


COUNCIL COMMUNICATION

	Number:	26-120	Meeting:	April 6, 2026
	Agenda Item:	15	Roll Call:	26-0433
	Submitted by:	Carrie Kruse, Economic Development Administrator		

AGENDA HEADING:

Resolution Approving Final Terms of an Urban Renewal Development Agreement with UA Station, LLC, for the construction of a 35-unit apartment building located at 2211 University Avenue.

SYNOPSIS:

UA Station, LLC (Neighborhood Development Corporation, 2331 University Ave, Des Moines, IA 50309) is proposing the construction of a 35-unit apartment building at 2211 University Avenue. Total project cost is estimated at \$5.48 million. Construction activities have already begun with completion anticipated in late 2026.

The Office of Economic Development has negotiated terms of an urban renewal development agreement with UA Station, LLC, which provides for tax increment to serve as a core mechanism for responding to a financing gap created by the extraordinary development cost of utility undergrounding. Additional details on the final terms are provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: The UA Station project began construction in the fall of 2025. Site constraints required construction to pause and multiple overhead utility wires be placed underground due to their proximity to the new structure. There was a lower cost solution available to relocate the lines, but it would have added multiple additional overhead utility wire crossings. The financial terms proposed are targeted exclusively to the cost of overhead utility undergrounding, above and beyond the cost initially anticipated by the project.

The financial terms propose a capped tax increment financing (TIF) maximum value of \$200,000 in project-generated tax increment on a net-present-value basis {NPV} (at a 4.5% discount rate) based on the following schedule: 95% in years 1-5, 90% in years 6-8, and 50% in year 9. The Developer intends to file for 10-year declining residential tax abatement on the project. The TIF is estimated to comprise 3.6% of the total project financing.

The current assessed value of the existing property is \$257,000. Upon completion of the project, the total assessed value of the property including building and land is estimated at \$8,031,360.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$303,769	\$610,718	\$262,258	\$348,460
Sum 20 Years	\$674,018	\$2,060,694	\$262,258	\$1,798,435
Sum 30 Years	\$1,125,294	\$3,826,092	\$262,258	\$3,563,834

*Taxes include all property taxing authorities (not just City property tax dollars).

*Taxes received estimates used the following assumptions: 2.5% growth in re-assessment years, 1.5% growth in non-re-assessment years.

*Building and land valuation assumptions at completion of construction:

\$5,250,000 building valuation

\$245,000 land assessment

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

ADDITIONAL INFORMATION:

- The UA Station project is bringing quality affordable housing units to the former location of a Kum & Go gas station, acquired by NDC in 2022.
- The building will contain studios in addition to one and two-bedroom units. All rents will be between 50% and 80% AMI.
- The project will also participate in the MidAmerican Commercial New Construction Program.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Certificate of Completion

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