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**COMMUNITY DEVELOPMENT**

**MEMORANDUM**

**Planning,  
Zoning,  
Building Safety,  
Construction Inspection Services,  
Public Health,  
Housing Inspections,  
Code Enforcement**

To: City of Muscatine Planning and Zoning Commission

From: Andrew Fangman, City Planner

Date: October 9, 2018

Re: Proposed Amendment Urban Renewal Plan for Consolidated Muscatine Urban Renewal Area

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**INTRODUCTION:** Previously, City Council established a Consolidated Urban Renewal Area and adopted an Urban Renewal Plan as provided for in the Code of Iowa. The current Urban Renewal Area consists of all property that was within the boundaries of the City at the time the resolution establishing the current Urban Renewal Area was adopted. This amendment is being proposed the purposes of identifying a new urban renewal projects to be.

**BACKGROUND:** Iowa law allows municipalities to establish urban renewal areas to finance public improvements such as streets, sewers, sidewalks, and other infrastructure related to residential, commercial, or industrial development; to redevelop slum or blighted areas; to fund private economic development; and to finance construction of low and moderate income housing. The primary source of funding for urban renewal projects in Iowa is tax increment financing. Tax increment financing is a method whereby a portion of the property taxes levied by all taxing authorities within a tax increment financing district are reallocated to the city that is undertaking the urban renewal project. Tax increment financing may only be used in a city's designated urban renewal area, and may only be used on projects listed in the adopted urban renewal plan.

The Urban Renewal Plan was last updated in the March of 2018. This amendment will also authorize the undertaking of a new urban renewal project, the proposed Arbor Commons Subdivision, in the Consolidated Urban Renewal Area. This authorization provided for by this amendment makes this project eligible for the use of tax increment financing.

A public hearing will be held by the City Council on November 1, 2018 on a proposed amendment to the urban renewal plan for the Consolidated Muscatine Urban Renewal Area. Section 403.5 of the Code of Iowa requires that before a public hearing is held on such a proposed amendment that the Planning and Zoning Commission review said proposed amendment and make a recommendation to City Council on its conformity with the adopted Comprehensive Plan.

It should also be noted that the Planning and Zoning Commission will be reviewing and acting up a development plan and plat for the proposed subdivision that is the subject of this proposed amendment to the Urban Renewal Plan for Consolidated Muscatine Urban Renewal Area at a future meeting.

**"I remember Muscatine for its sunsets. I have never seen any on either side of the ocean that equaled them" — Mark Twain**

## RECOMMENDATION/RATIONALE

The City of Muscatine Comprehensive Plan was adopted on September 19, 2013 and contains 82 goals that encapsulate the community's vision of an ideal Muscatine. Following is staff analysis of which of the Comprehensive Plan goals that the proposed amendment to the urban renewal plan for the Consolidated Muscatine Urban Renewal Area will help achieve.

NPSW Enterprises, LLC (the "Developer") has proposed to undertake the construction of sixty-two (62) market-rate single-family homes, Arbor Commons Subdivision, including the corresponding construction of public infrastructure (the "Infrastructure Project") on certain real property situated in the Urban Renewal Area and bearing Muscatine County Property Tax Parcel Identification Number 0833200042 (the "Development Property"). It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the Infrastructure Project.

The addition of new housing in the City will enhance the quality of life in the City thereby resulting in commercial and residential growth in the City.

Description of Use of TIF: The City intends to enter into an economic development agreement (the "Agreement") with the Developer with respect to the Infrastructure Project and to provide annual appropriation economic development payments (the "Payments") to the Developer thereunder. The Payments, in an amount not to exceed \$850,000, will be funded with incremental property tax revenues to be derived from the Development Property.

The costs incurred by the City in providing tax increment financing assistance to Developer will include legal and administrative fees (the "Admin Costs") in the estimated amount of \$10,000.

It is anticipated that the City's total commitment of incremental property tax revenues with respect to the Infrastructure Project including the Payments, the Admin Costs and the LMI Set Aside (as described below) will not exceed \$1,363,000.

LMI Set Aside: Pursuant to the provisions of Section 403.22 of the Code of Iowa, the City will provide low and moderate income family housing assistance in its area of operation in an amount not less than 39.91% of the incremental property tax revenues to be paid to the Developer under the Development Agreement.

**Staff recommends that the Planning and Zoning Commission make a positive recommendation on the conformity of the proposed amendment to the Urban Renewal Plan with the Comprehensive Plan, particularly as the proposed project helps achieve the specific goals of the Comprehensive Plan.:**

- *Goal ED.14: Incentives*  
*The City of Muscatine will effectively use incentives to promote economic development in a manner that is both consistent with the goals of the Comprehensive Plan, and financially sound.*

- Goal LU.3: Infill  
*Increase new development (housing and commercial) on vacant lots in portions of the City already served by public infrastructure.*
- Goal H.7: Affordability  
*Increase housing affordability without sacrificing long-term quality of life*
- Goal H.1: Housing Quality  
*A high-quality living environment in all neighborhoods, the preservation of stable residential neighborhoods, and where necessary, improvement of the condition of existing housing stock in Muscatine.*

