



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-028

SYNOPSIS -

AGENDA:

JANUARY 25, 1999

Attached to the roll call are applications for the City's 1998 tax abatement program. This is the fifth 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.

SUBJECT:

TAX ABATEMENT
APPLICATIONS FOR
1998

One hundred sixteen applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$10,000,000. Thirty-one applications are for new construction (with an estimated value of \$5,000,000). Eighty-five are for additions to the property (with an estimated value of \$5,000,000).

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

- Seventy-two applicants chose schedule 1 (with an estimated value of \$800,000).
- Four applicants chose schedule 2 (with an estimated value of \$600,000).

SUBMITTED BY:

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

- Four applicants chose schedule 3 (with an estimated value of \$2,600,000).
- Three applicants chose schedule 4a (with an estimated value of \$300,000).
- Thirty-three applicants chose schedule 4b (with an estimated value of \$5,700,000).

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 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 from 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 surrounding areas. This program has worked well and attracted residential development to the City. The City has attracted an average of 249 single family units, 19 duplex units, and 223 multifamily units, or an average of 488 units per year since 1990. That development in the long run aids the City in attracting businesses, and it keeps people looking for residences in 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 by providing an incentive to maintain and upgrade property.

The program is scheduled to expire December 31, 2000.