CITY COUNCIL COMMUNICATION: **98-421** **AGENDA:** SEPTEMBER 28, 1998 **SUBJECT:** TAX ABATEMENT APPLICATION FOR 1997 **TYPE:** **RESOLUTION** ORDINANCE RECEIVE/FILE **SUBMITTED BY:** JAMES GRANT COMMUNITY DEVELOPMENT DIRECTOR	**ITEM _____** **OFFICE OF THE CITY MANAGER** **CITY OF DES MOINES, IOWA**

SYNOPSIS —

Attached to the roll call is an application for the City's tax abatement program for 1997. This is a supplemental submission of an application. The City Council first enacted tax abatement programs for the City on September 28, 1987, by Roll Call No. 87-4009.

FISCAL IMPACT —

There will be a fiscal impact to the City since improvements made to the property will be abated based on the schedule applied for and the number of years the property is eligible for abatement. Taxes on the property 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. 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.