

City of West Burlington Tax Abatement Program Adopted 2022

Goals

The goals of the City of West Burlington's Urban Revitalization Plan and Tax Abatement Program are:

- To encourage the commercial, industrial, and residential revitalization
- To stabilize and increase the tax base within the city.
- To improve the City through new construction and rehabilitation of existing commercial, industrial, and residential property.
- To enhance the Area by increasing land values and providing an overall aesthetic improvement

Iowa League: <https://iowaleague.org/resource/urban-revitalization/>

Urban revitalization is a tool that can be used to redevelop areas of a city and help spur economic growth.

Chapter 404 of the Code of Iowa, the Urban Revitalization Law, contains the provisions relating to urban revitalization and details how local governments can implement and use the tool.

Areas where urban revitalization can be used, primarily focusing on areas with

- dilapidated and deteriorated buildings that are detrimental to public health and economic growth
- historic preservation,
- economic development
- public improvements for residential development

Urban revitalization areas can contain all of the real property within the city limits or a more targeted subset of parcels.

Some city councils have adopted urban revitalization areas that cover the entire city or for a type of property class, such as residential. Others have created specific areas within the city to help revitalization efforts in that part of town.

Within these areas, cities are able to exempt all or a portion of property taxes for property owners who construct projects that improve the value of their property.

The state code provides different tax exemption schedules for varying purposes and cities are allowed to tailor the exemption schedules to meet local policy needs so long as they do not exceed the statutory limits.

Providing tax exemptions incentivizes property owners to improve their properties or construct new buildings, stabilizing tax bases and spurring growth when it otherwise might not occur.

What is Tax Abatement?

A temporary reduction in property taxes on the portion of assessed value added by new construction or improvements to an existing structure.

Requirements

- Tax abatement is available to both homeowners and developers. To be eligible for tax abatement, properties must be located in the City of West Burlington and have obtained all necessary permits.
- The improvements made to qualified real estate assessed as residential must increase the actual value of such real estate by at least ten (10%) percent
- The improvements made to the qualified real estate assessed as commercial must increase the actual value of such real estate by at least fifteen (15%) percent.

Who determines the increase in real estate value?

New construction, additions, major rehabilitation, and remodeling improvements generally increase the assessed value. The County Assessor's Office determines the actual increase in value of the real estate.

What tax exemption is the property eligible for?**Commercial Property**

All qualified real estate assessed as commercial property is eligible to receive a full or partial exemption from taxation based on the actual value added by the improvements. The applicant may choose between one of two exemption periods and terms (abatement schedules):

- The partial exemption is for a period of ten (10) years. The amount of the partial exemption is determined as follows:
 - First year, eighty percent (80%);
 - Second year, seventy percent (70%);
 - Third year, sixty percent (60%);
 - Fourth year, fifty percent (50%);
 - Fifth and sixth years, forty percent (40%);
 - Seventh and eighth years, thirty percent (30%); and
 - Ninth and tenth years, twenty percent (20%).
- A full exemption for a period of three (3) years. The amount of the full exemption is determined as follows:
 - First year, one hundred percent (100%);
 - Second year, one hundred percent (100%);
 - Third year, one hundred percent (100%);

Industrial Property

All qualified real estate assessed as industrial property is eligible to receive a partial exemption from taxation based on the actual value added by the improvements. The applicant may choose only the following period and term (abatement schedule):

- The partial exemption is for a period of ten (10) years. The amount of the partial exemption is determined as follows:
 - First year, eighty percent (80%);
 - Second year, seventy percent (70%);
 - Third year, sixty percent (60%);
 - Fourth year, fifty percent (50%);
 - Fifth and sixth years, forty percent (40%);
 - Seventh and eighth years, thirty percent (30%); and
 - Ninth and tenth years, twenty percent (20%).

Residential Tax Abatement

All qualified real estate assessed as residential property is eligible to receive a full or partial exemption from taxation based on the actual value added by the improvements. The applicant may choose between the following exemption periods and terms based on the type of property or development.

Qualified real estate assessed as residential may be required to plant one hardwood tree in order to be eligible for tax abatement.

New Residential Homes (New homes, rehab, and additions)

- Homes must be either single family or duplexes
- The exemption is for a period of 5 years
- The exemption is on 100% of first \$75,000 value added

New Residential in Blighted Districts Homes (New homes, rehab, and additions)

- Homes must be either single family or duplexes
- Homes must be within the blight district (see map)
- The exemption is for a period of 10 years
- The exemption is on 100% of value added

Multi-Res

- Multi-Residential (3 plus residential units)
- The exemption is for a period of 5 years
- The exemption is on 100% of value added

Abandoned Property (All Property Classes)

- The exemption is for 15 years
- The exemption is for the Actual value added

- The applicant may choose between one of two exemption periods and terms (abatement schedules):
 - The partial exemption is for a period of ten (10) years. The amount of the partial exemption is determined as follows:
 - First year, eighty percent (80%);
 - Second year, seventy percent (70%);
 - Third year, sixty percent (60%);
 - Fourth year, fifty percent (50%);
 - Fifth and sixth years, forty percent (40%);
 - Seventh and eighth years, thirty percent (30%); and
 - Ninth and tenth years, twenty percent (20%).
 - A full exemption for a period of five (5) years. The amount of the full exemption is determined as follows:
 - First year, one hundred percent (100%);
 - Second year, one hundred percent (100%);
 - Third year, one hundred percent (100%);
 - Fourth year, one hundred percent (100%);
 - Fifth year, one hundred percent (100%);