



Council Communication

Office of the City Manager

Date September 24, 2007

Agenda Item No. 33
Roll Call No. 07-
Communication No. 07-581
Submitted by: Matthew A. Anderson,
Economic Development Administrator

AGENDA HEADING:

Resolution Approving Application for Enterprise Zone Benefits for West End Lofts, LLC.

SYNOPSIS:

West End Lofts, LLC (Rick Tollakson, President, Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, IA 50266) is requesting approval of its application for enterprise zone benefits regarding a \$5.9 million mixed-use project that includes 31 residential condominiums at 1440 Locust Street in the Gateway Enterprise Zone.

FISCAL IMPACT:

There is no Fiscal Impact to the City; incentives are from the State of Iowa.

Amount: Not to exceed \$434,000 (Investment Tax Credit) and \$56,250 (Sales Tax Refund)

Funding Source: State of Iowa Enterprise Zone Program

ADDITIONAL INFORMATION:

The proposed West End Lofts project, located in the former Mitchell Transmission Building, meets the Enterprise Zone requirements of rehabilitating or constructing a minimum of four single-family homes or one multi-family dwelling of 3 or more units. The rehabilitation project will commence in October 2007 and be completed in October 2008. The project will comply with all applicable housing quality and local safety standards and be competitively priced to attract young professionals to the downtown Western Gateway Park area.

The developer plans to construct 31 loft-style residential condo units on the 2nd and 3rd floors of the rehabilitated building. The average unit size will be 1,100 square feet and sell for \$145,000–\$300,000. The 1st floor will include leased commercial space along with approximately 55 indoor heated parking stalls. Only the residential portion of the project, however is eligible for EZ incentives.

On September 5, 2007, the Downtown Neighborhood Association met with the developer and voted to approve a letter of support for the project as presented.

While the project meets the eligibility requirements of the Enterprise Zone program and will not receive any City financial assistance outside of by-right tax abatement, the proposed renovation project does not meet the minimum investment goal of \$20 million assessed value per acre for the blocks immediately adjacent to the Western Gateway Park. The project does, however, meet the minimum square feet per

acre density goal for the west end of the area and is supportive of other goals to create new residential development, tax base, jobs and increased pedestrian activity with its planned street-level retail.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Enterprise Zone Commission is anticipated to meet in late September/early October 2007 to take action on the project and forward the application to the Iowa Department of Economic Development.