



Town of Yorktown

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Ordinance 704 – Residential Tax abatement program

As I discussed earlier this year, Mark Thurston purchased Iron Gate and is in a position where he is discussing a “Fire Sale of Building Lots” this spring and summer. In a discussion with Mark, I asked how the Town could help kick start construction in the subdivisions and community and the discussion of residential tax abatement program came up.

In 2005/2006 the Town was seeing 40-50 new houses a year and then we all know that the housing bubble hit and contractors have been limited in the last few years in the number of new homes constructed. In 2008 the Town tried a residential tax abatement program to help keep construction going, but met with limited success. The economy and construction has started to turn as we are seeing signs in communities south and north of us pick up, and I believe that the Town will benefit in multiple ways by having construction in our already developed subdivision (not just the ones owned by TK) take off.

I am recommending a 2 year tax abatement program for newly constructed houses that begin construction after June 1st 2013 and runs for either 12 or 18 months. This means that a newly constructed home in this time frame would not pay taxes for the 1st year and would pay 50% of their taxes for the second year. The program would be open to all “urbanized” areas in our community and each property would have to go through the process, which includes a recommendation from our Economic Development Commission and an individual ordinance for each lot approved by the council.

We have multiple subdivision that were constructed in the early to mid 2000’s that now have empty or nearly empty streets that need patrolled, plowed and maintained, and water and sewer systems expansions that are being paid off by the current rate payers because of the construction slow down. This has a detrimental effect because the only revenue we are receiving is the assessed value of an empty lot.

I believe we would see multiple benefits from a quick burst program, including an increase of construction related employees, new assessed value in a relatively short term, new water and sewer customers who would be paying utility rates, and we are only losing the assessed value of empty lots for 18 months.

There are some drawbacks, as this will compete with individuals that are currently trying to sell their existing home or may encourage somebody to build instead of rehab which doesn’t help some of our core neighborhoods. This is why I’m recommending the short time frame for construction to start.