

**URBAN RENEWAL PLAN**

**for the**

**WILSON SCHOOL  
URBAN RENEWAL AREA**

**CHEROKEE, IOWA**

\_\_\_\_\_ **2018**

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# **Wilson School Urban Renewal Plan**

## **City of Cherokee, Iowa**

### **A. INTRODUCTION**

This Wilson School Urban Renewal Plan (“Plan” or “Urban Renewal Plan”) for the Wilson School Urban Renewal Area (“Area” or “Urban Renewal Area”) has been developed to help local officials remediate blight and promote economic development in the City of Cherokee (the “City”). The primary goal of the Plan is to stimulate, through public involvement and commitment, the remediation and prevention of blight in the Urban Renewal Area.

In order to achieve this objective, the City intends to undertake urban renewal activities pursuant to the powers granted to it under Chapter 403 and Chapter 15A of the Code of Iowa, as amended.

### **B. DESCRIPTION OF THE URBAN RENEWAL AREA**

The Urban Renewal Area is described in Exhibit A and illustrated in Exhibit B.

The City reserves the right to modify the boundaries of the Area at some future date.

### **C. AREA DESIGNATION**

With the adoption of this Plan, the City designates this Urban Renewal Area as a blighted area within the definition of Section 403.19(5), *Code of Iowa*.

Section 403.19(5) lists multiple factors that can make an area “blighted.” Some of the factors listed in Section 403.19(5) that are relevant to this Urban Renewal Area include:

- “slum, deteriorated, or deteriorating structures;”
- “insanitary or unsafe conditions;”
- “deterioration of site or other improvements;” and
- “the existence of conditions which endanger life or property by fire and other causes.”

When any combination of these factors exists and “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,” then the City may determine the area to be a blighted area under Chapter 403.

This Urban Renewal Area includes the former Wilson School building property. Through multiple inspections of the property, the City has discovered numerous blighting conditions, including:

- Significant deterioration of the building has occurred over time as it has sat unoccupied. Extensive water damage and other causes of deterioration has left multiple rooms unsafe to enter.
- Since the 1980s, the building was known to have substantial amounts of asbestos, which was confirmed in a 2016 inspection. Asbestos, a hazardous material, is located in many of the original building materials such as flooring, sink undercoating, and insulation used throughout the building.
- In addition to the presence of asbestos, there is significant mold growth in the building, which contributes to the ongoing deterioration.
- Many of the rooms of the building are filled with waste, at least some of which is hazardous: light bulbs (some containing mercury), pressurized tanks, oil and paint cans, abandoned tires, etc. Much of this waste requires special disposal methods in order to be disposed of safely.
- Surrounding the actual building, the sidewalk has surface defects and offsets greater than half an inch (the standard for analyzing trip hazards). The 2016 structural engineering inspection recommended replacement of the sidewalk due to its unsafe condition.

The City Council has determined that a need exists for the redevelopment of the Urban Renewal Area in order to eliminate the existing blight and prevent continued blighted conditions. As such, this Area is appropriate for blight remediation, revitalization, and redevelopment consistent with Chapter 403, *Code of Iowa*.

#### **D. BASE VALUE**

If the Urban Renewal Area is legally established and a Tax Increment Financing (TIF) Ordinance is adopted, then the “base value” of the Area 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 Area pursuant to Iowa Code Section 403.19.

#### **E. DEVELOPMENT PLAN/ZONING**

The City of Cherokee has a general plan for the physical development of the City as a whole outlined in the Comprehensive Plan Update for the City of Cherokee, Iowa, adopted in 2011 (the “Comprehensive Plan”). The goals and objectives of this Urban Renewal Plan, including the urban renewal projects described herein, are in conformity with the City’s Comprehensive Plan.

The Urban Renewal Area is zoned as R2 – Multi-Family Residential. No rezoning of the property is expected for development under this Plan. This Urban Renewal Plan does not in any way replace or modify the City’s current land use planning or zoning regulation process.

The need, if any, for improved traffic, public transportation, public utilities, recreational and community facilities, or other public improvements within the Urban Renewal Area is set forth in this Plan. As the Area develops, the need for public infrastructure extensions and upgrades will be evaluated and planned for by the City.

## **F. PLAN OBJECTIVES**

Renewal activities are designed to provide opportunities, incentives, and sites for redevelopment and new development that promotes blight remediation and prevention in the Area. More specific objectives for the development, redevelopment and rehabilitation within the Area are as follows:

1. To eliminate blighting influences and promote revitalization, through public action and commitment, or by providing incentives to private persons or businesses to acquire, rehabilitate, renovate, demolish, and/or redevelop existing structures or property.
2. To plan for and provide sufficient land for residential development in a manner that is efficient from the standpoint of providing municipal services.
3. To enhance health, safety, and quality of life in the Area.
4. To stimulate, through public action and commitment, private investment in new residential development and redevelopment. The City realizes that the availability of decent, safe, and sanitary housing is important in enhancing the economic viability of the community.
5. To encourage harmonious development within the City, including the minimization of effects of neighboring residential properties.
6. To provide for development consistent with sound planning practices and the City's Comprehensive Plan in a manner that strengthens the tax base.

## **G. TYPES OF RENEWAL ACTIVITIES**

To meet the objectives of this Urban Renewal Plan and to encourage the development and redevelopment of the Area, the City intends to utilize the powers conferred under Chapter 403 and Chapter 15A, *Code of Iowa*, including but not limited to, tax increment financing. Activities may include:

1. To undertake and carry out urban renewal projects, including blight remediation projects, through the execution of contracts and other instruments.
2. To make loans, forgivable loans, grants, tax rebate payments, or other types of economic development grants or incentives to private persons, local development organizations, or businesses for blight remediation and redevelopment.
3. To undertake or cause the redevelopment, or demolition and clearance of existing buildings, including dilapidated and blighted structures, to clear the land for future development so as to revitalize the Area and alleviate blighting conditions.

4. To acquire property through a variety of means (purchase, lease, option, etc.) and to hold, clear, prepare, or dispose of the property for redevelopment.
5. To use tax increment financing to facilitate blight remediation projects.
6. To make or have made surveys, plans, and reports necessary for the implementation of the Urban Renewal Plan or specific urban renewal projects.
7. To use any or all other powers granted by the Urban Renewal Area to develop and provide for blight remediation, redevelopment, and residential development for the City of Cherokee.

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.

## **H. ELIGIBLE URBAN RENEWAL PROJECTS**

### **1. Development Agreements**

**A.** *Development Agreement for the Former Wilson School:* The City expects to consider a development agreement with Wilson School Apartments, LLC (or a related entity) to redevelop or demolish the former Wilson School building, a blighted structure that has been vacant and deteriorating. The project would involve either the rehabilitation of the building into approximately 24 market-rate apartments or the demolition of the building. If rehabilitation is pursued, construction is anticipated to begin in 2019 and be completed in 2021, and overall project costs are expected to be approximately \$3.5 million. The City expects to make grant payments to the developer under the terms of the development agreement, not to exceed \$350,000 if the building is rehabilitated or not to exceed \$400,000 if the building is demolished. The grants would be funded through the repurposing of the City's 2016A bonds and would not be funded through tax increment financing or other City taxes. The developer would also be eligible to apply for tax abatement under the City's Urban Revitalization Plan for multi-residential properties, if the project qualified under that plan.

## **I. FINANCIAL DATA**

1.	July 1, 2017 constitutional debt limit:	\$11,210,053.90
2.	Current outstanding general obligation debt:	\$5,655,000
3.	Proposed amount of indebtedness to be incurred: A specific amount of debt to be incurred for the Eligible Urban Renewal Projects has not yet been determined. This document is for planning purposes only. The estimated project costs in this Plan are estimates only and will be incurred and spent over a number	\$400,000

	<p>of years. In no event will the City’s constitutional debt limit be exceeded. The City Council will consider each project proposal on a case-by-case basis to determine if it is in the City’s best interest to participate before approving an urban renewal project or expense.</p> <p>At this time, the City does not expect to finance projects under this Plan in whole or in part with tax increment revenues from the Urban Renewal Area, but such financing is an option. Subject to the foregoing, it is estimated that the cost of the Eligible Urban Renewal Projects as described above will not exceed the amount stated in the next column:</p>	
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**J. URBAN RENEWAL FINANCING**

The City may utilize various financing tools such as those described below to successfully undertake the proposed urban renewal actions. The City has the statutory authority to use a variety of tools to finance physical improvements within the Areas. These include:

A. Tax Increment Financing.

Under Section 403.19 of the *Code of Iowa*, urban renewal areas may utilize the tax increment financing mechanism to finance the costs of public improvements, economic development incentives, or other urban renewal projects. Upon creation of a tax increment district within the Area, by ordinance, the assessment base is frozen and the amount of tax revenue available from taxes paid on the difference between the frozen base and the increased value, if any, is segregated into a separate fund for the use by the City to pay costs of the eligible urban renewal projects. Certain increased taxes generated by any new development, above the base value, are distributed to the taxing entities, if not requested by the City, and in any event upon the expiration of the tax increment district.

B. General Obligation Bonds.

Under Division III of Chapter 384 and Chapter 403 of the *Code of Iowa*, the City has the authority to issue and sell general obligation bonds for specified essential and general corporate purposes, including the acquisition and construction of certain public improvements within the Area and for other urban renewal projects or incentives for development consistent with this Plan. Such bonds are payable from the levy of unlimited ad valorem taxes on all the taxable property within the City of Cherokee. It may be, the City will elect to abate some or all of the debt service on these bonds with incremental taxes from this Area.

The City may also determine to use tax increment financing to provide incentives such as cash grants, loans, tax rebates, or other incentives to developers or private entities in connection with the urban renewal projects identified in this Plan. In addition, the City may determine to issue general obligation bonds, tax increment revenue bonds or such other obligations, or loan agreements for the purpose of making loans or grants of public funds to private businesses located in the Area for urban renewal projects. Alternatively, the City may determine to use available funds for making such loans or grants or other

incentives related to urban renewal projects. In any event, the City may determine to use tax increment financing to reimburse the City for any obligations or advances.

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.

#### **K. 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.

#### **L. RELOCATION**

The City does not expect there to be any relocation required as part of the eligible urban renewal projects; however, if any relocation is necessary, the City will follow all applicable relocation requirements.

#### **M. STATE AND LOCAL REQUIREMENTS**

All provisions necessary to conform to state and local laws will be complied with by the City and the developer in implementing this Urban Renewal Plan and its supporting documents.

#### **N. URBAN RENEWAL PLAN AMENDMENTS**

This Urban Renewal Plan may be amended from time to time for a variety of reasons, including but not limited to, change in the area, to add or change land use controls and regulations, to modify goals or types of renewal activities, to add or change urban renewal projects, or to amend property acquisition and disposition provisions. The City Council may amend this Plan in accordance with applicable state law.

#### **O. EFFECTIVE PERIOD**

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect as a Plan until it is repealed by the City Council. Notwithstanding anything to the contrary in the Urban Renewal Plan, during the life of this Plan, the City Council may designate by ordinance all or any portion of the property covered by this Plan as a “tax increment area.” This Urban Renewal Area contains blighted conditions, and therefore, the Area is not subject to the statutory limit on the number of years in which tax increment revenues may be collected by the City.

#### **P. SEVERABILITY CLAUSE**

In the event one or more provisions contained in the Urban Renewal 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 other provision of this Urban Renewal Plan, and this Urban Renewal Plan shall be construed and implemented as if such provisions had never been contained herein.

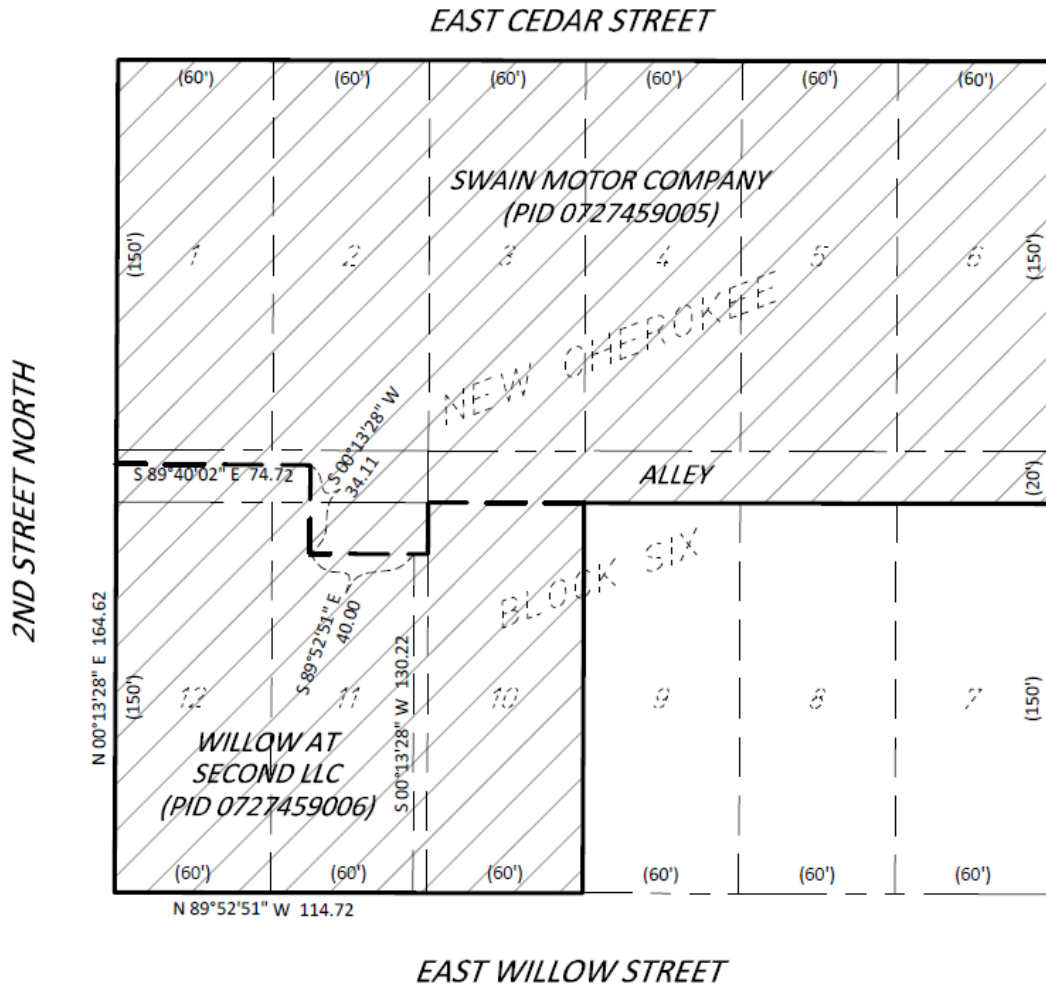
**EXHIBIT A**

**LEGAL DESCRIPTION OF WILSON SCHOOL URBAN RENEWAL AREA**

Lots 1, 2, 3, 4, 5, 6, 10, 11, 12, Block 6 and including the 20 foot alley lying east west through the middle of said Block 6, New Cherokee, in the City of Cherokee in Cherokee County, Iowa.

**EXHIBIT B**

**MAP OF WILSON SCHOOL URBAN RENEWAL AREA**



 **Wilson School Urban Renewal Area**

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