City of Adel Urban Revitalization Plan

Overview of timeline and preparations.
As early as March 2010, staff and members of the development community presented general ideas for affordable housing initiatives.

Council directed staff to research the matter further and bring back specific plans or ideas regarding City involvement.

Several initiatives, all aimed at assisting the local housing market were first discussed. Including down payment assistance programs, loans (forgivable or otherwise) to either the developer or the consumer, and residential property tax abatement programs.

One key point was raised by our legal consultant - the City should not be in the driver’s seat on this issue. There is nothing the City can do to stimulate the larger economy.

Other points considered: a city may have little actual effect on the overall housing market, but can have influence on the edges. Is Adel and our little micro-economic world considered the edge? Perhaps.

As our legal counsel is fond of saying - a City’s role should be the tail and not the dog in residential housing.
Important dates in the process.

► Having said that, Iowa Code does allow for some tools to assist the residential market, some are riskier than others from a City finance perspective.

► Residential abatement programs are the tool of choice for many municipalities in Iowa.

► Iowa law says a city may implement up to a ten years, 100% abatement of residential property taxes. This is an abatement of all taxes, not just the city levy rate.

► Many cities will do less than ten years and may offer a sliding scale percentage discount. Five years at 100%, fourth year at 85%, etc.

► A city will only want to do what is necessary, but that is the challenge. What is that magical combination of years and percentages of discount?

► It is believed that if Adel is to implement a program; we should come out of the gate very aggressive for a shorter period of time.

► You agreed with this plan at your October and November 2010 regular meetings and set this public hearing.

► The City Council does have the option to consider a plan yearly. Whatever plan is implemented must be implemented for a minimum of one year but then may be amended or terminated.
The idea is to offer an aggressive tax abatement that no other city is currently offering and make the abatement available for residential construction that occurs in 2011, 2012 and 2013 so that there will be a sense of urgency to build immediately to qualify for the tax abatement and the city would realize an immediate surge in residential growth. If the growth is significant during those 3 years than the city would be positioned for commercial opportunities in 2013-2016 as it is believed that residential roof tops will drive commercial development.

- In order to stimulate immediate interest by a significant number people the City of Adel should create the following Tax Abatement Ordinance:
  - 7 year - 100% residential tax abatement for all owner-occupied single family and multifamily homes constructed in 2011.
  - 5 year - 100% residential tax abatement for all owner-occupied single family and multifamily homes constructed in 2012.
  - 3 year - 100% residential tax abatement for all owner-occupied single family and multifamily homes constructed in 2013.

We are also recommending a vehicle for attracting multifamily rental unit development and laid out a similar option as part of the URP:

- Commercial Multifamily Tax Abatement Ordinance if the property contains 75% or more space is utilized for living quarters.

For revitalization / existing home improvements and additions we are recommending the same abatement schedule if the value of the improvements equal or exceed 15% of the value of the home prior to the improvements being made.
The “Green” Factor.

► During the formulation process of the Plan it was proposed and discussed to incorporate some aspect that supported sustainable initiatives in this important piece of public policy.

► There are many examples of similar programs which incorporate green criteria and the advisory committee settled on reviewing the Iowa Green Streets program. Some key elements to that program have been included in the Adel Plan.

► Ultimately, 42 criteria ended up in the final version of the Plan. Council approved making it mandatory that eligibility hinge upon improvements achieving ten of the criteria.
  - Staff noted that two of the items are mandatory by applicable building codes or green best practices and that an additional seven of the criteria are required under the current building or energy codes.

► It is believed that by incorporating a sustainable component to the Plan, Adel is further setting itself apart from other communities as a Community of Choice.
The Plan covers the entire area defined by the Adel corporate limits so is not limited to one development area over another. In this way it is hoped that the entire community benefits by the increased number of new homes and by increasing the value of existing homes by providing an incentive for improvements to be made.

It may be that some of the improvements will be on land that is assessed as agricultural land.

It should be noted and considered that in our current corporate limits there is approximately 676 acres of undeveloped land in the current corporate limits or approximately 33%. This is precious little space for sustainable growth. It may be necessary for additional agricultural land to come out of production and be re-programmed for residential or other use. Although this is not an intentional act of the Plan it is anticipated the Plan will entice others to develop land currently in agricultural uses to become residential or other.

It is currently estimated that there are approximately 66 residential lots available in Adel - precious few for a mixed use sustainable growth model.

Improvements made on land currently in agricultural production will be limited to the best of our abilities and controlled by the Adel Planning and Zoning Commission.

To the extent the Planning and Zoning Commission has input in revitalization of land assessed as agricultural land, the Planning and Zoning Commission will ensure that use of agricultural land for revitalization purposes under this Plan follows all the City's zoning rules. The amount of land assessed as agricultural land in the City, when that amount is compared to the amount of agricultural land in the County, is minimal and use of such land is necessary to accomplish the objectives of this Plan, as set out above.
Land available for development within the corporate limits of Adel.
I asked several of those who provided input to define benefits for the City if a program as outlined above were implemented by council. Their comments included benefits that were actually far more reaching than simply helping Adel realize residential housing activity, they also noted:

- This program would help the schools by potentially bringing more children to the District.
- Help with property valuations in the City and School District.
- Aid in continued community revitalization by providing incentive for existing home improvements.
- More roof tops mean more commercial business relocation, development, creation.
- May have a trickle down effect on the economy through building supplies and materials purchased locally.
- Why not do it? Seems to be little risk for the community and City.
In Conclusion.

City Elected Officials, staff and members of the business, banking, development, and real estate communities have worked diligently and prudently in proposing this Urban Revitalization Plan and have counted the costs in planning and guiding the future of our community.

- This plan is for a short, defined period of time and is reviewable and adjustable by the City Council at the end of one year of implementation.