

CITY COUNCIL
COMMUNICATION:

03-574

AGENDA:

DECEMBER 8, 2003

SUBJECT:

TAX ABATEMENT
APPLICATIONS FOR
2003

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

LARRY HULSE
COMMUNITY
DEVELOPMENT
DIRECTOR

ITEM _____

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

SYNOPSIS —

Attached are one hundred fifty-nine (159) tax abatement applications for the second (2nd) submission of 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.

FISCAL IMPACT —

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$30,000,000 comes on the tax rolls after the abatement ends.

RECOMMENDATION —

Approval.

BACKGROUND —

One hundred fifty-nine (159) applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$30,000,000. One hundred six (106) applications are for new construction of new single-family homes, apartments, and new businesses (with an estimated value of \$27,000,000). Fifty-three (53) applications are for improvements to an existing structure (with an estimated value of \$3,000,000).

Fifty-two (52) applicants chose **Schedule 1**. 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 10 years and the exemption amount is 115% of actual value added by the improvements.

One (1) applicant chose **Schedule 2**. Schedule 2 is for all qualified real estate and will receive a partial exemption for 10 years. The exemption schedule is a declining schedule and starts the first year at 80% and ends in year 10 at 20%. One application in this submittal was for the construction of a new business.

Six (6) applicants chose **Schedule 4a**. Schedule 4a is for qualified real estate in specific areas (Model Cities, Logan, Woodland-Wilkie,

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Southeast Prime Service Area, Metro Center Urban Renewal Areas, and the Pioneer/Columbus CDBG Target Area) for 10 years at 100% of the actual value added by the improvements. Qualified real estate assessed as residential or assessed as commercial consisting of 3 or more living quarters with at least 75% of the space used residentially, is eligible to receive an exemption from taxation on the actual value added by the improvements.

One hundred (100) applicants chose **Schedule 4b**. 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 3 or more living quarters with at least 75% 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% 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 at least 5% or 15% for commercial or industrial property.

RUNNING TOTALS FOR 2003

TOTAL APPLICATIONS -	352
TOTAL VALUE -	\$59,000,000
TOTAL NEW CONSTRUCTION -	240
VALUE -	\$55,000,000
TOTAL ADDITIONS -	112
VALUE -	\$4,000,000
TOTAL CHOOSING SCHEDULE 1 -	101
VALUE -	\$1,700,000
TOTAL CHOOSING SCHEDULE 2 -	6
VALUE -	\$5,000,000
TOTAL CHOOSING SCHEDULE 3 -	2
VALUE -	\$300,000
TOTAL CHOOSING SCHEDULE 4A -	13
VALUE -	\$2,000,000
TOTAL CHOOSING SCHEDULE 4B -	230
VALUE -	\$50,000,000

