

ITEM #: 25
DATE: 02-24-26
DEPT: P&H

COUNCIL ACTION FORM

**SUBJECT: FOLLOW UP ON IMPLEMENTATION OF DEVELOPMENT INCENTIVES
WITH ESTABLISHMENT OF URBAN RENEWAL AREAS AND TAX
INCREMENT FINANCING.**

BACKGROUND:

City Council has recently indicated preliminary support for specific development incentives with various forms of Tax Increment Financing (TIF) within Urban Renewal Plan (URP) Areas as allowed under state law. **Staff is requesting that City Council determine whether or not to proceed at this time with the steps needed to support the incentive requests or to defer the steps until a later date.**

Initiating these steps now to run in parallel with standard rezoning, subdivision, and site development plan review process does not commit the City Council to approval of the specific project or incentive, but it does create efficiency with staff time to address the large number of requests and can accelerate the overall process of approving a project and related development agreements as needed.

Recently discussed projects and type of TIF incentive:

- I. The Linc Redevelopment Project (Developer TIF Rebate of \$19 million to \$32 million over 20 years)
- II. Bluffs @ Dankbar Farms Commercial Development (City Public Improvement Funding (\$600,000- \$1,000,000) for Roundabout or Developer TIF Rebate of up to \$1,000,000 over 10 years)
- III. Ontario/Scholl Road Workforce Housing Residential Subdivision (Developer TIF Rebate for Public Infrastructure with estimate of \$660,000 + LMI set-aside over 10 years)
- IV. Hayden's Preserve Residential Subdivision (Developer TIF Rebate for Public Infrastructure estimate of \$375,000 + LMI set-aside over 10 years)
- V. Greenbriar Commercial (Developer TIF Rebate estimate of \$900,000 over 10 years)

The Linc:

The Linc project is already within the existing Downtown Reinvestment District Urban Renewal Area. The approved URP indicates that the City may utilize TIF for a variety of purposes, including as an economic development incentive for the mixed use Linc redevelopment project located along Lincoln Way between Clark Avenue and Kellogg Avenue.

The approved Urban Renewal Plan included an estimate of up to \$32 million dollars of TIF incentives to be provided as a developer rebate over 20 years, dependent upon improved

value of the Linc property with its redevelopment. **Although staff has not received any information regarding the current TIF request from the developers, previous Linc development concepts reviewed by the City included estimated TIF values of \$19 million to \$30+ million dollars generated over a 20-year time period, depending on final project components and valuations.**

Upon approval of the TIF ordinance, the actual collection of TIF would still be subject to approval of a development agreement and construction of a project. No TIF would be collected and distributed to the developer without City Council approval. However, it does complete a necessary step in the process affirming the City Council's intent to utilize a yet to be determined amount of TIF for the Linc project. Downtown URA TIF could have an ordinance prepared for approval as early as March 10th.

NEW URBAN RENEWAL AREAS:

The other four projects require approval of an Urban Renewal Area, Plan, TIF ordinance, and developer agreement in order to provide incentives for the the projects. The URA approval process requires the City to first prepare a plan for City Council to review and approve a resolution of necessity. Subsequent to the resolution, a date of public hearing is set for review and approval of the URP, a taxing entity consultation meeting is held, the P&Z makes a recommendation on consistency with the Comprehensive Plan, and staff prepares response to comments from taxing entities, if any, one week before the public hearing with the City Council. These steps require 6-8 weeks to complete in total for each proposed URA and Plan.

Bluffs @ Dankbar Farms Commercial

The Bluffs has a zoned area for commercial development at the corner of GW Carver and Cameron School Road. There are three planned lots for commercial development that will generate TIF revenue. This site is the most ready for a URA designation due to the approved zoning. **Staff is in the process of finalizing road improvement details for the site. Staff and the developer need to finalize a Development Outline for Council acceptance and then approve a development agreement to address requirements for a minimum assessment agreement, developer obligations, and contingencies related to construction of a GW Carver roundabout project or a lane widening and signal project.**

Ontario Workforce Housing

City Council recently reviewed a request for an incentive for the reconstruction of Scholl Road with the an upcoming planned residential subdivision creating moderate priced workforce housing. The developer intends to move quickly with rezoning and platting of this site once they complete the purchase of the site from ISU in the near future. The proposed URA would be for the entire site and include all residential development. **The proposed Residential TIF Rebate is intended to support the reconstruction of a portion of Scholl Road and the funding of a mandatory set-aside for low and moderate income (LMI) housing funds.**

Hayden's Preserve Residential Subdivision

City Council indicated support for use of TIF related to infrastructure for a culvert to create an additional street connection within the project site. The site has zoning in place for residential development. Staff would create a URA based upon the description of a first phase of development. **The proposed Residential TIF Rebate is intended to support construction of a culvert and the funding of a mandatory set-aside for low and moderate income housing funds.**

Greenbriar Commercial

This site is currently not ready for a URA as no master plan or zoning has been established for the sub-area of the site planned for commercial. The developer has a pending Comprehensive Plan amendment intended to define a future commercial area at the intersection of GW Carver and Cameron School Road. Once a more complete description of the area planned for Commercial is understood, a URA and Plan for commercial development could be created. The TIF is intended to assist in the funding of development costs related to serving the planned commercial area.

ALTERNATIVES:

1. Direct staff to proceed with preparing Urban Renewal Areas, Plans, and TIF Ordinances consistent with the project list and descriptions outlined above.
2. Direct staff to proceed with specific projects from the list above.
3. Direct staff to not proceed at this time, awaiting for project approvals before commencing the incentive process.

CITY MANAGER'S RECOMMENDED ACTION:

Staff seeks Council direction to proceed with implementation of the needed URA and TIF approval processes in order to effectively complete the incentive processes. Due to large number of pending projects, staff desires to have Council initiate the necessary steps for the projects at this time.

Completing the URA steps does not commit the City to approving any specific project or level of incentive, but would expedite the overall process and efficiently utilize staff time for these projects. Staff proposes to work on these projects in order of readiness, beginning with the Linc. Staff will prepare required documents and place them on future agenda as appropriate. Therefore, the City Manager recommends Alternative No. 1.