

COUNCIL ACTION FORM

SUBJECT: 2010 URBAN REVITALIZATION TAX EXEMPTION REQUESTS

BACKGROUND:

Each year, property owners who have developed, redeveloped, rehabilitated, or remodeled property within the City's Urban Revitalization Areas (URA's) may apply for tax exemption as provided in Chapter 404 of the *Code of Iowa*. Property owners of eight development or redevelopment projects are requesting tax exemptions for the 2010 assessment year, which refers to improvements made in 2009 that are included in the current value of the properties.

A listing of the project owners, locations, and reported values is attached. Abatements are applied over three, five, or ten years, depending on the Urban Revitalization Plan approved for each area, as illustrated by the attached abatement schedule. The property owners have reported construction value totaling \$7,357,607 for these projects.

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 2010, 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 accept 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.

2010 Tax Abatement Properties

East University Urban Revitalization Area

Omega Delta Corporation
302 Ash Avenue
Greek House Renovation
5 years \$ 574,463

Alpha Omicron Pi Properties, Inc.
2007 Greeley Street
Greek House Renovation
10 years \$ 129,100

Alpha Gamma Rho Alumni Corporation
201 Gray
Greek House Renovation
10 years \$ 1,205,677

Town Center West Urban Revitalization Area (Somerset)

Erben and Margaret Hunziker, Apartments LLC
2721 Stange Road
New Construction for Retail Sales and Services
3 years \$ 500,000

Sunset View URA

Sunset Beach, LC
205 Beach
Multiple Family Residential
10 years \$ 2,780,000

Downtown Urban Revitalization Area

Richardson Worldwide LLC, Scott Richardson
101 Main
Downtown Façade Rehabilitation
3 years \$ 68,367

Ronald J. McMillen
413 Northwestern
Downtown Façade Rehabilitation
3 years \$ 700,000

Twain Circle URA

Keith D. Arneson & 1 owner of condominium at 4503 Twain Circle
4503 Twain Circle
New Construction – Brick and Landscaping
3 Years \$ 1,400,000

Urban Revitalization Program

Tax Exemption Schedule

All qualified real estate located in the designated revitalization area is eligible to receive a partial exemption from taxation on the Actual Value added by the improvements as specified by the schedules below. Any qualified real estate may elect one of the three schedules.

The exemption period for ten (10) years. The amount of the partial exemption is equal to a percent of the Actual Value added by the improvements, determined as follows:

For the first year,	80%
second	70%
third	60%
fourth	50%
fifth	40%
sixth	40%
seventh	30%
eighth	30%
ninth	20%
tenth	20%

The exemption period for five (5) years.

For the first year,	100%
second	80%
third	60%
fourth	40%
fifth	20%

The exemption period for three (3) years. All qualified real estate is eligible to receive a 100% exemption on the Actual Value added by the improvements for each of the three years.

Carefully examine the exemption schedules before making a selection. Once the selection of the schedule is made and the exemption is granted the owner is not permitted to change the method of exemption.