

COUNCIL ACTION FORM

SUBJECT: URBAN REVITALIZATION TAX EXEMPTION REQUESTS FOR 2009

BACKGROUND:

Each year, property owners who have developed, redeveloped, rehabilitated, or remodeled property within the Urban Revitalization Areas (URA's) of the city may apply for tax exemption, as provided for in Chapter 404 of the Code of Iowa. The property owners of three development or redevelopment projects are requesting tax exemptions for the 2009 assessment year, which refers to improvements made in 2008 that are included in the current value of the property. In addition, a correction is being proposed to an abatement approved two years ago. (A listing of the project owners, locations, and reported values is attached for your review.)

The property owners have reported construction value totaling \$3,255,000 for projects for which they have requested exemption within the City's Urban Revitalization Areas for 2009.

- Renovation of the east portion of the Greek house at 325 Ash in the East University URA is the second tax abatement project for work that preserves this building.
- The former Greek house at 405 Hayward was adapted to become the Iowa House Bed & Breakfast and the property was accepted on the National Register of Historic Places.
- Last year, tax abatement was approved for the property at 2604 Northridge Parkway for two years, because the improvements were first fully assessed in 2007. However, *Code of Iowa* Section 404.4 allows the full three-year abatement schedule under these circumstances. Therefore, approval this year would add one more year of abatement for that property.
- On Twain Circle, condominiums continue to be built and sold to individuals for owner-occupancy. As in past years, the request represents abatement based on partial value.

The City Council is being asked to approve these projects for 2009.

ALTERNATIVES:

1. The City Council can approve the requests for tax exemption as conforming to the corresponding Urban Revitalization Plan to the extent that these requests are in compliance with Chapter 404 of the Code of Iowa.
2. The City Council can deny these requests for approval of the tax exemptions, only if found not to be in conformance with the revitalization plan.

MANAGER'S RECOMMENDED ACTION:

Staff has examined these projects as of January 2009, and finds that the work completed conforms to the corresponding Urban Revitalization Plans approved by the City Council. Therefore, it is the recommendation of the City Manager that the City Council act in accordance with Alternative #1. This action will deem the requests for tax exemption as conforming to the revitalization plan consistent with Chapter 404 of the Code of Iowa. The City Assessor will ultimately determine which of these applications will receive tax exemption. This action will allow the requests for tax exemption to be processed by the City Assessor.

2009 Tax Abatement Properties

East University Urban Revitalization Area

Alpha Iota Association
325 Ash Avenue
Greek House Renovation
10 years \$ 215,000

405 Hayward Urban Revitalization Area

Iowa House Building, LLC
405 Hayward Avenue
Greek House Renovation
3 years \$ 855,000

Urban Revitalization Area #7 (Somerset)

(Correction for abatement approved in 2008 for 2007 Valuation Year)

Friedrich-Woodward Development, Inc.
2604 Northridge Parkway
New Construction for Retail Sales and Services
1 additional year \$ 985,000

Twain Circle URA

Keith D. Arneson
& 2 owners of condominiums at 4503 Twain Circle
& 1 owners of condominium at 4510 Twain Circle
& 2 owners of condominiums at 4511 Twain Circle
4503, 4510 & 4511 Twain Circle
New Construction – Brick and Landscaping
3 Years \$ 1,200,000