



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 10/24/05
607

Communication No.: 05-

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Richard Clark, Acting City Manager

SUBJECT—

Resolution Approving the Chestnut Hills, LP Application for Enterprise Zone Benefits for the Hawthorn Hill affordable housing project located in the Des Moines Gateway Enterprise Zone

SYNOPSIS—

Council is requested to recommend approval of the application for Enterprise Zone benefits for Chestnut Hills, LP (Bruce E. Larson, Vice President, Gandolf Group LLC, 5354 Parkdale Drive, Suite 350, St. Louis Park, MN 55416). The developer plans to invest approximately \$9 million into renovating the Hawthorn Hill Building at 921 Pleasant Street in the Des Moines Gateway Enterprise Zone into 43 units of affordable housing.

FISCAL IMPACT—

Chestnut Hills, LP will be eligible to receive up to \$22,595 in investment tax credits and \$123,200 in a sales tax refund from the State of Iowa Enterprise Zone Program.

RECOMMENDATION—

Approval.

BACKGROUND—

Chestnut Hills, LP intends to renovate the Hawthorn Hill Building into 43 units of affordable housing and restore a property listed on the National Register of Historic Places. One-, two- and three-bedroom units will be leased to households with incomes less than 60% of the area median income.

Currently, the project is in the pre-development stage. Chestnut Hills, LP has acquired the building and has secured Federal and State historic preservation tax credits. The developer is in the process of applying for low income housing tax credits and other funding, and will be requesting an estimated \$325,000 in assistance from the City of Des Moines.

The project meets the Enterprise Zone Program requirements of rehabilitating or constructing at least four single-family units. Pending receipt of all funding, construction is projected to begin in August 2006 and be completed in July 2007. Full occupancy is anticipated to occur in early 2008. Construction will meet all applicable quality and local safety standards.

On October 6, 2005, the Downtown Neighborhood Association provided a letter of support for the project. The DNA Board stated that it will be a positive addition to downtown residential options and urged that the project move forward. The Enterprise Zone Commission will meet in October/November to take action on the project.