



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 for the contribution and use of \$200,000 for Low Income Housing Tax Credit projects.

Prepared By:	Tracy Hightshoe, NDS Director
Reviewed By:	Geoff Fruin, City Manager
Fiscal Impact:	Budgeted \$200,000 from the FY24 Affordable Housing Fund for LIHTC projects.
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 \$200,000 for eligible Low Income Housing Tax Credit (LIHTC) projects 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, 20% of the funds available will go to the HTFJC for approved LIHTC 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 hold an annual funding round to solicit and review LIHTC proposals. Upon approval of a LIHTC award by the Iowa Finance Authority for an approved project, the Trust Fund will be awarded the funds set aside for LIHTC projects.

Under this MOU, an eligible LIHTC project must be located within Iowa City, support the goal of encouraging affordable housing and residential facilities throughout Iowa City, serve households below 60% of area median income, and give preference to those viable projects that provide the most units at the highest levels of affordability.

Upon the conclusion of the funding round for LIHTC projects, the Trust Fund may receive administrative funds up to 5% of the allocation set aside for LIHTC projects. For FY24, this amount would be \$10,000 (the total set-aside is \$200,000). The MOU provides if no LIHTC

projects have been awarded after two annual funding rounds, the Trust Fund may request the FY24 funds to be used for eligible non-LIHTC projects with City Council approval. In that instance, \$190,000 would be available for any eligible project as allowed under the separate Memorandum of Understanding between the City and the Trust Fund for \$500,000 in funding for affordable housing projects. No additional administrative funds would be provided.

The MOU also requires annual reporting to Neighborhood Services which identifies projects awarded funding, total amount allocated per the MOU and by the Trust Fund, total project cost, rent limitations, and the status of construction. The Annual Report is typically provided in August for the prior fiscal year.