



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-439

SYNOPSIS -

AGENDA:

SEPTEMBER 25, 2000

Attached to the roll call is an application for 1998 that was not processed in February 1999. The County Assessor will process this application as soon as possible after the Council approves the application. The form was omitted from the February 1999 roll call to Council.

SUBJECT:

TAX ABATEMENT
APPLICATION FOR
1998

The Council first enacted tax abatement programs for the City on September 28, 1987, by Roll Call No. 87-4009.

FISCAL IMPACT -

TYPE:

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$135,307 comes on the tax rolls after abatement ends.

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

SUBMITTED BY:

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

Approval.

BACKGROUND -

The application is for a new single-family dwelling located at 5229 SE 32nd Street valued at \$135,307, and the applicant has chosen Schedule 4b for the tax abatement period.

Schedule 4b is for qualified real estate for the remainder of the City for a period of five years. Qualified real estate assessed as residential or assessed as commercial consisting of three or more living quarters with at least 75 percent of the space used residentially is eligible to receive an exemption from taxation on the actual value added by the improvements. The exemption amount is 100 percent of the actual value added by the improvements.

In order to receive tax abatement on a property, one must increase the value of residential property at least 5 percent or 15 percent for commercial or industrial property.

The City approved tax abatement to stimulate growth and expansion in the City and level the playing field with the areas outside the City. This program has worked well and has retained and attracted development to the City. Residentially, the City has attracted an average of 256 single-family units, 16 duplex units, and 192 multifamily units or an average of 464 units per year since 1990. Typically, over 500 residential properties are renovated or improved each year. These improvements and new developments aid the City in attracting business and keep people looking for properties in the City rather than always looking outside the City. Developers have identified tax abatement as a big reason 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.