

## **Tax Abatement**

Generally, urban revitalization or tax abatement is a tool to encourage economic development by providing incentives for new construction or the expansion of existing facilities. An Urban Revitalization Area may include the entire city or designated areas of the city.

The City currently has the following tax abatement programs in place:

### **Industrial Property Tax Abatement on industrial real estate (Iowa Code 427B)**

For the first year, 75%  
For the second year, 60%  
For the third year, 45%  
For the fourth year, 30%  
For the fifth year, 15%

### **Housing Tax Abatement:**

New Construction: Minimum assessed value of \$175,000, Exemption is on first \$75,000 of actual value added, 100% for 5 years

#### **Blighted District:**

New homes: Minimum assessed value of \$175,000, 5 years, 100%  
Improvements/Additions: 3 years, 100%

#### **Historic District:**

Historically Sensitive: 5 years, 100%  
Historic Area: 3 years, 100%

### **Recent Urban Revitalization Areas and Commercial Tax Abatement programs:**

- Progress Park, 2000 to 2010
- Downtown, 2002 to 2012

## **Proposed Commercial Tax Abatement**

Staff is recommending the adoption of a new commercial tax abatement program in two key areas - one along Grandview Avenue and a second along Park Avenue (see attached maps). The Urban Revitalization will overlap with the Urban Renewal Area which is city-wide and with the South End TIF District, but the urban revitalization plan will specifically address this issue in that only one tool may be used on a project. Please note that this program would not prohibit the use of tax increment financing in these areas should an appropriate project come along, but again a developer would not be allowed to use both programs. In these commercial areas, I would expect that this tax abatement program would be in lieu of the basic TIF program the city currently uses to incentivize development.

Iowa Code Chapter 404 sets out two tax exemption schedules that cities may use in their community's urban revitalization plan. A community may choose to adopt one of both of these plans or different schedule, but may not offer a schedule greater than outlined in the state code.

Schedules:

10-yr Declining Schedule

- Year 1 80% abated
- Year 2 70% abated
- Year 3 60% abated
- Year 4 50% abated
- Year 5 & 6 40% abated
- Year 7 & 8 30% abated
- Year 9 & 10 20% abated

3-yr 100% Schedule

- Year 1 100% abated
- Year 2 100% abated
- Year 3 100% abated

To qualify the improvement must increase the assessed valuation of the property by at least 15% of the valuation before the improvement.

**Tax Abatement**

Please see the attached additional information

- Iowa League of Cities - Urban Revitalization
- Iowa League of Cities - Property Tax Abatements and Exemptions
- Burlington Urban Revitalization Tax Exemption Information Sheet and Application
- Mason City Application for Urban Revitalization Tax Exemption Benefits
- Mason City Tax Abatement Brochure
- Des Moines Commercial Tax Abatement Application
- Muscatine Housing Tax Abatement Application and Maps
- Property Tax Abatement by Bob Josten (outdated, but good general resource)

**Additional information (municipal websites)**

Burlington

<http://www.burlingtoniowa.org/2167/Economic-Development-Incentives>

Fort Dodge

<http://www.fortdodgeiowa.org/department/division.php?fDD=13-61>

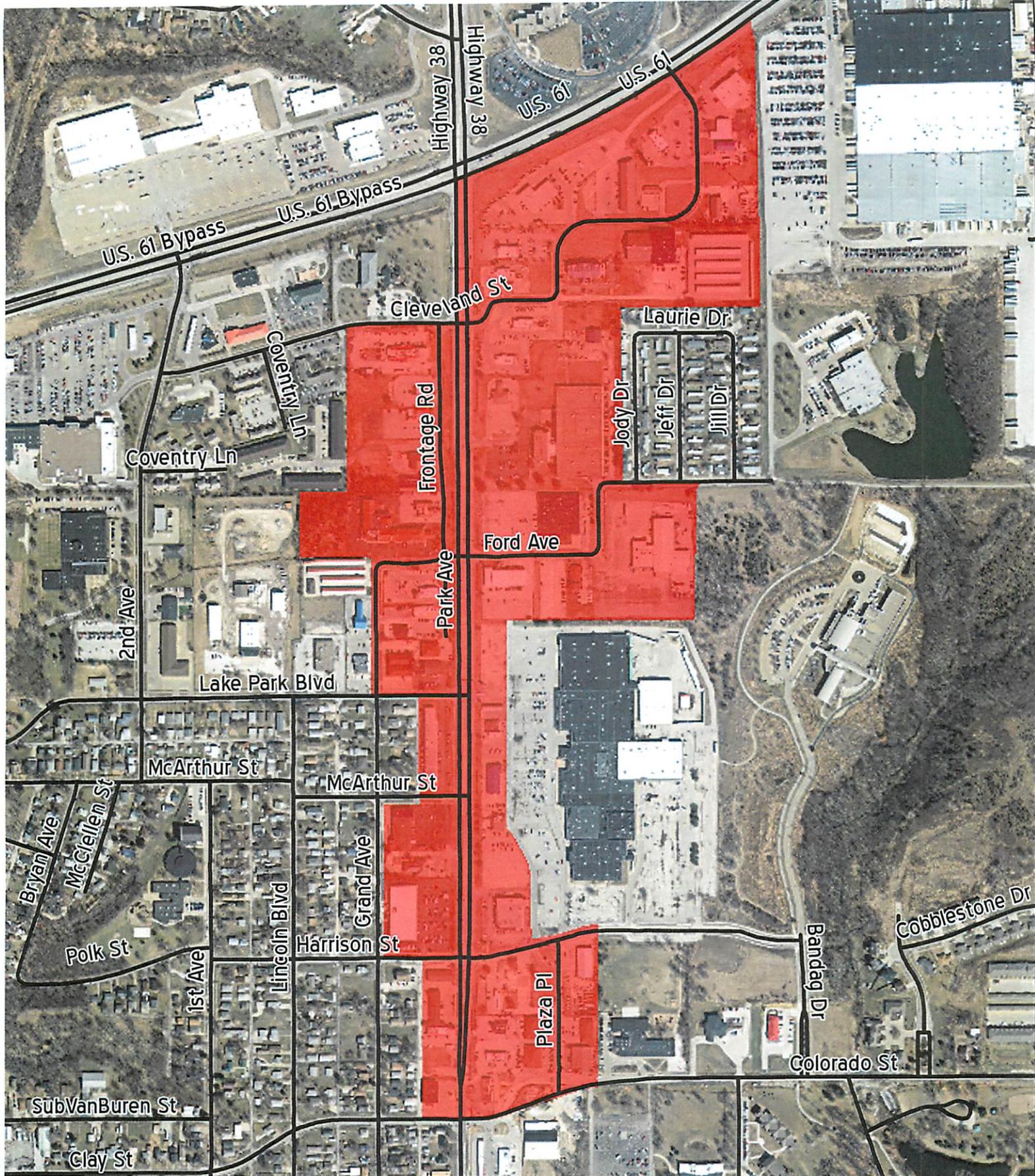
Mason City

<http://www.masoncity.net/pview.aspx?id=18252&catid=0>

Des Moines

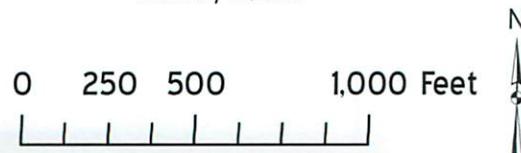
<https://www.dmgov.org/Departments/CommunityDevelopment/Pages/TaxAbatementInfo.aspx>

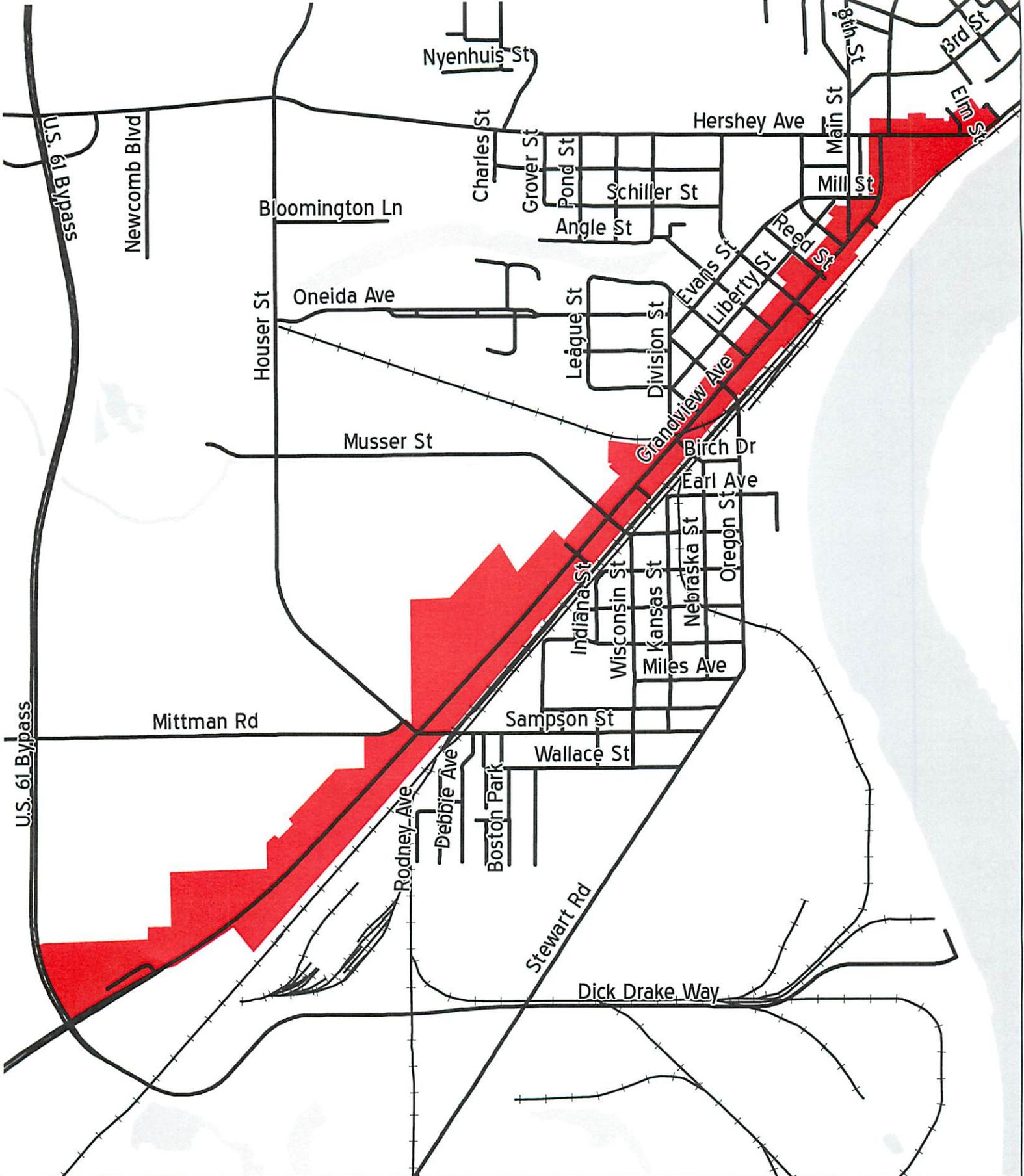
<https://www.dmgov.org/EconomicDevelopment/Pages/TaxAbatements.aspx>



# DRAFT Park Avenue Tax Abatement District

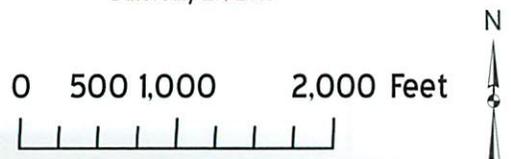
Date Source: Muscatine Area Geographic Information Consortium, City of Muscatine  
 Prepared by: Andrew Fangman, City Planner  
 Date: July 29, 2016





# DRAFT Grandview Avenue Tax Abatement District

Date Source: Muscatine Area Geographic Information Consortium, City of Muscatine  
 Prepared by: Andrew Fangman, City Planner  
 Date: July 29, 2016



# Economic Development

## Urban Revitalization

March 2014

### Downloads/Links

#### Property Tax Abatements and Exemptions

Urban revitalization is a tool that can be used to redevelop areas of a city and help spur economic growth. There are a variety of ways urban revitalization can be done, and cities must continually review their plans and policies.

#### Urban Revitalization Uses

Chapter 404 of the *Code of Iowa*, the Urban Revitalization Law, contains the provisions relating to urban revitalization and details how local governments can implement and use the tool. The Urban Revitalization Law describes five types of areas where urban revitalization can be used, primarily focusing on areas with dilapidated and deteriorated buildings that are detrimental to public health and economic growth as well as areas for historic preservation, economic development or public improvements for residential development (please see *Code* Section 404.1 for a full definition of these areas). Urban revitalization areas can contain all of the real property within the city limits or a more targeted subset of parcels.

Some city councils have adopted urban revitalization areas that cover the entire city or for a type of property class, such as residential. Others have created specific areas within the city to help revitalization efforts in that part of town.

Within these areas, the Urban Revitalization Law allows cities to exempt all or a portion of property taxes for property owners who construct projects that improve the value of their property. The Revitalization Law provides different tax exemption schedules for varying purposes and cities are allowed to tailor the exemption schedules to meet local policy needs so long as they do not exceed the statutory limits (more information on tax exemption schedules can be found below). Providing tax exemptions incentivizes property owners to improve their properties or construct new buildings, stabilizing tax bases and spurring growth when it otherwise might not occur.

#### Urban Revitalization for Commercial and Industrial Property

The Revitalization Law sets the basis for tax exemption schedules that cities may use in their plans. Cities may offer commercial and industrial properties a three-year, 100 percent exemption for the actual value added from improvements or additions. Another option is a 10-year schedule with a sliding scale of exemptions, beginning at 80 percent in the first year before reaching 20 percent in the tenth year. Cities are allowed to adopt different schedules than those described in the Revitalization Law, but they cannot offer a greater exemption.

#### Urban Revitalization for Residential Property

A number of residential tax exemption schedules are allowed and are tied to different purposes, including projects that address slum and blight conditions, historic preservation, economic development and housing development. It is recommended to consult with legal counsel before adopting a policy to determine what is best for the city.

#### Establishing an Urban Revitalization Area

There are several steps to establishing an urban revitalization area and cities should be assisted by their attorney or bond counsel throughout the process. As stated in the Section 404.2 of the *Code*, the city council must first approve a resolution finding that the "rehabilitation, conservation, redevelopment, economic development or a combination thereof of the area is necessary in the interest of the public health, safety or welfare of the residents of the city."

The council must then prepare an urban revitalization plan, which needs to include a number of items. The plan must include a legal description of the area with a map depicting the existing parcels of real estate, the assessed property valuation in the area broken out by land and building values, a list of names and addresses of property owners, the existing zoning and land uses, and any plans for expanding city services.

Plans also need to detail whether the revitalization policies are applicable to some, none or all of the residential,

commercial, industrial or agricultural property in the area (or some combination of the properties) and whether it is for rehabilitation and additions to existing structures or for new construction. Any tax exemption schedules or assessment increase requirements need to be included as well. Finally, the plan must specify the estimated length of time the area will be active, any provisions that have been made for the relocation of property owners and families, and any state, federal or private grants or loans that can be used as a funding source for residential improvements.

Once the proposed plan has been put together, the city must schedule a public hearing and notify all property owners and tenants in the proposed area. This notice must be published not less than four and not more than 20 days prior to the hearing. In addition, notice must be mailed to each property owner not less than 30 days prior to the public hearing date. The council could be forced to hold a second hearing if property owners representing at least 10 percent of privately owned property or residential property in the area have signed and submitted a petition within 30 days of the first hearing. Once these requirements have been met, the council is authorized to adopt the urban revitalization plan.

### **Property Owner Applications**

The Revitalization Law calls for cities to design an application process and for property owners to submit applications prior to receiving any exemptions. The application must at least contain the nature of the improvement, its cost, the estimated or actual date of completion, the tenants that occupied the owner's building on the date the city adopted the original resolution of finding, and which exemption will be selected. The city council shall approve the application, subject to review by the local assessor, if the project is in conformance with the plan, is located within a designated revitalization area, and if the improvements were made during the time the area was designated.

### **Abandoned Properties**

Section 404.3B of the *Code* specifically addresses abandoned properties and allows cities to establish a tax exemption for actual value added to these properties. The properties must be abandoned under the definition provided in Section 657A.1, which states the building has remained vacant and has been in violation of the city code for a period of six consecutive months.

There are two tax exemptions allowed under law for abandoned properties that are similar to other exemptions. Plans can use a decreasing 15-year schedule, starting with an 80 percent exemption and sliding down to 20 percent. Another option is to provide a 100 percent exemption on the value added for a period of five years.

### **Special Provisions for Industrial Property**

Chapter 427B provides a specific exemption for industrial property that is similar to what is offered under Chapter 404. In this case, a five year schedule is outlined with a gradual decline of partial exemptions that start at 75 percent in year one and end at 15 percent in year five. The focus of this exemption is mainly on new construction as there are strict requirements as to what types of improvements qualify.

# Economic Development

## Property Tax Abatements And Exemptions

Web Exclusive January 2011

### Downloads/Links

[Preparing for Economic Development](#)

[Urban Renewal](#)

[Urban Revitalization](#)

*Code of Iowa* Chapter 427B allows cities to pass an ordinance establishing an industrial abatement to local property taxes for improving industrial real estate. (Please note: this abates or forgives all local taxes including school, county and city). The most common amount of actual value added at a new or expanded facility, which is eligible for this exemption, is as follows:

- Year One: 75%
- Year Two: 60%
- Year Three: 45%
- Year Four: 30%
- Year Five: 15%

The ordinance may be enacted not less than 30 days after a public hearing is held in accordance with Section 362.3 (notice shall be not less than four nor more than 20 days prior to the public hearing). The ordinance shall designate the length of time the partial exemption shall be available and may provide for an exemption schedule in lieu of that provided in Section 427B.3 (noted above). However, an alternative exemption schedule adopted shall not provide for more tax exemption in a particular year than is provided for that year in the schedule contained in Section 427B.3.

Under *Code of Iowa* 404 cities can, by ordinance, create Revitalization Areas to encourage redevelopment or resolve the following problems:

1. A predominance of buildings or improvements, residential or nonresidential, because they are dilapidated, deteriorated, obsolescence, inadequate ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and which is detrimental to the public health, safety or welfare.
2. The presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition and use.
3. A predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.
4. To encourage an economic development area as defined in Section 403.17.
5. An area appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single or multifamily housing.

Before an abatement or exemption can be granted, there is quite a bit of work with the city attorney or bond attorney to prepare the paperwork for the council. The specific area in the community must be designated (with a legal description) and various public hearings, ordinances and resolutions must be adopted. Then prior approval must be made for each project to receive the abatement under the terms of the ordinance.

**Special Note:** tax exemptions under urban revitalization apply to all local taxes (including city, school, county, etc.). Caution should be exercised because none of the improvements will generate additional tax dollars until the exemption has expired. If the community has a Tax Increment Finance district designated over the same parcel being developed, consult with the city's bond attorney to avoid financial conflicts.



## Urban Revitalization Tax Exemption Information Sheet

Tax Exemption regulations can be found under Chapter 404, Urban Revitalization Tax Exemptions of the State Code of Iowa and within Ordinances adopted under Chapter 12, Urban Revitalization of the Municipal Code of Burlington.

The Urban Revitalization Tax Exemption (Abatement) Program applies to the following classes:

- ✗ All residential dwellings assessed as residential
- ✗ All residential dwellings assessed as commercial
- ✗ All non residential property assessed as commercial

Properties that receive any Tax Increment Financing (TIF) benefits shall not be eligible for tax abatement. To qualify the improvement must increase the assessed valuation of the property by at least 15% of the valuation before the improvement. For commercial property utilized for retail purposes the limit shall be \$5,000,000.

Three (3) exemption schedules are available for tax exemption:

- ✗ A three-year 100% per year exemption.
- ✗ A ten-year sliding scale as follows: 80% in year 1, 70% in year 2, 60% in year 3, 50% in year 4, 40% in year 5 and 6, 30% in year 7 and 8, 20% in year 9 and 10.
- ✗ A ten-year split scale as follows: seven years 100%, 75% in year 8, 50% in year 9, and 25% in year 10. This schedule applies to residential property only and must be located in the Neighborhood Development Urban Renewal Area. Application for this schedule must be submitted by 2019.

An application shall be filed for each new exemption claimed. Future improvements after an application has been approved shall require a new application be submitted. The property owner must file for an exemption by February 1 after the calendar year in which the project was completed. Completion shall include occupancy or issuance of a Certificate of Occupancy for a property, whichever is sooner. No change can be made once the application is approved and the exemption is granted. An application for tax exemption shall not be complete and shall not be considered unless the following conditions have been met:

- ✗ A building permit must be applied for and received for all applicable work.
- ✗ Improvements must meet all applicable City codes and regulations.
- ✗ A Certificate of Occupancy shall be applied for and received.
- ✗ A complete application for tax exemption has been filed with the City.

For Industrial properties, regulations can be found under State Code Chapter 427B Special Tax Provisions and Chapter 8 Industrial Property Tax Exemptions of the Municipal Code of Burlington. A five year sliding scale applies to industrial property (75, 60, 50, 45, 30%).

Applications available in City Hall, 400 Washington Street, Burlington, IA 52601

or online at: <http://www.burlingtoniowa.org/finance>

Questions may be directed to Annette Crouner, Finance Department at (319) 753-8159.



## Application for Urban Revitalization Tax Exemption

*See Tax Exemption Information Sheet or Urban Revitalization Plan for Burlington for additional details.*

Name of Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Phone/Email: \_\_\_\_\_

Address of property where Tax Exemption is being claimed: \_\_\_\_\_

Type of Property (*sf residential, commercial, upperstory res, etc*): \_\_\_\_\_

Description of Improvement: \_\_\_\_\_

Completion Date or Estimated Completion Date: \_\_\_\_\_

Estimated Cost of Improvement: \_\_\_\_\_

**Exemption Schedule Accepted (*Check One*):**

- 3 Year-100% (Commercial / Residential)
- 10 Year-Sliding Scale (Commercial / Residential: 80, 70, 60, 50, 40, 40, 30, 30, 20, 20%)
- 10 Year-Scale (Residential, Neighborhood Development Area Only: 7 yr-100%, 75, 50, 25%)
- 5 Year-Sliding (Industrial: 75, 60 45, 30, 15%)

This application is being filed under the authority of Chapter 404, Urban Revitalization Tax Exemptions of the State Code of Iowa and Ordinances adopted under Chapter 12, Urban Revitalization of the Municipal Code of Burlington. For Industrial properties, authority is under State Code Chapter 427B Special Tax Provisions and Chapter 8 Industrial Property Tax Exemptions of Municipal Code of Burlington.

All information contained above in this application is true to my knowledge and belief.

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

**Return to: Finance Dept - City Hall, 2<sup>nd</sup> Floor , 400 Washington St, Burlington, IA 52601**

**Finance Dept: (319) 753-8159      Development Dept: (319) 753-8131**

**OFFICE USE ONLY:**

Date Received Application: \_\_\_\_\_ Neighborhood UR Area: Y / N  
Initial

Building Permit #: \_\_\_\_\_ Date: \_\_\_\_\_

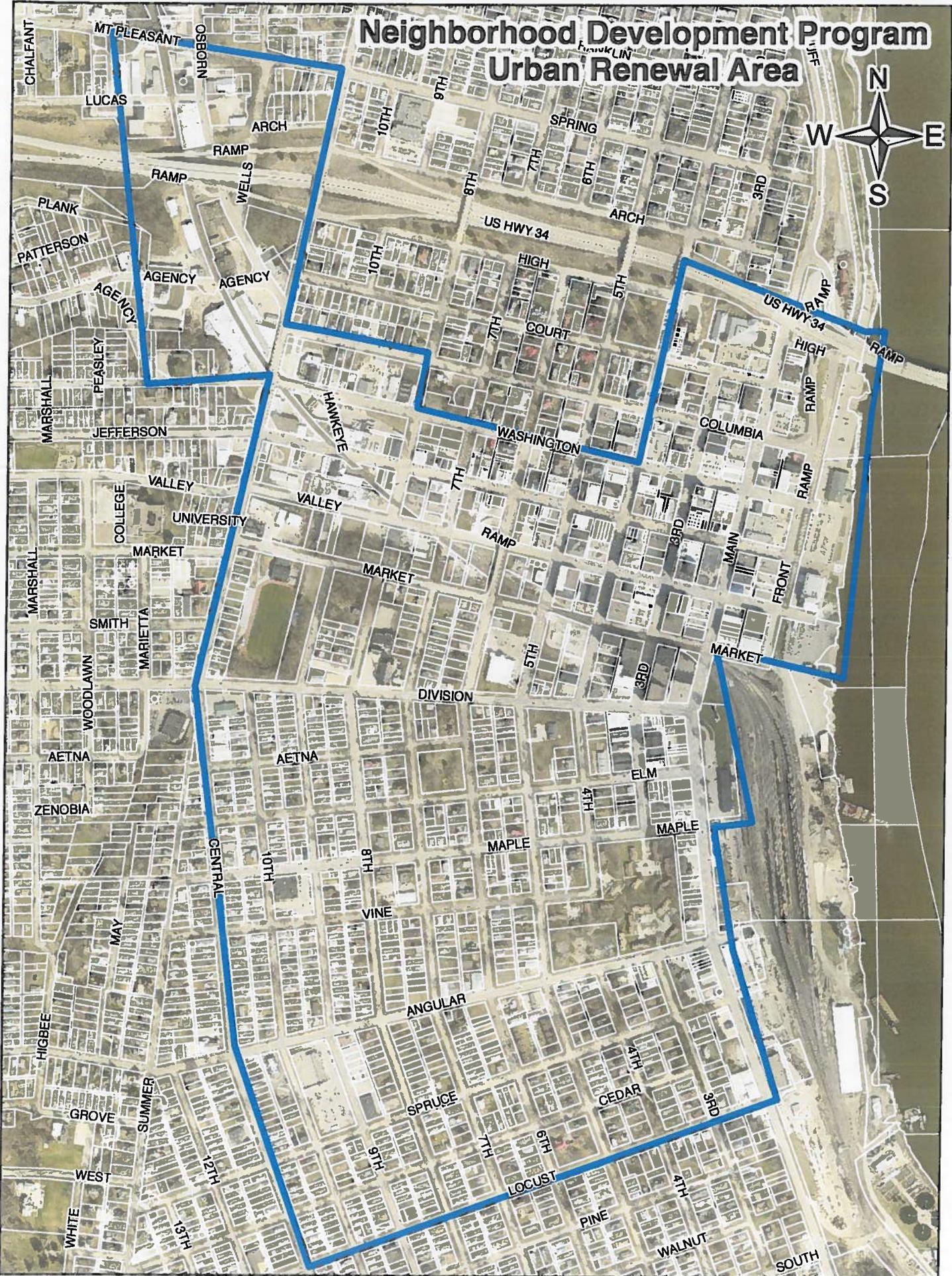
Value of Building Permit: \$ \_\_\_\_\_

Final Inspection Completed: \_\_\_\_\_ Date: \_\_\_\_\_

Comments:

Certificate of Occupancy Issued: \_\_\_\_\_ Date: \_\_\_\_\_

# Neighborhood Development Program Urban Renewal Area





Development & Planning  
10 1<sup>st</sup> Street NW  
Mason City, IA 50401  
(641) 421-3626

FOR OFFICE USE ONLY RECEIVED Date: _____ Time: _____ File no: _____
---

## APPLICATION FOR URBAN REVITALIZATION Tax Exemption BENEFITS

Applications are due by February 1 each year for work completed the prior calendar year. Improvements to buildings must increase the assessed value by at least 10% if assessed as residential property or 15% if assessed as commercial.

Date: \_\_\_\_\_

### Applicant Information

Name of Property Owner: \_\_\_\_\_

Mailing Address of Property Owner: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone no.: \_\_\_\_\_ Email address: \_\_\_\_\_

### Project Information -- on Property for which Tax Exemption is requested.

1) Address of property: \_\_\_\_\_

Is this a flood buyout house that has been moved?       Yes    No

2) Approx. year property was first constructed: \_\_\_\_\_

(If 50 years or older residential property, it will qualify as historic and there will be no cap on value of improvements to be exempted if the improvements are made to preserve or restore the historic architectural character and features of the property.)

3) General overall condition of property prior to improvements:

- \_\_\_\_\_ Good
- \_\_\_\_\_ Fair
- \_\_\_\_\_ Poor

(If blighted conditions have been improved on residential property, there will be no cap on value of improvements to be exempted.)





ments, and the use of the property. The application must be completed and submitted within one year of the completion of the project. The application deadline is February 1 in any year to qualify for the property tax abatement for the prior year. If the application is submitted after February 1, it will be processed the following year and may result in the loss of one year of tax abatement. Please return the completed application to the Development Services Department on the 3rd Floor of City Hall. Following review by the Department, the applications will be presented to the City Council for approval before being forwarded to the City Assessor.

#### REVIEW BY CITY ASSESSOR:

The City Assessor will review the application and will conduct a review of the property to determine if the improvements are completed as described and to ensure that the improvements have increased the assessed value of the property by the required minimum amounts. If approved, the increased taxes resulting from the increase in value will be abated and will not appear on the property tax bill.

#### RELOCATION REQUIREMENTS

If tenants are displaced as a result of the improvements being made to the property, the owner must provide relocation assistance to those displaced in order to qualify for the urban revitalization tax abatement. Tenants can include persons, families, and businesses. Relocation assistance must include one month's rent and actual reasonable moving and related expenses. These expenses include transportation of the tenant and tenant's personal property up to a distance of 50 miles; packing, crating, unpacking and uncrating of personal property; and disconnecting, dismantling, removing, reassembling, reinstalling household appliances and other personal property. The City will review and verify to ensure that relocation requirements have been satisfied.

## TAX ABATEMENT SCHEDULES

**Commercial and Multi-Residential:** Eligible projects can choose one of the following schedules:

#### Schedule A

##### *Ten-Year Decreasing Value*

Year 1: 80% of the increased value  
Year 2: 70% of the increased value  
Year 3: 60% of the increased value  
Year 4: 50% of the increased value  
Year 5: 40% of the increased value  
Year 6: 40% of the increased value  
Year 7: 30% of the increased value  
Year 8: 30% of the increased value  
Year 9: 20% of the increased value  
Year 10: 20% of the increased value

#### Schedule B

##### *Three-Year 100% Value*

Year 1: 100% of the increased value  
Year 2: 100% of the increased value  
Year 3: 100% of the increased value

**Residential:** there is only one abatement schedule:

#### Residential

##### *Five-Year 100% Value*

Year 1: 100% of the increased value  
Year 2: 100% of the increased value  
Year 3: 100% of the increased value  
Year 4: 100% of the increased value  
Year 5: 100% of the increased value

Residential abatement applies only to the first \$75,000 of increased value; however, this limitation does not apply to eligible improvements to blighted or historic residential properties.

### City of Mason City

Development Services Department  
10 1<sup>st</sup> Street NW  
Mason City, IA 50401  
(641) 421-3626  
[www.masoncity.net](http://www.masoncity.net)

City of Mason City

# Urban Revitalization

# Tax Abatement Program

***Easing the tax  
"sting"  
of new  
construction and  
improvements to  
your home or  
business***



# URBAN REVITALIZATION TAX ABATEMENT PROGRAM

The City of Mason City provides an **urban revitalization program**, offering valuable property tax abatements for new construction and improvements to commercial, multi-residential and residential properties in selected areas of the city. The abatement of property tax is based on the increase in taxable value of the property due to completed new construction or improvements.

**DEFINITIONS:** Eligibility is based on the assessment class of the property:

- **Commercial** property, defined as any retail, hospitality, entertainment or office use.
- **Multi-residential**, defined as a building containing three or more dwellings, with at least 75% of the space dedicated to residential use.
- **Residential** property is defined as a single family home or a two-family home (duplex).

The available tax abatements differ based on these assessment classes.

## ELIGIBILITY REQUIREMENTS

**Residential:** Improvements to residential property located within an urban revitalization district must increase the assessed valuation of the property by at least 10 percent. Improvements to outbuildings (such as a detached garage) are also eligible. The property tax abatement applies only to the first \$75,000 of increased valuation. However, *blighted* property (severely deteriorated structures, as determined by the City) and *historic* property (50 years old or more) are not subject to the \$75,000 limitation.

**Multi-residential:** Improvements to multi-residential properties within an urban revitalization district must increase the assessed valuation at least 15 percent. However, multi-residential projects that meet the definition of *assisted living* (senior housing, assisted/

independent living, group homes, residential care, nursing homes, and similar) are only required to increase the assessed valuation by 10 percent. For all types of multi-residential property, there is no limit on the increase in valuation to which the abatement applies.

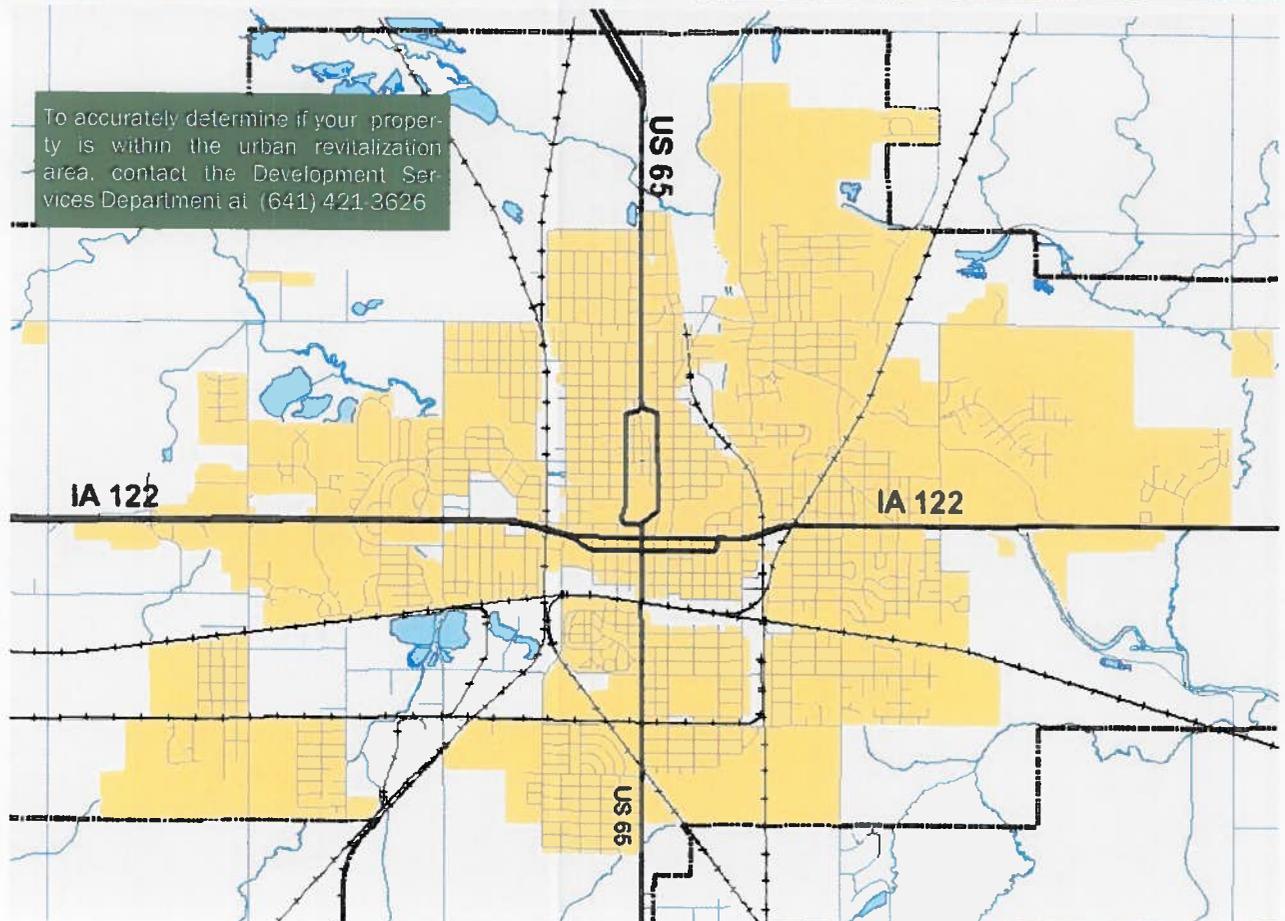
**Commercial:** Improvements to *commercial* property located within an urban revitalization district must add a minimum 15 percent increase to the assessed valuation. Again, there is no limit on the increase in valuation.

The three tax abatement schedules (two for multi-residential and commercial properties and one for residential properties) are listed on the other side of this brochure.

## HOW TO APPLY

Applications for the tax abatement benefits are available in the Development Services Department in City Hall and at [www.masoncity.net](http://www.masoncity.net). The application requires information such as the owner's name, location of the property, completion date, description and cost of the improve-

## Mason City Urban Revitalization Districts



A confirmation letter is issued by the City upon receipt of this application. This application is not effective and not considered filed until the confirmation letter has been issued. Filing does not assure the approval of the amount claimed for abatement. This amount will be determined by the Polk County Assessor's Office upon the City Council-approved abatement schedule. Retain the confirmation as your proof of filing.

Date Received: \_\_\_/\_\_\_/\_\_\_  
Case Number 16- \_\_\_\_\_

\*For Staff Use Only

2016



# Commercial Tax Abatement Application

## For Commercial & Industrial Projects Meeting Applicable Design Standards

Property Owner or Authorized Agent Info	Property Address (seeking abatement): _____ Polk Co. Assessor's District Parcel #: _____ <i>(Find by going to: <a href="http://www.assess.co.polk.ia.us/">http://www.assess.co.polk.ia.us/</a>)</i>  Title holder or contract holder name: _____ *Phone #: (____) _____ email: _____ <small>(*required)</small> Authorized Agent _____ <i>(if different than the property owner, ex. attorney, contract buyer):</i> Address of owner if different than above: _____																					
Property Classification	<input type="checkbox"/> Commercial <input type="checkbox"/> Industrial																					
Project Type	<input type="checkbox"/> New Structure <input type="checkbox"/> Addition <input type="checkbox"/> Renovation (check more than one box if applicable)																					
Describe Improvements	(Include plumbing, electrical, mechanical, and building alterations or building additions) Attach additional sheets if necessary																					
Completion Date	_____ / _____ month / year <input type="checkbox"/> Estimated date <input type="checkbox"/> Actual date (check one)  <b>Your improvements will be assessed for tax abatement on Jan. 1, 2017 even if partially completed. This assessment and abatement will be reflected in your 2018 tax payments. <u>Abatement requests cannot be fully processed until the project is completed and all necessary inspections have been conducted.</u></b>																					
Est. Cost of Improvements	\$ _____																					
Abatement Schedule	<input type="checkbox"/> 2 <input type="checkbox"/> 3 (check one) <i>(See reverse side for schedule information)</i>																					
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;"><i>Mail or return to</i></td> <td style="width: 30%;"><i>Questions?</i></td> <td style="width: 40%;"><i>Submitted by</i></td> </tr> <tr> <td>City of Des Moines</td> <td></td> <td>I certify these statements are true to the best of my</td> </tr> <tr> <td>Permit &amp; Development Center</td> <td>515-283-4200 or</td> <td>knowledge.</td> </tr> <tr> <td>602 Robert Ray Dr.</td> <td>taxabate@dmgov.org</td> <td></td> </tr> <tr> <td>Des Moines, IA 50309</td> <td></td> <td>_____</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">Signature</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">Date</td> </tr> </table>		<i>Mail or return to</i>	<i>Questions?</i>	<i>Submitted by</i>	City of Des Moines		I certify these statements are true to the best of my	Permit & Development Center	515-283-4200 or	knowledge.	602 Robert Ray Dr.	taxabate@dmgov.org		Des Moines, IA 50309		_____			Signature			Date
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City of Des Moines		I certify these statements are true to the best of my																				
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602 Robert Ray Dr.	taxabate@dmgov.org																					
Des Moines, IA 50309		_____																				
		Signature																				
		Date																				

## Commercial & Industrial Tax Abatement

Tax abatement allows a temporary exemption from taxation on a portion of the assessed value added by new construction and/or improvements to an existing structure. All properties in Des Moines are designated to receive residential tax abatement, if connected to the public sanitary sewer system. Check with the Permit & Development Center to see applicable standards that may apply to your project. The abatement is for renovation, additions, or new construction, and must increase the assessed value of the property by at least 5%. **All required permits must be obtained and necessary inspections shall be completed prior to receiving tax abatement. All applicable design guidelines listed on the following pages shall be met to qualify for the program.**

Please note that while an improvement may be eligible for tax abatement, tax abatement can only be received if it is applied for at the correct time. To receive the full benefit, the tax abatement application must be filed by February 1 after the calendar year when the new construction or improvement is made. For 2016 new construction or improvements, the application must be filed by February 1, 2017.

A "partial tax abatement" application may be filed for projects not completed by February 1<sup>st</sup> of every year. This application should capture the value added to a property at the time of filing, but will need to be followed up with a separately filed tax abatement application showing the remaining value added filed once the project is entirely completed. This may result in two offsetting tax abatement schedules, but will not reduce the total term of tax abatement granted.

The tax abatement program does not necessarily mean there will be no taxes due on the property during the abatement period. Because of this once a year approval schedule, your benefit from tax abatement may vary dependent on when the application is filed. If your application is filed after the deadline, you may owe one year of taxes before the abatement begins. Questions related to the assessment of properties are handled by the Polk County Assessor's Office at 515-286-3014.

**Properties can use either of the following schedules:**

<u>Property Tax Abatement Schedules Information</u>				
Choose a Schedule	Use	Must increase building assessment by at least 15%	How much of improvement's value is abated?	Improvement must qualify with applicable zoning, building <i>and</i> fire codes.  Where?
2 (new construction, major improvements and renovations)	Residential, Commercial and/or Industrial	No limit	1 <sup>st</sup> year - 80% 2 <sup>nd</sup> year - 70% 3 <sup>rd</sup> year - 60% 4 <sup>th</sup> year - 50% 5 <sup>th</sup> & 6 <sup>th</sup> year - 40% 7 <sup>th</sup> & 8 <sup>th</sup> year - 30% 9 <sup>th</sup> & 10 <sup>th</sup> year -20%	<u>Commercial and Industrial:</u> Must be in a specified abatement area and meet applicable design guidelines.
3 (new construction, major improvements and renovations)	Commercial Industrial	No limit	100% for 3 years	<u>Commercial and Industrial:</u> Must be in a specified abatement area and meet applicable design guidelines.

## Appendix A-1 (Rev. 1)

### Commercial Construction and Sustainability Design Standards

#### OVERVIEW

Tax abatement is offered as an incentive to commercial and industrial projects that demonstrate a commitment to the quality of Des Moines' commercial and industrial areas that is comparable with requirements of our metropolitan counterparts and over time, will improve the character of the commercial and industrial areas throughout the City.

Except where otherwise noted, if the improvements to multiple-family residential property or to commercial or industrial property include a new building, a building addition over 50% of the existing building area, or renovations to a building that have an estimated cost for building permit purposes that exceeds 50% of the assessed value of the existing building, then the property must also conform with the design standards set forth in this appendix to qualify for a partial exemption from taxation under the Restated Plan.

It is intended that these eligibility standards for tax abatement will be phased in as development regulations in the future.

These eligibility standards are intended to be applied collectively. The determination of whether these standards have been satisfied shall be based upon the level of compliance with these standards as a whole, and any deficiency in satisfying one or more individual standards may be offset by an elevated level of compliance with the standards as a whole.

Compliance with the standards will be reviewed by the Community Development Director or the Director's designee for recommendation to the City Council. An application for tax abatement must be approved by the City Council before it may be forwarded to the Polk or Warren County Assessor to allow the abatement.

#### DEVELOPMENT STANDARDS

##### **1. Landscaping**

Landscaping must be provided in compliance with the City of Des Moines Landscape Standards for the C-2 District. This requirement does not relieve higher levels of landscaping that may be required by other measures.

##### **2. Sidewalks**

- a) Public sidewalk must be installed along all perimeter streets in conformance with the approved site plan.
- b) Pedestrian sidewalk access must be provided between the public right-of-way and the primary building entry(s) in accordance with the approved site plan.
- c) All required sidewalks must be in good repair and not contain any defects as defined in Section 102-43 of the Des Moines Municipal Code.

##### **3. Screening**

- a) Trash containers shall be fully enclosed with 100% opaque walls and gate(s) constructed of masonry, steel panels, or other durable materials approved by the Community Development Director. Wood, vinyl or chain link are not durable materials for the purposes of this requirement.
- b) Outside storage of materials or equipment must be enclosed by opaque wood or masonry fence. No stored materials may be stacked higher than the perimeter fence.

- c) Roof-mounted utilities must be screened on all sides by an architectural screen wall with a height equal to the height of the equipment, and constructed with an exterior finish and color matching the primary building exterior. Roof-mounted utilities may also be screened by a parapet wall or by setback from the edge of the building equal to five times the height of the equipment, or any combination of the above.
- d) Wall-mounted utilities must be screened on all sides by an architectural screen wall or painted to match the adjoining building finish.
- e) Ground-mounted and wall-mounted utilities and meters shall be screened, or not visible from public streets.

#### **4. Building Materials**

- a) Minimum of 75% of the surface area (exclusive of windows and doors) of facades fronting and perpendicular to a public street must be glass, brick, concrete panels, architectural concrete block (such as split-face or burnished block), architectural metal panels or stone.
- b) All buildings shall have window and door openings comprising at least 20% of the surface area of each facade fronting public streets. However, those portions of such a facade adjoining areas of a building devoted to processing, manufacturing or storage uses associated with an industrial use of the building need only have window and door openings comprising at least 20% of the area of first floor such facade, up to a maximum elevation of 14 feet.
- c) No building elevation should have exterior insulation and finish system (EIFS) within 5' of the finished grade.
- d) As an alternative to conforming with the requirements set forth above in this paragraph 4, all facades fronting and perpendicular to a public street must be constructed of materials and with a design approved by the Community Development Director as being consistent with the overall intent and purpose of these Commercial Construction and Sustainability Design Standards, and providing an equivalent level of quality and durability.

#### **5. Underground Utilities**

All utility service lines to the property shall be underground, unless otherwise allowed by an approved site plan.

#### **6. Signage**

Free standing signs must be monument signs or directory signs as defined as Chapter 134, Zoning, of the Des Moines City Code (no pole-mounted signage).

#### **7. Site Custodial**

- a) All obsolete unneeded curb cuts, drive approaches, signs, sign poles, sign bases, concrete and paving islands shall be removed.
- b) Drive approaches shall be in good repair, properly sized and located.

#### **8. Sustainability**

Except as provided below, the development must provide a minimum of four (4) of the following sustainable features:

- a) Bike racks for public use that provide a minimum of 10% of the automobile parking provided.
- b) Permeable pavement for a minimum of 30% of the paved area.
- c) Green roof on 50% of the rooftop area.
- d) Rain garden(s) that absorb 25% of runoff from impervious surfaces during a 1 ¼ "rain event over 24 hours.
- e) Exceed applicable energy code by 15%.
- f) 50% increase in required landscaping.
- g) 90% of exterior building elevations constructed from renewable materials.
- h) Primary entry within ¼ mile of a DART transit stop.

- i) Redevelopment of a previously-developed site.
- j) Renovation of an existing building.
- k) Uses wind or solar electric generation systems reasonably estimated to annually provide at least 20% of the electric power consumed by the development.

Residential projects in conformance with a site plan approved prior to December 31, 2011, and consisting of three or more multi-family residential structures where at least two such structures were completed on or before December 31, 2012, must provide a minimum of three of the above sustainable features.

#### **9. Historic and Cultural Resources**

If the project includes a site with a historic building that is on the National Register of Historic Places or deemed eligible for the Register of Historic Places, the building must be retained if feasible, considering the condition of the property.

*History Note:*

*As amended by the Second Amendment to the Second Restated City-wide Urban Revitalization Plan approved on August 11, 2014, by Roll Call No. 14-1219.*

**APPLICATION FOR  
REVITALIZATION PROPERTY TAX ABATEMENT**

Property Owner: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Revitalization Area Name: \_\_\_\_\_

1. Description of Improvements

2. Are you requesting Historic District Tax Abatement?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please attach a letter of support from the Historic Preservation Commission.

3. January 1, 201\_\_\_\_, Assessed Value: \$ \_\_\_\_\_

4. Cost of Improvements: \$ \_\_\_\_\_

5. Estimated or Actual Completion Date: \_\_\_\_\_

6. Name and Addresses of Tenants Who May be Relocated:

The undersigned swears that the information presented on this application and any accompanying documents is true, correct, and complete to the best of their knowledge.

\_\_\_\_\_  
Date

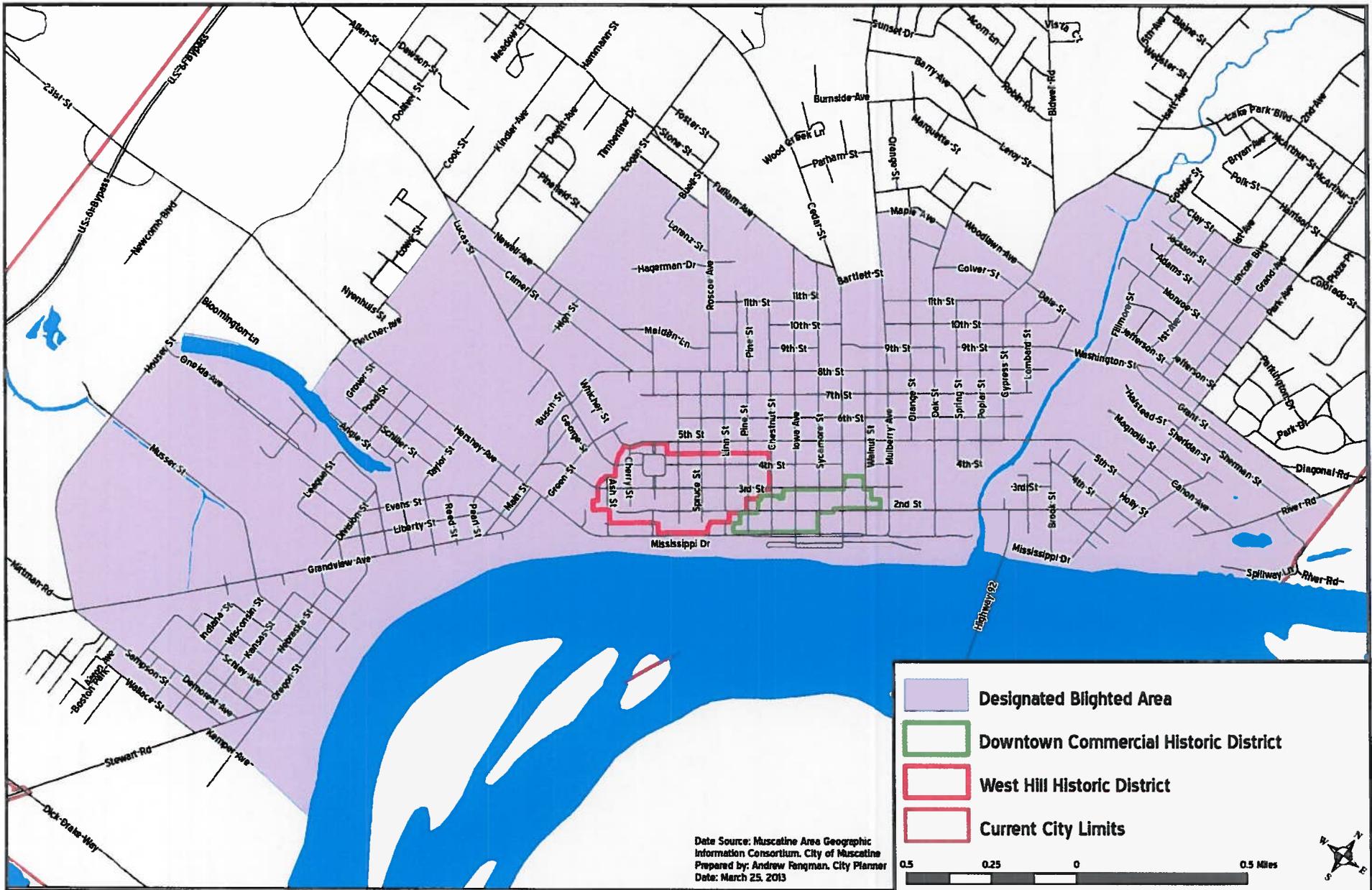
\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Title

Approved by City Council on

\_\_\_\_\_, 201\_\_\_\_\_.

\_\_\_\_\_  
City Clerk

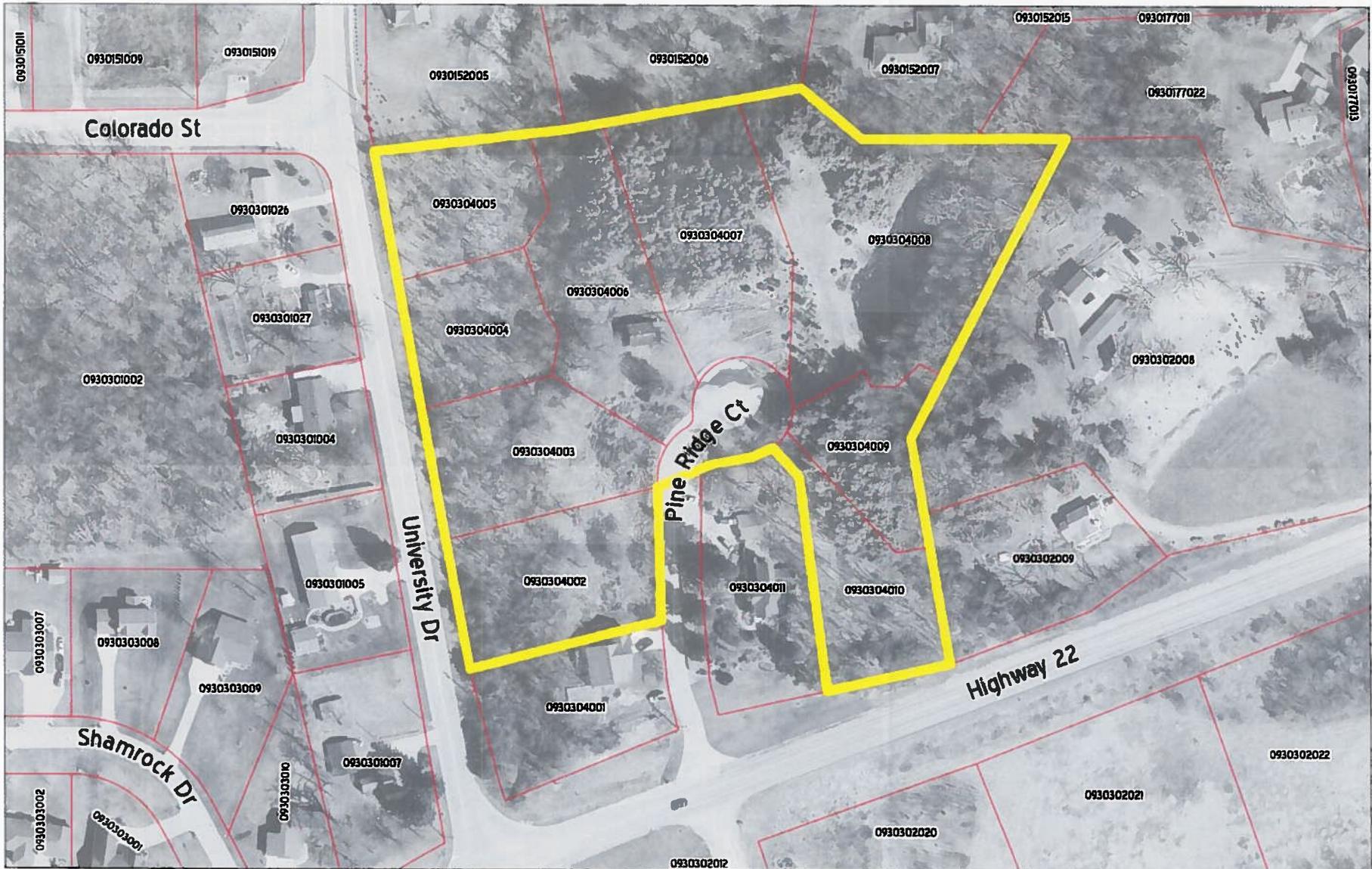




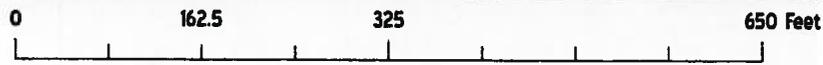


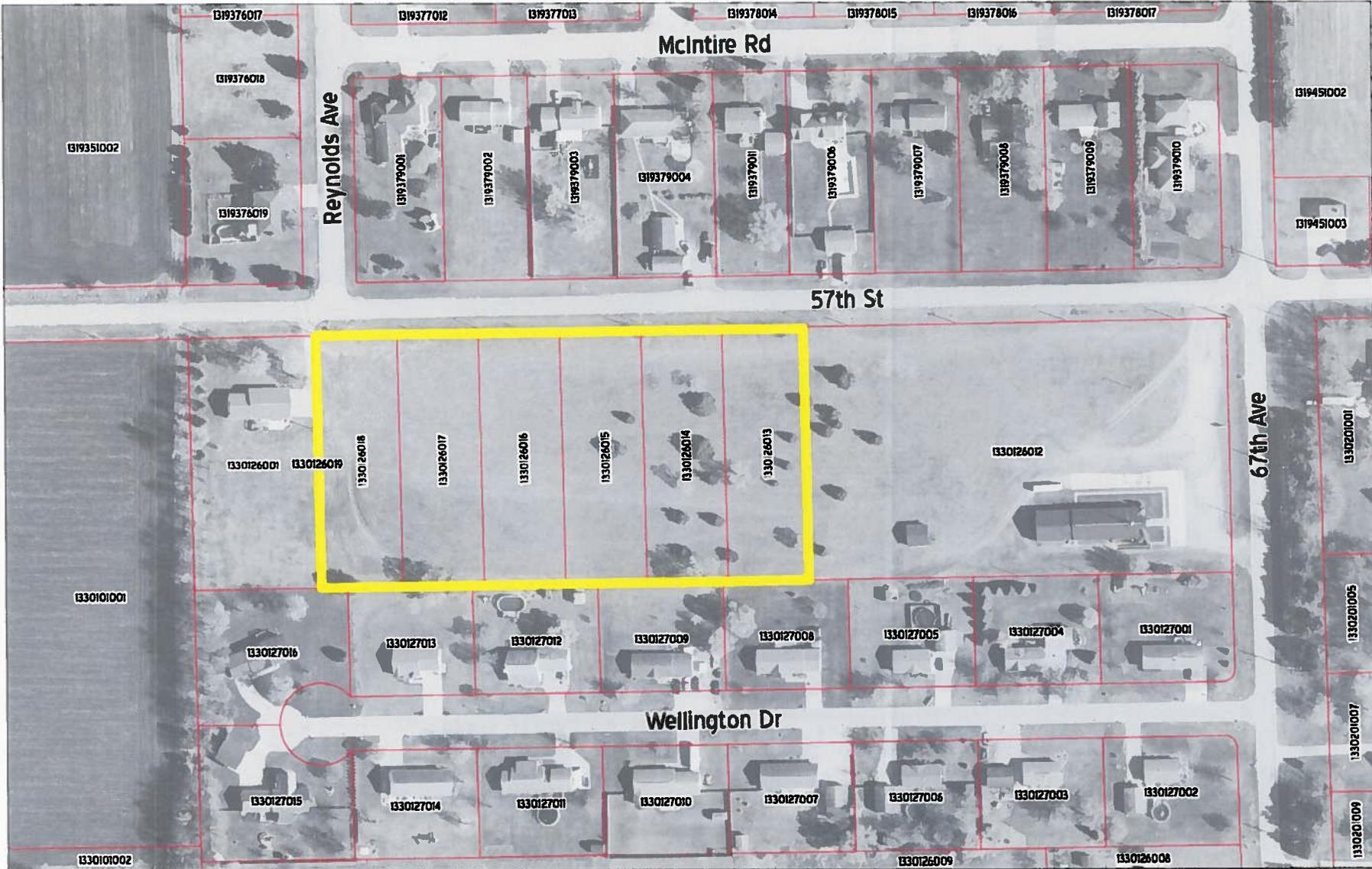






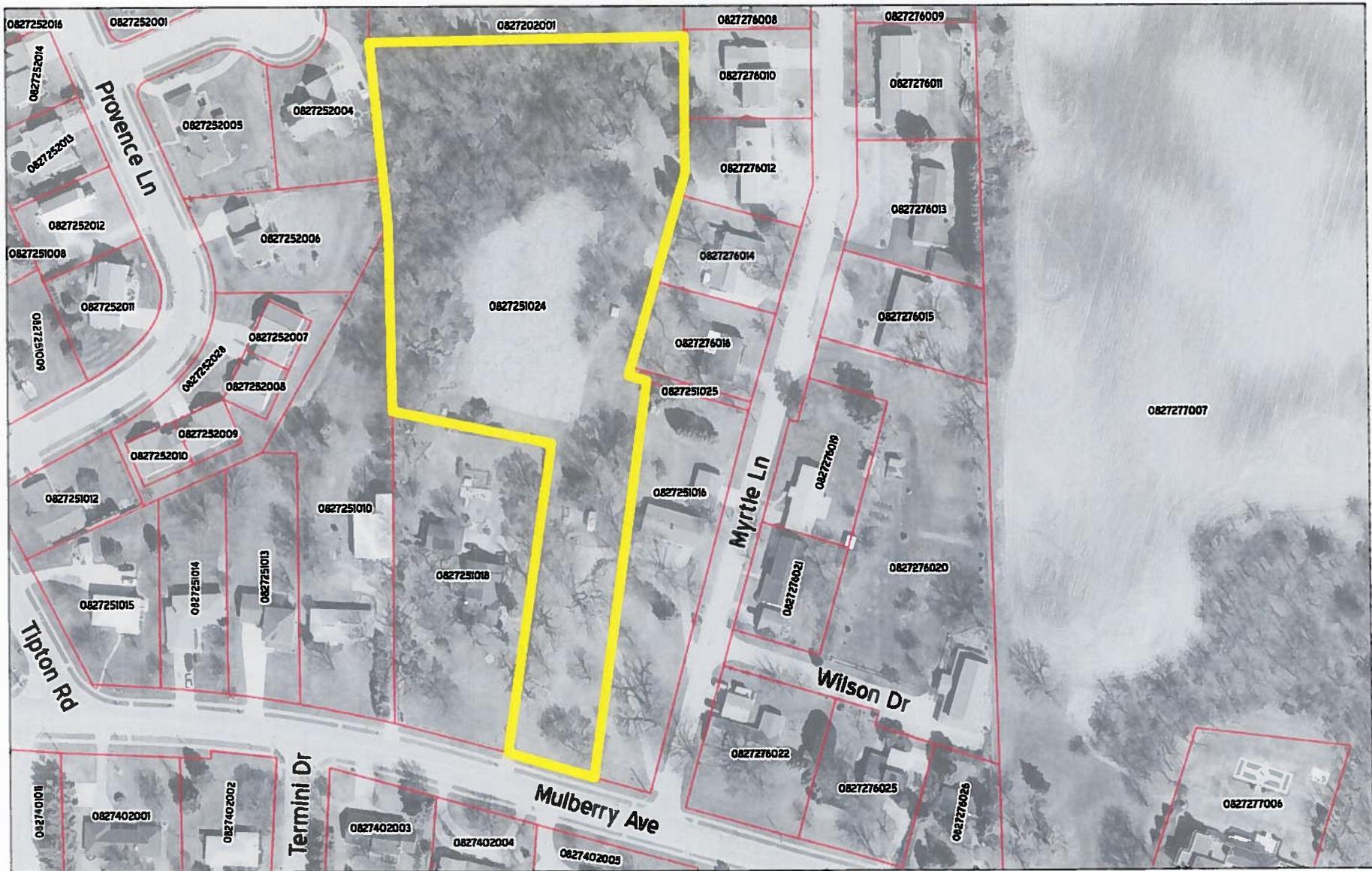
Pine Ridge



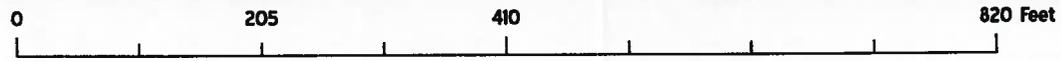


Hubbard Prairie





**Parcel #087251024**



# PROPERTY TAX ABATEMENT

(Questions and Answers about Iowa law)

Robert E. Josten and John P. Danos  
Dorsey & Whitney LLP  
801 Grand Avenue, Suite 3900  
Des Moines, Iowa 50309  
(515) 283-1000

1. Q: What is property tax abatement?  
A: It is a way in which city councils may give property owners an incentive to improve property by providing an exemption from property taxes for all or a portion of the increase in property valuation which occurs from new construction or improvements to existing buildings.
  
2. Q: What is the statutory authority for property tax abatement?  
A: Property tax abatement may be implemented only in accordance with the statutory provisions of either Chapter 427B (Industrial Property Exemption) or Chapter 404 (Urban Revitalization Act) of the Code of Iowa.
  
3. Q: What is the primary difference between the two state statutes?  
A: Chapter 427B is applicable to the entire City, but it authorizes abatement only for warehousing, research facilities and industrial properties and limits benefits to a five-year sliding scale, ranging from 75% in the first year to 15% in the fifth year. Chapter 404 is applicable in any parts of the City which have been specifically designated by the Council for tax abatement, and it authorizes abatement for all types of residential, commercial or industrial properties, with abatement schedules which vary depending on the type of property, as discussed below.
  
4. Q: What is the process by which either statute is implemented?  
A: Chapter 427B abatement requires only a public hearing and adoption of an ordinance by the Council. Chapter 404 abatement requires much more Council action, beginning with a determination of the portions of the City in which property will be eligible for abatement; the development of an "urban revitalization plan" for those areas, including benefit schedules for various types of property; mailing of notice of the public hearing to all property owners in the affected portions of the City and publication of the notice at least 30 days before the hearing; adoption of the plan by resolution and designation of the areas of the City by ordinance.
  
5. Q: What does Chapter 404 provide for commercial and industrial properties?  
A: A maximum of 100% abatement for three years, or a sliding scale abatement for ten years, ranging from 80% in the first year to 20% in the tenth year.

6. Q: What does Chapter 404 provide for residential properties?  
A: The benefits vary, depending upon the type of qualification of the area in which benefits are provided. For an area which meets the criteria of "blight" similar to the urban renewal law, or of historic preservation, residential property new construction may qualify for as much as 100% abatement for ten years. Improvements to existing property are also given special treatment up to a maximum of \$20,000. For an area which meets the criteria of "economic development area" as defined in the urban renewal law, these same benefits are available, but only if the residential property is occupied by families of low and moderate income (80% or less of the median income in the county). For an area which meets the criteria of "appropriate for public improvements related to housing and residential development," abatement benefits are limited to 100% of the first \$75,000 of value added, for five years.
7. Q: Must an urban revitalization plan under chapter 404 cover the entire City?  
A: No. Because it can be difficult to meet the "blight" criteria necessary for eligibility of many areas, most cities have tried to focus abatement for residential purposes on improvements to homes in already developed areas and construction of new homes on vacant lots. With respect to new residential development, most cities have chosen to meet the criteria related to an area appropriate for public improvements related to housing and residential development, thereby giving 100% abatement to the first \$75,000 of new value, for a maximum of five years.
8. Q: Must a city follow the statutory abatement schedules without change?  
A: No, a city may provide any amount of abatement up to the maximum amount allowed under a particular statutory schedule, but a city may not provide abatement in excess of the maximums allowed by statute.
9. Q: What is the difference between property tax abatement and tax increment financing?  
A: With abatement, the valuation related to the new construction or improvement is kept off the tax rolls for a period of time, thereby reducing the amount of property taxes to be paid by the property owner. With tax increment, the new valuation is subject to taxation, but most of the revenues produced by the taxes levied against that valuation by the city, county and school district are allocated back to the City as tax increment revenues, and may be used for economic development activities. Abatement provides a direct benefit to the person who is ultimately responsible for paying the property taxes; increment provides new revenues to be used by the City for public improvements and facilities, as well as incentives to developers.