

## Residential Tax Abatement FAQ

### What is “tax abatement”?

It is a temporary reduction in property taxes that are otherwise payable on the actual value added to a residential property due to a qualified improvement. Tax abatement is legally known as “Urban Revitalization” (Chapter 404 of the Iowa Code). Perry has adopted an urban revitalization plan to permit tax abatement for qualified real estate improvements within the City.

### What is a “qualified improvement”?

“Qualified improvements” are new construction, rehabilitation and additions that meet the other requirements described below. Are there other requirements for residential tax abatement?

General other requirements to qualify for residential tax abatement include:

- Increase the assessed value of residentially classified property by \$20,000;
- Conform with the City’s Zoning Ordinance;
- Conform with all other applicable codes, rules and regulations;
- New Construction must abide by the City of Perry Green Building Guidelines (New Construction);
- A building permit with all necessary inspections completed is needed for most improvements that increase your value.

Contact the Building Official at 515-314-9621 to find out if you need a building permit.

### What does “residentially classified” mean?

Single-family, duplex, apartment (see below) and residential condominium dwelling units.

### Does an apartment building qualify?

An apartment building ONLY qualifies if it consists of 3 or more separate living units with at least 75% of the space used for residential purposes AND is located within a targeted multi-family residential tax abatement area or corridor. See the city’s tax abatement webpage for additional information. Renovations to existing apartment buildings will qualify for the rehabilitation schedule of abatement, subject to meeting the City of Perry Green Building Guidelines.

### What kind of “improvements” increase the assessed value?

New construction, additions, major rehabilitation and remodeling improvements generally increase the assessed value. Repairs generally do not increase the assessed value unless several major repairs are completed at the same time. For specific information, contact the Dallas County Assessor’s Office at 515-993-5802.

### Does \$1 spent on work = \$1 of increased assessed value?

One dollar spent is not necessarily equal to one dollar of increased value. Contact the Dallas County Assessor’s Office at 515-993-5802 for more information.

### What areas of Perry qualify for residential tax abatement?

The Citywide Urban Revitalization Area contains the entire area within the corporate boundaries of the City of Perry as those boundaries that exist on September 16<sup>th</sup>, 2016

### How long is tax abatement available?

Tax abatement is set to expire on December 31, 2026, if not renewed by City Council.

### Will the abated taxes accumulate and surprise me when the abatement period ends?

No, the taxes resulting from the improvements do not exist under tax abatement until the tax abatement runs out. WHEN the abatement EXPIRES, you have to pay the current taxes on improvements to the property.

### Is money available to make improvements?

Not as a part of the residential tax abatement program. There are several other programs available to offer assistance, call the Building Official at 515-314-9621 for more information on these programs.

### If qualified improvements are made, how do I get tax abatement?

The property owner must file an application with the City prior to the 1st working day of February following the year when the improvements are completed. The City encourages filing applications as soon as the project is completed.

### How do you apply?

Complete the tax abatement application. It takes about 5 minutes to complete the application.

Applications are available at:

<http://www.perryia.org/tax-abatement.html> or Perry City Hall, 1102 Willis Ave.

### Who applies?

The property owner. Even if as a lessee, you are doing the improvements and your lease agreement has you paying the taxes, the property owner will need to consent to the application. The tax abatement will be included as part of the property's tax record for the term of the abatement.

### How often do I need to apply?

Each year you make qualifying improvements to the property. If no further improvements are made, the initial application is sufficient.

### Why would an application be denied?

- The assessed value of the property is not increased by at least \$20,000.
- The improvement is not in conformance with City codes and regulations, including all completed building inspections.
- The application was submitted after the filing deadline.
- The improvement is not in a designated area to receive tax abatement.

### If I do interior improvements, will the Assessor need to see them?

Yes, the assessor needs to verify and assess the improvements before the abatement is granted.

### Can property taxes be eliminated using tax abatement?

No, there will always be some taxes on the property (value of lot, land). The abatement applies to your improvements only.

### Will my taxes increase if I use tax abatement?

It is possible your taxes will increase over time because of reassessments, special assessments for sidewalks, sewer, or streets, and/or the tax formula components change (tax rates increase, residential rollback values decrease).

### If I think my assessment is too high, what can I do?

You may appeal the assessment to the Dallas County Assessor at 515-993-5802.

### Why did the City Council designate most of the City for tax abatement?

The City Council adopted tax abatement to encourage new construction and housing rehabilitation because much of Perry' housing stock was built before 1950. Also, a windshield survey showed a total of 32.2% of the properties reviewed within Perry were either blighted or deteriorated.

### Do I have to make improvements?

The program is voluntary. If you do not want to make improvements, then the tax abatement program will not affect you.

### Residential Tax Abatement Schedules

New Construction assessed as residential property and which satisfies the qualification requirements is eligible for a temporary exemption from taxation as follows:

- For the first year, one hundred percent.
- For the second year, one hundred percent.
- For the third year, one hundred percent.
- For the fourth year, one hundred percent.
- For the fifth year, one hundred percent.
- For the sixth year, eighty-five percent.
- For the seventh year, sixty percent.
- For the eighth year, forty-five percent.
- For the ninth year, thirty percent.
- For the tenth year, fifteen percent.

Improvements consisting of rehabilitation or additions to existing improvements which increase the actual assessed value of the qualified real estate by at least \$20,000 for property assessed as residential and 15% for property assessed as multi-family residential shall be **eligible for exemption on only the improved value** as follows:

- For the first year, one hundred percent.
- For the second year, one hundred percent.
- For the third year, one hundred percent.
- For the fourth year, one hundred percent.
- For the fifth year, one hundred percent.