AMENDED AND RESTATED (2016) CRESCO URBAN REVITALIZATION PLAN

CITY OF CRESCO, IOWA

March 2016

Original Plan - 2008
Amendment No. 1 – 2011
Amended & Restated Plan– 2016

Amended and Restated (2016) Cresco Urban Revitalization Plan

The Cresco Urban Revitalization Plan ("Plan") for the City of Cresco ("City") was adopted in 2008. Amendment No. 1 to the Plan was adopted in 2011 and extended the expiration date of the Plan from January 1, 2012 to January 1, 2017. The Plan is now being Amended and Restated to, among other things, update the description of the Urban Revitalization Area, extend the duration of the Plan to December 31, 2021, add an exemption schedule for multi-residential property, amend the exemption schedules for residential and commercial property, and establish limitations if property is in an Urban Renewal Area. The City finds that these changes are in the best interest of the City insofar as they will provide Cresco with a long-term increase or stabilization in its tax base by encouraging rehabilitation or new construction which might not otherwise have occurred.

A. URBAN REVITALIZATION ACT

The Urban Revitalization Act, now Chapter 404, Code of Iowa, was enacted into law by the Iowa legislature in 1979. The Act is intended to encourage redevelopment and revitalization within a designated area by authorizing incentives to the private sector. Qualified real estate within the designated area may be eligible to receive a total or partial exemption from property taxes on improvements for a specified number of years. The primary intent of this act is to provide communities with a long-term increase or stabilization in their tax base by encouraging rehabilitation or new construction which might not otherwise have occurred.

Section 404.1 provides that the City Council may designate an area of the City as a revitalization area, if that area meets any one of the following situations:

1. "An area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and which is detrimental to the public health, safety, or welfare."

2. "An area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment

delinquency exceeding the actual value of land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, 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."

3. "An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use."

4. "An area which is appropriate as an economic development area as defined in Section 403.17." (Section 403.17, Subsection 10: 'Economic development area' means an area of a municipality designated by the local governing body as appropriate for commercial and industrial enterprises or housing and residential development for low and moderate income families, including single or multi-family housing.)

5. "An area or an area designated as appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single or multi-family housing."

B. DESIGNATION CRITERIA

With the adoption of this Plan, the City Council is designating the Cresco Urban Revitalization Area as being qualified under Subsections 4 and 5 of Section 1 of the Act. The Area is appropriate for public improvements related to housing and residential development or construction of housing and residential development, including single or multi-family housing. The Area is appropriate as an economic development area for commercial development. The Area is also appropriate for multi-residential development.

C. DESCRIPTION OF THE AREA

The Cresco Urban Revitalization Area (hereinafter referred to as "Area") includes all property located within the Cresco corporate limits as of March 21, 2016. Any property annexed into the City in the future shall automatically be included in the Area as of the effective date of the annexation.

D. OBJECTIVES

This Plan is prepared in conformance with Section 404.2 of the Code of Iowa for the purpose of providing incentives and outlining procedures to enhance the potential for commercial,

multi-residential, and residential development in Cresco. Planning goals include revitalizing the Area through the promotion of new construction on vacant land and rehabilitation of existing property, stabilizing and increasing the tax base, and providing overall aesthetic improvement.

E. EXISTING ZONING

Zoning classifications in the revitalization district include:

A	Agricultural
R-1	Single Family Residential
R-2	Light Density Residential
R-3	Medium Density Residential
R-4	Mobile Home Park
C-1	Commercial District
C-2	Central Business District
M-1	Light Industrial
H	Medical

F. EXISTING LAND USE

Existing land use categories are the same as the zoning classifications described above.

G. PROPOSED LAND USE

The revitalization Area is proposed for new and expanded commercial, multi-residential, and residential development in those areas that comply with the City's Zoning Ordinance.

H. CITY SERVICES

Plans to improve City services in the revitalization Area are outlined in the City's Strategic Planning and Goal Setting Report (on file at City Hall).

I. ELIGIBLE IMPROVEMENTS

Eligible property improvements, as used in this Plan, include rehabilitation and additions to any existing residential, multi-residential, and commercial structures located within the Area. In addition, new construction of residential, multi-residential, and commercial structures on vacant land or on land with existing structures is also eligible for tax abatement.

Actual value added by improvements, as used in this Plan, means the actual value added as of the first year for which the exemption was received. In order to be eligible for tax abatement, the increase in actual value of the property from the eligible property improvements must be at least 10%.

All improvements, in order to be considered eligible, must be completed in conformance with all applicable regulations for the City of Cresco and must be completed during the time the Area is designated as a revitalization area.

J. TIME FRAME

Property in the Area shall be eligible for tax abatement under the Plan until December 31, 2021. If, in the opinion of the City Council, the desired level of revitalization has been attained or economic conditions are such that the continuation of the exemption granted would cease to be of benefit to the City, the City Council may repeal the ordinance establishing the revitalization Area, pursuant to Section 404.7 of the Code of Iowa. In the event the ordinance is repealed, all existing exemptions shall continue until their expiration. The City reserves the right to extend, amend, terminate or repeal the Plan and/or the ordinance to the extent allowed by law.

K. EXEMPTIONS

Residential

All qualified real estate assessed as residential property is eligible to receive a one hundred percent (100%) exemption from taxation on the first seventy-five thousand dollars ($75,000) of actual value added by the eligible improvements. The exemption is for a period of three (3) years.

Multi-residential

All qualified real estate assessed as commercial property or multi-residential property if the commercial or multi-residential property consists of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes is eligible to receive a one hundred percent (100%) exemption from taxation on the actual value added by the eligible improvements. The exemption is for a period of three (3) years.

With the adoption of this Amended and Restated Plan, the City Council is terminating the Evans Home Assisted Living Revitalization Plan, and by separate action will be repealing Ordinance No. 375 which established the Evans Home Assisted Living Revitalization Area in the City of Cresco, Iowa. Any multi-residential project that has not been approved for exemption by the City Council under the Evans Home Assisted Living Revitalization Plan as of the date this Amendment is adopted will be limited to applying for an exemption under the Cresco Urban Revitalization Plan, as amended and restated.

Commercial
All qualified real estate assessed as commercial property is eligible to receive a one hundred percent (100%) exemption on the actual value added by the eligible improvements. The exemption is for a period of three (3) years.

L. APPLICATION PROCEDURES

Owners may submit a proposal for an improvement project to the City Council to receive prior approval for eligibility for a tax exemption on the project. The City Council shall give its prior approval if the project is in conformance with this Plan for revitalization. However, if the proposal is not approved, the owner(s) may submit an amended proposal for the City Council to approve or reject. Such prior approval shall not entitle the owner(s) to exemption from taxation until the improvements have been completed and found to be qualified for the exemption under this Plan.

An application, on the form provided by the City, shall be filed for each new exemption claimed. The Application shall be filed by the property owner with the City Council by February 1 of the assessment year for which the exemption is first claimed, but not later than the year in which all improvements included in the project are first assessed for taxation, or the following two assessment years, in which case the exemption is allowed for the total number of years in the exemption schedule. The City may allow a property owner to submit an application after the above deadlines subject to the discretion of the Council and the limitations outlined in Iowa Code Section 404.4.

If a project is started in one year and is not completed until the following year, the application should be submitted in the year the project is completed. Submitting an application based upon partial completion of the project may result in the award of a partial exemption, as explained in Iowa Code Chapter 404 and corresponding regulations.

M. APPLICATION REVIEW

The City Council shall, subject to review by the County Assessor, approve all applications submitted for approval if:

1. The project, as determined by the City Council, is in conformance with this Plan; and,

2. The project is located within the Area; and

3. The improvements were made during the time the Area was so designated.

The City Council will determine which exemption is applicable to the project (if any), subject to review by the County Assessor, based upon the terms of the Plan in effect when the application is reviewed and approved by the Council.

All approved applications shall be forwarded to the County Assessor for review, pursuant to Section 404.5 of the Code of Iowa. The County Assessor shall make a physical review of all properties with approved applications. The County Assessor shall determine the increase in actual value for tax purposes due to the improvements and notify the applicant of the determination, which may be appealed to the local board of review pursuant to Section 441.37 of the Code of Iowa. After the initial tax exemption is granted, the County Assessor shall continue to grant the tax exemption for the time period specified on the approved application. The tax exemptions for the succeeding years shall be granted without the owner(s) having to file an application for succeeding years.

N. OTHER SOURCES OF REVITALIZATION FUNDS

At the time the Plan was originally adopted in 2008, the City had two grants through the Department of Housing and Urban Development. One of the grants resulted in the rehabilitation of 9 single family homes which were occupied by low and moderate income families. The other grant helped to finance improvements to the City's sanitary sewer system.

At the time the Amended and Restated Plan was adopted in 2016, the City was not aware of a federal, state, or private grant or loan program likely to be a source of funding for residential improvements in the Revitalization Area other than a Northeast Iowa Regional Housing Trust Fund that assists individuals, community organizations, non-profit and for profit developers in rehabilitation, repair, and creation of projects that improve the condition of, or contribute to the development of both rental and owner-occupied affordable housing in Howard County through IFA grants/loans and local matches. It is not the intention of the City to prohibit the use of other appropriate federal or state revitalization or incentive programs within the Area. The City Council encourages all property owners to investigate other public and private funding sources for improvements to real property, and to apply to those sources which are applicable to the types of improvements being proposed.

O. RELOCATION PROVISIONS

The City does not anticipate the displacement or relocation of any persons, families, or businesses as a result of the improvements to be made in the Cresco Urban Revitalization Area. However, if activities resulting from a property owner's action to qualify for a tax exemption will result in a relocation or displacement, the following shall apply:

Upon application for and verification of eligibility for tax abatement to a property owner by the City, qualified tenants in a designated revitalization area whose displacement was due to action on the part of a property owner to qualify for said tax abatement under this

Plan shall be compensated by the property owner for one month's rent and for actual reasonable moving and related expenses. Qualified tenant, as used in this Plan, shall mean the legal occupant of a residential dwelling unit which is located within the designated revitalization area and who has occupied the dwelling unit continuously since one year prior to the City's adoption of this Plan in 2008.

P. OWNERS OF RECORD AND EXISTING ASSESSED VALUATIONS

Exhibit C to the Plan adopted in 2008 consisted of a list of the names, addresses, and assessed valuations for land and buildings of the owners of record of all real estate within the proposed Area. Exhibit C was on file at City Hall when the Plan was adopted in 2008.

Q. LIMITATIONS

The City also has or may adopt a tax increment financing program which is designed to provide incentives for development. Accordingly, a property that, in the determination of the City Council, is within an existing urban renewal area and is receiving either direct or indirect benefits that were financed through a City-sponsored tax increment financing program, shall not be eligible for tax abatement under the Cresco Urban Revitalization Plan absent specific approval from the City Council. If an application under this Plan is denied by the City Council because the property for which an exemption is requested is within an existing urban renewal area, the owner may reapply for benefits under this Plan for the same property if the property has subsequently been removed from the urban renewal area, provided the property remains in the designated Urban Revitalization Area and all other Plan requirements are met.

Improvements receiving funding from any other local, state or federal governmental program are only eligible for tax exemption under this Plan if specifically authorized by the City Council.

01214748-1\10349-088

APPLICATION FOR TAX ABATEMENT UNDER THE
URBAN REVITALIZATION PLAN FOR

CRESCO, IOWA

Date _____

_____ Prior Approval for Intended Improvements

_____ Approval of Improvements Completed

Address of Property: _____

Legal Description: _____

_____

Title Holder or Contract Buyer: _____

Address of Owner (if different than above): _____

Phone Number (to be reached during the day): _____

Property Use: _____Residential _____Multi-Residential _____Commercial

Nature of Improvements: ____New Construction ____Rehab/Addition ____General Improvements

Specify: _____

_____

Estimated or Actual Cost of Improvements: _____

Estimated or Actual Date of Completion: _____

If applicable, the name(s) of the tenants (if different than the owner) that occupied the property on November 3, 2008: _____

Signed: _____

Tax Exemption Schedule:

Residential: 100% exemption on the first $75,000 of actual value added for 3 years.

Multi-Residential/Commercial: 100% exemption of actual value added for 3 years.

FOR CITY USE:

CITY COUNCIL	Application Approved/Disapproved Reason (if disapproved)_____ _____ Date_____ Attested by the City Clerk_____
ASSESSOR	Present Assessed Value_____ Assessed Value with Improvements_____ Eligible or Non-eligible for Tax Abatement_____ Assessor_____ Date_____