HOUSING NEEDS ASSESSMENT

FOR

WASHINGTON COUNTY

March 2019

DRAFT

ACKNOWLEDGMENTS

Community leaders in Washington County understand the need for housing across all price points and types. Their proactive action to undertake a housing study shows commitment to the future. With the information contained in the study, communities are positioned to set policy and strategic goals for housing to ultimately enhance demographic diversity, economic prosperity, and quality of life in the County.

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INTRODUCTION

The Washington County Housing Study presents an in-depth assessment of the housing market and existing housing conditions.

The communities within Washington County are similar in demographics, but display unique personalities and housing challenges, both from each other and other counties in the region. Yet, these challenges can best be met on a cooperative basis, pooling the resources and capabilities of the region into a unified housing program.

WHY A STUDY FOR WASHINGTON COUNTY?

Traditional economic development policies place emphasis on job attraction and retention. Today, communities are looking to quality of life and housing as leading economic development policies. To be successful, the area must provide a variety of housing types. Counties in rural Iowa are generally not short on jobs with expansion of transportation routes and growing rural industries such as wind energy. However, population stability in rural Iowa continues to be a struggle.

There are several factors that contribute to population decline. More and more communities are realizing that quality housing is essential to economic diversity. Communities can attract and retain workers to fill these jobs through attractive housing options and community amenities. These workers look to raise their children, invest in the community, and establish themselves as life-long residents when these options are available.

Indeed, housing development is economic development. Without available, affordable, quality housing, the region and individual communities will not be able to accommodate the people they need to move forward.

ROLE OF THE STUDY

A housing study is designed to explore, evaluate, and identify strategies to address housing issues throughout a given area. The housing market impacts the quality of life for residents of the region, for people interested in moving to the area, and for businesses seeking to recruit (and retain) employees.

To understand the state of housing supply and demand in Washington County, this study combines an extensive public input process and analysis of the demographic and market trends with an assessment of opportunity areas. Building on this work, the study provides recommendations and strategic policy directions to leverage existing assets and overcome challenges in Washington County.

DEVELOPMENT

The Washington County Housing Needs Assessment included a comprehensive public engagement process to help understand the vision and needs of the county. The planning team worked closely with a technical committee throughout the process to present findings and gain a deeper understanding of conditions in the county. The committee included representatives from economic development agencies, public housing, county administration, and real estate.

In an effort to broaden the public input, a series of stakeholder groups and public meetings were held in Kalona, Riverside, Washington, and Wellman. Additionally, a survey of the general public received 300 responses.

A wide variety of sources were used to develop the demographic and economic analysis. These included:

- The U.S. Decennial Census and American Community Survey;
- City building permit data, provided by local city staff;
- County GIS Departments;
- USGS and NRCS mapping data;
- Past plans, studies, and community ordinances provided by county staff.

ORGANIZATION

The document is organized in a way that allows individual counties and communities to easily access local analysis with implementation tools that can be leveraged at the local or regional level. The study is organized as follows:

1 — What do we want: Community insights

Provides analysis of the public input process and results of the community surveys.

2 — How do we compare: County data atlas

A look at Washington County and comparable counties through examination of housing, demographic, and economic trends.

3 — What do we need: Community forecasts

Profiles the individual communities in Washington County to offer a closer assessment of housing, population, and economics on the local level to begin to understand challenges and opportunities specific to each community.

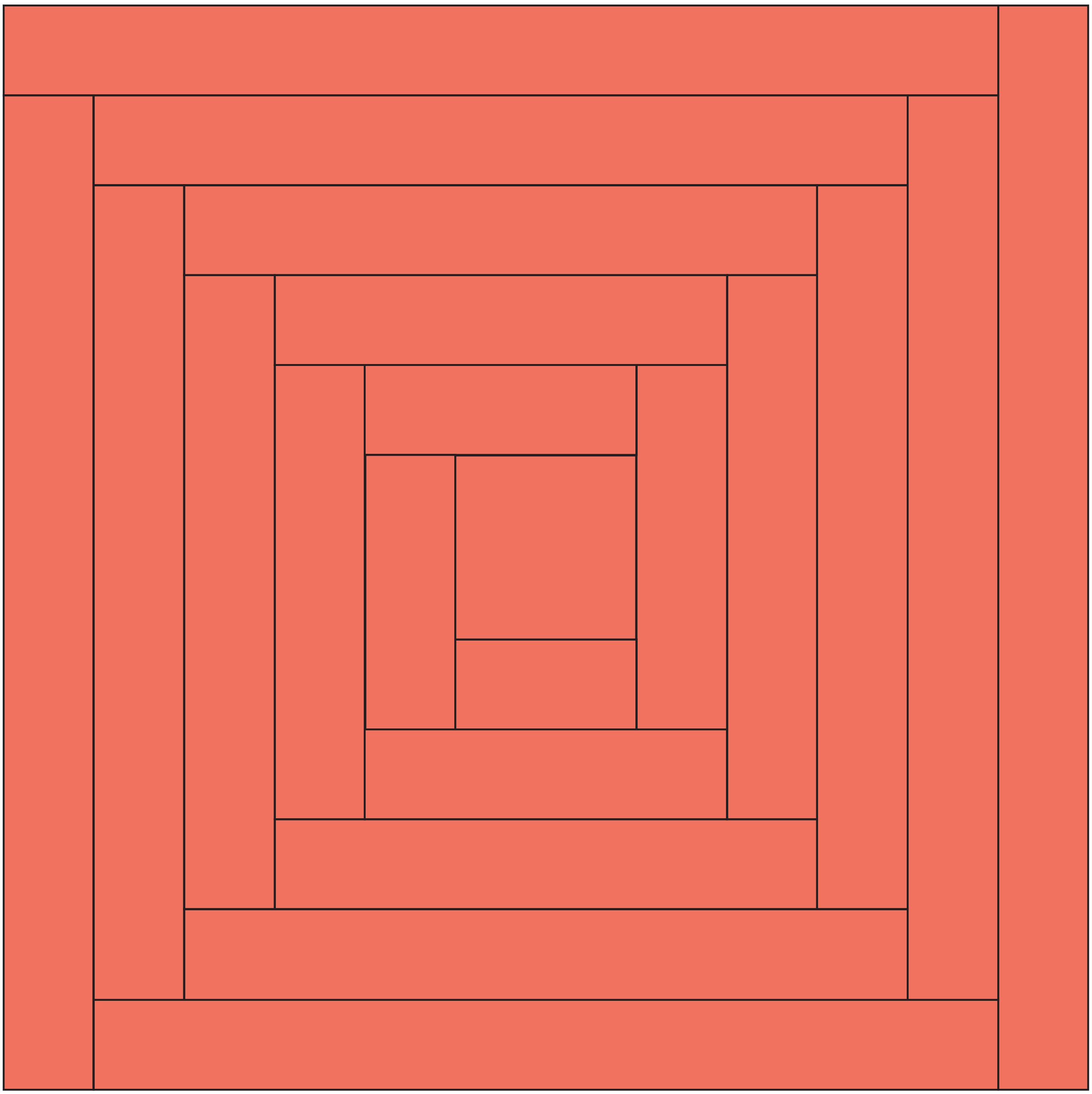
4 — Where to target: Site inventory

Provides the results of a house-by-house condition inventory for each community, mapped to identify target areas for development, infill, or investment.

5 — Strategic Directions

Summarizes the housing issues, resources, and challenges to establish overall Housing Goals. Building on these goals, the strategies, programs, and policies are identified that will move the region forward.

CHAPTER ONE
Community Insights



COMMUNITY INPUT

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

The four communities involved in the study distributed the community survey via social media, through partner organizations, and the local newspaper. Additionally, a series of stakeholder discussions were held in Kalona, Riverside, Wellman, and Washington to further gather and understand information by talking directly to the people in Washington County. The discussions are used to supplement and verify data from the survey and market analysis. To gain perspective on the breadth of perspectives, the survey asked respondents to provide their home and work postal codes.

STAKEHOLDER INTERVIEWS

In November 2018 a series of stakeholder interviews were held in Kalona, Wellman, Washington, and Riverside. The groups represented local community members, lenders, realtors, government officials, and a school district staff member. The purpose of the stakeholder interviews was to hear from members living and working in the county and gather insights into strengths and opportunities as they relate to the housing market.

Some key takeaways from the interviews include:

- Entry level homes priced between $100,000 and $150,000 are lacking
- Lots for development at prices $35,000 and below are difficult to find
- There is a lack of affordable rental units
- Options for empty nesters and young retiree's are needed
- Young people are looking to move back to the smaller communities, but are finding it difficult to get housing
- Code enforcement and housing maintenance need to be prioritized

COMMUNITY SURVEY

The community survey was open to the public - all residents, the business community, leadership, etc. The survey was open from November 2018 through January 2019. There were more than 300 respondents from across the County and a few responses from those outside the county that likely come to Washington County for work, recreation, or schools.

Geographic Distribution of Community Survey

- Figure 1.1 illustrates the distribution of "Home ZIP Codes" for survey respondents, while Figure 2.2 illustrates the distribution of "Workplace ZIP Codes."
- The greatest number of responses came from Kalona, followed by Washington, Wellman, and Riverside.
- The responses for both work and home zip codes were positively correlated, but the place of work was less diversified.

Figure 1.1: Residence of Community Survey Responses

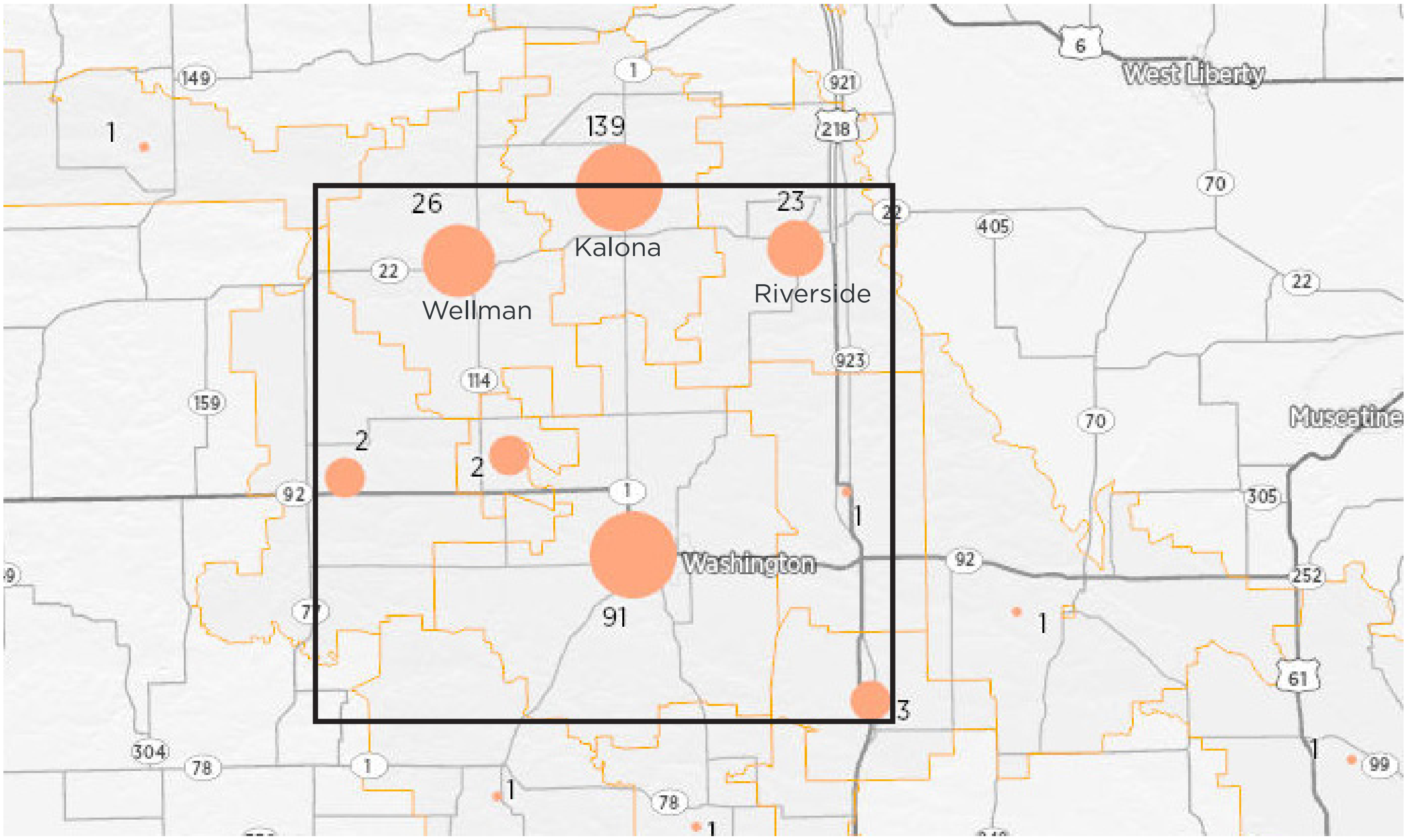
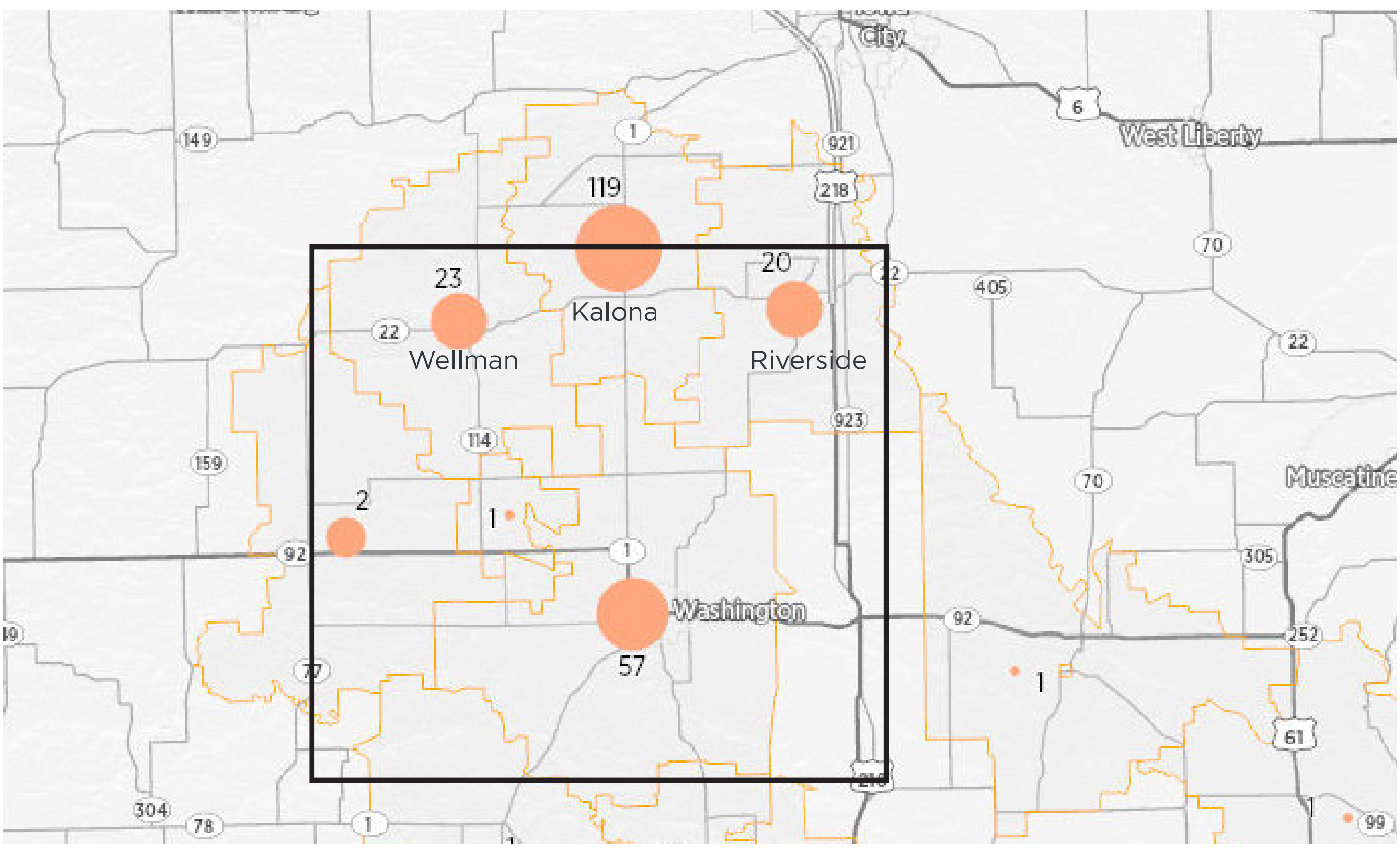


Figure 1.2: Workplace of Community Survey Responses



SURVEY COMMENTS

The open ended comment section within the survey seemed to have three major themes: senior housing is needed, especially for those wishing to live independently with assistance; code enforcement of both rental properties and owner-occupied structures is lacking; and the for sale properties ranging between $75,000 and $130,000 which attract young professionals and families is missing. A few excerpts of comments received are below:

Housing in our community is very hard to find, that is affordable and decent housing.

Need more affordable housing for the single person that is not run down or dilapidated.

Junk and vehicles in yards is unacceptable and not enforced well enough where I live.

As a senior citizen with some health issues on a fixed income really limits finding resident housing. For those like myself, I wish to still have my Independence.

DEMOGRAPHIC PATTERNS

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

Owner and Renter Occupancy

- Responses were skewed toward home owners, about 85% of respondents own their home compared to about 73% reported by the 2016 ACS estimates (Figure 1.3).

Age Distribution

- The survey had representation ranging from 18 to over 60 years old, as shown in Figure 1.4. Only 5% were between the ages of 18 and 29, with the majority or respondents over the age of 45.
- The greatest representation came from the respondents aged 60+, representative of households in retirement, possibly looking to downsize into a smaller, more manageable home.

Household Income

- Figure 1.5 shows the survey reached all income brackets, but is skewed toward slightly higher income ranges compared to the median household income reported by the Census of $56,864.
- The distribution of respondents in the middle income ranges ($25,000 to $150,000) was fairly even.

The next pages provide a summary from questions asked on the survey about housing perceptions and needs in the County, comments in the survey, and stakeholder discussions.

Figure 1.3: Owner and Renter Occupancy of Survey Respondents

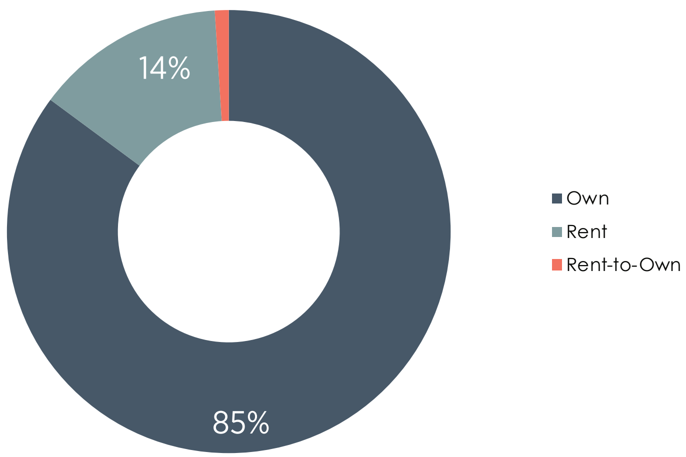


Figure 1.4: Age Distribution of Survey Respondents

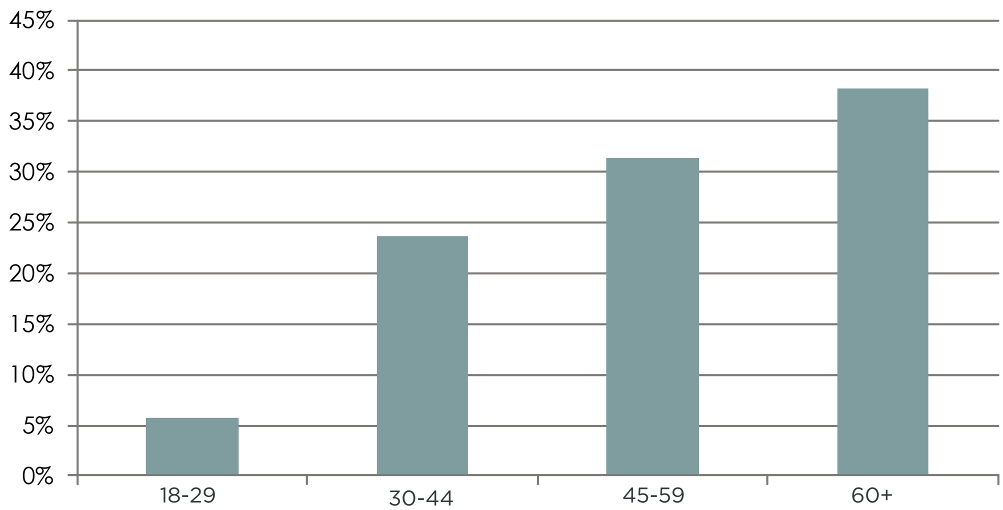
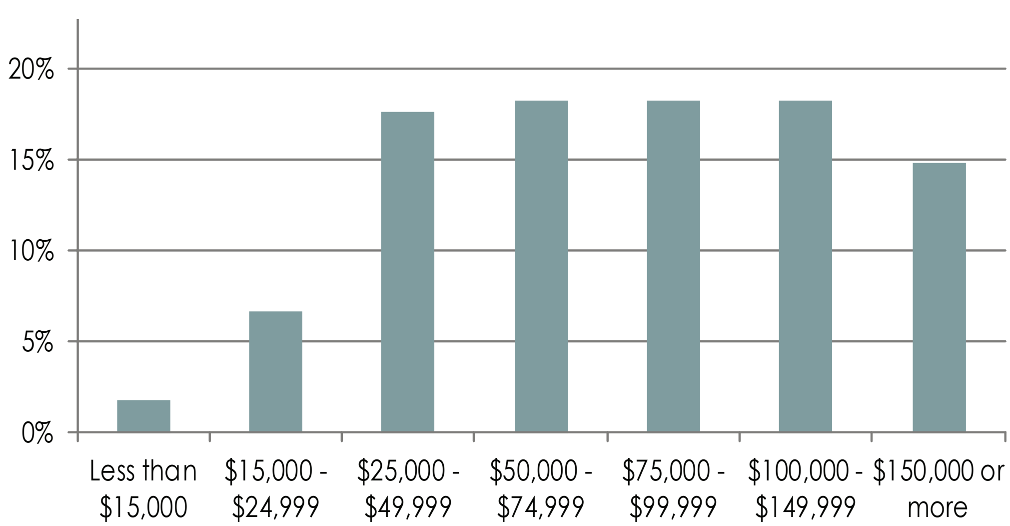


Figure 1.5: Household Income of Survey Respondents



THEMES AND ISSUES

The public engagement process revealed important themes that became the guide for the development of the Washington County Housing Study. These themes fall into several categories.

Housing Availability

The survey results show that Washington County residents feel there are many types of housing products in short supply. As seen in Figure 1.7 the housing supply is seen as most restrictive for multi-generational families and single professionals while more options are perceived to be available for older age ranges. This perspective comes from a desire for products that are affordable and attractive to more of the population.

It is important to note that factors, such as income, can exist within each demographic group and impact whether the market adequately serves a particular group. For example, high-income seniors may have many good options while low-income seniors may have few options.

Most Popular Housing Types

Respondents to the community survey were given eight types of housing options and asked if they felt any of these housing types would be successful in Washington County today. The results are shown in Figure 1.8. The most popular housing types were:

- Small, two-to-three bedroom homes (93%)
- Mid-size, three bedroom homes (91%)
- Townhome or Duplex (79%)
- Independent – Senior Living (78%)

Downtown upper-story apartments saw lower support, but also received majority support, with 54% of respondents believing it would be successful.

The housing types that the majority did not think would be successful were "large homes with 4 or more bedrooms," and "large lot, estate residential." It is likely that a few factors contribute to the low rankings for these housing types:

- Much of the recent housing construction has focused on larger homes;
- These units are not typically affordable to lower and middle income households;
- Family sizes are decreasing, lessening the need for larger 4 or more bedroom homes.

Senior Options

Respondents were also asked specifically about senior housing options. The responses are shown in Figure 1.6. Note that all age ranges were allowed to answer the question.

- Respondents were most favorable toward "apartments with additional services."
- Responses were similar when responses were filtered for those 60 years and older
- In both respondent scenarios, "a residence attached or adjacent to the home of a family member" and "an independent apartment" scored lowest.

The responses show that seniors, and their kids answering for them, are favorable to downsizing to apartment living as long as the some services are provided and the unit is good quality. This housing product was heard in the stakeholder discussions and other survey responses to be in short supply.

Figure 1.6: What type of housing do you believe area seniors and the elderly are most interested in? (Select One)

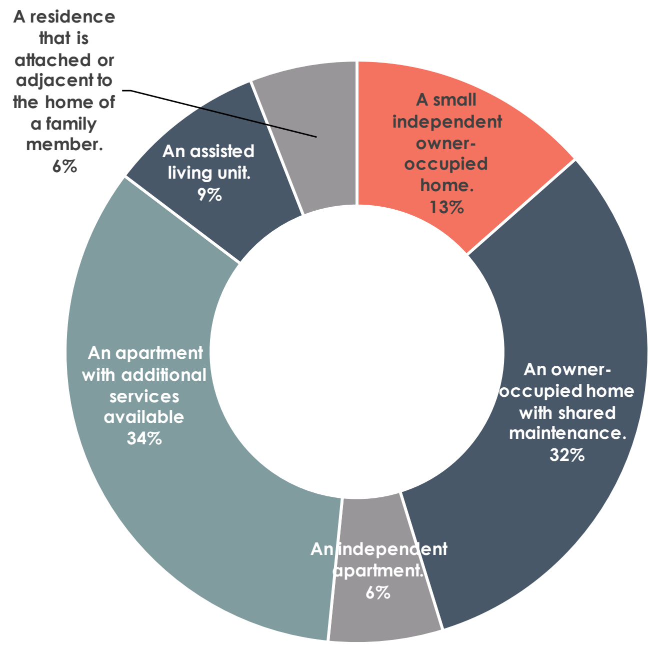


Figure 1.7: Do you believe that the current housing supply adequately meets the needs of the following household types in your community?

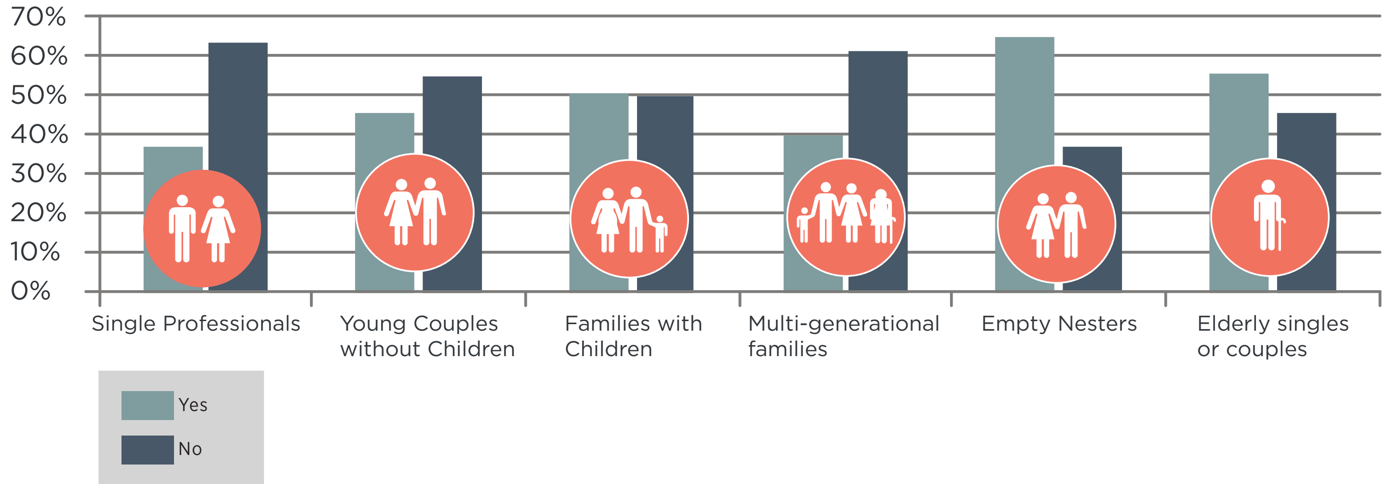
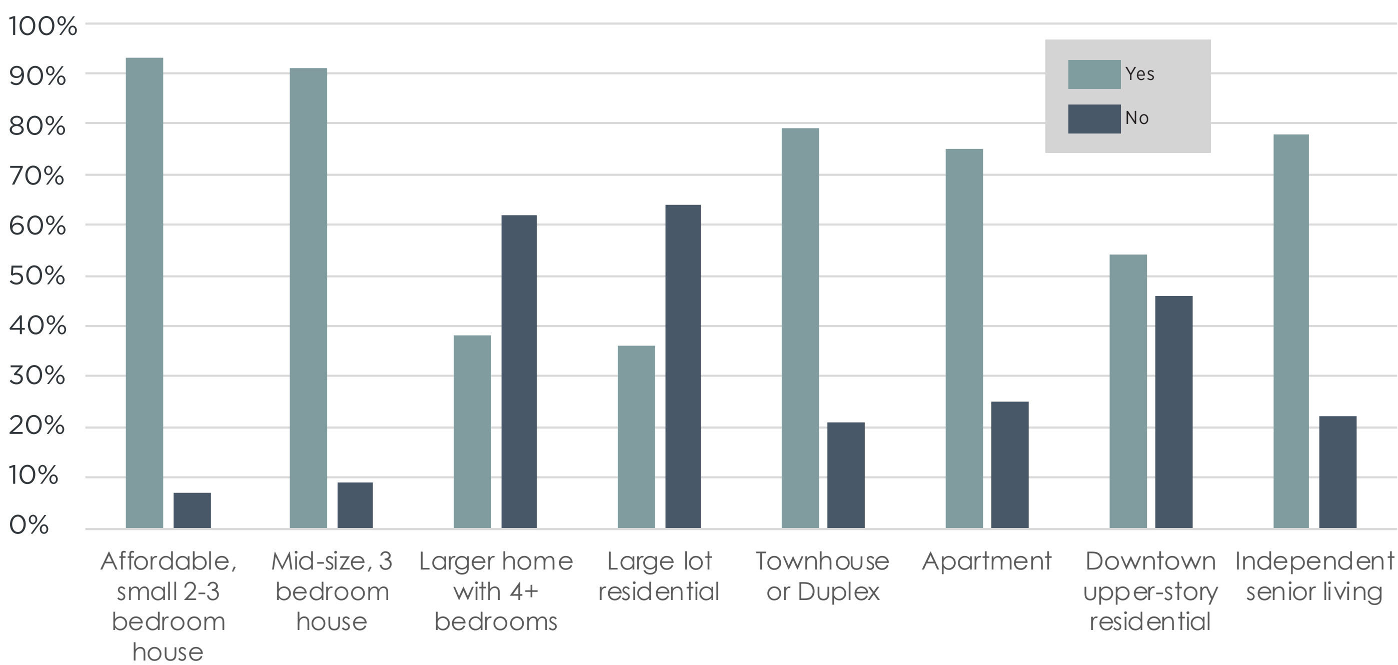


Figure 1.8: What new housing products do you think would be successful in your area today?



Housing and (Quality) Rental Affordability

Washington County residents expressed concern about the cost of housing, including both ownership and rental options. Concerns focused on quality rental options and property up keep on more affordable housing options.

In the context of a housing market, the concept of "affordability" is relative and broadly describes the gap between the condition, age, and size of the housing product respective to the incomes of those groups seeking housing in Washington County. While the term "affordable" invokes the image of housing for the lowest income groups, middle and upper income households can also experience affordability issues in the market when supply and demand of units within certain price-points are misaligned.

Responses to the questions shown in Figures 1.11 and 1.12 show:

- Many are unaware of housing and rental options at higher price points. This is either because these units are not available or because most respondents are home owners and are not familiar with rental rates.
- Respondents feel there is a lack options at lower price points for both owner occupied housing and rental housing. New home construction is difficult at price points below $200,000, which contributes to the lack of housing options in this price range.
- Very few respondents felt there was an oversupply of housing or rentals at any price point. Oversupply only showed relatively strongly for housing at $200,000 and above.

The survey responses reinforce the comments heard during the stakeholder discussions and affordability analysis shown in later sections of this study.

Maintenance and Dilapidated Housing

A common theme among submitted comments throughout the survey related to deterioration of properties. There are few quality housing options for people moving to the county. Many noted that certain housing options may be more affordable, but are low quality and a detriment to adjacent properties. Figure 1.9 and 1.10 show respondents support when answering questions about property maintenance codes and removal of dilapidated housing. It may be necessary to provide some form of assistance to those who struggle to afford property maintenance.

Figure 1.9: Would you support greater enforcement of property maintenance codes?

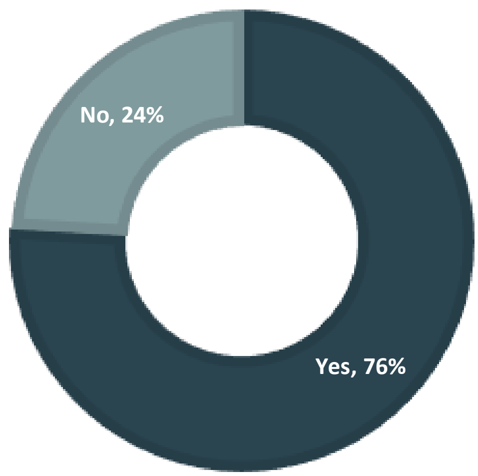


Figure 1.10: Would you support the use of public funding to remove dilapidated housing?

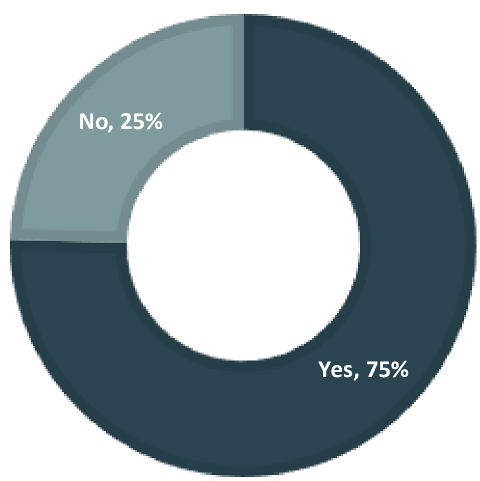


Figure 1.11: How would you rate availability of rental housing in the area for the following rental ranges?

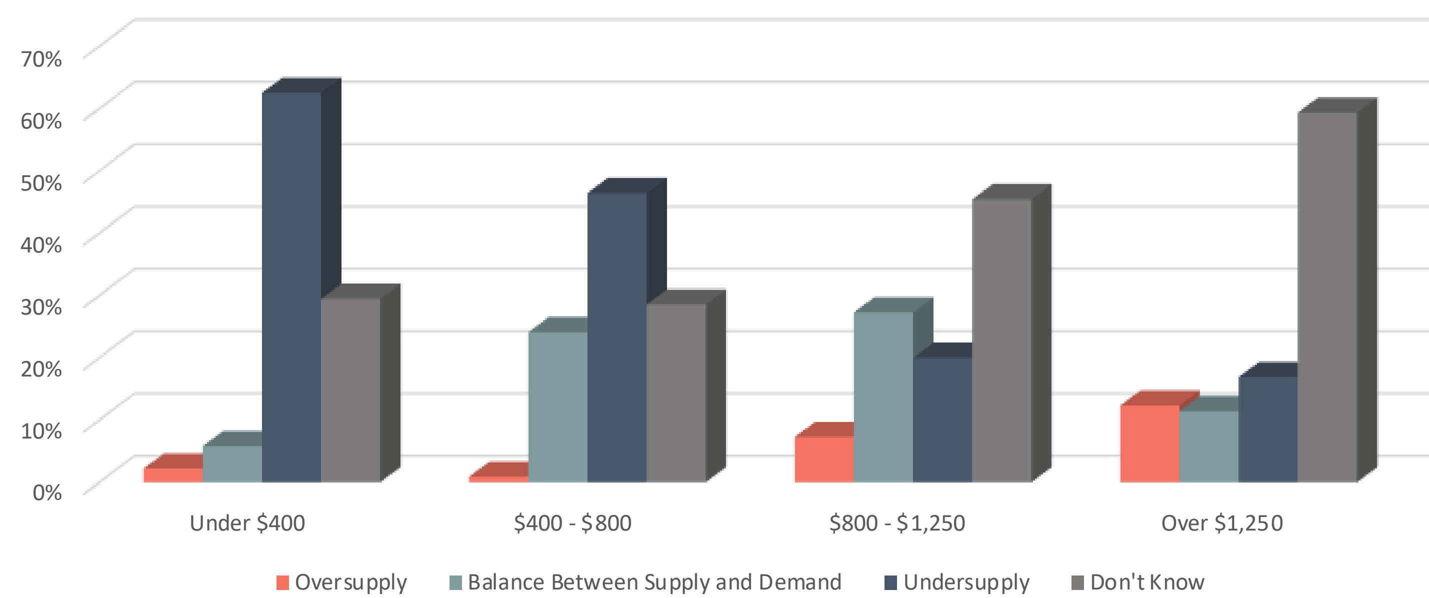
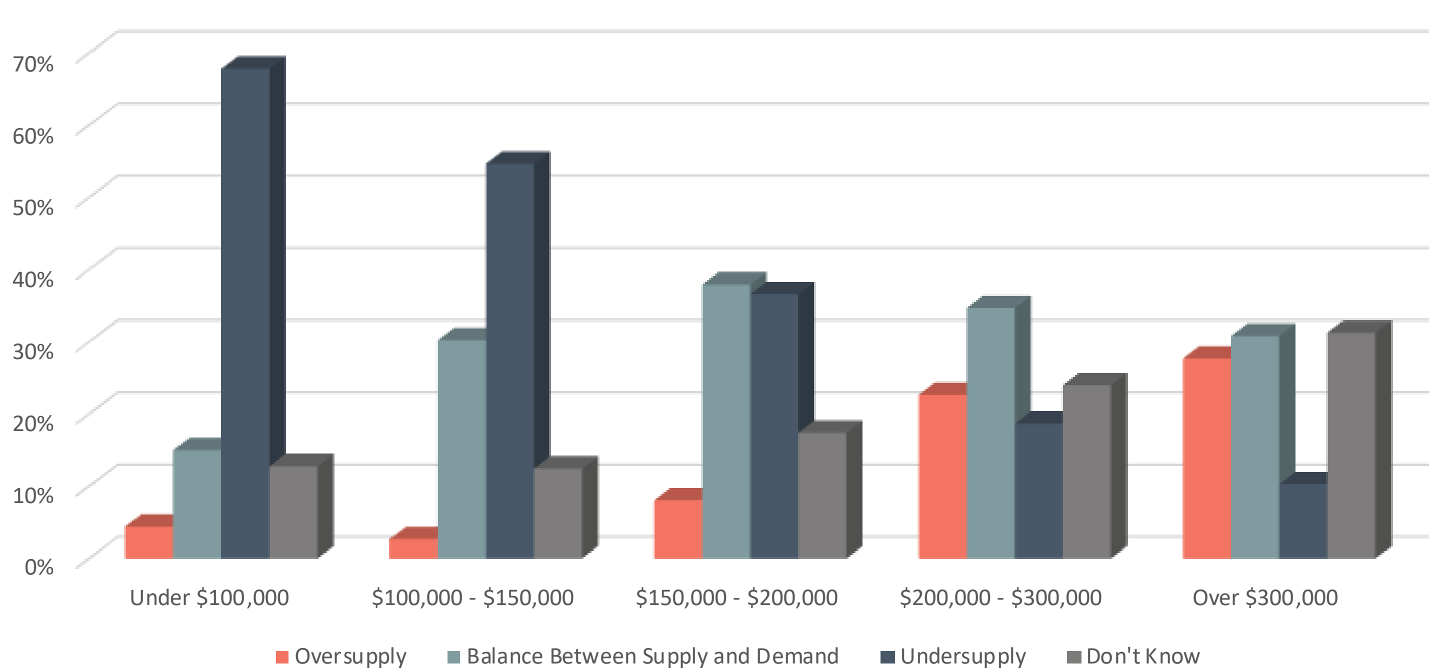


Figure 1.12: How would you rate availability of housing in the area for each of the following price categories?



Buildable Lots

While there are existing lots ready for development in Washington County, much of what is left are the difficult to develop lots. One subdivision in Kalona has done well, however the handful of remaining lots have steep slopes making construction a challenge and undesirable to many buyers.

When asked in the community survey about the supply of buildable lots, just over half felt there was an undersupply, while 24% felt there was an adequate supply. Only 2% thought there was an oversupply of buildable lots in the county. The results are illustrated in Figure 1.13.

Spending Capacity

Figures 1.11 and 1.12 summarized respondents understanding of the availability of housing within certain mortgage and rental cost ranges. To better understand respondents perception of what they can afford they were asked to pretend they were moving and what they would be willing to spend on a monthly mortgage payment (Figure 1.14). Few said they would rather move into rental housing options. The tipping point for whether respondents would be somewhat likely or likely to spend on a mortgage was $1,300. Beyond that there was a clear majority of respondents that would be not likely at all to spend over $1,300 on a monthly mortgage payment if they were to move.

An interesting comparison can be made between what respondents are willing to spend monthly on a mortgage ($850 or less) and what they perceive as available. It was identified that respondents felt there was an undersupply in units that would equate to a monthly mortgage of $850, suggesting a reason for staying in their current housing.

Figure 1.14: How would you rate the supply of buildable lots in your area?

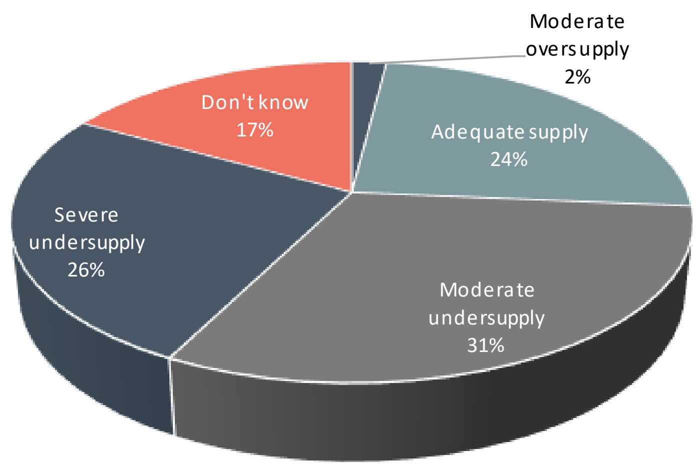
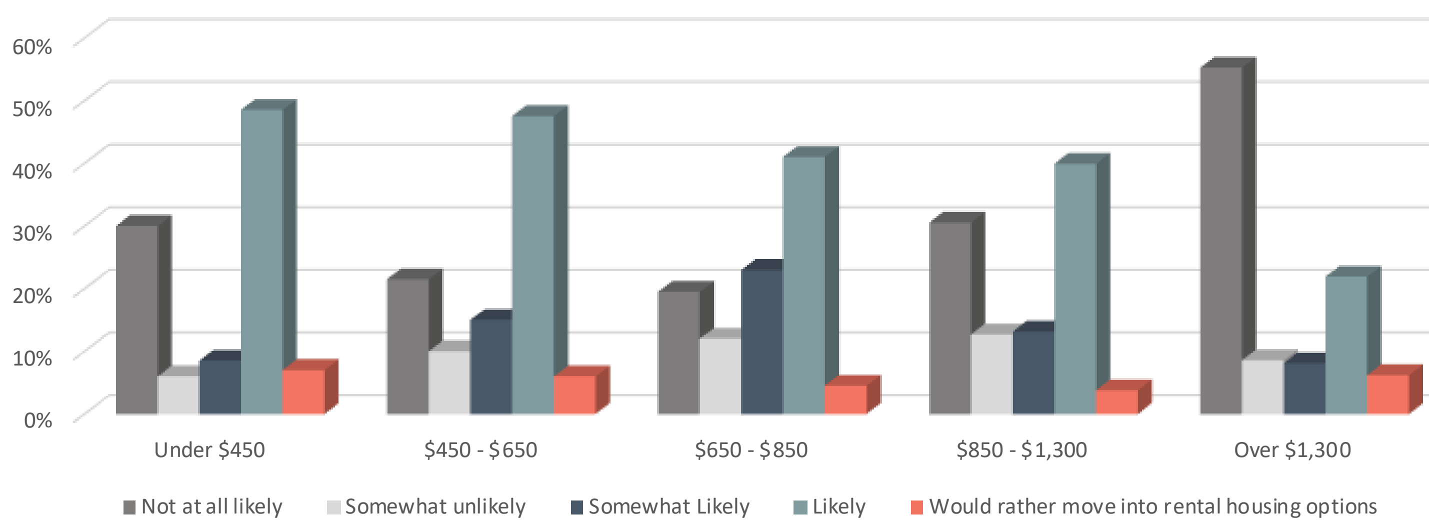


Figure 1.13: What would you be willing to spend on a monthly mortgage payment (excluding taxes and insurance) if you were moving?



OVERALL THEMES

The importance of personal accounts provided as part of the public engagement process of this study cannot be overstated. These stakeholders voiced their experiences, opinions, and ideas through in person discussions and digital surveys. These accounts provide a strong foundation on which the remainder of this plan is built, including several big ideas that resonate across all communities:

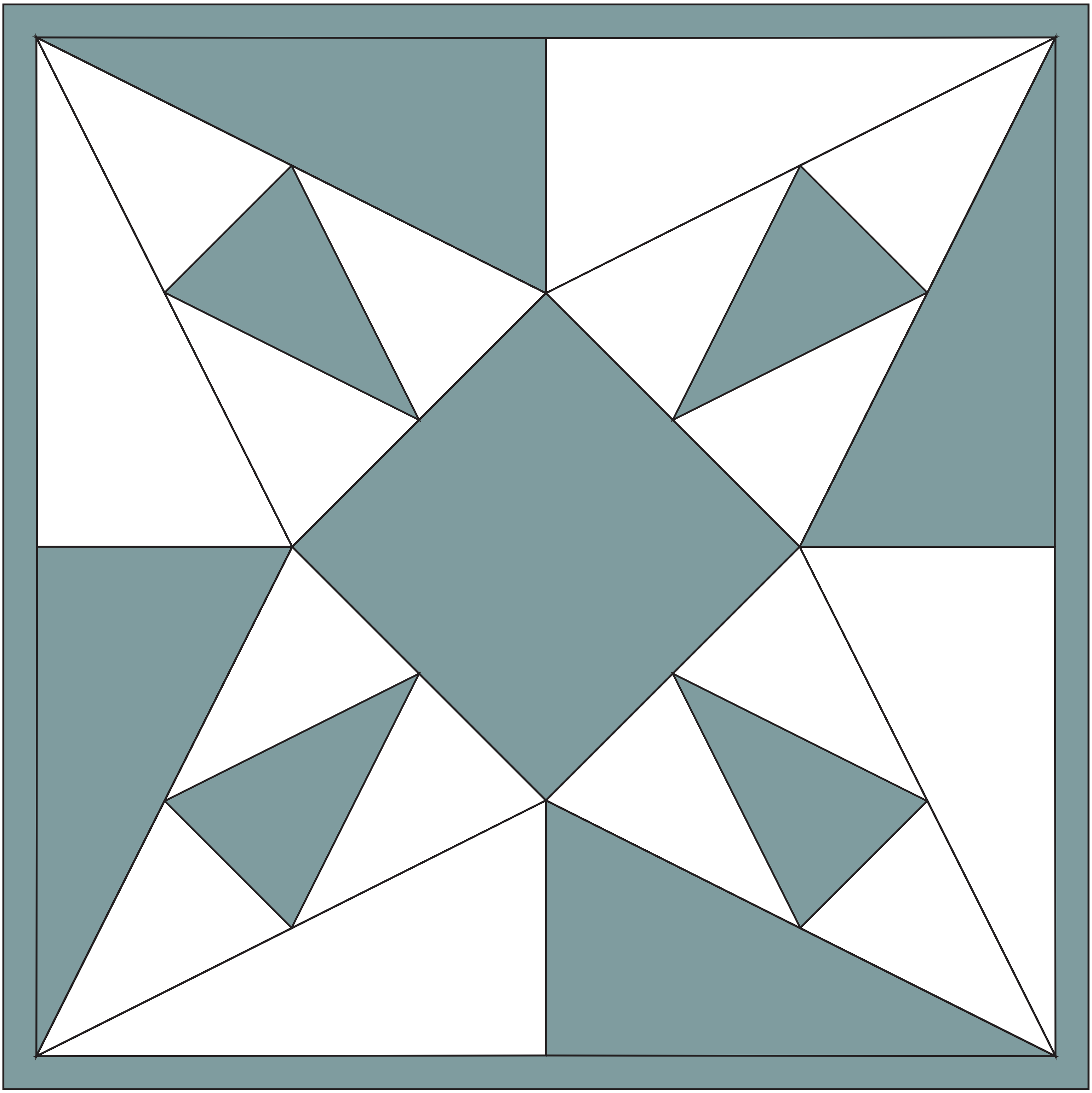
Availability. While stakeholders generally had a high level of satisfaction with the community itself, many expressed concern over availability in certain types of housing at certain price-points to help the communities grow. Lower price points were generally seen as having a lower supply. A theme repeated during stakeholder interviews was that housing for teachers was difficult to find. New construction cannot meet these price points. An important note going forward is that every home/rental demolished is an affordable unit lost.

Senior and Retirement Options. Like the desire for more affordable housing options, respondents indicated their strong desire for a variety of smaller housing options and assisted living, as well as apartments geared at both young singles and seniors.

Affordable and Quality Rentals. Many respondents expressed the desire for more quality and affordable rental options. An important consideration is providing units that meet the income levels of households in the county. These include options for retirees such as living situations with certain services provided.

Support for Action. Survey respondents and stakeholders agreed that action needs to be taken, both in the form of maintenance enforcement and policies that provide assistance to potential home owners or developers. New programs and partnerships are essential to meet the housing needs in Washington County.

CHAPTER TWO
County Data Atlas



REGIONAL OVERVIEW

The communities in Washington County are unique, but part of a larger economic region. Housing markets are not secluded to municipal boundaries. Examining Washington County and regional market trends establishes a base to understand challenges that are common to all communities. Then the unique challenges and opportunities in specific communities can be identified.

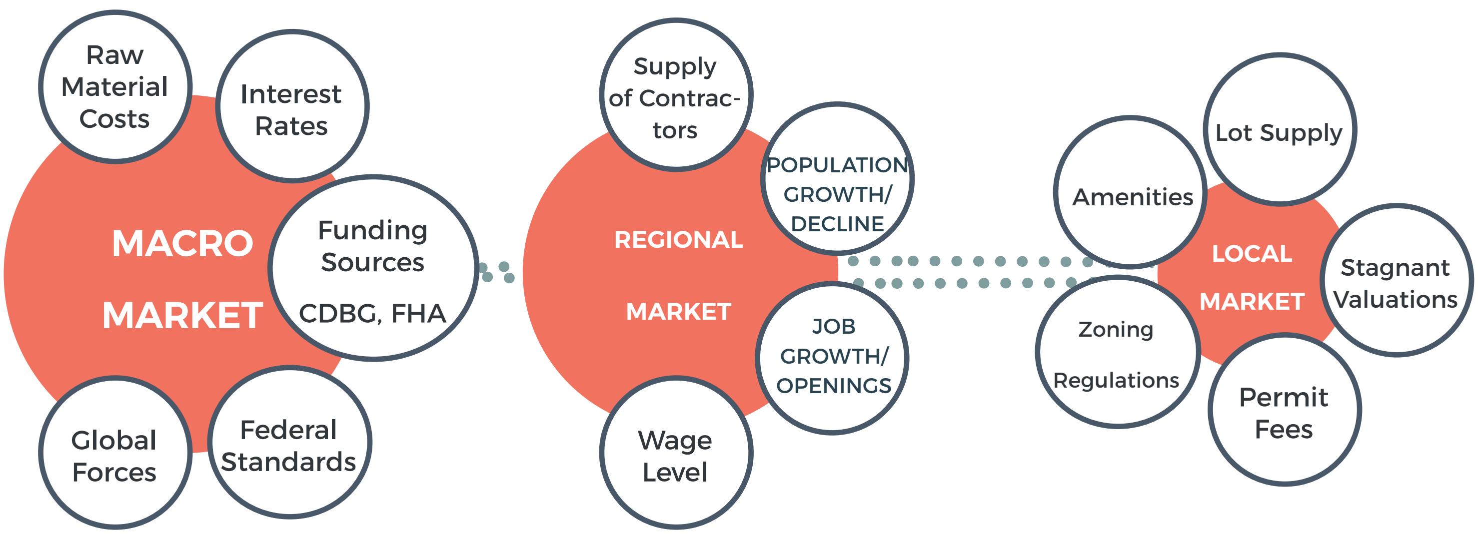
What market data tells us

Figure 2.1 summarizes many elements that influence housing supply and demand. Quantitative data tells us past trends in population, housing occupancy, affordability, and other objective measurements. Market data gives a quick and straightforward representation of the county and how it compares to other counties in the region. It evokes questions like why conditions are the same or different compared to other areas.

What market data does not tell us

Census and other objective data have limitations, which is why it provides only one element of understanding the housing market. Market data does not capture the feelings and observations of residents. It does not fully capture the condition of housing or community amenities. Lastly, market data becomes less reliable for small communities (<1,000) because of sampling error and lack of sufficient data. For all of these reasons, the market analysis indicates caution where necessary. Ultimately, the conclusions and strategic directions compare data with on the ground observations and discussions.

Figure 2.1: Potential Forces on Housing Development and Investment



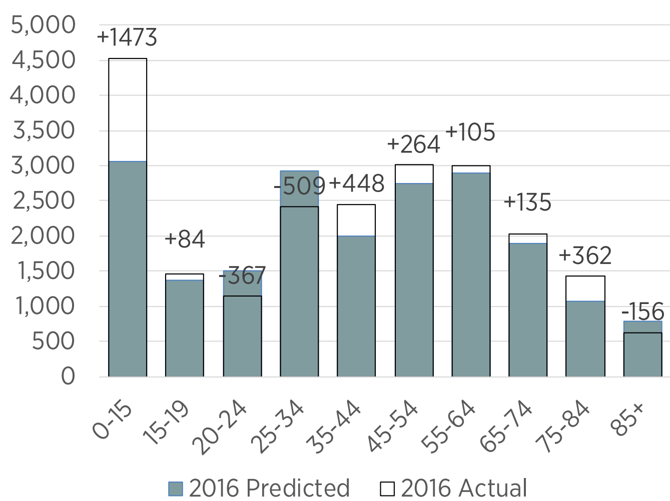
WASHINGTON COUNTY SNAPSHOT

This section provides demographic and economic information in Washington County and similar counties in the region.

Population Snapshot

Examining population and age characteristics provides clues into the type of housing demanded and help develop forecasts for future housing need. Figure 2.3 shows Washington County's population grew modestly in the past decade. Despite a decline between 1990 and 2000, the county population has been on the rise. Many rural counties in Iowa have seen declines in population.

Figure 2.2: Predicted vs. Actual Population, Washington County 2016



Community population data on the following pages shows stable population from 2010-2016 for about half of the surrounding communities. However, unincorporated areas in Washington County continue to lose population.

Natural population changes in rural communities trends toward population decline as households age and births decline. To understand whether actual population changes reflect expectations, an analysis was completed that compared predicted population to actual 2010 Census population counts. The estimates in Figure 2.2 are based on estimated birth and death rates for the population developed by the U.S. Bureau of the Census and the National Center for Health Statistics. The analysis indicates that in Washington County:

- Overall, the county experienced a positive difference between predicted and actual, due to high birth rates and an in-migration of some residents. The difference is most noticeable in the 0-15 age range. Without a strong increase in the 25-34 age group, this could indicate families already living in Washington County had more children between 2000 and 2010, then expected.
- A slight in-migration of middle ages (35-54) indicates these households find areas in Washington County attractive to live and suitable for their needs.
- An negative difference of those 85+ indicates either more deaths than expected or an out-migration as people enter retirement years and look for more suitable housing or community amenities.
- A surprising in-migration occurred in the 75-84 age group, indicating these households find Washington County an attractive place to continue retirement.

FIGURE 2.3: Regional County Population Change

	2000 POPULATION	2010 POPULATION	2016 POPULATION ESTIMATE	2000-2016 CHANGE	2010-2016 PERCENT CHANGE
Washington	**20,670**	**21,704**	**22,115**	**1,445**	**2%**
Iowa	15,671	16,355	16,311	640	0%
Johnson	111,006	130,882	146,547	35,541	12%
Louisa	12,183	11,387	11,142	-1,041	-2%
Henry	20,336	20,145	19,773	-563	-2%
Jefferson	16.181	16.843	18.090	2	7%
Keokuk	11,400	10,511	10,119	-1,281	-4%

Source: US Census Bureau; Population Estimates Program

FIGURE 2.4: Regional Median Age

	2000 MEDIAN AGE	2010 MEDIAN AGE	2016 MEDIAN AGE
Washington	**38.8**	**41.6**	**41.2**
Iowa	38.8	41.8	41.8
Johnson	28.4	28.8	29.9
Louisa	35.9	38.3	40.7
Henry	37.1	39.1	40.7
Jefferson	41.1	44.9	41.1
Keokuk	40.0	42.7	44.1
State of Iowa	36.6	38.1	38.0

Source: US Census Bureau; Population Estimates Program

Economic Snapshot

Parts of Washington County serve as a bedroom community for the Iowa City metro area. As indicated in the community discussions, households seem willing to commute to live in quality communities with good housing options at lower price points than what is available in the metro area.

Figure 2.5 shows that Washington County has a 4.2% unemployment rate, which is in line or below surrounding counties. As noted at the bottom of Figure 2.5, BLS data varies and often indicates a much lower rate. Employers still have a smaller pool of potential workers in the region to choose from when positions become available. A portion of workers for new jobs must be attracted to the area through higher wages, benefits, or desirable (and available) places to live. The higher labor force participation rate than the State of Iowa shows there are fewer retirees, people going to school, or people not actively looking for work in Washington County.

Median household incomes are stable compared to other counties and even higher than the State of Iowa, as shown in Figure 2.6. Higher wages help attract workers, but are also essential to give households the means to invest in existing housing or build new.

Figure 2.7 shows that people living in Washington County travel more to jobs outside the county, but do not necessarily commute that far. Communities that are closer to employment centers benefit by being able to attract new residents.

FIGURE 2.5: Regional Employment Trends

COUNTY	LABOR FORCE	LABOR FORCE PARTICIPATION	UNEMPLOYMENT RATE*
Washington	**11,874**	**68.5%**	**4.2%**
Iowa	8,828	68%	1.8%
Johnson	83,103	71.5%	3.2%
Louisa	5,735	64.3%	4.3%
Henry	9,422	59.1%	4.9%
Jefferson	8,625	58.8%	6.6%
Keokuk	5,139	63%	5.5%
State of Iowa	1,664,170	67.66%	4.5%

*Taken from 2016 American Community Survey. Bureau of Labor Statistics (BLS) reported unemployment rates may differ
Source: US Census Bureau; American Community Survey

FIGURE 2.6: Regional Median Household Income

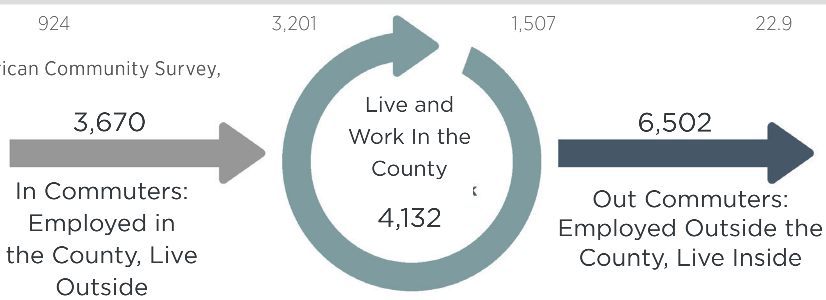
COUNTY	2016 POPULATION ESTIMATE*	2016 MEDIAN HOUSEHOLD INCOME	80% OF MEDIAN	50% OF MEDIAN
Washington	**22,115**	**$56,864**	**$45,491**	**$28,432**
Iowa	16,311	$55,099	$44,079	$27,550
Johnson	146,547	$56,808	$45,446	$28,404
Louisa	11,142	$65,144	$52,115	$32,572
Henry	19,773	$49,606	$39,685	$24,803
Jefferson	18.090	$45,257	$36,206	$22,629
Keokuk	10,119	$45,227	$36,182	$22,614
State of Iowa	3,134,693	$54,570	$43,656	$27,285

Source: US Census Bureau; Population Estimates Program, *As of July 1st

FIGURE 2.7: Regional Commuting Trends

	IN COMMUTERS	OUT COMMUTERS	LIVE AND WORK IN THE COUNTY	MEAN TRAVEL TIME TO WORK
Washington	**3,670**	**6,502**	**4,132**	**20.9**
Iowa	5,873	3,390	5,238	20.9
Johnson	33,435	44,755	19,522	18.6
Louisa	1,773	1,666	3,453	23.4
Henry	4,240	4,136	4,633	19.7
Jefferson	3,000	2,578	3,667	14.7
Keokuk	924	3,201	1,507	22.9

Source: US Census Bureau; American Community Survey, On the Map (2015)



Regional Employment Outlook

Figure 2.10 shows the total number of paid employees and total primary jobs in the 7 county region surrounding and including Washington County and the percentage accounted for in each individual county. As indicated in the unemployment rates on the previous pages, the region has a fairly strong economy. As such, Figure 2.8 reiterates the commuting characteristics of residents showing that they fill positions across a wide range of counties, but almost 39% work in Washington County. Employment opportunities are projected to grow in the region. Figure 2.9 shows the regional job projections through 2026 provided by the Iowa Department of Workforce Development.

A key element described later in this study is that population and housing demand hinges on capturing regional employees to live in Washington County communities. This data provides a base to understanding the larger employment demands in the context of housing needs in Washington County.

FIGURE 2.8: Resident Workplaces

WHERE RESIDENTS FROM WASHINGTON COUNTY ARE EMPLOYED (2015)	COUNT	SHARE OF WORKERS LIVING IN WASHINGTON
Washington County	**4,132**	**38.9%**
Johnson County	2,844	26.7%
Linn County	594	5.6%
Polk County	363	3.4%
Henry County	345	3.2%
Muscatine County	217	2.0%
Black Hawk County	178	1.7%
Jefferson County	168	1.6%
Louisa County	143	1.3%
Keokuk County	124	1.2%
All Other Locations	1,526	14.4%

Source: US Census Bureau; On The Map.

FIGURE 2.9: Regional Area Job Projections (All Occupations)

WORKFORCE DEVELOPMENT REGION	PROJECTED EMPLOYMENT GROWTH RATE	ANNUAL NEW JOBS (THROUGH 2026)
Cedar Rapids-Iowa City	**0.9%**	**2,784**
Des Moines	1.16%	5,581
Mason City	0.6%	375
Dubuque-Decorah	.7%	912

Source: Iowa Workforce Development

FIGURE 2.10: Regional Employees and Jobs

COUNTY	POPULATION (2016)	% 7 COUNTY AREA	NUMBER OF PAID EMPLOYEES (2016)	PAID EMPLOYEES % 7 COUNTY AREA	TOTAL PRIMARY JOBS (2015)	PRIMARY JOBS, 7 COUNTY AREA
Washington	**22,115**	**9%**	**11,367**	**9%**	**7,802**	**7%**
Iowa	16,311	7%	8,668	7%	9,263	8%
Johnson	146,547	60%	80,436	63%	78,190	68%
Louisa	11,142	5%	5,487	4%	3,439	3%
Henry	19,773	8%	8,957	7%	8,376	7%
Jefferson	18,090	7%	8,057	6%	6,667	6%
Keokuk	10,119	4%	4,855	4%	1,981	2%

Source: US Census Bureau, On The Map.

Housing Snapshot

Regional characteristics indicate a prevalence of certain housing types and hints where strategic directions could be targeted, considering information heard through community engagement and market indicators in Washington County.

Affordability

Housing is the highest expense for any household followed by transportation costs. Washington County has similar median incomes to other counties in the region. Figure 2.11 shows the ratio of home value to income in each county. An affordable, self-sustaining housing market, with adequate value and revenues to support market-rate new construction, will typically have a value to income ratio between 2.5 to 3.0. Ratios above 3.0 present significant affordability issues while ratios below 2.0 are significantly undervalued relative to income.

While a market that is unaffordable presents significant challenges to attracting new residents and to enabling residents to move within the housing market, an undervalued market is equally troublesome. An undervalued housing market stagnates the economy in several ways:

- Purchasing a home is comparatively more affordable than rental options, the median rents are driven lower to a level where it is no longer feasible for new, rental units to be developed.
- The lack of new rental units limits the accessibility of the housing market to new residents, employees, and families.
- Undervalued markets discourage new construction, especially the construction of speculative housing that cannot be appraised at the cost of construction and thus removing all profits for the builder.

Washington County has a ratio at 2.24, within a reasonable range. Overall, ratios in the region indicate a generally stable market, with some undervalued concerns in Keokuk.

FIGURE 2.11: Regional Housing Costs and Affordability, 2016

COUNTY	MEDIAN INCOME	MEDIAN HOME VALUE	VALUE TO INCOME RATIO	MEDIAN CONTRACT RENT
Washington County	$56,864	$127,500	2.24	$536
Iowa County	$55,099	$139,500	2.53	$407
Johnson County	$56,808	$202,400	3.56	$762
Louisa County	$51,615	$102,400	1.98	$433
Henry County	$49,606	$106,100	2.14	$492
Jefferson County	$45,257	$110,700	2.45	$466
Keokuk County	$45,227	$79,500	1.76	$411
	$132,800	$54,570	2.43	$578

Source: US Census Bureau; American Community Survey

Occupancy

Washington County has an owner-occupied household share similar to many counties in the region. Regional counties with higher populations tend to have more renter occupied households, but also higher rents as seen with Johnson County. Communities with more rental options typically have higher quality units as households can choose higher quality units over low quality units, forcing landlords to up-keep units to retain renters.

The rental housing stock is essential when communities are trying to attract young households. Many young families and almost all single young households begin their experience in the housing market as renters. A healthy housing market provides options at all stages of life, such as quality rental units for those at the beginning of their adult life or for downsizing later in life.

Vacancy rates across all counties in the region appear high. However, the total vacancy rate includes seasonal, rented and sold units not occupied, and other vacancies that are not available for use such as storage, owner personal reasons/legal issues, under repair, abandoned homes, etc. When excluding these categories, vacancy rates of for rent or for sale units are lower at 4.1% county wide. A healthy market could support a 5-7% vacancy rate to provide options in the market and efficient movement of households to different housing choices. It is possible that many households in Washington County would like to move, but are staying in their current home because few existing options or buildable lots are available.

REGIONAL MARKET INSIGHTS

The region influences many of the projections, policies, and strategic directions for communities in Washington County. These strategies will often need to stretch beyond county lines into the region to make the most impactful changes.

- Population is steady in the region. Washington County has seen some modest growth since 1960. In addition, there are more people than predicted entering retirement years as healthcare improves.
- Washington County has a high labor force participation rate, just above the state average. People that live in the county work across the region in nearby employment centers, but almost half work in the county. Regional employees and employment growth potential are targets for capturing population growth. For example, those willing to commute to other employment centers like Iowa City.
- Home values are strong in the county compared to median income. Given what was heard during stakeholder interviews however, the cities will need to develop creative ways to stimulate new development. Rehabilitation is especially important as the housing stock continues to age and new development does not increase.
- Washington County has a high percentage of owner occupied units. Households who must rent or choose to rent may be looking elsewhere for housing option.
- There is a low supply of rentable and for sale homes in the County and region. Households and area employees have few choices if looking to move to the area. Once these renters are lost to another location they are significantly less likely to make their home in Washington County.

FIGURE 2.12: Occupancy Status, 2016

	WASHINGTON	IOWA	JOHNSON	LOUISA	HENRY	JEFFERSON	KEOKUK	STATE OF IOWA
Owner-Occupied	6,384	5,333	33,209	3,346	5,421	4,575	3,419	883,119
% Owner-occupied	72.9%	78.7%	58.7%	76.6%	71.2%	66.3%	77.5%	71.1%
Renter-Occupied	2,373	1,446	23,334	1,020	2,198	2,321	995	359,522
% Renter Occupied	27.1%	21.3%	41.3%	23.4%	28.8%	33.7%	22.5%	28.9%
Total Vacant	800	500	3,008	642	647	658	477	119,978
Vacancy rate (All types)	8.4%	6.9%	5.1%	12.8%	7.8%	8.7%	9.8%	8.8%
Vacancy rate (for rent or sale)	4.1%	3.4%	3.1%	1.9%	2.9%	3.2%	2.5%	2.8%
Total	9,557	7,279	59,551	5,008	8,266	7,554	4891	1,362,619

Source: American Community Survey, 2012-2016

COMMUNITY OVERVIEW

The regional snapshot provides a summary of how the county fairs compared to the region and State of Iowa to understand the larger market forces impacting the housing market. This section considers data within individual communities in Washington County to forecast future population and housing demand. The forecasts begin to frame an understanding where policies and actions are needed to fill gaps in the market.

Note that some data estimates for 2016 are excluded from this section because of inadequate sample sizes and large margins of error noted by the Census.

Population

Figure 2.13 compares changes in median age and Figure 2.14 shows changes in population between 1980 and 2016 in each community.

- All communities experienced population gain over 10% between 1980 and 2010 with Kalona growing by 33% percent.
- Community size had little effect on the rate of growth. Kalona and Washington added almost the same number of residents between 1980 and 2016.
- Every community saw an aging population between 2000 and 2010, some more drastic than others. There will be an increased demand for downsizing options and retirement residences in the next 15 years.

FIGURE 2.13: Community Median Age

CITY	2000 MEDIAN	2010 MEDIAN
Kalona	41.3	45.7
Riverside	34.8	37.5
Washington	41.8	42.4
Wellman	40.1	42.5
Iowa	36.6	38.1
Urban	34.9	35.1
Rural	39.2	43.3

Source: US Census Bureau; American Community Survey

Population Changes

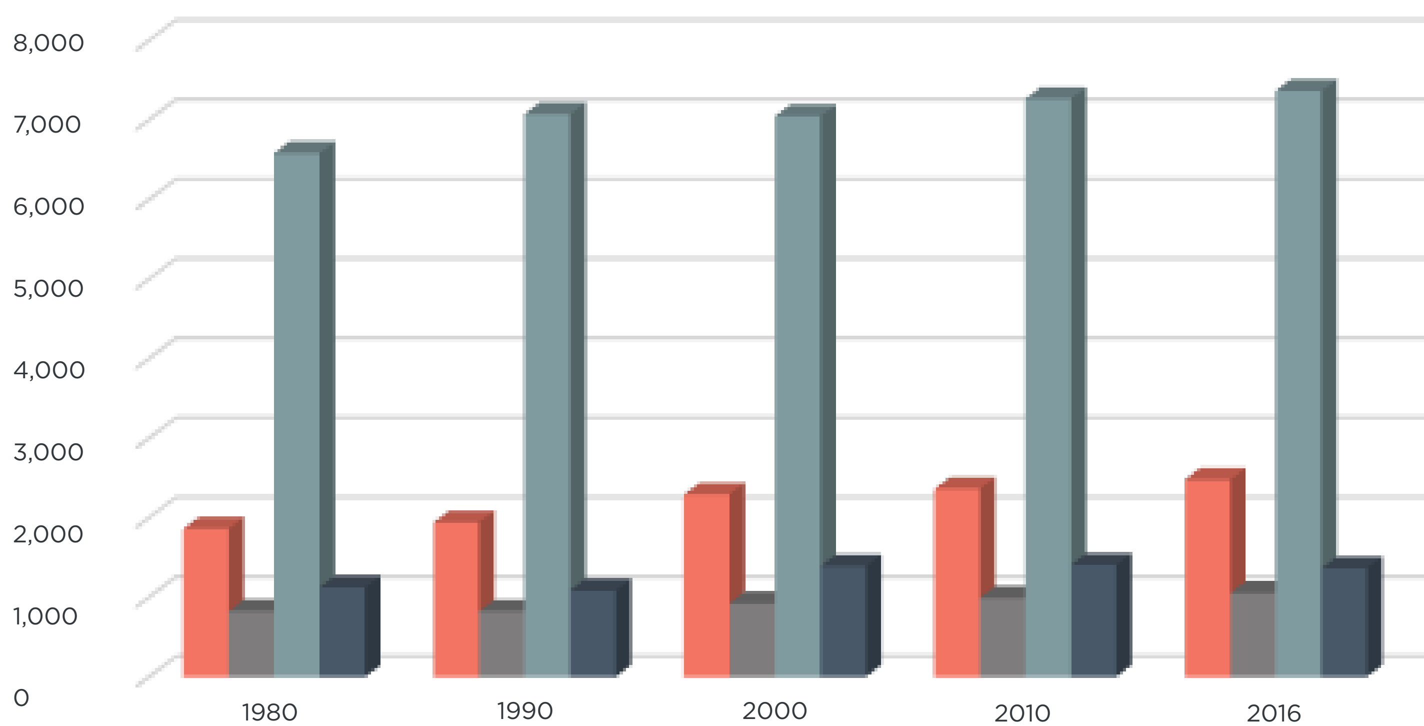
An analysis of predicted versus actual population based on natural growth and death rates was done for the cities, similar to the county as a whole. The analysis shows all four communities are gaining more population than would naturally occur. These communities are either seeing more births and/or an in-migration of residents, which is supported by Figure 2.13 and the increasing median age. Whereas communities with a negative difference are either losing more people than would be expected or people are living shorter.

FIGURE 2.15: Community Predicted versus Actual Population Change, 2000-2010

CITY	2000 POP.	2010 PREDICTED	2010 ACTUAL	DIFFERENCE
Kalona	2,293	2,183	2,363	180
Riverside	928	958	993	35
Washington	7,047	6,695	7,266	571
Wellman	1,393	1,304	1,408	

Source: US Census Bureau

FIGURE 2.14: Community Historic Population Change, 1980-2016



1980-2010 % Change:	Kalona	Riverside	Washington	Wellman
	33%	28%	12%	21%

Figure 2.14 Source: US Census Bureau; Population Estimates Program, *As of July 1st

Housing Activity, Occupancy, and Affordability

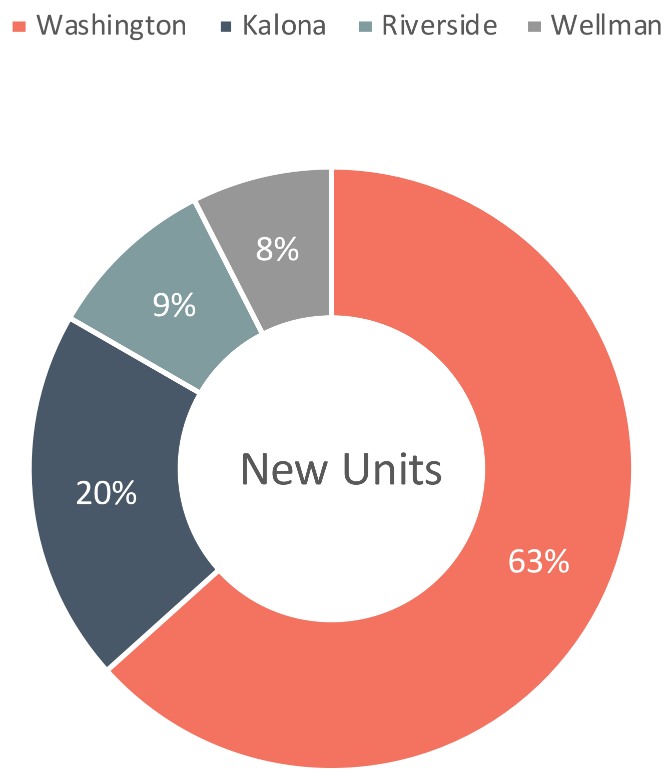
Residential construction activity since the 2008 recession was sporadic across Washington County. Similarly were median home values and incomes.

- Figure 2.16 shows low rates of construction activity occurring in Washington County. Most new construction has occurred in Washington. Almost all activity county wide was single-family residential development.
- The communities have growing rental markets but little to no new rental construction. This means more and more small, affordable single family homes are being converted to rental occupancy.
- When considering vacancies without for sale or for rent homes, most communities have a high rate between at or above 7%. This means a large portion of homes are being withheld from the housing market.
- The value to income ratio shows that housing is undervalued in Wellman and unaffordable in Kalona, shown in Figure 2.18. Both Riverside and Washington have relatively healthy housing markets. The V/I ratio for the county is 2.24. The State of Iowa lies at 2.43.

Note, a value to income ratio (V/I) compares the median home value to the median income for a given geography. The ratio is one way to gauge the affordability of a housing market. Generally, a self-sustaining housing market will have a Value/Income ratio between 2.5 and 3.0. A value in this range indicates adequate value and household revenues to support market rate construction. Ratios above 3.0 present significant affordability issues for households, while ratios below 2.0 indicate homes are undervalued relative to household incomes. Meaning, rents are driven down and builders/developers will have difficulty building new units (owner and renter occupied) that appraise at the cost of construction.

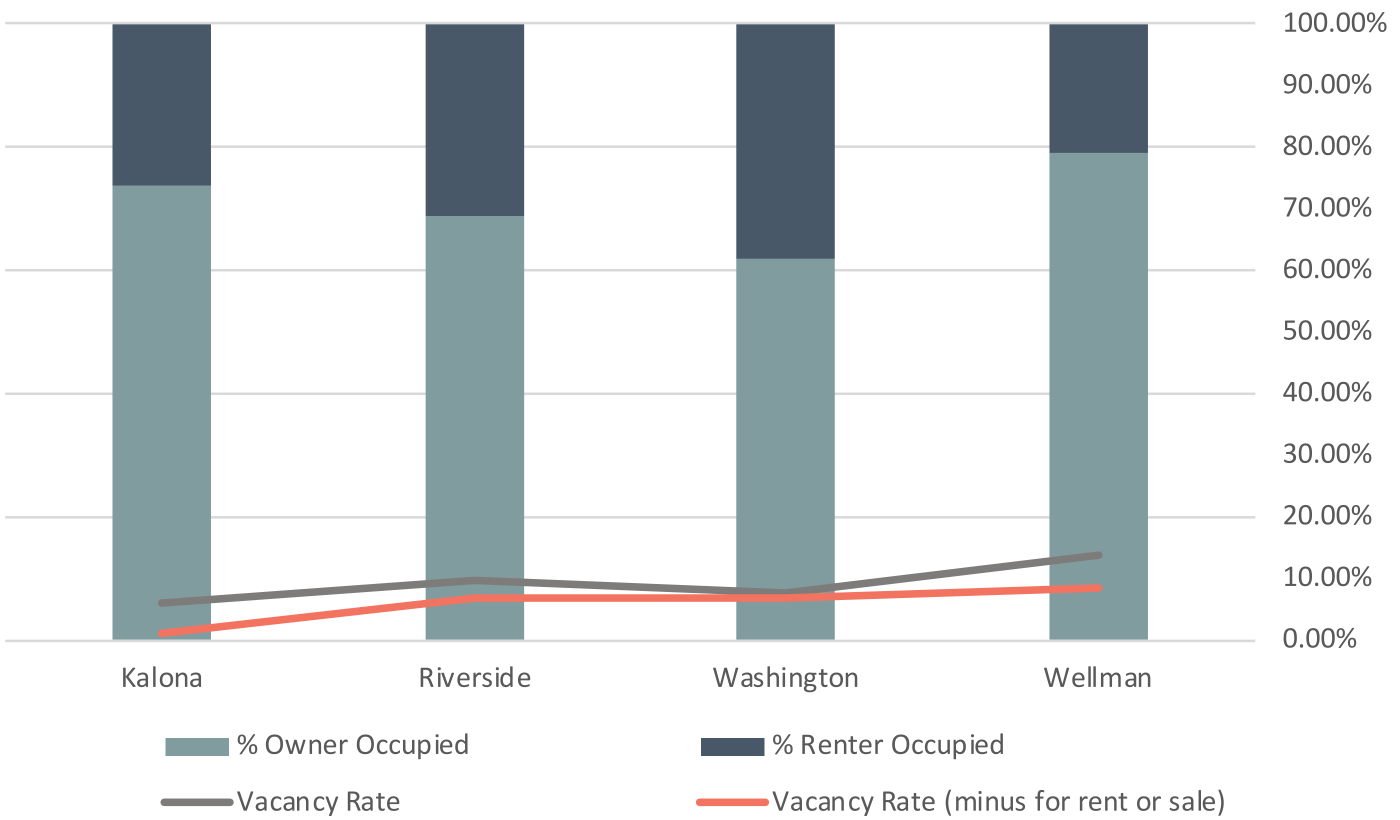
Wellman's ratios are low despite values being strong. Ratio's go down when incomes are also strong, which is the case in Wellman. For this reason a low ratio is not as serious of an issue.

FIGURE 2.16: Community Building Activity



Source: Data provided by each city

FIGURE 2.17: Occupancy Status, 2016



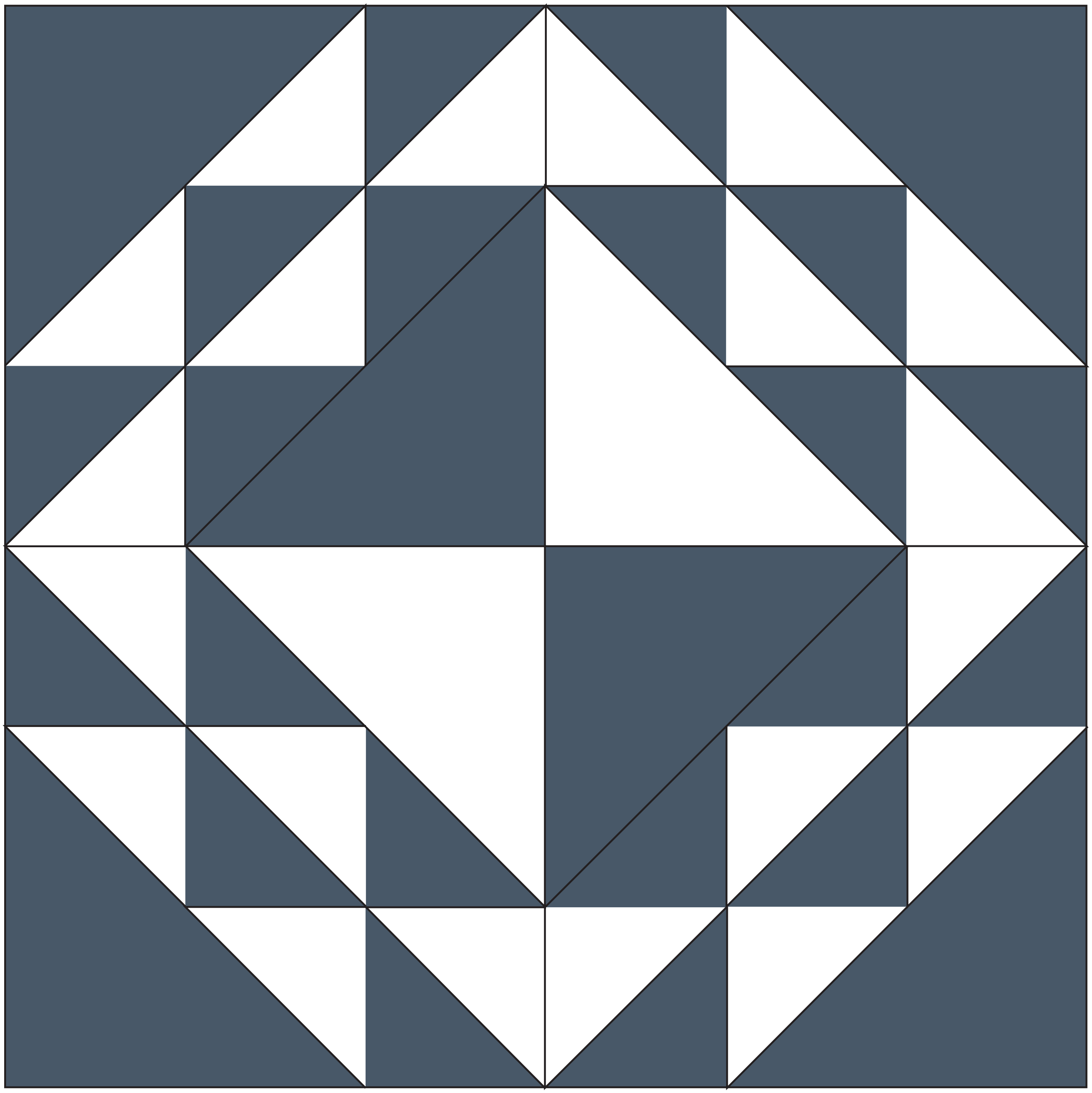
Source: U.S. Census, American Community Survey estimates

FIGURE 2.18: Community Housing Costs and Affordability, 2016

CITY	MEDIAN HOUSEHOLD INCOME	MEDIAN HOME VALUE	VALUE TO INCOME RATIO	MEDIAN CONTRACT RENT
Kalona	$48,077	$152,200	3.17	$512
Riverside	$56,176	$141,400	2.52	$520
Washington	$44,462	$102,900	2.31	$583
Wellman	$57,125	$111,800	1.96	$432

Source: US Census Bureau; American Community Survey

CHAPTER THREE
Community Market Assessments



INTRODUCTION

The following section provides a detailed assessment of the County Atlas items for each community. The assessments provide a forecast of housing demand in the county's largest communities - Kalona, Riverside, Washington, and Wellman. The forecast for each community considers the qualitative findings from the community and quantitative data from the previous sections of this chapter.

A GUIDE TO FORECASTING HOUSING NEEDS

A traditional population projection that translates population growth based on historic trends to housing unit demand is applicable to Washington County. The county population has increased over the past several decades, which indicates a need for new housing units. This was also reinforced during stakeholder discussions and the community surveys. Community engagement indicated a need for housing variety and supply. The market analysis indicates a strong regional job market, projected regional job growth, and a need for new housing at higher prices to reduce competition for more affordable options at lower price points.

This guide is meant to be a reference for understanding the methodology and make-up of the tables on the following pages. All data comes from the U.S. Census Bureau, American Community Survey and Iowa Workforce Development Department, unless otherwise noted.

Replacement Need

A housing inventory was completed for the county, described in Chapter 4. The inventory reveled a small portion of homes in dilapidated condition. Many of these homes require demolition. Other homes will be lost from accidents such as fires or neglect and others will be converted to other uses. Homes in poor condition or obsolete (many which may already be vacant) should gradually be replaced in a city's housing supply.

Housing Demand Forecast

This analysis builds on the housing trends and community conversations to forecast the demand for additional housing. The forecast makes assumptions on population growth rates, people per household, and vacancy rates to project future housing demand in each community.

Housing Affordability Analysis

An assessment of housing costs to incomes begins to identify gaps in the market. Monthly costs for owner units are generally considered affordable if the overall housing unit costs (including taxes, insurance and utilities) between 2 and 2.5 times the household's yearly income. Affordable rental units (including utilities) are considered to have monthly rents less than 30% of the household's monthly gross income. This analysis evaluates the availability of affordable housing and compares the quantity of housing that is affordable to each income group. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage. This analysis is meant to illustrate larger trends and not exact demand in certain price ranges. It does not take into consideration housing quality or mortgage status.

HOUSING DEVELOPMENT PROGRAM

Building on the Housing Demand Forecast, the Development Program forecasts production targets for owner and renter occupied units based on the following:

- The proportion of rental development should be higher than current owner/renter ratios. This is done to address both pent-up demand created by a lack of rental construction over recent years, changes in the lending market leaving households in rental units for longer periods, the growing number of young households entering the market, and seniors looking to downsize.
- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy.
- Most low-income residents will be accommodated in rental units.

It is important to note that most lower-cost owner-occupied housing will be produced indirectly through a filtering process. For example, a unit that meets the needs of a high-income household may encourage that household to sell their current home to a moderate income family. Filtering processes rarely satisfy an affordable housing need on a one-to-one basis, but they do realistically address some market demand.

Discussed in later chapters, the demand forecast does not guarantee new development will happen without strategic public sector actions, but provide evidence of regional housing demand for developers speculating projects in Washington County. Other factors like community amenities also play a significant role in creating desirable communities and housing demand.

KALONA ASSESSMENT

Kalona is the second most populous city in the county. The number of community amenities, school district, and available services all influence future population and housing needs.

Major Themes

Aging population. The population is aging although estimates for 2016 indicate a slight decline in median age. This could be from more deaths than expected. There was a significant unpredicted influx of seniors over 75 in 2010, which would support the idea that the community has become a more attractive place for retirees to live in, or that people are living longer than expected. Nonetheless, much of the population will reach retirement in the next 15 years.

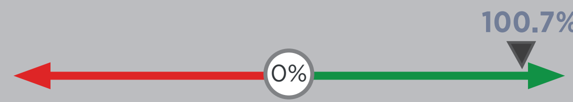
Moderate construction activity. Kalona has moderate construction activity given the population. The average annual construction rate was 5 units, mostly from single-family home starts.

Stable vacancy rates. Vacancy rates are healthy between 5-7% as of 2016, a decline from 2010, shown in Figure 3.2. Field verification during the Comprehensive Plan development indicated a vacancy rate closer to 2.5%.

Out migration of established age ranges. Figure 3.3 shows that Kalona had an out-migration of those between 35-64 years old. A portion of this age group is includes family age residents which are crucial to stabilizing the population.

KALONA HOUSING INFLUENCERS

Historic Population Growth Change:



2000 Median Age : 41.3

2010 Median Age: 45.7

2016 Median Age: 43.3*

**Estimate. The accuracy of population estimates vary and should be used with caution.*

2008-2018 Housing Activity

37 new units | Demolitions unknown

Predicted vs. Actual Population Change (2016)

194 more residents than predicted. This suggests an in-migration of residents.

2016 Vacancy Rate: 5.8%

2016 Owner | Renter Occupancy: 73.8% | 26.2%

FIGURE 3.1: Population Change, Kalona

	POPULATION	DECADE CHANGE	DECADE % CHANGE	GROWTH RATE
1960	1,235			
1970	1,488	253	20.5%	1.9%
1980	1,862	374	25.1%	2.3%
1990	1,942	80	4.3%	0.4%
2000	2,293	351	18.1%	1.7%
2010	2,363	70	3.1%	0.3%
2016	2,479	116	4.9%	0.8%
1960-2016		1,244	100.7%	1.3%

Source: US Census Bureau

FIGURE 3.2: Housing Occupancy, Kalona

	2000		2010		2016	
	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS
Owner- Occupied	694	73.3%	748	71.0%	806	73.8%
Renter-Occupied	253	26.7%	305	29.0%	286	26.2%
Total Vacant	39		88		67	
Vacancy Rate	4.0%		7.7%		5.8%	
Total Units	986		1,141		1,159	

Source: U.S. Census Bureau; American Community Survey

Housing Demand Forecast

Kalona has seen positive growth rates over the past several decades. New construction has remained steady since 2014 with about 4 new single family homes constructed annually and a 6 unit building in 2014.

Based on the previous growth rate and construction activity, **Kalona will likely grow at a rate of 1% annually requiring approximately 10 new units per year through 2030.** This does not mean that exactly 10 units should be constructed per year, but rather on average. For example, one year may see 12 units constructed while the next year may see six. Construction activity from 2009-2016 was lower than the 2030 forecast, with approximately 5 new units per year. The public sector may need to take strategic action to stimulate housing supply in the region and ensure adequate lot supply for new construction.

Figure 3.3: 2016 Predicted versus Actual, Kalona

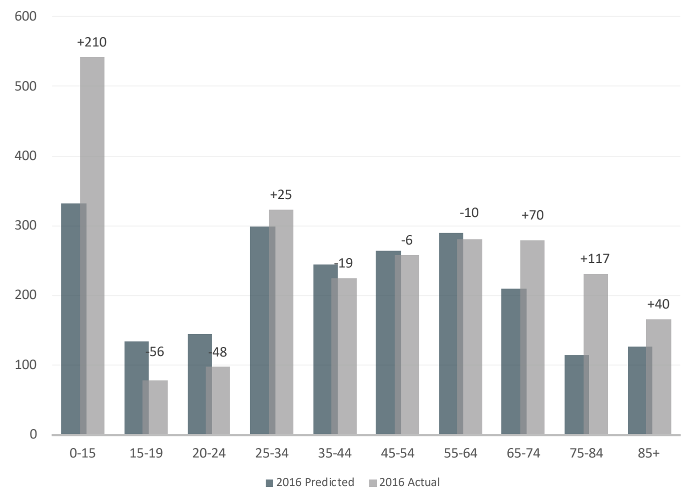
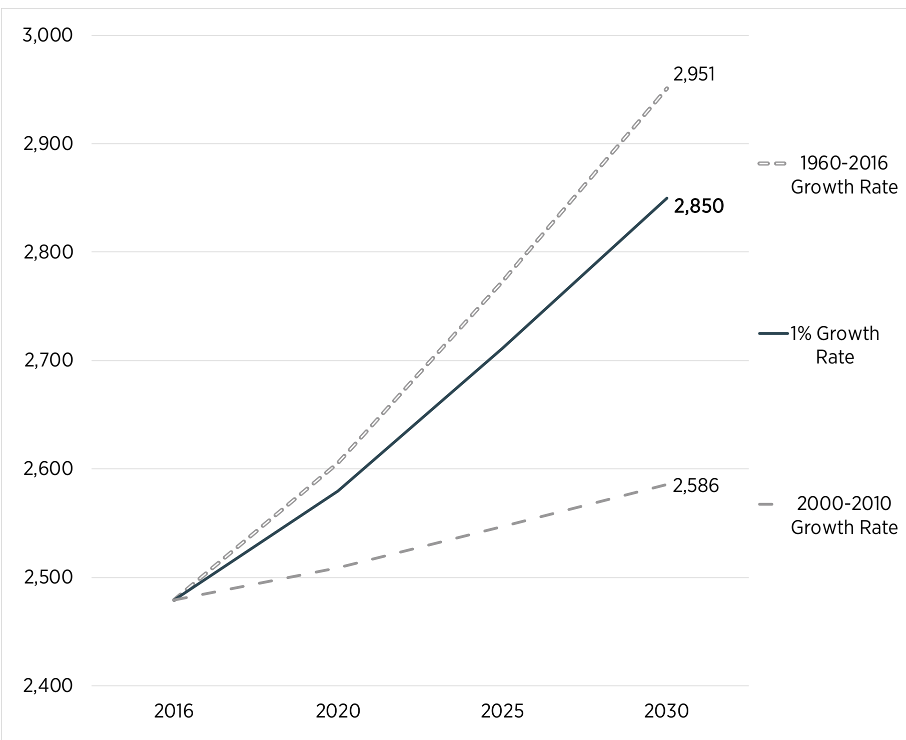


FIGURE 3.4: Population Scenarios, Kalona



	2016	2020	2025	2030
1.25% (1960-2016 Growth Rate)	2,479	2,606	2,773	2,951
1% Growth Rate	2,479	2,580	2,711	2,850
0.3% (2000-2010 Growth Rate)	2,479	2,509	2,547	2,586

Source: US Census Bureau; American Community Survey; RDG Planning & Design

Development Program

Kalona has a gap in units for income brackets below $50,000, illustrated by Figure 3.5. For Kalona, many of those households are likely living in units they own with no mortgage. However, this price point cannot be supplied through new construction without public subsidies since new construction can be built at price points under $175,000 or rent at under $450 per month. These units will become available through a filtering process if new homes are built that match the income levels of high income households that are currently living in homes below what they could afford and not be cost burdened.

FIGURE 3.5: Housing Affordability, Kalona

INCOME RANGE	NUMBER OF HOUSEHOLDS	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	BALANCE
$0-25,000	266	$0-50,000	89	$0-400	70	159	**-107**
$25,000-49,999	300	$50,000-99,999	64	$400-800	199	263	**-37**
$50,000-74,999	199	$100,000-149,999	240	$800-1250	16	256	**57**
$75-99,999	165	$150,000-199,999	220	$1,250-1,500	0	220	**55**
$100-150,000	114	$200,000-$300,000	172	$1,500-2,000	0	172	**58**
$150,000+	48	$300,000+	21	$2,000+	0	21	**-27**
Total	1,092		806		286	1,092	**0**
Median	$48,077	$152,200		$512			

Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

FIGURE 3.6: Housing Development Program

	2020-2025	2026-2030	TOTAL
Total Need	**62**	**62**	**124**
Total Owner Occupied	43	43	87
Affordable Low: <$125,000	4	5	9
Affordable Moderate: $125-$175,000	11	11	22
Moderate Market: $175-$250,000	10	10	21
High Market: >$250,000	17	17	34
Total Renter Occupied	18	19	37
Low: Less than $450	9	9	17
Affordable: $450-$700	5	6	11
Market: Over $700	5	5	9

*70%/30% owner occupied/renter occupied split
Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

RIVERSIDE ASSESSMENT

Riverside has experienced small, but consistent population growth since 1960. This has created development interest and some new construction activity. The casino is a major employer for the region and draws visitors throughout the year.

Major Themes

Aging population. The population is aging and reaching median ages similar to Kalona. Just under half the population will reach retirement in the next 20 years.

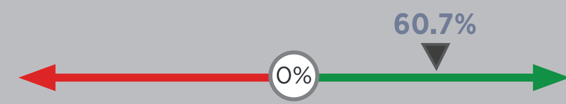
Low construction activity. Despite some new homes, Riverside has low construction activity with 1.5 new units constructed per year.

Increasing vacancy rates. Vacancy rates hit a startling high in 2010, but have dropped to a slightly more reasonable rate of 9.6%, illustrated by Figure 3.8. There is a high rate of seasonal or recreational units, comprising 35% of the vacant units.

In migration. Figure 3.9 shows that Riverside had a net in-migration. In-migration was most pronounced in the 45-64 age cohort, but out-migration occurred in the 35-44 age cohort. Birth rates appear strong among those who remained in this cohort with more 0-15 year olds than predicted. Overall Riverside exceeded projected growth by 38 people.

RIVERSIDE HOUSING INFLUENCERS

Historic Population Growth Change:



2000 Median Age : 34.8

2010 Median Age: 37.5

2016 Median Age: 42.2*

**Estimate. The accuracy of population estimates vary and should be used with caution.*

2008-2018 Housing Activity

11 new units | Demolitions not tracked

Predicted vs. Actual Population Change (2016)

38 more residents than predicted. This suggests an in-migration of residents.

2016 Vacancy Rate: 9.6%

2016 Owner | Renter Occupancy: 68.8% | 31.2%

FIGURE 3.7: Population Change, Riverside

	POPULATION	DECADE CHANGE	DECADE % CHANGE	GROWTH RATE
1960	656			
1970	758	102	15.5%	1.5%
1980	826	68	9.0%	0.9%
1990	824	-2	-0.2%	0.0%
2000	928	104	12.6%	1.2%
2010	993	65	7.0%	0.7%
2016	1,054	61	6.1%	1.0%
1960-2016		398	60.7%	0.9%

Source: US Census Bureau; American Community Survey

FIGURE 3.8: Housing Occupancy, Riverside

	2000		2010		2016	
	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS
Owner- Occupied	275	72.8%	308	70.8%	311	68.8%
Renter-Occupied	103	27.2%	127	29.2%	141	31.2%
Total Vacant	18		68		48	
Vacancy Rate	4.5%		13.5%		9.6%	
Total Units	396		503		500	

Source: U.S. Census Bureau; American Community Survey

Housing Demand Forecast

Riverside has seen positive growth rates over the past several decades and increasing rates of new construction since 2016 with about 4 new units constructed annually.

Based on the previous growth rate and construction activity, **Riverside will likely grow at an annual rate of 1.25% requiring approximately 8 new units annually through 2030.** This does not mean that exactly eight units should be constructed per year, but rather on average. For example, one year may see eight units constructed while the next year may see seven. Construction activity from 2016-2018 was lower than the 2030 forecast, as mentioned above. The public sector may need to take strategic action to stimulate housing supply in the region and ensure adequate lot supply for new construction.

Figure 3.9: 2016 Predicted versus Actual, Riverside

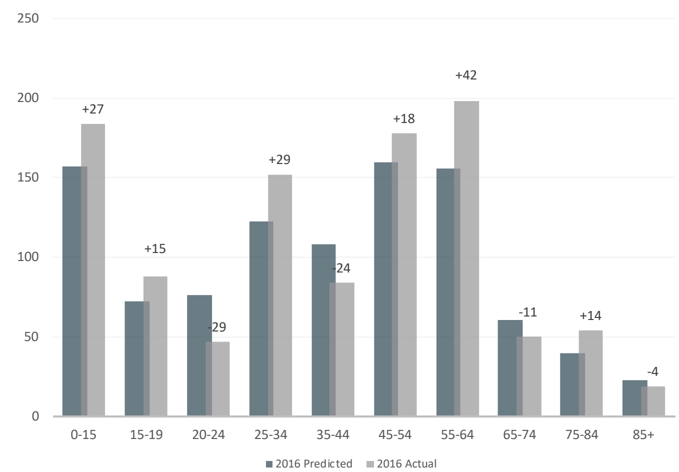
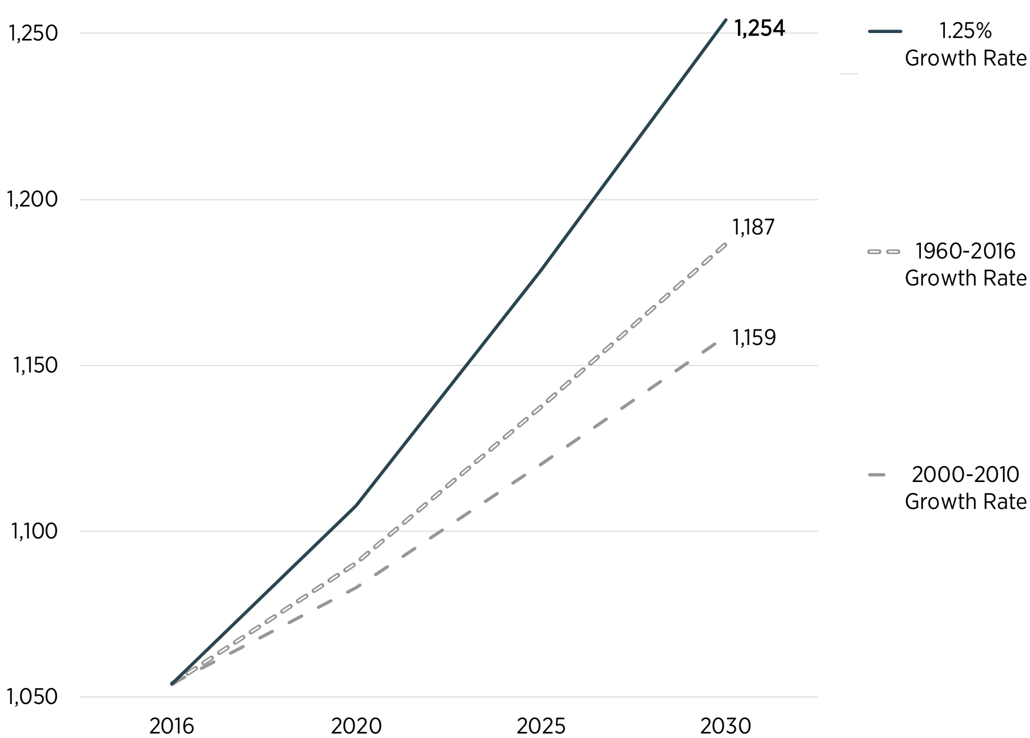


FIGURE 3.10: Population Scenarios, Riverside



	2016	2020	2025	2030
0.85% (1960-2016 Growth Rate)	1,054	1,090	1,137	1,187
1.25% Growth Rate	1,054	1,108	1,179	1,254
0.68% (2000-2010 Growth Rate)	1,054	1,083	1,120	1,159

Source: US Census Bureau; American Community Survey; RDG Planning & Design

Development Program

Riverside has a gap in units for household income brackets below $25,000, illustrated by Figure 3.11. This was also expressed in the 2013 comprehensive plan which indicated 20% of owners and 45% of renters pay more than 30% of their income on housing costs. The analysis shows there is a gap in new construction which households in the community can afford to purchase.

It is not expected that new construction can be built at price points under $175,000 or rent at under $450 per month. These units will become available through a filtering process if new homes are built that match the income levels of high income households that are currently living in homes below what they could afford and not be cost burdened.

MANY SENIOR HOUSEHOLDS ON FIXED INCOMES LIVE IN HOUSING THEY OWN WITH NO MORTGAGE. THEIR INCOMES WOULD INDICATE A LACK OF HOUSING AFFORDABLE TO THEM BUT THE EQUITY IN THEIR HOMES CAN BE TRANSFERRED TO OTHER HOUSING OPTIONS.

FIGURE 3.11: Housing Affordability, Riverside

INCOME RANGE	NUMBER OF HOUSEHOLDS	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	BALANCE
$0-25,000	119	$0-50,000	9	$0-400	30	39	-80
$25,000-49,999	74	$50,000-99,999	54	$400-800	86	140	66
$50,000-74,999	138	$100,000-149,999	110	$800-1250	22	132	-6
$75-99,999	51	$150,000-199,999	68	$1,250-1,500	3	71	20
$100-150,000	63	$200,000-$300,000	61	$1,500-2,000	0	61	-2
$150,000+	7	$300,000+	9	$2,000+	0	9	2
Total	452		311		141	452	0
Median	$56,176	$141,400		$520			

Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

FIGURE 3.12: Housing Development Program

	2020-2025	2026-2030	TOTAL
Total Need	**46**	**36**	**83**
Total Owner Occupied	30	24	54
Affordable Low: <$125,000	2	2	4
Affordable Moderate: $125-$175,000	4	3	8
Moderate Market: $175-$250,000	13	10	22
High Market: >$250,000	11	9	20
Total Renter Occupied	16	13	29
Low: Less than $450	7	5	12
Affordable: $450-$700	7	5	12
Market: Over $700	3	2	5

*65%/35% owner occupied/renter occupied split
Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

WASHINGTON ASSESSMENT

The city of Washington is the county seat of Washington County and sits at roughly its center. Washington's population continues to grow at a steady rate. Vacancy rates remain stable with consistent demolition of dilapidated units. The downtown is well maintained with many historic structures surrounding the town square.

Major Themes

Aging population. The population is aging similar to the rate of Kalona's population. A fair amount of the population will reach retirement in the next 20 years.

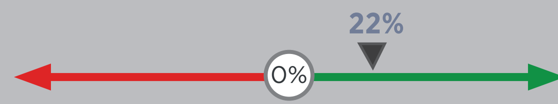
Increasing construction activity. Washington's construction activity over the past six years has been low, mostly attributed to a higher rate of construction in subdivisions just outside the city limits. The construction activity in 2018 however shows great potential for more growth in the coming years.

Stable vacancy rates. Vacancy rates when considering only homes for sale or rent are healthy between 5-7%, illustrated by Figure 3.14, but are still within a reasonable range when looking at the total vacancy rate of 7.8%.

Out migration of middle age ranges. Figure 3.15 shows Washington experienced an overall in-migration of residents between 2000 and 2010 however an out-migration of residents between the ages of 20 and 24 years old.

WASHINGTON HOUSING INFLUENCERS

Historic Population Growth Change:



2000 Median Age : 41.8

2010 Median Age: 42.4

2016 Median Age: 43.3*

**Estimate. The accuracy of population estimates vary and should be used with caution.*

2012-2018 Housing Activity

76 new units | 20 demolitions

Predicted vs. Actual Population Change (2016)

244 more residents than predicted. This suggests an in-migration of residents.

2016 Vacancy Rate: 7.8%

2016 Owner | Renter Occupancy: 61.9% | 38.1%

FIGURE 3.13: Population Change, Washington

	POPULATION	DECADE CHANGE	DECADE % CHANGE	GROWTH RATE
1960	6,037			
1970	6,317	280	4.6%	0.5%
1980	6,584	267	4.2%	0.4%
1990	7,074	490	7.4%	0.7%
2000	7,047	-27	-0.4%	0.0%
2010	7,266	219	3.1%	0.3%
2016	7,368	102	1.4%	0.2%
1960-2016		1,331	22.0%	0.4%

Source: US Census Bureau; American Community Survey

FIGURE 3.14: Housing Occupancy, Washington

	2000		2010		2016	
	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS
Owner- Occupied	2,066	70.6%	2,054	67.4%	1,931	61.9%
Renter-Occupied	862	29.4%	994	32.6%	1,189	38.1%
Total Vacant	204		253		265	
Vacancy Rate	6.5%		7.7%		7.8%	
Total Units	3,132		3,301		3,385	

Source: U.S. Census Bureau; American Community Survey

Housing Demand Forecast

Washington has seen low but positive growth rates over the past several decades and increasing rates of new construction, especially in 2016 with about 8 new units constructed annually.

Based on the previous growth rate and construction activity, **Washington will likely grow at an annual rate of 0.50% requiring, approximately 19 new units annually through 2030.** This does not mean that exactly 19 units should be constructed per year, but rather on average. For example, one year may see 15 units constructed while the next year may see 20. Construction activity from 2012-2018 was lower than the 2030 forecast, as mentioned above, however with a focus on creating an adequate lot supply and encouraging new growth, these goals are attainable.

Figure 3.15: 2016 Predicted versus Actual, Washington

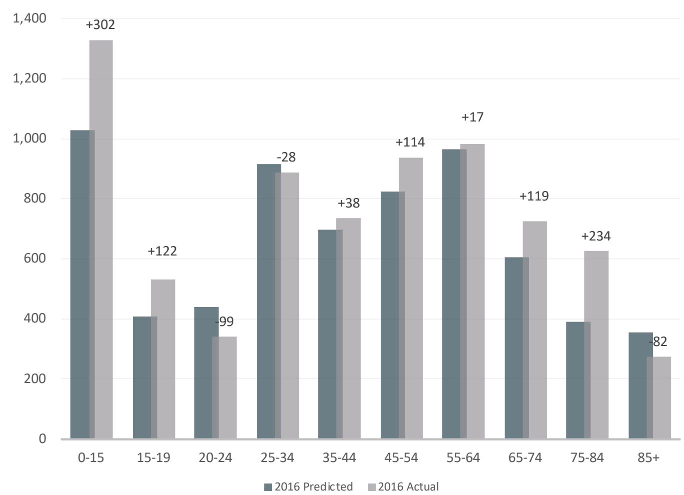
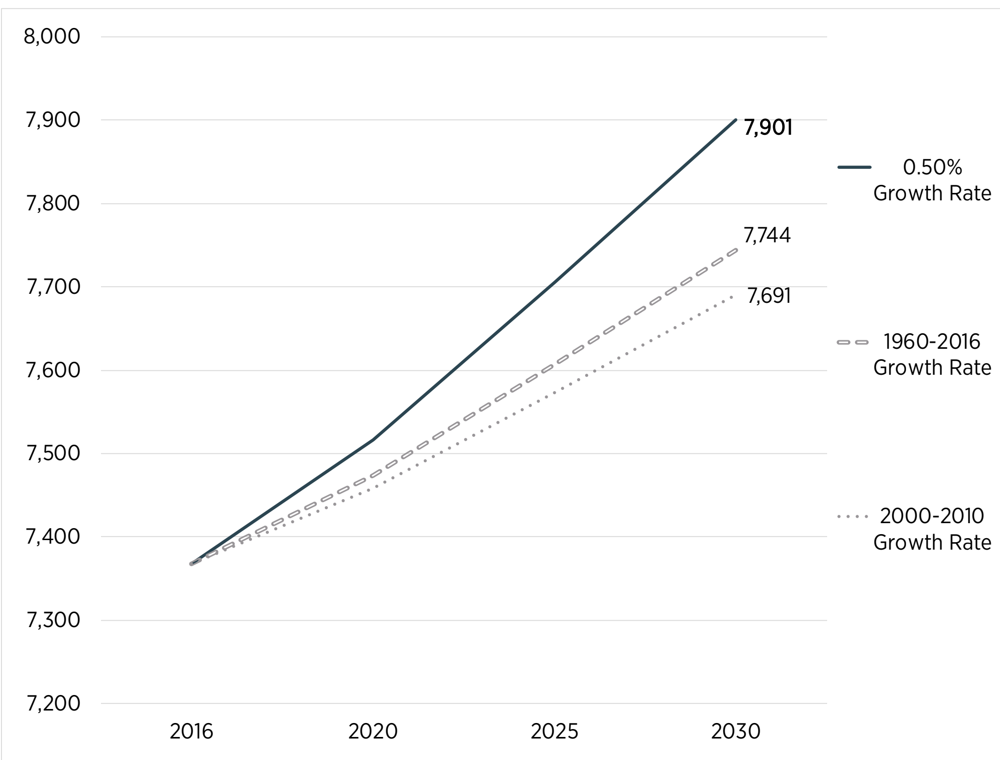


FIGURE 3.16: Population Scenarios, Washington



	2016	2020	2025	2030
0.36% (1960-2016 Growth Rate)	7,368	7,474	7,608	7,744
0.50% Growth Rate	7,368	7,516	7,706	7,901
0.31% (2000-2010 Growth Rate)	7,368	7,459	7,574	7,691

Source: US Census Bureau; American Community Survey; RDG Planning & Design

Development Program

Washington has the highest gap in units for households making more than $75,000 and less than $25,000 per year, illustrated by Figure 3.17. Therefore, the development program shown in Figure 3.19 shows the highest need for new owner-occupied options that can free up housing options at the lowest price points and fill the gap in the higher end price points.

It is not expected that new construction can be built at price points under $175,000 or rent at under $450 per month. These units will become available through a filtering process if new homes are built that match the income levels of high income households that are currently living in homes below what they could afford and not be cost burdened.

MANY SENIOR HOUSEHOLDS ON FIXED INCOMES LIVE IN HOUSING THEY OWN WITH NO MORTGAGE. THEIR INCOMES WOULD INDICATE A LACK OF HOUSING AFFORDABLE TO THEM BUT THE EQUITY IN THEIR HOMES CAN BE TRANSFERRED TO OTHER HOUSING OPTIONS.

FIGURE 3.17: Housing Affordability, Washington

INCOME RANGE	NUMBER OF HOUSEHOLDS	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	BALANCE
$0-25,000	615	$0-50,000	80	$0-400	128	208	**-407**
$25,000-49,999	1,065	$50,000-99,999	845	$400-800	944	1,789	**724**
$50,000-74,999	644	$100,000-149,999	577	$800-1250	107	684	**40**
$75-99,999	416	$150,000-199,999	248	$1,250-1,500	10	258	**-158**
$100-150,000	300	$200,000-$300,000	128	$1,500-2,000	0	128	**-172**
$150,000+	80	$300,000+	53	$2,000+	0	53	**-27**
Total	3,120		1,931		1,189	3,120	**0**
Median	$44,462	$102,900		$583			

Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

FIGURE 3.18: Housing Development Program

	2020-2025	2026-2030	TOTAL
Total Need	**108**	**101**	**209**
Total Owner Occupied	65	60	125
Affordable Low: <$125,000	13	12	26
Affordable Moderate: $125-$175,000	14	13	27
Moderate Market: $175-$250,000	17	16	32
High Market: >$250,000	21	19	40
Total Renter Occupied	43	40	83
Low: Less than $450	9	8	17
Affordable: $450-$700	15	14	28
Market: Over $700	20	18	38

*60%/40% owner occupied/renter occupied split
Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

WELLMAN ASSESSMENT

Wellman's population has fluctuated over the past 50 years, but growth has exceeded the losses for a 25% increase in population. High vacancy rates are likely due to a lack of new construction and demolition of dilapidated housing units. The City has invested in public amenities including the new Parkside Activities Center that was completed in 2010.

Major Themes

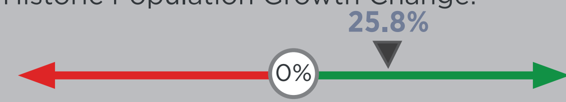
Aging population. Like the surrounding communities, the population in Wellman is aging, however a drop in the population age 65 to 84 years olds contributed to the 2016 median age reducing to 41.6. A high in-migration of individuals between 25 and 34 years old should have a stabilizing effect on the overall population as they are traditionally the demographic that start families and stays in the community.

Low construction activity. There has been very little construction activity in Wellman over the past five years with an average of 2 units constructed per year. There is likely pent up demand that would fill new units if construction were to occur at the rates suggested in the following demand tables.

High vacancy rates. Overall vacancy rates rose dramatically between 2010 and 2016 as demonstrated in Figure 3.20. Over half the units are considered "other vacant," meaning they are not for sale or rent, nor are they occupied on a seasonal or recreational basis. This may include units vacant due to unsafe living conditions that should be removed and replaced with new construction.

WELLMAN HOUSING INFLUENCERS

Historic Population Growth Change:



2000 Median Age : 40.1

2010 Median Age: 42.5

2016 Median Age: 41.6*

**Estimate. The accuracy of population estimates vary and should be used with caution.*

2008-2018 Housing Activity

9 new units | Demolition not tracked

Predicted vs. Actual Population Change (2016)

12 fewer residents than predicted. This suggests an out-migration of residents.

2016 Vacancy Rate: 13.8%

2016 Owner | Renter Occupancy: 79.2% | 20.8%

FIGURE 3.19: Population Change, Wellman

	POPULATION	DECADE CHANGE	DECADE % CHANGE	GROWTH RATE
1960	1,085			
1970	977	-108	-10.0%	-1.0%
1980	1,125	148	15.1%	1.4%
1990	1,085	-40	-3.6%	-0.4%
2000	1,393	308	28.4%	2.5%
2010	1,408	15	1.1%	0.1%
2016	1,365	-43	-3.1%	-0.5%
1960-2016		280	25.8%	0.4%

Source: US Census Bureau; American Community Survey

FIGURE 3.20: Housing Occupancy, Wellman

	2000		2010		2016	
	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS	NUMBER	% OCCUPIED UNITS
Owner- Occupied	431	78.5%	447	73.5%	422	79.2%
Renter-Occupied	118	21.5%	161	26.5%	111	20.8%
Total Vacant	21		51		85	
Vacancy Rate	3.7%		7.7%			
Total Units	570		659		618	

Source: U.S. Census Bureau; American Community Survey

Housing Demand Forecast

The population changes for Wellman have varied since 1960 with some decades experiencing growth while others decline. Low construction rates over the previous five years reflect the estimated loss in population since 2010.

Based on the overall growth rate and construction activity, **Wellman could grow at a rate of 1% annually requiring, approximately 7 new units yearly through 2030.** This does not mean that exactly seven units should be constructed per year, but rather on average. For example, one year may see nine units constructed while the next year may see five. Construction activity from 2014-2018 was lower than the 2030 forecast, as mentioned above, however with a focus on creating an adequate lot supply and encouraging new growth, these goals are attainable.

Figure 3.21: 2016 Predicted versus Actual, Wellman

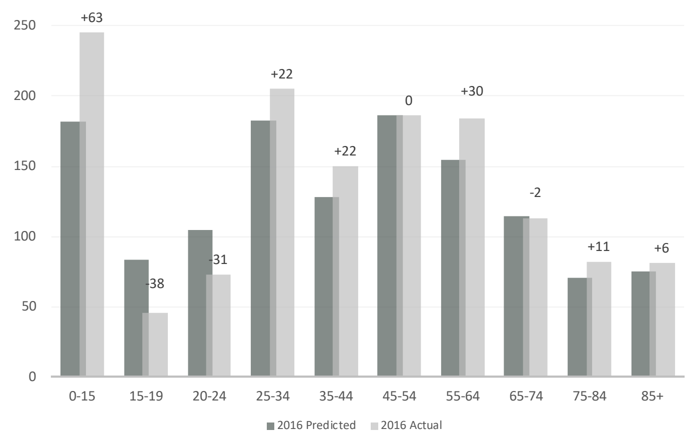
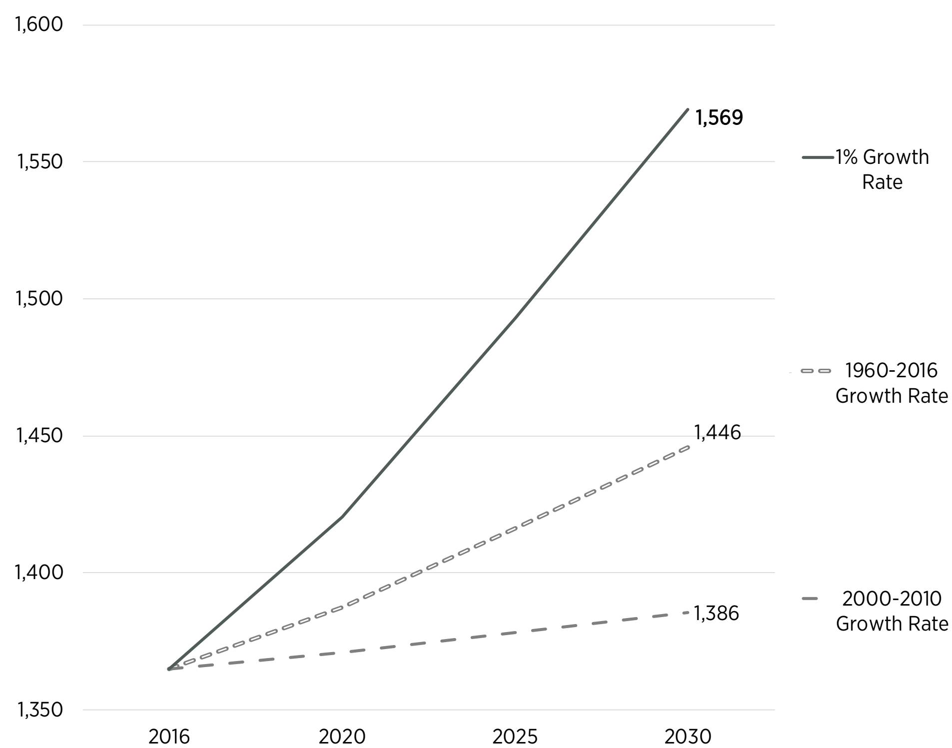


FIGURE 3.22: Population Scenarios, Wellman



	2016	2020	2025	2030
0.41% (1960-2016 Growth Rate)	1,365	1,388	1,416	1,446
1.0% Growth Rate	1,365	1,420	1,493	1,569
0.11% (2000-2010 Growth Rate)	1,365	1,371	1,378	1,386

Source: US Census Bureau; American Community Survey; RDG Planning & Design

Development Program

Wellman has a gap in units for household income brackets above $50,000, illustrated by Figure 3.23. The analysis shows there is a gap in new construction which households in the community can afford to purchase. The surplus at lower price points does not indicate the quality of these units.

It is not expected that new construction can be built at price points under $175,000 or rent at under $450 per month. These units will become available through a filtering process if new homes are built that match the income levels of high income households that are currently living in homes below what they could afford and not be cost burdened.

FIGURE 3.23: Housing Affordability, Wellman

INCOME RANGE	NUMBER OF HOUSEHOLDS	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	BALANCE
$0-25,000	74	$0-50,000	47	$0-400	40	87	**13**
$25,000-49,999	134	$50,000-99,999	139	$400-800	63	202	**68**
$50,000-74,999	139	$100,000-149,999	116	$800-1250	9	125	**-14**
$75-99,999	107	$150,000-199,999	75	$1,250-1,500	0	75	**-32**
$100-150,000	42	$200,000-$300,000	38	$1,500-2,000	0	38	**-4**
$150,000+	37	$300,000+	7	$2,000+	0	7	**-30**
Total	533		422		111	533	**0**
Median	$57,125	$111,800		$432			

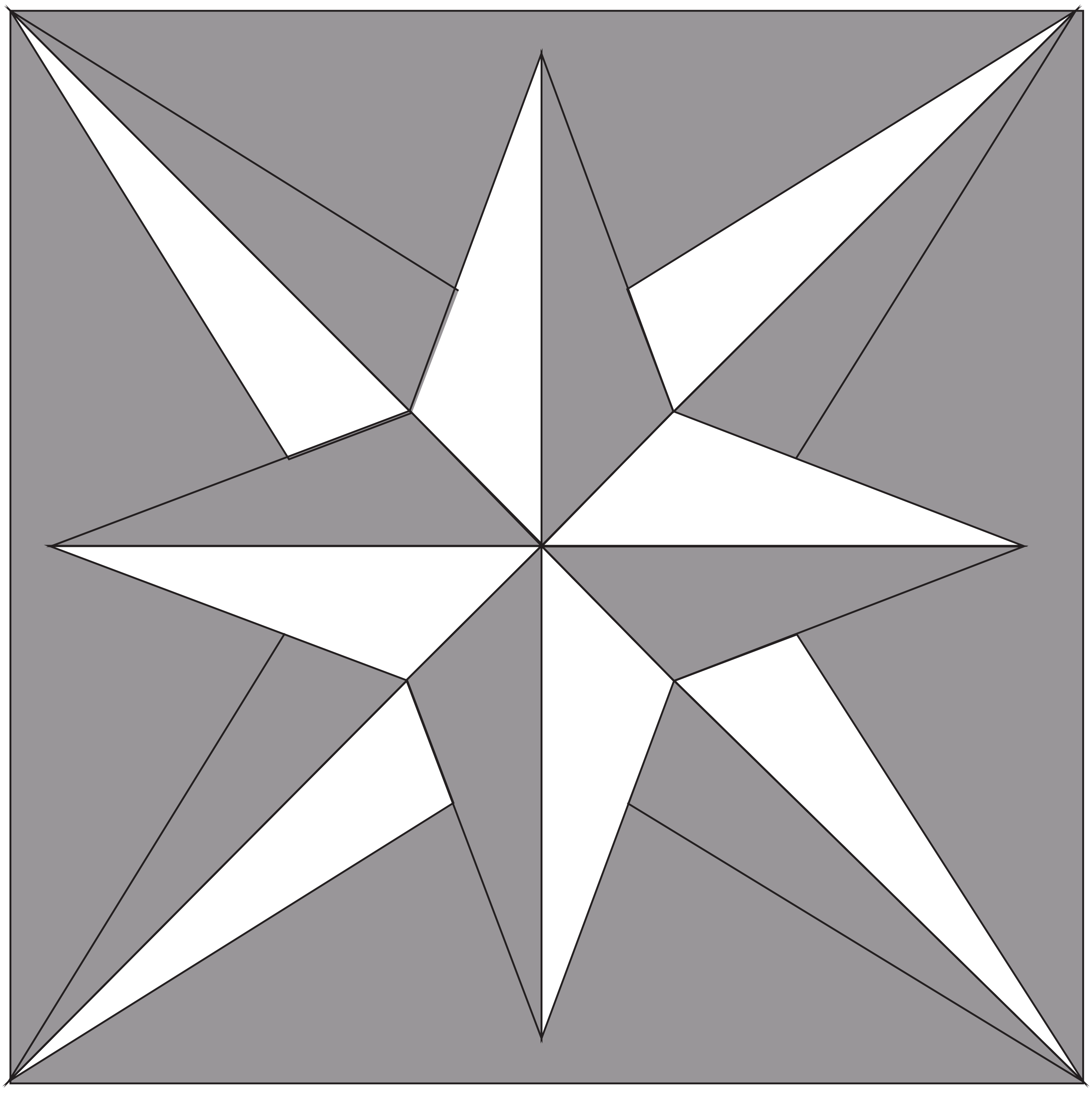
Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

FIGURE 3.24: Housing Development Program

	2020-2025	2026-2030	TOTAL
Total Need	**47**	**35**	**82**
Total Owner Occupied	33	24	57
Affordable Low: <$125,000	4	3	7
Affordable Moderate: $125-$175,000	6	4	10
Moderate Market: $175-$250,000	10	7	17
High Market: >$250,000	13	10	23
Total Renter Occupied	14	10	24
Low: Less than $450	4	3	8
Affordable: $450-$700	4	3	6
Market: Over $700	6	4	10

*70%/30% owner occupied/renter occupied split
Source: U.S. Census Bureau; American Community Survey; RDG Planning & Design

CHAPTER FOUR
Community Observations



COMMUNITY OBSERVATIONS: CONDITIONS AND OPPORTUNITIES

The communities in Washington County exhibit differing economic situations, and also individual building and community character. Economic markets greatly influence housing supply and demand. However, housing quality and overall community quality of life also play a significant role in a household's desire to live in a community. Available units and affordability mean little for the housing market if the supply is low quality. Low quality units have several effects on the housing market and community:

- Decreases property values and discourages reinvestment in surrounding properties.
- Encourages potential residents to look at living in other communities. Potential residents generally form their image of a community on the quality of neighborhoods and the housing in the community.
- Forces current or new residents to live in units below their income level, creating temporary residents rather than life long residents.

An Analysis of Washington County's Communities

The following section is based on community visits that were completed in the fall/winter of 2018. A driving tour of each community was completed to identify potential areas for reinvestment, redevelopment and development. These were general assessments and not based on a house by house inventory but a broader neighborhood evaluation.

General conclusions regarding housing conditions include:

- Overall, Washington County's housing stock is in good condition. The region's pride in ownership is evident in the quality of housing.
- Communities with active code enforcement have a lower rate of poorly maintained homes. Sharing resources among communities could be a solution for cities without enforcement currently.
- There are limited rental opportunities and some higher rental rates in Washington County. Many of the rentals are in single-family homes, often the smallest, oldest, highest maintenance, and least energy efficient homes in a community.

Figure 4.1 shows typical minor versus major deficiencies found throughout the communities in Washington County.

Community Opportunities

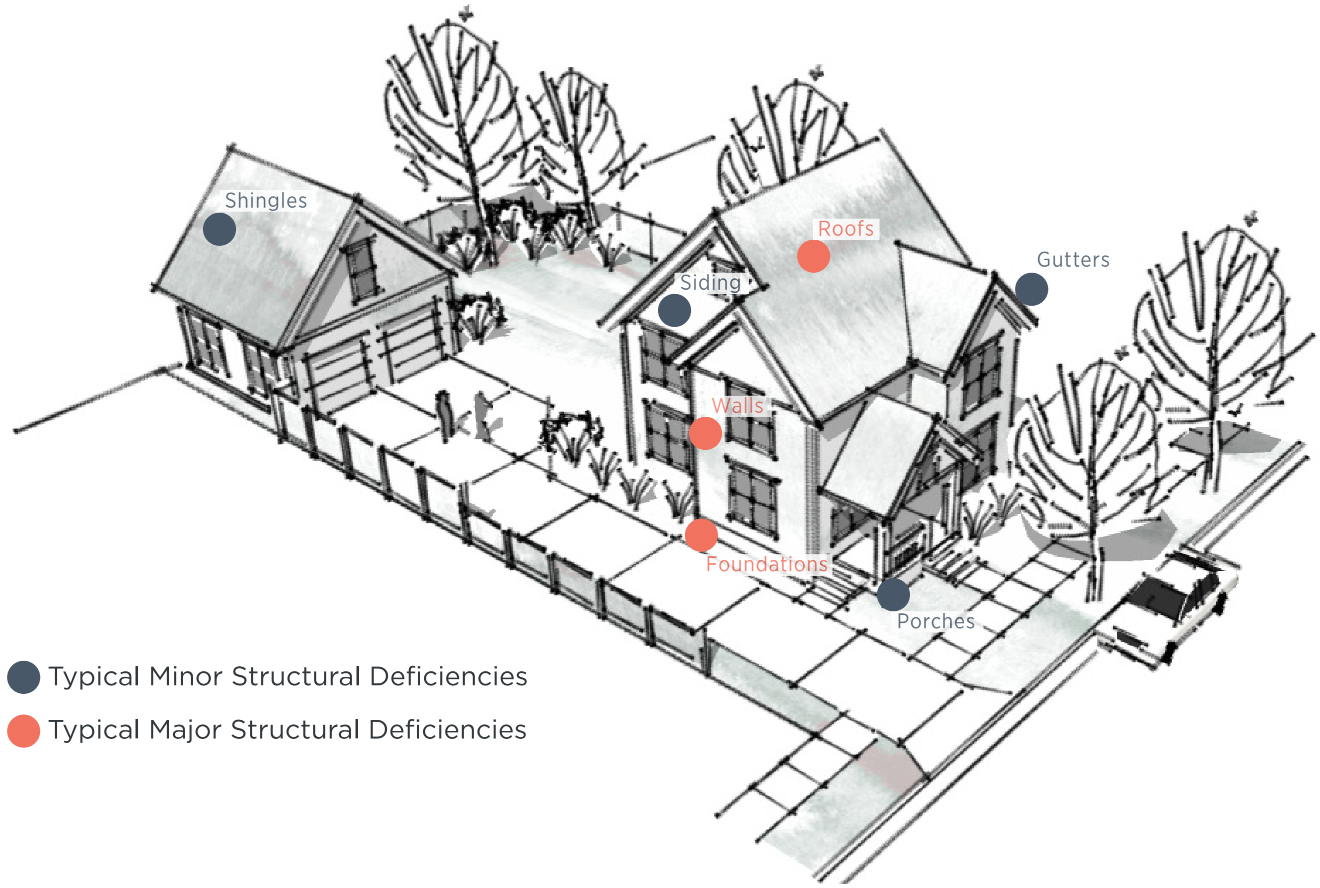
As noted previously, a general evaluation was completed for each community. These assessments were used to identify opportunities areas for each community and are illustrated in a series of maps. Areas to target were identified to help build momentum, rather than spreading efforts in a house by house basis which does not usually built traction.

The opportunity categories include:

- **New Development.** Areas adjacent to or within city limits that are potential sites for lot development. The assessment of site conditions and access to water and sewer services would need to be evaluated further to confirm the suitability of these sites.
- **Infill & Stabilization.** These areas have more serious housing deficiencies and vacant lots. Sites are large enough and clustered enough that a targeted program to remove deteriorated structures and develop vacant lots will have a major impact.
- **Neighborhood Conservation.** These areas have a cluster of housing in fair condition. Policies for this area should focus on conserving the existing housing stock through a coordinated rehabilitation strategy.
- **Gateway Preservation & Enhancement.** Entrances to the community where code enforcement and property maintenance should be stressed to provide the best first impression of a community.

Not every one of these categories are applied to a community, but they provide a strong foundation for the policies and programs identified in the following chapters of this document. The following section provides a general overview of key community opportunities.

Figure 4.1: Typical Minor versus Major Deficiencies



Inventory Preview

Kalona. Homes in Kalona are in very good condition. There are a few selected areas with fair housing, and even fewer homes in noticeably poor condition.

Riverside. Riverside's housing stock is generally in good condition. Areas of homes with fair-poor condition are located more to the south and west and there are several homes in poor condition throughout the community.

Washington. Washington's housing stock is in good condition with signs of disinvestment in targeted areas.

Wellman. Wellman has a variety of housing conditions. There is a relatively high number of poor and dilapidated structures clustered on the west and northeast ends of the city. Many areas are in very good condition.

KALONA

Homes in Kalona are in very good condition. There are a few selected areas with fair housing, and but few homes in noticeably poor condition. Kalona has a fair amount of variety in housing types with some duplexes, apartment complexes, senior living, and potential for upper-story downtown housing. A primary focus for the housing stock growth within the current city limits with some targeted neighborhood conservation.

Targeted Conservation and Stabilization Areas

While most of Kalona's housing stock is in very good condition, the area northwest of E Avenue and 6th Street has older housing stock and could benefit from targeted conservation efforts to ensure the area continues to growth and thrive.

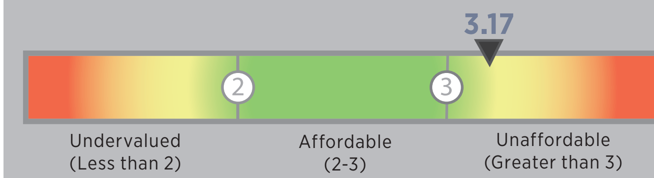
A targeted rehabilitation program would repair/stabilize participating homes and maintain property values in these neighborhoods. Programs to resolve these issues will benefit the neighborhood as a whole. Some areas need of more rehabilitation investment and funding mechanism to assist property owners.

Development Opportunities

Kalona has seen steady growth since 1960 which has led to a shortage of developable lots. Some areas are appropriate for expansion including areas on the northwest quadrant where recent new development has proven successful. Creation of new lots for development is a priority as employment in the region remains stable and Kalona continues to offer a small town environment for residents commuting into Iowa City.

AT A GLANCE

Affordability Gauge:



- Median Income: $48,077
- Median Home Value: $152,200
- Median Contract Rent: $512

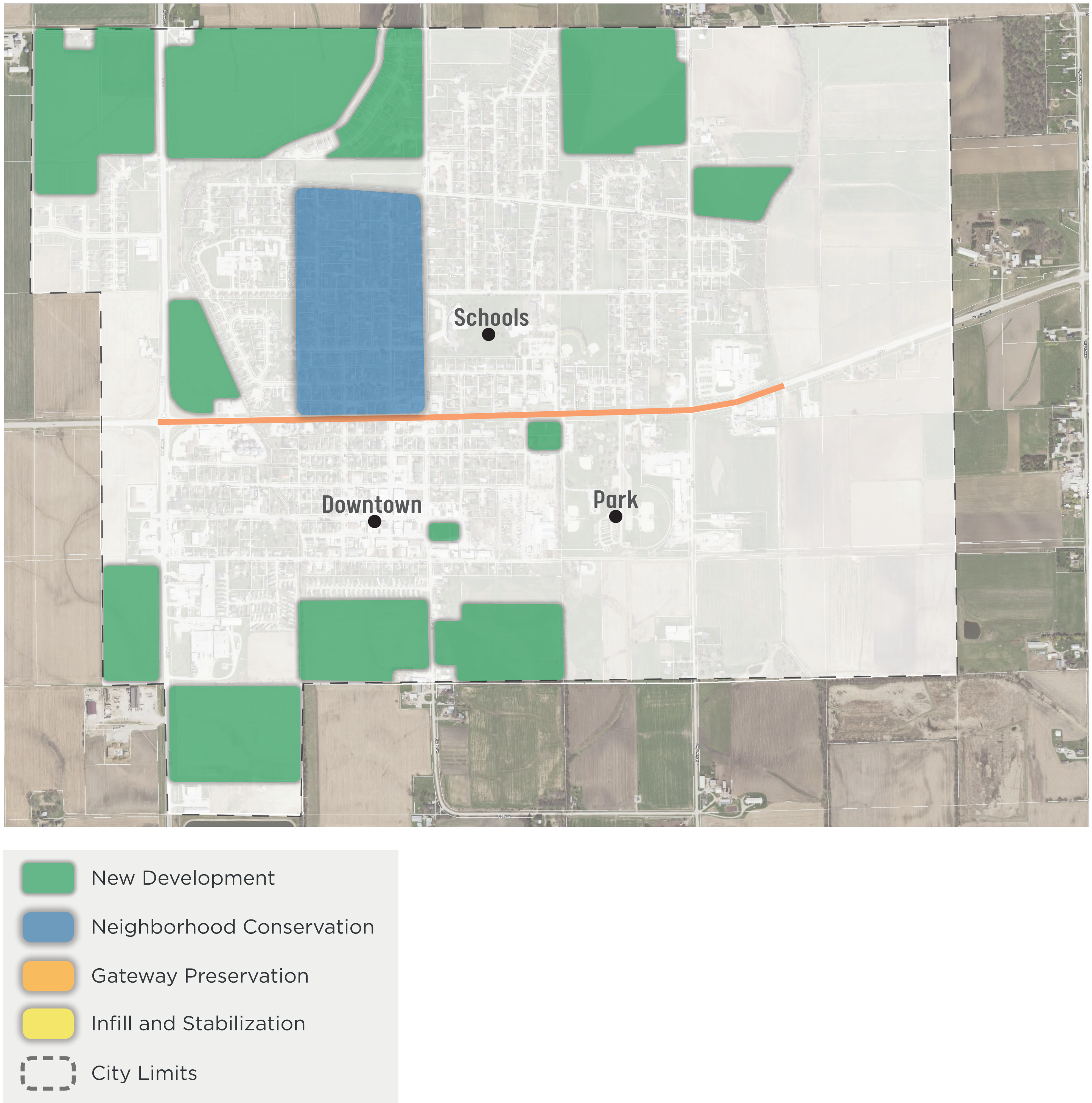
Housing Demand Forecast

- 2030: 124 total units (x units annually)

Affordability Balance:

- Kalona has a gap in units that households with $49,999 or less in annual income could afford if available.

Figure 4.2: Kalona Policy Areas



RIVERSIDE

The housing stock in Riverside is generally in good condition. Areas of homes with poor condition are primarily concentrated to the north and west of downtown. There is some variety of housing types including several an old school converted into multi-family housing. However, there is a low supply of multi-family housing options. Growth is occurring to the north, primarily due to floodplain areas to the south.

Infill & Stabilization Areas

The stretch of housing on W 2nd Street between Washington Street and Ella Street and Washington Street south of 2nd Street of has older housing stock that has been neglected and could benefit from infill and stabilization efforts to ensure the area continues to growth and thrive.

A targeted rehabilitation program would repair/stabilize participating homes and maintain property values in these neighborhoods. Some homes may be beyond repair. Therefore, a demolition program is appropriate to remove the houses with structural or condition issue that cannot be addressed otherwise. Both of these programs may be done in partnership with other communities in order to share resources and costs.

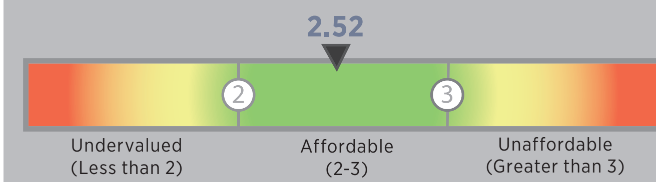
Development Opportunities

Riverside is fortunate to have ample employment opportunities with more jobs than workers. However, many existing employees travel from around the region to work at these jobs. Some of these employees could be captured locally if new housing opportunities were available. Especially for seniors looking to move out of their existing homes that are more affordable for entry level home buyers.

Rental options are needed for new residents to the community to provide quality affordable options. A small number of townhomes or duplexes could fill a demand created by employment opportunities.

AT A GLANCE

Affordability Gauge:



- Median Income: $56,176
- Median Home Value: $141,400
- Median Contract Rent: $520

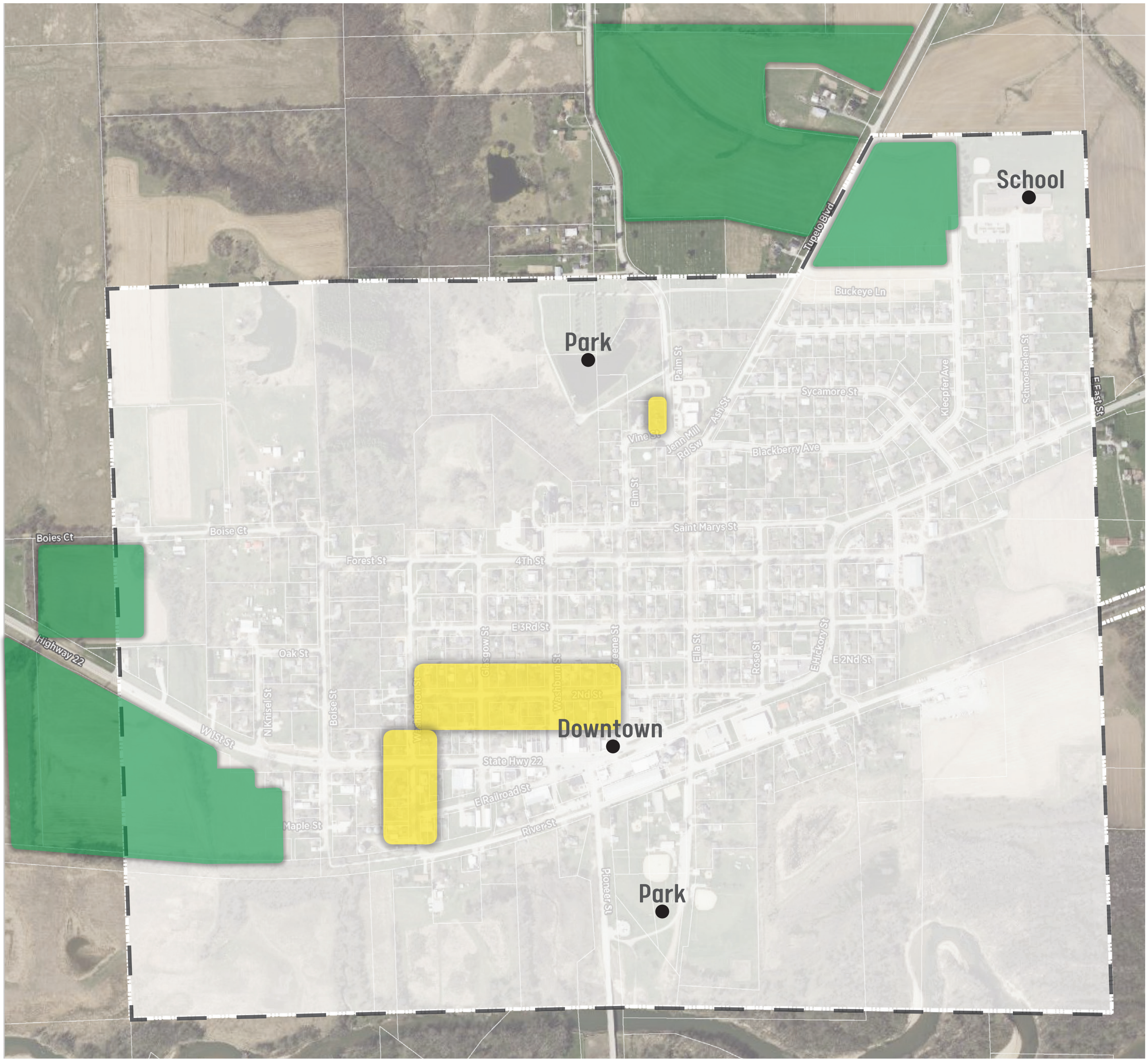
Housing Demand Forecast

- 2030: 83 total units (x units annually)

Affordability Balance:

- Riverside has a gap in units that households with $25,000 or less in annual income could afford if available.

Figure 4.3: Riverside Policy Areas



New Development

Neighborhood Conservation

Gateway Preservation

Infill and Stabilization

City Limits

WASHINGTON

Washington's housing stock is in fair condition with signs of disinvestment in targeted areas. A focus for Washington is to stabilize declining neighborhoods and add additional housing stock through infill and new development.

Targeted Conservation and Stabilization Areas

Targeted Stabilization. Homes in fair condition are quality, affordable options for many households. However, if routine investments are not made, deterioration becomes inevitable. Housing reinvestment becomes increasingly important to maintain the existing housing stock. Emergency repair programs can help ease affordability challenges of reinvestment.

Targeted Rehabilitation/Demolition. More immediate action and investment is need in areas on the west end of the community. Some homes should be demolished. Others need rehabilitation assistance to resolve structural issues.

Development Opportunities

Several areas in all four quadrants of the city are available for new development. Infill development is a strategy for new homes that lessens infrastructure costs. Infill should be prioritized over investment in new streets and infrastructure. Infill is also a quick way to add housing units while larger subdivision projects get underway. The city should work to assure a supply of affordable priced lots within the city and in new development areas.

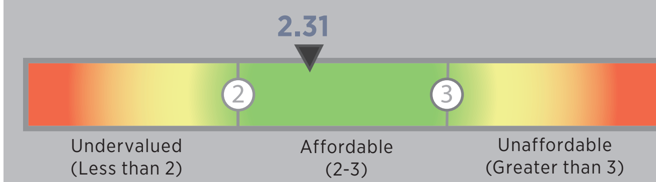
Infill & Stabilization Areas

Neighborhoods located in the southeast quadrant have older housing stock with small pockets that have been neglected and could benefit from infill and stabilization efforts to ensure the area continues to growth and thrive.

A targeted rehabilitation program would repair/stabilize participating homes and maintain property values in these neighborhoods. Some homes may be beyond repair. Therefore, a demolition program is appropriate to remove the houses with structural or condition issue that cannot be addressed otherwise. Programs would be most effective if they were focused on concentrated pockets of problematic housing.

AT A GLANCE

Affordability Gauge:



- Median Income: $44,462
- Median Home Value: $102,900
- Median Contract Rent: $583

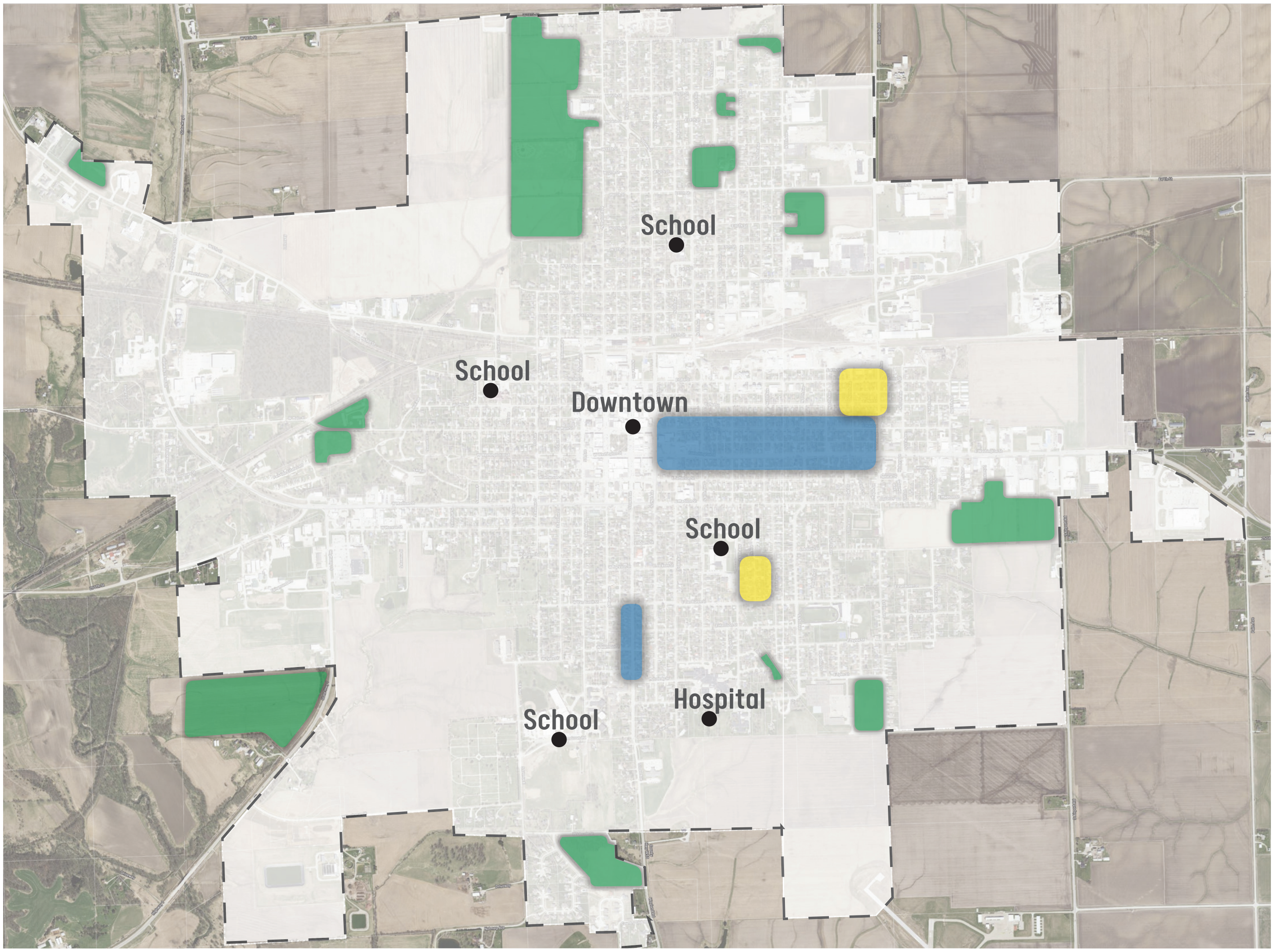
Housing Demand Forecast

- 2030: 209 total units (x units annually)

Affordability Balance:

- Washington has a gap in units that households with $25,000 or less or more than $75,000 in annual income could afford if available.

Figure 4.4: Washington Policy Areas



New Development

Neighborhood Conservation

Gateway Preservation

Infill and Stabilization

City Limits

WELLMAN

Wellman has a variety of housing conditions. Owner-occupied homes are in better condition, but homes on the edge of town tend to be in poor condition.

Targeted Conservation and Stabilization Areas

Targeted Rehabilitation. Wellman is an attractive community for people working in the region, but needs quality housing options. Home repair programs could be an option available to homeowners to assist and stimulate needed maintenance such as roofing and siding.

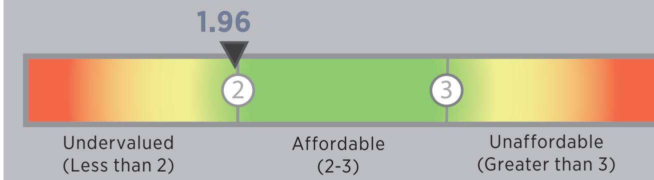
Redevelopment/Demolition. Many homes are not habitable and others are in threat to reach a state of demolition. A program to transition these homes back into a quality occupied housing unit will improve the image of the neighborhood and put an affordable home, or new home, back on the market. If too far gone, targeted demolition may be required to clear the way for better housing options.

Development Opportunities

Wellman has seen varying growth since 1960 which has led to limited new development in recent years. There is ample land within the city limits that would be ideal for a new subdivision to bring new homes to fill the gaps identified. Wellman could capitalize on the location of the high school to draw in more young families that will help stabilize and grow the population.

AT A GLANCE

Affordability Gauge:



- Median Income: $57,125
- Median Home Value: $111,800
- Median Contract Rent: $432

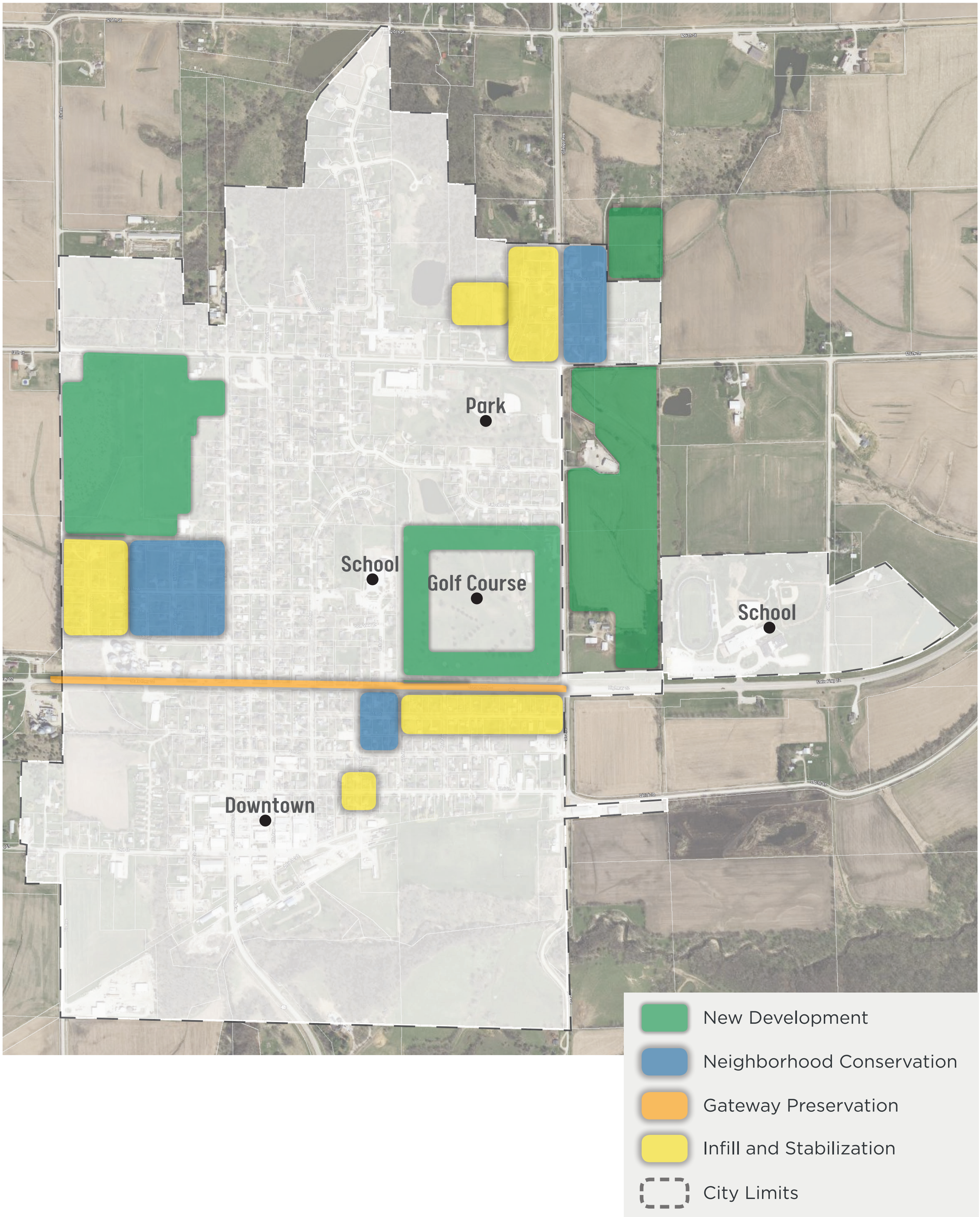
Housing Demand Forecast

- 2030: 82 total units (x units annually)

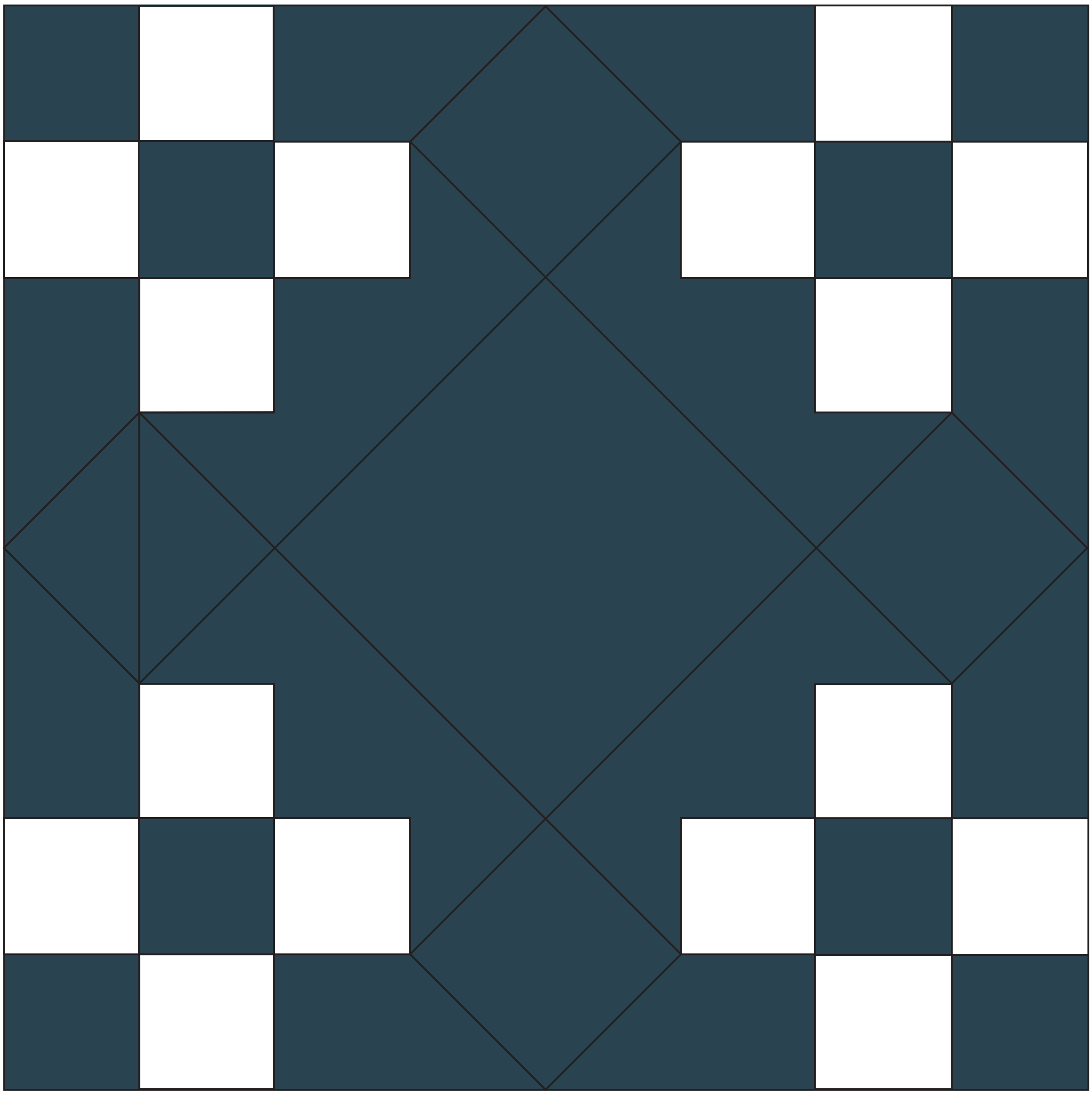
Affordability Balance:

- Wellman has a gap in units that households with $50,000 or more in annual income could afford if available.

Figure 4.5: Wellman Policy Areas



CHAPTER FIVE
Strategic Directions



STRATEGIC DIRECTIONS FORWARD

The community engagement process, information, analysis, and inventory presented in the previous chapters indicate several key issues and opportunities that face Washington County as it considers its capacity to meet housing needs during the next ten to 15 years. The conclusions in this section summarize the issues and opportunities that will drive the county's housing goals and priorities. The following chapter will provide the policy framework and program directions for addressing these priorities.

RESOURCES AND ASSETS

Like many places, the communities in Washington County can become overwhelmed by the difficulty of the housing challenges they face. However, Washington County's communities have taken many positive steps and have key resources and assets with which to build a successful housing program. These include:

Strong job market in & adjacent to the county

A strong job market promotes growth through increased employment opportunities, increased property tax base, and generally stable wages. Households will seek to live close to these jobs. Washington County has a low unemployment rate and commuting distance to many regional employment opportunities. Residents are already demonstrating a willingness to commute from communities such as Kalona to the Iowa City area. However, job growth does not guarantee population growth. If housing is unavailable or is low-quality, households will choose to live elsewhere. The employee pool for the skilled trades is decreasing and unless this trend changes communities will compete for these workers. Housing is important in this competition.

Respected schools and high quality of life

Several communities in Washington County exhibit similar characteristics to other Iowa communities. Small town pride, annual community festivals and events, local school district loyalty, and general Iowa hospitality are qualities that attract people to live in rural Iowa. The perception of a strong school system with a high level of individualized attention is appealing to many young families.

Demonstration projects showing demand

Some of the communities in Washington County had successful housing projects in recent years that show housing demand in the region. Others have proposals for development. The incentives and partnerships used to create these projects are models to build on when developing region wide housing programs. Demonstration projects could also expand through incentives that target unique housing types such as townhomes, duplexes, or apartments.

Housing stock condition

While some of the communities have lower housing conditions, overall communities boast a stable, quality housing stock with only a few targeted areas in need of demolition or major redevelopment. With many homes constructed before 1960, it is apparent that homes have been reinvested in over time. Housing availability and housing quality go hand in hand. One deteriorated house can influence neighborhood image and perceived safety. As construction costs continue to rise, the existing housing stock needs to remain an affordable option for middle and lower income households. One home demolished is one affordable unit lost.

Dedicated champions

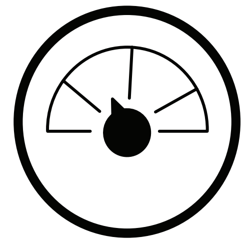
Leaders in Washington County recognize the need for housing development and affordability. Several community champions are already working to reduce blight, repair homes, and promote their respective communities. It will take several people in each community, from residents to bankers, to implement the strategies in this section.

CHALLENGES AND ISSUES

As unveiled in the market analysis, Washington County will continue to see an aging population and struggle to maintain populations without a plan to capture the growth of regional employees, which includes providing adequate housing options.

Limited rental options

Since 2012 significant changes in the housing market, both on a state and national level, have occurred. Tighter underwriting standards and down payment requirements increased rental demands, especially for younger households. In several communities, landlords are buying lower quality single-family homes for the purpose of renting. Single-family home rental does meet some demand, but there is little incentive for a landlord to improve these properties, which even with major improvements can often not demand significantly higher rents, leaving these units in a state of either disrepair or band aided repairs. Additionally, these conversions are removing homes from the entry level home buyer market.



A primary source for increased rental demand is the children of Baby Boomers, a generation larger than their parents'. This large generation stays in rentals longer, whether that is due to lending requirements, greater college loan debt, or uncertainty in how long they will stay in the community. Despite this demand, they are finding few quality options that meet their needs and communities have few builders/owners familiar with the multi-family market.

Lack of housing variety

Single-family owner-occupied homes dominate the housing market, indicated in both the market analysis and community survey. While appealing to families, young professionals and seniors often need other options such as homes for rent, apartments, townhomes, or condominiums. These types of housing units do not require saving for a downpayment and offer fewer maintenance requirements.

Retaining young professionals

The ability to attract and retain a new generation of families is crucial to maintaining population level amidst an aging population. Washington County is somewhat isolated from larger metropolitan regions that younger professionals may like to be near. Communities that reinvest in their streets, parks, trails, infrastructure, and public spaces not only create a desirable place to live for regional employees, but also can spur residents to take pride and reinvest in their properties. However, Washington County will need to find additional ways to be unique in the regional and cater to the desires of younger generations.

Aging population

As the market analysis shows, the population in Washington County and each of the communities is aging. If leveraged properly, an aging population can be an asset to a community. Often, they are the demographic living in homes needed for younger generations to move into and free up the entry level housing that is in short supply. The current lack of housing variety does not encourage older generations to move. With the construction of more maintenance-free independent housing, retirees may choose to downsize to a smaller home with less maintenance.

Limited rehabilitation contractors

Contractors and the skilled trades are in low supply across the country. Most contractors working in the county do not have the capacity to do major rehabilitation or new construction on more than a few homes a year. While the challenges and risks of new construction are higher, rehabilitation of existing homes typically has less risk. Rehabilitation is essential to keep affordable units in the market.

Lot supply and infill development

The policies and strategies are directly impacted by a community's lot absorption rate. The cities of Washington County are below the needed construction level to meet housing demand, but has proven the ability to absorb new lots in recent years. Realtors indicate nearly zero lots available for development. Incentives and assistance should be provided to stimulate new and infill lot development that is affordable for households in Washington County.

STRATEGIC DIRECTIONS

As Washington County looks ahead to the next decade it appears modest population growth will continue, but an aging population could negatively affect growth. Stakeholder interviews, however, indicated a willingness to commute and desire to live in Washington County communities. Additionally, market data shows a strong regional economy with projected increases in regional job growth. Washington County can take steps to steer population growth in the right direction both directly and indirectly through housing policy.

A strong future depends on the ability to capture regional employees as residents. For this to happen, analysis of both the current assets and issues suggest the need for a housing and community development strategy for Washington County that targets several goals (not in any priority order):

- Find ways to share risk (a cascading goal)
- Increase diversity in the housing supply
    - Increase the number of market rate rentals
    - Create options for downsizing
- Implement a comprehensive housing program for revitalization
- Leverage existing lots and develop new lots
- Invest in the future

The County's existing resources and assets listed in the previous section will be essential when developing the housing strategy for each goal, as well as attracting contractors to do the work. The column to the right discusses the long-term benefits of regional workforce development programs.

Several case study examples are provided throughout this chapter. The authors recognize that some of the examples represent much larger cities than present in the county. However, any of the examples presented can be a model scaled to the regional, county, or community level. The issues each example addresses are similar to the challenges facing Washington County.

A Note on Workforce Development:

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

•**Area Community Colleges.** Community Colleges offer a variety of programs for students to gain experience and complete hands on projects in the building trades. The ability to retain these students in the region after graduation can be achieved by developing internships while they are in school and creating communities with the desirable amenities younger populations desire.

•**Area School Districts.** Many school districts over the years have moved away from traditional building trade classes and focused more on college preparation. With the demand for skilled trades people this trend should shift but will need support from the broader community. Working with the school districts, programs should be put in place that include architecture and drawing, focuses on English/communication and math learning, construction skills, and business education.

•**The Building Community.** Through internship programs students can learn first-hand experience. An introduction session may need to be developed that prepares students for their internships to create an asset to the builders rather than a burden.

•**Cities, County, and Private Sector.** Through risk sharing, resources, funding, and internships, all of these groups should play a role in expanding the area's workforce.

LENDING CONSORTIUM

Omaha 100 Incorporated Omaha, Nebraska

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

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

More information can be found at: www.omaha100.org

A Note on Lending Consortiums:

A lending consortium is an ideal instrument to:

- Provide short-term financing or "patient financing" for builders and contractors in the community, and to provide interim financing for projects developed by the housing partnership, cities, or even the county.
- Fill gap financing needs that arise when the cost of construction is more than the finished value of the home. This often occurs when developers are tasked with building more affordable housing options or housing not tested in a local market.
- Offer down payment assistance for new homeowners, like programs offered by ECICOG. A major hurdle for many young or lower income households looking to buy includes saving enough money to make a down payment even though these households may not meet federal criteria to be considered low income. Assistance in the form of grants or forgivable loans help these households get into housing ownership and begin to build equity in the market.

GOAL: FIND WAYS TO SHARE RISK

Sharing the risk of housing development is an overarching goal in the strategic program for the county. The success of many other goals depend on the ability for multiple entities to collaborate and reduce the risk for developers to undertake housing projects. Housing supply and housing rehabilitation will not occur at a significant scale without the ability for the developer or contractor to make a profit. It is not the fault of the developer, as any business seeks this goal. The risks associated with housing development in the county more often show a loss. Some risk factors include low appraisal values; rising material and labor costs; soft costs such as fees, regulatory timelines, insurance, and contracting services; state and federal regulations; and uncertainty in approval procedures. Pre-development planning and set-up is the riskiest part of development and where financing can be the most difficult.

Strategies

Strategies for sharing risk must include a variety of partners depending on the objective. Entities can include cities, financial institutions, economic development agencies, and even employers to find new ways to address gaps in the private market.

Funding Pools. Financing tools are a necessary element in all strategic directions. Creative approaches to financing should continually be explored. Tools explained in this chapter include lending consortium's (described on the left), TIF, monitoring state/federal programs, and housing trust funds. The East Central Iowa Council of Governments (ECICOG) already manages a housing trust fund, in addition to other assistance programs (http://www.ecicog.org/housing-programs.html).

Partnerships. Partnership can provide project development, financing, and marketing capabilities using the tools and methods identified in this chapter. Partnerships can include any stakeholder interested in housing, and must extend beyond traditional partnerships. For example, employers should be involved to understand what their employees need and desire.

Incentives. Incentives are methods to stimulate an action by developers or homeowners. Several examples are described in this chapter. Incentives also need to consider that population stability will stem from regional employment growth. For example, employers (including school districts) could provide incentives for employees to live in the community that include signing bonuses, rent assistance, or downpayment assistance.

GOAL: INCREASE DIVERSITY IN THE HOUSING SUPPLY

A variety of housing types directly addresses housing demand by a diverse demographic. The type of housing a household looks for is directly correlated to their stage of life. Diversifying the housing stock also addresses housing demand indirectly by encouraging movement in the housing market and freeing up entry level homes like those lived in by seniors who want to downsize out of 3-4 bedroom single-family homes. Area's identified for growth should include a range of housing types and densities including low density (single family), medium density (townhomes and four-plexes) and high density (apartments and condos).

Strategies

Housing variety should bring more market rate rentals and housing appealing to retirees to the market. Additionally, rental housing must serve all income levels - right now the majority of units serve middle to lower incomes. This also means quality and cost should match.

Strategies should target:

- New rentals along with improvements to existing rental stock
- Lessening rental housing dependence on low value single-family home conversions
- Retiree housing can be one of the simplest ways to free up housing stock in a community
- Creation of adequate supply of entry level housing through a filtering process

Strategies may involve:

Establish a not-for-profit developer. A nonprofit can leverage funding and take greater risk on new housing products because they only need to cover their costs and operations. This entity does not have to be a new organization but could be a subset of an existing organization, including economic development groups and even churches.

Establish a demonstration project in one community. A demonstration project should only be pursued or incentivised if the community is confident in long-term success. Success includes an appropriate scale, location, and design. Demonstrations should not sacrifice quality for getting a project done. A low quality project does not add long-term value to the community and may actually deter future investment if the project deteriorates or obtains a bad reputation. Success also means financial success. The community must consider the long term consequences to a community's infrastructure.

HOME REHABILITATION

Phase 2 Program, Sioux City, Iowa

The Sioux City Phase 2 Program is designed to preserve and improve properties currently tagged as uninhabitable. The program does so by providing funds to new owners to bring the property into compliance with applicable building codes and standards. Applicants are required to be a new owner of the property or a developer who intends to repair and sell the home.

Currently the program provides up to $40,000 per home, as a forgivable loan forgiven over ten years. Owners must address the building code deficiencies first and then can use the remainder of the funds for additional exterior and interior improvements.

A main reason the City Council adopted the program was to repair rather than demolish units. Funding for Phase2 comes from City general funds, money that was previously budgeted for annual demolition of tagged homes not brought into compliance.

https://www.sioux-city.org/home/showdocument?id=3644

Credit: City of Sioux City

Leverage is the ability of program dollars to generate private investment in response

GOAL: IMPLEMENT A COMPREHENSIVE HOUSING PROGRAM FOR REVITALIZATION

The existing housing stock is any community's single greatest asset. Each existing home will forever be an affordable housing unit that cannot be generated by new construction. Qualitatively, existing homes give character to each community that residents know well and can attract new residents who seek the character of well established neighborhoods.

Strategies

Overall the county has a housing stock in good condition, but there is a demand for updated and move-in ready homes due in part to a lack of contractors who can do the work. The rehabilitation of homes is essential to providing quality entry level housing in any community and continual maintenance and rehabilitation is a high priority.

Strategies may involve:

Establish a not-for-profit developer. Similar to increasing diversity in the housing supply, a nonprofit can leverage funding and take greater risk on rehabilitation projects. Often, the costs to renovate an older structure cannot be recaptured with enough profit for a developer to take the risk. A not-for-profit entity can purchase, rehab, and resell homes without worrying about making a profit. This allows them to fill a housing need for households making less than 80% AMI. They can also serve as the educator for first time home buyers.

Property maintenance codes and enforcement. Property maintenance codes received high support in the community survey. People understand that poor property maintenance often leads to dilapidated homes and a decrease in surrounding property values. Communities should share resources on developing necessary codes and funding staff to enforce these codes across the county.

Training of next generation contractors. There is a nationwide deficit in skilled trades people. The long-term solution is to develop Innovative workforce development approaches to train new workers.

Energy programs and emergency repair programs. The two main challenges with older, existing homes includes energy efficiency and regular repair needs. Inefficient homes can easily become unaffordable if the homeowner faces high utility bills. Additionally, older homes are subject to more sudden repair needs when systems reach the end of their life. Programs that provide assistance, in funding or labor, can reduce homeowner burden, maintain affordability, and retain an existing housing unit in the long term.

Rehab programs for both owner and renter. Homes and rentals beyond emergency repair will require significant funds to prevent dilapidation. Rehabilitation programs can bridge the gap for owners by providing financial assistance for certain major repairs for low income households. Any program should be paired with a structural assessment to prevent repairs that are merely cosmetic and don't fix underlying problems such as foundation crumbling, rotting wood, or moisture leaks. Washington recently established a targeted rehab program.

BLIGHT REDEVELOPMENT

Grand Island, Nebraska

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

Allowable expenses include: property acquisition, demolition, site preparation, utility extensions and connections, sidewalk and landscaping, TIF fees and contracts, city development fees, engineering and architecture costs, and interest and financing costs. In the below example, the City of Grand Island used micro-TIF to support the demolition of a dilapidated single family home (valued at $48,000) and the development of two duplexes with an estimated value of $320,000. The redevelopment removed a blighted structure, created an additional four affordable housing units, and brought additional tax base to the city without requiring additional infrastructure.

http://www.grand-island.com/home/showdocument?id=4361

GOAL: LEVERAGE EXISTING LOTS & DEVELOP NEW LOTS

Communities have spent significant amounts of funds in the past to build and maintain infrastructure. Existing lots and infrastructure are the most efficient way to grow fiscally and from a community development perspective. Infill lots allow for greater variety in the housing market with variations in house style to fit on typically smaller lots.

Strategies

Strategies to leverage existing lots and infrastructure can make housing development more feasible and may involve:

Demonstration projects. As noted early in this chapter, a demonstration project is a great way to show a program or project type works. Infill development on existing lots generally does not cater to large scale projects, but rather new construction on a lot by lot basis. Sharing the risk of development is essential to making lot by lot construction feasible.

Shared risk with local builder or developer. The strategies under the Goal of Finding Ways to Share Risk are necessary for small scale projects, and can go beyond funding mechanisms to include services such as preparing targeted sites for shovel ready development.

Acquiring lots, dilapidated housing, and site prep to create affordable lots. Communities or a housing partnership will need to take the lead role in identifying target areas/sites for infill. These are either existing vacant lots or homes in need of demolition. Creating a program that funds pre-development costs reduces risk for the developer, and avoids these costs being pasted on to home buyers or renters.

Updating ordinances. Some communities have ordinances in place that have made existing smaller lots non-conforming. These ordinances should be reviewed and updated to allow for successful infill that both uses resources efficiently and meets a market demand for lower maintenance lots.

Educate decision makers and residents on the long term investments. While many involved in housing development understand the long term aspect of correcting an undersupply of housing price points and types, many still need to be educated. Often cities need absorb the costs to prepare a lot for development without seeing reimbursement, knowing that by providing the lot cheaply they will recapture the costs when a housing unit is added to the tax roll.

CITY LED LOT DEVELOPMENT

Webster City, Iowa

Needing home-sites and faced with a lack of interested or capable developers, Webster City developed the highly successful Brewer Creek Estates subdivision as a city project. The existing lots are almost fully built out and the city is looking to expand the development.

A Note on Housing Trust Funds:

A housing trust fund provides a source of seed capital which can include the banking community, unconstrained by program regulations, for a community/county to use for the purpose of developing needed housing types. Housing trust funds may be able to expand programs to meet specific needs within the region with additional, targeted funding from county sources.

The popularity of trust funds can be attributed to their flexibility. These dollars could be used to support construction of new entry level housing, rehabilitation of existing housing, or development of new rental housing. Trust funds can be funded in several ways, including dedication of a specific share of local option sales tax, fees, local revenue bond issues, or grants and charitable contributions. Through charitable contributions to a trust fund, the county's employers could play a vital role in housing quality and choice.

GOAL: INVEST IN THE FUTURE

Several communities in Washington County are known for their quality neighborhoods, but providing a variety of quality housing options is only one piece of the housing puzzle.. Communities that reinvest in their streets, parks, trails, infrastructure and public spaces not only create a desirable place to live, but also can spur residents to reinvest in their properties. Priority policies should make investments that create and reinforce strong neighborhoods that provide amenities such as sidewalks, landscaping, buffers from adjacent land uses, and proximity to community features. These investments will attract a younger population that stays within the communities and starts families.

Strategies

Strategies include elements that many communities already do, but may need to be elevated in priority level. Note that smaller communities may not have the ability to provide some amenities. However, amenities in a nearby community, such as a pool or library, create value for these surrounding towns.

Strategies should include:

Investment in quality of life amenities:

- **Parks and Recreation.** This includes both the facilities and programming opportunities.
- **Trails.** Sidewalks or pathways to community destinations are key. In addition, regional trail connections are becoming a desirable feature for households and require a broader collaborative approach.
- **Schools.** A top priority for most home buyers are schools. Quality schools are essential to a healthy and vibrant community. For those communities that have lost their schools over the years, attracting and retaining residents becomes even more challenging. Unique assets should continue to be promoted for each community.

Invest in basic infrastructure. Maintaining existing streets and sidewalks creates a positive image of the community and shows the city cares. Often public investment can stimulate private property owner investment.

Maintain city property. Similar to investing in infrastructure, city property (library, city hall, vacant lots, community center) should be kept o a level you want residents to maintain personal property.

EMPLOYEE HOUSING

Schuyler, NE

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

Eligibility for a $1,000 bonus to employees moving into the district and the following:

- Home renter subsidy of $1,000 annually for a maximum of five years; or
- Home owner subsidy:
  - $2,000 annually for a maximum of five years; or
  - Lump sum subsidy of $10,000 for downpayment and closing costs on a WHIPP approved home

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

http://www.livene.org/nifa/resources/?item=10688

ADDITIONAL HOUSING PROGRAMS AND FUNDING SOURCES

ECICOG

The East Central Iowa Council of Governments is an intergovernmental council charged with promoting regional cooperation and providing professional planning services within a number of counties including Washington. ECICOG operates a number of housing programs that would be valuable to a housing strategy in Washington County. Four of the programs are the ECI Housing Trust Fund, Homebuyers Assistance Program, and the home rehabilitation program.

The Eastern Central Iowa Housing Trust Fund (ECI-HTF) is a community-based non-profit organization helping to fund housing related projects through innovative and flexible funding to non-profit, for-profit and governmental entities for affordable housing projects. The home rehabilitation program is for individuals to complete necessary repairs up to $7,000 but has income limits of $34,200 for a 1-2 person household or $39,330 for a 3 or more income household.

Although some communities may not have the will or the means to create its own housing authority, residents could partner with the city to raise funds for housing projects and approach ECICOG for assistance in administration.

TAX ABATEMENT

A tax break program is intended to encourage improvements to property that would not have otherwise occurred. Without an abatement program, home-owners may be reluctant to improve their homes, because the increased value could cause a sudden increase in property taxes. Tax abatement also incentivizes potential property owners to buy in communities in Washington County, by offsetting the cost of a new or rehabilitated home for the first few transitional years. A proposed tax abatement program should target more affordable homes, by providing the tax break on only the first $75,000 of value. Tax abatement is one strategy to help increase the overall tax base of Washington County communities – although the City gives up a portion of taxes for the first few years of development, they will collect full taxes in the years beyond that.

LOW INCOME HOUSING ASSISTANCE

In addition to the assistance available from ECITF noted previously, affordable housing projects can also take advantage of:

- Community Development Block Grant (CDBG) or HOME funds. These funds can provide gap financing for low and moderate income housing. They are typically used to reduce private capital needs, producing housing costs affordable to the target population.
- Section 42 (Low-Income Housing Tax Credit). This is an investment tax credit in projects that reserve a specific percentage of units for low income residents. Because this tax credit is project specific, Washington would need to actively pursue this by approaching private developers with a plan that designates where projects could be and ensure that their zoning supports affordable housing.

TIF

Tax increment financing (TIF) can be a valuable tool to support land acquisition and development financing that eliminates blight or promotes economic development, which includes public improvements for housing development. TIF uses the added tax revenue created by the redevelopment to finance project related costs such as land acquisition and public improvements. The use of TIF to support development should follow the below principles:

- › To demonstrate that a certain housing product or price-point can work in Washington County
- › To enable development that would not occur "but for" the use of TIF. THis means that without assistance, the development (housing product, price-point, etc) would not occur.
- › TIF is appropriate to support ownership options at price points below $225,000. The assessment should prioritize infill and redevelopment and projects where affordable housing is integrated seamlessly into a mixed income neighborhood.

BONDS

Local communities can issue bonds to help cover the costs for housing activities such as lot acquisition and site preparation. The bonds are issued for a specific dollar amount over a given number of years and targeted specifically to housing development programs.

SOFT SECONDS

A soft second is a second mortgage on a property that is either forgiven, deferred, or subsidized in some fashion. Typically this second mortgage is paid back when the property is sold. A soft second is a way for cities to recapture the upfront costs of providing lot infrastructure over a longer period of time.

GAP FINANCING

A lenders consortium, as discussed earlier, can attract the support of other agencies such as the Iowa Finance Authority (IFA), the Federal Home Loan Bank, and the Iowa Economic Development Authority to participate in a gap financing program. This type of financing program is designed for maximum leverage, shared risk, and quick turnover rather than long-term financing.

FROM PLAN TO ACTION

A targeted approach is needed to provide housing for regional employees and support growth in the County. Without intervention from the governing entities and their partners, housing for all age groups will continue to be in short supply, the housing market will continue to be less affordable in some communities, and communities will continue to struggle to provide adequate housing options.

The housing assessment recommended several approaches to address the county's housing needs. Some of these programs may be appropriate in one community but not another. However, a regional approach involving several counties may make more sense to allow larger scale opportunities for developers and to share resources among counties. By soliciting this assessment, leaders have already recognized a need for action. This recognition needs to be combined with strong leadership from each of the communities and local/regional partners to implement the long term strategies.

The next step is for community leaders to proactively organize the partnerships necessary to develop strategic program that address the goals in this chapter. For measurable action to result from this document it will require the dedication of a few strong champions to lead the implementation of the action items deemed best for each community and the county as a whole. The example on the right illustrates one way communities are going from housing assessment to action.

COMMUNITY BASED ACTION AND RISK SHARING

Risk sharing is noted throughout the strategies and goals to address housing challenges. However, communities cannot simply wait around for development opportunities and developer interest. Residents and stakeholder within several communities in Iowa are recognizing the need to take action by pooling their own resources and expertise to act as the developer of new lots. Two examples are described below:

Fairfield, Iowa. A group of local stakeholders combined equity stakes to act together as the developer and builder of 27+ townhomes and duplexes in Fairfield. Risk sharing included private equity, City TIF funds, tax abatement, and Iowa Workforce Housing Tax Credits. Units were priced between $160K-$220K.

Humboldt, Iowa. Similar to development in Fairfield, local stakeholder pooled equity to finance 32 single-family and duplex units. The City helped share risk through TIF financing and tax abatement. Units are priced between $230K-$280K.

These are a couple examples of local action to share risk and start a grassroots, proactive effort to housing development. These projects were assisted in part by 571 Polson Developments, LLC. For more information on these and similar projects in Iowa go to:

https://571polson.com/