

**CITY COUNCIL
COMMUNICATION:**

03-236

AGENDA:

MAY 19, 2003

SUBJECT:

WATER STREET
BROWNSTONES
ENTERPRISE ZONE
APPLICATION

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

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

SYNOPSIS —

Water Street Brownstones had been under construction and was 50 percent complete when it was struck by fire on the morning of April 5, 2003. It was completely destroyed along with the Vine Street Lofts. The Developer is committed to rebuilding both project components.

On the May 19, 2003 Council agenda is a roll call that recommends approval of Water Street Brownstones, LLC's application for Enterprise Zone benefits. George Sherman is the President of Sherman Associates, Inc. and is authorized to sign the Enterprise Zone application. Water Street Brownstones is a joint partnership of Sherman Associates and the Lander Group. The offices of Sherman Associates are located at 233 Park Avenue South, Suite 201, Minneapolis, Minnesota.

The project will consist of the construction of two buildings with a total of 34 condominium units. Another component of the project (submitted under another application) is the construction of the Vine Street Lofts, a five-story, 109-unit apartment building adjacent to the condominium buildings. The entire project will sit a top of an underground parking garage. The apartments and condominiums will partially enclose a landscaped courtyard to provide green space and semi-private outdoor space for the residents. The development will be oriented toward the river and frame First Street.

FISCAL IMPACT —

Water Street Brownstones, LLC will be eligible for up to \$935,900 of investment tax credits as well as \$125,000 in sales tax refund from the State of Iowa Enterprise Zone Program.

RECOMMENDATION —

Approval.

BACKGROUND —

At the time that the application for Enterprise Zone benefits was submitted for Vine Street Lofts, the Water Street Brownstones were not eligible for the program. Legislation approved during the last session changed the regulations, however, and the project is now eligible for the program.

The total project cost is \$10,986,500. This project will provide a range of housing opportunities for the downtown workforce including more affordable

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homeownership opportunities. The infusion of more people living in the district will further contribute to the area's vitality and revitalization of the Court Avenue Neighborhood.

The Downtown Des Moines Neighborhood Association will meet on May 20, 2003 to review the application. If the group does not recommend approval of the application, the project will not be presented to the Des Moines Enterprise Commission until the issues are resolved.

