TAX ABATEMENT PROGRAM CHANGES

City of Des Moines, February 2016
Tax Abatement Program Changes

- Most substantial program changes since program inception in 1987
- Program renewed and amended in 2015, effective January, 1st 2016
  - 5-year, 100% and 10-year declining schedule for residential tax abatement has now expired
- Revised program extended through December 31st, 2020
Reasons for Program Changes

- More specific targeting of incentive programs
  - Align incentives more closely to city goals and comprehensive planning efforts
- Municipal budget impacts
  - Allows new construction to pay some taxes sooner
- Multi-family property tax rollback
- Continued emphasis on rehabilitation
- Maintain a strong incentive to build, but present a “gradual peel back” of abatement offered
Single-Family Residential: New Construction

- **Previous:**
  - 5-year, 100% citywide

- **New:**
  - Reduced to 6-year declining schedule for new construction (100%-100%-100%-75%-50%-25%)

Effective 1/1/16
Single-Family Residential: New Construction in Targeted Area

**Previous:**
- 10-year, 100% in targeted area

**New:**
- Reduced to 10-year declining (8-year, 100%-60%-40%)
- *Extended current 10-year, 100% until 1/1/17*
Targeted Area - 10 Year/100% Residential Tax Abatement
Graduated/Declining Abatement

- **6-year declining**
  - Year 1: 100% abated
  - Year 2: 100% abated
  - Year 3: 100% abated
  - Year 4: 75% abated
  - Year 5: 50% abated
  - Year 6: 25% abated

- **10-year declining**
  - Year 1: 100% abated
  - Year 2: 100% abated
  - Year 3: 100% abated
  - Year 4: 100% abated
  - Year 5: 100% abated
  - Year 6: 100% abated
  - Year 7: 100% abated
  - Year 8: 100% abated
  - Year 9: 60% abated
  - Year 10: 40% abated
Single-Family Residential: Rehabilitation

- **Previous:**
  - 10-year, 115% Citywide, (capped at ~$23,000 project value)

- **New:**
  - No Change in 10-year, 115% schedule
  - For larger projects, 10-year, 100% tax abatement in place
<table>
<thead>
<tr>
<th>Schedules</th>
<th>Abatement Granted</th>
<th>Key Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule 1 Residential Rehabilitation</td>
<td><strong>10-year, 115% - Available Citywide</strong></td>
<td>• For smaller residential projects such as home remodels/renovations, additions, new garages, etc.</td>
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<td>• Capped at ~$23,000 maximum abatement value granted</td>
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<tr>
<td>Schedule 4A Residential Rehabilitation</td>
<td><strong>10-year, 100% - Available Citywide</strong></td>
<td>• For residential projects such as home remodels, renovations, and additions above ~$23,000 in value</td>
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<td>• No maximum cap on valuation of improvements</td>
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<td>• Also applicable for multi-family housing renovation work, subject to meeting design guidelines</td>
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<td>Schedule 4D Residential New Construction</td>
<td><strong>10-year, Declining-</strong>&lt;br&gt;(100-100-100-100-100-100-100-100-60-40%)&lt;br&gt;Targeted Area only</td>
<td>• For new construction of single-family, two-family homes, and townhomes in the Residential Targeted Area</td>
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<td>• Includes Downtown Overlay District and Designated Corridors for Multi-Family Residential projects</td>
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<td>• Previous 10-year, 100% abatement applicable until 2017 in select areas</td>
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<tr>
<td>Schedule 4E Residential New Construction</td>
<td><strong>6-year, Declining-</strong>&lt;br&gt;(100-100-100-75-50-25%)&lt;br&gt;Available Citywide, outside Targeted Area</td>
<td>• For new construction of single-family, two family &amp; townhomes</td>
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<td>• Homes must be connected to public sanitary sewer system</td>
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Multi-Family Residential: New Construction
Outside the Targeted Area

- **Previous:**
  - 5-year, 100% citywide

- **New:**
  - Eliminated tax abatement for all multi-family (defined as 3 or more dwelling units) new construction outside of Targeted Area
  - Exemption for rowhomes with 8 or less units

Effective 1/1/16
Multi-Family Residential: New Construction Inside the Targeted Area

- **Previous:**
  - 10-year, 100%

- **New:**
  - 10-year declining (8-year, 100%, 60%-40%)
  - Includes residential conversion of commercial buildings

*Extended current 10-year, 100% program until 1/1/17*
Multi-Family Residential: Rehabilitation

- **Previous:**
  - 5-year, 100% citywide
  - 10-year, 100% in targeted area

- **New:**
  - 10-year, 100% citywide

Effective 1/1/16 citywide
Commercial Tax Abatement

- **No Changes Made:**
  - 3-year 100% abatement OR
  - 10-year declining schedule
  - Outside of Downtown Overlay District
  - Must meet minimum design guidelines
Questions??

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