

CITY OF ELY, IOWA
URBAN RENEWAL PLAN
2024 ELY URBAN RENEWAL AREA

January, 2024

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 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 industrial, commercial and/or residential 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.

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, which must be consistent with the City’s existing comprehensive or general plan. 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.

In 1996, the Iowa General Assembly again expanded the scope of urban renewal legislation relative to housing development in “economic development areas.” This legislation allows the use of tax increment financing (TIF) for housing projects beyond those that benefit only low and moderate income (LMI) families. Under the 1996 legislation, TIF can be used to support the construction of public infrastructure for any type of housing development as long as a percentage of the TIF revenues or funds from other sources, equal to or greater than the percentage of LMI families in the county, is set aside to help meet the housing needs of this group.

This document is intended to serve as the Urban Renewal Plan for the City of Ely’s (the “City”) 2024 Ely Urban Renewal Area (the “Urban Renewal Area”) and will guide the City in 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

The real property (the “Property”) included in the Urban Renewal Area includes all of the real property described on Exhibit A hereto.

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.
5. To help finance the costs of street, water, sanitary sewer, storm sewer, or other public improvements in support of new residential, commercial, and industrial development.
6. To provide a more marketable and attractive investment climate.
7. To increase the number of affordable housing units in the City that are safe, attractive and comfortable.
8. To provide public facilities to enhance City services and enhance the economic attractiveness of the community.
9. To provide assistance for housing on a City-wide basis to families whose incomes are no greater than 80% of the median family income in Linn County.

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: Rogers Creek Road Resurfacing Project

Date of Council Approval of Project: January 2, 2024

Description of Project and Project Site: The Rogers Creek Road Resurfacing Project will consist of the resurfacing of section of Rogers Creek Road starting at the Rogers Creek Road Bridge and extending 477 feet to the east. The Rogers Creek Road Resurfacing Project will support the development of the Founders Grove residential subdivision on a portion of the Property (as defined in Section II above) situated to the south of Rogers Creek Road.

The addition of new housing in the City will enhance the quality of life in the City thereby resulting in economic development therein. It is expected that the completed Rogers Creek Road Resurfacing Project will also cause increased and improved ability of

the City to provide adequate transportation infrastructure, thereby resulting in increased commercial and residential growth in the City.

Description of Use of TIF: It is anticipated that the City will pay for the Rogers Creek Road Resurfacing Project with borrowed funds and/or the proceeds of internal advances of City funds on-hand. In any case, the obligations (the “Obligations”) incurred by the City may be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Rogers Creek Road Resurfacing Project, including the Obligations (\$215,000) and the LMI Set Aside (\$85,000) (as described below), will not exceed \$300,000, plus any interest expense incurred by the City on the Obligations.

LMI Set Aside: Pursuant to the provisions of Section 403.22 of the Code of Iowa, the City will provide low and moderate income family housing assistance in its area of operation in an amount not less than 39.41% of the incremental property tax revenues to be used for the repayment of the City’s Obligations.

B.

Name of Project: Rogers Creek Road Bridge Replacement Project

Date of Council Approval of Project: January 2, 2024

Description of Project and Project Site: The Rogers Creek Road Bridge Replacement Project will consist of the replacement of the bridge on Rogers Creek Road. The Rogers Creek Road Bridge Replacement Project will support the development of the Founders Grove residential subdivision on a portion of the Property (as defined in Section II above) situated to the south of Rogers Creek Road.

The addition of new housing in the City will enhance the quality of life in the City thereby resulting in economic development therein. It is expected that the completed Rogers Creek Road Resurfacing Project will also cause increased and improved ability of the City to provide adequate transportation infrastructure thereby resulting in increased commercial and residential growth in the City.

Description of Properties to be Acquired in Connection with Project: The City will acquire such easement territory and right-of-way as are necessary to successfully undertake the Rogers Creek Road Bridge Replacement Project.

Description of Use of TIF: It is anticipated that the City will pay for the Rogers Creek Road Bridge Replacement Project with borrowed funds and/or the proceeds of internal advances of City funds on-hand. In any case, the obligations (the “Obligations”) incurred by the City may be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Rogers Creek Road Bridge Replacement Project, including the Obligations (\$1,000,000) and the LMI Set Aside (\$395,000) (as described below), will not exceed \$1,395,000, plus any interest expense incurred by the City on the Obligations.

LMI Set Aside: Pursuant to the provisions of Section 403.22 of the Code of Iowa, the City will provide low and moderate income family housing assistance in its area of operation in an amount not less than 39.41% of the incremental property tax revenues to be used for the repayment of the City's Obligations.

C.

Name of Project: Old Town District Infrastructure Improvements Project

Date of Council Approval of Project: January 2, 2024

Description of Project and Project Site: The Old Town District Infrastructure Improvements Project will consist of street and sidewalk reconstruction, the construction of sanitary sewer, waterworks and storm water drainage system improvements; the installation of street lighting and signage; and the incidental utility, landscaping, site clearance and cleanup work related thereto on and along the following rights-of-way in the Urban Renewal Area:

All of the public right-of-way of Traer Street from and including its intersection with State Street on the southwest and continuing northeast to and including its intersection with Main Street;

All of the public right-of-way of Main Street from and including its intersection with Traer Street on the northeast and continuing southeast to and including its intersection with Dows Street; and

All of the public right-of-way of Dows from and including its intersection with Main Street on the northeast and continuing southwest to and including its intersection with State Street.

The completed Old Town District Infrastructure Improvements Project will have a direct, positive impact on increased and improved commerce, tourism, and development in the Urban Renewal Area.

Description of Properties to be Acquired in Connection with Project: The City will acquire easement territory and rights-of-way as are necessary to successfully undertake the Old Town District Infrastructure Improvements Project.

Description of Use of TIF for the Project: It is anticipated that the City will pay for the Old Town District Infrastructure Improvements Project with either borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In any case, the City's obligations (the "Obligations") will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Old Town District Infrastructure Improvements Project will not exceed \$2,000,000, plus any interest expense incurred on the Obligations.

D.

Name of Project: Main Street Legacy, LLC Development Project

Date of Council Approval of Project: January 2, 2024

Description of Project and Project Site: Main Street Legacy, LLC (the “Developer”) has proposed to undertake the construction of a new mixed-use building, including commercial units and multiresidential units on the upper floors (the “Project”), on a portion (the “Redevelopment Property”) of the Property (as defined in Section II above) situated at 1705 Dows Street.

It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the Project.

The costs incurred by the City in providing tax increment financing assistance to the Developer will include legal and administrative fees (the “Admin Fees”) in an amount not to exceed \$8,000.

Description of Use of TIF for the Project: The City intends to enter into a development agreement with the Developer with respect to the Project and to provide annual appropriation economic development payments (the “Payments”) to the Developer thereunder. The Payments will be funded with the incremental property tax revenues to be derived from the Redevelopment Property. It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Project will not exceed \$690,000, plus the Admin Fees.

VI. LAND USE PLAN AND PROPOSED DEVELOPMENT

The City has adopted a Comprehensive Land Use Plan which guides the establishment of commercial, residential and industrial land uses throughout the incorporated area. Land use in the Urban Renewal Area will be carried out in a manner that will maintain consistency with the Comprehensive Land Use Plan and the City’s zoning regulations.

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. RESIDENTIAL DEVELOPMENT

One of the City’s objectives in the Urban Renewal Area is to promote new residential development and the corresponding construction of public infrastructure.

When a City utilizes TIF to support the provision of public infrastructure related to residential development, a percentage of the TIF revenues generated by the project (or other funds of the City) must be used to provide assistance to LMI families

Unless a reduction is approved by the Iowa Department of Economic Development, the percent of incremental revenues used to provide LMI assistance must be at least equal to the percentage of LMI families living in Linn County. That percentage is currently 39.41%. LMI families are those whose incomes do not exceed 80% of the median county income.

The requirement to provide assistance for LMI housing may be met either by ensuring that at least 39.41% of the units constructed in the area are occupied by families whose incomes are at or below 80% of the median county income, or by setting aside an amount equal to 39.41% of the project costs for LMI housing activities elsewhere in the City.

If funds are set aside, as opposed to constructing affordable housing in the Urban Renewal Area, the type of assistance provided anywhere within the City may include but is not necessarily limited to:

1. Owner/renter-occupied housing rehabilitation.
2. Grants, credits or other direct assistance to LMI families.
3. Homeownership assistance.

4. Tenant-based rental assistance.
5. Down-payment assistance.
6. Mortgage interest buy-down assistance.
7. Infrastructure development for LMI housing.

IX. 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.

X. 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.

XI. FINANCIAL INFORMATION

1. Current constitutional debt limit:	<u>\$10,620,469</u>
2. Outstanding general obligation debt:	<u>\$ 3,490,000</u>
3. Proposed amount of debt to be incurred*:	<u>\$ 3,913,000</u> (Projects)
	<u>\$ 480,000</u> (LMI Set Aside)
	<u>\$ 4,393,000</u> (Total)

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

EXHIBIT A
Legal Description
2024 Ely Urban Renewal Area

Part of Lot 3 and all of Lots 4 to 18, both inclusive, Block 7, Town of Ely, Linn County, Iowa; and part of former right of way of Chicago, Rock Island and Pacific Railroad Company, all in the NE ¼ of Section 31-82-6, Linn County, Iowa and all being more particularly described as follows; Beginning at a point of intersection of the NW-ly line of Dows Street in said Town of Ely with the NE-ly line of Main Street, last said line also being the SW-ly right-of-way line of said Railroad Company's station grounds; thence NW-ly along said right-of-way line, 405 feet, more or less, to a point 55 feet SE-ly from the SE-ly line of Traer Street; thence NE-ly at right angles 96 feet to a point of intersection with a line 56 feet SW-ly of, as measured at right angles to, and parallel to the centerline of said Railroad Company's main tract; thence SE-ly along last said parallel line 405 feet, more or less, to a point in said NW-ly line of Dows street; thence SW-ly 96 feet to the point of beginning. (*Main Street Legacy, LLC Property*)

AND

Beginning at the South Quarter Corner of Section 29, Township 82 North, Range 6 West, of the Fifth Principal Meridian, Ely, Linn County, Iowa; Thence S89°36'48"W, along the South Line of the South One-Half of the Southwest Quarter of said Section 29, a distance of 2132.76 feet, to the Southeast Corner of Parcel "A" of Plat of Survey #1690, in accordance with the Plat thereof Recorded in Book 7969 at Pages 260-261 of the Records of the Linn County Recorder's Office; Thence N07°56'23"E, along the East Line of said Parcel "A", 553.55 feet; Thence N35°51'18"E, along said East Line, 792.89 feet; Thence N09°20'38"E, along said East Line, 110.52 feet, to the Northeast Corner thereof; Thence S89°16'23"W, along the North Line of said Parcel "A", and the South Right-of-Way Line of Rogers Creek Road, 154.87 feet, to a Point on the South Line of Meadow Brook Addition, in accordance with the Plat thereof Recorded in Book 6151 at Pages 304-315 of the Records of the Linn County Recorder's Office; Thence N00°43'37"W, along said South Line, 33.00 feet; Thence N89°16'23"E, along said South Line, and the North Line of the South One-Half of the Southwest Quarter of said Section 29, a distance of 376.57 feet, to the Northwest Corner of the Southeast Quarter of the Southwest Quarter of said Section 29; Thence N89°09'59"E, along the North Line of the South One-Half of the Southwest Quarter of said Section 29, a distance of 1330.57 feet, to the Northeast Corner of said South One-Half of the Southwest Quarter of said Section 29; Thence S00°56'54"E, along the East Line of the South One-Half of the Southwest Quarter of said Section 29, a distance of 1340.89 feet, to the Point of Beginning. Said Tract of Land contains 58.25 Acres and is subject to easements and restrictions of record. (*Founders Grove Subdivision*)

AND

All of the public street rights-of-way situated in the corporate limits of the City of Ely, Iowa.