

**City of Bondurant
Economic Development Residential Tax Abatement Program F.A.Q.**

1. Why did the City begin a residential tax abatement program?

The purpose of the tax abatement program is outlined in the City’s Urban Revitalization Plan. The primary objective of the program is to improve economic conditions, increase housing inventory of single homes and townhouses, provide additional tax base to share in the cost of services (police, fire, parks and recreation, library, administration, etc.). New rooftops translate into customers for existing businesses and draw new businesses, increasing the commercial tax base. Without additional valuation, the tax base would eventually constrict city services. At the time the abatement program was adopted, the Bondurant-Farrar School District enrollment had been flat for several years; new homes would bring more students. The abatement program has attracted new developers, making more lots available. The abatement program is in place for property owners who secure a building permit by July 31, 2021.

The program also encouraged existing homeowners to take advantage of the tax abatement program to construct new improvements that add 10% or more of the assessed value of their homes, abating added taxes on the increased value.

Moreover, the program calls for green building standards that must be incorporated into all new and existing residential improvements. These standards increase resource efficiency, reduce environmental impacts, increase the durability of building components, and simplify maintenance requirements. New homes and construction improvements must meet 10 of 43 green building standards to qualify for the residential tax abatement program.

	Abatement Schedule
2016	Graduated three-year; 75%, 60%, 45%

2. Why didn’t the City believe that growth would occur anyway unless tax abatement incentives were offered?

Of course growth could be expected once the economy improved. However, there was concern about the speed and level of growth needed to keep pace with the cost of services and to meet the demand to add amenities. A stagnant tax base would eventually put pressure on the City’s operational costs. The benefits of jump-starting growth to make an investment in Bondurant appeared to make more sense than waiting to see whether anything would happen.

3. Was it possible to project whether the residential tax abatement program would spur growth?

It was not possible for the City to predict whether the tax abatement program would work—whether local, state, and national economies would pick up; whether new developers would be attracted to Bondurant; or whether residents in the surrounding areas would be attracted to Bondurant. Even now that the tax abatement program has spurred growth, that growth could increase or decrease for a variety of reasons, including whether other cities implement tax abatement programs, whether developers are confident that the City's current program will remain stable, and whether the housing demand increases or decreases.

4. Is it fair for new home owners to receive a tax abatement while all others are paying property taxes?

The fairness lies in what current residents receive from incentives that are enticing new and current residents to build a home or improve a home in Bondurant that would not otherwise be here, growing Bondurant to increase its tax base in the future. They benefit themselves by spreading the costs of operational expenses, capital equipment and infrastructure over more taxpayers. They also benefit right now from the new homes that pay water, sewer, storm water and utility hook-up fees and building permits. In 2020, the first new home owners will pay property taxes and every year thereafter more and more will pay. Current residents will reap the value of their investment many times over.

Increased valuation will provide for more dollars for law enforcement, fire protection, parks and recreation programs, and library services. If nothing is done to increase valuations, current residents could see reductions in city services when costs outstrip resources. All residents will benefit from being able to receive high quality services.

5. What are the benefits of the residential tax abatement program to existing property owners and residents?

Besides future additional tax base to support services, new homeowners immediately pay water, sewer, and storm water user fees to share in infrastructure repairs and upgrades. Developers pay for new streets, water and sewer lines, and lighting in new developments; all infrastructure must be developed to meet Iowa Statewide Uniform Design Standards (SUDAS) as overseen by the City's engineers and staff.

The higher circulation at the library means more money from state and county sources. Expanded and enhanced recreational programming results from more participants, paying user fees. The increased building permits can fund the costs of administration and more. Additional students enrolled in schools translates into more funding for those students and more valuation from new homes for the school budget. Small class sizes can be preserved, additional programs can be added, and demographers can help plan for additional space needs met by rising valuations and abated by increased sales tax revenues. The City also received Road Use Taxes on a per capita basis.

Ultimately, additional residential will be needed to attract businesses. Population growth spurs commercial ventures and brings the businesses residents are demanding.

6. How do developers, realtors, bankers and mortgage companies along with the City benefit from the residential tax abatement program?

With the abatement, plus the abundance of recreational offerings, quality of schools and location to the interstate, developers hope to sell lots more quickly to builders who, in turn, hope to build and sell homes more quickly to pay off their financing and make a profit. Rarely will developers buy property without a way to mitigate their risk. A tax abatement program is meant to benefit all—developers, realtors, bankers, mortgage companies, City government, utilities, businesses and taxpayers. Private enterprise prospers, new homes in all price ranges are added to the City's housing inventory, starter home residents move up to mid-level homes, new home-buyers are attracted, new infrastructure is added, more customers patronize established and new businesses, and Bondurant-Farrar Schools' remains strong.

7. Since Bondurant values our small town feel, how will the City strive to maintain it in light of the growth that has already occurred with more to come?

For those who feel that Bondurant is growing too fast and too much, we can remember that the small town feel of Bondurant comes from our sense of community, not from the number of people.

Bondurant's approximately 5,493 residents reach out to each other to take care of each other. Churches, service-oriented businesses, civic organizations, the whole community looks after each other, as evidenced by many acts of kindness. Residents come together for celebrations like the Bondurant Summerfest, Celebrate Bondurant, and Bondurant Blues, for all those events that bring us face-to-face. From preserving Bondurant's walkable downtown and historic Depot Trailhead, Bondurant's small feel town encompasses citizens in a rich life that can accommodate the many varied interests of all the people.

8. When will the residential tax abatement be re-evaluated next?

The City Council will review the City's tax abatement program prior to July 31, 2021 and will consider whether changes to the tax abatement program are warranted.