

MARSHALLTOWN, IOWA

URBAN RENEWAL PLAN
URBAN RENEWAL AREA NO. 5

September, 2016

I. INTRODUCTION

Chapter 403 of the Code of Iowa authorizes cities and counties to establish areas within their boundaries known as “urban renewal areas,” and to exercise special powers within these areas. Urban renewal powers were initially provided to cities in order that conditions of deterioration within cities might be brought under control. Gradually, urban renewal has been found to be a useful tool, as well, for economic development in previously undeveloped areas and for retention of enterprises and jobs in other areas.

In order to facilitate the use of urban renewal for economic development, in 1985, the Iowa General Assembly amended Chapter 403 to authorize City Councils and Boards of Supervisors to create “economic development” areas. An economic development urban renewal area may be any area of a city or county which has been designated by the City Council or Board of Supervisors as an area which is appropriate for commercial, industrial and/or residential housing enterprises and in which the city or county seeks to encourage further development.

Also in 1985, as an additional expression of the role for local governments in private economic development, the General Assembly enacted Chapter 15A of the Code of Iowa, which declares that economic development is a “public purpose” and authorizes local governments to make grants, loans, guarantees, tax incentives and other financial assistance to private enterprise. The statute defines “economic development” as including public investment involving the creation of new jobs and income or the retention of existing jobs and income that would otherwise be lost.

In 1996, the General Assembly expanded the scope of the urban renewal statute to provide that incremental property tax revenues may be used to finance the construction of public infrastructure to serve all levels of housing as long as a percentage of those revenues is set aside to help meet the housing needs of low and moderate income families in the community.

The process by which an economic development urban renewal area may be created begins with a finding by the city council that such an area needs to be established within the City. An urban renewal plan is then prepared for the area. The County and local school district must be notified and given an opportunity to comment on the plan. The City Council must hold a public hearing on the urban renewal plan, following which, the Council may approve the plan.

The City of Marshalltown (the "City") has previously established four urban renewal areas, and this document is intended to serve as the Urban Renewal Plan for an urban renewal area in the City to be known as Urban Renewal Area No. 5 (the "Urban Renewal Area"). It is intended that this Urban Renewal Plan will guide the City in promoting economic development in the area. This document is an Urban Renewal Plan within the meaning of Chapter 403 of the Code of Iowa, and it sets out a proposed project to be undertaken within the Urban Renewal Area.

II. DESCRIPTION OF URBAN RENEWAL AREA

The Urban Renewal Area includes approximately 15 acres of property located 250 feet west of the corner of Campbell Drive and 233rd Street and east of the Wandering Creek Golf Course, with the following legal description:

PARCEL "B" LOCATED ENTIRELY WITHIN PARCEL "A" IN THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 9, TOWNSHIP 83 NORTH, RANGE 18 WEST OF THE 5TH P.M., MARSHALL COUNTY, IOWA.

FURTHER DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 9, ALSO BEING THE NORTHWEST CORNER OF PARCEL "A" AS RECORDED ON INSTRUMENT #9903778 IN THE OFFICE OF THE RECORDER, MARSHALL COUNTY, IOWA; THENCE, N88°11'08"E 50.00' ALONG THE NORTH LINE OF SAID PARCEL "A" TO THE POINT OF BEGINNING; THENCE, N88°11'08"E 940.00' CONTINUING ALONG SAID NORTH LINE TO THE NORTHEAST CORNER OF SAID PARCEL "A"; THENCE, S1°09'38"W 705.00' ALONG THE EAST LINE OF SAID PARCEL "A"; THENCE, S88°11'08"W 940.00'; THENCE, N1°09'38"E 705.00' TO THE POINT OF BEGINNING. PARCEL "B" CONTAINS 15.19 ACRES INCLUDING 0.71 ACRES OF PRESENTLY ESTABLISHED ROAD RIGHT OF WAY.

III. URBAN RENEWAL OBJECTIVES

The primary objectives for development within the Urban Renewal Area are:

1. To contribute to a diversified, well-balanced local economy by creating new residential development, job opportunities, and strengthening the property tax base.
2. To create a mechanism for financing the construction of needed infrastructure and residential development within the Urban Renewal Area.
3. To generate funds that can be used to improve housing for low and moderate income families throughout the City.

IV. PROPOSED PROJECT

The project that is described in this Urban Renewal Plan involves the provision of incentives by the City to a developer to expand what is known as the Eagle View Development on the property in the Urban Renewal Area. The developer has proposed to construct 52 residential units and to install necessary infrastructure improvements. The City proposes to reimburse the developer for the infrastructure costs by making economic development tax increment rebate payments to the developer for a period of ten years in a maximum amount of \$1,300,000. The payments would come from property taxes generated by the new development. The City will also set aside from taxes generated by the new development an amount of funds that will be devoted to improving housing for low and moderate income families, including financing improvements to in-fill properties that are part of the City's dangerous and dilapidated building program.

V. LAND USE PLAN AND PROPOSED DEVELOPMENT

The City has adopted a comprehensive land use plan to guide the development of land uses, and the activity in the Urban Renewal Area will be carried out in a manner that will be consistent with that plan.

VI. TAX INCREMENT FINANCING PROCEDURES

As part of the establishment of an urban renewal area, a City will adopt an ordinance to create a tax increment district (the "TIF District"), within which the property taxes eventually paid by new private development will be used to pay costs of urban renewal projects. The use of these tax revenues in this manner is known as tax increment financing ("TIF").

Depending on the date on which a TIF District is legally established and the date on which debt is initially certified within a TIF District, an original taxable valuation is established for the property within a TIF District, which is known as the "base valuation." The "base valuation" is the assessed value of the taxable property in a TIF District as of January 1 of the calendar year preceding the calendar year in which a City first certifies the amount of any debt payable from TIF revenues to be generated within that TIF District. When the value of the property inside a TIF District increases by virtue of new construction or any other reason, the difference between the base valuation and the new property value is the "tax increment" or "incremental value."

Procedurally, after tax increment debt has been incurred within a TIF District, property taxes levied by all local jurisdictions (city, county, school, area college) against the incremental value -- with the exception of taxes levied to repay current or future debt incurred by local jurisdictions and the school district physical plant and equipment levy and instructional support levy -- are allocated by state law to the City's tax increment fund rather than to each local jurisdiction. These new tax dollars are then used to repay any tax increment debt incurred in the Urban Renewal Area.

VII. EFFECTIVE PERIOD

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect until it is repealed by the City Council. By state law, the use of incremental property tax revenues to assist the developer pay the cost of infrastructure related to development of residential property will be limited to the collection of incremental property taxes from the developer's property for ten years.

VIII. PLAN AMENDMENTS

This Urban Renewal Plan may be amended in accordance with the procedures set forth in Chapter 403 of the Code of Iowa in order to carry out any purposes consistent with Chapter 403 of the Code of Iowa.

IX. FINANCIAL INFORMATION

CITY DEBT INFORMATION

1. Current constitutional debt limit	\$68,225,000
2. Outstanding general obligation debt	\$28,650,000
3. Proposed amount of TIF debt to be incurred:	\$1,300,000

