

# Council approves affordable housing requirement

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(Photo: Press-Citizen)

Affordable housing is now mandatory in new residential developments in Iowa City's Riverfront Crossings District.

By collapsing its second and third readings of what has been called a first-of-its-kind ordinance in the state by city staff and council members, the Iowa City Council on Tuesday signed into local law an inclusionary housing requirement for the growing district. Mayor Pro Tem Kingsley Botchway was absent from the meeting.

Future properties designated with a Riverfront Crossings zone, which allows for higher density and a greater mix of uses, with more than 10 residential units will be subject to the new requirement.

With no city investment, the new ordinance requires at least 10 percent of the housing units be set aside as affordable for 10 years. Housing units are required to be affordable to households with an income that does not exceed 60 percent of the area median income, and rent cannot exceed 30 percent of monthly income for those households.

City documents show that the latest U.S. Department of Housing and Urban Development fair market rents for affordable rental units are \$522 a month for an efficiency, \$665 for one bedroom, \$863 for two bedrooms and \$1,258 for three bedrooms.

If the city does participate financially in new developments, through tax increment financing for example, at least 15 percent of the units must be set aside as affordable for at least 20 years with the same 60 percent of the area median income requirement, a change that already is in effect through the city's adjustment of its TIF policy earlier this year.

The ordinance also gives developers options if they are not able to provide on-site affordable housing. They may provide affordable housing on another property in the district, a fee-in-lieu contribution to a city affordable housing fund, or a contribution of land within the district.

Immediately after voting on the ordinance, the council voted to set the amount of the fee-in-lieu contribution. The amount, set at \$80,872 per required affordable unit, was determined using a formula developed by city staff in partnership with the National Development Council.

In a June 1 memo from Karen Garritson, director of the NDC, to Neighborhood Services Director Doug Boothroy, Garritson wrote that the amount, which will be revised every other year, was determined by comparing the value difference between a full market rate development and the value of a development with 10 percent affordable housing. The formula also included local housing market data included in Cook Appraisal's Multifamily Housing and Development Study.

Council member Susan Mims said she was supportive of the formula only as a "starting point," adding that she already has heard criticism from the development community.

"I think it's something we need to keep a close eye on and, from developers, see how they really rationally feel like it is working," Mims said.

The ordinance also caps the cost of affordable for-sale units. For-sale units will now be targeted to households with incomes that do not exceed 110 percent of the area median income, and maximum unit sale prices cannot exceed HUD's annually adjusted HOME Homeownership value, currently \$218,000.

The new ordinance also lifts requirements for on-site parking spaces for affordable units.

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