

COUNCIL ACTION FORM

SUBJECT: SPECIAL REQUEST FROM FARMHOUSE FRATERNITY, 311 ASH AVENUE FOR COUNCIL PERMISSION TO RECEIVE URBAN REVITALIZATION TAX ABATEMENT IN 2021

BACKGROUND:

The City Council established Urban Revitalization Areas (URAs) which allow for the granting of tax exemption for the increased valuation of a property for projects that meet the criteria of each URA's Urban Revitalization Plan. In most cases, these criteria set certain 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, depending on the Urban Revitalization Plan for each URA.

The FarmHouse Fraternity is requesting tax abatement for work finished in 2016 to that expanded the facility at 311 Ash Avenue. The property lies within the University Impacted – East URA (Attachment 1). **State Law (Sec. 404.4) states that the tax abatement must be requested within 2 assessment years of the completion to be eligible for the full exemption. State Law further stipulates that the property owner may request the governing body consider an exemption after the 2-year period for a reduced exemption. If approved, a property owner may use the exemption schedule minus the number of years that have elapsed. In this case, FarmHouse would receive seven years of abatement.**

ALTERNATIVES:

1. Approve the request from the FarmHouse Fraternity to be allowed to apply for a tax exemption at a reduced exemption schedule as outlined in State Law (Attachment 4). The formal application would need to be submitted no later than February 1, 2021.
2. Deny the request to proceed with a tax exemption for FarmHouse Fraternity.

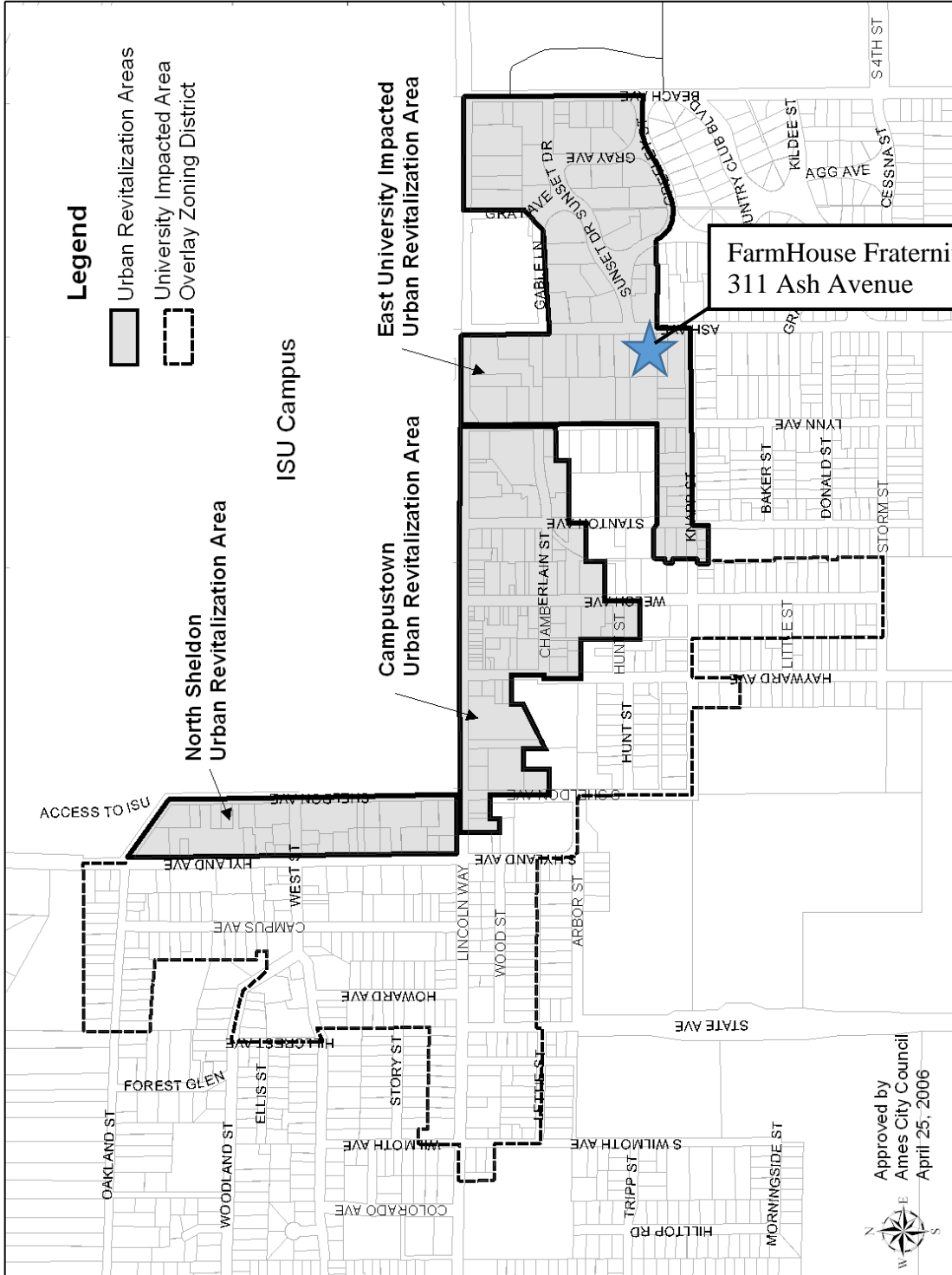
CITY MANAGER'S RECOMMENDED ACTION:

Although the applicant did not timely file the request for abatement, the improvements do qualify under the existing criteria and such as request would have been approved if requested. Council can choose to grant special permission to apply for the remaining years of eligibility.

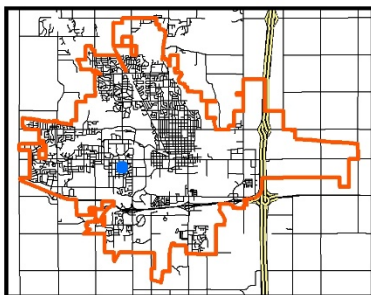
Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby permitting the FarmHouse Fraternity to proceed with its application for a tax exemption as allowed under State Law Sec. 404.4.

ATTACHMENT 1: UNIVERSITY IMPACTED - EAST URA CRITERIA

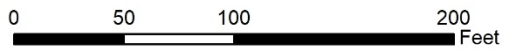
**University Area
Urban Revitalization Areas**



ATTACHMENT 2: FARMHOUSE FRATERNITY



Location Map 311 Ash Avenue



ATTACHMENT 3: APPLICANT LETTER TO COUNCIL



FARMHOUSE FRATERNITY
Iowa State FarmHouse Association

November 6, 2020

The Honorable John Haila
Mayor of Ames
City Hall, 515 Clark Avenue
Ames, IA 50010

Dear Mr. Mayor Haila:

On behalf of the Iowa State FarmHouse Association Board, I am seeking a ten (10) year tax exemption for the improvements to the property at 311 Ash Avenue in Ames. This project was completed during the summer of 2016. I understand, because of the delay in filing, FarmHouse will forego the first three (3) years of tax exemptions.

- 2017 tax year – 80% - foregone, \$62,008 taxes fully paid
- 2018 tax year – 70% - foregone, \$63,694 taxes fully paid
- 2019 tax year – 60% - foregone, \$30,781 paid Sep 2020, \$30,781 due Mar 2021
- **2020 tax year – 50% - seeking**
- **2021 tax year – 40% - seeking**
- **2022 tax year – 40% - seeking**
- **2023 tax year – 30% - seeking**
- **2024 tax year – 30% - seeking**
- **2025 tax year – 20% - seeking**
- **2026 tax year – 20% - seeking**

I plan to submit the completed Urban Revitalization Program form for this expansion project in time for review by the City Council in February.

After discussions with the City Assessor, I discovered that state law requires special permission from Council for the abatement if more than two (2) years have elapsed since the project's completion (Code of Iowa Ch. 404, Sec. 404.4). I now ask that you consider granting FarmHouse Fraternity permission to submit this program application despite this being the third tax year since completion.

Let me know if you have any questions, comments or concerns.

Sincerely:

Eugene Rodberg
ISU FarmHouse Association Board Treasurer

Cc: File

- ✓ Ames City Council
- ✓ Benjamin Campbell, Ames Planning and Housing Planner

FARMHOUSE FRATERNITY
311 Ash Ave
Ames, Iowa 50014

ATTACHMENT 4: RELEVANT STATE LAW

404.4 Prior approval of eligibility.

- 1) A person may submit a proposal for an improvement project to the governing body of the city or county to receive prior approval for eligibility for a tax exemption on the project. The governing body shall, by resolution, give its prior approval for an improvement project if the project is in conformance with the plan for revitalization developed by the city or county. Such prior approval shall not entitle the owner to exemption from taxation until the improvements have been completed and found to be qualified real estate; however, if the proposal is not approved, the person may submit an amended proposal for the governing body to approve or reject.
- 2) An application shall be filed for each new exemption claimed. The first application for an exemption shall be filed by the owner of the property with the governing body of the city or county in which the property is located by February 1 of the assessment year for which the exemption is first claimed, but not later than the year in which all improvements included in the project are first assessed for taxation, or the following two assessment years, in which case the exemption is allowed for the total number of years in the exemption schedule. However, upon the request of the owner at any time, the governing body of the city or county provides by resolution that the owner may file an application by February 1 of any other assessment year selected by the governing body in which case the exemption is allowed for the number of years remaining in the exemption schedule selected. The application shall contain but not be limited to all of the following information:
 - a) The nature of the improvement.
 - b) The cost of the improvement project.
 - c) The estimated or actual date of completion.
 - d) The tenants that occupied the owner's building on the date the city or county adopted the resolution referred to in [section 404.2, subsection 1](#).
 - e) Which exemption in [section 404.3](#) or in the different schedule, if one has been adopted, will be elected.
- 3) The governing body of the city or county shall approve the application, subject to review by the local assessor pursuant to [section 404.5](#), if the project is in conformance with the plan for revitalization developed by the city or county, is located within a designated revitalization area, and if the improvements were made during the time the area was so designated. The governing body of the city or county shall forward for review all approved applications to the appropriate local assessor by March 1 of each year with a statement indicating whether [section 404.3, subsection 1, 2, 3, or 4](#) applies or if a different schedule has been adopted, which exemption from that schedule applies. Applications for exemption for succeeding years on approved projects shall not be required.