



# City of Muscatine



## AGENDA ITEM SUMMARY

DATE: 1-29-21

City Council

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### STAFF

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Nancy A. Lueck, Finance Director

Jodi Royal-Goodman, Community Development Director

Andrew Fangman, Assistant Community Development Director

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### SUBJECT

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Resolution Approving the February, 2021 Urban Renewal Plan Amendments

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### EXECUTIVE SUMMARY

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The City periodically amends its Urban Renewal Plan to allow for future tax increment (TIF) funding to be used for new Economic Development Agreements, new projects or programs, or to continue or to amend existing projects or programs. A public hearing was set for and held on February 4 on the amendments. As required, the proposed Plan Amendments were reviewed by the Planning and Zoning Commission and other taxing entities were invited to a consultation meeting on the proposed amendments on January 18.

The Urban Renewal Plan Amendment to be considered for approval includes: (1) the addition of recently annexed Property to the Urban Renewal Area (for the Colorado Senior Lofts project); (2) updates the description of the City's Hershey Building Redevelopment Project previously approved in the April, 2019 amendment to the Plan; (3) updates the description of the City's Small Business Forgivable Loan Program previously approved in the September, 2014; October, 2016; and February, 2018 amendments to the Plan; and (4) authorizes the undertaking of new urban renewal projects in the Urban Renewal Area consisting of (a) providing tax increment financing assistance to Colorado Senior Lofts LLC in connection with the construction of housing affordable to seniors of low and moderate income; (b) providing tax increment financing assistance to JNB Family 1, LP and the Ales Foundation in connection with construction of housing affordable to families of low and moderate income; and (c) providing tax increment financing assistance to Grandview Senior Lofts LLC in connection with the construction of housing affordable to seniors of low and moderate income

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### STAFF RECOMMENDATION

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Staff recommended approval of the resolution approving the February 2021 Urban Renewal Plan Amendments.

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### BACKGROUND/DISCUSSION

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The City traditionally groups project or programs into a single Plan Amendment. The currently proposed amendment includes six items:

1. The City's current Urban Renewal Area is the City boundaries at the time the Urban Renewal Area was last amended in November of 2018. This Urban Renewal Plan Amendment will amend the Urban Renewal Area to include property recently annexed into the City for the Colorado Senior Lofts project.
2. At the June 11, 2020 In Depth meeting, City Council reviewed a request to amend the development agreement with Hershey Property LLC and Bush Development LLC to increase the maximum amount of the rebate to an amount not to exceed \$700,000. At that meeting, City Council gave consensus approval of this request with the formal approval of an amended development agreement to be considered at a later date.
3. The March 2018 Urban Renewal Plan Amendment included \$600,000 for the Small Business Forgivable Loan Program for FY 2019 through FY 2024. The original plan was that \$100,000 per year would be allocated for this program. The City used a portion of this allocation for the special "Economic Assistance for Muscatine Small Businesses" program for small business impacted by the COVID-19 public health crisis. The current Urban Renewal Plan amendment will restore the \$100,000 per year in annual funding for the regular Small Business Forgivable Loan program through FY 24.
4. There are three new housing-related development agreements in this Urban Renewal Plan Amendment including (1) MVHA Partners (Miller-Valentine) - TIF assistance to construct 51 units of senior housing on Grandview Avenue; (2) MVHA Partners (Miller-Valentine) - TIF assistance to construct 51 units of senior housing on Colorado Street; and (3) JNP Family 1, LP and Ales Foundation - TIF assistance to construct 42 units of rental housing units on Steamboat Way for low and moderate income individuals and families. City Council gave consensus approval of these projects at the February 20, 2020, meeting. All three of these projects were awarded the tax credits needed to move forward with these projects.

## **CITY FINANCIAL IMPACT**

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All of the above projects will be funded from future incremental property taxes (TIF) funds, and as such, will have no impact on the current City budget. The Housing Demand Study completed in September of 2017, demonstrated a need for the conversion of a portion of the Hershey Building into downtown multi-residential units and the three additional multi-family housing projects.

## **ATTACHMENTS**

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1. Resolution Approving the February, 2021 Urban Renewal Plan Amendment
2. Urban Renewal Plan Amendment February 2021

FEBRUARY, 2021 CONSOLIDATED  
MUSCATINE URBAN RENEWAL  
AREA ADDITION DESIGNATION AND  
PLAN HEARING

421464-61

Muscatine, Iowa

February 4, 2021

The City Council of the City of Muscatine, Iowa, met on February 4, 2021, at 7:00 o'clock, p.m., for the purpose of conducting a public hearing on the designation of an expanded urban renewal area and on a proposed urban renewal plan amendment.

The City Council met electronically via GoToMeeting, which was accessible at the following:

<<https://global.gotomeeting.com/join/517956477>>

The City Council conducted this meeting electronically due to federal and state government recommendations in response to COVID-19 pandemic conditions. Electronic access information was included in the posted agenda of this public meeting.

The Mayor presided and the roll being called the following members of the City Council were present and absent:

Present: \_\_\_\_\_

Absent: \_\_\_\_\_.

The City Council investigated and found that notice of the intention of the City Council to conduct a public hearing on the designation of the expanded Consolidated Muscatine Urban Renewal Area and on an urban renewal plan amendment had been published according to law and as directed by the City Council and that this is the time and place at which the City Council shall receive oral or written objections from any resident or property owner of the City. All written objections, statements, and evidence heretofore filed were reported to the City Council, and all oral objections, statements, and all other exhibits presented were considered.

The following named persons presented oral objections, statements, or evidence as summarized below; filed written objections or statements, copies of which are attached hereto; or presented other exhibits, copies of which are attached hereto:

**(Here list all persons presenting written or oral statements or evidence and summarize each presentation.)**

There being no further objections, comments, or evidence offered, the Mayor announced the hearing closed.

Council Member \_\_\_\_\_ moved the adoption of a resolution entitled "Resolution to Declare Necessity and Establish an Urban Renewal Area, Pursuant to Section 403.4 of the Code of Iowa and Approve Urban Renewal Plan Amendment for the Consolidated Muscatine Urban Renewal Area," seconded by Council Member \_\_\_\_\_. After due consideration, the Mayor put the question on the motion and the roll being called, the following named Council Members voted:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_.

Whereupon, the Mayor declared the resolution duly adopted and signed approval thereto.

RESOLUTION NO.2021-0033

Resolution to Declare Necessity and Establish an Urban Renewal Area, Pursuant to Section 403.4 of the Code of Iowa and Approve Urban Renewal Plan Amendment for the Consolidated Muscatine Urban Renewal Area

WHEREAS, as a preliminary step to exercising the authority conferred upon Iowa cities by Chapter 403 of the Code of Iowa (the “Urban Renewal Law”), a municipality must adopt a resolution finding that one or more slums, blighted or economic development areas exist in the municipality and that the development of such area or areas is necessary in the interest of the public health, safety or welfare of the residents of the municipality; and

WHEREAS, this City Council of the City of Muscatine, Iowa (the “City”) by resolution previously established the Consolidated Muscatine Urban Renewal Area (the “Urban Renewal Area”) and adopted an urban renewal plan (the “Plan”) for the governance of projects and initiatives therein; and

WHEREAS, a proposal has been made which shows the desirability of expanding the Urban Renewal Area to add and include all the real property (the “Property”) lying within the description set out in Exhibit A hereto; and

WHEREAS, the proposal demonstrates that sufficient need exists to warrant finding the Property to be an economic development area; and

WHEREAS, an amendment (the “Amendment”) to the Plan has been prepared which (1) covers the addition of the Property to the Urban Renewal Area; (2) updates the description of the City’s Hershey Building Redevelopment Project previously approved in the April, 2019 amendment to the Plan; (3) updates the description of the City’s Small Business Forgivable Loan Program previously approved in the September, 2014; October, 2016; and February, 2018 amendments to the Plan; and (4) authorizes the undertaking of new urban renewal projects in the Urban Renewal Area consisting of (a) providing tax increment financing assistance to Colorado Senior Lofts LLC in connection with the construction of housing affordable to seniors of low and moderate income; (b) providing tax increment financing assistance to JNB Family 1, LP and the Ales Foundation in connection with construction of housing affordable to families of low and moderate income; and (c) providing tax increment financing assistance to Grandview Senior Lofts LLC in connection with the construction of housing affordable to seniors of low and moderate income; and

WHEREAS, notice of a public hearing by the City Council of the City on the question of amending the plan for the Urban Renewal Area and designating an expanded Urban Renewal Area was heretofore given in strict compliance with the provisions of Chapter 403 of the Code of Iowa, and the Council has conducted said hearing on February 4, 2021; and

WHEREAS, the Planning and Zoning Commission of the City has reviewed and commented on the proposed Amendment; and

WHEREAS, copies of the Amendment, notice of public hearing and notice of a consultation meeting with respect to the Amendment were mailed to Muscatine County and the Muscatine Community School District; the consultation meeting was held on the 18th day of January, 2021; and responses to any comments or recommendations received following the consultation meeting were made as required by law;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. An economic development area as defined in Chapter 403 of the Code of Iowa is found to exist in the City on the Property.

Section 2. The Property is hereby declared to be an urban renewal area, in conformance with the requirements of Chapter 403 of the Code of Iowa, and is hereby designated as the February, 2021 Consolidated Muscatine Urban Renewal Area Addition.

Section 3. The development of the Property is necessary in the interest of the public health, safety or welfare of the residents of the City.

Section 4. It is hereby determined by this City Council as follows:

A. The Amendment and the projects and initiatives described therein conform to the general plan of the municipality as a whole;

B. Proposed economic development projects described in the Amendment are necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

C. It is not anticipated that families will be displaced as a result of the City's undertakings under the Amendment. Should such issues arise with future projects, then the City will ensure that a feasible method exists to carry out any relocations without undue hardship to the displaced and into safe, decent, affordable and sanitary housing.

Section 5. The Amendment, attached hereto and made a part hereof, is hereby in all respects approved.

Section 6. All resolutions or parts thereof in conflict herewith are hereby repealed, to the extent of such conflict.

Passed and approved February 4, 2021.

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Diana Broderson, Mayor

Attest:

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Carol Webb, City Clerk

**(Attach copy of the urban renewal plan amendment to this resolution.)**

CITY OF MUSCATINE, IOWA

URBAN RENEWAL PLAN AMENDMENT  
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA

February, 2021

The Urban Renewal Plan (the "Plan") for the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Area") is being amended for the purpose of (1) adding property to the Urban Renewal Area; (2) updating the description of certain projects previously approved by the City Council in prior amendments to the Plan; and (3) identifying new urban renewal projects to be undertaken in the Urban Renewal Area.

**1) Addition of Property.** The real property (the "Property") legally described on Exhibit A hereto is, by virtue of this Amendment, being added as the February, 2021 Addition to the Urban Renewal Area. With the adoption of this Amendment, the City will designate the Property as an economic development area. The Property will become subject to the provisions of the Plan for the Urban Renewal Area. It is anticipated that the City will adopt an ordinance providing for the division of property tax revenues, as set forth in Section 403.19 of the Code of Iowa, with respect to the Property.

**2) Update Description of the City's Small Business Forgivable Loan Program.** The City approved the Small Business Forgivable Loan Program in the September, 2014 Amendment to the Plan. It is now necessary to update the description of the Small Business Forgivable Loan Program, as follows:

**Name of Project:** Small Business Forgivable Loan Program

**Name of Urban Renewal Area:** Consolidated Muscatine Urban Renewal Area

**Date of Council Approval of Project:** September 4, 2014, and updated October 20, 2016; February 15, 2018; and February 4, 2021.

**Description of Small Business Forgivable Loan Program:** The City acknowledges the importance of the success of local businesses to the promotion of economic development in the City. The Small Business Forgivable Loan Program is designed to provide public support to the development and improvement of local businesses in the Urban Renewal Area. The City will provide fiscal support to the Program through the provision of economic development forgivable loans (the "Forgivable Loans") to small businesses situated in certain districts highlighted on the map attached as Exhibit A to the September, 2014 Amendment.

The Forgivable Loans will be targeted to assist with the promotion of in-fill, redevelopment and facilities enhancement of qualifying small businesses. It is anticipated that the Forgivable Loans will continue to be made in each of the City's 2019 through 2024 fiscal years. Over the course of these fiscal years, the City will consider making Forgivable Loans to eligible applicants in an aggregate amount not to exceed \$850,000 (increased from

\$600,000 in the February, 2018 Amendment to the Plan). The City Staff will develop appropriate materials, including agreements and applications, for the administration of the Forgivable Loans.

**Description of Use of TIF for the Program:** It is anticipated that the City will fund the Forgivable Loans with borrowed funds and/or with the proceeds of an internal advance of City funds on-hand. In any case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Forgivable Loans will not exceed \$850,000 (increased from \$600,000 in the February, 2018 Amendment to the Plan).

The City's use of incremental property tax revenues for the Forgivable Loans in the City's 2018 fiscal year was governed by the September, 2014 Amendment.

**3) Update Description of the Hershey Building Redevelopment Project.** The City approved the Hershey Building Redevelopment Project in the April 18, 2019 Amendment to the Plan. It is now necessary to update the description of the Hershey Building Redevelopment Project, as follows:

**Name of Project:** Hershey Building Redevelopment Project (the "Admin Program")

**Name of Urban Renewal Area:** Muscatine Consolidated Urban Renewal Area

**Date of Council Approval of Admin Program:** April 18, 2019 and updated February 4, 2021.

**Description of Project and Project Site:** Bush Construction (the "Developer") has proposed to undertake the redevelopment of the former Hershey Building situated at 216 Sycamore Street in the Urban Renewal Area (the "Hershey Redevelopment Property") into a mixed-use building, including multiresidential units and commercial units (the "Hershey Redevelopment Project").

It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the Hershey Redevelopment Project. The costs incurred by the City in providing tax increment financing assistance to the Developer will include legal and administrative fees (the "Admin Fees") in an amount not to exceed \$8,500.

The Hershey Redevelopment Project will facilitate economic development in the Urban Renewal Area and help alleviate the blighted conditions in the Urban Renewal Area.

**Description of Public Infrastructure:** It is not anticipated that the City will install public infrastructure in connection with the Hershey Redevelopment Project.

**Description of Properties to be Acquired in Connection with Project:** It is not anticipated that the City will acquire real property in connection with the Hershey Redevelopment Project.

**Description of Use of TIF for Project:** The City intends to enter into a development agreement (the “Development Agreement”) with the Developer with respect to the Hershey Redevelopment Project and to provide economic development payments (the “Payments”) thereunder in a principal amount not to exceed \$700,000 (increased from \$500,000 in the April, 2019 Amendment to the Plan). The Payments will be funded with the incremental property tax revenues to be derived from the Hershey Redevelopment Property. It is anticipated that the Payments will be made subject to annual appropriation by the City Council.

**4) Identification of Projects.** By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following project descriptions:

**A.**

**Name of Project:** Colorado Senior Lofts Low and Moderate Income Housing Development Project

**Name of Urban Renewal Area:** Consolidated Muscatine Urban Renewal Area

**Date of Council Approval of Project:** February 4, 2021

**Description of the Project and Project Site:** Colorado Senior Lofts LLC (the “Developer”) has proposed to undertake the development of a senior living complex (the “Colorado LMI Housing Project”) on certain real property situated in the Urban Renewal Area and bearing Muscatine County Property Tax Parcel Identification Number 0930301002 (the “Colorado Housing Property”). It is intended that the units constructed in connection with the Colorado LMI Housing Project will be affordable for seniors of low and moderate income.

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

It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the Colorado LMI Housing Project.

The costs incurred by the City in providing tax increment financing assistance to the Developer will include legal and administrative fees (the “Admin Fees”) in an amount not to exceed \$7,500.

**Description of Public Infrastructure:** It is not anticipated that the City will install public infrastructure in connection with the Colorado LMI Housing Project.

**Description of Properties to be Acquired in Connection with Project:** It is not anticipated that the City will acquire real property in connection with the Colorado LMI Housing Project.

**Description of Use of TIF for the Project:** The City intends to enter into a development agreement (the “Development Agreement”) with the Developer with respect to the Colorado LMI Housing Project and to provide economic development payments (the “Payments”) to the Developer thereunder. The Payments will be funded with the incremental property tax revenues to be derived from the Colorado Housing Property. It is anticipated that the Payments will be made subject to annual appropriation by the City Council. It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Colorado LMI Housing Project will not exceed \$460,000, plus the Admin Fees.

**B.**

**Name of Project:** Grandview Senior Lofts Low and Moderate Income Housing Development Project

**Name of Urban Renewal Area:** Consolidated Muscatine Urban Renewal Area

**Date of Council Approval of Project:** February 4, 2021

**Description of the Project and Project Site:** Grandview Senior Lofts LLC (the “Developer”) has proposed to undertake the development of a senior living complex (the “Grandview LMI Housing Project”) on certain real property situated in the Urban Renewal Area and bearing Muscatine County Property Tax Parcel Identification Numbers 1309400024, 1310301018, 1310301025, 1310301026, 1310301027, 1309400026, 1310301015, 1310301028, 1310301014, and 1309400025 (the “Grandview Housing Property”). It is intended that the units constructed in connection with the Grandview LMI Housing Project will be affordable for seniors of low and moderate income.

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

It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the Grandview LMI Housing Project.

The costs incurred by the City in providing tax increment financing assistance to the Developer will include legal and administrative fees (the “Admin Fees”) in an amount not to exceed \$7,500.

**Description of Public Infrastructure:** It is not anticipated that the City will install public infrastructure in connection with the Grandview LMI Housing Project.

**Description of Properties to be Acquired in Connection with Project:** It is not anticipated that the City will acquire real property in connection with the Grandview LMI Housing Project.

**Description of Use of TIF for the Project:** The City intends to enter into a development agreement (the “Development Agreement”) with the Developer with respect to the

Grandview LMI Housing Project and to provide economic development payments (the “Payments”) to the Developer thereunder. The Payments will be funded with the incremental property tax revenues to be derived from the Grandview Housing Property. It is anticipated that the Payments will be made subject to annual appropriation by the City Council. It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Grandview LMI Housing Project will not exceed \$460,000, plus the Admin Fees.

**C.**

**Name of Project:** Steamboat Apartments Low and Moderate Income Housing Development Project

**Name of Urban Renewal Area:** Consolidated Muscatine Urban Renewal Area

**Date of Council Approval of Project:** February 4, 2021

**Description of the Project and Project Site:** JNB Family 1, LP (the “Owner”) and the Ales Foundation (the “Developer”) have proposed to undertake the development of a forty-two (42) unit apartment complex (the “Steamboat LMI Housing Project”) on certain real property situated in the Urban Renewal Area and bearing Muscatine County Property Tax Parcel Identification Number 0822351012 (the “Steamboat Housing Property”). It is intended that at least thirty-seven (37) units constructed in connection with the Steamboat LMI Housing Project will be affordable for families of low and moderate income.

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

It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts of the Developer and Owner to complete the Steamboat LMI Housing Project.

The costs incurred by the City in providing tax increment financing assistance to the Developer will include legal and administrative fees (the “Admin Fees”) in an amount not to exceed \$10,000.

**Description of Public Infrastructure:** It is not anticipated that the City will install public infrastructure in connection with the Steamboat LMI Housing Project.

**Description of Properties to be Acquired in Connection with Project:** It is not anticipated that the City will acquire real property in connection with the Steamboat LMI Housing Project.

**Description of Use of TIF for the Project:** The City intends to enter into a development agreement (the “Development Agreement”) with the Developer and the Owner with respect to the Steamboat LMI Housing Project and to provide economic development payments (the “Payments”) to the Developer thereunder. The Payments will be funded with the

incremental property tax revenues to be derived from the Steamboat Housing Property. It is anticipated that the Payments will be made subject to annual appropriation by the City Council. It is anticipated that the City's total commitment of incremental property tax revenues with respect to the Steamboat LMI Housing Project will not exceed \$460,000, plus the Admin Fees.

**5) Required Financial Information.** The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Constitutional debt limit of the City:	<u>\$73,548,370</u>
Outstanding general obligation debt of the City:	<u>\$15,600,000</u>
Proposed debt to be incurred under the February, 2021	
Amendment*:	<u>\$ 1,830,000</u>

\*It is anticipated that some or all of the debt incurred hereunder will be subject to annual appropriation by the City Council.

**EXHIBIT A**  
**Legal Description**  
**Expanded Consolidated Muscatine Urban Renewal Area**  
**(February, 2021 Addition)**

Certain real property situated in the City of Muscatine, Muscatine County, State of Iowa more particularly described as:

Commencing at the northeast corner of Lot 2 of Kleindolph Subdivision, as recorded in Plat Book 7, Page 62, Muscatine County Recorders' Office; thence north to the northerly right of way line of Colorado Street; thence westerly along said right of way line to intersection with an extension of the westerly line of said Lot 2; thence southerly along the extension of the westerly line of said Lot to the northwest corner of said Lot 2; thence southerly along the westerly line of said Lot to an intersection with the southerly line of said Lot 2; thence easterly along the southerly line of said Lot 2 to an intersection with the easterly line of said Lot; thence northerly along the easterly line of said Lot 2 to the point of beginning. All located in the Southwest  $\frac{1}{4}$  of Section 30, Township 77 North, Range 1 West of the 5th principal meridian.

**EXHIBIT A**  
**Legal Description**  
**February, 2021 Consolidated Muscatine Urban Renewal Area Addition**

Certain real property situated in the City of Muscatine, Muscatine County, State of Iowa more particularly described as:

Commencing at the northeast corner of Lot 2 of Kleindolph Subdivision, as recorded in Plat Book 7, Page 62, Muscatine County Recorders' Office; thence north to the northerly right of way line of Colorado Street; thence westerly along said right of way line to intersection with an extension of the westerly line of said Lot 2; thence southerly along the extension of the westerly line of said Lot to the northwest corner of said Lot 2; thence southerly along the westerly line of said Lot to an intersection with the southerly line of said Lot 2; thence easterly along the southerly line of said Lot 2 to an intersection with the easterly line of said Lot; thence northerly along the easterly line of said Lot 2 to the point of beginning. All located in the Southwest  $\frac{1}{4}$  of Section 30, Township 77 North, Range 1 West of the 5th principal meridian.

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Upon motion and vote, the meeting adjourned.

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Mayor

Attest:

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City Clerk

STATE OF IOWA  
COUNTY OF MUSCATINE  
CITY OF MUSCATINE

I, the undersigned, do hereby certify that I am the duly appointed, qualified and acting City Clerk of the City of Muscatine, and that as such I have in my possession or have access to the complete corporate records of the City and of its officers; and that I have carefully compared the transcript hereto attached with the aforesaid records and that the attached is a true, correct and complete copy of the corporate records relating to the action taken by the City Council preliminary to and in connection with designating the expanded Consolidated Muscatine Urban Renewal Area for the City and on an urban renewal plan amendment.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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**City Clerk**