

**AMENDMENT NO. 1
TO THE
URBAN REVITALIZATION PLAN
FOR THE
EARLHAM URBAN REVITALIZATION AREA**

CITY OF EARLHAM, IOWA

INTRODUCTION

The City of Earlham, Iowa (“City”) adopted the Urban Revitalization Plan (“Revitalization Plan” or “Plan”) for the Earlham Urban Revitalization Area (the “Revitalization Area” or “Area”) by action of the City Council on August 13, 2018. The Plan replaced two prior urban revitalization plans, which had been adopted in 1989 and 2001 and had expired by their own terms on January 1, 1992 and March 12, 2006, respectively. The Plan was adopted to promote the continuation of revitalization of properties in the Area, by providing tax abatement on eligible improvements.

The City is amending the Plan with the adoption of this Amendment No. 1 to the Plan (“Amendment” or “Amendment No. 1”) to: (a) add a designation classification for the Revitalization Area; (b) update the Plan’s objectives to include commercial development; (c) add an exemption schedule for properties assessed as commercial and as industrial; (d) modify the exemption schedule for property assessed as multi-residential (given the elimination of the multi-residential property assessment category for assessments imposed on or after January 1, 2022); and (e) extend eligibility under the Plan.

Except as modified by this Amendment No. 1, the provisions of the Plan are hereby ratified, confirmed, and approved and shall remain in full force and effect as provided therein. All subsections of the Plan not mentioned in this Amendment shall continue to apply to the Plan and the Area. In case of any conflict or uncertainty, the terms of this Amendment No. 1 shall control and any parts of the Plan in conflict with this Amendment No. 1 are hereby repealed.

AMENDMENTS TO PLAN

This Amendment makes the following changes to the Plan:

1. The City originally designated the Revitalization Area as a revitalization area under the criteria of Iowa Code Section 404.1(2). With the adoption of this Amendment No. 1, the City is also designating the Revitalization Area under the criteria of Iowa Code Section 404.4. Accordingly, the “Designation Criteria” section of the Plan is hereby replaced in its entirety with the following:

DESIGNATION CRITERIA

Chapter 404 provides that the City Council may designate an area of the City as a revitalization area, if that area meets any of the criteria set forth in Section 404.1. Section 404.1(2) and Section 404.1(4) provide the following criteria, respectively:

2. “An area which by reason of the presence of 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.”

4. “An area which is appropriate as an economic development area as defined in Section 403.17.” [Section 403.17(10) 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.]

In accordance with Section 404.1(2) of the *Code of Iowa*, the City Council has designated the Revitalization Area as a blighted area, based on the finding of the following conditions in the Area:

- A substantial number of deteriorated and deteriorating structures,
- Unsanitary or unsafe conditions,
- Defective and inadequate street layout, and
- The existence of conditions which endanger life or property, and which substantially impairs the sound growth of the City, retards the provision of housing accommodations and constitutes an economic and social liability and is a menace to the public health, safety or welfare in its present condition and use.

Existing conditions in the Area, as surveyed in July 2016 as part of a blight assessment resulting in a final report issued January 2018, are consistent with the criteria necessary to verify a finding of blight pursuant to Section 404.1(2) of the *Code of Iowa*.

Additionally, with the adoption of Amendment No. 1 to the Plan, the City Council has designated the Revitalization Area as an area which is appropriate as an economic development area, consistent pursuant to Section 404.1(4) of the *Code of Iowa*.

2. The City is amending the Plan to include an exemption for properties in the Area that are assessed as commercial and as industrial. Accordingly, the first paragraph of the “Objectives” section of the Plan is being amended to include commercial and industrial property objectives and is hereby replaced in its entirety with the following:

OBJECTIVES

This Plan is prepared in conformance with Section 404.1 and Section 404.2 of the *Code of Iowa* for the purpose of providing incentives and outlining procedures to enhance the potential for residential, multi-residential, and commercial development and redevelopment in the City. The primary objectives of this Plan are as follows:

- Encourage rehabilitation of additions to and new construction of residential, commercial, and industrial properties through abatement of taxes on the value of the improvements.
- Improve economic conditions in the Area through blight remediation and by taking steps to enhance the general attractiveness of the Revitalization Area.
- Revitalize the Area and remediate blight through the promotion of new residential, commercial, and industrial construction on vacant land, rehabilitation of existing residential, commercial, and industrial property, stabilizing and increasing the tax base, and providing overall aesthetic improvement.

3. The City is amending the Plan to include an exemption for properties in the Area that are assessed as commercial. Accordingly, the “Proposed Land Use” section of the Plan is being amended to include commercial and industrial property objectives and is hereby replaced in its entirety with the following:

PROPOSED LAND USE

The Revitalization Area is proposed for new residential, commercial, and industrial development as well as rehabilitation of and additions to existing residential, commercial, and industrial buildings. These uses are in compliance with the City’s Zoning Ordinance.

4. The City is amending the Plan to include an exemption for properties in the Area that are assessed as commercial and as industrial. Accordingly, the “Eligible Improvements” section of the Plan is being amended to include commercial and industrial property and is hereby replaced in its entirety with the following:

ELIGIBLE IMPROVEMENTS

Qualified real estate under this Plan includes all applicable property assessed as residential, commercial, or industrial which is located in the designated Area and to which eligible improvements have been added during the time the Area was so designated. Eligible improvements, as used in this Plan, include rehabilitation of and additions to existing structures and new construction on vacant land or on land with existing structures located within the Area, if the actual value added by improvement satisfies the percent increase requirements in this Plan.

Actual value added by improvements, as used in this Plan, means the actual value added by eligible improvements as of the first year for which the exemption was received according to the tax assessment valuation determined by the Madison County Assessor. In order to be eligible for tax abatement, the increase in the actual value of the structure due

to the improvements, must be at least 10% if the property is assessed as residential, and at least 15% if the property is assessed as commercial or industrial. If more than one structure is located on the property, the 10% or 15% increase applies only to the structure or structures to which the improvements were made. If no structures were located on the property prior to the improvements, any percent increase in actual value added by improvements may qualify. However, increases in taxes because of the increased assessed value for land are not eligible for abatement.

All improvements, in order to be considered eligible, must be completed in conformance with all applicable regulations of the City. No abatement will be allowed unless a building permit has been issued by the City with respect to the project for which the abatement is requested, if a building permit is required for the improvements under City regulations.

5. The City is amending the duration of eligibility under the Plan until _____, 20____. Accordingly, the “Duration” section of the Plan is hereby replaced in its entirety with the following:

DURATION

The Area shall remain a designated area until December 31, 20____, such that improvements that are completed on or before December 31, 20____ may be eligible improvements under this Plan.

If, at any time, in the opinion of the City Council, the desired level of revitalization has been attained or economic conditions are such that the continuation of either or both of the exemptions granted would cease to be of benefit to the City the City Council may amend all, or certain provisions of this Plan, pursuant to Section 404.7 of the *Code of Iowa*. In the event the ordinance, or parts of the ordinance, are repealed, all existing exemptions shall continue until their expiration. In addition, the City may decide to extend this Plan’s duration in accordance with Chapter 404.

To further effectuate this change, in the “Approval of Applications” section of the Plan, the date of first full assessment required by third stated criteria for application approval (stated as January 1, 2024 in the original Plan) is hereby replaced with the following date:

January 1, 20____

6. The City is amending the Plan to include an exemption for properties in the Area that are assessed as commercial or as industrial. The City is also amending the multi-residential exemption schedule to reflect that, for property assessments imposed on or after January 1, 2022, the multi-residential property assessment category will no longer be used. Accordingly, the “Exemptions” section of the Plan is hereby replaced in its entirety with the following:

EXEMPTIONS

Residential

All qualified real estate assessed as residential property 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 five (5) years.

Commercial or Industrial

All qualified real estate assessed as commercial or industrial is eligible to receive an exemption from taxation on the actual value added by the eligible improvements, under one of the following schedules—to be selected by the applicant upon applying for the exemption:

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.

B) A declining exemption on the actual value added by the eligible improvements, in an amount equal to a percentage of the actual value added by the eligible improvements, as set forth below. The exemption is for a period of ten (10) years.

- i. For the first year, eighty percent (80%)
- ii. For the second year, seventy percent (70%)
- iii. For the third year, sixty percent (60%)
- iv. For the fourth year, fifty percent (50%)
- v. For the fifth year, forty percent (40%)
- vi. For the sixth year, forty percent (40%)
- vii. For the seventh year, thirty percent (30%)
- viii. For the eighth year, thirty percent (30%)
- ix. For the ninth year, twenty percent (20%)
- x. For the tenth year, twenty percent (20%)

Multi-residential (Prior to January 1, 2022)

All qualified real estate assessed prior to January 1, 2022 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 improvements constructed prior to January 1, 2022. The exemption is for a period of five (5) years.

7. For the sake of clarity, the City is amending the section of the Plan labeled “Residential Properties within Urban Renewal Areas” to clarify that the restriction on properties in urban renewal areas applies to all properties in the Revitalization Area, regardless of assessment category. Accordingly, the section of the Plan labeled “Residential Properties within Urban Renewal Areas” is hereby re-named and is replaced in its entirety with the following:

PROPERTIES WITHIN URBAN RENEWAL AREAS

In the future there may exist one or more Urban Renewal Areas (under Chapter 403 of the *Code of Iowa*) within the City establishing 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 Urban Renewal Area and is receiving either direct or indirect benefits that were financed through a tax increment financing program, shall not be eligible for tax abatement under this 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 Revitalization Area and all other requirements of this Plan are met.

EFFECTIVE DATE OF AMENDMENT

This Amendment No. 1 shall become effective upon adoption by the City Council (“Effective Date”). The new or modified exemptions contained in this Amendment shall only be available for improvements completed on and after the Effective Date, subject to the terms of the Plan, as amended. Applications submitted under this Plan following the Effective Date shall be eligible to apply only for those exemptions contained in the Plan, as amended by Amendment No. 1, subject to the terms of the Plan, as amended. All exemptions awarded prior to the Effective Date shall continue until their expiration.

The Plan, as amended, shall remain in effect until the City Council terminates and repeals the Plan and designating ordinance under the terms of the Plan and the provisions of Iowa Code Chapter 404.

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