


## COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>19-078</b>	Meeting:	<b>February 25, 2019</b>
	Agenda Item:	<b>12</b>	Roll Call:	<b>19-273</b>
	Submitted by:	<b>Chris Johansen, Community Development Director</b>		

### AGENDA HEADING:

Approval of 172 tax abatement applications for improvements to property completed in 2018.

### SYNOPSIS:

Recommend approval of 172 tax abatement applications with an estimated value of \$118,052,266. There were 70 applications for the construction of new single-family homes, apartments, and new businesses with an estimated value of \$98,041,245 and 102 applications for improvements to existing structures with an estimated value of \$20,011,021.

### FISCAL IMPACT:

Amount: Abatement upon property with a claimed value of \$118,052,266.

Funding Source: Taxes will only be generated from the land value while tax abatement is in effect on newly constructed buildings. Taxes on the \$118,052,266 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 172 applications submitted for approval by this roll call:

- A total of 27 applicants chose Schedule 1 with an estimated value of \$395,680. 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 two (2) applicants chose Schedule 2 with an estimated value of \$9,580,941. 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 \$4,000,000. 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 80 applicants chose Schedule 4A with an estimated value of \$42,376,088. 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 zero (0) applicants chose Schedule 4B with an estimated value of \$0. 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 28 applicants chose Schedule 4D with an estimated value of \$54,593,947. 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 34 applicants chose Schedule 4E with an estimated value of \$7,105,610. 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 two (2) three (3) years on the actual value added by the improvements.

Cumulative To-Date Totals for 2018 Applications:

Schedule	#Applications	Abatement Value
1	73	\$ 1,124,546.00
2	7	\$ 24,955,139.00
3	2	\$ 12,000,000.00
4A	194	\$ 67,066,141.00
4B	0	\$ 0.00
4D	48	\$ 66,852,000.00
4E	169	\$ 35,524,825.00
<b>Totals</b>	<b>493</b>	<b>\$207,522,651.00</b>

Previous Years' Data:

Year	# Applications	Abatement Value
2017	560	\$366,726,086.00
2016	502	\$385,269,975.69
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: January 28, 2019

Roll Call Number: [19-0123](#)

Action: [Approving](#) tax abatement applications for the additional value added by improvements completed during 2018 (74 applications). ([Council Communication No. 19-028](#)) Moved by Gatto to adopt, and to request that the Polk County Assessor apply the tax abatement to the valuation existing on January 1, 2018, and the property taxes payable in FY 2018/19. Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Approval of additional tax abatement applications for improvements made during 2018.
- As data becomes available from the assessor's office, a tax abatement summary report will be provided that identifies total annual amount of abated value and total annual amount of value returning to the tax base.

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