

# MULTIRESIDENTIAL PROPERTY CLASSIFICATION

## **Prior Law**

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Under prior law, Iowa had four property classifications: Residential, Agricultural, Commercial, and Industrial.

When a city or county establishes an urban revitalization area, it is required to specify whether the revitalization is applicable to none, some, or all of the property assessed as residential, agricultural, commercial or industrial property within that urban revitalization area.

Commercial property consisting of three or more separate living quarters with at least 75 percent of the space used for residential purposes and residential property are eligible to receive 100 percent exemption from taxation for ten years on the actual value added by improvements if they are located within an urban revitalization area.

## **New Provisions**

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Beginning with property valuations established on or after January 1, 2015, Iowa will have a fifth property classification known as “multiresidential property.”

### Definition of Multiresidential Property

The following property shall be valued as a separate class of property known as “multiresidential property” and be valued at a percentage of its actual value:

- Mobile home parks;
- Manufactured home communities;
- Land-leased communities;
- Assisted living facilities;
- Property primarily used or intended for human habitation containing three or more separate dwelling units.
- The portion of a building that is used or intended for human habitation and a proportionate share of the land upon which the building is situated, regardless of the number of dwelling units located within the building, if the use for human habitation is not the primary use of the building and such building is otherwise classified as residential property.

For parcels that partially satisfy the requirements for classification as multiresidential property, the assessor shall classify that portion of the parcel as multiresidential property. The remaining portion of the parcel shall be classified as the classification for which it qualifies.

Property that is rented or leased to low-income individuals or families which is assessed as Section 42 housing or a hotel, motel, inn, or other building where rooms or dwelling

units are usually rented for less than one month cannot be classified as multiresidential property.

#### Actual, Assessed, and Taxable Value

For property valuations established for the assessment year beginning January 1, 2015, the percentage of actual value of multiresidential property must be the greater of 86.75 percent or the percentage of actual value at which residential property is assessed for the same assessment year. The percentage will be reduced for each subsequent assessment year until the assessment year beginning January 1, 2022. For the assessment year beginning January 1, 2022, and each year thereafter, multiresidential property will be assessed at the same percentage of actual value as residential property for the same assessment year.

Any construction or installation of a solar energy system on property classified as multiresidential will not increase the actual, assessed, and taxable value of the property for five full assessment years.

#### Urban Revitalization

A city or county establishing an urban revitalization area is required to specify whether the revitalization is applicable to none, some, or all of the property assessed as residential, multiresidential, agricultural, commercial or industrial property within the urban revitalization area.

Multiresidential property located within an urban revitalization is eligible to receive 100 percent exemption from taxation for a period of ten years if the property consists of three or more separate living quarters with at least 75 percent of the space used for residential purposes.

#### **Section Amended** \_\_\_\_\_

Section 24 of 2013 Iowa Acts Senate File 295 amends Code section 404.2, subsection 2, paragraph f, Code 2013. Section 25 amends Code section 404.3, subsection 4, Code 2013. Section 26 amends Code section 441.21, subsection 8, paragraph b, Code 2013. Section 27 amends section 441.21, subsections 9 and 10, Code 2013. Section 28 amends Code section 441.21, by adding new subsection 13.

#### **Effective Date** \_\_\_\_\_

January 1, 2015