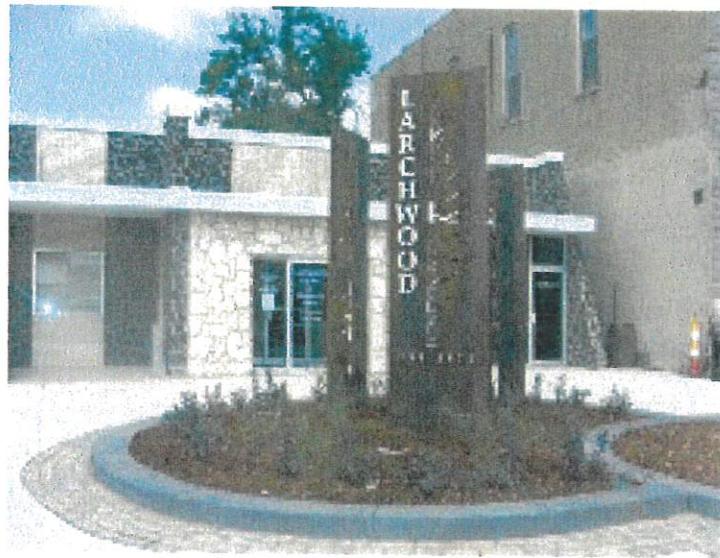


CITY OF LARCHWOOD IOWA



RESIDENTIAL TAX ABATEMENT

2016 Urban Revitalization Plan

Prepared with the assistance of
Northwest Iowa Planning
& Development Commission

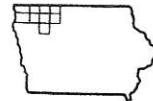


TABLE OF CONTENTS

Section 1. URBAN REVITALIZATION ACT	2
1.1 Authorizing Legislation	
1.2 Designation Criteria	
Section 2. STATEMENT OF PURPOSE	3
2.1 Resolution of Necessity	
2.2 Urban Revitalization District Designation	
2.3 Purpose and Plan Goal	
2.4 Plan Objectives	
Section 3. DESCRIPTION OF RESIDNETIAL URBAN REVITALIZATION AREA	4
3.1 Urban Revitalization Area Description	
3.2 Existing Assessed Valuations and Owners of Record of Real Estate in Urban Revitalization AREA	
3.3 Existing Zoning of Urban Revitalization Area	
3.4 Existing and Future Land Use	
Section 4. PROPOSED EXPANSION OF CITY SERVICES.....	5
Section 5. STATEMENT OF APPLICABILITY OF REVITALIZATION	5
5.1 Applicability	
5.2 Terms of Residential Revitalization Benefits	
Section 6. RELOCATION PROVISIONS.....	6
Section 7. INCREASE IN ACTUAL VALUE REQUIREMENTS.....	6
7.1 Qualified Real Estate	
7.2 Improvements	
7.3 Improvements on Agricultural Land	
7.4 Actual Value Added by the Improvements	
7.5 Increase in Value Added Requirement	
Section 8. TAX EXEMPTION SCHEDULE	7
Section 9. OTHER SOURCES OF FUNDING.....	7
9.1 Property Owners Encouraged	
9.2 State and Federal Assistance	
Section 10. APPLICATION PROCEDURE	8
10.1 Application filed	
10.2 Contents of Application	
10.3 City Council Approval	
10.4 City Council Forwarding Approved Applications	
10.5 Determination by County Assessor	
10.6 New Structures	
10.7 Notification by the Assessor	
10.8 Succeeding Years of Tax Exemption	
Section 11. PRIOR APPROVAL BY CITY COUNCIL.....	9
ATTACHMENTS	
A. LARCHWOOD RESIDENTIAL URBAN REVITALIZATION AREAS SITE MAP	
B. LISTING OF ALL RESIDENTIAL REAL ESTATE PARCELS WITHIN THE URBAN REVITALIZATION AREA	
C. RESOLUTION OF NECESSITY	
D. PUBLIC HEARING NOTICE	
E. LETTER TO RESIDENTIAL PROPERTY OWNERS FOR PUBLIC HEARING	
F. RESOLUTION ADOPTING THE LARCHWOOD RESIDENTIAL URBAN REVITALIZATION PLAN	
G. ORDINANCE DESIGNATING LARCHWOOD RESIDENTIAL URBAN REVITALIZATION AREA	
H. SAMPLE RESIDENTIAL TAX ABATEMENT APPLICATION AND REVIEW FORMS	

SECTION I. URBAN REVITALIZATION ACT

1.1 AUTHORIZING LEGISLATION.

The Urban Revitalization Act, Chapter 404, Code of Iowa, was enacted into law by the Iowa legislature in 1979. The Act is intended to encourage redevelopment and revitalization within a designated area by authorizing incentives to the private sector. Qualified real estate within a designated Residential Urban Revitalization Area (hereinafter referred to as the "Area") may be eligible to receive a partial exemption from property taxes on improvements for a specified number of years. The primary intent of this bill is to provide cities with a long-term increase or stabilization in their tax base by encouraging rehabilitation or new construction which might not otherwise occur.

1.2 DESIGNATION CRITERIA.

Section 404.1 of the Iowa Code provides that the city council may designate an area of the city as a Residential Urban Revitalization Area, if that Area meets any one of the following situations:

- a. An area in which there is a prominence of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conductive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and which is detrimental to the public health, safety, or welfare.
- b. An area which by reason of the presence of a 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 the 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.
- c. An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.
- d. An area designated appropriate as an economic development area as defined in Section 403.17. Section 403.17.10 "Economic Development Area" means an area of a municipality designated by the local governing body as appropriate for commercial and industrial enterprises, public improvements related to housing and residential development, or construction of housing and residential development for low and moderate income families, including single or multifamily housing...Such designated area shall not include agricultural land, including land which is part of a century farm, unless the owner of the agricultural land or century farm agrees to include the agricultural land or century farm in the area. For

purposes of this subsection, "century farm" means a farm in which at least forty acres of such farm have been held in continuous ownership by the same family for 100 years or more.

e. An area designated as appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single or multifamily housing.

SECTION 2. STATEMENT OF PURPOSE

2.1 RESOLUTION OF NECESSITY.

The city council of Larchwood, Iowa has adopted a resolution finding that conditions requiring the rehabilitation, conservation, development and redevelopment, or a combination thereof, exists within the city. It was determined those areas not presently in need of rehabilitation are appropriate for designation as an area appropriate for public improvements related to housing and residential development or construction of housing and residential development, including single or multiple family housing. The city council established the necessity to take action to halt and reverse these conditions in order to protect the health, safety and welfare of the residents and businesses in the designated area and, therefore, resolved to create a Residential Urban Revitalization Area in order to allow the incentives and tools provided in Chapter 404, Code of Iowa, to be employed in the area. *[Chapter 404.2(1), Code of Iowa, 2016]*

2.2 URBAN REVITALIZATION DISTRICT DESIGNATION.

The City of Larchwood has also designated by ordinance, an Area that substantially meets some or all the requirements set forth in the Section 404.1, Code of Iowa. Some of these requirements are mentioned in Section 1 of this plan.

2.3 PURPOSE AND PLAN GOAL.

The purpose of this "Larchwood Residential Revitalization Plan" (hereinafter referred to as the "Plan") is to establish an urban revitalization area, to be known as the Larchwood Residential Urban Revitalization Area (hereinafter referred to as the "Area") in accordance with the provisions established in Chapter 404, Code of Iowa, to outline certain provisions for revitalization activities which includes but is not limited to tax abatement. The overall goal of the Plan is to help create an environment which will provide better opportunities for new and rehabilitated residential development. This will result in an overall benefit to future planning efforts for a progressive community.

2.4 PLAN OBJECTIVES.

Objectives that will be met in achieving this goal are as follows:

- a. Tax abatement will encourage new residential development that will add to the value of property in the community, ultimately increasing the overall tax base.
- b. New residential development and/or additions to existing residential properties will contribute to an overall improved appearance of the community and boost the local economy.

- c. Creating a healthier local economy and better physical appearance of residential properties within the community will increase the draw or attraction of new local business and industry.
- d. Assisting residential uses conforms to the city's land use regulations and planning initiatives to promote orderly growth in a fashion consistent with the direction the policy makers in Larchwood have established.
- e. To utilize and leverage to the greatest extent possible available local, state and federal funding programs to benefit residential development in addition with tax abatement incentives.

SECTION 3. DESCRIPTION OF URBAN REVITALIZATION AREA

3.1 AREA DESCRIPTION.

The boundary of the Area includes all land within the official incorporated city limits of the City of Larchwood, Iowa. Properties eligible for residential property tax abatement under the auspices of this Plan include those qualified real estate properties zoned as R-1, R-2 or R-3 residential zoning districts, in addition to being assessed as residential and located within the Area as seen in Exhibit A. For official assessment classifications, parcel information for each property located in the urban revitalization district is available for public inspection at the Lyon County Assessor's Office in Rock Rapids, Iowa. Furthermore, those properties which shall become annexed into the City of Larchwood in the future shall automatically be included within the boundaries of the Residential Urban Revitalization Area.

[Chapter 404.2(2)(a), Code of Iowa, 2016]

3.2 EXISTING ASSESSED VALUATIONS AND OWNERS OF RECORD OF REAL ESTATE IN URBAN REVITALIZATION AREA.

Attached as Exhibit B to this Plan is a list inclusive of all real estate parcels that exists within the Area at the time of its adoption. Information is provided for each real estate parcel located in the Area which contains, at a minimum, the following information:

- a. Existing assessed valuation of the real estate
- b. Information separating the valuation of land and improvements
- c. Names and addresses of the last owners of record

[Chapter 404.2(2)(b, c), Code of Iowa, 2016]

3.3 EXISTING ZONING OF URBAN REVITALIZATION AREA.

The City of Larchwood is zoned. There are seven zoning classifications consisting of:

- AC – Agriculture & Conservation District
- R-1 – Single Family Residential District**
- R-2 – Multiple Family Residential District**
- R-3 – Mobile/Manufactured Housing District**
- C-1 – Downtown Commercial District
- C-2 – Highway Commercial District
- GI – General Industrial District

Although the boundaries of the Area contain all properties within the city limits of Larchwood, the Urban Revitalization tax abatement benefits are only eligible to those properties assessed as residential and located within the R-1, R-2 or R-3 zoning districts. If a speculative residential development, either single or multiple family, is desiring to build on land zoned other than one of the identified residential zoning district, the property must be rezoned accordingly prior to being eligible to receive tax abatement benefits. A copy of the city's official zoning map is available for public inspection in the City Clerk's office at City Hall.

3.4 EXISTING AND FUTURE LAND USE

Existing land uses within the Area include agricultural, residential, commercial and industrial land uses. Only those uses assessed and zoned accordingly as one of the previously identified residential zoning district are eligible to apply to receive tax abatement benefits. Future development within the Area eligible to receive tax abatement benefits will be restricted to future residential land uses that are compatible with existing residential developments and consistent with the city's comprehensive land use plan. If a property changes from a non-residential use to a proposed future residential land use, this would subsequently change the taxable assessed valuation of the property to residential. In this instance, these future properties will also qualify for tax benefits provided within the Plan.

[Chapter 404.2(2)(d), Code of Iowa, 2016]

SECTION 4. PROPOSED PUBLIC SERVICE IMPROVEMENTS

At the time of publication of this document, the City of Larchwood has not put forth any service or infrastructure improvements within the Area and there are no immediate plans for the expansion of public services in the Area that will directly or indirectly affect those properties eligible for benefits described in the Plan. However, the City maintains there may be a time in the future when the City will consider long term potential service improvement projects to benefit the community. Possible future public service improvements may include, but not limited to:

- Ongoing street improvement program
- Sanitary sewer maintenance and improvements
- Fire department equipment improvements
- Needed or proposed water system improvements
- Storm water drainage improvements
- Continued development of residential building lots
- Promotion and retention of economic development and business development

[Chapter 404.2(2)(e), Code of Iowa, 2016]

SECTION 5. STATEMENT OF APPLICABILITY OF REVITALIZATION

5.1 APPLICABILITY.

The following paragraphs establish the applicability of the revitalization programs and benefits to various properties in the Area. *[Chapter 404.2(2)(f), Code of Iowa, 2016]*

- a. Revitalization activities covered under this plan shall be applicable only to real estate within the Area pursuant to Sections 428.24 through 428.29, Code of Iowa. Revitalization benefits are not applicable to residential properties not meeting this requirement.

- b. Residential Urban Revitalization benefits in the Area are also applicable to the areas assessed as agricultural, but intended for future residential. The City believes there will be no loss of prime agricultural land to accomplish the objectives of this plan.
- c. Revitalization of qualified real estate in the Area may consist of rehabilitation or additions to existing residential structures, or new residential construction on unimproved real estate, or combination thereof.

5.2 TERM OF REVITALIZATION BENEFITS.

Residential revitalization activities in the Area shall be applicable under the revitalization plan for the next twenty (20) full calendar years from and after the date of the adoption of an ordinance establishing the Area. The City Council will review and reevaluate the need for this residential urban revitalization plan at the end of the twenty-year period. If the City feels the goals for residential revitalization efforts have been accomplished and that continuation would no longer benefit the community, the City Council reserves the right to repeal the ordinance establishing the residential revitalization area at any time. Any activities applicable under this plan already undertaken when the ordinance is repealed will be allowed to continue until their completion or expiration. Conversely, if in the opinion of the City Council, the established goals and objectives of the Plan have not been attained, the Council may extend the life of the revitalization Area.

SECTION 6. RELOCATION PROVISIONS

As established in Section 404.6, Code of Iowa, the City, upon application to it and after verification by it, shall require compensation of at least one month's rent and may require compensation of actual relocation expenses be paid to a qualified tenant whose displacement is due to action on the part of a property owner to qualify for benefits conferred by this Plan. Relocation expenses shall be the responsibility of owners of said property where any displacement of necessity to relocate occurs, as condition for receiving tax exemption or other allowable benefits under this Plan. It is not anticipated that any of the revitalization activities to be undertaken in the Area will displace or cause need for relocation of any persons, families, or businesses. Therefore, the City of Larchwood is not creating a plan for the relocation of persons, families or businesses. [Chapter 404.2(2)(g), Code of Iowa, 2016]

SECTION 7. INCREASE IN ACTUAL VALUE REQUIREMENTS

7.1 QUALIFIED REAL ESTATE

As used in this Plan, "qualified real estate" means real property located in the designated residential revitalization Area and to which improvements are added during the time the Area was so designated a revitalization Area, which increased the actual value by at least the percentage indicated in Section 7.5 below.

7.2 IMPROVEMENTS.

As used in this Plan, "improvements" includes rehabilitation and additions to existing structures as well as new construction on vacant land or on land with existing structures.

7.3 IMPROVEMENTS ON AGRICULTURAL LAND.

The City Council finds that in order to meet the goals and objectives of this Plan, new construction on land either assessed or classified as agricultural land will be considered for improvements in regard to meeting the eligibility requirements for receiving the benefits established within this plan, so long that the proposed improvements to that land will change the future land use to residential activities.

7.4 ACTUAL VALUE ADDED BY THE IMPROVEMENTS.

For the purposes of this Plan, "actual value added by the improvements" shall mean the actual value added as of the first year for which the exemption was received. Actual value added in improvements shall be a minimum of \$10,000 in new construction.

7.5 INCREASE IN VALUE ADDED REQUIREMENT.

In order to qualify for the tax exemptions or other benefits conferred in this Plan, the improvements made to qualified real estate must increase the actual value of such real estate by at least ten \$10,000 or (15%) percent of the actual value added for any addition or expansion.

and/or

SECTION 8. TAX EXEMPTION SCHEDULE

All qualified real estate in the Area designated under Section 404.1(5), Code of Iowa is eligible to receive the tax exemption from taxation on the first seventy-five thousand dollars (\$75,000) of actual value added by the improvements according to the following schedule:

1 st Year	one hundred percent (100%) of the first \$75,000 value added
2 nd Year	one hundred percent (100%) of the first \$75,000 value added
3 rd Year	one hundred percent (100%) of the first \$75,000 value added
4 th Year	one hundred percent (100%) of the first \$75,000 value added
5 th Year	one hundred percent (100%) of the first \$75,000 value added

SECTION 9. OTHER SOURCES OF FUNDING

9.1 PROPERTY OWNERS ENCOURAGED.

The City Council encourages all property owners to investigate funding sources for improvements to real estate, and to apply for those funding sources which are applicable to the types of improvements proposed.

9.2 STATE AND FEDERAL ASSISTANCE.

At this time there are no plans by the City of Larchwood to provide any funding for residential revitalization activities through any federal or state grant or loan programs. Although, the City will not prohibit the use of such programs should they become available or be used in the Area. The City also reserves the power to apply for and accept funds for these programs from time to time in order to meet the goals and objectives of the Plan or any other plan adopted by the City of Larchwood. [Chapter 404.2(j), Code of Iowa, 2016]

SECTION 10. APPLICATION PROCEDURE

10.1 APPLICATION FILED.

An application shall be filed for each new tax exemption claimed. The first application for an exemption shall be filed by the owner of the property with the City of Larchwood by February 1st of the assessment year for which the exemption is first claimed, but no later than the year in which the new construction is first assessed for taxation, unless, upon the request of the owner at any time, the City provides by resolution the owner may file an application by February 1 of any other assessment year selected by the City of Larchwood.

[Chapter 404.4, Code of Iowa, 2016]

10.2 CONTENTS OF APPLICATION.

The application shall contain, but not be limited to, the following information:

- a. Name of applicant/property owner
- b. Applicants complete mailing address and telephone number
- c. The nature of the improvement(s)
- d. Estimated or actual cost of the improvement(s)
- e. The estimated or actual date of completion
- f. The name(s) of the tenants that occupied the property on the date the City adopted the resolution of necessity referred to in *Section 404.2(1), Code of Iowa*
- g. An applicable exemption schedule as identified in *Section 404.3, Code of Iowa*
- h. Copy of most recent property tax statement

The City of Larchwood reserves the right to charge an application fee to cover administrative costs. This fee will be set by resolution of the Larchwood City Council.

[Chapter 404.4, Code of Iowa, 2016]

10.3 CITY COUNCIL APPROVAL

The City of Larchwood shall approve the application, subject to review by the Lyon County Assessor, pursuant to *Section 404.5, Code of Iowa* if the project:

- a. is in conformance with the Larchwood Urban Revitalization Plan
- b. is located within the Area designated within the Plan
- c. if improvements were made during the time Area was so designated a revitalization area

[Chapter 404.4, Code of Iowa, 2016]

10.4 CITY COUNCIL FORWARDING APPROVED APPLICATIONS.

The City of Larchwood shall forward for review all approved applications to the Lyon County Assessor by March 1 of each year with a statement indicating whether Section 404.3 subsection 1, 2, 3 or 4 applies or if a different schedule has been adopted, which exemption from that schedule applies. Applications for exemption for succeeding years on approved projects shall not be required. *[Chapter 404.4, Code of Iowa, 2016]*

10.5 DETERMINATION BY COUNTY ASSESSOR.

The Lyon County Assessor shall, for each first-year approved application, make a physical review of all properties. The County Assessor shall determine if the improvements made increased the actual valuation of the qualified real estate by the fifteen (15%) percent requirement. *[Chapter 404.5, Code of Iowa, 2016]*

10.6 NEW STRUCTURES.

If a new structure is erected on land upon which no structure existed at the start of new construction, the assessor shall proceed to determine the actual value of property and certify the valuation determined pursuant to Section 404.3(7), Code of Iowa, to the County Auditor at the time of transmitting the assessment roles. *[Chapter 404.5, Code of Iowa, 2016]*

10.7 NOTIFICATION BY THE ASSESSOR.

The County Assessor will then notify the applicant of the determination, which may be appealed to the local board of review pursuant to Section 441.37, Code of Iowa.

[Chapter 404.5, Code of Iowa, 2016]

10.8 SUCCEEDING YEARS OF TAX EXEMPTION.

After the initial tax exemption is granted, the County Assessor shall continue to grant the tax exemption, with periodic physical review by the Assessor, for the time period specified on the approved application submitted by the property owner. The tax exemption shall be made on succeeding years of the exemption schedule without new applications.

[Chapter 404.5, Code of Iowa, 2016]

SECTION 11. PRIOR APPROVAL BY CITY COUNCIL

According to Section 404.4, Code of Iowa, a person may submit a proposal for an improvement project to the Larchwood City Council to receive prior approval for eligibility for a tax exemption on the project. The Larchwood City Council shall, by resolution, give its prior approval for a residential improvement project if the project is in conformance with the Plan. Such prior approval shall not entitle the owner to exemption from taxation until the residential improvements are completed and found to be qualified real estate. However, if the proposal is not approved, the person may submit an amended proposal for the city council to approve or reject.

EXHIBIT A
LARCHWOOD RESIDENTIAL URBAN REVITALIZATION AREA SITE MAP

2016 LARCHWOOD RESIDENTIAL URBAN REVITALIZATION AREA

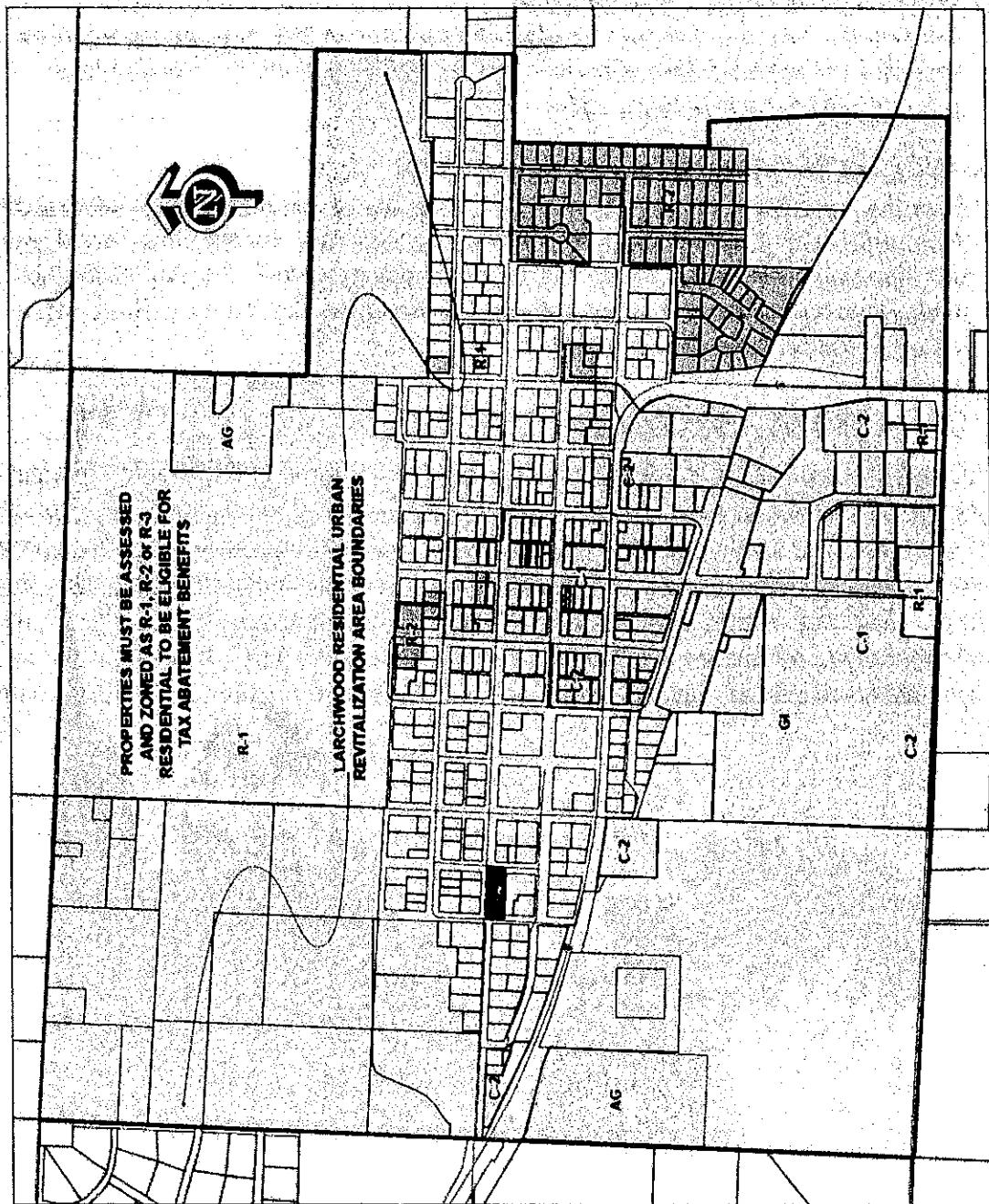


EXHIBIT H
LARCHWOOD RESIDENTIAL URBAN REVITALIZATION AREA
SAMPLE TAX ABATEMENT APPLICATION AND REVIEW FORMS

**RESIDENTIAL TAX ABATEMENT
APPLICATION FOR RESIDENTIAL PROPERTY TAX EXEMPTIONS
LARCHWOOD, IOWA**

DATE OF SUBMISSION: _____

NAME OF TITLE HOLDER OF PROPERTY: _____

ADDRESS OF PROPERTY: _____

LEGAL DESCRIPTION (can be obtained from Lyon Co. Courthouse): _____

ADDRESS OF OWNER (if different from above): _____

PHONE NUMBER (daytime number): _____

EXISTING PROPERTY USE: _____ RESIDENTIAL _____ AGRICULTURAL
_____ OTHER _____ VACANT / NO USE

PROPOSED USE: _____ RESIDENTIAL _____ AGRICULTURAL _____ OTHER
_____ MIXED COMMERCIAL USE (explain) _____

NATURE OF IMPROVEMENTS: _____ CONSTRUCTION OF NEW RESIDENTIAL USES ON
AN EMPTY/UNDEVELOPED LOT
_____ CONSTRUCTION OF RESIDENTIAL USES ON AN
EXISTING DEVELOPED LOT
_____ IMPROVEMENTS TO EXISTING RESIDENTIAL USES

DESCRIBE IMPROVEMENTS TO PROPERTY: _____

ESTIMATED OR ACTUAL DATE OF COMPLETION: _____

ESTIMATED OR ACTUAL COST OF IMPROVEMENTS: _____

SIGNED: _____

RESIDENTIAL TAX ABATEMENT

REVIEW FORM FOR TAX ABATEMENT APPLICATION LARCHWOOD, IOWA

FOR OFFICIAL CITY/COUNTY USE ONLY

LARCHWOOD CITY COUNCIL

DATE OF CITY COUNCIL REVIEW: _____

APPLICATION APPROVED / DISAPPROVED: _____

REASON (if disapproved): _____

ATTESTED BY CITY CLERK _____

DATE FORWARDED TO COUNTY ASSESSOR: _____

LYON COUNTY ASSESSOR

DATE REVIEWED: _____

PRESENT ASSESSED VALUE: _____

ASSESSED VALUE WITH IMPROVEMENTS: _____

ELIGIBLE OR NON-ELIGIBLE FOR TAX ABATEMENT: _____

SIGNED – LYON COUNTY ASSESSOR: _____