

MAR 6 2007
ECONOMIC DEVELOPMENT

HOUSE FILE 533
BY JACOBS

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

A BILL FOR

1 An Act relating to housing by creating a housing trust fund and a
2 housing trust commission, transferring certain moneys to the
3 fund, and changing the allocation of private activity bonds.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 533

1 Section 1. Section 7C.4A, subsections 1 through 5, Code
2 2001, are amended to read as follows:

3 1. ~~Thirty~~ Sixty-six percent of the state ceiling shall be
4 allocated solely to the Iowa finance authority for the
5 following purposes:

6 a. Issuing qualified mortgage bonds.

7 b. Reallocating the amount, or any portion thereof, to
8 another qualified political subdivision for the purpose of
9 issuing qualified mortgage bonds; or

10 c. Exchanging the allocation, or any portion thereof, for
11 the authority to issue mortgage credit certificates by
12 election under section 25(c) of the Internal Revenue Code.

13 However, at any time during the calendar year the executive
14 director of the Iowa finance authority may determine that a
15 lesser amount need be allocated to the Iowa finance authority
16 and on that date this lesser amount shall be the amount
17 allocated to the authority and the excess shall be allocated
18 under subsection 7.

19 2. ~~Twelve~~ Three percent of the state ceiling shall be
20 allocated to bonds issued to carry out programs established
21 under chapters 260C, 260E, and 260F. However, at any time
22 during the calendar year the director of the Iowa department
23 of economic development may determine that a lesser amount
24 need be allocated and on that date this lesser amount shall be
25 the amount allocated for those programs and the excess shall
26 be allocated under subsection 7.

27 3. ~~Sixteen~~ Seven percent of the state ceiling shall be
28 allocated to qualified student loan bonds. However, at any
29 time during the calendar year the governor's designee, with
30 the approval of the Iowa student loan liquidity corporation,
31 may determine that a lesser amount need be allocated to
32 qualified student loan bonds and on that date the lesser
33 amount shall be the amount allocated for those bonds and the
34 excess shall be allocated under subsection 7.

35 4. ~~Twenty-one~~ Twelve percent of the state ceiling shall be

1 allocated to qualified small issue bonds issued for first-time
2 farmers. However, at any time during the calendar year the
3 governor's designee, with the approval of the Iowa
4 agricultural development authority, may determine that a
5 lesser amount need be allocated to qualified small issue bonds
6 for first-time farmers and on that date this lesser amount
7 shall be the amount allocated for those bonds and the excess
8 shall be allocated under subsection 7.

9 5. Eighteen Nine percent of the state ceiling shall be
10 allocated to bonds issued by political subdivisions to finance
11 a qualified industry or industries for the manufacturing,
12 processing, or assembly of agricultural or manufactured
13 products even though the processed products may require
14 further treatment before delivery to the ultimate consumer.

15 Sec. 2. Section 15.349, Code 2001, is amended to read as
16 follows:

17 15.349 SHELTER ASSISTANCE FUND.

18 A shelter assistance fund is created as a revolving fund in
19 the state treasury under the control of the department
20 consisting of any moneys appropriated by the general assembly
21 and received ~~under-section-428A-8~~ pursuant to section 16B.102
22 for purposes of the construction, rehabilitation, expansion,
23 or costs of operations of group home shelters for the homeless
24 and domestic violence shelters. Of the moneys in the fund,
25 not less than five hundred forty-six thousand dollars shall be
26 spent annually on homeless shelter projects. Notwithstanding
27 section 8.33, all moneys in the shelter assistance fund which
28 remain unexpended or unobligated at the close of the fiscal
29 year shall not revert to the general fund of the state but
30 shall remain available for expenditure for subsequent fiscal
31 years.

32 Sec. 3. Section 16.10, subsection 1, Code 2001, is amended
33 to read as follows:

34 1. Moneys declared by the authority to be surplus moneys
35 which are not required to service bonds and notes issued by

1 the authority, to pay administrative expenses of the
2 authority, or to accumulate necessary operating or loss
3 reserves, shall be used by the authority to provide grants,
4 subsidies, and services to lower income families and very low
5 income families through the programs authorized in this
6 chapter or to provide funds for the residential mortgage
7 interest reduction program established pursuant to section
8 16.81. In addition, the authority ~~may use~~ shall deposit such
9 surplus moneys ~~to provide assistance to the local housing~~
10 ~~assistance program established in sections 15.351 through~~
11 ~~15.354 for purposes of providing assistance to low and~~
12 ~~moderate income families~~ in the housing trust fund created in
13 section 16B.102. Surplus moneys shall not be used for
14 infrastructure or administration purposes under the local
15 housing assistance program.

16 Sec. 4. Section 16.91, subsection 1, Code 2001, is amended
17 to read as follows:

18 1. The authority through the title guaranty division shall
19 initiate and operate a program in which the division shall
20 offer guaranties of real property titles in this state. The
21 terms, conditions and form of the guaranty contract shall be
22 forms approved by the division board. The division shall fix
23 a charge for the guaranty in an amount sufficient to permit
24 the program to operate on a self-sustaining basis, including
25 payment of administrative costs and the maintenance of an
26 adequate reserve against claims under the title guaranty
27 program. A title guaranty fund is created in the office of
28 the treasurer of state. Funds collected under this program
29 shall be placed in the title guaranty fund and are available
30 to pay all claims, necessary reserves and all administrative
31 costs of the title guaranty program. Moneys in the fund shall
32 not revert to the general fund and interest on the moneys in
33 the fund shall be transferred to the ~~department of economic~~
34 ~~development for deposit in the local housing assistance~~
35 ~~program fund established in section 15.354 and shall not~~

1 ~~accrue to the general fund~~ housing trust fund created in
2 section 16B.102. If the authority board in consultation with
3 the division board determines that there are surplus funds in
4 the title guaranty fund after providing for adequate reserves
5 and operating expenses of the division, the surplus funds
6 shall be transferred to the ~~housing program fund created~~
7 ~~pursuant to section 16.40~~ housing trust fund.

8 Sec. 5. NEW SECTION. 16B.101 DEFINITIONS.

9 As used in this chapter, unless the context otherwise
10 suggests:

11 1. "Commission" means the housing trust commission
12 established in section 16B.103.

13 2. "Fund" means the housing trust fund created in section
14 16B.102.

15 Sec. 6. NEW SECTION. 16B.102 HOUSING TRUST FUND.

16 1. A housing trust fund is created in the state treasury.
17 The fund shall be jointly administered by the Iowa finance
18 authority and the department of economic development subject
19 to the direction of the housing trust commission. Moneys in
20 the fund are annually appropriated to the Iowa finance
21 authority and the department of economic development. Moneys
22 in the fund shall be used for any housing-related program
23 administered by the Iowa finance authority or the department
24 of economic development. Payments of interest, repayments of
25 moneys loaned pursuant to this chapter, and recaptures of
26 grants or loans shall be deposited in the fund. Moneys in the
27 fund are not subject to section 8.33. Notwithstanding section
28 12C.7, subsection 2, interest or earnings on moneys in the
29 fund shall be credited to the fund.

30 2. The following accounts are created within the housing
31 trust fund:

32 a. Housing opportunity account. Excluding moneys
33 deposited in the Iowa housing corporation account, twenty
34 percent of the remaining moneys deposited in the housing trust
35 fund shall be allocated to the housing opportunity account.

1 Moneys in the account shall be immediately accessible to the
2 Iowa finance authority and the department of economic
3 development for economic development-related housing projects.
4 In order to receive financial assistance using moneys out of
5 the account, the recipient of the financial assistance must
6 secure a local match equal to twenty percent of the financial
7 assistance received from the account. Income restrictions
8 shall not be placed on financial assistance received from the
9 account.

10 b. (1) Local housing councils account. Excluding moneys
11 deposited in the Iowa housing corporation account, sixty
12 percent of the remaining moneys deposited in the housing trust
13 fund shall be allocated to the local housing councils account.
14 Moneys in the account shall be distributed annually to local
15 housing councils on a per capita basis. In standard
16 metropolitan statistical areas as determined by the United
17 States census bureau, moneys in this account shall be provided
18 to recipients with an income level at or below eighty percent
19 of the average income level of the population in the standard
20 metropolitan statistical area. The board may make exceptions
21 to the income requirements for standard metropolitan
22 statistical areas that have accelerated housing costs. In the
23 remaining portion of the state, moneys in this account shall
24 be provided to recipients with an income level at or below one
25 hundred ten percent of the average income level of the
26 population outside all standard metropolitan statistical areas
27 in the state.

28 (2) (a) For purposes of this paragraph, "local housing
29 council" means an organization encompassing one or more
30 counties which is authorized to coordinate housing programs in
31 the entire county of each participating county, to encourage
32 the formation of partnerships regarding housing, and to make
33 recommendations on the use of the additional receipts for
34 housing projects in the entire county of each participating
35 county.

1 (b) The membership of a local housing council shall
2 include a broad range of individuals and organizations from
3 the entire county of each participating county with
4 representation from each of the following:

5 (i) The board of supervisors of each participating county.
6 (ii) The city council of cities located within
7 participating counties.
8 (iii) Nonprofit organizations involved in housing issues.
9 (iv) Lending institutions.
10 (v) Any other organizations involved in the housing
11 industry.
12 (vi) Any interested citizens of participating counties.

13 (c) Each county participating in a housing council shall
14 complete a housing needs assessment if one has not already
15 been completed.

16 c. Competitive housing account. Excluding moneys
17 deposited in the Iowa housing corporation account, twenty
18 percent of the remaining moneys deposited in the housing trust
19 fund shall be allocated to the competitive housing account.
20 The moneys shall be distributed through a competitive
21 application process. In standard metropolitan statistical
22 areas as determined by the United States census bureau, moneys
23 in this account shall be provided to recipients with an income
24 level at or below eighty percent of the average income level
25 of the population in the standard metropolitan statistical
26 area. The board may make exceptions to the income
27 requirements for standard metropolitan statistical areas that
28 have accelerated housing costs. In the remaining portion of
29 the state, moneys in this account shall be provided to
30 recipients with an income level at or below one hundred ten
31 percent of the average income level of the population outside
32 all standard metropolitan statistical areas in the state.

33 d. Iowa housing corporation account. Any moneys received
34 by the Iowa finance authority from the Iowa housing
35 corporation shall be deposited in the Iowa housing corporation

1 account. Moneys in the account may be used for purposes of
2 providing financial assistance for housing in the form of
3 loans and guarantees. Moneys in the fund may also be used for
4 purposes of leveraging bonds.

5 Sec. 7. NEW SECTION. 16B.103 HOUSING TRUST COMMISSION.

6 1. A housing trust commission is established consisting of
7 nine members. The Iowa finance authority, in cooperation with
8 the department of economic development, shall provide office
9 space, staff assistance, and necessary supplies and equipment
10 for the commission. In performing its functions, the
11 commission is performing a public function on behalf of the
12 state and is a public instrumentality of the state.

13 2. The membership of the commission shall be appointed as
14 follows:

15 a. One representative of a city with a population of less
16 than five thousand.

17 b. One representative of a city with a population of one
18 hundred thousand or more.

19 c. One representative of a county with a population of
20 less than fifty thousand.

21 d. One representative of a county with a population of one
22 hundred fifty thousand or more.

23 e. One person with expertise in the area of mortgages and
24 lending.

25 f. One person with expertise as a housing developer.

26 g. One person with expertise in housing issues with a
27 nonprofit corporation.

28 h. One person with expertise in economic development
29 issues.

30 i. One member of the general public.

31 3. All appointments shall be made by the governor, shall
32 comply with sections 69.16 and 69.16A, and shall be subject to
33 confirmation by the senate. All appointed members of the
34 commission shall have demonstrable experience or expertise in
35 housing-related issues.

1 4. The members of the commission shall select a
2 chairperson and vice chairperson from their membership.

3 5. Commission members shall be appointed to three-year
4 staggered terms and the terms shall commence and end as
5 provided by section 69.19. A member shall not serve more than
6 two terms. If a vacancy occurs, a successor shall be
7 appointed to serve the unexpired term. A successor shall be
8 appointed in the same manner and subject to the same
9 qualifications as the original appointment to serve the
10 unexpired term. Commission members shall be eligible to
11 receive compensation as provided in section 7E.6.

12 6. A majority of the commission constitutes a quorum.

13 Sec. 8. NEW SECTION. 16B.104 COMMISSION DUTIES.

14 The commission shall do all of the following:

15 1. Organize.

16 2. Direct the administration of the housing trust fund
17 created in section 16B.102.

18 3. Direct the expenditure of moneys in housing trust fund
19 created in 16B.102.

20 4. Provide advice and assistance to any state agency
21 administering a housing-related program.

22 5. Market and educate the general public regarding all
23 housing-related programs offered by the Iowa finance authority
24 and the department of economic development. The marketing and
25 education efforts shall include outreach initiatives aimed at
26 immigrants and minority persons.

27 6. Develop a centralized, comprehensive program for
28 providing the general public with access to housing related
29 information.

30 Sec. 9. NEW SECTION. 16B.105 RULES.

31 The commission shall adopt rules pursuant to chapter 17A
32 necessary for administering this chapter.

33 Sec. 10. Section 543B.46, subsection 1, Code 2001, is
34 amended to read as follows:

35 1. Each real estate broker shall maintain a common trust

1 account in a bank, a savings and loan association, savings
2 bank, or credit union for the deposit of all down payments,
3 earnest money deposits, or other trust funds received by the
4 broker or the broker's salespersons on behalf of the broker's
5 principal, except that a broker acting as a salesperson shall
6 deposit these funds in the common trust account of the broker
7 for whom the broker acts as salesperson. The account shall be
8 an interest-bearing account. The interest on the account
9 shall be transferred quarterly to the treasurer of state and
10 transferred to the department-of-economic-development Iowa
11 finance authority for deposit in the local-housing-assistance
12 program-fund-established-in-section-15-354-unless-there-is-a
13 written-agreement-between-the-buyer-and-seller-to-the-contrary
14 housing trust fund created in section 16B.102. The broker
15 shall not benefit from interest received on funds of others in
16 the broker's possession.

17 Sec. 11. STUDY AND RECOMMENDATIONS.

18 1. The housing trust commission, in cooperation with the
19 Iowa finance authority, the department of economic
20 development, the attorney general, and the department of
21 public health, shall conduct a study and provide
22 recommendations regarding the following issues:

23 a. Whether it would be desirable to allow cities and
24 counties to determine how tax increment financing is used for
25 commercial and residential development and how much tax
26 increment financing the cities and counties should set aside
27 for low and moderate income categories.

28 b. A long-term solution to issues raised related to
29 manufactured housing in chapter 562B, particularly the issue
30 of eviction without cause. The solution should protect both
31 consumers and property owners.

32 c. Options or alternatives for the state to determine
33 median income for federally funded or state-funded housing
34 programs in order to more effectively address local housing
35 needs.

1 d. Establishment of a tax credit for the development of
2 single-family, owner-occupied housing.

3 e. Provision of a program for investigating the lead-based
4 paint exposure problem in the state and communicating the
5 magnitude of the problem to the public.

6 f. Establishment of a tax credit for renters.

7 2. The recommendations required under this section shall
8 be included in a written report submitted to the general
9 assembly by January 14, 2002.

10 Sec. 12. IOWA HOUSING CORPORATION MONEYS. The Iowa
11 finance authority shall transfer any moneys received from the
12 Iowa housing corporation for deposit in the Iowa housing
13 corporation account of the housing trust fund created in
14 section 16B.102.

15 EXPLANATION

16 This bill relates to housing by creating a housing trust
17 fund and a housing trust commission, transferring certain
18 moneys to the fund, and changing the allocation of private
19 activity bonds.

20 The bill amends the private activity bond allocation Act in
21 Code chapter 7C, which allows for the allocation of the state
22 ceiling for bonds which are subject to section 146 of the
23 Internal Revenue Code and may be issued by all political
24 subdivisions. The bill increases the state ceiling allocated
25 to the Iowa finance authority for purposes of issuing
26 qualified mortgage bonds, reallocating the amount, or
27 exchanging the allocation from 30 percent to 66 percent. The
28 bill reduces all of the other allocations of the state ceiling
29 by a total of 36 percent.

30 The bill creates a housing trust fund and provides for the
31 joint administration of the fund by the Iowa finance authority
32 and the department of economic development subject to the
33 direction of the housing trust commission. The bill creates a
34 housing opportunity account, a local housing councils account,
35 a competitive housing account, and an Iowa housing corporation

1 account within the housing trust fund. The bill provides that
2 moneys in the fund shall be used for housing-related programs
3 administered by the authority and the department.

4 The bill provides that the housing opportunity account
5 shall consist of 20 percent of any moneys deposited in the
6 housing trust fund excluding moneys deposited in the Iowa
7 housing corporation account. The bill provides that moneys in
8 the account shall be immediately accessible to the authority
9 and department of economic development for economic
10 development-related housing projects. The bill provides that,
11 in order to receive financial assistance using moneys out of
12 the account, the recipient of the financial assistance must
13 secure a local match equal to 20 percent of the financial
14 assistance received from the account. The bill provides that
15 there shall be no income restrictions placed on financial
16 assistance received from the account.

17 The bill provides that the local housing councils account
18 shall consist of 60 percent of any moneys deposited in the
19 housing trust fund excluding moneys deposited in the Iowa
20 housing corporation account. The bill provides that moneys in
21 the account shall be distributed annually to local housing
22 councils on a per capita basis. The bill provides income
23 restrictions on recipients of moneys from the account. The
24 bill provides that a local housing council is an organization
25 encompassing one or more counties which is authorized to
26 coordinate housing programs in the entire county of each
27 participating county, to encourage the formation of
28 partnerships regarding housing, and to make recommendations on
29 the use of the additional receipts for housing projects in the
30 entire county of each participating county.

31 The bill provides that the competitive housing account
32 shall consist of 20 percent of any moneys deposited in the
33 housing trust fund excluding moneys deposited in the Iowa
34 housing corporation account. The bill provides that moneys
35 shall be distributed through a competitive application

1 process. The bill provides income restrictions on recipients
2 of moneys from the account.

3 The bill provides that the Iowa housing corporation account
4 shall consist of any moneys received by the Iowa finance
5 authority from the Iowa housing corporation. The bill
6 provides that moneys in the account may be used for purposes
7 of providing financial assistance for housing in the form of
8 loans and guarantees and for purposes of leveraging bonds.

9 The bill establishes a housing trust commission consisting
10 of nine members. The bill provides that the commission shall
11 organize, direct the administration of and expenditure of
12 moneys in the housing trust fund, provide advice and
13 assistance to any state agency administering a housing-related
14 program, market and educate the general public regarding
15 housing-related programs, and develop a centralized,
16 comprehensive program for providing the general public with
17 access to housing-related information. The bill provides
18 rulemaking authority for the commission.

19 The bill provides for the transfer of certain surplus
20 moneys and interest from the title guaranty program to the
21 housing trust fund. The bill provides that the authority
22 shall deposit surplus moneys in the housing trust fund. The
23 bill further provides for the transfer of interest earned on
24 common trust accounts maintained by real estate brokers to the
25 housing trust fund.

26 The bill also makes conforming amendments.

27 The bill provides that, by January 14, 2002, the housing
28 trust commission, in cooperation with the Iowa finance
29 authority, the department of economic development, the
30 attorney general, and the Iowa department of public health,
31 shall conduct a study and provide recommendations regarding
32 issues related to tax increment financing; manufactured
33 housing; options or alternatives for the state to determine
34 median income for federally funded or state-funded housing
35 programs; a tax credit for the development of single-family,

1 owner-occupied housing; investigating the lead-based paint
2 exposure problem in the state; and a tax credit for renters.

3 The bill provides that the Iowa finance authority shall
4 transfer any moneys received from the Iowa housing corporation
5 for deposit in the Iowa housing corporation account of the
6 housing trust fund.

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