COUNCIL COMMUNICATION

CITY OF DES MOINES CITY MANAGER'S OFFICE	Number:	**25-472**	Meeting:	**December 22, 2025**
	Agenda Item:	**21**	Roll Call:	**25-1684**
	Submitted by:	**Cody Christensen, Development Services Director**		

AGENDA HEADING:

Resolution Approving Second Amendment to the Urban Renewal Development Agreement with HRC NFS 1, L.L.C. and Hubbell Realty Company for the Gray's Station Project.

SYNOPSIS:

Approval of second amendment to the Urban Renewal Development Agreement with HRC NFS 1, L.L.C. and Hubbell Realty Company for the Gray's Station Project.

On August 14, 2017, by Roll Call No. 17-1407, 17-1408, and 17-1409, City Council approved final terms of an Urban Renewal Development Agreement with HRC NFS 1, L.L.C. and Hubbell Realty Company (Rick Tollakson, President and CEO; 6900 Westown Parkway West Des Moines, Iowa 50266) for the development of the Gray's Station area, a new mixed-use urban neighborhood south of Martin Luther King Jr. Parkway and north of the Raccoon River. On December 10, 2018, City Council approved a First Amendment to the Development Agreement by Roll Call No. 18-2028 to address increased development costs.

The purpose of the second amendment is to acknowledge and address state legislative changes made to Urban Revitalization Tax Exemptions allowed under Chapter 404, to clarify tax abatement eligibility within the project area based on those legislative changes, and to clarify and acknowledge obligations that have been satisfied within the Agreement.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- Legislative changes to Chapter 404 no longer allow for structures that contain three (3) or more separate living quarters with at least 75% of the space that is used for residential, and 25% or less for commercial, to qualify for the 10-year declining residential tax abatement program schedule on the entirety of the building, as it used to.

- Under current Chapter 404 rules, only the residential portion can qualify for the 10-year declining schedule, and the commercial portions will only be eligible to receive the three (3)-year 100% commercial tax abatement schedule.

- This Development Agreement already contained language that if tax abatement schedules changed or were reduced after the development agreement was approved, that the City would provide an

equivalent tax abatement grant to make up any difference. This amendment clarifies the legislative changes that have been made and how to calculate the equivalent tax abatement grant for the commercial portions that receive a reduced tax abatement schedule in the future.

- Additional legislative changes to Urban Revitalization Chapter 404 last year included the removal of abatement on school tax levies for residentially classed properties. This amendment acknowledges this change and that there will not be an equivalent tax abatement grant for this change, as those tax levies will now partially flow through the Project Tax Increment Financing (TIF) calculation, and partially to the school district.

- This amendment also acknowledges and clarifies the Project TIF cash flow obligations that have been satisfied. The amendment provides no change to the total Project TIF incentive cap of $14.1 million.

PREVIOUS COUNCIL ACTION(S):

Date: December 10, 2018

Roll Call Number: 18-2028

Action: Approving the First Amendment to the Urban Renewal Development Agreement with HRC NFS I, L.L.C. and Hubbell Realty Company for construction of a multi-family housing project at Gray's Station. (Council Communication No. 18-654) Moved by Boesen to adopt. Motion Carried 5-2. Absent: Coleman and Mandelbaum.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: September 17, 2024

Resolution Number: N/A

Action: Motion to recommend approval by Morgan-Huggins. Seconded by Clark. Motion carried. Yes = 8, No = 0, Absent = 3, Abstain = 0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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