

Clarinda CHAT Report

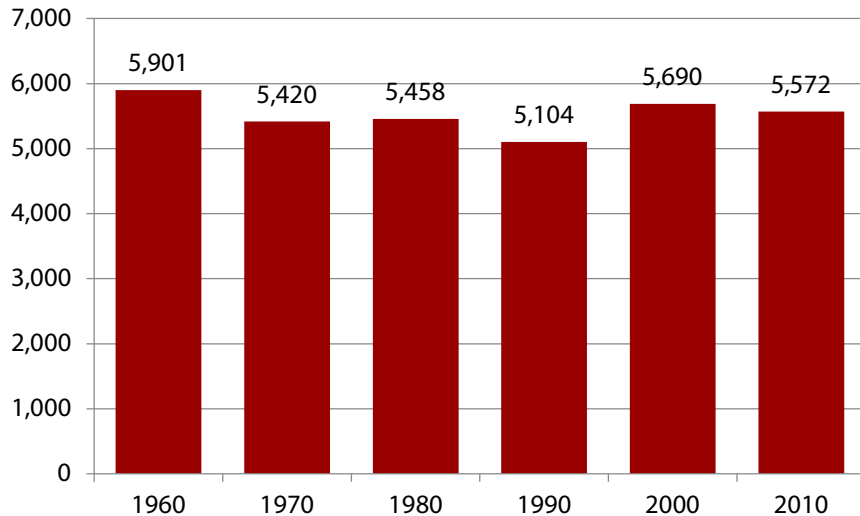
Community Housing Assessment Team

December 19th, 2017



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Population Change in Clarinda 1960–2015



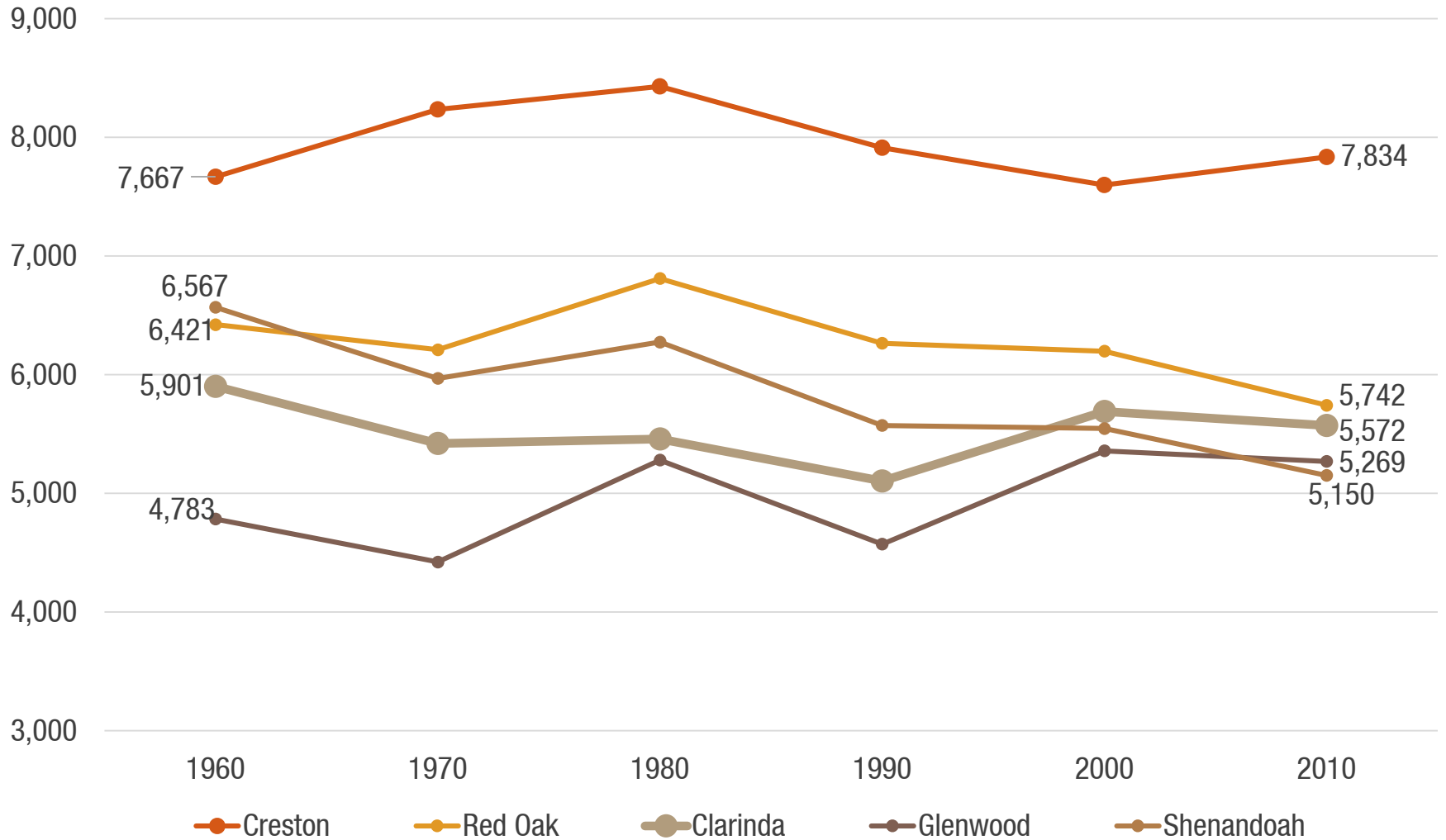
Between 1960 and 2010 Clarinda experienced minor fluctuations in population. The population increased in the 1990s, but the population was the highest in 1960 at 5,901. The estimated 2016 population shows continued decline at 5,385.

Clarinda is the largest municipality in Page County and increasing as a percent of the county population. An indication that the county is losing rural population and other communities like Shenandoah have also struggled to retain population.

Unique to Clarinda, 24% of the 2010 population was institutionalized (1,332) versus 17.7% in 2000 (1,009)

	1960	1970	1980	1990	2000	2010	Change
Clarinda	5,901	5,420	5,458	5,104	5,690	5,572	-329
Page County	21,023	18,537	19,063	16,870	16,976	15,932	-2,841
Clarinda as a % of Page County	28.1%	29.2%	28.6%	30.3%	33.5%	35.0%	

Population Change in Peer Cities 1960–2010



Population Change by Age Cohort

Clarinda: 2000–2010

Age Group	2000		2010		00–10 Difference
	Number	Percent	Number	Percent	
0–14	886	15.6%	826	14.8%	–60
15–19	509	8.9%	480	8.6%	–29
20–24	396	7.0%	369	6.6%	–27
25–34	771	13.6%	738	13.2%	–33
35–44	923	16.2%	735	13.2%	–188
45–54	670	11.8%	833	14.9%	163
55–64	438	7.7%	590	10.6%	152
65–74	471	8.3%	456	8.2%	–15
75–84	426	7.5%	364	6.5%	–62
85+	200	3.5%	181	3.2%	–19
Total	5,690	100.0%	5,572	100.0%	–118

 Increase
 Decrease

Increases and decreases naturally occur as different generations move through the cohorts. Some generations, like the Baby Boomers and Millennials, are larger than the ones before and after them.

Predicted Population Change by Age Cohort

Clarinda: 2000–2010

Age Group	Predicted 2010	Actual 2010	Difference	% Variance
0–14	748	826	78	10.4%
15–19	282	480	198	70.1%
20–24	324	369	45	13.9%
25–34	896	738	-158	-17.6%
35–44	761	735	-26	-3.5%
45–54	900	833	-67	-7.4%
55–64	628	590	-38	-6.1%
65–74	372	456	84	22.5%
75–84	324	364	40	12.2%
85+	236	181	-55	-23.3%
Total	5,472	5,572	100	1.8%

In-migration

Out-migration

Predicted vs. Actual is the difference between what would have been predicted to happen to the population based on standard birth and death rates versus what the population make up actually was in 2010.

Employment and Wages

City	2015 Labor Force	Labor Force Participation	Unemployment Rate
Clarinda	4,556	53.1%	5.3%
Creston	6,210	68.6%	4.8%
Red Oak	4,431	57.3%	13.4%
Glenwood	4,324	59.2%	4.0%
Shenandoah	3,984	58.7%	4.2%
Statewide	2,447,401	68.0%	4.9%

Source: 2011–2015 American Community Survey

All Occupations	2017 Entry Wage	2017 Median Wage
IWD Region 13 (Council Bluffs area)	\$9.44	\$15.20
IWD Region 14 (Creston area)	\$9.32	\$15.16

Source: Iowa Wage Report 2017, Iowa Department of Workforce Development

All of the major employers participating in this study noted a shortage of labor. It appears that a gap exists between the skills needed by local employers and the available workforce.

Unemployment rates as low as those seen in the state indicate near full employment, making for a very competitive market.

For an individual making \$15.20 an hour, Clarinda's median home value is just at what they can afford but below the ability to construct new owner-occupied housing. Rental units affordable to this income level exist in the market and new small market rate units can be constructed. However, some assistance such as TIF may be required to support construction of rentals that meet the markets' needs.

Industry of Employment and Occupation

Clarinda: 2016

Industry	% of Employed Labor Force
Agriculture, forestry, fishing and hunting, and mining	2.2%
Construction	6.2%
Manufacturing	20.2%
Wholesale trade	1.0%
Retail trade	13.0%
Transportation and warehousing, and utilities	2.6%
Information	1.9%
Finance and insurance, and real estate and rental and leasing	4.4%
Professional, scientific, and management, and administrative and waste management services	4.1%
Educational services, and health care and social assistance	32.5%
Arts, entertainment, and recreation, and accommodation and food services	4.9%
Other services, except public administration	2.6%
Public administration	4.3%

Occupation	% of Employed Labor Force
Management, business, science, and arts	35.9%
Service	16.0%
Sales and office	19.8%
Natural resources, construction, and maintenance	8.1%
Production, transportation, and material moving	20.1%

- Most of the employed labor force in Clarinda work in manufacturing, educational, and health care industries.
- NSK Corporation is the top employer with 325 employees
- Clarinda has several specialized employers including a regional health center, correctional facility, and youth foster care facility.

Comparative Income, Value, and Rent

Clarinda: 2015 Estimates

	Population (2016)	Median Household Income	Median House Value	Value/Income Ratio	Median Contract Rent
Creston	7,829	\$40,782	\$83,900	2.06	\$436
Red Oak	5,476	\$31,493	\$69,800	2.22	\$442
Clarinda	5,385	\$42,551	\$80,700	1.90	\$369
Glenwood	5,309	\$53,229	\$134,700	2.53	\$448
Shenandoah	4,972	\$36,541	\$80,300	2.20	\$404

- An affordable, self-sustaining housing market with adequate value or revenues to support market rate new construction typically has a V/I ratio between 2.5 and 3.
- Ratios below 2.0 are significantly undervalued relative to income and can create stagnation in a market due to concerns over new construction being absorbed or appraised at or above cost.
- Ratios above 3.0 exhibit significant affordability issues and can make it challenging for those in the lowest paid positions to find housing.
- Low rental rates can inhibit construction of new rentals that have to command higher rates to cover costs. With little to no market demonstrating the ability to support these rates, financing construction of new rentals can be challenging.

Housing Occupancy Change

Clarinda: 2000–2015

	2000		2010		2015		Change 2000–2015
	Number	% of Occupied Units	Number	% of Occupied Units	Number	% of Occupied Units	
Owner– Occupied	1,383	68.6%	1,319	68.4%	1,412	68.6%	29
Renter– Occupied	634	31.4%	609	31.6%	647	31.4%	13
Total Vacant	171		252		295		124
Vacancy Rate	7.8%		11.6%		12.5%		
Total Units	2,188		2,180		2,354		166

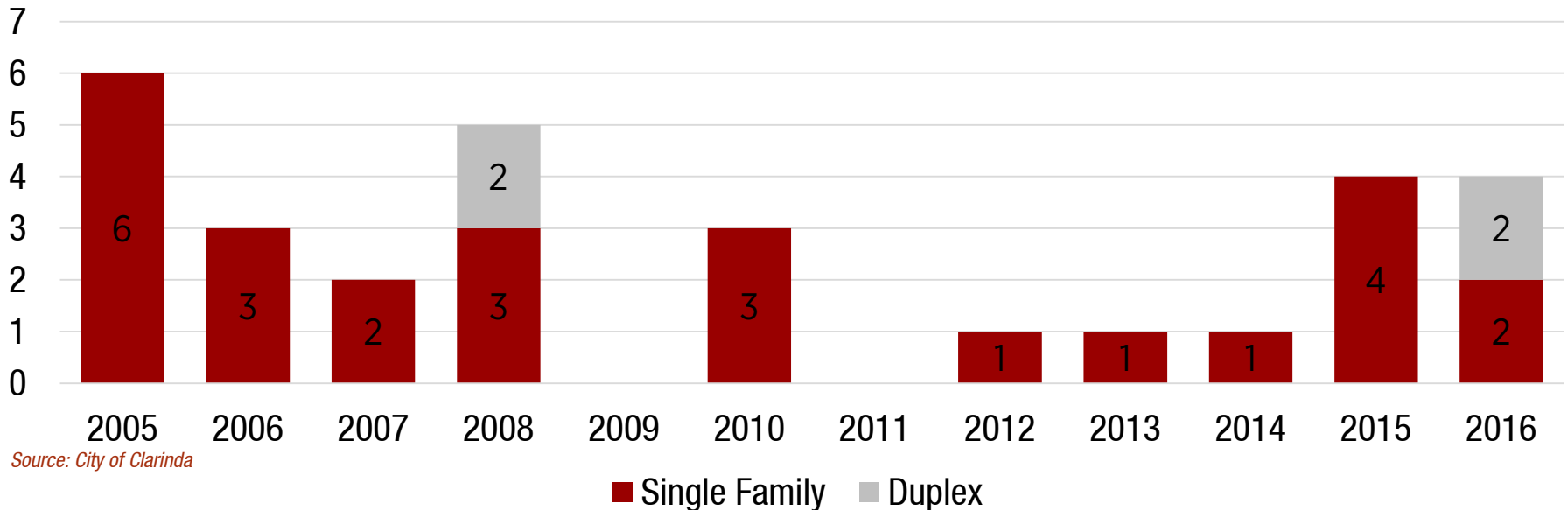
Source: U.S. Census

In 2015, the homeowner vacancy rate was 1.0% and the rental vacancy rate was 11.5%. The Census estimates that Clarinda has an increasing number of vacant and occupied units. Margin of errors can be high for the estimates, especially in smaller communities. This could mean lower quality units are not being filled but more likely reflects units that are not even on the market. Examples include units that are no longer being rented or homes that are vacant because an elderly owner has moved into an assisted living or skilled nursing care facility.

Housing Occupancy Change

Clarinda: 2000–2016

Construction Activity



Clarinda has experienced limited new construction from 2005 through 2016. Nearly all new units (approximately 87%) were single family. At an annual rate of approximately 2 per year, new construction cannot support growth and barely addresses replacement needs. Construction activity also supports the significant margin of error in the 2015 Census estimates. While the Census estimates would indicate that 166 units have been added to the market, only 14 new constructions have actually occurred. New units can also be added through conversions or splitting existing units, but this would not fully account for the significant difference.

Multiple Listing Service Data

Clarinda: 2012–2017

	2012	2013	2014	2015	2016	2017
Total Houses Sold	43	46	57	64	57	49
Average Price	\$104,915	\$92,431	\$88,286	\$84,139	\$103,648	\$107,886
Average Square Footage	1,584	1,470	1,602	1,385	1,488	1,683
Price Per Square Foot	\$67	\$61	\$58	\$61	\$69	\$71
Days on Market	223	101	117	116	133	98

Source: West Central Iowa Regional MLS

- From 2012 to 2017, the number of homes sold in Clarinda municipal limits averaged approximately 53 per year, around 2% of the total housing stock. Since 2015, the number of homes sold have decreased while both the average price and price per square foot has increased. At the same time, the average length a home is on home is on market has decreased from 117 to 98 days.
- In late 2017 there were approximately 25–30 homes on the market.
- Generally it can be assumed that a healthy market with good housing variety would have at least 3% of the housing stock for–sale at any given time.

Housing Affordability Ranges

Clarinda: 2015

Income Range	# HHs* in Each Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range for Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0–24,999	582	\$0–50,000	331	\$0–399	356	687	105
\$25–49,999	546	\$50–99,999	598	\$400–799	263	861	315
\$50–74,999	396	\$100–149,999	257	\$800–1,249	10	267	–129
\$75–99,999	207	\$150–199,999	113	\$1,250–1,499	0	113	–94
\$100–149,999	288	\$200–299,999	105	\$1,500–1,999	17	122	–166
\$150,000+	40	\$300,000+	8	\$2,000+	0	8	–32

This table should be read left to right across columns. HH = Households

- Clarinda has a shortage of housing for those making more than \$50,000 (less than a two income household making Clarinda’s average wage)
- Clarinda’s large supply of housing priced below \$100,000 or with rents below \$800 reflects the age of housing stock in the city.
- Even though there would appear to be plenty of housing for households making less than \$50,000, many residents earning higher wages are also competing for these units, creating a competitive market.

Comparative Population Models

Clarinda

	2010	2015	2020	2025	2030
Natural Growth*	5,572	5,476**	5,348	5,247	5,158
2010–2016 New Construction Rate (0.55% Annual Growth***)	5,572	5,476	5,591	5,710	5,832
Target Rate (0.75% Annual Growth***)	5,572	5,476	5,634	5,798	5,967

* Based on 2015 cohort survival and birth rates; **2011–2015 American Community Survey Estimate ***Growth projected using noninstitutionalized populations

- Clarinda is expected to have a natural decrease in population, meaning there would be more deaths than births if there was no in–migration
- If all new construction in Clarinda was occupied by new households, that would create an annual growth rate of 0.55 percent on noninstitutionalized populations.
- Clarinda should target a growth rate of 0.75 percent of non–institutionalized populations, which would be equivalent of capturing around 10% of workers currently commuting to Clarinda for work.

Projecting Housing Needs

- Use population scenarios, recent construction activity and assumptions about people per household to generate ten years of overall housing demand.
- Consider the distribution of household income in a community.
- Match income ranges with affordability price points, based on housing costs equal to 30% of adjusted gross income.
- Define price breakouts for new housing demand, based on the assumption that new construction should ideally be affordable to the existing household income distribution.
- Note: These estimates are not meant to indicate an exact demand for housing, but rather provide guidance as to what kinds of housing is needed to reach certain targets.



Development Targets 2017–2030

	2017-2024	2025-2030	Total
Population at End of Period	5,765	5,967	
Households Population at End of Period	4,371	4,525	
Average People per Household	2.2	2.2	
HH Demand at End of Period	1,996	2,066	
Projected Vacancy Rate	11.6%	11.6%	
Unit Needs at End of Period	2,257	2,336	
Replacement Need	7	6	13
Cumulative Need During Period	95	85	180
Average Annual Need	14	14	14

Source: RDG Planning & Design

Housing demand calculation is based on:

- No change in the number of people per household
- Average annual replacement of 1 unit per year due to demolitions, replacement, etc.
- A steady vacancy rate

- To reach the target population of 5,967, there will be a demand for approximately 180 units.
- This would require approximately 14 new units to be built per year, significantly higher than the average annual rate of construction in recent years.

Development Targets

2017–2030

	2017–2024	2025–2030	Total
Total Need	95	85	180
Total Owner Occupied	48	43	91
Affordable Low: \$60–100,000	8	7	16
Affordable Moderate: \$100–130,000	10	9	18
Moderate Market: \$130–200,000	13	12	24
High Market: Over \$200,000	17	16	33
Total Renter Occupied	47	42	89
Low: Less than \$450	21	19	40
Affordable: \$450–700	12	11	22
Market: Over \$700	14	13	27

- This analysis assumes a split of 50% owner–occupied and 50% rental units, meeting the demand for quality rental units (rounding favors owner–occupied).
- New construction will cost more than \$130,000, causing demand for lower–cost units to be met by existing housing.

A Housing Strategy



Housing Resource

- Employment Growth
- Institutional Strengths
- Housing Stock
- Infill Opportunities
- Pro-Active Community
- Iconic Streets
- Stable Downtown



Housing Resource

- **Employment Growth**
- Institutional Strengths
- Housing Stock
- Infill Opportunities
- Pro—Active Community
- Iconic Streets
- Stable Downtown



Clarinda's major employers continue to generate demand for more housing. Local entrepreneurs have continued to grow with a strong commitment to the community. All of the major employers talked of a desire to hire additional staff, including H&H's interest in a much larger expansion if the workforce is available.

Housing Resource

- Employment Growth
- **Institutional Strengths**
- Housing Stock
- Infill Opportunities
- Pro—Active Community
- Iconic Streets
- Stable Downtown



Clarinda maintains a high level of community cohesion and civic strengths. This include a regional hospital, cultural facilities like the Glenn Miller Birthplace, Clarinda Academy, the school district, and even the state prison. These facilities create a strong and positive identity for the city that should be capitalized on to attract and retain a skilled workforce.

Housing Resource

- Employment Growth
- Institutional Strengths
- **Housing Stock**
- Infill Opportunities
- Pro—Active Community
- Iconic Streets
- Stable Downtown



Like every city, Clarinda has pockets of disinvestment, but overall the city's housing stock is in good condition despite its age. The vast majority of residents take pride in their property, continuing to invest and make improvements.

Housing Resource

- Employment Growth
- Institutional Strengths
- Housing Stock
- **Infill Opportunities**
- Pro—Active Community
- Iconic Streets
- Stable Downtown



Infill development and sites with existing services can be one of the most affordable ways to provide workforce housing for a city. The use of existing infrastructure should reduce costs but assistance still may be needed for site preparation. Clarinda has several larger sites with access to services that can provide new affordable housing options.

Housing Resource

- Employment Growth
- Institutional Strengths
- Housing Stock
- Infill Opportunities
- **Pro-Active Community**
- Iconic Streets
- Stable Downtown



Everywhere one turns in Clarinda the energy and investment of its residents can be seen. This starts in the downtown where reinvestment is occurring to the Glenn Miller Museum and the school district. These efforts demonstrate the commitment residents have to the community and willingness to do more than just talk about improvements.

Housing Resource

- Employment Growth
- Institutional Strengths
- Housing Stock
- Infill Opportunities
- Pro—Active Community
- **Iconic Streets**
- Stable Downtown



Clarinda's boulevard system is one of the most iconic in the region. These types of public investments demonstrate the pride the early founders had in the community and their attention to quality. These boulevards should be one of the premier places to live in Clarinda with easy access to downtown and civic events.

Housing Resource

- Employment Growth
- Institutional Strengths
- Housing Stock
- Infill Opportunities
- Pro—Active Community
- Iconic Streets
- **Stable Downtown**



During the 1980s many of Iowa's downtowns stumbled, struggling through the recession and changing retail patterns. Today small downtowns across the state are seeing a resurgence as retail patterns change again to the more experience oriented shopping that Downtown Clarinda can provide. Continued investments in the district will only make the community more attractive to the next generation of workers.

Housing Challenges

- Workforce Housing Scarcity
- Housing Economics
- Population Recruitment
- Affordability Mismatches
- Housing Alternatives
- Lot Inventory
- Stagnant Rental Values



Housing Challenges

- **Workforce Housing Scarcity**
- Housing Economics
- Population Recruitment
- Affordability Mismatches
- Housing Alternatives
- Lot Inventory
- Stagnant Rental Values



New residents and young households report difficulties in finding affordable housing in Clarinda that matches their needs. Currently (2017) houses on the market are near record low levels, with only 26 homes for-sale. Housing within mid-range price points sell within days, if not before listing and quality rentals are at a premium. Some even noted having to purchase a small home, even if they were not ready for homeownership, because they could not find a unit to rent.

Housing Challenges

- Workforce Housing Scarcity
- **Housing Economics**
- Population Recruitment
- Affordability Mismatches
- Housing Alternatives
- Lot Inventory
- Stagnant Rental Values



Stakeholders in Clarinda and the market analysis described earlier showed a demand for housing priced between \$130,000 and \$200,000 or with rents over \$800 a month. However, given current home values and rental rates, along with construction costs makes it is very difficult for the private market alone to deliver marketable products within these ranges. Because of Clarinda's relatively small size, it is difficult to achieve economies of scale that could reduce construction costs.

Housing Challenges

- Workforce Housing Scarcity
- Housing Economics
- **Population Recruitment**
- Affordability Mismatches
- Housing Alternatives
- Lot Inventory
- Stagnant Rental Values



Clarinda has many quality of life amenities but it has struggled to capture the nearly 1,900 workers that commute into the city everyday for work. This is both a blessing and a struggle. While this means that employers are able to find a workforce from a larger region, the loss of these residents means fewer employees who are invested in the local community.

Housing Challenges

- Workforce Housing Scarcity
- Housing Economics
- Population Recruitment
- **Affordability Mismatches**
- Housing Alternatives
- Lot Inventory
- Stagnant Rental Values

Affordable housing is a significant problem for new residents and young households, but the housing affordability analysis suggests that most Clarinda residents are not overburdened by the cost of their housing. Indeed, a significant amount of more moderately valued homes appear to be occupied by relatively higher income households. Some of these are likely to be older adults, some of whom may be inclined to seek a different housing setting if one were available.

Housing Challenges

- Workforce Housing Scarcity
- Housing Economics
- Population Recruitment
- Affordability Mismatches
- **Housing Alternatives**
- Lot Inventory
- Stagnant Rental Values

Most of Clarinda's housing supply is single-family detached, with a limited number of attached or duplexes and older multifamily buildings. Alternative types of housing, including small-lot or semi-attached single-family, townhomes and contemporary multi-family development, are generally not being developed. The city has a great opportunity to create quality rentals in a small environment with the development of Hope Hall. Another promising market might be an independent living, senior "condominium" project with maintenance services provided for residents.

Housing Challenges

- Workforce Housing Scarcity
- Housing Economics
- Population Recruitment
- Affordability Mismatches
- Housing Alternatives
- **Lot Inventory**
- Stagnant Rental Values



A dwindling lot supply is a serious challenge for Clarinda. In the past the city has had limited involvement in development of lots. For most smaller communities, developers are adverse or do not have the financial wherewithal to take on the development of new subdivisions, where absorption rates are much slower. Active involvement in lot development will be necessary to support future growth. This development should also include clearing and preparation of infill lots.

Housing Challenges

- Workforce Housing Scarcity
- Housing Economics
- Population Recruitment
- Affordability Mismatches
- Housing Alternatives
- Lot Inventory
- **Stagnant Rental Values**

Stagnant rental values can be the biggest deterrent to new rental development. For new construction to cash flow, a minimum rent must be achieved that is often well above average rental rates. This often creates the perception that new products cannot be supported. However, developers are increasingly seeing the demand for quality rental housing in rural markets. Lower cost rental housing must be maintained for the county's lowest wage earners, but more variety is needed in the market to support new young residents and older residents looking to downsize.

Directions Forward



Strategic Objectives

As Clarinda looks ahead to the next decade, it appears **poised to grow**. But this future depends on the city being able to achieve and maintain a sustainable level of growth. The analysis of both assets and issues suggest the potential to achieve this; however a number of **forces limit Clarinda's ability to provide affordable housing for people who are logically attracted to the city**. If this housing isn't provided, the community will be unable to attract the new residents who want to live and contribute to the region. Other aspects of community life may eventually be affected, and opportunities to reverse population loss will be missed.

Strategic Objectives

A Housing Strategy for Clarinda can help address these challenges by:

- A. Providing a **choice of housing environments** by offering **developable sites and residential types** that meet housing needs for households at different points in the life cycle.
- B. Public incentives to meet needs that the private market cannot meet alone.

Strategic Objectives

Lifecycle Housing

Growing Up

- Safe, nurturing homes for growing as a person
- Secure neighborhoods

Starting

- Places to try out and experiment
- Housing within one's means
- Economic opportunity

Settling

- Places to put down roots and gain equity
- Places to grow and establish a household
- Housing within one's changing means
- Room to grow

Prospering

- Options
- Settings that adapt to stages of life

Aging

- Options
- Settings that adapt to stages of life
- Places for active retirement
- Places for growing old with dignity

1

Housing Partnership

Clarinda should create a public/private housing partnership to meet important community housing needs.

This may include:

- A **consortium of lenders** to provide interim financing and other support to development efforts, and encourage economies of scale.
- A **nonprofit or for-profit** housing development corporation that may be an active developer if necessary, but principally to work with private developers or builders.
- **City involvement** in the development and financing of infrastructure and development of sites.

1

Housing Partnership

Partnership Efforts should focus on:

1. Development and maintenance of moderately-priced homes.

Through the partnership the risk of developing housing in these affordable price ranges (\$160,000–\$200,000) should be spread to the community, rather than focusing it on homebuilders who are adverse to these risks. A reasonable scale can help reduce construction costs. One mechanism to accomplish this is by providing construction financing to the development entity, which then contracts with builders to build homes. Repayment occurs with the sale of homes.

1

Housing Partnership: Example



Moderately—priced housing throughout a community—based program. In Sioux Center, a growing community in northwest Iowa, a community land development corporation, capitalized by purchase of shares by citizens of the town, has developed a new moderately—priced development. This features a program to build three to six speculative homes at a time, that maintains an available inventory. The proceeds of sales are then used to build the next increment of houses. This town of about 5,000 has built out a 70 home subdivision in this way.

1

Housing Partnership

2. Increase the number of market rate rentals.

Combined with site availability, low–income housing tax credits (LIHTC) can successfully address some affordable housing needs. However, for Clarinda **some assistance may also be needed for the construction of new market rate rentals**. Without a demonstration project the market for new rentals appears to be untested. Additional financing and site assistance will likely be necessary to make a first project work.

1

Housing Partnership

2. Increase the number of market rate rentals. (con't)

The renovation and redevelopment of Hope Hall provides the city with a great opportunity to demonstrate the need for new market rate housing. The most recent concept has 23 units in a range of price points and sizes. While this would appear to absorb nearly all of the ten year demand in those price points it should be noted that many higher income households are currently occupying more affordable rental units. By freeing those units up we would also be addressing the need for units priced below \$600 a month.

1

Housing Partnership

3. Neighborhood Conservation

The city's best source of affordable housing is within the existing housing stock. Therefore, conservation of this housing will be essential. One potential approach is a **purchase–rehab–resale program** that is run through the non–profit developer. In this program a home is purchased, rehabbed, and sold to a qualified buyer. This is done with the prospect of maintaining the housing covering costs. This could be combined with a senior oriented development that allows the senior to move into more appropriate housing while providing housing to a young family.

1

Housing Partnership: Example



Over a five year period NeighborWorks Northeast Nebraska has implemented a highly successful Purchase Rehab Resale program in Columbus, Nebraska. Under the program repairs can range from \$2,000 to \$25,000. Following completion of the repairs the home is sold to the qualifying household often with down payment assistance of 20% of the final purchase price, up to \$20,000. For Columbus, Nebraska this has resulted in 140 homes being updated and owned, often by first time home buyers.

2

Lot Supply

The policies and strategies for lot development is directly impacted by a community's absorption rate.

1. Infill Lot Development

The city's existing supply of infill lots can be a great resource for affordable housing development. Selling these lots to the adjoining property owners should no longer occur unless a guarantee is given that a new home will be constructed. Some city's have even given away these lots on the contingency that a new unit be built within a certain timeframe.

Additional funding for demolition and site preparation should also be established.

2



Potential sites around the city, like the former track and football field can provide a great opportunity for additional housing with integrated greenspace. These spaces can development in many different ways but, as this diagram shows, a good number of additional units can be generated with a well done site plan.



1

Infill Development



Single-Family Rentals: Excelsior Street
Excelsior Springs, MO

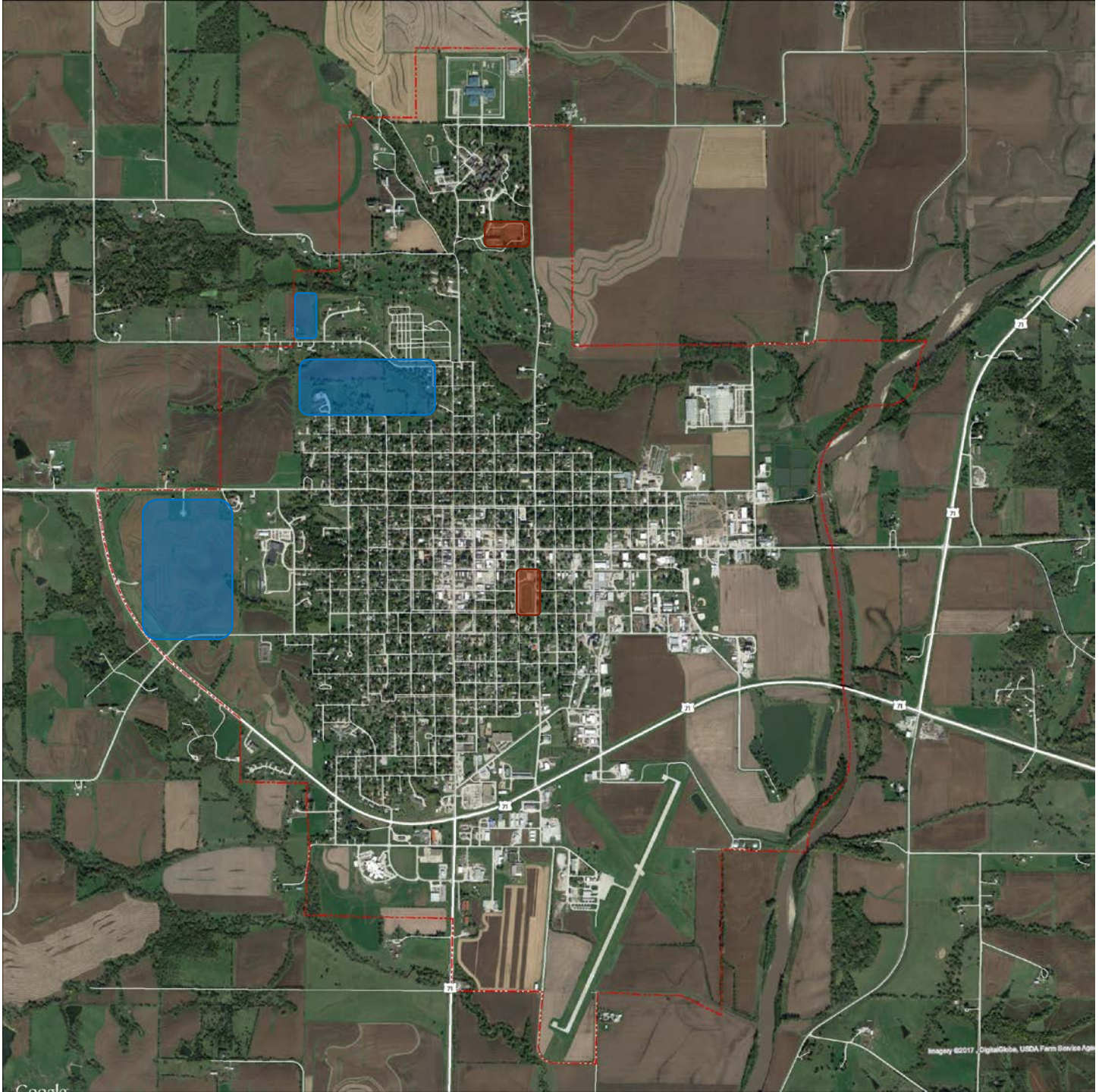
2

Lot Supply

2. New Lot Development

- Rural communities have several options for lot development. These include:
 - Tax Increment Financing
 - Community Development Organizations
 - Direct lot development by cities using general funds or bonds
 - Special Assessment
 - Tax Abatement

2



2

Lot Development



Dodge City, KS has successfully used Rural Housing Incentive Districts (a form of tax increment financing) to develop infrastructure without relying entirely on private financing or special assessments, which in one way or another drives up the cost of housing.

2

Lot Supply

2. New Lot Development

- **Right sizing developments:** Avoid development of large lots on the city's dime. These lots do not pay for themselves long-term and can cost future tax payers more in infrastructure maintenance and extension.



3

Improve Property Maintenance

Housing reinvestment and property maintenance is essential to a stable housing market that allows for safe financial investments.

- **Code Enforcement.** Expanded code enforcement, potentially through shared staff
- **Infrastructure Investment.** Code enforcement should be backed—up by city investments in infrastructure, public facilities, and street maintenance
- **Housing Rehab.** Grants or low interest loans encourage reinvestment and energy improvements.
- **Free or reduced infill lots**
- **Marketing of programs.** Often communities have rehab loans and grants that go unused because residents are unaware of the programs.



4

Financing

Communities or the non–profit developer will need to expand funding sources and programs to meet the demand for housing variety (both rental housing and different housing models)

Development Capital:

- **Local Fund:** development of a local fund allows flexibility, but state trust dollars also are available
- **Lending Consortium:** allows the banking community to share the risk
- CDBG/HOME funds
- **Local Employers:** either through funding of a trust fund or through more direct employer assisted housing

4

Financing: Iowa Workforce Housing

- Split into two programs
 1. For all cities in the state
 2. For “small city” defined as any community not in one of the 11 largest counties
- Includes a refund of sales, service, or use taxes paid during construction
- State investment tax credit of up to 10% or 20% (if in a small city) of the investment directly related to the construction or rehabilitation of the housing
- The state investment tax credit is fully transferable

4

Financing: Iowa Workforce Housing

- Projects must meet one of four criteria:
 - Housing development located on a grayfield or brownfield site
 - Repair or rehabilitation of dilapidated housing stock
 - Upper story housing development
 - New construction in a greenfield

4

Financing: Iowa Workforce Housing

- For the **10% tax credit** the developer must build or rehabilitate at least **four single–family homes** or at least **one multi–family building** containing three or more units or at least two upper story units
- For the **20% tax credit** **two or more single–family homes** have to be built
- Total project costs may not exceed \$250,000 per unit for projects in small city
- The housing project must be completed within three years of award

4

Financing

- Local Tax Abatement. Local tax abatement should also be considered for specific development targets. It would be logical to use the IWTC qualifications for application of city tax abatement assistance. In addition, tax abatement may be applied to properties or projects that deliver housing in specific target ranges.