

Date May 9, 2011

RESOLUTION APPROVING ND 22 FLEMING, L.L.C. APPLICATION FOR ENTERPRISE ZONE BENEFITS FOR A HOUSING PROJECT IN THE GATEWAY ENTERPRISE ZONE

WHEREAS, on September 14, 1998 by Roll Call No. 98-2603, the Des Moines City Council established the Des Moines Enterprise Zone Commission (“Commission”), and on June 21, 1999 by Roll Call No. 99-2002, the City Council designated the Gateway Enterprise Zone, which the State of Iowa subsequently certified, all pursuant to Iowa Code Sections 15E.196 (2001); and

WHEREAS, ND 22 Fleming, LLC, the developer, requests approval of its application for enterprise zone benefits for the ND 22 Fleming, L.L.C. project in the Gateway Enterprise Zone involving investment of approximately \$18 million for construction of 110 residential units at 604 Walnut Street; and

WHEREAS, the Developer’s application appears to meet all of the requirements for enterprise zone benefits; and

WHEREAS, Council is requested to recommend approval of the Developer’s application for Enterprise Zone benefits to the Commission as well as the Iowa Department of Economic Development (“IDED”), which administers the State of Iowa Enterprise Zone Tax Credits.

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

1. The application describing how the ND 22 Fleming, L.L.C. project meets the requirements for enterprise zone benefits, herein referenced as Exhibit “A” is accepted.
2. The ND 22 Fleming, L.L.C. application is recommended for approval to the Des Moines Enterprise Zone Commission and to IDED.
3. The Office of Economic Development is directed to transmit a copy of this Roll Call to the Commission and to IDED and to conduct project compliance monitoring.
4. Upon IDED approval of the application, the Mayor is authorized to execute and the City Clerk is directed to attest to his signature on any documents necessary for ND 22 Fleming, L.L.C. project to receive enterprise zone benefits.

(Council Communication No. 11- **290**)

APPROVED AS TO FORM:

Moved by _____ to adopt.



 Michael F. Kelley, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				
MOTION CARRIED			APPROVED	

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.

 Mayor

 City Clerk

APPLICATION for ENTERPRISE ZONE BENEFITS

Housing Development

Iowa Department of Economic Development
Division of Community Development
200 East Grand Avenue
Des Moines, Iowa 50309

APRIL 2008

INTENT: The Enterprise Zone Program was established by the Iowa Legislature with the intent of promoting new economic development in economically distressed areas of Iowa by encouraging communities to target resources in ways that attract productive private investment.

PROJECT INITIATION: Projects that have already been initiated before receiving formal application approval by the Iowa Department of Economic Development shall not be eligible for tax incentives and assistance under this program.

“Project initiation” means any one of the following: the start of construction of new or expanded buildings; the start of rehabilitation of existing buildings; the purchase or leasing of existing buildings; or the installation of new machinery and equipment or new computers to be used in the operation of the business’ project. The purchase of land or signing an option to purchase land or earth moving or other site development activities not involving actual building construction, expansion or rehabilitation shall not constitute project initiation.

GENERAL INSTRUCTIONS

1. If more than six months has elapsed since the date on the front of this application, please contact IDED to see if this version of the application is still current.
2. Before filling out this application form, please read Iowa Code Sections 15E.191 through 15E.196, as amended and the Enterprise Zone administrative rules.
3. Only typed or computer-generated applications will be accepted and reviewed. *(Contact the IDED to have an electronic copy of this application e-mailed to you.)* Any material change to the format, questions or wording of questions presented in this application, will render the application invalid and will not be accepted.
4. Complete the application fully; if any questions are left unanswered or required attachments are not submitted, an explanation must be included.
5. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
6. Any inaccurate information of a significant nature may disqualify the application from consideration.
7. Send the original plus two copies of the completed application form and all required attachments to:

Julie Lunn
Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Phone: (515) 725-3082
Fax: (515) 725-3010
E-mail: Julie.lunn@iowa.gov

It is not necessary to bind the application and/or the required attachments. Staples and/or binder clips may be utilized. Please provide photocopies of any documents, which in their original form, IDED would not be able to 2-hole punch for purposes of creating the applicant’s file.

PUBLIC RECORDS POLICIES

The Iowa Department of Economic Development (IDED) is subject to the Open Records law (2001 Iowa Code, Chapter 22). Treatment of information submitted to IDED in an Enterprise Zone application is governed by the provisions of the Open Records law. All public records are available for public inspection. Some public records are considered confidential and will not be disclosed to the public unless ordered by a court, the lawful custodian of the record, or by another person duly authorized to release the information. Copies of Iowa's Open Records law and IDED's administrative rules relating to public records are available from the Department upon request.

APPLICANT INFORMATION

Name of Housing Business: ND 22 Fleming, LLC

Contact Name & Title: Jake Christensen- Co Manager

Address: 1045 76th Street, Suite 2000

City, State & Zip Code: West Des Moines, IA 50266

Telephone: 515-689-3000

Fax: 515-221-2995

E-mail Address: jake@christensenddevelopment.com

Type of Housing Business (circle one): **X Corporation**, Partnership, Sole Proprietorship, Trust

Local Enterprise Zone Commission

Enterprise Zone Commission Name: Metro Center

Contact Name & Title:

Organization:

Address:

City, State & Zip Code:

Telephone:

Fax:

E-mail Address:

CERTIFICATION & RELEASE OF INFORMATION

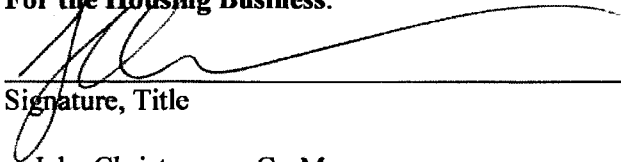
I, the undersigned, on behalf of the Housing Business identified above, hereby submit the following application under Iowa Code Sections 15E.191 through 15E.196. I certify that the Housing Business is in good standing, and has complied or will upon receipt of approval by the Department, with all applicable laws of the State of Iowa to conduct business within the State. I certify that all information, representations, or statements provided to the Iowa Department of Economic Development (IDED), in connection with this application, are true and correct in all material respects.

I certify and understand that in order to receive benefits under the Enterprise Zone Program that the project described in this application has not been initiated and that the project will not be initiated until the business receives final approval of this application from the IDED.

I hereby give permission to IDED to make credit checks, contact the company's financial institution(s), and perform other related activities necessary for reasonable evaluation of this application.

I understand this application is subject to final approval by the Department and am aware that Enterprise Zone benefits are not available until final Department approval is secured and an agreement is executed with the Housing Business, IDED and the Community, within a reasonable time period following approval. This application will be used as the basis for the Enterprise Zone agreement.

For the Housing Business:



Signature, Title

Jake Christensen –Co-Manager

Print name and title

4-10-11

Date

For the Enterprise Zone Commission:

Signature, Title

Print name and title

Date

APPLICATION INFORMATION

1. Please provide a brief description of the proposed housing development project.

The project is a complete renovation of the historic Fleming Building. The project will include retail, office, and 110 housing units.

2. In which Enterprise Zone will this project occur (include the zone's name, number, size in acres, and date certified)?

Metro Center Urban Renewal Area

3. Does the project involve new construction or rehabilitation?

Rehabilitation

4. How many single-family homes or multi-family units are proposed?

110

5. What will be the per unit value of the housing?

\$165,000

6. The single family homes or multi-family units being constructed or rehabilitated must be modest homes or units and include the necessary amenities. Please explain how the proposed project will satisfy this requirement?

The housing will be intended for workforce housing in downtown Des Moines. The project will be market rate. Each housing unit will have full kitchens, full bathrooms, and access to laundry.

7. Will the project meet U.S. Department of Housing and Urban Development Housing Standards and applicable local codes?

Yes

8. What is the current status of the project? When is construction scheduled to begin? What is the anticipated project completion date?

The project is currently in schematic design. The project will be completed by August of 2012.

9. Attach a legal description of the business site on which the project will occur.

E1/2 LOTS 7 & 8 BLK 11 FORT DES MOINES

10. Attach a detailed map (no larger than 8" x 14") showing the housing development site in relation to the boundaries of the certified Enterprise Zone.

11. Is any part of the project located in a 100-year flood plain?

No

12. Please indicate the total capital investment that will be made as the result of this project?

Description of Capital Expenditure	Amount
Aquisition	\$ \$1,335,345
Construction hard costs	\$ 11,474,000
Soft costs-legal,interest,taxes, consultants	\$ 5,608,605
	\$
	\$
Total	\$ 18,418,588

13. Please identify the sources of project financing that will be utilized and the amount of the financing. (The total amount of the financing should equal the total expenditures in Question #12.)

Source of Project Financing	Amount
Historic Tax Credits Federal	\$ 3,145,290
State Historic Tax Credits	\$ 3,817,099
Enterprise Zone Credits	\$ 1,027,044
Loan	\$ 7,350,000
Equity	\$ 3,079,154
Total	\$18,418,588

14. For purposes of determining the amount of investment tax credits the housing business may receive, the Iowa Department of Economic Development cannot include capital expenditures financed through federal, state, and local government tax credits, grants and forgivable loans. Based on this information, what portion of your total capital investment (identified in Question #12) will be eligible for the investment tax credit?

10,270,440

15. Please attach a long-term plan for the proposed housing development project including labor and infrastructure needs.

16. What economic benefits will the project bring to the area?

The project will provide approximately 150 construction jobs during the 12 month construction period. The project will employ 3 full time people for as long as the project exists.

17. Explain why the proposed project would be considered a good housing development project.

The project will add supply to the very short supply of market rate housing in downtown Des Moines. The current vacancy rate is less than 4% and new projects lease up within 6 months.

18. Please attach an affidavit that states the Housing Business has not, within the last five years, violated state or federal environmental and worker safety statutes, rules, and regulations or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

19. Explain why Enterprise Zone Benefits are needed in order for the project to proceed.

Market rate housing in a historic renovation building is extremely expensive and the Enterprise Zone benefits are integral to the pro-forma balancing.

20. Please indicate the amount of Enterprise Zone tax benefits being requested for this project.

State Sales, Service, and Use Tax Refund: 200,795

Investment Tax Credit: 1,027,044

21. Please list any additional requirements adopted by the local Enterprise Zone Commission and explain how the Housing Business will meet each requirement.