



Comprehensive Housing Needs Analysis for Iowa Falls, IA

Prepared for:

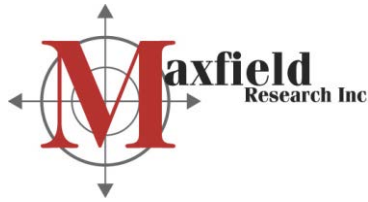
Iowa Falls Area Development Corporation
Iowa Falls, IA

October 2014



Maxfield
Research Inc.

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October 24, 2014

Ms. Cindy Litwiller
Executive Director
Iowa Falls Area Development Corporation
520 Rocksylvania Avenue
Iowa Falls, IA 50126

Dear Ms. Litwiller:

Attached is the *Comprehensive Housing Needs Analysis for Iowa Falls, Iowa* conducted by Maxfield Research Inc. The study projects housing demand from 2014 through 2020, and gives recommendations on the amount and type of housing that could be built in Iowa Falls to satisfy demand from current and future residents over the remainder of the decade.

The study identifies a potential demand for 325 housing units in Iowa Falls over the remainder of the decade (including a variety of housing options). Demand will be spread across all product types; including 64 for-sale units, 148 general-occupancy rental units, and 113 senior units. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink, appearing to read 'Brian M. Smith', is written over a light gray rectangular background.

Brian Smith
Senior Research Analyst

Attachment

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Overview

Maxfield Research Inc. was engaged by the City of Iowa Falls to prepare a Comprehensive Housing Needs Analysis for the City. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households residing in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions in the City; and, a senior housing supply and demand analysis. Detailed recommendations are provided for the housing types identified as being needed in Iowa Falls to 2020. An assessment of other challenges associated with housing development in the City is also provided.

Based on the demographic characteristics of the Iowa Falls Study Area there appears to be growing demand for a variety of housing products, including: rental housing targeting the young adult (25 to 34) age group as well as the empty nester population (55 to 74 age group); entry-level ownership housing for first-time home buyers (25 to 39); move-up housing for the 35 to 44 age group; and, senior housing.

In total, we find demand to support 212 general occupancy housing units between 2014 and 2020. Highest demand is expected in the rental housing category, representing roughly 70% of the total general occupancy housing demand, while ownership housing represents 30% of general occupancy housing demand.

There is demand for many types of housing in the area, most notably mid-level homes priced under \$150,000 to \$200,000. Housing demand appears to be highest for moderately-priced homes as half of the residential transactions in recent years were for homes priced between \$100,000 and \$200,000.

General occupancy rental housing vacancy rates are currently above market equilibrium (5.0% vacancy rate). As of October 2014, the vacancy rate for market rate rental properties in the Study Area was 2.7% while the affordable/tax credit vacancy rate was 0.0%. Today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Because of the age of the Iowa Falls rental housing inventory, most properties do not provide modern features and amenities. As such, it appears that many renters choose to reside in newer rental developments located in other communities, resulting in rental housing vacancy rates that are above equilibrium in Iowa Falls. We believe that the development of new general occupancy rental housing is needed to increase the variety of housing options in the community. Based on our analysis, we estimate that Iowa Falls can accommodate approximately 89 new market rate rental housing units, 37 shallow-subsidy units, and 22 deep-subsidy units through 2020.

We also found excess demand for a total of 113 senior housing units in 2020. Of these senior units, roughly 51% would be market rate housing and the remaining 49% would be shallow-subsidy or deep-subsidy units. We found demand for most senior housing product types over the next several years, and vacancy rates among the existing senior housing inventory is well-below equilibrium suggesting that there is pent-up demand for additional senior housing units in the Market Area. Based on current and projected excess demand potential, we expect that the market could support a new continuum of care senior housing development in Iowa Falls. Grand Jivante is currently planning a senior housing campus that would satisfy much of the demand for senior housing in Iowa Falls.

Demographic Analysis

- Iowa Falls population grew 1% between 2000 and 2010 to 5,238, while the number of households declined by -0.4%. As of 2010, the average household size in the City of Iowa Falls was 2.17, a slight decrease from 2.19 in 2000. This increase was due, in large part, to an increase in the number of older adult and senior households in Iowa Falls, as well as growth in the number of nonfamily roommate households. By 2020, Iowa Falls is projected to add 36 people (1%) and decrease by 3 households (-0.1%). The greatest growth is expected to occur among older adults in Iowa Falls. Aging of baby boomers led to a 22% increase in the 55 to 64 population between 2000 and 2010 in Iowa Falls. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years.
- Based on the median contract rent of \$446 for renter-occupied housing units in the City of Iowa Falls, a household would need to have an annual income of roughly \$17,840 or greater to not exceed 30% of its monthly income on rental housing costs. In 2014, 67% of all Study Area households are estimated to have incomes of at least \$21,000. In 2014, the median sale price for homes in Iowa City was \$75,500. A household would need to have a minimum annual income of roughly \$21,570 to be income-qualified for a home purchased at the median sale price. In 2014, roughly 67% of the households have incomes of \$21,570 or higher.
- In Iowa Falls, the percentage of renter households increased from 30.7% in 2000 to 32.5% in 2010, while the percentage of owner households declined from 69.3% to 67.5% over the decade. This was consistent with household tenure trends throughout Iowa and the United States.
- Shifting household types can drive demand for housing in a community. Married couple families with children typically generate demand for single-family detached ownership housing. Single-family detached housing demand in Iowa Falls is also likely being driven by other household types such as married couples without children and non-family households due to a limited supply of high-quality multifamily housing options. Other family households (typically single-parent households) often require affordable housing, and the

30% increase in other family households in Iowa Falls suggests a growing need for affordable housing options in the City. An increase in the percentage of nonfamily households indicates a shift in housing needs that favors rental development. The number of households with one resident increased 7% in over the decade.

Employment Trends

- Hardin County's labor force has declined slightly over the past decade, dropping from 9,552 in 2000 to 9,090 in 2010 and 8,798 in 2013 for an average annual growth rate of -0.5%. Resident employment has also declined at an average rate of -0.6% per year. Most major employers interviewed stated slight job increases over the past few with stable to minimal growth over the next few years.
- A household earning the average weekly wage in Hardin County (\$666 as of 2013) would be able to afford an apartment renting for approximately \$865 per month to not exceed 30% of its monthly income on housing costs. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage would be able to afford to purchase a home priced at approximately \$121,200 or lower to not be cost burdened (paying more than 30% of their income for housing).
- Iowa Falls is a strong importer of workers as a significantly higher number of nonresidents commute into the City for work. Roughly 2,236 workers come into the City for work (inflow) while 1,106 leave (outflow) and 1,032 both live and work in Iowa Falls. With over 2,200 workers commuting into Iowa Falls daily, many coming from over 25 miles or more (22% from greater than 50 miles), there appears to be an opportunity to provide housing options for a portion of these workers.
- Based on our interviews with many of the largest employers in Iowa Falls, there appears to be a short supply of suitable housing in, particularly apartments and mid-level housing. While many new hires initially want to live in Iowa Falls, they end up moving to a neighboring community because they are not able to find suitable housing in Iowa Falls.

Housing Characteristics

- Single-family (one-unit) detached units are the most common housing type in the Market Area, comprising 77% of the housing units in Iowa Falls. Structures with two to four units (duplexes, triplexes, and fourplexes) are the second most common housing structure, comprising 13% of all housing units in Iowa Falls.
- Housing production has been minimal in Iowa Falls since the 1970s with only 296 housing units were added (11% of the total). Residential building activity is currently average about 2 units per year in Iowa Falls.

- The median owner-occupied home value was \$88,900 in Iowa Falls. The largest proportion of owner-occupied housing units in Iowa Falls is estimated to be valued in the \$50,000 to \$99,999 range with 40% of all owner-occupied units in the City (595 units). The median contract rent in Iowa Falls was \$446.

For-Sale Market Analysis

- As of 2014, the median sale price in Iowa Falls was \$75,500. Residential sales activity reached a high point in 2010, with 124 total sales in Iowa Falls. Over the past five years (2009 through 2013), homes in Iowa Falls have been selling at average annual rate of 68 units per year. Multifamily homes comprise a relatively small proportion of the housing market in Iowa Falls.
- There appears to be a slight oversupply of lower-priced homes in Iowa Falls while mid-, and higher priced homes seem to be undersupplied. Lower-priced (below \$100,000) homes represent 61% of the homes listed for sale.
- There are only two subdivisions active in the Iowa Falls area and no new lots have been platted in nearly 15 years. Roughly 50% of these platted lots have been developed and 50% remain undeveloped (20 undeveloped lots). Most development is occurring on scattered lot sites.
- Based on interviews with Realtors and residential home builders active in Iowa Falls, there seems to be particularly strong demand for mid-level homes in the \$150,000 to \$200,000, however the supply is not meeting the demand and builders struggle to build homes within this price range due to high construction costs. Many families end up purchasing homes outside of Iowa Falls because of the housing stock and they can find the home they are looking for in nearby communities.
- We found demand for 51 single-family homes in the City between 2014 and 2020. We recommend that the majority of these homes be priced in the mid-level range (\$150,000 to \$200,000). We also found demand for 13 multifamily units. Because the multifamily target market will likely be first time homebuyers or older householders looking to downsize, we recommend that multifamily housing be evenly split between the modest (less than \$150,000) and move-up (\$150,000 to \$250,000) price ranges.

Rental Market Analysis

- Maxfield Research Inc. compiled detailed information for general occupancy apartment projects with six or more units in the Study Area, including eight market rate apartment properties and three affordable/subsidized communities in October 2014. These properties

represent a combined total of 181 units, including 107 market rate units, 32 affordable tax credit units, and 48 subsidized section 8 rural development units. At the time of our survey, five units were vacant, resulting in an overall vacancy rate of 2.7%. There were a total of five market rate vacancies, representing a 5.6% vacancy rate. However, property managers anticipated that all of these units would be filled quickly.

- Market rate rental rate across all general occupancy properties ranged from \$395 to \$800 per month. It appears that many of the market rate units have rental rates that fall below the affordable rent thresholds established by HUD and would be affordable to households earning less than 60% AMI.
- Iowa Falls rental housing market is aging, as the eight of the 11 buildings were opened prior to 1985 and there has not been a new project developed since 2000. The newest project (Pheasant Run) is a tax credit project that was developed in the 2000. Rock Run was the most recent large market rate development built in 1995. Because of the tight rental market, renters are renting in other communities to satisfy their rental needs. We believe that the development of new general occupancy rental housing is needed to increase the variety of housing options in the community.
- Based on our demand calculations, we estimate that Iowa Falls can accommodate approximately 89 new market rate rental housing units, 37 shallow-subsidy units, and 22 deep-subsidy units through 2020.

Senior Housing Market Analysis

- The greatest population growth is expected to occur among older adults in the Study Area. Aging of baby boomers led to an increase of 220 people (18%) in the 55 to 64 population between 2000 and 2010 in the Study Area. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years, particularly the 65 to 74 age group which is projected to grow 13% (154 people) in the Study Area between 2014 and 2020.
- Maxfield Research identified nine senior housing developments in the Primary Market Area. Combined, these projects contain a total of 181 senior housing units. Two of these projects with 47 units are deep-subsidy, while the remaining facilities are market rate. Of the 181 senior housing units, three are currently vacant, representing a 1.6% vacancy rate.
- There are a total of 77 active adult units (30 market rate and 47 subsidized units), two of which are vacant for a 2.5% vacancy rate. The equilibrium vacancy rate for active adult housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective residents. In effect, it appears there is pent up demand for additional senior housing some of which Grand Jivante will likely meet.

- Roughly 57% of the inventory consists of service-enhanced housing units, for a total of 104 units (43 congregate, 50 assisted living, and 11 memory care units). As of October 2014, there are only two vacant service-enhanced units (1.9% vacancy rate). A 93% occupancy rate is generally considered equilibrium in service-enhanced senior housing, so the current supply of units appears to be extremely tight. Again, the Grand JiVante development will absorb some of this pent-up demand.
- We found demand for most senior housing product types over the next several years, and vacancy rates among the existing senior housing inventory is well-below equilibrium suggesting that there is pent-up demand for additional senior housing units in the Study Area. Demand was projected for about 23 market rate active adult rental and seven owner-occupied units in Iowa Falls in 2020. We also estimate that there is demand for 54 affordable active adult units through 2020. In addition, we find demand for a total of 28 service-enhanced units in Iowa Falls through 2020 (13 congregate units, 7 assisted living units, and 8 memory care units). The demand calculations account for the planned Grand JiVante development that is poised to absorb the majority of senior demand through the decade.

Purpose and Scope of Study

Maxfield Research Inc. was engaged by the City of Iowa Falls to prepare a Comprehensive Housing Needs Analysis for the City. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households residing in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions in the City; and, a senior housing supply and demand analysis. Detailed recommendations are provided for the housing types identified as being needed in Iowa Falls to 2020. An assessment of other challenges associated with housing development in the City is provided.

The impetus for this study was driven by several factors, such as:

- A perceived shortage of quality housing options in the City which is potentially restricting population and household growth;
- Questions regarding demand for new rental housing in the City stemming from funding applications for several pending rental housing development projects; and,
- Potential challenges associated with developing the needed housing, including lot and land availability, as well as development costs.

Introduction

This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Iowa Falls, Iowa. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types, household tenure, employment growth trends and characteristics, age of housing stock, and recent residential building permit trends in Iowa Falls. A review of these characteristics will provide insight into the demand for various types of housing in the City.

Iowa Falls Study Area Definition

The draw area or “Study Area” for housing products in Iowa Falls was determined based on geographic and man-made boundaries, commuting patterns, community orientation, places of employment, and discussions with local officials. Based on these factors, we delineated a Study Area consisting of seven county subdivisions in Hardin County and Franklin County, Iowa. This Study Area approximates includes.

Hardin County

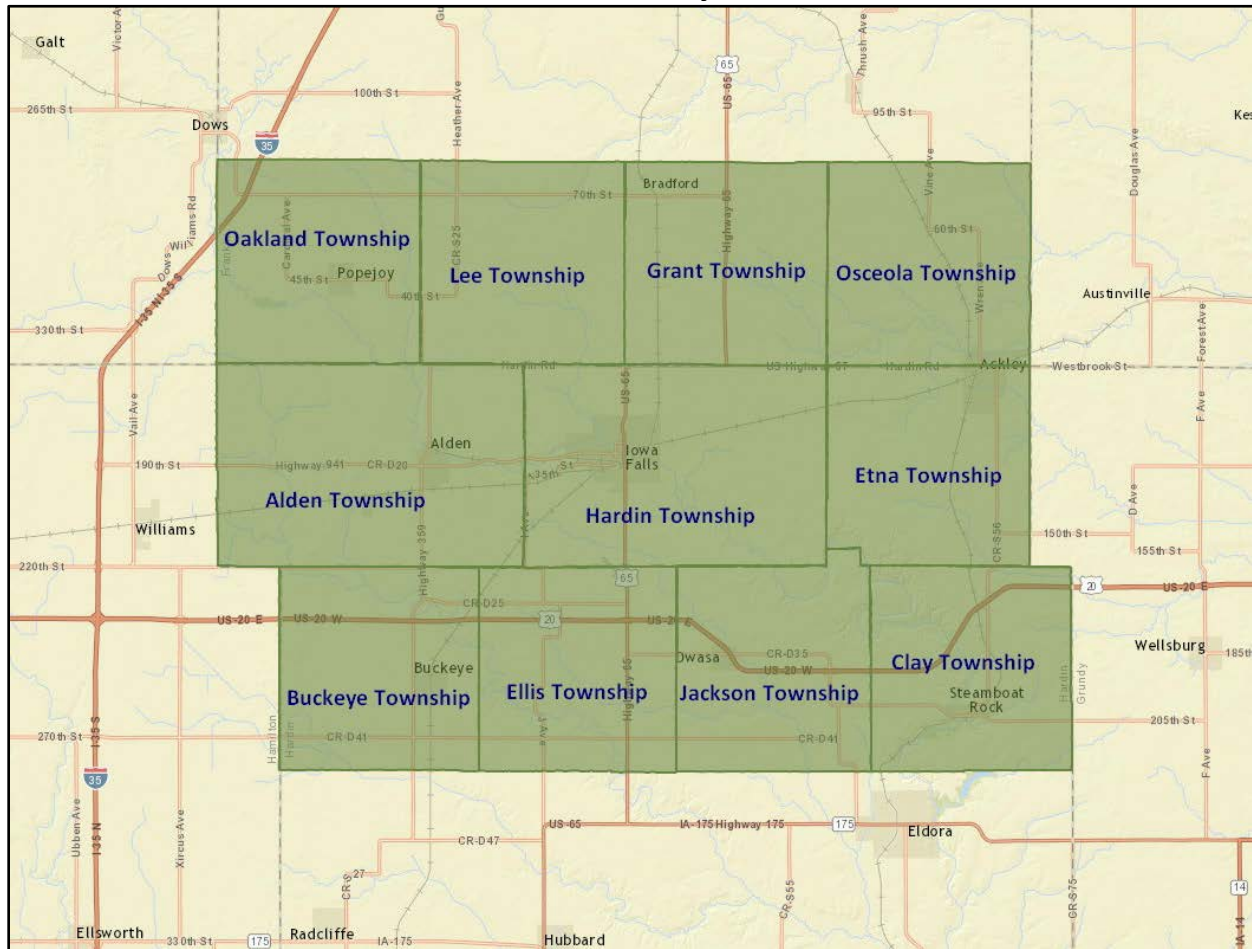
- City of Iowa Falls
- City of Ackley
- City of Alden
- Alden Township
- Buckeye Township
- Clay Township
- Ellis Township
- Etna Township
- Hardin Township
- Jackson Township

Franklin County

- Grant Township
- Lee Township
- Oakland Township
- Osceola Township

In some cases, additional demand for housing will come from individuals moving from just outside the area, those who return from other locations (particularly young households returning after pursuing their degrees or elderly returning from retirement locations), and seniors who move to be near the adult children living in Iowa Falls. Demand generated from within and outside of Iowa Falls is considered in the demand calculations presented later in this analysis.

Iowa Falls Study Area

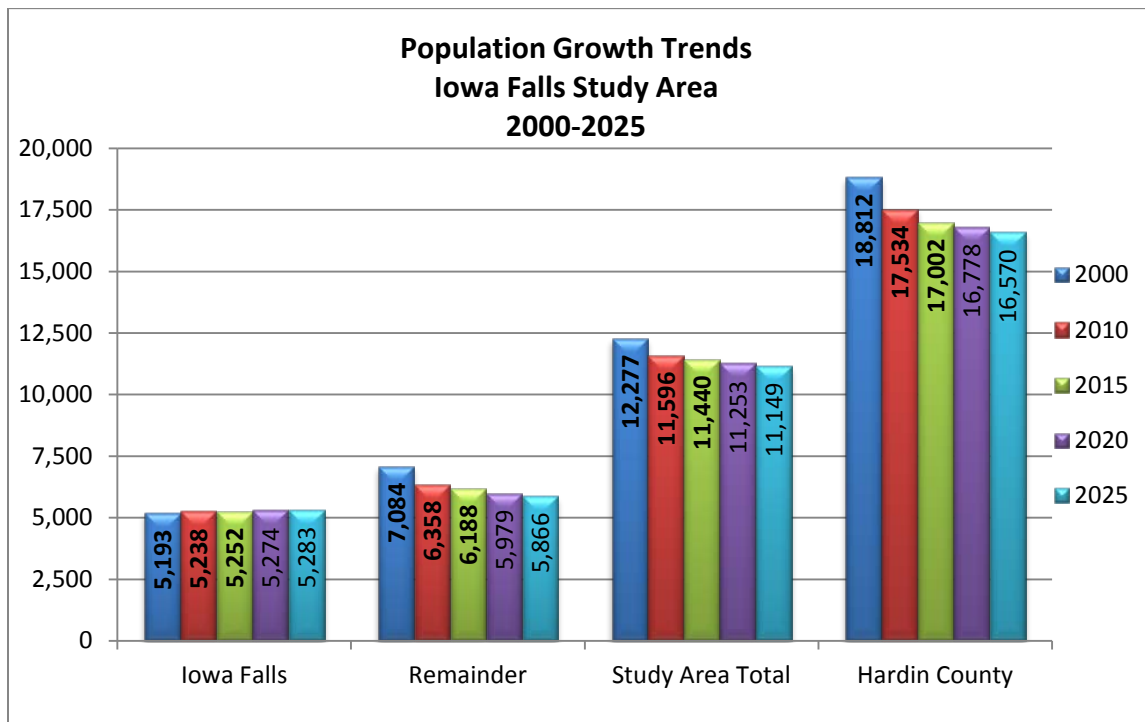


Population and Household Growth Trends and Projections 1990 to 2025

Table D-1 presents the population trends for the Iowa Falls Study Area in 1990, 2000, and 2010 with projections for 2015, 2020 and 2025. The 1990, 2000 and 2010 data is from the U.S. Census. The 2015, 2020 and 2025 projections were obtained from the State Data Center of Iowa with adjustments made by Maxfield Research, Inc. and based on local building trends and demographic projections by ESRI (a nationally recognized demographics firm).

Population

- As of 2010, the City of Iowa Falls contained a total of 5,238 people. Since 2000, the population increased in Iowa Falls by 45 people (0.9%). The Iowa Falls Study Area had a total population of 11,596, a decline of 681 people (-5.5%) from 2000. All of the population loss occurred in the Remainder of the Study Area.



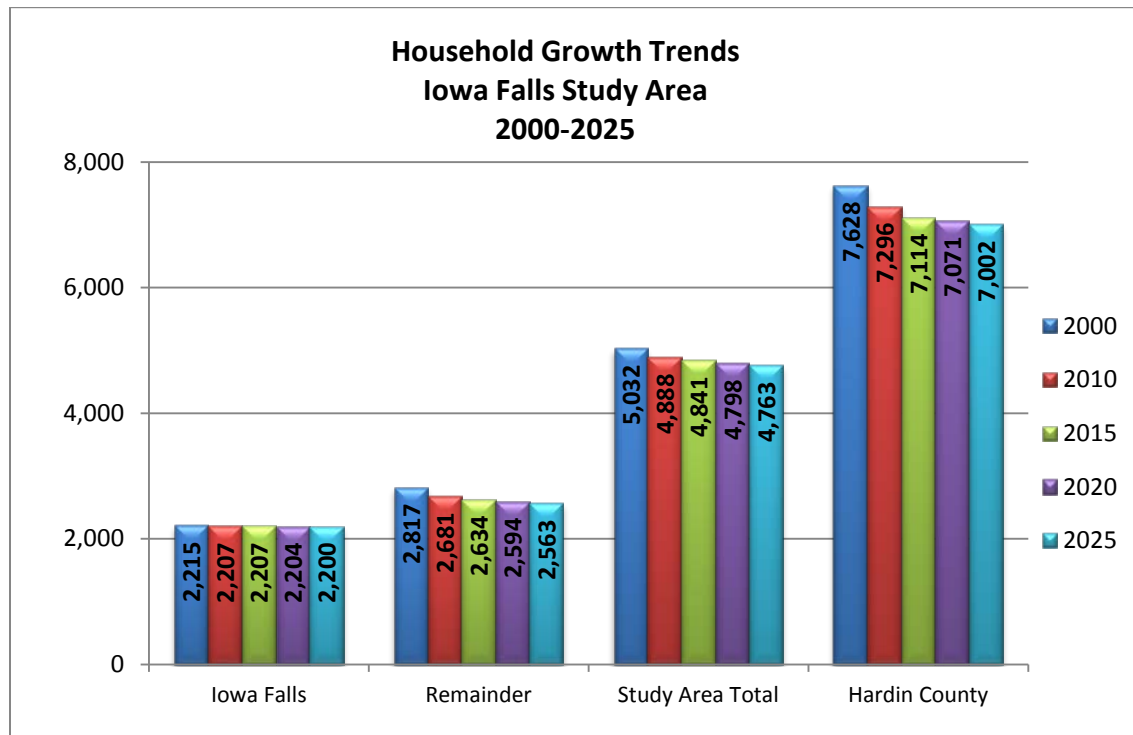
- Iowa Falls is projected to experience a slight increase in population during the next decade gaining roughly 36 people, an increase of 0.7%. The Iowa Falls Study Area is projected to decrease by 343 people (-3%)

Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However,

additional demand can result from changing demographics of the population base, which results in demand for different housing products.

- The City of Iowa Falls had a total of 2,207 households in 2010. The City experienced a decrease of only 9 households (-0.4%) since 2000. The Study Area as a whole declined by 144 households (-3%). Thus, the Remainder of the Study Area experienced the majority of the decline in households over the decade.



- Population growth rates barely outpaced Household growth in Iowa Falls. Iowa Falls's population increased by 1% compared to a -0.5% increase in households between 2000 and 2010.
- In the Study Area as a whole, the household growth rate outpaced the population rate, albeit both experienced declines over the decade. The slower decline in household is likely the result of fewer persons in each household, caused by demographic and social trends such as couples delaying marriage, an increasing senior base, and couples' decisions to have fewer children or no children at all.
- Iowa Falls is projected to experience slight population growth (36 people) and continue to lose minimal households (-3 households) from 2010 to 2020. The Study Area is projected to continue to lose both population and households.

**TABLE D-1
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
IOWA FALLS STUDY AREA
1990 - 2025**

						Change				
	Census		Projections			2000 - 2010			2010 - 2020	
	2000	2010	2015	2020	2025	No.	Pct.		No.	Pct.
Population										
Iowa Falls	5,193	5,238	5,252	5,274	5,283	45	0.9		36	0.7
Remainder of Study Area	7,084	6,358	6,188	5,979	5,866	-726	-10.2		-379	-6.0
Study Area Total	12,277	11,596	11,440	11,253	11,149	-681	-5.5		-343	-3.0
Hardin County Total	18,812	17,534	17,002	16,778	16,570	-1,278	-6.8		-756	-4.3
Households										
Iowa Falls	2,215	2,207	2,207	2,204	2,200	-8	-0.4		-3	-0.1
Remainder of Study Area	2,817	2,681	2,634	2,594	2,563	-136	-4.8		-87	-3.2
Study Area Total	5,032	4,888	4,841	4,798	4,763	-144	-2.9		-90	-1.8
Hardin County Total	7,628	7,296	7,114	7,071	7,002	-332	-4.4		-225	-3.1
Sources: U.S. Census; State Data Center of Iowa; Maxfield Research Inc.										

Household Size

Household size is calculated by dividing the number of persons in households by the number of households (or householders). Nationally, the average number of people per household has been declining for over a century; however, there have been sharp declines starting in the 1960s and 1970s. Persons per household in the U.S. were about 4.5 in 1916 and declined to 3.2 in the 1960s. Over the past 50 years, it dropped to 2.57 as of the 2000 Census. However, due to the economic recession this trend has been temporarily halted as renters and laid-off employees “doubled-up,” which increased the average U.S. household size to 2.59 as of the 2010 Census.

The declining household size has been caused by many factors, including: aging, higher divorce rates, cohabitation, smaller family sizes, demographic trends in marriage, etc. Most of these changes have resulted from shifts in societal values, the economy, and improvements in health care that have influenced how people organize their lives. Tables D-2 shows households by size and D-3 shows average household size in the Iowa Falls Study Area.

- Households with two people comprised the largest portion of household sizes in the Iowa Falls Study Area ranging at 38.5%. One person households comprised the second largest population at 31.6%. Roughly 70% of the Study Area’s households are one and two person households.
- In comparison, the City of Iowa Falls has a higher percentage of one person households at 37.1% and two person households at 34.6%.

TABLE D-2 HOUSEHOLDS BY SIZE IOWA FALLS STUDY AREA 2010						
Size	Iowa Falls		Remainder		Study Area Total	
	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	818	37.1%	728	27.2%	1,546	31.6%
2PP Household	764	34.6%	1,119	41.7%	1,883	38.5%
3PP Household	280	12.7%	345	12.9%	625	12.8%
4PP Household	194	8.8%	267	10.0%	461	9.4%
5PP Household	102	4.6%	149	5.6%	251	5.1%
6PP Household	39	1.8%	54	2.0%	93	1.9%
7PP+ Household	10	0.5%	19	0.7%	29	0.6%
Total	2,207	100%	2,681	100%	4,888	100%
Sources: U.S. Census Bureau; Maxfield Research Inc.						

- In 2010, the average household size in the Study Area was 2.28 a decline from 2.35 in 2000. In the City of Iowa Falls, the average household size declined slightly from 2.19 to 2.17. As the population ages, especially in more rural communities such as Iowa Falls the sizes are likely to continue to decline

TABLE D-3 AVERAGE HOUSEHOLD SIZE IOWA FALLS STUDY AREA 1990-2010		
	Census	
	2000	2010
Iowa Falls	2.19	2.17
Study Area Total	2.45	2.27
Hardin County Total	2.35	2.28
Sources: U.S. Census, Maxfield Research Inc.		

Age Distribution Trends

Table D-4 shows the distribution of persons within eight age cohorts for the Iowa Falls Study Area in 2000 and 2010 with estimates for 2014 and projections for 2019. The 2000 and 2010 age distribution is from the U.S. Census Bureau. Maxfield Research Inc. derived the 2014 estimates and 2019 projections by adjustments made to data obtained from ESRI.

- In 2010, the largest adult cohort in the Study Area was 45 to 54, totaling 1,714 people (15% of the total population). Mirroring trends observed across the Nation, the aging baby boomer generation is substantially impacting the composition of the Study Area's population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64 in 2010. As of 2010, baby boomers accounted for 27% of the Study Area's population and 24% in the City of Iowa Falls.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.
- The Under 18 age group was the largest cohort in the Study Area in 2010 with 2,534 people (22%). However declining, this age group is projected to remain the largest in Iowa Falls

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through 2019, comprising approximately 23% in 2014 and 22% in 2019. The 45 to 54 age group was the second largest adult cohort with 1,714 people (15%), followed by the 55 to 64 age cohort with 1,453 people (12.5%) and the 75+ age group with 1,328 people (11%).

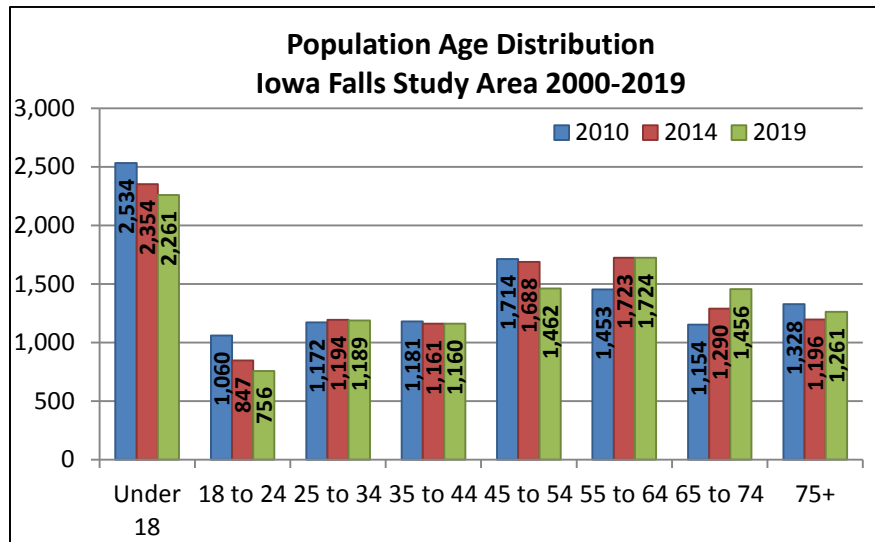
**TABLE D-4
POPULATION AGE DISTRIBUTION
IOWA FALLS STUDY AREA
2000 to 2020**

	Number of People				Change			
	U.S. Census		ESRI		U.S. Census		ESRI	
	2000	2010	2014	2020	2000-2010		2014-2020	
Iowa Falls	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Under 18	1,054	1,109	1,111	1,097	55	5.2%	-14	-1.3%
18 to 24	675	665	643	640	-10	-1.5%	-3	-0.5%
25 to 34	504	551	568	570	47	9.3%	2	0.4%
35 to 44	647	504	499	506	-143	-22.1%	7	1.5%
45 to 54	638	656	601	526	18	2.8%	-76	-12.6%
55 to 64	477	580	656	679	103	21.6%	23	3.5%
65 to 74	502	475	505	569	-27	-5.4%	64	12.8%
75+	696	698	639	686	2	0.3%	47	7.4%
Total	5,193	5,238	5,223	5,274	45	0.9%	51	1.0%
Reaminder of Study Area	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Under 18	1,811	1,425	1,242	1,161	-386	-21.3%	-82	-6.6%
18 to 24	482	395	204	115	-87	-18.0%	-89	-43.5%
25 to 34	683	621	626	617	-62	-9.1%	-9	-1.5%
35 to 44	1,129	677	663	652	-452	-40.0%	-10	-1.5%
45 to 54	922	1,058	1,087	934	136	14.8%	-153	-14.1%
55 to 64	756	873	1,067	1,043	117	15.5%	-24	-2.3%
65 to 74	640	679	786	885	39	6.1%	100	12.7%
75+	661	630	557	573	-31	-4.7%	16	2.8%
Total	7,084	6,358	6,231	5,979	-726	-10.2%	-252	-4.0%
Study Area Total	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Under 18	2,865	2,534	2,354	2,258	-331	-11.6%	-96	-4.1%
18 to 24	1,157	1,060	847	755	-97	-8.4%	-92	-10.9%
25 to 34	1,187	1,172	1,194	1,187	-15	-1.3%	-7	-0.6%
35 to 44	1,776	1,181	1,161	1,158	-595	-33.5%	-3	-0.3%
45 to 54	1,560	1,714	1,688	1,460	154	9.9%	-229	-13.5%
55 to 64	1,233	1,453	1,723	1,722	220	17.8%	-1	-0.1%
65 to 74	1,142	1,154	1,290	1,454	12	1.1%	164	12.7%
75+	1,357	1,328	1,196	1,259	-29	-2.1%	63	5.3%
Total	12,277	11,596	11,454	11,253	-681	-5.5%	-201	-1.8%

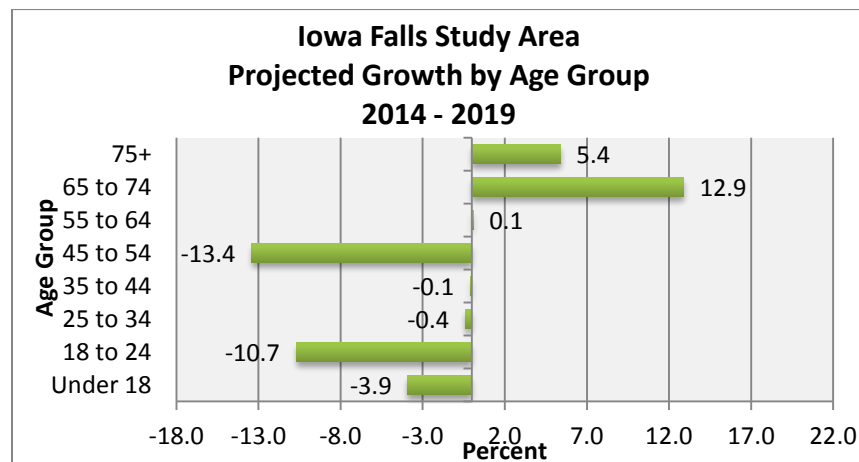
Source: U.S. Census Bureau; ESRI; Maxfield Research Inc.

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- The Study Area's population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, decreased by -8% between 2000 and 2010, and is projected to decline (-11%) between 2014 and 2019.
- The 45 to 54 age cohort is projected to experience the largest percent decline between 2014 and 2019, declining by 13.5% (-153 people), followed by the 18 to 24 age cohort with a decline of 11% (-92 people).



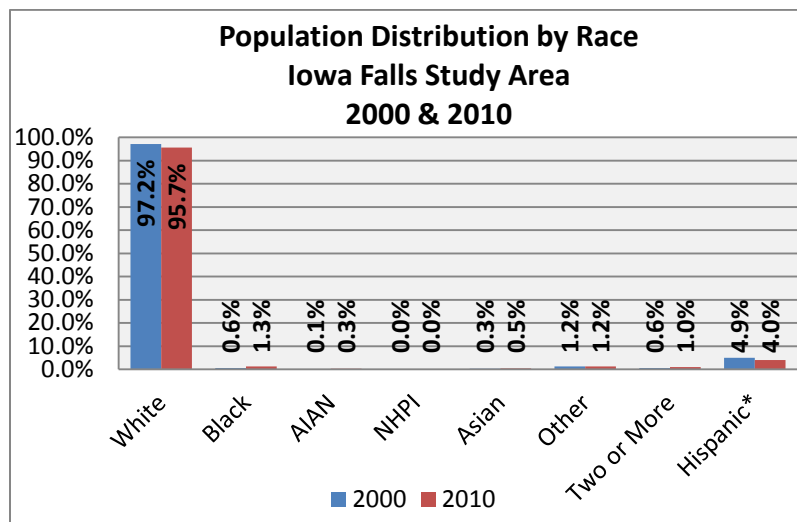
- The 65 to 74 age cohort is projected to have the greatest percentage growth increasing by 164 people (13%) from 2014 to 2019, followed by the 75+ age cohort (5%). This shows that the Study Area is aging and most household growth is occurring in this group. All other age groups in the Study Area are projected to be roughly stagnant or decline.



Race of Population

The race of the population illustrates the diversity for the Iowa Falls Study Area. Data for 2000 and 2010 was obtained from the U.S. Census. Table D-5 on the following page presents race data in 2000 and 2010.

- In 2010, “Whites” comprised the largest proportion of the population in the Study Area at 95.7% and 94.0% in the City of Iowa Falls.
- While “Whites” has remained the largest race category in 2010, it represented a smaller proportion of total population decreasing from 97.2% in 2000 to 95.7% in 2010. “Whites” experienced a decline in population in the Study Area losing 837 people, a decrease of 7%. “Some Other Race” also decline slightly from 151 in 2000 to 142 in 2010.
- All other races experienced remained stable or increased in population over the decade. “Black or African American” experienced the largest percentage growth between 2000 and 2010, increasing from 75 to 152 people, an increase of 103%. “Asians” and “Two or More Races Alone” increased as well between 2000 and 2010 by 70% and 39.5%, respectively.



Household Income by Age of Householder

The estimated distribution of household incomes in the Study Area and the City of Iowa Fall for 2014 and 2020 are shown in Tables D-6 and D-7. The data was estimated by Maxfield Research Inc. based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

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**TABLE D-5
POPULATION DISTRIBUTION BY RACE
IOWA FALLS STUDY AREA
2000 & 2010**

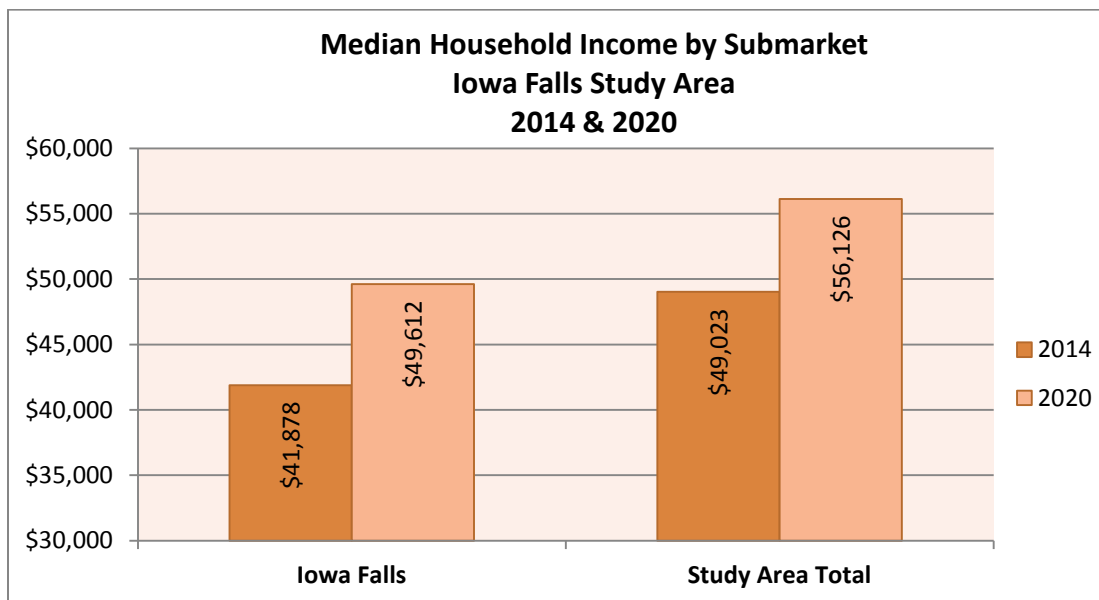
	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic*	
Submarket	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Number																
Iowa Falls	5,055	4,924	63	142	8	21	0	0	17	39	22	53	28	59	108	204
Remainder of SA	6,877	6,171	12	10	6	10	1	1	16	17	129	89	43	60	498	262
Study Area Total	11,932	11,095	75	152	14	31	1	1	33	56	151	142	71	119	606	466
Percentage																
Iowa Falls	97.3%	94.0%	1.2%	2.7%	0.2%	0.4%	0.0%	0.0%	0.3%	0.7%	0.4%	1.0%	0.5%	1.1%	2.1%	3.9%
Remainder of SA	97.1%	97.1%	0.2%	0.2%	0.1%	0.2%	0.0%	0.0%	0.2%	0.3%	1.8%	1.4%	0.6%	0.9%	7.0%	4.1%
Study Area Total	97.2%	95.7%	0.6%	1.3%	0.1%	0.3%	0.0%	0.0%	0.3%	0.5%	1.2%	1.2%	0.6%	1.0%	4.9%	4.0%
*The Hispanic population is not designated as its own separate race in the Census. The Hispanic designation can be included in any of the other categories. Thus, Hispanic total are based on the entire population.																
Sources: U.S. Census Bureau; Maxfield Research Inc.																

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The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with an income of \$50,000 per year would be able to afford a monthly housing cost of about \$1,250. Maxfield Research Inc. utilizes a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$50,000 income would translate to an affordable single-family home of \$150,000 to \$175,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home.

- In 2014, the median household income in Iowa Falls was estimated to be \$41,878 and is projected to climb nearly 19% to \$49,612 by 2020. The Study Area had median household incomes \$49,023 in 2014 (17% higher the City of Iowa Falls).
- As households age through the lifecycle, their household incomes tend to peak in their late 40s and early 50s which explains why most upscale housing is targeted to persons in this age group. This trend is apparent in the Study Area as households in the 45 to 54 age group have a median household income of \$62,797 in 2014. A household with this income could afford a monthly housing cost of about \$1,570 based on an allocation of 30% of income toward housing.



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TABLE D-6
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
IOWA FALLS
2014 & 2019

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
2014								
Less than \$15K	334	45	37	20	47	71	36	78
\$15K to \$24.9K	321	20	37	17	14	38	59	135
\$25K to \$34.9K	269	10	29	25	24	38	51	91
\$35K to \$49.9K	340	20	53	45	43	55	65	57
\$50K to \$74.9K	372	13	66	63	71	85	57	16
\$75K to \$99.9K	259	5	36	54	60	56	28	18
\$100K to \$149.9K	217	0	35	42	56	47	20	15
\$150K to \$199.9K	72	2	6	8	26	13	8	8
\$200K+	23	1	3	4	6	1	5	3
Total	2,207	114	295	268	316	391	318	410
Median Income	\$41,878	\$20,497	\$48,098	\$60,029	\$63,693	\$50,000	\$39,137	\$24,755
2020								
Less than \$15K	313	41	32	18	34	63	40	85
\$15K to \$24.9K	249	16	29	15	9	27	40	112
\$25K to \$34.9K	229	8	25	19	17	31	47	81
\$35K to \$49.9K	316	16	49	38	28	51	68	66
\$50K to \$74.9K	333	14	63	51	49	73	64	19
\$75K to \$99.9K	338	6	44	68	65	76	48	31
\$100K to \$149.9K	274	0	42	53	56	64	32	27
\$150K to \$199.9K	123	4	12	12	37	24	15	18
\$200K+	29	1	6	4	6	1	7	4
Total	2,204	102	284	262	258	386	338	422
Median Income	\$49,612	\$22,068	\$54,267	\$73,594	\$78,672	\$58,968	\$46,047	\$27,397
Change 2014 - 2020								
Less than \$15K	-22	-5	-5	-2	-14	-8	3	8
\$15K to \$24.9K	-73	-4	-8	-2	-5	-11	-20	-23
\$25K to \$34.9K	-40	-2	-4	-6	-7	-7	-5	-9
\$35K to \$49.9K	-25	-4	-5	-8	-15	-5	3	9
\$50K to \$74.9K	-39	1	-4	-13	-22	-12	7	3
\$75K to \$99.9K	79	1	7	14	5	20	20	13
\$100K to \$149.9K	58	0	6	10	-1	17	12	12
\$150K to \$199.9K	51	2	6	4	10	11	7	10
\$200K+	6	0	3	0	0	0	2	1
Total	-3	-10	-2	-2	-48	6	29	24

Sources: ESRI; US Census Bureau; Maxfield Research Inc.

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TABLE D-7
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
IOWA FALLS STUDY AREA
2014 & 2020

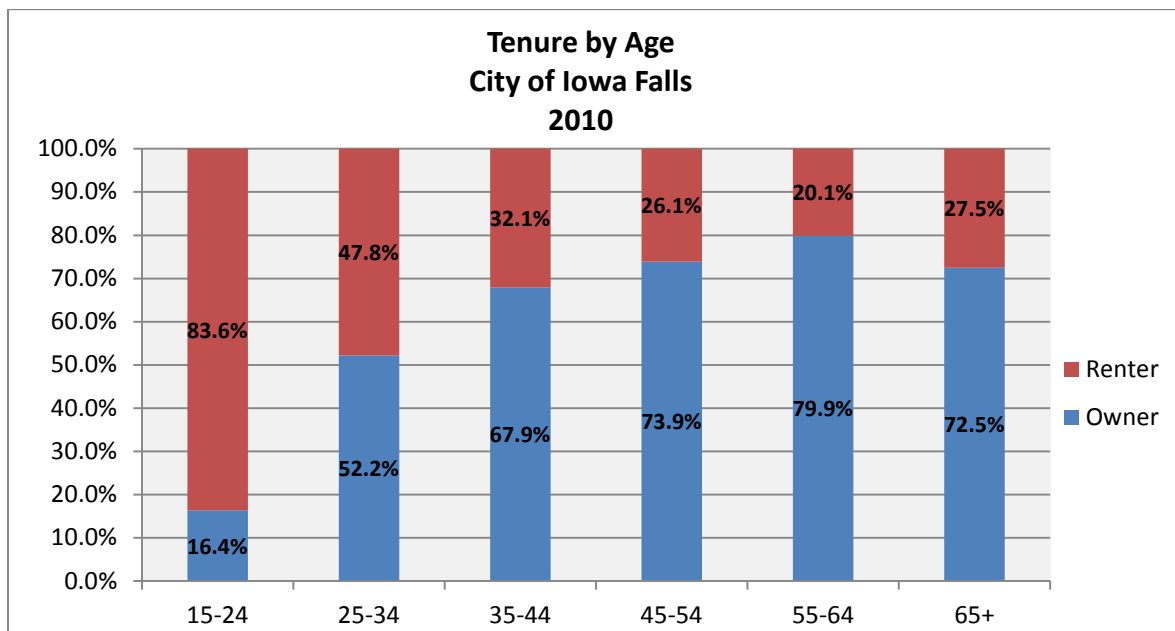
	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65-74	75+
2014								
Less than \$15K	651	67	69	52	93	129	75	167
\$15K to \$24.9K	554	28	56	38	31	68	93	240
\$25K to \$34.9K	569	18	52	46	59	75	123	197
\$35K to \$49.9K	692	34	94	87	100	137	146	96
\$50K to \$74.9K	1,032	32	166	157	225	239	166	47
\$75K to \$99.9K	659	12	94	126	152	165	71	40
\$100K to \$149.9K	464	2	72	102	118	95	39	37
\$150K to \$199.9K	141	5	17	13	38	27	21	20
\$200K+	103	4	15	7	31	18	17	11
Total	4,863	193	602	607	777	907	711	823
Median Income	\$49,023	\$27,779	\$54,764	\$61,708	\$62,797	\$54,878	\$42,307	\$25,672
2020								
Less than \$15K	591	56	56	42	66	111	79	179
\$15K to \$24.9K	417	21	42	30	17	44	74	189
\$25K to \$34.9K	461	13	39	33	35	55	107	178
\$35K to \$49.9K	633	27	85	72	66	119	151	113
\$50K to \$74.9K	894	33	144	129	158	200	178	52
\$75K to \$99.9K	853	14	119	157	164	217	115	67
\$100K to \$149.9K	586	2	85	128	122	123	64	61
\$150K to \$199.9K	231	9	30	18	51	47	36	39
\$200K+	133	4	24	8	34	22	26	17
Total	4,798	165	571	591	628	870	769	841
Median Income	\$56,126	\$34,047	\$62,899	\$75,245	\$76,471	\$65,156	\$50,391	\$28,579
Change 2014 - 2020								
Less than \$15K	-60	-11	-13	-9	-27	-17	4	13
\$15K to \$24.9K	-137	-7	-13	-8	-14	-23	-19	-51
\$25K to \$34.9K	-107	-5	-12	-13	-23	-20	-15	-18
\$35K to \$49.9K	-60	-7	-9	-15	-34	-17	5	18
\$50K to \$74.9K	-138	1	-22	-28	-68	-39	13	5
\$75K to \$99.9K	194	2	25	31	12	52	45	27
\$100K to \$149.9K	122	-0	13	26	5	28	25	24
\$150K to \$199.9K	90	4	13	5	13	20	16	19
\$200K+	30	-0	9	1	3	4	9	6
Total	-65	-24	-10	-10	-133	-12	82	43

Sources: ESRI; US Census Bureau; Maxfield Research Inc.

Tenure by Age of Householder

Table D-8 shows 2000 and 2010 tenure data for the Iowa Falls Study Area from the U.S. Census Bureau. Table D-9 shows the number of owner and renter households by age group in 2000 and 2010. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle.

- In 2000, 74% of all households in the Study Area owned their housing. By 2010, that percentage increased slightly to 75%. In 2010, the City of Iowa Falls had a homeownership rate at 67.5%, a decrease from 69% in 2000. Population centers such as Iowa Falls have a typically have a lower percentage of homeowners as they tend to have a higher concentration of rental housing options than their more rural counterparts.
- As households progress through their life cycle, housing needs change. Typically, the proportion of renter households decreases as households age out of their young-adult years. This pattern is apparent in the Iowa Falls Study Area as 69.5% of households age 15 to 24, 44% of age 25 to 34 households, and 24% of age 35 to 44 householders rented their housing in 2010.
- Rental households increased in the City of Iowa Falls by 5% while the Remainder of the Study Area decreased by 24%, or 122 households. Both Iowa Falls and the Remainder experienced a loss of owner occupied households over the decade with the Study Area losing 58 households, or -1.5%.



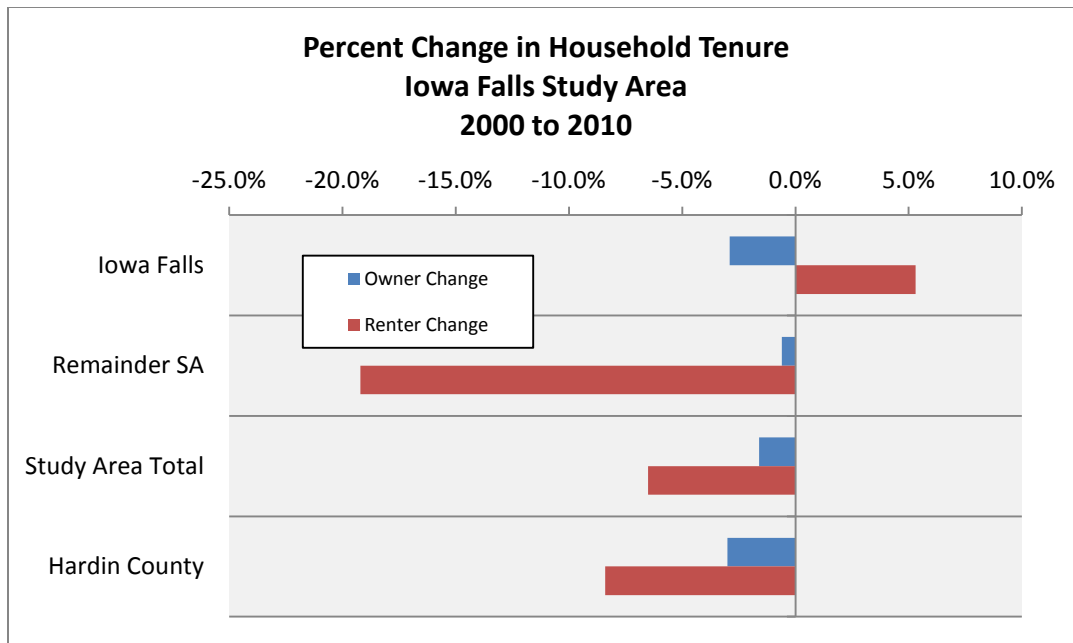
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TABLE D-8 HOUSEHOLD TENURE IOWA FALLS STUDY AREA 2000 and 2010										
	2000					2010				
	Owner	Pct.	Renter	Pct.	Total	Owner	Pct.	Renter	Pct.	Total
Iowa Falls	1,534	69.3	681	30.7	2,215	1,490	67.5	717	32.5	2,207
Remainder of SA	2,182	77.5	635	22.5	2,817	2,168	80.9	513	19.1	2,681
SA TOTAL	3,716	73.8	1,316	26.2	5,032	3,658	74.8	1,230	25.2	4,888
Hardin County	5,688	74.6	1,940	25.4	7,628	5,518	75.6	1,778	24.4	7,296

Sources: U.S. Census; Maxfield Research, Inc.

TABLE D-9 TENURE BY AGE OF HOUSEHOLDER IOWA FALLS STUDY AREA 2010									
Age		Iowa Falls		Remainder of SA		SA Total		Hardin County	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	20	16.4	45	49.5	65	30.5	98	32.7
	Rent	102	83.6	46	50.5	148	69.5	202	67.3
	Total	122	100.0	91	100.0	213	100.0	300	100.0
25-34	Own	156	52.2	186	60.6	342	56.4	492	56.9
	Rent	143	47.8	121	39.4	264	43.6	372	43.1
	Total	299	100.0	307	100.0	606	100.0	864	100.0
35-44	Own	190	67.9	301	81.8	491	75.8	742	73.3
	Rent	90	32.1	67	18.2	157	24.2	270	26.7
	Total	280	100.0	368	100.0	648	100.0	1,012	100.0
45-54	Own	286	73.9	471	82.8	757	79.2	1,161	81.2
	Rent	101	26.1	98	17.2	199	20.8	269	18.8
	Total	387	100.0	569	100.0	956	100.0	1,430	100.0
55-64	Own	290	79.9	436	86.2	726	83.5	1,130	84.4
	Rent	73	20.1	70	13.8	143	16.5	209	15.6
	Total	363	100.0	506	100.0	869	100.0	1,339	100.0
65 +	Own	548	72.5	729	86.8	1,277	80.0	1,895	80.6
	Rent	208	27.5	111	13.2	319	20.0	456	19.4
	Total	756	100.0	840	100.0	1,596	100.0	2,351	100.0
TOTAL	Own	1,490	67.5	2,168	80.9	3,658	74.8	5,518	75.6
	Rent	717	32.5	513	19.1	1,230	25.2	1,778	24.4
	Total	2,207	100.0	2,681	100.0	4,888	100.0	7,296	100.0

Sources: U.S. Census Bureau; Maxfield Research Inc.



Household Type

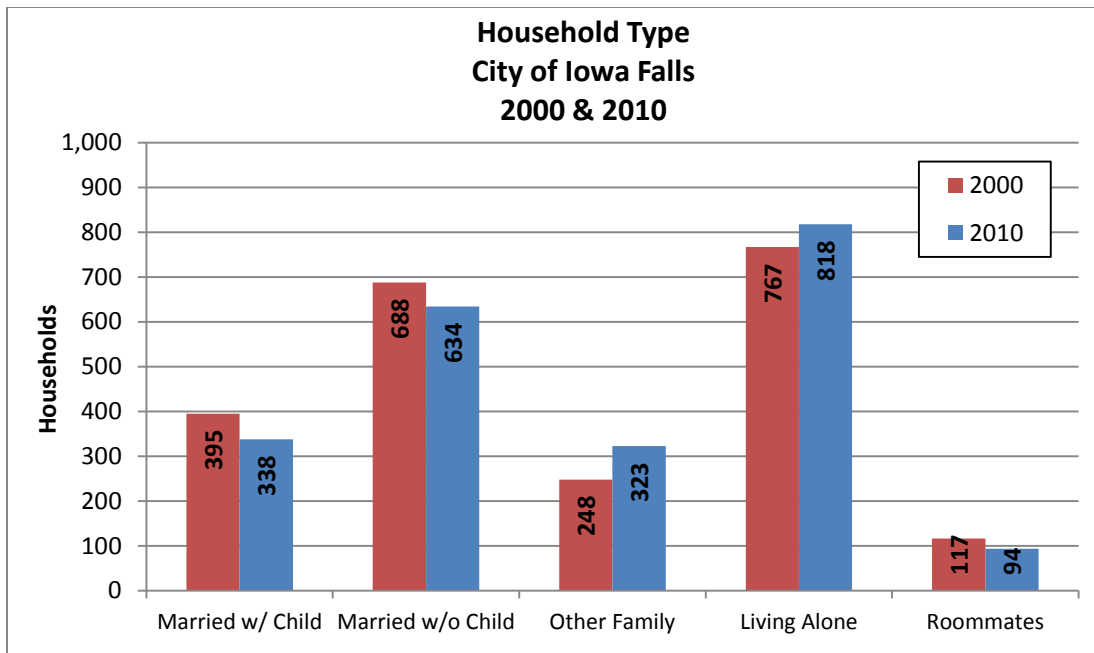
Table D-10 shows a breakdown of the type of households present in the Iowa Falls Study Area in 2000 and 2010. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred. The following key points are summarized from Table D-10.

- Family households were the most common type of household in the Study Area, representing approximately 64% (59% of Iowa Falls) of all households in 2010, respectively. Married couples without children comprised 34% (29% in Iowa Falls) of all households in 2010. Married couple families with children comprised 17.5% (15% in Iowa Falls) of all the Iowa Falls households in 2010.
- Married couple families without children are generally made up of younger couples that have not had children and older couples with adult children that have moved out of the home. There is also a growing national trend toward married couples choosing to delay childbirth, delaying children, or choosing not to have children entirely as birthrates have noticeably decreased. Older couples with adult children often desire multifamily housing options for convenience reasons but older couples in rural areas typically hold onto their single-family homes until they need services. Married couple families with children typically generate demand for single-family detached ownership housing. Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing.

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TABLE 10
HOUSEHOLD TYPE
IOWA FALLS STUDY AREA
2000 & 2010

Households	Total HH's		Family Households						Non-Family Households			
			Married w/ Child		Married w/o Child		Other *		Living Alone		Roommates **	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Study Area Total	5,032	4,888	1,149	855	1,696	1,693	486	574	1,491	1,546	210	220
Iowa Falls	2,215	2,207	395	338	688	634	248	323	767	818	117	94
Remaider	2,817	2,681	754	517	1,008	1,059	238	251	724	728	93	126
State of Iowa	1,149,276	1,221,576	282,572	244,753	350,682	380,420	136,430	164,861	313,083	347,479	66,509	84,063
Percent												
Study Area Total	100.0	100.0	22.8	17.5	33.7	34.6	9.7	11.7	29.6	31.6	4.2	4.5
Iowa Falls	100.0	100.0	17.8	15.3	31.1	28.7	11.2	14.6	34.6	37.1	5.3	4.3
Remaider	100.0	100.0	26.8	19.3	35.8	39.5	8.4	9.4	25.7	27.2	3.3	4.7
State of Iowa	100.0	100.0	24.6	20.0	30.5	31.1	11.9	13.5	27.2	28.4	5.8	6.9
Change 2000-2010												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Study Area Total	-144	-2.9%	-294	-25.6%	-3	-0.2%	88	18.1%	55	3.7%	10	4.5%
Iowa Falls	-8	-0.4%	-57	-14.4%	-54	-7.8%	75	30.2%	51	6.6%	-23	-19.7%
Remaider	-136	-4.8%	-237	-31.4%	51	5.1%	13	5.5%	4	0.6%	33	35.5%
State of Iowa	72,300	6.3%	-37,819	-13.4%	29,738	8.5%	28,431	20.8%	34,396	11.0%	17,554	20.9%
* Single-parents with children												
** Includes unmarried couples without children and group quarters												
Sources: U. S. Census; ESRI, Inc.; Maxfield Research, Inc.												



- Non-family households made up 36% of all households in both 2000 and 2010. The percentage of people living alone was 31.5% in 2000 and 2010. Roommates and unmarried couples comprised 4.5% of the Study Area's households in 2000 and 2010.
- Between 2000 and 2010, Other family households experienced the largest numerical and percentage increase (88 households, 18%). Other families include single-parents and unmarried couples with children. With usually only one income, these families are most likely to need affordable or modest housing, both rental and for-sale.
- According to the 2013 National Association of Realtors (NAR) Home Buyer and Seller Generational Trends, approximately 65% of all homebuyers were married couples, 25% were single, 8% were unmarried couples, and 2% were other.

Net Worth

Table D-11 shows household net worth in Iowa the Falls Study Area in 2014. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data. According to data released by the National Association of Realtors in 2012, the average American homeowner has a net worth about 34 times greater than that of a renter. Research was based on the 2007 to 2010 Federal Reserve survey that showed the average net worth of a homeowner was \$174,500, whereas the average net worth of a renter was \$5,100.

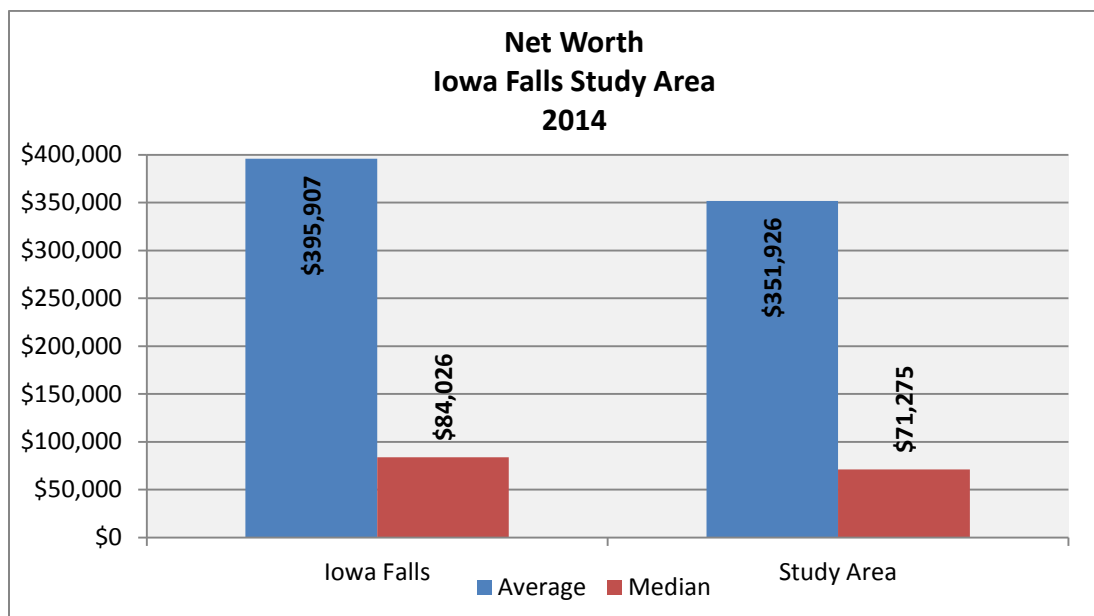
TABLE D-11
ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER
IOWA FALLS STUDY AREA
2014

	Age of Householder							
	Total		<25		25-34		35-44	
	Average	Median	Average	Median	Average	Median	Average	Median
<i>Iowa Falls</i>	\$395,907	\$84,026	\$116,151	\$10,741	\$119,317	\$15,828	\$160,116	\$46,803
Study Area Total	\$351,926	\$71,275	\$18,665	\$10,060	\$130,408	\$15,769	\$131,929	\$35,872
	45-54		55-64		65-74		75+	
	Average	Median	Average	Median	Average	Median	Average	Median
	Average	Median	Average	Median	Average	Median	Average	Median
<i>Iowa Falls</i>	\$516,691	\$74,919	\$676,962	\$125,052	\$836,163	\$196,580	\$605,233	\$169,605
Study Area Total	\$427,767	\$82,040	\$663,316	\$123,878	\$737,673	\$168,634	\$540,573	\$163,405

Sources: ESRI; Maxfield Research, Inc.

DEMOGRAPHIC ANALYSIS

- The City of Iowa Falls had an average net worth of \$395,907 in 2014 and a median net worth of \$84,026. The Study Area had an average net worth of \$351,926 and a median net worth of \$71,275. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew averages.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth peak in the 65 to 74 age cohort, posting an average net worth of \$836,163 and a median net worth of \$196,580 in the City of Iowa Falls compared to \$737,637 and \$168,634 in the Study Area.
- Households often delay purchasing homes and instead choose to rent until they acquire sufficient net worth to cover the costs of a down payment and closing costs associated with home ownership. This will be especially true in the short-term as tightening lending requirements make mortgages with little or no down payments more difficult to obtain.



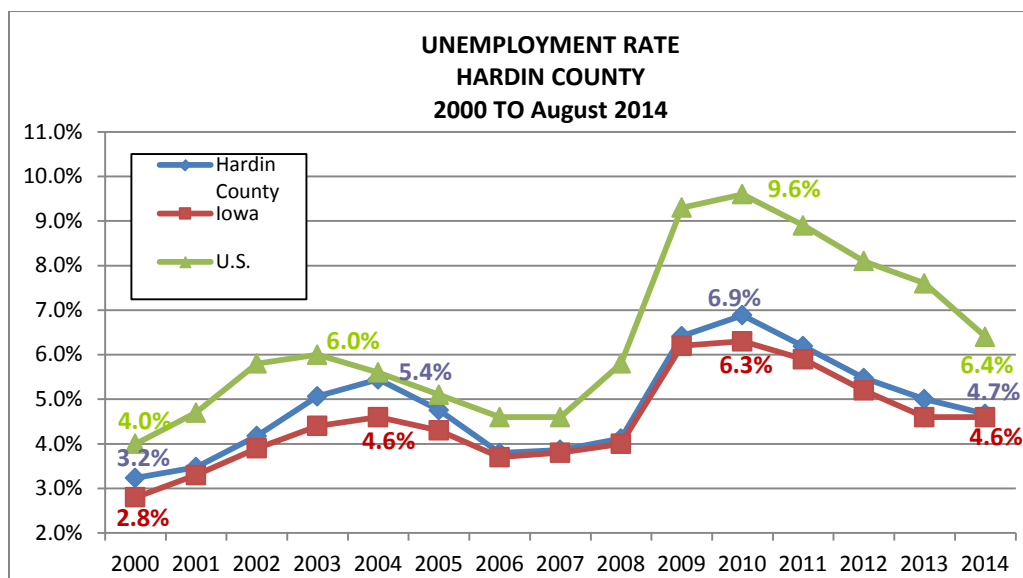
Employment Trends

Employment characteristics are an important component in assessing housing needs in any given market area. These trends are important to consider since job growth can generally fuel household and population growth as people generally desire to live near where they work. Long commute times have encouraged households to move closer to major employment centers.

Resident Labor Force

Table E-1 presents resident employment data for Hardin County from 2000 through August 2014. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in the County. The data is from the Iowa Workforce Development and was not available for the City of Iowa Falls alone.

- Resident employment in Iowa Falls has decreased by 885 people between 2000 and 2013 (-9.5%). The number of individuals in the labor market also decreased, but at a slightly lower rate (-8%) than resident employment.
- Hardin County's unemployment rate has been marginally higher than the State of Iowa's unemployment rate between 2000 and 2013. Average unemployment rate in Hardin County over this time period is 4.9%, which is higher than the average Iowa (4.5%) but a bit lower than the U.S unemployment rate (6.4%).



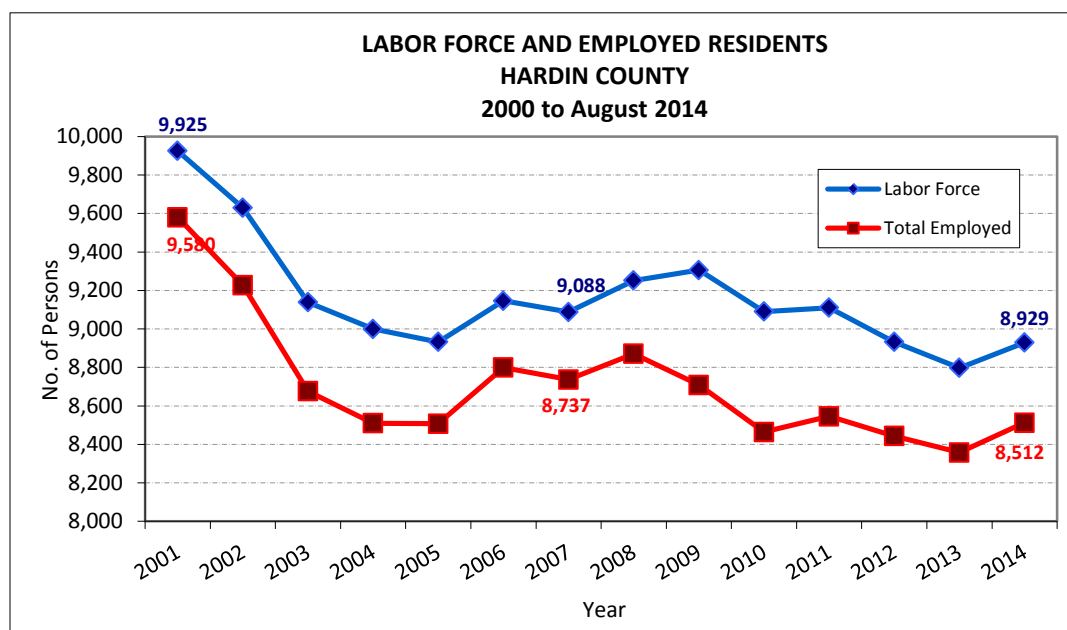
EMPLOYMENT TRENDS

- The unemployment rate rose to 6.3% in the State of Iowa and 6.9% in Hardin County in 2010. However, as of 2013, the unemployment rate in Hardin County has fallen to 5.0%, still above the State at 4.6% but below the nation at 7.6%.

Year	Total Labor Force	Total Employed	Total Unemployed	Hardin Co. Unemployment Rate	Iowa Unemployment Rate	U.S. Unemployment Rate
2000	9,552	9,243	309	3.2%	2.8%	4.0%
2001	9,925	9,580	345	3.5%	3.3%	4.7%
2002	9,629	9,227	402	4.2%	3.9%	5.8%
2003	9,139	8,676	463	5.1%	4.4%	6.0%
2004	9,000	8,510	490	5.4%	4.6%	5.6%
2005	8,932	8,507	425	4.8%	4.3%	5.1%
2006	9,146	8,799	347	3.8%	3.7%	4.6%
2007	9,088	8,737	351	3.9%	3.8%	4.6%
2008	9,252	8,871	381	4.1%	4.0%	5.8%
2009	9,306	8,709	597	6.4%	6.2%	9.3%
2010	9,090	8,464	626	6.9%	6.3%	9.6%
2011	9,110	8,546	564	6.2%	5.9%	8.9%
2012	8,932	8,443	489	5.5%	5.2%	8.1%
2013	8,798	8,358	440	5.0%	4.6%	7.6%
2014*	8,929	8,512	417	4.7%	4.6%	6.4%
Change 2000-13	-754	-885	131	1.8%	1.8%	3.6%

* Data average through August 2014

Sources: Iowa Workforce Development; Maxfield Research Inc.



Covered Employment by Industry

Table E-2 presents covered employment in Hardin County for 2011 (the most recent data available). Covered employment data is calculated as an annual average and *reveals the number of jobs in the County*, which are covered by unemployment insurance. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data is from the U.S. Census Bureau.

- The Iowa Falls Study Area's largest employment numbers are in the Health Care and Social Assistance industry followed by the Retail Trade industry. As a percentage, the Health Care and Social Assistance is about 14% of the average employee total and Retail Trade is roughly 13%. Educational Services and Manufacturing calculate to 12% and 10%, respectively. Combined, these four industries contain 49% of jobs in the Study Area.
- The overall median salary in the Study Area was \$29,422. The City of Iowa Falls has a median salary at \$28,333.
- The industries with the highest median salaries in the Study Area were Construction (\$50,536), Finance and Insurance (\$42,992), Transportation and Warehouse (\$40,176), and Mining (\$40,045). Just over half of the industries have median wages between \$30,000 and \$45,000. All but two of the Remainder of industries has median wages from \$20,000 to \$30,000. A median wage of \$45,000 can in theory afford a home roughly around \$135,000.
- The industries with the lowest median wages include Accommodation and Food Services (\$6,852), Retail Trade (\$16,928), and Other Services (\$22,203).

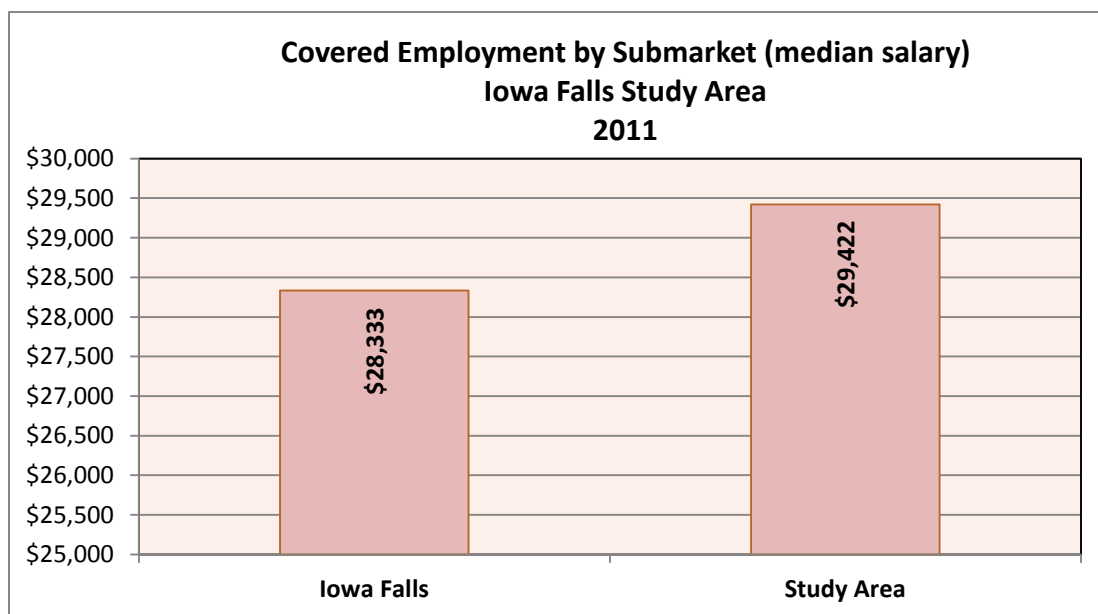


TABLE E-2
COVERED EMPLOYMENT BY INDUSTRY
IOWA FALLS STUDY AREA
2011

	Iowa Falls			Remainder*			Study Area Total		
	Employment		Med. Salary	Employment		Med. Salary	Employment		Avg. Wage
Agriculture, Forestry, Fishing & Hunting	52	1.5%	\$41,667	119	6.6%	n.a.	171	3.2%	\$34,981
Mining	2	0.1%	n.a.	143	7.9%	n.a.	145	2.7%	\$40,045
Utilities	18	0.5%	n.a.	5	0.3%	n.a.	23	0.4%	\$39,688
Construction	176	4.9%	\$36,029	129	7.1%	n.a.	305	5.7%	\$50,536
Manufacturing	406	11.3%	\$33,529	138	7.6%	n.a.	544	10.1%	\$34,003
Wholesale Trade	227	6.3%	\$36,429	274	15.2%	n.a.	501	9.3%	\$35,770
Retail Trade	554	15.5%	\$11,902	156	8.6%	n.a.	710	13.2%	\$16,928
Transportation and Warehousing	45	1.3%	\$42,667	53	2.9%	n.a.	98	1.8%	\$40,176
Information	134	3.7%	n.a.	15	0.8%	n.a.	149	2.8%	\$27,702
Finance and Insurance	137	3.8%	\$12,778	78	4.3%	n.a.	215	4.0%	\$42,992
Real Estate, Rental and Leasing	21	0.6%	\$14,554	4	0.2%	n.a.	25	0.5%	\$25,224
Professional and Technical Services	76	2.1%	\$6,607	34	1.9%	n.a.	110	2.0%	\$29,606
Management of Companies	262	7.3%	n.a.	15	0.8%	n.a.	277	5.1%	n.a.
Administrative and Waste Services	13	0.4%	\$31,307	22	1.2%	n.a.	35	0.6%	\$31,138
Educational Services	457	12.8%	\$30,694	200	11.1%	n.a.	657	12.2%	\$33,567
Health Care and Social Assistance	554	15.5%	\$24,462	222	12.3%	n.a.	776	14.4%	\$25,527
Arts, Entertainment, and Recreation	20	0.6%	\$6,667	19	1.1%	n.a.	39	0.7%	\$30,668
Accommodation and Food Services	282	7.9%	\$4,964	47	2.6%	n.a.	329	6.1%	\$6,852
Other Services	53	1.5%	\$53,125	64	3.5%	n.a.	117	2.2%	\$22,203
Public Administration	90	2.5%	\$31,786	70	3.9%	n.a.	160	3.0%	\$35,039
Total	3,579	100%	\$28,333	1,807	100%	n.a.	5,386	100%	\$29,422

* Due to the information available from the American Community Survey we were unable to extrapolate median salary for the Remainder of the Study Area

Sources: U.S. Bureau of Labor Statistics; U.S. Census (American Community Survey 2011 5-Year Estimate); Maxfield Research Inc.

EMPLOYMENT TRENDS

- The average weekly wage in Hardin County grew by 41% between 2001 and 2013, compared to 43% for the State of Iowa. The average annual growth follows a similar trend with 3.2% in Hardin County, about even with the State of Iowa with 3.3%.
- As of 2013, the average weekly wage was \$666 in Hardin County and \$791 in the State of Iowa. Comparatively, the average weekly wage was \$472 in Hardin County in 2001, compared to \$555 in the State of Iowa.

TABLE E-3 AVERAGE WEEKLY WAGE Hardin County, Iowa 2001 - 2013		
	Hardin County	Iowa
% Growth '01-'13	41%	43%
Avg. Annual Growth	3.2%	3.3%
2013	\$666	\$791
2012	\$652	\$776
2011	\$644	\$754
2010	\$621	\$733
2009	\$625	\$715
2008	\$611	\$711
2007	\$602	\$688
2006	\$573	\$660
2005	\$541	\$636
2004	\$525	\$617
2003	\$490	\$590
2002	\$486	\$571
2001	\$472	\$555
Sources: U.S. Bureau of Labor Statistics; Maxfield Research Inc.		

Existing Business Mix by NAICS

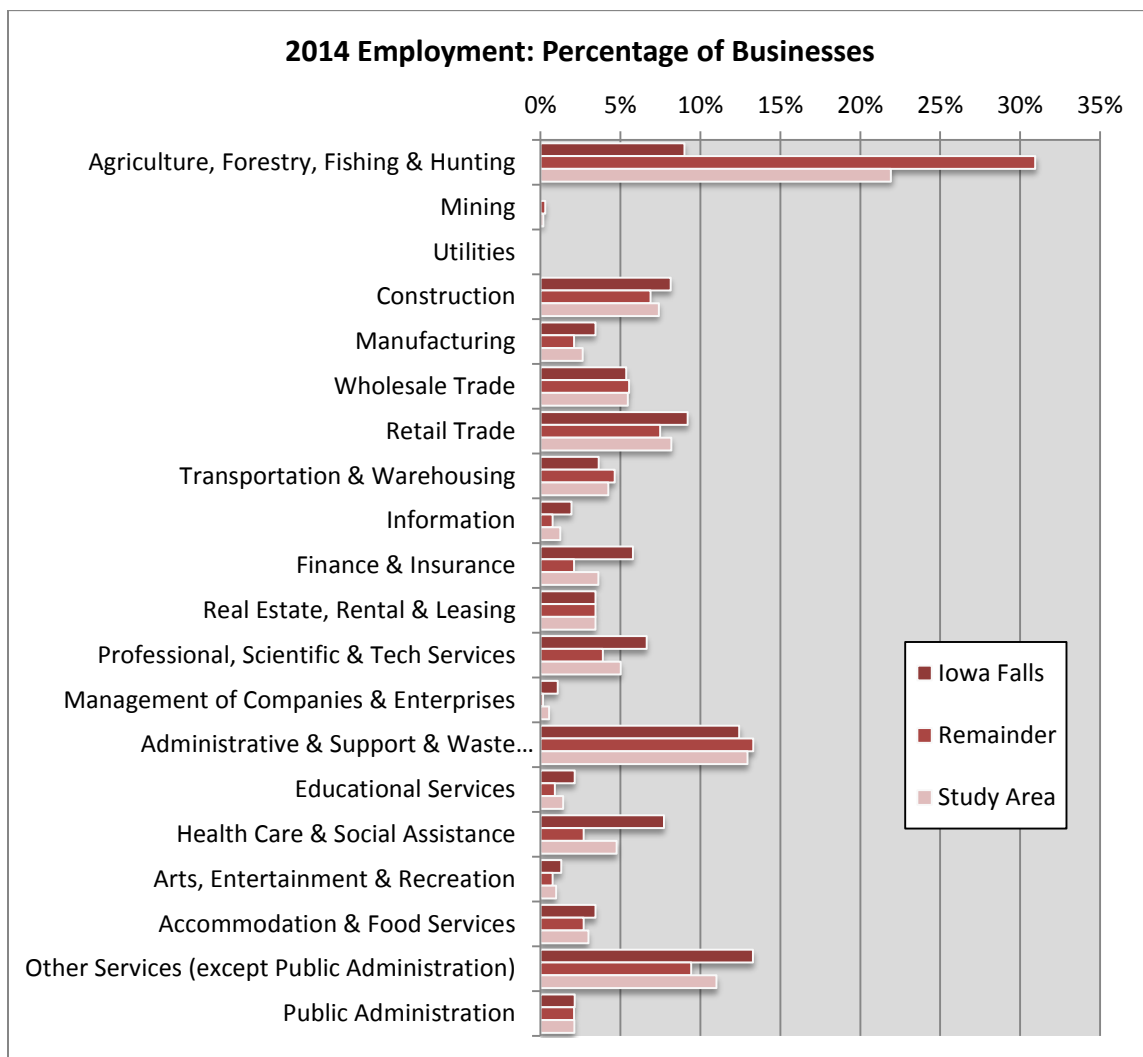
Table E-4 presents business data as compiled from ESRI in 2013 which is sourced from the Dun & Bradstreet database. The data is characterized based on the six-digit North American Industry Classification System (NAICS). The NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Dun & Bradstreet utilizes its exclusive DUNSRight™ process that harvests information from a mix of data sources to collect, maintain, and verify information on individual establishments. This process leverages Dun & Bradstreet's proprietary databases, customer-generated information, and publicly available sources such as business registries, Internet/web mining,

EMPLOYMENT TRENDS

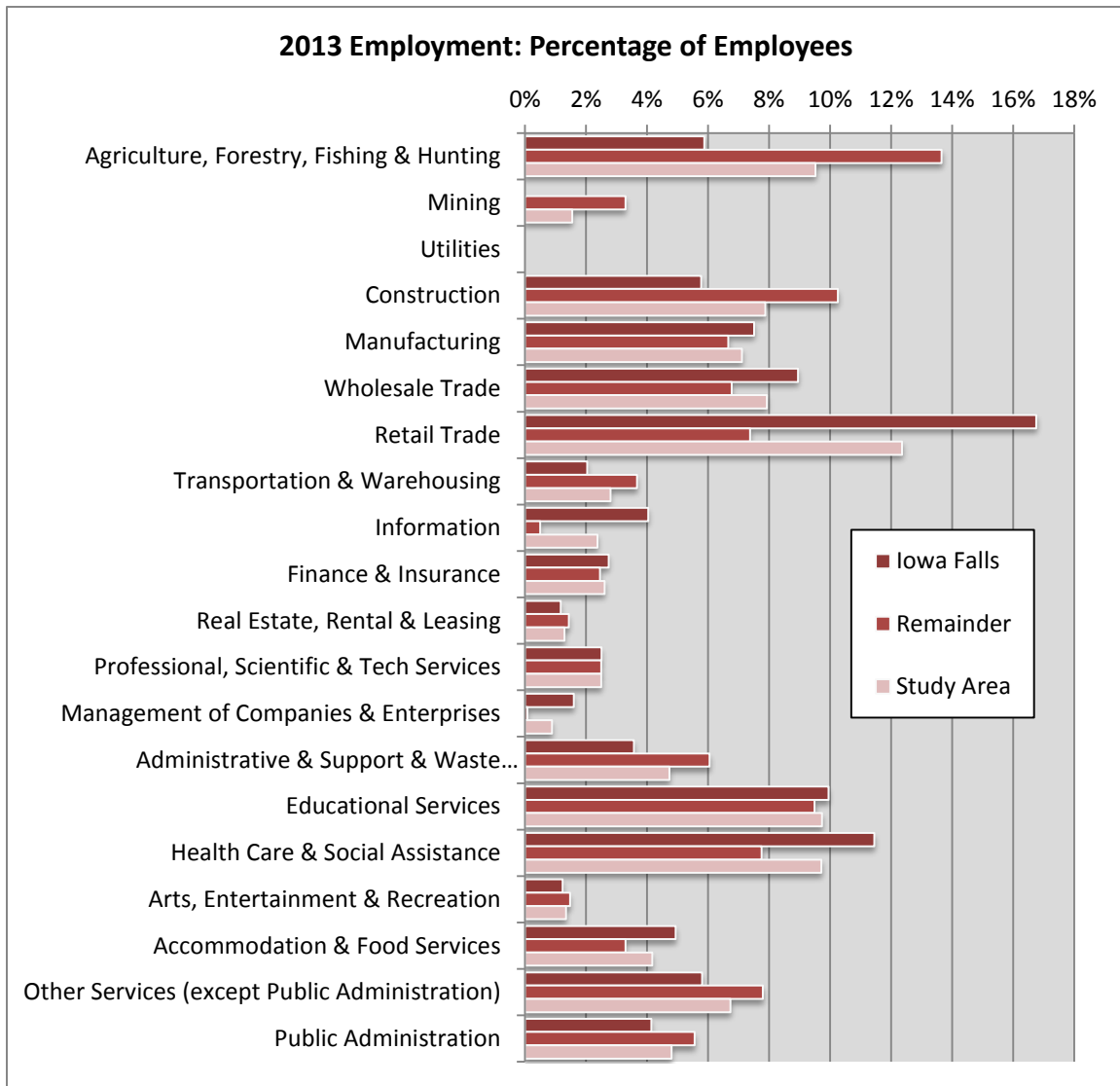
news and media reports, telephone directories, court and legal filings, company financials, banking information, directory assistance, industry trade data, and telephone interviews. Due to the various avenues of collection, we have encountered that the business summary data to be inaccurate in certain markets.

- Agriculture, Forestry, Hunting, and Fishing comprises of the largest percentage of business total. This category is about 22% of the Study Areas business total, while in the City of Iowa Falls, it only accounts for roughly 9%.
- In Iowa Falls the highest percentage of businesses are located in the Other Services (13%) and Administrative & Support & Waste Management & Remediation (13%) industries.



EMPLOYMENT TRENDS

- The Study Area has 697 employees who work in the Retail Trade, which accounts for nearly 12% of their total number of employees. Education Services and Health Care & Social Services follow with 549 and 548 employees respectively, or each 10% of the total employees in the Study Area.
- In the City of Iowa Falls Retail Trade employees accounted for 17% of the workforce followed by Healthcare & Social Services followed at 11%. Retail jobs are typically lower paying positions and would likely house the majority of renters.



EMPLOYMENT TRENDS

TABLE E-4
BUSINESS SUMMARY - BY NAICS CODE
IOWA FALLS STUDY AREA
2013

Business/Industry	Iowa Falls				Remainder				Study Area Total			
	Businesses		Employees		Businesses		Employees		Businesses		Employees	
	#	%	#	%	#	%	#	%	#	%	#	%
NAICS CODES												
Agriculture, Forestry, Fishing and Hunting	42	9.0%	176	5.9%	207	30.9%	361	13.6%	249	21.9%	537	9.5%
Mining	0	0.0%	0	0.0%	2	0.3%	87	3.3%	2	0.2%	87	1.5%
Utilities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Construction	38	8.1%	173	5.8%	46	6.9%	271	10.2%	84	7.4%	444	7.9%
Manufacturing	16	3.4%	225	7.5%	14	2.1%	176	6.7%	30	2.6%	401	7.1%
Wholesale Trade	25	5.4%	268	8.9%	37	5.5%	179	6.8%	62	5.5%	447	7.9%
Retail Trade	43	9.2%	502	16.8%	50	7.5%	195	7.4%	93	8.2%	697	12.4%
Transportation & Warehousing	17	3.6%	61	2.0%	31	4.6%	97	3.7%	48	4.2%	158	2.8%
Information	9	1.9%	121	4.0%	5	0.7%	13	0.5%	14	1.2%	134	2.4%
Finance & Insurance	27	5.8%	82	2.7%	14	2.1%	65	2.5%	41	3.6%	147	2.6%
Real Estate, Rental & Leasing	16	3.4%	35	1.2%	23	3.4%	38	1.4%	39	3.4%	73	1.3%
Professional, Scientific & Tech Services	31	6.6%	75	2.5%	26	3.9%	66	2.5%	57	5.0%	141	2.5%
Management of Companies & Enterprises	5	1.1%	48	1.6%	1	0.1%	2	0.1%	6	0.5%	50	0.9%
Admin. & Support & Waste Mgmt. & Remediation	58	12.4%	107	3.6%	89	13.3%	160	6.0%	147	12.9%	267	4.7%
Educational Services	10	2.1%	298	9.9%	6	0.9%	251	9.5%	16	1.4%	549	9.7%
Health Care & Social Assistance	36	7.7%	343	11.4%	18	2.7%	205	7.8%	54	4.8%	548	9.7%
Arts, Entertainment & Recreation	6	1.3%	37	1.2%	5	0.7%	39	1.5%	11	1.0%	76	1.3%
Accommodation & Food Services	16	3.4%	148	4.9%	18	2.7%	87	3.3%	34	3.0%	235	4.2%
Other Services (except Public Administration)	62	13.3%	174	5.8%	63	9.4%	206	7.8%	125	11.0%	380	6.7%
Public Administration	10	2.1%	124	4.1%	14	2.1%	147	5.6%	24	2.1%	271	4.8%
Total	467	100%	2,997	100%	669	100%	2,645	100%	1,136	100%	5,642	100%

Sources: ESRI, Maxfield Research Inc.

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often account for a hefty proportion of households' budgets. Table E-5 highlights the commuting patterns of workers in Iowa Falls in 2011 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau.

- As the table illustrates, Iowa Falls is the place of residence for nearly one-third of employees that work in the city with a 32% share, while the majority are commuting from a wide range of communities.
- Roughly 49% of the workers living in Iowa Falls have jobs in the city, while the other half choosing other locations outside of Iowa Falls.

TABLE E-5 COMMUTING PATTERNS IOWA FALLS 2011					
Iowa Falls Workers Place of Residence			Iowa Falls Residents Place of Work		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Iowa Falls	1,123	31.6%	Iowa Falls	1,123	48.6%
Ackley	135	3.8%	Des Moines	82	3.5%
Eldora	71	2.0%	Marshalltown	72	3.1%
Hampton	71	2.0%	Ames	71	3.1%
Alden	65	1.8%	Cedar Rapids	60	2.6%
Marshalltown	52	1.5%	Alden	55	2.4%
Mason City	44	1.2%	Waterloo	53	2.3%
Radcliffe	40	1.1%	Eldora	38	1.6%
Sheffield	37	1.0%	Hampton	34	1.5%
Ames	27	0.8%	Cedar Falls	30	1.3%
All Other Locations	1,887	53.2%	All Other Locations	692	30.0%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total Primary Jobs	3,549	100.0%	Total Primary Jobs	2,310	100.0%
Less than 10 miles	1,512	42.6%	Less than 10 miles	1,242	53.8%
10 to 24 miles	711	20.0%	10 to 24 miles	184	8.0%
25 to 50 miles	546	15.4%	25 to 50 miles	352	15.2%
Greater than 50 miles	780	22.0%	Greater than 50 miles	532	23.0%
Sources: US Census Bureau Local Employment Dynamics (OnTheMap); Maxfield Research, Inc.					

- About 43% of the workers in Iowa Falls reside within ten miles of their place of employment while 22% travel greater than 50 miles. 20% of workers in the County travel 10 to 24 miles for employment and 15% commute a distance ranging from 25 to 50 miles.

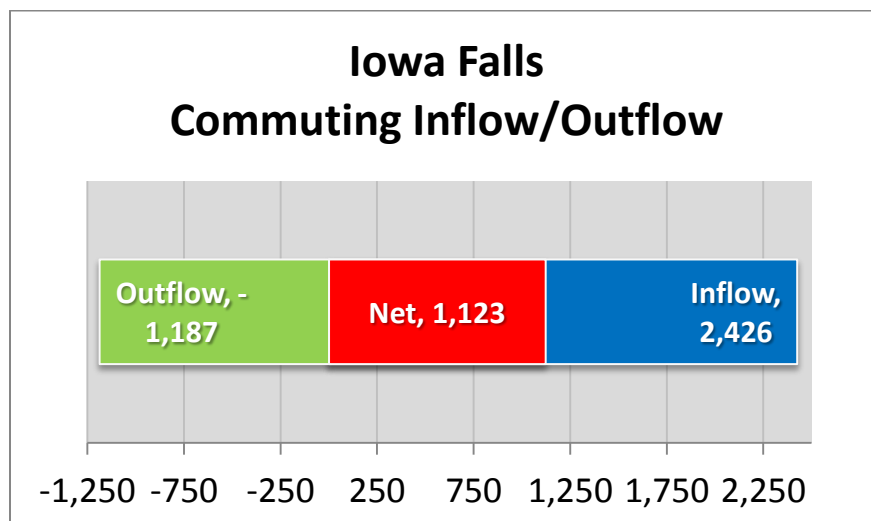
- Over 54% of Iowa Falls residents travel less than ten miles to their place of employment, while 23% have a commute distance greater than 50 miles. 8% commute between 10 to 24 miles and 15% travel 25 to 50 miles.

Inflow/Outflow

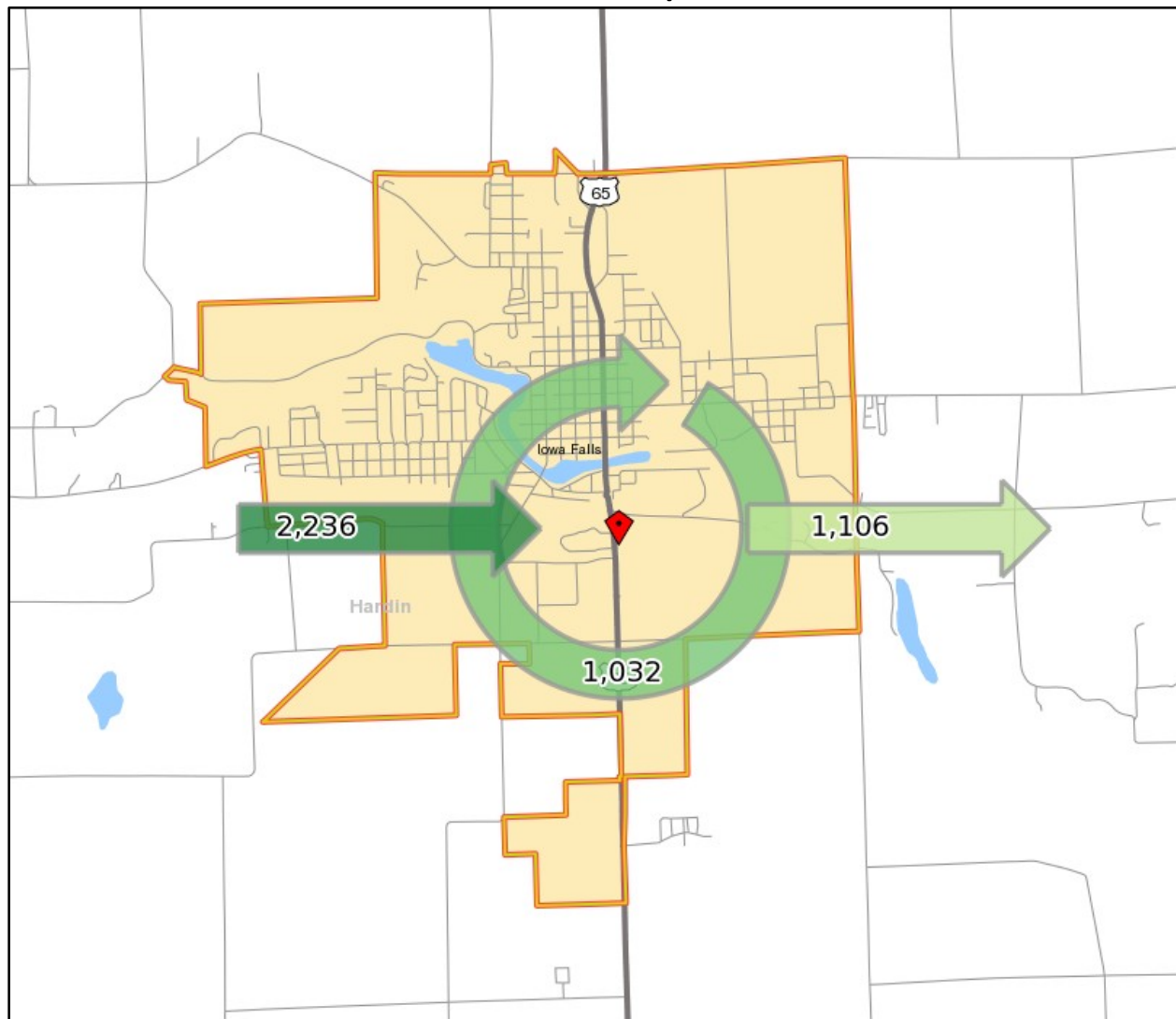
Table E-6 provides a summary of the inflow and outflow of workers in the City of Iowa Falls. Outflow reflects the number of workers living in the city but are employed outside of the city while inflow measures the number of workers that are employed in the city but live outside.

- Iowa Falls can be considered an importer of workers, as the number of residents entering the city for work (inflow) is over half than the number of workers leaving the city (outflow) for employment. Approximately 2,425 workers came into the city for work while 1,185 workers left, for a net difference of 1,125.

TABLE E-6 COMMUTING INFLOW/OUTFLOW IOWA FALLS 2011		
	Num.	Pct.
Employed in the Selection Area	3,549	100%
Employed in the Selection Area but Living Outside	2,426	68.4%
Employed and Living in the Selection Area	1,123	31.6%
Living in the Selection Area	2,310	100%
Living in the Selection Area but Employed Outside	1,187	51.4%
Living and Employed in the Selection Area	1,123	48.6%
Sources: U.S. Census Bureau; Maxfield Research Inc.		



Iowa Falls Inflow/Outflow



Worker Profile

Table E-7 compares characteristics of employed residents living in each submarket in 2011. Information on monthly earnings, age, race and ethnicity, educational attainment and job classification is provided.

- Approximately 22% of Iowa Falls employees earned more than \$3,333 per month with the majority of jobs earning between \$1,251 to \$3,333 (54%).
- Health Care and Social Services comprise the largest percentage of jobs in Iowa Falls (16%) followed by Retail Trade (15%), Educational Services (13%), and Manufacturing (11%).

TABLE E-7 WORKER PROFILE IOWA FALLS 2011		
	Num	Pct.
Total Jobs		
Total All Jobs	3,549	100%
Monthly Earnings		
\$1,250 or Less	854	24%
\$1,251 to \$3,333	1,905	54%
More Than \$3,333	790	22%
Worker Ages		
Age 29 or Younger	1,128	32%
Age 30 to 54	1,565	44%
Age 55 or Older	856	24%
Worker Race and Ethnicity		
Race		
White Alone	3,480	98%
Black or African American Alone	27	1%
American Indian or Alaska Native Alone	11	0%
Asian Alone	17	0%
Native Hawaiian or Other Pacific Islander Alone	0	0%
Two or More Race Groups	14	0%
Ethnicity		
Not Hispanic or Latino	3,427	97%
Hispanic or Latino	122	3%
Worker Educational Attainment		
Less Than High School	215	6%
High School or Equivalent, No College	887	25%
Some College or Associate Degree	955	27%
Bachelor's Degree or Advanced Degree	638	18%
Educational Attainment Not Available	854	24%
NAICS Industry Sector		
Agriculture, Forestry, Fishing and Hunting	52	1%
Mining, Quarrying, and Oil and Gas Extraction	2	0%
Utilities	18	1%
Construction	176	5%
Manufacturing	406	11%
Wholesale Trade	227	6%
Retail Trade	524	15%
Transportation and Warehousing	45	1%
Information	137	4%
Finance and Insurance	137	4%
Real Estate and Rental and Leasing	21	1%
Professional, Scientific, and Technical Services	76	2%
Management of Companies and Enterprises	262	7%
Admin & Support, Waste Mgmt and Remediation	13	0%
Educational Services	457	13%
Health Care and Social Assistance	554	16%
Arts, Entertainment, and Recreation	20	1%
Accommodation and Food Services	282	8%
Other Services (excluding Public Administration)	53	1%
Public Administration	90	3%
Source: U.S. Census Bureau; Maxfield Research, Inc.		

Major Employers

A portion of the employment growth in Iowa Falls will be generated by the largest employers in the City. The table on the next page lists some of the top employers along with a description of their primary industry and number of employees. Table E-8 shows the major employers in Iowa Falls in 2014 based on data provided by Iowa Falls Area Development Corporation.

- The Hansen Family Hospital is the largest employer in Iowa Falls with over 270 total employees.
- The discrepancy in employee figures provided by the Iowa Falls Development compared to what was stated during interviews can be attributed to those companies having employees in other Iowa locations and what was stated is only for the Iowa Falls location.

TABLE E-8 MAJOR EMPLOYERS IOWA FALLS October 2014			
Name	Industry	Employee Size	Employee Size*
Hansen Family Hospital	Healthcare	250	271
Martin Marietta (Regional)	Mining	200	45
Iowa Falls-Alden School System	Education	100+	--
Ellsworth Community College	Education	100+	75
United Suppliers (Regional)	Distributor	102	100
Campbell Supply (Regional)	Distributor/Manufacturer	100	45
Iowa Select	Agriculture	Unknown	--
Berry Corporation	Manufacturer	95	--
MWI	Distributor	85	--
Cretex	Manufacturer	85	--
Times Citizen	Manufacturer	80	80
Cargill	Manufacturer	65	70-75
Plastic Recycling	Manufacturer	60	50
Grand JiVante (Planned Development 2015)	Healthcare	50-75	50-75
Flint Hills Resources	Manufacturer	50	--
Pine Lakes Processing (Steamboat Rock)	Manufacturer	34	--
King Construction	Construction	30	--
Natural Recycled Protein (Steamboat Rock)	Manufacturer	30	--
Metal Tech	Manufacturer	20	--
* Number of employees stated by representative of company during employer interview.			
Source: Iowa Falls Area Development Corporation; Maxfield Research Inc.			

Employer Survey

Maxfield Research surveyed representatives from a select number of the largest employers in Iowa Falls from September 2014 through October 2014. The questions covered topics such as recent trends in job growth, average wages and salaries, employee turnover, and projected job growth. In addition, representatives were asked their opinion about issues related to housing in the area. Specifically, they were asked whether the current supply of housing in the area matches the needs of their workforce. The following points summarize the findings of this survey process.

- While a large number of the workforce comes from Iowa Falls and the immediate area, there are also employees that commute from communities such as Eldora, Ackley, Hubbard, Alden, and Hampton. Most employers said their employees commute from up to a 30 mile radius from their workplace.
- Nearly all of the employers have been stable or increased their workforce slightly over the past few years. Hiring is expected to remain minimal over the next few years as most employers expect to be stable over the period. Most employers surveyed have very minimal turnover.
- The majority of employees in Iowa Falls are homeowners, but many new employees relocating to Iowa Falls from other areas seek temporary rental housing before purchasing a home.
- Typically, the jobs filled by those recruited from outside the commuting area and whom would need to relocate to the area have been skilled positions or are executive/management in nature.
- Employees relocating are typically looking for temporary workforce rental housing. The first choice for many is single family rental options as children often accompany these employees. Overall though there is a lack of all types of rental options in the city.
- Several major employers have referred to the current rental stock in the area as dated or poorly maintained. With single family rental units the most desired temporary housing choice, employers state that quality or “clean” units are relatively hard to find.
- Resources to find local rental housing are limited. If phone numbers are not listed and no listings are marketing in the Times Citizen, finding rental contacts is difficult.
- Overall, the majority of employers stated that housing is definitely an issue when hiring employees. While it does not affect retention of current employees it may dissuade potential new employees relocating to the area because of the difficulty.

EMPLOYMENT TRENDS

- Employers find that most employees relocating to Iowa Falls prefer to purchase an existing single-family home after their temporary rental period. Most avoid building new because they do not want to wait for the build out and costs tend to be higher. The existing single-family supply is thin and lacking in choices with the majority of homes listed from roughly \$130,000 to \$170,000. Homes priced in this range that are well maintained and updated sell quickly. Homes priced at \$100,000 or below are usually in need of major work and typically updated homes are being priced at \$200,000 or higher.
- There is some opinion that a portion of existing single-family homes are overpriced when compared to their condition and lack of updated amenities. This is occurring at the \$150,000 to \$250,000 price range.
- If an employee decided to build, there are only two subdivisions that can accommodate new construction. The Brouwer Maplehurst addition in Hardin Township is truly the only option currently out of the two. However, homes being built in this subdivision are higher end homes typically priced above \$300,000. The Georgetown addition is not a desired location even though it would offer a more affordable home price.

Grand JiVante

- The development of the new Grand JiVante in Iowa Falls will provide 100 temporary construction jobs that will likely come from local subcontractors.
- Once completed, the campus will provide employment for roughly 50 to 75 new employees to Iowa Falls. While some of these jobs will come from the local area, some new hires for the management at the new main office location and RNs for the skilled nursing facility and senior housing options will come from outside the area requiring potential relocation.
- Finding appropriate housing either temporary rental or permanent rental/for-sale housing is of some concern with the current housing climate currently in Iowa Falls. Thus, there is an immediate need to accommodate the influx of potential Grand JiVante employees.

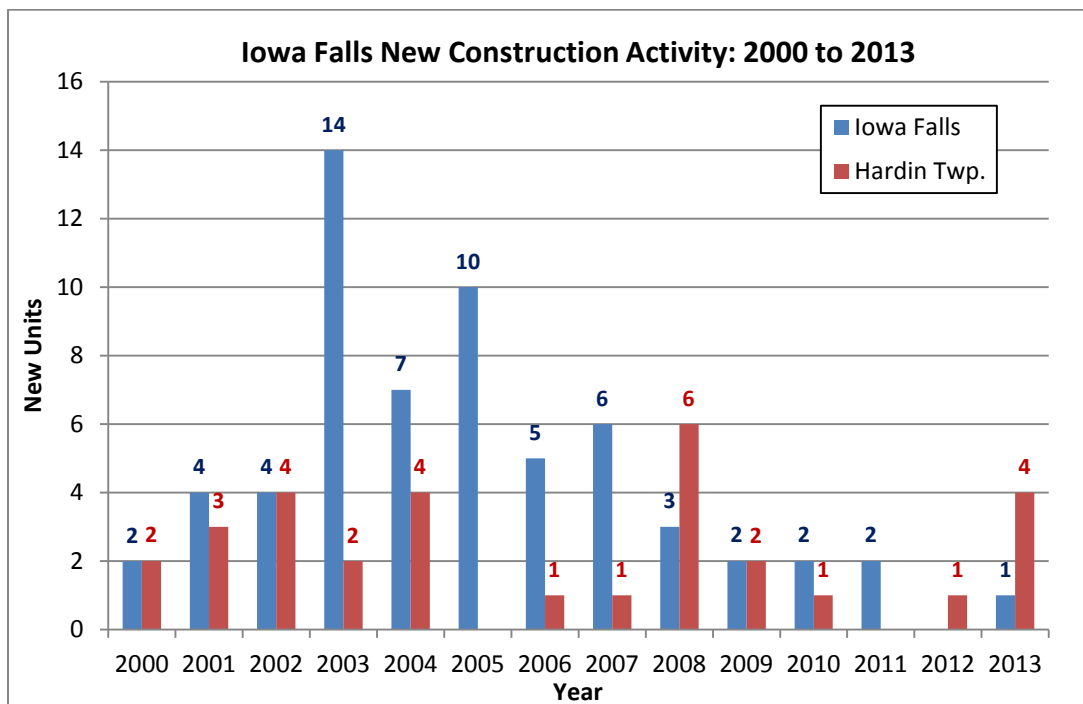
Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in the Iowa Falls Study Area by reviewing data on the age of the existing housing supply; examining residential building trends since 2000; and reviewing housing data from the American Community Survey.

Residential Construction Trends 2000 to Present

Maxfield Research obtained data on the number of new construction housing units from 2000 through 2013 from the Hardin County Assessor for the City of Iowa Falls and Hardin Township. Table HC-1 displays the number of units for new construction.

- Between 2000 and 2013, Iowa Falls averaged just over 4 new construction units a year. The new construction trends have fluctuated over the last 13 years, which peaked in 2003 (14 new construction units) and bottomed out in 2012 (no new construction units). The high number of permits in 2003 was due to the Oak Terrace Townhome development. If you subtract the 20 townhome units built from 2003 to 2005 at Oak Terrace North and South the average new construction units per year drops to 3.
- Development just outside the City of Iowa Falls in Hardin Township is minimal with 31 homes built over the period, or an average of 2 homes per year from 2000 to 2013.



HOUSING CHARACTERISTICS

**TABLE HC-1
NEW CONSTRUCTION ACTIVITY
IOWA FALLS AND HARDIN TOWNSHIP
2000 to 2013**

	NUMBER OF UNITS														
Area	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Iowa Falls	2	4	4	14	7	10	5	6	3	2	2	2	0	1	62
Hardin Township	2	3	4	2	4	0	1	1	6	2	1	0	1	4	31

Sources: Hardin County Assesor, Maxfield Research Inc.

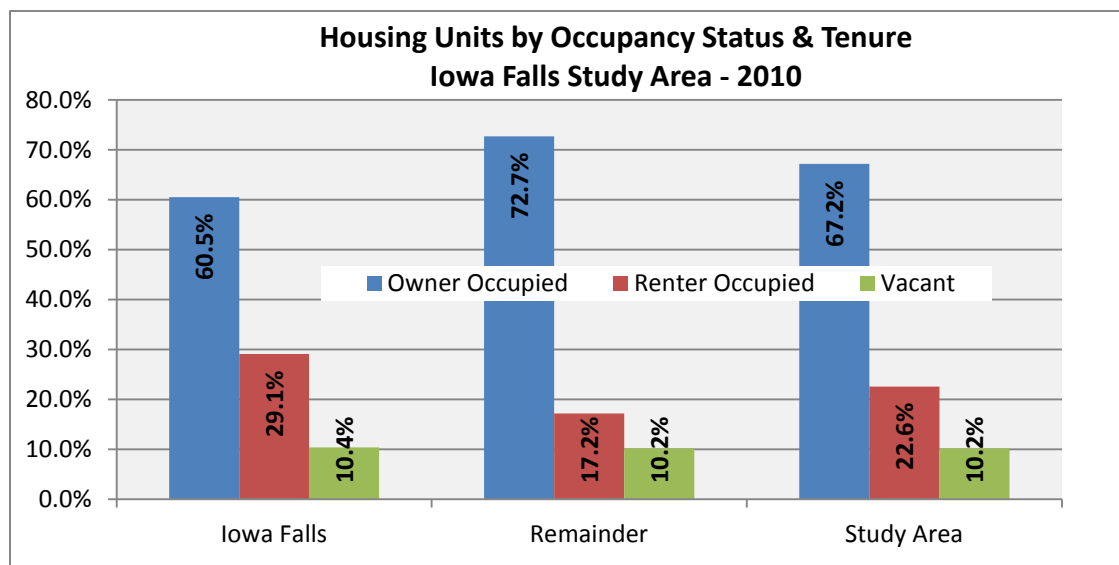
Housing Units by Occupancy Status & Tenure

Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-2 shows historic trends in 2010 by the Study Area.

- The Remainder of the Study Area (74%) had the higher percentage of owner-occupied housing units than Iowa Falls (60.5%). Thus, Iowa Falls had a higher proportion of renter-occupied housing units at 29% compared to 17% in the Remainder.
- Both the City of Iowa Falls and the Remainder of the Study Area had a percentage of vacant housing units at 10%. The Remainder of the Study Area had slightly higher number of vacant units with just over 300 while Iowa Falls had 255. Maxfield Research has found that vacant unit figures from the Census can sometimes be overstated.

TABLE HC-2 HOUSING UNITS BY OCCUPANCY STATUS AND TENURE IOWA FALLS STUDY AREA 2010						
Year/Occupancy	Iowa Falls		Remainder		Study Area	
	No.	Pct.	No.	Pct.	No.	Pct.
Owner Occupied	1,490	60.5%	2,168	72.7%	3,658	67.2%
Renter Occupied	717	29.1%	513	17.2%	1,230	22.6%
Vacant	255	10.4%	303	10.2%	558	10.2%
Total	2,462	100.0%	2,984	100.0%	5,446	100.0%

Sources: U.S. Census Bureau; Maxfield Research, Inc.



HOUSING CHARACTERISTICS

**TABLE HC-3
VACANCY STATUS
IOWA FALLS STUDY AREA
2010**

	2010															
	Total Vacant	For Rent		Rented, Not Occupied		For Sale Only		Sold, Not Occupied		For Seasonal Use		For Migratory Workers		Other Vacant		
		No.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.		
	Iowa Falls	255	91	36%	8	3%	41	16%	11	4%	10	4%	0	0%	94	37%
	Remainder	303	44	15%	10	3%	49	16%	12	4%	19	6%	0	0%	169	56%
Study Area Total	558	135	24%	18	3%	90	16%	23	4%	29	5%	0	0%	263	47%	

Sources: U.S. Census Bureau; Maxfield Research, Inc.

- About 10% of Iowa Falls housing stock was vacant in 2010. It is important to note, however, that the Census's definition of vacant housing units includes: units that have been rented or sold, but not yet occupied, seasonal housing (vacation or second homes), housing for migrant workers, and even boarded-up housing. Thus, the U.S. Census vacancy figures are not always a true indicator of adequate housing available for new households wishing to move into the area. Based on data in Table HC-3, approximately 4% of the vacant units in Iowa Falls were for seasonal use, 16% were for sale, and 36% were for rent.

American Community Survey

The American Community Survey ("ACS") is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more "up-to-date" portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2008 and 2012. It should be noted that all ACS surveys are subject to sampling error and uncertainty. The ACS reports margins of errors (MOEs) with estimates for most standard census geographies. The MOE is shown by reliability from low, medium to high. Due to the MOE, 2012 ACS data may have inconsistencies with previous 2010 Census data.

Tables HC-4 through HC-9 show key data from the American Community Survey for the Iowa Falls Study Area.

Age of Housing Stock

The graph on the following page shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the American Community Survey (5-Year). Table HC-4 includes the number of housing units built in the Study Area, prior to 1940 and during each decade since.

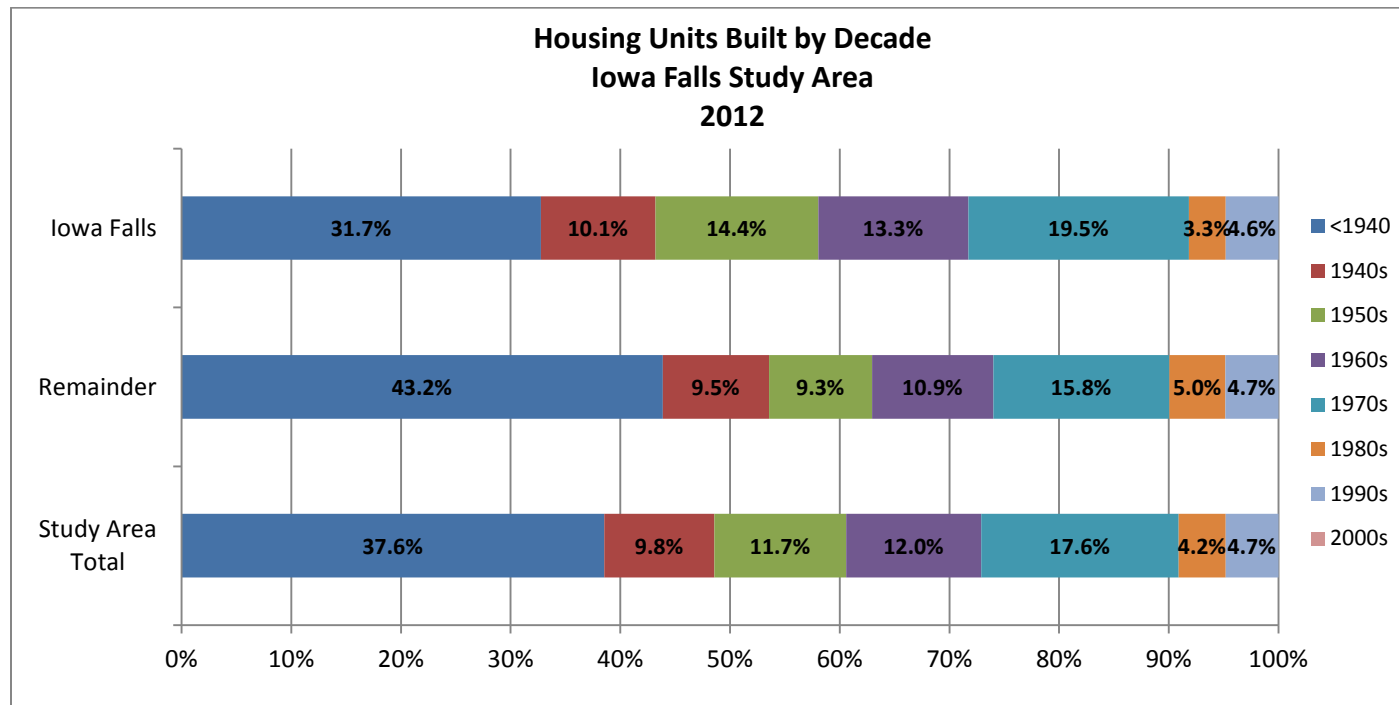
- The greatest percentage of homes in Iowa Falls was built before the 1940s, which comprised 32% of the entire housing stock in the city. The second highest percentage of homes in Iowa Falls was built in the 1970s (19.5%).
- The Remainder of the Study Area had a much higher percentage of homes built before 1940, which comprised 43%. Homes built in the 1970s followed at 16%.
- Since 2000, 131 housing units have been added to the Study Area's housing stock, roughly 2% of the total. Iowa Falls added 85 units (2%) and the Remainder added 46 units (2%).

HOUSING CHARACTERISTICS

TABLE HC-4
AGE OF HOUSING STOCK (OCCUPIED HOUSING UNITS)
IOWA FALLS STUDY AREA
2012

	Total Units	Med. Yr. Built	Year Structure Built															
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Iowa Falls	2,671	1956	847	31.7%	270	10.1%	384	14.4%	354	13.3%	520	19.5%	87	3.3%	124	4.6%	85	3.2%
Remainder	2,843	1954	1,227	43.2%	271	9.5%	263	9.3%	309	10.9%	449	15.8%	143	5.0%	135	4.7%	46	1.6%
Study Area Total	5,514	1952	2,074	37.6%	541	9.8%	647	11.7%	663	12.0%	969	17.6%	230	4.2%	259	4.7%	131	2.4%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.



Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

Table HC-5 shows the housing stock in Iowa Falls by type of structure and tenure based on the 2012 ACS.

- The dominant housing type in Iowa Falls is the single-family detached home, representing 77% of all housing units in the city while comprising 90% of the Remainder of the Study Area. As a comparison, approximately 75% of all homes in Iowa are single-family detached.
- The majority of the housing units with two or more units are renter-occupied. Approximately 91% of housing in Iowa Falls with two or more units is renter-occupied. Only 63% of the housing with two or more units in the Remainder of the Study Area are renter-occupied.
- Roughly 17.5% of Iowa Falls rental units are single-family detached housing (13% of all housing units). About 16% of the Remainder of the Study Area single-family detached renter housing units (14% of all housing units).

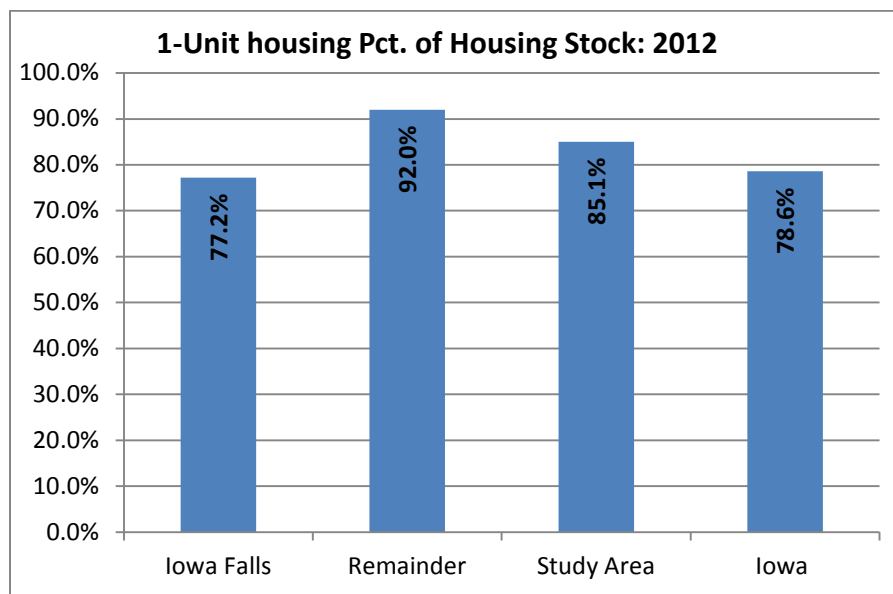


TABLE HC-5
HOUSING UNITS BY STRUCTURE TYPE AND TENURE
IOWA FALLS STUDY AREA
2012

	Iowa Falls		Remainder		Study Area		Iowa Total	
	#	%	#	%	#	%	#	%
Total Housing Units	2,270	100%	2,561	100%	4,831	100%	1,219,137	100%
1-unit, detached	1,741	76.7%	2,315	90.4%	4,056	84.0%	914,300	75.0%
1-unit, attached	12	0.5%	41	1.6%	53	1.1%	43,896	3.6%
2 units	161	7.1%	39	1.5%	200	4.1%	28,301	2.3%
3 or 4 units	138	6.1%	75	2.9%	213	4.4%	40,172	3.3%
5 to 9 units	83	3.7%	14	0.5%	97	2.0%	43,166	3.5%
10 to 19 units	38	1.7%	8	0.3%	46	1.0%	44,726	3.7%
20 to 49 units	85	3.7%	1	0.0%	86	1.8%	37,961	3.1%
50 or more units	12	0.5%	2	0.1%	14	0.3%	20,719	1.7%
Mobile home	0	0.0%	66	2.6%	66	1.4%	45,668	3.7%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	228	0.0%
Total Occupied Units	2,270	100%	2,561	100%	4,831	100%	1,219,137	100%
Owner-Occupied	1,496	65.9%	2,063	80.6%	3,559	73.7%	890,161	73.0%
1-unit, detached	1,437	63.3%	1,949	76.1%	3,386	70.1%	805,508	66.1%
1-unit, attached	12	0.5%	39	1.5%	51	1.1%	29,591	2.4%
2 units	35	1.5%	10	0.4%	45	0.9%	4,026	0.3%
3 or 4 units	12	0.5%	5	0.2%	17	0.4%	3,389	0.3%
5 to 9 units	0	0.0%	3	0.1%	3	0.1%	2,515	0.2%
10 to 19 units	0	0.0%	3	0.1%	3	0.1%	3,700	0.3%
20 to 49 units	0	0.0%	0	0.0%	0	0.0%	2,559	0.2%
50 or more units	0	0.0%	0	0.0%	0	0.0%	1,626	0.1%
Mobile home	0	0.0%	54	2.1%	54	1.1%	37,097	3.0%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	150	0.0%
Renter-Occupied	774	34.1%	498	19.4%	1,272	26.3%	328,976	27.0%
1-unit, detached	304	13.4%	366	14.3%	670	13.9%	108,792	8.9%
1-unit, attached	0	0.0%	2	0.1%	2	0.0%	14,305	1.2%
2 units	126	5.6%	29	1.1%	155	3.2%	24,275	2.0%
3 or 4 units	126	5.6%	70	2.7%	196	4.1%	36,783	3.0%
5 to 9 units	83	3.7%	11	0.4%	94	1.9%	40,651	3.3%
10 to 19 units	38	1.7%	5	0.2%	43	0.9%	41,026	3.4%
20 to 49 units	85	3.7%	1	0.0%	86	1.8%	35,402	2.9%
50 or more units	12	0.5%	2	0.1%	14	0.3%	19,093	1.6%
Mobile home	0	0.0%	12	0.5%	12	0.2%	8,571	0.7%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	78	0.0%

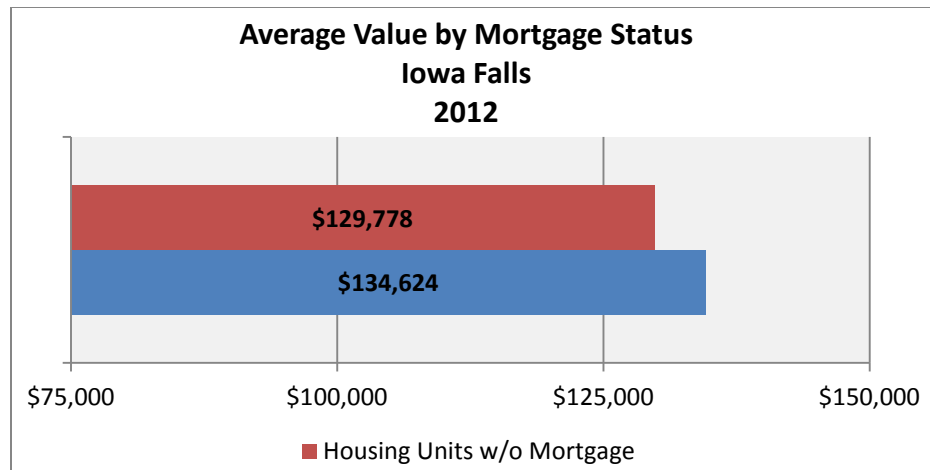
Sources: 2008-2012 American Community Survey; Maxfield Research, Inc.

Owner-Occupied Housing Units by Mortgage Status

Table HC-6 shows mortgage status and average values from the American Community Survey for 2012 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 46% of Iowa Falls homeowners have a mortgage. Only 1% of homeowners with mortgages in Iowa Falls also have a second mortgage and/or home equity loan. The Remainder of the Study Area has 55% of the homeowners have a mortgage and of those 11% have a second mortgage and/or home equity loan.
- Compared to the State of Iowa, Iowa Falls and the Remainder of the Study Area have a much higher percentage of homeowners who no longer have a mortgage.
- The average value for homes with a mortgage for Iowa Falls homeowners was approximately \$104,182 and \$95,641 without a mortgage. Data for the Remainder of the Study Area was not available.

TABLE HC-6 OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS IOWA FALLS STUDY 2012							
Mortgage Status	Iowa Falls		Remainder		Study Area		Iowa
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Housing units without a mortgage	810	54.1	920	44.6	1,730	48.6	37.2
Housing units with a mortgage/debt	686	45.9	1,143	55.4	1,829	51.4	62.8
<i>Second mortgage only</i>	8	0.5	67	3.2	75	2.1	3.9
<i>Home equity loan only</i>	12	0.8	159	7.7	171	4.8	9.2
<i>Both second mortgage and equity loan</i>	0	0.0	0	0.0	0	0.0	0.5
<i>No second mortgage or equity loan</i>	666	44.5	917	44.4	1,583	44.5	49.2
Total	1,496	100.0	2,063	100.0	3,559	100.0	100.0
Average Value by Mortgage Status*							
Housing units with a mortgage	\$104,182		n.a		n.a		
Housing units without a mortgage	\$95,641		n.a.		n.a.		
* City of Iowa Falls only. Data for Study Area and Remainder of Study Area not available.							
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.							



Owner-Occupied Housing Units by Value

Table HC-7 presents data on housing values summarized by seven price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- An estimated 65% of the owner-occupied homes within Iowa Falls have home values between \$50,000 and \$149,999. Home with values less than \$50,000 are the next highest group at 16% followed by homes ranging from \$150,000 to \$200,000 at 13%.

TABLE HC-7 OWNER-OCCUPIED UNITS BY VALUE IOWA FALLS STUDY AREA 2012							
Home Value	Iowa Falls		Remainder		Study Area		Iowa
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Less than \$50,000	236	15.8	253	24.0	617	17.3	11.7
\$50,000-\$99,999	595	39.8	376	35.6	1,405	39.5	26.2
\$100,000-\$149,999	381	25.5	213	20.2	796	22.4	23.7
\$150,000-\$199,999	196	13.1	132	12.5	441	12.4	16.6
\$200,000-\$299,999	71	4.7	36	3.4	247	6.9	14.0
\$300,000-\$499,999	17	1.1	45	4.3	39	1.1	5.8
Greater than \$500,000	0	0.0	0	0.0	14	0.4	2.0
Total	1,496	100.0	1,055	100.0	3,559	100.0	100.0
Median Home Value	\$88,900		\$89,438		\$89,894		
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.							

HOUSING CHARACTERISTICS

- Owner-occupied homes valued between \$50,000 to \$149,999 consist of 56% of the total units in the Remainder of the Study Area. The Remainder of the Study Area has a higher percentage of homes valued less than \$50,000 at 24% then Iowa Falls.
- The median owner-occupied home in Iowa Falls was \$88,900, which is slightly lower than the Remainder of the Study Area of \$89,438.

Renter-Occupied Units by Contract Rent

Table HC-8 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

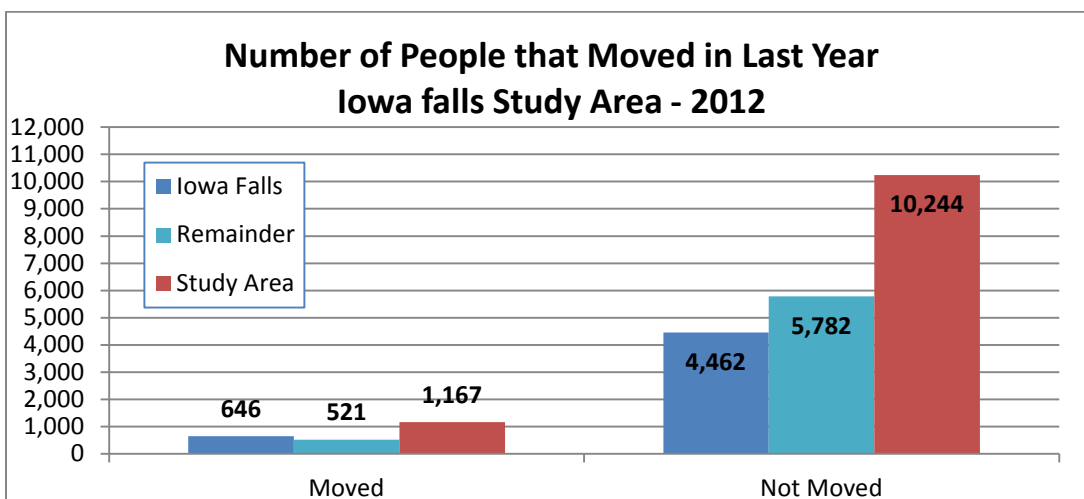
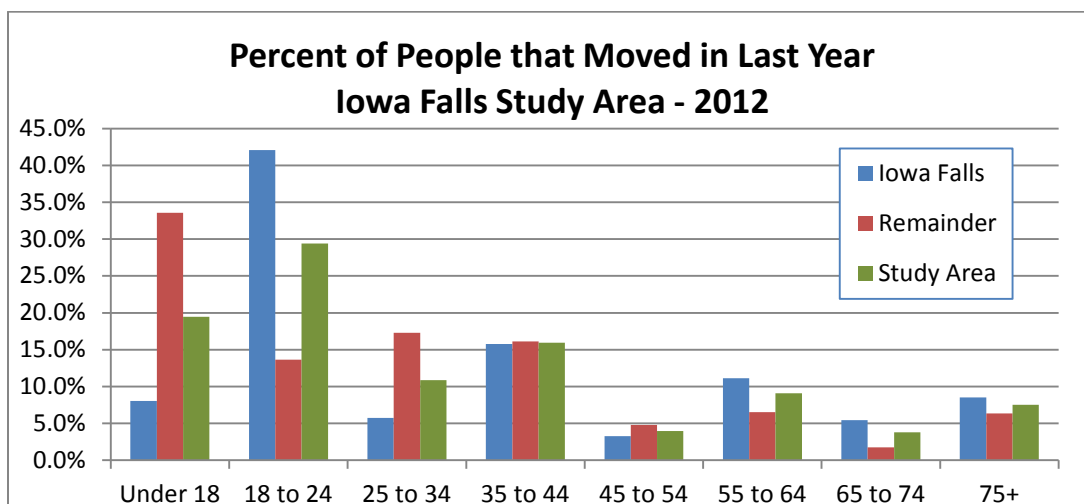
- Iowa Falls contains roughly 61% of number of renter-occupied units (774 units) in the Study Area. Approximately 62% of Iowa Falls renters pay monthly cash rents ranging from \$250 to \$499, 23% paid monthly rents ranging from \$500 to \$749, and 5% had monthly rents between \$0 and \$249. Only 6% of Iowa Falls renters pay over \$750.
- Housing units without payment of rent ("no cash rent") make up only 4% of Iowa Falls renters compared to 22.5% of the Remainder. Typically units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

TABLE HC-8							
RENTER-OCCUPIED UNITS BY CONTRACT RENT							
IOWA FALLS STUDY AREA							
2012							
Contract Rent	Iowa Falls		Remainder		Study Area		Iowa
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
No Cash Rent	28	3.6	112	22.5	140	11.0	7.2
Cash Rent	746	96.4	386	77.5	1,132	89.0	92.8
\$0 to \$249	40	5.2	64	12.9	104	8.2	8.7
\$250-\$499	483	62.4	248	49.8	731	57.5	36.8
\$500-\$749	178	23.0	56	11.2	234	18.4	32.7
\$750-\$999	12	1.6	18	3.6	30	2.4	9.2
\$1,000-\$1,500	21	2.7	0	0.0	21	1.7	3.6
\$1,500+	12	1.6	0	0.0	12	0.9	1.8
Total	774	100.0	498	100.0	1,272	100.0	100.0
Median Contract Rent	\$446		n.a.		n.a.		
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.							

Mobility in the Past Year

Table HC-9 shows the mobility patterns of Iowa Falls residents within a one-year time period (per 2012, the most current year available).

- The majority of residents in the Study Area did not move within the year (87% of Iowa Falls/92% of the Remainder).
- Of the residents that moved within the last year, approximately 28% moved from outside of Hardin County but within Iowa, and 58% moved from within Hardin County. The Remainder of the Study Area experienced roughly the same percentages
- A greater proportion of younger age cohorts in the Study Area tended to move within the last year compared to older age cohorts. Approximately 29% (42% in Iowa Falls) of those age 18 to 24 moved within the last year compared to only 8% (5% in Iowa Falls) of those age 75+.



HOUSING CHARACTERISTICS

TABLE HC-9
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
IOWA FALLS STUDY AREA
2012

Age	Not Moved		Moved							
	Same House		Within County		Different County Same State		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
Iowa Falls										
Under 18	843	94.2%	45	5.0%	7	0.8%	0	0.0%	0	0.0%
18 to 24	417	60.5%	148	21.5%	98	14.2%	23	3.3%	3	0.4%
25 to 34	522	93.4%	0	0.0%	21	3.8%	16	2.9%	0	0.0%
35 to 44	449	81.5%	80	14.5%	22	4.0%	0	0.0%	0	0.0%
45 to 54	630	96.8%	5	0.8%	0	0.0%	16	2.5%	0	0.0%
55 to 64	483	87.0%	44	7.9%	7	1.3%	21	3.8%	0	0.0%
65 to 74	357	91.1%	10	2.6%	25	6.4%	0	0.0%	0	0.0%
75+	761	93.3%	42	5.1%	0	0.0%	13	1.6%	0	0.0%
Total	4,462	87%	374	7.3%	180	3.5%	89	1.7%	3	0.1%
Remainder										
Under 18	1,321	88.3%	116	7.8%	59	3.9%	0	0.0%	0	0.0%
18 to 24	234	76.7%	35	11.5%	22	7.2%	8	2.6%	6	2.0%
25 to 34	646	87.8%	34	4.6%	56	7.6%	0	0.0%	0	0.0%
35 to 44	588	87.5%	68	10.1%	12	1.8%	4	0.6%	0	0.0%
45 to 54	917	97.3%	13	1.4%	7	0.7%	5	0.5%	0	0.0%
55 to 64	815	96.0%	8	0.9%	26	3.1%	0	0.0%	0	0.0%
65 to 74	689	98.7%	9	1.3%	0	0.0%	0	0.0%	0	0.0%
75+	572	94.5%	31	5.1%	0	0.0%	2	0.3%	0	0.0%
Total	5,782	91.7%	314	5.0%	182	2.9%	19	0.3%	6	0.1%
Study Area										
Under 18	2,164	90.5%	161	6.7%	66	2.8%	0	0.0%	0	0.0%
18 to 24	651	65.5%	183	18.4%	120	12.1%	31	3.1%	9	0.9%
25 to 34	1,168	90.2%	34	2.6%	77	5.9%	16	1.2%	0	0.0%
35 to 44	1,037	84.8%	148	12.1%	34	2.8%	4	0.3%	0	0.0%
45 to 54	1,547	97.1%	18	1.1%	7	0.4%	21	1.3%	0	0.0%
55 to 64	1,298	92.5%	52	3.7%	33	2.4%	21	1.5%	0	0.0%
65 to 74	1,046	96.0%	19	1.7%	25	2.3%	0	0.0%	0	0.0%
75+	1,333	93.8%	73	5.1%	0	0.0%	15	1.1%	0	0.0%
Total	10,244	89.8%	688	6.0%	362	3.2%	108	0.9%	9	0.1%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in Iowa Falls. Topics covered include rental housing data from the American Community Survey, detailed information on individual rental developments in the Study Area, and a calculation of rental housing demand. Maxfield Research Inc. identified and surveyed rental properties of six or more units in the Study Units. In addition, interviews were conducted with real estate agents, developers, rental housing management firms, and others in the community familiar with Study Area's rental housing stock.

For purposes of our analysis, we have classified rental projects into two groups, general occupancy and senior (age restricted). All senior projects are included in the *Senior Rental Analysis* section of this report. The general occupancy rental projects are divided into three groups, market rate (those without income restrictions), affordable (those receiving tax credits in order to keep rents affordable), and subsidized (those with income restrictions based on 30% allocation of income to housing).

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in Iowa Falls and selected communities in the surrounding area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census. Please note that the ACS data includes all rental units, regardless of household type.

Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2008-2012 ACS in Iowa Falls and the Study Area, in comparison to Iowa. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- Because of the difference in methodology between the decennial census and the ACS, there are slight differences in the total number of renter-occupied units presented between the two surveys. Census data indicates that there were 1,230 renter-occupied housing units in Iowa Falls in 2010 while the 2012 ACS shows 1,275 renter-occupied housing units.
- Iowa Falls has relatively affordable rents when compared to Iowa. The median gross rent in the County is at \$559 which is 12% lower than the median rent of \$637 in Iowa. Rural communities often have lower rents than metropolitan areas due to wage rates and the age of rental properties in rural areas.

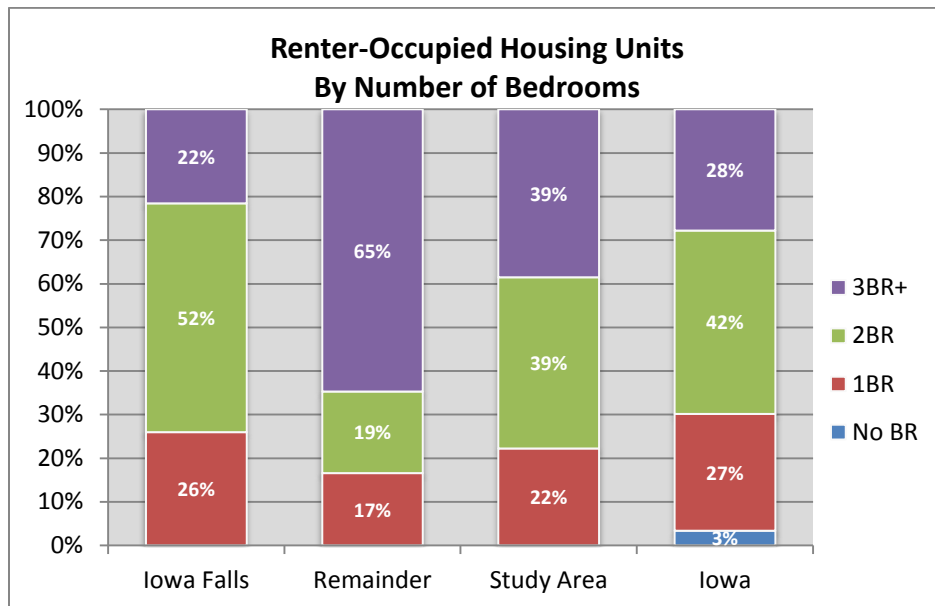
RENTAL MARKET ANALYSIS

- Two bedroom or more units are the most common rental unit type in Iowa Falls, representing 52% of all occupied rental units in the city. One bedroom units are second with 26% and three bedroom units consist of 22%.

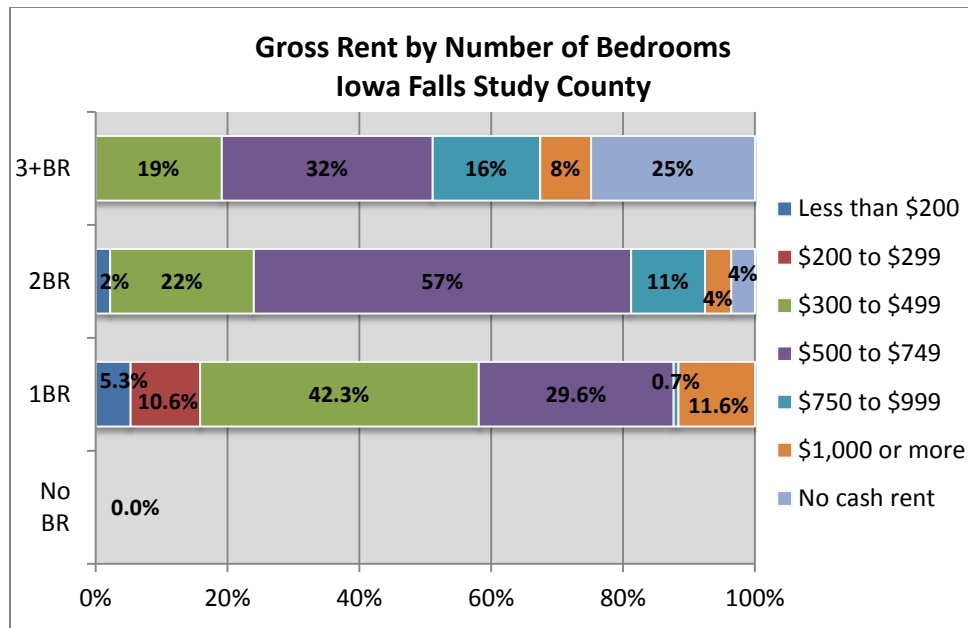
TABLE R-1							
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS							
IOWA FALLS STUDY AREA							
2012							
Total: Median Gross Rent	Iowa Falls		Remainder		Study Area		Iowa
	#	% of Total	#	% of Total	#	% of Total	% of Total
	774	100%	501	100%	1,275	100%	100%
	\$559		\$562		\$566		\$637
No Bedroom	0	0%	0	0%	0	0%	3%
Less than \$200	0	0%	0	0%	0	0%	5%
\$200 to \$299	0	0%	0	0%	0	0%	13%
\$300 to \$499	0	0%	0	0%	0	0%	44%
\$500 to \$749	0	0%	0	0%	0	0%	26%
\$750 to \$999	0	0%	0	0%	0	0%	5%
\$1,000 or more	0	0%	0	0%	0	0%	6%
No cash rent	0	0%	0	0%	0	0%	1%
1 Bedroom	201	26%	83	17%	284	22%	27%
Less than \$200	0	0%	15	18%	15	5%	5%
\$200 to \$299	0	0%	30	36%	30	11%	10%
\$300 to \$499	89	44%	31	37%	120	42%	35%
\$500 to \$749	79	39%	5	6%	84	30%	36%
\$750 to \$999	0	0%	2	2%	2	1%	7%
\$1,000 or more	33	16%	0	0%	33	12%	5%
No cash rent	0	0%	0	0%	0	0%	2%
2 Bedrooms	406	52%	94	19%	500	39%	42%
Less than \$200	11	3%	0	0%	11	2%	2%
\$200 to \$299	0	0%	0	0%	0	0%	2%
\$300 to \$499	75	18%	34	36%	109	22%	13%
\$500 to \$749	242	60%	44	47%	286	57%	46%
\$750 to \$999	48	12%	8	9%	56	11%	24%
\$1,000 or more	20	5%	0	0%	20	4%	8%
No cash rent	10	2%	8	9%	18	4%	5%
3 or More Bedrooms	167	22%	324	65%	491	39%	28%
Less than \$200	0	0%	0	0%	0	0%	1%
\$200 to \$299	0	0%	0	0%	0	0%	2%
\$300 to \$499	35	21%	59	18%	94	19%	9%
\$500 to \$749	85	51%	72	22%	157	32%	25%
\$750 to \$999	29	17%	51	16%	80	16%	25%
\$1,000 or more	0	0%	38	12%	38	8%	22%
No cash rent	18	11%	104	32%	122	25%	17%
Sources: 2008-2012 American Community Survey; Maxfield Research, Inc.							

RENTAL MARKET ANALYSIS

- Three-bedroom units comprise 65% of the Remainder of the Study Area's renter-occupied housing supply and units while only 19% of the renter-occupied units are two bedrooms and 17% are one bedrooms.
- By comparison, the State of Iowa consists of 42% two bedroom units, 28% three bedroom units, and 27% one bedrooms.



- Monthly gross rents in one-bedroom units in Iowa Falls range from less than \$300 to over \$1,000 with over 44% renting for between \$300 and \$499 per month. Approximately 39% have gross monthly rents between \$500 and \$749 and 16% have gross monthly rents over \$1,000.
- Roughly 60% of the two-bedroom units in Iowa Falls have gross monthly rents ranging from \$500 to \$749, and 18% have a rental rate range of \$300 to \$499. Units with rents of \$1,000 or more represent roughly 5% of the two-bedroom units in Iowa Falls.
- Roughly 51% of the units with three or more bedrooms in Iowa Falls rent for between \$500 and \$749 per month. While 21% have a rental rate range of \$300 to \$499 and 17% have rents of \$750 to \$999 per month.
- As a percentage of each unit type, 0% of the one-bedroom units, 2% of the two-bedroom units, and 11% of the units with three or more bedrooms were reported as having no cash rent. These units may be owned by friends or relatives who live elsewhere and who allow occupancy at no charge. Rent-free houses or apartment units may be provided to compensate caretakers, ministers, tenant farmers, or other.



General-Occupancy Rental Projects

Our research of the Study Area's general occupancy rental market included a survey of eight market rate apartment properties (6 units and larger) and three affordable/subsidized properties September/October 2014. These projects represent a combined total of 187 units, including 107 market rate units and 80 affordable/subsidized units. Although we were able to contact and obtain up-to-date information on the majority of rental properties, there were a couple projects we were unable to reach. Overall, 19 general-occupancy and senior properties were contacted with 17 properties participating in the rental survey (89% participation rate).

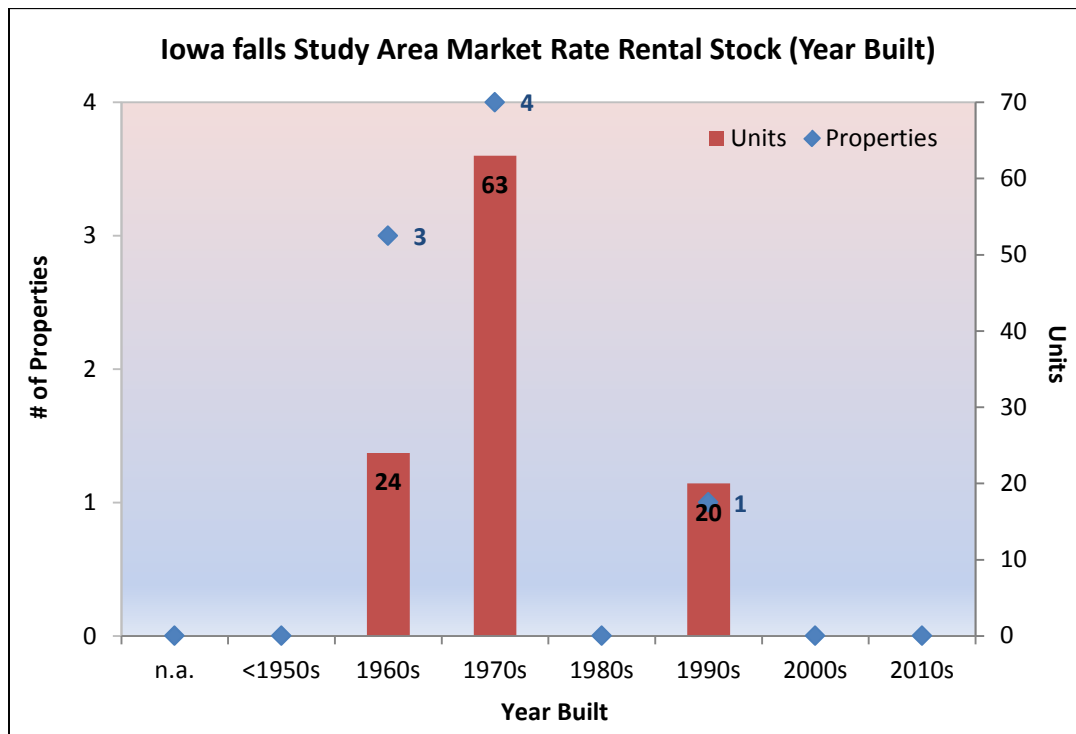
At the time of our survey, five market rate unit and zero affordable/subsidized units were vacant, resulting in an overall vacancy rates of 5.6% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 5.6% is just above the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover. This vacancy rate is somewhat misleading though, interviews with property managers indicated that nearly all of the vacant units will be filled within a about a month of the survey. Thus dropping the rate to well below the 5% equilibrium and indicating pent-up demand for additional market rate rental units.

The industry standard for a stabilized rental market for affordable and subsidized is typically 3%. A vacancy rate of 0% is well above the market equilibrium indicating pent-up demand for additional affordable and subsidized units in the Study Area.

Table R-2 summarizes information on market rate projects, while Table R-3 summarizes information affordable and subsidized projects.

Market Rate

- *Rock Run*, opened in 1995, is the newest market rate rental development in Iowa Falls. Overall, Iowa Falls's market rate rental housing stock was built primarily prior to 1980. About 50% of the Study Area's market rate rental properties surveyed were constructed in the 1970s and 37.5% were built in the 1960s.



- A total of five vacancies were found, resulting in a vacancy rate of 5.6% as of October 2014. It should be noted that vacancy numbers are subject to change and all property managers are either filling or anticipate filling those vacant units within a month of the survey. According to rental owners in market rate properties, turnover is low and vacant units fill very quickly.
- Roughly 60% of the surveyed market rate units in the Study Area are one-bedroom units. The unit breakout by unit type is summarized below.
 - One-bedroom units: 65 | 61%
 - Two-bedroom units: 40 | 37%
 - Three-bedroom units: 2 | 2%
- The following is the monthly rent ranges for each unit type:
 - One-bedroom units: \$395 to \$525
 - Two-bedroom units: \$415 to \$695
 - Three-bedroom units: \$725 to \$800

RENTAL MARKET ANALYSIS

TABLE R-2
MARKET RATE GENERAL OCCUPANCY RENTAL BUILDINGS (8 units or more)
IOWA FALLS STUDY AREA
September 2014

Building Name/Address	Year Built	Total Units	Vacant Units	Unit Mix	Monthly Rents	Unit Sizes (Sq. Ft.)	Tenant Profile	Description/Comments
APARTMENTS								
Rock Run Apartments 410 Talbot	1995	20	1	19 - 2BR 1 - 3BR	\$695 \$725	1,000 1,200	Mostly 55+ single women	Started as retired building. Switched to general occupancy. 55+ residents remain majority. Typically full with waiting list.
-- 1323 Siloam Avenue	1979	5	1	1 - 1BR 3 - 2BR 1 - 3BR	\$525 \$550 \$800	1,000 1,000 2,000	Mixed ages of singles and families	Typically full and open unit will fill quickly. Low turnover..
Glenwood Apartments 1st Avenue Ackley	1978	10	Information not available. Was unable to find correct contact information for listed owners.					
Hilltop Village 1501 Hardin Avenue Alden	1976	40	2	32 - 1BR 8 - 2BR	\$395 \$415	600 750	About hald elderly and half under 55	Used to be HUD now market rate. Typically full with turnover of roughly 5 /year. Accepts Housing Choice Voucher.
Christensen Apartments 2119 Floyd Avenue	1972	8	0	4 - 1BR 4 - 2BR	\$505 \$525	650 800	Middle age to younger singles	Very low turnover with more permanent residents.
McClure Apartments 1121 Ellis Avenue	1965	8	1	8 - 1BR	\$425	600	Younger singles	Typically full but has higher turnover due to the younger age renters and being all one-bedroom.
Riverview Apartments Riverview Drive	1968	8	Information not available. Left message with owner and did not receive a call back.					
Scenic City Drive 1106 Cadet Street	1968	8	0	2 - 1BR 6 - 2BR	\$400 \$425 - \$450	n/a n/a	Mixed age mostly singles	Typically full with minimanl turnover
Total/Average		107	5	5.6%*				
MOBILE HOME PARKS								
South Park Estates 14394 Highway 65	1985	200 Pads	185	--	\$180	--	Mostly retired with some families.	Mobile Home Park. Must own home that is not over 10 years old. Do not rent mobile homes.
Country Living Mobile Home Park 23102 Highway D15	1962	78 Pads	Information not available. Left message with number found for potential owner. Unclear if correct number.					
*Vacancy rate does not include properties that did not participate or we could not contact.								
Source: Maxfield Research Inc.								

RENTAL MARKET ANALYSIS

TABLE R-4 COMMON AREA FEATURES/AMENITIES EXISTING GENERAL OCCUPANCY RENTAL PROJECTS IOWA FALLS STUDY AREA October 2014																
Projects	In Unit/Common Area Amenities								Utilities and Parking							
	Air Conditioning	Dishwasher	Patio/Balcony	Walk-in Closet	Laundry	Elevator	Community Room	Playground	Extra Storage Space	Heat/Gas	Electricity	Water/Sewer	Trash	Cable	Parking	Parking Fee (per month)
MARKET RATE RENTAL																
Rock Run	C	Y	Y	N	HU/OS	Y	N	N	N	T	T	L	L	T	DG	Inc.
1323 Siloam	W/C	Y	Y	N	HU/OS/IU	N	N	N	Y	T	T	L	L	T	DG	\$50
Glenwood	--	--	--	--	--	N	N	N	N	--	--	--	--	--	DG	
Hilltop Village	W	N	Y	N	OS	N	Y	N	N	L	T	L	L	T	O	
Christensen	C	S	Y	S	OS	N	N	N	N	L	T	L	L	T	DG	Inc.
McClure	W	N	N	N	OS	N	N	N	N	L	T	L	L	T	CP	Inc.
Riverview	--	--	--	--	--	N	N	N	N	--	--	--	--	--	DG	
Scenic City Drive	C	N	N	N	OS	N	N	N	N	T	T	L	L	T	DG	Incl.
Affordable/Subsidized																
Marion Manor II	W	N	N	N	OS	N	Y	N	N	N	T	L	L	T	O	
West View Court	W	N	N	N	OS	N	Y	N	N	L	T	L	T	T	O	
Pheasant Run	W	Y	Y	Y	OS	N	N	Y	Y	L	T	L	L	T	DG	Incl.
Note: Y=Available, N=Not Available; I=Included CA=Central Air; W=Wall unit air; S=Some units; DG=Detached Garage; UG=Underground; AG=Attached Garage; O=Offstreet; IU=In-unit; OS=On-Site; HU=Hook-ups; C=Common; N = None Source: Maxfield Research Inc.																

- The majority of the properties surveyed have air conditioning (half wall/half central), refrigerator, stove, and on-site common area laundry. In-unit washer and dryers have become common in new apartment developments constructed today. Only Rock Run Apartments and 1323 Siloam have in-unit laundry hook-ups. One unit at 1323 Siloam has in-unit laundry.
- Due the age of the properties, amenities are somewhat limited. Half of the rentals have balconies/patios, three buildings offer dishwashers, and only one has extra storage space (which is actually the detached garages if not used for a vehicle).
- Detached garages are prevalent at six of the eight developments and only 1323 Siloam charges an extra fee while the others include the garages. McClure Apartments has car ports and Hilltop Village is the only market rate building without garage parking. Although, utility packages differ from property to property, it was common for tenants to pay electricity, phone and cable. In most cases, water, sewer, and trash were included in the monthly rent.

Market Rate Rental Buildings



Rock Run



1323 Siloam



Glenwood - Ackley



Hilltop Village - Alden



Christensen



McClure



Riverview



Scenic City

Affordable/Subsidized

- There are three income-restricted projects in the Study Area with 80 total units. As of October 2014, there were zero vacant units. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The low vacancy rate in the market indicates pent-up demand for affordable and subsidized units in the Study Area.
- The two subsidized rental properties require a monthly rent of 30% of a resident's adjusted gross income. These projects are nearly 30 years of age or older. The resident profile is mixed in age with mostly singles and couples. There some aged 55+ occupying subsidized units at general occupancy buildings.
- Pheasant Run is a Section 42 Tax-Credit rental building developed in 2000 and is the newest rental development in the Study Area. Residents must qualify by having incomes at or below 40% to 60% of the Area Median Income. There are currently fully occupied. Families with children are typically tenants of the three-bedroom units while the two-bedroom units are couples and elderly with some families.
- Table R-5 on page 78 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Iowa Falls. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Duplex, Tri-plex, Quad-plex, and Single Family Rental Homes

In addition to traditional rental buildings, Maxfield Research interviewed property owners and managers that to assess the market for rental properties with four units and under within the Study Area.

As with the rental building surveyed in Table R-2 and R-3, vacancy rates for single family and buildings with four or less units very low. These properties offer larger sized units from roughly 700 square feet to 1,200. Rents however still remain somewhat affordable ranging from \$500 to \$750. Renovated or clean/well maintained properties can charge the higher rents in the area. Rents of \$750 appear to be the ceiling for this product in Iowa Falls.

Subsidized Housing Assistance Program

In addition to subsidized apartments in Iowa Falls, Hardin COunty also has a “tenant-based” subsidy called *Housing Choice Vouchers* to help lower income households find affordable housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development’s (HUD), and is managed by the City of Marshalltown Housing Office (they also manage the City of Mashalltown, Hardin County, Tama County, and Marshall County). Under the Housing Choice Voucher program (formerly Section 8 Certificates and Vouchers), qualified households are issued a voucher that the household can take to an apartment that has rent levels allowable under HUD guidelines. The household then pays 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. Applicants in Iowa Falls may be eligible for the program if their income is below the current limits for Hardin County are shown in Table R-5, which are set by HUD on an annual basis (50% of the median family income for a geographical area – or “Very Low-Income”).

The waiting list for the Housing Choice Voucher program is currently open with a current wait of roughly one year. Turnover during 2014 currently has been about 10 households coming off of the program and eight going on. The program currently has 318 families with a potential for another 150 households. However, there is currently not enough funding being received to release these additional 150 vouchers. Hardin County accounts for 49 of the 318 issued vouchers. Iowa Falls accounts for only 19 of the 49 Hardin County vouchers.

TABLE R-5 HUD INCOME AND RENT LIMITS HARDIN COUNTY - 2014										
	Income Limits by Household Size									
	1 pph	2 phh	3 phh	4 phh	5 phh	6 phh	7 phh	8 phh		
	30% of median	\$13,500	\$15,420	\$17,340	\$19,260	\$220,820	\$22,350	\$23,910	\$25,440	
	40% of median	\$18,000	\$20,560	\$23,120	\$25,680	\$27,760	\$29,800	\$31,880	\$33,920	
	50% of median	\$22,500	\$25,700	\$28,900	\$32,100	\$34,700	\$37,250	\$39,850	\$42,400	
	60% of median	\$27,000	\$30,840	\$34,680	\$38,520	\$41,640	\$44,700	\$47,820	\$50,880	
	Maximum Gross Rent									
	EFF	1BR	2BR	3BR	4BR					
	30% of median	\$337	\$361	\$433	\$501	\$558				
	40% of median	\$450	\$482	\$578	\$668	\$745				
50% of median	\$562	\$602	\$722	\$835	\$931					
60% of median	\$675	\$723	\$867	\$1,002	\$1,117					
	Fair Market Rent									
	EFF	1BR	2BR	3BR	4BR					
	Fair Market Rent	\$392	\$446	\$579	\$723	\$774				
	Rent at 30% of Income (by Max. Occupancy)									
	0 BR	1BR	2BR	3BR	4BR					
	30% of median	\$338	\$386	\$434	\$482	\$5,521				
	40% of median	\$450	\$514	\$578	\$642	\$694				
	50% of median	\$563	\$643	\$723	\$803	\$868				
	60% of median	\$675	\$771	\$867	\$963	\$1,041				
	Sources: HUD; Iowa Finance Authority; Maxfield Research Inc.									

Families with children, elderly (62+), and disable households are first priority while younger singles and those who cannot qualify are likely to never receive a voucher. The ratio in Hardin County for issued vouchers is currently 31 elderly/disabled compared to 18 family households.

The Marshalltown Housing Office contact stated that there has been issue for some voucher households in finding available housing in Iowa Falls and the jurisdiction in general. Units are required to be inspected and must reach minimum code guidelines. Family households typically desire larger square footage single family home rentals. Many landlords in the jurisdiction either do not accept vouchers or do not want to go through the inspection process and keep the property up to code. There are currently only 8 vouchers issued to households occupying single family homes.

Affordable/Subsidized Rental Buildings



Pheasant Run

Market Overview

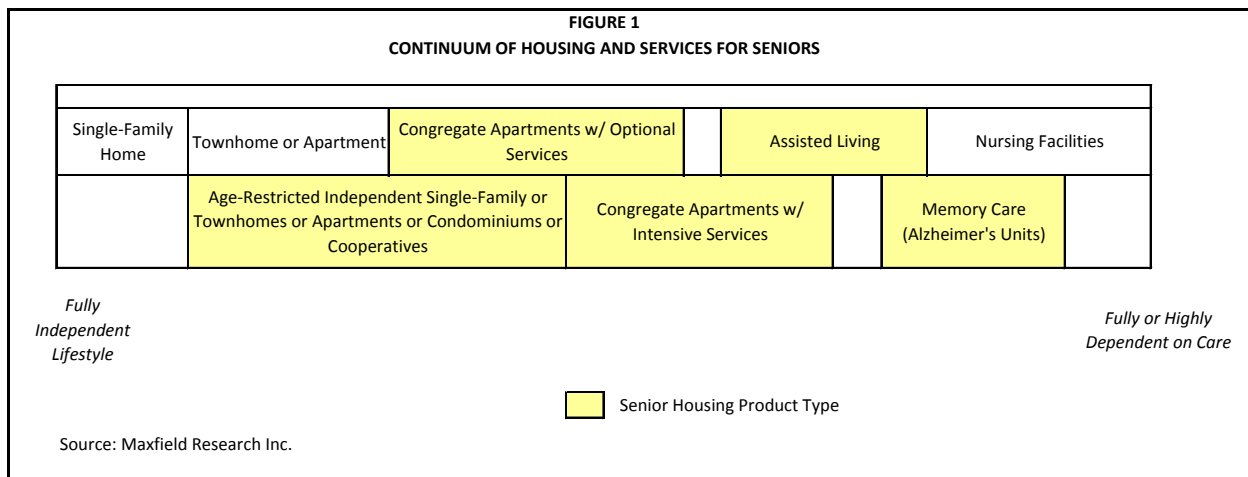
- The availability of market rate rental units is low. Units that become vacant fill very quickly.
- There have been no new general occupancy rental buildings built since 2000 and no new duplex, triplex, and quad-plex built in roughly 30 years. There are no planned or pending general occupancy rental development planned in Iowa Falls.
- The surveyed rental housing (6 units or more) appears to be in good condition and interviews did not find any significant complaints about the quality. However, the quality of single family rental and duplex rental product types is in question. Interviews have concluded with mixed opinions about the quality of certain these properties. While some buyers fixing up the properties there is also a number of investors who buy with no improvement to the property along with existing landlords that do not even perform the minimum requirements.
- The Ellsworth Community College currently has a student housing crisis. On campus housing is full and the college has converted lounges in living units. The tight rental housing market has made it difficult for students looking to rent. In addition, some landlords will not or shy away from student tenants. Student renters can roughly afford \$200 per student and thus they need to find two- and three-bedroom units to combine income with roommates.

Introduction

This section provides an assessment of the market support for senior housing (active adult, congregate, assisted living, memory care, and skilled nursing care) in Iowa Falls. An overview of the demographic and economic characteristics of the senior population in the Iowa Falls Study Area is presented along with an inventory of existing and pending senior housing developments in the Study Area. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the Study Area. Our assessment concludes with an estimation of the proportion of County demand that could be captured by senior housing communities located in the Iowa Falls Study Area.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum. Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum. In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research Inc. classifies market rate senior housing into five categories based on the level and type of services offered:



- Active Adult properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack

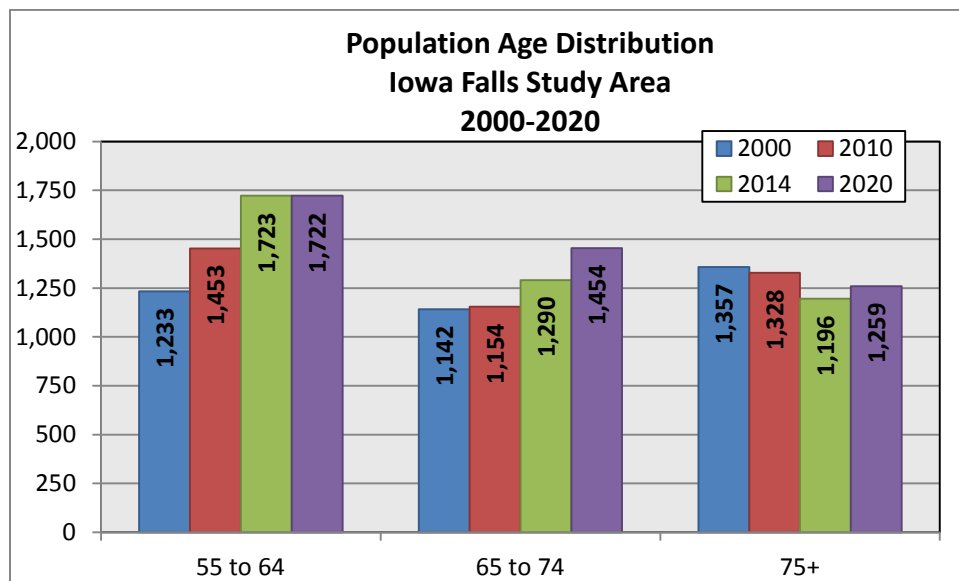
of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.

- Congregate properties (or independent living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings. Sponsorship by a nursing home, hospital or other health care organization is common.
- Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- Memory Care properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.
- Skilled Nursing Care, or long-term care facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs and private insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

The Senior Housing Analysis section of this study presented general demographic characteristics of Study Area's population. The following points summarize key findings from that section as they pertain to the older adult population in the Study Area.

- The greatest growth is predicted to occur among older adults in the Study Area. Aging of baby boomers led to an increase of 220 people (18%) in the 55 to 64 population between 2000 and 2010. As this group ages, the 55 to 64 and 65 to 74 cohorts are expected to continue increasing.



- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.
- The Study Area maintains relatively high rates of homeownership in the older adult age cohorts. The homeownership rate in 2010 was 84% for age 55 to 64 households. Seniors typically begin to consider moving into senior housing alternatives or more convenient housing such as apartment buildings or twin homes in their early to mid-70s. This movement pattern is demonstrated by the drop in homeownership for the 75+ age cohort (74%).

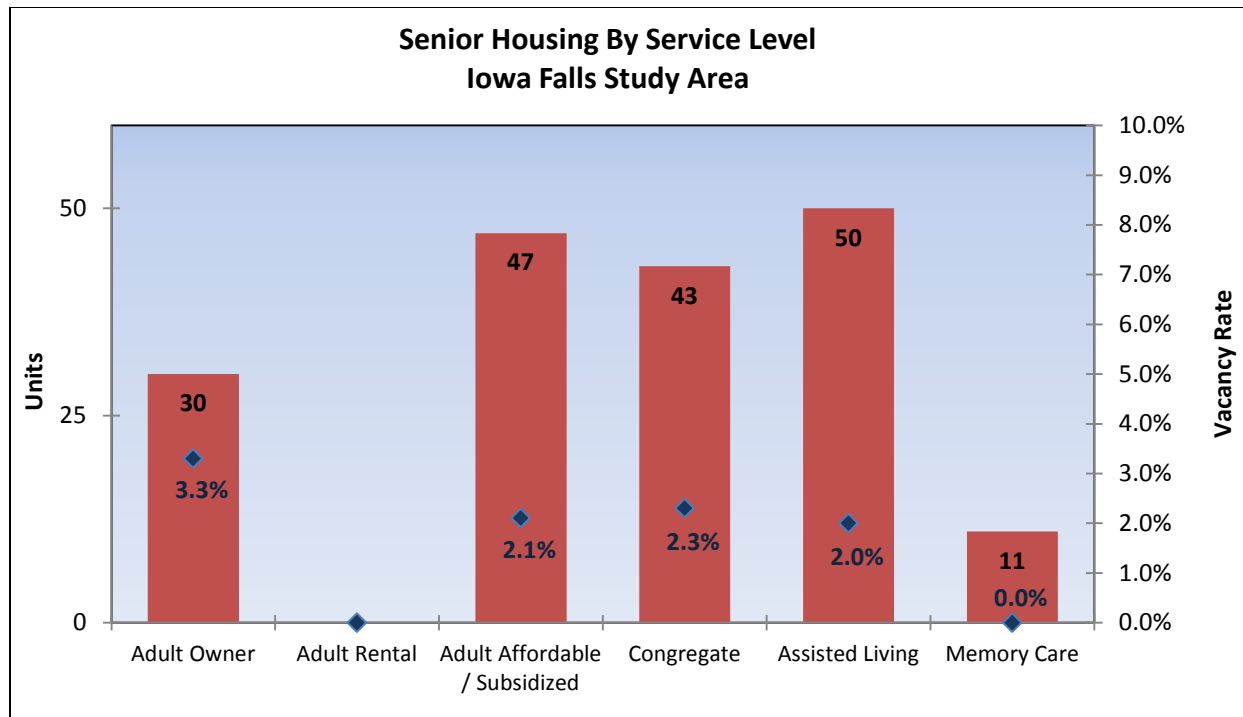
- With a homeownership rate of 80% for all households over the age of 65, a large number of residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing. These considerations are factored into our demand calculations.
- Based on the 2014 median sale price through September for single-family homes in Iowa Falls (\$75,500), a senior household could generate approximately \$1,774 of additional income annually (about \$148 per month), if they invested in an income-producing account (2.5% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

Supply of Senior Housing in the Iowa Falls

As of October 2014, Maxfield Research identified nine senior housing developments in the Iowa Falls Study Area. Combined, these projects contain a total of 181 units. Two of the projects are subsidized while the remaining developments are market rate. Table S-1 provides information on both the senior housing product type by service-level. Information in the table includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each project.

Active Adult Senior Projects

- There are three active adult rental developments in the Iowa Falls with a total of 30 units. As of the survey there was one vacant unit for a vacancy rate of 3.3%.
- *Oak Terrace North and South* were developed in 2004 and 2005 and have 20 units. Oak Terrace offers for-sale age-restricted two-bedroom townhomes. Recent sales of townhomes range from \$168,000 to \$172,500.
- *Genesis Place at Grand Jivante* contains 10 apartment units built in 1995 and 1996. Genesis Place offers a buy-in program in which a resident can buy into a unit from between \$70,000 and \$109,000. Buy-in costs are refundable pro-rated up to 70% if the resident needs to move into more service intensive housing. Monthly maintenance fees for the buy-in units are \$796 per month.
-



Affordable/Subsidized Senior Housing Projects

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30% of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable projects are typically tax-credit projects that are limited to households earning less than 80% (Typically 50% to 80% of AMI) of Hardin County's area median income.
- There are a total of 47 units in two subsidized senior projects. As of October 2014, one unit was vacant resulting in a vacancy rate of 2.1%. This is still slightly lower than the industry standard market equilibrium for subsidized properties of 3%.
- Nearly all of the units are one-bedroom ranging in size from 550 square feet to 600 square feet. The two-bedroom units are 700 square feet.
- All utilities except phone and cable are included in the rent. Amenities are limited and include standard appliances, on-site laundry facility, and off street parking. There are no services available at the subsidized properties. Activities are usually organized by residents.

SENIOR HOUSING ANALYSIS

TABLE S-1 SENIOR HOUSING PROJECTS IOWA FALLS STUDY AREA October 2014								
Project Name	Year Built	No. of Units	No. Vac.	Unit Mix	Unit Sizes (Sq. Ft.)	Entry Fee/Sales Price Monthly Rents/Fees		Comments
Active Adult - Ownership								
Oak Terrace Townhomes North Crescent Drive	2004/ 2005	12	0	12 - 2BR	1,194 - 1,648	\$157,920 - \$197,370		Owner occupied twinhomes with 1-, 2-car garages.
					Current Assessed Values			
					Rescent Sales	\$168,000 - \$172,500		
					Association Fee	n.a.		
Oak Terrace Townhomes South Polk Street & Oak Street	2004/ 2005	8	0	8 - 2BR	1,241 - 1,674	\$161,370 - \$194,780		Owner occupied twinhomes with 1-, 2-car garages.
					Current Assessed Values			
					Rescent Sales	None		
					Association Fee	n.a.		
Genesis Place @ Grand Jivante 502 Butler Street Ackley	1995/ 1996	10	1	6 - 1BR	737 - 1,175	\$70,000 - \$91,000		Buy-in arrangement. At least 70% refunded after unit is sold. Typically full with waiting list.
				4 - 2BR	1,223 - 1,364	\$86,000 - \$109,000		
					Monthly Fee	\$796		
Total Active Adult Ownership Units		30	1	3.3%				
Subsidized Active- Adult Projects								
Timberview 103 1/2 Pierce St.	1970s	23	1	19 - 1BR	600	30% of AGI	\$448	Rural Development subsidized. 21 units available for rental assistance and 2 units pay market rent. Typically full or 1 vacancy with low turnover. Average age mid to upper 70s.
				4 - 2BR	700		\$538	
						Market		
Marion Manor I 224 Marion Street Ne	1982	24	0	24 - 1BR	550	30% of AGI	\$459	Rural Development subsidized. Typically full with waiting list. Turnover low with an average yearly turnover 1-2. Average age 75.
						Market		
Total Subsidized Adult/Few Services Units		47	1	2.1%				
Continued								

SENIOR HOUSING ANALYSIS

**TABLE S-1
SENIOR HOUSING PROJECTS
IOWA FALLS STUDY AREA
October 2014
(Continued)**

Project Name	Year Built	No. of Units	No. Vac.	Unit Mix	Unit Sizes (Sq. Ft.)	Entry Fee/Sales Price Monthly Rents/Fees	Comments
Congregate (limited service)							
Cedar Ridge	1991-	43	1	2 - Eff	349	\$804	Typically full with low turnover. Waiting list or 1RB and 2BR units.
1221 North Fremont Street	1996			28 - 1BR	616 - 885	\$1,214 - \$1,552	
				13 - 2BR	856 - 940	\$1,552 - \$1,673	
Assisted Living Projects							
Ashbrook	2002	41	1	38 - 1BR	480	\$2,760 - \$4,110	Typically fully occupied with substantial waiting list. Open unit to be filled within October. Average Age is 90.
1121 North Fremont Street				3 - 2BR	550	\$3,270 - \$4,590	
The Lofts @ Grand Jivante	2013	9	0	2 - Studio	n.a.	\$1,053	Three care level available from \$864 to \$1,944 in top of base fee. Typically full with waiting list.
701 East Mapleleaf Drive				4 - 1BR	n.a.	\$1,717	
Ackley				3 - Deluxe	n.a.	\$2,079	
						Base Unit Rent	
Total Assisted Living Units		50	1	2.0%			
Memory Care Projects							
New Horizons @ Grand Jivante	2007/	11	0	11 - Studio	n.a.	n.a.	Typically full. Memory care monthly fee is all inclusive.
502 Butler Street	2012						
Ackley							
Total Memory Care Units		11	0	0.0%			
Source: Maxfield Research Inc.							

TABLE S-2 AMENITY COMPARISON COMPETITIVE SENIOR PROJECTS IOWA FALLS STUDY AREA October 2014																			
Amenities/Features:																			
Emer. Call	A/C	Dishwasher	Disposals	Balc./Patio	Walk-in Closet	In Unit Laundry	Storage	Comm. Rm.	Exercise Rm.	Activity Rm.	Salon	Library	Game Rm.	Terrace/porch	Guest Suites	Parking	Other		
Active Adult-Few Services																			
Oak Terrace TH North	N	C	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Attached	Townhomes have 1 or 2-car garages included.	
									Access to Scenic Living Communities Amenities										
Oak Terrace TH South	N	C	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Attached	Townhomes have 1 or 2-car garages included.	
									Access to Scenic Living Communities Amenities										
Genisis Place @ Grand JiVante	Y	C	Y	Y	Y	N	OS	N	Y	Y	Y	Y	Y	Y	Y	Y	40 Attached Included		
Subsidized Adult-Few Services																			
Timberview	N	W	N	N	Y	N	OS	N	Y	N	N	N	N	N	N	N	Off-Street		
Marion Manor I	N	W	N	N	Y	N	OS	N	Y	N	N	N	N	N	N	N	Off-Street		
Congregate (limited service)																			
Cedar Ridge	Y	C	N	Y	Y	S	OS	S	Y	Y	Y	Y	Y	Y	Y	Y	27 Attached \$40 \$52/mo.		
Assisted Living Services																			
Ashbrook	Y	C	N	N	N	Y	N	N	Y	Y	Y	Y	Y	N	Y	Y	Off-Street \$52	Private dining room	
The Lofts @ Grand JiVante	Y	W	N	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Off-Street	Chapel	
Assisted Living Services																			
New Horizons @ Grand Jivante	Y	C	N	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Off-Street	Chapel	
Source: Maxfield Research Inc.																			

SENIOR HOUSING ANALYSIS

**TABLE S-3
SERVICES COMPARISON
COMPETITIVE SENIOR PROJECTS
IOWA FALLS STUDY AREA
October 2014**

	Utilities	Transportation	Activities	Meal Program	Hskpg. & Linens	Health/Misc.
Active Adult/Few Services						
Cedar Ridge	All utilities included except phone.	Fee based	Coordinator	Noon and Evening Optional.	Optional	None
Oak Terrace TH North	Pay all utilities.	Fee based	No access	None	None	None
Oak Terrace TH South	Pay all utilities.	Fee based	No access	None	None	None
Genesis Place @ Grand JiVante	All utilities included except cable and phone.	Scheduled	Coordinator	Optional	Optional	None
Subsidized Adult/Few Services						
Timberview	All utilities included except cable and phone.	None	None	None	None	None
Marion Manor I	All utilities included except cable and phone.	None	None	None	None	None
Congregate (limited service)						
Cedar Ridge	All utilities included except cable and phone.	Fee based	Coordinator	Continental Breakfast Incl. Noon/Evening Optional	Optional	None
Assisted Living						
Ashbrook	All utilities included except cable and phone.	Scheduled	Coordinator	3 meals daily	Weekly	24 hour on-site staff
The Lofts @ Grand JiVante	All utilities included except cable and phone.	Scheduled	Coordinator	2 meals daily	Weekly	24 hour on-site staff
Memory Care						
New Horizons @ Grand JiVante	All utilities included except cable and phone.	Scheduled	Coordinator	3 meals daily	Weekly	24 hour on-site staff
Source: Maxfield Research Inc.						

Assisted Living

- The Study Area has two assisted living facilities with 50 total units. *Ashbrook* is located in Iowa Falls and *The Lofts at Grand JiVante* in Ackley and were opened in 2002 and 2013 respectively. Only one unit was vacant at Ashbrook at the time of this survey.
- *Ashbrook* has a total of 41 units with a mix of 38 one-bedroom units and three two-bedroom units. Monthly fees include three daily meals, weekly housekeeping, personal care, and medication management and range from \$2,760 per month for an efficiency unit for a one-bedroom to \$4,590 for a two-bedroom unit.
- *The Lofts at Grand JiVante* was opened in 2013 and offers nine assisted living units. Monthly fees include two daily meals, weekly housekeeping, personal care, and medication management and ranging from \$1,053 to \$2,079 per month with an additional care package based on assessment ranging from level 1: \$864 to level 3: \$1,944.

Memory Care

- *New Horizons at Grand JiVante in Ackley* is the only memory care facility in the Study Area and has a total of 11 studio units and was fully occupied. Monthly fees include three daily meals weekly housekeeping, personal care, and medication management at an all-inclusive rate.

Planned and/or Pending Senior Housing Developments

There is one planned senior housing development within the Iowa Falls Study Area. *Grand JiVante* (formerly Presbyterian Village) has purchased 23 acres of land in the southern area of Iowa Falls north of Riverside Drive behind the existing Hy-Vee. The current plan is a full continuum of care senior campus consisting of a 64 bed skilled nursing care facility with a separate 16 unit memory care cottage style building. In addition, there will be 20 unit independent (congregate with optional services) and assisted living apartment building. The units can be utilized for either care level and allows the resident to remain in their unit rather than moving to a separate assisted living unit if such services are needed. Pricing has not been finalized but will be slightly higher than their facilities in Ackley.

The Grand JiVante campus in Iowa Falls will also offer two- and three-bedroom villa homes for ownership. Preliminary sale pricing is projected to be roughly \$160,000 to \$200,000 based on consumer choice of amenities offered in the villa. There has been strong interest in the product already and Grand JiVante will pre-sell units after a spec villa is built.

SENIOR HOUSING ANALYSIS

Amenities on the campus will be similar to that of the Ackley campus and will also offer a larger wellness center, center for healthy living, pool, and a centralized main street/town center design.

The timing for the Iowa Falls Grand JiVante is estimated to begin the spring of 2015 with potential for units to open in fall of 2015. Management anticipates and will focus on the residential portions of the development to have the units open first while the main street and other amenities could come slightly later. Villa absorption will be dependent on community interest and pre-sales.

Senior Rental Housing

Market Rate



Oak Terrace North/South



Genesis Place @ Grand JiVante – Ackley



Cedar Ridge



Ashbrook

Subsidized



Timberview



Marion Manor I

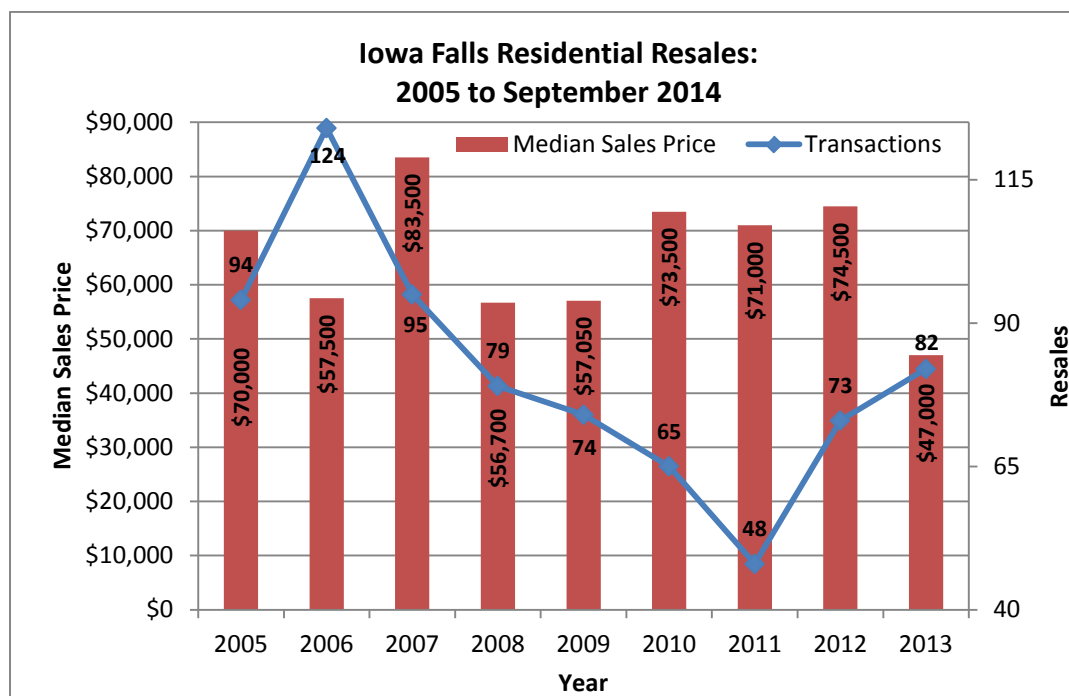
Introduction

Maxfield Research Inc. analyzed the for-sale housing market in Iowa Falls by analyzing data on single-family and multifamily home sales and active listings, inventorying active subdivisions, and conducting interviews with local real estate professionals, developers, builders, and planning officials.

Home Resales in Iowa Falls

Table FS-1 presents summary data for residential resale activity throughout Iowa Falls between 2005 and 2013. The data was obtained from the Heart of Iowa Multiple Listing Service. The table displays information on the number of resales, average sales price, and median sales price for Iowa Falls, Ackley, and Alden. The following are key points from Table FS-1.

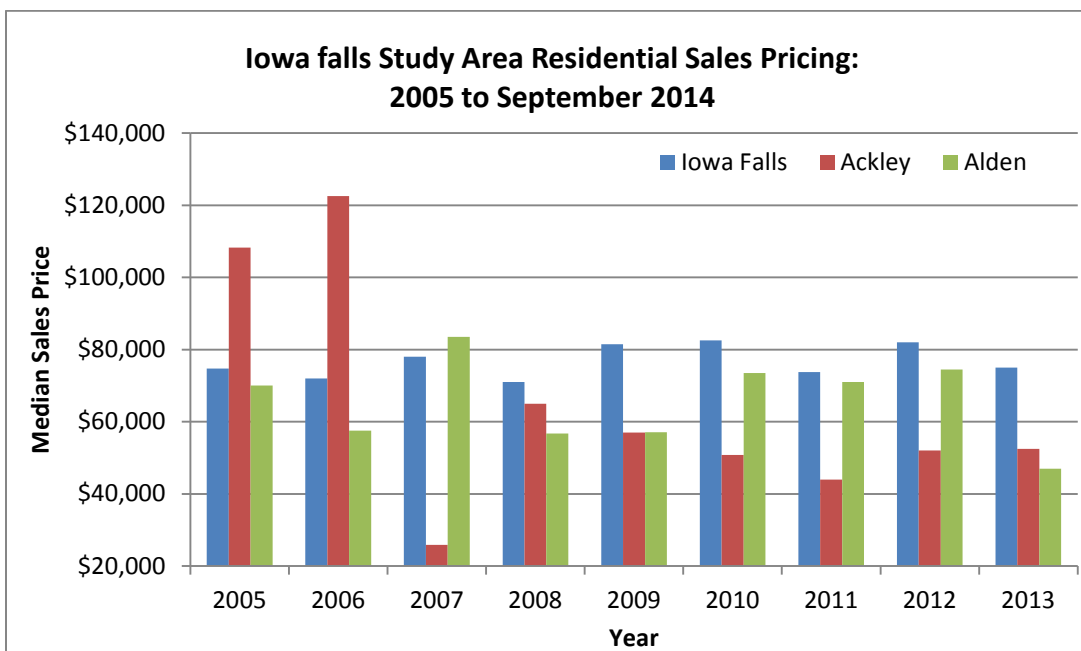
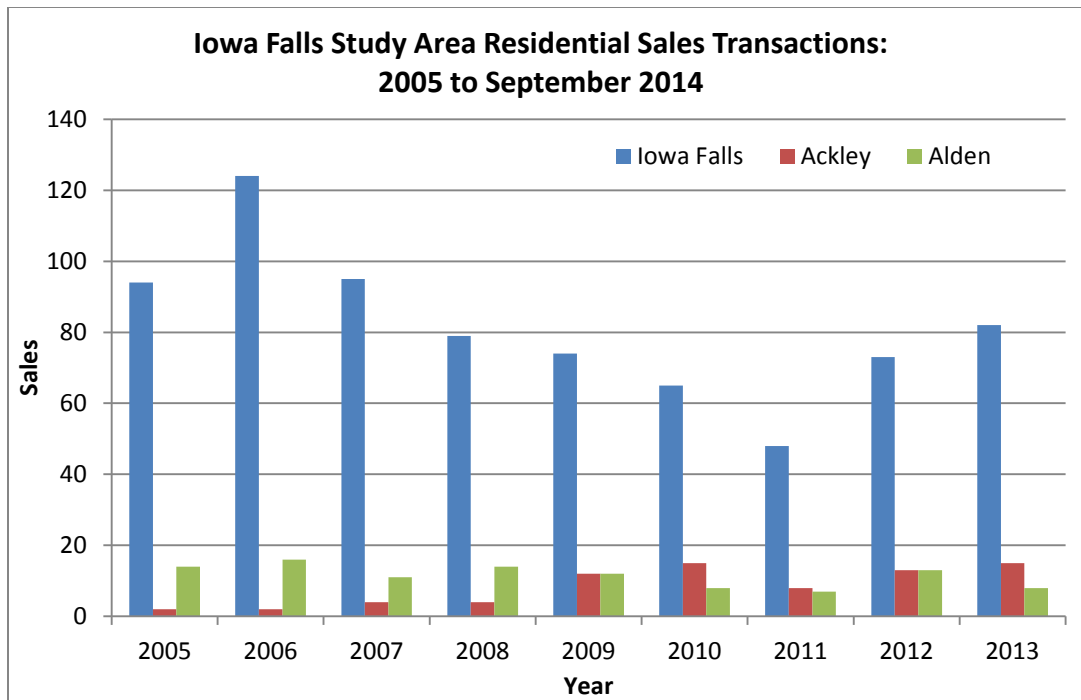
- Over the past nine years, Iowa Falls has averaged about 82 resales annually. Transaction activity peaked in 2006 with 124 resales. The lowest resale activity occurred in 2011 when 48 transactions occurred.



- Iowa Falls's median sale price peaked in 2007 with a price of \$83,500. Over the past nine years, the median sales price has averaged about \$90,754.
- Ackley and Alden have significantly less home sales per year than Iowa Falls. Ackley sales however may be understated due to agents not listing sales with the Iowa Falls area listing service. A realtor told me that sales in Ackley through 2009 could likely be doubled and

from 2009 to 2014 sales is about 75% of the total. Overall, average and median home sale prices in Ackley and Alden are lower than in Iowa Falls

TABLE FS-1 RESIDENTIAL REALES IOWA FALLS STUDY AREA 2005 to September 2014				
Year		Iowa Falls	Ackley	Alden
2005	Number	94	2	14
	Average	\$89,342	\$108,250	\$71,299
	Median	\$74,750	\$108,250	\$70,000
2006	Number	124	2	16
	Average	\$87,095	\$122,500	\$60,853
	Median	\$72,000	\$122,500	\$57,500
2007	Number	95	4	11
	Average	\$86,556	\$41,913	\$82,048
	Median	\$78,000	\$25,875	\$83,500
2008	Number	79	4	14
	Average	\$83,775	\$81,100	\$67,693
	Median	\$71,000	\$64,950	\$56,700
2009	Number	74	12	12
	Average	\$95,159	\$64,528	\$61,623
	Median	\$81,500	\$57,000	\$57,050
2010	Number	65	15	8
	Average	\$87,120	\$73,117	\$100,550
	Median	\$82,500	\$50,750	\$73,500
2011	Number	48	8	7
	Average	\$94,648	\$42,675	\$68,786
	Median	\$73,750	\$43,950	\$71,000
2012	Number	73	13	13
	Average	\$98,593	\$58,804	\$69,065
	Median	\$82,000	\$52,000	\$74,500
2013	Number	82	15	8
	Average	\$94,528	\$57,293	\$58,281
	Median	\$75,000	\$52,500	\$47,000
2014	Number	68	13	6
	Average	\$89,156	\$87,938	\$110,550
	Median	\$75,500	\$64,900	\$93,750
Sources: Heart of Iowa MLS, Maxfield Research Inc.				



- Iowa Falls did not experience the rapid home appreciation like many submarkets across the country. At the same time, the Iowa Falls did not experience declines and was insulated from the housing market bust that occurred in many communities. Resale activity and home values have remained relatively consistent between 2005 and September 2014.
- An average of 82 homes was sold annually in Iowa Falls since 2005. Considering that Iowa Falls has a supply of 1,490 owned homes in 2010, this represents turnover of 5.5% of the

owned homes annually. A turnover of 5.5% is lower compared to a nationwide average of 6% to 8%.

Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Iowa Falls, we reviewed the current supply of homes on the market (listed for sale). Table FS-2 shows homes currently listed for sale in the Iowa Falls Study Area distributed into seven price ranges. The data was provided by the Iowa Falls Area MLS. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table FS-3 shows listings by number of bedrooms.

- As of October 2014, there were 41 homes listed for sale in Iowa Falls. The average list price for Iowa Falls homes was \$118,329 and \$89,000, respectively. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.

TABLE FS-2 HOMES CURRENTLY LISTED FOR-SALE IOWA FALLS October 2014		
Price Range	No.	Pct.
Under \$25,000	1	2.4%
\$25,000 to \$49,999	7	17.1%
\$50,000 to \$99,999	17	41.5%
\$100,000 to \$149,999	5	12.2%
\$150,000 to \$199,999	5	12.2%
\$200,000 to \$249,999	1	2.4%
\$250,000 to \$299,999	3	7.3%
\$250,000 and Over	2	4.9%
	41	100%
Minimum	\$27,900	
Maximum	\$440,000	
Median	\$89,000	
Average	\$118,329	
Sources: Heart of Iowa MLS; Maxfield Research Inc.		

- Based on a median list price of \$89,000, the income required to afford a home at this price would be about \$25,430 to \$29,665, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household

with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 73% of the Study Area's households in 2014 have annual incomes at or above \$25,430.

- About 19.5% of active listings are priced under \$50,000 and another 15% are priced above \$200,000.
- Roughly 41.5% of all the listings in Iowa Falls are priced between \$50,000 and \$100,000. Listings that fall between \$100,000 and \$200,000 consist of 24% of the homes currently listed for sale in Iowa Falls.
- The majority of listings are three- and four-bedroom homes, which combined account for about 61% of the listings. Prices increase significantly with the increase in bedrooms.

TABLE FS-3 ACTIVE LISTINGS BY HOUSING TYPE IOWA FALLS October 2014					
Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. List Price Per Sq. Ft.
Single-Family					
<1BR	5	12.2%	\$39,575	808	\$48.98
2BR	9	22.0%	\$118,544	1,350	\$87.81
3BR	13	31.7%	\$121,985	1,638	\$74.47
4BR	12	29.3%	\$154,750	2,096	\$73.83
>5BR	2	4.9%	\$72,000	1,632	\$44.12
Total	41	100.0%	\$111,356	\$1,635	\$68.11
Source: Heat of Iowa MLS; Maxfield Research Inc.					

Actively Marketing and Pending Subdivisions

Table FS-5 identifies all of the subdivisions with available lots in the Iowa Falls Study Area that are actively marketing. The table identifies year platted, number of lots, available lots, and estimated values for land and homes values per the assessor. In addition, the comments column highlights the price of lots that are currently marketing. Key points from the table follow.

- As of October 2014, there are two subdivisions and two scattered plats/lots actively marketing in Iowa Falls with a total of 20 available lots. The Brouwer Maplehurst subdivision is located just outside of Iowa Falls municipal limits in Hardin township.

FOR-SALE MARKET ANALYSIS

TABLE FS-4
ACTIVE SINGLE-FAMILY SUBDIVISIONS
IOWA FALLS
September 2014

Subdivision/Location	City/Twp.	Year Platted	No. of Lots	Vacant/ Avail. Lots	Lot Size (acres)	Average Lot Size (acres)	Average Lot/Land Value ¹	Average Home Value ¹	Comments
Mt. Pleasant Submarket									
Georgetown Addition	Iowa Falls	1999	10	7	0.20 - 0.23	0.20	\$14,900	\$141,217	Lots marketing \$14,900
Brouwer Maplehurst	Hardin Twp.	1978	29	11	1.00 - 1.70	1.35	n.a.	\$259,250	Lot price vary based on current land prices.
Slayton Farm Plat	Iowa Falls	n.a.	1	1	11.12	11.00	\$15,040	n.a.	Challenging development site. Selling for \$44,000.
Rocksylvania	Various	n.a.	1	1	2.00	2.00	\$48,000	n.a.	Good site for development. Selling for \$48,000
Total			41	20					

¹ Lot value and home value based on Hardin County Assessor data.

Source: Maxfield Research Inc.

- Lot sizes at the two subdivisions range from small at .20 to .24 acres at Georgetown Addition to between 1.0 and 1.7 acres at the Brouwer Maplehurst subdivision. The average assessed home price in the Georgetown was \$141,217 and at Brouwer Maplehurst was \$259,250. Estimated construction cost for new homes at these subdivisions were \$135,000 and \$300,000+, respectively.
- The industry standard for a balanced lot supply for a community is a three- to five-years. This supply of lots is appropriate as it provides adequate consumer choice but minimize developers' carrying costs. Based on the annual absorption of single-family lots throughout Iowa Falls, most of the communities have an adequate lot supply to meet new home needs for buyers in the short-term. However, the limited choice of lots and difference in home prices at these subdivisions has limited the development of new construction in the city. Thus, the city is in need of more developable lots to balance the supply for different price points.

Realtor/Builder Interviews

Maxfield Research Inc. interviewed real estate agents, home builders, and other professionals familiar with Iowa Falls's owner-occupied market to solicit their impressions of the for-sale housing market in Iowa Falls. Key points are summarized by topic as follows.

Market Overview

- Real estate activity has been stable in Iowa Falls. Realtors find the market strong for certain types of housing. Except for a few random off years, resales have remained relatively steady each year.
- According to Realtors, there is a lack of existing homes for move-up buyers priced above \$150,000. Many Realtors commented on the number of clients they have seeking updated housing that is well maintained priced between \$150,000 and \$200,000 but they have few options.
- The vast majority of homes listed for-sale is older, entry-level homes priced under \$100,000. These homes usually require a lot of improvement and maintenance issues.
- The real estate market is bifurcated in Iowa Falls. Entry-level homes are readily available, but new construction is not affordable to many householders and targets a move-up to executive buyer who can afford construction costs. Many prospective buyers do not want to wait to build a new home as there a few spec homes being built. As such, the move-up market among the existing housing stock is limited in Iowa Falls.

FOR-SALE MARKET ANALYSIS

- According to Realtors, older two-story homes are less desirable than one-story homes and typically take longer to sell. Upper-end homes (above \$250,000) also take longer to sell.
- Inventory (i.e. home supply) has generally been low regardless of price point. As a result, some buyers are unable to find housing based on their preferences and price point. Activity could be higher if the supply were balanced.
- Investors continue to seek out entry-level priced (typically \$55,000 or lower) homes for rental properties. Foreclosures are a main source of these investors. Foreclosures sell quickly depending on their condition and price.
- The overall housing stock continues to age and many state that all areas of the city are deteriorating which is a major factor in the housing crunch. Only a certain areas of the city seemed to have dilapidated housing issues roughly 15 years ago but it seems to be happening in all neighborhoods recently.
- Overall, there is an overwhelming consensus that Iowa Falls has a lack of available for-sale housing options across the board. This has caused many buyers to look to other communities to find the type of home that they are looking for.

Land/Lots

- Interviewees indicated that the current supply of lots is insufficient to meet buyer demand today. There is a very limited supply of lots that offer a variety of housing options. The Georgetown Addition is not a desirable location for new buyers and most realtors find that this subdivision is not an option for single-family development.
- Although smaller lot sizes could bring down lot costs, most interviewees mentioned that buyers desire large acre lots. This is supported by many adjacent lots being purchased by homeowners to expand property sizes. Infill development can be difficult due to the smaller lot sizes.
- Most Iowa Falls lots have been averaging from \$15,000. Township lots are typically less expensive but have additional fees for the septic system and other infrastructure costs. Lots higher than \$25,000 are difficult to sell.

New Construction

- There are a handful of local builders in the Iowa Falls area. Because of construction costs, infrastructure costs, and the length of time it takes to sell a spec home, builders are only developing a few homes per year to be able to carry the cost. Some builders have more of a focus on remodel projects or deal with an individual buyer who has purchased land for a home.

- Most if not all of the homes under construction target a move-up buyer as builders cannot economically bring an entry-level home to the market given today's construction and land costs.
- Single-family new construction is dominated by ranch homes (i.e. rambler) with large, open floor plans on the main-level. Many buyers desire more square footage and want a main-level floor plan at roughly 2,000 square feet and higher. Manufactured homes are being built with square footage around 1,800 to 1,900 square feet. Buyers prefer this floor plan as it allows them to age in place more easily than a two-story home design. In addition, most of the homes have a finished/unfinished basement that can add 1,000 square feet or more to the total finished square footage.
- New single-family construction is mostly "build-to-suit," meaning the consumer chooses the floor plan, finishes, etc. Few builders are willing to take on spec construction due to the risk.
- All of the builders constructing homes in Iowa Falls are local builders/contractors from Iowa Falls or the area. There are no larger, production builders constructing homes in Iowa Falls.
- The average price per square foot ("PSF") for new construction with moderate finishes has been around \$130 to \$150/PSF or more for new construction in Iowa Falls. Homes with higher-end finishes, finished basements, etc. will be higher and exceed \$180/PSF. Manufactured home builders can achieve a PSF of \$50 to \$60, but most typically cost around \$90 to \$100 PSF. Builders find that construction costs are roughly 20% higher than larger municipal areas.
- Some local land owners have land available to open up for development but have been reluctant due to infrastructure costs. It currently is more financially feasible to either continue to farm the land or for it to remain undeveloped. Assistance from the city could help the development process according to the interviews.

Lending

- Local banks find that denials for loans are down. Less buyers are bringing no money down as the stricter lending practices have weeded out less qualified buyers.
- Certain banks differ on the softness of the current lending market. There is currently more borrowing for resale and move-up homes. The borrowing for homes within the \$100,000 to \$150,000 price range is minimal.
- Lenders have approved loans to borrowers but the borrowers cannot find the housing they are searching for. Additionally, because they are unsure of selling their own home, some borrowers are not pursuing loans.

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Iowa Falls. This section of the report presents our estimates of housing demand in the Study Area from 2014 through 2020.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often "double-up" with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly-priced single-family homes or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
 - Generally in their late 60's or 70's

6. *Older seniors*

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

Because of the relatively older age of the City's housing stock and the fact that population growth was minimal over the past decade, demand for Iowa Falls will be driven by replacement need more so than household growth. Between 2014 and 2020, the City of Iowa Falls and the Study Area are projected to see a decline in households.

The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Iowa Falls Study Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in the County.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following paragraphs outline some key variables driving housing demand.

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

HOUSING DEMAND ANALYSIS

DEMOGRAPHICS & HOUSING DEMAND							
Age Cohort	Student Housing	Rental Housing	1st-time Home Buyer	Move-up Home Buyer	2nd Home Buyer	Empty Nester/ Downsize	Senior Housing
18-24	18 - 24						
25-29		18-34					
30-34			25-39				
35-39				30-49			
40-44							
45-49							
50-54					40-64		
55-59							
60-64						55-74	
65-69		65-79					
70-74							
75-79							
80-84							
85+							55+ & 65+

Source: Maxfield Research Inc.

HOUSING DEMAND ANALYSIS

TYPICAL HOUSING TYPE CHARACTERISTICS				
	Housing Types	Target Market/ Demographic	Unit/Home Characteristics	Lot Sizes/ Units Per Acre ¹
For-Sale Housing	Entry-level single-family	First-time buyers: Families, couples w/no children, some singles	1,200 to 2,200 sq. ft. 2-4 BR 2 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Move-up single-family	Step-up buyers: Families, couples w/no children	2,000 sq. ft.+ 3-4 BR 2-3 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Executive single-family	Step-up buyers: Families, couples w/no children	2,500 sq. ft.+ 3-4 BR 2-3 BA	100'+ wide lot 1.5-2.0 DU/Acre
	Small-lot single-family	First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees	1,700 to 2,500 sq. ft. 3-4 BR 2-3 BA	40' to 60' wide lot 5.0-8.0 DU/Acre
	Entry-level townhomes	First-time buyers: Singles, couples w/no children	1,200 to 1,600 sq. ft. 2-3 BR 1.5BA+	6.0-12.0 DU/Acre
	Move-up townhomes	First-time & step-up buyers: Singles, couples, some families, empty-nesters	1,400 to 2,000 sq. ft. 2-3 BR 2BA+	6.0-8.0 DU/Acre
	Executive townhomes/twinhomes	Step-up buyers: Empty-nesters, retirees	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Detached Townhome	Step-up buyers: Empty-nesters, retirees, some families	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Condominiums	First-time & step-up buyers: Singles, couples, empty-nesters, retirees	800 to 1,700 sq. ft. 1-2 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
Rental Housing	Apartment-style rental housing	Singles, couples, single-parents, some families, seniors	675 to 1,250 sq. ft. 1-3 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
	Townhome-style rental housing	Single-parents, families w/children, empty nesters	900 to 1,700 sq. ft. 2-4 BR 2BA	8.0-12.0 DU/Acre
	Student rental housing	College students, mostly undergraduates	550 to 1,400 sq. ft. 1-4BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre
Both	Senior housing	Retirees, Seniors	550 to 1,500 sq. ft. Suites - 2BR 1-2 BA	Varies considerably based on senior product type

¹ Dwelling units(DU) per acre expressed in net acreage (minus right-of-way)

Source: Maxfield Research Inc.

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing has been increasingly challenging over the past few years as lenders have overcorrected from the subprime mortgage crisis. As a result, many borrowers have remained on the sidelines as lenders have enforced tight lending requirements, thereby increasing the demand for rental housing.

For-Sale Housing Market Demand Analysis

Tables DMD-1 presents our demand calculations for general occupancy for-sale housing in Iowa Falls between 2014 and 2020. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households. The following points summarize our findings.

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- According to our projections, the Study Area is expected to exhibit no growth households between 2014 and 2020. Thus, there will be zero demand for owner households from household growth.
- As of 2014, there are approximately 2,377 owner households under the age of 65 in the Study Area. Based on household turnover data from the 2012 American Community Survey, we estimate that 27% of these under-65 owner households will experience turnover between 2014 and 2020. This estimate results in anticipated turnover of approximately 642 existing households by 2020.

TABLE DMD-1 GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND CITY OF IOWA FALLS 2014 to 2020			
DEMAND FROM PROJECTED HOUSEHOLD GROWTH			
Projected household (age 64 and younger) growth in the PMA 2014 to 2020 ¹			0
(times) Pct. of HH growth for general occupancy housing ²	x	0%	
(equals) Projected demand for general occupancy units	=	0	
(times) Propensity to Own ³	x	75%	
(equals) Number of potential owner households from HH growth	=	0	
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Number of owner households (age 64 and younger) in the PMA, 2014	=	2,377	
(times) Estimated % of owner turnover (age 64 and younger, 2014 to 2020) ⁴	x	27%	
(equals) Total existing households projected to turnover between 2014 and 2020	=	642	
(times) Estimated % desiring new owner housing	x	10%	
(equals) Demand from existing households	=	64	
Total Demand From Household Growth and Existing Households, 2014 to 2020	=	64	
(times) Ownership demand generated from outside PMA	+	25%	
(equals) Total demand potential for ownership housing in the PMA	=	86	
% of PMA Demand Capturable in the City of Iowa Falls	x	75%	
Demand from Household Growth and Existing Households in Iowa Falls	=	64	
		Single Family	Multi-family
(times) Percent desiring for-sale single family (SF) vs. multifamily (MF) ⁵	x	80%	20%
(equals) Total demand potential for new for-sale housing in Iowa Falls	=	51	13
¹ Estimated household growth based per ESRI and Maxfield Research Inc. ² Pct. of household growth under age 65 ³ Pct. Owner households under age 65 in 2010 ⁴ Based on household turnover and mobility data (2012 American Community Survey, Five Year Estimates). ⁵ Based on new construction sales data and building permit data from 2005 to present * Multifamily demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research Inc.			

- We then estimate the percent of existing owner households turning over that would prefer to purchase new housing. We estimate that 10% of the households turning over in the City

will desire new housing. This estimate results in demand from existing households for 64 new residential units in the Study Area between 2014 and 2020.

- Total demand from household growth and existing household turnover between 2014 and 2020 remains at 64 new for-sale housing units in the Study Area due to the projected decline in households over the decade. An additional proportion is added for households that would move into ownership housing in the PMA who currently reside outside the area.
- Due, in large part, to the employment base, quality of the school district along with other community amenities, Iowa Falls can draw a portion of potential home buyers from the surrounding area, particularly the Cities Eldora, Ackley, Aden, Hampton, and Webster City where people have chosen due to the lack of options within Iowa Falls. We estimate that 25% of the demand potential for general occupancy ownership housing in Iowa City would be derived from outside the area, increasing total demand to 86 units.
- Based on our population and household growth projections, we estimate that the City of Iowa Falls will capture 75% of the PMA's demand for new for-sale housing between 2014 and 2020, equating to demand for 64 units between 2014 and 2020.
- Based on building permit trends and new construction sales data from 2005 to present, we estimate that 80% of the householders seeking new housing will desire single-family housing, while the remaining 20% will be seeking multifamily units.
- We anticipate that there will be demand for approximately 51 general occupancy single-family homes and 13 multifamily units in Iowa Falls between 2014 and 2020.

Rental Housing Demand Analysis

Tables D-2 presents our calculation of market rate general-occupancy rental housing demand for Iowa Falls. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. Typically, 65 and older cohort is not a target market for new general-occupancy market rate rental housing. However, because our rental survey uncovered a large number of senior households living in the local rental housing product thus we include those households under the age of 65.

- According to our projections, Iowa Falls is expected to decrease by households for ages 65 and under between 2014 and 2020. However, households over age 65 are projected to grow by nearly 140. Thus, demand potential for renter households from new household growth will only come from those 65 and over.

HOUSING DEMAND ANALYSIS

TABLE DMD-2 DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING PRIMARY MARKET AREA 2014 to 2020						
		Number of Households				
		Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth						
Projected Growth in Household Base by 2020		0	0	0	0	139
(times) Proportion Estimated to Be Renting Their Housing ¹	x	70%	44%	24%	19%	20.0%
(equals) Projected Demand for Rental Housing Units	=	0	0	0	0	28
Demand From Existing Households						
Number of renter households in 2014		146	261	155	335	315
(times) Estimated % of renter turnover between 2014 & 2020 ²	x	62%	62%	47%	47%	31%
(equals) Total Existing Renter Households Projected to Turnover	=	91	162	73	157	98
(times) Estimated % Desiring New Rental Housing ³	x	16%	16%	16%	16%	16%
(equals) Demand From Existing Households	=	14	26	12	25	16
Total Demand From Household Growth and Existing Households		14	26	12	25	43
Total Demand from Household Growth and Existing Households	=	148				
(plus) Demand from outside Market Area (25%)	+	49				
(equals) Total Demand for Rental Housing in the PMA	=	198				
(times) percent of PMA Demand Capturable in the City of Iowa Falls	x	75%				
(equals) Total Demand for Rental Housing the City of Iowa Falls	=	148				
(times) Percent of rental demand by product type ⁴	x	15%	25%	60%		
(equals) Total demand for new general occupancy rental housing units	=	22	37	89		
(minus) Units under construction or approved*	-	0	0	0		
(equals) Excess demand for new general occupancy rental housing in Iowa Falls	=	22	37	89		

¹ Based on 2010 Census data.

² Based on household turnover and mobility data (2012 American Community Survey, Five Year Estimates).

³ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council

⁴ Based on the combination of current rental product, income limits, and household incomes of area renters (non-senior households)

*Pending competitive units at 95% occupancy.

Source: Maxfield Research Inc.

- Secondly, we calculate demand from existing renter households in the Study Area that could be expected to turnover between 2014 and 2020. As of 2014, there are 1,212 renter households in the Study Area. Based on household turnover data from the 2012 American Community Survey, we estimate that between 31% and 62% of these households will experience turnover between 2014 and 2020. This estimate results in anticipated turnover of approximately 581 existing households by 2020.
- We then estimate the percent of existing renter households turning over that would prefer to rent in a new rental development. Considering the age of the Study Area's housing stock, we estimate that 16% of the households turning over in the Study Area will desire new rental housing. This estimate results in demand from existing households for 121 new residential rental units between 2014 and 2020.
- Combined with the projected household growth for those over 65 and demand from existing household turnover, demand equates to 148 new for-sale housing units.
- We estimate that up to 25% of the total demand for new rental housing units in Iowa Falls will come from people currently living outside of the Study Area. As a result, we find demand for 198 renter households between 2014 and 2020.
- We then estimate that the City of Iowa Falls can capture 75% of the calculated demand for general occupancy rental housing in the Study Area. Thus, demand in Iowa Falls equals a total of 148 units by 2020.
- Based on a review of renter household incomes and sizes and monthly rents at existing properties, we estimate that 60% of the total demand will be for market rate housing. Through 2020, demand exists for 89 market rate rental units in Iowa Falls.
- We estimate that 25% of the total demand in Iowa Falls will be for affordable housing (37 units) and 15% will be for subsidized housing (22 units).

Senior Housing Demand Analysis

Tables DMD-3 and DMD-7 shows demand calculations for senior housing in the Iowa Falls Study Area from 2014 to 2020. Demand methodology employed by Maxfield Research Inc. utilizes capture and penetration rates that blend national senior housing trends with local market characteristics, preferences and patterns. Our demand calculations consider the following target market segments for each product types:

Market Rate Active Adult Rental and Ownership Housing: Target market based includes age 55+ older adult and senior households with incomes of \$35,000 or more and senior homeowners with incomes between \$25,000 and \$34,999.

Affordable/Subsidized Independent Housing: Target market based includes age 55+ older adult and senior households with incomes of \$35,000 or less.

Congregate Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with congregate housing. Income-ranges considered capable of paying for congregate housing are the same as for active adult housing.

Assisted Living Housing: Target market base includes older seniors (age 75+) who would be financially able to pay for private pay assisted living housing (incomes of \$40,000 or more and some homeowners with incomes below \$40,000). Additional demand for subsidized assisted living is not included in this demand but would result in greater demand for assisted living housing if considered.

Memory Care Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with memory care housing. Income ranges considered capable of paying for memory care housing (\$60,000 or more) are higher than other service levels due to the increased cost of care.

The demand captureable from outside of the Study Area is lower for senior housing compared with general occupancy due to seniors typically have less mobility and prefer to remain within or near the community they current live in.

Existing senior housing units are subtracted from overall demand for each product type.

Market Rate Adult/Few Services Senior Housing Demand

Table DMD-3 presents our demand calculations for market rate active adult/few services housing in the PMA in 2014 and 2020. The market for active adult/few services housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors. In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes of \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort. We estimate there are 1,702 age-, income- and asset-qualified Study Area households that comprise the market for active adult housing in 2014, increasing to 1,760 qualified households in 2020.

Adjusting to include appropriate capture rates for each age cohort (0.5% of households age 55 to 64, 6.5% of households age 65 to 74, and 15.0% of households age 75 and older) results in a demand potential for 100 active adult housing units in 2014 and 104 units in 2020. These capture rates reduce the total number of age/income/asset-qualified households to consider

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only the portion of older adult and senior households who would be able, willing, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors currently residing outside the Study Area will generate 15% of the demand for active adult housing – increasing demand to 117 active adult units in 2014. Demand from outside the Study Area includes parents of adult children living in the area, individuals who live outside the Study Area but have an orientation to the area and former residents who desire to return upon retirement.

TABLE DMD-3 MARKET RATE ADULT/FEW SERVICES HOUSING DEMAND IOWA FALLS STUDY AREA 2014 & 2020						
	2014			2020		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	679	458	250	688	520	311
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	+ 75	122	196	+ 67	104	127
(times) Homeownership Rate	x 84%	88%	74%	x 84%	88%	74%
(equals) Total Potential Market Base	= 742	565	395	= 744	611	405
(times) Potential Capture Rate	x 0.5%	6.5%	15.0%	x 0.5%	6.5%	15.0%
(equals) Demand Potential	= 4	37	59	= 4	40	61
	= 100			= 104		
Potential Demand from Study Area Residents						
(plus) Demand from Outside SA (15%) ²		+ 18			+ 18	
(equals) Total Demand Potential		= 117			= 123	
(times) Percent capturable in Iowa Falls	x	75%		x	75%	
(equals) # of units supportable in Iowa Falls	=	88			92	
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 70%	x 30%		x 70%	x 30%	
(equals) Demand Potential by Product Type	= 62	= 26		= 64	= 28	
(minus) Existing and Pending MR Active Adult Units ³	- 29	- 0		- 62	- 0	
(equals) Excess Demand for MR Active Adult Units	= 33	= 26		= 2	= 28	

¹ 2020 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999.

² Based on interviews and historical trends. We estimate that roughly 25% of demand will come from outside the Study Area.

³ Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research Inc.

Due to factors such as the geographic distribution of the senior population in the Study Area along with the location of services (medical, religious, retail, etc.) in the Study Area, we anticipate that the City of Iowa Falls can capture 75% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 88 market rate active adult units in Iowa Falls in 2014, growing to 92 units in 2020.

Demand for active adult/few services housing in the Study Area is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates and trends for senior ownership product, we project that 70% of the demand will be for owner-occupied active adult housing (62 units in 2014), and the remaining 30% of demand will be for rental active adult housing units (26 units in 2014).

From the demand potential, we subtract existing and pending active adult units in the Study Area at 95% occupancy. In total, there are 29 existing and 35 pending owner-occupied units in Iowa Falls located at planned Grand JiVante. We did not identify any market rate active adult rental units in the PMA.

After accounting for the existing active adult product in the Study Area, we calculate pent-up demand for 33 owner-occupied units and 26 renter-occupied units in 2014. Adjusting for inflation following the same methodology, we project that the owner-occupied demand will decrease to 2 units due to the planned Grand JiVante development and demand for renter-occupied units will increase slightly to 28 units by 2020.

Estimated Demand for Shallow-Subsidy/Deep-Subsidy Independent Senior Housing

Table DMD-4 presents our demand calculations for shallow-subsidy and deep-subsidy independent senior housing in Iowa Falls in 2014 and 2020. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make adjustments to more precisely quantify demand among this market segment. The following points summarize these adjustments:

- **Income-Qualifications:** In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55+ that qualify for the income guidelines for two-person households in 2014. Households earning between 30% and 60% of AMI are generally candidates for affordable housing, while households earning less than 30% AMI are typically a market for subsidized housing. The income-restriction for a two-person household at 30% AMI is \$15,420 and the income-restriction for a two-person household at 60% AMI is \$30,840.
- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the Study Area, we apply a conservative 10% capture rate to the age/income-qualified market to arrive at a total potential demand from the Study Area.

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Using the methodology described above results in a demand potential for 101 shallow-subsidy and deep-subsidy active adult housing units in 2014. We estimate that seniors currently residing outside the PMA will generate 15% of the demand for shallow/deep-subsidy active adult housing – increasing demand to 118 units.

TABLE DMD-4 SUBSIDIZED/AFFORDABLE INDEPENDENT HOUSING DEMAND IOWA FALLS STUDY AREA 2014 & 2020						
	2014			2020		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$31,000	241	241	524	210	260	546
(equals) Total Potential Market Base	=	1,006		=	1,016	
(times) % of Seniors Needing/Desiring Sub./Aff. Rental Hsg	x	10.0%		x	10.0%	
(equals) Potential Demand from Study Area	=	101		=	102	
(plus) Demand from Outside Study Area (15%)	+	18		+	18	
(equals) Total Demand Potential	=	118		=	120	
	Deep-Sub.		Shallow-Sub.	Deep-Sub.		Shallow-Sub.
(times) % by Product Type	x 60%		x 40%	x 60%		x 40%
(equals) Demand Potential by Product Type	= 71		= 47	= 72		= 48
(minus) Existing and Pending Independent Units ²	- 46		- 0	- 46		- 0
(equals) Excess Demand for Subsidized Units	= 25		= 47	= 26		= 48
(times) Percent that could be captured in Iowa Falls	x	75%		x	75%	
(equals) Excess subsidized demand in Iowa Falls	= 19		= 36	= 19		= 36
¹ 2020 calculations define income-qualified households as all households with incomes less than \$35,000.						
² Existing units are deducted at market equilibrium, or 97% occupancy.						
Source: Maxfield Research Inc.						

Based on the distribution of households with incomes below \$31,000, we estimate that roughly half of 60% the demand will be for deep-subsidy units and 40% will be for shallow-subsidy units. Next we subtract existing competitive units. There are two deep-subsidy projects in the Study Area with 47 units and no shallow-subsidy projects.

Overall, we subtract 46 deep-subsidy units and zero shallow-subsidy units from the demand potential after accounting for a 3% vacancy rate. Subtracting these units results in excess demand from the Study Area seniors for 25 deep-subsidy units and 47 shallow-subsidy units in 2014. To calculate demand in 2020, we increase the income-qualifications to account for inflation. Following the same methodology, demand is projected to increase to 26 deep-subsidy units and 48 shallow-subsidy units in 2020.

We anticipate that the City of Iowa Falls can capture 75% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 19 deep-subsidy units and 36 shallow-subsidy units in Iowa Falls in 2014. Demand is expected to remain steady at 19 deep-subsidy and 36 shallow-subsidy units in 2020.

Demand for Congregate Senior Housing

Table DMD-5 presents our demand calculations for congregate living senior housing in Iowa Falls in 2014 and 2020. This analysis focuses on the potential private pay/market rate demand for congregate living units in the City.

In order to arrive at the potential age-income qualified base for congregate senior housing, we include all senior households with incomes of \$35,000 or more and homeowners with incomes between \$25,000 and \$35,000 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort). Senior householders with incomes of \$35,000 allocating 65% of their income toward base housing cost could afford beginning rents of \$1,900. We estimate the number of age/income/asset-qualified households in the Market Area to be 960 householders in 2014, increasing to 1,017 in 2020.

Demand for congregate housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Thus, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with IADLs (at least three), but not six or more ADLs/IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey, 2007 (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in activities of daily living (bathing, dressing, toileting, transferring, eating) and instrumental activities of daily living (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

<u>Limitation in ADLs & IADLs</u>		
Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs, and are more likely to be candidates for service-intensive assisted living. The prime candidates for congregate living are seniors needing assistance with IADLs, but not ADLs. We derive the capture rate for congregate housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors 75+. For the purposes of this report and understanding current market conditions, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75+ age group to 13.0%. Multiplying the senior household base by these capture rates results in Market Area demand potential for 60 congregate housing units in 2014 and 62 units in 2020.

HOUSING DEMAND ANALYSIS

TABLE DMD-5 CONGREGATE LIVING DEMAND IOWA FALLS STUDY AREA 2014 & 2020				
	2014		2020	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$35,000+ in 2014 / \$40K in 2020 (plus)	458	250	520	311
+ # of Hhldrs w/ Incomes of \$25K - \$35K in 2014 / \$30K - \$40K in 2020	122	196	104	127
(times) Homeownership Rate	x 88%	74%	x 88%	74%
(equals) Potential Market	= 107	145	= 92	94
(equals) Total Potential Market Base	= 565	395	= 612	405
(times) Potential Capture Rate of Congregate Living Demand ¹	x 1.5%	13.0%	x 1.5%	13.0%
(equals) Potential Demand	= 8	+ 51	= 9	+ 53
Total Local Demand Potential	= 60		= 62	
(plus) Demand from Outside the Study Area (15%)	+ 11		+ 11	
(equals) Total Demand Potential	= 70		= 73	
(minus) Existing Competitive Units ²	- 41		- 55	
(equals) Excess Limited-Care Demand Potential	= 29		= 18	
(times) Proportion Capturable in Iowa Falls	x 75%		x 75%	
(equals) Excess Limited-Care Demand Potential in Iowa Falls	= 22		= 13	

¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).

² Competitive existing and pending units at 95% occupancy (market equilibrium).

Source: Maxfield Research Inc.

We estimate that seniors currently residing outside the PMA will generate 15% of the demand for congregate senior housing – increasing total demand by 11 congregate units. This demand consists primarily of parents of adult children living in the Study Area, individuals who live just outside the Study Area and have an orientation to the area, retirees who wish to relocate to the area and former residents who desire to return upon retirement. Together, the demand from Study Area seniors and demand from seniors who would relocate to the area totals about 70 congregate units.

Next, existing congregate units are subtracted from overall demand. There is one market rate property with a total of 43 congregate units in the Study Area. Overall, we subtract 41 competitive units after accounting for a 5% vacancy rate from the demand potential, resulting in excess demand potential for 29 congregate units in 2014 and decreasing to 18 units in 2020 after accounting for the planned Grand JiVante development for which we subtract an additional 14 units.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the

City of Iowa Falls can capture 75% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 22 congregate units in Iowa Falls in 2014, declining to 13 congregate units in 2020 due to the planned Grand Jivante development.

Assisted Living Demand Estimate

Table DMD-6 presents our demand calculations for assisted living housing in Iowa Falls in 2014 and 2020. This analysis focuses on the potential *private pay/market rate* demand for assisted living units in the City.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2014, there are an estimated 1,196 seniors ages 75 and over in the Study Area. We project that this number will increase to 1,259 in 2020.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the CDC and National Center for Health Statistics (Health, United States, 1999 Health and Aging Chartbook), 25.5% of 75-to-79-year-olds, 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds are unable to perform or need help with ADLs. Applying these percentages to the senior population yields a potential assisted living market of an estimated 462 seniors in the PMA in 2014 and 476 units in 2020.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the Study Area is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the Study Area. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,500 by allocating a high proportion of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$40,000 or

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greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

TABLE DMD-6 MARKET RATE ASSISTED LIVING DEMAND IOWA FALLS STUDY AREA 2014 & 2020						
Age group	2014			2020		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	370	25.5%	94	443	25.5%	113
80 - 84	323	33.6%	109	320	33.6%	108
85+	503	51.6%	260	496	51.6%	256
Total	1,196		462	1,259		476
Percent Income-Qualified ²			42%			42%
Total potential market			194			200
(times) Percent living alone		x	57%			57%
(equals) Age/income-qualified singles needing assistance		=	111			114
(plus) Proportion of demand from couples (12%) ³		+	15			16
(equals) Total age/income-qualified market needing assistance		=	126			130
(times) Potential penetration rate ⁴		x	40%			40%
(equals) Potential demand from PMA residents		=	50			52
(plus) Proportion from outside the PMA (15%)		+	9			9
(equals) Total potential assisted living demand		=	59			61
(minus) Existing market rate assisted living units ⁵		-	47			52
(equals) Total excess market rate assisted living demand		=	12			9
(times) Percent that could be captured in Iowa Falls		x	75%			75%
(equals) Excess market rate assisted living demand in Iowa Falls		=	9			7
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.						
Source: Maxfield Research Inc.						

Seventy four percent of age 75+ households in the Study Area are homeowners and the estimated median sale price of older homes in Iowa Falls as of September 2014 was \$89,156. Seniors selling their homes for the median price would generate about \$84,700 in proceeds after selling costs. Using an average monthly fee of \$3,500, these proceeds would last

approximately 2 years (24 months) in assisted living housing, which is slightly longer than the average length of stay in assisted living (20 months according to the 2009 Overview of Assisted Living).

We estimate the income-qualified percentage to be all seniors in households with incomes at or above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market for about 194 units from the Study Area in 2014.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the PMA living alone, or 57% based on Census data. This results in a total base of about 111 age/income-qualified singles.

The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 126 age/income-qualified seniors needing assistance in the Study Area in 2014.

We estimate that 60% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 50 assisted living units in 2014.

We estimate that a portion of demand for assisted living units in the Study Area (15%) will come from outside the area. This secondary demand will include seniors currently living just outside the area, former residents, and parents of adult children who desire supportive housing near their adult children. Applying this figure results in total potential demand for 59 assisted living units in 2014.

Next, existing and pending assisted living units are subtracted from overall demand. There are two existing assisted living properties in the Study Area with a total of 50 units. Subtracting these existing units (minus a 7% vacancy factor) from the total demand equates to excess demand potential for 47 market rate assisted living units in the Study Area in 2014, increasing to 52 units in 2020 even with the planned Grand Jivante units. We anticipate that the City of Iowa Falls can capture 75% of the excess assisted living demand potential in the Study Area. Based on this capture rate, we find demand for 9 assisted living units in Iowa Falls in 2014, declining slightly to 7 units in 2020.

Demand for Memory Care Senior Housing

Table DMD-7 presents our demand calculations for memory care housing in Iowa Falls in 2014 and 2020. Demand is calculated by starting with the estimated Study Area senior (ages 65+) population in 2014 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. This yields a potential market of about 370 seniors in the Study Area. We project that this number will climb to 382 in 2020.

TABLE DMD-7 MEMORY CARE DEMAND IOWA FALLS STUDY AREA 2014 & 2020		
	2014	2020
65 to 74 Population	1,290	1,454
(times) Dementia Incidence Rate ¹	x 2%	x 2%
(equals) Estimated Senior Pop. with Dementia	= 26	= 29
75 to 84 Population	693	763
(times) Dementia Incidence Rate ¹	x 19%	x 19%
(equals) Estimated Senior Pop. with Dementia	= 132	= 145
85+ Population	505	496
(times) Dementia Incidence Rate ¹	x 42%	x 42%
(equals) Estimated Senior Pop. with Dementia	= 212	= 208
(equals) Total Population with Dementia	370	382
(times) Percent Needing Specialized Memory Care Assistance	x 25%	x 25%
(equals) Total Need for Dementia Care	= 92	= 96
(times) Percent Income/Asset-Qualified ²	x 32%	x 32%
(equals) Total Income-Qualified Market Base	= 30	= 31
(plus) Demand from Outside the Market Area (15%)	+ 5	+ 5
Total Demand for Memory Care Units	35	36
(minus) Existing and Pending Memory Care Units ³	- 10	- 25
(equals) Excess Primary Market Area Demand Potential	= 25	= 11
(times) Estimated Percent Capturable in Iowa Falls	x 75%	x 75%
(equals) Memory Care Demand Capturable in Iowa Falls	= 19	= 8
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)		
² Income greater than \$60,000 in 2014 and greater than \$65,000 in 2020, plus some lower-income homeowners.		
³ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.		
Source: Maxfield Research Inc.		

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require

intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of 92 seniors in 2014 and 96 in 2020 in the Study Area.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,500. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing. Based on our review of senior household incomes in the Study Area, homeownership rates, and home sale data, we estimate that 32% of all seniors in the Study Area have incomes and/or assets to sufficiently cover the costs for memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the potential market (92 seniors) by 32% results in a total of about 30 income-qualified seniors in the Study Area in 2014.

We estimate that 15% of the overall demand for memory care housing would come from outside the Study Area, for a total demand for 35 units in 2014. Currently, there is one 11-unit memory care facility in the Study Area. We subtract these units and allocate a 7% vacancy factor for a total of 10 existing units. This reduces excess demand potential in the Study Area to 25 units in 2014. Excess demand is expected to decline to 11 units in 2020 because of the planned units at Grand Jivante. We anticipate that the City of Iowa Falls can capture 75% of the excess memory care demand potential in the Study Area. Based on this capture rate, we find demand for 19 memory care units in Iowa Falls in 2014, declining to 8 units in 2020.

Iowa Falls Demand Summary

The housing demand calculations in Tables DMD-1 through DMD-7 indicate that between 2014 and 2020, 64 for-sale housing units, 148 rental units, and 155 senior units will be needed in Iowa Falls to satisfy the housing demand for current and future residents.

We recommend maintaining a single-family lot supply of at least three years to provide adequate consumer choice but not prolonged developer carrying costs. With an average of about 2 new housing units built annually between 2005 and 2013 (see *Table HC-1*), this equates to a lot supply of 6 lots needed over the next three years. Currently, Iowa Falls has 18 vacant developed lots in subdivisions, excluding infill lots and agricultural properties that could be subdivided.

Although this equates to an adequate lot supply in the short term, the City of Iowa Falls is severely underdeveloped in terms of subdivided lots based on Realtor and employer interviews. Of the two subdivisions available, variety is limited as one targets higher end homes and the other offers lower-to mid-priced product but is notably in an undesirable location. In

addition, spec homes are being built sparingly and in limited numbers. Thus buyers are forced to search for available lots for new construction.

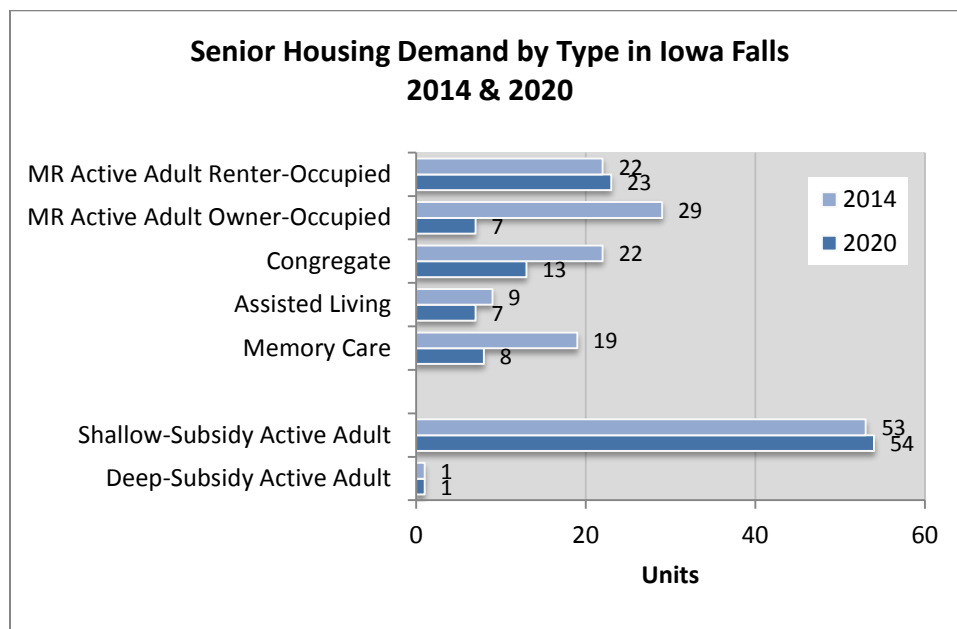
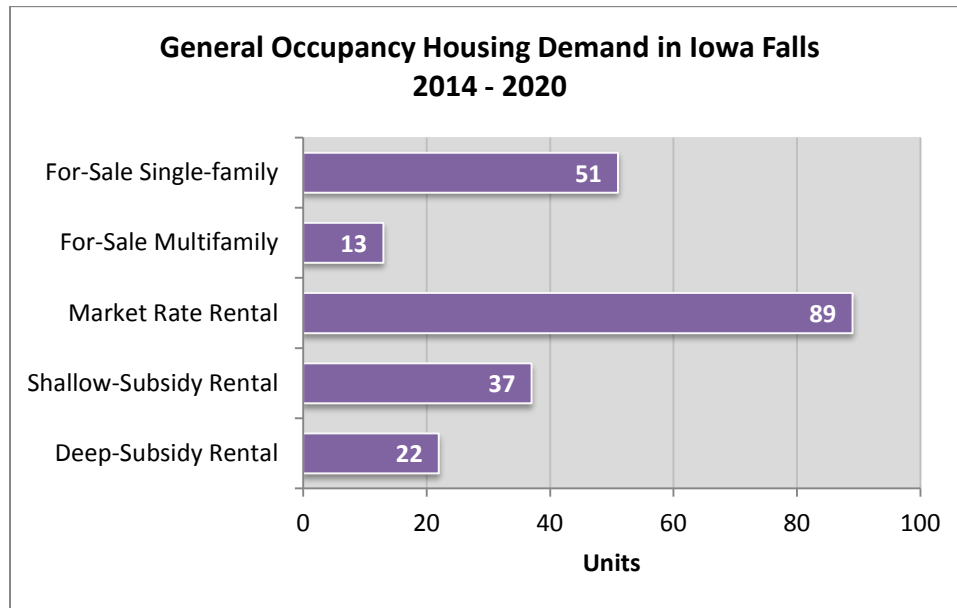


Table R-2 showed that the rental market was at equilibrium with a vacancy rate of 5.5% among the market rate properties surveyed. However, as stated in interviews with local area property managers, Nearly every vacant unit is expected to be filled within a month from the time of the survey. In addition owners, Realtors, and others professionals with knowledge of the rental housing market indicates that single-family, duplex, tri-plex, and quad-plex buildings with 2 to 4 units also have very high occupancy rates.

TABLE DMD-8 SUMMARY OF HOUSING DEMAND CITY OF IOWA FALLS October 2014		
General-Occupancy Housing		
	2014-2020	
For-Sale Units	64	
Single-Family	51	
Multifamily	13	
Rental Units	148	
Market Rate	89	
Shallow-Subsidy	37	
Deep-Subsidy	22	
Total General Occupancy Housing Units	212	
Senior Housing		
	2014	2020
Market Rate Senior Housing		
Market Rate Active Adult	51	30
<i>Renter-Occupied</i>	22	23
<i>Owner-Occupied</i>	29	7
Congregate	22	13
Assisted Living	9	7
Memory Care	19	8
Total Market Rate Senior Housing Units	101	58
Subsidized Senior Housing		
Shallow-Subsidy Active Adult	53	54
Deep-Subsidy Active Adult	1	1
Total Subsidized Senior Housing Units	54	55

Source: Maxfield Research, Inc.

With a strong rental market, we find that new rental units should be added in the short-term to satisfy potential household growth and accommodate employees working at local employers. We found demand for nearly 148 general-occupancy rental units in Iowa Falls through 2020, 60% of which are market rate units.

Finally, senior housing demand is significant across the Study Area due to the aging of the population and growing baby boom generation. Study Area-wide, demand exists for 51 active adult units and 50 service-intensive units. However, the planned Grand JiVante campus is projected to absorb much of this demand in the short-term.

Introduction

Based on the finding of our analysis and demand calculations, Tables DMD-8 provided a summary of housing demand for Iowa Falls through 2020. Demand exists in Iowa Falls for a variety of product types. The following section summarizes housing concepts and housing types that will be demanded from various target markets. It is important to note that not all housing types will be supportable in all communities and that the demand illustrated in Tables DMD-8 may not directly coincide with housing development due to a variety of factors (i.e. economies of scale, infrastructure capacity, land availability, etc.).

Because of the strong growth in the population over age 55, there will be significant demand in low-maintenance and association-maintained housing products; both for-sale and rental. Although all other age cohorts are projected to decline in Iowa Falls, our interviews have indicated a need for new entry-level and mid-level for-sale homes along with affordable and market rate rental housing.

Recommended Housing Product Types

Single-Family Housing

According to Table FS-4 and our research, there technically are enough vacant developed lots based on current lot absorption in Iowa Falls. The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Iowa Falls and the number of homes constructed annually, the current lot supply is able to meet historical demand.

However, we find that lot absorption in Iowa Falls is falling short of potential due the lack of subdivided lot variety. With only one truly marketable subdivision offering homes typically priced above \$300,000, Iowa Falls is in need of additionally subdivided lots offering a variety of price points specifically for entry-level and mid-level home buyers.

As illustrated in Table DMD-1, there is demand for 51 single-family homes through 2020 in Iowa Falls. This would equate to seven homes absorbed per year by 2020.

Most of the new single-family construction in Iowa Falls, which has been build-to-suit, targeting move-up and executive buyers; in part because of the high infrastructure and building costs in developing new subdivisions. Because of the price of new housing, most entry level buyers have to look at the existing housing resale market.

Entry-level homes, which we generally classify as homes priced under \$100,000 will be mainly satisfied by existing single-family homes as residents of existing homes move into newer

housing products built in Iowa Falls, such as move-up single-family homes, townhomes, rental housing and senior housing. Although there is potential demand for a new single-family housing product under \$100,000, financially it will be very difficult to develop even with public assistance. Based on land and building costs, it is very difficult to build new single-family homes for less than \$130,000.

The majority of new construction single-family demand will be from move-up buyers and people relocating to the area for employment, or those seeking homes generally priced from \$150,000 to \$200,000. Very few of the new construction subdivisions have fallen into this classification and the supply is very limited in the existing for-sale market. A move-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. According to our interviews with Realtors, housing professionals, and employers, this demographic is underserved throughout Iowa Falls.

Executive-level homes are loosely defined as those homes priced above \$200,000. Similar to move-up buyers, executive buyers may have outgrown their current home and are moving for a lifestyle reason. Many of these buyers have significant equity in their current home and seek a new home they can customize.

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses and twinhomes. In Iowa Falls, the target market is empty-nesters and retirees seeking to downsize from their single-family homes. Some professionals moving to Iowa Falls, particularly singles and couples without children, also may also seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes. However, local builders have not seen demand for multifamily from younger households as shown by the lack of development of this product.

Based on the demographics of the resident base and forecast trends, we find demand for about 13 new multifamily for-sale housing units in Iowa Falls. These units could be developed as townhomes, twin homes, detached villas, or any combination. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories. The following provides greater detail into townhome and twinhome style housing.

- *Twinhomes*— By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twinhome and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance

housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; however, today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of these aging Iowa Falls residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

We recommend a range of twinhomes with units priced around \$150,000 and up. Many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a nicer, more efficient home that is similar to or slightly above the price point of their existing single-family home. The twinhomes should be association-maintained with 40'- to 50'-wide lots on average.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. The future development of 35 detached villas by Grand Jivante should satisfy the demand for this type of housing in Iowa falls over the decade.

General Occupancy Rental Housing

Our competitive inventory identified one large and a number of smaller traditional-style multifamily rental developments in Iowa Falls; and among the identified buildings the rental housing stock is older. Due to the age and positioning of the existing rental supply, a significant portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing.

Maxfield Research Inc. calculated demand for nearly 150 rental housing units (89 market rate, 37 shallow-subsidy/or affordable, and 22 deep-subsidy units) in Iowa Falls through 2020.

Because of the economies of scale when constructing multifamily rental housing, new construction requires density that will be difficult to achieve in the more rural Iowa Falls communities. New rental housing can be developed immediately and will continue to be in demand through this decade especially if new job growth is attracted to Iowa Falls. The following rental product types are recommended over this decade:

- *Market Rate General Occupancy Rental* – The existing market rate rental supply in Iowa Falls is older and has a significant mix of ages and household types represented. A new rental project will also have a diverse resident profile, including young to mid-age professionals as well as singles and couples across the age span would be captured at the development. To appeal to a wide target market, we suggest market rate apartment projects with a unit mix consisting of one-bedroom units, two-bedroom units, and three-bedroom.

Monthly rents (in 2014 dollars) should range from \$600 for a one-bedroom unit to \$1,000 for a three-bedroom unit. Monthly rents should range from about \$1.00 to \$1.15 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it will be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer/or hook ups, full appliance package, central air-conditioning, and garage parking. We believe the addition of additional rental buildings will facilitate greater housing choice in Iowa Falls and will better serve the needs of households that live and/or currently work in Iowa Falls.

- *Market Rate General Occupancy Rental Townhomes*– In addition to the traditional multifamily structures, we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. A portion of the overall market rate demand could be a townhome style development versus traditional multifamily design. We recommend a project with rents of approximately \$800 for two-bedroom units to \$900 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage. Again, like traditional multifamily development, these rents are significantly higher than existing rental product and a public-private partnership may be needed to bring down development and monthly rental costs.
- *Affordable General Occupancy Apartments and/or Rental Townhomes*– Rental apartments and townhomes affordable to moderate-income households would also be in demand throughout Iowa Falls. These projects would have income-restrictions established by HUD and the Iowa Housing Finance Agency. We recommend a project with two- and three-bedroom units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such development could assist in drawing more families to Iowa Falls that cannot find affordable housing options through ownership or market rate rental in the area. Pheasant Run in Iowa Falls has been very successful since opening in 2000 consistently running a high occupancy rate with low turnover and a waiting

list. Pheasant Run offers homes for incomes restricted at 40% -60% of the area median income.

Senior Housing

As illustrated in Table DMD-8, demand exists for all senior housing product types in Iowa Falls. Due to the aging of the population, senior housing product types show strong demand among all product types in the short-term. In fact, senior housing accounts for about 155 units and makes up just over 40% of the total demand for housing in Iowa Falls.

Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Iowa Falls: older adult and senior residents are able to relocate to new age-restricted housing in Iowa Falls, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- *Active Adult Rental* – We have projected demand for about 25 market rate active adult rental units in Iowa Falls by 2020. Many of the seniors who would consider an active adult product are presently residing in their existing single-family home or general-occupancy rental housing. Development of this product could be in separate stand-alone facilities or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established the Iowa Finance Authority.

Because active adult senior housing is not need-driven, the demand for this product type may experience delays in realizing absorption if seniors decide to remain in their homes or find they are unable to sell their homes. However, since the Iowa Falls housing market has been stable over the course of the recession most seniors should have less trouble selling their homes and should have significant equity into the home. Therefore, an active adult rental project could be developed anytime in the short-term. Should other general-occupancy rental housing develop simultaneously, the demand for an age-restricted building could decrease if a number of seniors opted to reside in alternative rental housing products as they currently occupy a significant number of general occupancy units.

- *Affordable and Subsidized Rental* – Iowa Falls demand for affordable/subsidized senior housing is 55 units in 2020. All of the demand is for shallow-subsidy/affordable rental. Affordable senior housing products can also be incorporated into a mixed-income building which may increase the projects financial feasibility. Affordable senior housing will likely be a low-income tax credit project through the Iowa Finance Authority. Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new subsidized

development would likely rely on a number funding sources such as; low-income tax credits (LIHTC), tax-exempt bonds, etc.

- *Congregate* – As illustrated in Table DMD-8, demand was calculated at 13 congregate units through 2020. There is currently one congregate project in Iowa Falls (Cedar Ridge). **The congregate demand accounts for the “Catered Living” development planned by Grand JiVante. This development will absorb some of the demand in the short term. Grand JiVante may want to reevaluate later in the decade and add more Catered Living units in a second phase.**
- *Assisted Living and Memory Care Senior Housing* – Based on our analysis, we project demand to support an additional 7 assisted living units and 8 memory care units in Iowa Falls through 2020. These demand calculations account for the additional units that Grand JiVante plans to development in their “Catered Living” building over the next few years. **The Grand JiVante development will absorb the majority of the demand for new assisted living and memory care housing. Thus, we do not recommend any further projects at this time.**
- *Service-Enhanced Senior Housing or “Catered Living”* – As Tables DMD-8 showcased, demand exists for most senior products in each Iowa Falls. Due to economies of scale, it will be difficult to develop stand-alone facilities for each of these service levels that are financially feasible. Therefore, we recommend senior facilities that allow seniors to “age in place” and remain in the same facility in the stages of later life. Catered living is a “hybrid” senior housing concept where demand will come from independent seniors interested in congregate housing as well as seniors in need of a higher level of care (assisted living). In essence, catered living provides a permeable boundary between congregate and assisted living care. The units and spatial allocations are undistinguishable between the two senior housing products, but residents will be able to select an appropriate service level upon entry to the facility and subsequently increase service levels over time. Additionally, catered living not only appeals to single seniors but also to couples; each resident is able to select a service level appropriate for his or her level of need, while still continuing to reside together. In addition, memory care can be incorporated into the facility in a separate secured wing.

The catered living concept is a newer concept but tends to be developed in more rural communities that cannot support stand-alone facilities for each product type. **This style of development is what Grand Jivante has proposed as part of the new campus. 20 units are planned for those who want to age in place utilizing the units for either independent or assisted living.**

CHALLENGES AND OPPORTUNITIES

The following were identified as the greatest challenges and opportunities for developing the recommended housing types.

- Affordable Housing.** Affordable housing is defined as housing that is income-restricted to households earning at or below 80% Area Median Income (“AMI”), though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is also referred to as very low-income (under 50% AMI) and low-income (50% to 80% AMI) housing. Workforce housing (also referred to as moderate-income housing) is affordable towards households earning between 80% and 120% of AMI. Tables C-1 summarizes Iowa Falls 2014 income limits, income guidelines, and fair market rents.

TABLE C-1 HUD INCOME AND RENT LIMITS HARDIN COUNTY - 2014								
	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$13,500	\$15,420	\$17,340	\$19,260	\$220,820	\$22,350	\$23,910	\$25,440
40% of median	\$18,000	\$20,560	\$23,120	\$25,680	\$27,760	\$29,800	\$31,880	\$33,920
50% of median	\$22,500	\$25,700	\$28,900	\$32,100	\$34,700	\$37,250	\$39,850	\$42,400
60% of median	\$27,000	\$30,840	\$34,680	\$38,520	\$41,640	\$44,700	\$47,820	\$50,880
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$337	\$361	\$433	\$501	\$558			
40% of median	\$450	\$482	\$578	\$668	\$745			
50% of median	\$562	\$602	\$722	\$835	\$931			
60% of median	\$675	\$723	\$867	\$1,002	\$1,117			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$392	\$446	\$579	\$723	\$774			
	Rent at 30% of Income (by Max. Occupancy)							
	0 BR	1BR	2BR	3BR	4BR			
30% of median	\$338	\$386	\$434	\$482	\$5,521			
40% of median	\$450	\$514	\$578	\$642	\$694			
50% of median	\$563	\$643	\$723	\$803	\$868			
60% of median	\$675	\$771	\$867	\$963	\$1,041			

Sources: HUD; Iowa Finance Authority; Maxfield Research Inc.

As illustrated in the chart, fair market rents for affordable housing are about even with most market rate rents throughout Iowa Falls. Because of this, the majority of rental housing units in the Iowa Falls can be considered affordable and are mostly fulfilled by the existing

older product in the marketplace. First-time home buyers are able to purchase entry-level homes, and many market rate rental developments (both multifamily and single-family) have rents that are considered affordable. Housing developers looking to capitalize on affordable housing programs would likely have rents above those found in market rate rental properties in Iowa Falls. As a result, it would be difficult to develop affordable housing that would be financially viable.

- **Aging Population.** As illustrated in Table D-5, there is projected to be significant growth in the Study Area in the senior population, especially among seniors ages 65 to 74. In addition, Table D-10 shows homeownership rates among seniors 65+ is approximately 80%. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of these demographic and social dimensions, new senior housing development in Iowa Falls could experience a longer lease-up period as seniors in Iowa Falls are more reluctant to move from their home to senior housing living. Although, rising home values generated by increasing demand for single-family homes could entice some seniors into selling their homes and relocating into alternative housing types.
- **Building Codes/Code Enforcement.** Most local governments have housing codes to ensure safe and habitable housing within their community. Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are also a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

We recommend Iowa Falls implement building code compliancy if not already undertaking. Because of the rural nature of the city, it may be possible to outsource inspections to a third party. In addition, building permit compliancy generates revenue for local jurisdictions. Finally, compiling and tracking building permit trends will assist local jurisdictions with planning efforts. We also recommend that all jurisdictions maintain building permit records electronically so data may be uploaded to the Hardin County Assessor's Department.

Code enforcement is important as it protects the safety and welfare of residents, maintains/increases property values, reduces vandalism, and increases the overall attractiveness of the community, which should result in continued reinvestment and

development in the community. Most residents support code compliance as a means to protect their home investment and their property value.

Examples of exterior deferred maintenance may include peeling paint, broken windows, damaged siding or chimneys, poor foundation, or other signs of negligence. Interior conditions may include plumbing and heating problems, electrical issues, damaged walls or flooring, unsanitary conditions, among others. In addition to deferred maintenance issues, nuisance concerns include tall grass and weeds, rubbish and garbage, junk cars, or other items not suitable for outdoor use.

We recommend Iowa Falls take a more active role in code enforcement activity. Communities should proactively review neighborhoods annually to ensure all homes are being properly maintained. Action should be taken on those properties where there are clear violations. If a particular community does not have a property maintenance component in the zoning ordinance, we recommend implementing a new section addressing code compliance.

Iowa Falls may also want to consider property acquisition within redevelopment areas in the jurisdictions where dilapidated housing units exist. Many cities acquire abandoned, tax delinquent, and vacant problem properties and make them available to not-for-profit and for profit developers. Through this effort properties are returned to tax producing properties while improving neighborhood aesthetics and assisting in community economic development efforts.

- **Commercial Property Taxes.** The Iowa tax code requires multifamily rental properties to be reported under the commercial property tax classification. According to our research and interviews, developers and managers of rental housing in Iowa Falls assert they cannot build new rental units that cash flow given the rents achievable and the property tax burden. Thus, there has been a lack of development of smaller developments with two and four units. Although this is a political issue outside the scope of this study, any reduction in property taxes would aid multifamily developers as they explore development opportunities. **As of June 1st 2015, multifamily property will be taxed as residential and should provide a significant savings for multifamily owners.**
- **Developers Carrying Costs.** Due to historic lot absorption trends in Iowa Falls, it is difficult to develop new single-family lots where the developer can make a profit on the land. Developing land has historically been a profitable side of the housing business, yet is also risky if the lot inventory goes unsold and there are carrying costs. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given the lot price they could achieve. Many can continue to farm the land or keep the land undeveloped. Prolonged carrying costs due to slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold.

- **Economies of Scale.** Economies of scale refers to the increase in efficiency of production as the number of goods being produced is increased. Typically, companies or organizations achieving economies of scale lower the average cost per unit through increased production since fixed costs are shared over an increased number of goods. In the housing development industry, generally the more units that are constructed the greater the efficiency. For example, larger homebuilders negotiate volume discounts in materials and subcontractors, are more efficient in the land entitlement process, leverage the power of technology, and have greater access and lower costs of capital. In multifamily housing, typically the higher the number of units equates into a lower per unit costs. Because of this, construction costs in other larger communities such as Iowa City can actually be lower than found in Iowa Falls.

The same principle applies to Iowa Falls; larger communities will more easily attract and support larger housing developments than more rural areas while lesser populated communities will face more challenges than the larger jurisdictions.

- **Housing Costs as Percentage of Household Income.** Housing costs are generally considered affordable at 30% of a households' adjusted gross income. The table on the following page illustrates key housing metrics based on housing costs and household incomes in Iowa Falls. The table estimates the percentage of Iowa Falls householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. As illustrated in the table, the majority of householders can afford for-sale and rental housing products based on their incomes. It is highly likely the majority of householders are paying less than 30% of their AGI towards housing expenses.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 4.125 % interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income

- **Job Growth.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand.

CHALLENGES AND OPPORTUNITES

TABLE C-2
IOWA FALLS HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME

For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$75,000	\$150,000	\$200,000	\$75,000	\$150,000	\$200,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$7,500	\$15,000	\$20,000	\$7,500	\$15,000	\$20,000
Estimated Closing Costs (rolled into mortgage)	\$2,250	\$4,500	\$6,000	\$2,250	\$4,500	\$6,000
Cost of Loan	\$69,750	\$139,500	\$186,000	\$69,750	\$139,500	\$186,000
Interest Rate	4.125%	4.500%	4.500%	4.500%	4.500%	4.500%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$338	-\$707	-\$942	-\$353	-\$707	-\$942
(plus) Prop. Tax	-\$88	-\$175	-\$233	-\$88	-\$175	-\$233
(plus) HO Insurance/Assoc. Fee for TH	-\$25	-\$50	-\$67	-\$150	-\$150	-\$150
(plus) PMI/MIP (less than 20%)	-\$30	-\$60	-\$81	-\$30	-\$60	-\$81
Subtotal monthly costs	-\$481	-\$992	-\$1,323	-\$621	-\$1,092	-\$1,406
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$19,231	\$39,691	\$52,921	\$24,846	\$43,691	\$56,255
Pct. of Iowa Falls Housholds	49.3%	34.9%	26.2%	44.4%	32.1%	24.7%
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR House	1BR	2BR	3BR
Monthly Rent	\$450	\$525	\$650	\$550	\$750	\$900
Annual Rent	\$5,400	\$6,300	\$7,800	\$6,600	\$9,000	\$10,800
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$18,000	\$21,000	\$26,000	\$22,000	\$30,000	\$36,000
Pct. of Iowa Falls Housholds	51.2%	48.2%	43.7%	47.2%	41.4%	37.8%
Source: Maxfield Research Inc.						

Iowa Falls has maintained a higher unemployment rate than the State of Iowa and the U.S. since 2000. The labor force has fluctuated annually since 2006 with roughly a minimal 2% decline. Many employers interviewed stated that they will experience slight job creation or remain stable which may result in household growth that could exceed projections as outlined in Table D-1 thereby increasing housing demand.

- **Multifamily Development Costs.** Similar to single-family development, it will be very difficult to construct new multifamily product given achievable rents and development costs. According to RS Means construction costs data, construction costs in Iowa Falls will likely average about \$126 per square foot (gross), or upwards to \$143,000 per unit to develop based on a 30-unit three-story concept. Development costs of this scale will likely require rents per square foot of at least \$1.15 in order to cash flow. Based on the average rents in Iowa Falls, these rents would be significantly higher than existing product.

Based on these costs, it will be extremely difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development.

- **Renovation of Existing Housing Stock (both owner and rental).** As illustrated in the *Housing Characteristics* section of this report, about 32% of the housing stock in Iowa Falls was built pre-1940, with the next boom in the 1970s (19.5%). Only about 3% of Iowa Falls housing stock was built since 2000. Because of the older housing stock, many housing units in communities become affordable through a combination of factors such as age of structure, condition, square footage, functionally obsolete, etc. Housing units that are older with low rents or low market values are considered “naturally occurring affordable housing” as the property values on these units are low. Since the housing stock is older, housing consumers will demand increased remodeling or replacement needs over the long-term. Many consumers seeking today’s amenities are opting for new construction rather than remodel in Iowa Falls due to similar costs. Therefore, we encourage housing programs or education on those programs (if they already exist) that will enhance the existing housing stock.

Numerous home improvement programs are initiated by local HRAs and local governmental agencies across the country to preserve the existing housing stock while promoting energy efficiency improvements. Iowa Falls should explore various programs that would aid the improvement of the county’s housing stock. A variety of programs are available, a sample includes:

- Loan for financing improvements (typically low-interest)
 - Energy efficiency programs
 - Iowa Finance Authority (IFA) – fix-up loan and rehabilitation loans, both low-interest and no-interest
 - Deferred loan, low-interest, and no-interest programs
 - Affordable multi-family rental program loans

- Redevelopment Credit – remove a substandard home with new construction
 - Remodeling Advisor – Partner with local architects and/or builders to provide ideas and general cost estimates for property owners
 - Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc.
 - Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with turn-of-the-century character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
 - Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. A portion of the monthly rent is saved that will be allocated for a down payment on a future house.
 - Home Fair – Provide residents with information and resources to promote improvements to the housing stock. Typically offered on a weekend in early spring where home owners can meet and ask questions to architects, landscapers, building contractors, lenders, building inspectors, etc.
- **Shadow Rental Market.** Shadow rentals are generally considered non-traditional rentals that were previously owner-occupied single-family homes, townhomes, or condominiums. Although the shadow market rentals tend to be more affordable, renters run the risk of evictions if the owner does not pay the mortgage.

A large percentage of renters have sought out single-family homes versus traditional multifamily rental developments. Many of these renters sought single-family rentals for the space, while others because there was no other rental housing available that met their needs. Based on housing unit data outlined in Table HC-5, 53% of the total rental units in Study Area are located in single-family properties. An additional 12% of rental units are located in duplex/townhomes. With the increase in foreclosures since the recession and the aging housing stock, these units have increased the overall rental housing supply as investors have purchased these homes specifically to rent. At the same time however, many of the single-family rentals are unregulated and deferred maintenance has been reported as an issue in some properties.

Although there may be some push back from the rental community, we recommend a policy to license rental units (i.e. single-family, townhomes, duplexes, etc.) to keep track of rental properties and help maintain and preserve the market value of the properties and neighborhood. We recommend requiring an application and nominal fee in return for educating property owners in regards to their role as a landlord and having a tenant in their property. Owners should be presented with materials on nuisance and code ordinances that could potentially occur on a property. Finally, jurisdictions should more actively follow-up with those single-family rental properties with nuisance and code compliance issues.

APPENDIX

Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income “AGI” – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – The general definition of affordability is for a household to pay no more than 30% of their income for housing. For purposes of this study we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

The term affordable housing is not a general term or reference used to describe the price of housing in Iowa Falls, or any respective City/County.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Congregate (or independent living with services available) – Congregate properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$405	\$482	\$598	\$829	\$832

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Great Recession – Global economic decline beginning in December 2007 and ended in June 2009 with the official recovery beginning shortly thereafter. The Great Recession was initially sparked by the collapse of the United States housing bubble, which caused the values of securities tied to United States real estate pricing to plummet, damaging financial institutions

globally. The Great Recession led to worldwide austerity, high levels of household debt, trade imbalances, high unemployment and limited prospects for global growth.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants.

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new households formations, changes in average household size, and net migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area

Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income limits – Maximum households income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program. See Income-qualifications.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Median Rent/Home Price – The median refers to the price point where half of the rents/homes are priced above the point, and half are priced below it. The median is a more accurate gauge of housing costs as averages tend to skew prices at the high and low end of the market.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-

style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment’s contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 80% and 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.