

CITY COUNCIL
COMMUNICATION:

03-611

AGENDA:

DECEMBER 22, 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 —

Approval of one hundred eighty (180) tax abatement applications

FISCAL IMPACT —

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$18,000,000 of estimated market valuation comes onto the tax rolls after abatement ends.

RECOMMENDATION —

Approval.

BACKGROUND —

One hundred eighty (180) applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$18,000,000. One hundred two (102) applications are for new construction of new single-family homes, apartments, and new businesses (with an estimated value of \$15,000,000) and seventy-eight (78) applications are for improvements to an existing structure (with an estimated value of \$3,000,000).

Sixty-eight (68) 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 the actual value added by the improvements.

One (1) applicant chose **Schedule 3**. All qualified real estate is eligible to receive an exemption from taxation on the actual value of added improvements of 100% of the actual value added by the improvements for three (3) years. This schedule also applies to commercial and industrial property in specified areas.

Seven (7) 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 CDBG Target Area) for

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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 four (104) 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. The City Council first enacted tax abatement programs for the City on September 28, 1987, by roll call no. 87-4009.

RUNNING TOTALS FOR 2003

TOTAL APPLICATIONS -	532
TOTAL VALUE -	\$78,000,000
 TOTAL NEW CONSTRUCTION -	342
 VALUE -	\$71,000,000
 TOTAL ADDITIONS -	190
 VALUE -	\$7,000,000
TOTAL CHOOSING SCHEDULE 1 -	169
VALUE -	\$2,700,000
TOTAL CHOOSING SCHEDULE 2 -	6
VALUE -	\$5,000,000
TOTAL CHOOSING SCHEDULE 3 -	3
VALUE -	\$1,300,000
TOTAL CHOOSING SCHEDULE 4A -	20
VALUE -	\$4,000,000
TOTAL CHOOSING SCHEDULE 4B -	334
VALUE -	\$65,000,000

Grey	Blue
Grey	Blue