


COUNCIL COMMUNICATION

	Number:	26-182	Meeting:	May 18, 2026
	Agenda Item:	23	Roll Call:	26-0618
	Submitted by:	Carrie Kruse, Economic Development Administrator		

AGENDA HEADING:

Resolution approving preliminary terms of an Urban Renewal Development Agreement with Rypma Properties for the historic renovation and conversion of the existing two (2)-story warehouse building at 108 Southeast 4th Street into office space.

SYNOPSIS:

Rypma Properties (519½ East Grand Avenue, Des Moines, IA 50309; Tim Rypma, Managing Member,) is proposing a \$13.7 million adaptive reuse project for the 27,696 square foot warehouse building at 108 Southeast 4th Street. The existing building sits on .4 acres in the East Village.

The Office of Economic Development (OED) has negotiated preliminary terms of an urban renewal development agreement which provides for tax increment financing (TIF) to respond to a financing gap on the project.

FISCAL IMPACT:

Amount: TIF generated from the increment on the building valuation (exclusive of land) with a schedule of 95% for 20 years, not to exceed \$1.75 million on a net present value basis at a 4.5% discount rate. The 20-year TIF payment schedule will start after the first full tax year; there will be no TIF rebate for the first taxing year. The incentive represents approximately 12.71% of total project costs.

The project is not eligible to receive commercial tax abatement.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project**	Estimated TIF Incentive Paid (cash basis)	Estimated Net Taxes Received*
Sum 10 Years	\$196,536	\$2,054,796	\$1,307,605	\$ 747,192
Sum 20 Years	\$436,084	\$4,548,527	\$3,074,122	\$1,474,405
Sum 30 Years	\$728,056	\$7,574,382	\$3,270,976	\$4,303,407

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

** 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 Value Assumptions at Completion of Construction:

- Land = \$370,000
- Building = \$4,500,000

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

ADDITIONAL INFORMATION:

- The structure was originally built in 1898 for Nichols & Shepard Co. to manufacture heavy agricultural threshing equipment. In 2017, the building was deemed to be one of 31 contributing buildings within the East Des Moines Industrial Historic District and is listed on the National Register of Historic Places.
- The development team is seeking state and federal historic tax credits and is working with the State Historic Preservation Office (SHPO) on design requirements for the historic renovation of the warehouse.
- The project is similar to the Carpenter Warehouse historic rehabilitation which was completed by the same developer.
- The project will utilize Mid-American Energy's Commercial New Construction Energy Efficiency Program.
- The subject property is outside of the newly amended Iowa Reinvestment Act (IRA) District Boundary. Since the proposed use is office, it would not contribute to the IRA District since it won't produce any sales or hotel/motel tax.

Project site map:



PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board – Conceptual Development Plan
- City Council – Conveyance of right of way (ROW) and Final Terms of Urban Renewal Development Agreement

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