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February 16, 2021

Dear Representatives Hite, Hein, and Isenhardt,

I am writing to provide input on HSB 194, which proposes to modify urban renewal legislation in a way that eventually terminates urban renewal areas not currently subject to statutory sunset, reducing a community's ability to address slum and blight and economic development. The City of Dubuque is opposed to this bill.

Chapter 403 created urban renewal authority to remediate slum and blighted conditions, to promote economic development, and to prevent a shortage of housing. One benefit of this authority is the ability of a jurisdiction to use Tax Increment Financing (TIF).

Since the City of Dubuque began using TIF in earnest in the 1990's, there have been a total of 90 major projects which have had the benefit of \$66 million in direct TIF incentives to date. These projects have leveraged over \$740 million in private investment – more than tenfold the TIF investment! These projects have resulted in the creation and retention of nearly 11,000 jobs in Dubuque. This does not include the many jobs added to the downtown employment base where there was no direct TIF agreement with the employer, but rather the projects were facilitated by loan pools and other methods benefiting from the Downtown TIF District.

Much of this growth is due to the predevelopment work done in our industrial park. Dubuque's City Council has had the foresight – and fortunately the TIF funding – to accomplish acquisition, planning, grading, paving, and utility work that sets the stage for attracting new companies to our market as well as providing ample room for growth for existing companies that wish to expand in Dubuque. Local expansion accounts for 85% of job creation in Dubuque.

These employees own homes that contribute to the property tax base, and they frequent retail businesses and restaurants that pay property and sales taxes. All of this helps our state and local economy.

TIF also remediates slum and blight, which is a continual effort – not a feat easily accomplished in 20 years. A decade ago, work began in earnest in our Historic Millwork District, with the goal of rehabilitating over a million square feet of abandoned warehouse space into a mixed-use neighborhood. Such an enormous undertaking cannot be accomplished in a short period of time. It has taken a decade to get a handful of buildings redeveloped, with strong public-private partnerships. TIF was the City's way to participate in that partnership. TIF served not just as direct support for projects, but also served as match for significant federal grants – leveraging additional investment in the area.

The area has begun to show its true potential by offering quality residential space and vibrant retail/entertainment options. But the work is far from over. Terminating the urban renewal area that encompasses the Millwork District in 10 or fewer years from now – which this legislation would do – leaves the work unfinished, without the potential for the City to partner on its growing success.

The City also focuses on other areas of our downtown in need of investment, such as the Central Avenue Corridor and the adjacent Washington Neighborhood. Partnering with private developers, businesses, and investors is how we will be able to create a downtown that is attractive for our residents – both aesthetically and economically. The use of TIF is critical to supporting these redevelopment projects over the long term.

HSB 194 has the effect of terminating all urban renewal areas in 20 or fewer years. This time limit is impractical for the removal of slum and blight, which requires extensive public planning, coordination, and partnership from the private sector.

Cities are extremely limited financially in their ability to accomplish the work needed to meet the needs of their residents. The only current economic development tool for communities in Iowa, both large and small, is TIF.

Dubuque strives to create a community of choice, which in the age of remote work becomes ever more important. Attracting new residents to our state requires that we remediate slum and blight and create economic conditions that our young workforce is seeking. We use TIF not only as a funding source for industrial park development, but also for community development amenities like neighborhood park improvements.

Thank you for your consideration of our request to retain Tax Increment Financing's impact in our community by opposing HSB 194. The above-mentioned successes would not have been possible without the current program.

Sincerely,

A handwritten signature in black ink, reading "Michael Van Milligen". The signature is fluid and cursive, with the first name "Michael" and last name "Van Milligen" clearly distinguishable.

Michael C. Van Milligen
City Manager

MCVM:jc