

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-231

SYNOPSIS -

AGENDA:

MAY 22, 2000

Attached to the roll call are applications for the first submission of tax abatement 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.

SUBJECT:

TAX ABATEMENT
APPLICATIONS FOR
2000

Ninety-two applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$6,000,000. Forty-three applications are for new construction-new single-family homes, apartments, and new businesses (with an estimated value of \$5,400,000), and 49 applications are for improvements to an existing structure (with an estimated value of \$600,000).

TYPE:

Forty-nine applicants chose schedule 1 (with an estimated value of \$600,000).

RESOLUTION

ORDINANCE
RECEIVE/FILE

Four applicants chose schedule 4a (with an estimated value of \$400,000).

SUBMITTED BY:

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

Thirty-nine applicants chose schedule 4b (with an estimated value of \$5,000,000).

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 -

| Running Totals for 2000: | |
|----------------------------|-------------|
| Total Applications | 92 |
| Total Value | \$6,000,000 |
| Total New Construction | 43 |
| Value | \$5,400,000 |
| Total Additions | 49 |
| Value | \$600,000 |
| Total Choosing Schedule 1 | 49 |
| Value | \$600,000 |
| Total Choosing Schedule 2 | 0 |
| Total Choosing Schedule 3 | 0 |
| Total Choosing Schedule 4a | 4 |
| Value | \$400,000 |
| Total Choosing Schedule 4b | 39 |
| Value | \$5,000,000 |

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.

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