

# ECONOMIC OPPORTUNITY ZONE APPLICATION TO NOMINATE LOW-INCOME COMMUNITY CENSUS TRACTS



## Overview

The Tax Cut and Jobs Act of 2017 established a new economic development program called Opportunity Zones designed to encourage long-term private investments in low-income communities.

The program provides a federal tax incentive for taxpayers who reinvest unrealized capital gains into Opportunity Funds, which are specialized vehicles dedicated to investing in low-income areas called Opportunity Zones. The zones themselves are to be comprised of Low-Income Community Census Tracts (LIC) and designated by governors in every state and territory. Once designated, the tracts will be in place for 10 years. The U.S. Treasury will administer the program.

Twenty-five percent of a state's Low-Income Community census (LIC) tracts are eligible to be nominated to the U.S. Treasury for Opportunity Zone designation. Governors have until April 21 (extension deadline) to nominate their Opportunity Zone choices. In Iowa, 60 LIC tracts out of the eligible 239 LIC tracts will be nominated.

A map and a list of LIC tracts by state can be found here: [www.cdfifund.gov/Pages/Opportunity-Zones.aspx](http://www.cdfifund.gov/Pages/Opportunity-Zones.aspx)

**You must verify your eligibility before completing the application.**

## Due Date

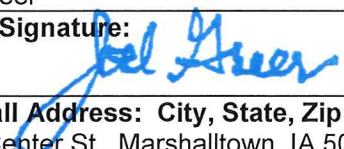
Completed applications are due by: **5:00 PM ON MARCH 19, 2018 – late applications will not be accepted**

Submissions must be sent to: [opportunityzones@iowaeda.com](mailto:opportunityzones@iowaeda.com)

## Instructions

**Please verify you are an eligible census tract.**

Submissions cannot exceed five pages.

<b>Community Name:</b> Marshalltown	
<b>Mayor Name:</b> Joel Greer	
<b>Mayor Signature:</b> 	<b>Date:</b> March 14, 2018
<b>City Hall Address: City, State, Zip Code:</b> 24 N. Center St., Marshalltown, IA 50158	
<b>Primary Contact:</b> Jessica Kinser	<b>Title of Primary Contact:</b> City Administrator
<b>Primary Contact E-mail Address:</b> <a href="mailto:jkinser@marshalltown-ia.gov">jkinser@marshalltown-ia.gov</a>	<b>Primary Contact Telephone Number:</b> 641-754-5799
<b>Eligible Low-income Census Tracts (REQUIRED – rank them if more than one):</b>	
1. 9509	
2. 9505	
3. 9506	
4.	
<b>What is the vision for your community and how will having an Opportunity Zone assist in realizing that vision?</b>	
The City of Marshalltown has gone through some extensive visioning over the past several years focused on community enhancement and redevelopment. IMAGINE, a community visioning process, identified 7 community priorities, several of which impact the eligible census tracts. The City Center Plan is a downtown redevelopment plan which was recently recognized with an Implementation award from the Iowa Chapter of the American Planning Association. With approximately \$90 million dollars in public private investment Marshalltown has demonstrated the ability to move from vision to implementation. More recent initiatives include the establishment of a community organization known as Vision Marshalltown. This organization has set three improvement priorities; education, housing and community pride, establishing committees and priorities which community partners are working to achieve.	

With local support, the City of Marshalltown began a study of the Highway 14/3<sup>rd</sup> Avenue Corridor in January 2018 to identify ways in which both public and private investment could help revitalize one of the oldest and most poverty-stricken areas of Marshalltown, which happens to be located in the three Census tracts identified above. The vision for this area is to provide a physical environment where residents and commercial and industrial businesses can thrive along a State highway that offers safety and aesthetics which enhance the pride of our community. The completion of this study is planned for May 2018. The establishment of an Opportunity Zone will help spur private investment into the Corridor which can be used to leverage public investment. With additional sources of investment the City can enhance the timeline for certain improvements within the zone, allowing projects to commence sooner than currently anticipated.

**Describe any economic hardships your community has faced over the last five years.**

Marshalltown is a mid-size community located in a more rural area. As a community, we have to focus efforts on economic development within our City in order to improve our position. Our community has experienced various hardships over the past five years, including depressed property values, changes in our major employers, and more.

The change in property valuations as of January 1, 2013, resulted in a decline in valuations across all property classes totaling a 6 percent loss in valuation. This has had a profound effect on the City's ability to focus on community beautification enhancements.

Marshalltown was home to an independent mid-size hospital known as Central Iowa Healthcare. In 2016 the hospital announced substantial financial losses and ultimately declared bankruptcy. In 2017 UnityPoint Health - Waterloo bought the hospital and is working to achieve stability. The medical campus is located in Census tract 9509 and 9505, downtown Marshalltown. In 2013 the hospital began Phase 1 of a new facility with the ultimate goal of completely transitioning to the south edge of the community. This would leave approximately 12 acres of land available for redevelopment downtown. This is a prime area in which the Opportunity Zone could prove beneficial.

With several other major industries in Marshalltown, we have experienced hiring freezes and workforce reductions in the past five years. In 2012, Lennox announced a move of approximately 200 jobs from Marshalltown to Saltillo, Mexico due to labor costs. Emerson Processing/Fisher Controls produces valves and control systems which are used in the oil industry. As the price of oil has gone down, domestic and international production has decreased, impacting the ability to hire or refill positions locally.

**If awarded one of the Economic Opportunity Zones, what would your community do to attract investment? Please explain how this will spur entrepreneurial activity and economic growth.**

The specific Census tracts identified in Marshalltown that are eligible for Economic Opportunity Zone consideration are full of economic growth potential. The area includes a mix of residential, commercial and industrial districts a large percentage of which is aging and deteriorated. With the acceptance of the Highway 14 Corridor Study we will have a guide for redevelopment that can be used as a marketing tool. Working in a depressed area with lower property values an opportunity arises to acquire property at a lower rate which already has infrastructure in place appealing to investors who are not wanting to develop infrastructure.

The City works closely with a variety of community organizations including the Marshalltown Central Business District (MCBD), Marshall Economic Development (MED), Marshalltown Regional Partnership (MRP), Marshalltown Convention and Visitors Bureau (MCVB), Marshalltown Industrial park (MIP) and local Foundations. These partnerships allow us to make a coordinated effort to promote economic development. Areas such as these are prime for entrepreneurial endeavours due to the development scale. Generally the areas available are smaller in size compared to greenfield development where a large industry may choose to locate. A portion of the area is currently located in an urban renewal area and incentives may be available for new development through the City.

Marshalltown is a very diverse community and more specifically these Census tracts are predominately minority population with 61% of the individuals claiming to be Hispanic. Many of the businesses currently in operation in these areas are minority owned or operated. This presents a unique opportunity to encourage business growth and development to a targeted population. Iowa Valley Continuing Education has a downtown center which currently serves this population. Efforts could be made to initiate business development classes as well for more advanced students.

One of the greatest strengths our community has is the ability to work together to achieve success. We are able to collaborate and coordinate resources. We work together to promote our community and move us forward in spite of the challenges that present themselves. Having a vision and a way to achieve that vision demonstrates the forward-thinking nature of our community.



**Describe key leaders that would work to attract investment into the Economic Opportunity Zone.**

In Marshalltown, community collaboration is a requirement, and the team charged with attracting investment would be no different. We have identified the following individuals within the City of Marshalltown: City Administrator Jessica Kinser and the Housing and Community Development Director Michelle Spohnheimer.

Outside of the City organization the Marshalltown Regional Partnership and Marshalltown Central Business District would both be represented. Other key partners may be brought into the group as potential projects develop and specific needs arise.

**Describe past successes in bringing economic investment to your community.**

As a community we have demonstrated great success in encouraging economic investment through public and private means. Our downtown redevelopment plan was one of our most successful efforts. The plan was accepted in 2006 and over a ten year period close to \$90 million dollars was invested. Projects included two low-income housing tax credit projects totalling 77 new units. Industry expansion included a project at Emerson Process Management/Fisher Controls. Public investment included the construction of a new LEED Gold Certified Public Library, renovation of the historic Carnegie Library building for City offices and various infrastructure improvements. Additionally a number of smaller downtown buildings have leveraged public grant dollars with their own investments on façade and code updates.

In 2014 the community had a Housing Needs Assessment completed. This study was used to attract new housing developers to the community. We have 48 new rental town home units under construction. A new assisted living/memory care facility has been built, known as the Willows, which will be home to 64 residents once it opens this year. An abandoned subdivision was built out with 18 new single family detached homes. Among these major developments we saw smaller infill take place and began discussions on future projects. The study was just updated in the fall of 2017 and will help provide further direction to us on how to address housing needs in Marshalltown.

A grassroots community visioning process known as IMAGINE took us from 3,000 individual ideas to 7 big ideas for community improvement. One of those areas focused on a small commercial district called the 13<sup>th</sup> Street District. Serving as the gateway entrance to the Iowa Veterans Home this couple block area was deteriorating and becoming a burden on the neighborhood. Home to a neighboring elementary school and City park the small businesses that lined the street were in need of significant updating if not completely abandoned. The City was making necessary improvements to address storm water management in the area and the community took the opportunity to privately raise an additional \$300,000 to enhance the project with aesthetic features. A plaza was created which is now home to Echo a public art installation funded through the Iowa Great Places program. Most recently the old tennis courts were repurposed and now Marshalltown has outdoor lighted futsal courts which are used on a daily basis. Finally we have seen almost all of the private buildings go through some level of renovation creating a vibrant district that is once again a destination.

Together we can transform vision into reality. The Opportunity Zone will help us realize our vision for a redeveloped Highway 14 Corridor in Marshalltown.

**What other resources would you combine within the Economic Opportunity Zone to attract an investor?**

The City has adopted multiple urban renewal areas, including one area which encompasses Downtown and a portion of the Census tracts above. This allows the City to utilize tax increment financing (TIF) as a tool for incentivizing the creation of jobs and new taxable value. The City also has a tax abatement program that could be utilized to help defer property taxes on a new investment. In addition, we anticipate the Highway 14 Corridor Study will make recommendations for specific façade and property improvement incentives outside of the tools above, which will help the small business owner along the commercial corridor in a more impactful manner.

**What is your average unemployment rate over the last five years?**

*Use attached five-year 2012-2016 unemployment rate spreadsheet*

- 9505- 15.2%
- 9506- 9.3%
- 9509- 5.6%

**For the 2017-2018 school year, what is the percentage of eligible students receiving free or reduced-priced lunches by district?**

67.2%

[www.educateiowa.gov/documents/district-level/2018/02/2017-18-iowa-public-school-k-12-students-eligible-free-and-reduced](http://www.educateiowa.gov/documents/district-level/2018/02/2017-18-iowa-public-school-k-12-students-eligible-free-and-reduced)

**How many business closures have occurred in your community over the last five years?**

11

**How many jobs have been lost because of those business closures in the last five years?**

130