



Council Communication

Office of the City Manager

Date

December 17, 2007

Agenda Item No. 14
Roll Call No. 07-
Communication No. 07-732
Department: Larry Hulse, Community
Development Director

AGENDA HEADING:

Approval of Forty-Four (44) tax abatement applications for improvements to property completed in 2007.

RECOMMENDATION:

Recommend approval of 44 tax abatement applications with an estimated value by the applicants of \$5,112,947. There were 15 applications for the construction of new single-family homes, apartments, and new businesses with an estimated value of \$3,854,217 and 29 applications for improvements to existing structures with an estimated value of \$1,258,730.

FISCAL IMPACT:

Amount: \$5,112,947 in forthcoming taxable value.

Funding Source: Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$5.1 million comes on the tax rolls after abatement ends.

ADDITIONAL INFORMATION:

A total of 22 applicants chose **Schedule 1** with an estimated value of \$458,120. **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.

One applicant chose **Schedule 2** with an estimated value of \$900,000. **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 2 applicants chose **Schedule 3** with an estimated value of \$892,500. 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 7 applicants chose **Schedule 4A** with an estimated value of \$1,297,080. **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 12 applicants chose **Schedule 4B** with an estimated value of \$1,565,247. **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 2007

Schedule	Count & Value	
1	93	\$1,596,825.78
2	3	\$2,735,000.00
3	3	\$8,392,500.00
4a	37	\$18,903,578.50
4b	118	\$19,858,792.50
Total	229	\$51,486,696.78

The City approved tax abatement to stimulate growth and expansion in the City and level the playing field with areas outside the City. Developers have identified tax abatement as a primary 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.

PREVIOUS COUNCIL ACTION(S):

Date: November 19, 2007

Roll Call: 07-2191

Action: [Approving](#) tax abatement applications for additional value added by improvements made during 2007 (96 applications). ([Council Communication No. 07-674](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: October 22, 2007

Roll Call Number: 07-2021

Action: [Approving](#) tax abatement applications (65) for additional value added by improvements made during 2007. ([Council Communication No. 07-631](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: September 24, 2007

Roll Call Number: 07-1831

Action: [Approving](#) tax abatement applications (69) for additional value added by improvements made during 2007. ([Council Communication No. 07-574](#)) Moved by Kiernan to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

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 applied for. It is anticipated that there will be numerous submittals of tax abatement applications on a yearly basis until the program ends.