

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-481

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

SEPTEMBER 24, 2001

SYNOPSIS -

SUBJECT:

IOWA ENTERPRISE
ZONE
CERTIFICATION-
AMENDED
GATEWAY
ENTERPRISE ZONE

On the September 24, 2001, Council agenda is a resolution to submit an application to the State of Iowa for Enterprise Zone certification for the amended Gateway Enterprise Zone. This action will result in designating an additional seven acres for a total of 3,741 acres or nearly 1 percent of Polk County for enterprise zone certification, which is the maximum land area allowed. The Enterprise Zone Program is a special package of state tax incentives designed to encourage reinvestment in economically distressed areas.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

The boundaries of the Gateway Enterprise Zone are proposed to be amended to focus reinvestment in an area that has significant redevelopment potential. The area to be added to the Gateway Enterprise Zone is located between Woodland Avenue to Linden Street and between 15th to 16th Streets. The amended Gateway Enterprise Zone covers the Central Business District including Gateway East and West and the Riverpoint area. It is now proposed to be bounded generally by I-235 to the north, Pennsylvania Avenue/East 7th Street to East Vine Street to the Des Moines River to the east, the Raccoon River to the south, and the Raccoon River and 19th Street to Woodland Avenue to 10th Street to the west.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

This amendment will assist in encouraging new mixed-use office and residential development in the historic Sherman Hill neighborhood. Ellen Walkowiak with the City's Office of Economic Development is coordinating the City activities relative to this project.

FISCAL IMPACT -

N/A

RECOMMENDATION -

Approval.

BACKGROUND -

On June 21, 1999, by Roll Call No. 99-2002, the City Council designated the Gateway Enterprise Zone and submitted an application to the State of Iowa Department of Economic Development (IDED) for certification of this zone. On July 22, 1999, the IDED Board of Directors certified the Gateway Enterprise Zone.

Beneficiaries of the State Enterprise Zone Program primarily include developers of housing, office, and/or industrial projects. Applicants must meet certain state eligibility criteria related to investment, job creation, wages and benefits, and project completion timeframe in order to qualify for incentives.

State enterprise zone benefits include 10 percent investment, 3 percent jobs training, and 13 percent research activities tax credits as well as 100 percent sales tax refunds on materials used and services provided in construction contracts.

The amended Gateway Enterprise Zone meets the state's eligibility criteria for certification by having a family poverty rate of 43.1 percent (Census Tract 27). In addition, there are some deteriorated structures, underutilized parcels, and other factors that preclude economic growth, which substantiate a finding of blight as defined in the Iowa Code.

The Gateway Enterprise Zone certification, including the proposed amendment, will remain in effect until July 21, 2009. Although incentives must be conferred prior to the end of the ten-year period, the benefits provided may extend beyond this timeframe.

Enterprise Zone certification will assist the City of Des Moines in retaining, expanding, and attracting new investment to this area. The use of state tax benefits will act as leverage and may reduce the amount of City incentives. Approximately 45 remaining acres may be designated and certified as enterprise zones until July 1, 2003.
