

House File 1037 - Introduced

HOUSE FILE 1037
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 617)

A BILL FOR

1 An Act modifying economic development provisions relating to
2 housing and residential development in urban renewal areas.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 15A.1, subsection 1, paragraph b, Code
2 2025, is amended to read as follows:

3 b. For purposes of this chapter, "economic development" means
4 private or joint public and private investment involving the
5 creation of new jobs and income or the retention of existing
6 jobs and income that would otherwise be lost or the provision of
7 workforce housing.

8 Sec. 2. Section 15A.1, subsection 2, Code 2025, is amended by
9 adding the following new paragraph:

10 NEW PARAGRAPH. e. Development policies that advance the
11 development of workforce housing.

12 Sec. 3. Section 403.17, subsection 14, Code 2025, is amended
13 to read as follows:

14 14. "~~Low or~~ and moderate income families" means those
15 families, including single person households, earning no more
16 than eighty percent of the higher of the median family income of
17 the county or the statewide nonmetropolitan area as determined
18 by the latest United States department of housing and urban
19 development, section 8 income guidelines.

20 Sec. 4. Section 403.17, Code 2025, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 14A. "Low and moderate income family
23 housing" means housing for low and moderate income families and
24 includes housing that meets the requirements of section 15.353.

25 Sec. 5. Section 403.22, subsection 1, Code 2025, is amended
26 by adding the following new paragraph:

27 NEW PARAGRAPH. d. (1) For municipalities of any population
28 size, and notwithstanding any minimum low and moderate income
29 family housing requirement, if the public improvement project is
30 approved on or after July 1, 2025, and is related to housing
31 and residential development in an economic development area
32 containing property that has been located entirely within the
33 corporate limits of a city for twenty years or more, the amount
34 to be provided for low and moderate income family housing for
35 such projects shall not be required to be greater than an amount

1 equal to twenty percent of the original project cost.

2 (2) In addition, notwithstanding subsection 5, the division
3 of the revenue under section 403.19 for each project under
4 this paragraph shall be limited to tax collections for twenty
5 fiscal years beginning with the second fiscal year after the
6 year in which the municipality first certifies to the county
7 auditor the amount of any loans, advances, indebtedness, or bonds
8 which qualify for payment from the division of the revenue in
9 connection with the project.

10

EXPLANATION

11

The inclusion of this explanation does not constitute agreement with

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the explanation's substance by the members of the general assembly.

13

This bill relates to economic development and housing by
14 modifying provisions concerning economic development programs and
15 modifying provisions concerning Iowa's urban renewal law.

16

The bill amends the definition of "economic development" for
17 purposes of Code chapter 15 to also include the provision of
18 workforce housing.

19

The bill adds development policies that advance the
20 development of workforce housing to the list of factors required
21 to be considered by the public body before public funds are used
22 for grants, loans, tax incentives, or other financial assistance
23 to private persons or on behalf of private persons for economic
24 development under Code chapter 15.

25

Under current law, any urban renewal area established upon
26 the determination that the area is an economic development area,
27 a division of revenue (tax increment financing) shall not be
28 allowed for the purpose of providing or aiding in the provision
29 of public improvements related to housing and residential
30 development, unless the municipality assures that the project
31 will include assistance for low and moderate income family
32 housing, subject to certain municipality population thresholds.

33

Under the bill, for municipalities of any population size,
34 and notwithstanding any minimum low and moderate income family
35 housing requirement, if the public improvement project is

1 approved on or after July 1, 2025, and is related to housing
2 and residential development in an economic development area
3 containing property that has been located entirely within the
4 corporate limits of a city for 20 years or more, the amount
5 to be provided for low and moderate income family housing for
6 such projects shall not be required to be greater than an amount
7 equal to 20 percent of the original project cost. The bill
8 also extends the division of the revenue for such projects to
9 tax collections for 20 fiscal years instead of the current law
10 maximum of 10 years.

11 The bill also defines "low and moderate income family housing"
12 for Code chapter 403 to mean housing for low and moderate income
13 families and housing that meets the requirements of Code section
14 15.353 (workforce housing).

15 The bill also modifies the defined term "low or moderate
16 income families" in Code chapter 403 to "low and moderate income
17 families" to align with the terminology usage within the Code
18 chapter.