

ITEM #:	15
DATE:	02-24-26
DEPT:	P&H

COUNCIL ACTION FORM

SUBJECT: APPLICATION FOR PROPERTY TAX ABATEMENT AND MINIMUM ASSESSMENT AGREEMENT AT 329 SOUTHEAST 5TH STREET (FURNITURE MART)

BACKGROUND:

Last year, City Council approved an Ordinance creating an Urban Revitalization Area for property located at 329 Southeast 5th Street and 320 South Duff Avenue (See Attachment A- Location Map). The purpose of the creation of the Urban Revitalization Area was to incentivize Furniture Mart USA to construct a new building by providing Tax Abatement of the value of their new retail store at 329 Southeast 5th Street (See Attachment B- Urban Revitalization Plan).

Furniture Mart has completed construction of their new retail store and has applied to receive Property Tax Abatement from the City Council as required in the Urban Revitalization Plan. In conjunction with the application for certification of compliance, Furniture Mart is required under State law to have a Minimum Assessment Agreement approved by the City Council order to set the agreed upon assessed value of the building to be applied to the abatement (See Attachment C-Minimum Assessment Agreement and Application).

The applicant initially described an investment value of \$7 million for the store when first requesting the tax abatement incentive. The proposed minimum assessment agreement is based upon a minimum value of \$7 million. The developer in their application for tax abatement notes that the actual building permit valuation was \$9 million. The City Assessor is yet to assign a value to the property, but has independently reviewed the proposed minimum assessment based on the valuation of the new Furniture Mart store and agrees that the \$7 million value is a reasonable valuation. **Approval of the Property Tax Abatement Application and Minimum Assessment Agreement will allow the City Assessor to formally sign off on the certification of value and allow Furniture Mart to receive property tax abatement for five years on a sliding scale consistent with the URA.**

ALTERNATIVES:

1. Approve the minimum assessment agreement and application for a five year partial property tax abatement for Furniture Mart USA at 329 Southeast 5th Street.
2. Direct staff to modify the minimum assessment agreement and conditionally approve the request for a five year partial property tax abatement for Furniture Mart USA.
3. Deny the application for tax abatement by finding that the application is not consistent with the Urban Revitalization Plan.

CITY MANAGER'S RECOMMENDED ACTION:

Furniture Mart completed construction of the store in November. The building and use are consistent with the minimum parameters of the Urban Revitalization Plan. Furniture Mart has completed an application for Property Tax Abatement and a Minimum Assessment Agreement has been drafted and agreed to between City staff and Furniture Mart representatives based on the requirements of the Urban Revitalization Plan.

This tax abatement incentive was instrumental in enticing the construction of a furniture store in Ames which addresses a known sales tax leakage category. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1.

ATTACHMENT(S):

[Attachment A-Location Map.pdf](#)

[Attachment B- URA Plan Adopted.pdf](#)

[Attachment C-Tax Abatement Application.pdf](#)

[Attachment C- Minimum Assessment Agreement.pdf](#)