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Date March 10, 2008

RESOLUTION APPROVING THE ART HOUSE, LLC
APPLICATION FOR ENTERPRISE ZONE BENEFITS FOR A HOUSING PROJECT
IN THE DES MOINES GATEWAY ENTERPRISE ZONE

WHEREAS, on September 14, 1998 by Roll Call No. 98-2603, the Des Moines City Council established the nine-member Des Moines Enterprise Zone Commission (“Commission”), and on June 21, 1999 by Roll Call No. 99-2002, the City Council designated the Des Moines Gateway Enterprise Zone, which the State of Iowa subsequently certified, all pursuant to Iowa Code sections 15E.191-96 (2001); and

WHEREAS, Art House, LLC is a developer requesting approval of its application for enterprise zone benefits regarding a project in Des Moines Gateway Enterprise Zone involving investment of approximately \$16 million into the construction of up to 57 residential units at 328 SW 5th Street; and

WHEREAS, the Art House application appears to meet all of the requirements for enterprise zone benefits as described in the staff report attached as Exhibit “A”; and

WHEREAS, at their meeting of September 2006 the Downtown Des Moines Neighborhood Association stated their support for the project; and

WHEREAS, Council is requested to recommend approval of the Art House application for enterprise zone benefits to the Commission as well as the Iowa Department of Economic Development, which administers the State of Iowa Enterprise Zone Tax Credit Program.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that:

1. The staff report describing how the Art House application meets the requirements for enterprise zone benefits, herein referenced as Exhibit “A”, is accepted.
2. The Art House application is recommended for approval to the Des Moines Enterprise Zone Commission and to the Iowa Department of Economic Development.
3. The Office of Economic Development is directed to transmit a copy of this Roll Call to the Commission and to the Iowa Department of Economic Development and is directed to conduct project compliance monitoring.

(Continued on Page 2)

★ Roll Call Number

Agenda Item Number

39A

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- 4. Upon approval of the application by the Iowa Department of Economic Development, the Mayor is authorized to execute and the City Clerk is directed to attest to his signature on any documents necessary for the Art House, LLC to receive enterprise zone benefits.

(Council Communication No. ~~08-~~ 130)

MOVED by _____ to adopt.

FORM APPROVED:



Michael F. Kelley
Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED APPROVED

Mayor

City Clerk

DES MOINES GATEWAY ENTERPRISE ZONE
Staff Report Regarding Application for Housing Benefits

Applicant Name: Art House, L.L.C.

Project Location: 328 SW 5th Street Des Moines, Iowa

Project Summary: This project will take place in the Hawkeye Transfer Building, rehabilitating the former industrial site into a 57 unit multi family residential project

Current Status: Following is a sources and uses chart of project funding.

Funding Sources	Amount	Status	Proposed Uses of Funds	Amount
Debt	\$ 3,000,000		Hard Costs (Apartment Units)	\$ 10,039,000
Developer Equity	\$ 817,000	Committed	Hard Costs Sitework/ parking structure	\$ 500,000
LIHTC	\$ 5,624,000		Survey, Architecture, Engineering	\$ 900,000
Iowa State Historic Equity	\$ 3,102,922		Financing Costs	\$ 1,020,000
Federal Tax Credit Equity	\$ 3,099,078		Other soft costs	\$ 1,584,000
Sales Tax Rebate	\$ 200,000	EZ Application	Acquisition Costs	\$ 2,000,000
EZ Tax Credits Syndication Proceeds	\$ 350,000	EZ Application		
City of Des Moines				
PROJECT TOTAL	\$16,193,000		TOTAL	\$ 16,043,000

Start Date: April 2008

Completion Date: April 2009

Total Project Cost: \$16,193,000

State Financial Incentive: \$350,000 Tax Credit and \$200,000 Sales Tax Rebate requested.

Benefits: The mixed use development project will provide high quality and affordable housing to the downtown Des Moines area, in addition to economic stimulation. It provides an adaptive re-use of a historic building by transforming the use from industrial to residential.

Affidavit: Attached to the application is an affidavit that the eligible developer or contractor has not violated state or worker safety statutes, rules and regulations.

DES MOINES GATEWAY ENTERPRISE ZONE

Staff Report Regarding Application for Housing Benefits

Program

Requirements: The project meets the program requirements of rehabilitating or constructing three multi-family units. Rehabilitation and construction will be completed within two years from the start of construction and will meet all applicable housing quality and local safety standards.

Commission

Requirements: The Downtown Neighborhood Association reviewed and approved the project in 2006 and has issued a letter of support (attached)

Recommendation:

Staff recommends approval of the application and submittal to the Iowa Department of Economic Development for consideration.

Respectfully submitted,

Rita Conner
Economic Development Coordinator

DES MOINES GATEWAY ENTERPRISE ZONE

Staff Report Regarding Application for Housing Benefits

