

## **MEMORANDUM**

To: City of Roland Planning & Zoning Commission

From: Amy Bjork and John P. Danos, Bond Counsel for the City

Date: September 20, 2023

Re: 2023 Roland Main Street Urban Renewal Area

A public hearing will be held by the City Council on October 18, 2023 on the adoption of an urban renewal plan for the 2023 Roland Main Street Urban Renewal Area. We have prepared this memorandum to assist the Commission in performing its role in this process.

Section 403.5 of the Code of Iowa requires that, before they hold a public hearing, the City Council must submit a copy of the proposed plan to the Commission, “for review and recommendations as to its conformity with the general plan for the development” of the City. The statute does not require that the Commission hold a hearing on the proposed plan, nor does it require that the Commission take any action to either approve or reject the proposed plan. It directs that the Commission meet to review the plan and comment to the City Council as to whether the plan conforms to, or is consistent with, the City’s Comprehensive Plan. Please convene a quorum of the Commission, complete your review and submit any comments to the City Council by Noon on October 18, 2023.

Please call us at (515) 283-1000 if you have questions about the statutory process.

CITY OF ROLAND, IOWA  
URBAN RENEWAL PLAN  
2023 ROLAND MAIN STREET URBAN RENEWAL AREA

October, 2023

**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 the property, as described on Exhibit A hereto, 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 2023 Roland Main Street Urban Renewal Area (the “Urban Renewal Area”) of the City of Roland, Iowa (the “City”) and will guide the City 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 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 residential development 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 development.
7. To provide a more marketable and attractive investment climate.
8. To increase the number of 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.
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:** City Hall Demolition Project

**Date of Council Approval of Project:** October 18, 2023

**Description of Project and Project Site:** The City Hall Demolition Project (the “City Hall Demolition Project”) will consist of the demolition of the existing City Hall located at 202 East Ash Street in order to alleviate the Blighted Conditions thereon.

**Description of Use of TIF for the Project:** It is anticipated that the City will pay for the City Hall Demolition Project with 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

City Hall Demolition Project will not exceed \$150,000, plus any interest expense incurred by the City on the Obligations.

**B.**

**Name of Project:** Community Center/Fire Station/City Hall Building Project

**Date of Council Approval of Project:** October 18, 2023

**Description of the City Hall Project:** The City will undertake the acquisition of certain real property located at 201 East Ash Street (the “City Hall Property”) and the construction, furnishing and equipping of a new building (the “City Hall Project”) for use as a community center, fire station, and City Hall.

It is anticipated that the completed City Hall Project will have a direct, positive impact on increased and improved commerce and development in the Urban Renewal Area through the provision of enhanced municipal and fire protection services and facilities.

**Description of Properties to be Acquired in Connection with the Project:** The City will acquire the City Hall Property. The City will acquire such easement territory and rights-of-way as are necessary to successfully undertake the City Hall Project.

**Description of Use of TIF for the Project:** It is anticipated that the City will pay for the City Hall Project with 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 to be derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the City Hall Project will not exceed \$4,000,000.

**Analysis of Use of TIF:** In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the City Hall Project and alternative development and funding options for the City Hall Project. The results of that analysis are summarized as follows:

**1) Alternate Development Options:** The City Council has determined that a need exists for the provision of new and improved municipal and fire station facilities and enhanced municipal and fire protection services in the Urban Renewal Area. The City’s ability to fulfill its role in licensing, permitting, land use regulation, economic development and policy governance for activities and projects and its duty of fire protection in the Urban Renewal Area and the City is diminished by inadequate, outdated and undersized administrative and fire protection facilities. The use of the City Hall Property as the site for the City Hall Project is an optimal use for this land. Promoting other types of development on the City Hall Property will not meet the public need being addressed by the City Hall Project.

## **2) Alternate Financing Options:**

\* Local Option Sales and Services Tax Revenues: Local Option Sales and Services Tax Revenues are unavailable to assist with the City Hall Project because such Revenues have been allocated to other projects in the City.

\* General Fund: The City's General Fund reserves are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in funding the City Hall Project without risking unsound fiscal practice.

\* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

\* Debt Service Levy: The City intends to issue general obligation bonds (the "Bonds") to pay the costs of the City Hall Project. The City may use incremental property tax revenues derived from the Urban Renewal Area to pay a portion of the principal of and interest on the Bonds. The use of incremental property tax revenues would lessen the burden on individual tax payers that will result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives which are improved by the provision of enhanced municipal facilities.

\* Utility Surpluses: The City does not have identified surpluses in its sewer and/or water utility funds that could aid in the funding of the City Hall Project.

\* Grants: The City intends to apply for available grants to assist in paying the costs of the City Hall Project.

## **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.

## **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>\$4,810,452</u>
2. Outstanding general obligation debt:	<u>\$ _____</u>
3. Proposed amount of TIF debt to be incurred*:	<u>\$4,150,000</u>

\*Some or all of the debt incurred hereunder may be subject to annual appropriation by the City Council.

**EXHIBIT A**  
**LEGAL DESCRIPTION**  
**2023 ROLAND MAIN STREET URBAN RENEWAL AREA**

Beginning at the northeast corner of Parcel B in the Southwest Half of Section 14, Township 85 North, Range 23 West of the fifth Principal Meridian, Story County, Iowa;

Thence South along the East line of said Parcel B extended South to the Northeast corner of Howen's Addition, an Official Plat, now included in and forming a part of the City of Roland, Story County, Iowa;

Thence West along the North line of said Howen's Addition extended West to the intersection of said North line extended and the East right-of-way line of N Park Street;

Thence South along said East right-of-way of N Park Street to the intersection of said N Park Street and the South right-of-way line of E Poplar Street;

Thence West along the South right-of-way line of E Poplar Street to the intersection of said South right-of-way line and the East right-of-way line of N Vine Street;

Thence South along said East right-of-way line of N Vine Street to the intersection of said East right-of-way line and the South right-of-way line of E Maple Street;

Thence West along said South right-of-way line of E Maple Street to the intersection of said South right-of-way line and the West right-of-way line of N Cottonwood Street;

Thence North along said West right-of-way line of N Cottonwood Street to the intersection of said West right-of-way line and the South line of Hegland's Addition, an Official Plat, now included in and forming a part of the City of Roland, Story County, Iowa;

Thence West along said South line to the Southwest corner of said Hegland's Addition;

Thence North along the West line of said Hegland's Addition to the Northwest corner of said Hegland's Addition;

Thence East along the North line of said Hegland's Addition to the intersection of said North line and the West right-of-way line of N Cottonwood Street;

Thence North along said West right-of-way line of N Cottonwood Street to the intersection of said West right-of-way line and the North right-of-way line of E Walnut Street;

Thence East along said North right-of-way line of E Walnut Street to the West right-of-way line of N Main Street;

Thence North along said West right-of-way line of N Main Street to the North line of the Original Town of Roland;



Thence East along said North line of the Original Town to the East right-of-way line of N Vine Street;

Thence South along said East right-of-way line of N Vine Street to the Northwest corner of Parcel A in the Southwest Half of said Section 14, Township 85 North, Range 23 West of the fifth Principal Meridian, Story County, Iowa;

Thence East along the North line of said Parcel A and the North line of said Parcel B to the point of beginning and containing 77.54 acres.

**EXHIBIT B**  
**BLIGHTED CONDITIONS**