



# IOWA REINVESTMENT DISTRICT PROGRAM

2020 ANNUAL REPORT

**IOWA**<sup>®</sup>  
economic development

The Iowa Legislature enacted the Iowa Reinvestment Act, Iowa Code Chapter 15J, during the 2013 session. The Iowa Economic Development Authority (IEDA) administers the Iowa Reinvestment District Program and promulgated rules found at 261 IAC 200. In 2020, the Legislature appropriated an additional \$100 million 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 to 75 acres,
- expanded the definition of "municipality" to include entities formed by two or more contiguous cities or counties, and
- allowed the IEDA Board to extend the period for deposit and receipt of funds by up to five years under specified circumstances.

*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.*

After receipt of IEDA Board approval of its district plan, a municipality that completes all steps set out in Code and in administrative rules regarding establishing 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, the Iowa Department of Revenue 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 originally available under the program. The status of the projects in those districts and the amounts of tax revenues reinvested in each district are detailed below. IEDA is preparing to accept new pre-applications starting in February 2021 for the additional \$100 million appropriated in 2020.

## CORALVILLE

The City of Coralville received final approval for a maximum benefit of \$12,000,000 for the Iowa River Landing Reinvestment District in June 2016. The proposed plan includes a 180-acre parcel at the intersections of the Iowa River, Interstate 80 and First Avenue in Coralville. The project has a total capital investment of \$185 million and includes the addition of a 7000-seat arena, fitness/sports performance center and new, mixed-use, commercial- and residential condominium structures; a transportation facility that will connect Iowa River Landing to downtown Iowa City; and additional hotel capacity. All award contingencies have been satisfied.

The Xtream Arena and GreenState Family Fieldhouse ribbon cutting event occurred on September 17, 2020. New museum space for the Johnson County Historical Society and Antique Car Museums was expected to be completed in late 2020. The previous museum space will be replaced by a mixed-use project.

The commencement date, or the date calculation of new state sales tax and new state hotel and motel tax revenue begin for deposit in the state reinvestment district fund, was July 1, 2019. The city has reinvested a total of \$191,411 from its district fund.

## DES MOINES

The City of Des Moines was approved for a \$36.5 million benefit. The Des Moines plan proposes a total capital investment of \$153 million and includes building a convention headquarters hotel, investing in infrastructure and amenities to support new visitors, redeveloping important downtown sites, preserving significant architecture, improving walk-ability throughout downtown, and connecting important amenities such as the Iowa Events Center, Principal Riverwalk, the Civic Center of Greater Des Moines and Cowles Commons, the East Village, Court Avenue and Western Gateway Park. All award contingencies have been satisfied, and the projects originally approved in the district are complete.

On September 18, 2020, the IEDA Board approved changes to the district to include two additional projects – the Surety Hotel and a hotel in the Financial Center.

The Surety Hotel opened in November 2020 and is projected to generate \$16.8M in eligible, new revenues through the remaining life of the district. The project involved the renovation and restoration of the existing 12-story Midland Building, located at the corner of Mulberry Street and 6th Avenue, into a full-service, independently operated hotel. The hotel includes a full-service restaurant, 200-person ballroom, meeting and conference rooms and a spacious outdoor courtyard.

The hotel proposed for the Financial Center is in planning stages with opening planned for 2022. The project is projected to generate \$14.4 million in eligible new revenues through the remaining life of the district. The \$59.3 million project will convert 13 floors of the building to a full-service hotel with approximately 190-rooms. The first floor is proposed to have an upscale restaurant, coffee shop and a market. The second and third floors will include a fitness room, meeting rooms, business center and skywalk access. The project proposes a rooftop bar, pool and lounge on the lower-level roof. Floors 14-25 will continue to remain as office space.

The commencement date was April 1, 2018. The city has reinvested a total of \$1,344,482 from its district fund.

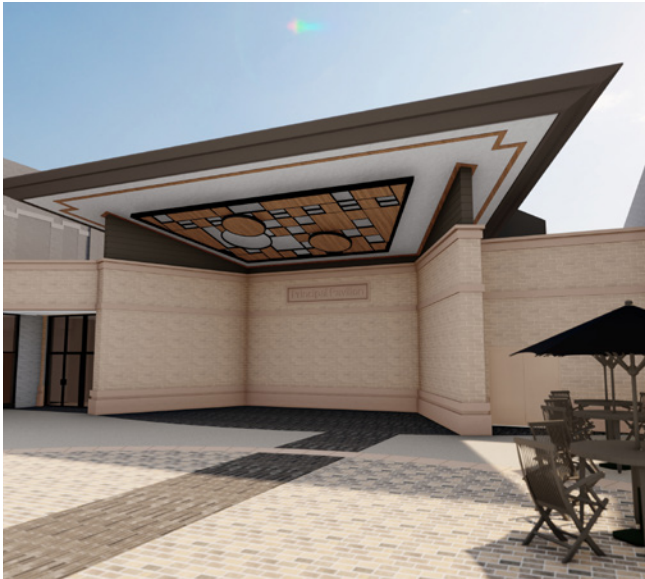
## GRINNELL

The City of Grinnell received final approval for \$6,850,000 for its Grinnell Historic Downtown and Campus Confluence Reinvestment District in September 2016. The project includes five components. The first is redevelopment of the Grinnell Community Center as a boutique hotel and event center with services including a salon and spa. The second will include enhancement of Central Park, and the third is the final phase of the reconstruction of the public infrastructure in the downtown. Finally, the project includes the development of a mixed-use area at the confluence of Grinnell's Historic Downtown and the Grinnell College Campus as well as improvements to Grinnell College Campus, including a new admissions and welcome center, and more. All award contingencies have been satisfied.

The Hotel Grinnell opened in September 2017. The hotel continues building a customer base and has been a quite popular destination for social and conference events. The official reopening of the renovated Central Park occurred in May 2018. The infrastructure and street scape project is also complete.

Grinnell College continues to acquire and renovate properties in the Zone of Confluence. Construction is expected to begin in spring 2021 at 1020 Main Street, a vacant commercial property in Grinnell's central business district and the Zone of Confluence. The project will include 53 residential units and 6,988 square feet of commercial and support space on the first floor. Construction of the Humanities and Social Studies Complex (HSSC) began in January 2017, with McGough Construction serving as the construction manager. The new addition, representing approximately 80% of the overall building, was complete and occupied in June 2020.

The commencement date was January 1, 2020. The city has reinvested a total of \$33,799.74 from its district fund.



## MASON CITY

The City of Mason City received final approval for \$9,162,600 for the Mason City Downtown Reinvestment District on February 16, 2018. The district includes four proposed projects: the Downtown Hotel; Music Man Square improvements; a skyway over South Delaware Avenue/U.S. 65 connecting the hotel to Music Man Square; and a Sports/Entertainment/Retail Complex that includes two components at Southbridge Mall, an Indoor-Outdoor Performing Arts Pavilion and a 2,400-seat indoor multi-purpose arena.

The award is contingent on receipt of the following:

- Provide weekly updates to IEDA staff until construction has started on the Downtown Hotel project
- By April 30, 2021, submit documentation to IEDA that construction financing has closed for the Downtown Hotel

All other award contingencies have been satisfied.

Construction on the arena was completed in December 2019. The pavilion was expected to start construction in late 2020. The hotel and conference center are all through design and will start construction in late 2020/early 2021. The Skywalk is through design and will start in late summer 2021.

The commencement date was January 1, 2020. The city has not reinvested any funds in the district.

## MUSCATINE

The City of Muscatine was approved for a maximum \$10 million benefit. The district includes the construction of a hotel, convention center and parking facility in downtown Muscatine with a capital investment of \$41 million. The hotel will consist of 112 rooms and amenities, as well as premium conference space and parking. The proposal is in response to identified needs brought forward by a marketing analysis showing a considerable amount of the city's retail, restaurant and accommodations activity going elsewhere due to lack of facilities.

Construction was completed on The Merrill Hotel in May 2019. The hotel converted to a Marriott Tribute Brand independent hotel in July 2019.

The commencement date was July 1, 2017. The city has reinvested \$276,891 from its district fund.

## SIOUX CITY

The City of Sioux City received final approval for \$13,500,000 for its Reinvestment District in August 2017. All award contingencies have been satisfied. Projects in the district include the construction of a new 150-room Convention Center Hotel, the redevelopment of four industrial properties into mixed-use buildings and an extended stay hotel known as Virginia Square, the construction of a new Ag Expo and Learning Center, and restoration of the Davidson and Warrior buildings into a 146-room boutique hotel with 22 luxury apartments and additional commercial/retail space.

The Courtyard by Marriott opened in May 2020. Virginia Square Sites 1 and 2 (100 Virginia and 103 Virginia) include existing historic warehouse buildings, which Ho-Chunk Capital completed the renovations into mixed-use. Ho-Chunk started the construction of a new four-story, mixed-use building on Site 3 (101 Virginia), and construction was expected to be completed by November 2020. The Avid Hotel at Site 4 (101 Court) was completed in November 2020. A grand opening for the Siouland Expo Center was held September 18, 2020. A soft opening for the Warrior Hotel took place in September 2020.

The commencement date was October 1, 2019. The city has not reinvested any funds in the district.

## WATERLOO

The City of Waterloo was approved for a maximum \$12 million benefit. All award contingencies have been satisfied. The TechWorks district will have a capital investment of \$74.1 million and include three projects. The first is a mixed-use development including a business-class hotel, industrial incubator, private sector lab and manufacturing maker-space, and John Deere Tractor and Engine Museum. The second project area includes commercial out-lots such as a restaurants and retailers that complement other project areas. The third project area includes a marina for boat storage, boat sales, fuel sales and a riverfront restaurant.

In 2020, Lincoln Savings Bank purchased the top three floors of the Tech 1 building and began extensive renovations to create a new corporate office center. Critical foundational and infrastructure improvements were also made to the Tech 1 building in 2020. The City of Waterloo and the Tech Works Board of Directors approved the transfer of the Tech Works Campus Out lots to the City of Waterloo in exchange for forgiveness of debt incurred for the earlier construction of a storm water lift station serving the campus. Projects have been identified to utilize most of the available land, but COVID-19 and current economic conditions slowed development progress in 2020. The City hired AECOM Technical Services, Inc. for the design of public improvements to facilitate the new marina. The City is also working with private developers and entrepreneurs for the construction of private investment on the site, which could include a commercial facility for kayak and canoe rental, upper story housing, food vendors and other services.

The commencement date was July 1, 2016. The city has reinvested \$346,273 from its district fund.

