

Des Moines

REGIONAL

WORKFORCE

HOUSING 

STRATEGY

Executive Summary

In recent years, the Des Moines regional economy has been strong and historically affordable housing costs have generally remained that way. The region is now in an advantageous position, with strong job growth, reasonable cost of living, and a high and growing quality of life. In order to stay ahead of economic and housing market trends that could upset this balance, the Capital Crossroads 2.0 regional strategic planning process suggested an in-depth study of workforce housing conditions. The inquiry would ask whether the region's housing market and production system would be able to respond to anticipated job growth over the next two decades, and do so without succumbing to the housing affordability challenges that other regions have had to confront. In 2019, the Virginia Center for Housing Research (VCHR), a research center at Virginia Tech, was retained to gather data and conduct analysis necessary to answer the question. czb, a planning and community development consulting firm, was retained to turn data and analysis into recommendations to address future workforce housing challenges. The scope of the project is regional, but also includes a specific focus on Downtown.

December 2019

Prepared by czbLLC

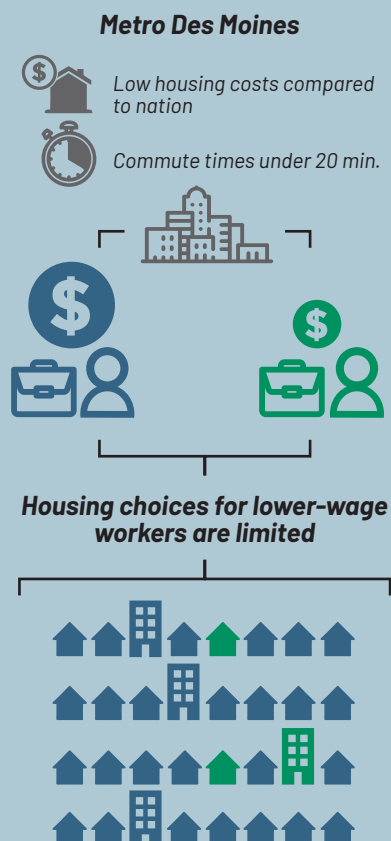
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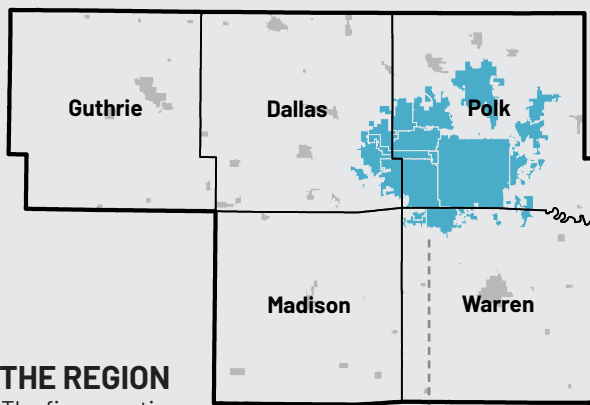
WHY WORKFORCE HOUSING MATTERS

If housing barriers get in the way of jobs and workers finding each other, a regional economy can suffer. Housing attributes that may be barriers for workers include location, cost, quality, and size. For the Des Moines economy to grow over time, a **sufficient supply of housing, meeting the needs and desires of regional workers, is required.**



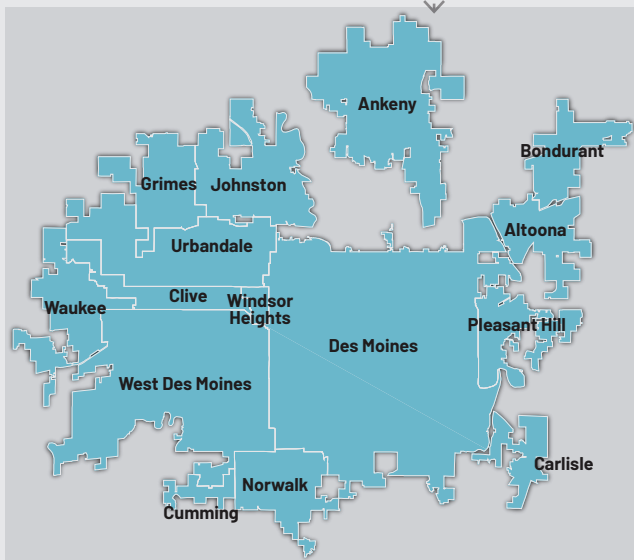
Metro Des Moines has historically generated housing quickly enough to keep pace with job growth. By national standards, housing costs are low. Commute times for most workers in the region are under 20 minutes. **However, the housing market is not functioning well for working households earning less than \$35,000 per year.** Beyond potential economic ramifications, this also raises equity questions as low-wage workers are served last in the regional housing market.





THE REGION

The five counties of Dallas, Guthrie, Madison, Polk, and Warren



The geographic boundaries that define the Des Moines region are not singular nor simple. The metro region is formally defined by the federal government, at the time of this report, as the five counties of Dallas, Guthrie, Madison, Polk, and Warren. Polk County is unquestionably the core of the region and home to the greatest concentration of population and economic activity. But a number of suburban communities spill across county boundaries while others are in counties other than Polk.

CURRENT CONDITIONS AND TRENDS

Any **household earning less than \$35,000** per year, or \$16.50 per hour at full-time for a single earner, **cannot afford the median rent in the region.**

HOUSEHOLDS EARNING LESS THAN \$35,000 CANNOT AFFORD MEDIAN RENT



Any **household earning less than \$25,000**, or \$12.00 per hour at full-time for a single earner, is in a **housing "danger zone"** where there are not enough affordable housing units and what is affordable is disproportionately concentrated in some of the most distressed Des Moines neighborhoods.

HOUSEHOLDS EARNING LESS THAN \$25,000 ARE IN A HOUSING "DANGER ZONE"



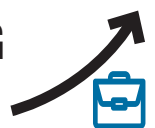
41,000 workers in occupations with a median salary of less than \$25,000 are **unable to afford rent without sharing costs with another earner**, even when they earn in the 90th percentile for their occupation.

41,000 WORKERS UNABLE TO AFFORD RENT WITHOUT SHARING COSTS WITH ANOTHER EARNER



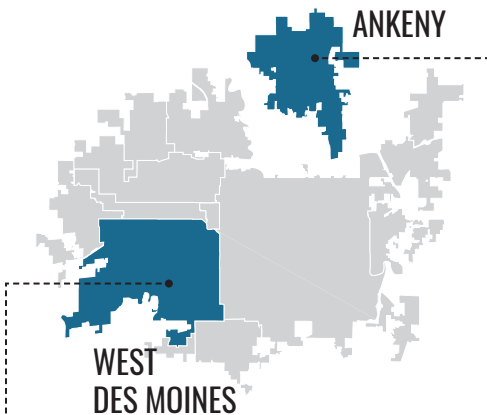
The **fastest growing job centers** in the region are in the suburbs, notably in **West Des Moines** and **Ankeny**.

FASTEST GROWING JOB CENTERS



Ankeny is generating housing at a rapid pace alongside new jobs, but new housing is **not affordable to low-wage workers**.

NEW HOUSING UNAFFORDABLE TO LOW-WAGE WORKERS



West Des Moines increased its number of jobs by **59%** from 2002 to 2017 and increased its number of housing units by **29%** from 2000 to 2017.



NEW JOBS GROWING FASTER THAN NEW HOUSING



FUTURE FORECASTS

The region is projected to **add 150,000 new jobs generating 84,000 new households**.

↑ 150,000 NEW JOBS



↑ 84,000 NEW HOUSEHOLDS



Polk County is expected to absorb 57,000 of the new households.

57,000 NEW HOUSEHOLDS



Over three quarters of all new projected households will not be able to afford new construction. In Polk County, this is expected to include over 18,000 renters earning less than \$50,000 and over 25,000 owners earning between \$50,000 and \$75,000.

OVER 3/4



WILL NOT BE ABLE TO AFFORD NEW CONSTRUCTION



If current trends continue, the market will meet new housing demand for **higher-income households on the region's exurban edges** while **lower-income households occupy older housing in the regional core**, especially in the City of Des Moines.

HIGHER-INCOME HOUSEHOLDS



LOWER-INCOME HOUSEHOLDS



This pattern will **reinforce economic segregation** and commuting in the region as most job growth will occur in the suburbs but low-wage workers find their suburban housing options limited.



ECONOMIC SEGREGATION



WORKFORCE HOUSING GOALS

GOAL 1

Increase Housing Near Jobs



Why it matters

80% of workers in the region's major job centers commute from elsewhere. While many workers commute by choice because they can live where they like, low-wage workers may be forced into a commute they do not choose by a lack of housing options. The first step to helping workers live in job-rich areas is to increase the amount of housing in job centers.

GOAL 2

Housing Mix Should Reflect the Job Mix



Why it matters

While new housing is a first step, new construction is not affordable to low-wage workers. In order to increase housing opportunities for low-wage workers in job-rich areas, the housing mix should match the job mix when it comes to housing costs and wages. This means housing must not only be built in greater volumes near job centers, but also made affordable to low-wage workers.

GOAL 3

Create Equitable Housing Opportunities



Why it matters

The housing market, if left to its own devices, will sort households geographically by income. This pattern is clear in all American cities, including Des Moines, and excludes lower-income families from well-resourced schools and job opportunities while undermining the economic vitality and tax bases of distressed communities. Housing-related policies and programs should seek to avoid the segregation that the market alone would produce.

→ STRATEGIES FOR ACTION

Leadership in each community will be key to implementing the following:

POLICY & PLANNING

Local governments in the region should revisit comprehensive, redevelopment, and neighborhood plans, as well as economic development plans and policies, to strengthen the focus on housing issues, especially those related to workforce and affordable housing. Where public incentives are required for new development, governments in the region should adopt minimum affordability thresholds for residential projects and housing wage requirements for job-creating non-residential projects.

LAND BANKING

Local governments and regional actors should preserve publicly-owned and developable property for future mixed-income and affordable housing development. In some cases, they should also acquire land for this purpose.

AFFORDABLE REHAB PROGRAMS

The greatest supply of affordable housing in the region is the many thousands of existing market-rate (and some income-restricted) units that are aging and in need of reinvestment. Investing in upgrades to these units in exchange for affordability provisions is an efficient and cost-effective way to provide good-quality affordable housing.

IMPLEMENTATION MECHANISMS

As plans and policies are updated, the implementation mechanisms—land use regulations, zoning ordinances, and incentive agreements—should be revised to make the planning and policy changes real.

AFFORDABILITY PURCHASES

The Polk County Housing Trust Fund should expand its practice of purchasing affordability in existing and newly built multifamily projects. This could be done via forgivable loan financing, master leasing, or other mechanisms.

ORGANIZATIONAL CAPACITY AND FUNDING

The region has a number of experienced non-profit organizations and a housing trust fund organization with nearly all the required tools and skills to realize these recommendations. Greater regional coordination, under the auspices of the Polk County Trust Fund, and substantially increased funding is necessary to put the recommendations into action.

DOWNTOWN IN FOCUS

Downtown is a major jobs center in the region and has long been a place for working but not living. But Downtown is finding a new purpose as a mixed-use, high-quality urban neighborhood where jobs and residential life can co-exist. Since the Great Recession, the rate of increase in housing units Downtown has far surpassed the rate of increase in jobs. According to data from the City of Des Moines, in 2000 Downtown had fewer than 2,500 housing units and more than three quarters were income-restricted affordable units. At the time of this report, Downtown has over 8,000 housing units, of which 27% are income restricted. Downtown has developed into a vibrant neighborhood and maintained a mixed-income orientation, but a similar future is not automatically assured. Increasing housing while maintaining a meaningful amount of affordability will require intentional effort.



DOWNTOWN BY THE NUMBERS

Between 2010 and 2017, the number of housing units increased by 87% while the number of jobs has increased by less than 4%.



During that time, low-wage jobs paying less than \$15,000 per year grew much more slowly than higher-wage jobs paying more than \$40,000 per year.



Downtown has many income-restricted affordable units dating to previous decades. In 2020, over 25% of all units Downtown will be affordable.



25%+
of all units
Downtown will
be affordable

Downtown has added over 500 affordable units since 2010. But nearly as many pre-existing affordable units have been converted to market-rate. On a net basis, only two dozen affordable units were added Downtown from 2010-2017.

2010-2017
24 affordable units
were added
Downtown





RECOMMENDATIONS

Priority 1

Preservation

The City and PCHTF should inventory existing affordable units, plan for upcoming affordability expirations, and allocate resources to work with owners to buy additional years.

Priority 2

Inclusionary Requirements in Incentives

The City should formalize and continue its emerging practice of requiring 10-20% of new units to be affordable—ideally at no more than 50% of AMI to match low wages.

Priority 3

Monitor and Adjust

Downtown already has a large proportion of affordable units and low-wage jobs are not growing quickly. The City can afford to watch job and housing development to determine whether and how to use the brakes or the gas on affordability.

Priority 4

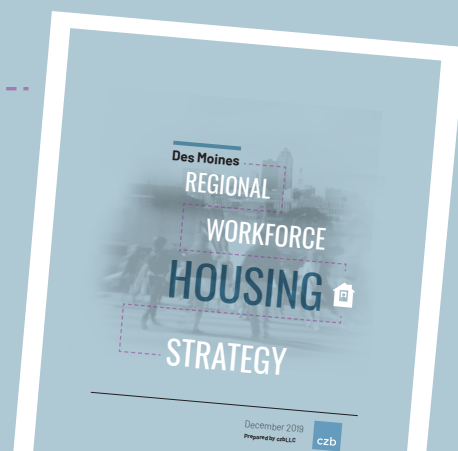
Purchasing Additional Affordability

As conditions dictate, increase the resources flowing to preservation and affordability purchases.

READ THE FULL REPORT

Learn more about Des Moines' workforce housing conditions and recommendations to address future workforce housing challenges at:

www.capitalcrossroadsvision.com/reports/



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