

House File 2606 - Introduced

HOUSE FILE 2606

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A BILL FOR

1 An Act providing for grants to eligible political subdivisions
2 for rehabilitation and remediation of buildings that are
3 public nuisances or are abandoned for community use, and
4 making appropriations.

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

1 Section 1. Section 15.338, Code 2020, is amended to read as
2 follows:

3 **15.338 Nuisance property remediation assistance — fund.**

4 1. *a.* The economic development authority shall establish
5 a nuisance property remediation fund pursuant to section
6 15.106A, subsection 1, paragraph "o", for purposes of providing
7 financial assistance to cities ~~for the remediation of nuisance~~
8 ~~properties and abandoned buildings and other structures and~~
9 political subdivisions for purposes of this section. The
10 authority shall administer the fund in a manner designed
11 to make funds annually available to cities and political
12 subdivisions for purposes of this section.

13 *b.* The authority may administer a the fund established for
14 purposes of this section as a revolving fund. The fund ~~may~~
15 ~~consist~~ consists of any moneys appropriated by the general
16 assembly for purposes of this section and any other moneys
17 that are lawfully available to the authority, including moneys
18 transferred or deposited from other funds created pursuant to
19 section 15.106A, subsection 1, paragraph "o".

20 0c. For the fiscal year beginning July 1, 2020, and for each
21 fiscal year thereafter, there is appropriated from the general
22 fund of the state to the authority for deposit in the fund a sum
23 of two million dollars to be used by the authority to provide
24 grants to political subdivisions pursuant to subsection 6A.

25 *c.* The authority shall use any moneys specifically
26 appropriated for purposes of this section only for the purposes
27 of this section. ~~The authority may use all other moneys in the~~
28 ~~fund, including interest, earnings, recaptures, and repayments~~
29 ~~for purposes of this section or the authority may transfer~~
30 ~~the other moneys to other funds created pursuant to section~~
31 ~~15.106A, subsection 1, paragraph "o".~~

32 *d.* Notwithstanding section 12C.7, subsection 2, interest
33 or earnings on moneys in the fund shall accrue to the
34 authority and shall be used for purposes of this section.

35 Notwithstanding **section 8.33**, moneys in the nuisance property

1 remediation fund at the end of each fiscal year shall not
2 revert to any other fund but shall remain in the fund for
3 expenditure for subsequent fiscal years. All repayments or
4 recaptures of financial assistance provided under this section
5 shall accrue to the authority and shall be used for purposes of
6 this section.

7 e. The authority may use not more than five percent of
8 the moneys in the fund at the beginning of the fiscal year
9 for purposes of administrative costs, finance, compliance,
10 marketing, and program support.

11 2. The authority shall use moneys in the fund to provide
12 ~~financial assistance~~ loans or forgivable loans to cities,
13 and to provide grants to political subdivisions, for the
14 remediation and rehabilitation of buildings that are a public
15 nuisance properties and buildings that are abandoned buildings
16 and other structures. ~~Such financial assistance may include~~
17 ~~loans or forgivable loans.~~ The authority may provide financial
18 assistance under this section using a competitive scoring
19 process and eligibility criteria established pursuant to rules
20 adopted by the authority.

21 3. a. In providing ~~financial assistance~~ a loan or a
22 forgivable loan under this section, the authority may give
23 priority to cities with severe blighted areas, widespread
24 dilapidated housing stock, or high rates of low or moderate
25 income residents.

26 4. b. The authority shall enter into an agreement with
27 each city for the receipt of ~~financial assistance~~ a loan or
28 a forgivable loan under this section. The authority may
29 negotiate the terms of the agreement.

30 5. c. ~~In providing financial assistance under this section,~~
31 ~~the~~ The authority shall coordinate with a city to develop a
32 plan for the use of ~~funds~~ a loan or a forgivable loan that
33 is consistent with the community development, housing, and
34 economic development goals of the city. The terms of the
35 agreement entered into pursuant to ~~subsection 4~~ paragraph "b"

1 and the use of ~~financial assistance~~ the loan or forgivable loan
2 provided under this section shall reflect the plan developed
3 based on a city's goals.

4 ~~6.~~ d. If a city receives ~~financial assistance~~ a loan or
5 a forgivable loan under this section, the amount of any lien
6 created for costs related to the rehabilitation or remediation
7 of the property shall not include any moneys that the city
8 received pursuant to this section to rehabilitate or remediate
9 the property.

10 4. a. The authority shall use moneys in the fund pursuant
11 to subsection 1, paragraph "0c", to provide grants to political
12 subdivisions for rehabilitation and remediation of buildings
13 that are public nuisances or abandoned for community use.

14 b. In providing a grant under this section, the authority
15 shall enter into an agreement with each political subdivision
16 prior to the political subdivision's receipt of a grant. For a
17 political subdivision to receive a grant, the agreement must
18 require that the political subdivision provide resources,
19 including financial or in-kind, to the rehabilitation or
20 remediation project. The authority shall negotiate the terms
21 of the agreement and the agreement must specify that if,
22 after being awarded a grant, the political subdivision does
23 not comply with the agreement, all or a portion of the grant
24 received is subject to disallowance, recapture, or immediate
25 repayment.

26 c. In awarding a grant under this section, the authority
27 shall coordinate with a political subdivision to develop a plan
28 for the use of the grant that is consistent with the community
29 development goals of the political subdivision. The terms
30 of the agreement entered into pursuant to paragraph "b" and
31 the political subdivision's use of a grant awarded under this
32 section shall reflect the plan developed.

33 d. A grant awarded to an eligible political subdivision
34 pursuant to this section shall not exceed one hundred thousand
35 dollars. A political subdivision shall not receive more than

1 one grant under this section.

2 e. If a political subdivision is awarded a grant under
3 this section, the amount of any lien created for costs related
4 to the rehabilitation or remediation of a building that is a
5 public nuisance or that is abandoned shall not include any
6 moneys that the political subdivision received pursuant to this
7 section.

8 ~~7. 5. The authority shall submit a report to the general~~
9 ~~assembly and the governor's office on or before January~~
10 ~~31, 2019, describing the results of the program implemented~~
11 ~~pursuant to this section and making recommendations for~~
12 ~~additional program changes. The authority shall, by January 15~~
13 ~~of each year, submit a report on the grants awarded pursuant to~~
14 ~~subsection 4 to the general assembly. The report shall include~~
15 ~~all of the following information for each political subdivision~~
16 ~~that is awarded a grant under the program in the immediately~~
17 ~~preceding calendar year:~~

18 a. The identity of the political subdivision.

19 b. The amount of the grant.

20 c. The address of the building that is a public nuisance or
21 abandoned that is being rehabilitated or remediated.

22 d. The financial or in-kind resources contributed by the
23 political subdivision.

24 e. The projected economic impact of the project to the
25 community.

26 f. The intended community use for the rehabilitated or
27 remediated building that is a public nuisance or that is
28 abandoned.

29 g. The completion date for the project.

30 6. As used in this section, unless the context otherwise
31 requires:

32 a. "Abandoned" means the same as defined in section 657A.1.

33 b. "Building" means the same as defined in section 657A.1.

34 c. "Political subdivision" means a city, county, township,
35 or school district.

1 d. "Public nuisance" means the same as defined in section
2 657A.1.

3 7. The authority shall adopt rules pursuant to chapter 17A
4 to administer this section.

5 EXPLANATION

6 The inclusion of this explanation does not constitute agreement with
7 the explanation's substance by the members of the general assembly.

8 This bill relates to grants to eligible political
9 subdivisions for rehabilitation and remediation of buildings
10 that are public nuisances or abandoned for community use.

11 Under current law, the nuisance property remediation
12 fund established in Code section 15.338 may be used by the
13 economic development authority (authority) to provide loans
14 and forgivable loans to cities for the remediation of nuisance
15 properties and abandoned buildings and other structures. Under
16 the bill, the authority is still required to provide loans and
17 forgivable loans to cities, and in addition the bill requires
18 the authority to award grants to political subdivisions for
19 the remediation and rehabilitation of buildings that are
20 public nuisances and buildings that are abandoned. "Political
21 subdivision" is defined in the bill as a city, county,
22 township, or school district. "Public nuisance", "abandoned",
23 and "building" are also defined in the bill. Under current
24 law, the authority may transfer all moneys in the fund that
25 have not been appropriated, including interest, earnings,
26 recaptures, and repayments to other funds created pursuant
27 to Code section 15.106A(1)(o). The bill specifies that all
28 repayments or recaptures of financial assistance provided to
29 cities or political subdivisions accrue to the authority and
30 must be used for purposes of providing loans and forgivable
31 loans to cities, and grants to political subdivisions.

32 The bill establishes a \$2 million standing appropriation
33 from the general fund of the state to the authority for
34 deposit in the fund commencing with the fiscal year beginning
35 July 1, 2020. The authority is required to use the standing

1 appropriation to provide grants to political subdivisions
2 using a competitive scoring process and eligibility criteria
3 established pursuant to rules adopted by the authority.
4 Upon approval of a political subdivision's application, the
5 political subdivision must enter into an agreement with the
6 authority. The agreement must contain a provision allowing
7 for all or a portion of the grant received to be subject to
8 disallowance, recapture, or immediate repayment in certain
9 circumstances as outlined in the bill.

10 The authority is required to coordinate with the political
11 subdivision to develop a plan for the use of an awarded grant
12 that is consistent with the community development goals of
13 the political subdivision. The terms of the agreement the
14 political subdivision and the authority enter into, and the use
15 of the awarded grant, must reflect the developed plan.

16 A grant awarded to an eligible political subdivision cannot
17 exceed \$100,000 and an eligible political subdivision cannot
18 receive more than one grant. The bill requires the authority
19 to submit an annual report to the general assembly that
20 includes information related to grants awarded to political
21 subdivisions as outlined in the bill.

22 The authority is required to adopt rules pursuant to Code
23 chapter 17A as necessary to administer the provisions of the
24 bill.

25 The bill makes conforming changes to Code section 15.338.