

COUNCIL ACTION FORM

SUBJECT: **2014 URBAN REVITALIZATION TAX ABATEMENT REQUESTS**

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 Revitalization Plan approved by Council.

The City Council has adopted URAs for the following areas and purposes:

- Commercial Program
- Sprinkler Retrofit Program
- Downtown URA
- Campustown URA
- East University Impacted URA
- West University Impacted URA
- North Sheldon URA
- South Lincoln URA

Every year, property owners who have improved property within the City's URAs during the previous year may apply for tax exemption on the incremental added value of their properties. The City must determine if the completed improvements meet the standards in the Urban Revitalization Plan for the URA in which the property is located. If the City Council finds that the standard is met, this approval is forwarded to the City Assessor, who then reviews the request and determines the value of the abatement.

Property owners of four redevelopment projects are requesting tax exemptions for the 2014 assessment year, which refers to improvements made in 2013.

Downtown URA

- 313 5th Street (Marrs Wealth Management)
- 123 Main Street (Sportsmen's)

East University URA

- 2035 Sunset (Iowa Gamma of Phi Delta Theta, 2035 Sunset, LLC)

Campustown URA

- 2650 Lincoln Way (Dunkin Donuts)

The project at 2650 Lincoln Way (Dunkin Donuts) does not meet the standards in the Campustown Urban Revitalization Plan. In summary, the property was not slum and blight, the project did not involve mixed commercial/residential use or a parking structure, nor was the building built before 1941. (See attached application and Campustown Matrix) The applicant approached staff within the last month well after completion of the project. Staff advised the applicant that based upon the reasoning above that it would not be eligible for abatement. However, the applicant has chosen to pursue the request for the project and submitted a timely application for Council consideration.

A listing of the other three project owners, locations, and estimated values is attached. The property owners have reported construction value totaling \$1,267,855 for these three projects. The estimates are based on construction cost and may not be the same as the added property value. Under the Urban Revitalization Plan for the East University URA, the owner may elect abatement to be applied over three, five, or ten years, depending as illustrated by the attached abatement schedule. Under the Urban Revitalization Plan for the Downtown URA, abatement is only available over three years.

ALTERNATIVES:

1. The City Council can deny the request for tax exemption for 2650 Lincoln Way as not conforming to the Campustown Urban Revitalization Plan, and approve the other three requests for tax exemption as conforming to the respective Urban Revitalization Plans.
2. The City Council can approve all of the requests for tax exemption if it finds that all four conform to the respective Urban Revitalization Plans.
3. The City Council can deny these requests for approval of the tax exemptions if Council finds the improvements to not be in conformance with the respective Urban Revitalization Plans.

MANAGER'S RECOMMENDED ACTION:

Staff has examined these projects as of January 2014, and finds that the work completed conforms to the respective Urban Revitalization Plans approved by the City Council, with the exception of 2650 Lincoln Way (Dunkin Donuts).

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby denying the request for tax exemption for 2650 Lincoln Way as not conforming to the Campustown Urban Revitalization Plan, and approving the other three requests for tax exemption as conforming to the respective Urban Revitalization Plans.

This action will allow the qualifying requests for tax exemption to be processed by the City Assessor, who will determine the value of the respective tax exemptions.

2014 Tax Abatement Eligible Properties

Estimates of Incremental Values

East University Urban Revitalization Area

Iowa Gamma of Phi Delta Theta, 2035 Sunset, LLC
2035 Sunset
Greek House Renovation
10 years \$ 490,855

Downtown Urban Revitalization Area

Margaret Newton
123 Main Street (Sportsmen's)
Façade Reconstruction
3 Years \$ 77,000

Fifth Street 313 LC
313 5th Street (Marrs Wealth Management)
Façade and Interior Improvements
3 Years \$ 700,000

CAMPUSTOWN URBAN REVITALIZATION CRITERIA MATRIX

PROJECT MUST MEET CRITERIA OF ONE OF THESE COLUMNS	AND	PROJECT MUST MEET CRITERIA OF ONE OF THESE COLUMNS
<p>Slum and Blighted 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 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 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 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>Design Standards 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 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 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>Underrepresented 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>	<p style="text-align: center;">OR</p> <p>Alternative Siding Material 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 	

University Area Urban Revitalization Program Application Form

(This form must be filled out completely before your application will be accepted.)

- 1. Property Address: 2650 LINCOLN WAY
- 2. Property Identification Number (Geocode): 0909125040
- 3. Urban Revitalization Area: CAMPUSTOWN
- 4. Legal Description (attach, if lengthy): SEE ATTACHMENT
- 5. Description of Improvements - Attach if lengthy: SEE ATTACHMENT

Improvement costs: \$ <u>524,400.00</u>
Beginning construction date: <u>OCTOBER 2012</u>
Estimated or actual completion date: <u>SEPTEMBER 2013</u>
Assessment year for which exemption is being claimed: <u>2013</u>
Exemption schedule (3, 5, or 10 years): <u>3 YEARS</u>

- 6. Property Owner: JON GULICK
- Business: TEAM INVESTMENTS L.L.C
- Address: 1310 WENIG RD NE #9 CEDAR RAPIDS, IA 52402
(Street) (City) (State) (Zip)
- 319-430-5000 - GULICKJON@AOL.COM
(Phone) (Fax) (e-mail)

I (We) certify that I (we) have submitted all the required information to apply for approval of the University Area Urban Revitalization Program and that the information is factual.

Signed by: Jon Gulick Date: 1-27-2014
Property Owner(s)

JON GULICK
Print Name

(Note: No other signature may be substituted for the Property Owner's Signature.)

RECEIVED

JAN 31 2014

CITY OF AMES, IOWA
DEPT. OF PLANNING & HOUSING

Property Legal Description;

Lots One (1) and Two (2), Hoover's Addition, Ames, Iowa, except the South 6 feet thereof; and beginning at the NE Corner of said Lot1, thence South 117 feet, thence East 43 feet, thence North 117 feet, thence West 43 feet to the point of the beginning, except the South 6 feet thereof.

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JAN 31 2014

**CITY OF AMES, IOWA
DEPT. OF PLANNING & HOUSING**

2650 Lincoln Way Improvements

Replaced roof inclusive of removal of asbestos contained in previous roofing

Interior demolition down to existing four walls and concrete floors

Complete interior remodel with new bathrooms, flooring and walls

Upgrade of all plumbing and electrical to code per the city of Ames

Replace HVAC systems with new systems

Addition of fire alarm system

Addition of security system

Replaced existing parking lot

New curbs and planter boxes for landscaping that will be completed in spring 2014

RECEIVED

JAN 31 2014

**CITY OF AMES, IOWA
DEPT. OF PLANNING & HOUSING**