

## Staff Report

**AMENDMENTS TO DOWNTOWN URBAN REVITALIZATION AREA ELIGIBILITY  
CRITERIA AND ABATEMENT SCHEDULE**

January 24, 2023

**BACKGROUND:**

The City Council has established an Urban Revitalization Area (URA) for the Downtown area. This URA was established in 2001 to promote façade rehabilitation for the buildings in this district. Financial assistance and tax incentives are available for rehabilitation projects that meet specific criteria related to building facades and uses (Attachment A). The program is designed to complement the current Downtown Façade Program with its design guidelines for exterior improvements. Improving the visual image and building quality of Downtown through exterior renovations is the primary goal of the programs.

**On August 12, 2022, City Council received a request from Dylan Kline of the Ames Economic Development Commission (AEDC) to consider two changes to the current Downtown URA (Attachment B). One requested change was to allow for a partial property tax abatement schedule of 3, 5, or 10 years compared to the current 3-year allowance. The second request was to allow for additional projects to qualify for abatement by changing the eligibility criteria.** The letter describes an interest in supporting investment Downtown regardless of whether front façades of a building are part of the improvements to a building.

In response to Mr. Kline's request, a staff report was presented to Council on November 8, 2022, which can be found [here](#). The report described the history of the program and presented four options for changes to the incentive policies regarding downtown. Staff proposed four options:

1. Modify the Downtown URA Program to offer the 3, 5, or 10 year abatement schedules for any incremental improvement made in the area as requested within the letter from the AEDC. (No Eligibility Criteria)
2. Modify the Downtown URA Program to offer the 3, 5, or 10 year abatement schedules for any incremental improvement made in the area, but not allow projects that include the demolition of existing buildings. (No Eligibility Criteria)
3. Modify the Downtown URA Program to offer the 3, 5, or 10 year abatement schedules for any incremental improvement made in the area if the building has a compliant historic façade or includes improvements to the façade consistent with the existing Downtown guidelines. (Retains the current façade guidelines for eligibility, potentially expand eligibility to some existing buildings)

4. Modify the Downtown URA Program to offer the 3, 5, or 10 year abatement schedules for any incremental improvement made in the area, but only for specific uses such as second floor residential or entertainment/food. (Exclude Trade and Office Uses)

City Council discussed the priorities of the programs and different concepts related to the four options. The discussion focused on whether incentives would inadvertently promote demolition of historic building, what are the priorities for investment downtown in physical improvements, and what are priorities for specific uses that warrant changes to the current incentive programs. **City Council approved two motions directing staff:**

1. Motion 1: To amend the program to offer abatement for 3, 5, and 10 years.
2. Motion 2:
  - a. To have staff explore Option Three with the definition of a compliant historic façade and the addition of not allowing projects that involve demolition; and
  - b. To do outreach on Option Four to gauge the interest of downtown stakeholders in identifying targeted options.

### **PUBLIC INPUT:**

Staff prepared an online survey available to the public and downtown stakeholders. A stakeholder meeting was held on January 18. Staff provided written notice to property owners of the meeting and the online survey. Staff also posted a link to the survey through City social media accounts. Attachment D includes a comparison of community member and downtown stakeholder responses. Attachment E consists of written response to an opened question about Downtown priorities.

### **ONLINE SURVEY:**

An online survey included a short introduction explaining the current priorities for incentive improvements downtown. One hundred forty-eight (148) responses were received by Friday, the 20<sup>th</sup>. The following is a summary of the survey and responses.

*Question 1:* Please help us to identify you by checking all that apply:

- 13 Downtown Business Owners
- 5 Downtown Property Owners
- 21 Downtown Residents
- 18 Downtown Employees
- 111 Community Members

**Question 2:** Should URA incentives be given for rehabilitations/renovations that do not involve exterior improvements to a building. Please check all that apply.

- 63 responses (41%): Yes – We should broadly support all improvements and uses
- 42 responses (27%): Yes – But only for specific priority uses
- 28 responses (18%): Yes – For any use if the building already has an updated façade or storefront
- 15 responses (9%): No – Improving the appearance of the buildings is very important (current program)

**Question 3:** If we allow incentives without exterior improvements, what uses should be a priority? For each of these, please rank from 1 to 3:

- 1 being the greatest priority
- 2 being neutral
- 3 being the least priority

Each project type can be ranked 1, 2, or 3.

	Top Priority	Neutral	Least Priority
Restaurants	<b>86 (62%)</b>	39	13
Clubs/Bars	21	49	<b>50</b>
Entertainment*	<b>76 (58%)</b>	41	14
Office**	16	36	<b>65</b>
Personal Service***	21	64	33
Retail/Boutiques	<b>67 (51%)</b>	40	24
Residential (upper floors)	41	42	41

- \*Entertainment includes uses such as brewery/distillery, dinner theater/performance venue, and gaming venue.
- \*\*Office includes professional office, co-work or co-op office, and financial services.
- \*\*\*Personal services include dry cleaners, beauty parlors, etc. These uses are not found under office.

**Question 4:** Do you believe that tax abatement incentives should be given for projects that involve demolition of an existing historic building for redevelopment of a site?

- 92 Responses (60%): No - Incentives should only apply to rehabilitation projects and not demolition
- 42 Responses (27%): Yes - If the redevelopment meets the City's design guidelines and has a priority use
- 19 Responses (13%): Yes - Redevelopment of all types enhances Downtown

Question 5: What are your priorities for private investment in Downtown Ames?

(A sampling of representative answers:)

- More restaurants will foster even more restaurants. Ames needs much better food options!
- Maintaining historical integrity while enhancing the vibrancy of downtown.
- Locally owned shops & boutiques. I like to spend my money locally and on Main St.
- Ames should have a dedicated live music venue downtown, a place with a dedicated stage and sound system that hosts live music several times a week.

*Restaurants and dining were the most common comments. The complete list is included as Attachment E.*

**PUBLIC MEETINGS:**

Staff held two stakeholder meetings, one in the morning and one in the afternoon, on January 18, 2023 in a meeting room at the Library.

Morning:

The three attendees were interested in:

- Seeing incentives given for redevelopment not tied to obtaining a façade grant.
- Seeing tax incentives given for more residences, restaurants, and entertainment uses (excluding bars).
- Seeing buildings preserved (generally).

Afternoon:

The seven attendees, mostly business owners and property owners, were interested in:

- Seeing incentives given for redevelopment not tied to obtaining a façade grant.
- Seeing incentives given for all uses.
- Seeing incentives given even if a building was demolished.

The afternoon attendees were also very interested in seeing public funds, outside of tax abatement, given for maintenance of older, private structures. The maintenance discussed included stabilization of masonry walls, replacement of plumbing, and replacement of electrical systems. Staff explained that the current discussion regarding the URA does not relate to creating a new business support grant program. Attendees expressed significant interest in having additional conversations about creating such a program.

**HISTORIC RESOURCES:**

City Council asked staff to provide information for a definition of what would be considered a historic building where its demolition would make the project ineligible for tax incentives.

The Ames Main Street Historic District was added to the National Register of Historic Places in 2018. The District is a subset of area within the Downtown URA (see Attachments A and C). In the Main Street Historic District, many of the buildings were constructed in the 19<sup>th</sup> century. Starting in the early part of the 20<sup>th</sup> century, the original Victorian façades of the buildings were replaced with simple, unadorned, utilitarian façades that are still seen today. New buildings were also constructed in the same architectural style. The period of significance for identifying contributing resources is from 1891 to 1967. The contributing properties are included within the map shown as Exhibit C. **This means for part of the Downtown URA, Council could specify contributing resources to the District that are demolished are ineligible to take advantage of a tax abatement incentive for redevelopment.**

A broader option would be to apply criteria related to whether a building has a “compliant historic façade” as described by the Downtown Façade Grant program. This option would apply to all properties in the URA and focus on essentially buildings with a “Main Street style storefront” at street level. These guidelines were originally based upon the style of buildings from the period of significance related to the Main Street Historic District. **This approach would not include more modern architectural examples that do not meet the historic façade guidelines and apply through the URA area, not just the Historic District.**

City Council could also establish an initial year built as the threshold without regard for whether it is a contributing resource to the Historic District or whether it currently has a compliant historic façade. If this option was selected City Council could focus on structures from the earlier timeframe of period of significance. **This would then apply throughout the URA, not just within the historic district.**

Although the Historic District does not include all the URA area, staff believes that the simplest way to identify a historic resource is to use the map of contributing resources to the Historic District. While not all these façades are compliant with the adopted design guidelines, this method of stating which structures are historic involves no subjectivity and will be the simplest to administer.

#### **OPTIONS TO MODIFY CRITERIA:**

**With this public input received, staff seeks direction from Council regarding whether to modify the criteria for tax abatement. This direction would be in addition to the City Council’s prior direction to allow for 3-, 5-, or 10-year abatement schedules, which is being implemented.**

First, City Council needs to provide direction regarding whether to offer abatement for any incremental improvement made in the Urban Revitalization Area if the building has a compliant historic façade or includes improvements to the façade consistent with the existing Downtown guidelines (retains the current façade guidelines for eligibility, potentially expand eligibility to some existing buildings).

Second, City Council needs to provide direction regarding whether to offer abatement schedules for any incremental improvement made in the area, but only for specific uses such as second floor residential or entertainment/food (exclude Trade and Office Uses).

Finally, the City Council should determine whether incentives should exclude redevelopment where demolition is proposed for a defined Historic Resource.

**STAFF COMMENTS:**

After reviewing the public input, staff supports creating a second pathway for gaining tax abatement in Downtown. This pathway would provide for property tax abatement related to new improvements for properties that renovate/rehabilitate existing buildings into priority uses. Staff proposes that the priorities be limited to restaurants, entertainment, retail, and residential. This would exclude office use and personal services from eligibility.

Although public input was split regarding incentives where demolition would occur, staff supports making ineligible those projects that demolish any building listed as a contributing resource to the National Register of Historic Places Downtown Ames District. This policy would be consistent with the general character of Main Street and policies of Ames Plan 2040 for considering community character and context balanced with infill interests.

**Attachment A**  
**Current Eligibility Criteria for Downtown URA**

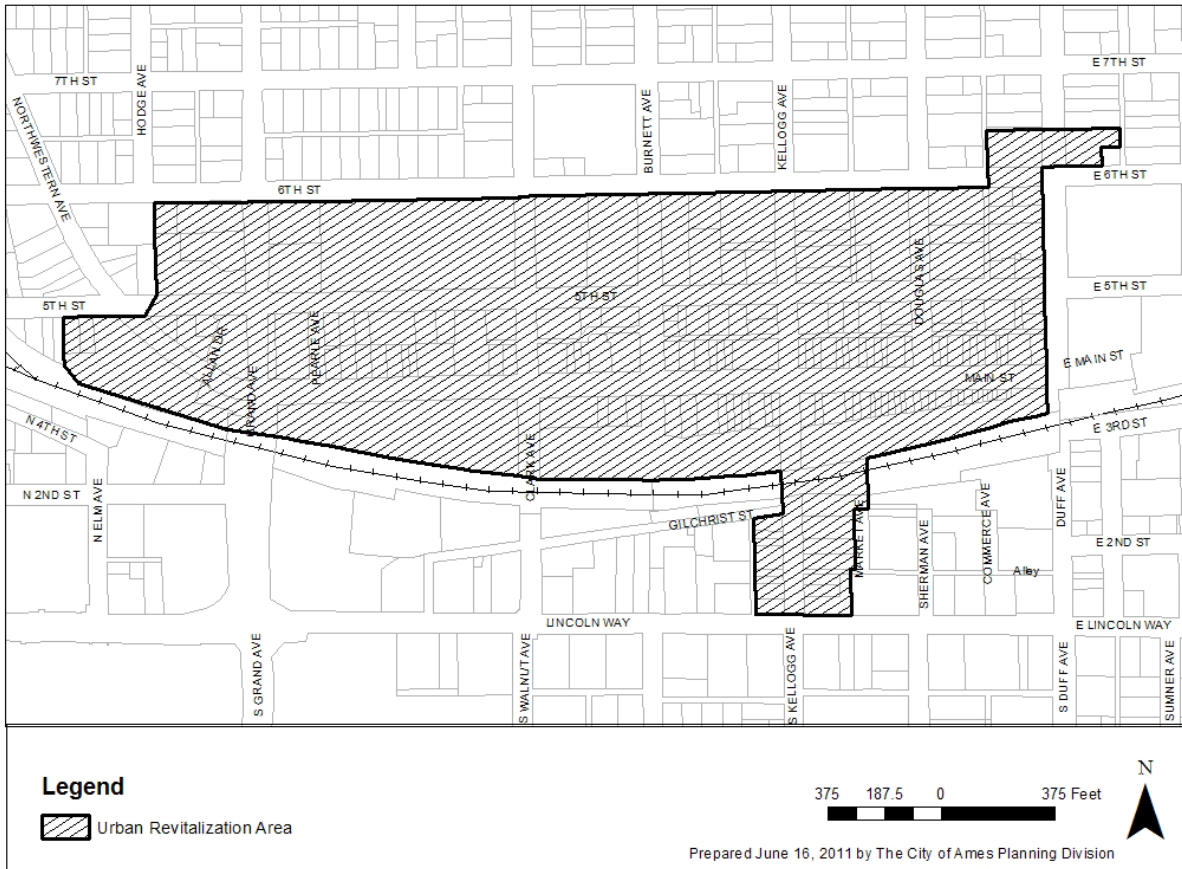
The current criteria for eligibility the Downtown URA are as follows:

1. Properties must be located within the designated Downtown Urban Revitalization Area.
2. Façade Improvements and the scope of work must follow the current Downtown Design Guidelines as approved by City Council. If additional interior or exterior improvements are part of the same project, the entire project is eligible for tax abatement, as long as the project includes façade improvements whose scope and design follow the Guidelines.

*Note that the eligibility is based on improvements complying with the Façade Design Guidelines, not that a project was in fact awarded a façade grant.*

3. If the first floor is vacant before the façade improvements are made, then the front half of the first floor is required to have a retail use after the improvements are completed. If the first floor has a permitted use before the façade improvements are made, then it is eligible. No residential structures are eligible.
4. Improvements must be made to the property increasing its actual value by 5% or more. The property is eligible to receive abatement of 100% of this added value for each of three (3) years.
5. The improvements must be maintained for three (3) years.

# Downtown Urban Revitalization Area





## Attachment B Request to Council



August 12, 2022

Dear Mayor and Council:

In exploring potential projects that will help strengthen Downtown, we discovered a couple of issues with existing programs that, if addressed, will promote investment in the area.

They are:

As currently written, to qualify for tax abatement on downtown projects, a project must first qualify to receive a façade grant. Projects that provide a meaningful investment in downtown in a building that does not need façade improvements would therefore be excluded from the program. While the overall façade program is beneficial, we would like to see the tax abatement program decoupled from the façade grant program so that tax abatement is available in both cases.

Comparing two sample scenarios, a \$1 million dollar investment that qualifies to receive a \$15,000 façade grant will be eligible to have the entire project abated. However, a \$1 million dollar investment that does not qualify to receive a façade grant is not eligible for any abatement. We would like to see investment incentivized more globally and not be tied to a relatively small and narrowly defined program.

Secondly, under the current façade grant program, abatement is limited to a three-year, 100% abatement schedule. This is not consistent with the Campustown redevelopment abatement program, which allows 3-, 5-, and 10-year schedules. We would ask that the same 5- and 10-year schedules be added to the Downtown program.

We are excited about what is currently happening Downtown and believe these two changes will encourage future investment to strengthen it as a thriving, energetic district.

Thank you for your consideration!

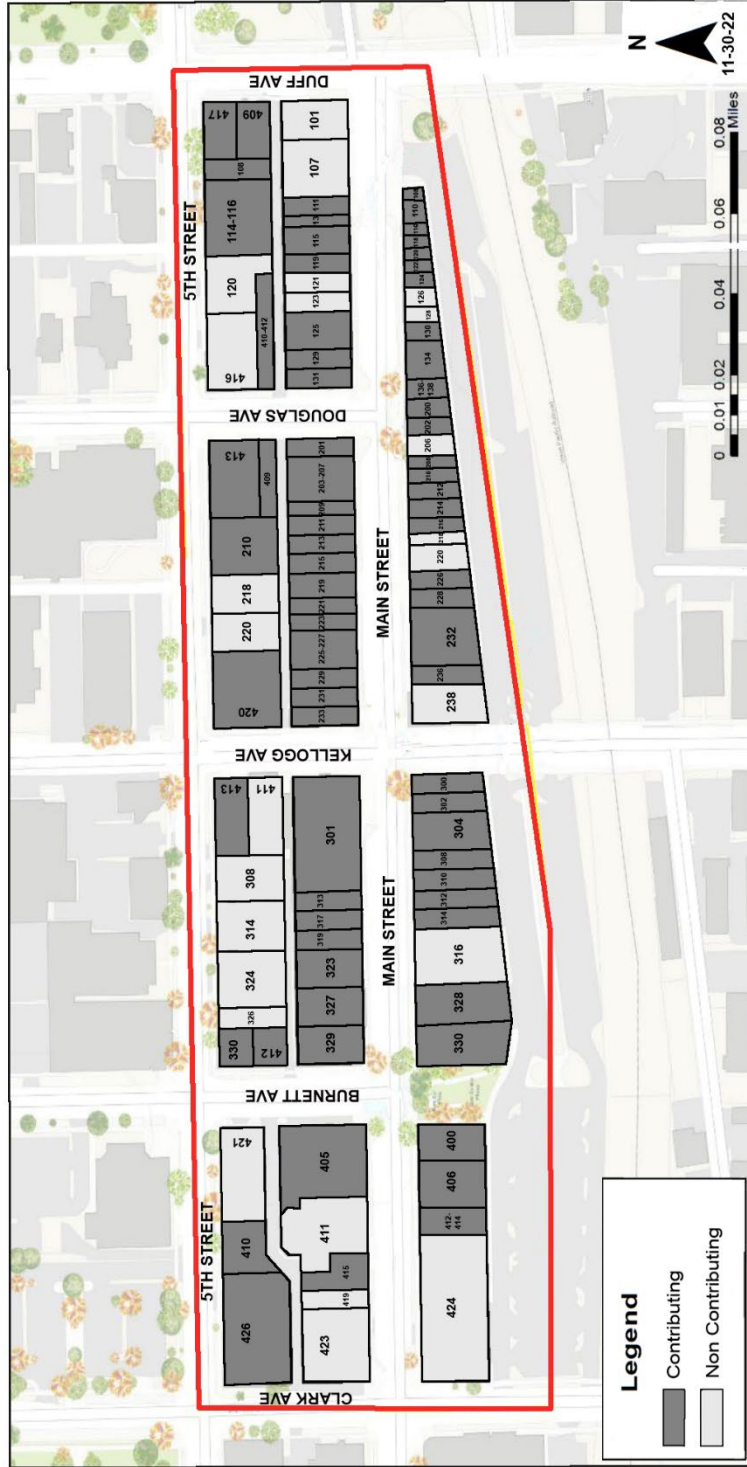
Sincerely,

A handwritten signature in black ink that reads 'Dylan Kline'. The signature is fluid and cursive, with the first and last names clearly legible.

Dylan Kline  
Director of Business Development  
Ames Economic Development Commission

# Attachment C National Register Historic District

## Classification of Properties in Ames Main Street Historic District National Register of Historic Places



**Attachment D**  
**Comparison of Community Response to Downtown Stakeholders**

Question 1 on the public, online survey asked:

Please help us to identify you by checking all that apply:

- Downtown Business Owner
- Downtown Property Owner
- Downtown Resident
- Downtown Employee
- Community Member Not Included Above

The following breaks out the responses by those that checked ‘Community’ and those that checked one of the ‘Downtown’ options. Please note that several responses checked both one of the ‘Downtown’ options and ‘Community’. These results are thus counted twice in the numbers below.

*Question 2:* Should URA incentives be given for rehabilitations/renovations that do not involve exterior improvements to a building. Please check all that apply.

	<b>Community Total 111</b>	<b>Downtown Total 42</b>
<b>No – Improving the appearance of the buildings is very important (current program)</b>	11(10%)	4(9%)
<b>Yes – But only for specific priority uses</b>	33 (30%)	10(24%)
<b>Yes – For any use if the building already has an updated façade or storefront</b>	20 (18%)	10(24%)
<b>We should broadly support all improvements and uses</b>	47 (42%)	18(43%)

**Question 3:** If we allow incentives without exterior improvements, what uses should be a priority? For each of these, please rank from 1 to 3:

- 1 being the great priority
- 2 being neutral
- 3 being the least priority

Each project type can be ranked 1, 2, or 3.

	Top Priority		Neutral		Least Priority	
	Community	Downtown	Community	Downtown	Community	Downtown
Restaurants	<b>64</b>	<b>25</b>	32	8	8	5
Clubs/Bars	15	9	<b>40</b>	9	<b>37</b>	<b>13</b>
Entertainment *	<b>56</b>	<b>23</b>	31	10	11	3
Office**	12	4	26	10	<b>51</b>	<b>17</b>
Personal Service***	18	3	<b>49</b>	<b>17</b>	23	11
Retail/ Boutiques	<b>50</b>	<b>18</b>	32	10	18	7
Residential (upper floors)	29	13	32	<b>13</b>	<b>32</b>	9

**Question 4:** Do you believe that tax abatement incentives should be given for projects that involve demolition of an existing historic building for redevelopment of a site?

	<b>Community Total 111</b>	<b>Downtown Total 42</b>
<b>Yes - Redevelopment of all types enhances Downtown</b>	15 (13%)	4(9%)
<b>Yes - If the redevelopment meets the City's design guidelines and has a priority use</b>	28(25%)	14(22%)
<b>No - Incentives should only apply to rehabilitation projects and not demolition</b>	68(61%)	24(57%)

**Attachment E  
Responses to Question 5 by Identifier**

<b>Downtown Business Owner</b>	<b>Downtown Property Owner</b>	<b>Downtown Resident</b>	<b>Downtown Employee</b>	<b>Community Member</b>	<b>What are your priorities for private investment in Downtown Ames?</b>
				1	None
				1	More restaurants will foster even more restaurants. Ames needs much better food options!
				1	Shops & boutiques
				1	
				1	Outdoor gathering spaces. The area in front of the Sheldon munn is delightful but it needs a shade canopy to actually be useful. A beautiful arched entrance on the east side would be very welcoming.
				1	
				1	Community building
				1	More restaurants
				1	Improving options in the evening. There is nothing to do after dinner. It's a ghost town. Why are all of the shops closed??
			1	1	
				1	Housing units, streetscape revitalization including wider sidewalks, bike lane, more bike parking, removing parking on one side could help alleviate this issue, there is significant parking behind the buildings and a parking garage is coming in with the linc project (I think).
				1	Keep character, no demolition, improve interior of high traffic areas such as paint, better lighting (!!!), and for residents. Support local businesses to make updates and improvements. Beautification and landscaping, hanging flower pots in the spring, etc.
				1	
				1	
				1	Get rid of parking meters

Downtown Business Owner	Downtown Property Owner	Downtown Resident	Downtown Employee	Community Member	What are your priorities for private investment in Downtown Ames?
				1	Need to get some retail. Our \$ are going to Ankeny and Des Moines. There is no affordable family retail downtown..
				1	
				1	
				1	
				1	More locally owned restaurants
				1	
				1	
				1	We should at all costs preserve the integrity of the old town Historic Ames Main St. facades just like we do the Historic homes in downtown Ames.
				1	Drop downtown as a priority and focus on expanding outer edges of town.
				1	Locally owned shops & boutiques. I like to spend my money locally and on main st.
			1	1	Restaurants
				1	Entertainment
		1		1	More bar, restaurant and entertainment venues
		1		1	More affordable/quick lunch places- like a bagel shop :) maybe potable water fountain that's beautiful and resourceful (drinking water on hot days!)
				1	A cafe which features salads & sandwiches for lunch, and a casual clothing store for middle age women
				1	A playground for kids on Main Street
				1	
				1	No parking meters
				1	
				1	
				1	Aesthetics. Seating. Third places (cafes, bars), walkability
				1	
				1	

Downtown Business Owner	Downtown Property Owner	Downtown Resident	Downtown Employee	Community Member	What are your priorities for private investment in Downtown Ames?
				1	More businesses that support the economy, areas for employees that will frequent shops and restaurants in n the area like office spaces or light manufacturing
				1	Updating the exteriors of many downtown building for more appealing and or structurally sound areas
				1	
1				1	Restaurants, places to go, fun destinations
				1	
				1	Continue to make it a walkable and utility dense place. I love walking through downtown and used to live nearby. I miss my regular visits and go back as often as I can.
				1	I would love to see family/children/teen orientated space. Teens could really benefit from having some time of club/entertainment space to hangout. A children's play museum downtown would be amazing!
				1	
				1	smart energy & water, locally owned, diversity of uses, walkable district
				1	I feel like we should get more communities in there
				1	
				1	Very low, personally
				1	
				1	
				1	Maintaining the small town feeling of downtown. I don't want to see rampant urbanization of a historic and tranquil part of town.
				1	
				1	
				1	cultural attractions
				1	Parking!
				1	

Downtown Business Owner	Downtown Property Owner	Downtown Resident	Downtown Employee	Community Member	What are your priorities for private investment in Downtown Ames?
				1	Bring more businesses owned by a diverse group of people (women, people of color). High quality retail, high quality restaurants (not sports bars, or restaurants aimed at football crowds). High quality meaning very thoughtful and well curated, with welcoming and well designed interior environments, not necessarily expensive.
				1	NA
				1	
				1	Downtown needs to be a vibrant arts and cultural hub
				1	
				1	Increased reasons to go to downtown in the evenings
				1	
				1	
				1	Unique Restaurants with food options
				1	Safety and accessibility
				1	Revitalization and increased usage for the entire community (including students)
				1	
				1	Quality retail stores. No tattoo shops....
				1	If it's truly private investment, then it shouldn't matter what my priorities are. If someone is investing with their own money, then we should let them do what they want. Ideally it's something family-friendly, but if it's not, let the market decide if it will survive.
				1	Attracting diverse businesses and their continued support
				1	
				1	Bring in more businesses
				1	
				1	Ames should have a dedicated live music venue downtown, a place with a dedicated stage and sound system that hosts live music several times a week.
				1	No parking meters
				1	Bring back the trees



Downtown Business Owner	Downtown Property Owner	Downtown Resident	Downtown Employee	Community Member	What are your priorities for private investment in Downtown Ames?
				1	Have a better night life
				1	Take away all parking meters in downtown. They are unwelcoming and inhibit my shopping there.
				1	Down town stays walking safe area for families. The college students have campus town. I want a place where my family and I can feel safe.
				1	Restaurant and boutique shops
				1	Arts and entertainment
				1	
				1	
				1	Keeping people in Ames. Not going to Des Moines or larger cities for food, entertainment, and shopping. Building community and opportunities for social events (including parades, downtown trick or treat etc.)
				1	Historic preservation, small businesses
				1	Tax breaks or other incentives to promote local mom-n-pop shops; make them more competitive with big box stores (i.e. Walmart, Target, etc.)
				1	Business that attract consumers downtown. Valuable real estate locations should have attractive business that pull consumers in.
				1	
				1	
				1	More retail, restaurants, entertainment. Less offices.
				1	
				1	Make sure to use the space efficiently! Both design and land use should be high priority.
				1	Entertainment
				1	
				1	
				1	Recreation and beautification
				1	More free parking
				1	
				1	

Downtown Business Owner	Downtown Property Owner	Downtown Resident	Downtown Employee	Community Member	What are your priorities for private investment in Downtown Ames?
				1	Store like CVS or an independent drug/personal item store. I would probably shop downtown more if I could also get my prescriptions filled and personal care, make-up items. I end up going to Target instead.
				1	
				1	
				1	More dining and entertainment
				1	Exterior improvement
				1	increase attractiveness of downtown while maintaining character, similar to Cedar Falls
				1	Encourage a destination retail environment
				1	
			1		Downtown is lacking fast casual dining. It's hard to grab a quick lunch as a downtown employee.
			1		Would love to see investment in shops owned by and target non-white residents. As someone who works on Main St and sees who is spending time downtown, I think it would be great for the City to find ways to alleviate barriers and incentivize business ownership for people of color. Currently neither our businesses nor patronage of Main St reflect the interesting cultural diversity that exists in town.
1			1		Create more residential units in the area.
		1	1		I would like to see more options for establishments that are open in the evenings, whether it be restaurants, bars, breweries, or any other form of entertainment.
		1			
			1		Extend improvements beyond Main Street to establish a larger attraction. Make downtown vibrant both day and evening. Consider closing part of Main Street, make one way and create a greater pedestrian and bike friendly corridor.

Downtown Business Owner	Downtown Property Owner	Downtown Resident	Downtown Employee	Community Member	What are your priorities for private investment in Downtown Ames?
		1			Maintaining historical integrity while enhancing the vibrancy of downtown.
		1			More restaurants please! And specifically more types of restaurants - BBQ is fine, but I think we're good on that in Ames currently
	1	1	1		More food options and better wheelchair accessibility
		1			None
1	1	1			
		1			Restaurants, children's museum or indoor play/climbing center (not video games),
1					I think all projects should be considered. It makes a difference where certain types of businesses want to operate. I would prefer retail and restaurant/bar business on the ground level and office, service base, and residential on upper floors.
1		1	1		late night entertainment besides bars! there's plenty of this in similar size cities' downtowns, but you can't even get a bite to eat that isn't bar food past 8pm around here. other than bar hopping there's nearly nothing else to do past that time as well.
1					Improve density of all types; residential, commercial office/services, retail (restaurants and goods)
1					Drawing in customers for a great shopping experience
1					Parking, residential, hotels
		1	1		Attract a greater variety of retail and dining establishments; emphasize the "C" of MSCD by supporting the Arts in our community, hopefully doing so leads to more performance spaces being established (look at Massachusetts St. in Lawrence if you need inspiration); don't let the development Lincoln corridor development turn downtown into "just-another-bar-district"
1					Parking structure

Downtown Business Owner	Downtown Property Owner	Downtown Resident	Downtown Employee	Community Member	What are your priorities for private investment in Downtown Ames?
1	1				Maintain the historical character of buildings but update them according to a modern day purpose to attract people of all ages.
		1			Maintain and enhance the historic character of the area while improving livability for those within walking distance
	1				Let people invest their own money
		1			
			1		
		1			More restaurants and entertainment spots
1		1	1		Businesses that encourage families to spend time downtown and adult date night activities
			1		More entertainment to draw people
		1			Children's entertainment
		1			Access, culture
			1		Get rid of parking meters
1					
		1	1		
			1		
		1			
1	1		1		owners maintain your buildings front & back
			1		Small businesses and non-profits
		1			Eliminate parking meters. More residential options