COUNCIL COMMUNICATION

CITY OF DES MOINES CITY MANAGER'S OFFICE	Number:	**25-446**	Meeting:	**December 8, 2025**
	Agenda Item:	**27**	Roll Call:	**25-1603**
	Submitted by:	**Cody Christensen, Development Services Director**		

AGENDA HEADING:

Resolution in support of an Amendment to the Capital City Reinvestment District to include approximately 50 additional acres to the Reinvestment District boundary and a request for Market District funding allocation.

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 the IEDA require the submission of a pre-application for provisional approval of a proposed reinvestment district. The City submitted a preapplication for The Capital City Reinvestment District in February 2021 and was awarded preliminary approval of $23.5 million. The final application was submitted in February 2022, with the final award staying the same.

Since then, IEDA asked for updates to the application in 2024, and the Contract between the City and IEDA was approved in December 2024. In March 2025 the City adopted an Ordinance to create the Reinvestment District which would allow the redistribution of state sales and hotel/motel tax to the City. In September 2025, IEDA announced a 3-month window when it would allow existing districts to submit for an expansion of up to 50 acres, which would then potentially be eligible for any unspent funds out of the $100 million allocation that was made available in 2020. That deadline is December 23, 2025. In October 2025, the Des Moines City Council directed staff to submit an amendment to the Capital City Reinvestment District to include acres within the Market District.

The staff recommendation is to approve this Amendment to the Capital City Reinvestment District plan and the submission of the Amendment to IEDA for potential State assistance to provide additional financial support for activities within the new amended District area.

FISCAL IMPACT:

The Iowa Reinvestment District program 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 Amendment to the IEDA Board.

ADDITIONAL INFORMATION:

- The Amendment expansion is approximately 50 acres and extends from the western boundary of the existing District at SW 9th Street, along Martin Luther King Jr. (MLK) Parkway, across the Des Moines River to SE 6th Street, between MLK Parkway and Vine Street. The area collectively is known as the Market District and is located just south of the East Village. The master developer of the Market District is JSC Properties.

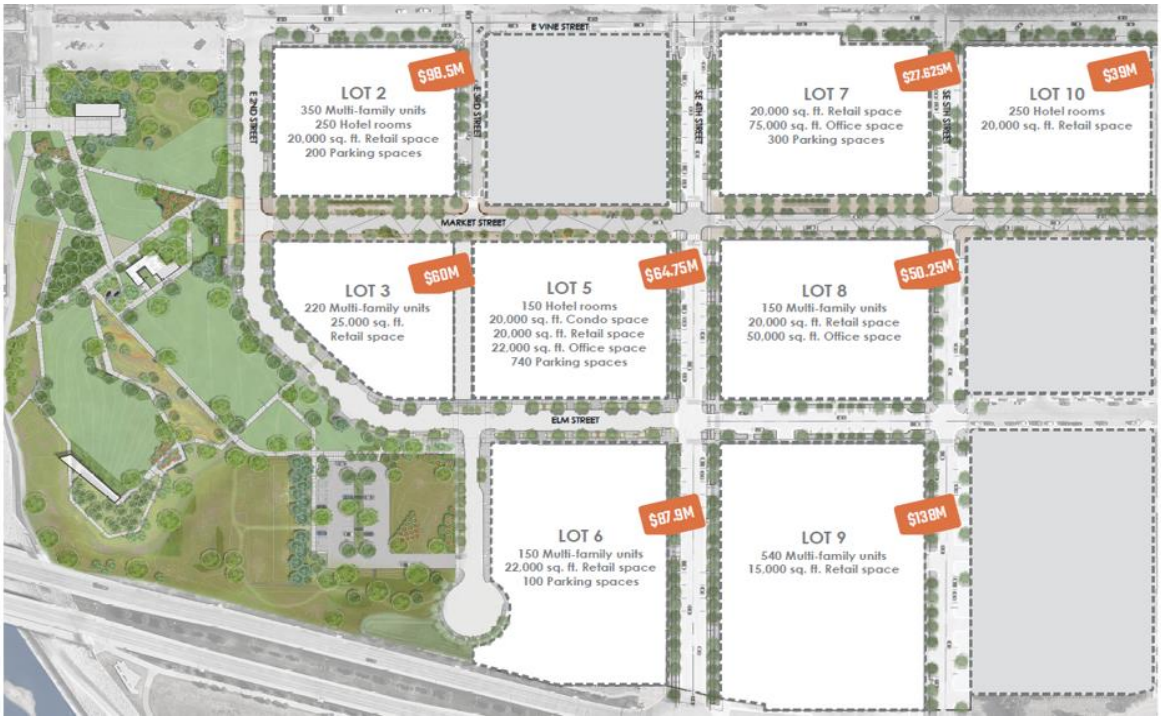
- The Market District is proposed to be a dense, walkable urban neighborhood with 170,000 square feet of retail, 220,000 square feet of office, 400 hotel rooms, and over 3000 housing units, supported by over 1300 parking stalls. The proposed plan includes eight developable lots, as shown below, that could be developed by JSC Properties or sold to other developers.

- Much of the property within the Market District consists of previously underutilized industrial property (including the City's previous Public Works facilities).

- The new 9.8 acre, $15 million Two Rivers Park, which used to be MidAmerican Energy's Two Rivers Service Center is adjacent to the proposed annexation area, along the Des Moines River. The park is not within the proposed amendment area, as it will not generate any sales, service, or hotel/motel tax, but it is an amenity of the area and is a key attraction for new development.

- Any IEDA award would be used to offset the cost of the required parking ramp, and hotel gap financing. In order to create a dense, walkable neighborhood, a parking ramp is a necessity. The Amendment identifies a financial request of $13 million from the unspent allocated Iowa Reinvestment District program to support the development of the parking structure and the hotel project.

- The development within the proposed Amendment area is expected to result in $5.2 billion in direct spending, with gross revenues of over $586 million, of which $282.14 million would be from sales and hotel/motel taxes.



PREVIOUS COUNCIL ACTION(S):

Date: October 20, 2025

Roll Call Number: 25-1414

Action: Directing the City Manager to prepare an amendment to the Iowa Reinvestment Act District Plan for the Capital City Reinvestment District modifying the boundaries to include the area within the City known as the Market District. Moved by Gatto to adopt. Second by Coleman. Motion Carried 7-0.

Date: December 9, 2024

Roll Call Number: 24-1645

Action: Reinvestment District Contract with the IEDA for the Capital City Reinvestment District. (Council Communication No. 24-492) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

Date: February 7, 2022

Roll Call Number: 22-0178

Action: Proposed Final District Plan for the Capital City Reinvestment District and approving the submission of an application to the IEDA for approval of the District. (Council Communication No. 22-048) Motion by Sheumaker to allow the public to speak failed no second. Moved by Mandelbaum to adopt. Second by Gatto. Motion Carried 6-1. Nays: Sheumaker.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Approval of the contract from IEDA; approval of Ordinance amending the Iowa Reinvestment District

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