

COUNCIL ACTION FORM

**SUBJECT: PUBLIC HEARING AND FIRST READING OF AN ORDINANCE
REPEALING CERTAIN URBAN REVITALIZATION AREAS**

BACKGROUND:

On August 21, 2020, the City Council received an overview of Ames' Urban Revitalization Areas and Program and directed the repeal of several Urban Revitalization Areas that are outdated. **It should be noted that the action being requested is independent of the proposed changes to the East University Impact Area URA which will be considered by the City Council on November 24, 2020.**

The majority of the proposed URA repeals are project specific. Project Specific URAs often include approved project site plans and building elevations in place of an area map. Once an URA is established by Ordinance, properties located within the URA may apply for tax abatement with the City Assessor if they meet the established criteria and are determined to be eligible by the City Council upon competition of improvements. Although improvements are completed, no sunset date was included as part of the establishing ordinance. It is staff's opinion that a formal action on the part of the Council to eliminate these completed projects would be beneficial to avoid inadvertent subsequent property tax incentives for future improvements.

In some cases, a limited time period for eligibility was included as part of the urban revitalization plan. The intent was to support a time-limited approval as a sunset feature for the URA. However, under Iowa Code, dates included within the plan and adopted by resolution are referred to as "an estimated date" and do not appear to have binding authority in sunsetting an URA. Thus, the ordinances must be repealed to effectively close out or sunset a URA.

The Code of Iowa Section 404.7 grants the city authority to repeal any ordinance establishing a revitalization area, if the city determines that "the desired level of revitalization has been attained or if the city determines that economic conditions are such that the continuation of the URA abatement would cease to be of benefit to the city". If a repeal of a URA should occur, existing tax abatements, based upon approved eligibility, continue until the completion of the tax abatement cycle of three, five or ten years.

The addendum to this report includes a summary of the eight proposed URA changes. City staff consulted with the City Assessor to discuss the timing of sunsetting URAs. Per the Assessor's guidance, if the URA is in place on January 1st, property owners with improvements from the prior year will be eligible to apply for property tax abatement. For example, the 415 Stanton Crawford URA has an eligibility deadline of December 31, 2020, therefore the URA as a whole must still exist on January 1, 2021 to allow for

someone to claim the intended tax abatement. To allow for this, the sunset date is proposed then as January 2, 2021 to match up with the expected eligibility.

ALTERNATIVES:

1. The City Council may approve first reading of an Ordinance repealing the following Urban Revitalization Areas by establishing an effective date of 12-31-2020 for each of the following Urban Revitalization Areas;
 - South Lincoln “Sub-area”/ Neighborhood Urban Revitalization Area;
 - 405 & 415 Hayward Avenue Urban Revitalization Area;
 - 517 Lincoln Way Urban Revitalization Area; and
 - Roosevelt School Site and City of Ames Park 921 9th Street Urban Revitalization Area;

Establishing an repeal effective date of 01-02-2021 for the following Urban Revitalization Areas:

- 415 Stanton Crawford School Urban Revitalization Area;

And additionally, by establishing a sunset date of 12-31-2021 for each of the following active Urban Revitalization Areas:

- Walnut Ridge 3505 and 3515 Lincoln Way Urban Revitalization Area; and
- 2700, 2702, 2718, and 2728 Lincoln Way; 112 and 114 South Hyland Avenue; and 115 South Sheldon Avenue Urban Revitalization Area.

2. The City Council may choose to Amend the Ordinance and proceed with the repeal of only some of the areas identified above.
3. The City Council may refer this item back to City staff for additional information.

CITY MANAGER’S RECOMMENDED ACTION:

URAs have generally been successful at incentivizing projects prioritized by the City Council over the past two decades. However, as time goes on the goals and objectives for an area or program may become stale, not support current priorities, or are ineffective at achieving their goals. The approval of this ordinance will help to ensure that the City’s URA program is appropriately directed and maintained going forward on current City priorities. Any property owner that is receiving a tax abatement benefit will continue to receive the approved abatement even after repeal of the specific URA.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby approving first reading of an ordinance implementing the repeal of certain Urban Revitalization Areas.

Addendum

South Lincoln Sub-Area (or Neighborhood) Urban Revitalization Area

The South Lincoln Sub-Area URA was established September 23, 2003 by Ordinance #3733. No sunset date was included in the ordinance. Since its establishment, minimal redevelopment has occurred in this area. The structure of the criteria has not yielded the specific desired results in terms of design and character. The area is labeled in Plan 2040 as an area to be revisited for an updated sub-area plan. It would be appropriate to consider a new URA in the future, once that planning work is complete, and to not encourage potentially undesirable redevelopment in the interim. **Given this, staff proposes repeal of Ordinance #3733, with an effective date of December 31, 2020.** All projects seeking tax abatement must have been completed prior to expiration. Projects already determined to be eligible for tax abatement shall continue to receive tax abatement consistent with the chosen schedule for abatement and in accordance with state law.

405 and 415 Hayward Avenue Urban Revitalization Area

The 405 and 415 Hayward Avenue URA [Iowa House] was established November 20, 2007 by Ordinance #3932. No sunset date was included in the ordinance. It is a project specific URA. The project was completed according to the approved plans and the desired level of revitalization has been attained. Additionally, the 3-year schedule for tax abatement has been completed. **Given this, staff proposes repeal of Ordinance #3932, with an effective date of December 31, 2020.**

517 Lincoln Way Urban Revitalization Area

The 517 Lincoln Way URA [Squeaky Clean] was established February 24, 2015 by Ordinance #4209. No sunset date was included in the ordinance. It was a project specific URA but did not establish site specific improvement or architectural plans. No expiration date was identified in the Plan. The project has been completed and the desired level of revitalization has been attained. Tax abatement began in 2016 for a 3-yr period which has been completed. **Given this, staff proposes repeal of Ordinance #4209, with an effective date of December 31, 2020.**

Roosevelt School Site and City of Ames Park 921 9th Street Urban Revitalization Area and Program Policy

The 921 9th Street URA was established November 12, 2013 by Ordinance # 4162. No sunset date was included in the ordinance. The Roosevelt School Site qualifying criteria was established June 11, 2013 by Resolution # 13-265 establishing it as a program policy area. No expiration date was identified in the Plan; however, the desired level of revitalization has been attained. Tax abatement began in 2015. **Given this, staff proposes repeal of Ordinance #4162, with an effective date of December 31, 2020.** Projects already determined to be eligible for tax abatement shall continue to receive tax abatement consistent with the chosen schedule for abatement and in accordance with state law.

415 Stanton Crawford School Urban Revitalization Area

The 415 Stanton Crawford School URA was established June 12, 2008 by Ordinance # 4357. No sunset date was included in the ordinance. The 415 Stanton Crawford School URA is a project specific URA. The Plan adopted May 8, 2018 by Resolution #18-281 indicated a duration period expiring on December 31, 2020. The project has been completed according to the approved plans and the desired level of revitalization has been attained. Twenty-eight units began receiving tax abatement in 2020. Two remaining units qualify but have not yet applied/received tax abatement. **Given this, staff proposes repeal of Ordinance #4357, with an effective date of January 2, 2021.** This will allow the two remaining properties to apply for tax abatement consideration in 2021, because the area must exist at time of determination which is January 1. Projects already determined to be eligible for tax abatement shall continue to receive tax abatement consistent with the chosen schedule for abatement and in accordance with state law.

Walnut Ridge 3505 and 3515 Lincoln Way Urban Revitalization Area

The Walnut Ridge 3505 and 3515 Lincoln Way URA was established April 26, 2016 by by Ordinance # 4254. No sunset date was included in the ordinance. The Walnut Ridge 3505 and 3515 Lincoln Way URA is a project specific URA. The Plan adopted March 22, 2016, indicated a duration period expiring on December 31, 2021. The project has been completed according to the approved major site development plans, participation in the Ames Crime Free Housing Program and in accordance with the conditions of Resolution #15-561. Tax abatement began in 2017 for a 10-yr period. **Given this, staff proposes repeal of Ordinance #4254, by establishing a sunset date of December 31, 2021.** Projects already determined to be eligible for tax abatement shall continue to receive tax abatement consistent with the chosen schedule for abatement and in accordance with state law.

2700, 2702, 2718, and 2728 Lincoln Way; 112 and 114 South Hyland Avenue; and 115 South Sheldon Avenue Urban Revitalization Area

The 2700, 2702, 2718, and 2728 Lincoln Way; 112 and 114 South Hyland Avenue; and 115 South Sheldon Avenue URA [The Union] was established December 13, 2016 by Ordinance # 4284. No sunset date was included in the ordinance. It is a project specific URA. The Plan adopted November 15, 2016 by Resolution # 16-660 indicated a duration period expiring on December 31, 2021. The project was completed according to the approved plans and the desired level of revitalization has been attained. Tax abatement began in 2019 for a 10-yr period. **Given this, staff proposes repeal of Ordinance #4284, by establishing a sunset date of December 31, 2021.** Projects already determined to be eligible for tax abatement shall continue to receive tax abatement consistent with the chosen schedule for abatement and in accordance with state law.

ORDINANCE NO.

AN ORDINANCE TO REPEAL URBAN REVITALIZATION AREAS (URA) BY ESTABLISHING AN EXPIRATION DATE OF 12-31-2020 FOR: SOUTH LINCOLN "SUB-AREA" /NEIGHBORHOOD URA, 405 & 415 HAYWARD AVENUE URA, 517 LINCOLN WAY URA, ROOSEVELT SCHOOL SITE AND CITY OF AMES PARK 921 9TH STREET AND ESTABLISHING A SUNSET DATE OF 12-31-2021 FOR: WALNUT RIDGE 3505 AND 3515 LINCOLN WAY URA, 2700, 2702, 2718 AND 2728 LINCOLN WAY; 112 AND 114 SOUTH HYLAND AVENUE; AND 115 SOUTH SHELDON AVENUE URA, AND ESTABLISHING AN EXPIRATION DATE OF 01-02-2021 FOR 415 STANTON CRAWFORD SCHOOL URA.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Urban Revitalization Areas as follows:

"An Ordinance repealing the following Urban Revitalization Areas, effective 12-31-2020 for each of the following:

- South Lincoln "Sub-Area"/ Neighborhood Urban Revitalization Area, established 09-23-03 by Ordinance # 3733;
- 405 & 415 Hayward Avenue Urban Revitalization Area, established 11-20-2007 by Ordinance # 3932
- 517 Lincoln Way Urban Revitalization Area, established 02-24-2015 by Ordinance # 4209;
- Roosevelt School Site and City of Ames Park 921 9th Street Urban Revitalization Area established 11-12-2013 by Ordinance # 4162, and Program Policy established by Resolution # 13-265;

And effective 01-02-2021 for the following:

- 415 Stanton Crawford School Urban Revitalization Area established 06-12-2018 by Ordinance # 4357;

And additionally:

by establishing a sunset date of 12-31-2021 for each of the following:

- Walnut Ridge 3505 and 3515 Lincoln Way Urban Revitalization Area, established 04-26-2016 by Ordinance # 4254;
- 2700, 2702, 2718, and 2728 Lincoln Way; 112 and 114 South Hyland Avenue; and 115 South Sheldon Avenue Urban Revitalization Area, established 12-13-2016 by Ordinance # 4284."

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, _____.

Diane R. Voss, City Clerk

John A. Haila, Mayor