

CITY OF MARSHALLTOWN, IOWA
URBAN RENEWAL PLAN
MARSHALLTOWN URBAN RENEWAL AREA #7

September, 2022

I. INTRODUCTION

Chapter 403 of the Code of Iowa authorizes cities 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 blight and 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 to create “economic development” areas. An economic development urban renewal area may be any area of a city which has been designated by the City Council as an area which is appropriate for commercial, industrial and/or residential housing enterprises and in which the city seeks to encourage further development.

As an additional expression of the role for local governments in private economic development, the General Assembly also 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.

An investigation has been conducted the results of which indicate that conditions of blight, as described in Section 403.17(5) of the Code of Iowa exist on certain property situated in the City of Marshalltown, Iowa (the “City”), such property being more particularly described on Exhibit A hereto (the “Property”), as a result of the deterioration of private properties, faulty land use and lot layout conditions, dilapidation and developing failure of public infrastructure and utility connections (the “Blighted Conditions”). The Blighted Conditions are further described on Exhibit B hereto. Furthermore the City Council has determined that need exists to undertake projects for the promotion of economic development on the Property proposed for inclusion in the urban renewal area.

The process by which a blighted and 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, which must be consistent with the City’s existing general plan for the development of the City. All other affected taxing entities

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.

This document is intended to serve as the Urban Renewal Plan for the Marshalltown Urban Renewal Area #7 (the “Urban Renewal Area”) and will guide the City in alleviating Blighted Conditions and promoting economic growth through the encouragement of commercial, industrial and residential development in such area as detailed herein. This document is an Urban Renewal Plan within the meaning of Chapter 403 of the Code of Iowa and sets out proposed projects and activities within the Urban Renewal Area.

II. DESCRIPTION OF URBAN RENEWAL AREA

A description of all property (the “Property”) that has been included within the Urban Renewal Area is attached hereto as Exhibit A.

III. URBAN RENEWAL OBJECTIVES

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

1. To contribute to a diversified, well-balanced local economy by creating job opportunities and strengthening the property tax base.
2. To assist in providing land and resources for new and expanded commercial, industrial and residential development in a manner that is efficient from the standpoint of providing municipal services.
3. To stimulate through public action and commitment, private investment in commercial and industrial development, and to encourage commercial and industrial job retention, growth and expansion through the use of various federal, state and local incentives, including tax increment financing.
4. To provide municipal infrastructure, services and facilities that enhance possibilities for economic development and community attractiveness to private enterprise and alleviate the Blighted Conditions.
5. To undertake projects, both public and private, targeted at the alleviation of the Blighted Conditions.
6. To help finance the cost of streets, water, sanitary sewer, storm sewer, or other public improvements in support of new residential, commercial and industrial development.
7. To provide a more marketable and attractive investment climate.
8. To increase the number of affordable housing units in the City that are safe, attractive and comfortable.
9. To provide public facilities to enhance City services and enhance the economic attractiveness of the community.

10. To alleviate conditions of slum and blight in the Urban Renewal Area.

IV. URBAN RENEWAL PROJECTS AND ACTIVITIES

The following types of activities are examples of the specific actions which may be undertaken by the City within the Urban Renewal Area:

1. Preparation of plans related to the development and implementation of the Urban Renewal Area and specific urban renewal projects.
2. Construction of public improvements and facilities, including streets, public utilities or other facilities in connection with an urban renewal project.
3. Construction of buildings or specific site improvements such as grading and site preparation activities, access roads and parking, railroad spurs, fencing, utility connections, and related activities.
4. Acquisition, preparation and disposition of property for development and/or redevelopment.
5. Making available, as appropriate, financing for development projects, including conventional municipal borrowing and tax increment financing resulting from increased property values in the Urban Renewal Area.
6. Pursuant to state law, provision of direct financial assistance, including grants, loans and tax increment rebate agreements, to private persons engaged in economic development, in such form and subject to such conditions as may be determined by the City Council.

V. SPECIFIC URBAN RENEWAL PROJECTS

The City has determined to undertake the following initiatives in the Urban Renewal Area as economic development urban renewal projects:

A.

Name of Project: Karl of Marshalltown, LLC Project

Date of Council Approval of Project: September 12, 2022

Description of Project: Karl of Marshalltown, LLC (the “Company”) has proposed to undertake (i) the remodeling of an existing building located at 1000 North 3rd Avenue in the Urban Renewal Area, and (ii) the construction of a new building at 906 North 3rd Avenue in the Urban Renewal Area (the “Projects”) for use in the Company’s business operations.

It has been requested that the City provide tax increment financing assistance to the Company in support of the Company's efforts to complete the Projects. The Projects will alleviate Blighted Conditions on the Property (as defined in Section II above), and facilitate economic development in the Urban Renewal Area.

The costs incurred by the City in providing tax increment financing assistance to the Company will include legal and administrative fees (the "Admin Fees") in an amount not to exceed \$10,000.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the Projects.

Description of Properties to be Acquired in Connection with Project: It is not anticipated that the City will acquire real property in connection with the Projects.

Description of Use of TIF: The City intends to enter into a development agreement (the "Development Agreement") with the Company with respect to the Projects and to provide annual appropriation economic development payments (the "Payments") to the Company thereunder. The Payments will be funded with incremental property tax revenues to be derived from the Property. It is anticipated that the City's total commitment of incremental property tax revenues with respect to the Project will not exceed \$1,800,000, plus the Admin Fees.

VI. LAND USE PLAN AND PROPOSED DEVELOPMENT

Land use in the Urban Renewal Area will be carried out in a manner that will maintain consistency with the general plan for the physical development of the City.

VII. TAX INCREMENT FINANCING

In order to assist in the development or retention of private enterprises, the City may be requested to acquire land, construct public improvements or provide economic development loans, grants or other tax incentives for the benefit of private enterprises in order to enhance the value of property in the Urban Renewal Area. As part of the Urban Renewal Area, the City has adopted an ordinance to create a tax increment district (the "TIF District"), within which the property taxes eventually paid by new private development may be used to pay costs of urban renewal projects for these types of activities, including reimbursing the City or paying debt service on obligations issued by the City. The use of these tax revenues is known as tax increment financing ("TIF").

Depending upon the date upon which the TIF District is legally established and the date on which debt is initially certified within the TIF District, an original taxable valuation is established for the property within the TIF District, which is known as the "base valuation." The "base valuation" is the assessed value of the taxable property in the TIF District as of January 1 of the calendar year preceding the calendar year in which the 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 the 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 for the financing of improvements within the TIF District or for the payment of economic development incentives to private entities, 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 instructional support and physical plant and equipment levies, 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 pay principal and interest on any tax increment debt incurred or to pay the costs of projects in the Urban Renewal Area.

VIII. 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. The collection of incremental property taxes in the Urban Renewal Area will continue for the maximum number of years authorized by Chapter 403 of the Code of Iowa unless otherwise determined by action of the City Council.

IX. PLAN AMENDMENTS

This Urban Renewal Plan may be amended in accordance with the procedures set forth in Chapter 403 of the Code of Iowa to, for example, change the project boundaries, modify urban renewal objectives or activities, or to carry out any other purposes consistent with Chapter 403 of the Code of Iowa.

X. FINANCIAL INFORMATION

CITY DEBT INFORMATION

- | | | |
|----|---|---------------------|
| 1. | Current constitutional debt limit: | <u>\$86,547,701</u> |
| 2. | Outstanding general obligation debt: | <u>\$</u> |
| 3. | Proposed amount of debt to be incurred: | <u>\$ 1,810,000</u> |

*It is anticipated that some or all of the debt incurred hereunder may be made subject to annual appropriation by the City Council.

**EXHIBIT A
LEGAL DESCRIPTION
MARSHALLTOWN URBAN RENEWAL AREA #7**

A PORTION OF LAND IN THE EAST HALF OF SECTION 23 AND ALSO THE EAST HALF OF SECTION 26, TOWNSHIP 83 NORTH, RANGE 18 WEST OF THE 5TH P.M., MARSHALL COUNTY, IOWA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 10, BLOCK 3 OF THE TOWN PLAT OF MARSHALLTOWN; THENCE NORTH ALONG THE EAST LINE OF SAID LOT 10 TO THE NORTHEAST CORNER OF LOT 5, BLOCK 3; THENCE NORTHEASTERLY ACROSS EAST WOODBURY STREET TO THE SOUTHWEST CORNER OF LOT 1, BLOCK 1, OF LAWRENCES ADDITION; THENCE NORTH ALONG THE WEST LINE OF LOTS 1 THROUGH 7 OF SAID LAWRENCES ADDITION ACROSS E. LEE STREET TO THE SOUTHWEST CORNER OF LOT 1, BLOCK 2, OF LAWRENCES ADDITION; THENCE NORTH ALONG THE WEST LINE OF SAID LOT 1 BLOCK 2 THROUGH LOT 6 ACROSS SWAYZE STREET TO THE SOUTHWEST CORNER OF LOT 1, BLOCK 3, OF LAWRENCES ADDITION; THENCE NORTH ALONG THE WEST LINE OF LOT 1 THROUGH LOT 6 OF SAID BLOCK 3 ACROSS MARION STREET TO THE SOUTHWEST CORNER OF LOT 81 OF BINFORDS PARK PLACE ADDITION; THENCE NORTH ALONG THE WEST LINE OF LOTS 81 THROUGH 74 TO THE NORTHWEST CORNER OF LOT 74 OF SAID BINFORDS PARK PLACE ADDITION; THENCE NORTHEASTERLY ACROSS RIVERSIDE STREET TO THE SOUTHWEST CORNER OF LOT 73 OF BINFORDS PARK PLACE ADDITION; THENCE EASTERLY ALONG THE SOUTH LINE OF LOT 73 IN SAID BINFORDS PARK PLACE ADDITION EXTENDED TO THE EAST RIGHT-OF-WAY LINE OF NORTH 4TH AVENUE AND SOUTHWEST CORNER OF LOT 1, BLOCK 4, OF BINFORD PARK MANOR ADDITION; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 1 AND LOT 20, BLOCK 4 EXTENDED TO THE EAST RIGHT-OF-WAY OF NORTH 5TH AVENUE; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOTS 1 EXTENDED TO THE EAST LINE OF THE 16' VACATED ALLEY ADJACENT ON THE EAST SIDE OF SAID BLOCK 3, BINFORD PARK MANOR ADDITION; THENCE NORTH ALONG THE EAST LINE OF SAID 16' VACATED ALLEY EXTENDED TO THE NORTH RIGHT-OF-WAY LINE OF WOODLAND STREET; THENCE SOUTHWESTERLY ALONG SAID RIGHT-OF-WAY LINE TO EAST RIGHT-OF-WAY LINE OF NORTH 3RD AVENUE; THENCE NORTH ALONG SAID RIGHT-OF-WAY TO THE NORTH LINE OF SECTION 26; THENCE WEST ALONG SAID NORTH LINE OF SECTION 26 TO THE EAST RIGHT-OF WAY OF NORTH 3RD AVENUE; THENCE NORTHERLY ALONG SAID RIGHT-OF-WAY TO NORTH CORPORATE LINE OF THE TOWN OF MARSHALLTOWN, MARSHALL COUNTY, IOWA; THENCE SOUTHWESTERLY ALONG NORTH CORPORATE LINE OF THE TOWN OF MARSHALLTOWN TO THE NORTHWEST CORNER OF LOT 1 OF 1 OF 2 OF 1 OF 1 (LOT 1/1/2/1/1) OF SECTION 23, TOWNSHIP 84 NORTH, RANGE 18 WEST; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 1 OF LOT 1 OF LOT 2 OF LOT 1 OF 1 (LOT 1/1/2/1/1) THROUGH LOT 2 OF LOT 1 OF LOT 2 OF LOT 1 OF LOT 1 (LOT 2/1/2/1/1) TO THE SOUTH LINE OF SECTION 23, TOWNSHIP 84 NORTH, RANGE 18

WEST; THENCE SOUTH ALONG THE WEST LINE OF LOT 1 OF LOT 2 OF LOT 1 (LOT 1/2/1) TO ITS INTERSECTION WITH THE EAST BOUNDARY LINE OF THE CEMETARY; THENCE CONTINUING SOUTHEASTERLY ALONG THE EAST BOUNDARY LINE OF THE CEMETARY TO ITS INTERSECTION WITH THE SOUTH LINE OF LOT 5 OF LOT 3 OF LOT 1 (LOT 5/3/1) OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 84 NORTH, RANGE 18 WEST; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 5 OF LOT 3 OF LOT 1 (LOT 5/3/1) TO THE WEST RIGHT-OF-WAY OF NORTH 3RD AVENUE; THENCE SOUTH ALONG THE WEST RIGHT-OF-WAY OF NORTH 3RD AVENUE TO THE NORTHEAST CORNER OF LOT 4, BLOCK 4, OF RIVERSIDE ADDITION; THENCE WEST ALONG SAID NORTH LINE OF LOT 4 EXTENDED ACROSS THE ADJACENT 16.5' ALLEY TO THE NORTHEAST CORNER OF LOT 17, BLOCK 4; THENCE SOUTH ALONG THE WEST LINE OF THE ALLEY TO THE SOUTHEAST CORNER OF LOT 12 OF BLOCK 4; THENCE SOUTHEASTERLY ACROSS MARION STREET TO THE NORTHEAST CORNER OF LOT 7 OF SUBDIVISION OF LOT 1 (LOT 7/1) OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 26, TOWNSHIP 84 NORTH, RANGE 18 WEST; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 7 THROUGH LOT 5 OF LOT 1 (LOT 7/1 THROUGH LOT 5/1) TO THE NORTH LINE OF BINFORDS ADDITION AND THE NORTHEAST CORNER OF LOT 12, BLOCK 1; THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 12 THROUGH LOT 7, BLOCK 1 TO THE NORTHEAST CORNER OF LOT 12 AND NORTH LINE OF WEBSTER'S 3RD ADDITION SUBDIVISION OF OUTLOT A, AKA NELSON AND PETERSON SUB OF OUTLOT A; THENCE SOUTH ALONG THE EAST LINE OF LOT 12 TO THE SOUTH RIGHT-OF-WAY LINE OF EAST LINCOLN STREET; THENCE SOUTH ALONG THE EAST LINE OF LOT 9 THROUGH LOT 7 TO THE SOUTHEAST CORNER OF SAID LOT 7 AND ALSO THE NORTH LINE OF WEBSTERS 3RD ADDITION; THENCE SOUTH ALONG THE EAST LINE OF LOT 4, BLOCK 2 OF WEBSTERS 3RD ADDITION ACROSS EAST WEBSTER STREET TO THE NORTHEAST CORNER OF LOT 6, BLOCK 1 OF WEBSTERS 3RD ADDITION; THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 6 THROUGH LOT 4 TO THE NORTHEAST CORNER OF LOT 2 OF LOT 1 OF LOT 1 OF LOT 1 OF LOT 1 (LOT 2/1/1/1/1) OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 26, TOWNSHIP 84 NORTH, RANGE 18 WEST; THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 2 OF LOT 1 OF LOT 1 OF LOT 1 OF LOT 1 THROUGH LOT 7 OF LOT 1 OF LOT 1 OF LOT 1 OF LOT 1 (LOT 2/1/1/1/1 THROUGH 7/1/1/1/1) EXTENDED TO THE SOUTHEAST CORNER OF LOT 2 OF LOT 1 OF LOT 1 OF LOT 1 (LOT 2/1/1/1), THENCE NORTHEASTERLY ACROSS THE ALLEY TO THE SOUTHWEST CORNER LOT 1, BLOCK 1, ABELL'S ADDITION; THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 1 TO THE WEST RIGHT-OF-WAY LINE OF NORTH 3RD AVENUE; THENCE EAST ACROSS NORTH 3RD AVENUE TO THE SOUTHEAST CORNER OF LOT 10, BLOCK 3; ALL WITHIN THE CITY OF MARSHALLTOWN, MARSHALL COUNTY, IOWA.

EXHIBIT B
DESCRIPTION OF BLIGHTED CONDITIONS