

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 19, 2016
	Agenda Item No.	14
	Roll Call No.	<u>16-2141</u>
	Communication No.	<u>16-697</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Approval of 34 tax abatement applications for improvements to property completed in 2016.

SYNOPSIS:

Recommend approval of 34 tax abatement applications with an estimated value of \$3,742,427. There were 15 applications for the construction of new single-family homes, apartments, and new businesses with an estimated value of \$2,919,027 and 19 applications for improvements to existing structures with an estimated value of \$823,400.

FISCAL IMPACT:

Amount: Abatement upon property with a claimed value of \$3,742,427.19.

Funding Source: Taxes will only be generated from the land value while tax abatement is in effect on newly constructed buildings. Taxes on the \$3,742,427.19 improvement valuation will be forthcoming when the improvement value comes on the tax rolls, after abatement ends.

ADDITIONAL INFORMATION:

The applicant must increase the value of residential property at least 5% for residential or 15% for commercial and industrial property to receive tax abatement.

Of the 34 applications submitted for approval by this roll call:

- A total of six (6) applicants chose Schedule 1 with an estimated value of \$100,000.00. Schedule 1 is for residential property with a 10 year exemption from the taxation on the actual value of improvements not to exceed \$20,000. The exemption amount is 115% of the actual value added by improvements.
- A total of zero (0) applicants chose Schedule 2 with an estimated value of \$0. Schedule 2 is for all qualified real estate and will receive a partial exemption for 10 years. The exemption schedule is a declining schedule starting with the first year at 80% and ending in year 10 at 20%.
- A total of zero (0) applicant chose Schedule 3 with an estimated value of \$0. All qualified real estate is eligible to receive an exemption from taxation on the actual value added by the

- improvements for three (3) years. This schedule also applies to commercial and industrial property in specific areas.
- A total of 13 applicants chose Schedule 4A with an estimated value of \$723,400.00. Schedule 4A is for qualified real estate in specific areas generally located downtown or near the downtown area. The exemption period is 10 years and the exemption amount is 100% of the actual value added by improvements. Qualified real estate assessed as residential or assessed as commercial consisting of three (3) or more living quarters with at least 75% of the space used residentially is eligible to receive an exemption from taxation and the actual value added by the improvements.
- A total of five (5) applicants chose Schedule 4B with an estimated value of \$959,800.00. Schedule 4B is for qualified real estate for the remainder of the City for a period of five (5) years. Qualified real estate assessed as residential or commercial and consisting of three (3) 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.
- A total of zero (0) applicants chose Schedule 4D with an estimated value of \$0. Schedule 4D is for qualified residential property, providing abatement for a period of 10 years, with 100% abatement for the first eight (8) years, then a declining scale (60%-40%) for the remaining two (2) years on the actual value added by the improvements.
- A total of 10 applicants chose Schedule 4E with an estimated value of \$1,959,227. Schedule 4E is for qualified residential property, providing abatement for a period of six (6) years, with 100% abatement for the first three (3) years, then a declining scale (75%-50%-25%) for the remaining three (3) years on the actual value added by the improvements.

Cumulative To-Date Totals for 2016 Applications:

Schedule	#Applications	Abatement Value
1	43	\$692,946
2	0	\$0
3	0	\$0
4A	57	\$6,732,888
4B	69	\$18,876,457
4E	27	\$4,700,796
Totals	196	\$31,003,087

Previous Years' Data:

Year	# Applications	Abatement Value
2015	504	\$165,849,448.47
2014	382	\$155,772,410.30
2013	382	\$130,219,570.86
2012	265	\$74,782,673.99
2011	359	\$116,387,542.42
2010	434	\$131,978,678.99
2009	471	\$146,208,042
2008	855	\$198,152,168

- This batch includes an application for tax abatement by the City Manager of Des Moines for improvements made and value added to his property in 2016.

PREVIOUS COUNCIL ACTION(S):

Date: November 21, 2016

Roll Call Number: [16-1986](#)

Action: [Approving](#) tax abatement applications for the additional value added by improvements completed during 2016 (162 applications). ([Council Communication No. 16-653](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of additional tax abatement applications for improvements made during 2016.

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