforts in the area. Assistance may be either technical or financial and shall be provided pursuant to rules established by the department in accordance with the provisions of this part and be coordinated with existing housing assessment and assistance programs when feasible.

Sec. 4. NEW SECTION. 15.353 PROGRAM.

The department shall establish the local housing assistance program in coordination with the Iowa finance authority to effectuate the purposes of this part, subject to the following provisions:

1. The department shall provide financial assistance on a competitive basis for housing projects. Requests for assistance for housing projects may be made by a city, county, housing trust fund, local housing organization, recognized neighborhood organization, economic development organization, or other entity or by a local housing group on behalf of a local entity. To be eligible to receive assistance, a housing needs assessment must have been completed for the community in which the project will be undertaken within the five years prior to the date of the application.

2. The department shall also provide technical assistance to local housing groups or entities. Technical assistance provided under the program shall be coordinated with existing departmental programs or resources and existing programs or resources of the Iowa finance authority, to the extent feasible.

3. A local housing group which applies to the department on behalf of a local entity shall not directly administer a project receiving financial assistance under the program. The project shall be administered by the entity for which the local housing group made the application.

4. In reviewing applications for financial assistance, the department shall consider a variety of factors including, but not limited to, the following:

a. Whether the project is consistent with the recommendations of the housing needs assessment.

b. Whether the need for the project arose as a result of economic development efforts or opportunities not reflected in the housing needs assessment. When considering projects not consistent with the housing needs assessment, the department shall consider whether failure to fund the project will cause the economic development activity necessitating the project to fail.

c. Whether the local housing group or entity has adopted a comprehensive housing plan for the community in which the project will be undertaken.

d. The extent to which financial assistance under the program will leverage local or private matching funds or financial assistance or other state or federal financial assistance.

5. As used in this part:

a. "Community" means a city or county, or an entity established pursuant to chapter 28E.

b. "Local housing group" means an entity organized to represent community housing development interest.

Sec. 5. NEW SECTION. 15.354 LOCAL HOUSING ASSISTANCE PROGRAM FUND.

1. The local housing assistance program fund is created consisting of one million dollars appropriated from the rebuild Iowa infrastructure fund each fiscal year starting with the fiscal year beginning July 1, 1997, and ending June 30, 1998, and ending with the fiscal year beginning July 1, 2001, and ending June 30, 2002, notwithstanding section 8.57, subsection 5, paragraph "c", and any other moneys appropriated to or received by the department for deposit in the fund.

2. Payments of interest, recaptures of awards, or other repayments to the fund shall be deposited in the fund. Moneys in the local housing assistance program fund are not subject to section 8.33.

3. The fund is subject to an annual audit by the auditor of state. Moneys in the fund, which may be subject to warrants written by the director of revenue and finance, shall be drawn upon the written requisition of the director of the department of economic development or an authorized representative of the director.

Sec. 6. Section 16.91, subsection 1, Code 1997, is amended to read as follows:

1. The authority through the title guaranty division shall initiate and operate a program in which the division shall offer guaranties of real property titles in this state. The terms, conditions and form of the guaranty contract shall be forms approved by the division board. The division shall fix a charge for the guaranty in an amount sufficient to permit the program to operate on a self-sustaining basis, including payment of administrative costs and the maintenance of an adequate reserve against claims under the title guaranty program. A title guaranty fund is created in the office of the treasurer of state. Funds collected under this program shall be placed in the title guaranty fund and are available to pay all claims, necessary reserves and all administrative costs of the title guaranty program. Moneys in the fund shall not revert to the general fund and interest on the moneys in the fund shall be ~~retained-as-a-part-of-the-fund~~ transferred to the department of economic development for deposit in the local housing assistance program fund established in section 15.354 and shall not accrue to the general fund. If the authority board in consultation with the division board determines that there are surplus funds in the title guaranty fund after providing for adequate reserves and operating expenses of the division, the surplus funds shall be

transferred to the housing program fund created pursuant to section 16.40.

Sec. 7. Section 103A.10, subsection 4, paragraph a, Code 1997, is amended to read as follows:

a. Provisions of the state building code establishing thermal efficiency energy conservation standards shall be applicable to all new construction owned by the state, an agency of the state or a political subdivision of the state, to all new construction located in a governmental subdivision which has adopted either the state building code, ~~or a local building code or compilation of requirements for building construction~~ and to all other new construction in the state which will contain more than one hundred thousand cubic feet of enclosed space that is heated or cooled.

VETOED

Sec. 8. Section 103A.10, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Provisions of the state building code establishing thermal efficiency energy conservation standards shall not apply to new construction which is not owned by a governmental subdivision, and which contains less than one hundred thousand cubic feet of enclosed space that is heated or cooled, and which is located in a governmental subdivision that has adopted its own thermal efficiency energy conservation standards.

Sec. 9. Section 403.22, subsection 1, Code 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For a municipality with a population of five thousand or less, the municipality need not provide any low and moderate income family housing assistance if the municipality has completed a housing needs assessment meeting the standards set out by the department of economic development, which shows no low and moderate income housing need and the department of economic development agrees that no low and moderate family housing assistance is needed.

Sec. 10. Section 404.1, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 5. An area designated as appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single or multifamily housing.

Sec. 11. NEW SECTION. 404.3A RESIDENTIAL DEVELOPMENT AREA EXEMPTION.

Notwithstanding the schedules provided for in section 404.3, all qualified real estate assessed as residential property in an area designated under section 404.1, subsection 5, is eligible to receive an exemption from taxation on the first seventy-five thousand dollars of actual value added by the improvements. The exemption is for a period of five years.

Sec. 12. Section 543B.46, subsection 1, Code 1997, is amended to read as follows:

1. Each real estate broker shall maintain a common trust account in a bank, a savings and loan association, savings bank, or credit union for the deposit of all down payments, earnest money deposits, or other trust funds received by the broker or the broker's salespersons on behalf of the broker's principal, except that a broker acting as a salesperson shall deposit these funds in the common trust account of the broker for whom the broker acts as salesperson. The account shall be an interest-bearing account. The interest on the account shall be transferred quarterly to the treasurer of state and deposited in the title guaranty fund and used for public purposes and the benefit of the public pursuant to section 16.91 unless there is a written agreement between the buyer and seller to the contrary. ~~The broker shall not benefit from interest received on funds of others in the broker's possession transferred to the department of economic development for deposit in the local housing assistance program fund established in section 15.354 unless there is a~~

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written agreement between the buyer and seller to the contrary. The broker shall not benefit from interest received on funds of others in the broker's possession.

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RON J. CORBETT  
Speaker of the House

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MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 732, Seventy-seventh General Assembly.

*Stam Vitros*

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved 5/29, 1997

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TERRY E. BRANSTAD  
Governor

HF 732