

CITY OF INDIANOLA, IOWA

AMENDED AND RESTATED
1998 CITYWIDE
URBAN REVITALIZATION PLAN

for the

1998 CITYWIDE
URBAN REVITALIZATION AREA

2018

INTRODUCTION

The City of Indianola ("City") adopted the 1998 Citywide Urban Revitalization Plan ("Original Plan") in 1998 via resolution on February 2, 1998. The Original Plan described the Urban Revitalization Area ("Area" or "Revitalization Area") as including the "entire area within the corporate boundaries of the City of Indianola . . .", which Area "shall expand with annexation." Ordinance No. 1130, adopted May 11, 1998, designated the "entire area within the corporate boundaries of the City of Indianola, Iowa" as the Revitalization Area and declared that the Original Plan was adopted. Since that time, the City has adopted resolutions amending the Original Plan in 2002, 2004, 2006, 2008, 2009, 2012, and 2018.

Because of the length of time since the Original Plan was adopted, the various amendments that have been adopted, and the City's finding that additional changes should be made to the Original Plan, as amended, to update and clarify it, the City is adopting this Amended and Restated 1998 Citywide Urban Revitalization Plan ("Plan" or "Revitalization Plan" or "Amended and Restated Plan"). This Amended and Restated Plan amends and restates the original 1998 Citywide Urban Revitalization Plan. The City amends the Original Plan in compliance with Iowa Code Section 404.2(6) through the adoption of this Amended and Restated Plan by resolution following a public hearing at the next regularly scheduled City Council meeting held at least seven days after published notice.

Although the language in this Amended and Restated Plan modifies many sections of the Original Plan, as previously amended, the material changes in this Amended and Restated Plan are the following:

1. designates the Area as substantially satisfying Iowa Code Section 404.1(2), in addition to Section 404.1(3-5);
2. confirms that the Revitalization Area shall continue to include all annexed areas since the Original Plan was adopted; that future property annexed into the City shall continue to be automatically included within the Area upon the effective date of annexation;
3. extends the term of the Amended and Restated Plan;
4. prohibits any eligibility for exemptions under this Plan for property located within an Urban Renewal Area without specific approval from the City Council; and
5. establishes new exemption schedules for property assessed as commercial, residential or multi-residential.

GOALS, PURPOSE, AND DESIGNATION

In 1979, the Iowa legislature enacted into law the Urban Revitalization Act ("Act") giving city governing bodies the authority to designate an area or areas of a city as urban revitalization areas. Under the Act, qualified real estate within the designated area may be eligible to receive a total or

partial exemption from property taxes on improvements for a specified number of years. The primary intent of the Act is to provide communities with a long-term increase or stabilization in their tax base by encouraging rehabilitation or new construction which might not otherwise have occurred.

Specifically, the Act provides the City of Indianola the opportunity to influence its growth by stimulating investment from the private sector. After the tax exemption schedule is completed, the individual property will be fully taxed, thus completing the philosophy that tax incentives are used to encourage individuals to improve their property with the long term city goal of increasing the tax base. Certain criteria have been established which must be met by a city exercising the authority conferred in the Act. Accordingly, the Indianola City Council adopted a Resolution on February 2, 1998, finding a need for the establishment of an urban revitalization area, adopted the Original Plan, and adopted an ordinance designating the entire City as the Revitalization Area.

Section 404.1 of the Code of Iowa provides that the City Council may designate an area of the city as a revitalization area if that area is any of the following:

1. An area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and which is detrimental to the public health, safety, or welfare.
2. An area which by reason of the presence of substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition and use.
3. An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture, or significance should be preserved or restored to productive use.
4. An area which is appropriate as an economic development area as defined in section 403.17.

5. An area designated as appropriate for public improvements related to housing and residential development or construction of housing and residential development, including single or multifamily housing.

In adopting the Original Plan, the City Council of Indianola found that the rehabilitation, conservation, redevelopment economic development or a combination thereof of the Revitalization Area is necessary in the interest of the public health, safety or welfare of the residents of the City, and the Revitalization Area substantially meets the criteria of Iowa Code Sections 404.1 (3), (4) and (5). In amending the Original Plan by adopting this Amended and Restated Plan, the City Council reaffirms the above findings, and further finds that the Area substantially meets the criteria of Iowa Code Section 404.1(2).

Section 404.2 of the Code of Iowa requires that a city prepare a plan to govern activities within the proposed revitalization area before establishing the revitalization area by ordinance. Accordingly, the City adopted the Original Plan to govern activities within the City-wide Revitalization Area created by Ordinance No. 1130. The purpose of this Amended and Restated Plan is to amend and update that Original Plan.

PLAN DETAILS

A. Geographic Description of Urban Revitalization Area:

Since Ordinance 1130 was adopted May 11, 1998, the Revitalization Area has included the entire area within the corporate boundaries of the City of Indianola, Warren County, Iowa, and those boundaries have expanded with annexation since the adoption of the Original Plan. **Appendix A** to this Amended and Restated Plan is a map of the current corporate boundaries of the City of Indianola. The Revitalization Area continues to be defined as the entire area within the corporate boundaries of the City, and any property annexed into the City in the future shall automatically be included in the Revitalization Area as of the effective date of such annexation.

B. Existing Valuations According to County Assessor:

An updated list of the valuations of each parcel within the Area, listing the land and building values separately, is available for review with the City but is not attached to this Amended and Restated Plan.

C. Property Owners:

An updated list of the names and addresses of the property owners for each parcel identified within the Area are available for review with the City but is not attached to this Amended and Restated Plan.

D. City Services:

As it becomes financially feasible, the provision of municipal services to the Revitalization Area will be expanded and improved to meet the demands of new development.

E. Zoning and Land Use:

The Revitalization Area is proposed for new and revitalized and expanded residential, multi-residential, and commercial development in an area that is in compliance with the City's Comprehensive Plan and Zoning Ordinance. **Appendix B** contains maps of the planned land use and existing zoning for the Area.

The amount of land assessed as agricultural land in the City, when that amount is compared to the amount of agricultural land in Warren County, is minimal, and the City has determined that any new construction on agriculturally-assessed property otherwise qualifying for exemption under this Amended and Restated Plan is utilizing the minimum amount of agricultural land necessary to accomplish the goals of this Plan and will be eligible for exemption.

F. Applicable Revitalization and Term of Plan:

The purpose of this Amended and Restated Plan is to stimulate the development of more residential, multi-residential and commercial buildings, improvements and uses. Therefore, property tax abatement is made available for new construction and for rehabilitation or additions to existing buildings on residential, multi-residential, and commercial property within the Area.

The Amended and Restated Plan shall remain in effect until the City repeals the applicable ordinance establishing the Revitalization Area. If, at any time, the City Council feels that its goals for revitalization have been achieved and that continuation would no longer benefit the City, then the City Council may repeal the ordinance establishing the Revitalization Area pursuant to Section 404.7 of the Code of Iowa. However, any applications for exemption which are already approved when the ordinance is repealed will be allowed to continue until their completion or expiration. The City reserves the right to extend or further amend the Amended and Restated Plan and/or the ordinance to the extent allowed by law.

G. Relocation:

The City does not anticipate the displacement or relocation of any persons, families, or businesses as a result of the improvements to be made in the Revitalization Area. If such displacement occurs, the City will comply with all legal requirements.

Upon application for and verification of eligibility for tax abatement to a property owner by the City, Qualified Tenants in the Area whose displacement was due to action on the part of a property owner to qualify for said tax abatement under this Amended and Restated Plan shall be compensated by the property owner for one month's rent and for actual reasonable moving and related expenses. Qualified Tenant, as used in this Amended and Restated Plan, shall mean the legal occupant of a residential dwelling unit which is located within the Area and who has occupied the dwelling unit continuously since one year prior to the City's adoption of the Original Plan in 1998.

H. Tax Exemption Schedules

Residential Property and Multi-residential/Commercial Property **with** Three or More Living Quarters.

All Qualified Real Estate assessed as: (a) residential property; or (b) commercial property or multi-residential property if the commercial or multi-residential property consists of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes, is eligible to receive an exemption from taxation on a portion of the Actual Value Added by Eligible Improvements.

The exemption is for a period of five (5) years. The amount of the partial exemption is equal to a percent of the Actual Value Added by Eligible Improvements, determined as follows:

First Year – 100%
Second Year – 80%
Third Year – 60%
Fourth Year – 40%
Fifth Year – 20%

Commercial and Multi-residential Property **without** Three or More Living Quarters.

All Qualified Real Estate assessed as commercial property or multi-residential property which does not qualify for the above exemption is eligible to receive an exemption from taxation on a portion of the Actual Value Added by Eligible Improvements.

The exemption is for a period of four (4) years. The amount of the partial exemption is equal to a percent of the Actual Value Added by Eligible Improvements, determined as follows:

First Year – 80%
Second Year – 60%
Third Year – 40%

Fourth Year – 20%

I. Definitions/Additional Requirements:

As used in this Amended and Restated Plan, "Qualified Real Estate" means real property which is located in the designated Revitalization Area and to which Eligible Improvements have been added during the time the Area was so designated a revitalization area, which improvements have increased the actual value by at least the amount or percentage indicated below.

"Eligible Improvements," as used in this Amended and Restated Plan, include rehabilitation and additions to any existing residential, multi-residential, and commercial structures. In addition, new construction of residential, multi-residential, and commercial structures on vacant land or on land with existing structures is also eligible for tax abatement. All improvements, in order to be considered eligible, must be completed in conformance with all applicable ordinances and regulations of the City of Indianola, and must be completed during the time the Area is designated as a revitalization area. No abatement will be allowed unless a building permit has been issued by the City with respect to the project for which the abatement is requested.

"Actual Value Added by Eligible Improvements," as used in this Amended and Restated Plan, means the actual value added as of the first year for which the exemption was received. In order to be eligible for tax abatement, the increase in actual value of the property from the Eligible Improvements must be at least 10%. If more than one building is located on the property, the ten percent (10%) increase applies only to the structure or structures upon which the improvements were made. If no structures were located on the property prior to the improvements, any improvements may satisfy the ten percent (10%) requirement. Increases in taxes because of the increased assessed value for land are not eligible for abatement.

The City also has a tax increment financing program which is designed to provide incentives for development. Accordingly, a property that, in the determination of the City Council, is receiving either direct or indirect benefits that were financed through a tax increment financing program, may not be eligible for tax abatement under the revitalization program, unless otherwise determined by the City Council. See also: Section M.

J. Outside Funding Assistance:

The City is not currently aware of any federal, state, or private grant or loan program "likely to be a source of funding" for residential improvements in the Revitalization Area, other than those of conventional lending institutions at normal market rates. Likewise, the City is not currently aware of any grant or loan program which the City "has or will have as a source of funding" for the Area for residential improvements. However, it is not the intention of the City to prohibit the use of other appropriate federal or state

revitalization or incentive programs within the Area. The City may seek federal and/or state grant or loan programs and any and all other funding sources in developing proposed projects. Federal programs may be available through the Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA). State programs may be available through the Iowa Housing Finance Authority and the Iowa Department of Economic Development. The City may seek private sector funding sources and/or utilize funding through Iowa Code Chapters 403 or 403A.

K. Revenue Bonds:

The City has no plans at the present time to issue revenue bonds for revitalization projects within the Area.

L. Application and Prior Approval:

An application, on the form provided by the City, shall be filed for each new exemption claimed. The application shall be filed by the property owner with the City Council by February 1 of the assessment year for which the exemption is first claimed, but not later than the year in which all improvements included in the project are first assessed for taxation, or the following two assessment years, in which case the exemption is allowed for the total number of years in the exemption schedule. The City may allow a property owner to submit an application after the above deadlines subject to the discretion of the Council and the limitations outlined in Iowa Code Section 404.4. If a project is started in one year and is not completed until the following year, the application should be submitted in the year the project is completed. Submitting an application based upon partial completion of the project may result in the award of a partial exemption, as explained in Iowa Code Chapter 404 and corresponding regulations.

The application shall contain, but not be limited to, the following information:

- (1) Name of applicant/property owner;
- (2) Applicants complete mailing address and telephone number;
- (3) Legal description of the property where improvements are made;
- (4) The nature of the proposed improvement(s);
- (5) Estimated or actual cost of the project;
- (6) The estimated or actual date of completion;
- (7) The tax exemption schedule as selected by the owner of the property; and
- (8) The tenants that occupied the owner's building on the date the City adopted the Original Plan (February 1998).

M. Approval of Applications:

Owners may submit a proposal for a new commercial, multi-residential, or residential construction project to the City Council to receive prior approval for eligibility for a tax exemption on the project. The City Council shall give its prior approval if the project is in conformance with this Amended and Restated Plan. However, if the proposal is not approved, the owner(s) may submit an amended proposal for the City Council to approve or reject. Such prior approval shall not entitle the owner(s) to exemption from taxation until the new construction has been completed and found to be qualified for the exemption.

For prior approval and non-prior approval applications, the City Council shall approve an application submitted for approval if the project is:

1. In conformance with this Amended and Restated Plan;
2. Not located in any urban renewal area that currently exists or is created or expanded in the future. If the project is located in any urban renewal area, then the project may be eligible for exemption under this Plan only if the City Council determines that allowing such an exemption will not be inconsistent or interfere with any urban renewal plan, project, or related development agreement. If an application under this Amended and Restated Plan is denied by the City Council because the property for which an exemption is requested is within an existing urban renewal area, the owner may reapply for benefits under this Plan for the same property if the property has subsequently been removed from the urban renewal area, provided the property remains in the designated Revitalization Area and all other Plan requirements are met. Improvements receiving funding from any other local, state or federal governmental program are only eligible for tax exemption under this Plan if specifically authorized by the City Council;
3. Located within the Area designated by the Plan;
4. If improvements were made during the time the Area was so designated;
5. If the application meets all other legal requirements; and
6. The project has obtained a building permit from the City.

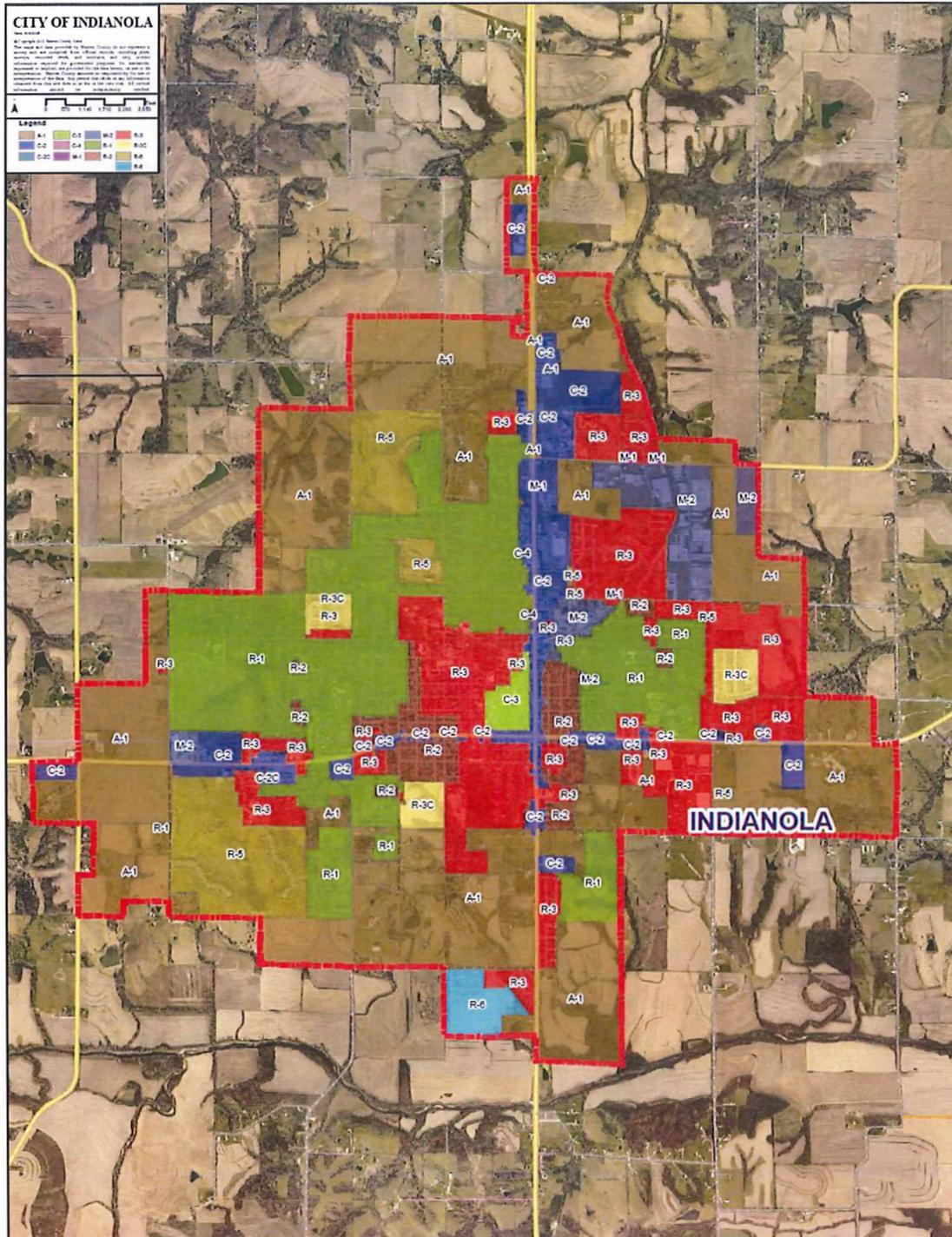
All approved applications shall be forwarded by the City to the Warren County Assessor by March 1 for review and a final determination of eligibility by the Assessor, pursuant to Section 404.5 of the Code of Iowa. The County Assessor shall make a physical review of

all properties with approved applications. The County Assessor shall determine the increase in actual value for tax purposes due to the new construction and notify the applicant of the determination, which may be appealed to the local board of review pursuant to Section 441.37 of the Code of Iowa. After the initial tax exemption is granted, the County Assessor shall continue to grant the tax exemption for the time period specified on the approved application. The tax exemptions for the succeeding years shall be granted without the owner(s) having to file an application for succeeding years.

N. Effective Period. This Amended and Restated Plan shall become effective upon the approval of a resolution by the City Council adopting the same (“Effective Date”). The new exemptions contained in this Amended and Restated Plan shall only be available for Eligible Improvements initiated (construction permits issued) and completed after the Effective Date, subject to the terms of the Amended and Restated Plan.

APPENDIX B

Existing Zoning Map

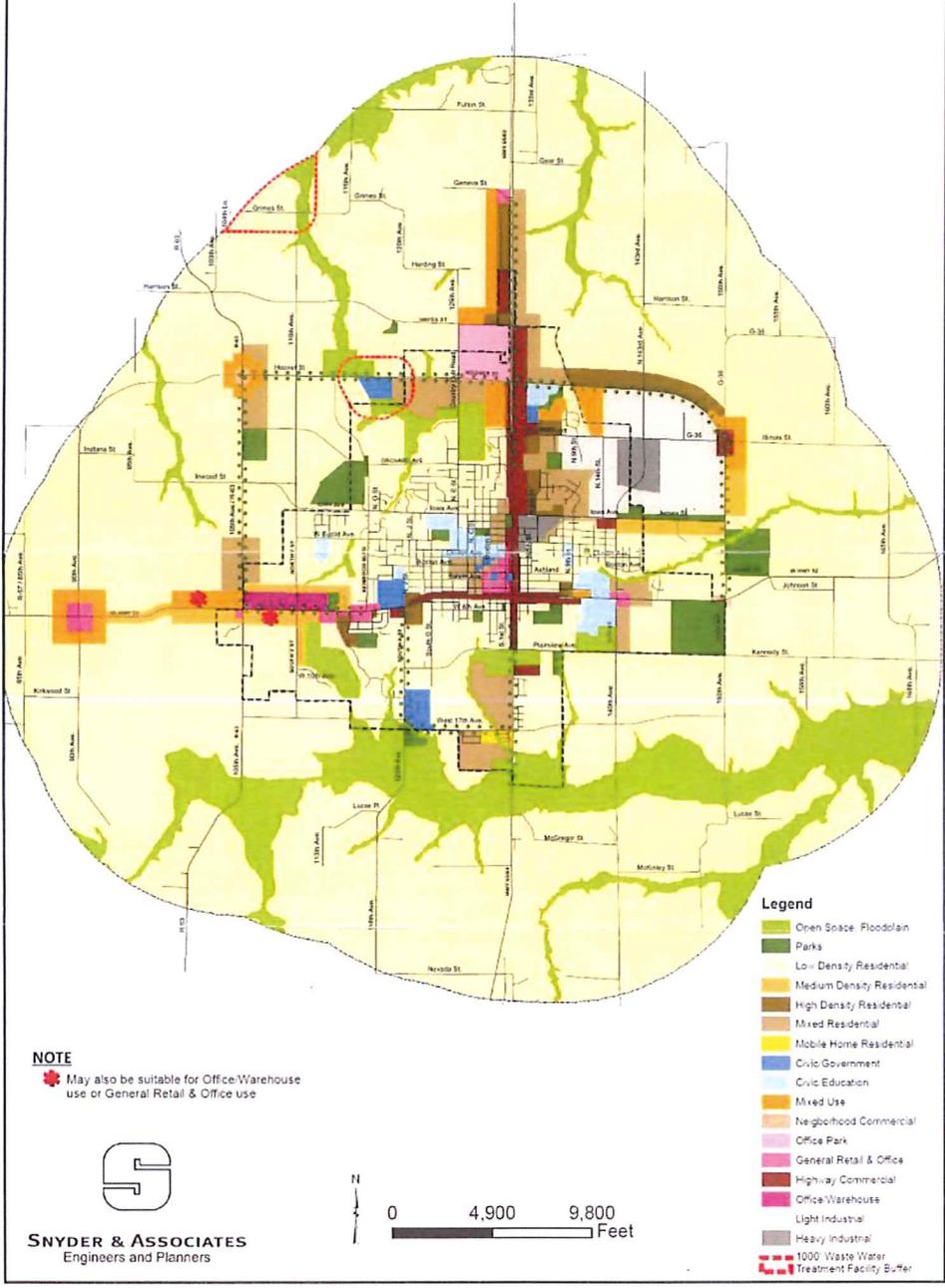


Planned Land Use Map



Future Land Use Plan

EXHIBIT 3-1



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Final