



CITY OF IOWA CITY MEMORANDUM

Date: January 9, 2020
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

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 14 of the 15 steps with the final action currently in progress. In the spring and summer of 2019, the City comprehensively reviewed the Affordable Housing Action Plan, modified the Affordable Housing Fund's distribution formula and made additional changes as outlined at the end of this memo. 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 70 homes for the UniverCity program. 68 have been rehabilitated and sold for homeownership or community commercial (Public Space One – two homes).
<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 53 affordable housing units (48 on-site & 5 fee in lieu of units totaling \$404,360)
<input checked="" type="checkbox"/>	3. Adopt code amendments that enable the FUSE Housing First (Cross Park Place) use in the community. <i>24 1-bedroom apartments for persons who are chronically homeless and habitually cycle through mental health services, corrections systems, shelter and support services.</i>	Completed June 2016.
<input checked="" type="checkbox"/>	4. FY20 Budget Process: Provide a line item for affordable housing (goal of \$500,000 based on budget conditions).	FY20 budget includes \$1,000,000 for affordable housing. The proposed FY21 budget also includes \$1,000,000 for affordable housing.

<input checked="" type="checkbox"/>	<p>5. Distribution of Affordable Housing dollars (modified in July of 2019):</p> <ul style="list-style-type: none"> • 70% to the Housing Trust Fund of Johnson County (HTF), at least 20% designated for LIHTC projects. • 7.5% Opportunity Fund • 7.5% Healthy Homes Program • 10% Programs that assist low-income households secure housing. • 5% reserved for emergent situations (if unused, reserved for Opportunity Fund) 	<p>The FY20 breakdown of funds:</p> <ul style="list-style-type: none"> • \$700,000 to the HTF, of which \$200,000 reserved for LIHTC projects. • \$75,000 Opportunity Fund. It is anticipated that \$15,000 will go to Houses into Homes in FY20. • Unspent accumulated land banking funds from prior years are combined with the Opportunity Fund. In FY20 there is \$442,328 available in this fund. • \$75,000 Healthy Homes • \$100,000 Secure Housing Programs (issued RFP and reviewing security deposit program proposals for \$70,000, JCLHCB working on administrative rules for a landlord risk mitigation fund with an initial City contribution of \$30,000.) • \$50,000 reserved for emergent situations. Any remaining balance, as of 6/30/2020, will be shifted to the Opportunity Fund.
<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 purchasing the units in Spring 2020. 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 purchasing the units in Spring 2020.</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. The annexation off American Legion will be the first since the policy was adopted. Anticipate approval of annexation on 1-21-2020.</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 an effort to reduce cost and expedite approvals. • 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.). 	<ul style="list-style-type: none"> • Parking waived in Riverfront Crossings for affordable housing, June 2016. • Staff initiated a review by soliciting input from the Home Builders Association and the Johnson County Affordable Homes Coalition. Input has been received and staff will work on implementation as time allows. • Opticos provided recommendations on the allowance of missing middle housing in the City's existing zoning code through a missing middle pilot project on a lot owned by the City on Ronalds Street in the Northside Neighborhood. Due to the number of conflicting codes, this has been deferred until staff can resolve and implement all necessary changes.
<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. Anticipate code adoption in Spring 2020.</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 checked="" 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>Council adopted a tax exemption policy on 10/1/2019 to incent the construction of affordable multi-family housing. A 40% tax exemption, for 10 years, on all units in a residential development of over six units based on the following:</p> <ul style="list-style-type: none"> • At least 15%, but not more than 20%, of the total units are leased to households under 40% median income. • The rent is limited to what a household at 40% of median income can afford minus the estimated utility allowance for tenant paid utilities.

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

Additional actions since the plan was approved in 2016:

- The Housing and Community Development Commission (HCDC) altered the preference criteria for CDBG/HOME housing projects to encourage applications serving lower income households.
- Reduced the equity requirements for CDBG emergency rehabilitation projects, such as a broken furnace in the winter or a non-functioning water heater, to enable those that may not be able to proceed to be eligible for the program.
- Due to the high cost of acquisition and new construction, HCDC altered the preference/evaluation criteria to support those CDBG/HOME rental applications that leverage significant dollars from non-City sources, such as Low-Income Housing Tax Credit projects. The acquisition or construction of SRO or group housing would remain supported due to the lower average public investment per assisted unit and to increase the supply of accessible homes in our community.
- Removed the Housing Trust Fund of Johnson County (HTF) from the competitive Aid to Agency process and moved it to a contractual relationship where the HTF uses 5% of the funds allocated to them through the Affordable Housing Fund for administrative expenses. They will remain as a “Legacy Agency” in City Steps 2025 in case they do not get funded or funded at levels lower than their past funding awards in subsequent years through the Affordable Housing Fund.
- The City purchased the first two duplexes on Sandusky and Taylor Drives to kick off the South District Home Investment Partnership Program. No tenants were displaced due to the acquisitions. The duplex on Sandusky has been rehabilitated and the two homes are now listed for sale. These homes will be listed for approximately \$75,000 (final costs pending) with the homebuyer eligible for HOME downpayment assistance. All homebuyers must be below 80% of median income.

- Incorporated energy efficiency and health/safety measures into our housing programs, including the following:
 - All housing rehabilitation projects must complete a free home energy audit by Green Iowa AmeriCorps staff prior to funding approval. The audit measures the level of air coming into the home and provides basic weatherization, if necessary, to reduce air leaks. During the audit, participants receive LED light bulbs, low flow aerators in kitchen and bathrooms, pipe insulation for the water heater, taping of ducts in basement, and extra weatherization based on the results of the blower door test.
 - Expanded housing rehabilitation activities to include landscaping (tree planting) and grading for stormwater management, as needed, as part of a rehabilitation project.
 - The HOME owner-occupied housing rehabilitation program, with up to \$90,000 available annually, is now eligible to landlords of rental housing leasing to tenants with incomes at or below 60% of median income. Landlords are eligible for grants for radon testing and mitigation, if necessary, as part of their rehabilitation project.
 - The Neighborhood Improvements set-aside in the CDBG program was converted to a Neighborhood-Based Climate Action set-aside to encourage sustainable, energy efficiency initiatives in our neighborhoods with a higher number of lower income households.
 - Adopted our first radon ordinance, effective July 1, 2020, that requires radon testing, and mitigation, if necessary, to obtain or maintain a rental permit for single family detached or duplex homes.