

**Foster Road
Urban Renewal Plan**

City of Iowa City, Iowa

2018

RESOLUTION NO. 18-75

Resolution determining an area of the city to be an economic development area, and that the rehabilitation, conservation, redevelopment, development, or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of the city; designating such area as appropriate for an urban renewal project; and adopting the Foster Road Urban Renewal Plan therefor.

WHEREAS, the Council has reasonable cause to believe that the area described below satisfies the eligibility criteria for designation as an urban renewal area under Iowa law; and

WHEREAS, a Foster Road Urban Renewal Plan for the area described below has been prepared, which Plan is on file in the office the City Clerk and which is incorporated herein by reference; and

WHEREAS, this Urban Renewal Plan includes and consists of the following Urban Renewal Area:

Commencing at the Northwest corner of Lot 16, Balls Subdivision, as shown in Plat Book 3, Page 100; proceeding northeasterly along the south right-of-way line of Foster Road, as shown in Exhibits A-1 and B-1 of the Condemnation records recorded in Book 3100, Page 358; thence following said ROW line to its intersection with the East-West ¼ Section line of NW ¼ of Section 3, Township 79N, Range 6W; thence East along said Section line to the SE corner of the NE ¼ of the NW ¼ of Section 3, Township 79N, Range 6W; thence continuing East along the East-West 1/4 section line to the SW corner of the NE 1/4 of the NE 1/4 of Section 3, Township 79N, Range 6W, as shown on the Final Plat of a re-subdivision of Lot 30, Conway's Subdivision, Plat Book 17, Page 53; thence North along the West line of Lot 30, Conway's Subdivision, Plat Book 4, Book 253, to the Northwest corner of Lot 25, Conway's Subdivision, Plat Book 4, Page 253; thence northeasterly along the North boundary of Conway's Subdivision to the Northeast corner of Lot 15 and continuing easterly to the eastern Prairie Du Chien Road ROW line; thence northwesterly along the eastern ROW line to the Northeast corner of Auditor's Parcel "A", recorded in Plat Book 32, Page 52, said line also being the South ROW of Interstate 80 as shown in the Plat of Survey recorded in Book 32, Page 53 and as described in Book 4224, Page 896 and Book 2944, Page 267; thence West along the South I-80 ROW to the Northwestern corner of Lot 4, Yocum Subdivision, Plat Book 5, Page 77, said corner being the intersection of the I-80 South ROW line and the East-West line between Section 3, Township 79N, Range 6W and Section 34, Township 80N, Range 6W; thence East along said section line to the Northwest corner of Auditor's Parcel 2014052, Book 58, Page 324; thence South along the West side of said Parcel to the Southeast corner of Pine Ridge Subdivision, Plat Book 46, Page 157; thence westerly along the south side

of Pine Ridge Subdivision to the Southwest corner of Lot 1, Pine Ridge Subdivision; thence Southeasterly to the point of beginning.

WHEREAS, it is desirable that this Area be developed according to the Foster Road Urban Renewal Plan; and

WHEREAS, Iowa Code require the City Council to submit the proposed Foster Road Urban Renewal Plan to the Planning and Zoning Commission for review and recommendation as to its conformity with the General Plan for development of the City as a whole, prior to City Council approval of such urban renewal project and an urban renewal plan therefore; and

WHEREAS, creation of the Foster Road Urban Renewal Plan Area and adoption of the Foster Road Urban Renewal Plan therefore has been approved by the Planning and Zoning Commission for the City as being in conformity with the general plan for development of the City as a whole; and

WHEREAS, by a resolution adopted on February 6, 2018, this Council directed that a consultation be held with the designated representatives of all affected taxing entities to discuss the proposed Foster Road Urban Renewal Plan and the division of revenue described therein, and that notice of said consultation and a copy of the proposed Foster Road Urban Renewal Plan be sent to all affected taxing entities; and

WHEREAS, pursuant to such notice, the consultation was duly held as ordered by the City Council and all required responses to the recommendations made by the affected taxing entities have been timely made as set forth in the report of the Economic Development Coordinator filed herewith and incorporated herein by the reference, which report is in all respects approved; and

WHEREAS, by said resolution this Council also set a public hearing on the adoption of the proposed Foster Road Urban Renewal Plan for this meeting of the Council, and due and proper notice of said public hearing was given, as provided by law, by timely publication in the Press Citizen, which notice set for the time and place for this hearing and the nature and purpose thereof; and

WHEREAS, in accordance with said notice, all persons or organizations desiring to be heard on said proposed Plan, both for and against, have been given an opportunity to be heard with respect thereto and due consideration has been given to all comments and views expressed to this Council in connection therewith and said public hearing has been closed.

Now, therefore, be it resolved by the City Council of the City of Iowa City, Iowa, that:

Section 1. The findings and conclusions set forth in the Foster Road Urban Renewal Plan for the area of the City of Iowa City, Iowa legally described and depicted in the Plan and incorporated herein by reference (which area shall hereinafter be known as the Foster Road Urban Renewal Plan Area), be and the same are hereby adopted and approved as the findings of this Council for this area.

Section 2. The Foster Road Urban Renewal Plan conforms to the general plan for the development of the City as a whole.

Section 3. The Foster Road Urban Renewal Plan Area is an economic development area the Area appropriate for public improvements related to housing and residential development within the meaning of Iowa Code Chapter 403; that such area is eligible for designation as an urban renewal area and otherwise meets all requisites under the provisions of Chapter 403 of the Code of Iowa; and that the rehabilitation, conservation, redevelopment, development, or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of this City.

Section 4. The Foster Road Urban Renewal Plan be and the same is hereby approved and adopted as the "Foster Road Urban Renewal Plan for the Foster Road Urban Renewal Area"; and the City Clerk is hereby directed to file a certified copy of said Foster Road Urban Renewal Plan with the proceedings of this meeting.

Section 5. The Foster Road Urban Renewal Plan shall be in full force and effect from the date of this resolution until the later of the date of termination set forth in said Plan, or the date on which payment of all obligations issued or advances made to carry out the purposes thereof shall be fully provided for. Said Plan shall be forthwith certified by the City Clerk, along with a copy of this Resolution, to the Recorder for Johnson County, Iowa, to be filed and recorded in the manner provided by law.

PASSED AND APPROVED this 20th day of March, 2018.



Mayor

ATTEST:



City Clerk

Approved by:



City Attorney's Office 3/15/18

Resolution No. 18-75

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It was moved by Botchway and seconded by Thomas the Resolution be adopted, and upon roll call there were:

AYES:	NAYS:	ABSENT:	
<u>X</u>	<u> </u>	<u> </u>	Botchway
<u>X</u>	<u> </u>	<u> </u>	Cole
<u>X</u>	<u> </u>	<u> </u>	Mims
<u>X</u>	<u> </u>	<u> </u>	Salih
<u>X</u>	<u> </u>	<u> </u>	Taylor
<u>X</u>	<u> </u>	<u> </u>	Thomas
<u>X</u>	<u> </u>	<u> </u>	Throgmorton

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Section 1- Introduction

This Urban Renewal Plan (“Plan”) for the Foster Road Urban Renewal Area (“Urban Renewal Area” or “Area”) has been developed to help local officials promote economic development within Iowa City, Iowa. The City has determined that the Area is appropriate for public improvements related to housing and residential development. This Plan contemplates that tax increment financing may be used to assist in the construction of Foster Road from Dubuque Street east to Prairie du Chien. The primary goal of such project is to stimulate construction of housing and residential development.

Development in this area is guided by the North District Plan and the IC2030 Comprehensive Plan, as amended. These plans note that some of the most valued aspects of the North District pose the most challenges for development. The steep, rugged terrain makes road and residential construction difficult. They note that City financial participation in the completion of the construction of Foster Road between Dubuque Street and Prairie du Chien may be necessary, given these challenges.

To achieve the primary objectives of this Plan, the City of Iowa City shall undertake the urban renewal activities as specified in this Urban Renewal Plan, pursuant to the powers granted to it under Chapters 15A and 403 of the 2017 Code of Iowa, as amended.

Section 2- Description of Urban Renewal Area

The legal description of this Urban Renewal Area is attached and incorporated herein as Addendum No. 1 – Legal Description and depicted in Addendum No. 2 – Location Map.

Section 3- Area Designation

With the adoption of this Plan, Iowa City designates this Urban Renewal Area as an economic development area appropriate for public improvements related to housing and residential development. Therefore, in accordance with Iowa Code Section 403.22, a percentage of the incremental revenues (or other revenues) generated by the development must be used to provide assistance to low and moderate income (LMI) households. LMI households are those whose incomes do not exceed 80% of the median Johnson County income. The amount of incremental revenues (or other revenues) to be provided for LMI housing in the community shall be either equal to or greater than the percentage of the original project costs (i.e., the amount of TIF funds used to reimburse infrastructure costs serving the housing development in the Area) that is equal to the percentage of LMI households living in Johnson County. That percentage is currently 44.83,

The requirement to provide assistance for LMI housing may be met by one or more of the following three options:

1. Providing that at least 45% of the units constructed in the Area are occupied by LMI households;

2. Ensuring that 45% of the housing units constructed within the Area are priced at amounts affordable to LMI households; or
3. Setting aside an amount equal to or greater than 45% of the project costs to be used for LMI housing activities anywhere in the City. Such LMI housing activities may include, but are not limited to:
 - a. Construction of LMI housing;
 - b. Owner/renter-occupied housing rehabilitation for LMI households;
 - c. Grants, credits, or other direct assistance for LMI households;
 - d. Homeownership assistance for LMI households;
 - e. Tenant-based rental assistance for LMI households;
 - f. Down payment assistance for LMI households;
 - g. Mortgage interest buy-down assistance for LMI households; and
 - h. Under appropriate circumstances, the construction of public improvements that benefit LMI households.

Section 4- Base Value

If the Foster Road Urban Renewal Area is legally established, a Tax Increment Financing (TIF) Ordinance is adopted, and debt is certified prior to December 1, 2018, the taxable valuation within the area included in the TIF Ordinance as of January 1, 2017, will be considered that area's frozen "base value". If debt is not certified until a later date or if a TIF ordinance is not adopted until later, the "base value" will be the assessed value of the taxable property within the TIF Ordinance area as of January 1 of the calendar year preceding the calendar year in which the City first certifies the amount of any debt on the Foster Road Urban Renewal Area.

Section 5- Urban Renewal Plan Goals and Objectives

The overall goal of this Plan is to foster the development of the Area through the use of public and private resources for senior and multifamily housing units, as well as foster construction of public improvements related to such housing and residential development. Further goals include:

1. Meeting the needs of special elements of the population, such as the elderly or persons with disabilities;
2. To encourage and support development that will expand the taxable values of property within the Urban Renewal Area;
3. To provide for the orderly physical and economic growth of the city;
4. To provide other support as allowed under Iowa Code Chapters 15, 15A and 403;

5. To provide a suitable living environment through safer, more livable and accessible neighborhoods, and increased housing opportunities; and
6. To help finance the cost of constructing public utility and infrastructure extensions and improvements in support of residential development.
7. To improve the health, safety, living environment, general character, and general welfare of Iowa City, Iowa.
8. To stimulate, through public action and commitment, private investment in new residential development.
9. To increase the availability of housing opportunities; which may in turn attract and retain local industries and commercial enterprises that will strengthen and revitalize the economy of the State of Iowa and the City of Iowa City.
10. To promote development utilizing any other objectives allowed by Chapter 403 of the Code of Iowa.

The following objectives derived from these goals are hereby established:

1. Undertake and carry out the urban renewal project set forth in Section 7 below;
2. Use any or all other powers granted to the City by the Urban Renewal Act to develop and provide for improved economic conditions in the City and the State of Iowa;
3. To connect neighborhoods, reducing transportation time, allowing greater access for pedestrians, bikers and public transportation; and
4. Open opportunities for development of single and multi-family residential units for those with special needs, as well as other uses that may be consistent with the Comprehensive Plan and zoning code.

Section 6 - Proposed Urban Renewal Activities

To meet the objectives of this Urban Renewal Plan, the City intends to utilize the powers conferred under Chapter 403 and Chapter 15A, Code of Iowa, the City may engage in the following proposed Urban Renewal Activities:

1. Execute development agreements, retain the services of qualified professional consultants and execute any other contracts and instruments necessary to achieve the Plan Goals, Objectives and Projects.
2. Make or have made surveys and plans necessary for the implementation of the Urban Renewal Plan or specific urban renewal projects.
3. Tax Increment Financing. To the full extent allowed by Iowa Code Chapter 403 and Division III of Chapter 384, the City may issue general obligation bonds, tax

increment revenue bonds, internal loans or such other obligations or loan agreements, and seek tax increment reimbursement for, among other things, the costs of urban renewal projects (if and to the extent incurred by the City), including, but not limited to:

- a. Constructing public improvements, such as streets, sidewalks, sanitary sewers, storm sewers, water mains, utilities or other related facilities.
 - b. Providing the local matching share of state or federal grant and loan programs.
 - c. Making loans or grants or other incentives related to urban renewal projects.
 - d. Other authorized urban renewal projects.
4. To acquire property through a variety of means (purchase, lease, option, etc.) and to hold, clear, or prepare the property for redevelopment.
 5. To dispose of property so acquired.
 6. To arrange for, or cause to be provided, the construction or repair of infrastructure, including but not limited to, streets, sidewalks, water mains, sanitary sewer, storm water drainage, gas and electric utilities, street lighting, or other public improvements in connection with urban renewal projects.
 7. To vacate, dedicate, or obtain certain public roadways, or utility easements when deemed necessary to provide access to new and/or residential developments.
 8. To provide for relocation of persons, businesses, and industries displaced by the project, if necessary.
 9. To make loans, forgivable loans, tax rebate payments, or other types of grants or incentives to private persons, organizations, or businesses for economic development purposes or residential projects, on such terms as may be determined by the City Council.
 10. To borrow money and to provide security therefor.
 11. To use any or all other powers granted by the Urban Renewal Act to develop and provide for improved economic conditions for the City of Iowa City and the State of Iowa.

Nothing herein shall be construed as a limitation on the power of the City to exercise any lawful power granted to the City under Chapter 15, Chapter 15A, Chapter 403, Chapter 427B, or any other provision of the Code of Iowa in furtherance of the objectives of this Urban Renewal Plan.

The Council's determination to undertake any of these activities shall be based upon its economic development policy, which may be amended from time to time, as necessary in Council's discretion, and on additional performance criteria the Council finds appropriate on a case-by-case basis.

Section 7 – Proposed Urban Renewal Projects

A. Public Improvements and Related Development Agreement:

Under authority granted by the Plan, the City anticipates entering into a Development Agreement (the "Agreement") with University Lake Partners II, LLC (the "Developer"). The Agreement would obligate the Developer to construct certain Minimum Improvements (as defined in the Agreement) on certain real property located within the Urban Renewal Area as defined and legally described in the Development Agreement, consisting of the construction of an approximate 53-unit senior living residential building and approximately 59 townhomes in a mix of duplex, three-, four-, five-, and one seven-plex configuration, under the terms and following satisfaction of the conditions set forth in the Agreement. The Agreement further proposes that Developer will pay for the costs of the Public Improvements supporting the project as described below:

Project	Approximate Date	Estimated Cost	Rationale
Construction of Foster Road public infrastructure between Dubuque Street and Prairie du Chien Rd., as part of a project to construct and provide access to a senior living residential building and townhomes.	2018-2019	Not to exceed \$4,000,000	Necessary infrastructure for residential development. Support transportation network that encourages walking, biking, and public transit.

The Agreement would then obligate the City to make up to ten (10) consecutive annual payments of Economic Development Grants to Developer consisting of 55% of the Tax Increments pursuant to the Iowa Code Section 403.19 and generated by the construction of private development within the urban renewal area, the cumulative total for all such payments not to exceed the cost of the public improvements advanced by the Developer. These grants will not be general obligations of the City but will be payable solely from incremental property taxes generated by the private development.

Unless LMI housing is constructed as part of the project, the City will set aside 45% of the Tax Increments pursuant to the Iowa Code Section 403.19 generated by the construction of the Minimum Improvements and use those funds to support LMI housing anywhere in the community.

The City expects to enter into a development agreement with Developer (or a related entity or another entity) that provides detailed terms and conditions, not all of which are included in this Plan.

B. Planning, Engineering, Attorney, and Administrative Fees, and Other Related Costs to Support Urban Renewal Projects and Planning:

Project	Estimated Date	Estimated Cost to be Funded with TIF Funds
Fees and Costs	2017-2019	Not to Exceed \$100,000

Section 8- Conformance with Land Use Policy and Zoning Ordinance

A. Comprehensive Plan

This Urban Renewal Area is located within the North District, as designated in the adopted IC2030 Comprehensive Plan, the City’s general plan for the physical development of the City as a whole, and more particularly described in the North District Plan, a district-specific comprehensive plan. The North District Plan Map shows the proposed extension of Foster Road between Dubuque Street east to Prairie du Chien Road, noting that it would provide an alternative east-west street route in this Area which may relieve traffic pressure from Kimball Road and create new opportunities to connect existing neighborhoods. It would further open up the possibility of new residential development in this area, noting that development will be constrained by the rugged, wooded terrain and the 100-foot wide gas pipeline easement that cuts across this neighborhood.

In sum, the goals, objectives and projects set forth in this Plan are in conformity with the City’s Comprehensive Plans.

B. Current and Proposed Zoning and Land Uses

Currently the Urban Renewal Area is largely undeveloped green space, with rolling hills and a few multi-family units, and zoned High Density Single Family (RS-12) as defined by the Iowa City Zoning Code. This high density single-family residential zone is intended to provide for development of single-family dwellings, duplexes and attached housing units at a higher density than in other single-family zones. Because this zone represents a relatively high density for single-family development, dwellings should be built in close proximity to all city services and facilities, especially parks, schools and recreational facilities. Special attention should be given to site design to ensure the development of quality neighborhoods. Nonresidential uses and structures permitted in this zone should be planned and designed to be compatible with the character, scale, and pattern of the residential development. A sensitive areas overlay rezoning is anticipated in light of the sensitive areas located in the urban renewal area.

Right-of-way for the Foster Road Extension Project described in Section 7 above, herein has been dedicated to the City, though additional right-of-way or easements may be necessary to construct the street and install the utilities. This Urban Renewal Plan does

not in any way replace or modify the City's current land use planning or zoning regulation process.

Section 9- Relocation

For the proposed Foster Road Extension Project described in Section 7 above, the right-of-way has been dedicated to the City with no residential uses thereon. The Area is largely undeveloped, so the City does not expect there to be any relocation required as part of the eligible urban renewal projects identified herein; however, if any relocation is necessary, the City will follow all applicable relocation requirements as contemplated pursuant to Iowa Code sections 403.5(4)(a) and 403.6(7).

Section 10- Financial Data

1. Constitutional Debt Limit: \$ 267,511,393
2. Current general obligation debt: \$ 51,645,000
3. Proposed amount of indebtedness to be incurred: Although a specific amount of tax increment debt to be incurred (including direct grants, loans, advances, indebtedness, or bonds) for projects over time has not yet been determined, it is anticipated that the cost of the Proposed Urban Renewal Activities and Proposed Projects identified in Section 6 and 7 above will not exceed *\$3.5 and \$4.1 million*. In no event will debt be incurred that would exceed the City's debt capacity. It is further expected that loans, advances, indebtedness or bonds to be incurred for the Proposed Project or subsequent projects, including interest on the same, will be financed in whole or in part with tax increment revenues from the Urban Renewal Area. The City Council will consider each request for financial assistance or a project proposal on a case-by-case basis to determine if it is in the City's best interest to participate.

Section 11- Urban Renewal Plan Amendments

This Urban Renewal Plan may be amended from time to time for a number of reasons, including, but not limited to changes in the boundary; to modify goals, objectives, or types of activities; or to amend property acquisition and disposition provisions.

If the City of Iowa City desires to amend this Urban Renewal Plan, it shall do so in conformance with applicable state and local laws.

Section 12 - Property Acquisition/Disposition

If property acquisition/disposition by the City becomes necessary to accomplish the objectives of the Plan, such acquisition/disposition will be carried out, without limitation, in accordance with the Iowa Code.

Section 13 - Effective Period

This Urban Renewal Plan will become effective upon its adoption by the City Council of Iowa City and will remain in effect as a plan until it is repealed by the City Council.

With respect to the property included within this Foster Road Urban Renewal Area, which is also included in an ordinance which designates that property as a tax increment area, the use of incremental property tax revenues or the "division of revenue," as those words are used in Chapter 403 of the Code of Iowa, is limited with respect to public improvement projects related to non-LMI housing and residential development to ten (10) fiscal years beginning with the second fiscal year after the year in which the municipality first certifies to the county auditor the amount of debt which qualifies for payment from the division of the revenue in connection with any such project.

The division of revenues from the Urban Renewal Area shall continue for the maximum period allowed by law. It is also anticipated that separate TIF ordinances for separate parcel(s) may be adopted as development in the Area warrants. In that case, each separate TIF ordinance may have a separate base and separate sunset or expiration date.

At all times, the use of tax increment financing revenues (including the amount of loans, advances, indebtedness or bonds which qualify for payment from the division of revenue provided in Section 403.19 of the Code of Iowa) by the City for activities carried out in the Foster Road Urban Renewal Area shall be limited as deemed appropriate by the City Council and consistent with all applicable provisions of law.

Section 14: Severability Clause

If any part of this Plan is determined to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity of the Plan as a whole or any part of the Plan not determined to be invalid or unconstitutional.

Addendum No. 1
Legal Description

Commencing at the Northwest corner of Lot 16, Balls Subdivision, as shown in Plat Book 3, Page 100; proceeding northeasterly along the south right-of-way line of Foster Road, as shown in Exhibits A-1 and B-1 of the Condemnation records recorded in Book 3100, Page 358; thence following said ROW line to its intersection with the East-West ¼ Section line of NW ¼ of Section 3, Township 79N, Range 6W; thence East along said Section line to the SE corner of the NE ¼ of the NW ¼ of Section 3, Township 79N, Range 6W; thence continuing East along the East-West 1/4 section line to the SW corner of the NE 1/4 of the NE 1/4 of Section 3, Township 79N, Range 6W, as shown on the Final Plat of a re-subdivision of Lot 30, Conway's Subdivision, Plat Book 17, Page 53; thence North along the West line of Lot 30, Conway's Subdivision, Plat Book 4, Book 253, to the Northwest corner of Lot 25, Conway's Subdivision, Plat Book 4, Page 253; thence northeasterly along the North boundary of Conway's Subdivision to the Northeast corner of Lot 15 and continuing easterly to the eastern Prairie Du Chien Road ROW line; thence northwesterly along the eastern ROW line to the Northeast corner of Auditor's Parcel "A", recorded in Plat Book 32, Page 52, said line also being the South ROW of Interstate 80 as shown in the Plat of Survey recorded in Book 32, Page 53 and as described in Book 4224, Page 896 and Book 2944, Page 267; thence West along the South I-80 ROW to the Northwestern corner of Lot 4, Yocum Subdivision, Plat Book 5, Page 77, said corner being the intersection of the I-80 South ROW line and the East-West line between Section 3, Township 79N, Range 6W and Section 34, Township 80N, Range 6W; thence East along said section line to the Northwest corner of Auditor's Parcel 2014052, Book 58, Page 324; thence South along the West side of said Parcel to the Southeast corner of Pine Ridge Subdivision, Plat Book 46, Page 157; thence westerly along the south side of Pine Ridge Subdivision to the Southwest corner of Lot 1, Pine Ridge Subdivision; thence Southeasterly to the point of beginning.

Addendum No. 2 Location Map

Foster Road Urban Renewal Area

