



2011

Housing Assistance Plan

I. INTRODUCTION

The mission of the Housing Trust Fund of Johnson County is to promote and support affordable housing. The organization supports affordable housing in Johnson County by providing a flexible and innovative source of funds to help finance projects that serve the housing needs of Johnson County residents. Trust Fund financing must target Johnson County households with income at or below 80% of the area median household level. The Trust Fund promotes affordable housing by working collaboratively with public and private entities to raise awareness regarding the important role that affordable housing plays in the economic and social development of communities.

II. HOUSING NEEDS IN JOHNSON COUNTY

Johnson County has a longstanding and well-documented need for affordable housing. The presence of the University of Iowa, the economic vitality of the Cedar Rapids/Iowa City corridor and a shortage of public funds for housing are among factors that make it difficult for many low income households to secure housing that does not put a strain on the household budget.

In 2007, the City of Iowa City hired a consultant to conduct a market analysis of affordable housing needs in the Iowa City metropolitan area. This report was completed in January, 2008. Many of the findings of that report will be used to define the current housing needs – although the analysis was unable to take into account the immediate economic conditions and the flooding which had yet to occur.

A. Homeownership

According to 2010 U.S. Census reported that Johnson County had the second highest population growth rate in Iowa at 18 percent—a significantly higher rate of growth than that for the average for the State of Iowa, at 4.1 percent. According to a report done on population growth in the Midwest, Iowa’s population growth pattern echoes that of the Midwest, which indicates that the growth in population has concentrated in and around metropolitan cities, while most rural areas have lost population. This trend has continued to impact the housing market in Johnson County.

The continued need for housing grew as the population increased, which impacted the cost for housing. According to the Iowa City Area Association of Realtors, the average sold price of housing in Johnson County increased from \$176,532 in 2005 to \$179,793 in 2011. This occurred at a time when many areas of the United States were experiencing a decline in sold prices. In 2011, the median sale price of housing in the Iowa City metropolitan area ranged from \$130,100 in the Northeast quadrant of rural Johnson County to \$203,988 in Coralville.

According to 2010 census data, 21 percent of all homeowners in Johnson County were considered cost burdened. Not surprisingly, low income households are more directly impacted by the increased cost in housing. Over 80 percent of all home owners in Johnson County with less than 41 percent of the median household income were cost burdened in 2010. This is a starkly higher figure than the state average at 65 percent. As income rose, the degree of cost burden declined. Among low income households with income between 41

and 72 percent median income, the rate of cost burden was 50 percent and between 72 and 103 percent median income, 40 percent were cost burdened.

Anecdotal reports from bankers and realtors indicate that current economic conditions and stricter lending standards are making it more difficult for lower income individuals to obtain mortgage financing. Credit issues remain a significant barrier to homeownership to households across the economic spectrum, but low income households are particularly affected since it is more difficult for them to address the issues while continuing to provide household necessities.

Some housing providers in Johnson County continue to provide opportunities for homeownership while it has become more difficult in the private market. The Iowa City Housing Authority operates three homeownership programs. Iowa Valley Habitat for Humanity and the Housing Fellowship also expand homeownership opportunities through their programs.

B. Permanent Rental

According to 2010 census data, Johnson County had 11,162 family rental households who were cost burdened, paying more than 30 percent of their gross income for monthly housing costs. An additional 227 family households were living in physically deficient units. According to the projections made by the study, the projected demand for rental units affordable to low income households is an additional 1,519 units between 2000 and 2012.

In Johnson County, the Fair Market Rent (FMR) in 2011 for a two-bedroom apartment is \$746. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$2,487 monthly or \$29,840 annually. According to 2009 estimates, over 28 percent of all Johnson County households had income that was lower than \$25,000, and over 3,018 of them were family households.

In 2000 there were only 559 rental housing units identified as vacant, for rent and affordable to households at 80% or less of median. Of these, only 179 were affordable to extremely low income households. While these figures are dated, the market study found a remote possibility that this inventory had increased, or even remained stable, given the steep rise in housing prices since 2000. The Market Analysis estimated an aggregate demand of 742 units affordable to extremely low income households between 2000 and 2012. The Analysis also noted that almost half of the current affordable housing inventory is at risk for conversion to market rate housing. The term of affordability expires for nearly 600 units in Johnson County between 2007 and 2012.

Public housing provides some affordable rental units. The Iowa City Housing Authority has 81 units of public housing and administers 1,214 Housing Choice Vouchers. In February 2011, the ICHA re-opened its waiting list, and currently has 188 families on the list. Nonprofit and for-profit developers use Low Income Housing Tax Credits, HOME and CDBG funds, as well as other public and private investments to develop and preserve affordable rental units.

C. Shelter and Transitional Housing

According to the 2005 Iowa Statewide Homeless Study, the City of Iowa City had 1,257 homeless individuals during the sample period and shelter providers turned away 79 individuals. At the time a point-in-time count was done in January 2010 in Johnson County, there were 59 individuals in emergency shelter, and 257 in transitional housing. The City of Iowa City's Consolidated Plan for Housing 2006-2010, notes that the area needs 94 additional beds for homeless individuals and 147 additional beds for homeless families. The Iowa City School District reports that nearly 300 students come from homeless families. Thus, emergency and transitional housing is a high priority need in Johnson County.

III. HOUSING TRUST FUND PROGRAMS

In response to the housing needs outlined above, HTFJC has worked to attract investments from a variety of public and private sources to create or administer programs that address needs across the housing continuum.

A. Revolving Loan Fund

The Trust Fund's revolving loan program has been the centerpiece of work done by the organization. The funds received from the State Housing Trust Fund, investments from local governments and some private contributions have all been used to capitalize this loan fund. As the fund has grown, the organization has built a track record of investing in successful projects. As a result, HTFJC has been able to amend its funding criteria to provide greater flexibility to applicants so that the financing truly meets the needs of the particular project.

1. Timing and Level of Funding: The HTFJC Board of Directors determines the amount of funding available on a quarterly basis. The amount of funding depends on contributions to the Trust Fund, repayments received/anticipated and the expected disbursements of obligated funds.

The Board of Directors makes a determination of the level of anticipated funding at its business meetings in November, February, May, and August. The Board may also determine whether the funds may be committed to long term or short term commitments or a mix of both. The Distribution Committee reviews the applications and makes funding recommendations to the Board. HTFJC will consider funding requests outside of this timeline if prospective applicants can show a compelling need and the funding otherwise promotes the goals of the Housing Trust Fund.

2. Eligible Applicants: Businesses, nonprofits and governmental entities are eligible to apply for financing. All applicants must have the capacity to complete the proposed projects. Applications from individuals for personal use will not be accepted.

3. Funding Determinations: Financing is only awarded for projects within Johnson County that serve households with income at or below 80% of the area median household income. HTFJC determines whether the proposed projects are financially feasible and reserves the right to reject any application that fails to meet that threshold.

In order to give HTFJC the maximum amount of flexibility in determining the projects to be funded, and to give applicants the ability to apply for funding that best suits the needs of their project, the HTFJC Board of Directors considers each application on a case by case basis.

Primary factors that are considered in reviewing every application include:

- The population served by the project. HTFJC will give preference to projects that serve lower income populations, especially those at or below 30% of area median household income.
- Other resources leveraged by the proposal. HTFJC will consider the amount of other public and private resources that will be invested in the project.

HTFJC seeks to provide funding to a variety of applicants to support a diverse spectrum of projects throughout Johnson County. Therefore, HTFJC also considers all proposals in light of current and past financing awarded and may give preference to projects that enhance the diversity of our funding.

As an organization, HTFJC must also ensure that financing is awarded in a financially prudent manner. Therefore, funding decisions, including terms agreed to by HTFJC, will depend on a variety of factors including of the level of risk involved in the project, the level of outstanding obligations and anticipated repayments and investments to the Trust Fund.

Finally, HTFJC considers whether or not the proposal provides a unique opportunity to help advance its mission to *promote* affordable housing in Johnson County.

4. Terms of Funding: Applicants are invited to propose the levels and terms of funding that best suit their projects. If the Board of Directors approves funding, HTFJC negotiates the final terms of the financing to be awarded. In general, shorter term (12-24 months), lower risk loans are subject to very low/zero interest rates. Longer term investments require a modest return to the Trust Fund. The level of return required depends on a number of factors including the amount of financing requested, the length of the term, financing already awarded to other projects, the level of investments to the Trust Fund anticipated, and current market conditions. HTFJC reserves the right to award more favorable terms to projects that target lower income residents.

Applicants are invited to propose the timeline which allows them to secure all other funding commitments and begin drawing HTFJC funds. The Board will use the proposed timeline in deciding whether or not to approve the funding. Failure of the applicant to secure commitments or begin the project as proposed are grounds for HTFJC to terminate the agreement so that funds can be used for other projects.

5. Process: Final determination of awards rests with the Board of Directors, but the Executive Director provides advice to prospective applicants regarding the anticipated level of funding that will be available and the terms the Board is likely to consider for approval. Because the level and terms of funding is very flexible, applicants enhance the possibility of approval by working with Trust Fund staff to develop their proposal.

Upon submission, the applications are reviewed by the Executive Director and additional information may be requested. The Distribution Committee reviews the applications and makes funding recommendations to the Board. Applicants may be invited to attend the Distribution Committee meetings to answer questions about their project.

B. Rural Home Rehabilitation

In collaboration with the East Central Iowa Council of Governments (ECICOG) and Hills Bank, HTFJC administers an Affordable Housing Program grant through the Federal Home Loan Bank of Des Moines. This grant has provided forgivable loans to homeowners to assist with necessary repairs and remodeling needs. Eligible homeowners must be at or below 50% of Area Median Household Income and live within an area in Johnson County eligible for USDA Rural Development (roughly all of Johnson County excluding Iowa City, Coralville and University Heights).

This grant has provided forgivable loans ranging from \$3,000 to \$5,000 to 12 homeowners and two forgivable loans of \$10,000. Funding is available to assist a total of 22 homeowners, and at this time all of the funds are obligated. The rehabilitation/repair activities that have been conducted have included making homes more handicap-accessible, siding installation, window and door replacement, roof repair/replacement, plumbing and electrical updates, furnace replacement and foundation repairs. HTFJC works with ECICOG to promote the program and explore other ways the Trust Fund can help address rural housing issues.

C. Other Grant-Funded Programs

HTFJC works to increase the resources available in Johnson County to address housing needs. Therefore, the Trust Fund has worked collaboratively to secure grant funding that is consistent with its mission.

1. Tenant Based Rental Assistance: In 2007, HTFJC received approval of a grant from the Iowa Department of Economic Development to provide tenant based rental assistance for elderly and disabled individuals who were on the waiting list for Housing Choice Vouchers. As of July 2010, over 65 of the most vulnerable individuals in our community have utilized this funding to access housing assistance.

2. United Way of Johnson County Community Priorities Grant: In 2007 and 2008, HTFJC received a grant from the United Way to support a collaborative effort among housing and social service agencies to work together to improve intra-agency processes and help clients move toward self-sufficiency. The Housing Trust Fund contributed funds to this program and has acted as of this group and fiscal agent for the grant and was successful in receiving a second grant.

D. Specific Initiatives

HTFJC also dedicates funding when those funds can be used to respond to unusual circumstances or capitalize on unique opportunities. Examples of such funding include:

1. In the wake of tornados that caused extensive damage in 2006, HTFJC made a contribution to the United Way of Johnson County's disaster response fund to help low income victims with housing related expenses.
2. HTFJC committed matching funds to support the Community Priorities program described above.
3. Working in collaboration with the United Way and Crisis Center, HTFJC also assisted extremely low income households who were displaced by the floods of 2008. HTFJC assisted with rent and security and utility deposits for 29 extremely low income households referred by the Crisis Center.
4. Also in 2008, HTFJC offered a \$175,000 grant, called *Building for the Future*, to support a collaborative project in Johnson County. This grant was funded through funds repaid to the revolving loan fund and investments made by local businesses and HTFJC board members. The recipient was the Iowa City Area Association of Realtors, and they used it to build a home incorporating universal design and green building practices. They sold the home in 2009, and part of their proposal to HTFJC was to revolve the funds to do another project that would benefit another homeowner with income below 80 percent AMI.

D. Education and Awareness

HTFJC promotes affordable housing in Johnson County by working collaboratively to educate the public about the need for affordable housing and to advocate for greater understanding of the social and economic benefits of addressing housing needs.

HTFJC has hosted two housing summits. The first summit focused on affordable housing as a key component of economic development. The second summit reported on the results of state and local assessments of housing needs. Each summit was attended by over 100 community leaders representing businesses, nonprofits and state and local governments.

The Trust Fund also serves on a variety of committees, such as one that studied the affordable housing market, a Rural Housing Advisory Committee, the JCCOG Affordable Housing Committee, a Mobile Home Task Force, and the Local Homeless Coordinating Board.

IV. RESOURCE DEVELOPMENT

A continuing challenge for HTFJC is to secure enough investments through grants and donations to both provide a meaningful contribution to affordable housing initiatives while also stabilizing its own organizational operations.

In FY10, HTFJC secured three contracts to administer Single Family New Production programs for the City of Iowa City (Rounds One and Two) and ECICOG. The programs are related to the 2008 disasters, and the contracts have allowed HTFJC to increase the amount of funds available for its revolving loan fund this past year, as well as set aside funding for future operating costs.

The State Housing Trust Fund has provided most of the funds used to capitalize the Trust Fund's revolving loan fund. In addition, the governments of Johnson County, Coralville and North Liberty, and Iowa City have contributed funds totaling \$55,000. The local government contributions have been obligated for FY12, as well.

In 2008, HTFJC created the *Building for the Future* funding opportunity which augmented Trust Fund money with a portion of private contributions from local banks and developers as well as individual members of the Trust Fund Board of Directors. Many of the pledges were three-year commitments and have been paid in FY10; however, HTFJC anticipates private contributions will continue in FY12, as well.

HTFJC continues to pursue other grants, collaborations, investments and contributions to promote and support the preservation and creation of affordable housing in Johnson County.

V. COLLABORATIONS

HTFJC has forged collaborative relationships with businesses, nonprofits, community leaders and organizations to help further its mission to promote and support affordable housing in Johnson County.

As described in other parts of this plan, HTFJC has worked with the Iowa City Housing Authority, the East Central Iowa Council of Governments, the United Way of Johnson County, the Iowa City Area Association of Realtors, the cities of Iowa City, Coralville, North Liberty, the Johnson County Board of Supervisors, and many lenders and builders to increase the funding that is available to support housing programs.

HTFJC seeks to build partnerships with many groups and leaders in Johnson County to help create greater understanding of housing issues affecting the community. For nearly two years, Trust Fund staff has been active in the informal coalition of private entities including homebuilders, realtors, nonprofits and citizen interest groups. Representing diverse interests within the community, the group was able to discuss areas of consensus and disagreement and prepare a joint statement for distribution to area city councils.

The administration contracts secured with the City of Iowa City and ECICOG further solidified partnerships with the entities mentioned above. Many more collaborations with local lenders and builders were also established, as a result of the program administration work.

VI. BENEFITS

The importance of stable, safe, decent housing to the health and well being of families, the educational attainment of children, and the stability of neighborhoods and communities is well established. In addition, the production and rehabilitation of homes creates significant economic opportunity for developers, contractors and others within the building trade and has an economic impact in the community.

Utilizing the resources identified in the previous section, since its creation, HTFJC has awarded over \$2.1 million in funding to area agencies and providers of housing in Johnson

County. This funding has created housing opportunities for nearly 13 homeowners and over 60 renters, and provided assistance for the creation of seven transitional housing units. In FY11, HTFJC awarded \$348,500 of its revolving loan funds for projects whose total costs were over \$1.65 million. The awarded projects were scheduled to take place in Iowa City.

Through the current FHLB program, 12 rural homeowners had received assistance with necessary repairs and improvements through the end of FY11. It is estimated this current grant will assist a total of 20, and the previous FHLB grant assisted 24.

HTFJC provides funding and is involved in a number of initiatives specifically intended to meet the needs of extremely low income households in Johnson County. The projects awarded in FY11 assisted 11 persons in extremely low income households. In addition, nearly all of the individuals assisted through the TBRA program had extremely low income, and all of the homeowners who received FHLB funding were below 50% of the area median income.

As a result of funds secured and distributed by HTFJC, families and individuals own or rent quality, affordable homes or have been able to make necessary repairs, nonprofits have completed projects in more cost effective ways, and public and private entities have worked together to address housing needs.

VI. FY12 ACTIVITIES

Ongoing Initiatives:

The Housing Trust Fund of Johnson County will continue to support the whole continuum of housing needs in Johnson County by working collaboratively with public and private entities to expand the resources available to create and preserve affordable housing opportunities for residents of Johnson County. As a private nonprofit, HTFJC is uniquely able to respond to changing market conditions and opportunities. The Board of Directors of the Housing Trust Fund will continue to explore new ways to fulfill our mission to promote and support affordable housing.

In the coming year, HTFJC will finish administering the Single Family New Production programs for the City of Iowa City and ECICOG. This additional income earned will continue to enhance the revolving loan funds made available to local organizations and agencies providing housing or assistance to persons below 80 percent of the area median income (AMI). During the coming year, the current FHLB and TBRA programs will conclude, and the remaining United Way funding will be utilized.

The contributions made by Johnson County and the cities of Coralville, Iowa City, and North Liberty will be combined with the State Housing Trust Fund award to further enhance the revolving loan funds made available to residents in the community. While all of those who benefit from the HTFJC revolving loan fund will be under 80 percent AMI, better loan terms or grants will continue to be considered for projects that benefit persons below 30 percent AMI.

New Initiatives: 2011 Strategic Plan / Goal Setting Session Results

The HTFJC Board of Directors and Executive Director participated in several strategic plan/goal setting sessions beginning in May 2011, which were facilitated by the Institute of Public Affairs. After several sessions, five items were identified as top priorities, as well as the action steps necessary to meet those priorities for the upcoming two to three year period. As the action steps were developed, two of the priorities were combined; therefore the four priorities are listed below, followed by the action steps identified by the Board.

Priority #1: Develop a financing plan for HTFJC activities, to include establishing a dedicated source of funding and identifying other sources of funding.

Responsible for implementation: Operations Committee and/or intern or student

Action Steps:

- 1) Explore other possible sources, such as the Casino, county real estate transfer tax, U of I Investments, area businesses, and the homebuilders association
- 2) Research other HTF sources of funds
- 3) Investigate when current local option sales tax term is done, and possibility to coop with other housing providers to obtain a portion of tax
- 4) Research possibility of establishing an endowment fund through the Community Foundation
- 5) Invite Community Foundation representative to Board meeting to explain possibility of HTFJC participation
- 6) Proactively offer services, in cooperation with ECICOG, to communities and other housing providers to obtain administrative contracts
- 7) Investigate the opportunity the commercial property tax break may offer for housing
- 8) Investigate other communities' housing initiatives in search of progressive, creative, cost-effective ideas to offer as a resource to housing providers

Priority #2: More Active Advocacy at the local level in affordable housing policy matters

Responsible for implementation: New Committee

Action Steps:

- 1) Develop a timeline for visiting communities to make them more aware of HTFJC and our willingness to be involved in affordable housing development

Priority #3 (tie): Develop and Implement a marketing plan/public awareness campaign

Responsible for implementation: Public Relations/Advocacy Committee

Action Steps:

- 1) Initiate a cable television appearance
- 2) Write columns/articles for newspaper
- 3) Write a press release every time funds are awarded by HTFJC
- 4) Meet with editorial staff at newspapers
- 5) Make acknowledgement of HTFJC a requirement of funding
- 6) Develop a "Did You Know" list
- 7) Encourage Tracey and board members to attend more community activities as HTFJC representative

- 8) Start a “Local House” campaign to raise awareness of need for workforce housing, involving major employers, Chamber of Commerce and ICAD
- 9) Investigate comment by Public Health Dean in regard to relationship between public health and housing and utilize it in marketing

Priority #4 (tie): Develop a program with University of Iowa to provide affordable housing opportunities for U of I workers in LMI status

Responsible for implementation: New committee to include Steve Long

Action Steps:

- 1) Establish a committee to strategize a plan, perhaps modeling the City of Iowa City’s UniverCity program
- 2) Develop a relationship with U of I
- 3) Develop a relationship with U of I Alumni Association

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