

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-006

SYNOPSIS -

AGENDA:

This is the fourth submission of applications for the City's tax abatement program for 1998 and others will follow at irregular intervals as they are submitted. The City Council first enacted tax abatement programs for the City on September 28, 1987 by Roll Call No. 87-4009.

JANUARY 4, 1999

SUBJECT:

TAX ABATEMENT
APPLICATIONS FOR 1998

Seventy-five (75) applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$2,000,000. Fifteen (15) applications are for new construction (with an estimated value of \$1,500,000). Sixty (60) are for additions to the property (with an estimated value of \$500,000).

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

- 51 applicants chose Schedule 1 (with an estimated value of \$500,000).
- 1 applicant chose Schedule 2 (with an estimated value of \$60,000).
- 0 applicants chose Schedule 3 (with an estimated value of \$0).
- 0 applicants chose Schedule 4a (with an estimated value of \$0).
- 23 applicants chose Schedule 4b (with an estimated value of \$1,000,000).

SUBMITTED BY:

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

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 businesses and keeps people looking for residences in the City rather than outside the City. Developers have identified tax abatement as an initiative 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.