

# MARSHALLTOWN

## The Future of Housing in Our Growing Community



Chamber Board – September 2020

# HOUSING UPDATE



- **Brief background**
  - Further to update in August (see minutes)
- **Review McClure's Summary of Findings**
- **Next Steps**

# THE OVERALL GOAL & WHY



- Marshalltown's population ↑
- Create a Thriving Community
  - Income per Capita ↑
  - Services ↑

# CHAMBER'S EFFORTS



- **Created a Housing Committee**
  - Buzbee/Carter/Dawley/Kinser/Olberding
- **Hired McClure**
  - Understand challenges for housing
  - Determine strategy to remove barriers
- **Board Approval last month**
  - Dedicate \$250,000 (\$2500 x 100 homes)
- **McClure's Summary of Findings**

# THE CHALLENGE



- **Housing Shortage Throughout U.S.**
  - Marshalltown is Not alone
  - **Developer**
    - Buys land, installs streets, utilities, etc. & sells lots to Builder(s)
  - **Builder**
    - Constructs & sells home – Spec or has advance buyer
- **Both find smaller cities riskier**
  - Lower profit margins & smaller demand than bigger cities
- **Shovel-ready lots don't exist / No Incentives**
  - no meaningful amount of lots

# THE SOLUTION

## • Community becomes Developer

- Land purchaser= Future 501c3 Community Development Corp. (CDC)
  - Interim - Chamber 501c3
- Infrastructure= City of Marshalltown
- Lot Sales= Future 501c3 Community Development Corp. (CDC)

## • How it Works

- Grants & no-interest/forgivable loans to buy the land & reimburse infrastructure costs
- City reimburses infrastructure costs with Tax Increment Financing (TIF)
- Sale proceeds repaying any loans, reinvest in new land

## • Incentivize Builders & Buyers

- Reduced rate on lots
- Builder doesn't pay for lot until constructed home is sold
- Cash incentive to home buyer of \$10,000



# NEXT STEPS



- Meet with potential donors for land purchase
- Update - Request to City Council
- Present - Request to County & Banks
- McClure's further work under agreement
  - Develop program policies (1.2 – 1)
  - Test Financial Sensitivity & Meet with City (1.2 – 2 & 3)
  - Prepare policy statement (1.2 – 4)
  - Develop a workbook (1.2 – 8)