

Council Communication

Office of the City Manager



Date

February 20, 2006

Agenda Item No. 15
Roll Call No. 06-
Communication No. 06-083

Department: Community Development

AGENDA HEADING:

Conditional approval for one (1) tax abatement application for improvements which were completed in 2005 to 2120 East Army Post Road.

RECOMMENDATION:

Recommend Conditional Approval of the application to apply prospectively as provided by Iowa Law.

FISCAL IMPACT:

Amount: \$137,000 in forthcoming taxable value.

Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$137,000 comes on the tax rolls after abatement ends.

ADDITIONAL INFORMATION:

A total of one tax abatement application is being submitted at this time with an estimated value by the applicant of \$137,000. There is 1 application for the construction of new single-family home with an estimated value of \$137,000.

The attached application is located within a five year abatement area, has over an acre of property, but is not able to connect to City sewer because there is no sanitary sewer located within 100 feet of the property.

The property improvements will (1) allow for the future development to urban densities, (2) not interfere with the logical extension of streets, water, sewer and other public infrastructure to serve future development in the vicinity, and (3) be reasonably accessible by emergency vehicles.

An agreement has not yet been reached between the owners of the property and the City of Des Moines that the owners will connect to the public sewer system when it becomes available and waive the right to protest the assessment for such sewer. The approval of this application is dependent on completing that agreement between the City and the property owner. If no agreement is reached between the two parties, then the application will be denied and no abatement will be granted for the improvements made to the properties.

In order to receive tax abatement on a property, the applicant must increase the value of property at least 5% for residential or 15% for commercial and industrial property. The City approved tax abatement to stimulate growth and expansion in the City and level the playing field with areas outside the City. This program works well to retain and attract development to the City. Developers have identified tax abatement as a major cause 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.

PREVIOUS COUNCIL ACTION(S):

Date: Multiple times per year since 1988

Roll Call Number:

Action: Approval/Denial of tax abatement applications.

BOARD/COMMISSION ACTION(S):

Date: N/A

Roll Call Number:

Action:

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The tax abatement program on new improvements currently ends on December 31, 2008, unless the City Council extends the program beyond that date. Any application received by February 1, 2009 and approved by the City Council will receive abatement for the number of years eligible and for which an application was submitted. It is anticipated that there will be numerous submittals of tax abatement applications on a yearly basis until the program ends.