
FISCAL UPDATE Article

Fiscal Services Division

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REINVESTMENT DISTRICTS PROGRAM PROVISIONAL AWARDS — JUNE 2021

Awards. On June 25, 2021, the [Iowa Economic Development Authority \(IEDA\) Board](#) made provisional funding awards of up to \$100.0 million total to six Reinvestment District Program [applicants](#):

- The city of Ames received provisional funding approval of \$10.0 million (out of a \$21.5 million request) for a \$154.4 million project to develop an indoor aquatics center east of Iowa State University and to construct a hotel and conference center with apartments and restaurants along the Lincoln Way corridor. The district is expected to generate \$20.0 million in revenues over a 20-year period.
- The Cedar Rapids Central Reinvestment District received provisional funding approval of \$9.0 million (out of a \$39.5 million request) for six projects totaling \$262.5 million in downtown Cedar Rapids, including the construction of apartments, bars, restaurants, hotels, and up to 140,000 square feet of commercial space west of the Cedar Rapids River. Several riverfront amenities are also proposed, and a project would restore the Guaranty Bank Building and Old World Theater. The district is expected to generate \$39.0 million in revenues over a 20-year period.
- Des Moines' Capital City Reinvestment District received provisional funding approval of \$23.5 million (out of a \$27.1 million request) for a \$276.6 million project for construction of a 6,300-seat multiuse outdoor stadium for a professional soccer team, a hotel, and other mixed-use developments at the former Dico Company industrial site on the east bank of the Raccoon River. The district is expected to generate \$139.4 million in revenues over a 20-year period.
- The Fort Dodge Corridor Plaza Reinvestment District received provisional funding approval of \$17.0 million (out of a \$18.0 million request) for an \$86.1 million project for redevelopment of the Crossroads Mall site north of U.S. Highway 20 that would raze a portion of the mall and add smaller retail buildings, apartments, restaurants, a hotel with meeting space, an office building, green space, and an outdoor pavilion. The district is expected to generate \$32.9 million in revenues over a 20-year period.
- The Merle Hay Reinvestment District received provisional funding approval of \$26.5 million (out of a \$30.0 million request) for a \$121.6 million project to develop a 3,500-seat multiuse arena and training center at Merle Hay Road and Douglas Avenue with an attached multistory hotel. The arena would host the Des Moines Buccaneers hockey team. Construction would be completed by December 2023. The district is expected to generate \$133.0 million in revenues over a 20-year period.
- The Newton Legacy Reinvestment District received provisional funding approval of \$14.0 million (out of a \$15.5 million request) for a \$44.6 million project to make improvements to the downtown area including a hotel, apartments, and a new plaza. The project would also upgrade the Des Moines Area Community College's library. The district is expected to generate \$21.0 million in revenues over a 20-year period.

Background. The Reinvestment Districts Program was created in 2013 Iowa Acts, [HF 641](#) (Iowa Reinvestment Act). House File 641 authorized municipalities, with approval from the IEDA Board, to establish reinvestment districts and to receive remittances of State sales tax and State hotel and motel tax revenues collected in the districts to fund projects within the districts. The total amount of State sales tax and State hotel and motel tax revenues remitted to all districts had a cap of \$100.0 million.

The 2020 Iowa Acts, [HF 2641](#) (2020 Tax Changes Act), implemented changes to the Program authorized through Iowa Code chapter [15J](#), and provided for an additional \$100.0 million for awards made beginning July 1, 2020, through June 30, 2025. For awards made after July 1, 2020, the Act changed the calculation for the amounts deposited in each district's fund and increased the area that may be designated as a reinvestment district to 75.0 acres. The Act also made a joint entity formed by two or more cities or counties eligible for the Program and allowed the Board to extend the period for deposit and receipt of funds by up to five years under specified circumstances. The Act allowed the IEDA Board to extend the 20-year maximum number of years a reinvestment district may receive State sales tax and State hotel and motel tax diversions for up to an additional five years under specified circumstances.

Next Steps. The provisional funding decisions are designed to provide feedback for municipalities interested in creating a reinvestment district, but are not final or binding. Following the provisional approval, final application materials meeting all program requirements are due by February 25, 2022. Applicants may amend any part of the preapplication to represent any change to the proposed projects within the district. The final application will be rescored in the same manner as the preapplication if changes are made. The Board's final funding decision may be different from the provisional funding decision based on the final application.

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