

2023

Johnson County Affordable Housing Report



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INTRODUCTION

According to the 2020 census, Johnson County's population of 152,854, ranks as the fourth largest county in Iowa. The County has experienced consistent growth over the last several decades. Since 2000, the County's population has increased 38% making it one of the fastest growing counties in Iowa.

Housing affordability is a challenging and complex issue facing many communities. According to the Aspen Institute, more than 38 million (1 in 3) U.S. households – approximately 100 million people – live in housing that is not affordable for them. In Johnson County, housing costs are some of the most expensive in the state of Iowa. Approximately 55% of all renters in Johnson County are considered housing cost burdened (*National Low Income Housing Coalition, 2023*), including 92% of extremely low- income households. Families faced with the financial burdens of high housing costs often struggle to meet other basic needs including nutrition, transportation, child care, health care and education.

Housing in Johnson County is expensive, in part, because the housing supply has not kept up with the rapidly growing population. Johnson County has a shortage of 8,205 units of affordable and available rental units for extremely low -income renters, representing 14% of the 57,191 units needed, in the state of Iowa, to meet the housing need for the lowest income renters. The shortage of affordable rental housing is most significant for extremely low- income households, those below the poverty guidelines or 30% of the area median income, whichever is higher. Black, Latino and Indigenous households are disproportionately low-income renters and are disproportionately impacted by the lack of affordable rental housing.

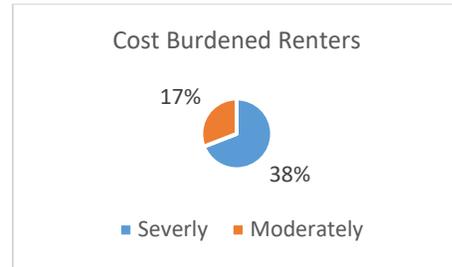
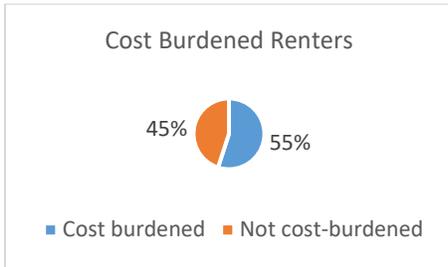
Johnson County has consistently invested in the continuum of affordable housing options for decades. Those investments include, emergency rent and utility assistance, emergency shelter services, development of affordable housing units, and expansion of home ownership opportunities.

The intent of this report is to evaluate Johnson County's current affordable housing investments, identify gaps and areas of need and render recommendations for future funding investments.

MEASURING HOUSING AFFORDABILITY

One of the most frequently used measures to assess housing affordability occurs through evaluating housing costs as a percentage of household income. Residents who spend more than 30% of their household income on housing costs are considered cost burdened. Households are severely cost-burdened when they spend more than 50% of their income on housing expenses. Johnson County has the highest percent of cost-burdened households in the state.

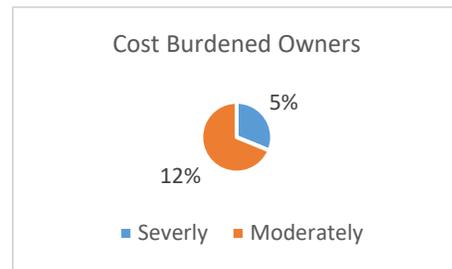
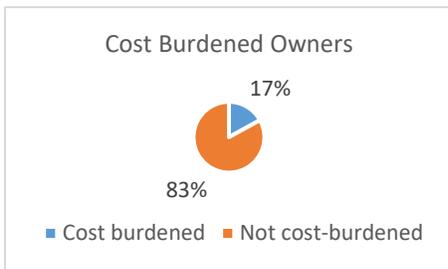
Johnson County cost- Burdened renters compared to non-cost burdened and percent severely compared to moderately cost-burdened.



Source: National Low Income Housing Coalition, 2023

According to the National Low Income Housing Coalition, 55% of all Johnson County renters are housing cost burdened, while 38% of renters are severely housing cost burdened.

Johnson County cost-burdened owners compared to non-cost burdened and percent severely compared to moderately cost-burdened.



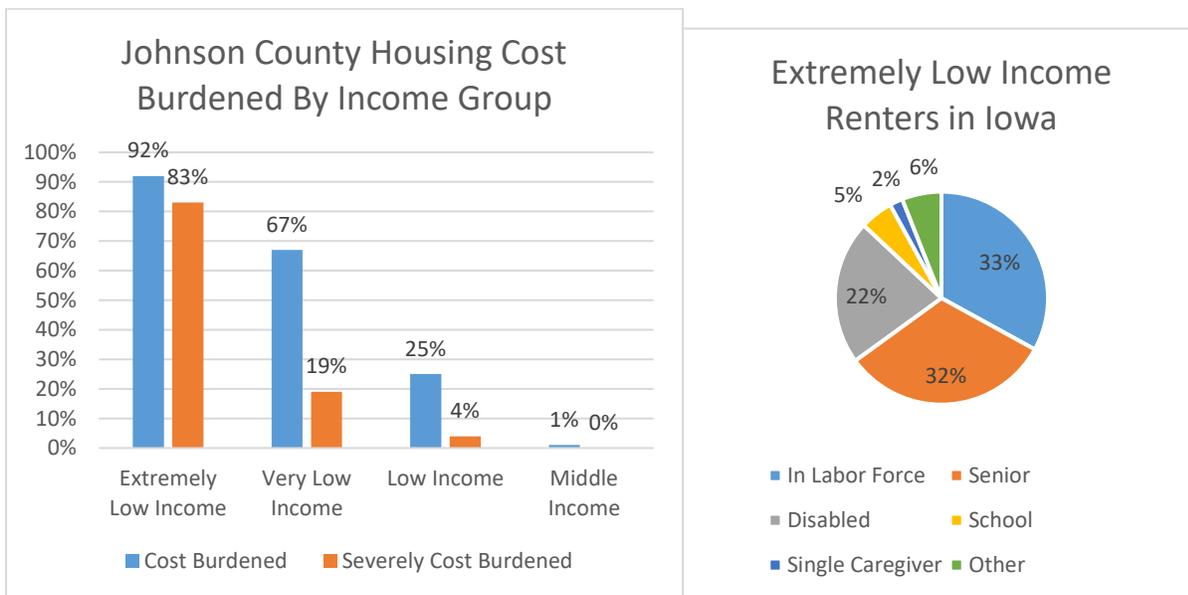
Source: National Low Income Housing Coalition, 2023

Seventeen percent of Johnson County homeowners are housing cost burdened. Five percent of all homeowners in the County are severely housing cost burdened and 12% moderately cost burdened.

Annually, HUD calculates the Area Median Income (AMI) for all metropolitan regions in the country. The AMI is used to determine eligibility for a variety of HUD funded programs including Housing Choice Vouchers and low-income tax credits. The FY23, Area Median Family Income is \$129,500 compared to \$95,200 statewide. Johnson County has the highest AMI in the state.

FY 2023 U.S. Housing and Urban Development AMI - Johnson County, Iowa

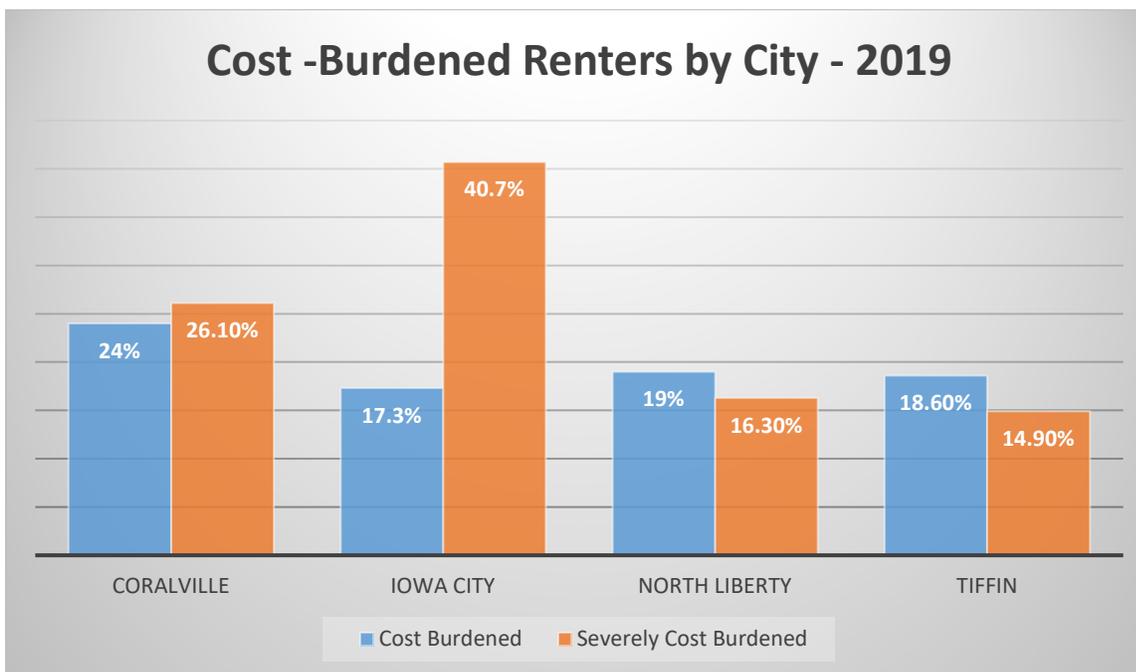
| Median Family Income | Household Size | Extremely low income (less than 30% Median Income) | Very low income (less than 50% Median Income) | Low income (less than 80% Median Income) |
|----------------------|----------------|--|---|--|
| \$129,500 | 1 | \$24,250 | \$40,400 | \$64,650 |
| | 2 | \$27,700 | \$46,200 | \$73,850 |
| | 3 | \$31,150 | \$51,950 | \$83,100 |
| | 4 | \$34,600 | \$57,700 | \$92,300 |



Source: NLIHC tabulations of 2021 ACS PUMS

Households with the lowest incomes are disproportionately cost burdened. In Johnson County, 92% of extremely low -income and 67% of very low -income households are housing cost burdened. Extremely low- income households are those earning less than 30% of the AMI. Based on 2023 HUD data, a four- person household, in Johnson County, earning less than \$34,600 is considered extremely low income while a household earning less than \$57,700 is considered very low income.

The elderly and disabled account for 54% of all extremely low-income renters in Iowa. Those in the workforce represent 33% of the extremely low-income renters.



Source: US Census Bureau, ACS 2015-2019

Based on Census Bureau data, Iowa City renters are the most cost burdened in the county, followed by Coralville and North Liberty. In 2019, 40.7% of renters in Iowa City were severely housing cost burdened compared with 26.1% in Coralville, 16.3% in North Liberty and 14.9% in Tiffin.

In 2023, the two- bedroom Johnson County housing wage is \$21.67, meaning a full-time worker must earn this amount to afford a modest, two-bedroom apartment without spending more than 30% of income on rent. The estimated hourly mean renter wage is \$13.45. The monthly rent affordable at the mean renter wage in Johnson County is \$699.

According to the National Low Income Housing Coalition, *Out of Reach 2023*, the two-bedroom housing wage in Iowa is \$18.12. In comparison, the Iowa City metropolitan area/Johnson County housing wage is \$21.67, the highest in the state.

| Most Expensive Areas | Housing Wage |
|----------------------------------|--------------|
| Iowa City HMFA/ Johnson County | \$21.67 |
| Omaha- Council Bluffs HMFA | \$20.93 |
| Des Moines – West Des Moines MSA | \$20.65 |
| Ames MSA | \$18.87 |
| Des Moines County | \$17.46 |

HMFA= HUD Metro FMR Area. SMA=Metropolitan Statistical Area

The two -bedroom housing wage in Johnson County ranges from a low of \$18.46 in Solon, Lone Tree, and Swisher to a high of \$25.19 in North Liberty. The cities with the lowest housing wage in the county are still higher than the statewide average.

Comparison of 2023 housing wage, fair market rent rate by state, county, and city

| State/County/City | 2 Bedroom Housing Wage | 1 Bedroom Housing Wage | Fair Market - 2br | Fair Market - 1br |
|-------------------|------------------------|------------------------|-------------------|-------------------|
| Iowa | \$18.12 | \$14.52 | \$943 | \$755 |
| Johnson County | \$21.67 | \$17.69 | \$1,127 | \$922 |
| Iowa City | \$21.73 | \$17.69 | \$1,130 | \$920 |
| East Iowa City | \$23.65 | \$19.42 | \$1,230 | \$1,010 |
| West Iowa City | \$21.91 | \$17.88 | \$1,140 | \$930 |
| Coralville | \$21.54 | \$17.69 | \$1,120 | \$920 |
| North Liberty | \$25.19 | \$20.58 | \$1,310 | \$1,070 |
| Tiffin | \$22.69 | \$18.65 | \$1,180 | \$970 |
| Oxford | \$20.38 | \$16.73 | \$1,060 | \$870 |
| Hills | \$20.00 | \$16.35 | \$1,040 | \$850 |
| Solon | \$18.46 | \$15.00 | \$960 | \$780 |
| Lone Tree | \$18.46 | \$14.81 | \$960 | \$770 |
| Riverside | \$20.96 | \$16.15 | \$1,090 | \$840 |
| Swisher | \$18.46 | \$14.81 | \$960 | \$770 |

Fair Market Rent (FMR) is an estimation of how much rent should cost in a given geographic area based on the unit size. Annually, the U.S. Department of Housing and Urban Development (HUD) updates the FMR based on a specific formula. The FMR is used in determining eligible rent standards for the Housing Choice Voucher Program and other HUD funded programs.

Housing and Urban Development (HUD) FY 2023 & FY 2022 Fair Market Rent by Unit Bedrooms for Johnson County

| Year | <u>Efficiency</u> | <u>One-Bedroom</u> | <u>Two-Bedroom</u> | <u>Three-Bedroom</u> | <u>Four-Bedroom</u> |
|----------|-------------------|--------------------|--------------------|----------------------|---------------------|
| FY23 FMR | \$810 | \$922 | \$1,127 | \$1,602 | \$1,920 |
| FY22 FMR | \$757 | \$848 | \$1,063 | \$1,510 | \$1,819 |

Rent prices are out of reach for many residents. A family of four, with an income at 100% federal poverty (\$30,000 in 2023) would be considered housing cost burdened if they paid more than \$750 in monthly rent. An older adult or individual with a disability receiving a \$914 monthly SSI payment would be able to pay no more than \$274 per month without being housing cost burdened. Fair market rent rates are not affordable for low-income renters.

There are a variety of governmental rental assistance programs, however they are greatly insufficient to meet the need. Many programs have long waiting lists, while other programs only provide short-term, temporary assistance. The federally funded Housing and Urban Development (HUD) Housing Choice Voucher Program (HCV), also commonly referred to as Section 8, provides a rent subsidy for eligible households earning 50% or less of the AMI. Households with a HCV may rent from a private landlord who is willing to accept the voucher. In most cases, the tenant pays 30% of the housing costs and the HCV covers the remainder. As a household's income fluctuates so does the subsidy. Recipients of the HCV are generally not considered housing-cost burdened since their share of housing costs do not exceed 30% of their income.

A report by the Housing Initiative at Penn indicated that in 2020 there were 1,299 HCV vouchers available for eligible Johnson County residents, however based on income eligibility there was a need for 14,473 households. In 2021, Iowa City reported having 1,215 HCV, 95 VASH vouchers (veterans), 78 Mainstream Vouchers (chronically homeless) and 69 Emergency Housing Vouchers. The demand for vouchers far exceeds availability. Fewer than 10% of income eligible households in Johnson County receive a HCV and those that do are typically on a waiting list for several years. According to multiple studies, the HCV Program is one of the most successful strategies to reduce poverty and racial wealth disparities.

Affordable Housing Shortage

Across the country there is a severe shortage of affordable and available housing for extremely low-income renters. As rental prices continue to rise, the availability of affordable units continues to dwindle. Additionally, many lower cost rental units are being razed and replaced by new, higher cost developments.

Nationally, one-quarter of the 11 million renters are extremely low-income. According to 2023 data from the National Low Income Housing Coalition, 26% of Iowa renters are extremely low income (below 30% AMI) compared to 41% of Johnson County renters. There is a shortage of 57,191 affordable and available rental homes in Iowa for extremely low -income renters. Johnson County has a shortfall of 8,205 affordable and accessible units for the lowest income renters, representing 14% of the overall statewide deficit. There are only 18 affordable and accessible units per 100 extremely low-income households in Johnson County, the lowest available in the state. Comparatively, Linn, Dubuque and Black Hawk Counties have 39, 35 and 30 units respectively per 100 extremely low-income renters. Johnson County has 72 affordable and accessible units per 100 households earning at or below 50% AMI and 100 units per 100 households earning at or below 80% AMI in Johnson County. Nationwide, there is a housing gap to meet the needs of the lowest income renters, however this housing gap is exacerbated in Johnson County.

Johnson County Affordable and Available Rental Units by Income

| Area Median Income | Number of Renter Households | Number of Units Affordable and Available | Surplus or Deficit in Affordable & Available Units | Available & Affordable Units/100 Renters |
|---------------------|-----------------------------|--|--|--|
| 30% or below | 10,020 | 1,815 | -8,205 | 18 |
| 50% or below | 14,800 | 10,645 | -4,175 | 72 |
| 80% or below | 19,220 | 19,210 | -10 | 100 |

National Low Income Housing Coalition; 2023 Housing Profile

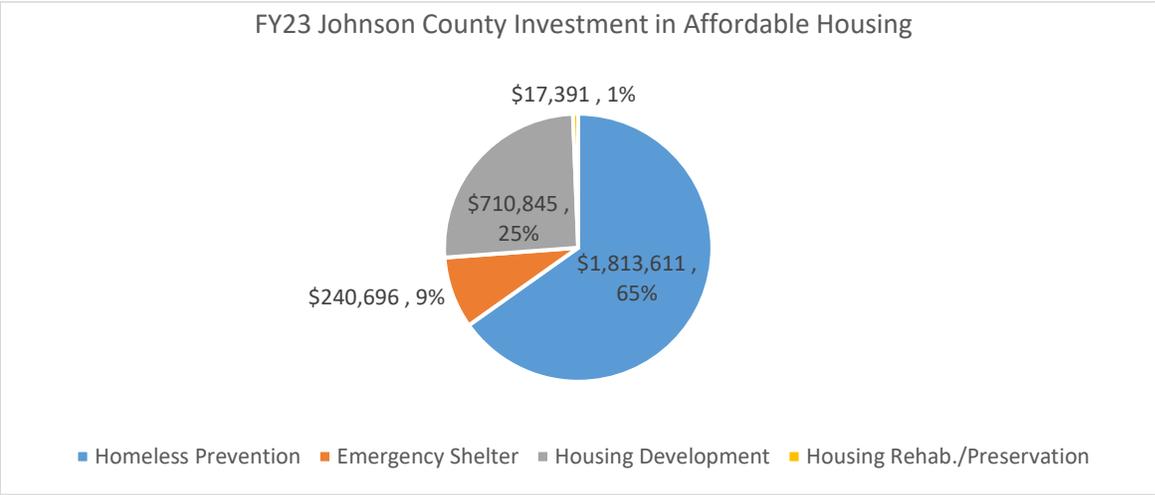
Johnson County Investment in Affordable Housing

For decades, Johnson County has invested in the continuum of affordable housing services from emergency shelter services to home ownership with an overarching goal of ensuring housing stability for low -income Johnson County residents. The table below illustrates the county's investment between fiscal years 2020 and 2023. The fiscal year 2024 investment will be higher as affordable housing initiatives funded with American Rescue Act funds expand.

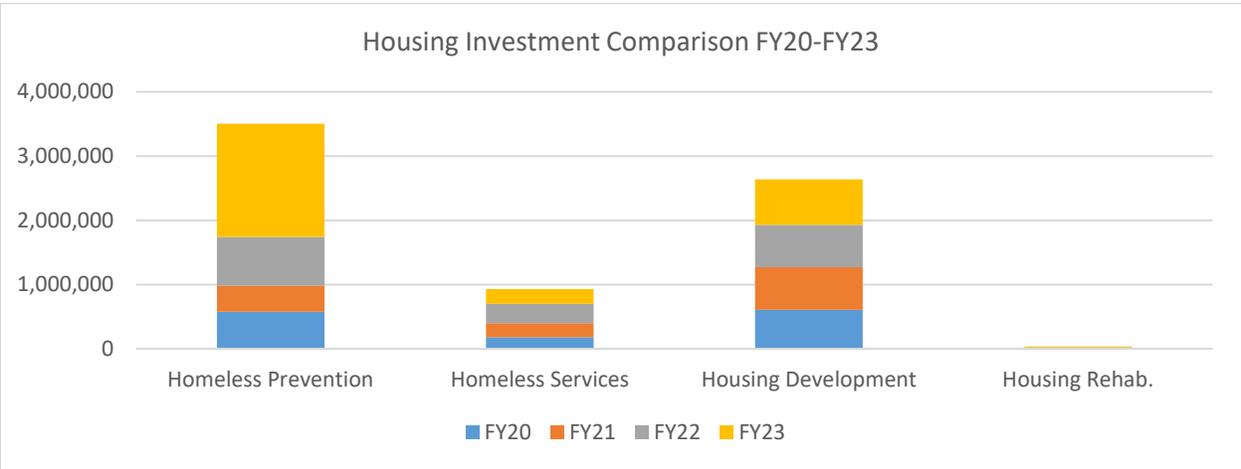
**Summary of Johnson County's Investment in the
Continuum of Housing Services FY2020 – FY2023**

| Johnson County Investment in Affordable Housing | FY23 | FY22 | FY21 | FY20 | Source of funds |
|--|--------------------|--------------------|--------------------|--------------------|---|
| Homeless Prevention | | | | | |
| Johnson County General Assistance | \$1,763,035 | \$1,127,676 | \$407,732 | \$575,702 | County/ARPA (FY22 & 23)- County (FY21) |
| Eviction Diversion | \$50,576 | \$13,333 | \$11,250 | | Federal ARPA (FY23) -County (FY21 & 22) |
| Emergency Rent and Utility Assistance | | | | \$9,500 | County Emergency Grant |
| | | | | | |
| Emergency Shelter | | | | | |
| Emergency Shelter | \$74,200 | \$72,400 | \$72,400 | \$70,000 | County |
| Winter Shelter | \$69,180 | \$15,000 | \$15,000 | \$15,000 | County |
| Domestic Violence Shelter | \$73,336 | \$71,200 | \$71,200 | \$69,780 | County |
| Shelter Services - Infrastructure | \$12,500 | \$61,000 | \$14,250 | | County Emergency Grant |
| Non-congregate Shelter - COVID response | \$11,480 | \$78,443 | \$44,404 | \$27,884 | Federal – FEMA |
| | | | | | |
| Expand Housing Stock | | | | | |
| Home Ownership | \$10,445 | \$10,150 | \$10,150 | \$8,125 | County |
| Housing Trust Fund of Johnson County | \$700,400 | \$650,000 | \$650,000 | \$600,000 | County |
| | | | | | |
| Rehab - Home Owners | | | | | |
| Emergency Home Repair | \$7,663 | \$9,500 | \$10,000 | | County |
| Housing Rehab/emergency repair | \$9,728 | | | | Federal - ARPA |
| | | | | | |
| TOTAL | \$2,782,543 | \$2,108,702 | \$1,306,386 | \$1,375,991 | |

Johnson County's investment in affordable housing increased 102% in fiscal year 2023 compared to fiscal year 2020. Federal pandemic American Rescue Plan funds represented 11% of funding in fiscal year 2023. Spending for emergency rent and utility assistance through the General Assistance Program increased 206% between 2020 and 2023. The large increase can be attributed to the expansion of the General Assistance guidelines that elevated eligibility to 200% federal poverty guidelines and opened eligibility to individuals accessing other financial assistance programs.



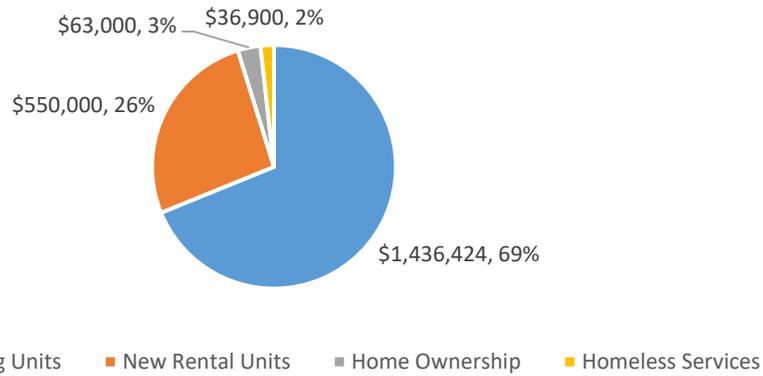
In FY23, two-thirds of the county’s investment in affordable housing was directed at homeless prevention and housing stabilization while 25% was used for expansion of affordable housing, 9% for emergency shelter services and 1% for owner-occupied home rehabilitation and emergency repair.



Housing Trust Fund Data

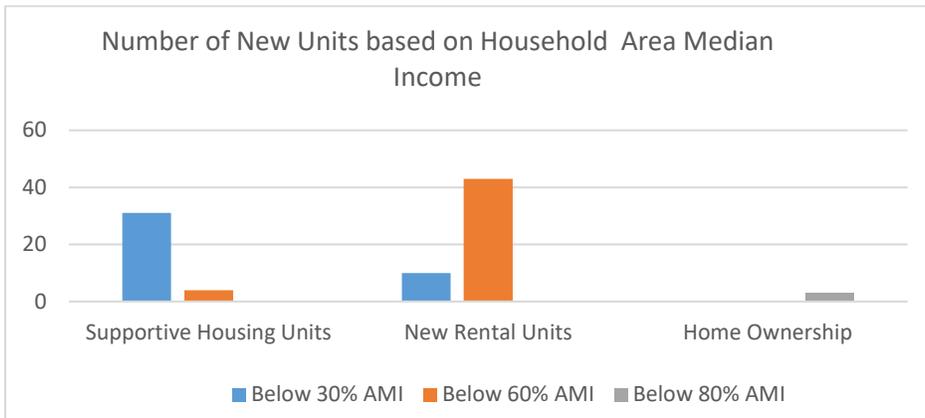
Between Fiscal Year 2020 and 2023, the Housing Trust Fund of Johnson County allocated \$2,086,324 in funding received from Johnson County. Funding was made available for affordable housing initiatives through a revolving loan. More than two-thirds of the funding was directed toward acquisition of additional supportive housing projects. Projects included Shelter House’s Fairweather Lodges at Wakefield and Amhurst, Shelter House 501 Project, Charm Homes, Inside Out Reentry and Unlimited Abilities. Investment in affordable rental units at Sand Nex and Sand Coral Court development accounted for 28% of the funding. Iowa Valley Habitat for Humanity received three percent of funding for home ownership opportunities and Shelter House received \$36,900 for emergency shelter rehabilitation.

Housing Trust Fund Allocation of Johnson County Funding 2020 -2023



Between 2020 -2023, Johnson County investments helped to finance 93 new units that included 53 new rental units, 37 supportive housing units, and 3 home ownership opportunities. The vast majority, 89%, of the new supportive housing units were targeted for individuals with an income below 30% AMI (\$24,250, 1 person household). The supportive housing projects funded during this timeframe provide housing support to single family households. On the other hand, only 19% of the new rental units were committed to households at or below 30% AMI, while 81% were developed for households at 60% or below AMI (\$45,780, 1 person household). The home ownership opportunities were extended to households earning 80% or less AMI (\$64,650, 1 person household).

Number of New Units based on Household Area Median Income



Summary and Recommendations

Housing costs in Johnson County are expensive and there is an insufficient supply of affordable housing to meet the needs of low -income households, especially extremely low -income households. Far too many families struggle to pay their rent and maintain housing stability. Johnson County’s investment in affordable housing is one of the most critical and impactful

ways to improve individual, child and family wellbeing. *“Addressing housing affordability is the most cost-effective way of lifting people out of poverty, for reducing childhood poverty and increasing economic mobility.”* Sarah Mickelson, National Low Income Housing Coalition.

The County alone cannot solve the affordable housing crisis that we face. We must work collaboratively with the state, other local governmental entities, developers, policymakers, and non-profit providers to increase availability and improve access to affordable housing. As data suggests, there is a tremendous need for affordable rental units for households with incomes below 50% AMI with the largest need for those with incomes below 30% AMI. For our lowest income residents, often the elderly and disabled, rents in subsidized units are still unaffordable, and many continue to be housing cost burdened. It is critical to expand housing vouchers and income supports for low-income renters. It is the only way to ensure true housing affordability.

We must explore creative funding solutions, including various taxing options, to help solve our housing crisis. We should evaluate our zoning policies and building requirements while also advocating for policies that improve renter protections. Finally, our community would benefit from a comprehensive analysis, by a hired consultant, to help guide our short and long-term vision and planning for affordable and equitable housing for all Johnson County residents for years to come.

| Recommendations | Initiatives |
|---|--|
| Increase the number of affordable rental units, prioritizing development of units for those with incomes at or below 30% of the area median income and households with dependent children | <ul style="list-style-type: none"> • Increase partnerships with local municipalities, and the Housing Trust Fund to invest in the development of new rental units. • Preserve existing affordable rental units. • Explore opportunities for development of housing on County owned property including acquisition of new property. |
| Preserve affordable owner-occupied housing | <ul style="list-style-type: none"> • Increase investment in preservation of affordable housing occupied by low-income homeowners. |
| Expand income supports to low-income renters | <ul style="list-style-type: none"> • Pilot implementation of income-based, long-term rental assistance. • Pilot a basic/guaranteed assistance program. • Invest in transitional and permanent supportive housing programs, that provide critical wrap-around services, especially for families with dependent children. • Maintain eviction diversion supports and increase funding for rental arrears |
| Increase nightly capacity for emergency shelter services | <ul style="list-style-type: none"> • Invest in expansion of the number of emergency shelter beds |