



ITEM NO **WS5**

OFFICE OF THE CITY ADMINISTRATOR
Johnston, Iowa
AGENDA COMMUNICATION
May 17, 2010
Work Session

SUBJECT: Discuss East/Central Urban Renewal Plan Amendment No. 4 and proposed amendments to the Tax Increment Financing (TIF) policy

ACTION REQUIRED:

- Ordinance
- Resolution
- Approval
- Receive/File
- Attorney Review

JAS

SYNOPSIS:

The Economic Development Sub-committee is recommending language changes to the East/Central Urban Renewal Plan and the TIF policy. The changes will enable the city to encourage investment in the Merle Hay Road corridor and implementation of the Merle Hay Road Redevelopment plan. Although the proposed changes expand the potential use of TIF to encourage higher density residential development and investment in public facilities, the final decision regarding which projects, if any, receive TIF support remains with the city council.

State code (chapter 403) allows Urban Renewal (TIF) to be used to address areas identified as slum and blighted and to support economic development. When the East/Central Urban Renewal Plan was adopted in 1993 it addressed economic development but did not address the blighted conditions that involve some properties located in the redevelopment area. The proposed changes address:

- Expanding the use of TIF to address areas that meet the definition of blight contained in Iowa Code Chapter 403.17(5),
- Using TIF for projects that expand and improve public infrastructure, that promote investment in higher density residential projects and that increase the tax base and encourages investment in commercial development,
- The need to invest in public facilities as well as public infrastructure.

The council reviewed the conceptual changes at a work session in February. Attached is a red-lined draft of the proposed changes to the Urban Renewal Plan.

At the work session staff would like feedback from the council regarding the proposed changes. If the council supports the changes, staff will work with our bonding attorney to complete the necessary steps to amend the plan and eventually bring the plan back to the city council for action. One of the steps is to conduct a consultation with the other taxing authorities (school district, county, DMAACC) to inform them of the proposed changes.

Also attached is a red-lined draft of proposed changes to the TIF policy. The policy language is designed to be consistent with the Urban Renewal Plan. The changes specifically address redevelopment priorities consistent with the Merle Hay Road Redevelopment Plan. The changes would enable the use of TIF for:

- Addressing blighted areas
- Providing public infrastructure to encourage investment in commercial and higher density residential projects,
- Addressing the public facility and infrastructure needs of the community.

FISCAL IMPACT:

To be determined.

RECOMMENDATION:

CITY OF JOHNSTON, IOWA

AMENDMENT NO. 4
TO
EAST CENTRAL TIF URBAN RENEWAL
AREA

URBAN RENEWAL PLAN

_____ 2010

Adopted - 1993
Amendment #1 - 1994
Amendment #2 - 1996
Amendment #3 - 2001
Amendment #4 - 2010

TABLE OF CONTENTS

A. INTRODUCTION 1
B. NEED FOR FURTHER REDEVELOPMENT 1
C. DISTRICT DESIGNATION 2
D. DEVELOPMENT PLAN AND ZONING/LAND USE 3
E. DESCRIPTION OF THE URBAN RENEWAL AREA 3
F. BASE VALUES 3
G. PROJECT AREA OBJECTIVES 3
H. TYPE OF RENEWAL ACTIVITIES 4
I. PROPOSED PROJECTS 4
J. FINANCIAL DATA 5
K. FINANCING 5
L. PROPERTY ACQUISITION/DISPOSITION/RELOCATION 6
M. URBAN RENEWAL PLAN AMENDMENTS 6
N. EFFECTIVE PERIOD 6

EXHIBIT A

EXHIBIT B

A. INTRODUCTION

The East Central TIF Urban Renewal Area Plan, ("Urban Renewal Plan") for the East Central TIF Urban Renewal Area ("Urban Renewal Area"), was originally adopted in 1993. Amendment No. 1 was adopted in 1994 to make the boundaries consistent with tax parcel descriptions by adding and deleting certain properties. Amendment No. 2 was adopted in 1996 to change the name from Merle Hay Road, N.W. Beaver Drive, and East/West Corridor TIF Urban Renewal Plan to East Central TIF Urban Renewal Area Plan and to add additional property. Amendment No. 3. was adopted in 2001 to delete property.

The Urban Renewal Plan is being amended by this Amendment No. 4 ("Amendment"), to confirm a blight finding in certain areas, as defined by the Urban Renewal Law (Chapter 403); to add the redevelopment of residential property as an objective; and to confirm the list of urban renewal projects that may be undertaken by the City.

No new land is being added by this Amendment No. 4. Sunsets, if any, on property included in the original Urban Renewal Area, and any property added by prior Amendments, will remain unchanged.

Except as modified by this Amendment, the provisions of the original East Central TIF Urban Renewal Plan, as previously amended, are hereby ratified, confirmed, and approved and shall remain in full force and effect as provided herein.

B. NEED FOR FURTHER REDEVELOPMENT

The potential for commercial, industrial and residential investment within the City of Johnston is impeded by inadequate infrastructure in the Merle Hay Road, NW Beaver Drive, and East/West Corridor (known as ~~N.W. 62nd Avenue~~ Johnston Drive). Inadequate municipal infrastructure, and conflicting land uses impose municipal burdens which decreases the tax base and reduce tax revenues which substantially impairs or arrests the sound growth of the City, and also impairs the potential for commercial, industrial and residential growth within the City.

During the 1990s and the first decade of the 2000s Johnston experienced significant growth. Although much of the growth has been west of Beaver Creek recently there has been more balanced growth as infill development began east of Merle Hay Road. The city has made significant progress in providing improved infrastructure to the eastern portion of the community by extending sanitary sewer truck mains along NW Beaver Drive and Merle Hay Road and improvements to the roads. There are still large portions of the eastern portion of the community that lack sanitary sewer, adequate water service, storm sewer and improved streets.

In 2007 the city undertook a study to determine the redevelopment potential of a portion of the Merle Hay Road corridor, primarily north of NW 62nd Avenue to ~~N.W. 66th Avenue~~. The study determined that there is potential for commercial development in the

Formatted: Superscript

vicinity of the intersection of NW 62nd Avenue. The study also identified the need for multi-family residential development in the northern part of the corridor to create the 'roof tops' to support commercial development. A substantial number of the properties north of NW62nd Avenue along Merle Hay Road, which were considered in the 2007 redevelopment study, have fallen into a blighted state as defined in Iowa Code Chapter 403.17(5) and discussed further under C. District Designation.

Construction of new public facilities (city hall and/or a public safety building) will have an positive impact regarding the redevelopment in the East Central TIF Urban Renewal Area. Quality public facilities designed to meet the needs of the community have a positive impact on the quality of life in Johnston, which in turn will help attract additional business development as well as retain existing businesses and help them prosper. Further explanation is under section C. District Designation and section I. Proposed Projects.

C. DISTRICT DESIGNATION

With the adoption of this Amendment No. 4, the City will continue to designate the entire Urban Renewal Area as an Economic Development District that is appropriate for new and expanded commercial and industrial development. In addition, this area is designated as appropriate for the elimination of blight.

As noted above, over the past 15+ years -the area on either side of Merle Hay Road from NW 62nd Avenue to NW 66th Avenue has experienced very little, if any, redevelopment activity. Several properties have been purchased by developers but only two or three have had any active development and/or redevelopment. [list any projects that have been developed on either side of Merle Hay north of N.W. 62nd Ave. in the last 'X' years?] This part of the City encompasses approximately 'X' acres, of which the majority is difficult to development and/or redevelop and constitutes blighted conditions for the following reasons:

- Numerous problems with the quality of a substantial number of housing units in the area north of NW 62nd Avenue and along either side of Merle Hay Road to NW 66th Avenue are working in combination with other factors to threaten the continued viability of the City. Much of the housing stock predates the incorporation of Johnston and many of the properties have not been maintained, have deteriorated and/or have been on the market for many years. Due to their condition, property values and the tax base has declined. Several homes have deteriorated to a point that rehabilitation is probably not feasible
- Many of the properties are platted into smaller parcels that diminish their value regarding redevelopment. The lay out of the lots is narrow and deep and restricts traffic circulation, resulting in a defective street layout, and limits the ability of the City to provide adequate water, sanitary sewer, storm sewer facilities and access to public streets. Many of the lots along Merle Hay Road are small (less than one acre), narrow (100 to 150 feet) and deep (up to 350 feet) which limits the

Formatted: Superscript

Formatted: Superscript

Formatted: Font: Bold

Formatted: No underline

Formatted: Bullets and Numbering

Formatted: Superscript

opportunity to develop/redevelop the existing lots to provide adequate traffic circulation and utility access.

These factors result in a continuing deterioration of a substantial portion of the housing stock in this area, a tendency which has a ripple effect on the willingness of other property owners to invest in the community. Due to the predominance of deteriorating housing in this area, property owners have no incentive to make any kind of substantial investment in their property. The combination of the above factors, in particular the faulty and inadequate lot layout in relation to size and usefulness, inadequate street layout, poor accessibility or access substantially impairs or arrests the sound growth of ~~the~~ this area, and constitutes an economic and social liability, and is a menace to the public welfare in its present condition and use. This does not mean there is no potential for stabilization and redevelopment, hence the Project Area Objectives listed below.

D. DEVELOPMENT PLAN AND ZONING/LAND USE

The City has a general plan for the physical development of the City outlined in the 1998 Johnston Comprehensive Plan (Comprehensive Plan) for the City of Johnston, as that Comprehensive Plan has been amended since its original adoption. The goals and objectives of this Amendment No. 4 are consistent with the Comprehensive Plan. The proposed commercial, industrial and residential projects are located in areas that have been identified as appropriate for that type of development. While the City's primary goal is to stimulate private investment in commercial, industrial and residential development and redevelopment in the urban renewal area, the plan is not intended to discourage or prohibit other types of development.

The existing zoning in the urban renewal area is predominately mixed use, similar to the Comprehensive Plan. Implementation of this Amendment is compatible with the City's Comprehensive Plan and in accordance with the City's Zoning Ordinances and Zoning Map as may be amended from time to time. This Urban Renewal Plan does not change or in any way replace the City's current land use planning or zoning regulations in process.

E. DESCRIPTION OF THE URBAN RENEWAL AREA

The existing East Central TIF Urban Renewal Area is described in Exhibits A and illustrated in Exhibit B. Exhibit B shows the land affected by each of the previous amendments. No new area is being added as a result of this Amendment No. 4.

F. BASE VALUES

The "base valuation" of the original district, of the area added by Amendment No. 1 and of the area added by Amendment No. 2 will remain unchanged. Property was deleted by Amendment No. 3. The overall base value of the existing district is determined by adding all of the base valuations together. Because no area is being added by this Amendment No. 4, there is no "base valuation" associated with the Amendment No. 4 area.

G. PROJECT AREA OBJECTIVES

For the convenience of the reader, the Project Area Objectives from the original Plan and prior Amendments are set forth below:

1. To enhance an economic development area in the City for the purpose of stimulating private investment in commercial and industrial development and redevelopment through public action and commitments.
2. To increase commercial and industrial development in Johnston which will improve the economic and social environment of the community and sustain a desired balance between the non-residential and residential tax burden.

3. Provide adequate public infrastructure of sanitary sewer, storm water management, potable water, streets, and pedestrian walkways to ensure the public health, safety and welfare.
4. Provide assistance and economic incentives for commercial and industrial development which may not otherwise occur without such assistance and incentives.

By this Amendment No. 4, the following goals and objectives are added:

1. To provide incentives and assistance to redevelop areas appropriate for the elimination of blight for the purpose of stimulating private investment in residential development through public action and commitments.
2. To redevelop areas appropriate for the elimination of blight by the provision of public facilities and/or infrastructure, including but not limited to, sanitary sewer, storm water management, potable water, streets and pedestrian walkways.
3. To redevelop areas appropriate for the elimination of blight by providing assistance and economic incentives for residential development which may not otherwise occur without such assistance and incentives.
4. To foster a more attractive business climate and improve the quality of life in the City, provide adequate public facilities and public infrastructure, including, but not limited to sanitary sewer, storm water management, water, streets, and pedestrian walkways to ensure the public health, safety and welfare and which contribute to the sound development of the City.

H. TYPE OF RENEWAL ACTIVITIES

For the convenience of the reader, the Types of Renewal Activities from the original Plan and prior Amendments are set forth below:

1. New, rehabilitated, converted, or expanded industrial uses within the industrial land use areas.
2. New, rehabilitated, converted, or expanded commercial uses within the commercial land use areas.
3. To arrange for or cause to be provided the construction or repair of public infrastructure including streets, storm sewers, sanitary sewers, water mains or other facilities in connection with an urban renewal project.

4. To provide for the construction of specific site improvements such as grading and site preparation activities, access roads and parking, storm water management, fencing, utility connections, and related activities.
5. To develop provisions for financing projects to implement the urban renewal plan, including but not limited to; general obligation bonds, tax increment financing, special assessment bonds, revenue bonds, and state and federal grants and loans.
6. To cause or provide for the construction or installation of street lighting, street plantings, street furniture or other street fixtures desired to achieve high standards of aesthetic to help implement the Merle Hay Road Corridor development standards and guidelines.
7. To assemble property through a variety of means (purchase, lease, option, etc.) and to hold, clear, or prepare the property for redevelopment, development, or public use which benefits the commercial and industrial development in the Urban Renewal area.
8. To dispose of property acquired for redevelopment or development.
9. To undertake the demolition and clearance of existing buildings and structures to prepare property for redevelopment.
10. To plan relocation of person and businesses displaced by a project and to make necessary relocation payments.
11. To make loans or grants to private persons for economic development purposes on such terms as may be determined by the City Council of Johnston.
12. To borrow money and to provide security therefore.
13. To make or have made surveys and plans necessary for the implementation of the urban renewal program or specific urban renewal projects.
14. To use tax increment financing to achieve a more marketable and competitive land offering price and to provide for necessary physical improvements and infrastructure.
15. The use of any or all other powers granted by Chapter 403, Code of Iowa to develop and provide for improved economic conditions for the City of Johnston and the State of Iowa.

By this Amendment No. 4, the following Type of Renewal Activities are added:

1. The provision of public improvements to support housing and residential development or construction of housing in areas that have fallen into a state of blight.
2. Loans, grants, or other incentives to private persons to encourage investment in areas that have fallen into a state of blight.
3. Investment, including use of tax incentive financing, in public facilities designated to improve the overall economic environment of the community and to provide quality services to its citizens.
4. Construction of public buildings and facilities, including but not limited to public safety and other public facilities, as well as public parks, playgrounds, recreation, community, educational, water, sewer or drainage facilities as approved by the city council.

I. PROPOSED PROJECTS

Previous projects in the Urban Renewal Area have all been related to stabilizing, revitalizing and improving the community by encouraging economic development. The City intends to continue this process. Although certain urban renewal activities may occur over a period of years, proposed projects identified at this time include:

1. To construct public buildings and facilities, including a city hall, public safety facilities, parks, playgrounds, recreation, community, educational, water, sewer or drainage facilities.
 - (a) Specifically in regard to a public safety facility in this Area, the City's public safety facilities (police and fire facilities) are essential to the economic and well-being of the community. Redevelopment of the blighted areas in the community to house centrally located new and updated police and fire facilities would serve an important and useful function
 - (b) Specifically in regard to city hall facilities, city hall/community center is an example of a public facility that would promote increased economic development, increased taxes, and efficiencies if located in the Johnston Commons area in the north part of the Urban Renewal Area.
- The redevelopment plan for the Merle Hay Road corridor includes plans for a commercial/retail/entertainment center to be located at the site of the current city

Formatted: Bullets and Numbering

hall. Plans include open space for public events such as concerts, farmers market, etc. The current City Hall property was at one time a retail food store, generating taxes. When the food store closed the City purchased in 1986 for City functions and it served that purpose. However, City Hall is now located at a highly visible, high traffic intersection and would be an attractive property for the redevelopment plans for this blighted area. The building has outlived its varied purposes and is in the way of the forecasted uses of the area. If the current land and/or building could be sold to a developer who would redevelop the property, it would transform the property from tax-exempt to tax productive property. In addition, it is likely that such redevelopment would promote new employment. Proceeds of the sale could be applied toward the expenses of a city hall in space available in the Johnston Commons area, an area that is unlikely to ever become tax productive property. If City Hall were relocated on that property, the City would achieve a net gain in taxable property.

- Most economic development begins at City Hall as staff assigned to the economic development functions use the facility to meet with developers that are planning to invest in the community. The City Manager, Assistant City Manager, Finance Director, Community Development Department and ultimately the Mayor and City Council all play important roles in the planning and implementation of economic development projects and agreements. City Hall specifically houses administration, finance, planning and zoning, code enforcement, communications and utility billing, all who play a role in the promotion of economic development. Tentative ideas for a city hall include a public meeting space for the city council, which has the potential to serve a dual purpose as a community meeting place for use by the public and various public and private community organizations. There is also potential to house the offices of the Johnston Chamber of Commerce and the Johnston Economic Development Corporation, both organizations that play vital roles in promoting economic development, as well other offices to meet the needs of the community.
- A city hall within the Urban Renewal Area has the potential to increase traffic along Merle Hay Road and adjoining roads, which is critical to encouraging economic development in the area. It is a destination that generates traffic as many residents, businesses and others must go to city hall to conduct business.
- Consolidation of a number of functions of the city hall into one facility promotes efficient transfer of information and shared use of staff and leads to increased efficiencies and tax savings.

Formatted: Bullets and Numbering

Formatted: Bullets and Numbering

Formatted: Bullets and Numbering

2. To provide public infrastructure and incentives, in the form of loans, grants, or other benefits, to encourage residential housing in areas that have fallen into a state of blight.

J. FINANCIAL DATA

1. Current Constitutional debt limit: \$~~_____~~\$80,956,018
2. Current General obligation debt: \$~~_____~~\$40,185,000
3. Proposed amount of loans, advances, indebtedness or bonds to be incurred: Although, a specific amount of loans, advances, indebtedness or bonds to be included for projects over time has not yet been determined, it is estimated that the cost of the projects identified will be in the \$~~_____~~\$12,000,000 to \$~~_____~~\$16,000,000 million range. It is further expected that such loans, advances, indebtedness or bonds to be included, including interest on the same, will be financed in whole or in part with tax increment revenues from the Urban Renewal Area.

K. FINANCING

To meet the objectives of this Urban Renewal Plan and to encourage private investment in and the development of the project area, the City may determine to provide financial assistance to qualified private businesses through the making of loans, rebates or grants under all applicable provisions of the Iowa Code including, but not limited to, Chapters 15 and 15A and through the use of tax increment financing under Chapter 403 of the Code of Iowa.

1. Loan, Rebates or Grants. The making of loans or grants of public funds to private businesses within the project area may be deemed necessary or appropriate for economic development purposes and to aid in the planning, undertaking and carrying out of urban renewal project activities authorized under this Urban Renewal Plan and the Code of Iowa. Accordingly, in furtherance of the objectives of this Urban Renewal Plan, the City may determine to issue general obligation bonds, tax increment revenue bonds or other such obligations, or loan agreements for the purpose of making loans or grants of public funds to private businesses located in the project area. Alternatively, the City may determine to use available funds for making such loans or grants.
2. Tax Increment Financing. The City may utilize tax increment financing as a means to help pay for the costs associated with the development of the project area. General obligation bonds, tax increment revenue bonds or other such obligations or loan agreements may be issued by the City, and tax increment reimbursement may be sought for, among other things, the following costs (if and to the extent incurred by the City):
 - A. Constructing public improvements or public facilities, such as streets, sanitary sewers, storm sewers, water mains, parking lots or other public facilities;

- B. Making loans or grants to private businesses, including debt service payments on any bonds or notes issued to finance such loans or grants; or
- C. Providing the local matching share of state or federal grant and loan programs.
- D. Providing assistance for the development of multi-family housing. Such assistance may include assembling properties, demolition of existing structures and grading to prepare the property for redevelopment. The city may also assist with the construction of public infrastructure to support a multi-family housing project.

Formatted: Bullets and Numbering

Nothing herein shall be construed as a limitation on the power of the City to exercise any lawful power granted to the City under Chapter 15, Chapter 15A, Chapter 403, Chapter 427B, or any other provision of the Code of Iowa in furtherance of the objectives of these Urban Renewal Plans.

L. PROPERTY ACQUISITION/DISPOSITION/RELOCATION

Acquisition of Property:

The City has not currently identified specific sites to be acquired in the project area for purposes of private development but reserves the right to do so in the event that such acquisition could facilitate a project. Areas may be identified for acquisition in the future for the following purposes:

1. To provide sites for needed private and public improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with accepted criteria for the development of such facilities;
2. To assemble land into parcels of adequate size and shape to meet contemporary development needs and standards and to allow new construction to meet the objectives of this Urban Renewal Plan; or
3. To acquire any and all interests in any property within the project area which in any way dominates or controls usage of other real property proposed to be acquired.

Clearance and Disposition of Property:

The City may make improvements to or clear property it owns within the project area in preparation for redevelopment or transfer of land to private developers, which disposition may occur by sale or lease as the City may deem most appropriate. Improvements will be accomplished in accordance with the goals and objectives of this Urban Renewal Plan and in concert with other actions to ensure timely improvement of the land.

In connection with any real property proposed to be sold or otherwise exchanged or transferred in furtherance of the objectives of this Urban Renewal Plan, the City may advertise and solicit development proposals, may negotiate directly with prospective developers, and may dispose of all or a portion of the property acquired by it for the purpose of redevelopment in accordance with the goals and objectives of this Urban Renewal Plan. The property so disposed of may include vacated right-of-way and other lands under public ownership which are not needed for public purposes.

The City may subdivide, vacate or otherwise change the recorded arrangement of property under its control to accomplish the goals and objectives of this Urban Renewal Plan.

Relocation:

No relocation activities by the City are anticipated at this time. However, if relocation becomes necessary to accomplish the objectives of these plans, urban renewal powers

will be carried out, without limitation, in accordance with the State of Iowa Urban Renewal Law.

M. URBAN RENEWAL PLAN AMENDMENTS

This Urban Renewal Plan may be amended from time to time for several purposes, including but not limited to, change in the area, to add or change land use controls and regulations, to modify goals or types of renewal activities, or to amend property acquisition and disposition provisions.

The City Council may amend this Urban Renewal Plan by resolution after holding a public hearing on the proposed change in accordance with applicable State law.

N. EFFECTIVE PERIOD

This Amendment No. 4 will become effective upon its adoption by the City Council. The City Council has designated all of the original project area and all of the areas added by Amendment No. 1 and Amendment No. 2 as a "tax increment area." No new land is being added by this Amendment. Sunsets, if any, on property included in the original Urban Renewal Area, and any property added by prior Amendments, will remain unchanged. No sunset is applicable to areas designated as appropriate for redevelopment based on blight.

EXHIBIT A

Legal Description of Urban Renewal Area including Amendment No. 4.

[Insert legal description of area as amended by all prior amendments]

EXHIBIT B

Map of Existing Urban Renewal Area, including Amendment No. 4.

[Insert map to show the properties added/changed by each amendment]

/650093.1 /MSWord10765.230

City of Johnston Tax Increment Finance (TIF) Program

GOALS:

The goals of Johnston's Tax Increment Finance (TIF) program include the following:

1. To enhance areas in the city for the purpose of stimulating private investment in commercial, ~~and industrial~~, residential development, ~~and redevelopment~~ and investment in public facilities through public action and commitments.
2. To increase commercial, ~~and industrial~~ development, residential redevelopment and investment in public facilities in Johnston which will improve the economic and social environment of the community and sustain a desired balance between the non-residential and residential tax burden.
3. To provide adequate public infrastructure of sanitary sewer, storm water management, potable water, streets, and pedestrian walkways to ensure the public health, safety, and welfare.
4. To provide assistance and economic incentives for ~~commercial and industrial~~ commercial, industrial development and residential redevelopment which may not otherwise occur without such assistance and incentives.
5. Other goals as stated in the city's urban renewal plans.

POLICIES: The following are the policies for the TIF program:

- o This policy shall not be construed as obligating the City to use TIF for any or all projects that satisfy the criteria set forth in this policy. The decision to provide Tax Increment Financing incentives shall be at the sole discretion and approval of the Johnston City Council and shall be determined on a case by case basis. Tax Increment Financing is also subject to required legislative process (notice and public hearing).
- o The City may provide TIF funds for the purposes of improving City infrastructure and structures as well as for structural and infrastructure improvements to privately owned commercial and industrial properties.
- o The City shall give highest priority to the use of TIF funds for public infrastructure improvements.
- o The City may consider the use of TIF funds to provide funds to a developer to assist in preparing a property for redevelopment (i.e. removal of existing structures, filling and grading).
- o The City may consider the use of TIF funds for a project to assure Johnston is not at a competitive disadvantage when competing for projects with other communities.
- o The city may consider action to encourage investment in areas that have fallen into a state of blight as defined in the Iowa code Chapter 403.17(5).
- o The city may use TIF to invest in public facilities designed to improve the overall economic environment of the community and to provide quality services to its citizens.
- o Any project making an application for TIF funds must be located in a designated Urban Renewal District.
- o The public assistance granted to a business shall not result in a benefit exceeding market conditions and normal business expectations for finance terms or rate of return on investment. Applicants must be prepared to provide proof of their ability to finance the project contemplated in their TIF application.
- o The City shall not provide TIF funds for residential developments or residential structures.

- "Chain" type stores, retail stores, service stations, or restaurants shall not be eligible for TIF funds.
- Speculative projects (with no guarantee of type of businesses to locate in the project or type and quality of jobs) shall not be considered for funding in excess of the base amount.
- If the City has already extended TIF funds to improve a property (infrastructure or buildings), the City may reduce the amount of TIF assistance for subsequent improvements to the property or decline to provide any TIF assistance.

TIF FUNDING ALTERNATIVES:

The following are some of the types of funding alternatives that the city may consider.

- **Rebate** – Under the rebate program the developer/business constructs the improvements to the property and makes their annual property tax payments when they are due. The City receives the property tax payment and rebates a portion of the property taxes back to the developer/business. The amount and number of years for the rebate shall be established in a Development Agreement approved by the developer/business and the City Council.
- **Forgivable loan** – Under the forgivable loan program the developer/business constructs the improvements and the City provides the TIF funds in one payment once the developer/business receives a certificate of occupancy. The City forgives 20% of the loan over a five (5) year period. If the business ceases to exist before the entire amount of the loan is forgiven, they are responsible for refunding to the City any portion of the loan that has not been forgiven. The amount of the loan and schedule for forgiving the loan shall be established in a Development Agreement approved by the developer/business and the City Council. Providing a forgivable loan is subject to the City having the resources available to make the lump sum payment.
- The City may consider other funding alternatives, as approved by the City Council.

BASE TIF PROGRAM

The Base TIF program contemplates funding up to the equivalent of 50% of the incremental property taxes for up to five (5) years. Incremental property taxes are the new property taxes generated by improvements to the property. They are calculated by taking the taxable value of the property prior to improvements being made and subtracting it from the taxable value of the property after the improvements and multiplying the difference by the property tax rate.

The following factors will be considered in determining whether a project is eligible for Base TIF funding:

- The project is a new or existing business that is improving property with expanded infrastructure or building expansion.
- The project creates additional tax base for the community.
- The project creates or maintains quality employment in the community.
- The project is a new or existing business that is compatible with the community environment and maintains and promotes a strong sense of community.
- The project meets or exceeds the architectural standards established by the City and is compatible with the surrounding development.
- The project does not cause undue stress on city services or infrastructure and is sensitive to the environment.
- The project does not create an unfair advantage for the applicant over existing businesses in the community.
- The project will not occur in Johnston or the scope of the project will be reduced if TIF funds are not available.
- Any other considerations determined by the City Council to be relevant.

EXPANDED TIF PROGRAM

The Expanded TIF program contemplates funding up to the equivalent of 80% of the incremental property taxes for up to five (5) years. The following factors will be considered in determining whether a project is eligible for Expanded TIF funding:

- **The amount of tax base created** - Does the project provide for a significant expansion of the property tax base (greater than \$2,000,000)?
- **Number of new jobs** - Does the project create a significant number of new jobs? If so, how many?
- **Quality of jobs** - Does the project create new jobs that pay at least 125% of the median income for Polk County and provide insurance benefits? If so, how many?
- **Preferred areas** - Is the project located in West Park, Johnston Commons or is it infill development along Merle Hay Road or NW Beaver Drive?
- **Existing business** - Is the project an existing business in Johnston that is seeking to expand?

- Architecture - Does the project involve significant investment in architectural design that is above and beyond the architectural requirements of the City?
- Redevelopment - Does the project involve investment in the redevelopment of an existing structure or property?
- Leadership in Energy and Environmental Design (LEED) Certification – Will the building(s) be constructed to meet LEED Certification?
- Public Art – Does the project involve the creation and construction of public art or an amenity that would be unique to the project and of interest to the public?
- Other – Any other considerations determined by the City Council to be relevant.

RESIDENTIAL TIF PROGRAM

The program is intended to stimulate investment in high-density residential projects that address areas that have fallen into a state of blight. This investment will increase property values and stimulate population growth that will encourage investment in commercial development/redevelopment. Some of the properties included in the 2007 Merle Hay Road Redevelopment Study are in a state of blight. Due to their condition property value and tax base has declined. Many of the properties are platted into smaller parcels that diminished their value regarding redevelopment. The small lots impair the sound growth of the community and limit their usefulness and opportunities for commercial and residential growth. The layout of the lots restricts traffic circulation and the ability for the city to provide adequate water, sanitary sewer, and storm sewer facilities. TIF funds may be used to improve/expand public infrastructure and to purchase/prepare properties for redevelopment.

Formatted: Indent: Left: 0"

The following factors will be considered in determining whether a project is eligible for Residential TIF funding:

- The project must be located in the Merle Hay Road Redevelopment area, primarily north of NW 62nd Avenue.
- The property on which the project is located must have fallen into a state of blight (as defined by the Iowa Code Chapter 403).
- The project must meet a recognized need for additional housing.
- The project is compatible to the community environment and maintains and promotes a strong sense of community.
- The project must create rooftops and population that will encourage additional investment in commercial development/redevelopment within the Merle Hay Road redevelopment area.
- The design of the project meets or exceeds the architectural standards established by the city and is compatible with the surrounding community.
- The project does not cause undue stress on city services or infrastructure and is sensitive to the environment.
- The project is designed to encourage energy efficiency, walkability and access to public and private facilities.
- The project generates incremental property taxes that can be used to invest in public infrastructure or costs to prepare the property for development or redevelopment.

Formatted: Bulleted + Level: 1 + Aligned at 0.28" + Indent at: 0.53"

Formatted: Superscript

APPLICATION PROCEDURE:

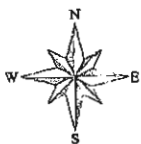
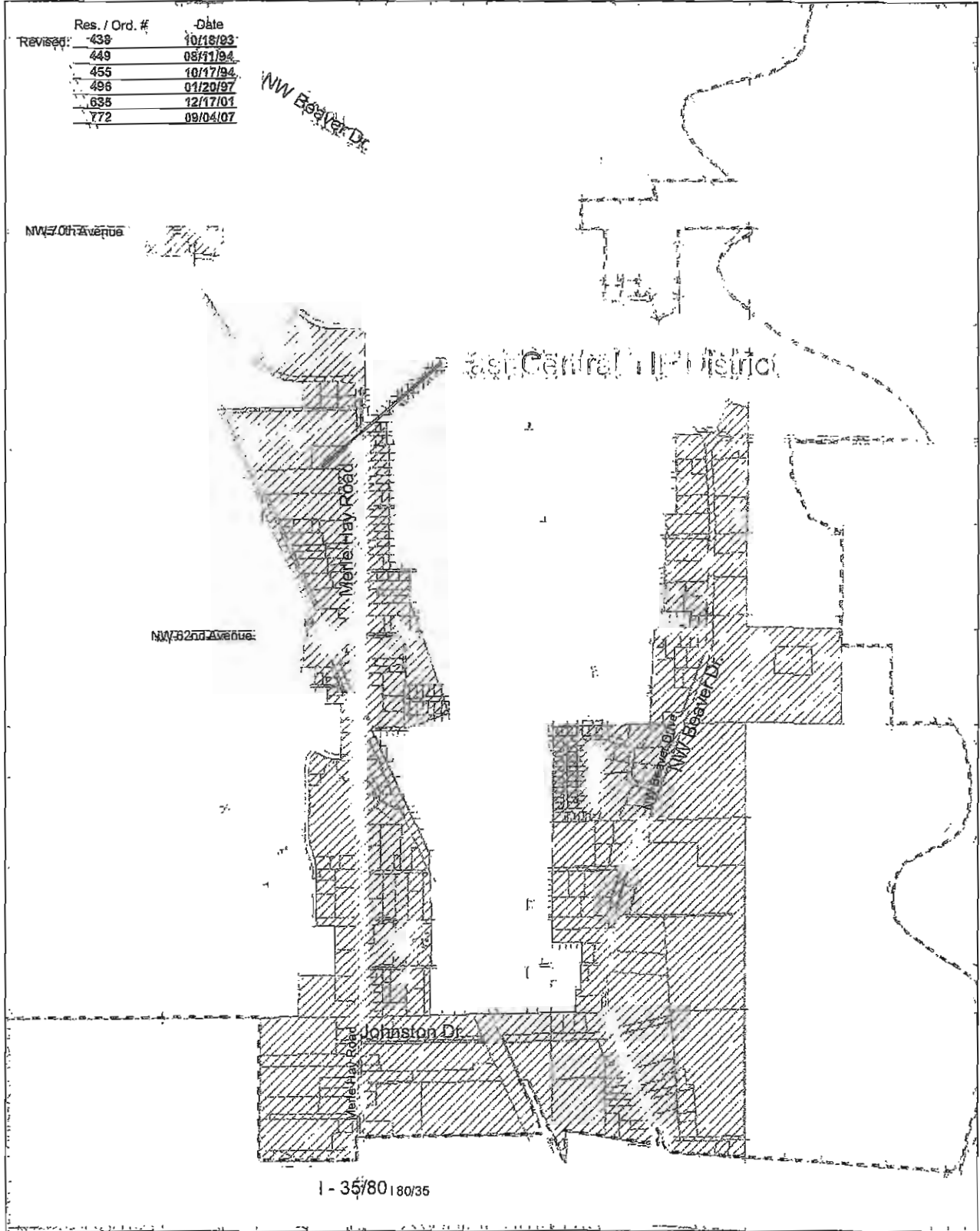
- Any developer/business interested in applying for TIF funds shall submit an application as early as possible in the planning process. At a minimum, the application must be submitted prior to submittal of a site plan or plat, as applicable.
- Once an application is submitted, the City Council will conduct a work session to review the project. If the Council determines the application is acceptable for funding, staff will be directed to prepare an appropriate Development Agreement.
- Once the Development Agreement has been reviewed and accepted by the applicant and city staff, the City Council will conduct a public hearing after due notice and consider public input before taking action on the agreement.
- The city may utilize a private financial consulting firm to help review an applicant's submittal for TIF funding if the city feels that the complexity of an application requires such a review. If the city finds it is necessary to utilize a private consultant, the cost of the consultant will be accounted for in the TIF funding provided. Before the city utilizes a consultant, it shall notify the applicant with an estimate of cost.

Formatted: Font: Not Italic

East Central TIF District Map

Living • Li • Growing

Revised	Res. / Ord. #	Date
	439	10/18/83
	449	05/11/94
	455	10/17/94
	496	01/20/97
	635	12/17/01
	772	09/04/07



City of Johnston, P.O. Box 410, 6221 Merle Hay Road, Johnston, IA 50131-0410
(515) 278-2344 - www.cityofjohnston.com

January 2008