

**CITY COUNCIL
COMMUNICATION:**

03-321

AGENDA:

JULY 14, 2003

SUBJECT:

VINE STREET
LOFTS 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 —

On the July 14, 2003, Council agenda is a roll call that recommends approval of Vine Street Lofts, 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. Vine Street Lofts is a joint partnership of Sherman Associates and the Lander Group. The office of Sherman Associates is located at 233 Park Avenue South, Suite 201, Minneapolis, MN.

The project will consist of the construction of an apartment building with a total of 109 units. Another component of the project (submitted under another application) is the construction of the Water Street Brownstones, a four-story, 34-unit condominium building adjacent to the apartment building. The entire project will sit atop 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 —

Vine Street Lofts, LLC will be eligible for up to \$977,740 of investment tax credits as well as \$240,000 in sales tax refund from the State of Iowa Enterprise Zone Program.

RECOMMENDATION —

Approval.

BACKGROUND —

Vine Street Lofts had been under construction and 50 percent complete when it was struck by fire on the morning of April 5, 2003. It was completely destroyed along with Water Street Brownstones. Multiple funding layers, including the State of Iowa Enterprise Zone Program, were accessed to fund the project.

The rules governing Enterprise Zone projects dictate that projects must be completed within two years of their construction start dates. There is no administrative waiver to this rule. Because of the fire, Vine Street Lofts will not be completed in the required timeframe. In order to receive Enterprise Zone tax credits and sales tax rebate, the project must reapply for Enterprise Zone benefits.

The Downtown Des Moines Neighborhood Association will review the

application at their next regular meeting.

Amendments to the Vine Street Lofts Development Agreement will be presented to Council at the end of July or early August.