PLANNING AND ZONING COMMISSION MEETING
November 12, 2024
6:00 PM
City Council Chambers
Minutes

1. Call to Order

The meeting was called to order at 6:00 PM.

2. Roll Call

Commission members present: Cortney Marmon, Al Farris, Carrie Woerdeman, Lin Stecker, Jake Vice, Rich Piper.
Staff members present: Ben Reeves, Bil Mettee, Tara Bosteder.

3. Agenda Approval

A. Approval of the November 12, 2024 agenda.

Vice made a motion to approve the agenda.
Farris seconded the motion.
Motion was passed.

4. Minutes Approval

A. Approval of the October 22, 2024 meeting minutes.

Farris made a motion to approve the meeting minutes.
Vice seconded the motion.
Motion was passed.

5. Public Comment

No public comments.

6. New Business

A. Review and Consideration of the Proposed Kentucky Ridge / North 6th Street Urban Renewal Plan for its Conformance with Elevate Indianola Comprehensive Plan

Planner Bill Mettee explained that the urban area renewal plan needed to be redone due to several different projects that are requesting tax increment financing (TIF). So, as part of that process, re-identification was needed in certain districts where they were located. Mettee added that no vote is required for this agenda item, but the commission should decide if the plan complies with the Elevate Indianola Comprehensive plan. Mettee then presented the proposed plan.

Commissioner Farris questioned why this urban renewal plan was separate from the urban renewal plan referenced in the next agenda item. City Manager Ben Reeves confirmed that it was due to geography.

City Manager Reeves continued that an urban renewal area allows taxes to be segregated from the overall collection and then, through a TIF agreement, different improvements can be made. These improvements will be for the Kentucky Ridge project and the North 6th Street area.

Commissioner Piper asked where the plan would go from here. Planner Mettee confirmed that it would go to City Council next. City Manager Reeves explained there's a process when an urban renewal area is created. The Iowa State Code requires that they are a maximum of 20 years for commercial and 10 years for residential. Upon creation, these dates are established and it creates the mechanism for the segregated collection out of the normal collection of property taxes. Those segregated funds can then be used for the urban renewal area. From that, you then have a development agreement that's put together for the use of TIF dollars that come through that collection mechanism. The first development agreement that will come through is for the Kentucky Ridge project, that will have to do with the 51 townhome units and the commercial areas that is occurring right now. The reason the city is getting involved with that is because we had all the storm water and sanitary sewer that needed to be repaired by the developer and also for all the fill dirt that was brought in to make the area more usable. That is the general terms of that development agreement. In addition to the creation and taking it through to the Planning Commission, there was a meeting with the school district and the county to review the plan with them. There will be a public hearing on December 2nd for both the URA and the TIF development agreement that is being put together. Once that's approved, that one is done with a bunch of others in the pipeline.

Commissioner Woerdeman commented that this seems like something that should have been requested before any work was started and asked if there was something more to it. City Manager Reeves answered yes. He continued that the city have several TIF districts throughout the community, including one being cleaned up that is not on the agenda called the Hillcrest, and a change order is being put forth called Amendment Number 8. A lot of these TIF districts needed to be cleaned up and Charlie had started that process before leaving. In order to (1) bring them into compliance with state code and (2) we have to remove certain areas out of existing TIF districts so that the money could be redistributed to the Kentucky Ridge project. There was a lot of surveying work, negotiating work, and clean up on the Amendment Number 8, Kentucky Ridge, Summercrest, as well as 3 others that we have going on which are Emerald Bay, Wesley Life, and Deer Run. A lot of cleanup work has been done and they went forward on faith that the city would continue with this endeavor and that the money, once they've started with construction and started generating tax dollars, would be able to be used in reimbursement. Woerdemen stated they took a calculated risk in moving forward. Reeves concurred and added that it's also important to note that the city did front some money in that regard and the city will be reimbursed through these TIF dollars as well on a proportionate share. So they're fronting some and the city is fronting some. He thinks 55% to 45% is the ratio, and as those tax dollars are collected, both will be reimbursed until made whole.

Commissioner Piper asked, with regard to the districts with TIF funding, what assurances there are later that there is money to continue to fund these future projects from an administrative standpoint. City Manager Reeves explained that everything is based on increment, so not what the tax base is, but the increment that you are creating. So in this case, there was a parcel of property that is now being used for potential commercial spots and 51 units. The value of that property has gone up because of the improvements that have been made and the dirt that was brought in. In addition, further south in the 6th Street Subarea, there is the city's public works yard surrounded by the county's public works yard. That has zero base because taxes weren't being collected as it's governmental. So the increment is substantial in those areas. As that area is developed, new taxes coming in will be created and those tax dollars will be used to help pay for the infrastructure that brings in those improvements.

Commissioner Farris asked if the North 6th Street area was going to be the site of the future library, how that increases the tax base. City Manager Reeves explained that the area is much larger than just the library. It includes the whole 6th Street subarea, which consists of the potential future site of the library (potential due to some private property within that's under negotiation), the county property, the city property, and the elevator area/Heartland all the way out to Hy Vee.

Commissioner Vice asked if existing businesses in that area, such as Hy Vee, would have any opportunity with the money. City Manager Reeves answered that they would if they were to make an incremental improvement. If they were to make an improvement that would increase value and generate new taxes, we could have that increment come back to help in the endeavor.

There were no further questions from the commission.

The commission unanimously concluded the Kentucky Ridge / North 6th Street Urban Renewal Plan is in conformance with the Elevate Indianola Comprehensive Plan.

B. Review and Consideration of the Proposed Summercrest Urban Renewal Plan for its Conformance with Elevate Indianola Comprehensive Plan

Planner Bill Mettee presented the proposed plan.

Commissioner Vice asked if the comprehensive plan is supposed to be updated every ten years. Planner Mettee answered that they are typically set up for a twenty-year period. He further explained that cities will typically make updates or modifications every five or ten years. Vice noted and Mettee confirmed that 2020 is when the full adoption of the Elevate Indianola plan occurred. Commissioner Farris added that before that it'd been a while since any updates or modifications were made.

Commission Farris asked whose plan this was, acknowledging that it was the Summercrest Hills urban renewal plan. City Manager Reeves explained that it was the city's plan, with a TIF development agreement being proposed December 2nd, where information will be shared regarding the development that is being planned. He said in short, it'll bring in some significant regional park amenities which would draw in traffic for potential hotels and restaurants in that area. This is the mechanism by which we can collect tax dollars for this development area.

Then there will be a public hearing on the URA, a public hearing on the development agreement, and a sharing of the overall conceptual review. And as individual plats and all that type of thing come through, it will highly involve the Planning Commission at every step.

Commissioner Farris asked as they go through this process and the commission is asked to make these decisions, how much does their decision lock in the plan. City Manager Reeves explained that with this mechanism, it's just creating the URA which allows dollars to be segregated into a "bucket". He further explained that how those dollars leave the "bucket" is where his question pertained and that's through a development agreement that comes later. He said it's important to note that one of the things that will be constructed is the extension of Willowcrest going east, and the connection of North 7th and North 6th coming up, which will provide greater connectivity. The city will be taking care of North 7th and Willowcrest. Not only does that expand the area to the south of Willowcrest, it also opens up the areas to the north of Willowcrest behind DeYarman. It provides connectivity for that entire subdivision to get out through Willowcrest, which will also be nice for police, fire, and snow plows.

Commissioner Woerdeman asked if that project would be utilitizing city budget dollars or if the city would be bonding based on the TIF. City Manager Reeves answered it's part of the development agreement coming up on December 2nd. He shared that 100% of the TIF collected will be used to make the debt service payments to the city and then what's leftover will be used by the developer for a certain period of time and it drops over time.

Commissioner Woerdeman asked what does the city currently do or what are the future plans for the low to moderate income (LMI) set aside for TIF districts. City Manager Reeves stated there hasn't been a residential TIF yet, and LMI is only required for residential, he thinks just over 30%. The first one will be Wesley Life. There is some discussion right now on whether Wesley Life will have it's own use of those funds for LMI proportionality or if they will just generate those funds and those funds will come to the city. If the city starts collecting funds into an LMI, then the city will likely put together some sort of committee or board similar to what other cities do to evaluate LMI type projects that the city might want to collect money for. Of course, it'll take time to collect enough money to do anything, so it might be several years out before that would move forward. The Kentucky Ridge is commercial based, the Summercrest is commercial, although there is a residential component that is excluded from it, Wesley Life and Deer Run, and maybe Emerald Bay might have residential. We try to do just commercial so it stays cleaner and commercial can last longer, twenty years versus ten.

Commissioner Vice asked for definition of LMI. Planner Mettee clarified that it means Low to Moderate Income. City Manager Reeves further explained that for residential projects 1/3 of the money collected, the increment, has to be used to benefit affordable housing, workforce housing, that type of thing.

Commissioner Vice further asked that when referencing this as the mechanism used to reallocate funds to/from the "bucket" it goes into, is it fair to assume that "bucket" is stale where it's at and we're trying to generate more for that bucket, reallocating funds from one to another. City Manager Reeves answered, explaining that Iowa State Code and auditors require that the money collected has to be used for the things for which it was collected. So the "bucket" that we do have was collected and offsets the YMCA bond debts. So there's really nothing stale; we've just precollected some, then we have the debt service that's going to go out and those two lines will come together. These other "buckets" will be used for specific purposes, like in this figurative case, helping Kentucky Ridge or in the case of Summercrest, putting in Willowcrest, North 7th, and seeing some of the other improvements move forward.

Commissioner Piper asked for clarification on pre-existing developments already there that were benefiting from previous TIF funding. City Manager Reeves said there were areas that overlapped, so money had been collected, but specifically, those were more farm ground. There wasn't a lot collected in those areas. Now they're being segregated and as they convert from ag to higher commercial use, the increment will be substantially higher and those monies will be allocated that way. Piper continued his question, asking specifically about the existing building that benefited from this program ten years ago. City Manager Reeves confirmed that yes, the YMCA (now the IWC) bonds and all of that development, including the hotel, was part of the Hillcrest URA and development agreement. Piper followed up, asking what the status of that bond currently is - is it drained/gone? City Manager Reeves said no, in fact, there's been about six million dollars that has been collected that's sitting in an account and there's approximately five and a half million dollars worth of debt payments on the IWC before it's fully paid off, but there are other projects by which dollars are going as well; all of that lines up so those lines will come together at the end. We can only collect enough to meet the actual amount that is needed for the TIF. Piper asked for reiteration on the source of funding for this. City Manager Reeves explained that as a developer builds for example a Country Inn, that Country Inn is now paying taxes, those taxes instead of going into a city budget will go into a TIF budget and it's used to pay for the infrastructure of that area. Piper asked if it was for use on infrastructure only. City Manager Reeves answered no, not necessarily. It is dependent on the terms that are in the development agreement which is negotiated between the city and the developer, but there are guidelines that the state puts in place. Piper acknowledged that the developer, as mentioned prior, is taking a risk by assuming a certain amount of dollars would be available to close gaps. City Manager Reeves continued that residential can only be used for public infrastructure, and approximately 31% of it has to go to LMI uses. Residential is a little different than commercial. Commerical can go for 20 years and can be more flexible in structure.

Commission Piper referenced some different areas on the map provided and asked how they got zoned that way. City Manager Reeves displayed a map of all the different TIF districts and explained this map was a part of Amendment 8. Piper asked if any business, property owner, or developer within these districts could apply to benefit from TIF funding. City Manager Reeves said yes, but in order to draw funds from it they would have to prove that they were bringing increment in. So for example, when Wesley Life comes through, they're going to be putting in about 20 million dollars worth of improvements with about 2 million dollars worth of public improvements. They are looking for assistance on the public side but the actual improvements are much higher. So the valuations go up and everyone wins. Piper asked for clarification on the determination of what's public use versus private use. City Manager Reeves explained that in the given example, the public use portion would be the street with cul de sac and the infrastructure. Reeves continued that with residential it can only be public infrastructure. In commercial, it can be a lot more. For example, Deer Run is requesting assistance with improvements to their golf course, whether or not that gets in the agreement, we don't know yet. Piper concluded that overall, the goal is incentive to bring different opportunities to Indianola.

Commissioner Stecker asked if the allocation for this money would come from application, from a committee, or who is allocating the money. City Manager Reeves said first, they would have to prove there is going to be an increment. Then it would be a negotiation with the city council and come up with terms. That lays out the path on which they can collect those dollars back, but they have to meet certain milestones such as putting in infrastructure, creation of jobs, or putting in a certain amount of valuation. As long as they're hitting those milestones, those dollars continue to flow to them. So there's certain protections along the way that ensures the city is getting the valuation created, but they can't get anything if they don't create the value. He said it's a good too all around, but it is very complicated.

Commissioner Farris asked if each one of them has to be accounted for separately. City Manager Reeves confirmed this was correct and that it can get very complicated if there's many "buckets" for many milestones along the way and that's why we try to consolidate.

Commissioner Vice asked if there's a point when their increased tax funding rolls over to the city, is it at the end of twenty years? City Manager Reeves said yes, at some point, either when the meet the dollar number that they had negotiated or when time runs out, whichever happens first, then those tax dollars stop going to the developer and they go to the taxing entities meaning they go to the city, county, school district, and others. Vice asked if it would be 100% or just a portion of the property tax. Reeves said it depends on what was negotiated.

Commission Piper asked if a flat rate for property tax is open to negotiation and developer's intent. City Manager Reeves answered the property tax itself isn't negotiated unless they have setup a minimum. So whatever it's valued by the county, that sets its taxes and that's what they have to pay. It's just that what they do pay, how we use it and how it goes back. That's what's negotiable.

Commissioner Farris commented that negotiations of TIF districts in the past, specifically the one for the Y, had taken place over multiple meetings. Farris believes this to be pretty typical. City Manager Reeves commented that as we do more of them, they are progressing through a little easier.

Commissioner Woerdeman commented that she would advocate for more consideration for residential TIFs in the future to incentivize affordable housing development in Indianola.

Commissioner Vice asked if there were any TIF funding for the Schoolyard development. City Manager Reeves answered no, it's his understanding that there's nothing TIF related for that project. He added that typically it would go one way or the other with TIF versus abatement and other opportunities. Vice commented that abatement could be attractive to the developer because you can pass that on to the homebuyer. Reeves stated it is less attractive the school district. Commissioner Woerdeman said it is less attractive to the developer as the homebuyer won't necessarily understand the benefit whereas the TIF can be more monetized to the developer on the front end. Reeves added that if it weren't for TIF, we could not extend Willowcrest, North 7th, and the developer couldn't put in North 6th or all these improvements. Because it can be monetized, we can borrow, they can borrow, and the revenue stream is utilized to pay the debt service which creates a win for everybody.

There were no further questions from the commission.

The commission unanimously concluded the Summercrest Urban Renewal Plan is in conformance with the Elevate Indianola Comprehensive Plan.

7. Comments

A. Building Permit Report

No comments on the building permit report.

B. Current Projects

No comments on any current projects.

8. Adjourn

Vice made a motion to adjourn.
Piper seconded the motion.
The meeting was adjourned at 6:36 PM.