

IOWA REINVESTMENT DISTRICT PROGRAM

2022 ANNUAL REPORT

IOWA[®]
economic development

The Iowa Legislature enacted the Iowa Reinvestment Act, Iowa Code Chapter 15J, during the 2013 session. The Iowa Economic Development Authority (IEDA) and the Iowa Department of Revenue (IDR) administer the Iowa Reinvestment District Program. IEDA's rules can be found at 261 IAC Chapter 200. IDR's rules can be found at 701 IAC Chapter 273.

The program is designed to assist communities in developing transformative projects that will improve the quality of life, create and enhance unique opportunities, and substantially benefit the community, region and state. Under the program, a municipality that has an area suitable for development within its boundaries is eligible to seek approval from the IEDA Board to establish a reinvestment district consisting of the developable area. The district must be located within an Urban Renewal Area.

A municipality that has received IEDA Board approval of its district plan and that has completed all steps set out in Code and in the administrative rules to establish a district can "reinvest" state hotel/motel and sales tax revenue generated by "new retail establishments" and "new lessors" in projects within the reinvestment district. New retail establishments cannot exceed 50% of the total proposed capital investment. The capital investment in at least one of the new proposed projects within the district must total a minimum of \$10 million and the total amount of new tax revenues to be remitted to the municipality cannot exceed 35% of the total cost of all proposed projects in the district plan.

As part of its approval of a district plan, the IEDA Board establishes a commencement date for the reinvestment district. Beginning on the first day of the calendar quarter that begins on or after the commencement date, IDR is required to remit sales and hotel/motel tax revenues to the municipality's reinvestment project fund.

For districts approved before July 1, 2018, the total aggregate amount of state sales tax and hotel/motel tax revenues that the IEDA board was authorized to approve for the purpose of "reinvesting" in districts with approved plans was \$100 Million. The IEDA Board approved district plans submitted by seven municipalities: Muscatine, Waterloo, Des Moines, Coralville, Grinnell, Mason City, and Sioux City, and allocated the entire \$100 million in tax revenue that was originally available under the program.

In 2020, the Legislature appropriated an additional \$100 million for the program and updated the following aspects of the program:

- Changed the calculation for the amounts deposited in each district's fund;
- Increased the size of the area that may be designated as a reinvestment district from 25 acres to 75 acres;
- Expanded the definition of "municipality" to include entities formed by two or more contiguous cities or counties; and
- Allowed the Board to extend the period for deposit and receipt of funds by up to five years under specified circumstances.

In June 2021, IEDA provided provisional approval to six new districts for the additional \$100 million that was appropriated in 2020. The following municipalities submitted preapplications and received provisional approvals: Ames, Cedar Rapids, Des Moines (Capital City District), Des Moines/Urbandale (Merle Hay Campus), Fort Dodge, and Newton. The IEDA Board approved final district plans for Fort Dodge and Merle Hay District in April of 2022. Cedar Rapids received final approval in July of 2022. Ames, Des Moines (Capital City District), and Newton each submitted a final application within one year of submitting their preapplications, on or before February 25, 2022. The IEDA Board will consider final approvals when additional information related to financing and project timelines are provided.

The status of approved districts and the amounts of tax revenues that have been reinvested in each district are listed on the following pages.

CEDAR RAPIDS

The City of Cedar Rapids was approved for a maximum benefit amount of \$9 million for the Cedar Rapids Central Reinvestment District. The commencement date, i.e., the IDR begins calculating new state sales tax and new state hotel and motel tax revenue for deposit in the state reinvestment district fund, will be January 1, 2025. The city has not yet collected or reinvested tax revenues as commencement is a future date.

Project Updates:

- Site improvements and utility work for Mixed Use and Public Plaza projects are underway.
- Planning and design work is ongoing for the Mixed-Use Pump Station flood protection and amenity.
- Site design and engineering work has been initiated on Entertainment Center.



CORALVILLE

The City of Coralville was approved for a maximum benefit amount of \$12 million for the Iowa River Landing Reinvestment District. The commencement date was July 1, 2019. The city has reinvested a total of \$1,002,542 from its district fund.

Project Updates:

- Xstream Arena, GreenState Family Fieldhouse and two hotels are complete.
- Multiple mixed-use projects are in various stages of completion.
- Parking ramp is temporarily replaced by surface parking pending completion of University of Iowa Hospital and Clinics planning process.



DES MOINES

The City of Des Moines was approved for a maximum benefit amount of \$36.5 million. The commencement date was April 1, 2018. The city has reinvested a total of \$4,498,150 from its district fund.

Project updates:

- Infrastructure improvements to parking garages, skywalk system and Grand Avenue have been completed.
- Construction of Iowa Events Center Convention Hotel and renovations to Randolph Hotel apartments and Fourth & Court apartments are complete.
- The Board approved inclusion of two additional hotels in the district in September 2020. The Surety Hotel opened in November 2020 and the hotel proposed for the Financial Center is currently on hold.

FORT DODGE

The City of Fort Dodge was approved for a maximum benefit amount of \$17 million. The commencement date will be July 1, 2023. The city has not yet collected or reinvested tax revenues as commencement is a future date.

Project Updates:

- Phase 2 road infrastructure is complete. Phase 3 road infrastructure improvements are to begin spring 2023.
- Strip center is complete and occupied.
- Full demolition of remaining mall is anticipated year end 2022.

GRINNELL

The City of Grinnell was approved for a maximum benefit amount of \$6.85 million for its Grinnell Historic Downtown and Campus Confluence Reinvestment District. The commencement date was January 1, 2020. The city has reinvested a total of \$157,943 from its district fund.

Project updates:

- Hotel Grinnell has been operational since 2017 and Central Park renovations were completed 2018.
- Renovation has been completed on one commercial property in the Zone of Confluence and the building is occupied.
- Redeveloped project to begin in spring 2023 on 53 residential units and 6,988 square feet of commercial and support space on the first floor. This project was awarded \$1 million from the Iowa Workforce Housing Tax Incentive.
- Grinnell College recently approved a plan to construct the Civic Engagement Quad (CEQ) core building to be used for residential student housing and civic engagement.

MASON CITY

The City of Mason City was approved for a maximum benefit amount of \$9.163 million for the Mason City Downtown Reinvestment District. The commencement date was January 1, 2020. The city has reinvested \$0 from its district fund.

Project updates:

- The Performing Arts Pavilion and Multi-Purpose Arena are complete.
- Completion of the skywalk over South Delaware Avenue/US65 connecting the hotel to Music Man Square is anticipated year end of 2022.
- Hotel utility site work is complete and the building is expected to start construction soon.

MERLE HAY REINVESTMENT DISTRICT

The City of Urbandale and the City of Des Moines formed the Merle Hay Reinvestment District Joint 28E Board that was approved for a maximum benefit amount of \$26.5 million for the Merle Hay Reinvestment District. The commencement date will be October 1, 2023. The cities have not yet collected or reinvested tax revenues as commencement is a future date.

Project Updates:

- Design is progressing on Buccaneer Arena and it is anticipated that construction will begin in the first quarter 2023. Construction of Buccaneer Training Center expected 2024.
- Hotel is in development with potential construction beginning 2024.
- Kohls Department Store grand opening November 2022.



MUSCATINE

The City of Muscatine was approved for a maximum benefit amount of \$10 million. The commencement date was July 1, 2017. The city has reinvested a total of \$616,357 from its district fund.

Project updates:

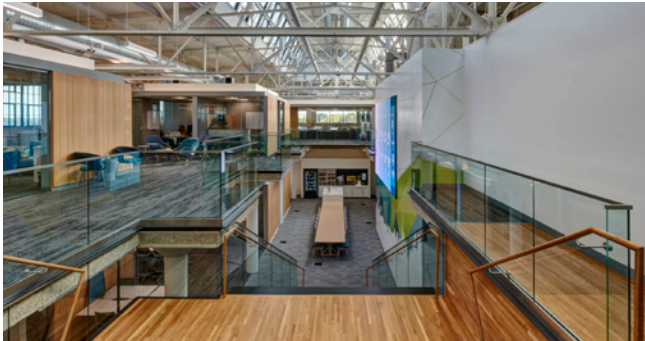
- The Merrill Hotel has been open since 2018.
- In July of 2019 the hotel was converted to a Marriott Tribute Brand Independent Hotel.
- The project has won numerous awards and accolades including #1 Trip Advisor Hotel in Iowa and Best Iowa Hotel by US News and World Report.

SIOUX CITY

The City of Sioux City was approved for a maximum benefit amount of \$13.5 million. The commencement date was October 1, 2019. The city has reinvested \$491,908 from its district fund.

Project updates:

- Construction of Courtyard by Marriott hotel and parking deck completed 2020.
- Virginia Square renovation of 2 buildings and construction of 2 properties completed 2020.
- Siouxland Expo Center completed 2020.
- Renovation of the Warrior and Davidson buildings completed 2021.



WATERLOO

The City of Waterloo was approved for a maximum benefit amount of \$12 million. The commencement date was July 1, 2016. The city has reinvested \$576,301 from its district fund.

Project updates:

- Lincoln Savings Bank has completed renovations of the top three floors of the Tech 1 building to create a new corporate office center.
- The University of Northern Iowa Additive Manufacturing Center and Hawkeye Community College Design Lab have both expanded.
- Construction is complete on the Jefferson and Commercial Street streetscape project that was funded by a \$1.2 million grant by The Black Hawk County Gaming Association. The streetscape improves the pedestrian walking system from the main portions of downtown to the TechWorks Campus and provides additional parking in the area.

A summary of the provisionally approved projects is included below:

The **Ames District** includes approximately 73 acres within Downtown and along Lincoln Way with five project sites that will act as catalysts for the area. The primary public investment includes development of the Indoor Aquatics Center (IAC) on a three-acre site that is currently used as parking and office space for the Iowa Department of Transportation. The primary commercial development catalyst project for the Reinvestment District is the redevelopment of two blocks of Lincoln Way with a new 136 room full-service hotel with conference space, mixed-use development of apartments with retail, office buildings with ground floor retail, and structured parking. The three other supporting projects include a multi-seasonal destination plaza and rehabilitation of historic building for new retail and residential spaces.

The **Newton Legacy Iowa Reinvestment District** proposal includes five components with investment totaling just under \$48 million. The district focuses on adaptive reuse of existing facilities that were vacated by Maytag in 2007, including investment in market rate apartments, a boutique hotel and bar, event space, green space, DMACC buildings, and public investment in downtown improvements and trail connections. Project representatives have been working to find an opportunity to create up front financing options for the Reinvestment District rebates. Marion County is actively considering playing a role, which may entail an amended petition.

The **Capital City Reinvestment District** will reimagine blighted, vacant and brownfield sites in the heart of Des Moines and replace them with mixed-use neighborhoods that use the power of place to draw people of all ages and backgrounds to downtown. The proposed district is broken down into three hubs: the Stadium Neighborhood, Western Gateway, and Gray's Landing, connected by pedestrian friendly community corridors. Major proposed projects within these hubs include hotels, entertainment venues, and the Pro Iowa Stadium, which proposed to transform a 38-acre Superfund site into a professional soccer stadium and outdoor plaza.