

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	October 27, 2008
	Agenda Item No. 13 Roll Call No. <u>08-</u> Communication No. <u>08-636</u> Submitted by: Larry Hulse, Community Development	

AGENDA HEADING:

Prior approval of tax abatement for the value added by the future construction of a medical office building at 1057 5th Avenue to be completed in January of 2010.

SYNOPSIS:

Recommend Council pre-approval of tax abatement for the construction of a new building for medical use at 1057 5th Avenue with a value estimated by the applicant of \$12,900,000. The new construction at this location is not expected to be completed until January 2010. The pre-approval process by the City Council was created to provide developers with assurance that the project will receive abatement when the project is completed.

FISCAL IMPACT:

Amount: Tax abatement upon property with a claimed value of \$12,900,000.

Funding Source: Taxes are generated in the first year from the land value, but the improvement value will be forth coming when the \$12,900,000 comes on the tax rolls after abatement ends.

ADDITIONAL INFORMATION:

One application is being submitted at this time for prior approval of tax abatement for a proposed new medical office building assessed as commercial property with an estimated value of \$12,900,000.

In order to receive tax abatement on a property, the applicant must increase the value of the commercial property by at least 15%; must commence construction of the building under a valid permit by December 31, 2011; must substantially complete construction of the building by December 31, 2012; and must time file for tax abatement upon completion of the building.

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: April 21, 2008

Roll Call: 08-658

Action: Granting prior approval of tax abatement applications for the additional value to be added by the renovation of properties for housing (328 SW 5th Street and 104 SW 4th Street). (Council Communication No. 08-238) Moved by Vlassis to adopt. Motion Carried 7-0.

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.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The tax abatement program on new improvements currently ends on December 31, 2011, unless the City Council extends the program beyond that date. Any application received by February 1, 2012, 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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