

Marengo/420094-32 /Urban Revite Plan

**CHAPTER 10**  
**URBAN REVITALIZATION**

AMENDED AND RESTATED URBAN REVITALIZATION PLAN  
CITY OF MARENGO, IOWA  
MARENGO URBAN REVITALIZATION AREA  
2020

## INTRODUCTION

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

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

“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, or 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.”

“An area which by reason of the 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.”

“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.”

“An area which is appropriate as an economic development area as defined in Section 403.17 of the Code of Iowa.”

“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.”

Section 404.2 of the Code of Iowa requires that a city prepare a plan to govern activities within the 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.

## DESCRIPTION OF THE AREA AND MAP

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

All real property situated within the incorporated municipal limits of the City of Marengo, Iowa County, State of Iowa.

A map showing the real property to be included within the Revitalization Area is attached as Exhibit A.

## DESIGNATION CRITERIA

In accordance with Section 404.1 of the Act, the City Council has made the following determinations with respect to the Revitalization Area:

1. The Revitalization Area is an area which is appropriate as an economic development area as defined in Section 403.17 of the Code of Iowa.
2. The Revitalization Area is an area which is appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single family housing.
3. The redevelopment, economic development and promotion of housing and residential development in the Revitalization Area is necessary in the interest of the public welfare of the residents of the City and the Revitalization Area substantially meets the criteria set forth in Section 404.1 of the Act.

## OBJECTIVES

This plan is prepared in conformance with Section 404.2 of the Code of Iowa for the purpose of providing incentives and outlining procedures to enhance the potential for residential, and commercial development in the Revitalization Area. Planning goals include revitalizing the area through the promotion of new construction on vacant land, rehabilitation of existing residential and commercial property, stabilizing and increasing the tax base, and providing overall aesthetic improvement.

## PRESENT ZONING AND PROPOSED LAND USE

The property within the Revitalization Area is zoned for residential, commercial and industrial purposes, and new and expanded residential and commercial development is proposed in the Revitalization Area.

## PROPOSALS FOR EXPANDING CITY SERVICES

The City proposes that, 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 residential and commercial development.

## ELIGIBLE IMPROVEMENTS AND EXEMPTIONS

1. **Residential Improvements.** The construction of new residential facilities and the rehabilitation of and additions to existing residential facilities.

*Exemption:* All qualified real estate assessed as residential property is eligible to receive an exemption from taxation on the first \$75,000 of actual value added by the improvements for a period of five years.

2. **Commercial Improvements – C-1 Zoning Classification Subdistrict.**

The construction of new and the rehabilitation of and additions to existing commercial facilities to the extent that such facilities are situated on real property classified as C-1 under the City's zoning ordinance.

*Exemption:* All qualified real estate assessed as commercial property is eligible to receive a partial exemption from taxation on the actual value added by the improvements for a period of ten years, as follows:

For the first year, an exemption from taxation on 80% of the actual value added.

For the second year, an exemption from taxation on 70% of the actual value added.

For the third year, an exemption from taxation on 60% of the actual value added.

For the fourth year, an exemption from taxation on 50% of the actual value added.

For the fifth year, an exemption from taxation on 40% of the actual value added.

For the sixth year, an exemption from taxation on 40% of the actual value added.

For the seventh year, an exemption from taxation on 30% of the actual value added.

For the eighth year, an exemption from taxation on 30% of the actual value added.

For the ninth year, an exemption from taxation on 20% of the actual value added.

For the tenth year, an exemption from taxation on 20% of the actual value added.

G. ACTUAL VALUE ADDED

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. In order to be eligible for tax abatement for residential improvements, the increase in actual value of the property must be at least 10%. In order to be eligible for tax abatement for commercial improvements, the increase in actual value of the property must be at least 15%.

All improvements, in order to be considered eligible, must be completed in conformance with all applicable regulations of the City of Marengo, and must be completed during the time the Revitalization Area is designated by ordinance as a revitalization area.

H. TIME FRAME

Eligibility for tax abatement under this plan will exist after the date of the adoption of the ordinance designating the Revitalization Area, until, 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, in which case the City Council may repeal the ordinance, pursuant to Section 404.7 of the Code of Iowa. In the event the ordinance is repealed, all exemptions granted prior to such repeal shall continue until their expiration.

#### I. APPLICATION PROCEDURES

An application shall be filed for each new exemption claimed. The property owner must apply to the City for an exemption by February 1<sup>st</sup> 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 cost, and the estimated or actual date of completion of the improvement.

#### J. APPROVAL OF APPLICATIONS

The City Council shall approve all applications submitted for completed projects if:

The project, as determined by the City Council, is in conformance with this plan;

The project is located within the Revitalization Area; and,

The improvements were made during the time the Revitalization Area was designated by ordinance as a revitalization area.

All approved applications shall be forwarded to the County Assessor for review, 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 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.

#### K. OTHER SOURCES OF REVITALIZATION FUNDS

The City anticipates no federal or state grants or loans for improvements in the Revitalization Area at this time other than those of conventional lending institutions at normal market rates.

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.

#### L. RELOCATION PROVISIONS

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.

#### M. OWNERS OF PROPERTY AND ASSESSED VALUATION

The names and addresses of the owners of the property located within the Revitalization Area and the assessed valuation of such property is set forth on Exhibit B attached hereto.

#### N. REVITALIZATION AREA ALSO INCLUDED IN MARENGO URBAN RENEWAL AREA

A portion of the real property being included as part of the Revitalization Area has also been included in the City's existing Marengo Urban Renewal Area established pursuant to the Urban Renewal Act, Chapter 403 of the Code of Iowa. The City Council reserves the right to deny any application for tax abatement made pursuant to this Urban Revitalization Plan for the reason that the City Council has determined that the property for which the abatement is sought is involved in an urban renewal project of the City.

## CITY OF MARENGO, IOWA

URBAN RENEWAL PLAN AMENDMENT  
MARENGO URBAN RENEWAL AREA

November, 2022

The Urban Renewal Plan (the “Plan”) for the Marengo Urban Renewal Area (the “Urban Renewal Area”) for the City of Marengo, Iowa (the “City”) is being amended for the purposes of (i) clarifying the expiration date of the Plan, and (ii) identifying new urban renewal projects to be undertaken in the Urban Renewal Area.

**1) Clarification of Expiration Date.** The Plan, as amended, shall remain in effect until repealed by the City Council. The City will collect incremental property tax revenues under the Plan for the maximum extent of the time allowed in Chapter 403 of the Code of Iowa, unless sooner curtailed by action of the City Council.

**2) 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 projects:

**A.**

**Name of Project:** Marengo Swimming Pool Project (the “Swimming Pool Project”)

**Date of Council Approval of Project:** November 9, 2022

**Description of Project and Project Site:** The Swimming Pool Project will consist of the demolition of an existing swimming pool and the furnishing, equipping and constructing of a new outdoor swimming pool, splash pad, bathhouse, concession stand, slide, and diving board on certain real property situated in the Urban Renewal Area.

It is anticipated that the completed Swimming Pool Project will have a positive impact on commerce and economic development in the Urban Renewal Area through the provision of enhanced recreational amenities.

**Description of Use of TIF for the Project:** It is anticipated that the City will pay for a portion of the Swimming Pool Project with either borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In any case, the City’s obligations will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Swimming Pool Project will not exceed \$3,800,000, plus any interest expense incurred by the City on any borrowing undertaken for the funding of the Swimming Pool Project.

**Analysis of Use of TIF:** Because the Swimming Pool Project includes City building improvements, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Swimming Pool Project and alternative development and funding options for the Swimming Pool Project, in accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa. The results of that analysis are summarized as follows:

**1) Alternate Development Options:** The City Council has determined that the provision of superior recreational facilities is essential to the economic development of the City. The construction of the Swimming Pool Project, as described above, will positively impact commerce, growth and development in the Urban Renewal Area. Promoting other types of development on the property on which the Swimming Pool Project will be constructed will not meet the public need being addressed by the Swimming Pool Project.

**2) Alternate Financing Options:**

\* Local Option Sales and Services Tax Revenues are unavailable to assist the City in paying the costs of the Swimming Pool Project because such revenues have been allocated to other projects in the City.

\* General Fund: The City cannot access its General Fund reserves to aid in the funding of the Swimming Pool Project without risking unsound fiscal practice because the annual proceeds from the general fund levy are fully committed to maintain the operational integrity of the City.

\* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

\* Debt Service Levy: The City intends to issue general obligation bonds or notes (the “Bonds”) to pay the costs of the Swimming Pool Project. The City may use incremental property tax revenues derived from the Urban Renewal Area to pay a portion of the principal of and interest on the Bonds. The use of incremental property tax revenues will lessen the burden on individual tax payers that will result from a spike in the debt service levy rate and will shift some of that burden onto valuation increases resulting from the City’s successful economic development initiatives which are improved by the provision of enhanced recreational facilities.

\* Fundraising: The City has undertaken fundraising initiatives to pay for a portion of the Swimming Pool Project. It is anticipated that the City could receive as much as \$750,000 in private donations to pay for a portion of the costs of the Swimming Pool Project.

\* Grant: The City has filed intent to apply for the Iowa Community Attraction and Tourism Grant to pay for a portion of the costs of the Swimming Pool Project.

The City has received a Community Foundation Grant to pay for a portions of the costs of the Swimming Pool Project.

**B.**

**Name of Project:** Economic Development Local Business Support Program

**Date of Council Approval of Project:** November 9, 2022

**Description of Program:** The City acknowledges the importance of the success of local businesses to the promotion of economic development in the City. The Economic Development Local Business Support 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 and/or grants (the “Financial Incentives”) to local businesses.

The Financial Incentives will be targeted to assist local business owners with (i) façade improvement projects; (ii) building or land acquisition costs; (iii) capital improvements; (iv) job creation or training; (v) accessibility improvements; (vi) utility upgrades; (vii) site development; and (viii) other projects approved by the City staff. The City staff will develop appropriate materials, including agreements and applications, for the administration of the Economic Development Local Business Support Program.

**Description of Use of TIF:** It is anticipated that the City will fund the Financial Incentives with borrowed funds and/or with the proceeds of internal advances of City funds on-hand. In any case, the City’s obligations (the “Obligations”) will be repaid with incremental property tax revenues. The total amount of incremental property tax revenues to be expended by the City in connection with the Economic Development Local Business Support Program will not exceed \$250,000 over the course of the City’s 2023 through 2027 fiscal years, and will not exceed \$50,000 in any single fiscal year, plus any interest expense incurred by the City on the Obligations.

**3) 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>\$ 6,510,029</u>
Outstanding general obligation debt of the City:	<u>\$</u>
Proposed debt to be incurred in connection with November, 2022 Amendment*:	<u>\$ 4,050,000</u>

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

CITY OF MARENGO, IOWA  
URBAN RENEWAL PLAN AMENDMENT  
MARENGO URBAN RENEWAL AREA

June, 2023

The Urban Renewal Plan (the “Plan”) for the Marengo Urban Renewal Area (the “Urban Renewal Area”) for the City of Marengo, Iowa (the “City”) is being amended for the purpose of identifying a new urban renewal project to be undertaken therein.

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

**Name of Project:** Public Works Building Project

**Date of Council Approval of Project:** June 28, 2023

**Description of Project and Project Site:** The City will undertake the construction, furnishing, and equipping of a new public works building (the “Public Works Building Project”) on certain City-owned real property bearing Iowa County Property Tax Parcel Identification Number 743800047 in the Urban Renewal Area (the “Public Works Building Property”).

The Public Works Building Project may also include the demolition of the existing public works building situated on certain real property at 153 East Main Street in the Urban Renewal Area. The site of the existing public works building is situated adjacent to the future site of the new municipal swimming pool. It is intended by the City that the site of the existing public works building will be developed for future municipal recreational amenities and use.

The completed Public Works Building Project will have a direct, positive impact on increased and improved commerce and development in the Urban Renewal Area through the provision of enhanced public works facilities and enhanced recreational amenities.

**Description of Use of TIF:** It is anticipated that the City will pay for the Public Works Building Project with borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In any case, a portion of the City’s obligations (the “Obligations”) may be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Public Works Building Project will not exceed \$1,300,000, plus any interest expense incurred on the Obligations.

**Analysis of Use of TIF:** In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of

incremental property tax revenues for the funding of the Public Works Building Project and alternative

Resolution #23-82 cont.

Resolution #23-82 cont.

development and funding options for the Public Works Building Project. The results of that analysis are summarized as follows:

A) Alternate Development Options: The City Council has determined that a need exists for the provision of new and improved public works facilities in the Urban Renewal Area. The City's ability to fulfill its role in the maintenance of public infrastructure and public property is diminished by inadequate, outdated and undersized facilities. There is no conceivable way for the City to outsource or privatize services provided by the public works department, and the use of the Public Works Building Property as the site for the Public Works Building Project is an optimal use for this land because it is the site of other light industrial facilities of the City. Promoting other types of development on the Public Works Building Property will not meet the public need being addressed by the Public Works Building Project. Further, the demolition of the existing public works building will lead to the development of superior recreational facilities which are essential to economic development in the Urban Renewal Area.

B) Alternate Financing Options:

\* Local Option Sales and Services Tax Revenues: To the extent that they are not dedicated to other financing needs of the City, the City may use a portion of its Local Option Sales and Services Tax revenues to pay costs associated with the Public Works Building Project.

\* General Fund: The City cannot access its General Fund reserves to aid in the funding of the Project without risking unsound fiscal practice because the annual proceeds from the general fund levy are fully committed to maintain the operational integrity of the City.

\* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

\* Debt Service Levy: The City intends to issue general obligation bonds (the "Bonds") to pay the costs of the Public Works Building Project. The City may use incremental property tax revenues derived from the Urban Renewal Area to pay a portion of the principal of and interest on the Bonds. The use of incremental property tax revenues would lessen the burden on individual tax payers that will result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives which are improved by the provision of enhanced public works facilities and recreational amenities.

\* Utility Surpluses: The City intends to use municipal sanitary sewer and waterworks revenues to repay a portion of the debt service on the Bonds.

**2) 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: \$7,340,563

Outstanding general obligation debt of the City: \$ \_\_\_\_\_  
Proposed debt to be incurred in connection with

this June, 2023 Amendment\*: \$1,300,000

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

EXHIBIT A

MAP OF PROPERTY IN MARENGO URBAN REVITALIZATION AREA

Property in Revitalization Area includes all properties within Corporate Limits.

