

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-414

SYNOPSIS -

AGENDA:
SEPTEMBER 27, 1999

Attached to the roll call are applications for the City's tax abatement program for 1999. This is the first submission of applications for the year and others will follow at irregular intervals as applications are submitted.

SUBJECT:
TAX ABATEMENT
APPLICATIONS FOR
1999

Thirty-seven applicants submitted applications for tax abatement with applicants estimating the value at \$2,000,000. Ten applications are for new construction (with an estimated value of \$1,300,000). Twenty-seven are for additions to the property (with an estimated value of \$700,000).

TYPE:

Twenty-four applicants chose schedule 1 (with an estimated value of \$400,000).

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

No applicant chose schedule 2 (with an estimated value of \$0).

One applicant chose schedule 3 (with an estimated value of \$200,000).

SUBMITTED BY:

Four applicants chose schedule 4a (with an estimated value of \$300,000).

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

Eight applicants chose schedule 4b (with an estimated value of \$1,100,000).

FISCAL IMPACT -

The fiscal impact includes abating improvements made to properties 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 fiscal impact after his office inspects the improvements. The Assessor

must determine whether the improvements increased the property value by 5 percent in order to be eligible for tax abatement.

RECOMMENDATION -

Approval.

BACKGROUND -

The City Council first enacted tax abatement programs for the City on September 28, 1987, by Roll Call No. 87-4009. 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 aids the City in attracting businesses and keeping people looking for housing in the City rather than always outside 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.