

FEB 23 1999

LOCAL GOVERNMENT

HOUSE FILE
BY FALLON

357

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

A BILL FOR

1 An Act repealing the authority of counties to create and fund
2 urban renewal areas and urban revitalization areas and
3 including effective date and applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 357

1 Section 1. Section 331.441, subsection 2, paragraph b,
2 subparagraph (14), is amended by striking the subparagraph.

3 Sec. 2. Section 403.12, subsection 5, Code 1999, is
4 amended to read as follows:

5 5. For the purposes of this section, or for the purpose of
6 aiding in the planning, undertaking, or carrying out of an
7 urban renewal project of a municipality, a municipality may,
8 in addition to any authority to issue bonds pursuant to
9 section 403.9, issue and sell its general obligation bonds.
10 Any bonds issued by a municipality pursuant to this section
11 must be issued, in the case of a city, by resolution of the
12 council in the manner and within the limitations prescribed by
13 chapter 384, division III, ~~or in the case of a county, by~~
14 ~~resolution of the board of supervisors in the manner and~~
15 ~~within the limitations prescribed by chapter 331, division IV,~~
16 ~~part 3.~~ Bonds issued pursuant to the provisions of this
17 subsection must be sold in the manner prescribed by chapter
18 75. The additional power granted in this subsection for the
19 financing of public undertakings and activities by
20 municipalities within an urban renewal area shall not be
21 construed as a limitation of the existing powers of
22 municipalities.

23 Sec. 3. Section 403.15, subsections 2 and 5, Code 1999,
24 are amended to read as follows:

25 2. If the urban renewal agency is authorized to transact
26 business and exercise powers pursuant to this chapter, the
27 mayor ~~or chairperson of the board, as applicable,~~ by and with
28 the advice and consent of the local governing body, shall
29 appoint a board of commissioners of the urban renewal agency,
30 which board shall consist of five commissioners. In cities
31 having a population of more than one hundred thousand, the
32 city council may establish, by ordinance, the number of
33 commissioners at not less than five. The term of office of
34 each such commissioner shall be one year.

35 5. The mayor ~~or chairperson of the board, as applicable,~~

1 shall designate a chairperson and vice chairperson from among
2 the commissioners. An agency may employ an executive
3 director, technical experts and such other agents and
4 employees, permanent and temporary, as it may require, and the
5 agency may determine their qualifications, duties and
6 compensation. For such legal service as it may require, an
7 agency may employ or retain its own counsel and legal staff.
8 An agency authorized to transact business and exercise powers
9 under this chapter shall file, with the local governing body,
10 on or before September 30 of each year, a report of its
11 activities for the preceding fiscal year, which report shall
12 include a complete financial statement setting forth its
13 assets, liabilities, income and operating expense as of the
14 end of such fiscal year. At the time of filing the report,
15 the agency shall publish in a newspaper of general circulation
16 in the city or county, ~~as applicable,~~ a notice to the effect
17 that such report has been filed with the municipality, and
18 that the report is available for inspection during business
19 hours in the office of the city clerk or county auditor, ~~as~~
20 ~~applicable,~~ and in the office of the agency.

21 | Sec. 4. Section 403.17, subsections 3, 12, and 15, Code
22 1999, are amended to read as follows:

23 | 3. "Area of operation" of a city means the area within the
24 corporate limits of the city and, with the consent of the
25 county, the area within two miles of such limits, except that
26 it does not include any area which lies within the territorial
27 boundaries of another incorporated city, unless a resolution
28 has been adopted by the governing body of the city declaring a
29 need to be included in the area. ~~The "area of operation" of a~~
30 ~~county means an area outside the corporate limits of a city.~~
31 ~~However, in that area outside a city's boundary but within two~~
32 ~~miles of the city's boundary, a joint agreement between the~~
33 ~~city and the county is required allowing the county to proceed~~
34 ~~with the activities authorized under this chapter. In~~
35 ~~addition, a county may proceed with activities authorized~~

1 ~~under this chapter in an area inside the boundaries of a city,~~
2 ~~provided a joint agreement is entered into with respect to~~
3 ~~such activities between a city and a county.~~

4 12. "Local governing body" means the council, ~~board of~~
5 supervisors, or other legislative body charged with governing
6 the municipality.

7 15. "Municipality" means any city ~~or county~~ in the state.

8 Sec. 5. Section 403.17, subsection 7, Code 1999, is
9 amended by striking the subsection.

10 Sec. 6. Section 404.1, unnumbered paragraph 1, Code 1999,
11 is amended to read as follows:

12 The governing body of a city may, by ordinance, designate
13 an area of the city ~~or the governing body of a county may, by~~
14 ~~ordinance, designate an area of the county outside the~~
15 ~~boundaries of a city,~~ as a revitalization area, if that area
16 is any of the following:

17 Sec. 7. Section 404.2, unnumbered paragraph 1, Code 1999,
18 is amended to read as follows:

19 A city ~~or county~~ may only exercise the authority conferred
20 upon it in this chapter after the following conditions have
21 been met:

22 Sec. 8. Section 404.2, subsection 1, Code 1999, is amended
23 to read as follows:

24 1. The governing body has adopted a resolution finding
25 that the rehabilitation, conservation, redevelopment, economic
26 development, or a combination thereof of the area is necessary
27 in the interest of the public health, safety, or welfare of
28 the residents of the city, ~~or county as applicable,~~ and the
29 area substantially meets the criteria of section 404.1.

30 Sec. 9. Section 404.2, subsection 2, unnumbered paragraph
31 1, Code 1999, is amended to read as follows:

32 The city ~~or county~~ has prepared a proposed plan for the
33 designated revitalization area. The proposed plan shall
34 include all of the following:

35 Sec. 10. Section 404.2, subsection 2, paragraphs e, f, and

1 g, Code 1999, are amended to read as follows:

2 e. Any proposals for improving or expanding city or-county
3 services within the area including but not limited to
4 transportation facilities, sewage, garbage collection, street
5 maintenance, park facilities and police and fire protection.

6 f. A statement specifying whether the revitalization is
7 applicable to none, some, or all of the property assessed as
8 residential, agricultural, commercial or industrial property
9 within the designated area or a combination thereof and
10 whether the revitalization is for rehabilitation and additions
11 to existing buildings or new construction or both. If
12 revitalization is made applicable only to some property within
13 an assessment classification, the definition of that subset of
14 eligible property must be by uniform criteria which further
15 some planning objective identified in the plan. The city
16 shall state how long it is estimated that the area shall
17 remain a designated revitalization area which time shall be
18 longer than one year from the date of designation and shall
19 state any plan by the city to issue revenue bonds for
20 revitalization projects within the area. For-a-county,-a
21 ~~revitalization-area-shall-include-only-property-which-will-be~~
22 ~~used-as-industrial-property,-commercial-property,-commercial~~
23 ~~property-consisting-of-three-or-more-separate-living-quarters~~
24 ~~with-at-least-seventy-five-percent-of-the-space-used-for~~
25 ~~residential-purposes,-or-residential-property.--However,-a~~
26 ~~county-shall-not-provide-a-tax-exemption-under-this-chapter-to~~
27 ~~commercial-property,-commercial-property-consisting-of-three~~
28 ~~or-more-separate-living-quarters-with-at-least-seventy-five~~
29 ~~percent-of-the-space-used-for-residential-purposes,-or~~
30 ~~residential-property-which-is-located-within-the-limits-of-a~~
31 ~~city.~~

32 g. The provisions that have been made for the relocation
33 of persons, including families, business concerns and others,
34 whom the city or-county anticipates will be displaced as a
35 result of improvements to be made in the designated area.

1 Sec. 11. Section 404.2, subsection 2, paragraph h,
2 unnumbered paragraph 2, Code 1999, is amended by striking the
3 unnumbered paragraph.

4 Sec. 12. Section 404.2, subsection 2, paragraph j, Code
5 1999, is amended to read as follows:

6 j. A description of any federal, state or private grant or
7 loan program likely to be a source of funding for that area
8 for residential improvements and a description of any grant or
9 loan program which the city ~~or-county~~ has or will have as a
10 source of funding for that area for residential improvements.

11 Sec. 13. Section 404.2, subsections 3, 5, and 6, Code
12 1999, are amended to read as follows:

13 3. The city ~~or-county~~ has scheduled a public hearing and
14 notified all owners of record of real property located within
15 the proposed area and the tenants living within the proposed
16 area in accordance with section 362.3 ~~or-331-3057-as~~
17 ~~applicable~~. In addition to notice by publication,
18 notification shall also be given by ordinary mail to the last
19 known address of the owners of record. The city ~~or-county~~
20 shall also send notice by ordinary mail addressed to the
21 "occupants" of addresses located within the proposed area,
22 unless the city council ~~or-board-of-supervisors~~, by reason of
23 lack of a reasonably current and complete address list, or for
24 other good cause, shall have waived the notice.

25 Notwithstanding section 362.3 ~~or-331-3057-as-applicable~~, the
26 notice shall be given by the thirtieth day prior to the public
27 hearing.

28 5. A second public hearing has been held if:

29 a. The city ~~or-county~~ has received within thirty days
30 after the holding of the first public hearing a valid petition
31 requesting a second public hearing containing the signatures
32 and current addresses of property owners that represent at
33 least ten percent of the privately owned property within the
34 designated revitalization area or;

35 b. The city ~~or-county~~ has received within thirty days

1 after the holding of the first public hearing a valid petition
2 requesting a second public hearing containing the signatures
3 and current addresses of tenants that represent at least ten
4 percent of the residential units within the designated
5 revitalization area.

6 At any such second public hearing the city or-county may
7 specifically request those in attendance to indicate the
8 precise nature of desired changes in the proposed plan.

9 6. The city or-county has adopted the proposed or amended
10 plan for the revitalization area after the requisite number of
11 hearings. The city or-county may subsequently amend this plan
12 after a hearing. Notice of the hearing shall be published as
13 provided in section 362.3 or-331-305, except that at least
14 seven days' notice must be given and the public hearing shall
15 not be held earlier than the next regularly scheduled city
16 council or-board-of-supervisors meeting following the
17 published notice. A city which has adopted a plan for a
18 revitalization area which covers all property within the city
19 limits may amend that plan at any time, pursuant to this
20 section, to include property which has been or will be annexed
21 to the city. The provisions of the original plan shall be
22 applicable to the property which is annexed and the property
23 shall be considered to have been part of the revitalization
24 area as of the effective date of its annexation to the city.

25 Sec. 14. Section 404.3, subsections 5, 6, 7, and 8, Code
26 1999, are amended to read as follows:

27 5. The owners of qualified real estate eligible for the
28 exemption provided in this section shall elect to take the
29 applicable exemption provided in subsection 1, 2, 3, or 4 or
30 provided in the different schedule adopted in the city or
31 county plan if a different schedule has been adopted. Once
32 the election has been made and the exemption granted, the
33 owner is not permitted to change the method of exemption.

34 6. The tax exemption schedule specified in subsection 1,
35 2, 3, or 4 shall apply to every revitalization area within a

1 city or-county unless a different schedule is adopted in the
2 city or-county plan as provided in section 404.2. However, a
3 city or-county shall not adopt a different schedule unless
4 every revitalization area within the city or-county has the
5 same schedule applied to it, except in areas of the city or
6 county which have been designated as both urban renewal and
7 urban revitalization areas. In an area designated for both
8 urban renewal and urban revitalization, a city or-county may
9 adopt a different schedule than has been adopted for
10 revitalization areas which have not been designated as urban
11 renewal areas. The different schedule adopted shall not
12 provide for a larger tax exemption in a particular year than
13 is provided for that year in the schedule specified in the
14 corresponding subsection of this section.

15 7. "Qualified real estate" as used in this chapter and
16 section 419.17 means real property, other than land, which is
17 located in a designated revitalization area and to which
18 improvements have been added, during the time the area was so
19 designated, which have increased the actual value by at least
20 the percent specified in the plan adopted by the city or
21 county pursuant to section 404.2 or if no percent is specified
22 then by at least fifteen percent, or at least ten percent in
23 the case of real property assessed as residential property or
24 which have, in the case of land upon which is located more
25 than one building and not assessed as residential property,
26 increased the actual value of the buildings to which the
27 improvements have been made by at least fifteen percent.
28 "Qualified real estate" also means land upon which no
29 structure existed at the start of the new construction, which
30 is located in a designated revitalization area and upon which
31 new construction has been added during the time the area was
32 so designated. "Improvements" as used in this chapter and
33 section 419.17 includes rehabilitation and additions to
34 existing structures as well as new construction on vacant land
35 or on land with existing structures. However, new

1 construction on land assessed as agricultural property shall
2 not qualify as "improvements" for purposes of this chapter and
3 section 419.17 unless the governing body of the city or-county
4 has presented justification at a public hearing held pursuant
5 to section 404.2 for the revitalization of land assessed as
6 agricultural property by means of new construction. Such
7 justification shall demonstrate, in addition to the other
8 requirements of this chapter and section 419.17, that the
9 improvements on land assessed as agricultural land will
10 utilize the minimum amount of agricultural land necessary to
11 accomplish the revitalization of the other classes of property
12 within the urban revitalization area. However, if such
13 construction, rehabilitation or additions were begun prior to
14 January 29, 1979, or one year prior to the adoption by the
15 city or-county of a plan of urban revitalization pursuant to
16 section 404.2, whichever occurs later, the value added by such
17 construction, rehabilitation or additions shall not constitute
18 an increase in value for purposes of qualifying for the
19 exemptions listed in this section. "Actual value added by the
20 improvements" as used in this chapter and section 419.17 means
21 the actual value added as of the first year for which the
22 exemption was received.

23 8. The fifteen and ten percent increase in actual value
24 requirements specified in subsection 7 shall apply to every
25 revitalization area within a city or-county unless different
26 percent increases in actual value requirements are adopted in
27 the city or-county plan as provided in section 404.2.
28 However, a city or-county shall not adopt different
29 requirements unless every revitalization area within the city
30 or-county has the same requirements and the requirements do
31 not provide for a greater percent increase than specified in
32 subsection 7.

33 Sec. 15. Section 404.4, Code 1999, is amended to read as
34 follows:

35 404.4 PRIOR APPROVAL OF ELIGIBILITY.

1 A person may submit a proposal for an improvement project
2 to the governing body of the city or-county to receive prior
3 approval for eligibility for a tax exemption on the project.
4 The governing body shall, by resolution, give its prior
5 approval for an improvement project if the project is in
6 conformance with the plan for revitalization developed by the
7 city or-county. Such prior approval shall not entitle the
8 owner to exemption from taxation until the improvements have
9 been completed and found to be qualified real estate; however,
10 if the proposal is not approved, the person may submit an
11 amended proposal for the governing body to approve or reject.

12 An application shall be filed for each new exemption
13 claimed. The first application for an exemption shall be
14 filed by the owner of the property with the governing body of
15 the city or-county in which the property is located by
16 February 1 of the assessment year for which the exemption is
17 first claimed, but not later than the year in which all
18 improvements included in the project are first assessed for
19 taxation, unless, upon the request of the owner at any time,
20 the governing body of the city or-county provides by
21 resolution that the owner may file an application by February
22 1 of any other assessment year selected by the governing body.

23 The application shall contain, but not be limited to, the
24 following information: The nature of the improvement, its
25 cost, the estimated or actual date of completion, the tenants
26 that occupied the owner's building on the date the city or
27 county adopted the resolution referred to in section 404.2,
28 subsection 1, and which exemption in section 404.3 or in the
29 different schedule, if one has been adopted, will be elected.

30 The governing body of the city or-county shall approve the
31 application, subject to review by the local assessor pursuant
32 to section 404.5, if the project is in conformance with the
33 plan for revitalization developed by the city or-county, is
34 located within a designated revitalization area, and if the
35 improvements were made during the time the area was so

1 designated. The governing body of the city or-county shall
2 forward for review all approved applications to the
3 appropriate local assessor by March 1 of each year with a
4 statement indicating whether section 404.3, subsection 1, 2,
5 3, or 4 applies or if a different schedule has been adopted,
6 which exemption from that schedule applies. Applications for
7 exemption for succeeding years on approved projects shall not
8 be required.

9 Sec. 16. Section 404.5, unnumbered paragraph 1, Code 1999,
10 is amended to read as follows:

11 The local assessor shall review each first-year application
12 by making a physical review of the property, to determine if
13 the improvements made increased the actual value of the
14 qualified real estate by at least fifteen percent or at least
15 ten percent in the case of real property assessed as
16 residential property or the applicable percent increase
17 requirement adopted by the city or-county under section 404.2.
18 If the assessor determines that the actual value of that real
19 estate has increased by at least the requisite percent, the
20 assessor shall proceed to determine the actual value of the
21 property and certify the valuation determined pursuant to
22 section 404.3 to the county auditor at the time of
23 transmitting the assessment rolls. However, if a new
24 structure is erected on land upon which no structure existed
25 at the start of the new construction, the assessor shall
26 proceed to determine the actual value of the property and
27 certify the valuation determined pursuant to section 404.3 to
28 the county auditor at the time of transmitting the assessment
29 rolls. The assessor shall notify the applicant of the
30 determination, and the assessor's decision may be appealed to
31 the local board of review at the times specified in section
32 441.37. If an application for exemption is denied as a result
33 of failure to sufficiently increase the value of the real
34 estate as provided in section 404.3, the owner may file a
35 first annual application in a subsequent year when additional

1 improvements are made to satisfy requirements of section
2 404.3, and the provisions of section 404.4 shall apply. After
3 the tax exemption is granted, the local assessor shall
4 continue to grant the tax exemption, with periodic physical
5 review by the assessor, for the time period specified in
6 section 404.3, subsection 1, 2, 3, or 4, or specified in the
7 different schedule if one has been adopted, under which the
8 exemption was granted. The tax exemptions for the succeeding
9 years shall be granted without the taxpayer having to file an
10 application for the succeeding years.

11 Sec. 17. Section 404.6, Code 1999, is amended to read as
12 follows:

13 404.6 RELOCATION EXPENSE OF TENANT.

14 Upon application to it and after verification by it, the
15 city or county shall require compensation of at least one
16 month's rent and may require compensation of actual relocation
17 expenses be paid to a qualified tenant whose displacement is
18 due to action on the part of a property owner to qualify for
19 the benefits under this chapter. However, the city or county
20 may require the persons causing the qualified tenant to be
21 displaced to pay all or a part of the relocation payments as a
22 condition for receiving a tax exemption under section 404.3.
23 "Qualified tenant" as used in this chapter shall mean the
24 legal occupant of a residential dwelling unit which is located
25 within a designated revitalization area and who has occupied
26 the same dwelling unit continuously since one year prior to
27 the city's or county's adoption of the plan pursuant to
28 section 404.2.

29 Sec. 18. Section 404.7, Code 1999, is amended to read as
30 follows:

31 404.7 REPEAL OF ORDINANCE.

32 When in the opinion of the governing body of a city or
33 county the desired level of revitalization has been attained
34 or economic conditions are such that the continuation of the
35 exemption granted by this chapter would cease to be of benefit

1 to the city or county, the governing body may repeal the
2 ordinance establishing a revitalization area. In that event,
3 all existing exemptions shall continue until their expiration.

4 Sec. 19. EFFECTIVE DATE. This Act, being deemed or
5 immediate importance, takes effect upon enactment.

6 Sec. 20. APPLICABILITY.

7 1. Urban renewal areas in existence on the effective date
8 of this Act shall continue for a period of time necessary to
9 retire, or otherwise pay, all loans, advances, indebtedness,
10 or bonds payable with urban renewal funds.

11 2. Urban revitalization exemptions granted in urban
12 revitalization areas prior to the effective date of this Act
13 shall continue until their expiration.

14 EXPLANATION

15 This bill removes the authority of counties to establish
16 urban renewal areas and urban revitalization areas. The bill
17 provides that urban renewal areas in existence on the
18 effective date of the bill shall continue until all
19 indebtedness is retired or paid. The bill also provides that
20 property tax exemptions granted in urban revitalization areas
21 before the effective date of the bill shall continue until
22 their expiration.

23 The bill takes effect upon enactment.

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