

ITEM #:	<u>22</u>
DATE:	<u>02-27-24</u>
DEPT:	<u>P&H</u>

COUNCIL ACTION FORM

SUBJECT: **2024 URBAN REVITALIZATION TAX ABATEMENT REQUESTS**

BACKGROUND:

The City Council established Urban Revitalization Areas (URAs) which allow for the granting of tax exemption for the increased valuation of a property for projects that meet the criteria of each URA's Urban Revitalization Plan. In most cases, these criteria set certain standards for physical improvements that provide public benefits. **When property within one of these URAs is developed, redeveloped, rehabilitated, or remodeled, the property owner is eligible for abatement of property taxes on the incremental increase in property value after the improvements are completed.** This abatement can extend for three, five, or ten years, depending on the Urban Revitalization Plan for each URA and the one requested by the applicant.

Every year, owners who have made improvements to property within the City's URAs during the previous year may apply for tax exemption on the incremental added value of their properties. The City must determine if the completed improvements meet the criteria in the Urban Revitalization Plan for the URA in which the property is located. If the City Council finds that the criteria are met, this approval is forwarded to the City Assessor, who then reviews each request and determines the amount of the exemption based on the increase in incremental valuation.

The City received two requests for property tax exemptions in two different URAs on the increase in valuations based on the 2024 assessments. These sites are the Kappa Kappa Gamma Sorority at 120 Lynn Avenue and a the building at the southeast corner of 5th Street and Burnett Avenue. A table showing project addresses, Urban Revitalization Areas, project costs and requested tax abatement schedules is included in Attachment 1. Attachments 2 and 3 contain the specific eligibility criteria for the designated Areas, a brief description of the individual projects in those areas, and staff's determination of eligibility.

The property owners have reported construction values totaling \$7,965,297. The applicant estimates are self-reported construction and soft cost values and may not be the same as the added property value. **The actual increase in valuation from the improvements will be determined by the City Assessor and that valuation will be the basis of the partial property tax exemptions.**

ALTERNATIVES:

1. The City Council can approve the requests for tax exemptions as outlined in Attachment 1 by finding that they meet the criteria of their respective Urban Revitalization Areas and forward the findings to the City Assessor.
2. The City Council can deny some or all of these requests for approval of the tax exemptions if the Council finds the improvements do not comply with the respective Urban Revitalization Area

criteria.

CITY MANAGER'S RECOMMENDED ACTION:

Staff has examined the applications submitted as of February 1, 2024 and finds that the requests for the completed projects substantially conform to criteria of their respective Urban Revitalization Plans approved by the City Council. The Kappa Kappa Gamma Sorority has selected an abatement schedule of 10 years while the at 330 5th Street has selected an abatement schedule of 3 years.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby approving both of the requests for tax exemption as meeting the criteria for their respective Urban Revitalization Areas. This action will allow the qualifying requests for tax exemption to be processed by the City Assessor, who will determine the actual value of the respective tax exemptions.

ATTACHMENT(S):

[Attachment 1.pdf](#)

[Attachment 2.pdf](#)

[Attachment 3.pdf](#)