

COUNCIL ACTION FORM

SUBJECT: URBAN REVITALIZATION TAX ABATEMENT REQUEST FOR 2300 LINCOLN WAY (THE FOUNDRY MIXED USE PROJECT)

BACKGROUND:

In accordance with Chapter 404 of the Code of Iowa, the City Council has established Urban Revitalization Areas (URAs) with Plans specifying standards for types and elements of physical improvements that provide public benefits. When property within one of these URAs is developed, redeveloped, rehabilitated, or remodeled, the property owner is eligible for abatement of property taxes on the incremental increase in property value after the improvements are completed. This abatement can extend for three, five or ten years, based on the individual Urban Revitalization Plan approved by Council.

Property owners within an approved URA may apply for tax exemption for a complete project or preapproval for project that is planned to be built. **The City must determine if the completed improvements meet the standards in the Urban Revitalization Plan in order to grant tax abatement and forward the determination to the Assessor.** If the project complies with the criteria, it must be approved for tax abatement.

Opus Development Company, LLC, Minnetonka, Minnesota, is requesting approval of tax abatement for the property located at 2300 Lincoln Way, on which a residential/commercial mixed use project has been constructed in the Campustown Urban Revitalization Area. The new development (known as “The Foundry”), includes 53 apartments (144 beds), 53 parking spaces within the footprint of the building, and 7,466 gross square feet of commercial floor area.

The estimated cost for this project totals \$10,500,000. The estimate is based on construction cost or sales price provided by the property owner and may not be the same as the added property value upon which the abatement is based. The applicant indicates they will choose the 10-year abatement option.

The full Campustown URA criteria are found in Attachment B. The project proposed compliance with the Mixed Use, Design Criteria, and with the mandatory public safety elements. Staff from the Police Department and Planning and Housing Department have completed a site inspection of the building as part of this request for tax abatement. Staff has found the project to comply with standards of the URA with three comments on project consistency.

The owner previously sought pre-approval of an alternative screened window design in place of doing fixed windows along Lincoln Way. Council approved this option on August 12, 2014. However, the applicant did not decide to build screened windows and chose to instead use fixed windows consistent with the criteria.

The public safety standards include dimensions of spaces for hallways, doors, and stairs that exceed building code requirements. **These standards are meant to provide enhanced means of egress in an emergency. With the staff walk through, we found some of the railings in stairwells were between 59" to 59.5" apart where the standard is 60 inches. Opus states the shortage of width was not intentional as it was not uniformly done in all areas of the stairs. Opus believes the ½ inch of variation is within normal construction tolerances and meets the spirit of the standard. The Police Department believes that overall, the stairwell railing width it is adequate and meets the intent of the regulation.** If Council does not find that the railing width is adequate, Opus would need to consider installation of an alternative railing system that meets building code and the tax abatement criteria to receive abatement.

One design criteria involves signage goals for a building. This standard does not define how to achieve the requirements. Staff has worked with individual signage requests by tenants in an effort to have a uniform approach to the building signage, but not all signs are in place at this time. Council has approved an encroachment permit for a blade sign related to Starbucks at this site. **Staff has approached signage requests as trying to assure there is reasonable placement and uniformity in style of signage and that this meets the intent of the tax abatement criteria.**

ALTERNATIVES:

1. The City Council can approve the request for approval of tax exemption for the mixed use project located at 2300 Lincoln Way, if it finds that it substantially conforms to the Campustown Urban Revitalization Area Criteria, as adopted by the City Council.
2. The City Council can deny the request for approval of tax exemption for the mixed use project located at 2300 Lincoln Way, if it finds that the improvements are not in conformance with the Campustown Urban Revitalization Area Criteria, as adopted by the City Council. If denied, the applicant may make modifications to the project to meet the criteria and submit a new request for tax abatement.

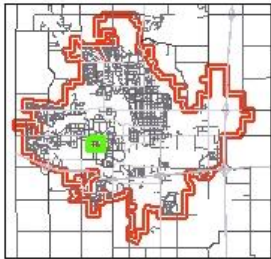
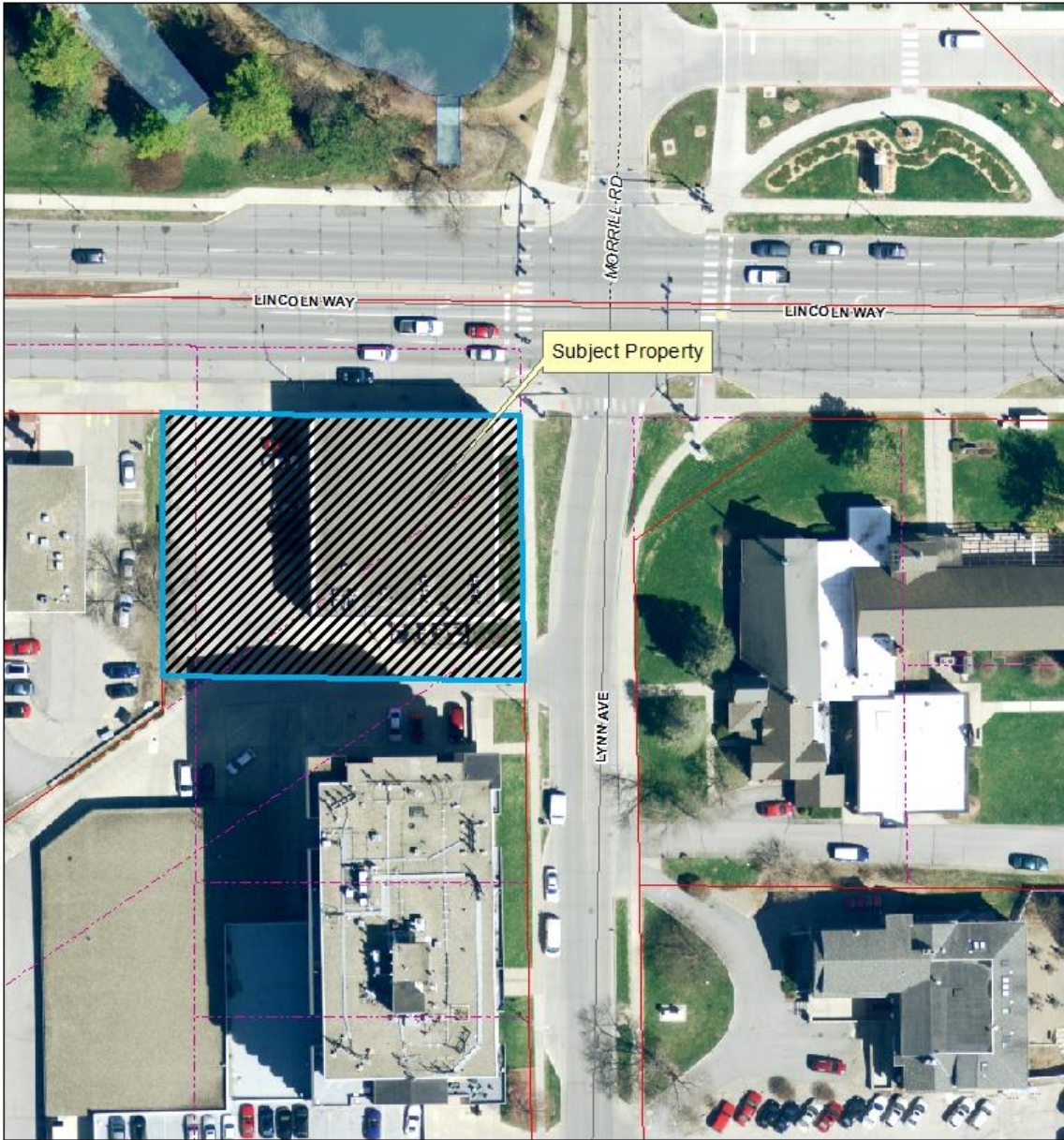
MANAGER'S RECOMMENDED ACTION:

Staff has completed an on-site inspection of the improvements constructed, and finds that the work completed conforms to the Campustown Urban Revitalization Area Criteria. This finding is based on the Police Department's belief that the discrepancy in stairwell railing separation is de minimus.

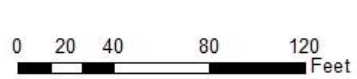
Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby approving the request for tax exemption as conforming to the Campustown Urban Revitalization Criteria.

Approval of the request for tax exemption will enable the City Assessor to process tax exemption for this property and determine the value of the respective exemption. Be careful that you allows signs in ROW, often underlying property of others.

Attachment A



**Location Map
2300 Lincoln Way**



CAMPUSTOWN URBAN REVITALIZATION CRITERIA MATRIX

Attachment B Campustown Urban Revitalization Criteria

PROJECT MUST MEET CRITERIA OF ONE OF THESE COLUMNS		AND	PROJECT MUST MEET CRITERIA OF ONE OF THESE COLUMNS	
<p>Slum and Blighted</p> <p>Properties where a majority of the assessed valuation of the properties has been determined to be substantially unsafe or to have an unsafe use by the City Council.</p>	<p>Parking</p> <p>A minimum of 70% of the total required parking is provided in a structure. If utilizing a parking deck, the restrictions in Chapter 29.406.12 of the Municipal Code must be adhered to.</p> <p>AND</p> <p>Mixed Use</p> <p>The first floor must be used for permitted commercial and retail uses as shown in Table 29.803(2) of the Municipal Code. The second floor must be used for either commercial or retail uses as shown in the Table 29.803(2) or for household living. All floors above the second floor must be used for household living.</p>		<p>Adaptive Reuse</p> <p>The building on the site was originally built before 1941.</p> <p>AND</p> <p>70% of the area of existing exterior walls of the structure will remain.</p> <p>AND</p> <p>Historic materials and designs are preserved and/or restored.</p>	<p>Underrepresented</p> <p>Properties that are to include a business use where that actual use is below the expected sales for the business use as determined by the City Council to be of benefit to the City (should be supported by a retail leakage study).</p>
OR				
<p>Design Standards</p> <p>Retail and office uses on the first floor adjacent to a public sidewalk must have direct access to the public sidewalk.</p> <p>AND</p> <p>Signage</p> <p>The signage design, scale, materials, and colors shall be in proportion to and consistent with the architecture of the building and support the business identity.</p> <p>AND</p> <p>Brick Material</p> <p>100% of the front and 80% of the three remaining sides of the structure shall be faced with clay brick for the first four stories. On stories five through seven any other building materials except vinyl will be allowed.</p>		<p>Alternative Siding Material</p> <p>If historically significant - use and repair of historically appropriate siding material is permitted and must be maintained for the term of the selected tax abatement schedule.</p>		
ALL RESIDENTIAL USES SHALL ALSO MEET THE FOLLOWING CRITERIA OR EQUIVALENT AS APPROVED BY THE CITY COUNCIL				
<ol style="list-style-type: none"> 1. Limit commercial space in the same building to the ground floor 2. Provide separate entrances for commercial and residential uses 3. Locate all residential entrances to be visible from the street and provide secure access control at each 4. Prevent access from the exterior to the interior through doors that serve only as fire exits 5. Prohibit public access to structured parking, using overhead door and secure access control 6. Provide transparent glass windows into all stairwells 7. Provide camera monitoring of all pedestrian and vehicle entrances and areas 		<ol style="list-style-type: none"> 8. Minimum widths of all exit routes: 48" for halls, 42" for doors, 60" between rails for stairs 9. No balconies are permitted 10. Provide for natural daylight requirements of applicable codes with exterior windows 11. On facades facing any street use only fixed windows 12. Design of all other windows to prevent passing of sphere larger than 4" diameter 13. Prevent by physical means access to all roofs 14. Where access is not required, provide security fencing controlling access to all areas between new or existing buildings 15. Provide a minimum of four 100 w. metal halide light fixtures on each building façade: two at elevation between first and second floors and two at elevation between third and fourth floor 		

RE: The Foundry tax abatement walk-through
Conway, Jason
to:
Smith, Jeff, Ray D Anderson
08/17/2015 05:56 PM
Show Details

Ray,

Both Jeff and I left messages for you today. Could you get back to us and outline the process to conclude the abatement process please ?

Thanks,

Jason



Your Vision, Delivered.

Jason W. Conway

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From: Smith, Jeff
Sent: Thursday, August 13, 2015 11:53 AM
To: Ray D Anderson <RAnderson@city.ames.ia.us>
Cc: Conway, Jason <Jason.Conway@opus-group.com>
Subject: The Foundry tax abatement walk-through

Ray,

In follow-up to our walk through earlier in the week, I wanted to provide some additional information for consideration regarding the stairwell construction at The Foundry.

To accommodate the requirement for 60" width between rails in the stairs, we designed our building assuming the following:

66" wide stairwells.

3" on each side for handrail installation, leaves us 60" between rails.

On our walk through, we confirmed that we had a 66" wide stairwell, but we also noticed spots where construction tolerances encroached into the 60" dimension. Just wanted to communicate what the design contemplated as the City looks at this issue on the checklist. Hopefully this is helpful in determining that we met the design intent.

Thanks Ray, please let me know if you need any additional information or have any questions.

Jeff