

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date</b>	December 7, 2009
	<b>Agenda Item No.</b> <b>15</b> <b>Roll Call No.</b> <b><u>09-</u></b> <b>Communication No.</b> <b><u>09-860</u></b> <b>Submitted by:</b> <b>Larry Hulse, Community Development Director</b>	

**AGENDA HEADING:**

Resolution approving application for tax abatement for improvements made during 2007, and denying request to have the tax abatement applied retroactively to 5449 SE 26<sup>th</sup> Court.

**SYNOPSIS:**

Napoleon Alonzo is the owner of a new home constructed in calendar year 2007 at 5449 SE 26<sup>th</sup> Court. On November 18, 2009, Napoleon Alonzo applied for tax abatement on the home, and requests that the tax abatement be applied retroactively to the taxes due in the current fiscal year, as if the application had been timely filed. See the attached letter from the applicant.

The application was not timely filed. The Iowa Urban Revitalization Law does not empower the City to approve retroactive application of tax abatement for a late filed application. Therefore, they are not eligible for abatement for taxes due in FY2009/10 and 2010/11.

The application was filed within the two year grace period allowed by Iowa Code §404.4, and the property can therefore receive the full amount of abatement, but the abatement will commence with taxes due in FY2011/12.

**FISCAL IMPACT:**

Amount: Tax abatement upon property with a claimed value of \$206,000.

Funding Source: The improvement value of tax abated property will be forthcoming when the property comes on the tax rolls after abatement ends.

**ADDITIONAL INFORMATION:**

The applicant indicates that the builder, Tom Connolly Homes, would submit the abatement application to the City for approval. The builder did not file the application with the City and there is no record of an abatement application for the above address being filed with City staff, until the applicant filed the application on November 18, 2009. All procedures for accepting, receiving and processing abatement applications by City staff were followed.

The applicant is requesting that the application be approved, as if the application were timely filed by February 1, 2008, and that abatement be granted retroactively to the property. The attached letter indicates the wishes of the applicant. State law does not allow for tax abatement to be retroactive.

The dwelling at 5449 SE 26<sup>th</sup> Court qualifies for tax abatement. The dwelling is located in an area eligible for abatement and the dwelling was built during the time abatement has been in effect. Permits have been issued for the building of the structure, a final inspection has been done and a Certificate of Occupancy was issued on August 9, 2007.

The applicant chose Schedule 4B. 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.

**PREVIOUS COUNCIL ACTION(S): NONE**

**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 eligible and for which an application was submitted. It is anticipated that there will be numerous submittals of tax abatement applications on a yearly basis until the program ends.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).