

DES MOINES CITYWIDE HOUSING STRATEGY



Citywide Housing Strategy



- Findings
- Current Situation
- Looking Ahead
- Now What?
- Options Summary
 - Stay the Same
 - Zero Out/Address Deficit
 - Grow the Effort
- Recommended Strategy



The Des Moines market is generally healthy

- It is not expensive, and yet provides a good return to owners / inflation in a number of neighborhoods
- It has made progress the last 20 years towards becoming more competitive regionally; some parts of Des Moines are doing really well.





Findings

Large number and high percentage of smaller, older and neglected homes



Nonetheless, there are challenges requiring attention

General affordability comes from there being a large number and a high percentage of homes being older, smaller, and neglected.



- + This is a plus in that many working households on limited incomes have affordable housing.**
- This is a minus in that the stocks that are affordable - given their condition and geographic concentrations in some areas - weaken the city's capacity to compete in the region**

General marketability

comes from addressing the 40,000+ homes that are older, smaller, and neglected.





Findings

DSM Housing Market has a “Willingness to Pay” problem as higher-income households are not choosing the city.



We call this the “Market Gap.”



The market will not address these issues on its own.

Des Moines Household Income
\$100,000+

22,965
Households

35,767
“Fair Share”
of Households

DSM has **12,000 fewer households with incomes of at least \$100,000** than would be expected under a “fair share” scenario.

Des Moines



DSM average home sale price is about 60% of suburban Polk County average home sale price in the decade 2014-2023.

Suburban Polk County



2 and 3 Beds, 1 Bath

40,000
homes

DSM has about **40,000 2 and 3 bedroom houses with a single bath** that the ownership market generally **does not want**.



Findings

Des Moines
Household Income
Less than \$50,000

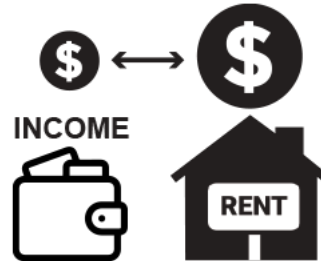


DSM has **10,000 more households with incomes of less than \$50,000** than would be expected under a "fair share" scenario.

DSM Housing Market has an "Ability to Pay" problem, as lower-income households struggle to afford housing in the city.



We call this the "Affordability Gap."



Over 14,000 renter households in DSM with incomes under \$50,000 struggle to afford the rent, not because rents are especially high but because incomes are low.

2 and 3 Beds, 1 Bath

40,000 homes

DSM has about **40,000 2 and 3 bedroom houses with a single bath** that are a drag on the market but **contribute significantly to affordability.**

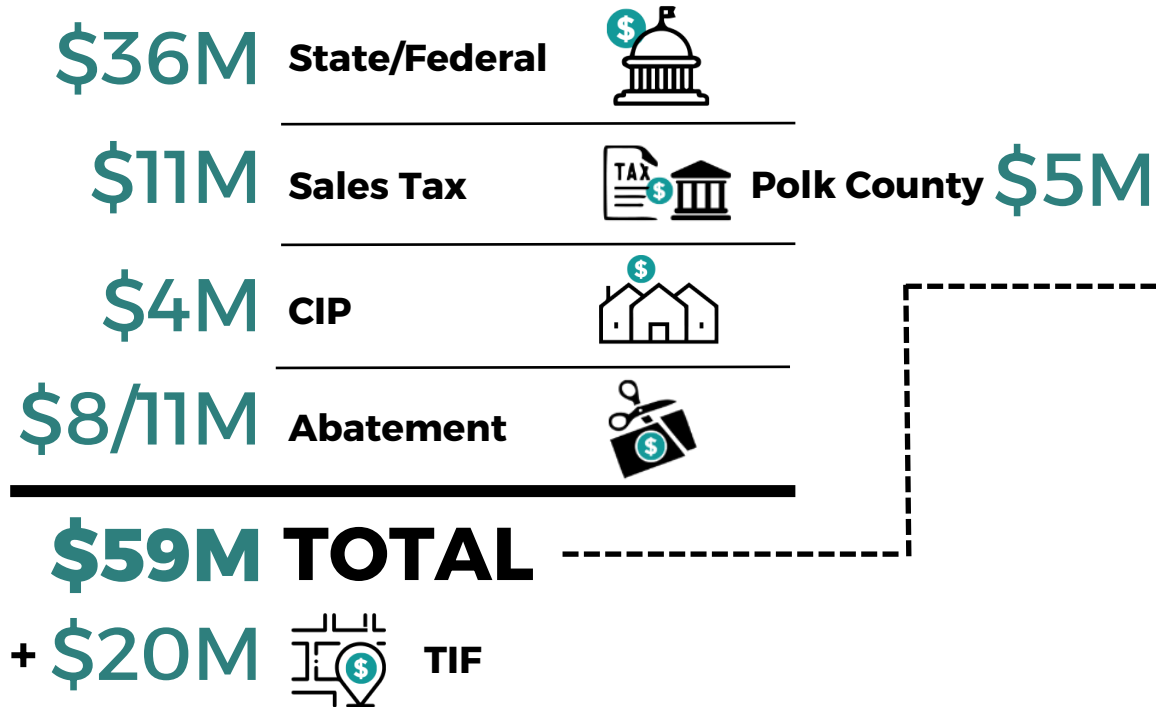
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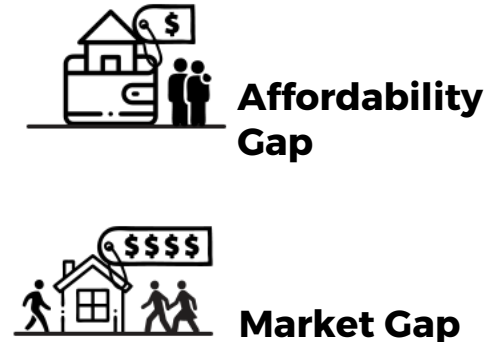
Current Situation

City is spending considerable amounts to address these challenges each year.

Budget for Housing/Community Development Activities



Directed to
which gap?



(\$64M)

Large but still
insufficient
amounts and
problematic
ratios



Current Situation

Nevertheless, there are important success stories!

Examples of **Market Gap** Success



Invest DSM

- Geographically targeted
- Homeowner-centric



TIF Multifamily

- Market-rate
- Affordable

Examples of **Affordability Gap** Success



ION Repair Program

- Geographically diverse
- Homeowner-centric
- Income restricted



Habitat for Humanity

- Geographically diverse
- Homeowner-centric
- Income restricted



The next 20 years will bring slower rates of growth

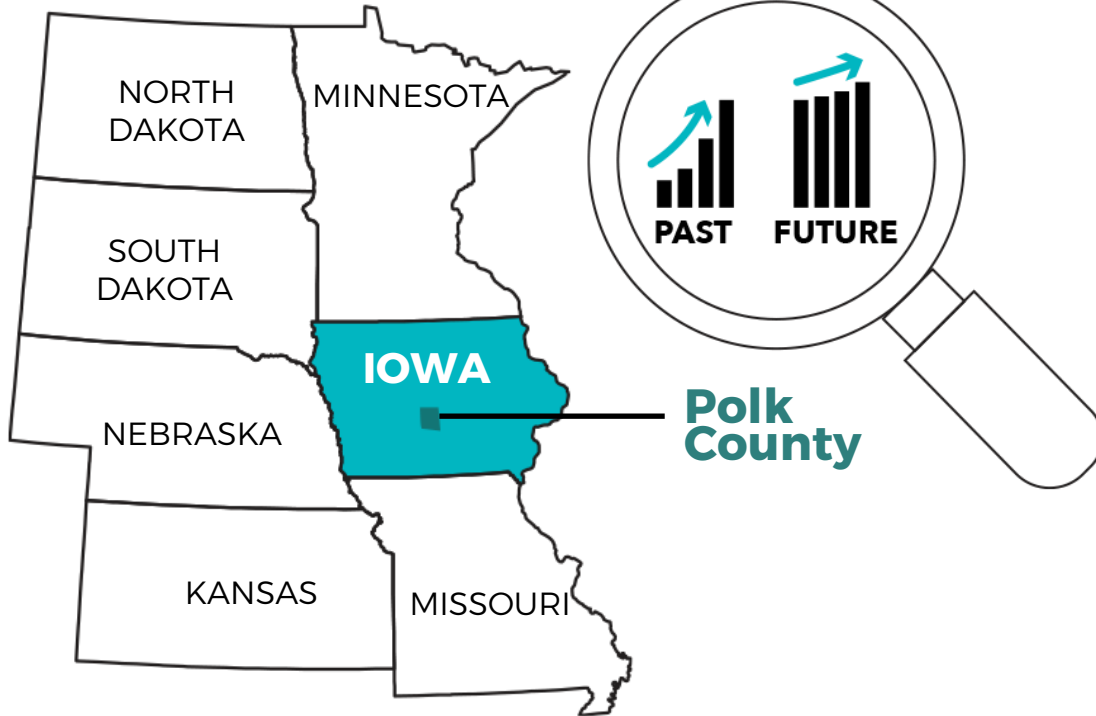
for the Plains, for Iowa, for Polk County, and for Des Moines; to the extent that Des Moines' rate of growth is a derivative both of the county's and its own capacity to compete, this has significant implications





Looking Ahead

Plains Region



Population Growth Rates

- 2000-2020 Actual
- 2020-2040 Projected

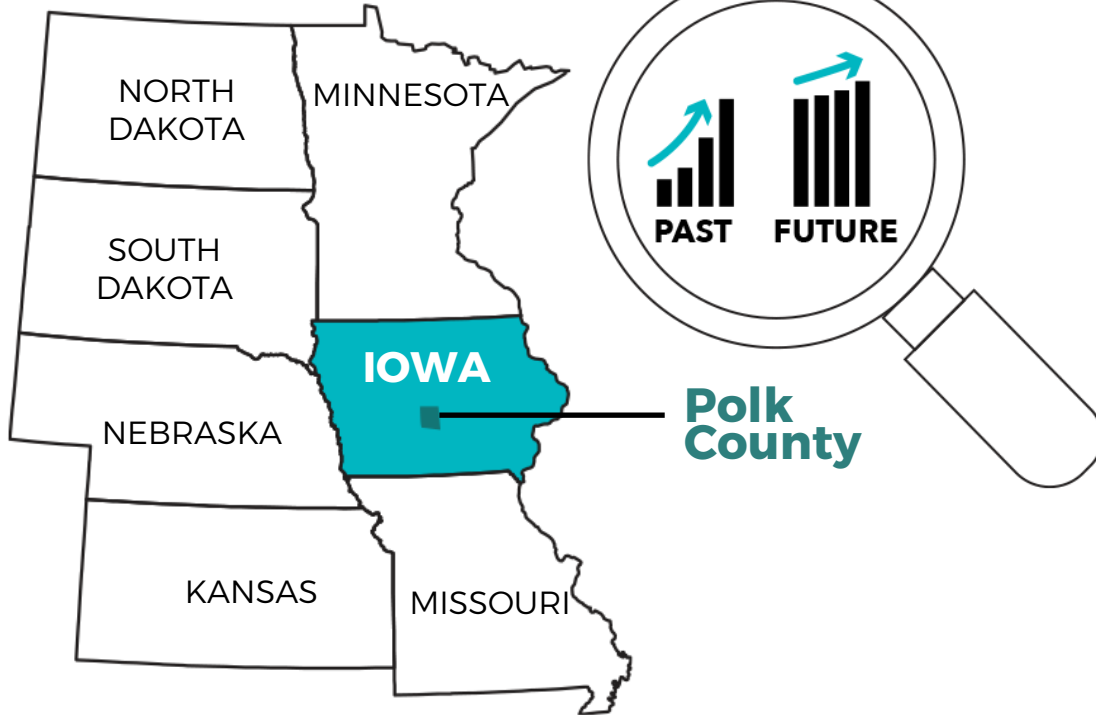
	2000-2020	2020-2040
Plains Region	12%	7.7%
Iowa	9%	5%
Polk County	31%	13.3%
Des Moines	2.4%	?

Source: U.S. Census and Woods and Poole



Looking Ahead

Plains Region



Population Growth Rates

- 2000-2020 Actual
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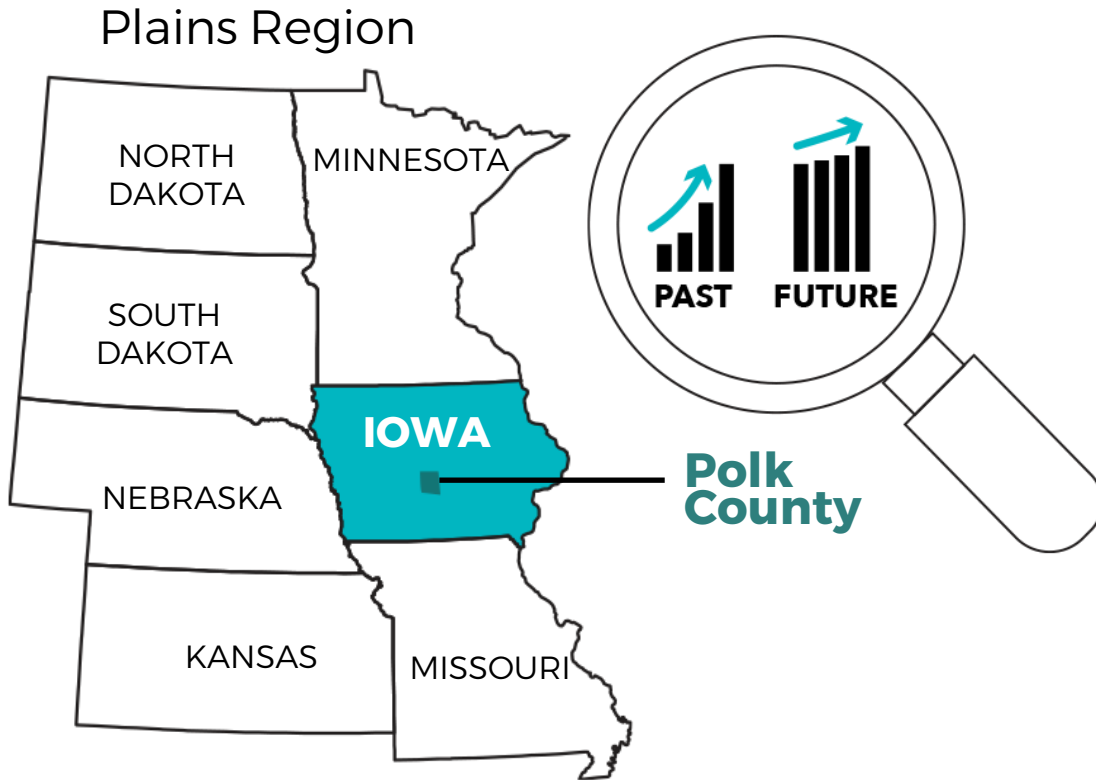
IF city share of county population holds, and **IF** household sizes remain the same:

630

Net new households each year



Looking Ahead



FOR the city's share to hold and the characteristics to improve, and **IF** household sizes remain the same:

630
Net new households each year

HOW you spend your resources really matters.....



Now What?

We see **three paths** you can take, each worthy of consideration

1

**Continue on Your
Current Path**

2

**Make Some Hard
Choices Aimed
at Reducing
Expenses**

3

**Make Some Hard
Choices In Order
to Address
Structural Issues**



Now What?

We see **three paths** you can take, each worthy of consideration

1

**Continue on Your
Current Path**

- State and Federal Resources
- Allocation of Sales Tax
- NFC/NDC/Invest DSM
- CIP
- ION
- Blitz on Blight
- Abatement
- Other Initiatives.

\$59-84M

Excl County and Incl TIF



Now What?

We see **three paths** you can take, each worthy of consideration

2

Make Some Hard Choices Aimed at Reducing Expenses

Rethink what's essential; and why?

- NFC/NDC/Invest DSM: \$8M savings
- ION: \$2M savings
- Various Programs: \$1.3M savings
- Blitz on Blight: \$3M savings

\$14M



Now What?

We see **three paths** you can take, each worthy of consideration

3

**Make Some Hard
Choices In Order
to Address
Structural Issues**

Rethink and reallocate



Now What?

We see **three paths** you can take, each worthy of consideration

1

Stay the course

- High opportunity costs (- - -)
- Free rider problem (- - -)
- Budgetary challenge (- - -)
- Some successes (+++)
- Mostly non-local \$\$\$ (+++)

2

Cut way back

- Reduced spending (+++)
- Nearly/All non-local \$\$\$ (+++)
- High/other opportunity costs (- - -)
- Budgetary challenges (- - -)

3

Systems approach

- Dig deep (- - -)
 - Own \$\$\$ (- - -)
 - New roles (- - -)
 - Discomfort (- - -)
- Leave successors with a healthier balance sheet (+++)



Options Summary

Let's review one last time what it is you're wrestling with.

1

Stay the
Course

\$36M (federal + \$5M (county)	\$41M	Keep
	\$11M (Sales Tax)	Keep
	\$ 4M (CIP)	Keep
	\$8M (Abatement)	Keep

\$59-64M + TIF →

+/- What You Have Now



Options Summary

Let's review one last time what it is you're wrestling with.

2

Cut Way Back

\$41M (state/fed) Keep
+

\$15M (CIP/LOSST) Maybe Keep/Maybe Zero/Maybe
Rebalance CIP/LOSST
+

\$8M (abatement) Maybe Keep/Maybe Zero/Maybe
Rebalance Tax Abatement

\$41M+ TDB + TIF → Federal and other goals + reduce budget



Options Summary

Let's review one last time what it is you're wrestling with.

3

Grow the
Effort



RECOMMENDED

\$41M (state/fed)		Keep but modify
+		
\$15M (CIP/LOSST)		Repurpose
+		
\$8M (abatement)		Repurpose
+		
\$8M (ReDev Bond)		New

\$72M

+

\$28M (Buyer Financing)
\$20M (TIF)

Structural
Change

(\$120M)/yr x 20 yrs.



Grow the Effort

Housing Related Budget and Programs

HOW you spend your resources really matters.

\$41M



State/Federal



Polk County

\$5M



Invest DSM

\$2M



Improve Our
Neighborhoods
(ION)

\$3M



Blitz on Blight

\$11M



Abatement

\$3M - C

\$8M - R

\$15M



Other (sales-
tax funded
and CIP)

\$20M



TIF
Redevelopment
of Key
Intersections
and Corridors



Grow the Effort

Housing Related Budget and Programs

HOW you spend your resources really matters.



\$41M



State/Federal



Polk County

**NO
CHANGE**

\$5M



Invest DSM

\$2M



Improve Our
Neighborhoods
(ION)

\$3M



Blitz on Blight

**NO
CHANGE**

\$11M



Abatement

\$3M - C
\$8M - R

\$15M



Other (sales-
tax funded
and CIP)

\$20M



TIF
Redevelopment
of Key
Intersections
and Corridors



Grow the Effort

Housing Related Budget and Programs

HOW you spend your resources really matters.



RECOMMENDED

\$36M



State/Federal

NO
CHANGE

~~\$5M~~



Invest DSM

\$10M

~~\$2M~~



Improve Our
Neighborhoods
(ION)

\$6.5M

\$3M



Blitz on Blight

NO
CHANGE

\$11M



Abatement

REDIRECT

\$15M



Other (sales-
tax funded
and CIP)

REDIRECT

\$20M



TIF
Redevelopment
of Key
Intersections
and Corridors

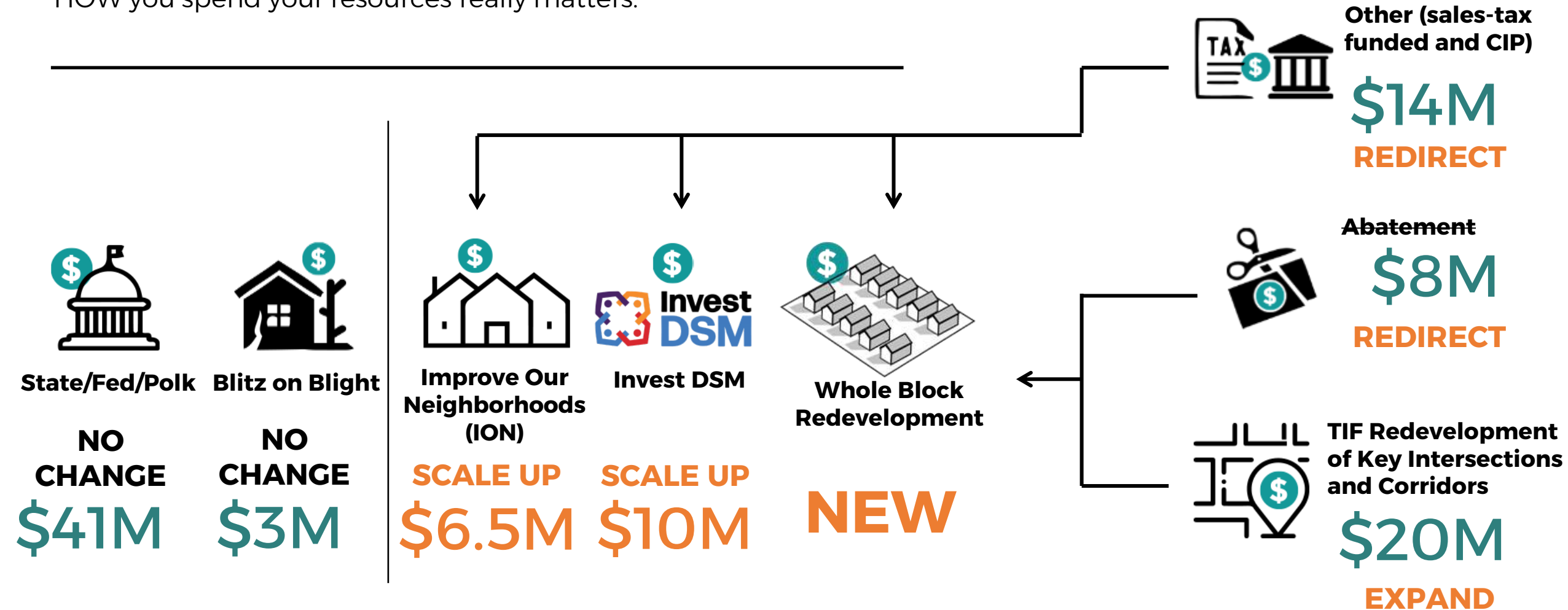
EXPAND



Grow the Effort

Housing Related Budget and Programs

HOW you spend your resources really matters.





Whole Block Redevelopment

NEW

Type 1

- E 14th/Euclid/Grandview (5.7-6.6 du/a)
- University (N+E of Drake) (4.3)
- Ingersoll-Woodland (4.8-5.1)
- SW9th/ Watrous-Park (4.4-5)
- SE 14th St (3.4-4.5)
- 48th and Franklin (5.1-5.5) (3.5 N/F)
- Merle Hay (4.3-5)
- Fairgrounds (4.5-7)
- Fairmont (4.5-6.5)

- About 5 units/acre residential around commercial
- Every sq mile has about 170-180 blocks
- Nearby N/C tend to need a refresh
 - Cap rate on commercial is 9-11+

Type 2

- Merle Hay Mall (7.9 cap rate)
- Southridge Mall (8.6)

- About 5 units/acre residential around commercial
- Every sq mile has about 170-180 blocks
- Nearby N/C tend to need a refresh
 - Cap rate on commercial is 7.9-8.6

Type 3

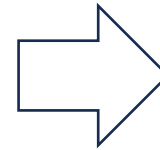
- Market District
- North of State Capitol/South of I-235

- Commercial in need of re/development
 - Cap rate on commercial is 10-12+



Whole Block Redevelopment

- 5-7 du/a (12/side)
- 300 blocks in the city
- Nearby commercial needs work

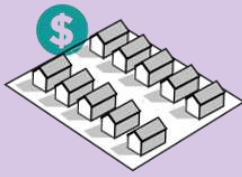


- 10-12 du/a (12-18/side)
- 3-6 blocks at a time
- Redeveloping commercial

NEW



Grow the Effort



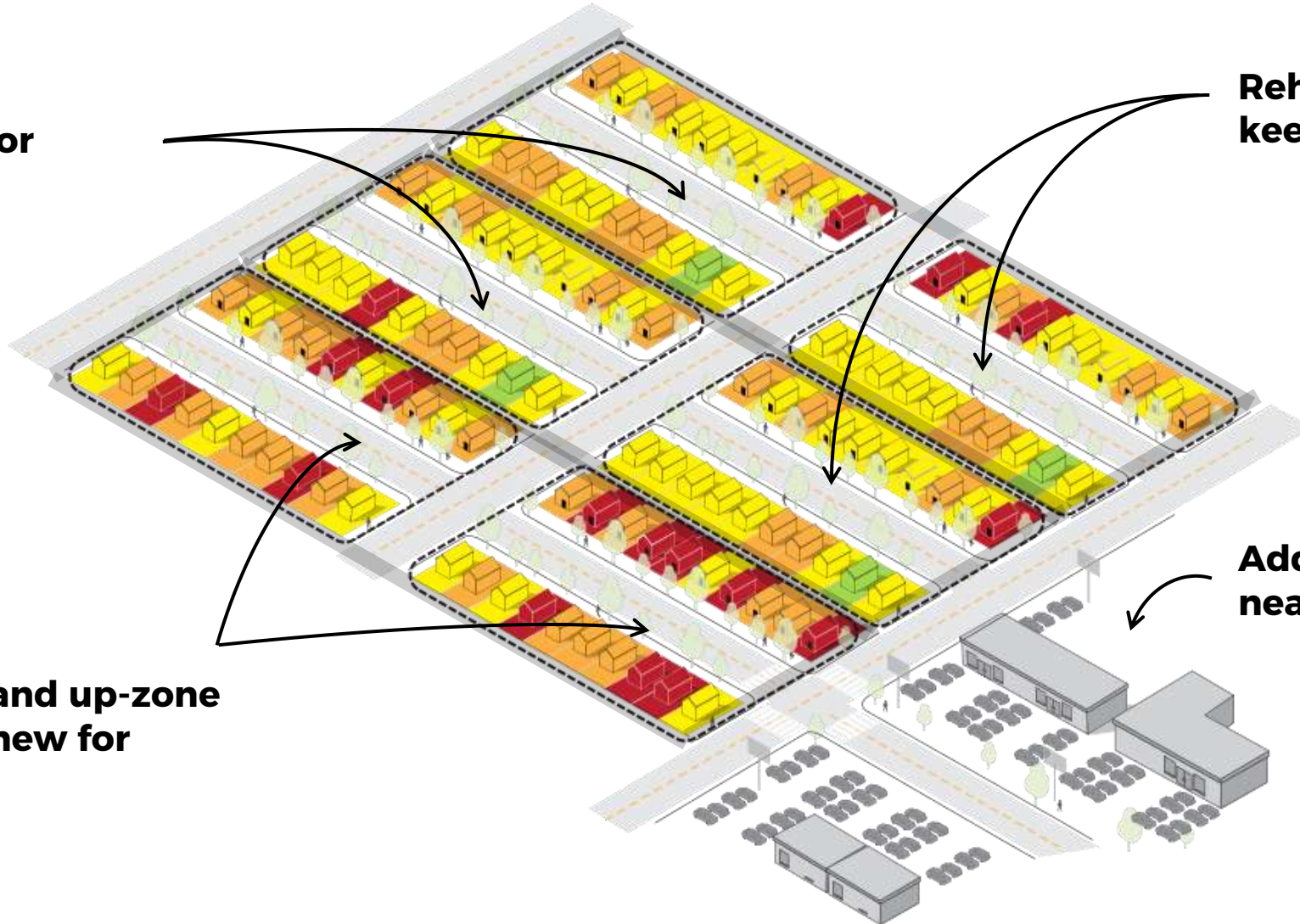
Whole Block Redevelopment

**Rehab +/- third for
marketability**

**Acquire +/- half and up-zone
to replace with new for
marketability**

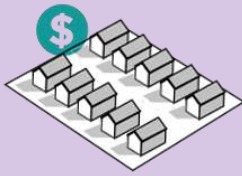
**Rehab +/- third and
keep affordable**

**Address quality of
nearby commercial**





Grow the Effort



Whole Block Redevelopment

**Rehab +/- third for
marketability**

LOSST → IDSM

**Acquire +/- half and up-zone
to replace with new for
marketability**

ReDev Bond + Abatement → Private + Partners

**Rehab +/- third and
keep affordable**

LOSST → HFH/NFC/ION/BB

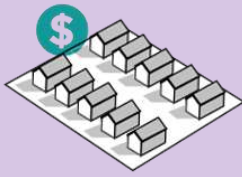
**Address quality of
nearby commercial**

TIF → Private + Partners

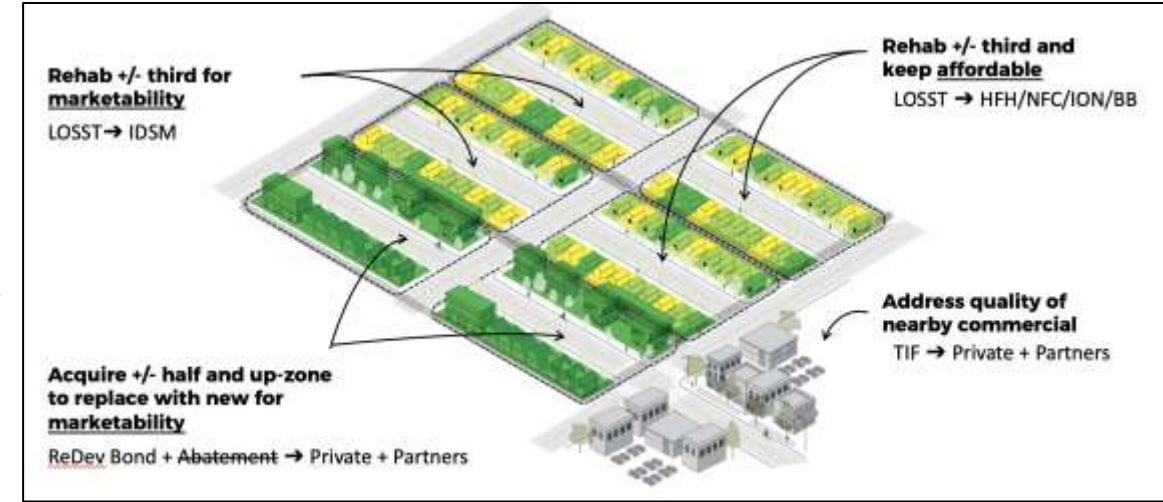
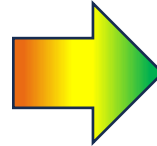
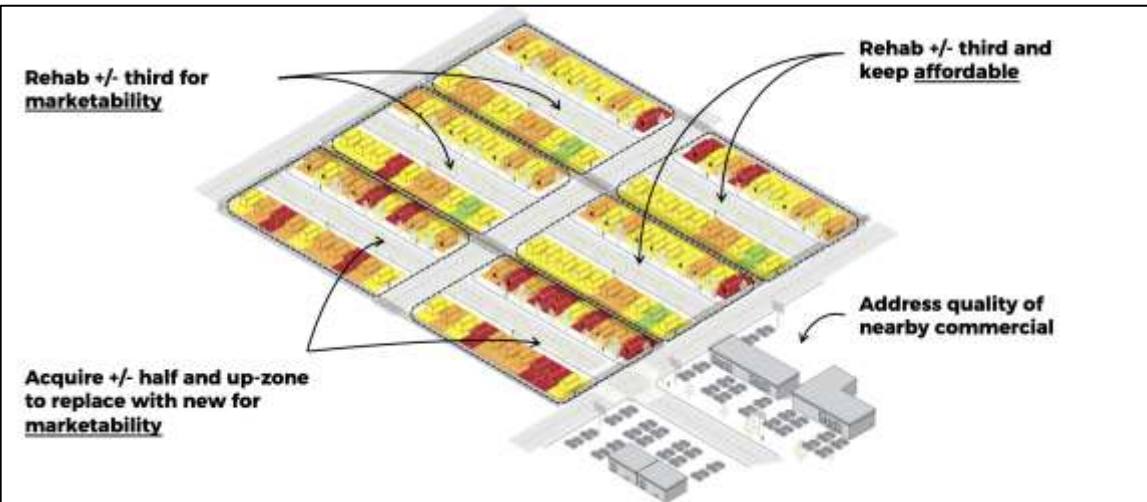




Grow the Effort



Whole Block Redevelopment

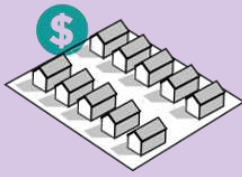


Every Whole Block Effort

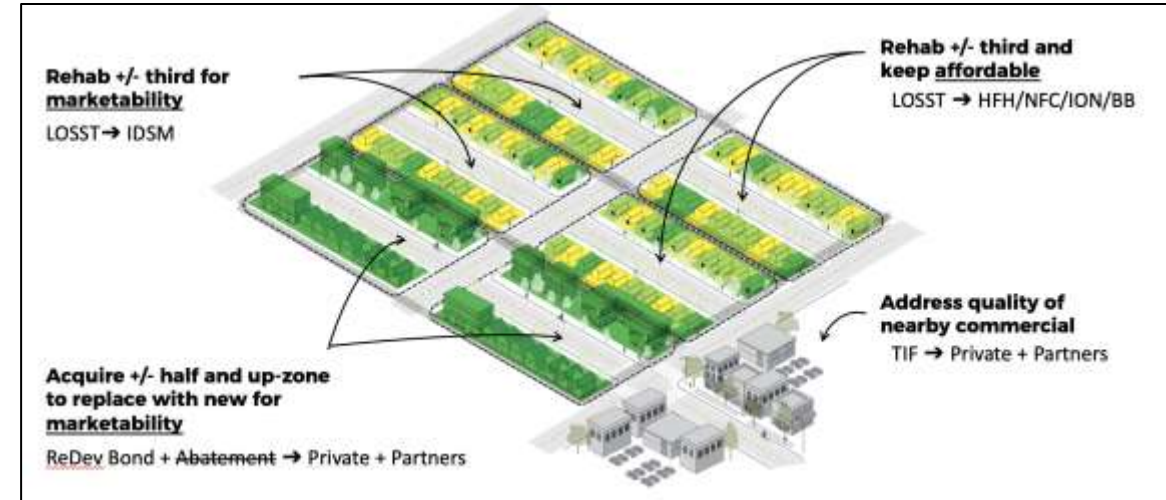
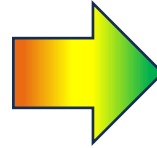
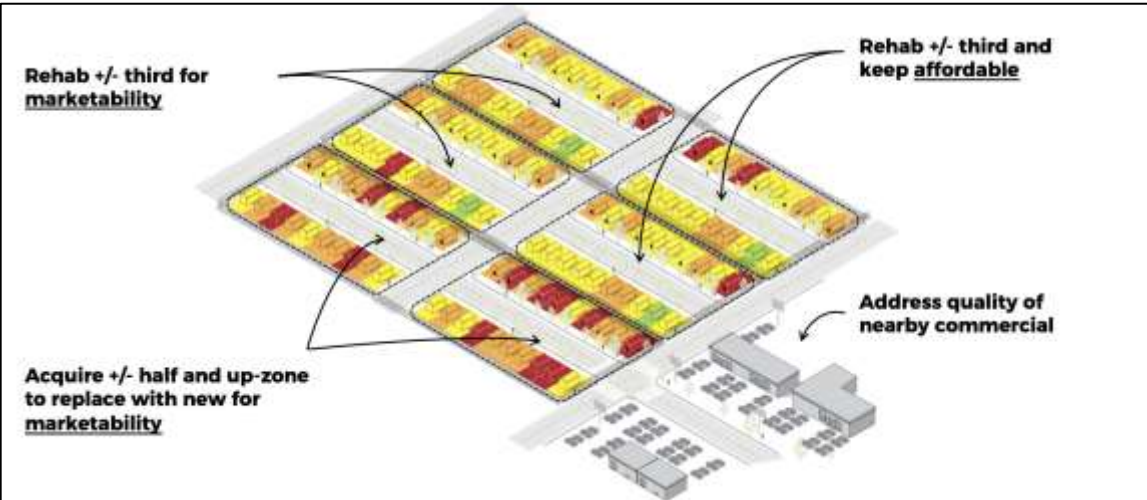
- Will Cost About **\$15-20M PER BLOCK** From All Sources Private + Public
- Will Involve Some Acquisition + Demolition + Infill
- Will Increase Marketability & Thus Demand & Thus Home Values
- Will Involve Intensive, Concentrated Work Over Several Years
- Needs Public, Private, and Nonprofit Sectors and Philanthropy to Work Together



Grow the Effort



Whole Block Redevelopment

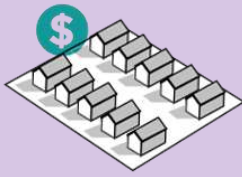


Stack

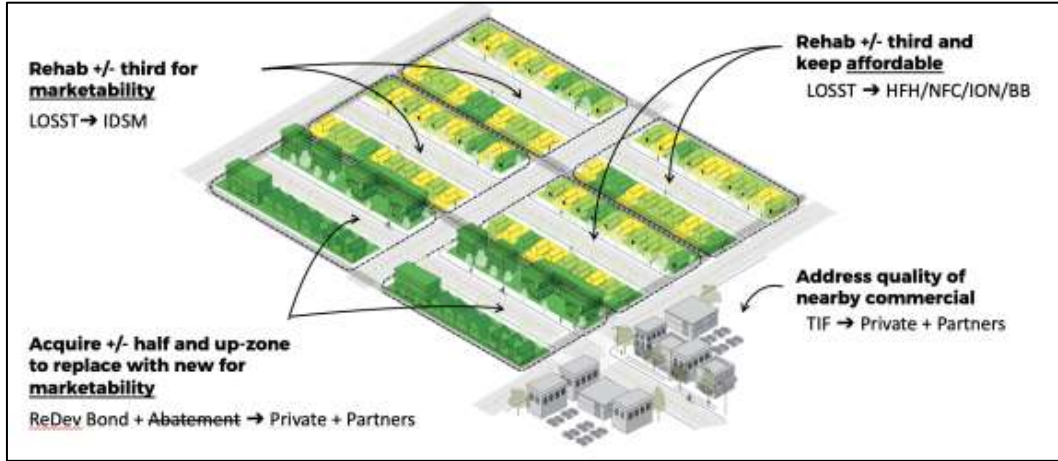




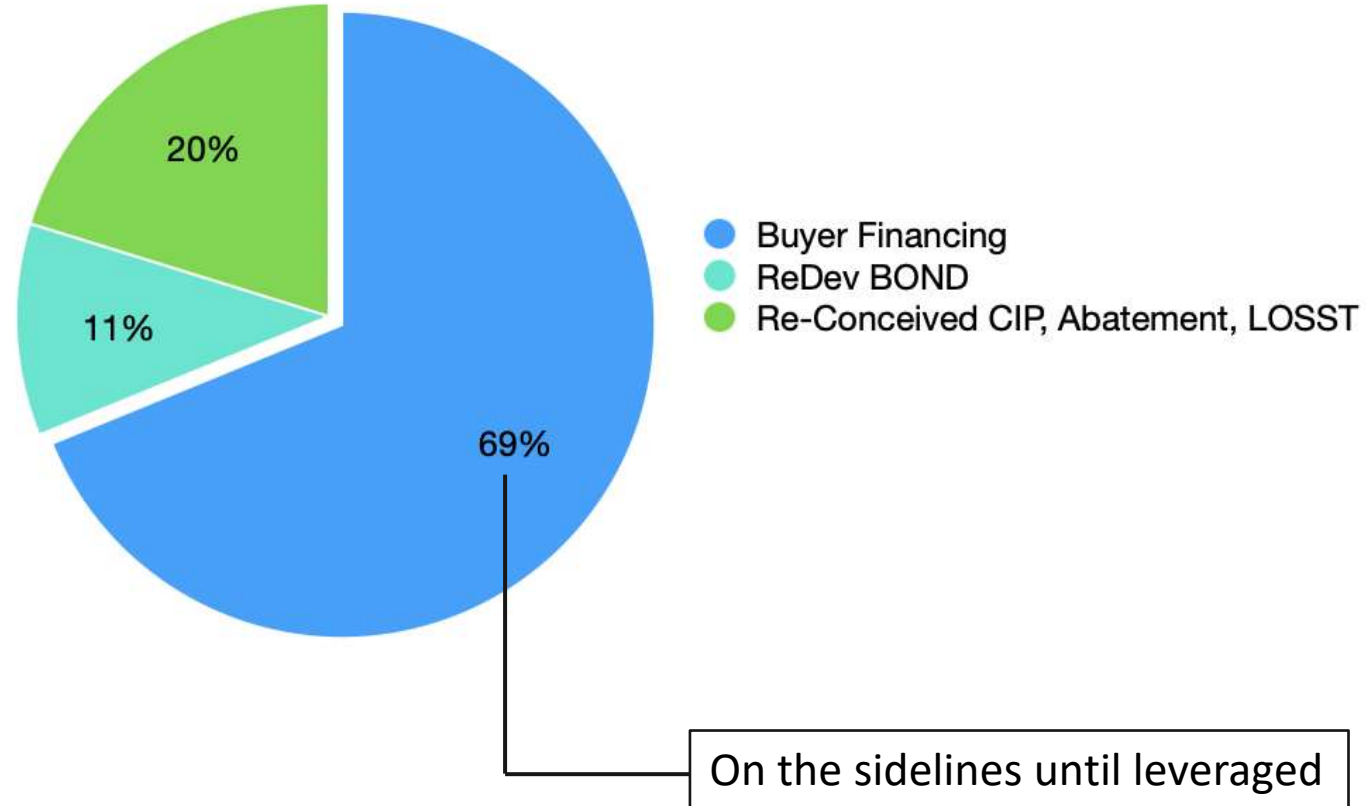
Grow the Effort



Whole Block Redevelopment



Stack



Draft Strategy - SUMMARY



- While strong in some areas, the city overall has **significant structural challenges**; because of these challenges, Des Moines is **quite affordable** for most, though not all.
- Therefore, the city's new housing policy would **treat its market and affordability challenges as equal priorities**
- City-supported affordability work would
 - Be **diffused**
 - Prioritize **rehabilitating** existing stocks, and also give priority to **rental** for households <80% CMI
- City-supported market gap work would
 - Aim to **leverage** the private sector through amount, timing, and location
 - Funds from re-conceived CIP, ~~Abatement~~, and LOSST + ReDev Bond and TIF
 - Where the market is not functioning well
 - Attention to the *whole block* and to nearby commercial

February



Week of 10th
Presentation of Draft Strategy



City Council: Feb 10



Steering Committee: Feb 11

Later in the month
Release of Draft
Strategy Document



Online Engagement



March

Formal Council
Consideration

