




---

## Tax Increment Financing (TIF) Policies

### City of Iowa City's Strategic Plan

Alignment with the City's Strategic Plan will provide the first indicator about whether a project may be eligible for TIF. To the extent that a project helps achieve the City's Strategic Plan objectives and is located within an established Urban Renewal Area (Exhibit A), it may be eligible to be considered for TIF.

#### 2016 – 2017 City of Iowa City Strategic Plan

The Strategic Plan intends to foster a more **inclusive, just** and **sustainable** Iowa City

- a) Promote a strong and resilient local economy
- b) Encourage a vibrant and walkable urban core
- c) Foster healthy neighborhoods throughout the City
- d) Maintain a solid financial foundation
- e) Enhance community engagement and intergovernmental relations
- f) Promote environmental sustainability
- g) Advance social justice and racial equity

In addition, the City will continue to seek projects that diversify existing uses in the given urban renewal area. Such projects may include Class A office, hotel, entertainment, and residential uses, provided market studies and financial analysis support such investment.

### Sustainability

New office and mixed-use building projects receiving TIF in any urban renewal area shall be certified Silver or better under the LEED for New Construction Rating System current at the time of design development. New Residential projects shall be certified Silver under the National Green Building Standard or the LEED Green Building Rating System appropriate to the building type. Further, for LEED projects, at least 8 points shall be awarded for the LEED-NC Optimize Energy Performance credit to ensure that TIF projects help meet the City's carbon emission reduction goals.

This requirement does not apply to renovation projects.

### Downtown building heights and character

Applications for TIF support for downtown projects must indicate how the proposed project will help fulfill the overall vision of the downtown portion of the Downtown and Riverfront Crossings Plan, "to preserve and enhance the historic buildings and character of Downtown, while encouraging appropriate infill redevelopment with a mix of building uses." (p. 18, Downtown and Riverfront Crossings Master Plan.)

Except under extraordinary circumstances, applicants seeking TIF should ensure that their projects fall within the Desired Height ranges shown on the Downtown and Riverfront Crossings Master Plan's building heights diagram shown on p. 106 of the Plan (Exhibits C and D of this document). The height considerations shall only apply to area inside the border of Iowa Avenue, Gilbert, Burlington and Clinton Streets.

Deviations from the Downtown and Riverfront Crossings Plan's guidelines shown on p. 56 and the Desired Building Height map (p. 106 of the Plan and Exhibit C, following) may be considered if the

applicant demonstrates that 1) the proposed building and uses will help fulfill the overall vision of the Plan by facilitating – architecturally, materially, and/or financially –the preservation and enhancement of adjacent or nearby historic structures, if applicable, and 2) that the proposed building will provide exceptional public benefits.

Exceptional public benefits are ones that go well beyond what is required by other sections of this policy, and which advance the City’s vision of fostering a more inclusive, just, and sustainable city.

These public benefits may include:

1. innovative building design which produces affordable housing for long-term residents and/or affordable retail space for locally-owned businesses;
2. attractive public space that is available and easily accessible to all city residents;
3. good job opportunities for low-income youth;
4. carbon-neutrality, or achievement of LEED Gold or higher certification; and
5. public display of paintings, photographs, sculpture, poems, and other visual and literary art, maps, or historical artifacts that express how diverse groups have contributed to (and are contributing to) the unique character and identity of contemporary Iowa City community and culture.

This list is not intended to constrain the developer’s ingenuity in proposing public benefits that clearly help foster an inclusive, just, and sustainable city.

For a proposed project which would be located on a street with a substantial number of buildings eligible for historic landmark designation, the tallest portion of the project must be stepped back from its street frontages far enough to produce “no significant impact” on the existing historic character of the street fronts when seen from the public right-of-way.

The provisions of this section will apply until a Downtown Form-Based Code or urban design plan is adopted.

### **Historic preservation**

Properties in the downtown area are designated one of four ways. Those that are:

- a) on the National Register of Historic Places,
- b) individually eligible (for the National Register of Historic Places)/key properties,
- c) contributing properties (those that add to the historical integrity or architectural qualities to make a local and/or national historic district significant), and
- d) non-contributing properties.

New construction requiring the demolition of structures on the National Register of Historic Places, or those identified as individually eligible for the National Register of Historic Places or those identified as key properties are not eligible for tax increment financing. Further, all rehabilitation to these structures shall be done in such a manner as to preserve or restore any historic structure to productive use. The guidelines for determining if rehabilitation does preserve or restore the structure shall be those set forth in the 1990 revised edition of the Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

All additions to buildings on the National Register of on the National Register of Historic Places or those that are individually eligible for the National Register of Historic Places or are key properties shall be developed in such a manner as to be architecturally compatible with existing development. (Amendment #9, 2001 City-University Project 1 Urban Renewal Plan.)

Properties designated contributing may be eligible for tax increment financing and any redevelopment of contributing properties should preserve and enhance the historic character of the block

Historic preservation projects may be eligible for TIF funding via district-wide TIF, to incentivize historic renovation projects that may not add enough taxable value to rely solely on the subject property's increment.

### **Affordable housing**

TIF projects in any urban renewal area with a residential component as part of the project must provide a minimum of 15% of the units as affordable to tenants at or below 60% AMI (area median income). If those housing units are for sale, units will be targeted to households at or below 110% AMI. The City may require a lower AMI for rental units.

Developers may be eligible to negotiate a fee-in-lieu of providing on site affordable housing, or to provide affordable housing elsewhere in the community, subject to the City's sole discretion.

In part, in exchange for the increased density created for the Riverfront Crossings (RFC) zone, any project with housing in the district, regardless of whether it is a TIF project, must include 10% affordable housing. TIF policy in the RFC zone is that any financial gap due to affordable housing created by zoning requirements (10%) is the responsibility of the developer and that affordable housing above the required 10% in RFC could be TIF eligible, if the financial analysis determines a gap.

### **Economic Justice**

The City will not contract with or provide any economic development incentives to any person or entity who has participated in wage theft by violation of the Iowa Wage Payment Collection law, the Iowa Minimum Wage Act, the Federal Fair Labor Standards Act (FLSA) or any comparable state statute or local ordinance, which governs the payment of wages. Misclassification of employees as independent contractors is a violation of the FLSA and is included in the definition of wage theft.

Development Agreements for TIF projects shall include in the contract for the construction of the Minimum Improvements, between the Developer and the General Contractor, the following written provisions, proof of which must be provided to City prior to the start of construction:

- a) Agreement by the General Contractor to comply with all state, federal and local laws and regulations, including, but not limited to the requirements of Iowa Code Chapter 91C (Contractor Registration with the Iowa Division of Labor), Iowa Code Chapter 91A (Iowa Wage Payment Collection Law), Iowa Code Chapter 91D (Minimum Wage), the Federal Fair Labor Standards Act, and the Internal Revenue Code.
- b) Agreement by the General Contractor to provide to the Developer and the City no later than the filing of an application for issuance of a building permit, the names and addresses of each subcontractor and the dollar value of the work the subcontractor is expected to perform.
- c) Demonstration by the General Contractor that it has the capacity to meet all performance, and labor and material payment, bonding requirements relative to the Minimum Improvements.
- d) Providing to the City a certificate by the General Contractor's insurer that it has in force all insurance coverage required with respect to construction of the Minimum Improvements.

- e) Demonstration by the General Contractor that it has required all subcontractors to agree, in writing, that the subcontractor will comply with all state, federal and local laws and administrative rules and regulations, including, but not limited to the requirements of Iowa Code Chapter 91C (Contractor Registration with the Iowa Division of Labor), Iowa Code Chapter 91A (Iowa Wage Payment Collection Law), Iowa Code Chapter 91D (Minimum Wage), the Federal Fair Labor Standards Act, and the Internal Revenue Code.

### **Quality jobs**

When a TIF project is based on the creation or retention of jobs, certain wage thresholds must be met to help ensure the City's financial participation only serves to increase the average area wage. This policy does *not* require that every job associated with a TIF project, such as those that might be created by the addition of a new retailer in a building, or the construction jobs required to build a TIF project, meet these standards. Rather, as a policy to incentivize the addition of high paying jobs to the local economy, a *jobs-based* TIF incentive would be structured using the thresholds of the State of Iowa High Quality Jobs Program.

### **Other Public Interests**

Recognizing that some non-profit activity and/or investment in public infrastructure may influence additional private economic development activity, TIF may be an appropriate tool to further investment in Iowa City's cultural and/or natural assets. Understanding that TIF is made possible by the increased value in real property, and that most cultural organizations and public lands are generally tax exempt, a TIF project would only be possible by using increment from the district. Examples include:

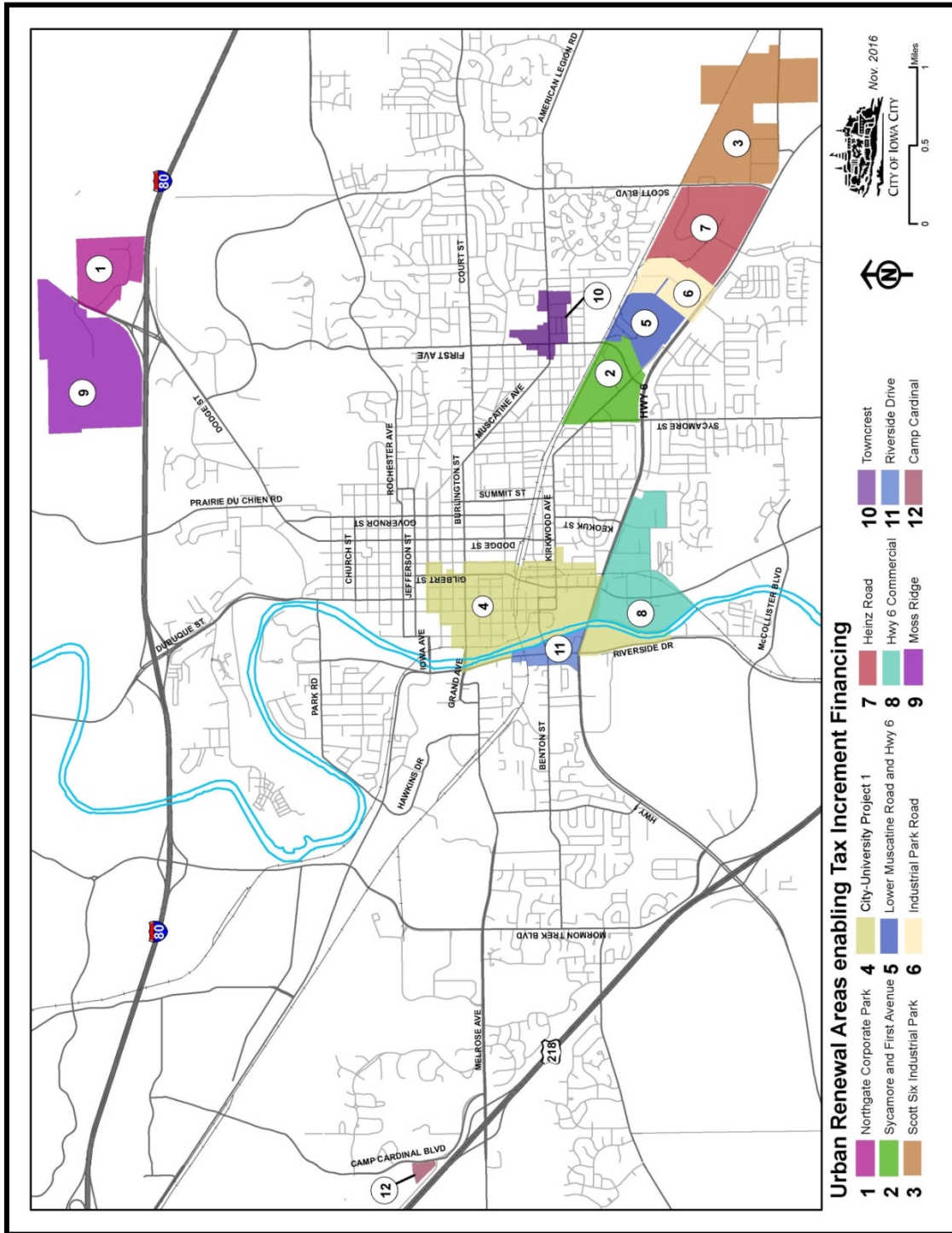
- a) Arts and cultural activities or facilities
- b) Historic preservation
- c) Public improvements that serve as a catalyst for the economic development of the urban renewal area

### **Underwriting and Application**

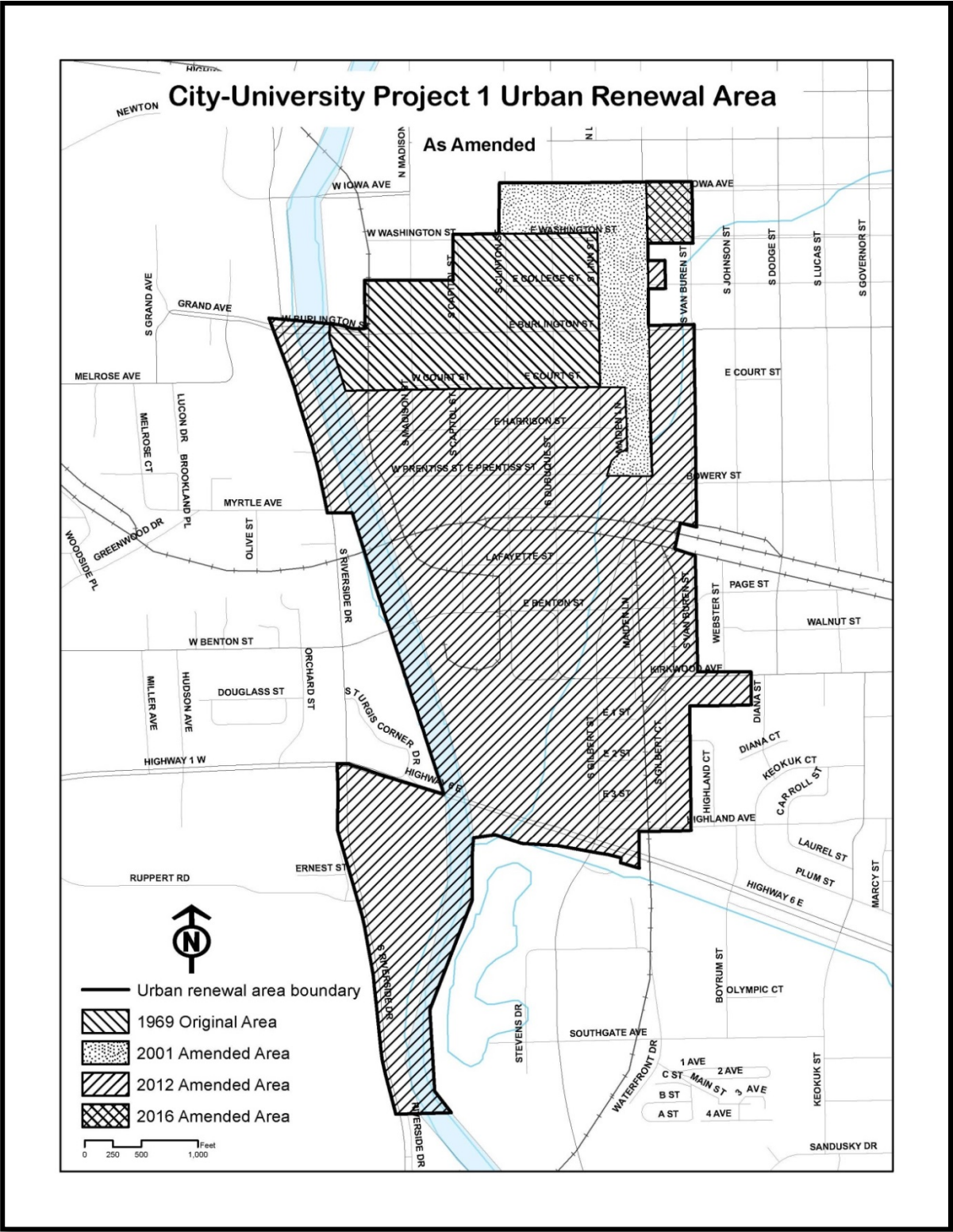
The following policies are designed to provide a consistent and transparent process for the review and analysis of all applications for TIF assistance.

- a) Complete application submission.
- b) But for" standard: Each project must demonstrate sufficient need for the City's financial assistance, such that without it, the project would not occur. Every other financial piece of the project must be in place prior to the consideration of TIF. TIF assistance will be used as gap financing as determined through gap analysis.
- c) Method of TIF financing: The City reserves the right to determine the method of TIF financing that is in the best interests of the taxpayer. As such, the City strongly prefers the use of TIF rebates over the shortest term possible.
- d) Developer equity: Developer Equity must be equal to or greater than City funding. TIF assistance shall not exceed the amount of equity provided by the Developer. Equity is defined as cash, unleveraged value in land, or prepaid costs attributable to the project.
- e) Project based TIF: TIF for private developments must generate TIF increment sufficient to be self-supporting. Only in exceptional cases, will the City consider using district-wide increment.

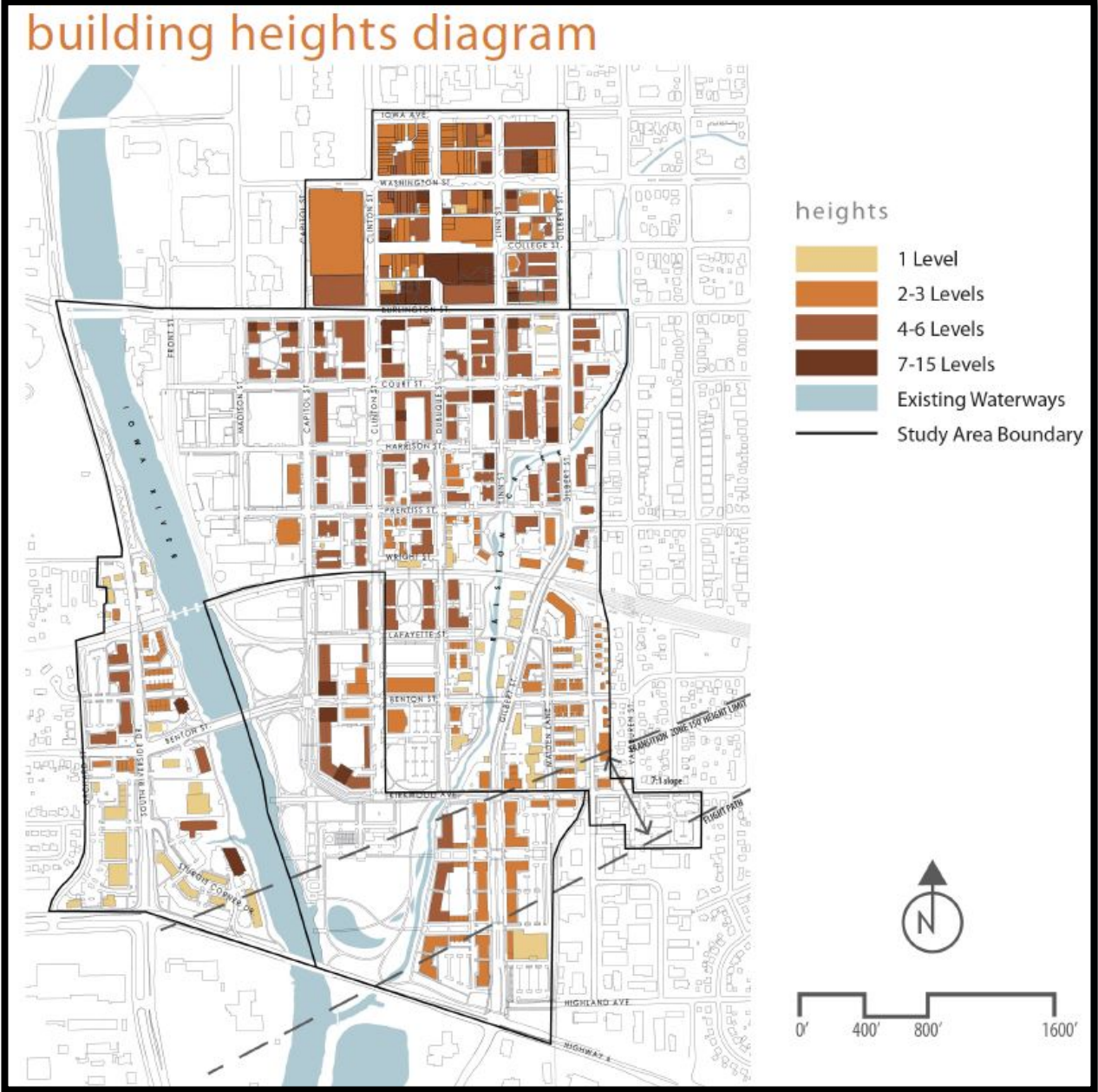
## Exhibit A Urban Renewal Areas Enabling Tax Increment Financing



### Exhibit B City-University Project 1 Urban Renewal Area



### Exhibit C Downtown and Riverfront Crossings Master Plan Building Heights diagram



**Exhibit D**  
**Downtown and Riverfront Crossings Master Plan**  
**Building Heights diagram**

