



COMMUNITY DEVELOPMENT DEPARTMENT

City Hall - 215 Sycamore St
Muscatine, IA 52761-3840
(563) 262-4141
Fax (563) 262-4142

Planning • Zoning • Building Safety • Construction Inspection Services • Environmental Health Services • Housing Inspections • Code Enforcement

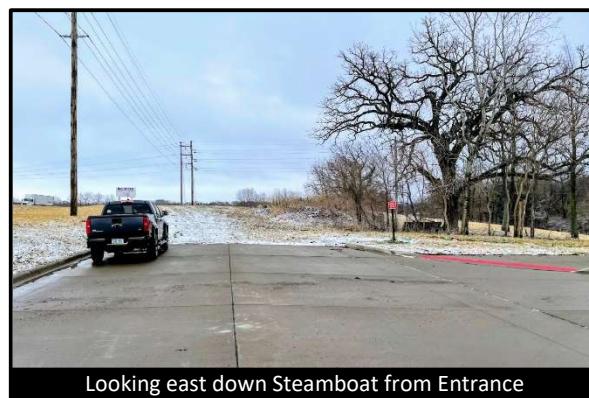
To: Mayor & City Council
CC: Carol Webb, City Administrator
From: Andrew Fangman, Assistant Community Development Director
Date: March 18, 2021
Re: Background Information on the Steamboat Apartments and Response to Concerns Raised by Area Residents

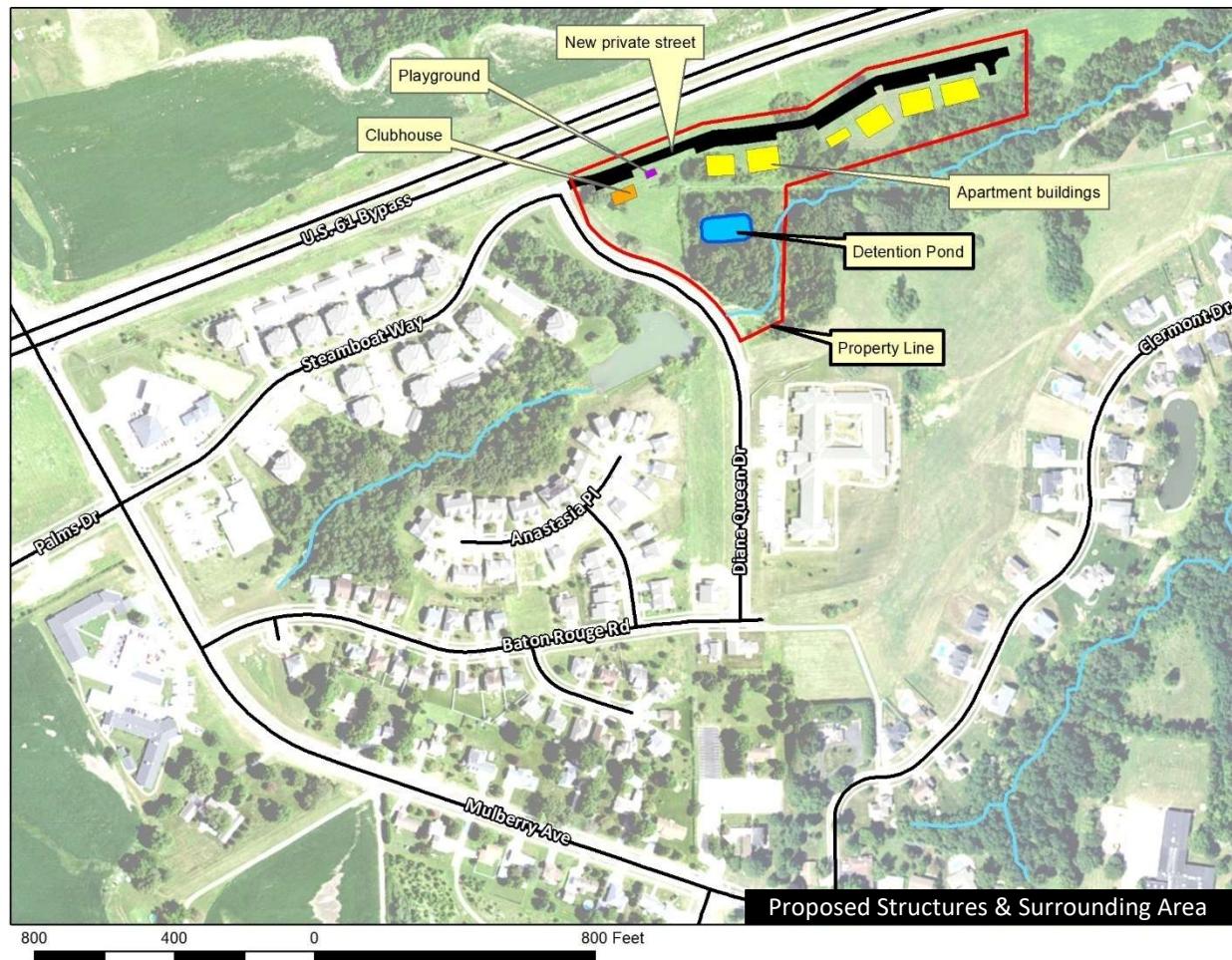
The Steamboat Apartments is a proposed 43-unit apartment complex by JNB Family 1, LP, and the Ales Foundation that will serve low and moderate incomred individuals. The Steamboat Apartments will contain a mix of one-bedroom and two-bedroom units, spread across five eight-unit buildings and one three-unit building. A clubhouse and playground are part of the proposed project. Renderings of the exterior appearance of the proposed buildings can be found on page 3 of this memo.

The development is on a 9.5-acre parcel, located at the northeast corner of the intersection of Steamboat Way and Diana Queen Drive. The development will be served by a new 1,300' private drive that will connect with the eastern end of Steamboat Way at the intersection of Diana Queen Drive and Steamboat Way.

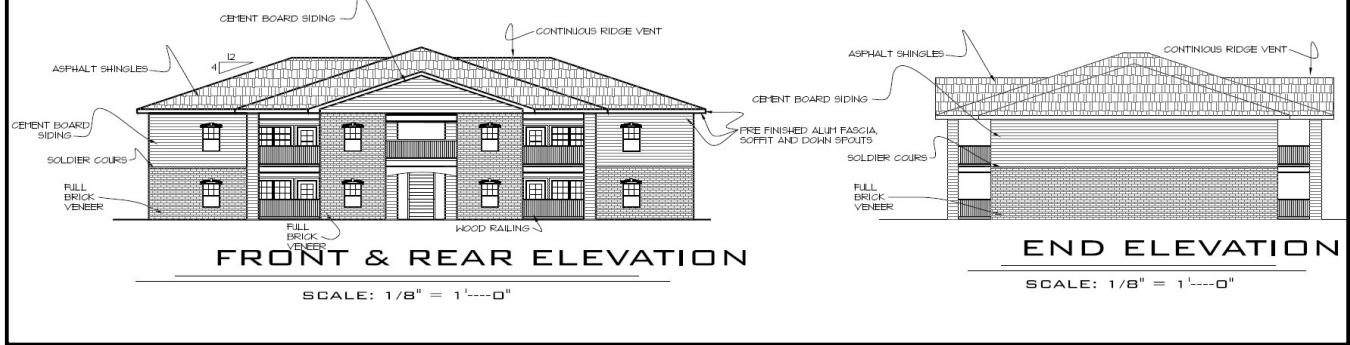
The map on the next page, shows the locations of the proposed improvements to the surrounding area. A more detailed concept plan can be found on page 4.

This project is partially funded through tax credits from the Iowa Finance Authority. As part of this funding the owners are required to sign and record an extensive set of restrictive covenants, covering topics such as: who is eligible to rent the dwelling units, property maintenance standards, methods and materials of construction of the units, amenities to be offered to residents of the development, and energy efficiency requirements.

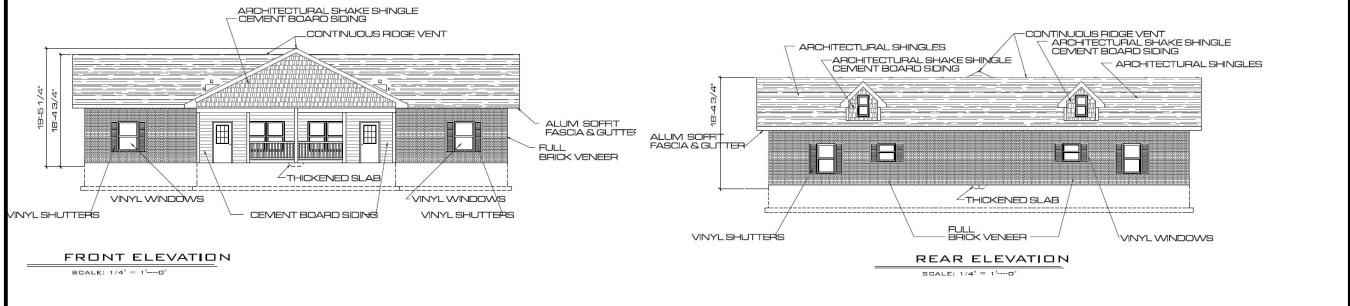




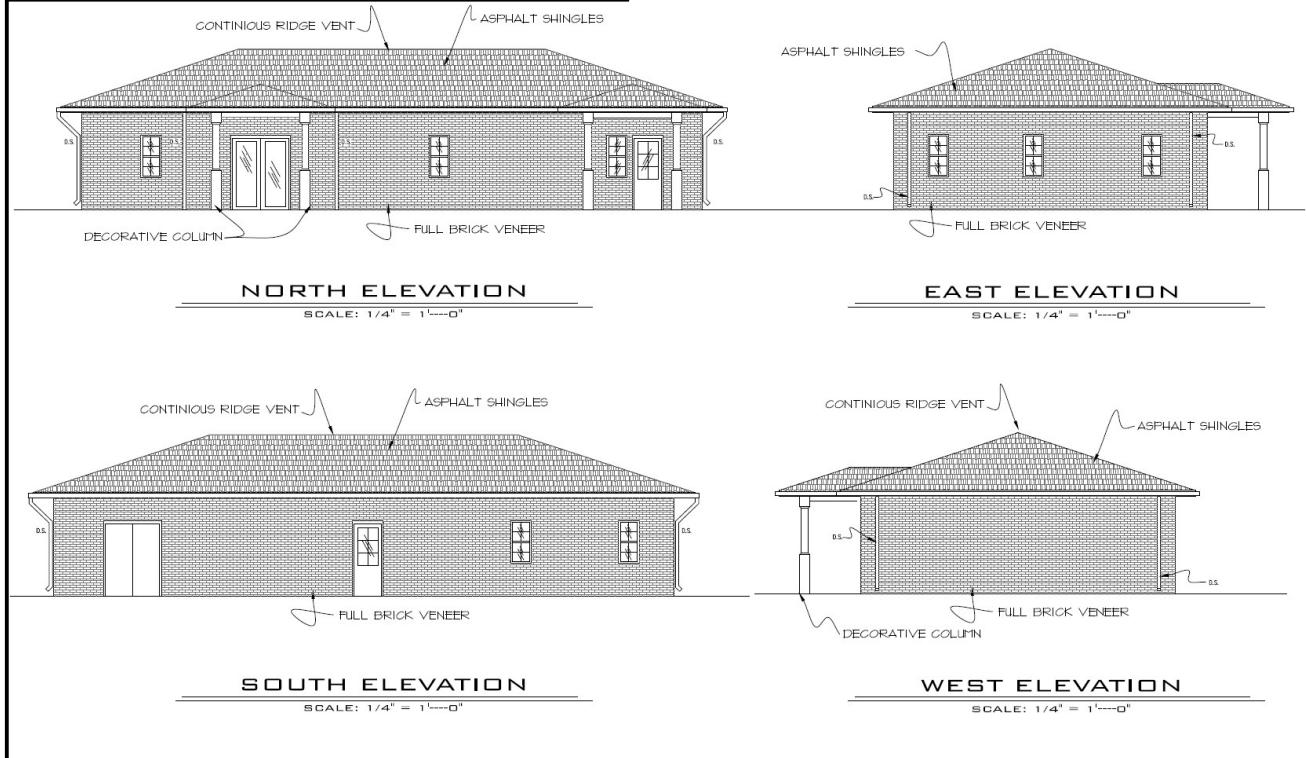
Renderings of eight-unit apartment buildings



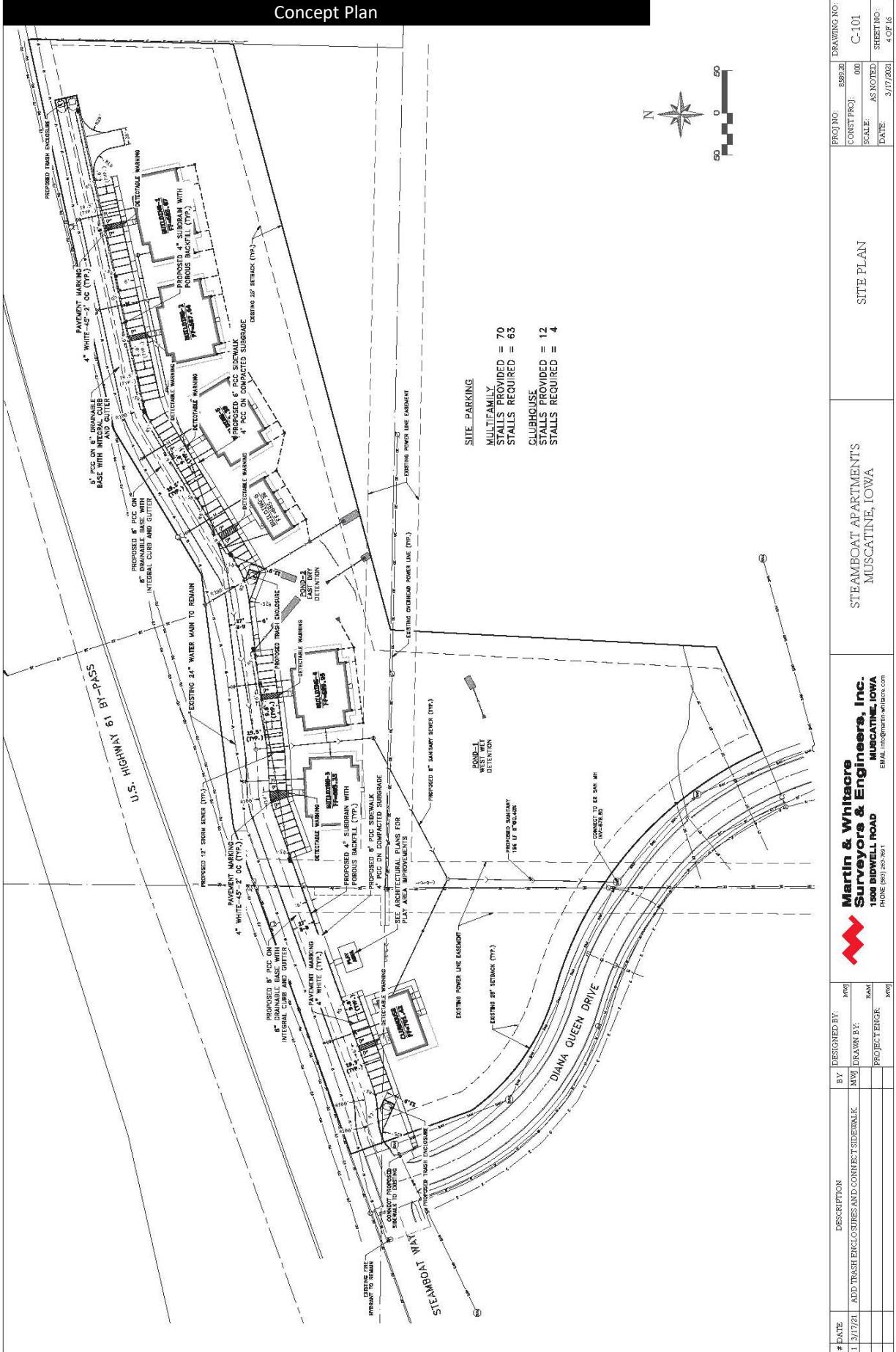
Renderings of three-unit apartment building



Renderings of club house



Concept Plan

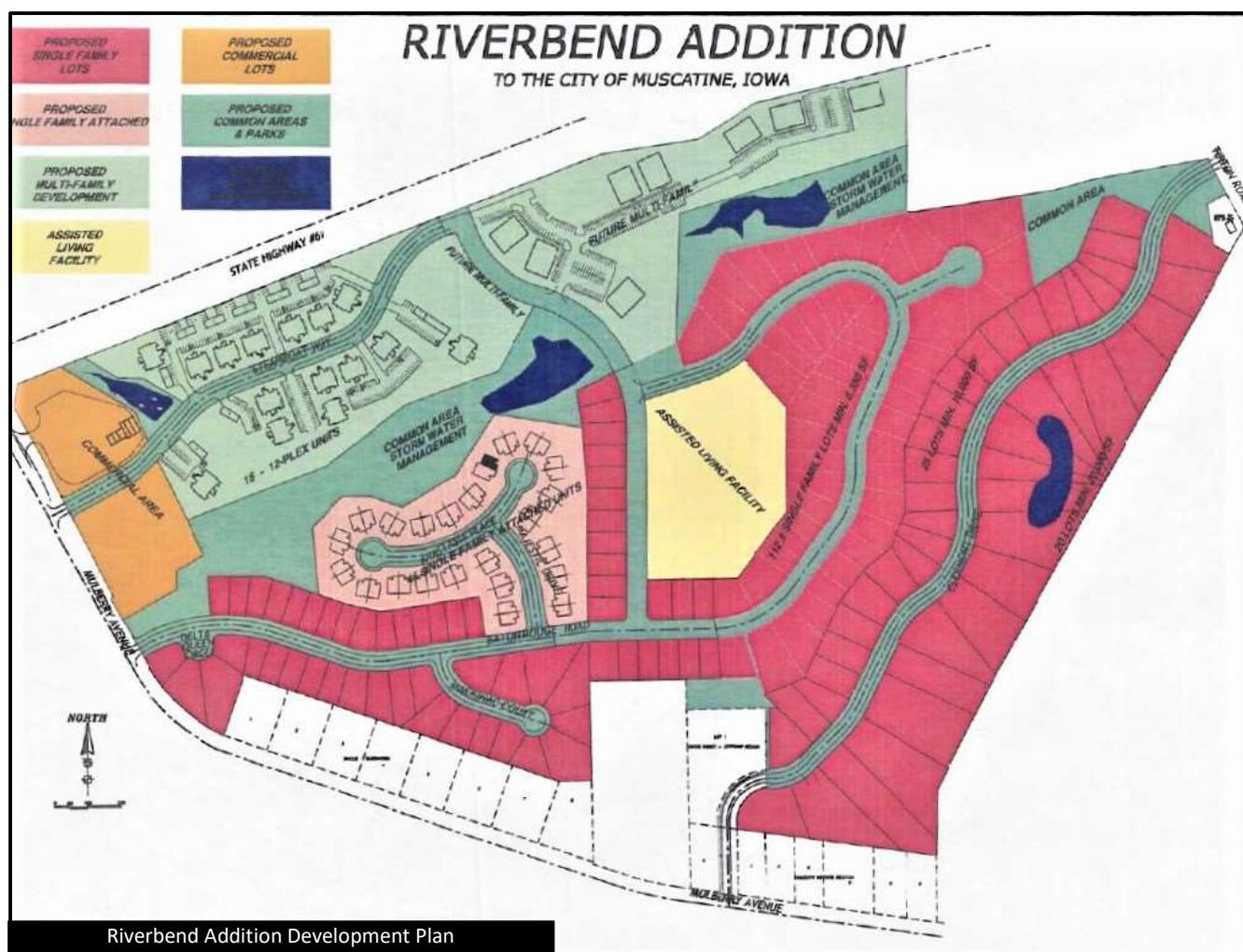


The development is located in the S-3 zoning district which allows for any use permitted in any residential zoning district or in the M-1 Light Industrial Zoning District, subject to the approval of a development plan that details the layout and uses of the subject property, by the Planning and Zoning Commission.

The initial development plan, submitted by Dovetail Development Inc. (the original developer of the Riverbend Addition), was approved in May of 2001. This development plan covered a large area, outlined in red in the map to the right, and laid out the long-term masterplan. At the time this area was undeveloped. Infrastructure was designed and constructed to accommodate development as shown in the approved

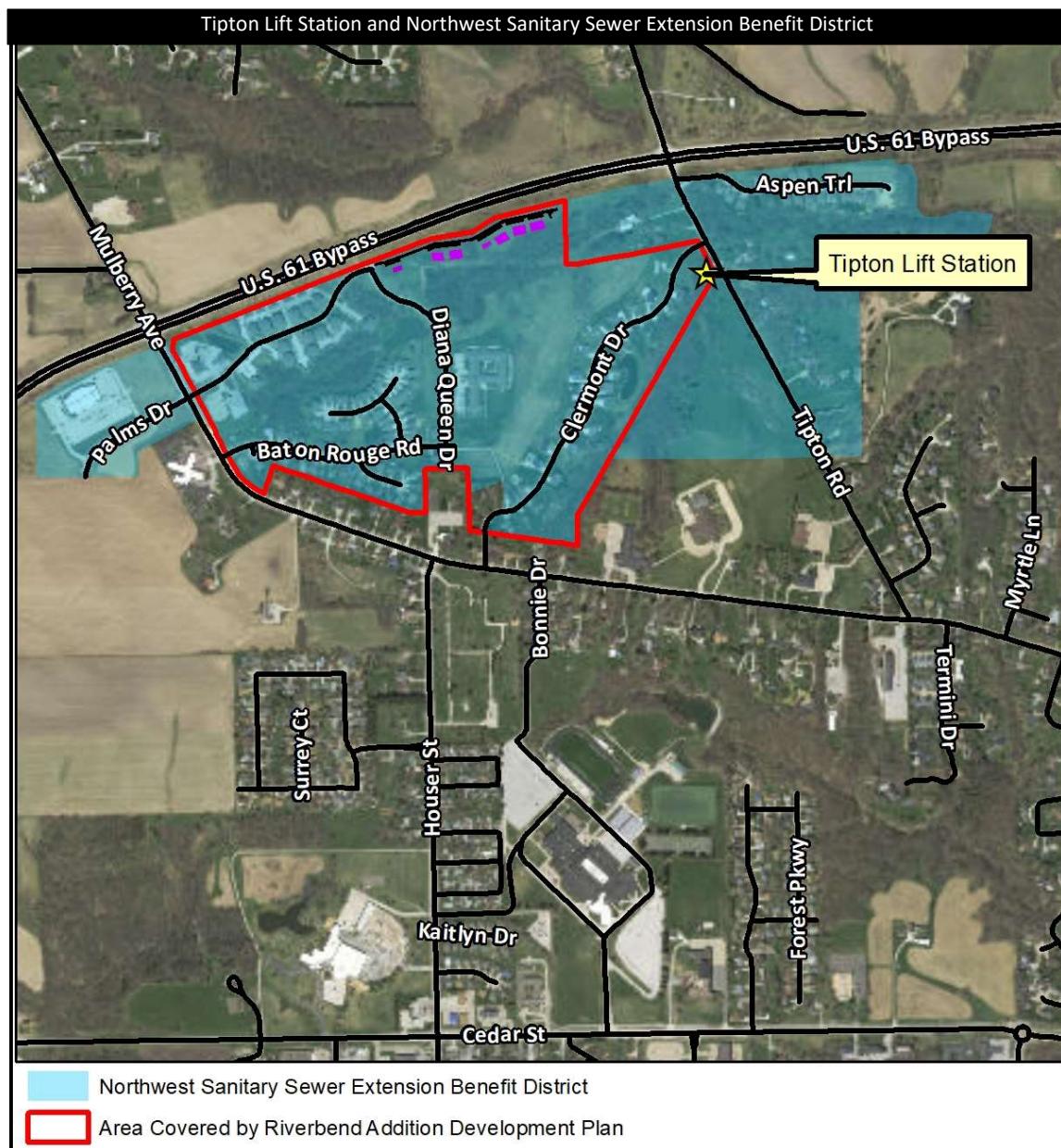
There were two major amendments to the original development plan. The first amendment in 2007 allowed the construction of Sunnybrook nursing home. The second amendment in 2016 allowed for the lots on the west side of Diana Queen Drive to be developed as attached single family dwellings.

The concept plan for the Steamboat Village Apartments conforms to the approved development plan.



Prior to the approval the development plan, in August of 2000 the City of Muscatine began construction on the Northwest Sanitary Sewer Project. This \$697,641 project resulted in the construction of a lift station and the associated force mains at the intersection of Tipton Road and Clermont Drive. This lift station is necessary for the area encompassed in the Riverbend Addition and beyond to be served by gravity sanitary sewers. The previous lack of this necessary sewer infrastructure had been inhibiting development in this portion of Muscatine.

In order to recover the cost invested in the Northwest Sanitary Sewer Project, in December of 2001 City Council established the Northwest Sanitary Sewer Extension Benefit District, encompassing all the undeveloped area within the City in which future development would make use of the Northwest Sanitary Sewer Project. A sanitary sewer connection fee, of \$1,370 per dwelling, was established for property within the benefit district. The intent of this connection fee is for each connecting property to pay its proportional share of the cost to the City of the Northwest Sanitary Sewer Project. In calculating what the fee should be, the assumption was made that this area would develop in accordance with the approved development plan. The sewer connection fee for the Steamboat Apartment will be \$58,910.



Between 2002 and 2005, Steamboat Way, Baton Rouge Road, and Mackinac Ct were constructed. Ten twelve-unit apartment buildings were built along Steamboat Way. Twenty-two single family homes developed on Baton Rouge Road and Mackinac Court.

In 2007, the approved development plan for the Riverbend Addition was amended to allow for the construction of Sunnybrook nursing home. Also in 2007, the final plat for the Riverbend 6th Addition was approved. This subdivision is a 40-lot subdivision, accessed via Baton Rouge Road, and includes the construction of Anastasia Place and Majestic Drive. Sunnybrook, and the first couple of homes on Anastasia Place and Majestic Drive were constructed in 2008.

In 2010, the developer of the Riverbend Addition had all their remaining unsold and undeveloped property foreclosed upon, the parcel upon which the Steamboat Apartment are to be built has remained in bank ownership since that time.

Also, in 2010 the City of Muscatine constructed a small 10' trail connecting the eastern end of Baton Rouge Road with Clermont Drive. The intent of constructing this trail was to create a safe route for children living in the Riverbend Addition to walk to Mulberry Elementary school, which is located, 850' east of the Mulberry/Clermont intersection on Mulberry Avenue.

In 2014 construction began on five, twelve-unit apartment buildings on the south side of Steamboat Way. As the construction of these 60 units was in compliance with the development plan adopted in 2001 no additional public approval or notice was required.

In the summer of 2015, the City of Muscatine extended Diana Queen Drive from the end of Steamboat Way to where the original developer had halted construction just north of Sunnybrook. This extension was made necessary by the 2016 Mulberry Avenue project, which included the reconstruction of the intersection of the Mulberry Avenue and Baton Rouge Road. Connecting Diana Queen Drive to Steamboat Way as originally planned for allowed the continued access to Baton Rouge Rd, Mackinac Ct, Majestic Drive, Anastasia Place, and Diana Queen Drive, while Mulberry/Baton Rouge intersection was closed.



Sidewalks were included as part of the extension of Diana Queen to ensure that students living on Steamboat Way could make use of the connector trail built by the City in 2010. Future residents of the Steamboat Apartments will also benefit from these investments in walkability. From the entrance of the Steamboat Apartments, it is only two-third of a mile walk to Mulberry Elementary School, all on sidewalk or trail, and only one street crossing which is at Clermont Drive.

In November of 2015, City Council passed a resolution supporting (through TIF financing), to a different developer, for an application to Iowa Finance Authority, for a project similarly sized to the Steamboat Apartment, that would have served low to moderate households. This application did not receive funding from the Iowa Finance Authority and was not built.

Then in November of 2017, City Council passed a resolution supporting, through TIF financing, an application by yet another developer to Iowa Finance Authority, for a project similarly sized to the Steamboat Apartment, that would have served low to moderate households. This application did not receive funding from the Iowa Finance Authority and was not built.

Beginning in February of 2020, City Council at a number of meetings took steps to consider and support the development of the Steamboat Apartments. It is important to note that because the proposed land use was fully approved by the City in 2001, recent City Council discussion is solely related to the City supporting the development through tax increment financing. Following is summary on City Council Action to date on the current project.

- **February 13, 2020**
 - Presentation at an in-depth meeting of City Council on project and request by Chris Ales for TIF support for this project.
- **February 20, 2020**
 - Resolution committing to support an application to the Iowa Finance Authority is approved by City Council.
- **March 5, 2020**
 - Revised resolution committing to support an application to the Iowa Finance Authority is approved by City Council.
- **June 18, 2020**
 - Request for a letter supporting an application to the Iowa Finance Authority for an award of HOME Funds is approved by City Council.
- **August 5, 2020**
 - Project is awarded funding from the Iowa Finance Authority



2019

- **February 4, 2021**
 - Resolution setting public hearing on development agreement is approved by City Council.
 - First reading of ordinance creating a TIF district is approved by City Council.
- **February 11, 2021**
 - Second reading of ordinance creating a TIF district is approved by City Council.
- **February 18, 2021**
 - Public hearing on development agreement is held by City Council.
 - Third and final reading of ordinance creating a TIF District is approved by City Council.
 - Resolution approving development agreement is tabled

Resident of Anastasia Place and Majestic Drive at the February 18th public hearing and afterwards brought a number of their concerns with the proposed development. Staff's response to the concerns listed below is on the following pages:

- Traffic impact resulting from the development of the Steamboat Apartment, particularly the impact on Baton Rouge Road
- Tree removal necessitated by the construction of the Steamboat Apartments might cause an increase of the impact of road noise from the U.S. 61 Bypass on residents of Anastasis Place and Majestic Drive.
- The development of an apartment complex for low to moderate income families will negatively impact the value of nearby single family homes.
- The use of Tax Incrementing Financing For this project, will causes property taxes to go up because public entities will not see gain from property taxes resulting from this project, but will still have to pay for services and infrastructure to serve residents of this projects.
- Recent projects have saturated the market for the type of housing that will be offered by the Steamboat Apartments, and as such there is no further demand for such projects.
- Proper notification of the proposed development was not given to nearby property owners.

Traffic impact resulting from the development of the Steamboat Apartment, particularly the impact on Baton Rouge Road.

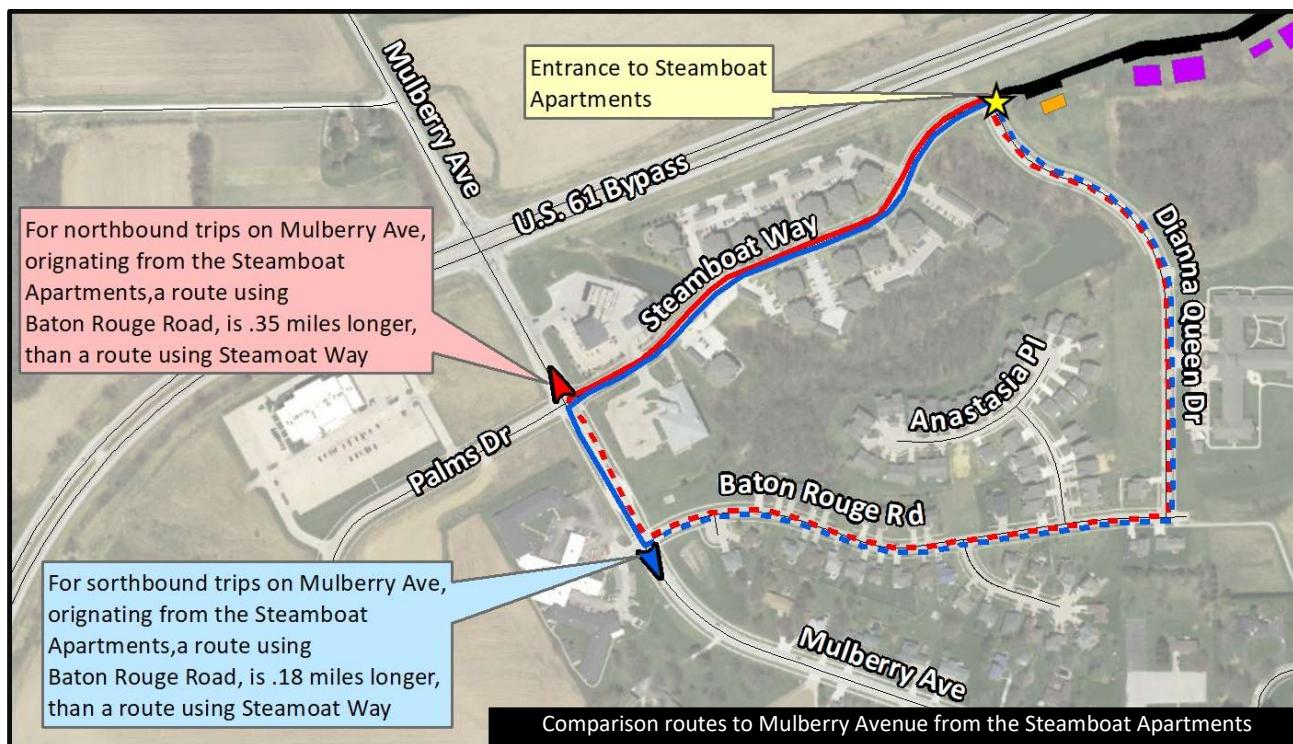
Based on the International Trip Generation Handbook, the Steamboat Apartments would be expected to generate an additional 24 trips during the pm peak hour, 20 trips during the am peak hour, and an average daily trip count of 312.

It can be expected that nearly 100% of the trips made from the Steamboat apartment will make use of Steamboat Way to access Mulberry Avenue, and not Baton Rouge Road. This is because Steamboat way is a shorter, more direct route to Mulberry Avenue. For northbound trips on Mulberry Ave, originating from the Steamboat Apartments, a route using Baton Rouge Road is .35 miles longer than a route using Steamboat Way. For southbound trips on Mulberry Ave, originating from the Steamboat Apartments, a route using Baton Rouge Road is .18 miles longer than a route using Steamboat Way.



On-street parking along Steamboat Way

Concern has been expressed that on street parking along Steamboat Way may at times restrict the free flow of traffic to the point that drivers may divert to Baton Rouge Road. This is unlikely as both Steamboat Way and Baton Rouge Road are 31 feet wide. However, on-street parking is prohibited along the southside of Steamboat Way, which leaves an adequate 22' of street for the free flow of two-way traffic. Steamboat Way will be able to handle this additional traffic. With the completion of the Steamboat Apartments, the land adjoining Steamboat Way will have developed as envisioned when Steamboat Way which was designed and constructed in a manner to support the level of development.



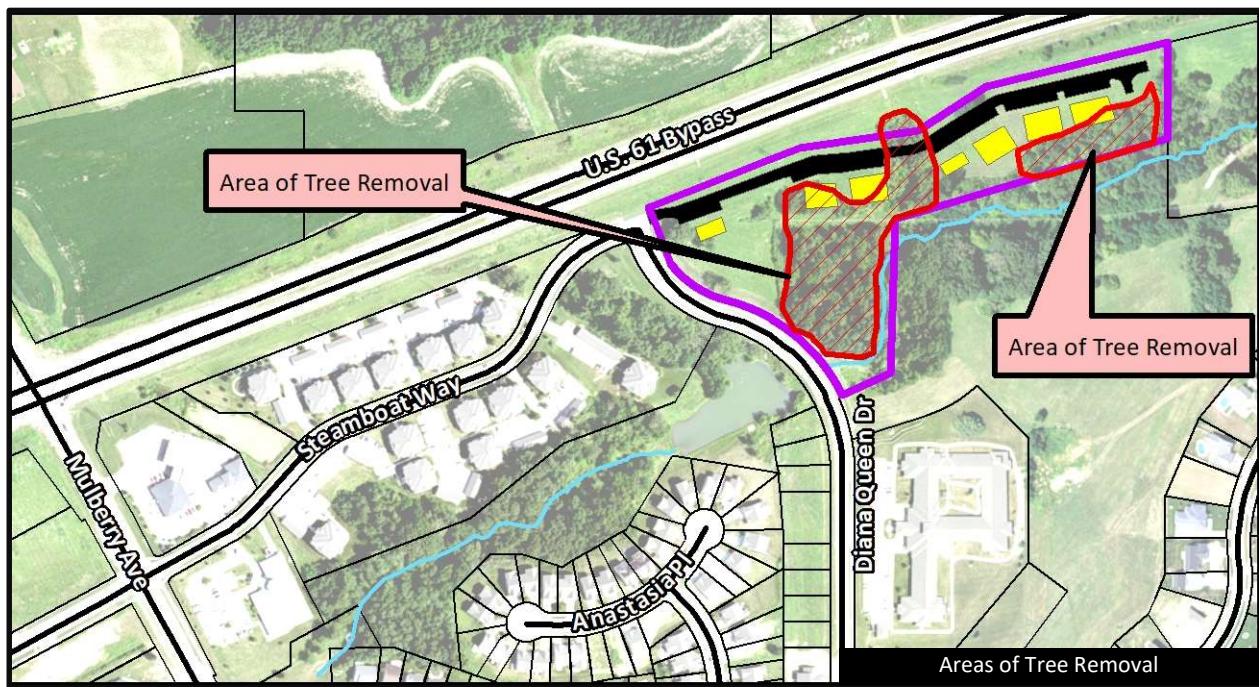
Comparison routes to Mulberry Avenue from the Steamboat Apartments

Tree removal necessitated by the construction of the Steamboat Apartments might cause an increase of the impact of road noise from the U.S. 61 Bypass on residents of Anastasis Place and Majestic Drive.

The majority of the heavily wooded area located directly south of the Steamboat Apartments is located on a parcel, not owned by the developer of the Steamboat Apartments, and as such will not be impacted by this development. There is a 200' wide section of wooded area where the installation of stormwater management features will require the removal of all trees currently standing between the Bypass and properties further to the south. However, the impact on road noise to properties further to the south is mitigated by two factors. The construction of two apartment buildings in this area will create a more solid noise barrier than the woodlands they replaced.

The Steamboat Apartment will include a small berm planted with conifers along the north side of the private drive serving this development. This was done to lessen impact of road noise on the residents of the Steamboat Apartments, but will also benefit properties further to the south.

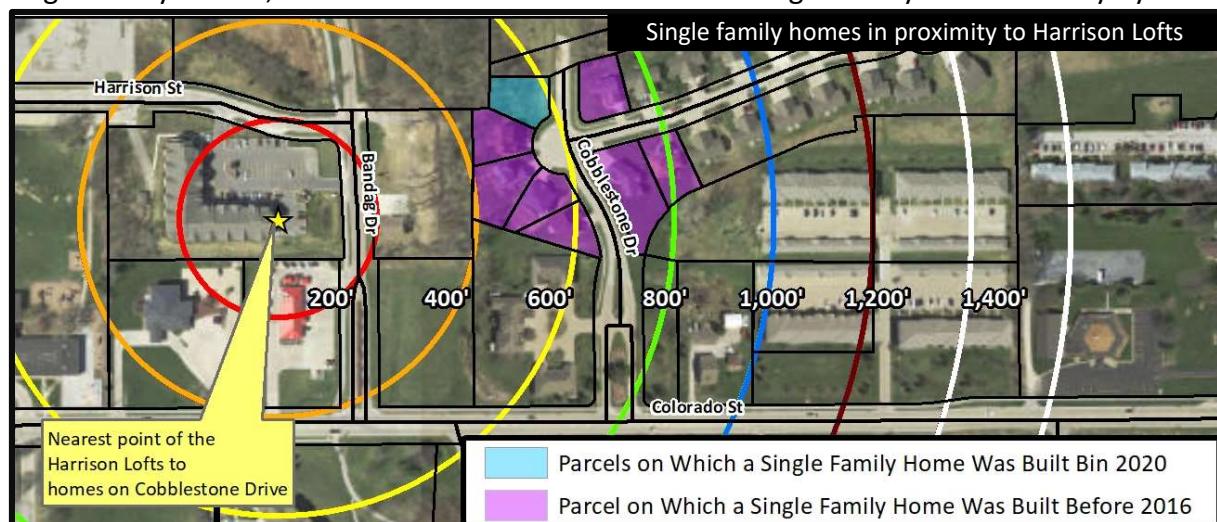
To further address concerns from area residents regarding the loss of trees as a result of this project, the Developer has agreed to install a line tree along their western property line, as it runs along Diana Queen Drive.



The development of an apartment complex for low to moderate income families will negatively impact the value of nearby single family homes.

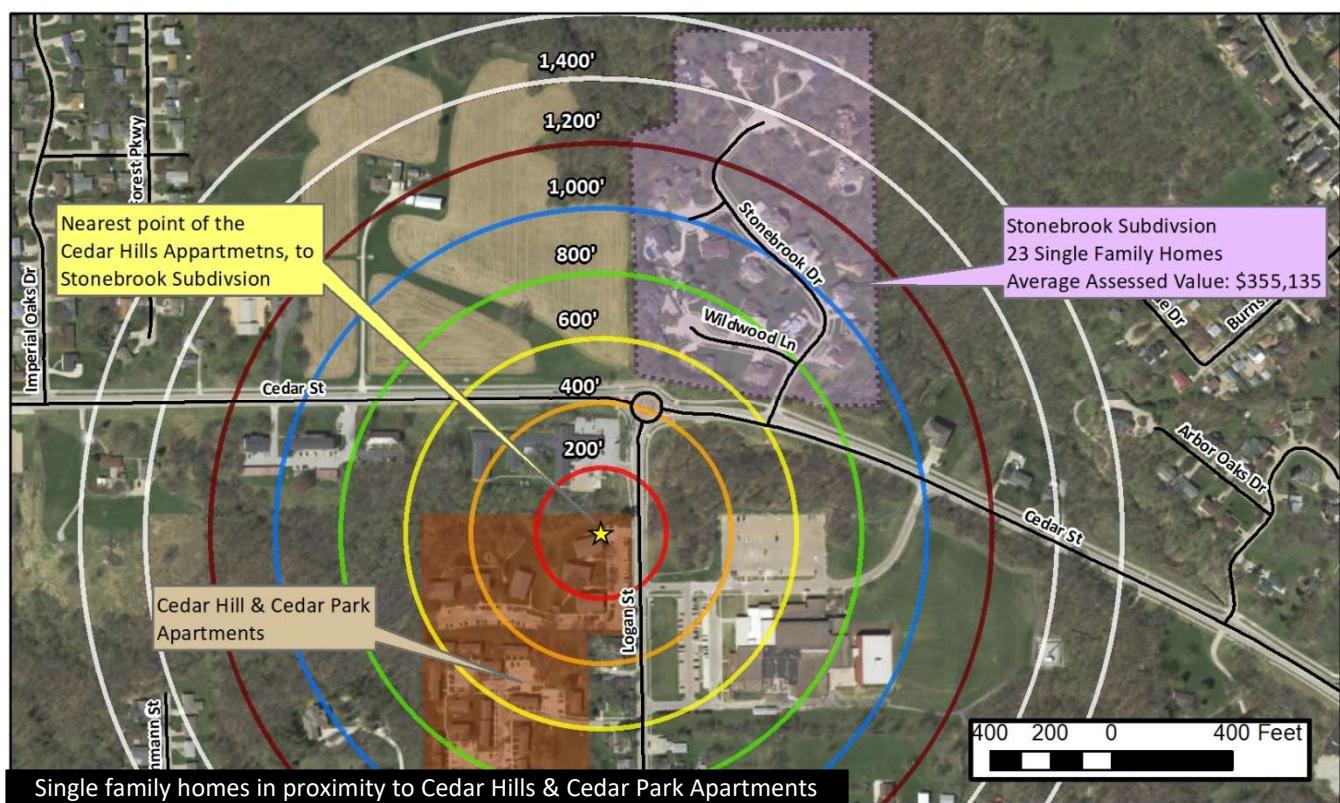
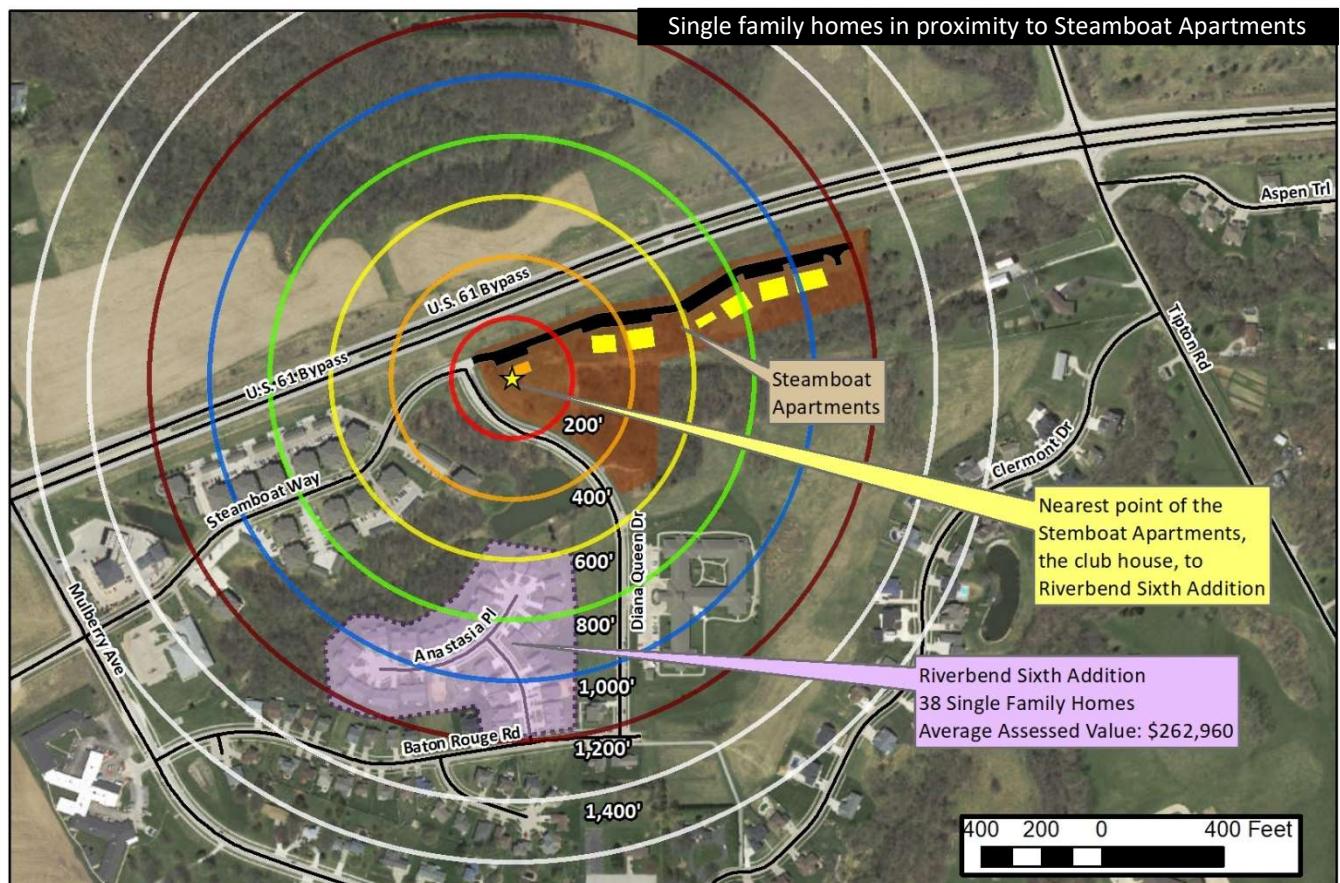
In the City of Muscatine there are four other apartment complexes, similar to the Steamboat Apartments, in which residence is restricted to low to moderate income families, but which do not do not also restrict residence to those 55 and older. Of these, three of these complexes are located in similar or closer proximity to single family homes than the Steamboat Apartments will be to the nearby single family homes in this area. These three, low to moderate income apartment complexes have not had a negative impact on the value of nearby single family homes.

The most recently constructed of these apartment complexes are the Harrison Lofts, which is a 50-unit apartment building located at 1716 Bandag Drive. Harrison Lofts was constructed in 2017. Within 800 feet of Harrison Lofts are eight single family homes, seven of which existed when Harrison Lofts were constructed. The assessed value of these five single homes increased by 14% between 2016 and 2020. The building permit for the home constructed in 2020, reported a structural value of \$291,000. The construction of Harrison Lofts did not reduce the value of nearby single-family homes, nor did it inhibit the construction of single-family homes nearby by.



The Cedar Hills Apartments, constructed in 1970, and the Cedar Park Apartments, constructed in 1981, are adjoining apartment complexes located across Logan Street from the Community Y, to which residence is restricted to low- and moderate-income families. The Stonebrook Subdivision, which is comprised of 23 single family homes, is located across Cedar Street from the Community Y, and is located in similar proximity to the Cedar Hills Apartments and Cedar Park Apartments, as the homes on Anastasia Place and Majestic Drive will be to the Steamboat Apartments, see diagram on next page. The Stonebrook Subdivision was platted in 1991, so all 23 homes constructed in this subdivision were done so with the knowledge that they would be located in close proximity to two apartment complexes in which residence is restricted to those families with low to moderate income. The averaged assessed value of a home in the Stonebook Subdivision is \$355,135, showing high value single family homes can and do exist in close proximity to apartment complexes in which residence is restricted to those families with low to moderate income.

The other apartment complex in Muscatine in which residence is restricted to those families with low to moderate income is Sunset Park, a City owned housing complex located between Kent-Stein Park and the Muscatine Soccer Complex. There are however no single-family homes in close proximity to Sunset Park.



The use of Tax Incrementing Financing For this project, will causes property taxes to go up because public entities will not see gain from property taxes resulting from this project, but will still have to pay for services and infrastructure to serve residents of this projects.

The proposed development agreement between the City of Muscatine and the developer of the Steamboat Apartments would rebate 70% of the annual incremental tax revenue generated by the project for 15 years, with the total rebate not exceed \$460,000. The development agreement also requires the developer's minimum investment of at \$9,500,000 in this project.

All this taken together is that even during the 15-year term of the development agreement, this project will result in increased revenue for all property tax collecting entities. There is no rebate paid on the portion of tax paid on the original assessed value of the property, or any debt service levy, which in the last fiscal year, between the City of Muscatine, Muscatine County, and the Muscatine County, accounting for just over 16% of the overall property tax levy paid by those owning property in the City of Muscatine. For the portion of the property tax levy that subject to rebate, the 30% retained by taxing entities on \$9,500,000 project is not insignificant.

This project will not result in any new public infrastructure as all proposed new infrastructure will remain private, and not the operation of the City to maintain. Additionally, this project leverages the numerous investments made over the past two decades by the City in infrastructure such as sewers, roads, sidewalks, and trails, in the Riverbend Addition area. These investments were made by the City to facilitate and encourage this area to develop as planned for in the approved development plan, which includes the development of this parcel as multi-family housing.

Recent projects have saturated the market for the type of housing that will be offered by the Steamboat Apartments, and as such there is no further demand for such projects.

Aside from the construction of Harrison Lofts in 2017, the last time a multi-family housing project was constructed in Muscatine, no multi-family housing project specifically for individuals with low to moderate income, but which not restricted to those over 55, has been built since the Sunset Park Apartments were complete in 1984. Residence in all other recently completed or soon to be constructed affordable housing projects, such Oak Park Apartments, the Colorado Senior Lofts, or the Grandview Seniors, is restrict to those over 55.

This need for non-age restricted affordable rental housing stock was a specific need identified in the Muscatine Housing Market Demand Study which was commissioned by the City of Muscatine and was completed in late 2017. Additionally, as part of their application to the Iowa Finance Authority for tax credit funding, the developer was required to provide a specific market demand study showing that there is demand with the community for their proposed project.

Proper notification of the proposed development was not given to nearby property owners.

City Code directs that notification of a public hearing be mailed to nearby property owners when the proposed action changes the legal rights to how a particular property owner could use or develop their property. These specific actions require a public hearing with prior written notice to all property owners within 200 feet of the subject parcel:

- Request to rezone a property
- Request to subdivide a property
- Request to approve or modify a development plan when a property is in a location where City Code requires an approved development plan
- A request to approve a conditional use permit
- A request to vacate public right of way
- Request to vacate an easement,
- Request for a variance from the zoning ordinance.

None of these actions are required at this time to develop the Steamboat Apartments, all such actions were taken in 2001. Because none of these actions need now be taken, there were no written notifications sent to property owners within 200' of the subject parcel.

The public hearing held by City Council on February 18, 2021, was specifically regarding the development agreement for tax increment financing, such action does not require specific mailed notification to nearby property owners. This is because a development agreement does not change how a person may legally use or develop their property.

