

CITY OF JOHNSTON

TAX INCREMENT FINANCE PROGRAM (TIF)

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City of Johnston Tax Increment Finance (TIF) Program

GOALS:

The goals of Johnston's Tax Increment Finance (TIF) program include the following:

1. To enhance areas in the city for the purpose of stimulating private investment in commercial, industrial, residential development/redevelopment and investment in public facilities and infrastructure through public action and commitments.
2. To increase commercial, industrial development, residential redevelopment and investment in public facilities in Johnston which will improve the economic and social environment of the community and sustain a desired balance between the non-residential and residential tax burden.
3. To provide adequate public infrastructure of sanitary sewer, storm water management, potable water, streets, and pedestrian walkways to ensure the public health, safety, and welfare.
4. To provide assistance and economic incentives for commercial, industrial development and residential redevelopment which may not otherwise occur without such assistance and incentives.
5. Other goals as stated in the city's urban renewal plans.

POLICIES: The following are the policies for the TIF program:

- This policy shall not be construed as obligating the City to use TIF for any or all projects that satisfy the criteria set forth in this policy. The decision to provide Tax Increment Financing incentives shall be at the sole discretion and approval of the Johnston City Council and shall be determined on a case by case basis. Tax Increment Financing is also subject to required legislative process (notice and public hearing).
- The City may provide TIF funds for the purpose of improving City infrastructure and structures as well as for structural and infrastructure improvements to privately owned commercial and industrial properties.
- The City shall give highest priority to the use of TIF funds for public infrastructure improvements.
- The City may consider the use of TIF to provide funds to a developer to assist in preparing a property for redevelopment (i.e. removal of existing structures, filling and grading).
- The City may consider the use of TIF funds for a project to assure Johnston is not at a competitive disadvantage when competing for projects with other communities.
- The city may consider action to encourage investment in areas that have fallen into a state of blight as defined in the Iowa code Chapter 403.17(5).
- The city may use TIF to invest in public facilities designed to improve the overall economic environment of the community and to provide quality services to its citizens.
- Any project making an application for TIF funds must be located in a designated Urban Renewal District.
- The public assistance granted to a business shall not result in a benefit exceeding market conditions and normal business expectations for finance terms or rate of return on investment. Applicants must be prepared to provide proof of their ability to finance the project contemplated in their TIF application.
- "Chain" type stores, retail stores, service stations, or restaurants shall not be eligible for TIF funds.
- If the City has already extended TIF funds to improve a property (infrastructure or buildings), the City may reduce the amount of TIF assistance for subsequent improvements to the property or decline to provide any TIF assistance.

TIF FUNDING CALCULATIONS AND DEFINITIONS:

Incremental property taxes are the new property taxes generated by improvements to the project property. The incremental property taxes are multiplied by the year's TIF tax rate which is determined by subtracting any protected levies from the consolidated tax rate of the property's taxing district. This calculation determines the amount of TIF funding available to a project and is hereby referred to as the segregated incremental property taxes.

Property valuations are independently determined by the Polk County Assessor unless determined as part of minimum assessment agreement.

TIF FUNDING ALTERNATIVES:

Following are types of funding alternatives the city may consider.

- Rebate – Under the rebate program the developer/business constructs the improvements to the property and makes their annual property tax payments when they are due. The City receives the property tax payment and rebates a portion of the property taxes back to the developer/business. The amount and number of years for the rebate shall be established in a Development Agreement approved by the developer/business and the City Council.
- Forgivable loan – Under the forgivable loan program the developer/business constructs the improvements and the City provides the TIF funds in one payment once the developer/business receives a certificate of occupancy. The City forgives 20% of the loan over a five (5) year period. If the business ceases to exist before the entire amount of the loan is forgiven, they are responsible for refunding to the City any portion of the loan that has not been forgiven. The amount of the loan and schedule for forgiving the loan shall be established in a Development Agreement approved by the developer/business and the City Council. Providing a forgivable loan is subject to the City having the resources available to make the lump sum payment.
- The City may consider other funding alternatives, such as infrastructure improvements, as approved by the City Council.

BASE TIF PROGRAM

The Base TIF program contemplates funding up to the equivalent of 50% of the segregated incremental property taxes for up to five (5) years.

The following factors may be considered in determining whether a project is eligible for Base TIF funding:

- The project is a new or existing business that is improving property with expanded infrastructure or building expansion.
- The project creates additional tax base for the community.
- The project creates or maintains quality employment in the community.
- The project is a new or existing business that is compatible with the community environment and maintains and promotes a strong sense of community.
- The project meets or exceeds the architectural standards established by the City and is compatible with the surrounding development.
- The project does not cause undue stress on city services or infrastructure and is sensitive to the environment.
- The project does not create an unfair advantage for the applicant over existing businesses in the community.
- The project will not occur in Johnston or the scope of the project will be reduced if TIF funds are not available.
- Any other considerations determined by the City Council to be relevant.

EXPANDED TIF PROGRAM

The Expanded TIF program contemplates funding up to the equivalent of 100% of the segregated incremental

property taxes for up to five (5) years. The following factors will be considered in determining whether a project is eligible for Expanded TIF funding:

- The amount of tax base created - Does the project provide for a significant expansion of the property tax base?
- Number of new jobs - Does the project create a significant number of new jobs? If so, how many?
- Quality of jobs - Does the project create new jobs that pay at least 125% of the median income for Polk County and provide insurance benefits? If so, how many?
- Architecture - Does the project involve significant investment in architectural design that is above and beyond the architectural requirements of the City?
- Redevelopment - Does the project involve investment in the redevelopment of an existing structure or property?
- Leadership in Energy and Environmental Design (LEED) Certification – Will the building(s) be constructed to meet LEED Certification?
- Public Art – Does the project involve the creation and construction of public art or an amenity that would be unique to the project and of interest to the public?
- Other – Any other considerations determined by the City Council to be relevant.
- Preferred areas - Is the project located in West Park, Birchwood Crossing, NW 70th Avenue or is it infill development along Merle Hay Road or NW Beaver Drive? Existing business - Is the project an existing business in Johnston that is seeking to expand?

TARGETED REDEVELOPMENT AREAS TIF PROGRAM

The Targeted Redevelopment TIF Program shall expire January 1st, 2020 unless otherwise amended by the Johnston City Council.

Projects meeting Base TIF program requirements and significantly advancing the Merle Hay Road Town Center Plan and the Gateway Redevelopment Plan as adopted by the Johnston City Council will be considered for funding up to the equivalent of 75% of the segregated incremental property taxes for up to ten (10) years. The city will also consider mutually beneficial infrastructure improvements for which the incurred costs may be discounted against other TIF funding.

The Gateway Redevelopment Area is generally defined as the area north of I80/I35 and south of NW 55th Avenue and within the vicinity of Merle Hay Road.

Key Features & Objectives of the Merle Hay Gateway Redevelopment Master Plan:

- Create a unique gateway to the community along the City's most identifiable corridor;
- Develop destination oriented commercial redevelopment project around 5055 Merle Hay Road site with an outdoor recreation theme or otherwise aligned with the Gateway Mater Plan;
- Establish a vision for a long-term housing village with mix of higher density housing options including townhomes, apartments and condominiums;
- Transform the underutilized industrial properties into a destination community park and open space areas;
- Create a destination community park with unique program elements such as a multi-use facility, skate park, bmx track, dog park and trailhead facility as well as multi-purpose fields for soccer and other uses;
- Embrace the Beaver Creek natural area by making strong pedestrian connections to the regional trail and water oriented amenities;
- Create a district stormwater treatment strategy for the whole Merle Hay Road Gateway area that allows for enhanced stormwater storage and filtration;
- Maintain necessary floodplain and habitat protection in balance with logical development patterns.

The Town Center is generally defined as the area north NW 61st Ave and south of NW 63rd Place and within the vicinity of Merle Hay Road.

Key Features & Objectives of the Merle Hay Road Town Center Redevelopment Master Plan:

- Create an attractive and economically viable Town Center in the northern portion of the community along the City's most identifiable corridor;
- Provide a central community gathering place for Johnston trail users, residents and employees to shop and dine.

- Create a model for sustainable redevelopment practices within the Johnston community;
- Facilitate multi-modal access to and through the Town Center;
- Utilize public-private partnership opportunities to develop community assets and community attractions;
- Create a district stormwater treatment strategy for the whole Merle Hay Road Gateway area that allows for enhanced stormwater storage and filtration;

APPLICATION PROCEDURE:

- Any developer/business interested in applying for TIF funds shall submit an application as early as possible in the planning process. At a minimum, the application must be submitted prior to submittal of a site plan or plat, as applicable.
- Once an application is submitted, the City Council will conduct a work session to review the project. If the Council determines the application is acceptable for funding, staff will be directed to prepare an appropriate Development Agreement.