

COUNCIL ACTION FORM

SUBJECT: 2016 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) which, among other things, specifies standards for 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.

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

- HOC 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, owners who have made improvements to 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 two development projects are requesting tax exemptions for projects completed in the 2015 calendar year. These exemptions will be reflected in taxes due beginning in September, 2017 and March, 2018.

The property owners have reported construction value totaling \$1,430,000 for these two 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 and HOC Commercial Urban Revitalization Areas, the owner may elect the exemption to be applied over three, five, or ten years.

307 Ash Avenue (Zeta Delta House Corporation of Alpha Phi International) in the East University URA:

The East University URA was established in 2006. The URA requires that the property be an existing or former Greek house and that 70 percent of the exterior walls be retained. The former apartments at 307 Ash Avenue were converted to a sorority and an addition was added to the front of the building. These changes meet the East University URA criteria. The owner is requesting a ten-year, graduated exemption on the increased value. The cost of improvements is estimated at \$930,000.

517 Lincoln Way (Squeaky Clean, Inc) in the HOC Commercial URA

Criteria for the HOC Commercial URA were established in 2010 although a specific area was not created. In 2015, the property at 517 Lincoln Way was designated at the request of the owner who demonstrated compliance with the criteria. The improvements on that property include a new commercial building with two tenants. The improvements are complete and the owner is requesting a three-year, 100 percent exemption on the increased value. The cost of improvements is estimated at \$500,000.

Previously Approved Exemptions

The City Council also gave previous approval to two projects in Campustown in 2015. One, in August, was 2300 Lincoln Way, a \$10,500,000 commercial and residential project which requested the ten-year exemption. The other, in December, was 2320 Lincoln Way, a \$12,470,000 commercial and residential project which also requested the ten-year exemption.

ALTERNATIVES:

1. The City Council can approve the requests for tax exemption for 307 Ash Avenue and 517 Lincoln Way as conforming to the respective Urban Revitalization Plans.
2. The City Council can deny these requests for approval of the tax exemptions if Council finds the improvements are not in conformance with the respective Urban Revitalization Plans.

MANAGER'S RECOMMENDED ACTION:

Staff has examined these projects as of January 2016, and finds that the work conforms to the respective Urban Revitalization Plans approved by the City Council.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby approving the two 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.

EAST UNIVERSITY URA CRITERIA AND MAP

Effective Date: March 25, 2013

URBAN REVITALIZATION CRITERIA

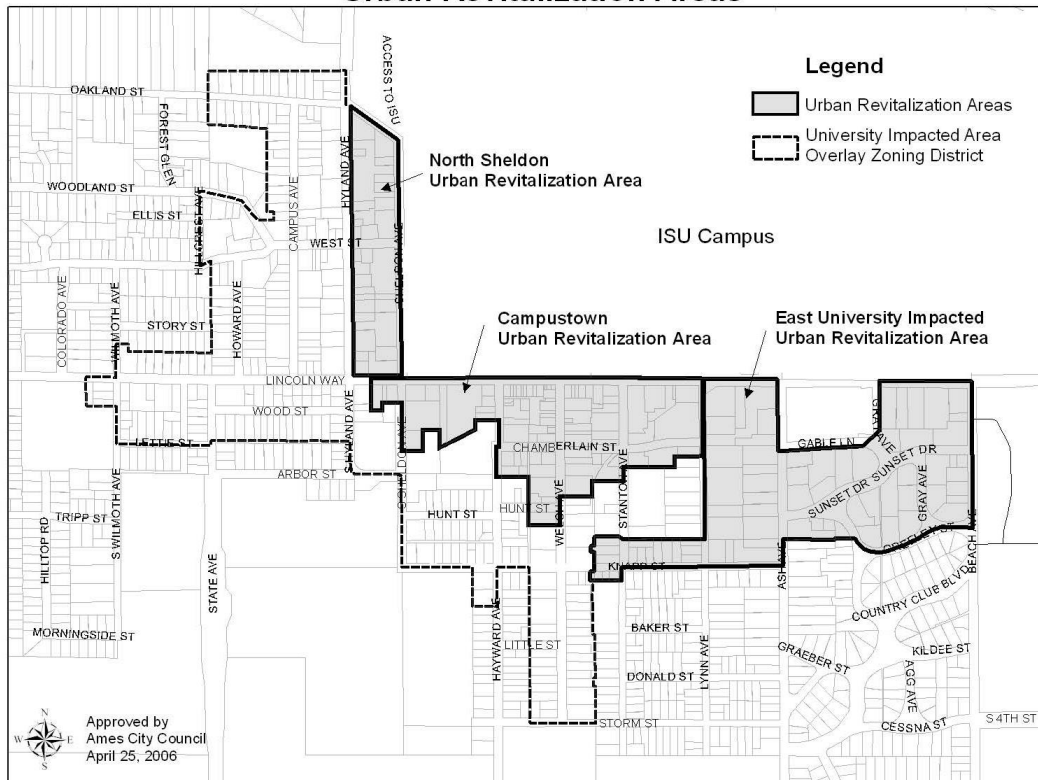
EAST UNIVERSITY IMPACTED

NORTH SHELDON AREA

REQUIRED	REQUIRED
Existing or former residence recognized by Iowa State University as part of the Greek Residence system.	The building on the site was originally built before 1941.
AND	AND
Seventy percent (70%) of the area of the existing exterior walls of the structure will remain.	Seventy percent (70%) of the area of the existing exterior walls of the structure will remain.
NOTE: Sprinkler retrofit projects within this area qualify if all improvements add 5% or more to the actual value of the property.	AND
	Original or historical materials and designs will be preserved and/or restored.

Effective Date: March 25, 2013

University Area Urban Revitalization Areas



307 ASH AVENUE URA APPLICATION

Effective Date: March 25, 2013

University Area Urban Revitalization Program

Application Form

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

1. **Property Address:** 307 Ash Avenue
2. **Property Identification Number (Geocode):** List Attached
3. **Urban Revitalization Area:** East University Impacted URA
4. **Legal Description** (attach, if lengthy): See attached
5. **Description of Improvements - Attach if lengthy:** See attached

Improvement costs: \$ <u>≈ 930,000</u>
Beginning construction date: <u>May 2015</u>
Estimated or actual completion date: <u>Fall 2015</u>
Assessment year for which exemption is being claimed: <u>2016</u>
Exemption schedule (3, 5, or 10 years): <u>10 years</u>

6. **Property Owner:** _____

Business: Zeta Delta House Corporation of Alpha Phi International Fraternity, Inc.
Address: 1930 Sherman Avenue Evanston, IL 60201
(Street) (City) (State) (Zip)
847-475-0663 847-475-6820 CKoessle@alphaphi.org
(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: Lillahangi Date: 10/2/15
Property Owner(s) - House Corp President

Linda Kahangi
Print Name

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

517 LINCOLN WAY URA CRITERIA AND PLAN

1. Eligibility criteria:

- *Improvements must be proposed that will increase actual property value by 5% or more.*
- **Properties eligible for tax abatement must be within the Highway-Oriented Commercial zoning district, and also fit within one or more criteria.**
 - a. *Properties from which the principal building has been removed and the property has been vacant for at least seven years.*
 - b. *Properties with a principal 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)).*
 - c. *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 is complicated by environmental contaminations.*
 - d. *Properties with at least 20% of the property area being within 1,000 feet of a City of Ames water well and within the Floodway-Fringe Overlay zoning district. The Developer must demonstrate that the proposed project cannot be configured or designed in a manner to avoid significant extra impact to the project because of its location near a City well head.*
- **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:*
 - a. *Mini-storage warehouse facilities or other industrial uses*
 - b. *Transportation, communications, and utility uses*
 - c. *Institutional uses*
 - d. *Automotive, boat, and/or RV sales*
 - e. *Adult entertainment businesses*
 - f. *Detention facilities*
 - g. *Agricultural or industrial equipment sales*

URBAN REVITALIZATION PLAN
517 Lincoln Way Urban Revitalization Area

1. Property Address: 517 Lincoln Way (see Attachment A).
2. Legal Description: Lot 3 and the west 40 feet of Lot 2 all in Block 48 in the Fourth Addition to Ames, Iowa.
3. Assessed Valuation: Land: \$395,900. Buildings: (none).
4. Owners: Name & Address: Squeaky Clean Inc., 116 K Avenue, Nevada, Iowa 50201.
5. Zoning District and Classification: Highway Oriented Commercial.
6. City Services: No enhancements are planned.
7. Applicability of Revitalization: Revitalization shall be applicable only to that subset of eligible property within the above legal description that qualifies under the Urban Revitalization Highway Oriented Commercial Redevelopment Criteria (see Attachment B).
8. Duration: There is no end date.
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: Not a residential project.
12. Existing Land Use: Vacant.
13. Geocode: 09-02-357-040.
14. Tax Exemption Schedule: The exemption period is for either three (3) years, five (5) years, or ten (10) years. All qualified real estate is eligible for tax exemption of the value added by the improvements according to the terms of the exemption selected. The overall improvement value to the property will need to be at least 105% of the current assessed value to qualify for the program.

517 LINCOLN WAY URA APPLICATION

Effective Date: March 25, 2013

RECEIVED

Urban Revitalization Program

DEC 01 2015

Application Form

CITY OF AMES, IOWA
DEPT. OF PLANNING & HOUSING

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

1. **Property Address:** 517 Lincoln Way, Ames, IA. 50010
2. **Property Identification Number (Geocode):** 09-02-397-040
3. **Legal Description** (attach, if lengthy): Lot 34 the West 40ft. of Lot 2 all in block 48 in the 4th Addition to Ames, IA.

4. Description of Improvements:

Established Urban Revitalization Areas

- | | |
|---|--|
| <input type="checkbox"/> Downtown | <input type="checkbox"/> North Sheldon |
| <input type="checkbox"/> Campustown | <input type="checkbox"/> South Lincoln |
| <input type="checkbox"/> East University Impacted | |

Urban Revitalization Policy Areas

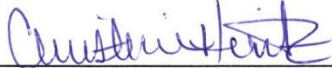
- | | |
|--|---|
| <input type="checkbox"/> Southeast 16 th Street | Address _____ |
| <input checked="" type="checkbox"/> Other Commercial Area | Address <u>517 Lincoln Way, Ames IA 50010</u> |
| <input type="checkbox"/> University Impacted Area – West | Address _____ |

Improvement costs: \$ <u>approx. \$500,000</u>
Beginning construction date: <u>approx. 9-15-14</u>
Estimated or actual completion date: <u>TCO 4-22-15 Ste #102 TCO 10-14-15 #10</u>
Assessment year for which exemption is being claimed: <u>2016</u>
Exemption Schedule (3, 5, or 10 years): <u>3 years</u>

5. **Property Owner:** Squeaky Clean Inc.
Business: Squeaky Clean, Inc.
Address: 116 K Ave. Nevada IA. 50201
(Street) (City) (State) (Zip)
Telephone: 515-291-5299 515-232-2274
(Home) (Business) (Fax)

Effective Date: March 25, 2013

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

Signed by:  Date: 12-1-15
Property Owner(s)
Cristine Heintz
Print Name

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