

**OFFICE OF THE CITY MANAGER
DES MOINES, IOWA**

**CITY COUNCIL COMMUNICATION 96-452
OCTOBER 21, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
ACCENT URBAN RENEWAL AREA AND TAX INCREMENT FINANCE DISTRICT DESIGNATION AND RELATED ACTIONS	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SCOTT A. STRICKER ECONOMIC DEVELOPMENT ADMINISTRATOR

SYNOPSIS —

On the October 21, 1996, Council agenda are the following roll calls relating to the proposed ACCENT Neighborhood Urban Renewal Plan:

- Receive and file communications from the Plan and Zoning Commission on the Logan Prime Service Area Urban Renewal Plan Amendment and proposed Accent Urban Renewal Plan described below.
- Open and close the public hearing on the Tenth Amendment to the Omnibus Urban Renewal Plan for the Logan Prime Service Area which will sever a small area from this urban renewal area for inclusion in the proposed ACCENT Neighborhood Urban Renewal Area.
- Resolution of Necessity for the proposed ACCENT Neighborhood Urban Renewal Plan.
- Open and close the public hearing on the proposed ACCENT Neighborhood Urban Renewal Plan.
- First reading of the ordinance to designate the ACCENT Neighborhood Urban Renewal Area as a tax increment finance district.

However, the City Council, by Roll Call No. 96-889, on March 3, 1996, gave preliminary approval for a forgivable loan in the amount of \$72,500 to Anderson-Erickson Dairy for its expansion; the Council concurrently directed the staff to prepare an urban renewal plan and tax increment designation for the ACCENT neighborhood area as a method to fund this action.

On September 16, 1996, by Roll Call No. 3236, the City Council approved the documents relating to the CEBA loan for Anderson-Erickson Dairy Co. and the City's portion of the CEBA in the form of a forgivable loan in the amount of \$72,500.

FISCAL IMPACT —

None of the above-described items encumbers the City to any specific expenditure.

RECOMMENDATION —

Approval of the above-described agenda items.

BACKGROUND —

In early 1996, Anderson-Erickson indicated it was pursuing expansion of a portion of its operations in the Kansas City area. The City, working with Polk County and the State of Iowa, designed an economic development assistance package through the CEBA program. Based on this assistance package, Anderson-Erickson then chose to expand its operations in Des Moines.

The City Council, in conjunction with the Anderson-Erickson assistance, directed staff to prepare an urban renewal plan and tax increment designation for the area surrounding the Anderson-Erickson operations on East University Ave.

After surveying the area and reviewing the data, City staff recommended that a larger area, including a large part of the designated neighborhood's residential area, be included in the proposed urban renewal area. The proposed size of this urban renewal area is about 293 acres.

The major reason for enlarging the proposed urban renewal area is based on a survey of the ACCENT area's existing conditions. The survey findings show that *slum and blight* conditions exist within the area detailed in the plan on Map 5: General Conditions of Blight and Map 6: Housing Conditions-Percent of Deteriorated and Dilapidated Structures by Block.

At this time, the proposed plan does *not* call for acquisition of properties or other typical redevelopment activities.

Both the ACCENT Neighborhood Group and the City Council have indicated that an initial purpose of this plan is to provide a source of funds, through the implementation the tax increment financing designation, for the Anderson-Erickson expansion. As future projects in the urban renewal area are determined, amendments will be made to the plan as appropriate. The TIF funds will be used with other available funds to leverage new private investment in this area, construct needed appropriate infrastructure, beautify the East University Avenue corridor in the neighborhood, and undertake necessary improvements at the E. 30th Street/E. University Ave. intersection.

Appendix C of the plan details the proposed tax increment revenue and expenditure flow over the 20-year period of the urban renewal plan. At this time, the only proposed commitment of TIF funds is the \$72,500 forgivable loan to Anderson-Erickson Dairy. It is anticipated that this loan will use the first two to three years of the TIF revenue.

Review of Plan

The proposed plan has been reviewed by the ACCENT Neighborhood Group which recommended approval with the addition of several minor changes which have been made.

About 1,000 letters have been mailed to property owners of record located in the proposed urban renewal/tax increment area. This letter indicated that the urban renewal and tax increment designation were under consideration and provided the opportunity for people to comment directly to staff, as well as attend the individual meetings at which the Urban Renewal Board and Plan & Zoning Commission were reviewing the plan.

The Code of Iowa requires the City to hold a consultation meeting with Polk County, the Des Moines Independent School District, and the Des Moines Area Community College when it creates or amends an urban renewal plan that impacts the use of tax increment financing. This consultation meeting was held on September 27, 1996. No representatives from any of the above-named entities appeared or submitted any written comments on the proposed ACCENT Urban Renewal Plan and tax increment designation.

The Urban Renewal Board reviewed the proposed plan and tax increment designation at its October 15, 1996, meeting. The Board approved the urban renewal plan and tax increment designation on a 2-1 vote, noting that one member was absent and the other position was vacant. The Board majority believes that this urban renewal plan and tax increment designation will assist in encouraging redevelopment in the area and provide a major financial tool to assist in the redevelopment efforts. These redevelopment efforts are anticipated to improve the tax base, job opportunities, and provide new goods and services for the ACCENT Neighborhood.

The Plan & Zoning Commission will review the proposed plan at its October 17, 1996 meeting and forward its recommendation and comments by separate communication.

Tenth Amendment to the Omnibus Urban Renewal Plan for the Logan Prime Service Area

In conjunction with the proposed ACCENT Urban Renewal Area, it is appropriate to sever a small area from the Logan Prime Service Urban Renewal Area which overlaps into the proposed ACCENT Neighborhood Urban Renewal Area. The overlap area is irregularly bounded and can generally be described as located between Easton Blvd. and Hubbell Avenue from E. 23rd St. on the east and the I-235 freeway/E. 20th Ct. on the west.

The Tenth Amendment provides for severance of this area from the Logan Prime Service Urban Renewal Area.

Review of Tenth Amendment

The Urban Renewal Board, at its October 15, 1996, meeting, recommended 2-1 in favor of the amendment.

The Plan & Zoning Commission, at its October 17, 1996, meeting, will review the proposed Tenth Amendment. The Commission's recommendation and comments will be forwarded by separate communication.