



IMPLEMENTING THE PLAN

Recommendations, Funding, and Regulation



The Downtown Council Bluffs Plan presents an ambitious and varied program for continuing the development of the city's central district. This chapter considers funding requirements and phasing of the components of this comprehensive program. It is inevitable that the plan and the timing of implementation will change over time. Some projects may advance as opportunities or demands open, while others will fade in importance. Yet, we believe that the overall vision is both comprehensive and compelling, and will ultimately result in a vibrant, productive downtown. This section will provide a tool allowing the city and downtown stakeholders to mark progress and make necessary "mid-course corrections" on the journey to accomplishing this vision.

FUNDING PRECEDENTS AND CAPITAL RESOURCES

Council Bluffs has invested substantial private and public resources in the past in development in its downtown district. These resources have ranged from the urban renewal programs of the 1970s, resulting in the construction of Midlands Mall and its associated parking garage, to the more sophisticated mix of private and public funds that has fueled the growth of

Downtown since 1990. Clearly, a major motivating force in this process has been the creation of the Iowa West Foundation. Iowa West has been a dominant financier of such projects as the streetscape program, the Council Bluffs Public Library, the Union Pacific Railroad Museum at the historic Carnegie Library, and the Senior Center. These key projects have provided a solid amenity foundation for the community, and have opened possibilities for the central district that might have seemed impossible a decade ago.

The city has also taken advantage of other financing mechanisms for capital projects that can also have an impact on Downtown development. These sources include Community Development Block Grant funds, low-income housing tax credits, historic tax credits, tax increment financing (TIF), sales tax revenues, general obligation bonds, and various grant programs. These financing sources and their potential uses are described below.

Community Development Block Grants (CDBG)

Council Bluffs is a CDBG entitlement community and has used these funds for a variety of purposes, including housing rehabilitation, affordable housing development, acquisition and relocation from deteriorated properties, and infrastructure development. CDBG funds must be used in ways

that principally benefit low and moderate-income people or prevent and eliminate slums and blight. Appropriate uses for CDBG (or related programs such as HOME for housing developments) in the Downtown Council Bluffs Plan include:

- Residential rehabilitation in the West Residential and Bluff Street subdistricts.
- Land acquisition and relocation of residents of substandard units to sound housing, applicable to the residential subdistricts, and the Vine and Mynster Street blocks.
- Production and mortgage financing of affordable housing units, including infill urban housing and upper-level conversions.

CDBG’s role in Downtown development should be focused around site acquisition and replacement of deteriorated housing stock, and production of affordable housing.

Low-Income Housing Tax Credits (LIHTC or Section 42)

The Low-Income Housing Tax Credit offers an investment tax credit to investors in developments that reserve specified numbers of units for occupancy by low-income households. The LIHTC, administered by the Iowa Housing Finance Agency, provides 4% or 9% annual tax credits for ten years. This program has been extremely effective at producing affordable housing, encouraging projects such as the Bennett Building rehabilitation. In implementing the Downtown Council Bluffs Plan, it is most effectively used for financing larger-scale rehabilitation or adaptive reuse projects. For example, the program could be used to raise equity for a project like the Old YMCA rehabilitation or the new senior living building south of the Center. Developers utilizing the LIHTC program generally prefer larger projects because of the administrative costs and processes necessary to secure an allocation. These credits can also be used in combination with historic tax credits.

Historic Tax Credits

Historic tax credits offer a 20% investment tax credit to qualified investors in income-producing rehabilitation projects in buildings listed on or eligible



for listing on the National Register of Historic Places. The historic tax credit cannot be used for owner-occupied residential properties; and investors must use the credits against specific types of income, primarily income from real property. To earn the 20% credit, properties must be rehabilitated consistent with the Secretary of the Interior’s Standards for Historic Preservation. A lesser 10% credit can be used for rehabilitation of other older properties. The historic credits are widely applicable in Downtown, and can be useful in both relatively small projects in historic districts such as the 100 Block and the Haymarket District, and larger projects. In the case of the Bennett Building, both low-income and historic tax credits were utilized to raise equity for the project. This, in turn, reduces the amount of debt that the project must support, and helps to fill the financing “gap” discussed earlier.

Tax Increment Financing (TIF)

Council Bluffs has used TIF as a funding source for a variety of community projects. TIF was utilized to help finance such projects as the Heartland Properties (formerly Redlands) Building at 6th and Broadway. However, its use was limited during the late 1980s and early 1990s, as declining property values countered the tax revenue increases that the technique depends on. In 2003, the status of TIF in Iowa is somewhat clouded, and proposals have been presented to eliminate the program entirely, replacing it with a \$2 billion “Iowa Futures Fund.” One possible outcome of the discussion may be limitations on the use of TIF to blighted or redevelopment areas.

TIF has a wide variety of uses in the implementation of the Downtown Plan. Its most logical use is in

supporting land acquisition, site preparation, infrastructure, and public facilities in major redevelopment projects. Major potential TIF projects in the plan include:

- *The Canal Apartments in the 100 Block.* TIF can be used for site acquisition and preparation, and construction of infrastructure. This project, at 120 units, will generate approximately \$10 million of new taxable valuation. Assuming that the current valuation of the site is about \$1.5 million, the resulting increment may produce up to \$1.5 to \$1.7 million in funding for improvements – potentially enough to assemble the property, but not adequate to development infrastructure and the critical public environment.
- *The South Broadway Redevelopment on the 100 Block.* This mixed use project may generate about \$6.0 million in added real property valuation, generating a potential TIF in the range of \$1.2 million.
- *The proposed office complex on the West Gateway Triangle.*
- *The Kaneshville North Redevelopment Project.* A new commercial development in the range of 90,000 square feet may generate about \$5 million in new taxable value, or about \$1 million in TIF proceeds. Again, while helpful, these resources may not be fully adequate to complete public development of the site.

These concepts assume project-specific TIF districts to finance specific enterprises. A wide-area TIF, providing resources that can be used for smaller projects, requires steady and significant increases in overall district tax value – something that should be achieved in the future.

General Obligation Bonds

Like most communities, Council Bluffs has used General Obligation (G.O.) Bonds to finance significant capital improvements. General purpose bonds require a 60% majority of the voters, while essential purpose bonds do not require voter approval. G.O. bonds are especially applicable to major transportation projects and street improvements in the Downtown, ranging from major construction to “micro-projects” such as

traffic calming devices. Bonds may also be used to finance parks, trails, and related public improvements, and have contributed to the downtown streetscape projects.

Grant Revenues

A variety of other grant programs may also help implement aspects of the Downtown development effort. Transportation Enhancement (TE) funds, for example can provide 80% of the funding for trail projects that have transportation benefits, such as the Valley View-Indian Creek Connector Trail.

New Community Tax Credits

This new Federal tax credit program assists major infrastructure investments in projects of new community scale, potentially like the 100 Block proposals. High infrastructure costs at the front-end make transformational projects like the Canal Apartments extremely difficult, particularly because the project is likely to build out in stages. The tax credit can be useful in bridging such a project over its difficult early years.

Iowa West Foundation

The Iowa West Foundation is an indispensable force for major Downtown development. Iowa West has been a powerful force for community enhancement since its creation with the initial development of Bluffs Run. Iowa West’s resources can be used to accomplish major projects that would be impossible in the pure private market and for which city government lacks adequate resources.

IMPLEMENTATION PRIORITIES FOR DOWNTOWN COUNCIL BLUFFS

The Downtown Council Bluffs Plan presents an ambitious and comprehensive program for development. Council Bluffs has historically viewed its downtown development program as a *strategic investment* – an effort that will pay economic dividends for the community in at least the medium term.

This plan presents a long-term vision that incorporates a variety of projects and potential priorities. Some of these will be ongoing efforts. For example, the growth of Haymarket during the past ten years has been

gradual, and, with strategic support from the public and private sectors, will continue to emerge. This section, however, must establish key focuses – projects that respond to market considerations but, if accomplished, have the power to transform perceptions of Downtown. This section will focus specifically on the implementation of these “transformative” projects.

We believe that the projects identified by this plan that require focused community response and have the greatest potential to accelerate other, related development are:

- The 100 Block Redevelopment Program, incorporating both sides of Broadway. The first focus of this project should be the Canal Apartments and the rehabilitation of the north side of the 100 Block.
- The streetscape link along Broadway between 2nd and 4th Streets, including the Omni Business Center block.
- The Kaneshville North Redevelopment.

The three projects are particularly strategic because they:

- Create a residential environment totally unique to the metropolitan area, injecting a new form of momentum and energy into the district.
- Utilize one of the city’s most unique spaces and clusters of historic buildings.
- Knit the city center and eastern parts of the central district together by changing the relatively unfriendly street frontage along the Omni Business Center and, by extension, improving the street appearance and marketability of that project.
- Taking advantage of a demonstrated market for grocery and neighborhood services to reinforce Downtown’s commercial role.

Other projects presented by this plan are equally transformative. These projects include the signature office concept proposed for the Broadway/Kaneshville Triangle between 6th and Main, and the south side of the 100 Block. Both projects will also have a major

impact on perceptions of the district. However, market demand for the signature office project does not exist now, and the South 100 Block project must follow completion of other aspects of the 100 Block redevelopment.

The implementation discussion below considers these large projects in two tiers:

First Tier, representing projects that both resound to current markets and have high impact potential:

- The Canal Apartments
- The Broadway Streetscape from 2nd to 4th.
- Kaneshville North
- 100 Block North Side Streetscape and Adaptive Reuse

Second Tier, representing key projects that will respond to emerging markets, or involve later phases of public improvements:

- 100 Block South Redevelopment
- Signature Office Development
- East Corridor

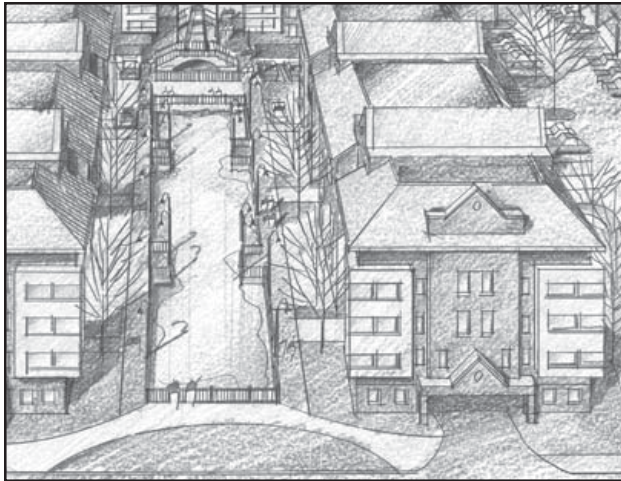
COST AND FINANCING PROGRAM

This section addresses project financing needs for these three pivotal projects, and will examine the roles of various players in bringing the projects to reality.

Vine Street Canal Apartments

We consider this project to be a key initial development for Council Bluffs because it speaks to an initial market demand, has the scale to create a transformative feature in the district, and strengthens both Downtown and surrounding areas as residential neighborhoods. The project requires an ambitious redevelopment approach that requires acquisition and resident relocation of 28 houses and two multi-family structures, and construction of substantial public improvements, including the canal and walkway network. Table 6.1 outlines projected costs for these phases of the project.

The project yields 120 units of apartments, with typical apartment size in the range of 1,200 square feet. Assuming a typical cost of \$80 per square foot for development (a conservative calculation for a project of this level of amenity), the average unit cost would



be \$96,000 and the value of the total project would be about \$11.5 million. Assuming that the existing value of properties on the ground is about \$1.5 million, the project generates an incremental value of about \$10 million. This would be sufficient to amortize a TIF bond issue in the range of \$2 to \$2.5 million under normal financing conditions – roughly enough to acquire the site. The size of a TIF loan could be expanded if the loan is funded by a foundation using the TIF as a program-related investment. This would permit both lower interest rates and an extended term. Assuming that \$2.5 million can be financed through

TIF, the project experiences a shortfall of about \$4.3 million for acquisition and site development.

This shortfall may be made up through:

- Sale of the land to a private developer.
- City bonds or investments for components of the project that clearly involve public use, such as the Indian Creek Promenade, the Valley View-Indian Creek Connector Trail, the alley reconfiguration, and some costs related to the canal development.
- Funds from Vision Iowa or successor program.
- Foundation support, such as a significant grant from the Iowa West Foundation.

Table 6.2 below identifies a conceptual financing program for the project. Actual numbers may change substantially, based on developing the project beyond this highly conceptual phase.

Broadway Streetscape, 2nd to 4th Streets

This is the next logical extension of the Downtown Council Bluffs streetscape program, and is particularly

Table 6.1: Vine Street Canal Apartments: Projected Site Preparation and Public Improvement Costs

Component	Probable Cost	Comments
Site acquisition	\$2,419,000	Includes purchase and resident relocation of 28 houses, 2 multi-family structures, and one commercial structure
Demolition	202,600	
Canal Construction	1,533,600	Includes walkways, bridges, lighting
Indian Creek Promenade	332,800	
Alley Reconfiguration and Parking	64,600	
Valley View-Indian Creek Trail	27,000	
Other Site Furnishings and Signage	15,300	
Street Landscaping	18,663	
Contingency	461,356	10% of all costs
Professional Fees	265,592	10% of construction components
Utility Relocation and Construction	1,500,000	
Total	\$6,840,511	

Table 6.2: Vine Street Canal Apartments: Conceptual Sources of Development Funding

Financing Source	Potential Proceeds	Comments
Tax Increment Financing	\$2,500,000	Based on an approximate tax increment of \$10 million
Land Sale Proceeds	600,000	Based on about \$5,000/unit or \$3/square foot
City Bonds or Capital Budget	258,000	Includes trail, alley reconfiguration, and 50% of Promenade
Major Grant Funding:		
Iowa West or Vision Iowa	3,482,511	
Total	\$6,840,511	

strategic because of its ability to connect the 100 Block to the City Center, address the obstacles created in the pedestrian environment, and ultimately improve the street appeal and marketability of space in the Omni Business Center. This project does not generate an immediate incremental tax value, although its investment support comes from its ability to stabilize or marginally improve current real estate values. Table 6.3 reviews cost projections for the streetscape concept included in this plan.

This project would be funded by the Iowa West Foundation and the City of Council Bluffs in the same proportion as previous streetscape increments. Cost projections are general in nature only and may change significantly with detailed project design.

Kanesville North

The third of the triad of key short-term projects is the Kanesville North redevelopment, addressing the area between Kanesville Boulevard, Washington Avenue, 6th Street, and 8th Street. This project responds to the demonstrable market demand for a major grocery and is particularly important for its:

- Ability to respond to a specific market opportunity.
- Role in providing needed neighborhood services that strengthen the attractiveness of both downtown and surrounding neighborhood as residential markets.
- Redevelopment of a blighted target area in the central district.

The project requires substantial acquisition and relocation of both residential and commercial properties. The site between 7th and 8th Street, proposed for a grocery anchor and additional support retailing involves the acquisition and resident relocation of about 29 houses and four multi-family buildings, and some commercial relocation. Tables 6.4 and 6.5 outline projected costs for the Kanesville North project, divided by the parcels west and east of 7th Street.

The west part of the project yields up to 92,000 square feet of commercial space. Assuming a \$70 per square foot value for commercial development, this generates a total value of about \$6.5 million. Pad stores can

generate some additional revenue as well, potentially pushing total value to \$7.5 million. Assuming that current development on the site has an aggregated value of \$1.5 million, the project yields an incremental value of \$6 million, adequate to retire TIF bonds in the range of \$1.2 million. This leaves a project shortfall of about \$2.3 million.

The east part of the site yields about 12,000 square feet of commercial development; based on the assumptions above, this corresponds to about \$1 million in development value. Assuming an existing valuation of \$250,000 on the site, the incremental value is about \$750,000, sufficient to retire about \$200,000 in TIF bonds. This leaves a project shortfall of about \$366,000.

Similar to the Canal Apartments, these shortfalls may be made up through:

- Sale of the land to a private developer.
- City bonds or investments for components of the project that clearly involve transportation uses.
- Foundation or grant support, such as a significant grant from the Iowa West Foundation.
- Community Development Block Grant funds, related to the low and moderate-income benefit of improving housing.

Tables 6.6 and 6.7 below identifies a conceptual financing program for the project. As before, actual numbers may change substantially, based on project design and a detailed relocation study.

100 Block North Side Streetscape and Building Rehabilitation

The completion of the streetscape on the north side of the 100 Block and funding for front and rear façade rehabilitation is critical to the development of a complete environment in this strategic area. Individual adaptive reuse projects on the 100 Block may involve commercial rehabilitation and upper-level residential or office conversions. Each project should be evaluated individually, based on building program and cash flows. Gap financing may be provided with CDBG or HOME funds for affordable projects, or TIF if the project is eligible.

Table 6.3: Broadway Streetscape: 2nd to 4th Streets

Component	Probable Cost	Comments
Demolition	\$31,856	
Earthwork	57,992	
Utilities and Lighting	117,600	Includes roadway and pedestrian lighting
Paving and Curbs	212,150	
Specialty Items	96,000	Includes interpretive pylons
Site Furnishings and Signage	80,600	
Landscaping	29,185	
Contingency	89,430	15% of all costs
Professional Fees	68,563	10% of construction components
Total	\$754,190	

Table 6.4: Kanesville North Redevelopment: Acquisition and Public Improvement Costs between 7th and 8th Street

Component	Probable Cost	Comments
Site acquisition	\$2,903,000	Includes purchase and resident relocation of 29 houses, 4 multi-family structures, and about 23,000 SF of commercial space
Demolition	347,950	
Washington Avenue Realignment	51,000	
7th Street Boulevard	63,040	Includes "counterflow" lanes on 7th Street; major funding for 7th Street reconstruction from other sources
Valley View-Indian Creek Trail	27,000	
Landscaping on Public Grounds	45,930	
Contingency	312,997	10% of all costs
Professional Fees	49,997	10% of construction components
Total	\$3,492,964	

Table 6.5: Kanesville North Redevelopment: Acquisition and Public Improvement Costs between 6th and 7th Street

Component	Probable Cost	Comments
Site acquisition	\$432,000	Includes purchase and resident relocation of 6 houses
Demolition	60,000	
Washington Avenue Realignment	51,000	
Valley View-Indian Creek Trail	12,000	
Landscaping on Public Grounds	11,120	
Contingency	51,512	10% of all costs
Total	\$566,632	

Table 6.6: Kanesville North (West side): Conceptual Sources of Development Funding

Financing Source	Potential Proceeds	Comments
Tax Increment Financing	\$1,200,000	Based on approximate tax increment of \$6 million
Land Sale Proceeds	1,680,000	Based on about \$5/square foot
City Bonds or Capital Budget	141,040	
Major Grant Funding:		
Iowa West or CDBG	103,632	
Total	\$3,492,964	

Table 6.7: Kanesville North (West side): Conceptual Sources of Development Funding

Financing Source	Potential Proceeds	Comments
Tax Increment Financing	\$200,000	Based on approximate tax increment of \$6 million
Land Sale Proceeds	200,000	Based on about \$5/square foot
City Bonds or Capital Budget	63,000	
Major Grant Funding:		
Iowa West or CDBG	471,924	
Total	\$566,632	

On the other hand, restoration of front and rear facades by itself is critical to the redevelopment effort, but probably will not produce added building income in the short term. This is especially true of rear façade rehabilitation. The Canal Apartments and alley reconfiguration focus a great deal of attention on rear facades, and their improvement is of particular importance. We recommend establishing a façade improvement grant, designed along the lines of a similar program in Pella, Iowa that encourages Dutch front and rear facades. This fund would match private funds for façade rehabilitation on a 50/50 basis, and would follow specific guidelines for rehabilitation. The guidelines should:

- Require conformance with the Secretary of the Interior’s Standards for Historic Rehabilitation for buildings that retain facades that contribute to the National Register of Historic Places.
- When feasible, require removal of “modernized” facades and restoration or interpretation to the degree possible of historic facades.
- Require specific design review of proposed rear façade treatments, encouraging designs which emphasize rear entries, material improvements, screening and landscaping of service areas, and public spaces.

We envision this fund being seeded by a grant from the Iowa West Foundation. Based on the match principal, a \$1 million fund would generate \$2 million of total façade reinvestment.

Related to this project is the extension of the streetscape program to the north side of the 100 Block. The south side should be done in conjunction with the major redevelopment project proposed for Broadway, which is a second phase development. Table 6.8 projects costs for the north side streetscape improvement project, and includes redesign of the Broadway Passage, the mid-block link that connects back to the alley and proposed canal system.

100 Block South Side Redevelopment Project

This mixed use project completes the major redevelopment of the 100 Block. Major public efforts to implement this project include acquisition of commercial properties between Broadway and Pierce,

site preparation, and construction of two parking decks and a retaining wall along Pierce Street. Table 6.9 below

The project’s three buildings represent about \$8,000,000 in total construction value, excluding public parking structures. Assuming that the real property value of the existing site is about \$1 million, this represents an incremental value of about \$7 million, adequate to finance about \$1.7 million in TIF bonds. This leaves a project shortfall of about \$2.6 million. This shortfall may be made up through:

- Sale of the land to the private developer.
- Parking revenue bonds, based on monthly leases to residents and businesses, or meter revenues.
- Foundation support, such as a significant grant from the Iowa West Foundation.
- City bonds or general revenues based on the value of developing added parking downtown. This is particularly appealing if the additional parking replaces diagonal parking on the north side of the street.

Tables 6.10 identifies a conceptual financing program for the project. As before, actual numbers may change substantially, based on project design and a detailed relocation study.

The completion of the streetscape on the south side of the 100 Block is also appropriately completed at the time that the redevelopment project proceeds. Table 6.11 projects costs for the completion of the streetscape on the south blockface.



Table 6.8: 100 Block of West Broadway (North) Streetscape: 1st to 2nd Streets

Component	Probable Cost	Comments
Demolition	\$11,750	
Earthwork	33,141	
Utilities and Lighting	37,900	
Paving and Curbs	89,850	Includes Broadway Passage
Specialty Items	10,000	
Site Furnishings and Signage	25,875	
Landscaping	4,800	
Contingency	31,998	15% of all costs
Professional Fees	<u>24,531</u>	10% of construction components
Total	\$269,844	

Table 6.9: 100 Block South Side Redevelopment: Cost Projections

Component	Probable Cost	Comments
Acquisition	\$1,765,500	
Demolition	230,000	
Parking Structures and Retaining Walls	1,680,000	
Landscaping	21,221	
Contingency	369,672	10% of all costs
Professional Fees	<u>230,089</u>	10% of construction-related costs
Total	\$4,296,482	

Table 6.10: 100 Block South Side Redevelopment: Conceptual Sources of Development Funding

Financing Source	Potential Proceeds	Comments
Tax Increment Financing	\$1,700,000	Based on approximate tax increment of \$7 million
Land Sale Proceeds	336,000	Based on about \$5/square foot
Parking Revenue Bonds	840,000	Based on lease of 100 stalls @ \$50/month
City Parking Facility Funding	400,000	
Iowa West Foundation grant	1,020,482	
Total	\$4,296,482	

Table 6.11: 100 Block of West Broadway (North) Streetscape: 1st to 2nd Streets

Component	Probable Cost	Comments
Demolition	\$13,000	
Earthwork	58,518	
Utilities and Lighting	37,900	
Paving and Curbs	87,910	
Specialty Items	17,000	
Site Furnishings and Signage	13,875	
Landscaping	10,650	
Contingency	35,828	15% of all costs
Professional Fees	<u>27,468</u>	10% of construction components
Total	\$302,149	

Table 6.12: Signature Office Redevelopment: Acquisition and Public Improvement Costs

Component	Probable Cost	Comments
Site acquisition	\$1,643,000	
Demolition	268,450	
Water Features	496,000	
Main Street Boulevard	155,040	Includes widening and median
Broadway Streetscape	136,860	
Valley View-Indian Creek Trail	15,600	
Contingency	271,495	10% of all costs
Professional Fees	107,500	10% of construction components
Total	\$3,093,945	

Table 6.13: Signature Office Development: Conceptual Sources of Development Funding

Financing Source	Potential Proceeds	Comments
Tax Increment Financing	\$2,000,000	Based on approximate tax increment of \$8 million
Land Sale Proceeds	0	Assumes 100% write-down.
City Capital Funding	170,640	Based on lease of 100 stalls @ \$50/month
Iowa West Foundation grant	923,305	
Total	\$3,093,945	

Signature Office Development

This major office development at the west gateway to the City Center subdistrict must await emergence of a renewed office market, but should be considered an important element of the future development of Downtown. Much of this site is already in public ownership, with major uses including municipal parking and the administrative office of the Council Bluffs Community School District. Table 6.12 projects costs associated with the development of this project.

Assuming construction of two three-story office buildings, each with a footprint of 15,000 square feet, the site supports development of about 90,000 square feet of office space. At \$100 per square foot, the project’s two buildings represent about \$9,000,000 in total construction value. Assuming that the real property value of the existing site is about \$1 million, this represents an incremental value of about \$8 million, adequate to finance about \$2 million in TIF bonds. This leaves a project shortfall of about \$1.1 million. This shortfall may be made up through:

- Sale of the land to the private developer. However, the need to bring office space within market ranges is likely to require a write-down of land. TIF bonds are generally sufficient to finance acquisition and site preparation for this project.
- City funding of street and trail elements.
- Foundation support, such as a significant grant from the Iowa West Foundation. Iowa West support for such environmental features as the water elements and streetscape is consistent with the foundation’s past downtown development efforts.

Tables 6.13 identifies a conceptual financing program for the project. As before, actual numbers may change substantially, based on project design and a detailed relocation study.