Council Communication

Department: Community Development Case No.: URV-25-005 Submitted by: Housing & Economic Development	Resolution No.: 25-	Resolution of Intent: 05/05/25 Planning Commission: 05/13/25 Public Hearing & First Reading: 06/09/25 Second Reading: 06/23/2025 Third Reading: Request to Waive

Subject/Title

Request: Amendment to add two additional subareas, Kanesville Subarea and Valley View South Subarea to the Amended and Restated Consolidated Urban Revitalization Plan.

Background/Discussion

Background

Chapter 404 of the Iowa Code authorizes a City to designate an area as an urban revitalization area. Improvements to qualified real estate within designated areas may then be eligible to receive a total or partial exemption from property taxes for a specified number of years. The exemptions are intended to stimulate private investment by reducing the tax increase that would normally result from making improvements to real estate property.

Urban revitalization tax abatement incentives can apply to residential, commercial and industrial development. Both new construction on vacant or unimproved land and rehabilitation of existing structures are eligible for tax abatement.

Staff has prepared an Amended and Restated Consolidated Urban Revitalization Plan-Amendment 2, including Kanesville Subarea and Valley View South Subarea, in accordance with Chapter 404 of the Iowa Code and has scheduled the matter for City Council consideration.

Discussion

City Council approved the Consolidated Urban Revitalization Plan April 22, 2024 with Ordinance 6603. The Consolidated Plan includes the 17 current Urban Revitalization Area Plans. City Council approved the Amended and Restated Consolidated Urban Revitalization Plan-Amendment #1 October 21, 2024 with Ordinance 6614. The Amendment added the 1St Avenue & 17th Street Subarea and extended the period of abatement for new construction multi-family housing developments. Community Development is proposing adding two additional Subareas.

Two updates are included in the Amended and Restated Consolidated Urban Revitalization Plan - Amendment 2:

1. Additional Area Added: The City is working with a developer that has plans of adding housing that would be available for rent to low and moderate income households. It is located east of interstate 80 and north of highway 6. The area is comprised of 57.43 acres, more or less, of land. If the Kanesville Subarea is approved, the project as proposed could be eligible for full exemption for 3 years or a sliding scale for 10 years from taxation.
2. Additional Area Added: The City is working with a developer that has plans of adding a commercial building. It is located east of Valley View Drive and west of interstate 80 between Franklin Avenue and McPherson Ave. The area is comprised of 2.73 acres, more or less, of land. If the Valley view South Subarea is approved, the project as proposed could be eligible for full exemption for 3 years or a sliding scale for 10 years from taxation.

Although Chapter 404 of the Iowa Code does not specifically require review by the City Planning Commission, staff believes that such review is appropriate.

Concurrent with the adoption of an urban revitalization plan, an ordinance establishing the urban revitalization area can be considered by City Council. Upon adoption of the area, the City is permitted to grant tax abatement to qualified projects. Staff specifically asks that the Commission consider the following:

- The proposed Kanesville Subarea and the Valley View South subarea furthers the goals of the City's Comprehensive Plan.
- The Kanesville Subarea and Valley View South Subarea are areas appropriate for urban revitalization designation as specified in Iowa Code Section 404.1.4, which discusses an area which is appropriate as an economic development area as defined in section 403.17. Provides that "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.

Recommendation

The Community Development Department recommends approval to add additional area, Kanesville Subarea and Valley View South Subarea to the Amended and Restated Consolidated Urban Revitalization Plan.

Attachments

Attachment A – Draft of the Amended and Restated Consolidated Urban Revitalization Plan
Attachment B – Boundary Map for Kanesville Subarea
Attachment C – Boundary Map for Valley View South Subarea

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