City of Carroll

112 E. 5th Street Carroll, Iowa 51401-2799 (712) 792-1000 FAX: (712) 792-0139

MEMO TO: Honorable Mayor and City Council Members

FROM: Mike Pogge-Weaver, City Manager MJP-W

DATE: November 7, 2018

SUBJECT: Discussion: Creation of an Urban Revitalization Area to provide Tax Abatement

The Council has been considering the creation of an Urban Revitalization Area in order to provide Tax Abatement for property improvements. Staff has been working to prepare the plan and needs direction from the council on the following items:

- Tax Exemption Schedule for each property classification?
  - Does the city offer a blighted or non-blighted tax exemption schedule for residential properties?
- Duration the Urban Revitalization Area will run?

Tax Exemption Schedule

Based on the property classification, state law sets out the maximum tax exemption schedules that can be offered. The Council has the ability to have a lesser abatement schedule than what is listed in state statue. The following are the maximum tax exemption schedules outlined in state statue:

Multiresidential (3+ living quarters, with 75% of the space for residential purposes):
10 years – 100%

Commercial or Industrial:
10 years - Declining percentage: 80-70-60-50-40-40-30-30-20-20
- OR -
3 years - 100%

Residential in a district that is **NOT** designated as blighted:
5 years - 100%, up to $75,000 of value added

Residential in a district that **IS** designated as blighted:
10 years - 115%, up to $20,000 of value added
- OR -
10 years - Declining percentages: 80-70-60-50-40-40-30-30-20-20
- OR -
3 years – 100%
- OR -
10 years – 100%

According to the Carroll County Assessor, only Coon Rapids, Manning, Lanesboro, Lidderdale, and Breda offer tax abatement in Carroll County. Coon Rapids is the only community that provides a tax abatement for blighted residential property. Manning and Breda offer residential tax abatement using non-blighted standards. Manning, Lanesboro, Lidderdale, and Breda offer tax abatement for commercial and industrial properties. Here are the tax exemption schedules for each community:

Coon Rapids

Residential (blighted) and Multiresidential tax exemption with the following schedule:

1st Year	100%
2nd Year	90%
3rd Year	80%
4th Year	70%
5th Year	60%
6th Year	50%
7th Year	40%
8th Year	30%
9th Year	20 %
10th Year	10%

Manning

Residential (non-blighted) tax exemption on the following schedule:

1st Year	75% on the first $75,000
2nd Year	60% on the first $75,000
3rd Year	45% on the first $75,000
4th Year	30% on the first $75,000
5th Year	15% on the first $75,000

Multiresidential, Commercial, and Industrial tax exemption on the following schedule:

1st Year	75%
2nd Year	60%
3rd Year	45%
4th Year	30%
5th Year	15%

Lanesboro (expires June 2, 2019) and Lidderdale (expired March 18, 2018)

Commercial tax exemption with the following schedule:

1st Year	75%
2nd Year	60%
3rd Year	45%
4th Year	30%
5th Year	15%

Breda

Commercial and Industrial tax exemption on the following schedule:

3 years at 100%

- OR -

1st Year	80%
2nd Year	70%
3rd Year	60%
4th Year	50%
5th Year	40%

Residential (non-blighted) tax exemption on the following schedule:

5 years at 100% on the first $75,000

Council consideration on a Tax Exception Schedule for the City of Carroll

Staff need direction on the desired tax exception schedule for each property type (residential, multiresidential, commercial and industrial). As to the residential tax exception, the council should consider if they want to offer a tax exception at the non-blighted or blighted level.

Also, the request from Chad Kanne, Matt Wendl, and Adam Schweers in conjunction with the redevelopment of Morrison Apartments to be called Lincoln Highway Suites, was for a 10-year 100% abatement on the increased value of the renovated building. This level of incentive is not currently provided in Carroll County and is rare in Iowa. In addition to the tax exemption schedules above, here is the level of multiresidential tax exemption schedules provided in other Iowa communities:

- 3 years 100% - Mason City, Cresco, Grinnell, and Fairfield
- 3 years 100% on first $75,000 - Le Mars
- 3 years 50% - Storm Lake
- 5 years 100% - Perry
- 5 years 100% on the first $40,000 per unit - Decorah
- 5 year sliding - Van Meter (100%, 100%, 100%, 75%, 50%), Pleasant Hill (75%, 60%, 45%, 30%, 15%), Oskaloosa (80%, 65%, 50%, 35%, 20%)
- Adel (The year construction is started is the abatement level that will be received)
    - 2017-2018 – 7 year 100%
    - 2019-2020 – 3 year sliding (75%, 50%, 25%)
    - After 2020 – Program ends. No abatement unless new program is started.
- 10 years 100% - Mount Pleasant, Spencer
- 10 years sliding - Des Moines very targeted areas (100% first 8 years, 60% year 9, 40% year 10)

At the meeting on August 27th, the Council requested that staff identify a potential area that could be included in an Urban Revitalization Area and to detail the various tax abatement schedules that the City could potentially offer. At the September 10th meeting, staff presented a map of a proposed district that was based, in part, on the Carroll Housing Condition Windshield Survey that was completed by Region XII as part of the 2013 Comprehensive Plan and a suggested Urban Revitalization District that was made by Don Kanne. Attached is that map. At the September 10th meeting, the Council discussed the proposed district and wanted to take time to drive the proposed area before making a decision on a possible district. At the September 24th meeting the Council, it was desired to expand the area northeast up to 18th and Grant Road and southeast to Clark and Grant Road. A copy of this map is attached.

There is some concern with offering a blighted tax exemption schedule for residential properties in the expanded area. While there are blighted properties in the larger area, staff is concerned that the larger area could fail to meet the requirement that a "substantial number" of the properties are blighted which is required by state statute. If the Council desires to provide an expanded residential tax exemption schedule that is offered to blighted properties, staff would recommend that the area be focused to that area that is truly blighted. The Council could also opt to provide a higher blighted incentive in the smaller area and a non-blighted incentive in the larger expanded non-blighted area.

Plan Duration

The Council should provide direction on how long of a period of time they want to initially offer the abatement for. To encourage residents to complete the work in a timely basis, staff would recommend limiting the initial term to 5 to 10 years. The Council always has the opportunity to extend the plan duration in the future or to end it early.

RECOMMENDATION: Mayor and City Council discuss a potential area for an Urban Renewal District and provide feedback to staff on a proposed tax exemption schedule and plan duration.

CARROLL COUNTY APPRAISAL

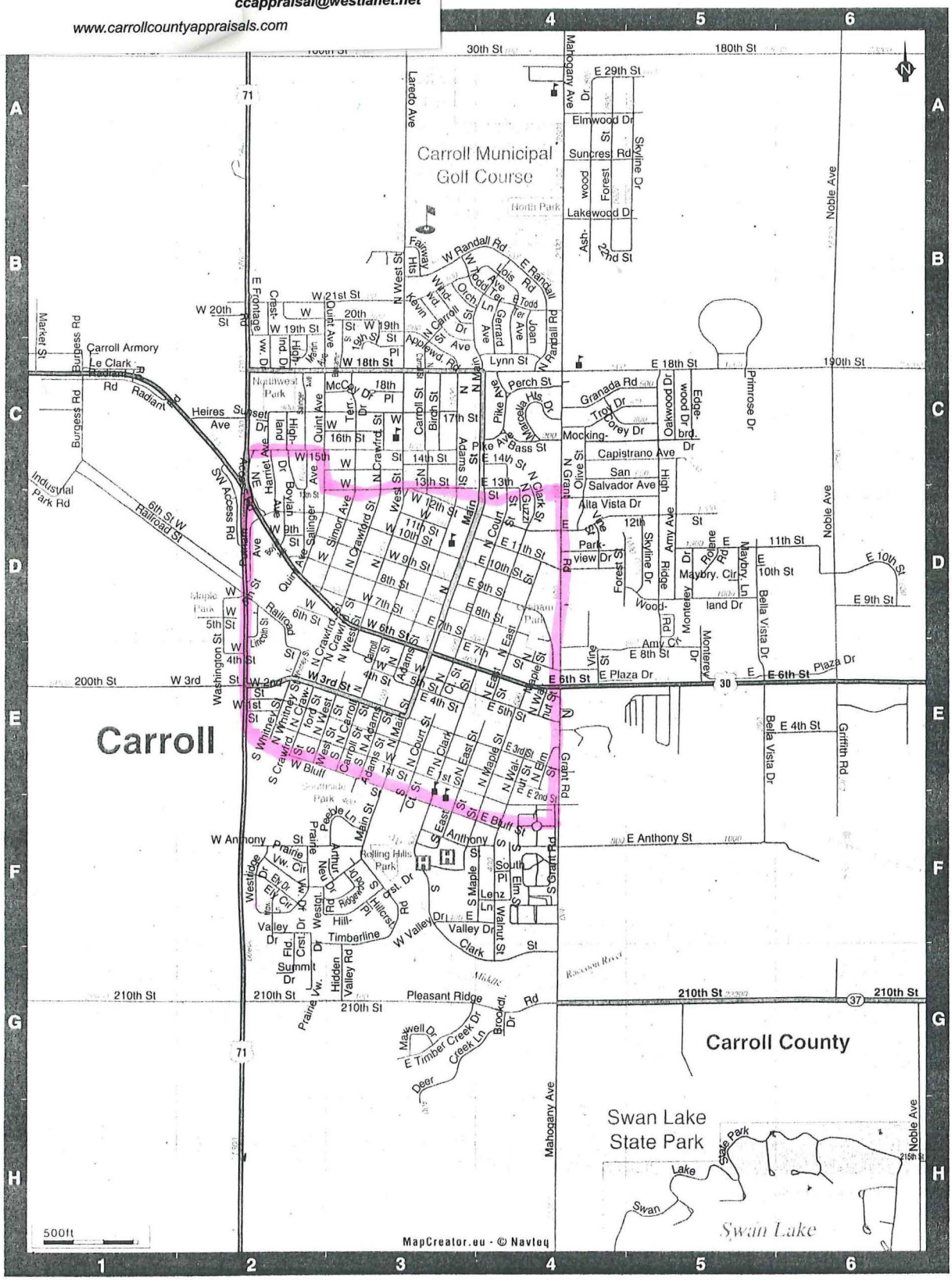
Don Kanne
Certified Residential Appraiser

512 N Court St
Carroll, IA 51401
P: 712-792-2776
F: 712-792-2746
ccappraisal@westianet.net

www.carrollcountyappraisals.com

dex

Carroll street map



Map data provided by Navteq. To request a map change, please go to mapreporter.navteq.com.

© 2014 Dex

© 2014 Dex

dexknow

directo

Telephone subscrib
new listings to app
directly to arrange

Resolving Dispu
Your local telephon
number listed in th
If your telephone p
Iowa Utilities Boar
Customer Service
1375 E Court Ave
Des Moines, Iowa
Toll free 877 565-
or Email customer
or Fax 515 725-73

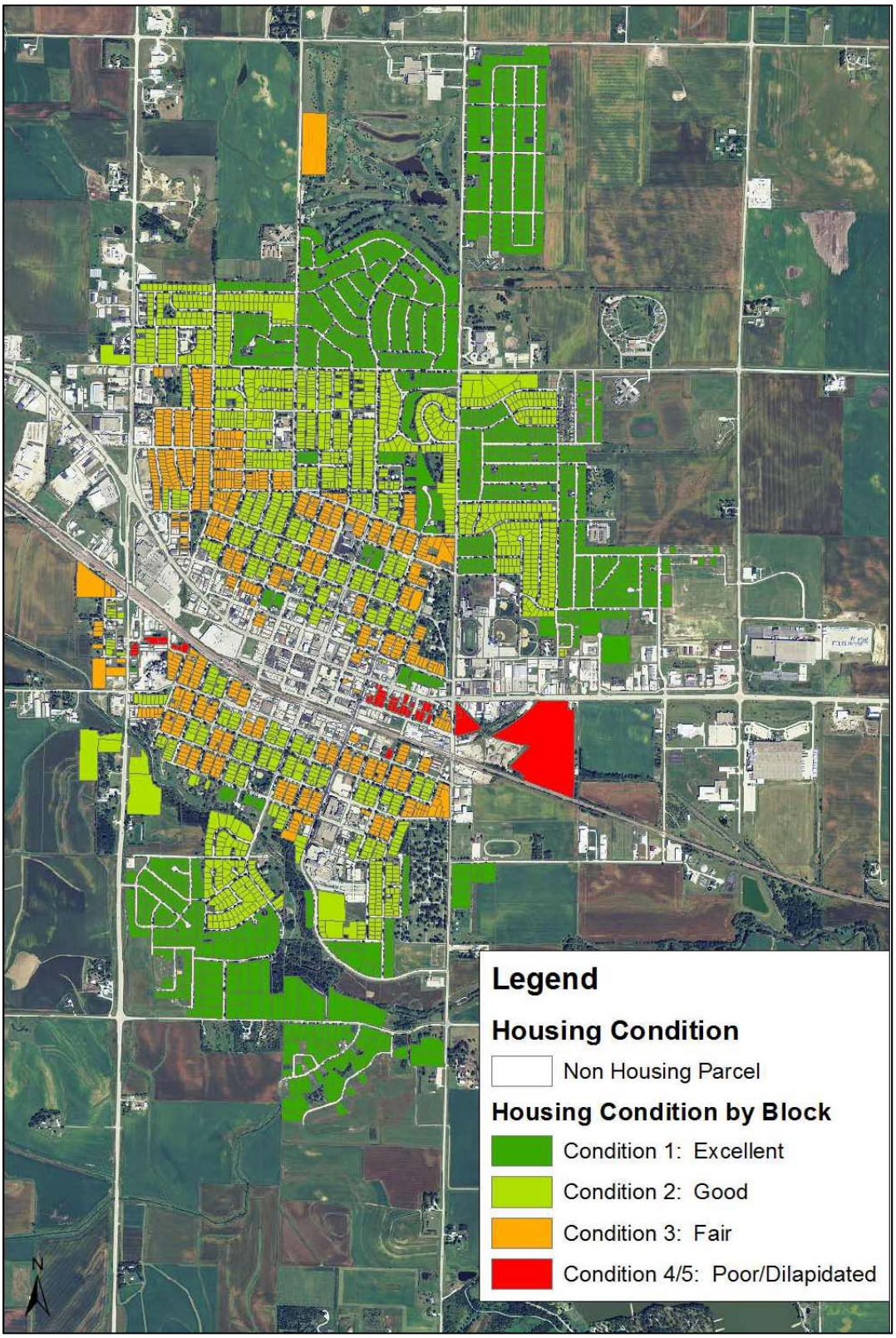
CenturyLink
CenturyLink - Sma
CenturyLink - Larg
CenturyLink - Servicio en Espa
AT&T
Matrix Business T
OrbitCom, Inc.
Scranton Telepho
Trinsic, Powered
Western Iowa Ne
Windstream Com

The Phone Service Pag
nature of this informat
the information on this
Business or Residential
service).

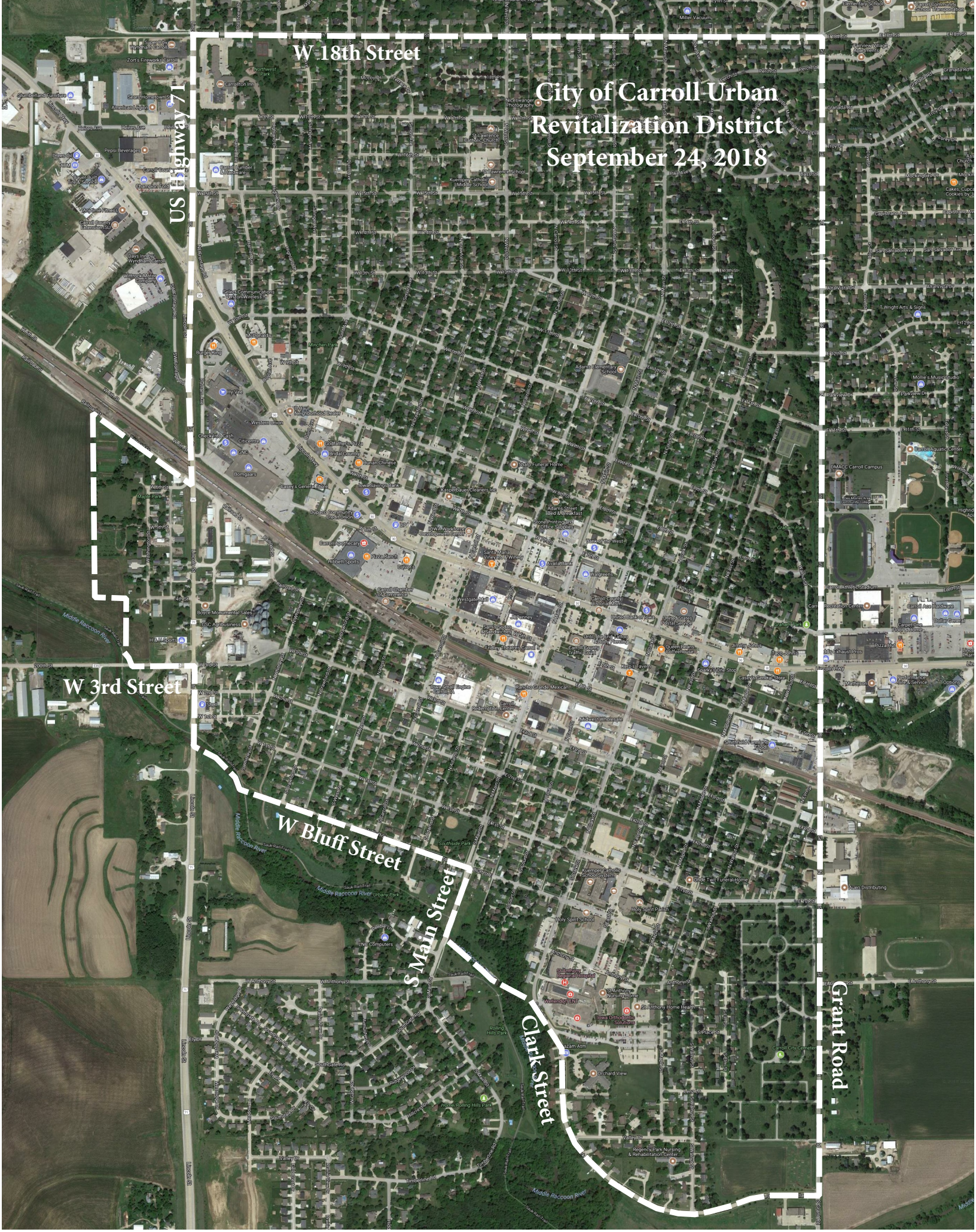
Centu
Services for Residen
Centro de Servicio
Services for Small B
Services for Large B
Web Address: www

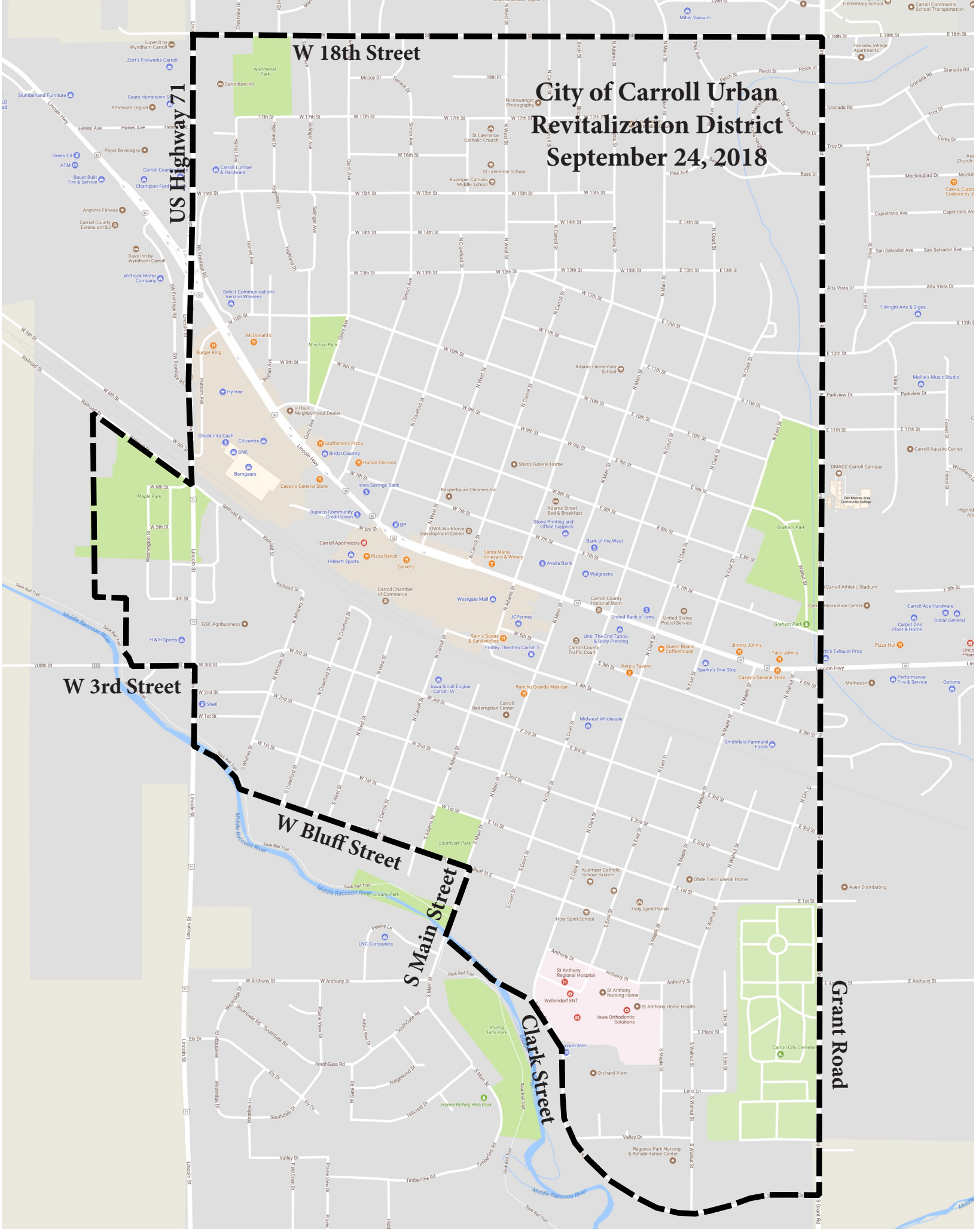
Matrix BUSIN
433 Las Colinas Blvd
Irving, TX 75039
Customer Service
Web Address: www

Figure 4-7: Carroll Housing Condition Windshield Survey



Potential Carroll Urban Revitalization District
September 6, 2018
W 18th Street
W 13th Street
E 17th Street
Railroad Street
3rd Street
Bluff Street
S Main Street
S Clark Street
S Walnut Street
E 1st Street
Grant Road
US Highway 71
Lincoln St
Super 8 by Wyndham Carroll
Carrollton Inn
Northwest Park
St Lawrence Catholic Church
First United Methodist Church
Days Inn by Wyndham Carroll
Maple Park
Southside Park
Kuemper Catholic School
Urbany Park
St Anthony Regional Hospital
Rolling Hills Park
Carroll City Cemetery
Carroll Campus
Pizza Hut


City of Carroll Urban
Revitalization District
September 24, 2018
W 18th Street
US Highway 71
W 3rd Street
W Bluff Street
S Main Street
Clark Street
Grant Road


City of Carroll Urban Revitalization District
September 24, 2018
W 18th Street
US Highway 71
W 3rd Street
W Bluff Street
S Main Street
Clark Street
Grant Road