# Striving for Inclusiveness in the Heartland

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## INTRODUCTION

Iowa City consistently appears in the ranks of lists for "Best Small Towns" and "Best Places to Live." It boasts a vibrant culture that is greatly augmented by the University of Iowa (UI). The downtown and UI campus have grown in an interconnected manner, which allowed for a highly walkable and robust city center teeming with shops, restaurants, bars, galleries, and music venues. Despite its high scores on quality of life rankings, Iowa City is not immune to the problem of inequitable access to affordable housing.

Rising income inequality can lead to inequitable access to housing because fewer low and middle income residents can afford the market rate prices. In Iowa City, this is driven by the demand from students wishing to live near UI campus. This area of increased renter demand has been dubbed, the University Impact Area.

The City of Iowa City's strategic plan has the stated goal of creating becoming more inclusive, and the comprehensive plan envisions diverse and affordable housing in all neighborhoods—old and new. In anticipation of greater income inequality, the City asked for an investigation to examine trends of housing inequality in the community and develop recommendations that will help the City in its neighborhood stabilization efforts and achieve its goal to maintain healthy neighborhoods that appeal to diverse populations.

The report is split into three components: a historic narrative of housing in Iowa City, a collection of Iowa City developer perspectives, and a series of comparable city case studies.



## **KEY POINTS**

#### Historic Narrative

- University of Iowa more than doubled in size since the early 1960s
- A shift to renter occupied housing near the University Impact Area
- Overall population growth in the metropolitan area
- Increasing diversity and racial concentrations

#### Developers Perspective

- Planned development processing is costly
- Neighborhood opposition, NIMBYim, is a challenge
- Partnerships are needed moving forward

### Opportunities

- Allow more flexibility for housing types in existing neighborhoods
- Educate the community about the benefits of a diverse neighborhood
- Encourage partnerships between developers and nonprofits in the affordable housing community

### Strategies and Comparative Cities

Strategies uncovered in Madison, and Ann Arbor yielded the most potential for applicability to the affordable housing problem in Iowa City. The report focused on three key areas:

- Using tax abatement for affordable housing
- Becoming proactive and competitive with Low Income Housing Tax Credits (LIHTC)
- •Creating a land bank for affordable housing



Source: ACS 2014 (5-year estimates)

Beyond the University Impact Area: Affordable Housing is a City-wide Issue in Iowa City Percent of Cost Burdened Renters by Block Group, Excluding Ages 24 and under



Rents and home prices are increasing...

Federal funding is declining...



—— CBDG —— HOME Source: US Department of Housing and Urban Development



| <ul> <li>Design regulations need to be relaxed</li> <li>P</li> <li>High design standards are in the public interest</li> <li>P</li> <li></li></ul> | Group | Perspective                                      |
|--|-------|--|
| <ul> <li>P N D</li> <li>Planned Developments can be costly</li> <li>P N D</li> <li>NIMBYism is a challenge in neighborhoods</li> <li>P N</li> <li>Subdivision regulations can exclude nonprofits</li> </ul>  |       | Design regulations need to be relaxed            |
| <ul> <li>P N D</li> <li>NIMBYism is a challenge in neighborhoods</li> <li>P N</li> <li>Subdivision regulations can exclude nonprofits</li> </ul>   | Р     | High design standards are in the public interest |
| <b>P N</b> Subdivision regulations can exclude nonprofits  |       | Planned Developments can be costly               |
|  |       | NIMBYism is a challenge in neighborhoods         |
| P N D Partnerships are needed  |       | Subdivision regulations can exclude nonprofits   |
|  |       | Partnerships are needed                          |



## Special thanks to our community partners:

## **CASE STUDIES**

#### MADISON, WISCONSIN



#### Key Statistics:

- •Population: 245,691
- •51 percent of renters are cost burdened
- Vacancy rate at 2-2.5 since 2011
- Strategies Applicable to Iowa City:

#### Create development zones to keep adding supply

 Introducing land banking as a means to buy up property, and eventually convey to affordable housing development

#### Expanding use of Low Income Housing Tax Credit (LIHTC):

- Aligning City funding programs with tax credit schedule to maximize likelihood of being awarded the credits
- Releasing RFPs to drive proactive development
- Recruiting developers to apply for LIHTC

### ANN ARBOR, MICHIGAN



#### Key Statistics:

- Population: 117,770
- •54 percent of renters are cost burdened
- Rental vacancy rate is 4.8

### Strategies Applicable to Iowa City:

#### Property tax abatement

- •\$1 per unit per year PILOT for qualified affordable housing projects
- Requires a portion of those units to be available to residents at 60 percent AMI or less

## CONCLUSION



In light of increasing inequality nationally, it is critical for planning professionals to be proactive in examining equity within his or her own community. In Iowa City, housing affordability is the key issue impacting equity and this report examined ways to improve the situation locally. An initial shared agenda for the issue was formed after opening communication with key stakeholders such as developers, non-profits, and city officials. This led to a more narrow view of the problem unique to lowa City and identified three key areas of opportunity for local intervention.

The first objective for flexible housing types can be achieved through a form based code that allows by right developers to build a variety of housing at greater density. Educating the community about the benefits of inclusivity can be done through campaigns such as the Yes in My Backyard initiative recently launched in Johnson County. Finally, forming partnerships between non-profits and private developers can help cover rents for units, can help developments score better for LIHTC applications, and can bring specialized skillsets to ensure a high quality project.

With these opportunity areas in mind, the report also explored alternative strategies from comparable cities, such as Ann Arbor and Madison. In relation to the challenges in Iowa City, the strategies of most interest to this project's partners turned out to be the expansion of LIHTC, affordable housing tax abatement, and creating a land banking policy.

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