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**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**00-457**

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

**AGENDA:**

OCTOBER 2, 2000

**SUBJECT:**

TAX ABATEMENT  
APPLICATION FOR  
1999

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

JAMES M. GRANT  
DIRECTOR  
COMMUNITY  
DEVELOPMENT  
DEPARTMENT

**SYNOPSIS -**

Attached is a tax abatement application for 1999 that the Community Development Department has no record of having received until September 26, 2000. The applicant is eligible for tax abatement because his business is located in an area that allows tax abatement for new commercial business activity. The County Assessor will process this application as soon as possible after the Council approves the application.

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

**FISCAL IMPACT -**

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$250,000 appears on the tax rolls after abatement ends.

**RECOMMENDATION -**

**APPROVAL.**

**BACKGROUND -**

The application is for a new commercial business located at 2114 SE 14th Street valued at \$250,000.

The applicant chose Schedule 3 (with an estimated value of \$250,000). All qualified real estate is eligible to receive an exemption from taxation of 100 percent of the actual value added by the improvements for three (3) years. This schedule also applies to commercial and industrial property in specified areas.

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 multi-family 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 development aid the City in attracting business and keeps 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.

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