

ITEM #: 50
DATE: 03-10-26
DEPT: P&H

COUNCIL ACTION FORM

SUBJECT: ORDINANCE CREATING TAX INCREMENT FINANCING DISTRICTS WITHIN THE DOWNTOWN REINVESTMENT DISTRICT URBAN RENEWAL AREA

BACKGROUND:

The City approved the Downtown Reinvestment District Urban Renewal Area and Plan on August 24, 2021. The Downtown Reinvestment District URA has multiple purposes of supporting economic development and elimination of blight. Within the Urban Renewal Plan (Plan), the use of Tax Increment Financing (TIF) is identified as a tool to achieve the goals of urban renewal. The Plan identifies the use of TIF up to a maximum of \$32.5 million for public improvements, acquisition, economic development grants, or any other purpose permitted by state law for urban renewal.

TIF is a state established process that allows for the City to collect additional incremental taxes generated within a URA to fund urban renewal activities that are consistent with the Plan. Although use of TIF is identified within the Plan, a specific ordinance defining the area for collection of the incremental taxes must be approved separately from the Plan.

The overall URA is approximately 75 acres (See Attached Maps). Staff is proposing to establish two TIF districts totaling approximately five acres on the site planned as the Linc redevelopment project. The Linc site will be divided into an eastern district that is generally the lands east of Washington Avenue extending to Kellogg Avenue and a western area for the remainder of area west of Washington Avenue to Clark Avenue. Creating two TIF districts allows for phasing of redevelopment.

The proposed TIF ordinance only defines the areas where TIF may be collected under the provisions of state law. Use of TIF and the maximum amount of TIF is directed by the previously approved URA Plan. The ordinance does not define the TIF amount, timing, or project type to be funded. A future development agreement would need to be negotiated in relation to the amount of TIF that could be directed to a developer as an economic incentive for the Linc project.

ALTERNATIVES:

1. Approve First Reading of the attached ordinance establishing the Downtown Reinvestment District Urban Renewal Area TIF District #8 and #9 by amending Chapter 24 of the Ames Municipal Code.
2. Defer action on the proposed ordinance and request more information from staff.

CITY MANAGER'S RECOMMENDED ACTION:

Creating TIF districts is consistent with the adopted Downtown Reinvestment District Urban Renewal Plan. Approving the TIF districts at this time is consistent with prior City Council

support for the redevelopment of the Linc site by establishing the mechanism to fund incentives for redevelopment.

Approval of the two TIF districts does not provide any specific incentive to the Linc developer at this time. A specific amount of incentive and timing in relation to each TIF district will be determined by negotiation of a future development agreement that is subject to approval by the City Council. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1, as described above.

ATTACHMENT(S):

[TIF Ordinance Memo.docx](#)

[Ordinance 8th-9th TIF District.PDF](#)

[Downtown Reinvestment District URA and TIF districts](#)