

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-554

SYNOPSIS -

AGENDA:

Attached are applications for the City's tax abatement program for 1998. This is the second submission of applications for the year and 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.

DECEMBER 21, 1998

SUBJECT:

TAX ABATEMENT
APPLICATIONS FOR 1998

At this time, 288 applications for tax abatement are being submitted with an estimated value by the applicants of \$38,000,000. Of these applications, 120 are for new construction (with an estimated value of \$20,000,000), and 168 are for additions to the property (with an estimated value of \$18,000,000).

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

- 152 applicants chose Schedule 1 (with an estimated value of \$18,000,000).
- One applicant chose Schedule 2 (with an estimated value of \$1,100,000).
- Three applicants chose Schedule 3 (with an estimated value of \$2,000,000).
- Eight applicants chose Schedule 4a (with an estimated value of \$700,000).
- 124 applicants chose Schedule 4b (with an estimated value of \$16,200,000).

SUBMITTED BY:

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

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 City assessor will determine the exact amount of the impact 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 multifamily units, or an average of 545 units per year since 1990. This development helps the City to attract business and keep people looking for residences in 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.