



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 01/23/06
Agenda Item Type: Resolution

Communication No.: 06-027
Roll Call No.:

Submitted by: Larry Hulse, Community Development Director

SUBJECT—

Approval of one hundred ninety-nine (199) tax abatement applications for improvements to property, which were completed in 2005.

SYNOPSIS—

This action approves 199 tax abatement applications for the fourth 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 \$26,945,607.23 comes on the tax rolls after abatement ends.

RECOMMENDATION—

Approval

BACKGROUND—

A total of 199 tax abatement applications are being submitted at this time with a total estimated value by the applicants of \$26,945,607.23. There are 105 applications for the construction of new single-family homes, apartments, and new businesses with an estimated value of \$18,217,299.18. There are 94 applications for improvements to existing structures with an estimated value of \$8,728,308.05.

A total of 67 applicants chose **Schedule 1** with an estimated value of \$1,098,247.84. 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 the exemption amount is 115% of the actual value added by improvements.

A total of 5 applicants chose **Schedule 2** with an estimated value of \$820,000.00. 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 with the first year at 80% and ends in year ten at 20%.

A total of 0 applicants chose **Schedule 3**. 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 31 applicants chose **Schedule 4A** with an estimated value of \$8,979,566.65. Schedule 4A is for qualified real estate in specific areas generally located downtown and near the downtown area. The exemption period is ten years and the exemption amount is 100% of the actual value added by improvements. Qualified real estate assessed as residential, or assessed as 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 and the actual value added by the improvements.

A total of 96 applicants chose **Schedule 4B** with an estimated value of \$16,047,792.74. 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 commercial and 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 exemption amount is 100% of the actual value added by the improvements.

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

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Schedule	Count	Value
1	218	\$3,571,561.26
2	13	\$1,356,000.00
3	2	\$716,000.00
4a	81	\$15,817,804.65
4b	394	\$70,294,495.69
Total	708	\$91,755,861.60

The City Council first enacted tax abatement programs for the City on September 28, 1987 (Roll Call No. 87-4009) to stimulate growth and expansion in the City and level the playing field with areas outside the City.

Improvements and new development aids the City in attracting business and residents to the City. Developers have identified tax abatement as a key reason for attracting buyers to their units. The abatement program has also aided in upgrading deteriorating property in the City by providing an incentive to maintain and upgrade property.