

	<b>Council</b> <b>Communication</b> Office of the City Manager	<b>Date</b>	January 7, 2008
		<b>Agenda Item No.</b> 23 <b>Roll Call No.</b> <u>08-</u> <b>Communication No.</b> <u>08-006</u> <b>Submitted by:</b> Richard A. Clark, City Manager	

**AGENDA HEADING:**

Communication from the City Manager to set date of public hearing on a three year extension of tax abatement for residential and commercial development and modification of the abatement schedules available for residential development in the downtown area.

**SYNOPSIS:**

The purpose of this amendment to the urban revitalization plans is to provide for a three year extension of the current tax abatement plans. The current tax abatement plans for residential and commercial/industrial development expires on December 31, 2008.

This amendment - formally known as the 2008-1 Omnibus Amendment - will extend the commercial/industrial and residential tax abatement plans for all urban revitalization areas within the City to December 31, 2011.

A further purpose of this amendment is extending the 10-year 100% abatement schedule for improvements to residential properties within the downtown (formally known as the Downtown Targeted Residential Development Area) to December 31, 2010; the tax abatement schedule will then change to a 5 year/100% tax abatement schedule for residential improvements undertaken in 2011. The other residential 10-year/100% abatement areas (Logan, Pioneer-Columbus, Woodland-Willkie, Model Cities and Southeast) will continue with the 10-year/100% in 2011.

**FISCAL IMPACT:**

The City currently has about \$545 million of residentially-assessed property and \$110 million of commercially-assessed properties receiving tax abatement which is about \$4-6 million in annual foregone property tax revenue to the City. The abated properties' assessments represent about 7% of the residential assessments and 3% of the commercial assessments in Des Moines.

**ADDITIONAL INFORMATION:**

This three year extension of the current urban revitalization plans provides for a two year extension (until December 31, 2010) of the current 10-year 100% exemption now allowed on the value added by improvements to residential and multi-family commercial property within the downtown with the schedule then changing to the 5-year 100% exemption available throughout the city.

It is anticipated that within the next two years, the City will undertake a comprehensive review and rewrite of the commercial and industrial tax abatement components of the urban revitalization plans.

**PREVIOUS COUNCIL ACTION(S):**

Date: September 28, 1987

Roll Call Number: 87-4009

Action: Approval of Original Urban Revitalization Plan for the City-Wide Urban Revitalization Area  
*Over 50 amendments have been made to this plan. The most recent amendment is:*

Date: September 10, 2007

Roll Call Number: 07- 1762

Action: 19th Amendment to the Restated Urban Revitalization Plan for City-wide Urban Revitalization Area to expand the Model Cities South Urban Revitalization sub-area to include adjoining parcel between Center and Park Streets, extending east to 7th Street. Moved by Hensley to adopt. Motion Carried 7-0.

*Relating to the extension of tax abatement:*

Date: July 9, 2007

Roll Call Number: 07-1343

Action: [Directing](#) City Manager to prepare an amendment to the City-wide Urban Revitalization Plan to remove the downtown core area from the Targeted Residential Area and extend the City-wide tax abatement program for residential development for another 5 years. ([Council Communication No. 07-387](#)) Moved by Hensley to direct the City Manager to prepare and present for further consideration by the City Council at the earliest practical time, an amendment to the City-wide Urban Revitalization Plan to remove the downtown core area from the Targeted Residential Area, and to extend the City-wide tax abatement program for residential development for another 5 years. City Manager will arrange a meeting with the Downtown stakeholders within 30 days. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

The proposed resolution refers the proposed amendment to the Plan and Zoning Commission for a report and recommendation on whether the proposed amendment conforms with the Des Moines 2020 Community Character Plan. That report will be forwarded to the City Council for consideration at the public hearing.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The public hearing for January 28, 2008 will be held on the proposed three year extension of the residential and commercial/industrial tax abatement plans and schedules.