

Neighborhood Revitalization and Invest DSM Update

April 01, 2024

City of Des Moines





Presentation Topics

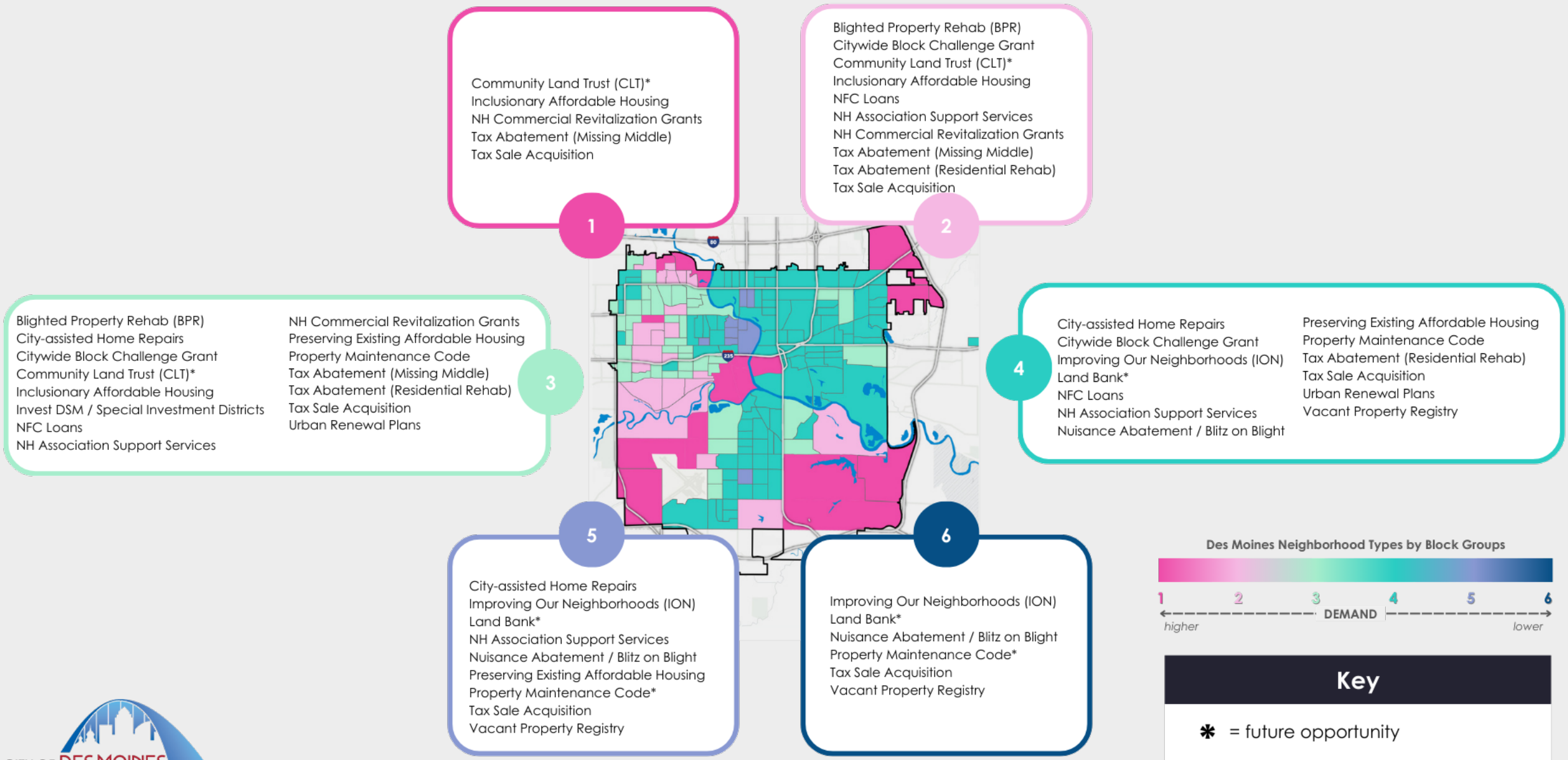
City of Des Moines Neighborhood Revitalization Toolkit

Findings and recommendations from the Status Report on Neighborhood Revitalization Efforts, 2018-2023

Invest DSM Annual Update

New SIDs & Next Steps

Neighborhood Revitalization Toolkit



Status Report on Neighborhood Revitalization Efforts 2018-2023

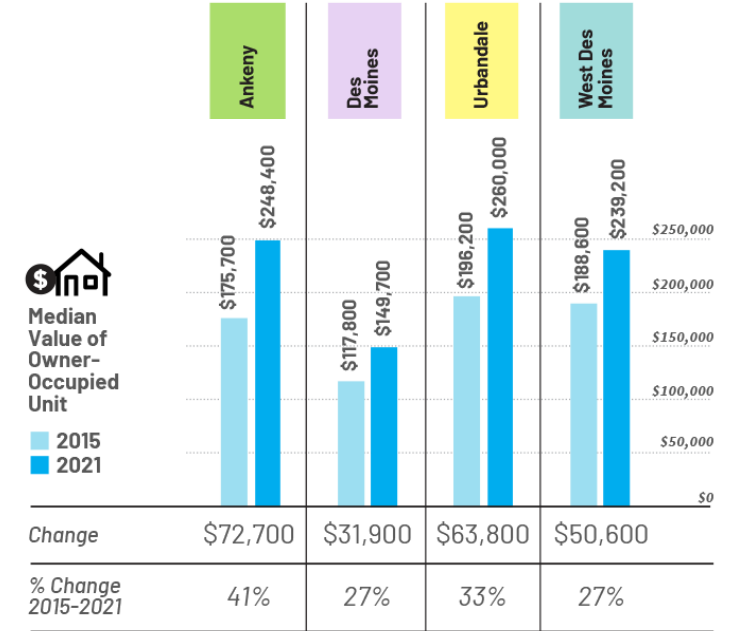
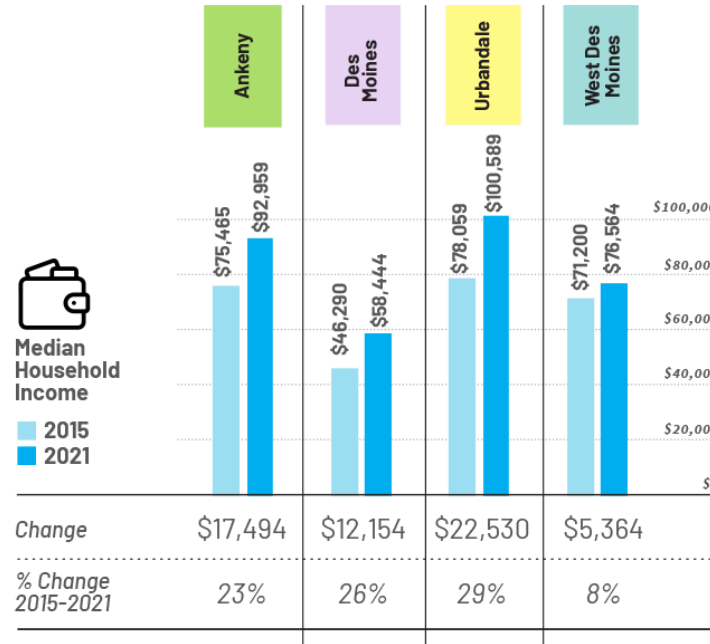
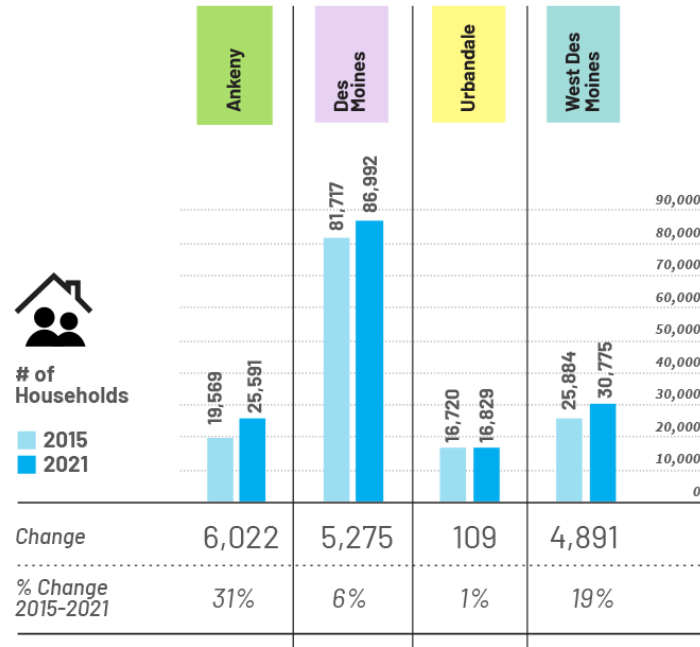
Findings & Recommendations czb, LLC



– Oak Park Neighborhood

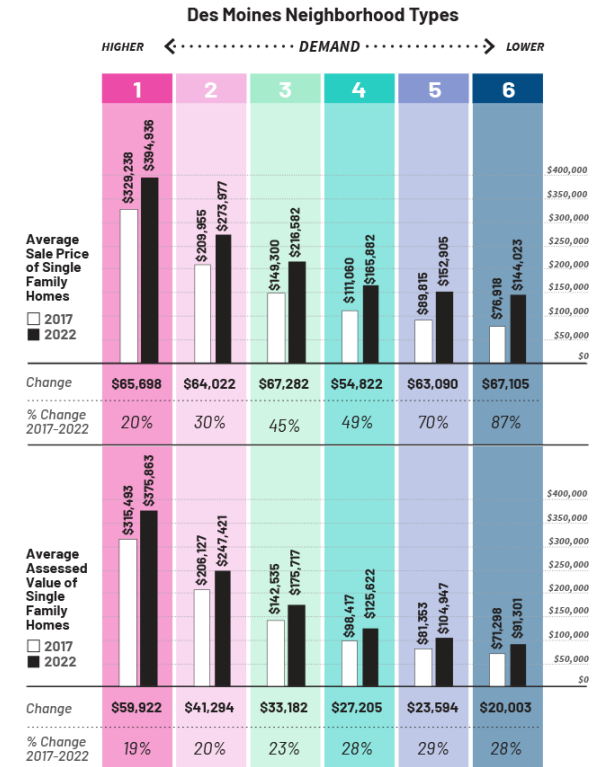
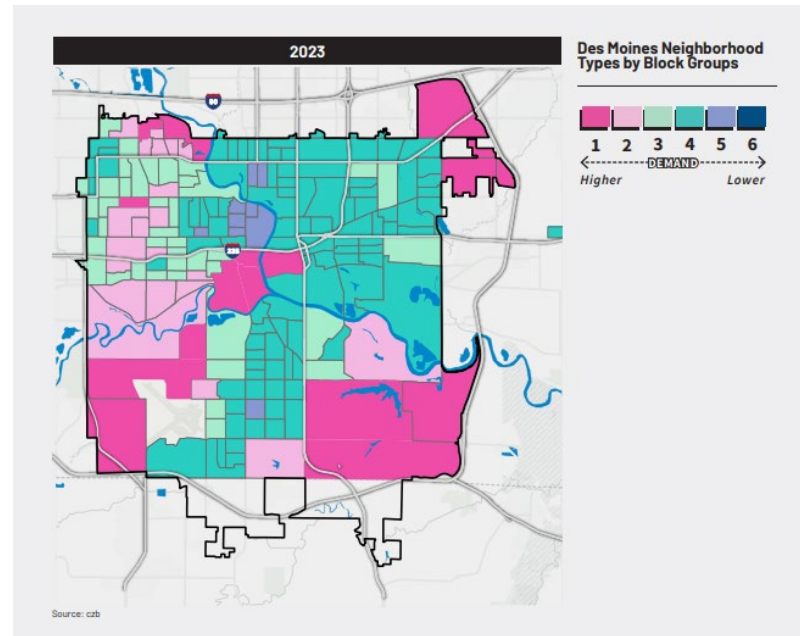
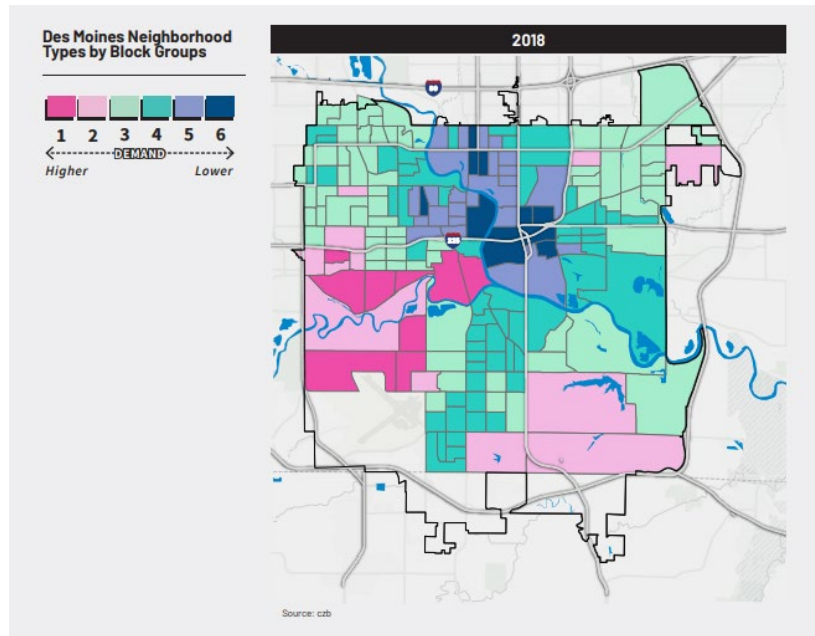
Status Report: Findings

Finding 1 – Des Moines saw improvement after 2018, but remained in a similar position relative to its regional neighbors



Status Report: Findings

Finding 2 – There were important improvements in Des Moines, but the relative hierarchy of neighborhoods remains unchanged



Source: czb analysis of data from City of Des Moines and Multiple Listing Service

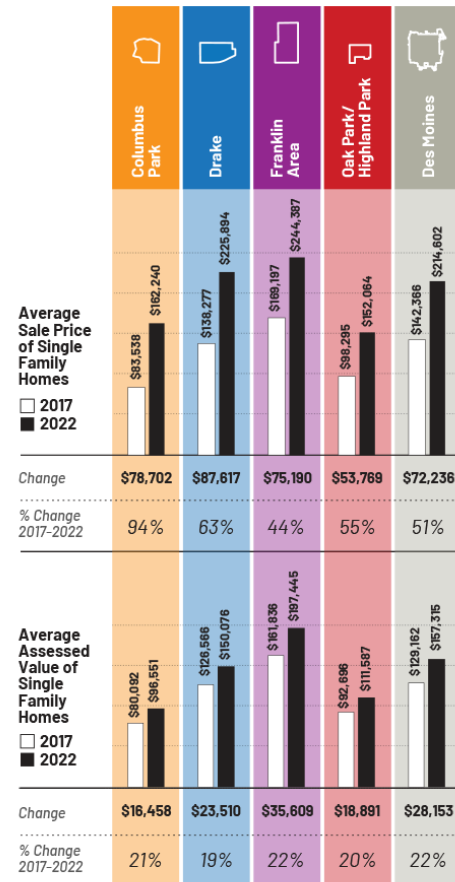
Status Report: Findings

Finding 3 – The City has grown its toolkit and will continue to do so

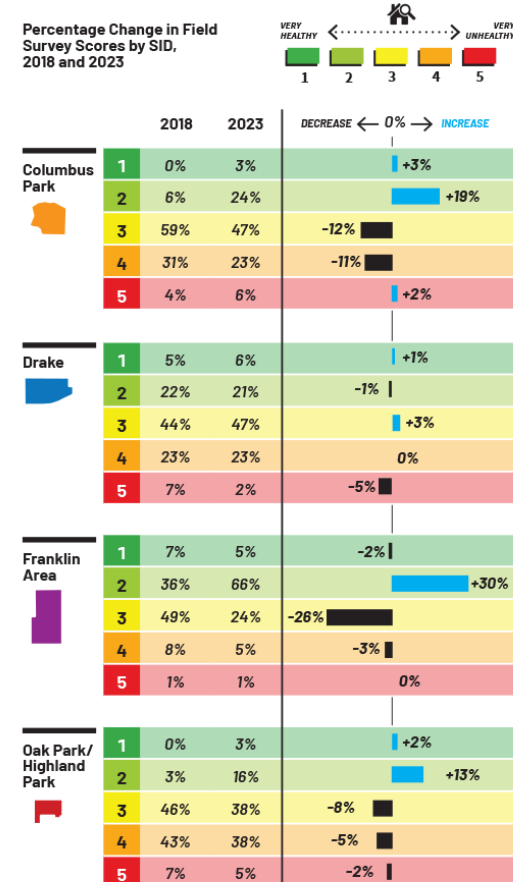


Status Report: Findings

Finding 4 – It is generally too early to judge Invest DSM in its entirety, but early results suggest the efforts are having the intended effects in our neighborhoods



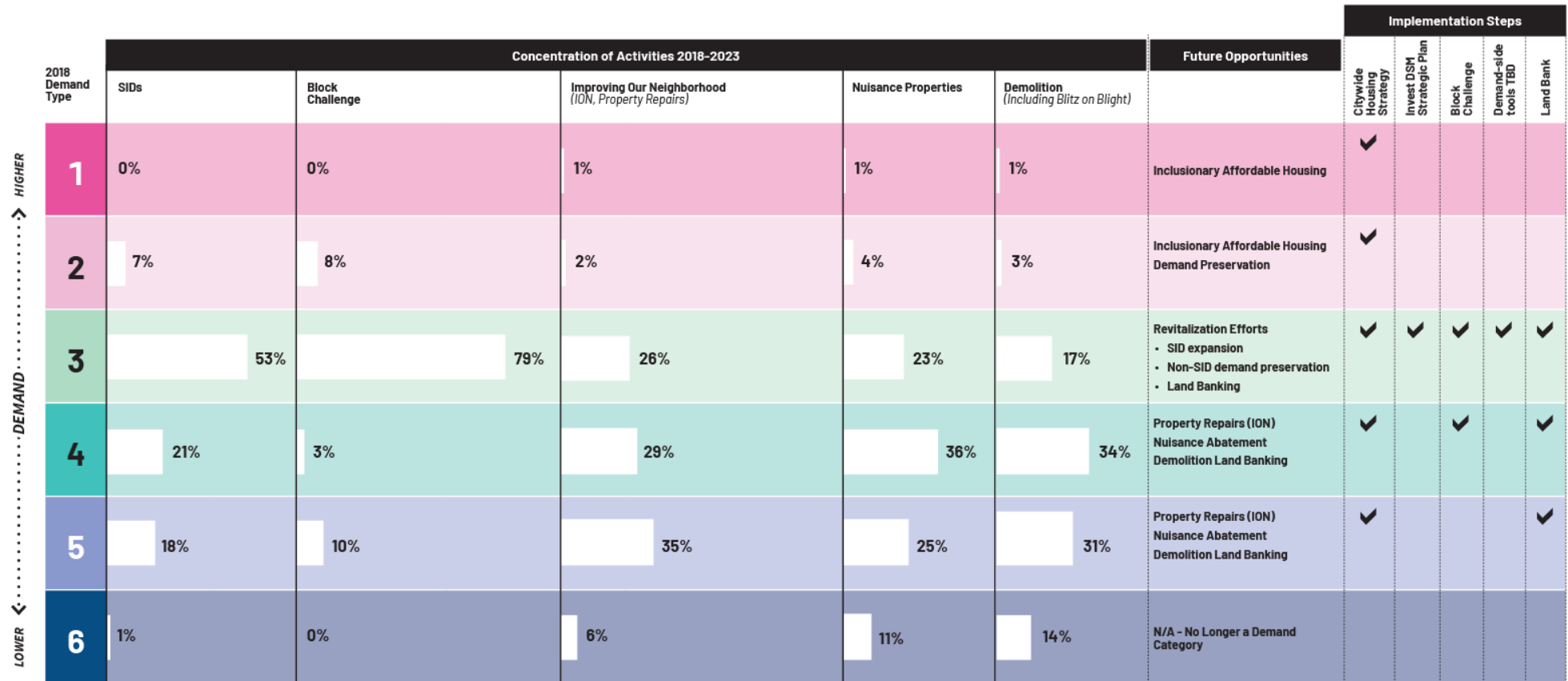
Source: czb analysis of data from City of Des Moines and Multiple Listing Service



Source: czb

Status Report: Findings

Finding 5 – Continue Implementation of 2018 strategy with a focus on strongest and softest neighborhoods



Source: czb

Invest DSM is a 501(c)3 non-profit organization created in July 2019 by a unique collaboration between the City of Des Moines and Polk County. Our focus is to impact middle-market neighborhoods and fill previously unmet needs such as:

- Promote and **finance home renovation projects** to make the housing stock more competitive and marketable.
- Provide financing to support **investments in neighborhood commercial districts** within specific areas.
- **Market & promote** specific areas to ensure a steady stream of homebuyers.
- Support efforts to **grow the leadership capacity** of neighborhood residents and stakeholders.

"Invest DSM was created as a confidence-creation mechanism."

~CZB 2023 Status Report

Mission

Invest DSM is a collaborative non-profit organization that leverages innovative and comprehensive solutions to strengthen neighborhoods.

Vision

Vibrant, healthy, thriving neighborhoods.

Pilot Special Investment Districts



Pilot areas were selected in September 2018

Invest DSM Grant Programs opened in Spring 2020

“While all four SIDs were in the middle of the demand spectrum, they had very different characters, opportunities and challenges... allowing for an experimentation of sorts...”

~czb 2023 Status Report

Four Special Investment Districts

1 Franklin Area

Charming homes on tree-lined streets with friendly neighbors; top-rated schools, convenient location; walk and bike to neighborhood icons including Snookie's, Waveland Cafe, the Franklin Avenue Library, and the re-activated Franklin Jr. High.

3 Columbus Park

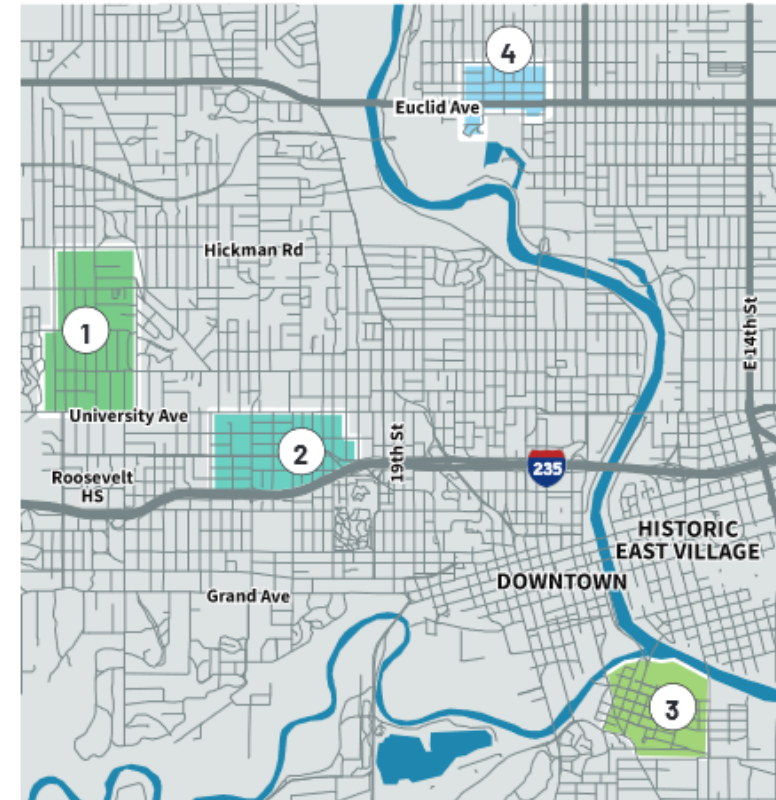
Little Italy on the rivers, spectacular views of downtown, affordable single-family homes plus upscale, modern apartments.

2 Drake

Beautiful historic homes on stately boulevards in an eclectic and diverse neighborhood, home to Drake University, friendly neighbors, and unique community events.

4 Oak Park

Historic neighborhood business district surrounded by well-built homes plus beautiful McHenry Park overlooking the river – a great value close to downtown employment and amenities.



Status Report: Findings & Recommendations



These two SIDs are softer markets with different constraints; will need 10-year implementation

“Stay the course in Columbus Park and Oak Park/Highland Park, but pivot as needed.”

Columbus Park

- The plan noted the need for demolition and new construction; these activities have long lead times.
 - Target # of new homes built: 60; Five New Home Builds Sold to Date.

Oak Park / Highland Park

- 6th Avenue business district lauded as a clear success, while residential activities are taking longer to come to fruition and may require a shift in strategy.
 - More time is needed to build relationships.

➤ **Progress is being made. Revise strategies and neighborhood plans as needed.**

Status Report: Findings & Recommendations



These two SIDs are softer markets with different constraints; will need 10-year implementation

“Expand Drake SID for Bigger Impact; Begin Preparations for Franklin SID Transition.”

Drake

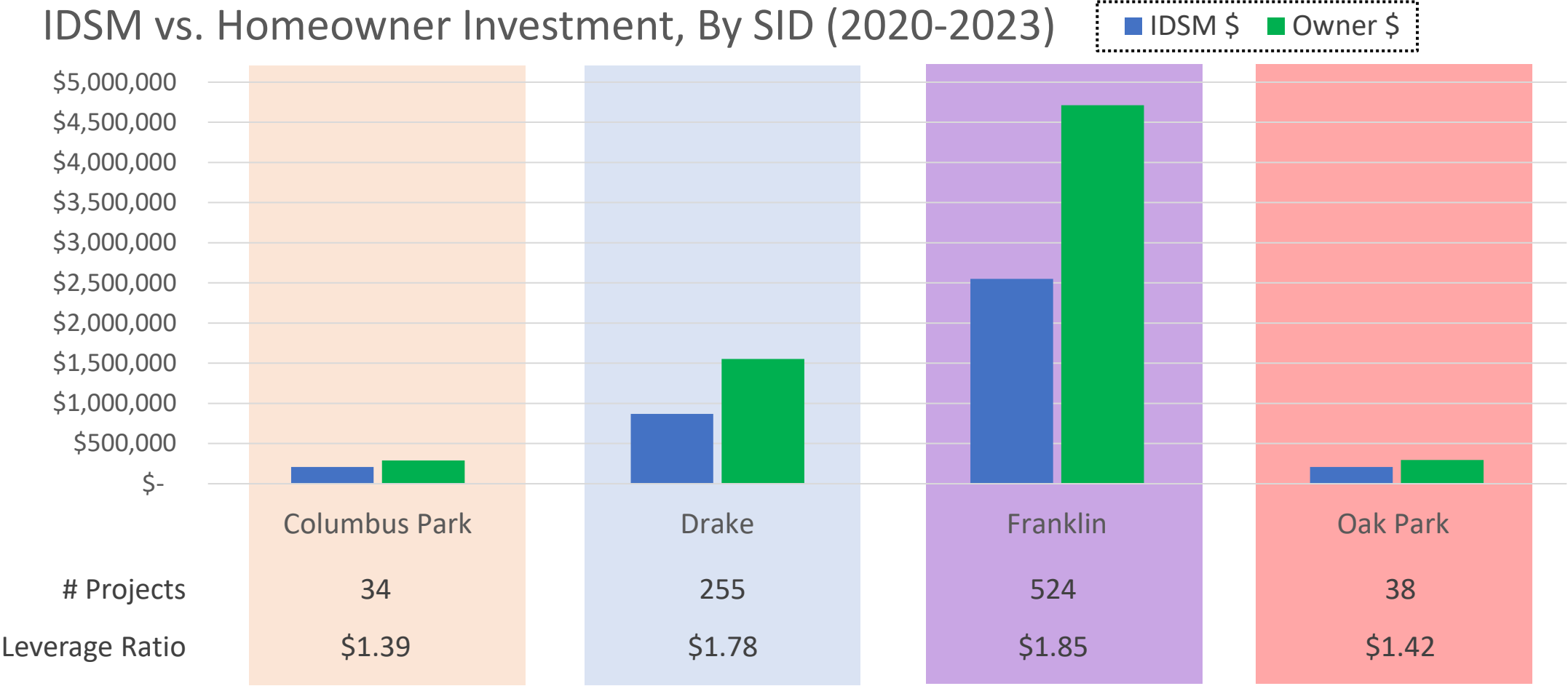
- Drake was perhaps the perfect choice for Invest DSM as an organization that could clear market hurdles impossible for any other organization.
 - Target # of new homes built: 60; Five New Home Builds Sold to Date.

Franklin

- A sizable core group of homeowners with capacity to invest in their homes have made Franklin seemingly the lowest risk area for Invest DSM activities.
 - More time is needed to build relationships.

➤ **Progress is being made. Revise strategies and neighborhood plans as needed.**

Status Report: Findings & Recommendations



Status Report: Findings & Recommendations



“Develop New SID ‘Quick Win’ Approach.”

- Future new SID locations should be modeled on the Franklin model of rapid success and transition...to maximize the number of neighborhoods it is able to impact.
 - Carefully consider expectations, tools, and Invest DSM resources.
- Softer-demand neighborhoods have different problems to solve and require other tools.
 - More substantial funding gaps and “ability to pay” gaps require deeper subsidy per project.
 - Acquisition, holding, and infill redevelopment may be more prevalent.



Invest DSM Annual Update

2023 & Impact to Date



Biggest Accomplishments of 2023



- Completed Strategic Plan for 2023-2025
- Variety of operational updates, including revamped website
- Financial Audit with no findings
- Expanded Drake and Franklin SID boundaries
- Assembled Redevelopment Site at 6th & Euclid Aves, Released RFP, Selected Developer
- Completed 158 grant-funded projects, representing \$19.2 million of investment
 - Signed 254 new grants
- Sold 5 rehabilitated homes
- Enabled new construction and sale of 5 homes with NFC & HOME Inc.
- Supported 2nd year of Art Week activations in SIDs
- Completed joint process (with City staff) to identify two new Special Investment Districts



All Grant Programs – 2023

Program	Total # Projects Managed	# Apps in Progress	# Grants in Progress	# Projects Completed	Total Investment (Completed Projects)	IDSM Share	Private Share	Leverage
Block Challenge	50	0	0	50	\$220,962	\$88,648	\$132,314	\$1.49
Homeowner Renovation	473	283	99	91	\$3,493,698	\$1,356,406	\$2,137,292	\$1.58
SF Developer*	17	12	2	6	\$2,207,974	\$518,306	\$1,689,668	\$3.26
Rental Rehab	6	2	1	3	\$63,447	\$15,862	\$47,585	\$3.00
Commercial*	30	10	12	8	\$13,240,583	\$189,727	\$13,050,856	\$68.79
TOTAL	576	307	114	158	\$19,226,664	\$2,168,949	\$17,057,715	

*Investment Numbers for SF Developer & Commercial Projects are preliminary, based on initial project cost estimates

2023 Development Activities: Rehab Sales



Sold 5 Rehab Projects

2 in Drake
1 Columbus Park
2 Oak Park



Increased Market Value by \$1,059,203

-Avg. of \$211,841 or 167%

Assessed Values Not Updated Yet





Impact 2020-2023: Grant Programs

(*Preliminary*- Fully Completed Projects Only)

Program	# Projects Completed	Total Investment	IDSM Share	Private Share	Leverage
Block Challenge	574	\$2,539,895	\$1,021,740	\$1,518,155	\$1.49
Homeowner Renovation	327	\$11,597,539	\$4,154,921	\$7,442,618	\$1.79
SF Developer*	17	\$6,051,190	\$1,423,391	\$4,627,799	\$3.25
Rental Rehab	5	\$241,869	\$60,467	\$181,402	\$3.00
Commercial*	27	\$23,811,738	\$1,424,248	\$22,387,490	\$15.72
TOTAL	947	\$44,242,232	\$8,084,766	\$36,157,464	\$4.47

*Prelim Info – Not Final

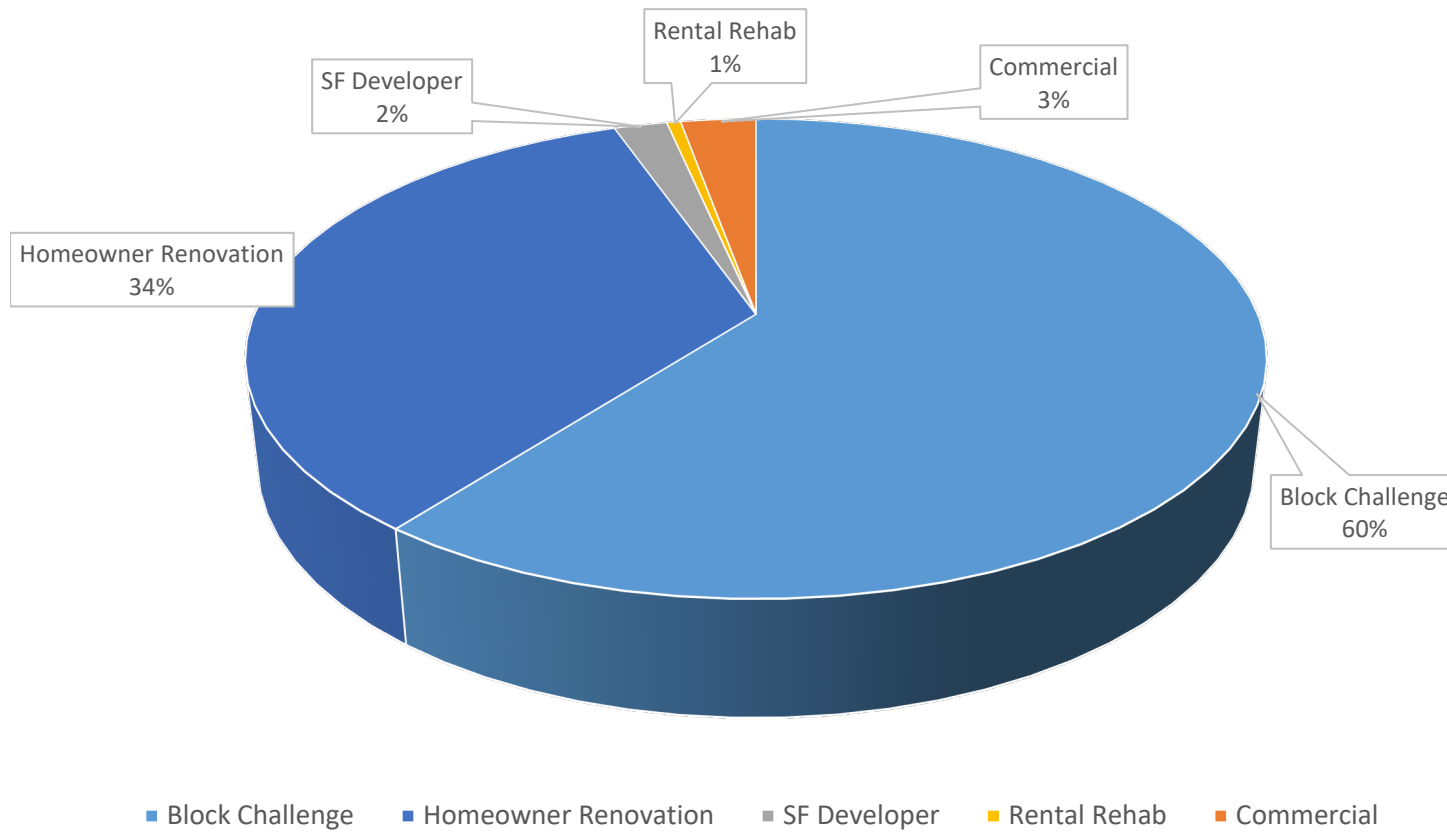
Since 2020, Invest DSM Grant Programs have catalyzed over \$44.2 M of investment!



Impact 2020-2023: Grant Programs



2020-2023: Completed Projects



**94% of Completed Projects
were with
Existing Homeowners**

64% of the dollars granted have
gone to Existing Homeowners,
with the other 36% going to
Developers, Commercial
Property Owners, and Small
Business Owners

Impact 2020-2023: IDSM Rehab Projects

10 Rehabs
Complete & Sold

\$1.2 million
Acquisition Costs

\$5 million
Total Costs

\$2.9 million
Sale Proceeds

Increased Market
Value:
By \$1.72 million,

On Avg: 148%

Avg. Value Change
PSF:
\$106

Increased
Assessed Value
By \$1.3 million,

On Avg: 107%*
*4 estimated



Impact 2020-2023: IDSM Demo/New Construction Projects

4 New Homes
Built & Sold

(2020 – Q2 2023)

\$176,462
Acquisition
Costs

\$70,727
Pre-Development
Costs
(Demo / Holding)

\$45,707
Lot Sale
Proceeds

\$391,772
SFD Grants



Partnership with NFC Properties

Increased
Market Value:
By \$1.06 million,

On Avg: 646%

Avg. New Home
Sale Price:
\$309,100

Increased
Assessed Value By
\$967,700

On Avg. 498%



Impact 2020-2023: Demand Indicators



Sale prices per SF are Increasing in the SIDs

Our development work is leading the market

Drake--

- 2017 SID-wide \$ 96
- 2021 SID-wide \$132

- **IDSM Rehab Sales \$196**

- 2022 DSM-wide* \$173
- 2022 Polk Co.* \$195

*Polk Co. Assessor – SF Homes

Oak Park – per square foot

- 2017 SID-wide \$ 93
- 2021 SID-wide \$132

- **IDSM Rehab Sales \$177**
- **New Home Sales \$151**

- 2022 DSM-wide* \$173
- 2022 Polk Co.* \$195

*Polk Co. Assessor – SF Homes

Columbus Park --

- 2017 SID-wide \$ 93
- 2021 SID-wide \$132

- **IDSM Rehab Sales \$178**
- **New Home Sales \$175**

- 2022 DSM-wide* \$173
- 2022 Polk Co.* \$195

*Polk Co. Assessor – SF Homes



New Special Investment Districts



Invest DSM Selection Process Overview



Reviewed overarching principles (from czb, June 2018)

- **Strengths:** Amplify and build on existing strengths.
- **Targeted:** Scale matters; focus on areas of roughly 400-800 parcels.
- **Patience:** Sequence interventions strategically; start where most likely to succeed.
- **Assets:** Protect major community assets, i.e. major institutions.
- **Balance:** In DSM, the needs outpace available resources; Balance “smart” with “fair” decisions.

Overarching Primary Goals for Middle Market Revitalization Strategy:

- Drive tax base growth and stability.
 - Ensure longevity of older building stock.
-
- 2023 Status Report – Develop new “quick win” approach



Impact 2020-2023: IDSM Demo/New Construction Projects



In collaboration with City staff –

- Data Collection
 - Property Conditions
 - City Block Challenge Participation
 - Basic Demographics – population, occupied vs. vacant housing units, median income
 - City Information: % Rental, Blitz on Blight Properties
- Visual Survey (fall 2023)
- Discussions with Ward Council Members
- Discussions with Neighborhood Leadership

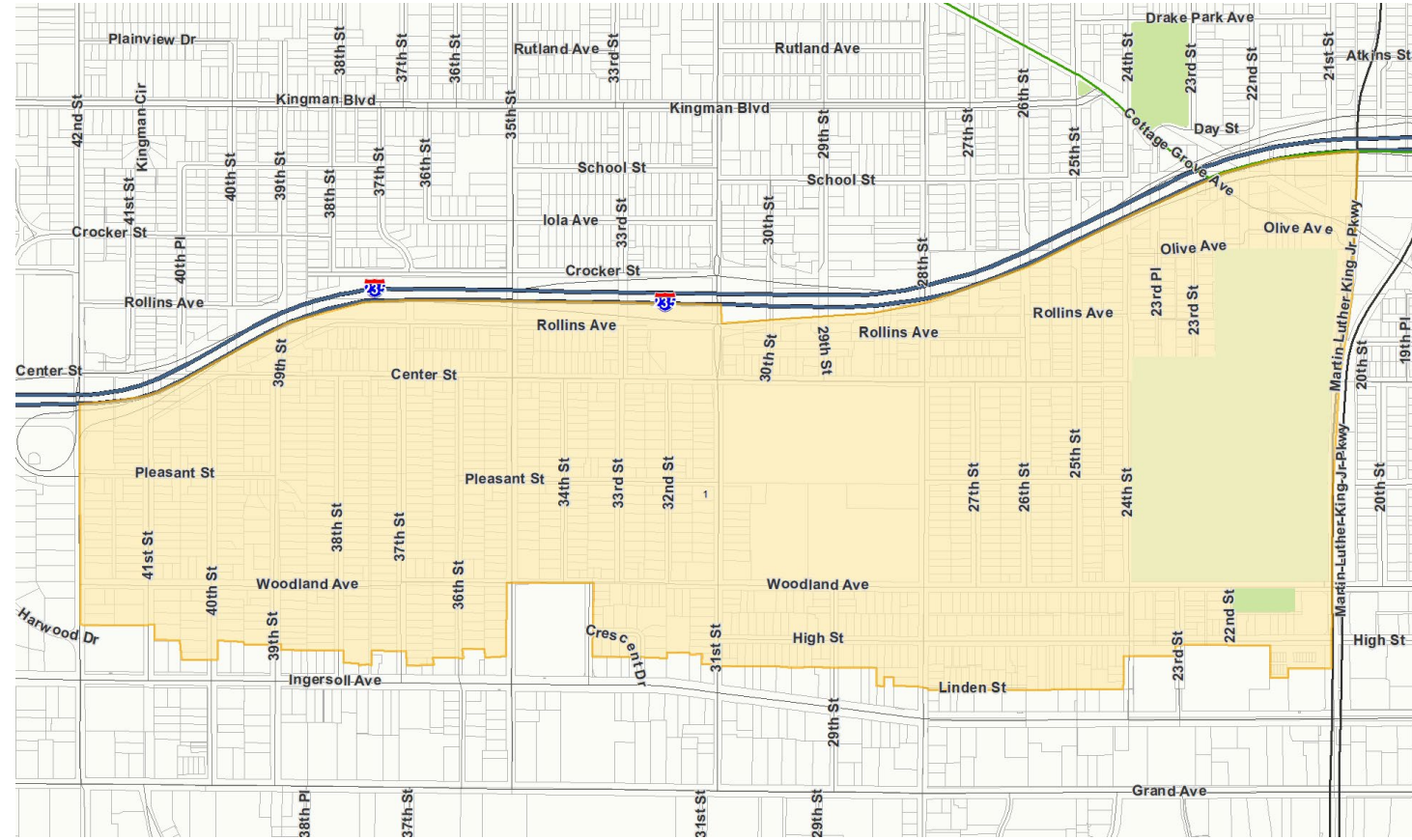


North of Grand/Woodland Heights Special Investment District



SID 1

- 1,437 Parcels; 1,738 housing units
 - 10% vacant
 - 183 Rental Certificates (13% of parcels)
- Residential Property Conditions
 - 24% - Good or Excellent
 - 14% - Poor or Very Poor
 - **62% - Average**
- **Strong City Block Challenge participation**
- **Median Income Approx. \$49k**
- **Assets: Ingersoll/The Avenues momentum, three schools, Scottish Rite, Woodland Cemetery**



Union Park Special Investment District



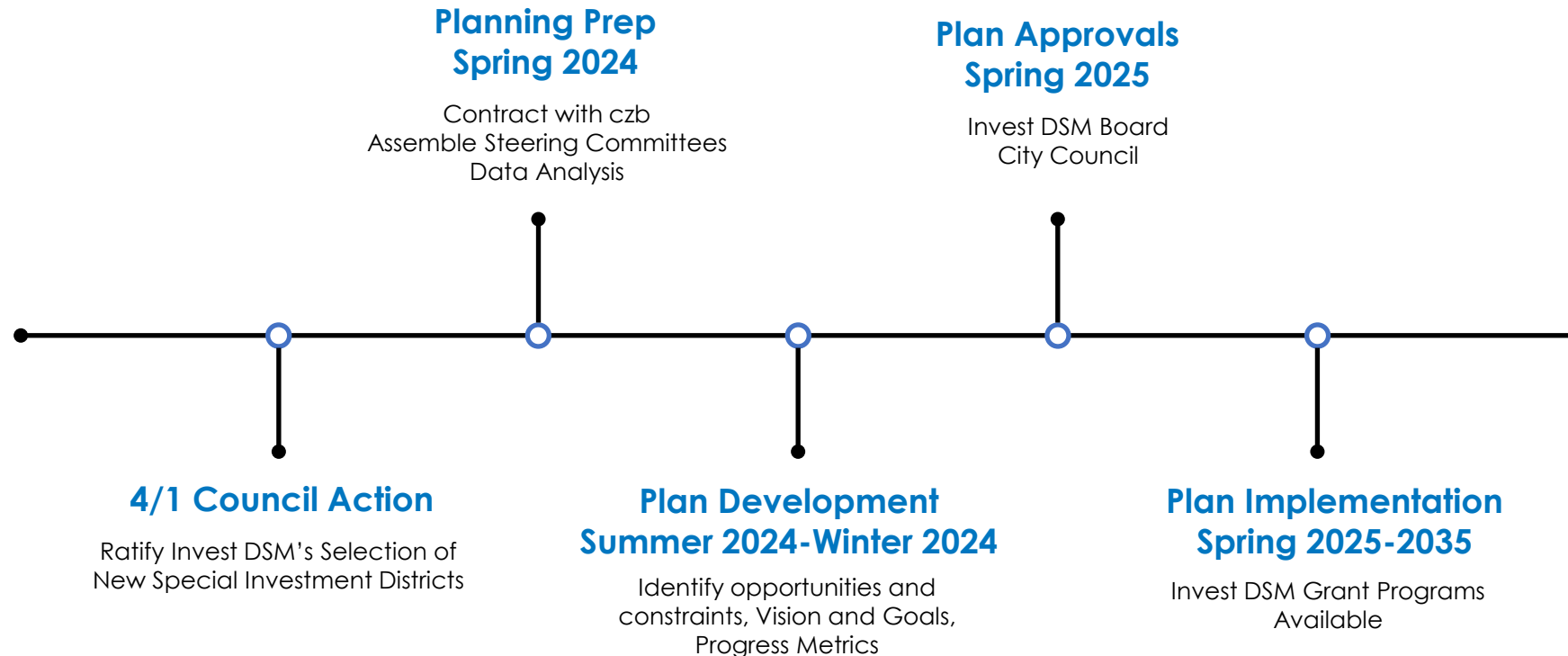
SID 2

- 885 Parcels
 - Approx. 8% vacant
 - 91 Rental Certificates (11%)
- Residential Property Conditions
 - 7% - Good or Excellent
 - 30% - Poor or Very Poor
 - **63% - Average**
- **No City Block Challenge participation to date; strong participation in other things**
- **Median Income Approx. \$55k**
- **Assets: Union Park, Birdland Marina investment**



Next Steps: Anticipated Timeline

New Special Investment Districts





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THANK YOU