

Self-Sustaining Municipal Improvement Districts

An Economic Tool for Downtown &
Commercial Revitalization

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- UMB Public Finance Group
 - Municipal Advisory, Underwriting, Private Bank Placements
- West Des Moines office with Iowa focus
- UMB has been in the Iowa public finance market for two-plus decades
- Nate brings nearly 20 years of public finance experience in Iowa
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The Challenge Downtown Areas Face



What is a SSMID?



How the Tool Works



Who Can Form One



The Formation Process, Step by Step



Funding & Financing the District



Governance & Measuring Impact



Resources & Next Steps

Why Cities Are Looking for New Tools



Downtown and commercial corridors carry outsized weight for a city's tax base, identity, and quality of life.



General fund dollars are already stretched across public safety, streets, and core utilities.



Beautification, maintenance, marketing, and safety upgrades often fall outside a typical city budget.



Property owners and businesses want a direct say — and a direct stake — in their district's future.

*A Self-Sustaining Municipal Improvement District is a **defined area of a city where property owners agree to assess themselves an additional property tax**, dedicated entirely to improvements and services within that same district.*



**Authorized under
Iowa Code Chapter
386**

- Voluntary and self-imposed by the district's own property owners
- Revenue stays local — collected and reinvested inside the district
- Established for a defined term and commonly renewed periodically

How a SSMID Works

District Property Owners



Petition and vote to assess themselves an added levy



Additional Property Tax



Collected by the city alongside regular property taxes



Dedicated District Fund



Held separately — restricted to the district's stated purposes



Reinvestment in the District



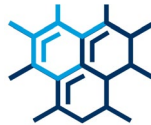
Streetscaping, safety, marketing, capital projects, bond debt service

Property Type



Only commercial, industrial, or historic district property may be included in a SSMID.

Locally Defined



No statutory min or max size — boundaries are shaped by local needs and owner support.

Contiguous Area



The district must consist of contiguous property, entirely within the city's limits.

More Than One



A city may establish multiple districts; Cedar Rapids, for example, has three.

Iowa communities of every size use SSMIDs to invest in their commercial cores — including:

1. **Des Moines**
2. **Cedar Rapids**
3. **Iowa City**
4. **Waterloo**
5. **Cedar Falls**
6. **Davenport**
7. **Fort Dodge**
8. **Clinton**
9. **Burlington**
10. **Newton**
11. **Webster City**
12. **Knoxville**

Cedar Rapids alone administers three:
Downtown,
MedQuarter, and New
Bohemia – Czech
Village.

Five Steps from Petition to Ordinance



25% of property owners in the proposed district must sign the petition, representing at least **25%** of its assessed property value.



- The petition is filed with the city clerk to initiate proceedings
- It kicks off a defined statutory sequence the council must follow
- City attorney involvement from the outset helps keep the sequence and documentation on track

2 - Define the District



Name & Boundaries

The council names the proposed district and describes its legal boundaries.



Stated Purposes

Purposes for the revenue are listed — general or by specific improvements and uses.



Maximum Tax Rate

The council sets the ceiling levy that may ever be imposed within the district.



If a Planning & Zoning Commission Exists

The commission must prepare an evaluative report on the proposed district. The council cannot take further action until that report is received.



If No Commission Exists

In cities without a planning or zoning commission (or regional planning commission), the council calls a public hearing directly on the proposal.

4 - Notice & Public Hearing

1

Once the commission report is received, the council publishes notice of the public hearing.

2

The city clerk sends notice by certified mail to every property owner in the proposed district, at least 15 days before the meeting.

3

The notice states the meeting details plus the district's name, purposes, boundaries, and maximum tax rate.

4

At the hearing, the council hears all district property owners and city residents who wish to be heard.

5 - Ordinance Adoption

After the hearing, the council waits at least 30 days before adopting the ordinance that establishes the SSMID.

Standard Path

3/4

affirmative
council vote
adopts the
ordinance.

If Objected To

Unanimous

council vote
required if $\geq 25\%$
of owners ($\geq 25\%$
of value) file an
objection.

If Strongly Opposed

Withdrawn

the council must
withdraw the
measure if $\geq 40\%$
of owners ($\geq 40\%$
of value) object.

After passage, the city files the ordinance with the county.

A photograph of a coffee shop counter. In the foreground, three brown paper coffee cups with black lids are sitting in a cardboard tray. The tray is placed on top of two stacked cardboard boxes. To the right of the cups is a large brown paper shopping bag with two handles. The background is slightly blurred, showing shelves with various items.

Key Takeaways

What SSMID Revenue Can Fund



Operating Fund: Day-to-day district management, maintenance, and services



Capital Improvement Fund: Set aside for larger streetscape, safety, or infrastructure projects



Bond-Financed Projects: District revenue can support bonds issued to pay for improvements



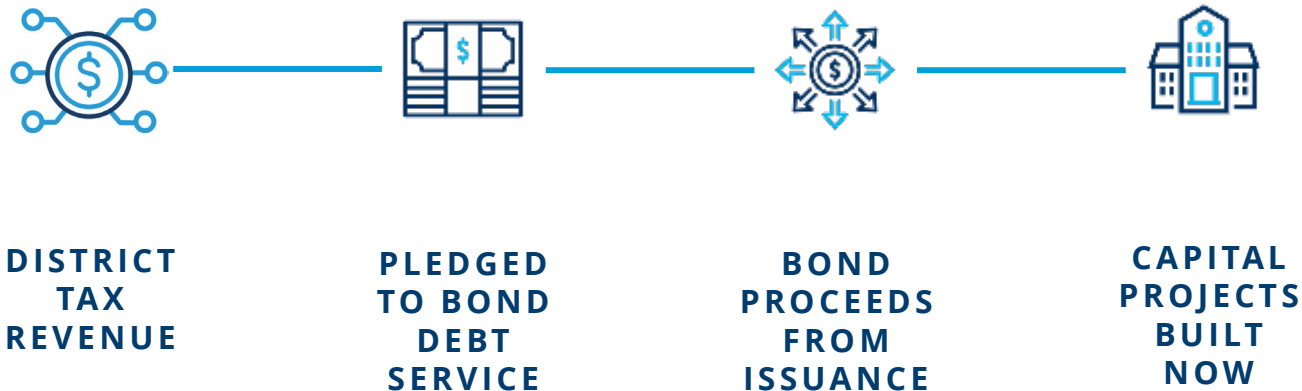
Debt Service: District revenue can support bonds issued to pay for improvements



Parking Facilities: Fees at parking facilities within, or used by, the district

Turning District Revenue Into Capital Today

Rather than saving up year by year, a district can issue SSMID bonds — secured by pledged district tax revenue — to fund improvements now and repay them over time.



A municipal advisor helps the council size the levy and debt capacity, structure the issue, and coordinate with underwriters to access the bond market on favorable terms.



Council Retains Authority: The ordinance sets the district's purposes and maximum rate — the council remains ultimately accountable



Many Districts Contract Out: Day-to-day operations are often managed by a nonprofit or Main Street organization



Regular Reporting: Managing organizations typically report project priorities and expenditures back to the council on a set schedule



Defined Term, Periodic Renewal: Districts run for a set term; some, like the Iowa City Downtown District, are reauthorized by property owners every 10 years



Iowa City Downtown District

Established in 2012; delivers cleanliness and safety, small-business support, marketing, and public-space placemaking district-wide.



Fort Dodge Downtown SSMID

In continuous operation since 1982, now administered by Main Street Fort Dodge with biannual reporting to council.



Cedar Rapids' Three Districts

Downtown, MedQuarter, and New Bohemia – Czech Village each tailor investment to a distinct commercial character.

Key Considerations for Officials & Staff



Engage property owners early and often — buy-in drives both the initial petition and future renewals.



Set purposes and a maximum levy that are clear, defensible, and realistic for the district's size.



Build renewal and sunset terms into the plan and revisit the district's purpose periodically.



Coordinate closely with the city attorney — the statutory sequence and notice requirements are exacting.



Establish financial oversight and reporting structure from day one, whether managed in-house or by a partner organization.

A Partner Through the Process

As your municipal advisor, our role is to support cities before, during, and after a SSMID is formed:

Levy & Debt Capacity Analysis



Modeling what a district can responsibly support, before the petition is even filed.

Bond Structuring & Market Access



Structuring and bringing SSMID bond issues to market on the city's behalf.

Long-Range Financial Planning



Fitting the district into the city's broader capital improvement and budget picture.

Ongoing Advisory Support



A continued resource for the council, clerk, and administrator as the district evolves.

Conversation & Questions

UMBFSI

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