



Council Communication

Office of the City Manager

Date	February 11, 2008
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Agenda Item No.	45
Roll Call No.	<u>08-</u>
Communication No.	<u>08-052</u>
Submitted by: Richard A. Clark, City Manager	

AGENDA HEADING:

Communication to open and close the 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, extends the commercial/industrial and residential tax abatement plans for all urban revitalization areas within the City of Des Moines to December 31, 2011.

The amendment also extends 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 then changes to a 5 year/100% tax abatement schedule for residential improvements undertaken in 2011. The other residential 10-year/100% abatement areas (generally known as the Logan, Pioneer-Columbus, Woodland-Willkie, Model Cities and Southeast Prime Service Areas) continue with the 10-year/100% in 2011. The maps at the end of this communication illustrate the proposed changes.

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 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 on the value added by residential and multi-family commercial property improvements in the downtown with the abatement schedule then changing to the 5-year 100% exemption available throughout the city.

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: January 7, 2008

Roll Call Number: 08-038

Action: On 2008-1 Omnibus Amendment to City's Urban Revitalization Plan on a two-year extension of tax abatement for residential and commercial development, (2-11-08). Moved by Vlassis to adopt. Motion Carried 7-0.

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.

Date: January 28, 2008

Roll Call Number: 08-129

Action: Regarding proposed 2008-1 Omnibus Amendment to the City's Urban Revitalization Plans, extending the duration of all plans for three years, in conformance with the Des Moines' 2020 Community Character Plan. Moved by Kiernan to receive and file. Motion Carried 7-0.

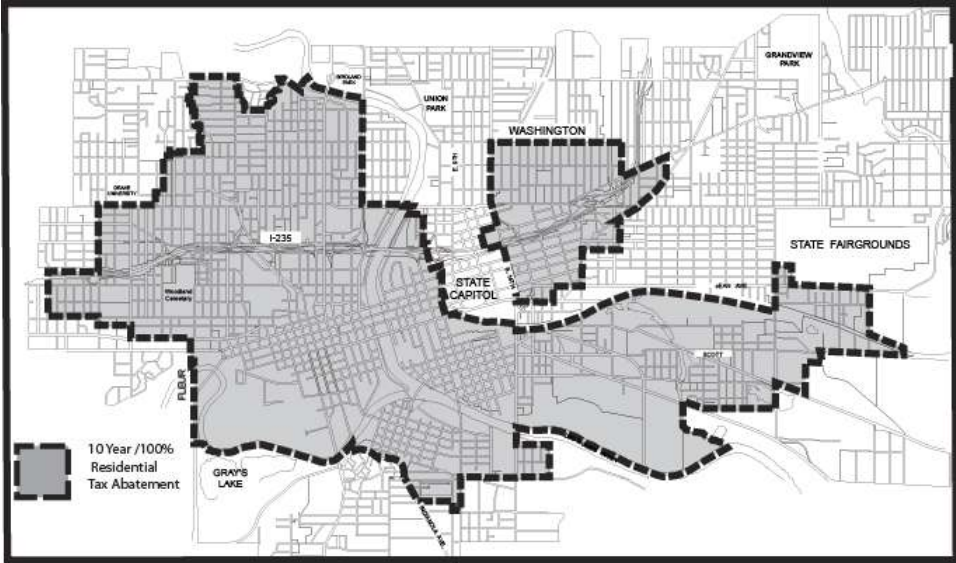
BOARD/COMMISSION ACTION(S):

The Plan and Zoning Commission, at its January 17, 2008 meeting, unanimously recommended approval of the proposed amendment and its conformance with the Des Moines 2020 Community Character Plan. That report will be forwarded to the City Council for consideration at the public hearing.

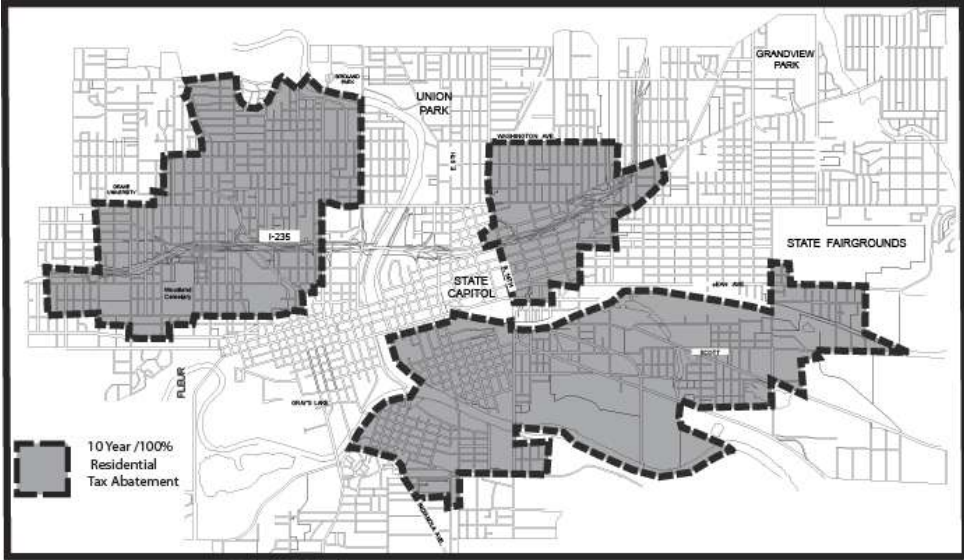
ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

It is anticipated 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.

Maps



The proposed area for 10 year 100% tax abatement for extension to December 31, 2010 for residential improvements.



The 10 year 100% tax abatement area to be in effect from January 1, 2011 to December 31, 2011 with the downtown area reverting to 5 year 100% tax abatement schedule for residential improvements.