

HOUSING FUND FOR LINN COUNTY

2008

Housing Assistance Plan

INTRODUCTION

Housing advocates, non-profit housing providers, and local governments have identified housing people can afford as a need in Linn County. The Housing Fund for Linn County (HFfLC) is a community-based organization dedicated to improving the quality of life by offering innovative and flexible funding in order to expand affordable housing opportunities.

STRUCTURE OF THIS DOCUMENT

This document is organized in three parts. Part 1 provides a detailed analysis of affordable housing needs in Linn County. Part 2 identifies the desired goals of the HFfLC based on the analysis of affordable housing needs. Part 3 describes the proposed activities HFfLC will undertake to achieve these goals.

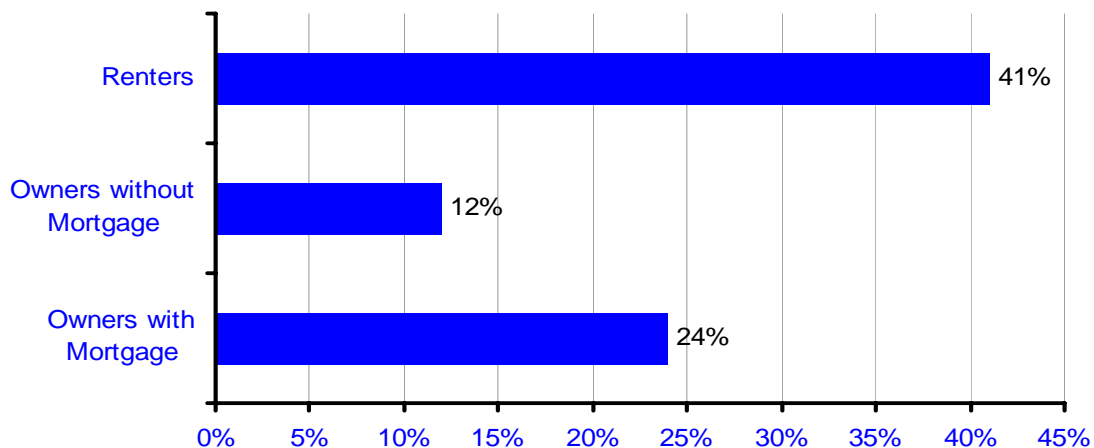
PART 1: ANALYSIS OF NEEDS

This section is based on information derived from the 2005 American Communities Survey and additional surveys by the US Census Bureau, Linn County's Official Website, Linn County Continuum of Care, City of Cedar Rapids and other relevant sources.

OVERVIEW

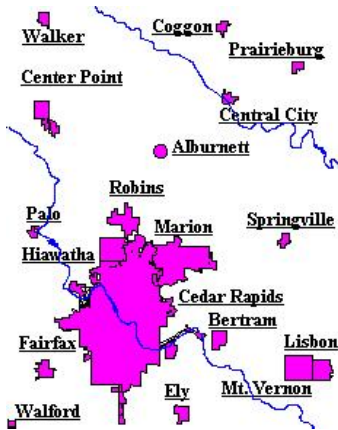
To be deemed "affordable" a household should pay no more than 30 percent of its income for housing. Households who pay more than this amount are considered cost-burdened.

Table 1. Occupants with a Housing Cost Burden in Linn County, 2005



For Linn County and several city governments in the county, quality, affordable housing is a serious concern. They have funded and supported several housing programs with local, state, and federal funds. Several non-profit agencies and for-profit developers also contribute to addressing this need. Yet, the problem continues to escalate.

LINN COUNTY PROFILE



With a population of 198,903 persons in 2005, Linn County is the second most populated county in the state. Between 1990 and 2000, it experienced a 13.6 percent increase in population. There are 18 incorporated communities and 11 villages. The urban center is located in the southern part of the county and encompasses the city of Cedar Rapids, and the smaller communities of Marion, Hiawatha, and Robins.

Linn County is one of the few areas in Iowa experiencing growth. A report from the Population and Economic Forecasts Technical Advisory Committee predicted a 10 percent population increase each decade through 2030 and job growth of 14 percent to 21 percent each decade.

Manufacturing generates approximately 20 percent of employment in Linn County making it Iowa's largest manufacturing center. Still, the diverse agricultural, industrial, and service-based companies provide economic stability to the local economy. Modest growth in manufacturing will continue even though major employment gains continue to be in service industries with financial activities representing the largest growth area from the prior year. Only about 2 percent of Linn County employment population is directly employed in farming.

Three private four-year liberal arts colleges are located in Linn County. Iowa's third-largest public educational institution, Kirkwood Community College, provides two-year vocational and technical training degrees and ample continuing education opportunities.

The median age of residents in the county is 37. Twenty-four percent of the residents are age 18 or younger, while 12 percent are elderly or age 65 or over.

The county has 82,196 households that account for 97 percent of the population. About 8.4 percent of households have an individual aged 65 or above. Thirty percent of households have one or more persons under the age of 18. Moreover, 9,235 are single female headed households; 7,078 of these have children below 18 years of age.

Minorities make up approximately 7 percent of the county population, including 1.5 percent Asian, 3.4 percent Black or African American and 1.5 percent of Hispanic or Latino origins.

Among individuals between the ages of 16 and 64, 10.9 percent have one or more disabilities. Among individuals, age 65 or older, 29.7 percent have one or more disabilities. For individuals over the age of 5 with a disability, 23 percent live below the poverty level. The 2005 American Communities Survey of poverty status in the past 12 months found 11.9 percent of Linn County households live below the poverty level.

RENTAL HOUSING NEEDS

In 2005, Linn County had 24,968 rental housing units that comprised 27.8 percent of all housing units in the county. This represents a 10.2 percent increase over the 22,666 rental units available in 2000. Forty-one percent of all renters in Linn County lack affordable housing. According to the National Low Income Housing Coalition, in order to afford the Fair Market Rent of a two-bedroom apartment in Linn County, a household must earn \$11.75 per hour or \$24,440

annually. This is called the “Housing Wage”. Linn Counties 2007 Housing Wage is 228 percent of the federal and Iowa minimum wage of \$5.15 per hour.

This means that in Linn County:

- ♦ A very low-income household (30% of the Area Median Income) earning \$1,630 monthly can afford monthly rent of no more than \$489, while the Fair Market Rent for a two-bedroom unit is \$611.
- ♦ A minimum wage earner making \$893 monthly can afford monthly rent of no more than \$268, while the Fair Market Rent for a one-bedroom unit is \$464.
- ♦ An SSI recipient receiving \$603 monthly can afford monthly rent of no more than \$181, while the Fair Market Rent for an efficiency or studio unit is \$398.

In other words, full-time minimum wage workers who pay Fair Market Rents have a housing cost burden of 68 percent for a two-bedroom unit. In fact, 74 percent of renter households earning less than \$20,000 are cost burdened, over 30 percent of their income.¹ Linn County has an estimated 11,552 renter households earning at or below \$25,000. Unsurprisingly, about 36 percent of renters in Linn County cannot afford HUD’s established Fair Market Rent of \$611 for a two-bedroom apartment.

Linn County’s affordability issues impact a broader range of households than commonly recognized. According to the 2005 Wage Survey by Iowa Workforce Development:

- ♦ An entry level preschool teacher in Linn County earns \$8.00 per hour and a Secondary School Teacher earns \$22,700 per year.
- ♦ Social Workers dealing with our community’s mental health and substance abuse issues earn \$10.37 per hour.
- ♦ The home health care workers and nurses aides charged with caring for our community’s elderly and disabled earn from \$7.77 to 9.66 per hour.

Professions like cardiologist technician, medical transporter, carpenter, insurance agent, and accountants all earn below the housing wage in Linn County.

Additionally, Linn County has no public housing. Cedar Rapids, Linn County’s largest city, does have 2,103 affordable housing units, consisting of 800 units for the elderly and 1300 units for families². These properties are owned and operated by private sector for-profit and non-profit organizations. The Cedar Rapids Housing Authority manages the Housing Choice Voucher, formerly known as the Section 8 program. The program currently serves 1,155 households, though this fluctuates on a monthly basis. In July 2006 the program reported having 1,338 households on the program’s waiting list³.

OWNERSHIP HOUSING NEEDS

In 2005, 63,088, or 70 percent, of housing units in Linn County were owner occupied. Twenty percent of all homeowners in Linn County are cost-burdened.

Table 2. Cost-burdened owners in Linn County, 2000 and 2005

	In 2000	In 2005
Cost-burdened owners	6,189	12,442
Cost-burdened owners as a percentage of all owners	13.3%	20.7%

The median price of a single-family home in 2006 was \$132,737. The cost of buying a home at that price would be \$1,050 monthly.⁴ A household would need to make \$3,497 monthly (or \$41,964 per year) to afford this price. In other words, the housing wage for homeowners would be \$ 20.18 per hour.

SPECIAL HOUSING NEEDS

Needs of the Homeless and Near Homeless

In 2006, the Linn County Continuum of Care's Point-in-Time survey showed 363 homeless individuals were being served by the local emergency shelters and transitional housing facilities or found living on the street. Cedar Rapids, Linn County's largest city, reported that 702 children were homeless at some time during the 2005-2006 school year.

Table 3. Housing for Special Needs Populations

	Inventory (Beds)	
	Emergency	Transitional
1. Homeless Individuals	44	79
2. Homeless Families with Children	99	241
3. Youth	4	12
Total	147	332
Estimated Need	279	730
Unmet Need/Gap	132	398

Source: Linn County Continuum of Care, July 2006.

Housing Stock and Needs

Linn County's supply of affordable housing continues to decrease. From 1990 to 2005 the percentage of owner-occupied units valued at less than \$50,000 decreased from 34.4 percent to 8.7 percent and those units valued at \$50,000 to \$99,999 decreased from 53.8 percent to 20 percent.

Additionally, Linn County's housing stock is aging. Thirty-eight percent of Linn County's housing stock was built prior to 1959. Sixty-seven percent of Linn County's housing stock was built prior to 1978, which is utilized as the cut-off date for the common usage of lead-based paint. From 1992 to 1999, screenings for elevated lead blood levels in Linn County's area children revealed that 10.9% had levels greater than 10mcg/dl. This is well above the national average of 4.4%. One in every nine children in Linn County is affected by problems related to lead-based paint⁵.

In 1998, a windshield survey of Linn County's housing stock outside of the city of Cedar Rapids found that 50 percent was in need of major repair⁶. Additionally, in 2001 an assessment of the six neighborhoods surrounding downtown Cedar Rapids was conducted. The study found that between 26 and 84% of all buildings in these neighborhoods showed signs of deterioration⁷.

Hardship Needs

In addition to other needs noted herein, there may also periodically be those related to hardship. As example, (not intended as all inclusive), housing / household recovery needs caused by natural or man-made disaster (such as earthquake, fire, flood, tornado, etc.); as may adversely impact both property and people.

CONCLUSION

Over the years, a number of non-profit and for-profit agencies and businesses have partnered with county and municipal governments to address the area's housing needs. Despite these efforts, low income workers and residents in Linn County continue to face a shortage of affordable housing and deteriorating housing stock while transitional housing and emergency shelters have been unable to keep pace with the need. This is a result of insufficient funding to address the gaps caused by market forces, as well as public misunderstanding of the housing needs and opposition to efforts to develop "affordable housing".

Part 2: Goals of HFfLC

The Housing Fund for Linn County (HFfLC) is a community-based organization dedicated to improving the quality of life by offering innovative and flexible funding in order to expand affordable housing opportunities.

COLLABORATION

One of the core values of the HFfLC is collaboration. The housing trust fund initiative was spearheaded by a broad-based steering committee representing a variety of housing and community interests. The composition of the Board of Directors was purposefully crafted to ensure that a wide range of interests remain active in the affordable housing effort. The HFfLC Board of Directors includes public agencies, non-profit agencies, and private sector professionals. The Board may also establish committees and recruit area experts to explore specific issues or initiatives. This range of expertise and varying perspective enhances the opportunity to address affordable housing in a comprehensive manner.

The commitment to collaboration will be incorporated into the process used to distribute HFfLC moneys in Linn County. Any agency active in providing housing and support services, whether a non-profit, for-profit or governmental body, will be eligible to apply for funding. While it is preferred that funding assistance be provided through noted entities, (in an attempt to better realize efficient and effective implementation / administration), the HFfLC may also at its discretion provide assistance directly to individuals. Through the Board of Directors, its committees, and an open application process, inclusive community involvement will be a hallmark of the management and work of the HFfLC.

PUBLIC AWARENESS / EDUCATION

In order to build local support for a sustainable affordable housing initiative, the HFfLC must educate the general public. Education would include sharing information about current programs and services that help people attain and maintain their housing. Additionally, a clear and consistent message must be developed that reflects the need for and benefits of providing attainable housing. The public must be aware of the existing gaps that limit affordable housing opportunities for many in our communities.

FUNDRAISING

In addition to the application to IFA for State Housing Trust Fund money, HFfLC will actively seek funding to further affordable housing initiatives. Potential funding partners include: Linn County and cities, Federal Home Loan Bank, Fannie Mae, the Greater Cedar Rapids Community Foundation, Hall Perrine, local lending agencies, and interested individuals. While pursuing direct contributions from area lenders and foundations, HFfLC will also explore the potential for establishing a consortium of local lenders and other collaborative financing opportunities.

The Board of Directors of HFfLC recognizes that a dedicated source of revenue would provide the most stable funding to support its mission and operation. To that end, board members will identify ways to promote State legislation creating a permanent funding mechanism, such as a portion of document recording fees, to be directed to local housing trust funds. HFfLC will also work with housing advocates on the national, state and regional levels to attain this goal.

Part 3: Proposed Activities of the HFfLC

Pursuant to Iowa Finance Authority guidelines for the State Housing Trust Fund, the Housing Fund for Linn County is eligible to apply for \$200,000. If this amount is awarded, HFfLC would in turn distribute these funds to be used in a variety of ways to promote the provision of affordable housing. At the discretion of the HFfLC, this may include providing temporary or permanent assistance for: owner or rental property demolition / clearance, development, reconstruction, or rehabilitation; homeownership assistance (such as down payment / closing costs for first-time homebuyers, mortgage payments for principal, interest, taxes and/or insurance, etc.); rental assistance (such as for rent security deposits, utilities, etc.); transitional housing; and or homelessness. For clarification, utility assistance may be provided for all types of housing. Assuming that administrative costs are restricted to less than ten percent (10%) of the grant amount and an average allocation of \$5,000 per household, the \$200,000 grant will benefit 35-40 households. In addition, the funds granted by HFfLC may allow agencies to leverage additional funds from other sources, thereby increasing the overall impact. Finally, funds distributed in the form of zero or low-interest loans will again return to HFfLC and be redistributed in the community through subsequent application processes. However, at the discretion of the HFfLC, funding assistance may also be provided in the form of forgivable loans or grants.

ALLOCATION GUIDELINES

Based on the needs assessment detailed in Part 1 of this Housing Assistance Plan, the HFfLC Board of Directors adopted the following principles to guide the distribution process:

1. Location and income eligibility.

Only housing projects that will serve Linn County households with incomes less than 80% of area median income are eligible for HFfLC funding, as determined by the U.S. Department of Housing and Urban Development (HUD).

Household Size	Percentage of Area Median Income		
	80%	50%	30%
1	\$37,800	\$23,600	\$14,200
2	\$43,200	\$27,000	\$16,200
3	\$48,600	\$30,350	\$18,250
4	\$54,000	\$33,750	\$20,250
5	\$58,300	\$36,400	\$21,850
6	\$62,650	\$39,100	\$23,500
7	\$66,950	\$41,800	\$25,100
8	\$71,300	\$44,500	\$26,750

Effective March 20, 2007 for the City of Cedar Rapids and Linn County

2. Project Requirements.

Proposed projects must meet the following criteria:

- Implement an eligible activity, as identified herein
- Applicant is non-profit agency, governmental entity, for-profit business, or individual that demonstrates capacity to complete their project and comply with the terms of a HFfLC funding agreement
- Sufficient documentation supporting financial feasibility of the project
 - a. A debt coverage ratio of at least 1:10
 - b. Developer's fees of no more than 15 percent
 - c. A contingency budget of between 5 and 10 percent
- Affordability period of at least ten years (unless modified or waived by the HFfLC Board of Directors)
- Funding limits of \$50,000 per unit and \$750,000 per project
- Proposed projects must show proof of meeting applicable building codes. For projects located in jurisdictions without building codes, new construction projects must meet Linn County building codes and rehabilitation must at least meet Section 8 Housing Quality Standards.

3. Project Evaluation.

The project evaluation process will give preference to projects that:

- Serve extremely low income people, defined by HUD as below 30% of area median income
- Leverage additional funding sources (local, state, federal, or private)
- Promote infill development, energy efficiency, and sustainability principles.

¹ U.S. Census Bureau. American Community Survey: Household Income by Gross Rent as a Percentage of Household Income in the Past 12 Months: 2005.

² City of Cedar Rapids. Consolidated Plan for Cedar Rapids. 2005-2010

³ Linn County Continuum of Care Planning and Policy Council. Point-In-Time Survey. July 26, 2006

⁴ Based on a 30-year mortgage at 6.5 percent interest, a down-payment of \$5,000 and 30% for taxes and insurance.

⁵ City of Cedar Rapids. Consolidated Plan for Cedar Rapids. 2005-2010

⁶ East Central Iowa Council of Governments. Linn County Housing Needs Assessment & Action Plan. June 1999

⁷ City of Cedar Rapids. Consolidated Plan for Cedar Rapids. 2005-2010