

Comprehensive Housing Needs Analysis City of Rock Rapids, Iowa

October 2016



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October 7, 2016

Micah Freese
Rock Rapids Area Development Foundation
Development Director
411 First Ave. PO Box 403
Rock Rapids, IA 51246

Dear Mr. Freese:

Attached is the *Comprehensive Housing Needs Analysis for Rock Rapids, Iowa* conducted by Maxfield Research and Consulting, LLC. This study updates the previously completed housing study in Rock Rapids in 2011 and the Lyon County housing study completed in 2013. The revised housing assessment projects demand from 2016 through 2025 and provides recommendations on the amount and type of housing that could be built in Rock Rapids to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for approximately 225 new housing units through 2025. About 85% of the total demand was for general occupancy rental and for-sale housing; while senior housing accounted for 65% of the demand. Demand was highest for assisted living units (41 units) followed by for-sale multifamily (35 units). The current lot supply is sufficient to meet demand of for-sale housing through this decade; however additional lots will need to be platted between 2020 and 2025 to meet future housing demand.

Based on our findings, the for-sale market supply is very low and there is little inventory available for home buyers seeking to locate/relocate into Rock Rapids. In addition, the rental market housing is tight with a 2% vacancy rate and there are few options available for prospective renters. We recommend maintenance-free for-sale products such as townhomes/twinhomes to fulfill this need for for-sale owner-occupied multifamily, and entry-level to move-up single family homes. Detailed information regarding recommended housing concepts can be found in the *Recommendations* section at the end of the report.

If you have any questions or need additional information, please contact us. We have enjoyed conducting this study for you.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Matt Mullins
Vice President

David Sajavic
Associate

Attachment

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Purpose and Scope of Study

Maxfield Research and Consulting LLC (i.e. “Maxfield Research”) was engaged by the Rock Rapids Area Development Foundation to conduct a *Comprehensive Housing Needs Analysis* for the City of Rock Rapids. The housing study is an update to the previously completed study for Rock Rapids in 2011 and Lyon County in 2013. The Housing Market Study provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock, building permit trends, and residential land supply; an analysis of the market condition for a variety of rental and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the Rock Rapids are also supplied.

Demographic Analysis

- Rock Rapids’ population declined by 28 people (-1.1%) in the 1990s. The Central Lyon submarket dropped by 153 people (-3%) in the 1990s. Overall, Lyon County increased by 139 people (3.2%) between 1990 & 2000.
- Growth was slow during the 2000s due to the Great Recession and housing and economic downturn. Rock Rapids’ population declined by 24 people (-0.9%) in the 2000s. The Central Lyon submarket increased by 76 people (1.5%) in the 2000s. Overall, Lyon County increased by 14 people (0.3%).
- Due to the rise in the housing market and local economy, we project that the City of Rock Rapids will increase during the next decade. We project that Rock Rapids will increase by 138 persons (5.4%) and 80 households (7.4%) between 2010 and 2021.
- The majority of the growth this decade in Rock Rapids occurred in the 65 to 74 age cohort (61%).
- Rock Rapids had an estimated median household income of \$48,935 in 2016. It is projected to increase over the next five years to \$54,271 in 2021 (+10.9%).
- In 2000, 79% of all households in Rock Rapids owned their housing. By 2010, that percentage decreased to 76.1%.
- Resident employment in Lyon County has increased by about 710 people between 2000 and 2015 (11.3%). The number of individuals in the labor market also increased at the same rate (11.3%).

- A number of Lyon County residents also work in Rock Rapids (17.2%). Of the 82.8% of Lyon County residents that commuted to jobs outside the County, the most commuted to jobs in Rock Valley, Doon, Inwood, and Sheldon.
- Rock Rapids can be considered an importer of workers, as the number of residents coming into the Rock Rapids (inflow) for employment is more than the number of residents leaving the Rock Rapids for work (outflow). Approximately 933 workers came into the Rock Rapids for work while 797 workers left, for a net difference of 136.

Housing Characteristics

- A total of 247 new residential units were permitted in the Central Lyon submarket between 2000 and June of 2016. Rock Rapids permitted 167 units, accounting for 68% of new residential units permitted since 2000 in the Central Lyon Submarket.
- The greatest share of housing in the Central Lyon submarket was built prior to 1940, 27.5%. In the City of Rock Rapids, the largest share of housing units, 18.9%, were built in the 1950s.
- The dominant housing type in the City of Rock Rapids is the single-family detached home, representing an estimated 95.3% of all owner-occupied housing units and 59% of renter-occupied housing units as of 2014.
- In the Central Lyon Submarket, 43.9% of housing units do not have a mortgage. This proportion is higher in the City of Rock Rapids where 50.6% of units do not have a mortgage.
- The median contract rent as reported the ACS in Rock Rapids was \$296. The American Community Survey reported a margin of error of +/- \$86 for the Rock Rapids median contract rent, creating the possibility that median contract rent could be as low as \$210 or as high as \$382. The median income in Rock Rapids was lower than the median contract rent reported by the Central Lyon Submarket (\$315) and Lyon County (\$382).

Rental Housing Market Analysis

- In order to assess the current market conditions for rental housing in Rock Rapids, Maxfield Research and Consulting LLC conducted an inventory of subsidized (i.e. housing that is income-restricted to households earning at or below 30% of the Area Median Income), affordable (i.e. housing that is income-restricted between 30% and 80% of the Area Median Income) and market rate (i.e. housing that is not income-restricted) projects located in the City.
- Our research of Rock Rapids general occupancy rental market included a survey of six market rate apartment properties (4 units and larger) and one affordable/subsidized communi-

EXECUTIVE SUMMARY

ties in October 2016. These projects represent a combined total of 84 units, including 48 market rate units and 36 affordable/subsidized units.

- At the time of our survey, one market rate unit and no affordable/subsidized units were vacant, resulting in an overall vacancy rates of 2.1% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 2.1% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.
- *502 2nd Ave*, constructed in 2015, is the newest market rate rental complex in Rock Rapids. Overall, Rock Rapids' rental housing stock median year built for all units is 1978. About 50% of Rock Rapids' market rate rental properties were constructed in the 1970s.

Senior Housing Market Analysis

- As of October 2016, Maxfield Research identified three senior housing developments in the Rock Rapids Market Area. Combined, these projects contain a total of 90 units. Two of the projects are market rate.
- There is one active adult senior rental development located in Rock Rapids Market Area. *Rock Rapid Investments* has five two-bedroom units. Rent ranges from \$800 to \$945 per month for a two-bedroom unit.
- Rock Rapids has one assisted living facility with 29 units. *Premier Estates* has nineteen efficiency units, five one-bedroom units, and six two-bedroom units. Rent ranges from \$2,800 to \$2,900 per month for an efficiency unit and \$3,061 to \$3,147 per month for a one-bedroom unit. Two-bedroom units are rented at \$3,376 per month.

For-Sale Housing Market Analysis

- The average and median resale price of homes in Rock Rapids was approximately \$127,000 and \$138,250 respectively as of 2015. These sale prices represent an increase of approximately 40% from 2014.
- An average of 42 homes has been sold annually in Rock Rapids since 2012. Only 34 properties were sold in 2015, representing the lowest number since 2012.
- The median list price of single-family homes for sale in Rock Rapids was \$137,400 as of August 2016. Based on the median list price, a household would need an income of about \$32,000 assuming a 10% down payment, 3.625% 30-year fixed rate mortgage. About 79% of Rock Rapids' s non-senior households have annual incomes at or above \$32,000.

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- There are nearly 40 vacant lots in newer subdivisions in Rock Rapids. The lot supply benchmark for growing communities is a three- to five-year lot supply; therefore, the current lot supply should be sufficient yet this decade. Most newer subdivisions are marketing lots from \$35,000 to \$40,000 in Rock Rapids.

Housing Demand Analysis

- Based on our calculations, demand exists in the Rock Rapids Market Area for the following general occupancy product types between 2016 and 2025:
 - Market rate rental 26 units
 - Affordable rental 7 units
 - Subsidized rental 12 units
 - For-sale single-family lots 0 units
 - For-sale multifamily 35 units
- In addition, we find demand for multiple senior housing product types. By 2021, demand in the Rock Rapids Market Area for senior housing is forecast for the following:
 - Active adult ownership 15 units
 - Active adult affordable 32 units
 - Congregate 20 units
 - Assisted Living 41 units
 - Memory care 23 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type for the City of Rock Rapids through 2025. Detailed findings are described in the *Recommendations* section of the report.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT					
ROCK RAPIDS					
2016 to 2025					
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Housing (General-Occupancy)					
Single-Family²					
	Entry-Level	\$150,000 to \$225,000	22 - 24	41%	2017+
	Move-up	\$225,000 - \$300,000	18 - 20	33%	2017+
	Executive	\$300,000+	14 - 16	26%	2017+
	Total		54 - 60	100%	
Townhomes/Detached Townhomes/Twin Homes/Condominiums					
	Entry-level	>\$160,000	14 - 16	39%	2017+
	Move-up	\$160,000+	22 - 24	61%	2017+
	Total		36 - 40	100%	
Total Owner-Occupied			90 - 100		
General Occupancy Rental Housing					
	Market Rate Rental Housing	\$600/1BR - \$875/3BR	18 - 20	64%	2018+
	Market Rate Rental Townhomes	\$800/2BR - \$1,000/3BR	10 - 12	36%	2017+
	Total		28 - 32	100%	
Senior Housing					
	Active adult affordable rental ³	Moderate-income	26 - 28	26%	2016+
	Congregate	\$1,500 - \$2,000	20 - 22	20%	2017+
	Assisted Living	\$2,750/EFF - \$4,000/2BR	36 - 40	36%	2017+
	Memory Care	\$4,000 - \$5,000	18 - 20	18%	2016+
	Total		100 - 110	100%	
Total - All Units			218 - 242		
¹ Pricing in 2016 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. ³ Affordable project could be combined with market rate active adult into a mixed-income community Note - Recommended development does not coincide with total demand. Rock Rapids may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)					
Source: Maxfield Research & Consulting, LLC					

Introduction

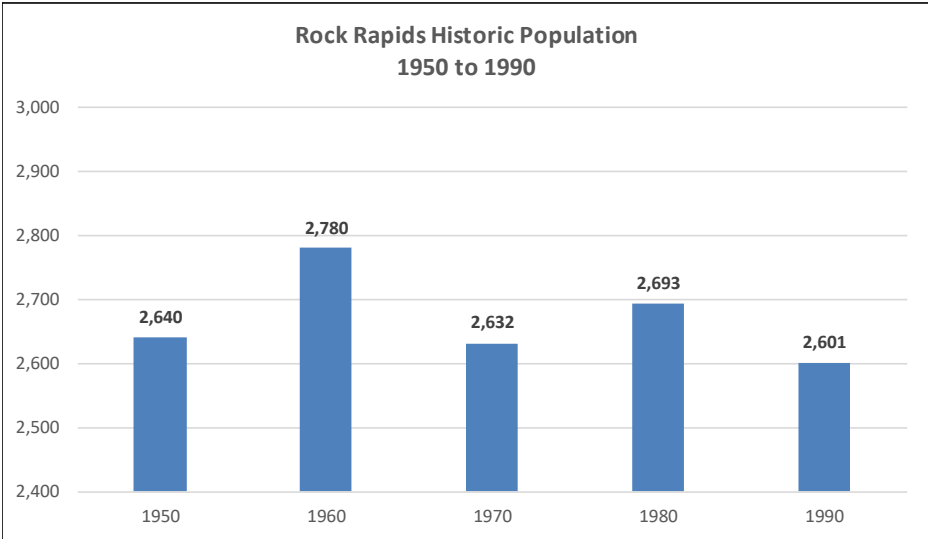
This section of the report examines factors related to the current and future demand for both owner and renter-occupied housing in Rock Rapids, Iowa. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types, household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

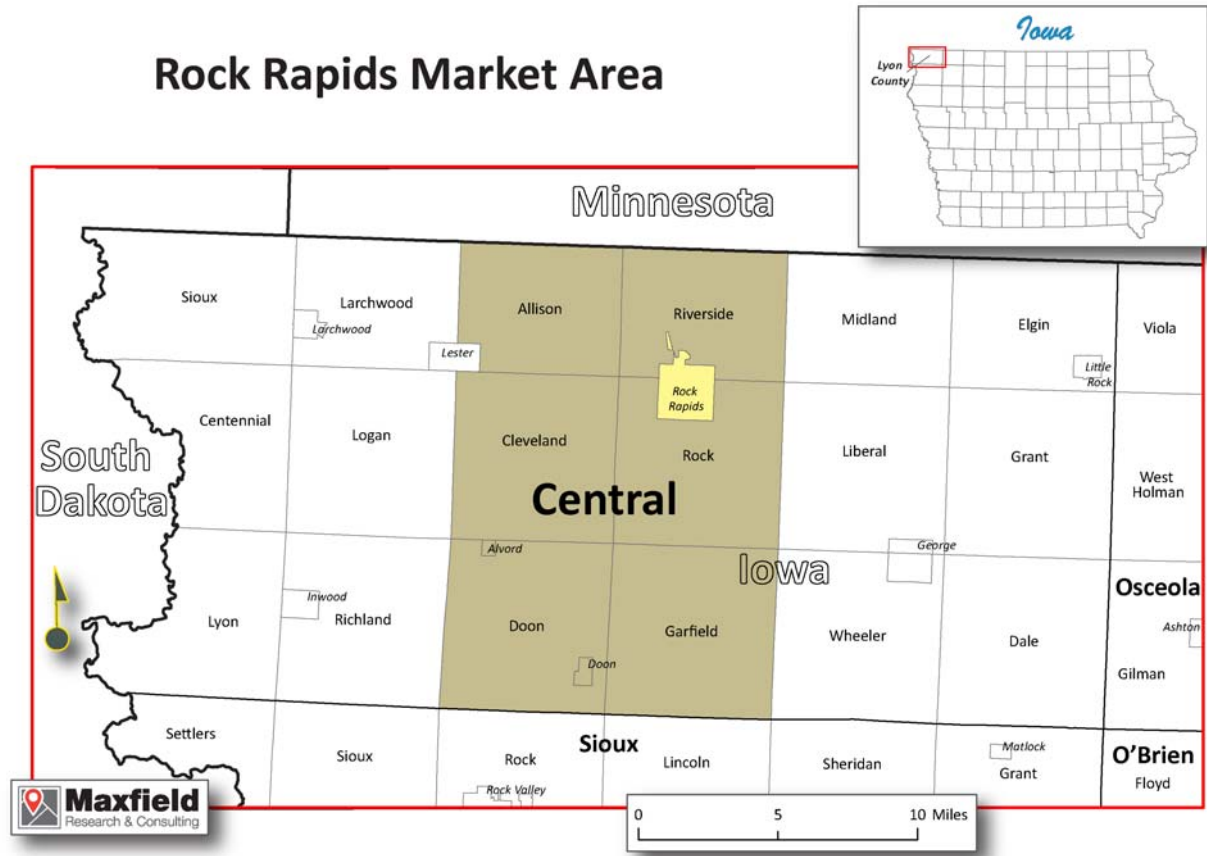
Market Area Definition

The primary draw area (Market Area) for housing in Rock Rapids was defined based on traffic patterns, community and school district boundaries, and our general knowledge of the draw area. The Market Area includes six townships (Allison, Cleveland, Doon, Garfield, Riverside, and Rock) surrounding Rock Rapids. This geographic area is defined throughout the report as the Central Lyon submarket. See the Market Area map on the following page.

Rock Rapids is the county seat in Lyon County. Lyon County is in northwest Iowa, just west of Osceola County. Rock Rapids is about 32 miles from Sioux Falls, South Dakota and 200 miles from the Twin Cities Metro Area.

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





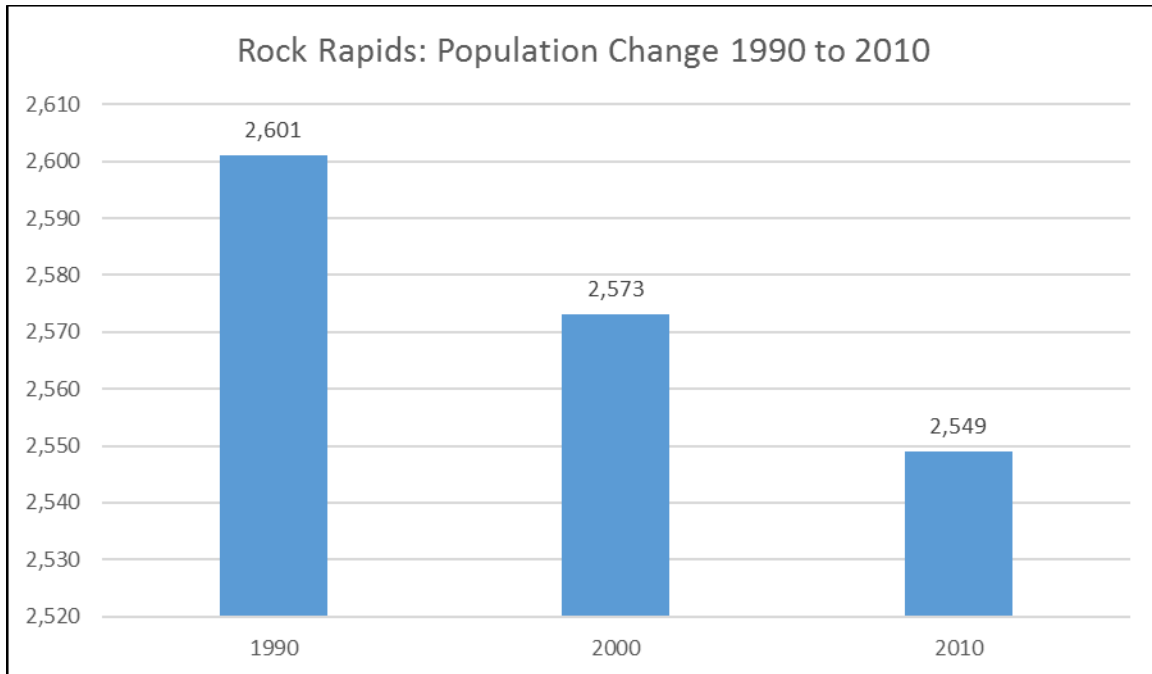
Historic Population and Household Growth from 1990 to 2010

Tables D-1 and D-2 presents the historic population and household growth for 1990 and 2010. The data is from the U.S. Census.

Population

- Rock Rapids’ population declined by 28 people (-1.1%) in the 1990s. The Central Lyon sub-market dropped by 153 people (-3%) in the 1990s. Overall, Lyon County increased by 139 people (3.2%) between 1990 & 2000.
- Growth was slow during the 2000s due to the Great Recession and housing and economic downturn. Rock Rapids’ population declined by 24 people (-0.9%) in the 2000s. The Central Lyon submarket increased by 76 people (1.5%) in the 2000s. Overall, Lyon County increased by 14 people (0.3%).

DEMOGRAPHIC ANALYSIS



**TABLE D-1
POPULATION GROWTH TRENDS AND PROJECTIONS
ROCK RAPIDS MARKET AREA
1990 - 2010**

	Historic Population			Change			
	Census			1990 - 2000		2000 - 2010	
	1990	2000	2010	No.	Pct.	No.	Pct.
Central Lyon Submarket							
Cities							
Alvord	204	187	196	-17	-8.3%	9	4.8%
Doon	476	533	577	57	12.0%	44	8.3%
Rock Rapids	2,601	2,573	2,549	-28	-1.1%	-24	-0.9%
Townships							
Allison township	208	182	246	-26	-12.5%	64	35.2%
Cleveland township	362	374	392	12	3.3%	18	4.8%
Doon township	416	368	321	-48	-11.5%	-47	-12.8%
Garfield township	355	323	309	-32	-9.0%	-14	-4.3%
Riverside township	263	251	260	-12	-4.6%	9	3.6%
Rock township	284	225	242	-59	-20.8%	17	7.6%
Central Lyon Submarket Subtotal	5,169	5,016	5,092	-153	-3.0%	76	1.5%
Lyon County Total	11,952	11,763	11,581	139	3.2	14	0.3

Sources: U.S. Census; State Data Center of Iowa; Maxfield Research Inc.

Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.

DEMOGRAPHIC ANALYSIS

- Rock Rapids gained 17 households during the 1990s (1.6%), increasing its household base to 1,085 households as of 2000. The Central Lyon submarket increased by 52 households during the decade (2.8% increase), increasing to 1,911 households.
- Household sizes have been decreasing slowly over the last two decades. This is the result of fewer persons in each household, caused by demographic and social trends such as increasing divorce rates, an increasing senior base, and couples' decisions to have fewer children or no children at all.

	Historic Households			Change			
	Census			1990 - 2000		2000 - 2010	
	1990	2000	2010	No.	Pct.	No.	Pct.
Central Lyon Submarket							
Cities							
Alvord	72	75	79	3	4.2	4	5.3
Doon	162	202	214	40	24.7	12	5.9
Rock Rapids	1,068	1,085	1,083	17	1.6	-2	-0.2
Townships							
Allison township	65	85	86	20	30.8	1	1.2
Cleveland township	103	103	109	0	0.0	6	5.8
Doon township	124	106	104	-18	-14.5	-2	-1.9
Garfield township	99	95	95	-4	-4.0	0	0.0
Riverside township	83	86	88	3	3.6	2	2.3
Rock township	83	74	83	-9	-10.8	9	12.2
Central Lyon Submarket Subtotal	1,859	1,911	1,941	52	2.8	30	1.6
Lyon County Total	4,289	4,428	4,442	139	3.2	14	0.3

Sources: U.S. Census; State Data Center of Iowa; Maxfield Research Inc.

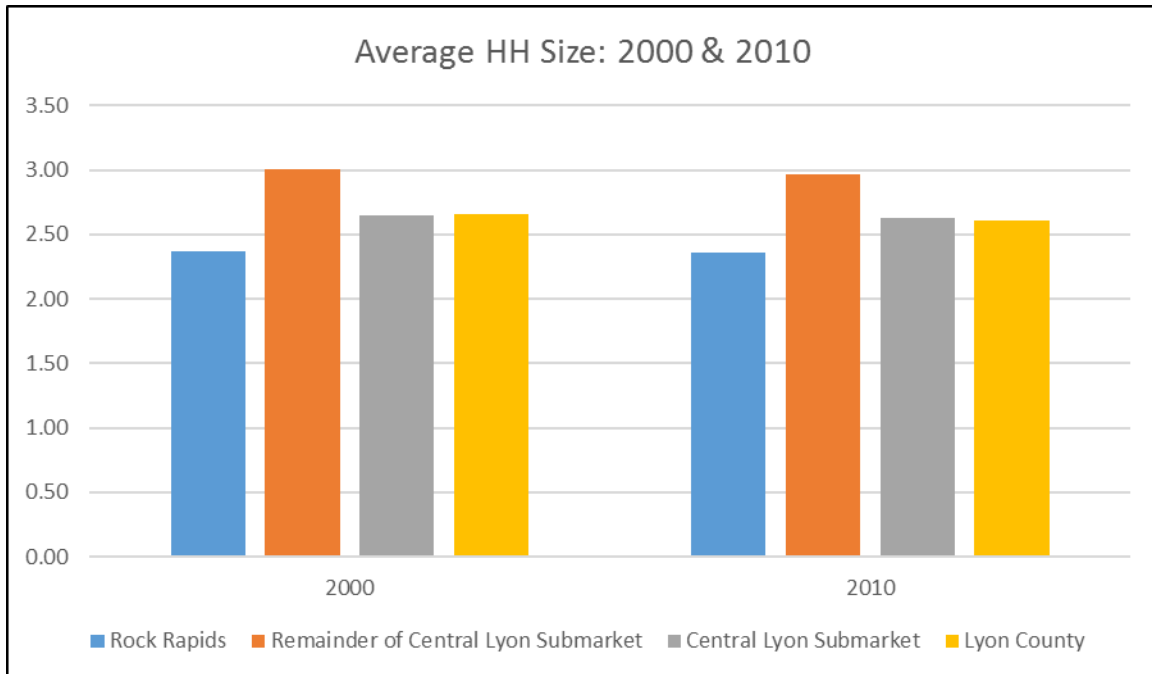
Household Size

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

The declining household size has been caused by many factors, including: aging of the population, higher divorce rates, cohabitation, smaller family sizes, demographic trends in marriage, etc. Most of these changes have resulted from shifts in societal values, the economy, and improvements in health care that have influenced how people organize their lives.

DEMOGRAPHIC ANALYSIS

- In 2000, the average household sizes range declined between 2.37 (Rock Rapids) and 2.65 (Central Lyon submarket). In Lyon County overall, the average household size was 2.66.
- By 2010, the average household sizes range declined between 2.35 (Rock Rapids) and 2.62 (Central Lyon submarket). In Lyon County overall, the average household size was 2.61.



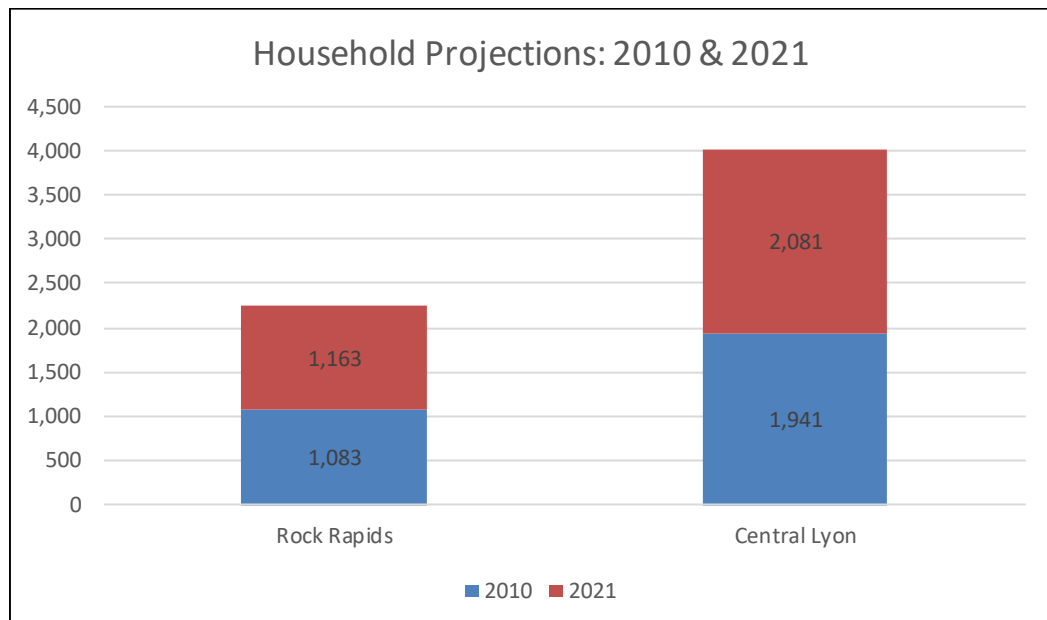
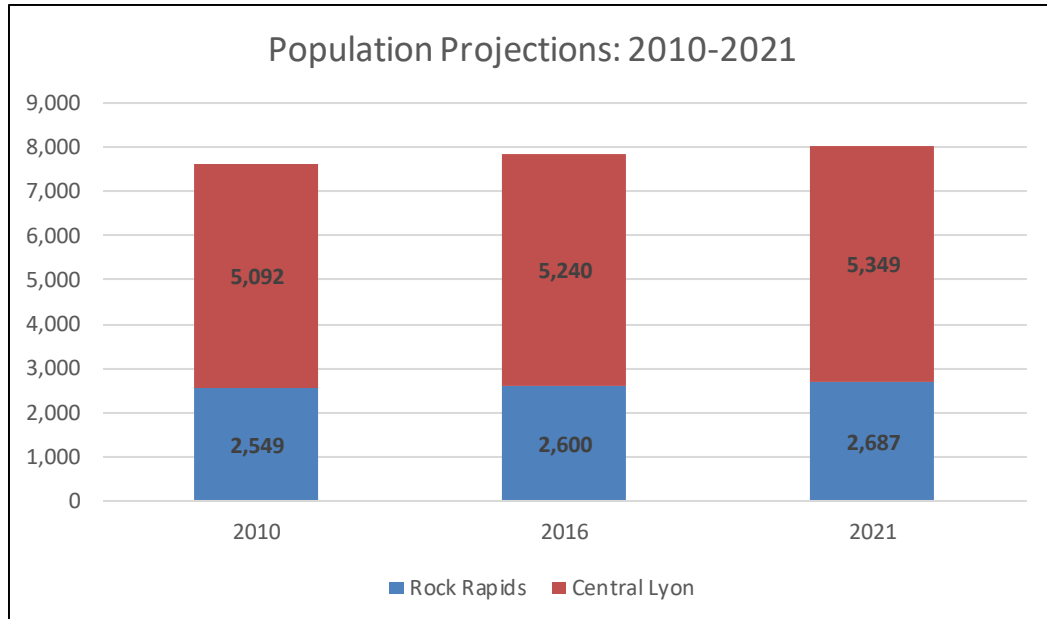
Population and Household Estimates and Projections

Table D-3 presents population and household growth estimates and projections for the Rock Rapids Market Area through 2025. Estimates for 2016 and projections through 2025 are based on information from ESRI (a national demographics service provider) with adjustments calculated by Maxfield Research and Consulting LLC. The adjustments are intended to reflect growth from building permit trends and reflect the impact of the Rock Rapids flood.

- Due to the rise in the housing market and local economy, we project that the City of Rock Rapids will increase during the next decade. We project that Rock Rapids will increase by 138 persons (5.4%) and 80 households (7.4%) between 2010 and 2021.
- Between 2000 and 2010, the population in the Central Lyon submarket increased by 36 persons (0.7%). It is projected to increase by 257 people (5%) between 2010 and 2021. The number of households is also projected to increase by 140 households (7.2%).

DEMOGRAPHIC ANALYSIS

- Overall, the Lyon County population is projected to increase between 2010 and 2021. The County is expected to increase by nearly 799 people (6.9%) by 2021, for a total of 12,380 people. Household growth is projected to increase by 375 households (8.4%) by 2021.



DEMOGRAPHIC ANALYSIS

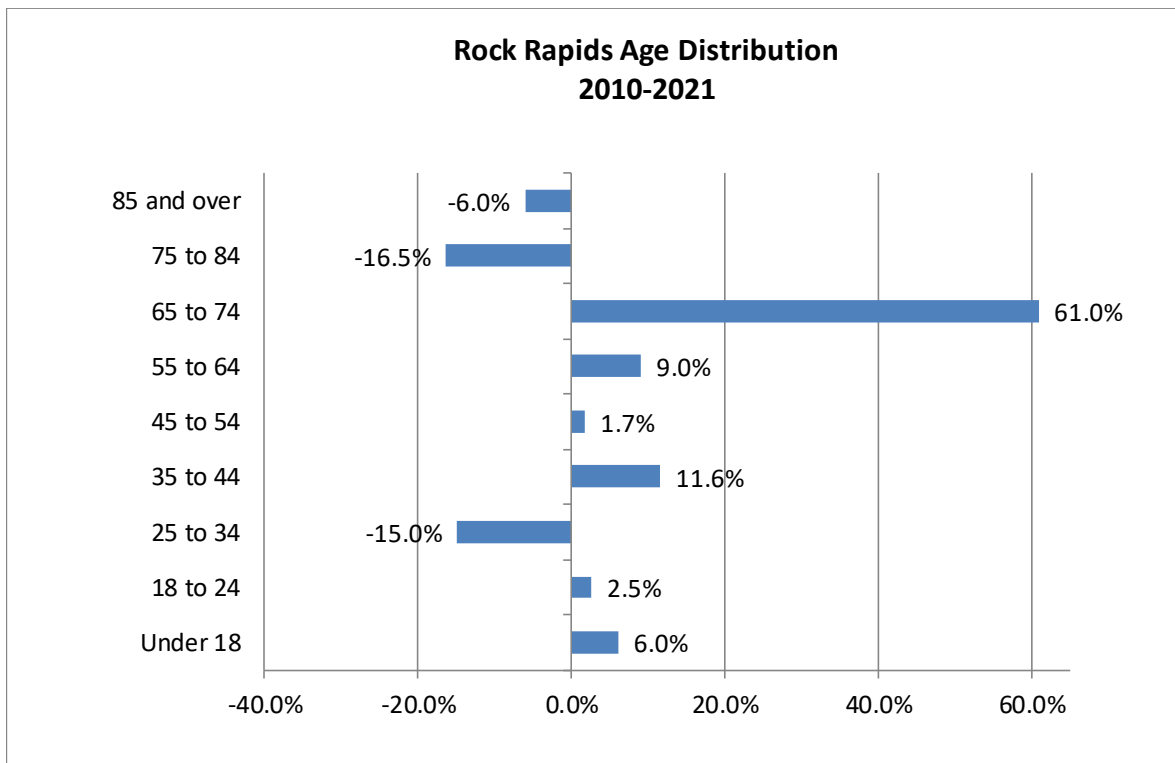
**TABLE D-3
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
ROCK RAPIDS MARKET AREA
2000 to 2025**

	U.S. Census		Estimate	Forecast	Forecast	Change			
	2000	2010	2016	2021	2025	2000 to 2010		2010 to 2021	
						No.	Pct.	No.	Pct.
POPULATION									
Rock Rapids	2,573	2,549	2,600	2,687	2,767	-24	-0.9	138	5.4
Remainder of Central Lyon Submarket	2,483	2,543	2,640	2,662	2,701	60	2.4	119	4.7
Central Lyon Submarket	5,056	5,092	5,240	5,349	5,468	36	0.7	257	5.0
Lyon County	11,763	11,581	12,023	12,380	12,666	-182	-1.5	799	6.9
HOUSEHOLDS									
Rock Rapids	1,085	1,083	1,118	1,163	1,203	-2	-0.2	80	7.4
Remainder of Central Lyon Submarket	826	858	898	918	938	32	3.9	60	7.0
Central Lyon Submarket	1,911	1,941	2,016	2,081	2,141	30	1.6	140	7.2
Lyon County	4,428	4,442	4,642	4,817	4,967	14	0.3	375	8.4
Household Size									
<i>Rock Rapids</i>	<i>2.37</i>	<i>2.35</i>	<i>2.33</i>	<i>2.31</i>	<i>2.30</i>				
<i>Remainder of Central Lyon Submarket</i>	<i>3.01</i>	<i>2.96</i>	<i>2.94</i>	<i>2.90</i>	<i>2.88</i>				
<i>Central Lyon Submarket</i>	<i>2.65</i>	<i>2.62</i>	<i>2.60</i>	<i>2.57</i>	<i>2.55</i>				
<i>Lyon County</i>	<i>2.66</i>	<i>2.61</i>	<i>2.59</i>	<i>2.57</i>	<i>2.55</i>				
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC									

Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-4 shows the distribution of persons within nine age cohorts for Rock Rapids and the Central Lyon submarket in 2000 and 2010 with estimates for 2016 and projections for 2021. The 2000 and 2010 age distribution is from the U.S. Census Bureau and the 2016 figures are an estimate based on 2010 Census data. Maxfield Research and Consulting LLC derived the 2021 projections by adjustments made to data obtained from ESRI. The following are key points from the table.

- The majority of the growth this decade in Rock Rapids occurred in the 65 to 74 age cohort (61%).
- Rock Rapids population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, increased by 11.5% between 2000 and 2010, and is projected to decrease (-9.1%) between 2010 and 2021.



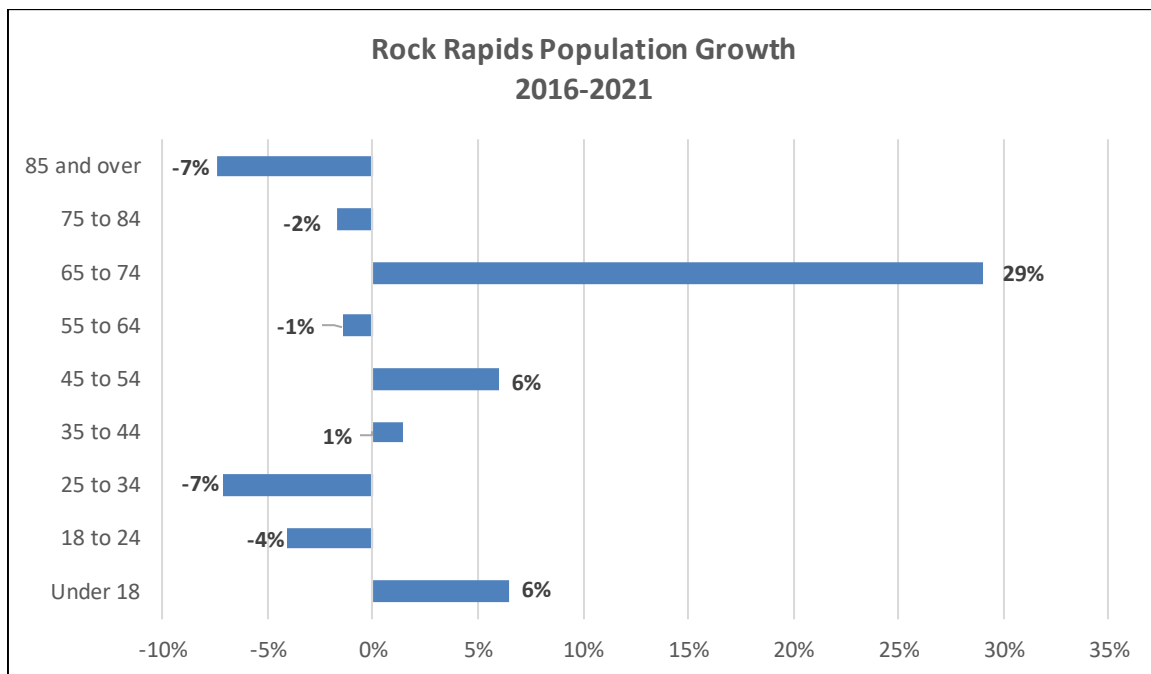
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TABLE D-4 POPULATION AGE DISTRIBUTION ROCK RAPIDS MARKET AREA 2000 to 2021								
Age	Census		Estimate	Projection	Change			
	2000	2010	2016	2021	2000-2010		2010-2021	
	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Rock Rapids								
Under 18	604	621	618	658	17	2.8	37	6.0
18 to 24	160	160	171	164	0	0.0	4	2.5
25 to 34	247	294	269	250	47	19.0	-44	-15.0
35 to 44	332	291	320	325	-41	-12.3	34	11.6
45 to 54	356	312	299	317	-44	-12.4	5	1.7
55 to 64	203	314	347	342	111	54.7	28	9.0
65 to 74	276	193	241	311	-83	-30.1	118	61.0
75 to 84	265	216	184	180	-49	-18.5	-36	-16.5
85 and over	130	148	150	139	18	13.8	-9	-6.0
Subtotal	2,573	2,549	2,600	2,687	-24	-0.9	138	5.4
Remainder of Central Lyon								
Under 18	822	834	816	850	12	1.5	16	2.0
18 to 24	221	200	206	172	-21	-9.5	-28	-13.8
25 to 34	297	270	300	282	-27	-9.1	12	4.5
35 to 44	378	299	302	300	-79	-20.9	1	0.3
45 to 54	293	367	330	298	74	25.3	-69	-18.7
55 to 64	198	285	341	356	87	43.9	71	24.9
65 to 74	171	145	217	265	-26	-15.2	120	82.9
75 to 84	90	115	95	103	25	27.8	-12	-10.4
85 and over	13	28	34	34	15	115.4	6	22.2
Subtotal	2,483	2,543	2,640	2,662	60	2.4	119	4.7
Central Lyon								
Under 18	1,426	1,455	1,434	1,509	29	2.0	54	3.7
18 to 24	381	360	377	336	-21	-5.5	-24	-6.6
25 to 34	544	564	569	532	20	3.7	-32	-5.6
35 to 44	710	590	622	625	-120	-16.9	35	5.9
45 to 54	649	679	629	616	30	4.6	-63	-9.3
55 to 64	401	599	689	698	198	49.4	99	16.6
65 to 74	447	338	458	576	-109	-24.4	238	70.4
75 to 84	355	331	279	283	-24	-6.8	-48	-14.4
85 and over	143	176	184	173	33	23.1	-3	-1.5
Subtotal	5,056	5,092	5,240	5,349	36	0.7	257	5.0
Lyon County								
Under 18	3,293	3,205	3,192	3,394	-88	-2.7	189	5.9
18 to 24	899	765	842	756	-134	-14.9	-9	-1.2
25 to 34	1,244	1,348	1,311	1,182	104	8.4	-166	-12.3
35 to 44	1,653	1,306	1,397	1,515	-347	-21.0	209	16.0
45 to 54	1,495	1,595	1,474	1,377	100	6.7	-218	-13.7
55 to 64	968	1,414	1,611	1,669	446	46.1	255	18.0
65 to 74	1,067	833	1,098	1,350	-234	-21.9	517	62.0
75 to 84	801	753	713	743	-48	-6.0	-10	-1.3
85 and over	343	362	385	395	19	5.5	33	9.0
Total	11,763	11,581	12,023	12,380	-182	-1.5	799	6.9

Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting LLC

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- Mirroring trends observed across the Nation, the aging baby boomer generation is substantially impacting the composition of the Market Area’s population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64. As of 2016, baby boomers accounted for an estimated 22.2% of the Market Area’s population.
- The 65 to 74 age cohort is projected to have the greatest growth increasing by 118 people (61%) in the PMA. The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.



Household Income by Age of Householder

The estimated distribution of household incomes in Rock Rapids and the Central Lyon submarket for 2016 and 2021 are shown in Tables D-5 and D-6. The data was estimated by Maxfield Research and Consulting LLC based on income trends provided by ESRI. The data helps ascer-

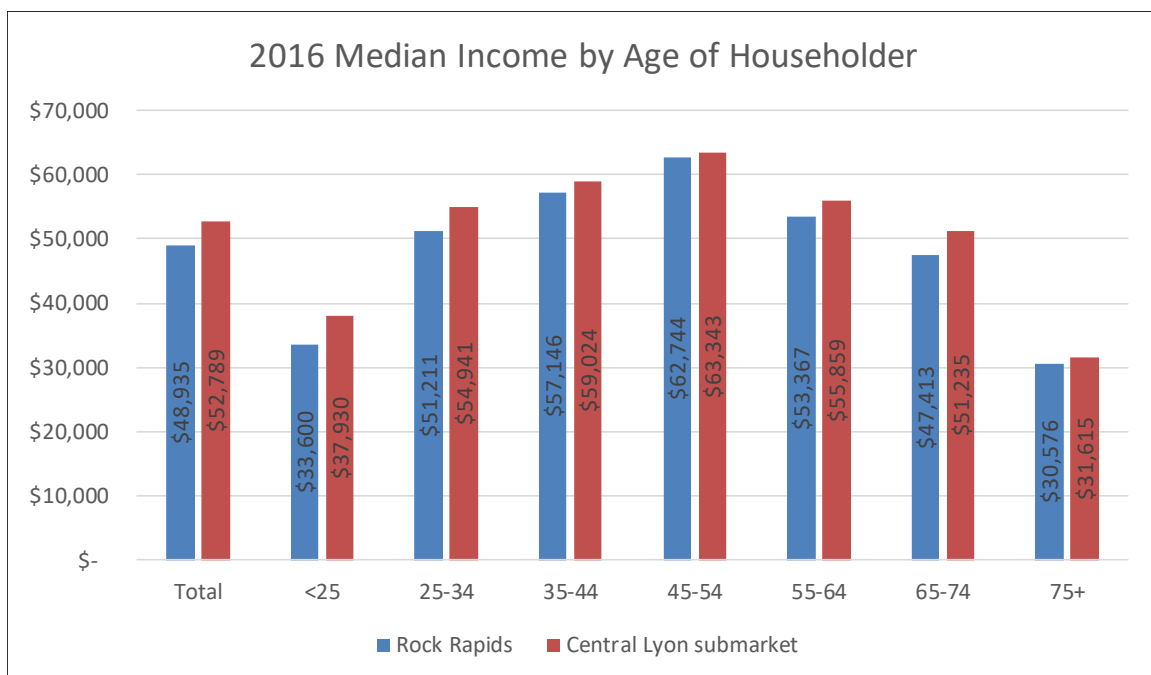
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tain the demand for different housing products based on the size of the market at specific cost levels.

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

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$40,000 income would translate to an affordable single-family home of \$120,000 to \$140,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- Rock Rapids had an estimated median household income of \$48,935 in 2016. It is projected to increase over the next five years to \$54,271 in 2021 (+10.9%).
- With a household income of \$51,211, a younger household (the median household income for the 25 to 34 cohort in Rock Rapids) could afford a monthly housing cost of about \$1,280, based on an allocation of 30% of income toward housing. A senior household (65+) with an income of \$37,118 (the median household income of seniors in Rock Rapids) could afford a monthly housing cost of \$1,237, based on an allocation of 40% of income toward housing.



Non-Senior Households

- In 2016, 7.5% of the non-senior (under age 65) households in Rock Rapids had incomes under \$15,000 (56 households). All of these households would be eligible for subsidized rental housing. Another 9.5% of Rock Rapids' non-senior households had incomes between \$15,000 and \$25,000 (72 households). Many of these households would qualify for subsidized housing, but many could also afford "affordable" or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.
- Median incomes for households in Rock Rapids peak at \$62,744 for the 45 to 54 age group in 2016. Households in this age group are in their peak earning years. By 2021, the median income for the 45 to 54 age group is projected to increase to \$75,00, a 19.5% increase.
- The median resale price of homes in Rock Rapids was roughly \$127,000 through 2015 (see Table FS-1). The income required to afford a home at this price would be about \$36,286 to \$42,333 based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).

Senior Households

- The oldest householders are likely to have lower incomes in 2016. In Rock Rapids, 11% of households ages 65 to 74 had incomes below \$15,000, compared to 18.7% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2016 median income for Market Area householders age 65 to 74 and 75+ are \$47,413, and \$30,576, respectively.
- Generally, senior households with incomes greater than \$35,000 can afford market rate senior housing. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$1,000. About 189 senior households in Rock Rapids (51.4% of senior households) had incomes above \$35,000 in 2016.
- There were an estimated 97 older senior (ages 75 and over) households with incomes greater than \$35,000 in 2016. Seniors age 75 and over are the primary market for assisted living housing.
- The median income for seniors age 65+ in the Market Area is \$37,118 in 2016. It is projected to increase by \$2,877 (7.8%) to \$39,995 by 2021.

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**TABLE D-5
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
ROCK RAPIDS
2016 & 2021**

	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65-74	75+
2016								
Less than \$15,000	114	5	8	13	9	20	16	42
\$15,000 to \$24,999	127	6	14	15	13	24	14	42
\$25,000 to \$34,999	145	11	18	19	15	18	21	44
\$35,000 to \$49,999	182	7	29	28	23	31	24	39
\$50,000 to \$74,999	256	7	39	41	44	52	41	32
\$75,000 to \$99,999	129	3	18	24	26	33	11	15
\$100,000 or more	164	2	19	41	44	29	17	12
Total	1,118	42	145	181	175	206	143	225
Median Income	\$48,935	\$33,600	\$51,211	\$57,146	\$62,744	\$53,367	\$47,413	\$30,576
2021								
Less than \$15,000	119	8	9	12	9	18	20	43
\$15,000 to \$24,999	126	7	12	16	12	22	17	40
\$25,000 to \$34,999	156	11	17	20	14	19	30	45
\$35,000 to \$49,999	112	4	17	14	14	18	20	24
\$50,000 to \$74,999	267	8	38	42	42	49	56	32
\$75,000 to \$99,999	165	3	21	30	32	41	19	18
\$100,000 or more	218	2	22	52	60	39	26	17
Total	1,163	43	136	187	185	206	187	219
Median Income	\$54,271	\$30,516	\$56,158	\$66,253	\$75,000	\$60,612	\$51,755	\$29,967
Change 2016 - 2021								
Less than \$15,000	5	3	0	-0	-1	-2	4	1
\$15,000 to \$24,999	-2	0	-1	1	-0	-2	3	-2
\$25,000 to \$34,999	11	1	-1	1	-0	1	9	0
\$35,000 to \$49,999	-70	-3	-13	-14	-9	-13	-4	-14
\$50,000 to \$74,999	11	0	-1	1	-2	-3	15	1
\$75,000 to \$99,999	35	0	3	6	6	9	8	3
\$100,000 or more	54	0	3	11	16	9	9	5
Total	45	1	-10	6	10	-0	44	-6
Median Income	\$5,336	-\$3,084	\$4,947	\$9,107	\$12,256	\$7,245	\$4,342	-\$609

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

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**TABLE D-6
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
CENTRAL LYON
2016 & 2021**

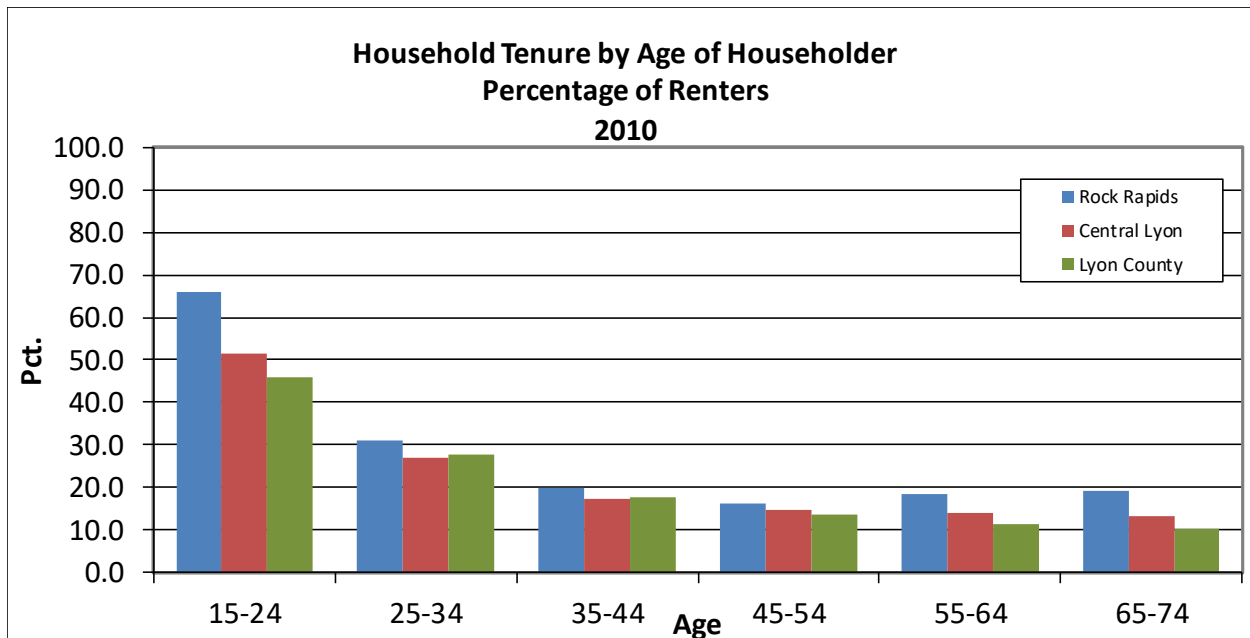
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	
2016								
Less than \$15,000	176	9	14	20	19	33	24	58
\$15,000 to \$24,999	208	11	23	25	24	41	24	61
\$25,000 to \$34,999	210	13	27	29	23	30	31	58
\$35,000 to \$49,999	325	15	52	49	45	58	46	59
\$50,000 to \$74,999	525	17	84	86	101	107	85	44
\$75,000 to \$99,999	257	6	35	45	57	67	23	25
\$100,000 or more	316	3	47	73	83	60	32	17
Total	2,016	76	283	327	351	395	264	321
Median Income	\$52,789	\$37,930	\$54,941	\$59,024	\$63,343	\$55,859	\$51,235	\$31,615
2021								
Less than \$15,000	182	12	15	21	17	28	29	61
\$15,000 to \$24,999	199	10	20	22	21	37	27	62
\$25,000 to \$34,999	225	15	24	29	21	32	44	60
\$35,000 to \$49,999	184	8	27	22	24	31	34	38
\$50,000 to \$74,999	544	19	82	89	88	105	114	47
\$75,000 to \$99,999	332	7	42	59	69	84	39	32
\$100,000 or more	415	3	58	91	105	82	49	27
Total	2,081	74	267	333	345	399	336	327
Median Income	\$58,828	\$35,702	\$61,464	\$68,395	\$75,387	\$64,252	\$54,702	\$31,064
Change 2016 - 2021								
Less than \$15,000	6	2	0	1	-2	-5	6	3
\$15,000 to \$24,999	-9	-1	-3	-3	-3	-4	4	1
\$25,000 to \$34,999	15	1	-3	1	-2	3	13	2
\$35,000 to \$49,999	-141	-7	-25	-27	-21	-26	-13	-21
\$50,000 to \$74,999	18	1	-3	3	-13	-2	29	3
\$75,000 to \$99,999	75	1	7	13	13	17	16	8
\$100,000 or more	99	0	10	18	21	22	17	10
Total	65	-2	-16	6	-6	4	72	6
Median Income	\$6,039	-\$2,228	\$6,523	\$9,371	\$12,044	\$8,393	\$3,467	-\$551

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

Tenure by Age of Householder

Table D-7 shows the number of owner and renter households in the Market Area by age group in 2000 and 2010. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual’s life cycle. The following are key findings from Table D-7.

- In 2000, 79% of all households in Rock Rapids owned their housing. By 2010, that percentage decreased to 76.1%. Typically, homeownership rates decreased during the 2000s as it became more difficult for households to secure mortgage loans, households delayed purchasing homes due to the uncertainty of the housing market, and foreclosures forced households out of their homes.
- In 2000, 80.9% of all households in the Central Lyon submarket owned their own housing. By 2010, that percentage was consistent at 80.8%.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.



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**TABLE D-7
TENURE BY AGE OF HOUSEHOLDER
ROCK RAPIDS MARKET AREA
2000 & 2010**

Age	Rock Rapids				Central Lyon Submarket				Lyon County				Iowa				
	2000		2010		2000		2010		2000		2010		2000		2010		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
15-24	Own	18	35.3	15	34.1	40	42.1	38	48.7	84	42.4	90	54.2	15,311	20.6	14,484	20.1
	Rent	33	64.7	29	65.9	55	57.9	40	51.3	114	57.6	76	45.8	59,125	79.4	57,638	79.9
	Total	51	100.0	44	100.0	95	100.0	78	100.0	198	100.0	166	100.0	74,436	100.0	72,122	100.0
25-34	Own	89	65.9	108	68.8	201	72.3	207	73.1	464	73.2	486	72.1	102,001	55.8	107,397	56.3
	Rent	46	34.1	49	31.2	77	27.7	76	26.9	170	26.8	188	27.9	80,687	44.2	83,407	43.7
	Total	135	100.0	157	100.0	278	100.0	283	100.0	634	100.0	674	100.0	182,688	100.0	190,804	100.0
35-44	Own	151	80.7	128	80.0	317	81.9	256	82.6	704	80.4	567	82.2	178,858	74.1	144,288	73.2
	Rent	36	19.3	32	20.0	70	18.1	54	17.4	172	19.6	123	17.8	62,426	25.9	52,747	26.8
	Total	187	100.0	160	100.0	387	100.0	310	100.0	876	100.0	690	100.0	241,284	100.0	197,035	100.0
45-54	Own	159	81.1	151	83.9	291	82.4	320	85.1	685	84.7	750	86.3	182,590	81.8	194,528	78.9
	Rent	37	18.9	29	16.1	62	17.6	56	14.9	124	15.3	119	13.7	40,596	18.2	52,041	21.1
	Total	196	100.0	180	100.0	353	100.0	376	100.0	809	100.0	869	100.0	223,186	100.0	246,569	100.0
55-64	Own	104	88.9	149	81.4	200	90.9	297	86.1	472	89.7	710	88.8	128,186	85.7	184,322	83.7
	Rent	13	11.1	34	18.6	20	9.1	48	13.9	54	10.3	90	11.3	21,429	14.3	35,774	16.3
	Total	117	100.0	183	100.0	220	100.0	345	100.0	526	100.0	800	100.0	149,615	100.0	220,096	100.0
65-74	Own	152	89.9	92	80.7	241	89.3	169	86.7	592	90.9	441	89.8	113,506	85.6	119,375	85.3
	Rent	17	10.1	22	19.3	29	10.7	26	13.3	59	9.1	50	10.2	19,069	14.4	20,641	14.7
	Total	169	100.0	114	100.0	270	100.0	195	100.0	651	100.0	491	100.0	132,575	100.0	140,016	100.0
75-84	Own	138	81.7	126	81.3	200	85.1	202	84.2	468	86.7	449	87.0	86,011	79.2	84,024	80.0
	Rent	31	18.3	29	18.7	35	14.9	38	15.8	72	13.3	67	13.0	22,525	20.8	20,990	20.0
	Total	169	100.0	155	100.0	235	100.0	240	100.0	540	100.0	516	100.0	108,536	100.0	105,014	100.0
85+	Own	45	73.8	55	61.1	56	76.7	79	69.3	153	78.9	176	74.6	24,956	67.5	32,217	64.5
	Rent	16	26.2	35	38.9	17	23.3	35	30.7	41	21.1	60	25.4	12,000	32.5	17,703	35.5
	Total	61	100.0	90	100.0	73	100.0	114	100.0	194	100.0	236	100.0	36,956	100.0	49,920	100.0
TOTAL	Own	856	78.9	824	76.1	1,546	80.9	1,568	80.8	3,622	81.8	3,669	82.6	831,419	72.3	880,635	72.1
	Rent	229	21.1	259	23.9	365	19.1	373	19.2	806	18.2	773	17.4	317,857	27.7	340,941	27.9
	Total	1,085	100.0	1,083	100.0	1,911	100.0	1,941	100.0	4,428	100.0	4,442	100.0	1,149,276	100.0	1,221,576	100.0

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

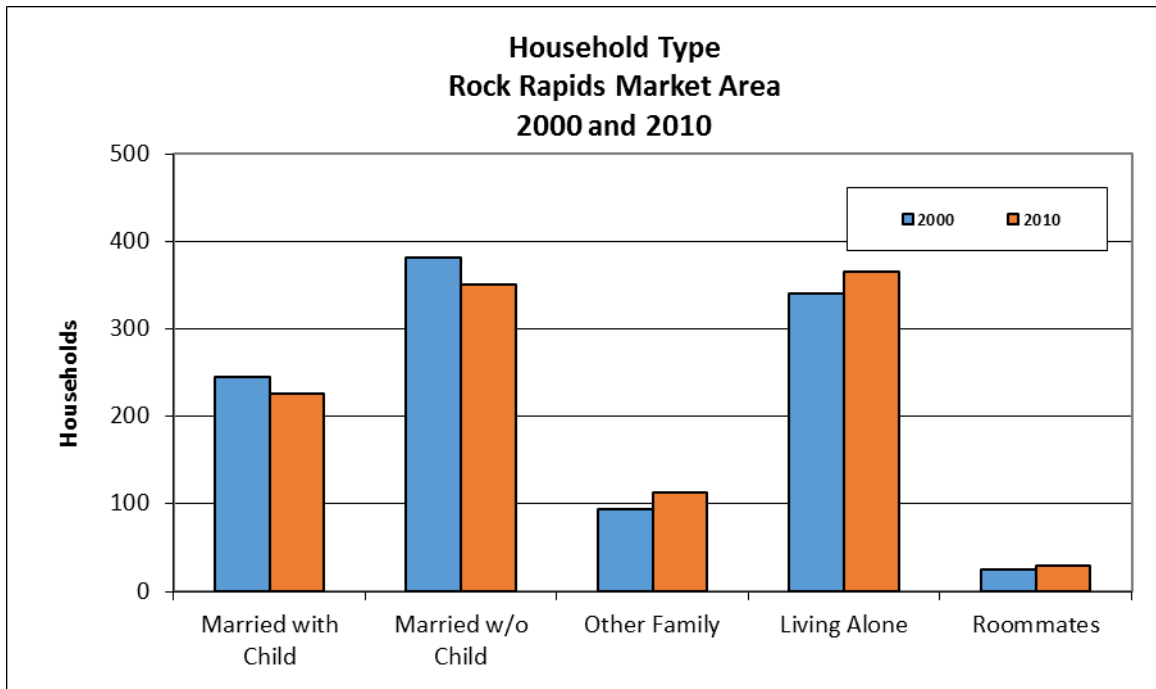
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- In 2010, 66% of Rock Rapid's households between the ages of 15 and 24 rented their housing, compared to 31% of households between the ages of 25 and 34. Householders between 35 and 64 were overwhelmingly homeowners, with no more than 20% of the householders in each 10-year age cohort renting their housing.
- The higher homeownership rates in the Central Lyon submarket (80.8%) compared to the City of Rock Rapids (76.1%) reflects the rural character of the area, where traditional agricultural land use and lack of infrastructure typically cannot support higher density rental housing. In addition, homeownership is more feasible in outlying rural areas because the cost of owning a single-family home is typically lower than in municipalities.

Household Type

Table D-8 shows a breakdown of the type of households present in the Rock Rapids Market Area in 2000 and 2010. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2000 and 2010, Rock Rapids experienced an increase in all types of households except families that are married with children (-7.8%) and married without children (-8.1%).
- Rock Rapids had an increase in other family households (a gain of 19 households, or 20.2%). Other families include single-parents and unmarried couples with children. With only one income, these families are most likely to need affordable or modest housing, both rental and for-sale.
- To some extent, differences between Rock Rapids and the Central Lyon submarket reflect the availability of a wider range of housing options in Rock Rapids compared to the rural areas. For example, non-family householders tend to rent their housing more so than the other categories. This category includes many elderly widows as well as young persons. Young people typically do not have sufficient incomes to purchase housing, while single seniors are more likely to move to multifamily housing to shed the burden of home maintenance and to have more opportunities for socialization. About 36% of Rock Rapids' households were non-family households in 2010, while only 29% of the Central Lyon submarket's households was non-family. This reflects the availability of multifamily rental housing in Rock Rapids.



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**TABLE D-8
HOUSEHOLD TYPE
ROCK RAPIDS MARKET AREA
2000 & 2010**

Number of Households	Total HH's		Family Households						Non-Family Households			
	2000	2010	Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
			2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Rock Rapids	1,085	1,083	381	350	245	226	94	113	340	365	25	29
Central Lyon	1,911	1,941	694	684	583	532	128	159	467	520	39	46
Lyon County Total	4,428	4,442	1,605	1,666	1,365	1,205	294	366	1,075	1,093	89	112
Percent of Total												
Rock Rapids	100.0	100.0	35.1	32.3	22.6	20.9	8.7	10.4	31.3	33.7	2.3	2.7
Central Lyon	100.0	100.0	36.3	35.2	30.5	27.4	6.7	8.2	24.4	26.8	2.0	2.4
Lyon County Total	100.0	100.0	36.2	37.5	30.8	27.1	6.6	8.2	24.3	24.6	2.0	2.5
Change												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Rock Rapids	-2	-0.2	-31	-8.1	-19	-7.8	19	20.2	25	7.4	4	16.0
Central Lyon	30	1.6	-10	-1.4	-51	-8.7	31	24.2	53	11.3	7	17.9
Lyon County Total	14	0.3	61	3.8	-160	-11.7	72	24.5	18	1.7	23	25.8

* Single-parent families, unmarried couples with children.

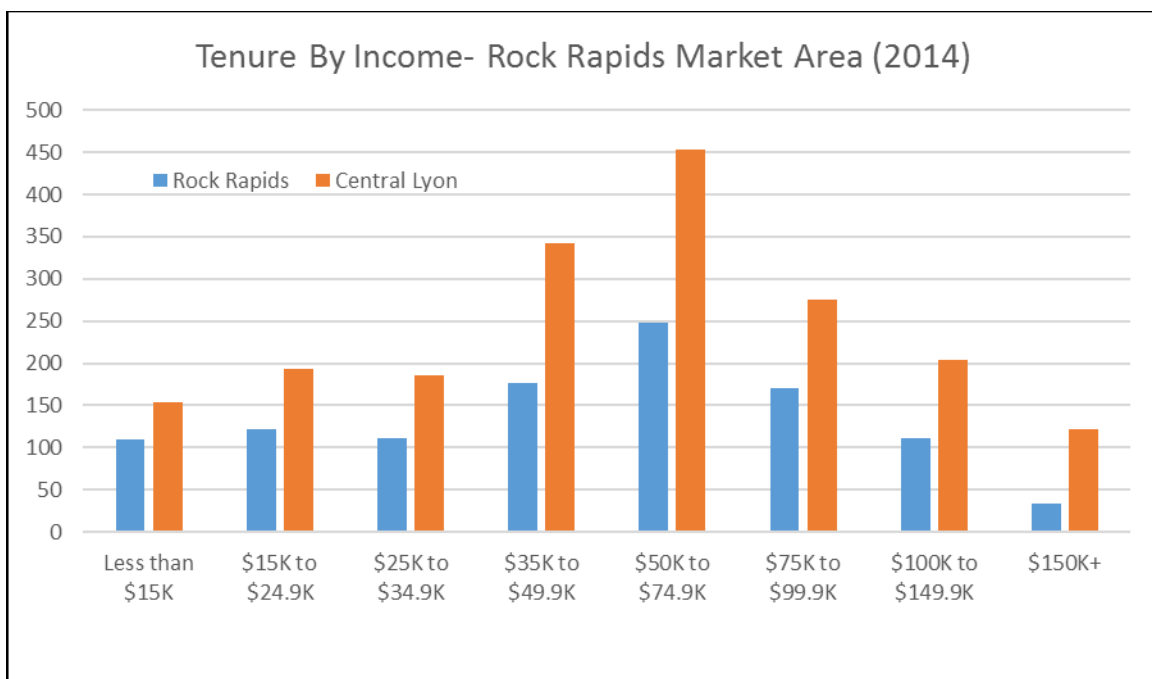
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

Tenure by Household Income

Table D-9 shows estimated household tenure by income in the Rock Rapids Market Area according to data from the 2010-2014 American Community Survey.

As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household’s income. It is important to note that the higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households, spend more than 30% of their income on housing, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income to housing.

- Typically, as income increases, so does the rate of homeownership. This can be seen in the Rock Rapids, where the homeownership rate increases from 33% of households with incomes below \$15,000 to over 90% of households with incomes above \$75,000.
- A portion of renter households that are referred to as lifestyle renters, or those who are financially able to own but choose to rent, have household incomes above \$50,000 and rent newer apartments (about 26% of Rock Rapid’s renter households). A smaller segment of lifestyle renters could also have lower incomes and be living in older apartments.
- Households with incomes below \$15,000 are the typical market for deep subsidy rental housing (approximately 27% of renter households in Rock Rapids) whereas those with incomes between \$15,000 and \$30,000 are the market for affordable rental housing (23% of renter households in Rock Rapids).



DEMOGRAPHIC ANALYSIS

TABLE D-9 ROCK RAPIDS MARKET AREA LYON COUNTY 2014								
Income	ROCK RAPIDS				CENTRAL LYON			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	36	33.0%	73	67.0%	59	38.6%	94	61.4%
\$15,000 to \$24,999	78	63.9%	44	36.1%	129	66.8%	64	33.2%
\$25,000 to \$34,999	75	67.6%	36	32.4%	142	76.3%	44	23.7%
\$35,000 to \$49,999	127	72.2%	49	27.8%	290	84.5%	53	15.5%
\$50,000 to \$74,999	220	88.7%	28	11.3%	409	90.3%	44	9.7%
\$75,000 to \$99,999	154	90.6%	16	9.4%	240	87.3%	35	12.7%
\$100,000 to \$149,999	95	86%	16	14.4%	168	82.4%	36	17.6%
\$150,000+	23	67.6%	11	32.4%	111	91.0%	11	9.0%
Total	808	74.7%	273	25.3%	1,548	80.2%	381	19.8%

Income	LYON COUNTY				IOWA			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	248	61.4%	156	38.6%	52,549	37.2%	88,841	62.8%
\$15,000 to \$24,999	329	70.0%	141	30.0%	69,890	52.6%	62,926	47.4%
\$25,000 to \$34,999	348	71.6%	138	28.4%	83,450	61.7%	51,717	38.3%
\$35,000 to \$49,999	543	85.1%	95	14.9%	128,205	70.3%	54,158	29.7%
\$50,000 to \$74,999	1,023	89.7%	117	10.3%	196,658	80.0%	49,185	20.0%
\$75,000 to \$99,999	519	84.5%	95	15.5%	145,720	87.9%	20,022	12.1%
\$100,000 to \$149,999	420	91%	44	9.5%	137,910	93.3%	9,831	6.7%
\$150,000+	263	94.3%	16	5.7%	71,560	94.8%	3,925	5.2%
Total	3,693	82.2%	802	17.8%	885,942	72.2%	340,605	27.8%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

Tenure by Household Size

Table D-10 shows the distribution of households by size and tenure in Rock Rapids Market Area in 2014. This data is useful in that it sheds insight into the number of units by unit type that may be most needed in the Rock Rapids Market Area.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children as well as older adults and seniors who choose to downsize from their single-family homes.

DEMOGRAPHIC ANALYSIS

- An estimated 82% of renter households in Rock Rapids in 2014 have either one or two people. The one-person households would primarily seek one-bedroom units and two-person households that are couple would primarily seek one-bedroom units. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units. Larger households would seek units with multiple bedrooms.

TABLE D-10 HOUSEHOLD SIZE BY TENURE ROCK RAPIDS MARKET AREA 2014								
Size	ROCK RAPIDS				CENTRAL LYON			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1PP Household	193	23.9%	138	50.5%	285	18.4%	181	47.5%
2PP Household	343	42.5%	87	31.9%	654	42.2%	111	29.1%
3PP Household	106	13.1%	17	6.2%	179	11.6%	21	5.5%
4PP Household	114	14.1%	4	1.5%	179	11.6%	33	8.7%
5PP Household	33	4.1%	16	5.9%	101	6.5%	20	5.2%
6PP Household	7	0.9%	11	4.0%	74	4.8%	15	3.9%
7PP+ Household	12	1.5%	0	0.0%	76	4.9%	0	0.0%
Total	808	100%	273	100%	1,548	100%	381	100%

Units in Structure	LYON COUNTY				IOWA			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1PP Household	770	20.9%	362	45.1%	203,490	23.1%	159,042	43.5%
2PP Household	1,595	43.2%	203	25.3%	369,225	41.9%	100,726	27.5%
3PP Household	405	11.0%	77	9.6%	117,917	13.4%	44,003	12.0%
4PP Household	383	10.4%	61	7.6%	109,730	12.4%	33,423	9.1%
5PP Household	304	8.2%	58	7.2%	53,313	6.0%	18,226	5.0%
6PP Household	134	3.6%	39	4.9%	19,132	2.2%	7,249	2.0%
7PP+ Household	102	2.8%	2	0.2%	8,673	1.0%	3,100	0.8%
Total	3,693	100%	802	100%	881,480	100%	365,769	100%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

Demographic Summary

- Due to the rise in the housing market and local economy, we project that the City of Rock Rapids will increase during the next decade. We project that Rock Rapids will increase by 138 persons (5.4%) and 80 households (7.4%) between 2010 and 2021.
- The majority of the growth this decade in Rock Rapids occurred in the 65 to 74 age cohort (61%).
- Rock Rapids had an estimated median household income of \$48,935 in 2016. It is projected to increase over the next five years to \$54,271 in 2021 (+10.9%).
- With a household income of \$51,211, a younger household (the median household income for the 25 to 34 cohort in Rock Rapids) could afford a monthly housing cost of about \$1,280, based on an allocation of 30% of income toward housing. A senior household (65+) with an income of \$37,118 (the median household income of seniors in Rock Rapids) could afford a monthly housing cost of \$1,237, based on an allocation of 40% of income toward housing.
- In 2000, 79% of all households in Rock Rapids owned their housing. By 2010, that percentage decreased to 76.1%.
- Between 2000 and 2010, Rock Rapids experienced an increase in all types of households except families that are married with children (-7.8%) and married without children (-8.1%).
- Typically, as income increases, so does the rate of homeownership. This can be seen in the Rock Rapids, where the homeownership rate increases from 33% of households with incomes below \$15,000 to over 90% of households with incomes above \$75,000.
- An estimated 82% of renter households in Rock Rapids in 2014 have either one or two people. The one-person households would primarily seek one-bedroom units and two-person households that are couple would primarily seek one-bedroom units.

Employment Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. However, housing is often less expensive in smaller towns, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability.

Resident Labor Force

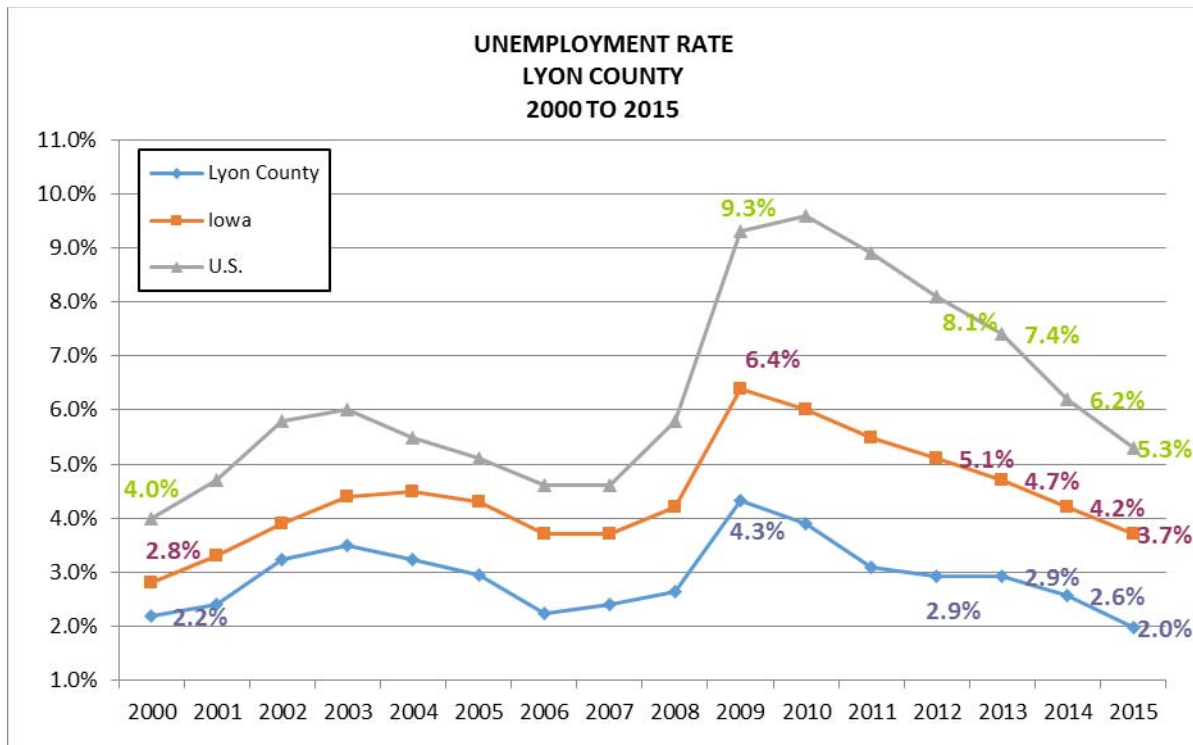
Table E-1 presents resident employment data for Lyon County from 2000 through 2015. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in County. The data is obtained from the Iowa Workforce Development.

- Resident employment in Lyon County has increased by about 710 people between 2000 and 2015 (11.3%). The number of individuals in the labor market also increased at the same rate (11.3%).
- Lyon County's unemployment rate has been much lower than the U.S. unemployment rate between 2000 and 2015. Average unemployment rate in Lyon County over this time period is 3%, which is lower than Iowa (4.5%) and much lower than the average in the U.S. (6.4%).
- Lyon County's unemployment rate was significantly lower than the nation during the Great Recession. The unemployment rate rose to 6.4% in the State of Iowa and 4.3% in Lyon County in 2009. However, as of 2015, the unemployment rate has fallen to 2%, which is lower than Iowa's unemployment rate (3.7%). With an unemployment rate of 2%, the job market has become tight and will likely result in employers having difficulty finding labor to fill jobs.

EMPLOYMENT TRENDS

TABLE E-1 RESIDENT EMPLOYMENT (ANNUAL AVERAGE) Lyon County 2000 through 2015						
Year	Total Labor Force	Total Employed	Total Unemployed	Lyon Co. Unemployment Rate	Iowa Unemployment Rate	U.S. Unemployment Rate
2000	6,390	6,260	140	2.2%	2.8%	4.0%
2001	6,630	6,480	160	2.4%	3.3%	4.7%
2002	6,490	6,270	210	3.2%	3.9%	5.8%
2003	6,280	6,060	220	3.5%	4.4%	6.0%
2004	6,200	6,000	200	3.2%	4.5%	5.5%
2005	6,450	6,260	190	2.9%	4.3%	5.1%
2006	6,670	6,520	150	2.2%	3.7%	4.6%
2007	6,680	6,520	160	2.4%	3.7%	4.6%
2008	6,830	6,650	180	2.6%	4.2%	5.8%
2009	6,920	6,620	300	4.3%	6.4%	9.3%
2010	6,410	6,160	250	3.9%	6.0%	9.6%
2011	6,770	6,560	210	3.1%	5.5%	8.9%
2012	6,820	6,620	200	2.9%	5.1%	8.1%
2013	6,850	6,650	200	2.9%	4.7%	7.4%
2014	7,010	6,830	180	2.6%	4.2%	6.2%
2015	7,110	6,970	140	2.0%	3.7%	5.3%
Change 2000-15	720	710				

Sources: Iowa Workforce Development; Maxfield Research and Consulting LLC



Covered Employment by Industry

Table E-2 shows an average weekly wage comparison between Lyon County and Iowa (2001-2015). Data is sourced from the U.S. Bureau of Labor Statistics. Table E-3 presents covered employment in the County for 2015. Covered employment data is calculated as an annual average and *reveals the number of jobs in the County*, which are covered by unemployment insurance. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data is obtained from the U.S. Census Bureau.

- The average weekly wage in Lyon County grew by 59% between 2001 and 2015, compared to 53% for the State of Iowa. The average annual growth following a similar trend with 3.9% in Lyon County, slightly lower than the State of Iowa with 3.5%.
- As of 2015, the average weekly wage was \$623 in Lyon County and \$847 in the State of Iowa. Comparatively, the average weekly wage was \$393 in Lyon County in 2001, compared to \$555 in the State of Iowa.
- Lyon County’s largest business numbers are in the Other Services industry. As a percentage, Other Services is about 18% of the employment total. The Other Services sector comprises of business not provided in the classification systems. Examples include repair and maintenance, religious activities, dry cleaning and laundry services.

EMPLOYMENT TRENDS

- The second largest business numbers are in the Public Administration sector, which represents nearly 15% of the employment total.

TABLE E-2 AVERAGE WEEKLY WAGE Lyon County, Iowa 2001 - 2015		
	Lyon County	Iowa
% Growth '01-'15	59%	53%
Avg. Annual Growth	3.9%	3.5%
2015	\$623	\$847
2014	\$593	\$824
2013	\$580	\$800
2012	\$550	\$761
2011	\$575	\$754
2010	\$561	\$733
2009	\$541	\$715
2008	\$537	\$711
2007	\$525	\$688
2006	\$498	\$660
2005	\$463	\$636
2004	\$446	\$617
2003	\$426	\$590
2002	\$407	\$571
2001	\$393	\$555

Sources: U.S. Bureau of Labor Statistics; Maxfield Research Inc.

EMPLOYMENT TRENDS

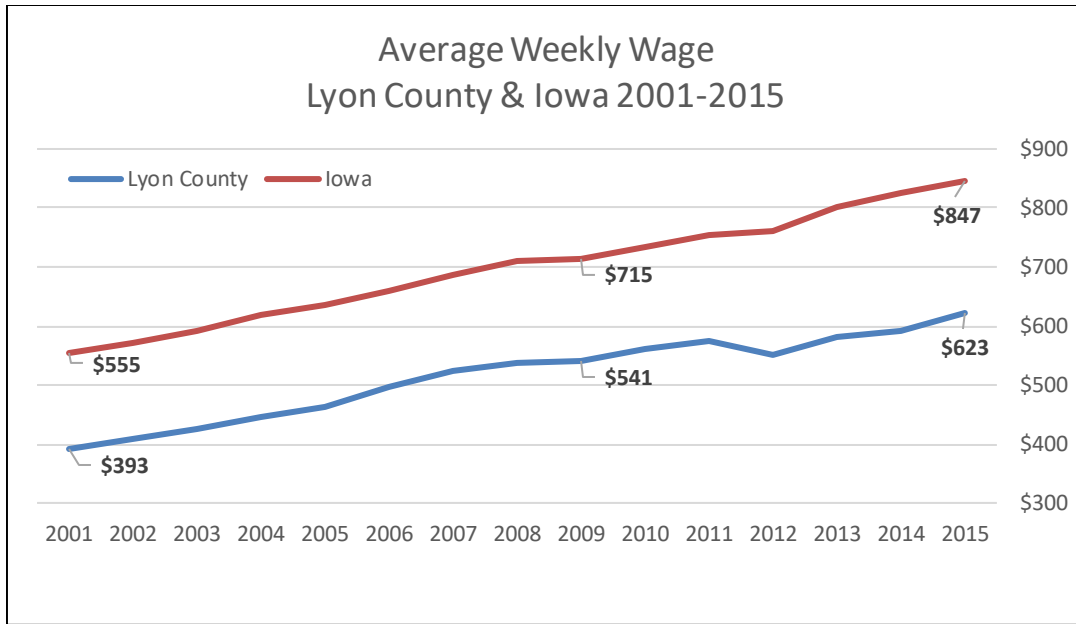


TABLE E-3 COVERED EMPLOYMENT BY INDUSTRY LYON COUNTY 2015				
	Rock Rapids Employment		Lyon County Total Employment	
Agriculture, Forestry, Fishing and Hunting	2	1.0%	89	12.6%
Mining	0	0.0%	1	0.1%
Utilities	2	1.0%	2	0.3%
Construction	14	6.7%	72	10.2%
Manufacturing	3	1.4%	27	3.8%
Wholesale Trade	5	2.4%	35	5.0%
Retail Trade	29	13.8%	70	9.9%
Transportation & Warehousing	5	2.4%	59	8.4%
Information	3	1.4%	14	2.0%
Finance & Insurance	17	8.1%	51	7.2%
Real Estate, Rental & Leasing	4	1.9%	7	1.0%
Professional, Scientific & Tech Services	15	7.1%	36	5.1%
Management of Companies & Enterprises	1	0.5%	2	0.3%
Administrative & Support & Waste Management & Remediation Services	5	2.4%	18	2.6%
Educational Services	5	2.4%	15	2.1%
Health Care & Social Assistance	19	9.0%	34	4.8%
Arts, Entertainment & Recreation	4	1.9%	10	1.4%
Accommodation & Food Services	8	3.8%	25	3.5%
Other Services (except Public Administration)	38	18.1%	116	16.5%
Public Administration	31	14.8%	22	3.1%
Total	210	100%	705	100%
Sources: U.S. Census; Maxfield Research and Consulting LLC				

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households’ budgets. Table E-4 highlights the commuting patterns of workers in Lyon County in 2014 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau.

- A number of Lyon County residents also work in Rock Rapids (17.2%). Of the 82.8% of Lyon County residents that commuted to jobs outside the County, the most commuted to jobs in Rock Valley, Doon, Inwood, and Sheldon.

EMPLOYMENT TRENDS

- Of the workers who work in Lyon County, about 15% live in Rock Rapids. The remaining 85% of the workers are commuting from a large variety of cities including Sioux Falls, George, Larchwood, and Inwood.

**TABLE E-4
COMMUTING PATTERNS
LYON COUNTY
2014**

Lyon County Workers Place of Residence			Lyon County Residents Place of Work		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Rock Rapids	708	15.2%	Rock Rapids	940	17.2%
Sioux Falls	405	8.7%	Rock Valley	368	6.7%
George	217	4.7%	Doon	294	5.4%
Larchwood	201	4.3%	Inwood	286	5.2%
Inwood	175	3.8%	Sheldon	192	3.5%
Doon	123	2.6%	Sioux Falls	190	3.5%
Little Rock	81	1.7%	Sioux Center	180	3.3%
Brandon	73	1.6%	George	143	2.6%
Lester	70	1.5%	Larchwood	124	2.3%
Sibley	67	1.4%	Little Rock	120	2.2%
All Other Locations	2,528	54.4%	All Other Locations	2,626	48.1%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total Primary Jobs	4,648	100.0%	Total Primary Jobs	5,463	100.0%
Less than 10 miles	1,878	40.4%	Less than 10 miles	1,939	35.5%
10 to 24 miles	1,544	33.2%	10 to 24 miles	2,069	37.9%
25 to 50 miles	696	15.0%	25 to 50 miles	532	9.7%
Greater than 50 miles	530	11.4%	Greater than 50 miles	923	16.9%

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting LLC

Inflow/Outflow

Table E-5 provides a summary of the inflow and outflow of workers in the County. Outflow reflects the number of workers living in the County but employed outside of the County while inflow measures the number of workers that are employed in the County but live outside.

- Rock Rapids can be considered an importer of workers, as the number of residents coming into the Rock Rapids (inflow) for employment is more than the number of residents leaving the Rock Rapids for work (outflow). Approximately 933 workers came into the Rock Rapids for work while 797 workers left, for a net difference of 136.

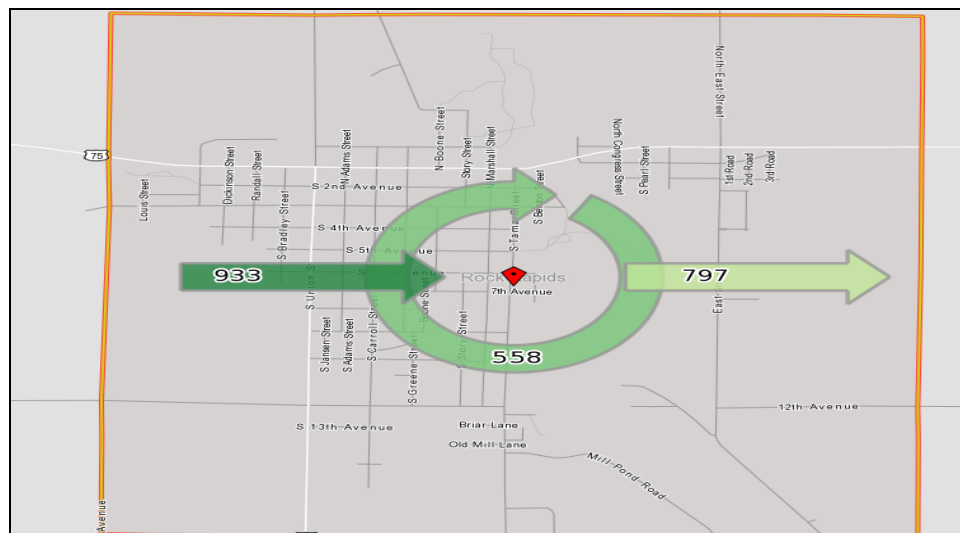
EMPLOYMENT TRENDS

- Lyon County can also be considered an exporter of workers, as the number of residents coming into the County (inflow) for employment is less than the number of residents leaving the County for work (outflow). Approximately 1,999 workers came into the County for work while 22,814 workers left, for a net difference of -815.

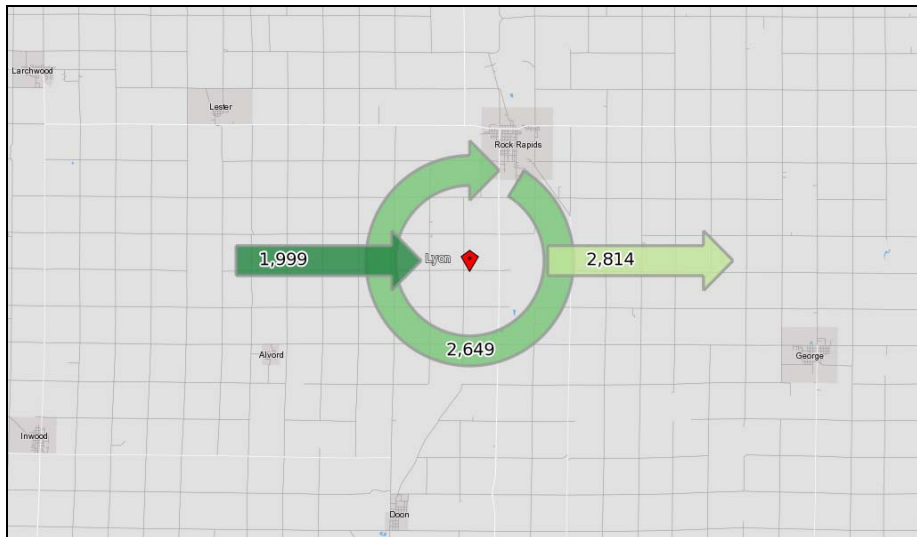
TABLE E-5 COMMUTING INFLOW/OUTFLOW LYON COUNTY 2014				
	ROCK RAPIDS		LYON COUNTY	
	Num.	Pct.	Num.	Pct.
Employed in the Selection Area	1,491	100%	4,648	100%
Employed in the Selection Area but Living Outside	933	62.6%	1,999	43.0%
Employed and Living in the Selection Area	558	37.4%	2,649	57.0%
Living in the Selection Area	1,355	100%	5,463	100%
Living in the Selection Area but Employed Outside	797	58.8%	2,814	51.5%
Living and Employed in the Selection Area	558	41.2%	2,649	48.5%

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

City of Rock Rapids: Inflow/Outflow



Lyon County: Inflow/Outflow



Major Employers

Table E-6 shows the major employers in Rock Rapids based on 2016 data provided by the City of Rock Rapids.

- Glynlyon is the largest employer in Rock Rapids with a total of 150 employees.
- Central Lyon School District is the second largest employer in Rock Rapids with a total of 120 employees, while DGR Engineering and Lyon County both have 100 employees.
- A breakdown of the major employers in Lyon County and in Rock Rapids is provided on the following page.

**Table E-6
Major Employers
Lyon County
October 2016**

Name	City	Industry/Product/Service	Employees
East Lyon			
Diversified Technologies (Sudenga)	George	Equipment Manufacturing	250
George-Little Rock Community School	George	Education	60
George-Little Rock Community School	Little Rock	Education	35
Good Samaritan Society	George	Non-Profit Senior Care Organization	55
Cooperative Farmers Elevator	George	Agriculture Cooperative	24
Lyon County	George/Little Rock	Government	19
Central Lyon			
Glynlyon	Rock Rapids	Education/Publishing	150
Central Lyon Community School	Rock Rapids	Education	120
Sanford Rock Rapids Medical Center	Rock Rapids	Healthcare	100
DGR Engineering	Rock Rapids	Engineering Services/Consulting	100
Lyon County	Rock Rapids/Doon/Alvord	Government	85
Rock Rapids Health Centre	Rock Rapids	Senior Care Organization	50
Lyon Specialty Care – Care Initiatives	Rock Rapids	Senior Care Organization	45
Sunshine Foods	Rock Rapids	Grocery Retail	40
Cooperative Farmers Elevator	Rock Rapids/Doon/Alvord	Agriculture Cooperative	43
Frontier Bank	Rock Rapids/Little Rock/George	Banking	36
LVO Manufacturing	Rock Rapids	Manufacturing	27
Rock Rapids City/Municipal	Rock Rapids	Government/Utilities	27
Simply Said	Rock Rapids	Design Manufacturing	25
Maintainer Custom Bodies	Rock Rapids	Manufacturing	25
West Lyon			
Grand Falls Casino & Golf Resort	Larchwood	Gaming, Hotel, Golf, Restaurant	480
Elanco Animal Health	Larchwood	Animal Health Research/Manufacturing	200
West Lyon Community School	Inwood	Education	130
Fellowship Village	Inwood	Nursing and Convalescent Home	72
Dutchland Frozen Foods	Lester	Frozen Food Manufacturer	30
DRG Mechanical	Lester/Larchwood/RR/George	HVAC	30
Cooperative Farmers Elevator	Larchwood/Inwood/Lester	Agriculture Cooperative	26
Agile Manufacturing/ Miller Loaders	Granite	Manufacturing	25
Lyon County	Larchwood/Inwood/Lester	Government	22
Richard Repair	Larchwood	Diesel Mechanic Shop	21
Lester Feed & Grain	Lester/Edna	Agricultural	21

Note: Lyon County includes George/Little Rock in East Lyon; Rock Rapids, Doon and Alvord in Central Lyon; and Lester, Inwood and Larchwood in West Lyon. Cooperative Farmers Elevator has locations in George in East Lyon; Rock Rapids, Doon, Alvord in Central Lyon; and Lester, Inwood and Larchwood in West Lyon.

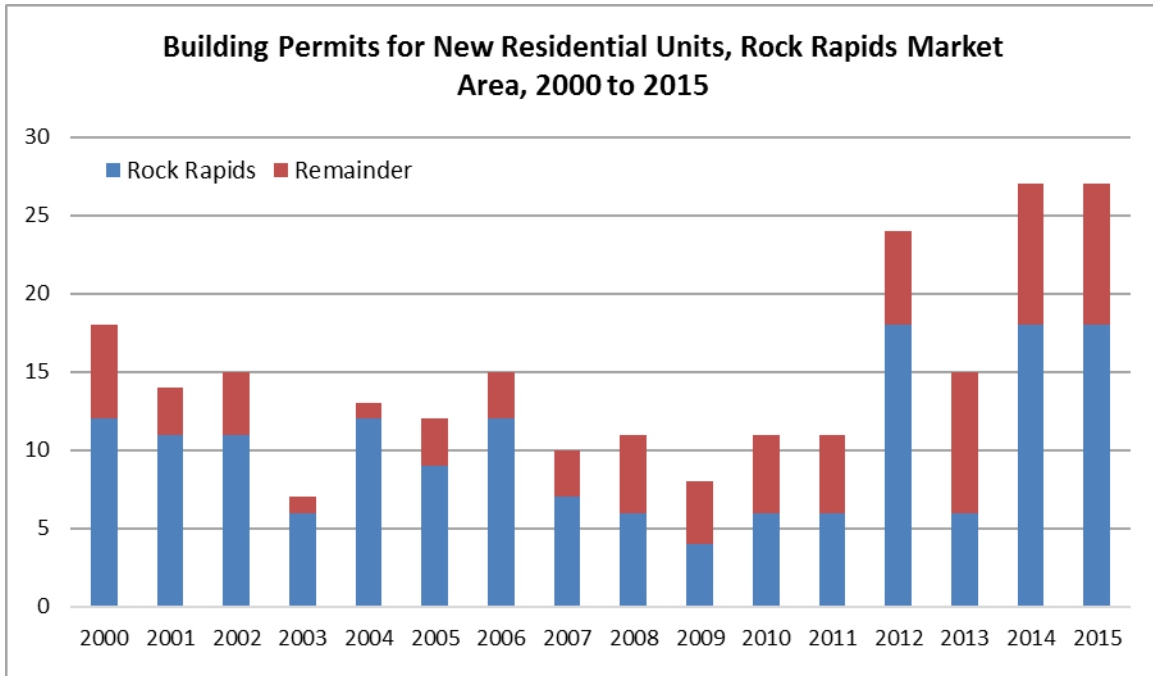
Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Rock Rapids, the Central Lyon Submarket and Lyon County by reviewing data on the age of the existing housing supply; examining residential building trends since 2000; and reviewing housing data from the American Community Survey that relates to the Rock Rapids area.

Residential Construction Trends 2000 to Present

Maxfield Research obtained data from various city clerks and the Lyon County Assessor on the number of building permits issued for new housing units in from 2000 to June 2016. Table HC-1 displays permits issued for new residential units. The following are key points about housing development since 2000.

- A total of 247 new residential units were permitted in the Central Lyon submarket between 2000 and June of 2016. Rock Rapids permitted 167 units, accounting for 68% of new residential units permitted since 2000 in the Central Lyon Submarket.
- Reflecting the impacts of the Great Recession, permits in the Central Lyon Submarket fell below 15 units in 2007 and remained low until 2012 when 24 residential units were permitted.
- In 2014 and 2015, 27 new residential units were permitted in the Central Lyon Submarket. This represents peak years for new residential units permitted and could partially reflect the effects of flooding on the Central Lyon Submarket.



HOUSING CHARACTERISTICS

TABLE HC-1
NEW CONSTRUCTION ACTIVITY
LYON COUNTY
2000 to 2016 (1st half)

Area	NUMBER OF UNITS																	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	Total
Alvord	4	1	2	0	0	2	1	0	1	1	1	0	0	1	3	1	0	18
Doon	2	2	2	1	1	1	2	3	4	3	4	5	6	3	3	0	2	44
Rock Rapids	12	11	11	6	12	9	12	7	6	4	6	6	18	6	18	18	5	167
Townships	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	3	8	2	18
Central Total	18	14	15	7	13	12	15	10	11	8	11	11	24	15	27	27	9	247
Lyon Total	42	25	33	14	30	34	36	30	33	21	26	34	37	36	45	46	19	541

* 2016: January through June

Sources: City Clerks, Lyon County Assessor, Maxfield Research & Consulting, LLC.

American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2010 and 2014. Tables HC-2 to HC-6 show key data for Rock Rapids and the Market Area.

Age of Housing Stock

The graph on the following page shows the age distribution of the housing stock in 2014 based on data from the U.S. Census Bureau American Community Survey (5-Year). Table HC-2 includes the number of housing units built in the Market Area prior to 1940 and during each decade since.

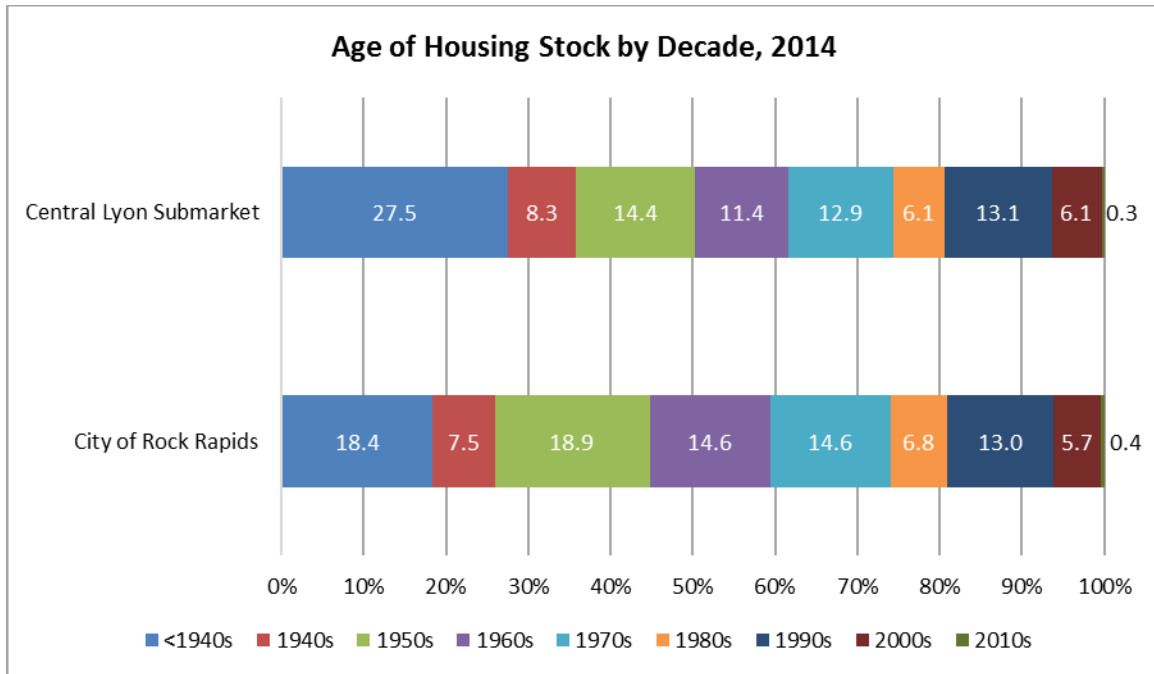
- The greatest share of housing in the Central Lyon submarket was built prior to 1940, 27.5%. In the City of Rock Rapids, the largest share of housing units, 18.9%, were built in the 1950s.
- The age of housing stock varies for owner and renter occupied units. The largest proportion of owner-occupied units in Rock Rapids, 20.8%, were built prior to 1940. While the largest proportion of renter-occupied units, 24.5%, were added in the 1970s. The median year built reflects the slightly newer housing stock of renter-occupied units. The median year built for renter-occupied units is 1974 in the City of Rock Rapids, compared to 1960 as the median year built for owner-occupied units.
- According to the ACS, no new rental units have been added to Rock Rapids since 2000. The Central Lyon submarket added one new rental unit in the 2000s and no new rental units since 2010.
- However, a new project was built in Rock Rapids in 2015 (*502 2nd Avenue*) that is not reflected in the ACS data.
- In the Central Lyon submarket, the smallest proportion of housing units were built in the 1980s and 2000s, with each decade accounting for only 6.1% of housing units. This trend is reflected in the City of Rock Rapids, where only 5.7% of the city’s housing units were built during the 2000s and 6.8% were built during the 1980s.

HOUSING CHARACTERISTICS

TABLE HC-2
AGE OF HOUSING STOCK
ROCK RAPIDS MARKET AREA
2014

		Year Unit Built																		
Total Units	Med. Yr. Built	<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010s		
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
CITY OF ROCK RAPIDS																				
Owner-Occupied	808	1960	168	20.8	74	9.2	156	19.3	134	16.6	91	11.3	41	5.1	78	9.7	62	7.7	4	0.5
Renter-Occupied	273	1974	31	11.4	7	2.6	48	17.6	24	8.8	67	24.5	33	12.1	63	23.1	0	0.0	0	0.0
Total	1,081	1964	199	18.4	81	7.5	204	18.9	158	14.6	158	14.6	74	6.8	141	13.0	62	5.7	4	0.4
CENTRAL LYON SUBMARKET																				
Owner-Occupied	1,548	1957	468	30.2	153	9.9	213	13.8	181	11.7	177	11.4	66	4.3	168	10.9	117	7.6	5	0.3
Renter-Occupied	381	1970	63	16.5	7	1.8	65	17.1	38	10.0	71	18.6	52	13.6	84	22.0	1	0.3	0	0.0
Total	1,929	1960	531	27.5	160	8.3	278	14.4	219	11.4	248	12.9	118	6.1	252	13.1	118	6.1	5	0.3
COUNTY TOTAL																				
Owner-Occupied	3,693	1957	1,205	32.6	346	9.4	423	11.5	320	8.7	442	12.0	237	6.4	384	10.4	251	6.8	85	2.3
Renter-Occupied	802	1965	236	29.4	19	2.4	100	12.5	87	10.8	173	21.6	61	7.6	103	12.8	23	2.9	0	0.0
Total	4,495	1958	1,441	32.1	365	8.1	523	11.6	407	9.1	615	13.7	298	6.6	487	10.8	274	6.1	85	1.9
State of Iowa	1232228	1967	316,652	25.698	72,632	5.9	136,352	11.07	132,971	10.79	184,001	14.93	90,121	7.3	135,972	11.0	148,032	12.0	15,495	1.257

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC



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

Table HC-3 shows the housing stock in Rock Rapids, the Central Lyon Submarket and Lyon County by type of structure and tenure as of 2014.

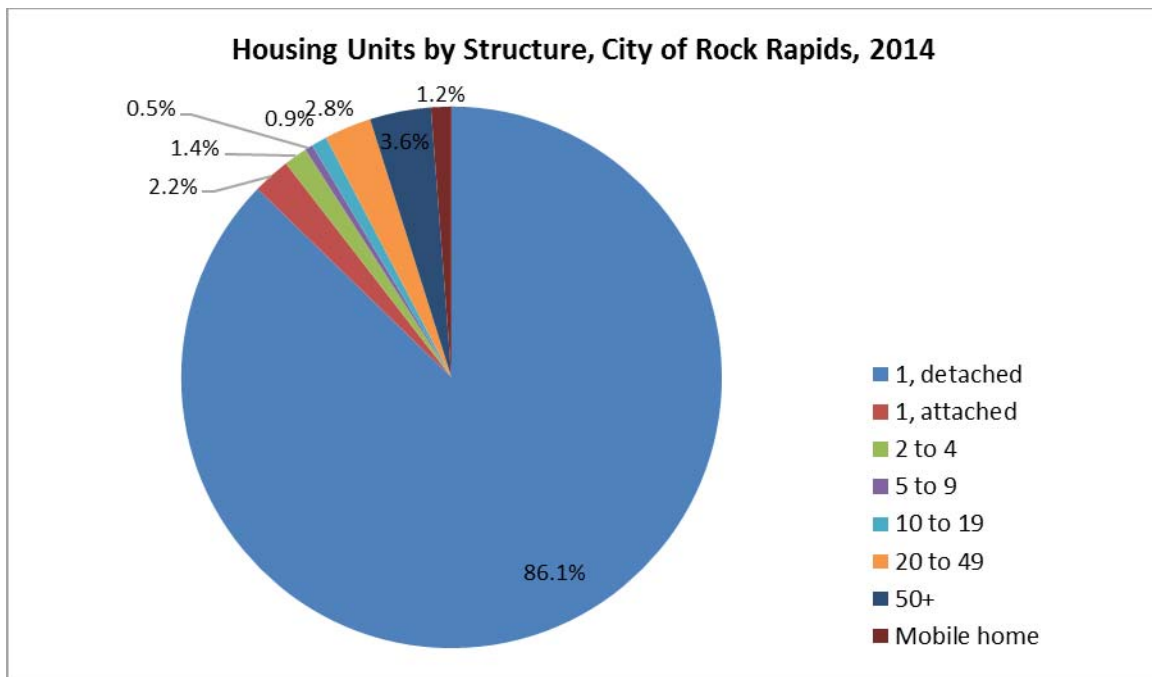
- The dominant housing type in the City of Rock Rapids is the single-family detached home, representing an estimated 95.3% of all owner-occupied housing units and 59% of renter-occupied housing units as of 2014.
- In the Central Lyon submarket, 96.7% of owner-occupied housing units and 59% of renter-occupied housing units are single family detached homes.
- The remaining 3.3% of owner-occupied housing in the Central Lyon submarket were divided between one-unit attached structures (1.8%) and mobile homes (1.5%).
- In Lyon County, renter-occupied units are more likely to be single-family detached (69.6%) compared to the City of Rock Rapids and the Central Lyon submarket (59%).
- Outside of one-unit detached structures, renter occupied units in Rock Rapids are most likely to be in structures of 20 to 49 units (14.3%) or 10 to 19 units (11%).

HOUSING CHARACTERISTICS

**TABLE HC-3
HOUSING UNITS BY STRUCTURE & TENURE
ROCK RAPIDS MARKET AREA
2014**

Units in Structure	CITY OF ROCK RAPIDS				CENTRAL LYON SUBMARKET				COUNTY TOTAL				State of Iowa	
	Owner-Occupied		Renter-Occupied		Owner-Occupied		Renter-Occupied		Owner-Occupied		Renter-Occupied		Pct.	Pct.
	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.	Pct.	Pct.
1, detached	770	95.3%	161	59.0%	1,497	96.7%	226	59.3%	3,612	97.8%	558	69.6%	90.4%	35%
1, attached	24	3.0%	0	0.0%	28	1.8%	13	3.4%	35	0.9%	16	2.0%	3.6%	5%
2	0	0.0%	15	5.5%	0	0.0%	15	3.9%	0	0.0%	23	2.9%	0.4%	7%
3 to 4	0	0.0%	5	1.8%	0	0.0%	19	5.0%	3	0.1%	48	6.0%	0.4%	10%
5 to 9	0	0.0%	10	3.7%	0	0.0%	16	4.2%	0	0.0%	37	4.6%	0.3%	12%
10 to 19	0	0.0%	30	11.0%	0	0.0%	34	8.9%	0	0.0%	36	4.5%	0.4%	12%
20 to 49	0	0.0%	39	14.3%	0	0.0%	41	10.8%	0	0.0%	41	5.1%	0.3%	11%
50 or more	0	0.0%	13	4.8%	0	0.0%	13	3.4%	0	0.0%	13	1.6%	0.2%	6%
Mobile home	14	1.7%	0	0.0%	23	1.5%	0	0.0%	43	1.2%	26	3.2%	3.9%	3%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	4	1.0%	0	0.0%	4	0.5%	0.0%	0%
Total	808	100%	273	100%	1,548	100%	381	100%	3,693	100%	802	100%	100%	100%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC



Owner-Occupied Housing Units by Mortgage Status

Table HC-4 shows mortgage status and average values from the American Community Survey for 2014 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it's the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

HOUSING CHARACTERISTICS

- In the Central Lyon Submarket, 43.9% of housing units do not have a mortgage. This proportion is higher in the City of Rock Rapids where 50.6% of units do not have a mortgage.
- The majority of homes with a mortgage do not carry a second mortgage or home equity loan. Homes that carry have a second mortgage, home equity loan or both account for 6.9% of homes in Rock Rapids and 5.9% of homes in the Central Lyon Submarket.
- The median value of owner-occupied units is higher for those homes with a mortgage compared to those without a mortgage. In Rock Rapids, housing units with a mortgage have a median value approximately \$5,500 higher than units without a mortgage. The difference increases in the Central Lyon Submarket where housing units with a mortgage have a median value that is over \$35,000 higher than housing units without a mortgage.

Mortgage Status	ROCK RAPIDS		CENTRAL LYON SUBMARKET		COUNTY TOTAL		Iowa
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.
Housing units without a mortgage	409	50.6	679	43.9	1,671	45.2	38.3
Housing units with a mortgage/debt	399	49.4	869	56.1	2,022	54.8	61.7
<i>Second mortgage only</i>	19	2.4	27	1.7	56	1.5	2.9
<i>Home equity loan only</i>	33	4.1	61	3.9	176	4.8	7.1
<i>Both second mortgage and equity loan</i>	4	0.5	4	0.3	5	0.1	0.4
<i>No second mortgage or equity loan</i>	343	42.5	777	50.2	1,785	48.3	51.4
Total	808	100.0	1,548	100.0	3,693	100.0	100.0
Median Value by Mortgage Status							
Housing units with a mortgage	\$100,200		\$124,494		\$121,900		\$136,400
Housing units without a mortgage	\$94,700		\$88,727		\$95,600		\$110,800

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

Owner-Occupied Housing Units by Value

Table HC-5 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

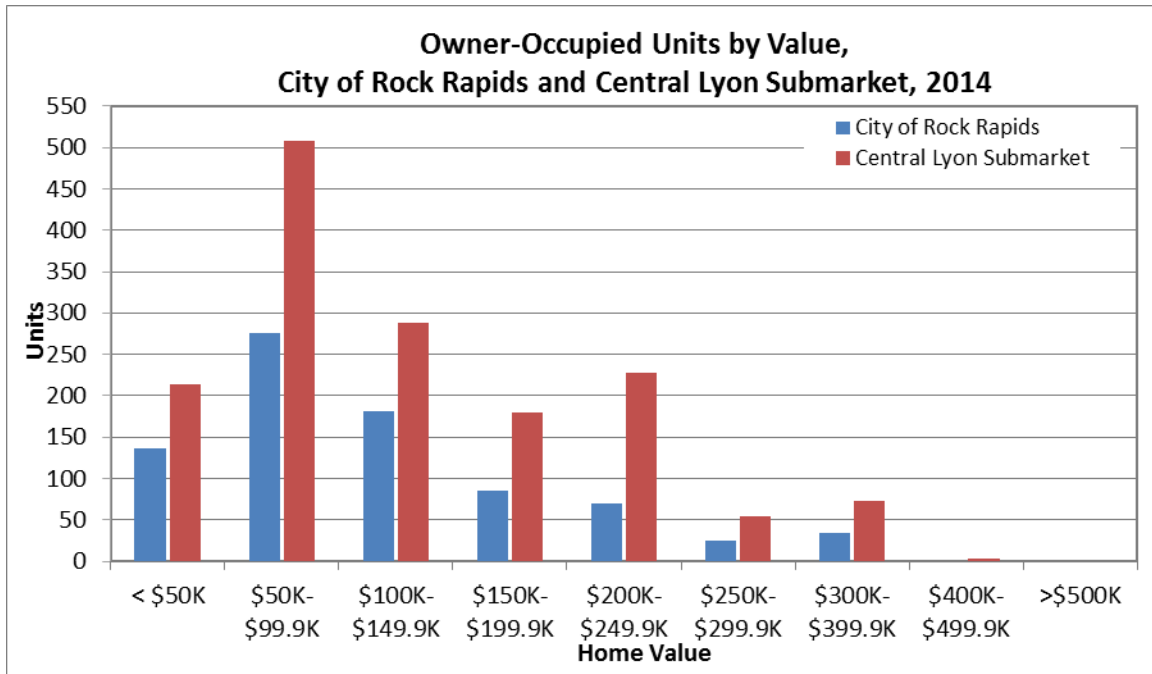
- Homes with values \$50,000 to \$99,999 accounted for 34% of owner-occupied units in Rock Rapids and 32.8% in the Central Lyon Submarket. Homes valued \$100,000 to \$149,999 were 22.4% of owner-occupied units in Rock Rapids and 18.6% in the Central Lyon Submarket.
- Within the Central Lyon Submarket, 14.7% of homes were valued between \$200,000 and \$249,000. This is a higher proportion than reported for the City of Rock Rapids (8.7%) and Lyon County (9.3%).

HOUSING CHARACTERISTICS

- Rock Rapids reported 7.3% of owner-occupied units were valued at \$250,000 or higher. This was slightly below the Central Lyon Submarket proportion of 8.5%. Lyon County reported that 12.6% of owner-occupied units in the county were valued at \$250,000 or higher.
- City of Rock Rapids reported a median home value for owner-occupied units of \$98,000. This was below the median values of owner-occupied units reported within the Central Lyon Submarket (\$111,190) and Lyon County (\$109,000).

TABLE HC-5 OWNER-OCCUPIED UNITS BY VALUE ROCK RAPIDS MARKET AREA 2014							
Home Value	ROCK RAPIDS		CENTRAL LYON SUBMARKET		COUNTY TOTAL		IOWA
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.
Less than \$50,000	137	17.0	214	13.8	577	15.6	11.6%
\$50,000-\$99,999	275	34.0	508	32.8	1,113	30.1	25.0%
\$100,000-\$149,999	181	22.4	288	18.6	704	19.1	23.2%
\$150,000-\$199,999	86	10.6	180	11.6	492	13.3	16.9%
\$200,000-\$249,999	70	8.7	227	14.7	342	9.3	9.2%
\$250,000-\$299,999	25	3.1	55	3.6	157	4.3	5.6%
\$300,000-\$399,999	34	4.2	73	4.7	215	5.8	4.8%
\$400,000-\$499,999	0	0.0	3	0.2	34	0.9	1.6%
Greater than \$500,000	0	0.0	0	0.0	59	1.6	2.1%
Total	808	100.0	1,548	100.0	3,693	100.0	100.0
Median Home Value	\$98,000		\$111,190		\$109,000		\$126,300

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

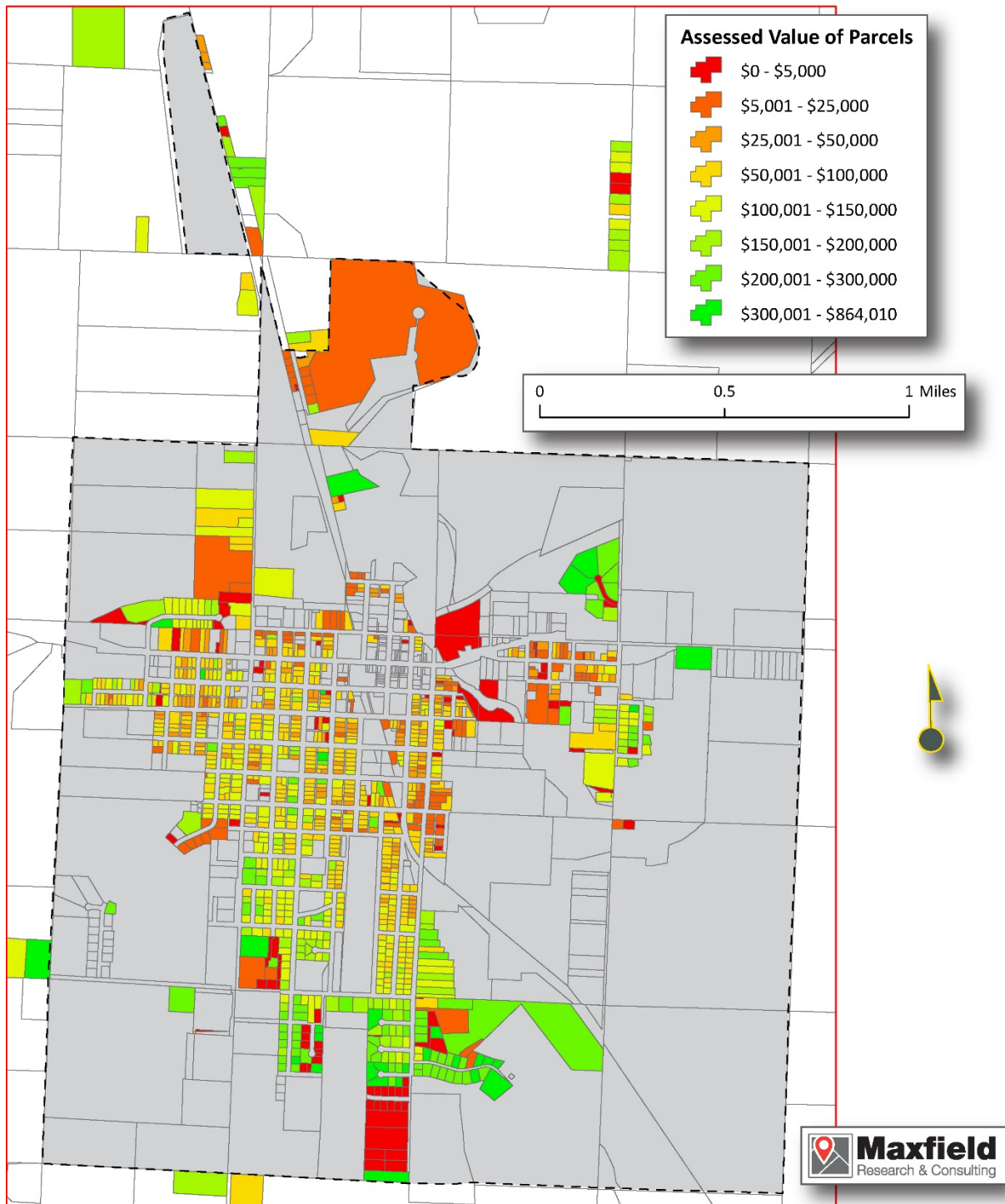


Assessed Value of Residential Parcels

The map below shows the assessed values of residential parcels in the City of Rock Rapids. Below are key points from the map.

- The parcels with the highest and lowest assessed values tend to be located on the edges of the city. The southern and northeastern edges show a collection of higher value parcels (over \$150,000), along with a number of low value parcels (under \$25,000).
- Within the central section of the city, there are some scattered parcels valued under \$25,000, particularly toward the eastern edge of the city. However, the majority of parcels reflect an assessed value over \$25,000 within the central portion of the city.

Rock Rapids IA Assessed Value of Residential Parcels



Renter-Occupied Units by Contract Rent

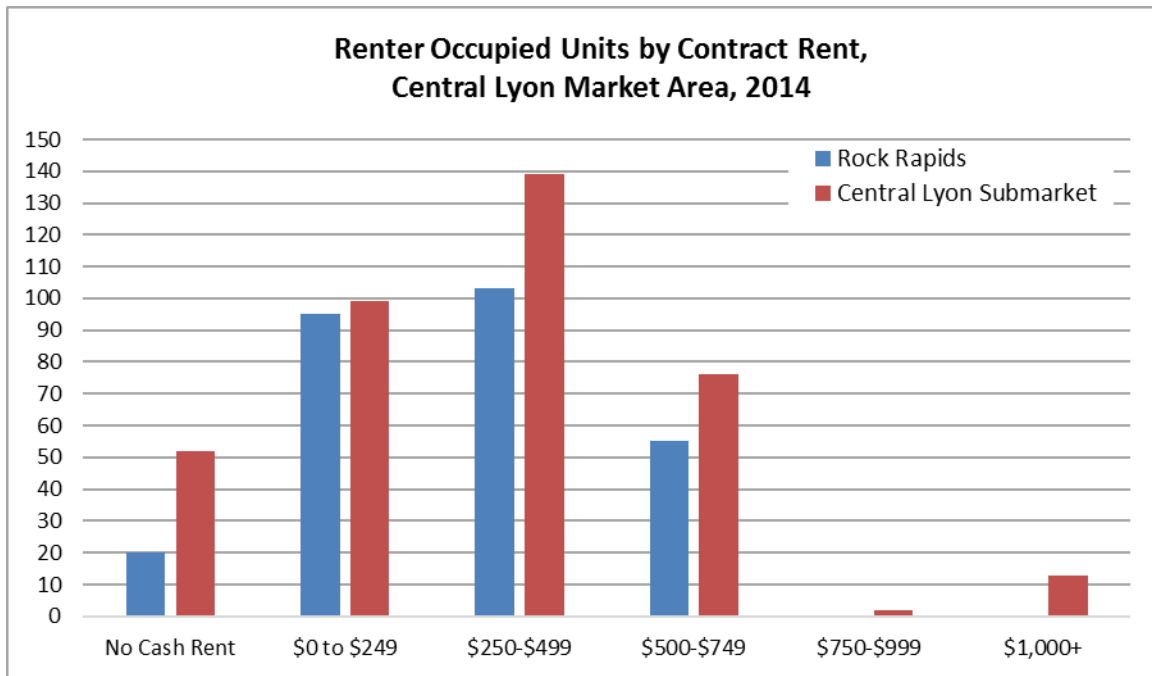
Table HC-6 presents information on the monthly housing costs for renters, called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- In the City of Rock Rapids, the highest proportion of contract rent was within the \$250 to \$499 range, accounting 37.7% of cash rentals. In the Central Lyon Submarket and Lyon County, the largest proportion of cash rentals was also in the \$250 to \$499 range.
- No rentals had a contract rent of \$750 or higher in Rock Rapids.
- The number of rentals where no cash rent was paid account for 7.3% in Rock Rapids. Rock Rapids reported a significantly smaller proportion of no cash rental compared to the Central Lyon Submarket (13.6%) and Lyon County (19.5%).
- The median contract rent as reported the ACS in Rock Rapids was \$296. The American Community Survey reported a margin of error of +/- \$86 for the Rock Rapids median contract rent, creating the possibility that median contract rent could be as low as \$210 or as high as \$382. The median income in Rock Rapids was lower than the median contract rent reported by the Central Lyon Submarket (\$315) and Lyon County (\$382).

TABLE HC-6 RENTER-OCCUPIED UNITS BY CONTRACT RENT ROCK RAPIDS MARKET AREA 2014							
Contract Rent	ROCK RAPIDS		CENTRAL LYON SUBMARKET		COUNTY TOTAL		IOWA
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.
No Cash Rent	20	7.3	52	13.6	156	19.5	6.6
Cash Rent	253	92.7	329	86.4	646	80.5	93.4
\$0 to \$249	95	34.8	99	26.0	124	15.5	6.9
\$250-\$499	103	37.7	139	36.5	346	43.1	31.2
\$500-\$749	55	20.1	76	19.9	149	18.6	34.9
\$750-\$999	0	0.0	2	0.5	7	0.9	12.1
\$1,000+	0	0.0	13	3.4	20	2.5	8.2
Total	273	100.0	381	100.0	802	100.0	100.0
Median Contract Rent ¹	\$296		\$315		\$382		\$547

¹ Median contract rent subject to margin of error and includes subsidized projects

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC



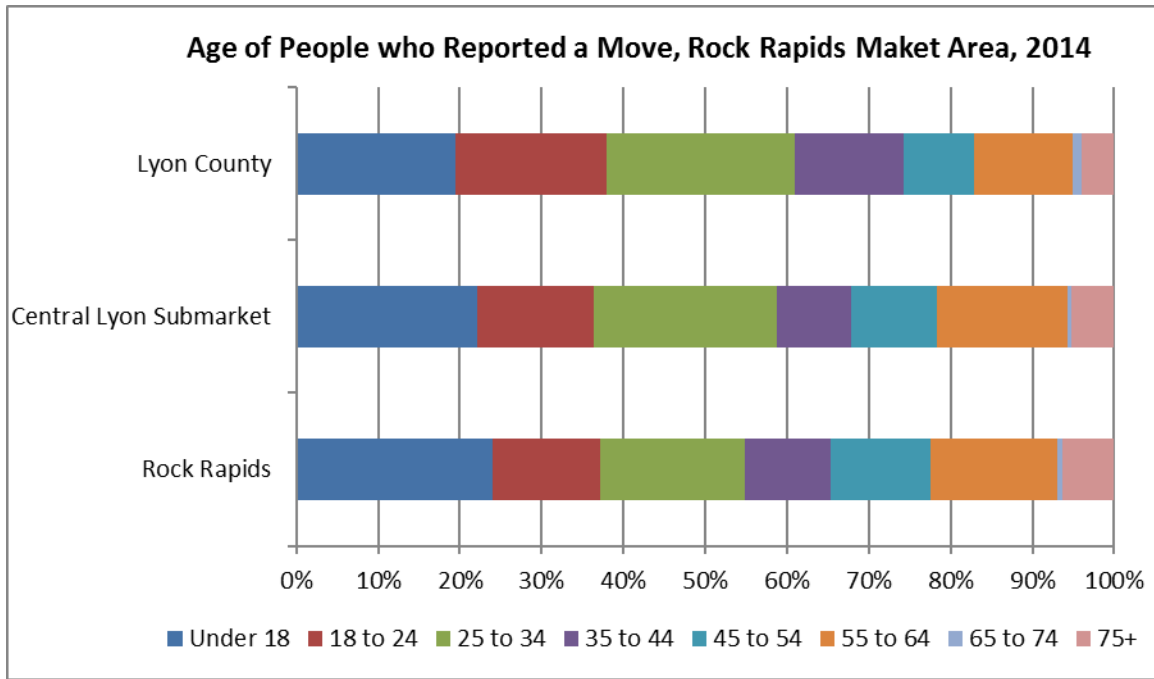
Mobility in the Past Year

Table HC-7 shows the mobility patterns for Rock Rapids, the Central Lyon Submarket and Lyon County. The information reflects the proportion of residents that reported a move within the last year at the time the ACS survey was conducted. The table presents the estimates of mobility within the last year based on five years of data collection, 2010-2014.

- A slightly lower proportion of Rock Rapids (87%) residents reported living in the same house one year ago compared to Lyon County (92%).
- Those who reported a move in Rock Rapids were most likely to move within the same county (7.4%), while no respondents reported a move from abroad in the past year.
- In Rock Rapids, the 18 to 24 age cohort was the least likely to report they lived in the same house one year ago, 77.1% of this cohort did not move. In the Central Lyon submarket, the 25 to 34 age cohort was the least likely to report living in the same house a year ago, 77.3% of this age cohort reported they did not move.
- Among those who reported a move, 24% were under 18 in Rock Rapids. In the Central Lyon submarket and Lyon County, the highest proportion of people who reported a move were those age 25 to 34.

HOUSING CHARACTERISTICS

- Less than 1% of people who reported a move were age 65 to 74 in Rock Rapids and the Central Lyon Submarket. However, mobility experienced an increase for those age 75 and over. In Rock Rapids, 6.3% of movers were over the age of 75 and 5.2% of movers in the Central Lyon Submarket were over age 75.



HOUSING CHARACTERISTICS

**TABLE HC-7
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
ROCK RAPIDS MARKET AREA
2014**

Age	Not Moved		Moved							
	Same House		Within Same County		Different County		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Rock Rapids										
Under 18	530	86.9%	32	5.2%	48	7.9%	0	0.0%	0	0.0%
18 to 24	148	77.1%	8	4.2%	25	13.0%	11	5.7%	0	0.0%
25 to 34	226	79.3%	9	3.2%	45	15.8%	5	1.8%	0	0.0%
35 to 44	262	88.2%	35	11.8%	0	0.0%	0	0.0%	0	0.0%
45 to 54	318	88.6%	39	10.9%	2	0.6%	0	0.0%	0	0.0%
55 to 64	250	82.8%	52	17.2%	0	0.0%	0	0.0%	0	0.0%
65 to 74	191	99.0%	2	1.0%	0	0.0%	0	0.0%	0	0.0%
75+	305	93.6%	12	3.7%	9	2.8%	0	0.0%	0	0.0%
Total	2,230	87%	189	7.4%	129	5.0%	16	0.6%	0	0.0%
Central Lyon Submarket										
Under 18	1,883	91.4%	82	4.0%	96	4.7%	0	0.0%	0	0.0%
18 to 24	459	80.0%	43	7.5%	50	8.7%	22	3.8%	0	0.0%
25 to 34	617	77.3%	61	7.6%	106	13.3%	14	1.8%	0	0.0%
35 to 44	869	92.3%	71	7.5%	2	0.2%	0	0.0%	0	0.0%
45 to 54	974	92.0%	78	7.4%	4	0.4%	3	0.3%	0	0.0%
55 to 64	834	86.6%	105	10.9%	8	0.8%	16	1.7%	0	0.0%
65 to 74	521	99.2%	4	0.8%	0	0.0%	0	0.0%	0	0.0%
75+	731	94.6%	24	3.1%	18	2.3%	0	0.0%	0	0.0%
Total	6,888	89.5%	468	6.1%	284	3.7%	55	0.7%	0	0.0%
Lyon County										
Under 18	2,944	94.2%	101	3.2%	59	1.9%	15	0.5%	5	0.2%
18 to 24	636	78.8%	69	8.6%	59	7.3%	43	5.3%	0	0.0%
25 to 34	1,091	83.6%	81	6.2%	83	6.4%	50	3.8%	0	0.0%
35 to 44	1,204	90.8%	96	7.2%	5	0.4%	21	1.6%	0	0.0%
45 to 54	1,430	94.7%	51	3.4%	15	1.0%	11	0.7%	3	0.2%
55 to 64	1,402	92.6%	58	3.8%	24	1.6%	30	2.0%	0	0.0%
65 to 74	851	98.8%	2	0.2%	5	0.6%	0	0.0%	3	0.3%
75+	1,057	96.6%	25	2.3%	9	0.8%	3	0.3%	0	0.0%
Total	10,615	92.0%	483	4.2%	259	2.2%	173	1.5%	11	0.1%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC

Introduction

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

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

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in the Rock Rapids Market Area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census.

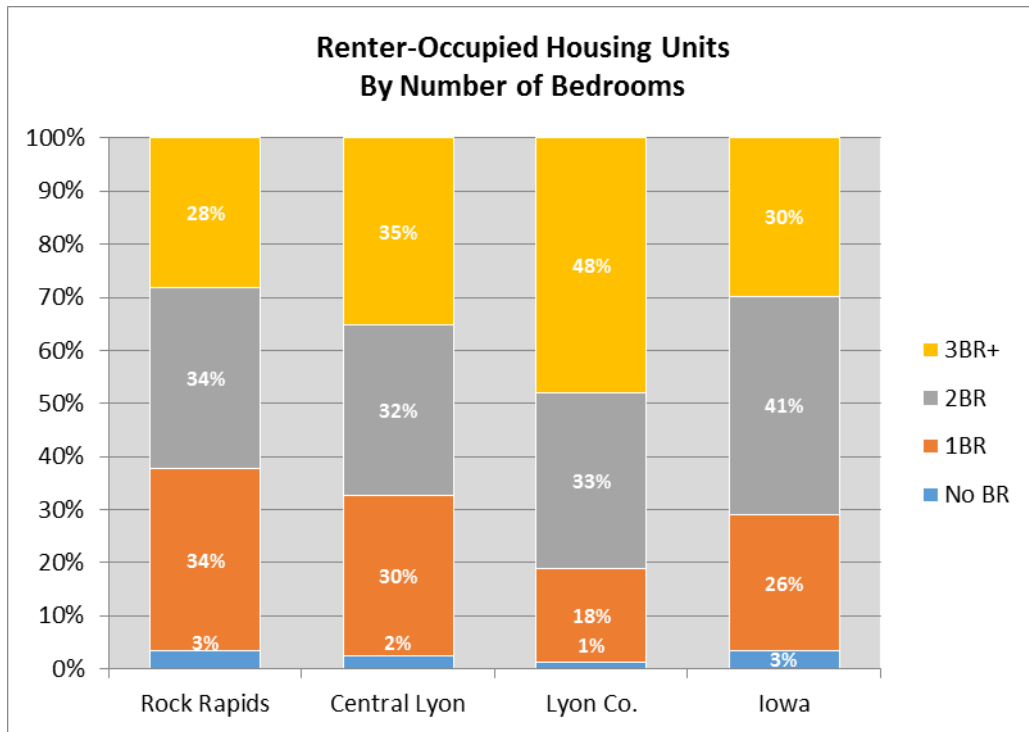
Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2010-2014 ACS in the Rock Rapids Market Area, in comparison to Iowa. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- Rock Rapids has affordable rents when compared to Iowa. The median gross rent in the City is at \$513 which is 34% lower than the median rent of \$689 in Iowa. Rural communities often have lower rents than metropolitan areas due to wage rates and the age of rental properties in rural areas.
- Two bedroom or more units are the most common rental unit type in Rock Rapids, representing 34% of all occupied rental units in the City. In Iowa, two-bedroom units are the most common (41%).

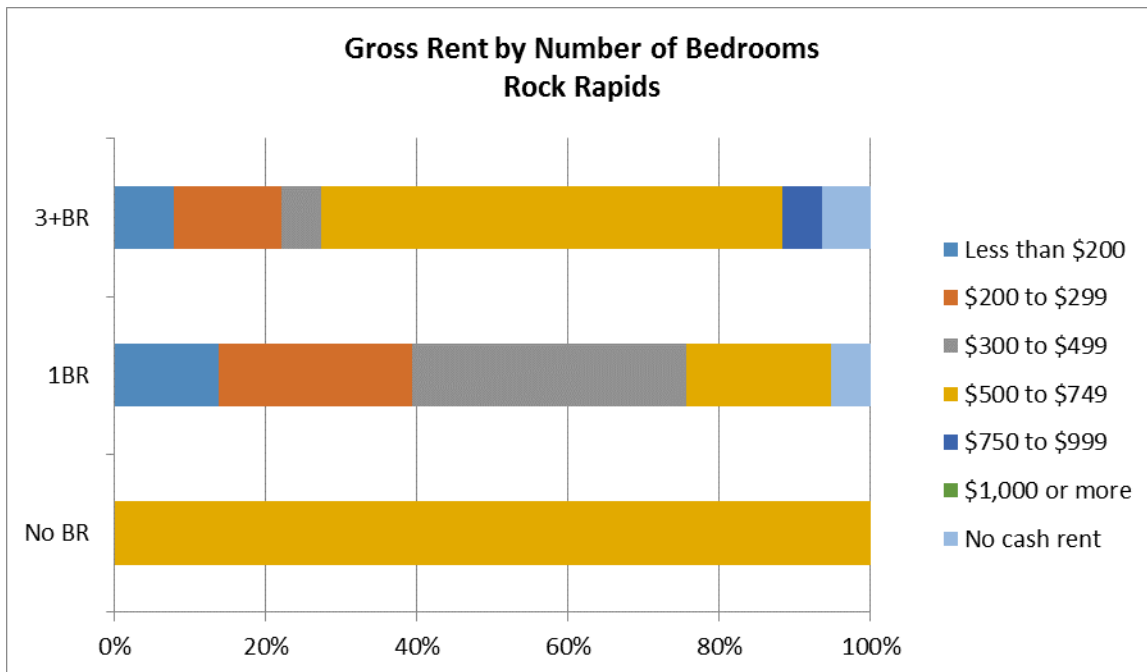
**TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
ROCK RAPIDS MARKET AREA
2014**

	Rock Rapids		Central Lyon		Lyon County		lowa
	#	% of Total	#	% of Total	#	% of Total	% of Total
Total:	273	100%	381	100%	802	100%	100%
Median Gross Rent	\$513		n/a		\$563		\$689
No Bedroom	9	3%	9	2%	9	1%	3%
Less than \$200	0	0%	0	0%	0	0%	0%
\$200 to \$299	0	0%	0	0%	0	0%	0%
\$300 to \$499	0	0%	0	0%	0	0%	1%
\$500 to \$749	9	3%	9	2%	9	1%	1%
\$750 to \$999	0	0%	0	0%	0	0%	0%
\$1,000 or more	0	0%	0	0%	0	0%	0%
No cash rent	0	0%	0	0%	0	0%	0%
1 Bedroom	94	34%	115	30%	143	18%	26%
Less than \$200	13	5%	13	3%	13	2%	1%
\$200 to \$299	24	9%	26	7%	26	3%	3%
\$300 to \$499	34	12%	49	13%	60	7%	8%
\$500 to \$749	18	7%	20	5%	25	3%	10%
\$750 to \$999	0	0%	0	0%	0	0%	3%
\$1,000 or more	0	0%	0	0%	4	0%	2%
No cash rent	5	2%	7	2%	15	2%	0%
2 Bedrooms	93	34%	123	32%	265	33%	41%
Less than \$200	0	0%	0	0%	0	0%	0%
\$200 to \$299	0	0%	4	1%	11	1%	1%
\$300 to \$499	24	9%	28	7%	85	11%	4%
\$500 to \$749	38	14%	44	12%	91	11%	17%
\$750 to \$999	21	8%	22	6%	32	4%	12%
\$1,000 or more	0	0%	0	0%	8	1%	5%
No cash rent	10	4%	25	7%	38	5%	2%
3 or More Bedrooms	77	28%	134	35%	385	48%	30%
Less than \$200	6	2%	6	2%	6	1%	0%
\$200 to \$299	11	4%	11	3%	11	1%	0%
\$300 to \$499	4	1%	4	1%	31	4%	2%
\$500 to \$749	47	17%	58	15%	143	18%	7%
\$750 to \$999	4	1%	4	1%	37	5%	8%
\$1,000 or more	0	0%	31	8%	54	7%	9%
No cash rent	5	2%	20	5%	103	13%	4%

Sources: 2010-2014 American Community Survey; Maxfield Research and Consulting LLC



- Approximately 28% of the renter-occupied housing units in Rock Rapids have three bedrooms compared to 30% in Iowa. One-bedroom units comprise 34% of Rock Rapids’s renter-occupied housing supply and units while only 3% of the renter-occupied units have no bedrooms. By comparison, roughly 26% of Iowa’s renter-occupied housing units are one-bedroom and 3% have no bedrooms.
- Monthly gross rents in one-bedroom units in Rock Rapids range from less than \$200 to over \$1,000 with over 36% renting for between \$300 and \$499 per month. Approximately 25% have gross monthly rents between \$200 and \$299.
- Nearly 41% of the two-bedroom units in Rock Rapids have gross monthly rents ranging from \$500 to \$749, and 26% have a rental rate range of \$300 to \$499.
- Roughly 61% of the units with three or more bedrooms in Rock Rapids rent for between \$500 and \$749 per month.
- All of the units without a bedroom in Rock Rapids have gross monthly rents between \$500 and \$749.



- Roughly 2% of the one-bedroom units, 4% of the two-bedroom units, and 2% of the units with three or more bedrooms were reported as having no cash rent. These units may be owned by friends or relatives who live elsewhere and who allow occupancy at no charge. Rent-free houses or apartment units may be provided to compensate caretakers, ministers, tenant farmers, or other.

General-Occupancy Rental Projects

Our research of Rock Rapids general occupancy rental market included a survey of six market rate apartment properties (4 units and larger) and one affordable/subsidized communities in October 2016. These projects represent a combined total of 84 units, including 48 market rate units and 36 affordable/subsidized units. Although we were able to contact and obtain up-to-date information on the majority of rental properties, there were some projects we were unable to reach. Overall, 10 general-occupancy and senior properties were contacted with nine properties participating in the rental survey (90% participation rate).

At the time of our survey, one market rate unit and no affordable/subsidized units were vacant, resulting in an overall vacancy rates of 2.1% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 2.1% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

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

Market Rate

- 502 2nd Ave, constructed in 2015, is the newest market rate rental complex in Rock Rapids. Overall, Rock Rapids' rental housing stock median year built for all units is 1978. About 50% of Rock Rapids' market rate rental properties were constructed in the 1970s.
- A total of one vacancy were found, resulting in a vacancy rate of 2.1% as of October 2016. It should be noted that vacancy numbers are subject to change on a weekly basis. According to the rental owner, the vacancy was due to recent move-outs and they do not anticipate their units remaining open.
- Nearly 75% of the market rate units in Rock Rapids are two-bedroom units. The unit breakout by unit type is summarized below.
 - Efficiency units: 0 | 0%
 - One-bedroom units: 12 | 25%
 - Two-bedroom units: 36 | 75%
 - Three-bedroom units: 0 | 0%
- The following is the monthly rent ranges and average rent for each unit type:
 - Efficiency units: not available
 - One-bedroom units: \$500 to \$525
 - Two-bedroom units: \$550 to \$625
 - Three-bedroom units: not available

RENTAL MARKET ANALYSIS

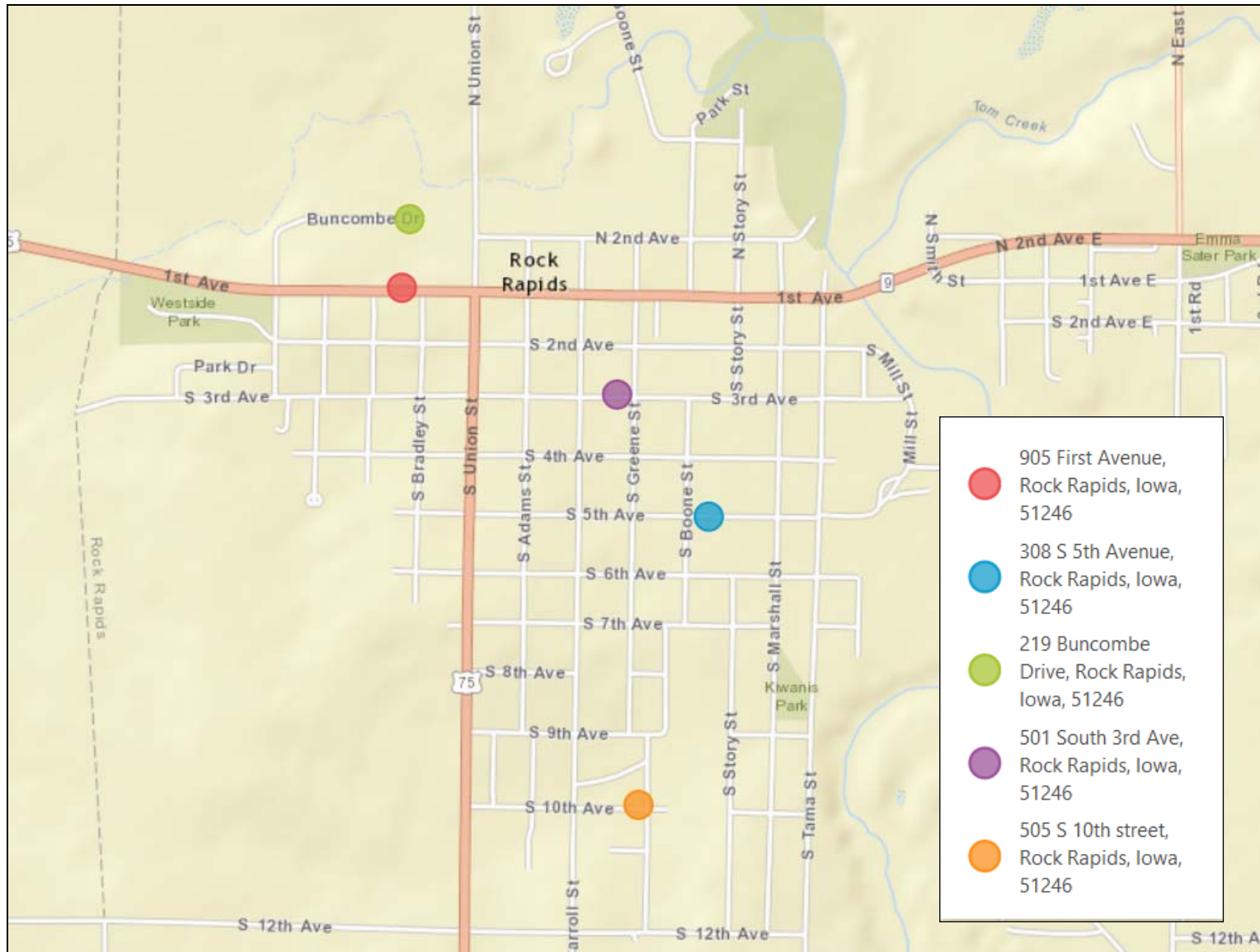
**TABLE R-2
MARKET RATE GENERAL OCCUPANCY RENTAL BUILDINGS IN LYON COUNTY
October 2016**

Building Name/Address	Submarket	Year Built	Total Units	Vacant Units	Unit Mix	Monthly Rents	Unit Sizes (Sq. Ft.)	Tenant Profile	Description/Comments
502 2nd Ave 502 2nd Ave Rock Rapids	Central	2015	10	0	4 - 1BR 6 - 2BR	\$525 - \$525 \$625 - \$625	625 - 625 975 - 975	Mix of all ages.	Fully leased before open. Garages are \$75 and storage units are \$45. In-unit laundry in most units.
Oaks Apartments 905 First Avenue Rock Rapids	Central	1977	12	0	1 - 1BR 11 - 2BR	\$525 \$570 - \$570	n/a n/a	Mostly singles.	About 2-3 units turnover per year. Landlord pays water and garbage, tenant pays heat, electricity, and cable. Includes single car garage.
Macnab Apartments 308 S 5th Avenue Rock Rapids	Central	1974	10	1	5 - 1BR 5 - 2BR	n/a n/a	n/a n/a	Mostly seniors and singles.	2-story building. Detached garage included in the rent.
Countryview Estates 219 Buncombe Drive Rock Rapids	Central	1978	8	0	8 - 2BR	\$590 - \$590	850	Mix of all types.	Detached garage included in the rent. Water, sewer, and trash included as well.
MT Enterprises 501 South 3rd Ave. Rock Rapids	Central	1992	4	0	4 - 2BR	\$550	950	n/a	Detached garage included in the rent.
505 S 10th street 505 S 10th street Rock Rapids	Central	n/a	4	0	2 - 1BR 2 - 2BR	\$500 \$550	n/a n/a	n/a n/a	Detached garage included in the rent.
Total/Average			48	1	2.1%				
*Vacancy rate does not include properties that did not participate in Rock Rapids study.									
Source: Maxfield Research and Consulting LLC									

RENTAL MARKET ANALYSIS

TABLE R-3 AFFORDABLE/SUBSIDIZED GENERAL OCCUPANCY RENTAL BUILDINGS IN LYON COUNTY October 2016									
Project Name/ Address	Submarket	Year Built	No. of Units	Vacant	Unit Mix	Rents	Unit Size (Sq. Ft.)	Tenant Profile	Subsidy Program/Comments
Subsidized									
RRMHA	Central	1980	36	0	19 - 2BR	30% AMI	932 - 984	Mix of all types.	Units are spread across 17 buildings.
Multiple Sites					13 - 3BR	30% AMI	1,066		
					4 - 4BR	30% AMI	1,280		
Affordable									
None.									
Affordable/Subsidized Total			36	0	0%				
Source: Maxfield Research and Consulting LLC									

Market Rate General Occupancy Projects in Rock Rapids



Select market rate general occupancy rental projects in Rock Rapids



502 2nd Ave in Rock Rapids



Market-Rate GO Rental in Rock Rapids



Market-Rate GO Rental in Rock Rapids

- The majority of the properties surveyed have an air conditioner, refrigerator, stove, storage, and common area laundry. In-unit washer and dryers has become the norm in new apartment developments constructed today. The new 502 2nd Ave project has in-unit laundry in most units.
- A large number of properties have included either a detached or attached garage in their total rent per month. Although, utility packages differ from property to property, it was common for tenants to pay heat, electricity, and cable. In most cases, water, sewer, and trash were included in the monthly rent.

Single-Family Home Rentals

- Single-family home rentals are very popular rental option in the City in Rocks and throughout Lyon County. Table HC-3 in the Housing Characteristics section shows housing units by structure in 2014. The table shows nearly 59% of all renter-occupied housing units in Rock Rapids are single-family detached homes.
- According to single-family home rental owners, prices can vary greatly based on the condition of the home. Older homes which have less renovation are renting for \$425 for a two-bedroom. Full renovated homes in nice neighborhoods are renting for \$770 for a two-bedroom.

Affordable/Subsidized

In addition to subsidized apartments, the Northwest Iowa Regional Housing Authority also has a “tenant-based” subsidy called *Housing Choice Vouchers* to help lower income households find affordable housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development’s (HUD), and is managed by the Northwest Iowa Regional Housing Authority. Under the Housing Choice Voucher program (formerly Section 8 Certificates and Vouchers), qualified households are issued a voucher that the household can take to an apartment that has rent levels allowable under HUD guidelines. The household then pays 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. Applicants in Lyon County may be eligible for the program if their income is below the current limits shown in Table R-4, which are set by HUD on an annual basis (50% of the median family income for a geographical area – or “Very Low-Income”).

- There is one income-restricted project in Lyon County with 36 total units. As of October 2016, there were no vacancies. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The low vacancy rates in the market indicate pent-up demand for affordable and subsidized units and also are an indication of the current economic climate in the area.
- Rock Rapids Municipal Housing units were built in 1980. The units are spread across 17 buildings in the City of Rock Rapids. There are no vacancies at this property.
- Unit sizes range from 932 to 984 sq. ft. for one-bedroom units. Two-bedroom unit sizes are 1,066 sq. ft. and three-bedroom unit sizes are 1,280 sq. ft.
- In 2016, the Northwest Iowa Regional Housing Authority averages 11 vouchers per month in Lyon County.

RENTAL MARKET ANALYSIS

TABLE R-4 MHFA/HUD INCOME AND RENT LIMITS LYON COUNTY- 2016								
Income Limits by Household Size								
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$13,470	\$15,390	\$17,310	\$19,230	\$20,790	\$22,320	\$23,850	\$25,410
50% of median	\$22,450	\$25,650	\$28,850	\$32,050	\$34,650	\$37,200	\$39,750	\$42,350
60% of median	\$26,940	\$30,780	\$34,620	\$38,460	\$41,580	\$44,640	\$47,700	\$50,820
80% of median	\$35,920	\$41,040	\$46,160	\$51,280	\$55,440	\$59,520	\$63,600	\$67,760
100% of median	\$44,900	\$51,300	\$57,700	\$64,100	\$69,300	\$74,400	\$79,500	\$84,700
120% of median	\$53,880	\$61,560	\$69,240	\$76,920	\$83,160	\$89,280	\$95,400	\$101,640
Maximum Gross Rent								
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$336	\$384	\$432	\$480	\$519			
50% of median	\$561	\$641	\$721	\$801	\$866			
60% of median	\$673	\$769	\$865	\$961	\$1,039			
80% of median	\$898	\$1,026	\$1,154	\$1,282	\$1,386			
100% of median	\$1,122	\$1,282	\$1,442	\$1,602	\$1,732			
120% of median	\$1,347	\$1,539	\$1,731	\$1,923	\$2,079			
Fair Market Rent								
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$438	\$484	\$619	\$768	\$877			

Sources: HUD, Novogradac, Maxfield Research and Consulting LLC

Introduction

This section provides an assessment of the market support for senior housing (active adult, congregate, assisted living, memory care, and skilled nursing care) in Rock Rapids. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the City. Our assessment concludes with an estimation of the proportion of City demand that could be captured by senior housing communities located in the Rock Rapids Market Area.

Senior Housing Defined

The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research and Consulting LLC classifies senior housing projects into five categories based on the level of support services offered:

Adult/Few Services; where few, if any, support services are provided, and rents tend to be modest as a result;

Congregate/Optional-Services; where support services such as meals and light housekeeping are available for an additional fee;

Congregate/Service-Intensive; where support services such as meals and light housekeeping are included in the monthly rents;

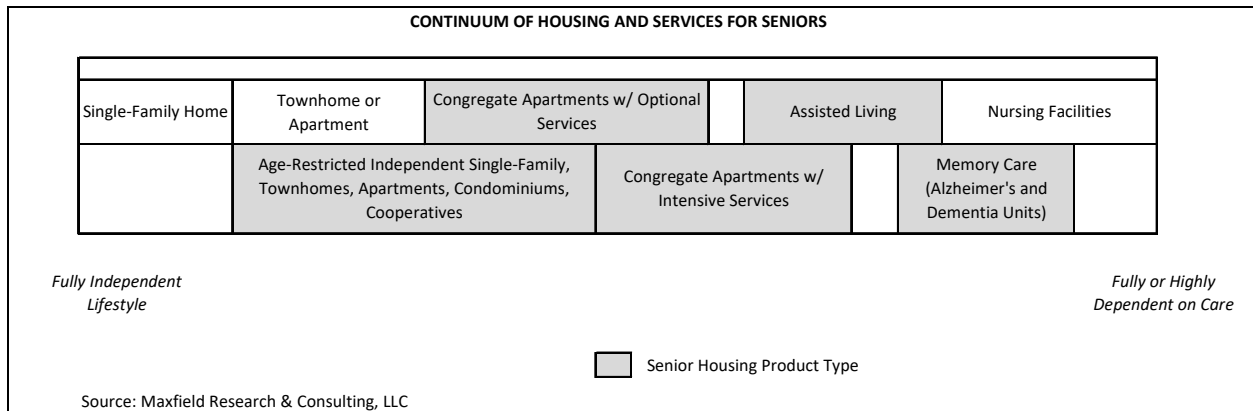
Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional fee or included in the rents.

Memory Care; where more rigorous and service-intensive personal care is required for people with dementia and Alzheimer’s disease. Typically, support services and meal plans are similar to those found at assisted living facilities, but the heightened levels of personalized care demand more staffing and higher rental fees.

These five senior housing products tend to share several characteristics. First, they usually offer individual living apartments with living areas, bathrooms, and kitchens or kitchenettes. Second, they generally have an emergency response system with pull-cords or pendants to promote security. Third, they often have a community room and other common space to encourage socialization. Finally, they are age-restricted and offer conveniences desired by seniors, although assisted living projects sometimes serve non-elderly people with special health considerations.

SENIOR HOUSING ANALYSIS

The five senior housing products offered today form a continuum of care (see Figure 2 on the following page), from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.



Senior Housing in Rock Rapids and the Market Area

As of October 2016, Maxfield Research identified three senior housing developments in the Rock Rapids Market Area. Combined, these projects contain a total of 90 units. Two of the projects are market rate. Tables S-1 and S-2 provide information on the market rate and subsidized projects. Information in the table includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each project.

x

The following are key points from our survey of the senior housing supply.

Affordable/Subsidized Senior Housing Projects

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30% of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable projects are typically tax-credit projects that are limited to households earning less than 80% of Lyon County's area median income.
- There are a total of 56 units in one subsidized senior project. As of October 2016, 21 units were vacant resulting in a vacancy rate of 37%. The *Rosewood Heights* Housing Director has said they have had a high vacancy rate for years and does not believe there is a demand for subsidized senior housing in the area.

SENIOR HOUSING ANALYSIS

- *Rosewood Heights Apartments*, the sole subsidized senior rental complex in Rock Rapids, has 56 one-bedroom units that are 520 square feet and was built in 1976.
- All utilities are included in the rent except for telephone. Amenities include standard appliances, elevators, on-site laundry facility, and off street parking. Services include noon meal program, bus transportation service, on-site property manager, and 24-hour maintenance department.

SENIOR HOUSING ANALYSIS

TABLE S-1 SENIOR HOUSING PROJECTS ROCK RAPIDS MARKET AREA October 2016									
Project Name	Submarket	Year Built	No. of Units	No. Vac.	Unit Mix	Unit Sizes (Sq. Ft.)	Entry Fee/Sales Price	Monthly Rents/Fees	Comments
Active- Adult Projects									
Rock Rapids Investments Bradley Street Rock Rapids	Central	2015	5	0	5 - 2BR	1,070 - 1,170	\$800 - \$945		Age restricted for 50+. Units include garage. Snow removal and lawn care included.
Total Adult/Few Services Units			5	0	0.0%				
Subsidized Active- Adult Projects									
Rosewood Heights Apartments 1202 South 3rd Avenue Rock Rapids	Central	1976	56	21	56 - 1BR	520 - 520	30% AGI Market rent \$636		Housing for elderly and disabled. Struggling to fill units, vacancy rate has been high for years.
Total Subsidized Adult/Few Services Units			56	21	37.5%				
Congregate Optional Service Projects									
None.									
Total Congregate Units			0						
Assisted Living Projects									
Premier Estates 1510 South Carroll Street Rock Rapids	Central	1999	29	4	19 - EFF 5 - 1BR 6 - 2BR	n/a n/a n/a	\$2,800 - \$2,900 \$3,061 - \$3,147 \$3,376 - \$3,376		All utilities included in the rent except for phone and cable.
Total Assisted Living Units			29	4	13.8%				
Memory Care Projects									
None.									
Total Memory Care Units			0						
² Facility is licensed as a board and care and assisted living facility									
Source: Maxfield Research and Consulting LLC									

SENIOR HOUSING ANALYSIS

**TABLE S-2
AMENITY COMPARISON
COMPETITIVE SENIOR PROJECTS
ROCK RAPIDS MARKET AREA
October 2016**

	Amenities/Features:																	Other
	<i>Emer. Call</i>	<i>A/C</i>	<i>Dishwasher</i>	<i>Disposals</i>	<i>Balc./Patio</i>	<i>Walk-in Closet</i>	<i>In Unit Laundry</i>	<i>Storage</i>	<i>Comm. Rm.</i>	<i>Exercise Rm.</i>	<i>Activity Rm.</i>	<i>Salon</i>	<i>Library</i>	<i>Game Rm.</i>	<i>Terrace/porch</i>	<i>Guest Suites</i>	<i>Parking</i>	
Active Adult-Few Services																		
Rock Rapids Investments	N	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	Y	N	Detached	
Subsidized Adult-Few Services																		
Rosewood Heights Apartments	N	Y	N	N	Y	N	N	N	Y	N	N	N	N	N	N	N	Surface	
Assisted Living Services																		
Premier Estates	Y	Y	N	N	N	N	N	Y	Y	N	Y	N	N	Y	N	Y	Detached	

Source: Maxfield Research and Consulting LLC

**TABLE S-3
SERVICES COMPARISON
COMPETITIVE SENIOR PROJECTS
ROCK RAPIDS MARKET AREA
October 2016**

	Utilities	Transportation	Activities	Meal Program	Hskpg.	Health/Misc.
Active Adult/Few Services						
Rock Rapids Investments	None.	None.	None.	Meals on Wheels is available.	None.	Lawn-care and snow removal is included.
Subsidized Adult/Few Services						
Rosewood Heights Apartments	All utilities included except telephone.	Coordinated by staff.	Coordinated by staff.	Noon meal	Coordinated by staff.	None.
Assisted Living						
Premier Estates	All utilities included except telephone and cable.	Coordinated by staff.	Coordinated by staff.	3 meals daily	Coordinated by staff.	24 hour on-site staff

Source: Maxfield Research and Consulting LLC

Rock Rapids Senior Housing Projects

The following are photographs of the senior housing facilities in Rock Rapids:



Rock Rapids Investments



Rosewood Heights



Premier Estates

Active Adult Senior Projects

- There is one active adult senior rental development located in Rock Rapids Market Area. *Rock Rapid Investments* has five two-bedroom units. Rent ranges from \$800 to \$945 per month for a two-bedroom unit.
- As of October 2016, *Rock Rapids Investments*, had zero vacancies.
- *Rock Rapids Investments* are the newest senior rental property in Rock Rapids. Rent includes snow care removal and lawn care services.

Assisted Living

- Rock Rapids has one assisted living facility with 29 units. *Premier Estates* has nineteen efficiency units, five one-bedroom units, and six two-bedroom units. Rent ranges from \$2,800 to \$2,900 per month for an efficiency unit and \$3,061 to \$3,147 per month for a one-bedroom unit. Two-bedroom units are rented at \$3,376 per month.
- *Premier Estates*, had four vacancies as of October 2016, resulting in a vacancy rate of 13.8%.
- All utilities are included in the rent except for telephone and cable. Amenities include large suites with kitchenettes, personal call system, garden, dining room, physical therapy, three meals a day, and medication management.

Introduction

Maxfield Research and Consulting LLC analyzed the for-sale housing market in Rock Rapids by analyzing data on single-family and multifamily home sales and active listings; inventorying the vacant lot supply in Rock Rapids; identifying pending for-sale developments; and conducting interviews with local real estate professionals, developers and planning officials.

Overview of For-Sale Housing Market Conditions

Table FS-1 presents home resale data on single-family and multifamily housing in Rock Rapids from 2012 through 2015. The data was obtained from local real estate firms in Rock Rapids and shows annual number of sales, median and average pricing, price per square foot, and average lot size. The following are key points observed from our analysis of this data.

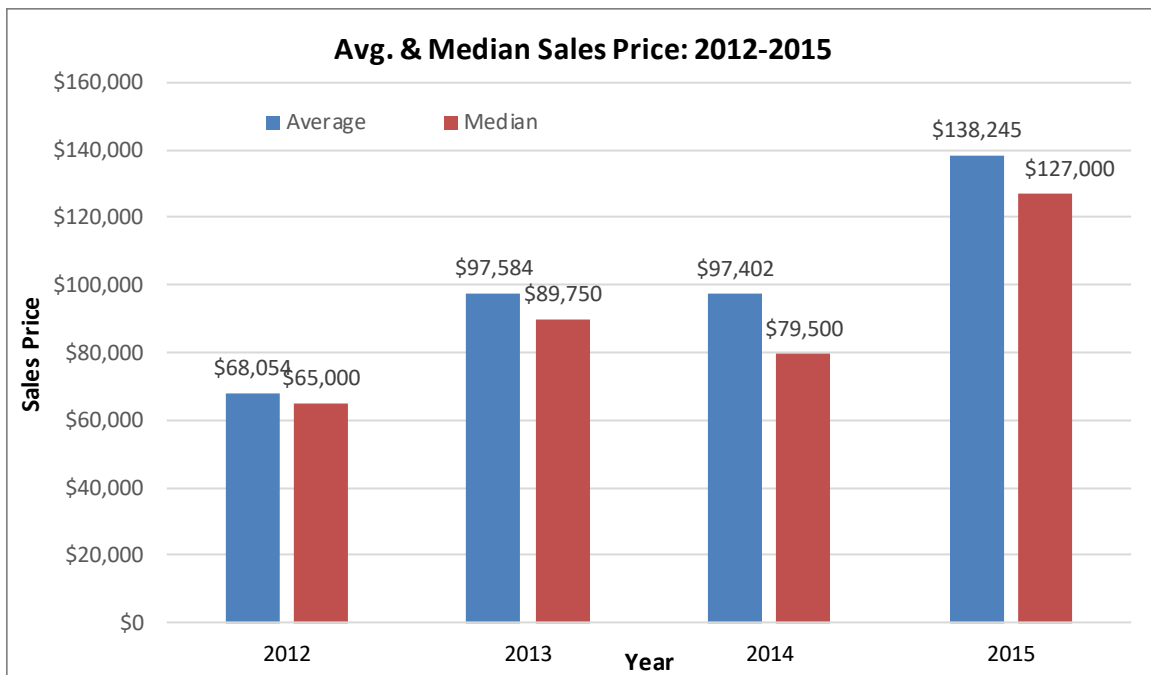
- The average and median sales price of homes in Rock Rapids was \$138,245 and \$127,000 respectively in 2015. Both metrics were peaks in the Rock Rapids housing market having increased about 40% over 2014 sales prices.
- Although sales prices peaked in 2015, the number of sales was down significantly compared to 2014. In 2014 there were nearly 60 transactions compared to 34 in 2015.
- Similar to the housing price highs in 2015, homes sales on a per square foot (“PSF”) basis also plateaued in 2015. The average and median sales price per foot was \$85 and \$83 respectively; a significant increase from \$74 PSF and \$62 PSF in 2014.
- An average of 42 homes was sold annually in Rock Rapids since 2012. Considering that Rock Rapids has a supply of about 800 owned homes in 2015, this represents turnover of about 5% of the owned homes annually.
- Table FS-1 also presents the average lot size and home size for all sales between 2012 and 2015. The average home size in 2015 was also the highest compared to transactions over the last four years. In 2015, the average home had over 1,600 square feet compared to less than 1,400 square feet in all other years. The average lot size has ranged from 0.44 acres in 2012 to 0.32 acres in 2013.

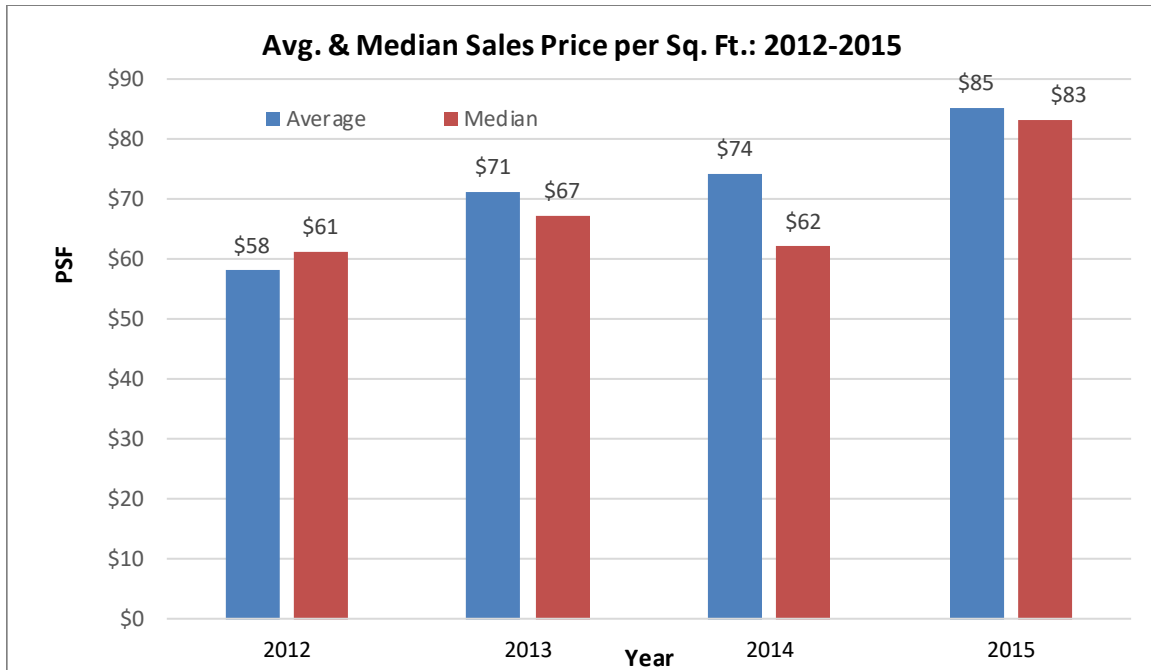
FOR-SALE MARKET ANALYSIS

**TABLE FS-1
RESALE ACTIVITY
ROCK RAPIDS
2012 to 2015**

Year	Resales	Sales Price		Price per Sq. Ft.		Avg. Sq. Ft.	Avg. Lot Size
		Average	Median	Average	Median		
2012	36	\$68,054	\$65,000	\$58	\$61	1,200	18,970
2013	42	\$97,584	\$89,750	\$71	\$67	1,389	13,756
2014	57	\$97,402	\$79,500	\$74	\$62	1,299	15,871
2015	34	\$138,245	\$127,000	\$85	\$83	1,644	14,661

Source: Lyon County Assessor, Maxfield Research & Consulting, LLC





Home Resales by Price

Table FS-2 shows the distribution of sales within nine price ranges from resales in 2015. The graph on the following page visually displays the sales data.

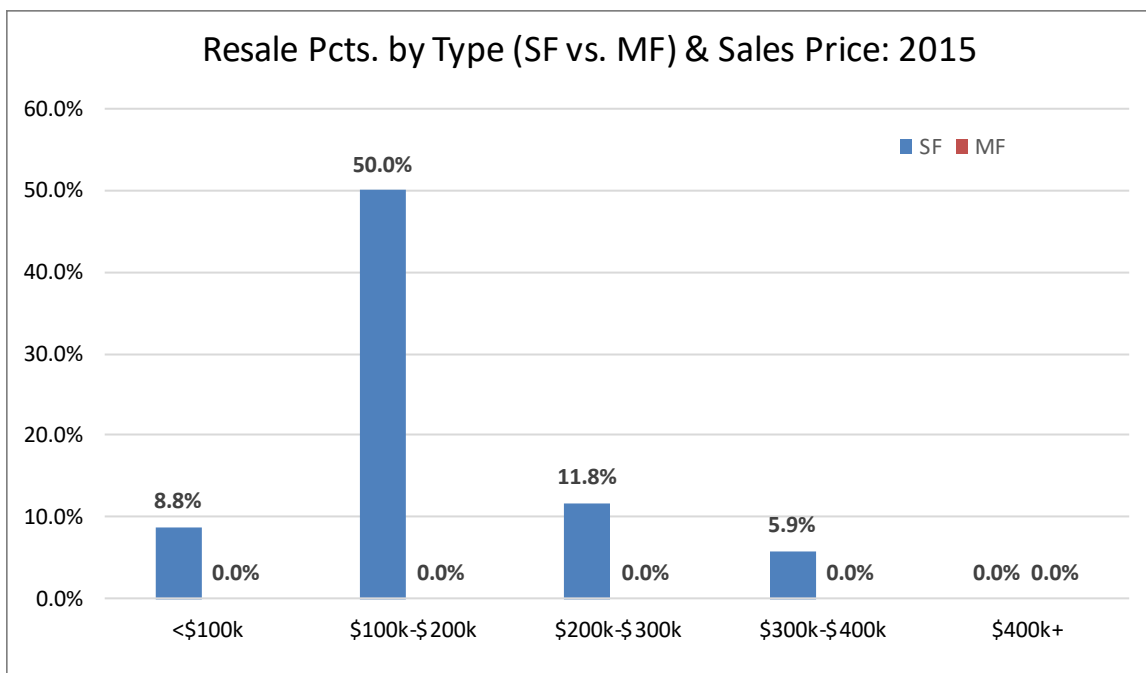
- All of the residential transactions that occurred in 2015 were for single-family properties; there were no townhomes or condominiums that sold.
- Overall, 35% of all home resales in 2015 were priced between \$100,000 and \$149,999. About 30% of all home resales in 2015 sold for less than \$100,000.
- Based on the median price of \$127,000 in Rock Rapids as of 2015, a household’s monthly payment (assuming 10% down and principal/interest, insurance, taxes, and 3.625% mortgage interest rate) would be about \$735. The income required to afford a home at this price would be about \$30,000 based on purchasing a home utilizing 30% of their adjusted gross income (and assuming they do not have a high level of debt or existing equity). In 2016, 89% (1,275 households) of Rock Rapid’s PMA non-senior households had incomes greater than \$30,000, meaning that over 89% of non-senior households in the Rock Rapids PMA can afford a median-priced home in the city.
- About 18% of Rock Rapids transactions in 2015 sold for more than \$200,000; of which only 6% sold for more than \$300,000.

FOR-SALE MARKET ANALYSIS

**TABLE FS-2
HOME RESALES BY SALES PRICE & PRODUCT TYPE
ROCK RAPIDS
2015**

Price Range	Single-family		Multifamily		Combined	
	No.	Pct.	No.	Pct.	No.	Pct.
Under \$50,000	3	8.8%	0	-	3	8.8%
\$50,000 to \$99,999	8	23.5%	0	-	8	23.5%
\$100,000 to \$149,999	12	35.3%	0	-	12	35.3%
\$150,000 to \$199,999	5	14.7%	0	-	5	14.7%
\$200,000 to \$249,999	2	5.9%	0	-	2	5.9%
\$250,000 to \$299,999	2	5.9%	0	-	2	5.9%
\$300,000 to \$349,999	0	0.0%	0	-	0	0.0%
\$350,000 to \$399,999	2	5.9%	0	-	2	5.9%
\$400,000+	0	0.0%	0	-	0	0.0%
Total	34	100.0%	0	-	34	100.0%

Sources: Lyon County Assessor, Maxfield Research & Consulting, LLC



Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Rock Rapids and the Market Area, we reviewed the current supply of homes on the market (listed for sale). Tables FS-3 and FS-4 homes show currently listed for sale and pending listings in the Rock Rapids area. The data was provided from local real estate firms Frontier Insurance & Realty and Sieperda/Foltz Insurance & Real Estate Agency in August 2016. MLS listings generally account for the vast majority of all residential sale listings in a given area.

Table FS-3 shows the current number of homes for-sale or pending by price point; whereas Table FS-4 shows the same data by housing type. The following points are key findings from our assessment of the active single-family and multifamily homes listed in the Rock Rapids area.

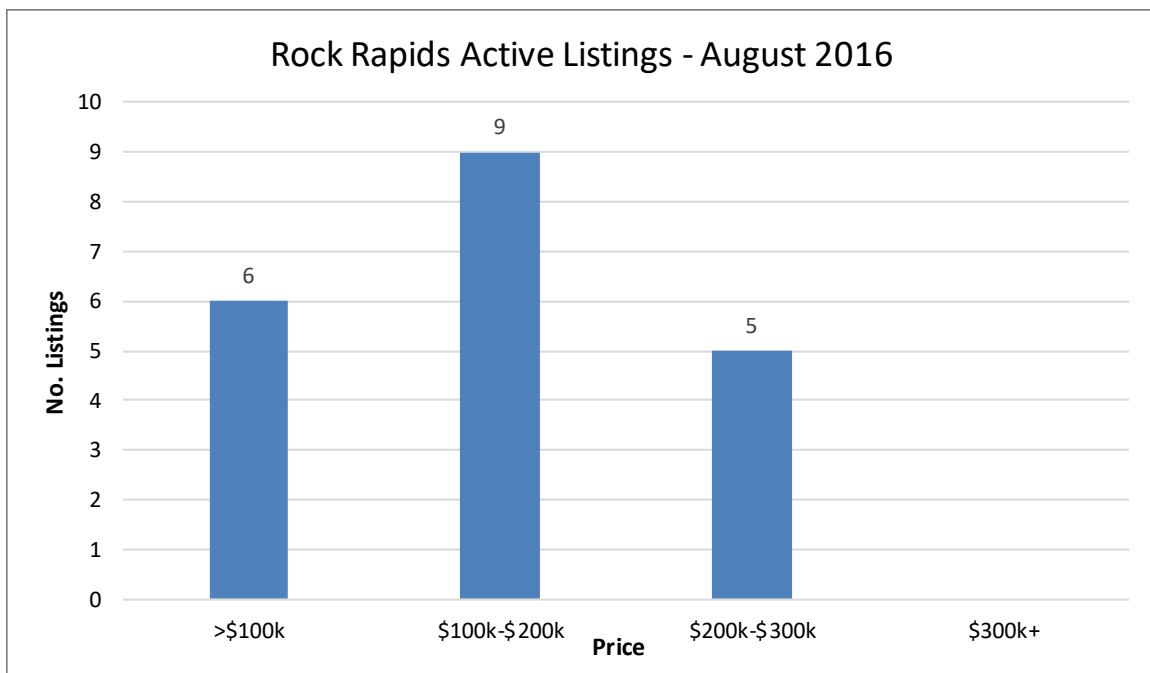
- Only 20 homes were listed for sale in the Rock Rapids area as of August 2016. However, four of the properties were pending so only 16 were actively marketing available for-sale. Another search in early September 2016 found only 12 active listings in Rock Rapids.
- All of the listings were single-family homes; there were no multifamily options for-sale.
- The median list price in Rock Rapids was \$137,400 for single-family homes in August 2016. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.
- Based on a median list price of \$137,400, a household would need an income of about \$32,000 in order to afford to make monthly housing payments of about \$800 (assuming a 10% down payment, 3.625% 30-year fixed mortgage). A household with significantly more equity (in an existing home and/or savings) could put more than 10% down and afford a higher priced home. About 79% of Rock Rapids' non-senior households have annual incomes at or above \$32,000.
- About 30% of Rock Rapids' single-family homes for sale are priced less than \$100,000. Among the eight categories, the most listings (30%) are priced between \$100,000 and \$150,000. About 25% of the active single-family homes are priced above \$200,000.

**TABLE FS-3
HOMES CURRENTLY LISTED FOR-SALE
ROCK RAPIDS
August 2016**

Price Range	Single-Family		Multifamily		Total	
	No.	Pct.	No.	Pct.	No.	Pct.
Under \$25,000	0	0.0%	0	-	0	0.0%
\$25,000 to \$49,999	3	15.0%	0	-	3	15.0%
\$50,000 to \$99,999	3	15.0%	0	-	3	15.0%
\$100,000 to \$149,999	6	30.0%	0	-	6	30.0%
\$150,000 to \$199,999	3	15.0%	0	-	3	15.0%
\$200,000 to \$249,999	4	20.0%	0	-	4	20.0%
\$250,000 to \$300,000	1	5.0%	0	-	1	5.0%
\$300,000 and Over	0	0.0%	0	-	0	0.0%
	20	100%	0	-	20	100%
Minimum	\$28,750		--		\$28,750	
Maximum	\$270,000		--		\$270,000	
Median	\$137,400		--		\$137,400	
Average	\$138,298		--		\$138,298	

Note: Does not include agricultural properties.

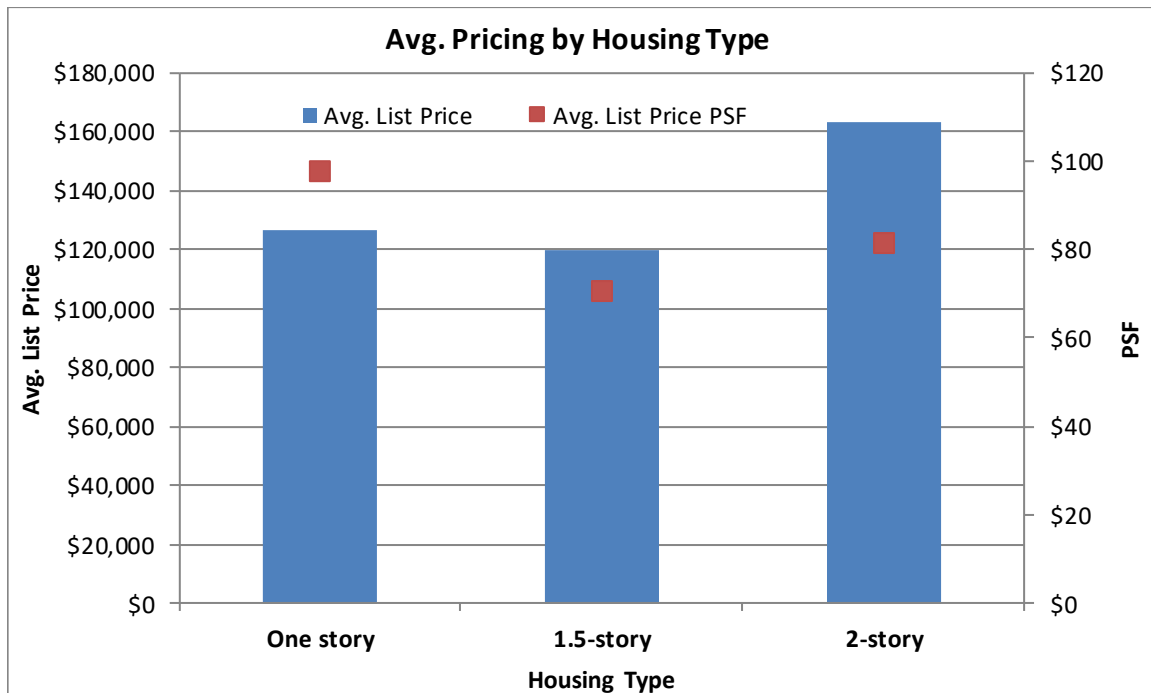
Sources: Local real estate firms websites,
Maxfield Research & Consulting, LLC



FOR-SALE MARKET ANALYSIS

Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. List Price Per Sq. Ft.	Avg. Acres
Single-Family						
One story	10	50.0%	\$126,725	1,300	\$97	0.33
1.5-story	3	15.0%	\$119,633	1,700	\$70	0.31
2-story	7	35.0%	\$162,829	2,006	\$81	0.36
Total	20	100.0%	\$138,298	\$1,607	\$86	0.34

Source: Local real estate firms websites, Maxfield Research & Consulting



- Exactly one-half of the active listings are one-level single-family homes. Two-story homes make up 35% of the homes for sale whereas 1.5-stories make-up 15% of the inventory. Most of the 1.5-story homes are older homes located in established neighborhoods.
- Although two-story homes average over \$162,000, they tend to be larger homes with an average of 2,000 square feet. One-story homes have the smallest square footages; but they command the highest sales price per square foot (\$97 PSF).
- Across all listings, the average sales price per square foot is \$86. One and one-half stories have the lowest PSF costs of \$70.

Actively Marketing Subdivisions/Vacant Lot Supply

Tables FS-5 shows an inventory of lots within platted subdivisions in Rock Rapids and the Rock Rapids Market Area. The table includes information on the year the subdivision was platted, the total number of lots platted, number of lots developed, lots available, acres, average land and home values, and marketing lot costs. Please note: infill lots and scattered lots are omitted from the table. Key findings follow.

- A total of eleven subdivisions with 91 vacant developed lots were inventoried in the Rock Rapids Market Area. In Rock Rapids proper, there are five subdivisions with a total of 39 vacant lots.
- The average lot size among Rock Rapids active subdivisions is 0.42 acres, or about 18,300 square feet. However, because of larger township lot size minimum lot sizes the average lot size in the Market Area is 0.89 acres.
- The average assessed lot value in Rock Rapids is nearly \$40,000, compared to \$35,900 in the Market Area. Similarly, the average assessed home price in Rock Rapids is \$297,000 compared to \$268,500 in the Market Area.
- Marketing lot prices vary considerably between the Rock Rapids area and the Remainder of the Market Area. In Rock Rapids and the surrounding townships, most lots market for about \$35,000 to \$40,000. However, in more rural communities such as Alvord and Doon lots are typically priced under \$10,000.
- The lot supply in Rock Rapids is dominated by the single-family, detached home. Although condominiums and townhomes have recently been constructed in Rock Rapids; all of the vacant lots are for single-family detached homes.
- The majority of new lots in Rock Rapids have lot widths of about 100' wide or more.
- The average assessed lot value to home value is about 13% in the Rock Rapids Market Area. Typically, in most other markets, the lot-to-home value ratio is higher and approaches 20%. As a result, home buyers in Rock Rapids are receiving more house for their dollar than other submarkets with higher land costs.
- According to Realtor Property Resource ("RPR"), the median days on market in Rock Rapids is 37 days; compared to 51 in Lyon County and 75 in the State of Iowa.

FOR-SALE MARKET ANALYSIS

TABLE FS-5
ACTIVE SINGLE-FAMILY SUBDIVISIONS
ROCK RAPIDS MARKET AREA
August 2016

Subdivision/Location	City/Twp.	Year Platted	No. of Lots ¹	Vacant/ Avail. Lots	Typical Lot Size (acres)	Average Lot/Land Value ²	Average Home Value ²	Comments
Rock Rapids Market Area								
Hawkins 1st Add. (SF only)	Rock Rapids	2012	7	7	0.40	n/a	n/a	Lots marketing \$37,000-\$40,000
Hawkins 3rd Add.	Rock Rapids	2014	18	14	0.45	\$74,417	\$485,290	Lots marketing \$39,000+
South Ridge 1st Add Replat	Rock Rapids	2012	11	7	0.33	\$32,253	\$305,183	Lots marketing \$35,400 to \$57,900
Mill Pond 3rd (Existing)	Rock Rapids	2004	9	1	0.36	\$31,671	\$298,600	Lots marketing \$20,000+
Sunrise View Ponds	Rock Rapids	2016	11	10	0.53	\$23,340	\$169,050	Lots marketing: \$20,000 (west lots) to \$70k (east lots)
Rock Ridge	Rock Township	--	24	20	1.69	\$26,913	\$179,501	Lots marketing \$30,000-\$35,000, \$50k+ combined
River Bend	Riverside Twp.	2011	11	8	3.00	\$60,820	\$360,668	Lots marketing \$37,000-\$45,000
Sullivan Addition	Alvord	2005	8	6	0.50	n/a	n/a	n/a
Rozeville Addition	Doon	2007	13	5	0.43	\$25,150	\$204,512	n/a
Rozeville II	Doon	2011	12	9	0.39	\$15,071	\$177,875	n/a
Van Beek	Doon	--	8	6	0.36	\$17,782	\$213,510	Lots marketing \$7,500-\$8,500
Subtotal			132	93	0.89	\$35,906	\$268,511	

Future Lots

Mill Pond 3rd (Future SF)	Rock Rapids	--	12	12	--	--		No streets - future lots
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¹Some lots have been combined, thereby reducing the total number of lots in the subdivision

²Lot value and home value based on Lyon County Assessor data. In new subdivisions with no recorded sales, the values represent the value of the property as its marketing. In some cases, there is a tax abatement that may apply to the assessed value of the land.

Source: Maxfield Research & Consulting, LLC

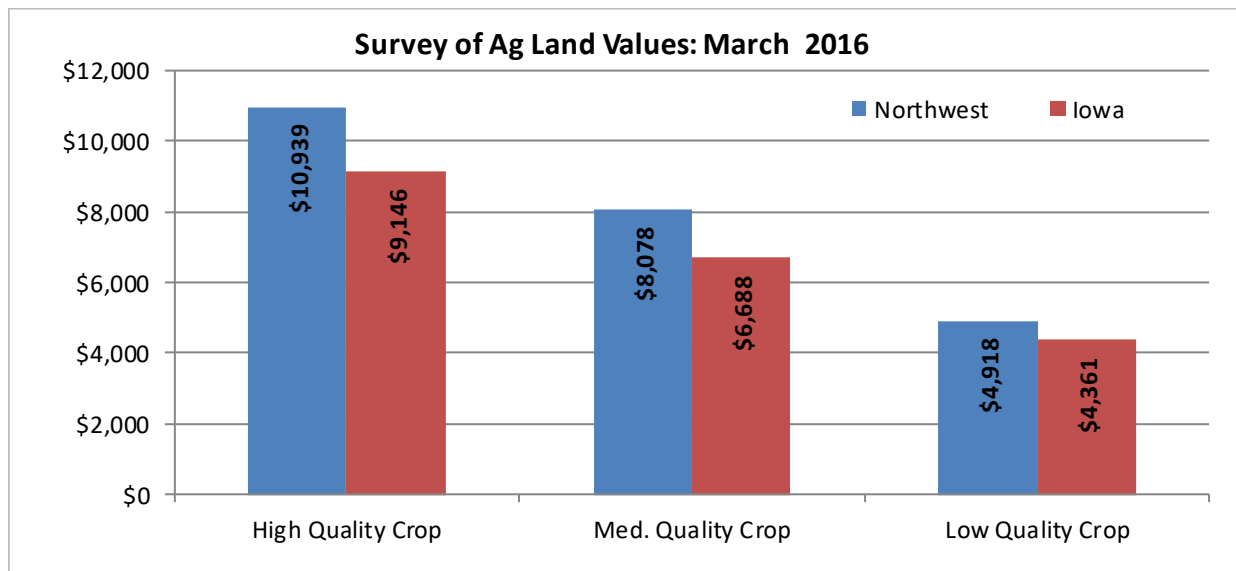
Agricultural Land Values

Lyon County and Northwest Iowa has some of the most desirable agricultural land in Iowa. Lyon County historically has among the highest priced agricultural land per acre in Iowa, and across the Midwest. Table FS-6 shows farmland values in various submarkets of Iowa in March 2016. The data was compiled by the Realtors Land Institute (RLI) which is composed of Realtors who specialize in farm and land sales or appraisals. Key findings follow.

**TABLE FS-6
SURVEY OF FARMLAND VALUES
March 2016**

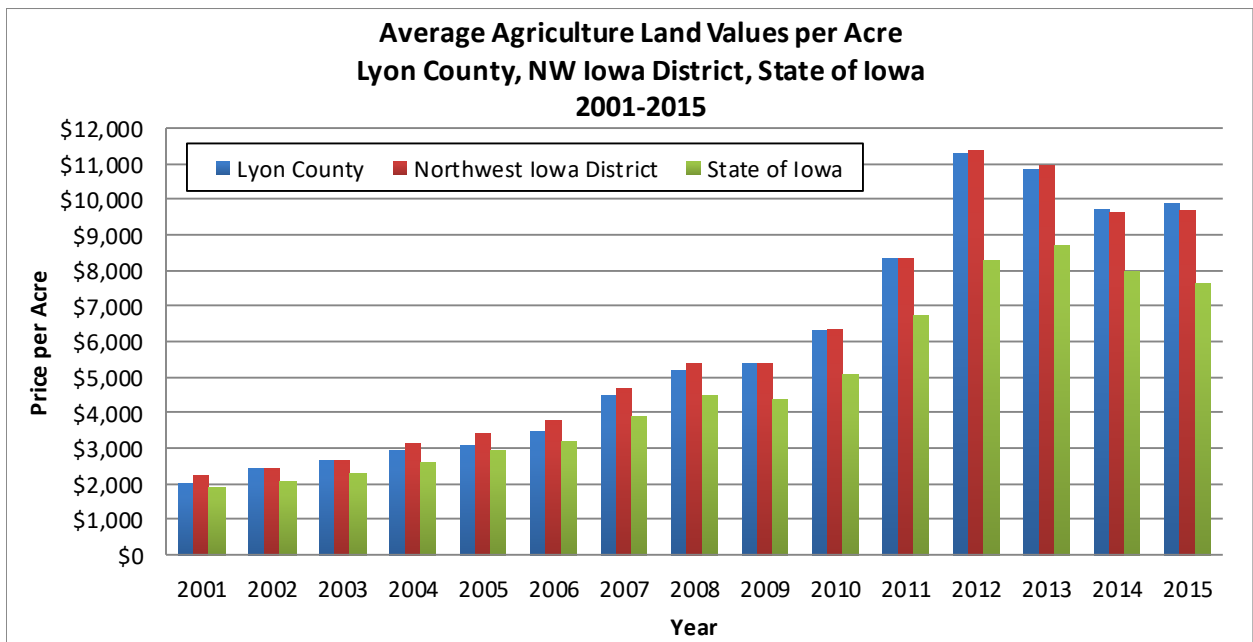
Region in Iowa	Crop Land			Non-tillable Pasture	Timber
	High Quality	Medium	Low Quality		
Central	\$9,507	\$6,837	\$4,317	\$2,783	\$2,400
East Central	\$9,992	\$7,157	\$4,468	\$2,734	\$2,124
North Central	\$9,074	\$6,905	\$4,714	\$2,262	\$1,713
Northeast	\$9,089	\$6,691	\$4,453	\$2,629	\$2,508
Northwest	\$10,939	\$8,078	\$4,918	\$2,934	\$1,375
South Central	\$6,905	\$4,686	\$3,020	\$2,780	\$2,517
Southeast	\$9,318	\$3,242	\$3,697	\$2,404	\$1,982
Southwest	\$8,125	\$6,238	\$4,638	\$3,413	\$2,186
West Central	\$9,368	\$7,355	\$5,025	\$2,750	\$2,225
Iowa	\$9,146	\$6,688	\$4,361	\$2,743	\$2,225

Sources: Realtors Land Institute, Maxfield Research & Consulting, LLC

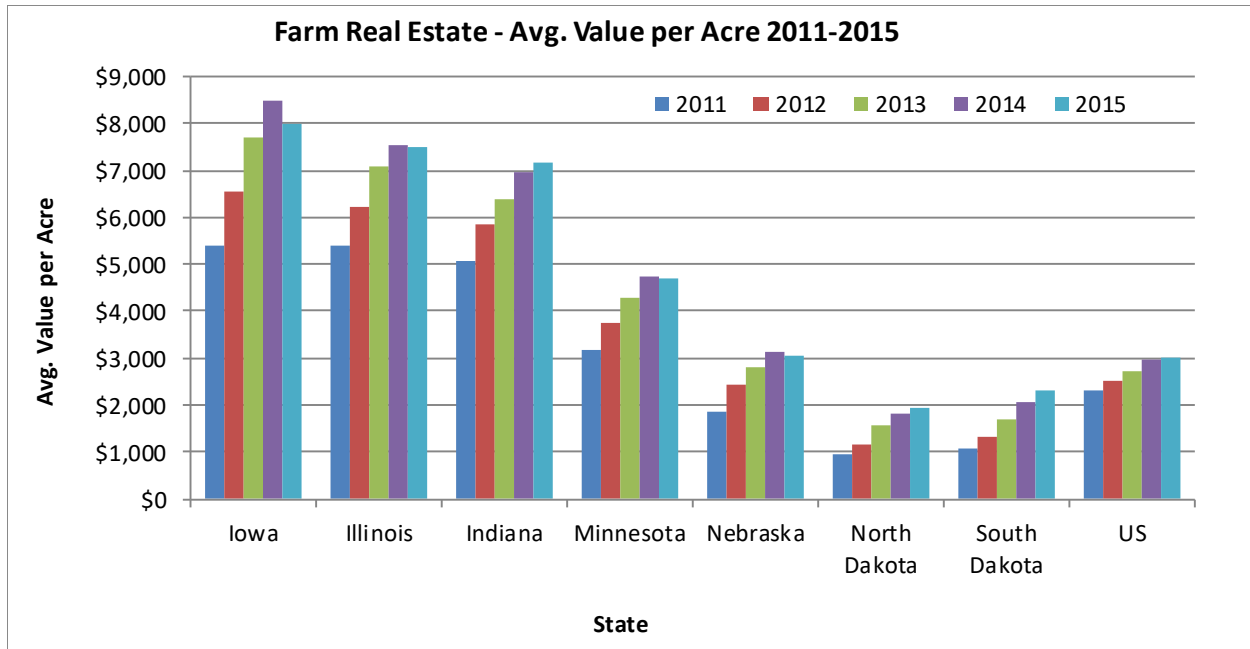


FOR SALE MARKET ANALYSIS

- As illustrated in the Table and chart, Northwest Iowa has the highest value of cropland among the geography's profiled in the Table. As of March 2016, cropland ranges from \$4,918 (low quality) to \$10,939 (high quality) per acre.
- The Iowa State University Extension also measures the value of agricultural land throughout the State. The chart below depicts the average land value per acre in Lyon County, Northwest Iowa, and the State of Iowa between 2001 and 2015. Similar to Table FS-6, Lyon County and Northwest Iowa have land values significantly higher than the state average. As of 2015, land values per acre in Lyon County averaged nearly 9,900 per acre.



- The United States Department of Agriculture (“USDA”) also publishes land value statics across the country. The following chart illustrates farm real estate values by acre at the state-wide level from 2011 to 2015. As illustrated in the chart, Iowa has the highest value of farm real estate in the Midwest.



Flood Analysis

In June 2014, Lyon County received over eight inches of rain that resulted in the Rock River cresting and flooding lower elevations in Rock Rapids. An estimated 700 residents or Rock Rapids had to evacuate their homes due to the severe flooding. The flood damaged approximately 90 homes in Rock Rapids and due to extensive damage many homes had to be torn down.

A total of 54 flood-damaged homes have been acquired by the City of Rock Rapids and transitioned into green, open space. Homes being removed were taken out under the federal flood insurance guidelines established by FEMA. Funding for the tear downs was provided by FEMA and the Iowa Department of Homeland Security.

Among the 54 homes that have been removed, it is estimated 32 households remained in Rock Rapids, 15 household left Rock Rapids, while seven properties either were vacant land or unable to be located. As a result, the demand for housing in Rock Rapids has grown due to displaced householders seeking housing in Rock Rapids

Realtor/Builder Interviews

Maxfield Research & Consulting, LLC. interviewed real estate agents and other professionals familiar with Rock Rapids' owner-occupied market to solicit their impressions of the for-sale housing market in the community. The following are key points derived from these interviews.

- Although most of the households with flood damaged homes were able to find replacement housing in Rock Rapids, some were unable to find replacement housing in their price range. As a result, some householders left Rock Rapids due to lack of supply. However, it is estimated that about 75% or more of the existing households stayed in Rock Rapids.
- Many flood damaged homeowners came ahead financially due to above market value buy-out sales price and relocation assistance fees. As a result, some of these homeowners were able to purchase homes with higher market values than their existing buy-out home.
- Flood damaged homeowners stimulated the Rock Rapids real estate market on a number of fronts. Some flood damaged homeowners pursued new construction; while other sellers of middle market product in Rock Rapids moved to new construction when selling their home to a flood damaged homeowner.
- The number of active listings is extremely low in Rock Rapids. Regardless of price point, there are few options for buyers seeking to purchase a home in Rock Rapids. The supply of homes is estimated to be the lowest in decades. The strongest demand from buyers is for homes priced between \$150,000 and \$200,000.
- Most buyers in Rock Rapids desire at least three bedrooms, two baths, and a ranch style house. In addition, buyers desire larger lots and garage space is also a premium.
- Properties priced right sell very fast and have low days on market. It is estimated the average sold price is about 92% of the original list price.
- The cost to build new construction is too high for most Rock Rapids households. Many Rock Rapids householder would consider new construction if it was priced under \$200,000.
- The lot supply in Rock Rapids and the surrounding townships is adequate to meet the current demand for new construction.
- Ranch-style homes with basements are the preferred housing type for both existing home resales and new construction. For new construction, buyers desire about 1,500 to 1,700 finished square feet on the main level.

FOR SALE MARKET ANALYSIS

- Most new single-family construction starts at a minimum of \$250,000 for a standard-finish home with base features; while most new construction homes are priced above \$300,000. Nearly all of the homes are build-to-suit versus a builder's spec home.
- The average cost to build a new home in the Rock Rapids area is averaging over \$160 per square foot. Higher-level finishes and customization will exceed \$170 PSF
- New construction buyers in Rock Rapids favor larger lots with at least one-third an acre and lot widths of 90' to 100'.
- The future replacement hospital is projected to open in 2019 and is expect to add many professional jobs in Rock Rapids. However, local Realtors are concerned the current housing stock is not adequate to capture this projected growth.
- Although agricultural land values are down from the peak a few years ago, agricultural land generally ranges from about \$11,000 to \$12,000 per acre. Agricultural land in Lyon County commands some of the highest prices per acre in Iowa due to its rich soil conditions.

Pending For-Sale Developments

According to the City of Rock Rapids, there are no pending for-sale housing developments in the planning process at this time.

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Rock Rapids and the Rock Rapids Market Area. This section of the report presents our estimates of housing demand in Rock Rapids and the Market Area from 2016 through 2025.

Demographic Profile and Housing Demand

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

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

6. *Older seniors*

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

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

Rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas such as Sioux Falls or Sioux City. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

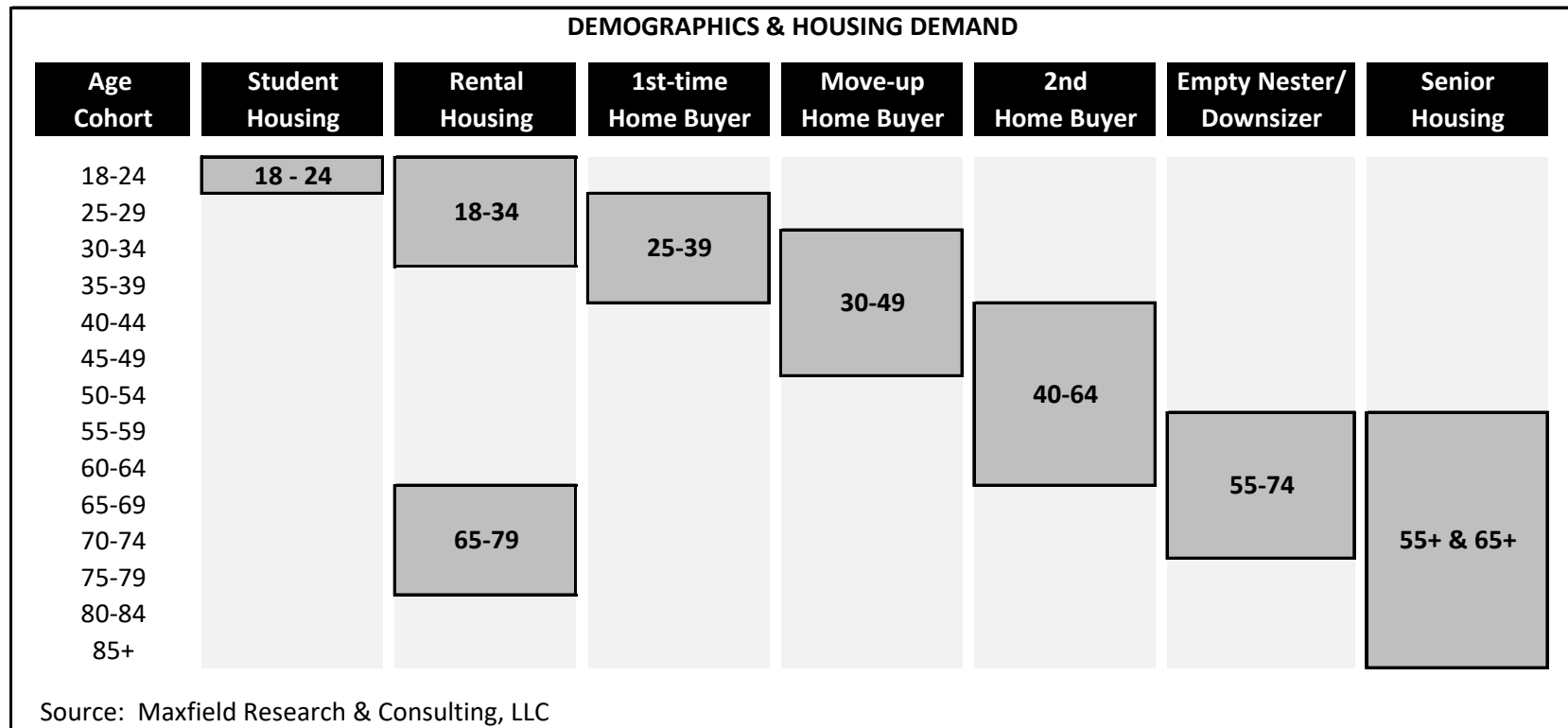
The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

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

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

HOUSING DEMAND ANALYSIS



HOUSING DEMAND ANALYSIS

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

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

Source: Maxfield Research & Consulting, LLC

Demographics

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

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing

household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

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

Supply (Existing Housing Stock)

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

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

Housing Finance

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

The ability of buyers to obtain mortgage financing has recently become easier as lenders have eased restrictions that had been in place after the Great Recession. As a result, many borrowers are taking the opportunity to seek for-sale housing within their means or home refinancing their current residence.

Mobility

It is important to note that demand is somewhat fluid between other northwest Iowa Metro communities and will be impacted by development activity in nearby areas, including other communities outside Lyon County (i.e. Sioux Falls, etc).

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Rock Rapids Market Area between 2016 and 2025.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Rock Rapids Market Area is expected to add 125 new households; but only 27 households under the age of 65. We estimate that 87% have the propensity to own, which produces demand for 22 new general occupancy for-sale housing units between 2016 and 2025.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 1,149 owner-occupied households under age 65 are located in the Rock Rapids Market Area in 2016. Based on mobility data from the Census Bureau, an estimated 43% of owner households will turnover in a ten-year period, resulting in 498 existing households projected to turnover. Finally, we estimate 15% of the existing owner households will seek new for-sale housing, resulting in demand for 75 for-sale units through 2025.

Next, we estimate that 25% of the total demand for new for-sale units in the Rock Rapids Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside the Rock Rapids Market Area to the existing demand potential, results in a total estimated demand for 128 for-sale housing units by 2025.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 70% of the for-sale owners will prefer traditional single-family product types while the remaining 30% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, detached townhomes, or condominiums).

We then subtract the current identified platted lots that are under construction or approved. After subtracting the current lot supply in subdivisions (93 total single-family lots and zero multi-family) we find total demand through 2025 resulting in no new single-family lots and 39 multifamily units/lots.

Finally, we estimate that 65% of the excess single family demand and 90% of the excess multifamily demand from the Rock Rapids Market Area demand could be captured in Rock Rapids. **Therefore, total for-sale demand in Rock Rapids through 2025 is 35 multifamily lots/units while the existing lot supply should meet the demand for future single-family housing.**

HOUSING DEMAND ANALYSIS

**TABLE HD-1
FOR-SALE HOUSING DEMAND
ROCK RAPIDS MARKET AREA
2016 to 2025**

Demand from Projected Household Growth													
Projected HH growth under age 65 in the Market Area 2016 to 2025 ¹			27										
(times) % propensity to own ²	x	80.3%											
(equals) Projected demand from new HH growth	=		22										
Demand from Existing Owner Households													
Number of owner households (age 64 and younger) in Market Area (2016) ³			1,149										
(times) Estimated percent of owner turnover ⁴	x	43%											
(equals) Total existing households projected to turnover	=		498										
(times) Estimated percent desiring new housing	x	15.0%											
(equals) Demand from existing households	=		75										
(equals) Total demand from HH growth and existing HHs 2016 to 2025	=		96										
(times) Demand from outside Rock Rapids Market Area			25%										
(equals) Total demand potential for ownership housing, 2016 to 2025			128										
		<table border="1"> <thead> <tr> <th>Single Family</th> <th>Multi-family*</th> </tr> </thead> <tbody> <tr> <td align="center">70%</td> <td align="center">30%</td> </tr> <tr> <td align="center">90</td> <td align="center">39</td> </tr> <tr> <td align="center">93</td> <td align="center">0</td> </tr> <tr> <td align="center">0</td> <td align="center">39</td> </tr> </tbody> </table>	Single Family	Multi-family*	70%	30%	90	39	93	0	0	39	
Single Family	Multi-family*												
70%	30%												
90	39												
93	0												
0	39												
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x												
(equals) Total demand potential for new single-family & multifamily for-sale housing	=												
(minus) Units marketing or approved platted lots (undeveloped and developed lots) ⁶	-												
(equals) Excess demand for new general occupancy for-sale housing	=												
(times) Percent of Market Area demand capturable by Rock Rapids	x	65%	90%										
(equals) number of units/lots supportable by Rock Rapids			0 35										
¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC ² Pct. of owner households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research). Adjusted by Maxfield Research to account for shift in tenure ³ Estimate based on 2010 owner households and new owner household growth 2010 to 2015 (under age 65) ⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period; adjusted. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, detached townhomes, twinhomes, and condominium units.													
Source: Maxfield Research & Consulting, LLC													

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in the Rock Rapids Market Area. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Rock Rapids that want to upgrade their housing situations.

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Rock Rapids Market Area is expected to add 125 new households between 2016 and 2025; 27 of which will be under age 65. We estimate that 13% will be renting their housing, which produces demand for four new general occupancy rental housing units between 2016 and 2025.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 282 renter-occupied households under age 65 are located in the Rock Rapids Market Area in 2016. Based on mobility data from the Census Bureau, an estimated 62% of renter households will turnover in a ten-year period, resulting in 176 existing households projected to turnover. Finally, we estimate 20% of the existing renter households will seek new rental housing, resulting in demand for 35 rental units through 2025.

Next, we estimate that 25% of the total demand for new rental units in the Rock Rapids Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Rock Rapids Market Area to the existing demand potential, results in a total estimated demand for 52 rental housing units by 2025.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 25% of the total demand will be for subsidized housing (30% AMI), 15% will be for affordable housing (40% to 60% AMI), and 60% will be for market rate housing (non-income restricted).

Next we subtract housing projects that are under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. However, at this time there are no new rental projects in the pipeline.

Finally, we estimate that a site in Rock Rapids can capture 90% of the total subsidized and affordable Market Area demand and 85% of the total market rate Market Area demand, resulting in demand for 12 subsidized units, 7 affordable units, and 26 market rate units in Rock Rapids.

HOUSING DEMAND ANALYSIS

TABLE HD-2 RENTAL HOUSING DEMAND ROCK RAPIDS MARKET AREA 2016 to 2025			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Rock RapidsMarket Area 2016 to 2025 ¹			27
(times) Estimated % to be renting their housing ²	x	13.0%	
(equals) Projected demand from new HH growth	=		4
Demand from Existing Renter Households			
Number of renter HHs (age 64 and younger) in Rock Rapids Market Area (2016) ³			282
(times) Estimated percent of renter turnover ⁴	x	62.3%	
(equals) Total existing households projected to turnover	=		176
(times) Estimated percent desiring new rental housing	x	20%	
(equals) Demand from existing households			35
(equals) Total demand from HH growth and existing HHs 2016 to 2025	=		39
(times) Demand from outside Rock Rapids Market Area			25%
(equals) Total demand potential for rental housing, 2016 to 2025			52
(times) Percent of rental demand by product type ⁵	x		
(equals) Total demand potential for general-occupancy rental housing units	=		
(minus) Units under construction or pending ⁶	-		
(equals) Excess demand for new general occupancy rental housing	=		
(times) Percent of Market Area demand capturable by Rock Rapids	x		
(equals) number of units supportable by Rock Rapids			

	Subsidized	Affordable	Market Rate
x	25%	15%	60%
=	13	8	31
-	0	0	0
=	13	8	31

¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC

² Pct. of renter households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research). Adjusted by Maxfield Research to account for tenure shift

³ Estimate based on 2010 renter households and new renter household growth 2010 to 2015 (under age 65)

⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period; adjusted.

⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households)

⁶ Pending/proposed/under construction at 95% occupancy.

Source: Maxfield Research & Consulting, LLC.

It should be noted demand could be higher to account for pent-up housing demand. With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, live in single-family rentals, or live in housing outside of the area and commute to jobs. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. According to Table R-1, the current general-occupancy rental market had 2.1% vacancy rate, indicating pent-up demand for rental housing units.

Senior Housing Demand Analysis

Tables DMD-3 and DMD-7 shows demand calculations for senior housing in the Rock Rapids Market Area (“Central Lyon County”) from 2016 to 2021. Demand methodology employed by Maxfield Research & Consulting utilizes capture and penetration rates that blend national senior housing trends with local market characteristics, preferences and patterns. Our demand calculations consider the following target market segments for each product types:

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

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

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

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

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

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

TABLE DMD-3 DEMAND FOR MARKET RATE ACTIVE ADULT RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2016	
Households age 55-64	395
(times) % income qualified ¹	73.7%
(plus) % Households w/incomes \$25k-35k ²	7.6%
(times) potential capture rate	0.5%
(equals) demand potential	2
Households age 65-74	264
(times) % income qualified ¹	70.4%
(plus) % Households w/incomes \$25k-35k ²	11.7%
(times) potential capture rate	5.5%
(equals) demand potential	12
Households age 75+	321
(times) % income qualified ¹	45.2%
(plus) % Households w/incomes \$25k-35k ²	17.9%
(times) potential capture rate	16.5%
(equals) demand potential	33
(Equals) Demand potential	47
Percent Owner-Occupied	40%
Number	19
(minus) Existing and Pending Units ³	0
(equals) Total Owner-Occupied Demand	19
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	16
Percent Renter-Occupied	60%
Number	28
(minus) Existing and Pending Units ³	10
(equals) Total Renter-Occupied Demand	18
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	15

TABLE DMD-3 (continued) DEMAND FOR MARKET RATE ACTIVE ADULT RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2021	
Households age 55-64	399
(times) % income qualified ¹	73.0%
(plus) % Households w/incomes \$25k-35k ²	6.7%
(times) potential capture rate	0.5%
(equals) demand potential	2
Households age 65-74	336
(times) % income qualified ¹	66.8%
(plus) % Households w/incomes \$25k-35k ²	9.9%
(times) potential capture rate	5.5%
(equals) demand potential	14
Households age 75+	327
(times) % income qualified ¹	40.4%
(plus) % Households w/incomes \$25k-35k ²	13.0%
(times) potential capture rate	16.5%
(equals) demand potential	29
(Equals) Demand potential	45
Percent Owner-Occupied	40%
Number	18
(minus) Existing and Pending Units ³	0
(equals) Total Owner-Occupied Demand	18
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	15
Percent Renter-Occupied	60%
Number	27
(minus) Existing and Pending Units ³	10
(equals) Total Renter-Occupied Demand	17
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	14
¹ Based on households earning \$35,000+ in 2016 ² Estimated homeowners with incomes between \$25,000 and \$34,999 in 2016 ³ Existing and pending units are deducted at market equilibrium (95% occupancy)	
Source: Maxfield Research and Consulting LLC	

TABLE DMD-4 DEMAND FOR SUBSIDIZED/AFFORDABLE SENIOR HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2016	
Households age 55-64	395
(times) % income qualified ¹	26.3%
(times) potential capture rate	2.0%
Households age 65-74	264
(times) % income qualified ¹	29.6%
(times) potential capture rate	10.0%
Households age 75+	321
(times) % income qualified ¹	54.8%
(times) potential capture rate	20.0%
(Equals) Demand potential	45
Percent Subsidized ²	32%
Number	14
(minus) Existing and Pending Units	53
(equals) Total Subsidized Demand	0
(times) Percent that could be captured in Rock Rapids	90%
(equals) Excess demand in Rock Rapids	0
Percent Affordable ²	68%
Number	31
(minus) Existing and Pending Units	0
(equals) Total Affordable Demand	31
(times) Percent that could be captured in Rock Rapids	90%
(equals) Excess demand in Rock Rapids	28

TABLE DMD-4 (continued) DEMAND FOR SUBSIDIZED/AFFORDABLE SENIOR HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2021	
Households age 55-64	399
(times) % income qualified ¹	27.0%
(times) potential capture rate	2.0%
Households age 65-74	336
(times) % income qualified ¹	33.2%
(times) potential capture rate	10.0%
Households age 75+	327
(times) % income qualified ¹	59.6%
(times) potential capture rate	20.0%
(Equals) Demand potential	52
Percent Subsidized ²	32%
Number	17
(minus) Existing and Pending Units	53
(equals) Total Subsidized Demand	0
(times) Percent that could be captured in Rock Rapids	90%
(equals) Excess demand in Rock Rapids	0
Percent Affordable ²	68%
Number	36
(minus) Existing and Pending Units	0
(equals) Total Affordable Demand	36
(times) Percent that could be captured in Rock Rapids	90%
(equals) Excess demand in Rock Rapids	32
¹ Based on households earning \$35,000 and under in 2016 ² Based on Pct. of households earning less than \$35,000	
Source: Maxfield Research and Consulting LLC	

TABLE DMD-5 DEMAND FOR CONGREGATE RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2016	
Households age 65-74	264
(times) % income qualified ¹	70.4%
(plus) % Homeowners w/incomes \$25k-35k ²	11.7%
(times) potential capture rate	1.5%
(equals) demand potential	3
Households age 75+	321
(times) % income qualified ¹	45.2%
(plus) Homeowners w/incomes \$25k-35k ²	17.9%
(times) potential capture rate	11.0%
(equals) demand potential	22
(Equals) Demand potential	26
(minus) Existing and Pending Units ³	0
(Equals) Total Congregate Demand	26
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	22

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TABLE DMD-5 (continued) DEMAND FOR CONGREGATE RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
2021	
Households age 65-74	336
(times) % income qualified ¹	66.8%
(plus) % Homeowners w/incomes \$25k-35k ²	9.9%
(times) potential capture rate	1.5%
(equals) demand potential	4
Households age 75+	327
(times) % income qualified ¹	40.4%
(plus) Homeowners w/incomes \$25k-35k ²	13.0%
(times) potential capture rate	11.0%
(equals) demand potential	19
(Equals) Demand potential	23
(minus) Existing and Pending Units ³	0
(Equals) Total Congregate Demand	23
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	20
¹ Based on households earning \$35,000+ in 2016 ² Estimated homeowners with incomes between \$25,000 and \$34,999 in 2016 ³ Existing and pending units are deducted at market equilibrium (95% occupancy)	
Source: Maxfield Research and Consulting LLC	

TABLE DMD-6 DEMAND FOR ASSISTED LIVING RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2016	
People age 75-79	149
(times) % needing assistance ¹	25.5%
People age 80-84	130
(times) % needing assistance ¹	33.6%
People age 85+	184
(times) % needing assistance ¹	51.6%
(Equals) Number needing assistance	177
(times) Percent Income-Qualified ²	58.3%
(times) Percent Living Alone	57.1%
(plus) Proportion of demand from couples (12%) ³	8
(times) Potential penetration rate ⁴	40.0%
(Equals) Demand Potential	74
(minus) Existing and Pending Units ⁵	23
(Equals) Total Assisted Living Demand	51
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	43

TABLE DMD-6 (continued) DEMAND FOR ASSISTED LIVING RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2021	
People age 75-79	155
(times) % needing assistance ¹	25.5%
People age 80-84	128
(times) % needing assistance ¹	33.6%
People age 85+	173
(times) % needing assistance ¹	51.6%
(Equals) Number needing assistance	172
(times) Percent Income-Qualified ²	56.7%
(times) Percent Living Alone	57.1%
(plus) Proportion of demand from couples (12%) ³	8
(times) Potential penetration rate ⁴	40.0%
(Equals) Demand Potential	72
(minus) Existing and Pending Units ⁵	23
(Equals) Total Assisted Living Demand	49
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	41
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics. ² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 ³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples. ⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. ⁵ Existing and pending units at 95% occupancy. We exclude 15% of units to be Elderly Waiver.	
Source: Maxfield Research and Consulting LLC	

TABLE DMD-7 DEMAND FOR MEMORY CARE RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
	Central
2016	
People age 65-74	458
(times) Dementia incident rate ¹	2.0%
People age 75-84	279
(times) Dementia incident rate ¹	19.0%
People age 85+	184
(times) Dementia incident rate ¹	42.0%
(Equals) Total senior population with dementia	247
(times) Percent Income-Qualified ²	44.2%
(times) Potential penetration rate	25.0%
(Equals) Demand Potential	27
(minus) Existing and Pending Units ³	0
(Equals) Total Memory Care Demand	27
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	23

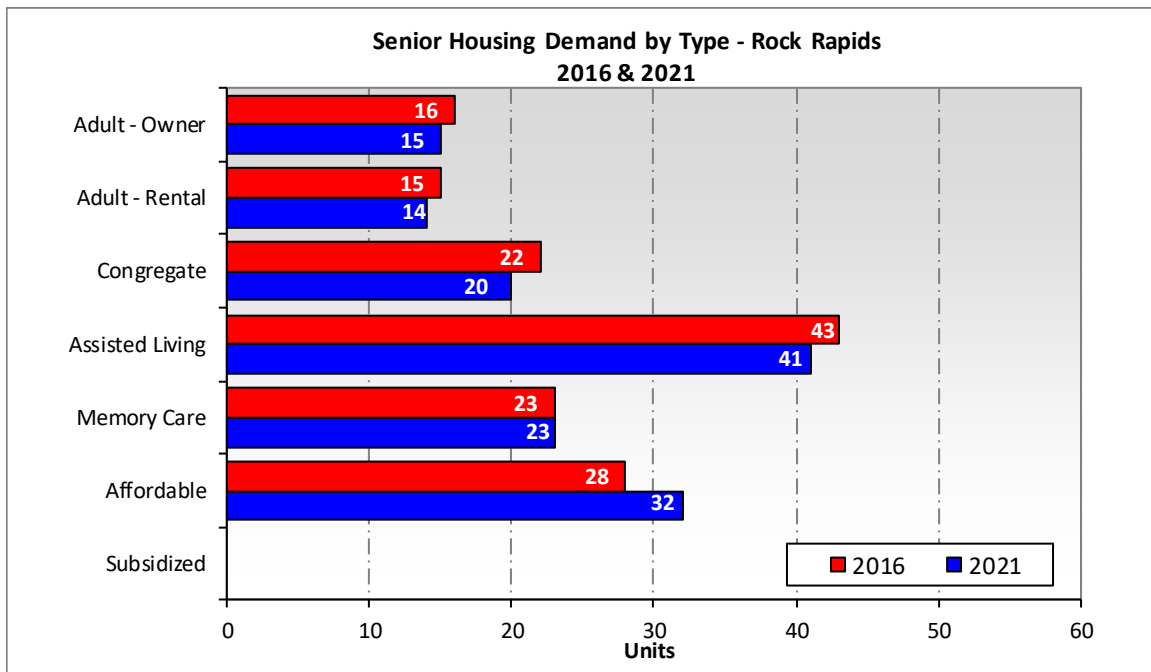
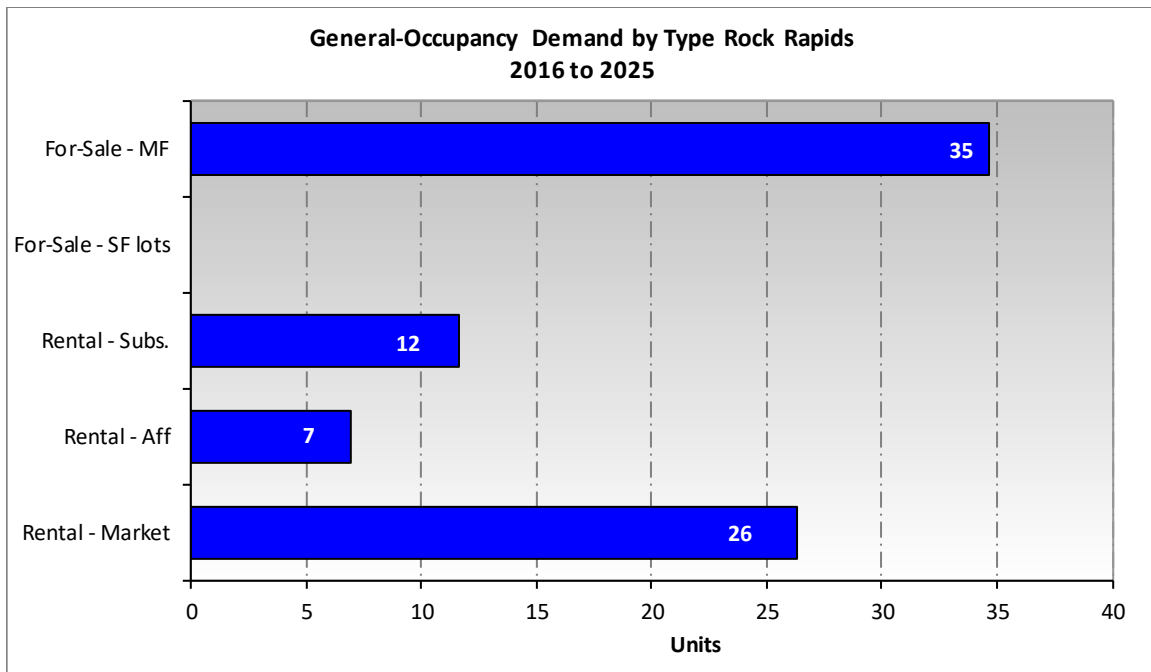
TABLE DMD-7 (continued) DEMAND FOR MEMORY CARE RENTAL HOUSING ROCK RAPIDS MARKET AREA 2016 to 2021	
2021	
People age 65-74	576
(times) Dementia incident rate ¹	2.0%
People age 75-84	283
(times) Dementia incident rate ¹	19.0%
People age 85+	173
(times) Dementia incident rate ¹	42.0%
(Equals) Total senior population with dementia	239
(times) Percent Income-Qualified ²	46.0%
(times) Potential penetration rate	25.0%
(Equals) Demand Potential	27
(minus) Existing and Pending Units ³	0
(Equals) Total Memory Care Demand	27
(times) Percent that could be captured in Rock Rapids	85%
(equals) Excess demand in Rock Rapids	23
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)	
² Includes seniors with income at \$60,000 or above plus 25% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing).	
³ Existing and pending units at 93% occupancy. We exclude 15% of the units to be Elderly Waiver.	
Source: Maxfield Research and Consulting LLC	

Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Rock Rapids and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Assessment*. The following table and charts illustrate calculated demand by product type. It is important to recognize that housing demand is highly contingent on projected household growth; household growth could be higher should increased job growth ensue and the overall economy continues to improve.

TABLE CR-1 SUMMARY OF HOUSING DEMAND ROCK RAPIDS MARKET AREA 2016 to 2025				
Type of Use	Demand in Market Area		Demand in Rock Rapids	
	2016-2025		2016-2025	
General-Occupancy				
Rental Units - Market Rate	31		26	
Rental Units - Affordable	8		7	
Rental Units - Subsidized	13		12	
For-Sale Lots - Single-family	0		0	
For-Sale Units/Lots - Multifamily	39		35	
Total General Occupancy Supportable	90		80	
	Demand in Market Area		Demand in Rock Rapids	
	2016	2021	2016	2021
Age-Restricted (Senior)				
Market Rate				
Adult Few Services (Active Adult)	37	35	31	29
<i>Ownership</i>	19	18	16	15
<i>Rental</i>	18	17	15	14
Congregate	26	23	22	20
Assisted Living	51	49	43	41
Memory Care	27	27	23	23
Total Market Rate Senior Supportable	141		119	
Affordable/Subsidized				
Active Adult - Subsidized	0	0	0	0
Active Adult - Affordable	31	36	28	32
Total Affordable Senior Supportable	31		32	
Note: Demand subtracts projects under construction or planned projects. In addition, all vacant single-family lots in newer subdivisions are subtracted.				
Source: Maxfield Research & Consulting, LLC.				

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Based on the findings of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for the City of Rock Rapids. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in Rock Rapids. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.

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TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT ROCK RAPIDS 2016 to 2025					
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Housing (General-Occupancy)					
Single-Family²					
	Entry-Level	\$150,000 to \$225,000	22 - 24	41%	2017+
	Move-up	\$225,000 - \$300,000	18 - 20	33%	2017+
	Executive	\$300,000+	14 - 16	26%	2017+
	Total		54 - 60	100%	
Townhomes/Detached Townhomes/Twin Homes/Condominiums					
	Entry-level	>\$150,000	14 - 16	39%	2017+
	Move-up	\$150,000+	22 - 24	61%	2017+
	Total		36 - 40	100%	
	Total Owner-Occupied		90 - 100		
General Occupancy Rental Housing					
	Market Rate Rental Housing	\$600/1BR - \$875/3BR	18 - 20	64%	2018+
	Market Rate Rental Townhomes	\$800/2BR - \$1,000/3BR	10 - 12	36%	2017+
	Total		28 - 32	100%	
Senior Housing					
	Active adult affordable rental ³	Moderate-income	26 - 28	26%	2016+
	Congregate	\$1,500 - \$2,000	20 - 22	20%	2017+
	Assisted Living	\$2,750/EFF - \$4,000/2BR	36 - 40	36%	2017+
	Memory Care	\$4,000 - \$5,000	18 - 20	18%	2016+
	Total		100 - 110	100%	
Total - All Units			218 - 242		
¹ Pricing in 2016 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. ³ Affordable project could be combined with market rate active adult into a mixed-income community Note - Recommended development does not coincide with total demand. Rock Rapids may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)					
Source: Maxfield Research & Consulting, LLC					

Recommended Housing Product Types

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for about 90 single-family housing units in the Rock Rapids Market Area through 2025. However, after accounting for the existing 93 vacant single-family newer lots in the Rock Rapids area (see Table FS-5 – 39); the existing lot supply should sufficiently meet demand in the short-term.

Based on the historic single-family construction activity in Rock Rapids over the past five years; the City of Rock Rapids has averaged about five new homes annually. Although there are over 90 vacant lots in the Rock Rapids Market Area, the City of Rock Rapids has 39 vacant lots in newer subdivisions. Maxfield Research estimates demand for about 60 new single-family units through 2025; or about six to seven new single-family homes annually.

The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Rock Rapids and the number of homes constructed annually, the current lot supply is able to meet the demand through 2020. However, new lots will need to be platted in the future to meet the demand through 2025.

Through our analysis and interviews, we find demand for all price points of new single-family homes. We recommend that an additional 60 single-family homes be built in Rock Rapids through 2025, of which 22 to 24 would be entry-level (\$150,000 to \$225,000), 18 to 20 would be move-up (\$225,000 to \$300,000), and 14 to 16 would be executive homes (over \$300,000).

Due to the historical resale values in Rock Rapids, the existing resale market will appeal to most entry-level buyers. However, there is strong demand for entry-level new construction priced between \$150,000 and \$200,000. Nonetheless, it has been difficult for develop and build new construction for less than \$200,000 due to a variety of factors (i.e. land, infrastructure, materials and labor, etc.). Therefore, a private-public partnership may be needed to deliver new single-family construction priced under \$200,000.

A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Move-up new construction homes are generally priced from around \$225,000 to \$300,000 and will be highly customized. Executive-level homes are loosely defined as those homes priced above \$300,000 and will be built-to-suite and customized.

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The majority of vacant lots in Rock Rapids are located on flat lots and lack tree foliage. We recommend a more diverse offering of lots in Rock Rapids that will appeal to a broader base of buyers. In order to accommodate a variety of single-family types and price points, we recommend a balance of standard and premium lots in new subdivisions. Lots that have the necessary slope for a garden level or walkout basement will be lots with premiums. Premiums may also result from other lot types, such as: sites backing up to open space, look-out views, cul-de-sac lots, and oversized lots. We recommend walk-out basements in units wherever topography allows. Typically, a walkout requires a six- to eight-foot drop from the front of the home to its rear. Generally, we find a lack of walk-out lots in Rock Rapids proper.

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses, twinhomes detached townhomes, and twinhomes. Typically, the target market for for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

Table FS-1 found no multifamily resales this past year while FS-3 found no active listings for multifamily housing options in Rock Rapids. *River Ridge Townhomes*, a townhome development of quads, is fully developed but has land for a future phase. In addition, the Hawkins First Addition condominium is also full built so there is no actively marketing multifamily for-sale in Rock Rapids.

Table HD-1 found demand for 35 for-sale multifamily units in Rock Rapids through 2025. Because of the lack of supply, aging demographics, and desire for association-maintained housing from other age cohorts, Rock Rapids would benefit from the development of more alternative housing product types.

These units could be developed as twin homes, detached townhomes or villas, townhomes/row homes, or any combination. Because the main target market is usually empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories.

The following provides greater detail into townhome and twinhome style housing.

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

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

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

Twinhomes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. Move-up twin homes has especially been popular in other markets over the past few years and have commanded price premiums.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$160,000 and will fluctuate based on custom finishes, upgrades, etc.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into

maintenance-free housing, many of which will have equity from the sale of their single-family home.

General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product is below market equilibrium (2.1% vacancy rate) indicating pent-up demand for rental housing. There are virtually no rental units available in Rock Rapids and the new 502 2nd Avenue project was fully leased prior to opening. Many Realtors and property managers have all said they receive many calls from rental prospects and units are vacant units are filled instantly.

Due to the age and positioning of the remaining existing rental supply (pre-1990 construction), a significant portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. However, the growing renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Although ownership housing in many Rock Rapids homes is generally affordable for first-time home buyers, many households desire rental housing as they relocate to Rock Rapids.

Maxfield Research and Consulting LLC calculated demand for about 26 market rate, 7 affordable, and 12 subsidized units in Rock Rapids through 2025. New general-occupancy rental housing can be developed immediately and will continue to be in demand throughout this decade. Because of the rather low rents among the existing market rate product in Rock Rapids, the affordable demand is low as the rents for a new affordable project may be higher than the existing older, market rate housing stock. Given that dynamic, it may be difficult to develop a tax credit property.

- ***Market Rate Rental*** – Excluding the new 502 2nd Avenue project, the majority of the rental housing supply in Rock Rapids is older and attracts a mix of ages and household types represented. A new rental project will also have a diverse resident profile, including young to mid-age professionals as well as singles and couples across the age span. Seniors and older adults will also be a target market for a new rental project in Rock Rapids.

Because there is demand for about 26 units; we believe demand is even higher given the low vacancy rates the number of inquiries for rental housing in Rock Rapids. New market rate product will likely be developed across multiple buildings and developments. We recommend new middle-market to upper-middle market rental project(s) that will continue to attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, one-bedroom plus den units, two-bedroom units, and a few two-bedroom plus den or three-bedroom units.

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Monthly rents (in 2016 dollars) should range from \$600 for a one-bedroom unit to \$875 for a two-bedroom den three-bedroom unit. Average rents in Rock Rapids are roughly \$0.60 per square foot for older product and upwards to \$0.80 PSF for the newest apartments, thus we recommend that monthly rents at a new development should charge on average \$0.95 to \$1.05 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. However, because they are top rents incentives or a private-public partnership will be needed to bring down the cost of the rental units.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking.

- Market Rate General Occupancy Rental Townhomes– In addition to the recommended traditional multi-story apartment projects, we find demand exists for larger townhome units for families - including those who are new to the community and want to rent until they find a home for purchase. An additional 10 to 12 rental townhome units could be supported in Rock Rapids in the short-term. We recommend a project with rents starting at approximately \$800 for two-bedroom units to \$1,000 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage.

Senior Housing

As illustrated in Table CR-2, demand exists for nearly all types of senior housing product types in Rock Rapids. Over the course of five years, there is demand for about 145 new senior units through 2021. The unmet of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Rock Rapids: older adult and senior residents are able to relocate to new age-restricted housing in Rock Rapids, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- Active Adult Rental – Because there is demand for only 15 market rate active adult units, we do not recommend a stand-alone project. However, the possibility exists for a mixed-income development combined with affordable units.
- Affordable Few Services Rental – Rock Rapids demand for affordable senior housing is approximately 30 units in 2021. All of the demand was for affordable senior housing as the

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existing subsidized housing units is meeting the current demand. Although this product would be well received by seniors in and near the Rock Rapids area; it may be difficult to develop given the economies of scale needed and financing challenges. Affordable senior housing will likely be a low-income tax credit project through the Iowa Finance Agency “IFA”.

- Independent Living/Congregate – There are no designated congregate units (meals and limited support service) in Rock Rapids or the Market Area. Demand was calculated for 22 congregate units over the next five years. Based on this demand, we recommend 20 to 22 congregate units with a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Monthly rents should range from \$1,500 for one-bedroom units to \$2,000 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
 - I’m OK program;
 - Daily noon meal;
 - Regularly scheduled van transportation;
 - Social, health, wellness and educational programs;
 - 24-hour emergency call system; and
 - Complimentary use of laundry facilities.

In addition, meals and other support and personal care services will be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents also have the option of receiving assisted living packages in their existing units.

New independent housing could be developed adjacent to an existing senior campus or in a stand-alone development.

- Assisted Living and Memory Care Senior Housing – Based on our analysis, we project demand to support an additional 41 assisted living units and 23 memory care units in Rock Rapids through 2021. Although we find strong demand, we recommend new units later this decade, especially for assisted living units where demand will grow with time as seniors age.

We recommend assisted living units include a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from \$2,750 to \$4,000. Memory care unit mix should be mostly studios and one-bedroom units with a few two-bedroom units for couples with base monthly rents ranging from \$4,000 to \$5,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

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The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- Three meals per day;
- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I'm OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

Challenges and Opportunities

Table CR-2 identified and recommended housing types that would satisfy the housing needs in Rock Rapids over the next nine years. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order - alphabetically).

- **Affordability.** Based on current home prices, about 86% of Rock Rapids householders could afford to purchase an entry-level home resale home priced at \$80,000 in 2016. Likewise, most householders (92%) can also afford the average market rate rent at a one-bedroom rental project in Rock Rapids. Because of this condition, some householders who would not consider purchasing may do so earlier since the cost to own an entry-level home is on-par with rental housing costs. The following chart compares the costs of homeownership to rentals given today's housing costs based on a 30% allocation of income to housing. We do note, however, that not all householders will have the credit scores and down payment that would qualify them to purchase for-sale housing.

Finally, most of the existing market rate rental properties in Rock Rapids have lower rents than the established fair market rents. Therefore, the market rate rents are lower than what a new affordable tax credit project may charge. As a result, it could be very difficult to develop a tax credit project with higher rents than the existing market rate rental developments in Rock Rapids.

CHALLENGES AND OPPORTUNITIES

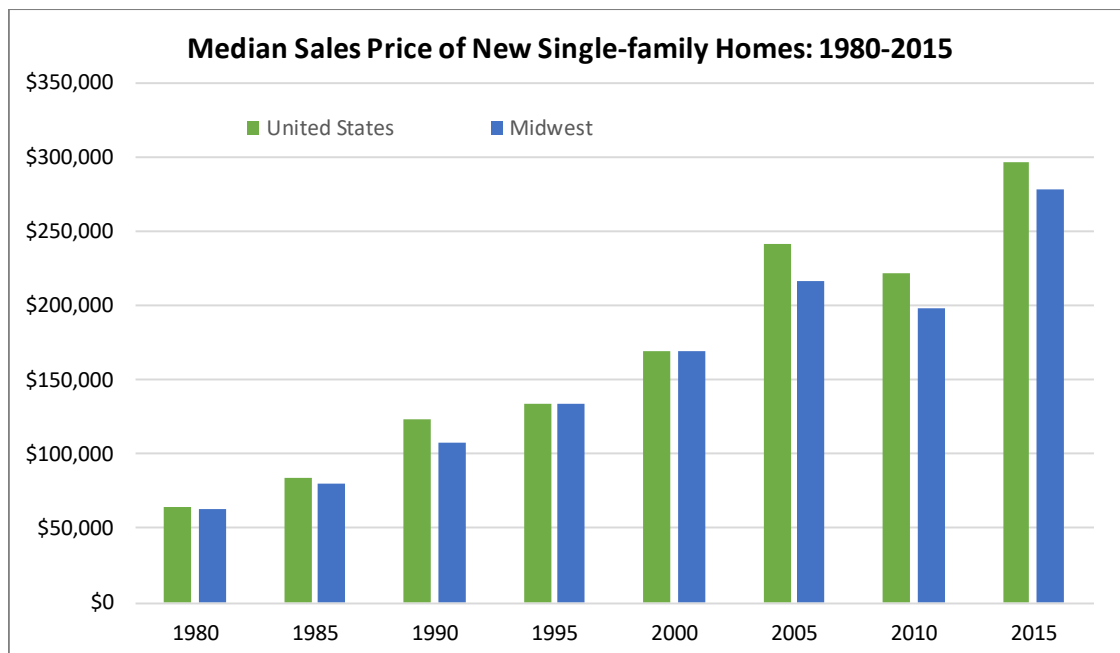
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$80,000	\$150,000	\$250,000	\$75,000	\$175,000	\$225,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$8,000	\$15,000	\$25,000	\$7,500	\$17,500	\$22,500
Estimated Closing Costs (rolled into mortgage)	\$2,400	\$4,500	\$7,500	\$2,250	\$5,250	\$6,750
Cost of Loan	\$74,400	\$139,500	\$232,500	\$69,750	\$162,750	\$209,250
Interest Rate	3.625%	3.625%	3.625%	3.625%	3.625%	3.625%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$339	-\$636	-\$1,060	-\$318	-\$742	-\$954
(plus) Prop. Tax	-\$113	-\$213	-\$354	-\$106	-\$248	-\$319
(plus) HO Insurance/Assoc. Fee for TH	-\$27	-\$50	-\$83	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$32	-\$60	-\$101	-\$30	-\$71	-\$91
Subtotal monthly costs	-\$512	-\$959	-\$1,599	-\$555	-\$1,161	-\$1,464
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$20,462	\$38,366	\$63,943	\$22,183	\$46,427	\$58,548
Pct. of ALL Rock Rapids HHDS who can afford ¹	85.6%	66.9%	39.9%	83.9%	58.4%	45.7%
No. of Rock Rapids HHDS who can afford ¹	1,652	1,291	770	1,618	1,127	881
Pct. of Rock Rapids owner HHDS who can afford ²	91.6%	74.4%	45.2%	90.2%	64.4%	51.0%
No. of Rock Rapids owner HHDS who can afford ²	1,418	1,151	699	1,396	998	789
No. of Rock Rapids owner HHDS who cannot afford ²	130	397	849	152	550	759
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$350	\$475	\$550	\$600	\$775	\$875
Annual Rent	\$4,200	\$5,700	\$6,600	\$7,200	\$9,300	\$10,500
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$14,000	\$19,000	\$22,000	\$24,000	\$31,000	\$35,000
Pct. of ALL Rock Rapids HHDS who can afford ¹	91.9%	87.2%	84.1%	82.0%	74.8%	70.6%
No. of Rock Rapids HHDS who can afford ¹	1,773	1,682	1,622	1,583	1,443	1,363
Pct. of Rock Rapids renter HHDS who can afford ²	77.1%	68.6%	63.6%	60.2%	51.6%	47.0%
No. of Rock Rapids renter HHDS who can afford ²	294	261	242	229	197	179
No. of Rock Rapids renter HHDS who cannot afford ²	87	120	139	152	184	202

¹ Based on 2016 household income for ALL households
² Based on 2014 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$61,905 vs. renter incomes = \$33,281)
Source: Maxfield Research & Consulting, LLC

- Aging Population.** As illustrated in Table D-4, there is significant growth in the Rock Rapids Market Area senior population, especially among ages 65 to 74 (+70% growth through 2021). In addition, Table D-6 shows the Rock Rapids Market Area homeownership rates among seniors 65+ is 82%. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase

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- **Flood Impacts.** As previously mentioned in the *For Sale* section of the report, a total of 54 flood-damaged homes have either been demolished or are scheduled to be demolished. Rock Rapids has an inventory of just over 800 owner-occupied homes in the community; therefore, the loss of 54 homes is nearly 7% of the City’s housing stock. However, the majority of flood-damaged householders relocated in Rock Rapids; thereby increasing the demand for housing in the community. The effects of the flood increased the demand for both the existing housing stock and new construction. Since the time of the flood the active listing inventory has been down substantially and is estimated to be the lowest in modern times. As a result, resale activity could be higher if the inventory of homes for sale provided options for future buyers. Realtors are concerned that the lack of inventory could impede growth as there are few options for buyers seeking housing immediately and they may step away from the market.
- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession. New construction pricing peaked last decade between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before escalating again in 2012. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. However, there is strong demand in Rock Rapids for homes priced under \$200,000 should builders provide a product that could be delivered to the market at this price point.



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- **Developers Lot Carrying Costs.** Land development and entitlement carries a large financial risk for builders and/or investors. Prior the Great Recession developing land was considered a profitable side of the housing business. However, today land development continues to be dominated by larger builders that can absorb the lot inventory more easily than smaller builders or land developers. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given the lot price they could achieve. Prolonged carrying costs due to slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold.

Excluding the Hawkins subdivisions, the remaining subdivision in the Rock Rapids area were developed by the private sector and generally have lot costs ranging from \$20,000 to \$40,000 for most lots. The average assessed lot in new subdivisions in Rock Rapids is nearly \$40,000; thus the market value of the lots may be higher than the actual sold price in many circumstances. Given the historical absorption of lots in Rock Rapids; many subdivisions can take up to a decade or longer to complete. As a result, the land development business is not a lucrative business for real estate investors and future lot development may require a private-public partnership to bring down infrastructure costs.

- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Like most areas across Iowa, the Midwest, and U.S., the Lyon County unemployment rate peaked in 2009 during the Great Recession at 4.3%. The high of 4.3% is nowhere near what most cities and counties experienced during the recession. The unemployment rate has decreased annually since 2009 and is only 2.0% as of the end of 2015. Although the low unemployment rate is generally considered positive news, a very low unemployment rate can be challenging for employers looking to add additional staff. However, Lyon County's labor force continues to grow indicated employers in Lyon County are likely attracting workers from outside the county. Additional job creation in Rock Rapids and Lyon County will result in household growth that could exceed projections outlined in Table D-3.
- **Lot Supply.** Table FS-5 showed an inventory of 93 vacant lots in the Rock Rapids Market Area, but 39 vacant single-family lots in Rock Rapids. Based on this lot supply and the recent construction activity over the past five years, the current finished lot inventory is sufficient through 2020 in Rock Rapids. However, there is a lack of supply of lots in Rock Rapids for buyers seeking walk-out or lots with mature trees. Therefore, demand for lots in Rock Rapids could come sooner if the lot offerings were different (i.e. lot size, configuration, or pricing) from the current options available today.
- **Lot Size & Home Style Preference.** As illustrated in the chart on the following page, the median lot size of a new single-family detached home in the United States sold in 2015 dropped to its smallest size since the Census Bureau has been tracking lot sizes. Median lot sizes have dropped below 8,600 square feet, down about 10% since 2010. Lot sizes have decreased in part due to increasing lot prices and rising regulatory and infrastructure costs

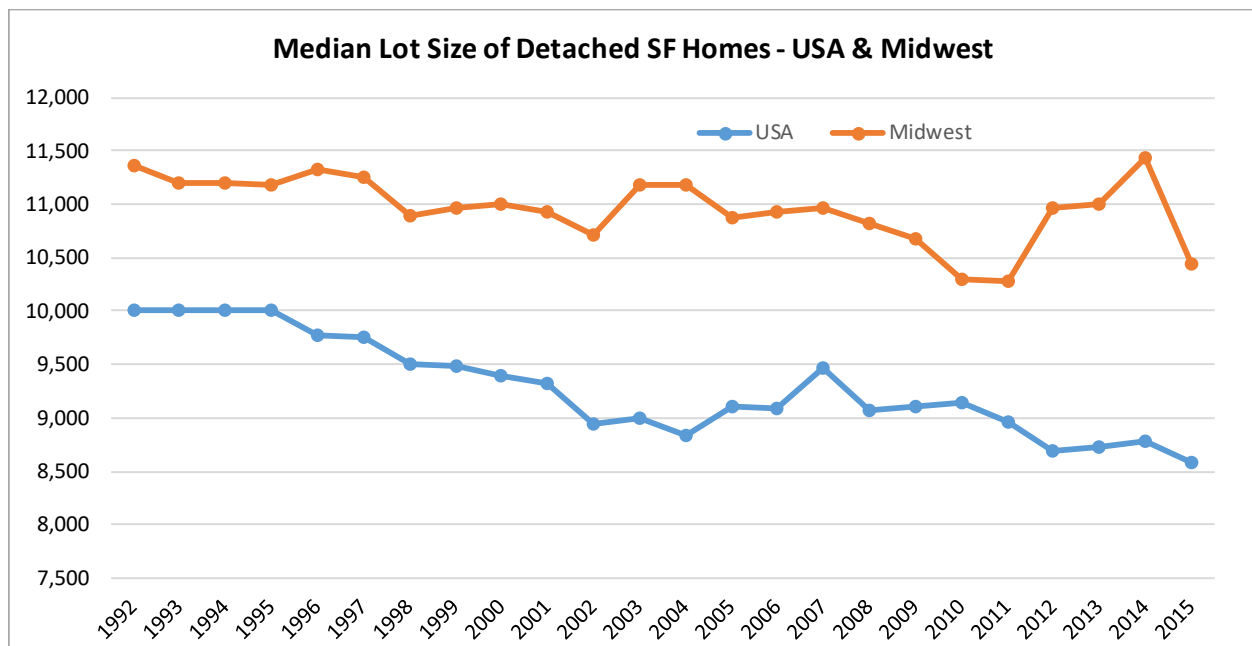
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(i.e. curb and gutter, streets, etc.). As a result, builders have reduced lot sizes in an effort to increase density and absorb higher land development costs across more units.

However, local Realtors have stressed there is a desire for larger lot sizes in Rock Rapids; typically at least 90' wide as buyers desire side yards. At the same time, larger lot sizes cost more to develop given the increased infrastructure and land costs. As a result, "affordable" new single-family housing in Rock Rapids will be increasingly difficult to build unless lot sizes can be diminished and densities can be increased.

Local Realtors also stressed the desire for ranch or rambler style homes in Rock Rapids. Buyers desire this product type as the lack of stairs allows home owners to "age in place" and they have a strong resale value in the Rock Rapids market. However, ranch style homes require a larger lot width and have higher construction costs. Two-story homes cost less on a per square foot basis due to foundation and roof costs; as well as more efficient HVAC costs. Ranch style homes are on average at least 25% higher to construct due to the larger footprint.

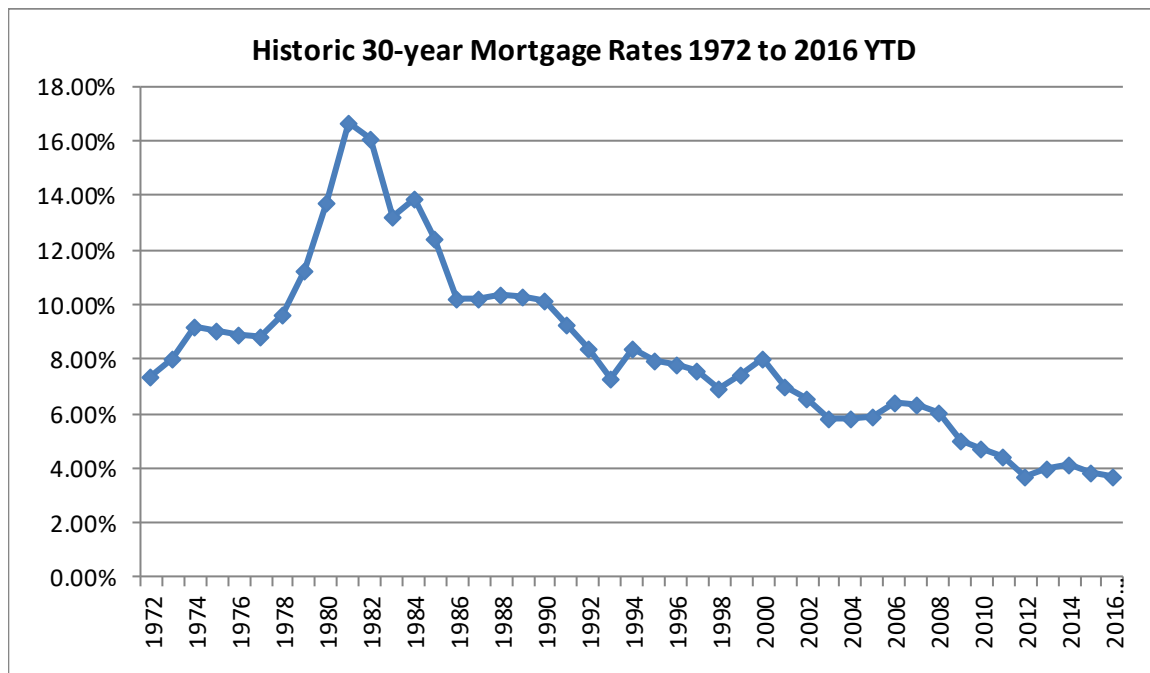
A split-level or bi-level home usually has the lowest construction costs on a per square foot basis. The foundations in these homes are minimized as they have partial basements as the foundation size is significantly lower than a traditional two-story home. Although this product type could be developed more affordably in Rock Rapids; buyers may not gravitate to this product if they desire the ranch style and one-level living.



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- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have remained at historic lows over the past several years coming out of the Great Recession. The Federal Reserve has indicated rates would rise throughout 2016; however due to Brexit and the slowdown in the worldwide economy most economists do not believe much if any rate hikes will occur through the end of 2016. A significant increase in rates (+1% or more; over 5% in the short term) would greatly affect the housing market and would slow projected housing demand.

The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1971 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



- **Multifamily Development Costs.** It will be challenging to construct new market rate multifamily product given achievable rents and development costs. Per the Rental Housing Section of the report, the average rents in Rock Rapids are low and average about \$0.60 per square foot. Maxfield Research finds in most rural communities the average rent per square foot can easily exceed \$1.00 to \$1.10 per square foot to cover the development costs. Construction costs for new multifamily housing (3-story stick frame construction) will likely average about \$100 per square foot (gross) for hard costs plus land acquisition - or upwards to \$120,000 per unit to develop. Development costs of this scale will likely require

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rents per square foot significantly higher than the existing product in Rock Rapids. Based on these costs, it will be difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development (i.e. tax abatement, TIF, etc.).

- **Rental Housing.** Table R-1 found an overall vacancy rate of about 2% among the inventoried rental housing buildings in Rock Rapids, indicating pent-up demand for rental housing. About 24% of Rock Rapids' housing stock is rental housing; however according to structure type data nearly 60% of the existing rental housing stock in Rock Rapids is located within a single-family home. About 30% of Rock Rapids' rental stock is located in traditional multifamily structures with ten or more units. Due to the strong absorption of the new rental housing product that has recently been developed in Rock Rapids and the low vacancy rates, there is strong demand for additional rental housing units in Rock Rapids immediately. Therefore, we recommend promotion of further contemporary rental product in Rock Rapids to meet this demand.

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Definitions

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

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

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

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

Affordable housing – Housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

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

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

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two

meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

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

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

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

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

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

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

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

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Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- **Gross Density** – The number of dwelling units per acre based on the gross site acreage.
Gross Density = Total residential units/total development area
- **Net Density** - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.
Net Density = Total residential units/total residential land area (excluding ROWs)

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

Effective Rents – Contract rent less applicable concessions.

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

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

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

Fair Market Rent – Lyon County 2016

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$438	\$484	\$619	\$768	\$877

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

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

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Sherburne County in 2016 are as follows:

**Gross Rent
Lyon County – 2016**

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$336	\$384	\$432	\$480	\$519
50% of median	\$561	\$641	\$721	\$801	\$866
60% of median	\$673	\$769	\$865	\$961	\$1,039
80% of median	\$898	\$1,026	\$1,154	\$1,282	\$1,386
100% of median	\$1,122	\$1,282	\$1,442	\$1,602	\$1,732
120% of median	\$1,347	\$1,539	\$1,731	\$1,923	\$2,079

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

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

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

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

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental

APPENDIX

units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

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

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

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

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

	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$13,470	\$15,390	\$17,310	\$19,230	\$20,790	\$22,320	\$23,850	\$25,410
50% of median	\$22,450	\$25,650	\$28,850	\$32,050	\$34,650	\$37,200	\$39,750	\$42,350
60% of median	\$26,940	\$30,780	\$34,620	\$38,460	\$41,580	\$44,640	\$47,700	\$50,820
80% of median	\$35,920	\$41,040	\$46,160	\$51,280	\$55,440	\$59,520	\$63,600	\$67,760
100% of median	\$44,900	\$51,300	\$57,700	\$64,100	\$69,300	\$74,400	\$79,500	\$84,700
120% of median	\$53,880	\$61,560	\$69,240	\$76,920	\$83,160	\$89,280	\$95,400	\$101,640

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

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

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

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

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

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

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

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

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

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

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

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

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

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental

agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

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

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

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

Population – All people living in a geographic area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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