

URBAN RENEWAL PLAN CRESTON ECONOMIC DEVELOPMENT DISTRICT 2006

City of Creston, Iowa



**This Urban Renewal Plan provides for the development of the
Creston Economic Development District 2006.
PARK LANE DEVELOPMENT ASSISTED LIVING PROJECT**



Prepared by the Southern Iowa Council of Governments

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URBAN RENEWAL PLAN

Creston Economic Development District 2006

City of Creston, Iowa

A. INTRODUCTION

This Urban Renewal Plan (the “Plan”) has been prepared for the development of the Creston Economic Development District 2006 Park Lane Development Assisted Living Project (the “District”) as authorized by Resolution _____ of the City Council of Creston on _____, 2006. Its intent is to stimulate economic development activities within the District through the commitment of public actions as specified herein.

To achieve this objective, the City of Creston shall undertake the urban renewal actions specified in this Plan, pursuant to the powers granted to it under Chapter 403 of the *Iowa Code*, Urban Renewal Law.

B. POPULATION AND PAST TRENDS

Logical planning and development for the future of Creston is not possible without some idea of what the population of the city will be. Precise predictions of future population are, of course, not possible, but a reasonably reliable forecast can be made on the basis of population trends over the past years and observable characteristics of the present.

Based on an estimate of future population, it is possible to determine the approximate size of residential, commercial, and industrial areas that will be needed; the number of parks and public facilities; the extent of the transportation network; and the demand for public utilities. In addition, they can be the means of effectuating substantial savings in public expenditures. The advanced acquisition of parks and roads before development prevents excessive site costs; and foresighted acquisition and design of water systems, hospitals, recreational facilities, and fire protection facilities to accommodate future needs are examples of the economic advantages of planning.

Trends

The population from 1960-2000 for Creston is shown below. A 20-year period, 1980-2000, has shown a steady decrease over the time period. The estimates for the time period 2001-2005 indicate this decreasing trend has not stabilized. Over the 20-year period, Creston’s population decreased by 824 persons or 17 percent. An estimate by the U.S. Census indicates a decrease since 2000 of 238 persons.

Year	1960	1970	1980	1990	2000
Total Population	7,667	8,234	8,421	7,911	7,597
Year	2001	2002	2003	2004	2005
Population Est.	7,574	7,461	7,372	7,376	7,359



C. OBJECTIVES OF THE PLAN

The primary objectives of the Plan are the development of the District for economic development activities, primarily commercial development, through:

1. Provision of marketable commercial development sites for the purpose of job-creating activities;
2. Provision of public infrastructure improvements, including sanitary sewer, water, and storm water detention, supportive of full development of the District;
3. Provisions of a safe, efficient and attractive circulation system;
4. Establishment of design standards which will assure cohesive and compatible development of the District;
5. Provision of public amenities that provide an aesthetically appealing environment, including open space, buffering, landscaping, and lighting to create a distinctive and attractive setting;
6. Creation of financial incentives necessary to encourage new businesses to invest in the District; and
7. Expansion of the property tax base of the District.

D. DISTRICT BOUNDARIES

The district is located within the City of Creston, County of Union, and State of Iowa.

The District shall consist of real property generally described as follows:

PROPOSED TIF AREA

Lot 1B, James Subdivision, with all land existing completely within the city limits of Creston, Iowa; including all adjacent and contiguous right-of-ways

The boundaries of the 2006 District are delineated on the Urban Renewal District Boundary map (Map B) and insert (MapB-1). Please see official map located in city hall.

The City of Creston reserves the right to modify the boundaries of the District at some future date. Any amendment to the Plan will be completed in accordance with Chapter 403 of the *Iowa Code*, Urban Renewal Law.

E. PUBLIC PURPOSE ACTIVITIES

To meet the OBJECTIVES of this Plan, the City of Creston is prepared to initiate and support development of the District through, among other things, the following PUBLIC PURPOSE ACTIVITIES:



1. Acquisition of property for public improvements and private development;
2. Site preparation and grading required in connection with development;
3. Improvement, installation, construction, and reconstruction of streets, utilities, and other improvements and rights-of-ways including, but not limited to the relocation of overhead utility lines, street lights, appropriate landscaping and buffers and open space;
4. Disposition of any property acquired in the District, including sale, initial leasing, or retention by the City itself, at its fair value;
5. Preparation of property for development purposes including but not limited to activities such as appraisals and architectural and engineering studies;
6. Use of tax increment financing, loans, grants, and other appropriate financial tools in support of eligible public and private development efforts;
7. Enforcement of applicable local, state, and federal laws, codes, and regulations;
8. Enforcement of established design standards in furtherance of quality development;
9. Development and implementation of a marketing program for the purpose of promoting the purchase and development of commercial and industrial sites by private businesses; and
10. Coordination of improvements to adjacent roadways as it affects the District's access.

Public purpose activities are limited to those areas delineated on the PUBLIC PURPOSE ACTIVITY AREA maps (Map B – Map D).

All public purpose activities shall be conditioned upon and shall meet the restrictions and limitations placed upon the District by the Plan.

F. DEVELOPMENT REQUIREMENTS

The LAND USE and PLANNING AND DESIGN CRITERIA set forth herein shall apply to any and all District properties and the development of which is assisted by the City through and of the PUBLIC PURPOSE ACTIVITIES listed above.

1. Land Use



The intent of this Plan is to promote the development of commercial development within a quality setting.

The site is currently zoned “R-2 Two Family or Multi Family Residential”. Existing and Future LAND USE maps (Maps C1 and C2) identify the existing and the proposed land uses within the District.

2. Planning and Design Criteria

The planning criteria to be used to guide the physical development of the District are those standards and guidelines contained within the applicable local, state, and federal codes and ordinances. The City has a general plan for the physical development of the City, which is outlined in the Creston Comprehensive Plan.

G. LAND ACQUISITION AND DISPOSITION

The City of Creston is prepared to acquire and dispose of property in support of the development of the District within the parameters set forth below.

1. Land Acquisition

The City will acquire any property for public or private development purposes through negotiated purchase.

The City also reserves the right to acquire, by negotiation or eminent domain, property rights required for the construction or reconstruction of streets and public utilities, or any other public facility or improvement.

2. Land Disposition

Publicly held land will be sold for the development of viable uses consistent with this Plan and not for purposes of speculation.

Land will be disposed of in accordance with the requirements set forth in Chapter 403 of the *Code of Iowa*, Urban Renewal Law. Developers will be selected on the basis of the quality of their proposals and their ability to carry out such proposals while complying with the requirements of this Plan.

3. Relocation Requirements

The land in the district is unoccupied; therefore no relocation is expected to occur. However, in the event a relocation is necessitated by an urban renewal project in accordance herewith, the city shall follow the process required by the Urban Renewal Plan and other applicable law.

H. FINANCING ACTIVITIES

To meet the OBJECTIVES of this Plan and to encourage the development of the District and private investment therein, the City of Creston is prepared to provide financial assistance to qualified businesses through the making of loans or grants under Chapter



15A of the *Iowa Code* and through the use of tax increment financing under Chapter 403 of the *Iowa Code*.

1. Chapter 15A Loan or Grant

The City of Creston has determined that the making of loans or grants of public funds to qualified businesses is necessary to aid in the planning, undertaking, and completion of urban renewal projects authorized under this Plan within the meaning of Section 384.24(3)(q) of the *Iowa Code*. Accordingly, in furtherance of the objectives of this Plan, the City of Creston may determine to issue bonds or loan agreements, in reliance upon the authority of Section 384.24 A (loan agreement), Section 384(3)(q), 403.12 (general obligation bonds), or Section 403.9 (tax increment financing bonds), for purpose of making loans or grants of public funds to qualified businesses. Alternatively, the City may determine to use available funds for the making of such loans or grants. In determining qualifications of recipients and whether to make any such individual loans or grants, the City of Creston shall consider one or more of the factors set forth in Section 15A.1 of the *Iowa Code* on a case-by-case basis.

2. Tax Increment Financing

The City of Creston is prepared to utilize tax increment financing as a means of financing eligible costs incurred to implement the Public Purpose Activities identified in Part D of this Plan. Bonds or loan agreements may be issued by the City under the authority of Section 403.9 of the *Iowa Code* (tax increment revenue bonds) or Sections 384.24 A (loan agreements), 384.24(3)(q) and 403.12 (general obligation bonds).

The City acknowledges that the use of tax increment revenues delays the ability of other local taxing bodies to realize immediately the direct tax benefits of new development in the District. The City believes, however, that the use of tax increment revenues to finance the development of new commercial land and to promote private investment in the District is necessary in the public interest to achieve the OBJECTIVES of this Plan. Without the use of this special financing tool, new investment may not otherwise occur or may occur within another jurisdiction. If new development does not take place, property values could stagnate and the City, County, and School District may receive less taxes during the duration of this Plan than they would have if this Plan were not implemented. Tax increment financing will provide a long-term payback in overall increased tax base for the City, County, and School District. The initial public investment required to generate new private investment will ultimately increase the taxable value of the District well beyond its existing base value.

Tax increment financing reimbursement may be sought for, among other things, the following costs to the extent they are incurred by the City:

- a. Planning and administration of the Plan;
- b. Construction of public infrastructure improvements and facilities within the District;

- c. Acquisition, installation, maintenance, and replacement of public investments throughout the District including but not limited to street lights, landscaping and buffers, and appropriate amenities;
- d. Acquisition of land and preparation of same for sale to private developers, including any "write down" of the sale price of the land and/ or building;
- e. Providing the matching share for a variety of local, state, and federal grants and loans;
- f. Preservation, conservation, development or redevelopment of buildings or facilities within the District to be sold or leased to qualified businesses; and
- g. Loans or grants to qualified businesses under Chapter 15A of the *Iowa Code*, including debt service payments on any bonds issued to finance such loans or grants, for purposes of expanding the business or activity, or other qualifying loan programs established in support of the Plan.

One of the most significant and widely-used powers given to cities under the Urban Renewal Act is the authority to utilize "tax increment financing (TIF)." TIF enables a city to use the property tax dollars produced from new private development to pay for certain public improvements and to provide assistance for private development within an Urban Renewal Area.

In order to utilize TIF, an additional special taxing district will be established by ordinance in the Urban Renewal Area as shown in Exhibit B. Assuming the district is legally established and debt is certified prior to December 1, 2006, the total taxable valuation within the district as of January 1, 2006, will be considered the "base valuation". When the value of the property inside the special district increases due to new construction or reevaluation, the difference between the base valuation and the new property value is called the "increment."

Costs incurred by the City to make improvements or provide incentives for new development are paid back with the new taxes generated from that development. Unless a tax abatement program is utilized in conjunction with TIF, developers will be paying the going rate for taxes.

The idea behind tax increment financing is that public investment generates private investment, which increases the taxable value of an area, and over time strengthens the tax base. This increased tax base is the long-term return on the public's investment.

3. Proposed Amount of Indebtedness

At this time, the extent of improvements and new development within the District is only generally known. As such, the amount and duration for the use of the tax increment revenues for public improvements and/ or private development can only be estimated; however, the actual use and amount of tax increment revenues to be used by the City for District activities will be determined at the time specific development is proposed.



It is anticipated that the maximum amount of indebtedness which will qualify for tax increment revenue reimbursement during the duration of this Plan, including acquisition, public improvements and private development assistance, will not exceed \$350,000.

At the time of adoption of this Plan, the City of Creston's current general obligation debt (January 1, 2005) is \$3,915,000 (a summary of obligations is found on page viii) and the city's applicable constitutional debt limit is \$16,325,690.

I. STATE AND LOCAL REQUIREMENTS

All provisions necessary to conform with state and local laws have been complied with by the City of Creston in the implementation of this Plan and its supporting documents.

J. OTHER LOCAL ECONOMIC DEVELOPMENT PROGRAMS

1. Revolving Loan Fund

A low interest loan program exists through the Southern Iowa Council of Governments. The program combines federal and local funds to assist new businesses in locating to the area and to assist existing business in expansion efforts. The funds are awarded based on job creation.

K. STATE ECONOMIC DEVELOPMENT PROGRAMS

The programs below do not generally apply to commercial activities but could be used for industrial endeavors.

1. Community Economic Betterment Account (CEBA/Values Fund)

The CEBA program provides financial assistance to companies that create new employment opportunities and/or retain existing jobs, and make new capital investment in Iowa.

2. Iowa Loan and Credit Guarantee Fund

The Iowa Loan and Credit Guarantee Fund is designed to help businesses that are having difficulty accessing conventional financing. The fund provides lenders with additional security, thereby encouraging greater lender activity to Iowa businesses.

3. Economic Development Set-Aside (EDSA)

The EDSA program provides financial assistance to companies that create new employment opportunities and/or retain existing jobs, and make new capital investment in Iowa.

4. Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP)

The Value-Added Agricultural Products and Processes Financial Assistance Program seeks to increase the innovative utilization of Iowa's agricultural commodities.



5. Enterprise Zones (EZ)

Business locating or expanding in an Enterprise Zone may receive local and state tax benefits.

6. Export Trade Assistance Program (ETAP)

ETAP provides financial assistance to eligible Iowa businesses wishing to enter new markets by participating in foreign trade shows and trade missions.

7. Targeted Small Business Financial Assistance Program (TSBFAP)

Designed to create and expand minority- or women-owned businesses through direct loans of up to \$25,000 and loan guarantees of up to \$40,000.

8. Self-Employment Loan Program (SELP)

Offers low-interest loans of up to \$10,000 to low-income owners of new or expanding small businesses.

9. Entrepreneurs with Disabilities (EWD)

The EWD program helps qualified individuals with disabilities establish, acquire, maintain or expand a small business by providing technical and financial assistance.

10. Assistive Device Tax Credit

Iowa small businesses can reduce their taxes by buying or renting products or equipment, or by making physical changes to the workplace to help employees with disabilities get or keep a job.

L. DURATION OF APPROVED URBAN RENEWAL PLAN

This Plan shall continue in effect until terminated by the City Council; provided, however, that the collection of tax increment revenues from properties located in the District shall be limited to twenty (20) years from the calendar year following the calendar year in which the City first certifies to the County Auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of tax increment revenue provided for in Section 403.19 (tax increment financing) of the *Iowa Code*.

M. SEVERABILITY

In the event one or more provisions contained in this Plan shall be held for any reason to be invalid, illegal, unauthorized, or unenforceable in any respect, such invalidity, illegality, un-authorization, or unenforceability shall not affect any provision of this Plan and this Urban Renewal Plan shall be construed and implemented as if such provision had never been contained herein.

N. AMENDMENT OF APPROVED URBAN RENEWAL PLAN

This Plan may be amended from time to time to respond to development opportunities. Any such amendment shall conform to the requirements of Chapter 403 of the *Iowa*



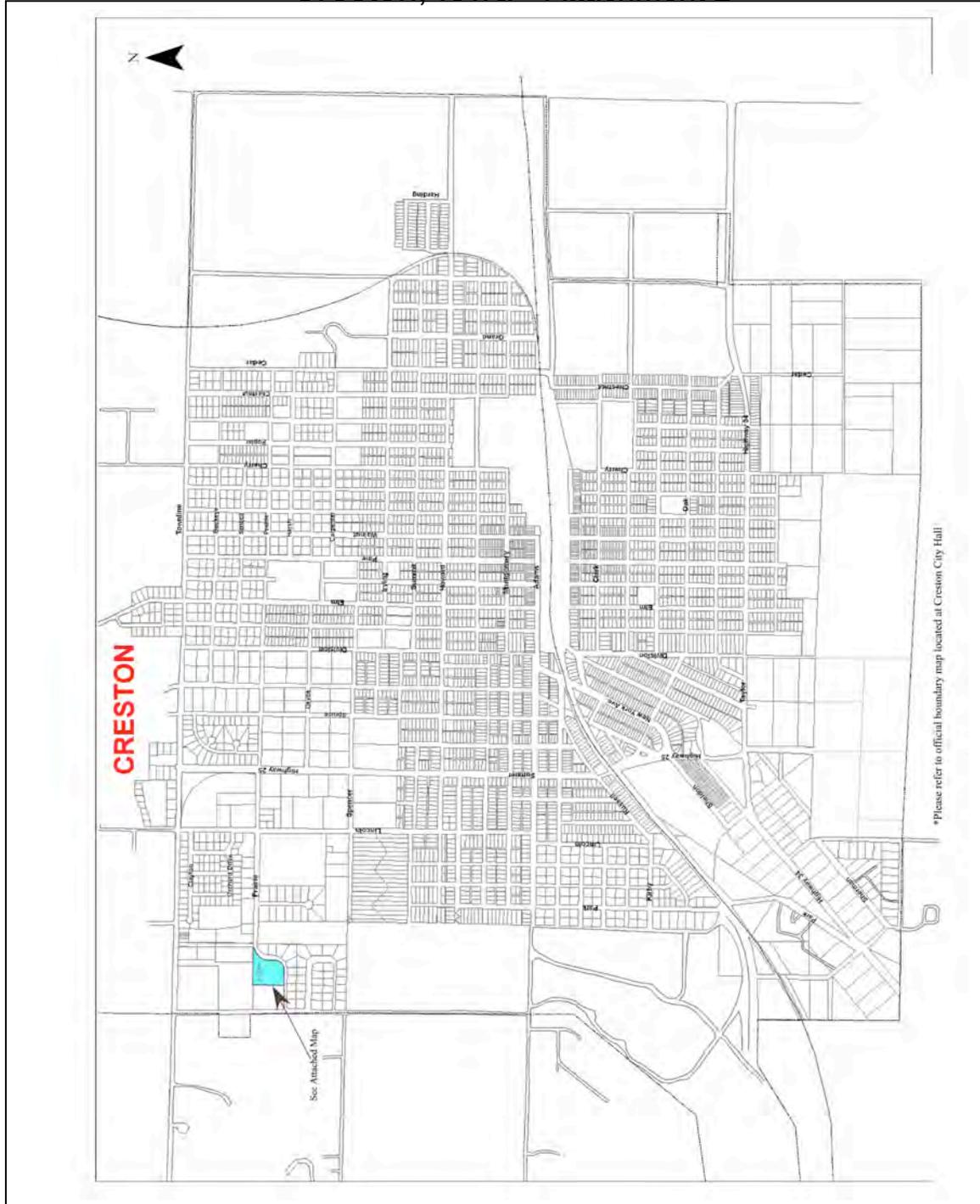
Code. Any change effecting any property or contractual right can be effectuated only in accordance with applicable state and local law.

O. ATTACHMENTS

Attachment 1:	Map A:	Creston City Map
Attachment 2:	Map B:	Boundary Map
Attachment 3:	Map B-1:	Insert for Boundary Map
Attachment 4:	Map C1:	Existing Land Use
Attachment 5:	Map C2:	Future Land Use
Attachment 6:	Map C3:	Zoning Map
Attachment 7:	Map D:	All Existing Districts
Attachment 8:		General Obligations Summary
Exhibit 1		Public Hearing on Urban Renewal Area Designation And Urban Renewal Plan And Project
Exhibit 2		Notice of a Public Hearing on Designation of Urban Renewal Area
Exhibit 3		Designation and Plan Hearing
Exhibit 4		Minutes Providing for Passage of an Ordinance Establishing an Urban Renewal Tax Increment Area
Exhibit 5		Boundaries of the Economic Development District 2006 Urban Renewal Area
Exhibit 6		Map of the Economic Development District 2006 Urban Renewal Area

Urban Renewal District 2006 2006 Boundary Map

Economic Development District
PUBLIC PURPOSE ACTIVITY AREA
Creston, Iowa - Attachment 2



Refer to OFFICIAL map at city hall

Map B



Urban Renewal District 2006 2006 Boundary Map

Economic Development District PUBLIC PURPOSE ACTIVITY AREA Creston, Iowa - Attachment 3 (Insert)



Refer to OFFICIAL map at city hall

City of Creston
Urban Renewal Plan

Map B-1

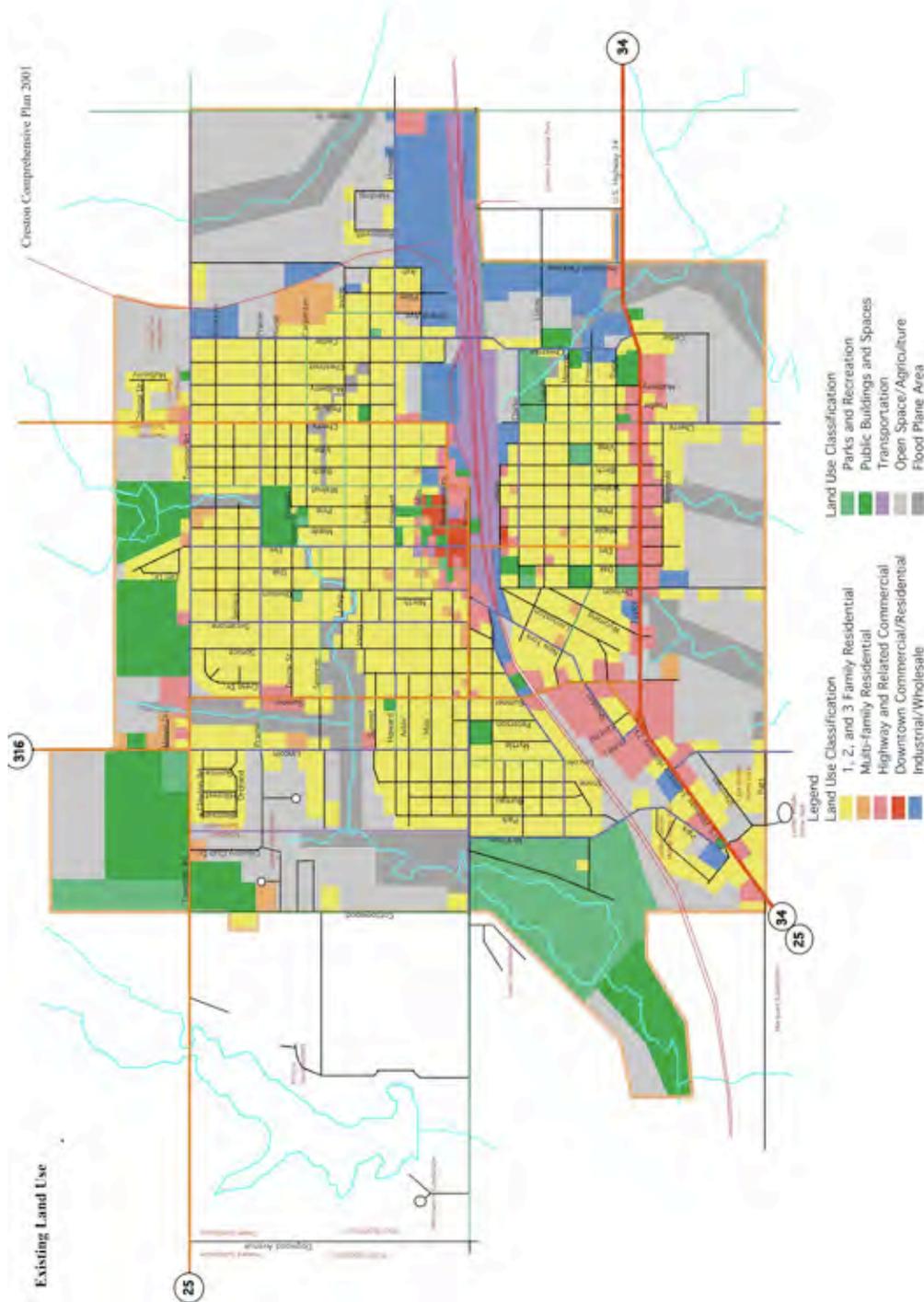


Urban Renewal District 2006

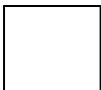
Existing Land Use Map

Economic Development District

Creston, Iowa – Attachment 4



Map C1

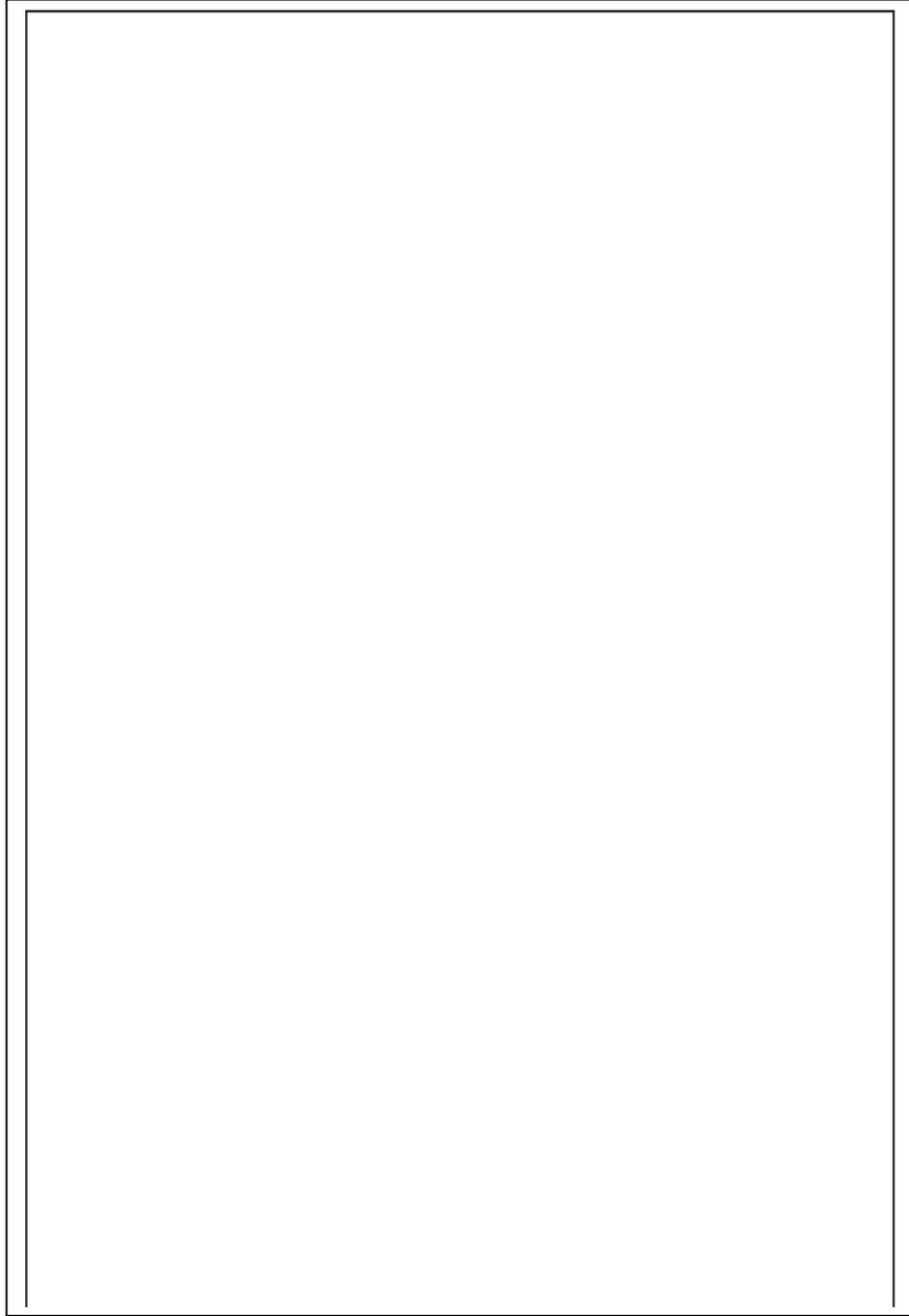


Refer to OFFICIAL map at city hall

City of Creston
Urban Renewal Plan



Urban Renewal District 2006
Future Land Use Map
Economic Development District
Creston, Iowa - Attachment 5

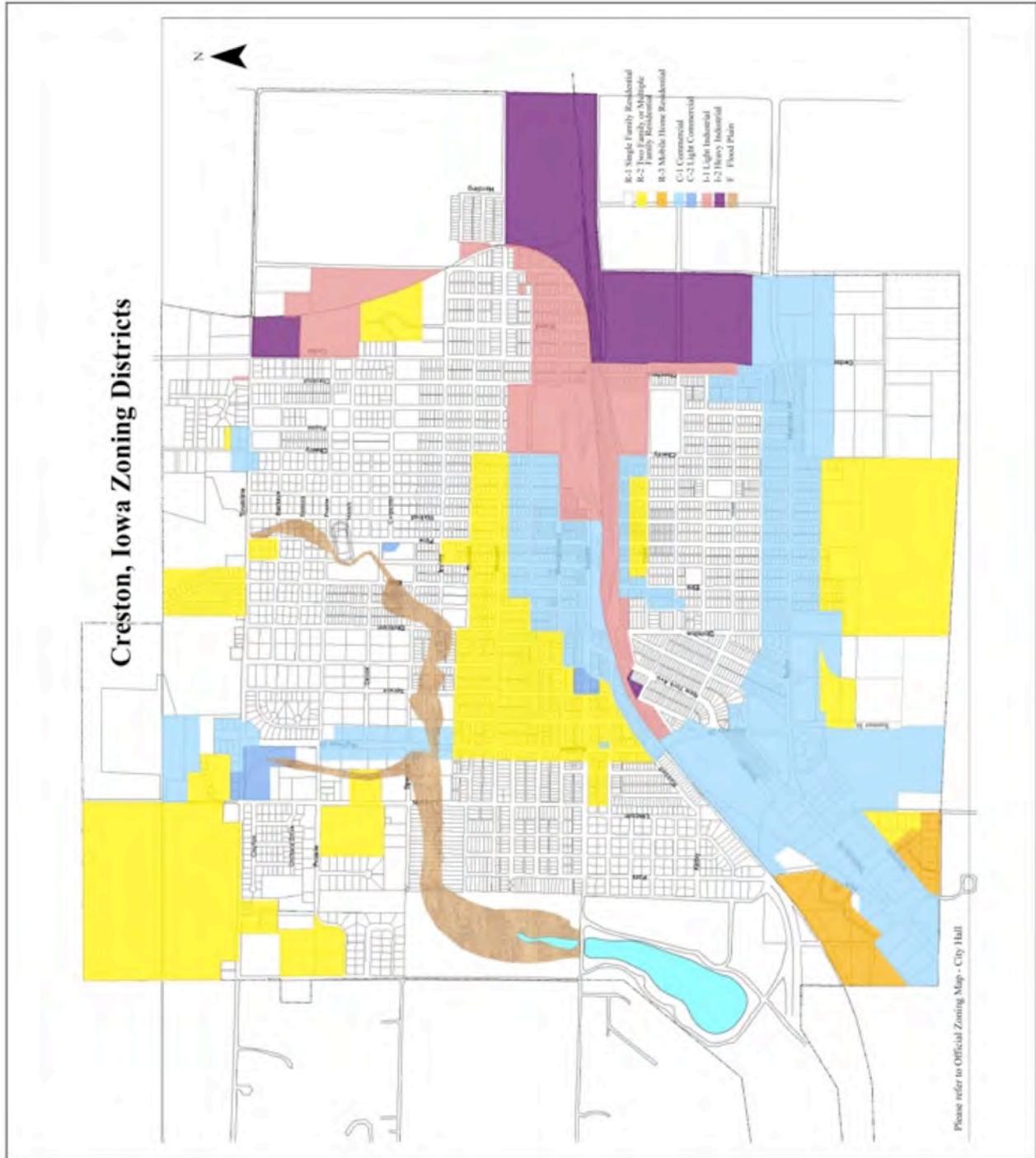


Map C2



Urban Renewal District 2006 Zoning Map

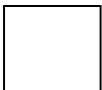
Economic Development District
Creston, Iowa - Attachment 6



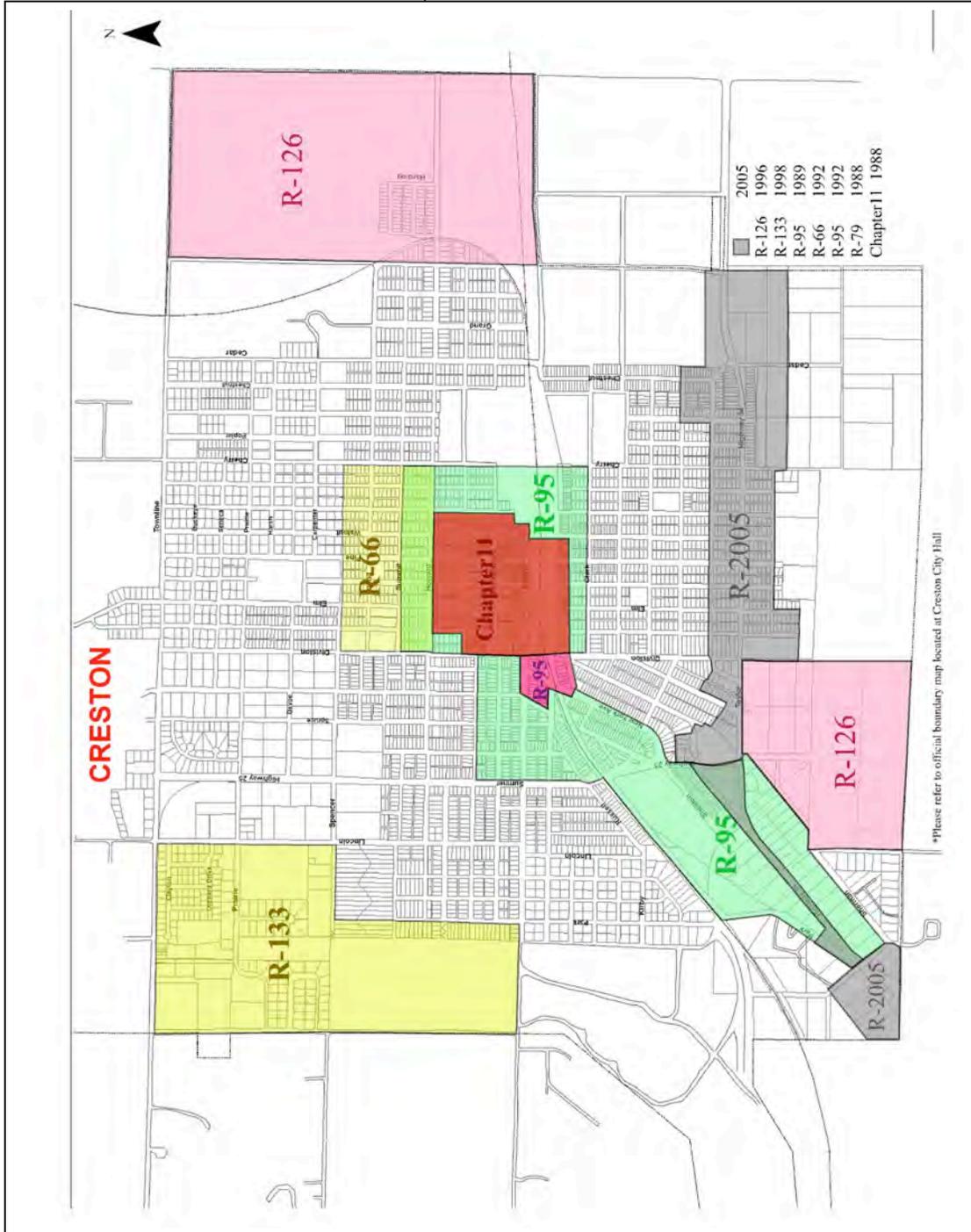
Refer to OFFICIAL map at city hall

City of Creston
Urban Renewal Plan

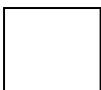
Map C3



Urban Renewal Districts
All Existing Districts
Economic Development District
Public Purpose Activity Area
Creston, Iowa - Attachment 7



Map D





Urban Renewal District 2006
General Obligations
Economic Development District 2006
Creston, Iowa – Attachment 8

REFINANCED BONDS: \$2,600,000 G.O. Debt issued 2004
 Final payment due December 2019
 Current principal due: \$133,904
 Combination of streets and fire equipment
 Note: The city has a refunding bond of \$1,725,000 out
 currently which will eventually replace the street bond in
 2008

Debt Limit and Capacity

1. January 1, 2005	100% Regular Valuation (Urban)	\$ <u>404,813,813</u>
2. January 1, 2005	100% Ag. Valuation (Rural)	\$ <u>231,150</u>
3. January 1, 2005	100% TIF Valuation	\$ <u>12,932,600</u>
City of Creston Bonding		
4.	CAPACITY (5% OF REGULAR VALUATION)	\$ <u>20,240,690</u>
5.	OUTSTANDING GENERAL OBLIGATION BONDS: (Principal 1/1/05)	\$ <u>3,915,000</u>
6.	CURRENT AVAILABLE BONDING CAPACITY	\$ <u>16,325,690</u>
7.	PERCENT OF CAPACITY USED	~ <u>24%</u>
8.	PERCENT OF CAPACITY REMAINING	~ <u>76%</u>

Proposed amount of indebtedness to be incurred: \$350,000 – DESIGNATED FOR THE PARK
LANE DEVELOPMENT ASSISTED LIVING PROJECT



EXHIBIT 1:

Economic Development District 2006
Urban Renewal Area
Public Hearing on Urban Renewal Area

Designation And Urban Renewal Plan And Project



EXHIBIT 2:

Economic Development District 2006
Urban Renewal Area
Notice of a Public Hearing on Designation
Of Urban Renewal Area

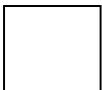


Exhibit 3:

Economic Development District 2006
Urban Renewal Area
Designation and Plan Hearing



EXHIBIT 4:

Economic Development District 2006
Urban Renewal Area
Minutes Providing for Passage of an Ordinance Establishing an
Urban Renewal Tax Increment Area



EXHIBIT 5:

Boundaries of the Economic Development District 2006 Urban Renewal Area

The following generally described area shall define the urban renewal
area:

Lot 1B, James Subdivision, Creston, Iowa



