

URBAN REVITALIZATION PLAN
CITY OF DURANT, IOWA

A Plan to Encourage and Facilitate new Construction of, and Remodeling and Additions to, Residential Properties through Abatement of Taxes on the Value of the Improvements.

NOTE: Eligible for construction starts on or after the effective date (date of publication) of the Ordinance adopting this Plan, which occurred on December 15, 2016.

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INTRODUCTION

The Urban Revitalization Act, Chapter 404 of the Code of Iowa, is intended to encourage development, redevelopment and revitalization within a designated area or areas of a city by authorizing property tax development incentives to the private sector. Qualified real estate within a designated area or areas may be eligible to receive a total or partial exemption from property taxes on improvements for a specified number of years. The intended goal is to provide communities with a long-term increase or stabilization in the local tax base by encouraging new construction of, and remodeling and additions to, residential classifications which might not otherwise occur.

The City Council may designate an area of the City as a revitalization area, if that area meets or includes some or all of the following:

- Presence of a 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 the 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, and
- An area which is appropriate as an economic development area as defined in Section 403.17 of the Code of Iowa, and

- 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, and
- 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, and

With the adoption of this Durant Urban Revitalization Plan (“Plan”) the Durant City Council is designating the Durant Urban Revitalization Area (“Area” or “Revitalization Area”) as being qualified under Iowa Code Section 404.1.

The City of Durant is making this designation so that properties in the designated area may benefit from the abatement of taxes on the value added by development or redevelopment activities.

The City of Durant believes that encouraging and facilitating new construction of, and remodeling and additions to, residential classifications through abatement of taxes on the value of the improvements is important to the future growth and stability of the City as well as the general health , safety, and welfare of its citizens.

As defined by State Code 403.17, “ Housing and residential development” means single or multifamily dwellings to be constructed in an area with respect to which the local governing body of the municipality determines that there is an inadequate supply of affordable, decent, safe, and sanitary housing and that providing such housing is important to meeting any or all of the following objectives: retaining existing industrial or commercial enterprises; attracting and encouraging the location of new industrial or commercial enterprises; meeting the needs of special elements of the population, such as elderly or persons with disabilities; and providing housing for various income levels of the population which may not be adequately served. Adding new families to the community is recognized as having a positive impact on the local school district as well.

DESIGNATION CRITERIA

In accordance with Section 404.1 of the Code of Iowa, the City Council of Durant (“City”) has designated the Revitalization Area as appropriate for economic development and for public improvements related to housing and residential development, or construction of housing and residential development, including single or multifamily housing. In addition, the City’s Comprehensive Plan and a review of building permit history for new residential construction and the rehabilitation of existing structures, clearly shows an urgent need to facilitate and encourage new residential construction and the rehabilitation of existing residential and dual class structures within the community.

The long-term economic stability of the City to meet the ongoing and future needs and services of its residence is the underlying premise for establishing this Revitalization Area and the specific eligibility and exemption provision herein.

OBJECTIVES

This Plan is prepared in conformance with Chapter 404 Urban Revitalization Tax Exemptions of the Code of Iowa for the purpose of providing incentives and outlining procedures to enhance the potential for residential development and the improvement of existing residential and dual class structures in Durant. The primary objectives of this Plan are as follows:

- Encourage new construction of, and remodeling and additions to, residential properties through abatement of taxes on the value of the improvements.

- Improve economic conditions in the area and take steps to enhance the overall quality of life and general attractiveness of the Urban Revitalization Area.
- Planning goals include revitalizing the Area through the promotion of new construction on vacant land and rehabilitation of existing property, stabilizing and increasing the tax base overtime, and providing overall aesthetic improvement.
- Facilitate and promote new residential construction that is attractive, both visually and economically, whereby attracting new residents and families to Durant while meeting the housing needs of both local and area individuals.
- Encouraging rehabilitation and/or new construction of dual class properties, particularly along Main Street, resulting in improvements to buildings having first floor commercial use and a minimum of 50% of the remaining building area as residential use.

It may be that some of the improvements will be on land that is assessed as agricultural land. The City will present justification at the public hearing held pursuant to Section 404.2 for the revitalization of land assessed as agricultural property by means of new construction. Such justification will include information about the City's urgent need for additional housing. Such justification shall demonstrate, in addition to the other requirements of Iowa Code Chapter 404 and Section 419.17., that the improvement on land assessed as agricultural land will utilize the minimum amount of agricultural land necessary to accomplish the revitalization of the residential property within the Urban Revitalization Area. The City finds that the amount of land assessed as agricultural in the City, when that amount is compared to the amount of agricultural land in the County, is minimal and use of such land is necessary to accomplish the objectives of this Plan, as set out herein.

Section 404.2 of the Code of Iowa requires that a city prepare a plan to govern activities within a proposed revitalization area, and the balance of this document is intended to set out the elements of a plan that are mandated by state law.

THE URBAN REVITALIZATION AREA
(404.2 a. Legal Description)

The revitalization area shall be known as the Durant Urban Revitalization Area, and the legal description of real property to be included within the Revitalization Area is as follows:

All properties located within the corporate limits of the City of Durant located in Cedar County, Muscatine County, and Scott County, State of Iowa as of July 1, 2016.

A map showing all properties to be included within the Revitalization Area is attached as Exhibit A.

EXISTING ASSESSED VALUATIONS AND OWNERS OF RECORD
(404.2 b. & c.)

The names and addresses of owners of record and existing assessed valuations (listing land and buildings values separately) are listed in Exhibit B, which is on file at City Hall.

EXISTING ZONING AND LAND USE
(404.2 d.)

The existing zoning classifications and district boundaries are illustrated on the official City Zoning Map which is attached as Exhibit A. The Existing Land Use and the Proposed Land Use, as each presented in the City's Comprehensive Plan adopted in 2012, are attached as Exhibits D and E, respectively.

**PROPOSED CITY SERVICES
(404.2 e.)**

The City proposes that, as it becomes financially feasible, the provision of municipal services including public infrastructure improvements will be expanded and improved to help facilitate and meet the demands of new residential development.

**ELIGIBLE IMPROVEMENTS
(404.2 f.)**

Eligible property under this Plan includes all applicable property assessed as residential (or commercial if it meets the definition under “exemptions”). Eligible property improvements, as used in this Plan, include rehabilitation and additions to existing structures located within the Area. In addition, new construction on vacant land or on land with existing structures is also eligible for tax abatement.

Actual value added by improvements, as used in this Plan, means the actual value added as of the first year for which the exemption was received according to tax assessment valuation determined by the Scott County, Muscatine County, or Cedar County Assessor, whichever County the improvement is located. In order to be eligible for tax abatement, the increase in actual value of the building due to the improvement must be at least ten percent (10%) and increase the assessed value of the building in an amount not less than \$10,000. If more than one building is located on the property, the ten percent (10%) increase and \$10,000 requirements apply to both structures cumulatively, encouraging the improvement of both the primary residence and detached garage for an example. If no structures were located on the property prior to the improvements, any improvements may qualify. Increases in taxes because of the increased assessed value for land are not eligible for abatement.

All improvements in order to be considered eligible must be completed in conformance with all applicable regulations of the City of Durant including, but not limited to, City zoning regulations and the requirement of a building permit. Said improvements must be completed during the time the Area is designated as an Urban Revitalization Area. Actual value added by the improvements means the actual value added as of the first year for which the exemption was received according to tax assessment valuation per the Scott County, Muscatine County, or Cedar County Assessor, which ever apply. However, if such construction, rehabilitation, or additions were begun prior to the adoption of the Plan, the value added by such construction, rehabilitation or additions shall not be eligible for tax abatement. The date of the issuance of a building permit for any and all improvements shall be used to determine eligibility for tax abatement.

All projects eligible for tax exemption or tax abatement shall be completed within (1) one year of the issuance of the building permit. Multiple projects shall be each considered individually thereby not allowing cumulative improvements for the purpose of meeting the minimum improvement value threshold.

All improvements, in order to be considered eligible, must be completed during the time the Revitalization Area is designated by ordinance as a revitalization area. No abatement will be allowed hereunder unless the subject improvement is completed and an occupancy permit has been issued by the City with respect to the project for which the abatement is requested.

TIME FRAME (404.2 f.)

The Area shall be eligible for tax abatement under the Plan for improvements to qualified real estate that are completed on or before December 31, 2023, so that the assessor can make a full assessment as of January 1, 2024. If, in the opinion of the City Council, the desired level of revitalization has been attained or economic conditions are such that the continuation of the exemption granted would cease to be of benefit to the City, the City Council may repeal the ordinance establishing the Urban Revitalization Area, pursuant to Section 404.7 of the Code of Iowa at any time before the time period set out above. In the event the ordinance is

repealed, all existing exemptions shall continue until expiration. In addition, the City may decide to amend this Plan or extend its designation in accordance with Chapter 404.

EXEMPTIONS (404.3A)

For Improvements, new residential construction of single-family or two-family homes completed after the effective date of the Ordinance adopting this Plan and for which applications are filed with the City, all qualified real estate assessed as residential property is eligible to receive a one hundred percent (100%) exemption from taxation on the Actual Value Added by the improvements. The exemption is for a period of seven (7) years.

Improvements to existing residential structures must increase the assessed value of the building by a minimum of 10% and be in an amount not less than \$10,000 and will also receive (100%) exemption from taxation on the improvement value for the same seven (7) year period.

In addition, existing property assessed as dual class or multi-residential that has a separate living quarter(s) with at least 50% of the space used for residential purpose shall be eligible to receive a 100% exemption from taxation on the actual value added by the improvements. Improvements must increase the assessed value by a minimum of 10% and be in an amount not less than \$10,000. The exemption is for a period of ten (10) years.

Multifamily residential projects assessed as multi-residential having a minimum of three (3) units and a maximum of eight (16) units per building shall be eligible to receive a 100% exemption from taxation on the actual value added by the improvements. The exemption is for a period of ten (10) years.

REVENUE BOND (404.2 f.)

The City retains the right to issue revenue bonds for revitalization purposes as part of this Plan and as permitted by law and approved by the City Council.

RELOCATION PROVISIONS
(404.2 g.)

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 so, the City will comply with all requirements.

OTHER SOURCES OF REVITALIZATION FUNDS
(404.2 j.)

The City has not identified any federal or state grants or loans for improvements in the Revitalization Area at this time. However, it is not the intention of the City to prohibit the use of other appropriate federal or state revitalization incentive programs within the Area.

APPLICATION PROCEDURES

An application shall be filed for each new exemption claimed. Application forms are available at City Hall. The property owner must apply to the City for an exemption by February 1st of the assessment year for which the exemption is first claimed. The application shall contain, but not be limited to, the following information: the nature of the improvement, its estimated construction cost, and the estimated or actual date of completion of the improvement, and the tenants that occupied the owner's building on the date the City passed the Resolution adopting this Plan (if applicable).

APPROVAL OF APPLICATIONS

Owners may submit a proposal for an improvement project to the City Council to receive prior or preliminary approval for eligibility for tax exemption on the project. The City Council shall give its prior or preliminary approval if the project is in conformance with this Plan for revitalization. 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 or preliminary approval shall not entitle the owner(s) to exemption from taxation until the improvements have been completed, meet building codes, and found to be qualified for the exemption.

For prior or preliminary approval and for formal application approvals, the City Council shall approve an application submitted for approval if:

1. The project, as determined by the City Council, is in conformance with this Plan;
2. The project is located within the Area;
3. The improvements were made during the time the Area was so designated (completed so that the first full assessment is by January 1, 2024);
4. The project has obtained a building permit from the City;
5. An occupancy permit has been issued; and
6. Any and all other legal requirements have been met.

All approved applications shall be forwarded by the City to the applicable County Assessor by March 1 for review, and a final determination of eligibility, 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 improvements 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 tax exemption for the time period specified on the approved application. The tax exemption for the succeeding years shall be granted without the owner(s) having to file an application for succeeding years.