

CITY OF INDEPENDENCE, IOWA
URBAN RENEWAL PLAN
2025 PINES HOUSING URBAN RENEWAL AREA

APRIL, 2025

I. INTRODUCTION

Chapter 403 of the Code of Iowa authorizes cities to establish areas within their boundaries known as “urban renewal areas,” and to exercise special powers within these areas. Urban renewal powers were initially provided to cities in order that conditions of blight and of deterioration within cities might be brought under control. Gradually, urban renewal has been found to be a useful tool, as well, for economic development in previously undeveloped areas and for retention of enterprises and jobs in other areas.

In order to facilitate the use of urban renewal for economic development, in 1985, the Iowa General Assembly amended Chapter 403 to authorize City Councils to create “economic development” areas. An economic development urban renewal area may be any area of a city which has been designated by the City Council as an area which is appropriate for commercial, industrial and/or residential housing enterprises and in which the city seeks to encourage further development.

As an additional expression of the role for local governments in private economic development, the General Assembly also enacted Chapter 15A of the Code of Iowa, which declares that economic development is a “public purpose” and authorizes local governments to make grants, loans, guarantees, tax incentives and other financial assistance to private enterprise. The statute defines “economic development” as including public investment involving the creation of new jobs and income or the retention of existing jobs and income that would otherwise be lost.

The process by which an economic development urban renewal area may be created begins with a finding by the City Council that such an area needs to be established within the City. An urban renewal plan is then prepared for the area, which must be consistent with the City’s existing comprehensive or general plan. All other affected taxing entities must be notified and given an opportunity to comment on the plan. The City Council must hold a public hearing on the urban renewal plan, following which, the Council may approve the plan.

In 1996, the Iowa General Assembly again expanded the scope of urban renewal legislation relative to housing development in “economic development areas.” This legislation allows the use of tax increment financing (TIF) for housing projects beyond those that benefit only low and moderate income (LMI) families. Under the 1996 legislation, TIF can be used to support the construction of public infrastructure for any type of housing development as long as a percentage of the TIF revenues or funds from other sources, equal to or greater than the percentage of LMI families in the county, is set aside to help meet the housing needs on this group.

This document is intended to serve as the Urban Renewal Plan for the 2025 Pines Housing Urban Renewal Area (the “Urban Renewal Area”) of the City of Independence, Iowa (the “City”)

and will guide the City in promoting economic growth through the encouragement of residential development in such area as detailed herein. This document is an Urban Renewal Plan within the meaning of Chapter 403 of the Code of Iowa and sets out proposed projects and activities within the Urban Renewal Area.

II. DESCRIPTION OF URBAN RENEWAL AREA

A description of all property (the “Property”) that has been included within the Urban Renewal Area is attached hereto as Exhibit A.

III. URBAN RENEWAL OBJECTIVES

The primary objectives for the development of the Urban Renewal Area are:

1. To contribute to a diversified, well-balanced local economy by creating job opportunities and strengthening the property tax base.
2. To assist in providing land and resources for new and expanded residential development in a manner that is efficient from the standpoint of providing municipal services.
3. To stimulate through public action and commitment, private investment in residential development through the use of various federal, state and local incentives, including tax increment financing.
4. To provide municipal infrastructure, services and facilities that enhance possibilities for economic development and community attractiveness to private enterprise.
5. To help finance the cost of streets, water, sanitary sewer, storm sewer, or other public improvements in support of new residential development.
6. To provide a more marketable and attractive investment climate.
7. To increase the number of housing units in the City that are safe, attractive and comfortable.
8. To provide public facilities to enhance City services and enhance the economic attractiveness of the community.
9. To provide assistance for housing on a City-wide basis to families whose incomes are no greater than 80% of the median family income in Buchanan County.

IV. URBAN RENEWAL PROJECTS AND ACTIVITIES

The following types of activities are examples of the specific actions which may be undertaken by the City within the Urban Renewal Area:

1. Preparation of plans related to the development and implementation of the Urban Renewal Area and specific urban renewal projects.
2. Construction of public improvements and facilities, including streets, public utilities or other facilities in connection with an urban renewal project.
3. Construction of buildings or specific site improvements such as grading and site preparation activities, access roads and parking, railroad spurs, fencing, utility connections, and related activities.
4. Acquisition, preparation and disposition of property for development and/or redevelopment.
5. Making available, as appropriate, financing for development projects, including conventional municipal borrowing and tax increment financing resulting from increased property values in the Urban Renewal Area.
6. Pursuant to state law, provision of direct financial assistance, including grants, loans and tax increment rebate agreements, to private persons engaged in economic development, in such form and subject to such conditions as may be determined by the City Council.

V. SPECIFIC URBAN RENEWAL PROJECTS

The City has determined to undertake the following initiative in the Urban Renewal Area as economic development urban renewal project:

Name of Project: Steve Gee Construction, Inc. Housing Development Project

Date of Council Approval of Project: April 28, 2025

Description of the Project: Steve Gee Construction, Inc. (the “Developer”) is undertaking the development of a residential subdivision and the corresponding construction of public infrastructure (the “Infrastructure Project”) on the Property (as described in Section II above).

The addition of new housing in the City will enhance the quality of life in the City thereby resulting in economic development 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 Infrastructure 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 Use of TIF: The City intends to enter into a development agreement (the “Development Agreement”) with the Developer with respect to the Infrastructure Project and to provide (i) annual appropriation economic development payments (the “Payments”) and (ii) an economic development forgivable loan (the “Forgivable Loan”) to the Developer thereunder.

The Payments, in an amount not to exceed \$760,000, will be funded with incremental property tax revenues to be derived from the Property.

The Forgivable Loan, in an amount not to exceed \$530,000, will be funded with either borrowed funds and/or internal advances of City funds on-hand. In any case, the City’s obligations (the “Obligations”) entered into by the City to fund the Forgivable Loan may be repaid with incremental property tax revenues to be derived from the Urban Renewal Area.

It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Infrastructure Project, including the Payments, the Forgivable Loan, the LMI Set Aside (described below) and the Admin Fees will not exceed \$1,773,817, plus any interest expenses incurred by the City on any borrowing undertaken for the funding of the Forgivable Loan.

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 36.73% of the incremental property tax revenues to be applied towards the payment of the costs of the Infrastructure Project.

VI. LAND USE PLAN AND PROPOSED DEVELOPMENT

The City has adopted a Comprehensive Land Use Plan which guides the establishment of commercial, residential and industrial land uses throughout the incorporated area. Land use in the Urban Renewal Area will be carried out in a manner that will maintain consistency with the Comprehensive Land Use Plan.

VII. TAX INCREMENT FINANCING

In order to assist in the development or retention of private enterprises, the City may be requested to acquire land, construct public improvements or provide economic development loans, grants or other tax incentives for the benefit of private enterprises in order to enhance the value of property in the Urban Renewal Area. As part of the Urban Renewal Area, the City has adopted an ordinance to create a tax increment district (the “TIF District”), within which the property taxes eventually paid by new private development may be used to pay costs of urban renewal projects for these types of activities, including reimbursing the City or paying debt service on obligations issued by the City. The use of these tax revenues is known as tax increment financing (“TIF”).

Depending upon the date upon which the TIF District is legally established and the date on which debt is initially certified within the TIF District, an original taxable valuation is established for the property within the TIF District, which is known as the “base valuation.” The “base valuation” is the assessed value of the taxable property in the TIF District as of January 1 of the calendar year preceding the calendar year in which the City first certifies the amount of any debt payable from TIF revenues to be generated within that TIF District. When the value of the property inside the TIF District increases by virtue of new construction or any other reason, the difference between the base valuation and the new property value is the “tax increment” or “incremental value.”

Procedurally, after tax increment debt has been incurred for the financing of improvements within the TIF District or for the payment of economic development incentives to private entities, property taxes levied by all local jurisdictions (city, county, school, area college) against the incremental value, with the exception of taxes levied to repay current or future debt incurred by local jurisdictions and the school district instructional support and physical plant and equipment levies, are allocated by state law to the City’s tax increment fund rather than to each local jurisdiction. These new tax dollars are then used to pay principal and interest on any tax increment debt incurred or to pay the costs of projects in the Urban Renewal Area.

VIII. ASSISTANCE TO FAMILIES OF LOW AND MODERATE INCOME

The City’s primary objective in the Urban Renewal Area is to promote new residential development and the corresponding construction of public infrastructure.

When a City utilizes TIF to support the provision of public infrastructure related to residential development, a percentage of the TIF revenues generated by the project (or other funds of the City) must be used to provide assistance (“LMI assistance”) to families of low and moderate income (“LMI families”).

Unless a reduction is approved by the Iowa Department of Economic Development, the percent of incremental revenues used to provide LMI assistance must be at least equal to the percentage of LMI families living in Buchanan County. That percentage is currently 36.73%. LMI families are those whose incomes do not exceed 80% of the median county income.

The requirement to provide assistance for LMI housing may be met either by ensuring that at least 36.73% of the units constructed in the area are occupied by families whose incomes are at or below 80% of the median county income, or by setting aside an amount equal to 36.73% of the project costs for LMI housing activities elsewhere in the City.

If funds are set aside, as opposed to constructing affordable housing in the Urban Renewal Area, the type of assistance provided anywhere within the City may include but is not necessarily limited to:

1. Owner/renter-occupied housing rehabilitation.
2. Grants, credits or other direct assistance to LMI families.
3. Homeownership assistance.

4. Tenant -based rental assistance.
5. Down-payment assistance.
6. Mortgage interest buy-down assistance.
7. Infrastructure development for LMI housing.

IX. EFFECTIVE PERIOD

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect until it is repealed by the City Council. The collection of incremental property taxes in the Urban Renewal Area will continue for the maximum number of years authorized by Chapter 403 of the Code of Iowa unless otherwise determined by action of the City Council.

X. PLAN AMENDMENTS

This Urban Renewal Plan may be amended in accordance with the procedures set forth in Chapter 403 of the Code of Iowa to, for example, change the project boundaries, modify urban renewal objectives or activities, or to carry out any other purposes consistent with Chapter 403 of the Code of Iowa.

XI. FINANCIAL INFORMATION

CITY DEBT INFORMATION

1. Current constitutional debt limit	\$25,791,214	
2. Outstanding general obligation debt:	\$10,300,000	
3. Proposed amount of TIF debt to be incurred*:	\$ 1,290,000	(Payments/Forgivable Loan)
	\$ 10,000	(Admin Costs)
	\$ 473,817	(LMI Amount)
	\$ 1,773,817	(Total)

*Some or all of the debt incurred hereunder may be subject to annual appropriation by the City Council.

**EXHIBIT A
LEGAL DESCRIPTION
2025 PINES HOUSING URBAN RENEWAL AREA**

Beginning at the SE corner of Lot 5, Hummingbird Court at the Pines, Second Addition to the City of Independence, Buchanan County, Iowa; thence along the East line of said Hummingbird Court at the Pines, Second Addition, N00°43'24"W, 45.49 feet; thence continuing along said East line N00°25'10"W, 269.98 feet to the SW corner of Lot 6, Goldfinch Court at the Pines, First Addition; thence along the southerly line of said Goldfinch Court at the Pines, First Addition, N61°11'21"E, 736.70 feet; thence N65°25'41"E, 88.35 feet to the SW corner of Lot 4, Cardinal Court at the Pines; thence along the southerly boundary of Cardinal Court at the Pines N81°16'41"E, 193.75 feet; thence N89°50'03"E, 263.16 feet to the west right-of-way line of 6th Avenue Southwest; thence along said west right-of-way line S00°09'57"E, 277.74 feet to the Northeast corner of Tract A of the Pines First Addition; thence along the northerly line of said Pines First Addition S89°50'08"W, 251.57 feet; thence S61°22'57"W, 936.33 feet to the NE corner of Lot 1 of the Pines Second Addition; thence S75°25'08"W, 41.49 feet; thence N89°59'47"W, 65.11 feet to the point of beginning. Described land contains 9.12 acres and is subject to easements and restrictions of record.