

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	August 24, 2009
	Agenda Item No. 37 Roll Call No. <u>09-</u> Communication No. 09-608 Submitted by: Matthew A. Anderson, Economic Development Administrator	

AGENDA HEADING:

Resolution authorizing application for Enterprise Zone certification for the NE Hubbell /Broadway Enterprise Zone.

SYNOPSIS:

Recommend designation of the NE Hubbell/Broadway Enterprise Zone for submission to the State of Iowa for Enterprise Zone certification. The NE Hubbell/Broadway Enterprise Zone is located in NE Des Moines and consists of approximately 1365 acres of land zoned for planned business park, light industrial and residential use. It is located south of I-80, west of Highway 65, east of NE 38th Avenue, and north of Aurora Avenue. The creation of the Enterprise Zone will assist business and housing projects in the area, and help facilitate economic reinvestment.

FISCAL IMPACT:

Amount: N/A

Funding Source: N/A. The Enterprise Zone Program is a special package of State tax incentives designed to encourage reinvestment in economically distressed areas. There is no fiscal impact on the City of Des Moines general fund.

ADDITIONAL INFORMATION:

In May 1997, the State of Iowa Enterprise Zone program was created to promote economic development in economically distressed areas throughout Iowa. The state law provides that certain eligible cities and counties may designate areas as enterprise zones after receiving State of Iowa certification that the area met the legal criteria.

Beneficiaries of the Enterprise Zone Program include housing developers and office and industrial businesses. General benefits include:

- 10% income tax credit with a carry forward of 7 years.
- 100% refund of sales, service and use taxes paid on materials used and services provided, including utilities, in construction contracts.

Housing developers must meet all of the criteria listed below.

- Build or rehabilitate a minimum of four single-family homes not to exceed \$140,000 per home OR one multiple dwelling unit (3 or more units) not to exceed \$140,000 per unit.

- Homes/units must include necessary amenities and must meet U.S. Department of Housing and Urban Development housing quality and local safety standards.
- Construction or rehabilitation must be completed within two years from start of construction.

Office and industrial businesses must be located in a certified Enterprise Zone and must meet all of the following eligibility criteria. In addition, businesses cannot close or reduce their operations in one area of the State and relocate substantially the same operation into the Enterprise Zone. Businesses must:

- Make a \$500,000 capital investment. Existing businesses that have operated in the Enterprise Zone for at least five years may count up to \$250,000 of the appraised value of their investment in land and buildings to satisfy this requirement.
- Pay an average wage that is at least 90% of the average county wage or average regional wage, whichever is lower, but not less than \$7.50/hour. This is estimated to be \$14.33/hour in Polk County, as currently determined by the Iowa Department of Economic Development (IDED).
- Pay at least 80% of standard medical and dental insurance premiums for all full-time employees or provide an equivalent plan.
- Create a minimum of 10 full-time jobs and maintain these positions for at least 10 years.

The IDED Board of Directors has certified the following enterprise zones in Des Moines:

- Agribusiness Enterprise Zone located in east/southeast Des Moines (certified on August 21, 1997 and in effect until August 2017)
- Enterprise Community Enterprise Zone located north of the downtown (certified on August 21, 1997 and in effect until August 2017)
- Gateway Enterprise Zone located in the Central Business District (certified on July 22, 1999 and in effect until August 2019)
- Ingersoll Enterprise Zone located between High Street and Ingersoll Avenue from 19th to 20th Streets (certified on January 19, 2006 and in effect until January 2016)
- Forest Avenue Enterprise Zone located between the vacated alley east of 21st and 23rd Streets on the north and south sides of Forest Avenue (certified on April 28, 2006 and in effect until April 2016).
- High Street Enterprise Zone located between High Street and Ingersoll Avenue from 17th to 19th Streets (certified on April 28, 2006 and in effect until April 2016).
- River South One Enterprise Zone located between Indianola Avenue and SE 4th Street and north of Jackson and East Livingston Avenues (certified on April 28, 2006 and in effect until April 2016).
- River South Two Enterprise Zone located between Indianola Avenue and SE 1st Street and between Jackson and Granger Avenues (certified on April 28, 2006 and in effect until April 2016).
- High Street North Enterprise Zone located at 1815-1823 High Street and 611 19th Street (certified on September 20, 2006 and in effect until September 2016)
- Hawthorn Park Enterprise Zone located at 1005 Maury Street, (certified on November 15, 2006 and in effect until November 2016)
- Drake Park/Sherman Hill/Woodland Heights Enterprise Zone located between 28th Street and Keo Way from University Avenue to Woodland Avenue and Grand Avenue (certified on October 27, 2008 and in effect until October 27, 2018)
- McKinley/SW 9th/Army Post Road Enterprise Zone located between SW 9th Street and SW 5th Street, from McKinley Avenue to Army Post Road (certified on October 27, 2008 and in effect until October 27, 2018)

- SE 14th Enterprise Zone located at 5409-5515 SE 14th Street (certified on October 27, 2008 and in effect until October 27, 2018)
- 24th Street Enterprise Zone located at 2501 24th Street (certified on October 27, 2008 and in effect until October 27, 2018)

The application will be submitted to the IDED Board of Directors following Council action. Upon certification, the proposed NE Hubbell/Broadway Enterprise Zone will be in effect for 10 years until November 2019. Although incentives must be conferred prior to the end of the 10-year period, the benefits provided may extend beyond this timeframe.

PREVIOUS COUNCIL ACTION(S):

Date: October 27, 2008

Roll Call Number: 08-1909

Action: Authorize application for Enterprise Zone Certification for the Drake Park/Sherman Hill Woodland Heights Enterprise Zone. Moved by Vlassis to adopt. Motion Carried 7-0

Date: October 27, 2008

Roll Call Number: 08-1910

Action: Authorize application for Enterprise Zone Certification for the McKinley/ SW 9th /Army Post Enterprise Zone. Moved by Vlassis to adopt. Motion Carried 7-0

Date: October 27, 2008

Roll Call Number: 08-1911

Action: Authorize application for Enterprise Zone Certification for the 24th Street Enterprise Zone. Moved by Vlassis to adopt. Motion Carried 7-0

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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