

2022

OTTUMWA

HOUSING PLAN



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COMMUNITY DIRECTION

INTRODUCTION

When creating a ten year housing study it must be assumed that during that time period the economy will experience ups and downs. It may occur at the beginning, middle, or end, but it definitely will change the economic dynamics for at least a short time. As this study was being developed the world was one year into the COVID-19 Pandemic, an unprecedented time for Ottumwa and the nation at large. None of the upheaval of the past year changed the need to provide safe attainable housing for all residents of Ottumwa. Often it further emphasized this need. This study serves this core purpose and strives to do that on many levels with a variety of strategies.

WHY A HOUSING STUDY

A housing study serves several purposes. At a basic level, the housing market impacts the quality of life for residents of the region, people interested in moving to the area, and businesses seeking to recruit (and retain) employees. However, how much housing is built and the housing people want/need do not always correlate. This is not because builders and owners/renters do not want it to. Instead, other forces often influence decisions.

For Ottumwa, the housing market is not in balance. Like many other areas, forces are hindering a timely self-correction.

- Building Cost
- Wages versus Home and Rental Costs
- Uncertainty in the Market
- Neighborhood Disinvestment
- Age (Housing and People)

In 2021, Ottumwa leaders began a process to determine why there is no balance in the housing market and how it affects its residents. Through community engagement, interviews, community tours, and market analysis, the process unveiled the market gaps and desires of residents and stakeholders. The following chapters summarize these opportunities and identify potential strategies to correct the housing market.

The housing study should be a resource for the many people and organizations in the city, including:

- **City Staff.** Staff are instrumental in developing programs and policies, whether supplementing other housing initiatives or crafting new programs. The housing study provides recommendations and a road map, much like the Comprehensive Plan.
- **Regional Builders and Developers.** Builders and developers can use the study to understand the market and types of development to pursue in Ottumwa, giving assurance for market demand and potential programs that can help fill financing gaps.
- **Local Employers.** Employers should recognize the quality of life for their employees. Opportunities for employers to assist in the housing market can help attract and retain employees to live in Ottumwa, ultimately giving them shorter commutes and potentially less turnover in positions as employees become invested in Ottumwa.
- **Economic Development Organizations.** Similar to local employers, economic development organizations can use the tools in the study to create housing partnerships and market new opportunities for the community.



DEVELOPING THE STUDY

The Ottumwa Housing Study uses community outreach and market analysis to help understand the vision and needs of the community. The consultant team worked closely with a technical committee, which included representatives and advocates from the City and the County.

A series of listening sessions were held over three days to better understand what is happening in the Ottumwa market, and a survey was distributed that targeted the landlords in the city. Building on the community input, various sources were used to develop the demographic and economic analysis. These included:

- The U.S. Decennial Census and American Community Survey
- County and city data on building activity
- Existing studies completed by economic development organizations, counties and cities
- County GIS Departments
- USGS and NRCS mapping data
- Multiple Listing Service (MLS) data

HOUSING TERMINOLOGY USED IN THIS STUDY

There are many terms used to discuss housing needs and describe actions. Below is common terminology used throughout the study to describe certain situations, conditions, or intended actions.

- **Appraisal.** Assesses the current market value and is usually a key requirement when a property is bought, sold, insured, or mortgaged. Comps (comparables) are needed; these are properties located in the same area, have similar characteristics, and have an established value (recent sales).
- **Assisted Housing.** In the context of this study, assisted housing is defined and refers to housing that caters to households that want or need additional services. This could include provided meals, cleaning service, shared maintenance, and other similar accommodations. This definition includes “assisted living units.” Often those in assisted housing are older adults that live independently well after retirement.
- **Attainable Housing.** Any housing that is not financially burdensome to a household in a specific income range. Financially burdensome could be housing expenses that exceed 30% of household income. However, it could also include situations where a household has high daycare costs, student debt, or other costs that limit income to spend on housing. Housing in terms of housing subsidized by Federal programs can be included in this definition.
- **Contract Rent.** For renter-occupied units, the contract rent is the monthly rent agreed upon regardless of any furnishings, utilities, or services that may be included. Data for contract rent excludes units that pay no cash rent. (Census.gov)
- **Cost Burdened.** The household spends more than 30% of HUD Area Median Income on housing.
- **Empty-Nester.** A single or couple without children living at home. Empty-nesters can include any age range but most often refer to older adults whose children have moved out and no longer live at home.

- **Filter Effect.** It occurs when higher-income households are “filtered” out of housing units that are well below the price points they can afford. Often it involves “move-up” housing that frees up existing, more affordable housing. Today, the moves can be lateral in square footage and upgrades in locations or amenities with smaller home square footages.
- **Gap Financing.** Refers to a short-term loan to meet an immediate financial obligation until sufficient funds to secure the longer-term financial need.
- **Gross Rent.** Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc) if these are paid by the renter (or paid for the renter by someone else). (Census.gov)
- **Leverage.** It can describe engaged partner organizations (financial, organizational, and human capital) to enable a more significant outcome, provide funding, or gain access to additional funds such as grants by pledging local resources.
- **Market Rate.** The price that the broad number of homebuyers or renters are willing to pay for housing. Market rate housing does not have any restrictions on price. Generally, when the demand goes up or supply goes down, the market rate price will increase. Note, the market rate price may also be a price buyers must pay because there are no other options for their situation, putting them housing cost-burdened.
- **Median Household Income.** This includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median. For households and families, the median income is based on the distribution of the total number of households and families, including those with no income. (Census.gov)
- **Mixed-Use.** Mixed-use districts are areas with two or more different uses such as residential, office, retail, and civic in a compact urban form. Typical residential uses in a mixed-use district range from medium density to very high density uses.
- **Move-up Housing.** The natural cycle of how people move in the housing market, referring to the process of moving from renting to mid-sized owner-occupancy to larger single-family homes. The “move-up” generally occurs with income increases, assuming adequate housing supply and variety is available, opening more affordable housing options for others. Recent trends indicate that “move-up” housing may not mean square footage, but may mean better finishes and amenities.
- **Universal Design.** The process of creating products that are accessible to people with a wide range of abilities, disabilities, and other characteristics. Ideally, the concept extends to neighborhoods.



OUR OTTUMWA 2040 COMPREHENSIVE PLAN HOUSING GOALS

The Our Ottumwa 2040 Comprehensive Plan took great strides to identify housing goals and action items, one action item being the completion of this housing study. The specific housing goals identified in the study were:

- Maintain and improve the existing residential neighborhoods
- Foster investment and growth in new housing in all categories and prices

In addition to these two goals, the plan identifies 18 action items to implement these goals. The Technical Committee reviewed the goals and all of the action items to identify the highest priority actions.

ACTIONS ITEM RANKING CRITERIA

- Available help getting started
- Maximizing market response
- Elevating image of an area
- Implement in a reasonable time frame
- Community support

HIGHEST RANKING HOUSING ACTION ITEMS IN THE OUR OTTUMWA 2040 COMPREHENSIVE PLAN

- Annually **identify and target neighborhoods** for cleanup assistance, code enforcement, nuisance abatement and demolition of dilapidated structures.
- Improve **community outreach and communication** regarding home improvement and housing assistance **programs available** to Ottumwa residents and residential developers.
- Create an **enhanced program to acquire and award blighted** or vacant residential lots for in-fill development.
- Develop a **tiered incentives program** and policy to support new residential construction: Type, size, and price point.
- Continue to **seek partnerships** with the development community to build new housing.
- Promote the development of accessible, **senior housing across the continuum of care** and accessible housing for people with disabilities.







COMMUNITY INSIGHTS

The data, analysis, and community observations discussed throughout this document cannot tell the whole story of housing needs in Ottumwa. The housing market analysis builds from the valuable ideas and opinions obtained from the community members.

LISTENING SESSION AND COMMUNITY SURVEY INSIGHTS

Residents, real estate agents, builders, employers, and industry members provide vital input for understanding a community and its housing market. Listening sessions were conducted, and a community survey was conducted to gain insight from the community members' perspectives. This chapter will provide a broad overview of the community input. Additional comments are spread throughout the chapters.

COMMUNITY SURVEY

The community survey was open in the summer of 2021 and received over 480 responses.

Demographics

The demographic patterns of survey respondents help understand the situations these households are in when answering the housing perception questions. A comparison with reported Census data in the next section shows whether survey respondents are representative of the broader city.

Age of respondents (Figure 1.1). Many of the survey respondents are in their family forming years or are empty-nesters. Proportionally this is a good representation of those heading households as reported by the Census.

Owner and renter occupancy (Figure 1.2). A higher percentage of respondents own their homes than the city's overall population - 77% compared to 60% reported in the Census.

Household incomes (Figure 1.3). The estimated median household income in Ottumwa in 2019 was approximately \$41,700. However, the majority of respondents to the survey had household incomes over \$75,000. It is easy to assume that these households could afford more for housing and could skew the survey toward higher price points and larger units, but generally, lowans are fiscally conservative and tend to spend less on housing.

Figure 1.1: Age of Survey Respondents

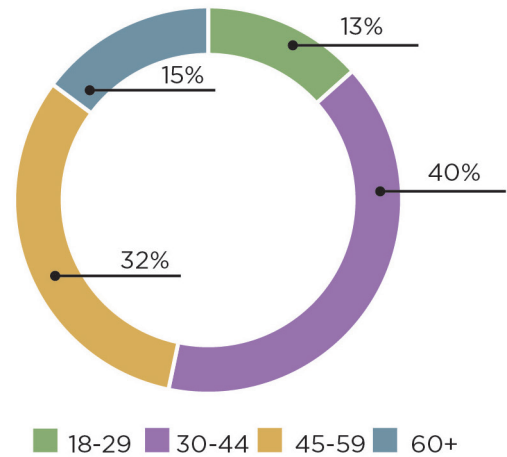


Figure 1.2: Occupancy Status of Survey Respondents

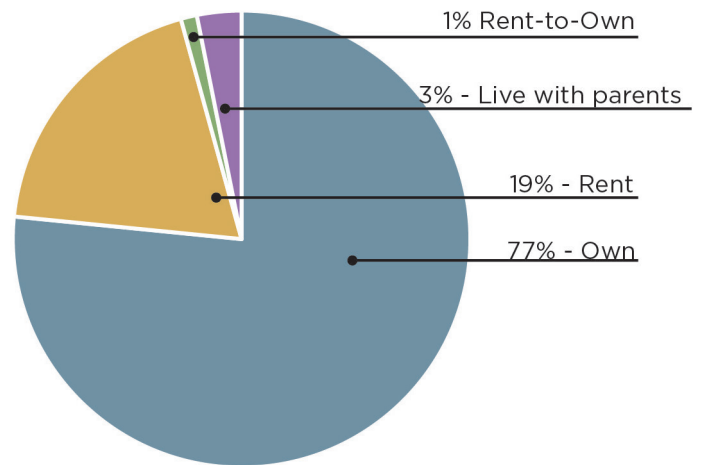
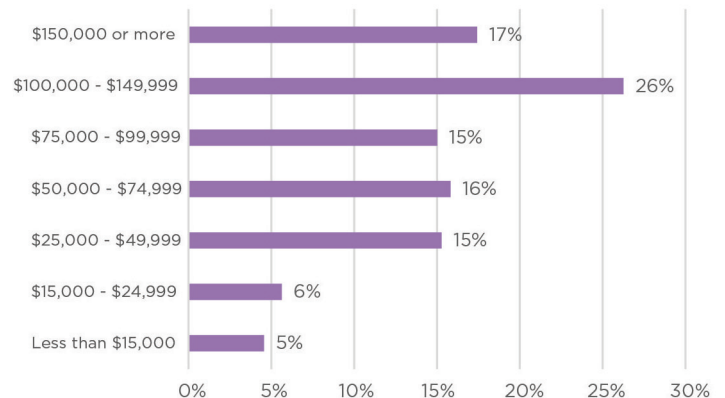


Figure 1.3: Household Income of Survey Respondents



Cost of housing (Figure 1.4). Only 33% of respondents spend more than \$1,000 a month on housing. Compared to respondents' income ranges, it can be assumed that most respondents spend well below 30% of their income on housing.

Survey Themes and Issues

Household needs (Figure 1.5). Respondents felt there was a shortage of housing for every type of household. However, the need was seen as most acute for multi-generational families and seasonal workers. Respondents over the age of 60 feel there are larger shortages for empty-nesters (79%) and the elderly (76%).

Senior and retiree options (Figure 1.6). An apartment with additional services available were seen as the most popular option. It is important to note that over 50% of respondents are under the age of 44 and it could be inferred that they are answering this question based on what they think their older family members would want. The 53 respondents over the age of 60 were most interested in a small independent owner-occupied home followed closely by an apartment with additional services available. All age cohorts did not feel independent apartments or assisted living units were housing that retirees and seniors are interested in.

Figure 1.4: Housing Costs for Respondents

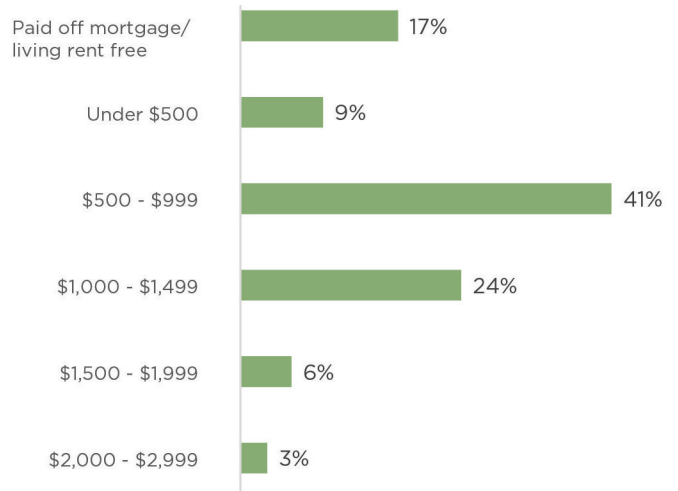


Figure 1.5: Households Needs Not Being Met

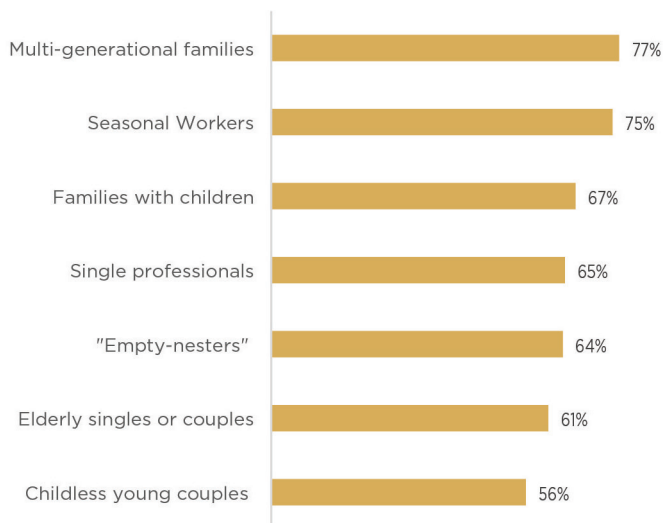
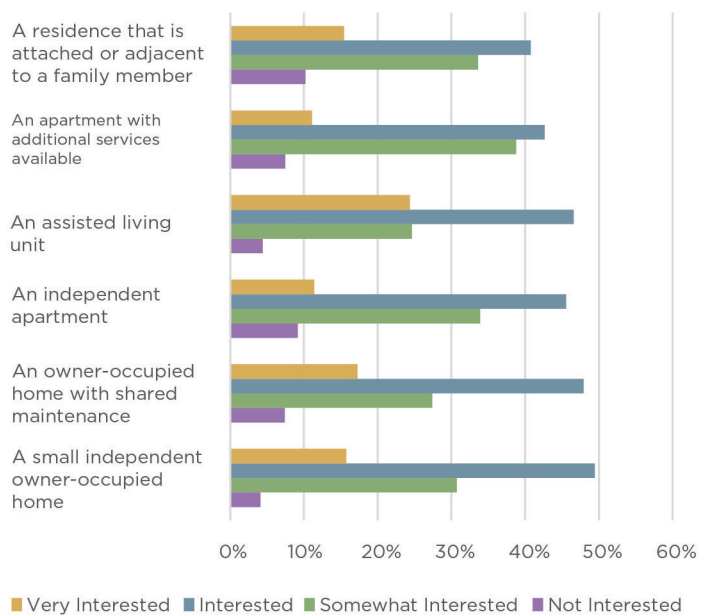


Figure 1.6: Senior Housing Options



Needed Product Types (Figure 1.7). Respondents were asked how successful certain product types would be if they were available. Similar to the question on which households were under-served by housing (Figure 1.6), every housing type was seen as needed. The sense that production of units would be successful was strongest (over 80%) for a wide range of housing. This is a good sign and potentially an understanding by respondents that a healthy housing market needs to be diverse.

Respondents over the age of 60 have similar feelings as the overall respondents, although felt more favorably for most housing types. In particular, those over 60 were much more favorable toward downtown upper-story (84%) and accessory dwelling units (77%). They had the same feelings about independent senior living (84%) and less favor for larger homes (46%). There were 48 respondents to the survey over the age of 60.

Figure 1.7: Products That Would Be Successful

Very Strong Interested



92%- Affordable 2 or 3 bedroom houses



90%- Mid-size, 3-bedroom



84%- Independent Senior Living



81%- Townhouse or Duplex



80%- Apartments



69%- Downtown upper-story



69%- Row Housing



58%- Accessory Dwelling Units



53%- Larger home, 4 or more bedrooms

Strong Interested

Lot supply. New housing requires desirable and available lots. Almost 60% of respondents felt there is an undersupply of buildable lots in the city. The city has an undersupply of lots in newer developments but has many infill lots. However, these lots are often not seen as desirable due to size or the condition of surrounding properties.

Movement in the market. Respondents were asked why they would look to move. Most respondents were not interested in moving. The two most frequently selected options for those interested in moving were to up-size to a larger home or move to a different community for quality of life reasons. Movement in the market is necessary for existing affordable units to become available to others wanting to live in Ottumwa, but community leaders need to continue to invest to avoid losing residents.

Housing supply. For those who have looked for housing in the last three years, there was a perception of an undersupply of houses priced between \$100,000 and \$200,000 (Figure 1.8) and renting under \$1,000 per month (Figure 1.9). It should be emphasized that 77% of respondents are homeowners and have likely not had recent rental experience. Additionally, many of these households do not pay over \$1,000 a month on their mortgage and, therefore, paying over that in rent is not perceived as practical.

Support for programs. Several questions were asked regarding different programs and housing solutions. Respondents indicated (Figure 1.10):

- Over the past decade the city has worked hard to increase code enforcement. Most respondents felt that this could continue and even be ramped up.
- In support of greater code enforcement, respondents also felt that public funding for removal of dilapidated housing was critical.
- Respondents were also highly supportive of funding additional housing rehabilitation.

Figure 1.8: Supply of Housing - Owner Perceptions

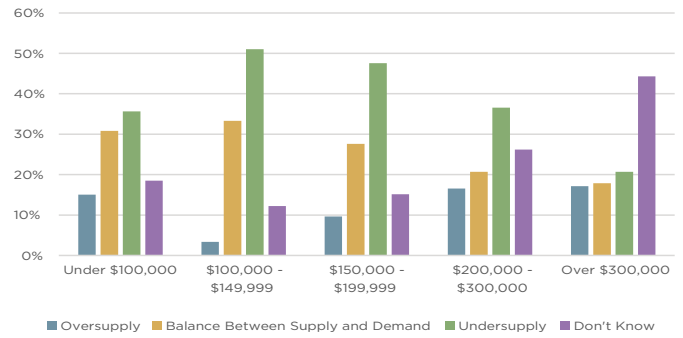


Figure 1.9: Supply of Housing - Renter Perceptions

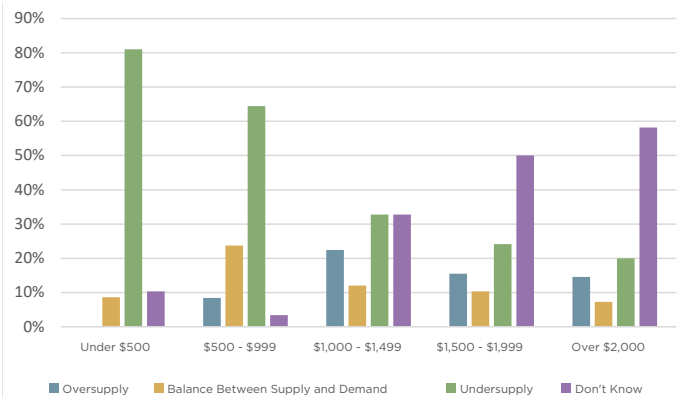


Figure 1.10: Support for....

Greater code enforcement



Public funding for removing dilapidated housing



Public funding of housing rehabilitation



LANDLORD SURVEY

As part of the market analysis, vacancy rates reported by the U.S. Census Bureau appear to be high. Reported high vacancy was especially true for rental units, where the Census was reporting over an 11% vacancy rate. At the same time, stakeholders shared that finding rentals was tough. A survey of landlords helped to understand this disparity better. Findings from the survey included:

- Approximately 470 units with only 20 vacant units for a rental vacancy rate of 4.3%.
- Over 70% of landlords indicated that it took less than two weeks to find a new renter when a unit became available.
- Most respondents felt there were no units that were hard to fill.
 - › Over 60% of respondents single-family homes and 2- and 3-bedroom multi-family units were *never* vacant.
- Majority of respondents were asking for less than \$1,000 a month for units in multi-family structures and \$600 to \$1,000 for duplexes, townhomes, or single-family rentals.
- 85% of respondents did not accept rental assistance vouchers.

“Not a lot of rentals when we first moved here in 2019 we had no choice but to buy.” - Community Survey Respondent

“I’ve been looking for a rental for two months and not able to find available rentals. No supply. Incoming teacher that cannot find a place to live.” - Community Survey Respondent

“...From my experience, we have a shortage of short-term, professional rentals. I lived in a park until I closed on my house because I could get a lease less than 12 months.” - Community Survey Respondent

“Not having enough rental properties cheap enough for low income workers.” - Community Survey Respondent

LISTENING SESSIONS

A series of discussions with community stakeholders, including Realtors, lenders, builders and developers, city staff, council members, employers, young professionals, and social service providers offered the most direct and beneficial insight into housing conditions in Ottumwa.

The assets, issues, and opportunity themes reflect the conversations. The conversations with stakeholders match the quantifiable data in the Census, MLS listings, and local data. However, a few other themes from the conversations are not as easily shown in measurable data:

Housing Conditions. Participants were concerned about the perceived gap between the cost of housing and the condition. This was especially true for rental units. Overall condition of neighborhoods was seen as an issue and the impact poor condition houses have on the ability to reinvest in an area.

Downtown. Most people were very enthusiastic about the direction of downtown. Recent residential projects were seen as very successful, and these units fill quickly. What is perceived as high rents for Ottumwa are not an issue because people are willing to pay for quality. Most felt there were still significant opportunities, but some of these would be the more challenging rehab projects.

Housing Diversity. There are few options in the market if you are looking for something other than a single-family detached home or traditional rental unit. There are few innovative infill products that blend into neighborhoods, maintenance free units (owner or renter) that appeal to retirees, empty-nesters, and young professionals. Accessible units that meet the needs of our region's aging population and the disabled are also lacking.

New Construction. Little to no new construction of single-family homes has occurred in the past decade. One of the growing reasons for this is the lack of lots outside of infill lots with much lower adjacent home values. While most participants acknowledged that existing infrastructure is critical, they also realized that a healthy market needs options.

Quality of Life. Most participants acknowledged that quality of life and the perception of Ottumwa were important issues to address. These perceptions have made it challenging to attract and retain the workforce to live in Ottumwa. These range from the lack of sidewalks and walkability to the sense of safety and security.





OTTUMWA TODAY

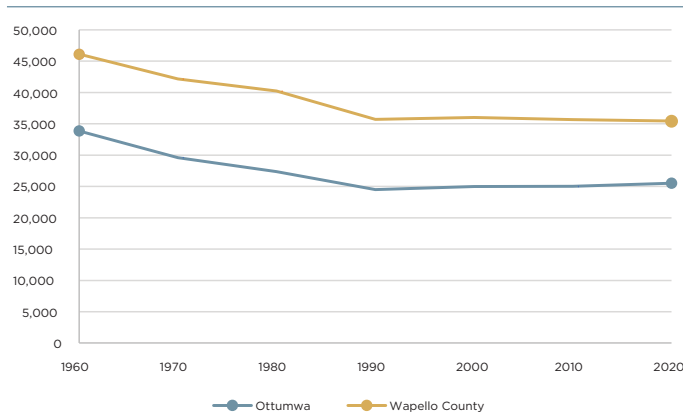
The careful examination of Ottumwa today -its historic trends, population demographics, economy, and conditions of the housing market - enable this study to understand current challenges, forecast future needs, and articulate a program to improve Ottumwa's housing market. This chapter summarizes the characteristics of Ottumwa that strongly impact the housing market. A thorough understanding of demographics and housing conditions provide the first steps in crafting the housing plan.

OTTUMWA'S DEMOGRAPHIC CHARACTER

This section reviews Ottumwa's demographic trends including population, housing characteristics, income, employment, affordability, and housing demand. Combined, they have a tremendous impact on the nature of the local housing market.

At the time of this report not all of the 2020 Census data had been released. Therefore, 2019 estimates from the American Community Survey will be used and noted accordingly.

Figure 2.1: Population from 1960 to 2020



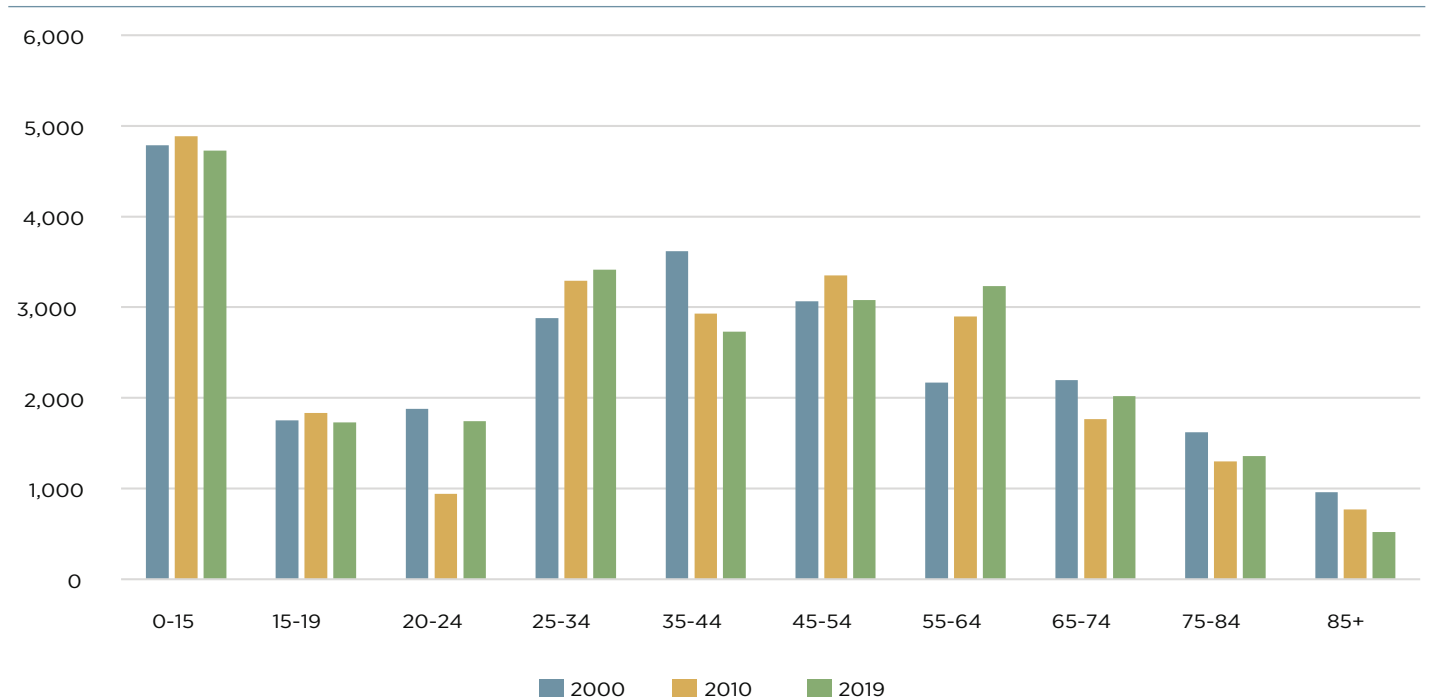
Source: U.S. Census Bureau

POPULATION HISTORIC CHANGE

Historic population change provides context for how the community has changed and a trajectory for future growth and development. Figure 2.1 shows that for three decades, Ottumwa experienced a slow population decline. Since 1990 the city has reversed this trend and captured back 1,000 of the 9,300 residents lost in the previous 20 years. Despite the reversal in population decline, many still feel the loss of population that occurred in the latter half of the 20th Century. In addition to losses in the city, the county has also lost population and continued to do so in the 2010s. All of these residents are important to supporting the infrastructure and commercial businesses in Ottumwa.

A closer analysis of the city's population in Figure 2.2 tells an interesting story. During the 2000s the city successfully attracted young workers under the age of 25. However, retaining those individuals as they age appeared to be a problem. This trend may have reversed during the 2010s. The new units downtown have helped, but a lack of appealing home-ownership options may continue to be an issue for this group.

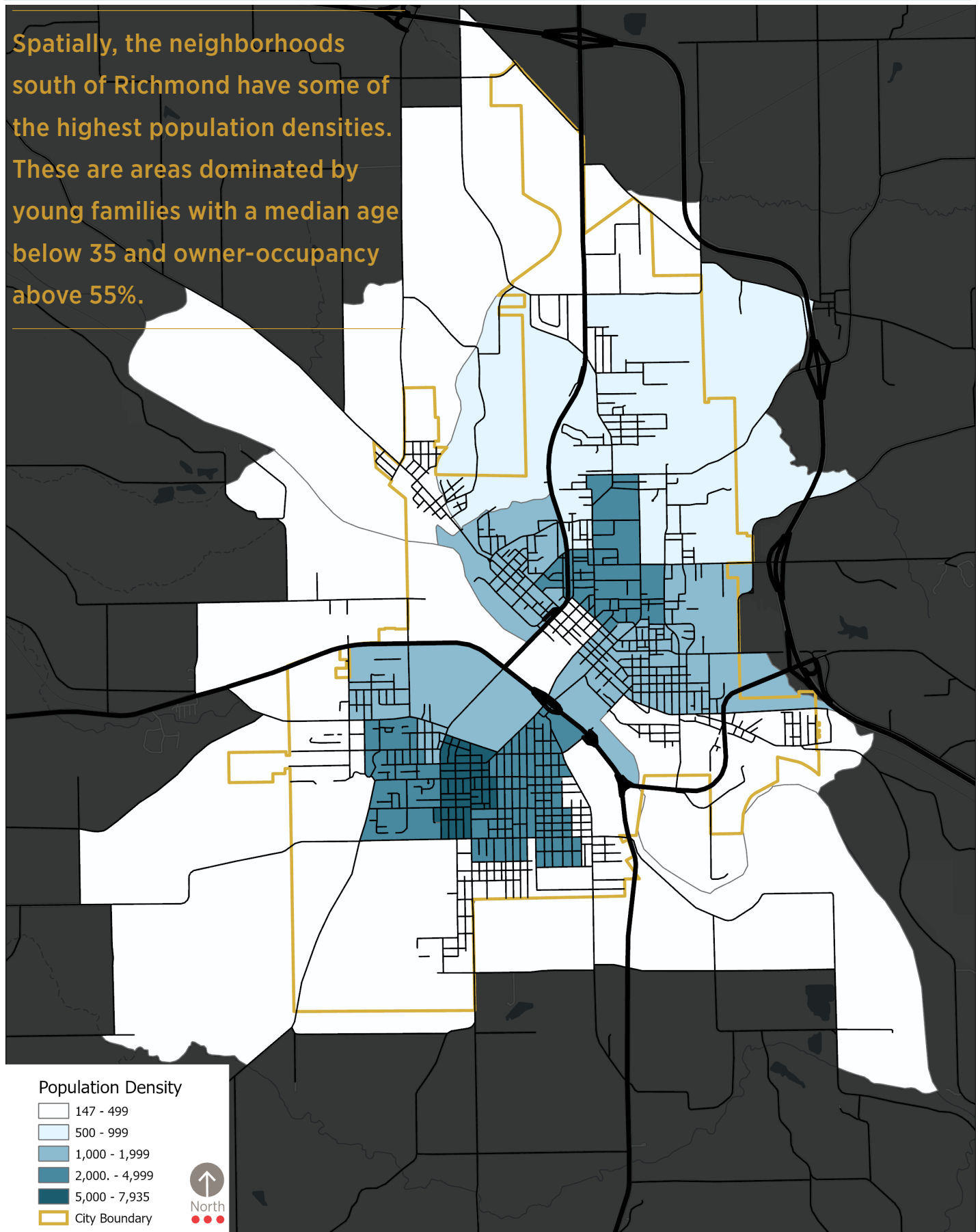
Figure 2.2: Population by Age Over Time



Source: American Community Survey 5-Year Estimates

Map 2.1: Population Density

Spatially, the neighborhoods south of Richmond have some of the highest population densities. These are areas dominated by young families with a median age below 35 and owner-occupancy above 55%.



PEER COMMUNITY COMPARISONS

Five communities were identified as peer communities to Ottumwa, listed in Figure 2.3. The criteria for selection included regional proximity, population size, and similar economic mix. Over the past 20 years Oskaloosa experienced most of its growth in the 2000s, while Ottumwa’s growth has been in the last decade, similar to Muscatine. Young families are an important part of reversing historic population loss. Clinton and Burlington have the largest population losses and the oldest populations, while Oskaloosa and Muscatine have the youngest populations and the largest percentage gain.

As expected, the city areas with the oldest median age have some of the highest percentage owner occupancy (Map 2.2 and 2.3). Many of these neighborhoods will be transitioning in the next decade to new ownership.

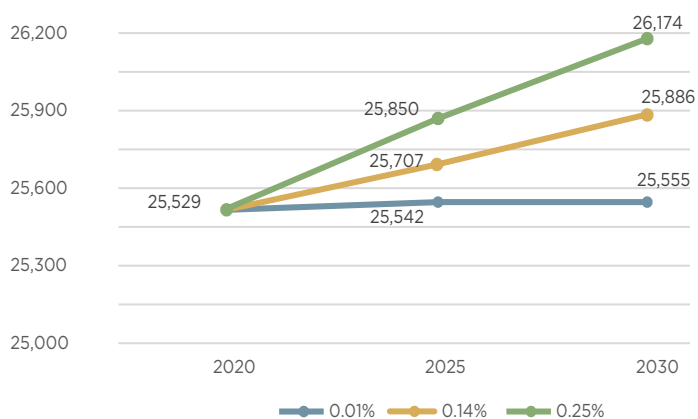
COUNTY POPULATION INSIGHTS

When excluding Ottumwa, Wapello County experienced a population decline of over 1,000 people. With this loss, Ottumwa’s percentage of the county’s population (72%) is almost back to what it was in 1960 (73%). It should also be noted that a number of the peer community’s new housing construction is occurring in areas just outside the city. Based on the county’s population loss, this does not appear to be the case for Ottumwa.

POPULATION PROJECTION

The previous analysis and discussions with community stakeholders indicate that Ottumwa has the potential to continue to grow. However, the right housing will be essential for this growth to occur. For Ottumwa, that might not all be in new construction. If the city were dependent on historic construction trends, the city would grow at 0.14% annually and reach 25,881 people. However, pushing the 0.20% annual growth rate of the 2010s to 0.25% would result in a 2030 population of 26,174. This growth rate can be reached through a combination of rehabilitation and new construction.

Figure 2.4: Population Projection



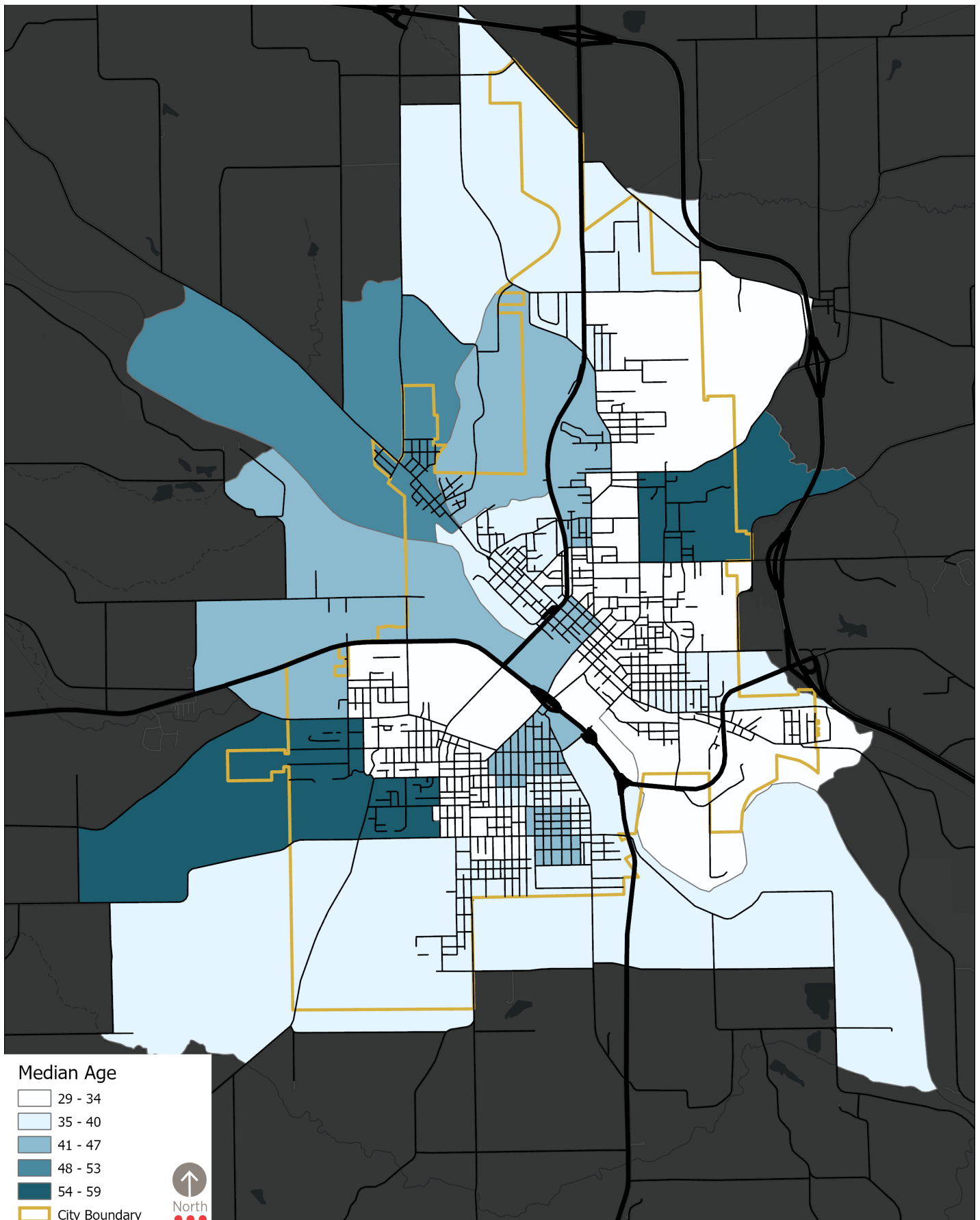
Source: RDG Planning & Design

Figure 2.3: Peer Community Population Change, 2000-2020

	2000	2010	2020	DIFFERENCE 2000-2020	PERCENT CHANGE	MEDIAN AGE (2019)
Ottumwa	24,998	25,023	25,529	531	2.1%	37.3
Wapello County	36,051	35,625	35,437	-614	-1.7%	39.6
Muscatine	22,697	22,886	23,797	1,100	4.8%	36.1
Clinton	27,772	26,885	24,469	-3,303	-11.9%	40.9
Fort Dodge	25,136	25,206	24,871	-265	-1.1%	36.3
Burlington	26,839	25,663	23,982	-2,857	-10.6%	42.5
Oskaloosa	10,938	11,463	11,558	620	5.7%	35.0

Source: U.S. Census Bureau; American Community Survey 5-Year Estimates

Map 2.2: Median Age by Census Block Group



HOUSING CHARACTERISTICS

HOUSING OCCUPANCY

Since 2008 most cities saw more rental units converted or added to the market than owner-occupied units. This is for several reasons, including more restrictive lending practices, more young households who traditionally enter the market as renters, and pent-up demand after nearly two decades of no rental construction. All of the peer cities have a similar occupancy mix, shown in Figures 2.5 and 2.6.

Figure 2.5: % of Homes Owned, Rented, or Vacant in Ottumwa - 2010 vs. 2019

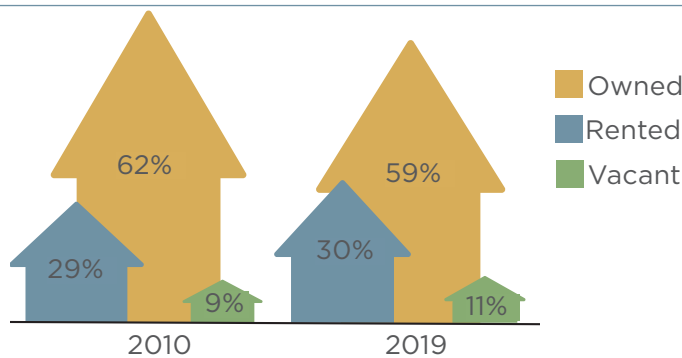
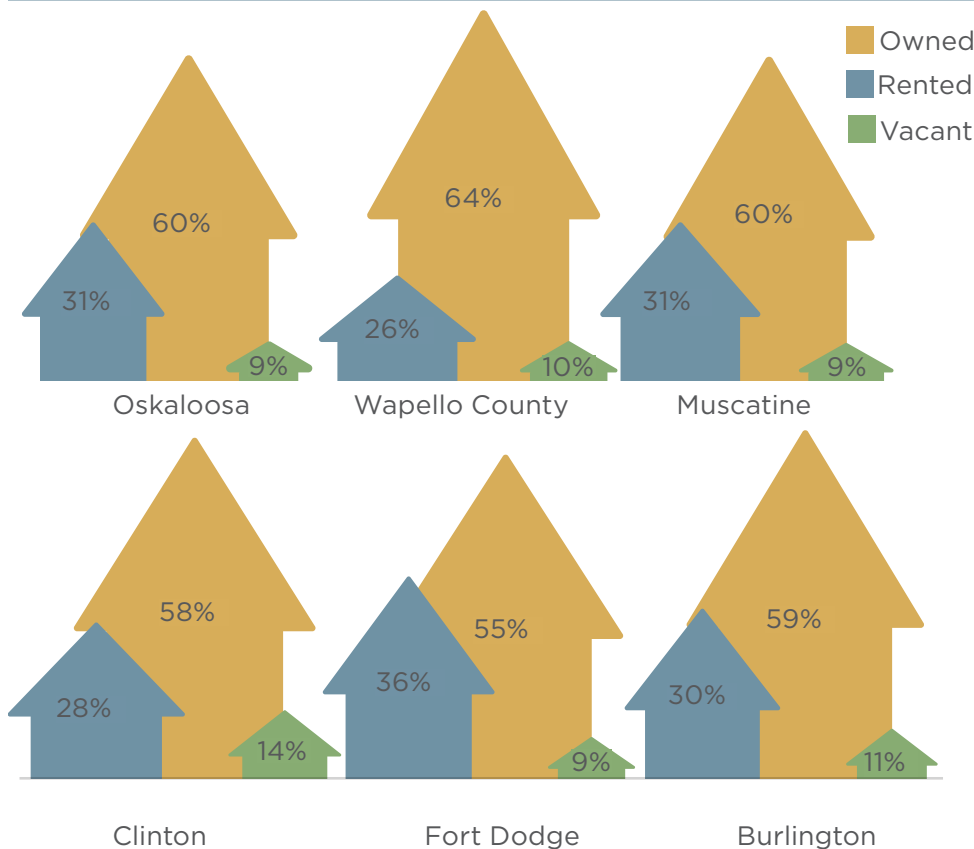


Figure 2.6: % of Homes Owned, Rented, or Vacant in Peer Cities - 2019



Source: U.S. Census Bureau; American Community Survey 5-Year Estimates

The total number of units and vacancy numbers were released for 2020 at the time of this study. All of the communities appear to have fairly high vacancy rates. These numbers would not reflect the significant shortage of “for sale” vacant units in late 2020 and into 2021.

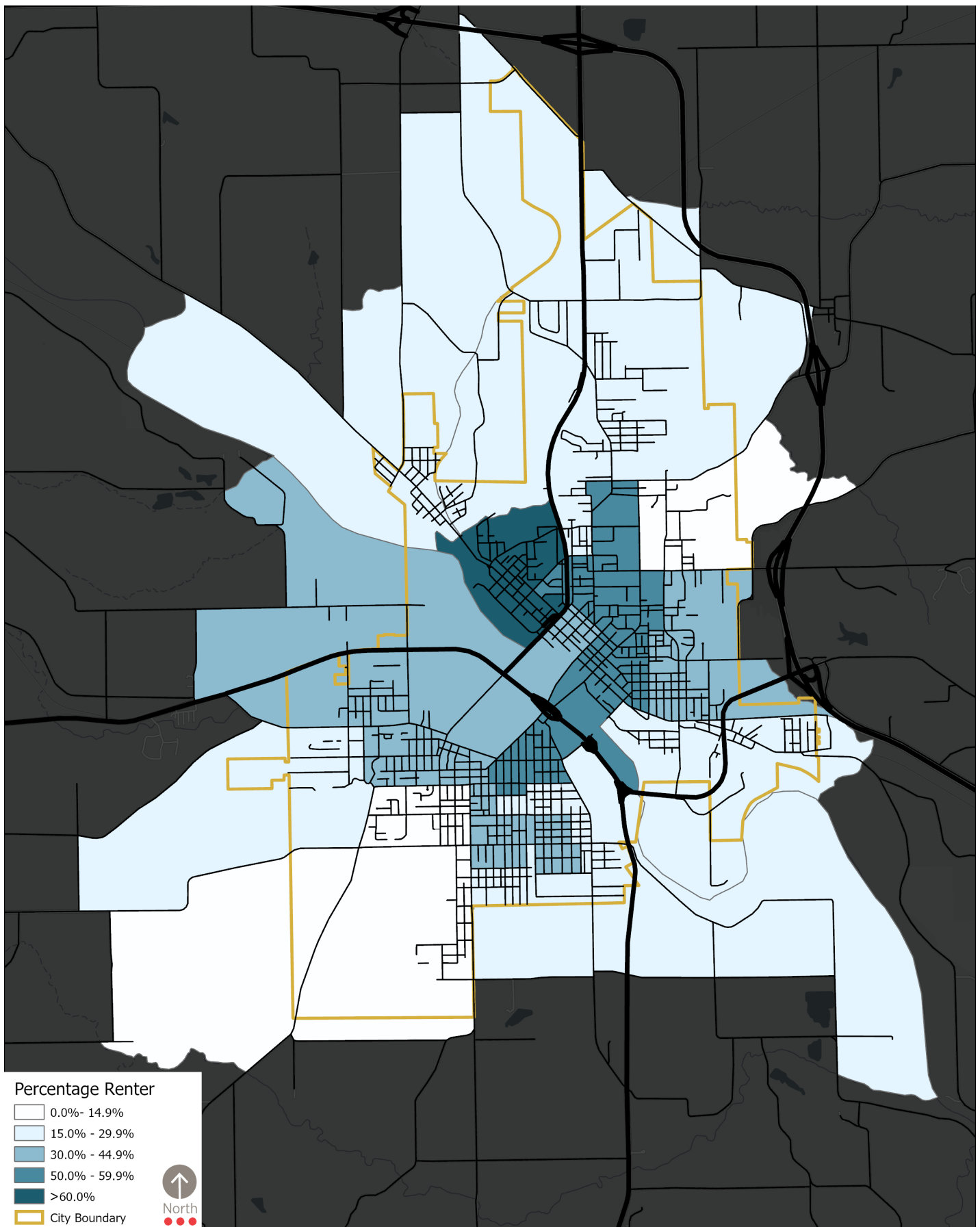
Figure 2.7: 2020 Census Housing Units and Vacancy

	TOTAL UNITS	VACANT	VACANCY RATE
Ottumwa	11,254	1,156	10.3%
Wapello County	15,734	1,567	10.0%
Muscatine	10,541	918	8.7%
Clinton	11,864	1,424	12.0%
Fort Dodge	11,298	1,352	12.0%
Burlington	12,016	1,387	11.5%
Oskaloosa	5,181	517	10.0%

Source: U.S. Census Bureau

Using the more detailed data available for 2019, the rental vacancy in Ottumwa was estimated at over 452 units in 2019, or 12.3% of all renter units (occupied, for rent, and rented not occupied). This is significantly higher than the 4.3% vacancy rate reported by the landlords in the 2021 survey (see previous chapter for the landlord survey). The Census estimated that 470 units were vacant for other reasons such as poor condition, being used for storage, or occupant being in nursing care. This would be over 4% of the city’s total housing stock. Many of these units need to be brought to the market as affordable and entry-level housing while others will need to be demolished.

Map 2.3: Renter Occupancy by Census Block Group



HOUSING OCCUPANCY BY AGE

Over the decade, there were a growing number of owner-occupied households over the age of 55. Most of these households are empty-nesters, potentially looking for housing that better fits their current stage of life than the homes they raised families. However, fewer households under the age of 55 owned their home and more rented. This could be from rising other debts, increases in home prices, and stagnant wages.

AGE OF HOUSING

Much of the city's housing stock was built before 1959, illustrated in Map 2.4. This correlates to the value of housing. The older the housing stock, the lower the median home value. This has a significant impact on the ability to produce new housing. The price of a newly constructed home will always be greater than an existing home and when the difference between these numbers is significant, it can make it challenging to produce new housing. The impact of an older housing stock on value can be seen in Figure 2.10 on the next page. Cities with the oldest housing stock tend to have the lowest values and gaps between these values and construction costs for new units of over \$200,000 can be very challenging to overcome.

Figure 2.8: Occupancy by Age of Householder 2011

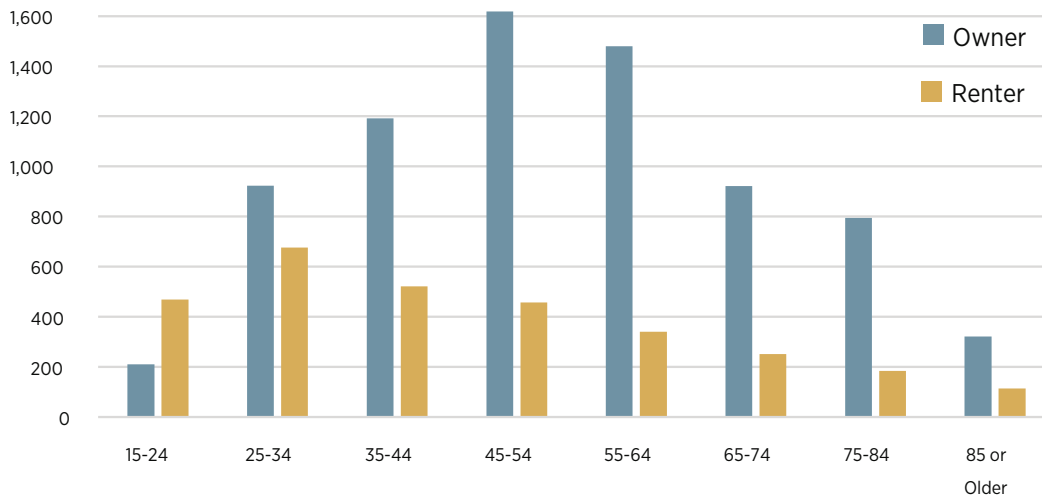
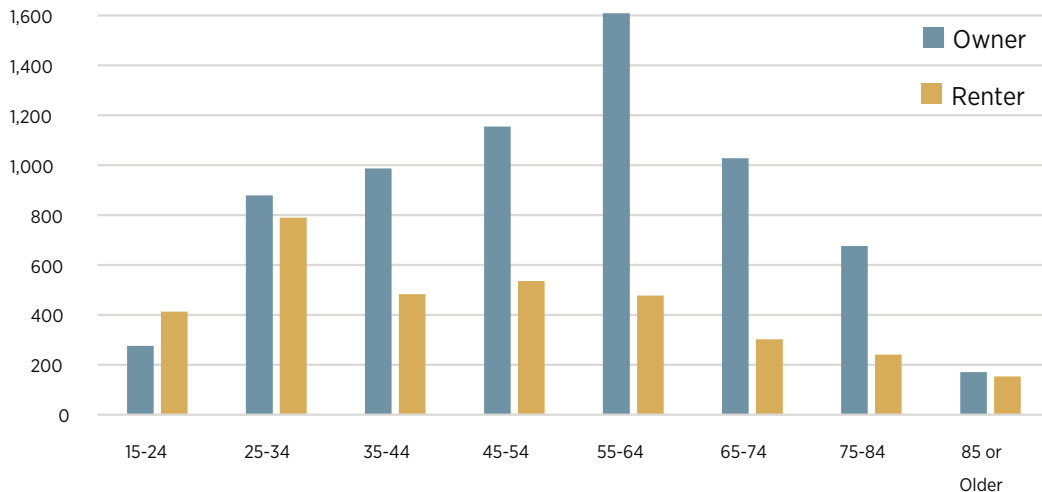
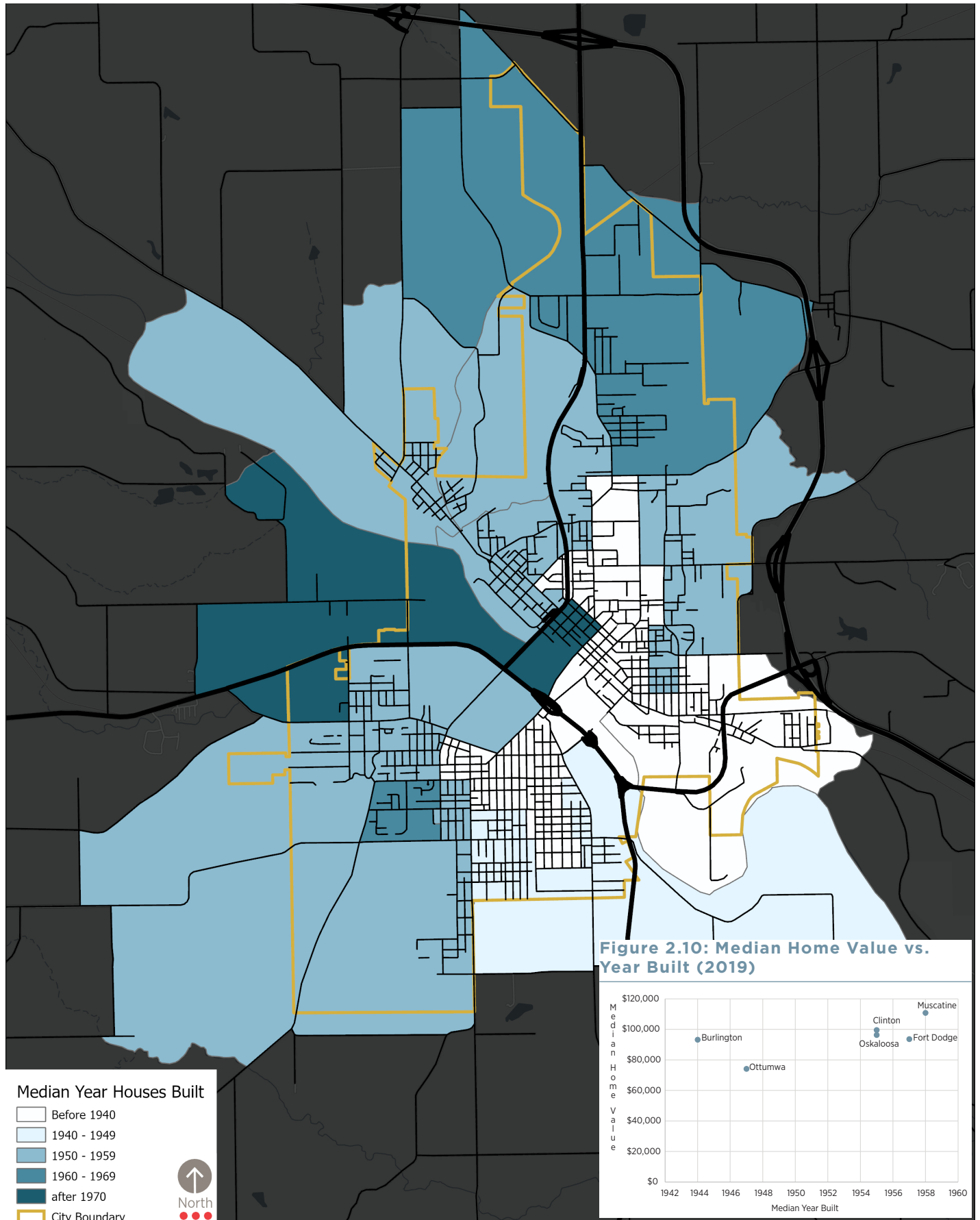


Figure 2.9: Occupancy by Age of Householder 2019



Source: American Community Survey 5-Year Estimates

Map 2.4: Median Year Built by Census Block Group



CONSTRUCTION ACTIVITY

Figure 2.11 breaks down construction activity by housing type. Over the past decade, construction activity has been low. Over half of all the decade’s units were constructed in one year. On average, only five single-family units were built a year. Simultaneously, four structures were being demolished in an average year.

HOME SALES

While data sources like the Census and Bureau of Labor Statistics lag current conditions by some extent, the level of home sales is monthly data that can be obtained through the Multiple Listings Service. As mentioned previously, various conditions in 2020 has led to historically low inventory in homes for sale. Figure 2.12 shown this change in just one year from 2019 to 2020.

- Sales price jumped by 21% in one year.
- Of all the homes listed in 2020, nearly all of them sold, leaving little extra inventory into 2021.
- While average days a home was one the market increase, this is likely the result of the lower inventory and very unique or undesirable homes staying pulling up the market average.

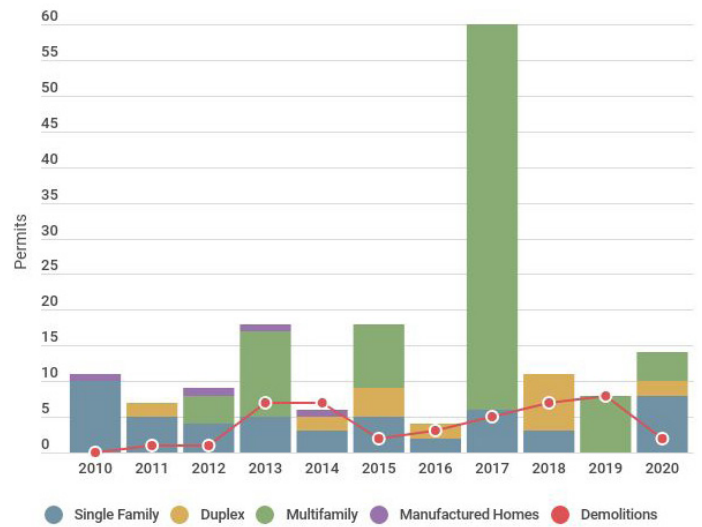
This is only two years of data, but illustrates the extreme conditions facing the local housing market at the time of this study. The impact of this means less people moving, more people staying in homes that do not meet their needs, and more competition for rental units.

Figure 2.12: Single-Family Homes Sales, Wapello County

	2019	2020
Number Sold	347	401
% of listed Sold	71.25%	96.16%
Average Days on Market	42	48
Average Sales Price	\$100,632	\$121,865

Source: Multiple Listing Service

Figure 2.11: Residential Building Permits



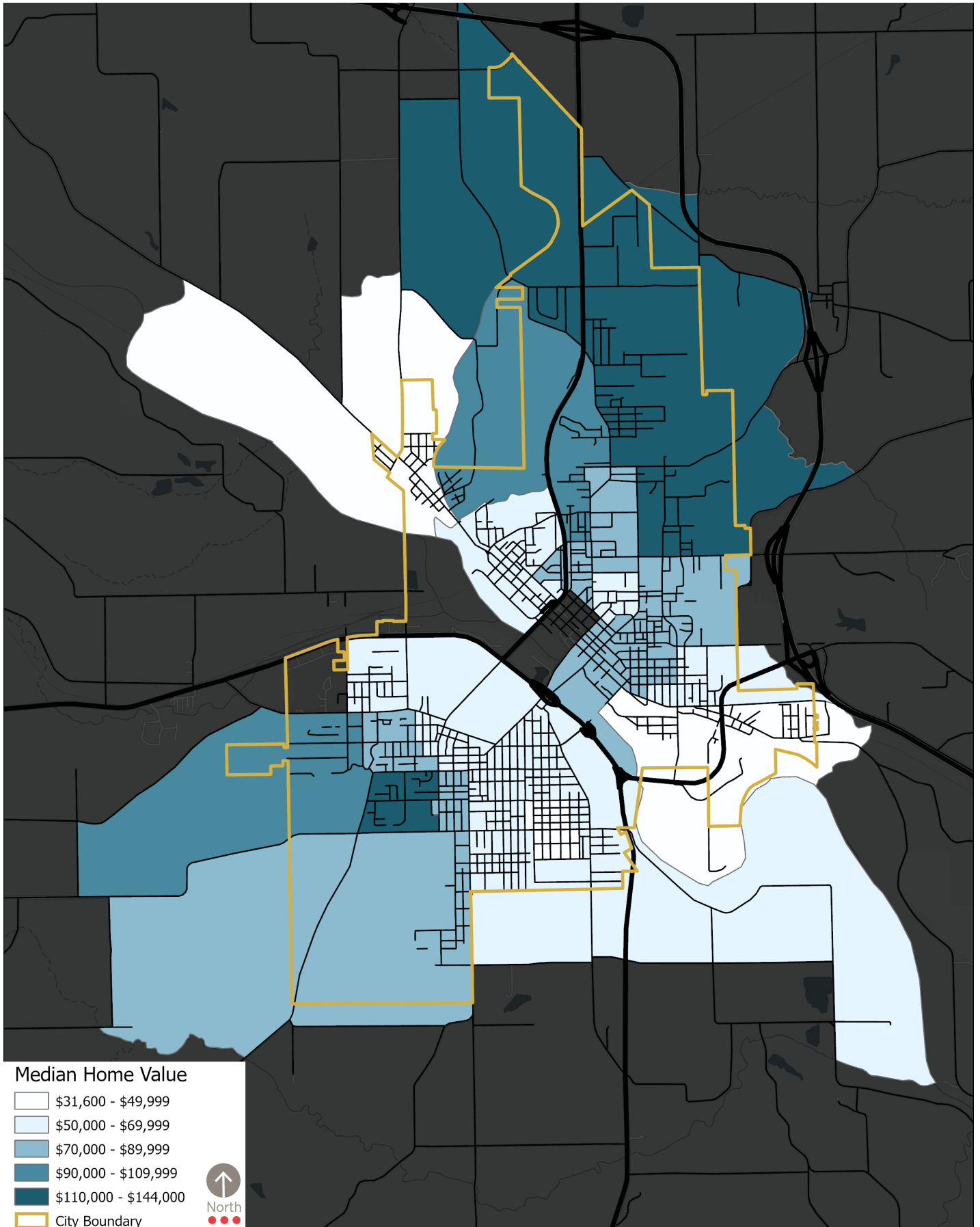
Source: City of Ottumwa

HOME VALUES

Median sale price only provides one image of a city’s ownership market. Median home value includes all homes in the city. But again, home value is not the same as sales price (market value). Sales prices are often inflated over home value, especially in a low supply market.

Map 2.5 shows how home values are different across Ottumwa. Naturally, areas of newer development on the north tend to have higher home values. However, there is also a node of higher values around Liberty Elementary School as well. There is a park in this area that also might contribute to higher values.

Map 2.5: Median Value by Census Block Group

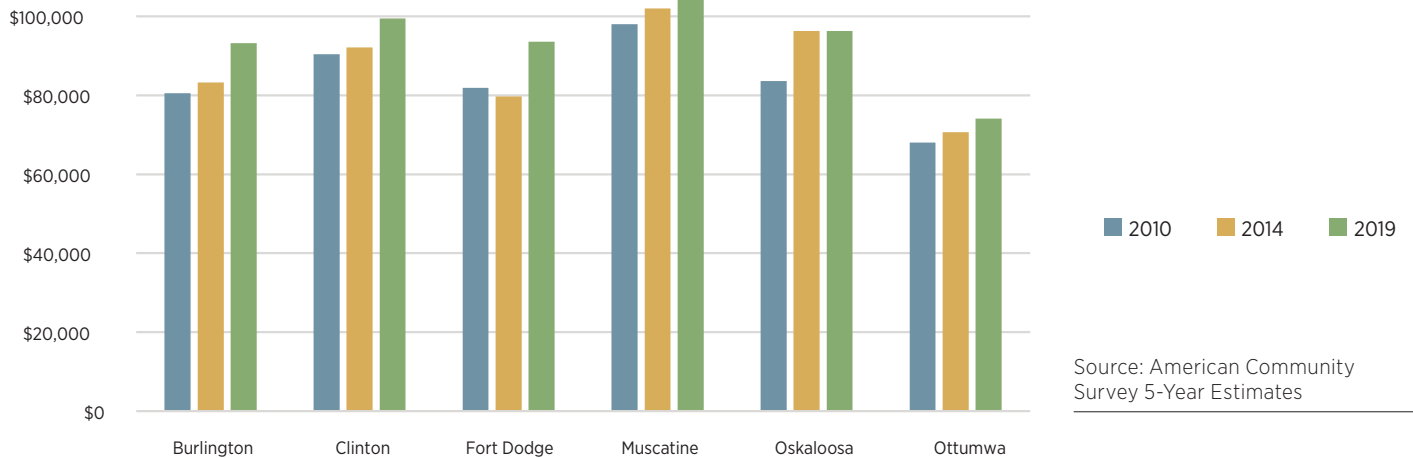


In comparison to peer cities. Figure 2.13 shows:

- Ottumwa has one of the lowest cost housing markets in the state. Compared to other peer cities Ottumwa’s median home value was \$20,000 lower.
- The 2019 new home construction costs made it difficult to build a new home for less than \$200,000 compared to a median home value of \$74,000.

- › The 9% increase in median value over the 10 year period was the lowest of all cities and well below the rise in costs for new construction.
- › The recent undersupply of for sale units and the competition this has created has pushed some prices higher, which may actually be good for the overall health of the Ottumwa market.

Figure 2.13: Median Home Value

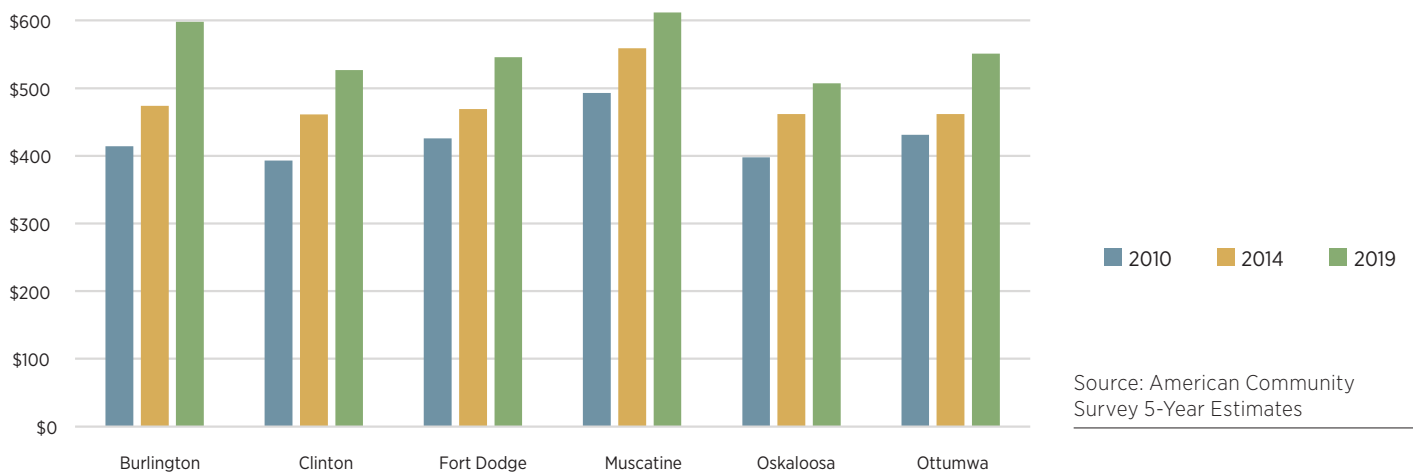


CONTRACT RENT

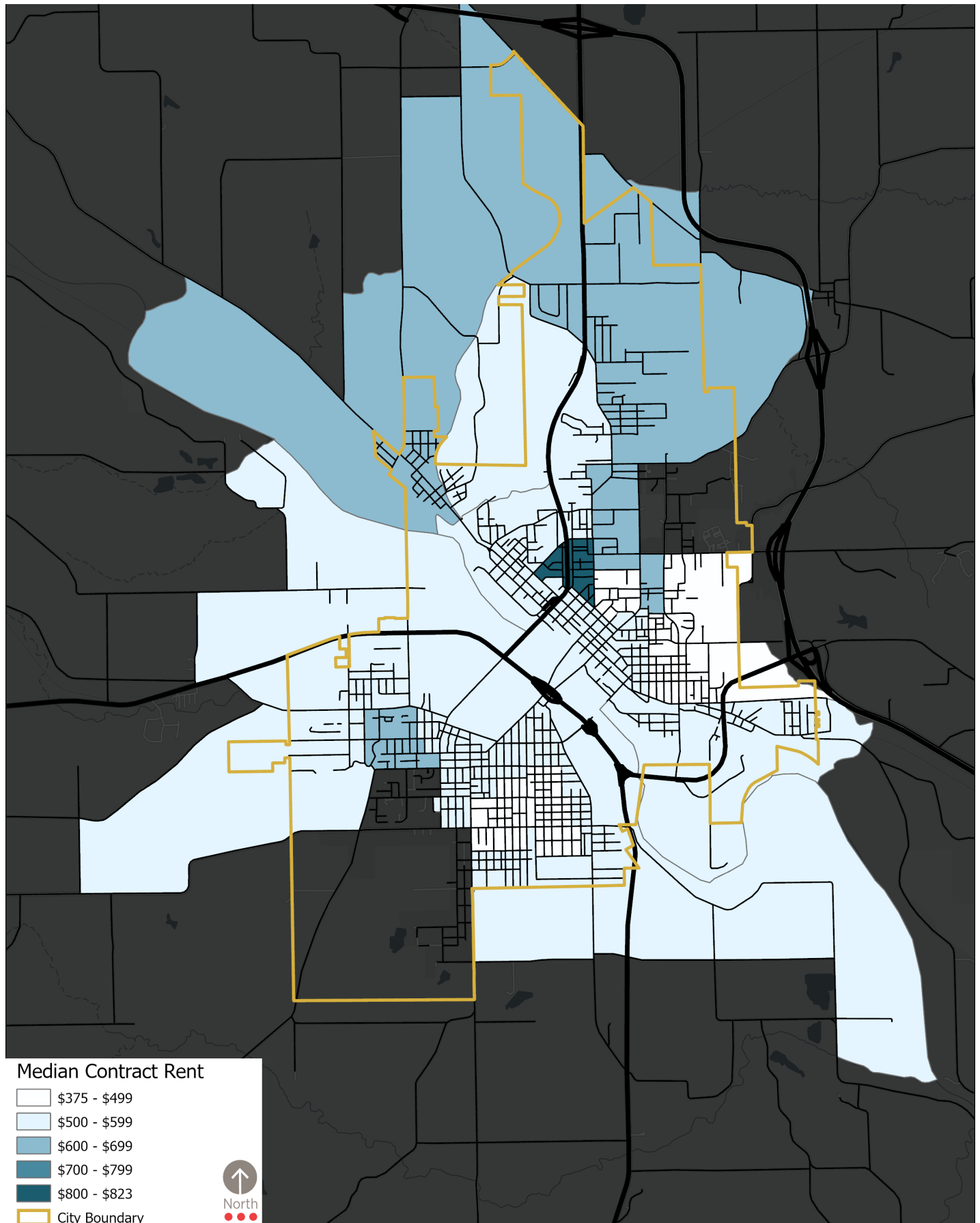
Contract rent is the rent agreed upon regardless of any furnishings, utilities, or services that may be included. Map 2.6 shows higher rents north of downtown, likely attributed to adaptive reuse/ redevelopment projects.

- Since 2010 Ottumwa’s median contract rent has grown by approximately \$120 while the average of the other cities is \$142.
- In 2010 the difference between the highest and lowest median rent was \$100, by 2019 the difference had grown to nearly \$150.
- While Ottumwa’s home values increased by 9% over the past decade rent levels have increased by 28%.

Figure 2.14: Median Contract Rent



Map 2.6: Median Contract Rent by Census Block Group



AFFORDABILITY

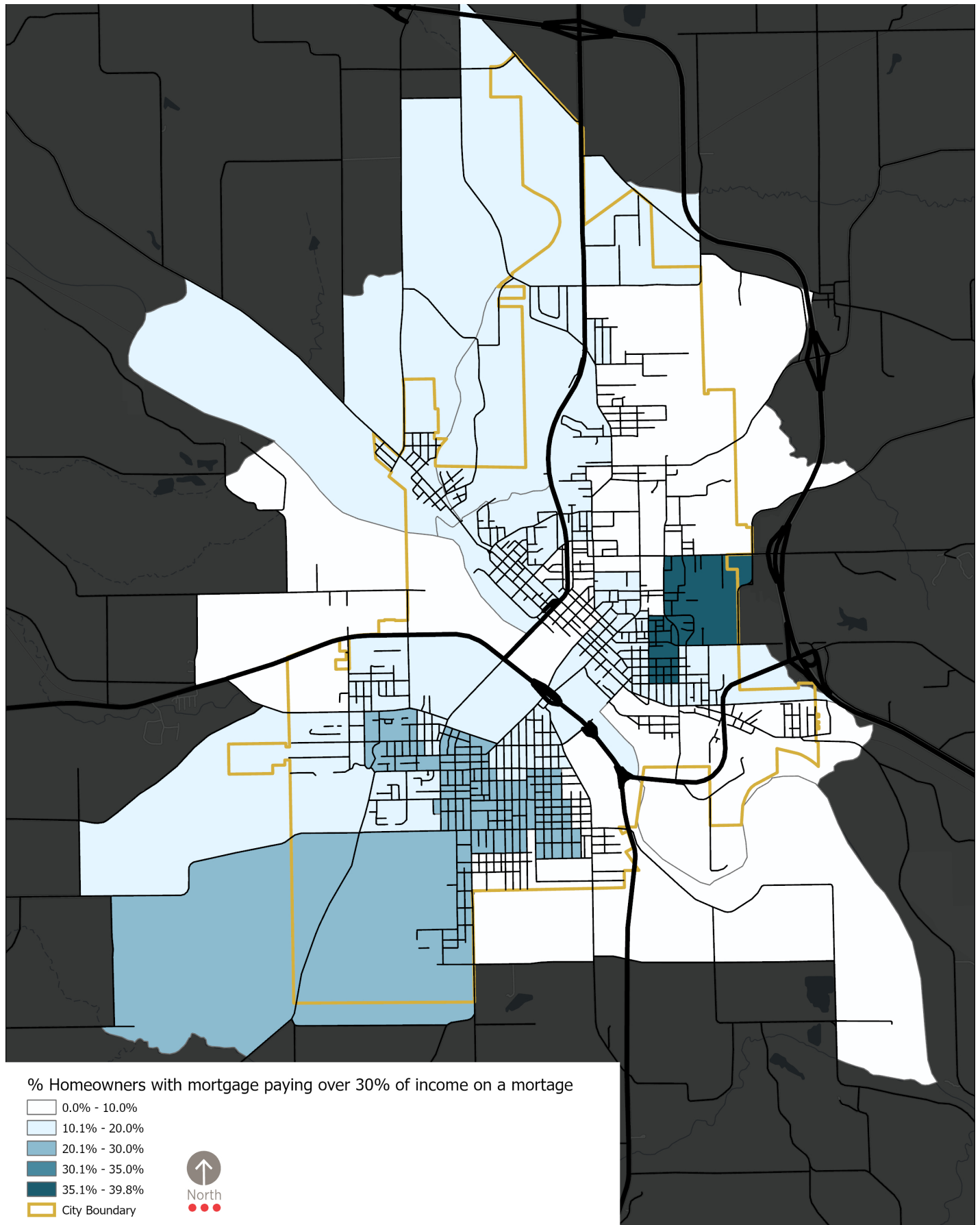
COST BURDENED HOMEOWNERS

A cost burdened household is defined by HUD as one that spends more than 30% of their income on housing (including utilities, taxes, insurance), either for a mortgage or rent. Maps 2.7 and 2.8 show the percent of households paying more than 30% of their income on housing by Census block group.

- Due to financing requirements, owner-occupied households are less likely to be spending more than 30% of their income on housing, in addition to lower mortgage rates over the past decade.
 - › Ottumwa's lower appreciation rate along with greater lending scrutiny after 2008 have resulted in fewer households in Ottumwa spending more than 30% of their income on their mortgage.
- Map 2.8 showing cost burdened homeowners is somewhat inversely related to the value of homes. Meaning, higher home values do not necessarily mean more cost burdened residents. This makes sense, as people with higher incomes can afford higher cost homes, but still have a choice to not get into cost burdened situations. Lower income households do not have as many choices where to live and may have to spend more of their income on housing than optimal.

Cost burden takes into consideration both local housing costs and incomes. Therefore, if a market has very high housing costs but also has higher incomes then the level of cost burden may be similar to a market with low costs and low incomes.

Map 2.7: Cost Burdened Homeowners by Census Block Group



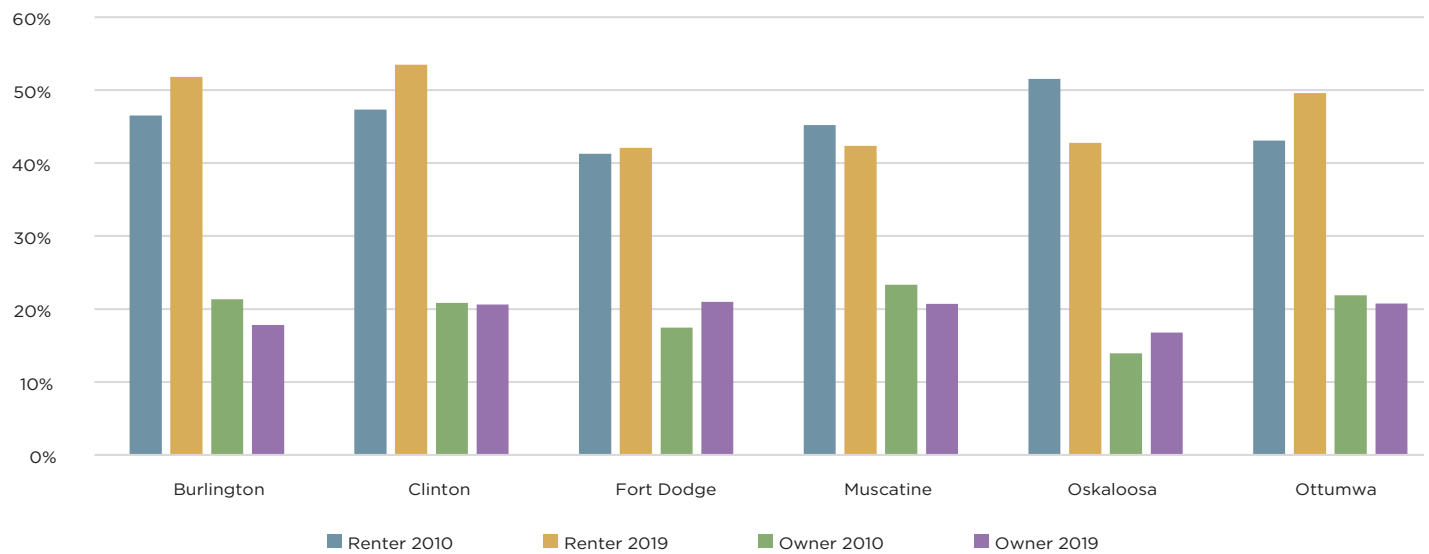
COST BURDENED RENTERS

Cost burdened renters shown in Map 2.8 are spread throughout the city with a pocket of higher percentages in south central Ottumwa. Most contract rents citywide are at least \$500 a month, although the area with the highest renter cost burden has one of the lowest median contract rent ranges. The people living here are making low wages and have few other choices where to live.

When compared to peer cities, Ottumwa saw a higher increase in the number of cost burdened renters since 2010, while nearby Oskaloosa saw a decrease. While Muscatine has some of the highest housing costs, most households are paying less than 30% on housing and the total number of house burdened households decreased since 2010. The number of cost burdened homeowners stayed virtually the same, similar to most other cities. Possible reasons include:

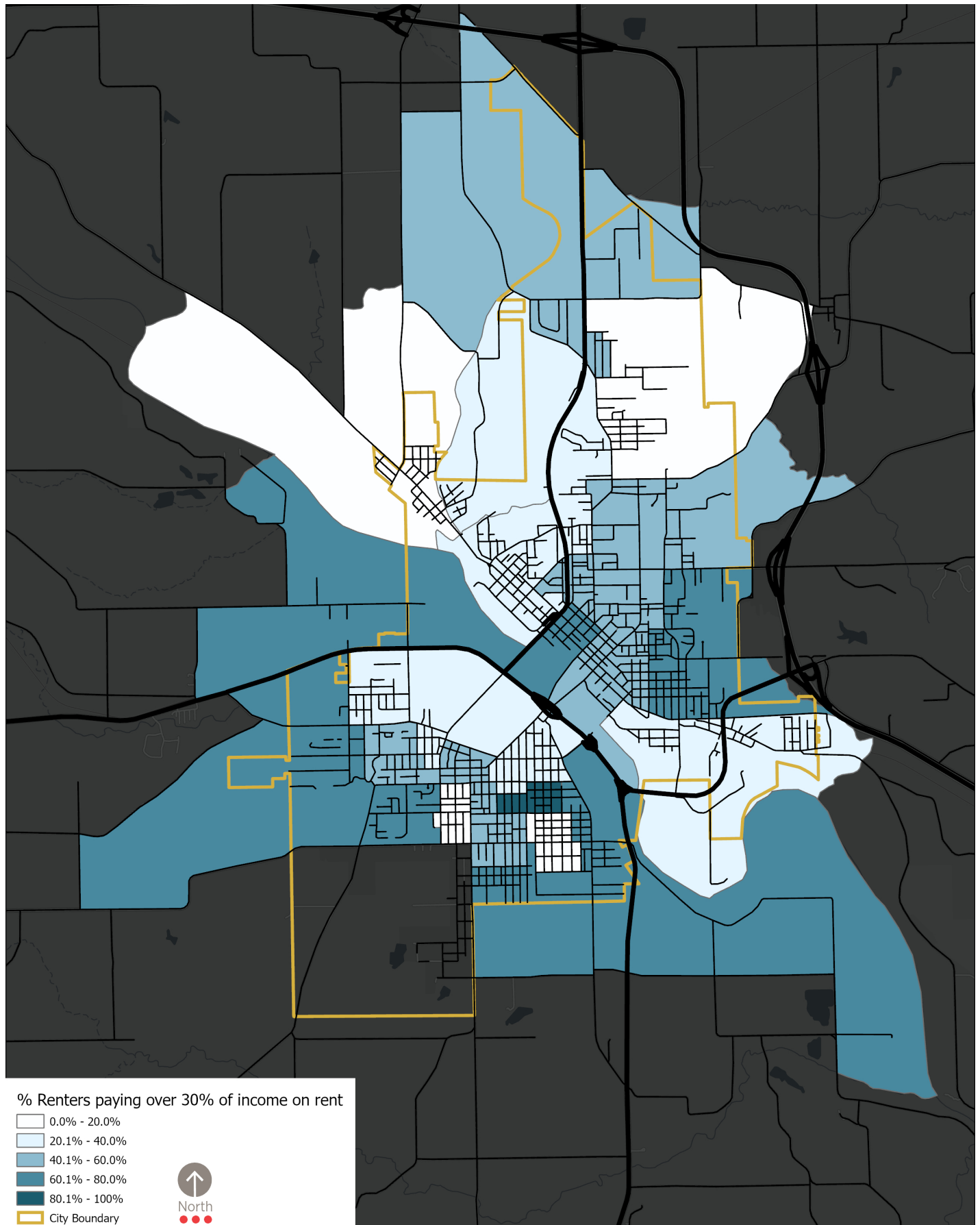
- Low rental inventory that drives up rental prices
- Stagnant local and regional wages
- An aging housing stock that lowers home values
- Lower mortgage interest rates that increase homeownership affordability

Figure 2.15: Change in Housing Costs as a Percent of Income



Source: American Community Survey 5-Year Estimates

Map 2.8: Cost Burdened Renters by Census Block Group

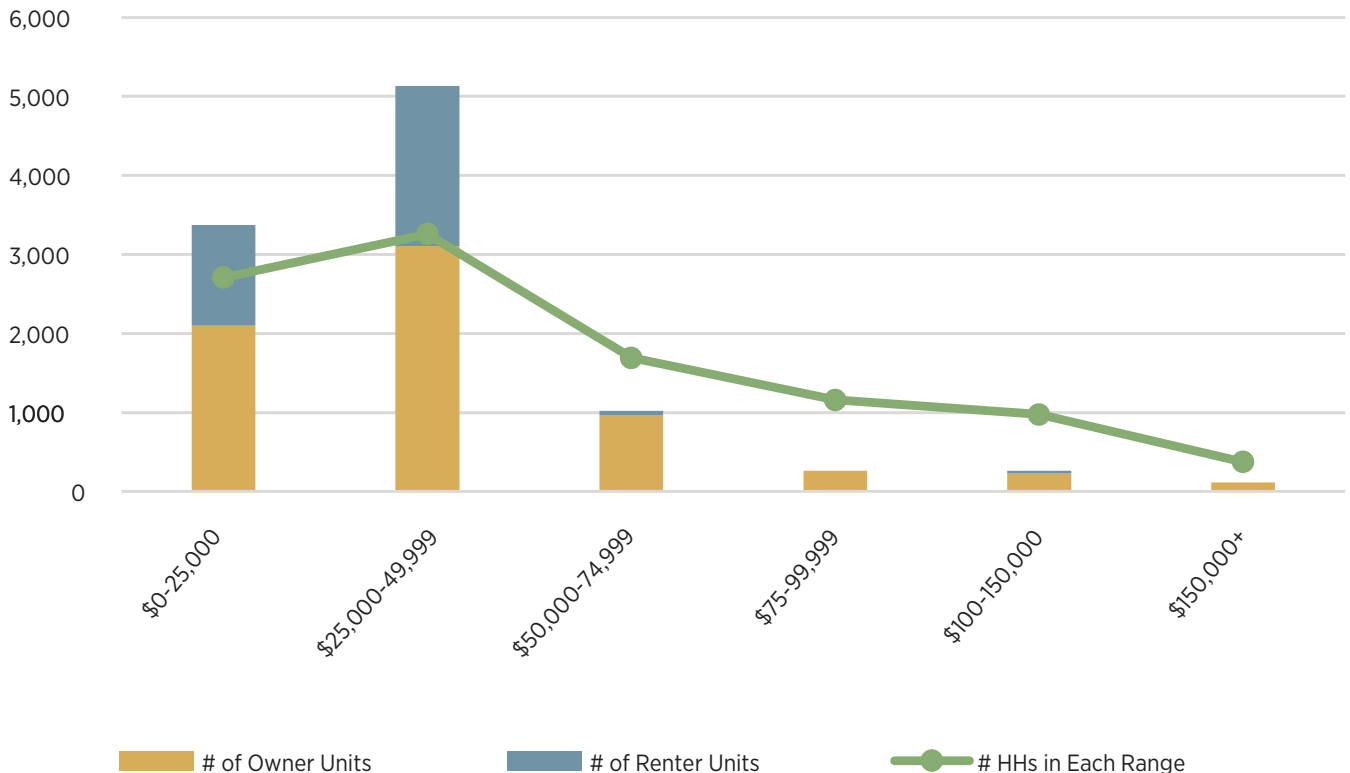


AFFORDABILITY BY HOUSEHOLD

Figure 2.16 breaks down the number of households by income and the number of owner and renter units available based on affordable ranges requiring households to pay no more than 30% of income towards housing.

- Ottumwa has a large stock of housing affordable to households making less than \$50,000 annually.
- The limited supply of rentals affordable to households making more than \$50,000 is not only reflected in the numbers in Figure 2.16, but in the demand for the new units, such as those in the downtown, that are quickly rented.
- The largest gap in ownership options exists for households that could afford housing priced between \$200,000 and \$250,000 a price point that takes less incentives to produce by the private market.
 - › Participants in the listening sessions noted a need for more options in general, especially for move-up or downsizing options, which are not being met by a market dominated by older housing products priced below \$125,000.
- Lower income households are impacted more by the lack of housing in the higher price points due to the competition that it creates for the existing units that are affordable to them.

Figure 2.16: Housing Affordability & Availability



Source: American Community Survey 5-Year Estimates; RDG Planning & Design

The U.S. Department of Housing and Urban Development (HUD) further defines income limits for housing assistance based on household size. Most housing programs require that households earn less than 80% of the Area Median Income (AMI). Figure 2.17 identifies those income limits based on extremely low, very low, and moderate income and size of households. The maximum affordable rent is 30% of a household’s gross income. It is important to note that for many households, this may be more than they can afford based on other household expenses including daycare, car loans/maintenance, student loans, and even utilities for low energy-efficient homes.

Figure 2.17: HUD Affordability Levels by Household Size, 2019

HOUSEHOLD SIZE	30% AMI (EXTREMELY LOW)		50% AMI (VERY LOW)		80% AMI (MODERATE)	
	Income	Maximum Affordable Rent	Income	Maximum Affordable Rent	Income	Maximum Affordable Rent
1	\$15,100	\$378	\$25,150	\$629	\$40,250	\$1,006
2	\$17,420	\$436	\$28,750	\$719	\$46,000	\$1,150
3	\$21,960	\$549	\$32,350	\$809	\$51,750	\$1,294
4	\$26,500	\$663	\$35,900	\$898	\$57,450	\$1,436

Source: U.S. Census Bureau; American Community Survey 5-Year Estimates



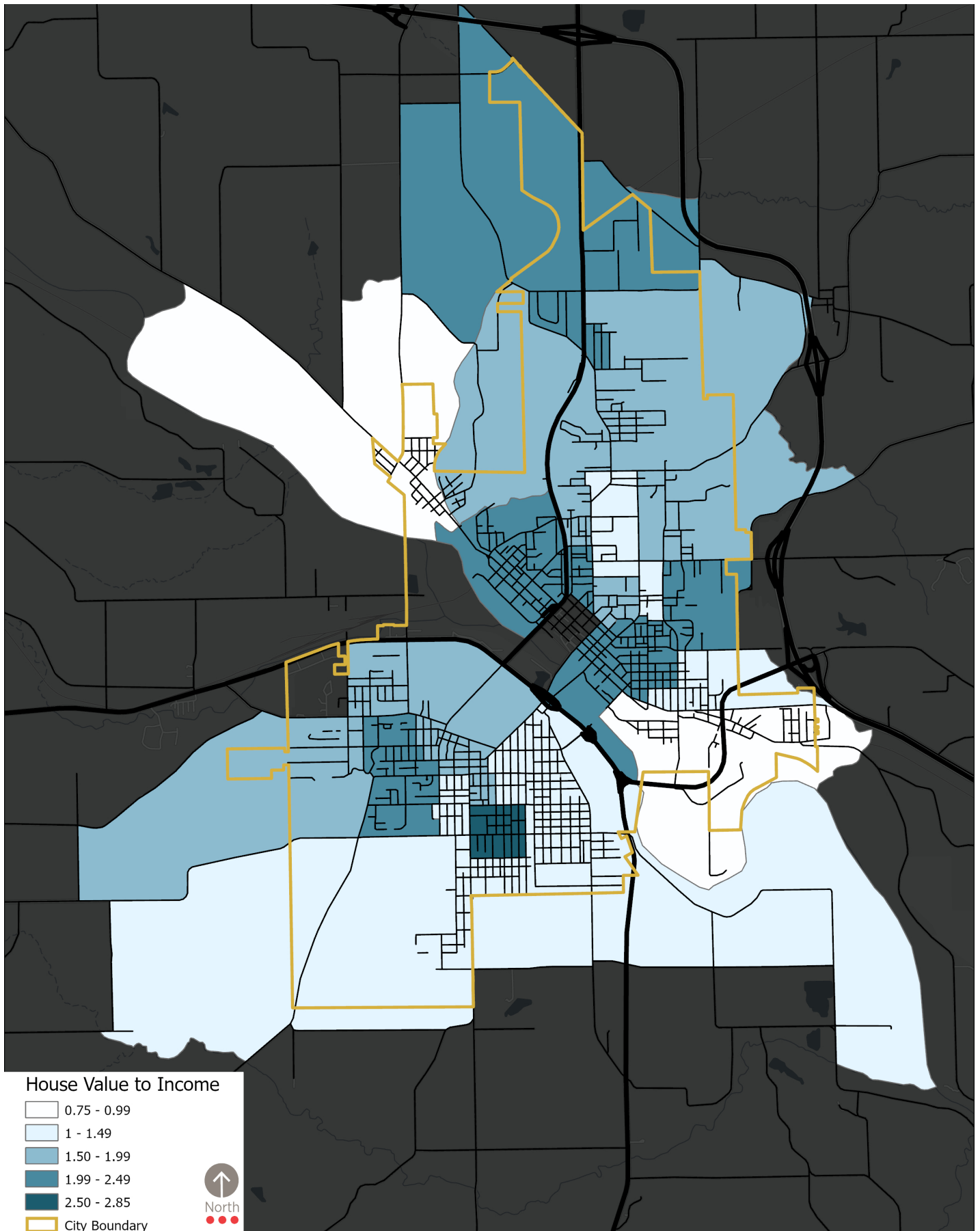
VALUE TO INCOME RATIO

A traditional metric for evaluating affordability in the ownership market is to compare household income to the home's value. Map 2.9 on the next page shows the ratio of median home values to median household income by Census block group.

- An affordable, self-sustaining ownership housing market, with adequate value and revenues to support market-rate new construction, typically exhibits a value to income ratio between 2.5 to 3.0.
 - › Ratios above 3.0 present affordability issues while ratios below 2.0 are significantly undervalued relative to income.
- Ottumwa's values to income are all within the normal to low ranges. There is no one neighborhood with most households that are cost-burdened as homeowners (Map 2.9). This is evident because there is not one Census block group where the ratio between median value and median income is above 2.85.
- There are several neighborhoods with values that are potentially too low to support new development.
 - › Most of the city's oldest neighborhoods have values above 2.00 but for neighborhoods on the eastern and western edges of the city, values are at levels that make reinvestment harder to finance.
 - » It should be noted that some participants also mentioned concerns over conditions and property maintenance (residential or commercial) at these entrances to the city.

Why is an undervalued market concerning? The real or perceived instability in a neighborhood may create problems securing funding for new construction or renovation of existing structures in addition to creating concerns or investment security and growth.

Map 2.9: Value to Income by Census Block Group

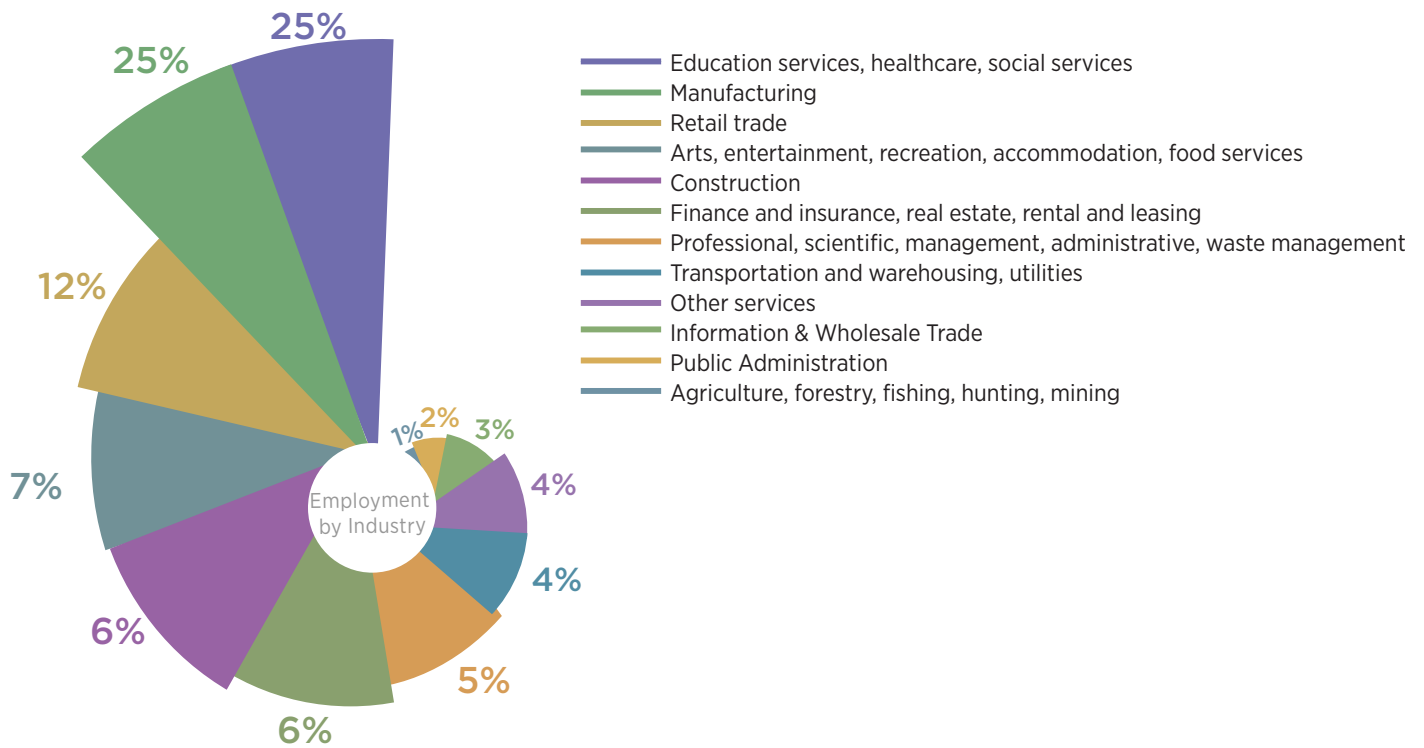


INCOME AND EMPLOYMENT

EMPLOYMENT SECTORS

There are over 11,500 individuals over the age of 16 employed in Ottumwa. The largest industries are educational services and manufacturing. These two industries comprise nearly 50% of all the jobs for residents. These two industries can be impacted in different ways during a downturn in the economy. For example, manufacturers have seen record demands during the recent pandemic, and educational institutions saw a significant infusion of federal funds to address increased costs.

Figure 2.18: Employment By Industry



Source: American Community Survey 5-Year Estimates



HOUSEHOLD INCOME

A household’s income includes everyone in the household earning an income. As a result, today many households have at least two sources of income.

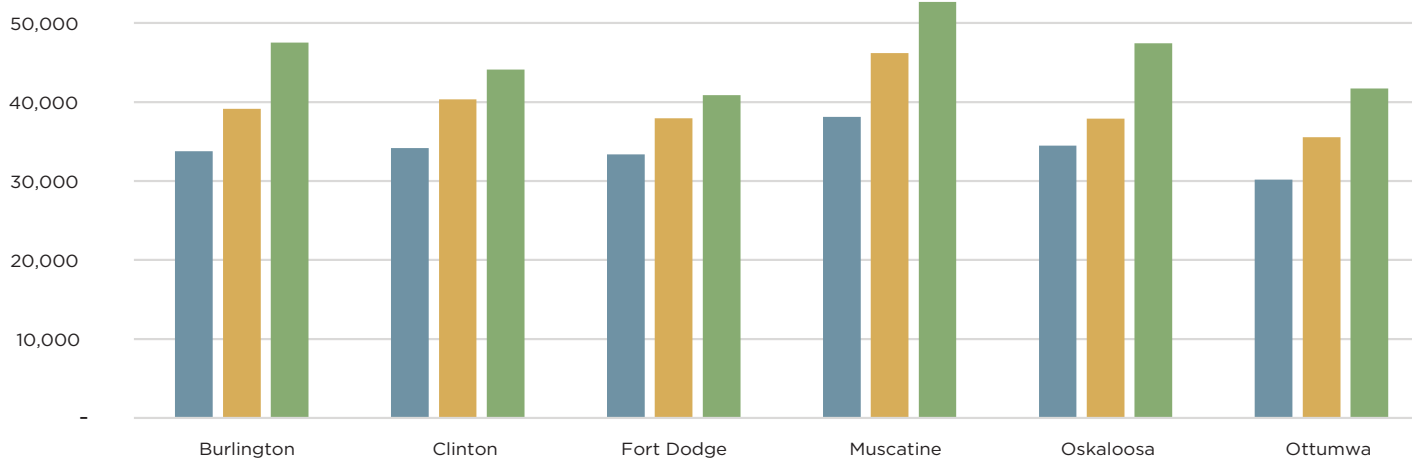
- Over the past decade, Ottumwa’s median household income increased at about the same rate as the previous decade (18%/17%).
- Between 2000 and 2010, Ottumwa had one of the highest percentage increases in income,

but it was still the lowest total income of all communities in Figure 2.19.

- From 2010 to 2019 the city’s median rent increased by 28% while household incomes increased by 17%.
 - › During the same nine year period the minimum wage remained the same at \$7.25 an hour. Therefore, households making at or just above the minimum wage were impacted more by the increase in rental rates.

Figure 2.19: Household Income 2000-2019

■ 2000 ■ 2010 ■ 2019



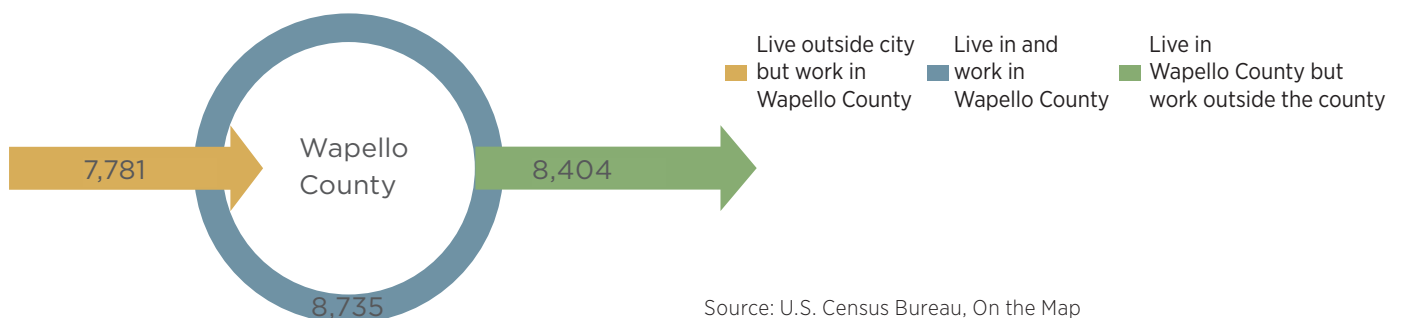
Source: American Community Survey 5-Year Estimates

COMMUTING PATTERNS

Ottumwa and Wapello County do not operate in a vacuum. Employees come and go, with an increasing trend for younger prospects to decide where they want to live rather than first seek employment. Therefore, cities must look beyond strong employers to attract and retain people. Quality housing is one component, along with other amenities like parks, trails, a vibrant downtown, events, schools, and appearance.

- Despite its large manufacturing base nearly 50% of the county workforce leaves for work.
- Wapello County sees about 1,000 fewer workers traveling to the county for work each day than they see living and working outside the county.
- Capturing a portion of the workforce living outside of the county is important because they add to the city’s tax base and sales taxes. However, just as important is the human capital these individuals provide through their engagement in a community.

Figure 2.20: Commuting Patterns, Wapello County



Source: U.S. Census Bureau, On the Map

OTTUMWA TOMORROW

Ottumwa’s projected future housing needs stem from a demand model that builds on the population projections, housing trends, and community conversations to forecast the demand for additional housing. A calculated approach to housing demand helps create policies, partnerships, and strategies to meet these needs and enhance existing strengths in the housing market.

HOUSING DEMAND MODEL: 2030

The housing demand analysis builds on the population projections presented in this chapter, trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions:

- Household population remains stable through 2030.
- Average people per household is expected to remain constant over the next decade. Some growth may occur as Millennials move into their childbearing years, but this forecast focuses on the demand created by increased rentals, which tend to have lower people per household.
- Unit demand at the end of the period is calculated by dividing household population by the number of people per household. This equals the number of occupied housing units.

- A manageable housing vacancy rate provides housing choices for residents moving to the community. The 2020 Census is reporting a vacancy rate closer to 10%. However, the rental landlord survey indicated a point in time vacancy rate of about 4.3%. Assuming a total vacancy rate of 5%, this is still borderline for what is considered a healthy market. The model increases the rate over time which means more units are needed to satisfy pent-up demand and increase the number of units on the market at any one time.
- Unit needs at the end of each period are based on the actual household demand plus the number of projected vacant units that will support a healthy housing market.
- Replacement need is the number of housing units demolished or converted to other uses. Homes in poor condition or obsolete should be gradually replaced in a city’s housing supply. The number of units lost annually is based on historic demolition trends and the community’s desire to return historic single-family homes to their original use. While some units will be lost, the first priority should always be on saving units as these are often the most affordable units in a city.
- Cumulative need shows the number of total units needed between the base year of 2020 and the year indicated at the end of the period.

Figure 2.21: Housing Demand Model

	2020	2025	2030	TOTAL
Population at the End of Period	25,529	25,850	26,174	
Household Population at End of Period	24,686	24,996	25,310	
Average People Per Household	2.36	2.36	2.36	
Household Demand at End of Period	10,460	10,592	10,725	
Projected Vacancy Rate	5.0%	5.5%	6.0%	
Unit Needs at End of Period	11,011	11,208	11,409	
Replacement Need (total lost units)		50	50	100
Cumulative Need During Period		247	251	498
Average Annual Construction		49	50	50

Figure 2.21 shows an average annual construction need of about 50 units. This rate is more than double what was produced in the previous decade, but necessary if the City wants to attract more workers.

Source: RDG Planning & Design

HOUSING DEVELOPMENT PROGRAM

Building on the housing demand model, the development program (see Figure 2.22) forecasts production targets for owner and renter occupied units based on the following assumptions:

- Distributions are based on percentage of current households within the income ranges.
 - Owner-occupied units will be distributed roughly in proportion to the income distributions of the households for whom owner occupancy is an appropriate strategy.
 - Most low-income residents will be accommodated in rental units.
 - The city currently has a split of approximately 68% owner-occupied and 32% renter-occupied unit. The increasing cost of construction and land will likely continue to support higher density owner-occupied configurations and rental units. To meet this demand, the demand model assumes a 55/45 split between rental and ownership units.
- Approximately 69 new rental units should rent for less than \$500 a month.
 - › New rental housing construction traditionally demands rents in the range of \$1.30 or more per square foot. Therefore, to produce housing priced below \$500 per month, programs like low income housing tax credits will need to be leveraged.
 - › Some units right at the \$500 range can also be produced by producing higher priced units and the “filter” households do when they take the higher priced unit.
 - Approximately 182 additional owner units should be priced under \$200,000.
 - › Products being constructed today will not meet this demand. This demand will only be met through older existing units and the construction of products in denser configurations with land or infrastructure cost assistance.

Figure 2.22: Housing Development Program

	2025	2030	TOTAL
Total Owner Occupied			
Affordable Low: <\$125,000	59	60	120
Affordable Moderate: \$125-\$200,000	31	31	62
Moderate Market: \$200-\$250,000	21	21	43
Market: \$250-\$350,000	18	18	36
High Market: Over \$350,000	7	7	14
	136	138	274
Total Renter Occupied			
Low: Less than \$500	34	35	69
Affordable: \$500-\$1,000	41	42	83
Market: \$1,000-\$1,500	21	22	43
High Market: \$1,500+	15	15	29
	111	113	224
Total Need	247	251	498

Source: RDG Planning & Design





OPPORTUNITIES & STRATEGIC GOALS

The previous chapters established the outcomes from the market analysis and the public engagement process which brought to light a variety of issues that Ottumwa will need to navigate in the years to come. These issues include workforce housing, the production of a variety of housing opportunities, more rental housing options, and enhancing neighborhoods that will serve as a foundation for continued growth. The purpose of this chapter is to explore the primary issues and opportunities gathered from the previous chapters to create a strategic housing program to build policy and incentives around.

NEIGHBORHOOD DEVELOPMENT

A fundamental element of neighborhood development or redevelopment is building upon existing assets or recreating those assets. In the context of neighborhoods, the physical assets are the elements that form the fabric of the community including parks, trails, natural features, and character districts such as the downtown or schools. These framework elements provide an anchor and identity for the surrounding neighborhoods, supporting property values, reinvestment, and property maintenance.

CREATING NEIGHBORHOOD MOMENTUM

- Use investment in physical assets to create private market investment in housing.
- Promote direct and safe access to physical asset areas for pedestrians of all ages.
- Encourage new neighborhoods to provide access to existing assets or to develop new assets where appropriate for both the benefit of the new neighborhood and existing neighborhoods.
- Treat new and existing physical assets as a public amenity created for the benefit of all residents.

OPPORTUNITY AREAS

Ottumwa has a rich history of development on both sides of the river, spreading north and south from the historic commercial centers. From its early historic neighborhoods, the city expanded outward to contemporary developments. These diverse neighborhoods present distinct needs and opportunities based on existing conditions. The following section details high-level policy opportunities based on existing neighborhood conditions. The next chapter includes a series of tactical interventions to develop catalyst projects.

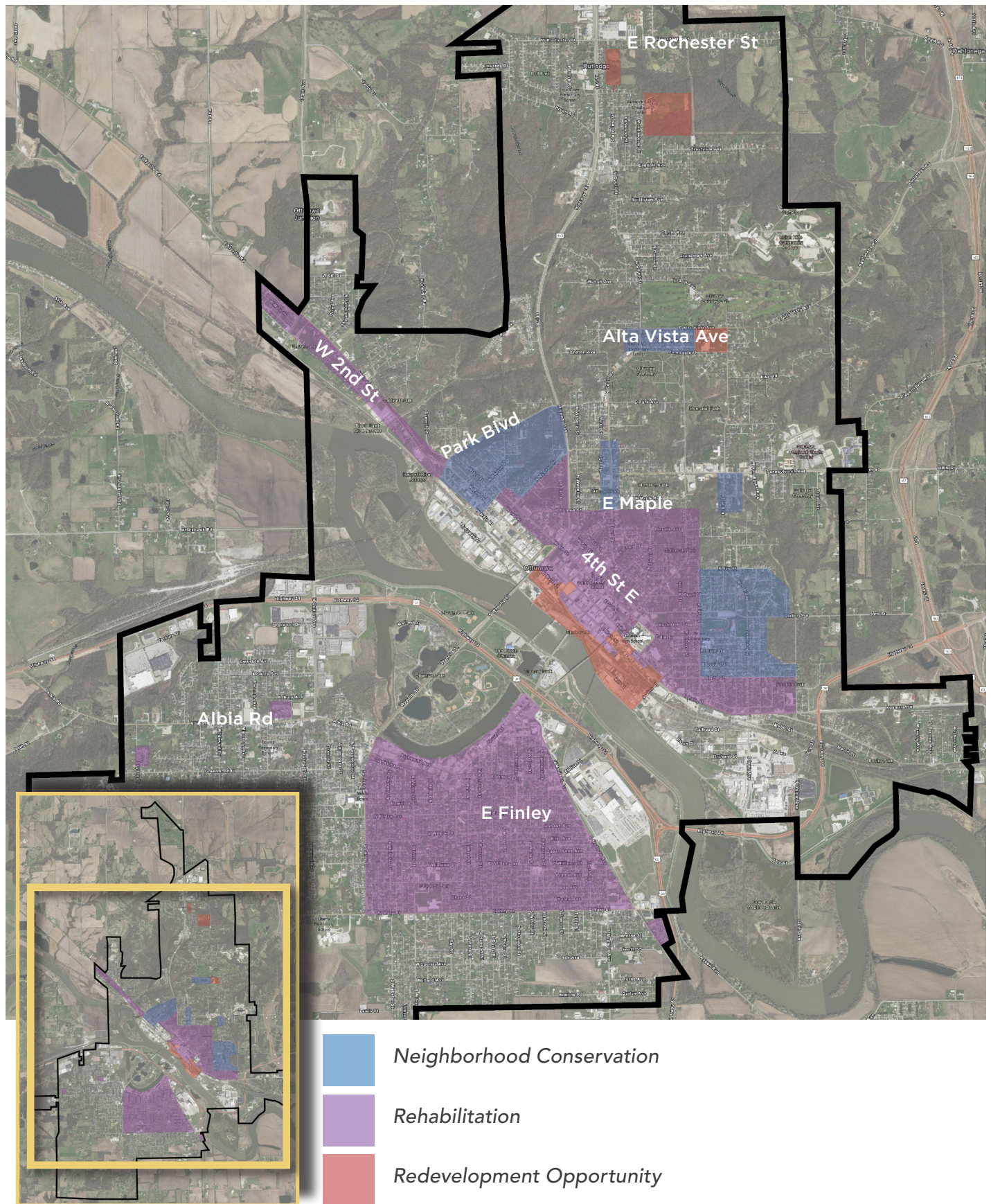
Map 3.1 identifies targeted housing opportunity areas in Ottumwa. The map is based on community visits and tours completed to identify potential reinvestment, redevelopment, and development areas. This was a general assessment and not based on a house-by-house inventory but on broader neighborhood evaluation. The opportunity categories include:

- **Neighborhood Conservation.** These areas have a cluster of housing in fair condition. Policies for this area should focus on conserving the existing housing stock through a coordinated rehabilitation strategy. These areas often include entry corridors, where visitors have the first impressions of a community.
- **Rehabilitation.** These areas have more serious housing deficiencies and vacant lots. Sites are large enough & clustered enough that a target program to remove deteriorated structures & develop vacant lots will have a major impact.
- **Redevelopment Opportunity.** These areas have the most deteriorated structures. Infrastructure improvements and removal of deteriorated structures should create safe, affordable housing & stronger neighborhoods.

Not every neighborhood in the city is applied a category. Housing programs are most effective when targeted at specific areas. Additionally, the map does not identify new developments identified in the City's Comprehensive Plan. These areas tend to be adjacent to or within city limits. Access to water services, sewer services, and transportation connections are some of the most important factors when considering sites for new development.

The map provides a strong foundation for the policies and programs identified in the following chapters.

Figure 3.1: Opportunity Program Target Areas



NEIGHBORHOOD CONSERVATION

These neighborhoods are in relatively good condition with only a limited number of blighted properties that require attention. Some areas are or could be historic neighborhoods. As an opportunity, conservation areas represent a large stock of ready and relatively affordable housing in neighborhoods that require only a limited amount of attention. However, some conservation areas are the next wave of the housing stock to reach 50 to 60+ years old. Neglecting them could lead to a need for future stabilization measures.

Principals

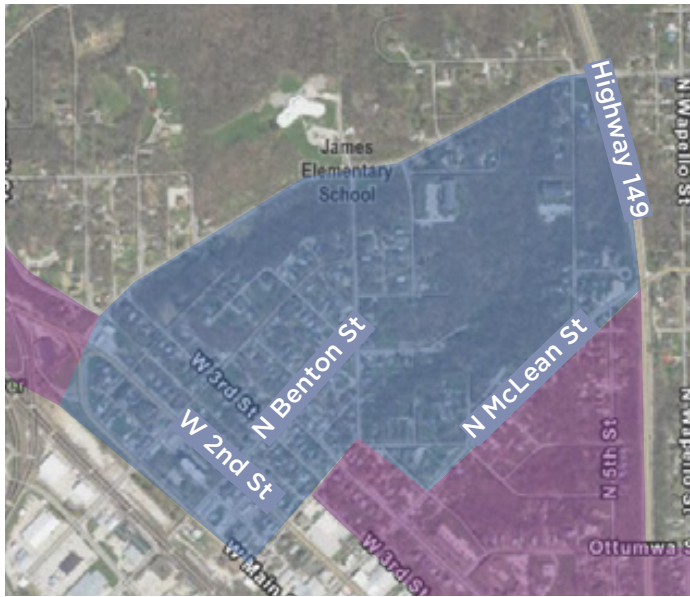
- Engage the neighborhood to identify priority projects.
- Connect neighborhoods safely to commercial centers, schools, parks, and recreation for all residents, with or without a car.
- Enhance public safety and minimize hazards.
- Make decisions in a transparent and collaborative manner.

Policy recommendations:

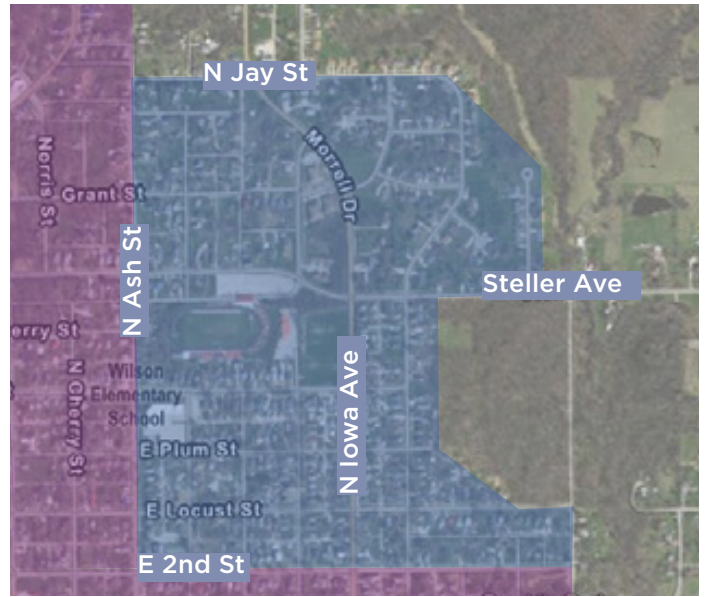
- Reinforce public features and amenities to encourage private market action. Appropriate enhancements in conservation neighborhoods include park improvements and pedestrian and bicycle safety improvements.
- Maintain the housing stock in a state of good repair.
- Target property maintenance initiatives on properties with moderate infractions. Appropriate actions would include clean-up days, neighborhood trash collection, not-for-profit clean-ups, and if desired, targeted code enforcement.
- For any structures that cannot be rehabilitated, the parcels should be targeted for infill development that respects the character of the surrounding neighborhood in terms of use, style, and density.
- For historic neighborhoods, continue to seek state assistance and historic status for neighborhoods of potential significance. Maintain the character of the area as repairs and infill development occurs. Historic designation opens up rehabilitation incentives and acts as a marketing tool to attract new residents and generate neighborhood pride.



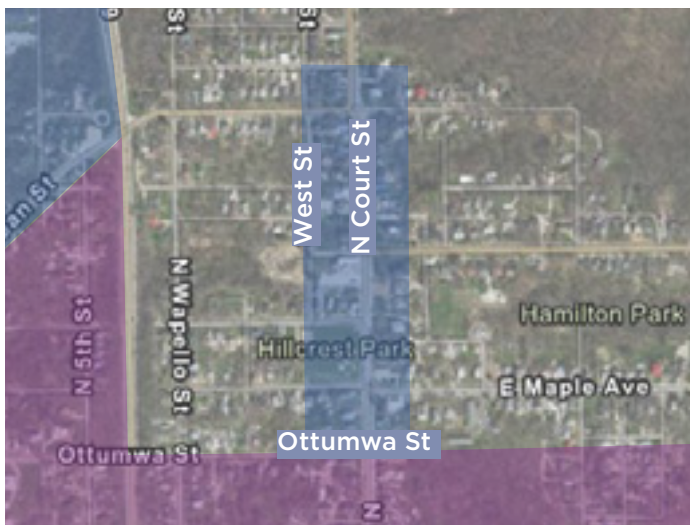
James Elementary School Area



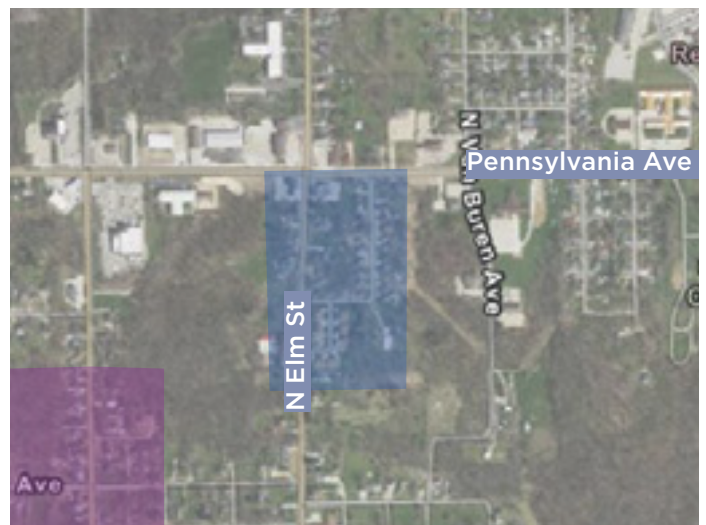
West Wilson Elementary School Area



Hillcrest Park Area



Penn Ave and N Elm St Area



Horace Mann Elementary School Area



REHABILITATION

Characterized by an aging housing stock, these neighborhoods differ from the conservation areas in condition and the level of blight. While much of the housing in these areas may be in good condition, more homes remain in poor-to-average condition in addition to larger pockets of vacancy. In the same way conservation areas represent an affordable housing opportunity, the rehabilitation areas present this same opportunity, but these areas require greater attention and investment, particularly because of the socioeconomic conditions of its residents.

Principles for rehabilitation:

- Engage the neighborhood in the process.
- Rehabilitate units to preserve the housing stock.
- Enhance through investment in public amenities.
- Remove slum/blight conditions through clean-ups, rehabilitation, and, if needed, demolition.
- Focus investments on a confined area to create the most visible positive impact, to demonstrate the commitment to the neighborhood, and to build private market confidence.
- All efforts should be designed to strengthen the neighborhood incrementally.
- Funding must be sufficient to make a significant impact over several years.

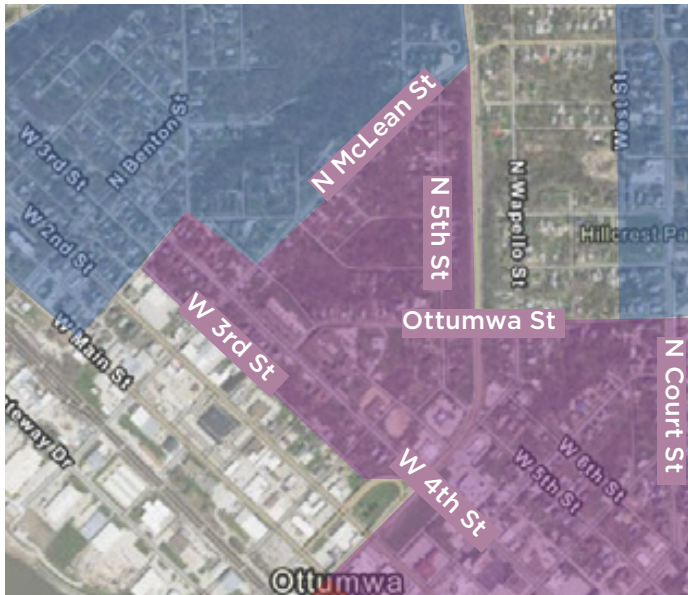


Policy recommendations:

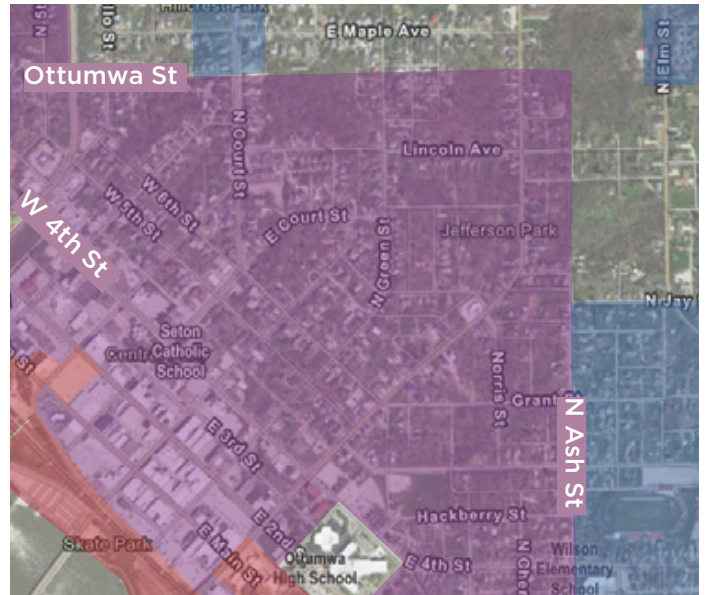
- Reinforce public features and amenities to encourage private market action. Appropriate enhancements in infill and stabilization areas may include new parks, new park features, bicycle infrastructure, pedestrian improvements, community gardens, and gathering places.
- Often neighborhood deterioration occurs, in part, because of compatibility issues with adjacent land uses. These compatibility issues should be explored and the impacts should be mitigated through relocation of the use or an improved buffer between the land uses.
- Targeted land assembly and appropriate infill redevelopment. The greatest challenge to infill redevelopment is often assembling the land on which redevelopment can occur. The City or a not-for-profit entity should be empowered to acquire and hold property until enough of land can be assembled to solicit redevelopment proposals. As a condition of the time and resources involved in the land assembly, the development agreement should specify the price-points for new homes.
- Target rehabilitation programs to blighted areas with the highest priority given to those homes with structural issues and a lower priority given to homes with aesthetic issues only. Appropriate actions include an owner-occupied rehab program, a rental rehab program, a first-time home-buyer rehab and down payment program, and an exterior paint program.



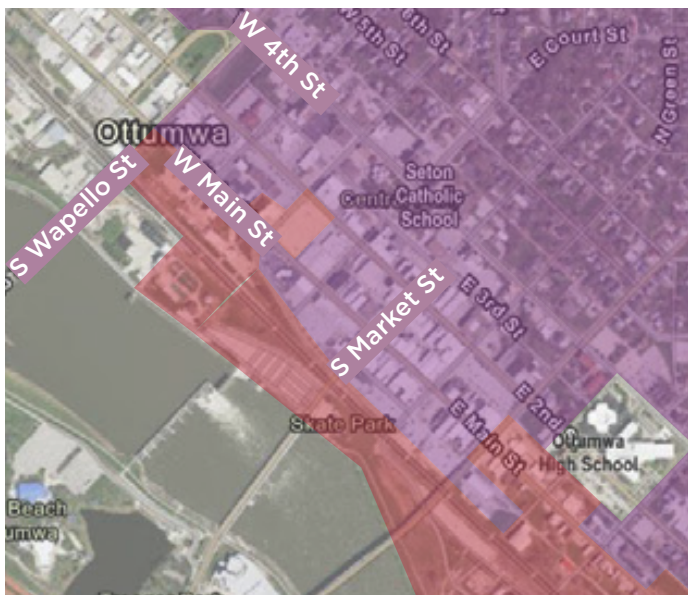
Northwest Downtown Area



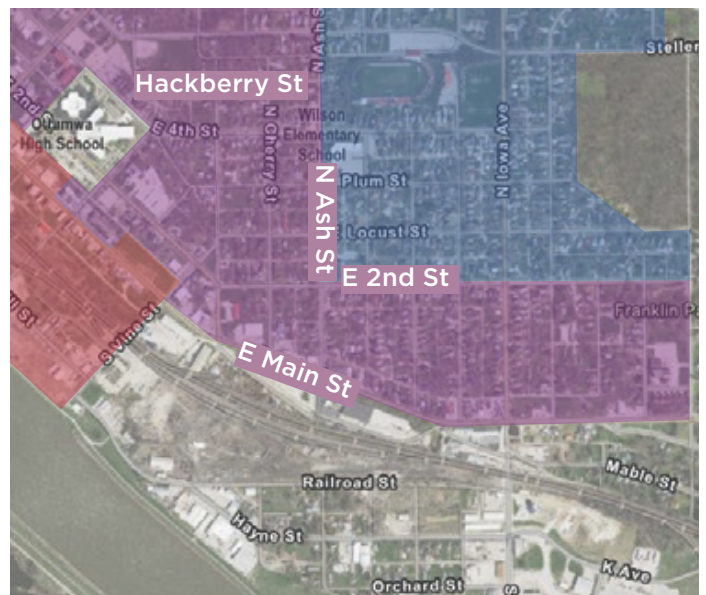
Jefferson Park Area



Downtown Area



Wilson Elementary School Area



- Target property maintenance initiatives on properties with moderate infractions. Appropriate actions would include clean-up days, neighborhood trash collection, not-for-profit clean-ups, and if desired, targeted code enforcement.
- For any structures that cannot be rehabilitated, the parcels should be targeted for demolition and acquired for infill redevelopment. It is important to recognize that these units often represent the greatest blight factor on the neighborhood. Demolition can be an appropriate intervention if the property cannot be rehabilitated, the property poses a risk to public health and safety, and the land can be acquired and held for redevelopment or appropriate reuse.
- Activate vacant lots and homes for productive use. The eventual goal for vacant lots in urban neighborhoods should be infill redevelopment for several reasons:
 - › Urban neighborhoods already have urban services.
 - › Vacant lots and reduced density produce a lower tax yield.
 - › Historic neighborhoods with greater density are perceived more positively and are more walkable.

Several communities have adopted Vacant Lot Toolkits to guide the interim use of vacant lots in urban neighborhoods, including the City of Omaha; the toolkit can be found here: <https://planninghcd.cityofomaha.org/images/stories/pdfs/VLT%20Reduced.pdf>. For abandoned homes, procedures under Iowa Code 657A can be a tool for the City to take possession and sell the home at an affordable price with conditions for tenancy and rehabilitation, which the City has explored use in the past.

A note on historic preservation versus rehabilitation

The are several schools of thought about historic preservation when maintaining properties. At one end is strict adherence to the historic materials, methods, and look no matter the cost - this may mean "mothballing" the building until funds are secured. The other end is sacrifice "historic significance" for the sake of rehabilitation and improvements.

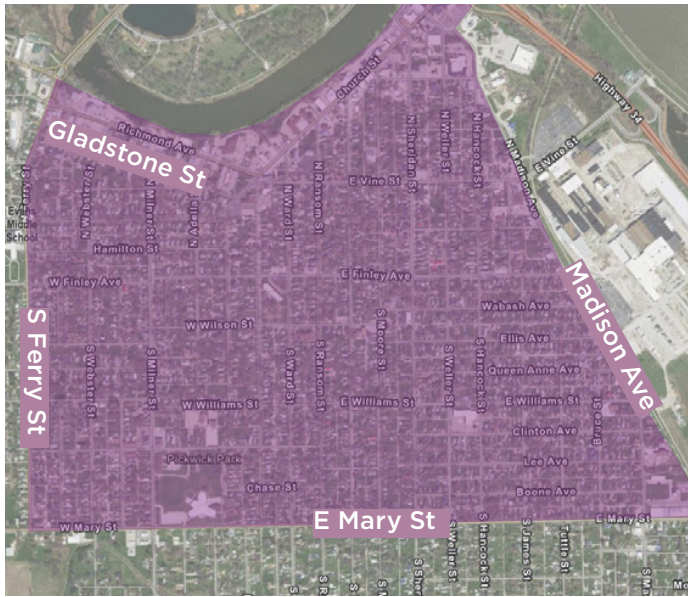
For Ottumwa, this is a tricky balance. The older housing stock, and particularly the designated Historic Districts, add character and a certain value to the community. This document recommends having these conversations with the community using its already active Historic Preservation Commission. There is often compromise that can be made for the sake of cost and having a historic property should not create an overly burdensome financial cost to the owner, especially when publics gets to enjoy the benefits of the district.

Rehab & Universal Design

Universal Design is creating spaces that are accessible to a wide variety of users from the elderly, those with mobility issues, or sensory impairments. By rehabbing or preparing other units using Universal Design, allows seniors to remain in their home communities for longer.

For Ottumwa, incorporate Universal Design standards into redevelopment and rehabilitation projects when possible. Single-level homes, accessible living communities, or universal design rehabilitations are an opportunity to offer a needed product in Ottumwa and prevent situations where these population cannot adequately maintain their homes because of design barriers.

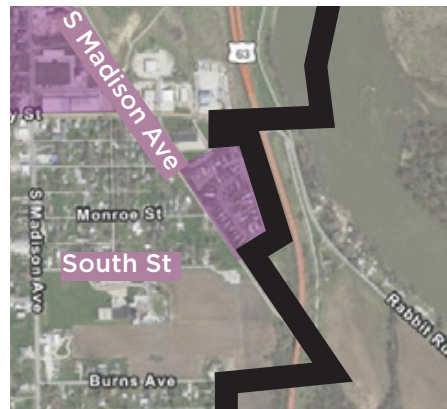
South Side Neighborhoods



W 2nd Street Corridor



Various Mobile Home Parks



Church Street



REDEVELOPMENT OPPORTUNITY

Redevelopment opportunities are localized examples of blighted or vacant land that redevelopment could transform into an attractive and productive residential use. The redevelopment of these strategic sites should be designed to: eliminate blight conditions, support private market reinvestment in surrounding areas, and create new taxable value and uses.

Principles for redevelopment opportunities:

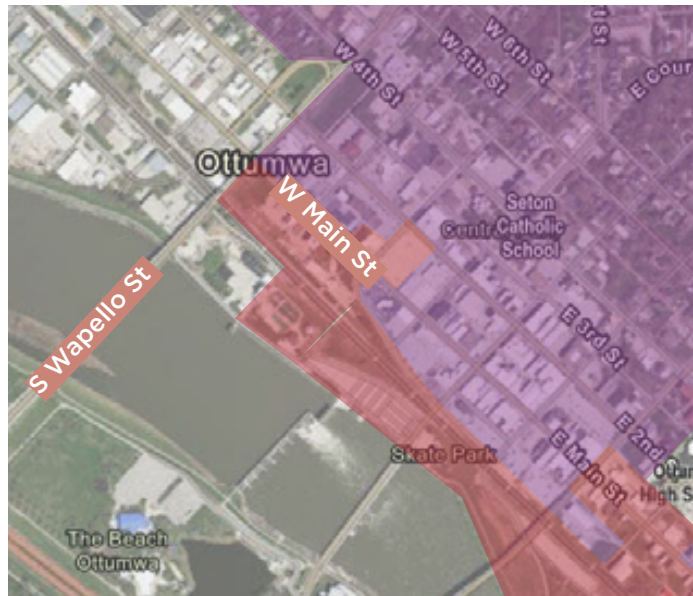
Be sensitive to any displacement that may occur because of the redevelopment. In Ottumwa, the targeted redevelopment opportunities are the former St. Joseph site, surrounded by a neighborhood fabric and just off of the downtown where momentum is building that can be carried to this site. These areas would also not require the movement of existing residents. However, plans to relocate residents impacted by the redevelopment should occur first through outreach and public awareness of alternative housing opportunities for any future areas. Offering alternative housing options while construction is happening on a site may also be essential. This is often the case when addressing older deteriorate mobile home parks. These units are often rented at rates that are hard to find in a city, and offering an alternative is an essential part of the process. If state and federal funds are used, there are specific laws and requirements on the relocation of residents.

Policy recommendations:

- Target areas with high concentrations of vacant or underutilized land for acquisition, redevelopment, and/or rehabilitation. Acquisition can be accomplished through tax delinquency, bank foreclosures and their Community Reinvestment Act abilities, and through estate gifts to the City or not-for-profit agencies. Maintenance and management should accompany any acquisition in the interim period before rehab or redevelopment occurs.
- Solicit competitive proposals from the development community to generate the best reuse/redevelopment plan for strategic redevelopment opportunities. A municipal or not-for-profit role in the acquisition and assembly of land creates a public interest in the reuse of the property and, therefore, a development agreement can place conditions on the redevelopment including use, bulk, density, and the price points for units created.
- Consider an expedited review process for infill and redevelopment projects led by the private market.
- Explore creative financing and program applications to create a positive and concentrated impact on a neighborhood.



Riverfront and Church Street Area



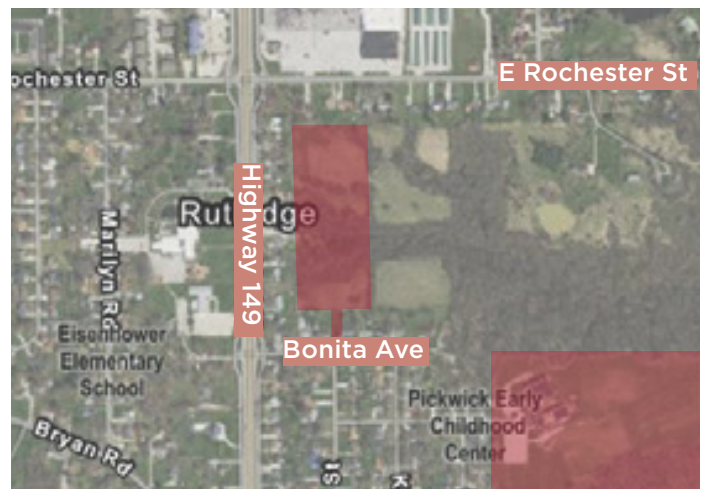
Railport Relocation Area



Walsh Site



Bonita Site



The City Council approved a development agreement and incentives for a 108 unit affordable apartment project on the Bonita site in Dec., 2021.

St. Josephs Site



STRATEGIC DIRECTIONS

The need for housing was articulated through surveys, small group discussions, and market analysis. The reasons for this need and the causes for gaps in the market vary. The following section outlines some of the major themes that impact Ottumwa's housing market. Themes include issues that will need to be addressed and opportunities to capitalize. Building on these themes, strategic goals are identified. Strategies to help move these goals forward are laid out in the final section of this plan.

THEMES

Lack of infrastructure for new lot development and infill. New housing requires adequate and usable lots. It has been several years since a new subdivision has been developed, and while infill lots are available, they may not be appealing for a variety of reasons, including older infrastructure and adjacent housing in poor condition.

Some preference for infill over greenfield development. Many community members are concerned about the amount of infrastructure in the city today and the ability to maintain and service that infrastructure. For these reasons, they see the need to continue to use the resources at hand and to find ways to make those sites more appealing.

Scale needed for infill development to work.

Often to truly impact a neighborhood, adequate scale is necessary. The scale creates security for the private market that the money risked on a project will provide the required returns. Assembling lots and creating that scale may be necessary to build momentum.

Value and appeal of certain neighborhoods.

Many neighborhoods have strong appeal. Carrying that energy to other areas of the city will be very important.

Tax rates (real or perceived). Many participants in the planning process noted the concerns with high property taxes. Ottumwa has one of the state's highest tax rates, so using the existing resources will be important. Building value in the downtown and existing neighborhoods has to be an essential part of the strategy to address housing needs and control the tax rate.

Overall community perceptions (real or perceived); gateway appearance. First impressions significantly influence whether someone will move to a community, but so does the message the existing residents send out in their daily conversations. The current comprehensive plan addresses how to approach these enhancements in the future.



Aging population and deferred maintenance.

Ottumwa has a relatively large population of older adults, with about 29% of its residents over age 55. This generates a demand for single-level units with common space, community facilities, and provided maintenance. Addressing this market offers a setting that meets the needs of a substantial population and opens existing homes suitable for younger households.

Support for public funds on maintenance and upkeep.

Housing policy is clearly important to the community, especially for maintenance and rental conditions. Residents are experiencing rising prices and a lack of options but feel investment is still necessary across the city.

Smaller homes and lots preferred by community members.

Some different types of housing are gaining interest locally, primarily to achieve greater affordability. A couple of attractive examples include accessory dwelling units on deep single-family lots and owner-occupied duplexes. These housing forms allow the property owner to supplement mortgages with rental income.

Tenant education - Taking care of your property.

Many comments from the community in this study referenced a lack of quality renter and property conditions. There is a general educational component to this that is already in place somewhat through various organizations in Ottumwa. However, reaching these populations remains difficult as they often do not have a vested interest in the community.

Value versus price realities. Many in the community have a learning curve to understand that prices are not what they used to be. Many people only know the price they paid for their house, which may have been many years ago. While taxes in Ottumwa are high relative to other cities in Iowa, there needs to be an understanding of what residents can actually get in a house for their money. Note that several strategies in this document focus on infill development, which can help reduce individual property taxes in the long run.

Resources available. Ottumwa has a variety of programs that cover both owner and renter-occupied housing. The appendix summarizes these program offerings. However, the City may be spreading resources over many programs. As a result, the maximum assistance levels for specific programs may be too small to accomplish the desired results. On the other hand, some small grant programs that address external appearance may have significant and very cost-effective benefits, although their impact on the overall condition of the structure and its basic systems may be limited.



HIGHEST RANKING HOUSING ACTION ITEMS IN THE COMPREHENSIVE PLAN

Annually **identify and target neighborhoods** for cleanup assistance, code enforcement, nuisance abatement and demolition of dilapidated structures.

A

Improve **community outreach and communication** regarding home improvement and housing assistance **programs available** to Ottumwa residents and residential developers.

B

Create an **enhanced program to acquire and award blighted** or vacant residential lots for in-fill development.

C

Develop a **tiered incentives program** and policy to support new residential construction: Type, size, and price point.

D

Continue to **seek partnerships** with the development community to build new housing.

E

Promote the development of accessible, **senior housing across the continuum of care** and accessible housing for people with disabilities.

F

STRATEGIC HOUSING GOALS

I. NEED TO RAMP UP A NON-PROFIT DEVELOPER LIKE RIPPLING WATERS

Comp Plan Action items: **A C E F**

Description

Need to fill the gap where the private market can't be successful or the risks area or appear to be too great.

II. PROVIDE INCENTIVES FOR MEDIUM DENSITY INFILL DEVELOPMENT

Comp Plan Action items: **C D F**

Description

Give developers the tools, incentives, and easy approval processes necessary to make this product marketable.

III. GAP FINANCING

Comp Plan Action items: **A C D F**

Description

Pool of funding to address the gap between costs and values.

IV. NEIGHBORHOOD/COMMUNITY CAMPAIGN

Comp Plan Action items: **A B**

Description

Build "ownership," hope, and pride at the neighborhood level.

V. WORKFORCE DEVELOPMENT

Comp Plan Action items: **E**

Description

Without the workforce to build or renovate housing little movement can be made.

MOVING FORWARD

Figure 3.2 summarizes how the goals apply to different income ranges, housing price points, and housing types. The next chapter details the strategic actions and tools to implement each of these goals.

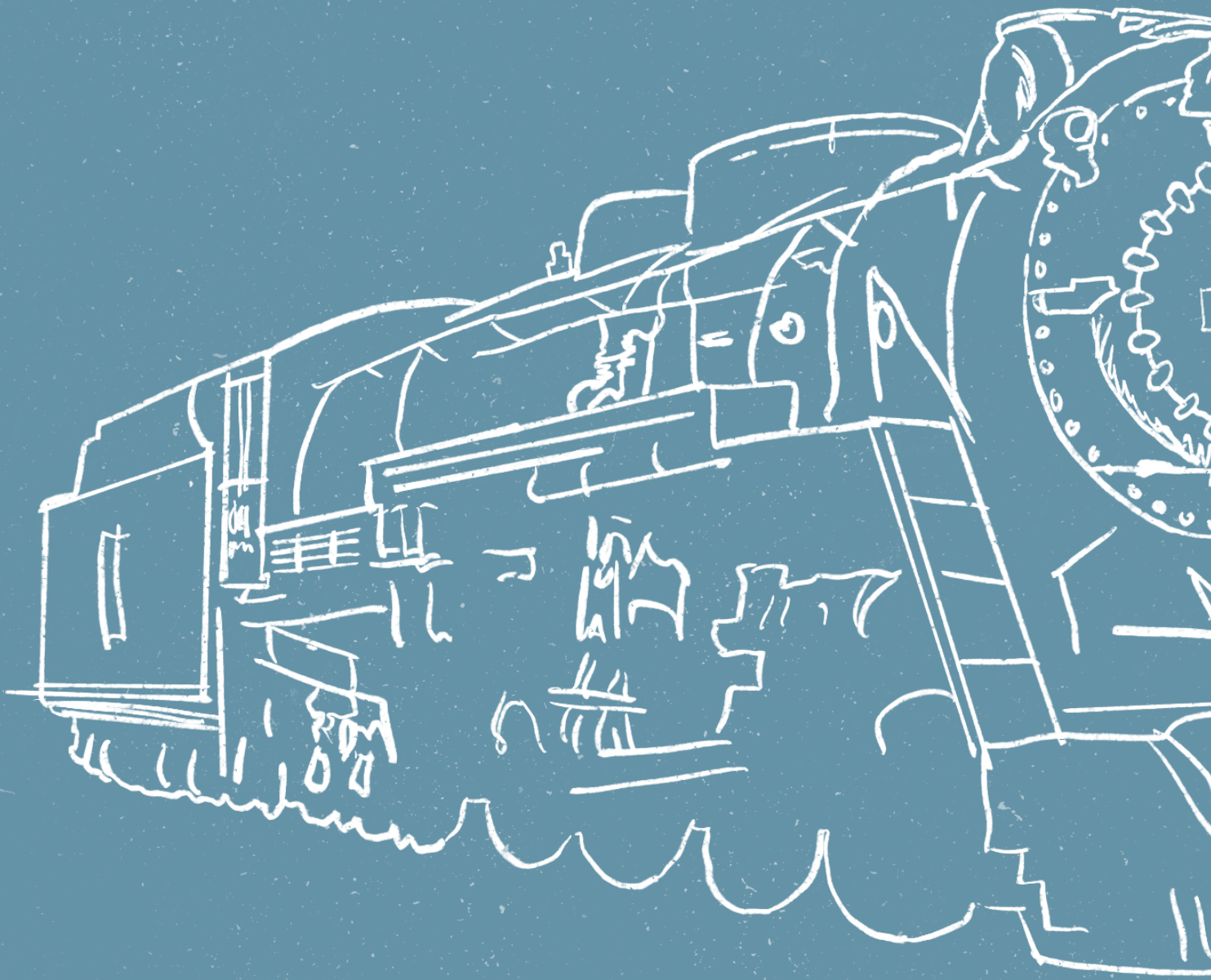
Figure 3.2: Housing Price Points and Financial Resources

HOUSEHOLD INCOME RANGE	AFFORDABLE MAX. MONTHLY RENT*	AFFORDABLE HOME OWNERSHIP*	FEASIBLE HOUSING TYPES	APPLICABLE POLICY/GOALS TO FOCUS
<\$25,000	<\$700	Most in rental units	<ul style="list-style-type: none"> Lower quality rentals Public/subsidized housing 	I. Ramp up a non-profit developer like Rippling Waters IV. Neighborhood/Community Campaign
\$25,000- \$50,000	\$700-\$1,200	Purchase price under \$150,000	<ul style="list-style-type: none"> Market rate rentals Existing small homes (rental or owner) 	I. Ramp up a non-profit developer like Rippling Waters IV. Neighborhood/Community Campaign
\$50,000- \$75,000	>\$1,200	\$150,000- \$200,000	<ul style="list-style-type: none"> Market rate rentals Entry-level home ownership in existing housing New ownership housing that is subsidized/heavy financing help 	II. Incentives for medium-density infill III. Gap Financing
\$75,000- \$100,000	>\$1,500, but most will own homes	\$200,000 - \$250,000	<ul style="list-style-type: none"> Market rate rentals Market rate ownership that has financing help 	II. Incentives for medium-density infill III. Gap Financing V. Workforce Development
>\$100,000		>\$250,000	<ul style="list-style-type: none"> Market rate development Financing help generally not needed or provided 	V. Workforce Development

Source: RDG Planning & Design

*Assumes little to no other debt and area average costs for transportation, utilities/taxes, and other monthly expenses. Individual household costs will vary, such as for child care, student loan debt, and the amount available for a downpayment.







DIRECTIONS FORWARD

HOW WE CAN MOVE FORWARD

There are many forces influencing why housing does and does not get built. Not just quantity, but also the type of housing and its location. The information in this document shows why certain products are not getting built in Ottumwa and also why the existing housing stock is such a valuable resource. Thinking about these data, input, themes, and goals, this chapter presents an action strategy to move forward. The strategy follows the initial strategy presented in the Our Ottumwa 2040 Comprehensive Plan.

WHAT THIS ACTION STRATEGY CAN AND CANNOT DO

This action strategy is not a silver bullet to overcome all housing challenges. The private market has a role to play as well, including macroeconomic situations at the state and national level. However, approached collectively with the right partners, these action strategies can stimulate needed steps to move the housing market forward in Ottumwa.

Influencers on the Housing Market



What the Action Strategy CAN do

- Establish a blueprint for new public policy and programs geared toward different housing products.
- Stimulate conversation on existing programs and level of funding.
- Show builders and developers the high demand for housing products in Ottumwa, and the price points needed.
- Motivate other partners and employers to get involved in solutions. Whether staff assistance, housing development, or direct funding of programs.
- Show residents the opportunities available to them to improve their homes and living conditions.

What the Action Strategy CANNOT do

- Force builders or developers to construct a certain housing product, or housing at all.
- Force residents to make improvements to their homes (although code enforcement can).
- Affect challenges at the national level including interest rates, lending standards, raw material costs, and federal funding sources.
 - › However, it can help organize policy/programs that decrease risk in lending, create gap financing methods, and offset material costs when appropriate.
- Require redevelopment of any specific site or building.

WHO NEEDS TO BE AT THE TABLE?

Like the make-up of the committee that led the process to create this study, a wide spectrum of partners will help bring together expertise from across the community. As shown in this chapter, these partners include:

- City of Ottumwa
- Legacy Foundation
- Area 15 Planning
- Greater Ottumwa Partners in Progress
- Realtors
- Builders and Developers
- Ottumwa High School
- Indian Hills Community College
- Lending Community - Banks, non-profits, etc.
- Habitat for Humanity
- Employers
- Rippling Waters
- State of Iowa

HOW DO WE GET STARTED?

Action will be ongoing and ever changing. For example, no one could have reasonably predicted the nature of the 2020 pandemic and how exactly it would affect housing. Thus, the strategy is flexible and should use tools as opportunities arise and warrant. But the action strategy is also targeted to address the most imminent needs in Ottumwa.

Figure 4.1 on the next page summarizes the potential tools that can be used to achieve each housing goal from the previous chapters. Note, when price points and household incomes are referenced, these are in 2021 dollars and will need to be updated over time.

Figure 4.1: Summary of Tools in the Action Strategy

HOUSING GOAL	TOOLS	TARGET HOUSING PRODUCT	TARGET HOUSEHOLD INCOME	TARGET OUTCOME
I. Ramp up a non-profit developer like Rippling Waters	Purchase-Rehab-Resale program	<ul style="list-style-type: none"> Entry-level home ownership in existing housing Market rate rentals Existing small homes (rental or owner) 	<\$25,000-\$50,000	Focus on homes in moderately poor condition - target keeping them affordable and stabilizing neighborhoods
	Medium density infill development			Use of sites served by infrastructure but vacant. Help alleviate city tax burdens, fill missing market option.
II. Incentives for medium-density infill	Proto-types, zoning, gap financing	<ul style="list-style-type: none"> Market rate rentals Entry-level home ownership in existing housing 	<\$50,000-\$100,000	Give developers the toolkits and easy approval processes
	Use Neighborhood revitalization strategy areas to tier the program	<ul style="list-style-type: none"> New ownership housing that is subsidized/ heavy financing help 		Stimulate other investment by focusing investment in one area at a time
	Micro-TIF	<ul style="list-style-type: none"> Market rate ownership that has financing help 		Site specific TIF - usually focuses on adding density
III. Gap Financing	Lending Consortium	<ul style="list-style-type: none"> Market rate rentals Entry-level home ownership in existing housing 	<\$50,000-\$100,000	Pool of funding to address the gap between costs and values
	Community Development Financial Institutions (CDFI)	<ul style="list-style-type: none"> Untested or new products (owner or renter) Market rate ownership that has financing help 		Tailored resources and innovative programs that invest federal dollars alongside private sector capital - serves mission-driven financial institutions that take a market-based approach to supporting economically disadvantaged communities.
IV. Neighborhood/Community Campaign	Community marketing campaign	<ul style="list-style-type: none"> Various Older housing stock 	Various	Build "ownership," hope, and pride at the neighborhood level
	Neighborhood level programing & outreach			Organized or informal neighborhood groups that build social capital in the area and assist in spreading information
V. Workforce Development	Build trades program at Indian Hills Community College	<ul style="list-style-type: none"> Market rate rentals Market rate ownership that has financing help Market rate development 	Various	Long-term workforce to build or renovate housing; opportunity to assist in improvements at a small scale
	Partnership with Ottumwa High School	<ul style="list-style-type: none"> Financing help generally not needed or provided 		Small scale production of single-family housing units

Source: RDG Planning & Design

*Assumes little to no other debt and area average costs for transportation, utilities/taxes, and other monthly expenses. Individual household costs will vary, such as for child care, student loan debt, and the amount available for a downpayment.



GOAL: RAMP UP A NON-PROFIT DEVELOPER LIKE RIPPLING WATERS

TOOL: PURCHASE-REHAB-RESALE PROGRAM (P-R-R)

Description

Houses are acquired and sold in a rehabilitated or “turnkey” state to owner-occupants. Under the program, a development corporation buys existing homes, rehabilitates them, and resells them to new homebuyers.

Used usually to fill the gap where the private market can't be successful or the risks are or appear to be too great.

Lead

Non-profit housing developer or development corporation

Partners

- Lending community - providing interim financing. Mortgage financing for low- and moderate-income buyers may be assisted by CDBG or HOME “soft-second” loans.
- Realtors - may reduce commissions on selected projects
- Area 15 Planning

Target Household & Housing Types

Focus on homes in moderately poor condition and target keeping them affordable and stabilizing neighborhoods.

Application

P-R-R works best when candidate houses can be purchased at relatively low cost, usually because of their quality.

Initial Outcomes & Measures of Success

Funding stream established and one project complete in the first year.

Examples & Ideas

- [Wayne, NE](#)
- [Neighborworks, Columbus, NE](#)

Neighborworks of Northeast Ne. Purchase/Rehab/Resale Program: Columbus, NE

Over five years, NeighborWorks Northeast Nebraska has implemented a highly successful Purchase Rehab Resale program. Under the program, a qualifying household identifies a home and completes an assessment of the home for structural stability. Subsequently, NeighborWorks Northeast Nebraska purchases the home to complete any repairs needed. Repairs can range from \$2,000 to \$25,000. Following the completion of the repairs, the home is sold to the applicant who identified the home. Down payment assistance can also be provided at 20% of the final purchase price (up to \$20,000). For Columbus, Nebraska, this has resulted in 140 homes being updated and owned, often by first time home buyers.

<http://www.nwnen.org/what-we-do/homeownership-assistance/purchase-rehab-resell-program/>



TOOL: MEDIUM DENSITY INFILL DEVELOPMENT (DEMONSTRATION PROJECT)

Description

Attracting missing middle housing infill will require a combination of several action tools in this chapter. However, focusing efforts on a demonstration project may be a good idea to show builders, and residents, the financial success such a project can have.

A demonstration project is typically a public-private partnership effort to construct a housing type not being built in the city today. The “demonstration” is to show how that product can be built, but more importantly, showing the demand when the units is sold or filled quickly.

Lead

City of Ottumwa; Non-profit developer

Partners

Lending Community; Realtors

Target Household & Housing Types

Missing middle products not present in Ottumwa today or product on difficult infill sites.

Application

Vacant infill sites in the City that are within conservation areas. Locating in conservations areas for the first project might be more appealing to potential buyers and more visible. It could be beneficial to pursue a demonstration project after more targeting neighborhood improvements have been completed to future ensure success and value appraisals.

Initial Outcomes & Measures of Success

Completion of a product type not widely visible in Ottumwa today; fully occupied.

Examples & Ideas

- [Incremental infill development guides](#)
- [Housing Next Fund, Ottawa County, MI](#)

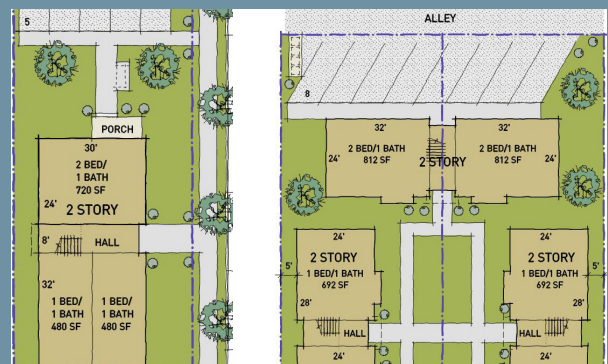
Missing Middle for Chattanooga, TN

With help from the Incremental Development Alliance, Chattanooga leaders and stakeholder undertook an intensive developer workshop to identify solutions for missing middle housing types. The process resulted in a development packet that lays the framework for a developer to pursue these projects including:

- Picking a building type based on the developer’s financing options and site circumstances.
- Guides and site plans for good urban design amid traditional single-family neighborhoods.
- Technical considerations for packaging development applications.
- Bank packages for different building types to show how to bring the project to life by proving profits for lenders.

<https://www.incrementaldevelopment.org/>

<https://www.cneinc.org/creating-homes>



GOAL: PROVIDE INCENTIVES FOR MEDIUM DENSITY INFILL DEVELOPMENT

TOOL: PROTO-TYPES, ZONING

Description

Builders and developers will stick to what they know best to reduce risk and financial insecurity. Several incentives can start to encourage other housing models, in addition to financing mechanisms when appropriate for lower price point models.

One method is having various example site plans and products that will get approved. This may be in the form of RFPs but can also simply be prototypical housing arrangements on typical lot that may be seen as hard to build on.

Lead

City of Ottumwa

Partners

- Builders and Developers; Financing Institutions; Legacy Foundation; Area 15 Planning

Target Household & Housing Types

Missing middle products not present in Ottumwa today or product on difficult infill sites.

Application

- Create a package of example site plans and products that will get approved administratively to take a level of risk off the builder.
- Provide technical assistance in application procedures and design for less experienced local builders, investors, or community members interested in a community project.
- Adjusting codes to allow these site plans. A separate memo of possible zoning amendments was provided as a supplement to this study.

Initial Outcomes & Measures of Success

Infill development toolkits with the input of builders and developers; Updates to zoning code to remove housing barriers; Feedback every two years on development process and regulations.

Examples & Ideas

- [Incremental infill development guides](#) (see previous case study)
- [Housing Next Fund, Ottawa County, MI](#)

Housing Next - Ottawa County, MI

Housing Next was formed as a 5-year pilot initiative to work closely with local units of government, developers and non-profits to remove barriers to the creation of more housing supply at all price points.

It is an independent organization, not a non-profit, acting as a middle person to navigate resources and connect developers with projects. It is nested within the structure of the Greater Ottawa County United Way and funded by the community foundations of Holland/Zeeland, Grand Haven and private donors in Ottawa County. Some of its initiatives include:

- Evaluate local zoning standards to find ways to reduce regulatory barriers.
- Works with developers to find available land, assemble preliminary development plans that align with a community master plan and seek out funding opportunities.
- Works with other non-profits and housing advocates to seek out long term funding mechanisms and organizational structures.

<https://www.housingnext.org/>



TOOL: USE NEIGHBORHOOD REVITALIZATION STRATEGY AREAS TO TIER THE PROGRAM

Description

Many case studies and research shows that more targeted neighborhood investment strategies do better at stimulating investment and neighborhood appeal. For Ottumwa, this means setting priorities on which neighborhoods to target first for focused investment programs. The policy should include various programs with adequate funding to allow many households in the target area to access.

Lead

City of Ottumwa

Partners

Non-profit developer; Area 15 Planning, Realtors

Target Household & Housing Types

Repair, rehabilitation, and redevelopment in targeted neighborhood areas. All housing types.

Application

Use the opportunities map in Figure 3.1 as a starting point. The first tier of targeted investment should be one to three areas that:

1. Has a mix of stable home conditions and homes with visible needs for repair.
 - › This would be a first pilot area to gain momentum for continuing the approach in other areas. Starting in the most blighted area may make it more difficult or take longer to gain momentum.
2. Is on a visible corridor in Ottumwa. An area that could influence first impressions.
3. An area where there has been interest from residents in the past, or current use of existing programs.
 - › This will help with outreach and initial program start-up if people are familiar with the City or other agency.
4. Are not overly large.
 - › Each investment area tier could be around twenty to thirty blocks, but ultimately follows what local neighborhood boundaries.

The first tier may last several years, evaluating the successes and barriers each year. After making adjustments from lessons learned, the approach can then move on to another area.

Initial Outcomes & Measures of Success

- Use of investment programs by ten homes in the first target investment area.
- Increase in funding for programs when used in the target investment area.

Examples & Ideas

- [Invest DSM Special Investment Districts](#)
- [La Crosse Promise, La Crosse, WI](#)

La Crosse Promise - La Crosse, WI

The La Crosse Promise program provides up to \$50,000 in grants from La Crosse County to acquire and prepare a property. The Washburn Neighborhood is a priority area for the program. Applicants are required to finance a minimum of \$150,000 in person funds or market rate financing to qualify.

In addition to the funding offered to rehabilitation or build on a property, the program provides up to \$50,000 to families that build, buy a new home, or renovate a home in select La Crosse neighborhoods as education scholarships.

Impact

Since the program began, many properties have been improved. Of the 68 replacement homes sold citywide between 2010 and 2018, 10 were located in the Washburn Neighborhood with three of them on 9th Street.



Historic home in the foreground adjacent to three new La Crosse Promise homes on 9th Street

TOOL: MICRO-TIF

Description

Traditionally Tax Increment Financing (TIF) has been used on larger scale projects due to the need to create an increment in the tax increase that creates enough funding. However, some communities have used it on smaller site when density is added, when a single-family or a vacant lot can be replaced with a missing middle product. TIF is also regularly used on conversion of older structures to housing and should be explored for the use of upgrading older rental housing developments. Some communities are considering tying this type of TIF use to affordability requirements. However, for Ottumwa, this may be a later policy consideration once momentum is built in the market. Additionally, TIF for market rate residential development in Iowa is limited to public improvements and must include a Low to Moderate Income (LMI) set aside. Other economic development grants or rebates can be used for LMI residential.

Lead

City of Ottumwa

Partners

Other taxing districts; Non-profit developer; for-profit developers

Target Household & Housing Types

Medium to higher density rental units likely in the targeted conservation area. Note, TIF for residential uses are limited to only public improvements like streets and would need to be updated in the Urban Renewal Plan.

Application

- Site specific TIF that usually focuses on adding density
- Removing one single-family unit and adding back a duplex (stacked or side-by-side)
- Rehabilitation of existing older multi-family

Initial Outcomes & Measures of Success

Completion of one project as a demonstration of applicability.

Grand Island, NE Micro Blight Redevelopment

The City of Grand Island used tax increment financing (TIF) to support small scale infill development in existing neighborhoods. Through the use of “micro-tax increment financing,” the city targets small concentrations of blight (vacant lots or dilapidated structures that require demolition). By calculating the additional value that would be created with a new duplex or four-plex, the CRA then issues a grant or loan that is given or sold to a developer that can be used to secure financing from a bank. Allowable expenses include:

- Property acquisition
- Demolition
- Site preparation
- Utility extensions and connections
- Sidewalks and landscaping
- TIF fees and contracts
- City development fees
- Engineering and architecture costs
- Interest and financing costs

The City of Grand Island used micro-TIF to support the demolition of a dilapidated single-family home valued at \$48,000 and the development of two duplexes with an estimated value of \$320,000. The redevelopment removed a blighted structure, created four additional affordable housing units, and brought additional tax base to the city without requiring additional infrastructure.

Examples & Ideas

- Grand Island, NE Micro-TIF

GOAL: GAP FINANCING

TOOL: LENDING CONSORTIUM

Description

A lending consortium is a cooperative venture among lending institutions active in the market to spread individual risk. In addition, these cooperative ventures can attract the support of major employers or other agencies, like the Federal Home Loan Bank and Community Development Financial Institutions (CDFI). A lending consortium is an ideal instrument to pool funding to address the gap between costs and values, and for gap financing on desired housing products.

Lead

Legacy Foundation; Area 15 Planning

Partners

Lending Community; Employers

Target Household & Housing Types

Any products identified in this chapter.

Application

The lending consortium can be a supplemental financing mechanism for most program tools identified in this chapter. Partners in the consortium can identify the parameters for funding such as:

- Projects with housing for households making a certain percentage of area median income to target either the lowest income people or workforce housing ranges (missing middle).
- Projects that provide a specific type of housing, such as Universal/accessible design or small lot.
- Projects within a specified area in Ottumwa. For example, coupled with the tier investment areas discussed previously.

Initial Outcomes & Measures of Success

Create a partnership with parameters set for lending projects.

Examples & Ideas

- [Housing Fund, Grand Rapids, MI](#)
- Lending Consortium & CDFI – Lincoln, NE
- [CDFI Friendly Program, Bloomington, IN](#)

Omaha 100 Incorporated Omaha, Nebraska (Lending Consortium)

Omaha 100 was incorporated to provide homeownership opportunities enabling low and moderate income borrowers to own their own home. The group provides affordable mortgage loans, grant underwriting, and down payment assistance services.

Omaha 100, Inc. works with a consortium of lenders to provide lower interest rates on home loan products, down payment assistance, and city second mortgages to make homeownership affordable. Clients must complete a home-buyer education course.

www.omaha100.org

Affordable Housing Fund - Grand Rapids, MI

The City of Grand Rapids set an aggressive policy target for a citywide inventory of 30% affordable housing units. One tool created to help with the effort is an Affordable Housing Fund leveraged by dedicated city revenues, private contributions, and interest earnings. Additionally, a board provides recommendations for policy changes and managing allocations. Funds come from:

- City appropriations from tax growth
- Private contributions, State funds, County, other grants
- Excess revenues from General Operating Fund

Eligible applicants include non-profits and for-profit affordable housing developers, and public housing authorities. Individuals are eligible for homeownership financial assistance. Fund allocation is used only for situations that meet city needs like mixed-use development, projects with other funding sources, and small scale development.

<https://www.grandrapidsmi.gov/Government/Programs-and-Initiatives/Housing-NOW>

GOAL: NEIGHBORHOOD/ COMMUNITY CAMPAIGN

TOOL: COMMUNITY MARKETING CAMPAIGN

Description

Community marketing is much broader than housing, but critical for general pride of residents. The comprehensive plan details this effort broadly but still warrants being mentioned in this study.

Lead

Greater Ottumwa Partners in Progress; City of Ottumwa

Partners

Legacy Foundation, Employers, Wapello County

Target Household & Housing Types

N/A

Application

Focus more significant efforts on entryway corridors along with the programs identified in this chapter. Potentially develop an marketing campaign aimed at residents highlighting the great things happening in Ottumwa combined with recognition of those making Ottumwa a better place for all.

Initial Outcomes & Measures of Success

This could be a continuation of current work. The effort would build more momentum for the neighborhood level movement.

Invest DSM Block Challenge Grant Program

An initiative started in 2020, Invest DSM offers programs targeted to specific local neighborhoods in Des Moines. One program called the Block Challenge Grant aims to create momentum through a batch improvement approach. To participate in the program, groups of at least five neighbors within a visible distance of one another's front doors must apply together. They are then eligible for matching funds up to \$2,500 for exterior improvements depending on the size of the application.

Six months into the program, Invest DSM has granted funds to 240 homeowners and landlords who were current on their taxes or lease obligations. The average investment per property was \$4,576.

[Invest DSM Block Challenge Website](#)

Premium Park Enhancements - Brookings, SD

The City of Brookings recognized the importance of Hillcrest Park and the opportunity to use its strategic location to market the premium image of the park but also the community as a whole. Located along U.S. Highway 14 between Interstate 29 and the downtown, in spite of high quality amenities, Hillcrest Park had an unassuming highway frontage and was frequently overlooked by visitors. Through a conscious investment in the image of this park - gateway signage, landscaping, and an iconic art installation - Hillcrest Park is now recognized as a premium amenity that reinforces the quality of Brookings to residents and visitors alike.



TOOL: NEIGHBORHOOD LEVEL PROGRAMING & OUTREACH

Description

The comprehensive plan and the 2013 housing study identify the need to create neighborhood associations. Groups of neighbors can be either formally recognized by the City or informally organized such as on social media. Either way, organization provides a way to assist in targeted programming and general outreach.

However, to see real change occur, neighborhoods will need to foster a grassroots movement. Support for projects needs to come from many, not just a few. Also, the more residents connect with each other, the more opportunities to build partnerships to improve neighborhoods.

Lead

Legacy Foundation or a new non-profit like Community Renewal

Partners

City of Ottumwa; Residents

Target Household & Housing Types

N/A

Application

The application could come from the City but often neither the staff nor budget is available for this kind of work. Non-profits like Community Renewal specifically work in this realm. Community Renewal identified neighborhood champions and offers structural assistance. There are several things these neighborhood champions can be empowered to do:

- Connect with neighbors on social media and at community events. - Create a social media page on a chosen platform for the designated area.
- Participate in City meetings and/or organize local neighborhood meetings/gatherings.
- Organize volunteer efforts that improve the neighborhood and bring neighbors together.

Pride of Maryville

The City of Maryville initiated the Pride of Maryville project to recruit community members to help keep the city “cleaner, safer, and more beautiful place to live.” There are four programs that provide an opportunity to participate, three of which directly impact housing:

- Adopt a neighborhood (currently inactive)
- Beautification awards
- Neighbors helping neighbors

When active, the neighborhoods in the adopt a neighborhood were supported by volunteers helping to keep the city litter, debris, and weed free. The beautification awards program honors homes and businesses for the beautification and improvements made to their property. Neighbors helping neighbors pairs volunteers with residents in need which could include maintaining their property by cleaning leaves, pulling weeds, or painting shutters.

Volunteer efforts can be managed by the non-profit or individually in each neighborhood. This could include:

- › Hosting celebratory events such as home improvement showcases, block parties, BBQ cookouts, garden tours, holiday events, and other new events at a neighborhood gathering place like a park.
- › Promoting a neighborhood curbside cleanup day.
- › Establishing a volunteer program to help neighbors, particularly the elderly, who need assistance with home maintenance, yard work, or running errands.
- › Revamp a Community-wide National Night Out event. The event intends to foster community partnerships with the police and strengthen neighborhood spirit.
- Volunteer for city commissions, boards, or committees to improve understanding of the city’s challenges and support advancement of important civic work. Spread the word for opportunities for engagement, civic events, and neighborhood needs to their local connections.
- Leadership Training - The Ottumwa Leadership Academy, managed by the Legacy Foundation, is an excellent program for residents to apply and participate. Leadership training will help residents connect to decision-makers and help influence resources to their neighborhood.
- Assign a neighborhood liaison (to help the champion) - Communicate with the City, relay information to residents. Attend meetings.

Initial Outcomes & Measures of Success

- Coalition of neighborhood champions identified and engaged.
- Creation of formal neighborhood organizations or more informal neighborhood groups that meet regularly whether to conduct business or simply gather.
- Establishing at least one unique annual volunteer event per neighborhood.
- Tracking of volunteer hours to calculate impact.

Oshkosh Healthy Neighborhoods

Oshkosh Healthy Neighborhoods is a private/public nonprofit community development corporation dedicated to strengthening Oshkosh neighborhoods by engaging residents, encouraging reinvestment and elevating community pride through the creation of community investment partnerships for the benefit of residents in the greater Oshkosh area. They have a small staff and volunteers who work closely with resident leaders to:

- Sponsor community building events where residents can meet, have fun, build trust and social capital in the neighborhood;
- Sponsor special resident-led projects to improve physical conditions in the neighborhood;
- Provide technical assistance, tools, and resources to existing and emerging neighborhood associations;
- Develop resident leadership education curriculum and sponsor workshops to expand the leadership skills in our partner neighborhoods; and
- Partner with residents, neighborhood groups, and community institutions to identify and implement special neighborhood initiatives aimed at improving the quality of life in neighborhoods.

<https://www.gohni.org/>

Examples & Ideas

- [Community Renewal - Community Renewal of Pottawatomie County, OK](#)
- [Pride of Maryville project](#)
- [Oshkosh Healthy Neighborhoods, Being a GOOD Neighbor; Rock the Block](#)

GOAL: WORKFORCE DEVELOPMENT

TOOL: BUILD TRADES PROGRAM AT INDIAN HILLS COMMUNITY COLLEGE

Description

Address the workforce needs in the building trades is not a short-term effort. This is a generational change to replace the retiring baby boom generation and few students entering the field after high school in the early 2000s. However, while training this next generation, there are opportunities to help the local housing market, even if on a small scale.

Indian Hills Community College is an asset where students learning these skills could be assigned real world projects through partnerships with local builders or non-profit organization.

Lead

Indian Hills Community College; City of Ottumwa

Partners

Builders; Employers

Target Household & Housing Types

Small scale single-family residential

Application

Student project assistance particularly targeted on rehab or new build projects receiving other forms of assistance in this chapter. This helps further leverage the “free” labor in the financing pro forma.

Initial Outcomes & Measures of Success

Complete efforts to establish a building trade program at the Ottumwa campus and extend that program to the Ottumwa High School.

Examples & Ideas

- Garden City Community College - Garden City, KS
- Southeast Community College - Milford, NE
- Indian Hills is currently partnering with the local Housing Trust Fund to build housing as part of the curriculum. Looking to expand on campus with high school students.

A Note on Workforce Development:

Retiring baby boomers and decreasing interest by young people in the skilled trades warrants public sector action for the labor supply to meet housing demand. A workforce development program can market the career satisfaction and economic rewards that the construction industry offers young people. Partners in the program may include:

- **Area Community Colleges.** Community Colleges offer a variety of programs for students to gain experience and complete hands on projects in the building trades. The ability to retain these students in the region after graduation can be achieved by developing internships while they are in school and creating communities with the desirable amenities younger populations desire.
- **Area School Districts.** Many school districts over the years have moved away from traditional building trade classes and focused more on college preparation. With the demand for skilled trades people this trend should shift but will need support from the broader community. Working with the school districts, programs should be put in place that include architecture and drawing, focuses on English/communication and math learning, construction skills, and business education.
- **The Building Community.** Through internship programs students can learn first-hand experience. An introduction session may need to be developed that prepares students for their internships to create an asset to the builders rather than a burden.
- **Cities, County, and Private Sector.** Through risk sharing, resources, funding, and internships, all of these groups should play a role in expanding the area’s workforce.

TOOL: PARTNERSHIP WITH OTTUMWA HIGH SCHOOL

Description

Reintroducing trades courses into the High School could have a similar effect as a program at IHCC. Although, time and skill levels may be more limited. However, several schools in Iowa and other states have successfully had students “build” one house each year.

Lead

Ottumwa High School; Indian Hills Community College

Partners

Builders; Employers

Target Household & Housing Types

Small scale single-family residential

Application

The City or other organization provides the initial lot funding and assist with upfront costs. Some high schools have been able to develop a revolving fund where the sale of the previous house funds the upfront costs of the next year’s house. For Ottumwa, the City or other organization may still have to provide the lot at a free or reduced cost.

Initial Outcomes & Measures of Success

Develop partnership between Ottumwa High School and Indian Hills Community College

Employee Housing - Schuyler, NE

The Colfax County School District adopted a Workforce Housing Initiative Pilot Program (WHIPP) to reinforce their commitment to the philosophy that employees should reside within the community they work. This philosophy recognizes the mutual benefits to the organization (increased retention), the community (additional residents), and the employee (increased stability and decreased transportation costs). In addition, to developing new single family homes, the WHIPP offers the following incentives to employees to rent or buy the new housing units:

- Eligibility for a \$1,000 bonus to employees moving into the district and the following:
- Home renter subsidy of \$1,000 annually for a maximum of five years; or
- Home owner subsidy;
- \$2,000 annually for a maximum of five years; or
- Lump sum subsidy of \$10,000 for downpayment and closing costs on a WHIPP approved home

Funding is budgeted annually by the school district for the program.

Figure 4.1: Summary of Tools in the Action Strategy

HOUSING GOAL	TOOLS	TARGET HOUSING PRODUCT	TARGET HOUSEHOLD INCOME*	TARGET OUTCOME
I. Ramp up a non-profit developer like Rippling Waters	Purchase-Rehab-Resale program	<ul style="list-style-type: none"> Entry-level home ownership in existing housing Market rate rentals Existing small homes (rental or owner) 	<\$25,000-\$50,000	Focus on homes in moderately poor condition - target keeping them affordable and stabilizing neighborhoods
	Medium density infill development			Use of sites served by infrastructure but vacant. Help alleviate city tax burdens, fill missing market option.
II. Incentives for medium-density infill	Proto-types, zoning, gap financing	<ul style="list-style-type: none"> Market rate rentals Entry-level home ownership in existing housing 	<\$50,000-\$100,000	Give developers the toolkits and easy approval processes
	Use Neighborhood revitalization strategy areas to tier the program	<ul style="list-style-type: none"> New ownership housing that is subsidized/heavy financing help 		Stimulate other investment by focusing investment in one area at a time
	Micro-TIF	<ul style="list-style-type: none"> Market rate ownership that has financing help 		Site specific TIF - usually focuses on adding density
III. Gap Financing	Lending Consortium	<ul style="list-style-type: none"> Market rate rentals Entry-level home ownership in existing housing 	<\$50,000-\$100,000	Pool of funding to address the gap between costs and values
	Community Development Financial Institutions (CDFI)	<ul style="list-style-type: none"> Untested or new products (owner or renter) Market rate ownership that has financing help 		Tailored resources and innovative programs that invest federal dollars alongside private sector capital - serves mission-driven financial institutions that take a market-based approach to supporting economically disadvantaged communities.
IV. Neighborhood/Community Campaign	Community marketing campaign	<ul style="list-style-type: none"> Various Older housing stock 	Various	Build "ownership," hope, and pride at the neighborhood level
	Neighborhood level programing & outreach			Organized or informal neighborhood groups that build social capital in the area and assist in spreading information
V. Workforce Development	Build trades program at Indian Hills Community College	<ul style="list-style-type: none"> Market rate rentals Market rate ownership that has financing help Market rate development 	Various	Long-term workforce to build or renovate housing; opportunity to assist in improvements at a small scale
	Partnership with Ottumwa High School	<ul style="list-style-type: none"> Financing help generally not needed or provided 		Small scale production of single-family housing units

Source: RDG Planning & Design

*Assumes little to no other debt and area average costs for transportation, utilities/taxes, and other monthly expenses. Individual household costs will vary, such as for child care, student loan debt, and the amount available for a downpayment.

Figure 4.2: Implementation Table

HOUSING GOAL	TOOLS	LEAD	PARTNERS	FUNDING/FINANCING OPPORTUNITIES	PRIORITY LEVEL
I. Ramp up a non-profit developer like Rippling Waters	Purchase-Rehab-Resale program	<ul style="list-style-type: none"> Non-profit housing developer or development corporation 	<ul style="list-style-type: none"> Lending community Realtors Area 15 Planning 	<ul style="list-style-type: none"> Project-based Section 8 certificate and vouchers Low Income Housing Tax Credit rental development Senior only housing Items applicable to lower income ranges 	Medium-term
	Medium density infill development	<ul style="list-style-type: none"> City of Ottumwa Non-profit developer 	<ul style="list-style-type: none"> Lending Community Realtors 	<ul style="list-style-type: none"> Rehab and revitalize programs for existing homes State and Federal grants, credit programs 	Medium-term
II. Incentives for medium-density infill	Proto-types, zoning, gap financing	<ul style="list-style-type: none"> City of Ottumwa 	<ul style="list-style-type: none"> Builders and Developers Financing Institutions Legacy Foundation Area 15 Planning 	<ul style="list-style-type: none"> Rehab and revitalize programs for existing homes Special assessment or deferred payments for new development TIF 	Short-term
	Use Neighborhood revitalization strategy areas to tier the program	<ul style="list-style-type: none"> City of Ottumwa 	<ul style="list-style-type: none"> Non-profit developer Area 15 Planning Realtors 	<ul style="list-style-type: none"> State and Federal grants, credit programs for ownership Infrastructure financing TIF 	Medium-term
	Micro-TIF	<ul style="list-style-type: none"> City of Ottumwa 	<ul style="list-style-type: none"> Non-profit developer Area 15 Planning 	<ul style="list-style-type: none"> Special assessment or deferred payments for new development 	Medium-term
III. Gap Financing	Lending Consortium and CDFIs	<ul style="list-style-type: none"> Legacy Foundation Area 15 Planning 	<ul style="list-style-type: none"> Lending Community City of Ottumwa Employers 	<ul style="list-style-type: none"> Rehab and revitalize programs for existing homes Special assessment or deferred payments for new development TIF State and Federal grants, credit programs for ownership Infrastructure financing TIF Special assessment or deferred payments for new development 	Short-term
IV. Neighborhood/Community Campaign	Community marketing campaign	<ul style="list-style-type: none"> City of Ottumwa Legacy Foundation 	<ul style="list-style-type: none"> Realtors Partners in Progress Residents Employers 	<ul style="list-style-type: none"> Project-based Section 8 certificate and vouchers Low Income Housing Tax Credit rental development Senior only housing Items applicable to lower income ranges 	On-going
	Neighborhood level programing & outreach	<ul style="list-style-type: none"> City of Ottumwa Legacy Foundation 	<ul style="list-style-type: none"> Residents 	<ul style="list-style-type: none"> Rehab and revitalize programs for existing homes State and Federal grants, credit programs 	Short-term & on-going
V. Workforce Development	Build trades program at Indian Hills Community College	<ul style="list-style-type: none"> Indian Hills Community College City of Ottumwa 	<ul style="list-style-type: none"> Builders Employers 	<ul style="list-style-type: none"> Infrastructure financing TIF Special assessment or deferred payments for new development Generally not needed or advisable use of public funds for products over \$250,000. 	Medium to longer-term
	Partnership with Ottumwa High School	<ul style="list-style-type: none"> Ottumwa High School City of Ottumwa 	<ul style="list-style-type: none"> Builders Employers 	<ul style="list-style-type: none"> Focus on an efficient development process and workforce development 	Longer-term

Source: RDG Planning & Design





APPENDIX

Current Organizations Providing Housing Services

Current Housing Programs

Full Survey Results

HOUSING ORGANIZATIONS

Figure A1: Organizations Focused on Obtaining Housing

PROVIDER	FOCUS
AHEAD Regional Housing Trust Fund	Runs a first time homebuyer program.
Sieda Community Action	Provides an energy assistance, weatherization, and tenant based rental assistance programs along with a neighborhood resource center.
Wapello County Homelessness Coalition	Works to end homelessness in Wapello County by building public awareness and sharing information and resources.
City of Ottumwa	Outreach to individuals experiencing homelessness. Preventive assistance and rapid re-housing assistance.
Ottumwa Housing Authority	Operates 363 properties for individuals of low income along with the housing choice voucher program.
Ottumwa Legacy Foundation	Focuses on increasing quantity and quality of housing through collaborating, research, and pulling together multiple funding sources.
Ottumwa Crisis Center and Women's Shelter	Works with individuals facing abusive relationships and provides shelter as well as counseling.
Ottumwa Habitat for Humanity	Provides homewonership program.

COUNTY LEVEL

AHEAD Regional Housing Trust Fund

Area-wide Housing Enterprises and Development (AHEAD) Regional Housing Trust Fund (RHTF) works in the rural areas of Wapello County along with five other southeastern Iowa Counties. RHTF assist with everything from new construction to rehabilitation and repair.

RHTF has several specific programs such as their First-Time Homebuyers Program which uses a revolving loan up to \$10,000 to help first time homebuyers.

Sieda Community Action

Sieda Community Action (Sieda) provides several housing programs for low-income households in the City of Ottumwa as well as Wapello County. Sieda has three main housing related programs.

- Low Income Home Energy Assistance Program (LIHEAP) helping low-income household afford their energy bills.
- Weatherization programs aimed to help lower heating and cooling bills by ensuring well insulated houses and functioning appliances.
- Tenant Based Rental Assistance (TBRA) helps provided rental subsidies to households under 60% of AMI.

Sieda also runs a Neighborhood Resource Center to help clients become connected to Sieda's various resources and also provide crisis advocacy and budget counseling at the resource center.

Wapello County Homelessness Coalition

The Wapello County Homelessness Coalition is a network of service providers, policymakers, nonprofit organizations and service-minded volunteers working to end homelessness in Wapello County by building public awareness and sharing information and resources to develop and advocate for direct services, shelter, transitional housing and affordable housing.

CITY LEVEL

Rolling Hills Coalition and Wapello County Housing and Homelessness Coalition

Ottumwa has started a Street Outreach program to individuals experiencing homelessness. This outreach team meets multiple times with individuals to try build trust and help find housing for them. This includes doing preventive assistance and Rapid Re-Housing programs to try and intervene at the earliest moments.

Ottumwa Housing Authority

Ottumwa Housing Authority (OHA) seeks to create affordable housing opportunities and owns and operates 363 properties in Ottumwa. OHA runs the Housing Choice Voucher Program that help low-income household cover the gap between their income and rent. OHA also operates various public housing from smaller duplexes to high rise apartments to allow for a diversity of needs and household types.

Ottumwa Legacy Foundation

The Legacy Foundation is a nonprofit charitable foundation creating positive change in Ottumwa. Housing Availability is one of their strategic plans. The Legacy Foundation looks to rehabilitate or remove dilapidated houses. The foundation also seeks to increasing the quantity and quality of housing through collaboration, research, and use of multiple funding sources from federal grants to personal investments.

Ottumwa Crisis Center and Women's Shelter

Ottumwa Crisis Center and Women's Shelter (CCWS) provides help to individuals facing abusive relationships which includes shelter and housing.

Ottumwa Habitat for Humanity

Ottumwa Habitat for Humanity provides a homeownership program with an affordable payment plan. Individuals working with Habitat's housing program put in sweat equity into their home alongside receiving financial literacy classes.

HOUSING PROGRAMS

[City of Ottumwa Residential Tax Abatement](#)

This program reduces property taxes paid on qualifying improvements to residential properties. Property owners who have completed improvements to residential properties or apartment buildings can file an application for residential tax abatement. New construction, additions, and remodeling are eligible activities. Taxes on the improvements are abated for a specific number of years for qualifying projects. The homeowner can select a 3 or 10 year abatement plan. Tax abatement is based on the value that the new improvements add to the property. All other property taxes remain payable.

[City of Ottumwa Housing Rehabilitation](#)

Locally Funded Housing Rehabilitation Repayable Loan Program is provided by the City of Ottumwa and assists existing homeowners.

[Area 15 Regional Planning Commission First-Time Homebuyers Program](#)

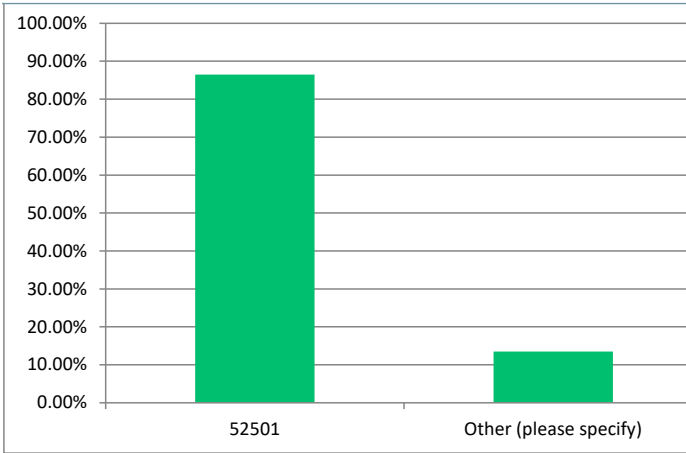
This housing revolving loan fund loans up to \$10,000 to assist first-time homebuyers (anyone who has not owned a home in 3 years) with down payment, and/or closing costs on the purchase or construction of a home.

[Homes for Iowa](#)

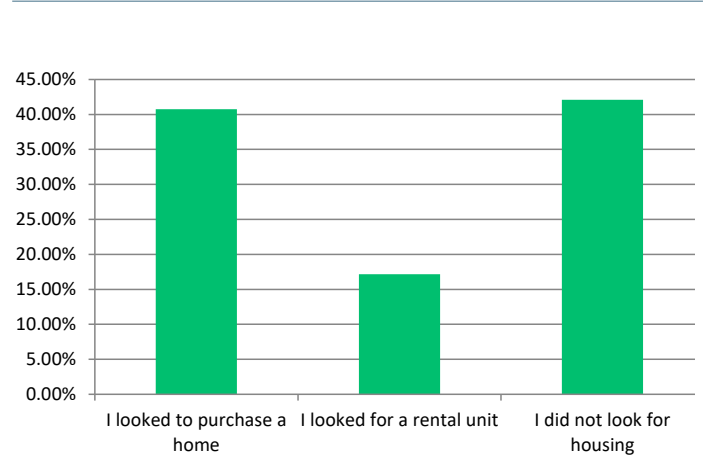
In partnership with Iowa Prison Industries, houses are being constructed at a new Housing Production Center at the Newton Correctional Facility which allows inmates to learn trade skills such as plumbing, electrical work, and carpentry. The homes, with an estimated final sales price of \$130,000-\$175,000, will be purchased directly from HFI and delivered to the designated site and made available to households earning up to 100 percent of the state-wide median income (per household size).

FULL SURVEY RESULTS

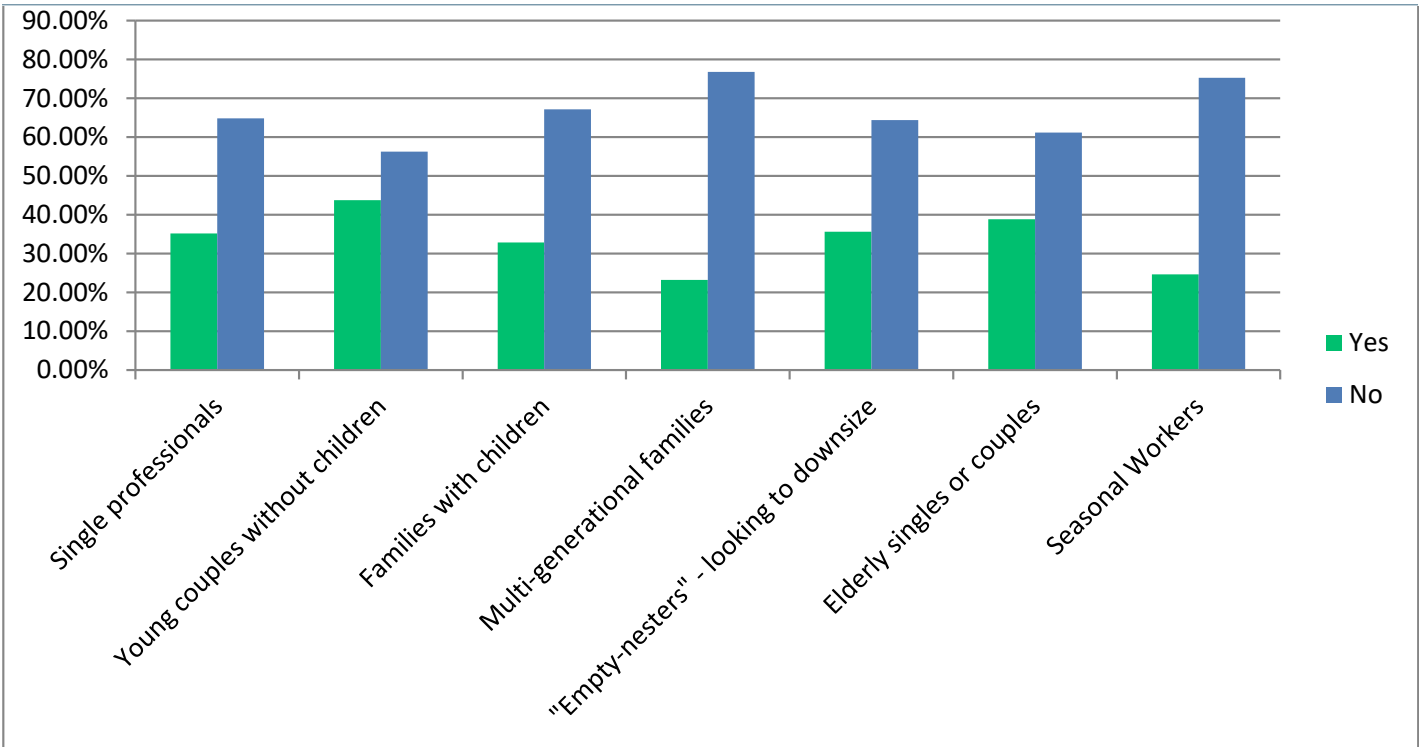
What is your home zip code?



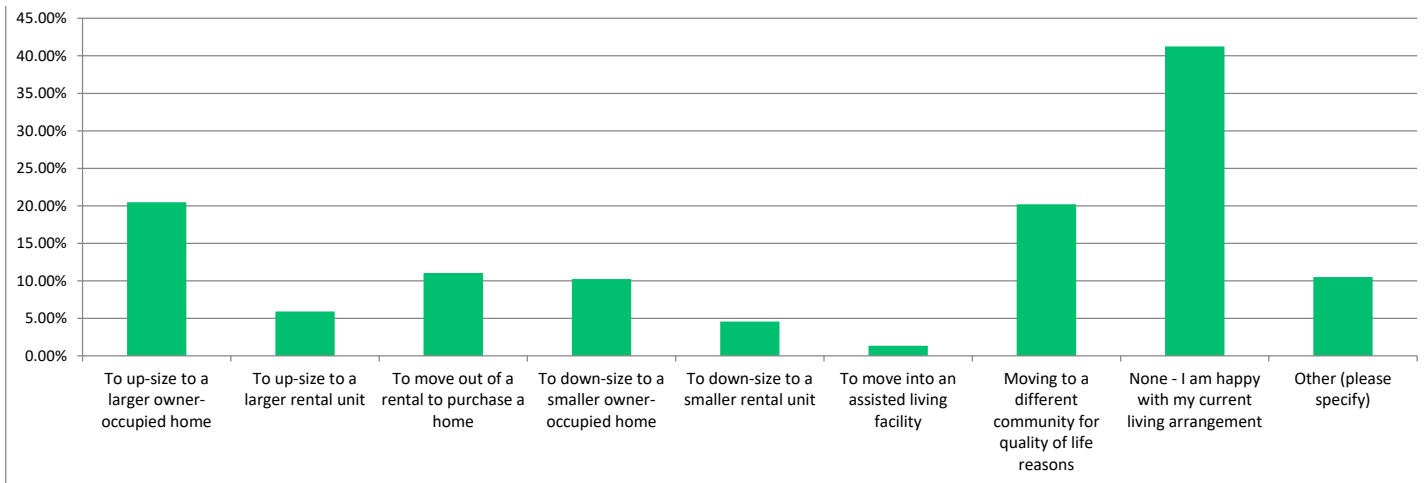
In the past three years did you look for a new place to live?



Do you believe that the current housing supply adequately meets the needs of the following household types in your community?



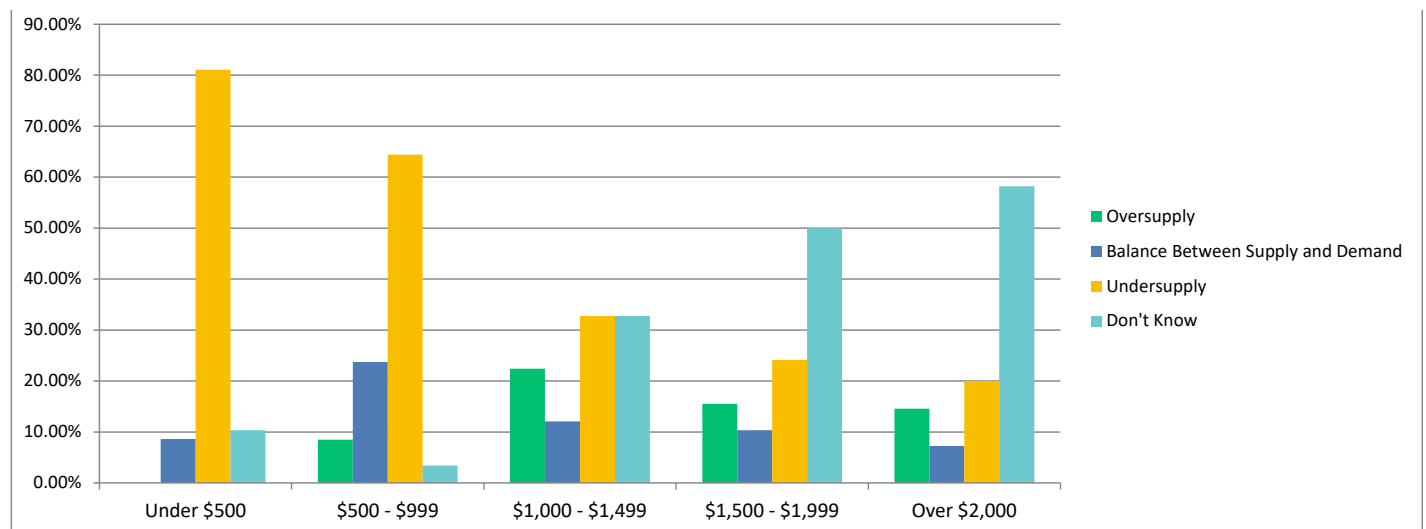
Is there any reason you'd look for a new place to live in the next three years? (choose all that apply)



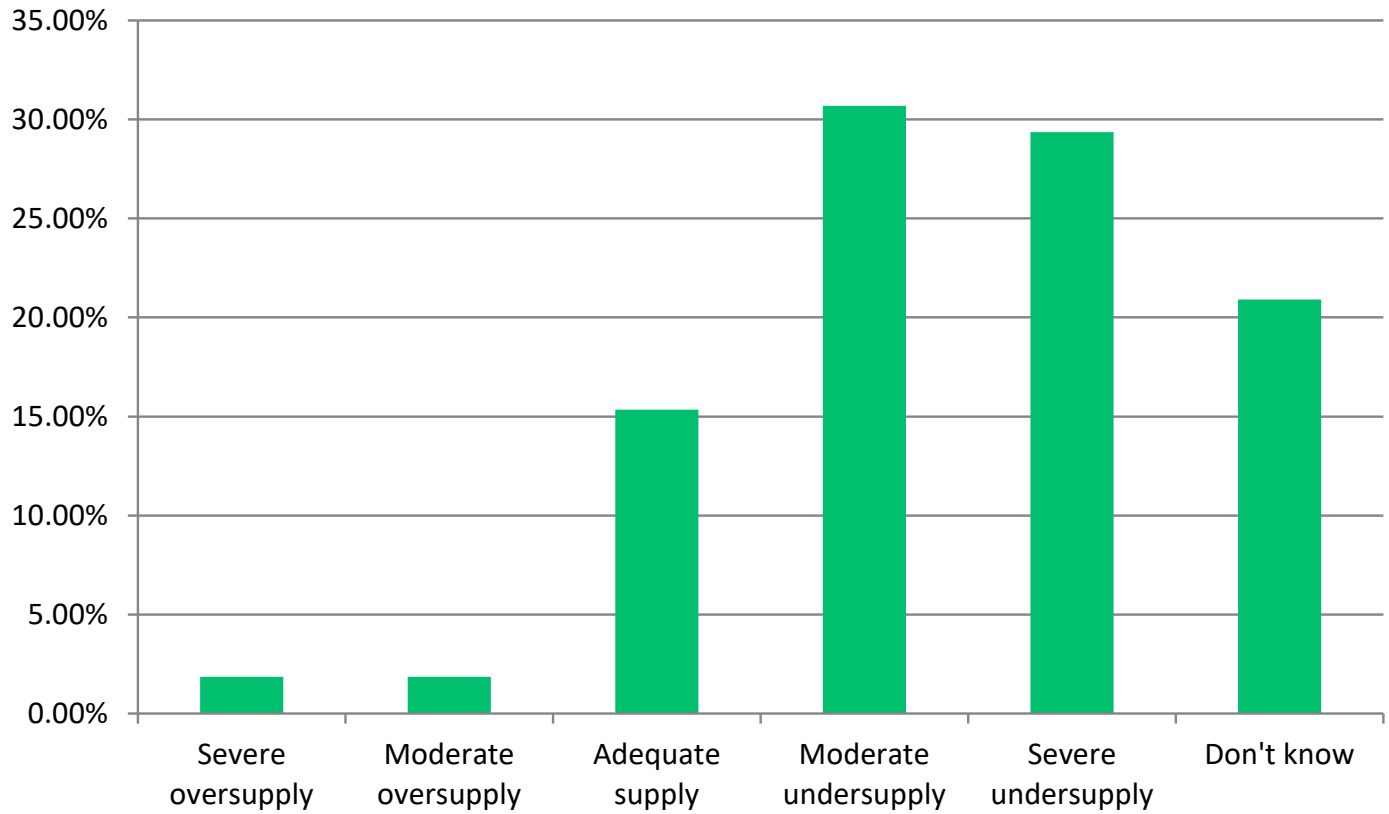
If you have looked to purchase a home in the past three years, how would you rate availability of housing in your community for each of the following price categories?



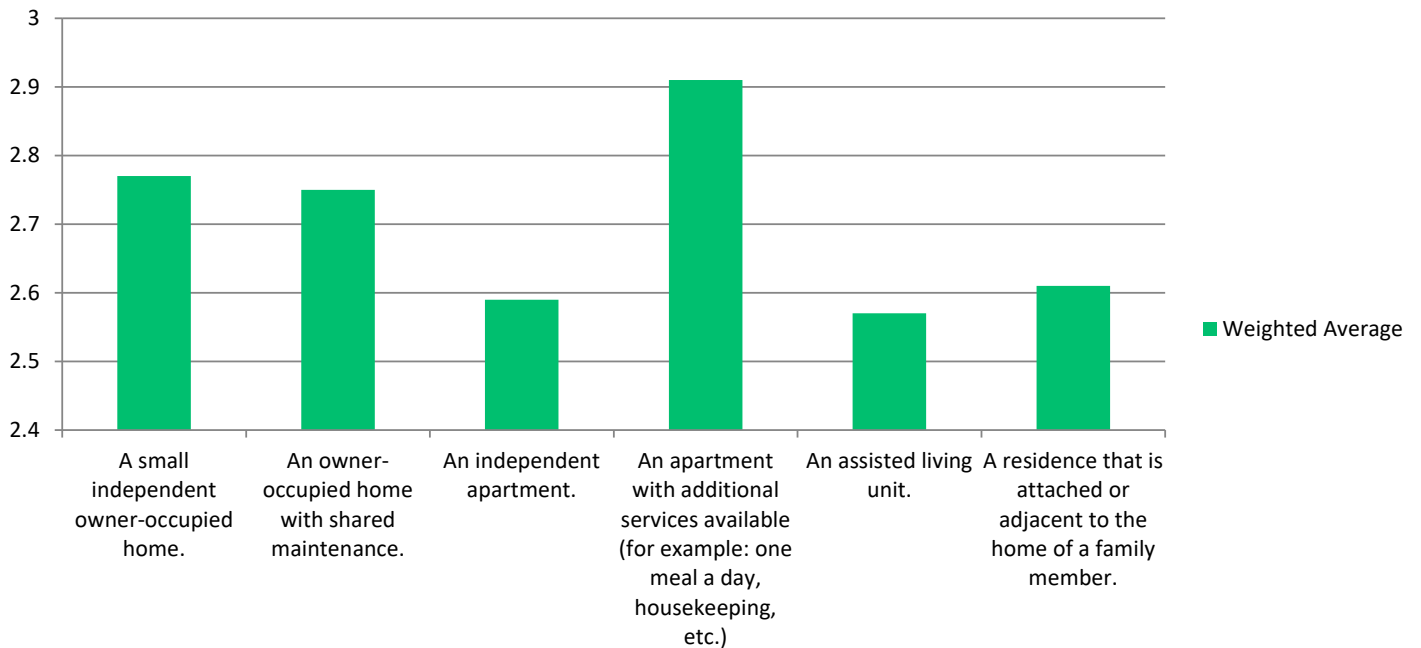
If you have looked for rental housing in the past three years, how would you rate the availability of rental housing in your community for the following rental ranges?



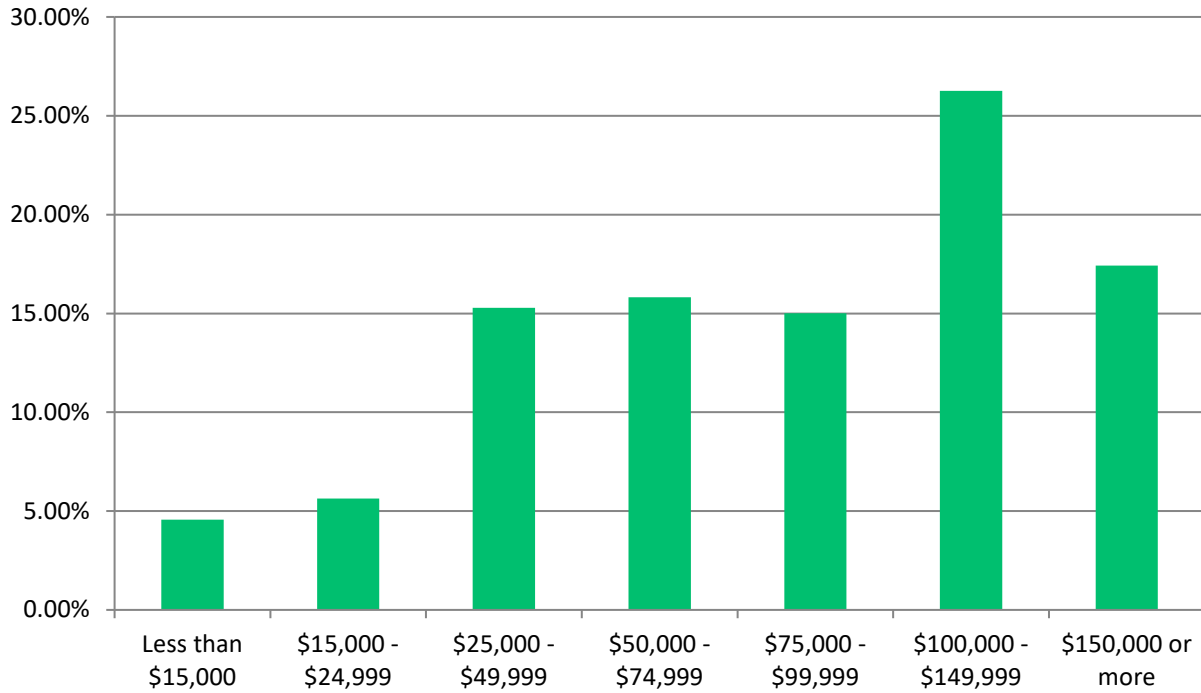
How would you rate the supply of buildable lots in your community?



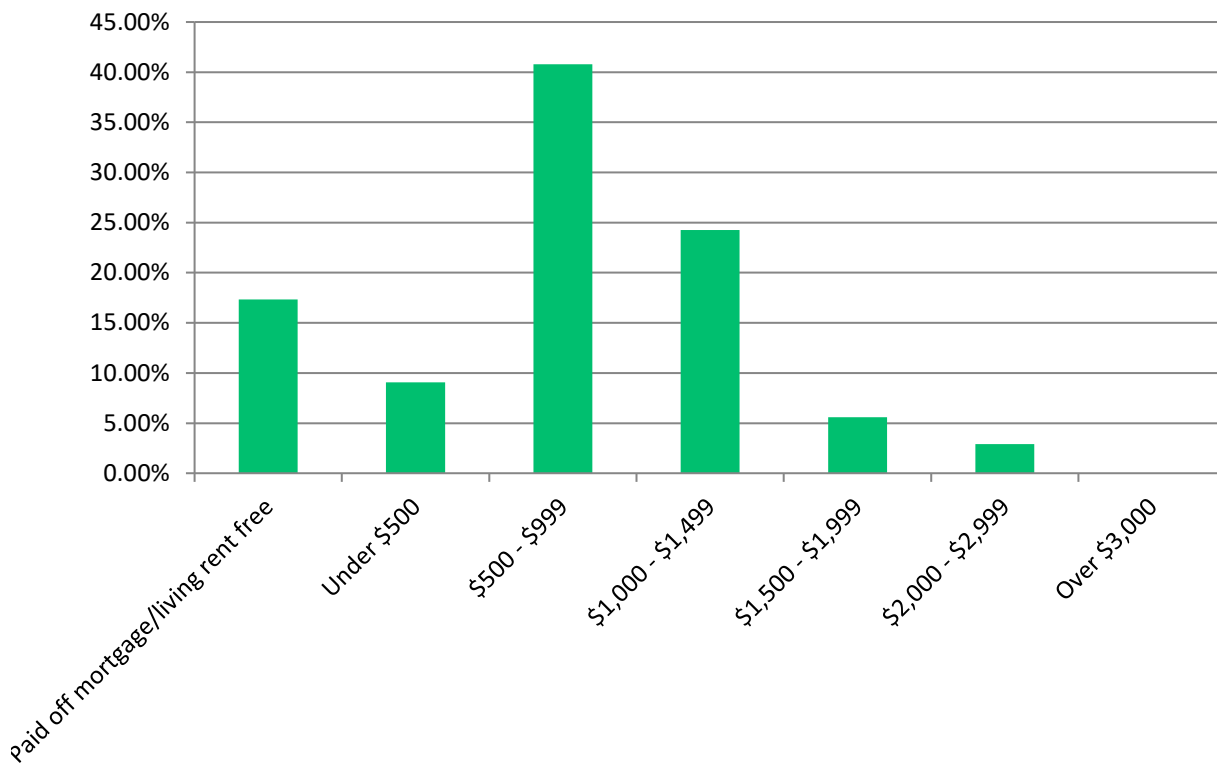
What type of housing do you believe retirees and the elderly are most interested in?



What is your household's estimated annual income?

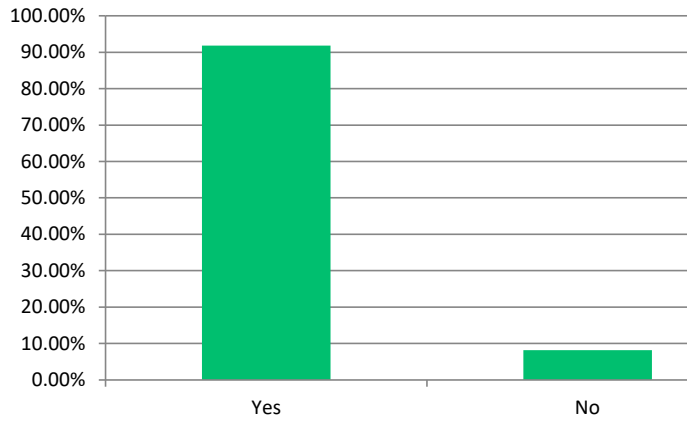


How much is your monthly rent or mortgage payment?

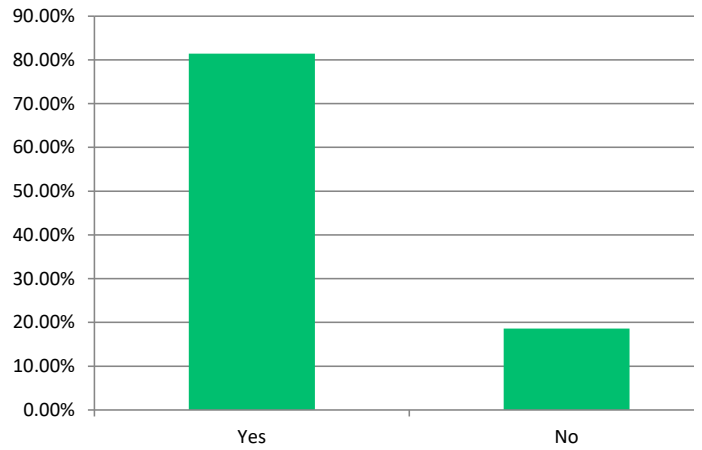


Do you believe each of these housing types would be successful if available in your community today?

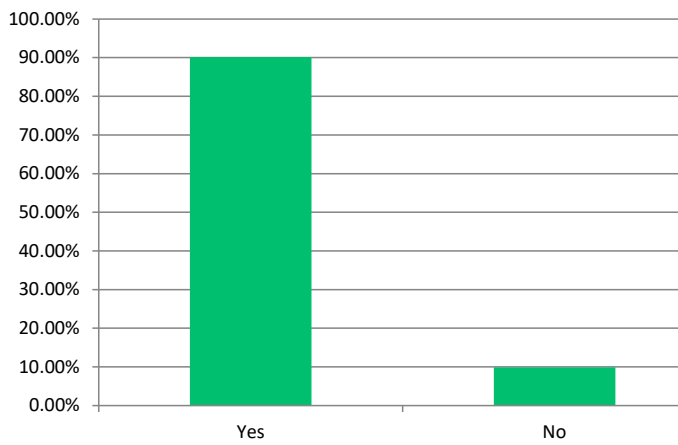
Affordable, small two- or three-bedroom house



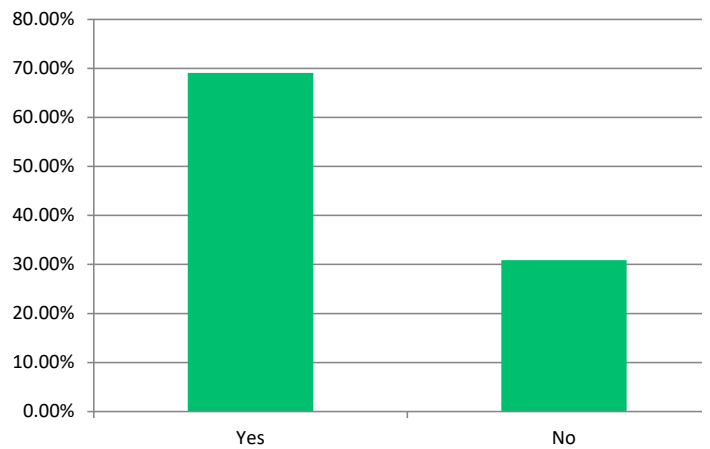
Townhouse or Duplex



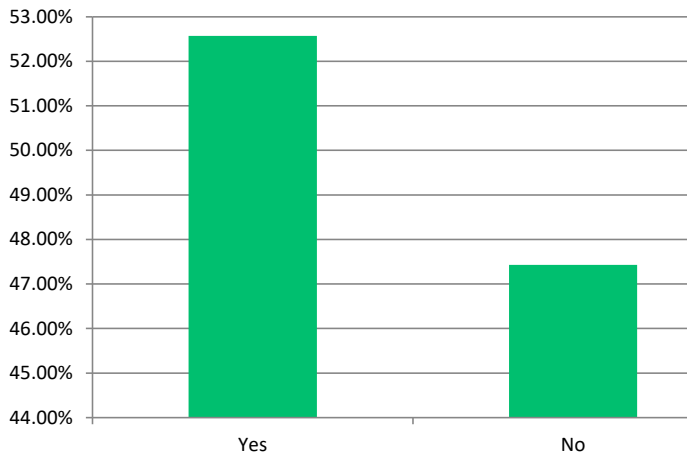
Mid-size, three-bedroom house



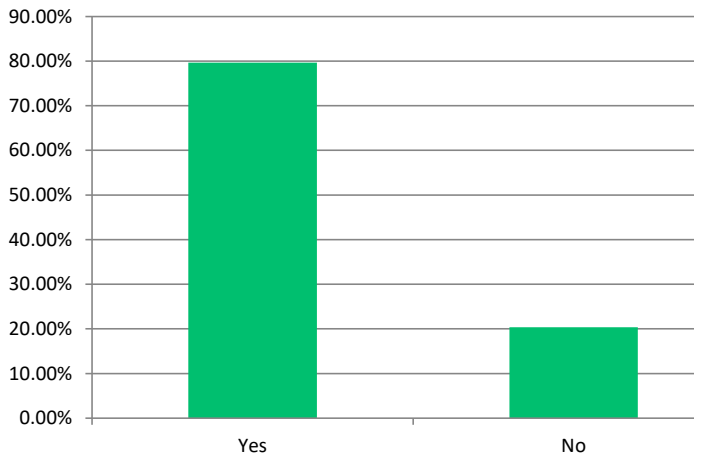
Row Housing



Larger home with four or more bedrooms

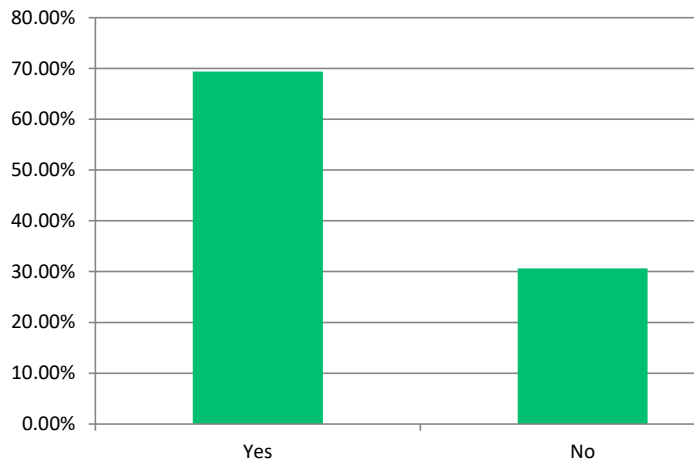


Apartment

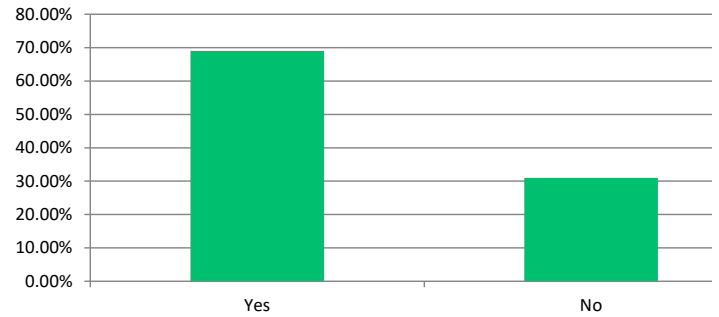


Do you believe each of these housing types would be successful if available in your community today?

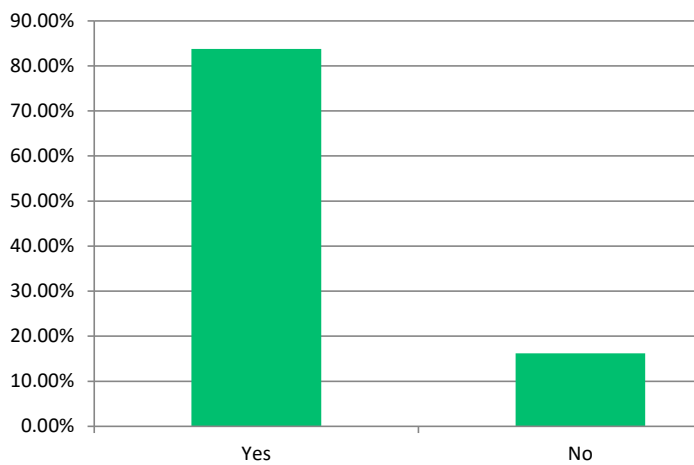
Downtown, upper-story residential



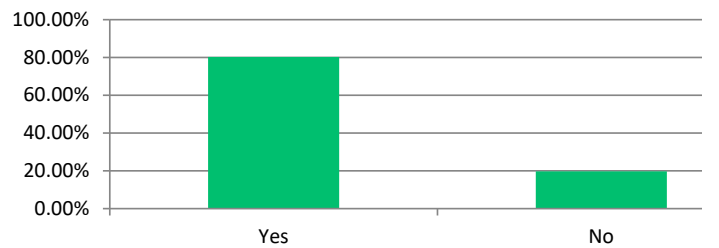
Would you support greater enforcement of property maintenance codes?



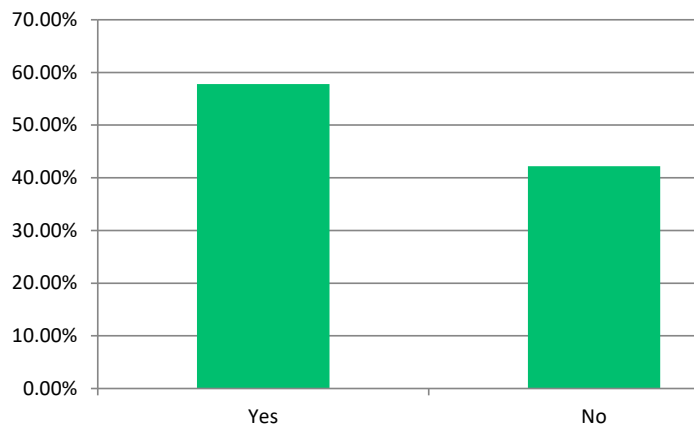
Independent - Senior Living Housing



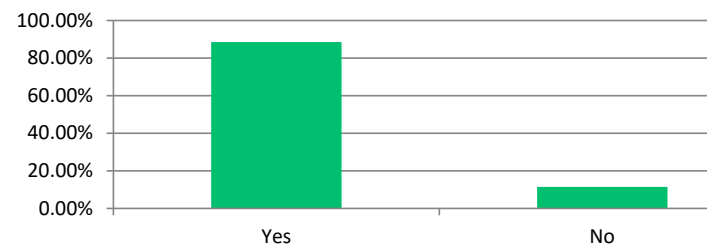
Would you support the use of public funding for housing rehabilitation or renovations?



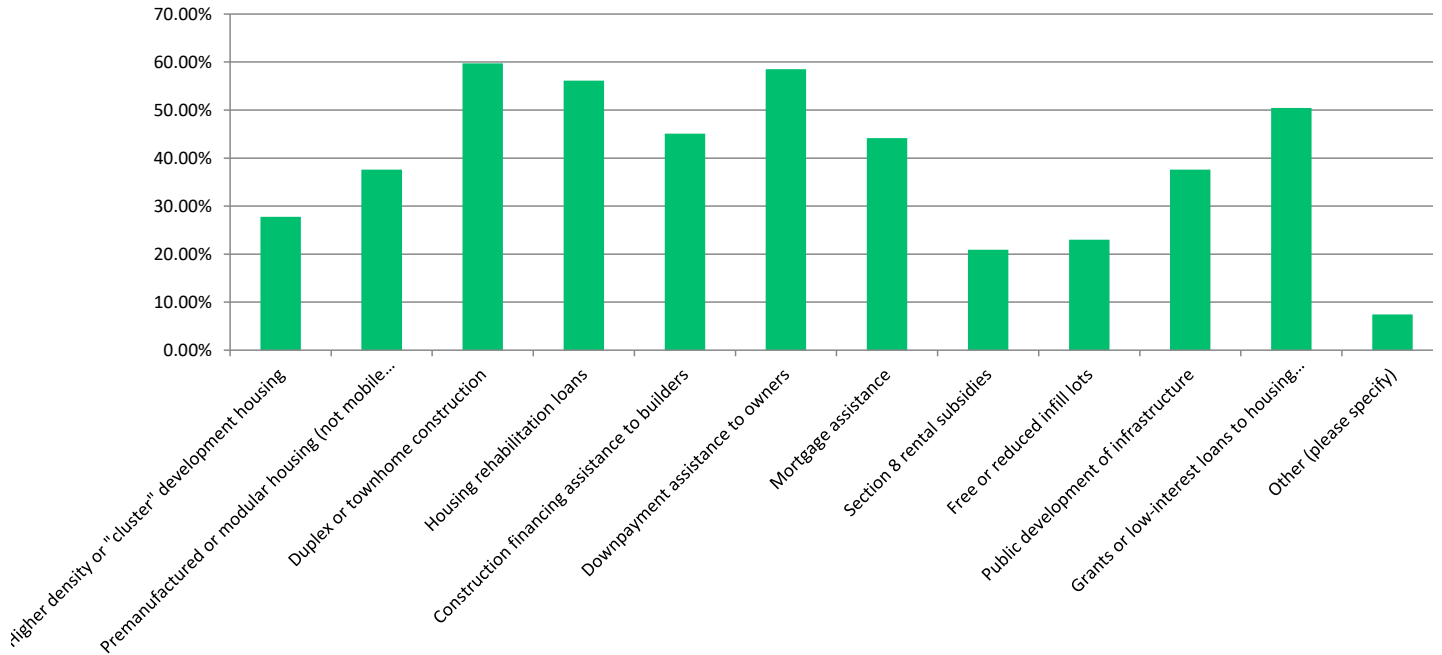
Accessory Dwelling Unit (ADU, also known as "granny flats")



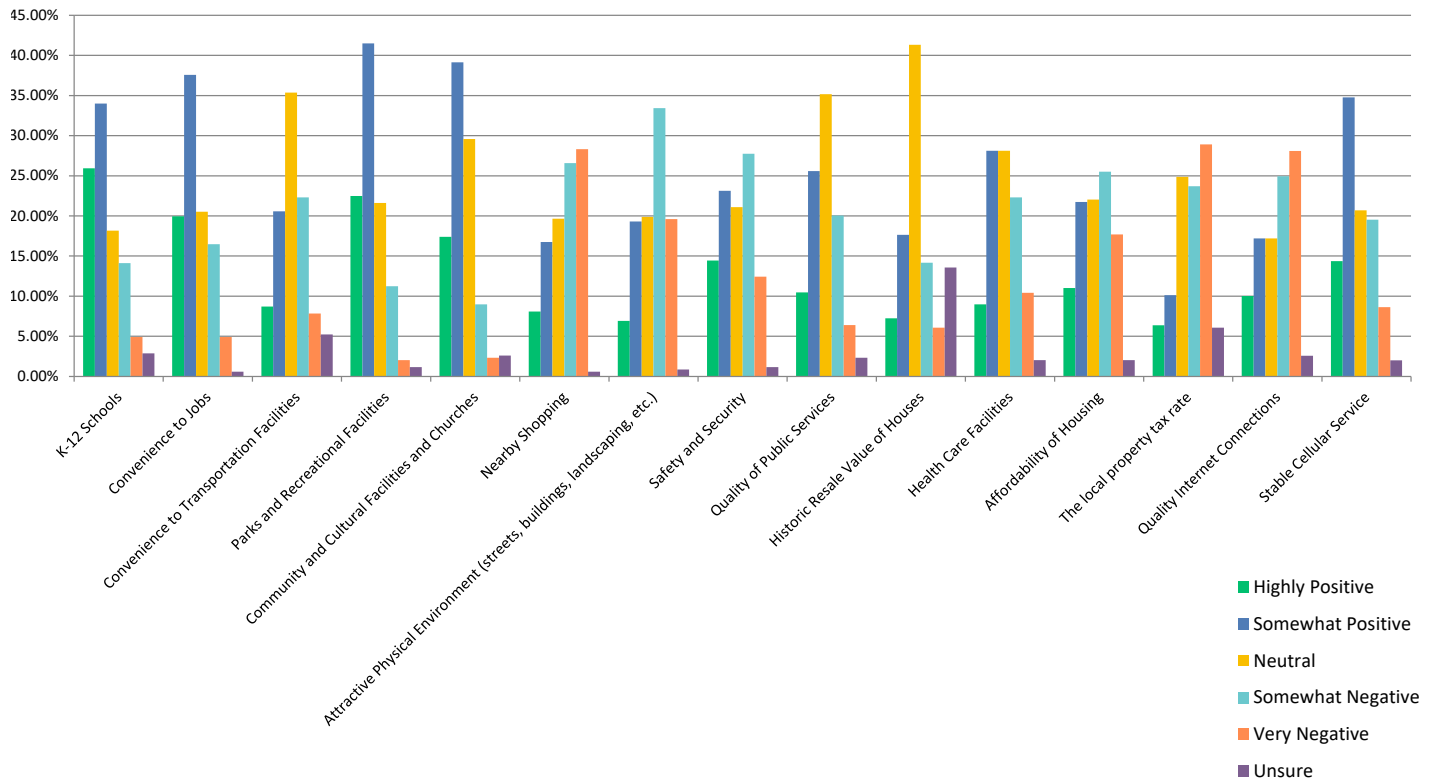
Would you support the use of public funding to remove dilapidated housing?



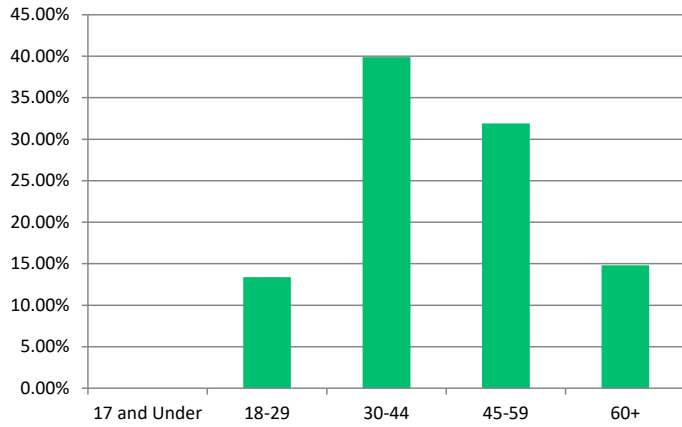
Which types of housing solutions would your support to reduce the cost of housing in your community? (select all that apply)



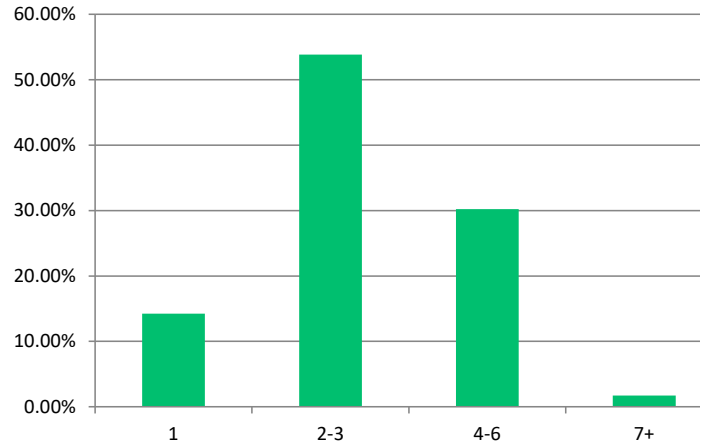
Thinking about the quality of life features that are currently in or near your community, how would you rate the impact of each one on the attractiveness of you community?



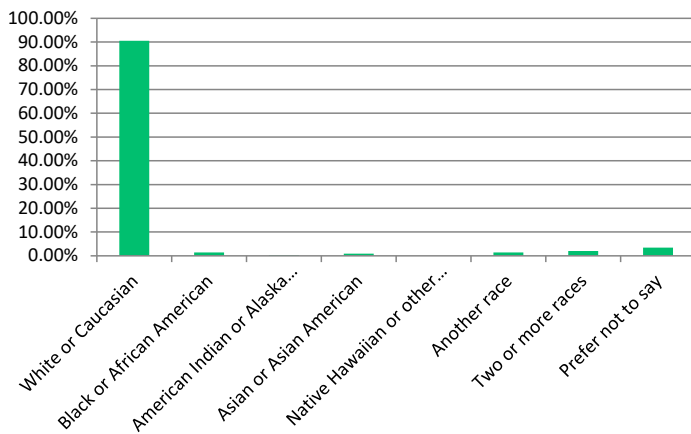
What is your age?



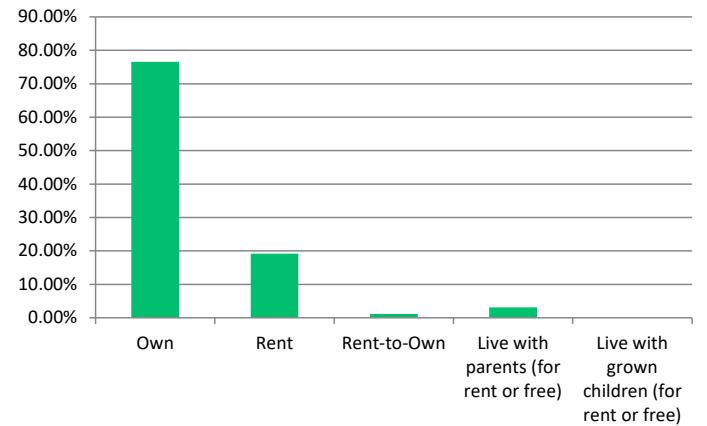
How many people live in your household?



What is your race?



Do you own or rent your home?



Are you Hispanic or Latino?

