

IOWA REINVESTMENT DISTRICT PROGRAM

2024 ANNUAL REPORT

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 percent 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:

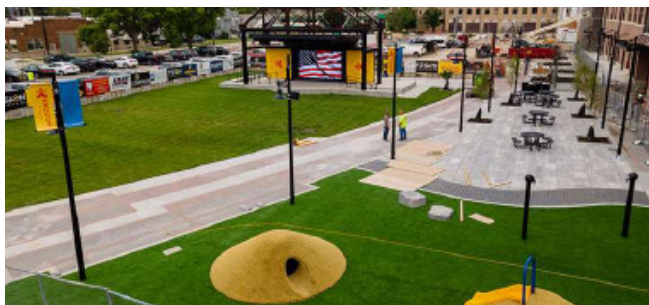
- Changed the calculation for the amounts deposited in each district's fund;
- Increased the size of the area that may be designated as a reinvestment district from 25 acres to 75 acres;
- Expanded the definition of "municipality" to include entities formed by two or more contiguous cities or counties; 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, Jasper County (Newton) received final approval in March of 2023, and Des Moines (Capital City District) received final approval in October 2024. Ames submitted a final application within one year of submitting the preapplication, on or before February 25, 2022, and the project has received provisional approval. The IEDA Board will consider final approval when additional information related to financing and project timeline is provided.

The status of approved districts and the amounts of tax revenues that have been reinvested in each district are listed below. Information is gathered in the annual report due to the Authority on October 1.

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:

- Pickle Palace and Big Grove Brewery have opened and are operational.
- Project 1 - 1st and 1st West has grown in total investment from \$48 million to \$82 million. To date, the 151 Lofts mixed use building is complete (with the exception of tenant improvements), and 275 Lofts is under construction.
- The land sale closed for Kineth to build an AC Marriott.
- Project 2 - 1st & 1st West - Phase 2 - Public Plaza is under construction with the Central Park stage, park and open space complete.

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 \$2,839,494 from its district fund.

Project Updates:

- Xstream Arena, GreenState Family Fieldhouse and two hotels are complete.
- Parking ramp is temporarily replaced by surface parking pending completion of University of Iowa Hospital and Clinics planning process.
- Multiple mixed-use spaces completed with tenants and one mixed-use building has yet to begin.

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 \$8,586,314 from its district fund.

Project updates:

- District Infrastructure improvements are nearing completion, with an expected completion date of June 20, 2025.
- 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 is complete, and the hotel proposed for the Financial Center is currently on hold.

Des Moines – Capital City

On October 18, 2024, the City of Des Moines was approved for a maximum benefit amount of \$23,500,000 as described in the Capital City Reinvestment District plan and the commencement date was established as January 1, 2028. Approval was received after the reporting period for this report.

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.

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 reinvested tax revenues as of the report date.

Project Updates:

- Project 1 – Strip Center is complete. Phases 1, 2, and 3 infrastructure will be complete by the end of 2024.
- Project 2 - Pavilion is under construction with an anticipated opening date of February 2025.
- Project 3 – Complementary Retail progressing with several operations complete and operational and multiple outlots under contract.

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 \$349,927.53 from its district fund.



Project updates:

- Hotel Grinnell, Central Park reconstruction and Grinnell Campus Improvements are complete.
- The Zone of Confluence has progressed. Within this area, Grinnell College's Renfrow Hall is nearly complete and will open November 2024. Merge Urban Development will start their 55+ unit apartment complex with commercial space on the first floor in fall 2024. Several smaller commercial projects have been completed.

Jasper County (Newton)

Jasper County was approved for a maximum benefit amount of \$14 million for the Newton Legacy Iowa Reinvestment District. The commencement date is October 1, 2024. The county has not yet collected or reinvested tax revenues.

Project updates:

- Construction on residential adaptive use project is nearly complete with ribbon cutting scheduled for December 10, 2024.
- Construction on the hotel is in the beginning stages with interior demolition and architectural design complete.
- DMACC Legacy projects are under construction with expanded brewing facilities replacement of brick walls, rafters, and roofs in multiple buildings complete, and the installation of walkways, storm sewer, lighting, and plantings in Legacy Plaza have been completed.
- The City of Newton Resiliency Zone is nearly complete with Community Gathering Park and splash pad construction and multiple downtown properties receiving façade and kitchen grants.

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 \$633,385 from its district fund.

Project updates:

- The Performing Arts Pavilion and Multi-Purpose Arena are complete.
- Skywalk over South Delaware Avenue/US65 connecting the hotel to Music Man Square is complete.
- Kineth Hospitality has been identified as new developer for hotel project, with an expected start of construction in Spring 2025.

Merle Hay Reinvestment District Joint 28E Board

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 was October 1, 2023. The cities have not yet reinvested tax revenues.

Project Updates:

- Building acquired for development of Arena and training center.
- IHMV Credit Union complete on outparcel.
- Mixed use improvements include storm sewer and Kid's Empire.

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 \$1,125,178 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 & 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 \$1,547,243 from its district fund.

Project updates:

- Construction of Courtyard by Marriott hotel and parking deck completed 2020.
- Virginia Square renovation of two buildings and construction of two new 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 \$922,898 from its district fund.

Project updates:

- Marriott Courtyard hotel completed in 2019.
- Tech 1 Building investments were complete in 2024.
- Outlot development has not progressed. The City of Waterloo has acquired the property for redevelopment.
- Public improvements to the marina nearing completion. Private development is being recruited for commercial development.



A summary of the provisionally approved project 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.