



CITY OF IOWA CITY COUNCIL ACTION REPORT

September 5, 2023

Resolution authorizing the City Manager to sign a Memorandum of Understanding with the Housing Trust Fund of Johnson County, Inc. for the contribution and use of \$500,000 for affordable housing.

Prepared By: Tracy Hightshoe, Neighborhood and Development Service Director

Reviewed By: Geoff Fruin, City Manager

Fiscal Impact: City budgeted \$500,000 for the HTFJC through the FY24 Affordable Housing Fund.

Staff Recommendation: Approval

Commission Recommendations: N/A

Attachments: [Resolution](#)
[Memorandum of Understanding](#)
[Exhibit A - Affordable Housing Heat Map](#)

Executive Summary:

City Council will consider adoption of a resolution to authorize the City Manager to enter into a Memorandum of Understanding (MOU) with the Housing Trust Fund of Johnson County (HTFJC) for \$500,000 for affordable housing at their September 5, 2023 meeting.

Background / Analysis:

At the September 20, 2016 City Council work session, the City Council approved the distribution of funds for the Affordable Housing Fund. Under the approved distribution plan, 50% of the funds available will go to the HTFJC for affordable housing projects in Iowa City. The FY24 budget for the Affordable Housing Fund is \$1,000,000. Upon execution of the Memorandum of Understanding (MOU), the HTFJC will be issued payment of \$500,000.

At the August 6, 2019 City Council work session, the Council approved removing the HTFJC from the Aid to Agency annual funding cycle and allowing them an administrative fee on funds allocated to them through the Affordable Housing Fund. The administrative fee is set at 8% of the funds allocated. These funds contribute to the annual salary and benefit expense to administer the fund, which includes quarterly application rounds, review and allocation of funds to eligible projects and project monitoring. Each year more projects are approved and units placed under an affordability period that is monitored by the HTFJC. Some of these projects can have affordability periods of 30 or more years.

Under this MOU, affordable housing is defined as housing, either owner-occupied or rental, that serves households under 80% of area median income (AMI). In general, the HTFJC prioritizes rental projects that assist households under 60% AMI; however, the majority of

those served are under 30% AMI.

A MOU for these funds will be entered between the City and HTFJC. The City no longer has an Affordable Housing Location Model, but encourages housing and residential facilities throughout all neighborhoods in Iowa City. The applicant for these funds must provide useful data to support how the project contributes to this goal. The MOU also requires quarterly reporting to Neighborhood Services which identifies projects awarded funding, income levels served, the fund balance and an Annual Report that is provided to City Council. The Annual Report is typically provided in August for the prior fiscal year.