

CHAPTER 1131

ASSESSMENT OF LOW-INCOME HOUSING

H.F. 2466

AN ACT relating to the assessment of certain housing rented or leased to low-income individuals and families and including applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 426C.4, subsection 1, paragraph b, subparagraph (1), Code 2014, is amended to read as follows:

(1) Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, ~~and that is subject to assessment procedures relating to section 42 property under section 441.21, subsection 2, for the applicable assessment year.~~

Sec. 2. Section 441.21, subsection 2, Code 2014, is amended to read as follows:

2. In the event market value of the property being assessed cannot be readily established in the foregoing manner, then the assessor may determine the value of the property using the other uniform and recognized appraisal methods including its productive and earning capacity, if any, industrial conditions, its cost, physical and functional depreciation and obsolescence and replacement cost, and all other factors which would assist in determining the fair and reasonable market value of the property but the actual value shall not be determined by use of only one such factor. The following shall not be taken into consideration: Special value or use value of the property to its present owner, and the goodwill or value of a business which uses the property as distinguished from the value of the property as property. However, in assessing property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and which section limits the amount that the individual or family pays for the rental or lease of units in the property, the assessor shall, unless the owner elects to withdraw the property from the assessment procedures for section 42 property, use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property. The assessor shall not consider any tax credit equity or other subsidized financing as income provided to the property in determining the assessed value. The property owner shall notify the assessor when property is withdrawn from section 42 eligibility under the Internal Revenue Code or if the owner elects to withdraw the property from the assessment procedures for section 42 property under this subsection. The property shall not be subject to section 42 assessment procedures for the assessment year for which section 42 eligibility is withdrawn or an election is made. This notification must be provided to the assessor no later than March 1 of the assessment year or the owner will be subject to a penalty of five hundred dollars for that assessment year. The penalty shall be collected at the same time and in the same manner as regular property taxes. An election to withdraw from the assessment procedures for section 42 property is irrevocable. Property that is withdrawn from the assessment procedures for section 42 property shall be classified and assessed as multifamily residential property unless the property otherwise fails to meet the requirements of section 441.21, subsection 13. Upon adoption of uniform rules by the department of revenue or succeeding authority covering assessments and valuations of such properties, the valuation on such properties shall be determined in accordance with such rules and in accordance with forms and guidelines contained in the real property appraisal manual prepared by the department as updated from time to time for assessment purposes to assure uniformity, but such rules, forms, and guidelines shall not be inconsistent with or change the foregoing means of determining the actual, market, taxable and assessed values.

Sec. 3. Section 441.21, subsection 13, paragraph d, as enacted by 2013 Iowa Acts, chapter 123, section 28, is amended to read as follows:

d. ~~In no case, however, shall property~~ Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, and that ~~is subject to assessment procedures relating to section 42 property under section 441.21,~~ has not been withdrawn from section 42 assessment procedures under subsection 2 of this section, or a hotel, motel, inn, or other building where rooms or dwelling units are usually rented for less than one month shall not be classified as multiresidential property under this subsection.

Sec. 4. APPLICABILITY. This Act applies to assessment years beginning on or after January 1, 2015.

Approved May 30, 2014