

DECEMBER 2007



**AFFORDABLE
HOUSING
MARKET
ANALYSIS**



**MULLIN &
LONERGAN
ASSOCIATES**
INCORPORATED

IOWA CITY METRO AREA

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Iowa City Metro Area Affordable Housing Market Analysis

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Part I EXECUTIVE SUMMARY

OVERVIEW

Iowa City is consistently ranked as one of America’s best places to live. Over the past several years, the city has been awarded the following noteworthy recognitions:

- Sterling’s Best Places to Live – 5th nationally
- Money Magazine – 3rd best Place in the Nation to Retire
- Forbes/Milken Institute – Best Small Metro Areas and Best Places to Launch a Small Business Career
- Sterling’s Best Places – Low Stress Level
- Expansion Management Magazine – 4th best public schools in the nation; 5-star Quality of Life; Best Places to Expand Business
- American City Business Journal – Quality of Life.

Iowa City and the University of Iowa have been inextricably tied together since the inception of both. The city was created in 1839 as the first permanent location of Iowa’s seat of government and the university followed soon after in 1847. Today, the two institutions are nearly synonymous as a result of their influences on each other. Student enrollment of almost 30,000 together with 18,000 employees makes the university the single, largest entity in a region that extends well beyond the city.

The livability of Iowa City and the quality of higher education at the University of Iowa have attracted tens of thousands of students, faculty and staff for decades. As enrollment has risen, so has the demand for housing. The increasing student and faculty population has placed a premium on housing not only in Iowa City, but in neighboring jurisdictions as well. For over fifty years, residents have been seeking more affordable housing outside of Iowa City. Following World War II, veterans attending college classes on the G.I. Bill searched for housing in Coralville where it was considered more affordable and taxes were lower. A similar scenario exists today where lower income households struggle to find decent and affordable housing in a very tight and expensive housing market.

PURPOSE OF STUDY

The City of Iowa City, in collaboration with the cities of Coralville, North Liberty, Tiffin and University Heights (collectively referred to as the Iowa City metro area), have prepared this *Affordable Housing Market Analysis* to examine existing and future need for housing among lower income households.

To assist with the preparation of this document, the City of Iowa City selected the firm of Mullin & Lonergan Associates, Inc., a housing and community development consulting firm with offices in Pittsburgh, Harrisburg and Philadelphia, Pennsylvania.

The purposes of the *Affordable Housing Market Analysis* are to:

- Identify demographic and economic trends that affect the demand for housing
- Define the supply and demand characteristics of the housing market as a whole
- Analyze the demand for affordable housing
- Determine if there are any barriers to affordable housing
- Recommend actions and initiatives aimed at expanding the supply of affordable housing.

This study does not include an analysis of student housing. While university students significantly impact the regional housing market, the primary purpose of this study is to determine the need for affordable housing for non-student households.

WHAT IS AFFORDABLE HOUSING?

For this study, lower income households are defined as those with an annual income at or below 80% of the area median household income. Affordable housing for renters is defined as paying no more than 30% of gross household income for housing expenses including rent and utilities, regardless of income level. Affordable housing for home owners is defined as paying no more than 50% of gross household income for housing expenses including mortgage, utilities, insurance and taxes, regardless of income level. The primary goal of this study is to determine whether there is an adequate supply of affordable sales and rental housing to meet the needs of households at or below 80% of median household income in the Iowa City metro area.

MAJOR FINDINGS

Household growth is outpacing population growth.

During the 1990s, population in the Iowa City metro area increased at a rate of 13.6% while households grew by 22.8%. This trend parallels national trends in high growth areas and is indicative of smaller households and smaller family size. Iowa City's modest population increase of 4.2% was easily surpassed by a 14.7% increase in household growth. North Liberty and Tiffin both experienced very high household growth rates. The exception to this trend is Coralville, which experienced a higher population growth rate (46.2%) and a lower household growth rate (39.9%). This is indicative of a higher rate of married-couple families with children and a larger average household size. While the population of University Heights fell 5.3% during the 1990s, households declined by less than 1%. This reflects an aging population where children have moved out of their parents' homes.

New residents continue to migrate to the Iowa City region.

New residents are relocating to Johnson County from contiguous counties and across the nation. In fact, more people are moving into Johnson County than are moving out. In 2000, more than 35,000 persons migrated to Johnson County from their previous residence in 1995, while almost 33,000 persons migrated out. This resulted in a net inflow of almost 3,000 persons.

Housing prices have outpaced income.

Real median household income in Iowa City *decreased* 4.5% from \$42,694 in 2000 to \$40,772 in 2007. In contrast, the median sales price of housing *increased* 8.2% from \$134,000 in 2001 to \$165,000 in 2006, after adjusting for inflation. Demographia, an international public policy firm specializing in urban policy and demographics, in 2000 ranked the Iowa City urbanized area as the 67th most expensive housing market out of 451 markets across the U.S.

Many cost burdened households are active members of the region's workforce whose salaries are not keeping pace with housing costs.

More than half of all employed persons work in industries with the lowest entry level wages in Johnson County. Approximately 12.8% of workers are employed in industries with entry level wages of less than \$15,000 annually. Another 40% work in industries with entry level wages between \$15,000 and \$20,000 annually. These lower wage workers are essential to the continued expansion of the region's economy and they contribute significantly to the demand for affordable sales and rental housing in the Iowa City metro area.

Approximately 29% of all households in the study area have household incomes of less than \$25,000. This is equivalent to 11,344 households (including student households) having household incomes of about 52% of the Johnson County median household income. Excluding households where the householder is younger than 25 years of age (i.e. student households) lowers this figure to 6,792 households, representing 17% of all households in 2007. Another 10,863 households (28%) have incomes between \$25,000 and \$49,999, which is equivalent to about 104% of the County median household income.

In 2006, the median sales price of housing ranged from a low of \$152,900 in the North Liberty/Tiffin area up to a high of \$180,000 in Coralville. Based on these prices, a household would require a minimum income of \$50,650 in order to afford a home selling for the median sales price within the study area. This income amount is equivalent to 106% of the median household income of \$47,940 for all of Johnson County in 2007.

Household growth is expected to add more than 2,600 households by 2012 with most growth occurring at higher income levels.

In its scope, the *Affordable Housing Market Analysis* considers the five year period from 2007 through 2012. More specifically, the study considers how the growth of households within that time frame will impact the demand for affordable housing. Claritas projections report a net total of 2,618 new households in the Iowa City metro area by 2012 with most of these households projected to be in the \$100,000 and higher income range.

Continued household growth and higher median household income fuel the demand for new housing. However, the Iowa City metro area is producing many more higher-priced housing units than moderately priced units.

Since 2000 nearly 7,500 housing units have been added to the Iowa City metro area housing inventory. Between 2005 and 2006, the number of single family housing units that sold for less than \$100,000 in the Iowa City area *decreased* from 186 units to 155 units. Meanwhile, the number of single family housing units that sold for more than \$200,000 *increased* from 751 units to 764 units. Between 2000 and 2006 the average construction cost for a single family housing unit in Iowa City rose 30% from \$148,588 to \$226,676, after adjusting for inflation. A total of 1,703 new construction single family and condominium units sold for less than \$140,000 between 2000 and 2006.

The suburban areas remain the centers of growth in the region.

More than 90% of the population increase since 2000 has occurred in the municipalities surrounding Iowa City and University Heights. Spurred by new residential and commercial development, the population of Coralville has increased 21.3% from 15,123 to 18,337. This is equivalent to an annual average increase of 459 residents over the past seven years. The population of North Liberty has increased 49.3% from 5,367 to 8,014, averaging 378 new residents annually. Tiffin, with a 2000 population of 975, is also experiencing significant growth; the population increased 50.1% to 1,463 in 2007.

For the first time, Iowa City's population declined in 2002, falling to 62,894 from 62,947 in 2001. After a couple of years of modest growth, the population increased to 63,046 in 2005 before declining to 62,971 in 2007. Consequently, the overall growth rate of Iowa City since 2000 is estimated to be 1.2%. University Heights has continued to lose population since 2000, falling from 987 to 874 residents. This count is approaching pre-1970 population levels.

Fueled by the growth in the areas outside of Iowa City, Johnson County's population has continued to increase at an average annual rate of 1,043 persons since 2000. With the

exception of Iowa City and University Heights, growth in the study area exceeded the County rate of 6.6% and the State rate of 1.0% during the same period.

Existing demand for affordable housing exceeds projected demand.

The demand for affordable housing is comprised of both existing demand and projected demand. Existing demand for affordable housing is based on the number of households in the study area that are experiencing housing problems. Projected demand is based on the increase in the number of lower income households expected to reside in the study area regardless of housing condition. The combination of existing demand plus projected demand provides an estimate of the overall demand for affordable housing units.

To estimate existing housing demand, households with housing problems were identified utilizing 2000 data from HUD's State of the Cities Data System. Housing problems included the following two characteristics: (1) *renter* households who were cost burdened and paying more than 30% of gross income on housing and *home owners* who were cost burdened and paying more than 50% of gross income on housing, and (2) households who were living in dwelling units with physical deficiencies (overcrowded conditions and/or without complete plumbing or kitchen facilities).

Across the study area, a total of 400 lower income households were living in physically-deficient units. Cost burden was identified as a housing problem for 8,396 renter households with only 1,868 of these identified as Family Households. Among owner households, 827 were cost burdened. As a result, the existing housing demand is 3,095 units (400 households living in physically-deficient units plus 1,868 cost burdened family renter households plus 827 cost burdened owner households).

The total *projected* affordable housing demand for the Iowa City metro area consists of 2,355 dwelling units. This number consists of 924 units affordable to extremely low income households, 571 units affordable to very low income households and another 860 units affordable to low income households. As a result, existing demand for affordable housing exceeds projected demand by a ratio of 1.3 to 1.

Projected housing construction activity is not expected to address affordable housing need.

It is projected that an additional 5,136 housing units will be created between 2007 through 2012. The net change in the existing housing stock in the study area between 2000 and 2006 was 7,488 housing units for an average annual production rate of 1,070 units. A lower annual production rate is projected for 2007 through 2012 as a result of the current problems in the housing mortgage industry. While lending institutions may tighten their mortgage standards, this may be off-set by the vibrant and diversified economy in the Iowa City region. However, tighter mortgage standards will have a more

significant impact on lower income households than middle and higher income households.

Based on these trends and assumptions, it is projected that an additional 5,136 housing units (approximately 856 units annually) will be created from 2007 through 2012. Of these:

- 3,082 units (60%) will be single family owner-occupied units
- 2,054 units (40%) will be multi-family renter-occupied housing units.

Furthermore, it is projected that the private housing market will continue to favor higher income households, owners and student renters over lower income households and family renters.

Experienced affordable housing developers in the region are struggling against many barriers to create new affordable housing units for lower income households.

Barriers to affordable housing are obstacles that impede the development of affordable housing units. Different types of barriers—public policies, market factors, physical constraints, etc.—require different strategies to ameliorate their impact on the affordable housing market. The barriers identified in the Iowa City metro area include the following:

- Public Policy Barriers
 - There is an absence of developable land zoned for multi-family housing *and available for purchase* in Iowa City. Undeveloped land that is already zoned for multi-family housing is largely controlled by developers that bring the land to market on a gradual basis. Consequently, if a nonprofit developer wishes to build multi-family units, he must apply for a rezoning and endure the public hearing process, where neighborhood opposition can defeat the project.
 - State and federal funding resources have continuously declined over the past several years with fewer resources made available to finance affordable housing projects.
- Market Barriers
 - The high cost of land and construction places new housing development beyond the reach of most affordable housing developers.
 - In high growth areas such as the Iowa City area, market rate developments offer higher profit margins to builders and developers, thereby reducing the supply of labor and number of firms interested in affordable housing.
 - Market rate transactions offer fewer challenges (to builders and developers) and higher commissions (to Realtors) than do affordable housing developments.

- There is a relative scarcity of single family detached homes available for sale for less than \$200,000.
- “Street” rents for student housing are higher than HUD Fair Market Rents, which is a disincentive for private landlords to participate in the Section 8 Housing Choice Voucher Program.
- The student rental market is very lucrative. Leases for newer student apartments include a per-bedroom monthly rent which greatly exceeds what a working family with children could afford to pay.
- There is a relative lack of available vacant housing units that are affordable and available for purchase and/or rehabilitation for lower income households. This situation places more pressure on affordable housing developers to construct new units, a more costly alternative.
- There is a relative lack of vacant non-residential structures available for purchase and conversion into rental housing.
- Restrictive covenants on single family detached homes constructed in planned subdivisions that require minimum square footage of dwelling units, minimum number of garage bays and other design standards prohibit homes from being rented and eliminate the possibility of affordable housing units being built within many of these new communities.
- Nearly half of the privately assisted housing inventory is at risk for conversion to market rate housing.
- The vibrant housing market in Iowa City has caused property values to increase and housing units to be highly marketable. As a result, there are relatively few areas that are suitable for redevelopment initiatives, which could help to create new affordable housing opportunities.
- Physical Barriers
 - The high cost of lead-based paint abatement greatly increases the cost of rehabilitation of older housing units.
 - Sensitive environmental features such as steep slopes and wetlands are driving up the cost of housing construction on vacant parcels.
- Other Barriers
 - There is a need for increased capacity within nonprofit organizations that develop affordable housing. Nonprofit organizations typically operate on shoe-string budgets. Without ready access to pre-development assistance, nonprofit developers are very limited in their ability to explore the feasibility of a project. The number of experienced staff dedicated exclusively to housing development indicates how much time and effort a developer can devote to creating new housing. A staff of several full-time employees working exclusively on locating sites and developing financing packages, as well as overseeing construction, enables a developer to focus on its mission to build housing.

- The ability to successfully make the transition from renting to home ownership can be daunting. Learning how to budget, allowing for home maintenance, keeping a credit history in good shape—all of these elements are key components of home ownership counseling which must be available to first time homebuyers to help them achieve long-term stability and avoid default or foreclosure.

Total affordable housing need for 2007-2012 is estimated to be 2,739 units.

Affordable housing need is determined by identifying the unmet affordable housing demand. The total affordable housing *demand* in the study area for 2000-2012 was calculated to be 5,450 housing units. The total affordable housing *supply* for the same period is estimated to be 2,711 units, leaving an unmet *need* of 2,739 affordable housing units.

FIGURE 1

AFFORDABLE HOUSING DEMAND		Total
Existing Demand for Affordable Housing (2000)		
Households with Housing Problems		3,095
Future Demand for Affordable Housing (2000-2012)		
New Lower Income Households (excluding student households where possible)		2,355
Total Affordable Housing Demand		5,450
AFFORDABLE HOUSING SUPPLY		Total
Supply of Affordable Housing Units Created between 2000 and 2012		
2000-2006 New Construction/Rehabilitated Units		
New construction single family and condo units (market rate units)		1,703
Habitat for Humanity (6 units/year x 7 years)		42
Iowa City TARP Program (8 units/year x 7 years)		56
Longfellow Manor		12
The Peninsula		17
Melrose Ridge		18
The Housing Fellowship		15
Concorde Terrace		30
Lexington Place		30
Extend the Dream Foundation		3
Whispering Gardens		12
MECCA		12
Successful Living		29
HACAP		22
2007-2012 New Construction/Rehabilitated Units		
New construction single family and condo units (market rate units)		514
Habitat for Humanity (5 units/year x 6 years)		30
Builders of Hope		6
HACAP		6
Iowa City TARP Program (8 units/year x 6 years)		48
Iowa City Housing Authority (Longfellow Place)		8
The Housing Fellowship (Berry Court)		14
The Housing Fellowship (Home & Neighborhood Scattered Sites)		24
Burns and Burns (Jefferson Point)		60
Total Affordable Housing Supply		2,711
AFFORDABLE HOUSING NEED		Total
Total Demand minus Total Supply		2,739

Sources: Affordable Housing Developers; City of Iowa City; Iowa City Area Realtors Association; Mullin & Lonergan Associates, Inc.

RECOMMENDATIONS

1. Work to change public perception of higher density, multi-family affordable housing.

There is a perception amongst some that higher density, multi-family housing proposals consisting of affordable housing opportunities are not appropriate for single family neighborhoods. While this rationale may be justified in some instances, multi-family housing fronting along major thoroughfares, located at street intersections, and in transition areas between residential and non-residential uses are appropriate. And, contrary to public belief, well-designed and well-managed affordable housing developments do not decrease surrounding property values. Recommended strategies include:

- Engage in public education and outreach to help residents understand that there are costs associated with an undersupply of affordable housing such as lower achievement scores among school-age children, increased traffic congestion, increased commuting times and distance, increased need for road maintenance, less time for volunteer and other civic activities, etc.
- Put a human face on workforce housing needs such as a local school teacher, nurse, or police officer. Illustrate that many people who fill vital community occupations cannot afford to purchase or rent a home today.
- Affordable housing developers can help change negative perceptions through quality design that is compatible with existing surrounding neighborhoods. Every effort should be made to insure that all affordable housing is well-designed, integrated into the neighborhood and effectively managed. Residents are sensitive to affordable housing being located in their neighborhoods due to the fear that affordable housing units will decrease property values. In reality, affordable housing developments that are well-designed, smartly-integrated and effectively managed have been shown to enhance property values rather than diminish them.
- Publicize this report to educate the public on the area's affordable housing needs.

2. Revise public policies to create an environment in which affordable housing opportunities can be created without obstacles.

- Increase the amount of land zoned for multi-family housing. Most, if not all, of the land currently zoned for multi-family housing in Iowa City is either developed or not on the market. Affordable housing developers are unable to make projects work financially on the few parcels that may be available because (1) the land is too expensive, or (2) it is not zoned to an adequate density. Proactive, selective rezoning of land within Iowa City by elected officials to expand the location of zoning districts that permit multi-family housing by right will eliminate the

opportunity for NIMBYists to object to development proposals on a case-by-case basis.

- Zone concurrently with all annexation actions. Iowa City should continue to enforce its policy of zoning land upon annexation into the city, and Coralville, North Liberty and Tiffin should be encouraged to do the same. Multi-family housing should be given a high priority during these procedures.

3. Adopt a mandatory inclusionary housing ordinance to meet the significant unmet need for affordable housing.

The Iowa City metro area is fortunate to have several highly motivated nonprofit and for-profit affordable housing developers. While these organizations are highly capable, they lack the resources required to put a major dent in the region’s unmet affordable housing need. Clearly, additional mechanisms are needed to expand the production of affordable housing. One way of expanding production is to capitalize on the region’s dynamic real estate market by using market-rate development to create the supply of affordable housing. Inclusionary zoning is a “carrot and stick” approach to expanding affordable housing.

Such an ordinance could provide financial and other incentives to developers in exchange for the provision of a percentage of housing units set aside for households with incomes at or below 80% of the area median income. For an inclusionary ordinance to be effective, there must be specific incentives offered in exchange for specific measures to be undertaken by a developer. For example, the ordinance might require a developer to set aside at least 5% of all single family housing units in a project to be sold for no more than \$135,000 each. For a multi-family development plan consisting of a minimum number of units, a specified percentage of the units (usually 5% to 10%) would be required to be set aside for households under a specified income threshold.

4. Potential redevelopment areas in Iowa City present opportunities for new affordable housing and neighborhood revitalization.

Chapter 403 of Title IX of the Code of Iowa allows a city to establish urban renewal areas to assist in the removal and redevelopment of blighted and substandard properties. Cities can also undertake urban renewal activities that promote new economic, commercial, and housing developments. These initiatives typically include the acquisition and demolition of structures, utility and infrastructure installation, new infill housing, rehabilitation or conservation of properties, and other development assistance utilizing tax increment financing (TIF). Obtaining the designation of a Neighborhood Revitalization Strategy Area (NRSA) from HUD may be appropriate also.

The redevelopment of residential areas near employment centers and public transportation access can help families decrease housing and transportation costs and

their commuting time to work. Increasing higher density housing in these areas can increase public transit ridership as well.

5. Prioritize the preservation of existing affordable housing units.

In terms of rental housing, the priority need is to preserve the existing supply of affordable units. Preservation of existing assisted rental housing has been recognized as a national problem as older affordable housing units begin to reach contract expiration or the end of their restricted use period. In fact, most states have included a set-aside of federal Low Income Housing Tax Credits within their Qualified Allocation Plan (QAP) to specifically address the preservation of existing affordable housing stock.

Owners of aging affordable rental housing developments with expiring use restrictions or subsidies are being faced with decisions regarding the future use of their property. Potential loss of existing rent subsidies, conversion to market rate housing, and/or deterioration of older and less marketable units, are just a few of the concerns that owners need to address.

In the Iowa City metro area, nearly half of the entire assisted rental housing stock is facing or will be faced with expiring rent subsidies and/or restrictions through 2011. That's nearly 600 units of the existing 1,278 rental units. The disposition of these units will likely fall into three major categories, including conversion to market rate, investing in moderate to substantial rehabilitation, or maintaining the status quo. With the large number of affordable units set to expire by 2011, it is critical that officials promote preservation of these units as a community priority and collaborate with development owners to ensure these units remain in the affordable housing stock.

Another affordable housing resource in Iowa City that is worthy of preservation is the existing supply of mobile home parks. As a matter of public policy, Iowa City has historically placed emphasis on the rehabilitation of existing mobile homes. The City requested and received special permission from HUD to rehabilitate mobile home units with CDBG and HOME funds. A strategy is needed to protect this public investment in mobile homes and mobile home parks.

6. Treat affordable housing developers as a special class of developer.

Nonprofit housing developers cannot compete on a level playing field with for-profit developers in the absence of incentives. Nonprofits typically do not have ready access to capital and are dependent upon highly competitive public resources to finance their affordable housing projects. Incentives provided by a municipality can foster a higher level of commitment from and a stronger desire to produce more affordable housing units by local nonprofits.

- Streamline the permitting process for projects involving affordable housing.

- Participate in the cost of financing infrastructure improvements for projects involving affordable housing.
- Waive local fees for nonprofit organizations that develop affordable housing.

Encourage the development of new housing tax credit projects. New production is needed to expand the supply of affordable housing. Local units of government should play a proactive role in identifying sites for new affordable housing, including surplus property that is municipally-owned. Development teams would then be encouraged to prepare and submit proposals. Local government should be prepared to work with the development team to define an appropriate blend of expectations and incentives that will result in a high quality project.

7. Seek State Housing Enterprise Zone designation.

Developers and contractors building or rehabilitating housing in a State Enterprise Zone may be eligible to receive certain state tax incentives. The developer or contractor must build or rehabilitate at least four single family homes or at least one multi-family building containing three or more units in a certified Enterprise Zone. The housing must meet HUD Housing Quality Standards and local housing codes. Tax incentives include a refund of state sales, service or use taxes paid during construction and an investment tax credit of up to a maximum of 10% of the investment directly related to the construction or rehabilitation of the housing.

8. Dedicate specific sources of revenue to finance affordable housing development over the long term.

Lobby Iowa legislators to fully finance the State Housing Trust Fund. This program helps ensure decent, safe and affordable housing for Iowans. The Local Housing Trust Fund Program provides grants for communities, counties and organizations to create a local housing trust fund. The Project-Based Housing Program aids the development and rehabilitation of single family and multi-family housing. Johnson County received a total of \$132,000 in 2007 from the State Fund. While funding of the program is projected to increase, the demand for funds from applicants far exceeds available amounts.

Identify a dedicated revenue stream to capitalize the Housing Trust Fund of Johnson County. In order to use the trust as a tool to address the region's unmet affordable housing need, it must be adequately capitalized through a recurring revenue stream. For example, local officials may wish to consider doubling recording fees on deeds and mortgages. The increase in recording fee revenues would automatically flow to the Trust Fund.

9. Create an environment for collaboration and cooperation.

Conduct workshops with local government planners and builders to:

- Sensitize participants to affordable housing issues and solutions
- Reach for high quality development that addresses a defined demand
- Advocate for housing and transportation policies to be planned together
- Publish public education materials to inform residents of the need for and the impact of affordable housing on the region
- Participate in a roundtable discussion of best practices.

Encourage partnerships between nonprofit and for-profit developers. Partnerships between for-profit and nonprofit developers can take on many different forms. Often the local non-profit has the vision and neighborhood relationships necessary to facilitate the creation of affordable units. However, most of the area nonprofits lack available human and financial resources required to successfully compete for program funds. Joint venture arrangements between nonprofits or for-profits will often provide the solution to close the divide between a goal and the means to accomplish the goal. In addition to human and financial resources the for-profit partner can impart valuable experience and expertise to their nonprofit partner.

Establish a cooperative relationship with the University of Iowa to expand workforce housing and revitalize neighborhoods. Institutions of higher learning have a vested interest in expanding the supply of affordable housing and providing home ownership education to address the home ownership needs of faculty, support staff and lower wage employees. Universities frequently own land and can bring other resources to the table, such as research and financing, to facilitate the production of non-student housing and neighborhood revitalization. HUD's Office of University Partnerships supports expanded home ownership and neighborhood revitalization initiatives through programs such as the Community Outreach Partnership Center (COPC).

Part 2 INTRODUCTION

PURPOSE OF THE STUDY

The City of Iowa City, in collaboration with the cities of Coralville, North Liberty, Tiffin and University Heights (collectively referred to as the Iowa City metro area), have prepared this *Affordable Housing Needs Assessment* to examine existing and future needs for housing among lower income households.

Over the next five years (2007 through 2012), the City of Iowa City will use the *Affordable Housing Needs Assessment* to prepare the jurisdiction's *Analysis of Impediments to Fair Housing* and *Five-Year Consolidated Plan and Annual Plans*. These are planning documents required by the U.S. Department of Housing and Urban Development (HUD) to fulfill the programmatic requirements of the federal entitlements that the city receives annually. More importantly, the city will work closely with the neighboring jurisdictions and housing providers to use the information contained in this report to implement feasible and practical strategies that address the increasing need for affordable housing in the Iowa City metro area.

To assist with the preparation of this document, the City of Iowa City selected the firm of Mullin & Lonergan Associates, Inc., a housing and community development consulting firm with offices in Pittsburgh, Harrisburg and Philadelphia, Pennsylvania.

The purposes of the Affordable Housing Needs Assessment are:

- Identify demographic and economic trends that affect the demand for housing
- Define the supply and demand characteristics of the housing market
- Analyze the demand for affordable housing
- Determine if there are any barriers to affordable housing
- Recommend actions and initiatives aimed at expanding the supply of affordable housing.

WHAT IS AFFORDABLE HOUSING?

For this study, lower income households are defined as those with an annual income at or below 80% of the area median household income. Affordable housing for renters is defined as paying no more than 30% of gross household income for housing expenses including rent and utilities, regardless of income level. Affordable housing for home owners is defined as paying no more than 50% of gross household income for housing expenses including mortgage, utilities, insurance and taxes, regardless of income level. The primary goal of this study is to determine whether there is an adequate supply of affordable sales and rental housing to meet the needs of households at or below 80% of median household income in the Iowa City metro area.

METHODOLOGY

Data included in this report has been gathered from a variety of statistical sources and interviews. Statistical information from the U.S. Census Bureau, the Bureau of Labor Statistics, Iowa Workforce Development and similar sources has been collected, organized and analyzed for the five municipalities included with the Iowa City metro area. Where appropriate, the analysis compares the characteristics of the Iowa City metro area to Johnson County and the State of Iowa. Face-to-face and telephone interviews were conducted with a broad range of housing practitioners in the region to supplement the statistical data. Interviews were conducted with nonprofit affordable housing developers, for-profit builders and land developers, real estate professionals, and human service organizations. In addition, interviews were conducted with a number of public officials.

As a point of beginning, the report defines the consumers of affordable housing in terms of household income characteristics. In this report, the target population consists of all households with an annual income up to 80% of the area median household income. This population segment was further categorized into the following subgroups:

- *Extremely low income* households with incomes up to 30% of the median household income
- *Very low income* households with incomes from 30% up to 50% of the median household income, and
- *Low income* households with incomes from 50% up to 80% of the median household income.

The focus of the *Affordable Housing Needs Assessment* is non-student households in the Iowa City metro area. This distinction is warranted because of the very large student population at the University of Iowa. College students living off-campus that are supported financially by their parents appear in the Census data as being very poor. As a result, their presence tends to inflate the number of people living in poverty, the number of lower income households, and the number of households that are cost burdened. For the purpose of this study, renter households were divided into two categories: *Family Households* (consisting of Elderly, Small Related and Large Related family households), and *All Other Households* (consisting of non-family households and one-person households) to arrive at a better estimate of affordable housing needs for non-student households.

To determine *existing* demand for affordable housing, certain constituent households were identified:

- Households in physically deficient housing units
- Households in overcrowded housing units, and
- Renter households paying more than 30% and home owners paying no more than 50% of gross income for monthly housing costs.

Projected demand for affordable housing is defined as the net increase in cost burdened households between 2000 and 2012. This estimate was determined using data projections

produced by Claritas, Inc., which are based on Census 2000 data and updated with demographic data from many sources, including local governments, consumer databases and postal delivery counts.

Total need for affordable housing was then determined as the sum of existing demand plus projected demand.

HOW THIS DOCUMENT IS ORGANIZED

The *Affordable Housing Needs Assessment* includes 11 sections, each with numerous sub-sections.

The section on Population and Household Data includes a demographic profile of the residents of the Iowa City metro area. Where appropriate, comparisons are made between the municipalities to Johnson County and the State of Iowa.

Economic Data provides an economic overview of the metro area, including an analysis of employment sectors, employment projections, wages and income.

The Housing Data profile includes detailed characteristics of the physical housing inventory including supply, type, tenure and condition.

Non-Housing Factors that Influence the Housing Market consists of a discussion of elements that typically impact a regional housing market. Issues such as public safety and the quality of local schools play important roles in how households choose where they want to live. Other issues such as land use regulations are discussed in terms of how they influence development.

The extent to which affordable housing developers are meeting current demand is discussed in The Affordable Housing Market section.

The Housing Affordability Analysis provides an in-depth analysis of how persons working in vital community occupations can or cannot afford housing in the Iowa City metro area.

Barriers to Affordable Housing identifies public policies, market issues, physical characteristics and other elements that are impeding the production of affordable housing in the Iowa City metro area.

The section entitled Existing and Projected Demand for Affordable Housing details the methodology utilized in determining total affordable housing need.

The final section of this report, Strategic Housing Plan, includes a series of specific actions that are recommended to assist municipal officials in meeting the region's affordable housing needs over the next five years.

Part 3 POPULATION AND HOUSEHOLD DATA

POPULATION GROWTH

Johnson County was the fourth fastest growing county in Iowa between 2000 and 2006. By 2006, the population had increased to 118,038 residents from 111,283 in 2000 (see Figure 6). The increase of 6,755 persons represented 13% of the population growth experienced by the State overall. The presence of the University of Iowa, as well as the University Hospital system, makes the Iowa City metro area a major employment center within the region.

FIGURE 2

Top Ten Fastest Growing Counties in Iowa from 2000-2006	
County	Rate of Population Growth
Dallas	32.7%
Polk	8.8%
Warren	7.7%
Johnson	6.1%
Linn	5.0%
Dubuque	3.5%
Muscatine	2.6%
Pottawattamie	2.5%
Scott	2.4%
Marshall	0.6%
State of Iowa	1.8%

Source: U.S. Census Bureau

The Iowa City metro area has been a growth engine for both Johnson County and the State. Between 1960 and 2000, the population increase in the study area accounted for 83% of county growth and 28% of State-wide growth.

FIGURE 3

Trends in Total Population from 1960-2000								
	US		Iowa		Johnson County		Study Area	
	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change
1960	179,325,675	-	2,757,537	-	53,663	-	37,286	-
1970	203,210,158	13.3%	2,825,368	2.46%	72,127	34.4%	55,599	49.1%
1980	226,545,805	11.5%	2,913,808	3.13%	81,717	13.3%	61,723	11.0%
1990	248,709,873	9.8%	2,776,755	-4.70%	96,119	17.6%	74,513	20.7%
2000	281,421,906	13.2%	2,926,324	5.39%	111,006	15.5%	84,672	13.6%

Source: U.S. Census Bureau

Major growth is occurring primarily in the outlying suburban and rural areas around Iowa City. Coralville and North Liberty, once wide open farmland, are now the centers of population growth and new development activity. Between 1990 and 2000, the population of Coralville expanded nearly 50% from 10,347 to 15,123 residents, while the population of North Liberty increased more than 83% from 2,926 to 5,367. The small town of Tiffin saw its population more than double from 460 residents to 975 in 2000. Iowa City’s growth slowed during the 1990s, increasing only 4.2% from 59,738 to 62,220 residents. After peaking in 1970, the population of University Heights is slowly declining. Unlike other municipalities in the study area, University Heights is built-out and cannot accommodate new housing development. Furthermore, changes in household formation have caused decreases in the population.

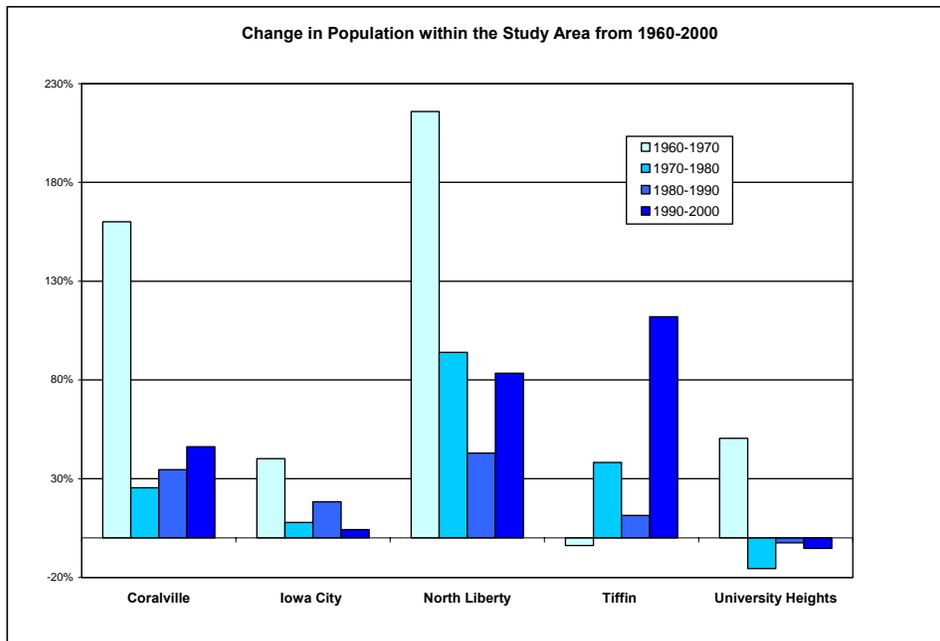
FIGURE 4

Population Trends within the Study Area from 1960-2000											
	Coralville		Iowa City		North Liberty		Tiffin		University Heights		
	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change	
1960	2,357		33,443	-	334	-	311	-	841	-	
1970	6,130	160.1%	46,850	40.1%	1,055	215.9%	299	-3.9%	1,265	50.4%	
1980	7,687	25.4%	50,508	7.8%	2,046	93.9%	413	38.1%	1,069	-15.5%	
1990	10,347	34.6%	59,738	18.3%	2,926	43.0%	460	11.4%	1,042	-2.5%	
2000	15,123	46.2%	62,220	4.2%	5,367	83.4%	975	112.0%	987	-5.3%	

NOTE: Data includes all persons.

Source: U.S. Census Bureau

FIGURE 5



Source: U.S. Census Bureau

The suburban areas remain the centers of growth, accounting for 91% of the population increase in the study area since 2000. Population estimates released annually between decennial census counts are based on the number of building permits issued. The Census Bureau takes the county-level estimates—which are based on birth, death and migration-related records—and divides the population among the municipalities based on the number of building permits issued in each community.

Spurred by new residential and commercial development, the population of Coralville has increased 21.3% from 15,123 in 2000 to 18,337 in 2007. This increase is equivalent to an annual average increase of 459 residents over the past seven years. The population of North Liberty has increased 49.3% overall from 5,367 to 8,014, averaging 378 new residents annually. Tiffin, with a 2000 population of 975, is also experiencing significant growth. The population increased 50.1% since 2000 to 1,463 in 2007. Population projections for 2007 show a decrease in population for both North Liberty and Tiffin.

For the first time, Iowa City experienced population decline in 2002, falling to 62,894 from 62,947 in 2001. After a couple of years of very modest growth, the population once again declined in 2005 and 2006 before rebounding to 62,971 residents in 2007.

FIGURE 6

Population Estimates from 2000-2007																
	Iowa		Johnson County		Coralville		Iowa City		North Liberty		Tiffin		University Heights		Study Area	
	Pop.	% Change*	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change
2000	2,926,324	-	111,283	-	15,123	-	62,220	-	5,367	-	975	-	987	-	84,672	-
2001	2,930,031	0.13%	112,926	1.48%	16,014	5.89%	62,947	1.17%	5,957	10.99%	1,239	27.1%	966	-2.1%	87,123	2.9%
2002	2,931,084	0.04%	113,936	0.89%	16,762	4.67%	62,894	-0.08%	6,268	5.22%	1,403	13.2%	913	-5.5%	88,240	1.3%
2003	2,935,991	0.17%	114,975	0.91%	17,087	1.94%	63,001	0.17%	6,866	9.54%	1,432	2.1%	928	1.6%	89,314	1.2%
2004	2,946,009	0.34%	116,401	1.24%	17,570	2.83%	63,275	0.43%	7,637	11.23%	1,453	1.5%	927	-0.1%	90,862	1.7%
2005	2,955,587	0.33%	117,194	0.68%	17,788	1.24%	63,046	-0.36%	8,807	15.32%	1,509	3.9%	906	-2.3%	92,056	1.3%
2006	2,972,566	0.57%	118,038	0.72%	18,017	1.29%	62,649	-0.63%	9,994	13.48%	1,561	3.4%	896	-1.1%	93,117	1.2%
2007	2,988,046	0.52%	118,583	0.46%	18,337	1.78%	62,971	0.51%	8,014	-19.81%	1,463	-6.3%	874	-2.5%	91,659	-1.6%
Growth Rate 2000-2007		1.0%		6.6%		21.3%		1.2%		49.3%		50.1%		-11.4%		8.3%

NOTE: Data includes all persons.

Sources: Data for 2000-2006 from U.S. Census Bureau Population Estimates; Data for 2007 for Iowa from U.S. Census Bureau Population Estimates; Data for 2007 for Johnson County and all municipalities from Claritas, Inc. population projections.

With the exception of 2003, University Heights has continued to lose population since 2000, falling from 987 to 874 residents in 2007. This count is approaching pre-1970 population levels. Fueled by the growth in the Iowa City metro area, Johnson County’s population has continued to increase at an average annual rate of 1,043 persons since 2000. With the exception of Iowa City and University Heights, the growth rate of 8.3% in the study area is exceeding the county rate of 6.6% and the State rate of 1.3% during the same period.

New residents are relocating to Johnson County from elsewhere in Iowa and from across the country. Residents are relocating from other Iowa counties, such as Polk, Scott, Story and Muscatine. They are also relocating to the Iowa City region from places

like Los Angeles, Denver and Milwaukee. Most notably, more people are moving into Johnson County than are moving out. In 2000, there was a total inflow of 35,557 persons, which exceeded the outflow of 32,723 persons, resulting in a net inflow of 2,834 persons between 1995 and 2000.

FIGURE 7

Migration Trends Between 1995-2000					
Where Johnson County Residents were Living in 1995			Where Johnson County Residents Moved to by 2000		
County, State	Inflow	% of Total Inflow	County, State	Outflow	% of Total Outflow
Linn County, IA	2,838	8.0%	Linn County, IA	2,203	6.7%
Polk County, IA	2,209	6.2%	Cook County, IL	1,759	5.4%
Cook County, IL	1,783	5.0%	Polk County, IA	1,662	5.1%
Scott County, IA	1,528	4.3%	Washington County, IA	811	2.5%
Black Hawk County, IA	1,033	2.9%	Hennepin, MN	746	2.3%
DuPage County, IL	993	2.8%	Scott County, IA	699	2.1%
Dubuque County, IA	882	2.5%	Cedar County, IA	540	1.7%
Washington County, IA	841	2.4%	Maricopa County, AZ	512	1.6%
Story County, IA	820	2.3%	Iowa County, IA	508	1.6%
Muscatine County, IA	667	1.9%	Los Angeles, CA	473	1.4%
Cedar County, IA	553	1.6%	Black Hawk County, IA	468	1.4%
Lake County, IL	513	1.4%	King County, WA	453	1.4%
Des Moines County, IA	422	1.2%	Dupage, IL	422	1.3%
Jefferson County, IA	401	1.1%	Johnson County, KN	422	1.3%
Iowa County, IA	385	1.1%	Story County, IA	399	1.2%
Woodbury County, IA	377	1.1%	Denver County, CO	339	1.0%
Henry County, IA	374	1.1%	Milwaukee County, WI	307	0.9%
Lee County, IA	371	1.0%	Muscatine County, IA	294	0.9%
Clinton County, IA	338	1.0%	San Diego County, CA	285	0.9%
All Other Places	18,229	51.3%	All Other Places	19,421	59.3%
Total In Flow	35,557	100.0%	Total Out Flow	32,723	100.0%

NOTE: Data includes all persons.

Source: U.S. Census Bureau

The population of the study area is becoming more diverse. Between 1990 and 2000, white residents increased in number by 6,189 but decreased as a percent of total population from 91.6% to 88%. Blacks increased 60.7% from 1,919 to 3,083 while Asian/Pacific Islanders increased 18.4% from 3,713 to 4,398. The largest increase occurred among the Census category of “all other races” which grew 360% from 590 residents in 1990 to 2,711 in 2000. Hispanics doubled in size from 1,274 to 2,459 residents. At the municipal level, all five communities saw their populations become more diverse in 2000.

FIGURE 8

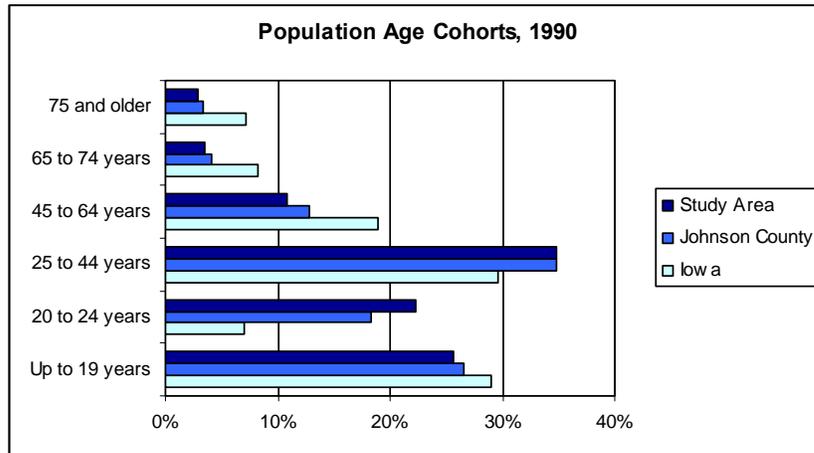
Population by Race and Hispanic Origin, 1990 - 2000											
	Total Population	Race								Hispanic Origin	
		White		Black		Asian/Pacific Islander		Other Races		Number	Percent
		Number	Percent	Number	Percent	Number	Percent	Number	Percent		
1990											
Iowa	2,776,755	2,683,090	96.6%	48,090	1.7%	25,476	0.9%	20,099	0.7%	32,647	1.2%
Johnson County	103,813	89,649	86.4%	1,979	1.9%	3,837	3.7%	8,348	8.04%	1,435	1.4%
Coralville	10,347	9,523	92.0%	384	3.7%	340	3.3%	100	1.0%	190	1.8%
Iowa City	59,738	54,410	91.1%	1,516	2.5%	3,341	5.6%	471	0.8%	1,018	1.7%
North Liberty	2,926	2,896	99.0%	6	0.2%	11	0.4%	13	0.4%	48	1.6%
Tiffin	460	452	98.3%	7	1.5%	0	0.0%	1	0.2%	3	0.7%
University Heights	1,042	1,010	96.9%	6	0.6%	21	2.0%	5	0.5%	15	1.4%
Study Area	74,513	68,291	91.6%	1,919	2.6%	3,713	5.0%	590	0.8%	1,274	1.7%
2000											
Iowa	2,926,324	2,748,640	93.9%	61,853	2.1%	37,644	1.3%	78,187	2.7%	82,473	2.8%
Johnson County	111,006	100,051	90.1%	3,223	2.9%	4,626	4.2%	3,106	2.8%	2,781	2.5%
Coralville	15,123	13,152	87.0%	640	4.2%	795	5.3%	536	3.5%	459	3.0%
Iowa City	62,220	54,334	87.3%	2,333	3.7%	3,526	5.7%	2,027	3.3%	1,833	2.9%
North Liberty	5,367	5,119	95.4%	82	1.5%	50	0.9%	116	2.2%	128	2.4%
Tiffin	975	928	95.2%	19	1.9%	14	1.4%	14	1.4%	23	2.4%
University Heights	987	947	95.9%	9	0.9%	13	1.3%	18	1.8%	16	1.6%
Study Area	84,672	74,480	88.0%	3,083	3.6%	4,398	5.2%	2,711	3.2%	2,459	2.9%

NOTE: Data includes all persons.

Source: U.S. Census Bureau

Johnson County is much younger than Iowa. In 2000, the median age of Johnson County’s population was 28.4 years; in Iowa, it was 36.6 years. The most notable changes in age cohorts within the study area (see Figures 9 and 10) are among 25 to 44 year olds and among 45 to 64 year olds.

FIGURE 9

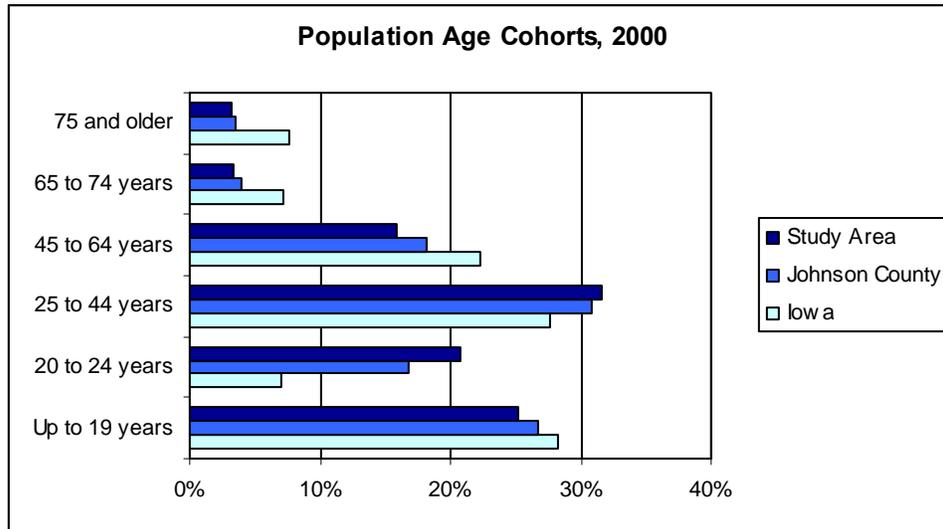


NOTE: Data includes all persons.

Source: U.S. Census Bureau

In 1990, 25 to 44 year olds comprised nearly 35% of the population. By 2000, this segment had aged, thus increasing the 45 to 65 year old cohort from 10.8% to 15.9% of the population. The percentage of persons younger than 19 years of age has remained fairly constant, as has the percentage of persons age 65 and older. Trends in age have mirrored both county and State trends.

FIGURE 10



NOTE: Data includes all persons.

Source: U.S. Census Bureau

The future population, both total population and the age of the future population, impacts housing demand. Population change over time has two components: natural change and migration. Natural change is the growth of the population from more births than deaths. Migration is the net sum of the number of persons who move into an area minus the number of people who moved out during the same period. Of the two components of population change, natural increase is the more predictable and stable because birth and death rates are a function of the age distribution of the existing population. Migration is based on circumstances that attract persons to an area, such as job opportunities for working age people or a desirable living environment, which is often an attraction for retirees. Thus, migration projections are tied to projections about the state of the economy. The population resulting from migration will need housing. The type and location of the housing needed by people migrating to the area will be determined by the age and income of the new resident population in addition to locational choices related to their job, desire to be near services such as transportation and schools, or other amenities. The population resulting from natural increase will need decent safe housing suited to their locational preferences and household circumstances.

HOUSEHOLD GROWTH

Every household needs a dwelling. The Census Bureau defines “population” as “all people, male and female, child and adult, living in a given geographic area.” The term “household” is defined to include “all the people who occupy a housing unit as their usual place of residence.” When describing housing markets and housing need, focusing the discussion on *households* is much more relevant and accurate because each household requires a dwelling unit while several *people* may comprise the same household and live in the same housing unit. In other words, calculating housing need on the basis of the number of *households* in a geographic area is much more accurate than calculating housing need based on the number of *persons*.

For example, if one hundred family households each had a new child born in the same year, the population of the municipality would increase by 100 persons. However, there would be no need for additional housing units to accommodate this increase in population. By comparison, if 50 new households relocated to the municipality, then these 50 new households would each require their own housing unit.

Household growth exceeds population growth in the study area. During the 1990s, population increased at a rate of 13.6% while households grew 22.8%. This trend parallels national trends in high growth areas and is indicative of smaller households and smaller family size. Iowa City’s modest population increase of 4.2% was easily surpassed by a 14.7% in household growth. North Liberty and Tiffin both experienced very high household growth rates.

FIGURE 11

Population Growth Rates versus Household Growth Rates from 1990-2007							
	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Population Growth Rates							
1990 to 2000	15.5%	46.2%	4.2%	83.4%	112.0%	-5.3%	13.6%
2000 to 2007	6.8%	21.3%	1.2%	49.3%	50.1%	-11.4%	8.3%
2007 to 2012 (projected)	4.1%	10.7%	0.7%	20.8%	21.1%	2.4%	4.8%
Household Growth Rates							
1990 to 2000	22.0%	39.9%	14.7%	101.3%	129.2%	-0.6%	22.8%
2000 to 2007	10.8%	22.1%	5.2%	55.7%	56.4%	-7.3%	12.1%
2007 to 2012 (projected)	5.9%	10.7%	2.9%	23.2%	23.4%	4.8%	6.7%

NOTE: Data includes all persons.

Sources: U.S. Census Bureau; Claritas, Inc.

The exception to this trend is Coralville, which experienced a higher population growth rate (46.2%) and a lower household growth rate (39.9%). This is indicative of a higher rate of married-couple families with children and a larger average household size. While the population of University Heights fell 5.3% during the 1990s, households declined by less than 1%. This reflects an aging population where children have moved out of their parents’ homes.

Households are forecasted to increase faster than population through 2012. The higher rate of household formation will increase development pressure on all communities within the study area, but especially in suburban and rural locations.

In Johnson County, households have increased another 10.8% since 2000 from 44,080 to 48,838 with 88.5% of the growth occurring in the study area. Tiffin leads the way with a 56.4% household growth rate followed by North Liberty with 55.7%. Coralville gained another 1,427 households, increasing 22.1%. Iowa City increased 5.2% while University Heights lost 7.3% of its households since 2000.

FIGURE 12

Household Trends from 1990-2007 and Projections to 2012							
	1990	2000	Change from 1990-2000	2007	Change from 2000-2007	2012	Change from 2007-2012
Iowa	1,065,243	1,149,276	7.9%	--	--	--	--
Johnson County	36,118	44,080	22.0%	48,838	10.8%	51,722	5.9%
Coralville	4,622	6,467	39.9%	7,894	22.1%	8,737	10.7%
Iowa City	21,964	25,202	14.7%	26,516	5.2%	27,293	2.9%
North Liberty	1,122	2,259	101.3%	3,517	55.7%	4,334	23.2%
Tiffin	192	440	129.2%	688	56.4%	849	23.4%
University Heights	470	467	-0.6%	433	-7.3%	454	4.8%
Study Area	28,370	34,835	22.8%	39,048	12.1%	41,667	6.7%

NOTE: Data includes all households.

Sources: U.S. Census Bureau; Claritas, Inc.

Overall, the study area added, on average, 602 new households annually between 2000 and 2007. This was lower than the annual rate of 647 new households added between 1990 and 2000. Forecasts through 2012 anticipate a continuing increase in household growth and, consequently, a continuing demand for housing. However, the rate of household growth is projected to increase at a slower rate of approximately 524 households annually.

Household size is shrinking and household composition is changing from traditional married-couple families to single-parent households and non-family households. The number of households increasing in relation to the population reflects a continued decline in the number of persons per household and indicates a change in the composition of households. Overall, households containing both a husband and wife are declining while non-family households (in which the members of a household are not related to each other, such as student households) and single-parent households are increasing (see Figure 13). This trend has important implications for housing, particularly for those headed by a single parent. Single-parent households will have less income than married-couple households, thus impacting their ability to secure housing that is within their economic means. Additionally, the combination of an increasing population in the study area accompanied by a decreasing household size will result in a continuing need for new housing.

FIGURE 13

Household Types as a Percent of All Households in 1990 and 2000							
	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights
Total Households							
1990	1,064,325	36,067	4,605	21,951	1,128	190	474
2000	1,149,276	44,080	6,467	25,202	2,259	440	467
Family Households							
Married-couple Family Households							
With children - 1990	27.5%	23.4%	19.8%	20.3%	36.4%	25.3%	20.4%
With children - 2000	23.9%	20.7%	21.2%	15.9%	25.5%	21.1%	19.9%
Without children - 1990	31.6%	23.8%	21.0%	20.3%	20.6%	25.3%	34.8%
Without children - 2000	31.2%	23.2%	19.1%	19.3%	23.0%	25.9%	27.0%
Single Parent Households							
With Children - 1990	6.8%	5.2%	6.9%	5.2%	7.3%	7.9%	3.2%
With Children - 2000	7.5%	5.8%	6.9%	5.3%	9.8%	8.9%	2.1%
Without children - 1990	3.7%	3.6%	3.8%	3.6%	2.8%	4.2%	3.6%
Without children - 2000	4.3%	3.8%	4.1%	3.9%	3.6%	5.2%	5.4%
Non-Family Households							
One-person Households							
1990	25.9%	27.8%	35.2%	29.7%	23.2%	30.0%	31.4%
2000	27.2%	30.2%	34.9%	33.8%	27.6%	29.8%	35.8%
Other Non-family Households							
1990	4.5%	15.9%	13.2%	20.9%	9.7%	7.4%	6.5%
2000	5.8%	16.3%	13.8%	21.8%	10.4%	9.0%	9.9%
Average Household Size							
1990	2.52	2.41	2.14	2.34	2.59	2.42	2.20
2000	2.46	2.33	2.21	2.23	2.42	2.24	2.12

NOTE: Data includes all households.

Source: U.S. Census Bureau

The growth in single-parent family households creates the need for units that are affordable to households with only one income. Different household types have different tenure patterns with married-couple households having the highest rate of home ownership followed by male-headed households. Female-headed households tend to own their units at significantly lower rates. While women have traditionally worked in lower wage occupations than men, the number of women in higher paying managerial and professional specialty occupations is growing. Women earning higher incomes will support increased household formation by single women.

A reduction in household size reflects broad demographic and economic changes in society, such as deferred age of first marriage, increased divorce rates, and longer life expectancy. One-person households, non-family households and single-parent households are growing as segments of all households while married-couple families (with and without children) are declining.

Once again, the exception to these trends is Coralville. Married-couple family households with children increased from 19.8% in 1990 to 21.2% in 2000. Single-parent households with children remained constant at 6.9%. One-person households declined from 35.2% to 34.9%. And, Coralville is the only community in the study area in which the average household size is increasing: from 2.14 persons in 1990 to 2.21 in 2000.

Households are classified by type according to the sex of the head of the household (householder) and the presence of relatives. Examples include married-couple family; male householder, no wife present; female householder, no husband present; and, non-family household. The Census defines a family as a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of the family. Not all households contain families since a household may comprise a group of unrelated people or one person living alone. Such is the case in Iowa City (and, to a lesser degree, the suburban areas of the study area) with its large student population. While the Census Bureau does not distinguish between student and non-student households specifically, it is possible to *estimate* student households by identifying the number of households by the presence of non-relatives.

FIGURE 14

Households by Presence of Non-relatives, 2000							
	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Total Households	44,080	6,467	25,202	2,259	440	467	34,835
Households with one or more non-relatives	8,443	1,079	6,158	330	56	58	7,681
Percent of Total Households	19.2%	16.7%	24.4%	14.6%	12.7%	12.4%	22.0%
Households with no non-relatives	35,637	5,388	19,044	1,929	384	409	27,154

Source: U.S. Census Bureau

Assuming that many college students live in households separate from their parents, and live either alone or with one or more roommates who are unrelated to them, then the number of households with one or more non-relatives is one indicator of student households. This assumption does not include university students who are married and who may or may not have children living with them. In this case, this student household would be counted as a married-couple family household. However, there is no other available source of reliable data to estimate student households.

In 2000, the Census Bureau identified 6,158 households with one or more non-relatives in Iowa City. This represented 24.4% of all city households or nearly one in four households. Across the study area, there were a total of 7,681 households with one or more non-relatives, representing 22% of all households. Estimating the number of student households is significant because student housing needs vary greatly from the housing needs of non-students. By removing student households from total households, it is possible to more accurately determine housing need for other household types.

Additional analysis of student households and non-student households, as they relate to affordable housing need, is included in Part 10, Existing and Projected Demand for Affordable Housing.

Part 4 HOUSING DATA

HOUSING INVENTORY

A younger population and a higher rate of non-traditional households are reflected in the housing stock which has a balance between single family and multi-family dwellings.

Single family dwellings (both detached and attached units) accounted for 47.8% of the study area's housing stock while multi-family units accounted for 46.6%. Throughout the State, the ratio was closer to 76.3% single family units to 18.5% multi-family units. Single family units were most prevalent in the older, established residential community of University Heights (73.8%) as well as in the growing suburb of Tiffin (57.6%).

In Iowa City, where many student households reside, single family units accounted for 47.3% of the housing stock. More multi-family housing choices are located in Iowa City, accommodating much of the student population in proximity to the university. In Coralville, multi-family units in structures with 10 or more units numbered 1,610 and accounted for 23.8% of the city's housing inventory.

FIGURE 15

Housing Units per Structure in 2000								
	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
1-unit, detached	911,987	22,436	2,102	10,887	846	177	351	14,363
% of Total	74.0%	49.0%	31.1%	41.8%	36.1%	38.2%	73.4%	39.8%
1-unit, attached	28,118	3,015	983	1,440	362	90	2	2,877
% of Total	2.3%	6.6%	14.6%	5.5%	15.5%	19.4%	0.4%	8.0%
2 to 4 units	87,086	4,178	858	2,841	245	31	14	3,989
% of Total	7.1%	9.1%	12.7%	10.9%	10.5%	6.7%	2.9%	11.1%
5 to 9 units	45,113	4,028	889	2,841	154	41	5	3,930
% of Total	3.7%	8.8%	13.2%	10.9%	6.6%	8.9%	1.0%	10.9%
10 or more units	94,745	8,978	1,610	6,836	294	71	106	8,917
% of Total	7.7%	19.6%	23.8%	26.2%	12.5%	15.3%	22.2%	24.7%
Mobile, trailer or other	65,462	3,196	311	1,207	442	53	0	2,013
% of Total	5.3%	7.0%	4.6%	4.6%	18.9%	11.4%	0.0%	5.6%
Total Units 2000	1,232,511	45,831	6,753	26,052	2,343	463	478	36,089
Total Units 1990	1,143,669	37,210	4,757	22,464	1,162	206	480	29,069
% Change 1990-2000	7.8%	23.2%	42.0%	16.0%	101.6%	124.8%	-0.4%	24.1%

Source: U.S. Census Bureau

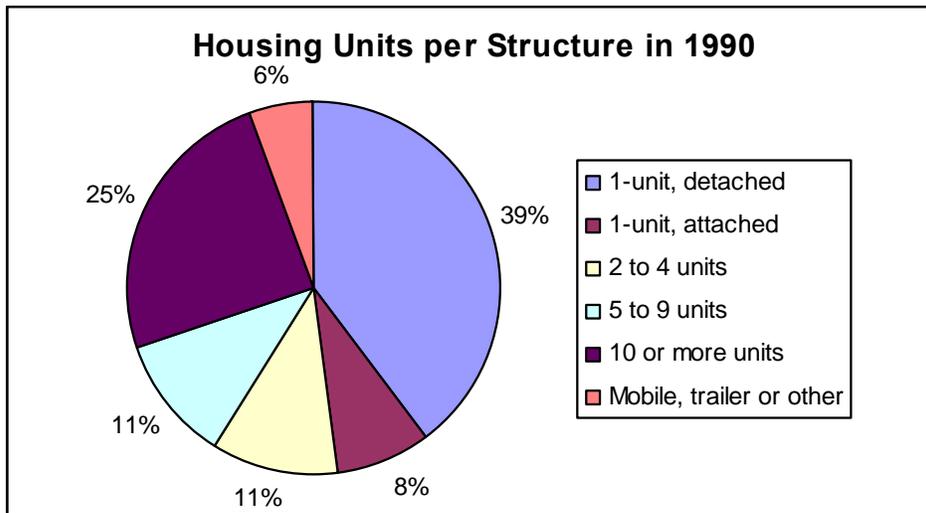
Multi-family housing units accounted for 46.7% of the housing stock in the study area with 75% of the units located in Iowa City.

Manufactured homes accounted for 5.6% of the housing stock. There were 2,013 manufactured homes in the study area in 2000, with 60% of the units located in Iowa City. Despite being a popular housing choice, it is often a misunderstood segment of the housing industry. As housing costs rise, manufactured housing becomes the most affordable path to home ownership for low income households, seniors, and first-time homebuyers. Purchase of new manufactured homes often requires low down payments and includes most appliances. The

price of a manufactured home often does not include land, making the purchase more affordable than site-built housing.

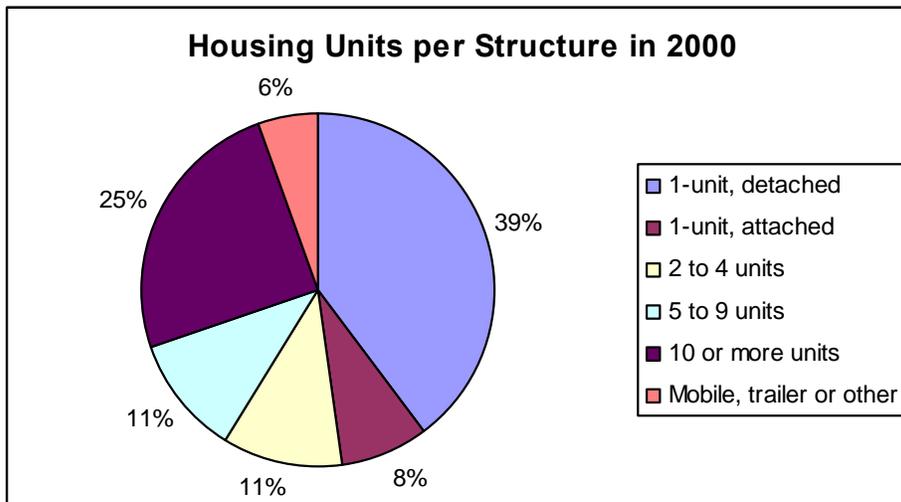
The housing stock in the study area increased 24% between 1990 and 2000 with the creation of over 7,000 units. In both Tiffin and North Liberty, the housing inventory more than doubled during the 1990s. Coralville experienced a significant increase of 1,996 units, expanding its inventory 42%. Iowa City added 3,588 units, increasing its inventory by 16%. There was a loss of two housing units in University Heights during the same period.

FIGURE 16



Source: U.S. Census Bureau

FIGURE 17



Source: U.S. Census Bureau

Over 11,000 new housing units could be added to the study area by 2010 if current trends persist. Since 2000, nearly 7,500 housing units have been added to the housing stock, based on the number of residential building permits issued by each municipality between 2000 and 2006. The 7,488 new units represent 86% of all residential development in Johnson County between 2000 and 2006.

In some cases, the rate of new development between 2000 and 2006 is exceeding the rate of the previous decade. In Johnson County, new housing activity has added, on average, 862 new units annually between 1990 and 2000. The annual rate of increase since 2000 is 874 units. In North Liberty, the annual rate in the previous decade was 118 units; since 2000, the annual rate is 355 units. In Tiffin, the annual rate during the 1990s was 26 compared to 34 units annually since 2000.

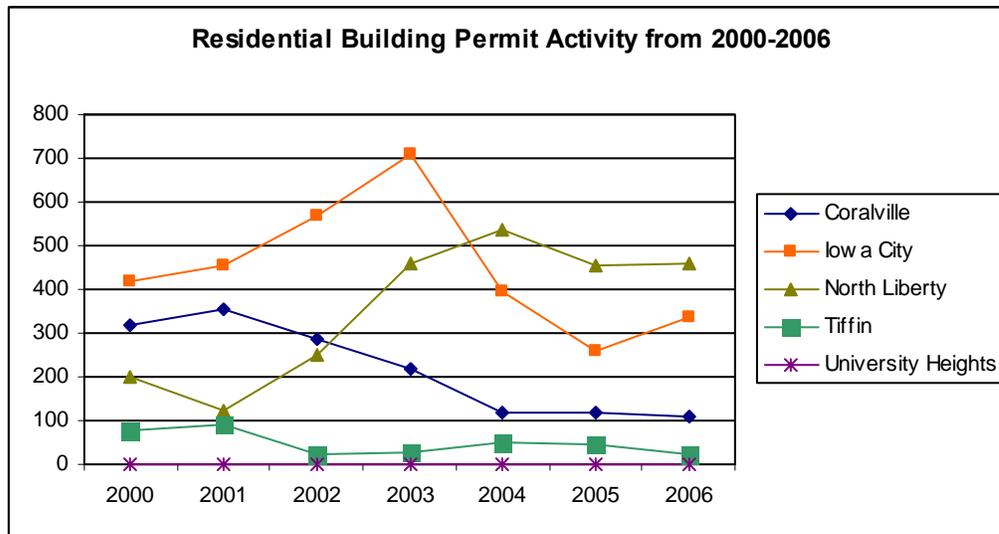
FIGURE 18

Single Family and Multi-family Building Permits Issued from 2000 - 2006														
	Johnson County		Coralville		Iowa City		North Liberty		Tiffin		University Heights		Study Area	
	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF
2000	529	622	138	178	152	267	85	116	26	52	2	0	403	613
2001	622	577	170	185	146	310	97	25	23	67	0	0	436	587
2002	745	538	150	137	165	402	163	88	23	2	0	0	501	629
2003	959	558	156	60	223	486	375	84	24	2	0	0	778	632
2004	927	396	111	8	175	220	348	188	43	6	0	0	677	422
2005	889	355	101	18	120	141	372	84	40	5	0	0	633	248
2006	693	334	103	4	179	158	297	164	24	0	0	0	603	326
Subtotal	5,364	3,380	929	590	1,160	1,984	1,737	749	203	134	2	0	4,031	3,457
Total	8,744		1,519		3,144		2,486		337		2		7,488	

NOTES: SF - single family unit; MF - multi-family unit

Sources: Data for Iowa City and North Liberty through 2005 from the City of Iowa City 2007 Community Profile; Data for Iowa City and North Liberty for 2006 from HUD's State of the Cities Data System; Data for Coralville, Tiffin and University Heights from HUD's State of the Cities Data System.

FIGURE 19



Sources: U.S. Dept. of Housing & Urban Development, State of the Cities Data System; City of Iowa City 2007 Community Profile

The majority of new housing built in the study area since 2000 is owner-occupied. In Iowa City, in contrast, 63% of all new units were renter-occupied. In North Liberty, new single family units outnumbered multi-family units by more than 2 to 1.

OCCUPANCY STATUS

Less than 4% of the 2000 housing stock in the study area was vacant. Vacant housing units numbered 1,313, equivalent to 3.6% of the total housing stock. Of the 1,313 vacancies, 73 units were held for seasonal, recreational, or occasional use. Deducting these units from the total vacant stock reduces the study area’s year-round overall vacancy rate to 3.4%.

The owner vacancy rate was less than 3% in 2000. Of the 17,082 owner-occupied units in the study area in 2000, only 883 were vacant and for sale. This represented just 2.4% of the housing inventory. A vacancy rate between 3% and 5% is preferable because it allows some mobility for households who are moving. The low rate of vacant-for-sale-only units may impact the affordability of housing because of a low number of available units in the marketplace at any given time.

FIGURE 20

Owner-Occupied Housing Supply - 2000						
	Housing Units		Owner-Occupied Units		Vacant-for-Sale-Only Units	
	Total	Occupied	Total	% of Occupied	Total	% of Total Units
Iowa	1,232,511	1,149,276	831,419	72.3%	14,067	1.1%
Johnson County	45,831	44,080	24,986	56.7%	481	1.0%
Coralville	6,753	6,448	3,159	49.0%	74	1.1%
Iowa City	26,052	25,195	11,749	46.6%	287	1.1%
North Liberty	2,343	2,222	1,576	70.9%	31	1.3%
Tiffin	463	446	300	67.3%	8	1.7%
University Heights	478	468	298	63.7%	2	0.4%
Study Area	36,089	34,779	17,082	49.1%	883	2.4%

Source: U.S. Census Bureau

The rental vacancy rate of 2.9% in 2000 was too low to support a vibrant rental housing market. Only 1,046 housing units were vacant and for rent in the study area in 2000, equivalent to 2.9% of the vacant stock (see Figure 21). The vacancy rate is slightly lower than the preferred rate of 3% to 5%, which allows some mobility for households who are moving. The low rate exerts upward pressure on rents, negatively impacting the ability of lower income households to find affordable housing because of a small number of available units in the marketplace at any given time.

FIGURE 21

Renter-Occupied Housing Supply - 2000						
	Housing Units		Renter-Occupied Units		Vacant-for-Rent Units	
	Total	Occupied	Total	% of Occupied	Total	% of Total Units
Iowa	1,232,511	1,149,276	14,067	1.2%	23,272	1.9%
Johnson County	45,831	44,080	19,094	43.3%	564	1.2%
Coralville	6,753	6,448	3,289	51.0%	96	1.4%
Iowa City	26,052	25,195	13,446	53.4%	308	1.2%
North Liberty	2,343	2,222	646	29.1%	70	3.0%
Tiffin	463	446	146	32.7%	7	1.5%
University Heights	478	468	170	36.3%	1	0.2%
Study Area	36,089	34,779	17,697	50.9%	1,046	2.9%

Source: U.S. Census Bureau

The current rental market remains tight with vacancy rates of less than 3% in 2007. A biennial apartment survey conducted by Cook Appraisal, LLC provided a more recent picture of rental vacancies in the study area. The Cook survey analyzed rent information from 5,199 units, focusing on professionally managed buildings typically consisting of at least eight units. The 2007 survey revealed decreasing rental vacancies compared to 2005 (see Figure 22). In an increasingly tight rental market, lower income family households will find it much more difficult to compete against student households for available units, particularly in Iowa City and Coralville.

FIGURE 22

Average Rental Vacancy by Area and Bedroom Size			
	2005	2007	% Change
Pentacrest	1.21%	1.66%	0.45%
Remainder of Iowa City	3.70%	2.56%	-1.14%
Coralville	4.07%	0.14%	-3.93%
North Liberty	7.25%	5.58%	-1.67%
1-bedroom units	0.34%	0.98%	0.64%
2-bedroom units	3.96%	1.78%	-2.18%
3-bedroom units	6.16%	4.47%	-1.69%
4+ bedroom units	0.00%	0.00%	0.00%

Source: 2007 Iowa City Area Apartment Rent Survey (Cook Appraisal, LLC)

HOUSING TENURE

The presence of a large student population is reflected in a lower home ownership rate. While nearly three in four Iowans owned their home in 2000, slightly less than one-half of all households in the study area were home owners. Rates were higher in the developing suburbs of North Liberty and Tiffin, and in the older residential neighborhoods of University Heights.

FIGURE 23

Housing Tenure - 2000						
	Housing Units		Owner-Occupied Units		Renter-Occupied Units	
	Total	Occupied	Total	% of Occupied	Total	% of Occupied
Iowa	1,232,511	1,149,276	831,419	72.3%	14,067	1.2%
Johnson County	45,831	44,080	24,986	56.7%	19,094	43.3%
Coralville	6,753	6,448	3,159	49.0%	3,289	51.0%
Iowa City	26,052	25,195	11,749	46.6%	13,446	53.4%
North Liberty	2,343	2,222	1,576	70.9%	646	29.1%
Tiffin	463	446	300	67.3%	146	32.7%
University Heights	478	468	298	63.7%	170	36.3%
Study Area	36,089	34,779	17,082	49.1%	17,697	50.9%

Source: U.S. Census Bureau

As shown in Figure 24, characteristics of homeowners in the study area include the following:

- The youngest households are predominately renters with nearly 40% of those aged 15 to 24 renting.
- Typically, as households age into their 30s in Iowa and nationwide, the tenure rate is more evenly distributed between owners and renters. In the study area, however, home ownership is delayed for more younger households until their late 30s and even into their 40s. This is reflective of a larger student population, including graduate and professional school (i.e. law, medical) students delaying home ownership.
- By age 35, home owners outnumber renters in all municipalities except University Heights, where this does not occur until age 45.
- By age 45, Iowa City has the highest rate of home owners in the study area in spite of its high student population.
- Iowa City and University Heights have the highest rates of ownership among elderly households 65 and older.

FIGURE 24

Tenure by Age of Householder - 2000																
Age of householder	Iowa		Johnson County		Coralville		Iowa City		North Liberty		Tiffin		University Heights		Study Area	
	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent
15 to 24	1.7%	18.2%	2.0%	36.4%	2.9%	27.3%	2.1%	42.1%	5.8%	23.7%	3.3%	33.6%	2.7%	20.6%	2.6%	38.4%
25 to 34	12.3%	25.1%	15.2%	32.1%	20.3%	37.1%	14.5%	30.9%	31.1%	34.5%	30.7%	41.8%	12.4%	41.2%	17.3%	32.4%
35 to 44	21.5%	19.2%	24.0%	14.9%	27.8%	18.3%	21.7%	12.3%	28.4%	24.0%	25.3%	6.2%	18.5%	20.0%	23.5%	13.9%
45 to 54	22.1%	12.8%	27.3%	8.0%	26.4%	8.0%	27.8%	7.1%	22.2%	6.8%	21.0%	8.9%	27.5%	13.5%	26.9%	7.3%
55 to 64	15.4%	7.0%	14.2%	2.7%	11.9%	3.4%	13.5%	2.0%	8.6%	4.2%	8.3%	6.2%	15.8%	3.5%	12.7%	2.4%
65 to 74	13.7%	6.2%	9.7%	1.8%	7.1%	1.9%	10.8%	1.6%	2.8%	2.8%	4.0%	1.4%	9.7%	1.2%	9.2%	1.7%
75 and over	13.4%	11.5%	7.6%	4.1%	3.5%	3.9%	9.6%	4.1%	1.0%	4.0%	7.3%	2.1%	13.4%	0.0%	7.7%	4.0%
All Households	72.3%	27.7%	56.7%	43.3%	49.0%	51.0%	46.6%	53.4%	71.0%	29.0%	67.3%	32.7%	63.7%	36.3%	49.1%	50.9%

Source: U.S. Census Bureau

White households were more likely to be home owners than minority households.

While white households accounted for 88% of the population within the study area in 2000, home ownership among white households exceeded 95%. However, black households residing in Coralville and Iowa City were more likely to be home owners than anywhere else in the study area, or in Johnson County or the State.

FIGURE 25

Tenure by Race and Hispanic Origin of Householder - 2000																
Race	Iowa		Johnson County		Coralville		Iowa City		North Liberty		Tiffin		University Heights		Study Area	
	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent
White	97.4%	90.9%	96.3%	84.4%	95.3%	83.1%	94.8%	82.3%	97.7%	95.8%	97.7%	97.3%	98.7%	95.9%	95.3%	83.3%
Black	0.9%	4.0%	0.8%	5.3%	1.2%	6.7%	1.2%	5.7%	0.9%	1.4%	0.0%	0.0%	0.0%	1.2%	1.1%	5.6%
Amer. Indian/ Alaskan Native	0.2%	0.4%	0.2%	0.4%	0.9%	0.0%	0.1%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.4%
Asian/Pacific Islander	0.6%	1.8%	1.7%	6.7%	2.2%	5.6%	2.5%	8.0%	0.3%	1.4%	1.7%	2.7%	0.0%	0.0%	2.2%	7.2%
Some Other Race	0.9%	2.8%	1.1%	3.2%	0.5%	4.6%	1.4%	3.2%	1.1%	1.4%	1.7%	0.0%	1.3%	2.9%	1.2%	3.4%
All Households	72.3%	27.7%	56.7%	43.3%	49.0%	51.0%	46.6%	53.4%	70.9%	29.1%	67.3%	32.7%	63.7%	36.3%	49.1%	50.9%
Hispanic Origin	1.1%	3.4%	1.2%	2.9%	0.2%	0.6%	1.3%	3.0%	1.7%	1.4%	0.7%	0.0%	0.7%	3.5%	1.4%	3.0%

Source: U.S. Census Bureau

Among minorities, Asian/Pacific Islander households had a higher rate of home ownership than black, American Indian/Native Alaskan and all other households. Households of Hispanic origin also had lower ownership rates.

Less than 12% of all home owners in the study area had incomes of less than \$25,000 compared to 21% Statewide. Households with lower incomes were less likely to be home owners (see Figure 26). For households with incomes between \$25,000 and \$50,000, 27.2% were home owners in the study area compared to nearly 40% Statewide. While a transient student population may be the reason for a lower home ownership rate in the study area to a degree, higher housing costs may also be a factor.

FIGURE 26

Tenure by Household Income - 2000																
Race	Iowa		Johnson County		Coralville		Iowa City		North Liberty		Tiffin		University Heights		Study Area	
	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent	% Own	% Rent
Less than \$10,000	4.6%	17.7%	2.7%	21.1%	2.6%	13.7%	2.4%	24.8%	2.2%	5.7%	2.3%	8.2%	2.3%	36.5%	2.4%	22.0%
\$10,000 to \$14,999	4.8%	11.9%	2.9%	12.1%	1.4%	8.1%	3.1%	13.7%	2.0%	12.1%	1.3%	3.4%	1.0%	7.1%	2.7%	12.5%
\$15,000 to \$24,999	11.9%	21.1%	6.8%	22.6%	6.1%	24.9%	6.8%	22.5%	7.4%	21.4%	11.0%	24.7%	8.4%	12.4%	6.8%	22.8%
\$25,000 to \$34,999	20.0%	17.4%	10.0%	16.0%	11.6%	21.8%	9.8%	14.5%	12.6%	16.6%	11.7%	21.2%	3.7%	12.9%	10.3%	16.0%
\$35,000 to \$49,999	19.9%	16.3%	15.3%	14.9%	15.2%	17.2%	16.2%	13.3%	25.3%	21.1%	20.7%	26.0%	16.4%	18.2%	16.9%	14.5%
\$50,000 to \$74,999	24.8%	11.1%	25.8%	8.6%	27.4%	9.7%	25.0%	7.1%	30.3%	18.0%	36.3%	15.1%	15.4%	8.8%	26.0%	8.0%
\$75,000 to \$99,999	11.1%	2.8%	16.7%	3.0%	15.9%	3.4%	16.2%	2.6%	13.8%	2.8%	6.7%	1.4%	19.5%	2.4%	15.8%	2.8%
\$100,000 to \$149,999	6.3%	1.1%	12.0%	1.2%	12.9%	0.7%	12.5%	1.1%	3.9%	2.5%	6.0%	0.0%	19.1%	1.8%	11.8%	1.1%
\$150,000 or more	3.1%	0.5%	7.6%	0.5%	6.8%	0.2%	8.0%	0.4%	2.6%	0.0%	0.7%	0.0%	14.1%	0.0%	7.3%	0.4%
All Households	72.3%	27.7%	56.7%	43.3%	49.0%	51.0%	46.6%	53.4%	70.9%	29.1%	67.3%	32.7%	63.7%	36.3%	49.1%	50.9%

Source: U.S. Census Bureau

Home ownership was highest among married couple households. Nearly 60% of married couple families owned their own home in the study area, which was higher than the overall County home ownership rate of 56.7%. Rates among married-couple family households compared to non-family households were comparable in all municipalities within the study area. In contrast to national trends, female householders without husbands were twice more likely to be home owners than male householders without wives. This may be due to a more educated population and, as a result, better employment opportunities in the Iowa City region.

PHYSICAL CONDITION OF HOUSING

Census data provides certain indicators relative to the condition of the local housing stock. Three factors can be evaluated: age of the structure, degree of overcrowding and lack of complete plumbing facilities.

The age of a residential structure demonstrates the time the unit has been in the inventory and the duration of time over which substantial maintenance is necessary. The age threshold commonly used to signal a potential deficiency is represented by the year built with units that are 50 years old or over used as the threshold. However, the age of the structure alone cannot be used exclusively to determine the condition of housing. Many older units are well-maintained. Older units, however, have a greater need for maintenance, including replacement of expensive building systems. Newer housing units that have bigger rooms and modern amenities generally have higher sales values reflecting a preference for newer units. Geographic locations with a variety of new housing types are more attractive to new households, but generally less affordable to lower income households.

Another variable used to identify housing condition is overcrowding, which is directly related to the wear and tear sustained by the residential structure. The value of more than one person per room (1.01) is used as the threshold for defining living conditions as substandard. Finally, a lack of complete plumbing facilities is identified as a variable with the sharing of facilities between households used as an index of deficient housing conditions.

Nearly 25% of the housing stock in the study area was built prior to 1960. In 2000 there were 8,117 units that were constructed prior to 1960. At a municipal level, rates varied greatly. In University Heights, a built-out, older community where only two residential building permits have been issued since 2000, 57.1% of the housing stock was built before 1960, representing the oldest housing inventory in the study area. This community also contains some of the most well-maintained and desirable housing units in the study area. In the outlying suburban areas, recent new housing developments are reflected in lower rates of units built before 1960.

FIGURE 27

Housing Units Built Prior to 1960								
	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Total Occupied Housing Units	1,149,276	44,080	6,448	25,195	2,222	446	468	34,779
Owner Occupied Units	831,427	24,986	3,159	11,749	1,576	300	298	17,082
Units Built Prior to 1960	434,156	6,603	415	3,647	73	39	139	4,313
Renter Occupied Units	317,849	19,094	3,289	13,446	646	146	170	17,697
Units Built Prior to 1960	149,200	4,586	261	3,325	67	23	128	3,804
Total Units Built Prior to 1960	583,356	11,189	676	6,972	140	62	267	8,117
% of Occupied Units	50.8%	25.4%	10.5%	27.7%	6.3%	13.9%	57.1%	23.3%

Source: U.S. Census Bureau

Relatively few housing units were overcrowded. Across the study area, 710 units were identified as overcrowded, accounting for 2% of the occupied housing stock. Renter-occupied units were more likely to be overcrowded than owner-occupied units by almost 5 to 1. And, the overcrowded units within the study area represented 83.2% of all overcrowded units in Johnson County. Coralville had the highest overcrowded rate of 3.1%, while Iowa City had the most overcrowded units but at a lower rate of 1.8% of the city’s occupied housing stock. In Tiffin and University Heights, only 5 rental units in each municipality were identified as overcrowded.

FIGURE 28

Overcrowded Housing Units - 2000								
	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Total Occupied Housing Units	1,149,276	44,080	6,448	25,195	2,222	446	468	34,779
Owner Occupied Units	831,427	24,986	3,159	11,749	1,576	300	298	17,082
Overcrowded units	10,133	230	44	49	29	0	0	122
Renter Occupied Units	317,849	19,094	3,289	13,446	646	146	170	17,697
Overcrowded units	12,365	623	156	402	20	5	5	588
Total Overcrowded Units	22,498	853	200	451	49	5	5	710
% of Occupied Units	2.0%	1.9%	3.1%	1.8%	2.2%	1.1%	1.1%	2.0%

Source: U.S. Census Bureau

Very few housing units lacked complete plumbing facilities. Only 1.2% of the occupied housing stock was identified as lacking complete plumbing facilities in the

study area with all such units found in Iowa City and Coralville. Most notably, owner-occupied units were more likely to lack facilities than renter-occupied units by 2 to 1. The 451 substandard units in the study area accounted for 74% of all units lacking complete plumbing facilities in Johnson County.

FIGURE 29

Housing Units Lacking Complete Plumbing Facilities - 2000								
	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Total Occupied Housing Units	1,232,511	45,831	6,753	26,052	2,343	463	478	36089
Owner Occupied Units	831,427	24,986	3,159	11,749	1,576	300	298	17,082
Lacking complete plumbing facilities	9,790	426	39	260	0	0	0	299
Renter Occupied Units	317,849	19,094	3,289	13,446	646	146	170	17,697
Lacking complete plumbing facilities	1,898	183	39	113	0	0	0	152
Total Units Lacking Complete Plumbing	11,688	609	78	373	0	0	0	451
% of Total Occupied Housing Units	0.9%	1.3%	1.2%	1.4%	0.0%	0.0%	0.0%	1.2%

Source: U.S. Census Bureau

The following chart summarizes the housing conditions in 2000 (i.e. units built prior to 1960, overcrowded units, and units lacking complete plumbing facilities) for owner- and renter-occupied housing units within the study area.

FIGURE 30

Summary of Housing Conditions - 2000								
	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Total Occupied Housing Units	1,149,276	44,080	6,448	25,195	2,222	446	468	34,779
Units Built Prior to 1960								
Owner-Occupied Units	434,156	6,603	415	3,647	73	39	139	4,313
Renter-Occupied Units	149,200	4,586	261	3,325	67	23	128	3,804
Overcrowded Units								
Owner-Occupied Units	10,133	230	44	49	29	0	0	122
Renter-Occupied Units	12,365	623	156	402	20	5	5	588
Units Lacking Complete Plumbing Facilities								
Owner-Occupied Units	9,790	426	39	260	0	0	0	299
Renter-Occupied Units	1,898	183	39	113	0	0	0	152
Total	605,854	12,651	954	7,796	189	67	272	9,278
% of Total Occupied Housing Units	52.7%	28.7%	14.8%	30.9%	8.5%	15.0%	58.1%	26.7%

Source: U.S. Census Bureau

ASSISTED HOUSING MARKET

In addition to the private housing market, there is a substantial privately-assisted housing inventory in the Iowa City metro area. Privately-assisted housing is privately-owned but affordable due to the funding source used to develop the housing units. (This type of

subsidized housing differs from public housing that is owned by a government entity.) Eligible resident households typically include those who are elderly (either 55 or 62 years of age or older), low income (80% of median income or less), or disabled. Financing for these affordable units typically comes from state and federal sources such as the Low Income Housing Tax Credit Program (LIHTC); the U.S. Department of Agriculture’s Section 515 Program; HUD’s Section 202 (elderly), Section 811 (disabled), and Section 236 and Section 221(d) (family) Programs.

These 1,372 affordable housing units address a significant need in the Iowa City metro area, comprising approximately 3% of the approximate 43,577 units in 2006.

FIGURE 31

Inventory of Privately Assisted Affordable Housing				
Name of Development	Address	Municipality	Number of Units	Type of Financing
Coral Ridge Apartments	2230-2264 10th Street	Coralville	72	LIHTC
Coral Ridge Apartments II	2220-2226 10th Street	Coralville	30	LIHTC
Coral Village	1799 5th Street	Coralville	57	Section 221(d)
Villa Garden Apartments	861-1037 Cross Park Avenue	Iowa City	48	LIHTC
Citizen Building Apartments	319 Washington Street	Iowa City	18	LIHTC
North Front Park Apartments	705-755 N. Front Street	North Liberty	24	LIHTC/USDA Sect. 515
Penn Oaks Condominiums	10-12 Penn Oaks Drive	North Liberty	36	LIHTC
Concord Terrace Apartments	1259 Shannon Drive	Iowa City	30	LIHTC
Regency Heights	1010 Scott Park Drive	Iowa City	36	LIHTC
Regency Heights II	1060 Scott Park Drive	Iowa City	37	LIHTC
Lexington Place	1229 Shannon Drive	Iowa City	30	LIHTC
Emerson Point	1335 Shannon Drive	Iowa City	54	LIHTC
Savannah Village	Jefferson Street	North Liberty	28	LIHTC
Whispering Garden	2429-2443 Whispering Meadow Drive	Iowa City	12	LIHTC
Jefferson Point	45 West Jefferson Street	North Liberty	30	LIHTC
Jefferson Point II	West Jefferson Street	North Liberty	30	LIHTC
Melrose Ridge	4435-4455 Melrose Avenue	Iowa City	18	LIHTC
Berry Court	Scattered sites	Iowa City	14	LIHTC
Pheasant Ridge Apartments	2626 Bartelet Road	Iowa City	248	Section 236
The Housing Fellowship	Scattered sites	Iowa City	90	HOME/CDBG
Autumn Park Apartments	3042 Muscatine Avenue	Iowa City	64	Section 202
Ecumenical Towers	320 East Washington Street	Iowa City	81	Section 202
Capitol House	320 Dubuque Street	Iowa City	81	Section 202
System Unlimited Group Homes	941 Pepper Drive	Iowa City	48	Section 202
System Unlimited Group Homes	2208 Hickory Court	Iowa City	18	Section 811
Country Living Apartments	190 Sugar Creek Lane	North Liberty	16	USDA Section 515
Farkus Apartments	270 South Chestnut	North Liberty	4	USDA Section 515
North Liberty Park	225 Sugar Creek Lake	North Liberty	24	USDA Section 515
Builders of Hope	1010 South First Avenue	Iowa City	5	HOME
MECCA	438 Southgate Avenue	Iowa City	12	HOME
Successful Living	Scattered sites	Iowa City	29	HOME/CDBG
HACAP	Scattered sites	Iowa City	48	HOME/CDBG
Sub-total for Iowa City			1,021	
Sub-total for North Liberty			192	
Sub-total for Coralville			159	
Grand Total for Study Area			1,372	

Sources:

- Iowa City Five Year Consolidated Plan - City Steps 2006-2010
- National Housing Trust Affordable Housing Data Sets
- Iowa Finance Authority Inventory of Tax Credit Projects
- U.S. Department of Housing and Urban Development

Sources: Iowa City Five Year Consolidated Plan-CITY STEPS 2006-2010; National Housing Trust Affordable Housing Data Sets; Iowa Finance Authority; U.S. Dept. of Housing & Urban Development

Almost half of the affordable housing inventory is at risk for conversion to market rate housing. In some cases, affordable housing developments are constructed with public funds provided to the developer and rental subsidies provided to qualifying households who occupy the units. The source of the rental subsidy is the Section 8 Program. The developer must agree to keep the units affordable for a specified period of years if HUD provides Section 8 rental subsidies. After the period of affordability expires, the housing units may be purchased by a for-profit entity and converted to market rate housing. According to a 2007 update issued by the Iowa Finance Authority, nearly 600 affordable housing units are at risk for conversion to market rate units due to expiring Section 8 contracts. These units account for almost 47% of the assisted housing stock in the study area.

FIGURE 32

Expiring Section 8 Contracts in the Iowa City Metro Area				
Name of Development	Address	Municipality	Number of Units	Expiration Date
System Unlimited Group Homes	941 Pepper Drive	Iowa City	48	5/31/2007
Coral Village	1799 5th Street	Coralville	57	7/31/2010
Pheasant Ridge Apartments	2626 Bartelet Road	Iowa City	248	7/31/2010
Capitol House	320 Dubuque Street	Iowa City	81	7/31/2010
System Unlimited Group Homes	2208 Hickory Court	Iowa City	18	10/31/2011
Ecumenical Towers	320 East Washington Street	Iowa City	81	11/30/2011
Autumn Park Apartments	3042 Muscatine Avenue	Iowa City	64	12/31/2009
Grand Total for Study Area			597	

Source: Iowa Finance Authority (2007)

The largest public landlord in Iowa City is the Iowa City Housing Authority. The Authority administers and manages 81 units of public housing in addition to 1,213 vouchers for the Section 8 Housing Choice Voucher Program. Preferences are provided to local residents, and elderly and disabled households. Unfortunately, the demand for public housing and Section 8 vouchers far exceed current supply. Waiting lists are lengthy (about two years) for both: nearly 1,200 applicants are requesting public housing and another 1,600 applicants are waiting on rental vouchers.

Part 5 ECONOMIC DATA

Economic trends are important to the understanding of the housing market because of the relationship between income and housing choice. The following discussion of trends and projections in occupations and employment provides a basis for discussion of the ability of households to afford housing, which will impact housing choice and demand in the Iowa City metro area.

Much of the economic data provided in this report is available on a county basis. When available, municipal level data also are presented.

LABOR FORCE AND UNEMPLOYMENT

The regional economy of the Iowa City metro area is diversified and robust. With the exception of 2004-2006, the annual unemployment rate has been 3% or less for the last decade. Average annual salaries in 2006 in most employment sectors were greater than \$30,000 (see Figure 39). Real wages increased 7.6% in service-providing jobs and 4.9% in goods-producing jobs between 2001 and 2006 (see Figure 39). Employment is projected to increase significantly in the higher-skill, higher-wage sectors such as Trade/Transportation/Utilities, Financial Activities, Education/Health Services, and Professional/Business Services (see Figure 41).

Johnson County's labor force has expanded to accommodate a growing economy. Between 1996 and 2006, Johnson County's civilian labor force increased by 15.5% from 65,900 to 76,100. The total number of persons employed increased by 15.6% from 64,100 to 74,100. The number of unemployed persons increased 5.3% from 1,900 to 2,000 but the overall rate of unemployment declined as a result of the healthy increase in the civilian labor force.

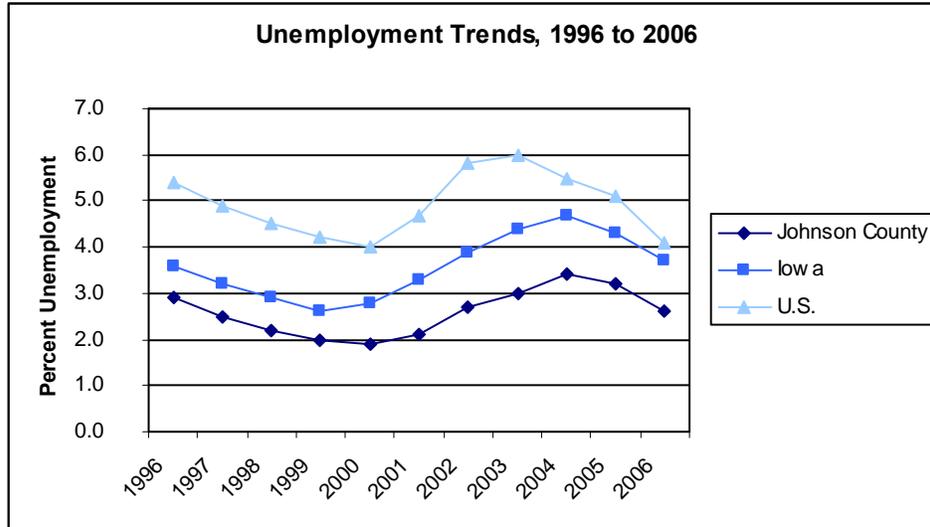
FIGURE 33

Johnson County Civilian Labor Force - 1996 to 2006 (in thousands; not seasonally adjusted)				
	Civilian Labor Force	Total Employed	Total Unemployed	Unemployment Rate
1996	65.9	64.1	1.9	2.9%
1997	65.8	64.1	1.7	2.5%
1998	67.3	65.8	1.5	2.2%
1999	68.6	67.2	1.4	2.0%
2000	67.6	66.3	1.3	1.9%
2001	69.2	67.8	1.5	2.1%
2002	72.3	70.4	1.9	2.7%
2003	72.8	70.6	2.2	3.0%
2004	73.2	70.7	2.5	3.4%
2005	74.2	71.9	2.4	3.2%
2006	76.1	74.1	2.0	2.6%

Source: Iowa Workforce Development

While Johnson County's unemployment trends have paralleled trends in the U.S. and Iowa, the county's rates have consistently been lower than national and state rates. The margin below the national rate has been as great as 3.0% in 2003. After peaking at 3.4% in 2004, the county's unemployment rate has slowly been receding once again, falling to 2.6% in 2006. This recent downward trend also paralleled national and state trends.

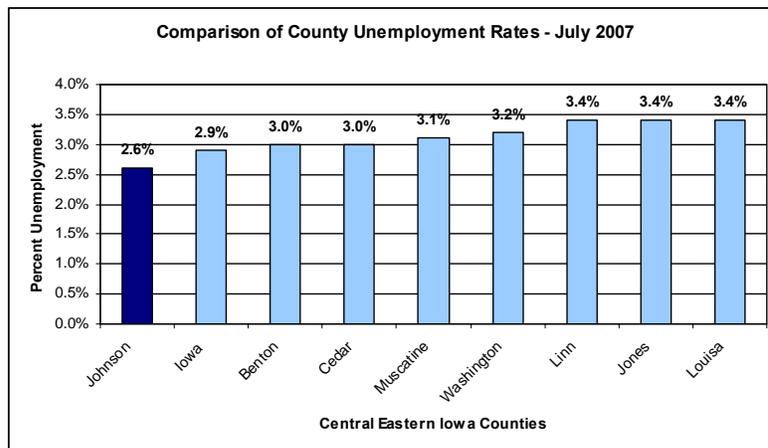
FIGURE 34



Sources: U.S. Census Bureau; Iowa Workforce Development

Regionally, Johnson County had the lowest unemployment rate at 2.6% in July 2007. Still, all counties in the central eastern region of Iowa had lower unemployment than the State rate of 3.9% and the national rate of 4.5% in July.

FIGURE 35



Source: Iowa Workforce Development

EMPLOYMENT BY INDUSTRY

The Iowa City metro region is home to several Fortune 500 companies, several nationally-recognized companies, and the University of Iowa. Cumulatively, these businesses and institutions constitute a major employment center based in Iowa City. The research and development capabilities of the university have aided regional businesses, thus benefiting the State and the nation.

Total employment in Johnson County increased 7.1% between 2001 and 2005.

Over 4,600 jobs were added during that period, bringing total employment up to 70,751 (see Figure 39).

More than half of all employment involved service-providing jobs. In Johnson County, 57% of all employment is found in the service-providing sectors of private business. Retail Trade employs 8,686 and accounts for 18% of all private sector jobs. Education/Health Services sectors employ 7,620 and account for 15.8% of private sector jobs, while Leisure/Hospitality Services employs 7,054 and accounts for another 14.6% of private sector jobs.

FIGURE 36

Total Employment by Industry for Johnson County for 2001-2005						
	2001	2002	2003	2004	2005	% Change 2001-2005
Total: All Industries	66,089	67,450	68,651	70,586	70,751	7.1%
PRIVATE BUSINESS	44,583	45,983	46,740	48,380	48,277	8.3%
Goods-Producing Industries						
Natural Resources, Mining	118	105	109	133	114	-3.4%
Construction	2,462	2,616	2,646	2,795	2,911	18.2%
Manufacturing	5,186	5,199	5,109	5,202	5,109	-1.5%
Service-Providing Industries						
Trade	9,807	9,596	9,640	9,862	9,858	0.5%
Wholesale Trade	1,098	1,089	1,123	1,222	1,172	6.7%
Retail Trade	8,709	8,507	8,517	8,640	8,686	-0.3%
Transportation, Warehousing, Utilities	2,690	3,360	4,033	4,314	4,277	59.0%
Information	2,593	2,716	2,316	3,510	2,907	12.1%
Finance, Insurance, Real Estate	2,449	2,567	2,559	2,638	2,526	3.1%
Professional & Business Services	5,695	5,887	4,929	4,510	4,368	-23.3%
Education & Health Services	5,665	5,764	7,132	7,163	7,620	34.5%
Leisure & Hospitality Services	6,377	6,610	6,729	6,680	7,054	10.6%
Other Services	1,541	1,564	1,538	1,575	1,535	-0.4%
GOVERNMENT	21,506	21,466	21,911	22,205	22,474	4.5%
State	16,048	16,001	16,305	16,573	16,621	3.6%
Local	3,843	3,915	4,028	4,133	4,324	12.5%
Federal	1,615	1,551	1,577	1,500	1,529	-5.3%

Source: Iowa Workforce Development

Transportation/Warehousing/Utilities experienced the greatest expansion in employees. The Transportation/Warehousing/Utilities sector had the highest increase in

employment in Johnson County, expanding 59% as a result of the 1,587 jobs added to the economy. Education/Health Services also increased significantly (34.5%) growing by nearly 2,000 jobs in only five years. Other substantially expanding industries included Construction (18.2%), Local Government (12.5%), and Information (12.1%).

Professional/Business Services experienced the largest decline (23.3%) with less significant losses in the Federal Government (5.3%) and Natural Resources/Mining (3.4%). However, these losses were offset by impressive gains in other industries.

State government employment experienced significant gains during this period. (All employees of the University of Iowa and the University of Iowa Hospitals and Clinics are classified as state government employees.) This segment of the economy grew by 573 jobs (3.6%) to 16,621 in 2005 from 16,048 in 2001.

The University of Iowa and the University Hospitals and Clinics system are the top two employers in the region, providing jobs for over 25,000 persons. This was more than the remaining top 23 employers combined. Furthermore, education and medical services provided nearly 31,000 of the 41,003 jobs accounted for in the following chart.

FIGURE 37

Top 25 Employers in the Greater Iowa City Metropolitan Area in 2007		
Employer	Product or Service	No. of Employees
University of Iowa	College/University	17,855
University of Iowa Hospitals and Clinics	Hospital	7,638
Iowa City Community School District	Educational services	1,550
ACT, Inc.	Education/workforce development product/services	1,426
Mercy Iowa City	Hospital	1,262
Veteran's Affairs Medical Center	Hospital	1,232
Pearson	Business consulting	1,101
Lear Corporation	Plastics foam products	850
Rockwell Collins	Printed circuit board/search & navigation equipment	828
Hy-Vee Iowa City (3 locations)	Supermarket	777
Systems Unlimited	Disabled persons assistance	760
Pearson	Business consulting	700
City of Iowa City	Government	625
Procter & Gamble	Toiletries	514
Johnson County	Government	475
Oral-B Laboratories (Gillette)	Toothbrush manufacturing	460
Wal-Mart	Retail	394
Centro, Inc.	Plastic producer	380
Hy-Vee Food Stores, Inc.	Supermarket	340
Integrated DNA Technologies	Synthetic DNA manufacturer	340
Fresh Foods Concepts	Restaurant	320
Hills Bank and Trust Company	Financial services	320
City of Coralville	Government	302
University of Iowa Foundation	Nonprofit organization	280
GEICO Direct Auto Insurance	Auto insurance	274
Total Employees		41,003

Source: Iowa City Area Development Group Employment Survey

COMMUTER TRENDS

More residents commute to places of employment within Johnson County than outside of the county to work. In 2000, a total of 15,679 residents of outlying counties made the daily commute to Johnson County to their place of employment. Another 8,885 residents of Johnson County commuted out to other counties to reach their jobs. This cross-commutation resulted in a net worker inflow of 6,794 workers.

Many more residents, however, live and work in Johnson County. In 2000 a total of 54,202 residents lived and worked in Johnson County, representing 69% of the total number of employed persons in the County.

FIGURE 38

Worker Inflow/Outflow Patterns in Johnson County - 2000	
LOCAL RESIDENT WORKERS (People who Live and Work in Johnson County)	
Johnson County	54,202
IN-COMMUTERS (Top Ten Counties Workers are Commuting From)	
Linn County, IA	4,434
Muscatine County, IA	1,306
Iowa County, IA	1,294
Cedar County, IA	2,171
Washington County, IA	2,879
Polk County, IA	147
Scott County, IA	325
Benton County, IA	298
Jones County, IA	290
Henry County, IA	158
OUT-COMMUTERS (Top Ten Counties Residents are Commuting To)	
Linn County, IA	5,514
Iowa County, IA	534
Washington County, IA	509
Muscatine County, IA	400
Cedar County, IA	375
Scott County, IA	253
Jones County, IA	108
Polk County, IA	78
Rock Island County, IL	73
Benton County, IA	73

NOTE: Data includes all employed persons.

Source: U.S. Census Bureau

WAGES

Wages are the sum of income received regularly by people 16 years old and over before deductions for personal income taxes, social security, union dues, and Medicare deductions. The term “real wages” refers to wages that have been adjusted for inflation.

The average annual wage for all service-providing industries was equal to 77% of the average annual wage for all industries. The largest increases in real wages between 2001 and 2006 were in Trade (13.6%), Financial Activities (11.3%), Transportation/Warehousing (10.4%) and Professional/Business Services (9.8%). Decreases in real wages were noted in Leisure/Hospitality Services (4.1%), Other Services (4.1%), Information (1.6%), Retail Trade (1.0%) and Construction (0.8%).

FIGURE 39

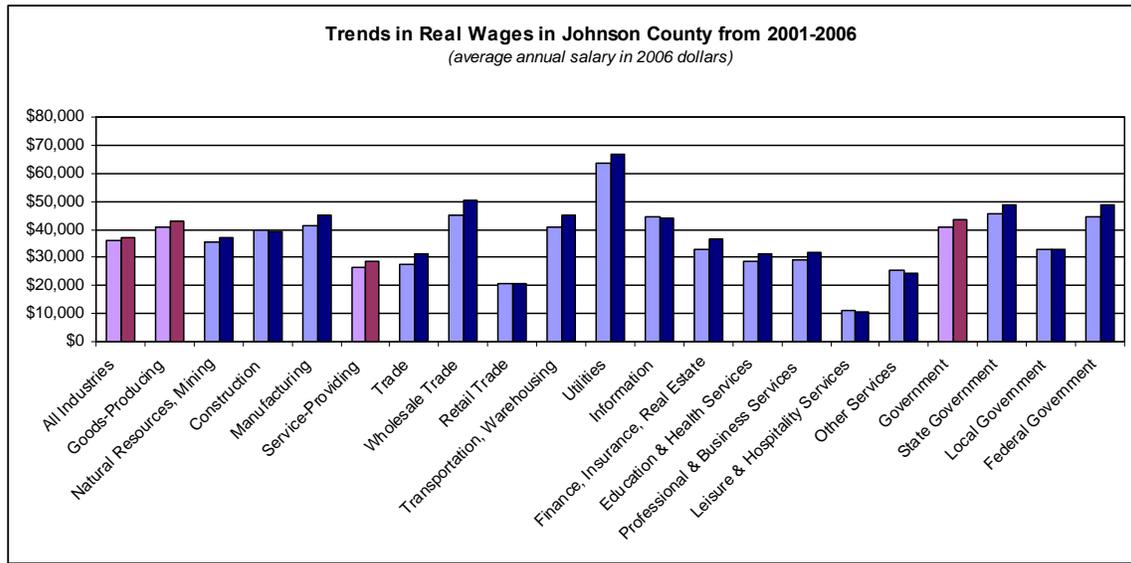
Trends in Real Wages by Industry for Johnson County from 2001-2006 (average annual adjusted to 2006 dollars)			
Industry	2001	2006*	% Change 2001-2006
All Industries	\$36,043	\$36,982	2.6%
Goods-Producing Industries	\$40,824	\$42,842	4.9%
Natural Resources, Mining	\$35,462	\$37,230	5.0%
Construction	\$39,567	\$39,262	-0.8%
Manufacturing	\$41,517	\$45,098	8.6%
Service-Providing Industries	\$26,566	\$28,573	7.6%
Trade	\$27,340	\$31,061	13.6%
Wholesale Trade	\$44,975	\$50,578	12.5%
Retail Trade	\$20,718	\$20,511	-1.0%
Transportation, Warehousing	\$40,917	\$45,169	10.4%
Utilities	\$63,545	\$66,975	5.4%
Information	\$44,443	\$43,752	-1.6%
Finance, Insurance, Real Estate	\$32,753	\$36,440	11.3%
Education & Health Services	\$28,798	\$31,302	8.7%
Professional & Business Services	\$29,110	\$31,960	9.8%
Leisure & Hospitality Services	\$11,202	\$10,745	-4.1%
Other Services	\$25,452	\$24,416	-4.1%
Government	\$40,885	\$43,399	6.1%
State Government	\$45,307	\$48,899	7.9%
Local Government	\$32,765	\$32,751	0.0%
Federal Government	\$44,583	\$48,548	8.9%

*Preliminary

Source: U.S. Bureau of Labor Statistics

Among government employees, State wages were highest. However, Federal employees experienced a higher increase in real wages (8.9%) between 2001 and 2006. Local Government employees saw virtually no change in their pay over five years.

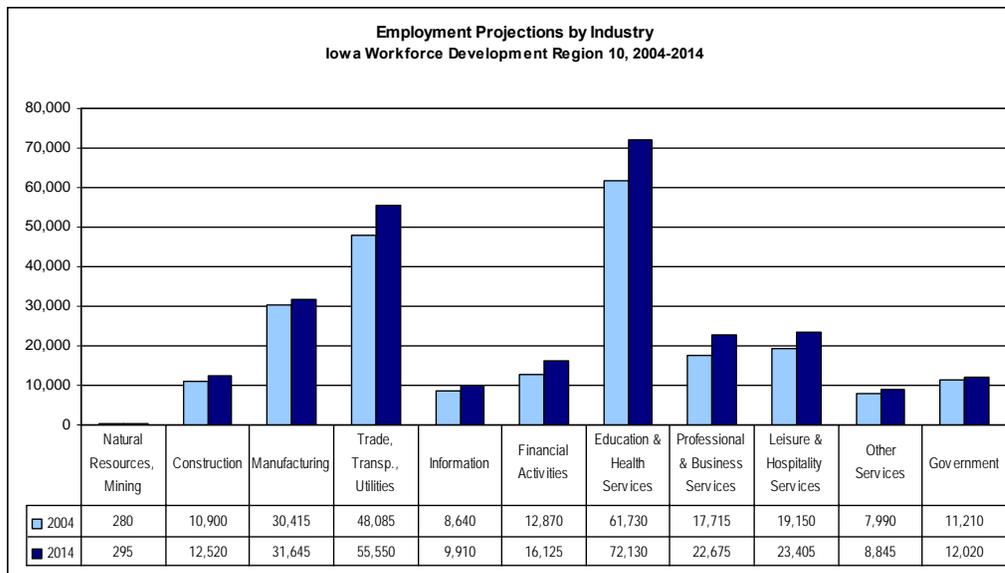
FIGURE 40



Source: U.S. Bureau of Labor Statistics

The Education/Health Service sectors are projected to expand by the largest number of jobs (10,400) by 2014. Other significant regional gains are projected for Trade/Transportation/Utilities, Professional/Business Services, Leisure/Hospitality Services and Financial Activities. With the exception of Leisure/Hospitality Services and Retail Trade (a sub-category of Trade), the employment sectors projected to grow over the next seven years include higher-skill, higher-wage jobs.

FIGURE 41



Source: Labor Market and Economic Research Bureau, Iowa Workforce Development

The following table includes the annual salaries by industry for Johnson County in 2006. The table shows the percent of the persons employed by industry in the county with the amount of wages paid for entry level and experienced persons employed in the industry. The median wage for the industry is also provided.

More than half of all employed persons work in industries with the lowest entry level wages in Johnson County. Approximately 12.8% of workers were employed in industries with entry level wages of less than \$15,000 annually. Another 40% work in industries with entry level wages between \$15,000 and \$20,000 annually. These lower wage workers are essential to the continued success of the county’s economy and they impact significantly on the demand for affordable sales and rental housing in the Iowa City metro area.

FIGURE 42

Annual Entry-Level Salaries in Johnson County - 2006					
Occupation Categories	Entry Wage	Median Wage	Experienced Wage	Total Persons Employed	
				Number	Percent
ENTRY WAGES LESS THAN \$15,000 (equal to 28% of median household income)					
Food Preparation / Serving-related	\$12,060	\$15,020	\$18,800	6,690	9.3%
Farming / Fishing / Forestry	\$13,300	\$17,700	\$22,740	50	0.1%
Protective Service	\$14,500	\$30,840	\$38,320	780	1.1%
Personal Care / Service	\$14,560	\$17,600	\$23,820	1,710	2.4%
			Sub-total	9,230	12.8%
ENTRY WAGES BETWEEN \$15,000 AND \$20,000 (equal to 28% to 37% of median household income)					
Sales / Related	\$15,080	\$19,660	\$29,880	7,090	9.8%
Building / Grounds Cleaning / Maintenance	\$16,040	\$21,640	\$25,520	2,110	2.9%
Arts / Design / Entertainment / Sports / Media	\$16,200	\$22,460	\$24,000	n.a.	n.a.
Transportation / Material Moving	\$17,540	\$31,160	\$36,980	6,330	8.8%
Office / Administrative Support	\$18,660	\$27,100	\$33,820	11,180	15.5%
Healthcare Support	\$18,680	\$23,760	\$27,280	1,900	2.6%
Community / Social Services	\$19,460	\$33,160	\$40,820	690	1.0%
			Sub-total	29,300	40.6%
ENTRY WAGES BETWEEN \$20,000 AND \$38,000 (equal to 37% to 70% of median household income)					
Production	\$21,520	\$27,980	\$35,020	3,550	4.9%
Installation / Maintenance / Repair	\$22,220	\$35,400	\$42,360	1,890	2.6%
Construction / Extraction	\$24,780	\$33,620	\$43,940	2,830	3.9%
Business / Financial Operations	\$29,320	\$43,420	\$53,500	2,270	3.1%
Computer / Mathematical	\$33,420	\$52,140	\$63,340	1,660	2.3%
Management	\$33,440	\$66,560	\$89,900	2,390	3.3%
Healthcare Practitioners / Technical	\$34,280	\$48,300	\$60,400	5,850	8.1%
Architecture / Engineering	\$37,940	\$54,300	\$65,820	580	0.8%
			Sub-total	21,020	29.1%
			TOTAL	59,550	82.5%

NOTE: Similar data were not available for Life/Physical/Social Science; Education/Training/Library; and, Legal Occupations.

Source: Iowa 2006 Wage Survey, Iowa Workforce Development

INCOME

Income is broader than wages and represents the total funds available to a household. The Census defines income as the sum of the amounts reported separately for wage plus interest, dividends, or net rental or royalty income or income from estates and trusts; social security or railroad retirement income; Supplemental Security Income; public assistance or welfare payments; retirement, survivor, or disability pensions; and, all other income. The term “real median income” refers to income that has been adjusted for inflation.

Income trends can reveal the financial capacity of a region to support new housing construction, modernization of older housing units, and regular maintenance of existing units. Lower income households will have greater difficulty meeting their basic needs (food and clothing) and generally have less disposable income to save toward a down payment to rent or purchase a home, or to make necessary repairs on an older housing unit.

Median household income is often the benchmark against which housing affordability is measured. The median household income is the middle of the income range: one-half of all households have an income higher than the median and the other half have an income lower than the median.

The median household income in Johnson County in 2000 was \$41,317. This represented an increase in real median household income of 12.6% from \$36,708 in 1990. The County’s 2000 median household income was equivalent to 105% of the State’s median income. (The term “real median household income” refers to income that has been adjusted for inflation.)

FIGURE 43

Change in Real Median Household Income from 1990-2007						
	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights
1990-2000						
1990 Real Median Household Income *	\$36,708	\$35,044	\$32,364	\$35,692	\$35,202	\$57,641
2000 Median Household Income	\$41,317	\$39,244	\$34,980	\$45,113	\$43,119	\$48,839
% Change 1990-2000	12.6%	12.0%	8.1%	26.4%	22.5%	-15.3%
2000-2007						
2000 Real Median Household Income**	\$50,429	\$47,898	\$42,694	\$55,062	\$52,628	\$59,609
2007 Median Household Income	\$47,940	\$46,656	\$40,772	\$51,734	\$52,562	\$60,484
% Change 2000-2007	-4.9%	-2.6%	-4.5%	-6.0%	-0.1%	1.5%

*Adjusted to 2000 dollars

**Adjusted to 2007 dollars

NOTE: Data includes all households.

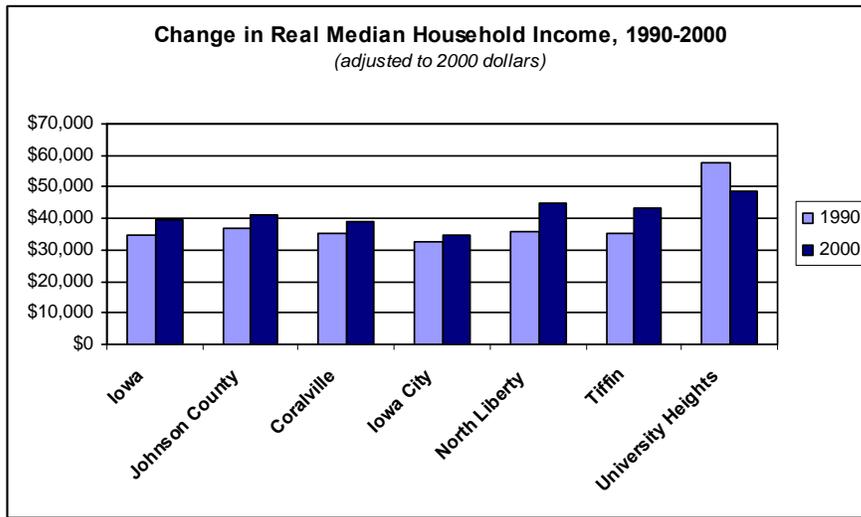
Sources: U.S. Census Bureau; Claritas, Inc.

With the exception of University Heights, real median household income increased in the study area between 1990 and 2000. North Liberty experienced the

largest increase of 26.4% while Iowa City, with its large student population, saw only an 8.1% gain.

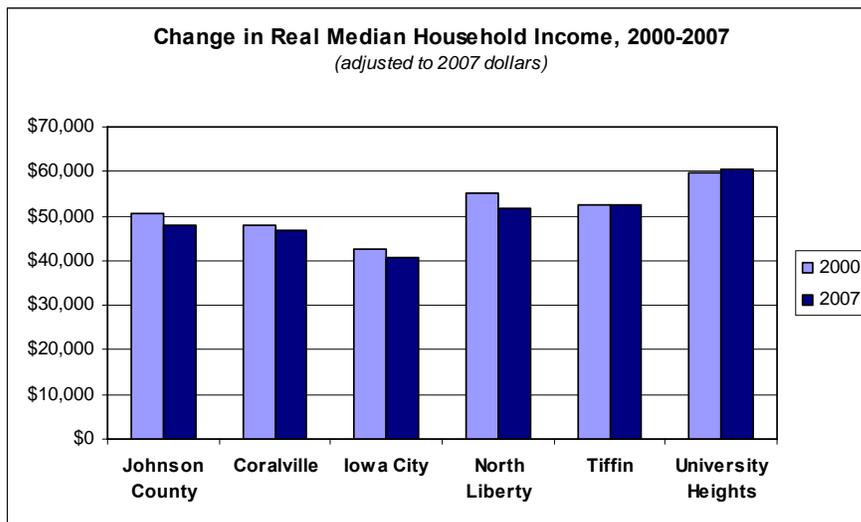
By 2007, however, University Heights was the only community to experience an increase in real median household income. While it appears that median household income increased on paper, *real* median income actually decreased between 2000 and 2007. Median household income was highest in University Heights at \$60,494, which represented a very modest 1.5% increase from 2000. All other communities, including Johnson County, saw the true value of their income decline. North Liberty experienced the highest decline of 6%.

FIGURE 44



Sources: U.S. Census Bureau; Claritas, Inc.

FIGURE 45



Sources: U.S. Census Bureau; Claritas, Inc.

The following chart lists the number of households with incomes in each of the income categories (determined by the Census Bureau). Separating households with incomes below and above \$50,000 provides a reasonable estimate of the number of households in each of the ranges below the County median household income in 2007 (\$47,940). In this case, more than 22,000 households in the study area had incomes below the County median household income in 2007.

Approximately 29% of all households have incomes of less than \$25,000. This is equivalent to 11,344 households (including student households) having household incomes of about 52% of the Johnson County median household income. Excluding households where the householder is younger than 25 years of age (i.e. student households) lowers this figure to 6,792 households, representing 17% of all households in 2007. Another 10,863 households (28%) have incomes between \$25,000 and \$49,999, which is equivalent to about 104% of the County median household income.

FIGURE 46

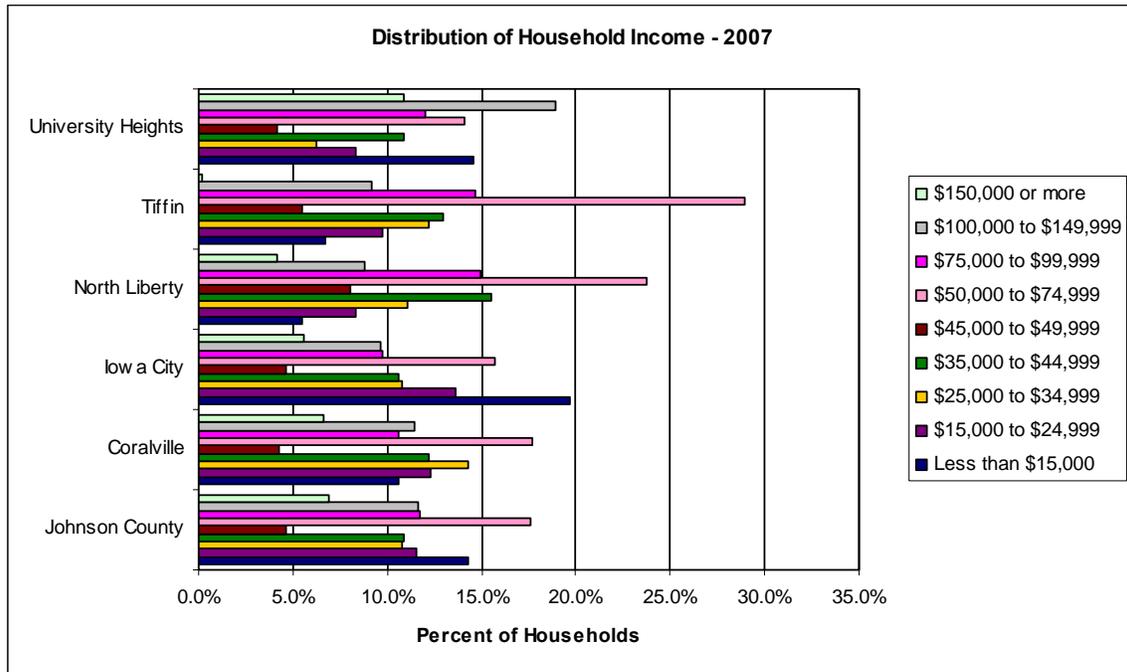
Number of Households by Income Range in 2007							
	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Less than \$15,000	6,958	838	5,216	192	46	63	6,355
\$15,000 to \$24,999	5,641	973	3,620	293	67	36	4,989
\$25,000 to \$34,999	5,286	1,124	2,861	389	84	27	4,485
\$35,000 to \$49,999	7,574	1,302	4,057	827	127	65	6,378
Approximate Number of Households Below Median Income	25,459	4,237	15,754	1,701	324	191	22,207
\$50,000 to \$74,999	8,604	1,394	4,154	835	199	61	6,643
\$75,000 to \$99,999	5,739	840	2,586	524	101	52	4,103
\$100,000 to \$149,999	5,667	901	2,550	309	63	82	3,905
\$150,000 to \$249,999	2,409	439	1,025	91	1	28	1,584
\$250,000 or more	960	83	447	57	0	19	606
Approximate Number of Households Above Median Income	23,379	3,657	10,762	1,816	364	242	16,841
Total Households	48,838	7,894	26,516	3,517	688	433	39,048

NOTE: Data includes all households.

Source: Claritas, Inc.

The following bar graph illustrates the distribution of income among households in the study area for 2007.

FIGURE 47



NOTE: Data includes all households.

Source: Claritas, Inc.

Household projections indicate a net increase of 2,618 new households by 2012.

Claritas household projections for 2012 reveal a net decrease of nearly 500 households with incomes below the County median and a net increase of over 3,000 households with incomes above the County median (see Figure 48). In the following chart, the decrease or increase projected in the number of households by income range is shown.

FIGURE 48

Projected Change in Number of Households by Income Range, 2007 to 2012							
	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Less than \$15,000	(350)	(9)	(317)	12	4	0	(310)
\$15,000 to \$24,999	(280)	(56)	(185)	17	2	(4)	(226)
\$25,000 to \$34,999	(83)	(50)	28	40	11	5	34
\$35,000 to \$49,999	(14)	147	(162)	14	17	(8)	8
Approximate Number of Households Below Median Income	(727)	32	(636)	83	34	(7)	(494)
\$50,000 to \$74,999	278	95	160	224	22	7	508
\$75,000 to \$99,999	553	146	216	163	43	(3)	565
\$100,000 to \$149,999	1,464	261	529	287	42	5	1,124
\$150,000 to \$249,999	852	205	341	39	20	13	618
\$250,000 or more	464	104	167	20	0	6	297
Approximate Number of Households Above Median Income	3,611	811	1,413	733	127	28	3,112
Total Households	2,884	843	777	816	161	21	2,618

NOTE: Data includes all households.

Source: Claritas, Inc.

By 2012, the County median household income is projected to be \$53,179. Using \$50,000 once again as the benchmark, it is possible to project the number of households that fall above or below this amount. Based on the available data, the number of households with incomes below the 2012 median amount will decrease by approximately 500 within the study area. At the same time, the number of households above the 2012 median income is projected to increase by more than 3,000.

More income data and analysis, as they relate to housing affordability, are provided in Part 8, Housing Affordability Analysis.

EDUCATIONAL ATTAINMENT

An educated workforce supports economic development. Decisions by employers regarding where to locate are based in part on the availability of a qualified workforce. The availability of a qualified workforce will support the location of jobs that require higher skills that are likely to pay higher wages. A higher skilled-higher wage workforce will have more housing options.

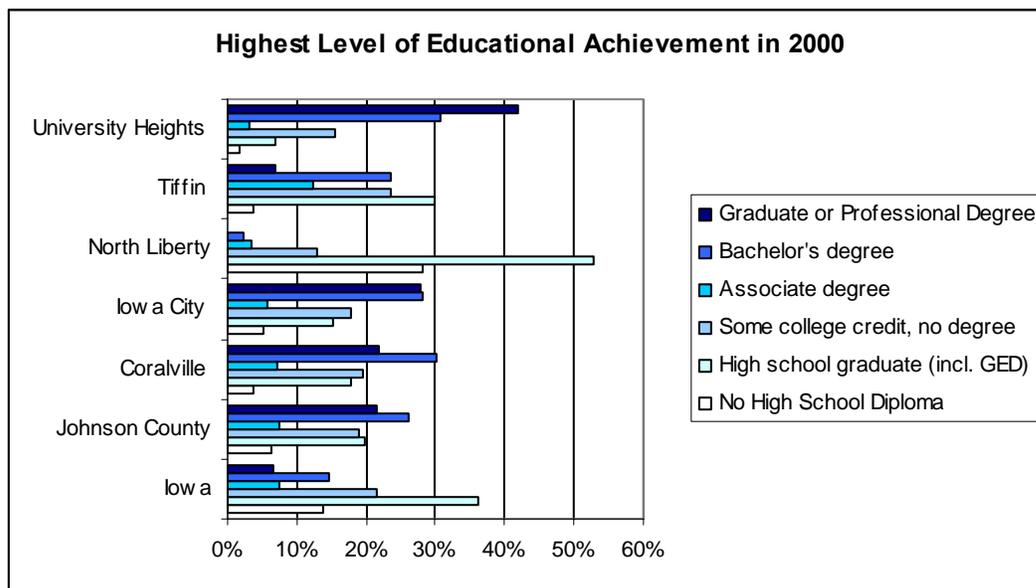
FIGURE 49

Educational Attainment for the Population 25 Years and Over, 2000							
	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights
No High School Diploma	13.9%	6.3%	3.7%	5.2%	28.2%	3.8%	1.8%
High school graduate (incl. GED)	36.1%	19.8%	17.8%	15.4%	52.9%	29.8%	6.9%
Some college credit, no degree	21.4%	18.8%	19.4%	17.7%	12.9%	23.5%	15.4%
Associate degree	7.4%	7.4%	7.3%	5.8%	3.5%	12.5%	3.1%
Bachelor's degree	14.7%	26.1%	30.1%	28.1%	2.4%	23.5%	30.8%
Graduate or Professional Degree	6.5%	21.4%	21.7%	27.8%	0.0%	6.9%	41.9%

Source: U.S. Census Bureau

Three in five residents age 25 and over in the study area have a college degree. In University Heights, the rate was 75.8%. Iowa City (61.7%) and Coralville (59.1%) were also high. North Liberty's high rate of non-high school graduates (28.2%) was reflected in a very low rate of college graduates (5.9%).

FIGURE 50



Source: U.S. Census Bureau

U.S. college graduates made an average of \$51,554 in 2004¹. The significance of a college degree can be more clearly understood when expressed in terms of how much a college graduate can earn in the job market when compared to a person with only a high school diploma. In 2004, the most recent year available from the Census Bureau, college

¹ CNN.com, "Report: College degree worth extra \$23,000 a year," www.cnn.com/2006/EDUCATION/10/26/degree.value.ap/index.html

graduates earned an average of \$51,554 compared to \$28,645 earned by adults with a high school diploma and \$19,169 earned by high school dropouts. Higher wage-earning capacity will make home ownership or renting achievable for more households and lessen the chances of paying more than 30% of gross income on monthly housing costs.

POVERTY

Poverty is decreasing in the study area but remains high due to the student population. College students living off-campus that are supported financially by their parents appear in the Census data as being very poor. In 1990, one in five persons in the study area was living in poverty (see Figure 51). By 2000, this rate declined to 18.1%. In Iowa City, the poverty rate remained above 20%.

The 2000 poverty rate for married-couple families was less than 2% in the study area. According to the federal poverty guidelines, a one-person household with an income of \$8,350 in 2000 was living in poverty. With a large student population primarily working part-time, minimum wage jobs, it can be assumed that many of these students were living in poverty, as defined by the federal government. This fact is confirmed by the high rate of poverty among unrelated individuals in the study area. In Iowa City, for example, poverty among unrelated individuals was 17.2% compared to married-couple families, where the rate was only 1.6%. The situation was similar in University Heights where the rate was 7.2% among unrelated individuals but only 1.9% among married-couple families.

FIGURE 51

Trends in Poverty Rates for All Persons from 1990-2000		
	1990	2000
Iowa	11.5%	9.1%
Johnson County	17.1%	15.0%
Coralville	11.2%	10.1%
Iowa City	23.4%	21.7%
North Liberty	9.0%	5.5%
Tiffin	11.8%	4.3%
University Heights	5.6%	11.1%
Study Area	20.5%	18.1%

NOTE: Data includes all persons for whom poverty is determined.

Source: U.S. Census Bureau

FIGURE 52

Poverty Rates by Household Type, 2000								
Household Type	Iowa	Johnson County	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area
Married-Couple Families	2.7%	1.9%	2.2%	1.6%	1.2%	0.7%	1.9%	1.7%
Unrelated Individuals	3.3%	10.8%	5.3%	17.2%	2.0%	1.8%	7.2%	13.7%

NOTE: Data includes all persons for whom poverty is determined.

Source: U.S. Census Bureau

For lower income individuals who are not students, the housing picture can seem daunting. While many students may receive financial assistance from their parents to pay monthly housing expenses, single individuals who are not enrolled in college studies are typically on their own. This situation of a single-wage earner, especially among lower income individuals, severely limits housing choice and affordability.

Part 6 NON-HOUSING FACTORS THAT INFLUENCE THE HOUSING MARKET

LAND USE ISSUES

Overview

The Iowa City metro area is comprised of five diverse municipalities. Iowa City is a large, older, urbanized central city with a densely developed and very traditional central business district. Home to a major university, its population is diverse as well with students and families contributing to a vibrant economy and a lively urban environment.

Nestled within Iowa City is the small land-locked municipality of University Heights, a predominantly residential community of about 900 residents. The small city includes only four non-residential structures within its highly desirable residential neighborhoods. Older homes on larger lots grace the tree-canopied streets. Residents include older couples, families and students with the number of multi-family structures slowly increasing.

Coralville, a community of only 6,000 residents in 1970, is now home to more than 18,000 residents today. Students began seeking out more affordable housing and lower taxes here since post-World War II when veterans were attending classes at the University of Iowa. The city remains a bedroom community to Iowa City and now is more recognizable as a family-oriented place than a student-oriented one. Recent development activity has created a city center amidst major retail establishments that service the larger region.

North Liberty is another rural community that is experiencing significant residential growth as a result of the availability of less expensive land. In 1970 there were about 800 residents in North Liberty; today they number 8,000. As the population increased, so did the level of municipal services, giving further incentive for families seeking to live outside of the urban areas of Iowa City.

Tiffin, once a sleepy farming community, is slowly becoming more residential with the development of many large, single family residential subdivisions. Scenic agricultural vistas give way to neatly manicured residential lawns and newer cul-de-sacs lead off from narrow two-lane farm roads. The population of Tiffin has grown from 460 in 1990 to 1,400 today as a result of the abundance of more affordable and developable land.

What ties these communities together is the regional economy which is exemplified most clearly in the University of Iowa. The presence of such a major employment institution that has spurred the creation of scores of new businesses and industries also has impacted the housing market in several significant ways. The university is home to almost 30,000 students and nearly 15,000 faculty and staff. The University Hospital and Clinic System employs another 7,600 individuals. Many businesses have located to the metro area specifically to take advantage of the University's high quality research and development facilities and a skilled labor force. All of these employees, students and business owners

and their families need housing. With developable land becoming more scarce in Iowa City, it was only a matter of time before developers sought out the wide open spaces in surrounding communities to build new homes.

Comprehensive Planning

Of the five metro area municipalities, Iowa City, North Liberty and University Heights have adopted comprehensive plans that express their individual public policies relative to future growth and development. For the purposes of this report, the comprehensive plans were reviewed to identify how they addressed affordable housing policy, including issues such as multi-family housing.

Iowa City's 1997 plan clearly details an emphasis on fostering affordable housing opportunities within its jurisdiction. The plan established a growth policy that defined a long range planning boundary, a schedule for annexation and a plan for public infrastructure development. Central to the city's plan is a Housing Element promoting the goal of "*a community of neighborhoods that provides safe, attractive and affordable housing for all its residents....[including] both owner-occupied and rental, single-family and multi-family housing.*" Reasonable and innovative strategies listed within the Housing Element include the following proposed actions which, if implemented, would facilitate increased affordable housing opportunities:

- Zone land for lower cost housing alternatives such as single room occupancy, cooperatives, manufactured and modular homes.
- Institute incentives such as density bonuses, provision of infrastructure, and reduction of infrastructure requirements for the development of affordable housing.
- Fund programs that assist lower income households with housing which may include public housing, the rental assistance certificate and voucher programs, and housing provided by private non-profit groups.
- Identify and eliminate barriers to affordable and accessible housing.
- Simplify procedures for mixing housing types.
- Investigate "fair share" concept for affordable housing (percentage in every neighborhood).

The city's plan includes ten district plans that identify suitable locations for multi-family development and also recommends several strategies in its Land Use & Urban Pattern Element, one of which focuses on multi-family housing:

- Implement zoning which integrates multi-family buildings as transitions between neighborhood commercial zones and lower density single family areas.

North Liberty recently adopted its first comprehensive plan in 2005. Included within the plan are the following statements that reflect the city's policies to foster the development of affordable housing opportunities:

- Provide a diversity of land use opportunities within the City, to ensure a wide range of employment and consumer options, as well as housing choices. Alternative housing levels and styles, including low and high valued homes, are needed to provide a diversity of homeowners, varying in household size, age and financial means.
- Establish and maintain an advantageous property tax situation and pursue a strengthened and sound tax base through a diversification of land uses, including commercial and industrial development, as well as a variety of residential options.
- To the extent possible, encourage the development of a variety of dwelling unit types, styles and sizes and balanced housing stock to satisfy the needs, desires, and income levels of all people and household sizes.
- High intensity commercial and service centers are to be supported by high density and medium density housing in close proximity.
- Ensure that all new housing, including rental housing and housing for persons of low and moderate income, adheres to the highest possible standards of planning, design and construction.
- Preserve and promote residential zoning districts that provide for lower value, starter homes as well as higher valued homes in order to increase housing diversity.
- Housing styles and development techniques that conserve land and increase efficiency are to be encouraged.
- Density shall be given equal consideration to lot size in planning for the community and in the review of development requests.
- Concentrate higher density, apartment-type housing in proximity to areas that offer a wide range of existing supportive services, commercial and recreational facilities.
- An orderly transition between the Central Commercial Area/Town Center Area development and adjacent residential neighborhoods shall be established by introducing higher density residential or lower density commercial alternatives.

University Heights has a recently adopted comprehensive plan. Begun in 2005, the city identified the need to prepare a comprehensive plan in order to revise its zoning ordinance. The concise plan clearly addresses the city's recognition of affordable housing for its residents as demonstrated by the following goal and strategies:

- Encourage a wider range of housing options.
 - Allow mixed use development where appropriate.
 - Allow accessory apartments where appropriate.

Zoning

Zoning ordinances are the local laws adopted by municipalities, which enable them to implement comprehensive plan policies. Ideally, the ordinances should clearly reflect the goals and strategies of the plans. All of the five municipalities with the exception of Tiffin have zoning ordinances in place.

Coralville's zoning ordinance includes seven residential districts with a variety of minimum lot size requirements, ranging from 6,000 square feet in the R-3 district up to 80,000 square feet in the R-O district. Mobile homes are permitted on lots as small as 4,000 square feet within a planned mobile home park. However, duplexes, townhouses and zero lot line developments are not permitted in single family residential districts.

FIGURE 53

Coralville Residential Zoning Districts					
Residential Zoning Districts	Min. Lot Size	Max. Density	Residential Dwelling Units Permitted		
			Permitted Use	Provisional Use	Conditional Use
R-O Estate	80,000 sf w/o public services 20,000 sf w/ public services	1 du/2 acres 2 du/acre	Single Family	None	None
R-1 Single Family	8,000 sf	5 du/acre	Single Family Detached	None	None
R-1(B) Small Lot Single Family	5,000 sf	8 du/acre	Single Family Detached	None	None
R-2 Two-Family	8,000 sf	5 du/acre	Two-family	Single Family Attached	Single Family Detached
R-3 Mixed Housing	6,000 sf	7 du/acre	Two-, Three- & Four-family	Single Family Attached	Single Family Cluster
R-4 Multi-Family Housing	The greater of 8,000 sf/lot or 1,800 sf/unit	20 du/acre	3-8 units/structure	9+ units/structure	None
R-5 Mobile Home Park	10 acres total 4,000 sf/unit	10 du/acre	Mobile homes	None	None

Source: City of Coralville Zoning Ordinance

Iowa City's zoning ordinance was updated recently to include innovative smart growth concepts. Smaller minimum lot size requirements were incorporated in some districts, duplexes and zero lot line developments were permitted in all single family zones, and new urbanism concepts in subdivision design were rewarded with density bonuses.

The determining factor for density in the Iowa City ordinance is the minimum lot size requirement for the uses proposed. For example, in the RS-5 district, a single family home requires a minimum lot size of 8,000 square feet. However, if the builder agrees to provide vehicular access to garages and off-street parking is restricted to an alley or private rear lane, then the builder can reduce the lot size to as little as 6,000 square feet. Similar density bonuses are available for single family housing development in the RS-8 and RS-12 districts.

FIGURE 54

Iowa City Residential Zoning Districts					
Residential Zoning Districts	Min. Lot Size (a)	Max. Density (b)	Residential Dwelling Units Permitted		
			Permitted Use	Provisional Use	Special Exception
RR-1 Rural	40,000 sf	1 du/acre	Det. single family	Det. zero lot line Group household	
RS-5 Low Density Single Family	6,000 to 8,000 sf	3-5 du/acre	Det. single family	Det. zero lot line Att. single family Two-family (duplex) Group household	
RS-8 Medium Density Single Family	4,350 to 5,000 sf	8 du/acre	Det. single family	Det. zero lot line Att. single family Two-family (duplex) Group household	
RS-12 High Density Single Family	3,000 to 6,000 sf	13 du/acre	Det. single family	Det. zero lot line Att. single family Two-family (duplex) Group household	
RNS-12 Neighborhood Stabilization	5,000 to 6,000 sf	8 du/acre	Det. single family	Two-family (duplex) Group household	
MU Mixed Use	1,800 to 5,000 sf	24 du/acre	Det. single family Multi-family	Det. zero lot line Att. single family Duplex Group household Assisted group living	
CO-1 Commercial Office	(c)	15 du/acre		Group Households Multi-family Assisted Group Living	
CN-1 Neighborhood Commercial	(c)	24 du/acre		Group Households Multi-family	
CI-1 Intensive Commercial	(c)	(c)			Assisted group living
CC-2 Community Commercial	(c)	15 du/acre		Group Households	Multi-family
CB-2	(c)	(c)		Group Households Multi-family	
CB-5	(c)	(c)		Group Households Multi-family	
CB-10	(c)	(c)		Group Households Multi-family	Multi-family
RM-12 Low Density Multi-Family	3,000 to 8,175 sf	15 du/acre	Det. single family Multi-family	Det. zero lot line Att. single family Duplex Group household	Assisted group living
RNS-20 Neighborhood Stabilization	2,500 to 5,000 sf	24 du/acre	Det. single family Multi-family	Det. zero lot line Att. single family Duplex Group household Assisted group living Fraternal group living	
RM-20 Medium Density Multi-Family	1,800 to 5,000 sf	24 du/acre	Det. single family Multi-family	Det. zero lot line Att. single family Duplex Group household Assisted group living Independent group living Fraternal group living	
RM-44 High Density Multi-Family	5,000 sf	43 du/acre	Multi-family	Group households Assisted group living Independent group living Fraternal group living	
PRM Planned High Density Multi-Family	5,000 sf	49 du/acre	Multi-family	Group households Assisted group living Independent group living Fraternal group living	

(a) Dependent on type of housing constructed

(b) Dwelling units per acre of net land area

(c) No established maximum density; must meet parking and height requirements.

Source: City of Iowa City Zoning Ordinance

A second land conservation concept implemented by Iowa City involves minimum lot width. The city allows detached single family units on lots as narrow as 30 feet, and

attached single family units on lots as narrow as 20 feet, depending on the zoning district and whether bonus density provisions apply. This allows more lots to be developed along a street frontage, which results in lower land, street paving and infrastructure costs.

Iowa City also allows apartments above ground floor commercial uses in many of the commercial zones. In the CB-5 and CB-10 zones, there is no maximum density so residential density is only limited by height restriction, floor area ratio, and the capacity to provide required off-street parking.

The most significant challenge to affordable housing in Iowa City is the lack of available land zoned for multi-family housing. Rezoning requests from developers, including nonprofit organizations, have drawn vocal opposition from neighboring property owners who do not wish to see an adjacent vacant lot developed, or oppose the requested higher density that would make a proposed affordable housing development financially feasible to construct. To its credit, the city has taken a proactive approach by identifying appropriate locations for multi-family development in the future land use plan of the comprehensive plan. When these areas are annexed into the city or proposed for development, the city will be in a better position to approve rezoning applications for multi-family districts. The city has also adopted basic design guidelines to address many of the objections that have been raised regarding the compatibility of multi-family buildings with nearby single family neighborhoods.

FIGURE 55

North Liberty Residential Zoning Districts					
Residential Zoning Districts	Min. Lot Size	Max. Density*	Residential Dwelling Units Permitted		
			Permitted Use	Provisional Use	Conditional Use
RS-3 Single Family	15,000 sf	3 du/acre	Single Family	None	None
RS-4 Single Family	10,000 sf	4 du/acre	Single Family	None	None
RS-6 Single Family	7,000 sf	6 du/acre	Single Family	None	None
RS-7 Single Family	6,000 sf	7 du/acre	Single Family	None	None
RS-8 Single Family	5,000 sf	8 du/acre	Single Family	None	None
RD-8 Two-Unit Family	10,000 sf	8 du/acre	Two-family	None	None
	5,000 sf/unit				
RD-10 Two-Unit Family	9,000 sf	10 du/acre	Two-family	None	None
	4,500 sf/unit				
RM-8 Multi-Family	21,780 sf	8 du/acre	Multi-family	None	None
	5,000 sf/unit				
RM-12 Multi-Family	21,780 sf	12 du/acre	Multi-family	None	None
	3,500 sf/unit				
RM-21 Multi-Family	21,780 sf	21 du/acre	Multi-family	None	None
	2,000 sf/unit				
R-F8 Residential Factory-Built Housing Park	10 acres total	7 du/acre	Mobile home	None	None

* du: dwelling unit

Source: City of North Liberty Zoning Ordinance

North Liberty's new 2007 zoning ordinance resulted from its 2005 comprehensive plan. According to the city's zoning map, approximately one-half of all residentially zoned land is designated for multi-family (including factory-built) housing. Permitted densities range from 10 dwelling units per acre in the RD-10 district up to 21 units per acre in the RM-21 district. This variety of density and minimum lot sizes provides opportunities for

affordable housing; however, greater flexibility within each district could be more beneficial. For example, duplexes, townhouses and zero lot line developments are not permitted in single family districts.

University Heights has a rather creative and accommodating zoning ordinance as it relates to affordable housing. The 170-acre municipality includes three distinct residential zoning districts. The R-1 and R-3 districts have minimum lot size requirements that could accommodate smaller homes. The PUD district distinguishes between single family and multi-family housing. In both cases, minimum lot size is determined by the overall site plan and the ability of the developer to meet all development standards. This is an innovative and efficient land use concept because it requires a developer to use only the amount of land necessary to develop the structures. Finally, the maximum number of units permitted in a multi-family PUD reflects a much higher density than what is typically observed in a community such as University Heights. However, the permitted higher density can be a very attractive incentive for a developer.

Unfortunately, the primary deterrents to the creation of new affordable housing opportunities under these regulations, particularly in the form of multi-family housing, are the lack of developable land and the high cost of land in University Heights.

FIGURE 56

University Heights Residential Zoning Districts					
Residential Zoning Districts	Min. Lot Size	Max. Density	Residential Dwelling Units Permitted		
			Permitted Use	Provisional Use	Conditional Use
R-1 Single Family	7,500 sf	4 du/acre	Single Family	None	None
R-3 Multi-Family	SF = 5,000 sf MF = 2,600 sf	SF = 7 du/acre MF = 15 du/acre	Single Family, 2 or more units/structure	None	None
Planned Unit Development (PUD) Requirements					
Single Family PUD	Sufficient to meet all site design standards		Up to 6 Single Family units	None	None
Multi-Family PUD			Up to 144 Single Family units	None	None

Source: City of University Heights Zoning Ordinance

Developers’ Perspective

Interviews and focus groups were conducted with local developers for this report. It is clear that developers want to participate in this vibrant housing market. As long as housing prices continue to rise in the Iowa City metro area, there will be a demand for less expensive housing. However, local developers did vocalize a few issues of concern.

During a focus group with local developers, concerns were raised about the length of time required by planning staff to review and approve site plans and subdivision plans. However, an analysis conducted in 2004 by planning staff revealed that the normal processing time for a complete subdivision application was approximately three weeks, or as long as five weeks if a rezoning was requested concurrently. However, according to staff, delays are typically caused when incomplete applications are submitted to the city

and staff is required to request additional information from the developer to determine if the proposed project complies with local ordinances.

Developers also voiced concern about the lack of an objective checklist of plan submission requirements. To address this issue, development application forms were revised and incorporated into the recently updated ordinances to include a checklist to assist the project engineer in preparing complete applications prior to submission to the city.

The recent revisions to the City of Iowa City's zoning ordinance involving the requirement of alleys and garage bays was perceived by developers as significantly increasing the per unit cost of new housing. Planning staff performed a cost-benefit analysis of conventional development standards versus traditional design standards. In the analysis, calculations revealed that the cost of land and infrastructure per lot in an RS-5 district was \$10,291 with alleys and \$11,294 without alleys. Additionally, the alley design used in the analysis resulted in a 20-lot development compared to only 16 lots in the non-alley design. Similar results of minimal cost differences and greater lot creation were found in the RS-8 district. However, in the higher density RS-12 district, the results were even more significant. Land and infrastructure per lot costs were \$5,717 with alleys but \$7,529 without alleys. The subdivisions designed with alleys resulted in 36 lots compared to only 24 lots in the non-alley designs.

The cost of land in Iowa City is very expensive at \$30,000 to \$40,000 per acre without infrastructure. There are very few flat parcels available with sensitive environmental features making even those harder to develop. Pre-sold homes remain good sellers while there is virtually no market for homes built on speculation. The market for elderly housing is well-served, but multi-family housing remains in high demand. Developers also echoed their observation that there is an insufficient amount of land zoned for multi-family housing.

According to the developers, the State of Iowa's Enterprise Zone Program offers Housing Enterprise Zones with tax incentives provided to developers who build or rehabilitate at least four single family dwelling units or one multi-family structure consisting of at least three units. Currently, there are no designated State Enterprise Zones in Johnson County.²

The concept of inclusionary zoning for affordable housing in market rate developments was discussed. Local developers felt that requiring a set-aside of affordable units would be a disincentive for them by making the market rate units less desirable, and even cause surrounding property values to decline. However, a 2007 study conducted by the Iowa Finance Authority disputed this claim.³

² Iowa Department of Economic Development.

³ Accessed at http://www.ifahome.com/documents/Economic_Impact_Final.pdf

PUBLIC SAFETY

Public safety is a determinant of demand for housing. The crime rate of a geographic area is defined as the number of crimes per unit of population. Most crime reports use the rate of crimes per 100,000 resident population. For example, 50 crimes reported in an area with a population of 50,000 residents equals a crime rate of 100 per 100,000 residents, while 50 crimes reported in an area of 150,000 residents equals a crime rate of 33.3 per 100,000 residents. As a result, reliable comparisons can be made between geographic areas regardless of population.

Two significant delineations between types of crimes are violent crimes and property crimes. Violent crimes are criminal acts against persons and include murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault. Property crimes are criminal acts against property and include burglary, larceny, motor vehicle theft, and arson.

Johnson County falls in the high-range of overall crime rates ranking 17th in violent crimes and 18th in property crimes among Iowa’s 99 counties. Rates for rape were slightly higher with Johnson County ranking tenth.

Within Johnson County, property crime rates reported by the Coralville and the University of Iowa Police Departments are 72% and 80% higher than the County property crime rate. According to Iowa’s 2005 Uniform Crime Report, the majority of property crimes are larceny, accounting for 87% of Coralville property crimes and 86% of the University of Iowa’s property crimes.

FIGURE 57

Crime Rates per 100,000 Resident Population in 2005							
	Population	Violent Crimes				Property Crime*	
		Murder	Rape	Robbery	Aggravated Assault		
Iowa	2,865,589	0.9	4.7	13.8	148.8	2,878.8	
Johnson County	116,564	0.9	42.0	37.7	176.7	2,361.8	
Coralville Police Dept.	17,598	0.0	34.1	34.1	39.8	4,063.0	
Iowa City Police Dept.	56,893	0.0	58.0	65.0	205.6	2,613.7	
University of Iowa Police Dept.	6,387	0.0	31.3	0.0	156.6	4,243.0	
North Liberty Police Dept.	7,669	0.0	39.1	0.0	182.6	560.7	

*Property Crime Offenses include burglary, larceny, motor vehicle theft, and arson.

Note: Tiffin and University Heights data were not available.

Source: Iowa Department of Public Safety, Incident-Based Iowa Uniform Crime Report (2005)

In terms of violent crimes, the murder rate for Johnson County was the same as the Statewide rate; however, the rate within the study area was 0. Iowa City had the highest rates of rape, robbery, and aggravated assault than elsewhere in the study area. A higher density population more than likely contributed to rates that were higher than in surrounding suburban areas. Property crimes were highest in Coralville.

PUBLIC TRANSIT

The movement of people and goods throughout Iowa City and the surrounding region is key to the economic vitality of the area. Public transit within the Iowa City Urbanized Area is rather sophisticated. Commuting is made easy with extensive public and university transit systems, over 40 miles of shared-use separated trails and excellent sidewalk and street infrastructure. Consequently, residents in Iowa City, Coralville and University Heights spend less time commuting than the rest of Iowa and the nation.

FIGURE 58

Average Travel Time to Work - 2000	
	Average Commute Time in Minutes
U.S.	25.5
Iowa	18.5
Johnson County	17.7
Coralville	18.4
Iowa City	15.8
North Liberty	19.2
University Heights	13.9

Source: Johnson County Council of Governments, 2007-2035 Long-Range Multi-Modal Transportation Plan for the Iowa City Urbanized Area (draft)

Three in four workers drove in a private vehicle to their job. Across the study area, 76% of employed persons rode in a private vehicle to work, either alone or with others in 2000. Employees residing in Iowa City and University Heights, and in close proximity to the University, had higher rates of walking or biking to work than those living in communities farther away. Transit riders ranged from 0% in North Liberty to 8% in Iowa City.

FIGURE 59

Method of Transportation to Work, 2000							
	Coralville	Iowa City	North Liberty	Tiffin	University Heights	Study Area	Johnson County
Private vehicle	88%	71%	97%	96%	65%	76%	79%
Public transit	6%	8%	0%	1%	5%	7%	5%
Walking or biking	2%	18%	2%	1%	29%	14%	11%
Working from home	2%	3%	1%	2%	2%	2%	3%
Other means	1%	1%	0%	0%	0%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%

Source: U.S. Census Bureau

The Johnson County Council of Governments (JCCOG) is the metropolitan planning organization for the Iowa City Urbanized Area. As such, JCCOG recently completed the development of the Draft Long-range Multi-Modal Transportation Plan for 2007-2035 for the cities of Coralville, Iowa City, North Liberty, Tiffin and University Heights; for Johnson County; and, for the University of Iowa. Among the many goals established by the JCCOG's 2007 plan are to:

- Accommodate all people in the community
- Enhance the livability of the community
- Ensure that the transportation system does not inordinately impact low income and minority populations, and
- Accommodate the growth of the community

Four public transit systems cover the study area. These include:

- Iowa City Transit
- Johnson County Seats (in Johnson County outside of the cities)
- Coralville Transit (also covers North Liberty)
- University of Iowa CAMBUS

In 2006, **Iowa City Transit** provided 5.8 million rides in a metro area of 82,000. This comprised one-third of all public transit rides in the State. Within Iowa City, only 20% of the population is transit-dependent while the remaining 80% use public transit by choice.

Johnson County Seats operates outside of the cities in the non-urban areas of Johnson County. Hours of operations coincide with Iowa City Transit and the busses are operational three days a week. Demand is high and there is interest in expanding to five days and longer hours.

Coralville Transit operates two routes on weekdays between 6 a.m. and 6:30 p.m. with an additional route during the morning and evening peak hours. An express route also operates during midday. Coralville transit offers a commuter route to North Liberty on weekdays from 7 a.m. to 8 a.m. and from 5 p.m. to 6 p.m. All Coralville transit routes interchange at Coral Ridge Mall, the Downtown Iowa City Transit Interchange and at University of Iowa Hospitals and Clinics.

University of Iowa CAMBUS is a no-fare service designed to facilitate circulation throughout the University campus. Although designed primarily to serve University students, faculty and staff, CAMBUS is open to the general public. During the academic year, CAMBUS operates 23 buses during daytime peak hours.

The 2007-2035 long-range plan is required by the U.S. Department of Transportation for all urbanized areas receiving federal funding under SAFETEA-LU (Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users). Through the development of the draft plan, the following deficiencies were identified:

- Lack of public transit during late night and early morning hours, Saturdays, Sundays and holidays. These gaps in service limit job opportunities in businesses that operate 24/7 or during off-peak hours. Some of the businesses may include food service, hotel/motel housekeeping, retail and manufacturing.
- Public transit may be very inconvenient for some due to time-consuming rides on public transit vehicles. These ride times affect people trying to get their children to daycare and then to work on time, trying to pick up their children from daycare if they get sick during the day, and adjusting to work shift and location changes. Waiting for and riding the bus may require as much time as a part-time job. For those who do not have a vehicle, this inconvenience can be an obstacle to steady employment and, consequently, stable and potentially more affordable housing.
- Public transit may not provide service to certain employment and/or shopping centers in the urban area or surrounding communities. The lack of service to employment centers can be an obstacle to getting a job.

As a result, the following goals are proposed in the 2007-2035 plan:

- Extend late night, Saturday, Sunday and holiday service to commercial areas
- Extend existing routes to more commercial areas for job access
- Extend existing routes or create new routes for developments that provide housing for persons with disabilities and/or low income households.

Transportation improvements such as these could significantly improve employment opportunities for lower income persons who rely on public transit to access jobs, thus increasing their potential success for better housing, including home ownership.

Current research indicates a strong connection between housing and transportation costs and is indicative of where people live in relation to where they work. A recent study conducted by The Center for Housing Policy found that there is a clear trade-off between affordable housing and transportation expenses among working families.⁴ The research revealed that families who spend more than 50% of their income on housing spend only 7.5% on transportation, while families who spend 30% or less of their income on housing spend almost 25% on transportation. This equates to more than three times the amount spent than those in less affordable housing.

The rationale behind this seemingly reverse equation is that many working families are moving further out into the suburbs where they may be able to afford housing, but then must spend much more of their income commuting to and from their jobs. Others may live in urban neighborhoods but are forced to cross-commute out to jobs in the suburbs. In both cases, the study found that in their attempt to save money on housing, these families spent disproportionately higher amounts on transportation. The study concluded that at about 12 to 15 miles in commuting distance, the increase in transportation costs outweighs the savings on housing.

⁴ Accessed at <http://www.nhc.org/index/heavyload>

QUALITY OF SCHOOLS

Public school quality is also a deciding factor in home purchases. This is especially the case for households with school-age children. Areas with high quality schools are often the most sought-after areas in which to live. Schools of high quality continually attract new households to their jurisdiction, leading to high demand for homes in the area and increasing property values.

Although quantifying the quality of education provided at schools is complex, the Iowa Department of Education complies with the federal No Child Left Behind (NCLB) Act reporting requirements. In this way, the State can track and record the progress of individual schools and school districts against Statewide targets and scores in graduation, reading and mathematics. These school district report cards are available from the Iowa Department of Education and report on the status of each school.

FIGURE 60

Education Quality Indicators									
	2006 High School Graduation Rate	Biennium 2004-2006 4th Grade Reading	Biennium 2004-2006 4th Grade Math	Biennium 2004-2006 8th Grade Reading	Biennium 2004-2006 8th Grade Math	Biennium 2004-2006 11th Grade Reading	Biennium 2004-2006 11th Grade Math	2006-2007 % Students on Free/Reduced Lunch Program	2006-2007 District Cost per Student
Clear Creek/Amana School District	96.6%	78.7%	79.9%	71.4%	71.0%	80.5%	82.8%	20.4%	\$5,164
Iowa City School District	92.8%	79.4%	77.4%	75.1%	80.7%	84.0%	83.1%	24.2%	\$5,145
Johnson County	93.6%	79.8%	77.9%	74.9%	79.1%	83.6%	83.2%	-	-
Iowa	90.8%	78.4%	80.3%	71.3%	74.8%	77.0%	78.7%	32.2%	\$5,128

Source: Iowa Department of Education; District Report School Profiles; 2006-2007 Iowa Public School PK-12 Students Eligible for Free and Reduced-Price Lunch by District

Local high school graduation rates are higher than the State's rate of 90.8%. Clear Creek/Amana students achieved a graduation rate of 96.6% in 2006 while Iowa City was close behind at 92.8%. Local fourth grade achievement scores are comparable to Statewide scores. Local eighth grade scores are comparable in reading but Iowa City schools have achieved higher math scores. Local eleventh grade achievement scores in both math and reading exceed the State scores.

Having a low income student population can affect school district quality in a variety of ways. Low income families may have to deal with social issues that affect school performance, including improper nutrition, inadequate shelter, and a higher instance of single-parent or two-parent dual income households where children may be left unsupervised, among other things. The most common indicator of low income students is the percentage of students enrolled in the Free and Reduced Lunch Program. In 2006-07, 32.2% of Iowa's students were enrolled. Within the study area, the rates were much lower: 20.4% in Clear Creek/Amana and 24.2% in Iowa City.

The amount of instructional funds expended per student provides insight into the degree of investment each school district is making. In 2006-07, an average of \$5,128 per student was spent across the State. In the study area, amounts were comparable in both school districts at \$5,145 in Iowa City and \$5,164 in Clear Creek/Amana.

How does affordable housing impact the quality of education for school-age children? Research conducted by The Center for Housing Policy revealed the following:

- Children that live in good housing conditions *are less likely to develop asthma and, as a result, to miss school.*
- Children that live in stable housing where they move less frequently *are more likely to do better on reading and math tests and less likely to drop out of school* than children who move frequently.
- Children in families that receive housing assistance in the form of housing vouchers *live in better neighborhoods and are less likely to move frequently, experience crowding and to miss school* compared to children in families that do not receive vouchers.
- Children of homeowners *scored up to 9% higher on math and up to 7% higher on reading tests* than their peers in families that rented homes.
- Children of homeowners and their families *achieve better physical and mental health outcomes* compared to renters, including fewer long term illnesses, as well as lower blood pressure and depression levels.⁵

Addressing the need for affordable housing, particularly for lower income families with children, is much more than simply a housing issue. Its proven impact on the educational performance and health of school-age children and their families makes it a *community* issue with far-reaching, long term consequences.

REAL ESTATE TAXES

Real estate taxes are levied on land and buildings and provide primary revenue streams for counties, municipalities, and school districts throughout Iowa. County assessment offices establish the market value of each property and then apply a pre-determined ratio to establish a property's assessed value. From this assessment, each taxing jurisdiction levies a uniform tax millage rate against the assessed value of each property.

To illustrate the financial impact that property taxes have on housing affordability in Johnson County, the annual real estate tax payment for a hypothetical house selling for \$200,000 was calculated for each school district within the study area. Annual tax payments ranged from \$2,798 in North Liberty to \$3,620 in Iowa City (see Figure 61).

⁵ Accessed at <http://www.nhc.org/housing/intersections>

FIGURE 61

Real Estate Property Tax Comparison for a Residential Property Valued at \$200,000					
Community/School District	County Tax	Municipal Tax	School Tax	Other Taxes	Total Taxes
Iowa City -Iowa City Schools	\$549	\$1,553	\$1,224	\$105	\$3,431
Iowa City -Clean Creek/Amana Schools	\$549	\$1,553	\$1,413	\$105	\$3,620
Coralville City-Clear Creek/Amana Schools	\$549	\$1,193	\$1,413	\$116	\$3,271
Coralville City-Clear Iowa City Schools	\$549	\$1,193	\$1,224	\$116	\$3,082
North Liberty - Clear Creek/Amana Schools	\$549	\$909	\$1,413	\$116	\$2,987
North Liberty - Clear Creek/Iowa City Schools	\$549	\$909	\$1,224	\$116	\$2,798
Tiffin- Clear Creek-Amana Schools	\$549	\$976	\$1,413	\$130	\$3,068
University Heights- Iowa City Schools	\$549	\$933	\$1,224	\$116	\$2,822

NOTES:

1. Other taxes include AG Extension, county assessor, area, and cemetery
2. This analysis also assumes a Homestead Credit and a 45.996% residential property roll back

Source: Johnson County Assessor's Office

Part 7 THE AFFORDABLE HOUSING MARKET

AFFORDABLE HOUSING DEVELOPERS

In addition to collecting hard data (household projections, housing inventories, etc.) for this report, local housing developers were interviewed. These organizations (both nonprofit and for-profit) were identified as playing critical roles in the planning, financing and development measures associated with creating new affordable housing units for low and moderate income households in the Iowa City metro area.

A total of seven affordable housing developers in the area were identified. Interviews were conducted with some, and all organizations were surveyed with an extensive list of questions. The information provided below summarizes the responses from these activities.

- ***Iowa City Housing Authority*** owns and manages 81 units of public housing dispersed throughout Iowa City and administers 1,213 Housing Choice Vouchers. As of February 2007, almost 1,200 households were on the waiting list for public housing with two-bedroom units in greatest demand. Another 1,600 households were on the waiting list for Housing Choice Vouchers with high demand for 1- and 2-bedroom units.

The Authority implements several successful programs aimed at assisting residents to become home owners. Since 1998, a total of 103 families have become home owners through participation in ICHA's four home ownership programs. The Authority is also actively engaged in creating new affordable housing opportunities for lower income households. Longfellow Place consists of 10 new single family units, the last four of which will be constructed and occupied in 2007-08. These units provide affordable housing to families at or below 80% of the area median income.

- ***Iowa Valley Habitat for Humanity*** currently creates 5-7 housing units each year, and has constructed a total of 46 units over the past 26 years. Funds from the Community Development Block Grant (CDBG) and HOME Programs are used to purchase lots of 8,000 to 10,000 square feet in the \$25,000 to \$58,000 range with an average cost of \$40,000 per lot. However, lots are becoming more difficult to purchase due to rising land costs. A typical 1,100 square-foot single family unit typically costs \$70,000-\$75,000 to construct. Amenities include 3-4 bedrooms and 1-1½ bathrooms.

Habitat has attempted to purchase older, existing units to rehabilitate and sell. However, the cost to acquire such a unit typically exceeds \$100,000. Add the cost of rehabilitation to this and new construction has proven to be more cost-effective.

Households with income as low as \$25,000 and up to \$50,000 can qualify to purchase Habitat homes. With a 0% mortgage on the house, and a soft second mortgage on the land (which is not payable until the house is sold), a qualified family can become home owners for as little as \$180/month for fifteen years.

According to the local chapter, one of their greatest challenges is qualifying households. For many applicant households, their credit history is poor and their household debt is high. Locally, households with incomes between 100% and 120% of median income may not be able to afford home ownership due to credit and debt issues more than income and cost of housing factors. Habitat has found more success among immigrant households who have good credit and low debt. Among local native-born households, only 1 in 4 applicants typically qualify for a Habitat home; among foreign-born immigrant households, 2 in 3 may qualify.

- ***Burns and Burns*** is a for-profit corporation which specializes exclusively in the design and development of affordable housing. The company serves as architect, developer, contractor, apartment manager, provider of services and tax credit general partner. Over the past 28 years, the company has constructed over 1,200 rental units and currently manages about 1,500 units.

Burns and Burns is currently developing 60 units of new rental housing (Jefferson Point) in North Liberty for elderly residents.

- ***Successful Living*** is a nonprofit organization providing transitional housing and supportive services for persons who are homeless or threatened with homelessness in Johnson County.

Currently, Successful Living manages 37 SRO (single room occupancy) units in three houses across Iowa City. Among these, Dodge Street provides housing and supportive services to persons with chronic mental illness. The organization's waiting lists consists of 65 individuals in need of permanent supportive housing.

- ***The Housing Fellowship*** is a community-based nonprofit corporation begun in response to the severe shortage of affordable housing in the area. THF includes representatives from area religious congregations. The mission of the organization is to increase access to and availability of affordable housing in Johnson County.

THF develops, owns and manages affordable rental housing at scattered sites across Iowa City and Coralville. THF also offers affordable first-time home ownership opportunities to lower income households in Iowa City through its community land trust. Currently, the agency manages 132 rental units and has constructed a total of 18 sales units. Proposed projects include a Home and Neighborhood development of 10-14 units of scattered site rental housing. Because funding has not been finalized, no occupancy date has been established.

- ***MECCA Services*** is a community-based, not-for-profit organization offering substance abuse and behavioral health services in Cedar, Iowa, Johnson, Polk, Warren, and Washington Counties. In Iowa City, the organization developed a mixed use project consisting of a commercial use on the first floor and 12 units of transitional housing.
- ***Shelter House*** provides shelter and supportive services for men, women, and children who are homeless in Johnson County. It is the only general use homeless shelter in the county. Currently, Shelter House manages its 29-bed homeless

shelter facility. The agency has purchased land for the construction of a 70-bed facility for similar use.

On a daily basis, the shelter denies anywhere from 3-15 individuals due to lack of space. Often, persons moving out of the shelter end up moving in with friends or relatives and doubling up with nowhere else to live.

In addition to these seven nonprofit and for-profit organizations, the City of Iowa City is also considered an affordable housing provider. Of the five municipalities comprising the Iowa City metro area, the City of Iowa City is the only HUD entitlement community. As such, the city receives annual Community Development Block Grant (CDBG) funds, some of which is used to finance affordable housing activities for low and moderate income households and neighborhood revitalization activities for predominantly low income neighborhoods. The city also receives an annual HOME grant from HUD, all of which must finance affordable housing activities for low income households. The city uses general obligation bonds to supplement its HOME grant by amortizing loans to below market rates or making deferred loans to program participants. The general obligation bond funds are also used to supplement the TARP Program.

To its credit, Iowa City has participated in several noteworthy housing and neighborhood improvement initiatives that have expanded home ownership and the supply of affordable rental housing over the past several years, including:

- Longfellow Manor – 20 affordable housing units (14 owner and 6 renter units) funded with CDBG and HOME funds
- The Peninsula – 17 units of affordable rental housing funded with CDBG and HOME funds
- Melrose Ridge – 18 rental units of permanent supportive housing funded with low income housing tax credits and HOME funds
- Builders of Hope – 5 units of transitional rental housing
- Whispering Gardens – 12 units of affordable rental housing funded with low income housing tax credits and HOME funds
- Wood Family Resource Center – Family resource center at Grant Wood Elementary School with ESL classes, youth programming, after-school care, neighborhood use in the evenings, etc. and financed with CDBG funds.

EVALUATION OF PIPELINE PROJECTS

In an effort to identify new affordable housing units that are expected to be made available to lower income households for occupancy over the coming years, housing providers were asked to identify projects they have in the pipeline. The “pipeline” refers to proposed affordable housing projects that are in various stages of pre-development or construction. It is important to note that the pipeline projects list is a fluid one, constantly changing as housing units are completed and occupied, and as new projects are planned, financed and initiated.

The following chart summarizes the pipeline projects identified in the Iowa City metro area in the first quarter of 2007.

FIGURE 62

Affordable Housing Projects in the Pipeline													
Development	2007				2008				2009				Total Units
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
OWNER UNITS													
Habitat for Humanity (North Liberty)				1									1
Habitat for Humanity (Iowa City)				2									2
Longfellow Place					2								2
RENTAL UNITS													
Jefferson Point					60								60
Longfellow Place		6											6
Home & Neighborhood (no occupancy date established)													
TOTAL UNITS	0	6	0	3	62	0	71						

Source: Housing Developers

Given the current production levels of affordable housing, the Iowa City metro area does not have the capacity to produce sufficient units to meet local demand. A total of 71 new units of affordable housing were identified. All of these units are being developed by nonprofit organizations which operate on shoe-string budgets with limited staff. Depending exclusively upon nonprofits will not address the region’s affordable housing need.

These units will be used to calculate the affordable housing need for the study area in Part 10, Existing and Projected Demand for Affordable Housing. The projected affordable housing need creates a simultaneous need for local affordable housing developers in Iowa City. To address the projected increase in household growth, more housing units will have to be constructed and/or rehabilitated.

Part 8 HOUSING AFFORDABILITY ANALYSIS

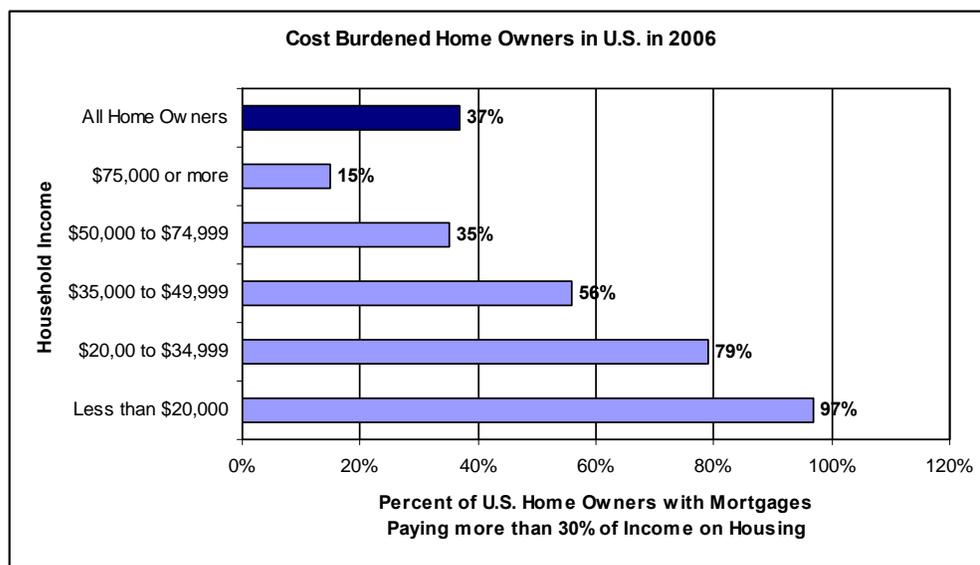
INTRODUCTION

Affordable housing means paying no more than 30% of gross household income for housing expenses including mortgage or rent, utilities, insurance and taxes, regardless of income level. When a household pays more than 30%, the household is considered cost burdened. This section of the report analyzes the cost of housing for owners and renters in the Iowa City metro area and the degree to which owners and renters are cost burdened.

For this study, lower income households are defined as those with an annual income at or below 80% of the area median household income. Affordable housing for renters is defined as paying no more than 30% of gross household income for housing expenses including rent and utilities, regardless of income level. Affordable housing for home owners is defined as paying no more than 50% of gross household income for housing expenses including mortgage, utilities, insurance and taxes, regardless of income level. The primary goal of this study is to determine whether there is an adequate supply of affordable sales and rental housing to meet the needs of households at or below 80% of median household income in the Iowa City metro area.

When households pay higher proportions of their incomes for housing, they are forced to sacrifice other basic necessities such as food, clothing and health care. Additionally, households that are cost burdened may have trouble maintaining their dwelling, which generally results in deferred maintenance and repair. Eventually, cost burdened households may be living in deficient dwelling units. Cost burden is of particular concern among lower income households who have fewer housing choices.

FIGURE 63



Source: USA Today (September 12, 2007)

Nationally, one in three home owners were cost burdened in 2006. While housing costs have risen over the past two decades, the situation has significantly worsened since 2000. Nationally, 27% of all home owners with mortgages in 2000 were paying 30% or more of their before-tax income on housing. By 2006, this rate increased to 37% of all home owners. Understandably, home owners with the lowest incomes have been impacted the most. For example, 97% of all home owners with mortgages earning \$20,000 or less spent at least 30% of their income on housing. As income rose, cost burden steadily decreased. Seventy-nine percent of home owners with mortgages earning between \$20,000 and \$34,999 spent at least 30% of income on housing while the rate fell to 56% for those earning between \$35,000 and \$49,999.⁶

Nationally, the percentage of home owners paying more than 50% of their total household income on housing is also increasing. In 2000, only 10% of all home owners with mortgages were paying more than 50%; by 2006, the rate increased to 14%.

The number of cost burdened households (both owners and renters) residing in the municipalities of the Iowa City metro area can be identified using HUD-formulated data based on Census 2000. Although this information is slightly dated, it is the only available source of reliable data that describes the degree to which households are cost burdened by income group.

HOUSING VALUES, SALES PRICES AND RENTAL RATES

Housing value outpaced income between 1990 and 2000. The median housing value in 2000 in Johnson County was \$131,500, an increase of 30% since 1990, after adjusting for inflation. Real median household income increased only 12.6% during the same period.

Across the study area, homes in Tiffin increased the most in value, rising more than 50% from ten years earlier. Newer homes in the suburban areas of Coralville, Tiffin and North Liberty experienced higher increases than in the older communities of Iowa City and University Heights.

The median sales price of housing exceeded \$200,000 for the first time. Recent housing price data is available from the Iowa City Area Association of Realtors' Multi-List Service (MLS) (see Figure 64). MLS data reflects a dynamic sales housing market in the study area in which the median sales price has increased steadily.

The housing market expanded rapidly between 2001 and 2002 with the number of sales transaction increasing 8%. Between 2002 and 2003, the number of transactions increased another 16%. But in 2004, sales began leveling off sharply with an increase of only 1.1% from the previous year. Activity increased slightly in 2005 by 3.4%. By 2006, the number of sales transactions fell 3.4%.

⁶ Noelle Knox and Barbara Hansen, "Paying for a Roof Over Your Head—But Not Much Else," Money Section, *USA Today*, September 12, 2007.

FIGURE 64

Median Housing Value - 2000 (adjusted to 2000 dollars)			
	1990	2000	% Change 1990-2000
Iowa	\$59,900	\$82,500	37.7%
Johnson County	\$100,900	\$131,500	30.3%
Coralville	\$95,600	\$127,200	33.1%
Iowa City	\$103,300	\$128,300	24.2%
North Liberty	\$82,100	\$111,600	35.9%
Tiffin	\$75,600	\$114,500	51.5%
University Heights	\$126,900	\$161,000	26.9%

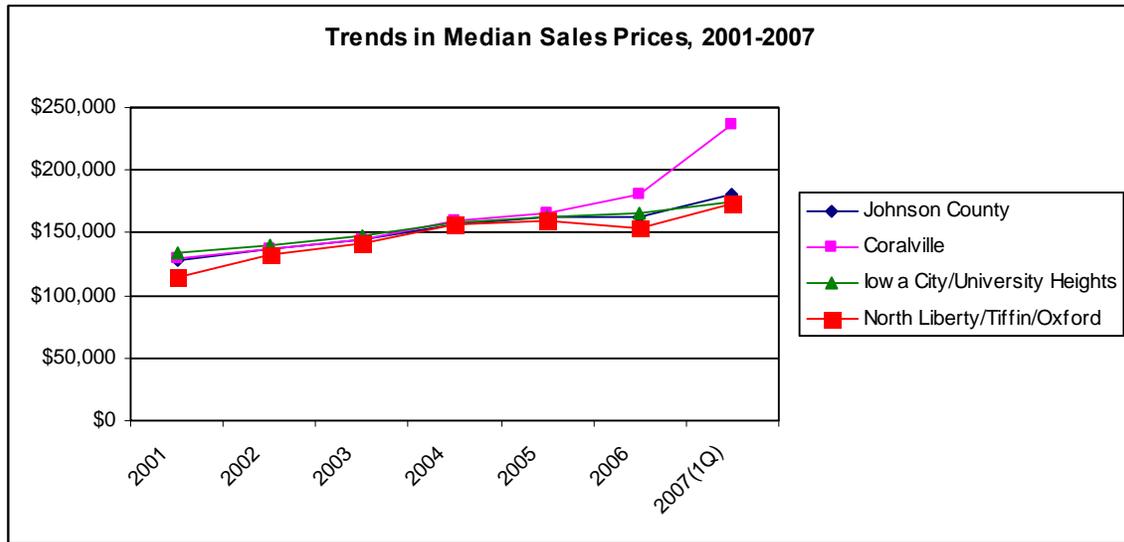
Source: U.S. Census Bureau

FIGURE 65

Median Sales Prices from 2001 to 2007		
	Sales Transactions	Median Sales Price
2001		
Johnson County	1,657	\$128,500
Coralville	422	\$129,950
Iowa City/University Heights	922	\$134,000
North Liberty/Tiffin/Oxford	208	\$114,900
2002		
Johnson County	1,780	\$136,705
Coralville	486	\$136,450
Iowa City/University Heights	933	\$140,000
North Liberty/Tiffin/Oxford	226	\$131,888
2003		
Johnson County	2,098	\$145,000
Coralville	475	\$145,000
Iowa City/University Heights	1,023	\$147,500
North Liberty/Tiffin/Oxford	444	\$141,650
2004		
Johnson County	2,126	\$157,000
Coralville	429	\$159,900
Iowa City/University Heights	1,067	\$157,608
North Liberty/Tiffin/Oxford	464	\$156,247
2005		
Johnson County	2,198	\$162,000
Coralville	416	\$166,250
Iowa City/University Heights	1,103	\$162,900
North Liberty/Tiffin/Oxford	506	\$159,900
2006		
Johnson County	2,132	\$162,700
Coralville	413	\$180,000
Iowa City/University Heights	1,035	\$165,000
North Liberty/Tiffin/Oxford	500	\$152,900
2007 (Q1)		
Johnson County	273	\$180,000
Coralville	54	\$236,450
Iowa City/University Heights	131	\$174,000
North Liberty/Tiffin/Oxford	62	\$173,400

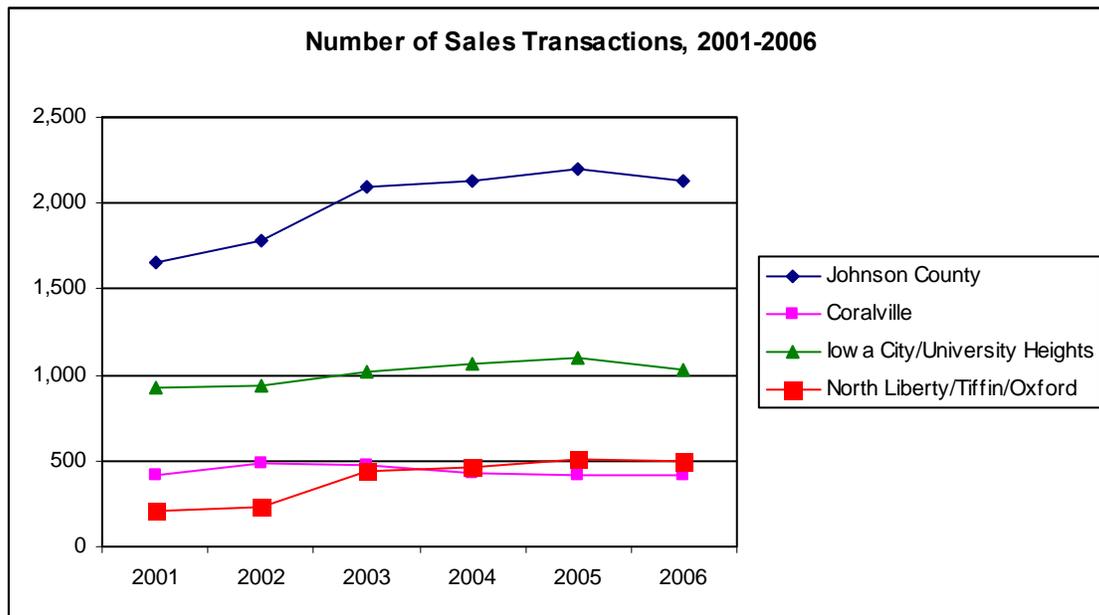
Source: Iowa City Area Association of Realtors Multi-List Service

FIGURE 66



Source: Iowa City Area Association of Realtors Multi-List Service

FIGURE 67



Source: Iowa City Area Association of Realtors Multi-List Service

Income outpaced rental rates during the 1990s. The median gross rent in Johnson County in 2000 was \$564, an increase of only 4.4% since 1990, after adjusting for inflation. At the same time, real median household income increased 12.6% during the same period. In contrast to sales housing, growth in income outpaced rental rates during the 1990s.

FIGURE 68

Trends in Median Gross Rent from 1990-2000 (adjusted to 2000 dollars)			
	1990	2000	% Change
Iowa	\$440	\$470	6.8%
Johnson County	\$540	\$564	4.4%
Coralville	\$540	\$561	3.9%
Iowa City	\$540	\$572	5.9%
North Liberty	\$540	\$555	2.8%
Tiffin	\$480	\$588	22.5%
University Heights	\$500	\$507	1.4%

Source: U.S. Census Bureau

Average rents decreased in most areas between 2005 and 2007. With the exception of North Liberty, average rents across the study area declined over the last two years, after adjusting for inflation. In the area defined as the Pentacrest Mile, which is roughly coterminous with an area within a one-mile radius of the Pentacrest, rents fell by 3.84%. Outside of the Pentacrest Mile in the remainder of Iowa City, rents declined slightly less (2.67%). The average rent in Coralville fell almost 4% while North Liberty saw rents rise more than 6%. Average rental rates also declined by bedroom size with 4-bedroom units and larger decreasing by more than 10% in two years.

FIGURE 69

Average Rents by Area and Bedroom Size (adjusted to 2007 dollars)			
	2005	2007	% Change
Pentacrest Mile	\$860	\$827	-3.84%
Remainder of Iowa City	\$525	\$511	-2.67%
Coralville	\$607	\$584	-3.79%
North Liberty	\$589	\$625	6.11%
1-bedroom units	\$472	\$463	-1.91%
2-bedroom units	\$622	\$600	-3.54%
3-bedroom units	\$978	\$971	-0.72%
4+ bedroom units	\$1,686	\$1,513	-10.26%

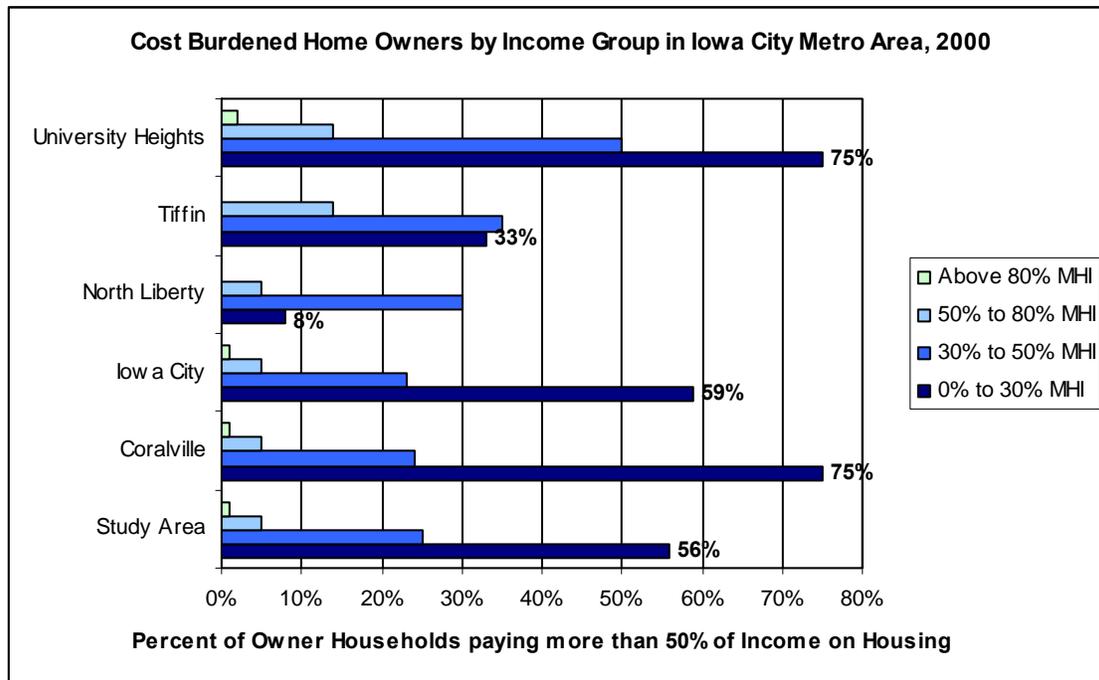
Sources: 2007 Iowa City Area Apartment Rent Survey (Cook Appraisal, LLC); Calculations to adjust for inflation by Mullin & Lonergan Associates, Inc.

COST BURDENED HOME OWNERS

More than half of all extremely low income home owners were cost burdened in 2000. Of the 712 home owners with incomes up to 30% of median and residing in the study area, 400 (56%) were paying more than 50% of gross income on monthly housing costs (see Figure 71). The rates were highest in Coralville and University Heights where three in four home owners in this income range were cost burdened.

The degree of cost burden among home owners significantly decreased as income increased in Coralville, Iowa City and University Heights. As income rose, the degree of cost burden declined in these three communities. For very low income home owners with incomes between 30% and 50% of median, the degree of cost burden ranged from 23% in Iowa City to 50% in University Heights. In North Liberty and Tiffin, the rate of cost burden was higher among this income group than extremely low income owners. Among low income households with incomes between 50% and 80% of median, the rate of cost burden was as low as 5% in Coralville, Iowa City and North Liberty but as high as 14% in Tiffin and University Heights.

FIGURE 70



Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

FIGURE 71

Cost Burdened Home Owners - 2000												
	Study Area*		Coralville		Iowa City		North Liberty		Tiffin		University Heights	
	#	%	#	%	#	%	#	%	#	%	#	%
All Owner Households	17,065		3,117		11,712		1,595		329		312	
Households with incomes 0% up to 30% MFI (Extremely Low Income)	712	100.0%	104	100.0%	508	100.0%	60	100.0%	24	100.0%	16	100.0%
Paying more than 30% of income on housing	569	79.9%	96	92.3%	411	80.9%	30	50.0%	20	83.3%	12	75.0%
Paying more than 50% of income on housing	400	56.2%	78	75.0%	297	58.5%	5	8.3%	8	33.3%	12	75.0%
Households with incomes 30% up to 50% MFI (Very Low Income)	1,106	100.0%	165	100.0%	750	100.0%	115	100.0%	52	100.0%	24	100.0%
Paying more than 30% of income on housing	600	54.2%	86	52.1%	402	53.6%	70	60.9%	26	50.0%	16	66.7%
Paying more than 50% of income on housing	278	25.1%	39	23.6%	174	23.2%	35	30.4%	18	34.6%	12	50.0%
Households with incomes 50% up to 80% MFI (Low Income)	2,828	100.0%	467	100.0%	1,874	100.0%	400	100.0%	59	100.0%	28	100.0%
Paying more than 30% of income on housing	1,003	35.5%	173	37.0%	632	33.7%	155	38.8%	27	45.8%	16	57.1%
Paying more than 50% of income on housing	144	5.1%	24	5.1%	88	4.7%	20	5.0%	8	13.6%	4	14.3%
Households with incomes 80% MFI and higher (Other Income)	12,419	100.0%	2,381	100.0%	8,580	100.0%	1,020	100.0%	194	100.0%	244	100.0%
Paying more than 30% of income on housing	726	5.8%	130	5.5%	489	5.7%	65	6.4%	18	9.3%	24	9.8%
Paying more than 50% of income on housing	26	0.2%	5	0.2%	17	0.2%	0	0.0%	0	0.0%	4	1.6%

* The Study Area includes the total of Coralville, Iowa City, North Liberty, Tiffin and University Heights.

NOTE: Data includes all home owners.

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

It is highly likely that the rates of cost burden in the Iowa City metro area have risen since 2000 similar to increasing rates nationally. The rising cost of housing, which continues to outpace real income, is a major contributing factor.

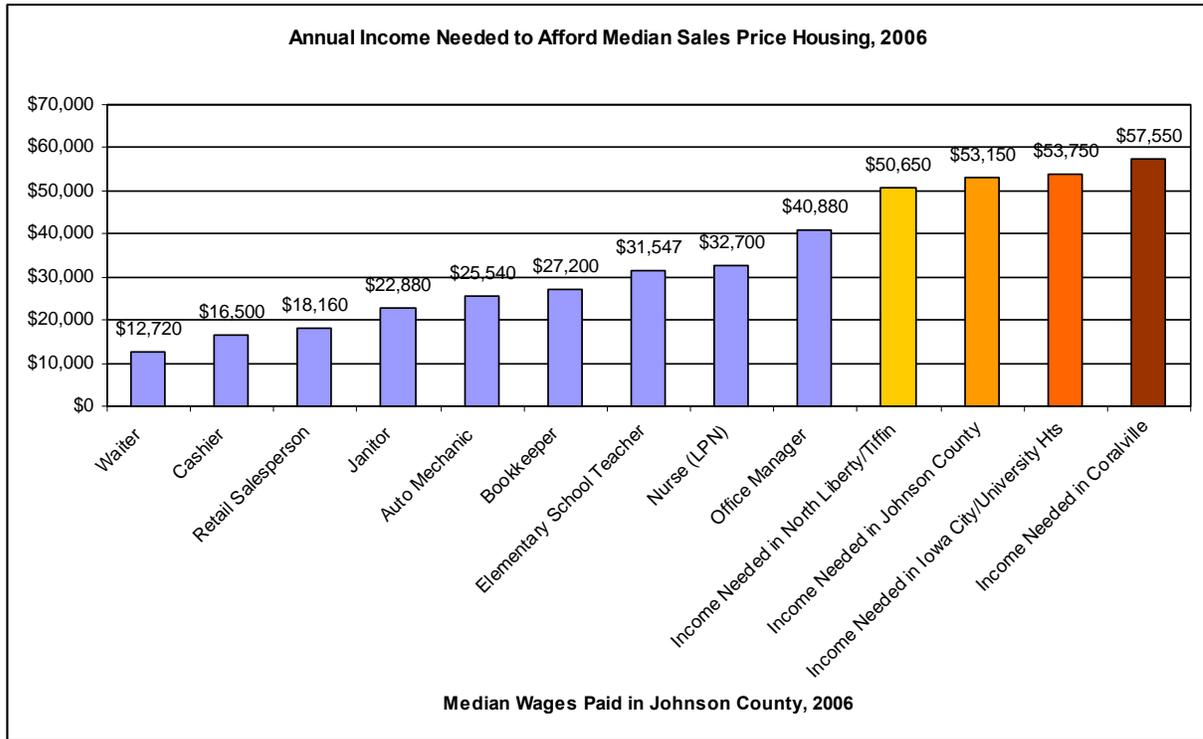
PURCHASING A HOME

Who are the households unable to purchase a home in the Iowa City metro area? Many of them are members of the regional workforce such as teachers, police officers, nurses, and residents who work in retail jobs. They are employed at the corner deli, the local auto body shop and own the small business down the block. They are the folks we rely on everyday to keep our community thriving. They fill vital community occupations.

In 2006, the median sales price of housing ranged from a low of \$152,900 in the North Liberty/Tiffin/Oxford area up to \$180,000 in Coralville (see Figure 65). Based on these prices, a household would require a minimum income of \$50,650 in order to afford a home selling for the median sales price in the study area. This income amount is equivalent to 106% of the median household income for all of Johnson County in 2007 (\$47,940).

The following chart lists the median annual wages paid in 2006 for several job classifications in Johnson County. The listed jobs comprised 12.5% of the total county workforce in 2006. None of the vital community occupations listed can afford to purchase a home selling for the median sales price in the Iowa City metro area as single-wage earning households. The salaries paid in several of these occupations are substantially less than the income required to purchase the median sales priced homes.

FIGURE 72



Sources: Iowa City Area Association of Realtors Multi-List Service; Iowa 2006 Wage Survey, Iowa Workforce Development; Calculations by Mullin & Lonergan Associates, Inc.

To calculate the price range in which these households could look for sales housing, one must first calculate the amount of house each household could afford to purchase. Figure 73 lists the maximum sales price that each of these households could afford based on the following assumptions:

- A 30-year fixed rate mortgage at 6.5%
- A downpayment of 5% of the purchase price plus 5% for closing costs
- Home owners insurance of \$360 per year (\$30 per month)
- Mortgage insurance of \$360 per year (\$30 per month)
- Property taxes calculated by the Johnson County Tax Assessor’s Property Tax Estimator for the purchase price of a residential structure located in the Iowa City Taxing District (without a homestead or military credit)⁷, and
- The total amount of principal, interest, taxes and insurance (PITI) equal to no more than 30% of gross monthly household income.

⁷ Accessed at http://www.johnson-county.com/taxCalc/qry_taxCalc.cfm.

FIGURE 73

Maximum Sales Price Affordable to Vital Community Occupations - 2006					
Occupation	Annual Salary/Income	Income as a % of County Median Household Income	Amount Available for PITI	Maximum Mortgage Amount	Maximum Sales Price
Waiter	\$12,720	27%	\$318	\$32,300	\$34,000
Cashier	\$16,500	34%	\$413	\$44,650	\$47,000
Retail Salesperson	\$18,160	38%	\$454	\$50,350	\$53,000
Janitor	\$22,880	48%	\$572	\$64,125	\$67,500
Auto Mechanic	\$25,540	53%	\$639	\$73,150	\$77,000
Bookkeeper	\$27,200	57%	\$680	\$78,375	\$82,500
Elementary School Teacher	\$31,547	66%	\$789	\$92,530	\$97,400
Nurse (LPN)	\$32,700	68%	\$818	\$95,000	\$100,000
Office Manager	\$40,880	85%	\$1,022	\$121,600	\$128,000

Sources: Iowa 2006 Wage Survey, Iowa Workforce Development; Johnson County Tax Assessors Office; Calculations by Mullin & Lonergan Associates, Inc.

Two of the nine occupations listed (waiter and cashier) would be limited to houses selling for less than \$50,000 with no realistic chance of purchasing a decent dwelling unit as a single-wage earning household. Another three occupations (retail salesperson, janitor and auto mechanic) would be limited to houses selling for less than \$80,000.

The four higher-wage occupations (bookkeeper, elementary school teacher, nurse and office manager) would have more options in the Iowa City metro area, being able to purchase homes in the \$80,000 to \$128,000 range. While the argument is made here using single-wage earning households, total household income would be used to compute the purchase price that a household could afford.

Of the nine occupations listed in Figure 73, all but office manager were paid salaries less than 80% of the County median income. In other words, even the nurse and school teacher (i.e. full-time employed persons with professional degrees) were defined as lower income households with incomes less than 80% of the area median household income.

Where could these lower income households find affordable homes to purchase a home? In 2000, they would have been limited to a total of 315 housing units throughout the study area (see Figure 74). This represented less than 1% of the total housing stock. There were no units vacant, for sale only and affordable to extremely low income households; only 158 units were available and affordable to very low income households. Only 8 units were available in Tiffin and University Heights.

FIGURE 74

Owner Units Vacant, For Sale Only and Affordable to Lower Income Households, 2000				
	0-1 bedroom	2 bedrooms	3+ bedrooms	Total
Households 30% to 50% Median Household Income (Very Low Income)				
Coralville	0	40	10	50
Iowa City	0	20	65	85
North Liberty	0	15	0	15
Tiffin	0	4	0	4
University Heights	4	0	0	4
Study Area	4	79	75	158
Households 50% to 80% Median Household Income (Low Income)				
Coralville	0	0	20	20
Iowa City	0	60	55	115
North Liberty	0	4	10	14
Tiffin	0	4	0	4
University Heights	0	0	4	4
Study Area	0	68	89	157
Total	4	147	164	315

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

More recent housing sales data provided by the Multi-List Service (MLS) of the Iowa City Area Association of Realtors were analyzed to determine how many single family housing units were sold in various price ranges in 2006.

Only 389 housing units sold for less than \$100,000 in the Iowa City area in 2006.

Only 10 units sold for less than \$40,000; another 28 units sold in the \$40,000 to \$59,999 price range. As sales price increased, so did the options. A total of 106 units sold for between \$60,000 and \$79,999; another 245 units sold for \$80,000 to \$99,999. These 389 units were equivalent to 14.8% of all units sold in 2006. (Housing units include both single family detached units and condominium units.)

FIGURE 75

Single Family Home Sales in the Iowa City Area in 2006						
Price Range	1-2 Bedrooms	3 Bedrooms	4+ Bedrooms	Condominiums	Total	% of Units Sold
Under \$40,000	5	3	1	1	10	0.4%
\$40,000 to \$59,999	16	7	1	4	28	1.1%
\$60,000 to \$79,999	24	23	6	53	106	4.0%
\$80,000 to \$99,999	28	42	15	160	245	9.3%
\$100,000 to \$139,999	88	228	55	318	689	26.2%
\$140,000 to \$159,999	28	201	37	53	319	12.1%
\$160,000 to \$179,999	13	134	68	46	261	9.9%
\$180,000 to \$199,999	8	104	72	28	212	8.0%
\$200,000 to \$249,999	9	141	142	28	320	12.1%
\$250,000 & over	5	84	328	27	444	16.9%
Total	224	967	725	718	2,634	100.0%

Source: Iowa City Area Association of Realtors

Higher-end homes are replacing more affordable units. Between 2005 and 2006, the number of single family housing units that sold for less than \$100,000 in the Iowa City area *decreased* from 186 units to 155 units. Meanwhile, the number of single family housing units that sold for \$200,000 or more *increased* from 751 units to 764 units.

FIGURE 76

Single Family Home Sales in Iowa City Area	
2005	2006
Total Units Sold	
2,644	2,634
Units Sold below \$100,000	
186	155
Units Sold above \$200,000	
751	764

Source: Iowa City Area Association of Realtors

Other factors that impact the purchase of a home include the household's other long-term debt and living expenses. Lenders typically underwrite home mortgage applications on the basis of a household income ratio of 30% in addition to a total debt-to-household income ratio of 36%. Many households are encumbered with debt and monthly living expenses that cause them to exceed permitted total debt to income ratios even if their annual household income is within an acceptable housing payment to household income ratio of 30%. Additionally, a typical expense for many working families is child care, which can be a considerable amount of household monthly income. Households without health insurance may pay as much per month for health insurance as they pay for their housing. The impact of many of the typical living expenses is greatest on lower income households as these costs consume a greater proportion of their monthly income than higher income households.

COST BURDENED RENTERS

Within the study area, the number of renter households includes many college-age students who lease apartments. Typically, the newer apartments constructed since 2000 lease on a per-bedroom cost. A three-bedroom apartment built specifically as student housing could rent for \$500 per bedroom for a total of \$1,500 for the apartment. While this may be affordable to most students (who may or may not receive financial assistance from their parents), for a family with two children in need of a three-bedroom apartment paying \$1,500 a month is considered affordable only if the family's monthly household income is at least \$4,500.

In order to refine the number of *family* households that are renting and paying more than 30% of their income on housing, two assumptions were made.

The source of data used to enumerate the degree of cost burdened households by income category and household type is the State of the Cities Data System provided by the U.S. Department of Housing and Urban Development.⁸ The data are based on Census 2000 and identify the number of renter households who reported housing problems in their dwelling unit. Housing problems included cost burden of greater than 30% of gross income, overcrowding, and/or without complete kitchen or plumbing facilities. Household types were categorized as follows:

- Elderly households – consisting of 1 or 2 persons, either person being 62 years old or older
- Small Related households – consisting of 2 to 4 related members living in the same household
- Large Related households – consisting of 5 or more related members living in the same households
- All Other households – consisting of all other combinations of households including 1-person households, and households with more than 1 person, none of whom are related to each other.

The first assumption was that all Elderly, Small Related and Large Related households were family households, with the members of each individual household related to the other members within the same household. The second assumption was that all student renter households were included in the “All Other” household category. However, it cannot be assumed that *only* student households are included within the All Other household category. As a result, the data used in this housing affordability analysis is presented in terms of Family Renter Households (consisting of Elderly, Small Related and Large Related renter households) and All Other Renter Households (consisting of student and all other non-family renter households).

The purpose of trying to distinguish between student renter households and family renter households was twofold. First, the primary purpose of this report is to identify the affordable housing needs of family and other non-student households. Second, most college students subsist on very low incomes simply because they are college students and have not yet entered the full-time workforce. For example, if a student’s gross monthly income is \$800 and his monthly rent is \$500, he is paying 63% of his income on housing and would be categorized as cost burdened. However, in most cases, students typically earn just enough money to cover their expenses because their time is dedicated primarily to their college studies rather than to working and supporting a family. While there are married students who support their families while attending college, and non-student households that are included in the All Other renter household category, there is no other available source of reliable data that distinguishes between family and non-family renter households and describes the degree of cost burden by income category for each household type.

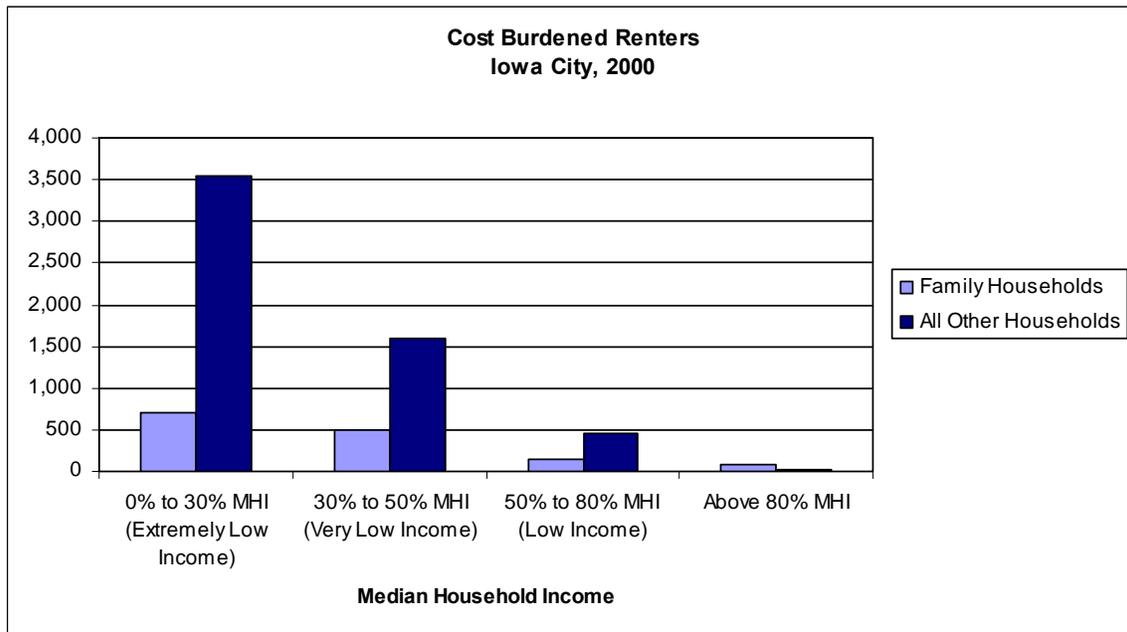
Increasing income did not provide significant relief from cost burden for Family Renter Households as it did for All Other Renter Households in Iowa City.

Understandably, extremely low income renter households experienced the highest rate of

⁸ Accessed at <http://socds.huduser.org/index.html>.

cost burdened. In 2000, 698 *extremely low income* Family Renter Households were cost burdened compared to 507 *very low income* Family Renter Households, a decrease of 27% between income groups. In contrast, there were 3,534 *extremely low income* All Other Renter Households compared to 1,604 *very low income* All Other Renter Households, a decrease of 55% between income groups. While the overall number of cost burdened Family Renter Households is lower than the number of All Other Renter Households (which includes student households), their ability to overcome cost burden is impeded.

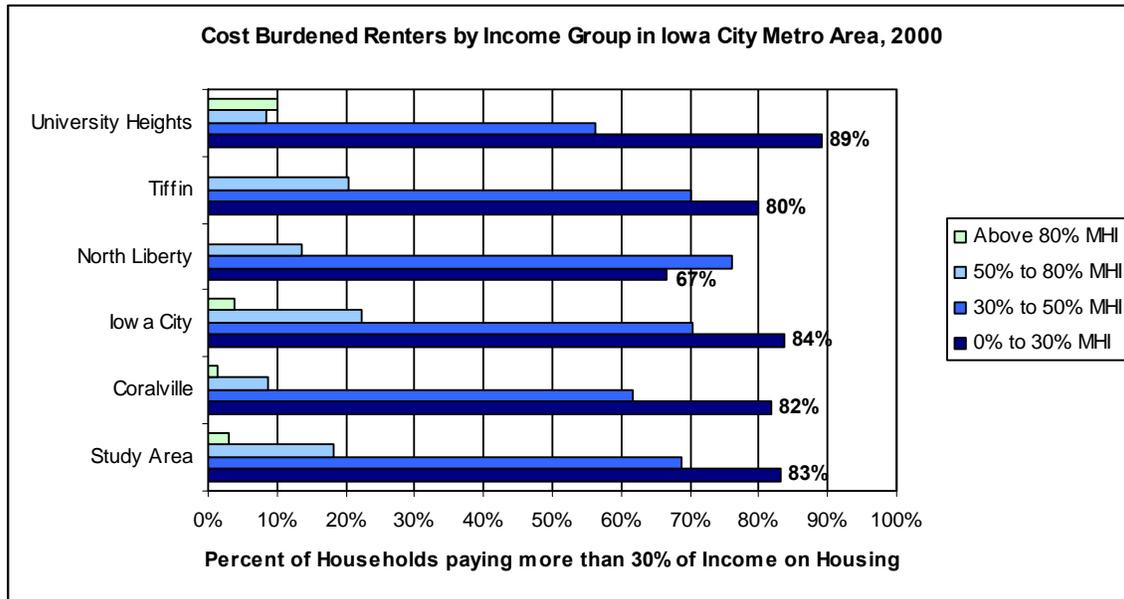
FIGURE 77



Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

Outside of Iowa City in the study area, cost burden is lower among all households. However, the rate of cost burden among *very low income* Family Renter Households was higher than among *extremely low income* Family Renter Households (see Figure 78). And, cost burden was nearly equal among all low income renter households.

FIGURE 78



Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

RENTING A DWELLING UNIT

One of the most credible and widely used sources of information about rental housing cost and affordability is the National Low Income Housing Coalition's (NLIHC) annual publication *Out of Reach*. The *Out of Reach* publication provides housing cost data for counties, metropolitan areas, non-metropolitan areas and states.⁹

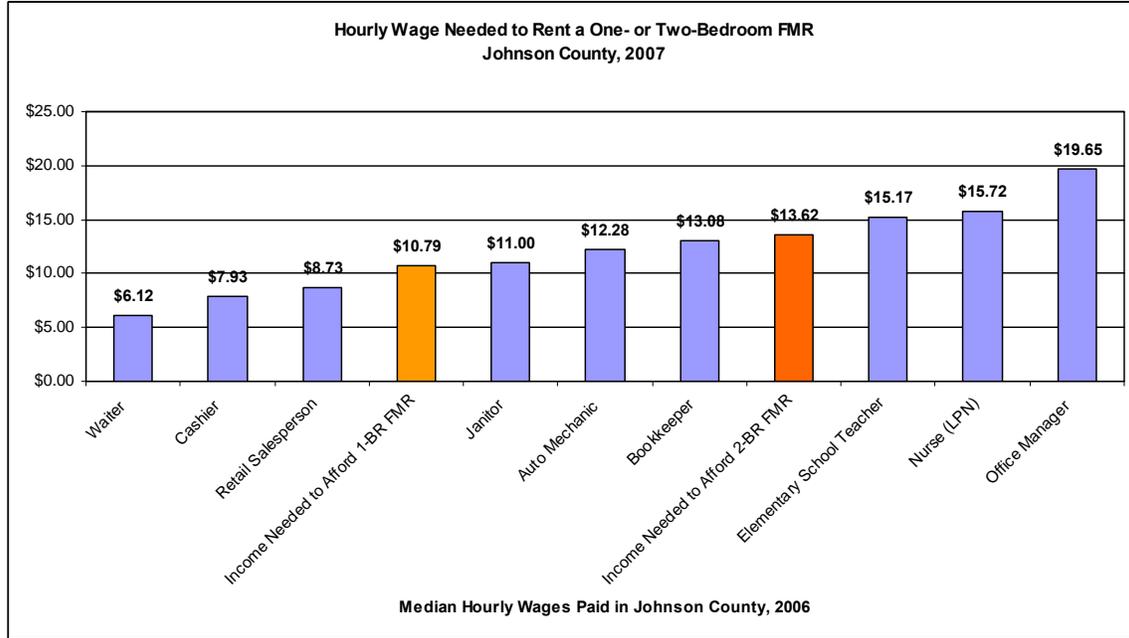
The Housing Wage in Johnson County is \$13.62. In Johnson County, the Fair Market Rent (FMR) for a two-bedroom apartment is \$708. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$2,360 monthly or \$28,320 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$13.62 per hour. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner (making \$6.20/hour in 2007) must work 88 hours per week, 52 weeks per year. Or, a household must include 2.2 minimum wage earner(s) working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

Using the same annual salaries/incomes calculated to determine home ownership feasibility (see Figure 73), the financial ability to afford a rental unit was also calculated for these occupations. Based on this analysis, waiters, cashiers and retail salespersons could not afford even a one-bedroom unit renting for the HUD FMR of \$541 per month as single-wage earning households. Janitors, auto mechanics and bookkeepers could afford the one-bedroom FMR but not the two-bedroom FMR.

⁹ Accessed at <http://www.nlihc.org/oor/oor2006/?CFID=17649154&CFTOKEN=99855577>.

Elementary school teachers, LPNs and office managers could afford a one-bedroom unit or a two-bedroom unit, even as single-wage earning households.

FIGURE 79



Sources: National Low Income Housing Coalition; Iowa 2006 Wage Survey, Iowa Workforce Development; Calculations by Mullin & Lonergan Associates, Inc.

No reliable source of data provides a count of the number of vacant, for rent units that are affordable to lower income households in 2007. However, data based on Census 2000 is available.

There were only 559 rental housing units identified in 2000 as vacant, for rent and affordable to households at 80% or less of median. This represented only 1.5% of the total housing inventory in the study area (see Figure 80). Of these 559 units, only 179 were affordable to extremely low income households. Another 332 units were affordable to very low income households and only 48 were affordable to low income households. At the municipal level, availability ranged from a total of 4 units in University Heights, to 143 units in Coralville, up to 325 units in Iowa City. The likelihood that this affordable housing inventory has increased, or remained stable, since 2000 is very remote given the steep rise in housing prices since then.

FIGURE 80

Rental Units Vacant, For Rent and Affordable to Lower Income Households, 2000				
	0-1 bedroom	2 bedrooms	3+ bedrooms	Total
Households 0% to 30% Median Household Income (Extremely Low Income)				
Coralville	0	4	10	14
Iowa City	105	0	45	150
North Liberty	0	15	0	15
Tiffin	0	0	0	0
University Heights	0	0	0	0
Study Area	105	19	55	179
Households 30% to 50% Median Household Income (Very Low Income)				
Coralville	0	125	0	125
Iowa City	45	80	10	135
North Liberty	15	0	45	60
Tiffin	4	4	0	8
University Heights	4	0	0	4
Study Area	68	209	55	332
Households 50% to 80% Median Household Income (Low Income)				
Coralville	0	4	0	4
Iowa City	0	25	15	40
North Liberty	0	0	0	0
Tiffin	4	0	0	4
University Heights	0	0	0	0
Study Area	4	29	15	48
Total	177	257	125	559

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

The Iowa City metro area needs people who need affordable housing.

Communities need police officers to keep their towns and villages safe. They need teachers to educate their children. They need people to work the counters at the local grocery store, coffee shop and dry cleaners. They need janitors to clean local businesses and schools. The human infrastructure of our communities is vital to the economic sustainability of communities, yet many of these workers cannot afford to live where they work. In order to find affordable housing, they are forced to move further away from employment centers, enduring longer commutes and contributing to increased traffic congestion and pollution.

Part 9 BARRIERS TO AFFORDABLE HOUSING

Barriers to affordable housing are obstacles that impede the development of affordable housing units. Some barriers to affordable housing, such as local public policies, can be modified or eliminated. Regulatory policies, such as zoning regulations that limit or prohibit multi-family housing or the development of single family units on smaller lots, can be changed by local government officials. Physical constraints, such as the condition of soils or severe topography, are barriers that cannot be reasonably modified. There also are barriers that are driven by local market conditions such as rising construction costs or a demand for housing that outpaces the available supply. This type of barrier typically requires public incentives to ameliorate its impact on affordable housing.

In the communities that comprise the Iowa City metro area, the following barriers to affordable housing were identified. Many of these barriers were identified through interviews and focus group meetings, while others were revealed through primary research.

PUBLIC POLICY BARRIERS

- Zoning
 - There is an absence of developable land zoned for multi-family housing and available for purchase in Iowa City. Undeveloped land that is already zoned for multi-family housing is largely controlled by developers that bring the land to market on a gradual basis. Consequently, if a nonprofit developer wishes to build multi-family units, he must apply for a rezoning and endure the public hearing process, where NIMBYism (Not in My Back Yard) can defeat the project.
- Other
 - State and federal funding resources have continuously declined over the past several years with fewer resources made available to finance affordable housing projects.

MARKET BARRIERS

- The high cost of land and construction places new housing development beyond the reach of most affordable housing developers.
- In high growth areas such as the Iowa City area, market rate developments offer higher profit margins to builders and developers, thereby reducing the supply of labor and number of firms interested in affordable housing.
- Market rate transactions offer fewer challenges (to builders and developers) and higher commissions (to Realtors) than do affordable housing developments.

- There is a relative scarcity of single family detached homes available for sale for less than \$200,000.
- “Street” rents for student housing are higher than HUD Fair Market Rents, which is a disincentive for private landlords to participate in the Section 8 Housing Choice Voucher Program.
- The student rental market is very lucrative. Leases for newer student apartments include a per-bedroom monthly rent which greatly exceeds what a working family with children could afford to pay.
- There is a relative lack of available vacant housing units that are affordable and available for purchase and/or rehabilitation for lower income households. This situation places more pressure on affordable housing developers to construct new units, a more costly alternative.
- There is a relative lack of vacant non-residential structures available for purchase and conversion into rental housing.
- Restrictive covenants on single family detached homes constructed in planned subdivisions that require minimum square footage of dwelling units, minimum number of garage bays and other design standards prohibit homes from being rented and eliminate the possibility of affordable housing units being built within many of these new communities.
- Nearly half of the privately assisted housing inventory is at risk for conversion to market rate housing.
- The vibrant housing market in Iowa City has caused property values to increase and housing units to be highly marketable. As a result, there are relatively few areas that are suitable for redevelopment initiatives, which could help to create new affordable housing opportunities.

PHYSICAL BARRIERS

- The high cost of lead-based paint abatement greatly increases the cost of rehabilitation of older housing units.
- Sensitive environmental features such as steep slopes and wetlands are driving up the cost of housing construction on vacant parcels.

OTHER BARRIERS

- There is a need for increased capacity within nonprofit organizations that develop affordable housing. Nonprofit organizations typically operate on shoe-string budgets. Without ready access to pre-development assistance, nonprofit developers are very limited in their ability to explore the feasibility of a project. The number of experienced staff dedicated exclusively to housing development indicates how much time and effort a developer can devote to creating new

housing. A staff of several full-time employees working exclusively on locating sites and developing financing packages, as well as overseeing construction, enables a developer to focus on its mission to build housing.

- The ability to successfully make the transition from renting to home ownership can be daunting. Learning how to budget, allowing for home maintenance, keeping a credit history in good shape—all of these elements are key components of home ownership counseling which must be available to first time homebuyers to help them achieve long-term stability and avoid default or foreclosure.

Identification of these barriers establishes the foundation upon which a reasonable set of strategic actions can be recommended to increase the supply of affordable housing in the Iowa City metro area.

Part 10 EXISTING AND PROJECTED DEMAND FOR AFFORDABLE HOUSING

The demand for affordable housing is comprised of both existing demand and projected demand. Existing demand for affordable housing is based on the number of households in the study area who are living in inadequate housing. Projected demand is based on the increase in the number of lower income households expected to reside in the study area regardless of housing condition. The combination of existing demand plus projected demand provides an estimate of the overall need of affordable housing units in the study area for 2012. The time frame selected for projecting affordable housing need for this study is 2007 to 2012. Population and household projection data were purchased for this five-year period from Claritas, Inc.

In determining the extent of affordable housing need, it is important to identify the type of need in order to develop an appropriate strategy to address the need. For example, cost burdened *renter* households would benefit from rental subsidies while renter households living in substandard physical conditions would benefit from new construction activities. Cost burdened *owner* households, particularly those residing in older dwelling units, may benefit from rehabilitation that includes weatherization improvements to lower monthly utility bills, thereby decreasing total monthly housing costs.

EXISTING AFFORDABLE HOUSING DEMAND

To quantify existing housing demand, households with housing problems were identified utilizing HUD's State of the Cities Data System. Housing problems included the following two characteristics: (1) renter households who were cost burdened and paying more than 30% of income on monthly housing costs and owner households who were cost burdened and paying more than 50% on housing costs, and (2) households who were living in dwelling units with physical deficiencies (overcrowded conditions and/or without complete plumbing or kitchen facilities).

The HUD data used for this report is based on Census 2000 and includes cost burden households and households living in physically-deficient units. While this data source may seem dated, it is the only available data from a reliable source that identifies the degree to which households are impacted by these two primary housing problems. Furthermore, using 2000 data establishes a firm baseline from which to project future household growth.

This report focuses on households with incomes equal to 80% or less of median household income, collectively referred to as lower income households. In 2000, the median household income (MHI) ranged from \$34,977 in Iowa City to \$48,929 in University Heights. Affordable housing demand was calculated according to the following income groups within each municipality:

- Extremely low income households (0% up to 30% MHI)
- Very low income households (30% up to 50% MHI)

- Low income households (50% up to 80% MHI).

(While median *household* income is used throughout this document, the tables on the following pages that describe households with housing problems are based on the HUD median *family* income. The HUD median *family* income was \$59,500 in 2000 for Johnson County and all its municipalities. While this income amount is different than the median *household* income, the HUD data is the only data source describing specifically cost burdened households and households residing in physically-deficient units.)

To quantify existing housing demand, three categories of households were analyzed. These included:

- *Renter* households who were cost burdened and paying more than 30% of gross monthly income on housing costs
- *Owner* households who were cost burdened and paying more than 50% of their income on housing¹⁰
- *All* households who were living in physically-deficient units.

Existing housing demand was calculated for each of the five municipalities within the study area. The following tables summarize the housing problems experienced in 2000 by renter and owner households by income group in each municipality. Within each income group, the number of households living in deficient units is highlighted as well as the number of cost burdened renter households (at 30%) and the number of cost burdened home owners (at 50%).

Finally, concessions must be made with the data relative to the large number of college students living in off-campus housing, particularly in Iowa City and Coralville. College students living off-campus that are supported financially by their parents appear to the Census as being very poor. As a result, their presence tends to inflate the number of households with cost burden. For the purpose of this study, *renter* households were divided into two categories: Family Households (consisting of Elderly, Small Related and Large Related family households) and All Other Households (consisting of non-family households and one-person households) to arrive at a better estimate of housing needs for non-college students.

¹⁰ Cost burden among home owners was quantified at 50% of income because home ownership represents an investment for which families are often willing to pay a higher percentage of their income for a variety of reasons. For example, families may decide to purchase a home and pay a higher percentage of their income toward housing costs with the expectation that their income will increase in the future, tax benefits will be realized, and owner equity will increase in an area of rising housing prices.

CORALVILLE

In Coralville, 101 lower income households were living in physically-deficient units. Cost burden was identified as a housing problem for 1,118 renter households with only 375 of these identified as Family Households. Among owner households, 141 were cost burdened.

In summary, the existing housing demand in Coralville is 617 units (101 physically-deficient units plus 375 cost burdened family renter households plus 141 cost burdened owner households).

FIGURE 81

Coralville Households with Housing Problems - 2000				
	Renters		Owners	Total Households
	Family Households	All Other Households		
All Households	1,280	2,012	3,117	6,409
Extremely Low Income Households (0% up to 30% of MHI)	212	434	104	750
With Any Housing Problems	157	379	96	632
Physical deficiencies to unit	8	0	0	8
Cost burdened (paying more than 30%)	149	379	96	624
Cost burdened (paying more than 50%)	119	299	78	496
Very Low Income Households (31% up to 50% of MHI)	339	469	165	973
With Any Housing Problems	219	304	86	609
Physical deficiencies to unit	20	4	0	24
Cost burdened (paying more than 30%)	199	300	86	585
Cost burdened (paying more than 50%)	34	45	39	118
Low Income Households (51% up to 80% of MHI)	375	659	467	1,501
With Any Housing Problems	82	74	177	333
Physical deficiencies to unit	55	10	4	69
Cost burdened (paying more than 30%)	27	64	173	264
Cost burdened (paying more than 50%)	8	0	24	32
Total Lower Income Households	926	1,562	736	3,224
With Any Housing Problems	458	757	359	1,574
Physical deficiencies to unit	83	14	4	101
Cost burdened (paying more than 30%)	375	743	355	1,473
Cost burdened (paying more than 50%)	161	344	141	646
Other Income Households (above 80% of MHI)	354	450	2,381	3,185
With Any Housing Problems	25	20	176	221
Physical deficiencies to unit	15	20	38	73
Cost burdened	10	0	138	148

NOTE: Data includes all households. Within "Renters", student households are included in "All Other Households."

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

IOWA CITY

In Iowa City, 289 lower income households were living in physically-deficient units. Cost burden was identified as a housing problem for 6,950 renter households with only 1,358 of these identified as Family Households. Among owner households, 559 were cost burdened.

In summary, the existing housing demand in Iowa City is 2,206 units (289 physically-deficient units plus 1,358 cost burdened family renter households plus 559 cost burdened owner households).

FIGURE 82

Iowa City Households with Housing Problems - 2000				
	Renters		Owners	Total Households
	Family Households	All Other Households		
All Households	3,881	9,551	11,712	25,144
Extremely Low Income Households (0% up to 30% of MHI)	1,012	4,048	508	5,568
With Any Housing Problems	712	3,587	411	4,710
Physical deficiencies to unit	14	53	0	67
Cost burdened (paying more than 30%)	698	3,534	411	4,643
Cost burdened (paying more than 50%)	575	3,024	297	3,896
Very Low Income Households (31% up to 50% of MHI)	822	2,174	750	3,746
With Any Housing Problems	532	1,650	406	2,588
Physical deficiencies to unit	25	46	4	75
Cost burdened (paying more than 30%)	507	1,604	402	2,513
Cost burdened (paying more than 50%)	110	400	174	684
Low Income Households (51% up to 80% of MHI)	968	1,775	1,874	4,617
With Any Housing Problems	258	465	663	1,386
Physical deficiencies to unit	105	11	31	147
Cost burdened (paying more than 30%)	153	454	632	1,239
Cost burdened (paying more than 50%)	34	50	88	172
Total Lower Income Households	2,802	7,997	3,132	13,931
With Any Housing Problems	1,502	5,702	1,480	8,684
Physical deficiencies to unit	144	110	35	289
Cost burdened (paying more than 30%)	1,358	5,592	1,445	8,395
Cost burdened (paying more than 50%)	719	3,474	559	4,752
Other Income Households (above 80% of MHI)	1,079	1,554	8,580	11,213
With Any Housing Problems	109	50	523	682
Physical deficiencies to unit	30	25	34	89
Cost burdened	79	25	489	593

NOTE: Data includes all households. Within "Renters", student households are included in "All Other Households."

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

NORTH LIBERTY

In North Liberty, 10 lower income households were living in physically-deficient units. Cost burden was identified as a housing problem for 185 renter households with only 95 of these identified as Family Households. Among owner households, 65 were cost burdened.

In summary, the existing housing demand in North Liberty is 170 units (10 physically-deficient units plus 95 cost burdened family renter households plus 65 cost burdened owner households).

FIGURE 83

North Liberty Households with Housing Problems - 2000				
	Renters		Owners	Total Households
	Family Households	All Other Households		
All Households	325	335	1,595	2,255
<i>Extremely Low Income Households (0% up to 30% of MHI)</i>	85	35	60	180
With Any Housing Problems	45	35	30	110
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	45	35	30	110
Cost burdened (paying more than 50%)	30	35	10	75
<i>Very Low Income Households (31% up to 50% of MHI)</i>	40	65	115	220
With Any Housing Problems	25	55	80	160
Physical deficiencies to unit	0	0	10	10
Cost burdened (paying more than 30%)	25	55	70	150
Cost burdened (paying more than 50%)	0	10	35	45
<i>Low Income Households (51% up to 80% of MHI)</i>	75	110	400	585
With Any Housing Problems	25	0	155	180
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	25	0	155	180
Cost burdened (paying more than 50%)	0	0	20	20
Total Lower Income Households	200	210	575	985
With Any Housing Problems	95	90	265	450
Physical deficiencies to unit	0	0	10	10
Cost burdened (paying more than 30%)	95	90	255	440
Cost burdened (paying more than 50%)	30	45	65	140
<i>Other Income Households (above 80% of MHI)</i>	125	125	1,020	1,270
With Any Housing Problems	0	0	75	75
Physical deficiencies to unit	0	0	10	10
Cost burdened	0	0	65	65

NOTE: Data includes all households. Within "Renters", student households are included in "All Other Households."

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

TIFFIN

In Tiffin, there were no lower income households living in physically-deficient units. Cost burden was identified as a housing problem for 56 renter households with only 24 of these identified as Family Households. Among owner households, 34 were cost burdened.

In summary, the existing housing demand in Tiffin is 58 units (24 cost burdened family renter households plus 34 cost burdened owner households).

FIGURE 84

Tiffin Households with Housing Problems - 2000				
	Renters		Owners	Total Households
	Family Households	All Other Households		
All Households	80	73	329	482
Extremely Low Income Households (0% up to 30% of MHI)	4	16	24	44
With Any Housing Problems	4	12	20	36
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	4	12	20	36
Cost burdened (paying more than 50%)	4	8	8	20
Very Low Income Households (31% up to 50% of MHI)	24	16	52	92
With Any Housing Problems	16	12	26	54
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	16	12	26	54
Cost burdened (paying more than 50%)	8	4	18	30
Low Income Households (51% up to 80% of MHI)	22	22	59	103
With Any Housing Problems	4	8	27	39
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	4	8	27	39
Cost burdened (paying more than 50%)	0	0	8	8
Total Lower Income Households	50	54	135	239
With Any Housing Problems	24	32	73	129
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	24	32	73	129
Cost burdened (paying more than 50%)	12	12	34	58
Other Income Households (above 80% of MHI)	30	19	194	243
With Any Housing Problems	4	0	18	22
Physical deficiencies to unit	4	0	0	4
Cost burdened	0	0	18	18

NOTE: Data includes all households. Within "Renters", student households are included in "All Other Households."

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

UNIVERSITY HEIGHTS

In University Heights, there were no lower income households living in physically-deficient units. Cost burden was identified as a housing problem for 87 renter households with only 16 of these identified as Family Households. Among owner households, 28 were cost burdened.

In summary, the existing housing demand in University Heights is 44 units (16 cost burdened family renter households plus 28 cost burdened owner households).

FIGURE 85

University Heights Households with Housing Problems - 2000				
	Renters		Owners	Total Households
	Family Households	All Other Households		
All Households	60	133	312	505
Extremely Low Income Households (0% up to 30% of MHI)	12	61	16	89
With Any Housing Problems	8	57	12	77
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	8	57	12	77
Cost burdened (paying more than 50%)	8	53	12	73
Very Low Income Households (31% up to 50% of MHI)	8	24	24	56
With Any Housing Problems	4	14	16	34
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	4	14	16	34
Cost burdened (paying more than 50%)	0	0	12	12
Low Income Households (51% up to 80% of MHI)	18	30	28	76
With Any Housing Problems	4	0	16	20
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	4	0	16	20
Cost burdened (paying more than 50%)	0	0	4	4
Total Lower Income Households	38	115	68	221
With Any Housing Problems	16	71	44	131
Physical deficiencies to unit	0	0	0	0
Cost burdened (paying more than 30%)	16	71	44	131
Cost burdened (paying more than 50%)	8	53	28	89
Other Income Households (above 80% of MHI)	22	18	244	284
With Any Housing Problems	4	4	24	32
Physical deficiencies to unit	4	0	0	4
Cost burdened	0	4	24	28

NOTE: Data includes all households. Within “Renters”, student households are included in “All Other Households.”

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

SUMMARY OF EXISTING AFFORDABLE HOUSING DEMAND, 2000

Across the study area, a total of 400 lower income households were living in physically-deficient units. Cost burden was identified as a housing problem for 8,396 renter households with only 1,868 of these identified as Family Households. Among owner households, 827 were cost burdened.

In summary, the existing housing demand throughout the study area is 3,095 units (400 physically-deficient units plus 1,868 cost burdened family renter households plus 827 cost burdened owner households).

These 3,095 households represent the total existing affordable housing demand in the Iowa City metro area.

FIGURE 86

Aggregate Study Area Households with Housing Problems - 2000				
	Renters		Owners	Total Households
	Family Households	All Other Households		
All Households	5,626	12,104	17,065	34,795
<i>Extremely Low Income Households (0% up to 30% of MHI)</i>	1,325	4,594	712	6,631
With Any Housing Problems	926	4,070	569	5,565
Physical deficiencies to unit	22	53	0	75
Cost burdened (paying more than 30%)	904	4,017	569	5,490
Cost burdened (paying more than 50%)	736	3,419	405	4,560
<i>Very Low Income Households (31% up to 50% of MHI)</i>	1,233	2,748	1,106	5,087
With Any Housing Problems	796	2,035	614	3,445
Physical deficiencies to unit	45	50	14	109
Cost burdened (paying more than 30%)	751	1,985	600	3,336
Cost burdened (paying more than 50%)	152	459	278	889
<i>Low Income Households (51% up to 80% of MHI)</i>	1,458	2,596	2,828	6,882
With Any Housing Problems	373	547	1,038	1,958
Physical deficiencies to unit	160	21	35	216
Cost burdened (paying more than 30%)	213	526	1,003	1,742
Cost burdened (paying more than 50%)	42	50	144	236
Total Lower Income Households	4,016	9,938	4,646	18,600
With Any Housing Problems	2,095	6,652	2,221	10,968
Physical deficiencies to unit	227	124	49	400
Cost burdened (paying more than 30%)	1,868	6,528	2,172	10,568
Cost burdened (paying more than 50%)	930	3,928	827	5,685
<i>Other Income Households (above 80% of MHI)</i>	1,610	2,166	12,419	16,195
With Any Housing Problems	142	74	816	1,032
Cost burdened	89	29	734	852

NOTE: Data includes all households. Within "Renters", student households are included in "All Other Households."

Source: U.S. Dept. of Housing & Urban Development, State of the Cities Data System

PROJECTED DEMAND FOR AFFORDABLE HOUSING, 2000 TO 2012

Household projections by income group were obtained from Claritas, Inc. and clustered into the same three categories used for existing affordable housing demand.¹¹ Figure 87 lists the projected change in the total number of households by income group between 2000 and 2012.

Extremely low income households are projected to increase by 1,679 across the study area. The majority of this increase (78%) will occur in Iowa City. No net change is projected in University Heights.

Very low income households are projected to decrease by a total of 201 households across the study area, with Iowa City accounting for a loss of 759 households alone. The decrease in this income category (and concurrent increase in extremely low income households in Iowa City) may be explained by the presence of a large number of student households. As stated previously, college students living off-campus that are supported financially by their parents appear within the Census data as being very poor. As a result, their presence tends to inflate the number of extremely low income households and households with cost burden. In 2000 the median household income in Iowa City was \$34,981 with any household earning \$10,494 or less categorized as extremely low income. In 2012 the median household income in Iowa City is projected to be \$44,377. Households earning \$13,313 or less will be categorized as extremely low income. The projected increase from \$10,494 to \$13,313 may mean the inclusion of more student households among the ranks of extremely low income households.

Low income households are projected to increase by a total of 492 across the study area. This increase is actually off-set by a significant decrease of 368 households in Iowa City.

On a net basis, lower income households are projected to increase across the study area by 13.6% between 2000 and 2012. This increase of 1,970 new lower income households represents 29% of the projected increase in total households by 2012. The increase in total households will occur as a result of (1) new household formation within the existing population and (2) the migration of new households to the Iowa City metro area from elsewhere. Household changes between income groups may occur for similar reasons. Additionally, resident households may shift between income categories as a result of changes in financial situations.

¹¹ Claritas, Inc. estimates age/sex distribution using a modified cohort survival method, which ages population based on age/sex specific survival probabilities, and estimates births over the estimation period. Group quarters and other populations that do not age in place are not included. For household size, the distribution of households by size starts with the 2000 census distributions, and is then advanced to the current year based on the estimated change in persons per household (average household size). Iterative proportional fitting (IPF) is then used to ensure consistency with previously estimated household totals and average household size.

FIGURE 87

Projected Change in Households by Income Group, 2000 to 2012					
	2000 Census	2007 Estimate	2012 Projection	Change from 2000 to 2012	
				Number	Percent
Extremely Low Income Households (0% to 30% of MHI)					
Coralville	521	838	829	308	59.1%
Iowa City	3,585	3,317	4,899	1,314	36.7%
North Liberty	178	192	205	27	15.2%
Tiffin	20	46	50	30	150.0%
University Heights	76	63	76	0	0.0%
Study Area Sub-total	4,380	4,456	6,059	1,679	38.3%
Very Low Income Households (30% to 50% of MHI)					
Coralville	832	973	917	85	10.2%
Iowa City	4,194	3,755	3,435	-759	-18.1%
North Liberty	99	293	515	416	420.2%
Tiffin	46	67	116	70	152.2%
University Heights	50	52	37	-13	-26.0%
Study Area Sub-total	5,221	5,140	5,020	-201	-3.8%
Low Income Households (50% to 80% of MHI)					
Coralville	1,036	1,124	1,622	586	56.6%
Iowa City	3,257	4,625	2,889	-368	-11.3%
North Liberty	467	605	699	232	49.7%
Tiffin	101	128	142	41	40.6%
University Heights	70	58	71	1	1.4%
Study Area Sub-total	4,931	6,540	5,423	492	10.0%
Total Lower Income Households	14,532	16,136	16,502	1,970	13.6%
Households between 80% and 110% of MHI					
Coralville	1,025	1,302	1,558	533	52.0%
Iowa City	3,119	2,817	3,895	776	24.9%
North Liberty	437	949	869	432	98.9%
Tiffin	96	165	138	42	43.8%
University Heights	44	50	68	24	54.5%
Study Area Sub-total	4,721	5,283	6,528	1,807	38.3%
Households above 110% of MHI					
Coralville	3,053	3,657	3,811	758	24.8%
Iowa City	11,032	12,002	12,175	1,143	10.4%
North Liberty	1,053	1,478	2,046	993	94.3%
Tiffin	175	282	403	228	130.3%
University Heights	202	210	202	0	0.0%
Study Area Sub-total	15,515	17,629	18,637	3,122	20.1%
Total Households	34,768	39,048	41,667	6,899	19.8%

NOTE: Data includes all households.

Source: Claritas, Inc.; calculations by Mullin & Lonergan Associates, Inc.

In reality, there is a projected need for 1,679 housing units affordable to extremely low income households plus an additional 571 housing units affordable to very low income households plus an additional 860 housing units affordable to low income households for a total housing demand of 3,110 housing units for lower income households. Because there are significant housing *unit* needs for different income categories among *households* in different municipalities, these numbers cannot be totaled for a net housing unit need for the study area. For example, the projected decrease of 759 very low income households in Iowa City means that there is no projected housing demand for these households within this income category in Iowa City for the period 2000 to 2012. However, it would not be accurate or appropriate to include this lack of demand in one income category or one municipality in the calculation of housing demand for other income categories or in other municipalities in the study area.

The total projected demand for affordable housing across the study area is 3,110 housing units.

PROJECTED AFFORDABLE HOUSING DEMAND BY TENURE, 2000 TO 2012

The projected demand for 3,110 units of affordable housing can be further refined to estimate the demand for renter units and owner units by 2012. Past trends in the ratio of renters versus owners (from 1990 and 2000 Census data) in Coralville, Iowa City, North Liberty, Tiffin and University Heights offer reasonable assumptions for future projections.

The following pages include a description of the methodology utilized to determine the ratios for Coralville, Iowa City, North Liberty, Tiffin and University Heights followed by the data table for each area with the projected housing demand by income group and tenure.

CORALVILLE

The following methodology was utilized to determine the tenure ratios for Coralville:

- Among *extremely low income* households, the ratio of renters to owners was 89% to 11% in 1990; by 2000, the ratio was 86% to 14%. Given the sharp increase in housing costs since 2000, it is reasonable to assume a ratio of 83% renters to 17% owners by 2012.
- Among *very low income* households, the ratio of renters to owners was 75% to 25% in 1990; by 2000, the ratio was 83% to 17%. For the same reasons stated above, it is logical to assume that the ratio of renters to owners in 2012 could be 85% to 15%.
- Among *low income* households, the ratio of renters to owners was 76% to 24% in 1990 and 70% to 30% in 2000. By 2012, it is reasonable to estimate that the ratio could be 65% to 35%.
- Among other income households, the ratio of renters to owners was 25% to 75% owners in 2000. As a result of a very active housing market since 2000, and the increasing sales prices of new homes in the metro area, it is reasonable to assume that the ratio of renter to owners could be 20% to 80% by 2012.

The projected affordable housing demand in Coralville is 889 units. The 889 units break down into 619 renter units and 270 owner units of housing affordable to households with incomes up to 80% of median. The number of renter units was modified to account for student households. If the percentage of extremely low income households with householders younger than 25 years of age is eliminated, then the projected rental housing demand for *extremely low income* households decreases by 90 units from 256 to 166.¹²

FIGURE 88

Coralville Affordable Housing Demand by Tenure - 2000 to 2012			
	Renter Units	Owner Units	Total Units
Extremely Low Income Households (0% up to 30% of MHI)	166	52	218
Very Low Income Households (31% up to 50% of MHI)	72	13	85
Low Income Households (51% up to 80% of MHI)	381	205	586
Total Demand for Affordable Units	619	270	889
All Other Households (above 80% of MHI)	258	1,033	1,291

Sources: U.S. Census Bureau; Claritas, Inc.; Calculations by Mullin & Lonergan Associates, Inc.

¹² Census 2000 reported there were 183 households with incomes less than \$10,000 whose heads of household were younger than 25 years of age. These 183 households comprised approximately 35% of the 521 extremely low income renter households in Coralville in 2000.

IOWA CITY

The following methodology was utilized to determine the tenure ratios for Iowa City:

- Among *extremely low income* households, the ratio of renters to owners was 88% to 12% in 1990; by 2000 the ratio was 91% to 9%. Given the sharp increase in housing costs since 2000, it is reasonable to assume a ratio of 92% renters to 8% owners by 2012.
- Among *very low income* and *low income* households, there is no projected housing demand because the projected increase in the number of households within these income categories is less than zero.
- Among other income households, the ratio of renters to owners was 23% to 77% in 2000. Although the housing market has been very active in the metro area since 2000, and sales prices have increased significantly, it is assumed that the renter to owner ratio will not change due to the high number of students living off-campus in Iowa City. As a result, it is assumed that the ratio of renters to owners in 2012 will be the same as the ratio in 2000.

The projected affordable housing demand in Iowa City consists of 649 units for extremely low income households. The 649 units break down into 544 renter units and 105 owner units of housing affordable to households with incomes up to 80% of median. The significantly high projected rental housing unit demand for extremely low income households is severely impacted by the high number of students living in off-campus housing. As stated previously, college students who are supported financially by their parents appear within the Census data as being very poor. If the percentage of extremely low income households with householders younger than 25 years of age is eliminated, then the projected rental housing demand for *extremely low income* households decreases by 665 units from 1,209 to 544.¹³

FIGURE 89

Iowa City Affordable Housing Demand by Tenure - 2000 to 2012			
	Renter Units	Owner Units	Total Units
Extremely Low Income Households (0% up to 30% of MHI)	544	105	649
Very Low Income Households (31% up to 50% of MHI)	0	0	0
Low Income Households (51% up to 80% of MHI)	0	0	0
Total Demand for Affordable Units	544	105	649
All Other Households (above 80% of MHI)	441	1,478	1,919

Sources: U.S. Census Bureau; Claritas, Inc.; Calculations by Mullin & Loneragan Associates, Inc.

¹³ Census 2000 reported there were 1,980 households with incomes less than \$10,000 whose heads of household were younger than 25 years of age. These 1,980 households comprised approximately 55% of the 3,585 extremely low income renter households in Iowa City in 2000.

NORTH LIBERTY

The following methodology was utilized to determine the tenure ratios for North Liberty. Data for 1990 was not available for North Liberty. As a result, the same tenure ratios for 2000 were applied to the lower income tiers to estimate the 2012 tenure ratios.

- Among *extremely low income* households, the ratio of renters to owners was 67% to 33% in 2000. By 2012 it is assumed that the same ratio will exist.
- Among *very low income* households, the ratio of renters to owners was 48% to 52% in 2000. By 2012 it is assumed that the same ratio will exist.
- Among *low income* households, the ratio was 32% to 68% in 2000. By 2012, it is assumed that the same ratio will exist.
- Among other income households, the ratio of renters to owners was 20% to 80%. As a result of an increasingly active housing market since 2000, and the increasing sales prices of new homes in the metro area, it is reasonable to assume that the ratio of renter to owners could be 18% to 82% by 2012.

The projected affordable housing demand in North Liberty is 675 units. The 675 units break down into 292 renter units and 383 owner units of housing affordable to households with incomes up to 80% of median.

FIGURE 90

North Liberty Affordable Housing Demand by Tenure - 2000 to 2012			
	Renter Units	Owner Units	Total Units
Extremely Low Income Households (0% up to 30% of MHI)	18	9	27
Very Low Income Households (31% up to 50% of MHI)	200	216	416
Low Income Households (51% up to 80% of MHI)	74	158	232
Total Demand for Affordable Units	292	383	675
All Other Households (above 80% of MHI)	257	1,169	1,426

Sources: U.S. Census Bureau; Claritas, Inc.; Calculations by Mullin & Lonergan Associates, Inc.

TIFFIN

The following methodology was utilized to determine the tenure ratios for Tiffin. Data for 1990 was not available for Tiffin. As a result, the same tenure ratios for 2000 were applied to the lower income tiers to estimate the 2012 tenure ratios.

- Among *extremely low income* households, the ratio of renters to owners was 46% to 54% in 2000. By 2012 it is assumed that the same ratio will exist.
- Among *very low income* households, the ratio of renters to owners was 44% to 56% home owners in 2000. By 2012 it is assumed that the same ratio will exist.
- Among *low income* households, the ratio of renters to owners was 43% to 57% in 2000. By 2012 it is assumed that the same ratio will exist.
- Among other income households, the ratio of renters to owners was 20% to 80%. As a result of an increasingly active housing market since 2000, and the increasing sales prices of new homes in the metro area, it is reasonable to assume that the ratio of renter to owners could be 18% to 82% by 2012.

The projected affordable housing demand in Tiffin is 141 units. The 141 units break down into 63 renter units and 78 owner units of housing affordable to households with incomes up to 80% of median.

FIGURE 91

Tiffin Affordable Housing Demand by Tenure - 2000 to 2012			
	Renter Units	Owner Units	Total Units
Extremely Low Income Households (0% up to 30% of MHI)	14	16	30
Very Low Income Households (31% up to 50% of MHI)	31	39	70
Low Income Households (51% up to 80% of MHI)	18	23	41
Total Demand for Affordable Units	63	78	141
All Other Households (above 80% of MHI)	49	221	270

Sources: U.S. Census Bureau; Claritas, Inc.; Calculations by Mullin & Lonergan Associates, Inc.

UNIVERSITY HEIGHTS

The following methodology was utilized to determine the tenure ratios for University Heights. Data for 1990 was not available for University Heights. The same tenure ratios of 2000 were applied for 2012 because the opportunities for new housing development are exclusively limited to redevelopment of existing parcels.

- Among *extremely low income* and *very low income* households, there is no projected housing demand because the projected increase in the number of households within these income categories is less than zero.
- Among *low income* households, the ratio of renters to owners was 63% to 37% in 2000.

There is a projected affordable housing demand of one rental unit in University Heights. In a municipality where opportunities for new development are limited to redevelopment of existing parcels, the projected increase of one household translates into a projected demand of only one housing unit.

FIGURE 92

University Heights Affordable Housing Demand by Tenure - 2000 to 2012			
	Renter Units	Owner Units	Total Units
Extremely Low Income Households (0% up to 30% of MHI)	0	0	0
Very Low Income Households (31% up to 50% of MHI)	0	0	0
Low Income Households (51% up to 80% of MHI)	1	0	1
Total Demand for Affordable Units	1	0	1
All Other Households (above 80% of MHI)	0	0	0

Sources: U.S. Census Bureau; Claritas, Inc.; Calculations by Mullin & Lonergan Associates, Inc.

SUMMARY OF PROJECTED AFFORDABLE HOUSING DEMAND, 2000 TO 2012

The projected affordable housing demand for the Iowa City metro area consists of 2,355 dwelling units. This number consists of 924 units affordable to extremely low income households, 571 units affordable to very low income households and another 860 units affordable to low income households.

(Note: The original projected affordable housing demand number of 3,110 units was modified by eliminating the number of student renter households projected to reside in Coralville and Iowa City. This decreased the total demand by 755 units from 3,110 to 2,355. It was assumed that the numbers of student renter households in North Liberty, Tiffin and University Heights were not sufficient to affect the equation.)

FIGURE 93

Aggregate Study Area Affordable Housing Demand by Tenure - 2000 to 2012			
	Renter Units	Owner Units	Total Units
Extremely Low Income Households (0% up to 30% of MHI)	742	182	924
Very Low Income Households (31% up to 50% of MHI)	303	268	571
Low Income Households (51% up to 80% of MHI)	474	386	860
Total Demand for Affordable Units	1,519	836	2,355
All Other Households (above 80% of MHI)	1,005	3,901	4,906

Sources: U.S. Census Bureau; Claritas, Inc.; Calculations by Mullin & Lonergan Associates, Inc.

SUMMARY OF EXISTING AND PROJECTED AFFORDABLE HOUSING DEMAND, 2000 TO 2012

The total demand (existing plus projected) for affordable housing in the Iowa City metro area is estimated to be 5,450 units. A combination of existing demand and projected demand results in total affordable housing demand for the year 2012. Existing demand is defined as the number of households that have housing problems (cost burden greater than 30% of income for renters and greater than 50% for owners, and/or overcrowding and/or without complete kitchen or plumbing facilities). Based on reported housing problems, a total of 3,095 units comprise existing demand.

Projected demand for affordable housing is determined by the anticipated increase in the number of lower income households regardless of housing problems. The projected demand for affordable housing is 2,355 units. *Note that existing demand exceeds projected demand by a ratio of 1.3 to 1.*

The following table provides a summary of total affordable housing demand.

FIGURE 94

Summary of Existing and Projected Affordable Housing Demand, 2000 to 2012					
	Existing Demand, 2000		Projected Demand, 2000 to 2012		Total
	Renters	Owners	Renter Units	Owner Units	
Extremely Low Income Households (0% to 30% of MHI)	979	405	742	182	2,308
Very Low Income Households (31% to 50% of MHI)	846	292	303	268	1,709
Low Income Households (51% to 80% of MHI)	394	179	474	386	1,433
Total Affordable Housing Demand	2,219	876	1,519	836	5,450

Sources: U.S. Census Bureau; Claritas, Inc.; Calculations by Mullin & Lonergan Associates, Inc.

AFFORDABLE HOUSING SUPPLY

The second step in estimating the affordable housing needs of the Iowa City metro area is to determine the extent to which housing demand is likely to be met through the existing housing inventory and any projected new housing development. Housing demand is comprised of different types of housing need. For example, cost burdened households may benefit from rent subsidies while new construction may be necessary to meet new demand for home owners and households living in substandard housing.

The first step in determining housing supply is to identify the extent to which the current housing delivery system is already providing housing for lower income households. The existing housing inventory, current building activity, and housing programs already in place must be evaluated.

EXISTING HOUSING INVENTORY

According to Census 2000, there were 36,089 housing units in the Iowa City metro area. This represents a gain of 24.1% over the 29,069 units in 1990. The housing stock is analyzed in greater detail in Part 5, Housing Data.

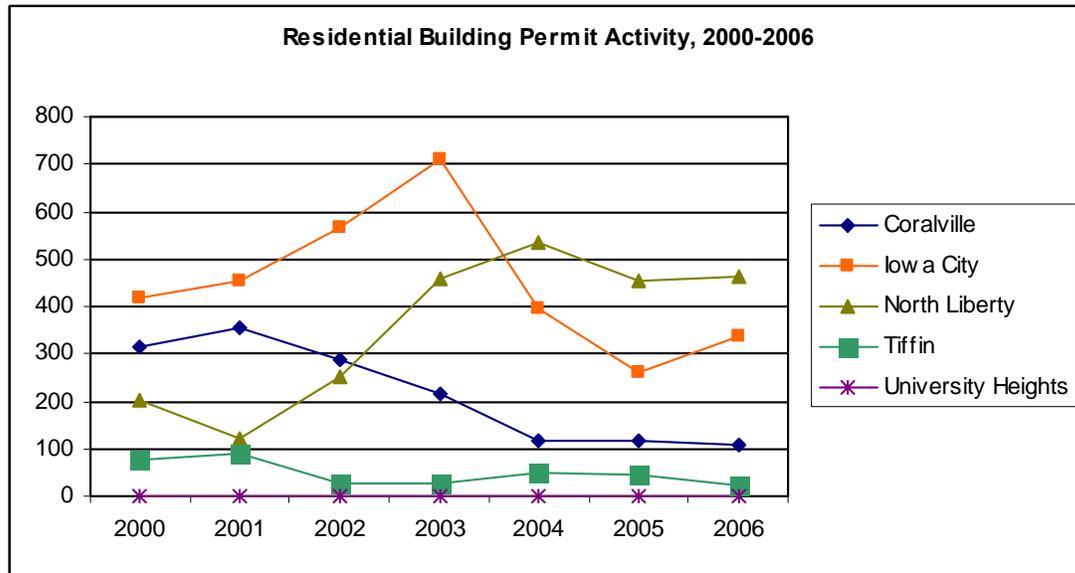
RECENT HOUSING ACTIVITY

Since 2000, a total of 7,488 housing units have been added to the Iowa City metro area housing inventory. This is based on the number of residential building permits issued by each municipality. The increase represents 88% of all residential development in Johnson County between 2000 and 2006.

With the exception of University Heights, the annual production rate of new housing development between 2000 and 2006 is exceeding the annual rate during the 1990s. In Johnson County, new housing activity added an average of 862 new units annually between 1990 and 2000; the rate since 2000 has been 874 units annually. In Coralville, the annual production rate has increased from 200 units during the 1990s to 217 units since 2000. The rate in Tiffin reflects new housing development in a previously slow-

growth municipality. The annual production rate increased from 26 units during the 1990s to 34 units since 2000. In Iowa City, the annual production rate has skyrocketed from 359 units during the 1990s to 449 units since 2000. But by far, the highest increase in annual housing production has occurred in North Liberty, where the annual rate of 118 units during the 1990s has been surpassed by a rate of 355 units since 2000.

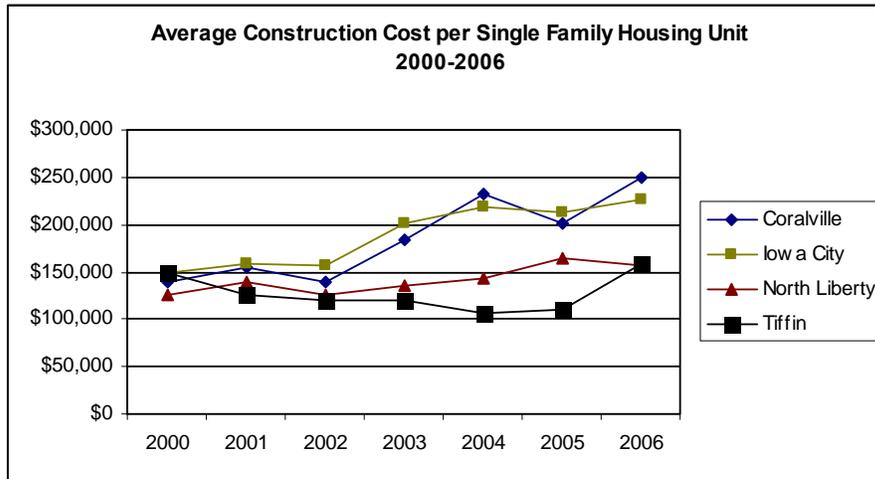
FIGURE 95



Sources: City of Iowa City Building & Inspections; U.S. Dept. of Housing & Urban Development, State of the Cities Data System

The average construction cost per single family housing unit has risen significantly since 2002, particularly in Coralville and Iowa City, peaking at \$250,566 in Coralville in 2006 (see Figure 96). (Construction cost data was not available for University Heights.) This is significant in light of a decrease in building permits issued for new construction during the same period. The number of building permits is leveling off, or decreasing, but the cost per housing unit continues to rise. In other words, fewer houses are being built and those are costing more than in previous years. All of these factors seem to suggest that demand will remain strong and the cost of purchasing of new home throughout the Iowa City metro area will continue to rise. Given the economic prosperity of the region, there is significant competition amongst builders for skilled labor. This factor, coupled with higher material costs, translates to continued increases in the cost of construction. Continued household growth and higher median household incomes fuel the demand for new housing.

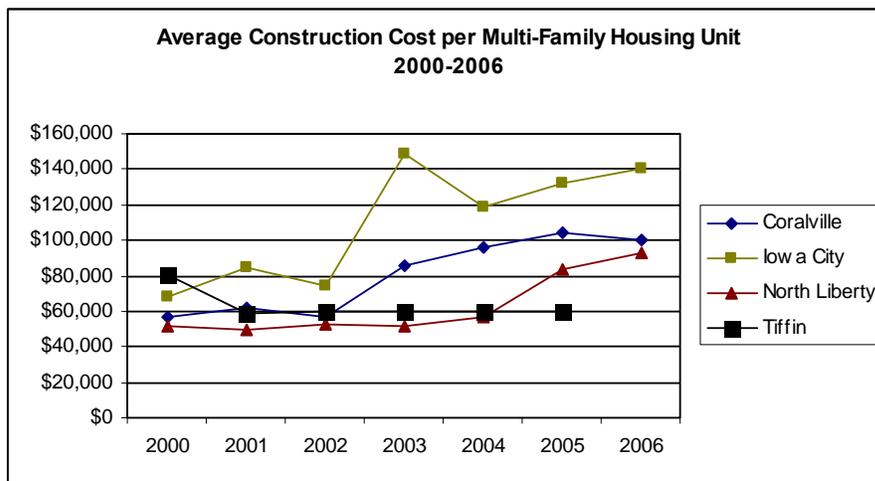
FIGURE 96



Sources: City of Iowa City Housing & Inspection Services; City of North Liberty; U.S. Census Bureau

The average cost per unit for multi-family housing also has increased significantly since 2002 in Coralville and Iowa City. A notable increase also occurred in North Liberty since 2004. On average, in 2006 a multi-family housing unit cost \$140,357 in Iowa City, \$100,000 in Coralville and \$93,105 in North Liberty.

FIGURE 97



Source: City of Iowa City Housing & Inspection Services; City of North Liberty; U.S. Census Bureau

Despite these increases in housing construction costs, approximately 21% of all new housing sales between 2000 and 2006 were units that sold for less than \$140,000. A total of 1,703 new construction owner-occupied housing units (single family units and condominium units) were sold in the Iowa City metro area for less than \$140,000—a price range affordable to households earning the median household income.

These 1,703 new units represented 21% of the total 7,924 housing units sold (new and existing) during this seven-year period. More importantly, these units help to address the regional affordable housing need.

PROJECTED HOUSING GROWTH

Projecting net change in the future housing supply can be difficult given the uncertainty of interest rates, construction costs, mortgage availability, developer behavior, etc. Today, one of the greatest concerns is the impact of unconventional mortgages. Increases in foreclosures could trigger a temporary increase in housing supply, but tighter lending standards may make it more difficult for potential home buyers to acquire their home. However, recent trends as well as projections of housing demand based on household formation rates provide reasonable benchmarks for likely estimates of net change in the housing supply. The following projections are based on the assumption that no changes are made to local policies and no new policies impacting affordable housing (such as inclusionary zoning) are adopted.

It is projected that an additional 5,136 housing units will be created between 2007 through 2012. The net change in the existing housing stock in the study area between 2000 and 2006 was 7,488 housing units for an average annual production rate of 1,070 units (see Figure 18). A lower annual production rate is projected for 2007 through 2012 as a result of the current problems in the housing mortgage industry. While lending institutions may tighten their mortgage standards, this may be off-set by the vibrant and diversified economy in the Iowa City region. However, the tighter mortgage standards will more than likely impact lower income households more severely than higher income households.

Based on these trends and assumptions, it is projected that an additional 5,136 housing units (approximately 856 units annually over the next six years) will be created between 2007 through 2012. Of these:

- 3,082 units (60%) will be single family owner-occupied units
- 2,054 units (40%) will be multi-family renter-occupied housing units.

Furthermore, it is projected that the private housing market will continue to favor higher income households, owners and student renters over lower income households and family renters.

It is estimated that approximately 10% of the projected 5,136 market-rate housing units will be affordable to median income households. This estimate is based on the fact that the national mortgage industry situation appears to be worsening at this time, and a cautious estimate is preferred.

FIGURE 98

Projected Housing Units, 2012						
	2000 Census	2006 Update*	Average Annual Production Rate 2000 to 2006	80% of Average Annual Production Rate 2000 to 2006	Projected Net Increase in Units 2007 to 2012	Projected 2012 Housing Inventory
Coralville	6,754	8,273	217	174	1,044	9,317
Iowa City	26,083	29,227	449	359	2,154	31,381
North Liberty	2,377	4,863	355	284	1,704	6,567
Tiffin	457	794	48	39	234	1,028
University Heights	477	479	0	0	0	479
Study Area	36,148	43,636	1,070	856	5,136	48,772

*Based on actual building permits issued from 2000 through 2006

Source: City of Iowa City Housing & Inspection Services; City of North Liberty; U.S. Census Bureau; Calculations by Mullin & Lonergan Associates, Inc.

IOWA CITY METRO AREA AFFORDABLE HOUSING NEED

Affordable housing need is determined by identifying the unmet affordable housing demand. The total affordable housing demand in the study area for 2000-2012 was calculated to be 5,450 housing units. The total affordable housing supply for the same period is estimated to be 2,711 units, leaving an unmet need of 2,739 affordable housing units (see Figure 99).

The affordable housing supply created between 2000 and 2006 included:

- A total of 1,703 market-rate new construction single family and condominium units that sold for less than \$140,000 in the Iowa City metro area.
- The local Habitat for Humanity chapter constructed approximately 42 single family housing units (average 6 units/year x 7 years = 42 units)
- Iowa City’s TARP housing rehabilitation program completed 56 housing units (average 8 units/year x 7 years = 56 units)
- Longfellow Manor – 12 affordable housing units (6 owner and 6 renter units)
- The Peninsula – 17 units of affordable rental housing
- Melrose Ridge – 18 rental units of permanent supportive housing
- The Housing Fellowship – 15 units of affordable rental housing
- Concorde Terrace – 30 units of affordable rental housing
- Lexington Place – 30 units of affordable rental housing
- Extend the Dream Foundation – 3 units of affordable rental housing
- Whispering Gardens – 12 units of affordable rental housing
- MECCA – 12 units of transitional housing
- Successful Living – 29 units of transitional housing

- HACAP – 22 units of transitional housing.

The affordable housing supply in the “pipeline” or planned for development and occupancy between 2007 and 2012 was based on the following assumptions and information obtained from various affordable housing providers:

- A total of 514 market-rate new construction single family and condominium units projected to be available for sell up to \$140,000 across the Iowa City metro area (see Figure 98).
- Habitat for Humanity will construct another five units annually (5 units/year x 6 years = 30 units)
- Builders of Hope – 6 units of transitional rental housing
- HACAP – 6 units of affordable rental housing
- Iowa City’s TARP housing rehabilitation program will assist another 8 units annually (8 units/year x 6 years = 48 units)
- Iowa City Housing Authority: Longfellow Place – 8 units of single family sales housing for households at or below 80% of median
- The Housing Fellowship: Berry Court in Iowa City, 14 units; Home and Neighborhood Scattered Sites in Iowa City, 24 units
- Burns and Burns: Jefferson Point in North Liberty, 60 affordable LIHTC rental units.

As stated previously, these projections are based on the assumption that current public policies impacting the creation of affordable housing remain unchanged. If, however, new policies are approved that would provide incentives for the creation of new affordable housing units, then the total affordable housing supply could be increased, thereby decreasing unmet need. Recommendations for revisions to public policies are included in Part 11, Strategic Housing Plan.

FIGURE 99

AFFORDABLE HOUSING DEMAND		Total
Existing Demand for Affordable Housing (2000)		
Households with Housing Problems		3,095
Future Demand for Affordable Housing (2000-2012)		
New Lower Income Households (excluding student households where possible)		2,355
Total Affordable Housing Demand		5,450
AFFORDABLE HOUSING SUPPLY		
Supply of Affordable Housing Units Created between 2000 and 2012		
2000-2006 New Construction/Rehabilitated Units		
New construction single family and condo units (market rate units)		1,703
Habitat for Humanity (6 units/year x 7 years)		42
Iowa City TARP Program (8 units/year x 7 years)		56
Longfellow Manor		12
The Peninsula		17
Melrose Ridge		18
The Housing Fellowship		15
Concorde Terrace		30
Lexington Place		30
Extend the Dream Foundation		3
Whispering Gardens		12
MECCA		12
Successful Living		29
HACAP		22
2007-2012 New Construction/Rehabilitated Units		
New construction single family and condo units (market rate units)		514
Habitat for Humanity (5 units/year x 6 years)		30
Builders of Hope		6
HACAP		6
Iowa City TARP Program (8 units/year x 6 years)		48
Iowa City Housing Authority (Longfellow Place)		8
The Housing Fellowship (Berry Court)		14
The Housing Fellowship (Home & Neighborhood Scattered Sites)		24
Burns and Burns (Jefferson Point)		60
Total Affordable Housing Supply		2,711
AFFORDABLE HOUSING NEED		
Total Demand minus Total Supply		2,739

Sources: Affordable Housing Developers; City of Iowa City; Iowa City Area Realtors Association; Mullin & Lonergan Associates, Inc.

Part II STRATEGIC HOUSING PLAN

This Strategic Housing Plan is based on five over-arching and interrelated themes:

- ***The Iowa City metro area needs people who need affordable housing.*** People who fill critical jobs in the region cannot afford to live where they work. Creating affordable housing opportunities for these households is a priority.
- ***There is a need to zone additional land for multi-family housing in the Iowa City metro area.*** Rezoning requests for multi-family housing proposals too often are met with stiff opposition from surrounding property owners who are opposed to a vacant parcel being developed, poorer people moving next door, or higher densities being introduced into their neighborhood. Rezoning appropriate parcels for new multi-family housing development and increasing the permitted density would provide incentives to affordable housing developers.
- ***The development plan review and approval process for affordable housing proposals should be treated differently than market rate proposals.*** The total affordable housing need (for non-student households) in the study area is 7,058 units. This substantial need cannot be met without significant financial and capacity-building assistance provided to affordable housing developers.
- ***Housing and transportation policies should be planned together on a regional basis.*** The connectivity and interdependence of Coralville, Iowa City, North Liberty, Tiffin and University Heights are demonstrated clearly by the dramatic increase in new, high-end housing developments in the outlying areas over the past two decades. As land costs have increased in Iowa City, families have migrated to the suburbs where housing is more affordable, thereby potentially increasing their commuting time (and transportation expenses) to and from work. Collaborating on housing and transportation issues on a regional basis could result in more rational and cost-effective public policies.
- ***Developers need incentives to build affordable housing units for family households throughout the study area.*** A household would need an annual income of \$46,050 to purchase a house selling for the median sales price of \$152,900 in North Liberty/Tiffin or as high as \$52,350 to purchase a house selling for the median sales price of \$180,000 in Coralville in 2006. However, many lower income households are priced out of this scenario. Additionally, it is almost impossible for a homebuyer to find a decent existing single family detached house selling for less than \$200,000 in Iowa City or Coralville. Realtors have indicated that the supply of decent and affordable housing units for first-time homebuyers is very limited. But with a stronger demand for high-end housing, developers will need financial and regulatory incentives to build smaller, more affordable units.

RECOMMENDATIONS

The following recommendations are made to assist in addressing the need for affordable housing opportunities in the Iowa City metro area.

1. **Change Public Perception**

There is a perception amongst some that higher density, multi-family housing proposals consisting of affordable housing opportunities are not appropriate for single family neighborhoods. While this rationale may be justified in some instances, multi-family housing fronting along major thoroughfares, located at street intersections, and in transition areas between residential and non-residential uses are appropriate. And, contrary to public belief, well-designed and well-managed affordable housing developments do not decrease surrounding property values.

- Engage in public education and outreach to help residents understand that there are costs associated with an undersupply of affordable housing such as lower achievement scores among school-age children, increased traffic congestion, increased commuting times and distance, increased need for road maintenance, less time for volunteer and other civic activities, etc.
- Put a human face on workforce housing needs such as a local school teacher, nurse, or police officer. Illustrate that many people who fill vital community occupations cannot afford to purchase or rent a home today.
- Affordable housing developers can help change negative perceptions through quality design that is compatible with existing surrounding neighborhoods. Every effort should be made to insure that all affordable housing is well-designed, integrated into the neighborhood and effectively managed. Residents are sensitive to affordable housing being located in their neighborhoods due to the fear that affordable housing units will decrease property values. In reality, affordable housing developments that are well-designed, smartly-integrated and effectively managed have been shown to enhance property values rather than diminish them.
- Publicize this report to educate the public on the area's affordable housing needs.

2. **Public Policy Recommendations**

- **Increase the amount of land zoned for multi-family housing.** Most, if not all, of the land currently zoned for multi-family housing in Iowa City is either developed or not on the market. Affordable housing developers are unable to make projects work financially on the few parcels that may be available because (1) the land is too expensive, or (2) it is not zoned to an adequate density. Proactive, selective rezoning of land within Iowa City by elected officials to expand the location of zoning districts that permit multi-family housing by right will eliminate the opportunity for NIMBYists to object to development proposals on a case-by-case basis.

- **Zone concurrently with all annexation actions.** Iowa City should continue to enforce its policy of zoning land upon annexation into the city, and Coralville, North Liberty and Tiffin should be encouraged to do the same. Multi-family housing should be given a high priority during these procedures.
- **Adopt a mandatory inclusionary zoning ordinance.** The Iowa City area is fortunate to have several highly motivated nonprofit and for-profit affordable housing developers. While these organizations are highly capable, they lack the resources required to put a major dent in the region’s unmet affordable housing need. Clearly, additional mechanisms are needed to expand the production of affordable housing. One way of expanding production is to capitalize on the region’s dynamic real estate market by using market-rate development to create the supply of affordable housing. Inclusionary zoning is a “carrot and stick” approach to expanding affordable housing.

The ordinance could provide financial and other incentives to developers in exchange for the provision of a percentage of housing units set aside for households with incomes at or below 80% of the area median income. For an inclusionary ordinance to be effective, there must be specific incentives offered in exchange for specific measures to be undertaken by a developer. For example, the ordinance might require a developer to set aside at least 5% of all single family housing units in a project to be sold for no more than \$135,000 each. For a multi-family development plan consisting of a minimum number of units, a specified percentage of the units (usually 5% to 10%) would be required to be set aside for households under a specified income threshold.

In exchange for providing the required set asides, a developer would be awarded one or more of the following incentives:

- Impact fee waivers or reductions
- Planning fee waivers or reductions
- Streamlining and priority processing
- Density bonuses, and/or
- Local funding to assist with the construction of the housing units made affordable to households at or below 80% of the area median income.

A key component to a successful inclusionary ordinance is the ability to make the affordable housing units indistinguishable from the market rate units. Strive for invisible product mixing. A casual observer should not be able to discern any exterior difference between a market rate unit and an affordable rate unit from the street. A certain degree of cost savings may be achieved on less luxurious interior finishes (e.g., laminate instead

of marble countertops, linoleum instead of stone tile or hardwood flooring, etc.) rendering the affordable units less expensive.

Finally, inclusionary zoning could be used to address a common objection to affordable housing—that there is too much of it concentrated in a few neighborhoods. Requiring a relative equitable distribution of affordable housing units throughout a community, or the entire study area, would assure that every area is providing a fair share.

- **Identify potential redevelopment areas.** Chapter 403 of Title IX of the Code of Iowa allows a city to establish urban renewal areas to assist in the removal and redevelopment of blighted and substandard properties. Cities can also undertake urban renewal activities that promote new economic, commercial, and housing developments. These initiatives typically include the acquisition and demolition of structures, utility and infrastructure installation, new infill housing, rehabilitation or conservation of properties, and other development assistance utilizing tax increment financing (TIF). Obtaining the designation of a Neighborhood Revitalization Strategy Area (NRSA) from HUD may be appropriate also.

The redevelopment of residential areas near employment centers and public transportation access can help families decrease housing and transportation costs and their commuting time to work. Increasing higher density housing in these areas can increase public transit ridership as well.

- **Preserve existing affordable housing units.** Work with local nonprofits that own and operate privately subsidized housing that is at risk for conversion to market rate units. The potential for market rate apartments occurs when HUD rental assistance contracts lapse. In a dynamic rental real estate market such as Iowa City, owners of older rental developments may be anxious to reap the rewards of higher rents. In many cases, these older affordable housing units are in need of rehabilitation. Iowa City and other local units of government should establish a preservation dialogue with the owners of these older properties in an effort to rehabilitate the units and maintain affordable rents. In many cases, these projects may require an infusion of housing tax credits and HOME financial assistance.
- **Preserve existing manufactured home communities.** Another affordable housing resource in Iowa City that is worthy of preservation is the existing supply of mobile home parks. As a matter of public policy, Iowa City has historically placed emphasis on the rehabilitation of existing mobile homes. The City requested and received special permission from HUD to rehabilitate mobile home units with CDBG and HOME funds. A strategy is needed to protect this public investment in mobile homes and mobile home parks.

As the supply of development sites diminishes, the value of land in the Iowa City real estate market will continue to increase. Under these circumstances, it can reasonably be predicted that there will be increased

pressure on the owners of mobile home parks to sell their land for redevelopment. This land will invariably be reused in a way that generates a higher economic return. In this process, households that rent pad space within a mobile home park will become economically displaced. Many of these households are lower income and their housing options will therefore be limited. The redevelopment of mobile home parks reduces the supply of affordable housing and the resulting displacement places increased pressure on scarce affordable rental resources.

As a matter of public policy aimed at preserving mobile home parks, the City may wish to encourage the creation of cooperative organizations to purchase the land and manage the parks. Since it is often difficult for the occupants of a park to organize themselves into an acquisition and management entity, it is often necessary for an existing non-profit housing organization to intervene. The non-profit advocacy organization would assist the occupants in negotiating the purchase of the land. Once the land is acquired, a new non-profit organization may be formed to hold the land in trust for the tenants.

Each participating tenant would own one share of the new non-profit corporation. A Board of Directors would be elected from the members to manage the cooperative. The Board may operate the park itself or it may retain the services of a management company to take on certain responsibilities such as collecting payments, making the mortgage payment, paying insurance premiums or making capital repairs to infrastructure. The Board with input from its coop members would create the policies and procedures that govern the park. This process is similar to an existing rental property that is being converted to a condominium.

The tenants and their non-profit advocate cannot force the owner of a mobile home park to sell. The acquisition must be negotiated. An appraisal will be required to establish the value of the land. As part of the due diligence process, the park's infrastructure would be evaluated to determine the need for capital repairs and an economic feasibility analysis will be required to determine if the cost of acquisition, improvements and operation could be sustained by the monthly contributions of the members. If the results of the study are positive, an offer would be made to the owner. Once the acquisition is successfully negotiated, a closing date would be scheduled and the Cooperative would secure a mortgage loan.

Non-profit ownership insures that rent increases will be limited to the amount needed to responsibly operate the park. Residents enjoy greater participation in management and operating decisions. With cooperative ownership, the park is more likely to remain a mobile home park. With increased certainty and security, homes are easier to sell and the community is more attractive to new residents.

The most significant challenge to such a strategy is the need to secure the assistance of a non-profit advocate to provide legal and technical assistance to the tenants. Significant expenses will be incurred by the non-profit in carrying out due diligence efforts. As a matter of public policy, the City may wish to support the non-profit in its journey towards cooperative ownership. Support may consist of the provision of seed money during the due diligence phase. Once the land is acquired, the City may wish to allocate CDBG and/or HOME funds for infrastructure improvements and residential rehabilitation.

- **Encourage the development of new housing tax credit projects.** New production is needed to expand the supply of affordable housing. Local units of government should play a proactive role in identifying sites for new affordable housing, including surplus property that is municipally-owned. Development teams would then be encouraged to prepare and submit proposals. Local government should be prepared to work with the development team to define an appropriate blend of expectations and incentives that will result in a high quality project.
- **Treat non-profit organizations that specialize in affordable housing as a special class of developer.** Nonprofit housing developers cannot compete on a level playing field with for-profit developers in the absence of incentives. Nonprofits typically do not have ready access to capital and are dependent upon highly competitive public resources to finance their affordable housing projects. Incentives provided by a municipality can foster a higher level of commitment from and a stronger desire to produce more affordable housing units by local nonprofits.
 - Streamline the permitting process for projects involving affordable housing.
 - Participate in the cost of financing infrastructure improvements for projects involving affordable housing.
 - Waive local fees for nonprofit organizations that develop affordable housing.

3. Financing Recommendations

- **Apply for a Housing Enterprise Zone designation from the Iowa Department of Economic Development.** Developers and contractors building or rehabilitating housing in a State Enterprise Zone may be eligible to receive certain state tax incentives. The developer or contractor must build or rehabilitate at least four single family homes or at least one multi-family building containing three or more units in a certified Enterprise Zone. The housing must meet HUD Housing Quality Standards and local housing codes. Tax incentives include a refund of state sales, service or use taxes paid during construction and an investment tax credit of up to a maximum of 10% of the investment directly related to the construction or rehabilitation of the housing.

- **Lobby Iowa legislators to fully finance the State Housing Trust Fund.** This program helps ensure decent, safe and affordable housing for Iowans. The Local Housing Trust Fund Program provides grants for communities, counties and organizations to create a local housing trust fund. The Project-Based Housing Program aids the development and rehabilitation of single family and multi-family housing. Johnson County received a total of \$132,000 in 2007 from the State Fund. While funding of the program is projected to increase, the demand for funds from applicants far exceeds available amounts.
- **Identify a dedicated revenue stream to capitalize the Housing Trust Fund of Johnson County.** In order to use the trust as a tool to address the region's unmet affordable housing need, it must be adequately capitalized through a recurring revenue stream. For example, local officials may wish to consider doubling recording fees on deeds and mortgages. The increase in recording fee revenues would automatically flow to the Trust Fund.

4. **Create an Environment for Collaboration and Cooperation**

- **Conduct workshops with local government planners and builders** to:
 - Sensitize participants to affordable housing issues and solutions
 - Reach for high quality development that addresses a defined demand
 - Advocate for housing and transportation policies to be planned together
 - Publish public education materials to inform residents of the need for and the impact of affordable housing on the region
 - Participate in a roundtable discussion of best practices.
- **Encourage partnerships between nonprofit and for-profit developers.** Partnerships between for-profit and nonprofit developers can take on many different forms. Often the local non-profit has the vision and neighborhood relationships necessary to facilitate the creation of affordable units. However, most of the area nonprofits lack available human and financial resources required to successfully compete for program funds. Joint venture arrangements between nonprofits or for-profits will often provide the solution to close the divide between a goal and the means to accomplish the goal. In addition to human and financial resources the for-profit partner can impart valuable experience and expertise to their nonprofit partner.
- **Establish a cooperative relationship with the University of Iowa to expand workforce housing and revitalize neighborhoods.** Institutions of higher learning have a vested interest in expanding the supply of affordable housing and providing home ownership education to address the home ownership needs of faculty, support staff and lower wage employees. Universities frequently own land and can bring other

resources to the table, such as research and financing, to facilitate the production of non-student housing and neighborhood revitalization. HUD's Office of University Partnerships supports expanded home ownership and neighborhood revitalization initiatives through programs such as the Community Outreach Partnership Center (COPC).