



Council Communication

Office of the City Manager

Date

March 10, 2008

Agenda Item No. 39A
Roll Call No. 08-
Communication No. 08-130
Submitted by: Matt Anderson
Economic Development Administrator

AGENDA HEADING:

Resolution approving the Art House, LLC application for Enterprise Zone Benefits for a housing project in the Des Moines Gateway Enterprise Zone

SYNOPSIS:

Recommend approval of an application from Art House, L.L.C. (Jay Trevor, Manager 1411 W. Cornelia Avenue, Chicago, Illinois 60657) for State of Iowa Enterprise Zone benefits for a \$16,193,000 housing project. The housing project will include 57 residential apartments at 328 SW 5th Street in the Gateway Enterprise Zone.

FISCAL IMPACT:

These are State of Iowa tax credits and have no impact on the general fund of the City of Des Moines. The project is located in an area eligible for 10-year 100% tax abatement for residential housing. No additional City assistance has been requested.

Amount: \$350,000 Investment Tax Credit; \$200,000 Sales Tax Refund

Funding Source: State of Iowa Enterprise Zone Program

ADDITIONAL INFORMATION:

The proposed Art House, L.L.C. development at 328 SW 5th Street rehabilitates the existing Hawkeye Transfer industrial building (aka L & L Insulation) into 57 multi-family residential units, and meets the Enterprise Zone requirements of rehabilitating or constructing a minimum of four single-family homes or one multi-family dwelling of three or more units. The project will be scheduled to begin in April 2008 and be completed by April 2009. The project will comply with all applicable housing quality and local safety standards.

The developer plans to construct 57 residential units. There will be 25 one bedroom units at 850 square feet, and 32 two bedroom units at 1050 square feet. The Downtown Neighborhood Association approved the project at its February 6, 2008 meeting and has submitted a letter of support for the Enterprise Zone application.

In November 2006, the City Council supported an application for 9% LIHTC for this project, which was not funded by the Iowa Finance Authority. The project has now reworked the financing structure with 4% LIHTC, Enterprise Zone Tax Credits, federal and state historic tax credits, and conventional debt.

PREVIOUS COUNCIL ACTION(S):

Date: November 6, 2006

Roll Call Number: 06-2239

Action: Recommendations regarding Low Income Housing Tax Credit Applications to Iowa Housing Finance Authority by the following: [Support](#) of application by Art House L.P. for renovation of 57 units of mixed income housing at 340 SW 5th Street. Moved by Hensley to adopt. Motion Carried 6-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Enterprise Zone Commission is anticipated to meet March 12, 2008, to take action on the project and staff will forward the application to the Iowa Department of Economic Development.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.