



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-062

SYNOPSIS -

AGENDA:

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

FEBRUARY 22, 1999

SUBJECT:

There are 220 applications for tax abatement being submitted at this time with an estimated value by the applicants of \$58,000,000. Of these applications, 72 applications are for new construction (with an estimated value of \$52,000,000) and 147 are for additions to the property (with an estimated value of \$6,000,000).

TAX ABATEMENT
APPLICATIONS FOR
1998

TYPE:

· 115 applicants chose Schedule 1 (with an estimated value of \$2,000,000).

RESOLUTION
ORDINANCE
RECEIVE/FILE

· 5 applicants chose Schedule 2 (with an estimated value of \$7,000,000).

SUBMITTED BY:

· 10 applicants chose Schedule 3 (with an estimated value of \$37,500,000).

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

· 15 applicants chose Schedule 4a (with an estimated value of \$1,500,000).

· 75 applicants chose Schedule 4b (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 249 single family units, 19 duplex units, and 223 multi-family units or an average of 488 units per year since 1990. That development, in the long run, aids the City in attracting businesses and keeping 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. The program is scheduled to expire December 31, 2000.

Total number of tax abatement applications submitted for the year is 806 with an estimated value by the applicants of \$99,000,000. Of these, 292 applications were for new construction (with an estimated value of \$84,000,000) and 514 were for additions to the property (with an estimated value of \$15,000,000).

- 439 applicants chose Schedule 1 (with an estimated value of \$6,000,000).
- 13 applicants chose Schedule 2 (with an estimated value of \$10,000,000).
- 19 applicants chose Schedule 3 (with an estimated value of \$42,000,000).

· 28 applicants chose Schedule 4a (with an estimated value of \$2,000,000).

· 307 applicants chose Schedule 4b (with an estimated value of \$39,000,000).

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