Assessing Strategies for Scattered Site Housing in Iowa City, Iowa

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Field Problems in Planning II 102:210
Graduate Program in Urban and Regional Planning
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10 May 2005
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EXECUTIVE SUMMARY

A fair and even distribution of assisted and affordable housing has been a concern of communities nationwide for many years. The general motivations for such a goal is twofold, to alleviate social ills thought to be caused by concentrations of those in poverty, and to increase the chances of upward mobility for the impoverished. The Iowa City City Council recently appointed a task force to examine the type, distribution, and location of assisted housing in Iowa City and to assess whether policies are needed for the placement of future assisted housing in Iowa City. This report reviews the process and recommendations of the Iowa City Scattered Site Housing Task Force (referred to as the Task Force), examines dispersal techniques used by other communities, and discusses their application to Iowa City.

The Task Force, formed in April of 2004, devoted their initial meetings to gathering data as well as thoughts, opinions, and suggestions by various interest groups in Iowa City. These groups included city staff—both from the Planning and Community Development Department and the Housing Authority—developers of assisted housing, market-rate homebuilders, and Iowa City residents. The Task Force is composed of representatives from the school district, Neighborhood Council, Johnson County, human service organizations, the Planning and Zoning Commission, and the Housing and Community Development Commission.

While seeking input from myriad interest groups is commendable, an important viewpoint was missing throughout the process: that of the residents of assisted housing. While the two public hearings that were held provided opportunities for residents to share their opinions and viewpoints with the Task Force, residents of assisted housing were neither invited to sit on the Task Force nor to present. Inclusion of all stakeholders of a potential policy in the process is critical to its success. Including an assisted housing resident could prove beneficial by providing thoughts and experiences that otherwise were only gleaned through stories and supposition.

While residential developers—both market rate and affordable housing developers—were invited to present to the Task Force, the process could benefit from greater involvement of this group. The intricate knowledge they have of the process of such development is crucial to crafting policy. It is important that both residents of assisted housing and developers be included in the process as it moves forward.
Defining what constitutes a 'concentration' is essential to determining if a concentration of assisted housing exists in the community. There are various methods of measuring a concentration, ranging from complex to relatively simple. The Task Force defined concentration as a block group having more than their fair share of assisted housing. Their definition of fair share is based on the premise that assisted housing be distributed evenly throughout Iowa City at the block group level. In other words, since Iowa City has 1,150 assisted units and there are 31 block groups, each block group should include 37 units. Thus, the Task Force identified block groups with more than 37 units as having a concentration. This method does not take into consideration the distribution of residential housing in Iowa City.

There are various techniques used to disperse assisted housing, ranging from place-based methods, such as inclusionary zoning and fair share, to people-based programs such as the Moving to Opportunity demonstration program. The Task Force suggests using a fair share method for dispersing assisted housing, using incentives above and beyond current funding option to encourage assisted and affordable housing development in block groups that have not reached their fair share. If the supply of assisted housing does not decrease, they also recommend removing support for developing assisted housing in those block groups with more than their fair share. Other policy recommendations include a campaign to educate all residents on the importance of the issues the Task Force has been discussing, encouraging a more regional approach to affordable housing issues, and adjusting zoning and development regulations to more easily accommodate affordable housing in all block groups.

The Task Force fair share analysis takes into account only the location of assisted housing units. The matrix does not consider any of the other characteristics of the community that are interrelated to the location of assisted housing, such as poverty rates, the availability of rental housing, the cost of land, gross rents, and the amount of developable land. An impact of this is that the majority of developable land in Iowa City is in block groups not recommended for future development by the Task Force. It is also important to note that rehabilitation of existing buildings can occur within all of the twenty-four recommended block groups.

As an alternative, we have conducted a site suitability analysis that takes into account barriers to the development of assisted housing and where low-income populations currently reside. The goal in constructing the site suitability analysis was to provide a more comprehensive picture of the combined effects of poverty, land values, land availability, rents, and subsidized housing.
The block groups identified in our analysis differ from those identified by the Task Force as the target for incentives and development.

The Task Force recommends adopting an inclusionary zoning policy that would provide incentives for residential developers to include assisted housing in each of their future developments. However, they do not recommend requiring developers to include assisted units, rather it would be on a voluntary basis. In order to combat the market forces that have thus far worked to concentrate assisted housing and effectively scatter future development, the incentives offered need to be significant. Calculating effective incentives to change developers’ behavior (whether density bonuses, a speedy approval processes, or various other options) would be both time-consuming and costly. Although a voluntary policy may be less politically contentious, in the long run a mandatory inclusionary policy may more effectively serve the community.

We agree with the Task Force that the current zoning code creates obstacles for developing assisted and affordable housing in all areas of the community. The City is currently redesigning the code, and we encourage the decision makers to consider changes that would encourage, rather than deter, affordable housing such as allowing for greater density development, performance guidelines, and form-based approaches.

The Task Force recommends that the City increase opportunities for affordable housing throughout Iowa City. We agree with this. As the affordable housing stock becomes more plentiful, the need for assisted housing decreases. However, budgets for both affordable and assisted housing development are stressed. Oftentimes the best intentions of decision-makers are thwarted due to a lack of funding. We offer two strategies for funding affordable and assisted housing strategies: using current funding options more effectively, and developing a new funding source such as a housing linkage fee. Oftentimes federal funds such as CDBG and HOME are awarded as grants. While seemingly generous, this is perhaps not the most effective use of funds. By awarding low-interest or deferred loans, affordable and assisted housing that would not happen if solely at the mercy of market forces can still be produced, yet by recycling monies, a city can create a more sustainable funding source that can act as a safeguard to federal cutbacks.

Creating a housing linkage fee is one way of creating a new dedicated funding source for assisted and affordable housing. The fee could be on a square-foot basis and collected at the time of the permit issuance. While the actual fee would need to be dependant on the impact of housing
development and calculated in a defensible manner, we offer the following hypothetical example. According the Wall Street Journal, the average home built in the United States in 2002 was 2,320 square feet. If a linkage fee of $.08 per square foot was established, this would add $186 per home the size of the national average in 2002. Considering that the average number of single-family permits issued in Iowa City between 2000 and 2004 is 124, $23,000 per year could have been generated. These funds could be funneled to an entity such as the Johnson County Housing Trust Fund to be used for development of assisted and affordable housing in Iowa City.
INTRODUCTION

Many have argued that the geographic distribution of subsidized housing in the United States has significantly contributed to the concentration of poverty (Goetz, 2003). Concerns with decreasing property values, an increase in crime, decay of physical infrastructure, an increase in drug dealing and abuse, and the lack of positive role models for children have all been arguments for not locating place-based subsidized housing—housing receiving financial subsidy for operation or rental assistance—in a particular neighborhood. In some instances the concerns are valid, in others the concerns arise from the stigma and myths that surround subsidized housing and its occupants. The analysis of subsidized housing concentration is an important step in identifying the extent of the impact subsidized housing has had on the previously mentioned concerns. If a concentration of subsidized housing is found to cause social problems in a community, strategies, policy recommendations, and resources can be better focused to alleviate these problems.

Most often, the effects of subsidized housing on neighborhoods have been described in four related but conceptually distinct ways (Freeman, 2002). The first is that the location of subsidized housing will reduce the value of surrounding properties. Second, the racial composition of the neighborhood will change causing a concentration of minority residents. Third, poverty rates will increase in the neighborhood of the subsidized housing and in surrounding neighborhoods. And finally, it is argued that subsidized housing will serve as a hot spot for criminal activity and spread throughout adjacent neighborhoods.

There are six published studies that directly measure the impact of concentrated public housing on the racial and poverty characteristics of communities (Goetz, 1999). Four of the six studies confirm the correlations between subsidized housing, and racial transition and poverty rates of the community. Two studies found no significant correlation between subsidized housing, race, poverty, and non-low income families moving out of an area containing subsidized housing. Research on the impact of the concentration of subsidized housing is still growing, providing cause for further exploration of its effects. No specific study has comprehensively examined this topic within Iowa City.

This is not the first time the topic of assisted housing distribution within Iowa City has come to the forefront of City discussions with strong proponents and opponents. Through the Task Force, decision makers have taken the initiative to develop a forum surrounding these issues and will
have the opportunity to respond. Our role in this project is to present options to address these issues that speak to the concerns of both sides and to offer strategies to avoid future conflicts.

**Goal of the Report**

The primary purpose of this report is to conduct an objective assessment of scattered site housing in Iowa City, IA. The assessment will comprise of three distinct sections:

- **Defining and Measuring Concentration.** This section details the common spatial measures that are used in social research and offers an alternative to the measure chosen by the Iowa City Scattered Site Housing Task Force (referred to as The Task Force throughout this report), a site suitability analysis.

- **Scattered Site Alternatives.** This section reviews scattered site housing policy alternatives in the context of Iowa City. The topics discussed are inclusionary zoning, the Moving-To-Opportunity demonstration program, fair share housing, and housing consortiums.

- **Findings and Recommendations.** The Task Force findings and their implications are summarized and discussed. Finally, our study recommendations from this study are presented for the development of future placed-based subsidized housing in Iowa City.

The focus of this report is on the concentration of private and public place-based subsidized housing as opposed to tenant-based subsidized housing (also known as the Section 8 Housing Choice Voucher Program), where subsidy is provided to the individual or family to use towards a market-rate housing unit of their choice in any neighborhood throughout the city. The reason for the distinction is that place-based subsidized housing has been the focus of the Task Force deliberations.

---

*Note: For the purposes of this analysis, assisted housing and subsidized housing are used interchangeably to refer to rental housing built with government funds. Affordable housing refers to housing where the resident pays less than 30% of their monthly income in housing costs; it may or may not be subsidized.*
COMMUNITY PROFILE

Iowa City, a community of 62,220 (Community Profile for the Iowa City Area, 2004), is nestled alongside the Iowa River in eastern Iowa. The city is perhaps most widely recognized as the home of the University of Iowa, which affects the character of the community in a number of ways. With a median age of 25, the Iowa City Metropolitan Statistical Area (MSA) is much younger than the state as a whole, which has a median age of 37. Iowa City residents, on average, have higher levels of education than the state of Iowa. Over half (54%) of Iowa City residents have a bachelor’s degree or higher, compared to just 17% throughout all of Iowa (Community Profile for the Iowa City Area, 2004).

The job and housing markets are also influenced by the presence of the University. The University and its associated hospitals are the biggest employers in the area, employing over 23,000 people (Community Profile for the Iowa City Area, 2004). Major employers of the area are listed in Table 1.

<table>
<thead>
<tr>
<th>Employer</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Iowa</td>
<td>16,495</td>
</tr>
<tr>
<td>University of Iowa Hospitals and Clinics</td>
<td>7,113</td>
</tr>
<tr>
<td>ACT, Inc.</td>
<td>1,340</td>
</tr>
<tr>
<td>Pearson</td>
<td>1,300</td>
</tr>
<tr>
<td>Mercy Hospital</td>
<td>1,250</td>
</tr>
<tr>
<td>Veterans Affairs Medical Center</td>
<td>1,232</td>
</tr>
<tr>
<td>Iowa City Community School District</td>
<td>1,100</td>
</tr>
<tr>
<td>Hy-Vee</td>
<td>927</td>
</tr>
<tr>
<td>Lear Corporation</td>
<td>850</td>
</tr>
<tr>
<td>Rockwell Collins</td>
<td>673</td>
</tr>
<tr>
<td>City of Iowa City</td>
<td>620</td>
</tr>
<tr>
<td>Wal-mart</td>
<td>563</td>
</tr>
<tr>
<td>Proctor &amp; Gamble</td>
<td>550</td>
</tr>
<tr>
<td>MCI Mass Markets</td>
<td>540</td>
</tr>
<tr>
<td>Oral B Laboratories</td>
<td>500</td>
</tr>
</tbody>
</table>

Source: Iowa City Community Profile, 2004

The steady supply of students helps keep the rental market in Iowa City very tight. In 2000, the vacancy rate in the Iowa City MSA was 3.8%, compared with 6.8% for Iowa as a whole. At that time, the median gross rent in Iowa City was $564, comparing favorably to the HUD-calculated
fair market rent (FMR) for two-bedroom units of $582 (NLIHC, Out of Reach 2000). For comparison, the median gross rent for the state at that time was $470 (US Census 2000).

Using the federal standard of affordable housing, defined as housing that requires households to spend no more than 30% of their monthly income on housing costs, the rental stock in Iowa City is affordable to a family with the median income. The median family income in 1999 in the Iowa City MSA was $60,112 (US Censes 2000). Based on this figure, 30% of the median monthly income is $1,503—well over the median gross rent ($564).

However, by definition, half of the nearly 24,000 families in Iowa City have incomes below the median. Five percent of families in Iowa City were in poverty in the 2000 Census. This equates to just over 1,200 families. More than 800 families (or 3.5%) earned incomes less than $10,000. For families in poverty (earning less than 30% the Area Median Income, or AMI), FMR is out of reach. As illustrated in Graph 1, the gap between monthly rents affordable to those in poverty and the FMR hovered around $100 between 2000 and 2004, reaching as high as $124 in 2002 (NLIHC, Out of Reach 2000-2004).

**Graph 1: Fair Market Rent in Iowa City 2000-2004**

![Graph showing Fair Market Rent for Two Bedroom in Iowa City MSA 2000-2004](image)

Source: NLIHC, Out of Reach Reports, 2000-2004

An underlying reason that some families are not able to afford the housing available is wages.
worker earning minimum wage ($5.15) and working 40 hours a week can afford monthly rent of no more than $268 (NLHIC, Out of Reach, 2004). This is well below the FMR for a two-bedroom unit of $648 in 2004. To be able to afford the FMR, a minimum wage earner must work 97 hours per week.

Another way to look at this relationship is the wage that must be earned in a 40-hour workweek to afford the FMR for a two-bedroom unit. This is called the housing wage. In 2004, the housing wage was $12.46 in Iowa City, an 11% increase from 2000. In that time, minimum wage has been stagnant, as shown in Graph 2. One way to put this into context is that the gap between the minimum wage and the housing wage is greater than the minimum wage itself.

**Graph 2: Comparison Minimum Wage to Housing Wage**

![Comparison of Minimum Wage to Housing Wage](image)

According to a 2003 Iowa Workforce Development wage survey updated for the first quarter of 2004 using and Employment Cost Index, the median wage of all non-farm occupations in Iowa City for 2004 was $14.13. This is above the housing wage of $12.46. Occupations such as child care and food preparation, however, fall well below the housing wage with median wages less than $8 per hour. **Graph 3** illustrates these relationships as well as median wages for other selected occupations.
Most people who work in Iowa City live in Johnson County (77.6%). However, this leaves more than one of every five workers who live outside of Johnson County. While there may be many factors that influence commuters decisions to live outside of Johnson County, one factor is housing price. Of the ten counties where the vast majority of commuters reside, none have as high of housing costs as Johnson County (Table 2).
Table 2: Commuting Patterns and Housing Costs by County

<table>
<thead>
<tr>
<th>County of residence</th>
<th>Number working in Johnson County¹</th>
<th>Percent of all workers in Johnson County¹</th>
<th>Median gross rent²</th>
<th>Median home value²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johnson County, IA</td>
<td>54,202</td>
<td>77.6%</td>
<td>$564</td>
<td>$131,500</td>
</tr>
<tr>
<td>Linn, IA</td>
<td>4,434</td>
<td>6.3%</td>
<td>$510</td>
<td>$99,400</td>
</tr>
<tr>
<td>Washington, IA</td>
<td>2,879</td>
<td>4.1%</td>
<td>$424</td>
<td>$83,600</td>
</tr>
<tr>
<td>Cedar, IA</td>
<td>2,171</td>
<td>3.1%</td>
<td>$441</td>
<td>$84,600</td>
</tr>
<tr>
<td>Muscatine, IA</td>
<td>1,306</td>
<td>1.9%</td>
<td>$460</td>
<td>$84,700</td>
</tr>
<tr>
<td>Iowa, IA</td>
<td>1,294</td>
<td>1.9%</td>
<td>$412</td>
<td>$85,600</td>
</tr>
<tr>
<td>Scott, IA</td>
<td>325</td>
<td>0.5%</td>
<td>$496</td>
<td>$92,400</td>
</tr>
<tr>
<td>Louisa, IA</td>
<td>316</td>
<td>0.5%</td>
<td>$419</td>
<td>$66,600</td>
</tr>
<tr>
<td>Keokuk, IA</td>
<td>299</td>
<td>0.4%</td>
<td>$372</td>
<td>$51,900</td>
</tr>
<tr>
<td>Benton Co. IA</td>
<td>298</td>
<td>0.4%</td>
<td>$385</td>
<td>$82,700</td>
</tr>
<tr>
<td>Jones Co. IA</td>
<td>290</td>
<td>0.4%</td>
<td>$416</td>
<td>$80,400</td>
</tr>
<tr>
<td>All other counties</td>
<td>2,067</td>
<td>3.0%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Note: Table ranked by number working in Johnson County

¹ Source: US Census 2000, Commuter Flows
² Source: US Census, 2000, Summary File 3

Iowa City children attend schools in The Iowa City Community School District (ICCSD). The ICCSD serves about 11,000 students from Iowa City and the nearby towns of Coralville, North Liberty, University Heights, and Hills. It encompasses 17 elementary schools, two junior highs, two high schools, and one alternative school (ICCSD website, 2005). Of the 5,815 elementary students, 1,472 (or 25.3%) are eligible for free and reduced lunch (FRL). However, students eligible for FRL are not distributed evenly among the elementary schools. Nearly 70% of students at Mark Twain qualify for FRL, compared to less than 2% at Shimek (IA Dept. of Education, Basic Education Data Survey). This data, and those discussed below, are displayed in Table 3.

While the proportion of students eligible for FRL has been increasing slowly, some schools have experienced much greater increases since the 2000-01 school year. For instance, district wide, the proportion of students eligible for FRL increased by 2.4 percentage points (from 22.9% to 25.3%). Four elementary schools—Twain, Kirkwook, Roosevelt, and Wood—experienced increases in excess of 10 percentage points. At the same time, five schools—Lincoln, Shimek, Hoover, Lemme, and Horn—experienced decreases.
<table>
<thead>
<tr>
<th>Elementary School</th>
<th>Enrollment</th>
<th>Number eligible for free/reduced lunch</th>
<th>Percentage eligible for free/reduced lunch</th>
<th>Percentage point increase from 2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Twain</td>
<td>315</td>
<td>146</td>
<td>67.9%</td>
<td>16.3</td>
</tr>
<tr>
<td>Hills</td>
<td>194</td>
<td>90</td>
<td>55.7%</td>
<td>9.2</td>
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<tr>
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<td>117</td>
<td>44.3%</td>
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<tr>
<td>Grant Wood</td>
<td>434</td>
<td>172</td>
<td>41.2%</td>
<td>10.6</td>
</tr>
<tr>
<td>Horace Mann</td>
<td>273</td>
<td>86</td>
<td>39.9%</td>
<td>4.9</td>
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<tr>
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<td>103</td>
<td>37.5%</td>
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<td>2.5</td>
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<td>Penn</td>
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<td>114</td>
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<td>Irving Weber</td>
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<td>93</td>
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<td>Ernest Horn</td>
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<td>Lincoln</td>
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<tr>
<td>Bohumil Shimek</td>
<td>235</td>
<td>3</td>
<td>1.7%</td>
<td>-6.8</td>
</tr>
</tbody>
</table>

Note: Table ranked by percentage eligible for free/reduced lunch.
Source: Iowa Department of Education, Basic Education Data Survey
SCATTERED SITE HOUSING TASK FORCE

An impetus of the creation of the Scattered Site Housing Task Force was a letter from the Iowa City Community School District to City Council (ICCSD) in November of 2003. The School District’s concern was that the location of assisted homes affects some schools more than others. The district believes that low-income students require more resources than their more affluent counterparts, feeding concerns that concentrations of low income housing within one elementary school attendance area create an inequitable strain on that school, its budget, and teachers. This may ultimately affect the learning environment and potentially test scores.

While the issue of scattering assisted housing has been investigated in Iowa City previously, no action has been taken as a result. The letter from the ICCSD renewed the Council’s interest in this issue, spurring them to create the Task Force, which they charged with looking at the type, distribution, and location of assisted housing in Iowa City and assessing whether policies are needed for the placement of future assisted housing in Iowa City.

The Task Force is an eight-member citizen group representing various interests such as the:

- Iowa City Community School District (ICCSD);
- Neighborhood Council;
- Planning & Zoning Commission;
- Johnson County Board of Supervisors;
- Housing & Community Development Commission; and the
- United Way of Johnson County.

Bi-weekly meetings began in April of 2004. These preliminary meetings consisted of outside groups and individuals presenting data on a variety of topics related to housing and poverty within Iowa City. Presenters include (in alphabetical order):

- Burns and Burns L.C.;
- Domestic Violence Intervention Program (DVIP);
- Greater Iowa City Housing Fellowship;
- Habitat for Humanity;
- Hawkeye Area Community Action Program (HACAP);
• Iowa City Community and Economic Development staff;
• Iowa City Homebuilder’s Association;
• Iowa City Housing Authority;
• Iowa City Neighborhood Council;
• Iowa City Urban Planning staff;
• Iowa Valley Habitat for Humanity;
• Mid-Eastern Council on Chemical Abuse (MECCA);
• Neighborhood Centers of Johnson County;
• Shelter House;
• University of Iowa Resident Services;
• University of Iowa Urban and Regional Planning Department; and
• Wells Fargo.

Although the Iowa City Association of Realtors was invited to provide their input on Iowa City’s housing market, they chose not to attend. Residents of the assisted housing units within Iowa City were not invited to present at any of the meetings, leaving a gap in the data provided to the Task Force.

A public hearing was held in early October at Mark Twain Elementary School. Much of the discussion focused on the in-migration of low-income individuals from Chicago, the Chicago Public School System, and the race of low-income residents. Teaching staff from Mark Twain Elementary offered examples of how their teaching is affected by the high number of low-income students and the services required for them. Many of the residents of assisted housing felt there were two issues at hand, the negative perception of low-income households and the continual concentration of low-income housing in specific areas of the city. The residents believe that housing can not be deconcentrated without first addressing the inaccurate perceptions held by the general public about its residents.

Deliberations began on October 18, 2004. The main question of what constitutes a concentration guided discussion throughout deliberations. The factors discussed as key to determining a concentration include:

• Impacts of different “groups”
• Disabled
• Low-income family

• Elderly
- Transitional populations
- Social services
- Crime data
- Free and reduced lunch program

- Test scores
- Poverty status
- Home values
- Assisted housing inventory

While all of these indicators have been discussed, the Task Force is focusing on distribution of place-based assisted housing. The Task Force presented their ideas and recommendations in draft form at the public hearing on March 28, 2005. The Task Force is currently revising their recommendations and will present a revised version to City Council in the coming months.
DEFINING AND MEASURING CONCENTRATION

Economic and social disadvantage are not evenly distributed geographically. Strong arguments have been made that disadvantaged individuals who live in areas where similar people are clustered often suffer more than those who live among the more privileged groups within society (Johnston, 2003). If this holds true, and if it is suspected that the spatial distribution of publicly assisted housing is causing negative impacts, then one solution would be to implement place-based policies to scatter such housing.

One of the first steps in formulating place-based policy is to identify whether there is a concentration of subsidized housing in Iowa City. Once a measurement of concentration is agreed upon, analysis of the degree and location of concentration, and its possible impacts, is more feasible. Formulating a definition of concentration assists local decision makers in focusing place-based policies more rationally and efficiently. This section of the report will focus on examining commonly used techniques for measuring distribution, discussing the measure used by the Task Force, and concluding with an example of the distribution of subsidized housing using alternative criteria to those employed by the Task Force.

Measures of Concentration

There are many approaches to defining and measuring the spatial distribution of social phenomenon. Although most of the techniques are used to measure the spatial distribution of poverty, they can be adapted to analyze subsidized housing. The methods used range from highly complex (i.e. using mathematical equations and Geographic Information Systems) to relatively simple (i.e. using percentage thresholds). Examples of measures that could be applied in identifying the spatial distribution of subsidized housing include the following.

- The **location quotient** measures the proportion of subsidized housing to total rental or all housing in a census tract or block group.

- **Concentration indices** measure the relative amount of land occupied by the subsidized housing units within the city boundary.

- **Clustering** is similar to the measure of concentration and calculates the degree to which subsidized housing is clustered in a given geographic area.
• Measures of evenness calculate the degree to which subsidized rental housing is unevenly distributed throughout the city.

• The threshold profiles technique is based on a concentration profile that identifies the degree to which subsidized housing is concentrated according to a range of thresholds.

The benefits of using these measures are that they provide a spatially defined understanding of the issue. What they cannot do is take into account the factors that cause the pattern, the degree of the negative or positive impacts, and the other factors that contribute to the distribution. The techniques should be supplemented with a larger comprehensive study. We recommend a site suitability analysis that takes into account all of these factors, which is discussed in more detail in the Study Analysis portion of this document.

**Task Force Measure**

The Task Force measure is unique to the measures discussed above, though most similar to measures of evenness. They created a fair share matrix based on the premise that assisted housing be distributed evenly throughout Iowa City at the block group level. In other words, since Iowa City has 1,150 assisted units and there are 31 block groups, each block group should include 37 units. If a block group had greater than 37 units, it had a concentration. The Task Force matrix can be found in Appendix A.
DISPERSAL TECHNIQUES

This section describes an array of approaches communities have taken to encourage the dispersal of assisted and affordable housing. The four techniques discussed are inclusionary zoning, the people-based demonstration project called Moving to Opportunity, housing consortiums, and fair share housing.

Inclusionary Zoning

The development of affordable housing is not keeping pace with job growth and family formation across the United States. Across the nation hundreds of communities are combating this issue by developing inclusionary zoning ordinances. Historically, there has been no equivalent to inclusionary zoning that enables a community to retain its character while accommodating affordable housing. Adopting an inclusionary zoning program does not require basic zoning ordinances to be altered significantly; the standards that govern development remain intact.

Inclusionary zoning is a method used to integrate affordable housing into all new residential developments in a community. There are two general types: voluntary and mandatory. Both mandatory and voluntary programs provide incentives to developers to encourage/supplement their construction of affordable units. Mandatory inclusionary zoning programs require developers to make a percentage of their units in new housing developments affordable to low- and moderate-income households or pay in lieu fees dedicated to building affordable housing. In contrast, voluntary programs only provide incentives to developers to spur their involvement in the creation of affordable housing units.

The first inclusionary zoning ordinance was developed in Fairfax County, VA in 1971. The ordinance required developers of more than 50 multi-family units to provide 15 percent of their units within an affordable range (Brunick, 2003). The requirement was overturned by the Virginia Supreme Court in 1973, and was ruled a "taking"1.

A land use decision is a "taking" when courts decide that land use regulations are excessively restrictive, so that government has unconstitutionally "taken" land without just compensation. Changes in the U.S. Supreme Court's interpretation of this issue have made it advisable to conduct studies to document why

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1 "There is a taking of property when government action directly interferes with or substantially disturbs the owner's use and enjoyment of the property." *Brothers v. U.S.* , 594 F.2d 740, 741-42 (1979). "A taking is affected if the application of a zoning law denies a property owner of economically viable use of his land. This can consist of preventing the best use of the land or extinguishing a fundamental attribute of ownership." *Vari-Build, Inc. v. City of Reno*, 596 F.Supp 673, 679 (1984).
and to what extent inclusionary zoning programs are necessary – in other words, to determine the "rational nexus" between the problem and the proposed solution. The most important consideration, because it is so often overlooked, is how inclusionary housing programs are implemented. Carefully drafted local decisions, effective monitoring systems and the legal protection for long-term affordability are key elements of a program’s success.

The longest running inclusionary zoning program was developed in 1973 in Montgomery County, MD. The ordinance was instituted countywide and is still being used today to encourage affordable housing development (Brown, 2001). Inclusionary zoning programs have been implemented in cities of varying size, all with positive results.

A typical inclusionary zoning ordinance establishes a minimum percentage of units affordable to households at a particular income level to be provided in specific types of residential developments. The income level is generally defined as a percentage of the median income in the area. The goal of this process is to establish a relatively permanent stock of affordable housing units provided by the private market that keeps pace with overall growth (Porter, 2003). Inclusionary zoning creates economically diverse communities and allows the local government to mitigate economic segregation. Low- and moderate-income housing is provided in mixed-income developments, alongside market rate housing. The integration of mixed-income housing avoids the problems of over-concentration, ghettoization, and stigmatization generally associated with isolated affordable housing efforts (Burchell and Galley, 2000).

An example of how inclusionary zoning has been successfully implemented is the case of Highland Park, IL. The City of Highland Park, IL (population 32,000) approved an inclusionary zoning ordinance in 2003 to combat the rapid decline in affordable housing. The median household income for Highland Park residents is $157,861. However, 80 percent of the locally employed working in the retail and service sectors have an average annual salary of less than $35,000 (Ross, 2003). The new regulations for the Highland Park program apply to all residential developments with five or more units, which are required to set aside 20 percent for affordable units. Developers participating in the program become eligible for a variety of incentives, including fee waivers, and can also take advantage of a density bonus granting one additional market-rate unit per affordable unit provided (Ross, 2003).

While the City prefers that affordable units be constructed on-site, developers of smaller single-family projects may opt out by making cash payments of $100,000 per affordable unit to a housing trust fund. The payment represents the cost to the developer of making a market-rate unit affordable. To determine
the in lieu fee for Iowa City, sum the purchase price of a two-bedroom affordable unit ($88,000)\(^2\) and the
down payment assistance ($5,000) and subtract it from the cost of the lowest priced new two-bedroom,
owner-occupied unit ($110,000). The in lieu fee in Iowa City would equal approximately $17,000, much
less than the Highland Park fee.

For-sale units created by the inclusionary ordinance are often maintained as affordable in perpetuity or as
long as is legally permissible. In many cases, rental units must be kept affordable for 25 years; often
administered by the Housing Authority. The City typically ensures permanent affordability through a
development agreement and restrictive covenants or other related instruments that run with the property.
Among other things, such covenants include a resale formula designed to provide a fair return to owners
of inclusionary units while at the same time ensuring that the units will be resold at a price affordable to
future income-qualified buyers (Highland Park Zoning Ordinance, 2003).

As a proven market-driven technique, inclusionary zoning is able to create affordable housing without
large amounts of public subsidy because it relies on a strong residential market to create below-market
units. Many opponents of inclusionary zoning assert that developers cannot make money on affordable
housing and are burdened with integrating economically diverse neighborhoods that have been
demographically homogeneous for decades. But according to the National Association of Home
Builders, “most inclusionary zoning laws do not completely deprive the developers of a reasonable
economic use and often seek to provide incentives and bonuses as partial compensation” (Innovative
Housing Institute, 2004).

In an incentive-based zoning program a residential developer builds pursuant to a special permit.
Typically, the developer receives increases in density and/or reductions in regulatory requirements such
as parking fee waivers, in exchange for providing affordable housing. Longmont, CO, located 40 miles
outside of Denver, provides an option to developers for in-lieu-of payments that the city uses to develop
affordable housing. Developers in the Longmont program are also eligible for cost offsets, including
smaller setback requirements and reduced parking requirements (Porter, 2003). The current inclusionary
zoning proposal in Brooklyn, NY allows developers to develop 18 percent more square feet in exchange
for setting aside 15 to 25 percent of their units for low-income persons. Developers are given a choice of
how to meet the requirement either by building the low-cost units within their market rate complexes, or

\(^2\) Using the Fannie Mae True Cost Calculator, data was entered for an individual with a yearly income of $30,000, a
monthly debt of $100, a $500 downpayment, and a 6% loan for 30 years. With these details an affordable home in
Iowa City would cost $88,000.
paying an in lieu fee. A large incentive for developers to comply with the inclusionary zoning proposal is their ability to take advantage of other incentives, such as increased building height, parking, and set-back standards, in addition to the right to increase the density of their developments (Cardwell, 2004).

Density bonuses allow developers to build higher density housing than permissible by zoning regulations (e.g. building townhouses in single-family zones). Furthermore, creative and attractive community design can overcome any remaining adverse density impact (Brown, 2001). With appropriate density bonuses, the affordable units should not impose costs on the developer, and will likely lead to additional profit (Innovative Housing Institute, 2004).

**Application to Iowa City**

Since 1994, Iowa City has issued over 4,500 building permits for residential buildings, including single-family, duplex, multi-family, and mixed-use (Table 4). If the City of Iowa City had approved an inclusionary zoning program in 1994, calling for a set-aside of 15% of all residential units for affordable housing, the city would have built over 700 affordable units (Table 5).

**Table 4: Iowa City Residential Permits 1994-2004**

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<tr>
<td>Single Family Number of permits</td>
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<td>149</td>
<td>90</td>
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<td>154</td>
<td>209</td>
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<td>129</td>
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<td>14</td>
<td>13</td>
<td>16</td>
<td>22</td>
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<td>19</td>
<td>24</td>
<td>15</td>
<td>13</td>
<td>22</td>
<td>27</td>
<td>45</td>
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<td>19</td>
<td>24</td>
<td>15</td>
<td>13</td>
<td>22</td>
<td>24</td>
<td>38</td>
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<tr>
<td>Number of units</td>
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<td>185</td>
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<td>152</td>
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<td>310</td>
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<td>486</td>
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<td>17</td>
<td>17</td>
</tr>
</tbody>
</table>

**Total units** 4,911

Source: City of Iowa City Housing and Inspection Services
Table 5: Iowa City Affordable Housing Units if 15% Inclusionary Zoning

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<td>Single Family</td>
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<tr>
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<td>33</td>
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<td></td>
<td></td>
<td></td>
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<td><strong>737</strong></td>
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</tbody>
</table>

Source: City of Iowa City Housing and Inspection Services

Although residential building permits have been issued for developments throughout Iowa City, a large majority of the permits issued from 1990 to 2003 were distributed throughout census tracts 4, 18, and 105 (Map 1). If an inclusionary zoning program were adopted without distinguishing among block groups, a majority of the new affordable housing would be located in census tracts 4, 18, and 105 - areas which already have their fair share of affordable housing according to the Task Force concentration measure. However, building permits were also issued for census tracts with a less than average share of Iowa City’s affordable housing (census tracts 1, 5, 15, 13, 14), illustrating that affordable housing could be scattered effectively with an inclusionary zoning policy that distinguished among small local areas.
Fair Share Housing

Fair share housing programs determine where within a given area low- and moderate-income units should be built based on where need is greatest, where housing opportunities will expand, and where it is most suitable. The goal of fair share housing policies is to enhance the mobility of poor individuals (Connerly, 1996).

Fair share housing is most commonly used at the state or regional level to try to achieve an even distribution of affordable housing across municipalities. If Iowa City were to adopt this type of policy, the City would be redistributing the housing within its administrative boundaries (e.g. census tracts or blocks groups). In addition to assigning a fair share target for each area, the City would need to zone or re-zone undeveloped land in such a way as to ensure that the fair share of affordable housing could be
located within each block group. A proactive stance the City that encouraged affordable housing would help to promote acceptance by neighborhood residents.

Fair share housing gained its legal precedent in the New Jersey case, Mount Laurel I (1975). The final ruling in that case and in Mount Laurel II (1983) established that each locality has an obligation to provide low- and moderate- income housing based on several factors, one being their growth rate (Dodge 2002). In addition, localities need to develop a firm plan for how to meet their need for this type of housing. Should a town choose not to comply, the court can step in and grant developers the right to build affordable housing without the locality’s approval, referred to as the “builders remedy” (Mallach, 2004).

These cases led to the creation of the New Jersey Council on Affordable Housing (COAH). The COAH is responsible for identifying the housing regions within the state, the overall need for affordable housing within each region and the specific amount of affordable housing each town and village is to provide for within their boundaries. However, jurisdictions are not required to develop the recommended amount. The consequence of allowing fewer units than the prescribed amount is an increased chance that a developer will be granted a builders remedy if they challenge the municipality. The COAH is involved in the approval of all municipal affordable housing plans. It is through their requirement that all developable land be zoned under the assumption that 20% of the units will be set aside for very low and low-income residents and have a minimum density of 6 units per acre that the COAH is able to ensure that adequate land is available for affordable housing (Connerly, 1996).

New Jersey set the precedent for fair share housing allocation, but the issue has been dealt with in a variety of ways in other states. California’s fair share is determined by the existing and predicted demand for housing, and by efforts to disperse low-income households (Connerly, 1996). The state assigns each community its share of the regional need for affordable housing based on market demand, employment opportunities, commuting patterns, and availability of suitable sites and public facilities within the community. The state requires that each local government include their housing apportionment plan (commonly referred to as the housing element) as part of their comprehensive plan, with which all government actions must be consistent. This gives the housing element the force of law (Connerly, 1996). The locality’s housing element shows how they plan to accommodate all of the state mandated low- to moderate-income units; each locality need not provide the mandated units, they need only have enough land zoned appropriately so the units could reasonably be constructed. Enforcement depends on affordable housing advocates, who are expected to bring legal suit when an affordable development is
unreasonably barred from an area or is faced with restrictions that would increase costs to the point that it would no longer be affordable (Connerly, 1996).

Massachusetts’ application of fair share is also overseen by the state, but their formula is much simpler than that of California or New Jersey. The goal in Massachusetts is to prevent localities from limiting the development of federally subsidized or state-funded housing arbitrarily. Any permit application for subsidized housing denied by the local zoning board of appeals can go straight to a state Housing Appeals Committee. The committee is in place to ensure that the locality is not arbitrarily limiting subsidized housing, be it through permit denials or conditions that would make the development infeasible. If they find either of these to be true, the Committee can override the local zoning board of appeals decision. A locality that meets any one of the following requirements is exempt from review by a Housing Appeals Committee (Connerly, 1996):

- 10% of all dwelling units are low- and moderate-income units based on the last decennial census.

- 1.5% or more of the town’s residentially, commercially or industrially zoned land is occupied by low- and moderate-income housing.

- Approving the permit would result in the development site consisting of 0.3% of the towns publicly owned land, or 10 acres being developed within one year, whichever is greater.

Massachusetts’ fair share allocation is criticized for being overly simplified and somewhat arbitrary since its allocation formula is not tied to need or growth (Connerly, 1996). This method relies on developers to decide when and where it is feasible to develop affordable housing (Connerly 1996). Without developer-driven initiatives, affordable housing will not be constructed.

*Application to Iowa City*  
Developing a fair share housing policy tailored to the needs of a community is a large and potentially overwhelming task. Iowa City may find that the creation of a locally mandated allocation formula that is legally defensible and practically feasible, is a daunting endeavor, requiring copious amounts of time, opportunities for revision, and public input. New Jersey’s allocation formula focuses on zoning vacant land in such a way as to make the development of affordable housing possible. Adopting a similar formula in Iowa City would mean that efforts to equally distribute affordable housing would be focused along the city’s fringe where developable land is available, and would not change the distribution within
already developed areas. Iowa City would need to develop its own plan to rezone developed land in such a way that affordable housing would be encouraged to disperse throughout the city.

California’s allocation attempts to create a job/housing balance by locating the affordable housing near areas where workers’ incomes qualify them for this type of housing. This minimizes commuting times and corresponding congestion. Iowa City has much lower densities than many cities found in California, keeping the jobs and residential areas fairly segregated. However, there is a regional jobs/housing balance issue, as illustrated in the commuter flow discussion in the Community Profile section of this report. One in five who work in Iowa City live outside of Johnson County. Housing, both rental and ownership opportunities, are more affordable in the ten surrounding counties where the vast majority of commuters reside.

Adopting Massachusetts’ general formula of encouraging affordable housing in areas where the affordable housing stock is obviously lacking would be the simplest to measure and implement in Iowa City. However, it means relying on developers to determine when and where affordable housing will be built. If Iowa City were to adopt a formula similar to Massachusetts’, the focus at this time would only be on assisted housing. In addition, the definition for an over- or under-abundance of assisted housing within any given block group would need to be unique to Iowa City.

City Steps, the Consolidated Plan for Iowa City, has defined a concentration of low- and moderate-income residents and minority populations by ten percentage points above the citywide average to define a concentration of low- and moderate-income and minority populations. The Consolidated Plan is a document required by HUD for the distribution of HOME and CDBG funds. Applying the measure used in City Steps to assisted housing would identify those blocks groups with concentrations of assisted housing. For example, 14.6% of all occupied units are assisted in block group 4.1, more than ten percentage points over the city average of 4.1%, indicating a concentration in this block group. The data used would need to be updated regularly.

*Table 6* shows the two block groups (in bold text) that would have more than their fair share of assisted housing, when evaluated based on the entire housing stock. In their discussions, the Iowa City Scattered Site Housing Task Force has shown a preference for looking at the percentage of assisted units to *rental units*, changing the scope of the housing stock being considered.
The exclusion of owner-occupied housing in this equation skews the results because it is not representative of the whole community. It also ignores the fact that rental units are unevenly distributed among the block groups. Using both rental and owner-occupied units is a more realistic illustration of the distribution of assisted housing.

A strong fair share housing policy tailored to Iowa City has the potential to encourage a more equal distribution of assisted housing throughout the city. A policy mandating that areas without their fair share of assisted housing take steps to encourage this type of housing has the potential to promote infill development and decrease sprawl by lowering the cost of developing assisted housing in these areas. If Iowa City were to choose to implement a fair share housing allocation, it would be the first of its kind in the region and would become a demonstration program for surrounding jurisdictions. If the program proves to be successful, local fair share housing formulas may become more popular in Iowa, and regional provision of fair share affordable housing may emerge.
### Table 6: Fair Share Housing Analysis by Rental Units v. All Occupied Units

<table>
<thead>
<tr>
<th>Census Tract</th>
<th>Number of all occupied units¹</th>
<th>Number of assisted rental units²</th>
<th>Percent of all occupied units that are assisted³</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>1,023</td>
<td>3</td>
<td>0.3%</td>
</tr>
<tr>
<td>1.2</td>
<td>1,056</td>
<td>35</td>
<td>3.3%</td>
</tr>
<tr>
<td>4.1</td>
<td>2,646</td>
<td>385</td>
<td>14.6%</td>
</tr>
<tr>
<td>5.1</td>
<td>470</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>5.2</td>
<td>2,707</td>
<td>8</td>
<td>0.3%</td>
</tr>
<tr>
<td>6.1</td>
<td>1,751</td>
<td>8</td>
<td>0.5%</td>
</tr>
<tr>
<td>11.1</td>
<td>818</td>
<td>29</td>
<td>3.5%</td>
</tr>
<tr>
<td>11.2</td>
<td>930</td>
<td>13</td>
<td>1.4%</td>
</tr>
<tr>
<td>12.1</td>
<td>381</td>
<td>11</td>
<td>2.9%</td>
</tr>
<tr>
<td>12.2</td>
<td>491</td>
<td>2</td>
<td>0.4%</td>
</tr>
<tr>
<td>13.1</td>
<td>706</td>
<td>12</td>
<td>1.7%</td>
</tr>
<tr>
<td>13.2</td>
<td>529</td>
<td>8</td>
<td>1.5%</td>
</tr>
<tr>
<td>14.1</td>
<td>269</td>
<td>3</td>
<td>1.1%</td>
</tr>
<tr>
<td>14.2</td>
<td>730</td>
<td>87</td>
<td>11.9%</td>
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<tr>
<td>14.3</td>
<td>972</td>
<td>22</td>
<td>2.3%</td>
</tr>
<tr>
<td>15.1</td>
<td>684</td>
<td>2</td>
<td>0.3%</td>
</tr>
<tr>
<td>15.2</td>
<td>557</td>
<td>6</td>
<td>1.1%</td>
</tr>
<tr>
<td>16.1</td>
<td>1,586</td>
<td>12</td>
<td>0.8%</td>
</tr>
<tr>
<td>16.2</td>
<td>1,343</td>
<td>81</td>
<td>6.0%</td>
</tr>
<tr>
<td>17.1</td>
<td>431</td>
<td>18</td>
<td>4.2%</td>
</tr>
<tr>
<td>17.2</td>
<td>327</td>
<td>2</td>
<td>0.6%</td>
</tr>
<tr>
<td>17.3</td>
<td>543</td>
<td>6</td>
<td>1.1%</td>
</tr>
<tr>
<td>18.1</td>
<td>1,918</td>
<td>68</td>
<td>3.5%</td>
</tr>
<tr>
<td>18.2</td>
<td>1,433</td>
<td>149</td>
<td>10.4%</td>
</tr>
<tr>
<td>21.1</td>
<td>13</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>21.2</td>
<td>631</td>
<td>104</td>
<td>16.5%</td>
</tr>
<tr>
<td>23.1</td>
<td>429</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>23.2</td>
<td>766</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>23.3</td>
<td>6</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>104.4</td>
<td>1,242</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>105.1</td>
<td>984</td>
<td>75</td>
<td>7.6%</td>
</tr>
<tr>
<td>Iowa City</td>
<td>28,372</td>
<td>1,150</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

² Assisted units data collected by The University of Iowa and the City of Iowa City
³ **Bold** text indicates those block groups with 14.1% or greater of housing units that are assisted. This threshold is ten percentage points above the Iowa City average of 4.1%.
Moving to Opportunity

There are two broad types of subsidized housing programs in the United States. The most visible are the place-based programs, which involve the development of affordable housing structures, be they single-family homes or multi-family structures. The other major type of housing assistance is through tenant-based Section 8 Housing Choice vouchers. These vouchers are cash payments given directly to clients and used for market-rate units. The voucher amount is the difference between 30% of the clients’ adjusted family income and the lower of either the public housing authority-determined standard or gross rent of the unit. Clients may choose apartments with rents greater than the voucher and pay the difference (HUD, Tenant Based Vouchers, 2005).

Up until this point, the options for scattering subsidized housing discussed in this report have been project-based. In other words, they have all dealt with the location of development. In contrast, Moving to Opportunity is a tenant-based option, thus managing where vouchers can be used.

Moving to Opportunity (MTO) was a 10-year federal demonstration project based on the Gatreaux Program in Chicago and was designed to study the effects neighborhood may have on people’s lives. Starting in 1994, this project tracked clients receiving federal housing assistance in five major cities, Baltimore, Boston, Chicago, St. Louis, and New York. The clients were randomly placed in one of three groups:

- The experimental group was offered housing vouchers and services that could only be used in census tracts with a less than 10% poverty rate.

- The Section 8 group was offered regular Section 8 vouchers that were not geographically restricted. They received everything the traditional program offered.

- The control group continued to receive project-based assistance and did not receive vouchers.

Although final data is still being analyzed, data collected halfway through the program showed that geographically restricting Section 8 voucher use had positive effects of on personal safety; housing quality; mental health and obesity among adults; and mental health, school attendance, and risky behavior in teenage girls. These initial findings also indicated that there were negative effects on boys’ behavior, and no effect on educational attainment for children or employment outcomes for adults (HUD, Office of Policy Development and Research, 2003).
One frequent concern regarding scattering techniques is the potential disruption to social networks, or social capital, which is most commonly defined as networks of trust and resources. There are two components of social capital: the individual and the community. The individual component—or social glue—refers to a person’s connection to or involvement in the community. The community component—or social bridges—refers to ties between community groups and affects broader community resources such as the quality of schools and public safety (Lang & Hornburg, 1998; Pettit & McLanahan, 2001).

Increased social glue has not been found as a result of MTO. As low-income families move into areas with fewer people in their own socio-economic group, it is understandable they might feel uncomfortable and be shy or unsure about joining community groups such as the PTA or neighborhood associations. Additionally, there may be resistance on the part of the non-poor in the area to accept the newcomers. It is important to keep in mind that this data was analyzed at the mid-point of the project. Social ties, especially at the individual level, take time to cultivate (Pettit & McLanahan, 2001).

While individual social capital may not have been a benefit of MTO, the experimental and Section 8 groups (those with vouchers, geographically limited or not) lived in neighborhoods with lower rates of poverty, female-headed households, and welfare receipt, and experienced higher rates of employment and education than did clients living in public housing developments. These findings were even more pronounced for the experimental group, which was only allowed to move to those areas with less than 10% poverty (Pettit & McLanahan, 2001).

The counseling aspect of Moving to Opportunity proved essential. The experimental group received both housing and non-housing related help, including assistance choosing a neighborhood, finding a unit, negotiating rent, and preparing to move; credit counseling; job training and development; help finding a job; education (specifically addressing literacy); family counseling; health care referrals; and legal and welfare advocacy. This counseling was administered by non-profit organizations, which was found to be an asset as the relationships between clients and non-profits are less regulated and structured than they are with housing authorities. Non-profits are also able to bring important social service and community contacts into the equation. Key characteristics associated with the most effective non-profits in MTO include knowledge of the affordable housing market, and previous experience with low-income clients (Feins et al, 1997). Four key ingredients for successful counseling were found, as described below.
• Completion of an **assessment of needs**. Each client has different skills, goals, and needs. Completing a needs assessment for each client can identify potential barriers to success and help target resources.

• A **contract** between the client and the organization helps define boundaries and expectations of both parties. This type of contract improved client participation, perhaps by identifying upfront those families willing to put forth the time and energy.

• It is important to decide at the outset what **counseling services** will be offered; specifically, what types of housing and non-housing services will be offered directly or through referral. In order to make informed decisions about this, research such as a market analysis may be desired. It is important that services offered meet clients’ needs.

• **Follow-up support** was found to be essential for those families who required more assistance (housing and non-housing). For others, it was characterized more as a bonus (Feins et al, 1997).

*Application to Iowa City*

Iowa City has a well-used voucher program. With roughly 450 landlords in the area accepting vouchers, 99% of the 1,213 Section 8 vouchers available are used each year (Rakis, February 2005). The waiting list has grown from 10 in 2002 to over 1,657 by the third quarter of 2004 (Iowa City Housing Authority, 2004).

If Iowa City were to institute a program similar to MTO that limits Section 8 vouchers to areas with less than 10% family poverty, four census tracts would be unavailable to clients with vouchers. These census tracts accounted for 25% of the Section 8 vouchers used in Iowa City in October 2004. These findings, and those discussed in the following paragraphs, are displayed in *Table 7*.

Despite using family poverty rates (as opposed to individual poverty rates) in an effort to control for the high percentage of student renters in neighborhoods surrounding the University, the highest family poverty rates are found where we would expect to find high populations of student renters—downtown, including the Northside, Goosetown, and College Green neighborhoods (Tracts 21 and 16) and across the river near the University medical campus (census tract 6). The other tract that exceeds the poverty threshold is home to Pheasant Ridge, the largest place-based assisted housing complex in the city (census tract 4).
Table 7: Poverty Rates, Voucher Use, and Rental Units in Iowa City

<table>
<thead>
<tr>
<th>Census Tract</th>
<th>Family poverty rate¹</th>
<th>Percent of ICHA vouchers used in Iowa City in each census tract²</th>
<th>Number of vouchers⁵</th>
<th>Number of rental units⁴</th>
<th>Percent of all rental units obtained with vouchers</th>
<th>Median gross rent¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>26.9%</td>
<td>1.9%</td>
<td>14</td>
<td>612</td>
<td>2.3%</td>
<td>$550</td>
</tr>
<tr>
<td>16</td>
<td>13.8%</td>
<td>5.7%</td>
<td>43</td>
<td>2,709</td>
<td>1.6%</td>
<td>$604</td>
</tr>
<tr>
<td>4</td>
<td>13.7%</td>
<td>14.1%</td>
<td>106</td>
<td>1,535</td>
<td>6.9%</td>
<td>$476</td>
</tr>
<tr>
<td>6</td>
<td>10.0%</td>
<td>3.6%</td>
<td>27</td>
<td>1,388</td>
<td>1.9%</td>
<td>$544</td>
</tr>
<tr>
<td>18</td>
<td>9.8%</td>
<td>28.6%</td>
<td>216</td>
<td>1,334</td>
<td>16.2%</td>
<td>$571</td>
</tr>
<tr>
<td>11</td>
<td>7.6%</td>
<td>3.2%</td>
<td>24</td>
<td>1,440</td>
<td>1.7%</td>
<td>$531</td>
</tr>
<tr>
<td>5</td>
<td>7.4%</td>
<td>6.4%</td>
<td>48</td>
<td>1,459</td>
<td>3.3%</td>
<td>$598</td>
</tr>
<tr>
<td>104</td>
<td>5.9%</td>
<td>2.4%</td>
<td>18</td>
<td>575</td>
<td>3.1%</td>
<td>$484</td>
</tr>
<tr>
<td>15</td>
<td>5.5%</td>
<td>3.6%</td>
<td>27</td>
<td>377</td>
<td>7.2%</td>
<td>$582</td>
</tr>
<tr>
<td>14</td>
<td>4.5%</td>
<td>12.7%</td>
<td>96</td>
<td>541</td>
<td>17.7%</td>
<td>$525</td>
</tr>
<tr>
<td>105</td>
<td>3.6%</td>
<td>5.4%</td>
<td>41</td>
<td>338</td>
<td>12.1%</td>
<td>$619</td>
</tr>
<tr>
<td>17</td>
<td>2.7%</td>
<td>4.8%</td>
<td>36</td>
<td>441</td>
<td>8.2%</td>
<td>$618</td>
</tr>
<tr>
<td>1</td>
<td>2.4%</td>
<td>4.4%</td>
<td>33</td>
<td>643</td>
<td>5.1%</td>
<td>$601</td>
</tr>
<tr>
<td>23</td>
<td>1.4%</td>
<td>0.3%</td>
<td>2</td>
<td>626</td>
<td>0.3%</td>
<td>$642</td>
</tr>
<tr>
<td>12</td>
<td>1.2%</td>
<td>1.2%</td>
<td>9</td>
<td>246</td>
<td>3.7%</td>
<td>$676</td>
</tr>
<tr>
<td>13</td>
<td>0.7%</td>
<td>1.9%</td>
<td>14</td>
<td>155</td>
<td>9.0%</td>
<td>$755</td>
</tr>
<tr>
<td><strong>Iowa City Avg.</strong></td>
<td><strong>5.0%</strong></td>
<td>-</td>
<td><strong>754</strong></td>
<td><strong>14,419</strong></td>
<td><strong>5.2%</strong></td>
<td><strong>$590</strong></td>
</tr>
</tbody>
</table>

Note: Table ranked by family poverty rate.

¹Source: US Census 2000, Summary file 3

²Source: Iowa City Housing Authority, October 2004

Census tract 18, which is home to the Broadway neighborhood and is commonly perceived as being a poorer area of the city, is slightly under the 10% poverty threshold imposed by the MTO program. While census tract 18 does not reach the poverty threshold, it is home to a larger number of vouchers than any other tract (28%). In comparison, just 9% of the city’s rental units are located in tract 18. Expanding this analysis further, the majority (55%) of vouchers are used in census tracts 18, 14, and 4. These three census tracts contain 24% of all rental units in Iowa City. This would suggest that Section 8 vouchers are not used uniformly throughout Iowa City.

Vouchers are most likely to be used in tracts with lower median rents. The average median gross rent of those four tracts with the fewest number of vouchers used (5.3%) is $656. This is $132 over the average for the three tracts with the greatest number of vouchers used ($524).

It is also beneficial to consider rents in relation to the HUD-calculated fair market rent (FMR). In 2000, the FMR for a two-bedroom unit in the Iowa City MSA was $582. Seven of the sixteen census tracts in
Iowa City recorded median gross rents less than that amount. Half (51%) of all rental units are located within these seven tracts. In comparison, these tracts accommodated 66% of vouchers. Of the four census tracts with family poverty rates 10% or greater, three recorded median gross rents below FMR in 2000. Of the twelve census tracts that would still be available to voucher-users in a MTO scenario, four have median gross rents at or below FMR.

Clearly, Section 8 voucher recipients are concentrated in neighborhoods that have lower median rents, as we would expect given the conventions of the voucher program. Without a greater number of affordable rental units, it would be difficult to require voucher recipients to move to some low-poverty neighborhoods. These units could come about through various methods, including development, rehabilitation, or simply a softer market that lowers the cost of housing in general.

**Housing Consortiums**

A housing consortium is a grouping of contiguous governments that work together to address housing problems. A major reason for smaller governments to form a consortium is to reach the critical mass of 50,000 people to qualify as a participating jurisdiction and therefore receive federal HOME funds. It also allows them to combine their resources to raise the matching funds needed, which is 25% of the HOME award and must come from non-federal sources (HUD, *Building Home Primer*).

Consortiums help communities work together for the greater good of the region. There are several ways this may happen. For example, small neighboring jurisdictions can combine to be eligible for funding and raise the needed match, or a qualifying jurisdiction that did not want the responsibility of managing HOME funds could create a consortium with a smaller government that would not qualify on their own. The smaller jurisdiction may take on the responsibility of managing the funds in return for a "piece of the pie". Bringing smaller jurisdictions into consortiums helps rural areas develop affordable housing.

Consortiums can successfully use public funds to leverage private support. The mandatory set aside of funds for Community Housing Development Organizations (CHDO) can create a stable funding source for non-profit developers for the life of the consortium (Thomas Jefferson Consolidated Plan, 2003). Consortiums culminate in the creation of affordable housing throughout the region in which they are located. While they can help develop a regional scale response to housing needs, housing consortiums on their own they do not aid in scattering subsidized housing.
Application to Iowa City

Iowa City, with a population over 50,000, qualifies for HOME funds and has been acting as its own participating jurisdiction, receiving HOME funds since 1994 (Nasby, 2005). Funding is competitively awarded based on population, per capita income, number of rental housing occupied by persons in poverty, the number of households in poverty living in rental units built before 1950, the total number of families in poverty and the overall condition of the stock of rental housing (HUD, The Consortia Builder). Due to the allocation formula, Iowa City would receive the greatest benefit (i.e. the largest increase in funding) by joining forces with a more impoverished area or one with a larger stock of affordable rental housing. This is a situation that we will not find in the region, Iowa City has the most rental housing in the area, and in general the highest median home values and median gross rents (Tiffin has higher rents). Data from the Iowa City Planning Department indicates that forming a consortium would not significantly increase Iowa City’s total HOME allocation, and the requirements for sharing between the jurisdictions involved would cause the per capita home allocation to fall.

Disregarding the allocation formula for a moment and looking at the issue from a political standpoint, it is likely that if Iowa City were to join forces with a neighboring community, Iowa City would be pressured to use consortium funds to increase its own stock of affordable housing. This is because any entity it joined with, excluding Tiffin, would have an adequate amount compared to Iowa City as shown in Table 8. For example, if Iowa City formed a consortium with the City of Hills, it is likely that some people would argue that since the two cities have similar median family incomes but Iowa City has higher rents and higher median home values, Iowa City has the greatest need for affordable housing and should therefore build the greatest share. Resulting in a political situation that would not necessarily scatter subsidized housing throughout the jurisdictions involved.
Table 8: Population, Income, and Housing Data for Greater Iowa City Area

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
<th>Housing Units</th>
<th>Median Family Income</th>
<th>Median Gross Rent</th>
<th>Median Home Value</th>
<th>Median Number of Rooms</th>
<th>Median Value Per Room</th>
<th>Median Year All Housing Units Built</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa City</td>
<td>62,381</td>
<td>26,052</td>
<td>$57,568</td>
<td>$572</td>
<td>$121,400</td>
<td>4.8</td>
<td>$25,292</td>
<td>1973</td>
</tr>
<tr>
<td>Coralville</td>
<td>15,143</td>
<td>6,753</td>
<td>$45,096</td>
<td>$561</td>
<td>$117,800</td>
<td>4.6</td>
<td>$25,609</td>
<td>1967</td>
</tr>
<tr>
<td>North Liberty</td>
<td>5,381</td>
<td>2,343</td>
<td>$53,750</td>
<td>$495</td>
<td>$94,200</td>
<td>5.0</td>
<td>$18,840</td>
<td>1990</td>
</tr>
<tr>
<td>Kalona</td>
<td>2,267</td>
<td>972</td>
<td>$45,897</td>
<td>$456</td>
<td>$91,800</td>
<td>5.7</td>
<td>$16,105</td>
<td>1971</td>
</tr>
<tr>
<td>West Branch</td>
<td>2,209</td>
<td>904</td>
<td>$51,667</td>
<td>$450</td>
<td>$88,900</td>
<td>5.8</td>
<td>$15,328</td>
<td>1971</td>
</tr>
<tr>
<td>Solon</td>
<td>1,172</td>
<td>494</td>
<td>$58,289</td>
<td>$534</td>
<td>$110,300</td>
<td>5.9</td>
<td>$18,695</td>
<td>1968</td>
</tr>
<tr>
<td>Lone Tree</td>
<td>1,134</td>
<td>501</td>
<td>$50,000</td>
<td>$495</td>
<td>$91,600</td>
<td>5.8</td>
<td>$15,793</td>
<td>1962</td>
</tr>
<tr>
<td>Tiffin</td>
<td>999</td>
<td>463</td>
<td>$47,969</td>
<td>$588</td>
<td>$99,300</td>
<td>4.7</td>
<td>$21,128</td>
<td>1995</td>
</tr>
<tr>
<td>Hills</td>
<td>684</td>
<td>257</td>
<td>$57,386</td>
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The match required to receive HOME funds is substantial and the more governments involved, the easier it may be to raise the necessary money. However, a joint consolidated plan, administration and organizational structures would be needed for a consortium to succeed, involving a complex planning process. Due to the complexities of involving multiple governmental entities, setting up a consortium and deciding how to apply the funds has the potential to be difficult, time consuming, and politically challenging.
**Summary of Recommendations**

The Task Force presented recommendations to guide future development of assisted housing for public comment at their March 28th meeting. We present a summary of their recommendations and discuss specific points of interest in this section. A full list of their recommendations is included in Appendix A. Their main recommendations are:

- Iowa City should maintain their commitment to assisted housing and increase opportunities for affordable housing generally.

- Iowa City should take steps to prevent future concentrations of housing.

- Iowa City should adopt a voluntary inclusionary zoning policy and take steps to ensure a fair share distribution of assisted housing throughout the community.

They also suggest an education campaign for City residents and surrounding municipalities on the importance and need for affordable housing. The community needs to be aware of the degree to which housing and development decisions involve all segments of the community.

**Task Force Matrix**

The Task Force identified block groups that have fewer units than 37, which is the number of assisted units each block group should have to evenly distribute assisted units according to their matrix. The Task Force recommends that future assisted housing development be encouraged in these block groups by allocating funds above and beyond the current federal CDBG and HOME funding. To support increased private market development of assisted and affordable housing, zoning and code regulation changes should be considered. The Task Force urges the City to commit sufficient resources to scatter affordable housing, without causing a reduction in the supply.

**Implications of Task Force Recommendations**

*Future development of new assisted housing would be concentrated in a few block groups.*

The Task Force identified areas of Iowa City that currently have their fair share of assisted housing and those that do not. In their recommendations, they encourage assisted housing development in those areas
with fewer units than their fair share, illustrated in Map 2. However, their analysis does not include other factors that affect development, such as the location of developable land. The majority of developable land is located in block groups that the Task Force has deemed unsuitable for assisted housing, greatly limiting the total quantity that can be constructed in Iowa City.

Map 2: Implications of Task Force Draft Recommendations

Unintended impacts could be realized if recommendations are not adopted as a whole.
Many of the recommendations the Task Force drafted are most effective when enacted together. For instance, encouraging rental opportunities outside of University of Iowa student-populated areas to make it easier for families to compete with students for housing (Task Force Draft Recommendations (TFDR) specific objective 6) would be more effective if the City also did more to encourage affordable housing opportunities "by exploring creative approaches to housing and development" and perhaps revising

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3 Data from the Iowa City Assessor was used for this analysis. Land use was used as a proxy for zoning classification due to data and time restraints.
zoning regulations to permit smaller lot sizes and row houses (TFDR specific objective 5). Additional funding may make it easier for developers who currently build assisted housing to develop in those areas that do not currently accommodate their fair share (TFDR specific objective 3), but an inclusionary zoning ordinance (TFDR specific objective 9) might encourage more developers to build assisted housing. This would result in not only greater dispersal, but perhaps a greater number of units as well.

However, these points are not made in the recommendations; there is no guidance for Council on how these objectives work together to create a cohesive whole. This concern was demonstrated by the challenge from one community-member to the Task Force to advocate for their recommendations throughout the whole process, not to end their involvement after they present to Council.

**Effective moratorium may occur.**

Withholding support from assisted housing in block groups with more than fair share could effectively put a moratorium on assisted housing development. The Task Force includes language that the City should only withhold support to assisted housing development in over represented block groups if *efforts to encourage development elsewhere maintain the current supply* (TFDR specific objective 4). The efforts to encourage development in underrepresented block groups include providing funds in excess of the federal and state CDBG and HOME funds that are currently used (TFDR specific objective 3) and adopting a voluntary inclusionary zoning ordinance where developers are offered incentives but are not required to include assisted housing in their developments (TFDR specific objective 9). However, one fear is that City Council will only adopt the part of the recommendation that discontinues support to certain block groups and does not do enough to break down current market barriers to development. If this happens, a virtual moratorium on assisted housing development could occur. Adopting mandatory inclusionary zoning ordinance would go far to allay these fears.

**Land prices will affect development.**

What effect will increased development costs, incurred by building on higher priced land, have on the number of assisted units constructed? If fewer units can be built, is dispersal still preferred? The Task Force realizes that costs will increase in some areas. As a Task Force member stated in the public meeting, the same market forces that increase the price of land have concentrated assisted housing in Iowa City (VandenBerg, March 28, 2005). If those market forces are not changed, this could have the outcome of fewer units built.
Residency preference ineffective.
The recommendation for a residency preference for Section 8 and other subsidized housing (TFDR specific objective 2) generated strong reactions from the public. The two most prevalent objections to the recommendation are:

- Obtaining residency in Iowa is relatively easy. To obtain a drivers license, prospective residents are required to register to vote, enroll their children in school, obtain full-time employment, or live in Iowa for 30 consecutive days (Iowa Department of Transportation, 2005). Therefore, such a preference would be merely ‘window dressing’ (Rackis, Task Force Meeting March 28, 2005).

- Whether motivated by a notion to keep African Americans from Chicago out of Iowa City or not, it will be perceived as such.

Limiting rehabilitation opportunities.
Some organizations noted that the recommendations do not leave room for rehabilitation in areas that are overrepresented or allow for funding rehabilitation of existing assisted units. This will decrease funding opportunities as many grants are awarded for rehabilitation (Axeen, March 28, 2005). In addition, many grants specify maximum amounts that can be spent per unit. These recommendations may result in increasing costs for such development and may affect funding (Offutt, March 28, 2005).

Limitations of unit of analysis.
Another concern noted at the public meeting was the use of block groups in the analysis. This unit of analysis was chosen by the Task Force because they are defined at the federal level (not influenced by local politics) and consistent, independent data is readily available. One commenter stated that the block groups do not necessarily represent the impacted area. For instance, Pheasant Ridge, the largest subsidized housing development in Iowa City, is located right on the edge of census tract 4 block group 1 (Otte, March 28, 2005).
STUDY ANALYSIS

Alternate Matrix Recommendation
The suitability of a site for assisted housing depends on many factors such as land price, poverty rates, and the amount of existing assisted housing. A site suitability analysis provides an example of different outcomes by taking into account these additional factors.

The factors utilized within the index can be divided into two categories: development feasibility and concentrations of low-income populations. Barriers to developing assisted housing include higher land prices and availability of land. The index considers two factors as a proxy for value of land: median owner-occupied home value and median gross rents. Subsidized housing would be difficult to develop in areas with higher home values and gross rent because greater subsidies would be needed to make them affordable to low-income populations.

The availability of land for new development is represented by one factor: the percentage of land in each block group that is available for development. This factor is aimed toward encouraging the inclusion of subsidized units in new residential development, therefore block groups with large percentages of undeveloped land would receive favorable ranking. However, subsidized units are also created through rehabilitation and acquisition. Opportunities for rehabilitation and acquisition can be found across all block groups. Therefore the index does not include a variable for land available for rehabilitation and acquisition as each block group has the same rank.

To avoid potential concentrations of poverty or subsidized housing, assisted housing development would be encouraged in areas with smaller proportions of these populations. Two factors were taken into account in the index to illustrate this point: the percent of families in poverty and the percent of subsidized units. The percent of subsidized units is calculated using all housing units, not just rental units.

The site suitability scores were calculated by ranking block groups according to the values of the aforementioned variables. Each block group was then assigned a value equal to their rank number relative to the score of other block groups. The more negative the impact on the development of affordable housing or concentration of low-income persons, the lower the score assigned. The rank scores for each variable were summed, resulting in the cumulative index score (Table A in Appendix B). The block groups were then segmented into three equal groups based on their index scores. The group
with the lowest index scores represents areas deemed less desirable for additional assisted housing development, while the group with the highest scores represents areas deemed most suitable (Map 3). Incentive levels could be coordinated with these group designations. A more in-depth discussion of the methodology can be found in Appendix B.

Using the index scores, one option for the City is to adopt a citywide inclusionary zoning policy. This could be either a mandatory or voluntary policy, as described in the Dispersal Techniques section of this document. We offer two scenarios that would be applicable under either a mandatory or voluntary policy. In scenario one, the level of incentives would be the same across the city, but the proportion of subsidized units required in new residential developments would vary based upon the index score. In other words, new residential developments in block groups with high index scores, meaning assisted housing development is desired, would be required to include a higher proportion of assisted units than block groups with low or medium index scores.

Under the second scenario, the proportion of assisted units required with each new residential development could be the same throughout the city. However, the level of incentives would vary based on the index score. For instance, developers who chose to include the set proportion of assisted units in areas with high index scores would receive higher incentives than those who build assisted units in block groups with lower scores. This is the scenario we have adopted in our matrix.

In our matrix, a lower index score indicates that the block group has a combination of high rent, home values, families living in poverty, subsidized units, and low proportions of developable land. Areas with this combination of characteristics may be less attractive locations for new subsidized housing.
In contrast to the Task Force recommendations, rehabilitation opportunities would exist in the scenario suggested by this study. CDBG and HOME funds would still be available for those who want to develop or rehabilitate assisted housing in those block groups with a low index score (i.e. those that have a higher percentage of assisted housing).

One challenge to evaluating assisted housing units is defining the area of their impact and then collecting data for that specific area. Given the strong identity that neighborhoods have in Iowa City (defined by neighborhood associations), one idea would be to compare data at the neighborhood level. However, the US Census Bureau does not release data at the neighborhood level and not all parcels are associated with a specific neighborhood. Another option would have been using census blocks. Yet, not all data is released at this minute level, such as poverty. Census tracts, a level at which all data is released, were deemed to be too large to provide useful information. Given these constraints the most logical choice is
to use census block groups. Although block groups do not directly relate to the neighborhoods in Iowa City, they are generally compact and relatively consistent areas. In addition, the necessary data is available at this level. While the concerns voiced regarding the somewhat arbitrary boundaries of these groups are valid, it is the best option.
STUDY RECOMMENDATIONS

Overall, The Task Force has tackled the immense and politically delicate issue of subsidized housing dispersal with enthusiasm and good intentions. The process has been long and arduous and the Task Force has continued to push themselves to a better understanding of the issue, possible responses and policies. However, we would like to offer several recommendations.

**Include both residents of assisted housing and developers in the process.**
There are numerous community stakeholders in the issue of assisted housing, and overall, the Task Force successfully incorporated each into this process. However, two groups’ absences in particular are missing: residents of assisted housing and housing developers.

While residents in assisted housing have not traditionally been influential in siting assisted and affordable housing development, they have just as much—if not more—to gain or lose as any other stakeholder. If a primary reason to disperse assisted housing is to improve the lives of people living in assisted housing and increase opportunities for their success, this group is integral to the success of any policy.

Residential developers, both market rate and those who develop assisted housing, are intimately involved in the issues discussed by the Task Force. They will be acutely affected by any policy adopted by City Council. Their knowledge of the residential development process and how they will be affected by potential policies would serve the Task Force well. While these groups were invited to present, we suggest they could have played a greater role, such as sitting on the Task Force itself.

**Take the distribution of residential housing into account when defining concentration.**
The Task Force was remiss in not accounting for the distribution of residential units in Iowa City in their fair share matrix. An alternative to their fair share calculation is analyzing the proportion of assisted units to all housing units. Using the proportion of all housing units that are subsidized rather than a set number of units (such as the 37 used by the Task Force) controls for the amount of residential development in each block group. Housing is not evenly distributed across Iowa City. For example, census block group 14.1 has 269 housing units, compared to census block group 5.2 that has 2,629 housing units. If both block groups were required to have 37 assisted units each to fulfill its fair share, 14% of block group 14.1 housing stock would be assisted, compared to only 1% of block group 5.2. Because of this, the Task Force matrix does not address alleviating or preventing concentrations of assisted housing.
Consider more than just assisted housing placement in dispersal policy.

The current location of assisted housing is a key component of evaluating where to encourage assisted housing development, but it should not be the only component. Other variables impacting assisted housing development and the livability of such developments such as rents, zoning allowing for and encouraging such development, the availability and cost of developable land, access to jobs, transportation, social services, daycares, and grocery stores should also be taken into account. This type of analysis, such as the site suitability analysis used in this study, helps identify barriers to assisted and affordable housing development and highlight strategies to alleviate those barriers.

Change the zoning code.

The City should consider revising the zoning code to remove barriers to the development of affordable housing. The map below (Map4) shows the amount of developable land that is currently being used as residential, agricultural, and commercial. Developable land is land with an assessed building value equal to zero, the land use is defined by the Iowa City Assessor.

It would be advantageous to affordable housing development to allow higher density development in more areas, especially residential. Higher density developments encourage affordable housing by allowing the developer to offset the cost of such development over a greater number of market rate units. In addition, smaller units on smaller lots cost less per unit to build, and therefore can sell for lower prices than larger units and are more affordable for lower-income populations.

In areas currently used commercially, implementing an element to the zoning code that avoids regulating by land use would be beneficial. This could be done through form-based codes that focus on the physical landscape, density, bulk, and interconnectedness of neighborhoods and performance-based codes, which allow the land to be used in any manner as long as certain set criteria such as noise and pollution levels are not violated. Both form-based and performance-based codes consider the carrying capacity of the land, land economics, the dynamic nature of communities, and the impact of development. Removing the land use focus would allow housing to develop through more areas of the city and in conjunction with other uses, creating opportunities for mixed-use communities.

Much of the land currently used agriculturally has been temporarily zoned interim development. This type classification is often seen as a ‘holding zone’ until development becomes more of a priority. These areas are then expected to be rezoned. The zoning concepts stated above for residential and commercial development can be applied to the agriculture areas as their classification changes.
Develop an effective inclusionary zoning policy

The benefit of a mandatory inclusionary zoning policy is that assisted units would be built in each new development, which not only would scatter the units but also allow the city to estimate how many subsidized units would be built within each new development. A mandatory inclusionary zoning policy could provide incentives, such as density bonuses, height variances, and a streamlined application process, to developers to offset the costs they incur in developing affordable housing. For instance with the site suitability analysis done for this study, incentive levels could be defined as low, medium, and high. A low incentive level would provide no additional funding to current funding options such as

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Data from the Iowa City Assessor was used for this analysis. Land use was used as a proxy for zoning classification due to data and time restraints. Parcels with an industrial use were not included because it is not a suitable location for residential development. Tax exempt property is not given a classification by the assessor, and were therefore not able to be included in the analysis.
CDBG and HOME funds. CDBG and HOME funds would not be used as incentives as they are a major source of funding for all affordable housing developments, and their use as leverage in development has the potential to decrease the affordable housing stock. Medium levels could include incentives that would offset development costs, whereas, high levels would go beyond the medium incentives offsetting costs and possibly providing a small profit.

Striking the right balance of incentives will be crucial to the success of either a voluntary or mandatory inclusionary zoning policy. Setting the correct incentive levels will most likely be costly and require difficult and time-consuming analysis and discussions with all invested parties such as developers. However, there is less room for error in a voluntary scenario. If incentive levels are set too small to offset market forces that affect the cost of developing assisted housing such as land values and the delays associated with neighborhood opposition, developers will simply not include affordable housing in their developments. A mandatory policy allows for more room for error while ensuring that units will be built.

**Develop a Housing Linkage Fee Program**

The establishment of a housing linkage fee per square foot of market-rate residential construction could be used to raise funds to address the City's low-income housing needs. The per-square-foot fees would be dependent on the housing development impact determined in Iowa City. Payment of the fee would be a condition of issuance of the building permit, based on the square footage of the building. Developers could build the cost of compliance into overall project budgets, likely passing on the cost to residential homebuyers, however, as demonstrated in the hypothetical example below, the cost per residential unit would be quite small. Collected fees could be allocated to the County Housing Trust Fund to be used for development of assisted housing.

The average new home constructed in the United States in 2002 was 2,320 square feet (Weber). Using a hypothetical linkage fee of $0.08 (as stated above the actual fee would need to be determined through a quantitative impact study, an average single-family home built in the United States in 2002 would generate $186 to be set-aside for affordable housing development. The average number of single-family permits issued by Iowa City between 2000 and 2004 is 124. Using this average, the linkage fee would result in approximately $23,000 per year to be set aside for assisted housing development.

These funds could be used as leverage to generate more funds dedicated to assisted housing development. Housing Trust Fund money could be combined with additional financial subsidies such as state and
federal tax credits, state deferred loans, land write-downs, or federal rent subsidies to increase the affordable housing stock.

**Explore ways to use current funds more efficiently**

Federal funds are often given as grants, which do not require any repayment of those funds. This essentially decreases the pool of funding a city has to work with. If those same funds were loaned instead of awarded as a grant, the money could be recycled, allowing the city to have a more sustainable and consistent pool of money and could act as a safeguard against potential federal funding cutbacks. This can be accomplished without sacrificing the mission of grants: to allow for development that might otherwise not happen due to market constraints. Options to accomplish this could include originating loans at a significantly lower interest rate, deferring repayment for a set amount of time, or not requiring funds to be repaid until the home is sold. An example of such a system is a Revolving Loan Fund.

A CDBG and HOME Revolving Loan Fund, otherwise known as an "RLF," is a source of money from which loans are originated. From a RLF, a loan is made and as repayments are made, funds become available for new loans to other housing developers. RLFs are established to provide a source of financing, which may not otherwise be available within the community.

When using HOME funds, loans up to a maximum of $5,000 can be made to encourage homeownership, requiring a dollar to dollar match of the home buyer's own down payment funds. Activities financed will generally be, but are not limited to, down payment, closing costs, and renovation activities. For example, a HOME-funded RLF loan would have a fixed interest rate of 2%, with the length of the loan set at seven years. The first two years would be deferred of interest and payments. By deferring repayment of the principal, the private lenders will have what will be considered a "less risky loan". Also, by deferring repayment of the loan, the monthly payments will be reduced for the borrower. Although the HOME-funded RLF loan is not the primary source of financing for a project, the combination of public and private financing lessens the risk for the primary lender (by decreasing their exposure) and yields an overall lower cost of borrowed money for the homeowner.

The existence of an RLF promotes goodwill for the local community. Homeownership is encouraged by programs which support retention and expansion, utilizing flexible, locally controlled funds. This demonstrates a pro-housing attitude, which is critical when developing partnerships between the public and private sectors.
To measure the level or degree of incentives that should be offered in particular areas of Iowa City to create new subsidized housing, we created a site suitability index. The variables contained in the index are family poverty rates, median gross rent, median housing price, percent of subsidized housing, and amount of undeveloped land in a particular block group. The calculation of the final index score was the result of a series of steps. All variables were normalized to ensure consistency.

Step 1: The block groups were sorted in ascending order, from most negative to most positive value, according to their percentage. Next, each block group was assigned a value equal to the data rank.

**Family poverty rates**
Lower score for higher percentage
- Rates were calculated by taking the total number of families below the poverty level over the total population of which poverty data is collected and multiplying by 100

**Median gross rent as a percentage of the median gross rent of Iowa City**
Lower score for higher percentage
- The percentage was calculated by taking the median gross rent of a block group over the median gross rent for Iowa City and multiplying by 100

**Median home value as a percentage of the median home value for Iowa City**
Lower score for higher percentage
- The percentage was calculated by taking the median home value of a block group over the median home value for Iowa City and multiplying by 100

**Subsidized housing as a percent of all housing units**
Lower score for higher rates of subsidized housing
- The percentage was calculated by taking the total amount of subsidized housing units in a block group over the total number of all housing units (rental and owner-occupied) in a block group and multiplying by 100.
Percentage of undeveloped land

Higher score for higher percentage of undeveloped land

- Rates were calculated by taking the total amount of undeveloped land in a block group over the total area of the block group and multiplying by 100. The amount of undeveloped land was determined from the Johnson County parcel data with any parcel having no building value. This is used as a proxy for undeveloped land.

Step 2: The rank scores for each variable in each block group were added together, resulting in the calculation of a cumulative index score.

Step 3: Block groups were ranked according to their cumulative index score in ascending order, and they were divided into near-equal groups based on their index scores. Different levels of incentives can be offered to these groups to encourage development at varying degrees. According to our study, lower cumulative index scores dictate less incentives be given to develop subsidized housing in a particular block group.
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<th>Gross Rent: Percent of Iowa City Median</th>
<th>Rank</th>
<th>All Home Value: Percent of Iowa City Median</th>
<th>Rank</th>
<th>Family Poverty Rate</th>
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Note: Table ranked by Cumulative Index Score.
Source: Authors
**APPENDIX C: DISTRIBUTION OF SUBSIDIZED HOUSING**

*Map 5: Distribution of Subsidized Housing*

**Distribution of Subsidized Housing**

Iowa City, IA 2005

- **Number of Units**
  - 0 - 12
  - 13 - 30
  - 31 - 50
  - 51 - 240

- **Facilities**
  - Greater Iowa City Housing Fellowship
  - Iowa City Housing Authority
  - Other

- **Symbols**
  - Iowa City Boundary
  - Block Group

*The facilities included in the Other category are:*

*This document was created by the Urban & Regional Planning Department at the University of Iowa.*

*Data Source: ESRI, US Census City of Iowa City Planning Department, & Johnson County Iowa Planning & Zoning Department.*

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APPENDIX E: ANNOTATED BIBLIOGRAPHY

The annotated bibliography has four sections: inclusionary zoning, housing consortiums, Moving to Opportunity, fair share housing, and defining and calculating a definition of concentration.

Inclusionary Zoning


   Two Economics Professors argue how the use of inclusionary zoning will not provide affordable housing in the market. In fact, affordable housing mandates, such as inclusionary zoning, restrict the supply of new homes and make housing less affordable. Stringham and Powell argue that inclusionary zoning acts as a tax on builders and, in the Bay Area; a tax of $44,000 is placed on each market-rate home. The slow pace of inclusionary zoning is restricting the ability of city’s to meet their affordable housing needs. The number of ordinances, rather than the ability of the ordinance to increase affordable housing are the measure of many inclusionary zoning successes. Therefore, inclusionary zoning ordinances do not equal action.


   New York City’s inclusionary zoning program states that a developer of market-rate housing in a high density zone in NY can add up to 20% of additional residential space over the basic zoning limit by providing the financial incentive to generate new or upgrade low-income housing within the boundaries of the community district of the market-rate project. The builder can either produce the low-income units or buy development rights generated by another developer. The square footage allotted for the market rate development depends on the type of low-income housing produced (new, major rehab, or minor rehab). The program has produced over 251 units since its inception in 1988. There was a stagnant period in the 1990’s when little development of occurring, but the NYC Department of Historic Preservation and Development’s have noted an increase in the use of the inclusionary zoning program since 2000.

The Town of Southold, NJ is requiring that developers build one affordable housing unit for every 3 market-rate housing units produced. The inclusionary zoning requirement applies to subdivisions of 5 units or more. Developers are granted higher densities when they comply with the inclusionary zoning requirement. Southold plans to give residents earning less than $80,000 a year preference in obtaining an affordable housing unit.


The supply of affordable housing is not keeping pace with job growth and family formation across the nation. Many communities are combating this issue by developing inclusionary zoning ordinances. These ordinances require or establish a voluntary goal for new residential developments to set-aside a portion of housing units for lower-income households. Inclusionary zoning ordinances may require developers to pay a fee in lieu of constructing units or the developers are required to produce the affordable housing. Unfortunately, inclusionary zoning programs are a catalyst for debate. Many builders/developers feel that inclusionary zoning deprives them of their economic right and is an unlawful taking of private property for public purposes. Economists argue that inclusionary zoning is a tax placed on developers, which are then passed on to the consumer or back to the landowner.

Many of the problems associated with inclusionary zoning can be avoided by conducting studies on the affordable housing need of an area and basing the ordinances/programs on state planning and housing laws. Inclusionary zoning has shown that affordable housing can be built in areas with escalating housing prices.


Inclusionary zoning is used to allow affordable housing to integrate other developments taking place in a community. Typically inclusionary zoning ordinance require a minimum percentage of affordable units to be provided. The overall goal is to establish a relatively permanent stock of affordable housing units in the private market. A majority of inclusionary zoning ordinances include incentives to entice developers to develop affordable housing.
The first inclusionary zoning technique was employed in Fairfax County, VA in 1971. The ordinance required developers of more than 50 multi-family units to provide 15% of their units within an affordable range. The requirement was overturned by the VA Supreme Court in 1973 and was ruled a taking (there was no compensation). In 1973, Montgomery County, Maryland instituted a countywide ordinance that is still in use today. In a 1990 survey conducted by Mary Nenno, 50 local inclusionary zoning programs were identified across the nation (a majority in California).

Many cities use inclusionary zoning as a regulatory tool to create diverse communities because can be administered at little or no cost to the local government. Inclusionary programs also encourage the possible integration of populations, heeding gentrification. Many low-income families live in affordable housing outside the city where they work. The inadequate supply of housing in enterprise areas leads to large-scale commuting and the overtaxing of existing transportation networks. Inclusionary zoning brings affordable housing to the employment centers decreasing sprawl.

Adversaries of inclusionary zoning assert that developers cannot make money developing affordable housing. Many equate inclusionary zoning as a tax, which developers pass on to the consumer. Another common argument against inclusionary zoning states that density bonuses, provided as part of the inclusionary ordinance, increase unwanted and unplanned-for developments that burden the local environment and the public service capacity.


Four areas within Washington Metropolitan Area contain a zoning ordinance that promotes the expansion of affordable housing in their county boundaries. Montgomery County, MD has the oldest inclusionary zoning ordinance. Other counties reviewed include Fairfax County, VA; Loudoun County, VA; and Prince George’s County, MD. Although the ordinances are structured in a similar manner, their ordinances have variances that shape the development of affordable housing. The paper identifies the obstacles facing new and old inclusionary zoning ordinances, identifies areas where changes can be made to increase productivity and ensure longevity within the programs. The inclusionary zoning programs are examined on their effectiveness in building affordable housing and determining that the housing is built throughout the jurisdictions.

The paper gives a broad sample of inclusionary zoning programs around the country. A large amount was written on the varying programs in California (54 in 1994). Summaries of what works and does not work within the programs are a valuable piece of the paper. Interesting programs include: Sanibel Island, FL (difficult program due to resort-nature of city); Boulder, CO (only applies to residential); Fairfax County, VA (Original Program deemed a taking, established another program in 1997); Arlington County, VA (many problems with inclusionary zoning administration due to high development costs and lack of benefit to developers).


The Bloomberg administration is under pressure to develop low-income housing where it allows new development. Although the city has flirted with inclusionary zoning in the past, Bloomberg currently recommends a program that offers subsidies to developers of rental complexes to set aside 20% of the units for tenants with low-incomes. Unfortunately, developers have been shying away from rental development, which is leaving the low-income population underserved.

The current proposal in Brooklyn allows developers to develop 18% more square footage in exchange for setting aside 15 to 25% of their units for low-income persons. Developers are given a choice on how to meet the requirement, either by building the low-cost units within their market rate complexes, or by putting them in different locations. A large incentive for developers to comply with the inclusionary zoning proposal is their ability to "double-dip", such that developers are able to take advantage of other subsidies in addition to the right to build more apartments. Critics argue that the "double-dipping" may leave less money for affordable housing to be built elsewhere. Bloomberg argues that the program structure is necessary for the goals of the program to be accomplished.

New York City’s population has grown significantly in the last decade. Unfortunately, the housing market has not kept pace with the increased need, particularly with affordable housing. Mayor Bloomberg has proposed a plan to increase the number of housing units in NYC, and the plan includes provisions for low-income housing. The main tactic in increasing the affordable housing market is using inclusionary zoning incentives. PolicyLink recommends that the inclusionary zoning policy in NYC be:

mandatory,
offer incentives in high density neighborhoods,
allow developers to make a profit when producing affordable housing,
maintain permanent affordability of inclusionary units,
encourage mixed-use development, and have
clear legislation and consistent administrative oversight.

Inclusionary zoning legislation can only be useful if the city and the developers are willing to work together to develop a consistent and fair plan.


The article discusses the main argument used against inclusionary zoning and offers insight into the strength of the opposing arguments. The 6 main arguments are:

1. Inclusionary zoning amounts to a government “taking” under the constitution.
2. Density Bonuses are a bad idea.
3. Inclusionary zoning is a form of discredited engineering.
4. Developers cannot make money on inclusionary units.
5. Developers should not have the burden of curing the community’s social/affordable housing problems.
6. Inclusionary zoning programs should be voluntary, not mandatory.

The inclusionary zoning laws in place today do not deprive the developers of a reasonable economic profit. Many developers are given incentives and bonuses are compensation. Density bonuses offered to developers are typically well-within acceptable standards and are likely less than multi-family zones, and with appropriate density bonuses the affordable units should not cost the developer
extra. Developers, like all segments of a community, have role to play when dealing with social and/or affordable housing problems. Mandatory inclusionary zoning legislation is a more productive and efficient method of tackling the affordable housing crisis facing many cities and communities.


Inclusionary zoning has often been used as a tool for mediating affordable housing in medium-sized cities, but the inclusionary zoning technique can be utilized in cities of varying size—large or small. Inclusionary zoning provides a market-based tool that requires less public subsidies, which can help cities struggling to raise sufficient fiscal capital. The economic and workforce needs of those individuals needing affordable housing can be met by providing a decent place to live close to the areas where work is available. A lack of affordable housing in a central city can lead to more investment outside of the city limits, encouraging sprawl. Inclusionary zoning helps create affordable housing and develop mixed-use communities within the larger city context.

Housing Consortiums


Manual on how to set up a ‘supportive’ housing consortium. Supportive housing being defined as housing that integrates services with permanent, independent affordable housing. The manual gives a detailed account of what a consortium does outline of who should participate, who the stakeholders are, who should convene, lead and even organize a consortium. Housing consortiums bring together funds to create affordable housing and services. They ensure that funds allocated/raised for a target population are used in the most appropriate combination of ways. This is done by ensuring that the projects are developed with the appropriate balance of concern for the physical quality of housing and the quality of services.

In many cases services are needed to help affordable housing succeed and remain viable in the long term and the same can be said of services. However those who provide services vs. physical housing operate in very different ways, one in dollars and cents and the other in less quantitative ways. This can often cause confusion and mistrust between those involved. Consortia create an environment
of shared understanding by allowing professionals from all areas to come together and share their concerns, needs and skills. By fostering communication and understanding the housing provider and service agency can come to a basic understanding that will allow them to work together effectively, creating the appropriate mix of services, and funding needed for a stable development in the long term.

In the long run, after a project has been started the consortium is responsible for ensuring that the key players comply with the conditions and terms that the funds were raised under. They then seek to build public support for the project and ease opposition by helping the public and public officials understand the purpose and benefits of affordable housing with strong support services.


The Thomas Jefferson HOME Consortium was formed in 1996 by six localities as a way to become eligible for HOME funds. Since that time they have been able to bring into the region over $8 million in HOME funds used to generate affordable housing in the region.

The Thomas Jefferson Planning District administers the consortium. 15% of the total HOME funds that are reserved for the Community Housing Development Organization (CHDO) set aside, and are rotated through each of the participating governments. They equally share the remaining HOME funds.

The City of Charlottesville is the lead agency for the HOME consortium and the Thomas Jefferson Planning District. They also receive CDBG funds that may be allocated to participating governments.


The article points out that consortia are formed to become eligible for HOME funds and have a minimum commitment period of 3-years. The Lead Entity assumes responsibility for ensuring
compliance with HOME Program requirements. Therefore, participants need to be confident in the Lead Entities ability to fulfill their responsibility for the consortium to succeed.

It goes on to outline the 8 factors that were important to building cooperation between members of the Asheville Regional Housing Consortium. Within the Asheville Regional area a total of fourteen of the nineteen general local government units have joined the consortium and nine of the member governments are actively involved in producing affordable housing.


The Unifour Consortium serves a four-county regional area of 318,419 people. The residential make up varies widely from highly developed to extremely rural. About 75% of the programs funding goes to providing down payment assistance to first time home buyers. Eligible low to moderate income individuals can receive up to $5,000 in the form of a 0% partially deferred loan to be used for closing costs and/or a down payment.

In 1996 this program won one of 100 national Best Practices Awards given by HUD. They were praised for their “outstanding and innovative use of HUD assistance to better serve families and communities.”


This project was begun in 1992 to address the needs of homeless and at risk populations. In the evaluation it was found that stable housing reduced the need for expensive health care, in those 126 Medicaid-eligible tenants who entered the housing and stayed for three years. These individuals were also able to increase their usage of less expensive preventative and outpatient treatment.

Those who had been in housing for three years reported high levels of functioning and a large majority became more independent and were able to perform the activities of daily level at an acceptable level. They had a high level of satisfaction with the housing and services. Their average income increased from $500 to $639. Two-thirds of tenants were employed or in education and
training programs. Only one third of surveyed residents desired to stay in their building permanently, the rest saw it as a stepping stone to something better.

All nine of the projects were financially stable and 7 were exceeding their original operating projections. The high occupancy rates and low turnover aids the property management team in keeping rental income steady.

In the surrounding neighborhoods property values have increased for all but one of the nine projects. In three of the neighborhoods property values have tripled. The majority of neighbors have positive comments on the visual impact that the developments have had on the neighborhood.

Funding is a combination of private and public sources that are both one-time and ongoing. In some cases technical as well as financial assistance is pledged. The entities involved provided taxable bond financing, loans from some of the involved entities Trust Funds, low interests loans, the use of LIHTC, project-based rental subsidies, construction loans, and mortgages. The state funds on-site supportive services.


The HOME program has 4 main objectives as outlined in their primer. To provide affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen state and local governments ability to provide housing while leveraging private-sector participation. In applying for HOME funds a local government or a participating jurisdiction (PJ) agrees to supply a 25% match, coming from non-Federal sources.

Consortia are often formed when a single local government does not meet the formula allocation or would not be able to raise the necessary match on their own. In this situation a group of contiguous units of governments can form consortium, pledging to work to alleviate housing problems within the state, normally for 3 years each. They form a “legally binding cooperation agreement between participation local governments which authorizes one local government to act as the lead agency as assume overall responsibly.”
Once the consortium is formed the PJ’s have 24 months to find investors (developers, owners, contractors, sub recipients, state recipients, ect) to commit HOME funds. Of the total annual HOME allocation and moneys raised 10% can go to planning and administrative costs. And a yearly minimum of 15% of their total annual funds must go to Community Housing Development Organizations.

HOME funds can be used to aid existing homeowners with repairs, rehabilitation and reconstruction. It can be used in homebuyer activities such as financing, rehabilitation and or new construction of homes for qualified homebuyers. The acquisition, rehabilitation, and construction of rental property, along with tenant-based rental assistance is also appropriate use of HOME funds.

Moving to Opportunity (MTO)


Moving to Opportunity (MTO) is a 10-year demonstration program that tracked clients of housing authorities of five cities (Baltimore, Boston, Chicago, Los Angeles, and New York), authorized in Section 152 of the Housing and Community Development Act of 1992. After inviting cities to apply to participate in the program, it commenced in 1994. The program was inspired by the Gautreaux program in Chicago and was designed to measure the impacts of neighborhood and also as a randomized social experiment. After 1998, this report was published describing the impacts of the program roughly halfway through the program.

Each participating family was randomly assigned to one of three groups:

- Experiment Group – Offered vouchers that could only be used in census tracts with less than 10% of population poor. This group also received counseling and help finding units in qualifying areas.

- Section 8 Group – Offered regular vouchers (not geographically restricted) and whatever else the program typically offered.
• Control Group – Continued receiving project-based assistance and received no vouchers.

Within this relatively short timeframe, moving to lower poverty has had significant positive impacts on personal safety, housing quality, mental health, and obesity among adults; and mental health, staying in school, delinquency, and risky behavior among teenage girls.

There are, however, apparently some negative effects on boys' behavior, and no statistically significant effects on employment outcomes for adults or educational achievement for children. Only marginal improvements were found in the quality of schools attended.


Describes the counseling services provided by MTO, including both housing (credit counseling, assistance negotiating rent, finding a unit, budgeting, choosing a neighborhood, preparing to move) and non-housing related services both before and after the move (job training and development, help finding a job, education/literacy, family counseling, health care referrals, legal and welfare advocacy).

There are four general guidelines for counseling, as listed in the Program Operations Manual (POM). They are:

• Both individual and group counseling should be used as appropriate.
• Counseling should focus on ‘empowering’ individuals and encouraging self-sufficiency.
• Program budgets must be observed and adhered to.
• Basic MTO guidelines can be adapted to fit local situations if approved by HUD.

Things learned –

• Assessment of needs for success should be done.
• Contract between client and counselor helps define responsibilities.
• It needs to be decided upfront what services will be included, most importantly whether non-housing related services will be included.
Both initial motivational support and follow-up support are necessary.


This article looks at effect of MTO on social ties. Social ties, at any income level, have been shown to be important. How much does MTO disrupt these ties, and what are the consequences to social capital?

The conclusions in this article are that while aggregate social capital in the experimental group seems to be increased, there are no increases in individual capital (except for children in Boston).

One thing to keep in mind when examining this data is that the study periods are relatively short-term. Since relationships, and therefore social capital, take time to develop, these findings could change by the end of the demonstration project.

**Fair Share Housing**


The first Mount Laurel case from 1975 said that every town needed to provide low- or moderate-income housing. The municipalities chose not to act upon this obligation, leading to Mount Laurel II in 1983. This ruling resulted in firm targets for each town and village in the state. In towns that chose not to take steps to fulfill their obligation the court can step in and grant “builders remedies” to developers of affordable housing.

These rulings lead to the Fair Housing Act in 1985 which created the Council on Affordable Housing (COAH) and the Regional Contribution Agreements (RCA). The COAH created the fair share allocation formula, assign each town and village their portion and update the apportionment every 6 years. The formula looks at fiscal capacity, wealth, employment trends and vacant land availability. They also review and approve each municipalities plan for implementing their fair share allocation.
Criticisms of the process are as follows. RCA allows a municipality to transfer 50% of its fair share allocation to a neighboring jurisdiction in exchange for money. COAH seemed unconcerned that the process failed to reach families below 40% of AMI. The methodology used to allocate the fair share was also highly criticized as being highly formulaic, complicated and arbitrary.

The growth share method was suggested. This method says if you “grow you provide affordable housing in direct proportion to your growth.” If you don’t grow you are only responsible for meeting your existing affordable housing needs. The Coalition on Affordable Housing and Environment (CAHE) advocated that if this were applied in New Jersey for every “five housing units or five jobs added to a municipality, the municipality would have to provide one affordable housing unit.”


California mandates that all cities and counties have a general plan that includes a housing element. The housing element details how that municipality will fulfill the new housing requirements handed to them by their regional council of governments. The regional council decides how many units of new housing each jurisdiction is responsible for providing within four income categories from very low to above moderate. Each city and council does not need to build the units but they need to make steps to encourage affordable housing, have enough land zoned for multifamily that they could build all of the homes needed for lower-income families. ‘Minimize obstacles that make development difficult such as density limits, parking and even community opposition.’ Along with this they must show how affordable housing funds will be used.

The general plan and the subsequent housing element become the ‘local constitution for land use and development. Once adopted, it has the force of law, and local governments cannot legally act inconsistently with its general plan.”

Fair share housing policy may be one way we can enhance the mobility opportunities of poor inner city residents. Fair share programs determine where low- and moderate-income units should be built within a given area by looking at where it is most needed, where it will expand housing opportunities and where it is most suitable.

California’s fare share is determined by existing and predicted demand for housing and by efforts to disperse low-income households. Each community is assigned their share of the regional need for affordable housing based on market demand, employment opportunities, commuting patterns, availability of suitable sites and public facilities. The state requires that each local government have their housing apportionment or housing element as part of their comprehensive plan. Their housing element covers how they plan to accommodate all of the state mandated low- to moderate income units. Ensures that housing will be built that will be affordable to all income brackets. Each locality need not provide these units; they need only have enough land zoned appropriately that the units could reasonably be constructed. Enforcement depends on the affordable housing advocates. They are expected to bring legal suit when an affordable development is unreasonably bared from an area or is faced with restrictions that would increase the costs to the point that it would no longer be affordable.

New Jersey’s fair share housing policy came about through Mount Laurel I and II. These cases lead to the creation of the Council on Affordable Housing (COAH). The COAH is responsible for identifying the housing regions, each region’s need and then the amount of affordable housing each town and village is responsible for. In areas with developable land COAH says that new developments will have a minimum density of 6 units per acre and that a maximum of 20% of the units will be set-aside for very low- and low-income residents.

New Jersey demonstrates that inclusionary zoning can be used exclusively to provide affordable units in an area where there is an active residential market.

Massachusetts’s application of fair share is also overseen by the state but it is much simpler than that of California and New Jersey. Their goal is to prevent localities from limiting the development of affordable housing arbitrarily, affordable housing being defined as any housing subsidized by the federal or state government under any program to assist the construction of low or moderate income housing. Any permit application that is denied by the local zoning board of appeals can go straight to a state Housing Appeals Committee. The committee is in place to ensure that the locality is not
arbitrarily limiting affordable housing be it through permit denials or conditions that would make the development uneconomic. Conditions must be consistent with the needs of the locality or they will be found to pose an unnecessary economic barrier to the development of affordable housing. If they find either of these things to be the issue then the Committee can override the local zoning board of appeals decision.

A locality that meets any one of the following requirements and denies a permit is exempt from review by a Housing Appeals Committee.

- 10% of dwelling units are low- and moderate-income units. Based on the last decennial census.
- 1.5% or more of the towns residentially, commercial, or industrially zoned land is occupied by low- and moderate-income housing.
- Approving the permit would result in the development site consisting of 0.3% of the towns publicly owned land or 10 acres being developed within one year, whichever is greater.

Massachusetts fair share allocation is criticized for being overly simplified and somewhat arbitrary since it is not tied to need or growth. This method relies on developers to decide when and where it is feasible to develop affordable housing. Without developer driven initiatives affordable housing won't be constructed. This program does provide additional incentives for affordable housing in areas that qualify, such as:

- State funds to low- moderate-income developments
- Withholds state funds from jurisdictions that have a track record of discouraging affordable housing
- Homeownership Opportunity Program for owner-occupied housing.

While the Massachusetts program has been somewhat successful in deterring NIMBY, it hasn’t lead to every jurisdiction having their fair share.

**Defining & Measuring Spatial Concentration**

Adding to the literature on incorporating a spatial component to measures of segregation, Greene examines extreme poverty areas in 30 large cities using data from 1970 and 1980. This research measures the change and extent in the spatial distribution, size, and form of these areas in varying regions using spatial statistics. Arguing that the methodology previously used in poverty concentration measures, such as defining a concentration is any census tract above 20% (Jargowsky) or above 40% (U.S. Census) is not sufficient. Census tracts with high poverty rates are referenced to a geographic coordinate system so a spatial measure can be identified. The main argument is that the degree of isolation depends on the area in which concentration is estimated. With administrative units (e.g. census tracts) varying in size segregation measures do not accurately portray reality.


Often times researchers choose Metropolitan Statistical Areas (MSA’s) to represent an approximation of housing markets in analysis, but researchers are given a choice when choosing a smaller unit for analyzing residential housing patterns. Census tracts are often used as the unit of analysis in segregation measurements. The main purpose of this paper is to analyze the difference in choosing block groups instead of census tracts in segregation research. Using census 2000 summary files, the authors compare housing patterns based on race and use 19 of 20 measures proposed by Massey and Denton. Results show that for 12 of the 19 measures, segregation measure results are slightly higher at the block group level than the census tract level, for all racial and ethnic groups. The measure that had the greatest degree of difference was the index of relative clustering. The absolute clustering and spatial proximity index showed greater differences at the block group level than the census tract level for African Americans and American Indians than for Hispanics and Asian/Pacific Islanders.

James and Taeuber note that although there is much interest in the measurement of segregation no consensus has been reached as to how segregation should be measured. The authors also note that the reason for the disagreement is that no criteria exist to evaluate the various measures proposed. Since many measures have several interpretations, choosing which index to use incorporates arbitrariness into the study. The tendency to use a particular measure derives from the level of convenience and its current popularity in research circles. Principles are given to explain the concept of segregation and a comparison is conducted of the five measures of segregation using the criteria set forth. Using 10,000 pairs of school districts in 1979, the article concludes with an example of how each measure of segregation can be interpreted differently.


Arguing that geography must be taken into account rather than offering a single index number in segregation measurements, a new measurement of spatial concentration is set forth, the use of threshold profiles. The degree of concentration at various thresholds are calculated, producing and index with the end result being a profile. The purpose of the measurement is to go beyond map pattern, such unevenness of distribution as dissimilarity and Gini index propose, choropleth mapping, and cluster analysis. These measures do not identify the degree of concentration and fail to distinguish between three types of concentration; concentrations within an area (usually using census divisions and administrative boundaries): concentration formed by contiguous areas; and a concentration formed by the proximity between areas. The authors note dissimilarity and segregation indices fail to ask the question “how spatially concentrated is the distribution of a target group within a larger population. This method takes into account spatial scale as a factor in the analysis. Previous segregation indices do not distinguish concentrations at various scales. The target group in the research is unemployed males in England and Wales in 1991. Results found that districts with high unemployment rates also were highly concentrated. Areas of low unemployment rates also found scattered patterns. This would not have been identified with a single number index. This article is worth noting because threshold profiles provide a clearer picture of concentration to direct place-based public policies appropriately.

In their seminal study, Massey and Denton systematically evaluate 20 different indicators of residential segregation and categorize them according to five dimensions: evenness, exposure, concentration, clustering, and centralization. The indices are categorized using factor analysis and one index was chosen to represent each category. Massey and Denton recommend using the five indicators chosen as standards in future studies of residential segregation. In addition, this research is noted for providing a more in-depth analysis of the type and distribution patterns of segregation than the dissimilarity index, a method often used in the 20 years prior to the study.


This article is an addition to current literature which identifies deficiencies in the commonly used dissimilarity index. A new statistic is offered which takes into account the spatial relationships of geographic parcels, something that is missing in the dissimilarity index. Recognizing that most segregation measures are based on the relative proportions of an attribute within the parcels of analysis the authors offer a statistic that will take into account the differences in cities with concentrated areas of poverty and those with multiple areas of residential clusters. The article also reviews the current measures and deficiencies, issues concerning the concepts in measuring segregation, properties of existing measures, and the deficiencies in the dissimilarity index. Using 1970 data a sample of 17 cities varying in minority population, size, and region were used. The analysis is conducted at the census tract level. This method used in this study can be noted for measuring the inter- and intra-group segregation of a population.


The modifiable aerial unit problem is placed within the context of segregation measures. Wu and Sui recognize that no segregation measures exist that take into account varying scale and most use single number, single scale measures that do not take into account various aggregations or zoning schemes. To fill this gap in the literature, the lacunarity-based approach is offered to measure segregation at various scales. The article reviews existing measures of segregation, identifies pros and cons, reviews the concept of lacunarity, and concludes with some examples using a GIS. The lacunarity-based approach is noted for not being sensitive to map boundaries but to scale only. Conceptually a “gliding box” is used to sample areas using common cell sizes instead of
administrative boundaries. The box size is changed and resampled to identify clusters at different scales. Complete desegregation occurs when the attribute studied is equal to the total proportion of the attribute in the entire study area. The technique is noted for its conceptual and technical ease and unlike other segregation measures can be computed by anyone familiar with ArcView Spatial Analysis. No knowledge of programming is necessary.


Dennis, Maryannnd. Director, Greater Iowa City Housing Fellowship. Task Force Meeting, March 29, 2005.


Rackis, Steve. Housing Administrator, Iowa City Housing Authority. Scattered Site Housing Task Force meeting, February 28, 2005.


