

Dear Editor,

The City Council is considering significant changes to the tax abatement program. Some people see a tax abatement program as an economic spur and a way to raise the tax base long term, while others see it as a non-beneficial give away to people who can afford expensive housing and unfair to those who never had an opportunity to qualify for abatement.

Currently, all qualified standard residential property is eligible to receive exemption from taxation on the first \$75,000 of actual value for 3 years. To qualify, improvements must increase the value of the property, other than land, by 10 percent or more. Sustainable residential property, if it meets requirements, may receive 5 year abatement on the first \$75,000 of actual value. Qualified commercial property is eligible for partial tax exemption for 4 years (80 percent the first year to 20 percent year 4). The amount of partial exemption is equal to a percent of the actual value added. For details see 3 or 5 year tax incentive under Community development on the City Council-Indianola, Ia. Official website.

The new program the Council is considering would eliminate the current program and substitute a new program that would put: 1) one and two family sustainability properties, 2) new multi-family—3 units or more under common ownership, and 3) commercial property all on a 5 year schedule of 100 %, 80%, 60%, 40%, and 20% abatement with no maximum limit. That means that a new \$1,000,000 house would receive the same tax abatement schedule as a new \$150,000 house.

Ankeny, Clive, Johnston, Urbandale, and Waukee have no residential tax abatement programs. Altoona and Norwalk have 5 year abatement on the first \$75,000. Carlisle has a 5 year 100% program. For details see the April 16 and May 21 Council study meeting minutes and the June 4 Council agenda on the City Council website. To read the draft ordinance go to <http://indianolaiowa.gov/AgendaCenter/ViewFile/Agenda/06042018-735> A proposed public hearing date on the draft ordinance will be suggested to Council June 18, and the hearing may be set for July 16.

I must admit I have mixed feelings about tax abatement programs because there are both pros and cons. However, I do have the following concerns: 1) Having no cap (currently \$75,000) seems wrong. Perhaps updating to \$150,000 or \$200,000 would stimulate housing growth without seeming unfair compared to having no limit, 2) A subject of this importance should have been highlighted on the City Council website. The Council has apparently acted lawfully by developing this proposal in announced public meetings. However, it has made virtually no effort to notify or engage the citizens of Indianola, and 3) Energy saving requirements of the current 5 year program would be eliminated. The new proposal should be modified to incentivize energy savings in new construction and remodeling projects.

I encourage all residents to express their thoughts to the Mayor and City Council.

Al Farris