

Update to the 2007 Affordable Housing Market Analysis for the Iowa City Urbanized Area

September 2014



Prepared by the Metropolitan Planning Organization of Johnson County (MPOJC) and the Housing Trust Fund of Johnson County (HTFJC)

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Introduction

This document provides an update to the Affordable Housing Market Analysis completed by Mullin & Lonergan Associates in 2007. This document is not intended to be a replication of that analysis, but rather to compare socio-economic conditions and housing needs of 2007 to today, and to discuss strategies to help meet identified needs. This update to the 2007 analysis was requested by the Metropolitan Planning Organization of Johnson County's (MPOJC) Urbanized Area Policy Board, which ultimately led MPOJC staff to work with the Housing Trust fund of Johnson County to develop this report.

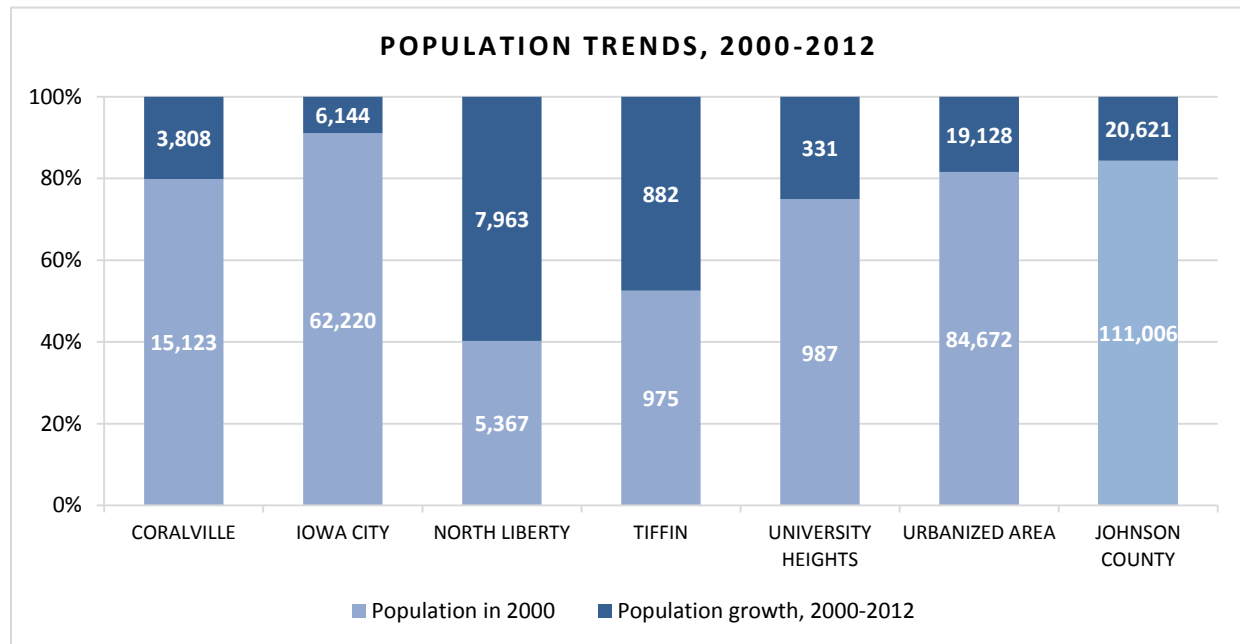
The 2007 document is intended as a point of departure. However, data for the year 2007 is largely unavailable for our community since the American Community Survey (ACS) had only begun to standardize their data collection in 2005. Therefore, data used in the generation of the this document is largely derived from Census estimates, primarily Census 2000 and ACS 2008-2012 3-Year and 5-Year estimates. Additionally, county, state, and national data are used to provide broader context as appropriate. Census data was preferred to local data sources because it maintains consistent methodology and statistical rigor.

Existing Conditions

Population and Demographics

From 2000 to 2007, the population of the urbanized area grew from 84,672 to an estimated 91,339, a 7.9 percent increase. The population has grown more rapidly since the 2007 study was released, increasing to an estimated 103,800 by 2012, a 13.6 percent change. Suburban communities continue to grow the fastest, with the population of Tiffin growing by 90 percent and the population of North Liberty growing by 148 percent since 2000.

Figure 1



Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

Historical trends reflect the trajectory of suburban population growth. Across Iowa, populations in rural counties generally decline, while metropolitan areas gain in population. The population of Johnson County increased 18 percent between 2000 and 2010, compared to the state's 4 percent increase in population during the same period.

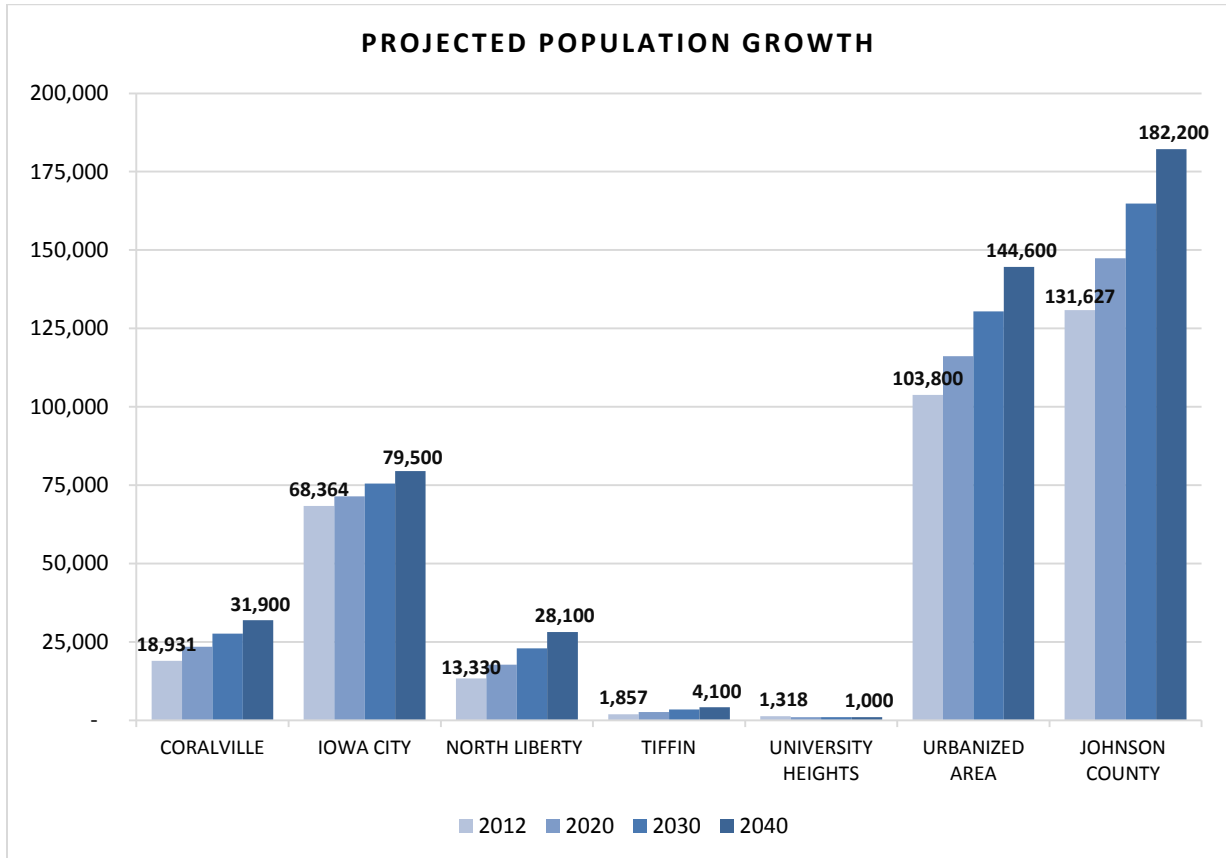
Table 1. Historical population trends

YEAR	CORALVILLE	IOWA CITY	NORTH LIBERTY	TIFFIN	UNIVERSITY HEIGHTS	URBANIZED AREA	JOHNSON COUNTY	IOWA
1960	2,357	33,443	334	311	841	37,952	53,663	2,757,537
1970	6,130	46,850	1,055	299	1,265	55,599	72,127	2,824,376
1980	7,687	50,508	2,046	413	1,069	61,723	81,717	2,913,808
1990	10,347	59,738	2,926	460	1,042	74,513	96,119	2,776,755
2000	15,123	62,220	5,367	975	987	84,672	111,006	2,926,324
2010	18,907	67,862	13,374	1,947	1,051	103,141	130,882	3,047,646

Source: U.S. Census Bureau (1960-2010 Decennial Censuses)

Over the next 25 years, MPOJC projects that population will continue to grow in every jurisdiction except University Heights. By 2040, the population of the urbanized area is estimated to grow by 39 percent to 144,600, up from 103,800 in 2012. The majority of this growth will be concentrated in the suburban municipalities.

Figure 2



Source: ACS 2012 Population Estimates; MPOJC Long-Range Transportation Plan, Population Projections (based on decennial Census data)

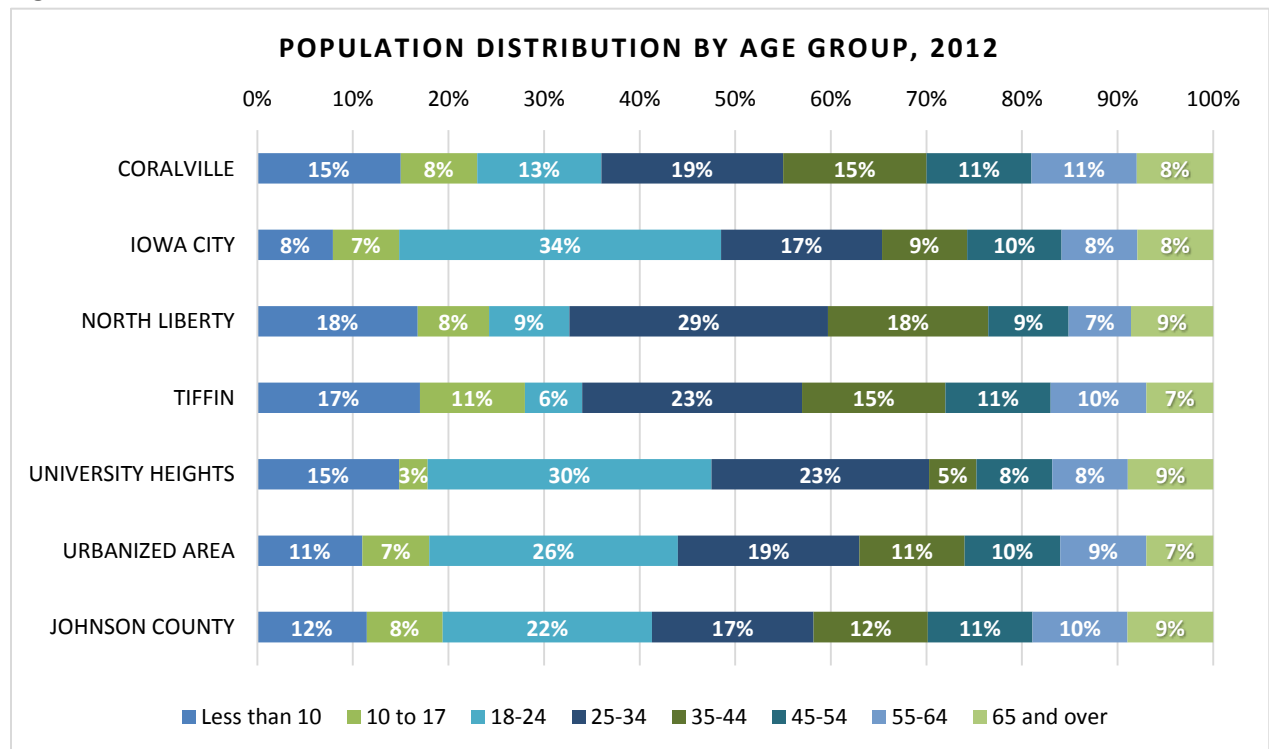
Due to the large student population at the University of Iowa, the urbanized area has proportionally more residents between ages 18 and 24 than other urbanized areas in the state. However, each jurisdiction has a slightly different age composition. Nearly half of the population of Iowa City and more than 44 percent of the urbanized area population are under age 25. Coralville’s population reflects its large number of family households, with proportionally more children than the urbanized area average. The age distributions of North Liberty and Tiffin are similar, as Figure 3 illustrates.

Table 2. Population distribution by age group, 2012

AGE	CORALVILLE	IOWA CITY	NORTH LIBERTY	TIFFIN	UNIVERSITY HEIGHTS	URBAN AREA	JOHNSON COUNTY
< 10	2,825	5,658	2,413	311	192	11,399	15,058
10 to 17	1,591	4,427	1,067	213	42	7,340	10,909
18 to 24	2,466	23,134	1,155	115	391	27,261	28,862
25 to 34	3,613	11,252	3,836	419	296	19,416	22,169
35 to 44	2,861	6,025	2,379	276	68	11,609	15,115
45 to 54	2,083	6,734	1,167	198	104	10,286	15,037
55 to 64	2,032	5,581	884	191	108	8,796	13,132
≥ 65	1,460	5,553	429	134	117	7,693	11,345
TOTAL	18,931	68,364	13,330	1,857	1,318	103,800	131,627

Source: U.S. Census Bureau, (ACS 2008-2012 5-Year Estimates)

Figure 3



Source: U.S. Census Bureau, (ACS 2008-2012 5-Year Estimates)

Overall, the population of the urbanized area has become more racially diverse since the 2000 Census. Since 2007, however, growth has slowed among Black and Asian populations. Meanwhile, the Hispanic population is growing more quickly.

Table 3. Population distribution by race and ethnicity for the urbanized area

YEAR	WHITE	BLACK	AMER. IND./ AK NATIVE	ASIAN	NATIVE HAWAIIAN/ PAC. ISL.	OTHER	TWO OR MORE	HISPANIC
2000	92.1%	2.5%	0.2%	2.8%	< 0.1%	0.8%	1.5%	2.5%
2007	85.6%	4.9%	0.3%	6.1%	< 0.1%	1.8%	1.4%	3.6%
2012	87.5%	4.7%	0.1%	4.5%	< 0.1%	0.8%	2.4%	4.8%

Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-2012 5-Year Estimates)

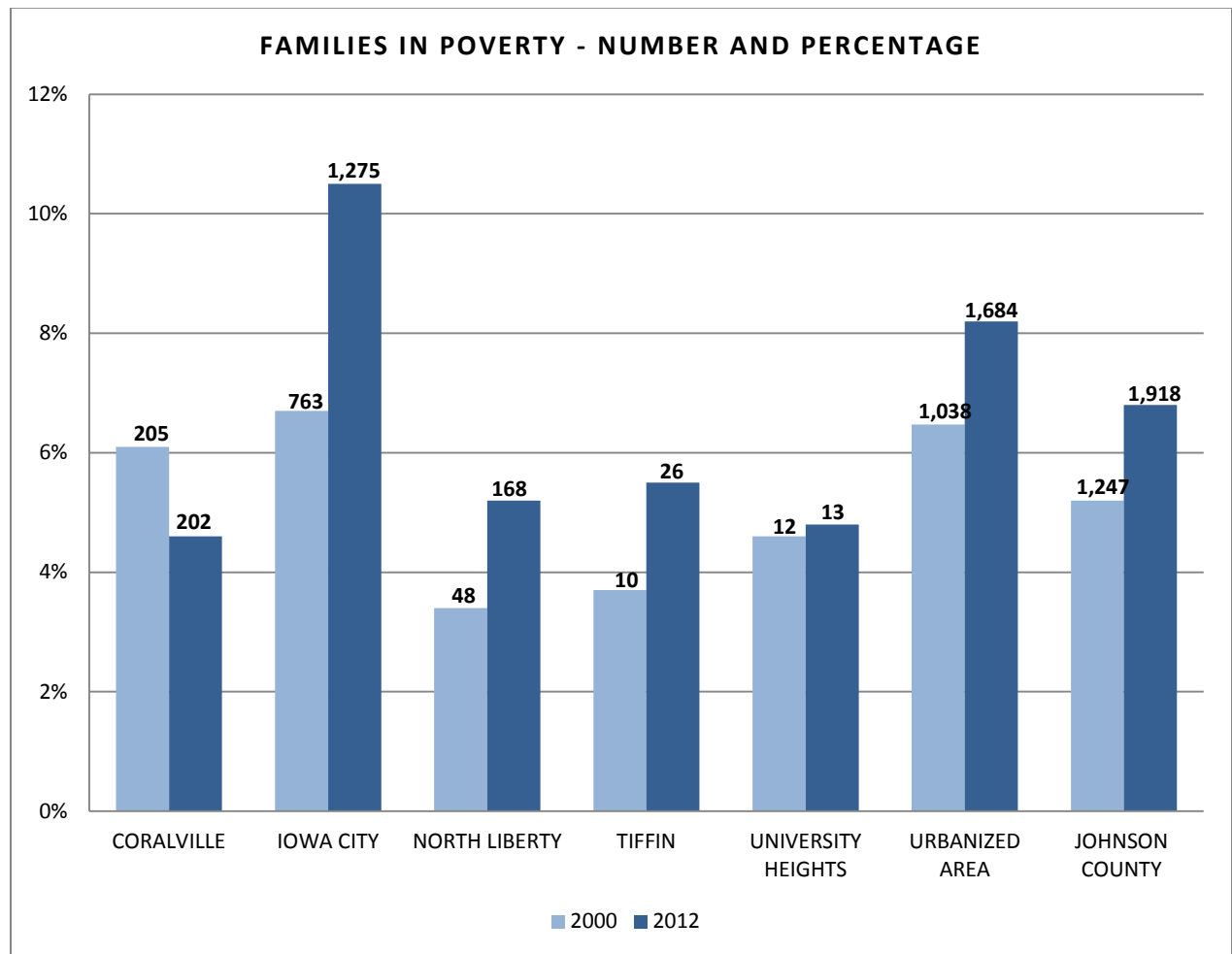
Economic and Employment Data

Poverty

The U.S. Census Bureau collects data on individuals in poverty by comparing family incomes to thresholds established by the federal government, which are adjusted annually for inflation. The 2012 poverty thresholds are defined as \$11,720 for a single person and \$23,492 for a family of four.

The number of families in poverty increased in all of the communities in the urbanized area, with the exception of Coralville. The poverty rate in Iowa City is high compared to the rest of the urbanized area. This is not surprising given the large number of students who typically have low incomes but may be partially or fully supported by their families.

Figure 4

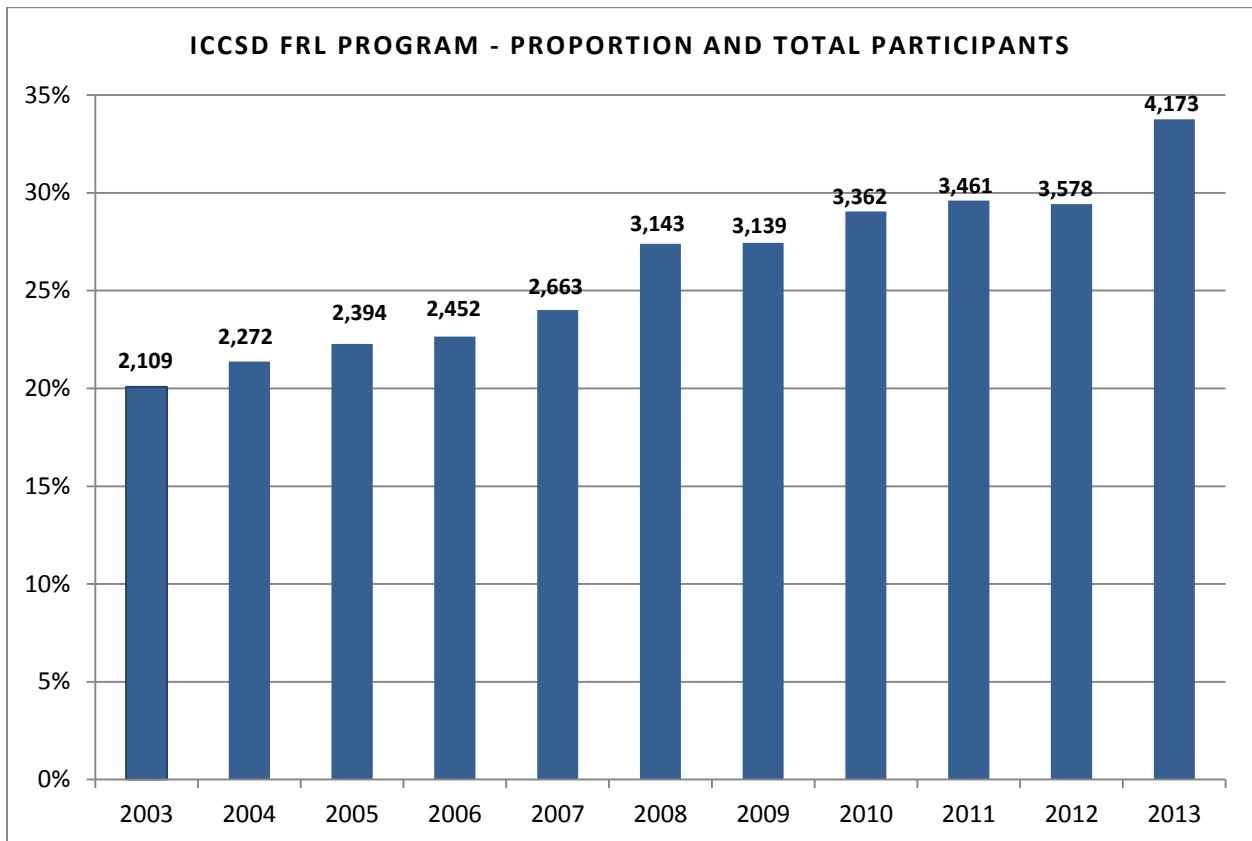


Source: U.S. Census Bureau, (2000 Census and ACS 2008-2012 5-Year Estimates)

Free and Reduced Lunch Program

Schoolchildren whose families' incomes fall below the poverty line are eligible to participate in a free and reduced lunch program. The total number of students in the Iowa City Community School District (ICCS) enrolled in the free and reduced lunch program (FRL) has nearly doubled since 2003. While school district boundaries do not align with the jurisdictional boundaries used for the purposes of this report, free and reduced lunch data gives a general sense of economic assistance needed in the metro area. Between 2000 and 2012, the number of households with children in Johnson County increased 14 percent (See Table 9), but the number of FRL participants increased 98 percent.

Figure 5



Source: Iowa City Community School District

Table 4. Free and reduced lunch program data by school and year, ICCSD

SCHOOL	2000			2007			2013		
	TOTAL ENROLLED	TOTAL FLR	FLR RATE	TOTAL ENROLLED	TOTAL FLR	FLR RATE	TOTAL ENROLLED	TOTAL FLR	FLR RATE
ELEMENTARY SCHOOLS									
BORLAUG	N/A	N/A	N/A	N/A	N/A	N/A	323	85	26.3%
CVL CENTRAL	458	129	28.2%	448	123	27.5%	421	141	33.5%
GARNER	N/A	N/A	N/A	N/A	N/A	N/A	491	103	21.0%
HILLS	164	84	51.2%	152	82	54.0%	108	69	63.9%
HOOVER	275	29	10.6%	306	36	11.8%	354	91	25.7%
HORN	303	24	7.9%	294	39	13.3%	454	130	28.6%
KIRKWOOD	366	132	36.1%	441	211	47.9%	328	236	72.0%
LEMME	273	58	21.3%	283	49	17.3%	364	93	25.6%
LINCOLN	256	3	1.2%	256	4	1.6%	238	14	5.9%
LONGFELLOW	276	42	15.2%	284	31	10.9%	330	65	19.7%
LUCAS	420	134	31.9%	426	153	35.9%	433	234	54.0%
MANN	261	131	50.2%	249	116	46.6%	245	136	55.5%
PENN	331	71	21.5%	391	97	24.8%	504	122	24.2%
ROOSEVELT	248	107	43.2%	298	139	46.6%	N/A		
SHIMEK	224	13	5.8%	220	15	6.8%	199	26	13.1%
TWAIN	295	192	65.1%	220	147	66.8%	266	209	78.6%
VAN ALLEN	284	72	25.4%	487	100	20.5%	467	93	19.9%
WEBER	493	73	14.8%	494	50	10.1%	476	167	35.1%
WICKHAM	435	22	5.1%	452	24	5.3%	479	34	7.1%
WOOD	432	198	45.8%	486	239	49.2%	529	408	77.1%
MIDDLE AND JUNIOR HIGH SCHOOLS									
NORTH CENTRAL	N/A	N/A	N/A	308	44	14.3%	461	92	20.0%
NORTHWEST	907	173	19.1%	620	154	24.8%	643	205	31.9%
SOUTHEAST	677	179	26.4%	660	189	28.6%	749	328	43.8%
HIGH SCHOOLS									
CITY HIGH	1,542	234	15.2%	1,359	242	17.8%	1,413	503	35.6%
WEST HIGH	1,754	268	15.3%	1,838	316	17.2%	1,939	478	24.7%
TATE HIGH	69	26	37.7%	119	63	52.9%	146	111	76.0%
DISTRICT TOTAL									
	10,743	2,394	22.3%	11,091	2,663	24.0%	12,360	4,173	33.8%

Source: Iowa City Community School District

Employment

The urbanized area has a slightly higher unemployment rate than the state, in part because of the large student population. The unemployment rate in Johnson County has not changed dramatically since 2000, but remains below the national average, which was 6 percent in 2012.

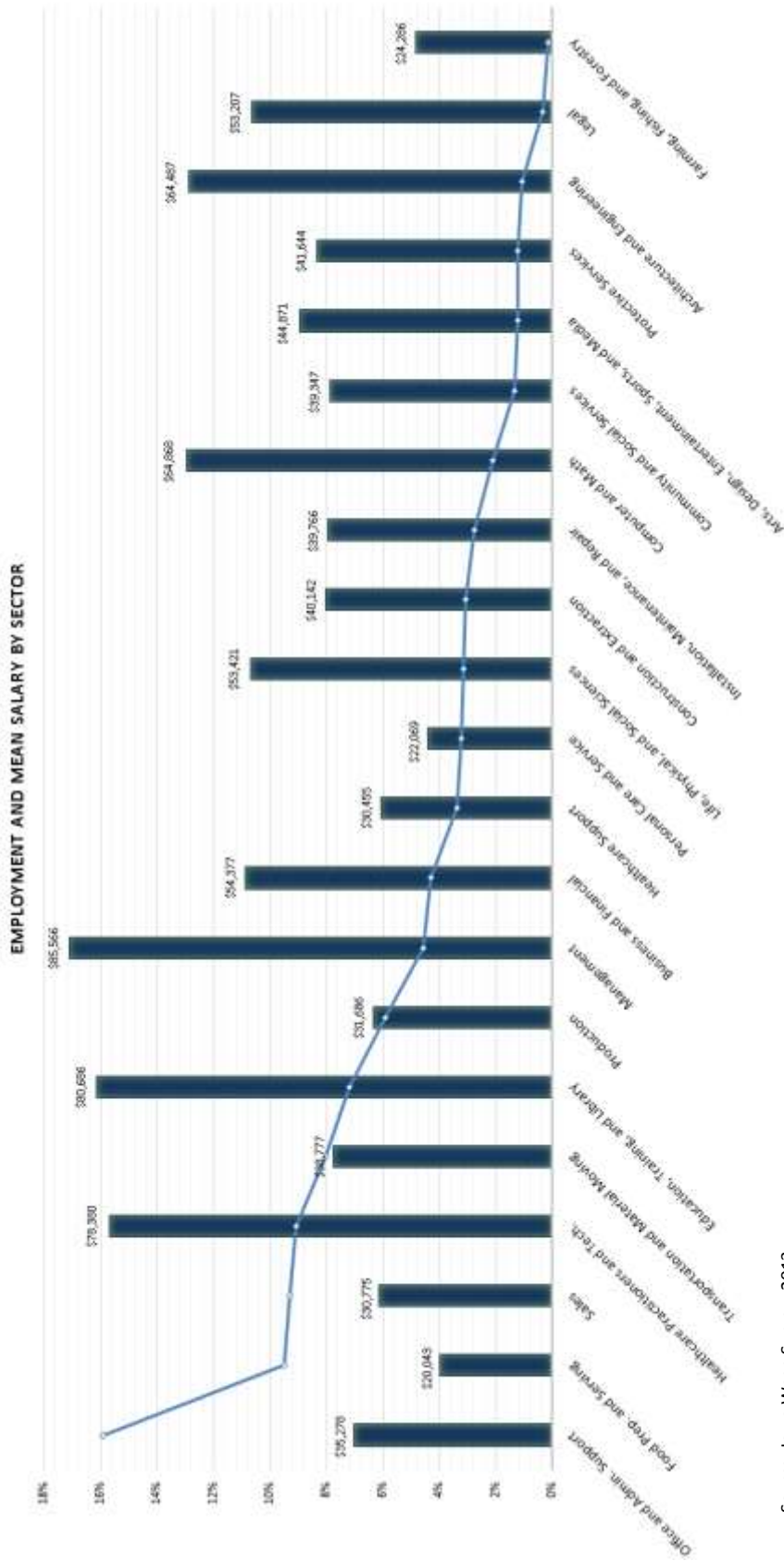
Table 5. Unemployment in civilian labor force, by region, state, and nation

YEAR	URBANIZED AREA		JOHNSON COUNTY		IOWA		UNITED STATES	
	Total	%	Total	%	Total	%	Total	%
2000	1,869	4.7	2,625	2.9	64,906	4.2	7.9 million	3.7
2007	2,259	2.9	2,586	2.6	79,716	3.4	9.9 million	4.2
2012	2,938	4.7	3,372	3.1	91,676	3.8	14.5 million	6.0

Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-2012 5-Year Estimates)

Figure 6 on the following page illustrates the percentage of workers by industry in relation to the mean income for that industry in the urbanized area. From left to right, the graph shows industries with the greatest to least percentage of employed persons. This information is useful to determine how workers in different sectors of employment are affected by the housing market in our community.

Figure 6

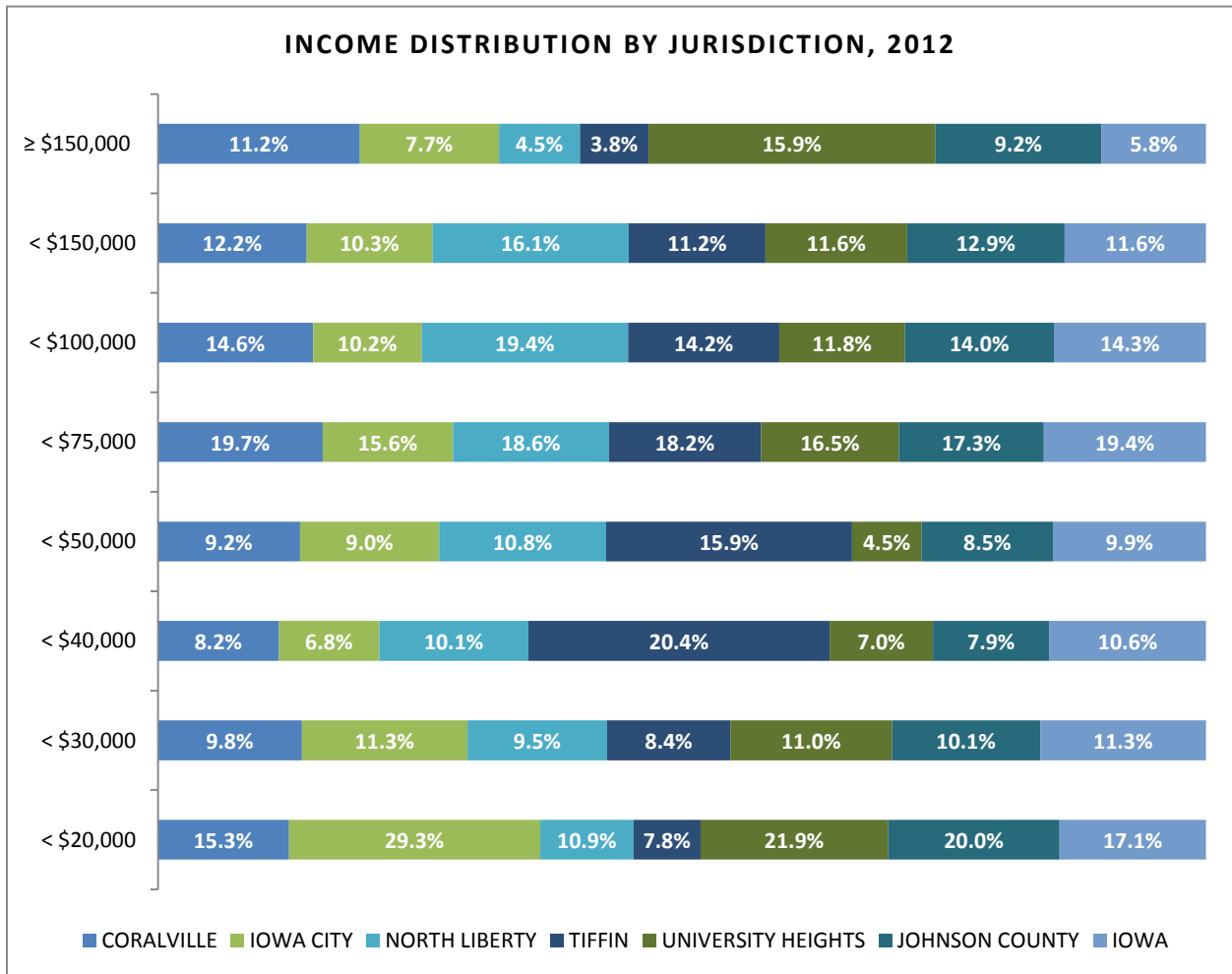


Source: Iowa Wage Survey, 2013

Distribution of Income

Distribution of household income is a good indicator of how income varies with respect to location and may help jurisdictions better understand their affordable housing needs. Figure 7 illustrates income distribution by jurisdiction. The proportion of households with income between \$75,000 and \$150,000 in each jurisdiction was very similar in 2012, although University Heights had a much higher percentage of households earning \$150,000 or more. Compared to the other communities in the area, Iowa City had a much higher percentage of households earning less than \$20,000, likely due to the large student population.

Figure 7



Source: U.S. Census Bureau (ACS 2008-2012 5-Year Estimates)

Median Household Income

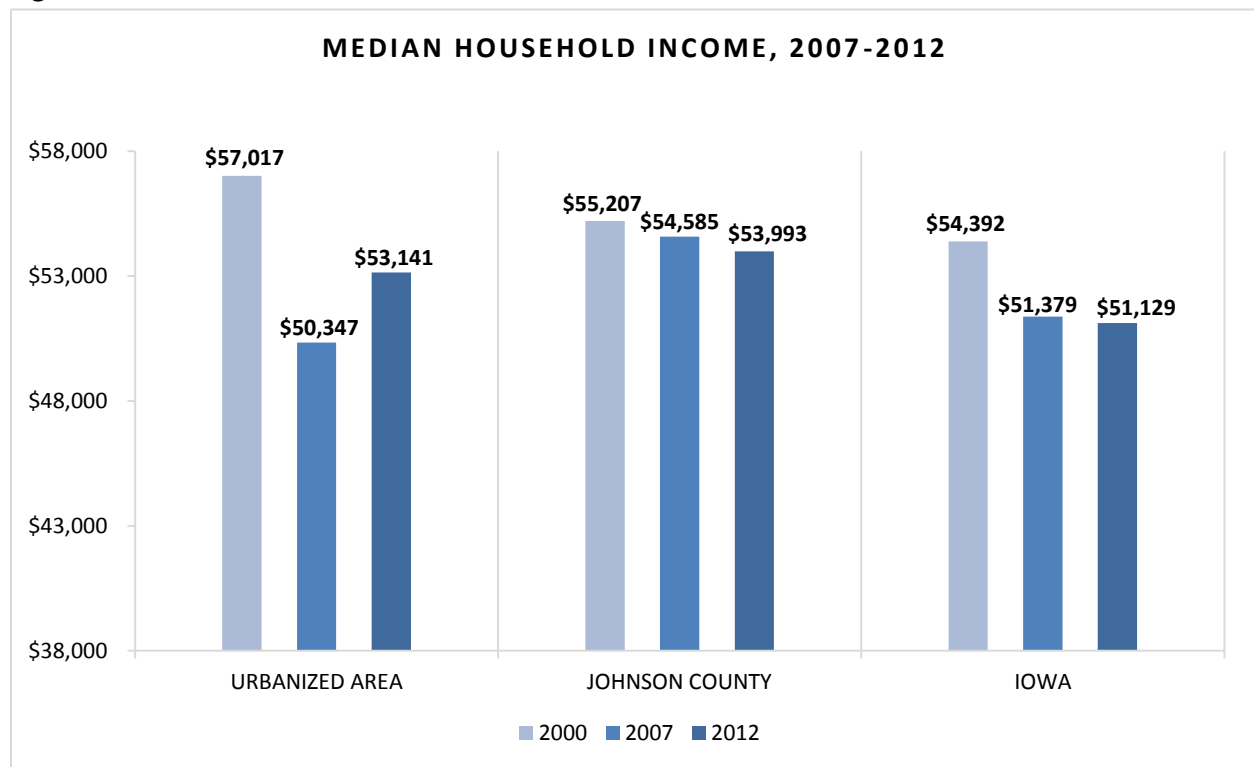
The 2007 market study reported a slight increase in real median household income throughout the urbanized area between 2000 and 2007. When adjusted for inflation, median household incomes dropped by nearly 7 percent between 2000 and 2012. By jurisdiction, median household incomes dropped 12.4 percent in Iowa City, 16.2 percent in Tiffin, and 12.5 percent in University Heights from 2000 to 2012. During the same period, median household incomes increased by 7.9 percent in Coralville and 0.6 percent in North Liberty.

Table 6. Median household incomes by jurisdiction

YEAR	CORALVILLE	IOWA CITY	NORTH LIBERTY	TIFFIN	UNIVERSITY HEIGHTS	URBAN AREA	JOHNSON COUNTY
2000	\$52,479	\$48,202	\$58,570	\$58,406	\$67,430	\$57,017	\$55,207
2012	\$56,635	\$42,220	\$58,904	\$48,929	\$59,018	\$53,141	\$53,993

Source: U.S. Census Bureau (2000 Census and ACS 2008-012 5-Year Estimates)

Figure 8

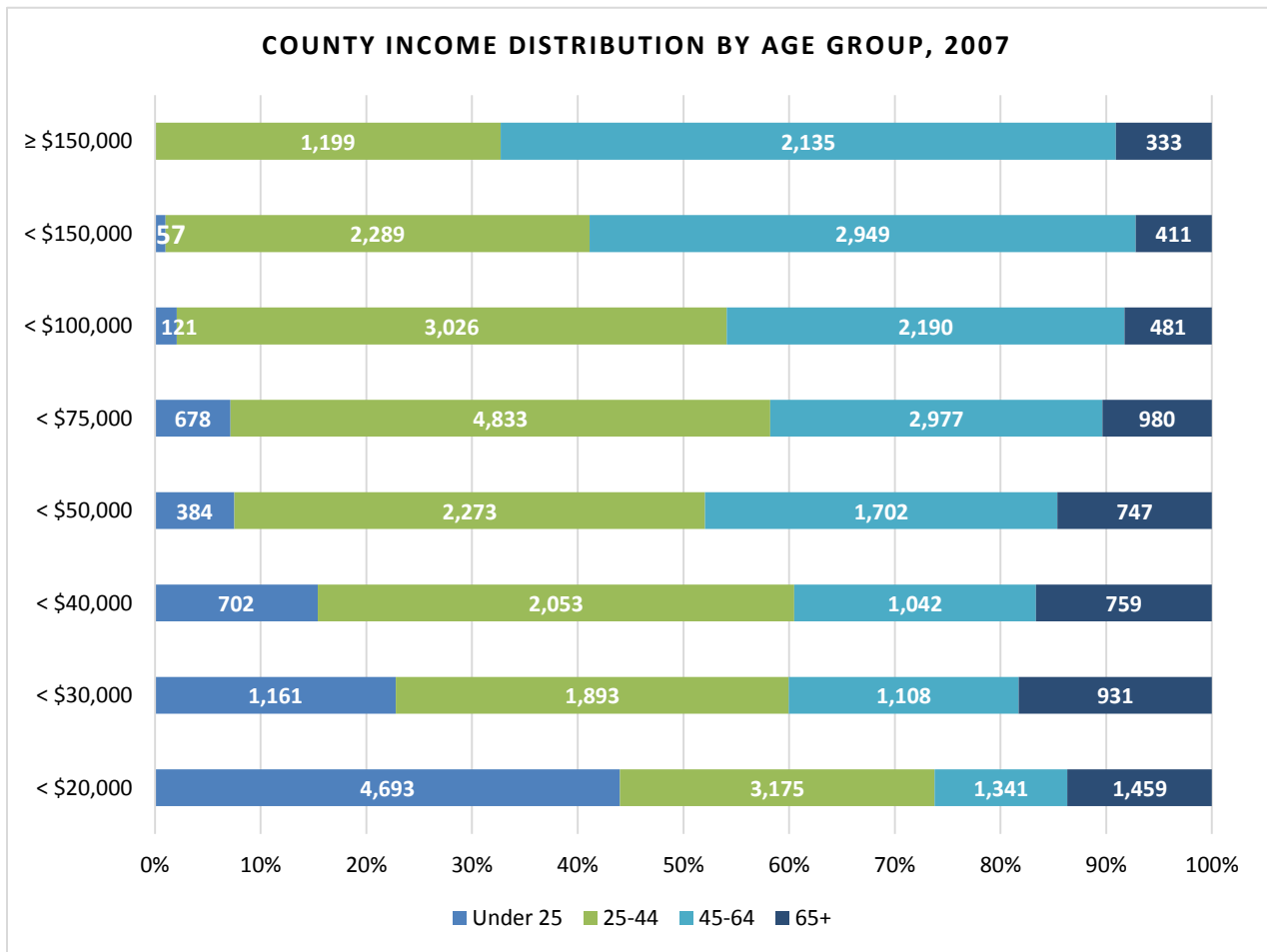


Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-012 5-Year Estimates)

Income by Age of Householder

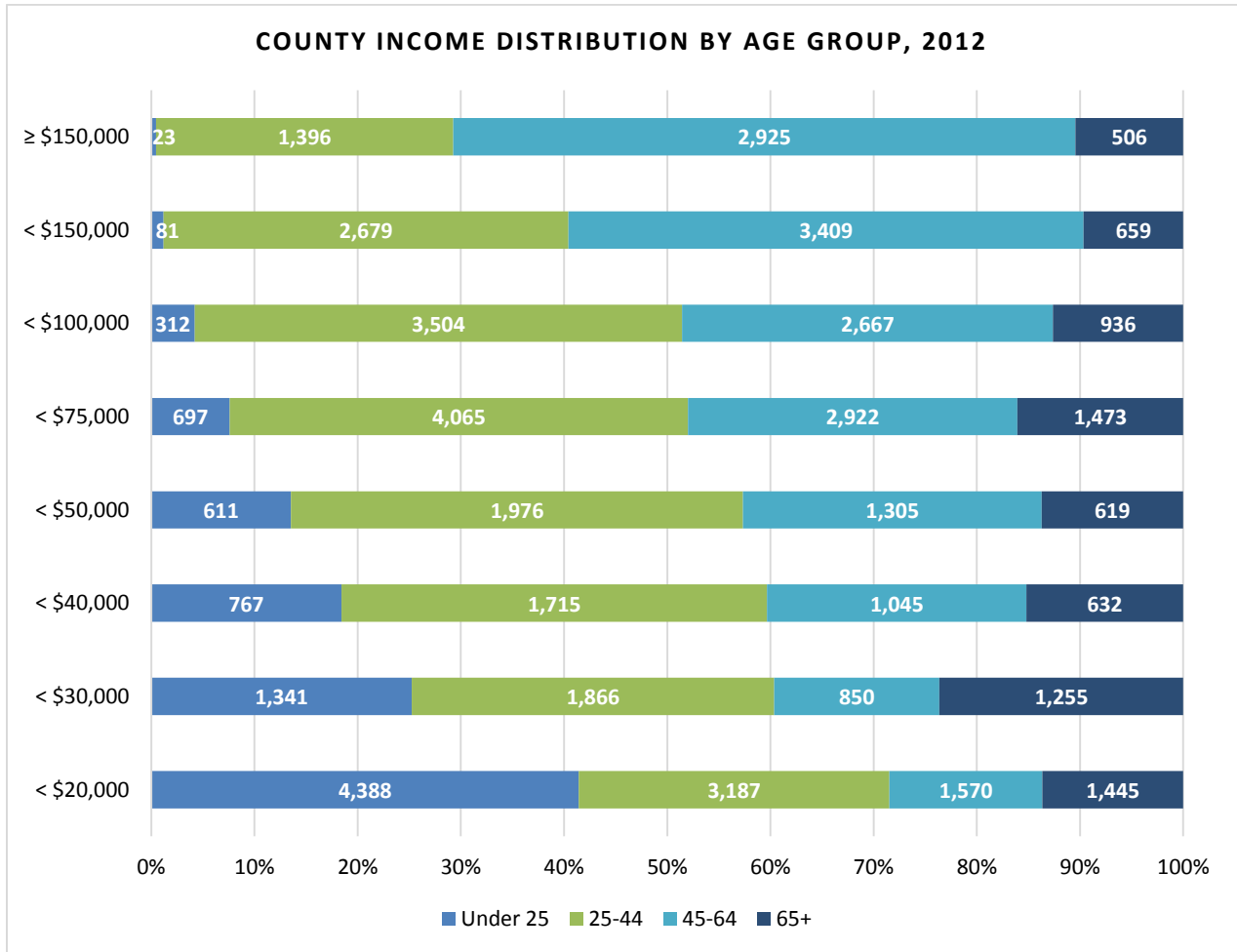
Showing income distribution by age of householder can help identify which segments of the population may be most impacted by housing costs. Figures 9 and 10 show income distribution by age for 2007 and 2012. A common misconception in Johnson County is that the majority of the lowest income households are comprised of students. However, in 2007, the majority of households in the county earning less than \$20,000 (approximately 6,000 out of 10,938) of had a householder over the age of 25. This proportion increased in 2012.

Figure 9



Source: U.S. Census Bureau (ACS 2005-2007 3-Year Estimates)

Figure 10



Source: U.S. Census Bureau (ACS 2008-2012 5-Year Estimates)

When income distribution by age is examined for each community, Iowa City has the highest proportion of households with income below \$20,000. This is true even when the households with a householder under age 25 are discounted. In Iowa City, 4,289 of 20,985 households (20.5 percent) with a householder age 25 or older have a household income less than \$20,000. For the remaining municipalities, that proportion is under 10 percent. In total, there are 5,618 urbanized area households with a householder over the age of 25 and income less than \$20,000.

Table 7. Household income distribution by age of householder by jurisdiction, 2012

CORALVILLE								
Income	Under 25		25-44		45-64		65+	
	Total	%	Total	%	Total	%	Total	%
< \$20,000	463	49.7	350	10.0	247	10.0	123	14.7
< \$30,000	87	9.3	461	13.2	78	3.2	133	15.9
< \$40,000	120	12.9	229	6.5	190	7.7	91	10.9
< \$50,000	99	10.6	398	11.4	148	6.0	61	7.3
< \$75,000	110	11.8	692	19.8	598	24.2	118	14.1
< \$100,000	21	2.3	580	16.6	376	15.2	155	18.5
< \$150,000	31	3.3	446	12.7	380	15.4	89	10.6
≥ \$150,000	0	0.0	343	9.8	455	18.4	68	8.1
Total	931	100	3499	100	2472	100	838	100
IOWA CITY								
Income	Under 25		25-44		45-64		65+	
	Total	%	Total	%	Total	%	Total	%
< \$20,000	3692	58.6	2436	25.3	1003	13.3	850	22.1
< \$30,000	1117	17.7	952	9.9	411	5.5	608	15.8
< \$40,000	387	6.1	775	8.1	438	5.8	241	6.3
< \$50,000	405	6.4	944	9.8	718	9.5	386	10.0
< \$75,000	485	7.7	1850	19.2	1150	15.3	759	19.7
< \$100,000	161	2.6	1124	11.7	1132	15.0	365	9.5
< \$150,000	34	0.5	1011	10.5	1440	19.1	334	8.7
≥ \$150,000	23	0.4	520	5.4	1235	16.4	303	7.9
Total	6304	100	9612	100	7527	100	3846	100
NORTH LIBERTY								
Income	Under 25		25-44		45-64		65+	
	Total	%	Total	%	Total	%	Total	%
< \$20,000	125	25.7	212	5.8	146	11.3	152	39.6
< \$30,000	33	6.8	319	8.7	90	7.0	112	29.2
< \$40,000	141	29.0	284	7.7	149	11.5	17	4.4
< \$50,000	68	14.0	390	10.6	142	11.0	32	8.3
< \$75,000	42	8.6	685	18.6	306	23.7	57	14.8
< \$100,000	77	15.8	898	24.4	146	11.3	14	3.6
< \$150,000	0	0.0	709	19.3	234	18.1	0	0.0
≥ \$150,000	0	0.0	181	4.9	78	6.0	0	0.0
Total	486	100	3678	100	1291	100	384	100

Source: U.S. Census Bureau (ACS 2008-2012 5-Year Estimates)

Table 7. (Continued) Income distribution by age group by jurisdiction

TIFFIN								
Income	Under 25		25-44		45-64		65+	
	Total	%	Total	%	Total	%	Total	%
< \$20,000	14	25.0	31	7.6	9	3.4	10	11.0
< \$30,000	0	0.0	21	5.1	23	8.7	25	27.5
< \$40,000	12	21.4	72	17.6	55	20.9	28	30.8
< \$50,000	0	0.0	88	21.6	31	11.8	11	12.1
< \$75,000	12	21.4	70	17.2	57	21.7	10	11.0
< \$100,000	18	32.1	84	20.6	11	4.2	3	3.3
< \$150,000	0	0.0	30	7.4	58	22.1	4	4.4
≥ \$150,000	0	0.0	12	2.9	19	7.2	0	0.0
Total	56	100	408	100	263	100	91	100
UNIVERSITY HEIGHTS								
Income	Under 25		25-44		45-64		65+	
	Total	%	Total	%	Total	%	Total	%
< \$20,000	64	47.4	41	20.9	2	1.8	6	8.2
< \$30,000	31	23.0	8	4.1	2	1.8	16	21.9
< \$40,000	22	16.3	2	1.0	0	0.0	12	16.4
< \$50,000	4	3.0	13	6.6	3	2.7	3	4.1
< \$75,000	10	7.4	41	20.9	25	22.1	9	12.3
< \$100,000	0	0.0	47	24.0	10	8.8	4	5.5
< \$150,000	4	3.0	26	13.3	18	15.9	12	16.4
≥ \$150,000	0	0.0	18	9.2	53	46.9	11	15.1
Total	135	100	196	100	113	100	73	100

Source: U.S. Census Bureau (ACS 2008-2012 5-Year Estimates)

Basic Housing Trends

Household Composition

Non-family households are very common in the urbanized area, as many students share housing to reduce costs. In Coralville, Iowa City, and University Heights, there were proportionally fewer non-family households in 2012 than in 2000, while in North Liberty and Tiffin there were proportionally more. There was little measurable change in the overall proportion of non-family households in Johnson County as a whole. Between 2000 and 2012, the proportion of households with children decreased in all communities within the metro area with the exception of Tiffin.

Table 8. Non-family households

YEAR	CORALVILLE		IOWA CITY		NORTH LIBERTY		TIFFIN		UNIVERSITY HEIGHTS		URBANIZED AREA		JOHNSON COUNTY	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
2000	3,148	48.7	14,002	55.6	858	38.0	171	38.9	213	45.6	18,392	52.8	20,502	46.5
2012	3,345	39.9	15,156	52.5	2,631	44.0	347	39.8	245	45.0	21,724	48.6	24,415	46.2

Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

Households with children have different social and economic characteristics and housing needs. Factors such as location, size of housing unit, and proximity of other households with children may influence a family's decision to purchase or rent one home over another. The proportion of housing suitable for family occupancy should correspond to the proportion of families with children. Furthermore, a variety of single and multifamily units provides families with more options to make housing choices based on location.

Table 9. Households with children

YEAR	CORALVILLE		IOWA CITY		NORTH LIBERTY		TIFFIN		UNIVERSITY HEIGHTS		URBANIZED AREA		JOHNSON COUNTY	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
2000	1,882	29.1	5,600	22.2	829	36.7	134	30.5	107	22.7	8,551	33.3	12,137	27.5
2012	2,379	28.4	5,537	19.2	1,894	31.6	275	31.5	111	20.4	10,196	28.1	13,837	26.2

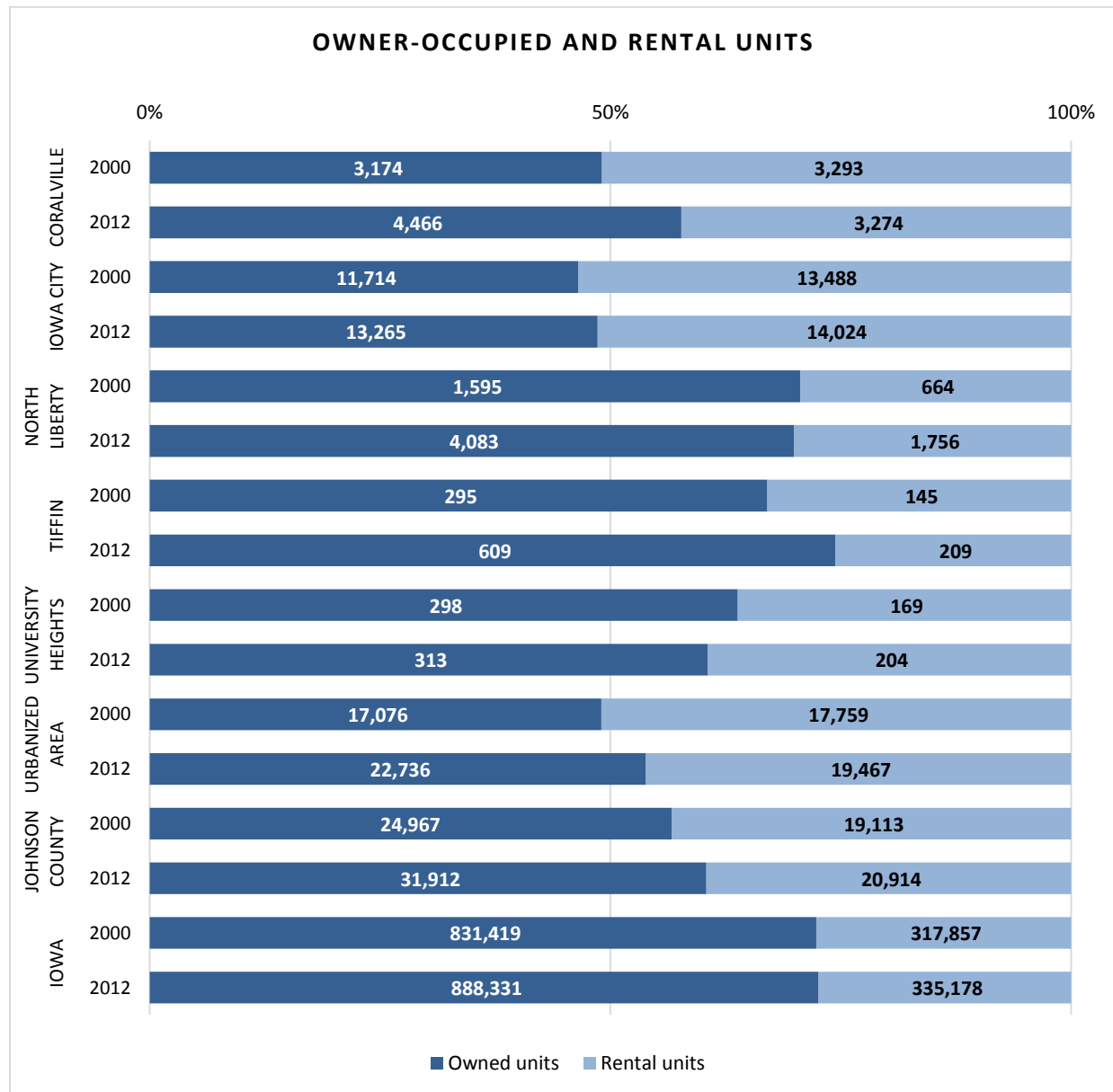
Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

Owner-Occupied versus Rental Units

Communities generally maintain a 3-to-1 ratio of owned to rental units. The urbanized area as a whole has nearly a 1-to-1 ratio. This is not surprising given the large student population in Iowa City.

From 2000 to 2012, the proportion of owner-occupied properties increased in the urbanized area and the county. Coralville and Iowa City have higher proportions of rental properties than the other jurisdictions. Tiffin has expanded its proportion of owner-occupied units, while North Liberty and University Heights have reduced their proportions of owned units.

Figure 11

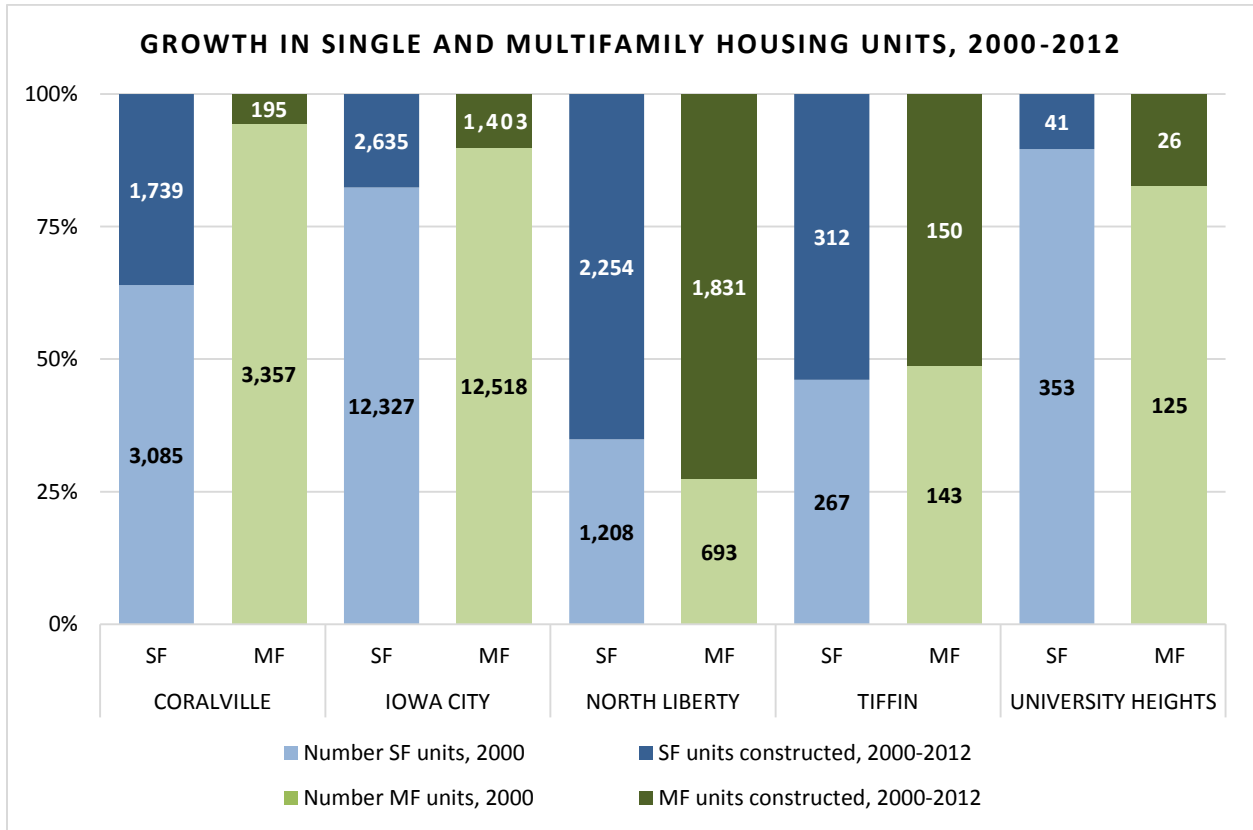


Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

Housing Stock

Between 2000 and 2012, all jurisdictions added to their housing stock. However, the majority of this growth has been in single-family housing. The most growth has occurred in North Liberty and Tiffin. North Liberty nearly doubled its number of single-family housing units and nearly tripled its multifamily units during this period. Tiffin doubled its supply of single-family and multifamily units. By jurisdiction, growth in housing stock has generally corresponded with population growth.

Figure 12



Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates). For the purposes of this section, single family (SF) refers to both attached and detached single-unit homes. Multifamily (MF) includes all structures with two or more apartments.

Table 10. Regional growth in housing stock, 2000-2012

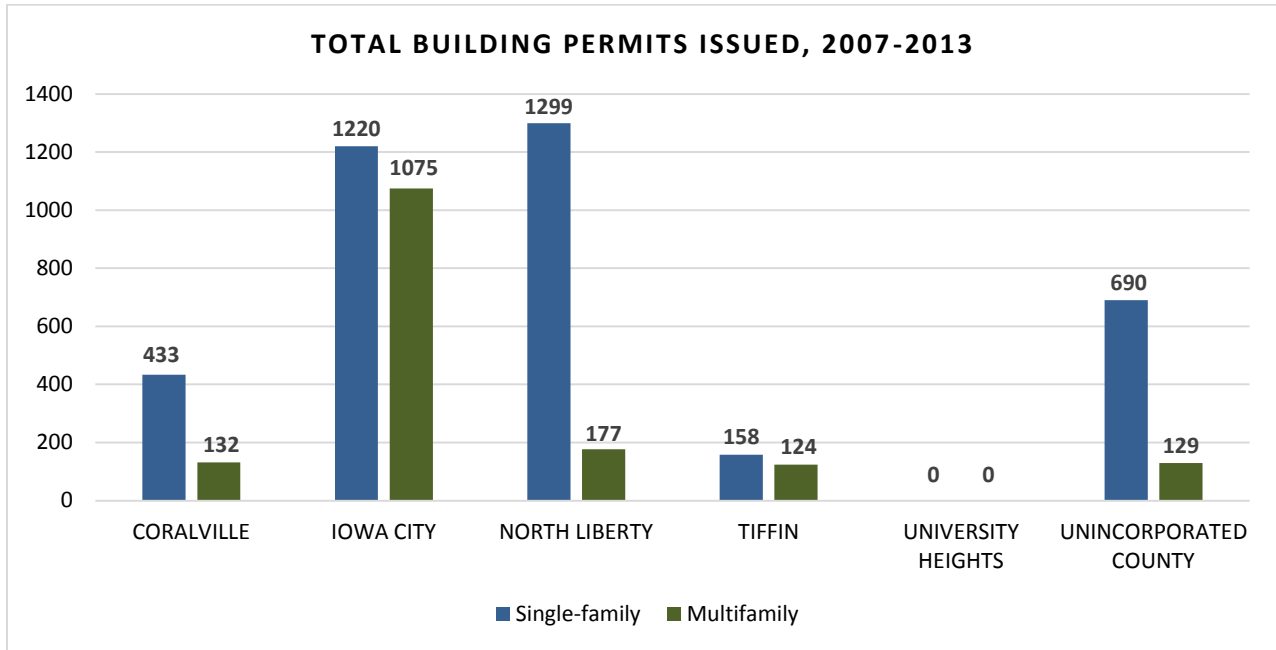
	NUMBER OF SINGLE-FAMILY UNITS	SINGLE-FAMILY UNITS ADDED	NUMBER OF MULTIFAMILY UNITS	MULTIFAMILY UNITS ADDED
URBANIZED AREA	17,240	6,981	16,836	3,605
JOHNSON COUNTY	25,451	7,951	17,184	2,226

Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

Building Permits

Building permit data show that proportionally more single-family housing permits have been issued than multifamily permits since 2007. This could indicate that an insufficient amount of land is zoned for multifamily development in the urbanized area, or that developers have less of a financial incentive to construct new multifamily dwelling units.

Figure 13



Source: State of the Cities Data System Building Permits Data Systems, HUD

Table 11. Annual breakdown of building permits issued, 2007-2013

YEAR	CORALVILLE		IOWA CITY		NORTH LIBERTY		TIFFIN		UNIVERSITY HEIGHTS		UNINC. COUNTY	
	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF
2007	79	0	175	107	254	54	34	0	0	0	79	0
2008	48	0	156	115	290	24	19	16	0	0	88	38
2009	62	0	168	40	255	12	16	20	0	0	98	26
2010	40	0	153	59	136	0	13	16	0	0	82	20
2011	71	122	126	99	157	20	23	54	0	0	54	21
2012	77	10	223	176	136	20	19	18	0	0	101	0
2013	66	0	219	479	71	47	34	0	0	0	107	24
Subtotals	443	132	1220	1075	1299	177	158	124	0	0	609	129
ALL PERMITS	575		2295		1476		282		0		738	

Source: State of the Cities Data System, HUD

Housing Vacancy

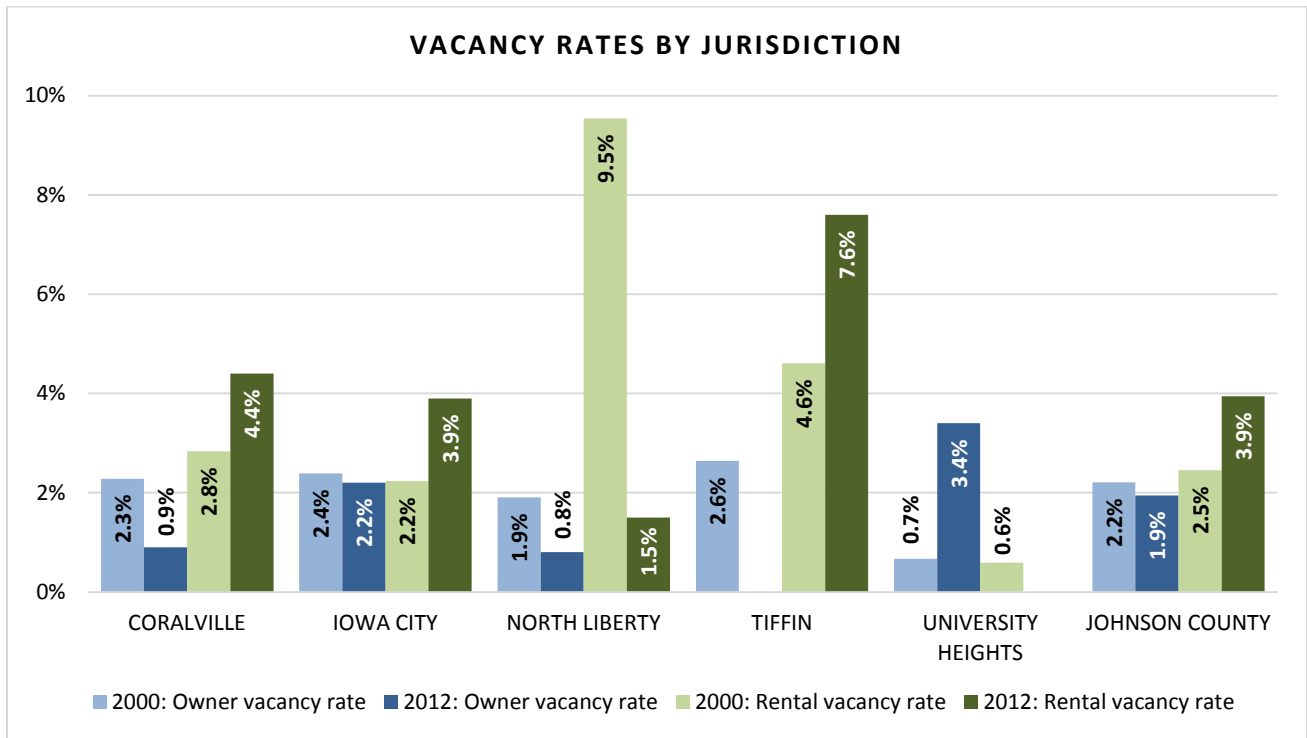
Housing vacancy rates are helpful indicators of occupancy turnover and housing mobility. The housing industry generally regards a 5 percent vacancy rate as optimal. At this rate, there is neither a surplus nor deficit of available units, which helps regulate housing costs and mitigate cost burden.

Some housing units are considered occupied although the owner does not always live there. In order to discount these units from the vacancy rate, the following formula is used to compute vacancy rate by tenure (owner-occupied or renter-occupied):

$$\frac{\text{\# vacancies by tenure}}{\text{\# vacancies by tenure} + \text{\# occupied units by tenure}}$$

Since 2000, owner vacancy rates have decreased in every jurisdiction except University Heights, while rental vacancy has increased in every jurisdiction except North Liberty. It is important to note that the majority of vacancy rates across the urbanized area remain below the industry standard of 5 percent.

Figure 14



Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

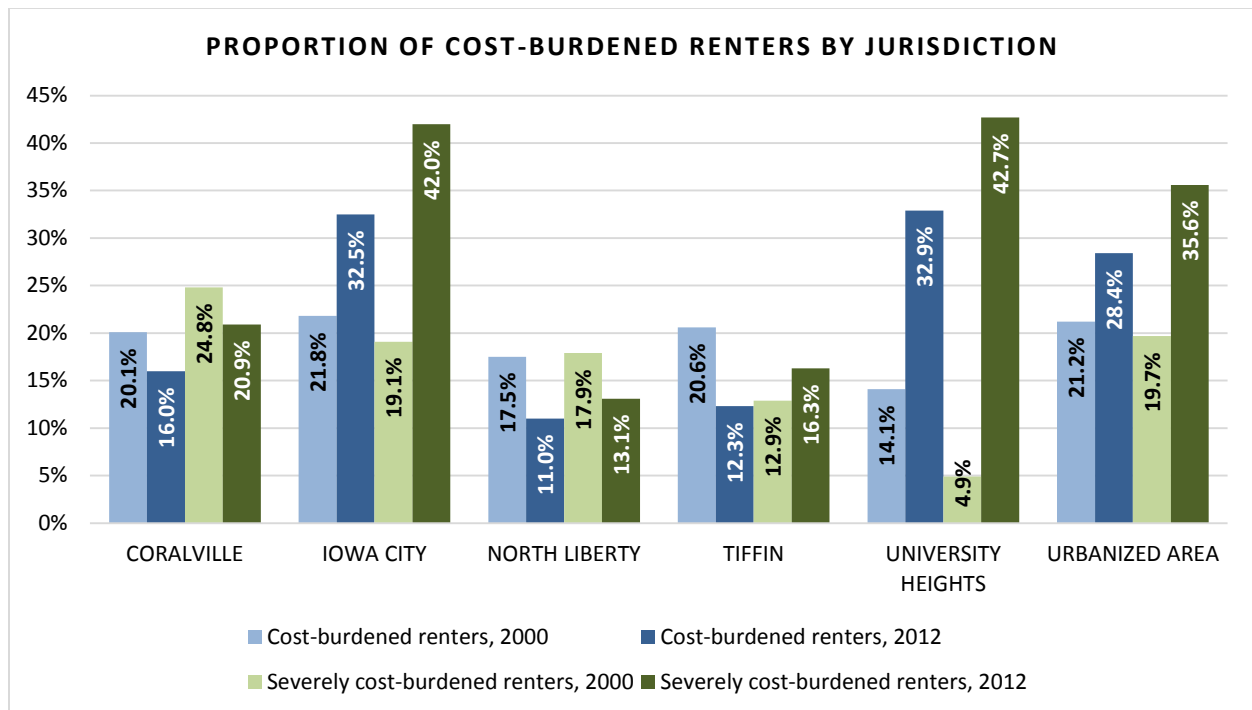
Housing Costs and Cost Burden

The Census collects data on housing costs as a proportion of household income. Housing is considered “affordable” if occupants pay no more than 30 percent of their gross annual income on rent or owner housing costs. Occupants paying more than 30 percent of gross annual income towards housing are considered cost-burdened, while those paying more than 50 percent are considered *severely* cost-burdened. The U.S. Census Bureau defines gross rent as the combined cost of rent and selected utilities, while gross homeowner costs refers to mortgage and insurance payments, and selected utilities.

Renter

The 2007 Affordable Housing Market Analysis reported a 4.4 percent increase in rents between 1990 and 2000 in Johnson County, after being adjusted to 2000 dollars. Rents also increased 4.4 percent between 2000 and 2012 after being adjusted to 2012 dollars.¹ The proportion of renters in the urbanized area who were considered cost-burdened totaled over 55 percent in 2012. Figure 15 illustrates growth in the number of cost-burdened renters, including a rise in those who are severely cost-burdened. Although the proportion of cost-burdened renters declined in Iowa City, Tiffin, and University Heights, the proportion of severely cost-burdened renters increased in every jurisdiction.

Figure 15



Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

¹ U.S. Census

A number of cost-burdened renters may be presumed to be student households, but many are not. The Census does not differentiate age of the 10,761 cost-burdened renters. There are 7,912 households with a householder under age 25. Discounting this entire age group of householders 2,849 cost-burdened renters remain, therefore cost burden is not only limited to college-aged persons. Because not all renters under the age of 25 are students, the actual number of cost-burdened renters who are not students is higher than this estimate.

Tables 12 and 13 indicate that the proportion of cost-burdened renters is similar to that of the state while the proportion of severely cost-burdened renters is far higher in the urbanized area than the state as a whole.

Table 12. Cost-burdened renters by region, county, and state

YEAR	URBANIZED AREA		JOHNSON COUNTY		IOWA	
	TOTAL	%	TOTAL	%	TOTAL	%
2000	3,747	21.1	3,871	20.7	51,524	17.1
2007	N/A		3,958	20.2	61,412	19.1
2012	3,840	19.7	4,129	19.7	67,436	20.1

Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-2012 5-Year Estimates)

Table 13. Severely cost-burdened renters by region, county, and state

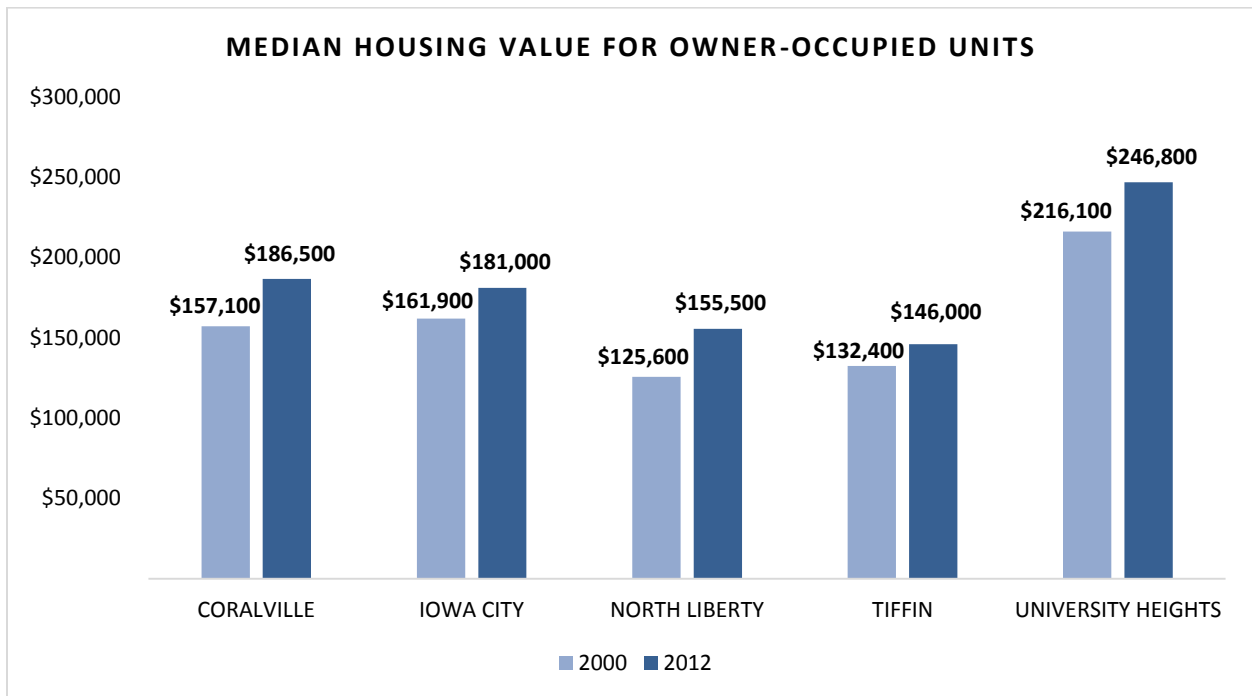
YEAR	URBANIZED AREA		JOHNSON COUNTY		IOWA	
	TOTAL	%	TOTAL	%	TOTAL	%
2000	5,021	28.3	5,130	27.5	43,292	14.4
2007	N/A		6,616	33.8	65,196	20.3
2012	6,921	35.6	7,057	33.7	71,558	21.4

Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-2012 5-Year Estimates)

Homeowners

Figure 16 shows the median housing value for owner-occupied units in the urbanized area increased substantially between 2000 and 2012. In Coralville, the median housing value was \$157,100 in 2000, and by 2012 it had increased to \$186,500. The median housing value in Iowa City in 2006 was \$161,900 and by 2012 it had increased to \$181,000. Median housing values in University Heights increased from \$216,100 in 2000 to \$246,800 in 2012. Tiffin’s housing values increased from \$132,000 in 2006 to \$146,000 in 2012. On average, median housing values increased 16 percent across the urbanized area between 2000 and 2012. The greatest increases in housing value in 2012 are found in North Liberty (24 percent) and Coralville (19 percent). The highest median home values were reported in University Heights at \$246,800.

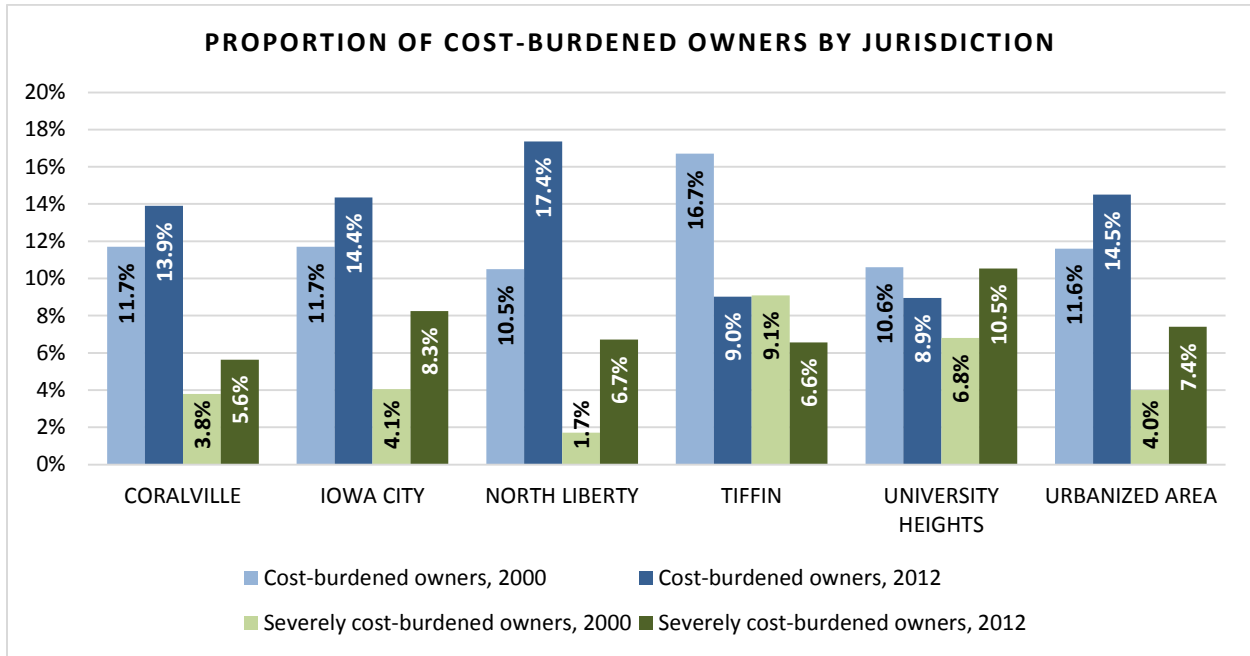
Figure 16



Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

Like renters, homeowners in the urbanized area are increasingly cost-burdened. According to the 2000 Census, 15.6 percent of homeowners were paying more than 30 percent of their income for housing costs. Of these, 4 percent were severely cost-burdened. Each of these proportions increased by 2012. From 2000 to 2012, the proportion of homeowner households in the urbanized area who were considered cost-burdened nearly doubled between 2000 and 2012. Because of population growth, the actual number of cost-burdened homeowners increased 134 percent over this period, increasing from 2,133 to 4,997.

Figure 17



Source: U.S. Census Bureau (2000 Census and ACS 2008-2012 5-Year Estimates)

Table 14. Cost-burdened homeowners by region, county, and state

YEAR	URBANIZED AREA		JOHNSON COUNTY		IOWA	
	TOTAL	%	TOTAL	%	TOTAL	%
2000	2,133	11.6	2,783	15.2	93,730	14.1
2007	N/A		6,962	22.8	178,905	20.2
2012	4,997	22.0	6,489	20.3	169,575	19.1

Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-2012 5-Year Estimates)

Table 15. Severely cost-burdened homeowners by region, county, and state

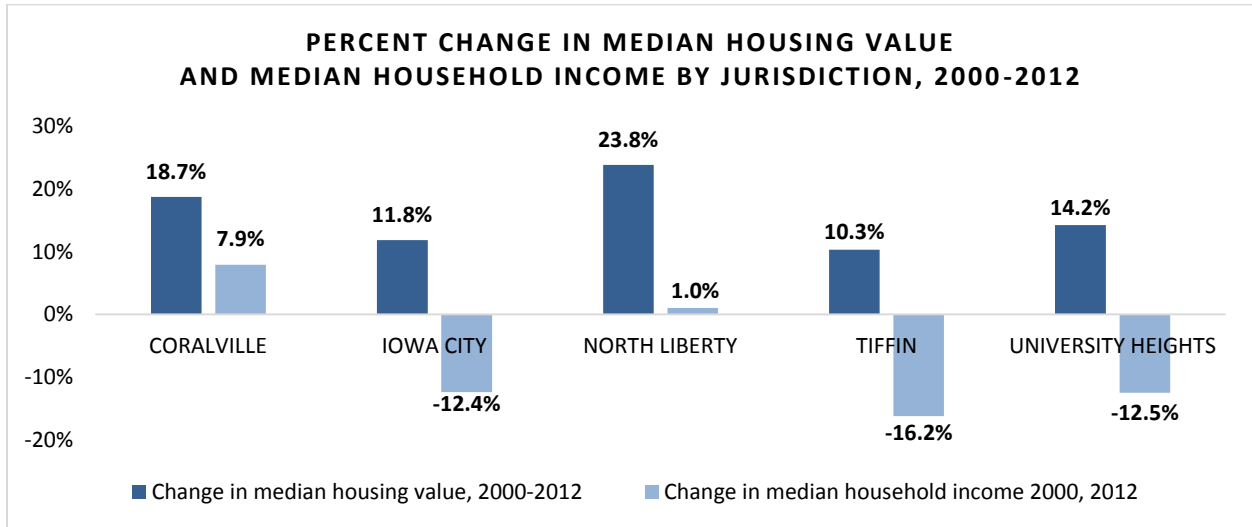
YEAR	URBANIZED AREA		JOHNSON COUNTY		IOWA	
	TOTAL	%	TOTAL	%	TOTAL	%
2000	541	4.0	740	3.9	28,037	4.2
2007	N/A		2,375	7.8	56,972	6.4
2012	1,689	7.4	2,138	6.7	56,941	6.4

Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-2012 5-Year Estimates)

Income versus Housing Cost

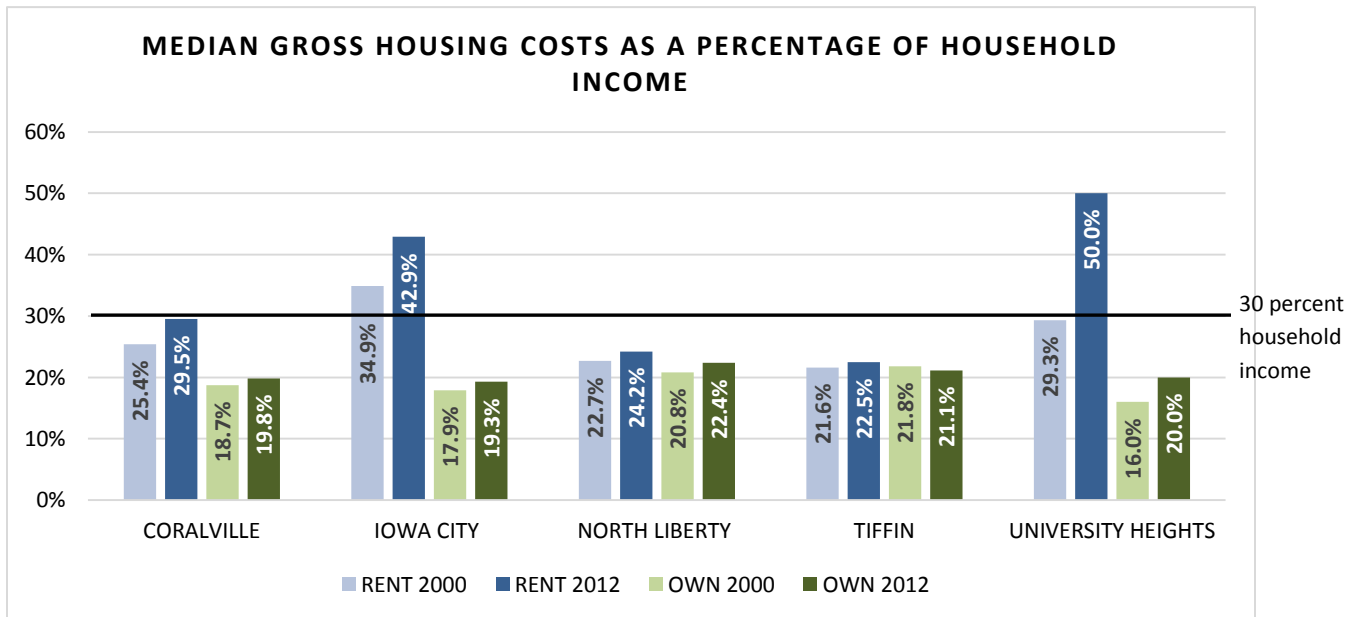
According to Census estimates, housing values in the urbanized area increased by an average of 15.8 percent from 2000 to 2012 after adjusting for inflation. In comparison, real median household income decreased by nearly 7 percent during the same period. Figure 18 shows median incomes have not kept pace with rising home values. As the percentage of income spent on housing has increased, so has the proportion of cost-burdened households (Figure 19).

Figure 18



Source: U.S. Census Bureau (2000 Census, ACS 2008-2012 5-Year Estimates)

Figure 19



Source: U.S. Census Bureau (2000 Census, ACS 2008-2012 5-Year Estimates). North Liberty had zero homeowners paying more than 30 percent household income in 2000.

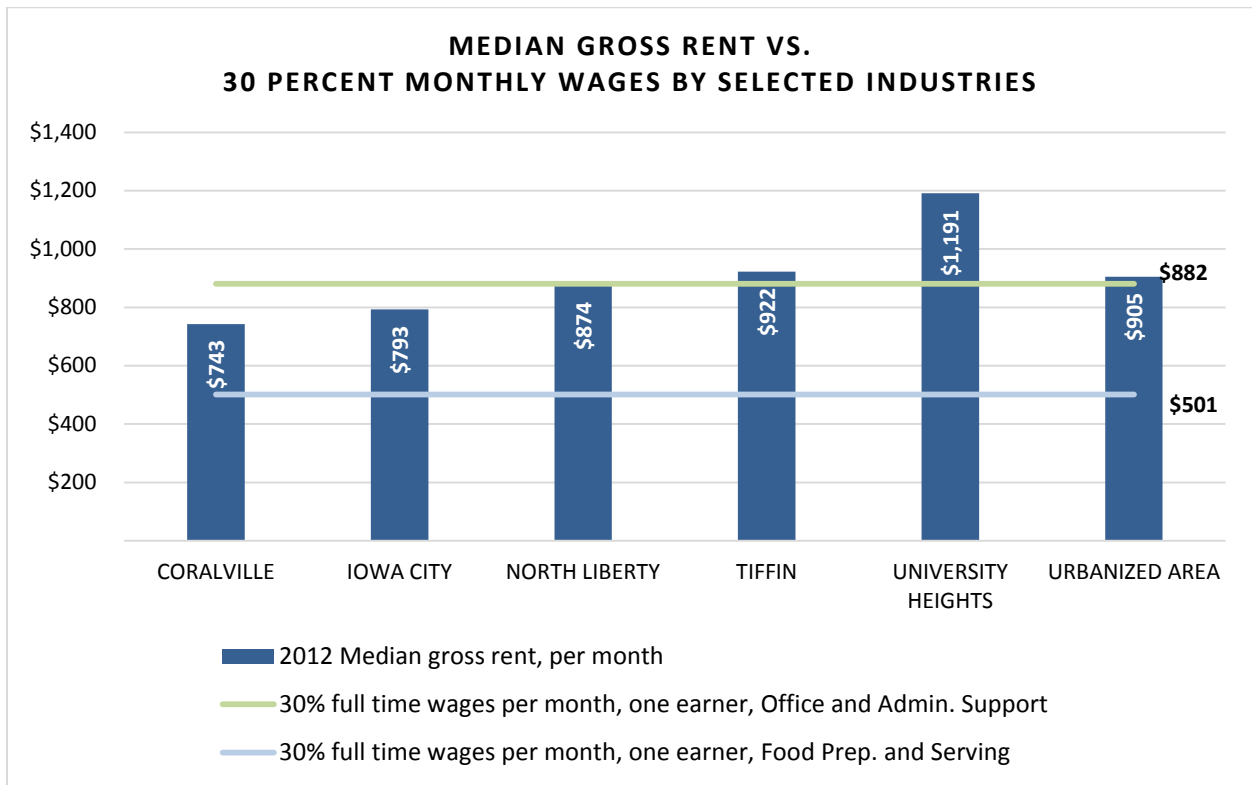
The National Low Income Housing Coalition's (NLIHC) annual publication of *Out of Reach* provides data on housing and affordability for metropolitan areas, counties, and states. In 2006, it was reported that the 'housing wage' in Johnson County was \$13.62, which is the wage that was necessary in order to afford the Fair Market Rent (FMR) for a two-bedroom apartment, which was \$708 at that time. In 2013, the FMR had increased to \$853, which raised the housing wage necessary to afford rent to \$16.40, or an annual salary of \$34,112. As illustrated on page 10, the average salary for six of the 21 employment sectors in Johnson County are not high enough to afford rent on a two-bedroom unit in the Johnson County. In total, those six sectors made up over half of the employees in the County, which represented workers in food preparation and serving, sales, production, personal care, healthcare support, and farming.

In the 2007 Market Analysis, it was noted that median housing values in Johnson County had increased 30 percent between 1990 and 2000; however, real median income had also increased by nearly 13 percent. In the 2007 analysis, it was estimated that households with income below \$50,000 (approximately the low-to-moderate income level) would decrease by 494 in the urbanized area by 2012. According to the Census, there were 21,712 households in the urbanized area with income below \$50,000 in 2012. In an attempt account for the student population, when the households with a householder under age of 25 are removed, there were still 14,828 households in 2012 with income below \$50,000. Most significant is the number of households with a householder over the age of 25 with household income *below* \$20,000. In 2012, that totaled 5,618 households in the urbanized area.

Cost Burden Illustrated

To illustrate the magnitude of cost burden in the urbanized area, Figure 20 compares median gross rent for 2012 versus 30 percent of mean full-time wages for the two industries with the largest workforces. Combined, the Office and Administrative Support and Food Preparation and Serving industries employ more than one in four workers. The food services industry has the lowest mean salary for any sector – \$20,043 in 2013. The office and administration industry employs the largest proportion of workers in the urbanized area, nearly 16 percent, at a mean salary of \$35,278. Figure 20 also illustrates that employees in each industry would have a difficult time finding affordable rental housing in the area.

Figure 20



Source: U.S. Census Bureau (ACS 2008-2012 5-Year Estimates and Iowa Wage Survey, 2013.)

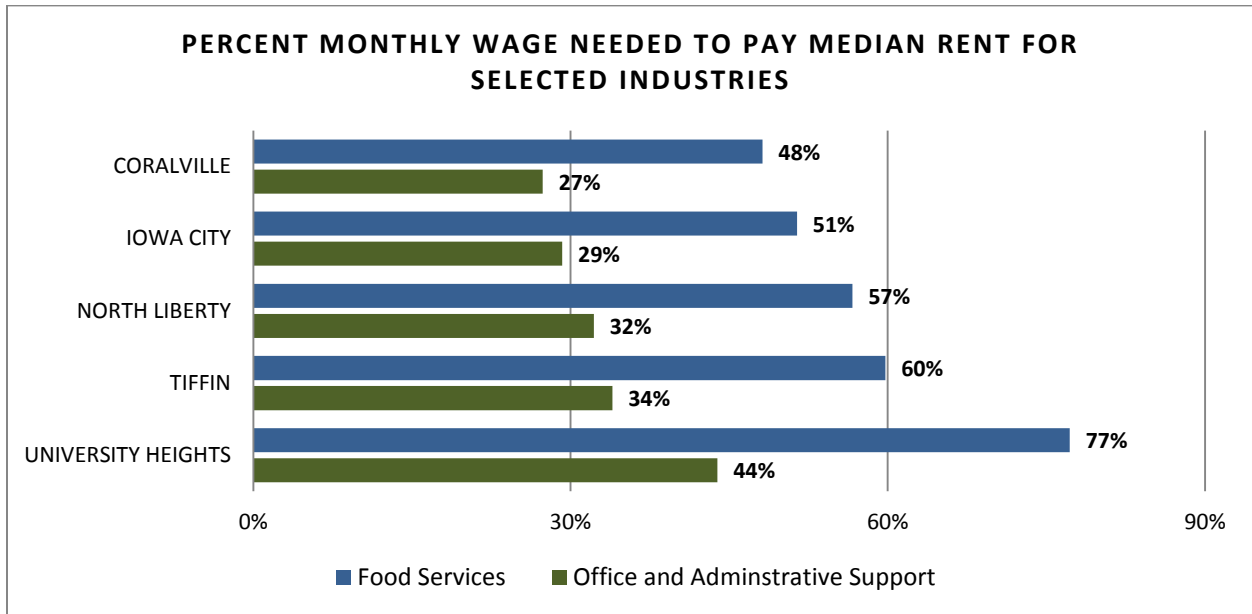
Table 16. Change in median gross rental cost by jurisdiction, county, and state (adjusted to 2012 dollars)

YEAR	CORALVILLE	IOWA CITY	NORTH LIBERTY	TIFFIN	UNIVERSITY HEIGHTS	URBANIZED AREA	JOHNSON COUNTY
2000	\$748	\$763	\$740	\$784	\$676	\$741	\$752
2012	\$743	\$793	\$874	\$922	\$1,191	\$793	\$789
CHANGE	-0.7%	3.9%	18.1%	17.6%	76.2%	7.0%	4.9%

Source: U.S. Census Bureau (2000 Census, ACS 2005-2007 3-Year, and ACS 2008-2012 5-Year Estimates)

To cover median Iowa City rental costs in 2012, a single-income, full-time employee in food services making the average salary for that industry would expect to allocate more than half of his or her earnings towards rent. A typical office worker would expect to allocate slightly less than 30 percent of his or her income, falling just below the cost-burden threshold. These trends hold throughout the urbanized area.

Figure 21



Source: U.S. Census Bureau (ACS 2008-2012 5-Year Estimates) and Iowa Wage Survey, 2013.

Homeownership would also likely be unaffordable for many workers in these sectors, especially when considering the added costs of property taxes, utilities, and homeowners' insurance. A single-income office worker can afford to spend no more than \$881 – 30 percent of average monthly wages on homeownership. The approximate property tax rate in Iowa City is 2.0 percent.² On a \$100,000 home, that cost equates to \$91 per month. The average cost of utilities is \$230, and the average cost of homeowners' insurance is \$50.³ When these costs are accounted for, only \$510 remains for a mortgage payment, limiting the number of affordable housing options for office workers. Given the same parameters, a single-income householder in the food services industry would have only \$130 to make a mortgage payment. For a single-income worker in this industry, homeownership is essentially impossible.

Only 21 homes in the urbanized area sold for \$100,000 or less in 2013, according to the Iowa City Area Association of Realtors. The majority of these were clustered in neighborhoods south of Highway 6 and east of Gilbert Street in Iowa City, which indicates that homebuyers also face geographical constraints when searching for affordable housing.

² Johnson County Assessor

³ American Housing Survey, 2011

Conclusion

This update to the 2007 Affordable Housing Market Analysis indicates that affordable housing needs are still unmet and are growing in the urbanized area. Below is a summary of findings:

- Real median housing values *increased* between 2000 and 2012 by an average of 15.6 percent while real median household income *decreased* by nearly 7 percent during that same time.
- The number and percentage of families in poverty in the urbanized area increased from 1,038 (6.2 percent) in 2000 to 1,684 (8.2 percent) in 2012.
- The percentage of participants in the Iowa City Community School District Free and Reduced lunch program has increased from 22.3 percent of the student population in 2000 to 33.8 percent of the student population in 2013.
- In 2006, the hourly wage required to afford a two-bedroom apartment in the urbanized area was \$13.62. As of 2013, the wage required is \$16.40.
- While the proportion of *renters* considered to be cost-burdened (paying more than 30% of their income for housing) decreased slightly (1.4 percent) in the urbanized area between 2000 and 2012 the proportion of severely cost burdened renters (paying more than 50% of their income on housing) increased by 1,900 households, a 7.3 percent increase.
- Nearly one quarter of the *homeowner* households were cost-burdened in the urbanized area in 2012, in increase of 6 percent from 2000. The number of severely cost-burdened increased by over 1100 households, or 3.4 percent.
- Those working in food preparation/serving jobs and office/administrative support jobs comprise over 25 percent of the employees in the urbanized area, and the average salary for each is \$20,043 and \$35,278 respectively. Workers in these sectors would have difficulty finding affordable rental housing the urbanized area. Homeownership would be very difficult for workers in these sectors.
- Twenty percent of Johnson County households earned less than \$20,000 in 2012, and over half were households with a householder age 25 and over.

Strategies to Increase Affordable Housing Opportunities

The strategies to address housing needs that were outlined in the 2007 Affordable Housing Market Analysis are still valid, since the need for more affordable housing is even more evident now than in 2007. The analysis of each strategy was updated to reflect affordable housing conditions today.

While there have been some initiatives undertaken to address the increased need for affordable housing, updating the 2007 Market Analysis was the first step in a collaborative effort to address affordable housing regionally. Listed below are the strategies as outlined in the 2007 Affordable Housing Market Analysis.

1) Change Public Perception

This is the most imperative conclusion from the 2007 market study and the one that must occur before any real substantive improvement in the provision of affordable housing occurs. Without this initiative,

public opinion about the definition of affordable housing, what it looks like, the need for it, and who lives in it will not change. Without a public perception change, it is very difficult for public officials to initiate public policy, pursue financing options, and work collaboratively toward addressing the need for affordable housing. The change in perception should begin with local government officials. Once local government officials better understand affordable housing, they can assist with efforts to end the misconceptions within the community.

A group of interested persons and organizations interested in making Johnson County a more affordable place to live was formed in late 2013, as the Johnson County Affordable Homes Coalition (JCAHC). One of the group's initiatives is to educate the public, which includes city/county staff and elected officials. The group's education campaign initiative includes printing posters, flyers, and other information that provide images of low-to-moderate income persons, including showing them in occupations for which their pay qualify them as low-to-moderate income. Another goal of the public education campaign is to provide a consistent definition for affordable housing, what it looks like, and the extent of its need in the community. An important initiative of the JCAHC is also working with cities to implement policy changes in order to increase the availability and financial options for development of more affordable housing.

2) Public Policies

A more detailed explanation of public policy strategies is provided in the 2007 Market Analysis; however, it is worthy to note that implementation of most of these policies for the benefit of affordable housing has not occurred since 2007. Some of the policies identified in 2007 include preserving existing affordable housing units, increasing the amount of land zoned for multi-family housing, and inclusionary zoning. While there may be a few recommendations that have been implemented by a few communities, they have not been conducted on a consistent basis or as an urbanized area initiative. The update to the 2007 Market Analysis was intended to facilitate dialogue on the possible implementation of public policy changes as a region, or urbanized area. Officials in the area could begin the dialogue by discussing which of the policies identified in 2007 are feasible, identify those which are not, and determine other policies that may be more feasible to implement and would increase affordable housing opportunities in the urbanized area. Without proactive public policy changes, the market on its own does not create the necessary affordable housing as evidenced by the increased need.

3) Financing Strategies

The Housing Enterprise Zone designation, offered as a possible funding source in the 2007 Market Analysis, is no longer available through the Iowa Economic Development Authority; however, the Workforce Housing Tax Credit program (WHTC) was created to replace it effective July 1, 2014. The WHTC gives developers tax credits for specific types of housing. In addition, communities are encouraged to research all state housing programs available through the Iowa Economic Department Authority and the Iowa Finance Authority. The Housing Trust Fund of Johnson County should also be contacted in regard to availability of funding and for assistance with identifying other potential funding sources.

The State Housing Trust Fund program is operated by the Iowa Finance Authority (IFA) and the State Legislature has appropriated funding for trust funds since 2004. There are currently 27 housing trust funds across the state, and only one trust fund can be certified to cover a geographic area. Housing

Trust Fund of Johnson County (HTFJC) is the local housing trust fund that receives state funding and then through an application process, awards it to developers, organizations, and other entities that propose projects that will preserve or create affordable housing. Since the creation of HTFJC, it has awarded over \$3 million for projects that have benefited nearly 300 households in Johnson County. The Johnson County Board of Supervisors and the Cities of Coralville, Iowa City and North Liberty have provided annual funding to HTFJC, which is combined with the state funding and then awarded through an application process to affordable housing projects in the county. The 2007 Market Analysis recommended that a more dedicated stream of revenue be identified to capitalize HTFJC, such as increasing the recording fee on deeds and mortgages, which would then be used by HTFJC for affordable housing projects.

4) Create an Environment for Collaboration and Cooperation

A more detailed explanation of the collaboration and cooperation strategies is provided in the 2007 Market Analysis; however, the intent of this initiative was to foster a cooperative environment among local governments, for-profit and nonprofit builders, and the University of Iowa. With the exception of the City of Iowa City's UniverCity program, it is unclear how much of the collaboration and cooperation that does occur is the result of a community's initiative. The UniverCity program was initiated by the City of Iowa City with the intention of stabilizing neighborhoods by creating a healthy balance of rental properties and owner-occupied properties surrounding downtown and the University campus. It is a cooperative relationship with the University of Iowa, local lenders, City of Iowa City, Iowa City Housing Authority, and Friends of Historic Preservation. Between 2011 and 2014, the project has acquired 56 homes, and sold 38 of them. The purchase price of the homes has ranged from \$70,855 to \$246,558, with an average sales price of \$156,902. While this program has created more homeownership opportunities in Iowa City, it is evident by the growing need for affordable housing in the urbanized area that development of other partnerships and a spirit of collaboration and cooperation continue to be necessary to facilitate affordable housing development.