

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 59

CITY COUNCIL COMMUNICATION 97-003
JANUARY 3, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
TAX ABATEMENT APPLICATIONS FOR 1996	◆ RESOLUTION ORDINANCE RECEIVE/FILE	JAMES M. GRANT COMMUNITY DEVELOPMENT DIRECTOR

SYNOPSIS —

Attached to the roll call are the second set of tax abatement applications for the City's 1996 Tax Abatement Program. This is the second submission of applications for the year; others will follow at irregular intervals as applications are submitted to the City. The City Council first enacted tax abatement programs for the City on September 28, 1987, by Roll Call No. 87-4009.

One hundred seventy applications for tax abatement are being submitted at this time. Thirty-nine applications are for new construction. One hundred thirty-one are for additions to the property.

One hundred five applicants chose Schedule 1 with a value of \$1,466,200.

Eight applicants chose Schedule 2 with a value of \$764,600.

Two applicants chose Schedule 3 with a value of \$4,000,000.

Seven applicants chose Schedule 4a with a value of \$395,900.

Forty-seven applicants chose Schedule 4b with a value of \$3,804,600.

Zero applicants chose Schedule 4c.

Total value of all applications was \$10,300,000.

FISCAL IMPACT —

There will be a fiscal impact to the City since improvements made to properties will be abated based on the schedule applied for and the number of years the property is eligible for abatement. Taxes on these properties will not become part of the revenue stream until the abatement period ends.

The exact amount of the impact will be determined by the City Assessor after inspection of the improvements by his office. The assessor must determine whether the property value has been increased by five percent by the improvements to the property in order to be eligible for tax abatement.

RECOMMENDATION —

Approval.

BACKGROUND —

The City approved tax abatements to stimulate growth in the City and compete with areas outside the City. This program has worked well and attracted residential development back to the City. The City has attracted an average of 263 single-family units, 12 duplex units, and 270 multi-family units or an average of 545 units per year since 1990. That development in the long run aids the City to attract business and keep people looking for residences in the City rather than always outside the City. Developers have identified tax abatement as a big attraction for attracting buyers for their units. The abatement program has also aided in upgrading deteriorating property in the City by providing an incentive to maintain and upgrade property.