



AGENDA
CITY OF CEDAR FALLS, IOWA
CITY COUNCIL WORK SESSION
MONDAY, JUNE 03, 2024
5:25 PM AT CITY HALL, 220 CLAY STREET

Call to Order

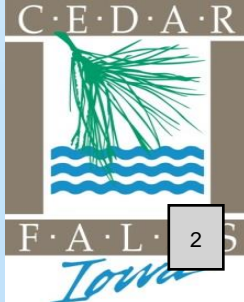
Roll Call

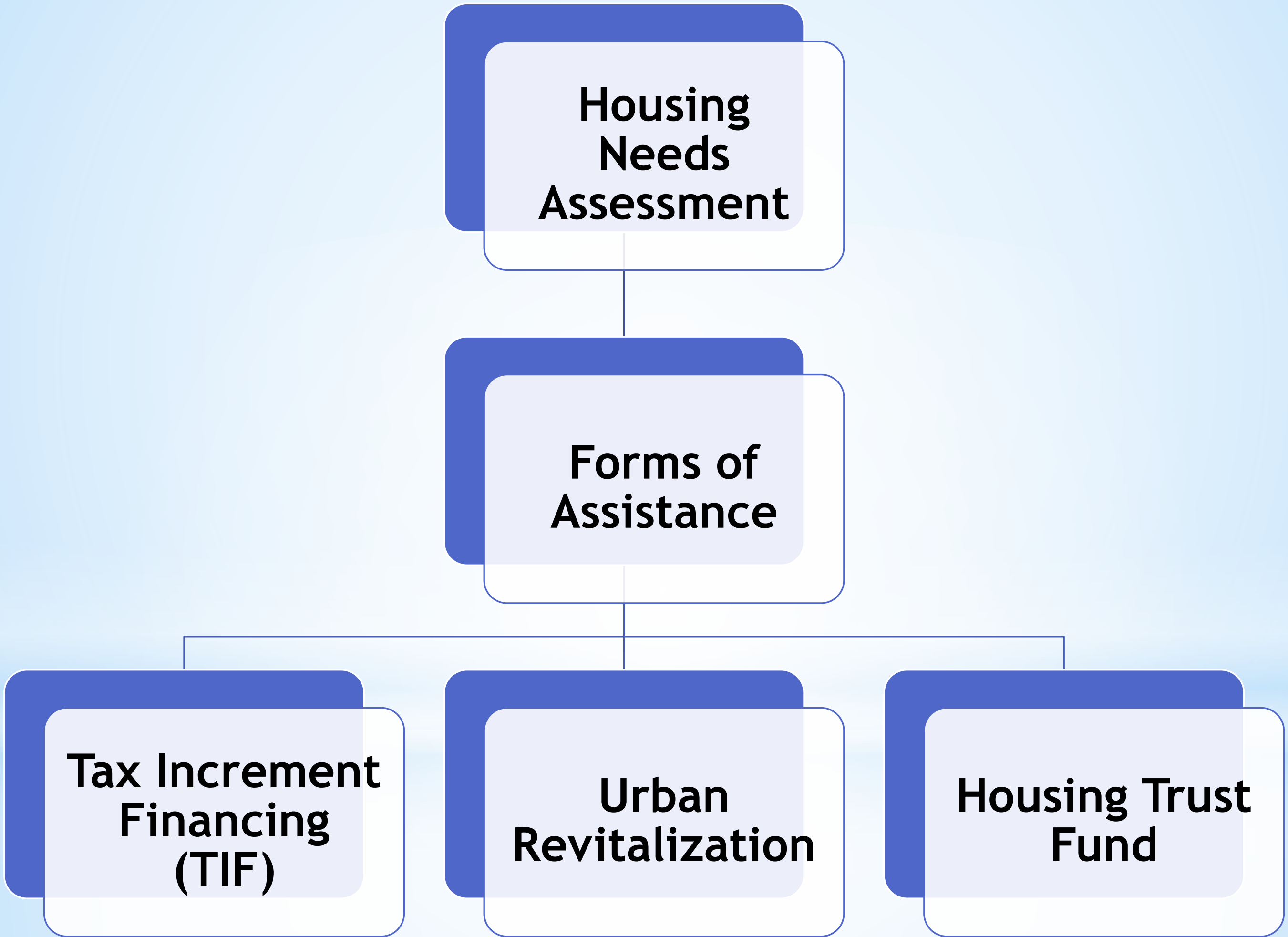
- [1.](#) Residential Incentives & Draft Policy.
(45 Minutes, Economic Development Coordinator Shane Graham)

Adjournment

Residential Housing Incentives

City Council Worksession
June 3, 2024





Tax Increment Financing for Housing and Residential Development

- **Chapter 403.22 State Code of Iowa (*public assistance related to housing and residential development – low-income assistance requirements*).**
- **Can only collect tax increment for a period of 10 years.**
- **Can only use TIF funds to reimburse public improvements (i.e. streets, water lines, sanitary sewer, storm sewer, etc.)**
- **Low and Moderate Income (LMI) housing assistance required.**
 - **Provide an LMI “set aside”.**
 - **Provide LMI housing as part of the project.**

Amount of Assistance for LMI

- **For cities over 15,000 population, the amount of assistance required for LMI housing shall be equal to or greater than the % of LMI residents for the county in which the urban renewal area is located.**
- **For Black Hawk County, the percentage of LMI residents is 43.98%.**
- **That means that 43.98% of the housing developments' units shall be LMI, or 43.98% of the tax increment generated from the development shall go toward LMI housing assistance within the community.**

Low and Moderate Income Family Definition

- **“Low and moderate income families” means those families, including single person households, earning no more than eighty percent of the higher of the median family income of the county or statewide nonmetropolitan area as determined by the latest United States department of housing and urban development, section 8 income guidelines.**

80% Income Limit for Black Hawk County

- **Single Household - \$48,550**
- **2 Persons - \$55,500**
- **3 Persons - \$62,450**
- **4 Persons - \$69,350**

Development Example

- **Proposed new single-family residential housing development will include 100 new lots.**
 - **44 of the 100 lots would have to be LMI eligible**
 - **If so, developer would be eligible to receive 100% of the tax increments generated from the development to reimburse for public improvement costs.**
 - **If not, then 43.98% of the tax increments generated would need to be used for LMI housing assistance/projects within the community, with the remaining % of increment going to the developer to reimburse for public improvement costs.**

Urban Revitalization

- **Chapter 404 State Code of Iowa**
- **A City may, by ordinance, designate an area of the city as an urban revitalization area, if that area is any of the following:**
 - **An area in which there is a predominance of buildings or improvements where there is an existence of conditions which endanger life or property, and is detrimental to the public health, safety, or welfare.**

Urban Revitalization

- **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, 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 the municipality.**

Urban Revitalization

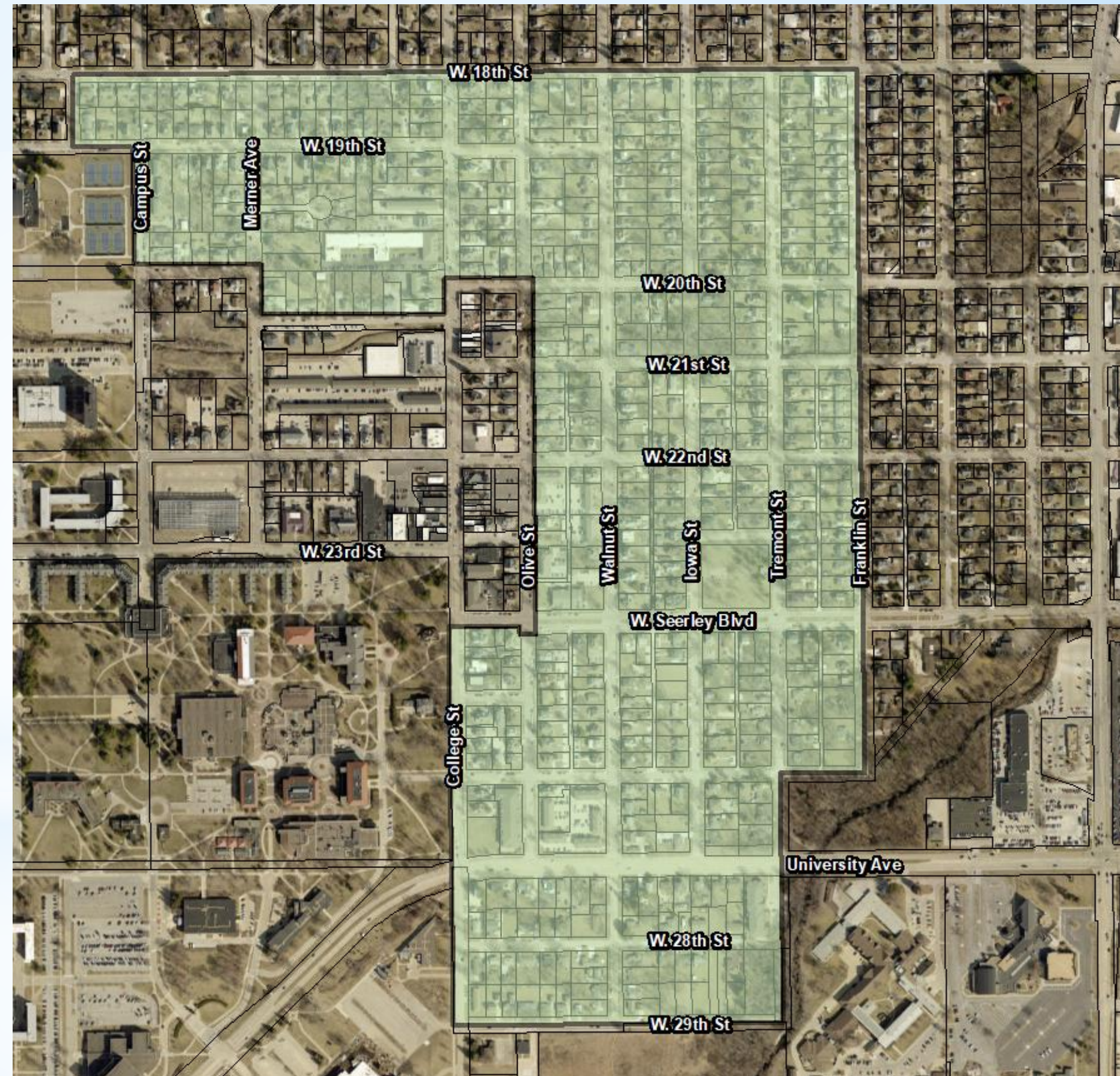
- **An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.**
- **An area which is appropriate as an economic development area as defined in section 403.17.**
- **An area designated as appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single or multifamily housing.**

Maximum Tax Exemptions

- **If Property is Assessed as Residential:**
 - **If area is designated as slum, blight or historic area, 100% exemption of value added by the improvements for 10 years.**
 - **If area is designated for housing and residential development, 100% exemption for 5 years on the first \$75,000 of value added by the improvements.**
 - **No matter the designation, 115% exemption for 10 years on the first \$20,000 of value added by the improvements.**
- **If property is assessed as Residential and includes 3+ separate dwelling units, including mobile home parks, land-leased communities (also known as “Multi-Dwelling Residential”):**
 - **100% exemption of value added by improvements for 10 years.**
- ****Note that for any applications after 07/01/24, school district levies will not be abated.***

Current College Hill URA Boundary

- **College Hill Urban Revitalization Plan adopted 2012.**
- **Designated as blighted and historic.**
- **Provides 100% exemption for 5 years for property assessed as residential.**
- **Expires 12/31/2032.**
- ***Note that for any applications after 07/01/24, school district levies will not be abated.**



Cedar Falls Housing Trust Fund

- **Cedar Falls Housing Trust Fund Housing Assistance Plan has been drafted and is in the process of being approved by the State.**
- **Plan Priorities:**
 - **Affordable Rental Housing Expansion**
 - **Homeownership Accessibility**
 - **Supportive Housing for Vulnerable Populations**
 - **Sustainable Development and Rehabilitation**
 - **Community Revitalization and Development**
 - **Emergency Housing Assistance**

Cedar Falls Housing Trust Fund

- **Proposed General Program Guidelines:**
 - **Funding proposals will be reviewed by the Cedar Falls Housing Trust Fund Board, with focus on income impact, capacity and feasibility, and project design and effectiveness.**
- **Proposed Funding Guidelines:**
 - **Projects must primarily benefit households earning less than 80% of the adjusted county median income, with at least 30% of the funds being directed towards households earning less than 30% of the median income.**

Cedar Falls Housing Trust Fund

- **Proposed Program Priorities:**
 - **Housing Rehabilitation Activities**
 - **Owner-Occupied Emergency Break Activities**
 - **Homebuyer Assistance Financial Activities – Down Payment and First-Time Homebuyer Assistance**
 - **Affordable Construction Activities**
 - **Emergency Shelter and Transitional Housing Activities**

Cedar Falls Housing Trust Fund

- **How does the proposed Housing Trust Fund relate to Residential TIF?**
 - **If LMI units are not included within the residential development, then the LMI set aside funds would be directed to the Cedar Falls Housing Trust Fund to be used for LMI projects throughout the community.**
 - **Cedar Falls Trust Fund Board would review project applications and determine which projects receive funding.**

City Council Considerations

- **Create a TIF incentive program for residential housing developments**
 - **Use 100% of the tax increment created within the development (minus any LMI set aside amount) to reimburse developer 50% of the costs of the public improvements.**
 - **For quality-of-life amenities, reimburse developer 100% of the cost.**
 - **If no LMI units provided within a development, use the set aside amount for LMI projects within the community through the Cedar Falls Housing Trust Fund.**

City Council Considerations

- **Create additional Urban Revitalization Areas (each Area must include more than one building) where infill development is needed without the need for public improvements.**
- **Both Urban Renewal (TIF) and Urban Revitalization would require approval from City Council to create new urban renewal/revitalization areas, and with respect to the use of TIF to approve any applicable development agreements.**

Questions?