

COUNCIL ACTION FORM

**SUBJECT: PROPOSED CAMPUSTOWN URBAN RENEWAL AREA & PLAN AND
TAX INCREMENT FINANCING DISTRICT FOR KINGLAND SYSTEMS**

BACKGROUND:

On October 22, 2013 City Council took several steps in a process toward providing a tax increment financing “rebate” to support the redevelopment of properties in Campustown in and adjacent to the 2400 Block of Lincoln Way. The City Council referred to the Planning and Zoning Commission a draft Urban Renewal Plan for the area, set November 12, 2013 as the date for a public hearing on the proposed Urban Renewal Area and Plan, and appointed the Planning and Housing Director as the City’s representative to a consultation with certain other taxing entities.

Since October 22, the following activities have taken place:

- A consultation meeting was held at which the Story County Board of Supervisors was represented. No recommendations have been made to modify the Plan.
- Notice of the November 12th public hearing on the Campustown Urban Renewal Plan was published and sent to various taxing entities.
- The Planning and Zoning Commission met and found that the Urban Renewal Plan complies with the City’s Land Use Policy Plan.
- Kingland System sent the City a specific redevelopment plan for its project, including floor plans, architectural elevations, site plans and renderings of the project’s appearance. (Three exhibits illustrating these plans are attached as Exhibits A, B & C)

This Council Action Form addresses decisions requested of the City Council on the following actions:

- a. Resolution adopting Campustown Urban Renewal Plan
- b. Resolution establishing Campustown Urban Renewal Area
- c. Action on first reading of an ordinance creating a Campustown Tax Increment Financing District

The request for a tax increment financing (TIF) district was made by Kingland Systems, which proposes to develop new street level retail space, new offices for its expanding business, and additional office space for lease to other entities. **This incentive will provide a rebate to the developer of 100% of eligible incremental property taxes for a period of ten years or of an amount not to exceed \$2,064,530, whichever comes first.**

URBAN RENEWAL AREA AND PLAN:

Code of Iowa Chapter 403 allows cities to establish tax increment financing districts through the creation of an urban renewal area. An **urban renewal area** may be created for the purpose of economic development. The proposed urban renewal area is approximately 1.42 acres of land zoned Campustown Service Center (CSC). The proposed tax increment district is the same area as the proposed urban renewal area. (See Attachment B – Campustown Urban Renewal Area Map)

The creation of an urban renewal area requires the adoption of an Urban Renewal Plan. (See Attachment A – Urban Renewal Plan, which follows Attachment B in this report.) The proposed **Urban Renewal Plan** has not been changed since the draft Plan was reviewed by the City Council of October 22. It includes the necessary components described by the Code of Iowa. It describes the project and its objectives and includes a summary of the process of its preparation and adoption. The Plan identifies those components of the Land Use Policy Plan that are supported by the proposed Urban Renewal Area. The Plan also contains a summary of the City's current debt obligations, the City's limits on issuing debt, and an estimate of the amount of tax increment financed debt that would be incurred due to this project.

It should be noted that the Urban Renewal Plan does not include a specific site plan and building elevations for the Kingland redevelopment project. Rather, this information will be included as part of the Tax Increment Financing Development Agreement that will be reviewed subsequently at a public hearing by the City Council. Another action item later on this agenda outlines details of the proposed agreement.

On November 6, 2013, the Planning and Zoning Commission reviewed the draft Campustown Urban Renewal Plan and found, by a vote of 5-0 with two members absent, that the Plan was in conformance with the Land Use Policy Plan.

TAX INCREMENT FINANCING DISTRICT AND DEVELOPMENT AGREEMENT:

The Campustown Urban Renewal Area and Plan is implemented by providing Tax Increment Financing as an incentive to develop a specific project. To accomplish this, the City and Kingland Systems would enter into a development agreement requiring development of a project with specific characteristics. Kingland Systems is presenting a specific redevelopment plan for its project including floor plans, architectural elevations, site plans and renderings of the project's appearance, accompanying this report. **The relevant components of the project plans would become part of the subsequent development agreement needed to approve the tax rebate for Kingland Systems.** City staff has reviewed these preliminary plans and found that the design presented meets the zoning standards for this district. A Minor Site Development Plan will be submitted and reviewed for compliance at a future date.

The proposed project plans include the following characteristics that help to implement the City's goals, objectives and policies for redevelopment and intensification in Campustown:

- Replacement of all existing buildings within the Urban Renewal Area with a new three-story building that provides:
 - 25,000 square feet of commercial space at the street level, increasing the available area for retail sales and services and providing opportunities for goods and services currently not offered in close proximity to a growing number of residents
 - 25,000 square feet of office space for Kingland Systems, increasing permanent full-time employment and part-time employment for students close to ISU and residences
 - 25,000 square feet of office space to be leased to Iowa State University, increasing connectivity between the University and the University-related community
- Providing 70 parking spaces in the area south of the new building extending from Welch to Stanton. This increases the off-street parking by 34 spaces, supporting the increase in usable building area. Kingland Systems is including in its plans an option for a partially underground parking level below the east end of this lot parking that would provide capacity for an additional 45 parking spaces. With the parking deck variant, there would be no through traffic between Welch and Stanton. Note that the parking deck option is not a required design element.
- The appearance of the building from the north along Lincoln Way provides an identifiable image of multiple three-story “fronts” composed of a variety of materials and forms that are compatible with the eclectic architectural style of the Campustown core. At the street level, recessed retail store fronts with clear glass will support lively commercial activity and reinforce a dynamic pedestrian-friendly character. Brick and stone materials are similar to the predominant existing materials in Campustown and in the University buildings across the street.
- The appearance of the building from the northwest along Lincoln Way and west along Welch presents a corner building emphasizing the importance of this intersection area as the center of the Campustown core. At the street level, the recessed retail store front invites entry/exit activity on both streets. An additional corner retail entrance at the southwest corner of the building at Welch helps to continue this activity up Welch Avenue. At this entrance a small pedestrian plaza between the public sidewalk and the parking area offers an opportunity for pedestrian activity that will help compensate for the gap in retail presence here. This space also allows low screening for the parked cars to be separated from the pedestrian route across the driveway, promoting safety.
- The scale of the proposed building is consistent with the surrounding area and with its placement at this core location. The footprint is very similar to the existing buildings being replaced. Although the building height of up to 52 feet at its highest point is larger than the existing buildings, the top of the parapet is still lower than the soffit of the peaked roofs of the Cranford apartments to the east. The average elevation of the building is less than 50 feet in height. (See attached Kingland Project Renderings)

ALTERNATIVES:

1. The City Council can:
 - a. Approve a resolution adopting the attached Campustown Urban Renewal Plan,
 - b. Adopt a resolution establishing the Campustown Urban Renewal Area,
 - c. Approve on first reading the attached ordinance creating a Campustown Tax Increment Financing District, and
2. The City Council can choose not to approve any or all of the above steps for establishing the Urban Renewal Area and Plan and Campustown Tax Increment Financing District.

MANAGER'S RECOMMENDED ACTION:

The City Council is considering offering a Tax Increment Financing incentive at this time because the proposed project will help implement an important long-standing priority of the Council to revitalize Campustown. The Campustown Urban Renewal Plan describes in more detail what “revitalizing Campustown” means and why it is in the public interest. Although one project cannot accomplish all of the community’s aspirations for this important activity center of Ames, the proposed Kingland Systems project can be a catalyst for many other improvements. This is in part because of the retail opportunities it offers, in part because of the expanding employment that it will contain, in part because it will bring an official University presence into Campustown, and also because of its design.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby:

- a. Adopting a resolution adopting the Campustown Urban Renewal Plan,
- b. Adopting a resolution establishing the Campustown Urban Renewal Area,
- c. Approving on first reading an ordinance creating a Campustown Tax Increment Financing District, and

If the Council adopts this alternative, the following additional steps will take place:

November 26

The City Council may approve the second reading of ordinances creating the Tax Increment Financing District and amending the zoning code for a third-story step-back exception.

December 10

The City Council will conduct the public hearing on the Tax Increment Financing Development Agreement and may approve:

- Third reading of an ordinance creating a Tax Increment Financing District
- Tax Increment Financing Development Agreement providing the rebate to the developer

- Third reading of an ordinance modifying the building height step-back requirement

At the December 10, 2013, meeting, the City Council will also be asked to approve a Plat of Survey consolidating the properties for the Kingland System redevelopment project. Following publication of the ordinance amending the Zoning Code, Kingland Systems will submit the Minor Site Development Plan for staff review and subsequently an application for a building permit. Those final two steps do not require City Council action.

Attachment B



Campustown Urban Renewal Area

0 55 110 220 Feet

