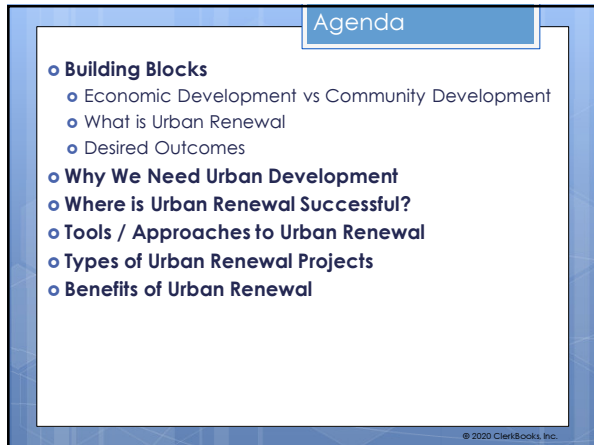
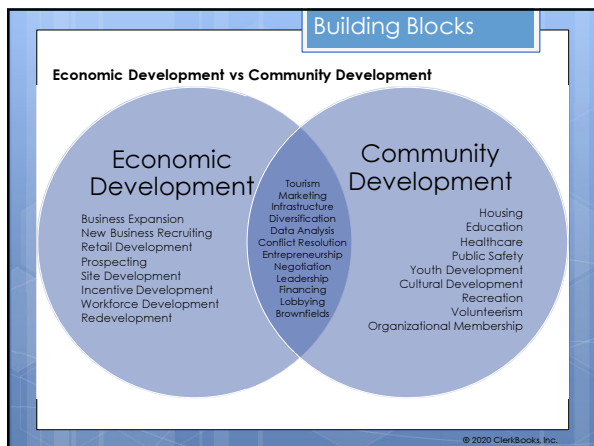


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Building Blocks

- o **What is Urban Renewal?**
 - o Local policies and strategies designed to deal with urban decline, decay or transformation
 - o Rebirth or regeneration of a community which has been plagued by the ills of urbanization
 - o Initially referred to slum clearance and housing but has evolved into a multidimensional concept
- o **Desired Outcomes**
 - o Lasting improvement in the economic, physical, social and environmental conditions of an area
 - o Rearranging land use, function and ownership features of a socially, economically or structurally decayed part of a community
 - o Focuses on improving slum zones or brownfields for the purpose of obtaining a desired, well organized neighborhood

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Why

- o **Increase effective functioning of a community**
- o **Recover from a natural or man-made calamity**
- o **Obsolescence of land uses**
 - o Shifting of industries
- o **Market driven change of land use**
 - o Shifting from commercial to residential, or vice versa
- o **To conserve historic monuments / buildings / environment**
- o **Lack of modern facilities**

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Where

- o **Dilapidating, ageing parts of the community**
 - o Becoming a health / safety hazard
 - o Not providing enough tax revenue
 - o Lowers surrounding property values
- o **Old areas of the community needing updated infrastructure**
 - o Water/Sewer
 - o Fiber optics – internet
 - o Roads, bridges, sidewalks
 - o Street lighting
 - o Inadequate housing
- o **Emphasis is on those parts of the community which have fallen below current standards of public acceptability**

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Tools / Approaches

- **Slum Clearance:** demolition of dilapidated dwellings located in a slum
- **Redevelopment:** demolition of an existing building and its replacement by a new building
- **Rehabilitation:** repair and improvement of existing structurally sound property
- **Housing Improvement:** improvements of dwellings by provision of essential basic amenities
- **Conservation:** to retain intact or unchanged
- **Environmental Improvements:** main emphasis is to improve environmental conditions
- **Economic Renewal:** improvement of economic conditions of dwellers

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Types of Projects

- **Development projects**
 - Housing developments
 - Industrial developments
 - Retail developments
- **Housing loans and grants**
 - Roofs, siding, windows, insulation, furnaces, etc
 - LMI portion of TIF
- **Streetscape improvements**
- **Transportation enhancement**
- **Historic preservation projects**
- **Parks and open spaces**

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Benefits

- **Increases standard of living**
- **Attracts increased investments**
 - New residents
 - New businesses
 - New visitors
- **Cuts cost of maintenance**
 - Better roads
 - Better lighting
 - Better water/sewer
- **Increases revenue**
 - Increases property values
 - Increases utility revenue

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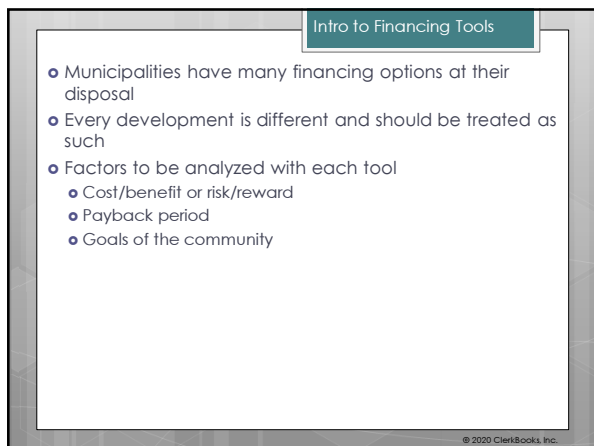
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Financing Tools

- o **Pay-Go** – Use budgeted revenues to pay for capital projects and equipment. Generally used for smaller capital projects or equipment.
- o **Sale of Assets** – Use revenue from sale of unused assets or trade-in of assets being replaced
- o **Lease Purchase Agreements** – Usually used for equipment too expensive for pay-go but the cost and useful life don't make sense for L-T debt.
- o **Donations** – Contributions for a specific project or piece of equipment.
- o **Federal, State and Local Grants and Tax Credits** – Funds do not have to be repaid. Can allow the City to do more projects.
- o **Bonds** – Bonds are issued, and the debt is repaid over several years. Both current and future users of the project will pay for the project. Two primary types of Bonds: General Obligation (GO) or Revenue.
- o **State Revolving Loan Programs** – Depending on the program interest rates may be lower and some programs utilize a simple application process rather than going through a costly formal borrowing process.
- o **Bank Loans** – Can be an easy form of debt to obtain but is usually obtained at a higher interest rate.
- o **TIF Financing** – Additional property tax revenues from new development are used to pay for capital improvements.
- o **Special Assessments** – Property owner pays for a portion of the capital project that has direct benefit to their property.
- o **Private Sector Participation** – Developer Agreements

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TIF

- o **What is TIF?**
 - o Tax Increment Financing (TIF) is a financing mechanism commonly used to encourage development in a defined Urban Renewal or Economic Development area.
 - o It is a joint partnership between municipality, school district, county and technical college taxing districts
- o **How does TIF work?**
 - o It involves freezing the tax base (property values) within a designated area.
 - o Property taxes levied against the frozen tax base continues to provide revenue to all taxing authorities (counties, cities, schools, etc.).
 - o Property taxes levied against the increased property values in the designated area provide revenue to the taxing authority that created the TIF to finance improvements made until the TIF ends.
 - o Once the improvements are paid off, the district is closed, TIF ends, and property taxes are apportioned among all taxing authorities.

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TIF

- o **Example of Tax Allocation**

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TIF

- o **When is TIF needed and appropriate?**
 - o "But for..." clause
 - o Difficult site/project in normal circumstances
 - o To meet the goals of the community
 - o To prepare an area for development

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TIF

- o **Underutilized Property**

Property Assessed at \$100,000
Mill Rate = \$25/\$1,000 Valuation

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Area could be undeveloped and without public services, or it could be a blighted and under-utilized area.

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TIF

- o **During TIF**

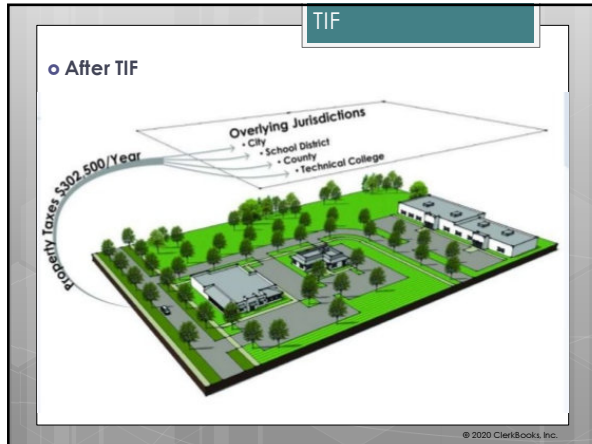
TAX INCREMENT DISTRICT ACCOUNT	
EXPENSES	REVENUE
ADMINISTRATIVE	INCREASED
DEVELOPMENTAL	PROPERTY TAX
FINANCIAL	CONSTRUCTION
GENERAL	AVOIDANCE
LEGAL	REVENUE
PLANNING	
RESEARCH	
TRAVEL	
ASSISTANCE, ETC.	
	YEAR 1
	YEAR 2
	YEAR 3
	YEAR 4
	REVENUE =
	\$250,000
	\$500,000
	\$750,000
	\$1,000,000

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Site could be intended for industrial development, blight elimination and redevelopment or mixed-use development.

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10

-
- The list, titled "TIF", details "Methods for funding TIDs (Tax Increment Districts)". It includes two main categories: "City borrowing" and "Pay-as-you-go (also called Developer Funded)".
- City borrowing**
 - GO Bonds, Revenue Bonds, Loans, etc..
 - Internal Loans (from other Funds)
 - Increments are used to pay off debt
 - Pay-as-you-go (also called "Developer Funded")**
 - Developer pays costs up front and as property taxes are paid by developer, a reimbursement (%) is paid back to developer until incentive is paid off
 - Many municipalities like this because risk is on the developer, not the municipality
 - Some municipalities don't like this because they lose a significant amount of control

11

-
- The list, titled "Revolving Loan Funds", details the primary goal and incentives of these funds.
- Primary goal is to provide gap financing in a start-up, expansion, new development or redevelopment project
 - Incentive is typically lower interest rate than a private bank
 - Many RLFs are regionalized...such as housing rehab programs (CDBG / HUD)

12

State EDC Tools

- o **For Businesses**
 - o Direct Loans
 - o ED Tax Credits
 - o Jobs Tax Credits
 - o Training Grants
 - o Industrial Development Bonds
 - o Angel and Early Seed Investment Tax Credits
 - o Technology Development Fund
 - o Export Assistance

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13

State EDC Tools

- o **For Municipalities**
 - o Brownfield Grants (site assessment and cleanup)
 - o Community Development Block Grant Funds
 - o Planning
 - o Blight
 - o Public Facilities
 - o Downtown Development
 - o Mainstreet Programs

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14

CDAs / RAs / BIDs

- o **Community Development Authorities / Redevelopment Authorities**
 - o A separate body politic for the purpose of carrying out blight elimination, slum clearance, urban renewal programs and projects and housing projects
 - o Power to borrow money, condemn property, buy and sell property
 - o May also act as agent of city for planning and carrying out housing and redevelopment programs
- o **Business Improvement Districts**
 - o Financing mechanism for downtown improvement organizations
 - o Businesses must agree to form BID
 - o BIDs fund former Mainstreet Districts and other organizations which work to improve business districts

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15

Other Financing

- o **Levy** – don't overlook utilizing general tax revenue to meet development goals
 - o **Iowa** – Capital Projects Levy, Debt Service Levy
 - o Special Assessments
- o **Private sector** – foundations or other community benefactors are often willing to contribute to important projects that mean something to them or their family
- o **Tax Credits** – fund a variety of projects from Low Income Housing to commercial developments in certain qualifying areas

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16

Resources

- o Dorsey and Whitney
- o League of Cities and Towns
- o [State] Department of Economic Development
- o USDA (United States Department of Agriculture)
 - o Rural Development
- o [State] Revolving Fund
- o [State] Office of Tourism
- o [State] Grants and Loans
- o [State] Intercap
- o [State] Community Foundations
- o fundsnet.services.com

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17

In Closing

- o It doesn't matter how big or small your community is, there are multiple sources for funding projects
- o Choosing the right tool for the project can be tricky, but there are resources available to help you make the right decision
 - o You are the leaders – you don't have to know all the hows – you just need to know the whats, whys & whens
- o Whether your community is moving forward, or falling behind is completely up to you
 - o You can choose to steer the ship, or let the current steer you
 - o Those who think they can, and those who think they can't are both correct

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18