

**CITY COUNCIL COMMUNICATION 98-064
FEBRUARY 23, 1998 AGENDA**

SUBJECT:

TAX ABATEMENT APPLICATIONS FOR 1997

SUBMITTED BY:

**JAMES GRANT
COMMUNITY DEVELOPMENT DIRECTOR**

SYNOPSIS –

Applications for the City' s tax abatement program for 1997 are attached to the roll call. This is the fifth and final 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.

Five hundred sixty applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$54,000,000.

Two hundred thirty-two applicants chose schedule 1 (with an estimated value of \$3,000,0000).
Twenty-eight applicants chose schedule 2 (with an estimated value of \$5,000,0000).
Eleven applicants chose schedule 3 (with an estimated value of \$25,000,0000).
Twenty applicants chose schedule 4a (with an estimated value of \$3,000,000).
Eighty-six applicants chose schedule 4b (with an estimated value of \$8,000,000).
One hundred eighty-three applicants chose schedule 4c (with an estimated value of \$10,000,000).

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 5 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 multifamily units, or an average of 545 units per year since 1990. That development, in the long run, aids the City in attracting business and keeping residences in the City attractive to buyers. Developers have identified tax abatement as a big incentive for buyers. The abatement program has also aided in upgrading deteriorating property in the City by providing an incentive to upgrade property.

This past year there have been 1,243 applications for tax abatement with an estimated value of \$87,000,000.

Six hundred forty-three applicants chose schedule 1 (with an estimated value of \$8,000,0000).

Forty-seven applicants chose schedule 2 (with an estimated value of \$9,000,0000).

Seventeen applicants chose schedule 3 (with an estimated value of \$26,000,0000).

Thirty-nine applicants chose schedule 4a (with an estimated value of \$6,000,000).

Three hundred twelve applicants chose schedule 4b (with an estimated value of \$28,000,000).

One hundred eighty-five applicants chose schedule 4c (with an estimated value of \$10,000,000).