

Meeting Agendas/Info

CITY COUNCIL
COMMUNICATION:

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

01-144

SYNOPSIS -

AGENDA:

MARCH 26, 2001

SUBJECT:

SW 7TH STREET
OFFICE PARK

Hubbell Realty is proposing construction of about 125,000 square feet of new commercial office space on a 10-acre site along SW 7th Street south of the downtown (see attached map). The buildings would be up to three stories in height and would have surface parking. This development would be comparable to the Airport Commercial Parks which has received similar incentives). Incentives are proposed in order to accelerate the pace of development.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

No up-front funding or currently anticipated economic development funds are required. All incentive payments will be derived from tax increment dollars generated exclusively within the SW 7th Street Office Park.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

RECOMMENDATION -

Direct the City Manager and Corporation Counsel to prepare a development agreement with Hubbell Realty that implements the incentives as outlined herein for the SW 7th Street Office Park.

BACKGROUND -

Hubbell Realty proposes to construct about 125,000 square feet of commercial office space in the SW 7th Street Office Park. The project will be comprised of four buildings. The Office Park will represent a significant employment center and will have a taxable value of at least \$7,750,000 when completed. (The proposed project is already eligible for tax abatement. However, when fully taxable, the project will generate about \$330,000 per year in property taxes.)

The current projected development schedule for the Office Park

indicates that this project will take many years to achieve full build-out and lease-up without public assistance. The pace of development could be accelerated and the number of jobs available in the area in the next few years would be substantially increased if incentives were provided for a rapid build-out. The City would also realize an increased tax base sooner than would otherwise occur. It is therefore proposed that tax increment incentives be used to encourage a faster build-out for the project and to create employment opportunities that would otherwise be lost.

It is proposed that Hubbell Realty and the City of Des Moines enter into a development agreement which provides annual tax increment funded economic development grants in accordance with the following provision:

The tax increment resulting from up to approximately 125,000 square feet of new office construction within the Office Park shall be determined annually, and an annual economic development grant in an amount equal to 75% of such incremental taxes shall be paid to Hubbell Realty, for a period of 12 years commencing with the annual grant for the 2003/04 fiscal year¹.

Attachment (Map)