

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-477
NOVEMBER 4, 1996 AGENDA

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

SYNOPSIS —

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

Five hundred fourteen (518) applications for tax abatement are being submitted at this time. One hundred forty-one (141) applications are for new construction. Three hundred seventy-three (377) are for additions to the property.

- Three hundred thirty-two (332) applicants chose schedule 1.
- Fifteen (15) applicants chose schedule 2.
- Nine (9) applicants chose schedule 3.
- Eleven (11) applicants chose schedule 4a.
- One hundred forty-four (144) applicants chose schedule 4b.
- Seven (7) applicants chose schedule 4c.

FISCAL IMPACT —

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 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 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 in attracting business and people looking for residences in the City rather than outside the City. Developers identified tax abatement as a big attraction to buyers. The Abatement Program has also aided in upgrading deteriorating property in the City by providing an incentive to maintain and upgrade property.