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City of Iowa City, Iowa

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Exhibit A:
Executive Summary
City of Iowa City, Iowa

The City of Iowa City is seeking \$2 million in Pathways to Removing Obstacles to Housing (PRO Housing) grant funds to address a critical issue within the community – the acute scarcity of affordable housing. These funds would empower the City to undertake activities which will remove barriers to housing affordability, increase housing production, and lower housing costs for families over the long-term.

The Problem

Iowa City, home to the University of Iowa, has a uniquely expensive housing market in the State of Iowa. The City of 75,000 (in Johnson County, population 156,000) has a high demand for housing generated by a student body exceeding 30,000 along with a strong economic base and high quality of life. However, the City also has a limited supply of housing that is not expanding fast enough to meet the demand generated by rapid growth. As a result, the City has consistently experienced problems with high housing costs relative to incomes.

Consider the following:

- **Restricted Housing Supply.** Iowa City is expected to grow by just over 10,000 residents between 2020 and 2030. This growth will require approximately 4,600 new housing units to meet demand. However, the City is only on track to meet 77% of that demand for housing based on recent building permit trends. This restriction in the housing supply leads to increased competition, rising rental prices (especially in neighborhoods near the university), and higher sales prices. This is also reflected in vacancy rates that are lower than typical in a healthy market.
- **Housing Cost Burden.** Iowa City has relatively low incomes compared to its housing costs. Housing cost-burden is defined as a household spending more than 30% of its income on housing. In 2022, 22% of homeowners with a mortgage and 61% of renters were considered housing cost burdened. Unfortunately, this is not just due to the high number of students. Of households over the age of 25, 20% make less than \$30,000 annually and another 15% make less than \$50,000. These incomes make it difficult to find housing one can afford in one of the most expensive markets in Iowa.

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

The Commitment

Due to the ongoing need and issues surrounding housing affordability, the City of Iowa City has long focused on facilitating the creation of affordable housing opportunities and on enhancing housing choice within neighborhoods with a special focus on equity and low-income households.

The City increased efforts to systematically address its affordable housing needs beginning in 2016 when City Council adopted its first Affordable Housing Action Plan. The plan identified 15

steps based on public input about how the City could address housing affordability and on goals in its long-term plans. The City has since completed all action steps and continued engaging stakeholders to identify additional barriers to housing affordability.

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

This planning activity spurred City Council to begin considering amendments to the City's Zoning Code focused on improving housing choice, increasing housing supply, and encouraging affordability. These amendments address several previously identified regulatory obstacles to housing affordability, including most policies that can be accomplished under the current Comprehensive Plan. However, there are still several barriers that have been identified by staff and the public as further hindering the development of housing. These include:

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

The City of Iowa City is committed to addressing these persistent barriers that lead to the community's acute scarcity of affordable housing.

The Proposal

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

- **Comprehensive Update to Zoning and Subdivision Codes.** The City has begun working on updates to the City's zoning code with the goal of increasing housing choice, supply and affordability. After an update to the comprehensive plan, which is planned as part of the City's Round 1 PRO Housing Funds, more substantive and meaningful changes will be able to be made to the City's land use regulations. This will include an analysis of the zoning and subdivision codes to identify outdated and problematic processes, as well as regulations that may inhibit housing development.
- **Building Capacity of Affordable Housing Nonprofits.** The City has a lack of local development capacity, especially for affordable housing projects. The City intends to issue an RFP for Capacity Building Assistance for nonprofits. The awarded assistance could be utilized for a variety of reasonable and necessary operating expenses to allow nonprofits to expand the availability of affordable housing for LMI households.
- **Land Banking for Affordable Housing Development.** The City's supply of affordable housing production lags behind the community need. One identified barrier to

development of affordable housing is the cost of land. The City plans to utilize Pro Housing funds to acquire, manage, and repurpose vacant, abandoned, or underutilized properties within the City to facilitate the creation of new affordable housing units that benefit LMI households (permitted by 24 CFR 570.201(a)).

PRO Housing grant funding would expand the City’s ability to address the housing crisis and accelerate the implementation addressing barriers which have been discussed over the years. Requested funding and expenses for proposed activities are estimated to be as follows.

Proposed Revenue

PRO Housing Funds	\$2,000,000
City Affordable Housing Funds	\$1,000,000
Total Sources	\$3,000,000

Proposed Expenditures

1. Planning-Related Activities	
a. Comprehensive Update to Zoning and Subdivision Code	\$500,000
Subtotal	\$500,000
2. Housing-Related Activities	
b. Building Capacity of Affordable Housing Nonprofits	\$450,000
c. Land Banking for Affordable Housing Development	\$1,750,000
Subtotal	\$2,200,000
3. Administration-Related Activities	
Project Administration	\$300,000
Subtotal	\$300,000
Total Expenses	\$3,000,000

All proposed activities will begin prior to September 30, 2027 and be completed prior to September 30, 2030. Several activities will begin as soon as funds are awarded, though others will depend on the completion of prerequisite work. Proposed activities will be administered by existing Neighborhood and Development Services staff.

The Result

Overall, the City has designed its proposed activities to address both short and long-term aspects of the City’s housing crisis. However, the cumulative effect of all proposed activities will create meaningful change that will last long past the grant’s period of performance, including the permanent elimination of several key barriers to housing affordability. If awarded funds, the City of Iowa City is committed to ensuring the success of all proposed activities. In the end, the City hopes it can create an effective model that other small and mid-sized, midwestern cities can replicate to address common barriers to housing affordability.

Exhibit B:
Threshold Requirements and
Other Submission
Requirements

City of Iowa City, Iowa

The City of Iowa City, Iowa (herein “City”) is applying as a City government, which is an eligible applicant per the Notice of Funding Opportunity (NOFO) posted by the U.S. Department of Housing and Urban Development (HUD). The City of Iowa City was incorporated in 1853 as documented on page 9 of this application.

Iowa law (section 372.1 of the Code of Iowa) allows cities to choose from among 8 possible forms of municipal government, one of which is a Home Rule Charter. The Charter itself is an ordinance that sets forth how the city government is structured. On Nov. 15, 1973, Iowa City voters chose to be governed by a Home Rule Charter, and the first Charter was adopted by Ordinance No. 76-2792 on Jan. 2, 1976. Iowa City is one of only 5 municipalities in Iowa with a Home Rule Charter. The Charter is the first section of the City Code, which can be found on the City’s website at www.icgov.org under “City Government”.

The City is governed by a seven-member Council; each member serves a four-year term. Elections are held every two years allowing for continuation in office of at least three members at each biennial election. The Council members are elected at large, with three members nominated from specific districts and the remaining four members nominated at large. The Council elects the Mayor from its own members for a two-year term.

The City Council is the legislative body and makes all policy determinations for the City through the enactment of ordinances and resolutions. It also adopts a budget to determine how the City will obtain and spend its funds. The Council appoints members of boards, commissions and committees.

The City Manager is the chief administrative officer for the City and is appointed by the City Council. The City Manager implements policy decisions of the City Council and enforces City ordinances. In addition, the City Manager appoints and directly supervises the directors of the City’s operating departments and supervises the administration of the City’s personnel system. The City Clerk and City Attorney are also appointed by the City Council.

The City provides a full range of services including police and fire protection, construction and maintenance of roads, streets and infrastructure, inspection and licensing functions, a municipal airport, library, recreational activities, and cultural events. The City owns and operates its water supply and distribution system and sewage collection and treatment system with secondary treatment also provided. Virtually the entire City has separate storm and sanitary sewer systems. The City operates a municipal off-street and on-street parking system in the downtown area. The City also operates a transit system.

The City also meets all other submission requirements as documented in submitted materials, has no outstanding civil rights matters that must be resolved, and submitted only one complete application before the deadline indicated in the updated NOFO.

Exhibit C: Need

City of Iowa City, Iowa

Iowa City, home to the University of Iowa, has a uniquely expensive housing market in the State of Iowa. The City of approximately 75,000 (in Johnson County, population of approximately 156,000) has a high demand for housing generated by a student body exceeding 30,000 along with the colocation of highly desirable jobs at the University of Iowa Hospitals and Clinics. However, the City also has a limited supply of housing that is not expanding fast enough to meet the demand generated by the region's growth. This problem is exacerbated by high competition for units, especially in amenity-rich areas near the University, between lower-income students and workers and a relatively well-educated, higher-income population who values proximity to amenities. This consistently leads to housing costs that are high relative to incomes.

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

Past Efforts to Identify and Address Barriers to Affordable Housing

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

- **Affordable Housing Requirement.** The City amended its Zoning Code in 2016 to require that new developments in the Riverfront Crossings District near downtown provide at least 10% of dwelling units as affordable rental housing or income-restricted owner-occupied housing for 10 years (or pay a fee in lieu to finance affordable housing projects). The affordable housing requirement is triggered when a developer voluntarily requests an upzoning to a Riverfront Crossings zone. As of 2024, the City has agreements for 79 affordable units in the Riverfront Crossings District, along with fees totaling \$5.8 million which will help fund additional affordable housing units in the district.
- **Affordable Housing Fund.** Beginning in fiscal year 2017, the City started funding affordable housing as a separate budget item. The City has used this to finance the Housing Trust Fund of Johnson County, to match Low Income Housing Tax Credit (LIHTC) projects, to create an affordable housing opportunity fund (which can be used to acquire land for affordable housing projects), to finance the Healthy Homes Program, to initiate Security Deposit and Landlord Risk Mitigation programs to help LMI households secure housing, and to address emergent situations such as relocation assistance. The City has provided \$8.65 million in funds over the past 9 years. In FY23, alone, the City's allocation of \$1,000,000 created 52 affordable units and assisted 200 households.
- **Tenant Rent Abatement and Displacement Policies.** In 2017, City Council amended City Code to require that site plans which displace 12 or more households must include an occupant transition plan to provide better information to residents and the public. In addition, rent abatement can be ordered for units found to be unfit for human habitation.

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

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

Since adoption, the City implemented the plan by addressing the following identified barriers:

- **Equal Housing Accessibility.** It is important to ensure housing can be made accessible for persons with disabilities to provide an equal opportunity to use and enjoy a dwelling. While cities must provide reasonable accommodations by federal law, the zoning code did not have a comprehensive or systematic way to address such requests. In November 2023, the City updated its zoning code to streamline and clarify how to request reasonable accommodations with a consistent and defined approval procedure.
- **Fair Treatment of Uses.** The City's zoning code defined certain housing types by protected characteristics and treats as fundamentally different than other residential uses. For example, a Community Service-Long Term Housing use, i.e. permanent housing owned by a public or nonprofit agency that provides supportive services to persons with disabilities, was classified as an institutional use which meant they were primarily allowed in certain commercial zones and must often receive special exceptions or meet

other challenging approval criteria. In November 2023, Council amended the code to treat such uses more similarly to other residential uses which allows them in a wider range of zones with fewer discretionary approval processes.

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

- **Eliminating the Affordable Housing Location Model (AHLM).** The AHLM was an effort to avoid the overconcentration of City-subsidized housing, especially near schools with high rates of students receiving free and reduced lunch. However, it had the effect of chilling affordable housing production funded by the City. Consequently, the model was discontinued, and the City's funding criteria was revised to instead focus on incentivizing affordable housing in high opportunity neighborhoods. To date, three rental acquisition projects are moving forward that would have previously been ineligible for City funding.
- **Funding Transparency.** The Iowa City Housing and Community Development Commission (HCDC) uses scoring criteria to rank projects applying for City funding. However, many nonprofits have noted that past HCDC funding recommendations have deviated from the scoring criteria. As a result, HCDC has recently revisited their process to provide greater transparency in how funding decisions are made.
- **Technical Assistance.** Following adoption of the 2022 Action Plan, staff held a general technical assistance meeting for area housing providers to share what City resources are available to support affordable housing efforts as well as introduce staff who administer housing-related programs. Staff also developed a funding guide for developers and added it to the City website. This training will be provided for free every year in addition to the City's regular grant-specific technical assistance sessions.
- **Housing Affordability Zoning Code Amendments.** In November 2023, Council passed numerous regulatory changes to the zoning code to help increase the supply of housing, enhance the diversity of housing types, and encourage housing affordability. Changes included allowing duplex and attached single-family uses through-out all lower density single-family residential zones, modifying design standards to reduce the cost of construction, reducing minimum lots sizes, increasing the allowable number of bedrooms per dwelling in certain areas, and providing regulatory bonuses for affordable housing units, such as increased density and no parking minimums. These changes were chosen as policies that could be modified under the City's current planning framework.
- **Long-Range Planning.** The City also identified a need to update its Comprehensive Plan to achieve Council's goals of greater density and a variety of housing types throughout the community. To that end, staff is beginning the update process as part of its FY23 PRO Housing award. The goals of this multi-year endeavor include addressing current regulatory barriers to housing affordability, further enhancing equity, and providing a vision and goals that reflect the current views in the community.

In addition, the City has actively sought to increase the number of affordable housing units through other means, including the use of ARPA funds to support housing activities.

- **Iowa City Housing Authority (ICHA).** ICHA is a division of Iowa City, but it serves all of Johnson and Iowa Counties, and part of Washington County north of Highway 92. ICHA administers 1,595 vouchers, 202 of which have been secured since 2019. Many are specialty vouchers serving low-income households with significant barriers to sustaining housing, including those experiencing homelessness and/or domestic violence. Most active vouchers (72% as of February 2024) are utilized in Iowa City. ICHA also manages and maintains 86 public housing units and 24 additional publicly owned housing units in Iowa City. The City recently entered a purchase agreement using ARPA funds to expand ICHA's publicly owned affordable housing by 3 dwellings in an area with limited affordable housing opportunities. The City is actively searching for additional land or units for future publicly owned affordable housing, to be funded with another \$700,000 in ARPA funds, in addition to exploring how to actively develop its own affordable housing and conducting a pilot affordable housing development project using PRO Housing funds awarded in 2024. Furthermore, The public housing program has been operating in a deficit for the past four years which has led ICHA to pursue repositioning. ICHA intends to utilize the Section 22 Streamlined Voluntary Conversion process which will shift units from a public housing platform to voucher-based assistance. After repositioning, the City will retain ownership of the current public housing units and manage them as affordable units. It is anticipated that the increased rental revenue after repositioning will allow for long-term operational sustainability. The additional housing vouchers made available through this process will serve immediate need in the community. By leveraging capital and investment of its property portfolio, ICHA will be able to expand affordable housing opportunities and continue its mission of serving low-income populations in need of housing long-term.
- **Community Development Block Grant (CDBG) and HOME.** The City uses local funds and federal pass-through funds such as from the CDBG and HOME programs to provide support for LMI households. These programs help increase the number of affordable rentals, rehabilitate owner-occupied housing, support home-buyer activities, and provide tenant-based rental assistance as noted in the City's Consolidated Plan.
- **American Rescue Plan Act (ARPA).** The City uses ARPA funds to support housing activities as well. In addition to funding direct purchase of publicly owned affordable housing, the City allocated \$1.1 million to Shelter House, a local nonprofit providing emergency shelter and permanent supportive housing services. The funds are part of a 3-year pilot project to help pay for a full-time Coordinated Entry specialist, two Housing Stability specialists who help households research and secure housing, and two Eviction Prevention specialists who collaborate with Iowa Legal Aid to keep people housed. Funds also supplement the RentWise program to educate renters on all aspects of a successful rental experience and expand the Landlord Risk Mitigation program which incentivizes landlords to accept households experiencing barriers to housing.

Finally, HUD awarded the City \$3.75 million in the first round of the PRO Housing program. The City plans to use these funds to expand the City's ability to address the housing crisis by:

- Addressing barriers to housing affordability through planning and zoning activities, including parking reform, a comprehensive plan update and regional housing study, and a City-led rezoning to higher densities; and
- Pursuing housing activities such as exploring the creation of a development division with the ICHA, implementing a Housing Counseling program, and funding a pilot affordable housing development through the ICHA to build future funding and staff capacity.

Together, these actions demonstrate the City’s commitment to increasing housing production that is affordable and accessible to LMI populations while prioritizing high opportunity areas, preserving existing affordable housing, and investing in underserved areas. However, there is further to go to address the acute need and remove remaining barriers to housing affordability.

Iowa City’s Acute Demand for Affordable Housing

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

Restricted Housing Supply

One of the primary factors affecting housing affordability in Iowa City is the restricted housing supply. The City has experienced continued growth due to a high quality of life and the strong economic base provided by the University of Iowa and University of Iowa Hospitals and Clinics. Iowa City’s population of 75,233 in 2022 is projected to grow by 10,240 residents to just over 85,000 in 2030. At the same time, the population of the urbanized area is expected to increase by nearly 20,000 residents. To meet this projected demand, the region will need to add several thousand new housing units, of which approximately 4,600 are needed in Iowa City.

However, continued growth strains housing affordability because the demand for housing is not being met by an adequate increase in the supply of housing. This has become especially problematic in recent years. From 2020 through 2023, the City issued building permits for a net number of 1,260 new dwelling units which only satisfies approximately 68% of the estimated demand for housing over that timeframe. While the number of units permitted increased again in 2023, the City is still averaging fewer units than before the pandemic. This gap between supply and demand leads to increased competition between households, rising rental prices (especially in high-demand areas near the university), and higher sales prices. This has an especially profound impact on households with lower incomes who are often priced out of the city.

Incomes, Housing Costs, and Housing Cost Burden

Iowa City also has relatively low incomes compared to its housing costs. Iowa City’s median household income was \$54,879 in 2022, but 37% of households make less than \$35,000. There is

often the misconception that Iowa City has lower incomes solely due to university students who may have parental support, financial aid, or share living expenses with other students. However, there are many non-student households with lower incomes that also struggle to afford housing. Approximately 7,800 households in Iowa City are under the age of 25, which includes most undergraduate student households. For households over the age of 25, 20% still make less than \$30,000 and another 15% make less than \$50,000. Excluding those enrolled in undergraduate or graduate programs, more than 5,100 persons or 11% of the population still experiences poverty. These are all residents who are especially impacted by the City's current housing market.

Despite lower incomes, Iowa City's housing remains stubbornly expensive. In 2022, the median home value was \$256,600 dollars, which is 4.7 times its median income, and the homeowner vacancy rate was a very low 1.0% (2022 5-Year American Community Survey). As a result, 22% of homeowners with a mortgage spend more than 30% of their income on housing. This makes it difficult for first-time homebuyers and those with limited incomes to establish themselves in this challenging market.

At the same time, rents in Iowa City are high and are constantly increasing, especially near the university. In 2022, Iowa City's median gross rent was \$1,077 dollars, up 17% from 5 years earlier (2017 and 2022 5-Year ACS). The 2024 Fair Market Rent is even higher at \$1,082 for a two-bedroom unit and \$1,525 for a three-bedroom unit which requires incomes exceeding \$43,000 and \$61,000 respectively to be considered affordable. Furthermore, the 2022 City-wide rental vacancy rate was 5.5% but tracts near campus have rental vacancy rates as low as 1.5%. Due to these factors, approximately 61% of renters in Iowa City spend more than 30% of their income on housing costs (2022 5-year ACS). These high rates of cost-burdened and extremely cost-burdened households have a profound and negative impact on those living in the city.

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

Geographic Scope

HUD identifies Iowa City as a priority geography with a Housing Problems Factor of 0.38 in its PRO Housing List of Priority Geographies, considerably higher than the State Threshold of 0.31. This means that approximately 38% households who make up to 100% of the area median income experience a cost burden of at least 50%, overcrowding, or substandard housing, the 13th highest rate in Iowa out of 1,107 designated places. Of these housing problems, housing cost burden tends to be the most severe issue. The City's proposed activities will remove barriers to housing production and directly assist LMI households in Iowa City limits who experience the most acute demand for affordable housing.

However, Iowa City is part of a larger housing market. While funds will primarily serve Iowa City limits, certain activities including those that may be administered by the Iowa City Housing Authority or local nonprofits focus on the broader region which shares many of the same housing

affordability problems. HUD also identifies Johnson County as a priority geography with a Housing Problem Factor of 0.31 compared to the State Threshold of 0.23. This is the highest Housing Problem Factor of all counties in Iowa and is 247 out of 3,220 counties in the nation. For this reason, all changes to housing policy that result from grant-funded activities will consider the overall housing needs of the region to avoid unintended consequences such as developers and homebuilders adjusting where they develop, the type of housing they produce, or the price or rent of finished homes due to the regulatory environment of different jurisdictions.

Key Barriers to Producing and Preserving Affordable, Accessible Housing

Because of the City's recent efforts, including the adopted Housing Affordability Zoning Code Amendments and the activities being undertaken as part of the City's PRO Housing Round 1 application, several previously identified barriers to housing affordability are already being addressed. These include most regulatory obstacles that can be modified under the current Comprehensive Plan such as encouraging more housing types in lower density zones, enabling small lot development, and providing regulatory incentives for affordable housing, in addition to updating the City's Comprehensive Plan to facilitate further change. However, a number of barriers to housing affordability still contribute to the City's acute demand for affordable housing and the inadequate supply of housing.

Key Barrier #1: Land Use and Zoning Policy and Regulation

One factor that influences housing choice and supply, and therefore the cost of housing, is zoning. Zoning is a tool that helps implement the City's Comprehensive and District Plans by providing rules for how land can be developed and used, including what structures can be built where and how they may be designed. The City's Zoning Code, initially adopted in 2005, still contains a few outstanding regulatory barriers that continue to restrict housing opportunity and limit housing supply. These have not been addressed yet due to the additional study required to fully understand the scope, public support, and magnitude of changes. As a result, they have been on the City's work list for years but not executed due to associated costs.

The City is using its Round 1 PRO Housing funds awarded in 2024 to help address several barriers caused by the City's current zoning regulations and procedures by:

- Reviewing and modifying the minimum parking standards to help directly lower construction costs for new housing and promote more sustainable urban development by resulting in development patterns that are less car dependent;
- Substantially updating the Land Use and Housing elements of the City's Comprehensive Plan, including an overhaul of the future land use map, to ensure its development strategies are closely tied to the community's current priorities and development is well situated to address existing disparities and prepare for an uncertain future; and
- Initiating a City-led rezoning to facilitate the production of higher density uses and increase the supply of housing types that are more affordable, to be identified as part of the Comprehensive Plan update process.

However, these efforts are intended to mitigate the most problematic issues in the current code while laying the groundwork for future efforts. The ultimate way to address this barrier is to comprehensively reform the City's Zoning and Subdivision Code after a new Comprehensive Plan is in place. This would allow the City to better align its code with the community's increasing focus on climate action and resiliency, equity, and housing while creating a more flexible Code that can better adapt to constantly evolving community needs.

Key Barrier #2: Local Development Capacity

Another pressing barrier is the lack of local development capacity. While subdivision activity in 2023 was higher than in the recent past, it is mostly attributable to a single large multi-family building that is being built by an out-of-town developer. Since the pandemic, single-family lot creation has been low compared to historic trends (especially when excluding manufactured housing units). At the same time, building permit activity is tepid – the City permitted an average of 315 new dwelling units annually from 2020-2023, compared to an annual average of 588 units from 2014-2019. If permitting recent trends continue, the City will only meet 77% of its demand for new housing by 2030 with a deficit of more than 1,000 dwellings. Because of these factors, the supply of development-ready lots is only expected to last as follows:

- 2.3 years for single-family detached units
- 4.7 year for single-family attached units
- 1.6 years for duplex units
- 1.6 years for multi-family units (though redevelopment can extend this timeframe)

Similarly, annexations have decreased over the past decades, even as infrastructure capacity remains adequate for growth and the City has identified areas intended for growth. Overall, this suggests a deficit in the capacity and/or desire of local developers to build housing in Iowa City.

At the same time, there are a limited number of local affordable housing developers. The Housing Fellowship, a Community Housing Development Organization, is one of a few local nonprofits which constructs new affordable rental housing in Johnson County. Another local nonprofit, Shelter House, is primarily known for its emergency shelter and related services provided to the community's unhoused population, though it has recently developed two permanent supportive housing projects totaling 60 dwelling units. Meanwhile, the Iowa Valley Habitat for Humanity focuses on providing affordable homeownership opportunities in the area. In Fiscal Year 24 four homes were built by Habitat. While there are other affordable housing providers as well, they typically focus on more specialized populations such as persons with disabilities, and most do not typically develop housing. All these agencies do amazing and important work, but the local capacity to develop new affordable housing projects tends to be very limited. As a result, affordable housing projects, especially those utilizing LIHTC, are often undertaken by private, out-of-town developers that are not focused on providing a more permanent benefit to the city.

Again, the City is using its Round 1 PRO Housing funds to help build local, internal capacity that will help directly facilitate the development of local, permanent affordable housing by:

- Determining the best course of action to develop a self-sufficient housing development division in the ICHA (or through an alternative legal arrangement) that would directly carry out affordable housing activities throughout the region;
- Building experience to directly develop permanent affordable housing through a pilot affordable housing development which would begin producing income to ensure long-term success while providing permanent affordable housing units.

While improving the internal capacity within the City is an important step, these factors still point to a need for additional development capacity at the local level, especially when it comes to the creation of affordable housing units. Enhancing the ability of local nonprofit partners to develop their own affordable housing throughout the region remains a significant barrier.

Key Barrier #3: Low Incomes Relative to High Housing Costs

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

Residents of the area have tried to address affordability by raising the minimum wage at the County level, but unfortunately the state pre-empted this possibility. As such, the City is looking to address this barrier by exploring other long-term solutions. For the City, it is evident that the primary way of doing this is increasing the supply of housing to meet the demand, especially the supply of permanent affordable housing. This would ensure a more balanced market is reached and competition for housing is reduced to the extent that prices become more stable and affordable.

A shorter-term way of addressing this barrier is by directly reducing the cost of providing housing for public and nonprofit housing providers. This could be accomplished through financial incentives or by reducing other costs associated with producing new housing, including reducing the high cost of land in Iowa City or providing low or no interest loans to minimize borrowing costs. By providing direct supports to public or nonprofit providers, the cost of building new housing is reduced, which enhances the supply while minimizing the rents required to sustainably operate that housing. Focusing on entities without a profit motive ensures the benefit of lower rent requirements can then be passed on to lower income households so that they can obtain and maintain stable housing within their budget. This is especially important for stabilizing housing for those experiencing or at-risk of homelessness, which the City has identified as a high priority in its Consolidated Plan.

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

Exhibit D:
Soundness of Approach

City of Iowa City, Iowa

The City of Iowa City’s PRO Housing grant application seeks to address a critical issue within the community – the acute scarcity of affordable housing. Over the past several years, the City has identified and begun to address many persistent barriers that hinder the supply of housing and exacerbate housing insecurity for residents. However, several barriers still exist. The City’s proposed activities incorporate numerous avenues to address these barriers by seeking to overcome long-term trends while also providing some limited shorter-term relief.

Project Vision

The overarching vision of the project is to help ensure Iowa City is a place that offers attractive and affordable housing for all people – housing that is the foundation of healthy, safe, and diverse neighborhoods. The goal is a place where housing that is affordable is not a scarce resource but a fundamental right. To accomplish this vision, the City proposes three sets of activities to mitigate the remaining barriers to housing affordability:

1. Planning-Related Activities
2. Housing-Related Activities
3. Administration-Related Activities

Proposed activities build on the success of previous efforts in support of housing affordability and the activities to be funded with awarded FY23 PRO Housing funds. Proposed activities complement the recently approved Zoning Code Amendments to improve housing choice, increase housing supply, and encourage affordability which will address several barriers to housing affordability identified in the 2019 Fair Housing Choice Study and 2022 Affordable Housing Action Plan. However, adoption of these amendments was delayed due to residents who felt left out of the process. To avoid this issue in the future, proposed activities, especially those related to planning, will utilize much more extensive public outreach processes, made possible by the PRO Housing grant. Through public education, dialogue, and consensus-building during the comprehensive planning update process, staff intends to build support for equitable housing efforts early. It will also ensure that outcomes are community-driven and reflect the genuine needs and aspirations of the City’s residents.

Long-term success is also essential. As such, housing-related activities are designed to have a balanced and sustainable approach that ensures the perpetual availability and expansion of affordable housing. This prevents past issues where new housing funds are consistently required to subsidize existing affordable units rather than expand the number of new affordable units.

In essence, the proposed scope benefits from recent experience in removing barriers to housing affordability while striving for a more comprehensive, community-centered, and sustainable approach that is poised for lasting impact. With the support of this grant, the City aims to turn its vision for housing in Iowa City into a reality.

1. Planning-Related Activities

The proposed planning-related activities involve building off of the work planned with PRO Housing round one funds. These barriers include restrictive regulations and burdensome

processes outlined in the City’s zoning and subdivision regulations. After undergoing a comprehensive plan update, the next activity to undertake is a comprehensive update to the City’s zoning and subdivision regulations. This task will help to meet the needs of the community in light of changing circumstances such as continued growth, a restricted housing supply, changing demographics, and shifting regional transportation and housing patterns. Informed by the new land use vision in a newly developed comprehensive plan, the City hopes to identify innovative regulatory changes that will streamline the development of housing and lead to more affordable, efficient, and cost-effective housing opportunities over the long-term.

a. Comprehensive Update to Zoning and Subdivision Codes

One factor that influences housing choice and supply, and therefore the cost of housing, is zoning. Zoning is a tool that helps implement the City’s Comprehensive and District Plans by providing rules for how land can be developed and used, including what structures can be built where and how they may be designed. The City’s Zoning Code, initially adopted in 2005, still contains a few outstanding regulatory barriers that continue to restrict housing opportunity and limit housing supply. These have not been addressed yet due to the additional study required to fully understand the scope, public support, and magnitude of changes. As a result, they have been on the City’s work list for years but not executed due to associated costs.

In November 2023, the City adopted a number of amendments to the City’s zoning code with the goal of increasing housing choice, supply, and affordability. Planning staff initiated these changes based on the existing land use policy direction and considered these changes conservative. After an update to the comprehensive plan, which is planned as part of the City’s Round 1 Pro Housing Funds, more substantive and meaningful changes will be able to be made to the City’s land use regulations. This will include an analysis of the zoning and subdivision codes to identify outdated and problematic processes, as well as regulations that may inhibit housing development.

2. Housing-Related Activities

Housing-related activities focus more directly on incentivizing the creation of affordable housing, increasing the supply of housing, and on relieving the impacts of the current housing market on low- and moderate-income (LMI) households. These activities are designed to increase capacity of existing housing focused local nonprofits. The goal is that proposed activities lead to the production of affordable housing units and help provide the experience needed to ensure activities can become self-sustaining.

b. Building Capacity of Affordable Housing Nonprofits

One of the City’s biggest identified barriers related to production of affordable housing is a lack of local development capacity. This activity focuses on addressing the need for more local development capacity by building capacity of existing affordable housing nonprofits. This proposed activity will allow existing housing focused non-profits to build capacity to expand the availability of affordable housing in the community.

The Capacity Building Assistance will be awarded via an RFP process. Affordable Housing Nonprofits will apply for assistance with reasonable and necessary general operating costs that will allow them to expand their affordable housing offerings. Possible allowable uses could include but are not limited to staff salaries and benefits, staff development, materials and equipment needed to allow nonprofits to expand availability of affordable housing.

c. Land Banking for Affordable Housing Development

The most significant housing-related activity focuses on reducing the cost of developing new affordable housing for public and nonprofit developers by establishing a land banking program. This program will focus on acquiring, managing, and repurposing vacant, abandoned, or underutilized properties within the City to facilitate the creation of new affordable housing units that benefit LMI households (permitted by 24 CFR 570.201(a)). The City (or possibly a trusted nonprofit partner such as the Housing Trust Fund of Johnson County) would administer the fund and be responsible for acquiring strategic parcels that align with long-term housing goals identified through the City's regional housing study with a focus on areas of opportunity. The program would then use clear, transparent guidelines as part of a competitive selection process to select affordable housing development proposals meeting local housing needs submitted by public or nonprofit groups.

PRO Housing grant funds would facilitate the direct purchase of real estate that would be the starting point for the land banking program. Properties purchase by PRO Housing funds would be required to develop promptly to ensure compliance with timeliness requirements. However, once the program is established, the City would be able to sustain the program through multiple avenues, including program income (if applicable), donations, land dedications as part of the City's other affordable housing requirements, such as within the Riverfront Crossings district or through future annexations, or through future direct purchase using federal pass-through funds, local affordable housing dollars, or fees generated in lieu of housing through the City's affordable housing requirements. Through the competitive selection process, land may be provided to developers at low or no cost, or at other prices with favorable repayment terms, depending on the depth of subsidy required for proposed developments.

Overall, the program would remove identified barriers to affordable housing through a couple different mechanisms. First, it would reduce development costs associated with land acquisition which is often a significant hurdle in creating affordable units. The program would be restricted to collaborating with entities that do not have a profit motive to ensure the reduced costs made possible by the program are passed on to future tenants. Second, the program would supplement other existing efforts to boost the supply of housing with a focus on housing that is affordable to LMI households. Finally, a land banking program has additional benefits because it can overcome challenges associated with fragmented ownership by helping assemble larger, contiguous parcels suitable for housing projects, and it can expedite future project timelines by providing shovel-ready sites where issues such as title disputes, environmental remediation, and infrastructure deficiencies are already mitigated.

3. Administration-Related Activities

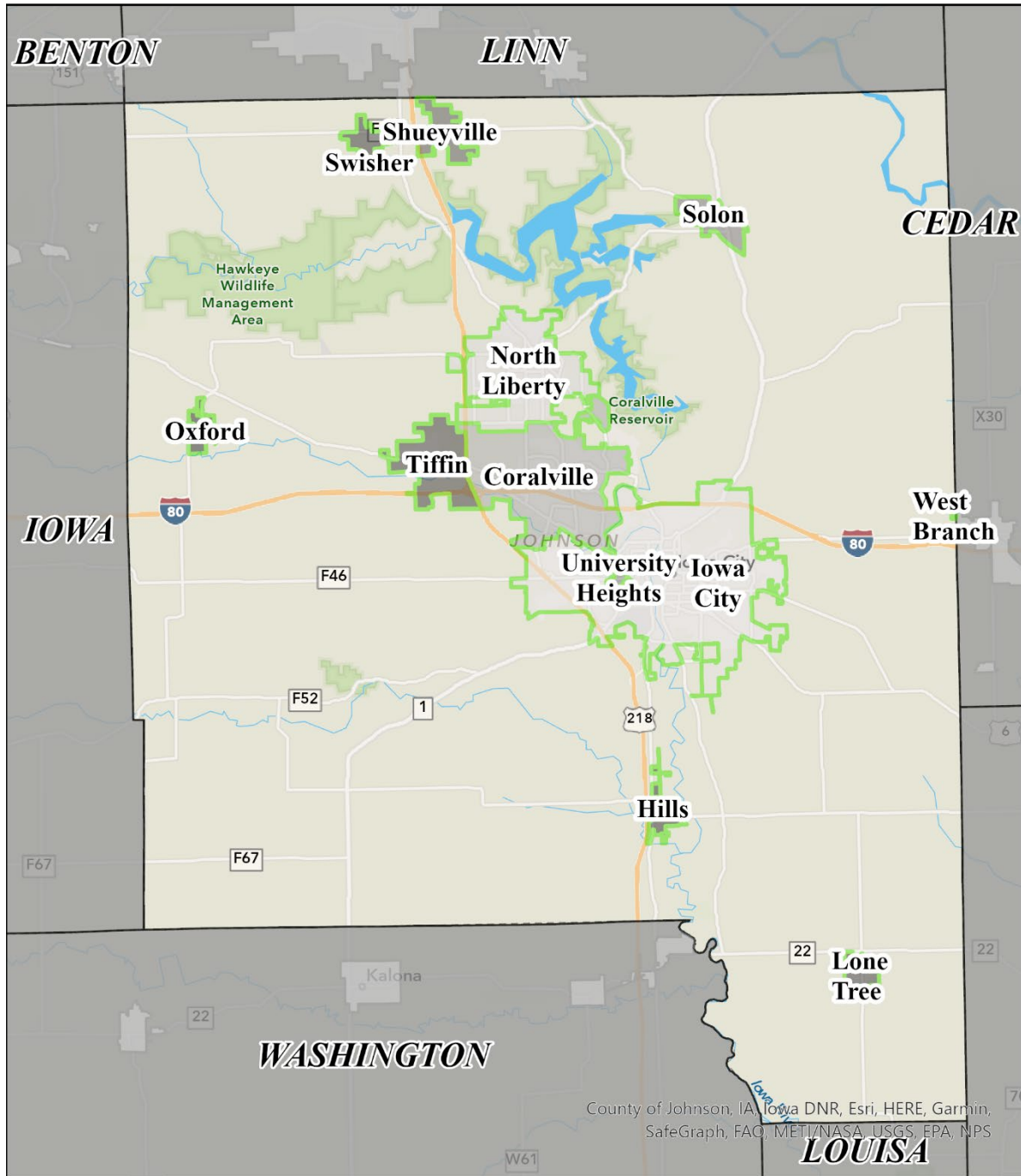
The final set of activities are related specifically to ensuring successful administration of the PRO Housing grant (as permitted by 24 CFR 570.206(a)). This includes general management of grant funds, activity oversight and coordination, providing public information about PRO housing activities, preparing budgets and schedules, preparing reports and other HUD-required documents such as the PRO Housing Action Plan, and monitoring proposed activities to ensure compliance with all requirements. In addition, this position would provide additional support to other staff for all proposed activities as needed. The proposed budget for administration-related activities would allow the City to continue to employ a full-time Associate Planner – Grant Specialist to oversee these grant administration requirements.

Geographic Scope

The primary geographic scope of the proposed activities will be Iowa City limits. Most planning and development activities are specifically focused on the City’s jurisdictional limits, including proposed activities related to the City’s Zoning Code. These changes are expected to affect the entirety of the City by removing exclusionary barriers from high-opportunity neighborhoods while simultaneously expanding opportunity in underserved communities. No specific neighborhoods are being targeted for development or redevelopment through this process, but the City does have affordable housing funds to be used within the Riverfront Crossings District just south of downtown and has recently focused on high growth areas to the southwest, south, and east of the City. The City also prioritizes funding in high opportunity areas.

However, Iowa City operates within a larger housing market that includes Johnson County and other communities in the City’s urbanized area including Coralville, North Liberty, Tiffin, and University Heights. In fact, Iowa City’s population accounts for just under half of the County’s population. As a result, several activities will have a more regional scope, including capacity building efforts for existing nonprofits (many of which serve the region rather than Iowa City exclusively). While the City will encourage all surrounding jurisdictions to participate in these efforts, their partnership will not be required. A map of Johnson County and local jurisdiction can be seen below.

Map of Iowa City, Johnson County, and Surrounding Municipalities



Key Stakeholders and Public Engagement

The City is proposing activities that are the product of years of public engagement which began with the City’s 2016 Affordable Housing Action Plan and were reinforced through subsequent planning efforts. In 2024 the City hired a consultant and undertook an extensive outreach effort in preparation of updating the City’s Consolidated Plan and Analysis of Impediments to Fair Housing. Key stakeholders that have been involved in these discussions include the general

public, affordable housing developers, homebuilders, realtors, housing providers, financial institutions, public officials, University representatives, and nonprofit and community groups representing populations including persons with disabilities, immigrants, and refugees. Much of the outreach was conducted as part of recent planning processes for the 2024 Analysis of Impediments to Fair Housing, 2024 Consolidated Plan (City Steps 2030), the 2022 Affordable Housing Action Plan, the FY23-FY28 Strategic Plan, and the City's Housing Affordability Zoning Code Amendments. However, this specific grant application was developed by Community Development, Urban Planning, and Iowa City Housing Authority leadership and staff who would be responsible for carrying out activities.

Staff published the draft application materials on its website for public comment on September 16, 2024 and notified the public of the 15-day comment period and public meeting in the Press Citizen, a local newspaper. All public comments and staff responses are included in Attachment A. City Council held a public meeting regarding the draft application on October 1, 2024, [*insert details from public meeting and response to public input*]

Public Input Relating to Housing Affordability

The proposed activities are primarily based on existing policies and goals in plans and studies reviewed and adopted by Council over the course of several years. More recent efforts started in 2022 with the adoption of an updated Affordable Housing Action Plan and 5-year Strategic Plan. These plans were built on nearly a year of community engagement, including the following:

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

In 2024, the City has continued its public input efforts in preparation for the Five-Year Consolidated Plan, Analysis of Impediments to Fair Housing, and Regional Housing Needs Assessment. In July and August of 2024, a series of seven stakeholder meetings and three community input sessions were held with community members, agency partners, and business

representatives. Additional focused conversations were held with key stakeholders including developers, builders, landlords, economic development professionals, and homeless services providers. Two surveys are currently underway as part of this process including a general survey about housing needs in Iowa City and a survey for people residing in local shelters.

In addition to input specifically considering affordable housing needs, the City also received feedback as part of its recent Housing Affordability Zoning Code amendments to improve housing choice, increase housing supply, and encourage affordability. In this process, the City heard from the public, neighborhood organizations, realtors, builders, and nonprofits through correspondence, two open houses, and several public meetings and hearings.

Public Input Obtained During Regular Engagement Processes

In addition, the City regularly solicits input in compliance with its adopted Citizen Participation Plan as part of the Consolidated Planning process. This includes resident participation in the Housing and Community Development Commission (HCDC), a 9-member group appointed by City Council to assess the City's community development needs for housing, jobs, and services for LMI residents. HCDC meets monthly and holds annual public meetings to review policies and programs of the Neighborhood Services Division and the ICHA and provide recommendations, to monitor CDBG and HOME projects, and to facilitate public input into these and other programs. The public is invited to participate in all meetings, and all meetings and plans derived from these processes are available on the City's website. The City also regularly consults with a variety of public and private entities as part of this process, including current and past recipients of CDBG and HOME funding. This regular input was also essential to informing proposed grant activities.

Furthermore, the City participates in numerous coalitions which provide a broader understanding of the housing situation in the region and help enhance coordination. One example is the Johnson County Local Homeless Coordinating Board which is comprised of nonprofits such as Shelter House, Iowa City's primary homeless services provider, the Domestic Violence Intervention Program, the Hawkeye Area Community Action Program, and others involved in addressing homelessness such as the Veterans Administration, local school district, and Johnson County. These organizations are consulted as part of the Iowa Balance of State Continuum of Care application process facilitated by the Iowa Council on Homelessness. The collaborations have led to the creation of eviction prevention clinics and increased support for coordinated entry to manage increased need due to the pandemic. The City also regularly attends meetings by the Affordable Housing Coalition to share information and solicit input regarding proposed activities, along with industry groups such as realtors, homebuilders, and property managers.

Public Input Looking Forward

Should funds be awarded to the City, public input will be an integral component of proposed activities moving forward. The Zoning Code use and housing elements will include an extensive public outreach process to ensure the vision and goals of the plan align with public attitudes and relevant data, including a combination of public and focus group meetings, interviews, and surveys. To ensure underrepresented persons of color can meaningfully contribute to these

discussions, the City will partner with local community advocacy organizations, including those representing immigrant and refugee populations and other marginalized groups, to help spread the word and solicit feedback.

Other activities will provide an opportunity for meaningful input as well. The underway regional housing market analysis, analysis of impediments to fair housing and consolidated plan will require considerable consultation with local stakeholders familiar with these specific topic areas. In addition, any large-scale changes to City Code will include a public planning process. Similarly, the public will be able to weigh in on proposed development activities as part of the regular processes used by City Council to make decisions. These public engagement activities will help build support and engage the community to result in the best outcomes.

Affirmatively Furthering Fair Housing

All proposed activities will affirmatively further fair housing in Iowa City by taking meaningful actions that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. First, proposed activities will look at broad trends throughout the region and identify equitable ways to ensure the City meets its housing needs, including for differing household types. This is because the comprehensive plan update will focus on placing equity and housing at its core, in addition to climate change and resiliency, so identifying ways to address existing disparities is essential.

The City will build support for equitable housing through education, dialogue, and consensus-building during this comprehensive planning process. The City intends to utilize an in-depth public process that uses varied methods of engagement to drive participation to be reflective of the city's demographics and to ensure underestimated groups are actively involved. To facilitate inclusivity, the City will engage the full breadth of the City's population, including LMI residents, underserved communities of color, and immigrant and refugee communities, by partnering with local organizations that interact with and advocate for different groups. This will help ensure unrepresented individuals have a seat at the table and can provide meaningful input to inform policy decisions. This in turn will lead to a vision for the community that better reflects the desire of all residents. Such a process is also vital to ensure proposed activities will help affirmatively further fair housing and help mitigate resistance to the elimination of targeted barriers to housing affordability.

In addition, proposed activities will help address barriers identified in Iowa City's 2019 and 2024 Analysis of Impediments to Fair Housing Choice (i.e. Fair Housing Choice Study), including those related to improving housing choice and increasing education and outreach.

Improving Housing Choice

One of the primary barriers identified in the 2019 Fair Housing Choice Study is the lack of adequate housing choices throughout neighborhoods in Iowa City for residents with protected characteristics, who tend to have disproportionately lower incomes. This includes a lack of availability in addition to diversity in price points, housing types, and locations that would facilitate equal access to housing across the City. In effect, this means that higher income areas

tend to be less diverse and only allow detached single-family houses, while areas with lower incomes tend to be more diverse and often allow a wider variety of housing that includes housing types that tend to be more affordable. Ensuring a diversity of housing is available in a range of locations, types, and prices throughout all neighborhoods helps promote fair housing choice by encouraging housing affordability for households of all types in Iowa City.

Many proposed activities help directly address this barrier. The Zoning updates will help to allow for greater diversity of housing types and higher density housing types. These efforts all focus City-wide which allows a holistic approach to encourage additional housing that is more affordable in high opportunity areas and discourage an overconcentration of affordable housing in other areas as supported by the 2022 Affordable Housing Action Plan. As such, these activities will help promote desegregation along class and racial lines and will build on code changes recently passed by Council that reduce lot sizes and allow duplexes in single-family zones.

Increasing Education and Outreach

Another barrier identified by the Fair Housing Choice Study is that many residents lack awareness about their rights under fair housing and civil rights laws. This can lead to under-reporting of discrimination, failure to take advantage of remedies under the law, and the continuation of discriminatory practices. In addition, many individuals may not be aware of potential support that is available when moving. Housing counseling activities the City plans to implement with FY23 PRO Housing funds will boost fair housing efforts by providing quality information related to housing and affordability, available services, and organizations that serve potential tenants. Overall, ensuring access to information about housing programs and neighborhoods through housing counseling helps facilitate fair housing goals.

Advancing Racial Equity & Affirmative Marketing

As part of its efforts to affirmatively further fair housing, the City will also seek to advance racial equity as part these proposed activities. The City has an equity impact review toolkit to help evaluate certain housing projects and will use this toolkit while implementing proposed housing-related activities. The toolkit will also help identify the risk of displacement associated with proposed activities once a better understanding of their location and scope is available. All activities must also comply with the City's anti-displacement ordinance and federal standards related to relocation assistance.

In general, the racial composition of households expected to benefit from proposed City-wide planning activities should be representative of the City due to proposed outreach efforts. However, past analyses suggest that the production of new affordable housing units and programs providing direct assistance are more likely to benefit persons of color, persons with disabilities, and other disadvantaged populations. To prevent possible barriers to these groups equitably benefiting from proposed grant activities, the City will translate materials in compliance with its Language Access Plan and will share information with organizations and associations representing these groups. The City will also affirmatively market any new housing,

services, or other benefits provided broadly throughout the area and to nearby areas in compliance with the City’s adopted Affirmative Marketing Plan.

To ensure these steps adequately advance racial equity, the City will track and report on the race, ethnicity, income, household size, and disability status, and number of assisted persons and households. The City will also track and report on the neighborhood characteristics of where each activity is implemented, along with information on any persons or businesses displaced by proposed activities. Where there is a significant difference in the composition of those being assisted or displaced compared to the City, or where the City identifies a further concentration of affordable housing units within a small area, additional steps must be identified to ensure the continued effectiveness of City efforts to advance racial equity.

Proposed Budget and Timeline

While the City regularly budgets for affordable housing projects and activities, PRO Housing grant funding would expand the scope of what the City could achieve and accelerate the timeline for making changes it has previously identified. To that end, anticipated funding sources and expenses for the proposed activities are estimated to be as follows. A more detailed budget is available in the submitted Grant Application Detailed Budget Worksheet (HUD-424-CBW).

Proposed Revenue

PRO Housing Funds	\$2,000,000
City Affordable Housing Funds	\$1,000,000
Total Sources	\$3,000,000

Proposed Expenditures

1. Planning-Related Activities	
a. Comprehensive Update to Zoning and Subdivision Codes	\$500,000 *
Subtotal	\$500,000
2. Housing-Related Activities	
b. Building Capacity of Affordable Housing Nonprofits	\$450,000*
c. Land Banking for Affordable Housing Development	\$1,750,000
Subtotal	\$2,200,000
3. Administration-Related Activities	
Project Administration	\$300,000*
Subtotal	\$300,000
Total Expenses	\$3,000,000

*Priorities for funding (see “Priorities Without Full Funding”)

Staff developed the proposed budget using several methodologies. Staff estimated planning costs based on current budgets for items that have scopes of work and on the cost of similar projects undertaken by other jurisdictions. Project delivery costs for City-initiated zoning code and

subdivision changes are based on the staff time of recently completed major zoning code changes.

Administrative costs are estimated based on the cost of continuing to employ a full-time Associate Planner – Grant Specialist position to administer the PRO Housing Grant for approximately 1 additional year beyond the years of the 2023 Pro Housing funds received.

To ensure the project will be cost-effective and in-line with industry standards, the City will solicit bids for all external aspects of the project in compliance with City, State, and Federal requirements. This specifically pertains to the hiring of consultants and contractors. For internal projects, the City will track time for each staff person working on the project to ensure that project delivery is accurately reflected in payment requests.

Priorities Without Full Funding

While full funding for the City’s proposed activities would do the most to address the identified barriers to affordable housing, the City would prioritize certain aspects of the project over others in the event of a partial award of funds. In general, the City places the highest priority on activities that directly remove barriers to affordable housing and that position the City to address identified issues in the future. These would include zoning and subdivision code update, building capacity for affordable housing nonprofits, and project administration.

As a result, the City could accept half of the requested PRO Housing funding (\$1,000,000) and would match with up to \$500,000 in City funds to supplement proposed activities. In such a case, staff would anticipate a revised budget where the zoning code update and building capacity for affordable housing nonprofits activities remain at the funding level noted above. However, the following changes would occur:

- The scope of the land banking for affordable housing development would likely decrease to about \$400,000 which would severely limit the amount of land that could be purchased.
- Project administration would decrease due to the administrative cap.

The City could also accept the minimum PRO Housing funding award amount (\$1,000,000), and that would have the same impact as receiving half of the award. Overall, the City could still enact meaningful change with lower grant amounts. However, funding at the half or minimum amounts would not place the City in the best position to address barriers to housing affordability compared to a full-funding scenario.

Project Timeline

All proposed activities will begin prior to September 30, 2027, and be completed prior to September 30, 2030. Several activities will begin as soon as funds are awarded, though some depend on other work to first be completed. Specific timelines for each activity, including significant milestones and relevant sub-tasks, are noted below.

Planning-Related Activities

Comprehensive Update to Zoning and Subdivision Codes Updating the City's zoning and subdivision codes will occur following implementation of several planning related activities funded through Round 1 of PRO Housing. This includes an update to the City's comprehensive plan, parking reform, and City-initiated rezoning to higher density housing. Following these efforts the City will tackle a comprehensive update to the zoning and subdivision code. Staff anticipates a two year process, which will include ordinance adoption.

- Project initiation: 2027 Q1
- Rezoning adoption: 2028 Q4

Housing-Related Activities

Building Capacity of Affordable Housing Nonprofits. Staff anticipates that development of the RFP would take 3 months, receiving and reviewing applications would take 3 months and the program would be underway after 6 months.

- Develop RFP: 2026 Q1
- Receive and Review Applications 2026 Q2
- Program Underway: 2026 Q3

Land Banking for Affordable Housing Development. This activity will be one of the longest and includes time buffers to ensure it can be completed prior to the end of the grant's performance period. In general, staff anticipates seeking land to purchase as soon as funds are awarded and completing all purchases prior to September 30, 2030.

- Begin securing land: 2026 Q1
- Land purchases complete: 2030 Q3

Administration-Related Activities

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

- Update Annual Action Plan: 2026 Q1
- All funds expended: 2030 Q2
- Grant close-out: 2030 Q3

Exhibit E: Capacity

City of Iowa City, Iowa

The City of Iowa City Department of Neighborhood and Development Services (NDS) will lead implementation of the proposed activities and is well-equipped to do so. The Director of NDS reports directly to the City Manager who implements the policy decisions of City Council and supervises the City’s operating departments as the chief administrative officer for the City. All proposed activities are expected to be managed by City staff utilizing its current leadership and legal authority. Proposed activities are not dependent on partner organizations.

Leadership and Staffing Plan

The Department of Neighborhood and Development Services is comprised of 47.28 Full Time Equivalent positions and operated with a budget of \$20.75 million in FY24, including federal entitlement funds for public housing, community development, and transportation planning. NDS administered approximately \$885,000 in CDBG and \$943,000 in HOME in FY24, as well as \$10.8 million in Housing Choice Voucher and \$432,000 in the Public Housing funds in CY2023. NDS has also been responsible for administering \$1.8 million in HOME-ARP funds, \$1.6 million in CARES Act funds, over \$18 million in ARPA funds, and was recently awarded \$3.752 million in FY23 PRO Housing funds. The divisions and key management structure within the department can be found in the organizational chart below.

<p>Department of Neighborhood & Development Services Tracy Hightshoe, Neighborhood and Development Services Director</p>
<p>Administration (1.3 FTE)</p>
<p>Development Services Division (13.0 FTE) Danielle Sitzman, Development Services Coordinator</p> <p>Development Services assists the public with needs related to urban planning and building inspection services. The Division coordinates all long-range planning efforts, reviews all development proposals, and conducts related building inspection services. Historic Preservation efforts are also coordinated through the Development Services Division. In addition to Ms. Sitzman, key management for proposed activities include:</p> <ul style="list-style-type: none"> • Anne Russett, Senior Planner
<p>Neighborhood Services Division (27.78 FTE) Erika Kubly, Neighborhood Services Coordinator</p> <p>The Neighborhood Services Division is responsible for administration of various housing services, including housing programs coordinated through the Housing Authority and rehabilitation. The Division also provides housing inspection services and administers the City's federal Community Block Grant (CDBG), HOME, and ARPA programs. In addition to Ms. Kubly, key management for proposed activities include:</p> <ul style="list-style-type: none"> • Rachel Carter, Iowa City Housing Authority Administrator • Sam Turnbull, Grant Specialist
<p>Metropolitan Planning Organization of Johnson County (MPOJC) (5.2 FTE) Kent Ralston, Executive Director</p>

MPOJC is designated by the Governor of the State of Iowa as the Metropolitan Planning Organization (MPO) for the Iowa City Urbanized Area. The MPOJC assists with transportation-related questions and needs.

Most planning-related activities will be managed by existing urban planning staff in the Development Services division. This includes the proposed Comprehensive Update to Zoning and Subdivision Code. Urban planning staff coordinate both the long- and short-term planning and land development efforts of the City. This requires regularly working with developers, residents, and other City departments to encourage orderly growth, redevelopment, and preservation of historic properties and environmental resources. Key staff who will manage these activities include:

- Anne Russett, AICP: Senior Planner
Highest Degree: Master of Urban & Regional Planning, University of Iowa
Years of Related Experience: 17

Other activities will be managed by community development and housing authority staff in the Neighborhood Services division. The Neighborhood Services Coordinator and existing Associate Planner – Grant Specialist position will administer the PRO Housing grant. Existing key staff and positions include:

- Erika Kubly, AICP: Neighborhood Services Coordinator
Highest Degree: Master of Urban & Regional Planning, University of Iowa
Years of Related Experience: 12
- Rachel Carter, LMSW: Iowa City Housing Authority Administrator
Highest Degree: Master of Social Work, University of Iowa
Years of Related Experience: 15
- Sam Turnbull, LISW: Associate Planner – Grant Specialist:
Highest Degree: Master of Social Work, University of Iowa
Years of Related Experience: 11

Additional support will be provided by other City Departments which report to the City Manager. Key staff will draw on the expertise of departments including Transportation Services and Public Works to ensure that all activities are consistent with the City’s policy direction and best practices. In addition, key staff will rely on the Department of Finance for accounting, financial management, and procurement expertise, in addition to the City Attorney’s Office for legal advice and the City Manager’s Office for additional direction or guidance as needed.

Relevant Experience

Key staff are well-versed in administering federally funded projects and coordinating with project partners, contractors, subrecipients, community stakeholders, and other government agencies. Staff have utilized federal funds to conduct administrative, planning, public service, and development activities for many years as part of federal programs such as CDBG, HOME, Housing Choice Voucher, Rapid Rehousing, Public Housing, HOME-ARP, and ARPA. This

includes a depth of knowledge related to project and grant management, the planning and implementation of grant activities, financial oversight, along with monitoring and ensuring compliance with all federal requirements. Key staff and the additional support provided by other departments will help ensure that the City can quickly launch and implement all proposed activities.

In addition, key staff have significant experience enhancing civil rights and addressing fair housing issues. In-house staff completed the City's 2019 Fair Housing Choice Study (Analysis of Impediments to Fair Housing Choice) which required extensive outreach to underserved communities and a thorough data analysis of racial and economic disparities in housing policy. This background allowed the City to incorporate several identified fair housing concerns into the recent Housing Affordability Zoning Code Amendments being considered by Council. Furthermore, staff have experience providing cultural competence and humility training, collecting data to identify racial disparities and make informed programmatic decisions, eliminating barriers that may disproportionately affect certain groups to ensure equitable access to services, and developing culturally sensitive support programs that address specific needs of different racial groups including language services, trauma-informed care, and targeted outreach. Finally, key staff are familiar with working directly with a diverse clientele and designing and operating programs that equitably benefit disadvantaged groups and advance racial equity. Key staff have also used the City's equity impact review toolkit to evaluate new programs and make meaningful changes to program design to enhance racial equity. This background and mindset are central to the Department and the way activities are designed, planned, and implemented.

Application Preparation Team

This application was prepared by City of Iowa City staff. Contributors included:

- Tracy Hightshoe, Director of Neighborhood and Development Services
- Danielle Sitzman, Development Services Coordinator
- Erika Kubly, Neighborhood Services Coordinator
- Anne Russett, Senior Planner
- Rachel Carter, Iowa City Housing Authority Administrator
- Kirk Lehmann, Assistant City Manager
- Sam Turnbull, Grant Specialist

Exhibit F: Leverage

City of Iowa City, Iowa

The City of Iowa City is strongly committed to supporting the proposed activities and has committed to providing financial leverage totaling \$1,000,000 or 50% of PRO Housing grant funds. These resources are expected to be primarily allocated from the City's Affordable Housing fund intended for affordable housing opportunities, along with a portion of the approximately \$1,000,000 in funding allocated for affordable housing each year over the course of the proposed activities. These leveraged resources are firmly committed as detailed in the letter from the [*insert details on leverage letter and resolution to be signed at council meeting*]

However, staff anticipates that the actual leverage by the City will be higher. Significant staff time will be dedicated to overseeing and carrying out the proposed activities, some of which has not been included in the activities in this application. In addition, the pilot development project may utilize existing City property to ensure timely completion of the project and/or additional funds dedicated to affordable housing which are not part of the annual allocation to affordable housing, such as the \$5.8 million in the Riverfront Crossings Affordable Housing Fund that must be used to support affordable housing projects in the Riverfront Crossings District. These additional resources were not included in the leverage amount because their use will be dictated by the final location and form of the pilot project to be determined during the project's design phase.

The anticipated allocation of leveraged funds for proposed activities can be found in the Grant Application Detailed Budget Worksheet included in the submitted application materials.

**Exhibit G:
Long-term Effect**

City of Iowa City, Iowa

The proposed activities are designed to address both shorter and longer-term aspects of the City's housing crisis. However, the cumulative effect is to create change that will last long past the grant's period of performance, including the permanent elimination of several key barriers to housing affordability in Iowa City. This exhibit explores specific deliverables and the intended effects of each proposed activity, in addition to how the City will track long-term success.

Deliverables & Long-Term Effects

Addressing the housing crisis requires a multi-faceted approach. The proposed grant activities seek to address barriers posed by adopted zoning and land use policies, the land use entitlement process, limited development capacity at the local level, as well as a need for more affordable housing. Below is a summary of what will be achieved upon completion of each activity.

- Deliverable: Comprehensive Update to Zoning and Subdivision Codes
Long-Term Effect: With a newly adopted land use policy vision, it will be important that the City's zoning and subdivision code be amended to effectively implement this new vision. This deliverable consists of identifying areas of the City's land use regulations that do not align with this new vision. Modifications could include changes to processes and standards that inhibit housing development. Changes will require analysis of the regulations, as well as community outreach and engagement. Future development costs should be reduced by the creation of more streamlined processes and the removal of regulatory barriers. This should help boost the construction of new housing and reduce the tight supply currently behind experienced.
- Deliverable: Building Capacity of Affordable Housing Nonprofits
Long-Term Effect: Increasing capacity of our local affordable housing nonprofits will allow for an increased pace of production, acquisition and rehabilitation of affordable housing. Eligible nonprofits will be able to identify their individualized needs to be able to increase affordable housing offerings in the community. The end result will be an expanded supply of housing available to LMI households in the community.
- Deliverables: Establishment of Land Banking Program for Affordable Housing
Long-Term Effect: To put it simply, the cost of housing (both for homebuyers and renters) is currently too high compared to the incomes of those who currently live here. This is especially true for lower income households and has only gotten worse due to the acute undersupply of housing, which is compounded by other challenges such as high construction costs, high interest rates, and a severe labor shortage. The land banking program addresses these barriers in two ways. First, it directly reducing the cost of developing new housing, and because it focuses on housing providers without a profit motive, this reduced cost can be passed along to future occupants. Second, it is another tool in the City's toolbelt to accelerate its efforts to expand the supply of housing that is affordable to LMI households. By continuing to boost supply, the City can bring the market into closer equilibrium with demand, especially for lower income households.

Ensuring Success

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

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

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

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

Tracking Outcomes

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

- 1) Housing supply.
- 2) Diversity of housing options.
- 3) Housing affordability.

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

- Metric: Increase the total number of dwelling units permitted per year
Target Outcome: 460
- Metric: Balance rental vacancy rate in tracts near University (6, 11, 16.01, 16.02, 21, 23)
Target Outcome: 6%

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

- Metric: Reduce the percentage of housing cost-burdened households
Target Outcome: 5 percentage points
- Metric: Dwelling units in affordable housing programs created per year
Target Outcome: 46

Additional metrics for proposed activities related to enhancing racial equity are discussed in Exhibit D. Overall, the proposed metrics and outcome targets will provide a starting place to understand and guarantee the long-term success of proposed activities.

Attachment C: Advancing Racial Equity

City of Iowa City, Iowa

Advancing Racial Equity

As part of its efforts to affirmatively further fair housing, the City will also seek to advance racial equity as part these proposed activities. The City has an equity impact review toolkit to help evaluate certain housing projects and will use this toolkit while implementing proposed housing-related activities. The toolkit will also help identify the risk of displacement associated with proposed activities once a better understanding of their location and scope is available. All activities must also comply with the City's anti-displacement ordinance and federal standards related to relocation assistance.

In general, the racial composition of households expected to benefit from proposed City-wide planning activities should be representative of the City due to proposed outreach efforts. However, past analyses suggest that the production of new affordable housing units and programs providing direct assistance are more likely to benefit persons of color, persons with disabilities, and other disadvantaged populations. To prevent possible barriers to these groups equitably benefiting from proposed grant activities, the City will translate materials in compliance with its Language Access Plan and will share information with organizations and associations representing these groups. The City will also affirmatively market any new housing, services, or other benefits provided broadly throughout the area and to nearby areas in compliance with the City's adopted Affirmative Marketing Plan.

To ensure these steps adequately advance racial equity, the City will track and report on the race, ethnicity, income, household size, and disability status, and number of assisted persons and households. The City will also track and report on the neighborhood characteristics of where each activity is implemented, along with information on any persons or businesses displaced by proposed activities. Where there is a significant difference in the composition of those being assisted or displaced compared to the City, or where the City identifies a further concentration of affordable housing units within a small area, additional steps must be identified to ensure the continued effectiveness of City efforts to advance racial equity.

**Attachment D:
Affirmative Marketing and
Outreach**

City of Iowa City, Iowa

Affirmative Marketing and Outreach

In general, the racial composition of households expected to benefit from proposed City-wide planning activities should be representative of the City due to proposed outreach efforts. However, past analyses suggest that the production of new affordable housing units and programs providing direct assistance are more likely to benefit persons of color, persons with disabilities, and other disadvantaged populations. To prevent possible barriers to these groups equitably benefiting from proposed grant activities, the City will translate materials in compliance with its Language Access Plan and will share information with organizations and associations representing these groups. The City will also affirmatively market any new housing, services, or other benefits provided broadly throughout the area and to nearby areas in compliance with the City's adopted Affirmative Marketing Plan.

Iowa City's adopted Affirmative Marketing Plan reads:

AFFIRMATIVE MARKETING PLAN CITY OF IOWA CITY, IOWA (Revised 8/19)

1. Purpose

This Affirmative Marketing Plan is designed to conform to the requirements of the U.S. Department of Housing and Urban Development (HUD) published at 24 CFR 570 (Community Development Block Grant – CDBG) and 24 CFR 92 (HOME Investment Partnerships – HOME). The plan sets forth the City of Iowa City's procedures and requirements for affirmatively marketing housing units assisted with federal funds.

2. General Policy

It is the City's policy to make available housing options to eligible persons from all socioeconomic, racial, ethnic and gender groups in the Iowa City housing market area and affirmatively market housing that is assisted through programs administered by the City. To this end, the City will make efforts to affirmatively market housing units to assure that individuals who normally might not apply because of age, race, color, religion, creed, national origin, gender identity, sex, marital status, disability, sexual orientation, the presence or absence of dependents, familial status or public assistance source of income for housing:

- Know about rental vacancies and opportunities to purchase homes.
- Feel welcome to apply or funds or receive housing assistance.
- Have the opportunity to live in units assisted with public funds.

The City will work with subrecipients to ensure that housing units assisted with federal funds are made available to persons on an equal basis.

3. Outreach to the Public, Owners and Potential Tenants – City Procedures

a. Media. The City may utilize media to advertise (1) the availability of assistance and (2) the availability of vacant housing units. Press releases will contain the Equal Housing Opportunity slogan and a statement of affirmative marketing policy. Display ads, posters and other published materials will contain the Equal Housing Opportunity logo and slogan.

The following media may be used for display advertising:

- Iowa City Press-Citizen and/or Iowa City Gazette- newspapers
- Local government access channel- cable TV

Press releases from the City are received by all area print and electronic media and may also be found on the City's website.

b. Other Means. The City will utilize other appropriate methods to inform the public. This may include personal and written contact with organizations, such as those listed below, encouraging them to make information on the vacant units available to all persons on an equal basis.

- Business organizations- Iowa City Board of Realtors, Iowa City Apartment Owners and Managers Association and local lending institutions
- University organizations such as the Iowa Memorial Union and other University of Iowa web-based applications.
- Other Organizations- CommUnity, The Housing Fellowship, HACAP, and the Iowa City Housing Authority

The Iowa City Housing Authority will be of particular value in that it serves as the local Public Housing Authority, receives referrals through a network of local human service agencies and maintains a current waiting list of Section 8 eligible rentals. Community Development staff will update the Iowa City Housing Authority annually concerning new CDBG/HOME assisted rental properties.

Meetings of the Housing and Community Development Commission are open to the public and will serve as another forum for announcing the availability of federal assistance and discussing the City's affirmative marketing policy for the program. Other public meetings, as needed, will be scheduled to explain the City's HUD funded programs to local organizations, property owners and tenants and discuss the affirmative marketing policy and requirements of local and federal fair housing laws.

The staff of the Iowa City Human Rights Commission may be called upon to assist in explaining fair housing laws and to review potential housing discrimination practices. In addition, the Iowa City Human Rights office has added a full-time investigator who works with discrimination complaints.

4. Requirements and Procedures for Subrecipients

Property owners who participate in the CDBG and/or HOME programs will be required to comply with the following affirmative marketing practices:

- a. Include the Equal Housing Opportunity logo and slogan or statement in all advertisements for vacant units in local media and printed material.
- b. If a rental office is utilized or operated by the owner, whether on or off premises, display fair housing posters in a conspicuous place.
- c. Provide written assurance to the City that units will be made available to prospective tenants on a non-discriminatory basis.
- d. Maintain records of all efforts to affirmatively market vacant units. For example, copies of newspaper ads and documentation of the owners' contacts with the local business, University and community service organizations and other efforts to publicize the availability of the vacant units.

All HOME agreements shall contain language as required by 24 CFR 92.351.

5. Special Outreach Efforts

If, during the course of administering the CDBG and HOME programs, it is determined that special outreach efforts are needed to attract persons of particular racial, ethnic or gender groups to vacant units, the City may:

- Conduct outreach and contact service organizations, churches and University clubs.
- Notify the business, University and community service organizations listed in Section 3b above of the special outreach needed.
- Assist owners to locate prospective tenants by making referrals from the Iowa City Housing Authority's waiting list and target advertising as needed to expand the list.

The City can require that subrecipients begin their special outreach efforts immediately upon learning that a vacancy will occur. Owners typically request a 30-day notice from current tenants planning to terminate their tenancy so that the outreach efforts can begin before advertising to the general public.

6. Record-keeping Requirements

All records pertaining to affirmative marketing efforts of the City will be maintained by the City in accordance with HUD Regulations. The City will ensure the subrecipients also maintain records to document their affirmative marketing efforts.

The City will maintain records of the following:

- Press releases and newspaper ads.
- Copies of notices and documentation of contacts with the business, University and community service organizations.
- Documentation of monitoring visits with subrecipients.

7. Assessment of Affirmative Marketing Efforts

The City will conduct an annual assessment of the effectiveness of its affirmative marketing efforts for the inclusion in the Consolidated Annual Performance and Evaluation Report to HUD. At a minimum, the assessment will include:

- a. A summary of good faith efforts by the City and participating subrecipients to affirmatively market units. To determine if good faith efforts have been made, the City will compare information contained on the records to be kept with actions that were taken to carry out affirmative marketing. (See Affirmative Marketing Reporting form).
- b. The results of the affirmative marketing efforts may include age, race, color, religion, creed, national origin, gender identity, sex, marital status, disability, sexual orientation, the presence or absence of dependents, familial status or public assistance source of income occupying assisted housing units. To determine results, the City will examine whether or not persons from a variety of groups and persons with disabilities in the area applied for or became tenants, homebuyers, or received rehab assistance. If it is found that a variety is represented, particularly the targeted groups determined to be in need of outreach, the City would assume the procedures were effective.

If it is determined that a participating subrecipient is not making good faith efforts to affirmatively market housing units, the City will take the following corrective actions:

- a. The City will issue a written notice to the subrecipient stating reasons of non-compliance with the terms of the CDBG and/or HOME agreement and corrective actions (e.g. advertising) which must be taken by the owner within a specified period of time, not to exceed 60 days.
- b. Continued non-compliance within the specified time period and, thereafter, during the term of the CDBG and/or HOME agreement, will result in the City taking legal action to recover 100% of the assistance for the subrecipient's project.

All cases of apparent discriminatory practices by subrecipients will be referred to the Iowa City Human Rights Commission for review and remedial action under the housing provision of the Iowa City Human Rights Ordinance.

8. Public Notice and Review

Copies of this Affirmative Marketing Plan will be made public and available for citizen review, upon request, in the office of the Department of Neighborhood and Development Services.

**Attachment E:
Experience Promoting Racial
Equity**

City of Iowa City, Iowa

Experience Promoting Racial Equity

The City of Iowa City has an extensive history of promoting Racial Equity. The City’s Human Rights Ordinance reads “It is unlawful in Iowa City to discriminate in credit, education, employment, housing and public accommodation on the basis of age, color, creed, disability *familial status, gender identity, marital status, national origin, *presence or absence of dependents, *public assistance source of income, race, religion, sex or sexual orientation. *denotes only in housing.”

The City has an Equity and Human Rights Department that houses two staff (an Equity Director and Investigator). The department serves as staff liaisons for two volunteer citizen commissions (The Ad Hoc Truth and Reconciliation Commission and the Human Rights Commission).

The Ad Hoc Truth and Reconciliation Commission was established by Iowa City Council in 2020 to bear witness to the truth of racial injustice in Iowa City and to carry out restorative justice through the collection of testimony and public hearings, with such work to include a recommendation to the Council of a plan for dedicating and/or renaming public spaces and/or rights of way in honor of the Black Lives Matter movement.

The Iowa City Human Rights Commission has the following duties:

- Disseminating information to educate the public on illegal discrimination and civil rights, such as organizing and facilitating educational public forums that address one or more of the broad range of topics included within the rubric of human rights
- Making recommendations to the City Council for such further legislation concerning discrimination as it may deem necessary and desirable
- Cooperating within the limits of any appropriations made for its operation with other agencies or organizations both public and private whose purposes are not inconsistent with those of Title 2 of the City Code (Human Rights Ordinance)
- Planning programs and activities designed to eliminate racial, religious, cultural and other intergroup tensions including but not limited to sex, color, creed, disability, gender identity, sexual orientation, marital status, age and national origin.

The City has an equity impact review toolkit to help evaluate certain housing projects and will use this toolkit while implementing proposed housing-related activities. The toolkit will also help identify the risk of displacement associated with proposed activities once a better understanding of their location and scope is available. All activities must also comply with the City’s anti-displacement ordinance and federal standards related to relocation assistance.

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