

ELKADER URBAN REVITALIZATION TAX ABATEMENT PROGRAM

General information:

The City of Elkader Iowa has been a state designated Main Street community since 1991. We believe focusing on our core business district has helped our town succeed in maintaining a vibrant business environment.

The Elkader Urban Revitalization Tax Abatement Program is a tool to encourage the construction or renovation of property in the Central Business District (see map). We appreciate your interest in contributing to our successful Main Street by purchasing and caring for one of the historic buildings.



The Tax Abatement program is an economic development incentive that phases in the new property taxes on the renovated part of your property. To qualify, a project must involve new construction or significant renovation that increases the assessed value of the property by at least 10 percent, as assessed by the County Assessor.

This incentive is authorized under Iowa Code section 404. By ordinance, the City has approved an Urban Revitalization Plan (Chapter 9 of the Elkader Municipal Code).

Qualified projects are eligible to receive partial exemption on the assessed value added by the construction of new property or the value added by the improvement. The increase in taxes is phased-in over ten years:

Year 1: For the first year, eighty percent of the value of the improvement is exempted from property taxes.

Year 2: For the second year, seventy percent of the improvement is exempted;

Year 3: For the third year, sixty percent

Year 4: For the fourth year, fifty percent

Year 5: For the fifth year, forty percent

Year 6: For the sixth year, forty percent

Year 7: For the seventh year, thirty percent

Year 8: For the eighth year, thirty percent

Year 9: For the ninth year, twenty percent

Year 10: For the tenth year, twenty percent

After the tenth year, the property owner will be paying taxes on the full value added due to the improvements.

Process:

Applying for and receiving a tax abatement is a multi-step process that involves the Elkader City Council and the Clayton County Assessor.

Step 1: complete the initial proposal form and return it to the City Administrator/Clerk to be considered for approval by resolution by the City Council.

Step 2: if the City Council approves the proposal, the property owner shall submit a copy of the approved proposal to the Clayton County Assessor;

Step 3: complete the project!

Step 4: when the project is complete, submit part two of the proposal to the City Administrator/Clerk. This will need to be approved by the City Council so allow enough time to process it before February 1st.

What does abatement mean? Abatement means that a certain amount of property value is exempted from taxes. The amount does not show up on your tax bill. This is in contrast to a different economic development incentive called a rebate. With a rebate the property owner pays all the taxes and upon providing proof of taxes paid, the City rebates, or gives back, a portion of the taxes paid.

Once all the initial paperwork is done, an abatement is easier for the property owner. However, a drawback for the community is that the exempted value does get added to the overall assessed value of all property in the community. The City needs that number for things such as debt service levy.

Questions on the Elkader Urban Revitalization program can be directed to the City Administrator/Clerk at (563) 245-2098 or elkaderadmin@alpinecom.net or the Economic Development Director at (563) 245-2770 or mainstreetelkader@gmail.com.



ELKADER URBAN REVITALIZATION TAX ABATEMENT PROGRAM Continued

Process continued:

Step 5: The City Administrator/Clerk, in consultation with the Clayton County Assessor, will prepare a minimum assessment agreement (see attached example) to be approved by the City Council. The assessment of your property can be more than what is agreed to in the minimum assessment but it will never be less. To determine the minimum assessment we will take into consideration the following to determine the minimum assessment: current assessment or recent sale price plus 10%, or a recent appraisal, or the total cost of the project.

Step 6: The minimum assessment agreement needs to be signed by the City, the County Assessor, the property owner, and lender if the property owner has a mortgage. Then it can be recorded at the County Recorder's office. The City Administrator/Clerk will then return a copy of the minimum assessment agreement and a copy of part two of the proposal to the property owner.

Step 7: The property owner will submit a copy of the recorded minimum assessment agreement to the County Assessor no later than March 1st (Iowa State Code 404.4(2)).

An important note: in Iowa, taxes are paid on a property 1.5 years after the property value is assessed.

If the project is complete in February 2024 and the paperwork is provided to the County Assessor by March 1st, the exemption will not show on the tax bill until Fall of 2025.

Step 8: Check your tax statement or your online property information on the Assessor's website (www.claytoncountyiowa.gov/149/Assessor; then under the real estate search link) to make sure exemption has been applied (for the tax year 1.5 years after submitting the paperwork). It will be reflected like this:

	2024	2023	2022
Classification	Commercial	Commercial	Commercial
+ Assessed Land Value	\$7,362	\$7,362	\$6,693
+ Assessed Building Value	\$63,909	\$63,909	\$39,632
+ Assessed Dwelling Value	\$0	\$0	\$0
= Gross Assessed Value	\$71,271	\$71,271	\$46,325
→ Exempt Value	(\$13,060)	(\$14,926)	\$0
= Net Assessed Value	\$58,211	\$56,345	\$46,325

When to submit part two of proposal application:

If your project is being constructed over several calendar years, a property owner may want to submit for the exemption before the project is completely done. The County Assessor would recommend that you wait until the project is fully complete. Otherwise the ten years of the exemption begins before the entire additional value has been added. The property owner would still receive the ten years of abatement but the first year would only cover part of the improvement amount.



An example: Current year with no improvement: assessed value is \$100K

1st year of project with part of improvement added: assessed value is \$120K (\$20K is the new value due to improvements; 80% of \$20K or \$16K is exempted).

2nd year of project that is complete: assessed value is \$140K (\$40K of new value due to the improvements; 80% of \$40K or \$32K is exempted)

The Clayton County Assessor will discuss your project and help you decide. Andy Loan can be reached at (563) 245-2533.

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ELKADER URBAN REVITILAZATION TAX ABATEMENT PROGRAM (page 3)

Initial Proposal

Date submitted to the City:	Building Permit No. (if applicable)
Property Owner:	
Home Address:	Contact number:
Project Address:	Email:
Project Description:	
Economic Impact (if applicable) (Number of jobs to be created)	
Within first year: Full Time_____ Part Time_____	
Subsequent years: Full Time_____ Part Time_____	
Estimated date of completion:	Estimated Cost:
Signature of Applicant:	
Date signed:	

Project checklist: (February 1st is the important deadline)

- _____ (date) Complete the initial proposal and return to the City Administrator/Clerk to be placed on a Council agenda. (City Council meets the 2nd and 4th Mondays. Please have this paperwork to the City Administrator/Clerk the Wednesday before a Council meeting.)
- _____ (date) The City Council approves the proposal by resolution.
- _____ (date) Put a reminder on your calendar to complete part two of the proposal once the project is complete.

Part 2 of proposal application: Congratulations on completing your project!

Was project completed as described above? If not please include new details here:	
Number of jobs actually created: Full Time_____ Part Time_____	
Date of project completion:	Cost of completed project:

ELKADER URBAN REVITILAZATION TAX ABATEMENT PROGRAM (page 4)

I understand the exemption follows this schedule:

Year 1: For the first year, eighty percent of the value of the improvement is exempted from property taxes.

Year 2: For the second year, seventy percent

Year 3: For the third year, sixty percent

Year 4: For the fourth year, fifty percent

Year 5: For the fifth year, forty percent

Year 6: For the sixth year, forty percent

Year 7: For the seventh year, thirty percent

Year 8: For the eighth year, thirty percent

Year 9: For the ninth year, twenty percent

Year 10: For the tenth year, twenty percent

Signature of property owner:

Date signed:

Signature of City Administrator/Clerk:

Date signed:

Signature of County Assessor:

Date signed:

Amount of minimum assessment agreement:

Project checklist: (February 1st is the important deadline)

- _____ Once the project is complete let the City Administrator/Clerk know so that a minimum assessment agreement can be prepared. Please keep in mind that City staff does not know when construction is complete so it is up to you let the City know so the remaining paperwork can be processed.
- _____ Part two of the proposal application also needs to be completed and submitted to the City before February 1st.
- _____ All parties (the City, property owner and County Assessor) sign the minimum assessment agreement. The City will record the minimum assessment agreement with the County Recorder and return a copy to the property owner.
- _____ (date) The property owner will provide a copy of the recorded minimum assessment agreement and part two of the proposal to the County Assessor before March 1st. (Iowa State Code 404.4(2))

PLEASE NOTE: City staff does not know when construction is complete. The property owner needs to submit part two of the proposal to the City before February 1st and to the Clayton County Assessor before March 1st. (Iowa State Code 404.4(2))

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Elkader Urban Revitalization Area map

All property zoned C-1 or C-2 located between the Turkey River and Second Street and between Boardman and Cedar Streets plus the lot currently used for the Elkader Jail-house Inn (not shown on map).

Added 201 N. Main Street, 108 and 110 Cedar Street NW in December 2024.



