ITEM #:	33
DATE:	11-12-24
DEPT:	P&H

COUNCIL ACTION FORM

SUBJECT: AMEND ISURP DEVELOPMENT AGREEMENT TO ALLOW RESIDENTIAL USE TAX CLASSIFICATION

BACKGROUND:

At the time of development of Phase III of the Iowa State University Research Park (ISURP) in 2024 (See attachment for boundary), the City entered into a development agreement with ISURP to share in certain infrastructure costs, primarily through the use of Tax Increment Financing (TIF). **One of the benefits of the agreement for the City was the assurance that the land within Phase III would only be used for development with a commercial or industrial tax classification to ensure property taxes would be generated as a result of the City's support. The Development Agreement limits use of individual properties to one of these two property tax classifications.**

Subsequent to the agreement, the City now allows through zoning for residential uses within certain areas of Phase III. Additionally, tax codes have changed as apartment uses are now classified as residential and not commercial. **However, the Agreement still requires a commercial tax classification, which would result in a higher taxable value than apartments in other parts of the city. To address this issue, an amendment to the Development Agreement has been prepared that acknowledges a residential classification is also an option in addition to commercial and industrial. The changes only apply to certain properties with residential use potential. (see Location Map). There are no other proposed changes to the agreement.**

ALTERNATIVES:

1. Approve the proposed amendment to the Development Agreement to add a residential use tax classification for specified properties.

2. Deny the amendment and continue to require commercial and industrial tax classifications.

CITY MANAGER'S RECOMMENDED ACTION:

Approving the change would align with Council's recent decision to allow residential uses on certain properties in this area of the Research Park. Allowing for the use and tax classification has no impact on the Urban Renewal Area and prior TIF collections. Therefore, it is the recommendation of the City Manager that the Council approve Alternative #1.

ATTACHMENT(S):

Location Map.pdf
Amendment Development Agreement.PDF
ISURP Phase III area boundary.jpg