



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 12/19/05  
Agenda Item Type: Resolution

Communication No.: 05-704  
Roll Call No.:

Submitted by: Larry Hulse, Community Development Director

### SUBJECT—

Approval of two hundred twenty-eight (228) tax abatement applications for improvements to property completed in 2005

### SYNOPSIS—

This is the third submission of tax abatement applications for the 2005 calendar year. A total of 228 tax abatement applications are being submitted at this time with an estimated value of \$25,676,160. There are 154 applications for the construction of new single-family homes, apartments, and new businesses with an estimated value of \$23,700,727 and 74 applications for improvements to existing structures with an estimated value of \$1,975,432. The applicants have filed for various tax abatement schedules in accordance with city and state code.

### FISCAL IMPACT—

Taxes are generated in the first year from the land value, but the improvement value will be forth coming when \$25,676,160 comes on the tax rolls after abatement ends.

### RECOMMENDATION—

Approval

### BACKGROUND—

A total of 68 applicants chose **Schedule 1** with an estimated value of \$1,101,478. Schedule 1 is for qualified residential property. Applicants receive an exemption from the taxation on the actual value of improvements not to exceed \$20,000. The exemption period is ten years and 115% of the actual value

added by improvements is abated.

A total of 3 applicants chose **Schedule 2** with an estimated value of \$156,000. Schedule 2 is for all qualified real estate. Property owners receive a partial exemption for ten years. Abatement is on a declining scale that begins at 80% in year one and concludes at 20% in year ten.

A total of 1 applicant chose **Schedule 3** with an estimated value of \$516,000. All qualified real estate is eligible to receive an exemption from taxation on the actual value added by the improvements for three years. This schedule also applies to commercial and industrial property in specific areas.

A total of 30 applicants chose **Schedule 4A** with an estimated value of \$3,958,238. Schedule 4A is for qualified real estate in specific areas generally located downtown and near the downtown area. One hundred percent (100%) of the value added by improvements is exempted for a ten year period. Real estate assessed as residential or commercial consisting of three or more living quarters with at least 75% of the space used residentially qualify for abatement under this schedule.

A total of 126 applicants chose **Schedule 4B** with an estimated value of \$19,944,443. Schedule 4B pertains to qualified real estate for the remainder of the city assessed as residential or commercial consisting of three 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 improvements. The schedule exempts 100% of the actual value added by the improvements for a term of five years.

In order to receive tax abatement on a property, the applicant must increase the value of residential property at least 5% for residential or 15% for commercial and industrial property.

### Cumulative Totals for 2005

Schedule	Count	Value
1	151	\$2,473,313
2	8	\$536,000
3	2	\$716,000
4a	50	\$6,838,238
4b	298	\$54,246,702
Total	509	\$64,810,254

On September 28, 1987, by Roll Call #87-4009, the City Council enacted a citywide tax abatement programs to stimulate growth and expansion in the city. This program works well and retains and attracts development to the City.

Improvements and new development aid the City in attracting business and residents. Developers have identified tax abatement as a major reason for attracting buyers to their units. The abatement program has also provided an incentive to facilitate the maintenance, upgrading, and rehabilitation of deteriorating properties within the city.