

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: December 3, 2012
	Agenda Item No. 24 Roll Call No. <u>12-1842</u> Communication No. <u>12-602</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution authorizing application to the Iowa Economic Development Authority (IEDA) to certify the proposed Yeader Village and Forest Avenue Corridor II Enterprise Zones.

SYNOPSIS:

Recommend the above-referenced applications for submission to the State of Iowa for Enterprise Zone certification, providing the ability to utilize this important economic development resource to assist additional neighborhoods within the City of Des Moines. The proposed sites are a combination of vacant or underutilized properties that are proposed for redevelopment as affordable housing units, adding value to the sites and promoting new economic investment in the community.

The proposed zones are as follows:

Yeader Village Enterprise Zone at 4315 SE 14th Street (2.633 acres).

Forest Avenue Corridor II Enterprise Zone at 3201, 3221, 3211 Forest Avenue and 1414 32nd Street (1.195 acres). Proposed for construction of up to 48 affordable and market rate housing units by Nelson Development.

Enterprise Zone certification on the proposed sites will assist the City of Des Moines in realizing new investment to these areas. The use of State tax incentives will act as leverage and may reduce the amount of City funds required for redevelopment.

FISCAL IMPACT:

Amount: N/A

Funding Source: The Enterprise Zone Program is a special package of State tax incentives designed to encourage reinvestment in economically distressed areas. These are State of Iowa benefits and have no fiscal impact of the City of Des Moines general fund.

ADDITIONAL INFORMATION:

In May 1997, the Iowa Legislature enacted and the Governor signed into law House File 724, as amended, which provides that certain eligible cities and counties may designate areas as enterprise

zones and apply to the State of Iowa for enterprise zone certification. The intent of the legislation is to promote economic development in economically distressed areas throughout Iowa.

Housing developers that construct or rehabilitate housing in a certified Enterprise Zone may obtain a 10% income tax credit with a carry forward of 7 years, and a 100% refund of sales, service and use taxes paid on materials used and services provided, including utilities, in construction contracts.

Housing developers must build or rehabilitate a minimum of four single-family homes not to exceed \$140,000 per home OR one multiple dwelling unit (2 or more units) not to exceed \$140,000 per unit. These homes/units must include necessary amenities and must meet U.S. Department of Housing and Urban Development (HUD) housing quality and local safety standards. Construction or rehabilitation must be completed within two years from start of construction.

The Iowa Legislature has conducted review of the criteria to establish Enterprise Zones, which is currently based on 2000 Census tract and block data for the level of per capita income, families below poverty level, occupancy status of housing units, and valuation of subject property compared to other parts of the city. In addition, conditions of blight may be included as criteria for establishing an Enterprise Zone. State of Iowa staff is working with cities and economic development organizations to evaluate the current criteria, given the dated nature of the 12 year old 2000 Census information, the revised methodology of Census data collection, and the potential for utilizing HUD Qualified Census Tracts as a unit of measuring existing distress conditions in urban areas and throughout the State. City staff has worked with the sites presented for Enterprise Zone certification with the current criteria, noting that the current 2000 Census data set may not be entirely reflective of 2012 demographic conditions.

The IEDA 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 Enterprise Zone located directly south of the Des Moines River, west of SE 14th Street, north of Hartford (certified on 2/18/2010 and in effect until 2/18/2020).

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).

NE Hubbell Avenue-Broadway Enterprise Zone located between Hubbell Avenue, NE 38th Street, Highway 65 and Interstate 80 (certified on September 17, 2009 and in effect until September 17, 2019).

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The IEDA Board of Directors is anticipated to take action on the City's applications in December 2012.

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