

ITEM #:	<u>54</u>
DATE:	<u>05-13-25</u>
DEPT:	<u>P&H</u>

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING ON ESTABLISHING AN URBAN REVITALIZATION AREA AND PLAN FOR PROPERTIES LOCATED AT 329 SE 5TH STREET AND 320 SOUTH DUFF AVENUE

BACKGROUND:

City Council reviewed a draft Urban Revitalization Area (URA) at its March 25 City Council meeting. Council set a date of hearing for May 13 to consider approval of the URA and Plan. Additionally, Council directed staff to follow up with Furniture Mart representatives regarding establishment of a pedestrian easement at the northwest corner of the site in coordination with Target.

Furniture Mart USA has requested Council initiate creation of an Urban Revitalization Area (URA) for the property located at 329 SE 5th Street to enable Furniture Mart USA to qualify for partial Commercial Property Tax Abatement. There are two properties designated as the applicable area for the URA boundary, which include the future Furniture Mart site property at 329 SE 5th Street and the neighboring Target (Dayton Hudson Corporation) property at 320 South Duff Avenue abutting the Furniture Mart site to the west and north. The Target property provides an access drive to the Furniture Mart site. (See Attachment A- Location Map)

City Council determined that providing a partial property tax abatement incentive for a furniture store would achieve an economic development to resolve an opportunity gap of lost furniture sales to establishments outside of Ames, a substantial sales tax leakage category. To provide economic development incentives, the Council must enact an ordinance to establish an Urban Revitalization Area and approve by resolution a Plan as prescribed by Iowa Code Chapter 404. Specifically, eligibility criteria of Section 404.1 (4) allow for a City to designate an area for economic development. Chapter 404 prescribes the requirements of a URA Plan that are summarized herein and included fully within the attached draft Plan.

The draft Plan includes two properties because under state law an 'Area' must encompass more than one property. Staff recommends including the neighboring Target property, as it is not separated by roads and is zoned Highway Oriented Commercial (HOC), as is 329 SE 5th Street. Based upon other criteria in the Plan for new construction of a furniture store, the URA will otherwise have no effect on the Target property or its operations.

The URA Plan will have a short duration to encourage the expeditious construction of a furniture store. The Plan will terminate on April 1, 2027. The Plan includes criteria for Qualifying Real Estate to be eligible for a five-year partial property Tax Abatement schedule. Eligibility includes: New Construction of a furniture store building of at least 90,000 square feet. A minimum of 81,000 square feet of the building must be used for the display and sale of new furniture, home furnishings, and related items. The improvements must be consistent with approved Site Plans, have a building permit issued by December 31, 2025, and have a certificate of occupancy by December 31, 2026.

The economic incentive is partial property tax abatement schedule of: Year 1- 100% Year 2- 80% Year 3- 60% Year 4- 40% Year 5- 20%.

PEDESTRIAN EASEMENT:

At the March meeting Council discussed options to improve pedestrian access along the west side of the site, which abuts Target's driveway that extends to SE 5th Street. A full sidewalk improvement was determined to not be feasible at this time as it would require use of Target's property, which is not a party to the application. **Troy Eichmann of Furniture Mart indicated to Council a willingness to consider an easement suggested by staff to improve access to a CyRide stop on Target property.**

Staff has been in contact with Mr. Eichmann since the last Council meeting and reviewed a schematic pedestrian crossing for the northeast corner with him. **Although the design is likely acceptable to Furniture Mart, a final easement agreement has not yet been completed. Furniture Mart has requested staff make contact with Target and continue to work on the concept with them, preferring to provide an easement if Target consents as well.**

Based upon timing, staff indicated that may or may not work and an easement could be drafted that is conditional if necessary to secure an option now for the sidewalk crossing that could eventually be coordinated with Target at future date when Target triggers site improvements. Staff will provide an additional update to Council prior to third reading and approval of the URA.

ALTERNATIVES:

1. Approve on first reading an ordinance designating the URA and approving a resolution for the URA Plan as proposed.
2. Direct staff to modify the proposed URA Plan and place on a future agenda for approval.
3. Decline to approve the URA and Plan.

CITY MANAGER'S RECOMMENDED ACTION:

Staff has prepared the proposed URA as directed by City Council in March and taken the necessary notification and publication actions to bring this item to Public Hearing. No changes to the draft have been made. At the time of writing of the report no public comments have been made to staff about the proposal.

Council agreed that creation of an Urban Revitalization Area (URA) could be justified to help incentivize construction of a furniture store in the community to address this sales leakage. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

ATTACHMENT(S):

[Attachment A- 329 SE 5th Street Location URA Map.pdf](#)
[Attachment B- Urban Revitalization Plan 329 SE 5th.pdf](#)