

Staff Report
Urban Revitalization Commercial Criteria
 April 27, 2010

BACKGROUND:

In 1999, the City Council established Commercial Criteria for designating Urban Revitalization Areas and Plans with some flexibility in order to work with developers to accomplish two objectives. One objective was to improve persistently undeveloped and underdeveloped properties. Another objective was to encourage more substantial exterior materials, more landscaping, and more efficient parking. (See Commercial Criteria Matrix, Attachment A) **Approval under these criteria resulted in eligibility for property tax abatement for new projects.**

It is important to note that no Urban Revitalization Area and/or Plan have ever been approved under this existing Commercial Criteria. After study of this program in 2009, staff concluded that difficulties in defining eligibility for tax abatement might have been an unexpected result of these otherwise flexible criteria, in addition to criteria that were not realistic for commercial development in Ames. **As a result of this finding, the City Council suspended the Urban Revitalization program for commercial properties and directed staff to provide recommendations for different criteria.** This report provides ideas for new criteria (see Attachment B) and discussion on how these criteria improve on the previous criteria.

Only properties zoned Highway-Oriented Commercial would be eligible under the new criteria. Since most property with this zoning is already developed, this maintains the objective of incentivizing redevelopment. The new criteria are grouped under three broad goals:

- Economic Development
- Aesthetic Improvement or Blight
- Environmental Protection

Under this proposal, property would have to meet at least one criterion within two of these categories.

Economic Development. The first three criteria in this category address properties that are not developed to their full potential. These criteria are measurable, which will eliminate difficulties under previous criteria for “underutilized” property for defining how long a property had to be vacant, whether even minor non-conformities would qualify property for tax abatement, and whether incentives were being provided for following existing code requirements. Criterion 3 under this category provides City Council some flexibility to ensure that economic development is encouraged.

Criterion 4 under this category maintains the City Council's ability to improve the range of goods and services that are conveniently available to Ames residents. The City Council will still need to determine what type of evidence makes the case that a use is underrepresented. Also, based on staff experience administering the Somerset Urban Revitalization program based on use, the following issues will need to be resolved: What if an approved use occupies the building initially and then closes or moves out before the abatement schedule ends—does the abatement end? In a commercial center with multiple tenants, what if the portion of the building or property occupied first does not include an approved use—is the improvement value then fully taxed? What if an approved use occupies a portion of the site the following year—is the tax abatement available then, for what portion and for how long? How do the City and the Assessor keep track of and document these changes in use?

Aesthetic Improvement or Blight. This category redefines and broadens the previous criterion for “slum and blight.” Criterion 1 broadens the applicability of the program to include properties that the City Council determines to be so substandard as to be detrimental to the continuing improvement or vitality of a commercial area. It provides some direction for staff to provide analysis for the City Council. Criterion 2 provides a specific criterion for conditions that the previous criteria termed “slum and blight” based on specifics already part of the Ames *Municipal Code*.

Environmental Protection. Criteria 1, 2 and 4 in this category provide an incentive for redeveloping existing commercial areas that are more expensive to redevelop because they are in the floodplain, are within 1,000 feet of a city well, or are in an area of environmental hazard. Criterion 3 provides an incentive to build a project that meets well-known, objective standards for increased energy efficiency and reduced environmental impact.

Non-qualifying uses lists several uses that are permitted in other zoning districts but do not contribute to the continuing improvement or vitality of a commercial area to a degree that warrants city support through tax abatement. Admittedly this is a somewhat subjective judgment, but it is important to clearly identify up front about any uses that, while they are permitted by right in Highway-Oriented Commercial areas, are not eligible for the city funded incentive of tax abatement. Therefore, City Council should carefully consider adding or removing uses from the list before program guidelines are approved.

Staff Comments.

The philosophy behind the previous Commercial Matrix was that developments should include certain improvements that were above those required by the Municipal Code in order to qualify for this tax abatement incentive. The new criteria are based on the assumption that redeveloping existing substandard properties that meet the above criteria is an adequate objective for a program that provides tax abatement, and does not require a higher design standard than otherwise required by the City codes. **The City Council must decide whether this more liberal eligibility threshold is acceptable.**

In addition, staff understands that the Council might not agree with any of the new categories/sub-categories that are being presented in Attachment B. Council feedback on this proposal is needed before the staff can complete your assignment to develop new criteria.

This new proposal should address the February 16, 2010 request from Steve Scott of Westown Associates LLC who is developing a four acre site along S. 5th Street for a new Petco and other retail ventures. Mr. Scott has requested incentives from the City to help offset the higher costs involved in developing near the City's well fields. Their new development should qualify for tax abatement under this new matrix.

There are several properties currently being considered for redevelopment that may be eligible for tax abatement under some of these criteria. If the City Council chooses to proceed further, after providing staff direction on these criteria, staff would prepare a final program criteria document for City Council to consider for final approval. Then applications could be made for specific projects to become Urban Revitalization Areas.

Attachment A
URBAN REVITALIZATION
COMMERCIAL
CRITERIA MATRIX
(EXCLUSIVE OF THE DOWNTOWN & CAMPUSTOWN AREAS)

VOID

		OR	
REQUIRED	OPTIONAL	OPTIONAL	
<p><i>Slum & Blighted</i></p> <ul style="list-style-type: none"> ◆ Properties where a majority of the assessed valuation of the properties has been determined to be <u>substantially</u> unsafe or to have an unsafe use by the City Council. <p><i>OR</i></p> <p><i>Underutilized</i></p> <ul style="list-style-type: none"> ◆ Properties that are vacant in an in-fill area and were previously developed and have had the principal structure removed; <i>OR</i> ◆ Properties that are non-conforming with respect to the base zone that will be brought into conformance; <i>OR</i> ◆ Properties that are non-conforming with respect to the flood way fringe that will be brought into conformance with applicable flood plain regulations. 	<p><i>Underrepresented</i></p> <ul style="list-style-type: none"> ◆ Properties that are to include a business use where that actual sales of the business 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><i>Design Standards</i></p> <ul style="list-style-type: none"> ◆ Properties where the structure that is constructed on the property meets the design standards where applicable; <i>AND</i> <p><i>Landscaping</i></p> <ul style="list-style-type: none"> ◆ Properties where 25% of the area of the lot is landscaped and the landscaped area is located where the benefit is provided to a view of the lot from the street or adjacent property; <i>AND</i> <p><i>Signage</i></p> <ul style="list-style-type: none"> ◆ Properties that utilize wall mounted, ground mounted, or monument signs; <i>AND</i> <div style="text-align: center; border: 1px solid black; padding: 5px; margin: 10px auto; width: 50px;"><i>OR</i></div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><i>Shared Parking</i></p> <ul style="list-style-type: none"> ◆ Properties where two or more commercial properties share the same parking supply as provided for in the zoning ordinance of the City; <i>AND</i> ◆ Properties where the parking lot design provides for joint access and/or drive aisle movement between two properties and the proper cross-easements have been recorded. </div> <div style="width: 45%;"> <p><i>Structured Parking</i></p> <ul style="list-style-type: none"> ◆ Properties where the gross floor area of the principal structures is less than 200,000 square feet and 50% of the parking is provided in a parking structure. ◆ Properties where the gross floor area of the principal structure is greater than 200,000 square feet and 25% of the parking is provided in a parking structure. </div> </div>	

Attachment B

URBAN REVITALIZATION HIGHWAY ORIENTED COMMERCIAL (HOC) REDEVELOPMENT CRITERIA

Properties eligible for tax abatement must be within the Highway-Oriented Commercial zoning district, and also fit within one or more subcategories in at least two of the following broad categories.

I. Economic Development:

1. Developed properties for which the improvement values are less than XX% of land values, based on current Ames Assessor data.
2. Properties from which the principal building has been removed and the property has been vacant for at least three years.
3. Developed properties on which the existing improvement values are XX% greater than land values, based upon current Ames Assessor data, and which improvements the City Council has determined will adversely affect the ability to assemble properties for redevelopment purposes, and which existing improvements would not be a viable or desirable component of a redevelopment plan.
4. Properties that will include a new principle use that the City Council has determined are underrepresented in Ames based on (to be determined).

II. Aesthetic Improvement or Blight:

1. Developed properties that the Council has deemed are currently substantially substandard, or previously developed properties that were substantially substandard within the past three years, due to the following types of conditions, and which will be fully redeveloped under all current development standards:
 - a. Lack of paved parking areas.
 - b. Lack of landscaping as otherwise required under current code.
 - c. Lack of compliance with existing design standards.
 - d. Uses that are out of character with desirable retail development, or that otherwise detract from a viable retail center or corridor.
 - e. Structures designed for uses that are nonconforming in the HOC district, and which are out of character with desirable retail development and style.
 - f. Structures originally designed to reflect the signature architecture of a corporate business, but which have been vacated by said business.
2. Properties with a principle building that has been determined by the Building Official as meeting the definition of "Public Nuisance" in the Ames *Municipal Code*, Chapter 5, "Building, Electrical, Mechanical and Plumbing Code" (Currently Section 5.401(7)).

III. Environmental Protection:

1. Properties which include riparian corridors, and which riparian corridors will (if necessary) be restored to their natural state, and which riparian corridors will be protected through appropriate design and erosion control techniques.
2. Properties with at least 20% of the property area being within 1,000 feet of a City of Ames water well.
3. Properties that will be developed according to LEED Gold standards.
4. Development or redevelopment of Brown Fields. Brown Fields include abandoned or underused industrial and commercial facilities or sites available for re-use or redevelopment. Expansion or redevelopment of such a facility or site may be complicated by real or perceived environmental contaminations.

Non-qualifying Uses. Notwithstanding compliance under the above categories, tax abatement shall not be granted for properties developed for or otherwise used for the following uses:

1. Mini-storage, warehouse facilities, or other industrial uses
2. Transportation, communications, and utility uses
3. Institutional uses
4. Automotive, boat, and/or RV sales
5. Adult entertainment business
6. Expansion of currently developed and code-conforming sites