



Council Communication

Office of the City Manager

Date	March 24, 2008
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Agenda Item No.	22
Roll Call No.	<u>08-</u>
Communication No.	<u>08-152</u>
Submitted by: Larry Hulse, Community Development Director	

AGENDA HEADING:

Approval of one (1) tax abatement application for improvements to property completed in 2007.

SYNOPSIS:

Recommend approval of one (1) tax abatement application with an estimated value by the applicant of \$207,500 for a new single family dwelling unit. This application was not included on the previous list, although it was timely filed by February 1, 2008. Staff recommends approval of the application to apply prospectively as provided by Iowa Law.

FISCAL IMPACT:

Amount: Tax abatement upon property with a claimed value of \$207,500.

Funding Source: Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$207,500 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 applicants of \$207,500 for a new single family dwelling.

The applicant chose **Schedule 4B** with an estimated value of \$207,500. **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 property 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. Developers have identified tax abatement as a primary reason for attracting buyers to their units. The abatement program also has aided in upgrading deteriorating property in the city by providing an incentive to maintain and upgrade property.

PREVIOUS COUNCIL ACTION(S):

Date: February 25, 2008

Roll Call: 08-298

Action: [Approving](#) tax abatement applications (346) for additional value added by improvements made during 2007. ([Council Communication No. 08-094](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: January 28, 2008

Roll Call: 08-120

Action: [Approving](#) tax abatement applications (208) for additional value added by improvements made during 2007. ([Council Communication No. 08-029](#)) Moved by Kiernan to adopt. Motion Carried 7-0.

Date: December 17, 2007

Roll Call: 07-2369

Action: [Approving](#) tax abatement applications (44) for additional value added by improvements made during 2007. ([Council Communication No. 07-732](#)) Moved by Hensley to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Currently, 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.

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