Hubbell Realty is looking to build yet another townhome development downtown.

The company's latest proposal is for 38 walk-up units at 555 Southwest Seventh St., south of Martin Luther King Jr. Parkway in the Riverpoint area that Hubbell and other developers are spending millions to overhaul.

The $9.5 million townhome project was one of two Hubbell developments that went before the Des Moines City Council on Wednesday. The other was for the third phase of Cityville, a housing and retail development on Southwest Ninth Street that will eventually include 339 market-rate apartments.
The council approved Hubbell's applications to seek enterprise zone tax credits from the Iowa Economic Development Authority for both developments.

Timing was key, said Hubbell's Vice President of Development Kris Saddoris. The state's enterprise zone tax credit program expires next week after being scrapped by the Legislature earlier this year in favor of a tax credit program that puts more emphasis on areas with housing shortages.

"We had a window to access some of the funds that have made these projects successful," she said.

The project on Southwest Seventh Street will be Hubbell's fifth townhome development in the city's core since the recession. The West Des Moines-based company recently broke ground on Artisan Row, a 27-townhome development in the Western Gateway, and next week will open Seventh Street Brownstones in the Riverpoint area.

Since the recession, Hubbell has turned to townhomes to fill homebuyer demand for housing downtown. Tighter lending halted condo development in the metro area, but townhomes are generally financed like single-family homes, making mortgages easier to obtain.

"A lot of people don't like the apartment lifestyle but want to live downtown," Saddoris said.

Hubbell plans to market the new townhome development as for-sale units. A few blocks north, however, the company built the Seventh Street Brownstones as rental units. Hubbell President and CEO Rick Tollakson has said he was concerned that memories of the 1993 flood that inundated much of that area would make it difficult to sell the townhomes, even though levee improvements have reduced flood risk.

Hubbell is seeking about $608,000 in enterprise zone tax credits and sales tax rebates from the state for the townhome development, said Rita Conner, an economic development coordinator with the city.

Construction could begin this fall or next spring, Saddoris said.
Hubbell is also building an apartment and retail complex at 510 S.W. Ninth Street, called Cityville, in addition to its townhomes in the area. (Photo: Christopher Gannon/The Register)

The company is seeking about $1.2 million in state tax incentives for the third phase of Cityville, which is expected to cost $13.5 million and include 111 apartments. The first phase is scheduled to open in the fall. Construction on the second phase should begin in 2015, with the third phase dependent on how fast the first phases are leased, Saddoris said.

**Microsoft spot just fine**

When Microsoft announced plans to build a second billion-dollar data center in West Des Moines, it was a clear win for the city.

But to some, the site selected for the massive server farm seemed surprising. It will be built on the back nine of Willow Creek Golf Course, about eight miles east of Microsoft's current West Des Moines data center and well outside the Grand Avenue area the city has marketed as its Grand Technology Gateway.

Will Microsoft's decision to spread out its investment stunt West Des Moines' efforts to foster a technology hub?

City leaders say no.
"We're happy to have (Microsoft) on the east side. I think it leaves room for other businesses to locate in the Grand Gateway" and could spur more development around the new data center, said Naomi Hamlett, a city planner. "I don't think it's a negative thing at all."

The Grand Technology Gateway is a 3,000-acre, L-shaped corridor south of Interstate Highway 80 and west of Interstate 35 where city leaders have said they want to recruit technology employers.

The corridor was discussed Tuesday night at a forum where city engineers outlined alternatives for building roads through the area. Eventually, Grand Avenue will connect with Grand Prairie Parkway, a north-south road linked to a new I-80 interchange.

Hamlett said city officials are not actively recruiting any new technology companies to the technology gateway. The city is focused on Microsoft's new data center and the third phase of the company's original data center, which is under construction now, she said.

The city shouldn't worry about clustering Microsoft's properties together, said John Boyd Jr., a principal with the Boyd Co., a New Jersey-based site-selection consulting firm.

"For both Microsoft and the city, separation is a good thing," he said. Building data centers in separate locations eliminates some of the risk that both could be damaged by disasters like floods. And for the city, the new data center location should spark development in a new area, he said.

About the column

The Growth column is a weekly look at how greater Des Moines is growing as developers break ground throughout the metro. Joel Aschbrenner will tell you each Thursday about a new development, explore a trend or touch on several projects garnering interest. Email him at jaschbrenn@dmreg.com or send a tweet to @joelaschbrenner. Find more coverage at DesMoinesRegister.com/Development.