



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 10/25/04  
04-544

Communication No.:

Agenda Item Type: Resolution  
No.:

Roll Call

Submitted by: Larry Hulse, Director, Community Development Department

### SUBJECT—

Approval of Second (2<sup>nd</sup>) set of Tax Abatement applications for 2004.

### SYNOPSIS—

The action approves two hundred three (203) tax abatement applications for the second (2<sup>nd</sup>) submission of applications for the year. The City Council first enacted tax abatement programs for the City on September 28, 1987, by Roll Call No. 87-4009.

### FISCAL IMPACT—

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$44,000,000 comes on the tax rolls after abatement ends.

### RECOMMENDATION—

Approval

### BACKGROUND—

Two hundred three (203) applications for tax abatement are being submitted at this time with an estimated value, by the applicants, of \$44,000,000. One hundred thirty-eight (138) applications are for new construction (new single-family homes, apartments, and new businesses with an

estimated value of \$42,000,000) and sixty-five (65) applications are for improvements to an existing structure (with an estimated value of \$2,000,000).

Forty-four (44) applicants chose **Schedule 1** (with an estimated value of \$1,000,000). Schedule 1 is for qualified residentially assessed property to receive an exemption from taxation on the actual value of improvements not to exceed \$20,000. The exemption period is 10 years and the exemption amount is 115% of actual value added by the improvements.

One (1) applicant chose **Schedule 2** (with an estimated value of \$1,000,000). Schedule 2 is for all qualified real estate and will receive a partial exemption for 10 years. The exemption schedule is a declining schedule and starts the first year at 80% and end in year 10 at 20%. One application in this submittal was for the construction of a new business.

One (1) applicant chose **Schedule 3** (with an estimated value of \$100,000). All qualified real estate is eligible to receive an exemption from taxation on the actual value of added improvements of 100% of the actual value added by the improvements for three (3) years. This schedule also applies to commercial and industrial property in specified areas.

Seventeen (17) applicants chose **Schedule 4a** (with an estimated value of \$4,000,000). Schedule 4a is for qualified real estate in specific areas (Model Cities, Logan, Woodland-Wilkie, Southeast Prime Service Area, Metro Center Urban Renewal Areas, and the Pioneer/Columbus CDBG Target Area) for 10 years at 100% of the actual value added by the improvements. Qualified real estate assessed as residential or assessed as commercial consisting of 3 or more living quarters with at least 75% of the space used residentially, is eligible to receive an exemption from taxation on the actual value added by the improvements.

One hundred forty (140) applicants chose **Schedule 4b** (with an estimated value of \$38,000,000). Schedule 4b is for qualified real estate for the remainder of the City for a period of five years. Qualified real estate assessed as residential or assessed as commercial consisting of 3 or more living quarters with at least 75% of the space used residentially, is eligible to receive an exemption from taxation on the actual value added by the improvements. The exemption amount is 100% of the actual value added by the improvements.

In order to receive tax abatement on a property, one must increase the value of residential property at least 5% or 15% for commercial or industrial property.

**RUNNING TOTALS FOR 2004**

Total Applications -	305
TOTAL VALUE -	\$75,000,000
Total New construction -	210
Value -	\$62,000,000
Total Additions -	95
Value -	\$13,000,000
Total Choosing Schedule 1 -	69
Value -	\$1,500,000
Total Choosing Schedule 2 -	1
Value -	\$1,000,000
TOTAL CHOOSING SCHEDULE 3 -	1
Value -	\$100,000
Total Choosing Schedule 4a -	24
Value -	\$14,000,000
Total Choosing Schedule 4b -	210
Value -	\$58,400,000