


COUNCIL COMMUNICATION

	Number:	25-142	Meeting:	April 7, 2025
	Agenda Item:	28	Roll Call:	25-0506
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution in support of an amendment to the final application for the Merle Hay Campus Reinvestment District.

SYNOPSIS:

In 2013, the Iowa Legislature enacted the Iowa Reinvestment District Act (the "Act"), which establishes a program administered by the Iowa Economic Development Authority (IEDA) that allows certain state hotel and motel, and sales and use tax revenues to be reinvested in designated reinvestment districts. IEDA requested and received applications for that round. In Des Moines, the Iowa Events Center hotel received funding through this program.

In 2020, the Iowa Legislature amended certain parameters of the Act and budgeted an additional \$100 million to be used to fund additional projects across the state. The Act and the administrative rules adopted by IEDA required the submission of a pre-application for provisional approval of a proposed reinvestment district. The pre-application could come from the City or 28E entity in which the district is located.

In January 2021, the Council approved the creation of a 28E Board since the proposed Reinvestment District was located in both Des Moines and Urbandale. That 28E Board submitted the pre-application for Iowa Reinvestment Act (IRA) funding for the redevelopment efforts at Merle Hay Mall in February 2021. The pre-application was awarded provisional approval for \$26.5 million in June 2021.

The final application was submitted in February 2022. Since then, some aspects of the project have changed, most notably that the Des Moines Buccaneers will not be part of the effort. Instead of multiple sheets of ice for the Bucs and potential hockey tournaments, the proposal has become one (1) sheet of ice for various users, a sports court, and pickleball courts. The number of users is actually expected to increase across various sports interests. Other aspects of the plan – hotel, housing, additional retail north of the new Kohl's, etc. remain the same.

Staff recommends that the 28E Board submit the amended application to IEDA for potential State of Iowa assistance to provide financial support for the activities within the District.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- Up until 2018, Merle Hay Mall was anchored by four (4) main tenants – Sears (in Des Moines), Target (in Des Moines), Younkers (in Urbandale), and Kohl's (in Urbandale). Within 45 days of each other, Sears and Younkers closed after 59 years of operation. Since then, Merle Hay Mall ownership has been able to purchase both the Sears and Younkers sites and is now proposing a dramatic change to the mall site. Construction of a 3,500-seat multiuse arena, which will serve as the new home for Drake University hockey, Des Moines Figure Skating Club, and Iowa Demon Hawks will be the most immediate change on the former Younkers site. Other users would occupy the arena and gym space in the balance of the Younkers and former Kohl's site. The Sears building has been torn down and a new Kohl's has been built on the site, which takes advantage of the more visible Merle Hay Road location. The arena will be designed for hockey use but will be able to accommodate medium-sized music and performance acts. The District plan also includes a new hotel, improvements to the mall, new retail opportunities, infrastructure improvements, and potentially two (2) housing projects, which includes the transition of the existing office tower to senior apartments. Apart from the Kohl's construction on the Sears site, most of the new construction will occur in Urbandale.

Map of the IRA District Boundary



- IRA Parameters:
 - Up to 75 contiguous acres (streets or other rights-of-way can be used to connect parcels).
 - District is made up of eligible “Projects,” which are vertical improvement constructed or substantially improved within the District.
 - Any development to generate tax revenues or utilize tax revenues from the program, must be a “Project” within the District.
 - Projects can include new retail establishments, hotels, and other economic/community projects.
 - Funds do not need to be reinvested in the tax generating projects, and they can be used for other community development and quality of life projects.
 - At least one (1) project must have a capital investment that reaches a minimum of \$10 million, with maximum benefit capped at 35% of total capital investment in the District.
- District Requirements:
 - Provide a “Project Plan” for each project including:
 - Description, budget, timeline, financing
 - Hotel/motel and sales tax projections (should substantiate the funding request)
 - Feasibility study based on financial statements and clearly articulated assumptions
 - Address economic impact and unique nature
 - Detailed analysis of economic impact of the District including:
 - Analysis of financial benefit of the District to the economy of the state and municipality
 - One (1) or more market areas in which the District can reasonably expect to have substantial impact
 - Assess the fiscal and financial impact of the District on business or other economic development projects in the market area
 - Address “net impact” regionally and statewide
 - Conducted by an independent economist
 - Justify and demonstrate that the District meets the definition of “unique in nature” by:
 - Substantially distinguish the projects from other developments in the state
 - Permanently transform the community
 - Contribute substantially to the state’s economy or quality of life more than other similar projects in the state

- The accompanying amended District Plan (on file with the City Clerk's Office) addresses the above requirements and presents projects that will have a significant impact on the local and state economies.
- The Act is a State of Iowa funded economic development program and there is no fiscal impact to the City associated with the approval of the District and submission of the Plan or Plan Amendment to the IEDA Board. The City of Urbandale will be responsible for any bonds that are needed to take advantage of an IRA award.
- The five (5)-member board consists of two (2) members from the City of Des Moines, two (2) members from the City of Urbandale, and one (1) member from Polk County. Once the City Councils from both Des Moines and Urbandale have approved the amended application, the 28E Board will meet to consider the application. The Urbandale City Council intends to consider this item on April 15, 2025.

PREVIOUS COUNCIL ACTION(S):

Date: January 24, 2022

Roll Call Number: [22-0098](#)

Action: [Support](#) of the proposed final application for the Merle Hay Mall Campus Reinvestment District. ([Council Communication No. 22-030](#)) Moved by Gatto to adopt. Second by Mandelbaum. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The 28E Board will perform any follow-up administrative tasks.

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