



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-230

SYNOPSIS -

AGENDA:

MAY 22, 2000

Attached to the roll call is the seventh and supplemental submission of tax abatement applications for 1999. 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

One application for tax abatement is being submitted at this time with an estimated value by the applicant of \$80,000. This application is for new construction of a single-family home (with an estimated value of \$80,000).

This applicant chose schedule 4b (with an estimated value of \$80,000).

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

This application was submitted on time (1/12/98) to the City for inclusion in the 1997 abatement year applicants. The application was filed in the 1997 tax abatement file with the City, a copy was sent to the applicant, but the application was inadvertently left off any list for applicants eligible for tax abatement that year, and it was never submitted to the County Assessor for processing.

SUBMITTED BY:

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

The applicant contacted the City on May 15, 1999, with a copy of the tax abatement form and the application was found in the 1997 tax abatement application file. This application needs to be approved by the City Council so that the County can process this application quickly and the applicant can receive tax abatement on their property.

The County will approve and process the application this year and will work with the applicant to determine when tax abatement will start.

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 the

property 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 the tax abatement program on September 28, 1987, by Roll Call No. 87-4009, 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, assists 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.