Action Plan

Grantee: City of Iowa City

Grant: B-23-PH-19-0002

LOCCS Authorized Amount:	$ 3,752,000.00
Grant Award Amount:	$ 3,752,000.00
Status:	Modified - Resubmit When Ready
Estimated PI/RL Funds:	$ 0.00
Total Budget:	$ 3,752,000.00

Funding Sources

Funding Source	Funding Type
Local Funding	City Funds

Narratives

Action Plan Summary:

The City of Iowa City was awarded $3.752 million in Pathways to Removing Obstacles to Housing (PRO Housing) grant funds to address a critical issue within the community – the acute scarcity of affordable housing. These funds will empower the City to undertake activities which will remove barriers to housing affordability, increase housing production, and lower housing costs for families over the long-term.
The Problem
Iowa City, home to the University of Iowa, has a uniquely expensive housing market in the State of Iowa. The City of 75,000 (in Johnson County, population 153,000) has a high demand for housing generated by a student body of 31,000 along with a strong economic base and high quality of life. However, the City also has a limited supply of housing that is not expanding fast enough to meet the demand generated by rapid growth. As a result, the City has consistently experienced problems with high housing costs relative to incomes.
Consider the following:

- Restricted Housing Supply. Iowa City is expected to grow by just over 10,000 residents between 2020 and 2030. This growth will require approximately 4,600 new housing units to meet demand. However, the City is only on track to meet 62% of that demand for housing based on recent building permit trends. This restriction in the housing supply leads to increased competition, rising rental prices (especially in neighborhoods near the university), and higher sales prices. This is also reflected in vacancy rates that are lower than typical in a healthy market.
- Housing Cost Burden. Iowa City has relatively low incomes compared to its housing costs. Housing cost-burden is defined as a household spending more than 30% of its income on housing. In 2021, 22% of homeowners with a mortgage and 61% of renters were considered housing cost burdened. Unfortunately, this is not just due to the high number of students. Of households over the age of 25, 20% make less than $30,000 annually and another 13% make less than $50,000. These incomes make it difficult to find housing one can afford in one of the most expensive markets in Iowa.

Faced with high and rising housing costs, households with lower incomes are forced to make choices, including staying in current housing and cutting back on other critical necessities, consolidating housing with other households (which can lead to overcrowding), moving more frequently or to lower quality housing, moving to less desired neighborhoods that are further away in exchange for longer commutes, or losing housing altogether.
The Commitment
Due to the ongoing need and issues surrounding housing affordability, the City of Iowa City has long focused on facilitating the creation of affordable housing opportunities and on enhancing housing choice within neighborhoods with a special focus on equity and low-income households.
The City increased efforts to systematically address its affordable housing needs beginning in 2016 when City Council adopted its first Affordable Housing Action Plan. The plan identified 15 steps based on public input about how the City could

address housing affordability and on goals in its long-term plans. The City has since completed all action steps and continued engaging stakeholders to identify additional barriers to housing affordability.
The City updated its Affordable Housing Action Plan in 2022 to build off previous effors in support of affordable housing. Recommendations were developed following nearly a year of data review and community engagement. Concurrent with this effort, City Council drew upon previous planning work, studies, and community conversations to refine strategies, determine action steps, and establish priorities for their FY23-FY28 Strategic Plan which included advancing prioritized recommendations in the 2022 Affordable Housing Action Plan.
This planning activity spurred City Council to begin considering amendments to the City's Zoning Code focused on improving housing choice, increasing housing supply, and encouraging affordability. These amendments address several previously identified regulatory obstacles to housing affordability, including most policies that can be accomplished under the current Comprehensive Plan. However, there are still several barriers that have been identified by staff and the public as further hindering the development of housing. These include:

1. Zoning Regulations and Procedures
2. Land Use Policy
3. Local Development Capacity
4. Low Incomes Relative to High Housing and Construction Costs

The City of Iowa City is committed to addressing these persistent barriers that lead to the community's acute scarcity of affordable housing.
The Proposal
The overarching vision of proposed activities is to help ensure Iowa City is a place that offers attractive and affordable housing for all people – housing that is the foundation of healthy, safe, and diverse neighborhoods throughout the City. Proposed activities are intended to build on the successes of previous efforts undertaken in support of housing affordability. The City will accomplish this vision by undertaking the following proposed activities:

- Parking Study & City-Initiated Parking Code Amendments. The City's minimum on-site parking standards are often identified as inhibiting the construction of new housing. The purpose of this activity is to conduct a comprehensive parking study to evaluate the extent to which parking standards should be modified. This would be followed by Zoning Code text amendments to right-size the City's parking standards such that they no longer act as a barrier to new housing or housing affordability.

- Comprehensive Plan Update: Housing and Land Use Elements. Another identified barrier is the City's existing land use policies embodied in its Comprehensive and District Plans. By investing in a revised Comprehensive Plan, the City ensures its adopted goals and strategies are closely tied to the community's current priorities and that development is well-situated to address existing disparities and prepare for an uncertain future. This update is also essential to lay the groundwork for comprehensively reforming the City's Zoning Code to better align with the community's increasing focus on climate action and resiliency, equity, and housing affordability.
- City-Initiated Higher Density Rezoning. The land entitlement process is an identified regulatory barrier, especially for higher density and lower cost housing types. Consequently, the City will initiate a rezoning to allow higher density uses and increase the supply of lower cost housing types in areas identified as appropriate through the Comprehensive Plan update process. A City-initiated rezoning allows a more holistic and proactive approach toensure areas intended for higher densities are suitably zoned and minimizes uncertainty for housing providers.
- Housing Development Division and Pilot Affordable Housing Project. The City has a lack of local development capacity, especially for affordable housing projects. The City intends to explore the creation of a development arm for the Iowa City Housing Authority (ICHA) to directly undertake affordable housing projects. The City will also use funds to jumpstart a pilot affordable housing development project that would build internal affordable housing development experience and provide permanent affordable units. The City already owns 21 affordable rental units that are not federally funded. The goal is to add units so the program can become self-sustaining with revenues from developer fees and rental income. This project will lay the groundwork for continued viability of the proposed division.

- Housing Public Service Activities. In addition to addressing long-term barriers, the City understands there is a need to provide direct assistance that would help meet the short-term needs of struggling households. The City will use funds to offer housing counseling services as a proactive way to help lower income households navigate the pressing housing challenges that they face.

PRO Housing grant funding will expand the City's ability to address the housing crisis and accelerate the implementation addressing barriers which have been discussed over the years.
All proposed activities will begin prior to September 30, 2026 and be completed prior to September 30, 2029. Several activities will begin as soon as funds are awarded, though others will depend on the completion of prerequisite work.
The activities will be undertaken by the City of Iowa City with the exception of the Comprehensive Plan Update, Parking Study, Housing Development Division Feasability Study, and some parts of the City initiated rezoning which the City will contract out with contractors that have not yet been determined.
Contact Information:
City of Iowa City
410 E Washington St. Iowa City, IA 52240
319-356-5000
The Result
Overall, the City has designed its proposed activities to address both short and long-term aspects of the City's housing crisis. However, the cumulative effect of all proposed activities will create meaningful change that will last long past the grant's period of performance, including the permanent elimination of several key barriers to housing affordability. The City hopes it can create an effective model that other small and mid-sized, midwestern cities can replicate to address common barriers to housing affordability.

Resources and Budget:

Budget
Revenues
PRO Housing Funds
$3,752,000
City Affordable Housing Funds
$1,876,000
Total Revenues
$5,628,000

Expenditures
Planning-Related Activities
Parking Study & City-Initiated Revisions to Zoning Code Parking Standards
$125,000
Comprehensive Plan Update: Housing and Land Use Elements
$150,000
City-Initiated Higher Density Rezoning
$100,000
ICHA Feasibility Study for Housing Development Division
$275,000
Subtotal
$650,000

Housing-Related Activities
Housing Counseling
$200,000
Pilot Affordable Housing Development Project
$4,402,800
Subtotal
$4,602,800

Administration-Related Activities
Program Administration
$375,200
Subtotal
$375,200

Total Expenses
$5,628,000
Budget Narrative
The budgets for the planning related activities are based on estimates form past planning projects the City has contracted out. The Housing Counseling budget is based on staffing costs for a Certified Housing Counselor. The City anticipates applying for additonal HUD funding for ongoing Housing Counseling. The affordable housing development project costs are calculated based on constructing a minimum of 18 units with a per unit cost of $220,140 (estimated considering area building cost trends) along with staffing costs for a Senior Housing Developer. The administration costs are calculated based on staff costs for a Grants Specialist, Senior Planner and Associate Planners who will be involved with administering the grant and implementing the planning related activities.
Project Timeline
All proposed activities will begin prior to September 30, 2026, and be completed prior to September 30, 2029. Several activities will begin as soon as funds are awarded, though some depend on other work to first be completed. Specific timelines for each activity, including significant milestones and relevant sub-tasks, are noted below. Quarters listed are calendar year quarters.
Planing-Related Activities
Parking Study & City-Initiated Revisions to Zoning Code Parking Standards. Reviewing parking standards will begin during the Comprehensive Plan update. Staff anticipates 12 months for the study, followed by 9 months to draft and propose changes to the zoning code.

- Solicit bids for consultants: 2025 Q2
- Project initiation: 2025 Q4
- Study completion: 2026 Q4
- Zoning code text amendment adoption: 2027 Q3

Comprehensive Plan Housing and Land Use Elements. Updating elements of the Comprehensive Plan will be one of the first priorities. Staff anticipates putting out an RFQ immediately upon a funding announcement and completing the project within 2 years.

- Solicit bids for consultants: 2024 Q2
- Project initiation: 2024 Q4
- Draft plan completion: 2025 Q4
- Draft plan adoption: 2026 Q2

City-Initiated Higher Density Rezoning. Rezoning land to reflect a new future land use map will begin after adoption of the

new Comprehensive Plan. Staff anticipates 6-9 months to identify suitable properties and prepare rezoning materials, followed by 3 months for adoption.

- Project initiation: 2026 Q3
- Rezoning adoption: 2027 Q2

ICHA Feasibility Study for Housing Development Division. Studying how to implement a Housing Development Division is important to oversee the proposed Pilot Affordable Housing Development Project, so it must begin early in the grant period. Staff anticipates soliciting bids late in 2024 with a goal of hiring a Senior Housing Developer position by late 2025.

- Solicit bids for consultants: 2024 Q3
- Project initiation: 2025 Q1
- Study completion: 2026 Q1
- Hire Senior Housing Developer: 2025 Q3

Housing-Related Activities

Housing Counseling. Staff anticipates that becoming a Certified Housing Counseling Agency will take 1 year after hiring a full-time housing counselor. Housing counseling activities will be implemented over the course of 4 years.

- Project initiation: 2025 Q3

- Begin providing housing counseling services: 2025 Q4
- Hire full-time Housing Program Assistant: 2026 Q1
- City certified as Housing Counseling Agency: 2027 Q1

- Expenditure of project activity funds: 2029 Q3

Pilot Affordable Housing Development Project. This activity will be one of the longest and includes time buffers to ensure it can be completed prior to the end of the grant's performance period. In general, staff anticipates 3 months to solicit design firms, 9 months for design work, 9 months to establish entitlements, and 18 to 24 months for construction. Staff also estimates 3 months for lease up based on current waiting lists.

- Hire Senior Housing Developer: 2025 Q3
- Solicit bids for consultants: 2026 Q1
- Initiate design work: 2026 Q3
- Obtain all required entitlements (zoning, platting, permitting): 2027 Q2
- Begin construction: 2027 Q2
- Complete construction (conservative estimate): 2029 Q1
- Project fully leased: 2029 Q3

Administration-Related Activities

Project Administration. Project administration will begin upon project award and will be carried out through the duration of the grant funding timeline. Activities will be carried out by existing staff

- Update Annual Action Plan: 2024 Q2
- Retain Associate Planner – Grant Specialist: 2024 Q2
- All funds expended: 2029 Q2
- Grant close-out: 2029 Q3

Need:

Iowa City, home to the University of Iowa, has a uniquely expensive housing market in the State of Iowa. The City of approximately 75,000 (in Johnson County, population of approximately 153,000) has a high demand for housing generated by a student body exceeding 31,000 along with the colocation of highly desirable jobs at the University of Iowa Hospitals and Clinics. However, the City also has a limited supply of housing that is not expanding fast enough to meet the demand generated by the region's growth. This problem is exacerbated by high competition for units, especially in amenity-rich areas near the University, between lower-income students and workers and a relatively well-educated, higher-income population who values proximity to amenities. This consistently leads to housing costs that are high relative to incomes.

As a result of these factors, the City Council of the City of Iowa City has long focused on facilitating the creation of affordable housing opportunities and on enhancing housing choice in neighborhoods with a special focus on equity and low- and moderate-income (LMI) households. However, key barriers still exist that must be addressed to meet the acute demand for housing. Note that in this application, affordable housing and/or units specifically refers to dwelling units provided to LMI households at or below fair market rents or HUD purchase price limits.

Past Efforts to Identify and Address Barriers to Affordable Housing

The City of Iowa City increased efforts to systematically address its housing affordability needs beginning in 2016 when Council adopted its first Affordable Housing Action Plan. The 2016 plan identified 15 steps about how the City could meet its housing affordability goals in its long-term plans. The City has since completed all action steps and continued engaging stakeholders to identify additional barriers to housing affordability. Highlights include:

- Affordable Housing Requirement. The City amended its Zoning Code in 2016 to require that new developments in the Riverfront Crossings District near downtown provide at least 10% of dwelling units as affordable rental housing or income-restricted owner-occupied housing for 10 years (or pay a fee in lieu to finance affordable housing projects). The affordable housing requirement is triggered when a developer voluntarily requests an upzoning to a Riverfront Crossings zone. As of 2023, the City has agreements for 79 affordable units in the Riverfront Crossings District, along with fees totaling $5.8 million which will help fund additional affordable housing units in the district.
- Affordable Housing Fund. Beginning in fiscal year 2017, the City started funding affordable housing as a separate budget item. The City has used this to finance the Housing Trust Fund of Johnson County, to match Low Income Housing Tax Credit (LIHTC) projects, to create an affordable housing opportunity fund (which can be used to acquire land for affordable housing projects), to finance the Healthy Homes Program, to initiate Security Deposit and Landlord Risk Mitigation programs

to help LMI households secure housing, and to address emergent situations such as relocation assistance. The City has provided $7.65 million in funds over the past 8 years. In FY21, alone, the City's allocation of $1,000,000 created 36 affordable units and assisted 114 households.

- Tenant Rent Abatement and Displnt Policies. In 2017, City Council amended City Code to require that site plans which displace 12 or more households must include an occupant transition plan to provide better information to residents and the public. In addition, rent abatement can be ordered for units found to be unfit for human habitation.
- Affordable Housing Annexation Policy. In 2018, the City amended the Comprehensive Plan to establish a policy whereby the City would only consider annexations where at least 10% of new housing is provided as affordable housing for 20 years. Since then, the City has annexed property that will result in the creation of 17 affordable units.
- Residential Tax Increment Financing (TIF). The City adopted a policy supporting TIF funds to assist with the cost of residential development where a percentage of funds are set aside for affordable housing. A TIF agreement for Foster Road in 2018 is expected to generate up to $1.5 million for affordable housing over 10 years, and a TIF agreement for the Tailwinds project in 2021 generated another $1.8 million. To date, TIF requirements have created 26 affordable units in addition to 11 affordable units purchased by the City.
- Affordable Housing Tax Abatement. In 2019, the City established a tax abatement program to incentivize the construction of affordable multi-family housing. The program allows a 40% property tax exemption for 10 years on all dwelling units in residential developments exceeding 6 units where 15% to 20% are leased to households under 40% of the area median income at rents that are affordable for that income level. This policy has not yet been used.
- Form-Based Code. In 2021, the City adopted a form-based zoning code for undeveloped land in areas where the City expects growth. The code provides a density bonus and waiver from minimum parking standards for affordable housing and requires a mix of housing types in all neighborhoods. Two Comprehensive Planning District Plans have been amended to allow the use of the code, but no project has yet used the code.

In 2019, the City adopted a Fair Housing Choice Study which systematically reviewed impediments to accessing housing due to protected characteristics in the federal Fair Housing Act such as race, gender, or disability. The Study also recommended actions to affirmatively further fair housing based on extensive public input including targeted feedback from stakeholder interviews and focus groups, a fair housing survey, public events, and a public adoption process. Participants identified a lack of affordable rental housing as one of the most significant fair housing issues. The study also found that one of the primary barriers was the limited number of housing choices throughout neighborhoods for residents with protected characteristics who tend to have disproportionately lower incomes. This includes a limited availability and diversity in price points, housing types, and locations that would facilitate equal access. Since adoption, the City used the plan to help address the following identified barriers:

- Equal Housing Accessibility. It is important to ensure housing can be made accessible for persons with disabilities to provide an equal opportunity to use and enjoy a dwelling. Cities must provide reasonable accommodations by federal law. The City recently approved an amendementohe Zoning Code to streamline the ability to address reasonable accommodations requests with a consistent and defined approval procedure.
- Fair Treatment of Uses. The City's Zoning Code defines certain housing types by protected characteristics and treats as fundamentally different than other residential uses. For example, a Community Service-Long Term Housing use, i.e. permanent housing owned by a public or nonprofit agency that provides supportive services to persons with disabilities, is classified as an institutional use. City Council recently approved an amendment to treat such uses more similarly to other residential uses which will allow them in a wider range of zones with fewer discretionary approval processes.

The City updated its Affordable Housing Action Plan in 2022 to build off previous efforts in support of affordable housing. Recommendations were developed following nearly a year of data review and community engagement. Concurrent with this effort, City Council drew upon previous planning work, studies, and community conversations to refine strategies, determine action steps, and establish priorities for their FY23-FY28 Strategic Plan which included advancing the prioritized recommendations in the 2022 Affordable Housing Action Plan. The City began implementing these new actions shortly after adoption, including:

- Eliminating the Affordable Housing Location Model (AHLM). The AHLM was an effort to avoid the overconcentration of City-subsidized housing, especially near schools with high rates of students receiving free and reduced lunch. However, it had the effect of chilling affordable housing production funded by the City. Consequently, the model was discontinued, and the City's funding criteria was revised to instead focus on incentivizing affordable housing in high opportunity neighborhoods. To date, three rental acquisition projects are moving forward that would have previously been ineligible for City funding.
- Funding Transparency. The Iowa City Housing and Community Development Commission (HCDC) uses scoring criteria to rank projects applying for City funding. However, many nonprofits have noted that past HCDC funding recommendations have deviated from the scoring criteria. As a result, HCDC has recently revisited their process to provide greater transparency in how funding decisions are made.
- Technical Assistance. Following adoption of the 2022 Action Plan, staff held a general technical assistance meeting for area housing providers to share what City resources are available to support affordable housing efforts as well as introduce staff who administer housing-related programs. Staff also developed a funding guide for developers and added it to the City website. This training will be provided for free every year in addition to the City's regular grant-specific technical assistance sessions.
- Housing Affordability Zoning Code Amendments. In November 2023, Council passed numerous regulatory changes to the zoning code to help increase the supply of housing, enchance the diversity of housing types, and encourage housing affordability. Changes included allowing duplex and attached single-family uses through-out all lower density single-family residential zones, modifying design standards to reduce the cost of construction, reducing minimum lot sizes, inreaing the allowable number of bedrooms per dwelling in certain areas, and prodviding regulatory bounuses for affordable housing units, such as increased density and no parking minimums. These changes were chosen as policies that could be modified under the City's current planning framework.
- Long-Range Planning. The City identified a need to update the its Comprehensive Plan to achieve Council's goals of greater density and a variety of housing types throughout the community. To that end, staff is beginning to consider developing a request for proposals for a Comprehensive Plan update to kick off this multi-year endeavor. Goals include addressing current regulatory barriers to housing affordability, further enhancing equity, and providing a vision and goals

that reflect the current views in the community. The City is also under contract for a Regional Housing Needs Assessment. In addition, the City has actively sought to increase the number of affordable housing units through other means. The Iowa City Housing Authority (ICHA) administers 1,595 vouchers, 202 of which have been secured since 2019. Many of these are specialty vouchers serving low-income households with significant barriers to sustaining housing, including those experiencing homelessness and/or domestic violence. Even though the ICHA is a division of the City, ICHA vouchers serve households throughout Johnson County, Iowa County, and Washington County north of Highway 92. As of January 4, 2022, 954 of total active vouchers or 60% were utilized in Iowa City. ICHA also manages and maintains 86 public housing units and 16 additional publicly owned housing units in Iowa City. The City also uses local funds and federal pass-through funds such as from the Community Development Block Grant (CDBG) and HOME programs to provide additional support for LMI households.

Furthermore, the City has used ARPA funds to support housing activities. It recently allocated $1.1 million to Shelter House, a local nonprofit providing emergency shelter and permanent supportive housing services. The funds are part of a 3-year pilot project to help pay for a full-time Coordinated Entry specialist, two Housing Stability specialists who help households research and secure housing, and two Eviction Prevention specialists who collaborate with Iowa Legal Aid to keep people housed. Funds also supplement the RentWise program to educate renters on all aspects of a successful rental experience and expand the Landlord Risk Mitigation program which incentivizes landlords to accept households experiencing barriers to housing.

Together, these actions demonstrate the City’s commitment to increasing housing production that is affordable and accessible to LMI populations and that prioritizes high opportuity areas, as well as preserving housing affordability and investing in underserved communities. However, the City still has a way to go to address theacte need, including the removal of remaining barriers to housing affordability.

Iowa City’s Acute Demand for Affordable Housing

Like many growing metropolitan areas across the country, the lack of housing affordability in the region continues to present a significant problem despite recent actions by the City. These issues have the most profound impact on LMI households, though they affect everyone. The acute demand for affordable housing is apparent in nearly every metrc, bt especially in those relating to cost and income in Iowa City. As a result, the City proposes using grant funds to primarily address needs in Iowa City limits, though some activities serve the broader area of Johnson County. HUD identifies both the City and County as Priority Geographies.

Restricted Housing Supply

One of the primary factors affecting housing affordability in Iowa City is the restricted housing supply. The City has experienced continued growth due to a high quality of life and the strong economic base provided by the University of Iowa and University of Iowa Hospitals and Clinics. Iowa City’s population of 74,828 in 2020 is projected to grow by 10,240 residents to just over 85,000 in 2030. At the same time, the population of the urbanized area is expected to increase by nearly 20,000 residents. To meet this projected demand, the region will need to add several thousand new housing units, of which approximately 4,600 are needed in Iowa City.

However, continued growth strains housing affordability because the demand for housing is not being met by an adequate increase in the supply of housing. This has become especially problematic in recent years. From 2020 through 2022, the City issued building permits for 851 dwelling units which only satisfies approximately 62% of the estimated demand for housing over that timeframe. While the number of units permitted increased slightly in 2022 compared to 2020 and 2021, the City is still seeing fewer units than before the pandemic. This gap between supply and demand leads to increased competition between households, rising rental prices (especially in high-demand areas near the university), and higher sales prices. This has an especially profound impact on households with lower incomes who are often priced out of the city.

Incomes, Housing Costs, and Housing Cost Burden

Iowa City also has relatively low incomes compared to its housing costs. Iowa City’s median household income was $51,925 in 2021, but 31% of households make less than $30,000. There is often the misconception that Iowa City has lower incomes solely due to university students who may have parental support, financial aid, or share living expenses with other students. However, there are many non-student households with lower incomes that also struggle to afford housing. Approximately 7,600 households in Iowa City are under the age of 25, which includes most undergraduate student households. For households over the age of 25, 20% still make less than $30,000 and another 13% make less than $50,000. Excluding those enrolled in undergraduate or graduate programs, more than 5,500 persons or 13% of the population still experiences poverty. These are all residents who are especially impacted by the City’s current housing market.

Despite lower incomesIowa City’s housing remains stubbornly expensive. In 2021, the median gross home value was $230,700 dollars, which is 4.44 times its median income, andhe hmeowner vacancy rate was a very low 1.6% (2021 5-Year American Community Survey). In addition, homes available for purchase are significantly more expensive. The Iowa Association of Realtors listed the median sales price in 2022 for Johnson County at $350,000 for detached single-family homes, up 10% over the previous year, and the median sales price for townhomes and condominiums at $240,000, up 11%. At the same time, there were fewer than 2.5 months of inventory available at the endf theear. As a result, 22% of homeowners with a mortgage spend more than 30% of their income on housing. This makes it very difficult for first-time homebuyers and those with limited incomes to establish themselves in this challenging market.

At the same time, rents in Iowa City are high and are constantly increasing, especially near the university. In 2021, Iowa City’s median gross rent was $1,030 dollars, up 18% from 5 years earlier (2016 and 2021 5-Year ACS). The 2023 Fair Market Rent is even higher at $1,127 for a two-bedroom unit and $1,602 for a three-bedroom unit which requires incomes exceeding $45,000 and $64,000 respectively to be considered affordable. Furthermore, the 2021 City-wide rental vacancy rate was 4.9% but tracts near campus have rental vacancy rates as low as 1.6%. Due to these factors, approximately 61% of renters in Iowa City spend more than 30% of their income on housing costs, while 37% spend more than 50% of their income (2021 5-year ACS). These high rates of cost-burdened and extremely cost-burdened households have a profound and negative impact on those living in the city.

Faced with high and rising housing costs, households with lower incomes are forced to make choices, including staying in current housing and cutting back on other critical necessities, consolidating housing with other households (which can lead to overcrowding), moving more frequently or to lower quality housing, moving to less desired neighborhoods that are further away in exchange for longer commutes, or losing housing altogether.

Geographic Scope

HUD identifies Iowa City as a priority geography with a Housing Problems Factor of 0.38 in its PRO Housing List of Priority Geographies, considerably higher than the State Threshold of 0.31. This means that approximately 38% households who

make up to 100% of the area median income experience a cost burden of at least 50%, overcrowding, or substandard housing, the 13th highest rate in Iowa out of 1,008 designated places. Of these housing problems, housing cost burden tends to be the most severe issue. The City's proposed activities will remove barriers to housing production and directly assist LMI households in Iowa City limits who experience the most acute demand for affordable housing.
However, Iowa City is part of a larger housing market. While funds will primarily serve Iowa City limits, certain activities including those administered by the Iowa City Housing Authority focus on the broader region which shares many of the same housing affordability problems. HUD also identifies Johnson County as a priority geography with a Housing Problem Factor of 0.31 compared to the State Threshold of 0.23. This is the highest Housing Problem Factor of all counties in Iowa and is 247 out of 3,220 counties in the nation. Forhis reason, all changes to housing policy that result from grant-funded activities will consider the overall housing needs of the region to avoid unintendeconseuences such as developers and homebuilders adjusting where they develop, the type of housing they produce, or the price or rent of finished homes due to the regulatory environment of different jurisdictions.
Key Barriers to Producing and Preserving Affordable, Accessible Housing
Because of the City's recent efforts including the Housing Affordability Zoning Code Amendments currently being considered by Council, several previously identified barriers to housing affordabiliy are aready being addressed. These include most regulatory obstacles that can be modified under the current Comprehensive Plan such as encouraging more housing types in lower density zones, enabling small lot development, and providing regulatory incentives for affordable housing. However, a number of barriers to housing affordability still contribute to the City's acute demand for affordable housing and the inadequate supply of housing.
Key Barrier #1: Zoning Regulation and Procedure
One factor that influences housing choice and supply, and therefore the cost of housing, is zoning. Zoning is a tool that helps implement the City's Comprehensive and District Plans by providing rules for how land can be developed and used, including what structures can be built where and how they may be designed. The City's Zoning Code, initially adopted in 2005, still contains a few outstanding regulatory barriers that continue to restrict housing opportunity and limit housing supply. These have not been addressed yet due to the additional study required to fully understand the scope, public support, and magnitude of changes. As a result, they have been on the City's work list for years but not executed due to associated costs.
The City's minimum parking standards are one such barrier that must be addressed. Parking standards that are higher than necessary provide an obstacle to housing affordability for several reasons. First, parking spaces are expensive, especially in structured parking garages, and can significantly increase overall construction costs which are often passed on to renters or homebuyers. They also limit the amount of housing that can be built on a piece of land which restricts housing availability, especially in downtown and neighborhoods near downtown where parking requirements have been used to indirectly restrict student rentals. Parking standards can also lead to inefficient use of space and resources due to large areas dedicated to parking rather than housing or other amenities and additional costs for maintenance and security. Finally, excessive parking requirements can encourage car ownership which increases the financial burden on residents, even in areas well-served by public transportation, due to farther distances that make other modes of transportation less feasible. Staff often hears that on-site parking regulations in Iowa City have many of these effects, including reduced housing production. These impacts especially affect students and lower income individuals and families.
Another issue identified in adopted City plans is that relatively few areas of the City are zoned for multi-family uses, even where it would be supported by the Comprehensive Plan. The 2019 Fair Housing Study notes that many residential developments require rezonings, but that therocess of rezoning acts as a barrier to fair housing choice and housing affordability. This is because the discretionary land use entitlement process can lacpredictbility, especially for higher density and lower cost housing types. This is echoed in the City's 2022 Affordable Housing Action Plan. Of particular concern are cases where adopted plans clearly envision redevelopment or multi-family uses but neighborhood opposition results in denial of rezonings. As a result, developers either forgo working in Iowa City or resort to lower density single-family zones to minimize public opposition, even where higher densities are appropriate. This leads tfewer hosing units produced compared to what City planning documents would anticipate.
Key Barrier #2: Land Use Policy
Another factor that can act as a barrier to housing affordability are the adopted policies outlined in the City's Comprehensive Plan. The Comprehensive Plan, including its component District Plans, is a strategic document that outlines the long-term vision and goals for the City's physical, social, economic, and environmental development. The Plan serves as a blueprint for guiding land use, infrastructure, and policy decisions. However, it must balance multiple goals that can at times appear to come into conflict and that change in scope and importance over time. As a result, it is essential to regularly revisit the plan to ensure it aligns with the goals and priorities of the community. This is especially true given the City's recent resolve to fight the housing crisis.
The Comprehensive Plan that is currently in effect, IC2030, was adopted in 2013. The current plan includes general goals about providing housing for all members of the community and strategies to enhance housing affordability. As a result, the City has had substantial success in supporting affordable housing as noted above. There are also several adopted District Plans which are sub-parts of the Comprehensive Plan. Generally, the policy direction in District Plans provides more specific guidance in those areas of the City. However, many of these plans are significantly older than the Comprehensive Plan with some being initially adopted before the year 2000. This complicates the ability of the public to understand the City's policy direction, especially where the Comprehensive and District Plans are less aligned. It also means that the future land use vision for each district are not always consistent and that a piecemeal approach is required to update policy. For example, the Form-Based Zoning Code adopted in 2021 must be applied on a District Plan by District Plan basis with only two plans being updated thus far. These complications make it more difficult to ensure all plans align with current priorities.
Finally, the Plan tends to prioritize lower density development which can have exclusionary effects in the community. The future land use map identifies areas as appropriate for rural housing densities, even in City limits, and most residential areas are identified as appropriate for 2 to 8 dwelling units per acre which corresponds to the City's single-family residential zones. Some older District Plans also show areas as exclusively appropriate for single-family uses. At the same time, few areas of the future land use map show multi-family uses as appropriate despite the text noting that all areas should consider the inclusion of a mix of higher density uses, especially alongmajor arterials, intersections, and commercial centers. This makes rezoning to multi-family zones, already subject to unpredictable entitlement processes, morchallengig. Overall, these factors have a negative impact on the supply of housing in the community.
Key Barrier #3: Local Development Capacity
Another pressing barrier is the lack of local development capacity. The number of new lots created in Iowa City has generally

decreased in recent years. From 2020 to 2022, City Council approved final plats with residential lots accommodating only 431 dwelling units, or about 144 units per year. This averages out to just over 54% of the averae number olots platted per year from the previous 30 years and is well below the amount needed to satisfy anticipated demand. At the same time, the supply of vacant lots has continued to decline as the construction of new units outpaces the creation of new lots. Based on recent development trends, the supply of development-ready vacant lots is expected to last as follows:

- 2 years for single-family units
- 2.4 years for duplex units
- 1.8 years for multi-family units (though redevelopment can extend this timeframe)

Similarly, annexations have decreased over the past decades, even as infrastructure capacity remains adequate for growth and the City has identified areas intended for growth. Overall, this suggests a deficit in the capacity and/or desire of local developers to build housing in Iowa City, though additional data is needed to understand how these trends interact with the regional housing market.

At the same time, there are a limited number of local affordable housing developers. The Housing Fellowship, a Community Housing Development Organization, is one of a few local nonprofits which constructs new affordable rental housing in Johnson County. Another local nonprofit, Shelter House, is primarily known for its emergency shelter and related services provided to the community's unhoused population, though it has recently developed two permanent supportive housing projects totaling 60 dwelling units. Meanwhile, the Iowa Valley Habitat for Humanity focuses on providing affordable homeownership opportunities in the area. While there are other affordable housing providers as well, they typically focus on more specialized populations such as persons with disabilities, and most do not actively develop housing. All these agencies do amazing and important work, but the local capacity to develop new affordable housing projects tends to be very limited. As a result, affordable housing projects, especially those utilizing LIHTC, are often undertaken by private, out-of-town developers that are not focused on providing a more permanent benefit to the city.

These factors all point to a need for additional development capacity at the local level, especially when it comes to the creation of affordable housing units. To address this, there needs to be a concerted effort not just within Iowa City, but within the broader region.

Key Barrier #4: Low Incomes Relative to High Housing Costs

Most barriers noted thus far are primarily related to factors that have led to an undersupply of housing. However, there is still also the overarching issue of a relatively high number of households that have lower incomes. This problem is especially pressing given the challenges related to construction costs, high interest rates, a severe labor shortage, and supply chain issues that all increase the price of new housing. These, in addition to supply-side constraints, exacerbate the housing crisis for LMI households.

Residents of the area have tried to address affordability by raising the minimum wage at the County level, but unfortunately the state pre-empted this possibility. As such, there are two remaining ways the City can help mitigate this barrier:

1. Long-Term: The supply of housing needs to be increased, especially permanent affordable housing, such that a more balanced market is reached and competition for housing is reduced to the extent that prices become more stable and affordable.
2. Short-Term: The cost of housing needs to directly be reduced by providing funds to households with lower incomes to help them obtain and maintain stable housing that is within their budget, and by providing incentives directly to affordable housing providers. Direct supports are especially important for those experiencing or at-risk of homelessness, which is why the City identifies stabilizing housing for these populations as a high priority in its Consolidated Plan.

Although the City cannot control many of the factors that lead to housing which is unaffordable, the City strives to address the problem from all possible angles. This grant will help jump-start the City's next phase of plans to address the remaining barriers to the production and preservation of affordable, accessible housing.

Use of Funds - Soundness of Approach:

Use of Funds - Method of Distribution (State grantees only):

N/A

Grantee and Partner Capacity:

The City of Iowa City Department of Neighborhood and Development Services (NDS) will lead implementation of the proposed activities and is well-equipped to do so. The Director of NDS reports directly to the City Manager who implements the policy decisions of City Council and supervises the City's operating departments as the chief administrative officer for the City. All proposed activities are expected to be managed by City staff utilizing its current leadership and legal authority. Proposed activities are not dependent on partner organizations.
Leadership and Staffing Plan
The Department of Neighborhood and Development Services is comprised of 46.3 Full Time Equivalent positions and operated with a budget of $18.7 million in FY23, including federal entitlement funds for public housing, community development, and transportation planning. NDS administered approximately $890,000 in CDBG and $723,000 in HOME in FY22, as well as $8.6 million in Housing Choice Voucher and $697,000 in the Public Housing funds in CY2022. NDS has also been responsible for administering $1.8 million in HOME-ARP funds, $1.6 million in CARES Act funds, and over $18 million in ARPA funds. The divisions and key management structure within the department can be found in the organizational chart below.
Department of Neighborhood & Development Services
Tracy Hightshoe, Neighborhood and Development Services Director
Administration (1.3 FTE)
Development Services Division (13.3 FTE)
Danielle Sitzman, Development Services Coordinator
Development Services assists the public with needs related to urban planning and building inspection services. The Division coordinates all long-range planning efforts, reviews all development proposals, and conducts related building inspection services. Historic Preservation efforts are also coordinated through the Development Services Division. In addition to Ms. Sitzman, key management for proposed activities include:
· Anne Russett, Senior Planner
Neighborhood Services Division (26.5 FTE)
Erika Kubly, Neighborhood Services Coordinator
The Neighborhood Services Division is responsible for administration of various housing services, including housing programs coordinated through the Housing Authority and rehabilitation. The Division also prides housing inspection services and administers the City's federal Community Block Grant (CDBG), HOME, and ARPA programs. In addition to Ms. Kubly, key management for proposed activities include:
· Rachel Carter, Iowa City Housing Authority Administrator
Metropolitan Planning Organization of Johnson County (MPOJC) (5.2 FTE)
Kent Ralston, Executive Director
MPOJC is designated by the Governor of the State of Iowa as the Metropolitan Planning Organization (MPO) for the Iowa City Urbanized Area. The MPOJC assists with transportation-related questions and needs.
Most planning-related activities will be managed by existing urban planning staff in the Development Services division. This includes the proposed Parking Study, Regional Housing Study, Comprehensive Plan element updates, and City-initiated zoning code amendments and rezonings. Urban planning staff coordinate both the long- and short-term planning and land development efforts of the City. This requires regularly working with developers, residents, and other City departments to encourage orderly growth, redevelopment, and preservation of historic properties and environmental resources. Key staff who will manage these activities include:

- Anne Russett, AICP: Senior Planner

Highest Degree: Master of Urban & Regional Planning, University of Iowa
Years of Related Experience: 16

- Various Associate Planners

Other activities will be managed by community development and housing authority staff in the Neighborhood Services division. The Neighborhood Services Coordinator and existing Associate Planner – Grant Specialist position will help administer the PRO Housing grant. Existing leadership in the Iowa City Housing Authority (ICHA) will manage the feasibility study for a housing development division. However, ICHA will also hire a new full-time Senior Housing Developer position to implement the creation of a housing development division and the pilot affordable housing development project, in addition to hiring a new full-time Housing Program Assistant to deliver housing counseling. Existing key staff and positions include:

- Erika Kubly, AICP: Neighborhood Services Coordinator

Highest Degree: Master of Urban & Regional Planning, University of Iowa
Years of Related Experience: 11

- Rachel Carter, LMSW: Iowa City Housing Authority Administrator

Highest Degree: Master of Social Work, University of Iowa
Years of Related Experience: 14

- Sam Turnbull, LISW: Associate Planner – Grant Specialist:

Highest Degree: Master of Social Work, University of Iowa
Years of Related Experience: 11
New positions to be hired as part of the proposed grant activities will include:

- New Full-Time Position: Senior Housing Developer

- New Full-Time Position: Housing Program Assistant (Housing Counselor)

Additionally, the City may use ongoing rental income from the pilot affordable housing project tohire a part-time residential property manager to aid in management of newly developed publicly owned housing units. However, program income cannot be determined until the City has a better understanding of final project costs, so it is not included in this application.
Additional support will be provided by other City Departments which report to the City Manager. Key staff will draw on the expertise of departments including Transportation Services and Public Works to ensure that all activities are consistent with the City's policy direction and best practices. In addition, key staff will rely on the Department of Finance for accounting, financial management, and procurement expertise, in addition to the City Attorney's Office for legal advice and the City Manager's Office for additional direction or guidance as needed.
Relevant Experience
Key staff are well-versed in administering federally funded projects and coordinating with project partners, contractors, subrecipients, community stakeholders, and other government agencies. Staff have utilized federal funds to conduct administrative, planning, public service, and development activities for many years as part of federal programs such as CDBG, HOME, Housing Choice Voucher, Rapid Rehousing, Public Housing, and ARPA. This includes a depth of knowledge related to project and grant management, the planning and implementation of grant activities, financial oversight, along with monitoring and ensuring compliance with all federal requirements. Key staff and the additional support provided by other departments will help ensure that the City can quickly launch and implement all proposed activities. New positions will further expand and supplement the capacity of existing staff.
In addition, key staff have significant experience enhancing civil rights and addressing fair housing issues. In-house staff completed the City's 2019 Fair Housing Choice Study (Analysis of Impediments to Fair Housing Choice) which required extensive outreach to underserved communities and a thorough data analysis of racial and economic disparities in housing policy. This background allowed the City to incorporate several identified fair housing concerns into the recent Housing Affordability Zoning Code Amendments being considered by Council. Furthermore, staff have experience providing cultural competence and humility training, collecting data to identify racial disparities and make informed programmatic decisions, eliminating barriers that may disproportionately affect certain groups to ensure equitable access to services, and developing culturally sensitive support programs that address specific needs of different racial groups including language services, trauma-informed care, and targeted outreach. Finally, key staff are familiar with working directly with a diverse clientele and designing and operating programs that equitably benefit disadvantaged groups and advance racial equity. Key staff have also used the City's equity impact review toolkit to evaluate new programs and make meaningful changes to program design to enhance racial equity. This background and mindset are central to the Department and the way activities are designed, planned, and implemented.

Stakeholder Engagement and Public Participation Summary:

Key Stakeholders and Public Engagement
The City is proposing activities that are the product of years of public engagement which began with the City's 2016 Affordable Housing Action Plan and were reinforced through subsequent planning efforts. Key stakeholders that have been involved in these discussions include the general public, affordable housing developers, homebuilders, realtors, housing providers, financial institutions, public officials, University representatives, and nonprofit and community groups representing populations including persons with disabilities, immigrants, and refugees. Much of the outreach was conducted as part of recent planning processes for the 2019 Fair Housing Choice Study, the 2022 Affordable Housing Action Plan, the FY23-FY28 Strategic Plan, and the City's Housing Affordability Zoning Code Amendments. However, this specific grant application was developed by Community Development, Urban Planning, and Iowa City Housing Authority leadership and staff who would be responsible for carrying out activities.
Staff published the draft application materials on its website for public comment on October 2, 2023 and notified the public of the 15-day comment period and public meeting in the Press Citizen, a local newspaper. All public comments and staff responses are included in Attachment A. City Council held a public meeting regarding the draft application on October 17, 2023, during which additional feedback was received. After the hearing, Council empowered staff to apply for the grant and authorized the use of matching funds.
As a result of comments received, staff updated the application to better reflect how the City intends on ensuring the involvement of LMI residents and underserved communities of color and non-native English speakers. The grant application also takes into account input received as part of the City's recent affordable housing efforts, as well as the City's regular planning engagement processes for federal funding. With the funds awarded, the City plans to continue making public input a primary component of the proposed activities. The methods the City used to obtain public input and how it plans to obtain future public input are detailed below.
Public Input Relating to Housing Affordability
The proposed activities are primarily based on existing policies and goals in plans and studies reviewed and adopted by Council over the course of several years. More recent efforts started in 2022 with the adoption of an updated Affordable Housing Action Plan and 5-year Strategic Plan. These plans were built on nearly a year of community engagement, including the following:

- American Rescue Plan Act citywide survey with over 1,800 responses.
- General outreach activities at Wetherby National Night Out, Fairmeadows Party in the Park, and CommUnity Crisis Services, Iowa City Compassion Food Bank distributions, and several listening posts held by members of City Council.
- Meetings with targeted stakeholders such as the Disability Services Coordinating Committee, University of Iowa Student Government leadership, Catholic Worker House, Agency Impact Coalition, Affordable Housing Coalition, Open Heartland, and community and economic development organization
- Comments from the Greater Iowa City Area Home Builders Association, Iowa City Area Association of Realtors, and the Housing Action Team of Johnson County Livable Community foruccessful Aging Policy Board.
- Development by an Affordable Housing Steering Committee including representatives from the following industries and organizations: residential construction, the Iowa City Human Rights Commission, the Housing Fellowship (a Community Housing Development Organization), the Johnson County Affordable Housing Coalition, Iowa Valley Habitat for Humanity, Shelter House, the Local Homeless Coordinating Board, Horizon's Financial Wellness Center, the Housing Trust Fund of Johnson County, along with financial institutions, property managers and developers, and other nonprofits.

In addition to input specifically considering affordable housing needs, the City also received feedback as part of its recent

Housing Affordability Zoning Code amendments to improve housing choice, increase housing supply, and encourage affordability. In this process, the City heard from the public, neighborhood organizations, realtors, builders, and nonprofits through correspondence, two open houses, and several public meetings and hearings.
Public Input Obtained During Regular Engagement Processes
In addition, the City regularly solicits input in compliance with its adopted Citizen Participation Plan as part of the Consolidate Planning process. This includes resident participation in the Housing and Community Development Commission (HCDC), a 9-member group appointed by City Council to assess the City's community development needs for housing, jobs, and services for LMI residents. HCDC meets monthly and holds annual public meetings to review policies and programs of the Neighborhood Services Division and the ICHA and provide recommendations, to monitor CDBG and HOME projects, and to facilitate public input into these and other programs. The public is invited to participate in all meetings, and all meetings and plans derived from these processes are available on the City's website. The City also regularly consults with a variety of public and private entities as part of this process, including current and past recipients of CDBG and HOME funding. This regular input was also essential to informing proposed grant activities.
Furthermore, the City participates in numerous coalitions which provide a broader understanding of the housing situation in the region and help enhance coordination. One example is the Johnson County Local Homeless Coordinating Board which is comprised of nonprofits such as Shelter House, Iowa City's primary homeless services provider, the Domestic Violence Intervention Program, the Hawkeye Area Community Action Program, and others involved in addressing homelessness such as the Veterans Administration, local school district, and Johnson County. These organizations are consulted as part of the Iowa Balance of State Continuum of Care application process facilitated by the Iowa Council on Homelessness. The collaborations have led to the creation of eviction prevention clinics and increased support for coordinated entry to manage increased need due to the pandemic. The City also regularly attends meetings by the Affordable Housing Coalition to share information and solicit input regarding proposed activities, along with industry groups such as realtors, homebuilders, and property managers.
Public Input Looking Forward
With the funds awarded to the City, public input will be an integral component of proposed activities moving forward. The Comprehensive Plan land use andhousing elements will include an extensive public outreach process to ensure the vision and goals of the plan align with public attitudes and relevant data, including a combination of public and focus group meetings, interviews, and surveys. To ensure underrepresented persons of color can meaningfully contribute to these discussions, the City will partner with local community advocacy organizations, including those representing immigrant and refugee populations and other marginalized groups, to help spread the word and solicit feedback.
Other activities will provide an opportunity for meaningful input as well. The underway regional housing market and planned parking studies will require considerable consultation with local stakeholders familiar with these specific topic areas. In addition, any large-scale changes to City Code will include a public planning process. Similarly, the public will be able to weigh in on proposed development activities as part of the regular processes used by City Council to make decisions. These public engagement activities will help build support and engage the community to result in the best outcomes. The City will follow public participation including web posting requirements for any substantial amendments to the PRO Housing Action Plan.

Long-Term Effect:

The proposed activities are designed to address both shorter and longer-term aspects of the City's housing crisis. However, the cumulative effect is to create change that will last long past the grant's period of performance, including the permanent elimination of several key barriers to housing affordability in Iowa City. This exhibit explores specific deliverables and the intended effects of each proposed activity, in addition to how the City will track long-term success.
Deliverables & Long-Term Effects
Addressing the housing crisis requires a multi-faceted approach. The proposed grant activities seek to address barriers posed by adopted zoning and land use policies, the land use entitlement process, limited development capacity at the local level, as well as a need for more affordable housing. Below is a summary of what will be achieved upon completion of each activity.

- Deliverable: Parking Study and Associated Revisions to Parking Standards

Long-Term Effect: Zoning codes can be changed through the legislative process, but the proposed parking study informing changes to parking regulations will help appropriately calibrate the changes to parking standards so that subsequent amendments are not needed. This will help ensure that parking standards are correctly sized to the extent that they will no longer indirectly legislate occupancy or act as a barrier to new housing. As a result, the number of housing units constructed each year is expected to increase.

- Deliverable: Updated Comprehensive Plan Housing and Land Use Elements

Long-Term Effect: The City's planning regime was established a decade ago and elements date from long before that. Over this timeframe, a lot has changed. Reviewing and holistically reconsidering its vision, goals, policies, strategies, and action items through a systematic update provides a more current plan that places equity, climate, and housing at its core, addresses existing disparities, and prepares the City for the future. This new vision will be the guiding source of policy and zoning updates over the next 20 years which will affect the outcome of the built environment for generations.

- Deliverable: City-Initiated Rezoning to Higher Densities

Long-Term Effect: With a newly adopted land use policy vision, it will be important that the zoning map aligns with any changes. This deliverable consists of identifying areas that should be rezoned to allow higher densities based on that new vision, which is a more proactive and holistic approach than passively reviewing developer-led rezonings on a case-by-case basis. Because this approach will be based on significant community outreach and engagement, community friction will also be reduced. As a result, future development costs should be reduced due to a streamlined land use entitlement process and more certainty will be provided to housing providers. In turn, this should help boost the construction of new housing and reduce the tight supply currently being experienced.

- Deliverable: Housing Counseling

Long-Term Effect: The proposed housing counseling provided through the PRO Housing grant, is intended to meet the

pressing needs of those navigating the complex and challenging housing market of Iowa City. However, it will also have longer term impacts as well, including buildig the capacity ofhe City to continue providing similar services in the future and enhancing the public understanding of the market and available resources through education.

- Deliverables: ICHA Feasibility Study and Pilot Affordable Housing Development Project

Long-Term Effect: Local development capacity is a major issue impacting both housing supply and affordability in Iowa City. The activity that will have the largest impact on this gap is the creation of a development arm of the ICHA, which will allow the City to actively develop permanent affordable housing. In addition, the funds for the City-led pilot project will help ensure the long-term success of the division by providing experience and seed funds for dedicated development staff, while also providing rental income for ongoing property management. Because the proposed activities will support the long-term success of the ICHA as an affordable housing developer with a regional jurisdiction, it will also build regional capacity to continue delivering additional permanent affordable units throughout the metro.

Ensuring Success

Although the City has identified a real need to move forward with efforts that help to further housing affordability, there will be challenges faced during implementation. To counteract these roadblocks, the City has structured the proposed activities to mitigate and minimize these potential issues and ensure the long-term success envisioned by the application.

First, the City will undertake substantial public engagement efforts to hear from all voices during the implementation process, especially for planning-related activities. While the City has historically received more input from neighborhood associations and homeowners, the City also intends to make a substantial effort to engage individuals and families that would benefit from improved housing affordability, including students, lower income households, persons of color and immigrants, and those who speak languages other than English. Through an inclusive engagement framework, the City will obtain a holistic understanding of the community’s goals and build consensus for proposed changes.

Because the City will place climate action and resilience at the core of its activities, the City also plans on minimizing environmental risks which may otherwise undermine success. Flooding, the City’s main environmental risk, devastated the City in 2008. As a result, the City has recently updated floodplain regulations and is active in buying out properties in the floodplain. High heat events that could impact human health (i.e. areas lacking sufficient vegetative cover or aging residences lacking energy efficient features and/or air conditioning sufficient to handle heat events exceeding 90 degrees) are also a concern. The number of days above 90 degrees for our area is projected to increase to more than 90 days over the next century. Lastly, compounding events must be considered, such as the Derecho wind storm during a pandemic in August 2021 which only made it harder to shelter people. To mitigate the impact of hazards such as these, the City will evaluate the need for updating environmental regulations as part of its proposed Comprehensive Plan process and provide guidance based on the adopted policy direction. The City also has a track record of incorporating energy efficient design into itsaffordable housing projects and will utilize its environmental review process to assess the extent to which these hazards will jeopardize implementation of specific proposed activities.

By ensuring the success of its efforts, Iowa City hopes to become a model for other small and mid-sized, midwestern cities. The City is serious about addressing the housing affordability crisis and has developed a comprehensive approach to approaching this complex problem. As a result, proposed activities do not solely focus on regulatory barriers but also look at land use entitlements and local development capacity issues experienced throughout the region. By thinking through the barriers to housing affordability and implementing effective solutions, Iowa City can demonstrate success that be replicated by other similar communities. The City also intends to scale up activities that lead to the best outcomes which will provide additional opportunities.

Tracking Outcomes

Maintaining a high quality of life while ensuring all residents have access to more housing options that are affordable to them is the ultimate demonstration of success in Iowa City. While it will be a challenge, it is essential in creating a community that truly values all residents. In order to track success, the City intends to focus on several related sets of variables:

- Housing supply.
- Diversity of housing options.
- Housing affordability.

The leading indicator of success will be to see an increase in the number of new housing units constructed annually with true success being when the supply of new housing equals anticipated demand. While housing supply is a symptom rather than a root cause of a lack of housing affordability, increasing supply is a prerequisite to improving housing prices. As the housing supply increases, vacancy rates should also increase to a healthier level when a balanced housing market is reached. This is especially important near the University where vacancy rates are lowest and access to opportunities are the greatest. As such, staff will track the following:

- Metric: Increase the total number of dwelling units permitted per year

Target Outcome: 460

- Metric: Balance rental vacancy rate in tracts near University (6, 11, 16.01, 16.02, 21, 23)

Target Outcome: 6%

In addition to increasing supply, the City wants to ensure that all households have access to a variety of housing choices that meets their needs. To this end, the City should be able to demonstrate that a diversity of housing is being developed to match the needs identified in the proposed housing study. Therefore, the City will track the number of newly constructed units that are typically smaller and at lower price points than detached single-family homes, such as new duplexes, and multi-family uses. These will be tracked by the percentage of units created for different housing types based on the housing study. Until that is complete however, the City can use the following target outcomes for duplexes based on increasing the number of these housing types being built currently. For multi-family, the City proposes tracking the change in the land area that allows multi-family development as land zoned multi-family tends to be a bigger barrier than the number of units actually constructed.

- Metric: Increase the number of new duplexes permitted per year

Target Outcome: 15

- Metric: Increase the acreage of land zoned to allow multi-family uses

Target Outcome: 30%

Finally, the City wants to track metrics related specifically to housing affordability. Since Iowa City has a high number of households that are housing cost burdened, the long-term success of these efforts will only come to fruition if this number begins to decrease. A reduction of 5 percentage points would start to indicate progress, though continued decline is the ultimate goal. Another target is the total number of units that are included in an affordable housing program (bolstered by permanent affordable housing units created by ICHA). Staff would begin by aiming for 10% of the total demand for housing, though the final metric for success should be based on need as identified in the regional housing study.

- Metric: Reduce the percentage of housing cost-burdened households

Target Outcome: 5 percentage points

- Metric: Dwelling units in affordable housing programs created per year

Target Outcome: 46

Substantial and Non-substantial Amendments (if applicable):

N/A

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title	Grantee Program
9999	Restricted Balance	*No activities in this project*		
PRO 1	Planning Related Activities	D0843	Comprehensive Plan	
		D0844	Parking Study	
		D0845	City Initiated Rezoning	
		D0847	ICHA Feasability Study for Housing Development Division	
PRO 2	Housing Related Activities	D0846	Housing Counseling	
		D0848	Affordable Housing Development	
PRO 3	Administration Related Activities	D0842	PRO Housing Administration	

Activities

Project # / PRO 1 / Planning Related Activities

Grantee Activity Number: D0843

Activity Title: Comprehensive Plan

Activity Type:
PRO - Planning

Activity Status:
Under Way

Project Number:
PRO 1

Project Title:
Planning Related Activities

Projected Start Date:
11/18/2024

Projected End Date:
06/30/2026

Project Draw Block by HUD:
Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:
Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:
Not Blocked

National Objective:
Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Total Budget:	$ 150,000.00
Most Impacted and Distressed Budget:	$ 0.00
Other Funds:	$ 0.00
Total Funds:	$ 150,000.00

Benefit Report Type:
NA

Ancillary Activities

None

Projected Accomplishments	Total
# of zoning code amendments adopted	
# of pre-approved housing plans created	
# of land use amendments adopted	
# of parcels with expanded by-right zoning	
# of parcels with reduced parking minimum	
# of parcels up-zoned	
# of diversity and equity plan completed	
# of infrastructure study plans completed	
# of parking study plans completed	
# of transit study plans completed	

# of housing study plans completed	
# of zoning studies completed	
# of affordable housing development plans completed	
# of plans created	
# of plans adopted	1

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Iowa City	Unknown	$ 150,000.00

Location Description:

Activity Description:

This project includes updating the City's Comprehensive Plan to lay the groundwork for comprehensively reforming the City's Zoning Code to better align with the community's increasing focus on climate action and resilience, equity and affordable housing.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: D0844

Activity Title: Parking Study

Activity Type:
PRO - Planning

Activity Status:
Planned

Project Number:
PRO 1

Project Title:
Planning Related Activities

Projected Start Date:
04/01/2025

Projected End Date:
09/30/2027

Project Draw Block by HUD:
Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:
Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:
Not Blocked

National Objective:
Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Total Budget:	$ 125,000.00
Most Impacted and Distressed Budget:	$ 0.00
Other Funds:	$ 0.00
Total Funds:	$ 125,000.00

Benefit Report Type:
NA

Ancillary Activities

None

Projected Accomplishments	Total
# of zoning code amendments adopted	1
# of pre-approved housing plans created	
# of land use amendments adopted	
# of parcels with expanded by-right zoning	
# of parcels with reduced parking minimum	
# of parcels up-zoned	
# of diversity and equity plan completed	
# of infrastructure study plans completed	
# of parking study plans completed	1
# of transit study plans completed	
# of housing study plans completed	
# of zoning studies completed	
# of affordable housing development plans completed	
# of plans created	

# of plans adopted

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Iowa City	Unknown	$ 125,000.00

Location Description:

Activity Description:

This project entails a comprehensive parking study to evaluate the extent to which parking standards need to be modified. As such, this activity would begin with a comprehensive evaluation of parking supply and demand downtown, in neighborhoods near downtown, and at typical use categories. The study will result in recommendations for changes to parking requirements to allow for increased affordable housing development.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: D0845

Activity Title: City Initiated Rezoning

Activity Type:
PRO - Planning

Activity Status:
Planned

Project Number:
PRO 1

Project Title:
Planning Related Activities

Projected Start Date:
09/30/2026

Projected End Date:
06/30/2027

Project Draw Block by HUD:
Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:
Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:
Not Blocked

National Objective:
Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Total Budget:	$ 50,000.00
Most Impacted and Distressed Budget:	$ 0.00
Other Funds:	$ 50,000.00
Total Funds:	$ 100,000.00

Benefit Report Type:
NA

Ancillary Activities

None

Projected Accomplishments	Total
# of zoning code amendments adopted	1
# of pre-approved housing plans created	
# of land use amendments adopted	
# of parcels with expanded by-right zoning	
# of parcels with reduced parking minimum	
# of parcels up-zoned	
# of diversity and equity plan completed	
# of infrastructure study plans completed	
# of parking study plans completed	
# of transit study plans completed	
# of housing study plans completed	
# of zoning studies completed	
# of affordable housing development plans completed	
# of plans created	

# of plans adopted

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Iowa City	Unknown	$ 50,000.00

Funding Source Name	Matching Funds	Funding Amount
Local Funding	No	$ 50,000.00

Location Description:

Activity Description:

This project entails the City initiating a rezoning to facilitate the production of higher density uses and increase the supply of housing types that are more affordable. These areas would be identified as part of the Comprehensive Plan update process and will reflect the market forces shaping the region based on the outcome of the regional housing study. A City-initiated rezoning process allows a more holistic and proactive approach to ensure areas intended for higher densities are appropriately zoned.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: D0847

Activity Title: ICHA Feasability Study for Housing Development Division

Activity Type:
PRO - Planning

Activity Status:
Under Way

Project Number:
PRO 1

Project Title:
Planning Related Activities

Projected Start Date:
10/01/2024

Projected End Date:
09/30/2025

Project Draw Block by HUD:
Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:
Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:
Not Blocked

National Objective:
Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Total Budget:	$ 275,000.00
Most Impacted and Distressed Budget:	$ 0.00
Other Funds:	$ 0.00
Total Funds:	$ 275,000.00

Benefit Report Type:
NA

Ancillary Activities

None

Projected Accomplishments	Total
# of zoning code amendments adopted	
# of pre-approved housing plans created	
# of land use amendments adopted	
# of parcels with expanded by-right zoning	
# of parcels with reduced parking minimum	
# of parcels up-zoned	
# of diversity and equity plan completed	
# of infrastructure study plans completed	
# of parking study plans completed	
# of transit study plans completed	
# of housing study plans completed	1
# of zoning studies completed	
# of affordable housing development plans completed	

# of plans created

# of plans adopted

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Iowa City	Unknown	$ 275,000.00

Location Description:

Activity Description:

The goal is to explore the creation of a development arm for the Iowa City Housing Authority, which is both a City department and serves as a regional housing authority for Johnson County, Iowa County, and a portion of Washington County. The first step in this process is to determine the best course of action to develop a housing development divisiion that would directly carry out affordable housing activities throughout the region. The intent of this activity is to identify the best way to build internal capacity and design a self-sufficient public entity funded by development fees and rental income associated with future affordable housing projects.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / PRO 2 / Housing Related Activities

Grantee Activity Number: D0846

Activity Title: Housing Counseling

Activity Type:
PRO - Housing Counseling

Activity Status:
Planned

Project Number:
PRO 2

Project Title:
Housing Related Activities

Projected Start Date:
09/30/2025

Projected End Date:
09/30/2029

Project Draw Block by HUD:
Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:
Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:
Not Blocked

National Objective:
LMC: Low Mod Limited Clientele

Total Budget:	$ 200,000.00
Most Impacted and Distressed Budget:	$ 0.00
Other Funds:	$ 0.00
Total Funds:	$ 200,000.00

Benefit Report Type:
Direct (Person)

Ancillary Activities

None

Projected Beneficiaries	Total	Low	Mod	Low/Mod%
# of Persons	120		120	100.00

Projected Accomplishments	Total
# of Singlefamily Units	
# of Multifamily Units	
# of Housing Units	

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Iowa City	Unknown	$ 200,000.00

Location Description:

Activity Description:

This project entails the City of Iowa City becming HUD-certified and offering housing counseling to LMI households.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: D0848

Activity Title: Affordable Housing Development

Activity Type:
PRO - New Housing Construction Multi-Unit Residential

Activity Status:
Planned

Project Number:
PRO 2

Project Title:
Housing Related Activities

Projected Start Date:
09/30/2025

Projected End Date:
09/30/2029

Project Draw Block by HUD:
Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:
Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:
Not Blocked

National Objective:
Low/Mod-Income Housing: Any assisted activity that involves the acquisition/rehabilitation of property to provide housing considered to benefit persons of LMI-only to the extent such housing will, upon completion, be occupied by such persons

Total Budget:	$ 2,827,360.00
Most Impacted and Distressed Budget:	$ 0.00
Other Funds:	$ 1,575,440.00
Total Funds:	$ 4,402,800.00

Benefit Report Type:
Direct (Households)

Ancillary Activities

None

Projected Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	18		18	100.00
# Owner Households				0.0
# of Households	18		18	100.00

Projected Accomplishments	Total
# of Multifamily Units	18
# of Housing Units	18
# of Properties	1

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Iowa City	Unknown	$ 2,827,360.00

Funding Source Name	Matching Funds	Funding Amount
Local Funding	No	$ 1,575,440.00

Location Description:

Activity Description:

This activity entails hiring a Senior Housing Developer and construction of a multifamily affordable housing property with at least 18 units of affordable housing.

Environmental Assessment: UNDERWAY

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / PRO 3 / Administration Related Activities

Grantee Activity Number: D0842

Activity Title: PRO Housing Administration

Activity Type:
Administration

Activity Status:
Under Way

Project Number:
PRO 3

Project Title:
Administration Related Activities

Projected Start Date:
08/27/2024

Projected End Date:
09/30/2029

Project Draw Block by HUD:
Not Blocked

Project Draw Block Date by HUD:

Activity Draw Block by HUD:
Not Blocked

Activity Draw Block Date by HUD:

Block Drawdown By Grantee:
Not Blocked

National Objective:
Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Total Budget:	$ 124,640.00
Most Impacted and Distressed Budget:	$ 0.00
Other Funds:	$ 250,560.00
Total Funds:	$ 375,200.00

Benefit Report Type:
NA

Ancillary Activities

None

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Iowa City	Unknown	$ 124,640.00

Funding Source Name	Matching Funds	Funding Amount
Local Funding	No	$ 250,560.00

Location Description:

Activity Description:

This project consists of funds from Iowa City's PRO Housing award to administer the PRO Housing grant, and activities and projects funded by the grant.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Action Plan History

Version	Date
B-23-PH-19-0002 AP#1	03/10/2025