

Waterloo, IA Housing Needs Assessment



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Table of Contents

Data Note	3
Glossary	3
Executive Summary	4
Introduction and Purpose	14
Waterloo's History and Background	14
History of the City of Waterloo	14
Community Character and Quality of Life	19
Natural Resources and Environmental Hazards	19
Public Infrastructure and Utilities	20
Community Services	21
Schools	21
Other Community Services	21
Demographic Analysis	22
Population, Households, and Age Composition	23
Minority Populations	28
Implications	29
Economic Analysis	29
Overview	29
Implications	33
Housing in Waterloo	33
Overview	33
Homebuyer Market	39
Affordability of Homes for Sale	40
Rental Market	43
Rental Affordability	50
Housing Programs in Waterloo	52
The View on the Ground: Property and Resident Surveys	62
Windshield Survey of Housing Conditions	62
Resident Surveys	66
Housing Needs of Special Populations	76
People Experiencing Homelessness	76

Seniors and People with Disabilities	81
Immigrant Populations	85
Housing Supply and Demand Analysis	89
Summary of Housing Needs.....	92
Housing Goals and Objectives.....	95

Data Note

Prior to City approval, this document was updated to incorporate limited 2020 decennial Census data that had recently been released.

Glossary

- **Housing Costs:** Includes the household's rent or mortgage payments, utility payments, property taxes, insurance, and mobile home or condominium fees, as applicable.
- **Cost Burdened:** Household pays >30% of its gross income on housing costs.
- **Moderately Cost Burdened:** Household pays >30% but no more than 50% of its gross income on housing costs.
- **Severely Cost Burdened:** Household pays >50% of its gross income on housing costs.
- **Housing Problems:** The Comprehensive Housing Affordability Survey (CHAS) defines "housing problems" as housing cost burden, incomplete plumbing or kitchen facilities, or overcrowding (one or more persons per room). Cost burden is by far the most common housing problem in most communities. Incomplete plumbing/kitchen facilities, overcrowding, and severe cost burden, specifically, are considered "severe housing problems."
- **Area Median Income (AMI):** Median annual household income (pretax) for a metropolitan area, subarea of a metropolitan area, or non-metropolitan county.
- **Low- and Moderate-Income (LMI):** Households at or below 80% AMI for households of the same size*.
- **Extremely Low-Income (ELI):** Household is at or below 30% AMI for households of the same size.
- **Low-Income (LI):** Household is at or below 50% AMI for households of the same size. This term is also used for households between 31% and 50% AMI*.
- **Moderate-Income:** Household is between 51% and 80% AMI for households of the same size*.
- **Middle-Income:** Household is between 81% and 100% AMI for households of the same size.
- **Middle/Upper-Income:** Household is above 100% AMI for households of the same size.
- **Subsidized Housing:** Housing built or purchased with government or nonprofit subsidies to make it affordable, typically to LMI or middle-income households. Most subsidized rental housing is privately owned.
- **Market-Rate Housing:** Rental or ownership housing that is not subsidized.
- **Affordable Housing:** Housing that costs no more than 30% of a household's gross income. May be subsidized or market-rate, depending on the context of the conversation.

*Some government programs for housing and other benefits use the terms "very low-income" and "low-income" for households up to 50% and 80% AMI, respectively.

Executive Summary

Introduction and Purpose

- Waterloo's housing stock and housing needs reflect the complex nature of the City's history and recent development. Several City initiatives, including homebuyer incentives and subsidized rental developments, have contributed to the revitalization of Waterloo's downtown and older neighborhoods. At the same time, home sales and new residential development in southern Waterloo have been brisk in recent years.
- This Housing Needs Assessment uses publicly available and locally provided data to assess the strengths and challenges of Waterloo's housing market. Future housing supply and demand are compared to determine the adequacy of housing stock available for different populations, and recommendations are given for a balanced approach to meeting Waterloo's housing needs.

Demographic Analysis

- In 2020, Waterloo's population was 67,314. The City's population grew substantially over much of the 20th century, dropped during the Farm Crisis years of the 1980s, and has been relatively steady since then.
- Waterloo's population shifts have been geographically uneven. Between 2000 and 2010, most Census tracts in East Waterloo experienced population losses, while many Census tracts in South and West Waterloo saw population growth.
- Waterloo's racial and ethnic composition is substantially more diverse than Iowa's, and the City's diversity is increasing. Over 32% of Waterloo's population identified as non-White and 7.1% identified as Hispanic or Latino in 2020.
- An estimated 6.2% to 7.4% of Waterloo's population was foreign-born in 2015. Bosnians and Mexicans likely comprise Waterloo's largest immigrant populations, and the City has growing populations from India, the Congo region of central Africa, Sudan, and Vietnam.
- People with disabilities account for over 10% of the City's population.

Economic Analysis

- Incomes in Waterloo are relatively low, while poverty is relatively high. The City's median family income in 2015 was \$51,025, about \$10,000 less than that of Black Hawk County, and nearly \$19,000 less than Iowa's median family income. The family poverty rate in 2015 was 9.1%.
- Despite Waterloo's relatively high unemployment rate, it has more jobs than workers who live in the City (49,336 jobs vs. 30,161 resident workers in the 2014 Longitudinal

Employer-Household Dynamics estimates). This is not unusual – regional economic hubs exert “gravity” on surrounding areas, attracting workers from other cities and counties.

Housing in Waterloo - Overview

- Waterloo’s homeowner vacancy rate of 2.2% is slightly higher than the countywide and statewide rates, while the City’s rental vacancy rate of 9.6% is significantly higher than the statewide rate (2015 5-year ACS). The 2015 1-year ACS estimates for Waterloo’s owner and rental vacancy rates are 1.8% (+/-1.5%) and 7.4% (+/-4.4%), suggesting that the City’s housing market tightened as it continued to recover from the Recession.
- Waterloo has a relatively low median home value (\$104,200) and median gross rent (\$672), according to the 2015 5-year ACS. However, because Waterloo’s incomes are relatively low, its lower housing costs do not translate to lower cost burdens. About 1 in 6 owner households with a mortgage are paying 35% or more of their income on housing in Waterloo. Housing cost burden is more prevalent among renters, with about 2 in 5 renters paying 35% or more of their incomes for housing.
- Among extremely low-income (ELI) households, housing problems (mainly unaffordability) are ubiquitous and usually severe. Renter households are generally more likely than owner households to experience housing problems.

Homebuyer Market

- Waterloo’s median home sale price of \$111,000 (MLS 2015-2018) is relatively low. However, the City’s volume of home sales compared to its total population and owner housing stock is relatively low, indicating some market tightness.

Affordability of Homes for Sale

- Ostensibly, Waterloo’s home prices are well matched to the incomes of people who live and work in the greater Waterloo area. However, some lower income buyers may have difficulty buying a median-priced home in Waterloo. The 75th percentile wages for several industrial, health, and essential service occupations, including meat packers, laborers, nursing assistants, medical assistants, child care workers, personal care and home health aides, and teacher assistants, fall short of the wage needed to afford a median-priced home.
- With an annual inventory of 480 home sales below the median sale price, it would take over 6 years for all lower income potential homebuyers (currently renters) to purchase homes. If the costs of repairing “fixer-uppers” among these 480 homes were taken into account, the affordable inventory for these buyers would be even smaller.

Rental Market

- A survey was conducted of property managers for market-rate rental units in Waterloo. Among the firms that responded, average rents reported range from \$599 for 1-bedroom units to \$931 for 3-bedroom units. The rental units included in the survey have a low vacancy rate (2.2%) and a turnaround time of less than a month for vacant units. This suggests that the professionally managed rental market is much tighter than Waterloo's overall rental market.
- Waterloo has several privately owned rental properties that are subsidized by the federal Project-Based Section 8 program, the federal Low Income Housing Tax Credit (LIHTC), or both. Together, these properties account for 1,260 subsidized units for low- and moderate-income (LMI) renters. Additionally, the Waterloo Housing Authority has 50 public housing units for seniors and currently issues 1,056 Housing Choice Vouchers (HCVs or "Section 8" vouchers). Surveys were collected from 17 of Waterloo's 24 subsidized rental developments.
- Waterloo's subsidized rental developments for general occupancy by LMI households (also known as "family" developments) are mostly funded by LIHTC. This program provides only "shallow" subsidies to set rents at 30% of gross income for households at 40% to 60% of area median income. In some cases, rents at the surveyed LIHTC family developments are comparable to or lower than "Fair Market Rents" (FMRs), meaning that modest unsubsidized units may actually be more "affordable" than LIHTC units. This is not uncommon in communities with relatively low market rents. Nonetheless, these developments in Waterloo have dozens of households on waitlists and generally low vacancy rates, possibly because they tend to be higher-quality. LIHTC units also generally accept HCV holders, who often struggle to find rentals with landlords willing to rent to them.
- Waterloo's subsidized rental developments for LMI seniors and people with disabilities are mostly funded by the Project-Based Section 8 program, which provides "deep" subsidies to bring the rent down to 30% of every tenant household's income. Survey data indicates an even tighter market for these units than for subsidized general occupancy units. Only 3 units (0.5%) were identified as being vacant for rent, with combined waitlists of nearly 200 and an average turnaround time of only 10 days for vacant units.
- Most of Waterloo's subsidized developments for seniors are also open to people with disabilities and have some accessibility features. However, many were built decades ago when architectural features to accommodate wheelchairs were not widely used. Moreover, the supply of affordable, accessible units is simply too small to meet the needs of all LMI people with disabilities.

- The greatest demand is for deep subsidies and units affordable to extremely low-income renters. However, in the current state and federal funding climate, these units are increasingly difficult to finance. Whenever possible, the City should support rental development that is affordable to ELI households. Developers of shallow-subsidy rental properties should conduct market studies to ensure that they can fill the units without “cannibalizing” occupancy from similar existing developments.

Rental Affordability

- In most communities, rents that are affordable to lower income households, especially ELI households, are insufficient to cover the costs of building, operating, and maintaining market-rate rental housing, while subsidized rentals are in short supply. Additionally, many affordable rental units are occupied by households in higher income brackets, so they are not available to LMI households.
- Waterloo has only 27 affordable and available units for every 100 ELI renters. The percentage of ELI renters in affordable units and the percentage that are severely cost burdened (paying >50% of income for housing) adds up to nearly 100%, suggesting that virtually the only way an ELI renter can avoid severe cost burden is to find a subsidized unit.
- Many of Black Hawk County’s most common occupations, including entry to median-wage foodservice workers, cashiers, retail workers, and janitors, cannot afford 2-bedroom units or, in many cases, even 1-bedroom units at Fair Market Rents.

Housing Programs in Waterloo

- The City of Waterloo uses several funding and policy tools to promote an adequate, high-quality supply of housing. Some programs support new construction or rehabilitation of homes for LMI households, while others are designed to increase Waterloo’s housing starts and residential tax base, or to revitalize older neighborhoods.
- To fund ongoing programs for LMI homeowners and homebuyers, the City relies mainly on annual allocations from the U.S. Department of Housing and Urban Development’s (HUD’s) Community Development Block Grant (CDBG) and HOME programs.
- Waterloo offers three programs to support the housing market in Waterloo’s older neighborhoods. First, the City provides tax abatements for new housing construction and rehabilitation in the Consolidated Urban Revitalization Area (CURA), which includes most neighborhoods in East Waterloo and near West Waterloo. Second, the City acquires and resells abandoned residential properties through the Iowa Code Chapter 657A legal process. Third, the City offers a \$5,000 incentive for infill housing development or rehabilitation on city-owned and certain private lots. This incentive is available citywide but is especially valuable in older neighborhoods.

- To promote new construction, Waterloo offers a tax abatement program for new 1- and 2-family housing units in the City Limits Urban Revitalization Area (CLURA), which includes neighborhoods outside the CURA. The CLURA program was launched in 2011 to increase Waterloo's housing starts and tax base in the aftermath of the Great Recession. Since its inception, the City's annual 1- and 2-family construction rate has risen from 58.4 units per year to 79.44 units per year.
- The Waterloo Housing Trust Fund (WHTF) is an important funding source for housing activities benefiting LMI residents, including emergency repair and accessibility modification programs for homeowners, as well as shelter and housing programs for people experiencing or at risk of homelessness. WHTF is funded by an annual allocation from the Iowa Finance Authority (IFA), which requires a 15% to 25% match from local sources such as city governments, philanthropic organizations, and corporate donors.
- The mismatch between housing need and available resources underscores the importance of strong public-private partnerships to support housing activities in Waterloo. The 16 LMI homebuyers assisted annually is far fewer than the estimated 1,787 to 2,889 LMI renter households who could potentially buy homes. Additionally, Waterloo has an estimated 2,740 cost burdened LMI homeowners who might benefit from home renovation assistance, but only about 72 eligible homeowners are assisted annually.

Windshield Survey of Housing Conditions

- The quality of a community's housing stock is an important component in understanding its housing needs. If poor-quality housing is widespread in a community, many low- and moderate-income households may have housing-related hardships even if they are not cost burdened.
- A windshield survey of exterior housing quality was conducted in a representative subset of Waterloo neighborhoods. A large majority of the housing units surveyed (82%) were in good condition, but nearly 1 in 5 homes were in Fair condition or worse. Extrapolating the windshield survey results to the City's total housing stock, nearly 4,800 units are in Fair condition, while over 700 units are in Poor or Dilapidated condition.
- Waterloo's estimated housing stock in poor and dilapidated condition exceeds the number of housing units acquired annually by the City through the 657A process. At the current rate of twelve 657A acquisitions per year, the City would need 11 years to acquire all dilapidated properties, and 50 years to acquire all homes in poor condition. Since an average of six 657A homes are redeveloped by new private owners annually, most vacant, dilapidated properties will be out of the active housing market for the foreseeable future.

Resident Surveys

- Resident surveys were conducted at venues that serve low- and moderate-income people, members of minority groups, or both.
- Only 13% of respondents reported that their housing is unaffordable, but nearly 30% reported that their home has problems that they cannot afford to fix or the landlord will not fix. Several respondents indicated that “affordable” housing in Waterloo is not necessarily of good quality or in neighborhoods where they want to live. Moreover, for higher-quality rentals, security deposits and tenant screening criteria are a barrier to many low-income renters. Those with criminal records or past evictions have particular difficulty finding good-quality rentals.
- Nearly 30% of respondents indicated that they or someone they know have received a Housing Choice Voucher (HCV) from the Waterloo Housing Authority at some point. Many respondents reported that it was difficult to 1) find a landlord who would accept the voucher and 2) find a unit in a desirable neighborhood.
- When asked if they or someone they knew had experienced housing discrimination, a majority of respondents (59%) marked “No,” 13% marked “Yes,” and the remaining 28% were unsure. Some residents recounted discrimination based on race or criminal records. (HUD released guidance in 2016 that limits the use of criminal records as a screening criterion for tenants or homebuyers.)
- The most widely cited positive aspects of Waterloo include new development and businesses, as well as cultural attractions and events. Several respondents identified specific attractions that they value, including the SportsPlex, the splash pad, Friday ‘Loo, and My Waterloo Days.
- When residents were asked about changes needed in Waterloo, concerns about crime, safety, and housing were paramount. Respondents expressed concern about the condition and age of Waterloo’s housing stock, as well as the supply of affordable housing. Many also identified a need for more business, recreation, and other opportunities in Waterloo’s older neighborhoods beyond the downtown area.
- Residents have a strong desire to improve substandard housing in disinvested neighborhoods by rehabilitating homes when possible, and demolishing and replacing dilapidated homes when necessary.
- Some residents expressed concern that the public narrative about Waterloo is largely negative, obscuring its many positive attributes.
- Good jobs are just as important to housing affordability as are housing costs and quality. Initiatives such as the Waterloo Career Center may help employers fill workforce

shortages while narrowing employment disparities among demographic groups. Other efforts to expand access to good jobs may include employee vanpools, child care assistance, and carefully considered employer policies toward criminal background checks.

People Experiencing Homelessness

- Since Waterloo and Black Hawk County are part of the Balance of State “Continuum of Care” (CoC) for homeless services, detailed data on homelessness for the City or County alone is not readily available. In the Balance of State CoC, 5,485 people entered and 5,994 people exited the homeless system at some point in FY 2016, spending a median of 43 days homeless. In 2016, 952 people who became homeless in Iowa listed their last permanent address in Black Hawk County, suggesting that about 1 in 6 people who become homeless in Iowa are from Black Hawk County.
- Although Black Hawk County had more Emergency Shelter and Transitional Housing beds (127) than total number of homeless individuals in Black Hawk County in the January 2013 Point-in-Time (PIT) Count (101), the waitlists for certain programs suggest that there is more housing instability and pent-up need for shelter than these facilities can address.
- The supply of permanent housing opportunities for people experiencing homelessness is limited in Black Hawk County. Permanent Supportive Housing (PSH) and Rapid Re-Housing (RRH) programs assist only about 91 households in Black Hawk County, or fewer than one-third of the estimated 952 households that become homeless each year. Moreover, much of this assistance is targeted to domestic violence survivors or veterans, not the general homeless population.
- Black Hawk County’s Local Homeless Coordinating Board (LHCB) acts as an informal Continuum of Care, coordinating efforts among service providers and local government agencies. The LHCB is implementing a new HUD-mandated Coordinated Entry (CE) system, which standardizes the intake processes by homeless service providers so that people in need are referred to the most appropriate program.
- The County’s recent homeless service efforts are part of a broad nationwide shift from a “treatment first” model of addressing homelessness to a “Housing First” model. Housing is seen as a platform of stability on which other interventions, such as job skills training and mental health or substance abuse counseling, are more likely to succeed.

Seniors and People with Disabilities

- An estimate 15% of Waterloo’s population is 65 years or older, while 10.6% of the population has at least one disability. There is substantial overlap between these two populations – about 37% of people with disabilities are 65 or older. Many seniors and people with disabilities struggle to find adequate housing, since they are often on fixed

incomes and need homes that have accessibility features such as grab bars in bathrooms, wheelchair ramps, and wide doorways to accommodate wheelchairs.

- Although LMI senior-headed households are generally less likely to have housing problems than LMI households overall, an estimated 1,735 LMI senior-headed households have housing problems. Slightly over half of these are owner households.
- Approximately 2,750 LMI households with disabled members have housing problems, which occur among a higher number of renter households with disabled members than among owner households. ELL households account for a majority of LMI households with disabled members and housing problems.

Immigrant Populations

- A survey on housing and quality of life in Waterloo was administered to English Language Learner (ELL) classes by Hawkeye Community College Metro Center instructors.
- The percentage of ELL respondents who report housing problems (29%) is about double the percentage who report that their housing is unaffordable (15%). In open-ended feedback, respondents reported a wide range of housing problems, from leaky faucets to mold, vermin, and cracks in walls and ceilings.
- When asked if they or anyone they know had experienced housing discrimination, the vast majority of ELL respondents (83%) marked “No.” Some respondents recounted discrimination based on their accent, limited English proficiency, or race. Actual housing discrimination rates against ELL students may be higher than estimated, since they may be less familiar with the concept of housing discrimination and less likely to recognize it when it occurs.
- When asked about Waterloo’s positive aspects, ELL respondents primarily cited schools, ELL education, and jobs. Multiple respondents also cited cleanliness, affordable rents, and good hospitals and emergency services. Like non-ELL respondents, they value Waterloo’s cultural attractions and events, with several mentioning specific examples such as the SportsPlex and Juneteenth.
- When asked about changes needed in Waterloo, ELL respondents identified crime as a major concern, as well as road maintenance needs, healthcare costs, and jobs. Similar to non-ELL groups, several ELL respondents expressed a desire for more businesses and cultural opportunities.

Housing Supply and Demand Analysis

- According to City data on residential permits issued from October 2014 to October 2017, an average of 142 units were permitted annually, serving as a baseline for housing supply and demand projections. This building permit volume is only 0.46% of the City’s total

housing stock, which is relatively low compared to the optimal value of 1% for a “normal” housing market. At Waterloo’s baseline rate of residential permitting, 2,840 new units will be added between 2021 and 2040.

- The City conducts an average of 26 demolitions per year. Additionally, communities experience housing stock “attrition” as some units are withdrawn from the housing market each year due to deterioration, abandonment by owners, or other factors.
- Accounting for new housing construction, demolition, and attrition, an estimated 1,384 units will be lost from Waterloo’s housing stock between 2021 and 2040, resulting in a net addition of 1,456 units – 728 per decade or 73 annually.
- As of 2017, Waterloo had 2,456 vacant residential lots that could potentially be developed, including 176 City-owned lots and 2,280 lots owned by other parties. An estimated 520 residential units will be demolished between 2021 and 2040, possibly contributing new buildable lots. Depending on how many new lots are added from demolitions, Waterloo may have a surplus up to 136 lots or a deficit of 384 lots. The average estimate is a shortfall of 124 lots by 2040.
- If Waterloo’s population remains unchanged from 2020 to 2040, and household size continues to decline at historic rates, the City would add 1,224 households by 2040. To meet new demand without overbuilding in this scenario, the City could permit 138 housing units per year between 2021 and 2030 – slightly less than the baseline rate of 142 per year – and reduce the annual permitting rate to 122 units per year from 2031 to 2040.
- Waterloo’s housing demand is projected for a scenario with constant household size and moderate population growth: from 67,314 in 2020 to 69,980 in 2030 (a 3.96% increase) and 71,022 by 2040 (a 1.5% increase). In this scenario, new households would be added faster than the baseline residential permitting rate until 2030, but would lag behind permitting rates from 2031 to 2040. To meet demand without overbuilding, residential permitting rates would need to increase to 151 units per year from 2021 to 2030, and then drop to 114 units per year from 2031 to 2040.

Housing Goals and Objectives

Based upon the findings of this Housing Needs Assessment, the following goals have been developed to maintain, revitalize, and expand Waterloo’s housing stock in a coordinated manner with broader community development efforts:

GOAL 1: MAINTAIN AND IMPROVE THE QUALITY OF WATERLOO’S EXISTING HOUSING STOCK.

GOAL 2: SUPPORT INFILL HOUSING DEVELOPMENT AND REDEVELOPMENT, ESPECIALLY IN OLDER NEIGHBORHOODS.

GOAL 3: EXPAND OPPORTUNITIES FOR WATERLOO’S LOW- AND MODERATE-INCOME HOMEBUYERS AND HOMEOWNERS.

GOAL 4: EXPAND RENTAL OPPORTUNITIES AND RELATED SERVICES FOR LMI HOUSEHOLDS, INCLUDING THOSE EXPERIENCING HOMELESSNESS.

GOAL 5: SUPPORT INCREASED MARKET-RATE HOUSING DEVELOPMENT.

GOAL 6: SUPPORT COMMUNITY DEVELOPMENT, WORKFORCE DEVELOPMENT, AND OTHER EFFORTS INTEGRALLY RELATED TO QUALITY OF LIFE AND HOUSING DEMAND IN DISINVESTED NEIGHBORHOODS.

GOAL 7: SUPPORT EXPANSION OF WATERLOO’S INSTITUTIONAL STRUCTURE FOR HOUSING DEVELOPMENT.

Each goal is supported by several proposed objectives. The City of Waterloo does not have sole responsibility for the proposed goals and objectives, which can only be accomplished in collaboration with developers, nonprofit agencies, financial institutions, philanthropic organizations, and other stakeholders. However, the goals and objectives are phrased in terms of actions the City can take, at least as a facilitator or collaborator.

Introduction and Purpose

The City of Waterloo is the County Seat of Black Hawk County and an economic hub for much of northeast Iowa. The City has a rich, varied, and sometimes tumultuous history, including its rise to prominence as a center of agriculture-related industry during the late 19th century, strong traditions of labor and civil rights activism during the early and mid-20th century, loss of population and economic capacity during the Farm Crisis years of the 1980s, and subsequent revitalization and reinvention through the 1990s and 2000s.

Waterloo's housing stock and housing needs reflect the complex and sometimes contradictory nature of the City's history and recent development. Many of the City's older historic homes, built in the late 19th and early 20th century, have fallen into disrepair and pose health hazards to occupants. The spatial distribution of these housing problems often reflects historic patterns of home valuation and urban renewal. By contrast, several City initiatives, including homebuyer incentives and subsidized rental developments, have contributed to the revitalization of Waterloo's downtown and older neighborhoods. At the same time, home sales and new residential development in southern Waterloo have been brisk in recent years.

Waterloo's last Housing Needs Assessment was completed in 2011 in the midst of the Great Recession. As Waterloo continues to recover from the Recession and implement new economic development and quality-of-life initiatives, City leaders recognized a need for an updated Housing Needs Assessment. This document is not intended to duplicate the work of other City planning documents, but draws on past documents and provides data and analysis to guide forthcoming documents such as the next Consolidated Plan and Assessment of Fair Housing to be submitted to the U.S. Department of Housing and Urban Development (HUD), as well as the Comprehensive Plan currently under development.

This Housing Needs Assessment uses publicly available and locally provided data to assess the strengths and challenges of Waterloo's housing market. Particular attention is given to the housing needs of vulnerable populations, including immigrants, seniors, people with disabilities, and people experiencing homelessness. Future housing supply and demand are compared to determine the adequacy of housing stock available for different populations, and recommendations are given for a balanced approach to meeting Waterloo's housing needs.

Waterloo's History and Background

History of the City of Waterloo

Since its founding, the City of Waterloo has been associated with industry and agriculture. Originally named Prairie Rapids, Waterloo was first settled by Europeans in 1845, platted in 1854,

and incorporated in 1868. The City quickly became an important agricultural and railroad town, and the Illinois Central Railroad established its repair shop in Waterloo in 1870¹.

Waterloo grew rapidly in the late 19th and early 20th centuries, with its population increasing from 6,674 in 1890 to 36,230 in 1920. The number of factories proliferated in Waterloo as well, giving it the nickname “The Factory City” by the early 20th century. Cedar Falls, meanwhile, had become home to a teacher’s college that would later become the University of Northern Iowa, and was known as “The Lawn City.” The Rath Packing Company was established in Waterloo in 1891, and its pork products became an iconic grocery item across the nation. In 1918, John Deere and Company bought the Waterloo Gasoline Engine Company and transformed it into a tractor manufacturing facility. For the better part of the 20th century, Deere and Rath would be Waterloo’s top employers.

For much of its history, a distinguishing feature of Waterloo has been its relatively high proportion of Black residents compared to most other communities in Iowa. Waterloo had fewer than 20 Black residents in 1910, but by 1920 the Black population had grown to nearly 1,000, or about 3% of the City’s overall population. This increase was due to the Illinois Central Railroad’s recruitment of Black workers from the South to serve as strikebreakers during a national railroad worker strike. These newcomers encountered intense hostility due to both their race and their status as “scabs,” but many established themselves in Waterloo nonetheless. Due to housing discrimination at the time, Black newcomers were largely confined to a triangle of land near the Illinois Central rail yard known as “Smokey Row” (inner triangle in Figure 1). The new Black residents cultivated faith and civic institutions in the coming years to provide mutual assistance and advocate for their interests, and founded a local chapter of the NAACP².

Waterloo has also been distinguished by a strong union presence for much of its history. Unions at the Rath and Deere plants achieved substantial power in the early 1940s, following New Deal legislation and organizing efforts at both plants throughout the 1930s. At this time, many unions still accepted White members only, and business leaders often leveraged racial resentment among White workers to weaken organizing efforts. By contrast, the United Packinghouse Workers of America (UPWA) Local 46, the union for Rath workers, was among the most racially progressive UPWA locals in the Midwest³.

¹ Black Hawk County, IA. (2013). *Brief History of Black Hawk County*. <http://www.co.black-hawk.ia.us/DocumentCenter/View/564>. Retrieved 12/3/18.

² Kinney, P. (2011, Feb. 1). “Great Migration Railroad strike 100 years ago brought an influx of African-Americans to Waterloo.” Waterloo-Cedar Falls Courier [online article]. http://wcfcourier.com/news/local/article_3ac5cdf6-cef7-5d54-943a-742b04395ac6.html. Retrieved 12/3/18.

³ Fehn, B. 1997. Ruin or Renewal: The United Packinghouse Workers of America and the 1948 Meatpacking Strike in Iowa. *The Annals of Iowa* 56: 349-378.

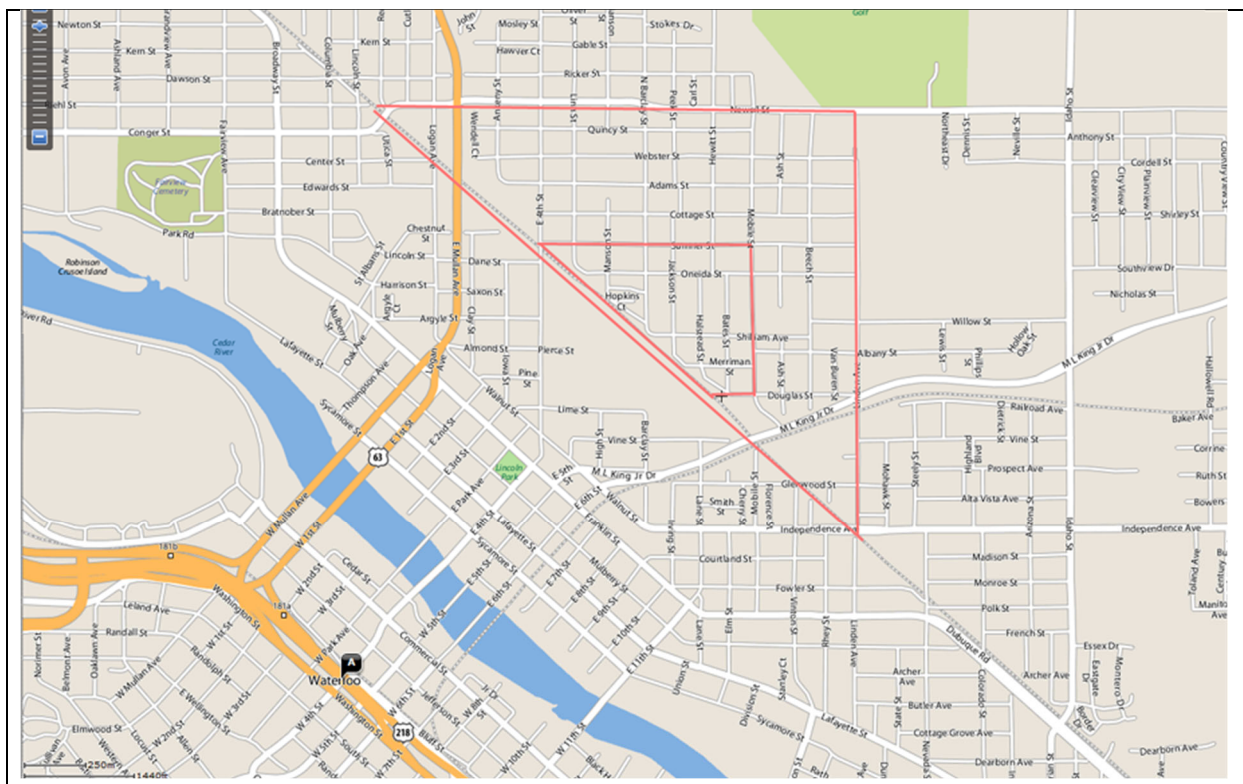


Figure 1: "Smokey Row:" Waterloo's Historic Black Neighborhood.

Source: *African-American Voices of the Cedar Valley: Black Triangle* (<https://aa-voices-museum.uni.edu/black-triangle>)

Waterloo's population grew substantially during America's prosperous postwar years, increasing from 51,743 in 1940 to 75,533 in 1970 (Figure 2). However, Waterloo's "urban renewal" activities in the 1960s and early 1970s displaced many households⁴. Although these activities were intended in part to demolish substandard housing and help its occupants find better housing, Black families had much more difficulty than White families in finding new housing to rent or buy, and many displaced Black families ended up moving to neighborhoods adjacent to the urban renewal area. The departure of White residents from the urban renewal area and its surroundings was part of a broader pattern of "white flight" that accelerated through the 1960s⁵.

<https://ir.uiowa.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=10104&context=annals-of-iowa>. Retrieved 12/3/18.

⁴ Shirey, T.E. 2014. Common Patterns in an Uncommon Place: The Civil Rights Movement and Persistence of Racial Inequality in Waterloo, IA. [Honors Project, Bowdoin College] <https://www.bowdoin.edu/african-studies/pdf/shirey-honors.pdf>. Retrieved 12/3/18.

⁵ Ibid.

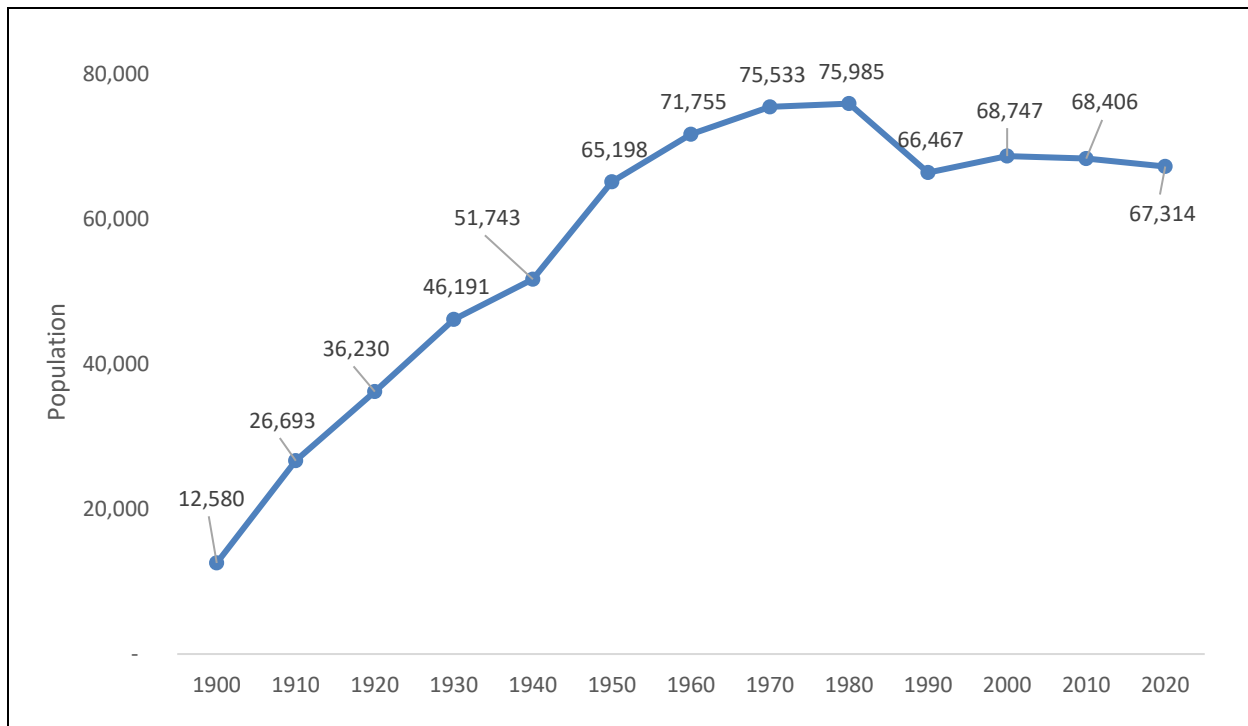


Figure 2: Waterloo Population Over Time

Source: Iowa Data Center

In addition to housing trends, many other social, political, and economic factors caused tumult in Waterloo in the 1960s and 1970s. School segregation and employment discrimination in Waterloo prompted vigorous activism and multiple protests throughout the 1960s, as well as a brief outbreak of violence in 1967. These tensions were exacerbated by substantial job cuts at Rath, as the company struggled to modernize and address rocky labor-management relations⁶. Further job cuts came at both Rath and Deere in the 1970s as the impact of a national recession hit Waterloo. Moreover, in 1969 and 1970, the College Square and Crossroads shopping centers opened in Cedar Falls and Waterloo, respectively, causing many businesses in downtown Waterloo to close and eliminating jobs on which many residents in Waterloo’s older neighborhoods relied. Waterloo’s civil rights struggles of previous decades bore new fruit in the 1970s as national legislation began to take effect, allowing many Black families to enter the middle class. However, many of these families moved away from Waterloo’s core, and this trend of “black flight” combined with ongoing white flight to further strip the City’s core neighborhoods of middle-class residents⁷.

⁶ See Conard, R. (2010). *Bringin’ Home the Bacon: The Rath Packing Company in Waterloo, 1891–1985*. Iowa City: Tallgrass Historians, L.C. http://www.cityofwaterlooiaowa.com/departments/planning-zoning/bringin_home_the_bacon_the_rath_packing_company_in_waterloo_1891-1985.php.

⁷ See Shirey 2014 for further discussion.

The 1980s was a devastating decade for Waterloo. The Farm Crisis decimated employment at the already struggling Rath and Deere plants, and Rath closed in 1985. Between 1980 and 1990, Waterloo's population dropped from 75,985 to 66,467, a 12.5% decrease (Figure 2). The loss of employment and population left many older homes vacant and in disrepair, and exacerbated the loss of businesses from Waterloo's core. These economic blows were devastating across the board to this largely blue-collar city, which had relied disproportionately on industrial employment.

During the 1990s, Waterloo's population increased slightly, and the City began to reinvent itself. Major improvements were made to highways, and the City developed its recreational trail network. IBP opened a new meatpacking facility, which offered lower wages than Rath had provided but increased Waterloo's diversity by attracting workers from Latin America and Bosnia. Starting in the early 2000s, the City undertook major reinvestments in its Downtown and Riverfront areas. In addition to these large-scale changes and investments, grassroots organizations throughout Waterloo endeavored to revitalize neighborhoods and provide resources for residents. For example, the homegrown community centers and other grassroots organizations serving Waterloo's low-income core neighborhoods help to explain the increase in educational attainment and decrease in poverty among residents in these neighborhoods by 2000⁸.

Waterloo's history and its impact on the City's current housing stock, economy, and racial and ethnic dynamics, are a distilled version of trends that played out across the nation, particularly in Midwestern industrial cities. A combination of mid-century "urban renewal" projects, redlining, blockbusting, deindustrialization, and the movement of retail and industry away from the city center toward the periphery, have taken a toll on Waterloo's core neighborhoods. These forces have left behind many older housing units in various states of disrepair – many of which are occupied by low-income families who cannot afford better options.

However, massive efforts from the grassroots to the City's leadership have resulted in an expansion of cultural and recreational opportunities, and a revitalization of housing markets in some parts of the City. While public funding for massive housing investments is limited⁹, public and nonprofit agencies in Waterloo have demolished some of the City's most dilapidated homes, rehabilitated others, reduced lead paint hazards in older housing stock, and supported construction of new affordable homes for buyers and renters. The challenge for Waterloo going forward is to accommodate residential growth in areas considered desirable by the housing market, while working to reverse or stem decades of disinvestment in other areas.

⁸ Ibid.

⁹ Since the 1990s, the vast majority of public subsidies for new housing in the U.S. have been used to make privately owned housing affordable for low-and moderate-income buyers and renters.

Community Character and Quality of Life

As a mid-sized Midwestern city with a rich history and abundant natural beauty, Waterloo inspires loyalty from thousands of long-time residents, attracts new residents, and is seeking to be a model for a resurgent Midwestern technological and industrial hub. Waterloo's historic downtown has seen a renaissance as local entrepreneurs have opened new restaurants and retail shops. The Riverloop trail, amphitheater, landscaping, and street art have brought a new dimension to the City's historic industrial riverfront, and are designed to make the Cedar River "an element that unites the community rather than divides it." The downtown area also includes the acclaimed Grout Museum District, sports facilities, theaters, and a Convention Center, and hosts numerous community festivals throughout the year.

As the central city in the Cedar Falls-Waterloo Metropolitan Area, Waterloo has a full suite of urban amenities, including a public library, several medical complexes, three postsecondary education institutions, and a regional shopping center. Waterloo also has nearly 50 public parks, including golf courses and urban forests. Several parks are part of the larger Cedar Valley network of walking, cycling, and water trails, which include wayfinding signs to encourage cyclists, hikers, and paddlers to visit Waterloo's urban attractions. Other regional attractions in Waterloo's city limits include the Isle of Capri Hotel Casino, Lost Island Waterpark, and the National Cattle Congress. Moreover, as the hub of the Silos and Smokestacks National Heritage Area, Waterloo is in close proximity to a wide range of rural attractions.

In addition to large-scale attractions and amenities, Waterloo has a wealth of grassroots initiatives to revitalize neighborhoods and improve the quality of life for residents. The City has over 30 neighborhood associations, most of which are located in core neighborhoods on either side of the Cedar River. The Jesse Cosby Center, a non-profit founded in 1966 in the traditional Smokey Row neighborhood, provides support services for low-income families. Additional grassroots organizations and small businesses, such as a Bosnian mosque, Latino churches and restaurants, Asian and African grocery stores, and a Burmese refugee advocacy center, have emerged to meet the needs of Waterloo's growing immigrant populations.

Natural Resources and Environmental Hazards

Waterloo's natural environment is largely defined by the Cedar River and its tributaries. The Cedar River bisects Waterloo from northeast to southwest. The City has gentle topography, ranging from the Cedar River floodplain to rolling hills. Much of the area flanking the Cedar River is built out, although extensive agricultural land is found at Waterloo's northern, northeastern, and southern edges. The undeveloped areas along Waterloo's river network are heavily forested. The Corn Suitability Rating (CSR) of Waterloo's primary soil types ranges from 63 to 95, indicating that Waterloo's undeveloped land is well-suited to agriculture.

The primary environmental hazards in Waterloo are related to flooding and severe weather, including tornadoes, windstorms, thunderstorms, and severe winter storms. Waterloo experienced a devastating 0.2% annual chance (“500-year”) flood of the Cedar River and its tributaries in 2008, and has experienced numerous river floods throughout its history. Much of the City’s land area in the 1% annual chance (“100-year”) and 0.2% annual chance floodplain is undeveloped, but about 2,800 structures are located in the floodplain.

The predominant hazard in Waterloo and Black Hawk County is not river flooding, but rather flash flooding from intense rainfall over a short period, according to the *2014 Multi-Jurisdictional Hazard Mitigation Plan for Black Hawk County* (MJHMP). Flash flooding, river flooding, and other hazards are likely to be impacted by future development patterns in Waterloo and its surroundings. To address environmental hazards on a regional basis, the City of Waterloo coordinates with other communities in Black Hawk County and the Cedar Valley to plan for hazard mitigation.

Waterloo has several environmental hazards common to urban transportation hubs and industrial areas, including exposure to diesel particulates and air toxics, and proximity to contaminated sites. These hazards are primarily located in the downtown area, along highway interchanges, and at the former Rath industrial site. Many properties in these locations are current or former “brownfields” – sites with known or suspected environmental contamination that makes real estate buyers and developers reluctant to invest in them – several of which have been designated as “Superfund” sites by the Environmental Protection Agency. Since 2000, the City has received numerous grants from the EPA and other agencies to clean up contamination and redevelop many of these sites.

Public Infrastructure and Utilities

Waterloo enjoys ready access to major roadways, including Interstate 380 and U.S. Highways 218, 20, and 63. The highway system in Waterloo received major improvements over the last three decades due to the Interstate Substitution program. Additionally, Waterloo Regional Airport offers commercial, business, and general aviation services for the greater Cedar Falls-Waterloo region. The local street network is maintained by the City of Waterloo’s Street Department, and bus transit service is offered in Waterloo and Cedar Falls by the Metropolitan Transit Authority. A major concern expressed by community advocates is the lack of bus service during evenings and weekends in Waterloo and Cedar Falls.

The City of Waterloo offers water, stormwater, sanitary sewer, and garbage and recycling services. Electric and gas services are provided by MidAmerican Energy, while telecommunications services are provided by CenturyLink, Mediacom, and McLeodUSA. According to the 2014 MJHMP for Black Hawk County, the City’s water system has substantial unused capacity – it is capable of providing 50.4 million gallons per day (MGD), but peak daily use

is only 28.8 MGD. The wastewater treatment plant has received extensive upgrades over the last few decades, and its maximum capacity of 36.5 MGD is adequate to handle the average daily load of 14 MGD under normal conditions.

Community Services

Schools

The Waterloo Community School District (WCSD) is the 6th largest in Iowa, with over 10,000 enrolled students. The District includes 11 elementary schools, 4 middle schools, and 3 high schools. WCSD's boundaries encompass Evansdale, Raymond, Elk Run Heights, Washburn, and Gilbertville, and one elementary and middle school each are located in Evansdale.

Neighborhood public schools are viewed as an amenity by many homebuyers, and can strongly influence residential property values. As a result, WCSD has invested heavily in improvements in recent years. Waterloo residents have approved local tax measures to replace obsolete school facilities, renovate existing facilities, and expand academic offerings. Today, WCSD places a strong emphasis on Science, Technology, Mathematics, and Engineering (STEM) education, advanced learning opportunities, preparation for college and technical education, and leadership opportunities. WCSD is one of only two school districts in the state with an International Baccalaureate (IB) program, and offers a Performance Based Diploma Academy (PBDA) to help students catch up on credits when they fall behind due to obstacles in their personal lives. Currently, the shares of students who graduate from East High and West High in 5 years are 95% and 91%, respectively, compared to a statewide rate of 93%. In an effort to encourage newcomers to the Cedar Valley to settle in Waterloo and enroll their children in the public schools, WCSD uses ongoing marketing efforts to highlight the District's achievements.

Other Community Services

Waterloo provides a wide range of urban services, including police, fire rescue, code enforcement, civil rights outreach and enforcement, community and economic development, planning and zoning, and the parks and recreation services described above. The City has undertaken multiple efforts to enhance Waterloo's quality of life. For example:

- In June 2017, the Waterloo Police Department announced a partnership with Tri County Head Start and the Eastside Ministerial Alliance to operate a Community Outreach Center in East Waterloo. The Center provides an opportunity for residents to report crimes and interact with police officers on a more personal level.
- The Waterloo Human Rights Commission educates residents about fair housing rights and other civil rights, receives and investigates discrimination complaints, and takes enforcement action against civil rights violators in Waterloo. The Commission has also partnered with the Community Development Department and the Waterloo Housing

Authority to sponsor forums on domestic violence, sentencing reform and racial disparities in incarceration, and housing quality.

- The Community Development Department administers federal Community Development Block Grant (CDBG) and HOME funds. The department uses these and other funds to support a wide range of housing activities, including purchase assistance for low- and moderate-income homebuyers, rehabilitation assistance for homeowners, lead hazard reduction in older housing stock, demolition of dilapidated housing, and homeless assistance. The Department also provides support to local neighborhood associations.
- The Planning and Zoning Department supports Waterloo's elected and appointed officials in implementing land use policies to guide Waterloo's growth and development. Planning and Zoning plays an important role in economic development and redevelopment of vacant or underutilized land, linking businesses with suitable incentives and locations. In 2017, Planning and Zoning's work with EPA brownfield redevelopment grants was recognized by the Environmental Protection Agency (EPA) as a "Success Story." Projects in Waterloo supported by EPA brownfield grants include the redevelopment of the former Rath site as a campus for social service providers, consolidation of several City department operations at a former industrial site, and development of the Cedar Valley SportsPlex.

Demographic Analysis

This section uses data from the decennial Census, as well as the U.S. Census Bureau's 1-year and 5-year American Community Survey (ACS) estimates, as appropriate¹⁰.

¹⁰ The decennial Census provides certain basic data for all people and housing units in a community, such as age, race, and tenure (whether a housing unit is owner-or renter-occupied). The 2000 Census was the last decennial Census that provided a "long form" to a large representative sample of the population. The "long form" asked detailed questions about income, housing costs, and other topics not addressed in the "short form" sent to the rest of the population. The Census Bureau started collecting ACS data in 2005 to replace the "long form," using much smaller sample sizes than the "long form" had used. For geographic areas with populations over 65,000, the Census Bureau releases annual ACS estimates calculated from a year's worth of data, as well as estimates derived from data taken over a 5-year period. For smaller geographic areas, such as Census tracts within a city, only 5-year ACS estimates are available.

ACS estimates often have large margins of error, especially for small geographic areas or small categories (such as a very small immigrant population). 1-year ACS estimates are more current than 5-year estimates, but have larger margins of error. This document uses both 1-year and 5-year ACS estimates for the City as a whole, depending on the factor being considered. The differences among ACS estimates may not be statistically significant in some cases, but ACS is still considered the most reliable and current public data source for understanding a community's demographics and other characteristics.

Population, Households, and Age Composition

In 2020, Waterloo's population was 67,314 (Table 1). As discussed in the History section above, Waterloo's population grew substantially over much of the 20th century, dropped during the Farm Crisis years of the 1980s, and has been relatively steady since then (Figure 2).

Waterloo's population shifts have been geographically uneven. Between 2000 and 2010, most Census tracts in East Waterloo experienced population losses, while many Census tracts in West Waterloo saw population growth (Figure 3). The most substantial population growth occurred in South Waterloo (Census tract 30.01). Between the 2010 Census and the 2016 5-year ACS, population changes across the City were more variable, particularly in West Waterloo (Figure 4). Most Census tracts in East Waterloo continued to see population declines, although the results are not always statistically significant. In West Waterloo, populations in several Census tracts shrank slightly or plateaued. The areas with sustained growth include Census tracts 15.01 and 13.02 near Sergeant Road and San Marnan Drive, and Census Tract 11, which encompasses Liberty Park and Miller Park.

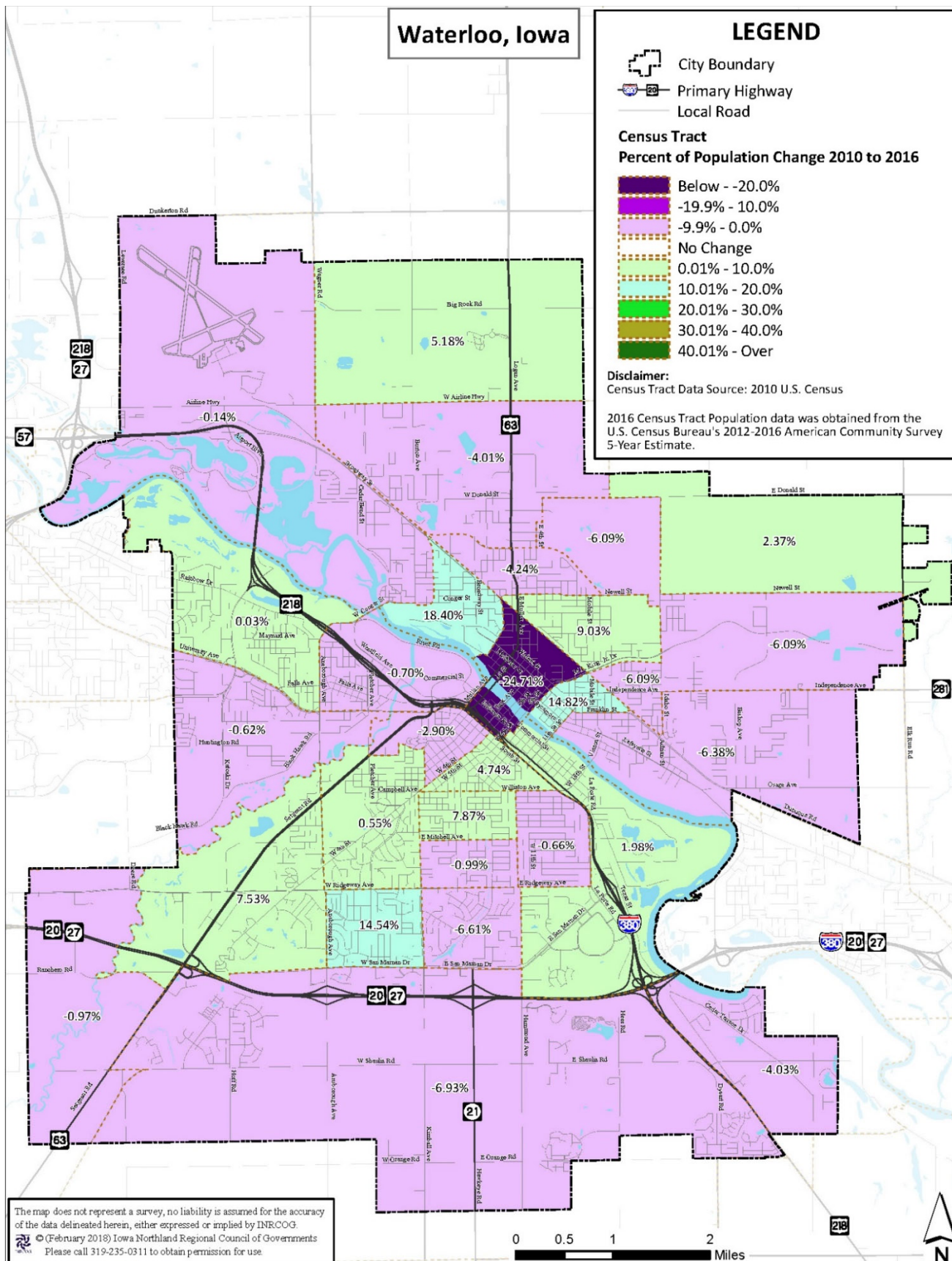


Figure 4: Population Change by Census Tracts in Waterloo, 2010 to 2016

Source: 2000 and 2010 Decennial Census, 2016 5-year ACS

Table 1: Waterloo Demographic Overview

Demographic Variable	2000	2010	2010 (Iowa)	2015 5- year	2015 1- year	2020	2020 (Iowa)	Statistically significant change 2010-2015? (90% confidence level)
Total Population	68,747	68,406	3.05M	68,432	68,457	67,314	3.19M	Increase (1-y estimate)
Age								
Median Age	35.9	35.9	38.1	36.2	37.2			
Under 18	24.7%	23.7%	23.9%	23.7%	22.9%	23.1%	23.2%	
25 to 44	27.4%	26.4%	24.6%	26.1%	26.0%			
65 and older	15.3%	14.0%	14.9%	14.9%	14.5%			Increase (5-y estimate)
Households and Families								
Average Household Size	2.39	2.35	2.41	2.37	2.42			
Average Family Size	2.97	2.95	2.97	3.09	3.06			Increase (5-y estimate)
Family Households (% of HHs)	63.0%	60.2%	64.7%	57.8%	60.4%			Decrease (5-y estimate)
Households with Children (% of HHs)	29.0%	26.5%	28.4%	25.9%	25.6%			
Race, Ethnicity, and National Origin								
White	81.6%	77.3%	91.3%	76.2%	73.1%	67.5%	84.5%	Decrease (5-y and 1-y estimates)
Black/African-American	13.9%	15.5%	2.9%	16.0%	16.1%	18.0%	4.1%	
American Indian/Alaska Native	0.2%	0.3%	0.4%	0.3%	0.4%	0.5%	0.5%	
Asian/Pacific Islander	0.9%	1.4%	1.8%	1.8%	2.2%	4.1%	2.6%	
Other race	1.4%	2.6%	1.8%	2.6%	6.3%	3.3%	2.8%	Increase (1-y estimate)
Two or more races	2%	3%	2%	3.0%	1.8%	6.5%	6%	Decrease (1-y estimate)
Hispanic or Latino (of any race)	2.6%	5.6%	5.0%	6.4%	7.2%	7.1%	6.8%	Increase (5-y and 1-y estimates)
Foreign-Born	5.2%			6.2%	7.4%			Increase (5-y and 1-y estimates)
Disability								
People with a Disability*				9,206	7,194			Decrease between 5-y and 1-y estimates
% of Population with a Disability*				13.6%	10.6%			Decrease between 5-y and 1-y estimates

Source: 2000, 2010, and 2020 Decennial Census; 2015 American Community Survey 1-year and 5-year estimates

The median age of Waterloo residents was 35.9 in 2010, unchanged from 2000 (Table 1). By contrast, Iowa's median age increased from 36.6 to 38.1 over the last decade, and many communities throughout the state have aging populations. A more detailed look at Waterloo's population by age cohort suggest that the median age could increase in the coming years as baby boomers age (Figure 5). Over the last decade, the share of Waterloo's population ages 55 to 64 increased substantially, while the 35-44 and 5-19 shares declined. This shift may partly explain the slight decrease in average household and family sizes, and the declining share of households with children over the decade (Table 1), as children grew up and moved out of their parents' homes. On the other hand, the share of children ages 0 to 5 and adults ages 25 to 34 increased over the decade, which may indicate that young adults are settling down in Waterloo and raising families.

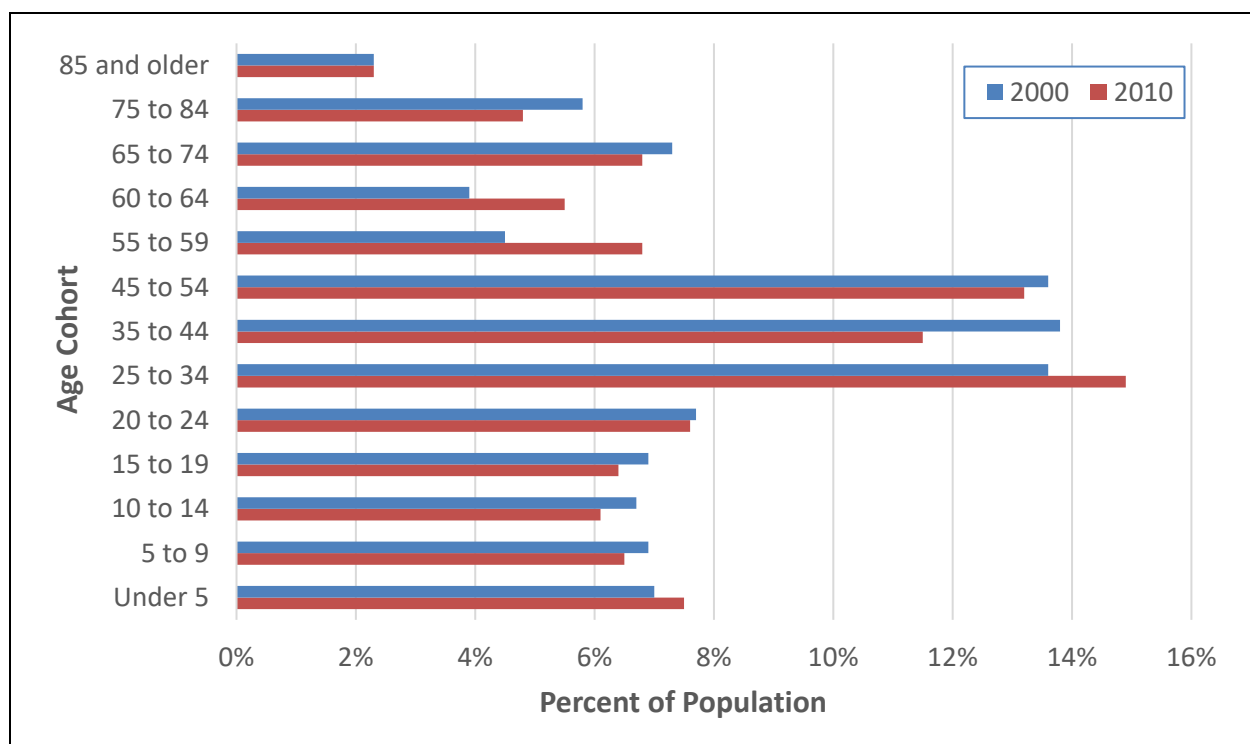


Figure 5: Age Composition of Waterloo's Population

Source: 2000 and 2010 Decennial Census

Between 2010 and 2015, average family and household size appeared to increase, but the senior share of the population (65 and older) increased slightly (Table 1). Over time, a growing senior population in a community often leads to lower average household sizes and greater demand for 1- and 2-bedroom units. At this time, it is unclear if Waterloo's population will age in the coming years, if the number of young families with children will increase, or both. A substantial increase

in a community's proportion of children or seniors can increase demand for public services while decreasing tax revenues, since a smaller share of its population would be in the workforce.

Minority Populations

Waterloo's racial and ethnic composition is substantially more diverse than Iowa's, and the City's diversity is increasing (Table 1). Over 32% of Waterloo's population identified as non-White and 7.1% identified as Hispanic or Latino in 2020. (Note that the Census Bureau considers ethnicity – whether a person identifies as Hispanic or Latino – separately from race). The White percentage of the population declined steadily between 2000 and 2015, while members of other races, multiracial individuals, and Hispanic or Latino individuals increased as a share of the City's population. According to HUD data, Waterloo has the highest level of segregation between White and non-White residents of any entitlement city¹¹ in Iowa, with concentrations of racial and ethnic minorities in northeast Waterloo and neighborhoods immediately to the west of the Cedar River (Figure 6).

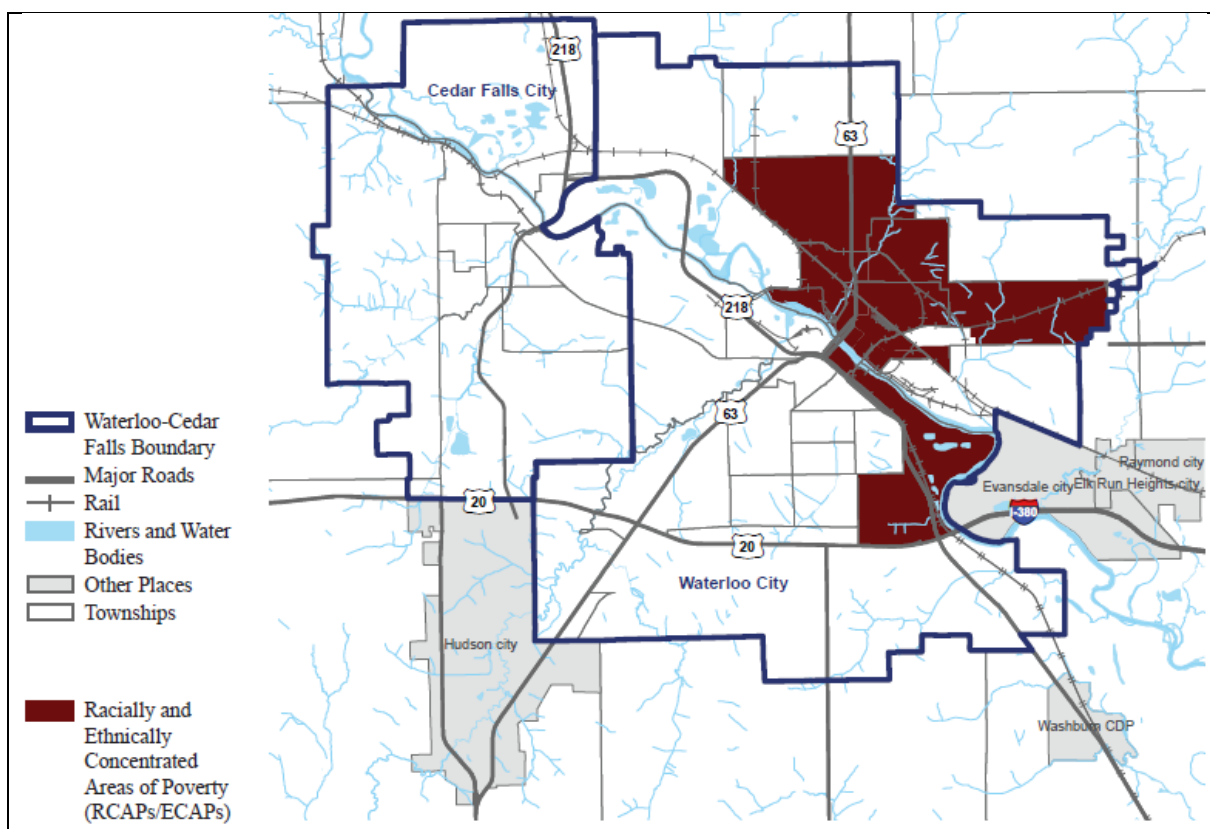


Figure 6: Low/Moderate-Income Areas of Minority Concentration in Waterloo

Source: Waterloo and Cedar Falls Analysis of Impediments to Fair Housing Choice, 2014

¹¹ HUD Affirmatively Furthering Fair Housing Tool, 11/17/17 release. An “entitlement city” is one that receives community development funding directly from HUD. In most cases, entitlement communities have populations of 50,000 or higher.

An estimated 6.2% to 7.4% of Waterloo's population was foreign-born in 2015. Data on Waterloo's foreign-born population was not available from the 2010 Census, but the percentage of foreign-born residents in Waterloo increased from 5.2% in 2000. ACS data on the national origins of foreign-born residents is statistically unreliable because the populations from individual countries are so small, but the 2015 5-year estimates indicate that Bosnians and Mexicans comprise Waterloo's largest immigrant populations (data not shown). Taken together, ACS data and anecdotal evidence indicate that Waterloo has growing populations from India, the Congo region of central Africa, Sudan, and Vietnam.

Another prominent minority group in Waterloo consists of people with a disability, who account for over 10% of the City's population. People with disabilities are often less involved in the workforce than able-bodied people of prime working age, and they tend to have lower incomes as a result. People with disabilities often need accessibility features in their homes, such as wheelchair ramps, wide doorways, and grab bars in bathrooms, to be able to live independently in their communities. A shortage of affordable, accessible housing in a community can force some people with disabilities to move into institutional settings.

Implications

The stabilization of Waterloo's population since the Farm Crisis years is a boon for community spirit, the City's finances, and school enrollment. However, the community hopes to see population growth in the coming years, which would bring more vitality and prosperity. Population growth would also promote redevelopment of the City's many vacant and underutilized residential and commercial properties, which were built decades ago to accommodate a larger population. If the City both grows and ages in the coming years, there may be a shortage of housing units, including smaller, accessible housing units tailored to seniors, if development and redevelopment does not keep pace.

In addition to overall population, an important consideration for City leaders is the spatial distribution of growth. Since 2000, Waterloo's neighborhoods to the southwest have grown, while several core neighborhoods have contracted in population. Waterloo's growth and revitalization as a City depends on the well-being of all neighborhoods, so it is important to promote housing and economic improvements throughout the City.

Economic Analysis

Overview

Although the Farm Crisis of the 1980s deeply disrupted Waterloo's industrial base, the City remains largely blue-collar. Compared to Iowa and Black Hawk County, a greater share of Waterloo's employed residents work in production, transportation, and material moving

occupations or in the manufacturing industry (Table 2). By the same token, a smaller share of Waterloo residents work in management, business, science, and arts occupations or in the Finance, Insurance, and Real Estate (FIRE) industries, compared to the Iowa workforce overall.

Incomes in Waterloo are relatively low, while poverty is relatively high (Table 2). The City's median family income is \$51,025, about \$10,000 less than that of Black Hawk County, and nearly \$19,000 less than Iowa's median family income. The median family income measure excludes most student households. The City's family poverty rate of 9.1%, meanwhile, appears to be higher than the County and State family poverty rates. Similar to median family income, family poverty rates are less likely than individual poverty rates to be influenced by student households.

Waterloo's unemployment rate has exceeded the County and State rates over the past decade, especially during the Recession (Figure 7). The City's unemployment rate rose sharply from 4.2% in 2007 to 7.3% in 2009, and declined steadily to 5.5% by 2016. The County's unemployment rate was also higher in 2016 than in 2007. By contrast, the State's unemployment rate had returned to its pre-Recession level of 3.7% by 2016. The nation's overall unemployment rate peaked at a higher level than Waterloo's during the recession (7.3% in 2010), but by 2016 the City's unemployment rate had exceeded the national rate.

Table 2: Waterloo Economic Overview

Economic Variable	Iowa	Black Hawk Co.	Waterloo	Is Waterloo significantly different? (90% CI)
Civilian labor force	67.4%	66.5%	64.5%	
Unemployment rate (official BLS data)	3.8%	4.7%	5.5%	N/A
Workers in Management, business, science, and arts occupations	34.4%	31.5%	27.7%	Lower than Iowa
Workers in Production, transportation, and material moving occupations	17.0%	18.8%	25.1%	Higher than Iowa and Black Hawk County
Workers in Manufacturing industry	15.7%	18.9%	22.8%	Higher than Iowa and Black Hawk County*
Workers in Finance and insurance, and real estate and rental and leasing industries	7.3%	5.2%	4.6%	Lower than Iowa
Median household income	\$54,736	\$50,169	\$44,153	Lower than Iowa and Black Hawk County
Median family income	\$69,382	\$63,025	\$51,025	Lower than Iowa and Black Hawk County
Poverty rate (families)*	7.7%	6.7%	9.1%	
Poverty rate (individuals)*	12.2%	13.7%	14.0%	

Source: Bureau of Labor Statistics 2015 annual unemployment averages (not seasonally adjusted), 2015 American Community Survey 1-year estimates *Difference between Waterloo and Black Hawk Co. is marginally significant.

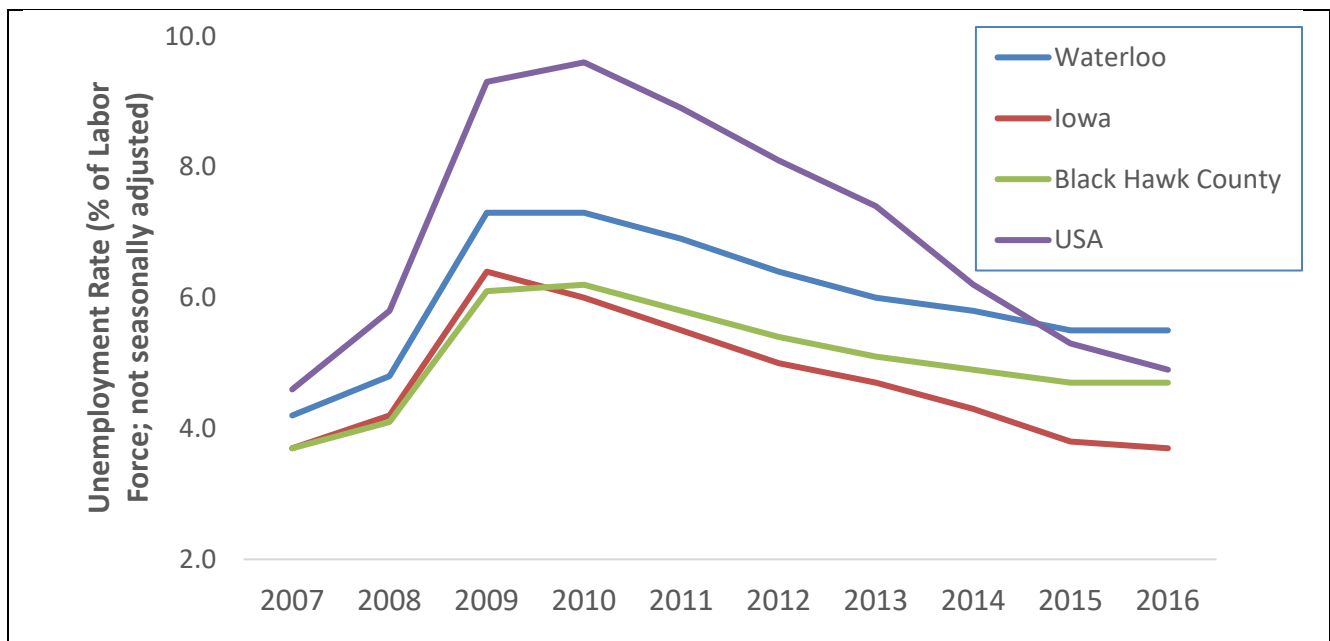


Figure 7: Unemployment Rates in Waterloo, Black Hawk County, and Iowa

Source: Bureau of Labor Statistics

Despite Waterloo’s relatively high unemployment rate, it has more jobs than workers who live in the City (49,336 jobs vs. 30,161 resident workers; Figure 8). This is not unusual – regional economic hubs exert “gravity” on surrounding areas, attracting workers from other cities and counties. Not surprisingly, Cedar Falls is the most common city where Waterloo’s in-commuters live, and a majority of Waterloo’s jobs are filled by workers in Black Hawk County and a few neighboring counties (Figure 9, Table 3). Remarkably, though, more Waterloo jobs are filled by workers from Polk County than from Linn County.

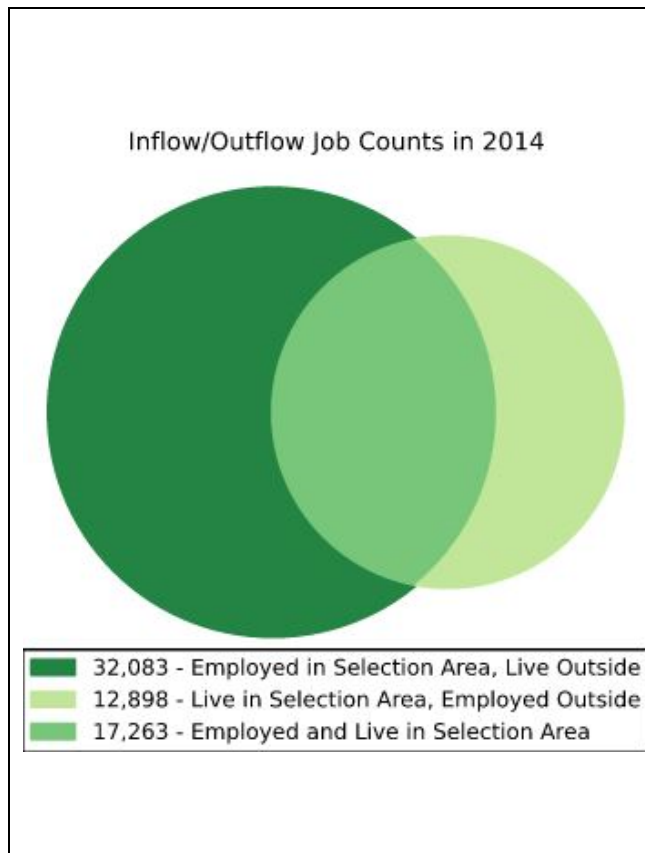


Figure 8: Worker Inflow/Outflow Analysis for Waterloo

Source: Longitudinal Employer-Household Dynamics (LEHD) 2014 estimates (primary jobs).

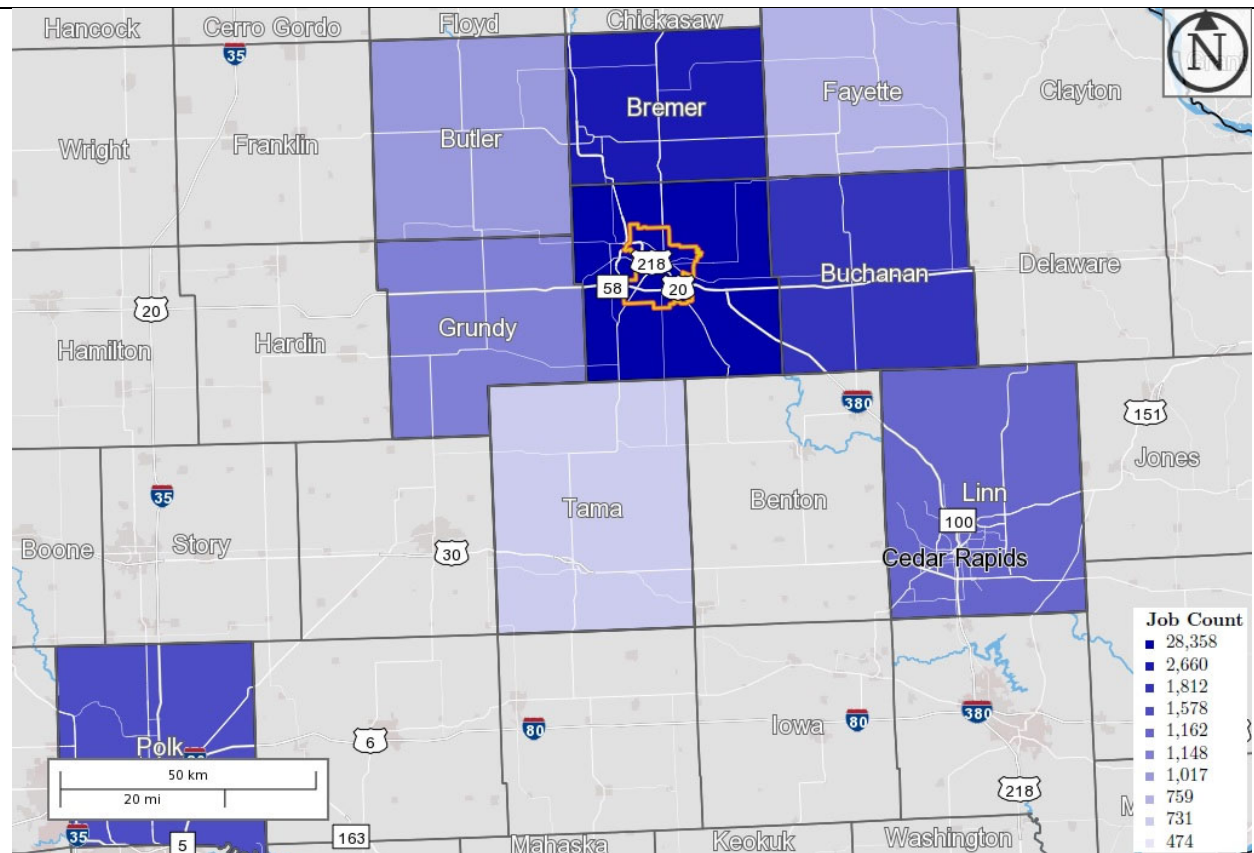


Figure 9: Top Counties of Residence for Workers Employed in Waterloo

Source: Longitudinal Employer-Household Dynamics (LEHD) 2014 estimates (primary jobs).

Table 3: Most Common Places of Residence for Workers Employed in Waterloo

County	Number of Workers	Percent of Workers	City/Town	Number of Workers	Percent of Workers
Black Hawk	28,358	57.5%	Waterloo	17,263	35%
Bremer	2,660	5.4%	Cedar Falls	5,433	11%
Buchanan	1,812	3.7%	Evansdale	1,224	2.5%
Polk	1,578	3.2%	Waverly	804	1.6%
Linn	1,162	2.4%	Cedar Rapids	701	1.4%
Grundy	1,148	2.3%	Des Moines	681	1.4%
Butler	1,017	2.1%	Hudson	586	1.2%
Fayette	759	1.5%	La Porte City	540	1.1%
Tama	731	1.5%	Jesup	488	1%
Scott	474	1%	Independence	405	0.8%
Other counties	9,647	19.5%	Other cities/towns	21,221	43%

Source: Longitudinal Employer-Household Dynamics (LEHD) 2014 estimates (primary jobs).

Implications

Waterloo's overall economic profile poses challenges for meeting housing needs, since it indicates both a relatively low tax base and high housing needs. Waterloo's housing costs are relatively low, as the next section will show, but many low- and moderate-income households still struggle to find affordable, decent-quality housing. For the past several years, the City has both fostered economic opportunities for low- and moderate-income residents and sought to attract more middle- and upper-income residents. Later sections of this document will provide guidance for fine-tuning these strategies.

Housing in Waterloo

Overview

The City of Waterloo has over 30,000 housing units, a majority of which are single-family detached structures (Table 4). The percentage of vacant units in Waterloo (8.3%), including units that are not on the market for sale or rent, is not significantly different from the County or State. Using 2015 5-year ACS estimates, Waterloo's homeowner vacancy rate of 2.2% appears to be slightly higher than the countywide and statewide rates, while the City's rental vacancy rate of 9.6% is significantly higher than the statewide rate¹². Owner and rental vacancy rates of 2% and 5%, respectively, are generally considered healthy. The 1-year ACS estimates for Waterloo's

¹² The Census Bureau's homeowner and rental vacancy rate calculations exclude units that are not part of the "regular" housing market – e.g. units for seasonal or recreational use, and units that are abandoned or whose owners are not currently offering them for rent.

owner and rental vacancy rates are 1.8% (+/-1.5%) and 7.4% (+/-4.4%), suggesting that the City's housing market may be tightening as it continues to recover from the Recession.

Waterloo's rental market may indicate a high level of turnover among renters. This is common in communities where a high proportion of renters are economically insecure, since these renters may be compelled to move frequently to find affordable units. Additionally, economically insecure renters may be more likely to fall behind on rent and experience eviction.

Overall, Waterloo has an older housing stock than the County or the State. Fewer of Waterloo's housing units were built after 1990, and more of its units were built before 1970. As a result, Waterloo's residential property owners may be more likely to face maintenance challenges. Additionally, lead-based paint was regularly used in homes until it was banned in 1978, and 82% of Waterloo's housing stock was built before 1980.

The City's homeownership rate of 64.1% is comparable to the national homeownership rate, but is lower than the County and statewide homeownership rates. Waterloo's median home value of \$104,200 is substantially lower than the countywide and statewide median home values, and median monthly housing costs for Waterloo homeowners are generally lower as well. Waterloo's median gross rent of \$672, which includes utility costs as well as rent payments, is also relatively low. However, because Waterloo's incomes are relatively low, its lower housing costs do not translate to lower cost burdens (see Glossary on p. 3). Housing costs are generally considered affordable if they consume no more than 30% of a household's income, but about 1 in 6 owner households with a mortgage are paying 35% or more of their income on housing in Waterloo. Housing cost burden is more prevalent among renters, with about 2 in 5 renters paying 35% or more of their incomes for housing.

Table 4: Waterloo Housing Overview

Housing Subject	Iowa	Black Hawk County	Waterloo
HOUSING OCCUPANCY			
Total housing units	1,369,379	57,073	30,684
Vacant housing units	8.7%	7.4%	8.3%
Homeowner vacancy rate	1.6%	1.8%	2.2%
Rental vacancy rate	6.2%	8.4%	9.6%
UNITS IN STRUCTURE			
1-unit, detached	73.7%	69.1%	67.0%
1-unit, attached	3.8%	3.7%	4.2%
2 units	2.4%	3.9%	3.9%
3 or 4 units	3.4%	3.9%	4.3%
5 to 9 units	3.7%	4.8%	5.4%
10 to 19 units	3.9%	5.1%	5.2%
20 or more units	5.3%	6.0%	6.5%
Mobile home	3.8%	3.5%	3.4%
YEAR STRUCTURE BUILT			
2010 or later	1.8%	1.6%	1.3%
2000 to 2009	11.8%	7.9%	5.5%
1990 to 1999	10.9%	6.8%	4.8%
1960 to 1969	10.6%	14.9%	14.6%
1950 to 1959	10.6%	18.1%	18.6%
1940 to 1949	5.7%	7.4%	8.7%
1939 or earlier	26.5%	21.1%	25.2%
HOUSING TENURE			
Owner-occupied	71.5%	67.5%	64.1%
Renter-occupied	28.5%	32.5%	35.9%
MORTGAGE STATUS			
Housing units with a mortgage	61.2%*	62.6%	62.9%*
Housing units without a mortgage	38.8%*	37.4%	37.1%*
HOUSING VALUE AND COSTS			
Median value (owner-occupied)	\$129,200	\$130,200	\$104,200
Median monthly owner costs (units with mortgage)	\$1,171	\$1,074	\$959
Media monthly owner costs (units without mortgage)	\$434	\$402	\$391
Median gross rent	\$697	\$700	\$672
Housing costs ≥35% of income (owner HHs with mortgage)	15.1%	14.5%	16.7%
Housing costs ≥35% of income (owner HHs without mortgage)	8.5%	6.6%	7.0%
Housing costs ≥35% of income (renter HHs)	36.1%	41.8%	42.1%

Source: 2015 American Community Survey 5-year estimates. Iowa and Black Hawk County values in bold and italic are significantly different from Waterloo values at the 90% confidence level.

*Difference is marginally significant

Comprehensive Housing Affordability Strategy (CHAS) data, a custom dataset prepared for HUD by the Census Bureau, can be used to further understand housing-related hardships among households in different income brackets. CHAS data determines how many households are low- or moderate-income (LMI) by comparing a household's income to the Area Median Income (AMI) for households of the same size. According to the definitions used in this report, households up to 50% AMI are low-income, while those between 51% and 80% AMI are moderate-income (see Glossary on p. 3). A drawback to CHAS data is the lag time between when it is collected and released, in addition to the limitations described earlier for ACS estimates.

Figure 10 shows the number of households by income bracket and tenure in Waterloo. Owner households with incomes over 100% AMI comprise the single largest group of households in Waterloo, but 52 percent of the City's households are LMI. Most extremely low-income households (ELI; see Glossary on p. 3) are renters, while ownership becomes the dominant tenure type by the moderate-income bracket (>50% to 80% AMI). Homeownership is an important wealth-building avenue, and communities typically aim to have a critical mass of homeowners in each neighborhood. However, as Figure 10 shows, rental housing is a necessary option for many LMI households who may be unable to financially sustain homeownership.

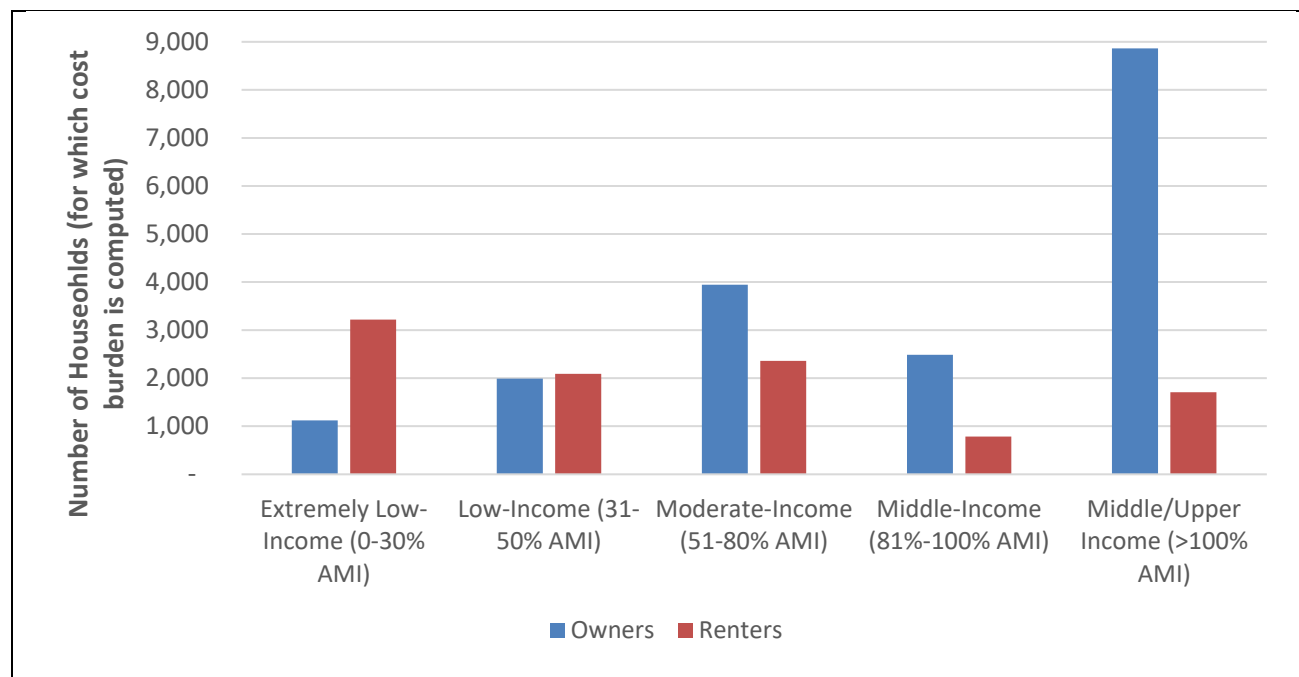


Figure 10: Waterloo Households by Income Bracket and Tenure

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 2010-2014

Figure 11 shows the percentage of owner and renter households at different income brackets with housing problems. As the Venn diagram at the bottom of Figure 11 indicates, the CHAS

definition of “housing problems” is extremely limited, including only cost burden, a lack of complete plumbing or kitchen facilities, and overcrowding (one or more persons per room). Cost burden is by far the most common housing problem in Waterloo and most communities across the U.S., but considering these other housing problems gives a fuller picture of the challenges low- and moderate-income (LMI) families face in finding affordable and adequate housing.

As Figure 11 highlights, “severe housing problems” are a subset of overall housing problems. By far the most common severe housing problem is a housing cost burden over 50% of income, known as “severe cost burden.” Focusing on severe housing problems provides a more conservative analysis than focusing on all housing problems. However, even a cost burden slightly above 30% can be a hardship for LI households, especially those with extremely low incomes (ELI; see Glossary on p. 3).

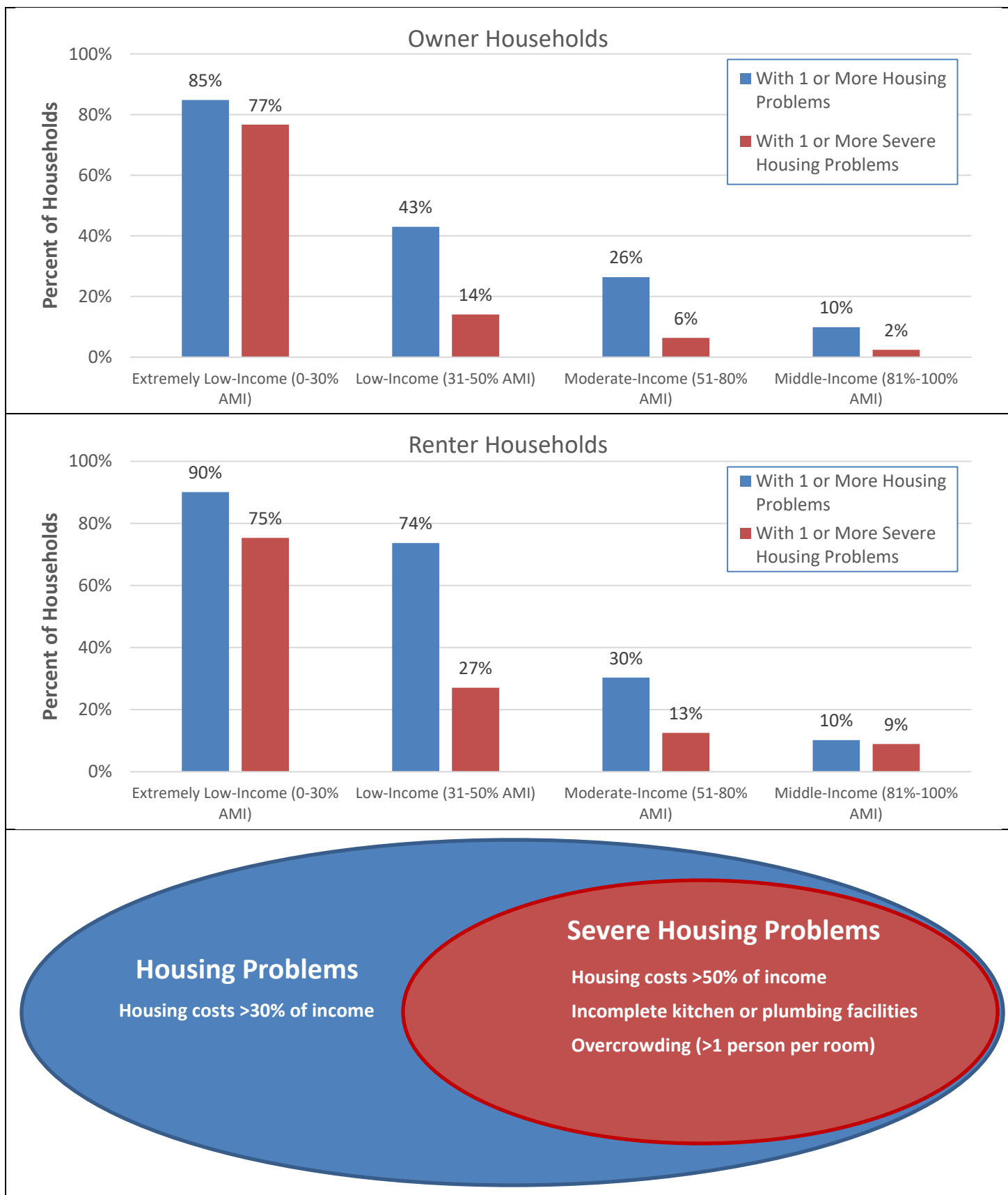


Figure 11: Housing Problems by Tenure and Income Bracket in Waterloo

Source: HUD CHAS 2010-2014

Not surprisingly, housing problems are more prevalent at lower income brackets in Waterloo (Figure 11). Among ELI households, housing problems are ubiquitous and usually severe. As one moves up the income ladder, the prevalence of severe housing problems decreases more rapidly than the prevalence of housing problems overall. This indicates that as a household's income increases, its housing problems are more likely to be moderate. Renter households are generally more likely than owner households to experience housing problems, including severe problems, although the data in Figure 11 does not distinguish between owners with and without mortgages¹³. In terms of absolute numbers, LI renter households ($\leq 50\%$ AMI) comprise over half of all LMI households with housing problems in Waterloo (4,440 out of 8,000 households – See Appendix A).

Homebuyer Market

According to local Multiple Listing Service (MLS) data (Table 5), Waterloo's median home sale price of \$111,000 is considerably lower than that of Cedar Falls, its neighbor city (\$189,900), or Dubuque, another industrial river city in eastern Iowa (\$186,294).

However, Waterloo's volume of home sales compared to its total population and owner housing stock is relatively low, indicating some market tightness. Waterloo's ratio of home sales to population is 0.014, equal to Cedar Falls' ratio and lower than Dubuque's ratio. Additionally, Waterloo's ratio of sales to owner housing stock is lower than in Cedar Falls and Dubuque.

Table 5: Home Sales in Waterloo and Comparison Cities

City	Population	Median Sale Price	Median Days on Market	Average Annual Sales	Ratio of Sales to Population	Number of Owner Units	Ratio of Sales to Owner Units
Waterloo	68,357	\$111,000	34	961	0.014	18,484	0.052
Cedar Falls	40,828	\$189,900	24	587	0.014	9,639	0.061
Dubuque*	58,535	\$186,294	46	1036	0.018	15,437	0.067

Source: MLS 2/23/15 to 2/22/18 except *1/1/15 to 2/21/18, 2016 5-year ACS

¹³ In communities that have high housing costs and/or had large housing bubbles before the Recession, housing problems are often more prevalent among LMI owners with mortgages than among LMI renters. Since Waterloo's housing costs are relatively low, LMI owners with mortgages may not have substantially higher rates of cost burden than LMI renters.

Affordability of Homes for Sale

Affordability of homeownership is a function of both a community's housing costs and the incomes of prospective homebuyers. Table 6 shows the maximum affordable home prices at different income levels, which were calculated based on the following assumptions:

- 30-year fixed-rate mortgage at 4.3% interest
- Federal Housing Administration (FHA) insured mortgage with 3.5% down payment
- Front-end ratio of 31%, back-end ratio of 41%, monthly household debt other than mortgage is 15% of income
- Assessed value is 85% of purchase price
- Annual mortgage and homeowner insurance costs combined are 1.5% of the purchase price

Table 6: Affordability of Homes for Purchase in Waterloo

Buyer	Annual Income	Affordable Purchase Price
Household with minimum income needed to buy median-priced Waterloo home	\$38,481	\$111,000
Household at annualized laborshed wage (\$823/week)	\$42,796	\$123,251
Household at annualized median wage in Black Hawk County (\$18.24)	\$37,946	\$109,483
Household at Waterloo's median household income (2015 ACS 1-y)	\$44,153	\$127,103
Female-headed household with median earnings for female full-time, year-round worker (2015 ACS 1-y)	\$31,778	\$91,973
Household with minimum income needed to buy home built in 1968 or later outside 100-year floodplain*	\$53,980	\$155,000

Source: Iowa Workforce Development [IWD] Region 7 2017 Annual Profile; 2015 ACS 5-year and 1-year estimates; MLS 2/23/15 to 2/22/18 except *5/23/14 to 5/22/17, IWD 2016 Occupational and Employment Statistics (OES)

Waterloo's median home purchase price of \$111,000 is affordable to a household with an annual income of at least \$38,481. This is somewhat lower than the average laborshed income, the median income for all occupations in Black Hawk County, and Waterloo's median household income. Ostensibly, this means that Waterloo's home prices are well matched to the incomes of

people who live and work in the greater Waterloo area. However, some lower income buyers may have difficulty buying a median-priced home in Waterloo. For example, the median annual earnings for female-headed households in Waterloo are only \$31,778, which allow a maximum purchase price of only \$91,973. Moreover, many lower-priced homes are older and may have costly deferred maintenance needs. The median price for a home built within the last 50 years outside the 100-year floodplain is \$155,000, which is only affordable at a household income of \$53,980 or higher.

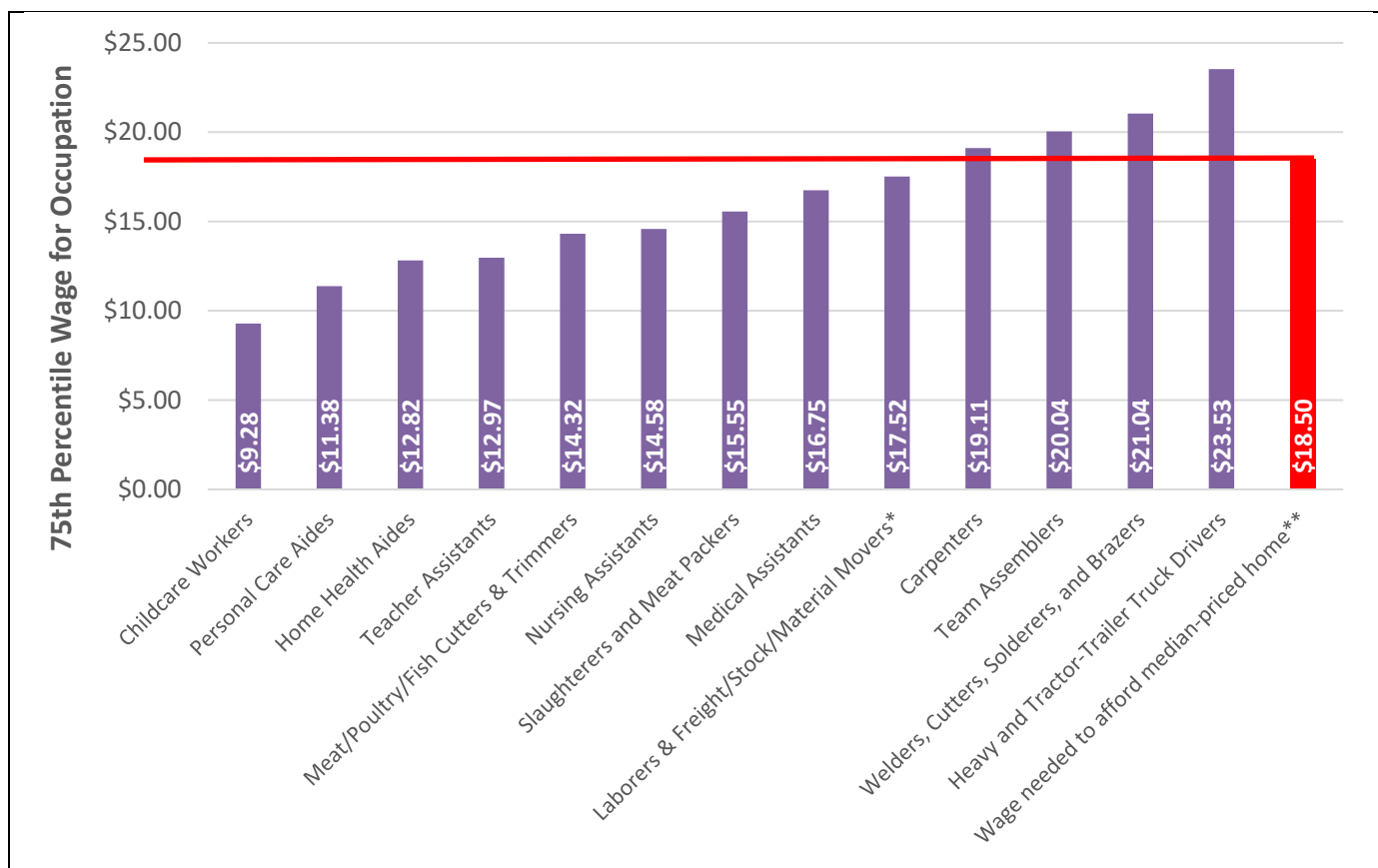


Figure 12: Affordability of Median-Priced Homes in Waterloo for Selected Occupations

Source: MLS 2/23/15 to 2/22/18, IWD 2016 OES *By hand **Assuming 40 hrs/wk, 52 wks/yr

Figure 12 compares the 75th percentile wage of key occupations in Black Hawk County to the lowest wage needed to afford a median-priced home in Waterloo. The occupations shown collectively account for 14% of all occupations in Black Hawk County, and the 75th percentile means that 75% of workers in an occupation earn this wage or less. A household must earn at least \$18.50 per hour to purchase a median-priced home in the City, assuming its breadwinners work 40 hours per week, 52 weeks per year. Several blue-collar occupations that are typically considered to be pathways to the middle class, including carpentry, team assembly, welding, and

truck driving, offer sufficient wages at the 75th percentile to buy a median-priced home. Several industrial and health occupations, including meat packers, laborers, nursing assistants, and medical assistants, fall a few dollars short of the 75th percentile wage needed to afford a median-priced home.

Notably, some vital service occupations, including child care workers, personal care and home health aides, and teacher assistants, fall far short of the wage needed to purchase a median-priced home (Figure 12). Many homebuyer households have two breadwinners, but one earner can easily slip below full-time employment due to job loss, illness, or child care responsibilities. Thus, homeownership is difficult to attain for low-wage couples with children. Low-wage single parents struggle even more to purchase homes because they are often the only breadwinner. This means, for example, that a single mother working as a nursing assistant at the 75th percentile wage would fall short of the income needed to purchase a median-priced home.

Of course, half of the homes sold in Waterloo are below the median price, meaning that some inventory is available for homebuyers who cannot afford a median-priced home. Figure 13 compares the annual average home sales below the median price to the number of renter households in two ACS income brackets that may include LMI prospective homebuyers. In 2015, the \$25,000 to \$34,999 income bracket (\$12.02 to \$16.83 per hour) had an estimated 2,307 renter households in Waterloo, while the \$20,000 (\$9.62 per hour) to \$24,999 bracket had 582 renter households, for a total of 2,889 potential LMI homebuyers.

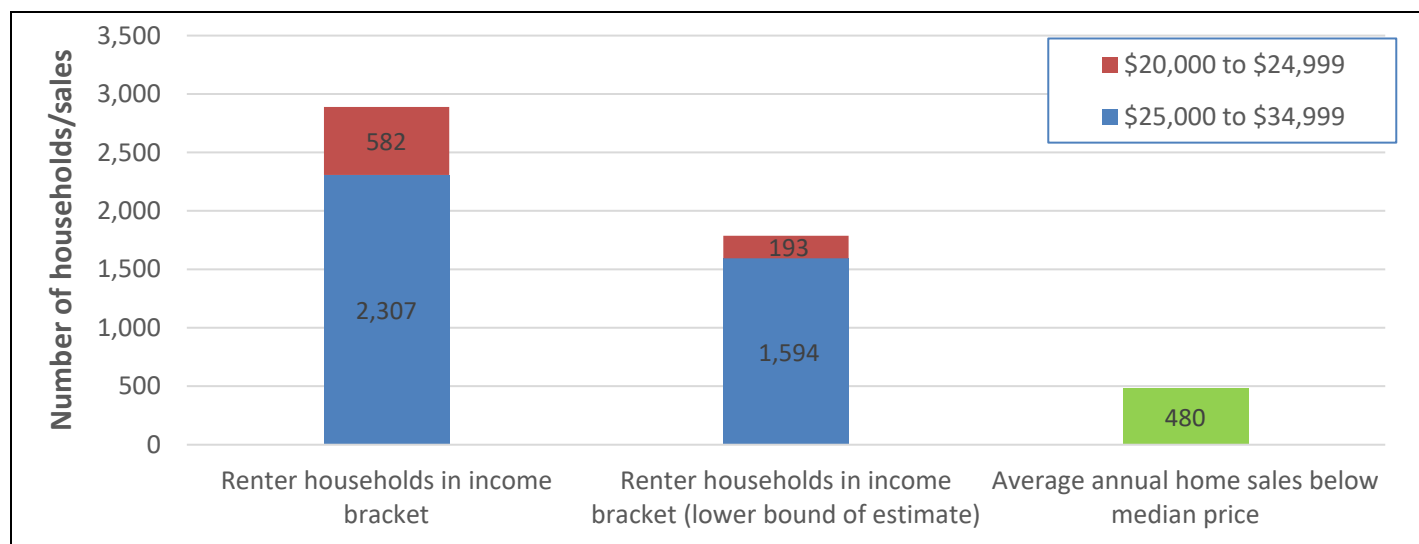


Figure 13: Comparison of Lower-Income Renter Households and Lower-Priced Home Inventory in Waterloo

Source: 2015 ACS 1-year estimates; MLS 2/23/15 to 2/22/18. Lower bounds of estimates are calculated by subtracting the margin of error from the estimate.

Renter households in each of these income brackets outnumber the average annual inventory of 480 homes sold below the median price in Waterloo. At this level of inventory, it would take over 6 years for all renters in these income brackets to buy homes. Even when the lower bound estimates of renter households in these brackets are used (total of 1,787 households), it would take nearly 4 years for all renters in these brackets to buy homes below the median price. If the costs of repairing “fixer-uppers” among these 480 homes were taken into account, the inventory would be even smaller.

Purchase assistance programs are essential for many LMI households aspiring to homeownership. Purchase assistance is commonly offered by local governments or nonprofit agencies with a pre-approved pool of lenders willing to issue mortgages to households in the program. Credit counseling agencies can help households improve their credit histories to meet lenders’ requirements, and purchase assistance programs often require participants to attend a homebuyer education course offered by a HUD-approved credit counseling agency. The City once operated a Housing Partnership program, which offered purchase assistance for LMI households buyout homes in the Consolidated Urban Revitalization Area (CURA), which is described in the section on Waterloo’s housing programs. The Housing Partnership provided up to \$5,000 in down payment assistance, and up to \$29,000 to reduce the purchase price for newly constructed homes. LMI prospective homebuyers in Waterloo may still receive down payment assistance from the Iowa Finance Authority (IFA), but the maximum amount is only \$2,500. To expand opportunities for LMI first-time homebuyers, the City or one of its partners may need to offer a local purchase assistance program again.

Rental Market

To obtain firsthand information on prices and vacancy rates for Waterloo’s “market-rate” (unsubsidized) rental housing stock, surveys were requested from several property managers, two of which responded. The average rents reported range from \$599 for 1-bedroom units to \$931 for 3-bedroom units. These rents are higher than HUD’s Fair Market Rents (FMRs) for efficiencies and 2-bedroom units, comparable to FMR for 1-bedroom units, and lower than FMR for 3-bedroom units. Although the rents reported in the surveys do not consistently exceed FMRs, they are out of reach for many low-wage workers, as the Rental Affordability section will show (see Figure 15). Moreover, the survey responses in Table 7 show a low vacancy rate (2.2%) and a turnaround time of less than a month for vacant units. This suggests that the professionally managed rental market is much tighter than Waterloo’s overall rental market. As later sections will discuss, renters who cannot afford or qualify for high-quality units are forced to rent substandard units, and some even become homeless.

Table 7: Waterloo Rental Market Information from Property Manager Surveys

Variable		Survey Results	HUD Fair Market Rent FY2017 in Waterloo Metro Area
Rental units represented in survey		638	
Average Rent	Efficiency	\$613	\$496
	1 Bedroom	\$599	\$597
	2 Bedrooms	\$787	\$755
	3 Bedrooms	\$931	\$986
Vacancy Rate		2.2%	
Days on Market (weighted average)		26	

An additional survey was administered to managers of subsidized multifamily rental properties in Waterloo. Located within the city limits are several privately owned rental properties that are subsidized by HUD’s Project-Based Section 8 program, the Low Income Housing Tax Credit (LIHTC), or both. Together, these properties account for 1,260 subsidized units. Additionally, the Waterloo Housing Authority has 50 public housing units for seniors. These 1,310 rental units have “project-based” subsidies that stay with the unit. By contrast, Housing Choice Vouchers (HCVs, also known as Section 8 vouchers) are “tenant-based” subsidies that recipients use to rent units of their choice in the general rental market¹⁴. The City of Waterloo currently issues 1,056 HCVs.

Project-Based Section 8 is targeted mainly to ELI and LI renters, providing a “deep” subsidy by paying the difference between the rent they can afford to pay (30% of income) and fair market rent for the unit. LIHTC, by contrast, provides a “shallow” subsidy by indirectly reducing the cost of construction, allowing rents to be set at a level affordable to households at a certain income level (usually 40% to 60% AMI). However, LIHTC tenants below the maximum allowed income level may pay more than 30% of income on rent.

Waterloo’s rental developments with project-based subsidies can be grouped into two broad categories: general occupancy developments (also known as “family” developments) and developments for seniors and people with disabilities. Of the 24 subsidized multifamily rental developments identified in Waterloo, responses were received from 17 properties with a combined total of 928 units. This analysis does not include smaller subsidized rental properties owned by local nonprofits, but these units comprise a small percentage of all subsidized rental units in Waterloo.

¹⁴ The total rent, including the tenant-paid and HCV-paid portions, must not exceed the local housing authority’s “payment standard.” Generally, the payment standard cannot be less than 90% or more than 110% of Fair Market Rents.

Table 8 and Table 9 summarize data from the 7 subsidized general occupancy developments for which surveys were collected. Of the 301 rental units in these properties combined, 239 (79%) are in LIHTC developments that do not provide deep subsidies to tenants, although these developments generally accept Housing Choice Voucher recipients. Nineteen of the family units (6.3%) are vacant for rent, while 110 households are on waitlists. If one development with a 40% vacancy rate is omitted from the analysis, the average vacancy rate of the remaining developments is 3.3%. Notably, another development with 40 units and 0% vacancy accounts for 50 waitlisted households, and their waitlist is closed.

Among the two Project-Based Section 8 family properties, vacant-for-rent units spend only 4 days on the market on average when they are listed for rent, while the LIHTC units spend an average of 64 days on the market. However, time on market varies widely for vacant LIHTC units, with two developments reporting zero days on market and another two developments reporting 180 days. In terms of accessibility, about half of the family units are either fully compliant with Americans with Disabilities Act (ADA) accessibility standards, or have some accessibility features such as wide doorways, grab bars in bathrooms, and lever door handles.

As Table 9 shows, the difference between average rents for shallow-subsidy LIHTC units and market-rate units varies widely, from less than \$100 for 1-bedroom units to over \$500 for the few 4-bedroom units in this housing stock. Even among units for households up to 60% AMI, the most common target income for shallow-subsidy LIHTC units, rent varies considerably. For example, the lowest rent for 1-bedroom units for 60% AMI households is \$388, while the highest rent is \$596, almost equivalent to HUD's Fair Market Rent (FMR) for 1-bedroom units in the Waterloo-Cedar Falls metropolitan area. Similarly, the highest rent for 2-bedroom units at 60% AMI is \$709, only \$56 less than the 2-bedroom FMR. This range occurs because LIHTC property managers may charge up to the maximum affordable rent for a unit's targeted income bracket, but some property managers – especially nonprofits – choose to charge less.

Notably, the 1-bedroom FMR in Waterloo is *lower* than the maximum affordable rent for a 60% AMI household, while the 2-bedroom FMR is comparable to the maximum affordable 60% AMI rent. In other words, modest unsubsidized units may actually be more “affordable” than LIHTC units. This is not uncommon in communities like Waterloo with relatively low market rents, and it can limit demand for LIHTC units.

Table 8: Survey Data for Subsidized General Occupancy Rental Developments* in Waterloo

Development Type	Total Units	Max Income	Total Units by Max Income	Units by Bedroom Size				Vacant for Rent	Households on Waitlist	Weighted Average Days on Market	Partly/Fully Accessible Units
				1	2	3	4				
Project-Based Section 8** (2 properties)	62	50 - 80% AMI***	62	0	32	20	10	3	26 (2 properties)	4	18
LIHTC, no deep subsidy (5 properties)	239	30% AMI	8	0	4	4	0	16	84 (3 properties)	64	143
		40% AMI	2	0	0	0	2				
		50% AMI	30	0	10	16	4				
		60% AMI	175	52	81	42	0				
		80% AMI	24	12	12	0	0				
Totals	301		301	64	139	82	16	19	110	54	161

*Rental developments for which surveys were received.

**Some Project-Based Section 8 developments have received LIHTC financing for renovation.

***In most cases, Project-Based Section 8 beneficiaries must be ≤50% AMI, and at least 75% of these beneficiaries must be ≤30% AMI. Local data for Project-Based Section 8 units in Waterloo indicates that 97% of beneficiaries are ≤50% AMI and 77% are ≤30% AMI.

Table 9: Comparison of Rents in Waterloo's Subsidized General Occupancy Rentals* to Fair Market Rents and Maximum 60% AMI Rents

Unit Size	Number of Units	Average Rent	Rent Range for 60% AMI units	HUD Fair Market Rent FY2017 in Waterloo Metro Area	Maximum Allowed Rents for Units Affordable at 60% AMI in Black Hawk County (FY 2017)
1 BR	64	\$508	\$388 - \$596	\$597	\$714 - \$717
2 BR	107	\$648	\$460 - \$709	\$755	\$765 - \$768
3 BR	62	\$740	\$780 - \$822	\$986	\$918 - \$921
4 BR	6	\$700	N/A	\$1,222	\$1,061 - \$1,064

*Rental developments for which surveys were received.

Surprisingly, though, the LIHTC development with the lowest rents for households at 60% AMI also has the highest vacancy rate and turnaround time for vacant units, while the development with the highest rents for 60% AMI units has a 0% vacancy rate and a waitlist equal to one-third of its units (data not shown). Some of Waterloo's more expensive LIHTC units may have strong demand because they tend to be of higher quality than less expensive market-rate units. These units may also be an important resource for Housing Choice Voucher recipients, who have a limited amount of time to find a unit below FMR where vouchers are accepted.

Table 10 and Table 11 summarize data from the 10 subsidized developments for seniors and people with disabilities for which surveys were collected. These developments have a combined total of 577 units, nearly twice as many as in the family developments. In contrast to family developments, most of these developments for seniors and people with disabilities (80%) have deep subsidies, predominantly from the Project-Based Section 8 program. Survey data on vacancy rates, waitlists, and unit turnover indicates an even tighter market than for affordable general occupancy developments. Only 3 units (0.5%) were identified as being vacant for rent, with combined waitlists of nearly 200 and an average turnaround time of only 10 days for vacant units.

Most developments for seniors are also open to people with disabilities, and most have at least a few accessibility features in their units. However, disability advocates in Waterloo have expressed concern that the supply of fully wheelchair-accessible subsidized apartments is limited (see the section on housing needs for seniors and people with disabilities). One reason for this limitation is that many of Waterloo's senior complexes were built several decades ago when architectural features to accommodate wheelchairs were not widely used. Indeed, in the first 3 developments listed in Table 11, few of the units are fully wheelchair accessible. For 3 other developments, the managers did not specifically list wide doorways among the units' accessibility features. Moreover, as the discussion of housing needs of special populations will show, the supply of affordable, accessible units is simply too small to meet the needs of all LMI people with disabilities.

Overall, the survey data for subsidized developments in Waterloo shows that they fill a vital need in the community's housing market. This is especially true for deeply subsidized units and the developments serving seniors and people with disabilities, which have low vacancy rates and long waitlists. Notably, demand exceeds supply for Housing Choice Vouchers as well. The waitlist reported in the City's 2015-2019 Consolidated Plan for HUD block grant funds was about 2,000 households, or four years long, and was still 882 households long when the 2019-2023 Consolidated plan was prepared. Even among shallow-subsidy developments for general occupancy, demand is generally brisk. This suggests that Waterloo has potential demand for new shallow-subsidy rental units serving households in the 40% to 60% AMI range. However,

developers of shallow-subsidy rental properties should ideally conduct market studies to ensure that they can fill the units without “cannibalizing” occupancy from similar existing developments. To make maximum use of its existing affordable housing stock, the City may also wish to work with the few developments that have high vacancy rates and turnaround times to help them fill units.

The greatest demand is for deep subsidies and units affordable to ELI renters. However, in the current state and federal funding climate, it is increasingly difficult to develop affordable rental housing for these populations. Whenever possible, the City should foster rental development that is affordable to ELI households – for example, by helping developers obtain additional subsidies for LIHTC units to allow them to reduce rents.

Table 10: Survey Data for Subsidized Rental Developments for Seniors and People with Disabilities* in Waterloo

Development Type	Total Units	Max Income	Total Units by Max Income	Units by Bedroom Size			Vacant for Rent	Households on Waitlist	Weighted Avg Days on Market
				0	1	2			
Project-Based Section 8** (7 properties) or Public Housing (1 property)	460	50 - 80% AMI***	460	47	411	2	3****	≥79****	8.5****
LIHTC, no deep subsidy (2 properties)	117	40% AMI	15	0	8	7	0	117	15
		50% AMI	57	0	57	0			
		60% AMI	45	0	22	23			
Totals	577		577	47	498	32	3****	≥196****	10****

*Rental developments for which surveys were received.

**Some Project-Based Section 8 developments have received LIHTC financing for renovation.

***In most cases, Project-Based Section 8 beneficiaries must be ≤50% AMI, and at least 75% of these beneficiaries must be ≤30% AMI. Local data for Project-Based Section 8 units in Waterloo indicates that 97% of beneficiaries are ≤50% AMI and 77% are ≤30% AMI.

****One property manager did not provide data on vacancies, waitlists, or days on market.

Table 11: Accessibility Features and Occupancy Restrictions in Subsidized Rental Developments for Seniors and People with Disabilities* in Waterloo

Units in Development	Accessible Units/Features (as described by manager)	Occupancy Restrictions/Waivers
50	Grab bars in every bathroom, 6 units wheelchair accessible with walk-in shower, open floor plan.	Age 62+, or 55+ with age waiver, or mobility-impaired. No age requirement for wheelchair accessible units.
57	6 units with roll-in showers, ADA cabinets and appliances.	Age 62+ or disability
85	Some [units have] wide doors, walk-in showers, lower cabinets etc.	Age 62+ or wheelchair-bound
60	Grab bars in bathroom(s), lever door handles, front loading washer/dryers, walk-in showers with seats.	Age 55+
81	Wide doorways, open lower cabinet in kitchen, elevated stool, grab bars in bathroom, lever handles, roll in showers.	Age 62+ or disability
80	Wide doorways, open lower cabinet in kitchen, elevated stool, grab bars in bathroom, lever handles, roll in showers.	Age 62+ or disability
84	Door openings wider, bathroom grab bars in bathroom, sinks lower, peep hole is lower, lever door handles.	Age 62+ or disability. A 55+ age waiver has been granted in the past.
30	Grab bars, walk-in showers, kitchen is set up for handicap.	Age 62+ or disability. Others can apply, but preference goes to 62+, people with disabilities, and people experiencing homelessness.
50	Grab bars, walk-in showers, kitchen is handicap accessible.	Age 62+ or disability. Others can apply, but preference goes to 62+, people with disabilities, and people experiencing homelessness.

*Rental developments for which surveys were received.

Rental Affordability

As the Housing Overview showed, severe cost burden is widespread among LMI households, especially renters. In Waterloo and most other communities around the nation, rents that are affordable to lower income households, especially ELI households, are insufficient to cover the costs of building, operating, and maintaining market-rate rental housing, while subsidized rentals are in short supply. Additionally, many affordable rental units are occupied by households in higher income brackets, so they are not available to LMI households.

Figure 14 shows rental units that are both affordable and available to ELI and LI renter households in Waterloo¹⁵. For this discussion, LI renters include those between 31% and 50% AMI. There are affordable rental units available for 27% of ELI households and 98% of LI households, including both occupied and vacant units. Expressed another way, there are 27 affordable and available units for every 100 ELI renters, and 98 affordable and available units for every 100 LI renters. For ELI renter households, the percentage of households in affordable units and the percentage that are severely cost burdened adds up to nearly 100%, suggesting that virtually the only way an ELI renter can avoid severe cost burden is to find a subsidized unit.

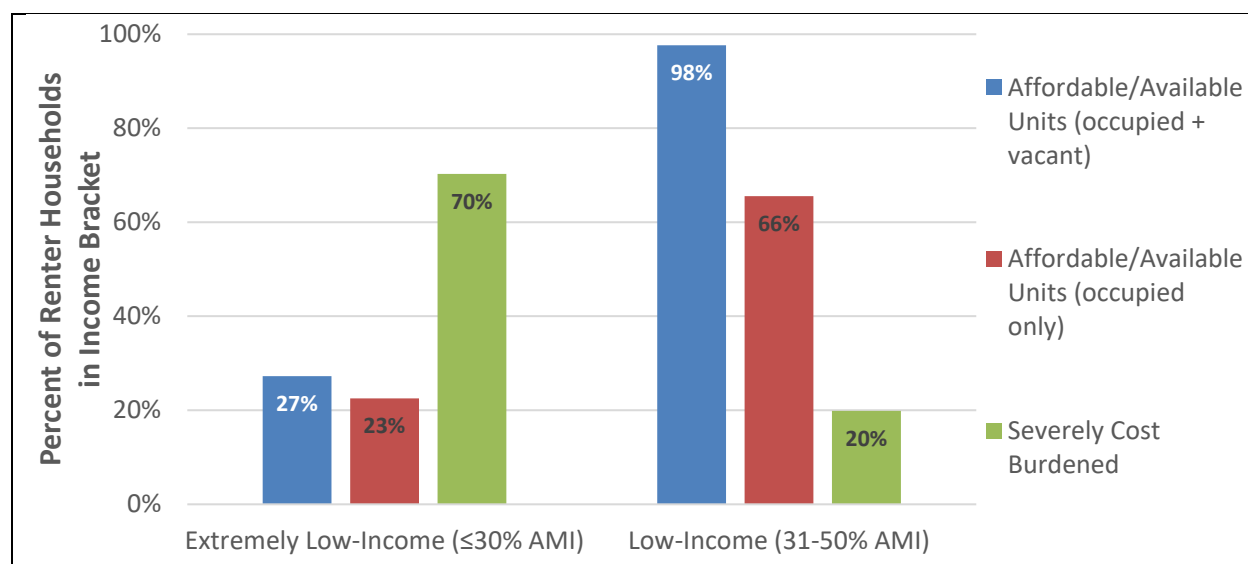


Figure 14: Affordable and Available Units for Lower Income Renters in Waterloo

Source: HUD CHAS 2010-2014

¹⁵ CHAS data provides estimates of units affordable to and rented by members of different income brackets, based on reasonable assumptions about the household size that would occupy each unit. For example, the rent for a 2-bedroom unit would be compared to the amount of rent affordable to a household size between 2 and 3 persons. CHAS data may overestimate the number of units affordable and available to lower income brackets, since a household at the lower end of an income bracket would pay more than 30% of income in a rental targeted to a household at the higher end of that income bracket. However, it is unlikely that a household slightly over 30% AMI would be severely cost burdened in a rental targeted to a 50% AMI household.

In practice, not all affordable vacant units are necessarily available to lower income households. Higher-income households are often more competitive in the rental market, since they are less likely to have eviction histories or credit problems, and they may be able to pay security deposits more quickly. This is true even for many subsidized rental developments, which often use tenant screening criteria similar to those of market-rate developments. When we exclude vacant units from the analysis, there are only 23 affordable units available for every 100 ELI renters, and only 66 affordable units available for every 100 LI renters. Competition for vacant units is more likely to be a factor for LI renters (31% to 50% AMI), since vacant rentals affordable to ELI households are fewer and more likely to be subsidized with income restrictions. This competition for affordable vacant units may explain why a full 20% of LI renters remain severely cost burdened.

Figure 15 compares wages in common occupations in the Waterloo area to Fair Market Rents (FMRs) in Black Hawk County. The chart shows both median wages and 25th percentile wages, used to approximate entry-level wages in each occupation shown. At the 25th percentile wage, many of the area's most common occupations, including foodservice workers, cashiers, retail workers, and janitors, cannot afford a 1-bedroom unit at the Fair Market Rent of \$569 for 2016, let alone a 2-bedroom unit at the 2016 FMR of \$729. Many median-wage workers in these occupations, as well, are unable to afford 1-bedroom and 2-bedroom units at Fair Market Rent.

As noted in the discussion above about housing affordability for low- and moderate-income homebuyers, housing is more affordable when a household has two or more breadwinners. However, workers are susceptible to disruptions such as illness, layoffs, and child care emergencies, and many households are headed by single parents. Moreover, at the low end of the wage spectrum in Figure 15, there is not much difference between entry wages and median wages, which are little more than half the wage needed to afford a 2-bedroom apartment that could accommodate a family without overcrowding. The next section will provide local qualitative data on housing quality and affordability, and resident perspectives on Waterloo's housing stock.

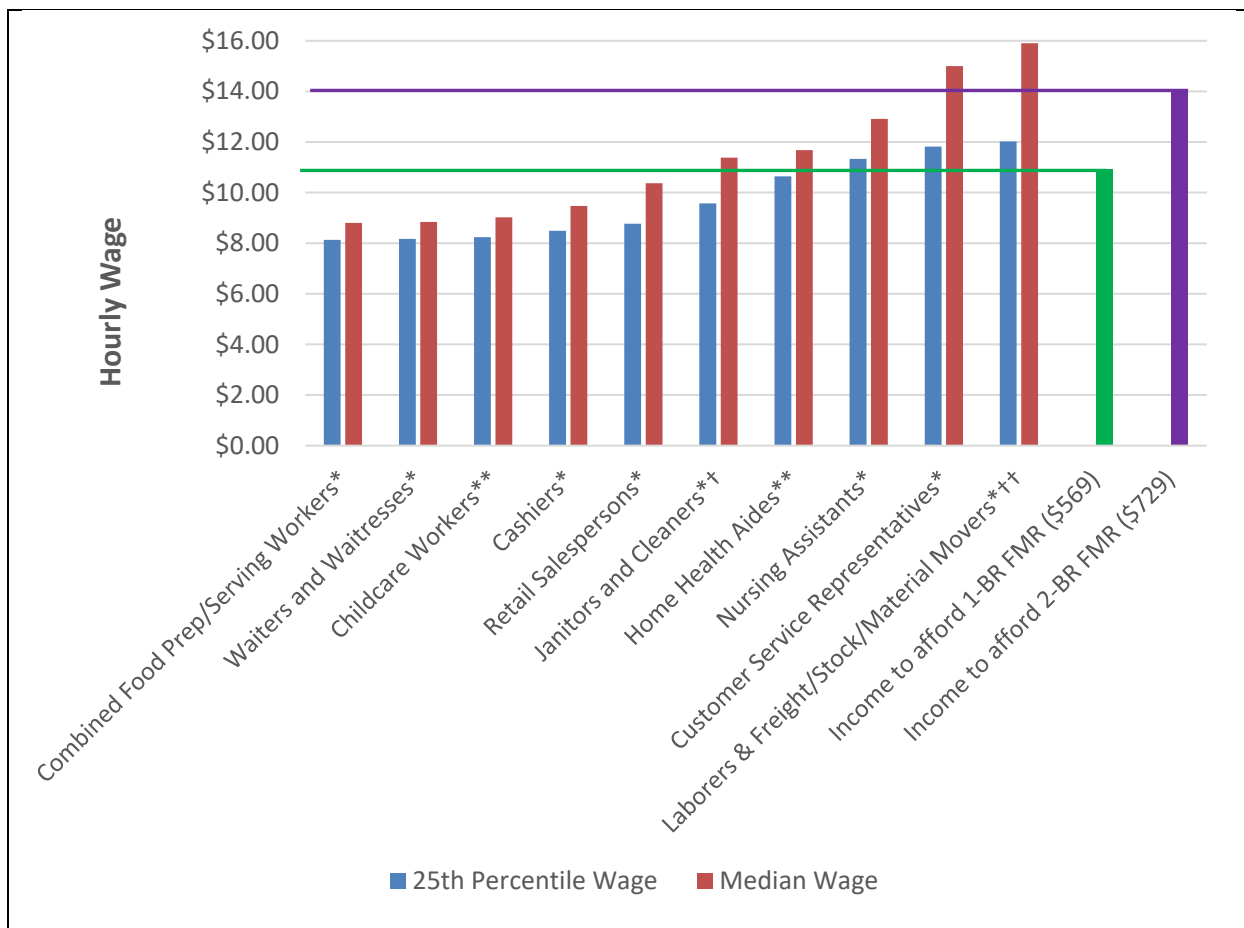


Figure 15: Rental Affordability for Common Occupations in Waterloo Metropolitan Area

Source: IWD 2016 OES, HUD Fair Market Rents 2016 *In Top 20 most common occupations (out of 340) **In Top 50 most common occupations (out of 340) †Except maids and housekeepers ††By hand

Housing Programs in Waterloo

As the preceding sections have shown, Waterloo has significant housing needs despite its relatively soft housing market. With its relatively low incomes, and a relatively high proportion of properties with low taxable values, Waterloo faces challenges in providing housing for LMI families and supporting development efforts to attract higher-income residents. Currently, the City uses several different funding and policy tools to promote an adequate, high-quality supply of housing. These programs have varying purposes – some support new construction or rehabilitation of homes for low- and moderate-income households, while others are designed to increase Waterloo’s housing starts and residential tax base, or to revitalize older neighborhoods. Often, these housing programs are designed to achieve several goals at once.

Table 12: Programs Promoting Housing Construction, Rehabilitation, and Sales in Waterloo

Activity	Responsible Entity	Approx. Units/Year	Notes
Single-family comprehensive rehabilitation assistance for LMI homeowners	City of Waterloo Community Development Department (CDBG/HOME)	20	
Emergency repair assistance for LMI homeowners	City of Waterloo Community Development Department (CDBG/HOME)	20	Supplemented by Waterloo Housing Trust Fund grants.
Wheelchair ramp construction for LMI homeowners with disabilities	City of Waterloo Community Development Department (CDBG/HOME)	3	
Lead-based paint hazard control in owner-occupied and rental housing	City of Waterloo Community Development Department (HUD Lead-Based Paint Hazard Control grant)	24	Units assisted annually varies. Waterloo has received multiple HUD lead hazard reduction grants since 2003, which have assisted about 400 total units. Most units assisted are owner-occupied since interest from landlords is limited.
Accessibility modifications for LMI homeowners with disabilities	Northeast Iowa Area Agency on Aging (NEI3A)	5	Supplemented by Waterloo Housing Trust Fund grants.
New construction of owner-occupied housing for LMI households	Iowa Heartland Habitat for Humanity	7	About 1 home per year is partially funded by City of Waterloo HOME funds.
Down Payment Assistance	Waterloo Housing Authority	9	Provided as a 5-year forgivable mortgage to qualified LMI, first-time homebuyers
Consolidated Urban Revitalization Area (CURA) tax abatement for residential or commercial new construction or rehabilitation (≤10% value increase) in core neighborhoods	City of Waterloo Community Planning & Development Department	31 (18 new, 13 rehab)	Average annual home construction/rehabilitation projects from 2013 to 2017. It is unknown how many of these homes would have been constructed or rehabilitated in the absence of the CURA.
City Limits Urban Revitalization Area (CLURA) tax abatement for new construction of single-family or two-family structures near city limits	City of Waterloo Community Planning & Development Department	21	Increase in annual average single-family and two-family home starts, compared to years before CLURA was enacted.

Activity (cont'd)	Responsible Entity	Approx. Units/ Year	Notes
Infill Housing Incentive - \$5,000 per housing unit constructed or rehabilitated on an infill lot	City of Waterloo Community Planning & Development Department	22 approved for incentive/4 completed	Based on data from 11/20/2017 to 5/3/2021. Available for units on City-owned infill lots, and private lots in subdivisions that are at least 20 years old and have 60% of lots developed. City will refund \$5,000 of the lot purchase price to the developer. This incentive is available both in the CURA and CLURA, and there is some overlap between units receiving the Infill Housing Incentive and CURA or CLURA tax abatements.
Workforce Housing Investment Program (WHIP) \$1,000 matching funds for housing units supported by state Workforce Housing Tax Credits (WHTC)	City of Waterloo Community Planning & Development Department	23	Average annual units assisted 2014-2020. WHTC has not been available in Waterloo since 2018, so the annualized rate captures fluctuations in state assistance. In general, WHIP is designed to support multifamily units outside the CURA, which are not eligible for CLURA tax abatements.
657A acquisition and rehabilitation or demolition/reconstruction of abandoned nuisance properties	City of Waterloo Community Planning & Development Department	12 acquired/6 redeveloped	The City has filed for 175 homes since beginning utilization of the 657A program ca. 2006. The City has acquired 169 lots and conveyed 79 lots or buildings for residential rehabilitation or infill, or commercial infill.

Table 12 lists the main programs promoting new construction, rehabilitation, and sale of housing stock in Waterloo. Many are operated by or receive financial support from the City, while others are operated by nonprofit agencies in the region with other funding sources. Several programs are available to improve existing housing stock for LMI households, including comprehensive rehabilitation assistance, emergency repair assistance, and accessibility modifications for people with disabilities. Additionally, Iowa Heartland Habitat for Humanity constructs about seven (7) new homes annually for LMI homebuyers, partly with City assistance. To fund ongoing programs for LMI homeowners and homebuyers, the City relies mainly on annual allocations from the U.S. Department of Housing and Urban Development's (HUD's) Community Development Block Grant (CDBG) and HOME programs.

Most of the programs targeted to LMI households are designed for homeowners and homebuyers, although the City's Lead-Based Paint (LBP) Hazard Control Grant program will assist some rental properties. The City supports affordable rental development in other ways as well. For example, the renovations of Hotel President, a subsidized rental development in downtown Waterloo, were eligible for Consolidated Urban Revitalization Area (CURA) property tax abatements, discussed further below. The City also uses some of its HOME allocation to fund temporary rental assistance to help about 12 households exit homelessness each year (see Table 17 in the section on housing needs for people experiencing homelessness).

As Table 12 shows, the City's Community Planning & Development Department oversees three programs to support the housing market in Waterloo's older neighborhoods. The first program provides tax abatements for residential new construction and rehabilitation in the Consolidated Urban Revitalization Area (Figure 16). Eligible property owners may receive 100% tax abatement for the value increase for three years, or a partial tax abatement for the value increase over ten years. Between 2013 and 2017, the CURA saw 18 new homes constructed and 13 rehabilitation projects approved annually, on average. Commercial property improvements in the CURA, such as new dining and retail options on Franklin Street, are also eligible for tax abatements.

The second program involves City acquisition of abandoned residential properties through a legal process provided in Chapter 657A of the Iowa Code. Many of these properties are structurally unsound, infested with vermin, or used for illegal activities, and may be eyesores that reduce neighborhood property values and diminish community pride. It is possible to rehabilitate some properties acquired through the 657A process, while others are so dilapidated that they must be demolished. Once the City has acquired a property, it searches for a buyer willing to rehabilitate the existing structure, or to reconstruct housing where the original structure was demolished. The new owner then offers the property for sale or rent. Since 2006, the City has sold 79 657A properties, some for residential rehabilitation or infill and others for commercial infill.

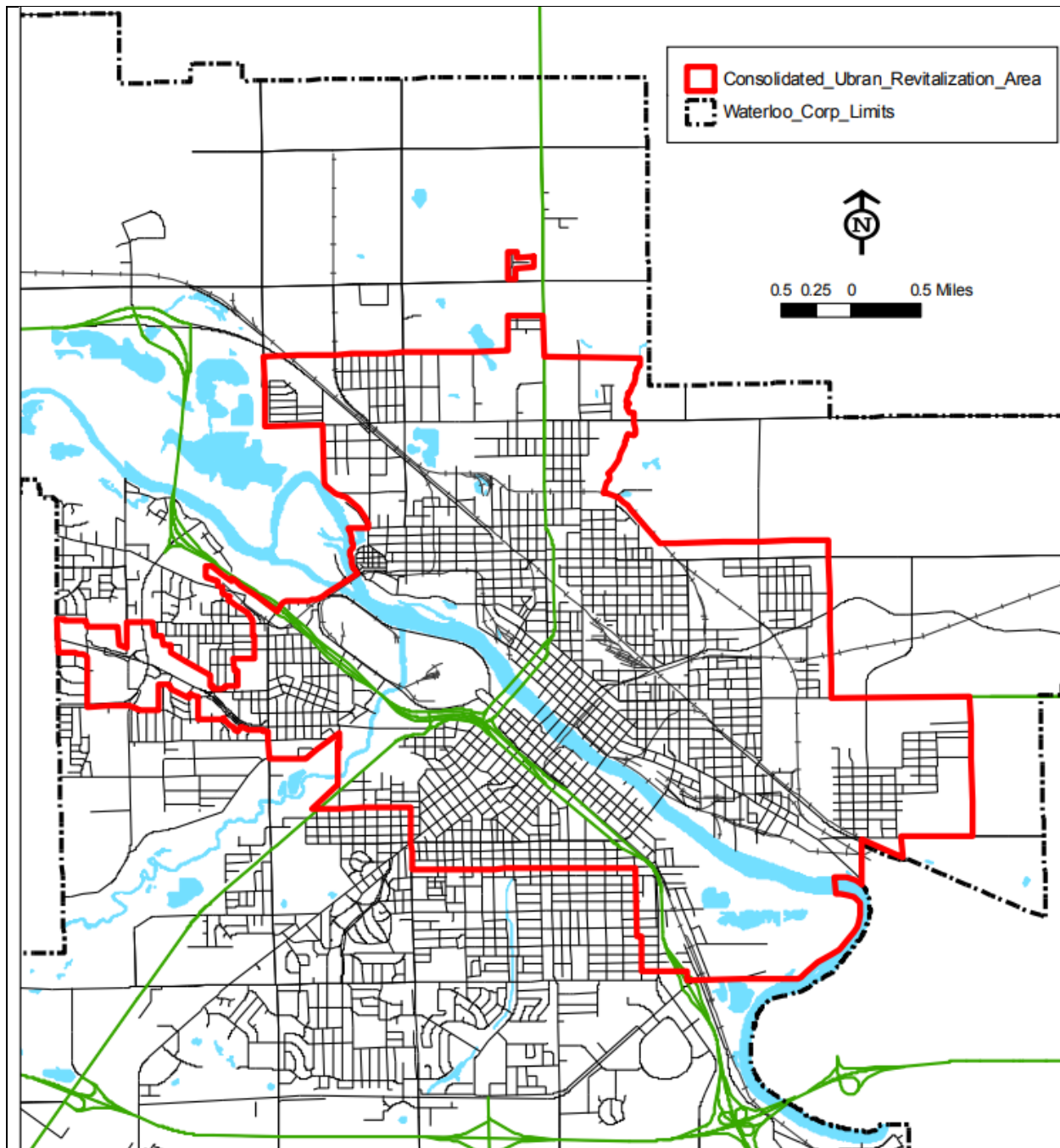


Figure 16: Waterloo's Consolidated Urban Revitalization Area (CURA)

The third program provides an additional financial incentive for rehabilitation or new construction of housing units on infill lots. Since 2017, the City has offered \$5,000 per housing unit built or rehabilitated on City-owned lots, and the incentive was extended to certain private lots in 2019 (see Table 12). City-owned residential infill lots are sold through a bidding process, with bids ranked according to price offered, the proposed development's taxable value and compatibility with surrounding development, and other relevant factors. The sale of City-owned

lots must be approved by the City Council and subject to a development agreement. The \$5,000 is paid to the developer upon issuance of a Certificate of Occupancy. By providing an immediate benefit to developers, this payment provides an additional incentive to complement tax abatements for which the property may be eligible. The developer must pay at least \$5,000 for the lot, but the first \$5,000 of the purchase price is refunded once the unit is ready for occupancy.

While the infill incentive is available for eligible lots citywide, it is particularly valuable in older neighborhoods. The program is funded by the same City bonds issued annually to help fund demolitions of unsafe structures on City-owned lots. The debt service on the bonds is paid from general revenue regardless of whether the bonds fund demolition or redevelopment, so the \$5,000 incentive uses the bond revenue to invest in the city's tax base and provide a greater benefit than demolition expenditures alone would offer.

Iowa Heartland Habitat for Humanity has reconstructed homes on several vacant 657A lots in Waterloo. Typically, Habitat's construction costs exceed the appraised value when the home is complete, since the lots are located in distressed neighborhood with few recent comparable sales for appraisers to consult. The problem of low appraisals deters other potential infill housing developers in addition to Habitat for Humanity. To some extent, the infill incentive and rebate discussed above reduces the barrier posed by low appraisals.

To promote new construction, the Community Planning and Development Department offers a tax abatement program for new 1- and 2-family housing units in the City Limits Urban Revitalization Area (CLURA), which encompasses the neighborhoods not included in the CURA (Figure 17). The CLURA program was launched in 2011 to increase Waterloo's housing starts and tax base in the aftermath of the Great Recession. Since its inception, the program has seen 715 new 1- and 2-family homes built. The City's annual 1- and 2-family construction rate has risen from 58.4 units per year to 79.44 units per year since the CLURA program, and the City's overall housing numbers, on an annual basis, have risen from 119.80 to 170.78, also since the CLURA inception. Without the CLURA program, many of these units might have been built in other communities where property values are higher. In September 2017, the City extended the CLURA tax abatements to 2022.

In addition to the City of Waterloo, the Waterloo Housing Trust Fund (WHTF) is an important funding source for housing activities benefiting LMI residents. WHTF supports emergency repair and accessibility modification programs for homeowners (see Table 12), as well as shelter and housing programs for people experiencing or at risk of homelessness (see Table 17). WHTF, founded in 2013, was organized as a 501(c)3 nonprofit with initial approval from the City of Waterloo. Like other Local Housing Trust Funds (LHTFs) around the state, WHTF is eligible for a maximum formula allocation from the Iowa Finance Authority each year based partly on its population size, and must secure local matching funds equal to 15% to 25% of its allocation from

IFA. Matching funds may come from local governments, philanthropic organizations, corporate donors, and similar sources. If a LHTF does not obtain local matching funds totaling at least 25% of its maximum allocation, it is not eligible for the full allocation amount.

The Waterloo Housing Trust Fund has become increasingly important as other housing and community development resources have declined. Waterloo received Neighborhood Stabilization Program (NSP) funds from the federal government to assist with recovery from the Great Recession, and substantial funding was available to build and rehabilitate housing in the wake of the 2008 floods. However, these funds were one-time awards provided for a specific purpose. As these funds have been expended, Waterloo stakeholders report that housing has become a lower priority for local donors than it was in the past.

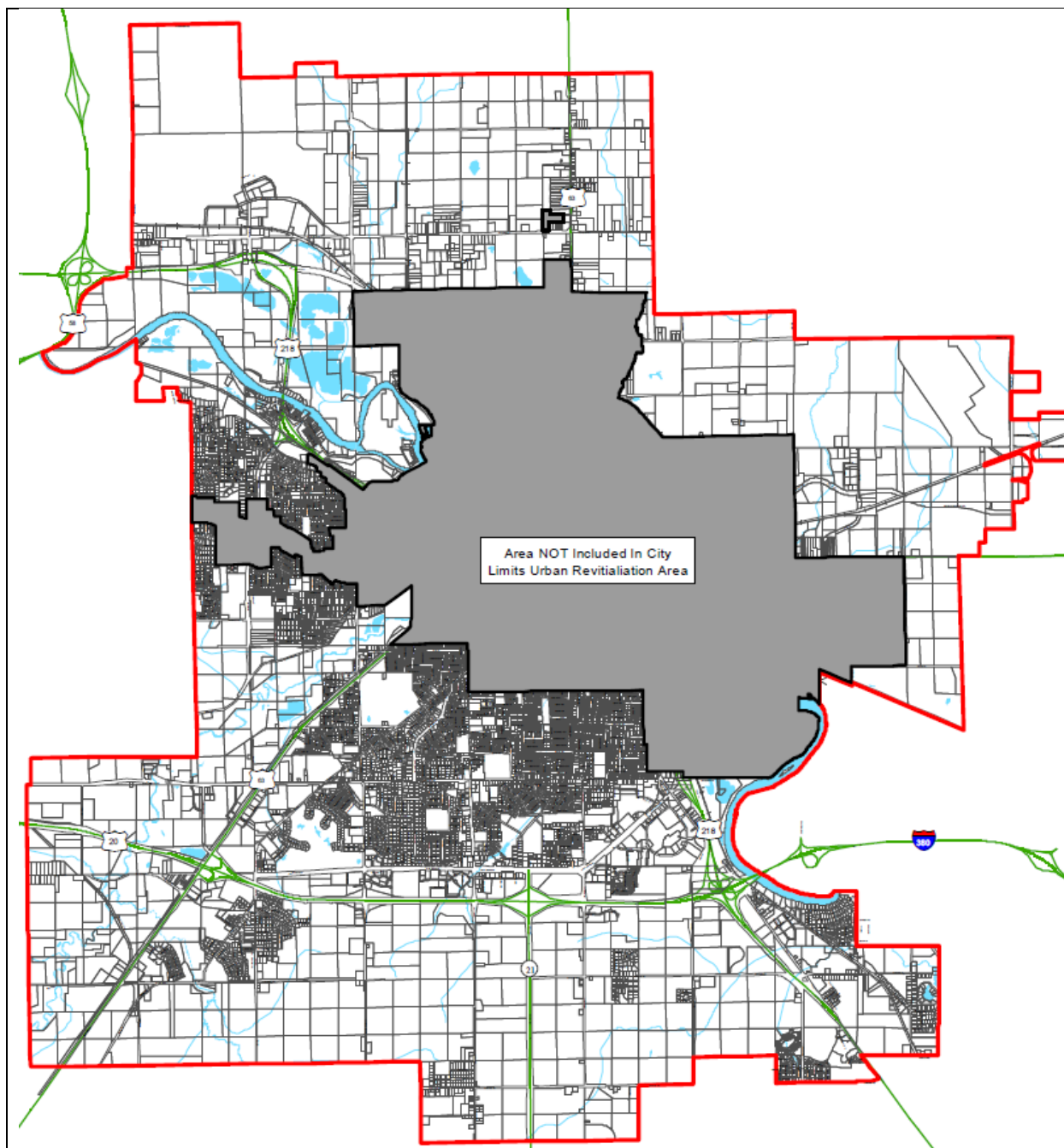


Figure 17: Waterloo's City Limits Urban Revitalization Area (CLURA)

The mismatch between housing need and available resources further underscores the importance of strong public-private partnerships to support housing activities in Waterloo, since the resources for Recession and flood recovery were not enough to close the gap. Iowa Heartland Habitat for Humanity builds about 7 homes per year and the Waterloo Housing Authority provides down payment assistance to about 9 LMI first-time homebuyers annually. However, an average of 16 LMI homebuyers assisted annually is far fewer than the estimated 1,787 to 2,889

LMI renter households who could potentially buy homes (see Figure 13). By the same token, only a fraction of potentially eligible households is assisted by programs targeting existing owner-occupied housing in Waterloo. As Figure 18 shows, Waterloo has an estimated 2,740 cost burdened LMI homeowners who might potentially benefit from rehabilitation, emergency repair, lead hazard reduction, or accessibility assistance, but only about 72 eligible homeowners are assisted annually. Even if all 13 homes rehabilitated annually with CURA assistance (see Table 12) were owned by LMI households, the total of 85 households assisted would still comprise a small share of all homeowners in need. Not all LMI owners with moderate cost burden would need or want assistance from these programs, but some non-cost-burdened LMI owners may be interested in assistance – especially if they have substantial medical costs, student loan debt, or other expenses that reduce their disposable income.

For comparison, Figure 18 includes an estimate of housing units in fair condition in Waterloo. The estimate of 4,792 units is projected from the percentage of housing units in fair condition according to windshield surveys conducted in 2017 (see following section). Homes in fair condition have a moderate amount of exterior deferred maintenance and may have interior maintenance needs as well. Not all units in fair condition are owner-occupied, and those that are include owners both below and above the LMI income limits for home rehabilitation assistance programs in Waterloo. Nonetheless, this comparison further illustrates the mismatch between need and resources for improving Waterloo's owner-occupied housing stock.

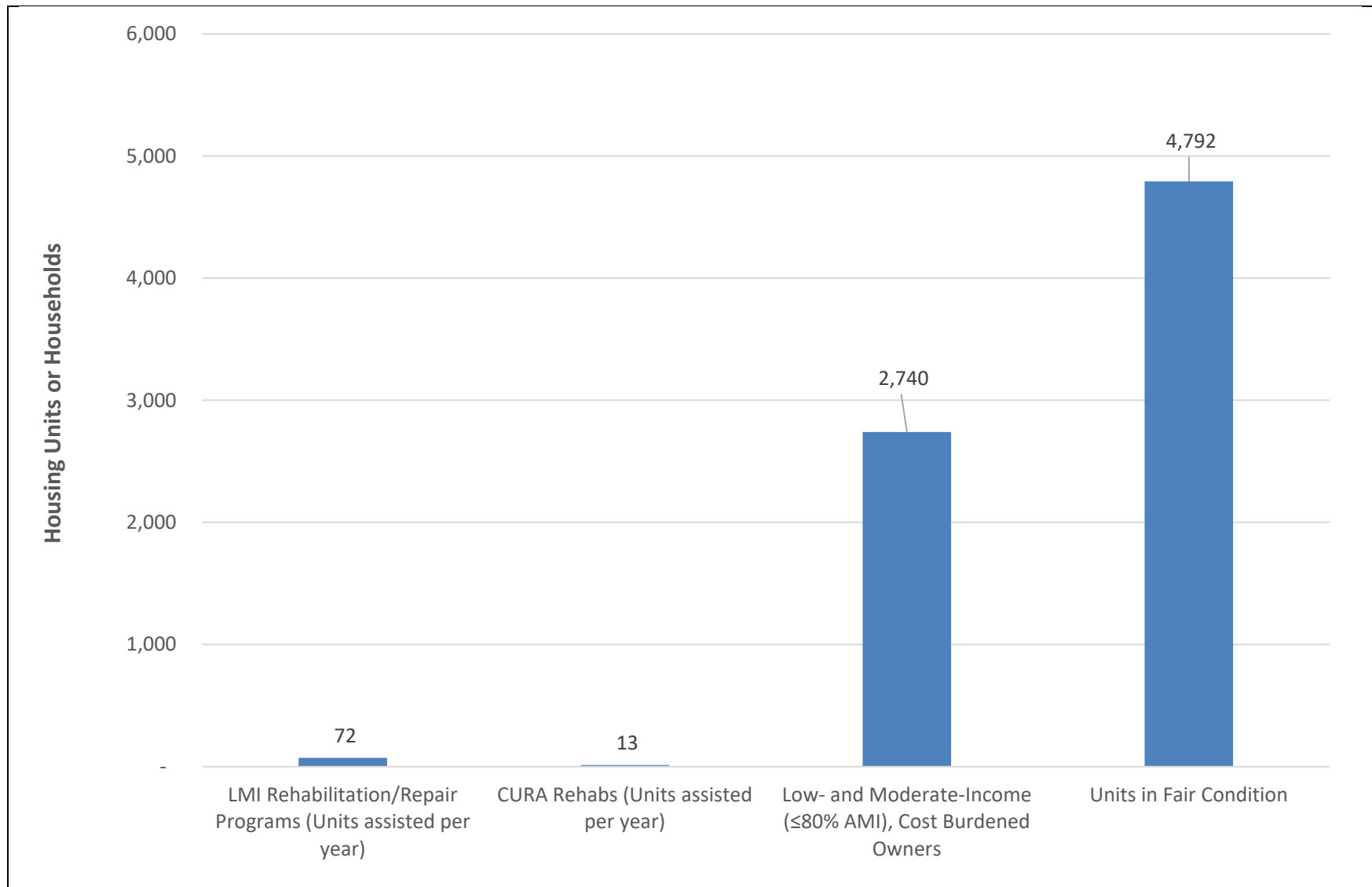


Figure 18: Estimated Supply and Demand for Programs Targeting Low- and Moderate-Income Homeowners in Waterloo

Source: City of Waterloo, Waterloo Housing Trust Fund, HUD CHAS 2010-2014, 2017 Windshield Surveys

The View on the Ground: Property and Resident Surveys

Windshield Survey of Housing Conditions

The quality of a community's housing stock is an important component in understanding its housing needs. If poor-quality housing is widespread in a community, many low- and moderate-income households may have housing-related hardships even if they are not cost burdened. A prevalence of housing with maintenance needs may also indicate an opportunity to meet existing and future demand by rehabilitating vacant units.

Between July and September of 2017, staff from the Iowa Northland Regional Council of Governments (INRCOG) conducted windshield surveys in a subset of Waterloo Census tracts. The City's GROW (Grow Residential Opportunities in Waterloo) Committee, which promotes increased homeownership and seeks to strengthen Waterloo's housing market, assisted INRCOG with the selection of three Census tracts for the windshield survey that were considered representative of the City as a whole, in terms of demographic, economic, and housing characteristics (Figure 19, Appendix B). Each unit was given a rating of Good, Fair, Poor, or Dilapidated depending on the condition of the structure in which it is located. To a lesser extent, the condition of the yard surrounding the structure contributed to the rating. The rating system, shown in Table 13, was relatively generous, focusing more on structural problems than on cosmetic issues.

A large majority of the housing units in the Census tracts surveyed (82%) were in good condition. However, nearly 1 in 5 homes were in Fair condition or worse. Over 15% of homes were rated Fair, and nearly 100 homes were in Poor or Dilapidated condition. Extrapolating the windshield survey results to the City's total housing stock, nearly 4,800 units are in Fair condition, while over 700 units are in Poor or Dilapidated condition. These homes can have negative impacts on surrounding property values, neighborhood pride, and visitors' first impressions of Waterloo.

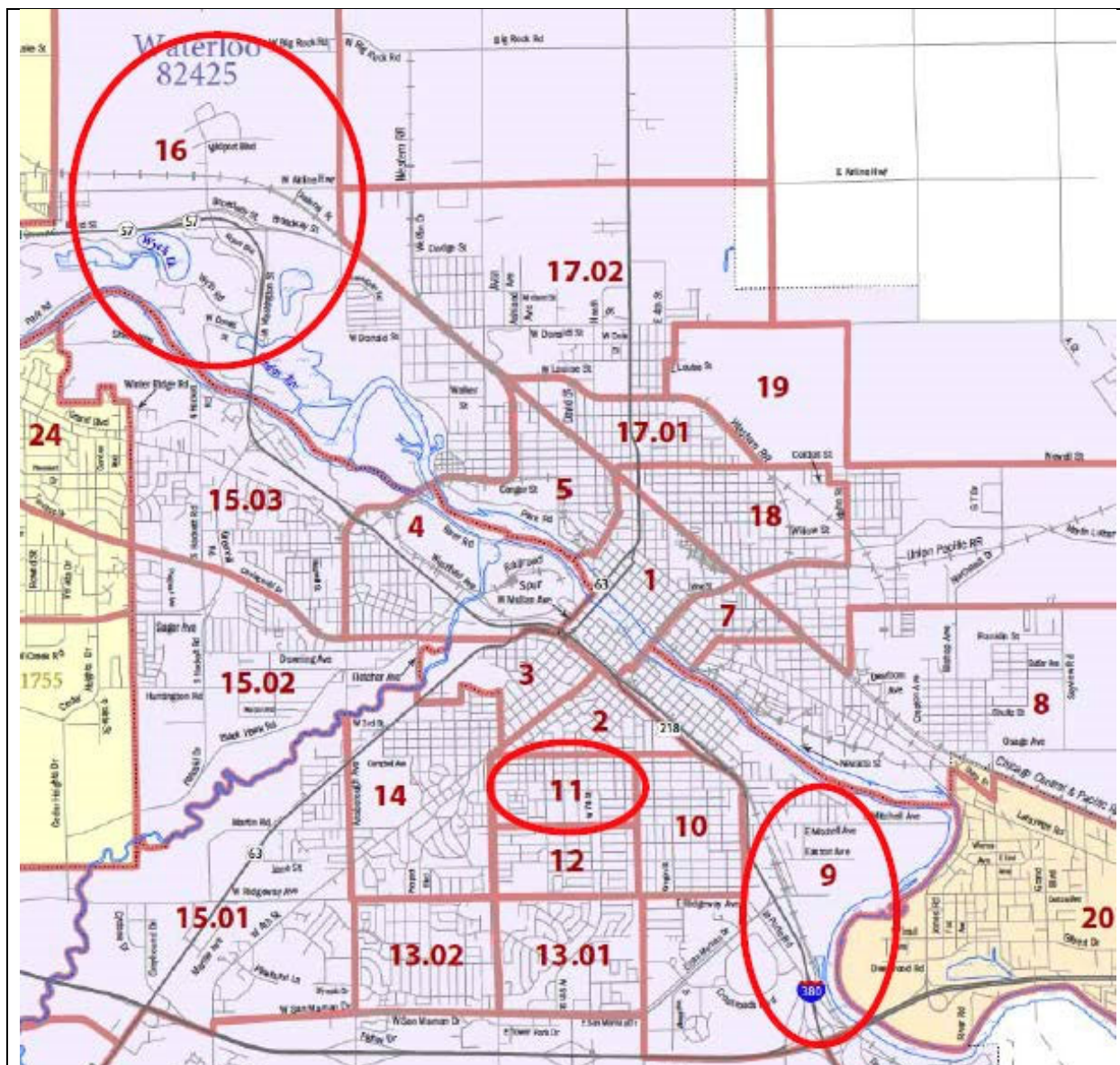


Figure 19: Windshield Survey Census Tracts

Source: Iowa Data Center (Census Tracts where windshield surveys were conducted are circled in red)

Table 13: Housing Quality Criteria for Winshield Survey of Waterloo Housing Units

Category	Description	Units in Survey	% of Units in Survey	Estimated Units Citywide*
Good	<p>Unit appears well maintained and structurally sound. The foundation and porch structure appear structurally sound and roof lines are straight. Most siding, gutters, trim, windows, and doors should be in good repair with good exterior paint condition. Minor problems such as small areas of peeling paint and/or other routine maintenance items are allowable under this category. A moderate amount of moss or mildew on siding or roofs is allowed under this category if the components with moss or mildew are otherwise sound.</p> <p>The yard appears well maintained and is in good condition. The lawn is well kept, with shrubs and bushes trimmed.</p> <p>Roof maintenance needs are allowed under this category if the roof has a few (~5) years left. A roof that should be replaced ASAP is not allowed under this category, even if the rest of the home is well-maintained.</p>	2,997	82%	25,153
Fair	<p>Unit appears structurally sound, but is in need of some maintenance and minor repair. These units usually require minor repairs such as painting the house, fixing a broken door or window, putting on new shutters, replace or fix awnings, etc. Issues that are primarily cosmetic but that cover a sufficient portion of the structure to be unsightly (~30 or more square feet), such as peeling paint on siding, may put the home in the "Fair" category. There may be moderate issues with one or two major components, such as mild deterioration of roof shingles (possibly meriting a new roof) or a few hairline cracks in the foundation.</p> <p>Yard appears somewhat maintained, but is in need of some additional work or maintenance. Tall grass or weeds are apparent on the property and, in some cases, trash or debris is visible from the street. Simple lawn care or yard clean-up would improve the look of the grounds.</p>	571	15.6%	4,792
Poor	<p>Unit appears to have been neglected for a long period of time with one or more visible structural defects, such as uneven roof lines, a broken porch, broken windows/doors, or major cracks in the foundation. The unit is still habitable, but requires major repairs which would be difficult to correct through normal maintenance.</p> <p>Yard appears to have been neglected for a long period of time leaving the yard in quite poor condition. Significant yard debris or trash is visible from the street and the yard would require a great deal of time and work to bring to back to a good condition.</p>	72	2%	604
Dilapidated	A unit suffering from excessive neglect, where the building appears structurally unsound and maintenance is non-existent. The building is not fit for human habitation in its current condition, and multiple windows and/or doors may be boarded up. The building may be considered for demolition or, at minimum, major rehabilitation will be required.	16	0.4%	134
Total		3,656	100%	30,684

Citywide estimates based on 2015 5-y ACS estimate of 30,684 housing units in Waterloo.

As the preceding section showed, the number of housing units in fair condition Waterloo far exceeds the number of LMI owners receiving rehabilitation and renovation assistance annually. Moreover, Waterloo's estimated housing stock in poor and dilapidated condition exceeds the number of housing units acquired annually by the City through the 657A process (Figure 20). At the current rate of twelve 657A acquisitions per year, the City would need 11 years to acquire all properties in dilapidated condition, and 50 years to acquire all homes in poor condition. Over the next few years, some homes currently in poor condition may become dilapidated if they continue to be neglected. Since an average of six 657A homes are redeveloped by new private owners annually, most vacant, dilapidated properties will be out of the active housing market for the foreseeable future.

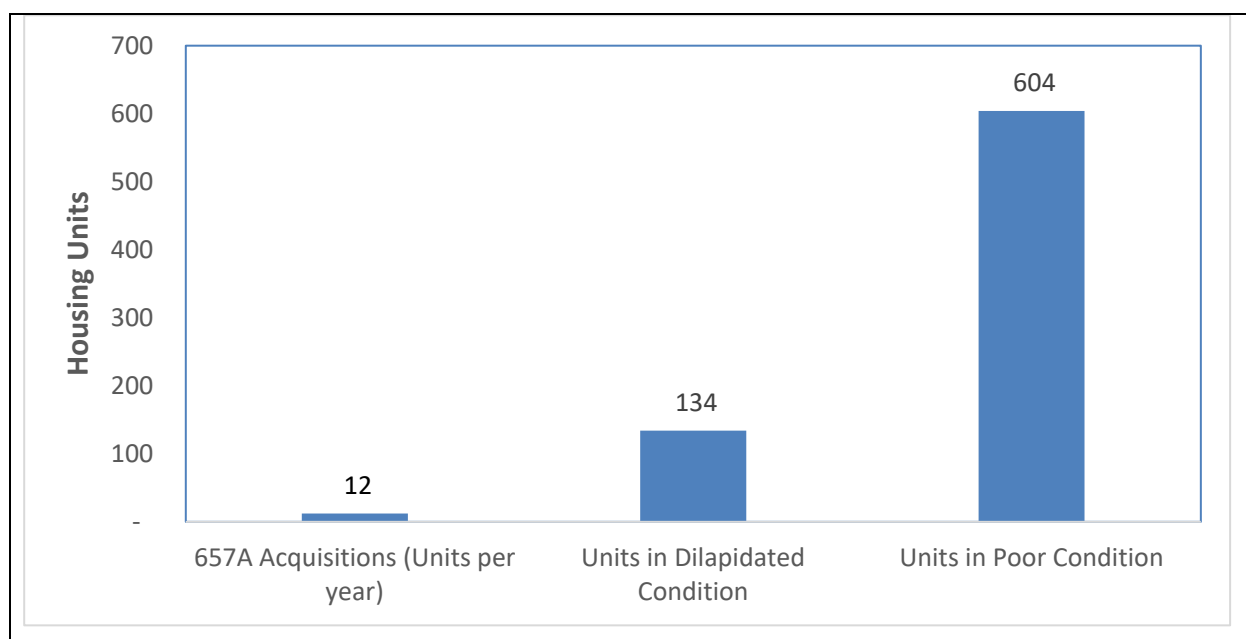


Figure 20: Comparison of 657A Acquisition Rate to Housing in Poor and Dilapidated Condition in Waterloo

Clearly, the scale of Waterloo's housing needs far exceed available resources for rehabilitation and reconstruction. This partly explains why the City supplements its revitalization efforts with the CLURA tax abatement program for new home construction – it cannot afford to rely solely on programs for existing housing in core neighborhoods. In the short term, the CLURA program has helped the City to keep its total population stable and increase its tax base. In the long term, though, housing and neighborhood quality in Waterloo's core will continue to play a role in the City's public image and overall well-being. As the next section discusses, revitalization throughout Waterloo is a prominent concern among Waterloo residents.

Resident Surveys

The City of Waterloo's GROW Committee served as the steering committee for the development of this Housing Needs Assessment. The GROW Committee consists of stakeholders in Waterloo's housing market, including representatives from local for-profit and non-profit home builders, real estate firms, and financial institutions, as well as staff from the City's Community Planning & Development and Community Development Departments. The GROW Committee provided insight and guidance on broad housing market issues to address in this document, such as challenges and opportunities for building moderately priced market-rate housing, and the challenge posed by low appraised values in some residential neighborhoods.

Recognizing the need for a broad perspective to inform this document, the GROW Committee provided guidance to INRCOG staff in the process of identifying and seeking input from low- and moderate-income residents who may be unable to afford homeownership, or who may live in neighborhoods where new home building activity is limited. People at all income levels desire good-quality housing that they can afford in neighborhoods where they want to live, and housing and neighborhood conditions affect the willingness of homebuyers and businesses to make investments. When residents are financially unable to invest in major improvements, and businesses are unable or unwilling to invest, public support is needed to catalyze revitalization efforts that will raise property values and attract private capital. Waterloo residents who are most impacted by neighborhood challenges should play an integral role in setting priorities for public investment.

With this principle in mind, INRCOG conducted a survey of Waterloo residents at venues that serve low- and moderate-income people, members of minority groups, or both. To expedite the survey process and encourage residents to participate, the survey form was brief, and did not include questions about the respondent's race, ethnicity, income, or other sociodemographic factors (see Appendix C).

Surveys were collected from the venues shown in Table 14. Survey results for English Language Learners (ELL) at the Hawkeye Community College (HCC) Metro Center are discussed separately in the section on housing needs of immigrants. This section reviews results for the remaining 100 surveys. Based on INRCOG staff's observation, survey respondents from the Salvation Army lunches and resident resource fairs were racially diverse. The HSC and Senior Companion groups are also diverse, with Black members overrepresented relative to their share of Waterloo's population, and they have barriers in terms of educational attainment and employment (see Appendix C). This suggests that the surveys were successfully targeted to LMI and minority residents.

Table 14: Venues for Collecting Surveys of Waterloo Residents

Venue	Number of Surveys
Two Salvation Army community lunches	17
Two resident resource fairs at public schools in low/moderate-income neighborhoods	6
Predominantly Black worship center	10
Hawkeye Community College Metro Center - English Language Learners	153
Hawkeye Community College Metro Center - High School Completion	26
Hawkeye Community College Metro Center - Senior Companions	41
Total	253

Figure 21 maps the places of residence for survey respondents. Many points on the map are approximate, since many respondents gave limited information to identify their neighborhoods. The map includes English Language Learners as well as other groups surveyed, and many respondents in the Church Row area are in the ELL group.

Figure 22 shows responses to multiple-choice questions on the survey, while responses to open-ended questions are compiled in Appendix C. Several examples of open-ended responses are included in this discussion. Nearly half of respondents are renters, and 35% are homeowners. A significant minority (12%) are staying with family and friends, and 4% are homeless. Only 13% of respondents reported that their housing is unaffordable, but nearly 30% reported that their home has problems that they cannot afford to fix or the landlord will not fix. When respondents were asked how easy it is to find affordable and desirable housing in Waterloo, the most common response (42%) was “somewhat hard.” Combined, “somewhat hard” and “very hard” responses (66%) outweighed “somewhat easy” and “very easy” responses (32%). Similarly, open-ended feedback about finding affordable, high quality housing in Waterloo was far more negative than positive.

Several respondents indicated that “affordable” housing in Waterloo is not necessarily of good quality or in neighborhoods where they want to live. Moreover, for higher-quality rentals – both market-rate and subsidized – security deposits and tenant screening criteria are a barrier to many low-income renters. Those with criminal records or past evictions have particular difficulty finding good-quality rentals. Because the housing that is “affordable” and easy to find in Waterloo tends to be lower quality, two respondents checked both “Somewhat Easy” and “Somewhat Hard” on the survey form. Low-income homebuyers also face barriers when applying for mortgages and finding affordable homes, even in Waterloo’s relatively low-cost home sale market. For those who are unable to work, housing choices are especially limited.

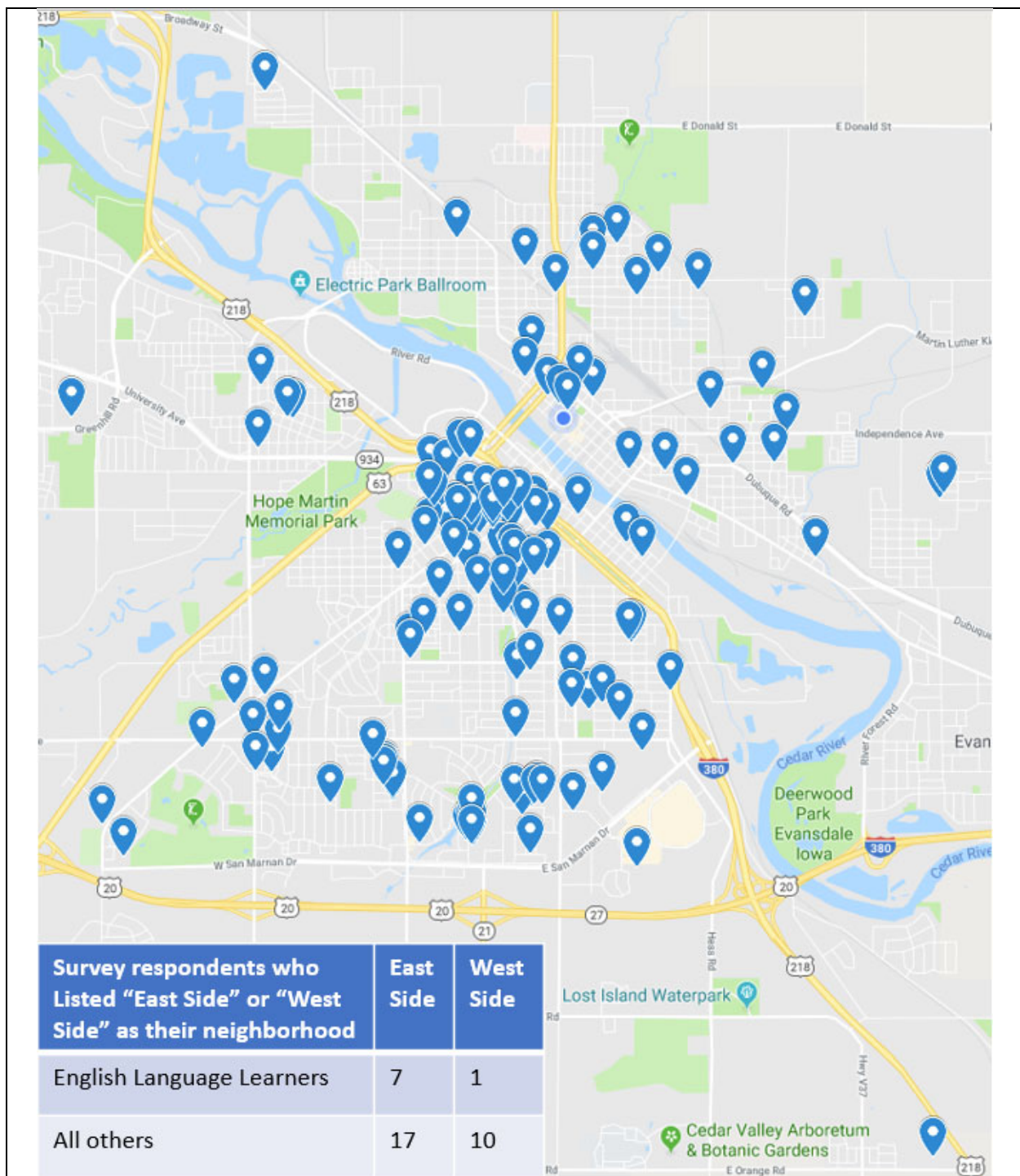


Figure 21: Approximate Places of Residence for Survey Respondents (English Language Learners and Other Groups)

Source: Google Maps

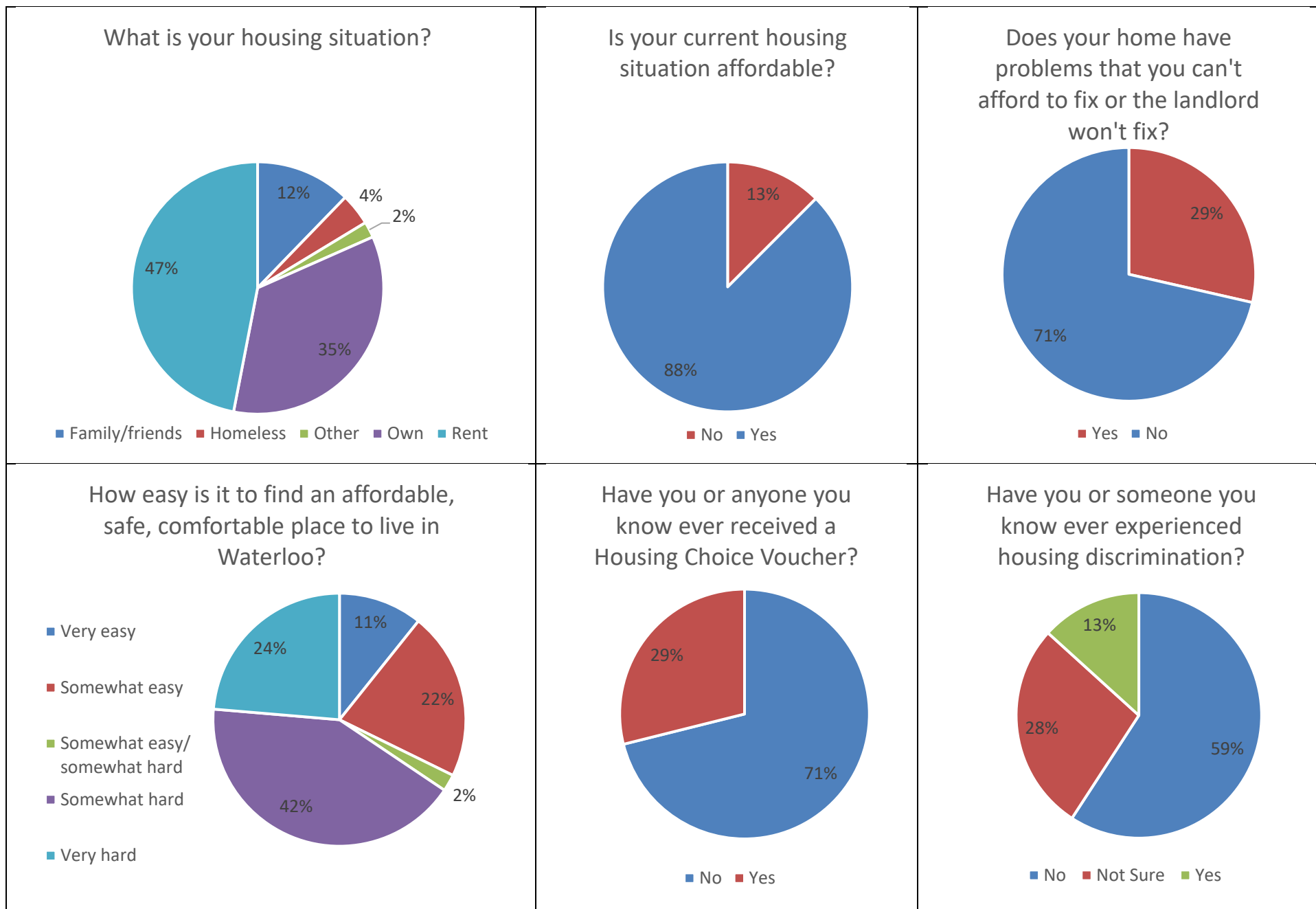


Figure 22: Multiple-Choice Survey Responses for Non-ELL Respondents

Nearly 30% of respondents indicated that they or someone they know have received a Housing Choice Voucher (HCV) from the Waterloo Housing Authority at some point. However, many had difficulties using their vouchers. Of the 21 respondents who indicated that they or someone they knew had received a voucher, 10 indicated that it was difficult to 1) find a landlord who would accept the voucher and 2) find a unit in a desirable neighborhood. Of these 10 respondents, at least 2 reported that they or someone they knew were unable to use the voucher before it expired. Five respondents gave mixed feedback, while the remaining 6 respondents found the process to be at least somewhat easy. See Appendix C for detailed feedback about vouchers.

Notably, during the survey process, INRCOG staff received varying perspectives about Housing Choice Vouchers from some individuals who did not complete surveys. From the perspective of some voucher recipients and Waterloo Housing Authority staff who assist them, many units are substandard despite the use of Housing Quality Standards (HQS) inspections. From the perspective of some landlords who accept vouchers, however, the program gives them little recourse to address problems with tenants, such as property damage.

When asked if they or someone they knew had experienced housing discrimination, a majority of respondents (59%) marked “No,” 13% marked “Yes,” and the remaining 28% were unsure. Twelve respondents who marked “Yes” or “Not Sure” provided open-ended feedback, with some describing discrimination based on race or criminal records. While federal and state fair housing laws do not include criminal history among “protected classes” (e.g. race, sex, disability), HUD released guidance in 2016 that places some limits on the use of criminal records as a screening criterion for tenants or homebuyers. Since blanket prohibitions on renting to people with criminal records have a disparate impact on the fair housing choices of some protected classes, housing providers are required to take into account the nature of the offense, how long ago it occurred, the extent to which the offender is rehabilitated, and other factors¹⁶. Since this HUD guidance is relatively recent, it is not known how strongly it is being enforced.

The final portion of the survey asked respondents, “What are the best things that have happened in Waterloo in the past few years?” and “What changes would you like to see in Waterloo?” Common themes among the responses are tallied in Table 15. The most widely cited positive aspects of Waterloo include new development and businesses, cultural attractions and events, and the Mayor. Several respondents identified specific developments and cultural attractions that they value, including the SportsPlex, the splash pad, Friday ‘Loo, and My Waterloo Days. Notably, several respondents reported that the best things to happen in Waterloo in recent years were personal milestones, such as marriage, children, and making new friends. Some other respondents, however, answered “Nothing.”

¹⁶ https://www.hud.gov/sites/documents/HUD_OGCGUIDAPPFHASTANDCR.PDF

Table 15: Survey Responses from Non-ELL Respondents on Positive Developments and Changes Needed in Waterloo

Best things in Waterloo:	# of responses	Changes needed in Waterloo*:	# of responses
New businesses/development	12	Crime/Safety	23
Cultural attractions/events	11	Housing cost/supply	16
Mayor	10	Housing condition/age	11
Street improvements	8	General entertainment/recreational opportunities	10
Personal factors (marriage/children etc.)	7	More businesses	8
New schools	3	Development in East Waterloo	6
Police	2	Discrimination	5
		Youth activities	5
		Social services/support for low- and moderate-income people	5
		Road conditions	4
		Jobs	4
		Community cohesion	3
		General redevelopment needs	3
		Black-owned businesses	2
		Taxes	2

*Some comments were coded in more than one category

Respondents gave much more extensive feedback about changes needed in Waterloo, and concerns about crime, safety, and housing were paramount (Table 15). Respondents expressed concern about the condition and age of Waterloo’s housing stock, as well as the supply of affordable housing. Many respondents also expressed a desire for more amenities and services, including entertainment and recreation opportunities, businesses, youth activities, and social services for low- and moderate-income people. In particular, respondents identified a need for

more business, recreation, and other opportunities in Waterloo's older neighborhoods beyond the downtown area. Several respondents also expressed a desire to reduce discrimination and increase community cohesion.

One striking finding from this feedback is that residents appreciate the prominent new developments in the City, including new businesses, recreational opportunities, road improvements, and new and renovated schools. City planning, investment, and decisions by elected officials have been instrumental in many of these activities, including preservation of historic buildings, the downtown riverfront redevelopment, and the Logan Avenue developments. The message from residents seems to be, "We like the new development – expand it to other parts of town." In particular, residents would like to see more investment in central, eastern, and northern neighborhoods.

As Figure 23 shows, the City has initiated several redevelopment activities in Waterloo's core neighborhoods. Projects 1 (Logan Redevelopment Area) through 6 (Former Construction Machinery Site) are the most visible redevelopment activities in low-income residential neighborhoods with minority concentrations (see Figure 6). The Logan Redevelopment Area, Former Construction Machinery Site, and Highway 63 Corridor projects have already created substantial visual improvements in the area, and construction of the Teen and Educational Center began in June 2018. Notably, the Highway 63 Corridor project is coordinated with a larger redevelopment effort in the Walnut Neighborhood, including construction of a grocery store on Franklin Street, and planned construction or rehabilitation of 16 homes. The former Chamberlain site and 120 Center Street are still in the environmental cleanup and planning stages, which may have fewer visible, tangible improvements from the general public's perspective.

Residents also have a strong desire to improve substandard housing in disinvested neighborhoods by rehabilitating homes when possible, and demolishing and replacing dilapidated homes when necessary. These resident perspectives further underscore the importance of City policies that balance new development with revitalization of older neighborhoods. As previous sections have shown, the scale of need for housing rehabilitation and reconstruction in Waterloo far exceeds the resources currently available.

The numerous comments about crime highlight one of the biggest community development challenges in Waterloo. However, Waterloo's crime levels declined by about 30% between 2014

and 2018^{17,18,19}. The City supports efforts to improve crime prevention, such as the development of the Community Outreach Center in East Waterloo and forums addressing criminal sentencing reform. Overall, crime prevention efforts cannot be conducted in isolation from efforts to improve the quality of life and economic opportunities for LMI residents.

A related concern, encountered by INRCOG staff in conversations related to the survey effort, is that the public narrative about Waterloo is largely negative, obscuring its many positive attributes. These positive attributes are apparent in the stories of residents who have experienced major life events in Waterloo, such as marriage and the birth of grandchildren, and could potentially be the basis for a marketing campaign. To promote investment and greater cohesion among different neighborhoods in Waterloo, it may be beneficial for the City to support development efforts that showcase attractions in these neighborhoods. For example, the City recently obtained grants to preserve the history of Smokey Row, using signage and trails to guide visitors.

The survey did not explicitly ask residents about jobs, and many respondents may be outside the workforce due to age or disability²⁰ (see Figure 15). However, access to jobs, and the wages those jobs offer, are just as important to housing affordability as are housing costs and quality. The City already uses some local and state incentives to support employers who offer wages above subsistence level. Additionally, the Waterloo Community School District is developing the Waterloo Career Center, which is housed in Central Middle School and will offer training for twelve career and vocational pathways in the coming years, in partnership with local employers. If these efforts are continued and expanded, they may both help employers fill workforce shortages and help low-income Waterloo residents increase their earning power and ability to obtain decent housing. These initiatives may also help to narrow employment disparities, provided that communities impacted by high unemployment rates play an integral role in designing, implementing, and monitoring these efforts. Other efforts to expand access to good

¹⁷ Reinitz, J. 2017, Jan. 10. "Crime continued decline in 2016 in Waterloo." Waterloo-Cedar Falls Courier [online article]. https://wcfcourier.com/news/local/crime-and-courts/crime-continued-decline-in-in-waterloo/article_28867758-633b-5df8-9928-2a88598f49f6.html. Retrieved 12/5/18.

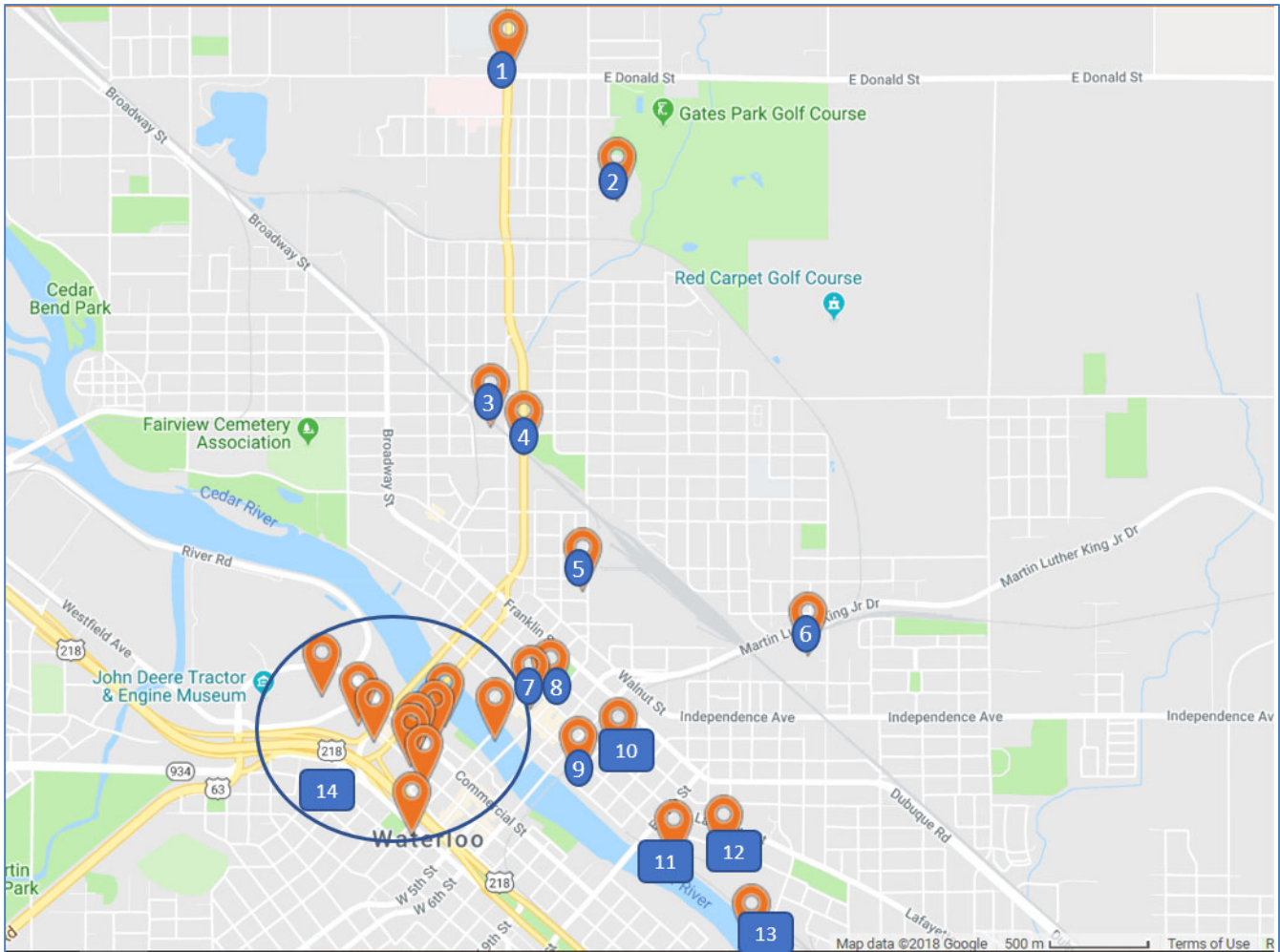
¹⁸ Reinitz, J. 2018, Jan. 9. "Crime in Waterloo falls for 3rd straight year." Waterloo-Cedar Falls Courier [online article]. https://wcfcourier.com/news/local/crime-and-courts/crime-in-waterloo-falls-for-rd-straight-year/article_ac1e10dc-d710-5692-9228-0fb82f7f8e1f.html. Retrieved 12/5/18.

¹⁹ Reinitz, J. 2019, Jan. 11. "Crime in 2018: Waterloo police release new statistics." Waterloo-Cedar Falls Courier [online article]. https://wcfcourier.com/news/local/crime-and-courts/crime-in-2018-waterloo-police-release-new-statistics/article_58c6061d-949a-5b0c-aaea-af8b0a5d4bd5.html Retrieved 2/4/2021.

²⁰ Sociodemographic data in Appendix D shows that most of the Senior Companions are unemployed or retired, while about equal portions of High School Completion (HSC) students are employed and unemployed. Almost by definition, HSC students are seeking to improve their earning power. The Salvation Army lunches target particularly vulnerable populations, and some non-elderly respondents may have been struggling with physical or mental illness and unable to work.

jobs may include employee vanpools, child care assistance, and carefully considered employer policies toward criminal background checks when making conditional offers to job applicants²¹.

²¹ See Gubernick, L. 2017. Erasing the Mark of Cain – An Empirical Analysis of the Effect of Ban-the-Box Legislation on the Employment Outcomes of People of Color with Criminal Records. Fordham Urban Law Journal 44 (4): 1153-1215. <https://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/&httpsredir=1&article=2709&context=ulj>. (Retrieved 3/17/18). Note that criminal background checks have some advantages if they dispel employer stereotypes about minority candidates by revealing them not to have criminal or felony backgrounds. However, disparate arrests and convictions of minorities are a substantial barrier to employment.



#	Project	Status
1	Logan Redevelopment Area	Since 2005, a Hy-Vee, several medical facilities, and George Washington Carver Academy have been constructed. The deteriorated Logan Plaza strip mall was demolished in 2016, and redevelopment of the site is underway. The new Logan Plaza will include dining, retail, and medical uses.
2	Former Chamberlain Site	Environmental cleanup is underway. City awarded a redevelopment planning contract in 2017.
3	120 Center Street	Environmental cleanup is underway.
4	Highway 63 Corridor	Several neighborhood streetscape improvements completed, road improvements ongoing. Construction of a grocery store on Franklin Street (in Walnut neighborhood) began in Spring 2018.
5	Teen and Educational Center	Former low-rise commercial buildings demolished. Boys and Girls Club of the Cedar Valley broke ground for new Teen and Educational Center in June 2018.
6	Former Construction Machinery Site	Environmental cleanup completed. A new Public Works Facility opened in 2014.
7	Black's Building	Underwent renovations in previous decade. Currently at 75% occupancy or higher.
8	Downtown Redevelopment	Ongoing
9	River Trail Development	Construction of 72 rental units in six 12-plexes is complete.
10	8th Street Infill Housing	Seven owner-occupied homes have been constructed since 2004.
11	Riverwalk Trail System	Trail extends from Mullan Avenue to 18th Street on both sides of the river, and connects to Black Hawk County's trail network.
12	Rath Redevelopment Area	A "Human Services Campus" has been developed, now housing locations for Operation Threshold, Cedar Valley Food Bank, and Waterloo Women's Center for Change. A new warehouse opened in 2013, and the former Rath Administration Building is currently being redeveloped as a high-technology office center.
13	18th Street Bridge	Reconstructed bridge opened in 2005.
14	Various	Completed or underway developments include TechWorks Campus, new Hawkeye Community College Adult Learning Center, Grand Crossing apartments, Iowa Veterans' Museum, RiverLoop, Dan Gable Museum, Cedar Valley SportsPlex, Phelps Youth Pavilion, SingleSpeed Brewing Company, and Cedar River Dam.

Figure 23: Major Redevelopment Activities in Waterloo's Core Neighborhoods

Source: The New Waterloo website

Housing Needs of Special Populations

People Experiencing Homelessness

In Iowa and across the nation, planning for homeless services is generally done by geographically defined Continuums of Care (CoCs), or networks of local governments, health and social service providers, and other entities that work with homeless populations. The State of Iowa is covered by four CoCs, with Woodbury, Pottawattamie, and Polk Counties each in a separate CoC²². The rest of Iowa's land area is in a "Balance of State" CoC.

Since Waterloo and Black Hawk County are part of the Balance of State CoC, detailed data on homelessness for the City or County alone is not readily available. To give a sense of scale of homelessness in the Balance of State CoC and the Waterloo area, Table 16 compiles summary data. One data source is the Point-in-Time (PIT) Count of homeless individuals, which is conducted in late January in most CoCs across the state and the nation. In the Iowa Balance of State CoC, 1,792 people in 1,038 households were "literally homeless," meaning that they were staying in shelter or in a place not meant for human habitation. Close to 30% of households identified were families with children. In Black Hawk County, 101 people were identified as homeless in the 2013 Point-in-Time Count.

While PIT Counts provide a snapshot, a community's homeless population is not static – many people enter and exit homelessness over the course of a year. Table 16 estimates the number of people who entered the homeless service system in a year in the Balance of State CoC and Black Hawk County. In the Balance of State CoC, 5,485 people entered and 5,994 people exited the homeless system at some point in fiscal year 2016, spending a median of 43 days homeless. Over the course of 2016, 952 people who became homeless in Iowa listed their last permanent address in Black Hawk County, suggesting that about 1 in 6 people who become homeless in Iowa are from Black Hawk County.

²² Of the two respective CoCs that encompass Woodbury and Pottawattamie Counties, each CoC includes a neighboring Nebraska county.

Table 16: Homelessness Data for the Iowa Balance-of-State Continuum of Care and Black Hawk County

IOWA BALANCE OF STATE CONTINUUM OF CARE POINT-IN-TIME COUNTY – JANUARY 2017

Household/Population Type	Sheltered		Unsheltered	Total
	Emergency Shelter	Transitional Housing		
Homeless Households				
Households without children	478	213	45	736
Households with at least one adult and one child	84	210	0	294
Households with only children	5	3	0	8
Total Homeless Households	567	426	45	1,038
Homeless Persons – Age Group				
Children	184	466	0	650
Young Adults (18-24)	91	87	3	181
Adults >24 years	491	423	47	961
Total Homeless Persons	766	976	50	1,792
Homeless Persons – Gender				
Female	296	542	7	845
Male	468	432	43	943
Transgender	1	2	0	3
Do not identify as Female, Male, or Transgender	1	0	0	1
Total Homeless Persons	766	976	50	1,792

INDIVIDUALS PASSING THROUGH THE HOMELESS SYSTEM

Geographic Area/Facility	Persons Entering Homelessness*	Persons Exiting Homelessness**	Mean/Median Days Homeless***	Time Period
Iowa Balance of State Continuum of Care	5,485	5,994	133/43	Federal FY 2016
Last Permanent Address was in Black Hawk County	952	No Data	No Data	2016

*Entries into Emergency Shelter, Safe Havens, or Transitional Housing

**Exits from Emergency Shelter, Safe Havens, Transitional Housing, or Rapid Re-Housing

***Length of Time in Emergency Shelter, Safe Haven, or Transitional Housing

WATERLOO/CEDAR FALLS POINT-IN-TIME COUNT – JANUARY 2013

Population	Sheltered	Unsheltered
Persons in Households with Adult(s) and Child(ren)	64	0
Persons in Households with Only Children	0	0
Persons in Households with Only Adults	37	0
Total	101	0

Source: HUD 2017 Homeless Populations and Subpopulations Report, Iowa Balance of State CoC FY2017 CoC Consolidated Application to HUD, Institute for Community Alliances 2017 Analysis of Housing in Iowa, Waterloo/Cedar Falls Consortium 2015-2019 Five-Year Consolidated Plan

Table 17: Shelter and Housing Programs for People Experiencing Homelessness in Black Hawk County

Organization	Facility/Program	Type*	Number of Beds/Units	Notes
Salvation Army	Emergency Shelter [men]	ES	18 beds	
Salvation Army	Emergency Shelter [women & children]	ES	8 units w/32 beds total	30 women on waitlist as of Jul/Aug 2017
Catholic Worker House	Emergency Shelter [men & women]	ES	22 beds (15 men, 7 women)	
Christian Community Development	House of Hope [mothers & children]	TH	10 units w/24 beds total	40 women on waitlist as of Jul/Aug 2017
Pathways Behavioral Services	Junkman/Knoebel Center [men recovering from addiction]	TH	25 beds	
Cedar Valley Friends of the Family	Northeast Iowa Permanent Housing [domestic violence survivors]	PSH	27 beds (16 family units w/17 beds total, 10 adult-only beds)	Mix of families vs. individuals depends on who is participating in the program at any given time
Community Housing Initiatives	CHI - Permanent Housing	PSH	12 units w/13 beds (1 family unit w/2 beds, 11 adult-only beds)	Mix of families vs. individuals depends on who is participating in the program at any given time
Cedar Valley Friends of the Family	CVFF - CVAD Rapid Rehousing [domestic violence survivors]	RRH	36 beds (9 family units w/29 beds, 7 adult-only beds)	Mix of families vs. individuals depends on who is participating in the program at any given time
Hawkeye Area Community Action Program	Supportive Services for Veteran Families (SSVF)	RRH	No data	Varies - program is available in several Eastern Iowa counties
Operation Threshold	Tenant-Based Rental Assistance	RRH	30 units (approximate)	Not listed on the 2017 Housing Inventory County for the Iowa Balance of State Continuum of Care. Funded by City of Waterloo, Waterloo Housing Trust Fund, and United Way.
Exceptional Persons, Inc.	Tenant-Based Rental Assistance (people with disabilities)	RRH	7 units (approximate)	Not listed on the 2017 Housing Inventory County for the Iowa Balance of State Continuum of Care. Funded by Waterloo Housing Trust Fund.
Total ES and TH Beds			127	
Total PSH and RRH Units			91	

*ES = Emergency Shelter TH = Transitional Housing PSH = Permanent Supportive Housing RRH = Rapid Re-Housing

Source: HUD 2017 Housing Inventory Count Report, Community Housing Initiatives New Project Application (HOPES) for 2017 Iowa Balance of State CoC Competition, Waterloo Housing Trust Fund

Table 17 shows the supply of shelter and housing beds for people experiencing homelessness in Black Hawk County. Although the total number of Emergency Shelter and Transitional Housing beds (127) is somewhat higher than the total number of homeless individuals in Black Hawk County in the 2017 PIT Count, the waitlists for certain programs suggest that there is more housing instability and pent-up need for shelter than these facilities can address. Moreover, shelters alone are unable to meet the needs of many people who use them. For example, between July 1, 2016 and June 30, 2017, the Salvation Army shelters in Waterloo served 213 individuals, of whom 129 had no income at entry and 81 had a disabling condition. Of the 180 individuals who left the Salvation Army shelters during this same time period, only 79 (44%) exited to a permanent housing destination.

The supply of permanent housing opportunities for people experiencing homelessness is limited in Black Hawk County. As shown in Table 17, Permanent Supportive Housing (PSH) and Rapid Re-Housing (RRH) programs (discussed further below) assist only about 91 households in Black Hawk County. Even if we conservatively assume that each of these households has 3 members, PSH and RRH assistance is available for fewer than one-third of the estimated 952 households that become homeless each year (Table 16). Moreover, much of this assistance is targeted to domestic violence survivors or veterans, not the general homeless population.

Black Hawk County's Local Homeless Coordinating Board (LHCB) acts as an informal Continuum of Care, coordinating efforts among service providers and local government agencies, and promoting the expansion of permanent housing for people experiencing homelessness. Several recent efforts have been supported by LHCB and its members:

- The LHCB and other homeless service networks in Iowa's Balance of State CoC are implementing a new Coordinated Entry system, as mandated by HUD, to streamline the process for people experiencing or at risk of homelessness to receive assistance. Traditionally, people in need of homeless services have received them on a first-come, first-served basis, and the services are not always well tailored to their needs. Black Hawk County's Coordinated Entry system, launched in early 2019, standardizes the intake processes by homeless service providers so that people in need are referred to the most appropriate program²³.

²³ Some critics charge that Coordinated Entry (CE) is merely a means to screen people out of the homeless system. (See Bassuk et al. 2015. *Services Matter: How Housing & Services Can End Family Homelessness*. Needham, MA: The Bassuk Center on Homeless and Vulnerable Children & Youth. <http://www.bassukcenter.org/services-matter/>. Retrieved 3/14/18). However, homeless service programs – including emergency shelters, transitional housing, supportive service programs, and permanent housing programs that are not based on a Housing First model – have always screened people out. Traditionally, homeless households have been screened out of programs based on factors such as family composition or ability to follow program rules that might be overly restrictive – reasons that are less fair or transparent than those used by Coordinated Entry programs. A well-designed CE program refers

- The developers of Unity Square Townhomes set aside 8 apartments for people exiting homelessness.
- Community Housing Initiatives, an Iowa-based nonprofit affordable housing provider with an office in Waterloo, started a SOAR program in May 2017. SOAR, funded by the federal Substance Abuse and Mental Health Services Administration (SAMHSA), assists people with disabilities who are experiencing or at risk of homelessness with applications for Supplemental Security Income (SSI) and Social Security Disability Insurance. By helping homeless and at-risk people with disabilities navigate the complex application process for these programs, SOAR helps applicants receive a decision from the Social Security Administration much more quickly. CHI's SOAR program is open to all homeless and at-risk people with disabilities in the Waterloo area, not just to those involved in CHI's other programs.
- Black Hawk County joined the White House Data Driven Justice Initiative (DDJ) in 2016. DDJ facilitates data sharing between law enforcement and health care systems to identify low-level offenders with mental illness who frequently interact with the criminal justice system, and divert them to programs that provide housing and treatment.

An additional development relevant to homeless services is Black Hawk County's participation in the Stepping Up initiative, a national effort to divert people with mental illness from the criminal justice system and connect them to treatment and housing. The County joined the Stepping Up initiative in 2015, and the local Stepping Up committee is working with law enforcement, healthcare providers, mental health professionals, and other agencies to build the relationships needed to effectively identify and serve people with mental illness who have frequent contact with law enforcement. The local Stepping Up initiative is in the process of coordinating with the Waterloo area's homeless service system. Specifically, the Stepping Up initiative is attempting to identify pathways for people with mental illness to find housing once they have been diverted from the criminal justice system.

The efforts listed above are part of a broad nationwide shift from a "treatment first" model of addressing homelessness to a "Housing First" model. According to the Housing First model, housing is a fundamental right, and the root cause of homelessness is the severe shortage of affordable housing in communities across the nation, not the behavioral issues of homeless

homeless households to programs that match their need based on their level of vulnerability, and prevents agencies from cherry-picking or "creaming" preferred clients. However, when funding for homeless services is limited, CE programs cannot ensure that everyone who needs assistance will receive it. Another emerging concern is whether CE exacerbates racial disparities, and the designers of the Vulnerability Index- Service Prioritization Decision Assistance Tool (VI-SPDAT) started phasing out this assessment tool in 2021 (see OrgCode 2021: <https://www.orgcode.com/blog/a-message-from-orgcode-on-the-vi-spdats-moving-forward>).

people themselves. Housing is seen as a platform of stability on which other interventions, such as job skills training and mental health or substance abuse counseling, are more likely to succeed. However, Transitional Housing programs still provide an important option for certain homeless households with complex needs, such as domestic violence survivors, parenting teens, and recovering addicts.

A key element of the Housing First model is that *voluntary* supportive services are made available to homeless participants—the participants are not required to participate in services as a condition of receiving housing assistance. To some extent, Transitional Housing Programs can also apply this concept by limiting requirements and barriers to entry. The national shift toward Housing First, and best practices for preserving Transitional Housing options, are discussed in more detail in Appendix D.

One possible approach in Waterloo, as in most communities across the nation, may be to expand assistance options for homeless individuals and families whenever possible, and direct households to the options that best meet their needs. With recent local efforts to expand Housing First programs and implement a Coordinated Entry system for homeless services, this process is already underway by the LCHB and its affiliated members. The process needs *sustained* political and financial support from local governments, philanthropic organizations, and other agencies.

Seniors and People with Disabilities

As the Demographic Analysis section showed, 15% of Waterloo’s population was 65 years or older in the 2015 1-year ACS estimates, while 10.6% of the population had at least one disability. There is substantial overlap between these two populations – according to the 2015 1-year ACS, 37% of people with disabilities are 65 or older. Many seniors and people with disabilities struggle to find adequate housing, since they are often on fixed incomes and need homes that have accessibility features such as grab bars in bathrooms, wheelchair ramps, and wide doorways to accommodate wheelchairs.

According to HUD CHAS data, senior-headed households (with a household head age 62 or older) are generally less likely to have housing problems (Table 18). Among low- and moderate-income homeowners, senior-headed households are at least 20 percentage points less likely to have housing problems than non-senior-headed households in the same income bracket. This is not surprising, since many senior homeowners have paid off their mortgages.

Among low-income renters, senior-headed households are nearly 20 percentage points less likely to have housing problems than non-senior-headed households, which may reflect the impact of Waterloo’s subsidized rental stock for low-income seniors. Only in the moderate-income renter category are senior-headed households more likely than non-senior-headed households to have

housing problems (38% compared to 29%, respectively). However, among LMI senior-headed households, renters are more likely than owners to have housing problems, suggesting that Waterloo's affordable senior housing stock does not fully meet the needs of senior renters.

Table 18: Housing Problems among Senior-Headed Households

Owner Household Type	Percent of Households with One or More Housing Problems		
	Extremely Low-Income (0-30% AMI)	Low-Income (31-50% AMI)	Moderate-Income (51-80% AMI)
Not Senior-Headed	89%	55%	36%
Senior-Headed	64%	30%	16%

Renter Household Type	Percent of Households with One or More Housing Problems		
	Extremely Low-Income (0-30% AMI)	Low-Income (31-50% AMI)	Moderate-Income (51-80% AMI)
Not Senior-Headed	88%	79%	29%
Senior-Headed	69%	61%	38%

Source: HUD CHAS 2010-2014

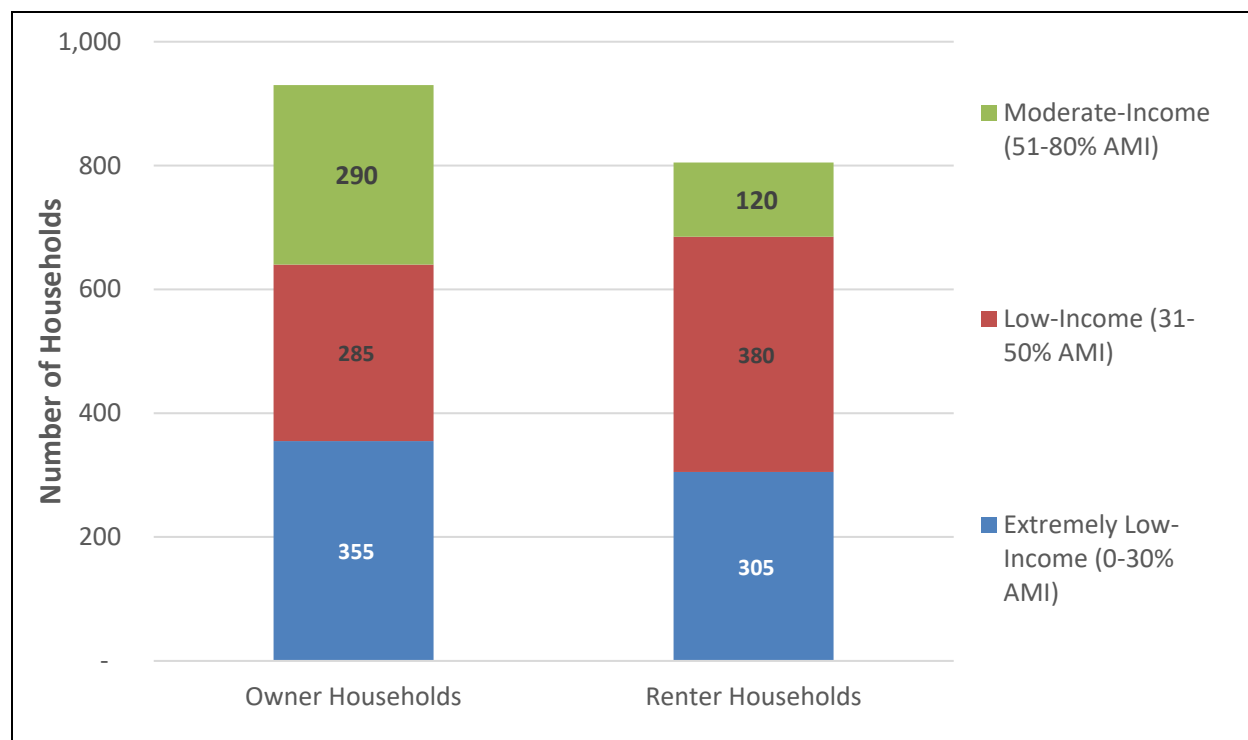


Figure 24: Counts of Senior-Headed Households with Housing Problems in Waterloo

Source: HUD CHAS 2010-2014

Although LMI senior-headed households are generally less likely to have housing problems than LMI households overall, the number of such households with housing problems is still substantial (Figure 24). Housing problems are found among an estimated 1,735 LMI senior-headed households, slightly over half of which are owner households. However, these numbers may underestimate the housing needs of low-income seniors, since CHAS data does not take home accessibility into account. For seniors with disabilities, home accessibility improvements or availability of affordable, accessible rentals often make the difference between staying in their homes or moving into institutional settings.

Like senior-headed households, households with a disabled member tend to be underrepresented among LMI households with housing problems, though not to the same degree as senior-headed households. For example, among renter households between 31% and 50% AMI, 69% of households with disabled members have housing problems, compared to 76% of households without disabled members (Table 19). LMI owner households with disabled members may disproportionately include seniors who have paid off their mortgages, while LMI renters with disabled household members may have more access to subsidized units than those without disabled members.

Table 19: Housing Problems among Households that have Members with Disabilities

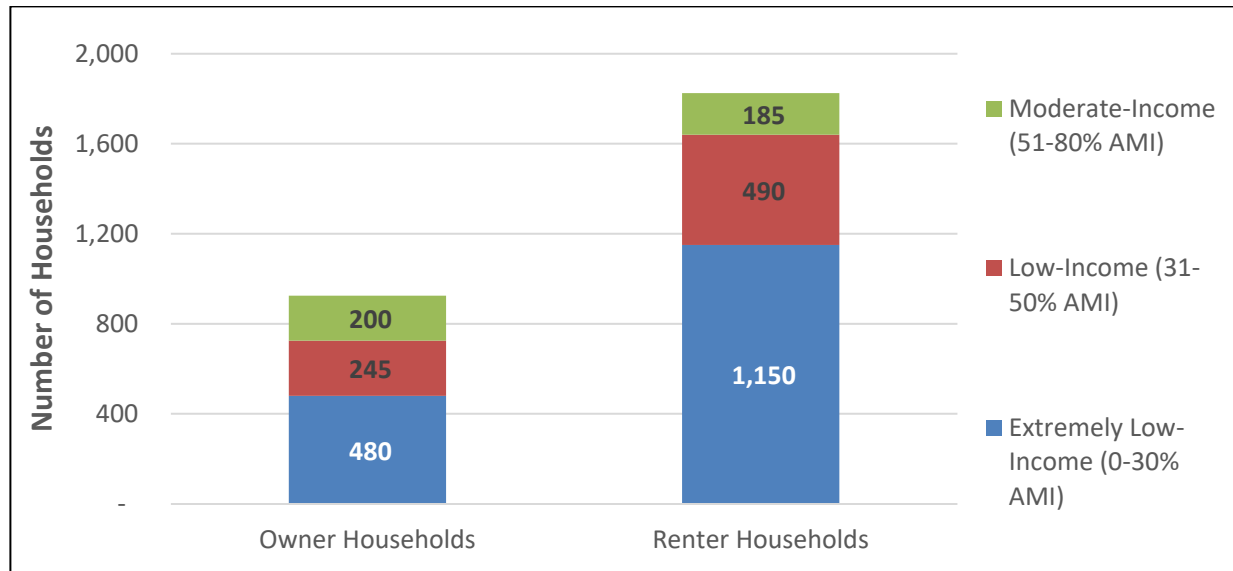
Owner Household Type	Percent of Households with One or More Housing Problems		
	Extremely Low-Income (0-30% AMI)	Low-Income (31-50% AMI)	Moderate-Income (51-80% AMI)
No household members with disability	89%	49%	30%
Household member has a disability	81%	32%	18%

Renter Household Type	Percent of Households with One or More Housing Problems		
	Extremely Low-Income (0-30% AMI)	Low-Income (31-50% AMI)	Moderate-Income (51-80% AMI)
No household members with disability	91%	76%	29%
Household member has a disability	88%	69%	35%

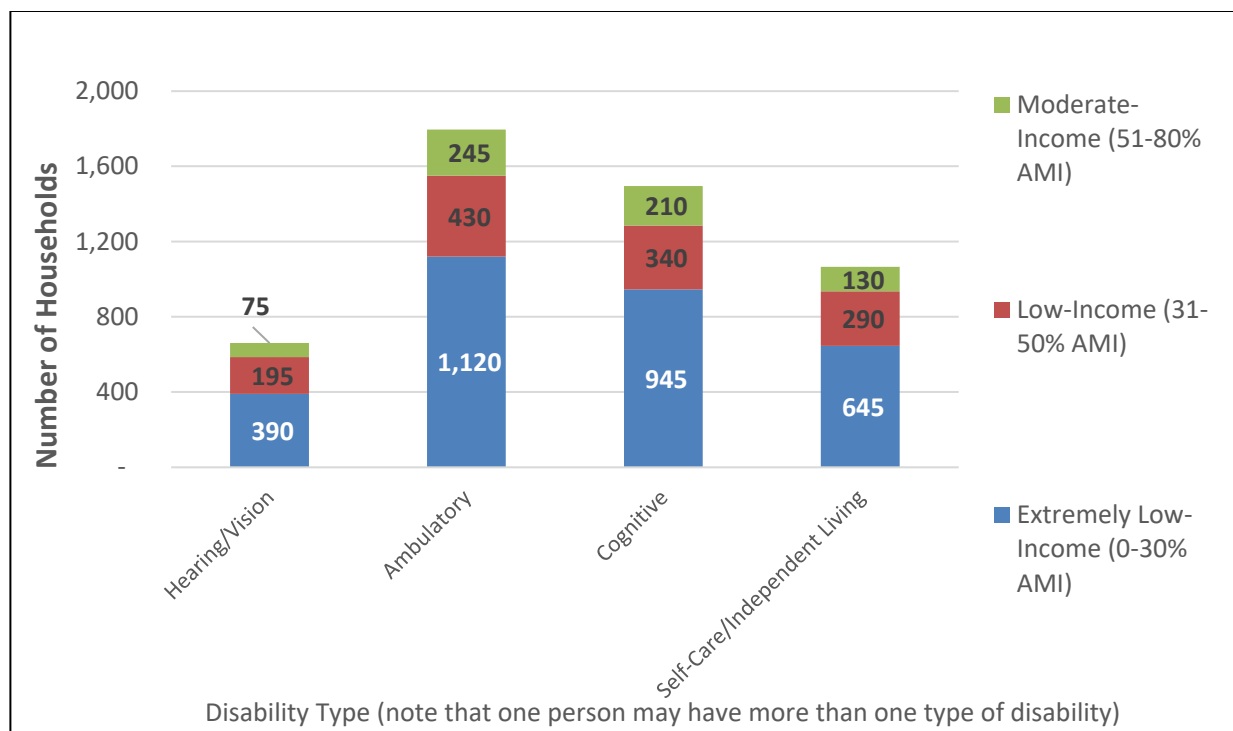
Source: HUD CHAS 2010-2014

Approximately 2,750 LMI households with disabled members have housing problems (Figure 25). In contrast to senior-headed households, housing problems occur among a higher number of renter households with disabled members than among owner households, and ELI households

account for a majority of LMI households with disabled members and housing problems. Among these 2,750 households, ambulatory limitations are the most common disability type, highlighting the importance of developing and retrofitting affordable units with accessibility features.



a. Housing Problems by Tenure



b. Housing Problems by Disability Type

Figure 25: Households with a Disabled Member and One or More Housing Problems

Source: HUD CHAS 2010-2014

The data on housing problems among LMI households with disabled members reinforces anecdotal evidence from local disability service providers, who attest that affordable rental housing for people with disabilities is in short supply. Many of Waterloo's subsidized rental housing developments are restricted to both seniors and non-elderly people with disabilities, and the availability of these dedicated units may partly explain why rates of housing problems are lower among LMI renter households with disabled members than among those without. However, as a group, low-income (up to 50% AMI) renter households with disabled members are more likely to have housing problems than low-income senior-headed renter households. Moreover, the greater concentration of housing problems among renter households with disabled members in the ELI income bracket, as compared to ELI senior renters, suggests that Waterloo's subsidized special needs housing has made less headway among people with disabilities than among the low-income senior population.

Immigrant Populations

Reliable data on the housing needs of immigrant populations is not available, so a paper survey on housing and quality of life in Waterloo was administered to English Language Learner (ELL) classes by Hawkeye Community College Metro Center instructors. As discussed in the Resident Surveys section above, the ELL surveys were part of a larger effort to obtain resident input on housing and community development needs in Waterloo (Table 14). Translations of the survey were not available, so instructors assisted ELL students with understanding and completing the surveys (See Appendix C for the survey instrument). A total of 153 completed surveys were collected from ELL students. The sociodemographic data in Appendix E indicates that the most common languages spoken by ELL students at the HCC Metro Center are French, Spanish, and Burmese.

Figure 26 shows the ELL group's responses to multiple choice questions, while responses to open-ended questions are included in Appendix E. A majority of respondents (61%) are renters and about one-quarter are owners – a higher ratio of renters to owners than among non-ELL respondents. Similar to non-ELL respondents, 13% of ELL respondents live with family and friends, although some respondents who own or lease their own homes may have misunderstood this question. Also similar to the non-ELL groups, the percentage of ELL respondents who report housing problems (29%) is about double the percentage who report that their housing is unaffordable (15%). In open-ended feedback, respondents reported a wide range of housing problems, from leaky faucets to mold, vermin, and cracks in walls and ceilings.

However, ELL and non-ELL respondents diverge sharply on the ease of finding decent, affordable housing. In the ELL group, the most common response to this question was "Somewhat Easy" (34%), and "Very Easy" and "Somewhat Easy" responses combined (65%) outweigh "Very Hard"

and “Somewhat Hard” responses (33%). Language barriers may have prompted some respondents to interpret the question as simply “How easy is it to find housing?”. Comments from the minority of respondents who marked “Somewhat Hard” or “Very Hard” suggest that some immigrants face housing barriers similar to those of low- and moderate-income Americans—including the low quality of inexpensive housing and concerns about safety—as well as language barriers.

When asked if they or anyone they know had experienced housing discrimination, the vast majority of ELL respondents (83%) marked “No” – far higher than the percentage of non-ELL respondents who answered “No.” Six percent and 11% of ELL respondents marked “Yes” and “Not Sure,” respectively, and some of these respondents provided open-ended feedback that they experienced discrimination based on their accent, limited English proficiency, or race. It is possible that discrimination rates among ELL students may be higher, since they may be less familiar with the concept of housing discrimination, and less likely to recognize it when it occurs.

Table 20 identifies the most common categories of feedback from ELL respondents regarding recent positive developments and changes needed in Waterloo. Because the ELL instructors who administered the surveys often discussed questions with their classes as a group, many respondents gave similar answers, and the responses may be influenced by suggestions from some instructors (see Appendix C). The positive developments identified by ELL respondents are largely different in type and emphasis than those identified by non-ELL respondents. Schools, ELL education, and jobs are paramount, and multiple respondents also cited cleanliness, affordable rents, and good hospitals and emergency services. ELL respondents, like non-ELL respondents, value Waterloo’s cultural attractions and events, with several citing specific examples such as the SportsPlex and Juneteenth. The “good people” theme may be similar to the personal factors cited by several non-ELL respondents.

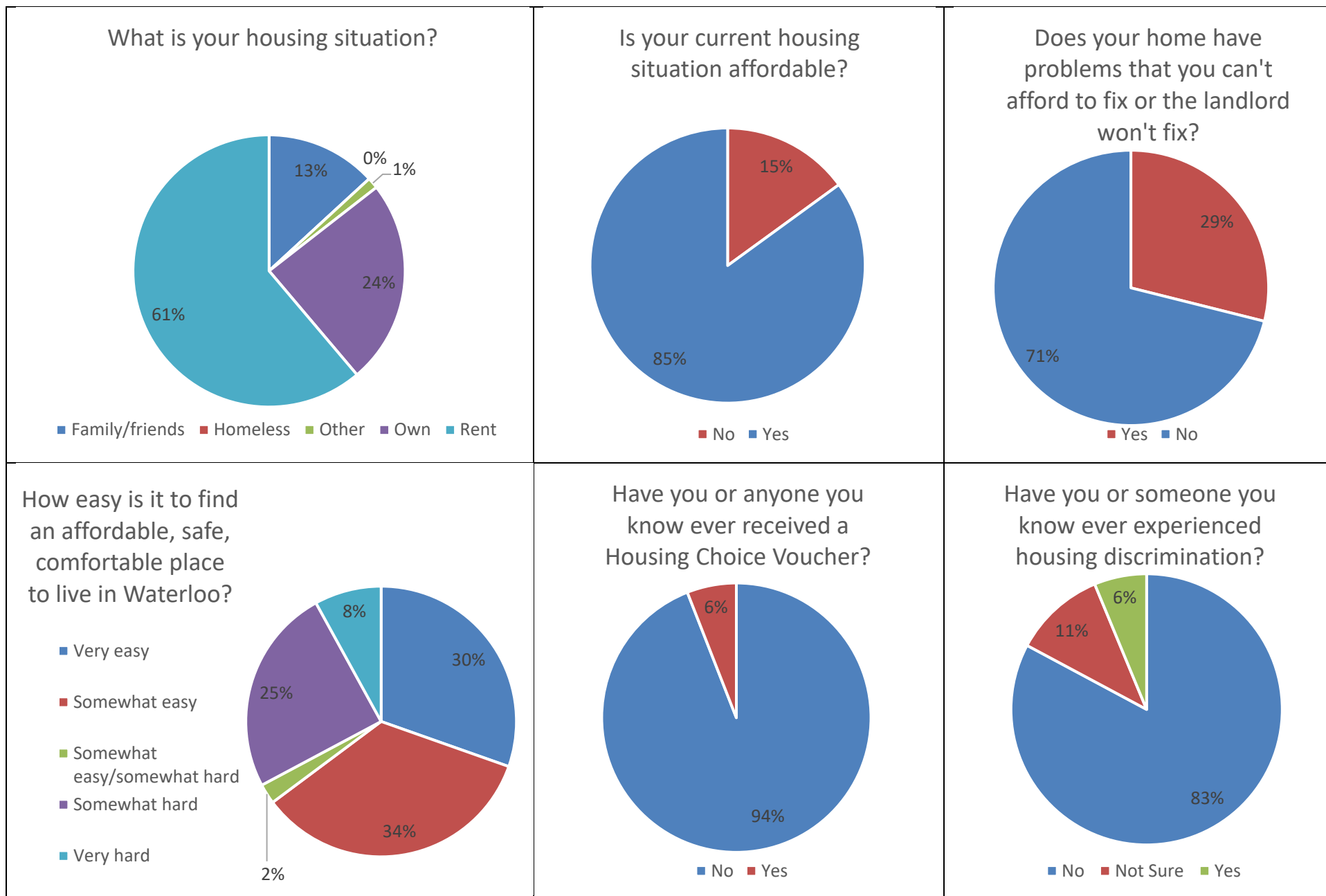


Figure 26: Waterloo English Language Learner Responses to Multiple-Choice Survey Questions

Table 20: Survey Feedback from English Language Learners on Positive Developments and Changes Needed in Waterloo

Good things in Waterloo:	# of responses
Schools	25
ELL education/teachers	22
Jobs	22
Cleanliness of city	9
Cultural attractions/events	8
Affordable rents	8
Good people	7
Emergency services	7
Hospital	6
Streets/street improvements	2

Changes needed in Waterloo:	# of responses
Crime/Safety	20
Road maintenance/repair needed	13
Hospital/health costs	13
Better jobs	13
Housing condition/age	10
More public transportation	6
Housing cost/supply	6
Cleanliness/garbage	5
More businesses	4
Accommodation for immigrants/ English Language Learners	3
Recreational opportunities	2
Taxes	2
Less road construction	2
Discrimination	2
Other transportation issues	2
Safer school bus stops	2

Similar to non-ELL groups, ELL respondents provided more feedback about changes needed in Waterloo than about positive developments, and identified crime as a major concern. Other major concerns among ELL respondents, including road maintenance needs, healthcare costs, and jobs, were less prevalent or did not arise among non-ELL respondents. On the surface, some of the concerns cited by ELL respondents – such as healthcare costs and garbage – seem to contradict the positive attributes identified. This may reflect conflicted feelings among individual

respondents, as well as variations among neighborhoods in Waterloo. Concerns about housing condition and costs were widespread, but received less emphasis than among non-ELL respondents. By contrast, several ELL respondents expressed a desire for more public transportation options, while only one non-ELL respondent mentioned public transit. Similar to non-ELL groups, though, several ELL respondents expressed a desire for more businesses and cultural opportunities.

Overall, the feedback from ELL respondents highlights challenges that immigrants face finding housing and living in Waterloo. While most ELL respondents are satisfied with their housing—more so than non-ELL respondents—a substantial minority of ELL respondents have concerns about the quality of their housing. Several respondents expressed a desire for better jobs, suggesting that many English Language Learners hold jobs with low wages, difficult working conditions, or both. Some respondents may have faced unlawful housing discrimination on the basis of national origin, race, or color. ELL respondents may also be more reliant on public transit than Americans of similar incomes, as evidenced by the comments that more bus service is needed.

Despite these challenges, some English Language Learners may also have certain advantages over LMI Americans. As shown in the sociodemographic data in Appendix C, about one-quarter of ELL students have education and training beyond high school, including over 18% with a Bachelor's degree or higher. This is not surprising, since citizens of many countries are more likely to obtain U.S. visas if they come from middle-class and professional backgrounds. Moreover, many immigrants come to the U.S. without the substantial debt burdens, past evictions, and bankruptcies that can result from a lifetime of low-wage work or unemployment in the U.S.

It is important to understand these advantages possessed by some immigrant groups, since their upward mobility is sometimes used by policy makers and private citizens to make generalizations about LMI and minority Americans who have not achieved the same success. It would be beneficial for employers, housing providers, elected officials, educators, and others to support *both* groups in addressing the unique challenges they face.

Housing Supply and Demand Analysis

This section combines data on population and household size trends, home construction, demolitions, available residential lots, and other factors to estimate supply and demand for new housing in Waterloo between 2021 and 2040. According to City data on residential permits issued from October 2014 to October 2017, an average of 142 units were permitted annually, serving as a baseline for the housing supply and demand projections in this section (**Error! Reference source not found.**). These permitted units include a combined total for single-family homes, townhomes, and condominiums of 50 units annually on average, as well as an average of 92 multifamily units. The annual volume of building permits issued is only 0.46% of the City's total

housing stock, which is relatively low compared to the optimal value of 1% for a “normal” housing market. At Waterloo’s baseline rate of residential permitting, 2,840 new units will be added between 2021 and 2040.

The City conducts an average of 26 demolitions per year. Additionally, communities experience housing stock “attrition” as some units are withdrawn from the housing market each year due to deterioration, abandonment by owners, or other factors. The Iowa Housing Needs Assessment, published by Iowa State University in 2009, determined an attrition rate of 0.67% for existing single-family, owner-occupied housing in metropolitan counties. By taking into account both Waterloo’s demolition rate and the 0.67% attrition factor, we estimate that 1,384 units will be lost from Waterloo’s housing stock between 2021 and 2040, resulting in a *net* addition of 1,456 units (see Appendix E for additional calculations). For the housing demand projections discussed below, the net unit production rate is assumed to be 728 per decade or 73 annually.

Table 21: Future Housing Supply Projections for Waterloo

Supply Variable	Value	Source
New homes/year	142	City of Waterloo building permit data 2014 - 2016*
Demolitions/year	26	City of Waterloo demolition data 2014 - 2016
Estimated attrition (conservative)	0.67%	Source: Iowa Housing Needs Assessment 2009
Gross new units added 2021 - 2040	2,840	142 units/year x 20 years
Units demolished 2021-2040	520	26 demolitions/year x 20 years
Total units lost from housing stock 2021 - 2040	1,384	Calculated using demolition rate and assumed attrition rate - see Appendix E for methodology
Net new units added 2021 - 2040	1,456	Units added minus Units lost (728/decade or 73/year)
Available lots (as of 2017)	2,456	City of Waterloo data on available lots (2,280 non-City-owned, 176 City-owned)*
Estimated new lots needed to accommodate projected new units by 2030	124	Average of 384 (Gross new units added minus Available lots) and -136 (Gross new units added minus Available lots minus Demolitions)

*Black Hawk County Assessor data and City of Waterloo Community Planning & Development Department data on City-owned residential lots (176 lots); Black Hawk County Assessor data on privately owned residential lots with assessed value \geq \$600 (2,280 lots). See Appendix E for additional calculations.

As of 2017, Waterloo had 2,456 vacant residential lots that could potentially be developed, including 176 City-owned lots and 2,280 lots owned by other parties. Over time, new residential development will be able to absorb buildable lots. An estimated 520 residential units will be demolished between 2021 and 2040, possibly contributing new buildable lots. Depending on how

many new lots are added from demolitions, Waterloo may have a surplus up to 136 lots or a deficit of 384 lots. The average estimate is a shortfall of 124 lots by 2040.

To calculate future housing demand in Waterloo, we modeled two scenarios (Table 22):

- Scenario 1: Waterloo's population remains unchanged at 67,314 from 2020 to 2040; linear projection of average household size decline from 2000 to 2010 (-0.04 per decade).
- Scenario 2: Waterloo's population grows at a moderate rate from 2020 to 2040 (see Appendix E for methodology). Average household size remains unchanged from 2010 (2.35).

Table 22: Future Housing Demand Projections for Waterloo

Demand Scenario	Projected Pop. 2030	New HHs added 2021-2030	New HHs/yr	Net units added/yr	Additional units needed 2021 - 2030**	Permits/yr to meet need 2021 - 2030
#1 (assuming no pop. change, HH size declines*)	67,314	692	69	73	-36	138
#2 (assuming moderate pop. growth, HH size unchanged)	69,980	817	82	73	89	151

Demand Scenario	Projected Pop. 2040	New HHs added 2031-2040	New HHs/yr	Net units added/yr	Additional units needed 2031 - 2040**	Permits/yr to meet need 2031 - 2040
#1 (assuming no pop. change, HH size declines*)	67,314	532	53	73	-196	122
#2 (assuming moderate pop. growth, HH size unchanged)	71,022	443	44	73	-285	114

Demand Scenario	Projected Pop. 2040	New HHs added 2021-2040	New HHs/yr	Net units added/yr	Additional units needed 2021 - 2040**
#1 (assuming no pop. change, HH size declines*)	67,314	1,224	61	73	-232
#2 (assuming moderate pop. growth, HH size unchanged)	71,022	1,260	63	73	-196

*Average household size decreased from 2.39 in 2000 to 2.35 in 2010, a decline of 0.04/decade. Future households are projected from 28,962 occupied housing units in the 2020 decennial Census, assuming an average household size decline of 0.04/decade. **New households added minus 728 net units added per decade. See Appendix E for population projection methodology.

Scenario 1 is similar to Waterloo's actual demographic trends between 2000 and 2010 – the population remained essentially unchanged while average household size decreased. In Scenario 1, Waterloo's population remains at 67,314, but the decrease in household size results in an additional 1,224 households by 2040. Since 1,456 net new housing units will be available by 2040 if residential permitting continues at its baseline rate, a surplus of 232 units would be available. The City can meet new housing demand under Scenario 1 by permitting 138 housing units per year between 2021 and 2030 – slightly less than the baseline rate of 142 per year – and reducing the annual permitting rate to 122 units per year from 2031 to 2040.

In Scenario 2, the population increases to 69,980 by 2030 (a 3.96% increase from 2020) and to 71,022 by 2040 (a 1.5% increase from 2030). In this scenario, the City adds 817 households between 2021 and 2030, or 82 households annually. This household growth rate outpaces the estimated net housing addition rate of 73 units annually. As a result, this scenario would require 89 additional housing units beyond the 728 units projected to be added each decade. To meet this demand, the annual rate of housing permits would need to increase from its baseline of 142 to 151 units per year.

Between 2031 and 2040, projected population growth in Scenario 2 is slower than in the previous decade. As a result, this scenario projects that the City will add fewer households (44) than housing units (73) on an annual basis. The baseline permitting rate of 142 units per year would result in a surplus of 285 units by the end of the decade. A permitting rate of 114 units per year would be sufficient to meet new housing demand between 2031 and 2040.

Summary of Housing Needs

Waterloo's housing market is relatively soft, with generally lower housing costs and higher vacancy rates than Iowa as a whole. However, incomes in Waterloo are low as well, compared to county and statewide levels, so residents are at least as susceptible to housing cost burden as households statewide. Extremely low-income (ELI) households and renter households are especially likely to pay more than they can afford for monthly housing costs.

As Waterloo's substantial cost burden rates suggest, its rental and ownership housing inventories are less affordable and accessible than they appear at first glance. According to Multiple Listing Service (MLS) data, homes for sale in Waterloo spend little more than a month on the market on average, and sale volume as a share of all owner housing is relatively low, indicating some market tightness. Median home prices may be out of reach for some low- and moderate-wage workers who provide vital services in the community, while the inventory of low-cost homes is limited and, in some cases, substandard.

For renters, units available in newer and professionally managed complexes tend to be more expensive. Extensive survey feedback from low- and moderate-income residents confirms that “affordable” rental units tend to be low-quality and located in distressed neighborhoods. Subsidized rental developments provide a vital but limited resource for LMI renters, with generally low vacancy rates and long waitlists, particularly for units with deep subsidies. Demand is especially high for subsidized rentals accessible to seniors and people with disabilities. Although subsidized rental housing for these populations noticeably reduces their susceptibility to housing cost burden, Waterloo still has hundreds of LMI seniors and people with disabilities who face cost burdens or other housing problems.

Naturally, people experiencing homelessness in Waterloo face the most acute housing problems. While data on homelessness in Waterloo is limited, close to 1,000 people in Black Hawk County may become homeless at some point each year. The supply of shelter and transitional housing beds, Permanent Supportive Housing (PSH) rental units, and Rapid Re-Housing (RRH) funds is insufficient to assist all those experiencing homelessness in the County. As in other communities across the nation, homeless service providers and their partners in Black Hawk County are striving to improve coordination and shift toward a “Housing First” model, while preserving transitional housing for certain homeless populations with complex needs.

Waterloo offers several different housing programs with a range of overlapping goals. The City of Waterloo operates owner-occupied rehabilitation and repair programs for LMI homeowners, and provides financial support for new home construction for LMI homebuyers, as well as home accessibility modifications for people with disabilities. To promote investment in core neighborhoods, the City offers tax abatements in a designated Consolidated Urban Revitalization Area (CURA), and has acquired dozens of abandoned residential properties through the 657A process for private developers to purchase and redevelop. To increase Waterloo’s tax base and keep its housing market competitive, the City promotes new home construction in neighborhoods outside the core with the successful City Limits Urban Revitalization Area (CLURA) tax abatement program. Additional programs, including a \$5,000 incentive for rehabilitation or new construction of housing on infill lots and a \$1,000 match for certain projects receiving state Workforce Housing Tax Credits, complement the CURA and CLURA tax abatement programs. In total, however, Waterloo's housing needs exceed available resources.

This document provides first-hand perspectives of housing and neighborhood quality in Waterloo, both from windshield surveys in representative Census tracts, and surveys of LMI residents and members of the City’s growing immigrant population. Additionally, GROW Committee members provided valuable guidance on the challenges and opportunities for expanding housing development and homeownership in Waterloo. The windshield surveys indicated that most of Waterloo’s housing stock is in good condition, but over 4,000 units

citywide are estimated to be in fair condition, while hundreds more are in poor or dilapidated condition. Many Waterloo residents reported that they or people they know live in substandard housing in distressed neighborhoods, since they cannot afford or qualify for better housing. In addition to cost, many residents have difficulty finding housing due to credit problems, criminal or eviction histories, or language barriers, and may be vulnerable to exploitation by the landlords willing to rent to them. Housing Choice Voucher (“Section 8”) recipients face the additional challenge of finding a landlord willing to accept Section 8 before their voucher expires. Moreover, a substantial minority of respondents reported that they or someone they know may have experienced discrimination based on race, national origin, or other “protected classes.”

Survey respondents expressed great appreciation for the City’s revitalization efforts over the past two decades, including downtown and riverfront redevelopment. At the same time, respondents are concerned by the prevalence of substandard housing, crime, and a shortage of private investment in some areas. Many respondents expressed a desire to demolish and rehabilitate deteriorated housing and bring more businesses and youth activities to underserved areas. Many such efforts are already underway, including redevelopment of the Highway 63 Corridor, Logan Area, Walnut Neighborhood, and former industrial sites. However, these projects can take several years. Progress is being made on environmental cleanup and planning, but it may not be immediately visible or tangible to residents.

Waterloo’s future housing needs are a moving target, since trends in population, household size, and infill housing development are difficult to predict. This document projects future housing supply and demand through 2040 based on two scenarios: constant population with declining average household size, and moderate population growth with average household size unchanged. Under the first scenario, the baseline rate of housing production in Waterloo will provide adequate housing to serve new households and replace units lost through demolition or attrition. Under the second scenario, the City’s housing permitting rate would have to increase from a baseline of 142 units annually to 183 units annually between 2021 and 2030, to keep pace with increased demand. Both scenarios hope that the City would make efficient use of infill residential lots in established neighborhoods.

The City could place greater emphasis on new construction to meet future housing demand, but the benefits of doing so must be weighed against the costs of allowing infill lots to remain vacant in distressed neighborhoods. Of course, it may be unrealistic to redevelop all infill lots, since many may be vacant for a reason – market demand and appraisal values in these neighborhoods are low. Infill housing development is most likely to be successful when it is part of a broader strategy to improve neighborhoods and boost housing demand.

Housing Goals and Objectives

Based upon the findings of this Housing Needs Assessment, the following goals have been developed to maintain, revitalize, and expand Waterloo's housing stock in a coordinated manner with broader community development efforts:

GOAL 1: MAINTAIN AND IMPROVE THE QUALITY OF WATERLOO'S EXISTING HOUSING STOCK.

GOAL 2: SUPPORT INFILL HOUSING DEVELOPMENT AND REDEVELOPMENT, ESPECIALLY IN OLDER NEIGHBORHOODS.

GOAL 3: EXPAND OPPORTUNITIES FOR WATERLOO'S LOW- AND MODERATE-INCOME HOMEBUYERS AND HOMEOWNERS.

GOAL 4: EXPAND RENTAL OPPORTUNITIES AND RELATED SERVICES FOR LMI HOUSEHOLDS, INCLUDING THOSE EXPERIENCING HOMELESSNESS.

GOAL 5: SUPPORT INCREASED MARKET-RATE HOUSING DEVELOPMENT.

GOAL 6: SUPPORT COMMUNITY DEVELOPMENT, WORKFORCE DEVELOPMENT, AND OTHER EFFORTS INTEGRALLY RELATED TO QUALITY OF LIFE AND HOUSING DEMAND IN DISINVESTED NEIGHBORHOODS.

GOAL 7: SUPPORT EXPANSION OF WATERLOO'S INSTITUTIONAL STRUCTURE FOR HOUSING DEVELOPMENT.

Each goal is supported by several proposed objectives, many of which include italicized bullet points with further details and context. The City of Waterloo does not have sole responsibility for the proposed goals and objectives, which can only be accomplished in collaboration with developers, nonprofit agencies, financial institutions, philanthropic organizations, and other stakeholders. However, the goals and objectives are phrased in terms of actions the City can take, at least as a facilitator or collaborator.

Many of the objectives below would require new or redirected funding sources. Ideally, general revenue or other City revenue – beyond the CDBG and HOME funds the City already receives – would be one of the funding sources available to implement the Housing Needs Assessment's goals. If expanded or redirected City funding is not politically or financially feasible, support from private donors will become increasingly important. The goals and objectives identify *specific* initiatives that could benefit from private-sector support, such as start-up funding for a Community Land Trust (CLT) or Neighborhood Finance Corporation, a damage contingency fund to encourage landlords to rent to Housing Choice Voucher and Rapid Re-Housing recipients, and a gap financing program for housing development in neighborhoods with low appraised values.

The goals and objectives promote a balanced approach to housing and community development. The City must strike a balance between revitalizing distressed neighborhoods and expanding fair housing choice, and between expanding tax base in growth areas and reinvesting in older neighborhoods. As a result, the objectives include provisions for targeted investments in both distressed neighborhoods and growth areas.

GOAL 1: MAINTAIN AND IMPROVE THE QUALITY OF WATERLOO'S EXISTING HOUSING STOCK.

Objective 1: Maintain and, if possible, expand the City of Waterloo's programs for single-family rehabilitation and emergency repair for LMI homeowners.

- *Consider supplementing declining Community Development Block Grant (CDBG) and HOME funds with a local revenue source, such as general revenue, a modest hotel tax increase, Waterloo Housing Trust Fund monies, etc.*

Objective 2: When possible, make housing funds available for rehabilitation of rental units for LMI households.

- *Consider shifting CDBG or HOME funds toward rental rehabilitation in the next Consolidated Plan, if appropriate.*
- *To the extent possible, avoid rewarding negligent landlords and ensure that participating landlords have a good-faith commitment. For example, rental rehabilitation assistance may be targeted to landlords below a certain income threshold, as allowed by the funding source. The landlord's good faith may also be demonstrated by their commitment to keep rents affordable to LMI tenants for a certain period of time, as federal and state funding sources require.*

Objective 3: Pursue a robust and balanced residential code enforcement strategy.

- *Effective code enforcement should treat similar violations equitably to avoid court challenges. In cases where it is necessary or appropriate for the City to take possession of a dilapidated property through the 657A process, legal challenges can be avoided by demonstrating that the City has a record of conducting code enforcement equitably.*
- *To be conducted equitably and effectively, a code enforcement strategy needs reliable political and financial support.*

- *When operating or supporting owner-occupied and rental rehabilitation programs, consider prioritizing property owners who are facing code enforcement actions.*
- *Consider providing local funds to help property owners above the LMI threshold correct code violations. For example, private-sector donations or general revenue may support rehabilitation assistance for property owners between 81% and 120% AMI who have no alternatives to correct code violations.*

GOAL 2: SUPPORT INFILL HOUSING DEVELOPMENT AND REDEVELOPMENT, ESPECIALLY IN OLDER NEIGHBORHOODS.

Objective 1: Consider requiring owners of vacant buildings to apply for a license and pay a fee, an approach that at least one other community in Iowa has used successfully.

- *Fees should be reasonably related to costs imposed on the City by vacant properties, and the City may place liens on vacant properties with unpaid fees²⁴.*

Objective 2: In neighborhoods where development costs typically exceed the appraised value of newly constructed housing, pursue “gap financing” to allow nonprofit and for-profit developers to recoup costs and collect a reasonable developer fee.

- *Increasing the volume of new home sales in disinvested neighborhoods is critical for increasing the number of comparable sales that appraisers use to evaluate future home construction.*
- *Whenever possible, invest gap financing in small or moderately sized target areas, to maximize the likelihood that these homes will be considered as comparable sales in future appraisals in the area.*
- *Gap financing may be provided by City funds, local donors, a Federal Home Loan Bank (FHLB) grant, etc. The Waterloo Housing Trust Fund should avoid funding new construction of owner-occupied homes without strong support from stakeholders, since doing so would prevent affordable housing developers from accessing financing directly from the Iowa Finance Authority. If appropriate, the Trust Fund may offer a new home construction funding program that is complementary to the efforts of affordable housing developers that receive funding directly from IFA. For example, if the community determines that for-profit*

²⁴ For more information, see the Building American Cities Toolkit at <http://www.communityprogress.net/toolkit-pages-292.php>. Retrieved 6/27/18.

developers need additional incentives to develop affordable housing but nonprofit developers do not, the Trust Fund may choose to provide gap financing to for-profit developers only, allowing nonprofit developers to remain eligible for IFA funding.

Objective 3: Explore interest among neighborhood leaders and residents in forming a Community Land Trust (CLT) to acquire and exercise stewardship over properties experiencing or at risk of deterioration or speculation²⁵, as well as 657A properties. Determine whether a sustainable nonprofit could be formed to operate a CLT, or whether an existing nonprofit would be able and willing to assume CLT responsibilities.

- *CLTs may develop both ownership and rental housing on the land they own. Owners of CLT homes do not own the land, but rather have a ground lease with the CLT. CLT homeownership is a limited-equity model – buyers must be income-qualified, and must sell the property to another income-qualified household at a below-market price.*
- *Identify possible startup funding sources for a CLT to acquire properties, such as a grant from the Waterloo Housing Trust Fund, donations from local philanthropists, a one-time allocation of general revenue, etc.*
- *In addition to helping stabilize disinvested neighborhoods, CLTs can prevent displacement if any of Waterloo’s disinvested neighborhoods happen to experience gentrification in the future.*

Objective 4: To ensure that new development does not happen at the expense of existing neighborhoods, consider dedicating a modest percentage of increased tax valuation in CLURA developments to fund improvements in core neighborhoods, with input from neighborhood leaders.

Objective 5: Conduct community development activities in a coordinated and transparent manner to build trust in disinvested neighborhoods.

- *Whenever possible, coordinate demolitions with redevelopment on the same lots in a relatively short timeframe.*
- *Consider working with neighborhood leaders, local schools, and others to coordinate tours and visits to new developments and improvements to increase their visibility.*

²⁵ For more information on CLTs, see Hawkins-Simon, D. and Axel-Lute, M. April 4, 2018. “Organizing and the Community Land Trust Model.” Strong Towns [website]. <https://www.strongtowns.org/journal/2018/4/4/organizing-and-the-community-land-trust-model>. Retrieved 6/26/18.

- *Continue to communicate regularly with neighborhood leaders about the status of multi-year projects, such as remediation of brownfield sites.*
- *Consider providing a dedicated funding stream for historic preservation from development permit fees, general revenue, or another source. To the extent possible, support historic preservation in neighborhoods with a relatively high concentration of demolition activities.*

GOAL 3: EXPAND OPPORTUNITIES FOR WATERLOO'S LOW- AND MODERATE-INCOME HOMEBUYERS AND HOMEOWNERS.

Objective 1: Maintain and, if possible, expand the City of Waterloo's programs for single-family rehabilitation and emergency repair for LMI homeowners (see Goal 1, Objective 1).

Objective 2: Maintain and, if possible, expand programs to provide accessibility improvements to owner-occupied homes where people with disabilities live.

Objective 3: Explore opportunities to provide home purchase assistance for LMI prospective homebuyers in greater amounts than the Iowa Finance Authority provides.

- *Consider shifting CDBG or HOME funds toward purchase assistance, homebuyer education, and credit counseling in the next Consolidated Plan, if appropriate.*
- *Encourage the Waterloo Housing Trust Fund, local nonprofit agencies, and mortgage lenders to offer or support purchase assistance programs. For example, a mortgage lender could apply to Federal Home Loan Bank (FHLB) Des Moines for a down payment assistance grant on a nonprofit agency's behalf.*
- *Encourage local lenders and real estate professionals to work with homebuyers who participate in purchase assistance programs.*

Objective 4: Continue working with local developers of LMI ownership housing to provide City-owned lots at nominal cost.

Objective 5: To promote fair housing choice for LMI homebuyers and protected classes, support the construction of affordable ownership housing in neighborhoods near the city limits that are experiencing new development.

- *Consider shifting CDBG or HOME funds toward land acquisition by nonprofit housing developers in the next Consolidated Plan, if appropriate.*
- *Ensure that adequate land in Waterloo's growth areas is zoned for moderate-density residential development, including townhomes and condominiums.*

- *Encourage developers to propose subdivisions with diverse housing sizes, styles, and layouts that would be allowed in a Planned Residence District according to the Zoning Ordinance.*

GOAL 4: EXPAND RENTAL OPPORTUNITIES AND RELATED SERVICES FOR LMI HOUSEHOLDS, INCLUDING THOSE EXPERIENCING HOMELESSNESS.

Objective 1: When possible, make housing funds available for rehabilitation of rental units (see Goal 1, Objective 2).

Objective 2: Encourage a balanced approach to affordable rental development that both revitalizes distressed neighborhoods and expands fair housing choice in more affluent neighborhoods.

- *Encourage rental developers to use 657A parcels by either rehabilitating existing structures or demolishing and reconstructing housing.*
- *Ensure that adequate land in Waterloo's growth areas is zoned for multifamily development.*
- *Encourage developers to propose subdivisions with diverse housing sizes, styles, and layouts that would be allowed in a Planned Residence District according to the Zoning Ordinance.*

Objective 3: Prevent displacement of tenants in rental properties subject to code enforcement actions (see also Goal 1, Objective 3).

- *When appropriate, encourage landlords with code enforcement violations to participate in rental rehabilitation programs. This approach has the advantage of imposing an affordability period on units for LMI renters, which can prevent landlords from increasing rents to unaffordable levels to reflect the value of improvements.*
- *Consider working with the Black Hawk County District Court to explore the feasibility of establishing an expedited legal process with a dedicated judge for*

eviction hearings²⁶. Such a process might also be permitted by Iowa law to prevent landlords with outstanding violations from evicting tenants²⁷.

- Consider working with Iowa Legal Aid, the City Attorney, and other legal professionals to explore the feasibility of a City rent escrow program, which would allow tenants in properties with unresolved code enforcement issues to pay reduced rents into a City-managed escrow account until repairs were made^{28,29}.*
- Ensure that resources are available for tenants displaced by code enforcement. Consider requiring landlords to pay relocation costs for evicted tenants if the landlord withdraws a substandard building from the rental stock rather than bringing it up to code³⁰. Consider using City funds or partnering with other funders to offer relocation assistance for tenants displaced by rising rents in properties that have been brought up to code.*

Objective 4: Whenever possible, work with affordable housing developers to bring rents down to levels affordable to extremely low-income (ELI) households.

- Consider offering CDBG or HOME matching funds for proposed Low Income Housing Tax Credit (LIHTC) developments to reduce the mortgage debt needed to finance the project.*
- When appropriate, require developers of ELI rental housing to include accessibility features for people with disabilities, beyond those that may be required by other funding sources for the development.*
- On an ongoing basis, communicate with nonprofit housing developers in the region about potential opportunities to develop or rehabilitate affordable rental housing.*

Objective 5: Communicate regularly with owners and managers of Waterloo’s subsidized rental housing. If a development is experiencing high vacancy rates or unit turnaround times, facilitate

²⁶ Wells, S. March 31, 2016. “Eviction Court needs more attention from communities.” Nonprofit Quarterly [website]. <https://nonprofitquarterly.org/2016/03/31/eviction-court-needs-more-attention-from-communities/>. Retrieved 6/26/18.

²⁷ Lind, K. December 14, 2011. “The People’s Court.” Shelterforce [website]. https://shelterforce.org/2011/12/14/the_peoples_court2/. Retrieved 6/26/18.

²⁸ See ChangeLab Solutions. 2014. *A Guide to Proactive Rental Inspection Programs*. https://www.changelabsolutions.org/sites/default/files/Proactive-Rental-Inspection-Programs_Guide_FINAL_20140204.pdf. Retrieved 6/26/18.

²⁹ Note that Iowa Code Ch. 364.17 allows cities to establish an escrow account for rental payments to correct code violations. However, Iowa Code does not explicitly protect tenants who pay into a City escrow account from being evicted for nonpayment of rent. The City would need qualified legal advice to address this ambiguity.

³⁰ ChangeLab Solutions 2014.

measures to increase occupancy – such as introducing the property manager to a social service agency that can refer prospective tenants.

Objective 6: In coordination with property owners, support retrofits of older subsidized senior housing developments to improve accessibility for people with disabilities.

- *Consider shifting CDBG or HOME funds toward accessibility improvements for subsidized rental developments in the next Consolidated Plan, if appropriate.*
- *Work with the Waterloo Housing Authority to investigate opportunities to fund accessibility improvements in Ridgeway Towers.*
- *Encourage the Waterloo Housing Trust Fund to offer accessibility improvement funds specifically for subsidized rental properties.*

Objective 7: Pursue a comprehensive effort to expand housing opportunities for Housing Choice Voucher (HCV or “Section 8”) recipients.

- *Work with the Waterloo Housing Authority and local landlords to identify measures to increase landlords’ willingness to participate, such as increasing accountability of tenants and providing financial assistance, when appropriate, to correct Housing Quality Standards (HQS) deficiencies.*
- *Consider adding “source of income” as a protected class to the City’s Fair Housing Ordinance, with Housing Choice Vouchers and other forms of public rent assistance explicitly included in “source of income,” unless such an ordinance is preempted by State law. This approach has been used successfully by other jurisdictions to improve the chances of HCV recipients finding housing before their vouchers expire³¹.*

Objective 8: Work with local homeless assistance stakeholders to advance the community’s shift toward a “housing first” model to address homelessness.

- *Support Rapid Re-Housing (RRH) and Permanent Supportive Housing (PSH) programs whenever possible with City funds, and encourage other local funders (e.g. Waterloo Housing Trust Fund, philanthropic organizations) to support these projects.*

³¹ Tighe, J.R., Hatch, M.E., and Mead, J. 2017. Source of income discrimination and fair housing policy. *Journal of Planning Literature* 32 (1): 3-15. <http://journals.sagepub.com/doi/pdf/10.1177/0885412216670603>. Retrieved 6/26/18.

- *Encourage private and nonprofit donors in the region, including the Waterloo Housing Trust Fund, to incentivize Housing First approaches in their grant scoring criteria.*
- *Encourage RRH providers in the region to harmonize their programs to the greatest extent possible, to avoid duplication of efforts and confusion among landlords.*
- *Work with the Waterloo Community School District, social service agencies, employers, and other stakeholders to improve support systems for households once RRH assistance ends.*
- *Encourage the Waterloo Housing Authority and owners of subsidized rental properties to establish preferences for households exiting homelessness for a certain number of Housing Choice Vouchers or units.*
- *Encourage transitional housing providers to tailor services to populations with unique needs and reduce barriers to entry.*

Objective 9: Help coordinate efforts among the Waterloo Community School District, social service providers, Child Protective Services, and traditional homeless service providers to identify and serve precariously housed families who might not always qualify for HUD homeless assistance.

- *When appropriate, use state and local funds to support activities and populations (including families that are doubled up with others due to economic hardship) that HUD homeless assistance programs do not typically support.*

Objective 10: Consider offering or financing cultural competency and trauma-informed care trainings for local entities that interact with homeless and precariously housed families.

Objective 11: Encourage owners and managers of existing affordable housing, and developers of proposed affordable housing, to use flexible tenant eligibility screening criteria to ensure that as many ELI and homeless households as possible can benefit from affordable housing targeted to them.

- *To the extent possible, owners and managers of units for ELI and homeless populations should accommodate prospective tenants with credit problems or past eviction or criminal histories.*

Objective 12: Encourage the Waterloo Housing Authority, homeless service providers, and social service agencies working with precariously housed families to develop programs that benefit these client groups in a coordinated fashion.

- *RRH programs typically offer “housing navigator” services to identify willing landlords in advance, and help place RRH recipients with barriers to renting. These programs could potentially be expanded (with funding sources other than HUD homeless assistance) to serve HCV recipients and precariously housed families as well.*
- *Encourage both RRH providers and the Waterloo Housing Authority to maintain contingency or “risk mitigation” funds to reimburse landlords for damage created by tenants. Contingency funds may increase landlords’ willingness to participate in these programs³².*

GOAL 5: SUPPORT INCREASED MARKET-RATE HOUSING DEVELOPMENT.

Objective 1: Continue to monitor the impact of the City Limits Urban Revitalization Area (CLURA) and CURA on new housing starts and property tax revenue, and extend past 2022 if appropriate.

Objective 2: Use Waterloo’s land use planning documents, including the Comprehensive Plan and the zoning code and map, to encourage development of moderately priced market-rate housing in areas undergoing new development.

- *Encourage developers to propose subdivisions with diverse housing sizes, styles, and layouts that would be allowed in a Planned Residence District according to the Zoning Ordinance.*
- *Ensure that adequate land in Waterloo’s growth areas is zoned for moderate-density residential development, including townhomes and condominiums.*

GOAL 6: SUPPORT COMMUNITY DEVELOPMENT, WORKFORCE DEVELOPMENT, AND OTHER EFFORTS INTEGRALLY RELATED TO QUALITY OF LIFE AND HOUSING DEMAND IN DISINVESTED NEIGHBORHOODS.

Objective 1: Continue to support community policing and other efforts to build trust between law enforcement and residents.

Objective 2: Continue to work with employers and neighborhood leaders to identify opportunities to match vacant positions with unemployed residents.

- *Address obstacles to hiring these residents, such as transportation issues or past criminal records. Identify solutions to obstacles, such as employer-supported*

³² Hiler, H. 2016. *Landlord Risk Mitigation Funds: A Literature and Design Review*. St. Paul: Minnesota Housing Finance Agency. www.mnhousing.gov/get/MHFA_1040835. Retrieved 6/26/18.

vanpools and flexible applicant screening criteria. Continue to work with local employers to support vocational education and training.

Objective 3: In collaboration with the University of Northern Iowa Small Business Center, the Greater Cedar Valley Alliance, neighborhood leaders, and other stakeholders, identify strategies to expand marketing of small business assistance in underserved neighborhoods.

Objective 4: Support marketing efforts to improve public perception of Waterloo and historically disinvested neighborhoods.

- *Continue working with Main Street Waterloo and the Waterloo Convention and Visitors Bureau to develop events to draw the public into neighborhoods beyond downtown, such as a walking or bus tour similar to Tour de 'Loo.*
- *In collaboration with the Waterloo Convention and Visitors Bureau, the Greater Cedar Valley Alliance, the Waterloo Community School District, real estate professionals, and others who market Waterloo to households and businesses, continue incorporating positive stories of people living ordinary lives into marketing efforts.*

Objective 5: Continue to support efforts to create a historic district in the Smokey Row area and preserve other landmarks.

Objective 6: Facilitate partnerships among WCSD and real estate professionals to educate newcomers to the Cedar Valley about Waterloo schools' diversity and extensive curricular options.

GOAL 7: SUPPORT EXPANSION OF WATERLOO'S INSTITUTIONAL STRUCTURE FOR PROVIDING AFFORDABLE HOUSING.

Objective 1: Consider a one-time allocation of general revenue or other City funds to capitalize a revolving loan fund for the Waterloo Housing Trust Fund to help it become self-sustaining.

Objective 2: Consider partnering with the Des Moines-based 501(c)3 nonprofit, Neighborhood Finance Corporation (NFC), to open a satellite office in Waterloo to provide home purchase, improvement, and refinance loans in underserved neighborhoods.

- *NFC opened an office in Cedar Rapids in fall 2018. This office is designed to complement rather than duplicate existing programs, such as those operated by the Housing Trust Fund for Linn County. This office was capitalized with \$1 million*

in funds from the City of Cedar Rapids in Fiscal Year 2018, and \$5 million or more in commitments from local lenders over five years.

Objective 3: Communicate regularly with philanthropic organizations and other donors in the region about Waterloo's housing needs.

- *Educate local housing donors about the need for ongoing support for affordable housing, since the costs to build, operate, and maintain below-market-rate housing exceed what LMI households can afford in mortgage payments or rents. Some affordable housing activities, such as revolving loans and housing development undertaken by a Trust Fund itself (thus earning developer fees), can potentially become self-sustaining, but other activities cannot. Forgivable loans, grants, and Rapid Re-Housing rental assistance, for example, need ongoing funding from outside sources.*
- *Encourage local donors to provide predictable, multi-year support for affordable housing efforts to enable local agencies to build capacity, hire knowledgeable staff, and meet housing needs on an ongoing basis.*
- *Encourage local donors to support programs that cannot readily be funded by federal sources, such as Rapid Re-Housing assistance for doubled up families.*

Objective 4: Continue to foster coordination among City of Waterloo departments with housing and development-related responsibilities.