



Council Study Meeting
November 20, 2017
6:00 p.m.
City Council Chambers

Agenda

1. Presentation from Simmering-Cory regarding the Blight Assessment
2. Hometown Pride update from Lorin Ditzler
3. Other items

City Council Study Meeting

1.

Meeting Date: 11/20/2017

Information

Subject

Presentation from Simmering-Cory regarding the Blight Assessment

Information

Jennifer Movall, Simmering-Cory, will present the Blight Assessment report (packet).

Fiscal Impact

Attachments

Report

Presentation

addition to the windshield survey, additional research, including conversations with City staff and realtors was conducted.

For purposes of this report the definition of “blight,” as outlined in the *Code of Iowa* Section 404.1(2) was used. That section reads as follows:

“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.”

In addition to the Iowa Code definition of “blight,” LGPS used the Iowa Community Development Block Grant (CDBG) program guidelines for determining a blight finding in the study area. The CDBG program criteria requires that one or more of the following conditions be documented in at least 25% of the targeted area properties:

- Physical deterioration of buildings and improvements;
- Abandonment of properties;
- Known or suspected contamination.

Findings

The overall findings of the assessment are presented below in a format that mirrors the definition of blight, as defined in the *Code of Iowa*, Section 404.1(2).

1. “Substantial number of deteriorated, or deteriorating structures”

During the windshield survey of the residential properties, conducted in August 2017, a total of 3,976 residential units were visually inspected. Of those units reviewed, 637, or 16.02% were categorized as blighted based on observed conditions of structural and visual blight (visual blight is covered on pages 5-7) as used by the Iowa Economic Development Authority in their CDBG program and the *Code of Iowa*.

Blighting factors observed during the windshield survey included, but were not limited to, boarded up windows, peeling paint, non-weather tight roofing conditions, torn screens, broken windows, rotten siding, mold, and general physical deterioration.



FIGURE 2 – EXAMPLE OF DETERIORATING STRUCTURE



FIGURE 3 – EXAMPLE OF DETERIORATING STRUCTURE

As LGPS drove through the community one thing that was evident is how well most of the properties were kept, even in the older parts of the community. The lawns were well cared for and the houses were well maintained. It is apparent that residents take pride in the appearance of both their homes and the property surrounding them. This leads to a lower percentage of blighted properties within the community.

2. “Incompatible land use relationships”

The relationship between non-residential uses and residential uses can impact the quality and growth of housing in a neighborhood. Within the City, there were areas identified where blight was found to be more extensive. In a few cases, the adjacent non-residential uses could be a contributing factor.

For example, on the City's northeast side (bordered by N. 5th Street on the west, E. Euclid Avenue on the north, E. 9th Street on the east, and E. Ashland Avenue on the south) 26% of the properties were determined to be blighted. This neighborhood is located adjacent to the Indianola Ready Mix plant. The dust, truck traffic, and noise coming from the cement plant can create an atmosphere that limits residential growth as well as the desire by private persons to invest in their property.

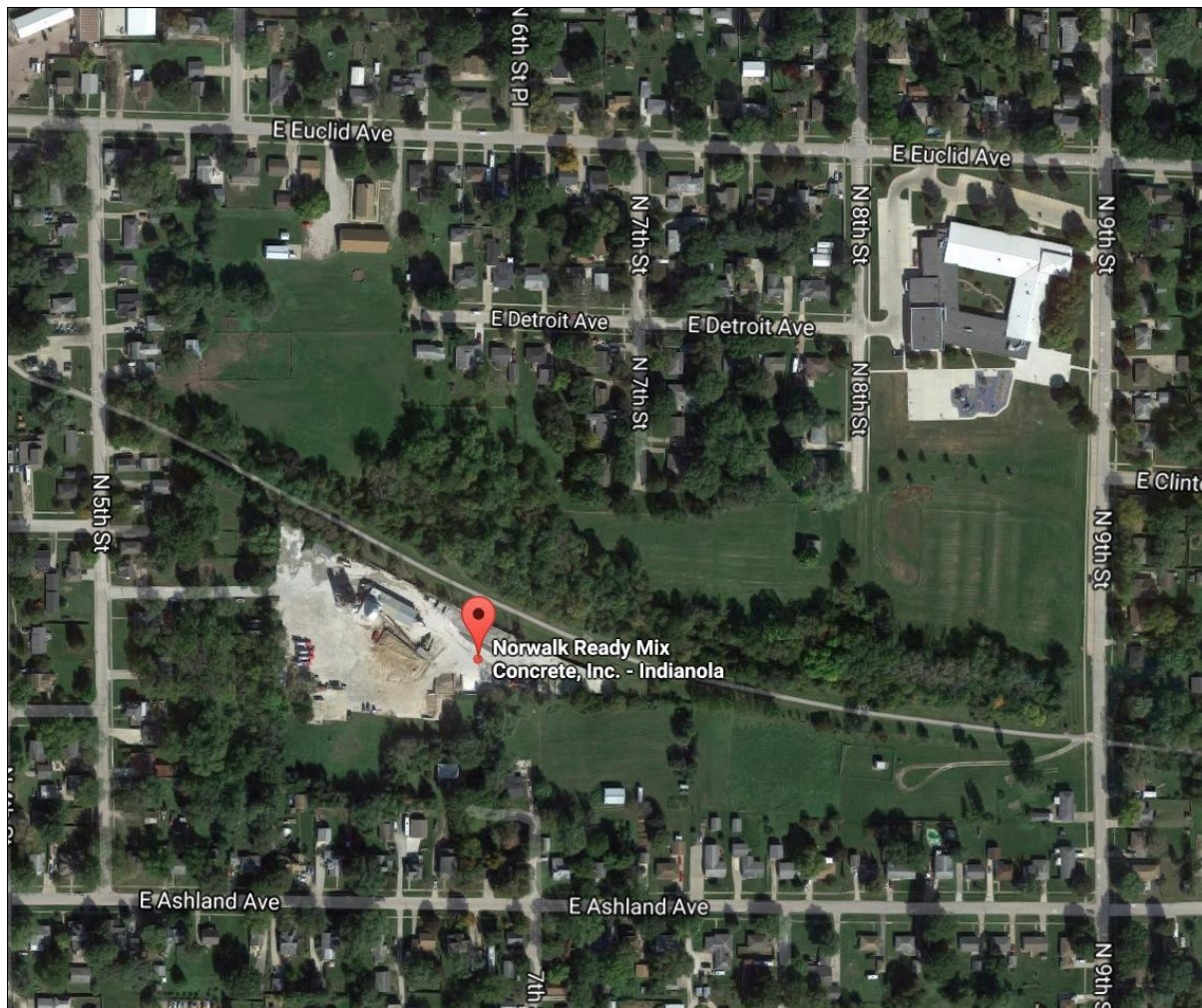


FIGURE 4 – INDIANOLA READY MIX PLANT IN RESIDENTIAL NEIGHBORHOOD

3. “Faulty lot layout in relation to size, adequacy, accessibility, or usefulness”

To help determine the existence of blighting factors, building permit data provided by the City over a ten-year period (2007 – 2017) was reviewed. During that time, the City of Indianola's Board of Adjustment had approved 103 variances. In a City the size of Indianola, an average of 10 variances per year is not a large number but still something that should be looked at. Approval of a large number of variances, based on lot sizes, could indicate that existing lots are not of sufficient size for modern uses. This does not appear to be the case in Indianola. Additionally, during the windshield survey, LGPS did not observe the presence of narrow lots in either the older or newer areas of the City. The residential lots appear to be of sufficient size.

During the windshield survey a small number (approximately 50) of bare lots were observed within established neighborhoods. One of the Growth Management Policies identified in the City of Indianola 2011 Comprehensive Plan Update was to “encourage redevelopment of vacant commercial and residential sites within the City to utilize existing infrastructure and/or maximize use of existing service areas.” It appears that based on the small number of vacant residential lots in the assessment area the City has been successful in the redevelopment of lots.

4. “Deterioration of site or other improvements”

Visual blight on and around residential properties was also observed during the windshield survey and considered as part of the blight assessment. Visual blight would include property maintenance conditions such as the accumulation of trash and debris on the property, overgrown weeds and grass, deteriorated sidewalks and driveways, parking of vehicles in yards, and evidence of general maintenance deficiencies.



FIGURE 5 – EXAMPLE OF VISUAL BLIGHT



FIGURE 6 – EXAMPLE OF VISUAL BLIGHT

In addition to the visual observation, LGPS also reviewed data provided by the Indianola Community Development staff. The observations and data indicate that the City has an aggressive property maintenance/nuisance program in place. Between 2012 and 2017 the program had 887 contacts, an average of 147 per year. The success of this program is evident in the upkeep of a majority of the residential properties that were observed during the windshield survey.

5. “The existence of conditions which endanger life or property by fire and other causes”

Another potential element of blight can relate to flood and fire hazards. Only a portion of the City is included in a FEMA Flood Plain Area. That area contains a small portion on the south edge of the City.

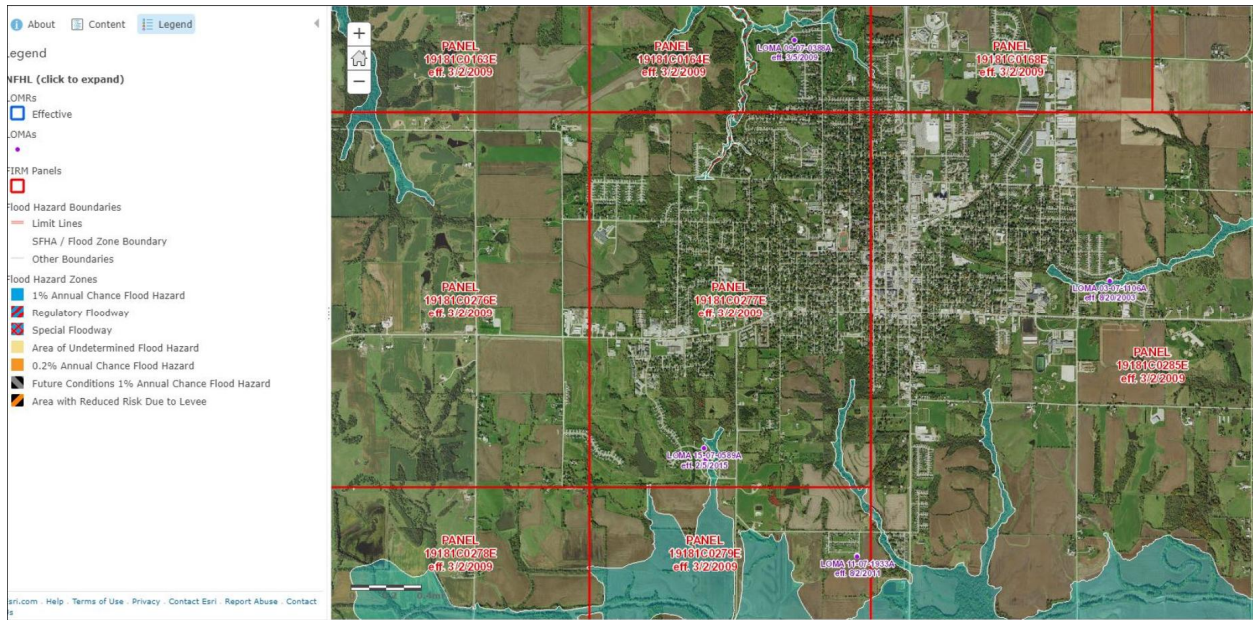


FIGURE 7 – FEMA FLOOD PLAIN MAP

According to City staff, the City has experienced localized flooding in a few residential neighborhoods especially during significant rainfall events or prolonged wet weather periods. During these times, storm water inundates the aged sanitary sewer collection system causing sewer backups in homes and closing streets for extended periods of time. The following maps identify the areas where street flooding and sanitary back-ups have historically occurred.

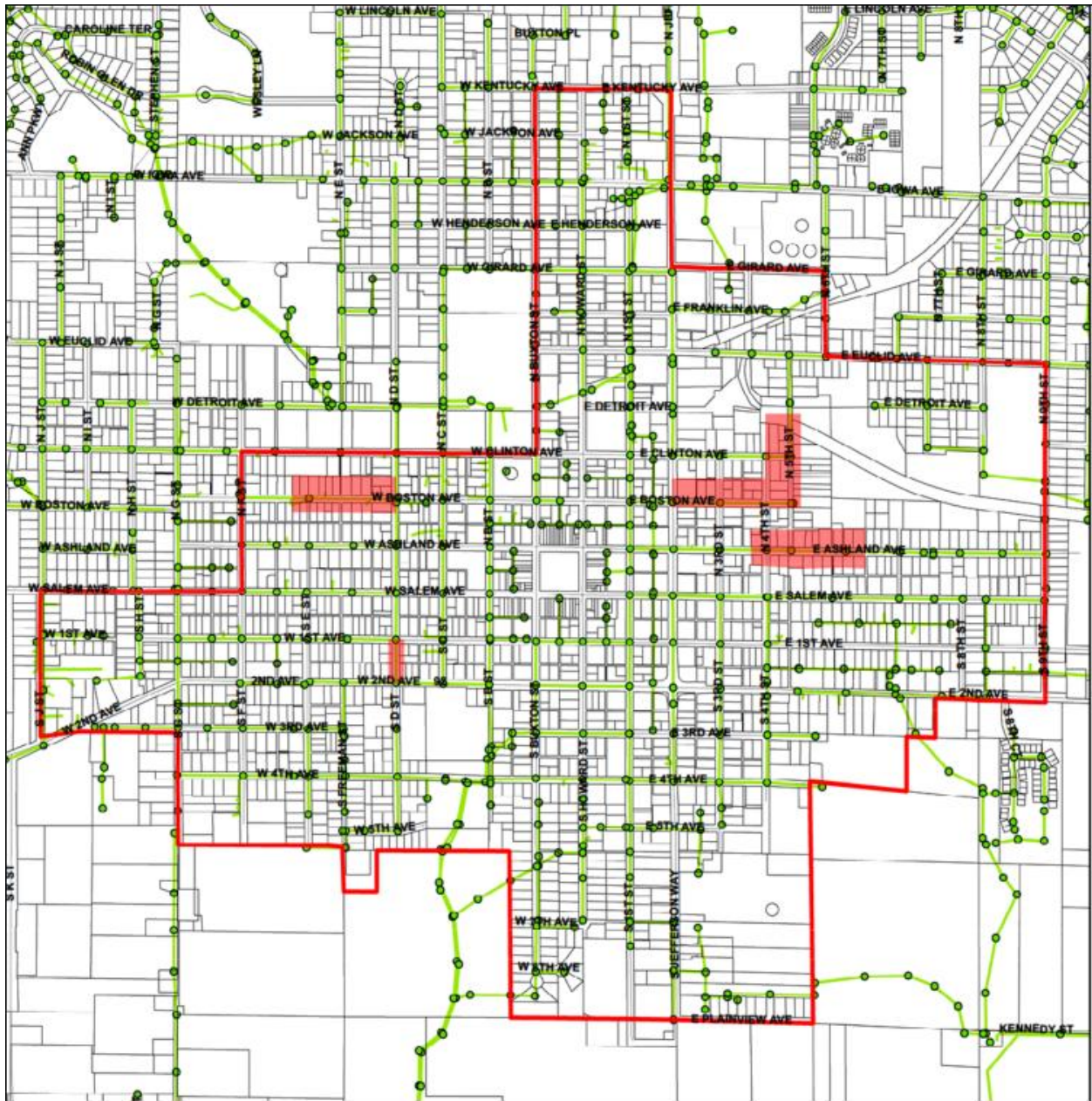


FIGURE 8 - PAST SANITARY SEWER SURCHARGE AREAS

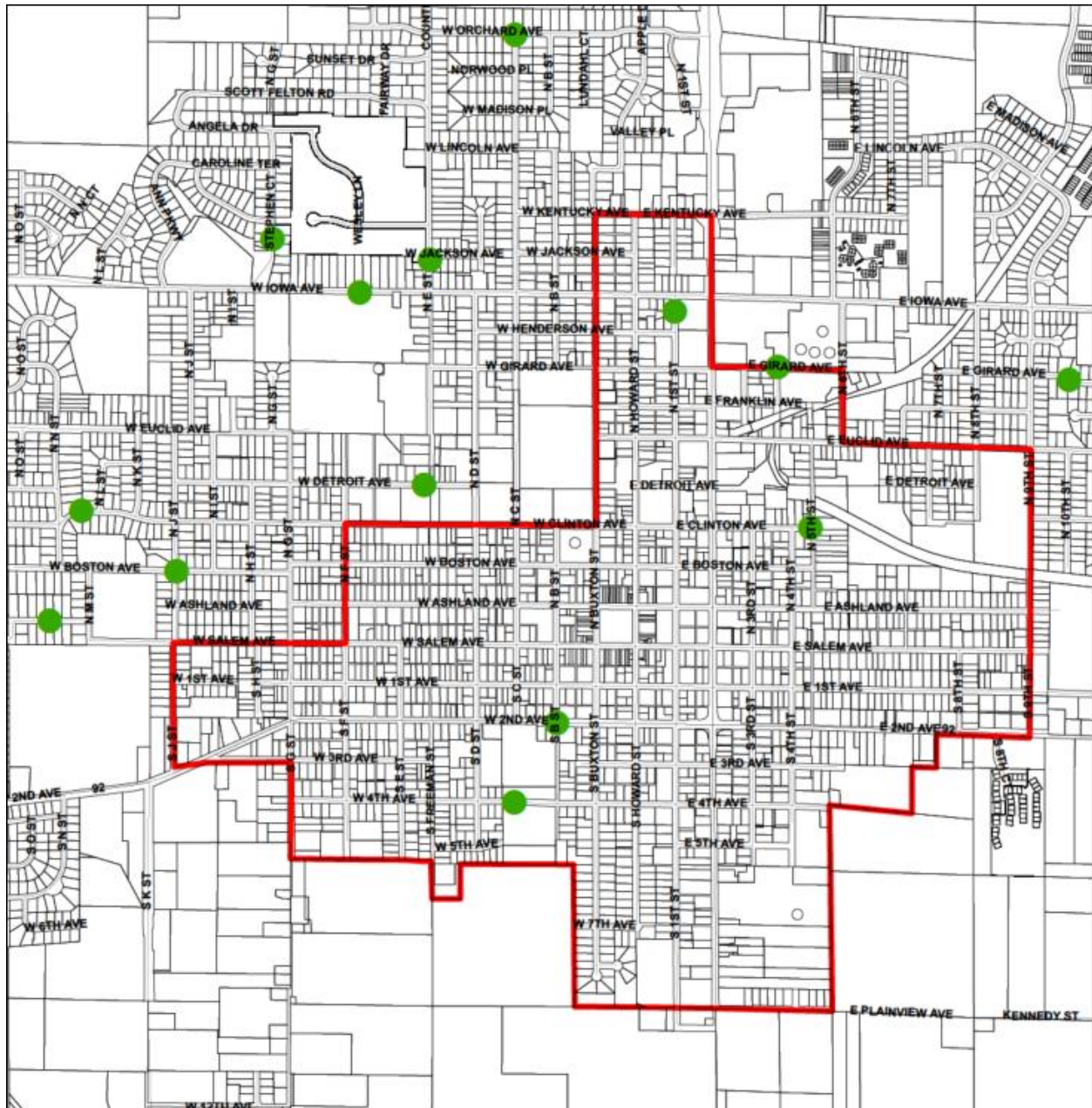


FIGURE 9 - STREET FLOODING AREAS

The City has an extensive storm sewer system which has been able to minimize localized street flooding and sanitary sewer surcharges during wet weather periods.

According to the City of Indianola 2011 Comprehensive Plan Update, the sanitary sewer system experiences a significant increase in flow during wet weather periods which can be attributed to high rates of infiltration and inflow (I&I) of storm water into the collection system. The City has implemented an aggressive program to reduce I&I that includes a time of sale inspection program. This program requires that an I&I inspection be completed at the time a property is sold. This program along with other mitigating strategies will help to reduce the I&I that is entering the system and further reduce the sanitary sewer surcharges and localized street flooding that is still occurring in a few locations throughout the City.

Other conditions can also impact the ability of an area to grow and endanger life or property including the location of brownfields or contaminated sites, which may include underground storage tanks, wastewater treatment facilities, and solid waste facilities. A search of the Iowa Department of Natural Resources Contaminated Sites database found nine registered sites in Indianola. The following table identifies all nine sites.

Site ID	Site Name	Address
1554	Charles Lavery Trust	Indianola, IA
24	Herschel Corporation	1301 N. 14 th Street
1347	Indianola Shooting Range	1222 U.S. Highway 65/69
1849	Lavery Anhydrous Ammonia	Indianola, IA
2296	NDC Jackson Ave/Indianola Ave.	Jackson and Indianola Ave.
1386	Van Wall Powersport, Indianola	1303 E. 2 nd Avenue
2094	Warren County Drum Site	Indianola, IA
896	Warren County Oil Company	700 N. 7 th Street
1163	West Salem	201 and 203 West Salem

FIGURE 10 - IDNR IDENTIFIED BROWNFIELD SITES IN INDIANOLA, IOWA

The existence of brownfield sites or environmental facilities can impact the development potential of the overall area. For example, residential development typically is not as desirable when located adjacent to or near a wastewater treatment facility. Additionally, commercial and residential development on sites that contain contaminated soils, buried underground storage tanks, or other environmentally hazardous issues can lead to additional costs for development.

Conclusion

After reviewing the windshield survey findings and other data we do not believe that a citywide blight finding can be obtained. In order to obtain a blight finding, we need multiple blighting factors to be identified in the assessment area with significant support. Typically, we can identify a minimum of 25% of the homes in the assessment area as blighted based on the *Code of Iowa* definition of blight and at least two to four other blighting factors as identified by Iowa Code Section 404.1(2)

The City has a strong housing market and has been progressive in its development of new subdivisions and the types of housing that are offered to current or potential residents. According to information provided by a local realtor, over the last year homes are only on the market an average of 88 days. This shows that the housing market in Indianola is strong. There are several new subdivisions in the City where homes are being built and other already established subdivisions.

Based on the windshield survey only 16.02% of the residential properties are blighted (visual and structural). Additionally, in looking at the other blighting factors there is not a substantial number of factors found in Indianola.

However, based on observations and data, a target neighborhood blight finding is possible, specifically in the older area of the City. The map below shows the area that meets the qualifications needed to achieve a blight determination.

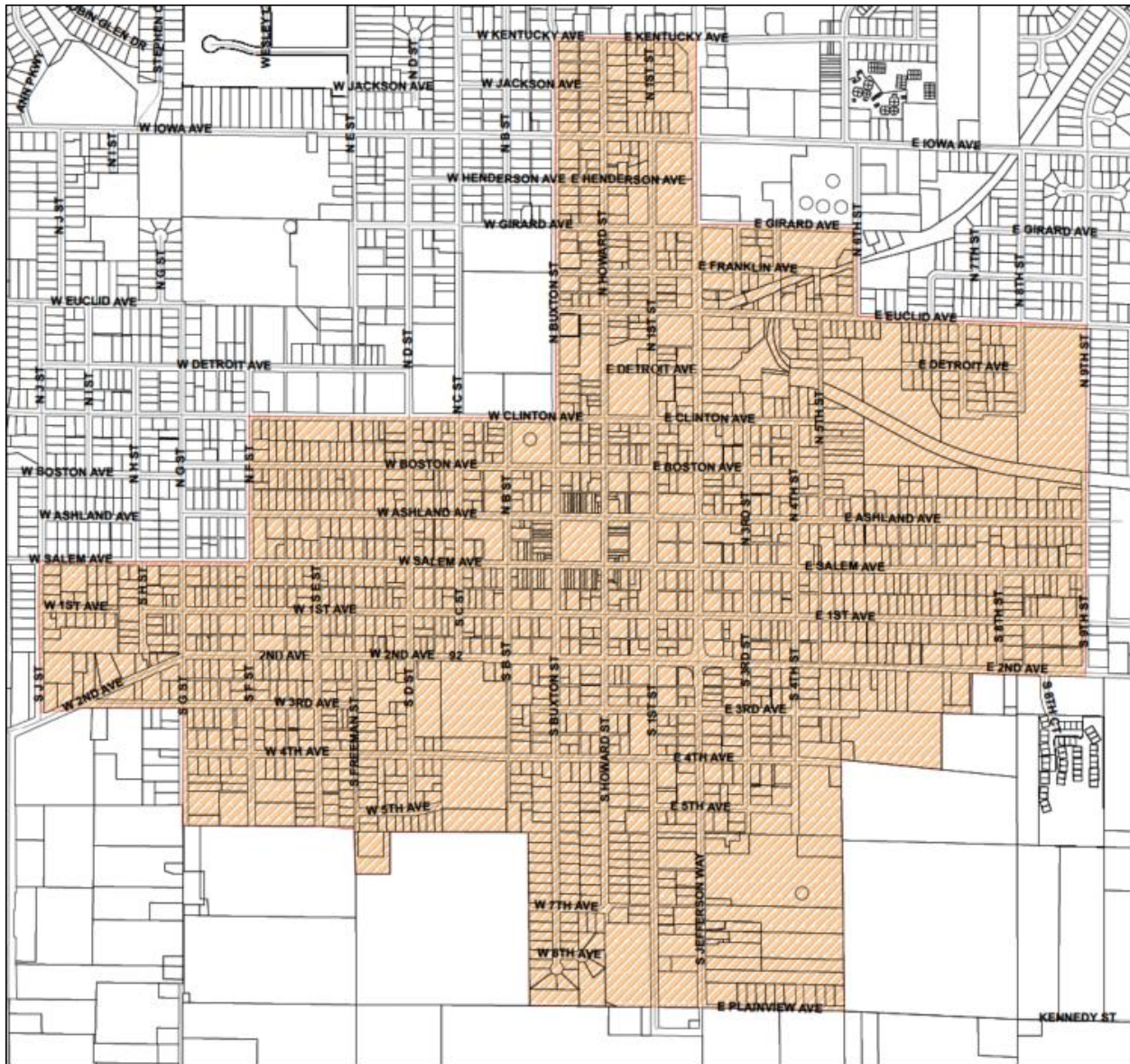


FIGURE 11 - MAP OF BLIGHTED AREA

Based on the August 2017 windshield survey 29.08% of the properties in the above area were identified as blighted. This percentage in conjunction with the other blighting factors identified below support a blight finding for this targeted area.

- Substantial number of deteriorated, or deteriorating structures and deterioration of site or other improvements;
- Incompatible land uses; and
- The existence of conditions which endanger life or property by fire and other causes.

Urban Revitalization vs. Urban Renewal

Urban Revitalization and Urban Renewal are two tools that the City could use to promote residential, commercial, and industrial growth and remediate blight in areas where a blight finding is

determined. In order to ensure that those reading this blight assessment report understand the differences between these two options, a description of each of these tools is provided below.

Urban Revitalization

Urban Revitalization or property tax abatement is authorized by the *Code of Iowa*, Chapter 404 and Chapter 427B. Urban Revitalization provides an incentive for property owners to make improvements to property by exempting the resulting increase in valuation from property taxation for a specified period of time. The new valuation is “abated” and is, therefore, not subject to tax for a specified period of time.

Urban Renewal

Chapter 403 of the *Code of Iowa* allows municipalities to create an urban renewal area. Urban Renewal areas, sometimes referred to as Tax Increment Financing (TIF), are created as a means to maximize property tax dollars within particular areas in order to pay the cost of public improvement projects (streets, water, sewer, etc.) or direct economic development grants or loans to private enterprise as an incentive to locate within the urban renewal area and help to promote development. The funds must be spent within the area and may not be used by cities or counties to supplement their general operations.

Options

Although our report does not lead to a city-wide blight finding, there are other tools the City can utilize to address the remediation of blight within the City. The following options are ones the City can discuss and determine if they want to move forward with one or several of them.

Urban Revitalization

The City currently has an Urban Revitalization Plan that includes all residential and commercial property within the City limits. This plan is based on an economic development designation with the purpose of stimulating the development of additional residential and commercial buildings including new construction and rehabilitation or additions to existing properties. The self-imposed expiration date on the existing Urban Revitalization Plan is January 31, 2018.

If a blight finding is found for an area, the City could decide to approve a new Urban Revitalization Plan for the area based on this blight finding. This new Plan would qualify as a blighted Urban Revitalization Area under the *Code of Iowa*, Section 404.1(2) because the target area meets the following definition:

“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.”

An Urban Revitalization Plan based on a blight finding allows the City to offer an extended exemption period as well as a higher percentage of exemption from taxation. Under the *Code of Iowa*, Section 404.3(2) the City could offer one of the following exemption schedules for the blighted area:

1. A partial exemption from taxation on the actual value added by the improvements for a period of ten years:
 - a. For the first year, eighty percent
 - b. For the second year, seventy percent
 - c. For the third year, sixty percent
 - d. For the fourth year, fifty percent.
 - e. For the fifth year, forty percent.
 - f. For the sixth year, forty percent.
 - g. For the seventh year, thirty percent.
 - h. For the eighth year, thirty percent.
 - i. For the ninth year, twenty percent.
 - j. For the tenth year, twenty percent.

OR

2. A 100% exemption from taxation on the actual value added by the improvements. The exemption is for a period of three years.

If the City extends the expiration of the current Urban Revitalization Plan, then the City would need to carve out this target area and approve a new Plan for the blighted area.

Urban Renewal

Portions of the potential target area are within the City's current Hillcrest /Downtown Unified Urban Renewal Plan (see map below).

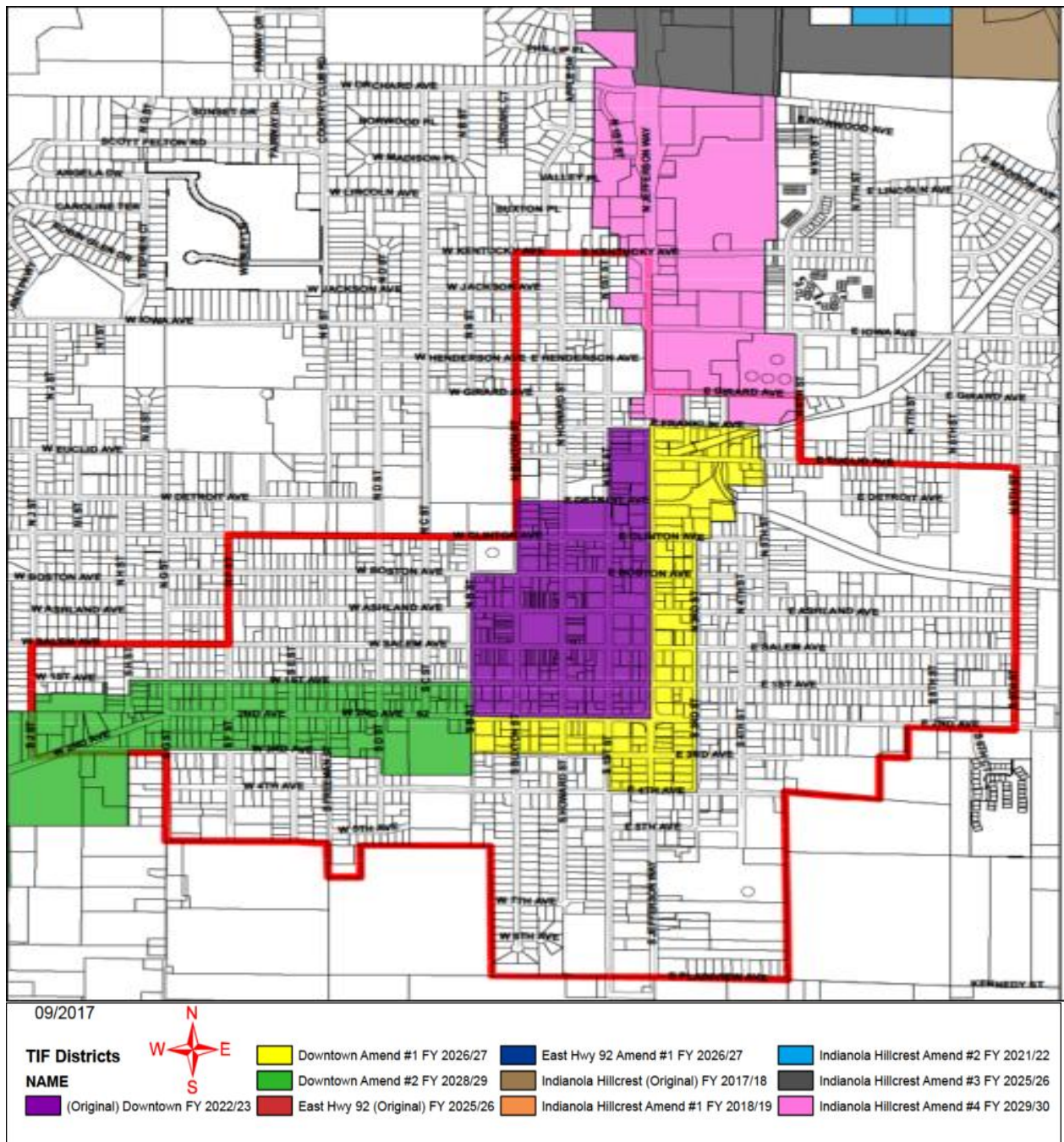


FIGURE 12 - TARGETED AREA WITH URBAN RENEWAL AREA IDENTIFIED.

The Hillcrest/Downtown Unified Urban Renewal Area has an economic development designation for the promotion of commercial and industrial development. According to the *Code of Iowa*, Section 403.5(5)(d), "Once determined to be a blighted area, a slum area, or an economic development area by a municipality, an urban renewal area shall not be redetermined by the municipality throughout the duration of the urban renewal area." Therefore, if the City wanted to have an Urban Renewal Area, based on a blight finding, then the blighted area would need to be carved out of the existing Urban Renewal Plan in order to start a new Plan. The benefit of an Area based on a blight finding is that there is currently no sunset on the Area. The drawback of this is that the City would lose all existing

increment from the area that is carved out. The City would have to weigh the benefits of each to determine how to move forward.

Urban Renewal - Housing

One other option under Urban Renewal is to create a new Plan for Low to Moderate Income (LMI) housing or Non-LMI Housing. This option is available in the potential target area where blight may be determined and all other areas within the City limits. When a City utilizes tax increment financing to support residential development (such support is limited to reimbursement of “public improvement” costs, as defined by Iowa law), a percentage of the incremental revenues (or other revenues) generated by the development must be used to provide assistance to LMI families. LMI families are those whose incomes do not exceed 80% of the median Warren County income. The percentage of LMI families living in Warren County is currently 33.13%.

The requirement to provide assistance for LMI housing may be met by one, or a combination, of the following three options:

1. Providing that at least 33.13% of the units constructed in the Area are occupied by residents and/or families whose incomes are at or below 80% of the median county income;
2. Setting aside an amount equal to or greater than 33.13% of the project costs to be used for LMI housing activities anywhere in the City; or,
3. Ensuring that 33.13% of the houses constructed within the Area are priced at amounts affordable to LMI families.

If funds are set aside, as opposed to constructing a sufficient percentage of LMI housing in the Area, the assistance for LMI family housing may be provided anywhere within the City. The type of assistance provided must benefit LMI residents and/or families and may include, but is not limited to:

1. Construction of LMI affordable housing.
2. Owner/renter-occupied housing rehabilitation for LMI residents and/or families.
3. Grants, credits, or other direct assistance for LMI residents and/or families.
4. Homeownership assistance for LMI residents and/or families.
5. Tenant-based rental assistance for LMI residents and/or families.
6. Down payment assistance for LMI residents and/or families.
7. Mortgage interest buy-down assistance for LMI residents and/or families.
8. Under appropriate circumstances, the construction of public improvements that benefit LMI residents and/or families.

Housing Urban Renewal Plans are limited to ten years but with the consent of all other affected taxing bodies (by written agreement), the use of incremental property tax revenues under the *Code of Iowa* Section 403.22(5) can be extended up to five years if necessary to adequately fund the housing

project. This additional five years is an option for only those cities with a population under 15,000. The City of Indianola qualifies with their current population of 14,782.

If the City wants to move forward with any of the Urban Revitalization or Urban Renewal options LGPS recommends that you work with your attorney.

Community Development Block Grant (CDBG) Housing

The City could apply for a Community Development Block Grant through Iowa Economic Development Authority. This is an annual competitive grant program that assists communities in rehabilitating owner-occupied single-family homes. The goal of this program is to provide economic opportunities for people, especially those of low and moderate income.

The grant could focus on smaller target areas within the City along with reaching those that qualify as low-moderate income. Based on the 2006 American Community Survey, the LMI percentage for Indianola is 41.31%.

Cities can apply to rehabilitate six homes initially, and with good results and additional demand IEDA will consider additional projects. Each house that is rehabilitated has a maximum subsidy of \$37,500, including but not limited to the hard cost of rehabilitation, technical services costs (including lead hazard reduction carrying costs), lead hazard reduction costs, and temporary relocation. The rehabilitation hard costs are limited to \$24,999 of the total maximum subsidy of \$37,500. All houses must be rehabilitated in accordance with IEDA's Iowa Housing Quality standards and any locally adopted building codes and standards.

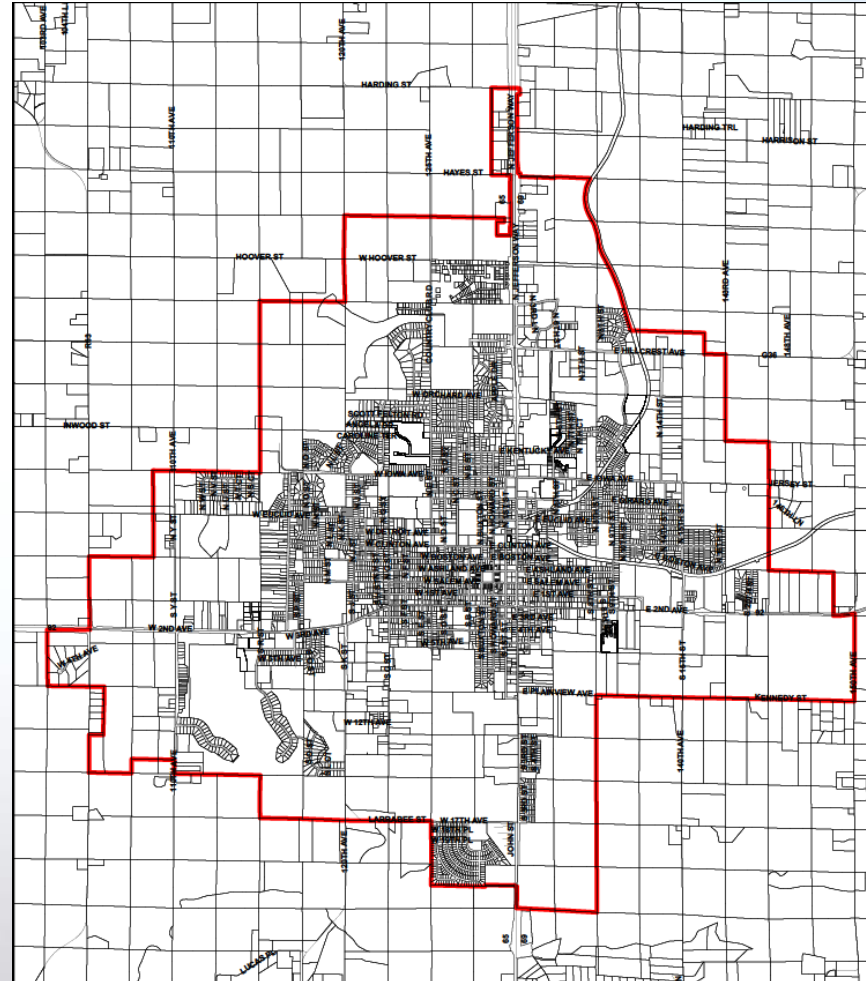
The 2018 CDBG Housing grants are due May 4, 2018.



Indianola Blight Assessment Report

November 2017

Assessment Area



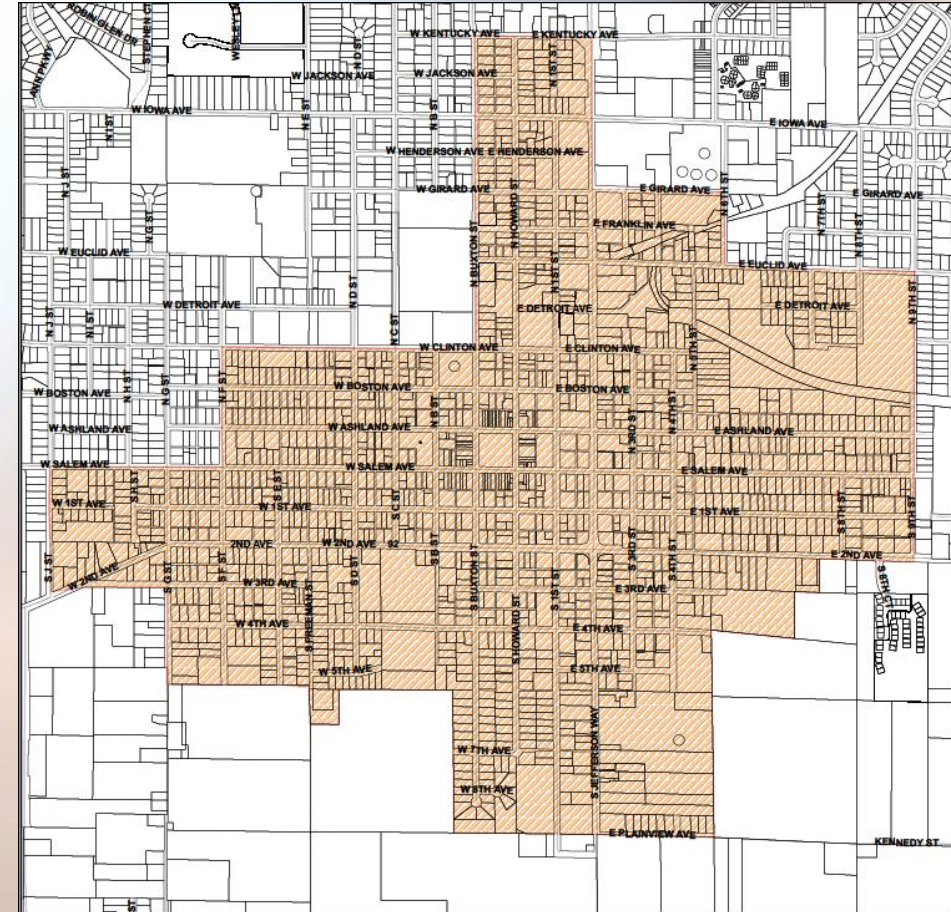
Process

- Windshield Survey
 - Structural Blight
 - Visual Blight
- Additional Data Collected
 - Condition of Infrastructure
 - Flood Plain Maps
 - Home Sale Information
 - Variances
 - Building Permit Data

Findings

- Citywide Blight – 16.02%
- Other Blighting Factors
 - Substantial number of deteriorated, or deteriorating structures and deterioration of site or other improvements.
 - Incompatible land use relationships.
 - Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.
 - Existence of conditions which endanger life or property by fire and other causes.

- A Citywide blight finding is not supported.
- Blight finding for a targeted area.



Urban Revitalization vs. Urban Renewal

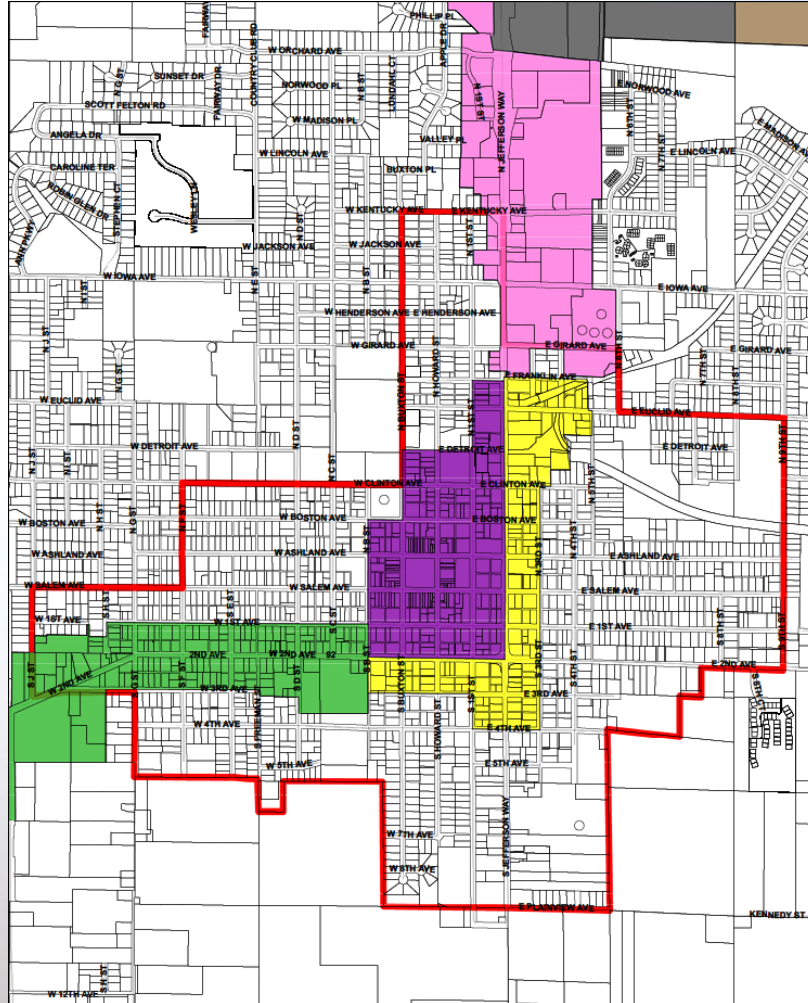
- Urban Revitalization

- Current Plan
- Abatement Schedule

- Urban Renewal

- Current Areas
- Housing

Hillcrest/Downtown Unified Urban Renewal Area



Decision Points

- Urban Revitalization
 - Residential Abatement Options
 - Commercial Abatement Options
 - Effective Period of Urban Revitalization Plan

Questions?

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City Council Study Meeting

2.

Meeting Date: 11/20/2017

Information

Subject

Hometown Pride update from Lorin Ditzler

Information

Lorin Ditzler will present a Hometown Pride update.

Fiscal Impact

Attachments

No file(s) attached.

City Council Study Meeting

3.

Meeting Date: 11/20/2017

Information

Subject

Other items

Information

Fiscal Impact

Attachments

No file(s) attached.
