



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-016

SYNOPSIS -

AGENDA:

JANUARY 24, 2000

Attached are applications for the City's tax abatement program for 1999. This is the second (2nd) 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
1999

There are 347 applications for tax abatement being submitted at this time with an estimated value by the applicants of \$33,200,000. Of these, 170 applications are for new construction (new single family homes, apartments, and new businesses (with an estimated value of \$30,200,000); and 177 are for additions to the property (with an estimated value of \$3,000,000).

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

- **171 applicants chose schedule 1**
(with an estimated value of \$2.5 million).
- **3 applicants chose schedule 2**
(with an estimated value of \$500,000).
- **4 applicants chose schedule 3**
(with an estimated value of \$6,400,000).
- **18 applicants chose schedule 4a**
(with an estimated value of \$1,800,000).
- **151 applicants chose schedule 4b**
(with an estimated value of \$22,000,000).

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 improvements to the property have increased the property value by five percent in order to be eligible for tax abatement.

RECOMMENDATION -

APPROVAL.

BACKGROUND -

RUNNING TOTALS FOR 1999 THUS FAR

TOTAL APPLICATIONS - 384

TOTAL VALUE - \$35,200,000

TOTAL NEW CONSTRUCTION - 180 (\$31,500,000)

TOTAL ADDITIONS - 204 (\$ 3,700,000)

TOTAL CHOOSING SCHEDULE 1 - 195 (\$ 2,900,000)

TOTAL CHOOSING SCHEDULE 2 - 3 (\$ 500,000)

TOTAL CHOOSING SCHEDULE 3 - 5 (\$ 6,600,000)

TOTAL CHOOSING SCHEDULE 4A - 22 (\$ 2,100,000)

TOTAL CHOOSING SCHEDULE 4B - 159 (\$23,100,000)

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 260 single-family units, 12 duplex units, and 210 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 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.



