



# CITY OF IOWA CITY

## COUNCIL ACTION REPORT

February 17, 2026

Resolution determining an area of the city to be an Economic Development Area, and that the rehabilitation, conservation, redevelopment, development, or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of the city; designating such area as appropriate for urban renewal projects; and adopting the Sycamore Urban Renewal Plan.

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Reviewed By: Geoff Fruin, City Manager  
                  Alexandra Bright, Asst. City Attorney  
Fiscal Impact: N/A  
Staff Recommendation: Approval  
Commission Recommendations: N/A  
Attachments: [Minutes Consultation Meeting 1-29-26](#)  
[P&Z Rec'd to City Council - Sycamore URP](#)  
[P&Z Draft Meeting Minutes 2.4.26](#)  
[Sycamore URP - Authorizing Resolution](#)  
[Exh 1 to Resolution - Sycamore URP](#)

### **Executive Summary:**

The adoption of an urban renewal plan and creation of an urban renewal area allows municipalities to further establish a Tax Increment Financing (TIF) District to help financially support and undertake urban renewal projects within the area. The adoption of the Sycamore Urban Renewal Plan and creation of the Sycamore Urban Renewal Area positions the City to support future development, redevelopment, public improvement projects, and business support activities occurring on in the area. The steps to adopt the Urban Renewal Plan and create this Urban Renewal Area have been completed pursuant to the process required by state code:

1. On January 20, 2026, City Council passed Resolution No. 26-23 which adopted a Resolution of Necessity, set the tax entity consultation meeting, and set the public hearing.
2. On January 22, 2026, the City Clerk mailed the Consultation Meeting Notice to the Iowa City Community School District and Johnson County Board of Supervisors.
3. On January 29, 2026, the required Consultation Meeting with other taxing entities was held. One representative attended on behalf of the Iowa City Community School District and no representatives attend for the Johnson County Board of Supervisors. At this meeting, the City and School District generally discussed the proposed Sycamore Urban Renewal Area and there was no discussion or comments on the proposed Sycamore Urban Renewal Plan or Sycamore Urban Renewal Area. No written requests

for modification to the Area or Plan were received from either jurisdiction.

4. On January 30, 2026, the public hearing notice set for February 17, 2026 was published in the Iowa City Press-Citizen, complying with Iowa Code Section 362.3, which states that notices must be published not less than four days and not more than 20 days before a public hearing.
5. On February 4, 2026, the Planning & Zoning Commission reviewed the proposed Urban Renewal Area and Plan for conformity with the City's Comprehensive Plan pursuant to State Code requirements, and approved a recommendation to City Council that the proposed Area and Plan is in conformity.
6. The public hearing to consider adoption of the Sycamore Urban Renewal Plan and creation of the Sycamore Urban Renewal Area is set for February 17, 2026.

It is important to note that the adoption of an urban renewal plan and creation of an urban renewal area does not constitute the approval of projects or development agreements, but affords the City Manager and/or City Council to consider approval of such projects in the future. Adoption of a Tax Increment Financing District within the Sycamore Urban Renewal Area will be submitted to Council for separate consideration.

#### **Background / Analysis:**

Iowa Code Chapter 403 authorizes cities to designate urban renewal areas in order to address conditions that impede sound growth, development, and economic vitality. Under state law, an urban renewal area may be established when an area is determined to be blighted, an economic development area, or a combination thereof, and when the use of urban renewal powers is deemed necessary to promote the public health, safety, and welfare. The proposed Sycamore Urban Renewal Area is generally located in the commercial area between Highway 6 and the Iowa Interstate Railroad and Sycamore Street and the eastern boundary of Procter & Gamble.

The proposed urban renewal area consists primarily of older commercial development characterized by underused and underutilized buildings and sites. Much of the existing development reflects outdated design standards and site layouts that no longer meet the needs of modern commercial and employment uses, resulting in inefficient land utilization and limited reinvestment activity. The area is also impacted by roadway and access limitations, including inefficient street configurations, inadequate connectivity, and infrastructure that was not designed to accommodate current or anticipated traffic patterns. These conditions reduce accessibility, constrain redevelopment potential, and limit the overall functionality of the area. Collectively, these conditions contribute to stagnation and limit the ability to respond to changing market demands, leading to lower economic productivity than would otherwise be achievable in a more efficiently planned and developed mixed-use area.

The identified conditions meet the criteria for designation as an economic development area under Iowa Code Chapter 403, as they substantially impair the sound growth of the community and require a coordinated public planning and financing approach to encourage reinvestment, modernization, and long-term economic vitality.

Establishing an urban renewal area enables the City to implement a coordinated redevelopment strategy and, if necessary, use tax increment financing (TIF) as authorized under Chapter 403. Although specific projects have not been anticipated at this time, creation of the district may allow the City to support public improvements, infrastructure upgrades, site assembly, or other activities intended to stimulate private investment and encourage redevelopment consistent with City plans and policies.

It is important to note that the designation of an urban renewal area does not approve specific development projects or financial obligations. Rather, it creates a planning and financing framework through which future improvements or development proposals may be considered by the City Council following applicable public notice, hearing, and approval requirements. The proposed urban renewal area is intended to support long-term economic growth, improve public benefit, and advance the goals of the City's strategic plan.