

COUNCIL ACTION FORM

SUBJECT: ORDINANCE REPEALING URBAN REVITALIZATION AREA #7 (SOMERSET) AND RESOLUTIONS AMENDING THE SOMERSET URBAN REVITALIZATION PLAN AND THE SOMERSET TOWN CENTER WEST URBAN REVITALIZATION PLAN

BACKGROUND:

Three Urban Revitalization Areas have been created for the Somerset Village development. **Urban Revitalization Area #7** provides tax abatement for sit-down restaurants, grocery stores, and commercial buildings with affordable residential uses on the upper floors. The **Somerset Urban Revitalization Area** provides tax abatement for buildings constructed for the retail sales of goods and services. The **Somerset Town Center West Urban Revitalization Area** provides for tax abatement for buildings constructed for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code. URA #7 has no expiration date. In the other two Areas, construction needed to have begun before July 1, 2008, in order to be eligible for tax abatement. Existing approved tax abatements for completed projects continue until the end of their abatement schedules.

Since July 1, 2008 is now passed, the only tax abatement remaining in Somerset is for buildings built for sit-down restaurants, grocery stores, and commercial buildings with affordable residential units on the upper floors.

At its meeting of May 27, 2008, the City Council addressed these issues by setting July 8, 2008, as the date for a public hearing for an ordinance to repeal Urban Revitalization Area #7, and to amend the plans for the other two Somerset Urban Revitalization Areas to provide for tax abatement for buildings constructed for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code, before July 1, 2011. The reference to the Municipal Code table was suggested by staff as a means of better defining the "sale of retail goods and services", and would be consistent with the same reference that was previously included in the Somerset Town Center West URA.

However, subsequent to the Council's action setting a date for public hearing on this current proposal, staff has been contacted by several owners of property in Somerset regarding this action. None of these owners had concerns over the action once they were told that the proposed actions would continue the tax abatement for new retail buildings, **except** for one individual. Tom Durken, owner of the Ames Racquet and Fitness Club at Somerset, expressed concern that the added reference to the Municipal Code table in the Somerset Urban Revitalization Plan would make any future expansion of his building ineligible for tax abatement. The current criterion is "buildings constructed for retail sale of goods or services," and the only way to approve the Racquet and Fitness Club under this criterion is to consider the Club to be a retail "service." However, by specifically referencing the Municipal Code, we find that Table 29.501(4)-3 of Code has "health clubs and gyms" listed as an Entertainment, Restaurant, and Recreation Trade use; not a Retail Sales and Services use.

Staff recalls that the need for more precise language was identified when the existing Racquet and Fitness Club was approved, and that was when the plan for the Town Center West Urban Revitalization Area added the phrase "as defined in Table 29.501(4)-3 of the Ames Municipal Code." Following that precedent, the current proposed amendments provide the same language in the plans for both areas.

The full impact of this change was not recognized and discussed with Council when the Table 29.501(3) was recommended to Council on May 27. Therefore, if the Council agrees that the uses defined by this Code reference are more limiting than the mix of uses needed to make the village viable, additional specific uses could be added. To facilitate this discussion, the Council may wish to consider the following uses that are included under the category of "Entertainment, Restaurant, and Recreational Trade":

- Banquet Halls
- Bars and taverns
- Billiards and pool halls
- Bowling Alleys
- Catering establishments
- Exhibition and meeting areas (20,000 sf or less)
- Game arcades
- Health clubs and gyms
- Ice or roller skating rinks
- Indoor firing ranges
- Lodges and social clubs
- Membership clubs
- Movie theaters
- Restaurants, cafes, delicatessens (with seating areas)
- Swimming pools (not open to the public)
- Tennis courts (not open to the public)
- Theaters
- Accessory Uses**
- Offices and storage of food and alcohol

Staff believes that food establishments are a crucial component to successful retailing in this village. The inclusion of sit-down restaurants, cafes, and delicatessens would provide positive support to the retail category and provide needed synergy to the existing restaurant in Somerset. The addition of health clubs and gyms would maintain what was already determined to be an acceptable use in Somerset when the Racquet and Fitness Club was first approved for tax abatement.

It is important to note that the City's existing Village development regulations do not allow expansion of the existing Racquet and Fitness Club building because it already is built to the maximum size allowed in the Somerset Village. The existing size limit is the result of an increase in the size limit approved when the Racquet and Fitness Club wished to expand beyond a lesser size limit initially imposed on that use in the Somerset Village development regulations. Therefore, the only way to expand the Fitness Club is to either amend again the Somerset development regulations, or to expand into a separate building.

Attached for the Council's consideration is the **Somerset Urban Revitalization Plan** and the **Somerset Town Center West Urban Revitalization Plan**. Additional language pertaining to sit-down restaurants, café's & delicatessens, and also health clubs and gyms, will have to be added if the Council chooses to include these uses.

ALTERNATIVES:

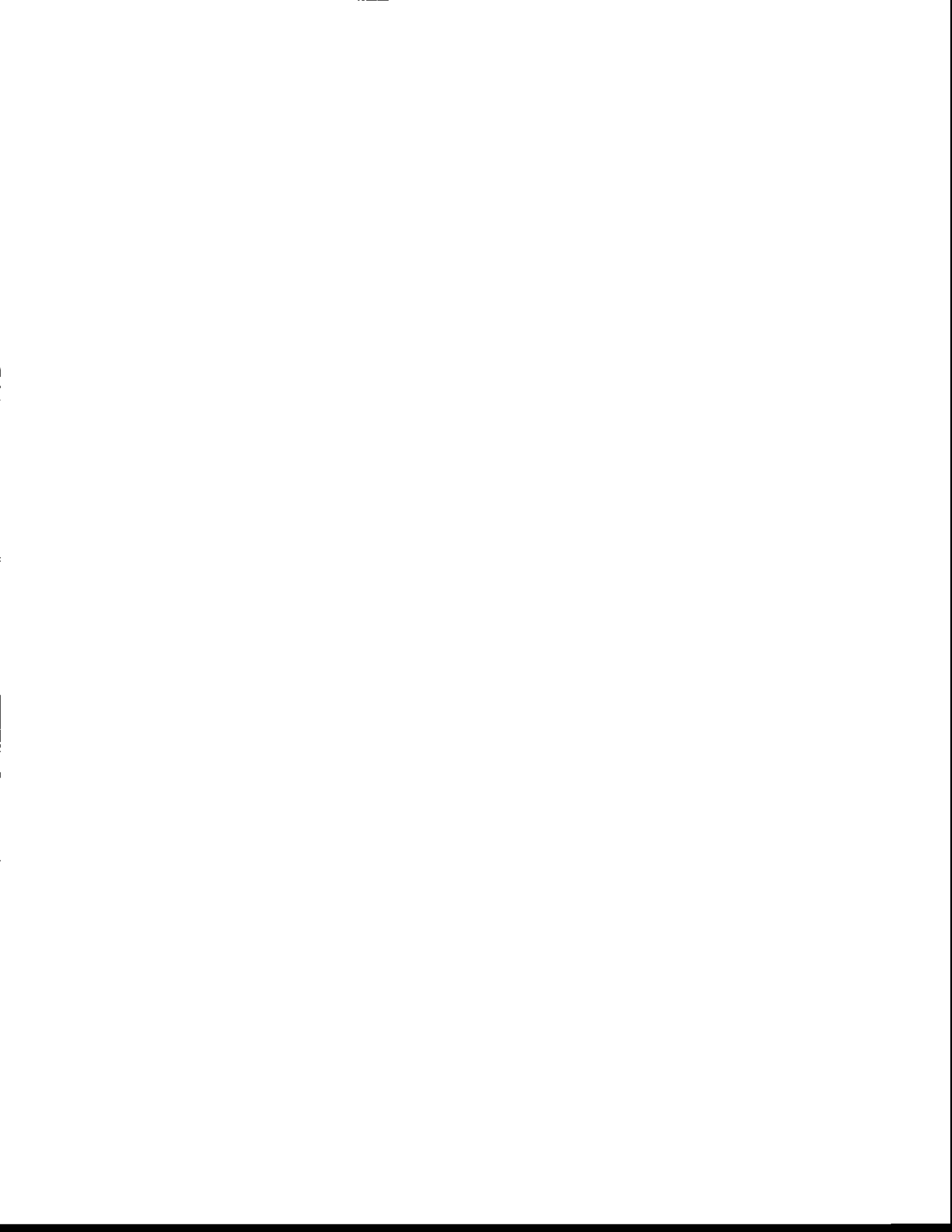
1. The City Council can approve all proposals by taking the following actions:
 - a. Approve the ordinance terminating Urban Revitalization Area #7;
 - b. Approve the resolution amending the Somerset Urban Revitalization Area Plan to allow tax abatement for buildings constructed before July 1, 2011 for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code and also sit-down restaurants, cafes & delicatessens, and health clubs and gyms;
 - c. Approve the resolution amending the Somerset Town Center West Urban Revitalization Area Plan to allow tax abatement for buildings constructed before July 1, 2011 for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code and also for sit-down restaurants, cafes & delicatessens, and health clubs and gyms.
2. The City Council can approve all proposals identified in Alternative 1, but without the inclusion of sit-down restaurants, cafes & delicatessens, and health clubs and gyms.
3. The City Council can approve or deny separately the ordinance and resolutions listed under Alternative #1.
4. The City Council can approve or deny separately the ordinance and resolutions listed under Alternative #1, with modifications.
5. The City Council can refer this request back to staff for additional information.

MANAGER'S RECOMMENDED ACTION:

It appears there is little likelihood for development of the affordable residential units and the grocery store that are the sole purpose of Urban Revitalization Area #7. It also appears that the property tax incentive has been effective for developing the commercial areas in Somerset. Furthermore, it seems appropriate to add sit-down restaurants, cafes and delicatessens to support a vibrant mix of retail uses in the Village; and to add health clubs and gyms, since this use of tax abatement has previously been approved by the City Council.

Therefore, it is the recommendation of the City Manager that the City Council act in accordance with Alternative #1, which is to:

- a. **Approve the ordinance terminating Urban Revitalization Area #7;**
- b. **Approve the resolution amending the Somerset Urban Revitalization Area Plan to allow tax abatement for buildings constructed before July 1, 2011 for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code and also for sit-down restaurants, cafes & delicatessens, and health clubs and gyms;**
- c. **Approve the resolution amending the Somerset Town Center West Urban Revitalization Area Plan to allow tax abatement for buildings constructed before July 1, 2011 for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code and also sit-down restaurants, cafes & delicatessens, and health clubs and gyms.**



URBAN REVITALIZATION PLAN

Somerset

1. Property Address: See Attachment A
2. Legal Description: See Attachment B
3. Assessed Valuation: Land: See Attachment A Buildings: See Attachment A
4. Owners Name & Address: See Attachment A
5. Zoning District and Classification: Village Residential District (F-VR).
6. City Services: No enhancements are planned.
7. Applicability of Revitalization: Revitalization shall be applicable only to buildings constructed for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code, from May 1, 2001 until July 1, 2011.
8. Duration: May 1, 2001 until July 1, 2011
9. Relocation: The plan does not require the displacement of any persons, and there will be no relocation benefits provided.
10. Percent Increase in Value Required: The value-added requirement is a five (5) percent increase in actual value.
11. Federal, State, or Private Grant/Loan Programs for Residential Improvements: There are no grants or loans.
12. Existing Land Use: Vacant
13. Geocode: See Attachment A
14. Tax Exemption Schedule: The exemption period is for three (3) years on 100% of the assessed value of qualifying improvements.

URBAN REVITALIZATION PLAN

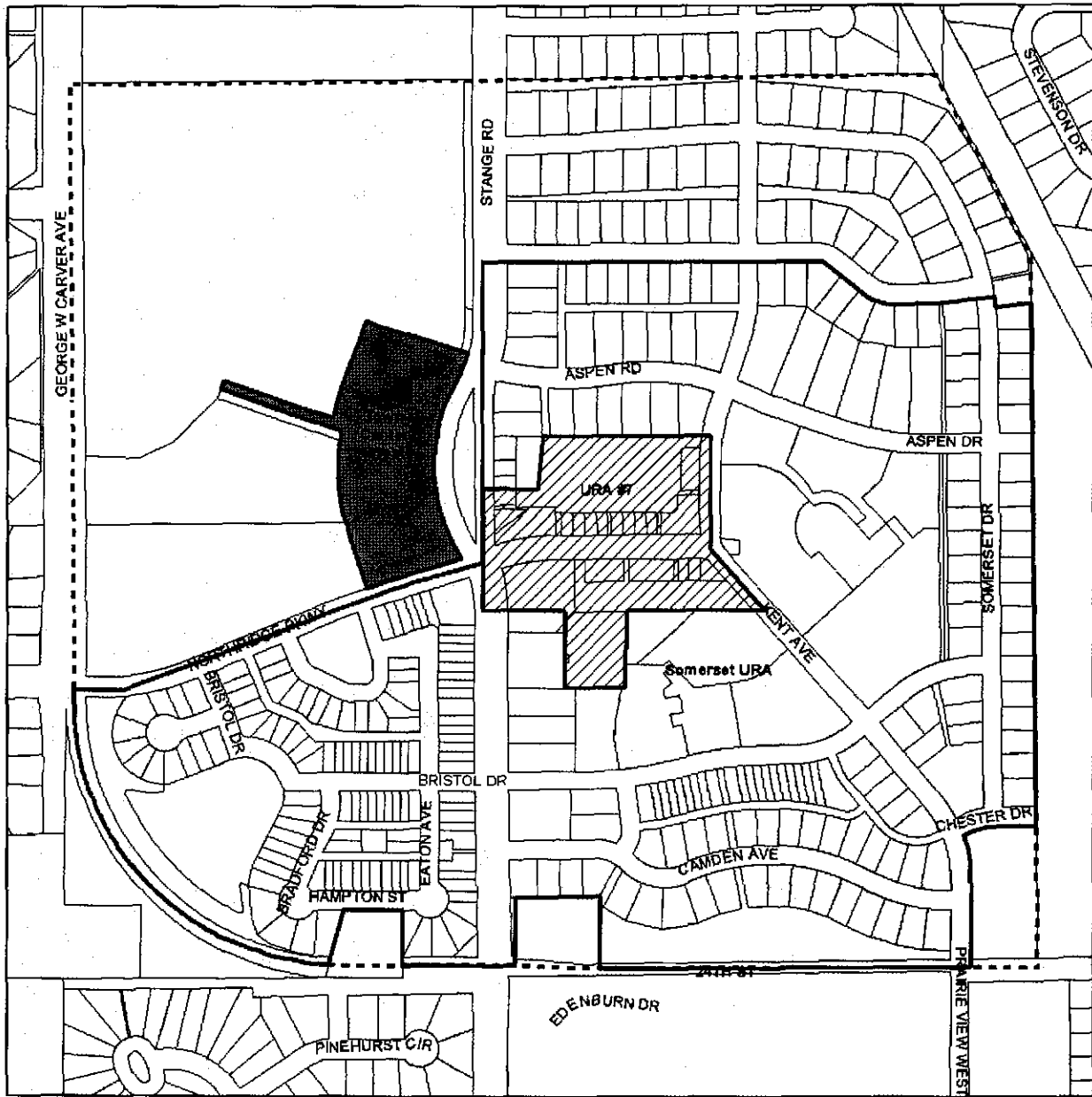
Somerset Town Center West

1. Property Address: N/A
2. Legal Description: Somerset Subdivision, 20th Addition (entire Addition)
3. Assessed Valuation: Land: \$158,600 Buildings: (None)
4. Owners Name & Address:

Erben Hunziker and Margaret Hunziker Development, LLC
105 South 16th Street
Ames, Iowa 50010





D & R Furman, L.L. C.
803 24th Street
Ames, Iowa 50010

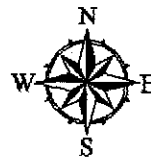
R. Friedrich & Sons, Inc.
619 East Lincoln Way
Ames, Iowa 50010
5. Zoning District and Classification: Village Residential District (F-VR).
6. City Services: No enhancements are planned.
7. Applicability of Revitalization: Revitalization shall be applicable only to buildings constructed for retail sale of goods or services, as defined in Table 29.501(4)-3 of the Ames Municipal Code, from May 1, 2001 until July 1, 2011.
8. Duration: May 1, 2001 until July 1, 2011
9. Relocation: The plan does not require the displacement of any persons, and there will be no relocation benefits provided.
10. Percent Increase in Value Required: The value-added requirement is a five (5) percent increase in actual value.
11. Federal, State, or Private Grant/Loan Programs for Residential Improvements: There are no grants or loans.
12. Existing Land Use: Vacant
13. Geocode: 05-28-475-001
14. Tax Exemption Schedule: The exemption period is for three (3) years on 100% of the assessed value of qualifying improvements.



Urban Revitalization Areas in Somerset

Legend

-  Town Center West
-  URA #7
-  Somerset URA
-  Somerset Boundary

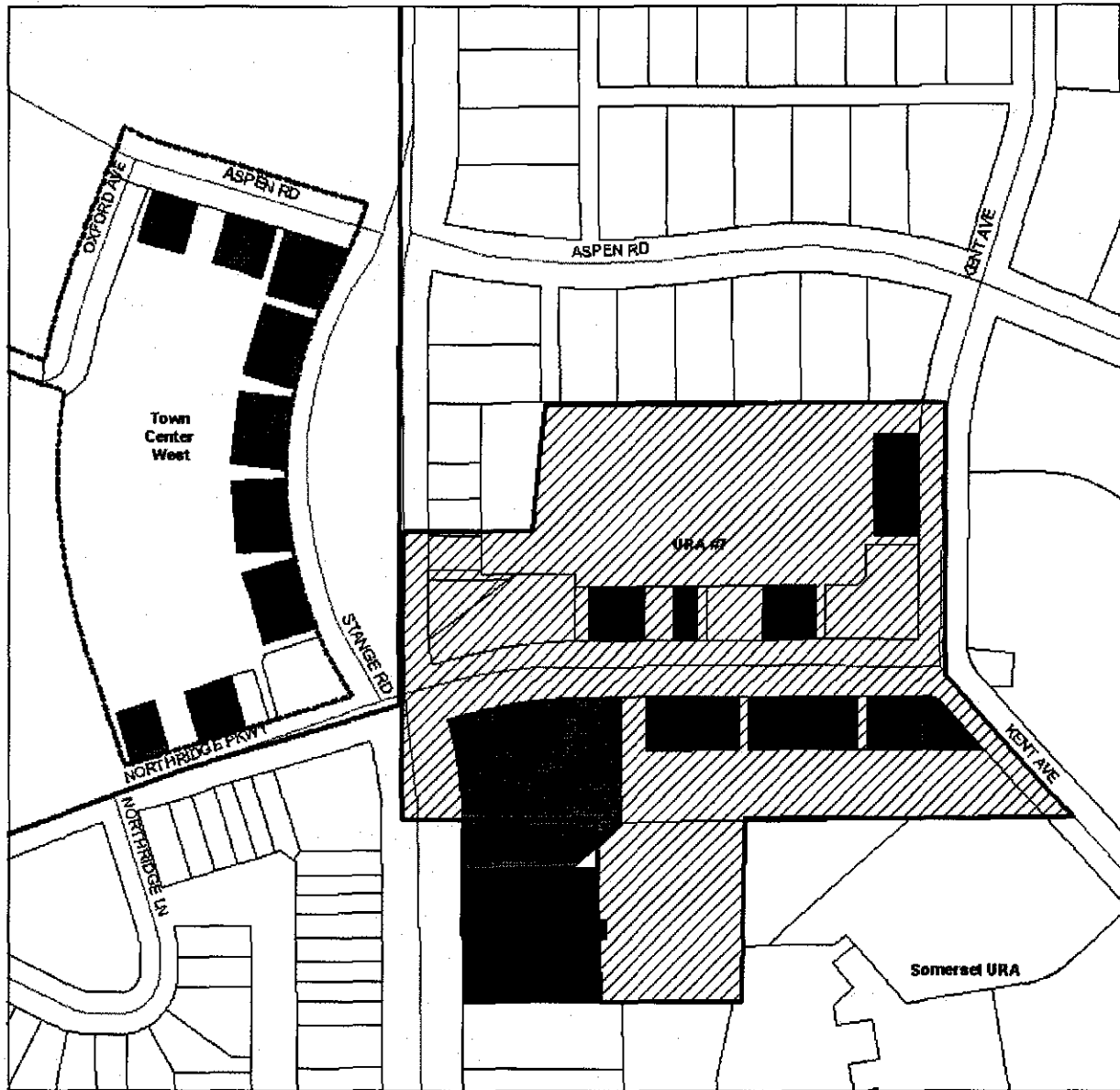


200 100 0 200 Feet




Prepared by the Department of Planning and Housing November 16, 2005

Commercial Tax Abatement in Somerset




Legend

Somerset URA	Built with Abatement
Town Center West	Potentially Eligible
URA #7	Built without Abatement
Somerset Boundary	



Prepared by the Department of
Planning and Housing
May 22, 2008



ORDINANCE NO. _____

**AN ORDINANCE REPEALING URBAN
REVITALIZATION PLAN AREA NO. 7**

WHEREAS, pursuant to the provisions of Chapter 404, Code of Iowa, the City Council of the City of Ames, Iowa, enacted ordinance number 3466 on October 28, 1997, designating the Urban Revitalization Plan Area No. 7; and

WHEREAS, the City Council has determined that the desired level of revitalization has been attained or that economic conditions are such that the continuation of the exemption granted by Chapter 404 would cease to be of benefit to the City.

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

Section One. Ordinance number 3466 on October 28, 1997, designating the Urban Revitalization Plan Area No. 7, is hereby repealed.

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

Passed this _____ day of _____, 2008.

Diane R. Voss, City Clerk

Ann Campbell, Mayor