

CITY COUNCIL
COMMUNICATION:

03-109

AGENDA:

MARCH 10, 2003

SUBJECT:

TAX ABATEMENT
APPLICATIONS
FOR 2002

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JAMES M. GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

ITEM _____

OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA

SYNOPSIS —

Attached to the roll call are nine tax abatement applications for the sixth submission of applications for the year.

FISCAL IMPACT —

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the added values come on the tax rolls after abatement ends.

RECOMMENDATION —

Approval.

BACKGROUND —

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

Nine applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$700,000. Seven applications are for new construction (new single-family homes, apartments, and new businesses with an estimated value of \$650,000) and two applications are for improvements to an existing structure (with an estimated value of \$50,000).

Two applicants chose **Schedule 1** (with an estimated value of \$50,000). Schedule 1 is for qualified residentially assessed property to receive an exemption from taxation on the actual value of improvements not to exceed \$20,000. The exemption period is ten years and the exemption amount is 115 percent of actual value added by the improvements.

Zero applicants chose **Schedule 2**. Schedule 2 is for all qualified real estate and will receive a partial exemption for ten years. The exemption schedule is a declining schedule and starts the first year at 80 percent and ends in year ten at 20 percent.

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

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Zero applicants chose **Schedule 4a**. Schedule 4a is for qualified real estate in specific areas (Model Cities, Logan, Woodland-Wilkie, Southeast Prime Service Area, Metro Center Urban Renewal Areas, and the Pioneer/Columbus Community Development Block Grant Target Area) for ten years at 100 percent of the actual value added by the improvements. 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.

Six applicants chose **Schedule 4b** (with an estimated value of \$550,000). 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.

FINAL TOTALS FOR 2002

TOTAL APPLICATIONS -	1323
TOTAL VALUE -	\$230,000,000
TOTAL NEW CONSTRUCTION -	648
VALUE -	\$202,000,000
TOTAL ADDITIONS -	675
VALUE -	\$27,000,000
TOTAL CHOOSING SCHEDULE 1 -	592
VALUE -	\$10,000,000
TOTAL CHOOSING SCHEDULE 2 -	25
VALUE -	\$68,000,000
TOTAL CHOOSING SCHEDULE 3 -	20
VALUE -	\$36,000,000
TOTAL CHOOSING SCHEDULE 4A -	56
VALUE -	\$6,000,000
TOTAL CHOOSING SCHEDULE 4B -	630
VALUE -	\$109,000,000

Residentially, the City has attracted an average of 223 single-family units, 14 duplex units, and 164 multi-family units, or an average of 401 units per year since 1990.

