

**HERE WE
GROW!**

**Builder & developer perspectives
on workforce housing attainability**

September 2024



POLK COUNTY
**HOUSING
TRUST FUND**

CAPITAL CROSSROADS 
A VISION FORWARD



Here We Grow is a collaborative effort powered by the Polk County Housing Trust Fund and aligned with Capital Crossroads to increase the supply of workforce housing in Greater Des Moines, Iowa. Learn more at HereWeGrow.city.



The **Polk County Housing Trust Fund** is the comprehensive planning, funding, and advocacy nonprofit for affordable housing in Polk County, Iowa. Learn more at pcht.org.



Capital Crossroads is a collaboration of regional organizations, leaders, and residents to develop a focused, ambitious, and sustainable roadmap for Central Iowa. Learn more at capitalcrossroadsvision.com.

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Introduction

Through the **Here We Grow** campaign, Capital Crossroads and the Polk County Housing Trust Fund have been working with stakeholders since 2021 to increase the supply of workforce housing available in our region to meet the needs of our growing economy. In doing this, we have been guided by several principles:

- First, we support housing that’s affordable across the full range of wages workers are earning in the region today; we are mindful that, according to the *Regional Workforce Housing Strategy*¹, while costs have risen for everyone in recent years, hourly wage workers earning between \$12-\$15/hour are struggling most to afford housing.
- Second, people in our region need housing choices near their jobs. As jobs in the region are increasingly suburbanizing, people will need housing near those jobs instead of relying on areas where lower-price housing is currently concentrated in areas surrounding downtown Des Moines.

- Third, we support equitable housing access so that the wage a person earns will not pre-determine where they live. We are working to understand and remove other barriers to housing access people face.

Capital Crossroads roadmap workforce housing priority areas

Now guided by the *Capital Crossroads Roadmap*², we have developed three focus areas for our work in 2024-2025:

1. Zoning and land use reform

Creating long-term solutions for housing requires communities to be thoughtful about how local regulations can support creating additional—and much needed—housing supply.

2. Regional assessment and preservation of housing stock

Housing affordability is a shifting picture, and standing still can often mean we are losing ground. We’re helping communities understand and track their local housing resources and work together to preserve them so progress on affordable housing does not move backward.

3. Economic development and local incentives for housing

Development incentives and local investment can be key to making workforce housing possible. We’re creating a strategy to support coordinated and careful use of local resources to drive impact where it’s needed most.

An ongoing commitment to stakeholder participation

Engagement among many different housing stakeholders – including builders, developers, the business community, local governments, community leaders, and local residents is essential to reaching our initiative’s goals.

This document shares builder and developer feedback we have collected about how the Greater Des Moines region can achieve the greatest positive impact on workforce housing attainability.

Even prior to the release of *Capital Crossroads Roadmap*, our team has been meeting with housing industry and development stakeholders to gather their feedback about what it will take to increase the supply and diversity of housing available in the region. This document includes those views as well as recent feedback we have gathered through stakeholder engagement efforts.

While industry perspectives are important, they are not the only views the Here We Grow team is seeking to gather.

Local government perspectives

In 2021 and 2022, our team completed a series of meetings with a dozen local governments to gather their perspectives on opportunities and challenges for workforce housing development. The Polk County Housing Trust Fund (PCHTF) then featured several promising examples cities shared with us during a regional housing bus tour in 2022. Conversations with local government officials are continuing in our present two-year work plan.



Above: Local developer Scott Cutler holds a building material sample during a Here We Grow regional bus tour of housing developments. Below: The Polk County Housing Trust Fund has focused on solutions to build housing supply in recent years at its annual housing symposium.

Understanding the public’s perspective

PCHTF is a steering committee member in the regional *Analysis of Impediments to Fair Housing Choice*, Central Iowa’s plan to ensure housing equity. Together with other partners including local governments, we have partnered in 2024 to complete one of the largest housing stakeholder surveys in recent years, gathering feedback from almost 2,000 survey participants across the region. We look forward to the plan’s publication later in Fall of 2024 which will provide a great deal of context about how the public views the need for workforce and affordable housing in our region.



Developer feedback on single family production

Through our engagement efforts, development stakeholders have overwhelmingly supported simplification and standardization of regulations and regulatory processes across the region. Stakeholders say that limiting the rising price of housing depends on giving clear, up front rules of the road that allow housing to be built affordably and prioritizing a well-built, safe product. They also say granting more flexibility for developers to follow the market in making major decisions about the product they develop, like those shown in Table 1, will be needed to contain costs.

The way developments are approved also matters; for instance, developers want to reduce repetitive public reviews that can bring the focus to topics **beyond** health, safety, and marketability factors involved in a project, slowing down work and increasing cost.

Table 1: Some major drivers of increased housing cost are hiding in plain sight

- Overall square footage (size) of house
- Size or width of lot where the house is built
- Whether the home has a basement or is built on a concrete pad, known as “slab on grade”
- Whether the house has a garage
- Design standards, such as materials that are permitted or not permitted to be used on exteriors



Reducing the need for complex, repetitive negotiations for each development

Developers have shared a preference for city codes that grant the right to build “by right” where they are granted permission to make decisions “by right” of ownership of the property without extensive public hearing or board and commission processes that can slow down development and increase cost.

Developers have often raised concerns about negotiations for Planned Unit Developments (PUDs), which create a special set of zoning rules specific to one development. In the course of those negotiations, cities and developers do sometimes agree on project characteristics that will reduce cost. However, developers sometimes feel those choices are then viewed as a “win” for the developer in the negotiation which the city then seeks to offset with other concessions that nullify any cost savings.

Developers are interested in how more project approvals can be streamlined by foregoing these negotiations altogether and allowing more housing to be developed through the “regular” zoning code.

Finally, some listening session participants have shared that conditional approvals they must seek and processes to approve “special” PUD zoning create a perception among community members that if housing needs special approval, something about the project must be deficient, increasing negative public perceptions about new development.

Instead, developers assert that setting a basic floor for acceptable housing quality and safety while providing greater market-driven flexibility in other factors like the design and finishes used on a house will be important to providing greater choice and affordability in the marketplace.

Developers say local residents can start to think something is wrong with a housing project if they see their city is requiring multiple hearings or conditional approval—even if the housing project will readily find buyers in the market and support a city’s housing goals.

The speed with which regulatory processes move is also important

In addition to zoning rules themselves, stakeholders say lengthy approval processes are another factor that can drive up housing cost. Developers have shared stories of Iowa communities that have taken a pro-housing stance with streamlined, standardized approval processes that keep projects moving forward and trust the expertise of local staff to provide appropriate oversight.

Builders are hopeful for accountability from regulators, for example, setting timelines for how long it should take to receive project approvals with options for relief if public officials do not meet those timelines.

Developers perceive regulatory reform will have greater impact on home price than additional development incentives

In our conversations, builders have generally prioritized streamlined and standardized regulations as a way of reducing cost. There is recognition that public investment—for example, a city offering tax abatement or assisting with infrastructure—plays a role in increasing workforce housing supply. At the same time, developers have explained incentives are likely to have a comparatively narrow impact relative to action on regulatory issues that apply to a larger share of housing being built.

Widespread regional adoption of reforms helps improve their effectiveness

Builders assert that a holistic approach to home attainability is necessary across the region and across the market to achieve the maximum benefit on home attainability. Code or process changes only for one development or in one city in the region may produce lesser results if they are not replicated elsewhere.

Community practices are dominated by incumbent homeowners, pulling up the ladder of opportunity for newcomers

Finally, stakeholders have expressed concern that many policies simply are geared to favor existing homeowners and other entrenched stakeholders who are concerned

about building home equity and maintaining the look and feel of their neighborhoods over the interests of potential new residents.

Such a frame of view, while understandable, risks leaving aside the cost impact of choices being made and the consequences for aspiring homeowners or renters to enter the marketplace. It also may lead to incorporating high expectations for the design and finishes for new housing into city code without fully considering the cost of those items or how requiring them may affect the ability of new people to obtain housing in the community.

Long-term housing progress, stakeholders have told us, depends on our region's ability to focus on keeping the door of home attainability open to as many newcomers as possible and creating housing options that meet the needs of current and future residents.



Developer feedback on multifamily development

Many challenges facing multifamily development are like those in single family development, but some key differences exist when it comes to income-restricted housing developed with the intention of offering workforce-affordable rents that fit the budgets of earners in the \$12-\$15/hour range discussed in the *Regional Workforce Housing Strategy*.

First, to create income-restricted housing, public investment is usually essential to support affordable rents. Second, perceptions (which can sometimes be negative and even outright harmful) of a property's potential residents raises the stakes of public meetings. Ordinary requests, for example, to approve zoning changes or site plans can become

fraught if community feedback turns negative about issues not related to the actual quality, safety, and community benefits of a development.

Developers value a clear understanding of a city's view of multifamily development from the start

Stakeholders have shared a desire for a central point of contact in a "development friendly" community who can connect them to all available economic development incentives and serve as a guide through approvals. Currently, developers must sometimes connect with multiple city staff in different parts of city government. This leads to a perception that developers may not be aware of all financial incentives available and can add financial uncertainty and risk to developments.

Furthermore, stakeholders have expressed that political support is key, alluding to stories developers sometimes share of not

proceeding with projects on otherwise development-ready land because of a perception that local community support is not sufficient to see the project through to occupancy. The ability to convey certainty in a jurisdiction's financial and political backing for a project is a main characteristic of development-ready cities that will see successful projects being built.

Reducing the price of land is a key opportunity to support attainable affordable development

In our conversations, developers have been interested in the idea of a land bank – an entity or program in city government focused on acquiring, amassing, and holding land for future redevelopment. Local government investment in land or in other incentives provides greater certainty that a community will stick with a project until it is built.

Some stakeholders shared that they avoid working in certain communities unless those jurisdictions have committed to supporting, or even themselves requested, the proposals. Yet at the same time, developers caution that there is sometimes a gap between what development cities pursue from a political standpoint relative to what the market actually demands or will support.

“The mentality of ‘that city is not doing it, why should we?’ has to stop. You can only control your jurisdiction not others.”

“Developers are tracking the economic value of multifamily units and the overall impact on local communities. Cities are not encouraging those [investments].”

— Stakeholder session participants

Parking standards are a leading area to seek market-driven housing policy

Market driven policies related to parking and the burden of other regulations, like park-land set-asides, also come up in conversations with developers. Stakeholders have asserted the market can regulate the need for parking according to location and details pertaining to each project. Emphasis on the oversupply of parking in the region and the consumption of developable land used for parking is an opportunity for localities to pursue reform.

Developers have stated that it is in their best interest as industry experts to follow market trends and meet those needs to make projects succeed. They sometimes perceive that city staff discount developers as subject-matter experts. Moreover, the stakeholders frequently point to an internal disconnect between city staff and elected officials when multifamily development projects meet regulatory requirements but are still subject to possibly contentious public hearing processes.

Communities must seek to balance regulatory expectations with impact on housing cost

Regarding regulatory relief in exchange for affordable housing supply, stakeholders shared interest in municipalities helping via incentives to allow for additional density to make projects feasible or with funds for demolition costs in cases of redevelopment.

Rental inspections and code enforcement

Additionally, especially when developers operate in the affordable space, they sometimes desire greater collaboration among levels of government regarding inspections of properties or residents' units. The number of inspections required, and the costs attached

to some of those, have prompted discussion around interagency solutions such as a standardized inspection processes, or, for example, allowing a temporary exemption from a local rental inspection policy if a similarly stringent state or federal inspection has just taken place that has already determined that the property is in compliance with health, safety, and other expectations.

Additional opportunities exist for regulatory improvement

Furthermore, additional ‘by right’ development was seen as a solution that could significantly boost affordable housing, if cities set clear, streamlined expectations for multi-family development up front.

Stakeholders also emphasized the need for additional technical assistance for elected officials across the region to provide education and awareness on housing needs and the challenges of affordable housing production. This technical assistance, whether provided by government entities like the Iowa Finance Authority or HUD or Iowa State University Extension, was seen as highly useful to overcome NIMBY (Not In My Back Yard) opposition that projects must endure at public hearings.



General trends in development stakeholder feedback

Stakeholders from both the single-family and multifamily development realms have shared some common themes in feedback they have provided **Here We Grow**.

Options like missing middle housing attract discussion but limited housing production

Regional stakeholders are often asked to consider emerging housing strategies like allowing “missing middle” housing (particularly in infill neighborhoods) as well as accessory dwelling units. Stakeholders understand the opportunity these solutions present, but they are still a very small portion of regional housing production. Major themes identified as challenges to the creation of middle housing were economies of scale, lack of comparable properties in the region, and absence of financing tools.

Furthermore, developers alluded to the unknown variables in creating a new product outside their expertise and additional operating costs as areas of concern. Opportunities to highlight best practices and successful projects in nearby communities outside the metro, including how local incentives assisted those projects, are seen as next steps. The region can also consider new opportunities to train and equip new developers, who often begin their careers on smaller projects.

Housing progress requires collaboration among all stakeholders

Within our state, stakeholders provided a few examples of communities that are welcoming additional development and generating housing units. Development in rural areas has sometimes been described as friendlier for developers as community stakeholders focus on overcoming barriers and working together to get housing projects in their localities.

Resolving any local disagreements and working under shared understanding of which projects will be acceptable prior to bringing in developers has been a resounding theme.

Development friendly communities have alignment across the board including elected officials, public staff, and local stakeholders.

To ensure progress, communities need to prioritize adding appropriate housing units with a similar level of focus communities apply when they are seeking to bring in new jobs.

Again and again, developers have expressed interest in allowing the market to determine development needs and for municipalities to facilitate market-driven projects. Stakeholders have reached a consensus opinion when discussing the need for cities to have confidence in developers and their expertise because developers understand the market and already seek to direct investment towards viable projects.

Stakeholders recognize that housing development is a business, but it is also a vital service communities need so they can grow and thrive. This creates a considerable need for problem solving and efforts to overcome

barriers not only among development stakeholders but also among city staff and elected officials.

“Every elected official should think about what their community needs and find a solution for the betterment of their community, as opposed to letting a vocal few decide.”

— Stakeholder session participant

Regionally, stakeholders want to see agreement from communities and the local business community on the need for housing and a joint creative effort to find solutions. The group identified an educational gap among local stakeholders who may not see the correlation between housing supply and affordability, in addition to the regional approach required to meet the need.

Endnotes

1 czb, LLC (2019), *Regional Workforce Housing Strategy*, available at [https://www.herewegrow.city/reports/regional-workforce-housing-strategy-\(full-text\)](https://www.herewegrow.city/reports/regional-workforce-housing-strategy-(full-text))

2 Capital Crossroads (2024), *Capital Crossroads: Central Iowa’s Roadmap to Opportunity and Prosperity for All*, available at <https://www.capitalcrossroadsvision.com/capitalcrossroadsroadmap/>



Stay connected with workforce housing efforts in Greater Des Moines. At **HereWeGrow.city**, you can read reports and news updates related to this effort, sign up for e-mail updates, and find other ways to be involved.