

CITY OF HAMBURG, IOWA
URBAN RENEWAL PLAN
HAMBURG URBAN RENEWAL AREA

April, 2021

I. INTRODUCTION

Chapter 403 of the Code of Iowa authorizes cities to establish areas within their boundaries known as "urban renewal areas," and to exercise special powers within these areas. Urban renewal powers were initially provided to cities in order that conditions of blight and of deterioration within cities might be brought under control. Gradually, urban renewal has been found to be a useful tool, as well, for economic development in previously undeveloped areas and for retention of enterprises and jobs in other areas.

In order to facilitate the use of urban renewal for economic development, in 1985, the Iowa General Assembly amended Chapter 403 to authorize City Councils to create "economic development" areas. An economic development urban renewal area may be any area of a city which has been designated by the City Council as an area which is appropriate for commercial, industrial and/or residential housing enterprises and in which the city seeks to encourage further development.

As an additional expression of the role for local governments in private economic development, the General Assembly also enacted Chapter 15A of the Code of Iowa, which declares that economic development is a "public purpose" and authorizes local governments to make grants, loans, guarantees, tax incentives and other financial assistance to private enterprise. The statute defines "economic development" as including public investment involving the creation of new jobs and income or the retention of existing jobs and income that would otherwise be lost.

An investigation has been conducted the results of which indicate that conditions of blight, as described in Section 403.17(5) of the Code of Iowa exist on the property, as described on Exhibit A hereto, as a result of the deterioration of private properties, faulty land use and lot layout conditions, dilapidation and developing failure of public infrastructure and utility connections (the "Blighted Conditions"). The Blighted Conditions are further described on Exhibit B hereto. Furthermore the City Council has determined that need exists to undertake projects for the promotion of economic development on the property proposed for inclusion in the urban renewal area.

The process by which a blighted and economic development urban renewal area may be created begins with a finding by the City Council that such an area needs to be established within the City. An urban renewal plan is then prepared for the area, which must be consistent with the City's existing general plan for the development of the City. All other affected taxing entities must be notified and given an opportunity to comment on the plan. The City Council must hold a public hearing on the urban renewal plan, following which, the Council may approve the plan.

This document is intended to serve as the Urban Renewal Plan for the City of Hamburg's (the "City") Hamburg Urban Renewal Area (the "Urban Renewal Area") and will guide the City in alleviating Blighted Conditions and promoting economic growth through the encouragement of commercial, industrial and residential development in such area as detailed herein. This document is an Urban Renewal Plan within the meaning of Chapter 403 of the Code of Iowa and sets out proposed projects and activities within the Urban Renewal Area.

II. DESCRIPTION OF URBAN RENEWAL AREA

A description of all property (the "Property") that has been included within the Urban Renewal Area is attached hereto as Exhibit A.

III. URBAN RENEWAL OBJECTIVES

The primary objectives for the development of the Urban Renewal Area are:

1. To contribute to a diversified, well-balanced local economy by creating job opportunities and strengthening the property tax base.
2. To assist in providing land and resources for new and expanded commercial, industrial and residential development in a manner that is efficient from the standpoint of providing municipal services.
3. To stimulate through public action and commitment, private investment in commercial development, and to encourage commercial and industrial job retention, growth and expansion through the use of various federal, state and local incentives, including tax increment financing.
4. To provide municipal infrastructure, services and facilities that enhance possibilities for economic development and community attractiveness to private enterprise and alleviate the Blighted Conditions.
5. To undertake projects, both public and private, targeted at the alleviation of the Blighted Conditions.
6. To help finance the cost of streets, water, sanitary sewer, storm sewer, or other public improvements in support of new residential, commercial and industrial development.
7. To provide a more marketable and attractive investment climate.
8. To increase the number of affordable housing units in the City that are safe, attractive and comfortable.
9. To provide public facilities to enhance City services and enhance the economic attractiveness of the community.
10. To alleviate conditions of slum and blight in the Urban Renewal Area.

IV. URBAN RENEWAL PROJECTS AND ACTIVITIES

The following types of activities are examples of the specific actions which may be undertaken by the City within the Urban Renewal Area:

1. Preparation of plans related to the development and implementation of the Urban Renewal Area and specific urban renewal projects.
2. Construction of public improvements and facilities, including streets, public utilities or other facilities in connection with an urban renewal project.
3. Construction of buildings or specific site improvements such as grading and site preparation activities, access roads and parking, railroad spurs, fencing, utility connections, and related activities.
4. Acquisition, preparation and disposition of property for development and/or redevelopment.
5. Making available, as appropriate, financing for development projects, including conventional municipal borrowing and tax increment financing resulting from increased property values in the Urban Renewal Area.
6. Pursuant to state law, provision of direct financial assistance, including grants, loans and tax increment rebate agreements, to private persons engaged in economic development, in such form and subject to such conditions as may be determined by the City Council.

V. SPECIFIC URBAN RENEWAL PROJECTS

The City has determined to undertake the following initiative in the Urban Renewal Area as an economic development urban renewal project:

Name of Project: Hotel Development Project

Date of Council Approval of Project: April 12, 2021

Description of Project: A certain private developer (the "Developer") has proposed to undertake the construction of a new hotel (the "Hotel Project") on certain real property (the "Hotel Property") situated at 1215 Main Street in the Urban Renewal Area. It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the Hotel Project.

The costs of the Hotel Project will include legal and administrative fees (the "Admin Fees") in an amount not to exceed \$8,000 associated with the initiation, authorization and carrying out of the City's participation therein.

The Hotel Property has been identified by the City Council as a property that is both in need of blight alleviation and suitable for economic development initiatives. The Hotel

Property is currently vacant and at risk of further deterioration if it is not placed back into useful service. The Project will alleviate the Blighted Conditions and facilitate economic development in the Urban Renewal Area.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the Hotel Project.

Description of Properties to be Acquired in Connection with Project: It is not anticipated that the City will acquire real property in connection with the Hotel Project.

Description of Use of TIF: The City intends to enter into a Development Agreement with the Developer with respect to the construction and use of the completed Hotel Project and to provide an economic development grant (the "Grant") to the Developer thereunder. The Grant will be funded with either borrowed funds and/or an internal advance of City funds on hand. In any case, the City's obligation may be repaid with incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City's total commitment of incremental property tax revenues with respect to the Hotel Project will not exceed \$350,000 plus the Admin Fees.

VI. LAND USE PLAN AND PROPOSED DEVELOPMENT

Land use in the Urban Renewal Area will be carried out in a manner that will maintain consistency with the general plan for the physical development of the City.

VII. TAX INCREMENT FINANCING

In order to assist in the development or retention of private enterprises, the City may be requested to acquire land, construct public improvements or provide economic development loans, grants or other tax incentives for the benefit of private enterprises in order to enhance the value of property in the Urban Renewal Area. As part of the Urban Renewal Area, the City has adopted an ordinance to create a tax increment district (the "TIF District"), within which the property taxes eventually paid by new private development may be used to pay costs of urban renewal projects for these types of activities, including reimbursing the City or paying debt service on obligations issued by the City. The use of these tax revenues is known as tax increment financing ("TIF").

Depending upon the date upon which the TIF District is legally established and the date on which debt is initially certified within the TIF District, an original taxable valuation is established for the property within the TIF District, which is known as the "base valuation." The "base valuation" is the assessed value of the taxable property in the TIF District as of January 1 of the calendar year preceding the calendar year in which the City first certifies the amount of any debt payable from TIF revenues to be generated within that TIF District. When the value of the property inside the TIF District increases by virtue of new construction or any other reason, the difference between the base valuation and the new property value is the "tax increment" or "incremental value."

Procedurally, after tax increment debt has been incurred for the financing of improvements within the TIF District or for the payment of economic development incentives to private entities, property taxes levied by all local jurisdictions (city, county, school, area college) against the incremental value, with the exception of taxes levied to repay current or future debt incurred by local jurisdictions and the school district instructional support and physical plant and equipment levies, are allocated by state law to the City's tax increment fund rather than to each local jurisdiction. These new tax dollars are then used to pay principal and interest on any tax increment debt incurred or to pay the costs of projects in the Urban Renewal Area.

VIII. EFFECTIVE PERIOD

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect until it is repealed by the City Council. The collection of incremental property taxes in the Urban Renewal Area will continue for the maximum number of years authorized by Chapter 403 of the Code of Iowa unless otherwise determined by action of the City Council.

IX. PLAN AMENDMENTS

This Urban Renewal Plan may be amended in accordance with the procedures set forth in Chapter 403 of the Code of Iowa to, for example, change the project boundaries, modify urban renewal objectives or activities, or to carry out any other purposes consistent with Chapter 403 of the Code of Iowa.

X. FINANCIAL INFORMATION

CITY DEBT INFORMATION

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| 1. Current constitutional debt limit: | \$2,618,798 |
| 2. Outstanding general obligation debt: | \$ |
| 3. Proposed amount of debt to be incurred: | \$ 358,000 |