

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	March 6, 2017
	Agenda Item No.	16
	Roll Call No.	<u>17-0358</u>
	Communication No.	<u>17-278</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Approval of 35 tax abatement applications for improvements to property completed in 2016.

SYNOPSIS:

Recommend approval of 35 tax abatement applications with an estimated value of \$18,464,018. There were 28 applications for the construction of new single-family homes, apartments, and new businesses with an estimated value of \$17,592,327 and seven (7) applications for improvements to existing structures with an estimated value of \$871,691. There are two (2) roll calls submitted for approval because one of the buildings is not served by the public sewer system, but meets the exceptions allowed in the revitalization plan.

FISCAL IMPACT:

Amount: Abatement upon property with a claimed value of \$18,464,018.

Funding Source: Taxes will only be generated from the land value while tax abatement is in effect on newly constructed buildings. Taxes on the \$18,464,018 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 35 applications submitted for approval by this roll call:

- A total of one (1) applicant chose Schedule 1 with an estimated value of \$15,391. 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 one (1) applicant chose Schedule 3 with an estimated value of \$700,000. 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 15 applicants chose Schedule 4A with an estimated value of \$3,895,630. 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 10 applicants chose Schedule 4B with an estimated value of \$12,200,200. 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 eight (8) applicants chose Schedule 4E with an estimated value of \$1,652,797. 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	106	\$1,796,230.50
2	1	\$650,00.00
3	5	\$5,232,200.00
4A	225	\$322,217,244.00
4B	101	\$44,977,699.00
4E	62	\$10,139,329.19
Totals	500	\$385,012,702.69

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	\$146,208,042.00
2008	855	\$198,152,168.00

PREVIOUS COUNCIL ACTION(S):

Date: February 20, 2017

Roll Call Number: [17-0261](#)

Action: [Approving](#) tax abatement applications for the additional value added by improvements completed during 2016 (146 applications). ([Council Communication No. 17-081](#)) Moved by Hensley to adopt. Motion Carried 6-0. Council Member Gray declares a conflict of interest and abstains from voting. <http://www.dmgov.org/government/citycouncil/rollcalls/2017/17-0261.pdf>

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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