Restore the Core DSM

Downtown Activation Incentive Program

May 2026

City of Des Moines Office of Economic Development

CITY OF DES MOINES

Downtown Des Moines Today

Downtown Des Moines continues to function as the region's center for:

- Cultural and entertainment destinations, including major venues, events, and public spaces
- Dining, hospitality, and locally-owned small businesses
- Civic life and community gathering
- A growing residential population, with more than 1,600 housing units coming online reflecting over $515,000,000 in investment

Downtown remains a place where people come to live, work, and spend their free time, with continued investment across both public and private sectors.



Credit: Weitz



Credit: Casey's Center





A Changing Downtown

And yet, our relationship with Downtown is evolving

- Reduced traditional weekday office population
- Growth in residents, visitors, and event-driven activity
- Increased importance of evenings, weekends, and destination uses
- Greater demand for flexible, experience-oriented and resident-supporting spaces

These activity shifts indicate new tools are needed to support Downtown' s future.

The Opportunity at Street Level

Downtown is currently experiencing ~31% ground-floor commercial vacancy

Many of these spaces were designed for a different Downtown environment

- Office-driven daytime demand
- Traditional retail formats
- Longer-term single-tenant occupancy

Today's market is different

- More diverse users
- Different hours of activity
- Greater need for flexibility

This creates an opportunity to rethink how these spaces function and catalyze their adaptation.

Why Ground-Floor Activation Matters

Ground-floor spaces shape how Downtown is experienced on a daily basis

When these spaces are active:

- Streets feel more connected, walkable, and inviting
- Residents have access to nearby goods, services, and gathering spaces
- Existing businesses benefit from increased foot traffic
- Visitors are more likely to stay and spend time (and money) Downtown

When they remain vacant:

- Activity becomes fragmented
- The overall experience of Downtown weakens
- Visitors, residents, and employees choose other areas to spend time and dollars
- Reduced tax base (property, hotel/motel, sales, Metro Center Urban Renewal Fund)


bottle & bottega
ART UNCORKED
For Lease
Retail Space




Capstone
515.513.6994
FOR SALE


For Lease


$3


RUAN CENTER
FOR LEASE
OFFICE-RETAIL
Peter Brown


BIG CITY
CAPITAL SQUARE
400 LOCUST STREET




fresko


R&T
LOFTS
For Lease
For Lease


FOR LEASE


AVAILABLE
515 309 4002

Our Perspective

Downtown's challenge is not lack of interest or investment.

It is a ***misalignment*** between:

- Existing ground-floor spaces
- Demand for smaller tenant bays
- Current market needs
- Competitiveness in the Metro market

Many spaces are:

- Too large or inflexible for today's tenants
- Cost-prohibitive for adaptation
- Not configured for evolving retail and service models

Targeted intervention can help bridge these gaps.

Our Response: Restore the Core DSM

Deploy a targeted, TIF-funded incentive strategy to accelerate Downtown vibrancy

"Restore the Core DSM" is a proposed as a multipronged, Downtown activation incentive program with an overall brand that can incorporate a variety of specific initiatives.

- Initially launch **Restore the Core DSM: Ground Floor Activation** initiative with a $7 Million investment via Metro Center Urban Renewal Area TIF funds. This amount of funding could support 35+ projects.
- 1:1 Matching, Reimbursement Grants up to $200,000 for ground floor commercial spaces in buildings not subject to an active Development Agreement
- 1:1 Matching, Reimbursement Grants up to $100,000 for ground floor commercial spaces in buildings subject to an active Development Agreement


Pleasant St
Bridal Row
14th Pl
Pleasant St
6th Ave
5th Ave
4th St
Grand Ave
E Grand Ave
7th St
High St
Woodland Ave
15th St
10th St
Grand Ave
Locust St
3rd St
Walnut St
High St
2nd St
1st St
11th St
Locust St
8th St
9th St
2nd Ave
Water St
Court Ave
4th St
Grand Ave
Walnut St
Mulberry St
5th Ave
6th Ave
13th St
Locust St
Cherry St
Depot St
Vine St
16th St
Walnut St
Falcon Dr
15th St
11th St
Cherry St
7th St SW
SW 6th St
Market St
Mulberry St
10th St
SW 8th St
SW 5th St
Pkwy
12th St
SW 9th St
SW 3rd St
SW 2nd St
W Martin Luther King Jr Pkwy
Elm St


Pleasant St
Bridal Row
14th Pl
Pleasant St
7th St
6th Ave
5th Ave
4th St
Grand Ave
E Grand Ave
Woodland Ave
15th St
10th St
High St
Grand Ave
Locust St
3rd St
Walnut St
High St
2nd St
1st St
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SW 7th St
SW 5th St
12th St
Pkwy
W Martin Luther King Jr Pkwy
Elm St
SW 3rd St
SW 2nd St

Eligibility Parameters

Eligible Business Types

Pet Grooming
Veterinary Services
Recording Studios
Consumer Maintenance/Repair services
Office – Medical
Personal Services
Studio/Instructional Services
Sports/recreation
Restaurants
Retail Sales
Fabrication and Production – Artisanal
Bars - *subject to additional scrutiny*

Ineligible Business Types

Office – Business/Professional
Sales of single-serving liquor/tobacco
Liquor stores
Tobacco stores
Vape shops
Places of worship
Nonprofit uses
Schools
Self-storage
Utilities

Eligible Uses of Funds

Interior space improvements

- Grease interceptors
- Sales/service counter builds
- Mechanical, electrical, plumbing
- Affixed fixtures/equipment
- Accessibility upgrades
- Interior demolition
- Interior wall/ceiling construction
- Permitting/design fees
- Hazardous materials abatement
- Flooring
- Lighting
- Painting
- Fire/Life safety (sprinklers, hoods, etc.)

Signage
Architectural/engineering fees
Façade improvements

- Doors/entry
- Windows
- Tuckpointing
- Awnings
- Sidewalk Cafes

Ineligible Uses of Funds

Furniture, shelving, display racks
Non-affixed equipment that is removable
Working capital/operating expenses/moving expenses
Décor
Temporary partitions/cubicles (not including demountable wall systems)

The Details

Structured as tiered 1:1 matching grants, the program prioritizes true net-new activation in eligible vacant, street-level storefronts within the "Downtown Core" area

- Intended to primarily support new Downtown Core ground floor tenants. Existing Downtown Core tenants may be eligible if they are expanding or relocating to a larger space.
- Reimbursement-based grants – funds distributed 50% at halfway and completion or 100% at completion. Minimum project size of $50,000 in eligible expenses.
- Agreement is with tenant of space, but property owner consent required.
- Funding recipient must commit to remaining in the space for at least 36 months.
- Street-fronting, ground floor commercial spaces vacant for 12+ consecutive months are eligible. Spaces transitioning from an office or other passive use to an active use may also be eligible.
- Tenant must be open to the public a minimum of 5 days per week, 5 hours per day for duration of lease associated with funding agreement.

Comparable Programs in Other Cities

Cities across the country are deploying targeted Downtown tenant improvement incentives to reduce vacancy, attract net-new businesses, and restore street-level vitality

- Most peer cities utilize matching. reimbursement grants focused on permanent interior buildout and façade improvements in ground floor Downtown spaces, with some cities offering low-interest/gap-financing loans to incentivize space build-outs
- Funding caps typically range from $30,000 to $200,000 per commercial unit, with some cities layering façade and interior renovation eligibility or offering per-square-foot awards
- Nearly all programs require active leases, prioritize long-vacant street-level spaces, and restrict uses such as offices, adult businesses, tobacco, and liquor-only establishments
- Lease terms of 2 to 3 years and open-to-public operating hour requirements are common performance safeguards, with claw back provisions in some cities
- Comparable cities reviewed include Minneapolis, St. Louis, Sioux City, Reno, Tempe, Jacksonville, Newark (NJ), Memphis, Lansing, Madison, Iowa City, Milwaukee, and Rochester (NY). A few cities have had longstanding programs, while many have created specific-window programs in the last several years as a response to Downtown impacts seen in the wake of the pandemic

Program Impact

Increasing Downtown vitality, foot traffic, commerce, safety, and livability

- Reduced ground-floor vacancy, physically brightened and improved tenant spaces, which improve perceptions of Downtown for both residents, visitors, and employees.
- Boosted foot traffic from business activity; “eyes on the street” enhance safety.
- Creation of locational and amenity advantages for existing and prospective Downtown office and residential tenants as they consider signing leases or buying property (improved neighborhood quality of life).
- Increased hotel/motel, sales tax revenues from travelers choosing more-amenitized accommodations and increased goods/services sold. Overall, supportive of Citywide tax base that can fund services throughout the City.


THANK YOU
CITY OF DES MOINES