


## COUNCIL COMMUNICATION

	Number:	<b>25-331</b>	Meeting:	<b>September 8, 2025</b>
	Agenda Item:	<b>39</b>	Roll Call:	<b>25-1220</b>
	Submitted by:	<b>Cody Christensen, Development Services Director</b>		

### AGENDA HEADING:

Resolution approving preliminary terms of an urban renewal development agreement with JDS Real Estate Investments LLC for the rehabilitation of a 33,540 square foot office building at 108 3rd Street.

### SYNOPSIS:

JDS Real Estate Investments LLC (Jeff Stanborough, Partner, 2775 86th Street, Urbandale, IA 52322) is proposing the rehabilitation of a three (3)-story apartment building at 108 3rd Street. Total project cost is estimated at \$7.4 million. Construction is anticipated to begin in early 2026 with completion anticipated in summer 2026.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with JDS Real Estate Investments LLC, which provides for tax increment to serve as a core mechanism for responding to a financing gap, as presented by the development team. Additional details on the final terms are provided in the fiscal impact section below.

### FISCAL IMPACT:

Amount: The financial terms propose a capped tax increment financing (TIF) maximum value of \$1.3 million in project-generated tax increment on a net-present-value (NPV) basis (at a 4.5% discount rate) based on the following schedule: 95% in years one through five (1-5), 85% in years six (6) through 10, and 75% in years 11-15. The tax increment financing (TIF) is estimated to comprise 18% of the total project financing.

The current assessed value of the existing property is \$1,250,000. Upon completion of the project, the total assessed value of the property including building and land is estimated at \$5,345,000.

Year	Estimated Taxes Received without project*	Estimated Taxes Received with project*	Estimated Incentive Paid	Estimated Net Taxes Received*
SUM 10 Years	\$ 510,764	\$ 2,252,123	\$ 1,297,179	\$ 954,943
SUM 20 Years	\$ 1,133,307	\$ 4,988,718	\$ 1,944,380	\$ 3,044,338
SUM 30 Years	\$ 1,892,093	\$ 8,313,578	\$ 1,944,380	\$ 6,369,198

\*Taxes include all property taxing authorities (not just City property taxes).

Funding Source: Tax increment generated by the project in the Metro Center Urban Renewal Area.

**ADDITIONAL INFORMATION:**

- The \$7.4 million project is located on 3rd Street, south of Court Avenue and will include the renovation of the existing 33,540 square-foot office building, formerly the Davidson Warehouse.
- The Davidson Warehouse is a 3-story structure that was originally built in 1901, with additions to the west completed in 1912. It originally served as a wholesale grocery warehouse for the Davidson Brothers Company. Over the years, as the needs of the area changed and industrial functions moved out of the city, the building was repurposed - with renovations completed in 1995 and 2015.
- The developer is pursuing state and federal historic tax credits and is working with the State Historic Preservation Office (SHPO) on design requirements for the historic restoration of the structure.
- The building will be served by gas and electric services. The team evaluated all-electric options, but site constraints do not support the size of the transformer needed to serve an all-electric building.
- The developer will participate in MidAmerican Energy's Commercial New Construction Energy Efficiency Program.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Urban Design Review Board – Final Design Recommendation
- City Council – Final Terms of an Urban Renewal Development Agreement and Certificate of Completion

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