

REVISED



Agenda Item:

19

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 02/28/05
05-085

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Larry Hulse, Community Development Department

SUBJECT—

Approval of the fifth (5th) set of Tax Abatement applications for 2004.

SYNOPSIS—

Attached are four hundred seventy-four (474) tax abatement applications for the fifth (5th) 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 \$122,000,000 comes on the tax rolls after abatement ends.

RECOMMENDATION—

Approval

BACKGROUND—

Four hundred seventy-four (474) applications for tax abatement are being submitted at this time, with an estimated value by the applicants of \$122,000,000. Two hundred forty-six (246) applications are for new construction (new single-family homes, apartments, and new businesses with an estimated value of \$110,000,000) and two hundred twenty-eight (228) applications are for improvements to an existing structure (with an estimated value of \$12,000,000).

One hundred eighty-one (181) applicants chose **Schedule 1** (with an estimated value of \$3,000,000). 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 10 years and the exemption amount is 115% of actual value added by the improvements.

Fifteen (16) applicants chose **Schedule 2** (with an estimated value of \$5,000,000). 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 end in year 10 at 20%. One application in this submittal was for the construction of a new business.

Seven (7) applicants chose **Schedule 3** (with an estimated value of \$2,000,000). 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.

Thirty-two (32) applicants chose **Schedule 4a** (with an estimated value of \$31,000,000). 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 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.

Two hundred thirty-eight (238) applicants chose **Schedule 4b** (with an estimated value of \$122,000,000). 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 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 at least 5% or 15% for commercial or industrial property.

RUNNING TOTALS FOR 2004

Total Choosing Schedule 1 -	364
Value -	\$7,000,000
Total Choosing Schedule 2 -	24
Value -	\$8,000,000
TOTAL CHOOSING SCHEDULE 3 -	9
Value -	\$2,000,000
Total Choosing Schedule 4a -	94
Value -	\$61,000,000
Total Choosing Schedule 4b -	680
Value -	\$194,000,000
Total Applications -	1171
TOTAL VALUE -	\$272,000,000
Total New construction -	710
Value -	\$241,000,000
Total Additions -	461
Value -	\$31,000,000