



CITY OF IOWA CITY COUNCIL ACTION REPORT

August 6, 2024

Resolution approving Amendment No. 2 to the Highway Commercial Urban Revitalization Plan.

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| Prepared By: | Rachel Kilburg Varley, Economic Development Coordinator |
| Reviewed By: | Geoff Fruin, City Manager |
| Fiscal Impact: | n/a |
| Staff Recommendation: | Approval |
| Commission Recommendations: | N/A |
| Attachments: | Resolution Hwy Commercial Urban Revitalization Plan |

Executive Summary:

Division VII of HF 718, passed by the State Legislature during the 2024 session, requires that minimum assessment agreements for commercial properties be created and agreed upon in writing before the projects are eligible for property tax abatement under a revitalization area established under Chapter 404. This legislation applies to the City's Highway Commercial Urban Revitalization Area Tax Exemption Program and thus requires an amendment to the revitalization plan. It is important to note that the amendment to the plan does not constitute the approval of any contract for the project, which will be presented to you at a future date.

Background / Analysis:

HF 718 was passed by the Iowa Legislature and signed into law by the Governor during the 2024 State Legislative Session. Division VII of the law requires that minimum assessment agreements for commercial properties be created and agreed upon in writing before the projects are eligible for property tax abatement under a revitalization area established under Chapter 404. The agreement must contain specified information, including a minimum actual value for the completed improvements, and must be certified by the assessor. This applies to revitalization areas created in FY 25 and after, and for first-year exemption applications in existing revitalization areas filed on or after July 1, 2024.

In 2021, the City Council adopted the Highway Commercial Urban Revitalization Area and Plan, to which this new legislation would apply. Under the Plan, the Highway Commercial Urban Revitalization Tax Exemption Program is established, which provides a partial property tax exemption to eligible commercial properties within the designated Area. An amendment to the Plan is necessary to require a minimum assessment agreement before the project may become eligible for tax exemption, as required by the new law.