

Bond Case Briefs

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TAX INCREMENT FINANCING - IOWA

Concerned Citizens of Southeast Polk School Dist. v. City of Pleasant Hill, Iowa

Supreme Court of Iowa - April 22, 2016 - N.W.2d - 2016 WL 1612935

Citizens filed petition for writ of certiorari and for a declaratory judgment and an injunction to prevent annexation near high school and amended urban renewal plan from taking effect. City filed motion for summary judgment, and school district intervened.

The District Court granted summary judgment in part. Citizens and school district appealed, and the Court of Appeals affirmed. The Supreme Court granted further review.

The Supreme Court of Iowa held that:

- City lacked authority to extend renewal area and tax increment financing (TIF) arrangement after consolidation of urban renewal areas;
- City could not use TIF revenue from original urban renewal area to fund street improvements and construction and other aspects of economic development outside the boundaries of the urban renewal area; and
- Amended urban renewal plan was not inconsistent with city's comprehensive plan.

City, which had consolidated urban renewal areas in order to use tax increment financing (TIF) from original renewal area across a greater area, lacked authority to extend renewal area and TIF arrangement in light of statute limiting a TIF division based upon an economic development determination to 20 years. While original urban renewal area pre-dated statute and thus was grandfathered, that original urban renewal area no longer existed due to consolidation and thus grandfathered right was lost.

City could not use tax improvement financing (TIF) revenue from original urban renewal area to fund street improvements and construction and other aspects of economic development outside the boundaries of the urban renewal area. While city could consolidate urban renewal areas and then use TIF revenue from one former area in another former area, city could not then extend former area, which no longer existed, while simultaneously treating that former area as integrated within the consolidated area.

Amended urban renewal plan, which contemplated street improvements and construction, conformed to city's comprehensive plan, which had designated area as commercial. Although city was working toward development of industrial warehouse on land, warehouse was not part of urban renewal plan, and street improvements were not themselves inconsistent with the general plan, which simply did not mention some of the improvements when describing goals for road development.