

Oskaloosa Housing Needs Assessment - 2012

Oskaloosa, Iowa



Prepared for the Oskaloosa Housing Trust Fund
by the University of Iowa School of Urban and Regional Planning
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The Oskaloosa Housing Needs Assessment 2012 was prepared by graduate students at the University of Iowa School of Urban and Regional Planning during Spring 2012. The following students enrolled in Professor Jerry Anthony's Affordable Housing Finance course were involved in the research and compilation of this document:



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TABLE OF CONTENTS

| | |
|---------------------------------------------------------|----|
| Part 1. Executive Summary..... | 5 |
| Part 2. Introduction..... | 8 |
| Part 3. Population Data..... | 11 |
| Part 4. Housing Data..... | 13 |
| Part 5. Economic Data..... | 27 |
| Part 6. Influences of Land Use on Housing Options | 35 |
| Part 7. Housing Market Analysis..... | 37 |
| Part 8. Existing and Projected Housing Needs..... | 43 |
| Part 9. Strategic Housing Plan and Recommendations..... | 59 |
| Appendix..... | 74 |

LIST OF TABLES

| |
|------------------------------------------------------------------------------------|
| Table 1. Housing Occupancy Status |
| Table 2. Status of Vacant Units |
| Table 3. Owner vs. Renter Occupancy |
| Table 4. Ownership Status |
| Table 5. Owner and Renter-Occupied Household Size |
| Table 6. Owner and Renter-Occupied Age of Householder |
| Table 7. Owner and Renter-Occupied Household Type |
| Table 8. Owner and Renter-Occupied Race of Householder |
| Table 9. Housing Age and Median Year Built - Oskaloosa, Iowa, Pella |
| Table 10. Housing Condition |
| Table 11. Affordable and Subsidized Housing in Oskaloosa |
| Table 12. Oskaloosa Workers by Work Area |
| Table 13. Oskaloosa Jobs Filled by Residents and Non-Residents by Age and Earnings |
| Table 14. Federal Poverty Guidelines. |
| Table 15. Poverty Status in Oskaloosa, Mahaska County and Iowa |
| Table 16. Educational Attainment by Gender |
| Table 17. Jobs by Worker Educational Attainment 2010 |
| Table 18. Top 10 Industries in Oskaloosa by Average Earnings and Number Employed |
| Table 19. Bottom 5 Industries in Oskaloosa by Average Earnings and Number Employed |
| Table 20. Gross Rent (Renter-Occupied Housing Units) – Oskaloosa and Iowa |
| Table 21. Median Gross Rent by Year Structure was built |
| Table 22. Home Loan Activity, 2004-2010 |
| Table 23. Home Loan Type, 2004-2010 |
| Table 24. Comparison of Building Permit Fees in Oskaloosa, Pella and Knoxville |
| Table 25. Existing Oskaloosa Rental Units < \$750 |

- Table 26. Projected housing needs in 2020 in Oskaloosa
 Table 27. Current and Projected Cost-Burdened Homeowners and Renters in Oskaloosa
 Table 28. Current and Projected Affordable Housing Needs at 80% AMI – Oskaloosa 2010-2020
 Table 29. Cost Estimates for Bond Financing in Oskaloosa
 Table 30. Comparison of City Property Tax Rates, 2011-2012

LIST OF FIGURES

- Figure 1. 2010 Population by Age Group
 Figure 2. Population Trend and Projected Population
 Figure 3. 2010 Population and 2020 Projected Population by Age Group
 Figure 4. Median Year Built by Block Group
 Figure 5. Housing Condition by Block
 Figure 6. Oskaloosa Workers by Work Area
 Figure 7. Unemployment Rate in Oskaloosa and Iowa 2002 – 2011
 Figure 8. 12 Month Percent Change in Employment (all industries) Sept. 2010 – Sept. 2011
 Figure 9. Median Household Income – Iowa and Oskaloosa 2010
 Figure 10. Total and Impoverished Population - Various Demographics
 Figure 11. Average Assessed Value by Block
 Figure 12. Housing Sale Prices in Oskaloosa 2000 - 2011
 Figure 13. Housing Units Sold in Oskaloosa 2000 - 2010
 Figure 14. Residential Sale Prices in Oskaloosa from Jan – Oct 2011
 Figure 15. Residential Building Permits Issued in Oskaloosa – 2001 to 2010
 Figure 16. Comparison of Select Occupational Wages to Housing Wage
 Figure 17. Comparison of Selected Occupational Wages to the Homebuyer Housing Wage

Part 1 EXECUTIVE SUMMARY

OVERVIEW

Established in 1844, Oskaloosa, Iowa is now a town of about 11,000 people located in central Mahaska County. Residents of Oskaloosa enjoy the benefits of its traditional town square while living in close proximity to rural areas.

Oskaloosa's population has remained relatively steady over the past several decades, which is reflected in the fact that over 60% of the city's housing stock was built prior to 1970, while just 17% was constructed over the past 22 years. These factors, along with the relatively low median household income of Oskaloosans, have resulted in a lack of investment in the physical condition of Oskaloosa's housing stock by landlords and homeowners alike. The perceived and actual poor housing quality in Oskaloosa may impede the city's growth and potential to thrive.

The availability of affordable housing is another problem facing Oskaloosa, as a large number of residents have difficulty obtaining good-quality, reasonably-priced ownership and rental housing within the city limits.

Reductions in funding for the Oskaloosa Housing Trust Fund (OHTF), the city's leader in meeting the affordable housing needs of residents, has caused a decrease in the amount and type of services the OHTF is able to offer. The state of Iowa's switch to a regionally based trust fund system is causing further uncertainty for the future of the OHTF.

PURPOSE OF THE STUDY

The *Oskaloosa Housing Needs Assessment 2012* was prepared for the OHTF to examine Oskaloosa's housing needs and is intended to guide the OHTF and the City of Oskaloosa in its future housing-related endeavors. The *Oskaloosa Housing Needs Assessment* aims to:

- Identify demographic and economic trends that may impact housing needs
- Assess characteristics of existing housing and households
- Analyze the current and future demand for housing in Oskaloosa, including affordable housing
- Recommend actions and initiatives for the City and OHTF to explore in order to improve housing in Oskaloosa

MAJOR FINDINGS

1. The median price of a home in Oskaloosa is \$90,200, which is affordable for households making 60% of the area median income (AMI). However, 13.9% of home-owners are considered cost-burdened (paying over 30% of their income on housing).

2. About 48% of all renters in Oskaloosa are considered cost-burdened. This is a higher proportion than the rest of the state.
3. The quality and availability of low-cost rental housing in Oskaloosa is a common concern among Oskaloosa social service providers and employers.
4. About 67% of individuals working within Oskaloosa live elsewhere, signifying a population that could be encouraged to move to Oskaloosa.
5. A relatively high proportion of Oskaloosa residents live in poverty (20%).
6. Oskaloosa-area housing developers stated that a lack of available buildable lots and permit fees are the most significant deterrents for building in Oskaloosa.
7. Oskaloosa's elderly population is projected to experience the most growth by 2020, with a 14.1% increase. The overall population is expected to grow by 6.4%.
8. Oskaloosa's housing stock is slightly older than the rest of the state - 1959 was the average year homes in Oskaloosa were built, compared to 1964 for the state of Iowa.
9. Housing in the poorest condition is generally located near the city center, where housing is also oldest.
10. There will be a need for between 94 and 237 additional housing units in Oskaloosa by 2020. This need may not be met given the current rate of construction.
11. Current affordable housing shortfall for renters is over 600 units.

RECOMMENDATIONS

1. The OHTF should not dissolve itself. Instead, it should expand its activities.
2. The City of Oskaloosa should adopt a Rental Inspection Ordinance and a Property Maintenance Ordinance for owner-occupied units.
3. The OHTF should manage a housing rehabilitation loan program to complement the new housing regulations recommended above.
4. The OHTF should act as an information clearinghouse for HUD and USDA resources for housing rehabilitation and elder housing.

5. The OHTF should contact the National Housing Trust for financial support in rehabilitating rental housing.
6. The OHTF should approach the AHEAD Area XV regional housing trust fund regarding the formation of a regional Community Housing Development Organization (CHDO).
7. The City of Oskaloosa should re-zone currently vacant land zoned R-1 to the R-2 and R-3 districts.

Part 2 INTRODUCTION

PURPOSE OF THE STUDY

The *Oskaloosa Housing Needs Assessment 2012* has been prepared for the City of Oskaloosa, Iowa to examine the housing needs in Oskaloosa. The document was prepared by University of Iowa graduate students, with valuable input from City of Oskaloosa staff, the Oskaloosa Housing Trust Fund (OHTF), and area business and social service leaders. This document is intended to guide the City and OHTF in its future housing-related endeavors.

The *Oskaloosa Housing Needs Assessment* aims to:

- Identify demographic and economic trends that may impact housing needs
- Assess characteristics of existing housing and households
- Analyze the current and future demand for housing in Oskaloosa, including affordable housing
- Recommend actions and initiatives for the City and OHTF to explore in order to improve housing in Oskaloosa

WHY IS QUALITY HOUSING IMPORTANT?

Housing is an integral factor in the economic infrastructure of a community. An adequate supply of housing at appropriate price points satisfies and attracts the mix of employees needed in a diverse workforce. School bus drivers, administrative assistants, service industry personnel, and entry-level employees have different capacities to buy or rent than do doctors, engineers, information technology experts, and senior-level employees. All are necessary for a thriving, educated, and healthy community that attracts new business opportunities. When appropriate housing is not available, the risk of employees locating elsewhere increases economic losses in several ways. For example, it decreases daily shopping in the community, decreases property tax revenue, and increases the amount local employees must be compensated who commute from elsewhere. It is possible that prospective employees will not accept positions in a community where they are unable to find appropriate housing¹. In addition, housing that is run down decreases property values of those surrounding it, and makes the surrounding area unattractive to potential owners and renters.

Older housing stock in substandard conditions can have negative health impacts on residents: lead poisoning, asthma, infections and allergic reactions can occur due to indoor environmental conditions in poorly maintained housing. Homes in disrepair are safety hazards: furnaces in poor condition can increase carbon dioxide to dangerous levels, basement cracks can expose residents to higher levels of radon, and the absence of smoke alarms, fire retardant materials, safe wiring,

¹ Housing's Economic and Social Impacts, A Report to the Iowa Finance Authority, April 2007, MacDonald, Funderburg, Swenson, Russett, Simeon, p.9

and fire escapes increase the danger of injury and death from home fires². The associated health care costs, lost work days, and diminished future earning potential are economic factors that are often overlooked when considering the importance of quality affordable housing. Constructing quality affordable housing that is dispersed throughout the community has been shown to increase local area economy by adding employment of construction workers and increasing property values³.

METHODOLOGY

Data for this report comes from public sources, such as the U.S. Census, and from interviews with a broad spectrum of people knowledgeable about housing and economic conditions in Oskaloosa. Public sources are acknowledged throughout the report. A complete list of people and agencies that provided information is included in an appendix at the end of this report.

HISTORY OF THE OSKALOOSA HOUSING TRUST FUND

Since its formation in 2000, the Oskaloosa Housing Trust Fund (OHTF) has taken the lead in meeting the affordable housing needs of Oskaloosa residents. Major funding sources have included the Iowa Finance Authority (IFA), the Iowa Department of Economic Development (IDED), the Federal Home Loan Bank (FHLB), and local and regional businesses⁴. By the end of 2005, the Trust Fund had built a core set of programs⁵:

1. Affordable housing construction loans
2. “Demolition I”
3. Acquisition/redevelopment
3. First-time homebuyer down payment and closing cost revolving loan
4. Homeowner rehabilitation
5. New construction forgivable loans

Between 2005 and 2010, the OHTF also used grants from IDED and IFA to fund a Tenant-Based Rental Assistance program, which supplemented the City of Oskaloosa’s Housing Choice Voucher program^{6, 7}

In 2010, the OHTF added three programs: 1) “Demolition II”⁸, 2) Urgent Home Repair, and 3) A Avenue / Market Street Exterior Improvement Program. By the end of the same year, the OHTF

² Ibid, p.93.

³ Ibid, p.6

⁴ http://www.oskaloosaiowa.org/housing/documents/CY10AnnualReport_001.pdf

⁵ <http://www.oskaloosaiowa.org/housing/documents/FY05AnnualReport.pdf>

⁶ <http://www.oskaloosaiowa.org/housing/documents/FY06AnnualReport.pdf>

⁷ Laura Russel, Oskaloosa Housing Department, 2012. Personal Communication.

⁸ Unlike the original “Demolition I” program, grant recipients are not required to redevelop the property to an equal or greater assessed value.

had invested over \$3.2 million in 2,010 units (of which 1,251 are rental “unit months”)⁹. This investment leveraged an additional \$33 million investment in housing in Oskaloosa, illustrating the crucial role played by the OHTF. The OHTF program with the highest monetary allocation has been the First-Time Homebuyer program. Over \$852,000 had been lent to 407 households through 2010. This program also leverages the highest investment from other sources – over \$27 million.

Currently, the OHTF retains the three programs added in 2010, but has eliminated all core programs except “Demolition I” and the First-Time Homebuyer down payment and closing cost revolving loan¹⁰. These program reductions reflect a nearly 50% decrease in IFA funding between fiscal years 2009 and 2010¹¹. IFA is moving towards a funding model where regional housing trust funds would cater to the needs of multiple small communities. When fully implemented, this model could result in very little funding for the OHTF from IFA. However, IFA is currently very well capitalized and has the resources to run its programs

Since its inception, the OHTF has been remarkably successful in partnering with a variety of corporate entities, banks, and municipal governments. The OHTF has received funding from these entities, as well as from individuals, to support its operations. These relationships have been crucial to OHTF success in the past and will be even more so in the future.

⁹ http://www.oskaloosaiowa.org/housing/documents/CY10AnnualReport_001.pdf

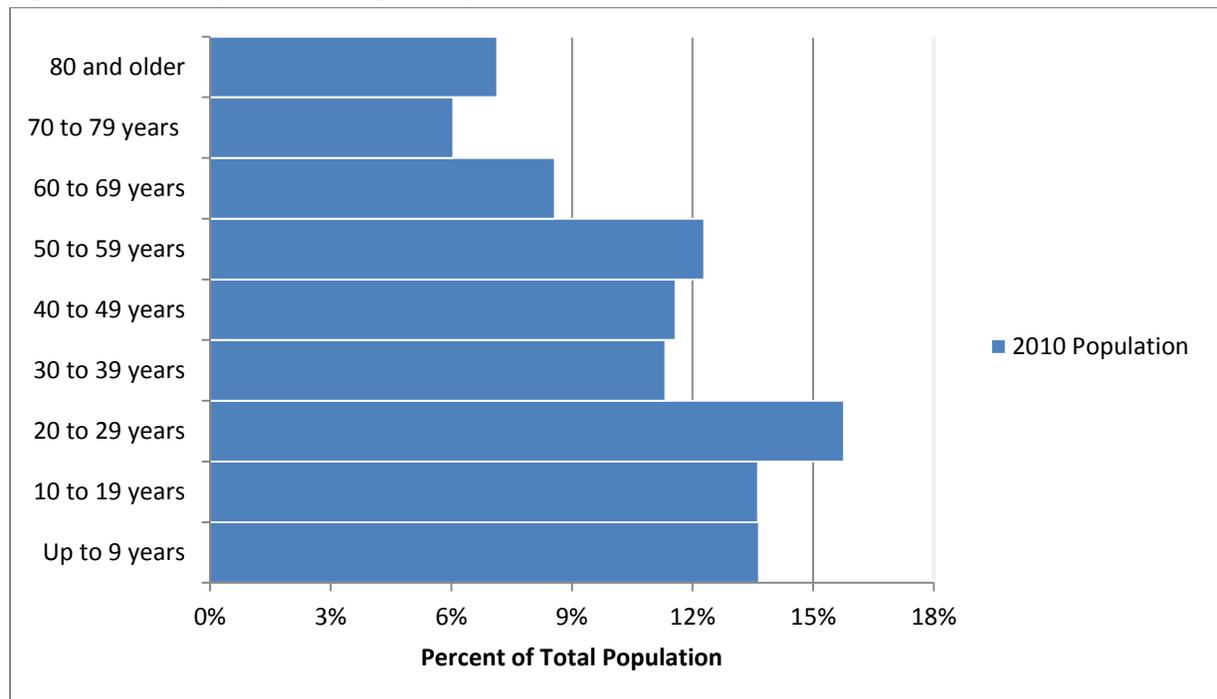
¹⁰ <http://www.oskaloosaiowa.org/housing/housing.php>

¹¹ Michael Schrock, Oskaloosa City Manager, 2012.

Part 3 POPULATION DATA

The 2010 population of Oskaloosa was 11,463. The population between the ages of 20 and 29 constituted the largest proportion of the population, while the 70 to 79 year age group made up the smallest (Figure 1).

Figure 1. 2010 Population by Age Group

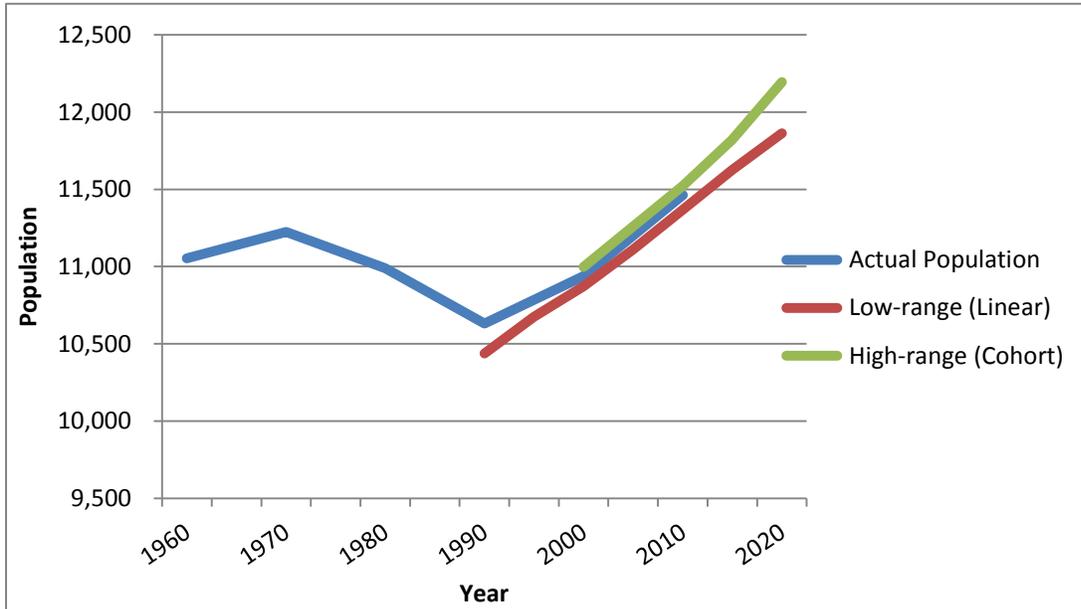


Source: U.S. Census Bureau 2010

Oskaloosa’s population has fluctuated slightly between 1960 and 2010. Over that time, Oskaloosa experienced a net gain in population from 11,053 in 1960 to 11,463 in 2010 (Figure 2), reflecting a population increase of 0.74% every ten years. While the population growth over the past fifty years has been minimal, the population of Oskaloosa increased more quickly between 2000 and 2010, with an increase of 4.8% over ten years.

The population of Oskaloosa is projected to continue to increase from 2010 to 2020. The projected increase is between 3.5% and 6.4% over the ten-year span. The low-range estimate is based on a linear growth model that assumes growth will continue at a rate similar to the past two decades. The high-range estimate is based on a cohort population projection, which is based on life expectancy and immigration patterns.

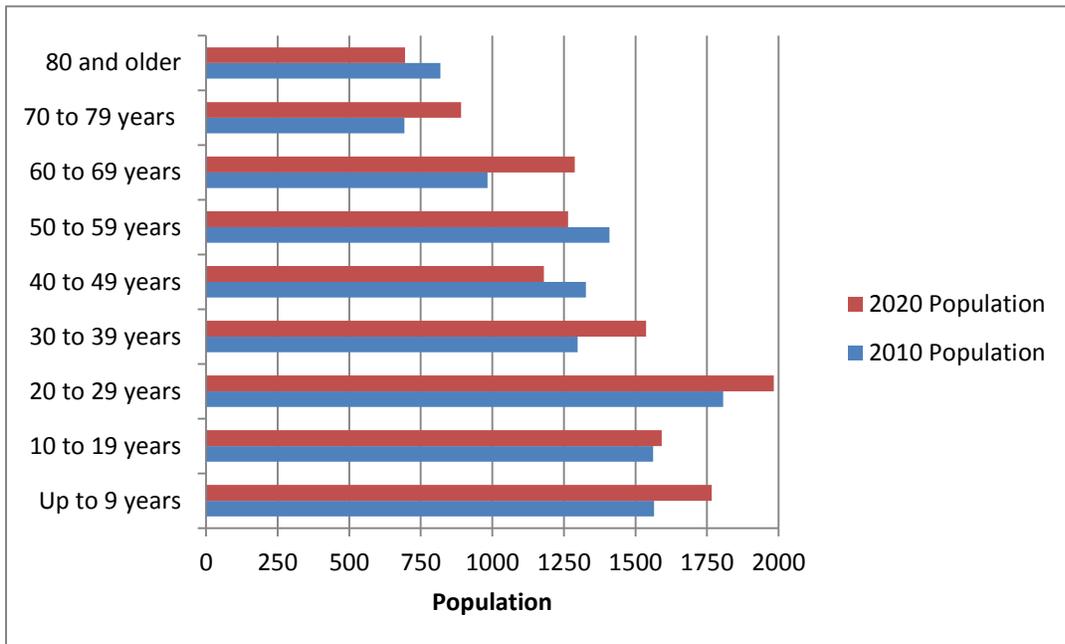
Figure 2. Population Trend and Projected Population



Sources: U.S. Census Bureau, Iowa Data Center Population Estimates, Vital Statistics Iowa 2000, US Life Table (CDC), Iowa State Life Table (CDC)

According to the cohort projection, the age group with the highest growth between 2010 and 2020 will be seniors; the population 65 and older is projected to increase by 14.1%, as compared to the overall population growth of 6.4%.

Figure 3. 2010 Population and 2020 Projected Population by Age Group



Sources: US Census, Vital Statistics Iowa 2000, US Life Table (CDC), Iowa State Life Table (CDC)

Part 4 HOUSING DATA

This section provides data on the characteristics of Oskaloosa households and housing units. The various assisted housing options for low and middle-income families and individuals are also explored.

OCCUPANCY STATUS

According to the 2010 Census, Oskaloosa had a total of 5,144 housing units (Table 1), of which 91.7% were occupied. This is consistent with the state of Iowa's occupancy rate of 91.4%.

Table 1. Housing Occupancy Status

| | Oskaloosa | | Iowa | |
|------------------------|-----------|---------|-----------|---------|
| | Total | Percent | Total | Percent |
| Total housing units | 5,144 | 100.0% | 1,336,417 | 100.0% |
| Occupied housing units | 4,715 | 91.7% | 1,221,576 | 91.4% |
| Vacant housing units | 429 | 8.3% | 114,841 | 8.6% |

Source: U.S. Census Bureau 2010

Of the 429 vacant housing units in Oskaloosa, 45.5% were for rent and 18.4% were for sale at the time of the 2010 Census. The percentage of vacant housing units for rent was 17.8% higher in Oskaloosa than for Iowa, while the percentage of vacant housing units for seasonal, recreation, or occasional use was 12.5% lower in Oskaloosa.

Table 2. Status of Vacant Units

| | Oskaloosa | | Iowa | |
|-----------------------------------------------|-----------|---------|---------|---------|
| | Total | Percent | Total | Percent |
| Vacant Units | 429 | 100.0% | 114,841 | 100.0% |
| For Rent | 195 | 45.5% | 31,812 | 27.7% |
| Rented, not occupied | 9 | 2.1% | 1,803 | 1.6% |
| For sale only | 79 | 18.4% | 18,405 | 16.0% |
| Sold, not occupied | 18 | 4.2% | 5,555 | 4.8% |
| For seasonal, recreational, or occasional use | 25 | 5.8% | 21,020 | 18.3% |
| For migratory workers | 0 | 0.0% | 87 | 0.1% |
| Other vacant | 103 | 24.0% | 36,159 | 31.5% |

Source: U.S. Census Bureau 2010

HOUSING TENURE

Occupancy Status

Owner-occupied housing units accounted for the majority (62.3%) of the 4,715 occupied housing units in Oskaloosa in 2010, with rental housing accounting for 37.7% of occupied units (Table

3). The state of Iowa’s owner-occupancy rate is about 10% higher than that of Oskaloosa, while the state’s renter-occupancy rate is about 10% lower.

Table 3. Owner vs. Renter Occupancy

| | Oskaloosa | | Iowa | |
|------------------------|-----------|---------|-----------|---------|
| | Total | Percent | Total | Percent |
| Occupied housing units | 4,715 | 100% | 1,221,576 | 100% |
| Owner occupied | 2,936 | 62.3% | 880,635 | 72.1% |
| Renter occupied | 1,779 | 37.7% | 340,941 | 27.9% |

Source: U.S. Census Bureau 2010

As shown in Table 4, more homeowners in Oskaloosa had a mortgage or a loan (62.3%) on their house than those who owned their home free and clear (37.7%). This proportion is nearly consistent with the state of Iowa.

Table 4. Ownership Status

| | Oskaloosa | | Iowa | |
|-------------------------------|-----------|---------|---------|---------|
| | Number | Percent | Number | Percent |
| Owner-occupied units | 2,936 | 100% | 880,635 | 100% |
| Owned with a mortgage or loan | 1,830 | 62.3% | 573,988 | 65.2% |
| Owned free and clear | 1,106 | 37.7% | 306,647 | 34.8% |

Source: U.S. Census Bureau 2010

Household Size

Among homeowners in Oskaloosa, the largest proportion of households are composed of two people (39.4%), followed by single-person households (25.7%). Three and four-person households account for a nearly equal share of the total (13% each). Single-person households compose the largest proportion of renter households (45.9%) and percentage of the total falls by almost half with each additional person in a household. Household size distribution for Oskaloosa is nearly consistent with the distribution for the state of Iowa.

Table 5. Owner and Renter-Occupied Household Size

| | Oskaloosa | | Iowa | |
|-------------------------------|-----------|---------|---------|---------|
| | Total | Percent | Total | Percent |
| Owner-occupied housing units | 2,936 | 100.0% | 880,635 | 100.0% |
| 1-person household | 756 | 25.7% | 197,923 | 22.5% |
| 2-person household | 1,157 | 39.4% | 355,975 | 40.4% |
| 3-person household | 383 | 13.0% | 127,879 | 14.5% |
| 4-person household | 382 | 13.0% | 115,932 | 13.2% |
| 5-person household | 167 | 5.7% | 54,480 | 6.2% |
| 6-person household | 65 | 2.2% | 18,720 | 2.1% |
| 7-or-more-person household | 26 | 0.9% | 9,726 | 1.1% |
| Renter-occupied housing units | 1,779 | 100.0% | 340,941 | 100.0% |

| | | | | |
|----------------------------|-----|-------|---------|-------|
| 1-person household | 816 | 45.9% | 149,556 | 43.9% |
| 2-person household | 461 | 25.9% | 89,901 | 26.4% |
| 3-person household | 236 | 13.3% | 45,533 | 13.4% |
| 4-person household | 157 | 8.8% | 31,353 | 9.2% |
| 5-person household | 68 | 3.8% | 15,050 | 4.4% |
| 6-person household | 28 | 1.6% | 5,859 | 1.7% |
| 7-or-more-person household | 13 | 0.7% | 3,689 | 1.1% |

Source: U.S. Census Bureau 2010

Age

Tenure by age of Oskaloosa residents living in owner-occupied housing units breaks down fairly equally across the four groups between 25 and 64 years of age and is similar to the state of Iowa. However, there are two striking differences in the distribution of renter-occupied households. Oskaloosa has only 20.5% of the renter-occupied households headed by young adults (25 to 34 years of age) compared to 24.5% for the state. Also, households headed by individuals age 65 years or older account for 23.3% of Oskaloosa's renters but only 17.4% of the state's renter households. The lower proportion of young adult renters in Oskaloosa as compared to the state may be an indication that younger Oskaloosans are choosing to own rather than rent.

Table 6. Owner and Renter-Occupied Age of Householder

| | Oskaloosa | | Iowa | |
|-------------------------------|-----------|---------|---------|---------|
| | Total | Percent | Total | Percent |
| Owner-occupied housing units | 2,936 | 100.0% | 880,635 | 100.0% |
| 15 to 24 years | 78 | 2.7% | 14,484 | 1.6% |
| 25 to 34 years | 387 | 13.2% | 107,397 | 12.2% |
| 35 to 44 years | 469 | 16.0% | 144,288 | 16.4% |
| 45 to 54 years | 578 | 19.7% | 194,528 | 22.1% |
| 55 to 64 years | 578 | 19.7% | 184,322 | 20.9% |
| 65 years and over | 846 | 28.8% | 235,616 | 26.8% |
| Renter-occupied housing units | 1,779 | 100.0% | 340,941 | 100.0% |
| 15 to 24 years | 337 | 18.9% | 57,638 | 16.9% |
| 25 to 34 years | 364 | 20.5% | 83,407 | 24.5% |
| 35 to 44 years | 230 | 12.9% | 52,747 | 15.5% |
| 45 to 54 years | 258 | 14.5% | 52,041 | 15.3% |
| 55 to 64 years | 178 | 10.0% | 35,774 | 10.5% |
| 65 years and over | 412 | 23.2% | 59,334 | 17.4% |

Source: U.S. Census Bureau 2010

Household Type

Households with at least one parent and one child made up 70.5% of the total owner-occupied households in Oskaloosa, according to the 2010 Census. More than half, or 59.2%, were husband-wife families, while about 8% were single-mother families. Non-family households made up 29.5% of the total owner-occupied households. This distribution is similar to that of the state of Iowa. Across Iowa, family households (at least one parent and one child) made up

73.3% of the total owner households; most of these (62.8%) were husband-wife families. Single-mother households made up 6.9% of the total, while non-family households made up 26.7%.

Table 7. Owner and Renter-Occupied Household Type

| | Oskaloosa | | Iowa | |
|----------------------------------------|-----------|---------|---------|---------|
| | Total | Percent | Total | Percent |
| Owner-occupied housing units | 2,936 | 100.0% | 880,635 | 100.0% |
| Family households | 2,071 | 70.5% | 645,228 | 73.3% |
| Husband-wife family | 1,738 | 59.2% | 553,115 | 62.8% |
| Male householder, no wife present | 94 | 3.2% | 31,474 | 3.6% |
| Female householder, no husband present | 239 | 8.1% | 60,639 | 6.9% |
| Nonfamily households | 865 | 29.5% | 235,407 | 26.7% |
| Male householder | 363 | 12.4% | 107,164 | 12.2% |
| Female householder | 502 | 17.1% | 128,243 | 14.6% |
| Renter-occupied housing units | 1,779 | 100.0% | 340,941 | 100.0% |
| Family households | 771 | 43.3% | 144,806 | 42.5% |
| Husband-wife family | 337 | 18.9% | 72,058 | 21.1% |
| Male householder, no wife present | 97 | 5.5% | 19,631 | 5.8% |
| Female householder, no husband present | 337 | 18.9% | 53,117 | 15.6% |
| Nonfamily households | 1,008 | 56.7% | 196,135 | 57.5% |
| Male householder | 446 | 25.1% | 98,704 | 29.0% |
| Female householder | 562 | 31.6% | 97,431 | 28.6% |

Source: U.S. Census Bureau 2010

Among renter-occupied households in Oskaloosa, less than half (43.3%) were family households. Of those, husband-wife families and single-mother households each accounted for 18.9% of all renter-occupied households. Of non-family renter-occupied households, 31.6% were headed by females, while 25.1% were headed by males. For the state of Iowa, the distribution of family and non-families living in rental housing was very similar to Oskaloosa.

Race

Oskaloosa's small minority population is reflected in the racial composition of owner and renter-occupied households. Householders of Hispanic or Latino origin account for a small portion (0.7%) of the owner-occupied housing units in Oskaloosa, and not much more (1%) of the renter-occupied housing units. African-Americans householders account for just .1% of the total owner-occupied housing units, and 1% of the total renter-occupied housing units. The racial composition of households in Oskaloosa is similar to that of the state of Iowa.

Table 8. Owner and Renter-Occupied Race of Householder

| | Oskaloosa | | Iowa | |
|--------------------------------------------------|-----------|---------|-----------|---------|
| | Total | Percent | Total | Percent |
| Occupied housing units | 4,715 | 100.0 | 1,221,576 | 100.0 |
| Owner-occupied housing units | 2,936 | 62.3 | 880,635 | 72.1 |
| Not Hispanic or Latino householder | 2,903 | 61.6 | 861,741 | 70.5 |
| White alone | 2,840 | 60.2 | 839,032 | 68.7 |
| Black or African American alone | 7 | 0.1 | 8,951 | 0.7 |
| American Indian and Alaska Native alone | 1 | 0.0 | 1,305 | 0.1 |
| Asian alone | 38 | 0.8 | 8,253 | 0.7 |
| Native Hawaiian and Other Pacific Islander alone | 1 | 0.0 | 141 | 0.0 |
| Some Other Race alone | 1 | 0.0 | 233 | 0.0 |
| Two or More Races | 15 | 0.3 | 3,826 | 0.3 |
| Hispanic or Latino householder | 33 | 0.7 | 18,894 | 1.5 |
| White alone | 19 | 0.4 | 10,735 | 0.9 |
| Black or African American alone | 0 | 0.0 | 159 | 0.0 |
| American Indian and Alaska Native alone | 2 | 0.0 | 280 | 0.0 |
| Asian alone | 1 | 0.0 | 53 | 0.0 |
| Native Hawaiian and Other Pacific Islander alone | 0 | 0.0 | 19 | 0.0 |
| Some Other Race alone | 10 | 0.2 | 6,604 | 0.5 |
| Two or More Races | 1 | 0.0 | 1,044 | 0.1 |
| Renter-occupied housing units | 1,779 | 37.7 | 340,941 | 27.9 |
| Not Hispanic or Latino householder | 1,734 | 36.8 | 322,648 | 26.4 |
| White alone | 1,640 | 34.8 | 288,902 | 23.6 |
| Black or African American alone | 49 | 1.0 | 19,892 | 1.6 |
| American Indian and Alaska Native alone | 7 | 0.1 | 1,521 | 0.1 |
| Asian alone | 14 | 0.3 | 7,486 | 0.6 |
| Native Hawaiian and Other Pacific Islander alone | 0 | 0.0 | 286 | 0.0 |
| Some Other Race alone | 0 | 0.0 | 259 | 0.0 |
| Two or More Races | 24 | 0.5 | 4,302 | 0.4 |
| Hispanic or Latino householder | 45 | 1.0 | 18,293 | 1.5 |
| White alone | 21 | 0.4 | 9,022 | 0.7 |
| Black or African American alone | 1 | 0.0 | 303 | 0.0 |
| American Indian and Alaska Native alone | 1 | 0.0 | 308 | 0.0 |
| Asian alone | 1 | 0.0 | 68 | 0.0 |
| Native Hawaiian and Other Pacific Islander alone | 0 | 0.0 | 30 | 0.0 |
| Some Other Race alone | 15 | 0.3 | 7,385 | 0.6 |
| Two or More Races | 6 | 0.1 | 1,177 | 0.1 |

Source: U.S. Census Bureau

PHYSICAL CONDITION OF HOUSING

Aging housing stock

Based on the population projections and amount of existing housing (discussed in the next few pages), it does not appear Oskaloosa will suffer from a housing shortfall, unless conditions change rapidly. The community should be concerned, however, with the condition of the

housing stock. The homes in Oskaloosa are slightly older than for the state of Iowa and much older than the homes in Pella. While older homes are not necessarily equated with bad quality, modern homes use construction techniques and materials that have advantages over older homes, such as better insulation, air-tight windows, more efficient appliances, etc. The presence in older homes of potentially hazardous materials such as asbestos, as well as unsafe electrical wiring, are also concerning.

Table 9. Housing Age and Median Year Built - Oskaloosa, Iowa, Pella

| | Oskaloosa | | | Iowa | Pella |
|-----------------------|-------------|-----------------|--------------------------|--------------------------|--------------------------|
| | Estimate | Margin of Error | Percent of Housing Stock | Percent of Housing Stock | Percent of Housing Stock |
| Built 2005 or later | 110 | +/-63 | 2.2% | 3.4% | 3.2% |
| Built 2000 to 2004 | 233 | +/-94 | 4.7% | 6.7% | 13.2% |
| Built 1990 to 1999 | 513 | +/-152 | 10.3% | 10.9% | 9.0% |
| Built 1980 to 1989 | 533 | +/-161 | 10.7% | 7.5% | 10.6% |
| Built 1970 to 1979 | 585 | +/-124 | 11.8% | 15.3% | 16.5% |
| Built 1960 to 1969 | 446 | +/-123 | 9.0% | 10.6% | 18.1% |
| Built 1950 to 1959 | 645 | +/-148 | 13.0% | 11.2% | 11.6% |
| Built 1940 to 1949 | 323 | +/-97 | 6.5% | 6.2% | 3.9% |
| Built 1939 or earlier | 1,584 | +/-219 | 31.9% | 28.3% | 13.9% |
| Median Year Built | 1959 | | | 1964 | 1971 |

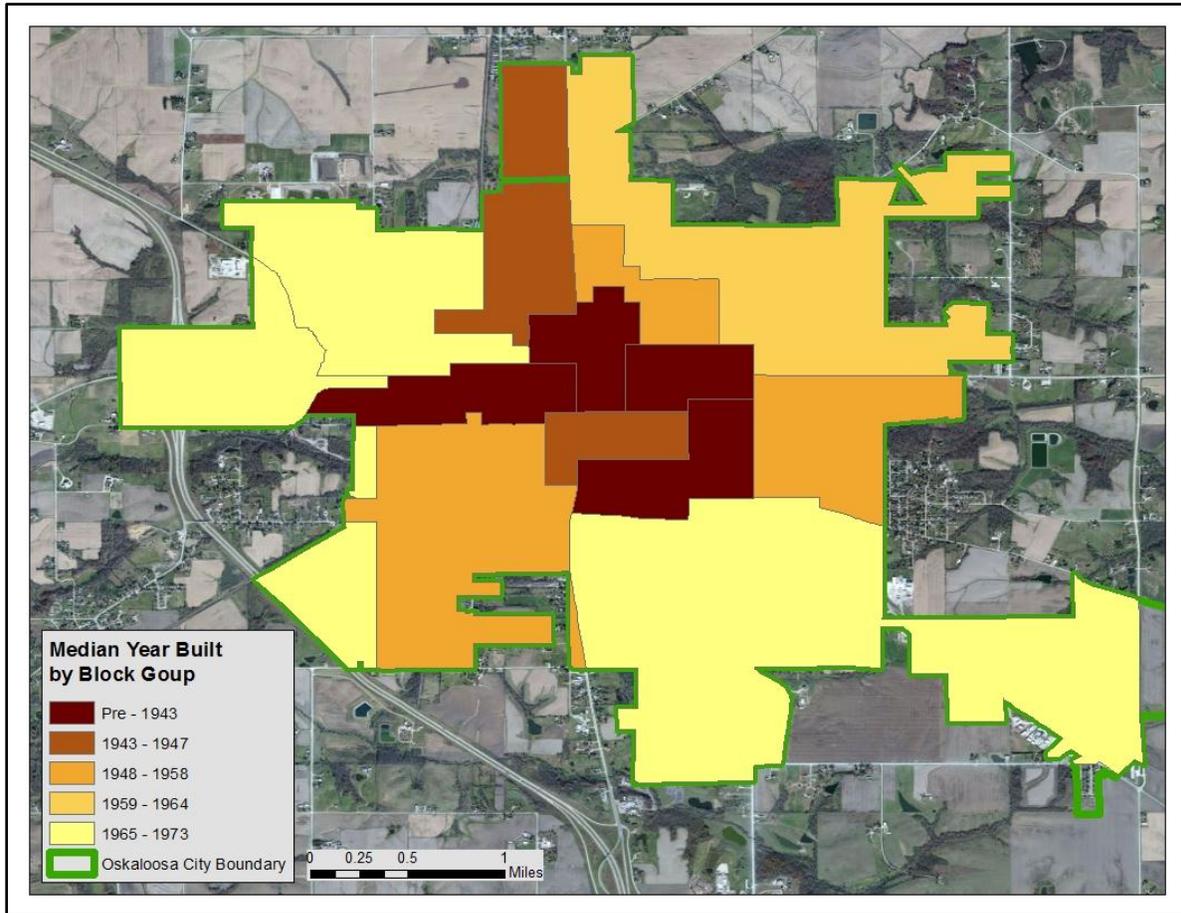
Source: US Census Bureau 2010

The spatial distribution of the housing stock in Oskaloosa by median age for each census block group is shown in Figure 4. As expected, housing towards the city center is generally older, as this area was developed first. It also appears as though the city’s north side was developed earlier than the south side.



Well-kempt older homes located east of downtown.

Figure 4. Median Year Built by Census Block Group



Source: US Census Bureau 2000

Condition

The Mahaska County Assessor’s Office maintains information on the condition of homes in Oskaloosa (Table 10). It should be noted that the *very poor* category does not mean a house is uninhabitable, or close to being uninhabitable; it is simply the scoring matrix the assessor uses to compare one home relative to other homes, and is not used as criteria for condemning a structure.

Table 10. Housing Condition

| Category | Condition | Number of Homes |
|----------|--------------|-----------------|
| 1 | Excellent | 33 |
| 2 | Very Good | 308 |
| 3 | Above Normal | 788 |
| 4 | Normal | 2101 |
| 5 | Below Normal | 511 |
| 6 | Poor | 237 |
| 7 | Very Poor | 77 |

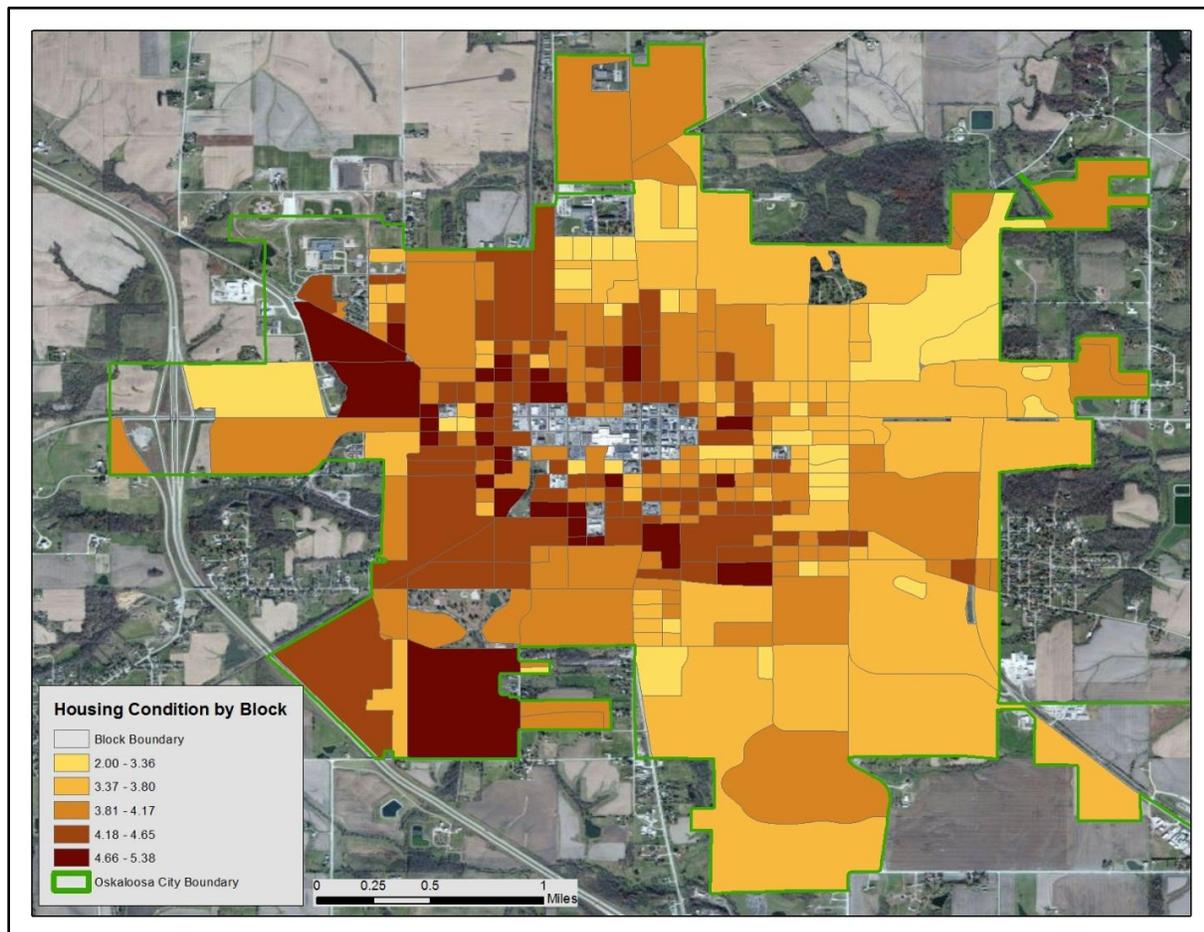
Source: Mahaska County Assessor

The spatial distribution of average housing condition by census block has been mapped (using the 7-point scale listed in the table above) to help guide city and non-profit groups if some type of housing rehabilitation program is set up in the future (Figure 5). The lowest average block value, indicating the highest quality of housing is 2, and the highest average block value, indicating the lowest quality of housing, is 5.4. While individual properties had scores below 2 or above 5.4, all census blocks had average values between 2.0 and 5.4. Areas with generally poorer housing conditions are nearer to the city center, with pockets of poorer conditions to the west and southwest.



A house in need of repair.

Figure 5. Housing Condition by Census Block



Sources: US Census Bureau 2010; Mahaska County Assessor

ASSISTED HOUSING OPTIONS

Assisted Rental Housing

Housing Choice Vouchers

In fiscal 2012, the City of Oskaloosa has an allocation of 230 Housing Choice Vouchers (HCV) from the US Housing and Urban Development Department (HUD). Of these, 220 vouchers are currently leased up, although Oskaloosa only has sustainable funding for 210 vouchers. The average lease up total over the past 6 months was 212 vouchers per month. Gap funding for the over-extended vouchers is coming from money left over from fiscal 2011 allocation, including Net Restricted Assets (NRA) money that must be used for Housing Assistance Payments (HAP) only. Oskaloosa is required by HUD to use their gap money before receiving more money from HUD. The City expects that the lease up rate will drop over the next few months, per historical trends. Oskaloosa's HCV allocation amount has not changed for a while, but there has not been enough money to fully lease-up all the allocated vouchers for the past few years.

Other Subsidized Rental Projects

There is no locally owned public housing in Oskaloosa. However, Santa Clara Apartments is a Section 8 Project-Based development. There are no Community Development Block Grant (CDBG) rental projects in Oskaloosa. The only local HOME project, the Grant and Lincoln Schools renovation project, was done in conjunction with Low Income Housing Tax Credit (LIHTC) dollars. The Community Housing Initiative (CHI) of Iowa, a state-wide nonprofit affordable housing developer, managed the Grant and Lincoln redevelopment project.

The Oskaloosa Housing Trust Fund (OHTF) does not provide any rental units, although the program did offer Tenant Based Rental Assistance (TBRA) in the past and used state monies as a match for those funds. The OHTF received two TBRA grants for two years, each between 2005 and 2009. Currently this funding is no longer available in Oskaloosa.¹²



Santa Clara Apartments

¹² Laura Russell, Oskaloosa Housing and Community Development Office, interview in March 2012.

Table 11 provides an overall picture of the various subsidized housing units in Oskaloosa in 2012. Currently, there are 431 subsidized units in the city within 12 properties. Each property was contacted to determine the allocation of their units under the programs they participate in, though not all provided feedback. The allocations are important not only because of their statutory obligations, but because knowledge of the populations served by these properties will help the Oskaloosa Housing Trust Fund (OHTF) estimate the number of units and types of affordable housing funding that it should try to support the near future. Given that several developments have and/or do use multiple programs for funding rental households, it is quite possible that more units are being rented to moderate-income households than to low- or very low-income households.



Inglenook Apartments.

Managers at just three facilities were able to identify the allocation of their units by program; most were not aware of their obligations. If on-site management that screens and leases tenants is unaware of these numbers, it is unlikely that obligations are being met. This becomes critical for properties that operate with both LIHTC and USDA funding, as the USDA accepts households with an income of up to \$50,940 in Mahaska County. If units are primarily rented to this maximum income limit, units are not available to households that are most in need.



Lincoln Terrace.

Table 11. Affordable and Subsidized Housing in Oskaloosa

| Name | Clientele | Number of Units | Lease Up Rate | Funding Source/Accepted Forms of Payment | Allocation of Units |
|------------------------------------------|---------------------------------------------|-----------------|---------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Wells Apartments (Inglenook & Norwich) | Seniors | 82 | Full | Section 8 | |
| Oskaloosa Retirement Homes (Shady Lodge) | Seniors; any aged disabled, moderate income | 60 | Full | USDA | 60 units: up to moderate income |
| Santa Clara Apartments | Families of at least 2 persons | 40 | 90-95% Full | Section 8 | 40 units: low to moderate income |
| Meadowbrook Apartments | Families or any moderate income | 16 | 85-95% Full | USDA/LIHTC/Section 8 | 16 units up to moderate income |
| Highland Park Senior Housing | Seniors, any handicapped or disabled | 48 | | USDA/LIHTC | 48 units: 30% AMI (required to be kept at 30% AMI through 2030) |
| Oskaloosa Park Apartments | Seniors | 22 | Full | | 22 units: 30% AMI (required to be kept at 30% AMI through 2030) |
| Maple Ridge Apartments | Seniors (assisted living) | 69 | Full | Section 8 | |
| White Oak Estates | Seniors (assisted living) | 20 | | Section 8, Elderly Waiver Program, DHS Title 19 | |
| Grant Terrace Apartments | Seniors 55+ | 15 | Full | LIHTC | Committed to: 3 units ≤ 40% AMI; 3 units ≤ 50% AMI. Currently: 11 units ≤ 40%, 3 units ≤ 50%, 1 unit ≤ 60% |
| Lincoln Terrace | Seniors 55+ | 15 | 1 vacant | LIHTC | Committed to: 3 units ≤ 40% AMI; 3 units ≤ 50% AMI. Currently: 6 units ≤ 40%, 5 units ≤ 50%, 4 units ≤ 60% |
| Southern Hills Apartments | Families or seniors | | | LIHTC | |
| Greenway of Oskaloosa | Families | 44 | 1 vacant | Section 8/USDA | 44 units < 80% AMI |

Source: HUD LIHTC Database; Interviews with facility staff

Assisted Ownership Housing

Trust Fund Units

As previously noted, the only subsidized ownership program that the OHTF currently offers is the First-Time Homebuyer Program. This revolving loan program has originated a total of 432 loans since June of 1998.¹³ The OHTF offers a 0% interest, 10-year loan in amounts of up to 5% of the purchase price of the home or a maximum of \$3,500, whichever is higher.¹⁴ The buyer must match the loan contribution as a down-payment on the property.

Original funding for the First-Time Homebuyer loan program came from a now-defunct source: the Local Housing Assistance Program of the Iowa Department of Economic Development and then later through the Iowa Finance Authority. Funds for the loan program now come through IFA (primarily state housing trust fund money) and private donations. While IFA-sponsored programs limit eligibility to households that are at or below 80% AMI, OHTF has been able to help households up to 100% AMI through private donations.

In past years, OHTF had a home rehabilitation program that was funded by Federal Home Loan Bank funds. About \$852,000 was made available and spent on this program and over 180 households were assisted. All loan repayments from homeowners go back to the Federal Home Loan Bank.

Mahaska County Habitat for Humanity

The Habitat for Humanity affiliate in Oskaloosa (Mahaska County) is an important local champion for the provision of decent and affordable owner-occupied housing. Oskaloosa's Habitat has built one home per year for the past 16 years. Comparatively, most Habitat affiliates in similarly sized rural counties build one home every two years. National Habitat regulations require that affiliates complete at least \$5,000 worth of homebuilding every three years.¹⁵ The Mahaska County affiliate is exceeding these expectations.

Although a county-level organization, Mahaska County Habitat for Humanity builds nearly 100% of its homes within the city limits of Oskaloosa. Habitat serves households that are at 35%-60% of AMI (perhaps serving lower income households than those served by OHTF) and works hard to keep the cost of Habitat homes below \$90,000-\$95,000. A large part of keeping the final home cost affordable is finding reasonably priced developed land.¹⁶

Most of the land that Habitat builds on is either donated, infill, or a property-tax delinquent property. Much of the buildable land in Oskaloosa has already been developed, and Habitat

¹³ Ibid.

¹⁴ Laura Russell, Oskaloosa Housing and Community Development Office, interview in March 2012.

¹⁵ Blaine Vos, Mahaska County Habitat for Humanity Director, interview in March 2012.

¹⁶ Blaine Vos, Mahaska County Habitat for Humanity Director, interview in March 2012..

Director Blaine Vos said that there is a "very minimal offering" in terms of land availability at price points and locations suitable for Habitat homes, often forcing Habitat to rebuild on distressed lots or very narrow lots. Ideally, Habitat aims to pay around \$5,000 for a 9,375 square foot lot (75'x125'), but has occasionally spent up to \$7,000 for land in Oskaloosa. Vos suggested that an affordable housing developer would do best to buy a lot that currently has a mobile home or manufactured home on site. Such a property would likely require fewer remediation costs (no need to demo, etc.) and would face little opposition, as there is already a perception in Oskaloosa that there is too much temporary or manufactured housing in the city.¹⁷

Housing for Special Needs Persons

Another critical component of Oskaloosa's housing stock is special needs housing. Special needs populations include the physically and developmentally disabled, homeless persons, and victims of domestic violence. Many of the assisted housing developments listed in Table 11 serve disabled persons; even if units are designated as elderly housing, non-elderly disabled persons are generally admitted.

Persons with developmental disabilities are served by a nonprofit agency called Imagine the Possibilities, formerly the Mahaska Diamond Shelter. Imagine the Possibilities maintains an eight-bed intermediate care facility (ICF) for adults with severe and profound mental retardation. The agency also provides Home and Community Based Services (HCBS) to over 70 mentally retarded individuals. HCBS allows clients to live as independently as possible in individual or group housing.¹⁸ Crisis Intervention Services (CIS), another nonprofit agency, serves domestic violence victims and their children.¹⁹ The agency maintains a 24-bed emergency shelter,²⁰ and constructed two duplexes for transitional housing in 2005.²¹

Homeless individuals, and those at risk for homelessness, are considered a special needs population because they often need services other than housing, such as mental health or drug counseling. The CIS emergency shelter may also be used for homeless persons who are not domestic violence victims,²² and the Samaritan Inn designates five beds for homeless persons.²³ According to the Iowa Council on Homelessness (ICH), 26 homeless and at-risk individuals, in aggregate, were served in Mahaska County in 2009 and 2010.²⁴ Similarly, the Southern Iowa

¹⁷ Ibid.

¹⁸ <http://www.imagine-the-possibilities.org/index.php>. Last accessed 5/16/12.

¹⁹ <http://stopdvsa.org/>. Last accessed 5/16/12.

²⁰ http://www.iowafinanceauthority.gov/documents/filelibrary/ich/BOS_HIC_Jan_2011_ES_4F4420986A904.xlsx. Last accessed 5/16/12.

²¹ Mahaska County Housing Needs Assessment (2007).

²² Nancy Robertson, Executive Director of Crisis Intervention Services, 3/16/12.

²³ http://www.iowafinanceauthority.gov/documents/filelibrary/ich/BOS_HIC_Jan_2011_ES_4F4420986A904.xlsx. Last accessed 5/16/12.

²⁴ <https://iowafinanceauthority.iowa.gov/secure/hml/default.aspx>. Last accessed 5/16/12.

Economic Development Association (SIEDA) reports that 28 of its Mahaska County clients from FY 2010/2011 through March 2012 were homeless and living in shelters.²⁵ However, in 2011, the Mahaska County Homelessness Coalition (MCHC) received 825 calls for assistance, and 144 formal applications for assistance. Some of the discrepancy may result from the fact that families who lack stable housing often double up with family or friends. Between FY 2010/2011 and March 2012, SIEDA reports that 23 of its Mahaska County clients were living with family or friends.²⁶ Surprisingly, although MCHC and SIEDA data suggest that ICH underestimates homelessness in Mahaska County, the utilization rates of the CIS emergency shelter and the Samaritan Inn are only about 20%.²⁷ In fact, the Samaritan Inn has recently closed. For homeless and at-risk individuals, there may be more of a need for transitional housing than for emergency shelter.

²⁵ Data provided by Rebecca Falck, Southern Iowa Economic Development Association (SIEDA), March 2012.

²⁶ Data provided by Rebecca Falck, Southern Iowa Economic Development Association (SIEDA), March 2012.

²⁷ http://www.iowafinanceauthority.gov/documents/filelibrary/ich/BOS_HIC_Jan_2011_ES_4F4420986A904.xlsx. Last accessed 5/16/12.

Part 5 ECONOMIC DATA

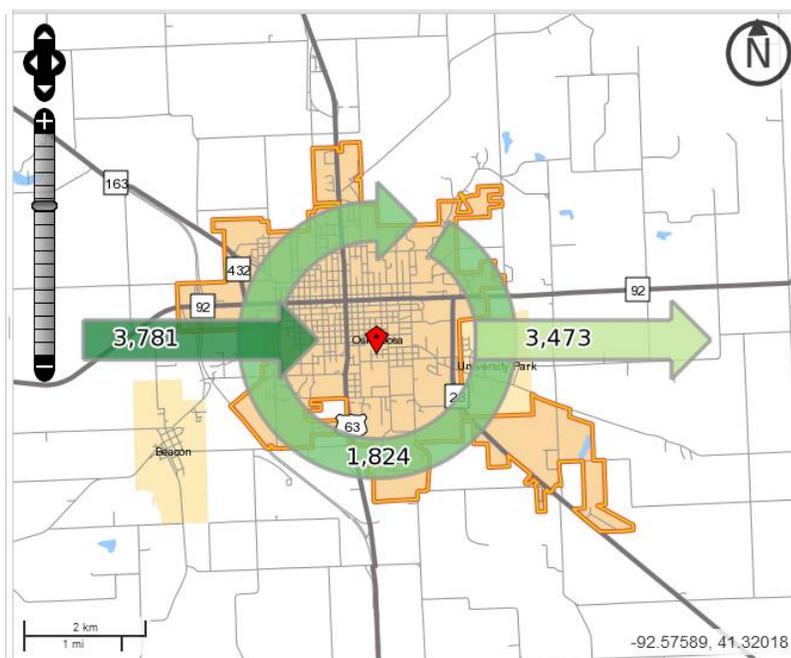
In this section, Oskaloosa’s labor force is explored, as well as unemployment, income levels, and poverty in Oskaloosa. Educational attainment of Oskaloosa residents and an outlook of employment for the area are also addressed.

LABOR FORCE

Most residents of Oskaloosa do not work inside the city limits. Of working Oskaloosa residents, 65.6% work outside of Oskaloosa. Only 32.5% of Oskaloosa residents both live and work within Oskaloosa. Well over half (67.5%) of those who work in Oskaloosa live elsewhere. This brings a net positive number of 308 workers into the city. Figure 6 illustrates the inflow and outflow in Oskaloosa. If more jobs were available in Oskaloosa, perhaps more residents of Oskaloosa would work within the city. It also seems that there is a good opportunity to persuade those who commute to Oskaloosa to live closer to their work, perhaps by offering them better housing options.

Table 12 and Figure 6. Oskaloosa Workers by Work Area

| | # Work in Oskaloosa | % Work In Oskaloosa | # Work Outside Oskaloosa | % Work Outside Oskaloosa |
|----------------------------|---------------------|---------------------|--------------------------|--------------------------|
| Live in Oskaloosa | 1,824 | 32.5% | 3,473 | 65.6% |
| Live Outside Oskaloosa | 3,781 | 67.5% | | |
| Total Workers in Oskaloosa | 5,605 | 100% | | |



Sources: U.S. Census Bureau, On the Map Application; LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2010)

As shown in Table 13, nearly half of Oskaloosa workers who live and work in Oskaloosa earn between \$1,251 and \$3,333 per month; 26% earn less than that.

Table 13. Oskaloosa Jobs Filled by Residents and Non-Residents by Age and Earnings

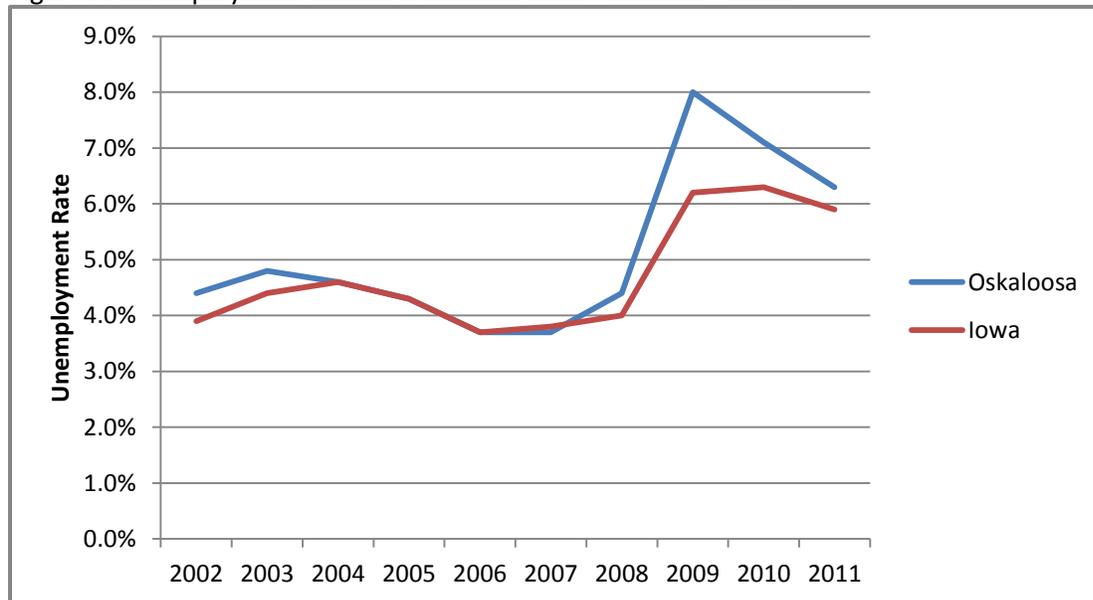
| | Jobs Filled by External Residents (3,526 workers) | Jobs Filled by Oskaloosa Residents (1,686 workers) |
|---------------------------------------------------------|---------------------------------------------------|----------------------------------------------------|
| Workers Age 29 or younger | 25.9% | 25.0% |
| Workers Age 30 to 54 | 52.9% | 53.2% |
| Workers Age 55 or older | 21.2% | 21.8% |
| Workers earning <\$1,250/month | 25.2% | 26.1% |
| Workers earning \$1,251-\$3,333/month | 42.3% | 44.5% |
| Workers earning > \$3,334/month | 32.4% | 29.4% |
| Workers in Goods Producing Industries | 20.1% | 21.8% |
| Workers in Trade, Transportation & Utilities Industries | 30.2% | 14.4% |
| Workers in Other Industries | 49.6% | 63.8% |

Source: U.S. Census Bureau, On The Map Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2010)

UNEMPLOYMENT

As shown in Figure 7, the unemployment rate in Oskaloosa has been slightly higher than the state of Iowa for most years since 2002. Not surprisingly, Oskaloosa experienced its highest rate of unemployment during the economic recession, with 8% unemployment in 2009.

Figure 7. Unemployment Rate in Oskaloosa and Iowa 2002 – 2011

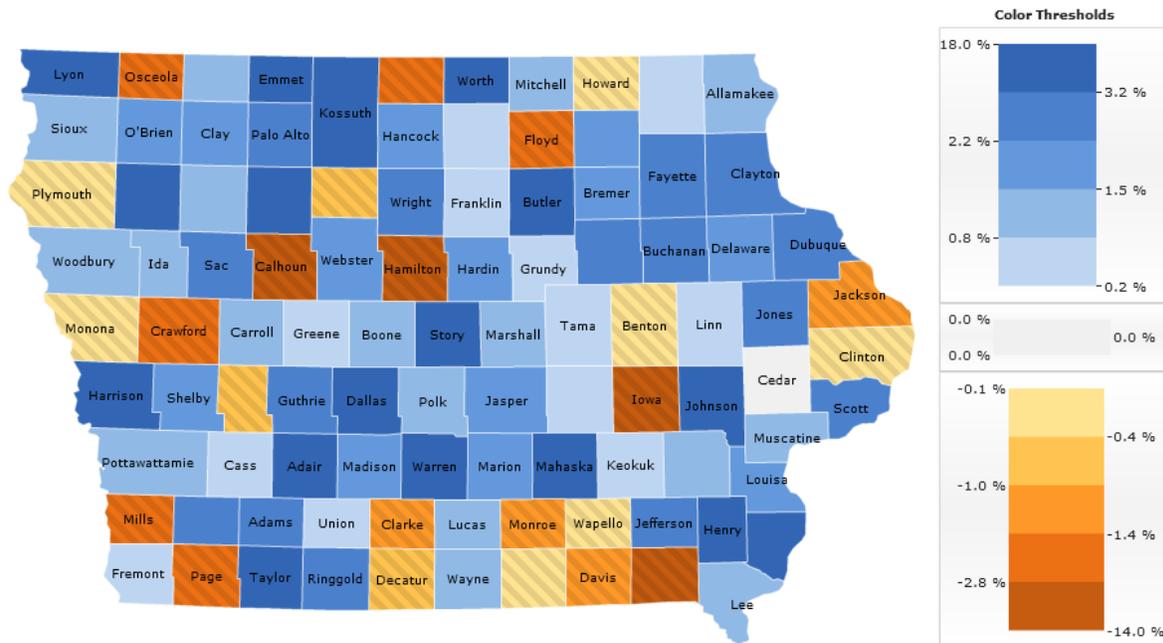


Source: US Bureau of Labor Statistics, LAUMC; not seasonally adjusted

As of March 2012, the state of Iowa’s unemployment rate was 5.7%. Year 2012 data for Oskaloosa is as yet unavailable, though based on the trend over the past decade it is likely that Oskaloosa’s unemployment rate is slightly higher than that of Iowa.

Figure 8 shows Mahaska County in good position compared to other Iowa counties regarding percent change in employment for all industries from September 2010 to September 2011. Mahaska County was among the counties with the most positive change in employment during this time. This increase in employment after 2009 is also reflected in Figure 7.

Figure 8. Twelve Month Percent Change in Employment (all industries) Sept. 2010 – Sept. 2011

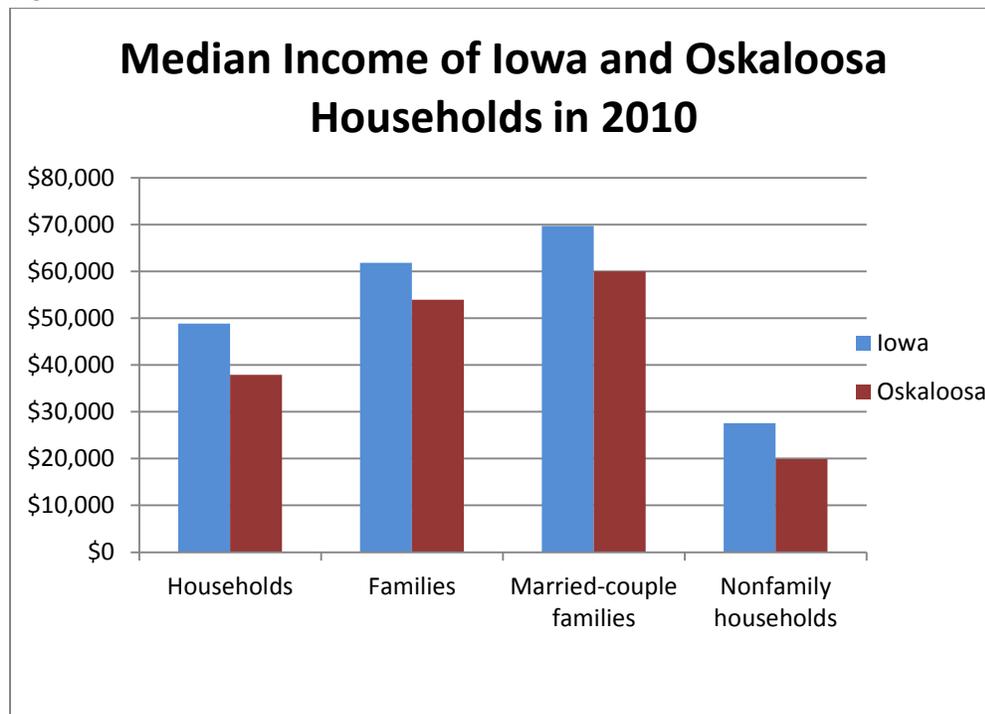


Source: US Bureau of Labor Statistics

INCOME

In 2010, Oskaloosa had a median household income of \$37,909. This is considerably lower than the state of Iowa which had a median household income of \$48,872. Looking at income levels for families, Oskaloosa had a median income of \$53,941, which again is slightly lower than the state median family income of \$61,804.

Figure 9. Median Household Income – Iowa and Oskaloosa 2010



Data Source: US Census Bureau 2010

The GINI Index, provided by the US Census Bureau, provides a measure of income inequality within a specified area by assigning a score between 0 (complete equality) and 1 (complete inequality). Oskaloosa’s score of 0.436 for 2010 is quite good compared to the rest of the U.S. and is higher than that of the state of Iowa. Iowa’s score of 0.427 is ranked fifth in the nation for least inequality. While being less unequal on income than other states is a good thing, this lack of variation is on incomes that are significantly lower than the state of Iowa’s income.

POVERTY

The U.S. Census Bureau determines poverty based on family size and income level, and publishes their figures in the Federal Register. As of 2011, an individual earning \$10,890 or less is considered under the poverty threshold, whereas the poverty threshold for a family of four is \$22,350.

Table 14. Federal Poverty Guidelines

| Family Size | Family Income |
|-------------|---------------|
| 1 | \$10,890 |
| 2 | \$14,710 |
| 3 | \$18,530 |
| 4 | \$22,350 |
| 5 | \$26,170 |

Source: U.S. Department of Housing and Urban Development

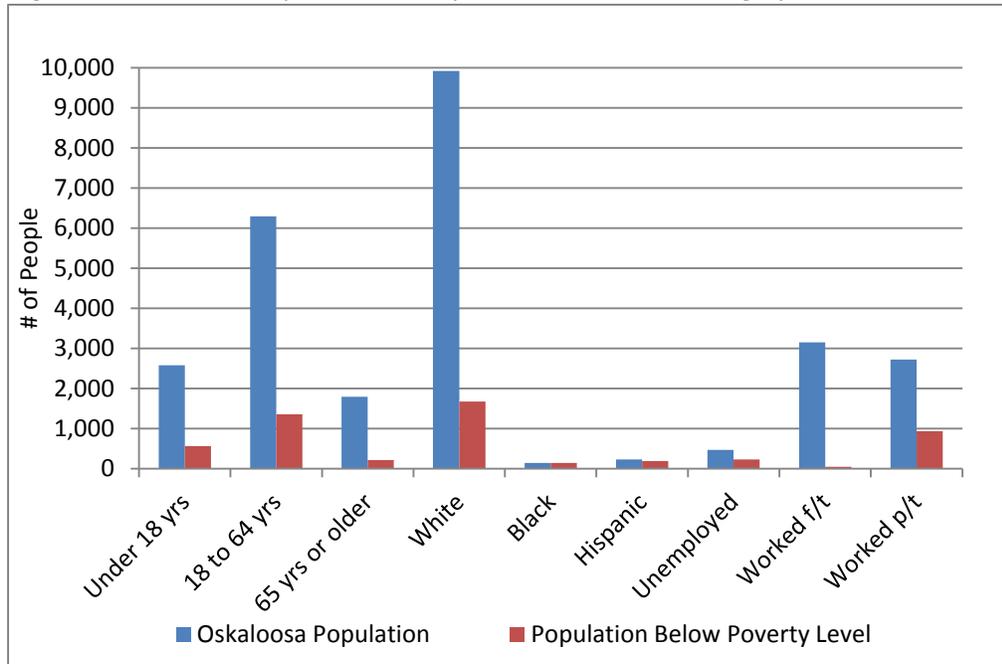
Compared to county and state benchmarks from the 2010 Census, the city of Oskaloosa has a comparatively high poverty rate. Twenty percent of Oskaloosa’s population lives under the poverty level, higher than both Mahaska County (14.3%) and the state of Iowa (11.6%). Child and elder poverty are also both higher in Oskaloosa when compared to ACS estimates. When examining poverty along racial boundaries, there is a concentration of poverty in minority cohorts, particularly among African Americans, whose entire population is under the poverty threshold. There is also a pervasive degree of poverty among residents working part-time. Access to safe, affordably priced housing is a major problem for households in poverty. The higher degree of poverty in Oskaloosa may indicate a need for more affordable housing.

Table 15. Poverty Status in Oskaloosa, Mahaska County and Iowa

| Category | Oskaloosa | | Mahaska County | | Iowa |
|---------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| | Number Below Poverty Level | Percent Below Poverty Level | Number Below Poverty Level | Percent Below Poverty Level | Percent Below Poverty Level |
| Total People in Poverty | 2144 | 20.1% | 3067 | 14.3% | 11.6% |
| Children (under 18) | 569 | 22.1% | 863 | 16.2% | 14.8% |
| Elderly (over 65) | 215 | 12.0% | 358 | 10.3% | 7.7% |
| African Americans | 146 | 100% | 152 | 82.2% | 35.6% |
| Latinos | 191 | 83.4% | 203 | 72.0% | 24.4% |
| White Alone, not Hispanic | 1674 | 16.9% | 2570 | 12.5% | 9.9% |
| Working full-time | 50 | 1.6% | 140 | 2.0% | 2.0% |
| Working Part-time | 936 | 34.3% | 1176 | 22.2% | 17.8% |

Source: U.S. Census Bureau 2010

Figure 10. Total and Impoverished Population - Various Demographics



Source: U.S. Census Bureau 2010

EDUCATIONAL ATTAINMENT

Oskaloosa has a relatively educated population. As shown in Table 14, about 85% of Oskaloosa adults have achieved at least a high school education. After high school graduate, the education level with the next highest proportion of the population is a Bachelor’s degree. Almost half of Oskaloosa’s population (45.9%) has attained at least some college education.

Table 16. Educational Attainment by Gender

| Education Level | Male | Female | Male & Female | Percent of Population |
|------------------------|------|--------|---------------|-----------------------|
| | | 3,351 | 3,737 | 7,088 |
| No schooling completed | 0 | 45 | 45 | 0.6% |
| Nursery to 4th grade | 18 | 0 | 87 | 1.2% |
| 5th and 6th grade | 24 | 45 | 69 | 1.0% |
| 7th and 8th grade | 186 | 147 | 333 | 4.7% |
| 9th grade | 77 | 53 | 130 | 1.8% |
| 10th grade | 41 | 54 | 95 | 1.3% |
| 11th grade | 168 | 122 | 290 | 4.1% |

| | | | | |
|-------------------------------------------|-------|-------|-------|-------|
| 12th grade, no diploma | 42 | 8 | 50 | 0.7% |
| High school graduate, GED, or alternative | 1,402 | 1,400 | 2,802 | 39.5% |
| Some college, less than 1 year | 209 | 309 | 518 | 7.3% |
| Some college, 1 or more years, no degree | 319 | 473 | 792 | 11.2% |
| Associate's degree | 297 | 297 | 594 | 8.4% |
| Bachelor's degree | 332 | 608 | 940 | 13.3% |
| Master's degree | 135 | 176 | 311 | 4.4% |
| Professional school degree | 48 | 0 | 48 | 0.7% |
| Doctorate degree | 53 | 0 | 53 | 0.7% |

Source: U.S. Census Bureau, 2006-2010 American Community Survey

EMPLOYMENT OUTLOOK

According to the 2008-2018 Career and Education Outlook published by Iowa Workforce Development, Region 15, of which Oskaloosa is a part, will experience the most growth (1.5% to 4.0% annually) in the health care and service industries. The 2008-2018 Career and Education Outlook for Region 15 also highlights the need for post-high school education – a factor mentioned by business respondents in their future and current unmet employment needs, as they commonly look outside of the area when advertising and using agencies to fill positions that require advanced degrees. Although Oskaloosa’s current workforce is well-educated, it seems more local emphasis on training for the particular area industry needs would be beneficial.

Table 17. Jobs by Worker Educational Attainment 2010

| Highest Educational Level Attained | Count | Share |
|-------------------------------------------------------------------|-------|-------|
| Less than high school | 322 | 5.7% |
| High school or equivalent, no college | 1,263 | 22.5% |
| Some college or Associate degree | 1,474 | 26.3% |
| Bachelor's degree or advanced degree | 1,113 | 19.9% |
| Educational attainment not available (workers aged 29 or younger) | 1,433 | 25.6% |

Source: U.S. Census Bureau, On the Map Application, <http://lehdmap.ces.census.gov>

Table 18. Top 10 Industries in Oskaloosa by Average Earnings and Number Employed

| Top 10 Industries by Earnings | Industry | Average Earnings | Top 10 Industries by # Employed | Industry | Number Employed |
|-------------------------------|------------------------------------------------|------------------|---------------------------------|---------------------------------------------------------|-----------------|
| 1 | Transportation & Warehousing | \$47,250 | 1 | Manufacturing | 1,448 |
| 2 | Utilities | \$40,313 | 2 | Health care and social assistance | 695 |
| 3 | Manufacturing | \$38,759 | 3 | Educational services | 639 |
| 4 | Public Administration | \$37,273 | 4 | Retail trade | 513 |
| 5 | Construction | \$36,250 | 5 | Accommodation and food services | 475 |
| 6 | Educational Services | \$29,850 | 6 | Construction | 230 |
| 7 | Information | \$29,375 | 7 | Other services, except public administration | 204 |
| 8 | Finance and Insurance | \$28,359 | 8 | Finance and insurance | 163 |
| 9 | Professional, scientific, & technical services | \$28,333 | 9 | Wholesale trade | 161 |
| 10 | Real Estate; Rental & Leasing | \$23,500 | 10 | Administrative and support and waste management service | 161 |

Source: U.S. Census Bureau, 2006-2010 American Community Survey

Table 19. Bottom 5 Industries in Oskaloosa by Average Earnings and Number Employed

| Bottom 5 Industries by Earnings | Industry | Average Earnings | Bottom 5 Industries by # Employed | Industry | Number Employed |
|---------------------------------|----------------------------------------------------------|------------------|-----------------------------------|--------------------------------------------|-----------------|
| 1 | Arts, entertainment, and recreation | \$2,500 | 1 | Real estate and rental and leasing | 20 |
| 2 | Accommodation and food services | \$6,173 | 2 | Utilities | 46 |
| 3 | Administrative and support and waste management services | \$11,940 | 3 | Agriculture, forestry, fishing and hunting | 47 |
| 4 | Retail trade | \$15,938 | 4 | Public administration | 52 |
| 5 | Health care and social assistance | \$15,960 | 5 | Arts, entertainment, and recreation | 58 |

Source: U.S. Census Bureau, 2006-2010 American Community Survey

Part 6 INFLUENCES OF LAND USE ON HOUSING OPTIONS

The designation and distribution of allowable land uses, as defined in the Oskaloosa Zoning Code, have important implications regarding the future provision of housing types within the city. The City of Oskaloosa's Zoning Code specifies five residential zoning districts:

1. Rural Residential (RR)
2. Single-Family Residential (R-1)
3. Urban Residential (R-2)
4. Multiple Family Residential (R-3)
5. Mobile Home Residential (R-4)

Most of the residential land in Oskaloosa's core is R-2, a medium-density zone that allows 5 to 11 dwelling units (DU) per acre and one- and two-family housing types. Large areas of land on the city's northeastern, southeastern, and southwestern sides, which includes much vacant land, are zoned R-1. This zone is low-density (5 or fewer DU per acre), and allows only single-family detached housing units by right and single-family attached housing units as a conditional use. The city contains a scattering of R-3 zones (22 or fewer DU per acre) and three R-4 zones (9 or fewer DU per acre), most of which have been developed.



Homes located in the low-density R-1 zone on the southeast side.

The R-2 zone, with its variety of permitted housing types, is fairly conducive to meeting Oskaloosa's major housing needs. However, the shortage of vacant land zoned for residential use more intensive than R-1 is an impediment. It may be appropriate to rezone some of the vacant R-1 land to R-2 or R-3, or to allow two-family dwellings and townhouses as a conditional use in R-1. Additionally, some of the unzoned land on Oskaloosa's northwestern and

northeastern peripheries could be zoned R-2 or R-3. Oskaloosans have expressed a desire to limit the use of R-4 zones. However, manufactured housing units on permanent foundations are permitted in all five residential zones, and are an excellent option for high-quality affordable housing.

Oskaloosa's zoning code provides for lower densities than might be found in an urban area. For example, the R-2 zone's maximum density of 11 DU per acre is possible only if all the units are townhouses. Detached single-family houses in R-2 have a minimum lot size of 8,000 square feet. Iowa City, Coralville, and North Liberty, by contrast, all have medium-density single-family zones, with minimum lot sizes as low as 4,350 sq. ft. for detached single-family houses. Iowa City also promotes land conservation and "smart growth" by allowing for relatively small minimum lot widths: as low as 30 feet and 20 feet for detached and attached single-family, respectively, depending on the zone and the availability of density bonuses¹⁹. Oskaloosa's R-3 zone, by comparison, has minimum lot widths of 60 feet and 70 feet for detached and attached single-family, respectively.

This is not to say that Oskaloosa should emulate the residential density of a much more urban jurisdiction. However, in order to satisfy its housing needs, Oskaloosa may need to incrementally reduce minimum lot areas, lot widths, and setbacks. A common municipal technique for promoting desired housing types (affordable housing, elder housing, infill redevelopment, etc.) is to give "density bonuses" to developers in the form of reduced dimensional requirements.

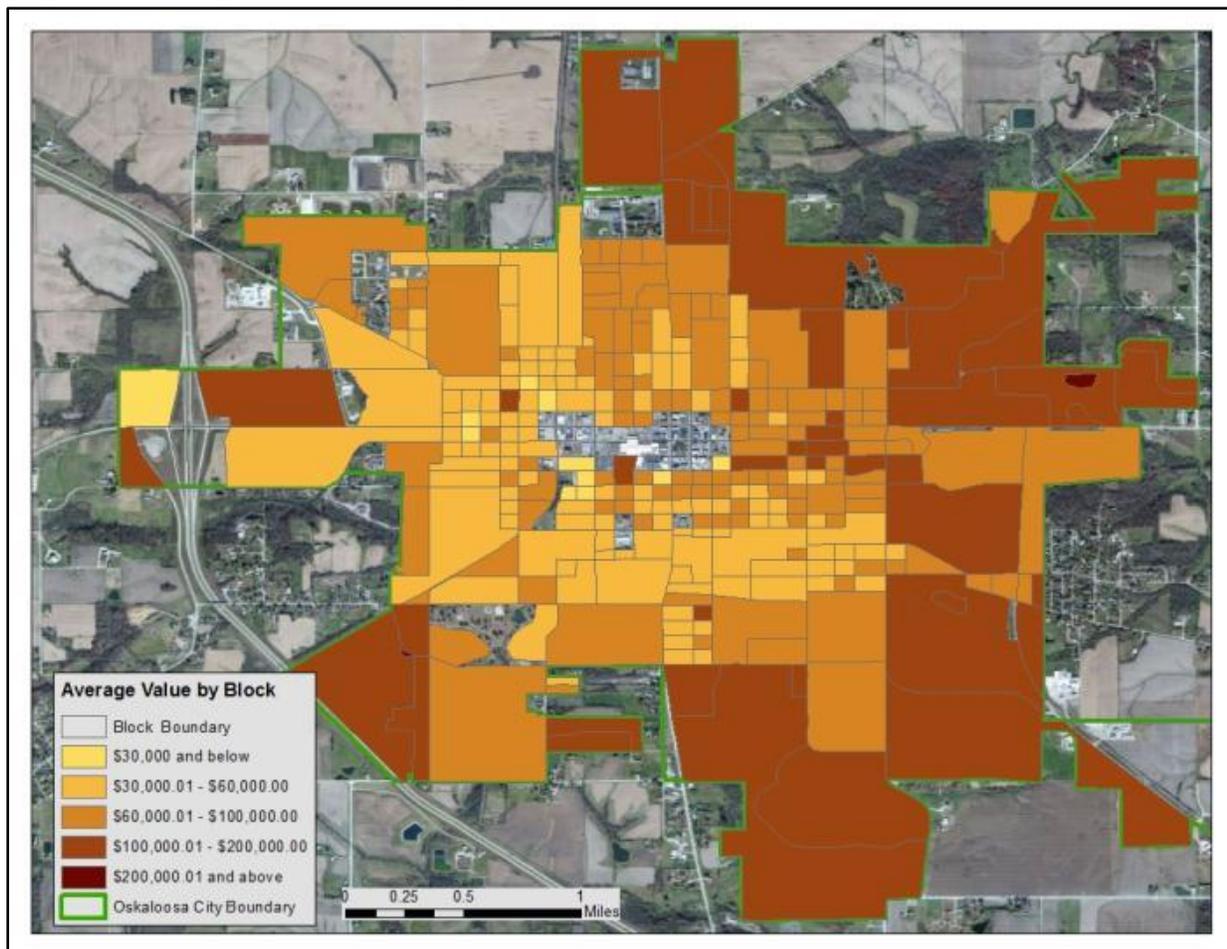
Part 7 HOUSING MARKET ANALYSIS

The following sections provide a snapshot of Oskaloosa’s housing market and households which are living in units not technically affordable to them.

HOUSING VALUES

Current housing values in Oskaloosa were obtained through parcel data from the Mahaska County Assessor. The average value of homes by Census block group are mapped in Figure 11. The map represents a wide range of housing values, from a minimum value of \$1,200 to \$378,858. The very low values likely represent parcels that do not contain a structure. In general, housing values are lower near the city center and become higher moving away from the core.

Figure 11. Average Assessed Value by Block



Sources: US Census Bureau 2011; Mahaska County Assessor

RENTAL RATES

Most Oskaloosa renters (60.2%) paid between \$400 and \$699 per month on rent, and roughly a quarter of renters paid between \$100 and \$399 per month. On the high end, estimates for Oskaloosa had 4.18% of renters paying over \$900 a month. Rental rates are higher for the state of Iowa. Less than half of Iowa renters (46.3%) paid between \$400 and \$699, and 15.9% paid between \$100 and \$399 per month. Over 15% of Iowa renters paid over \$900 per month.

Table 20. Gross Rent (Renter-Occupied Housing Units) – Oskaloosa and Iowa

| | Oskaloosa | | | Iowa | | |
|--------------------|-----------|-----------------|---------------------|----------|-----------------|---------------------|
| | Estimate | Margin of Error | Percent of Estimate | Estimate | Margin of Error | Percent of Estimate |
| Total Monthly Rent | 1,586 | +/-194 | | 326,042 | +/-2,776 | |
| With cash rent | 1,484 | +/-187 | | 302,062 | +/-2,640 | |
| Less than \$100 | 0 | +/-99 | 0.00% | 1,336 | +/-250 | 0.44% |
| \$100 to \$149 | 44 | +/-48 | 2.96% | 2,490 | +/-372 | 0.82% |
| \$150 to \$199 | 17 | +/-20 | 1.15% | 5,596 | +/-435 | 1.85% |
| \$200 to \$249 | 111 | +/-52 | 7.48% | 6,555 | +/-504 | 2.17% |
| \$250 to \$299 | 101 | +/-72 | 6.81% | 8,344 | +/-657 | 2.76% |
| \$300 to \$349 | 44 | +/-35 | 2.96% | 10,680 | +/-715 | 3.54% |
| \$350 to \$399 | 63 | +/-52 | 4.25% | 13,074 | +/-775 | 4.33% |
| \$400 to \$449 | 213 | +/-96 | 14.35% | 20,070 | +/-900 | 6.64% |
| \$450 to \$499 | 92 | +/-54 | 6.20% | 22,267 | +/-1,045 | 7.37% |
| \$500 to \$549 | 145 | +/-80 | 9.77% | 25,985 | +/-1,046 | 8.60% |
| \$550 to \$599 | 185 | +/-105 | 12.47% | 25,775 | +/-1,003 | 8.53% |
| \$600 to \$649 | 104 | +/-74 | 7.01% | 25,339 | +/-954 | 8.39% |
| \$650 to \$699 | 155 | +/-85 | 10.44% | 24,345 | +/-1,070 | 8.06% |
| \$700 to \$749 | 31 | +/-28 | 2.09% | 20,430 | +/-846 | 6.76% |
| \$750 to \$799 | 41 | +/-36 | 2.76% | 16,069 | +/-860 | 5.32% |
| \$800 to \$899 | 76 | +/-67 | 5.12% | 25,821 | +/-1,166 | 8.55% |
| \$900 to \$999 | 40 | +/-37 | 2.70% | 16,216 | +/-932 | 5.37% |
| \$1,000 to \$1,249 | 16 | +/-32 | 1.08% | 18,549 | +/-915 | 6.14% |
| \$1,250 to \$1,499 | 0 | +/-99 | 0.00% | 6,068 | +/-523 | 2.01% |
| \$1,500 to \$1,999 | 6 | +/-10 | 0.40% | 4,354 | +/-429 | 1.44% |
| \$2,000 or more | 0 | +/-99 | 0.00% | 2,699 | +/-350 | 0.89% |
| No cash rent | 102 | +/-56 | | 23,980 | +/-1,008 | |

Source: U.S. Census Bureau, 2006-2010 American Community Survey, 5-year estimates

Table 21 shows median gross rent by year a structure was built for Oskaloosa. As might be expected, the newest structures draw a higher median gross rent. Structures built in 2005 or after have a median gross rent of exactly double of those built between 2000 and 2004. Also noteworthy, the structures built from 1940 to 1949 draw the second-highest median gross rent (\$758), and the structures built from 1950 to 1959 draw the third-highest median gross rent

(\$602). On the other end of the spectrum, the structures built between 1980 and 1989 draw the lowest median gross rent (\$323). The high margin of error in this table should be noted.

Like in Oskaloosa, the newest structures draw the highest median gross rents across the state of Iowa. Different from Oskaloosa, for structures built between 1980 and 1989, median gross rent was nearly double for Iowa. Also different, the oldest structures (built in 1939 or earlier) draw median gross rents \$160 higher than in Oskaloosa, and are competitive with newer structures.

Table 21. Median Gross Rent by Year Structure was Built

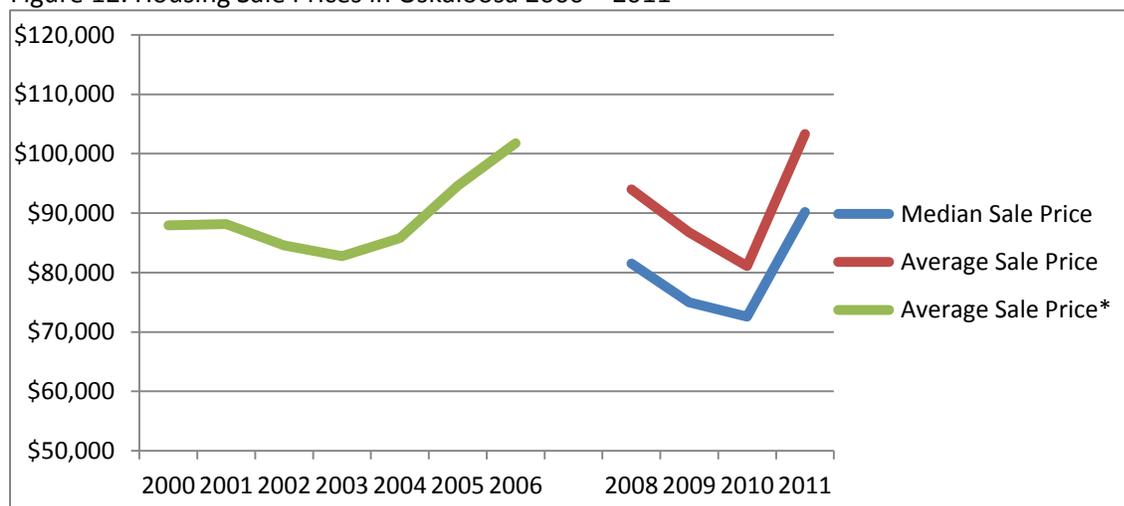
| Year Structure Built | Oskaloosa | | Iowa | |
|----------------------|-----------------------------|-----------------|-----------------------------|-----------------|
| | Estimated Median Gross Rent | Margin of Error | Estimated Median Gross Rent | Margin of Error |
| 2005 or later | \$1,016 | +/-294 | \$849 | +/-51 |
| 2000 to 2004 | \$513 | +/-210 | \$708 | +/-63 |
| 1990 to 1999 | \$568 | +/-37 | \$675 | +/-22 |
| 1980 to 1989 | \$323 | +/-181 | \$626 | +/-18 |
| 1970 to 1979 | \$545 | +/-109 | \$595 | +/-17 |
| 1960 to 1969 | \$536 | +/-58 | \$609 | +/-22 |
| 1950 to 1959 | \$602 | +/-83 | \$625 | +/-21 |
| 1940 to 1949 | \$758 | +/-154 | \$618 | +/-27 |
| 1939 or earlier | \$445 | +/-42 | \$605 | +/-18 |

Source: U.S. Census Bureau, 2006-2010 American Community Survey

TRENDS IN HOUSING SALES

Residential sale prices in Oskaloosa have started to rebound since the housing crisis of 2008 (Figure 12). The median sale price in Oskaloosa for the first 10 months of 2011 was \$90,200 (data for the remainder of 2011 is currently unavailable).

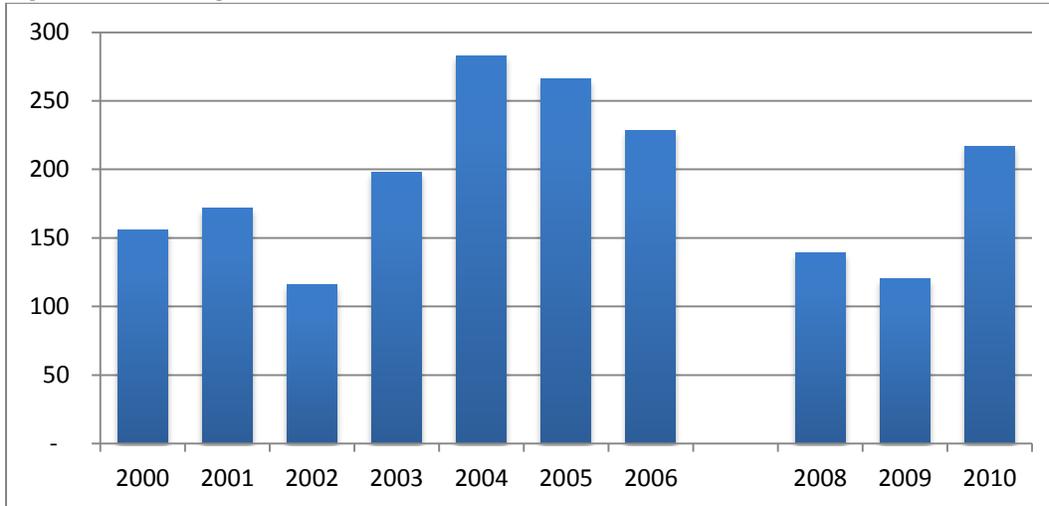
Figure 12. Housing Sale Prices in Oskaloosa 2000 – 2011



Sources: Mahaska County Assessor, Oskaloosa Board of Realtors' MLS Service. *No data available for 2007

The number of homes sold in Oskaloosa from 2000 to 2010 follows a similar trend as the sale price trend for those years (Figure 13). The number of homes sold increased during the early 2000s, declined in the late 2000s, and is now showing signs of rebounding.

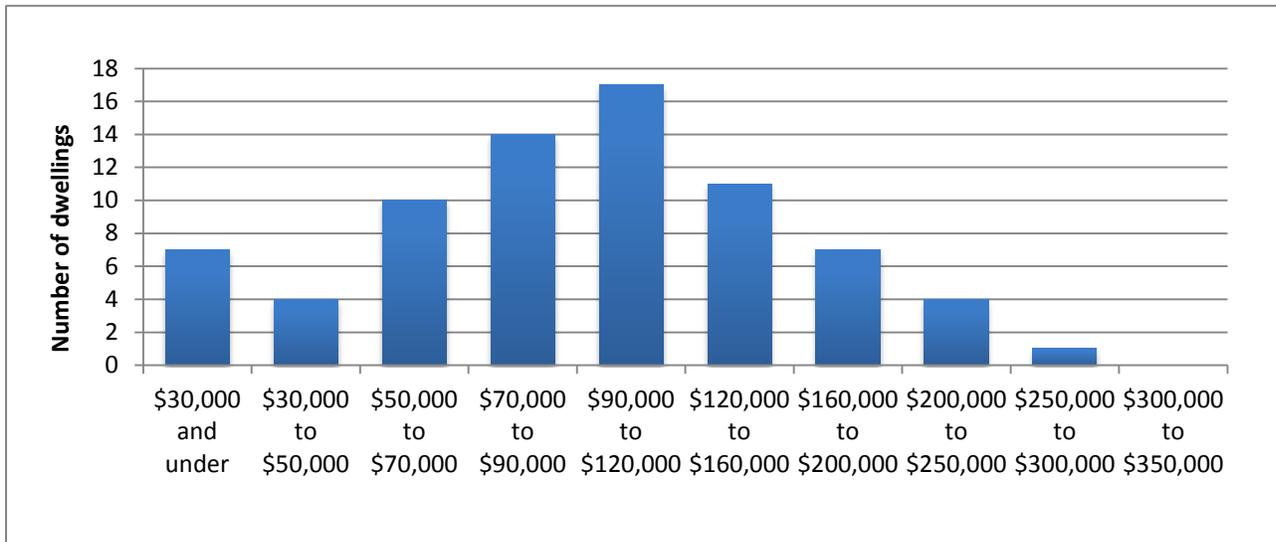
Figure 13. Housing Units Sold in Oskaloosa 2000 - 2010



Sources: Oskaloosa Board of Realtors MLS Service for data from 2000 – 2006; Mahaska County Assessor for data from 2008 – 2010. Note: No data was available for 2007

As mentioned above, the median sale price in Oskaloosa for the first 10 months of 2011 was \$90,200 (Figure 14). The most common sale price was in the \$90,000 to \$120,000 range. Households earning the median income in Oskaloosa are able to afford the median home price, as are many households earning below the median income. With a 20% down payment and over a 30-year term, the monthly home ownership costs for a \$90,200 home (including the mortgage, homeowner's insurance, property taxes, and utilities) is \$579.20. This housing cost is affordable for households at 60% of the median income and above.

Figure 14. Residential Sale Prices in Oskaloosa from Jan – Oct 2011



Source: Mahaska County Assessor

Home loan activity in Oskaloosa has, in the recent past, mirrored trends in the state (Table 22) and the nation. The number of home loans dropped sharply from a peak of 115 in 2007 to 68 in 2008. The number rebounded in 2009, aided we speculate, by the homeownership tax credit incentives in 2009 and the low interest rate environment then prevalent across the nation. The median loan amount in Oskaloosa, like in Iowa, has increased significantly since 2007. Table 23 depicts a similar trend. Home purchase loans decreased by almost half from 2007 to 2008, although home purchase loans as a percent of all home loan activity fell by only about 6% during that time. As of 2010, over 40% of all home loans were for the purchase of homes, compared to about 30% of all home loans in the state of Iowa.

Table 22. Home Loan Activity, 2004-2010

| Year | Oskaloosa | | Iowa | |
|------|-----------------|--------------------|-----------------|--------------------|
| | Number of Loans | Median Loan Amount | Number of Loans | Median Loan Amount |
| 2004 | 90 | \$70,000 | 91,050 | \$93,000 |
| 2005 | 73 | \$76,000 | 89,448 | \$96,000 |
| 2006 | 99 | \$68,000 | 80,568 | \$96,000 |
| 2007 | 115 | \$73,000 | 70,986 | \$103,000 |
| 2008 | 68 | \$94,000 | 62,382 | \$114,000 |
| 2009 | 115 | \$120,000 | 97,935 | \$126,000 |
| 2010 | 79 | \$83,000 | 85,368 | \$123,000 |

Source: The Policy Map

Table 23. Home Loan Type, 2004-2010

| Year | Oskaloosa | | Iowa | |
|------|----------------|---------------------|----------------|---------------------|
| | Purchase loans | As a % of all loans | Purchase loans | As a % of all loans |
| 2004 | 40 | 44.44 | 39,428 | 43.3 |
| 2005 | 42 | 57.53 | 42,995 | 48.07 |
| 2006 | 49 | 49.49 | 42,202 | 52.38 |
| 2007 | 61 | 53.04 | 37,356 | 52.62 |
| 2008 | 32 | 47.06 | 29,213 | 46.83 |
| 2009 | 32 | 27.83 | 30,224 | 30.86 |
| 2010 | 32 | 40.51 | 25,559 | 29.94 |

Source: The Policy Map

Part 8 EXISTING AND PROJECTED HOUSING NEEDS

Oskaloosa’s housing needs are first explored through the perspective of social service providers and businesses related to the housing market. The perspective of major employers of Oskaloosa residents are also provided to gain a broader knowledge of perceived housing needs in Oskaloosa. The housing needs of William Penn University students are also addressed. Based on this qualitative information and quantitative data, the overall housing needs of Oskaloosa are determined, as are the current and projected needs for affordable housing in Oskaloosa.

PERCEPTIONS OF OSKALOOSA’S HOUSING SITUATION

Perceptions of Social Service Providers & Businesses Directly Involved with the Housing Supply

Several local social service providers, real estate agents, developers, and assisted living facilities were interviewed to learn their perception of the Oskaloosa’s housing situation.

Social Service Providers

Telephone interviews were conducted with officials from six social service providers in Mahaska County: one public and the rest nonprofit. Collectively, the agencies provide a range of services for children and families, the elderly and disabled, persons with mental illness and substance abuse issues, victims of domestic violence, and homeless persons. Although some of the agencies have clients in other counties, the respondents reported that most of their Mahaska County clients live in Oskaloosa. One respondent noted that being centrally located is important to clients that are disabled and/or lack a vehicle. Furthermore, most respondents identified housing as a concern for a majority of their clients.

Most respondents identified a significant need for affordable housing in the Oskaloosa area. The need is manifested by individuals and families doubling up with friends and relatives, falling into homelessness, living in substandard housing, and seeking help with security deposit and rental payments. The social service providers regularly refer clients to the subsidized housing developments in Oskaloosa, such as Santa Clara, Southern Hills, and Meadowbrook. However, these developments do not fully meet the affordable housing need, for a variety of reasons. First, they do not provide enough units to meet all affordable housing demand. Second, although they were generally built with project-based subsidies, tenants often receive Housing Choice (or “Section 8”) Vouchers as well. Some of the providers’ clients have criminal backgrounds, disqualifying them from the voucher program. Third, the units available at any given time in these developments may not meet a family’s needs or preferences in terms of unit size or location.

The social service providers also generally identified the quality of low-cost market rentals as a major problem. One respondent told us that shabby yet adequate rentals are available to families who budget wisely enough to avoid higher-amenity rentals. However, most providers believed that a majority of lower-cost rentals are of such poor quality that they would not pass inspection for voucher holders. One respondent, in fact, reported that many units in a certain mobile home park are infested with bedbugs, and that renters who move from there to other rentals in Oskaloosa bring the bedbugs with them. Most landlords refuse to pay for bedbug extermination, and virtually no renters can afford it.



A rental home in need of repair.

For the most part, the social service providers did not perceive a shortage of elder housing in Oskaloosa. They highlighted the abundance and high quality of senior housing developments such as Grant, Lincoln, and Highland Park, and noted that their rents are generally income-tested. However, one provider said that proximity of senior housing to neighborhood services is a concern. Responses about the adequacy of housing for persons with special needs (physical or developmental disabilities, mental illness, etc.) were more mixed. Some providers believed it to be adequate, noting that the federally assisted senior housing developments also accept disabled persons. Others, however, saw a shortage of handicapped-accessible housing.

On a related note, the providers were generally supportive of renovation and replacement of older housing stock. However, some respondents mentioned that funding for repairs is limited, and property owners may be unaware of funding streams that do exist. They also argued that some properties are in such poor shape that demolition is a better option. One respondent noted that the City of Oskaloosa has considered enacting a rental inspection ordinance. However, another respondent highlighted a need for greater responsibility among tenants as well, saying that a small number of families move from one rental to the next, failing to pay rent and eventually being evicted. She urged landlords to charge security deposits, noting that several agencies in Mahaska County provide deposit assistance.

On the whole, the Mahaska County social service providers that were interviewed believe Oskaloosa should expand or at least maintain its organizational capacity for addressing housing needs, especially since the economic downturn has increased housing stress. Several

respondents expressed a need for more funding to help property owners rehabilitate residences, to provide rapid rehousing facilities for the homeless, and so on. One provider felt strongly that the elimination of the Oskaloosa Municipal Housing Agency would cause significant hardship for the City's voucher holders.

Assisted Living Facilities

As mentioned above, most social service providers feel that elderly housing needs are being met, and some even feel that elderly housing is over-built. Maple Ridge Assisted Living is currently expanding and others have expressed that they have the capacity to expand and may do so in the future.

One respondent felt that the biggest problem in Oskaloosa is not elderly housing, but rental housing for young people and families. While the respondent's facility is not allowed to rent to people under 55 years old, they often receive requests from people under 55 seeking rentals. This respondent also mentioned that facility employees have a difficult time finding nice, affordable rentals. Some employees commute from as far away as Ottumwa, while others have been able to make arrangements with fellow employees.

Real Estate Agencies

Three Oskaloosa real estate brokers were interviewed. These individuals stated that Oskaloosans are still cautious about the housing market and the economy, although they feel the housing market is improving. There has been almost zero new construction in the past few years, partly due to the absence of available land, although sporadic construction of custom-built housing has occurred. Two of the respondents stated they would like to see more houses for sale in the \$100,000 to \$150,000 range.

One respondent said many of the homes on the market that were built in 1950 and before are not selling for more than \$100,000. Data from the Multiple Listing Service (MLS) indicated the median list price of the 136 houses on the market at the time of the interview was \$89,000. These houses had an average square footage of 1,369 and over half had 3-bedrooms. Further MLS data shared by the realtors indicated that 131 homes were sold in Oskaloosa from January to December 2011. The average sale price was \$101,444, while the median sale price was \$85,000. On average, these homes spent 105 days on the market.

When asked to give a profile of a typical prospective homebuyer in Oskaloosa, one respondent described a Pella Corporation employee looking for a 3-bedroom house between \$90,000 and \$95,000. Houses fitting such a request are usually about 50 years or older, have a detached one or two-car garage, and sit on a 60 x 120 ft. lot. While the respondent also stated there is unmet demand for housing newer than 50 years old in the \$110,000 to \$130,000 range, such homes that are currently on the market do not sell quickly, possibly due to the uncertain economy.

The realtors also discussed credit and the fact that, while obtaining a loan takes longer than before the economic recession, banks are lending more now than they were a year ago. Although the minimum credit score needed to obtain a home loan has come down since 2009, prospective homebuyers looking for modular and manufactured homes are still having trouble meeting the minimum credit score.

Developers

Of the ten builders and developers contacted for this study, only representatives of two responded. According to these respondents, the primary housing market in Oskaloosa is median-income, which includes households earning in the range of \$35,000 to \$60,000 per year.

Respondents noted that finding reasonable lots for development and high costs are main constraints that Oskaloosa developers experience. One respondent believed that it would be close to impossible to develop a multiple-unit subdivision now due to recent permit fee increases and the rising cost of building materials. This respondent also said that new regulations are a hurdle for developing in Oskaloosa. Profit margins have decreased over the past several years due to these additional costs, which are usually passed on to the homebuyer. Another respondent explained that, due to the high cost of land and infrastructure, developers have to ask for “big city prices” for lots in order to make a profit. Because small-town homebuyers are not willing to pay these higher prices, developers may end up holding lots for several years, thus reducing their profit.

The Mahaska County Housing Needs Assessment of 2007 found 54 lots in 7 subdivisions within Oskaloosa that were available for development. Since then, less than 50 building permits have been issued. Even assuming that no new subdivision was platted since 2007, there should still be a few vacant lots in Oskaloosa today. Indeed, a quick search on www.realtor.com showed several vacant lots available within city limits, and additional options available just outside city limits. The Fox Run, Otter Hills, Patriot Addition and Arbor Trace subdivisions had vacant lots for sale. Vacant lots for sale were also found at South 11th Street (near the corner of 5th Avenue East), 248th Street, Northland Lane, Highway 92 (within the Otter Hills Subdivision), Elmhurst Court, Orchard Avenue, 270th St., Clay Court, North Shore Drive, and D West Avenue. Consistent with a growing nationwide trend, some of the newer subdivisions in Oskaloosa may have restrictive private covenants that could discourage certain types of construction within them.

Building permit fees in Oskaloosa are higher than those of two nearby towns (Table 24). For a new house valued at \$100,000, the permit fee in Oskaloosa would be about \$895; it would be about \$508 in Pella and \$417 in Knoxville. Perhaps this is why some developers felt that permit fees would impede development in Oskaloosa while encouraging development in Pella and

Knoxville. However, the difference in permits fees is less than 0.5% of the total construction cost of a \$100,000 house.

Table 24. Comparison of Building Permit Fees in Oskaloosa, Pella and Knoxville

| Building Permit Fees | Oskaloosa | Pella | Knoxville |
|-----------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Total Valuation | Fees | | |
| \$0-\$99 | \$30 | \$15 | \$0 |
| \$100-\$500 | \$30 | \$15 | \$50 |
| \$501-\$2,000 | \$30.00 for first \$500 + \$2.00 for each additional \$100.00 up to \$2,000 | \$15 | \$50 |
| \$2,001-\$15,000 | \$60.00 for first \$2,000 + \$12.50 for each additional \$1,000 up to \$25,000 | \$15 | \$50.00 for the first \$2,000 + \$4.00 for each additional \$1000 |
| \$15,000-\$25,000 | \$60.00 for first \$2,000 + \$12.50 for each additional \$1,000 up to \$25,000 | \$35 for the first \$15,000 + \$5.00 for each additional \$1,000 | \$50.00 for the first \$2,000 + \$4.00 for each additional \$1000 |
| \$25,001-\$30,000 | \$347.50 for first \$25,000 + \$9.00 for each additional \$1000 up to \$50,000 | \$35 for the first \$15,000 + \$5.00 for each additional \$1,000 | \$50.00 for the first \$2,000 + \$4.00 for each additional \$1000 |
| \$30,001-\$50,000 | \$347.50 for first \$25,000 + \$9.00 for each additional \$1000 up to \$50,000 | \$110 for the first \$30,000 + \$5.50 for each additional \$1,000 | \$50.00 for the first \$2,000 + \$4.00 for each additional \$1000 |
| \$50,001-\$100,000 | \$572.50 for first \$50,000 + \$6.25 for each additional \$1000 up to \$100,000 | \$220 for the first \$50,000 + \$5.75 for each additional \$1,000 | \$242 for the first \$50,000 + \$3.50 for each additional \$1000 |
| \$100,001-\$500,000 | \$885 for first \$100,000 + \$5.00 for each additional \$1000 up to \$500,000 | \$507.50 for the first \$100,000 + \$3.75 for each additional \$1,000 | \$417 for the first \$100,000 + \$3.00 for each additional \$1000 |
| \$500,001-\$1,000,000 | \$2,885 for first \$500,000 + \$4.25 for each additional \$1000 up to \$1,000,000 | \$2,007.50 for the first \$500,000 + \$1.75 for each additional \$1,000 | \$1,617 for the first \$500,000 + \$2.50 for each additional \$1000 |
| \$1,000,001 and over | \$5,010 for first \$1,000,000 + \$2.75 for each additional \$1000 | \$2,882.50 for the first \$1,000,000 + \$1.50 for each additional \$1,000 | \$2,867 for the first \$1,000,000 + \$2.00 for each additional \$1000 |

Sources: http://www.oskaloosaiowa.org/documents/2012FeeSchedule_000.pdf;
http://www.cityofknoxville.org/plansreview/plansreview_feeschedule.pdf;
<http://www.cityofpella.com/DocumentView.aspx?DID=66>

Local Banks

Five banks with branch offices in Oskaloosa were contacted concerning their perception of local housing opportunities and challenges, though only two responded. These banks identified three major challenges in the Oskaloosa housing market: 1) low paying jobs, 2) dilapidated housing stock, especially at entrance points into town, and 3) custom building is too expensive and there

is a need for speculative housing construction of multiple-units that could take advantage of scale economies and lower per unit construction costs. The banks also stated:

- The housing ownership market will improve with the economy.
- Wages in Oskaloosa are too low for the majority of local employees to afford home ownership of quality housing, even though residents of Oskaloosa qualify for USDA rural home loans designed to serve low to moderate income homebuyers.
- More rental units appear to be needed and existing units need to be upgraded.
- Building codes need to be enforced more stringently.

Existing homes at the affordable range are too run down and do not appeal to buyers; many Musco and Cargill employees choose to live in Pella. The two banks differed on the housing price range that needs more supply. One bank perceived a need for more homes priced below \$80,000 and an overstock at higher prices, while the other believed that homes priced below \$80,000 are overstocked and the greatest need is for homes priced between \$80,000 and \$200,000.

Perceptions of Area Businesses Not Directly Involved with Housing Supply

Oskaloosa-area businesses that employ a large percentage of Oskaloosa residents were asked a set of questions regarding their perceptions of housing availability, the housing needs of their employees, and housing-related assistance they provide.

The responses provided by Oskaloosa-area businesses reflect a belief among employers that housing within the \$81,000 to \$160,000 price range is most needed in Oskaloosa. Affordable, well-kept rental units of four bedrooms and larger are also needed. Nearly all respondents commented on the run-down nature of the homes and apartments on N. and S. Market Street, and that the condition of these structures should be improved, since doing so would provide a more appealing entrance into Oskaloosa. Consensus seems to be that the large number of older homes in Oskaloosa should be refurbished and made more attractive to potential buyers.

As identified earlier in this report, a large number of people who work in Oskaloosa live outside the city. When employers were asked how these individuals could be encouraged to move to Oskaloosa, the most common response was to clean up existing properties that are run-down. While employers do not see a trend of employees moving out of Oskaloosa, one employer commented that new hires seem to be choosing not to live in Oskaloosa.

One Oskaloosa-area employer reported affordable housing as an employee retention issue: the Oskaloosa Community School District (OCSD). This may contribute to the fact that the levels of student preparedness and graduation rates are lower in the OCSD than the nearby Pella

Community School District, even though the OCSD spends more on instruction per student and has equivalent teacher experience and salaries.²⁸

Regarding the quality of housing in Oskaloosa as an employee retention issue, 25% of employers reported experiencing this issue. One respondent stated,

“At times we have had people interested in our jobs, but don’t feel they can find the type of housing situation they are looking for. Sometimes they want higher quality rentals... We have also received feedback from applicants that while they think housing here is very affordable as compared to where they are from, the range of choices is limited...(and) that there are not enough newer neighborhoods like Marje or Golfview.”

Of the respondents, 22% reported that their employees have expressed problems finding housing due to the following factors: affordability, size, and quality, while 33% report that rental units are inadequate.

When asked about housing assistance Oskaloosa-area employers offer to their employees, one respondent offers a forgivable home purchase loan that is based on continued tenure with the company. Half of the respondents offer relocation assistance to salaried and director-level employees. While only 22% of respondents have partnered with a local housing agency to help with affordable housing in the community, 66% reported they would be willing to engage in some type of housing partnership activity.

In summary, key perceptions shared by various entities that were interviewed are as follows:

- Oskaloosa’s housing stock must be rehabilitated and building codes must be enforced by the city. The current status of run-down properties is affecting the appeal of homes to new homebuyers.
- Faced with a choice between budgeting time and expense to remodel a home in Oskaloosa versus buying one in Pella that is comparable in price and ready to inhabit, homebuyers are more likely to buy in Pella.
- If price and condition of a home are equal, the neighboring properties become determining factors. Without consistent building code enforcement, there is no guarantee that neighbors will engage in the necessary upkeep of their homes required to maintain and increase property values.

WILLIAM PENN UNIVERSITY STUDENT HOUSING NEEDS

William Penn University has a current enrollment 945 full-time students. Freshman and sophomores are required to live on-campus, unless they live with family within a 30-mile radius.

²⁸<http://www.iowaschoolprofiles.com/profileschart.asp?t=s&s0=50130209&s1=50130472&s2=50130109&s3=50130481>

A new dormitory is currently being built that will increase total campus beds to 570, up from 520 existing beds. Over the next five years an old dorm will be renovated, providing an additional 100 beds. The net amount of student housing available on-campus in five years will be 670 beds. It should be noted that the university offers married student or single parent housing at Rosenberger Apartments.

Historically about 50% of William Penn students live on-campus. This means that an estimated 473 students live off-campus. Representatives from the University estimate that 35% of these students, or 165 students, live in Oskaloosa. Student renters are likely to rent in groups of 2 or more; an average of 3 students per rental units indicates that approximately 55 rental units are needed to meet current student needs.

On-campus housing costs per academic year currently range from \$2,002 for double (shared) rooms to \$3,240 for single rooms, townhouses, and apartments. For a 9 month period, this is equivalent to paying \$222 -\$274 per month for a double room to \$289-\$340 for a single room. Rather than paying \$222 per month for a double room, a student may prefer to pay the same or slightly more for a shared rental unit off-campus that provides the privacy of their own bedroom. Rental units within Oskaloosa exist at comparable rates, if rent is shared between two or more students, as shown in Table 25. There seems to be adequate supply of rental housing available in Oskaloosa to satisfy student needs.

Table 25. Existing Oskaloosa Rental Units < \$750 per Month

| | \$500 to \$750 | Under \$500 |
|-------------|----------------|-------------|
| Unit Type | # of Units | # of Units |
| 1 Bedroom | 93 | 458 |
| 2 Bedrooms | 372 | 183 |
| 3+ Bedrooms | 155 | 28 |
| TOTAL | 620 | 1,289 |

Source: American Community Survey 200-2010 5 Year estimate

OVERALL PROJECTED HOUSING NEED

According to the low-range population projection provided in a previous section and the 2010 average household size in Oskaloosa of 2.4 people, there will be a need for 94 additional housing units by 2020. According to the high-range population projection, there will be a need for 237 additional housing units by 2020. The figure for the total units needed by 2020 includes a 5% vacancy rate buffer, to ensure that the housing market is not unduly strained. The projected demolitions are based on the number of demolitions in Oskaloosa for the last 9 months, and extrapolated to a ten-year period. Therefore, the actual number of demolitions from 2010 to 2020 may vary greatly from the projection.

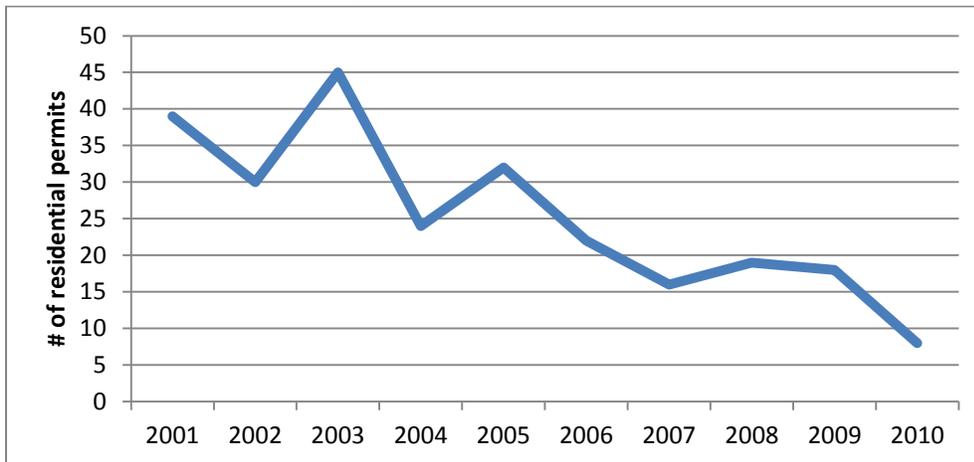
Table 26. Projected housing needs in 2020 in Oskaloosa

| Projected Population 2020 | Total Units Needed by 2020 | Housing Units 2010 | Projected Demolitions | Available Units in 2020 | New Units Needed by 2020 |
|---------------------------|----------------------------|--------------------|-----------------------|-------------------------|--------------------------|
| Low: 11,864 | 5,137 | 5,144 | 101 | 5,043 | 94 |
| High: 12,195 | 5,280 | 5,144 | 101 | 5,043 | 237 |

Sources: US Census and the Oskaloosa Engineering Department

Given the current rate of construction in Oskaloosa, the number of housing units needed by 2020 may be met. From 2001 to 2010, 253 housing unit building permits were issued in Oskaloosa. If another 253 housing units are constructed over the next 10 years, the housing need based on quantity of homes (not quality or affordability) will be satisfied. However, the number of residential building permits issued annually has fallen drastically since 2005 (Figure 15). The average number of building permits issued between 2008 and 2010, the years affected by the housing crisis, was 15 per year. If this trend continues over the next ten years, only 150 housing units will be developed. Under the high-range population projection, there would be a housing shortage of 87 units.

Figure 15. Residential Building Permits Issued in Oskaloosa – 2001 to 2010



Sources: SOCDS Building Permit Database (HUD)

Oskaloosa’s senior population is expected to have a high growth rate between 2010 and 2020. This will cause an increased need for senior housing. Currently, there are approximately 1,156 households headed by seniors. This number is projected to increase by 162 households in 2020. These new senior households will have a range of housing needs, including, but not limited to, independent units, accessible units, and assisted living.

COST-BURDENED HOMEOWNERS & RENTERS

A household that spends over 30% of its income on housing (whether it is ownership or rental) is deemed to be housing cost-burdened. The proportion of such households in a community is a good indicator of the need for affordable housing in that community. Despite the considerable

affordability of the median home price for many of the households in Oskaloosa, there is currently a substantial need for affordable housing. Over a quarter (25.7%) of households in Oskaloosa are housing cost-burdened. The percentage of cost-burdened owner-occupied households is lower in Oskaloosa than statewide, where 20% of owner-occupied households are housing cost-burdened. However, 48.2% of all renter-occupied households in Oskaloosa are housing cost-burdened; this is higher than the statewide percentage of 40.3% (Table 27).

Table 27. Current and Project Cost-Burdened Homeowners and Renters in Oskaloosa

| All Households Paying >30% Income for housing costs | | | |
|---------------------------------------------------------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2020 |
| Less than \$20,000 | 14.90% | 17.50% | 16.20% |
| \$20,000 to \$34,999 | 5.80% | 6.50% | 6.15% |
| \$35,000 to \$49,999 | 1.30% | 0.40% | 0.85% |
| \$50,000 to \$74,999 | 0.30% | 1.00% | 0.65% |
| \$75,000 or more | 0.40% | 0.30% | 0.35% |
| Median household income (dollars) | \$39,434.00 | \$37,909.00 | \$38,671.50 |
| 80% of Median Income | \$31,547.20 | \$30,327.20 | \$30,937.20 |
| Total % Cost Burdened | 22.70% | 25.70% | 24.20% |

| Owner-occupied households paying >30% Income to own | | | |
|---------------------------------------------------------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2020 |
| Less than \$20,000 | 4.00% | 6.00% | 5.00% |
| \$20,000 to \$34,999 | 5.20% | 5.30% | 5.25% |
| \$35,000 to \$49,999 | 1.90% | 0.70% | 1.30% |
| \$50,000 to \$74,999 | 0.50% | 1.50% | 1.00% |
| \$75,000 or more | 0.70% | 0.40% | 0.55% |
| Median household income (dollars) | \$39,434.00 | \$37,909.00 | \$38,671.50 |
| 80% of Median Income | \$31,547.20 | \$30,327.20 | \$30,937.20 |
| Total % Cost Burdened | 12.30% | 13.90% | 13.10% |

| Renter-occupied households paying >30% Income to rent | | | |
|-----------------------------------------------------------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2020 |
| Less than \$20,000 | 36.80% | 39.40% | 38.10% |
| \$20,000 to \$34,999 | 7.10% | 8.80% | 7.95% |
| \$35,000 to \$49,999 | 0.00% | 0.00% | 0.00% |
| \$50,000 to \$74,999 | 0.00% | 0.00% | 0.00% |
| \$75,000 or more | 0.00% | 0.00% | 0.00% |
| Median household income (dollars) | \$39,434.00 | \$37,909.00 | \$38,671.50 |
| 80% of Median Income | \$31,547.20 | \$30,327.20 | \$30,937.20 |
| Total % Cost Burdened | 43.90% | 48.20% | 46.05% |

Sources: American Community Survey, 2009, 2010

Cost-burdened households whose incomes are less than 80% of the area median income (AMI) invariably have to compromise on other essential budget items such as food, clothing, education, transportation or healthcare. Therefore, such households need special attention and federal and state housing policies are generally geared to serve their needs. In Oskaloosa, among households earning approximately 80% of the area median income or less, 24.43% of households are housing cost-burdened (Table 28). Cost-burdened homeowners earning 80% AMI or less in Oskaloosa make up 7.85% of all households, and cost-burdened renters earning 80% AMI or less make up 16.58% of all households.

Table 28. Current and Projected Affordable Housing Demand for Households under 80% AMI

| Cost-Burdened Households with Income <80% AMI | | | | | |
|---------------------------------------------------------|-------------|--------------------|---------------------------|----------------------------|-----------------------|
| <i>HH Type</i> | <i>2010</i> | <i>% of All HH</i> | <i>% of All Owner HHs</i> | <i>% of All Renter HHs</i> | <i>Projected 2020</i> |
| Owner | 362 | 7.85% | 11.96% | | 385 |
| Renter | 765 | 16.58% | | 48.23% | 824 |
| All HH | 1127 | 24.43% | | | 1203 |

| Cost-Burdened Households with Income <50% AMI | | | | | |
|---------------------------------------------------------|-------------|--------------------|---------------------------|----------------------------|-----------------------|
| <i>HH Type</i> | <i>2010</i> | <i>% of All HH</i> | <i>% of All Owner HHs</i> | <i>% of All Renter HHs</i> | <i>Projected 2020</i> |
| Owner | 342 | 7.41% | 11.29% | | 364 |
| Renter | 523 | 11.34% | | 32.98% | 556 |
| All HH | 865 | 18.75% | | | 920 |

| Cost-Burdened Households with Income <30% AMI | | | | | |
|---------------------------------------------------------|-------------|--------------------|---------------------------|----------------------------|-----------------------|
| <i>HH Type</i> | <i>2010</i> | <i>% of All HH</i> | <i>% of All Owner HHs</i> | <i>% of All Renter HHs</i> | <i>Projected 2020</i> |
| Owner | 183 | 3.97% | 6.04% | | 195 |
| Renter | 264 | 5.72% | | 16.65% | 281 |
| All HH | 447 | 9.69% | | | 476 |

Source: American Community Survey, 2010

The projected number of cost-burdened households in 2020 is based on the cohort population projection. Based on this projection, approximately 1,203 households will be cost burdened by 2020. Assuming that the proportion of cost-burdened homeowners to renters remains the same in 2020 as it was in 2010, there will be about 385 cost-burdened owners and 824 cost-burdened renters under 80% AMI in 2020 (Table 28).

When low income households (households with incomes under 80% AMI) are housing cost-burdened, they face several difficult choices on how to spend scarce monetary resources. These decisions become much more difficult for households that have very low (under 50% AMI) or extremely low incomes (under 30% AMI). As Table 28 illustrates, the majority of cost-burdened households have incomes under 50% AMI. Indeed, over 94% of low-income cost-burdened homeowners are under 50% AMI while over 68% of low-income cost-burdened renters

are under 50% AMI. This indicates that even the absolute numbers of cost-burdened households is not very high providing housing assistance that would make a meaningful difference to the quality of their lives would require deep subsidies.

Another useful technique for assessing local rental housing affordability is to determine the hourly wage needed to rent a typical apartment. The National Low Income Housing Coalition produces an annual report entitled *Out of Reach*²⁹ which provides housing cost data for states, counties, and metropolitan and non-metropolitan areas. According to the 2012 *Out of Reach* report, an hourly wage of \$10.38 is needed to afford a 2-bedroom rental at the Fair Market Rent (FMR) of \$540. However, the mean wage of renters in Mahaska County is \$7.78, or slightly higher than the minimum wage of \$7.25. To afford a 2-bedroom unit at FMR, a renter would have to hold 1.3 full-time jobs at the mean renter wage. Even a 1-bedroom apartment at the FMR of \$424³⁰ is slightly out of reach at the mean renter wage (Figure 16). Households with multiple earners, such as working married couples and unrelated roommates, are best equipped to collectively earn the housing wage for a 1- or 2-bedroom apartment. However, households with multiple members and only one breadwinner (such as single-parent families) are more likely to fall short of the housing wage.

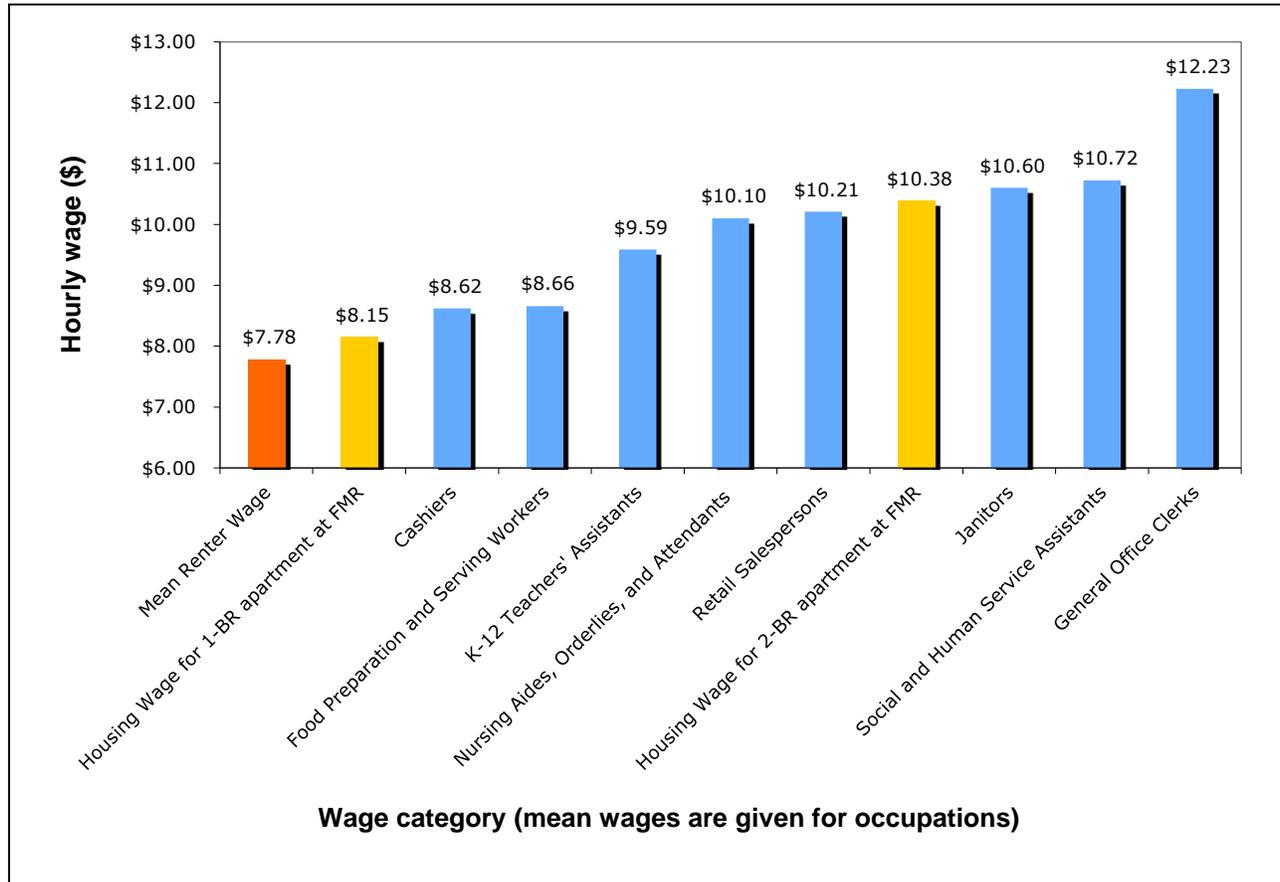
Figure 16 compares Mahaska County's mean renter wage and housing wages to the mean hourly wages of selected low- and moderate-skilled occupations.³¹ All occupations shown pay a higher hourly wage, on average, than the housing wage for a 1-bedroom apartment at FMR. However, a 2-bedroom apartment at FMR is unattainable for sole-breadwinner cashiers, food service workers, K-12 teachers' assistants, nursing aides, and retail salespersons. Janitors and social service assistants can afford a 2-BR apartment at FMR, but only by a slim margin.

²⁹ National Low Income Housing Coalition. *Out of Reach 2012: Iowa*. <http://nlihc.org/oor/2012/IA>. Last accessed 5/16/12.

³⁰ HUD. 2012 Fair Market Rents: County Level Data File. <http://www.huduser.org/portal/datasets/fmr.html>. Last accessed 5/16/12.

³¹ Iowa Workforce Development. 2010 Iowa Wage Survey by Workforce Regions: Region 15. http://iwin.iwd.state.ia.us/iowa/ArticleReader?itemid=00004030&segmentid=0002&tour=0&p_date=11&p_search. Last accessed 5/16/12.

Figure 16. Comparison of Selected Occupational Wages to Housing Wages



Sources: Iowa Workforce Development 2010, HUD 2012

The needs of low-income renters in Oskaloosa can be met either through units that are required to be offered to low-income households or through HCV vouchers. In 2010, 431 subsidized units were available in Oskaloosa (Table 11). Of these, 70 units were for households under 30% AMI; 17 for households under 40% AMI; 8 for households under 50% AMI; 2 for households under 60% AMI; and 25 for households under 80% AMI. Also, 100 units could be rented to households below 100% AMI. For 337 of these 431 units, rents were required to be affordable (i.e. under 30% of the adjusted income of the tenants). Therefore, these 337 households are not counted among existing cost-burdened households in Oskaloosa. Thus in 2010, a maximum of 94 units (i.e. 431-337) would have gone toward satisfying the 765 unit renter demand in Oskaloosa.

Oskaloosa’s annual HCV voucher allocation is 220, though in recent years only 210 vouchers have been used. Households with vouchers pay 30% or less of their adjusted gross income. These voucher-receiving households also do not count towards the 765 unit renter demand in 2010. Thus in 2010, there was an unfulfilled affordable housing demand of 671 units among renters at or below 80% AMI. By 2020, the demand for affordable rental units is expected to

increase by 59 units. Given the uncertainty of HCV voucher allocations, it is imperative that current allocations be fully utilized and that rental housing production that is affordably priced be expanded.

As noted above, the proportion of cost-burdened homeowners in Oskaloosa is lower than the state. However in the wake of the housing crisis, it must be recognized that these homeowners may be at a higher risk of defaulting on their loans than those owners that are not cost-burdened. Loan defaults leading to foreclosure are traumatic for families and have negative effects on neighborhoods and property tax revenue. Creating a program and identifying funds for emergency relief for low-income distressed homeowners may be beneficial.

Anecdotal reports from bankers and realtors indicate that, in spite of the low-interest rate environment, current economic conditions and stricter lending standards are making it more difficult for lower income individuals to obtain mortgage financing. Indeed, the percentage of home purchase loans as a total of all home loans has fallen quite a bit in Oskaloosa, just as it has in Iowa and the nation (Table 23). Credit issues as well as higher down-payment requirements remain significant barriers to homeownership for households across the economic spectrum, although low-income households are particularly affected since it is more difficult for them to repair credit or save for a down-payment.

A useful technique to examine the challenges of homeownership in Oskaloosa is to conduct a housing wage analysis for prospective homebuyers. For this analysis, we used the median home price of \$90,200, and assumed a down payment of 20% and a 5% interest rate. Once the down payment of \$18,040 is made, the monthly payment based on the remaining principal (\$72,160) is \$387.37.³² This amount is considerably less than the FMR of \$424 for a 1-bedroom apartment, and requires an hourly wage of only \$7.45 to be affordable. Thus, being a homeowner rather than a renter is generally a more fiscally prudent choice in Oskaloosa. The problem is, however, that a low-wage worker would struggle to save enough for a down payment.

An alternate analysis assumes that a worker with the minimum income needed to buy a median-priced home would save up for the down payment over five years. The monthly down payment savings (\$300.67) and the rent for a 2-bedroom apartment at FMR add up to \$840.67 per month, which is affordable at an annual income of \$33,627.³³ The equivalent hourly wage, assuming 40 hours per week for 52 weeks per year, is \$16.17.

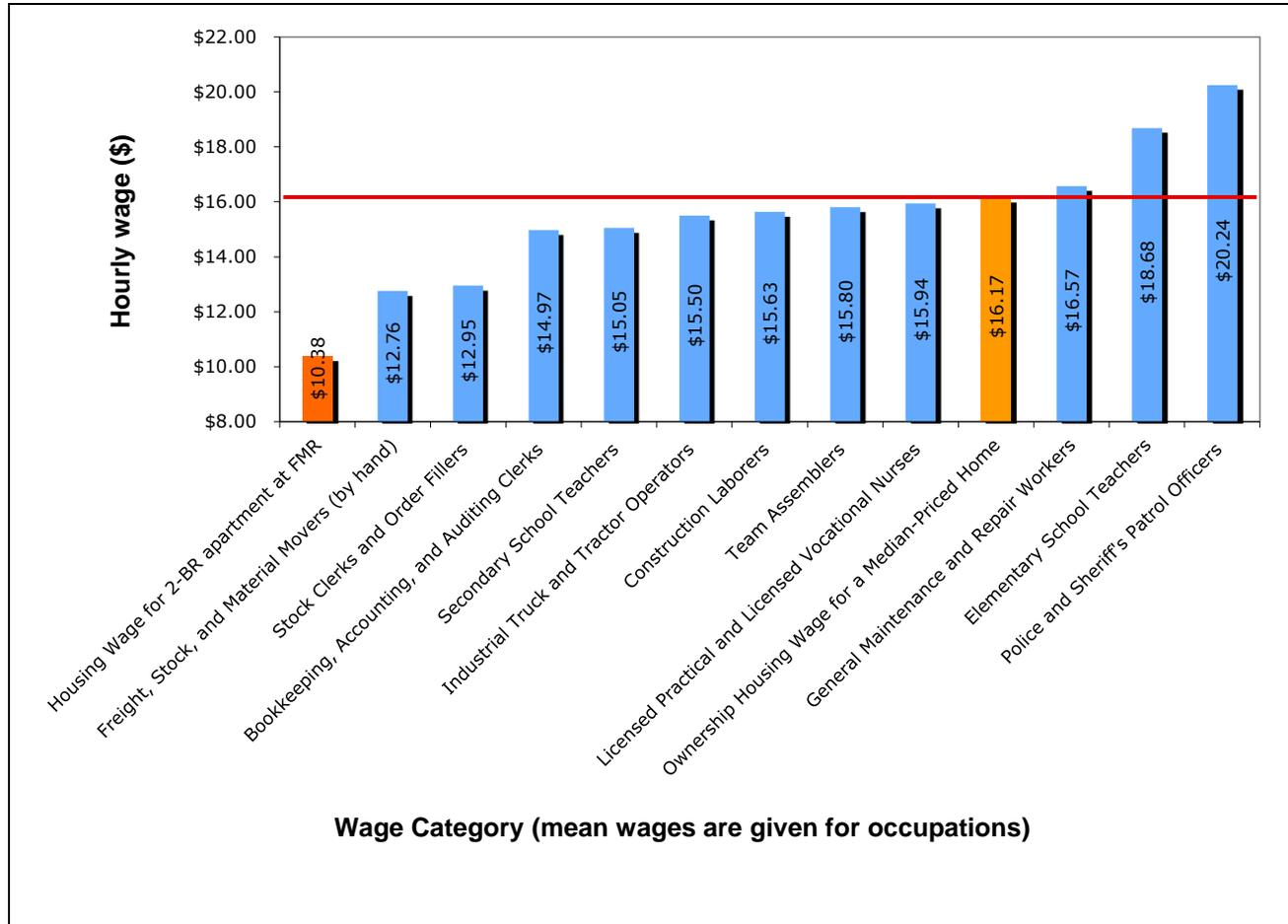
Figure 17 compares the hourly wages of selected occupations in Oskaloosa to the “homebuyer housing wage” of \$16.17. Workers in all occupations shown can afford a 2-bedroom apartment

³² Bankrate.com Mortgage Calculator. <http://www.bankrate.com/calculators/mortgages/mortgage-calculator.aspx>. Last accessed 5/16/12.

³³ This assumes that utilities are included in the rent.

at FMR, but only maintenance workers, elementary school teachers, and police officers can afford to buy a home within five years. Workers who are unable to save up enough to buy a home within five years include those in lower-level manufacturing and transportation positions, which are a mainstay of the job market for Oskaloosa residents. Additionally, secondary school teachers and nurses (LPN and LV) are unable to purchase homes in this scenario.

Figure 17. Comparison of Selected Occupational Wages to the Homebuyer Housing Wage (indicated by the red line)



Sources: Iowa Workforce Development 2010, HUD 2012

Programs such as first-time homebuyer programs that provide grant funding can help households overcome the down-payment barrier and transition from renting to homeownership.

HOUSING FOR SPECIAL NEEDS

Since the 1990s, long-term care facilities have been strongly emphasized as a housing need in Oskaloosa. The 2007 Mahaska County Housing Needs Assessment reported that significant additions had been made to the number of long term care beds, and the trend has continued in the last five years. The former Grant and Lincoln schools have been redeveloped as senior housing (Grant Terrace and Lincoln Terrace in Table 11; 30 beds), and the 69-bed Oskaloosa Care Center is now operational.³⁴ Additionally, several of Oskaloosa’s assisted living facilities are planning or considering expansions (see “Perceptions of Oskaloosa’s Housing Situation” in Part 8).

As discussed in Part 8, social service providers and assisted living facility managers in Oskaloosa generally think that elder housing is adequate, or even overbuilt. Iowa Finance Authority (IFA) and Census data seem to confirm this impression. In 2011, IFA reported that Mahaska County has 210 skilled nursing facility (SNF) and ICF beds,³⁵ and the 2010 Census reports that 199 Mahaska County residents live in nursing facilities. However, a shortfall of 49 SNF and ICF beds is predicted by 2016 if no facilities are added or expanded.

POTENTIAL ADDITIONAL HOUSING NEEDS

A possible consideration for Oskaloosa’s housing needs in the near future is the construction of the Red Rock Hydroelectric Dam in nearby Marion County. The construction will likely begin summer 2013 with an expected completion date in late 2015. The identified economic impact to the area of \$250 million and creation of 400-700 jobs is inclusive of all support, such as area hotel staff and restaurant service, as well as activities that are not on-site, such as project support from the head office³⁶. Once completed, there will be a huge decrease in personnel – only 2 permanent positions are required in proximity to the dam; any other positions are involved in off-site monitoring³⁷.

The typical housing for project workers not already living in the area is in hotels or motels. Given the length of the project, rentals may be preferred, especially by workers with families. Pella will likely be the first choice for workers relocating to the area for the project, but depending on numbers of workers and availability of housing in Pella, Oskaloosa may experience some demand.

³⁴ <http://oskaloosa.com/local/x681406115/New-care-center-draws-oohs-and-aahs-at-every-turn>. Last accessed 5/16/12.

³⁵ Iowa Department of Public Health. 2012. Long-Term Care Bed Need Formula Spreadsheet. http://www.idph.state.ia.us/adper/cert_of_need.asp. Last accessed 5/16/12.

³⁶ <http://www.mrenergy.com/uploads/files/Hydro14x8.5FINAL.pdf> accessed May 9, 2012.

³⁷ Brent Moeller, Missouri River Energy Services, interview in March 2012.

Part 9 STRATEGIC HOUSING PLAN AND RECOMMENDATIONS

The analyses and recommendations provided in the following sections are meant to guide the future endeavors of the City of Oskaloosa and the Oskaloosa Housing Trust Fund.

EVALUATION OF ORGANIZATIONAL CAPACITY TO DEVELOP & MANAGE AFFORDABLE HOUSING

Oskaloosa enjoys the distinct benefit of having a local housing trust fund (OHTF) to help address local affordable housing needs. However, as mentioned elsewhere in this report, the OHTF has recently experienced a dramatic loss of state funding and faces hard decisions to be made regarding the future of the organization and the mission of the organization. Additionally, local demand for OHTF programs has slowed considerably in recent years. OHTF programs, once encompassing a wide range of housing provisions, now focus largely on the demolition of uninhabitable homes and on a 1st time homebuyer program. However, even these programs have experienced decline in resident utilization. The declining rate of program utilization in combination with the recent economic downturn and the Trust Fund board's uncertainty regarding the future of the OHTF have all led the City of Oskaloosa to reduce staffing allocations for housing activities.

A key decision that the Board of the OHTF has to make in the near future is whether the OHTF should be dissolved in the light of the creation of the AHEAD Regional Housing Trust Fund (for a six-county region that includes Mahaska County) and IFA's resolve to direct more funding through regional trust funds in most non-metropolitan counties of the state. The OHTF, founded in 2000, is one of the oldest trust funds in the state. It has developed and run a wide range of programs, done so efficiently and effectively for over a decade and won accolades for its efforts. During this time it has developed strong relationships with local corporations and individuals and received significant financial support from them. These funds supplemented IFA and Federal Home Loan Bank funds and have helped OHTF have a significant effect in addressing local housing needs. Owing to good fiscal management and low loan default rates, OHTF has developed a good capital fund that can be used for its operations in the near future. If the OHTF were to be dissolved, the support structure and funding streams that OHTF has developed for housing in Oskaloosa may be weakened or lost. This is because corporate entities are more willing to fund programs that are well-developed and targeted and whose outcomes can be clearly evaluated – such as those run by non-profits like the OHTF. Moreover, with recent reductions in OHTF staffing, the administrative costs of staffing OHTF are much lower than before. Should OHTF be dissolved, Oskaloosa would be competing with other jurisdictions in the competition for IFA housing dollars within the AHEAD region. It is highly unlikely that funding for Oskaloosa would be restored to pre-2010 levels through this approach. For these reasons, dissolution of OHTF may not be in the best interests of Oskaloosa in the near term.

Until very recently, the City of Oskaloosa staffed a Housing and Community Development Office that employed city staff to manage both the Housing Choice Voucher (HCV) program for the Municipal Housing Agency and the remaining programs of the OHTF. However, due to low OHTF program utilization rates and the relative expense of using city staff to administer the HCV program, all City housing staff members have been cut with the exception of a part-time position. This 10 hour per week position is dedicated to running OHTF programs until those duties can be fully transferred to the City Clerk's office, where three full-time staff members will absorb program duties. The City Clerk's office and the City Manager will then manage OHTF activities until the OHTF board identifies a need for greater staffing with revitalized or new programs.

Additionally, management of Oskaloosa's Housing Choice Vouchers has been transferred to the Albia Housing Authority (AHA), which will be able to administer the program more cost-effectively. Because the AHA is not staffed by city employees receiving expensive city employee benefits, the Albia program is better able to keep administrative costs within the federally allotted HCV administrative budget. In contrast, Oskaloosa had been using more staff hours than necessary to administer their vouchers and had to subsidize those extra hours and the associated city employee benefits through the General Fund. By sourcing the voucher program administration to Albia, Oskaloosa can save money while still enjoying the benefits of the HCV program. Albia staff will have an office in Oskaloosa where they can meet with program recipients and those recipients should experience no changes in the level of service they receive.

These staffing changes are significant when compared to previous staffing levels before the national economic recession; five years ago, the Housing and Community Development Office employed 5 full-time staff members, including a housing inspector to certify Section 8 rentals and inspect properties for the OHTF's Housing Rehab and Urgent Repair programs.³⁸ Changes were made to the department beginning in 2001 when the department director left. Lulls in program utilization began to leave staff with less work to do, and a "terrible financial audit of the OMHA/HCV program"³⁹ revealed the need for major staff restructuring.

It has been noted that the "OHTF has very strong fund balances" and would appreciate some "priorities for the funds."⁴⁰ From the analysis in this report, it seems that that the OHTF Board of Directors must continue to support some of the programs that have leveraged large amounts of money for housing in Oskaloosa (such as the First-Time Homebuyer program) and must find new ways to serve Oskaloosa's current and emerging housing needs. This situation represents a tremendous opportunity for the OHTF to embark on new program directions, such as the rehabilitation of rental housing in support of a city-wide effort to regulate rental housing quality.

³⁸ Laura Russell, Oskaloosa Housing and Community Development Office, interview in April 2012.

³⁹ Michael Schrock, Oskaloosa City Manager, email correspondence, 5/4/12.

⁴⁰ Ibid.

The next two sections of this report are intended to provide such ideas to the board and to city management in greater detail.

POLICY TOOLS FOR ADDRESSING UNMET HOUSING NEEDS

Best practices for meeting housing needs are often developed in urban areas with strong housing markets, and may not be readily transferable to rural areas with slow growth rates⁴¹. For example, a policy of fast-tracking permit approvals works best in a jurisdiction where such approvals usually take months, rather than weeks⁴². However, a variety of policy options exist for rural areas to improve their existing housing stock and ensure that new housing production meets current and emerging needs. Major approaches include: infill incentives; universal design ordinances; and employer-assisted housing.

Infill Incentives: By constructing and rehabilitating housing on underutilized parcels in built-up areas, cities can remove blight, attract economic investment, and make efficient use of existing infrastructure. In effect, Oskaloosa is already pursuing an infill policy with OHTF’s funding of demolition. Other incentives include reducing the stringency of development requirements (e.g. lot size, building footprint, setbacks, parking, etc.) and lowering permit fees. Property tax abatements, which the City already offers to developers on a case-by-case basis, may be explicitly tailored to promote infill development of housing for specific populations⁴³.

As City and OHTF officials are undoubtedly aware, challenges to infill development include locating absentee owners, upgrading infrastructure, and remediating environmental contamination. In the current economic climate, however, funding may be the biggest challenge. Relaxing zoning regulations are essentially a cost-free technique, but others require capital expenditures, bond issues, or foregone revenue. Infrastructure upgrades “kill two birds with one stone”, providing necessary maintenance with infill incentives as an ancillary benefit. Bond issues, property tax abatements, and reduced permit fees, meanwhile, could be recovered through the property tax increases and business investment attracted by the redevelopment.⁴⁴

Universal Design: Seniors made up the largest age group of both renters and owners in Oskaloosa in 2010 (Table 6). With the 65 and older population of Oskaloosa projected to grow at more than twice the rate of the overall population by 2020 (Figure 3), housing for the elderly may be a growing concern for the city in the next decade. For those that are able, staying in one’s home as long as possible results in both higher quality-of-life and

⁴¹ Laura Russell, Oskaloosa Housing and Community Development Office, interview in March 2012.

⁴² Ibid.

⁴³ http://www.policylink.org/site/c.lkIXLbMNJrE/b.5137445/k.A34D/Infill_Incentives.htm

⁴⁴ Ibid.

lower costs than entering a nursing home^{45,46}. In 2010, nearly 30% of renters over age 65 were already considered cost-burdened. Enabling older homeowners to stay in their homes (that are likely paid off or have low mortgage payments) could potentially ensure that the number of cost-burdened renters does not balloon considerably in the near future. Cities can help eliminate the stress and financial burden of aging-in-place by supporting retro-fit programs, partnering with non-profits such as Habitat for Humanity, or by adopting ordinances which require or incentivize installation of amenities for seniors in city-funded housing construction. In addition, by promoting “universal design” as a local building practice, homebuilders can stave off senior housing worries by proactively incorporating features such as wide doorways, easily maneuverable door handles, handlebars in the bathrooms, and wheelchair-accessible design. Homes built according to the related concept of “visitability” have handicapped-accessible features that allow seniors to have disabled guests more easily. Examples of “visitability” features include wide entryways, at least one zero-step entrance, and a bathroom or half-bath on the first floor⁴⁷.

Cities commonly implement universal design and visitability principles by adding them to their building codes. Iowa City, for instance, is one of about 24 cities that have added visitability standards to their building codes. In most of these cities, the standards apply only to homes that receive public funding. Developers have been supportive, for the most part, and one city (Bolingbrook, IL) calculated that the standards increased building costs by only 1.5%⁴⁸.

Employer-Assisted Housing: Employers have a stake in the quality and affordability of housing available to their workers. Employees who can afford to live near their work have higher morale and a lower incidence of tardiness, absenteeism, and turnover. Some regions have capitalized on this fact by partnering with their major employers to develop Employer-Assisted Housing (EAH) programs. The most common EAH activities are demand-side assistance programs for employees who wish to buy homes—for example, down payment assistance, mortgage guarantees, homebuyer counseling, and credit repair. Some EAH programs provide rental assistance or demand-side support (e.g. providing gap financing for affordable housing developers)⁴⁹.

The employer’s role is generally restricted to providing funds, advertising the program to employees, and conducting initial screening of applicants; a public or nonprofit entity is responsible for most of the administration. To be successful, an EAH program should

⁴⁵ <http://www.ncbi.nlm.nih.gov/pubmed/21846081>

⁴⁶ Evans-Cowley, J.S. 2006, April. “Zoning for universal design and visitability.” Zoning Practice.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ http://www.policylink.org/site/c.lkIXLbMNJrE/b.5136959/k.72BF/Employer_Assisted_Housing.htm

have multiple employers—preferably large employers that are tied to the region—and some public matching funds. One possible funding source for employer contributions is mortgage revenue bonds issued by state or local agencies. The return on the bonds allows employers to recoup their contributions to EAH, or even make a small profit⁵⁰.

RECOMMENDATIONS FOR POTENTIAL HOUSING INITIATIVES & OHTF ACTIVITIES

As previously discussed, a key decision that the Board of the OHTF has to make in the near future is whether the OHTF should be dissolved in the light of the creation of the AHEAD Regional Housing Trust Fund (for a six-county region that includes Mahaska County) and IFA resolve to direct more funding through regional trust funds in most non-metropolitan counties of the state. For the various reasons discussed on p.59, dissolution of OHTF may not be in the best interests of Oskaloosa in the near term.

In light of the various findings of this report, it is our recommendation that the Oskaloosa Housing Trust Fund (OHTF) pursue several strategies to improve Oskaloosa’s existing housing stock and to secure new avenues for funding such improvements. The OHTF should also advocate for ways to make the development of affordable housing easier in Oskaloosa. We also suggest that the City of Oskaloosa consider regulatory means for improving the local housing stock—namely, the adoption of a housing inspection ordinance. The following recommendations will be outlined in greater detail in turn:

1. The City of Oskaloosa needs a **Rental Inspection Ordinance**, combined with a **Property Maintenance Ordinance** for **Owner-occupied Housing**.
2. The OHTF should manage a **housing rehabilitation loan program** to complement these new housing regulations.
3. The OHTF should act as an **information clearinghouse** for HUD and USDA resources for housing rehabilitation and elder housing.
4. The OHTF should contact the **National Housing Trust** for financial support in rehabilitating rental housing.
5. The OHTF should approach the AHEAD Area XV regional housing trust fund regarding the formation of a regional **Community Housing Development Organization** (CHDO).
6. The City of Oskaloosa should re-zone currently vacant land from the R-1 to the **R-2 and R-3 districts**.

Discussion:

- 1) **Rental Housing Inspection Ordinance and Property Maintenance Ordinance for Owner-Occupied Housing**

⁵⁰ http://www.policylink.org/site/c.lkIXLbMNjRE/b.5136959/k.72BF/Employer_Assisted_Housing.htm

Oskaloosa's housing stock is aging and largely in poor repair. Many interview respondents noted that while affordable housing options are available, the condition of such housing is often a deterrent for potential buyers. Poor quality housing has significant safety impacts as well. Mark Neff, the City of Oskaloosa's Fire Chief noted that most houses in Oskaloosa built before the 1960s are balloon frame houses. Such homes have no fire stops between the first and second floors, so a fire that starts in the basement or lower level can spread to the upper floors of the house very quickly. Of the 18 structure fires that the Oskaloosa Fire Department responds to each year, about 95% are in balloon frames houses.

Oskaloosa's Municipal Code requires existing buildings to meet basic standards of health and safety, but statutory authority for enforcing higher standards of quality is limited. The City of Oskaloosa has adopted the 2009 International Building, Mechanical, and Residential Code, which mainly applies to new construction, repairs, and alterations. The Building Code requires that "all buildings or structures, both existing and new, and all parts thereof, [be] maintained in a safe and sanitary condition. All devices or safeguards which are required by this chapter in a building or structure, when erected, altered or repaired, shall be maintained in good working order" (Oskaloosa Municipal Code 15.04.430). The City's Housing Code contains more detailed requirements for existing buildings, including maintenance of doors and windows, handrails, and interior walls, ceilings, and floors. The Dilapidated Buildings code, in the same title of the Municipal Code as the Building and Housing Codes, mainly applies to unsafe buildings, but also allows the building official to take action regarding some buildings that are simply nuisances. These buildings must be, "in such a condition as to constitute a public nuisance known to the common law, in equity jurisprudence, or pursuant to this code", or "abandoned for a period in excess of six months so as to constitute such building or portion thereof an attractive nuisance or hazard to the public" (15.30.020).

These existing codes provide a basis for requiring property owners to remedy the most egregious defects in existing housing. The difficulty lies in drawing a line between true nuisances and mere cosmetic defects, leading to uncertainties such as whether peeling paint or a crack in a porch foundation that poses no threat to structural integrity are nuisances. The 2009 International Property Maintenance Code contains more stringent requirements than Oskaloosa's current codes, including 1) removing peeling, flaking, or chipped paint on interior and exterior surfaces, 2) removing rust from metal surfaces, 3) keeping foundations free of open cracks.⁵¹

However, it should be noted that the more prescriptive the requirements for property maintenance, the more political opposition the code is likely to encounter. Moreover, the City may not be able to afford the amount of rehabilitation subsidies for property owners that should

⁵¹ International Code Council. http://publiccodes.citation.com/icod/ipmc/2009/icod_ipmc_2009_3_section.htm. Last accessed 5/18/12.

ethically be made available under such a regime. A better approach would be for the city to perform rental and owner-occupied housing inspections as an opportunity to enforce property maintenance requirements already on the books. In other words, the City would not be changing the property maintenance requirements themselves, but merely shifting from a passive (complaint-based) enforcement strategy to an active enforcement strategy. The City may still choose to be relatively prescriptive in certain parts of town (e.g. gateway corridors and historic districts), but higher levels of coercion should be combined with greater availability of rehabilitation funds.

Rental inspections should be tied to the rental licensing process, meaning that a landlord may be granted a rental license only when his/her units meet housing code standards for health, safety and welfare. Rental licenses should expire every two years in order to ensure that rental units are inspected regularly. Regarding owner-occupied housing, the City of Oskaloosa should require that in order to receive a permit for any major alterations to existing homes, a homeowner must submit to a property maintenance inspection to ensure code compliance. Property maintenance ordinances are often used to force compliance with external elements of owner-occupied housing (such as lawns and sidewalks). The property maintenance ordinance we envision should require compliance with a broader range of parameters, including ones that are related to building envelope, roofing and structural elements.

These kinds of inspections will require a dedicated City housing inspector, which may or may not require a new staff member. City Clerk Amy Miller indicated that some Oskaloosa firefighters have recently been trained to perform housing inspections and that currently, Oskaloosa has a building official who does complaint-based housing inspections.⁵² Additionally, the City building department has recently updated their software capacity to include the ability to track inspections electronically, which would help make new code enforcement activities easier. Funding for staff time dedicated to housing inspections could potentially be sourced from inspection fees and rental licensing fees depending upon fee amounts and quantities.

2) OHTF Housing Rehabilitation Fund

The premise of a housing rehabilitation program is not new to the OHTF; over the years, OHTF has offered property owners funding to make urgent home repairs or general rehabilitation projects and to make improvements to the exteriors of homes along A Avenue/Market Street.

If the City of Oskaloosa enacts new housing condition ordinances, it is likely that some property owners, particularly landlords, may struggle to finance upgrades to their housing units. In order to ease this hardship and to ensure that housing affordability is maintained (i.e. preventing landlords from raising rents to pay for units upgrades), the OHTF should offer a housing

⁵² Amy Miller, City Clerk of Oskaloosa, interview on May 8, 2012.

rehabilitation revolving loan fund that offers zero-or-low-interest loans to property owners making improvements to their homes.

Capital for this loan fund could be raised through several different avenues to supplement the funding the OHTF already possesses. The City of Oskaloosa could float a bond to raise a one-time injection of capital for the OHTF that could then be made sustainable through loan repayments over time (see further discussion below). This kind of capital infusion would also help the OHTF to leverage more funding from other sources. The bond amount would not necessarily need to raise local property taxes significantly and this one-time investment on the part of the City would experience returns over time in the form of higher property values and thus greater property tax revenue. In addition to bond financing, the City could pursue local businesses for donations for funding specific to this rehabilitation program. Possible businesses to approach include Pella Corporation, Musco Lighting, and local banking institutions.

Bond Financing

Bond financing may be a good option for the City of Oskaloosa to fund the housing rehabilitation revolving loan fund, as well as to provide funds to the OHTF for other purposes. The City would be able to sell general obligation bonds for general purposes (Iowa Code Ch. 384.26), then use that money to create the revolving loan fund.

There are several advantages to floating a bond. Issuing \$1 million in bonds, for example, would provide a healthy injection of capital to a home improvement program without a large change in the tax rate (estimates will be provided later). Furthermore, the taxes could be levied for the debt service fund, so other municipal services paid for with general fund revenue would not have to be sacrificed. For this type of bond, the city could issue \$700,000 in bonds without holding a special election.

For residents, a home rehabilitation program could lead to increased property values. This would certainly increase the tax base, but would not necessarily lead to higher property taxes, excluding the levy for the bond.

Rough estimates for the costs of bond financing for a 10-year period have been calculated for four different bond amounts: \$500,000, \$700,000, \$1,000,000, and \$1,500,000m, as shown in Table 29. The costs include the coupon payments that would be due annually, plus a contribution to a sinking fund to retire the debt. Based on the assessed value for property in 2010, the required increase in the property tax levy for the debt service fund has been calculated, as well how much this increase would cost a taxpayer owning a home with an assessed value of \$90,200 (the median sale price for a home in 2011), and the percentage increase compared to their current tax bill.

Table 29. Cost Estimates for Bond Financing in Oskaloosa

| Bond Term | | Coupon Rate | | Savings Account Rate | |
|-------------|-------------|-------------------------------------|-------------------------------------|----------------------------|--|
| 10 years | | 3% | | 2% | |
| Bond Issue | Annual Cost | Additional Levy (per \$1,000 AV) | Annual Cost for \$90,200 AV Home | % Increase from FY 2011 | |
| \$500,000 | \$59,768 | \$0.20 | \$17.62 | 1.3% | |
| \$700,000 | \$83,675 | \$0.27 | \$24.67 | 1.8% | |
| \$1,000,000 | \$119,536 | \$0.39 | \$35.24 | 2.6% | |
| \$1,500,000 | \$179,304 | \$0.59 | \$52.86 | 3.9% | |

The City of Oskaloosa’s FY 2011 budget indicated a debt service levy of 2.5148. Under the four potential bond amounts examined above, the debt service levy would increase to between 2.7148 and 3.1048. This is a conservative estimate, as 2% was used as the interest rate on the sinking fund; the higher the interest rate the city is able to procure, the lower the cost for paying off the bond. It should be noted that the figures may be slightly exaggerated since a rollback on the assessed value is not taken into account.

The increased debt service levy would increase the property tax for a taxpayer owning a median-priced home by 1.3% to 3.9%. While the potential increase may not appear large and is compatible with the tax rates of neighboring communities (Table 30), it is unknown whether or not the increase would be politically feasible in Oskaloosa. However, this small increase in the property tax could provide the revenue necessary to pay for a full-time rental housing inspector or an additional housing staff person. The increased revenue could also be used to raise capital for the housing rehabilitation revolving loan fund. The revolving loan fund could be made self-sustaining through loan repayments.

Table 30. Comparison of City Property Tax Rates, 2011-2012

| City | Total Levy |
|----------------------|-----------------|
| New Sharon, IA | 8.42572 |
| Fremont, IA | 9.65550 |
| Pella, IA | 10.20000 |
| Oskaloosa, IA | 14.97533 |
| Ottumwa, IA | 20.03373 |

Source: Mahaska County Auditor’s Office, Marion County Assessor’s Office, Wapello County Assessor’s Office

Notably, while Iowa municipalities are prohibited by the State Constitution (Article XI Section 3) from incurring debt greater than 5% of the total value of taxable property within the city, Oskaloosa’s debt is currently at most 1.54% of the value of its taxable property.

This amount may be even lower since the debt reported to the Iowa Department of Management shows the amount of issue and not the outstanding principal.⁵³

3) OHTF as Information Clearinghouse

There are many federal loan programs in existence to help property owners make upgrades to their property. The OHTF can help Oskaloosans to take advantage of these programs by acting as an information clearinghouse where local residents can learn about the different funding opportunities available to them. These programs include the FHA's 203(k) loan, HUD's Title I Home Improvement Loans, the USDA's Section 504 and Section 515 loans, and IFA's Multifamily Housing Loan Program.

203(k)

203(k) is a rehab program through the FHA that addresses a common problem faced by buyers of properties in need of rehabilitation. Lenders expect such properties to be in decent enough shape to provide "adequate loan security". As a result, a person buying a home in need of repair often needs to get loans to buy the house and conduct the repairs before getting a permanent mortgage. The first two loans have unfavorable terms: high interest rates and short payoff periods. The Section 203(k) program allows the buyer to cover acquisition and rehab with a single long-term mortgage. When combined with CDBG and HOME funds, 203(k) may particularly benefit low-income homeowners.

Eligible properties include one- to four-family dwellings, properties in need of partial demolition, single-family conversions and some mixed-use properties. Eligible improvements range from "changes that improve appearance and eliminate obsolescence" to "elimination of health and safety hazards". Luxury improvements are ineligible, but eligible improvements can include room additions and decks. Eligible improvements of note include retrofitting for handicapped accessibility and energy efficiency upgrades. In addition, meeting certain minimum energy efficiency standards is a basic requirement for homeowners receiving a 203(k) loan. Borrowers eligible for this program include owner-occupants, public agencies, and private non-profits. Owner-occupants can get an adjustable-rate mortgage, while public and nonprofit entities can only get fixed-rate mortgages.

Additional Resources:

- http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/203k/203kabou

⁵³ http://www.dom.state.ia.us/local/city/budget_search/index.html, accessed 5/6/2012.

Title I Home Improvement Loans

In contrast to 203(k) loans, Title I loans need not be used for an initial property purchase or refinancing. These loans are made through HUD to borrowers with good credit history for single-family, multifamily, and manufactured homes. Eligible improvements are similar to those for the 203(k) program.

Additional Resources:

- http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/title/ti_a_bou

Section 504

This USDA program provides both loan and grant funding for very low-income elderly owners of “modest” single-family homes to make repairs that improve health and safety, make the home more handicapped-accessible, or (for loans but not grants) make the dwelling more modern and livable. If an applicant cannot repay the full amount of a loan, s/he may be eligible for a grant to cover the difference. Grant recipients must be 62 or older. Maximum disbursements are set at \$20,000 for loans and \$7,500 for grants.

Additional Resources:

- www.rurdev.usda.gov/SupportDocuments/3550-1chapter12.pdf
- www.ruralhome.org/storage/documents/voiceswinter2008.pdf

Section 515

Another USDA program, Section 515 provides funding for the creation of affordable rural rental housing through the purchase and rehabilitation of existing market-rate units, as well as new rental housing construction. This program is important because voucher-administering authorities in rural areas are frequently overburdened or nonexistent, and there may not be enough decent market-rate housing in the area. Section 515 provides a long-term stock of decent, affordable housing. Federal funding is also available for public and private nonprofits to purchase Section 515 properties at risk of conversion to market-rate.

Additional Resources:

- www.ruralhome.org/storage/documents/voicessummer2002.pdf

Multifamily Housing Loan

This IFA program provides loans for substantial rehabilitation of non-assisted rental housing. The program rules require that once the rehabilitation process is complete, greater than or equal to 40% of the units must be rented at or below the local fair market rent.

Additional Resources:

- http://www.iowafinanceauthority.gov/en/for_developers_managers/index.cfm?no_deID=9944&audienceID=1

4) The National Housing Trust

The National Housing Trust (NHT) is a national non-profit that provides capital to help preserve affordable multi-family housing. In the past, NHT has expressed interest in extending funding to rental housing projects in rural Iowa. One affiliate of the NHT, the National Housing Trust Community Development Fund, provides predevelopment and interim financing to affordable housing developers. The following activities and associated costs are eligible predevelopment expenses:

- *Earnest Money Deposit*
- *Purchase Deposit*
- *Architect/Engineer Services*
- *Environmental Consultants*
- *Finance and Development Consultants*
- *Tax Credit Consultants*
- *Finance Related Fees (e.g. tax credit reservation fees; loan origination fees)*
- *Market Studies*
- *Project-related sponsor overhead*
- *Other similar costs approved by the NHTCDF Board of Directors*

The following activities and associated costs are eligible interim development expenses:

- *Bridge Financing*
- *Bond Underwriting*
- *Bond Counsel*
- *Environmental Consultants*
- *Legal Fees Associated with Permanent Financing*
- *Rehabilitation*
- *Portion of Permanent Financing within Loan Term*
- *Other similar items approved by the NHTCDF Board of Directors*

A second affiliate, the Institute for Community Economics Revolving Loan Fund (ICERLF), provides loans to create permanently affordable housing options for people with lower incomes. This fund is available to community-based non-profit organizations, as well as limited equity cooperatives and community land trusts. This funding could potentially be available to OHTF or a regional Community Housing Development Organization (see Recommendation 5).

Finally, the National Housing Trust/Enterprise Preservation Corporation is a joint effort between the National Housing Trust and Enterprise Community Partners, Inc. NHT/Enterprise collaborates with local partners and investors to acquire and renovate affordable housing apartments and maintain their affordability. NHT/Enterprise utilizes private activity bonds, 501(c)(3) bonds, LIHTC, Federal Home Loan Bank funds, and real estate tax exemptions for such projects. OHTF should consider the possibility of garnering NHT support for the renovation of multi-family rentals and pools of single-family rental units in Oskaloosa.

5) Regional Community Housing Development Organization (CHDO)

A CHDO is a nonprofit whose mission is to provide decent and affordable housing in its community. Jurisdictions receiving federal HOME funds must set aside 15% for CHDOs in the jurisdiction. CHDO activities eligible for HOME funds include new construction or acquisition/rehab of rental or owner properties in addition to homebuyer assistance for HOME-assisted housing.

Recently, there has been discussion amongst the OHTF Board of Directors regarding whether or not the OHTF should pursue CHDO status as a way of reinventing the OHTF in response to the significant changes instigated by the new regional housing trust fund system mandated by the State of Iowa. We do not recommend that the OHTF pursue its own CHDO status unless the Board has extensive experience developing and managing affordable housing development. Because the OHTF has historically acted as a financier rather than a developer, it may be unwise for the OHTF to take on the responsibility of actual physical building development. However, the OHTF could conceivably approach the regional housing trust fund about initiating the formation of a regional CHDO, which would serve as an affordable housing developer for Oskaloosa and other Southeast Iowa communities. In other words, the leadership of the OHTF, the regional housing trust fund, and other housing-related agencies in the region would be instrumental in creating the CHDO, but the CHDO itself would be an independent organization. The agencies that participate in founding the CHDO may need to provide seed money for an executive director and other operating expenses, and reach an understanding about how the CHDO's benefits will flow back to contributing regions. Inevitably, some communities may receive more housing development than others from a regional CHDO. However, the CHDO could commit in writing to a certain minimum of effort in each community that contributed to its formation.

According to the HOME 2012 Annual Action Plan (accessible at <http://www.iowafinanceauthority.gov/index.cfm?nodeID=27539&audienceID=1>), HOME funds are awarded on a competitive basis, and 15% of funds are set aside for CHDOs. Each CHDO that wins project funds may also receive up to \$50,000 in funds for operations. 2012 is the only allocation year for which the IFA awards list identifies which recipients are CHDOs. The 2012 CHDO set-aside is \$1,400,000. As of May 2, 2012, one CHDO received an award (\$140,000 for

the project plus \$50,000 for operations). The awards list is accessible at <http://www.iowafinanceauthority.gov/index.cfm?nodeID=38884&audienceID=1>.

Additional Resources:

- <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/topical/chdo.cfm>
- www.ruralhome.org/storage/documents/Voicesfall10.pdf

6) Increasing available R-2 and R-3- zoned land

Although new housing supply is not a pressing need in Oskaloosa, one way that the City of Oskaloosa can better prepare for future affordable housing needs is to up-zone more of the existing vacant land to R-2 and R-3 zones. As indicated in Part 6 of this report, much of the land currently available for residential development in Oskaloosa is zoned as R-1, which indicates low-density housing development. Such low-density zoning contributes significantly to the cost of affordable housing development and may make future new construction housing options less affordable due to increased land costs per unit. By re-zoning some of this vacant land to higher density, Oskaloosa can help to create an environment in which future affordable housing development can be successful.

PROVISIONS IN OSKALOOSA’S COMPREHENSIVE PLAN FOR AFFORDABLE HOUSING

DEVELOPMENT AND REHABILITATION

The Oskaloosa Comprehensive Plan, last revised in 2000, contains several recommendations for promoting affordable housing and rehabilitation of older housing stock. At the time, the plan’s authors found that about 2/3 of Oskaloosa’s single-family housing stock was in fair or poor condition. Many of these homes were built before World War II. The Plan states that “most of Oskaloosa’s affordable housing stock is already in place. Indeed, its rehabilitation or preventive maintenance is the city’s most cost-effective way of assuring a continued supply of good housing.”

To promote both affordable housing development and rehabilitation of existing stock, the plan recommended the formation of a “Housing Partnership” (HP), whose proposed role is virtually identical to that of the existing Housing Trust Fund. The HP would assemble a variety of public and private funding sources to help moderate-income homeowners and homebuyers lower their monthly payments, as well as financing construction for targeted project types (e.g. downtown housing conversion and multifamily rehabilitation). In doing so, it would build on the initiatives, funded by the Iowa Local Housing Assistance Program (LHAP), that Oskaloosa already had in place: interest-free loans to help moderate-income first-time homebuyers make down payments and cover closing costs, and forgivable loans for demolition. In addition, the proposed HP would act as a financier for Community Housing Development Organizations (CHDOs) and

Community Development Corporations (CDCs). However, the HP was not encouraged to become a CHDO itself.

The proposed HP is the centerpiece of a neighborhood rehabilitation strategy that primarily emphasizes incentives over regulations. The plan observes that,

“Deteriorated streets, traffic problems, poor property maintenance, poor pedestrian circulation, and code violations can diminish the living quality that neighborhoods offer. These conditions interfere with resident’s [sic] enjoyment of their own property, reduce property values, and make neighborhood rejuvenation more difficult. Thus, neighborhood policies must accentuate the positive aspects of a neighborhood, and seek to reduce negative or deteriorating influences.”

No novel statutory approaches are proposed to accomplish this goal, although the plan recommends substantial redevelopment of highly dilapidated tracts (which might require exercising eminent domain, the most coercive regulatory measure of all). Instead, the plan suggests acquiring and assembling parcels with dilapidated homes as they become available, in addition to offering financial incentives through the HP.

The Comprehensive Plan also promotes housing rehabilitation indirectly by emphasizing compact development and continuity among neighborhoods. The plan advises the City to set aside land for new development, but it did so at a time when total housing supply fell short of potential demand. The plan also encourages city leaders to steer new development into a fairly even concentric ring, adjacent to existing development, to maximize efficiency of infrastructure extensions and ensure neighborhood continuity. The City is advised to “[avoid] the development of enclaves that are separated from the rest of the community.”

By and large, Oskaloosa’s Comprehensive Plan supports the policies recommended in this document. The main divergence is in the strategy for promoting housing rehabilitation. Although we strongly emphasize incentives, we also recommend judicious use of new prescriptive measures. Another potential divergence is the palette of funding options recommended for affordable housing development and housing rehabilitation. To finance the HP and its objectives, the plan recommends a mix of private, federal, and state funds, as well as Tax Increment Financing. Other local funding tools, such as “shared risk” financing, general obligation bonds, and general fund appropriations, are identified as options for new construction, but not for redevelopment. To summarize, an updated Comprehensive Plan may require some shifts in regulatory and financing policies, but none of our recommendations are a reversal of existing policies.

APPENDIX

List of contacts made in Oskaloosa

- Alice Van Wyk (Love in the Name of Christ [Love INC])
- Amy Miller (City Clerk, Oskaloosa)
- Andrew Davis (Mahaska Bottling)
- Beth Danowsky (Musco)
- Blaine Vos (Habitat for Humanity)
- Cathy Stahl (Mahaska Health Partnership)
- Charles Cunningham (Cunningham)
- Cheryl Conway (Mahaska County Agency on Aging)
- Chris Roach (Hawkeye Real Estate)
- Connie Kitzman (Mahaska County Community Services)
- Darla Rinehart (Pella)
- Dave Cummins (Clow Valve)
- Debbie Stevens (William Penn University)
- Denise Spurgeon (Cunningham)
- Ed Kinkade (Century Homes)
- FNB Midwest Bank
- Grant/Lincoln Terrace Apartments
- Greenway of Oskaloosa
- Highland Park and Oskaloosa Park Senior Housing
- Joe Caligiuri (Interpower)
- John Ottoson (William Penn University)
- Jon Sullivan (OACDG)
- Kathleen Butler (Pella)
- Laura Russell (City of Oskaloosa City Housing department)
- Leon McCullough (Clow Valve)
- Mahaska County Assessor
- Maple Ridge Assisted Living Community
- Marion County Assessor
- Myron Linn (Pella)
- Nancy Robertson (Crisis Intervention Services)
- Oskaloosa Retirement Homes (Shady Lodge)
- Oskaloosa Municipal Housing Agency
- Rebecca Falck (Southern Iowa Economic Development Association [SIEDA])
- Rob Taylor (Interpower)
- Robin Pfalzgraf (Mahaska County Homelessness Coalition)
- Russ Reiter (Oskaloosa School District)
- Santa Clara and Meadowbrook Apartments
- Sheila Denburger (Gatton Realty)
- Southern Hills Apartments
- Sue Lynn (OACDG)
- Tom Walling (Cunningham)
- Valley Bank
- Wapello County Assessor
- Wells Apartments (Inglenook and Norwich)
- Wells Apartments.
- White Oak Estates