

IOWA CITY, IA

ROUND 1 AWARD: \$3,752,000



Overview: To expand housing supply and lower housing costs, HUD's Office of Community Planning and Development awarded **\$3.75 million to Iowa City**. This grant funding will be used to identify and remove barriers to affordable housing production and preservation.

22% of homeowners and 61% of renters in Iowa City are housing cost burdened. The City has taken considerable actions to advance housing supply through forming an affordable housing fund, land use reform, tax increment financing, and updating local regulations.

PRO Housing funding will enable Iowa City to evaluate local regulations and land use policies, develop and update regional housing plans, and create pilots to support affordable housing development.

Restrictive Land Use Policies

- Minimum parking standards and neighborhood land use restrictions discourage multifamily development.

Limited Availability of Housing

- The demand for housing is partly generated by the 31,000 students attending the University of Iowa. Additionally, Iowa City is expected to grow by over 10,000 residents, and needs 4,600 new housing units to meet demand.

Local Development Capacity

- In recent years, the number of sites for new homes has decreased, due to a lack of capacity of local affordable housing.

LOCAL BARRIERS TO HOUSING IDENTIFIED BY IOWA CITY

RECENT ACTIONS TO BOOST HOUSING SUPPLY LOCALLY

Iowa City

- Amended the City's Comprehensive Plan to encourage affordable housing development — including mixed-income development, annexation of new lots, and flexibilities when building homes on undeveloped land.
- Adopted an Affordable Housing Action Plan and Fair Housing Choice Study — updating local regulations, increasing transparency, and providing technical assistance.
- Created an affordable housing fund — generating over \$7 million over the last eight years. In 2021 alone, this led to 36 new homes and assisted 114 households.
- Adopted Tax Increment Financing (TIF) to support affordable housing - which has already led to 26 affordable units.
- Encouraged affordable units in downtown districts — generating 79 affordable units and \$5.8 million in fees to help with additional affordable housing units.



ANTICIPATED IMPACT OF PRO HOUSING FUNDING

as contemplated in grant application

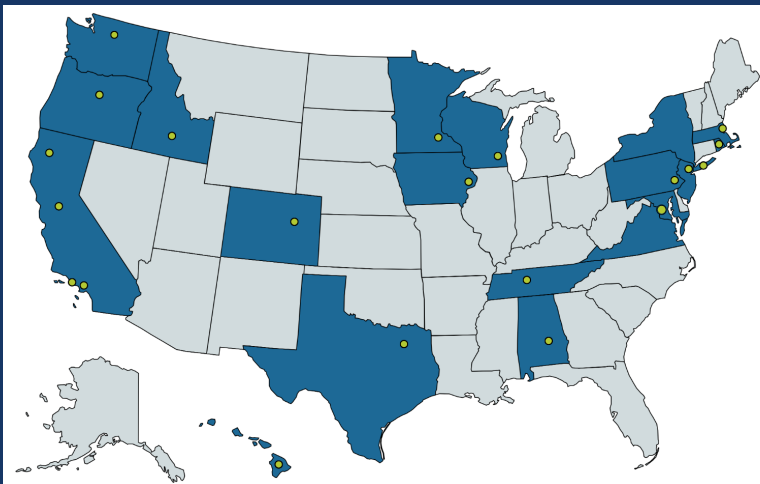
Update Housing Plans and Land Use Policies

- Iowa City will use PRO Housing funding for a variety of planning activities to support affordable housing production - including a study to assess parking regulations, a regional housing study, and updates to the City's Comprehensive Plan.
- Updates to local policies will directly lower construction costs for new housing and promote more sustainable urban development.
- The City notes that their Comprehensive Plan does not reflect current circumstances and priorities in addressing the housing crisis. PRO Housing funding will enable the City to update its local plan and development strategies to reflect the community's priorities and addresses existing disparities.

Incentivize the Creation of Affordable Housing

- The City intends to fund a pilot affordable housing development project, explore incentives for the development of accessory dwelling units, and offer housing counseling assistance for low- and moderate-income families.
- The pilot affordable housing development project will enable the Iowa City Housing Authority to construct new units of permanent affordable housing for low- and moderate-income households.
- The City also plans to launch an immediate housing assistance program to address shorter-term barriers relating to income and housing costs. This initiative will help at-risk households access permanent supportive housing.

HUD AWARDED \$85 MILLION TO 21 APPLICANTS THROUGH ROUND 1 OF THE PRO HOUSING COMPETITION



- PRO Housing provides first-of-its-kind funding to identify and remove barriers to housing production and preservation.
- The competition prioritizes communities that demonstrate an acute need for affordable housing.
- Successful applications demonstrated local actions — such as zoning and land use reforms, developer incentives, financing, and innovative strategies — to address barriers and boost housing supply.

For more information on CPD's PRO Housing competition and a complete list of round 1 winners, please visit:
https://www.hud.gov/program_offices/comm_planning/pro_housing

