

# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>25-273</b>	Meeting:	<b>July 14, 2025</b>
	Agenda Item:	<b>49</b>	Roll Call:	<b>25-1013</b>
	Submitted by:	<b>Cody Christensen, Development Services Director, and Chris Johansen, Neighborhood Services Director</b>		

## AGENDA HEADING:

Receive and file the Des Moines Citywide Housing Strategy with amendments and refer the strategy to the City Manager to direct preparation of individual action items for future Council consideration(s).

## SYNOPSIS:

- City staff recommend replacing the public review draft text regarding Low Income Housing Tax Credits (LIHTC) under General Task #7, Priority Commitment B on page 65 with the following:

*“Under the right circumstances, LIHTC funding can be an invaluable source of gap financing for both the preservation of existing or the development of new affordable housing stock, and targeted revitalization efforts. The City of Des Moines will actively support future LIHTC applications when important criteria are met, including requirements that may include but are not limited to:*

- *a preference of rehabilitation of existing units over creation of new units;*
- *avoiding further concentration of poverty;*
- *the scale of the proposed project in relation to a neighborhood, node and/or corridor;*
- *the diversity of housing products/types that exist and the housing product /type that is proposed;*
- *the design and durability of the project;*
- *proximity and access of the project to existing education, employment, retail, and services via walking, biking and transit;*
- *empirically supported catalytic impact of a project;*
- *the financing structure of the project; and*
- *the capability of the project team*

*The City strongly supports a fair share balance of subsidized housing across all of Polk County and the region. The city should pursue agreements with other jurisdictions in the region that encourage affordable supply in the appropriate locations.”*

- City staff also recommend replacing the public review draft text regarding Inclusionary Affordable Units under General Task #7, Priority Commitment C on page 65 with the following:

*“When TIF is utilized to support new development with a residential component, it is imperative that a percentage of new units be designated as affordable. Whenever new multifamily development is under consideration, the city should endeavor to ensure either at*

*least 10% of all new units are deed-restricted affordable for households at or below 60% AMI, or the cash equivalent of 20% is paid to the Polk County Housing Trust Fund.”*

- City staff recommend that the City Council receive and file the amended Des Moines Citywide Housing Strategy prepared by czbLLC and refer the strategy to the City Manager to direct preparation of action items for future Council consideration(s).

#### **FISCAL IMPACT:**

Amount: There is no fiscal impact from this action. The specific budgetary impacts from implementing the plan will be detailed in each individual project brought to Council for review and approval.

Funding Source: The City anticipates utilizing multiple funding sources depending on the specific project, including general operating funds, Local Option Sales and Service Tax, Tax Increment Financing, grants, and the sale of bonds.

#### **ADDITIONAL INFORMATION:**

- On June 17, 2024, the City Council authorized the City Manager to enter into an agreement with czbLLC (Charles Buki, President; 48 Front Street, Suite 201, Bath, Maine 04530) to assist the City with researching, compiling information and public input, and drafting the City’s first Citywide Housing Strategy.
- czbLLC presented information and discussed the Citywide Housing Strategy at three (3) City Council Workshops (1/13/2025, 2/10/2025, and 5/12/2025) and six (6) Steering Committee meetings (10/1/2024, 11/6/2024, 12/3/2024, 1/14/2025, 2/11/2025 and 5/12/2025); conducted two (2) on-line public surveys; and had numerous discussions with the City Manager and members of the Internal Technical Committee.
- The Citywide Housing Strategy Steering Committee comprised of the following members:
  - Connie Boesen, Mayor
  - Mike Simonson, City Council
  - Sara Boese, Polk County
  - Kristin Schechinger-Camper, Nationwide
  - Jennifer Cooper, Bankers Trust
  - Molly Cutler, Cutler Development
  - Marvin DeJear, The Directors Council
  - Lance Henning, Greater Des Moines Habitat for Humanity
  - Jenna Kimberley, Kimberley Development Corporation
  - Frank Levy, Newbury Living

- Amber Lynch, Invest DSM (formerly)
- Jo Christine Miles, Principal Financial Group Foundation, Inc.
- Toby O’Berry, Polk County Housing Trust Fund
- Kuuku Saah, Ntontan Real Estate
- York Taenzer, Iowa Realty & Des Moines Historic Preservation Commission
- Rick Tollakson, Hubbell Realty Company
- Mike Whalen, Heart Of America Group
- The Internal Technical Committee comprises the following members:
  - Matt Anderson, Deputy City Manager
  - Cody Christensen, Director of Development Services
  - Tess Cody, Property Redevelopment Specialist
  - Lisa Crabbs, Federal Funds Administrator
  - Jodi Gjersvik, Affordable Housing Program Manager
  - Malcolm Hankins, Assistant City Manager
  - Chris Johansen, Director of Neighborhood Services
  - Carrie Kruse, Economic Development Administrator
  - Amber Lewis, Homelessness Policy Administrator
  - Michael Ludwig, Deputy Director of Development Services
  - Erik Lundy, Deputy Director of Neighborhood Services
  - Ally MacLean, Communications Specialist II
  - Anuprit Minhas, Senior City Planner
  - Luis Montoya, DART Chief Planning Officer
  - Glory Parks, Executive Administrative Assistant
  - Manisha Paudel, Director of Community Impact and Relations
  - Devin Perry, Communication Specialist III
  - Nick Schaul, Finance Director
  - Jason Van Essen, Planning and Urban Design Administrator
  - Emily Wankum, Communication Specialist II
- The public review draft of the Comprehensive Housing Strategy can be viewed at:

[https://cms2.revize.com/revize/desmoines/document\\_center/Development%20Services/Citywide%20Housing%20Strategy/DSMCitywideStrategy\\_Book.pdf?pdf=View%20the%20Draft%20Citywide%20Housing%20Strategy%20Here&t=1751489895448&pdf=View%20the%20Draft%20Citywide%20Housing%20Strategy%20Here&t=1751489895448](https://cms2.revize.com/revize/desmoines/document_center/Development%20Services/Citywide%20Housing%20Strategy/DSMCitywideStrategy_Book.pdf?pdf=View%20the%20Draft%20Citywide%20Housing%20Strategy%20Here&t=1751489895448&pdf=View%20the%20Draft%20Citywide%20Housing%20Strategy%20Here&t=1751489895448).

- Two (2) overarching storylines stand out from the consultant’s analysis, from a reading of Plan DSM (the City’s comprehensive plan) and other planning work, and from stakeholder engagement during the strategy development process:
  - Overall, the Des Moines housing market is not unhealthy. But parts of it are unhealthy.
  - There is a strong community preference for affordability that must be reconciled against stubborn fiscal pressures.
- Analysis performed to inform this Citywide Housing Strategy, which built on a strong foundation of city housing analysis in recent years, identified four (4) essential findings:
  - Des Moines’ housing market is generally healthy and affordable.
  - Affordability is largely a consequence of mediocre conditions and a significant “market gap” that poses long-term risks.
  - Despite Des Moines’ general affordability, the city also has a significant “affordability gap” due to economic segregation in the region.
  - Slowing rates of growth in the region mean that more than 90% of housing units in the 2040s will be those that exist today.
- The strategy is designed to be both comprehensive and actionable, grounded in fiscal realities while addressing Des Moines' estimated \$3 billion affordability gap and \$1 billion market gap. While it includes steps to strengthen existing neighborhoods, its broader focus is on ensuring long-term affordability, increasing housing diversity, leveraging both public and private resources for maximum impact, and strengthening existing housing stock to ensure safe and livable environments.
- The strategy is divided into six (6) strategy elements:
  - Continue to expertly administer federal housing programs.
  - Scale and modify Des Moines’ own very successful programs (Improving Our Neighborhoods [ION] and Invest DSM).
  - Provide qualified buyers with down payment assistance grants.
  - Expand Tax Increment Financing (TIF) financed node + corridor work.
  - Support the creation of, fund and integrate a Community Land Trust (CLT) into City affordable housing efforts.
  - Where sometimes appropriate, undertake phased redevelopment.
- Key components of the strategy include:
  - Delivering \$35 million in federal housing programs, already in progress, to support affordability and rehabilitation.
  - Tripling the ION budget to \$6 million, accelerating targeted reinvestment in challenged neighborhoods.
  - Establishing a CLT to preserve long-term affordability and prevent displacement.
  - Expanding the supply of family-sized units (two [2]–four [4] bedrooms) in new multi-family developments.

- Reducing regulatory barriers to make housing development more feasible and cost-effective.
  - Revising Invest DSM's charter to direct more investment into neighborhoods experiencing deeper disinvestment.
  - Implementing inclusionary housing policies, requiring 10% of units in new multifamily projects to be affordable for households earning  $\leq 60\%$  of Area Median Income (AMI), or contributing the equivalent of 20% to the Polk County Housing Trust Fund.
  - Strategically coordinating whole-block redevelopment, blending preservation with new construction at a range of price points to stabilize neighborhoods and broaden housing choices.
- This multifaceted approach balances near-term action with a long-term vision: ensuring that increasing property values is not the goal, but a byproduct of creating more equitable, resilient, and inclusive neighborhoods.
  - The strategy recommends policy reforms aimed at making it easier to build housing and expand housing variety across Des Moines. The implementation section calls for a comprehensive review of the City's building and fire codes, as well as land use regulations, to reduce barriers and support more flexible, innovative housing development.
  - In addition to these future actions, several key changes are already underway or in progress, including:
    - Minimum lot size requirements that have been relaxed through recent amendments to City code, increasing infill opportunities. New infill projects are already taking advantage of these provisions on infill lots less than 30 feet wide, demonstrating the City's commitment to small-scale, incremental development.
    - Staff are encouraging developers to consider single-stair design for multi-family infill projects to unlock cost-effective, space-efficient housing forms.
    - Implementing recent state legislation that enables accessory dwelling units (ADUs) on all single-family residential properties—broadening gentle density across neighborhoods.
    - Encouraging higher-density, mixed-income development in appropriate nodes and corridors to support a broader range of housing types and income levels.

These actions reflect an ongoing commitment to minimize regulatory obstacles and foster the missing middle and affordable housing that Des Moines residents need.

- While the draft housing strategy is not intended to duplicate the City's work on homelessness or climate action, it is closely aligned with both efforts and reinforces their goals through its recommendations and implementation approach. The Blueprint to Address Homelessness is a separate, dedicated strategy, but it is referenced in the housing strategy and shares several overlapping objectives. Both plans emphasize a unified vision and call on community partners to coordinate and contribute toward shared outcomes across the housing and homelessness spectrum.
- The housing strategy advances sustainability and climate goals by prioritizing the rehabilitation and preservation of existing housing stock. Reusing and reinvesting in existing infrastructure

significantly reduces the environmental footprint of new development and aligns with the City’s Climate Action and Adaptation Plan.

- The plan also supports sustainable new construction by recommending the continued use of incentive programs that promote energy-efficient, mixed-income housing. These programs promote high-quality development that integrates affordability, sustainability, and climate resilience.
- By embedding principles of resource conservation, density, and housing affordability, the strategy supports the broader goals outlined in multiple plans, including Adapt DSM, Plan DSM, and the Blueprint to Address Homelessness.
- In short, the draft housing strategy does not work in isolation—it complements and reinforces the City’s ongoing work to address homelessness and environmental sustainability, addresses fiscal challenges, and lays the foundation for collaborative implementation across departments and partners.
- What the Housing Strategy **DOES**:
  - Expands home repair for residents
  - Grows Invest DSM to support Neighborhood Improvements
  - Offers down payment help to new buyers in key areas
  - Builds new, mixed-income housing without pushing people out
  - Reserves affordable homes using land trusts and partnerships
- What the Housing Strategy **DOES NOT DO**:
  - It **does not** call for widespread, large-scale demolitions
  - It **does not** call for pushing out current residents from structurally safe living environments
  - It **does not** focus on out-of-place luxury development
- A summary report of the public survey that was conducted from May 15, 2025, to June 15, 2025, regarding the public review draft strategy is attached to the roll call. Of the 314 surveys that were initiated, 204 were fully completed. The combined percentage of respondents who either “agree” or “mostly agree” with each of the six (6) strategy elements were as follows:

Element 1 - Continue to expertly administer federal housing programs	89.97%
Element 2 - Scale and modify Des Moines’ ION and Invest DSM programs	87.21%
Element 3 - Provide qualified buyers with down payment assistance grants	81.69%
Element 4 - Expand TIF finances node + corridor work	89.72%
Element 5 - Support the creation of, fund and integrate a CLT	75.48%
Element 6 - Where sometimes appropriate, undertake phased redevelopment	68.29%

Additional comments on each strategy element are also included in the summary report.

- A significant amount of public comment and discussion has centered on public review draft text regarding LIHTC under General Task #7, Priority Commitment B on Page 65.
- City staff recommend replacing the public review draft text regarding LIHTC under General Task #7, Priority Commitment B on Page 65 with the following:

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*The City strongly supports a fair share balance of subsidized housing across all of Polk County and the region. The city should pursue agreements with other jurisdictions in the region that encourage affordable supply in the appropriate locations.”*

- City staff also recommend replacing the public review draft text regarding Inclusionary Affordable Units under General Task #7, Priority Commitment C on Page 65 with the following:

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- A Des Moines metro household income distribution analysis is attached. The charts show the percentage of each city’s households within the following income ranges:
  - Less than \$50,000
  - \$50,000-\$99,999
  - \$100,000-\$149,999
  - \$150,000+

Each chart shows the percentage of the entire region's households within that range (identified by the red "Regional Fair Share" line) as well as the percentage of households within that range for each listed city (identified by the gray bars). Staff propose that these charts be utilized should the City pursue agreements with other jurisdictions in the region that encourage affordable supply in the appropriate locations.

- A Comprehensive Housing Strategy Resident Profile is attached to the roll call. The chart identifies the applicability of each of the six (6) strategy elements to unsheltered, renter and homeowner residents based on income.
- As the city endeavors to implement this strategy, attention to key measures of change will be critical. Equally important will be a focus not on outputs, but on outcomes. The following seven (7) metrics are those deemed most important to track, as they will enable the city to periodically review change, the cost of change, and adjust as appropriate:
  - Median home value divided by median household income at City, and County less City geographies.  
*How affordable housing is and how affordability is trending.*  
*Whether the city is closing the gap with the suburbs in terms of demand.*
  - Median sales price over the previous 12 months divided by median household income at City, and County less City geographies.  
*How affordable the current inventory is and, over time, trending*  
*Whether the city is closing the gap with the suburbs in terms of demand.*
  - Median rent divided by median sales price per multi-family unit over the previous 12 months at City, and County less City geographies.  
*How well the city's multifamily rental housing is performing.*  
*Whether the city is closing the gap with the suburbs in terms of demand.*
  - % of adults with bachelor's degree or higher at City, and County less City geographies.  
*How competitive the city is becoming in terms of choices made by higher income households in the region.*  
*Whether the city is closing the gap with the suburbs in terms of demand.*
  - % of households below 30% of AMI at City, and County less City geographies.  
*Whether or not the city is closing the gap with the suburbs when it comes to the fair share distribution of struggling households.*
  - % of households between 100% and 150% of AMI at City, and County less City geographies.  
*Whether or not the city is closing the gap with the suburbs when it comes to the fair share distribution of financially strong households.*

- Number of block groups where the % of households below 30% AMI is greater than 25% at City geography.

*Whether or not the city is increasing or decreasing its concentrations of poverty.*

**PREVIOUS COUNCIL ACTION(S):**

Date: June 17, 2024

Roll Call Number: [24-0892](#)

Action: [Exception](#) to the Procurement Ordinance Request for Proposal (RFP) process for good cause and approving agreement with czbLLC for consultant services for Citywide housing strategy. ([Council Communication No. 24-270](#)) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Consideration of individual policies, ordinances, budgetary allocations and actions identified in the plan as prioritized by the City Manager.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).