



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

02-032

SYNOPSIS -

AGENDA:

JANUARY 28, 2002

Attached to the roll call is a tax abatement application for 2000 that was not processed in February 2001. The form was inadvertently omitted from the February 2001 roll call even though the application was received on January 19, 2001, before the filing deadline of February 1, 2001. The County Assessor will process this application as soon as possible after the Council approves the application.

SUBJECT:

TAX ABATEMENT
APPLICATION FOR
2000

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

TYPE:

FISCAL IMPACT -

RESOLUTION
ORDINANCE
RECEIVE/FILE

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$492,000 comes on the tax rolls after tax abatement ends.

SUBMITTED BY:

RECOMMENDATION -

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

Approval.

BACKGROUND -

The application is for a new single-family dwelling located at 2860 Druid Hill valued at \$492,000. The applicant has chosen schedule 4b for the tax abatement period.

Schedule 4b is for qualified real estate for a period of five years. Qualified real estate assessed as residential or qualified real estate 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 by 5 percent or 15 percent for commercial or industrial property.

The City approved tax abatement to stimulate growth and expansion in the City and to 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 developments aid the City in attracting business and keep people looking for properties in the City rather than looking outside the City. Developers have identified tax abatement as a primary reason for attracting buyers for their units. The tax abatement program has also aided in upgrading deteriorating property in the City by providing an incentive to maintain and upgrade property.
