

Agenda

Housing & Community Development Commission (HCDC)

Thursday, August 15, 2019
6:30 P.M.

Senior Center, Room 202
28 S. Linn Street, Iowa City
*Use the Washington Street entrance or
2nd floor skywalk via Tower Place parking garage*

1. Call meeting to order
2. Approval of the July 11, 2019 minutes
3. Public comment of items not on the agenda
4. Welcome new HCDC members and introductory presentation
5. Review and consider recommendation to City Council on the Tax Exemption memo dated May 24, 2019
6. Review and consider recommendation to City Council on allocating City LIHTC funding to the Housing Trust Fund of Johnson County (HTFJC)
7. Review and consider recommendation to City Council on approval of the finalized 2019 Fair Housing Choice Study (Analysis of Impediments to Fair Housing Choice)
8. Aid to Agencies Recommendations Follow Up
9. Staff/commission comment
10. Adjournment

If you will need disability-related accommodations to participate in this program or event, please contact Kirk Lehmann at kirk-lehmann@iowa-city.org or 319-356-5230. Early requests are strongly encouraged to allow sufficient time to meet your access needs.



CITY OF IOWA CITY MEMORANDUM

Date: August 9, 2019
To: Housing and Community Development Commission (HCDC)
From: Neighborhood Services Staff
Re: August 15, 2019 meeting

The following is a short description of the agenda items. If you have any questions about the agenda, or if you are unable to attend the meeting, please contact Kirk Lehmann at 319-356-5247 or Kirk-Lehmann@Iowa-City.org.

* Indicates Action Item ** Indicates Possible Action Item

Item 1. Call Meeting to order

Item 2. Approval of the July 11, 2019 minutes*

Item 3. Public comment of items not on the agenda

Item 4. Welcome new HCDC members and introductory presentation

Staff encourages new HCDC members to introduce themselves and will provide a brief overview of the HCDC, its funding sources, and the schedule for the upcoming year.

Item 5. Review and consider recommendation to City Council on the Tax Exemption memo dated May 24, 2019*

On May 17, 2019, a special committee of community members and City staff developed a recommendation about how to use tax exemption for incentivizing affordable housing. HCDC members requested to review this recommendation prior to consideration by Council.

Item 6. Review and consider recommendation to City Council on allocating City LIHTC funding to the Housing Trust Fund of Johnson County (HTFJC) *

Iowa City shares a LIHTC application with the HTFJC. On August 6, 2019, City staff recommended allocating its LIHTC funds to the HTFJC. Currently they are allocated by HCDC. Staff asks HCDC to review this recommendation prior to consideration by Council.

Item 7. Review and consider recommendation to City Council on approval of the finalized 2019 Fair Housing Choice Study (Analysis of Impediments)**

At their June 20, 2019 meeting, HCDC recommended the 2019 Fair Housing Choice Study for consideration by Council subject to changes as discussed. Per U.S. Department of Housing and Urban Development (HUD) requirements, the Study identifies impediments to fair housing choice and provides recommendations to overcome those impediments over the next several years. Upon integrating these changes and minor corrections, staff is providing a final draft to HCDC. A recommendation is only required if further changes are needed. The public comment period for the Study began June 15 and will run through August 20, 2019. City Council is scheduled to hold a public meeting and formally approve the Plan on Tuesday, August 20, 2019. Public copies are available at the Iowa City Public Library, Neighborhood Services at City Hall, and online at www.icgov.org/actionplan.

Item 8. Aid to Agencies Recommendations Follow Up

This item provides an opportunity for updates regarding HCDC's changes to the A2A process.

Item 9: Staff/Commission Comment

Item 10: Adjournment*

MINUTES

PRELIMINARY

**HOUSING AND COMMUNITY DEVELOPMENT COMMISSION
JULY 11, 2019 – 6:30 PM
SENIOR CENTER, ROOM 202**

MEMBERS PRESENT: Megan Alter, Charlie Eastham, Vanessa Fixmer-Oraiz, John McKinstry, Maria Padron

MEMBERS ABSENT: Matt Drabek, Lyn Dee Hook Kealey, Peter Nkumu, [vacant]

STAFF PRESENT: Kirk Lehmann, Erika Kubly

OTHERS PRESENT: Delaney Dixon, Nicki Ross, Adam Robinson, Amy Greazel, Ellen McCabe, Ron Berg, Michelle Heinz, Missie Forbes, Crissy Canganelli, Christi Regan, Heath Brewer, Ellie Paxson, Genevieve Anglin

RECOMMENDATIONS TO CITY COUNCIL:

By a vote of 5-0 the Commission recommends to City Council modifications to the Aid to Agencies process and approve FY21 Aid to Agencies forms as with changes as discussed.

CALL MEETING TO ORDER:

Fixmer-Oraiz called the meeting to order at 6:30 PM.

APPROVAL OF THE JUNE 20, 2019 MINUTES:

McKinstry moved to approve the minutes of June 20, 2019. Eastham seconded the motion. A vote was taken and the motion passed 5-0.

PUBLIC COMMENT FOR TOPICS NOT ON THE AGENDA:

Crissy Canganelli (Shelter House) submitted correspondence dated July 2, 2019 to provide corrected information from the minutes of the Human Rights Commission heard by the Commission at their previous meeting. Lehmann read the correspondence:

Good Morning:

I am writing to provide a correction to information provided to the Human Rights Commission during its May 15, 2019 meeting. The draft Meeting Minutes which are available to the public indicate that County Supervisor Porter reported to the Commission that, "Johnson County just gave Shelter House \$630,000."

The Johnson County Board of Supervisors allocated a total of \$630,000 to the Housing Trust Fund of Johnson County which was made available for affordable housing initiatives over the past fiscal year. Of the funds awarded to Shelter House by the HTFJC, \$250,000 came from Johnson County. Funds were awarded as a loan, are repayable to the HTFJC, and were restricted for a new construction project at 820 Cross Park Avenue.

The Human Rights Commission minutes were included in the June Housing and Community Development Committee Meeting packet, as such, I request this correction in fact be provided to both the Commission and relevant Iowa City staff.

I am deeply grateful for the partnership and support of the City of Iowa City in all aspects of Shelter House programming and would be happy to provide any additional information that would be helpful. Please do not hesitate to contact me by phone or email.

Crissy Canganelli, Executive Director of Shelter House

RECOMMEND TO CITY COUNCIL MODIFICATIONS TO THE AID TO AGENCIES PROCESS AND APPROVE FY21 AID TO AGENCIES FORMS:

Kubly began by summarizing a memo from staff regarding Aid to Agencies (A2A) recommendations dated July 3, 2019. Overall, staff recommends returning A2A to its original intent of providing stable funding for human service agencies serving low- and moderate-income residents based on the priorities set in CITY STEPS. Every five years, these priorities are reviewed. Staff is currently developing the new five-year plan, to be adopted by Council and the federal government by July 1, 2020. During the planning process, staff recommends limiting A2A applicants to a core group of service providers which meet its established priorities. These agencies would then competitively apply based on these priorities, their history of funding, and their capacity. Beginning with FY22, agencies would apply on a two-year cycle. The priorities and agencies allowed to apply would be reevaluated with each new five-year plan to address changing priorities or gaps of service as identified. If needed, the City could modify eligible agencies during the five-year period as well through the Consolidated Plan amendment process.

Kubly continued that because the FY21 Joint Funding Application process will begin before the adoption of City Steps 2025, staff recommends limiting FY21 A2A applications to agencies who applied for Legacy funds in FY20, consistent with the expectation of a two-year funding cycle when Legacy agencies applied last year. For the remaining fiscal years covered by City Steps 2025, staff recommends that the Plan identify 15-20 core agencies to be funded through A2A. Applicants will continue to apply through the United Way Joint Funding process. Every two years, HCDC will review and approve the ranking criteria for evaluation of the public service applicants. With the FY21 allocation cycle, staff will rank applications based on these criteria and make a funding recommendation for HCDC to consider. HCDC can recommend changes to staff's recommendation. The HCDC recommendation would be submitted to City Council for their consideration and adoption.

Kubly noted staff also recommends discontinuing the emerging agencies set-aside due to available alternative funding opportunities, such as Climate Action Grants and the Social Justice/Racial Equity grants. Project-based CDBG/HOME grants are also available. These sources can help agencies build capacity and establish a track record. As an agency demonstrates its ability to meet priority needs and grant requirements, they may be incorporated into the A2A funding cycle based on addressing priorities.

Eastham noted that the staff recommendation does not discuss the budget and asked if the Commission can recommend a higher budget amount. Kubly noted the City Manager is leading that discussion and has invited agencies to meet this month prior to the establishment of next year's budget.

Fixmer-Oraiz stated that the alternative project grants discussed are unclear as to whether they allow operational funding. She noted it is important for the Commission to show support for agencies to help them get off the ground, and operational funding is often the first step.

Eastham added that he would like more discussion with agencies to see how they would like to see newer agencies gaining access to the newer larger agency funding during the five-year City Step timeline.

Alter added that in the memo it does note as an agency becomes more established and demonstrates they meet grant priorities and requirements they may be eligible to be incorporated. Alter asked how an emerging agency would be able to prove that if they don't have access to funds to help them.

Fixmer-Oraiz suggested the Commission discuss the Agency memo and then take comments from the audience. Fixmer-Oraiz read the memo the Commission received from the Agency Impact Coalition regarding the Aid to Agencies process dated July 10, 2019.

The Housing and Community Development Commission's leadership and determination demonstrated throughout the FY20 Aid to Agencies funding process compelled and inspired local agencies identified by the City of Iowa City as Legacy Agencies to form a coalition known as the Agency Impact Coalition. The Coalition has been meeting regularly with much of the discussions focused on how to better advocate for the work of our organizations and the collective impact we have throughout the community. HCDC is continuing its drive to improving the Aid to Agencies process and recently sent out a survey to solicit feedback from funded agencies. However the survey questions did not get to the heart of recommendations and concerns that have been consistently articulated during Coalition meetings and we realize the majority of our feedback fell under the category of "other". As a result we are submitting this single response, the suggestions below are made in the spirit and hope of creating a better informed and more participatory collaborative process with Aid to Agencies and CDBG/HOME awards.

- *Inclusion of annual site visits to the funded agencies and more as part of the orientation and onboarding for HCDC members. Local not-for-profit executives bring decades of experience for the complexity and nuances of our services, the constituencies they serve and the challenges we face. This may be time intensive but would create an entirely different context for which to work.*
- *Joint meetings outside the funding cycle for HCDC, not-for-profit executives and neighborhood services development staff to thoroughly debrief City staff on the Annual Action Plan and other relevant plans underpinning and guiding the allocations process for both Aid to Agencies and the annual CDBG/HOME competitions. Components of these conversations can include updates on trends, gaps and needs.*
- *Better leverage of professional experience and practical knowledge of the neighborhood services departmental staff. City staff add valuable perspective which is not being fully integrated into the process and dialogue.*
- *Create a data-driven process that aligns with City Steps and reorganize the dialogue to be driven need as opposed to managing scarcity.*
- *Our collective impact has substantially economical multipliers and substantial benefits that positively impact our community. Is there a method to more formally recognize this to better inform policy makers and as a component of the City's annual budget process.*
- *Specific to the applications and review therein, assure additional questions to the applicants are standardized and made available to everyone in advance.*

In addition to these suggestions we support staff recommendations made at the July 3, 2019 memo to HCDC and the approaches recommended to reorient the process back to the original intent of "providing a stable funding source for human aid agencies serving LMI residents aligning funding with priorities set in City Steps". Please note it is with the highest regard we write, members of this Commission have approached their charge with determination, integrity and compassion and empathy. You have languished over the decisions to be made and taken an unprecedented and bold position to which the Council responded. Please note you have inspired and motivated us, we are eager to work more collaboratively to face the challenges and opportunities ahead and recognize we come with a common intention of improving the health, safety and wellbeing of our community.

Fixmer-Oraiz stated for the record she is deeply moved by this memo and thanked the Coalition for putting it together, HCDC appreciates and recognizes the absolute impact the agencies have on our community which is why HCDC feels so passionate about making this work.

Eastham would appreciate hearing overall thoughts on the question of setting an amount for Aid to Agencies in the City's budgeting. He wants to understand what the agencies are actually interested in, is it the overall amount of agency funding or if it is a single, reliable process for knowing how much funding the City is going to provide from year to year for each agency.

Crissy Canganelli (Shelter House) responded by saying they are interested in both. The City Manager reached out to the agencies and asked if they would be able to meet as Kubly mentioned before the end of the month. Canganelli added that this cannot be separated into parts, it is all connected, and they want to build relationships and have more of a participatory and collaborative process which allows all groups

to learn from one another. She noted that the City has never looked at funding as to what is the need versus managing scarcity. In the past it has been approached from the managing scarcity end. She added they need to understand they all want to do good and do the good work well, they don't understand what the baseline is yet, so they need to work better together to inform that, she has every confidence they will be able to move that line item up. There are other parts of the conversation as well, they need to look at how agencies could manage resource differently, and open things up in a different way.

Eastham said the process staff proposed says the annual amount of Aid to Agencies funding is going to be determined through negotiations between agencies and the City Manager directly. He notes that might work out well but wants to know if agencies have an idea for the role of the HCDC in that process.

Canganelli said the Commission brings the balance to the conversation, it should be a combination of all three parts. She doesn't feel it is up to the agencies to define who plays what role or how much of a part, but they want to segment out the different voices within this process to avoid excluding them, so the combination would be City staff, HCDC, and nonprofits informing the conversation from an early point. Not only in the budgeting process but also for the Commission to get to know the agencies a little more before they are at the point of reviewing and analyzing applications.

Alter said it is a relief to hear of a desire for a more collaborative process, it is too much to shoulder on one part. She loves the idea of annual site visits and would like to increase those. The site visits HCDC did recently really helped make everything fall into place for her and makes it real. They got to have candid conversations with residents, staff, and executive directors.

Fixmer-Oraiz liked adding to the conversation the trends, gaps, and needs to take into consideration. She feels it will be important to learn what agencies are seeing and experiencing versus an application. She notes there is a need for collaboration and everyone having a better understanding of one another.

Fixmer-Oraiz wonders when the Agencies meet with the City Manager if it would be beneficial to have a member of HCDC present. Eastham agrees it would be helpful.

Eastham liked the memo, the name Agency Impact Coalition, and the points about creating a data-driven process and looking at collective impact. The collective impact point is intriguing, Padron put together a data-filled PowerPoint presentation which helped persuade Council, so the more data the better.

Fixmer-Oraiz wants to look at short- versus long-term goals, things that could be accomplished easily such as increasing site visits, and wants to discuss actionable items to take from this conversation.

Lehmann said staff has discussed some of these ideas in terms of short- and long-term items. He said the idea of having liaisons to schedule site visits is a good one, with nine commissioners there would be two or three agencies per person, and that could be accomplished early into this fiscal year and have the liaisons schedule visits for the different sites.

Padron said the liaison would schedule the visit but every commissioner would have the freedom to go on the visit. Lehmann said that would be correct, and if they could avoid having more than four at one visit it would help logistics to avoid having trips be a formal meeting.

Lehmann said with regards to the timeline review, he likes the idea of joint meetings outside of the funding cycle for nonprofit executives, staff, and HCDC to meet at one of the HCDC's meeting for an agency debrief and discussion.

Eastham would like site visits and the conversational get together but also likes the idea of staff making a funding recommendation which has not been done in the past. Lehmann agreed and noted he matched the questions on the application to a point system staff would use to make recommendations. He wants there to be transparency on how decisions are being made for staff recommendations.

Alter asked if there has been discussion amongst staff or the agencies regarding the prioritization of high, medium and low priority, because it has been something they have struggled with. Lehmann said for the

next year's funding cycle, where the new City Steps will not be done yet, it will be incorporated into one of the questions on the scoring criteria under community need, the need has to be listed as a high priority to get all 15 points, but the difference from a high to medium priority throughout the whole application however is only a difference of two points out of 100. In the future the City Steps will discuss how to prioritize or reallocate priorities based on the survey, which explicitly mentions priorities, and try to use the general public input rather than just HCDC. Lehmann feels there needs to be some sort of prioritization.

Alter said often high priorities are at crisis level with high need and high impact but the flip side low priorities are often preventative or helping to avert crisis so she would hate to lose those. It will be important to remember that when looking at data and the results from the survey.

Fixmer-Oraiz read a comment received on the survey. *"I believe the choices made regarding low, medium and high priority are somewhat subjective, children services are important as are women services, aging services and mental health. My fear is when start segregating groups in this way it minimizes growth opportunities for programs and hurts populations in our community that simply don't have access to other resources. Maybe if there was more clarity in how/why the rankings came to be it wouldn't be as much of a concern."* Fixmer-Oraiz just wanted to put that quote out there because it speaks to the subject at hand. Fixmer-Oraiz asked where the rankings came from, she assumes City Steps. Lehmann believes they came from HCDC after City Steps was adopted.

Genevieve Anglin (United Action for Youth) noted that it has been difficult that her agency does a lot of different things but because they have the word youth in their title they have always been classified into youth services. Over half their budget is used for homeless services and mental health services, so that complicates how they answer the questions on the application.

Fixmer-Oraiz feels there needs to be a discussion on what questions should be on the application, a discussion between the Commission and the agencies so they don't miss the mark. However they are at the point now where the funding cycle is upon them so they will have to put up with some of the issues, there won't be time for a total overhaul.

McKinstry stated he was pleased the Agency Impact Coalition was supportive of the staff recommendations and staff is supportive of the agencies so that is a good basis to proceed, looking at the points both have made and fuse them together.

Fixmer-Oraiz asked if it is as simple as to adopt the Agency Impact Coalition's and staff memo recommendations. Lehmann said what would be good to go through the main framework in the staff memo and add in the items (maybe all) from the Coalition memo and then go through the ranking criteria so there is a basis for ranking this year and next year it can be tweaked after City Steps is complete. Kubly added they will need to adopt the draft application or make suggestions for changes so it can be given to The United Way to be released.

Fixmer-Oraiz suggested they discuss from the staff memo the emerging agency funds, and asked if the two new funding sources were project based grants or could they be operational. Lehmann said they are project based but believes an agency could pay for staff. Fixmer-Oraiz noted keeping the emerging agency funds would be good because there just aren't a lot of funds available for operations and the category was created with an amount based on staff salary. Lehmann said the \$15,000 for legacy funding was created due to staff salary needs – not the \$5,000 minimum for emerging agency funds.

Eastham suggested a recommendation that the other two sources of funds, social justice grants and climate action grants be available for operational needs. Kubly said they could make that recommendation but they do not have the authority to make that change. Lehmann suggested that HCDC send a representative to each of those commissions to make that recommendation during their public comment process. Lehmann said from staff perspective it is nice to have the distinction between project based and operational grants because project based grants have very concrete accomplishments whereas operational funding is harder to evaluate success. Fixmer-Oraiz said that is why most grants won't fund operations and why perhaps HCDC should keep the emerging agency funding set-aside.

Lehmann said if HCDC is adopting the staff memo as their recommendation the Commission will need to add something about having Council look for funding sources, perhaps the two listed or others, to fund operational costs for newer agencies to help them get off the ground. Fixmer-Oraiz noted the survey had a few comments supporting the emerging agency funding and others that said it wasn't enough funding to even help. Fixmer-Oraiz feels they need to keep the emerging agency funds and perhaps with this data-driven process they can show the need for increasing the amount of funding to emerging agencies.

Padron asked overall how this new process will be more permanent or secure for the legacy agencies. Is the only difference the five years? She thought there would be a group of agencies, older agencies, who will get money for sure every year, but if there is a process of ranking and voting then how are we assuring them they will get the money every year. Lehmann said with staff recommendations, there should be more consistent viewpoints over time, whereas with HCDC every year the membership changes by at least three people and that can change the direction. Additionally concrete ranking criteria should provide more stability. Padron said in the few years she has been on the Commission even with clear ranking criteria people find a way to rank differently so she would like to ask Council to commit to a certain amount for some agencies. Fixmer-Oraiz said that is the hope of the meeting between the Coalition and the City Manager to come to an agreement for stabilization. Padron asked if it was possible to just promise some agencies an amount of money for several years, they would still have to apply and have applications reviewed, but less ranking and more like an entitlement grant. Lehmann said theoretically that is possible, but that is very different from what has been done. Padron doesn't feel the process described in the staff memo is different than what is being done now, other than the five years of funding, but could be stuck for five years with a low amount of funding. Fixmer-Oraiz said that is why she wanted to focus on short-term and long-term goals, changes they could make tonight and then others that would need further discussion.

McKinstry added this is a political process, new City Council members are elected all the time, HCDC members change, needs in the community change, there are many variables so there needs to be some flexibility. He appreciated the Agencies noted that part of their job is to inform the community about what they do so Council members could have the correct information and create relationships with agencies and make decisions. He feels getting started in the process earlier and being more collaborative will help.

Alter stated there are however some constants, need is there, the executive directors and people working in these agencies are subject matter experts and know best what the needs are and how to best use the funds. She added having stability would help agencies do the work they need instead of going through this process every year or couple of years. And then if there is a spike in trends or crisis moment agencies can modify or amend ongoing needs to show the new needs. Alter agrees with Padron that doing this would be radical but having bureaucracy not be a barrier.

Fixmer-Oraiz stated the only real answer moving forward is to be more collaborative and to have open communication to make sure changes are made and informed. She feels a recommendation at this time would be to adopt the staff memo with the additions from the Coalition memo, she added she would like to keep the support of the emerging agency funds. Eastham agreed and added the City Manager needs to hear clearly what amount of funding Aid to Agencies needs to be.

The recommendation is the staff memo recommendation, paragraphs one through four, plus the Agency Impact Coalition memo points integrated, with the addition of a HCDC liaison to each agency for site visits recommended in bullet point one, paragraph five from the staff memo would be edited to note HCDC recommends continuing the emerging agency funding at its current 5% set aside. Eastham agrees but adds Council should still look at the other two sources of funding for emerging groups. With regards to the application, staff is interested in asking for LMI breakdowns in question six, which says "provide us with succinct specific description of your primary target population, describe client groups in terms of their primary needs and strengths, what barriers do they face. If the agency serves a regional area provide percent of overall clients that are Johnson County residents." Lehmann said the way they have graded that in the past is specific to 30% area median income or equivalent, 50% AMI or equivalent or 80% AMI or equivalent. He said they could potentially include that in a separate question in the appendix for agency demographics, knowing not all agencies have this data so they could say "or provide strong evidence of AMI served" or leaving it open to have "or those at similar standard of income level such as

poverty line” leaving it open for the agency describes their services.

Fixmer-Oraiz is curious of the agency perspective on this question of providing LMI demographics and the points assigned to the LMI. Having the data helps HCDC with their deliberations but she knows not all track the data, such as Free Lunch Program or Table to Table.

Chelsey Markle (the Arc of Southeast Iowa) said it is complicated for them, they do disability services and it is not necessarily a large LMI population but the funding received goes 100% towards the ones who can use the services.

Fixmer-Oraiz asked if there was any way to just offer a comment box for the agencies to allow agencies to explain special situations.

A member of the audience who was a former Table to Table board member stated a comment box would be very helpful so they could explain they do not keep actual statistics on the people who are eating the food, however they do their due diligence with the organizations who are giving out the food.

Lehmann said adding a comment box to every question would double the number of questions which complicates the application. McKinstry suggested just one extra question at the end that is an open comment box to address in detail answers to questions above. Fixmer-Oraiz feels that could get complicated and would rather have a comment box after each question and go for quality and not worry about quantity of questions.

Alter noted the LMI in particular, time and time again is hard to quantify when filling out the scoring if there isn't LMI data and it is such a large chunk of points and the comment box would be useful.

Fixmer-Oraiz noted there was a comment in the survey about the funding question and the way it is asked in the application doesn't fit every organization. Lehmann said there have been questions/issues with the financial fee structure question as well as Form C and the auto calculations also causes hiccups. Kubly believes those hiccups have been resolved but will check with United Way to make sure it is taken care of.

Lehmann said the Commission discussed cutting down the financial section, he as staff would primarily look at agency revenues, expenses and in-kind support, that he doesn't look as closely at fund balances or restricted funds so that may simplify the application. Padron is interested to see how much goes out to the programs and how much is salaries and operations. Lehmann said that is split out in the expenses.

The Commission agreed they would only need a comment box for question six regarding the LMI served or benefits to LMI populations.

Fixmer-Oraiz also noted they would need to be clearer moving forward to let the agency partners know when they needed to attend meetings for questions/answer periods.

Kubly asked if they will be doing a memo to Council with all these recommendations included. Fixmer-Oraiz agreed it would be best, have staff put together a memo and the chair will sign it.

Lehmann said the final piece is the scoring criteria. First is taken directly from question one “what specific need of the community is being addressed” so the first criteria is community need. 15 points describes a high priority need the completely addresses the community need and will solve the need; 10 points is high priority which addresses the community need and would have a major impact; 8 points would then be medium or low priorities that completely address the community need and have impact; 3 points for indirectly supporting the need or no supporting documentation or statistics, significant areas are missed in addressing the area; 0 points if it is not identifying a need described in City Steps.

McKinstry stated there are high quality agencies and people who provide good documentation and while it may be hard to differentiate high from medium or low priorities (they are all priorities) he doesn't have any recommendation for a better system.

Fixmer-Oraiz feels this is an area the Commission needs to work on, it's not perfect, so maybe keeping it as is for this round but digging into it in the future.

Lehmann said with this new system staff will score all the applications, provide a rationale for the scores to the Commission and then the Commission will decide if they accept the staff recommendations or wish to make changes.

Lehmann reviewed the rest of the other questions and scoring and the Commission agreed it was a good range of scores and criteria to move forward. He also noted they would look at the previous year's applications to note progress and outcomes from the agencies on previous awards. Fixmer-Oraiz noted that outcomes questions can be quantitative and some are qualitative, for example Habitat for Humanity does great work, but serves less people than other agencies. Eastham noted it must be looked at by individual agency, how their outcomes benefit the people they serve and compare to similar agency, such as did this Habitat chapter serve the same number of people that another Habitat chapter did and that is what they should be asking for. Lehmann liked that idea, they struggle with the depth of service versus the breath of service. Alter felt there is no need for some many categories or ranges of outcomes, it should be an either you are doing it or not. Lehmann agreed and noted staff can use its knowledge of other agencies to know what is happening. They also look at the success and experience of working with agencies in the past. Fixmer-Oraiz suggested combining the last two scoring criteria into a single question.

McKinstry moved to recommend to City Council modifications to the Aid to Agencies process and approve FY21 Aid to Agencies forms as with changes as discussed. Alter seconded the motion. A vote was taken and the motion passed 5-0.

REVIEW AND DISCUSS THE SOUTH DISTRICT HOME INVESTMENT PROGRAM:

Kubly updated the Commission, noting staff went back to Council in May because staff was having trouble locating properties. Since then, they located a property and have a purchase agreement out that will go to Council next week (1232-1234 Sandusky Drive). The purchase price is \$124,000 for the duplex so they are excited about the affordability of the property. It is currently vacant because it sustained fire damage earlier this year and tenants were relocated after the fire.

Eastham asked if there were any insurance proceeds used to repair the fire damage. Kubly assumes there were for the property owner at that time.

Lehmann added one of the units was already stripped down to the studs so that will make the renovation on that unit easier. After the fire, the owners replaced the roof and furnace. This is a side-by-side duplex so it will be two units. Of the two tenants that were renting the units, one left the state but the other might be interested in purchasing one of the units.

Kubly stated even with the fire damage they are confident they can repair and rehab the units within the budget. They will have to condo the units so they can sell them separately and there is a building code/fire requirement that may have some additional costs.

Eastham asked if staff was proposing to proceed with selling the units to a program qualified buyer under the requirements of the South District Home Investment Program, which was already approved by Council but now the purchase has to go back to Council. Lehmann said Council directed staff to reach out to property owners to locate properties based on the staff South District memo from December. Kubly said this specific acquisition will go before Council next week.

Eastham asked the Commission to discuss the modifications to the Program as proposed by Habitat.

Heath Brewer (Executive Director, Iowa Valley Habitat for Humanity) stated in terms of the purchase of property and the larger portion of investment the City would have to make is to stabilize the neighborhood by balancing affordable homeownership opportunities with affordable rental options and they understand

it will not be easy because the City has struggled to find properties. However, Brewer feels opportunities will come along, but meanwhile the City can partner with Habitat to make homeownership in that neighborhood attainable and Habitat will be in that neighborhood for likely three to five years to have a more holistic neighborhood revitalization plan. They have outlined this all in a three year plan in ways to engage the neighborhood whether they are renters, homeowners, landlords, or any stakeholder in the South District. They hope to not only renovate previous rental properties for homeownership for residents in the South District, but to also use educational classes to prepare families for this transition. Brewer recognized it might take some time but they are willing to make this investment and purchase the properties, rent them out while helping renters to transition to homeownership. Habitat plans to be part of this neighborhood and work with residents to do many different things. They need to look at how to serve the aging population that is many of the homeowners in that area, how they serve homeowners with disabilities, how do they beautify the neighborhood and maintain the space a little better. They are looking at this as a neighborhood revitalization project, there is actually a branded program through Habitat International that gives them guidance.

McKinstry stated there was an actual track record showing how this was done in other areas. Brewer acknowledged that there was and there was a neighborhood in Memphis that did similar projects to what they want to accomplish here in Iowa City's South District. He stated they understand the benefits of the neighborhood and how they are accessible, although the bus line is not as accessible as they would like it to be, but there are schools, parks, recreation and lots of opportunities and they can help organize community partners to work with and he sees neighborhood revitalization being a bigger part of what they will be doing, even if not funded by the City. He stressed it is more than just the buying of the houses, it is a long-term approach to lifting up a neighborhood.

Fixmer-Oraiz asked if Brewer could talk through a scenario where they would identify a building currently being rented and what will happen to the renters in the house. Brewer stated one reason they are involved is because Council stated they did not want any involuntary displacement of residents and as they go in and purchase homes they will agree to allow the renter to continue renting, they may need to adjust rents, but the hope is the renter will want to turn into a buyer and Habitat will help them assess their finances and ability to borrow money and how they can help them. As long as the renter wants to stay in a unit they will allow it. Once the renter is either able to purchase or decides to leave on their own accord, then Habitat would sell the property. Fixmer-Oraiz asked what would happen if it is not feasible to do rehab while the renters are living there. Brewer said the renovations will ideally be done when the units are vacant. If they are renovating a home so the current renter can purchase it, they may have to relocate that renter for a bit of time while the renovations are completed.

Lehmann asked if there are any renovations Habitat might do while a tenant was living in the space. Brewer said it would depend on the project, they might be able to do some work on the units without disturbing the residents too much. They will need to have vacant units to do some work however, they plan to replace all the systems with high efficiency units, install high rated insulation, the goal being to have a holistically affordable unit when completed. The units need to be affordable not only for purchase but to live in for years to come. Habitat has great partnerships, they get all their appliances donated from Whirlpool, so they don't have to spend their budget on appliances, they get paint donated, etc.

Fixmer-Oraiz asked about home maintenance, is there training for the new homeowners on maintaining a home. Brewer said they offer homeowner education that covers minor repairs and home maintenance. He is also hoping for opportunities for the homeowner to help with renovations, obtain some sweat equity. It will not be required however as it is with a traditional Habitat family. The hope is to control the costs enough and keep the renovation costs down and utilize down payment assistance to make it affordable and partner with local lenders so Habitat would not be the mortgage lender.

McKinstry feels this is an exciting project and great for the neighborhood and City.

Eastham read the proposal carefully and thinks it is a well thought out and a very beneficial plan. He has a couple suggestions of possible changes. One, is to lower the costs or arrange financing so lower income buyers are eligible, many of the renters on Taylor and Davis streets don't have incomes in the \$30,000 range and are actually in the less than \$25,000 range. Brewer said the number they were

aiming to be below was the average rent for a two bedroom in that area, which is \$1100 but understands Eastham's point and will look at their numbers and try to make it work at a lower cost. The other point Eastham wanted to make was he does not agree with the notion of removing rental units from that part of town, many people he has talked to in the area object to removing rental units. Residents may be interested in purchasing houses in other parts of the South District that are not Taylor and Davis. His preference is to not buy rental units and change them to homeownership but to buy units that are already owner-occupied and make them affordable homes. Brewer said the City got involved due to an effort to balance rental and homeownership because studies show homeownership promotes resident stability. Eastham believes those studies are wrong. Brewer also noted that to purchase other homes in the South District, single family homes, the purchase price is higher and therefore might not be as affordable. Eastham surveyed properties using the City Assessor's website looking at houses sold in the last one to two years in the South District and there are a fair number being sold for \$150,000 or less. Some may be condominiums or multi-family units but people may have interest in buying those. One of the first comments Eastham heard when this idea was being talked about a year and a half ago was the City is offering people to buy something only on those two streets in the South District and people are looking for more opportunities in the larger area. Eastham feels Habitat is a good organization to work on this because they will work with the residents, find out what they want, and meet their interests. Brewer agreed and stated that is why the proposal includes taking time to work with the residents. They want to earn the trust of the neighborhood, Habitat is here to listen and do what residents feel is best for them.

Eastham also believes the City could apply the UniverCity program to this area and supply \$60,000 in down payment assistance which would make some of the single family homes affordable for lower income residents.

Fixmer-Oraiz has a house purchased though the UniverCity program and there is a 30 year rule that the home must remain owner-occupied (cannot be made a rental) – is that also included in the proposal for this program. Brewer said it will be included, likely to a 21 year restriction (because after 21 years you have to go back and reapply). Fixmer-Oraiz noted this helps with neighborhood stabilization, she has seen it in her neighborhood.

Eastham feels neighborhood stabilization is also obtained by giving the people who live in a neighborhood the opportunity to buy houses in their current neighborhood, but not changing the balance of rental versus owner occupied options in the neighborhood. Lehmann said the City chose this area based on complaints. Eastham responded that creating programs off complaints is a mistake as it feeds into racism. Eastham feels Habitat can work with other groups and find what residents really want in terms of homeownership.

Brewer said this is a good way for Habitat to show they are trying to help more people, there are different ways they can do that with homeownership, whether supporting the current stock of homeownership or helping find new stock of homeownership. They will work in this neighborhood and gather information to do what they can to support it. They are excited about getting into the neighborhood for revitalization.

Eastham said what the residents of the South District want is for the reputation of the area to be improved because the reputation is vastly different then the actually livability of the area. Eastham said there are a lot of people who live in that area who are low income, black and Hispanic and historically excluded from homeownership opportunities and this is an opportunity to change that.

Eastham noted the major differences in his proposal from the one Habitat did is the financing, having a larger down payment assistance to allow lower income households to qualify and to expand the area of where purchases could come from.

Padron asked if the City contacted Habitat on this project. Lehmann said the City reached out to the South District and to the Affordable Homes Coalition and the Coalition got in contact with Habitat as a partner for this.

McKinstry noted that he feels as the President of the Affordable Homes Coalition that he should not vote on this proposal. Lehmann stated that means there is no quorum, so there will not be a vote to

recommend at this meeting.

NOMINATE AND ELECT OFFICERS:

Padron moved to nominate Fixmer-Oraiz as Chair. Alter seconded the motion. A vote was taken and the motion passed 5-0.

McKinstry moved to nominate Padron as Vice Chair. Eastham seconded the motion. A vote was taken and the motion passed 5-0.

STAFF/COMMISSION COMMENT:

Lehmann said with regards to the Fair Housing Study, based on HCDC recommendation, staff wanted to come back to HCDC with the final version to vote on it, they will also bring Stefanie Bowers in to answer questions directly, so that would mean HCDC would hold a meeting in August, on August 15.

Lehmann said they would also do the new member orientation/welcome at the August meeting.

With regards to the Comprehensive Plan survey, July 19 is the deadline. They have translated the Arabic survey and that will go out Monday.

They are closing FY19 and gearing up for FY20.

Lehmann noted they have a tax exemption opinion from the City Attorney also, that could be discussed in August as well.

ADJOURNMENT:

McKinstry moved to adjourn. Alter seconded the motion. A vote was taken and the motion passed 5-0

**Housing and Community
 Development Commission
 Attendance Record**

Name	Terms Exp.	7/11										
Alter, Megan	6/30/21	X										
Drabek, Matt	6/30/22	O/E										
Eastham, Charlie	6/30/20	X										
Fixmer-Oraiz, Vanessa	6/30/20	X										
Kealey, Lyn Dee Hook	6/30/22	O/E										
McKinstry, John	6/30/20	X										
Nkumu, Peter	6/30/22	O/E										
Padron, Maria	6/30/21	X										
{Vacant}		---										

- Resigned from Commission

Key:

- X = Present
- O = Absent
- O/E = Absent/Excused
- = Vacant



CITY OF IOWA CITY MEMORANDUM

Date: May 24, 2019
To: Geoff Fruin, City Manager
From: Tracy Hightshoe, Neighborhood and Development Services Director
Re: Affordable Housing Action Plan – Tax Exemption Recommendation

Introduction:

The City Council adopted the Affordable Housing Action Plan in June of 2016 to address ways the City could retain our existing affordable housing stock as well as create and support additional affordable housing in our community. The 2018-19 City of Iowa City Strategic Plan supports this plan as the need for safe, decent and affordable housing that is accessible to all is critical in fostering healthy neighborhoods, promoting environmental sustainability and advancing social justice and racial equity.

The Affordable Housing Action Plan identified 15 action steps to support affordable housing. To date, 13 of the 15 steps have been completed. One of the remaining action steps was to set up a committee of staff, developers and other interested stakeholders to determine the viability and potential parameters of a tax exemption program that would support affordable housing.

Property tax exemption is a tool provided by state law to encourage the construction or rehabilitation of residential, commercial, and industrial properties by temporarily reducing property taxes. For affordable residential housing, state law sets the maximum exemption at 100% for ten years for new construction. Affordable housing is for families who are low and moderate income defined by state law as those households earning no more than 80% of area median income. The City can design its plan with less benefits, but it cannot exceed the state maximum benefits.

A committee of six community members and City staff was formed in January of 2017. The committee was tasked with the question if tax exemption was a viable option for incenting affordable housing, and if so, how. After much discussion and analysis, the committee met on May 17, 2019 to formulate their recommendation to City Council.

Committee Recommendation:

The committee determined tax exemption is a viable tool for new construction of multi-family housing for developments with six or more rental units. To provide the developer with a level of predictability, the committee recommended that the City Council support a 40% tax exemption on all units in the development for a period of 10 years based on the following:

- At least 15%, but not more than 20% of the total units are leased to households under 60% of median income.
- The maximum rent is limited to what a household at 40% of median income could afford minus the estimated utility allowance for tenant paid utilities. Based on HUD's income limits effective 6/1/2018 and estimated utility allowances, this would be \$805 for a three-bedroom, \$683 for a two-bedroom and \$578 for a one-bedroom.
- The development must be located outside the Riverfront Crossings district and the developer may not use this incentive in combination with tax increment financing (TIF) as exempted taxes do not generate a TIF increment.
- Due to a concern about placing additional affordable housing units in areas the City's Affordable Housing Location Model (AHLM) discourages, tax exemption will not be

approved if any additional local, state or federal incentives are provided for affordable housing in areas the AHLM discourages.

- Similar to the Riverfront Crossings requirements, full time college students may qualify for an affordable unit if they are income eligible and financially independent of their family/parents (i.e., not claimed as a dependent on another's tax form and they have sufficient income to rent the unit).
- The developer/owner must annually recertify tenant income for the affordable housing units to the City. If the total household income goes above 80% median income, rent for that unit can be raised to the private market rent and the next available unit must be rented to an income eligible household at the restricted rent.

A developer may request different terms than the ones outlined above, however before granting a tax exemption, the City would consider the capacity of the developer/project manager to administer the program, including income certification of households and annual reporting requirements, the number of affordable units proposed in the development, the household income level targeted and the proposed rents for the affordable units as compared to the market rate units.

The committee did also consider tax exemption for the rehabilitation of existing units and the construction of new homes for homebuyers. The committee determined that there is not enough incentive to induce developers to rehabilitate existing structures. While tax exemption has worked in other Iowa communities to encourage new construction, the committee determined that without further subsidy, tax exemption alone would not produce homes in Iowa City affordable to those under 80% of median income.

If the City Council wishes to proceed, staff will market the incentive to the development community. If a request is received based on the provisions outlined, staff would create an Urban Revitalization District for that property. If a developer requests different terms, a development agreement would be submitted to the City Council for consideration.

Staff can provide additional information, if needed, and is available for questions.

Copy to: Committee Members



CITY OF IOWA CITY MEMORANDUM

Date: August 9, 2019
To: Housing and Community Development Commission
From: Tracy Hightshoe, NDS Director
Re: Staff Recommendations

The City Council directed staff to review the Affordable Housing Action Plan and consider new strategies to improve the availability and affordability of housing in Iowa City. At their August 6, 2019 work session, Council reviewed a memo from staff dated July 29, 2019 and approved all recommendations, except two that relate to the Housing and Community Development Commission (HCDC).

The City Council requests the commission's input on the following items:

- 1) Allocating Council's set-aside for Low Income Housing Tax Credit (LIHTC) projects to the Housing Trust Fund of Johnson County (HTFJC). For FY20, this is \$200,000; and
- 2) Altering the preference and scoring criteria for CDBG/HOME assisted projects to promote housing applications that reduce rents or housing costs for owner-occupied properties that are lower than the HUD maximum limits.

HCDC will review CDBG/HOME application materials, including the scoring criteria, this fall as part the CDBG/HOME funding process. This item will be on HCDC's October agenda for consideration.

At the August 6 Council meeting, staff recommended allocating the Council set-aside for LIHTC projects to the HTFJC for the reasons noted below. Council directed staff to solicit input from HCDC on this recommendation. Since making this recommendation, staff learned the upcoming LIHTC Qualified Allocation Plan (QAP), which outlines the scoring criteria, is not expected to include a preference for local trust fund dollars. If this is the case, the City would retain these funds for a direct allocation and continue to have HCDC review and make a recommendation.

- The LIHTC application process is extremely competitive. In recent years, applicants were awarded points if they received funds from a local housing trust fund but not for allocations from the City. This can make a difference in whether a project is funded. If not funded, the City loses out on millions of dollars for affordable housing from the Iowa Finance Authority.
- The process would be more efficient for developers and the City. The City currently allocates funds to the HTFJC for affordable housing and has a direct LIHTC allocation process that is currently in conjunction with the HTFJC. An applicant must apply through two different entities for essentially City funding for the same project.
- The Board of the HTFJC has considerable experience reviewing complex housing projects. If the applicant requests additional funds or an amendment to the project, the applicant would go through one entity who would complete a comprehensive review.
- The HTFJC is in a unique position to leverage outside funding and attract private partnerships that can extend the impact of the City's dollars. It is also staff's hope that the City's contribution to the HTFJC will help encourage other local governments to contribute so that regional affordable housing solutions can be more effective.

The Commission's recommendation will be placed in the City Council's August 20 packet in hopes that it will be discussed at their work session. The HTFJC is preparing for their fall LIHTC allocation process. Staff will be present for any questions.



CITY OF IOWA CITY MEMORANDUM

Date: July 29, 2019
To: Geoff Fruin, City Manager
From: Tracy Hightshoe, Neighborhood and Development Services Director
Re: Strategic Plan Action Item: Review of the Affordable Housing Action Plan and New Strategies

Introduction:

At the May 21, 2019 work session, staff presented a memo on the City's strategies to reinvest in the City's existing housing stock. This review was the first of two items requested of staff to further the goals of the City's Strategic Plan regarding housing policy. The second item was to update the Affordable Housing Action Plan with new strategies to improve the availability and affordability of housing in Iowa City. Providing affordable, safe housing in the community is critical to fulfilling several goals outlined in the Strategic Plan, including encouraging a vibrant and walkable urban core, fostering healthy neighborhoods, promoting environmental sustainability, and advancing social justice and racial equity.

Council approved all recommendations outlined in the May 9, 2019 memo to reinvest in the City's existing housing stock. Neighborhood Services staff has started to initiate those recommendations with the start of the new fiscal year on July 1. This memo addresses the second action item and provides staff recommendations on how to update the Affordable Housing Action plan to improve the availability and affordability of housing in the community.

Affordable Housing Action Plan Update:

The Affordable Housing Action Plan, approved on June 21, 2016, identified 15 action steps to encourage and develop additional affordable housing opportunities. To date, the City has completed 13 of the 15 steps with the final two actions currently in progress. The following table summarizes the steps and their current status.

	Strategy	Status
<input checked="" type="checkbox"/>	1. Continue to fund existing local programs including GRIP (owner-occupied housing rehab.) and UniverCity.	FY20 budget includes \$200,000 for GRIP & \$60,000 for the UniverCity program. To date, the City has purchased 68 homes for the UniverCity program. 66 have been rehabilitated and sold for homeownership.
<input checked="" type="checkbox"/>	2. Adopt an Affordable Housing Requirement for the Riverfront Crossings District. (10% of total units for 10 years or fee in lieu)	Completed June 2016. To date, entered agreements for 39 affordable housing units (29 on-site, 10 fee in lieu of units totaling \$808,720)
<input checked="" type="checkbox"/>	3. Adopt code amendments that enable the FUSE Housing First (Cross Park Place) use in the community. 24 1-bedroom apartments for persons who are chronically homeless and habitually cycle through mental health services, corrections systems, shelter and support services.	Completed June 2016.

<input checked="" type="checkbox"/>	<p>4. FY20 Budget Process: Provide a line item for affordable housing (goal of \$500,000 based on budget conditions).</p>	<p>FY20 budget includes \$1,000,000 for affordable housing.</p>
<input checked="" type="checkbox"/>	<p>5. Distribution of Affordable Housing dollars:</p> <ul style="list-style-type: none"> • 50% to the Housing Trust Fund of Johnson County (HTF) • 25% held in reserve for land banking • 5% reserved for emergent situations (if unused, reserved for land banking) • 20% directed through HCDC for LIHTC support or supplemental aid for housing applications 	<p>The FY20 breakdown of funds:</p> <ul style="list-style-type: none"> • \$500,000 to be issued to the HTF in August 2019. • \$250,000 reserved for land banking. (\$845,500 available. Currently evaluating possibilities.) • \$50,000 reserved for emergent situations. Any remaining balance, as of 6/30/2020, will be shifted to land banking. • \$200,000 directed through HCDC for LIHTC support.
<input checked="" type="checkbox"/>	<p>6. Hold the \$1,500,000* million in Housing Authority funds for an opportunity to leverage significant private investment and/or to develop/acquire low income replacement housing.</p> <p>*\$2.5 million was available, \$1.0 million committed to the Chauncey units, for a balance of \$1.5 million)</p>	<p>City Council approved an agreement for Augusta Place on 5/2/2017. The City will purchase six units for permanent affordable rental housing at \$1,080,000. The City anticipates the building will be completed in August 2019. The developer will also provide 12 affordable off-site units, affordable to those at 40% median income for a period of 20 years.</p> <p>City Council approved a developer's agreement for the Chauncey building on 6/18/2015. The City will purchase five units at \$1,000,000 and add these units to the City's public housing program. The City anticipates the building will be completed in August 2019.</p> <p>There is approximately \$420,000 remaining to develop/acquire low income replacement housing.</p>
<input checked="" type="checkbox"/>	<p>7. Consider an annexation policy that provides for affordable housing contributions.</p>	<p>Completed 7/17/2018. 10% of total units affordable for preferably 20 years or more. No annexations processed since adoption.</p>
<input checked="" type="checkbox"/>	<p>8. Consider use of TIF on a case by case basis to support residential development and/or annexation through the provision of public infrastructure and capture the required LMI set-aside for use throughout the community (Ex: McCollister and Foster Road).</p>	<p>Development agreement for Foster Road approved 7/17/18. Anticipated to generate \$2-3 million for affordable housing over 10 years.</p>
<input type="checkbox"/>	<p>9. Consider regulatory changes to City Code:</p> <ul style="list-style-type: none"> • Waive parking requirements for affordable housing units. • Review possible changes to the multi-family design standards for all units in 	<ul style="list-style-type: none"> • Parking waived in Riverfront Crossings for affordable housing, June 2016. <p><i>Staff initiated a review by soliciting input from the Home Builders Association and the Johnson County Affordable Homes Coalition.</i></p>

	<p>an effort to reduce cost and expedite approvals.</p> <ul style="list-style-type: none"> • Eliminate minimum size requirements for PUDs. • Increase allowable bedrooms from 3 to 4 outside the University Impact Area • Permit more building types by right as opposed to requiring a PUD process (density, multiplex units, cottage clusters, etc.). 	<p><i>Input received and staff reviewing recommendations. Presentation to Council anticipated in fall 2019.</i></p> <ul style="list-style-type: none"> • Opticos is developing recommendations for the allowance of missing middle housing in the City's existing zoning code. This is being done through a missing middle pilot project on a vacant parcel of ground owned by the City on Ronalds Street in the Northside Neighborhood. Completion is expected by the end of 2019.
<input checked="" type="checkbox"/>	<p>10. Pursue a form-based code for the Alexander Elementary neighborhood and the Northside.</p>	<p>The consultant analysis of a form-based code was completed in September 2017. NDS staff entered contract with Opticos for the Alexander neighborhood. Kickoff meeting held in May 2019.</p>
<input checked="" type="checkbox"/>	<p>11. Strategically seek LIHTC projects through an RFP process overseen by the HCDC (in conjunction with #5).</p>	<p>RFP scheduled annually.</p> <ul style="list-style-type: none"> • Awarded the Del Ray Ridge LP project \$330,000 (FY17 & 18 funds). 33 units (29 LIHTC, 4 market rate units) at 628 S. Dubuque Street. The City later awarded an additional \$150,000 from the land banking fund balance and \$800,000 was awarded by the Housing Trust Fund of Johnson County. • Awarded IC Housing Group, LLC \$200,000 (FY19 funds). 36 units (32 LIHTC, 4 market rate units) located off Herbert Hoover Highway, east of Eastbury Street. An additional \$775,000 was awarded by the Housing Trust Fund of Johnson County.
<input type="checkbox"/>	<p>12. Create a committee of staff, developers and other interested stakeholders to determine the viability and potential parameters of a tax abatement program that would support affordable housing.</p>	<p>Committee of six community members and City staff formed to review tax exemption possibilities. First meeting held 1/17/17. Committee finalized recommendation on 5/17/19. Presented to Council 6/4/19. Recommendation forwarded to Housing and Community Development Commission for their feedback before Council consideration/approval.</p>
<input checked="" type="checkbox"/>	<p>13. Exempt the Riverfront Crossings from the Affordable Housing Location Model (AHLM) and consider modifications to reduce size of restricted areas and/or account for neighborhood densities (consider University Impacted and Downtown neighborhoods for exclusion as well).</p>	<p>Completed April 2017</p>
<input checked="" type="checkbox"/>	<p>14. Tenant Displacement</p> <ul style="list-style-type: none"> • Council approval of major site plans when 12 or more households will be displaced and there is no accompanying rezoning. • Such applications would require a transition plan to better inform 	<p>Completed October 2017</p>

	residents and the public (requires a comprehensive plan and a site plan ordinance amendment).	
<input checked="" type="checkbox"/>	15. Rent abatement for emergency orders when vacation of property is not necessary <ul style="list-style-type: none"> • Increase education about housing code violations and how to report. 	Completed October 2017 To date, no emergency orders issued.

Evaluating the progress of housing initiatives often takes time. Land assembly, zoning changes, identifying and securing funds, acquiring the property, construction, and finally leasing or selling the units can be a multi-year process. As a result, several action steps will require a few years to determine if they are viable, effective tools.

Two action steps, #10 and #8, will need to be reviewed over an extended period. Action Step #10 is to pursue a form-based code for the developing neighborhood near Alexander Elementary. If successful, the code will be replicated in other areas of the City ready for development. Opticos was hired and had their kick-off meeting in May. Staff anticipates adopting the new code in spring 2020. Once adopted, staff will review future developments and determine if they are meeting the intent of the code to create neighborhoods with a diversity of housing types and price points. Action Step #8 encourages utilizing tax increment financing (TIF) on a case-by-case basis to support residential development. The full economic benefits of a TIF agreement may not be received for 10 years. Evaluating the effectiveness of these two initiatives may take several years.

An important component of any affordable housing action strategy is working with the private sector. One of the two remaining initial action steps includes reviewing the zoning and housing codes to determine if regulatory changes could reduce the cost of housing and support a diversity of housing in all neighborhoods. The City currently has 19,838 rental units. Approximately 1,500 rental units are in active compliance periods due to public subsidies, including the City's Public Housing and Housing Choice Voucher programs. The City and other public funding partners subsidize less than 10% of the rental market in Iowa City. Therefore, over 90% of the rental units in Iowa City are produced through the private market without subsidy. The importance of working on supply with the private sector to increase housing diversity and affordability in Iowa City should not be underestimated.

Summary of Recommended Program Changes:

Based on a review of past projects, average per unit public subsidies, contracted rents by Housing Choice Voucher tenants in Iowa City, Census/American Community Survey information regarding low- and moderate-income persons, and feedback from human service and affordable housing providers, staff recommends several changes to the existing policies. The focus of many of these changes is to assist housing where people with lower incomes already live, to support changes to promote a diversity of housing types in new developments, and to support new rental construction or acquisition (group/shared housing exempted) only when it leverages significant funds from a non-City source. Staff recommends the following changes:

- 1) Revise the Affordable Housing Fund distribution.

The City allocated \$1,000,000 to the Affordable Housing Fund for FY20. Based on the existing methodology the funds would be distributed as follows:

- 50% (\$500,000) to the Housing Trust Fund of Johnson County (HTF)
- 25% (\$250,000) held in reserve for land banking
- 5% (\$50,000) reserved for emergent situations (if unused, reserved for land banking)

- 20% (\$200,000) directed through HCDC for Low Income Housing Tax Credit (LIHTC) support or supplemental aid for housing applications

Staff recommends revising the distribution to support additional efforts to place low-income residents in existing housing that is safe and affordable as well as support those efforts to preserve affordability, provide accessibility and improve the health of occupants in those homes.

The City currently reserves 25% of the affordable housing funds for land banking. Communities typically use land banking to acquire, hold, manage and develop properties such as vacant lots, abandoned buildings or foreclosures, and transition them to productive uses such as affordable housing developments. In Iowa City, there are limited opportunities to purchase vacant, abandoned or foreclosed properties. The City has been investigating possibilities to acquire lots on the open market or available upon subdividing residential land. The scarcity of available land with willing sellers has produced few opportunities to date. Furthermore, the high cost of land coupled with the rising cost of new construction leads to scenarios that have an exceptionally high public subsidy per unit ratios.

Currently, there is \$845,500 in the land banking set-aside. The City has signed a purchase agreement to purchase one 6-townhome lot for \$204,000. Once purchased, the City will have 641,500 available for land banking purposes. Due to the aforementioned market conditions in Iowa City, staff recommends directing future funds to uses that are more flexible and allow the City to take advantage of various affordable housing opportunities and programs as they arise. The funds reserved for land banking accumulated to date will remain in this fund, but staff proposes the following revised distribution of funds (FY20 amounts based on the \$1 million budget):

- **70% (\$700,000) to the Housing Trust Fund.** Of this amount at least 20% (\$200,000) must be designated for LIHTC projects. Last year the City merged our LIHTC application process with the HTF. For ease of administration and better transparency, it is recommended that one body review total requested funding for LIHTC projects. The HTF is dedicated to affordable housing and their Board consists of those highly experienced in housing finance and the review of complex projects. They are in a unique position to leverage outside funding and attract private partnerships that can extend the impact of the City's dollars. It is also the staff's hope that the City's contribution to the HTF will help encourage other local governments to contribute so that regional affordable housing solutions can be more effective.

The Iowa Finance Authority has scored LIHTC applications higher if they have funding commitments from local trust funds. Currently, funds from the City do not help the applicant score better with the Iowa Finance Authority. If this changes in future LIHTC rounds, the City will retain the 20% contribution so that Iowa City applications are scored higher by providing a direct contribution from the City.

Finally, it is important to note that the majority of allocations made by the HTF function as revolving loans. Thus, City contributions to the HTF support future affordable housing projects as loans are repaid.

- **7.5% (\$75,000) dedicated to an Opportunity Fund.** The existing land banking set-aside would be combined with these funds and be utilized as opportunities arise. Possibilities include the purchase of available properties or land for affordable housing, but also new programs that address the affordability, safety and accessibility of existing homes. These funds could enable the City to extend affordability periods and/or further reduce income qualifications and rent levels in existing or future affordable housing projects. Staff would also look for opportunities to further the City Council's other strategic objectives such as improved energy efficiency, renewable energy or electrification projects that benefit low-income families. Similarly, the City

could explore programs that take a more wholistic view of cost burden factors that impact our residents and introduce public transportation subsidies or healthcare improvement strategies that complement our affordable housing efforts.

The main concept is that these funds would be flexible and be available for use at the City Council discretion as opportunities arise. Staff would expect to recommend use of these funds to the City Council periodically and we also expect that the Housing and Community Development Commission (HCDC) will also make such recommendations to the City Council as they have done of a few occasions in recent years.

- **7.5% (\$75,000) dedicated to the City's Healthy Homes program.** The program provides up to \$7,500 in rehabilitation that improves air quality to income eligible renter or owner-occupied households with a child (age 18 & under) with recurrent asthma. The program partners with the College of Nursing to provide in-home asthma education and the Free Medical Clinic for needed services or products. If unspent funds, the program will expand to providing additional assistance to CDBG/HOME or GRIP recipients to improve indoor air quality if a resident in the home has a lung disorder such as asthma or COPD, as verified by their medical professional. Staff feels very strongly that our housing programs need a stronger focus on healthy living environments. We are fortunate to live in a community that has a strong healthcare system and partners that are anxious to join us in this effort. The program will increase the stock of safe, decent housing and improve healthcare outcomes and reduce related costs for our low-income population.
- 10% (\$100,000) dedicated to programs that assist tenants with low incomes and those who may have difficulty securing housing due to various reasons such as prior evictions, criminal histories and low credit scores.
 - \$30,000 to capitalize a landlord risk mitigation fund administered by a local agency. Landlord risk mitigation programs have worked in other communities to house those who have trouble obtaining housing. The funds provide a financial protection for landlords willing to rent to these tenants by covering lost rent or excessive damages incurred beyond the security deposit. There is a local working group studying this type of program here in Johnson County.
 - \$70,000 dedicated to a security deposit program administered by a local agency or agencies to assist renters with low incomes secure housing. A request for proposals will be issued to our local non-profit community to determine who is interested in providing this service and the specifics of their proposed program. After capitalizing the landlord risk mitigation fund the initial year, excess funds not needed for this fund will be directed to the security deposit program(s).
- 5% (\$50,000) reserved for emergent situations (if unused, reserved for Opportunity Fund)

2) CDBG & HOME changes

- A) Alter the preference and scoring criteria for CDBG/HOME assisted projects to promote housing applications that reduce rent or housing costs for owner-occupied properties that are lower than the HUD maximum limits. HUD limits rent to the Fair Market Rent (FMR) established for the Iowa City area. Current FMRs are comparable or higher (based on bedroom size) than rents for similar properties leased by Housing Choice Voucher participants as demonstrated by the following table:

ICHA Point in Time, HCV Participants Average Rent

Bedroom Size	Average Rent			HOME FMR, Adjusted ¹
	Citywide	Census Tract 17	Census Tract18	
1	\$610	\$591	\$675	\$609
2	\$777	\$751	\$756	\$802
3	\$1,100	\$1,160	\$1,025	\$1,204

¹HOME FMR - effective 6/28/2019, adjusted for utilities (assumes \$75 for 1- BD, \$100 for 2 & 3 BD)
There are 730 1, 2 & 3 BD Voucher holders in Iowa City (Point in time - May 15, 2019)
Does not include individuals in shared/SRO housing.

To illustrate the point, a modest two-bedroom unit in a multi-family complex in a neighborhood in Iowa City can be rented for \$777 a month without any public subsidy. If the affordable housing provider can purchase this same unit with a CDBG/HOME grant or loan, the application will score better if rent, with subsidy, is lower than \$777, even if HUD rules allow the unit to be leased at \$802. The application will score better based on how much lower the rent can be based on the subsidy provided.

City subsidies should be provided to reduce rents lower than what the private sector can produce to expand housing available to those at lower incomes based on the neighborhood and type of housing proposed (single family detached, townhomes, multi-family, etc.). Staff recommends encouraging reinvestment in existing housing and new housing that promotes rent and total housing costs that are less than the area's Fair Market Rents.

B) The City currently offers assistance to homeowners through the CDBG Emergency Rehabilitation program for the correction of major violations of the housing code which make the structure uninhabitable or unsafe. One of the program requirements for all housing rehabilitation programs is that homeowners must have adequate equity in the home to secure the City's financial interest in the project. Occasionally, staff receives an application from a homeowner that has an urgent need but does not qualify due to a lack of equity in the property. Staff proposes an administrative change to allow a waiver of the equity requirement in emergency circumstances at the discretion of the Neighborhood Services Coordinator. Situations where this may be allowable might include replacement or repair of a broken furnace in the winter, leaking or nonfunctioning water heater, storm damage that prevents the owner from occupying the home, or other necessary improvements which would allow the homeowner to remain in their property. A mortgage would still be placed on the home to recover as much of the funds as possible upon the sale of the home.

3) Due to the high costs of acquisition and new construction for family (non-shared) housing as shown in the table below, support only such rental applications that leverage significant dollars from non-City sources such as Low Income Housing Tax Credits. Households who are low income tend to live in older units as renting or buying newly constructed units is cost prohibitive. Staff recommends the City continue to support the acquisition or construction of SRO or group housing due to the average public investment per assisted unit and to increase the supply of accessible homes in our community.

FY15-FY19 City Assisted Rental Projects		
Activity	Units Assisted/ Created	Average public funds per unit
Rental Rehabilitation	85	\$13,120
Rental Acquisition (SRO/group housing for persons with disabilities)	45	\$18,555
Rental New Construction (includes LIHTC, IEDA funding)	92	\$76,788
Rental Acquisition (not including SRO/group housing)	3	\$157,627

- 4) Remove the Housing Trust Fund from the competitive Aid to Agency process and move to a contractual relationship. The HTF administers thousands of dollars of City contributions without a reliable project delivery or administrative fee. They currently must apply and get funded through the competitive Aid to Agency process for non-profit agencies. Their past awards have been \$24,000. Due to additional funds allocated to the Aid to Agency process this year, their award for FY20 is \$30,000.

Staff recommends a project delivery/administrative expense set at 5% of the funds allocated to the Housing Trust Fund. Under this recommendation, the HTF would receive \$35,000 to administer the funds. Out of the \$700,000 allocation to the HTF, \$665,000 would remain available to allocate directly to housing projects.

Conclusion:

Staff is encouraged by the progress that has been made since the Council adopted the first Affordable Housing Action Plan in 2016. We do not believe a significant change in strategy is necessary. This memo outlines a few changes that we feel will help focus the City's efforts on more cost-effective strategies that will benefit those on the lower end of the income spectrum. This will necessarily require a shift in focus away from new construction and toward the community's existing housing stock.

Staff will continue to regularly access and modify programs as the need to do so becomes apparent. We look forward to discussing these proposed changes with the City Council at a future work session.

Attachment: FY15-19 Accomplishments Overview

cc: Housing & Community Development Commission



FROM
2015 - 2019

IOWA CITY HOUSING INITIATIVES

The City of Iowa City has increasingly focused on creating new **affordable housing opportunities** through a variety of funding programs and policies.

From 2015 to 2019, the City invested nearly \$10 million in affordable housing and neighborhood stabilization projects, leveraging tens of millions of dollars, including \$6.75 million in Low Income Housing Tax Credit funding. In total, this has assisted more than 518 homes (179 for owners; 339 for renters). Programs include:

Community Dev. Block Grant and HOME Programs: \$4.1 million

Economic Development Housing Programs: \$2.1 million

Affordable Housing Fund: \$1.8 million

Neighborhood Rehabilitation Programs: \$1.7 million

The City also supports affordable housing opportunities through partnerships with nonprofit and for-profit agencies, in addition to the Public Housing and Housing Choice Voucher Programs.

IN TOTAL:

\$9.94 million invested in 518 homes across Iowa City, leveraging tens of millions of dollars in private and other public funds

Of the homes assisted...

- 452 for affordable housing
- 66 for workforce housing
- Over \$19,000 invested per home

Program Goals: To create safe, decent and affordable housing in a range of neighborhoods throughout Iowa City.

For more information...

Visit www.icgov.org/commdev or contact Neighborhood Services at 319-356-5230





CITY OF IOWA CITY MEMORANDUM

Date: August 8, 2019
To: Housing and Community Development Commission (HCDC)
From: Kirk Lehmann, Community Development Planner
Re: Fair Housing Choice Study Modifications for Final Review

Introduction:

At their June 20, 2019 meeting, HCDC recommended the 2019 Fair Housing Choice Study for consideration by Council subject to changes as discussed. Per U.S. Department of Housing and Urban Development (HUD) requirements, the Study identifies impediments to fair housing choice and provides recommendations to overcome those impediments over the next several years. This memo lists these changes, along with additional minor clarifications/revisions for HCDC consideration. Public copies are available at the Iowa City Public Library, Neighborhood Services at City Hall, and online at www.icgov.org/actionplan. A recommendation is only required if further changes are needed.

Integrated HCDC Changes:

- Replaced references to disparate access to quality schools with references about affordable childcare throughout (p. 15, 133, 175)
- Changed Strategy 2-3 to “Enhance Mobility linkages...” (p. 15, p. 176)
- Changed Strategy 3-1 from “increase” to “improve” (p. 15, 178)
- Added language about mobile home occupants (p. 174)
- Moved Strategy 4-4 (“Increase Fair Housing Enforcement Transparency”) to 4-1 and changed to “Improve Fair Housing Enforcement and Transparency.” (p. 16, 176)

Additional Minor Clarifications/Revisions:

- Updated Dates for Process (p. 9)
- Removed specific examples that do not apply (p. 127)
- Clarified statements, removed redundant language (p. 151, 164, 180)
- Legal language corrections
 - Change codify to support (p. 94)
 - City Code, not City Property Maintenance Policy (p. 113)
 - Settlements are not public (p. 151, 180)
- Minor factual corrections and clarifications
- Typo and formatting corrections

Recommendation:

Staff recommends no additional changes. The public comment period for the Study will run through Tuesday, August 20, 2019 at which point City Council is scheduled to hold a public meeting and formally consider adoption of the Plan.

Kirk Lehmann

From: Vanessa Fixmer-Oraiz <vfixmeroraiz@gmail.com>
Sent: Wednesday, July 31, 2019 10:30 AM
To: Charles Eastham; John McKinstry; Maria L. Padron; Maria Padron Personal; Megan Alter; Peter Nkumu
Cc: Kirk Lehmann; Erika Kubly
Subject: Aid to Agencies and City Meeting Re-cap

Hello fellow HCDC members,

I wanted to follow-up with a quick email about the meeting I attended yesterday with Agency Impact Coalition (AIC) members and City staff. I am certain that Kirk will provide staff notes and highlights to our group but I wanted to also provide some information of my own.

The meeting was attended by City staff: Geoff Fruin (City Manager), Ashley Monroe (Assistant City Manager), Simon Andrew (Assistant to the City Manager), and our Neighborhood Services staff: Tracy Hightshoe, Kirk Lehman, and Erica Kubly.

There were several agency directors present: Crissy Canganelli (Shelter House), Kristie Forman-Doser (Domestic Violence Intervention Program), Brian Loring (Neighborhood Center of JC), Barbara Vinograde (Free Medical Clinic), and a few others I did not catch their names/organizations.

The highlights:

- City staff opened with stating that they were primarily here to listen to the agencies and set the tone for an informal and meaningful dialogue.
- AIC members disclosed agency specific issues they face regarding budgets and grant opportunities, as well as shared issues.
- AIC members regularly communicate about larger grant applications to coordinate who should apply.
- City staff discussed the overall city budgeting process, including a timeline. They indicated a 2% increase in the City allocation to the grant program would be in line with other city departments, and would result in a change from \$250,000 to \$304,000. City staff requested the AIC put together a proposed budgetary number that should be considered for the grant program.
- AIC members felt that the changing processes in the grant application are welcomed, they have historically felt side-lined and frustrated, and are very encouraged by the inclusive direction the HCDC and City staff are taking.
- AIC members encouraged City staff and HCDC members to look at their overall impact on the community as an asset that includes economic multipliers and community health. This was in response to the budget feeling like just another line item, and one that could be easily under-valued.
- AIC members would like to discuss how they can be a part of The Next Great Thing Iowa City can do with human services! Community partnerships are best for everyone.
- City staff will look into other city examples regarding funding human resource agencies, although this may prove difficult to compare given that different cities use different funding sources to address this issue (e.g. hotel/motel tax).

Overall it was a very encouraging discussion that feels progressive in nature. I am happy to provide a more in-depth update during our next meeting, but wanted to get this out to you all while it was fresh in my mind. I am really excited that we are a part of this conversation and look forward to a more inclusive and equitable process moving forward. Please let me know if you have any questions/concerns and PLEASE remember to reply to me and not the whole group :)

Thanks,
Vanessa