

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 97-072
FEBRUARY 17, 1997 AGENDA

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

SYNOPSIS —

Attached to the roll call are the third set of tax abatement applications for the City's 1996 Tax Abatement Program which will be the last submission for the year. The City Council first enacted tax abatement programs for the City on September 28, 1987, by Roll Call No. 87-4009.

Five hundred eleven (511) applications for tax abatement are being submitted at this time. One hundred fifty-five (155) applications are for new construction. Three hundred fifty-six (356) applications are for additions to the property.

- Two hundred eighty-eight (288) applicants chose schedule 1 with an estimated value of \$5,600,000.
- Twenty (20) applicants chose schedule 2 with an estimated value of \$63,500,000.
- Four (4) applicants chose schedule 3 with an estimated value of \$3,000,000.
- Twenty-seven (27) applicants chose schedule 4a with an estimated value of \$3,700,000.
- One hundred sixty-nine (169) applicants chose schedule 4b with an estimated value of \$21,600,000.
- Three (3) applicants chose schedule 4c with an estimated value of \$2,800,000.
- Total value of all applications was \$100,200,000.

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 abatement to stimulate growth in the City and compete with the 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.

The total tax abatement applications for the year are listed below:

- The City received a total of 1,163 tax abatement applications with an estimated value of \$136,950,000.
- There were 335 applications for new construction and 828 applications for additions to existing construction.
- Six hundred eighty-five (685) applicants chose schedule 1 with an estimated value of \$10,800,000.
- Forty-one (41) applicants chose schedule 2 with an estimated value of \$70,500,000.
- Fifteen (15) applicants chose schedule 3 with an estimated value of \$9,400,000.
- Forty-four (44) applicants chose schedule 4a with an estimated value of \$4,400,000.
- Three hundred fifty-three (353) applicants chose schedule 4b with an estimated value of \$38,700,000.
- Ten (10) applicants chose schedule 4c with an estimated value of \$3,150,000.