

URBAN RENEWAL PLAN AMENDMENT
MUSCATINE URBAN RENEWAL AREAS

May, 2011

The Urban Renewal Plans (the "Plan") for the Original Muscatine Urban Renewal Area, the Muscatine Downtown Urban Renewal Area, the South End Urban Renewal Area, the Northeast Urban Renewal Area, the Muscatine Mall Urban Renewal Area, the Highway 38 - Northeast Urban Renewal Area, and the 2010 Industrial Urban Renewal Area (collectively the "Urban Renewal Areas") are being amended for five purposes. First to consolidate the Urban Renewal Areas into a single Consolidated Muscatine Urban Renewal Area (the "Consolidated Area"). Second, to add new property to the Consolidated Area. Third to provide for the replacement of the urban renewal plans through the adoption of a new, Restated Urban Renewal Plan for the Consolidated Area. Fourth, to update and reaffirm findings of the need for economic development and/or slum and blight alleviation with respect to various properties within the Urban Renewal Areas. Finally the Plan is being amended to specifically identify new projects to be undertaken within the Consolidated Area. The Plan is hereby amended as follows:

A. The Urban Renewal Areas are hereby consolidated into a single urban renewal area to be named the Consolidated Muscatine Urban Renewal Area. The Consolidated Area shall be governed by a single urban renewal plan and shall have a single consolidated legal description. Nothing in this consolidating action shall be interpreted as interfering with the operations of the City's existing tax increment ordinances as provided for in Section 403.19 of the Code, and such ordinances shall continue in operation in full effect, and with the same "base valuations" as prior to the consolidating action. Nothing in this consolidating action shall interfere with the carrying out of any urban renewal projects undertaken prior to the adoption of this amendment, including the payment of costs and the repayment of debt incurred in connection therewith.

B. The legal description of the Consolidated Area, and thereby the Urban Renewal Areas, is by virtue of the adoption of this amendment, amended to include the following real property:

All real property in the City of Muscatine, County of Muscatine, State of Iowa as of May 1, 2011.

Nothing in this amendment shall interfere with the continued operations and cash flows from the tax increment financing districts that are pre-existing and have been established from time to time by ordinance of the City Council within the Urban Renewal Areas. To the extent that the City needs to add new property within the Consolidated Area to a tax increment financing district, the City Council shall take such action by the adoption of future ordinances.

C. The Restated Urban Renewal Plan, attached hereto as Consolidated Urban Renewal Area, shall, following the authorization of this Amendment, govern the urban renewal activities within the Consolidated Area, and the old plans are hereby replaced and consolidated

under the Restated Urban Renewal Plan. The old plans shall be retained as Exhibits to the Restated Urban Renewal Plan for interpretation and historical reference.

D. New urban renewal projects being authorized are stated within the Restated Urban Renewal Plan.

E. Reaffirmation of the findings of the need for economic development and/or slum and blight alleviation are stated within the Restated Urban Renewal Plan.

F. The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Outstanding general obligation debt of the City: \$ 18,470,000

Constitutional debt limit of the City: \$ 58,170,994

Proposed debt to be incurred in area to be added
to Urban Renewal Area: \$ 10,000,000

EXHIBIT A

RESTATED URBAN RENEWAL PLAN

**RESTATED URBAN RENEWAL PLAN
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA
CITY OF MUSCATINE, IOWA**

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 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 industrial, commercial and/or residential 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.

The process by which an 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 comprehensive or general plan. 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.

In 1996, the Iowa General Assembly again expanded the scope of urban renewal legislation relative to housing development in “economic development areas.” This legislation allows the use of tax increment financing (TIF) for housing projects beyond those that benefit only low and moderate income (LMI) families. Under the 1996 legislation, TIF can be used for any type of housing development as long as a percentage of the TIF revenues or funds from other sources, equal to or greater than the percentage of LMI families in the county, is set aside to help meet the housing needs on this group.

In 2011 the City of Muscatine consolidated the Original Muscatine Urban Renewal Area, the Muscatine Downtown Urban Renewal Area, the South End Urban Renewal Area, the Northeast Urban Renewal Area, the Muscatine Mall Urban Renewal Area, the Highway 38 - Northeast Urban Renewal Area, and the 2010 Industrial Urban Renewal Area (collectively the

“Urban Renewal Areas”) into a single area to be known as the Consolidated Muscatine Urban Renewal Area (the “Urban Renewal Area”). At the same time, the City amended the Consolidated Muscatine Urban Renewal Area to add new property, to provide for the replacement of the original urban renewal plans (the “Original Plans”) (attached hereto as Exhibit B) through the adoption of this new, Restated Urban Renewal Plan, to update and reaffirm findings of the need for economic development and/or slum and blight alleviation with respect to various properties within the Urban Renewal Area and to specifically identify new projects to be undertaken within the Consolidated Area.

The balance of this document is intended to be a Restated Urban Renewal Plan which complies with the provisions of Chapter 403 of the Code of Iowa and sets out proposed activities within the Consolidated Muscatine Urban Renewal Area (sometimes hereinafter the “Urban Renewal Area”). This Restated Urban Renewal Plan replaces the Original Plans, which shall be retained as an attachment for interpretation and historical reference.

II. DESCRIPTION OF URBAN RENEWAL AREA

A description of the real property included within the Urban Renewal Area is attached hereto as Exhibit A.

III. URBAN RENEWAL OBJECTIVES

Urban renewal activities are designed to provide opportunities, incentives, and sites for new industrial and commercial development within the Urban Renewal Area.

More specific objectives for development within the Urban Renewal Area are as follows:

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 for new and expanded commercial and industrial development.
3. To encourage commercial and industrial growth and expansion through the use of various federal, state and local incentives, including tax increment financing.
4. To stimulate through public action and commitment, private investment in new commercial and industrial development
5. To plan for and provide sufficient land for commercial and industrial development in a manner that is efficient from the standpoint of providing municipal services.
6. To help finance the cost of streets, water, sanitary, 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 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 infrastructure including streets, public utilities or other facilities connected with an urban renewal project. To the extent that the City undertakes the provision of tax increment financing support for public infrastructure related to the development of residential housing for economic development, the City shall comply with the requirements of Section 403.22 of the Code of Iowa.

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. Pursuant to state law, provision of direct financial assistance, including grants or loans, to private persons or entities engaged in economic development, in such form and subject to such conditions as may be determined by the City Council.

5. Making available, as appropriate, financing for development and redevelopment projects, including conventional municipal borrowing, tax increment financing and tax increment rebates resulting from increased property values in the Urban Renewal Area.

6. The undertaking and assistance with all manner of projects, public and private aimed at the alleviation of slum and/or blight conditions in the Urban Renewal Area.

V. URBAN RENEWAL PROJECTS

The initial purpose of this Urban Renewal Plan is to facilitate the use of tax increment financing and the construction of related public facilities and infrastructure in support of economic development throughout the Urban Renewal Area and the promotion of all manner of projects aimed at the alleviation of slum and/or blight conditions in the Urban Renewal Area. Nothing in the adoption of this restated urban renewal plan shall be interpreted to interfere with the carrying out of any urban renewal projects undertaken under the Original Plans, including the payment of costs and the repayment of debt incurred in connection therewith.

Urban renewal projects to be undertaken for the promotion of economic development shall include, but shall not be limited to:

1. All manner of public infrastructure projects for the furtherance of commerce and industrial, commercial and residential development.
2. All manner of financial assistance for the promotion of commercial and industrial enterprises and the provision of housing for families of low and moderate income.
3. Use of tax increment financing in support of the construction of a new municipal maintenance facility at Weed Park. The City Council has made the determination that this public facilities project is necessary to support the economic development of the Urban Renewal Area.
4. Use of tax increment financing in support of the construction of a new South End Fire Station Number 2. The City Council has made the determination that this public facilities project is necessary to support the economic development of the Urban Renewal Area.

VI. BLIGHT ALLEVIATION

The City has designated the properties (the "Blighted Properties") described on Exhibit C hereto as blighted properties as defined in Section 403.17. Under such provision *"Blighted area" means an area of a municipality within which the local governing body of the municipality determines that the presence of a substantial number of slum, deteriorated, or deteriorating structures; defective or inadequate street layout; faulty lot layout in relation to size, adequacy, accessibility, or usefulness; insanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; or the existence of conditions which endanger life or property by fire and other causes; or any combination of these 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. A disaster area referred to in section 403.5, subsection 7, constitutes a "blighted area". "Blighted area" does not include real property assessed as agricultural property for purposes of property taxation.*

The Blighted Properties have been found by the City of Muscatine to be a blighted area under the definition set forth above. Numerous factors were considered in making the determination that a substantial number and concentration of blighting factors to be present in this designated area.

1. Upon determination by the building official that a structure has deteriorated to a point where it endangers, life, limb, health, property, safety or welfare of the public or the occupant, a notice forbidding occupancy of the building, until the deficiencies are corrected, is posted. Of buildings in the City of Muscatine that are currently posted as unsafe to occupy, over 82% of them are located in the designated area.
2. Failure of property owners to clear snow and ice from the sidewalk on their property, as mandated by city code, creates unsafe conditions that are a menace to public health. If after being given a reminder of their duty to clear snow and ice from sidewalks a property

owner fails to do so, in order to maintain public health the city will hire a contractor to clear the snow and ice. Of the properties on which the City of Muscatine is regularly clearing snow and ice, approximately 70% of them are located in the designated area.

3. City code requires property owners to keep their property clear of noxious weeds and to keep grass trimmed. Noxious weeds if left unchecked constitute an economic liability to surrounding property owners. Grass and weeds left untrimmed, creates an unsafe condition that is a menace to public health by providing shelter for vermin. If after being given a reminder of their duty to clear noxious weeds and trim their grass, a property owner fails to do so, the city will in order to maintain public health hire a contractor to clear the weeds and trim the grass. Of the properties where the City is regularly cutting the grass and weeds, approximately 66% of them are located in the designated area.

4. Substantially delinquent taxes and concentration of substantially delinquent taxes is an indicator of blight. It is not unreasonable to assume that a property owner that lacks the interest or resources to pay their property taxes will unlikely be able take the actions necessary to maintain a property in a manner that is not detrimental to the health and general welfare of the public. Of properties in the City of Muscatine that owe more than \$1,000 in delinquent property taxes, 51.7% are located in the designated area.

5. Frequently more than one of blighting factors previously discussed is present on a single parcel. The occurrence of more than one of these factors is strong indication that the property is not being cared for, that it is having a negative impact on the public welfare and health of the surrounding area, and that without intervention by the City that the situation is likely to get worse. Of parcels that contain more than one of the previously discussed blighting factors, approximately 80% of them are located in the designated area.

6. Excessive levels of vacant residential units can serve as a good indicator of blight when combined with all the factors previously discussed. As the level of blight in an area increases the vacancy rate of an area also increases due to homes deteriorating to a unlivable or undesirable condition. The overall residential vacancy rate for the City of Muscatine is 8.3%, for the designated area it is 9.7%. However there are small areas that have significantly higher vacancy rates. Of the 49 census blocks in the City of Muscatine that have a vacancy rate between 20% and 75%, 83% of them were located in the designated area.

Based upon all of these factors the City Council has found that Blighted Properties meet the definition of a "blighted area" contained in Section 403.17(5) of the Code of Iowa, and the City Council shall continue to pursue policies and projects aimed at the alleviation and elimination of the conditions contributing to such blight.

VII. LAND USE PLAN AND PROPOSED DEVELOPMENT

The City's long range development plans for the Urban Renewal are matched to the City's general plan for development in the City and will be tailored to comply with the municipality's overall land use needs. All urban renewal activities within the Consolidated Muscatine Urban Renewal Area will be consistent with the City's comprehensive land use plans.

VIII. TAX INCREMENT FINANCING

One of the most significant and widely-used powers given to city councils and boards of supervisors under the Urban Renewal Act is the authority to utilize tax increment financing ("TIF"). TIF enables cities and counties to use the property tax dollars produced from new private development to pay for certain public improvements within an Urban Renewal Area, and to provide direct financial assistance to private persons or entities in order to further the goals of economic development.

In order to utilize TIF, a portion of the urban renewal area will be designated by ordinance as a TIF District. Depending upon the dates upon which the TIF District is legally established and debt is initially certified, the original taxable valuation within the TIF District will be established as the "base valuation." The "base valuation" will be the assessed value of the taxable property in the Urban Renewal Area and TIF District as of January 1 of the calendar year preceding the calendar year in which the County first certifies the amount of any debt payable from TIF revenues to be generated within the TIF District. When the value of the property inside the TIF District increases by virtue of new construction, the difference between the base valuation and the new property value is the "tax increment" or "incremental value."

After tax increment debt is incurred in order to finance improvements within the TIF District or to authorize the payment of economic development incentives to a developer, property taxes levied by all local jurisdictions (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 physical plant and equipment levy, will be allocated to the joint TIF District tax increment fund rather than to each local jurisdiction. These new tax dollars will be used to pay principal and interest on any tax increment debt incurred in the Urban Renewal Area.

Nothing in this Restated Urban Renewal Plan shall be interpreted or construed as interfering with the operations of the City's existing tax increment ordinances adopted in connection with the Urban Renewal Areas, as provided for in Section 403.19 of the Code, and such ordinances shall continue in operation in full effect, and with the same "base valuations" as prior to the adoption of this Restated Plan.

IX. PROPERTY ACQUISITION

The City will use its urban renewal authority for the potential acquisition of the properties described on Exhibit D hereto, such properties to be used in connection with the undertaking of urban renewal projects under this plan.

X. EFFECTIVE PERIOD

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect as a plan until it is repealed by the City Council. During the life of this plan, the City Council may designate all or any portion of the property covered by this plan as a "tax increment district." Incremental property tax collections will continue for the maximum period allowed by state law or, if sooner, until the City Council chooses to cease such collections.

XI. PLAN AMENDMENTS

This Urban Renewal Plan may be amended to include such things as a change in the project boundaries, to modify renewal objectives or activities, to add or change regulations for development of property, or for any other purposes consistent with Chapter 403 of the Code of Iowa, following a public hearing on the proposed change, in accordance with Chapter 403 of the Code of Iowa.

XII. CITY DEBT INFORMATION

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|----|---|----------------------|
| 1. | Current constitutional debt limit | <u>\$ 58,170,994</u> |
| 2. | Outstanding general obligation debt: | <u>\$ 18,470,000</u> |
| 3. | Proposed amount of debt to be incurred: | <u>\$ 10,000,000</u> |

EXHIBIT A
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA

All real property situated within the incorporated limits of the City of Muscatine, County of Muscatine, State of Iowa as of May 1, 2011.

EXHIBIT B
ORIGINAL URBAN RENEWAL PLANS

DOWNTOWN URBAN RENEWAL AREA

Created by Resolution No. 85551-0794 on July 21, 1994

Covers two areas – Downtown Urban Renewal Area & Industrial Connector Urban Renewal Area

Amended by Ordinance No. 86260-0796 on July 18, 1996 (removing certain properties)

SOUTHEND URBAN RENEWAL AREA

Amending Downtown Urban Renewal Area by Resolution No. 88833-0803 on August 21, 2003

HIGHWAY 38 – NORTHEAST URBAN RENEWAL AREA

Created by Resolution No. 86340-1096 on October 3, 1996 (20 years)

Amended by Resolution No. 90783-0409 on April 16, 2009 (expand area for R-O-W's)

Amended by Resolution No. 91468-1210 on December 2, 2010 (MCC/Oxbow)

MUSCATINE MALL URBAN RENEWAL AREA

Created by Resolution No. 89935-1206 on December 7, 2006 (20 years)

NORTHEAST URBAN RENEWAL AREA

Created by Resolution No. 88895-1103 on November 6, 2003 (20 years)

INDUSTRIAL URBAN RENEWAL AREA

Created by Resolution No. 91117-0110 on January 21, 2010 (Heinz – 20 years)

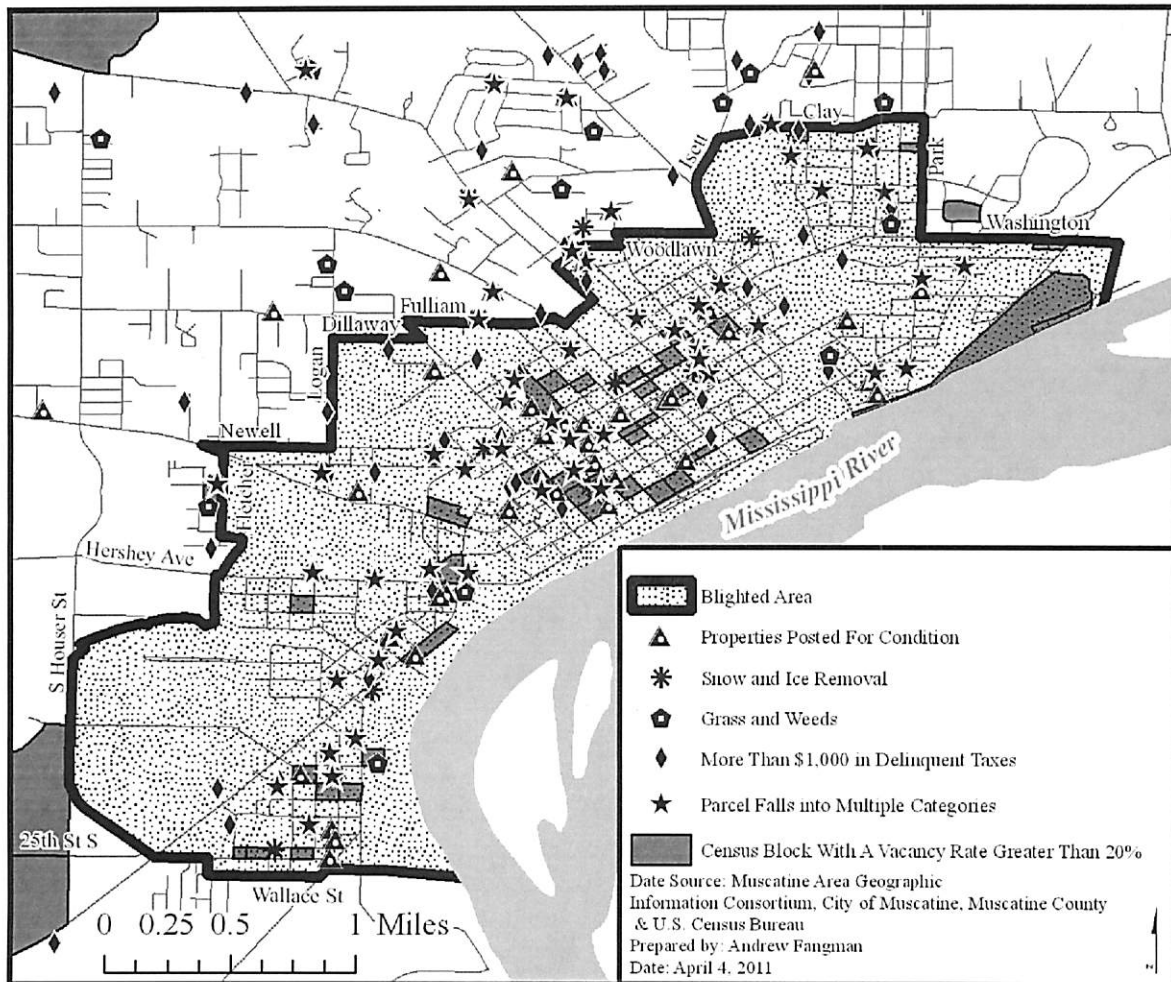
Copies of original plans are available at the Muscatine City Clerk's Office.

EXHIBIT C

DESCRIPTION AND MAP OF BLIGHTED PROPERTIES

That territory bounded by a line extended as follows: Beginning at a point at the center of the intersection of the main channel of the Mississippi River and an extension of the centerline of Kemper Avenue, thence westerly along the extension of the centerline of Kemper Avenue, thence westerly along the centerline of Kemper Avenue to the center of the intersection of Kemper Avenue and Stewart Road, thence southwesterly along the centerline Stewart Road to the center of the intersection of Stewart Road and Wallace Street, thence westerly along the centerline of Wallace Street to the center of the intersection of Wallace Street and Aaron Avenue, thence northerly along the centerline of Aaron Avenue to the center of the intersection of Aaron Avenue and Sampson Street, thence westerly along the centerline of Sampson Street to the center of the intersection of Sampson Street and 25th Street South, thence northwesterly along the centerline of 25th Street South until it becomes the centerline of South Houser Street, thence northwesterly and northerly along the centerline of South Houser Street to the center of the intersection of South Houser Street and the north bank of the Muscatine Slough, thence easterly along north bank of the Muscatine Slough to the center of the intersection of the north bank of the Muscatine Slough and an extension of the centerline of Charles Street, thence northerly along an extension of the centerline Charles Street to the center line of Charles Street, thence northerly along the centerline of Charles Street to the center of the intersection of Charles Street and Hershey Avenue, thence easterly along the centerline of Hershey Avenue to the center of the intersection of Hershey Avenue and Fletcher Avenue, thence northerly along the centerline of Fletcher Avenue to the center of the intersection of Fletcher Avenue and Lucas Road, thence northwesterly along the centerline of Lucas Road to the center of the intersection of Lucas Road and Newell Avenue, thence easterly along the centerline of Newell Avenue to the center of the intersection of Newell Avenue and Logan Street, thence northerly along the centerline of Logan Street to the center of the intersection of Logan Street and Dillaway Street, thence easterly along the centerline of Dillaway Street to the center of the intersection of Dillaway Street and Roscoe Avenue, thence northwesterly along the centerline of Roscoe Avenue to the center of the intersection of Roscoe Avenue and Fulliam Avenue, thence westerly along the centerline of Fulliam Avenue to the center of the intersection of Fulliam Avenue and Cedar Street, thence southeasterly along the centerline of Cedar Street to the center of the intersection of Cedar Street and Bartlett Street, thence northeasterly along the centerline of Bartlett Street to the center of the intersection of Bartlett Street and Mulberry Avenue, thence northwesterly along the centerline of Mulberry Avenue to the center of the intersection of Mulberry Avenue and Maple Avenue, thence northeasterly along the centerline of Maple Avenue to the center of the intersection of Maple Avenue and Oak Street, thence northwesterly along the centerline of Oak Street to the center of the intersection of Oak Street and Woodlawn Avenue, thence easterly along the centerline of Woodlawn Avenue to the center of the intersection of Woodlawn Avenue and Isett Avenue, thence northerly along the centerline of Isett Avenue to the center of the intersection of

Isett Avenue and Clay Street, thence easterly along the centerline of Clay Street to the center of the intersection of Clay Street and Park Avenue, thence southerly along the centerline of Park Avenue to the center of the intersection of Park Avenue and Washington Street, thence easterly along the centerline of Washington Street and then along an extension of the centerline of Washington Street to the intersection of an extension of Washington Street and the main channel of the Mississippi River, thence southwesterly along the main channel of the Mississippi River to the point of beginning.



**EXHIBIT D
PROPERTIES PROPOSED FOR ACQUISITION UNDER THE URBAN
RENEWAL PLAN**

(Reserved for Future Projects.)