 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> December 7, 2015
	<b>Agenda Item No.</b> 42 <b>Roll Call No.</b> <u>15-2080</u> <b>Communication No.</b> <u>15-642</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

First Amendment to the Third Restated Urban Revitalization Plan to allow additional time for housing projects to remain eligible under the current tax abatement program.

**SYNOPSIS:**

The current tax abatement plan (Second Restated Urban Revitalization Plan) will expire on December 31, 2015, with an additional year to complete projects then under construction. The purpose of this First Amendment to the Third Restated Urban Revitalization Plan is to temporarily extend tax abatement for new and expanded multi-family dwellings located outside of the “Targeted Multi-Family Residential Area”; to amend the tax abatement schedule numbers to avoid duplication of existing schedule numbers used by the Polk County Assessor; and to make other editorial corrections to the Plan.

**FISCAL IMPACT:**

Amount: Not known at this time. One of the major purposes of tax abatement is to encourage development to locate in Des Moines that otherwise might not occur; new development and rehabilitation of existing improvements typically increase taxable values.

Funding Source: In order to be eligible for tax abatement, improvements must increase the property assessment by at least 5% for residential properties and 15% for commercial and industrial properties. Once the abatement is completed—depending on the property type and the tax abatement schedule chosen—after a 3-year to 10-year period, these properties then become fully taxable with revenues then made available to the City and the other taxing jurisdictions.

**ADDITIONAL INFORMATION:**

On October 26, 2015, the City Council adopted a revised Third Restated Urban Revitalization Plan, authorizing changes to the tax abatement program that are set to be effective on January 1, 2016. One of the most substantial changes made with adoption of the new plan was the elimination of eligibility to receive tax abatement for the construction of new or expanded multiple-family dwellings outside a specified “Targeted Multi-Family Residential Area” (see map exhibit #1).

Since the time the revised plan has been approved, additional analysis of the impacts of adopted program changes on development projects that are currently in process have been determined, and the

program changes will significantly affect a number of projects that are currently proposed, have plans into the Permit and Development Center for review, or are in the process of rezoning.

On November 23, 2015 by Roll Call No. 15-2023, City Council directed staff to draft the First Amendment to the Third Restated Urban Revitalization Plan to temporarily extend tax abatement for new or expanded multiple-family dwellings outside of the “Targeted Multi-Family Residential Area.”

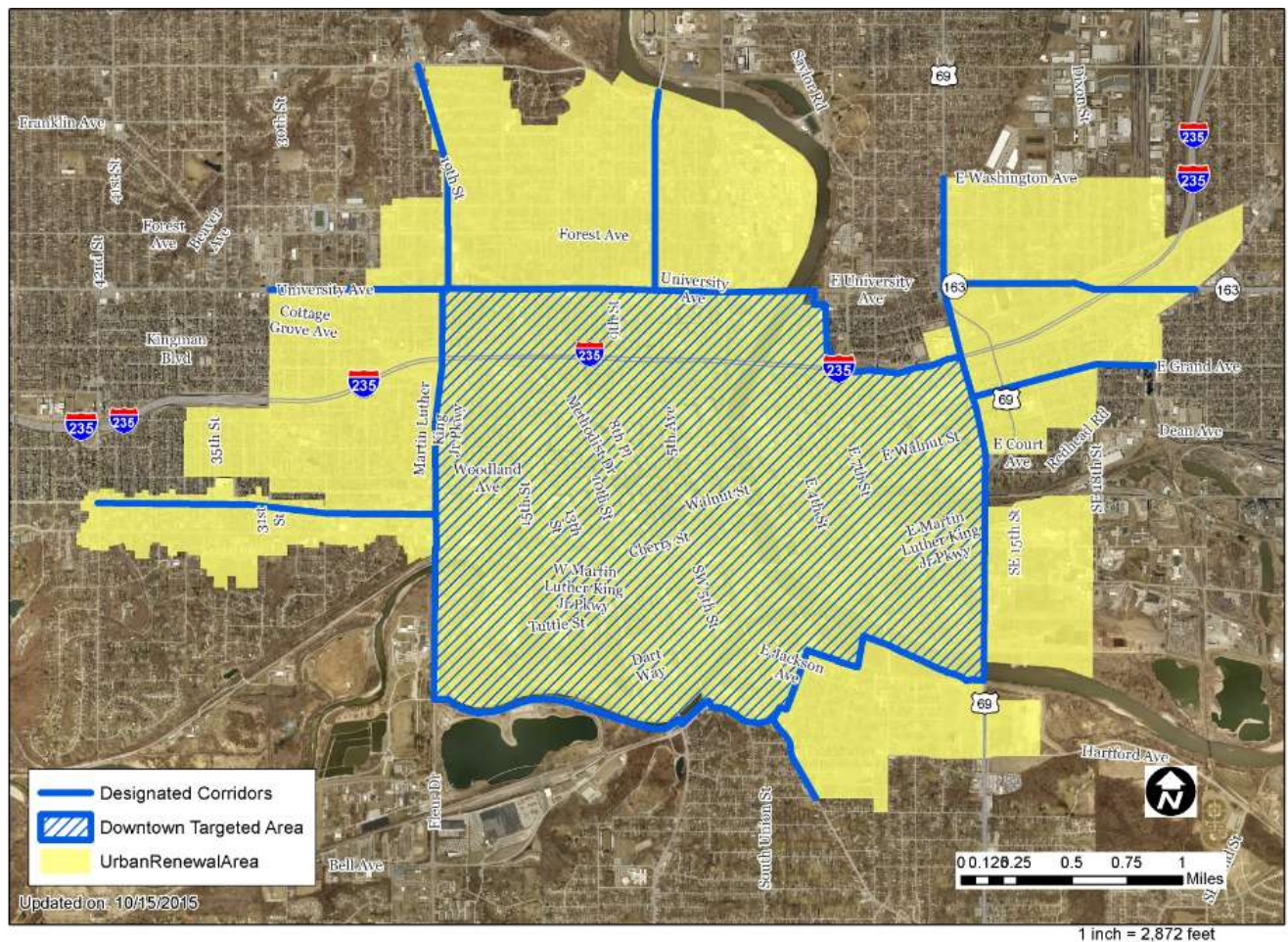
Staff has drafted a plan modification that will provide an extension of time for multiple-family residential projects seeking tax abatement and meeting certain criteria by amending the phase-out provisions of the Second Restated Plan to provide that improvements to property must satisfy all of the following four conditions to receive tax abatement under the schedules allowed by the Second Restated Plan.

Outside the Targeted Multi-Family Residential Area, the taxable value added by new construction of a structure that consists of three (3) or more separate living quarters with at least 75% of the total space used for residential purposes or the rehabilitation or alteration of such a structure that increases the number of living quarters, which meets all the following criteria, is eligible for a temporary exemption from taxation pursuant to Schedule 4B (5-year, 100%):

1. The improvements are part of:
  - i. a single structure; or
  - ii. a building project on a single subdivided lot or un-subdivided parcel of property under unified ownership.
2. The following conditions were satisfied on or before December 31, 2015:
  - i. The site has the appropriate zoning or an application has been filed seeking the appropriate zoning;
  - ii. There is an approved site plan or approved PUD conceptual plan for the improvements, or an application has been filed seeking approval of such a plan; and
  - iii. The owner or representative has either:
    - a. applied for a building permit for the improvements; or
    - b. has filed an application with the Iowa Finance Authority or the Iowa Economic Development Authority in proper form seeking financial assistance for the construction of the improvements, and has provided a copy of such application to the City.
3. Construction of the improvements is commenced by June 1, 2016 and diligently pursued to completion.
4. Construction of the improvements is completed by December 31, 2017.

After further consultation with the Polk County Assessor’s Office, the plan amendment will also assign new tax abatement schedule identification numbers to avoid duplication of existing schedule identification numbers already in use by the Polk County Assessor’ Office. Lastly, the plan amendment will make other minor editorial revisions, as necessary.

Exhibit #1: Targeted Multi-Family Residential Area and Corridors Map



**PREVIOUS COUNCIL ACTION(S):**

Date: October 26, 2015

Roll Call Number: [15-1816](#), [15-1817](#), and [15-1818](#)

Action: [On](#) adoption of the Third Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area (Tax Abatement Program amendments). ([Council Communication No. 15-579](#)) Moved by Coleman to adopt. Motion Carried 7-0.

- (A) [Approving](#) amendment to the Third Restated Urban Revitalization Plan for the Citywide Urban Revitalization Area, regarding the phase-out of the Second Restated Urban Revitalization Plan. Moved by Hensley to continue to the November 9, 2015 Council Meeting. Motion FAILED 3-4. Nays: Coleman, Gatto, Gray and Moore.
- (B) [Approving](#) amendment to the Third Restated Urban Revitalization Plan for the Citywide Urban Revitalization Area, regarding the schedules allowed for improvements to single and two-family dwellings. Moved by Coleman to adopt; refer to the City Manager for review and recommendation regarding possible incentives to encourage high-quality homes on the

undeveloped land in the Northeast and Southeast areas of the City; and also to refer to the City Manager for review and recommendation regarding the design guidelines and definitions to emphasize quality rather than specific materials or products. Motion Carried 7-0.

Date: December 5, 2011

Roll Call Number: [11-2085](#) and [11-2086](#)

Action: [On](#) the 2011-1 Omnibus Amendment to the City's Urban Revitalization Plans. ([Council Communication No. 11-747](#)) Moved by Hensley to adopt. Motion Carried 7-0.

(A) [Recommendation](#) from Plan and Zoning Commission. Moved by Hensley to receive and file. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Amendment to the "Multi-Family and Commercial Construction and Sustainability Design Standards" for consideration of revised design guidelines that focus on high-quality construction with less reliance on prohibition of certain building materials. Reconsideration of targeted area and targeted corridors for allowance of tax abatement for multi-family residential properties upon approval of the City's new comprehensive plan.

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