

# Iowa Reinvestment Act

- Merle Hay Mall Campus
- The Capital City District

February 8, 2021  
City of Des Moines

# Developer Partners

Merle Hay Campus Reinvestment District



**Liz Holland**

Chief Executive Officer  
and General Counsel

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Abbell Associates  
Chicago, IL



**Michael Devlin**

Managing Partner

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Orchard View Sports  
& Entertainment

# Developer Partners

The Capital City Reinvestment District



**Kyle Krause**  
Chief Executive Officer

—  
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**Danny Heggen**  
Commercial Real Estate  
Development Manager

—  
Krause+



**Gerard Haberman**  
President

—  
Krause+



- **Background of Iowa Reinvestment Act (IRA) Program**
- **Overview of Two IRA Pre-Applications within Des Moines**
  - Merle Hay Mall Campus
  - The Iowa Capital City District: Reimagining a Superfund Site
- **Preliminary Terms – Pro Iowa Stadium/Western Gateway**

Des Moines was successful with the IRA program in 2015 with a \$36 million award for the Iowa Events Center Hotel

## Background of IRA Program

Designed to assist communities in developing transformative projects that improve the quality of life; create and enhance unique opportunities; and substantially benefit the community, region, and state.



### Legislation

State Legislation was created in 2013 and amended in 2020.



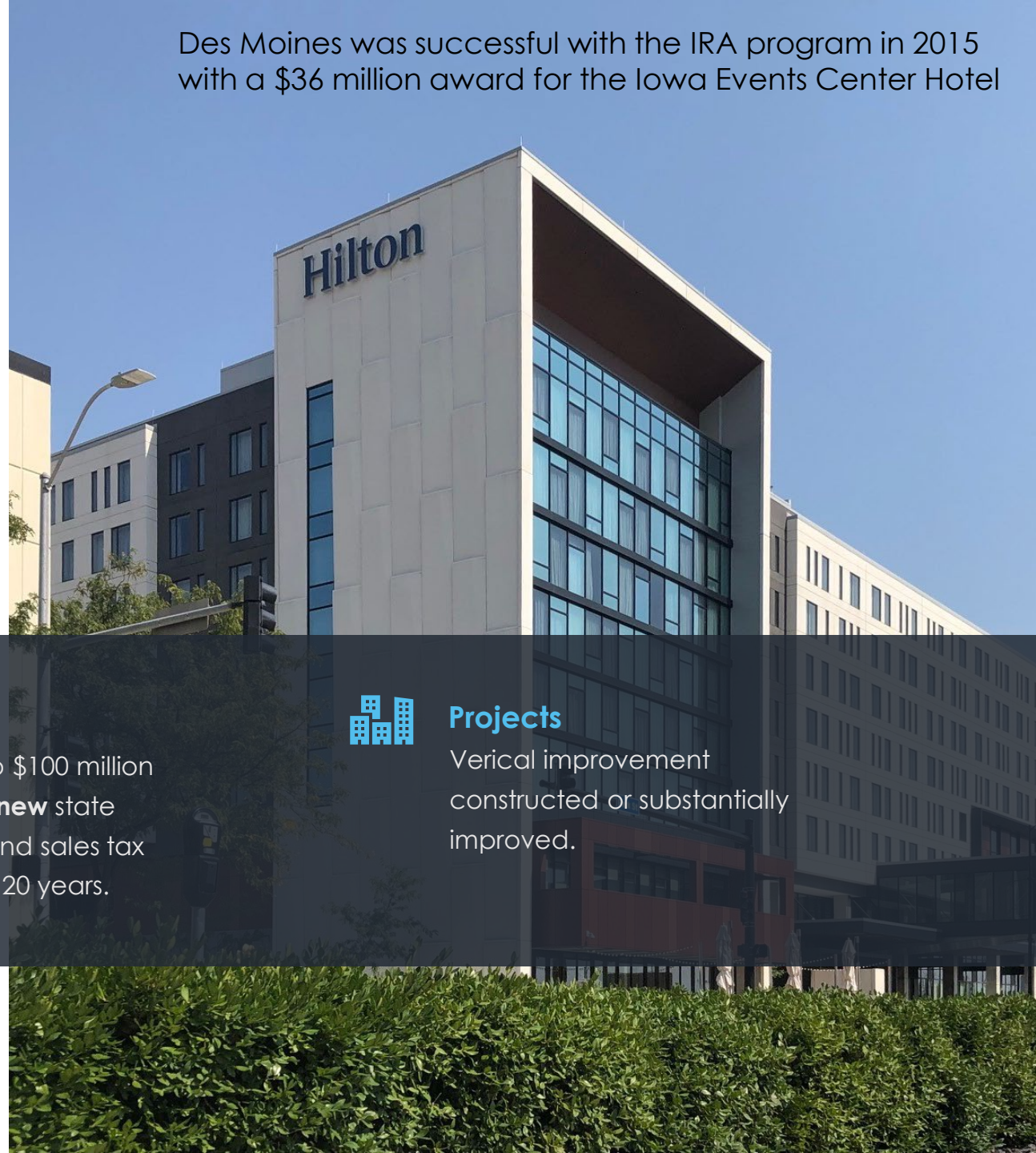
### Funding

Provides up to \$100 million state-wide in **new** state hotel/motel and sales tax revenue over 20 years.



### Projects

Vertical improvement constructed or substantially improved.



# Qualification Requirements

## IRA District



**Size**  
75 acres



**Main Project**  
\$10 million



**UR Area**  
Merle Hay and  
Metro Center



**Retail Limit**  
50%



**Request Limit**  
35%  
of total project  
investment



**Gambling Facilities**  
No

# Scoring

100 points total



**Uniqueness**

25



**Economic Impact**

25



**Project Feasibility**

10



**Capital Investment**

10



**Funding Leverage**

10



**Non-Retail Focus**

10

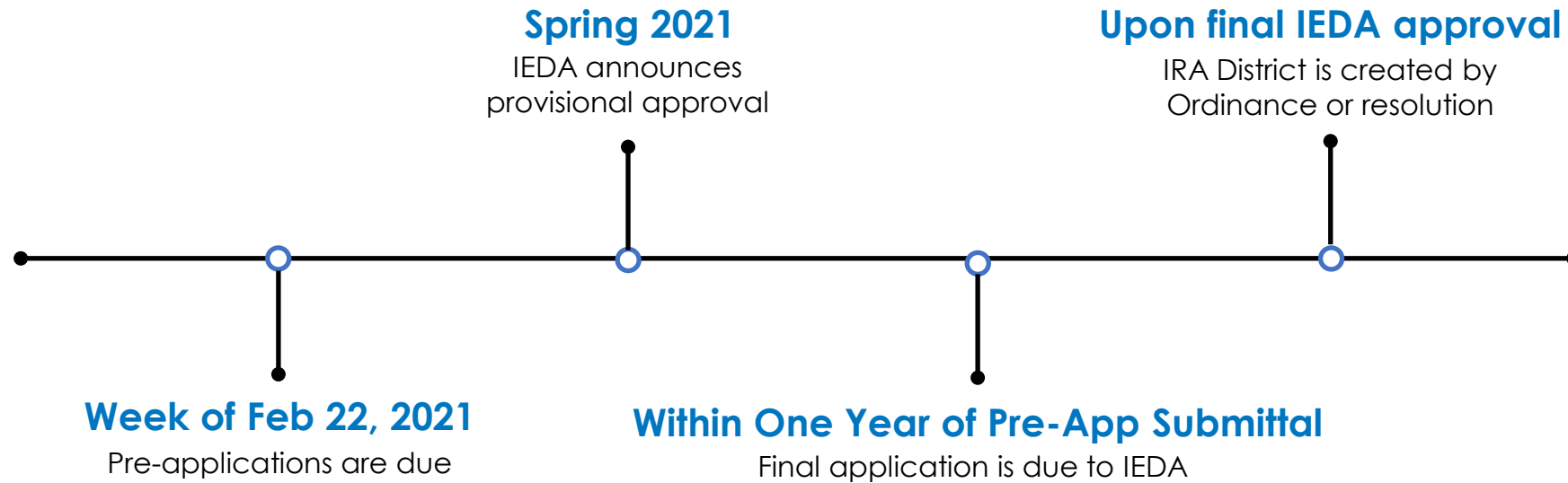


**Additional Factors**

10

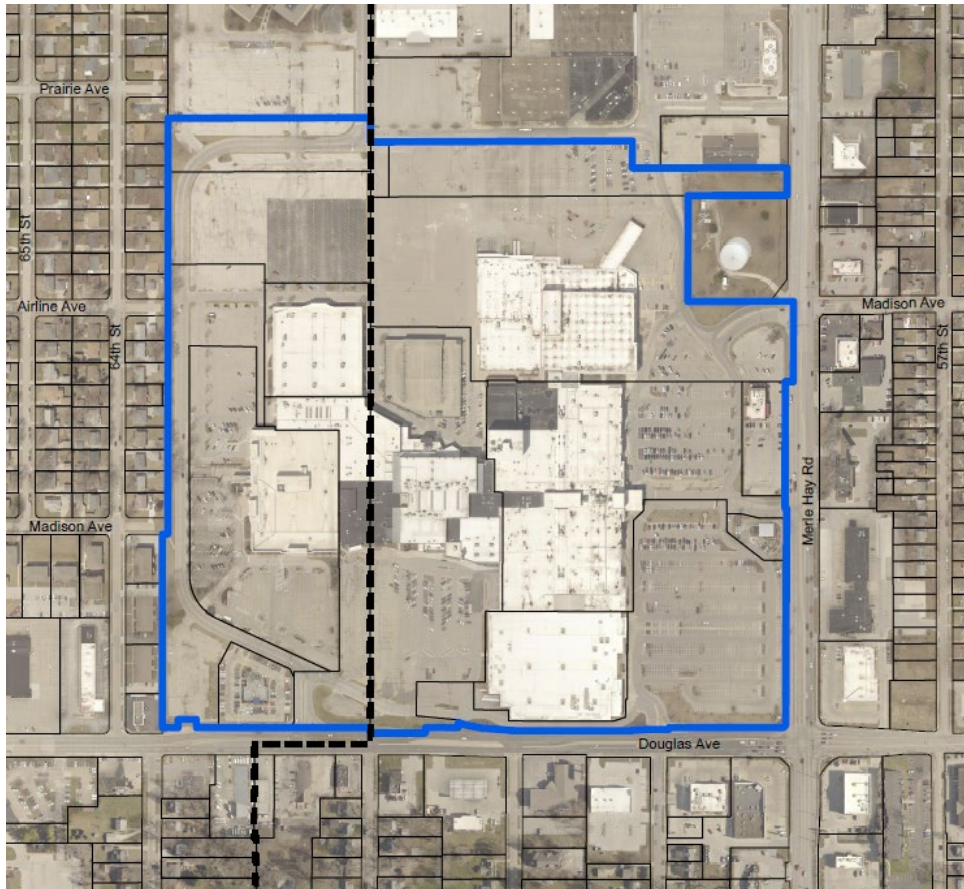
# IEDA Process Timeline

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# Merle Hay Campus Reinvestment District

## IRA District Map



### ● Location

Located in two cities: **Des Moines** and **Urbandale**  
Will require application by 28E Joint Board

### ● Size

74.6 acres

### ● Goal

Reinvent and reinvigorate the mall after two anchors have closed.

Provide a new home for the Des Moines Buccaneers.

### ● History

After 59 years, Sears and Younkers closed within 45 days of each other.

Polk County loaned money for acquisition of Younkers and Sears to keep property in friendly hands.

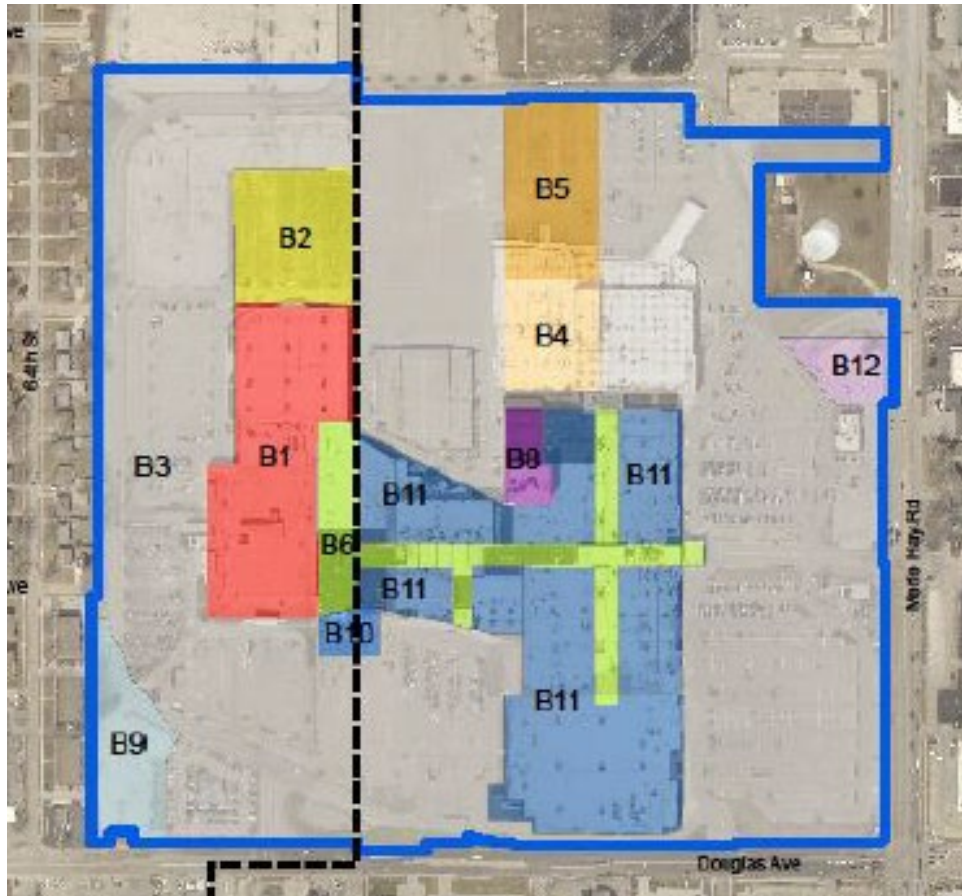
City of Des Moines TIF payments = ~\$4 million since 2011; additional ~\$4 million through 2032.

# Merle Hay Mall Campus Merle Hay Mall Master Plan



# Merle Hay Mall Campus

## IRA District Projects Map



### ● **Urbandale Projects**

**B1** – Arena & Training Center — \$47.4 million

**B2** – Mall Campus Hotel — \$20.25 million

**B9** – Lillis Lofts Housing Project — \$10 million

**B10** – New Outdoor Plaza — \$500,000

### ● **Des Moines Projects**

**B4** – New Kohl's Department Store — \$10.3 million

**B5** – New Business Construction — \$7.6 million

**B7** – Northern Outdoor Area — \$450,000

**B8** – Senior Housing Conversion — \$12 million

**B11** – New Mall Retail Development — \$7.3 million

**B12** – New Outparcel — \$2.4 million

### ● **Sitewide Projects**

**B3** – Campus Site Improvements — \$8.4 million

**B6** – Mall Corridor Improvements — \$2 million

**Total Project Investment = \$128.6 million**

# Buccaneer Arena

## B-1: Former Younkers and Kohl's Site in Urbandale

- 3,500 seat multi-use arena with three additional sheets of ice for competition, training, and recreation
- Younkens roof will be raised and the building reused
- Three locker rooms: Buccaneers; visitors; additional "home" locker room for another potential tenant
- Plug and play audio system; concert lighting capabilities; 4,800 seating capacity
- Construction expected to be complete December 2023
- \$47.4 million





# Senior Housing Conversion

## B-8: Merle Hay Office Tower

- Conversion of office tower to senior residential tower
- 49,000 sq ft, 6-stories
- Construction expected to be complete by Winter 2024
- \$12 million



# Sources and Uses

## IRA Project: Arena

Funding Uses for Arena		Funding Sources for Arena	
Arena Hard Costs	\$38,245,745	OVSE Equity	\$6,000,000
<i>Building Acquisition</i>	\$5,000,000	OVSE Debt	\$14,600,000
<i>Building Remodeling</i>	\$30,640,245	City of Urbandale TIF	\$3,000,000
<i>Fixtures</i>	\$2,605,500	IRA Bridge Loan	\$23,800,000*
Arena Soft Costs	\$9,154,255		
<i>Arch/Eng Design</i>	\$2,080,750		
<i>Interest/Working Capital</i>	\$1,700,000		
<i>Construction Admin</i>	\$250,000		
<i>Cost of Issuance</i>	\$500,000		
<i>Other</i>	\$1,023,505		
<i>Contingency</i>	\$3,600,000		
<b>Total Costs</b>	<b>\$47,400,000</b>	<b>Total</b>	<b>\$47,400,000</b>

\* = IRA ask of \$30 million; 23.3% of total project cost

The City of Urbandale plans to bond for the IRA award amount.

The City of Des Moines has no new financial obligation to the project. The existing development agreements with Merle Hay Mall address the proposed changes to the site.

# Questions?

Merle Hay Campus  
Reinvestment District



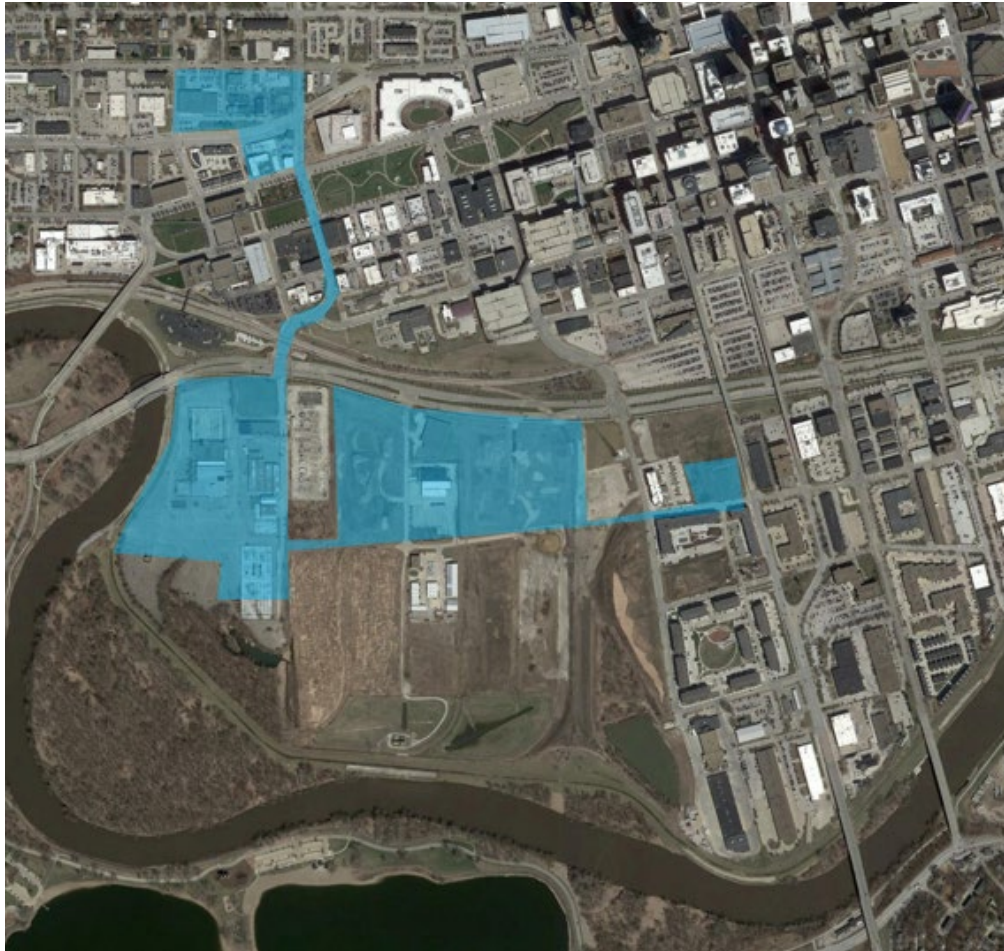
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ARCHITECTURAL GROUP

# The Capital City Reinvestment District

## Reimagining a Superfund Site

### IRA District Map



#### ● Location

Western Gateway (Crescent Chevrolet, Butler Building);  
Dico Superfund site; Tuttle St development;  
Gray's Landing

#### ● Size

71.7 acres

#### ● Goal

Redeveloping a Superfund site.

Reinventing a major gateway of the City.

Master Planning of area south of MLK.

#### ● History

Superfund site since 1983.

Land assemblage has proven difficult along Tuttle St,  
but has now been achieved.

# Capital City Reinvestment District

## IRA District Project Map



1. Stadium — \$75 million
2. Global Plaza — \$8.7 million
3. Stadium Hotel — \$32 million
4. Kum & Go — \$7.5 million
5. Entertainment Venue — \$23 million
6. Western Gateway Brewery — \$12.2 million
7. Western Gateway Hotel — \$27.5 million
8. Gray's Landing Grocery — \$7 million
9. Sherman Hotel — \$16.2 million

**Main Project Investment = \$209.1 million**

# Capital City Reinvestment District

## IRA District Project Map – Tier II Projects



- a. 3-story mixed use retail
- b. 4-story mixed use retail
- c. 3-story mixed use retail
- d. 5-story mixed use retail
- e. 3-story mixed use retail
- f. 3-story mixed use retail
- g. 2-story retail
- h. 1-story retail
- i. 1-story retail
- j. 5-story mixed use retail
- k. 5-story office/retail
- l. 4-story office/retail
- m. 2-story retail
- n. 5-story mixed use retail

**Tier II Project Investment = \$67.6 million**

**Total Project Investment = \$276.7 million\***

\* Total does not include residential and office projects. Total investment of all projects (including office and residential) in the IRA District is \$540 million.

# Capital City Reinvestment District

## IRA District Projects Map – Stadium Area



### ● District Projects

- A: Stadium
- B: Global Plaza
- C: Convenience Store
- D: Retail
- E: Athletic Training
- F: Hotel
- G: Office/Retail
- H: Retail
- I: Parking Ramp
- J: Music/Entertainment Venue
- K: Retail
- L: Office/Retail
- M: Multi-Family/Retail
- N: Multi-Family/Retail
- O: Multi-Family/Retail
- P: Multi-Family

# Stadium

## B-1 : Former Dico Site

- 6300 seat multi-use arena with 3 practice fields
- Non-taxable; owned by a non-profit organization
- Home to USL team, plus host to many other community events
- Pursuing SITES certification
- Construction expected to be complete by Spring 2024
- \$75 million



# Global Plaza

## B-2 : Former Dico Site

- Pre-and post-game gathering space
- Public seating, landscaping, futsal court, trail connections
- Restaurants and retail – for daily use and special events
- Construction expected to be complete by Spring 2024
- \$8.75 million



# Stadium Hotel

## B-3 : Former Dico Site

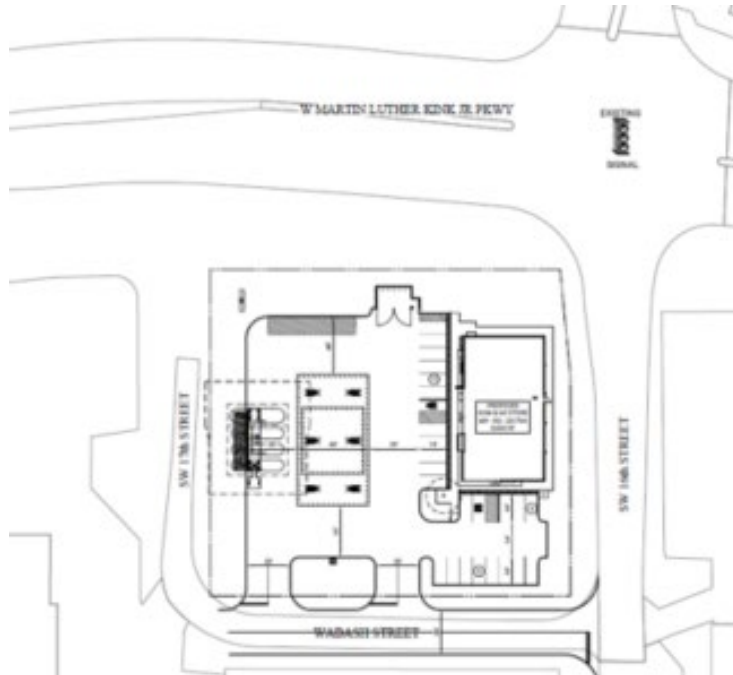
- 150-room, 8 stories, 112,000 sq ft
- Lobby bar/restaurant; rooftop bar and viewing deck, breakfast, pool, gym, business center
- Construction expected to be complete by December 2023
- \$32 million



# Kum & Go

## B-4 : City-owned Site & ROW (Wabash)

- One-of-a-kind convenience store; 5,600 sq ft
- Prioritize pedestrian and bicycle traffic, while preserving easy vehicle access
- Construction expected to be complete by January 2023
- \$7.6 million



# Entertainment Venue

## B-5: Tuttle Street (formerly owned by Sherman)

- 2000 seat all-purpose indoor/outdoor music and event venue
- 25,000 sq ft indoor venue; 56,000 sq ft amphitheater
- Construction expected to be complete by January 2023
- \$23 million



# Capital City Reinvestment District

## IRA District Projects Map – Western Gateway



- **District Projects**
  - A. Western Gateway Hotel — \$27.6 million
  - B. Western Gateway Brewery — \$12.2 million
  - C. 4-story Mixed Use
  - D. 3-story Mixed Use
  - E. 7-story Mixed Use
  - F. 3-story Mixed Use
  - G. 5-story Mixed Use
  - H. 3-story Mixed Use
  - I. 3-story Mixed Use

# Western Gateway Brewery

B-6: 17<sup>th</sup> and Linden

- Adaptive reuse of existing Crescent Chevrolet building
- Large-scale destination brewery – beer hall, kitchen, all-season beer garden and patio
- Office space (9000 sq ft) on SW side of building
- Construction expected to be complete by March 2022
- \$12.2 million

Current



Proposed



# Western Gateway Hotel

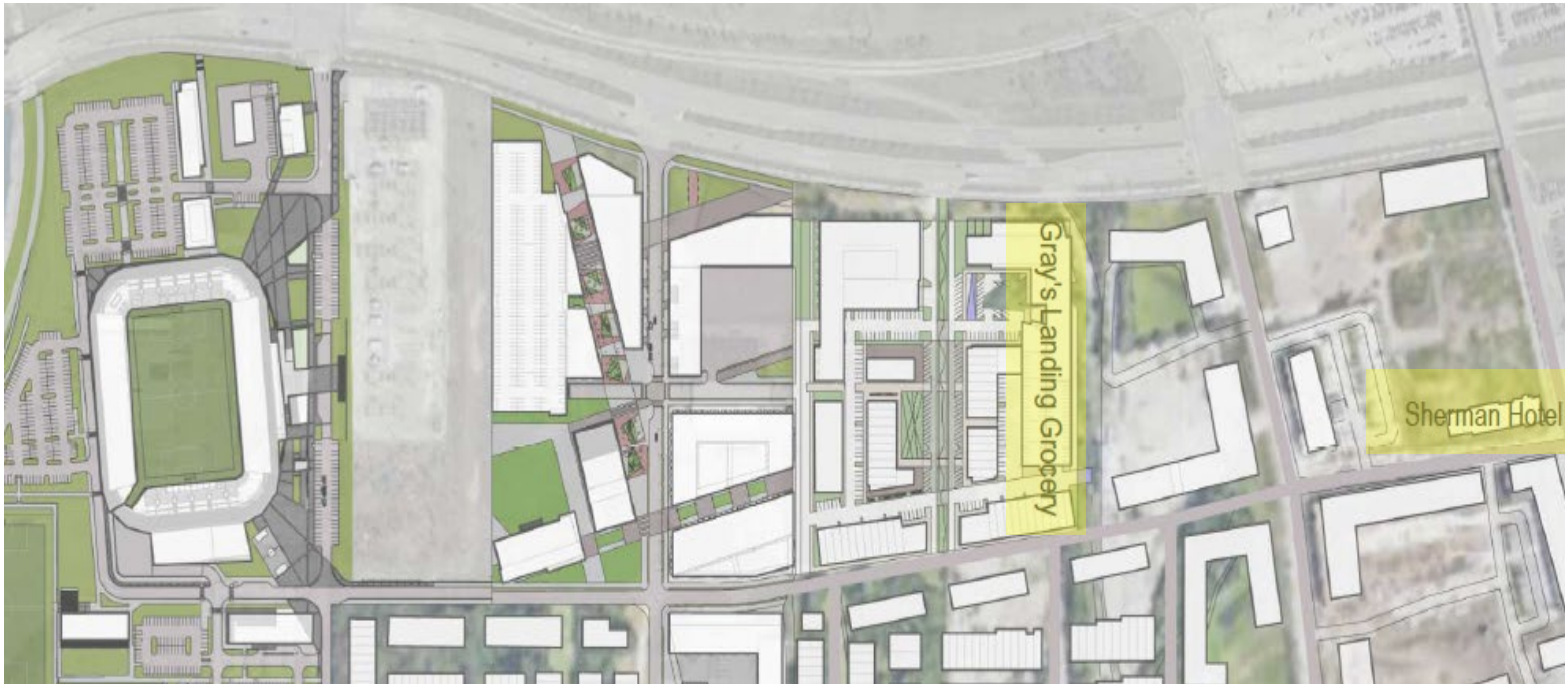
B-7: W of 15<sup>th</sup> St, between Ingersoll and High

- 125-room, 5 stories, 112,000 sq ft
- Extended stay focus, in-room kitchenettes, gym, business center, bar/café
- Closest lodging to Unity Point, Wellmark, Meredith, Krause Group
- Construction expected to be complete by January 2026
- \$27.6 million



# Capital City Reinvestment District

IRA District Projects Map – Gray's Landing (Sherman-owned)



## ● District Projects

- Gray's Landing Grocery - \$7 million
- Sherman Hotel - \$16.2 million

# Gray's Landing Grocery Store

B-8: SW 13<sup>th</sup> and Tuttle

- 26,300 sq ft within a mixed-use building
- Serve an expected 3000 housing units
- Construction expected to be complete in 2023
- \$7 million

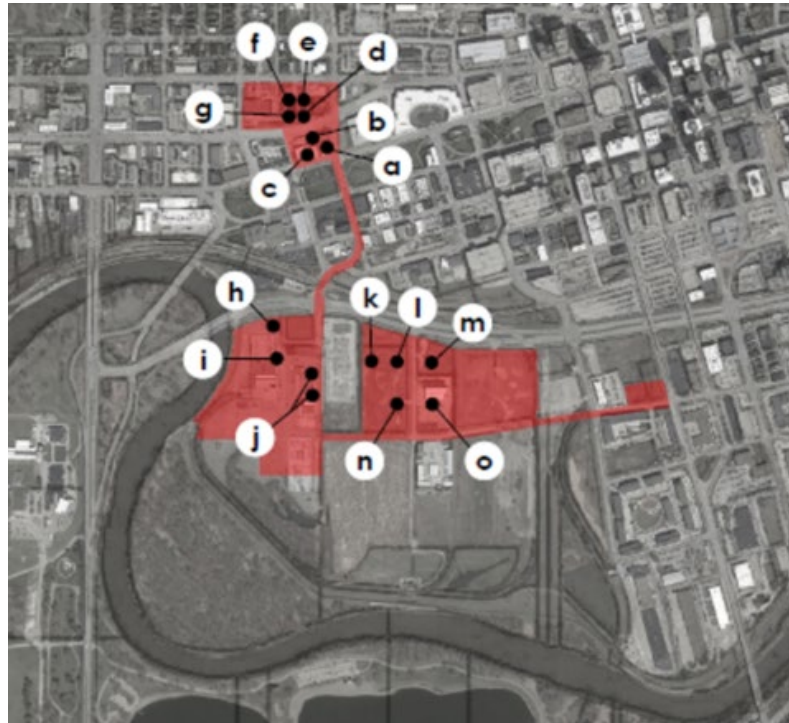




# Tier II Projects

## B-10: Tier II Projects

- 14 mixed use projects
- 263,000 sq ft of retail, residential, and office
- Capitalize on the infrastructure required for the previously identified nine projects
- Construction expected to be completed by 2036
- \$67.6 million in tax generating projects; \$240 million total



# Sources and Uses

## IRA Project: Stadium

Funding Uses for Stadium		Funding Sources for Stadium	
Stadium Hard Costs	\$60,000,000	Philanthropic Giving	\$10,000,000
<i>Site Work</i>	\$5,000,000	Corp/Private Giving; Grants	\$10,000,000
<i>Building Construction</i>	\$50,740,000	Construction Loan	\$22,250,000
<i>Fixtures</i>	\$4,260,000	TIF Bridge Loan	\$9,000,000
Stadium Soft Costs	\$15,000,000	IRA Bridge Loan	\$18,750,000*
<i>Arch/Eng Design</i>	\$4,600,000	Federal Grants	\$5,000,000
<i>Financing Fees</i>	\$1,700,000		
<i>Other Professional Fees</i>	\$2,300,000		
<i>Contingency</i>	\$6,400,000		
<b>Total Costs</b>	<b>\$75,000,000</b>	<b>Total</b>	<b>\$75,000,000</b>

\* = IRA ask of \$27.1 million; 10% of total project costs

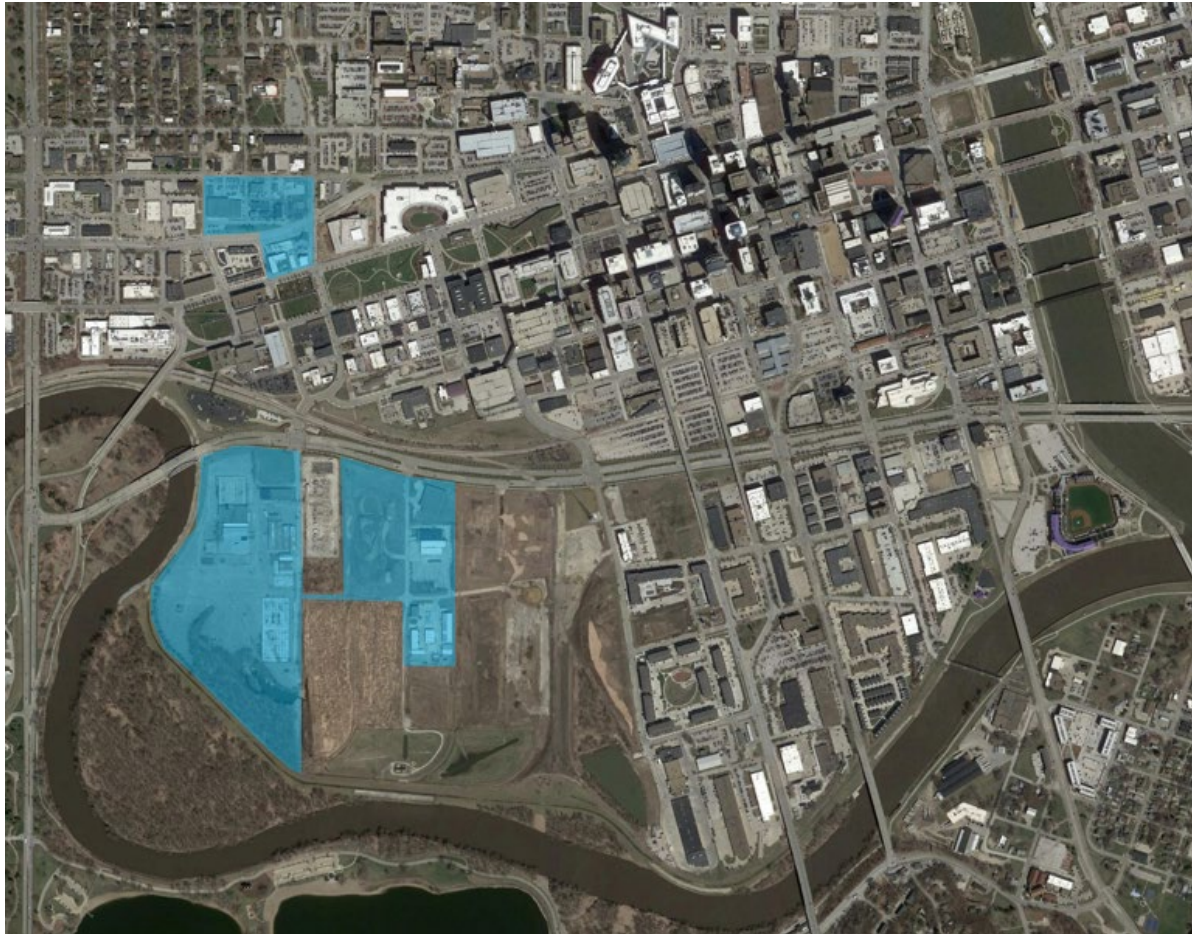
## Questions?

The Capital City  
Reinvestment District



# Preliminary Terms

## Development Agreement Map



- 66 acres
  - 60 acres Stadium
  - 6 acres Western Gateway
  - Includes 2 property hold-outs
- 2.1 million square feet of new or renovated development
- ~\$550 million investment
- ~\$330 million assessed valuation
- 12-15 year build-out
- 90% project-generated TIF for 20 years

# Preliminary Terms

## Development Agreement Terms



- City-owned property
  - Dico site (38 acres)
  - Wabash site and ROW (2.27 acres)
  - MLK ROW (.15 acre)
  - Linden site and ROW (1.43 acres)
- No tax abatement
- Public access to parking ramp in Stadium area
- Developer will use MidAmerican Commercial New Construction program
  - Developer plans to pursue SITES certification for stadium
  - Electric charging stations provided in parking areas near stadium
  - Additional energy saving initiatives are being considered
- Affordable housing required – at least 10% of units at 80% AMI; 5% at 60% AMI
- 350 hotel rooms; 300 residential units; 380,000 sq ft of retail; 300,000 sq ft of office



The **Merle Hay Campus Reinvestment District** would provide a catalyst for continued redevelopment of Merle Hay Mall as a regional center and an anchor to the adjacent residential neighborhood.

The **Capital City Reinvestment District** would provide a new regional destination and a reimagining of a Superfund site.



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**QUESTIONS?**