



A Comprehensive Housing Needs Analysis for the City of Waverly, Iowa

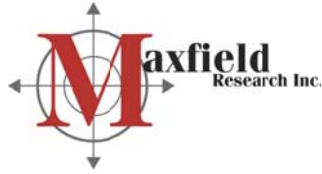
Prepared for:

City of Waverly
Waverly, Iowa

August 2014



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August 13, 2014

Mr. Phil Jones
City Administrator
City of Waverly
200 First Street NE
Waverly, IA 50677

Dear Mr. Jones:

Attached is the analysis titled, "A Comprehensive Housing Needs Analysis for the City of Waverly, Iowa". This market analysis examines current housing market conditions and determines the market potential for developing different types of owned and rented housing through 2020 in the City.

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

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink that reads "Joe Hollman". The signature is written in a cursive style and is positioned to the left of a vertical line.

Joe Hollman
Senior Analyst

Attachment

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Overview

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

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

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

In total, we find demand to support 340 general occupancy housing units between 2014 and 2020. Highest demand is expected in the for-sale housing category, representing roughly 59% of the total general occupancy housing demand, while rental housing represents 41% of general occupancy housing demand.

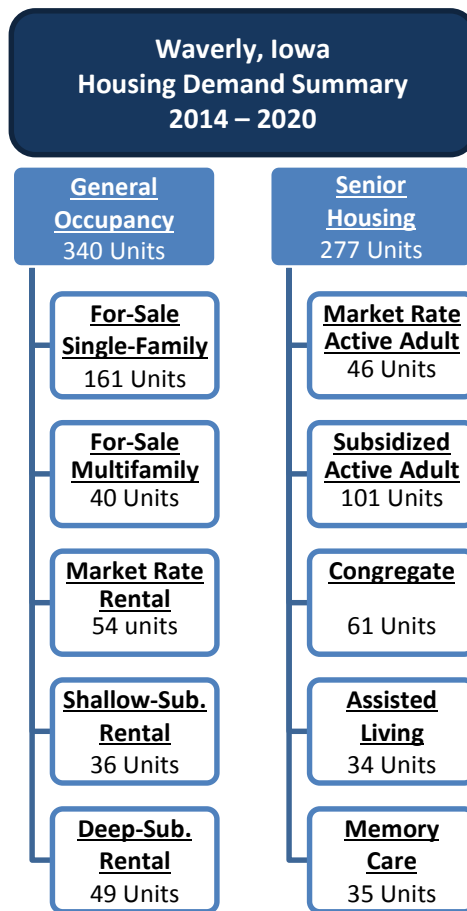
There is demand for many types of housing in the area, most notably entry-level homes priced under \$100,000. Moderately-priced move-up housing in Waverly was also singled out as being in demand. Housing demand appears to be highest for moderately-priced homes as half of the residential transactions in recent years were for homes priced between \$100,000 and \$200,000.

General occupancy rental housing vacancy rates are currently above market equilibrium (5.0% vacancy rate). As of July 2014, the vacancy rate for market rate rental properties in Waverly was 6.1% while the affordable/tax credit vacancy rate was 14.3%. Today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Because of the age of Waverly's rental housing inventory, most properties do not provide modern features and amenities. As such, it appears that many renters choose to reside in newer rental developments located in other communities, resulting in rental housing vacancy rates that are above equilibrium in Waverly. We believe that the development of new general occupancy rental housing is needed to increase the variety of housing options in the community. Based on our analysis, we estimate that Waverly can accommodate approximately 54 new market rate rental housing units, 36 shallow-subsidy units, and 49 deep-subsidy units through 2020.

EXECUTIVE SUMMARY

We also found excess demand for a total of 277 senior housing units in 2020. Of these senior units, roughly 63% would be market rate housing and the remaining 36% would be shallow-subsidy or deep-subsidy units. We found demand for most senior housing product types over the next several years, and vacancy rates among the existing senior housing inventory is well-below equilibrium suggesting that there is pent-up demand for additional senior housing units in the Market Area. Based on current and projected excess demand potential, we expect that the market could support a new continuum of care senior housing development in Waverly.

The following chart illustrates calculated demand by product type. Housing demand is comprised of several components, including projected household growth, pent-up demand (i.e. below equilibrium senior housing vacancy rates), and replacement needs (housing functionality or physically obsolete units).



Demographic Analysis

- Waverly's population grew 10.1% between 2000 and 2010 to 9,874, while the number of households expanded 9.5%. As of 2010, the average household size in the City of Waverly was 2.78, a slight increase from 2.77 in 2000. This increase was due, in large part, to an increase in the number of family households in Waverly, as well as growth in the number of nonfamily roommate households. By 2020, Waverly is projected to add 803 people (+8.1%) and 330 households (+9.3%). The greatest growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to a 34.2% increase in the 55 to 64 population between 2000 and 2010 in Waverly. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years.
- Based on the median contract rent of \$522 for renter-occupied housing units in the City of Waverly, a household would need to have an annual income of roughly \$21,000 or greater to not exceed 30% of its monthly income on rental housing costs. In 2014, 85% of all PMA households are estimated to have incomes of at least \$21,000. By 2020, the total number of income-qualified households is projected to increase by 418 households (+7.6%) after accounting for inflation. In 2013, the median sale price for homes in Waverly was \$154,500. A household would need to have a minimum annual income of roughly \$41,000 to be income-qualified for a home purchased at the median sale price. In 2014, roughly 69% of the households (4,443) have incomes of \$41,000 or higher, and the number of income-qualified households is projected to increase 12% by 2020.
- In the Metro Area, the percentage of renter households increased from 28.9% in 2000 to 29.3% in 2010, while the percentage of owner households declined from 71.1% to 70.7% over the decade. This was consistent with household tenure trends throughout Iowa and the United States. However, the trend was reversed in Waverly, as the percentage of renter households slipped from 29.1% in 2000 to 27.3% in 2010, while owner households increased from 70.9% to 72.7% over the decade.
- Shifting household types can drive demand for housing in a community. Married couple families with children typically generate demand for single-family detached ownership housing. Single-family detached housing demand in Waverly is also likely being driven by other household types such as married couples without children and non-family households due to a limited supply of high-quality multifamily housing options. Other family households (typically single-parent households) often require affordable housing, and the 27% increase in other family households in Waverly suggests a growing need for affordable housing options in the City. An increase in the percentage of nonfamily households indicates a shift in housing needs that favors rental development. The number of households with one resident increased 9.4% in Waverly over the decade, while the number of households with roommates jumped 40.3% as more renters lived together in an attempt to save money during the recession.

Employment Trends

- We estimate that employment in Waverly will increase by 15.0% between 2010 and 2020, for an annual growth rate of 1.5%. Roughly 987 jobs are projected to be added in Waverly while Bremer County adds 1,119 jobs between 2010 and 2020 (+11.9%). It appears that increased hiring is driving the unemployment rate down throughout much of the Market Area as growth in the number of employed residents outpaced labor force growth. Bremer County's labor force has grown steadily over the past decade, climbing from 12,900 in 2000 to 14,000 in 2010 and 14,200 in 2013 for an average annual growth rate of 0.7%. Resident employment has also grown at an average rate of 0.7% per year. Labor force and employment growth will often stimulate household formation, generating demand for a variety of housing products. However, low unemployment can restrain economic expansion in a community, as it becomes difficult for employers in the area to hire workers and increase production or services.
- In Bremer County, total employment climbed 2.6% (+257 jobs) between 2012 and 2013. Professional and Business Services experienced the largest jump in employment, gaining 74 jobs (+17.5%). Notable gains also occurred in Education and Health Services (+55 jobs for a 3.1% increase) and Financial Activities which experienced a 4.9% increase in employment (+46 jobs).
- A household earning the average weekly wage in Bremer County (\$718) would be able to afford an apartment renting for approximately \$936 per month to not exceed 30% of its monthly income on housing costs. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage would be able to afford to purchase a home priced at approximately \$140,000 or lower to not be cost burdened (paying more than 30% of their income for housing).
- Waverly is a strong importer of workers as a significantly higher number of nonresidents commute into the City for work. Roughly 4,766 workers come into Waverly for work (in-flow) while 2,558 leave (outflow) and 1,694 both live and work in Waverly. With over 2,200 workers commuting into Waverly daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.
- Based on our interviews with many of the largest employers in Waverly, there appears to be a short supply of suitable housing in Waverly, particularly apartments and starter/entry-level housing. While many new hires initially want to live in Waverly, they end up moving to a neighboring community because they are not able to find suitable housing in Waverly.

Housing Characteristics

- As of the 2010 Census, the City of Waverly maintained an occupancy rate of 95.0%. Occupancy rates have decreased slightly over the past decade. In 2000, occupancy was at 95.4% in Waverly. Over 69% of Waverly's housing units were owner-occupied in 2010, 26% were renter-occupied, and the remaining 5% were vacant. In total, Waverly gained 338 housing units between 2000 and 2010 (+10%). Owner-occupied units increased by 12.3% (+282) while renter-occupied units increased by just 2.8% (+26 units). The City of Waverly experienced a 19% increase in vacant units (+30 units).
- Single-family (one-unit) detached units are the most common housing type in the Market Area, comprising 73% of the housing units in Waverly. Structures with three or four units (triplexes and fourplexes) are the second most common housing structure, comprising 5.5% of all housing units in Waverly. Compared to the Metro Area, Waverly has a relatively high proportion of renter-occupied triplexes and fourplexes, as 23% of all renter-occupied units are three- or four-unit structures, compared to 11% in the Metro Area.
- Housing production has been remarkably steady in Waverly since the 1940s when only 151 housing units were constructed (4.1% of the total). Despite a dip in the 1980s when 358 units were built (9.6%), construction activity has consistently delivered between 400 and 550 new units in each decade since 1950. Residential building activity has dropped off sharply in Waverly since 2005 after a total of 374 housing units were permitted between 2000 and 2005 for an annual average of 62 new housing units per year. Since 2006, a total of 284 housing units have been permitted for an average of 36 new housing units per year. However, after hitting a low of 26 units in 2011, residential building activity has accelerated each of the past two years with 39 units permitted in 2012 and 45 housing units permitted in 2013.
- The median owner-occupied home value was \$142,800 in Waverly, roughly 15% higher than the Metro Area median of \$124,300. The largest proportion of owner-occupied housing units in Waverly is estimated to be valued in the \$100,000 to \$149,999 range with 34% of all owner-occupied units in the City (904 units). The median contract rent in Waverly was \$522, roughly -1.1% lower than the Metro Area median of \$528.
- According to the Comprehensive Plan for Waverly, there are roughly 400 homes in the 100-year floodplain. In 2008, much of central Iowa experienced significant damage from flooding, particularly in the Des Moines, Iowa, and Cedar River basins. In Waverly, a total of 88 housing units was lost in the flood. The City is actively pursuing flood mitigation projects, such as the new inflatable dam on the Cedar River and the Dry Run Creek improvement. These projects will allow for the remapping of the Flood Insurance Rate Maps, removing 450 homes and businesses from the FEMA floodplain. Until these mitigation projects are complete, property owners remain at risk of flood damage and the annual cost of flood insurance is approximately \$1,500 per home.

For-Sale Market Analysis

- As of 2013, the median sale price in Waverly was \$154,500, roughly 29% higher than the Metro Area median sale price of \$120,000. On average, Waverly's median home price has been 25% higher than the Metro Area median price since 2007. Residential sales activity reached a high point in 2013, with 206 total sales in Waverly. Over the past five years (2009 through 2013), homes in Waverly have been selling at average annual rate of 151 units per year. Multifamily homes comprise a relatively small proportion of the housing market in Waverly, as there have been 171 multifamily sales since 2005 (15% of the total).
- The median sale price for single-family homes is trending upwards, climbing from \$128,000 in 2009 to \$140,000 in 2012 and \$165,000 in 2013. Multifamily values have not experienced the same increases. Single-family detached homes priced between \$100,000 and \$149,999 have been the most popular in Waverly in recent years, representing 31% of all sales. Of the multifamily units sold in Waverly in recent years (since 2012), nearly half (49%) were priced in the \$100,000 to \$149,999 range.
- There appears to be a slight oversupply of higher-priced homes in Waverly while lower-priced homes seem to be undersupplied. Lower-priced (below \$100,000) homes represented 18% of all sale transactions since 2012, while only 11% of the listed homes are priced lower than \$100,000. Conversely, 17% of the homes listed for sale are priced at \$300,000 or more while only 7% of the closed sales were for homes in the \$300,000+ price range.
- There have been a total of 571 residential lots platted in Waverly since the late 1990s. Roughly 69% of these platted lots have been developed and 31% remain undeveloped (178 undeveloped lots). On average, these subdivisions have lots absorbed at a rate of roughly 3.2 lots per year. Based on the total average annual lot absorption of 32.2 lots per year, the 178 undeveloped lots could potentially take more than five years to be developed.
- Based on interviews with Realtors and residential home builders active in Waverly, there seems to be particularly strong demand for entry-level homes in the \$80,000 to \$100,000 range and moderately-priced homes (\$150,000 to \$275,000). Many families end up purchasing homes outside of Waverly because they can get more home for their money in other nearby communities.
- We found demand for 161 single-family homes in the City between 2014 and 2020. We recommend that that 50% of these homes (80 units) be priced in the move-up range (\$150,000 to \$275,000), 15% (24 units) priced as executive homes (over \$275,000), and 35% (56 units) in the modest price range (less than \$150,000). We also found demand for 40 multifamily units. Because the multifamily target market will likely be first time homebuyers or older householders looking to downsize, we recommend that multifamily housing be evenly split between the modest (less than \$150,000) and move-up (\$150,000 to \$275,000) price ranges.

Rental Market Analysis

- Per the American Community Survey, it was estimated that the rental vacancy rate in Waverly was 6.6% in 2012, which was comparable to the Metro Area (6.5%) and State of Iowa (6.4%). The equilibrium vacancy rate for rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. As such, the supply of rental housing in the Market Area appears to have exceeded demand during the 2008-2012 ACS period.
- Maxfield Research Inc. compiled detailed information for general occupancy apartment projects with eight or more units in the City of Waverly, including ten market rate apartment properties and two affordable communities in July 2014. These properties represent a combined total of 301 units, including 231 market rate units and 70 affordable tax credit units. At the time of our survey, 24 units were vacant, resulting in an overall vacancy rate of 8.0%. There were a total of 14 market rate vacancies, representing a 6.1% vacancy rate. There were also ten vacant affordable units (14.3% vacancy rate). All ten of the vacant tax credit units are located in the Rolling Meadows project. In total, this property contains over 40% of the vacant units in the entire inventory. The weighted average market rate rental rate across all general occupancy properties is \$589 per month, which equates to an average of \$0.82 per square foot. It appears that many of the market rate units have rental rates that fall below the affordable rent thresholds established by HUD and would be affordable to households earning less than 60% AMI.
- Waverly's rental housing market is aging, as the median year built for all properties surveyed is 1971 and there has not been a new project developed since 1997. Nearly 38% of the units were constructed in the 1970s while 27% were built in the 1950s. The two newest projects (Rolling Meadows and Lantern Park) are both tax credit projects that were developed in the 1990s. There has not been a large (8 units or more) market rate rental housing project developed in Waverly since the 1970s. Today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Because of the age of Waverly's rental housing inventory, most properties do not provide modern features and amenities. As such, it appears that many renters choose to reside in rental developments located in other communities, resulting in rental housing vacancy rates that are above equilibrium in Waverly. We believe that the development of new general occupancy rental housing is needed to increase the variety of housing options in the community.
- As of August 2014, there are two planned projects in Waverly that are currently pursuing funding. These two projects contain a total of 25 shallow-subsidy units and 21 market rate units. Based on our demand calculations, we estimate that Waverly can accommodate approximately 54 new market rate rental housing units, 36 shallow-subsidy units, and 49 deep-subsidy units through 2020.

Senior Housing Market Analysis

- The greatest population growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to an increase of 545 people (+36.4%) in the 55 to 64 population between 2000 and 2010 in the PMA. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years, particularly the 70 to 74 age group which is projected to grow 27.0% (+182 people) in the PMA between 2014 and 2020.
- Maxfield Research identified seven senior housing developments in the Primary Market Area. Combined, these projects contain a total of 321 senior housing units and 212 skilled nursing beds. Four of these projects with 154 units are shallow-subsidy or deep-subsidy, while the remaining facilities are market rate. Of the 533 senior housing units and skilled nursing beds, 16 are currently vacant, representing a 3.0% vacancy rate.
- There are a total of 186 active adult units (32 market rate and 154 affordable/subsidized units), six of which are vacant for a 3.2% vacancy rate. The equilibrium vacancy rate for active adult housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective residents. In effect, the supply of active adult housing in the Market Area appears to be below the adequate level to meet demand.
- Roughly 25% of the inventory consists of service-enhanced housing units, for a total of 135 units (37 congregate, 72 assisted living, and 26 memory care units). As of July 2014, there are only two vacant service-enhanced units (1.5% vacancy rate). A 93% occupancy rate is generally considered equilibrium in service-enhanced senior housing, so the current supply of units appears to be extremely tight. There are also 212 skilled nursing beds in three facilities in the PMA. Eight of these beds are currently vacant, which represents a 3.8% vacancy rate. The City of Waverly contains three developments with over 66% of the senior housing units and skilled nursing beds (353 units/beds) in the PMA. However, only 31% of the vacant units/beds (five vacancies) are located in Waverly.
- We found demand for most senior housing product types over the next several years, and vacancy rates among the existing senior housing inventory is well-below equilibrium suggesting that there is pent-up demand for additional senior housing units in the Market Area. Demand was projected for about 46 market rate active adult rental units in Waverly in 2020. We also estimate that there is demand for 76 affordable and 25 subsidized active adult units through 2020. In addition, we find demand for a total of 130 service-enhanced units in Waverly through 2020 (61 congregate units, 34 assisted living units, and 35 memory care units). This level of demand will likely best be satisfied with a continuum of care project, so a resident can change their level of care as they age without having to relocate from the facility.

Purpose and Scope of Study

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

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

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

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

Introduction

Demographic characteristics and trends are an important factor when evaluating housing needs in any given market. This section of the report begins by delineating the draw area for housing products in Waverly and examines the demographic and economic characteristics of this draw area. A review of these characteristics provides insight into the demand for various types and styles of housing in Waverly.

Market Area Definition

The draw area or “Market Area” for housing products in Waverly was determined based on geographic and man-made boundaries, commuting patterns, community orientation, places of employment, and discussions with local officials. We also reviewed boundaries of the Waverly-Shell Rock school district. Based on these factors, we delineated a Primary Market Area (PMA) consisting of seven county subdivisions in Bremer County and Butler County, Iowa. This PMA approximates school district boundaries.

Bremer County Subdivisions

- City of Waverly
- Washington Township
- Lafayette Township
- Jackson Township
- Warren Township

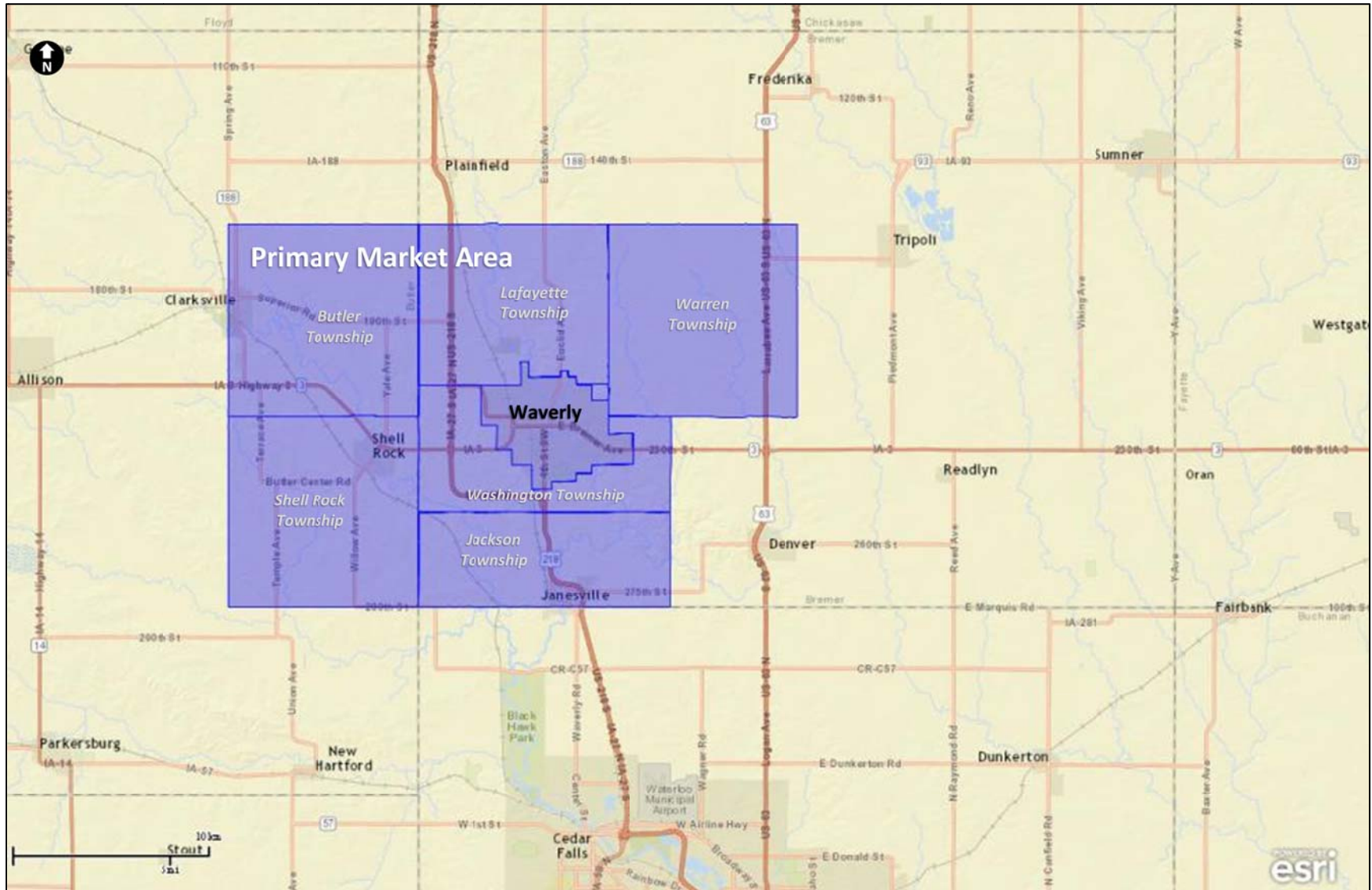
Butler County Subdivisions

- Butler Township
- Shell Rock Township

Due, in large part, to the high quality of the school district along with other community amenities (Cedar River, Wartburg College, etc.), Waverly will also draw a significant portion of potential renters and home buyers from areas of the Metro Area (see definition below) outside the PMA, particularly the Cities of Waterloo and Cedar Falls.

For the purposes of this Study, comparisons are made to Bremer County, Iowa as well as the Waterloo-Cedar Falls Metropolitan Statistical Area, which is comprised of the Counties of Bremer, Black Hawk, and Grundy.

Primary Market Area



Population and Household Growth Trends

Table A-1 presents population and household growth trends in the Market Area from 1990 to 2020. The 1990, 2000 and 2010 figures are from the U.S. Census while data for 2014 and 2020 are based on projections from ESRI (a nationally recognized demographics firm) with adjustments made by Maxfield Research Inc. to reflect recent trends. Estimates and projections for the City of Waverly were based on the distribution of the City’s population within Bremer County from 1990 to 2010, with adjustments made based on residential building permit activity and employment growth trends.

The following are key figures from Table A-1.

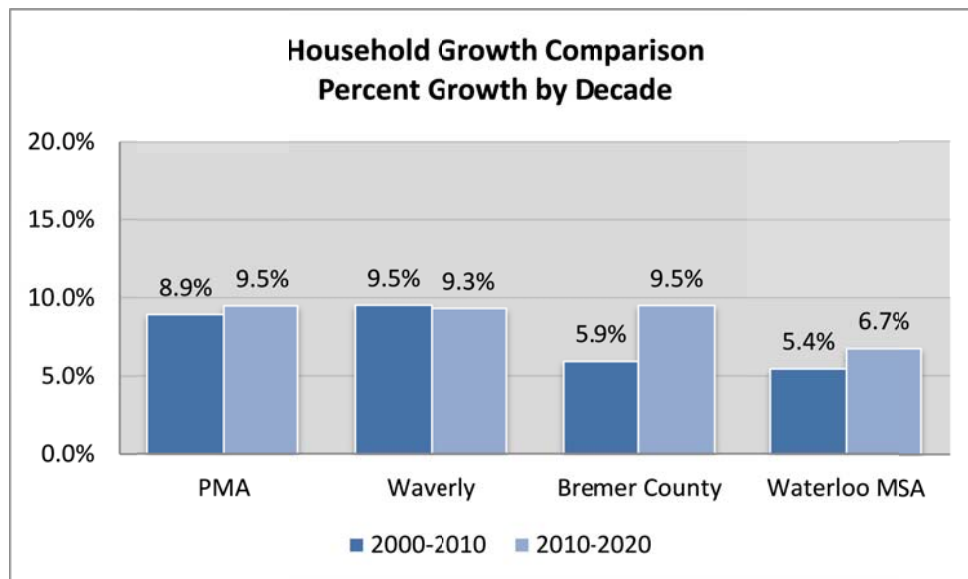
- As of 2010, the Primary Market Area contained 16,493 people and 6,241 households. Between 2000 and 2010, the population increased by 1,139 people (+7.4%) while the number of households expanded by 511 (+8.9%).

TABLE A-1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS WAVERLY MARKET AREA 1990-2020									
						Change			
	Census			Estimate	Forecast	2000-2010		2010-2020	
	1990	2000	2010	2014	2020	No.	Pct.	No.	Pct.
Population									
Primary Market Area	15,204	15,354	16,493	17,024	17,808	1,139	7.4%	1,315	8.0%
City of Waverly	8,539	8,968	9,874	10,084	10,677	906	10.1%	803	8.1%
<i>Remainder of PMA</i>	<i>6,665</i>	<i>6,386</i>	<i>6,619</i>	<i>6,940</i>	<i>7,131</i>	<i>233</i>	<i>3.6%</i>	<i>512</i>	<i>7.7%</i>
Bremer County	22,813	23,325	24,276	24,998	26,188	951	4.1%	1,912	7.9%
Waterloo MSA*	159,026	163,706	167,819	171,283	176,607	4,113	2.5%	8,788	5.2%
Households									
Primary Market Area	5,469	5,730	6,241	6,480	6,833	511	8.9%	592	9.5%
City of Waverly	3,035	3,238	3,546	3,628	3,876	308	9.5%	330	9.3%
<i>Remainder of PMA</i>	<i>2,434</i>	<i>2,492</i>	<i>2,695</i>	<i>2,852</i>	<i>2,957</i>	<i>203</i>	<i>8.1%</i>	<i>262</i>	<i>9.7%</i>
Bremer County	8,394	8,860	9,385	9,735	10,276	525	5.9%	891	9.5%
Waterloo MSA*	60,102	63,527	66,986	68,968	71,504	3,459	5.4%	4,518	6.7%
*Waterloo-Cedar Falls MSA (Black Hawk, Bremer, and Grundy Counties)									
Sources: US Census Bureau; ESRI; City of Waverly Comprehensive Plan; Maxfield Research, Inc.									

- The number of new households was high relative to the number of new people suggesting a trend toward decreasing household sizes in the PMA. In 1990, the average household size in the PMA was 2.78 persons per household. This number declined to 2.68 in 2000 and 2.64 in 2010, a drop of -5.0%. By comparison, the average household size throughout the Waterloo-Cedar Falls Metro Area declined -5.3%, from 2.65 in 1990 to 2.51 in 2010.

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- This trend is an indication of an aging household base and also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- Waverly's population increased 2.8% from 1990 to 2000 (+429 people) against household growth of 6.7% (+203). The population grew 10.1% between 2000 and 2010 to 9,874, while the number of households expanded 9.5%. As of 2010, the average household size in the City of Waverly was 2.78, which is down -1.1% from 1990 but a slight increase from 2.77 in 2000. This increase was due, in large part, to an increase in the number of family households in Waverly, as well as growth in the number of nonfamily roommate households.

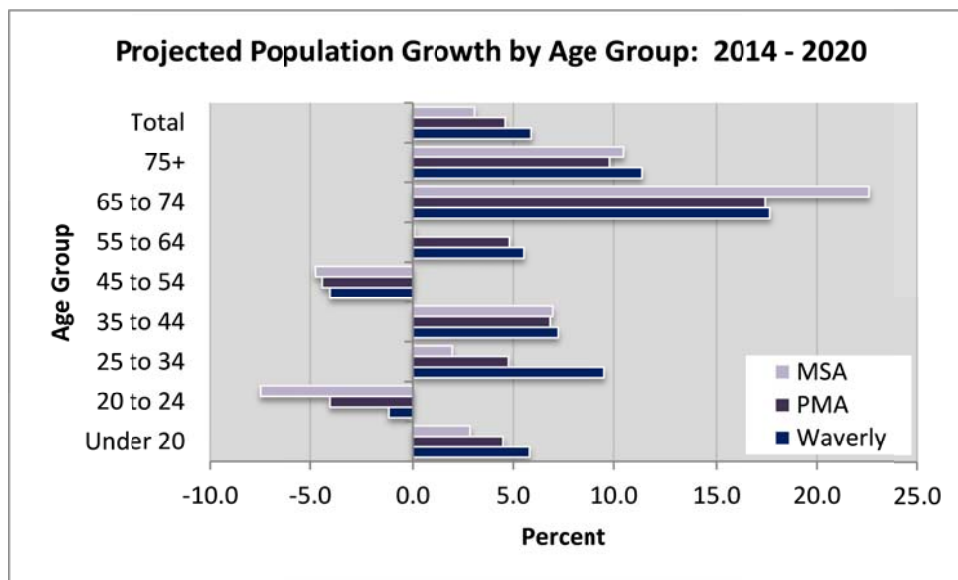


- By 2020, the PMA is expected to add 1,315 people (+8.0%) and 592 households (+9.5%). Most of the PMA's growth will occur in the City of Waverly as urban services are available to accommodate residential development. Waverly is projected to add 803 people (+8.1%) and 330 households (+9.3%). This pace of growth is expected to approximate the growth experienced throughout Bremer County, but it is expected to exceed the rate of growth throughout the Metro Area. The Waterloo-Cedar Falls Metro Area is projected to experience 5.2% growth in population between 2010 and 2020, while the number of households increases 6.7%.
- In 1990, roughly 66.6% of Bremer County's population was located in Waverly. This percentage dipped to 65.8% in 2000 before climbing to 67.9% in 2010. We anticipate that the proportion of County residents living in Waverly will essentially hold steady over the next several years, climbing slightly to 68.0% in 2020.
- It is important to recognize that projected household growth in Waverly is highly dependent on increased or decreased hiring by the major employers in the City, as well as the availability of suitable housing options in Waverly.

Age Distribution

The age distribution of a community’s population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher-density housing located near urban services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes. Table A-2 presents the age distribution of the Market Area population from 1990 to 2020. Information from 1990, 2000 and 2010 is sourced from the U.S. Census. The 2014 estimates and projections for 2020 were calculated by Maxfield Research Inc. based on information from ESRI.

- In 2010, the largest adult cohort in the Primary Market Area was 45 to 54, totaling 2,118 people (12.8% of the total population). The 55 to 64 age group was the second largest cohort in the PMA with 2,041 people. By comparison, the 20 to 24 age group was the largest cohort in the City of Waverly with 1,380 people (14.0% of the total), followed by the 45 to 54 cohort with 1,093 people.
- The greatest growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to an increase of 265 people (+34.2%) in the 55 to 64 population between 2000 and 2010 in Waverly. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years, particularly the 65 to 74 age group which is projected to grow 17.7% (+149 people) in Waverly between 2014 and 2020. Similar growth rates are anticipated throughout the Primary Market Area.



- In Waverly, there was a -15.0% decline in the 35 to 44 age group between 2000 and 2010 resulting in a loss of -169 people. This age group is expected to experience modest growth between 2014 and 2020, while the 45 to 54 age group experiences a -4.0% decline. The loss projected for this population is a result of the comparatively small number of people who will move into this age group between 2014 and 2020, a phenomenon known as the “baby

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bust.” The “baby bust” is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply.

TABLE A-2 AGE DISTRIBUTION WAVERLY MARKET AREA 2000 - 2020								
Age	Census		Estimate	Projection	Change			
	2000	2010	2014	2020	2000-2010		2014-2020	
	No.	No.	No.	No.	No.	Pct.	No.	Pct.
City of Waverly								
Under-20	2,605	2,745	2,741	2,900	140	5.4	159	5.8
20 to 24	1,153	1,380	1,346	1,330	227	19.7	-16	-1.2
25 to 34	799	1,001	1,111	1,217	202	25.3	106	9.5
35 to 44	1,128	959	963	1,032	-169	-15.0	69	7.2
45 to 54	1,044	1,093	1,037	995	49	4.7	-42	-4.0
55 to 64	775	1,040	1,120	1,182	265	34.2	62	5.5
65 to 74	638	752	842	991	114	17.9	149	17.7
75+	826	904	924	1,029	78	9.4	105	11.4
Total	8,968	9,874	10,084	10,677	906	10.1	593	5.9
Primary Market Area								
Under-20	4,303	4,390	4,403	4,601	87	2.0	198	4.5
20 to 24	1,467	1,721	1,667	1,600	254	17.3	-67	-4.0
25 to 34	1,482	1,716	1,899	1,990	234	15.8	91	4.8
35 to 44	2,118	1,752	1,762	1,882	-366	-17.3	120	6.8
45 to 54	2,058	2,118	2,016	1,927	60	2.9	-89	-4.4
55 to 64	1,496	2,041	2,197	2,303	545	36.4	106	4.8
65 to 74	1,106	1,371	1,613	1,895	265	24.0	282	17.5
75+	1,324	1,384	1,467	1,611	60	4.5	144	9.8
Total	15,354	16,493	17,024	17,808	1,139	7.4	784	4.6
Waterloo-Cedar Falls, IA Metropolitan Statistical Area								
Under-20	45,399	43,725	43,082	44,325	-1,674	-3.7	1,243	2.9
20 to 24	16,623	17,487	17,379	16,067	864	5.2	-1,312	-7.6
25 to 34	18,740	21,190	22,672	23,129	2,450	13.1	457	2.0
35 to 44	22,250	18,302	18,627	19,919	-3,948	-17.7	1,292	6.9
45 to 54	22,246	21,891	20,341	19,375	-355	-1.6	-966	-4.7
55 to 64	14,430	20,559	21,994	22,010	6,129	42.5	16	0.1
65 to 74	11,493	12,260	14,455	17,716	767	6.7	3,261	22.6
75+	12,525	12,405	12,733	14,067	-120	-1.0	1,334	10.5
Total	163,706	167,819	171,283	176,607	4,113	2.5	5,324	3.1

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

- The Primary Market Area approximates the boundaries of the Waverly-Shell Rock School District. While the under-20 population experienced very modest growth (+2.0%) between 2000 and 2010, the under-5 age group expanded 12.0% (+100 people) and the five to nine cohort increased by 6.9% (+62), while the 10 to 19 age group declined -2.9% (-75 people).

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- Due to population growth in the youngest age groups, demand for classroom space will increase over the next several years, as all cohorts in the under-20 age group are expected to grow. The 10 to 14 age group is expected to add 82 people (+8.2%), while the 15 to 19 age group is projected to grow by 4.2% (+62). The under-five and the five to nine age groups are expected to grow 5.0% and 2.1%, respectively.
- Over the next six years, most age groups (except for 45 to 54 and 20 to 24) are expected to experience population growth throughout the Market Area. In Waverly, the 25 to 34 age group (i.e. the age group most likely to have children) is projected to grow 9.5% between 2014 and 2020. Additionally, the 35 to 44 cohort is expected to grow 7.2% in Waverly (+69 people) and 6.8% (+120 people) in the PMA.
- Based on age distribution projections for Waverly and the PMA, there appears to be growing demand for a variety of housing products, including:
 - Rental housing targeting the young adult (25 to 34) age group as well as the empty nester population (55 to 74 age group);
 - Entry-level ownership housing for first-time home buyers (25 to 39);
 - Move-up housing for the 35 to 44 age group; and,
 - Senior housing.

Household Income

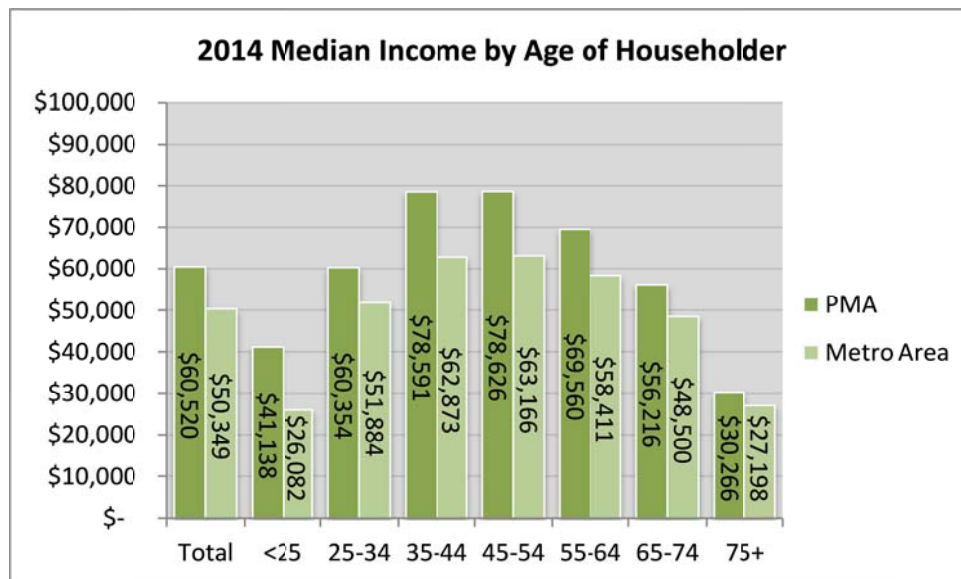
Household income data helps ascertain the demand for different types of owned and rented housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the Department of Housing and Urban Development (HUD). Table A-3 presents data on household income by age of householder for the Primary Market Area in 2014 and 2020. The data is estimated by ESRI and adjusted by Maxfield Research Inc. to reflect the most current local household estimates and projections.

The following are key points from Table A-3:

- In 2014, the median household income is estimated to be approximately \$60,520 in the PMA compared to \$50,349 in the Metro Area. As such, it appears that PMA residents are relatively affluent compared to the Metro Area and have more resources to devote toward housing than residents elsewhere in the Metro Area.
- By 2020, the median household income is projected to increase 27.7% to \$77,287 in the PMA. The annual average increase (4.6%) is estimated to exceed the historical annual inflation rate of 2.4% over the past ten years.

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- As households age through the lifecycle, household incomes tend to peak in the late 40s and early 50s which explains why most upscale housing is targeted to persons in these age groups. This trend is evident throughout the Market Area as the age 45 to 54 cohort has the highest estimated income at \$78,626 in the PMA and \$63,166 in the Metro Area.
- As illustrated in the following graph, the median income in the PMA is \$41,138 for households under the age of 25, increasing to \$60,354 in the 25 to 34 age group and \$78,591 in the 35 to 44 age group. After age 45 to 54, median household incomes decline with age as older households are more likely to only have one income per household and senior households often do not have income-producing employment.



- Through 2020, the PMA is expected to experience household growth in several age groups, particularly those over the age of 55 (the baby boomers). The 25 to 34 and 35 to 44 age groups are also expected to grow. Based on the distribution of projected household growth across age groups, there will likely be growing demand for a variety of housing options in the near future.
- The Department of Housing and Urban Development (HUD) defines affordable housing cost as less than 30% of a household's adjusted gross income. Households earning below 50% of the Area Median Income (AMI) are qualified for deep-subsidy housing while households earning between 50% and 80% AMI are qualified for shallow-subsidy housing. Oftentimes, shallow-subsidy housing is income-restricted at 60% AMI. All households earning incomes above 80% AMI comprise the target market for market rate housing.
- Based on the median contract rent of \$522 for renter-occupied housing units in the City of Waverly, a household would need to have an annual income of roughly \$21,000 or greater to not exceed 30% of its monthly income on rental housing costs.

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- In 2014, approximately 5,500 households in the PMA (85% of the total) are estimated to have incomes of at least \$21,000. By 2020, the total number of income-qualified households is projected to increase by 418 households (+7.6%) after accounting for inflation.
- It appears that many PMA residents could afford higher rents. The average weekly wage of \$718 paid by employers in the County equates to an annual income of approximately \$37,000. A household with this income could afford a monthly rent of \$936.

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2014								
Less than \$15,000	641	66	89	69	78	124	85	131
\$15,000 to \$24,999	541	32	62	42	47	80	77	202
\$25,000 to \$34,999	566	24	53	34	40	60	117	239
\$35,000 to \$49,999	721	56	117	83	67	116	124	159
\$50,000 to \$74,999	1,465	68	271	212	269	284	238	125
\$75,000 to \$99,999	1,115	28	160	241	247	253	135	53
\$100,000 or more	1,430	26	181	298	354	322	195	56
Total	6,480	300	932	978	1,100	1,237	970	964
Median Income	\$60,520	\$41,138	\$60,354	\$78,591	\$78,626	\$69,560	\$56,216	\$30,266
2020								
Less than \$15,000	594	61	72	58	60	107	91	144
\$15,000 to \$24,999	419	27	46	35	27	50	60	172
\$25,000 to \$34,999	455	13	39	23	26	45	95	213
\$35,000 to \$49,999	672	49	106	65	47	99	119	187
\$50,000 to \$74,999	1,317	65	245	181	200	235	243	148
\$75,000 to \$99,999	1,391	36	205	289	266	308	202	85
\$100,000 or more	1,985	39	259	386	421	443	328	110
Total	6,833	292	972	1,038	1,048	1,286	1,137	1,059
Median Income	\$77,287	\$49,548	\$74,428	\$87,407	\$89,984	\$84,427	\$72,892	\$36,095
Change 2014 - 2020								
Less than \$15,000	-47	-5	-16	-11	-17	-17	6	13
\$15,000 to \$24,999	-122	-5	-16	-7	-20	-30	-16	-30
\$25,000 to \$34,999	-111	-11	-14	-11	-14	-15	-22	-25
\$35,000 to \$49,999	-49	-7	-11	-17	-20	-17	-5	28
\$50,000 to \$74,999	-148	-2	-26	-31	-68	-49	5	23
\$75,000 to \$99,999	276	8	46	48	19	55	68	32
\$100,000 or more	555	13	78	88	67	121	133	54
Total	353	-8	41	60	-53	49	168	95
Median Income	\$16,767	\$8,410	\$14,074	\$8,816	\$11,358	\$14,867	\$16,676	\$5,829

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

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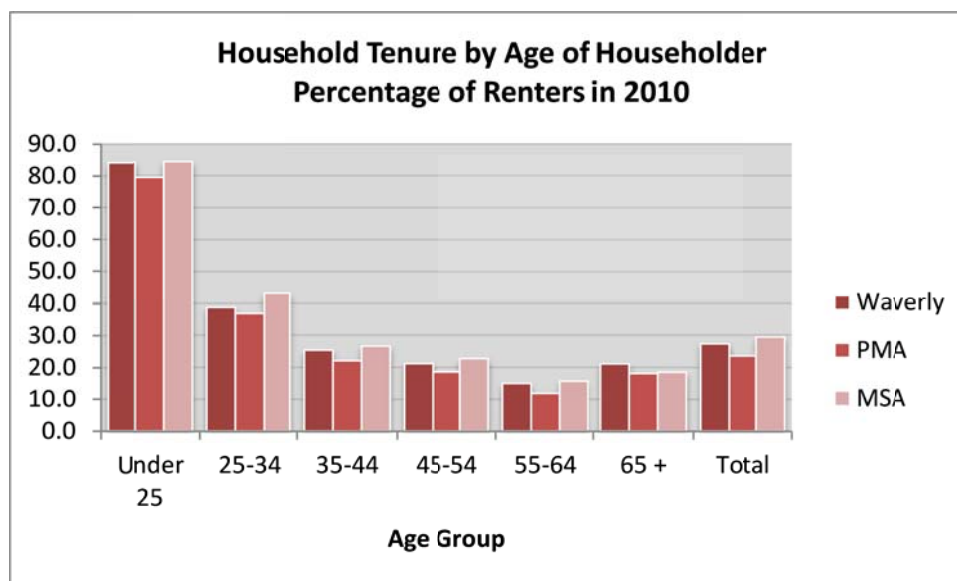
- New housing will likely have to be priced higher than the existing stock of rental housing. If a new apartment unit were priced at \$800 per month, a household would need to have an annual income of roughly \$32,000 or greater to not exceed 30% of its monthly income on rental housing costs. In 2014, approximately 4,900 PMA households (76% of the total) are estimated to have incomes of at least \$32,000.
- Households under the age of 35 are most likely to rent their housing. In 2014, 72% of households age 24 and below and 87% of households age 25 to 34 in the PMA have incomes of at least \$21,000. However, because younger householders are often willing to live with roommates, the percent income-qualified is likely somewhat higher.
- Between 2014 and 2020, the number of income-qualified households in the PMA in the 34 and younger age group is expected to grow nearly 6%. Another potential target market for rental housing in the City would be the senior population. The number of income-qualified households over the age of 65 is expected to increase by 241 households (+16%) between 2014 and 2020.
- In 2013, the median sale price for homes in Waverly was \$154,500. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household would need to have a minimum annual income of roughly \$41,000 to be income-qualified for a home purchased at the median sale price in Waverly.
- In 2014, roughly 69% of the households (4,443) have incomes of \$41,000 or higher. The number of income-qualified households is projected to increase 12% (+539 households) by 2020. Most of this growth will occur in the 65 to 74 and 55 to 64 age groups, but the 35 to 44 and 25 to 34 age groups will also experience growth in income-qualified households (+84 and +73 households, respectively). As such, there appears to be growing demand for entry-level (first-time home buyers) and move-up housing in Waverly. The 45 to 54 age group is the cohort most likely to seek higher-priced “executive” housing, but income-qualified household growth in this age group is expected to be flat between 2014 and 2020, suggesting that demand for executive housing will be modest.

Household Tenure

Table A-4 shows household tenure by age of householder for Waverly, the PMA, and the Metro Area in 2000 and 2010. The data is compiled from the U.S. Census Bureau. The table shows the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes unoccupied units and group quarters such as dormitories and nursing homes. Household tenure information is important in understanding households’ preferences to either rent or own their housing. In addition to preferences, factors that contribute to these proportions include mortgage interest rates, household age, and lifestyle considerations, among others. The following are key points from Table A-4.

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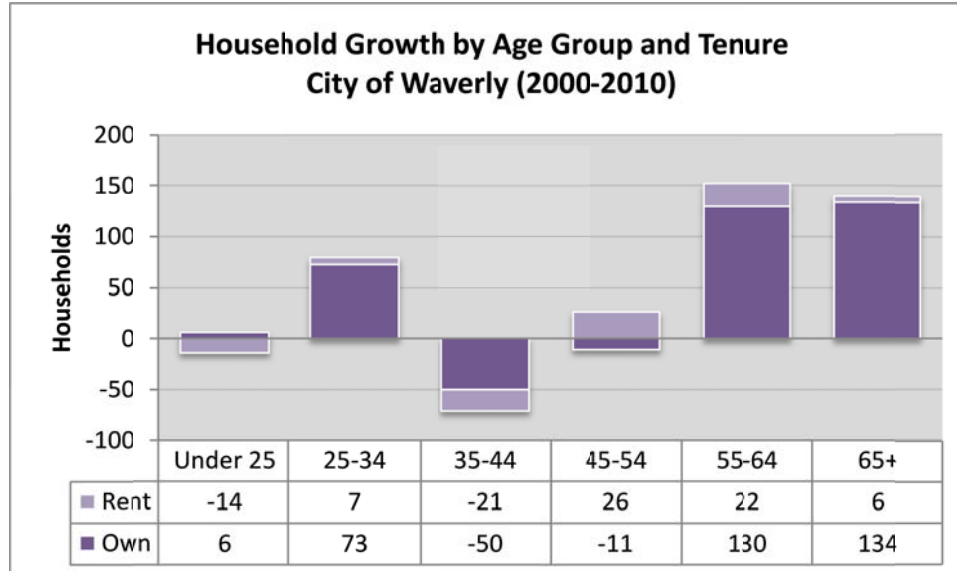
- In Waverly, 72.7% of all households owned their housing in 2010, resulting in a home ownership rate that is comparable to the Metro Area (70.7% owned in 2010). Throughout the Primary Market Area, 76.6% of all households owned in 2010, higher than the Metro Area.
- Within the prime ownership years (35 to 64), nearly 80% of households in Waverly owned in 2010, compared to 83% of PMA householders and 79% in the Metro Area.
- The number of owner households in Waverly increased by 282 (+12.3%) between 2000 and 2010. The largest increases occurred in the 65 and older age group (+134 households for a 19.3% gain) and the 55 to 64 age group (+130 households for a 33.8% increase), while the 25 to 34 age group experienced a 30.9% increase (+73 owner households). Contraction occurred in the middle-aged households, as the 35 to 44 age group declined by -50 owner households (-10.8%) and the 45 to 54 age group declined by -2.2% (-11 owner households).
- Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households. This pattern is apparent among the younger Market Area households as 49.0% of the population under the age of 35 rents in the PMA while 57.4% of Metro Area householders under the age of 35 rent. In Waverly, 53.1% of the under 35 age group rented in 2010.



- Over 79% of households under the age of 25 rented in the PMA in 2010 while approximately 37% of households age 25 to 34 rented. These percentages are somewhat lower than in the Metro Area which had 84% of households under age 25 and 43% of age 25 to 34 households renting in 2010. In Waverly, 84% of the under-25 age group and 39% of the 25 to 34 age group rented in 2010.

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- In the PMA, 23% of all households rented in 2010, giving it a rental rate that was lower than the Metro Area (29% of households rented in 2010). In Waverly, 27% of all households rented. Except for 65 and older, all other age groups rented at higher rates in the Metro Area than in Waverly.
- In the Metro Area, the percentage of renter households increased from 28.9% in 2000 to 29.3% in 2010, while the percentage of owner households declined from 71.1% to 70.7% over the decade. This was consistent with household tenure trends throughout Iowa and the United States. However, the trend was reversed in Waverly, as the percentage of renter households slipped from 29.1% in 2000 to 27.3% in 2010, while owner households increased from 70.9% to 72.7% over the decade.
- In Waverly, the number of renter households grew by only 26 households between 2000 and 2010 (+2.8%), while the number of owner households climbed 12.3% (+282 households) over the decade.
- As depicted in the following chart, the largest increase occurred in the 55 to 64 age group in Waverly, as 22 renter households were added (+32%) and the number of owner households climbed by 34% (+130 households). Substantial growth also occurred in the 65 and older age group with the addition of 134 owner households (+19%), as well as the 25 to 34 cohort which added 73 owner households (+31%).



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**TABLE A-4
TENURE BY AGE OF HOUSEHOLDER
WAVERLY MARKET AREA
2000 & 2010**

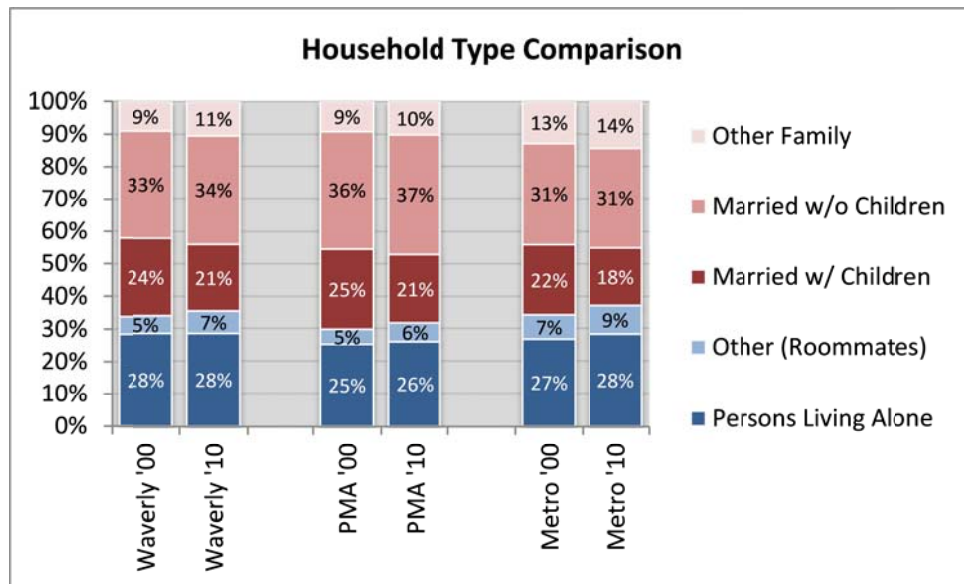
Age		Waverly				Primary Market Area				Waterloo-Cedar Falls MSA			
		2000		2010		2000		2010		2000		2010	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	31	12.9	37	15.9	48	13.9	70	20.6	941	17.0	881	15.7
	Rent	210	87.1	196	84.1	297	86.1	270	79.4	4,608	83.0	4,728	84.3
	Total	241	100.0	233	100.0	345	100.0	340	100.0	5,549	100.0	5,609	100.0
25-34	Own	236	55.7	309	61.3	438	58.5	534	63.3	5,230	55.3	6,025	56.8
	Rent	188	44.3	195	38.7	311	41.5	310	36.7	4,224	44.7	4,590	43.2
	Total	424	100.0	504	100.0	749	100.0	844	100.0	9,454	100.0	10,615	100.0
35-44	Own	461	74.2	411	74.7	862	76.0	770	78.0	8,712	72.9	7,423	73.5
	Rent	160	25.8	139	25.3	272	24.0	217	22.0	3,243	27.1	2,681	26.5
	Total	621	100.0	550	100.0	1,134	100.0	987	100.0	11,955	100.0	10,104	100.0
45-54	Own	491	82.8	480	78.9	990	86.1	942	81.6	10,516	83.2	9,358	77.3
	Rent	102	17.2	128	21.1	160	13.9	213	18.4	2,131	16.8	2,747	22.7
	Total	593	100.0	608	100.0	1,150	100.0	1,155	100.0	12,647	100.0	12,105	100.0
55-64	Own	385	85.0	515	85.1	758	87.8	1,018	88.2	7,471	87.4	10,297	84.4
	Rent	68	15.0	90	14.9	105	12.2	136	11.8	1,078	12.6	1,897	15.6
	Total	453	100.0	605	100.0	863	100.0	1,154	100.0	8,549	100.0	12,194	100.0
65 +	Own	693	76.5	827	79.1	1,210	81.3	1,444	82.0	12,288	79.9	13,354	81.6
	Rent	213	23.5	219	20.9	279	18.7	317	18.0	3,085	20.1	3,005	18.4
	Total	906	100.0	1,046	100.0	1,489	100.0	1,761	100.0	15,373	100.0	16,359	100.0
TOTAL	Own	2,297	70.9	2,579	72.7	4,306	75.1	4,778	76.6	45,158	71.1	47,338	70.7
	Rent	941	29.1	967	27.3	1,424	24.9	1,463	23.4	18,369	28.9	19,648	29.3
	Total	3,238	100.0	3,546	100.0	5,730	100.0	6,241	100.0	63,527	100.0	66,986	100.0

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

Household Type

Table A-5 on the following page shows household type trends in the City of Waverly and the PMA, as well as the Metro Area in 2000 and 2010. The data is collected from the U.S. Census. The following are key points from Table A-5:

- In 2010, family households comprised 64.7% of all households in Waverly, 68.4% in the PMA, and 63.0% in the Metro Area. Between 2000 and 2010, the number of family households increased in all three market areas, however, the proportions dropped from 66.2% in 2000 in Waverly, 70.3% in the PMA, and 65.9% in the Metro Area.



- In the City of Waverly, the number of married couple families with children declined by -45 households during the decade, representing a -5.8% decline, while the number of married couple families without children increased by 117 (+10.9%). Other family households in Waverly jumped 26.9% after increasing by 79 households. The PMA experienced a -7.5% decline in the number of married couples with children (-107 households), while the number of married couples without children increased by 233 households (+11.2%). Other family households increased 20.6% during the decade (+109 households). The Metro Area experienced an increase in the number of family households during the decade as the number of married couples without children climbed 3.5% and the number of other family households grew 17.9%. Married couples with children declined -13.1%.
- Married couple families with children typically generate demand for single-family detached ownership housing. Within the PMA, single-family detached housing demand is also likely being driven by other household types such as married couples without children and non-family households due to a limited supply of high-quality multifamily housing options. Married couple families without children are generally made up of younger couples that have not had children (and may not have children) and older couples with adult children that

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have moved out of the home. These household types often desire multifamily housing options for convenience reasons, however older couples in rural areas often hold onto their single-family homes until they need services. Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing. The 27% increase in other family households in Waverly (18% increase in the Metro Area) suggests a growing need for affordable housing options in the City.

	Total Households	NON-FAMILY HHs		FAMILY HHs								
		Persons Living Alone	Other (Roommates)	Married w/ Children	Married w/o Children	Other Family						
2000												
Waverly	3,238	919	176	778	1,071	294						
Primary Market Area	5,730	1,436	263	1,426	2,075	530						
Metro Area	63,527	16,912	4,744	13,826	19,854	8,191						
2010												
Waverly	3,546	1,005	247	733	1,188	373						
Primary Market Area	6,241	1,611	364	1,319	2,308	639						
Metro Area	66,986	18,862	5,901	12,019	20,543	9,661						
Change (2000-2010)												
	<u>No.</u>	<u>Pct.</u>	<u>No.</u>	<u>Pct.</u>	<u>No.</u>	<u>Pct.</u>	<u>No.</u>	<u>Pct.</u>	<u>No.</u>	<u>Pct.</u>		
Waverly	308	9.5%	86	9.4%	71	40.3%	-45	-5.8%	117	10.9%	79	26.9%
Primary Market Area	511	8.9%	175	12.2%	101	38.4%	-107	-7.5%	233	11.2%	109	20.6%
Metro Area	3,459	5.4%	1,950	11.5%	1,157	24.4%	-1,807	-13.1%	689	3.5%	1,470	17.9%

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

- Between 2000 and 2010, non-family households collectively increased by 157 in Waverly (+14.3%). The PMA experienced a 16.2% increase (+276) in nonfamily households while the number of nonfamily households in the Metro Area expanded by 14.3%. An increase in the percentage of these household types indicates a shift in housing needs that favors rental development. However, households composed of unrelated roommates can also be unmarried couples that may choose to own and can often afford to own if they are double-income.
- The number of households with one resident increased 9.4% in Waverly over the decade, from 919 households in 2000 to 1,005 in 2010, while the number of households with roommates jumped 40.3% (+71 households) as more renters lived together in an attempt to save money during the recession. Single-person households climbed 12.2% in the PMA and 11.5% in the Metro Area, while the number of roommate households increased 38.4% in the PMA and 24.4% in the Metro Area.

Summary of Demographic Trends

The following points summarize key demographic trends that will impact demand for housing in Waverly.

- As of 2010, the PMA contained 16,493 people and 6,241 households. Between 2000 and 2010, the population increased by 7.4%, while the number of households expanded by 8.9%. The number of new households was high relative to the number of new people suggesting a trend toward decreasing household sizes in the PMA. This trend indicates an aging household base and is also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children. Waverly's population grew 10.1% between 2000 and 2010 to 9,874, while the number of households expanded 9.5%. As of 2010, the average household size in the City of Waverly was 2.78, a slight increase from 2.77 in 2000. This increase was due, in large part, to an increase in the number of family households in Waverly, as well as growth in the number of non-family roommate households.
- By 2020, the PMA is expected to add 1,315 people (+8.0%) and 592 households (+9.5%). Most of the PMA's growth will occur in the City of Waverly as urban services are available to accommodate residential development. Waverly is projected to add 803 people (+8.1%) and 330 households (+9.3%). The greatest growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to a 34.2% increase in the 55 to 64 population between 2000 and 2010 in Waverly. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years.
- In Waverly, there was a -15.0% decline in the 35 to 44 age group population between 2000 and 2010 resulting in a loss of -169 people. This age group is expected to experience modest growth between 2014 and 2020, while the 45 to 54 age group experiences a slight decline. The 25 to 34 age group (i.e. the age group most likely to have children) is projected to grow 9.5% between 2014 and 2020. Additionally, the 35 to 44 cohort is expected to grow 7.2% in Waverly (+69 people).
- In 2014, the median household income is estimated to be approximately \$60,520 in the PMA compared to \$50,349 in the Metro Area. As such, it appears that PMA residents are relatively affluent compared to the Metro Area and have more resources to devote toward housing than residents elsewhere in the Metro Area. Based on the median contract rent of \$522 for renter-occupied housing units in the City of Waverly, a household would need to have an annual income of roughly \$21,000 or greater to not exceed 30% of its monthly income on rental housing costs. In 2014, 85% of all PMA households are estimated to have incomes of at least \$21,000. By 2020, the total number of income-qualified households is projected to increase by 418 households (+7.6%) after accounting for inflation.

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- In 2013, the median sale price for homes in Waverly was \$154,500. A household would need to have a minimum annual income of roughly \$41,000 to be income-qualified for a home purchased at the median sale price in Waverly. In 2014, roughly 69% of the households (4,443) have incomes of \$41,000 or higher, and the number of income-qualified households is projected to increase 12% by 2020. Most of this growth will occur in the 65 to 74 and 55 to 64 age groups, but the 35 to 44 and 25 to 34 age groups will also experience growth in income-qualified households. As such, there appears to be growing demand for entry-level (first-time home buyers) and move-up housing in Waverly.
- In Waverly, 72.7% of all households owned their housing in 2010, resulting in a home ownership rate that is comparable to the Metro Area (70.7% owned in 2010). Throughout the Primary Market Area, 76.6% of all households owned in 2010, higher than the Metro Area. In the Metro Area, the percentage of renter households increased from 28.9% in 2000 to 29.3% in 2010, while the percentage of owner households declined from 71.1% to 70.7% over the decade. This was consistent with household tenure trends throughout Iowa and the United States. However, the trend was reversed in Waverly, as the percentage of renter households slipped from 29.1% in 2000 to 27.3% in 2010, while owner households increased from 70.9% to 72.7% over the decade. In Waverly, the number of renter households grew by only 26 households between 2000 and 2010 (+2.8%), while the number of owner households climbed 12.3% (+282 households) over the decade.
- Shifting household types can drive demand for housing in a community. Married couple families with children typically generate demand for single-family detached ownership housing. Single-family detached housing demand in Waverly is also likely being driven by other household types such as married couples without children and non-family households due to a limited supply of high-quality multifamily housing options. Married couple families without children often desire multifamily housing options for convenience reasons, however older couples in rural areas often hold onto their single-family homes until they need services. Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing, and the 27% increase in other family households in Waverly suggests a growing need for affordable housing options in the City. An increase in the percentage of nonfamily households indicates a shift in housing needs that favors rental development. However, households composed of unrelated roommates can also be unmarried couples that may choose to own and can often afford to own if they are double-income. The number of households with one resident increased 9.4% in Waverly over the decade, while the number of households with roommates jumped 40.3% as more renters lived together in an attempt to save money during the recession.
- Based on the demographic characteristics of Waverly and the PMA, there appears to be growing demand for a variety of housing products, including: rental housing targeting the young adult (25 to 34) age group as well as the empty nester population (55 to 74 age group); entry-level ownership housing for first-time home buyers (25 to 39); move-up housing for the 35 to 44 age group; and, senior housing.

Introduction

Employment characteristics are an important component in assessing housing needs in any given market area. These trends are important to consider since employment growth generally fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. Many households commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs. In less densely-populated areas, many people will choose to live further from their place of work because they prefer a rural lifestyle (i.e. they want to live on a wooded lot or be on a lake) or suitable housing may not be available in their employer's community.

Employment Forecast

The 2000, 2005, 2010, and 2013 employment data in Table B-1 is derived from the U.S. Census Bureau Local Employment Dynamics program for Bremer County, Region 7, and Iowa. Data reflects employment at the start of the second quarter for each year. Data for the City of Waverly is also taken from the Local Employment Dynamics program for the years 2005 and 2010, but 2000 and 2013 data is not available at a city level. We estimate Waverly's employment data for 2000 and 2013 based on the proportion of County jobs located in Waverly in 2002 (the latest data available) and in 2011 (the most recent data available). The 2020 forecast is based on 2010-2020 employment projections published by the Iowa Workforce Information Network. This is the most recent employment forecast available for the State.

Maxfield Research applied the projected ten-year growth rates of 13.9% for Region 7 and 13.5% for the State to the 2010 employment data to arrive at the 2020 forecast for those two areas. We arrived at the 2020 forecast for Bremer County based on the average proportion of Region 7 jobs located in the County from 2010 through 2013. We then projected 2020 employment for Waverly based on the proportion of the County's growth expected to occur in the City.

The following are key figures from Table B-1.

- In 2000, there were 9,527 jobs in Bremer County. By 2005, employment in the County declined by -326 jobs (-3.4%). Despite the economic recession, employment grew by 195 jobs between 2005 and 2010, representing growth of 2.1%. In total, the County lost -131 jobs (-1.4%) during the decade. We estimate that employment in Waverly experienced a similar trend, although job growth was stronger in Waverly during the second half of the decade as 171 jobs were added between 2005 and 2010 (+2.7%).
- By comparison, Region 7 experienced strong job growth between 2000 and 2005 (+3.0%), while minimal growth occurred in the second half of the decade.

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- The employment situation has improved significantly throughout the Market Area, as Bremer County employment expanded by 1.8% (+168 jobs) while Region 7 employment increased by 4.2% between 2010 and 2013. Based on the most recent Local Employment Dynamics data, it appears that job growth in Waverly is outpacing growth in the Remainder of Bremer County.
- In 2000, Bremer County employment represented 10.4% of all Region 7 jobs. The proportion dropped to 9.7% in 2005, before increasing slightly to 9.9% in 2010. Bremer County's share of Region 7 employment dropped to an average of 9.7% over the past two years. Due to projected hiring at several major employers in the County (particularly in Waverly), we expect that Bremer County's share of Region 7 jobs will stabilize. By 2020, we project that the proportion of Region 7 jobs in the County will hold at approximately 9.7%.
- We estimate that Waverly contained 69.2% of Bremer County's jobs in 2000. The proportion increased steadily to 69.7% in 2005, 70.1% in 2010, and 73.0% in 2011 (the most recent data available).
- Based on these proportions, we estimate that employment in Waverly will increase by 15.0% between 2010 and 2020, for an annual growth rate of 1.5%. Roughly 987 jobs are projected to be added in Waverly while Bremer County is expected to add 1,119 jobs between 2010 and 2020 (+11.9%). By comparison, Region 7 employment is expected to grow 13.9%, while the State of Iowa increases employment by 13.5%.

**TABLE B-1
EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
WAVERLY MARKET AREA
2000-2020**

	----- As of the 2nd Qtr of each year -----					Projection	Change			
	2000	2005	2010	2013	2020		2000-2010		2010-2020	
						No.	Pct.	No.	Pct.	
City of Waverly	6,588	6,416	6,587	6,982	7,574	-1	0.0	987	15.0	
Bremer County	9,527	9,201	9,396	9,564	10,515	-131	-1.4	1,119	11.9	
Region 7	91,822	94,585	94,974	98,992	108,215	3,152	3.4	13,241	13.9	
Iowa	1,421,624	1,430,675	1,424,806	1,473,241	1,617,057	3,182	0.2	192,251	13.5	

Notes: Region 7 includes the Counties of Black Hawk, Bremer, Buchanan, Butler, and Grundy. Data for the City of Waverly is estimated for 2000 and 2013.

Sources: US Census Bureau Local Employment Dynamics; Iowa Workforce Information Network; Maxfield Research, Inc.

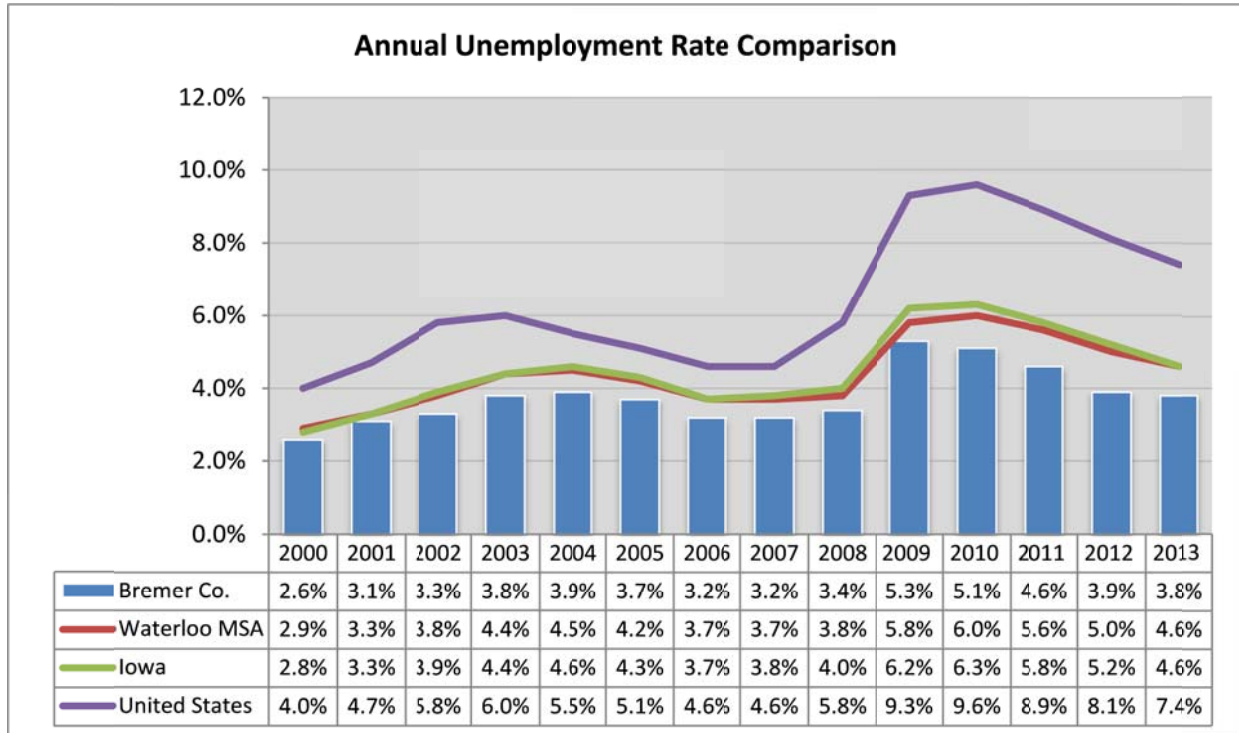
Resident Employment

Table B-2 shows information on the resident labor force and employment in Bremer County compared to the Waterloo-Cedar Falls Metro Area, Iowa, and the United States. The data is sourced from the Iowa Workforce Information Network. Resident employment data reveals the work force and number of employed people living in the area. It is important to note that not all of these individuals necessarily work in the area.

Declining unemployment driven by job growth often stimulates demand for housing in a community, as households generally prefer to live near work for convenience. Many households, however, will commute greater distances to work if their housing is affordable enough to offset the additional transportation costs. In rural areas, other factors such as lifestyle choice and housing availability impact this decision.

The following points summarize key employment trends that will impact the demand potential for housing in Waverly.

- The following chart illustrates how unemployment in Bremer County has mirrored national trends but has remained well below the national rate throughout the past decade. Bremer County’s unemployment rate has tracked consistently lower than unemployment trends in the Metro Area and the State of Iowa.



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- At 3.5% in April 2014, the unemployment rate in Bremer County is slightly lower than the Metro Area (4.1%) and the State of Iowa (4.3%), and it is substantially lower than the United States (5.3%).
- Over the past year, Bremer County experienced a -0.7% drop in the unemployment rate while unemployment in the Metro Area dropped -0.2% and Iowa experienced a -0.3% decline in the unemployment rate.
- It appears that increased hiring is driving the unemployment rate down throughout much of the Market Area as growth in the number of employed residents outpaced labor force growth. Bremer County's labor held steady between April 2013 and April 2014, while the number of employed residents increased 0.7% (+100). Employment in the Metro Area grew 0.9% (+800) against labor force growth of 0.6% (+600).
- Bremer County's labor force has grown steadily over the past decade, climbing from 12,900 in 2000 to 14,000 in 2010 and 14,200 in 2013 for an average annual growth rate of 0.7%. Resident employment has also grown at an average rate of 0.7% per year. Labor force and employment growth will often stimulate household formation, generating demand for a variety of housing products. However, low unemployment can restrain economic expansion in a community, as it becomes difficult for employers in the area to hire workers and increase production or services.

	April 2014			April 2013		
	Labor Force	Employment	Unemployment	Labor Force	Employment	Unemployment
Bremer County	14,300	13,800	3.5%	14,300	13,700	4.2%
Waterloo MSA	97,200	93,200	4.1%	96,600	92,400	4.3%
Iowa	1,695,000	1,621,300	4.3%	1,667,300	1,589,700	4.7%
United States	154,845,000	145,767,000	5.9%	154,739,000	143,724,000	7.1%

Note: Data not seasonally adjusted.

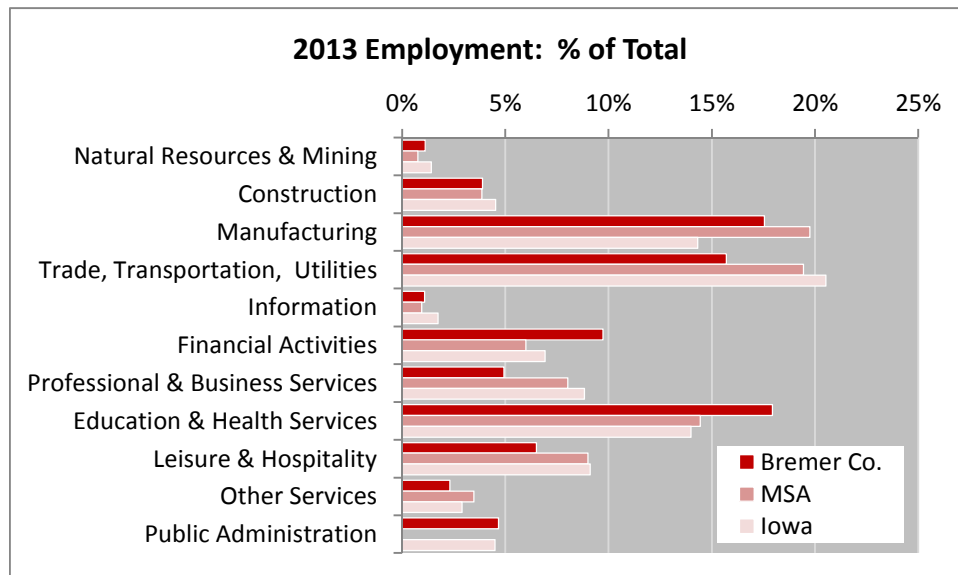
Sources: Iowa Workforce Information Network; Maxfield Research, Inc.

Industry Employment and Wage Data

Table B-3 displays information on the employment and wage situation in Bremer County compared to the Waterloo-Cedar Falls Metro Area and the State of Iowa. The Quarterly Census of Employment and Wages (QCEW) data is sourced from the Bureau of Labor Statistics for 2012 and 2013, the most recent data available. All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics quarterly. Federal government establishments are also covered by the QCEW program.

It should be noted that certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

- The Education and Health Services industry is the largest employment sector in Bremer County, providing 1,804 jobs in 2013 (17.9% of the total). The Manufacturing industry and the Trade, Transportation and Utilities sector are also major employers with 1,765 jobs (17.5%) and 1,579 jobs (15.7%), respectively.
- The Manufacturing industry is the largest employer throughout the Metro Area with over 17,600 jobs (19.8% of the total), followed closely by Trade, Transportation, and Utilities with 17,330 jobs (19.4%). The Trade, Transportation, and Utilities sector is the largest employer in the State, representing 20.5% of total employment.

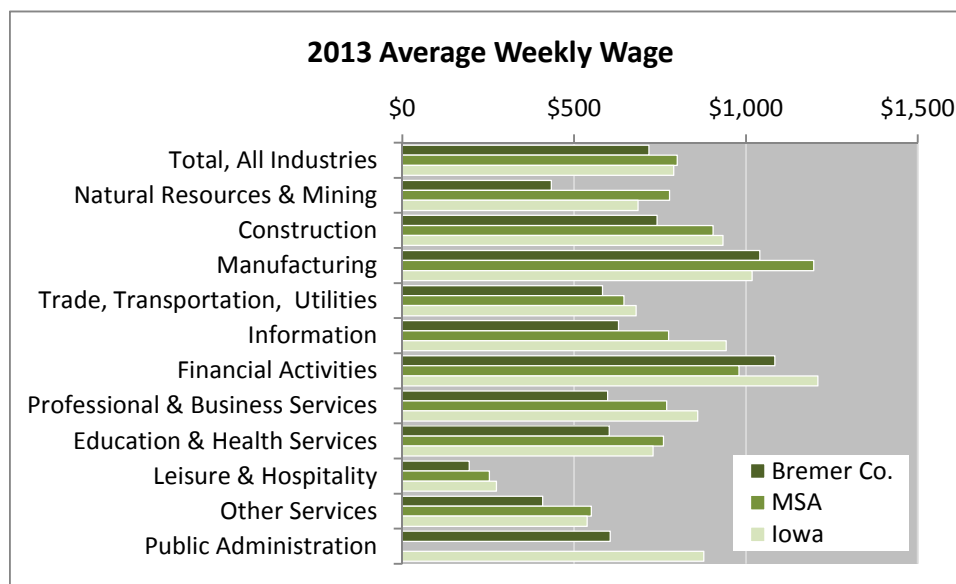


- In Bremer County, total employment climbed 2.6% (+257 jobs) between 2012 and 2013. Professional and Business Services experienced the largest jump in employment, gaining 74 jobs (+17.5%). Notable gains also occurred in Education and Health Services (+55 jobs for a

EMPLOYMENT TRENDS

3.1% increase) and Financial Activities which experienced a 4.9% increase in employment (+46 jobs).

- The Metro Area experienced 0.6% job growth over the year (+567 jobs). This increase was due, in large part, to growth in the Professional and Business Services and Manufacturing sectors which gained 246 jobs (+3.6%), and 222 jobs (+1.3%), respectively. These gains were partially offset by jobs losses in the Construction industry which experienced a -2.4% reduction in employment (-83 jobs).
- The number of business establishments in Bremer County increased modestly, gaining 13 businesses over the year (+1.9%). The most substantial change occurred in the Education and Health Services sector, gaining six business establishments (+10.5%). The number of businesses operating throughout the Metro Area increased by 77 (+1.6%), most notably in Education and Health Services (+35 business establishments).
- At \$718, the average weekly wage across all industries in Bremer County is -10.3% lower than in the Metro Area (\$800), and -9.1% lower than the State average (\$790). Average wages are lower in Bremer County than in the State in all industry sectors, except for Manufacturing (\$1,040 in Bremer County compared to \$1,018 across Iowa). Wages increased over the year, rising 1.3% in Bremer County, 1.4% in the Metro Area, and 1.8% across Iowa. Most industry sectors experienced wage growth during the year.
- A household earning the average weekly wage in Bremer County (\$718) would be able to afford an apartment renting for approximately \$936 per month to not exceed 30% of its monthly income on housing costs. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage would be able to afford to purchase a home priced at approximately \$140,000 or lower to not be cost-burdened (paying more than 30% of their income for housing).



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**TABLE B-3
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
WAVERLY MARKET AREA**

Industry	2012			2013			Change 2012 - 2013			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	%	Wage #	%
BREMER COUNTY										
Total, All Industries	687	9,800	\$709	700	10,057	\$718	257	2.6%	\$9	1.3%
Natural Resources & Mining	18	98	\$510	20	112	\$434	14	14.3%	(\$76)	-14.9%
Construction	71	380	\$726	72	392	\$741	12	3.2%	\$15	2.1%
Manufacturing	37	1,769	\$1,020	34	1,765	\$1,040	-4	-0.2%	\$20	2.0%
Trade, Transportation, Utilities	145	1,578	\$578	148	1,579	\$583	1	0.1%	\$5	0.9%
Information	13	110	\$592	13	109	\$629	-1	-0.9%	\$37	6.3%
Financial Activities	79	932	\$1,043	76	978	\$1,084	46	4.9%	\$41	3.9%
Professional & Business Services	71	422	\$651	75	496	\$598	74	17.5%	(\$53)	-8.1%
Education & Health Services	57	1,749	\$599	63	1,804	\$602	55	3.1%	\$3	0.5%
Leisure & Hospitality	55	646	\$192	55	654	\$195	8	1.2%	\$3	1.6%
Other Services	84	230	\$377	85	233	\$408	3	1.3%	\$31	8.2%
Public Administration	25	483	\$589	25	470	\$605	-13	-2.7%	\$16	2.7%
WATERLOO-CEDAR FALLS MSA*										
Total, All Industries	4,683	88,553	\$789	4,760	89,120	\$800	567	0.6%	\$11	1.4%
Natural Resources & Mining	89	626	\$788	96	678	\$778	52	8.3%	(\$10)	-1.3%
Construction	399	3,531	\$899	403	3,448	\$904	-83	-2.4%	\$5	0.6%
Manufacturing	226	17,382	\$1,184	225	17,604	\$1,197	222	1.3%	\$13	1.1%
Trade, Transportation, Utilities	1,105	17,281	\$629	1,109	17,330	\$645	49	0.3%	\$16	2.5%
Information	63	843	\$730	63	844	\$775	1	0.1%	\$45	6.2%
Financial Activities	524	5,289	\$948	526	5,332	\$980	43	0.8%	\$32	3.4%
Professional & Business Services	612	6,901	\$788	615	7,147	\$769	246	3.6%	(\$19)	-2.4%
Education & Health Services	524	12,839	\$751	559	12,876	\$760	37	0.3%	\$9	1.2%
Leisure & Hospitality	430	7,931	\$253	437	8,027	\$254	96	1.2%	\$1	0.4%
Other Services	479	3,016	\$529	496	3,101	\$550	85	2.8%	\$21	4.0%
Public Administration	102	3,374	\$785	102	--	--	--	--	--	--
IOWA										
Total, All Industries	95,516	1,475,884	\$776	97,725	1,496,413	\$790	20,529	1.4%	\$14	1.8%
Natural Resources & Mining	2,294	20,043	\$683	2,480	21,190	\$686	1,147	5.7%	\$3	0.4%
Construction	8,977	64,565	\$907	9,137	67,800	\$933	3,235	5.0%	\$26	2.9%
Manufacturing	3,928	210,539	\$1,002	3,971	214,359	\$1,018	3,820	1.8%	\$16	1.6%
Trade, Transportation, Utilities	23,590	304,136	\$674	23,719	307,115	\$681	2,979	1.0%	\$7	1.0%
Information	1,519	26,924	\$906	1,558	26,092	\$943	-832	-3.1%	\$37	4.1%
Financial Activities	9,247	101,734	\$1,166	9,391	103,506	\$1,209	1,772	1.7%	\$43	3.7%
Professional & Business Services	13,445	129,733	\$844	14,008	132,110	\$860	2,377	1.8%	\$16	1.9%
Education & Health Services	9,420	206,103	\$724	9,930	209,464	\$730	3,361	1.6%	\$6	0.8%
Leisure & Hospitality	8,189	134,136	\$272	8,442	136,305	\$274	2,169	1.6%	\$2	0.7%
Other Services	8,650	43,387	\$524	8,812	43,464	\$538	77	0.2%	\$14	2.7%
Public Administration	2,906	67,896	\$860	2,941	67,373	\$877	-523	-0.8%	\$17	2.0%

*Waterloo-Cedar Falls MSA includes the Counties of Black Hawk, Bremer, and Grundy

Sources: Bureau of Labor Statistics; Maxfield Research, Inc.

Commuting Patterns of Area Workers

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For the purposes of this analysis, we reviewed commuting patterns in the City of Waverly. Table B-4 highlights the commuting patterns of workers in Waverly based on data from the U.S. Census Bureau Local Employment Dynamics data for 2011, the most recent data available.

- As the table illustrates, Waverly is the top home destination for workers in the City with a 26.2% share, while nearly 74% of Waverly’s workers reside outside the City, with most commuting from Waterloo (7.2%), Cedar Falls (6.1%), and Tripoli (2.1%) for employment.
- Approximately 39% of the workers in Waverly reside within ten miles of their place of employment while nearly 15% travel greater than 50 miles. Roughly 35% of workers in the City travel 10 to 24 miles for employment and 11% commute a distance ranging from 25 to 50 miles.

TABLE B-4 COMMUTING PATTERNS CITY OF WAVERLY, IA 2011					
Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Waverly city, IA	1,694	26.2%	Waverly city, IA	1,694	39.8%
Waterloo city, IA	463	7.2%	Waterloo city, IA	769	18.1%
Cedar Falls city, IA	394	6.1%	Cedar Falls city, IA	474	11.1%
Tripoli city, IA	134	2.1%	Cedar Rapids city, IA	131	3.1%
Shell Rock city, IA	125	1.9%	Dubuque city, IA	56	1.3%
Clarksville city, IA	121	1.9%	Mason City city, IA	49	1.2%
Denver city, IA	120	1.9%	Des Moines city, IA	39	0.9%
Nashua city, IA	85	1.3%	Marshalltown city, IA	35	0.8%
Charles City city, IA	63	1.0%	Denver city, IA	33	0.8%
Greene city, IA	60	0.9%	Charles City city, IA	32	0.8%
All Other Locations	3,201	49.6%	All Other Locations	940	22.1%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total Primary Jobs	6,460	100.0%	Total Primary Jobs	4,252	100.0%
Less than 10 miles	2,529	39.1%	Less than 10 miles	1,824	42.9%
10 to 24 miles	2,274	35.2%	10 to 24 miles	1,457	34.3%
25 to 50 miles	692	10.7%	25 to 50 miles	232	5.5%
Greater than 50 miles	965	14.9%	Greater than 50 miles	739	17.4%
Home Destination = Where workers live who are employed in the selection area					
Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.					

EMPLOYMENT TRENDS

- Roughly 39.8% of the workers living in Waverly also have jobs in Waverly. The remaining 60.2% commute to other communities, most notably to Waterloo (18.1%). Cedar Falls (11.1%) and Cedar Rapids (3.1%) are also common work destinations for residents of Waverly.
- Nearly 43% of Waverly residents travel less than ten miles to their place of employment, while 17% have a commute distance of more than 50 miles. Over 34% commute between 10 and 25 miles to get to work and 6% travel from 25 to 50 miles.

Table B-5 provides a summary of the inflow and outflow characteristics of the workers in Waverly. Outflow reflects the number workers living in Waverly but employed outside the City while inflow measures the number of workers that are employed in the City but live outside Waverly. Interior flow reflects the number of workers that both live and work in Waverly.

- As the table shows, Waverly is a strong importer of workers as a significantly higher number of nonresidents commute into the City for work. Roughly 4,766 workers come into Waverly for work (inflow) while 2,558 leave (outflow) and 1,694 both live and work in Waverly. In 2011, Waverly experienced net job inflow of 2,208 workers.
- The highest proportion of workers coming into Waverly is aged 30 to 54 (54%), earning between \$1,251 and \$3,333 per month (42%), and employed in the "All Other Services" industry category (59%), which includes Education and Health Services. With over 2,200 workers commuting into Waverly daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

	Outflow		Inflow		Interior Flow	
City Total	2,558	100.0%	4,766	100.0%	1,694	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	684	26.7%	1,190	25.0%	355	21.0%
Workers Aged 30 to 54	1,371	53.6%	2,568	53.9%	895	52.8%
Workers Aged 55 or older	503	19.7%	1,008	21.1%	444	26.2%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	526	20.6%	963	20.2%	375	22.1%
Workers Earning \$1,251 to \$3,333 per month	943	36.9%	2,003	42.0%	585	34.5%
Workers Earning More than \$3,333 per month	1,089	42.6%	1,800	37.8%	734	43.3%
<u>By Industry</u>						
"Goods Producing"	554	21.7%	1,106	23.2%	292	17.2%
"Trade, Transportation, and Utilities"	576	22.5%	850	17.8%	157	9.3%
"All Other Services"*	1,428	55.8%	2,810	59.0%	1,245	73.5%
*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration						
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.						

Major Employers

The following list provides a summary of the major employers in Waverly. This data is sourced from the Waverly Area Economic Development office, which obtained the information via a telephone and email survey in February 2013.

TABLE B-6 MAJOR EMPLOYERS WAVERLY MARKET AREA 2013		
Employer	Industry	Employees
CUNA Mutual Group	Insurance	515
Wartburg College	Higher Education	500
Waverly Health Center	Hospital/Health Care	436
Waverly-Shell Rock Schools	Public Education	381
Terex	Crane Manufacturer	350
GMT Corporation	Manufacturing	310
Nestle Beverage Co.	Food Products	283
Bartels Lutheran Retirement Community	Long-Term Health Care	266
Bremer County	Government	207
Walmart	Retail	200
City of Waverly	Government	171
LSI/Bremwood	Social Services	170
Lifeline Emergency Vehicles	Ambulance Manufacturer	165
TDS Automation	Machining	127
United Equipment Accessories	Manufacturing	120
Schumacher Elevator	Elevator Manufacturer/Installer	103

Sources: Waverly Area Economic Development; Maxfield Research, Inc.

- CUNA Mutual Group, Wartburg College, and Waverly Health Center are the largest employers in the City. Combined, these three establishments employ over 20% of all workers in the City.
- The list of major employers represents several industry sectors, but the highest concentrations of large employers are in the Education and Health Services and Manufacturing industry sectors.
- This finding is supported by the 2013 Quarterly Census of Employment and Wages data presented earlier in this section for Bremer County. Based on that data, the Manufacturing sector employs an average of 52 workers per business establishment while the Education and Health Services sector employs an average of 29 workers per establishment. The average across all industries is 14 workers per business. Based on 2011 U.S. Census Bureau Local Employment Dynamics data, roughly 72% of Bremer County’s workers are located in the City of Waverly.

Employer Survey

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

- While much of the City workforce comes from Waverly, many employees commute from other communities in neighboring counties.
- Most of these business establishments have added employees over the past couple years, and hiring is expected to increase over the next five years as service needs and business conditions dictate.
- There was a general consensus that there appears to be a short supply of suitable housing in Waverly, particularly apartments and starter/entry-level housing. It was stated that there is a lack of for-sale housing in the \$125,000 to \$200,000 range in Waverly.
- The starting pay at these major employers ranges from roughly \$29,000 to \$31,000 annually. Assuming that a potential home buyer earning \$30,000 per year has good credit and makes a 10% down payment, they would be able to afford to purchase a home priced at approximately \$115,000 or lower to not be cost burdened (paying more than 30% of their income for housing). A renter earning \$30,000 per year would be able to afford an apartment priced at \$750 per month.
- It doesn't appear that the lack of suitable housing is negatively impacting the ability of area businesses to hire workers because Waverly can draw employees from nearby communities. However, it was suggested that the housing shortage is negatively impacting their retention efforts.
- Many employees, particularly hourly-wage or younger workers, consider the housing in Waverly to be too expensive, so they end up seeking more affordable housing options in the neighboring communities. The more experienced salaried employees have a difficult time finding suitable housing in Waverly.
- While many new hires initially want to live in Waverly, they end up moving to a neighboring community because they are not able to find appropriate housing in Waverly.

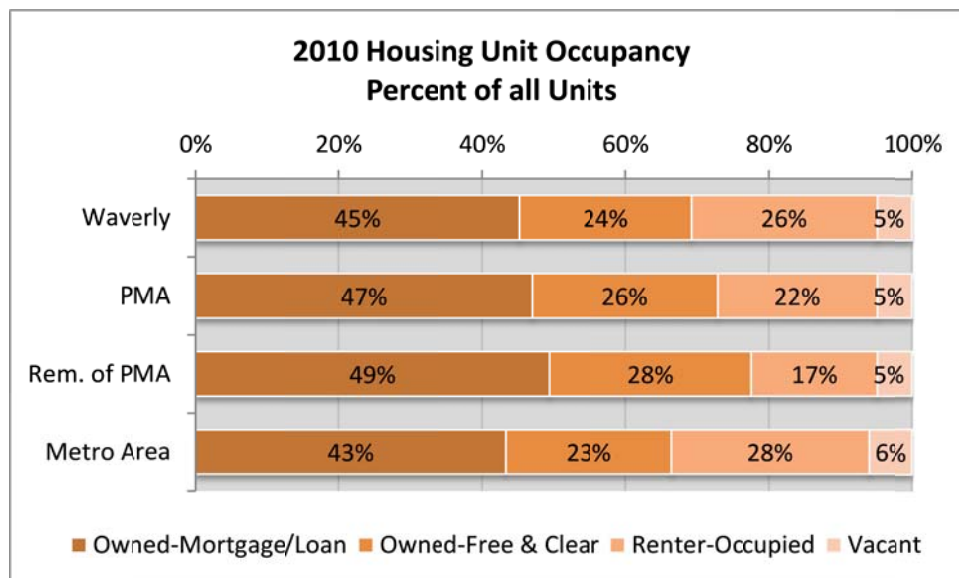
Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. We examined the housing market in Waverly and the surrounding Primary Market Area in comparison to the Waterloo-Cedar Falls Metro Area by reviewing data on the total number of housing units by occupancy status, housing types, age of the housing supply, and residential construction trends. Housing unit is defined as a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters. Householder refers to the person in whose name the housing unit is owned or rented.

Housing Occupancy

Housing occupancy is a key variable used to assess neighborhood stability. Table C-1 on the following page shows the total number of housing units, as well as the occupancy status in 2000 and 2010. This data is sourced from the U.S. Census. It is important to note, that the Census' definition of a vacant housing unit includes: Units that were listed for sale or for rent at the time of the Census survey; Units that have been rented or sold, but were not yet occupied; Seasonal housing (vacation or second homes); and, "Other" vacant housing. Other vacant housing units include housing for migratory workers, housing units held for occupancy of a caretaker, and units in the foreclosure process.

- As of the 2010 Census, the Primary Market Area contained 6,568 housing units, roughly 57% of which were located in the City of Waverly with the remaining 43% located elsewhere in the PMA.



HOUSING CHARACTERISTICS

- As illustrated in the preceding graph, approximately 95% of the PMA's housing stock was occupied in 2010, compared to 93.9% in the Metro Area. The City of Waverly maintained an occupancy rate of 95.0% while occupancy throughout the Remainder of the Primary Market Area was also at 95.0% in 2010.
- Occupancy rates have decreased slightly over the past decade. In 2000, occupancy was at 95.3% throughout the PMA, compared to 95.7% throughout the Metro Area. The City of Waverly had a 2000 occupancy rate of 95.4% while housing units in the Remainder of the Primary Market Area were 95.3% occupied.

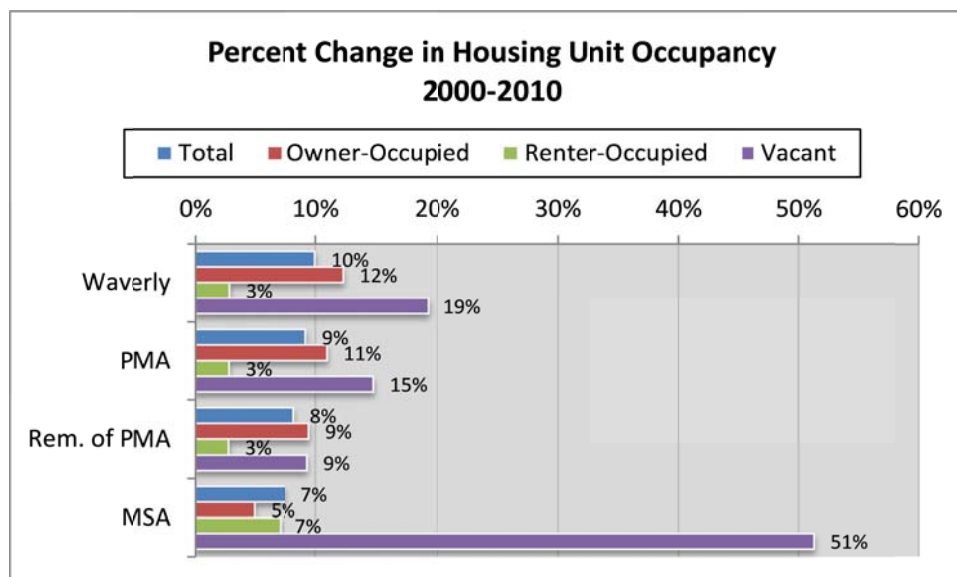
		City of Waverly		PMA		Remainder of PMA		MSA
		No.	Pct.	No.	Pct.	No.	Pct.	Pct.
2010	Total Housing Units	3,732	100%	6,568	100%	2,836	100%	100%
	Occupied Units	3,546	95.0%	6,241	95.0%	2,695	95.0%	93.9%
	Owner-Occupied	2,579	69.1%	4,778	72.7%	2,199	77.5%	66.4%
	mortgage or loan	1,687	45.2%	3,086	47.0%	1,399	49.3%	43.3%
	free and clear	892	23.9%	1,692	25.8%	800	28.2%	23.0%
	Renter-Occupied	967	25.9%	1,463	22.3%	496	17.5%	27.5%
	Vacant Units	186	5.0%	327	5.0%	141	5.0%	6.1%
	Seasonal/Recreational	24	0.6%	39	0.6%	15	0.5%	0.4%
	For Rent	39	1.0%	65	1.0%	26	0.9%	1.9%
	For Sale Only	42	1.1%	61	0.9%	19	0.7%	1.1%
Rented/Sold, Not Occupied	24	0.6%	36	0.5%	12	0.4%	0.4%	
Other	57	1.5%	126	1.9%	69	2.4%	2.2%	
2000	Total Housing Units	3,394	100%	6,015	100%	2,621	100%	100%
	Occupied Units	3,238	95.4%	5,730	95.3%	2,492	95.1%	95.7%
	Owner-Occupied	2,297	67.7%	4,306	71.6%	2,009	76.7%	68.0%
	Renter-Occupied	941	27.7%	1,424	23.7%	483	18.4%	27.7%
	Vacant Units	156	4.6%	285	4.7%	129	4.9%	4.3%
	Seasonal/Recreational	15	0.4%	31	0.5%	16	0.6%	0.4%
	For Rent	54	1.6%	72	1.2%	18	0.7%	1.5%
	For Sale Only	36	1.1%	62	1.0%	26	1.0%	0.7%
Rented/Sold, Not Occupied	15	0.4%	32	0.5%	17	0.6%	0.4%	
Other	36	1.1%	88	1.5%	52	2.0%	1.4%	

Sources: US Census Bureau; Maxfield Research, Inc.

- Over 69% of Waverly's housing units were owner-occupied in 2010, 26% were renter-occupied, and the remaining 5% were vacant. Approximately 45.2% of all housing units in the City were owner-occupied with a mortgage or loan while 23.9% were owned free and clear.

HOUSING CHARACTERISTICS

- The Remainder of the PMA had a higher rate of owner-occupied units in 2010, at 77.5% of the total. Roughly 49.3% of all housing units were owned with a mortgage or loan and 28.2% were owned free and clear. Only 17.5% of the housing units in the Remainder of the Market Area were renter-occupied, compared to 27.5% throughout the Metro Area. Roughly 5.0% of the housing units in the remainder of the Market Area were vacant in 2010.
- Compared to the Metro Area, the PMA has a relatively low housing vacancy rate, as 5.0% of the housing units were vacant in 2010 while the Metro Area had a 6.1% vacancy rate. The PMA had a significantly lower proportion of vacant units for rent (1.0% compared to 1.9% in the Metro Area).
- Approximately 553 housing units were added in the PMA between 2000 and 2010 for a 9.2% increase. The number of renter-occupied units grew 2.7% (+39 units) during the decade while the number of owner-occupied units increased 11.0% (+472 units). The total number of vacant units climbed 14.7% (+42) in the PMA. By comparison, the Metro Area housing stock increased 7.4% during the decade: owner-occupied units increased 4.8%; renter-occupied units grew 7.0%; and the number of vacant units jumped 51%. The rapid rise in residential foreclosures experienced throughout the United States during the latter part of the 2000s impacted housing unit occupancy in the Metro Area as indicated in the significant increase in vacant housing units from 2000 to 2010.
- The City of Waverly experienced a 19% increase in vacant units (+30 units), most notably in the “other” vacant category which increased by 21 units (+58%). Other vacant housing units include housing for migratory workers, units held for occupancy by a caretaker, and units in the foreclosure process. Vacant-for rent units declined -28% (-15 units) while vacant-for sale units increased 17% (+6 units). In total, Waverly gained 338 housing units during the decade (+10%). Owner-occupied units increased by 12.3% (+282) while renter-occupied units increased by just 2.8% (+26 units).

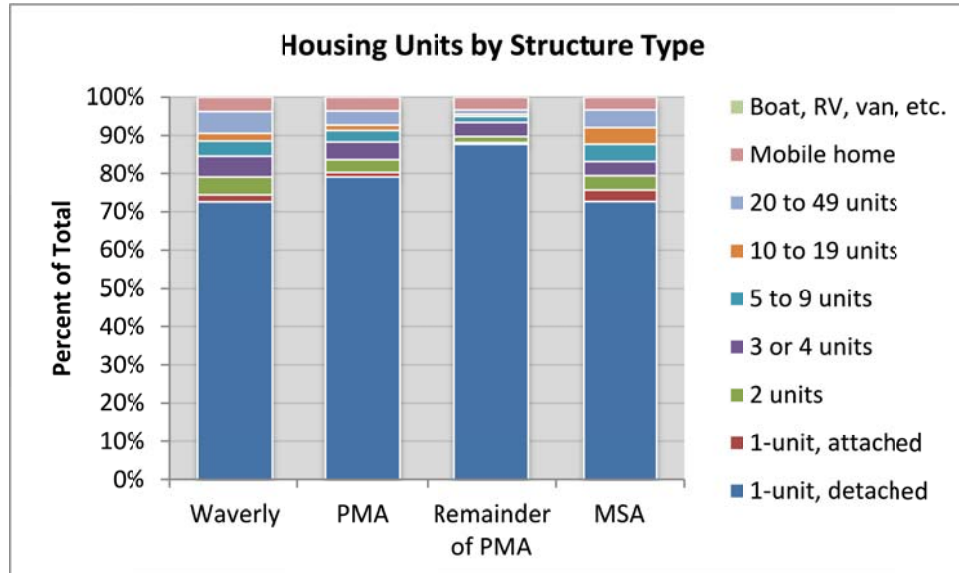


Housing Stock by Structure Type

The data in Table C-2 is sourced from the American Community Survey (“ACS”) which is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately three 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 can provide a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The current ACS highlights data collected between 2008 and 2012, the most recent data available.

Because of the difference in methodology between the decennial census and the ACS, there are slight differences in the total number of housing units presented between the two surveys. Census data indicates that there were 6,568 housing units in the PMA in 2010 while the ACS shows 6,478 housing units in the PMA. The following points summarize key findings from Table C-2.

- Single-family (one-unit) detached units are the most common housing type in the Market Area, comprising 79% of all occupied housing units in the PMA. By comparison, 73% of all housing units are single-family detached throughout the Metro Area. Roughly 73% of the housing units in Waverly are single-unit, detached structures, while nearly 88% of the housing units in the Remainder of the PMA are detached single-unit homes.



- There is a limited supply of single-unit, attached housing in the Market Area with a total of 66 units in Waverly (1.8% of all housing units) and only 11 units throughout the Remainder of the PMA (0.4% of all units). Single-unit, attached housing represents roughly 3% of the total housing supply across the Metro Area.

HOUSING CHARACTERISTICS

- Structures with three or four units (triplexes and fourplexes) are the second most common housing structure, comprising 4.7% of all housing units in the PMA and 5.5% in Waverly.

	City of Waverly		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total Housing Units	3,717	100%	6,478	100%	2,761	100%	100%
1-unit, detached	2,699	72.6%	5,122	79.1%	2,423	87.8%	72.7%
1-unit, attached	66	1.8%	77	1.2%	11	0.4%	3.0%
2 units	173	4.7%	216	3.3%	43	1.6%	3.8%
3 or 4 units	204	5.5%	306	4.7%	102	3.7%	3.6%
5 to 9 units	150	4.0%	193	3.0%	43	1.6%	4.7%
10 to 19 units	76	2.0%	94	1.5%	18	0.7%	4.4%
20 to 49 units	210	5.6%	239	3.7%	29	1.1%	4.6%
Mobile home	139	3.7%	231	3.6%	92	3.3%	3.3%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0.0%
Total Occupied Housing Units	3,444	100%	6,055	100%	2,611	100%	100%
Owner-Occupied	2,665	77.4%	4,780	78.9%	2,115	81.0%	71.2%
1-unit, detached	2,340	67.9%	4,385	72.4%	2,045	78.3%	64.5%
1-unit, attached	57	1.7%	65	1.1%	8	0.3%	1.9%
2 units	0	0.0%	2	0.0%	2	0.1%	0.5%
3 or 4 units	26	0.8%	29	0.5%	3	0.1%	0.2%
5 to 9 units	11	0.3%	11	0.2%	0	0.0%	0.2%
10 to 19 units	23	0.7%	23	0.4%	0	0.0%	0.3%
20 or more units	109	3.2%	109	1.8%	0	0.0%	0.7%
Mobile home	99	2.9%	156	2.6%	57	2.2%	2.8%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0.0%
Renter-Occupied	779	22.6%	1,275	21.1%	496	19.0%	28.8%
1-unit, detached	166	4.8%	417	6.9%	251	9.6%	9.2%
1-unit, attached	9	0.3%	12	0.2%	3	0.1%	1.3%
2 units	114	3.3%	155	2.6%	41	1.6%	2.9%
3 or 4 units	178	5.2%	269	4.4%	91	3.5%	3.0%
5 to 9 units	118	3.4%	161	2.7%	43	1.6%	4.4%
10 to 19 units	53	1.5%	71	1.2%	18	0.7%	4.0%
20 or more units	101	2.9%	130	2.1%	29	1.1%	3.6%
Mobile home	40	1.2%	60	1.0%	20	0.8%	0.5%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0.0%

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

- In Waverly, nearly 6% of the housing units are in structures with 20 or more units, while mobile homes represent 3.7% of the housing inventory. Nearly 5% of Waverly's housing units are located in two-unit (duplex) structures.

HOUSING CHARACTERISTICS

- Based on ACS data, it appears that 71.2% of the Metro Area's occupied housing units are owner-occupied and 28.8% are renter-occupied. Waverly has a substantially higher percentage of owner-occupied housing units (77.4%), while 81.0% of the occupied housing units in the PMA outside of Waverly are owner-occupied.
- Of the owner-occupied housing units in Waverly, roughly 68% are single-unit, detached structures (2,340 units), 3.2% (109) are in projects containing 20 or more units, 2.9% are mobile homes (99), and 1.7% (57 units) are attached single-unit structures. Over 21% of the renter-occupied housing units in Waverly are detached single-unit structures (166 units), while 23% of the renter-occupied units are in structures with three or four units (178). Over 80% of the renter-occupied units in Waverly are situated in structures with less than ten units.
- Compared to the Metro Area, Waverly has a relatively low proportion of renter-occupied detached single-unit structures. Roughly 32% of the Metro Area's renter-occupied units are detached single-unit structures, compared to 21% in Waverly. However, over 50% of the renter-occupied units (251 units) in the Remainder of the PMA are located in detached single-unit structures. Waverly has a relatively high proportion of renter-occupied triplexes and fourplexes, as 23% of all renter-occupied units are three- or four-unit structures, compared to 11% in the Metro Area.

Age of Housing Stock

Similar to the structure type data presented in Table C-2, housing age data presented in Table C-3 is also sourced from the ACS. The table includes the number of housing units built in the Market Area prior to 1940 and during each subsequent decade. The Census Bureau began collecting year-built data in 1940.

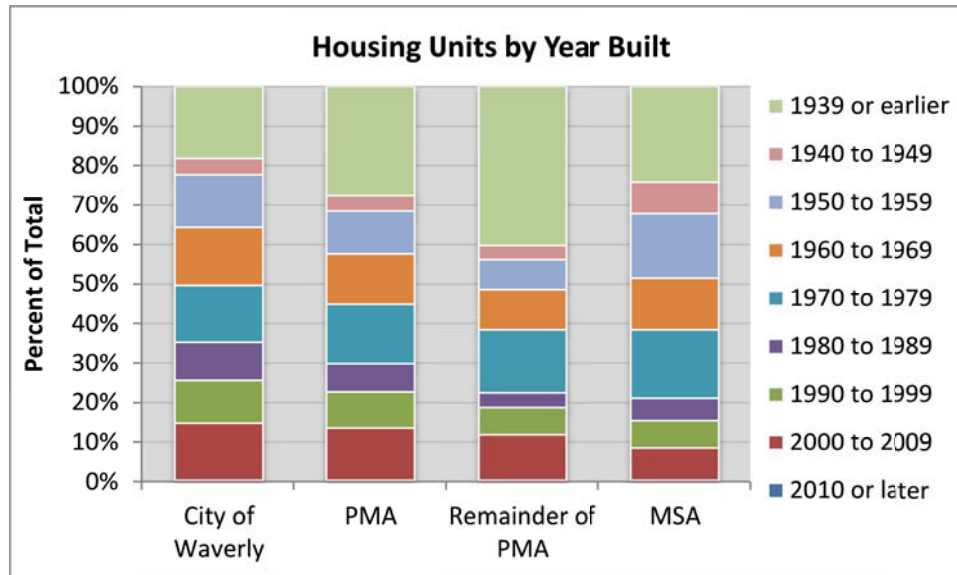
- Compared to the Remainder of the PMA and the Metro Area, Waverly's housing stock appears to be relatively new. Nearly 26% of the housing units in Waverly have been built since 1990 (950 units), compared to 19% in the Remainder of the PMA, and just 15% in the Metro Area.
- Roughly 18% of Waverly's housing units were built prior to 1940 (682 units), compared to over 24% in the Metro Area and over 40% in the Remainder of the PMA (1,113 units). While many homes built before 1940 are in good condition, a high number of housing units this age increases the potential for the housing stock to become substandard and maintenance costs are generally higher. Older housing is common in areas where shrinking populations and slower economic activity generates less demand for new housing, and while this presents less of a concern in Waverly, there are a significant number of older housing units in the PMA outside of Waverly.

HOUSING CHARACTERISTICS

	City of Waverly		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total	3,717	100%	6,478	100%	2,761	100%	100%
2010 or later	7	0%	13	0%	6	0%	0%
2000 to 2009	542	15%	862	13%	320	12%	8%
1990 to 1999	401	11%	591	9%	190	7%	7%
1980 to 1989	358	10%	461	7%	103	4%	6%
1970 to 1979	537	14%	975	15%	438	16%	17%
1960 to 1969	547	15%	831	13%	284	10%	13%
1950 to 1959	492	13%	701	11%	209	8%	16%
1940 to 1949	151	4%	249	4%	98	4%	8%
1939 or earlier	682	18%	1,795	28%	1,113	40%	24%

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

- Housing production has been remarkably steady in Waverly since the 1940s when only 151 housing units were constructed (4.1% of the total). Despite a dip in the 1980s when 358 units were built (9.6%), construction activity has consistently delivered between 400 and 550 new units in each decade since 1950.



- Aside from the number of homes built prior to 1940, the 1960s was the most active decade in Waverly in terms of residential building activity, followed closely by the 2000s. Nearly 15% of Waverly's housing stock (547 units) was built from 1960 to 1969 while another 15% was constructed between 2000 and 2009 (542 units).

HOUSING CHARACTERISTICS

- Compared to Waverly and the Metro Area, the housing stock in the Remainder of the PMA (outside of Waverly) is relatively old as 44% of the housing inventory was built prior to 1950 while 32% of the Metro Area's housing units and 22% of Waverly's housing units were constructed prior to 1950.
- Since 1940, the 1970s was the most active decade in the Remainder of the PMA and the Metro Area, as 438 units were constructed (16%) in the PMA outside of Waverly and 17% of the Metro Area's housing units were built between 1970 and 1979. Construction activity was also relatively strong during the 2000s in the Remainder of the PMA, as 320 housing units were constructed (12%). By comparison, 8% of the Metro Area's housing units were built between 2000 and 2009.

The following photographs represent a sample of the housing stock in Waverly.



Example of pre-1940's housing in Waverly



Established residential neighborhood in Waverly



Attached housing in The Ledges of Waverly condominium development



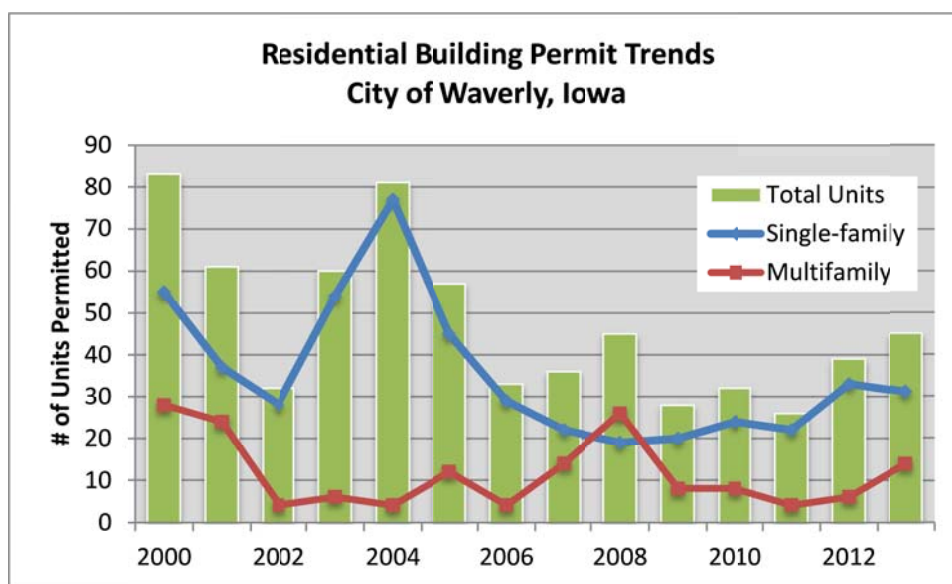
Newer, single-family homes in Centennial Oaks Golf Club subdivision

Residential Construction Trends

Building permit data for Waverly from 2005 through 2014 was provided by the City while data prior to 2005 and for the Remainder of Bremer County was obtained from the U.S. Census Building Permits Survey (BPS) and the U.S. Department of Housing and Urban Development (HUD) State of the Cities Data Systems (SOCDS). Statistics from the BPS are based on reports submitted by local permit officials and the survey covers all “permit-issuing places” (jurisdictions that issue building or zoning permits). The HUD SOCDS takes information from the BPS and includes any subsequent Census revisions to achieve higher quality data. Areas for which no authorization is required to construct new housing units are not included in the survey.

Table C-4 on the following page displays the number of units permitted for single-family homes and multifamily structures (includes duplexes, structures with three or four units, and structures with five or more units) from 2000 through March 2014 in the City of Waverly as well as Bremer County. Multifamily housing includes both for-sale and rental units, and is defined as residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities. Single-family is defined as fully detached, semi-detached (semi-attached, side-by-side), row houses, and townhouses. For attached units, each unit must be separated from the adjacent unit by a ground-to-roof wall and they must not share systems or utilities to be classified as single-family.

- Residential building activity has dropped off sharply in Waverly since 2005 after a total of 374 housing units were permitted between 2000 and 2005 for an annual average of 62 new housing units per year. Since 2006, a total of 284 housing units have been permitted for an average of 36 new housing units per year. However, after hitting a low of 26 units in 2011, residential building activity has accelerated each of the past two years with 39 units permitted in 2012 and 45 housing units permitted in 2013.



HOUSING CHARACTERISTICS

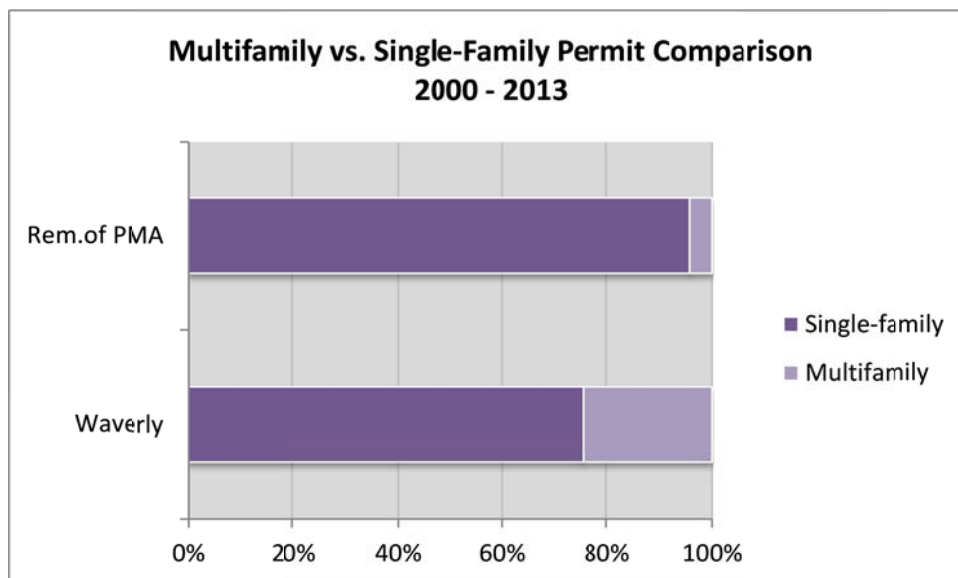
**TABLE C-4
RESIDENTIAL BUILDING PERMIT TRENDS
2000 - 2014**

	Waverly				Remainder of County				Bremer County			
	SF	DTQ	MF5	TOTAL	SF	DTQ	MF5	TOTAL	SF	DTQ	MF5	TOTAL
2000	55	6	22	83	55	0	0	55	110	6	22	138
2001	37	2	22	61	65	0	0	65	102	2	22	126
2002	28	4	0	32	68	0	0	68	96	4	0	100
2003	54	6	0	60	60	0	0	60	114	6	0	120
2004	77	4	0	81	57	0	0	57	134	4	0	138
2005	45	12	0	57	66	-8	0	58	111	4	0	115
2006	29	4	0	33	76	0	0	76	105	4	0	109
2007	22	6	8	36	56	0	0	56	78	6	8	92
2008	19	4	22	45	77	0	0	77	96	4	22	122
2009	20	8	0	28	84	0	0	84	104	8	0	112
2010	24	8	0	32	59	0	0	59	83	8	0	91
2011	22	4	0	26	53	0	0	53	75	4	0	79
2012	33	6	0	39	74	27	0	101	107	33	0	140
2013	31	14	0	45	66	22	0	88	97	36	0	133
2014*	4	0	0	4	8	0	0	8	12	0	0	12

Notes: SF = Single Family; DTQ = Duplex, Triplex, or Fourplex; MF5 = Five or more units
*through March

Sources: City of Waverly; US Census Bureau; HUD SOCDs; Maxfield Research, Inc.

- From 2000 through March 2014, permits were issued for a total of 1,424 single-family homes and 203 multifamily units in Bremer County. Nearly 80% of all the multifamily units were located in the City of Waverly with 162 units. By comparison, only 35% of the permitted single-family homes are located in Waverly. Multifamily units comprised nearly 25% of all the new housing units in Waverly since 2000 (162 units) while only 4% of the new housing in the Remainder of the County is multifamily.

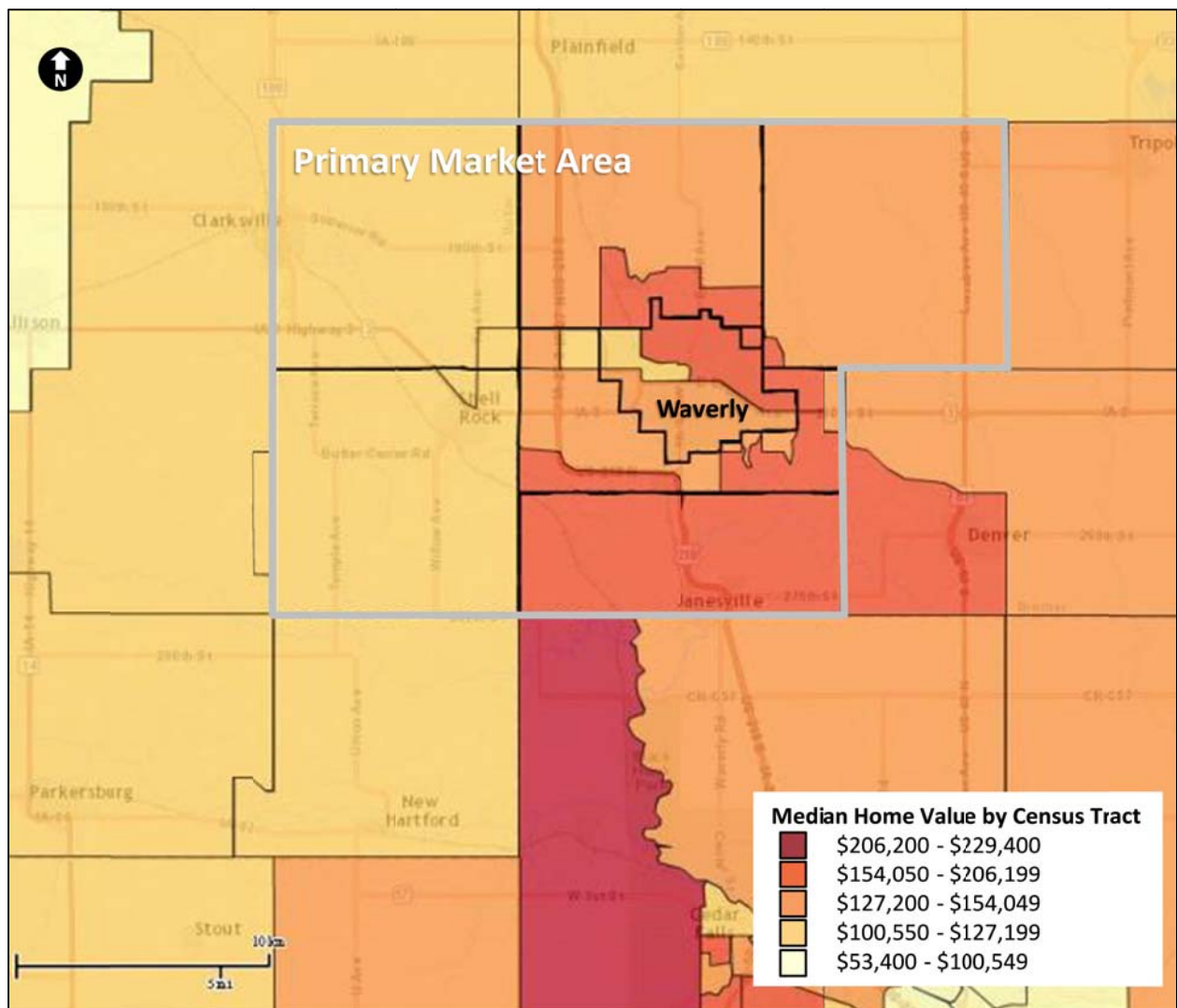


Owner-Occupied Housing Units by Value

Table C-5 and the following map present data on housing values summarized in ranges and median value. 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. The following are the main points from Table C-5.

- As illustrated on the following map, within the PMA, median home values are highest in the Census Tracts in northeast Waverly and adjacent areas, as well as in the area to the south and southeast of Waverly. Lowest home values can be found in northwest Waverly, near the airport, and in some of the less-populated townships in Butler County.

**Waverly Primary Market Area
2012 Median Home Value by Census Tract**



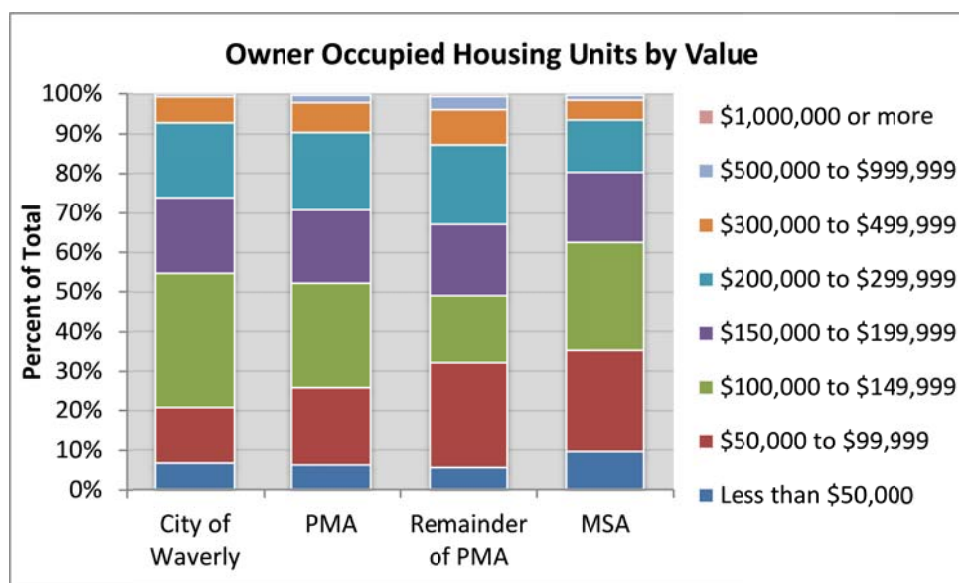
HOUSING CHARACTERISTICS

- The median owner-occupied home value was \$142,800 in Waverly, roughly 15% higher than the Metro Area median of \$124,300. The Remainder of the PMA had a median home value of \$154,942, slightly higher than in the City of Waverly.

	City of Waverly		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total	2,665	100%	4,780	100%	2,115	100%	100%
Less than \$50,000	176	7%	292	6%	116	5%	10%
\$50,000 to \$99,999	377	14%	938	20%	561	27%	26%
\$100,000 to \$149,999	904	34%	1,265	26%	361	17%	27%
\$150,000 to \$199,999	506	19%	888	19%	382	18%	18%
\$200,000 to \$299,999	508	19%	932	19%	424	20%	13%
\$300,000 to \$499,999	175	7%	362	8%	187	9%	5%
\$500,000 to \$999,999	19	1%	89	2%	70	3%	1%
\$1,000,000 or more	0	0%	14	0%	14	1%	0%
Median Value	\$142,800		\$148,172		\$154,942		\$124,300

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

- The largest proportion of owner-occupied housing units in Waverly is estimated to be valued in the \$100,000 to \$149,999 range with 34% of all owner-occupied units in the City (904 units), followed by homes valued in the \$150,000 to \$199,999 and the \$200,000 to \$299,999 ranges (19% each).



HOUSING CHARACTERISTICS

- Approximately 14% (377) of Waverly's owner-occupied housing units are valued between \$50,000 and \$99,999 while 7% (176) have values that are less than \$50,000. Another 7% (175) of the homes in Waverly are valued between \$300,000 and \$499,999, while only 1% of the homes (19) have values of \$500,000 or more.
- Outside of Waverly, the largest proportion of owner-occupied housing units in the Market Area is estimated to be valued in the \$50,000 to \$99,999 range with 27% of all owner-occupied units (561 units), followed by homes valued in the \$200,000 to \$299,999 range (20%). Approximately 18% of the housing units in the Market Area outside of Waverly are valued between \$150,000 and \$199,999 and 17% have values between \$100,000 and \$149,999. Roughly 5% of the homes (116) are valued at less than \$50,000, while 9% (187 housing units) have values ranging from \$300,000 to \$499,999 and 4% (84 homes) have values of \$500,000 or more.

Renter-Occupied Units by Contract Rent

Table C-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. The following are key points from Table C-6.

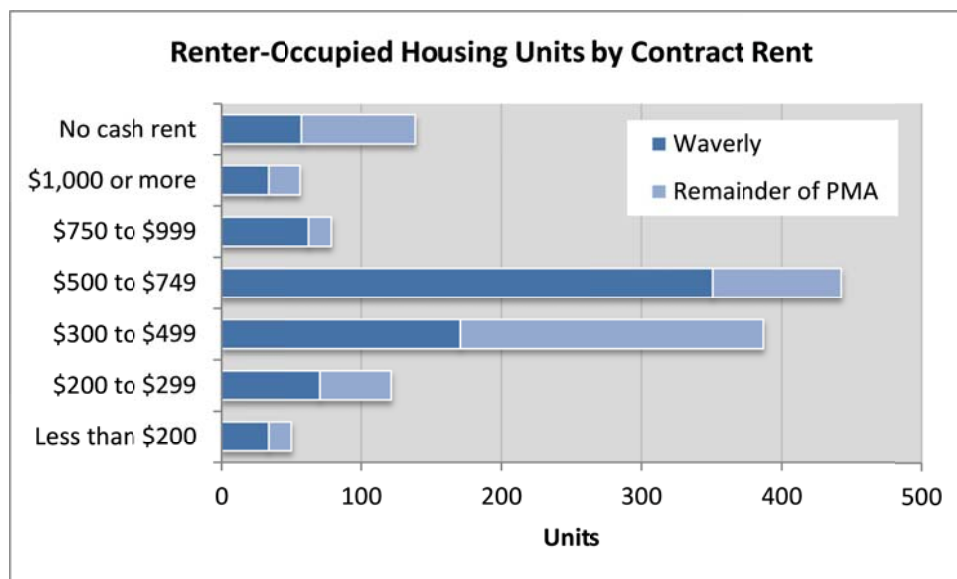
- The City of Waverly contains approximately 61% of the Primary Market Area's supply of renter-occupied housing units, while the remaining 39% are scattered around the Remainder of the Primary Market Area.

	City of Waverly		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total:	779	100%	1,275	100%	496	100%	100%
Median Contract Rent	\$522		\$488		\$430		\$528
Less than \$200	33	4%	51	4%	18	4%	4%
\$200 to \$299	71	9%	121	9%	50	10%	6%
\$300 to \$499	171	22%	387	30%	216	44%	31%
\$500 to \$749	350	45%	442	35%	92	19%	39%
\$750 to \$999	63	8%	79	6%	16	3%	7%
\$1,000 or more	33	4%	57	4%	24	5%	8%
No cash rent	58	7%	138	11%	80	16%	4%

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

HOUSING CHARACTERISTICS

- The median contract rent in Waverly was \$522, roughly -1.1% lower than the Metro Area median of \$528. Based on a 30% allocation of income to housing, a household in Waverly would need an income of about \$21,000 to afford an average monthly rent of \$522. The median rent outside of Waverly is significantly lower, at \$430.
- Approximately 89% of Primary Market Area renters are paying cash rent, with most units renting for between \$500 and \$749 per month (35%).
- Housing units without payment of rent (“no cash rent”) comprise roughly 7% of Waverly’s renters and 16% of the renters in the Remainder of the PMA. In the Metro Area, renter-occupied housing units without a rent payment comprise about 4% of all renter-occupied units. Typically, these units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.
- In Waverly, nearly 45% (350 units) of all renter-occupied housing units have monthly contract rents in the \$500 to \$749 range, while 22% (171 units) have rents from \$300 to \$499 per month. Roughly 9% of the units have monthly rents in the \$200 to \$299 range and 89% rent for between \$750 and \$999 per month. Approximately 4% of the renter-occupied units have monthly rents of \$1,000 or more, and another 4% have rents of less than \$200 per month.



Floodplain Mitigation

The City of Waverly is affected by flooding from the Cedar River, Dry Run Creek, and Unnamed Creek. These waterways have 100-year floodplains and there are a number of housing units located within the floodplains. As a result, Waverly has undergone fairly extensive Hazard Mitigation planning. The following points summarize key issues and strategies.

- According to the Comprehensive Plan for Waverly, there are roughly 400 houses and 134 commercial/industrial/public buildings in the 100-year floodplain. In 2008, much of central Iowa experienced significant damage from flooding, particularly in the Des Moines, Iowa, and Cedar River basins. In Waverly, a total of 88 housing units were lost in the flood.
- The City has adopted a Hazard Mitigation Plan and enforces a Floodplain Ordinance within flood-prone areas, and the City has been purchasing and removing damaged structures from the floodplain and floodway since the 2008 flood. Approximately 68 homes (44 owner-occupied homes and 24 rental units) were purchased using Federal Emergency Management Agency (FEMA) funds, and another 20 units were acquired using Community Development Block Grant Funds (CDBG).
- Additionally, a new inflatable dam was constructed in 2011 which has an adjustable spillway and effectively lowers the upstream elevation of the 100-year flood by three to four feet. The City is also undertaking a project known as the “Dry Run Creek Improvements” project which will include modifications to the channel and improvements to the roadway box culverts. These improvements will enable passage of a 100-year flood within the stream banks, reducing potential damage to surrounding properties.
- The completion of the Waverly Flood Mitigation Improvements (inflatable dam and the Dry Run Creek project) will permanently remove 450 homes and businesses from the FEMA floodplain and allow for the remapping of the Flood Insurance Rate Maps. Until the Dry Run Creek project is completed, property owners remain at risk of flood damage and the annual cost of flood insurance is approximately \$1,500 per home. The project is expected to be complete in 2016.

Introduction

Maxfield Research analyzed the for-sale housing market in Waverly by collecting data on home sales, foreclosures, the supply of residential lots in the area, and conducting interviews with area real estate professionals. Demand calculations for general occupancy for-sale housing in the Market Area between 2014 and 2020 are also provided.

Home Sales

Table D-1 presents home sale data from 2005 through 2014 year-to-date for the City of Waverly and the Waterloo-Cedar Falls Metro Area. Sales data for the City of Waverly was provided by the City, while data for the Metro Area was provided by the Waterloo-Cedar Falls Board of Realtors. Data for 2014 includes sales activity through April in the City of Waverly and through June for the Metro Area. Metro Area data is not available for 2005 and 2006.

- From 2007 through 2013, there were 951 residential sales in Waverly, representing approximately 7% of all Metro Area sales. As of 2013, the median sale price in Waverly was \$154,500, roughly 29% higher than the Metro Area median sale price of \$120,000. On average, Waverly’s median home price has been 25% higher than the Metro Area median price since 2007.

	City of Waverly				Waterloo-Cedar Falls MSA			
	Median Sale Price	% Change	Closed Sales	% Change	Median Sale Price	% Change	Closed Sales	% Change
All Residential Sales								
2014 ytd*	\$133,000	-13.9%	38	--	\$115,000	-4.2%	1,051	--
2013	\$154,500	8.8%	206	11.4%	\$120,000	4.3%	2,227	3.6%
2012	\$142,000	1.4%	185	69.7%	\$115,000	2.0%	2,150	7.3%
2011	\$140,000	-4.3%	109	-17.4%	\$112,800	2.5%	2,003	-5.0%
2010	\$146,250	14.3%	132	9.1%	\$110,000	0.1%	2,108	1.0%
2009	\$128,000	-3.7%	121	13.1%	\$109,900	-0.1%	2,088	-7.5%
2008	\$132,900	-6.4%	107	17.6%	\$110,000	-1.8%	2,258	105.1%
2007	\$142,000	18.6%	91	1.1%	\$112,000	--	1,101	--
2006	\$119,750	-10.6%	90	11.1%	NA	--	NA	--
2005	\$134,000	--	81	--	NA	--	NA	--

*2014 ytd data through June for the MSA and through April for the City of Waverly

Sources: City of Waverly; Waterloo-Cedar Falls Board of Realtors; Maxfield Research, Inc.

FOR-SALE MARKET ANALYSIS

- As illustrated in the following graph, the median sale price hit a low point in 2009, at \$109,900 in the Metro Area and \$128,000 in Waverly, but pricing has been climbing steadily since 2011.

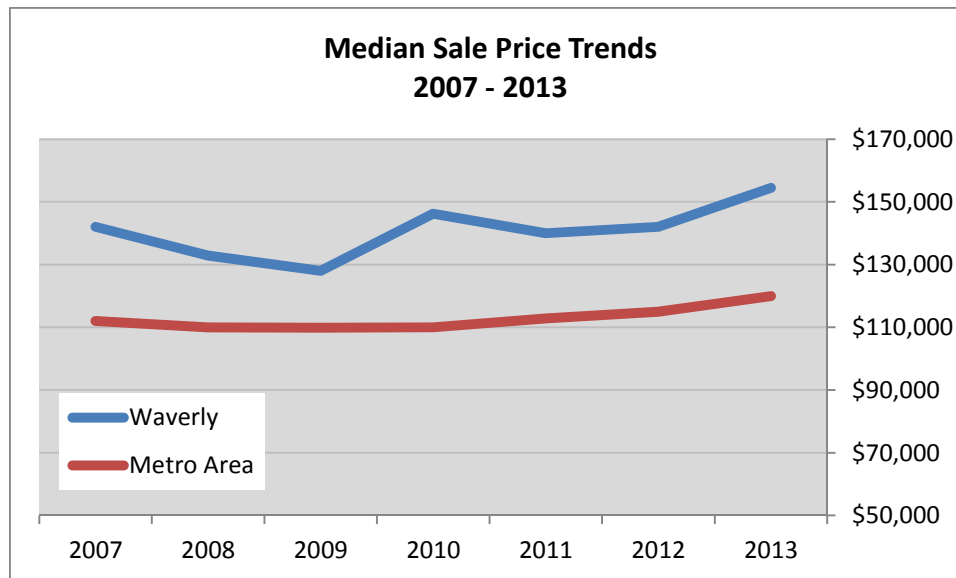


Table D-2 provides information on sales of single-family detached homes and multifamily (includes townhomes, twinhomes, and condominiums) in the City of Waverly from 2005 through 2014 year-to-date.

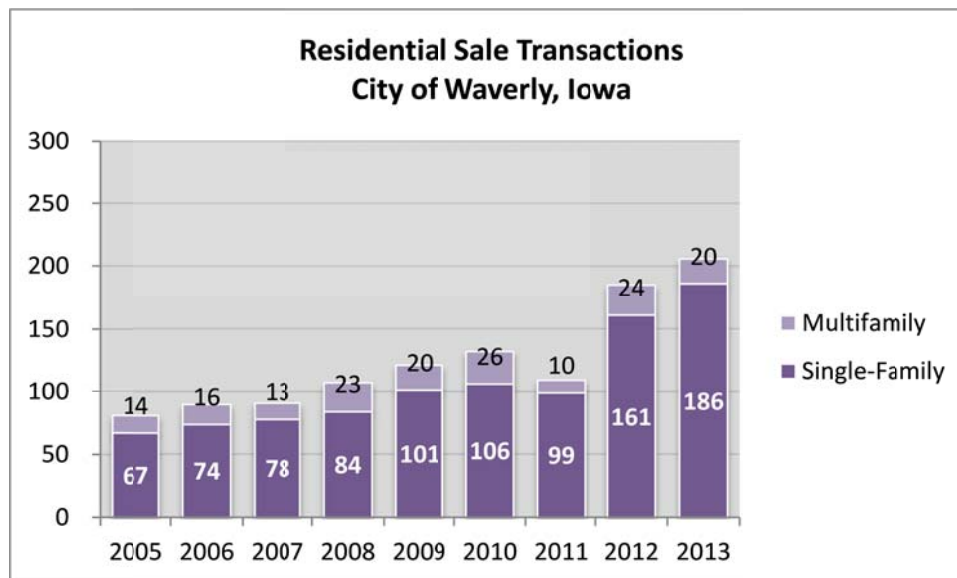
**TABLE D-2
RESIDENTIAL SALES ACTIVITY
CITY OF WAVERLY
2005 through April 2014**

	Single-Family Detached				Multifamily			
	Median Sale Price	% Change	Closed Sales	% Change	Median Sale Price	% Change	Closed Sales	% Change
City of Waverly Sales								
2014 ytd	\$136,000	-17.6%	33	--	\$129,900	3.1%	5	--
2013	\$165,000	17.9%	186	15.5%	\$126,000	-12.3%	20	-16.7%
2012	\$140,001	-4.1%	161	62.6%	\$143,750	14.5%	24	140.0%
2011	\$146,000	-6.9%	99	-6.6%	\$125,500	-4.1%	10	-61.5%
2010	\$156,750	22.5%	106	5.0%	\$130,900	1.5%	26	30.0%
2009	\$128,000	-5.2%	101	20.2%	\$129,000	4.9%	20	-13.0%
2008	\$135,000	-8.2%	84	7.7%	\$123,000	-1.6%	23	76.9%
2007	\$147,000	22.8%	78	5.4%	\$125,000	4.0%	13	-18.8%
2006	\$119,750	-7.1%	74	10.4%	\$120,167	-28.7%	16	14.3%
2005	\$128,900	--	67	--	\$168,500	--	14	--

Sources: City of Waverly; Maxfield Research, Inc.

FOR-SALE MARKET ANALYSIS

- Residential sales activity reached a high point in 2013, with 206 total sales in Waverly. Except for a drop-off in 2011, the demand for housing in Waverly has been steadily increasing, as the total number of home sales has grown every year. Sales activity jumped nearly 70% between 2011 (109 sales) and 2012 (185 sales). An 11% increase occurred in 2013, as 206 homes were sold. Over the past five years (2009 through 2013), homes in Waverly have been selling at average annual rate of 151 units per year.
- Within Waverly, there have been 1,160 sales since 2005, over 85% of which were for detached single-family homes. Multifamily homes comprise a relatively small proportion of the housing market in Waverly, as there have been 171 multifamily sales since 2005 (15% of the total). Demand for multifamily units appears to be weakening slightly. Over the past four years, 59 multifamily units have been sold, roughly 11% of all sales. Prior to 2011, multifamily sales represented over 18% of all sales.



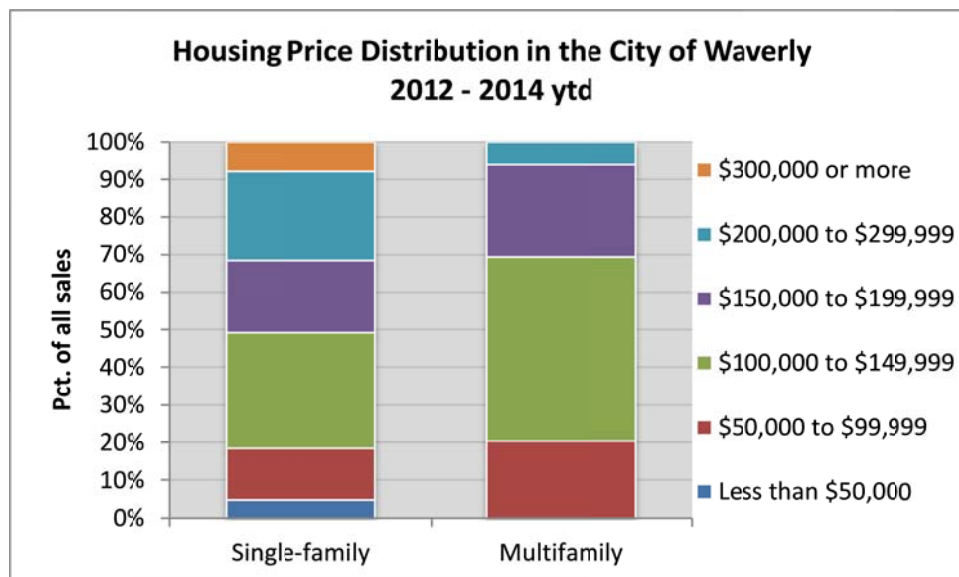
- While home prices fluctuated over the years, the median sale price for single-family homes is trending up, climbing from \$128,000 in 2009 to \$140,000 in 2012 and \$165,000 in 2013. Multifamily values have not experienced the same increases. While the median sale price spiked at \$143,750 in 2012, the 2013 median of \$126,000 is slightly lower than the median sale price of \$129,000 in 2009, and it is lower than the average pricing of \$131,030 over the past five years.
- As depicted in Table D-3 and in the chart following the table, single-family detached homes priced between \$100,000 and \$149,999 have been the most popular product in Waverly since 2012, representing 31% of all sales. Single-family detached homes priced between \$200,000 and \$299,999 and between \$150,000 and \$199,999 represented 24% and 19% of all single-family detached sales, respectively, while homes priced above \$300,000 represented 8% of all transactions. Homes priced below \$100,000 represented 18% of all sales (52 sales between \$50,000 and \$99,999 and 18 sales of homes priced below \$50,000.)

**TABLE D-3
RESIDENTIAL SALES ACTIVITY - PRICE DISTRIBUTION
CITY OF WAVERLY**

	2012		2013		2014 ytd		Total	
	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total
Single-family Detached								
Less than \$50,000	6	3.7%	10	5.4%	2	6.1%	18	4.7%
\$50,000 to \$99,999	27	16.8%	15	8.1%	10	30.3%	52	13.7%
\$100,000 to \$149,999	54	33.5%	57	30.6%	6	18.2%	117	30.8%
\$150,000 to \$199,999	23	14.3%	42	22.6%	8	24.2%	73	19.2%
\$200,000 to \$299,999	34	21.1%	50	26.9%	6	18.2%	90	23.7%
\$300,000 or more	17	10.6%	12	6.5%	1	3.0%	30	7.9%
Total	161	100%	186	100%	33	100%	380	100%
Multifamily								
Less than \$50,000	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$50,000 to \$99,999	5	20.8%	4	20.0%	1	20.0%	10	20.4%
\$100,000 to \$149,999	10	41.7%	12	60.0%	2	40.0%	24	49.0%
\$150,000 to \$199,999	8	33.3%	2	10.0%	2	40.0%	12	24.5%
\$200,000 to \$299,999	1	4.2%	2	10.0%	0	0.0%	3	6.1%
\$300,000 or more	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	24	100%	20	100%	5	100%	49	100%

Sources: City of Waverly; Maxfield Research, Inc.

- Of the multifamily units sold in Waverly in recent years (since 2012), nearly half (49%) were priced in the \$100,000 to \$149,999 range, while one-quarter (25%) were priced between \$150,000 and \$199,999. Roughly 20% of the multifamily units sold were priced between \$50,000 and \$99,999 while 6% of the sales were for units priced in the \$200,000 to \$299,999 range.



Active Listings

Table D-4 presents a summary of single-family detached and multifamily homes currently listed for sale in Waverly on the Waterloo-Cedar Falls Board of Realtors Multiple Listing Service (MLS). Multifamily includes condominiums, townhouses, twin homes, and patio homes.

- There are 54 homes listed for sale on the MLS as of July 2014. Over 83% of the for-sale listings (45 homes) are single-family detached housing units and the remaining 17% (9 homes) are multifamily units. The median asking price for single-family homes in the City is \$164,000, which is 5% higher than the median price of closed sales in 2013 and 21% higher than the median price of sales closed through the first four months of 2014. The median asking price for multifamily units is \$199,500, roughly 58% higher than the median price of closed multifamily sales in 2013.

TABLE D-4 RESIDENTIAL HOMES LISTED FOR SALE CITY OF WAVERLY July 2014						
	Listings	% of Total	Median Year Built	Average Size	Median Price	Price per Sq. Ft.
Single-family Detached						
Less than \$50,000	0	0.0%	--	--	--	--
\$50,000 to \$99,999	6	11.1%	1902	1,350	\$84,000	\$62.22
\$100,000 to \$149,999	14	25.9%	1958	1,540	\$129,700	\$84.22
\$150,000 to \$199,999	5	9.3%	1966	1,464	\$164,000	\$112.02
\$200,000 to \$299,999	11	20.4%	1991	2,585	\$269,000	\$104.06
\$300,000 or more	9	16.7%	1999	3,586	\$369,900	\$103.15
Subtotal	45	83.3%	1971	2,171	\$164,000	\$75.54
Multifamily						
Less than \$50,000	0	0.0%	--	--	--	--
\$50,000 to \$99,999	0	0.0%	--	--	--	--
\$100,000 to \$149,999	1	1.9%	2000	1,092	\$135,000	\$123.63
\$150,000 to \$199,999	4	7.4%	2000	2,271	\$188,950	\$83.20
\$200,000 to \$299,999	4	7.4%	2006	2,148	\$217,450	\$101.23
\$300,000 or more	0	0.0%	--	--	--	--
Subtotal	9	16.7%	2004	2,085	\$199,500	\$95.68
Market Total	54	100%	1980	2,156	\$188,825	\$87.58

Sources: Waterloo-Cedar Falls Board of Realtors; Maxfield Research, Inc.

- The average size of homes listed for sale is 2,156 square feet which equates to a median price per square foot of \$87.58. With an average size of 2,171 square feet, the average price per square foot for single-family homes is \$75.54. Multifamily units are slightly smaller, at 2,085 square feet, but higher-priced with an average price per square foot of \$95.68.

FOR-SALE MARKET ANALYSIS

- Approximately 31% of the listed homes were built in the year 2000 or more recently while 17% were built in the 1990s, 4% in the 1980s, 7% in the 1970s, 7% in the 1960s, and 6% in the 1950s. Roughly 28% of all the listed homes were built prior to 1940 and may be in need of some improvements. All of the homes built in the 1980s or earlier are single-family detached housing units. Multifamily units represent 22% of the for-sale homes that were built in the 1990s and 41% of the homes built in the year 2000 or more recently.
- There is a fairly direct relationship between the pricing, age, and size of homes in Waverly. The older homes tend to be smaller and have a lower asking price per square foot than newer homes. Single-family homes with asking prices between \$50,000 and \$99,999 are the smallest with sizes ranging from as small as 1,110 square feet to nearly 1,800 square feet with an average size of 1,350 square feet. Homes in this price range are also the oldest, as all of these houses were built prior to 1940. Single-family homes with asking prices at \$300,000 or higher are, by far, the largest with sizes ranging from 2,069 square feet to as large as 4,866 square feet (average size of 3,586 square feet). Half of the homes in this price range were built since the year 2000, and all but one have been built since 1990.
- As illustrated in the following graph, there appears to be a slight oversupply of higher-priced homes in Waverly while lower-priced homes seem to be undersupplied. Lower-priced (below \$100,000) homes represented 18% of all sale transactions since 2012, while only 11% of the homes listed for sale are priced lower than \$100,000. Conversely, 17% of the homes listed for sale are priced at \$300,000 or more while only 7% of the closed sales were for homes in the \$300,000+ price range. Housing demand (as indicated by closed sale transactions since 2012) appears to be highest for moderately-priced homes as 33% of the closed transactions were for homes priced between \$100,000 to \$149,999, 17% were in the \$150,000 to \$199,999 range, and 22% were priced between \$200,000 and \$299,999. Similarly, 28% of the homes listed for sale are priced between \$100,000 and \$149,999, while 17% are in the \$150,000 to \$199,999 range, and 28% are priced from \$200,000 to \$299,999.



Foreclosures

Table D-5 presents foreclosure event data for Bremer County, the Waterloo-Cedar Falls Metro Area, and the State of Iowa. The information is provided by the University of Iowa Housing and Land Use Policy Program, which worked with the Iowa Department of Justice, Attorney General’s Office to assemble foreclosure data for counties in Iowa dating back to 2006. Foreclosures are properties in which the financial institution has repossessed the home from the owner due to non-payment of mortgage obligations. Five types of foreclosure events are included in the data, including: Notices of Default; Lis Pendens; Notice of Trustee's Sale; Notice of Foreclosure Sale; and, Real Estate Owned. RealtyTrac provided the data for the University of Iowa. Utilizing the foreclosure event data, Maxfield Research calculated the foreclosure rate, which is defined as the number of foreclosed mortgages as a percent of total housing units.

- There were 13,235 foreclosures in Iowa during 2013 which was down -19% from 2012 and the lowest statewide total since 2010. Bremer County had 57 foreclosures in 2013, down roughly -31% from when foreclosures peaked at 83 in 2012.

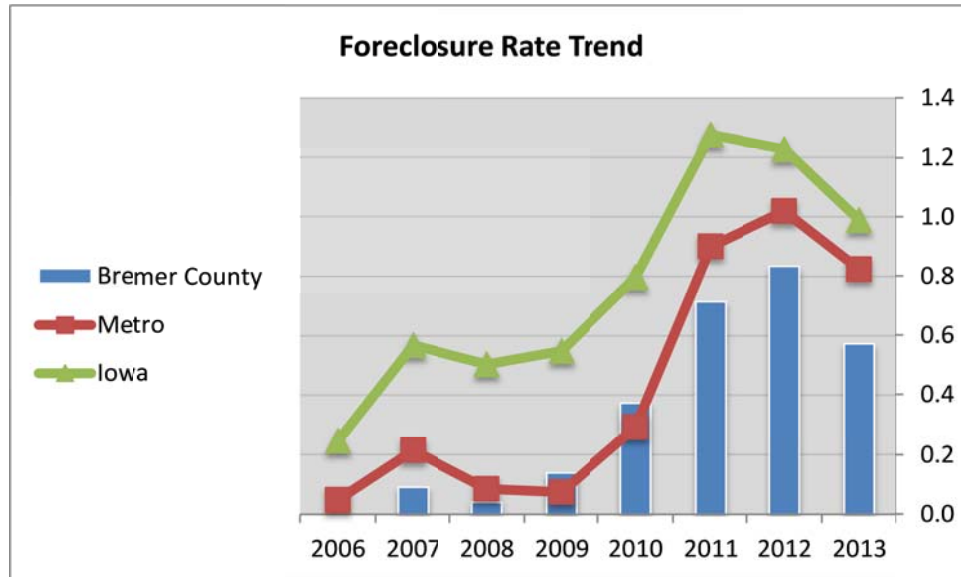
	Bremer County		Metro		Iowa	
Foreclosures	Count	% Change	Count	% Change	Count	% Change
2014 Q1	14	--	126	--	3,360	--
2013	57	-31.3%	589	-19.1%	13,235	-19.3%
2012	83	16.9%	728	13.6%	16,406	-3.5%
2011	71	91.9%	641	209.7%	17,005	60.6%
2010	37	164.3%	207	305.9%	10,591	45.4%
2009	14	250.0%	51	-13.6%	7,284	9.4%
2008	4	-55.6%	59	-60.7%	6,657	-11.2%
2007	9	--	150	354.5%	7,499	131.1%
2006	0	--	33	--	3,245	--
Foreclosure Rate	Rate	% Change	Rate	% Change	Rate	% Change
2014 Q1	0.14	--	0.18	--	0.25	--
2013	0.57	-31.3%	0.83	-19.1%	0.99	-19.3%
2012	0.84	16.7%	1.02	13.2%	1.23	-3.9%
2011	0.72	91.5%	0.90	208.6%	1.28	59.9%
2010	0.37	169.6%	0.29	302.9%	0.80	45.3%
2009	0.14	248.1%	0.07	-13.7%	0.55	8.9%
2008	0.04	-55.6%	0.08	-60.8%	0.50	-11.4%
2007	0.09	--	0.21	354.5%	0.57	131.1%
2006	0.00	--	0.05	--	0.25	--

Foreclosure Rate = the number of foreclosure events as a percent of total housing units

Sources: University of Iowa Public Policy Center; RealtyTrac; American Community Survey; Maxfield Research, Inc.

FOR-SALE MARKET ANALYSIS

- Based on a foreclosure rate comparison, Bremer County has maintained a lower level of foreclosures than Iowa and the Metro Area. In 2013, Bremer County's foreclosure rate was 0.57 compared to 0.99 in Iowa and 0.83 in the Metro Area. Bremer County's foreclosure rate peaked at 0.84 in 2012 while Iowa's rate peaked at 1.28 in 2011.



- Many foreclosed properties are neglected and in poor condition with extensive repairs needed. As such, they can be very difficult to sell and can have a negative impact on home prices. Foreclosed homes are typically priced at a discount and they increase the supply of houses on the market, likely resulting in lower prices for other homes on the market. The presence of a foreclosed home in poor condition can lessen the desirability of a neighborhood for potential buyers and exert downward pressure on home prices.

Residential Lots for Sale

Table D-6 provides a summary of the residential lots currently listed for sale in Waverly on the regional Multiple Listing Service (MLS).

- There are currently 22 residential lots listed for sale in Waverly, divided between two subdivisions and two lots that are not part of a platted subdivision. High Point First Addition is currently the most active subdivision, with 11 listings, followed by Centennial Oaks Golf Club Addition (9 listings).
- Lot prices vary depending on location, features and community amenities. List prices range from as low as \$0.63 per square foot for a 2.7-acre unplatted site along 2nd Avenue NE to a high of \$5.15 per square foot for a 12,632-square foot (.29 acre) developed lot in Centennial Oaks Golf Club Addition. Throughout Waverly, the median per square foot cost for residential parcels listed on the MLS is \$2.48 while the median lot price is \$50,000.

TABLE D-6 RESIDENTIAL LOTS LISTED FOR SALE BY SUBDIVISION CITY OF WAVERLY July 2014					
	Total	High Point First Addition	Centennial Oaks	Individual Lot	Individual Lot
Lots for Sale	22	11	9	1	1
Min. Size (Sq. Ft.)	11,761	19,863	11,761	117,612	217,800
Max. Size (Sq. Ft.)	217,800	28,750	17,424	117,612	217,800
Median Size	20,190	24,699	15,682	117,612	217,800
Min. Price	\$39,900	\$39,900	\$59,900	\$74,000	\$50,000
Max. Price	\$74,000	\$50,000	\$65,000	\$74,000	\$50,000
Median Price	\$50,000	\$45,000	\$60,000	\$74,000	\$50,000
Price/Sq. Ft.	\$2.48	\$1.82	\$3.83	\$0.63	\$0.23
Est. Home Value*	\$250,000	\$225,000	\$300,000	\$370,000	\$250,000
*Home value represents the anticipated value of homes built in the subdivision, based on the assumption that land values equate to 20% of total home value.					
Sources: Waterloo-Cedar Falls Board of Realtors; Maxfield Research, Inc.					

- Platted lot sizes range from as small as 11,761 square feet (.27 acre) for lots in Centennial Oaks to 28,750 square feet (0.66-acre) for a lot in High Point First Addition. The median lot size throughout Waverly is 20,190 square feet (0.46 acre).
- Based on the median list price in each subdivision and assuming that land values equate to 20% of the total home value, we estimate the anticipated value of homes in these subdivisions. Values range from as low as \$225,000 in the High Point First Addition subdivision to over \$300,000 in the Centennial Oaks Golf Club subdivision. However, the median value for new construction homes on the supply of lots listed for sale is estimated to be \$250,000.

Residential Lot Supply

Table D-7 identifies residential lots and subdivisions in Waverly. Information in the table includes year open, total number of lots, the number of lots developed, and the number of lots remaining undeveloped. This information was provided by the City of Waverly.

- There have been a total of 571 lots platted in the City of Waverly since the late 1990s. Roughly 69% of these platted lots have been developed and 31% remain undeveloped (178 undeveloped lots).
- On average, these subdivisions have lots absorbed at a rate of roughly 3.2 lots per year, with Centennial Oaks being absorbed at the fastest pace (8.2 lots per year).
- Based on the total average annual lot absorption of 32.2 lots per year, the 178 undeveloped lots could potentially take more than five years to be developed. This assumption does not take into account the quality and marketability of specific lots.
- Based on the information presented in Table D-6 (Residential Lots Listed for Sale by Subdivision), it appears that many of these undeveloped lots are not being actively marketed on the MLS although builders may be marketing lots separately. There are 11 lots listed for sale in Highpoint and nine lots listed for sale in Centennial Oaks.

Subdivisions	Year Open	Total Lots	Lots Developed	Undeveloped Lots	Average Annual Lot Absorption
Rolling Meadows	1997	86	79	7	4.9
Centennial Oaks	1998	203	123	80	8.2
Rolling Hills	2000	38	27	11	2.1
Parkview Estates	2000	25	16	9	1.2
Stone Haven	2002	72	39	33	3.5
Jadestone	2003	36	36	0	3.6
Highpoint	2004	28	11	17	1.2
Prairie Park	2004	23	15	8	1.7
Copper Ridge	2004	24	13	11	1.4
Impala	2005	36	34	2	4.3
Waverly Total:		571	393	178	32.2

Sources: City of Waverly; Maxfield Research, Inc.

New Construction Pricing

Table D-8 identifies residential subdivisions in Waverly that are currently marketing new construction homes for sale or have had new construction homes sold in the past two years. Information in the table includes subdivision name, asking price ranges, the finished square feet of new construction homes, and the style of homes sold. This information was derived from new construction homes listed for sale on the regional MLS as of July 2014 and data on new construction homes sold since 2012 from the City of Waverly.

- New construction pricing within these subdivisions ranges from a low of \$172,142 in Rolling Hills to a high of over \$430,000 in Copper Ridge. On average, the price for these new construction homes is \$304,407.
- The average size (based on total gross living area from Bremer County property records) for new homes in Waverly is 1,836 square feet, with a range of 1,232 square feet for a home in Rolling Meadows to over 3,300 square feet in Highpoint.
- On average, new residential construction in Waverly is priced at roughly \$166 per square foot. Per square foot pricing is lowest at \$130 in Prairie Park and highest at nearly \$212 for a home in Copper Ridge.
- Most of the recent new construction sales in Waverly have been single-story rambler-style homes targeting move-up and executive buyers.

<p align="center">TABLE D-8 NEW CONSTRUCTION PRICING BY SUBDIVISION WAVERLY, IOWA July 2014</p>								
Subdivision	Sale/List Price Range			Finished Square Feet			\$/Sq. Ft.	Style
	Low	High	Average	Low	High	Average		
Centennial Oaks	\$290,000	\$318,912	\$304,456	1,656	1,680	1,668	\$182.53	one-story
Copper Ridge	\$431,825	\$431,825	\$431,825	2,038	2,038	2,038	\$211.89	one-story
Highpoint	\$419,000	\$449,900	\$434,450	2,312	3,339	2,826	\$153.76	one-story
Impala	\$233,000	\$309,000	\$271,000	1,433	1,652	1,543	\$175.69	one-story
Prairie Park	\$202,000	\$265,000	\$233,500	1,736	1,870	1,803	\$129.51	one-story
Rolling Hills	\$172,142	\$235,000	\$203,571	1,256	1,717	1,487	\$136.95	one-story
Rolling Meadows	\$179,900	\$275,000	\$227,450	1,232	1,709	1,471	\$154.68	one-story
Stone Haven	\$279,000	\$379,000	\$329,000	1,580	2,133	1,857	\$177.22	one-story
Total	\$172,142	\$431,825	\$304,407	1232	3,339	1,836	\$165.77	

Sources: City of Waverly; Maxfield Research, Inc.

Real Estate Agent/Builder Interviews

In an attempt to gain additional insight into trends in the for-sale residential market in Waverly, Maxfield Research solicited input from real estate agents, developers, and builders active in the area. Topics addressed included issues such as the general condition of Waverly's housing stock, the types of homes being sought by buyers, and whether the existing supply of available housing in Waverly satisfies current buyer demand. The following points summarize the findings from this process.

- Most properties in Waverly have been well-maintained and Waverly has a strong residential market. There is demand for a variety of housing types, but the supply of available homes on the market is relatively tight.
- There seems to be particularly strong demand for entry-level homes in the \$80,000 to \$100,000 range and moderately-priced homes. Much of the housing stock that would be moderately-priced is located in the floodplain and the cost of floodplain insurance partially offsets the lower cost of the home.
- It was suggested that homes priced at \$275,000 or lower have been selling, but there is little demand for housing priced in the \$300,000 to \$400,000 range.
- Many families end up purchasing homes outside of Waverly because they can get more home for their money in other nearby communities.
- People seem to reside in their homes for a long time, limiting turnover of the housing stock, which restricts the supply of available housing.
- It was suggested that there is a need for affordably-priced condominiums and lower-priced housing options for seniors. Demand will also grow for rental housing as well as for moderately-priced homes.
- Waverly's school system is a strong draw for families considering a move to Waverly, but utility costs and high taxes are preventing middle-income households from moving to the community.
- Rising land and infrastructure costs can inhibit residential development, and the risks associated with housing development are increasing. The supply of platted residential lots in the City is sufficient to meet demand over the next several years.

For-Sale Housing Market Demand Analysis

Table D-9 presents our demand calculations for general occupancy for-sale housing in Waverly between 2014 and 2020. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households. The following points summarize our findings.

- According to our projections, the PMA is expected to grow by 353 households between 2014 and 2020. Because the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to only those households under the age of 65. In the PMA, 26% of the projected household growth will occur among households age 64 and younger which results in projected demand for 90 general occupancy for-sale units from household growth. Based on household tenure data from the US Census, we expect that 74% of the demand will be for owner-occupied housing units, equating to a potential 67 owner households from household growth.
- As of 2014, there are approximately 3,403 owner households under the age of 65 in the PMA. Based on household turnover data from the 2012 American Community Survey, we estimate that 31% of these under-65 owner households will experience turnover between 2014 and 2020. This estimate results in anticipated turnover of approximately 1,055 existing households by 2020.
- We then estimate the percent of existing owner households turning over that would prefer to purchase new housing. In Waverly, roughly 10% of all home sales were for new construction since 2005. Based on this data, we estimate that 10% of the households turning over in the City will desire new housing. This estimate results in demand from existing households for 105 new residential units in the PMA between 2014 and 2020.
- Total demand from household growth and existing household turnover between 2014 and 2020 equates to 172 new for-sale housing units in the PMA. An additional proportion is added for households that would move into ownership housing in the PMA who currently reside outside the area.
- Due, in large part, to the quality of the school district along with other community amenities, Waverly will draw a significant portion of potential home buyers from areas of the Metro Area outside the PMA, particularly the Cities of Waterloo and Cedar Falls. We estimate that 40% of the demand potential for general occupancy ownership housing in Waverly would be derived from outside the area, increasing total demand to 287 units.
- Based on our population and household growth projections, we estimate that the City of Waverly will capture 70% of the PMA's demand for new for-sale housing between 2014 and 2020, equating to demand for 201 units between 2014 and 2020.

FOR-SALE MARKET ANALYSIS

- Based on building permit trends and new construction sales data from 2005 to present, we estimate that 80% of the householders seeking new housing will desire single-family housing, while the remaining 20% will be seeking multifamily units.
- We anticipate that there will be demand for approximately 161 general occupancy single-family homes and 40 multifamily units in Waverly between 2014 and 2020.

TABLE D-9 GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND CITY OF WAVERLY 2014 to 2020			
DEMAND FROM PROJECTED HOUSEHOLD GROWTH			
Projected household growth in the PMA 2014 to 2020 ¹			353
(times) Pct. of HH growth for general occupancy housing ²	x	26%	
(equals) Projected demand for general occupancy units	=		90
(times) Propensity to Own ³	x	74%	
(equals) Number of potential owner households from HH growth	=		67
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Number of owner households (age 64 and younger) in the PMA, 2014	=		3,403
(times) Estimated % of owner turnover (age 64 and younger, 2014 to 2020) ⁴	x	31%	
(equals) Total existing households projected to turnover between 2014 and 2020	=		1,055
(times) Estimated % desiring new owner housing	x	10%	
(equals) Demand from existing households	=		105
Total Demand From Household Growth and Existing Households, 2014 to 2020	=		172
(times) Ownership demand generated from outside PMA	+	40%	
(equals) Total demand potential for ownership housing in the PMA	=		287
% of PMA Demand Capturable in the City of Waverly	x	70%	
Demand from Household Growth and Existing Households in Waverly	=		201
		Single Family	Multi- family
(times) Percent desiring for-sale single family (SF) vs. multifamily (MF) ⁵	x	80%	20%
(equals) Total demand potential for new for-sale housing in Waverly	=	161	40
¹ Estimated household growth based per ESRI and Maxfield Research Inc.			
² Pct. of household growth under age 65			
³ Pct. Owner households under age 65 in 2010			
⁴ Based on household turnover and mobility data (2012 American Community Survey, Five Year Estimates).			
⁵ Based on new construction sales data and building permit data from 2005 to present			
* Multifamily demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research Inc.			

Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in Waverly. Topics covered include rental housing data from the American Community Survey, detailed information on individual rental developments in Waverly, and a calculation of rental housing demand.

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in Waverly and selected communities in the surrounding area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are no longer available from the decennial census.

Table E-1 shows estimated rental vacancy rates and gross rental rates by community from the 2008-2012 ACS (the most recent data available) compared to estimates from the 2007-2011 ACS, the 2006-2010 ACS, and the 2005-2009 ACS. This vacancy estimate is typically higher than what is found in apartment buildings due to the inclusion of other types of rentals.

Based on the ACS definition, a housing unit is considered vacant if no one is living in it at the time of the interview. Also, units occupied at the time of interview entirely by persons who are staying two months or less and who have a more permanent residence elsewhere are considered to be temporarily occupied and are classified as vacant. Vacant units are excluded from the housing inventory if they are open to the elements (roof, walls, windows, and/or doors no longer protect the interior), if they have been condemned, or if they are to be demolished. 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.

- In 2012, it was estimated that the rental vacancy rate in Waverly was 6.6%, slightly higher than the rest of Bremer County, which had an estimated vacancy of 5.7%. Waverly's vacancy rate was comparable to the Metro Area (6.5%) and State of Iowa (6.4%). By comparison, the vacancy rate was 6.7% in the City of Cedar Falls and 7.0% in the City of Waterloo. Compared to the 2007-2011 ACS, the estimated rental vacancy in Waverly increased 1.2 percentage points from 5.4%, while the Metro Area experienced a 0.8 percentage point increase from 5.7% and Bremer County's vacancy rate jumped 1.7 percentage points.
- The equilibrium vacancy rate for rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. As such, the supply of rental housing in the Market Area appears to have exceeded demand during the 2008-2012 ACS period.

RENTAL MARKET ANALYSIS

- The median gross rent in Waverly dropped -9.1%, from \$659 during the 2007-2011 ACS to \$599 in the 2008-2012 ACS, after experiencing steady increases since the 2005-2009 ACS. By comparison, the Bremer County median gross rent dropped -1.5% to \$577 while the Metro Area experienced a 1.9% increase in the median gross rent.

	2012		2011		2010		2009	
	Vacancy	Rent	Vacancy	Rent	Vacancy	Rent	Vacancy	Rent
Waverly	6.6%	\$599	5.4%	\$659	0.0%	\$648	4.2%	\$628
Bremer Co.	5.7%	\$577	4.0%	\$586	2.2%	\$584	2.8%	\$576
Cedar Falls	6.7%	\$723	6.3%	\$691	4.5%	\$662	1.2%	\$646
Waterloo	7.0%	\$635	5.9%	\$625	6.5%	\$599	6.5%	\$583
Metro Area	6.5%	\$644	5.7%	\$632	5.3%	\$610	4.3%	\$599
Iowa	6.4%	\$655	6.6%	\$637	6.5%	\$617	6.5%	\$607

Note: Rent equals median gross rent

Sources: American Community Survey; Maxfield Research, Inc.

Table E-2 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2008-2012 ACS in Waverly and the Remainder of the Primary Market Area in comparison to the Waterloo-Cedar Falls Metropolitan Statistical Area.

- Because of the difference in methodology between the decennial census and the ACS, there are slight differences in the total number of renter-occupied units presented between the two surveys. Census data indicates that there were 967 renter-occupied housing units in Waverly in 2010 while the ACS shows 779 renter-occupied housing units.
- As presented in Table C-2 in an earlier section of this study, 21% of the renter-occupied units in Waverly are in single-family (1-unit), detached structures while 13% are in structures with 20 or more units, and approximately 15% of the renter-occupied units are in duplexes. Waverly has a relatively high proportion of renter-occupied triplexes and fourplexes, as 23% of all renter-occupied units are three- or four-unit structures, compared to 11% in the Metro Area.
- Waverly has relatively affordable rents when compared to the Metro Area. The median gross rent in the City was at \$599 during the 2008-2012 ACS, roughly 7% lower than the median rent of \$644 in the Metro Area. However, Waverly's median gross rent was slightly higher than the Metro Area in previous years.

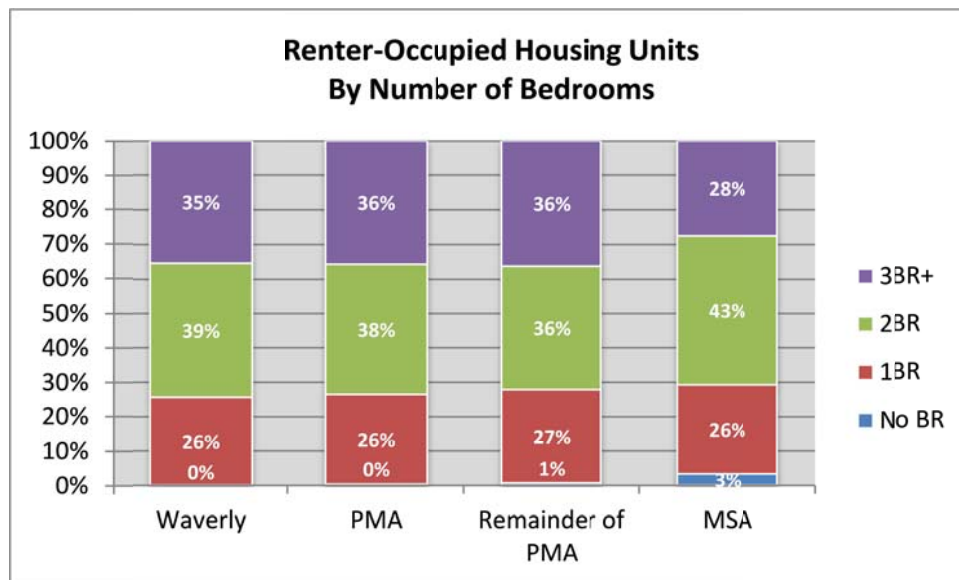
**TABLE E-2
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
WAVERLY MARKET AREA
2012**

	Waverly		PMA		Remainder of PMA		MSA
	#	% of Total	#	% of Total	#	% of Total	% of Total
Total:	779	100%	1,275	100%	496	100%	100%
Median Gross Rent	\$599		\$589		\$573		\$644
No Bedroom	0	0%	3	0%	3	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%	3	0%	3	1%	1%
\$500 to \$749	0	0%	0	0%	0	0%	1%
\$750 to \$999	0	0%	0	0%	0	0%	0%
\$1,000 or more	0	0%	0	0%	0	0%	1%
No cash rent	0	0%	0	0%	0	0%	0%
1 Bedroom	199	26%	334	26%	135	27%	26%
Less than \$200	33	4%	38	3%	5	1%	1%
\$200 to \$299	39	5%	50	4%	11	2%	3%
\$300 to \$499	40	5%	91	7%	51	10%	7%
\$500 to \$749	76	10%	101	8%	25	5%	12%
\$750 to \$999	11	1%	41	3%	30	6%	1%
\$1,000 or more	0	0%	13	1%	13	3%	2%
No cash rent	0	0%	0	0%	0	0%	0%
2 Bedrooms	304	39%	482	38%	178	36%	43%
Less than \$200	0	0%	0	0%	0	0%	1%
\$200 to \$299	0	0%	0	0%	0	0%	0%
\$300 to \$499	18	2%	52	4%	34	7%	4%
\$500 to \$749	262	34%	372	29%	110	22%	24%
\$750 to \$999	11	1%	20	2%	9	2%	11%
\$1,000 or more	0	0%	0	0%	0	0%	2%
No cash rent	13	2%	38	3%	25	5%	1%
3 or More Bedrooms	276	35%	456	36%	180	36%	28%
Less than \$200	0	0%	3	0%	3	1%	0%
\$200 to \$299	0	0%	5	0%	5	1%	1%
\$300 to \$499	8	1%	28	2%	20	4%	2%
\$500 to \$749	81	10%	131	10%	50	10%	6%
\$750 to \$999	76	10%	108	8%	32	6%	8%
\$1,000 or more	66	8%	81	6%	15	3%	8%
No cash rent	45	6%	100	8%	55	11%	3%

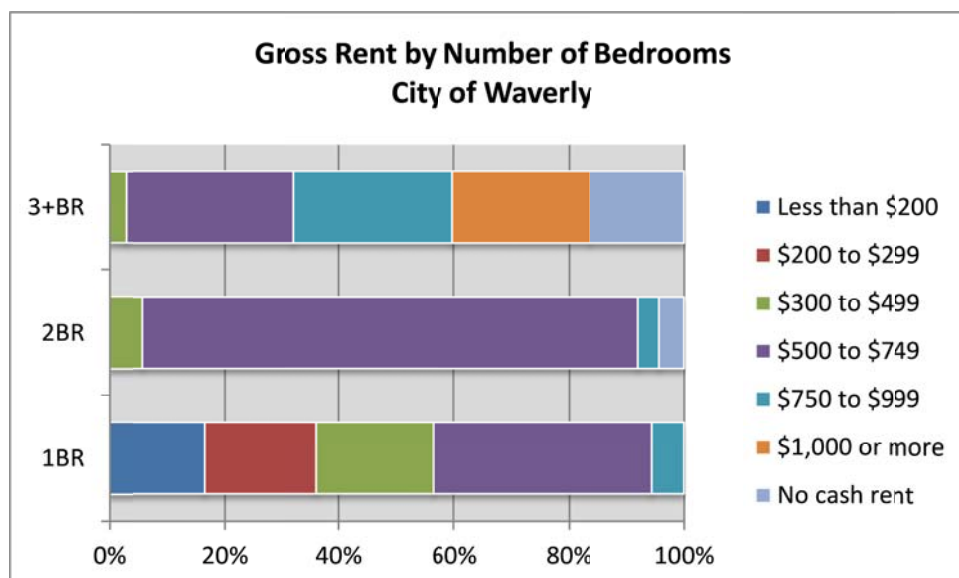
Sources: 2008-2012 American Community Survey; Maxfield Research, Inc.

RENTAL MARKET ANALYSIS

- Two-bedroom units are the most common rental unit type in the Market Area, representing 39% of all occupied rental units in Waverly, 36% in the Remainder of the Market Area, and 43% in the Metro Area.



- Approximately 35% of the renter-occupied housing units in Waverly have three or more bedrooms compared to 36% in the Remainder of the PMA and 28% in the Metro Area. One-bedroom units comprise 26% of the renter-occupied housing units in Waverly and 27% in the Remainder of the Market Area. There are very few units without a bedroom (studio/efficiency units) in the PMA, while 3% of the renter-occupied units in the Metro Area have no bedroom.



RENTAL MARKET ANALYSIS

- Monthly gross rents in one-bedroom units in Waverly range from less than \$200 up to \$999 with over 38% renting for between \$500 and \$749 per month. Approximately 20% have gross monthly rents between \$300 and \$499, and another 20% have rents between \$200 and \$299. Nearly 17% of the one-bedroom units have monthly rents of less than \$200 per month, while 6% rent for between \$750 and \$999 per month.
- Roughly 86% of the two-bedroom units in Waverly have gross monthly rents ranging from \$500 to \$749, and 6% have a rental rate ranging from \$300 to \$499. Units with rents ranging from \$750 to \$999 per month represent roughly 4% of the two-bedroom units in Waverly. Over 4% of the two-bedroom units have no cash rent.
- Over 29% of the units with three or more bedrooms in Waverly rent for between \$500 and \$749 per month. Nearly 28% have a rental rate range of \$750 to \$999 and 24% rent for \$1,000 or more per month. Roughly 3% have rents ranging from \$300 to \$499 per month, while over 16% of the three-bedroom units have no cash rent.
- Roughly 7% of the renter-occupied units in Waverly 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 others.

General Occupancy Rental Projects

Maxfield Research Inc. compiled detailed information for general occupancy apartment projects with eight or more units in the City of Waverly, including ten market rate apartment properties and two affordable communities in July 2014. Data for these apartment projects was collected by contacting managers and owners for each of the properties.

These properties represent a combined total of 301 units, including 231 market rate units and 70 affordable tax credit units. Based on the 2008-2012 ACS data, this inventory represents roughly 36% of the rental housing stock in Waverly. The remainder of the rental housing stock is comprised predominately of single-family rentals (22% of all renter-occupied units), triplexes/fourplexes (23%), and duplexes (15%). The rents shown represent quoted rents and have not been adjusted to reflect the inclusion or exclusion of utilities at this time.

Table E-3 on the following pages summarizes information on these projects.

RENTAL MARKET ANALYSIS

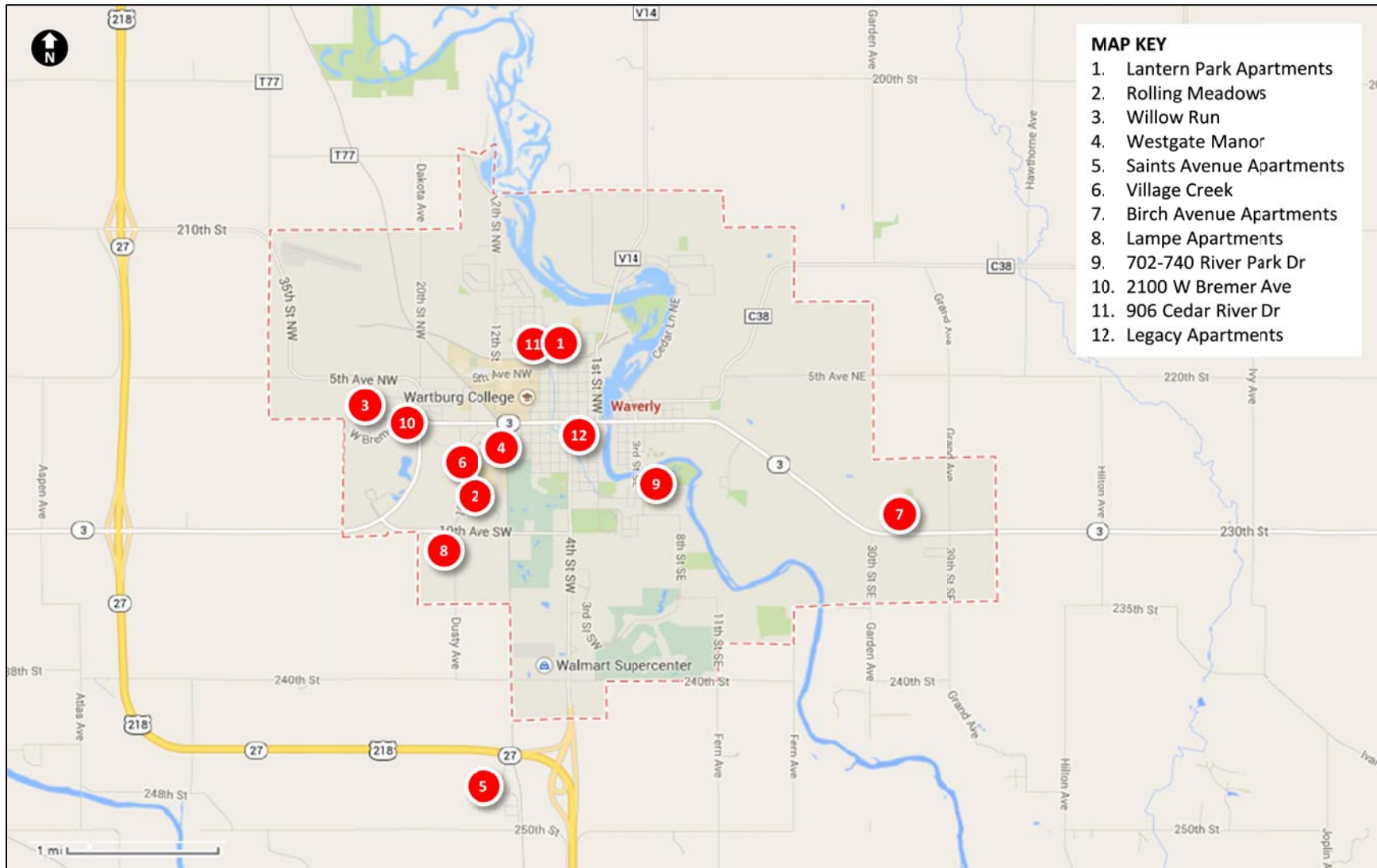
<p align="center">TABLE E-3 GENERAL OCCUPANCY RENTAL PROPERTIES CITY OF WAVERLY, IOWA July 2014</p>											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size	Min	Max	Min	Max
AFFORDABLE/TAX CREDIT PROJECTS											
Lantern Park Apartments 907 6th St NW Waverly, IA	1992	16	0	2BR	8	0	NA - NA	\$509 - \$1,017	NA - NA		
			vacancy rate: 0.0%	3BR	8	0	NA - NA	\$588 - \$1,175	NA - NA		
<i>Notes: Tax Credit property. Two 8-unit buildings. Rents shown reflect the maximum gross rent range by bedroom size for LIHTC properties. Amenities include a community room, playground, on-site laundry, interior and exterior access, and outdoor picnic area with gazebo.</i>											
Rolling Meadows Apartments 701 16th St SW Waverly, IA	1997	54	10	1BR	4	0	560 - 560	\$470 - \$470	\$0.84 - \$0.84		
			vacancy rate: 18.5%	2BR	36	9	670 - 670	\$560 - \$560	\$0.84 - \$0.84		
				3BR	14	1	880 - 880	\$670 - \$670	\$0.76 - \$0.76		
<i>Notes: Tax Credit community. Amenities include playground, garage parking, on-site laundry facility. Units feature oversized closets, vaulted ceilings, air conditioning, dishwasher, refrigerator. High-speed internet access, heat, water, and sewer included in rent. Resident pays electricity.</i>											
Affordable Subtotal:		70	10	14.3% vacant							
MARKET RATE PROJECTS											
Willow Run & Willow Estates 313 24th St NW Waverly, IA	1974	61	0	EFF	1	0	300 - 300	\$350 - \$350	\$1.17 - \$1.17		
			vacancy rate: 0.0%	1BR	27	0	580 - 700	\$425 - \$425	\$0.61 - \$0.73		
				2BR	33	0	800 - 800	\$495 - \$495	\$0.62 - \$0.62		
<i>Notes: Amenities include on-site laundry, 22 garage spaces, and a community room. Ten separate buildings: three 12-unit buildings and six 4-unit buildings.</i>											
Westgate Manor Apartments 1118 2nd Ave SW Waverly, IA	1973	36	1	EFF	12	1	450 - 500	\$385 - \$385	\$0.86 - \$0.77		
			vacancy rate: 2.8%	1BR	0	0	NA - NA	NA - NA	NA - NA		
				2BR	24	0	800 - 950	\$495 - \$495	\$0.52 - \$0.62		
<i>Notes: Two buildings: one 12-unit building built in 1973 and one 24-unit building built in 1978. Garage parking. Development consists entirely of studio and two-bedroom units; there are no one-bedroom units.</i>											
Saints Ave Apartments 202 Cedar Ave Waverly, IA	1951	58	5	1BR	NA	2	400 - 400	\$465 - \$500	\$1.25 - \$1.16		
			vacancy rate: 8.6%	2BR	NA	2	685 - 850	\$605 - \$660	\$0.78 - \$0.88		
				3BR	NA	0	940 - 940	\$710 - \$720	\$0.77 - \$0.76		
				4BR	NA	1	1,200 - 1,335	\$825 - \$1,000	\$0.75 - \$0.69		
<i>Notes: Water, garbage, sewer, and cable included in rent. Garage space available for \$50 per month. Secure/gated community. Amenities include on-site laundry, vending machines, off-street parking, central air, stove and refrigerator provided.</i>											
Village Creek 624-646 16th St SW Waverly, IA	1965	12	1	2BR	12	1	850 - 850	\$550 - \$550	\$0.65 - \$0.65		
			vacancy rate: 8.3%								
<i>Notes: Two 6-unit townhouse style buildings. Water, sewer, and trash pickup included in rent. Refrigerator and stove provided. In-unit washer/dryer hookups in basement. Window-mounted air conditioning.</i>											
Birch Avenue Apartments 300 Birch Avenue Waverly, IA	1978	8	1	2BR	8	1	800 - 800	\$500 - \$500	\$0.63 - \$0.63		
			vacancy rate: 12.5%								
<i>Notes: Two 4-unit apartment buildings. Water, sewer, and trash pickup included in rent. Full kitchen appliance package included. Window-mounted air conditioning.</i>											
-----continued-----											

RENTAL MARKET ANALYSIS

TABLE E-3 continued GENERAL OCCUPANCY RENTAL PROPERTIES CITY OF WAVERLY, IOWA July 2014											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size	Min	Max	Min	Max
Lampe Apartments 1731 10th Ave SW Waverly, IA	1964	8	2	1BR	1	0	850 - 850	\$425 - \$425	\$0.50 - \$0.50		
				2BR	7	2	900 - 1,100	\$550 - \$625	\$0.57 - \$0.61		
<i>Notes: Water and sewer included in the rent. Unit features include full kitchen appliance package, central air conditioning, washer and dryer, and access to full basement.</i>											
702-740 River Park Dr 702-740 River Park Dr Waverly, IA	1952	24	1	2BR	24	1	684 - 684	\$425 - \$425	\$0.62 - \$0.62		
				vacancy rate: 4.2%							
<i>Notes: Five townhouse-style buildings (three four-unit structures and two six-unit structures). Utilities are not included in the rent. Units feature stove and refrigerator and washer/dryer hook-ups. Each unit has access to a basement.</i>											
2100 W Bremer Ave 2100 W Bremer Ave Waverly, IA	1965	8	0	3BR	6	0	NA - NA	\$580 - \$800	NA - NA		
				4BR	2	0	NA - NA	\$800 - \$850	NA - NA		
<i>Notes: Townhome development. All units are two stories and include one garage stall, a basement, and 1.5 bathrooms.</i>											
906 Cedar River Dr 906 Cedar River Dr Waverly, IA	1973	8	1	1BR	1	0	NA - NA	\$460 - \$460	NA - NA		
				2BR	7	1	NA - NA	\$525 - \$650	NA - NA		
<i>Notes: Central air conditioning with one carport. Coin-operated laundry in building. Renter pays gas and electric. All units have one bathroom.</i>											
Legacy Apartments 115 4th St SW Waverly, IA	1946	8	2	1BR	7	2	NA - NA	\$400 - \$475	NA - NA		
				3BR	1	0	NA - NA	\$600 - \$600	NA - NA		
<i>Notes: Seven one-bedroom units on main level and the upper level is one three-bedroom unit. Water and sewer included in rent. Primarily occupied by younger individuals that work in Waverly.</i>											
Market Rate Subtotal:		231	14	6.1% vacant							
City of Waverly Total:		301	24	8.0% vacant							

Source: Maxfield Research Inc.

General-Occupancy Rental Housing Location Map



RENTAL MARKET ANALYSIS

- Waverly’s rental housing market is aging, as the median year built for all properties is 1971 and there has not been a new project developed since 1997 (Rolling Meadows). Nearly 38% of the units were constructed in the 1970s while 27% were built in the 1950s. The inventory expanded by 23% in the 1990s and roughly 9% of the units were delivered in the 1960s.
- The two newest projects (Rolling Meadows and Lantern Park) are both tax credit projects that were developed in the 1990s. There has not been a large (8 units or more) market rate rental housing project developed in Waverly since the 1970s.

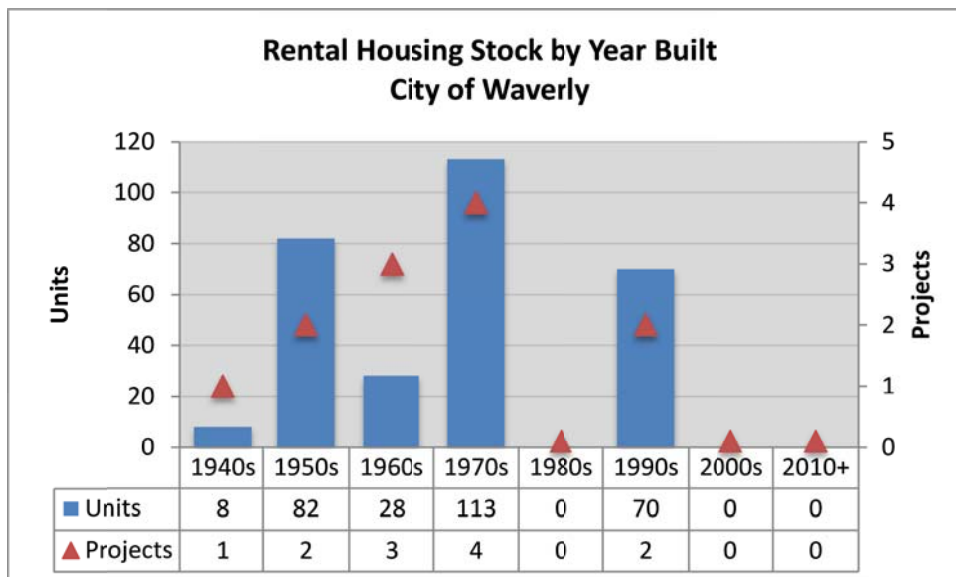


Table E-4 provides a summary of the unit mix, average sizes, and average rental rates among these general occupancy rental properties. Rental rates presented in the table represent rents at the market rate rental properties and are a weighted average based on the number of units in each project. Therefore, developments with a larger number of units contribute more toward the average than those with fewer units.

**TABLE E-4
UNIT MIX SUMMARY
SELECTED GENERAL OCCUPANCY RENTAL DEVELOPMENTS
July 2014**

Unit Type	Unit Mix	Vacant Units	Avg. Size	Market Rate Rents		
				Range Low - High	Avg. Rent	Avg. Rent/Sq. Ft.
Studio/Efficiency	5%	1	365	\$350 - \$385	\$363	\$0.99
1-Bedroom	16%	4	549	\$400 - \$500	\$456	\$0.83
2-Bedroom	65%	17	774	\$425 - \$660	\$540	\$0.70
3+Bedroom	13%	2	1,033	\$580 - \$1,000	\$760	\$0.74
Total:	100%	24	722	\$350 - \$1,000	\$589	\$0.82

Source: Maxfield Research Inc.

RENTAL MARKET ANALYSIS

- At the time of our survey, 24 units were vacant, resulting in an overall vacancy rate of 8.0%. There were a total of 231 market rate units, 14 of which were vacant representing a 6.1% vacancy rate. There are two affordable tax credit projects (Rolling Meadows and Lantern Park) with a total of 70 units, ten of which are vacant for a 14.3% vacancy rate.
- All ten of the vacant tax credit units are located in the Rolling Meadows project. In total, this property contains over 40% of the vacant units in the entire inventory. It's important to note that, according to the manager of Rolling Meadows, the property has generally been 95% occupied in the past and units generally lease quickly.
- As depicted in Table E-4, over 65% of the units in the inventory of general occupancy rental projects are two-bedroom units. Approximately 16% of the units have one bedroom and 13% have three or four bedrooms. Efficiency units comprise roughly 5% of the inventory. Similarly, two-bedroom units comprise 68% of the vacancy in Waverly (15 vacant units), while there are four one-bedroom vacancies (18% of the total). Efficiency, three-bedroom, and four-bedroom units each had one vacancy.
- On average, units in these general occupancy projects are 722 square feet, with efficiency units being the smallest (365 square feet) and three- and four-bedroom units being the largest at 1,033 square feet. One-bedroom units have an average size of 549 square feet, while the two-bedroom units are 774 square feet.
- The weighted average market rate rental rate across all general occupancy properties is \$589 per month with a range of \$350 for an efficiency unit at the Willow Run/Willow Estates project to as high as \$1,000 for a four-bedroom unit at Saints Avenue Apartments.
- Three- and four-bedroom units are the highest priced, averaging \$760 per month, roughly 40% higher than the average monthly rent of \$540 for two-bedroom units. One-bedroom units have an average rent of \$456 per month, while the efficiency units have an average rent of \$363 per month. On a per square-foot basis, efficiency units average \$0.99, compared to \$0.83 in one bedroom units, \$0.70 in the two-bedroom units, and \$0.74 in the three- and four-bedroom units.
- While each property manages utilities differently, heat, water, and sewer are included in the rent at most properties. Most new rental properties (post 2000) require the tenant to pay most, if not all, of the utilities.
- The majority of the properties surveyed provide kitchen appliances and air conditioning. Most of the townhome-style projects have laundry hook-ups and some properties provide garage parking. However, modern features and amenities such as stainless steel appliances, granite countertops, fitness center, swimming pool, community room, patio or balcony, and outdoor living options (fire pit, picnic area, etc.) do not seem to be available at the general occupancy rental properties in Waverly.

RENTAL MARKET ANALYSIS

Table E-5 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Bremer County, as determined by the United States Department of Housing and Urban Development (HUD). Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families residing in financially assisted housing.

TABLE E-5 HUD INCOME AND RENT LIMITS IN BREMER COUNTY 2014								
	---Income Limits by Household Size---							
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
30% AMI	\$15,850	\$18,100	\$20,350	\$22,600	\$24,450	\$26,250	\$28,050	\$29,850
40% AMI	\$21,120	\$24,120	\$27,120	\$30,120	\$32,560	\$34,960	\$37,360	\$39,760
50% AMI	\$26,400	\$30,150	\$33,900	\$37,650	\$40,700	\$43,700	\$46,700	\$49,700
60% AMI	\$31,680	\$36,180	\$40,680	\$45,180	\$48,840	\$52,440	\$56,040	\$59,640
	-----Maximum Gross Rents by Bedroom Size-----							
	0-BR	1-BR	2-BR	3-BR	4-BR			
30% AMI	\$396	\$424	\$509	\$588	\$656			
40% AMI	\$528	\$565	\$678	\$783	\$874			
50% AMI	\$660	\$707	\$848	\$979	\$1,093			
60% AMI	\$792	\$848	\$1,017	\$1,175	\$1,311			
	-----Fair Market Rent by Bedroom Size-----							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$446	\$480	\$650	\$888	\$892			
*Extremely Low Income defined as 30% AMI or less; Very Low Income defined as 30% to 50% AMI; Low-income defined as 50% to 80% AMI								
Sources: HUD; Maxfield Research, Inc.								

- As mentioned previously, there are two affordable projects in Waverly (Rolling Meadows Apartments and Lantern Park Apartments). Both of these are low-income housing tax credit projects and Lantern Park Apartments is also a Rural Development project. Both of these projects have a 40-60 occupancy threshold, meaning that at least 40% of the units must be rent restricted and occupied by households with incomes at or below 60% of AMI. Despite the 40% requirement, all of the units in these two properties are affordable.
- Based on a comparison of the Fair Market Rent and Maximum Gross Rent information presented above to the average market rate rents in Waverly, it appears that many of the market rate units have rental rates that fall below the maximum gross rent limits and would be affordable to households earning less than 60% AMI. A one-person household earning \$31,680 per year (income limit at 60% of AMI) would be able to afford a one-bedroom unit with a monthly rent of \$792 per month which is well-above the average one-bedroom rent in Waverly (\$456 per month).

RENTAL MARKET ANALYSIS

The following are photographs of select general occupancy rental properties in Waverly.



Lantern Park Apartments



Rolling Meadows Apartments



Willow Run and Willow Estates



Westgate Manor



Village Creek



Birch Avenue Apartments

RENTAL MARKET ANALYSIS



Lampe Apartments



702-740 River Park Dr



2100 Bremer Ave



Legacy Apartments

Deep-Subsidy Housing Assistance Program

In addition to deep-subsidy apartments, the Iowa Northland Regional Housing authority administers a “tenant-based” subsidy program 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). 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 Waverly may be eligible for the program if their income is below the current limits shown below, which are set by HUD on an annual basis (50% of the median family income for a geographical area – or “Very Low-Income”). The Iowa Northland Regional Housing Authority administers the program for a six-county area, including Bremer County. They currently have 66 vouchers under lease in Bremer County, 57 of which are in the City of Waverly. The Housing Authority is funded for 313 vouchers, and their waiting list for the six-county area is estimated at one year or more.

Pending Rental Developments

Maxfield Research Inc. interviewed City staff in Waverly and the communities comprising the PMA to identify any new rental developments that are proposed, planned, or under construction in the Market Area. As of July 2014, there are four pending projects, totaling 104 units in the PMA, all of which are located in the City of Waverly.

- Waverly recently received a Community Development Block Grant (CDBG) from the Iowa Economic Development Authority for the construction of 26 new rental housing units in vacant upper story space in Downtown Waverly. This is a scattered site project with the 26 units spread across seven properties. Of the 26 units, 14 will be rented as low- to moderate-income units and 12 will be market rate units. These units are incorporated into our demand calculations presented in the next section.
- An existing business park in Waverly has a plan which would allow for the future development of up to three 12-unit buildings on the east side of the property. However, there are no plans to develop any housing units on this Site in the near future, so we do not include this project in our demand calculations.
- In late 2013, the City approved a plan to develop a 54-unit Section 42 housing tax credit apartment project at 1700 Bremer Avenue in Waverly. However, this project was not funded by the Iowa Housing Authority. A new proposal by a different developer plans for a 30-unit development on the Site. The developer intends to submit an application for a CDBG grant along with another application for Iowa Finance Authority Section 42 funding. This project will be comprised of 16 affordable and 14 market rate units.
- There is also a proposal for a mixed-income 16-unit rental townhome project to be developed near the southwest quadrant of the intersection of 10th Avenue SW and 16th Street SW. Each unit will be 1,400 square feet and consist of three bedrooms and two and one-half bathrooms in two stories. The townhomes will be marketed to low- to middle-income tenants and will include amenities such as grills, picnic tables, and a play area. The developer intends to apply for CDBG disaster funds from the State of Iowa to help finance this project, which will be comprised of nine affordable units and seven market rate units.
- Due to the uncertain funding status of the 30-unit project and the 16-unit project listed above, we do not include these units in our demand calculations.

Rental Housing Demand Analysis

Table E-6 presents our calculation of general-occupancy rental housing demand in Waverly. 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 Waverly that want to upgrade their housing situations.

First, we calculate potential demand from new household growth by age group based on the propensity of households to rent their housing. For the purpose of this analysis, we focus on households between the ages of 18 and 64 that will account for the vast majority of general-occupancy rental demand. Based on an analysis of household growth forecast in specific age cohorts, household growth is projected in the age 25 to 34 age cohort and the 35 to 44 age cohort. The under-25 and 45 to 64 age groups are expected to experience little to no growth. Next, we calculate the percentage of household growth that will likely rent their housing based on 2010 Census data by age group. In 2010, the percentage of renters ranged from about 79% among the under-25 age cohort to 15% among the 45 to 64 age cohort.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on 2008-2012 American Community Survey data and were applied to the existing renter household base. Finally, we estimate the percentage of the existing renter households will seek new rental housing by age cohort resulting in demand for 139 units by 2020.

We estimate that 40% of the total demand for new rental housing units in Waverly will come from people currently living outside of the area. As a result, we find demand for 232 renter households based on household growth and existing households between 2014 and 2020. Due to factors such as the geographic distribution of the renter population in the PMA along with the location of services (entertainment, shopping, education, etc.) in the PMA, we anticipate that the City of Waverly can capture 70% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 162 new general occupancy rental units in Waverly between 2014 and 2020.

Based on a review of renter household incomes and income limits set by HUD, we estimate that approximately 30% of the total demand will be for deep-subsidy housing, 30% will be for shallow-subsidy housing, and 40% will be for market rate housing. Next we subtract housing projects that are under construction or pending at this time at 95% occupancy (equilibrium), since these projects will satisfy some of the demand for new general occupancy rental housing. There is one rental housing project under construction in Waverly (the scattered site Downtown rental housing project) containing a total of 14 shallow-subsidy units and 12 market rate units. Therefore, we find demand in Waverly for 49 deep-subsidy units, 36 additional shallow-subsidy units, and 54 market rate units through 2020.

RENTAL MARKET ANALYSIS

**TABLE E-6
DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING
PRIMARY MARKET AREA
2014 to 2020**

	----- Number of Households -----				
	Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth					
Projected Growth in Household Base by 2020	0	41	60	0	263
(times) Proportion Estimated to Be Renting Their Housing ¹	x 79%	37%	22%	15%	18.0%
(equals) Projected Demand for Rental Housing Units	= 0	15	13	0	47
Demand From Existing Households					
Number of renter households in 2014	238	342	215	348	341
(times) Estimated % of renter turnover between 2014 & 2020 ²	x 67%	67%	54%	54%	48%
(equals) Total Existing Renter Households Projected to Turnover	= 159	229	116	188	164
(times) Estimated % Desiring New Rental Housing ³	x 16%	16%	16%	16%	16%
(equals) Demand From Existing Households	= 26	37	19	30	26
Total Demand From Household Growth and Existing Households	26	52	32	30	74
Total Demand from Household Growth and Existing Households	=	139			
(plus) Demand from outside Market Area (40%)	+	93			
(equals) Total Demand for Rental Housing in the PMA	=	232			
(times) percent of PMA Demand Capturable in the City of Waverly	x	70%			
(equals) Total Demand for Rental Housing the City of Waverly	=	162			
		Deep-Subsidy	Shallow-Subsidy	Market Rate	
(times) Percent of rental demand by product type ⁴	x	<u>30%</u>	<u>30%</u>	<u>40%</u>	
(equals) Total demand for new general occupancy rental housing units	=	49	49	65	
(minus) Units under construction or approved*	-	0	13	11	
(equals) Excess demand for new general occupancy rental housing in Waverly	=	49	36	54	

¹ Based on 2010 Census data.

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

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

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

*Pending competitive units at 95% occupancy.

Source: Maxfield Research Inc.

RENTAL MARKET ANALYSIS

Our competitive inventory identified that the vacancy rate (8.0%) for all types of general occupancy rental product are above market equilibrium (5.0% vacancy rate). As of July 2014, the vacancy rate for market rate rental properties in Waverly was 6.1% while the affordable/tax credit vacancy rate was 14.3%. Roughly three market rate units will need to be absorbed for the market rate properties included in the survey to reach equilibrium. The high tax credit vacancy rate appears to be an anomaly as the Rolling Meadows project has generally maintained a 95% occupancy rate (currently 18.5% vacant), but seven units will need to be rented for the tax credit inventory to reach equilibrium.

Based on the average market rate rent of \$456 per month for a one-bedroom unit in the competitive set of properties, a household would need to have an annual income of roughly \$18,200 or greater to not exceed 30% of its monthly income on rental housing costs. Assuming a renter household spends 20% to 30% of its monthly income on rental housing, the existing inventory of competitive rental properties would target households with annual incomes between \$18,200 and \$27,360. In 2014, there are an estimated 500 households in the PMA in that income range. The number of households in the target income range is expected to decline -16% by 2020 (-80 households).

We estimate that new construction rental housing would require rents of approximately \$800 for a one-bedroom unit. A household would need an annual income of \$32,000 or greater to not exceed 30% of its monthly income on rental housing. In 2014, we estimate that there are roughly 4,900 income-qualified households in the PMA. By 2020, the number of income-qualified households is projected to increase over 10% (+511 households).

Based on this analysis of household incomes, it appears that the target market for the existing supply of rental housing in Waverly is declining, which helps explain why vacancy rates are above equilibrium. However, there appears to be growing demand for new rental housing in the City. Today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Because of the older age of most of Waverly's rental housing inventory, the majority of properties do not provide modern features and amenities. Based on feedback provided by several major employers in Waverly as well as the real estate community, it appears that many renters are choosing to reside in rental communities located outside of Waverly because they can't find suitable housing in the City. We believe that the development of new general occupancy rental housing is needed to increase the variety of housing in the community and provide housing opportunities for a market that currently does not have many options.

Strong demographics from the echo boom generation will likely generate rental housing demand over the next several years. Additionally, there continues to be more lifestyle renters in the market, those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on the upkeep and maintenance of a home. Demand for new market rate rental housing is driven primarily by professional young to mid-age adults and empty nesters. These households tend to have higher incomes and desire rental housing with modern features and higher finish levels.

RENTAL MARKET ANALYSIS

The strongest sources of demand for rental housing in Waverly will likely be young professional singles and couples without children in their late-20s and early-30s who work in Waverly or in nearby communities. Additionally, mid-age households (never-nesters or empty-nesters) could be attracted to Waverly and account for a portion of demand for new rental housing in the area. A rental townhome development could also attract family households, and shallow-subsidy rental housing will draw from a wide variety of population segments, including; low-wage workers, single-parent households, and low-income family households.

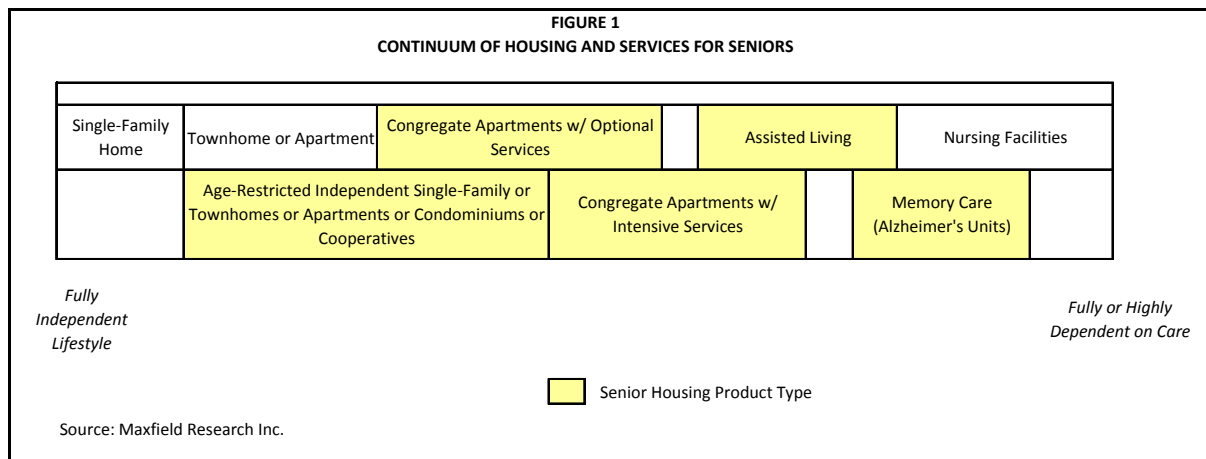
Students at Wartburg College will account for a relatively small proportion of rental housing demand in Waverly. All full-time students at Wartburg are required to live on-campus. However, on-campus housing is generally fully-occupied and some students need to find housing off-campus. Students that are allowed to live off-campus must meet certain criteria, such as; being married, having dependents, living with a parent/guardian within 30 miles, and is at least 23 years old. The College also allows fourth-year students that would like to live off-campus to apply for off-campus residency, but there are Grade Point Average and other requirements that would need to be met. Wartburg College typically releases about 200 students to live off-campus.

Introduction

This section provides an assessment of the market support for senior housing (active adult, congregate, assisted living, memory care, and skilled nursing) in Waverly, Iowa. An overview of the demographic and economic characteristics of the senior population in the PMA is presented along with an inventory of existing and pending senior housing developments in the PMA. 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.

Senior Housing Defined

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



- Active Adult properties (independent living without services available) can have a rental or owner-occupied (condominium or cooperative) format and are similar to a general occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing.

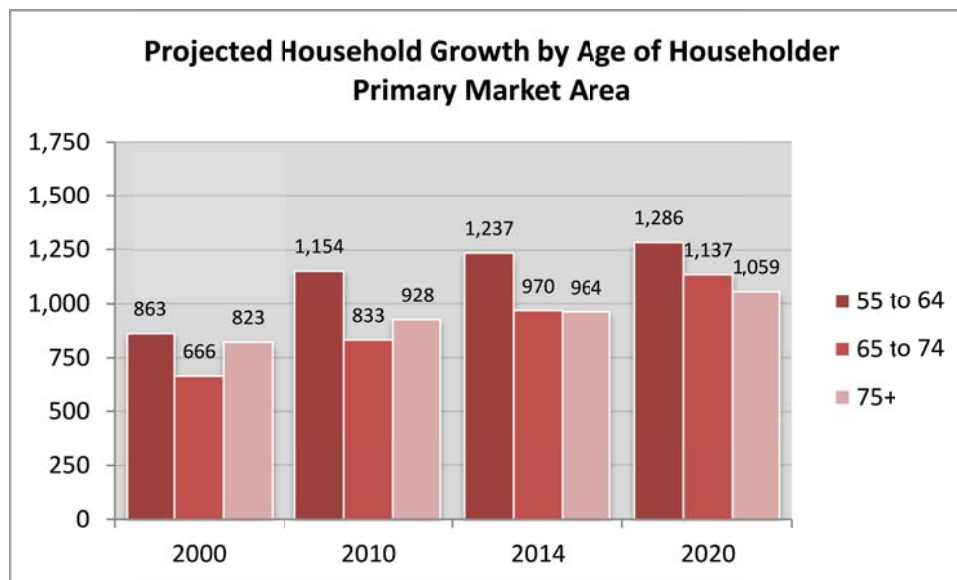
SENIOR HOUSING ANALYSIS

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

Older Adult (Age 55+) Population and Household Trends

The Demographic Analysis section of this study presented general demographic characteristics of the PMA’s population. The following points summarize key findings from that section as they pertain to the older adult population in the Market Area.

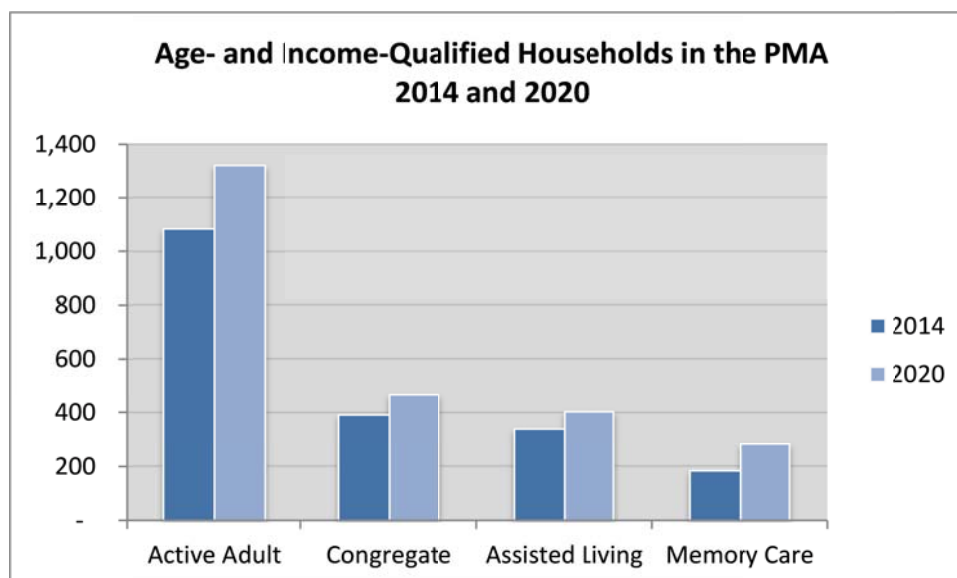
- The greatest growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to an increase of 545 people (+36.4%) in the 55 to 64 population between 2000 and 2010 in the PMA. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years, particularly the 70 to 74 age group which is projected to grow 27.0% (+182 people) in the PMA between 2014 and 2020.



- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, beginning with an income allocation of 40% to 50% for market rate adult senior housing with little or no services, increasing to 65% for congregate housing and to 80% to 90% or more for assisted living housing. The proceeds from the sales of their homes, as well as financial assistance from their adult children, are often used as supplemental income in order to afford senior housing alternatives.

SENIOR HOUSING ANALYSIS

- The key market for active adult/few services housing is comprised of senior households (age 65+), with incomes of \$35,000 or more. The age threshold increases to 70+ if in an apartment-style building. In 2014, we estimate there are 1,084 age- and income-qualified households in the PMA that comprise the key market for active adult housing. Including all households with incomes of \$40,000 and over (adjusted for inflation), the number of 65+ senior households projected to income-qualify for active adult/few services housing is expected to grow to 1,319 households in 2020 (+22%).
- Congregate housing demand is driven by senior households (age 75+) with incomes of \$35,000 or more. We estimate the number of age- and income-qualified households in the PMA as of 2014 to be 393 householders, increasing to 467 (+19%) householders in 2020.
- The target market for assisted living housing is senior households age 75 and older with incomes of at least \$40,000 (plus senior homeowners with lower incomes). There are about 340 older senior households (age 75+) in the PMA with incomes of at least \$40,000. Including all households with incomes of \$45,000 and over (adjusted for inflation), the number of older senior households projected to income-qualify for senior housing with services is expected to grow to 405 households in 2020 (+19%).
- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least \$60,000. In 2014, we estimate that there are approximately 656 age 65+ households in the PMA with incomes of at least \$60,000, accounting for 34% of all senior households. The number of income-qualified (\$65,000 adjusted for inflation) households is projected to increase to 959 by 2020 (+46%). We estimate that roughly 15% of the senior population has a memory impairment and would be a candidate for memory care housing.



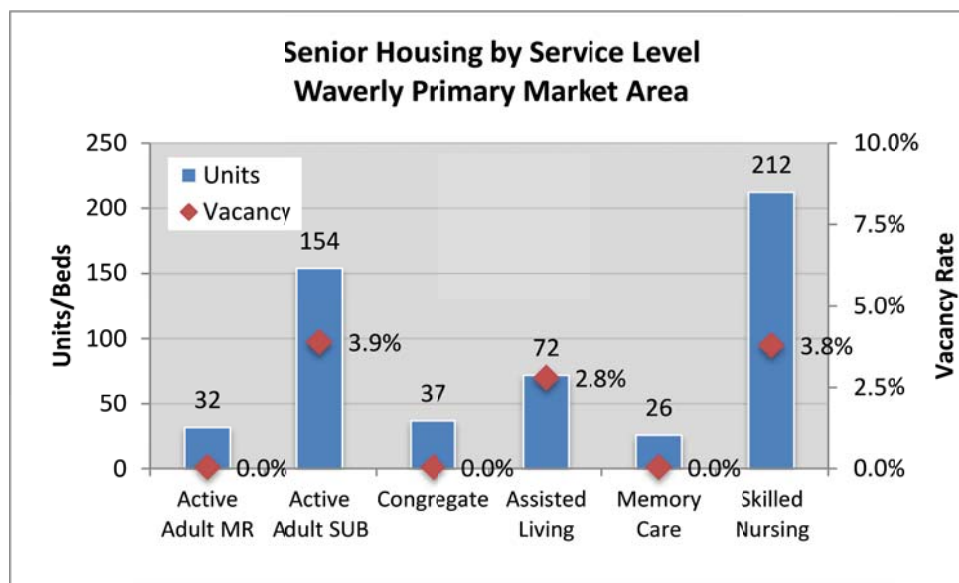
SENIOR HOUSING ANALYSIS

- Since senior housing with services is need-driven, seniors with low incomes are still candidates for private pay housing, provided they have home equity or other financial assistance that they can utilize to pay for the costs. Very low-income seniors who are Medicaid-qualified also could live in assisted living or memory care facilities that accept Elderly Waivers. Due to the limited availability of facilities that accept Elderly Waivers, demand from low-income seniors is often substantial.
- Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing. The PMA maintains relatively high rates of homeownership in the older adult age cohorts. The homeownership rate in 2010 was 88% for age 55 to 64 households compared to 84% throughout Iowa. The PMA homeownership rate increases to 89% for age 65 to 74 households compared to 85% in Iowa. Seniors typically begin to consider moving into senior housing alternatives or more convenient housing such as apartment buildings or twin homes in their early to mid-70s. This movement pattern is demonstrated by the drop in homeownership between the 65 to 74 age cohort (89%) and the 75+ age cohort (76%). This pattern is similar throughout the State which has a homeownership rate drop from 85% (age 65 to 74) to 75% (age 75+).
- With a homeownership rate of 82% for all households over the age of 65, a large number of residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing. These considerations are factored into our demand calculations.
- In 2013, the median sale price of single-family homes in the City of Waverly was \$165,000. Because seniors often reside in older homes, we discount the home values by 15% to estimate a median sale price of homes occupied by seniors. Applying the 15% discount to the 2013 median for the City of Waverly results in an estimated median sale price of \$140,250 for older single-family homes. Based on the discounted 2013 median sale price (\$140,250), a senior household could generate approximately \$2,637 of additional income annually (about \$220 per month), if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).
- Should a senior utilize the home proceeds dollar for dollar to support living in senior housing with services, the proceeds of this home would last nearly six years in congregate housing (monthly rent approximated at \$2,000), over three years in assisted living (monthly rent approximated at \$3,500), or approximately two and one-half years in memory care housing (monthly rent approximated at \$4,500). Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that a large portion of PMA seniors will be financially prepared to privately pay for their housing and services.

Supply of Senior Housing in the Primary Market Area

Table F-1 provides information on the various senior housing products by service-level. Information in the table includes year built, number of units, unit sizes, vacancies, rents, and general comments about each project. The following section summarizes key points from our July 2014 survey of the supply of senior housing in the Waverly PMA.

- Maxfield Research identified seven separate senior housing developments in the Primary Market Area. Combined, these projects contain a total of 321 senior housing units and 212 skilled nursing beds. Four of these projects with 154 units are shallow-subsidy or deep-subsidy, while the remaining facilities are market rate. Of the 533 senior housing units and skilled nursing beds, 16 are currently vacant, representing a 3.0% vacancy rate.



- There are a total of 186 active adult units (32 market rate and 154 shallow/deep-subsidy units), six of which are vacant for a 3.2% vacancy rate. There are no vacant market rate projects, while six subsidized units are vacant (3.9% vacancy). The equilibrium vacancy rate for active adult housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective residents. In effect, the supply of active adult housing in the Market Area appears to be below the adequate level to meet demand.
- Roughly 25% of the inventory consists of service-enhanced housing units, for a total of 135 units (37 congregate, 72 assisted living, and 26 memory care units). As of July 2014, there are only two vacant service-enhanced units (1.5% vacancy rate). A 93% occupancy rate is generally considered equilibrium in service-enhanced senior housing, so the current supply of units appears to be extremely tight.
- There are 212 skilled nursing beds in three facilities in the PMA. Eight of these beds are currently vacant, which represents a 3.8% vacancy rate.

SENIOR HOUSING ANALYSIS

TABLE F-1 SENIOR HOUSING PROJECTS PRIMARY MARKET AREA July 2014									
Project Name/Location	Occp.	No. of	Total	Unit Description		Monthly Rent/Price		Rent/sq. ft.	
	Date	Units	Vacant	Type	Size	Min	Max	Min	Max
ACTIVE ADULT/FEW SERVICES									
Market Rate									
Eisenach Village 1117 Bach Dr Waverly, IA	2009	32	0	2BR	1,137 - 1,400	\$169,900 - \$195,900		\$149 - \$140	
			vacancy rate: 0.0%	2BR+D	1,547 - 1,806	\$217,900 - \$265,900		\$141 - \$147	
	Notes: Part of Bartels Lutheran CCRC. \$325 monthly fee. Total of 92 units planned. Amenities include exterior maintenance, snow removal, access to club house, interior maintenance, lawn care, replacement of major appliances, and free admittance to Wartburg College athletic events and concerts. Bartels will handle the home resale allowing for an entrance fee refund.								
Shallow-Subsidy/Deep-Subsidy									
Waverly Manor 210 15th St NW Waverly, IA	1980	54	1	1BR	500 - 500	\$528 - \$528		\$1.06 - \$1.06	
			vacancy rate: 1.9%						
	Notes: Owned by Elderly Housing Corp of Waverly, Iowa. Project-based Section 8 housing. Six handicap-accessible units. Stove, refrigerator, and garbage disposal provided. Units include ceiling fans and central air conditioning. Utilities included in rent (electric, gas, water, sewer, trash pickup, heat).								
Waverly Homes 320 15th St NW Waverly, IA	1970	48	1	EFF	350 - 350	\$357 - \$357		\$1.02 - \$1.02	
			vacancy rate: 2.1%	1BR	450 - 700	\$440 - \$440		\$0.98 - \$0.63	
				2BR	700 - 700	\$548 - \$548		\$0.78 - \$0.78	
	Notes: Owned by Low-Rent Housing Agency of Waverly. Formerly a public housing project, but converted to Project-based Section 8 housing in July 2014. Five separate buildings comprised of 4 studio units, 42 one-bedroom units and one two-bedroom unit. Handicap/disabled persons also accepted. Roughly 30% of the units currently occupied by non-senior handicap/disabled residents. Waverly homes allows residency by handicap/disabled persons if there is not a unit is not occupied by an elderly household. They have a waiting list of roughly 20 people, over half of which (12) are handicap/disabled persons.								
Prairie Court 711 W Barrick Rd Janesville, IA	1980	24	2	1BR	588 - 588	\$350 - \$550		\$0.60 - \$0.94	
			vacancy rate: 8.3%						
	Notes: Applications are in for both vacancies and the manager expects them to be filled soon. Six separate affordable four-unit buildings. USDA Rural Development Section 515 Rural Rental Housing Program. Renter pays 30% of income for rent. Available to households earning 50% or less of AMI.								
Community Retirement Village 115 N Hilton Clarksville, IA	NA	28	2	1BR	NA - NA	\$338 - \$427		NA - NA	
			vacancy rate: 7.1%	2BR	NA - NA	\$406 - \$513		NA - NA	
	Notes: USDA determines rent based on individual's income and assets. For tenants that qualify, monthly rent will be no more than 30% of their adjusted income. Utilities (except cable/phone) are included in monthly rent. Units feature eat-in kitchen with stove/refrigerator, coin-operated laundry near each unit, and parking spaces provided.								
		Total	Vac.	Vac.%					
		Active Adult (Market Rate) Total:	32	-	0.0%				
		Active Adult (Affordable) Total:	154	6	3.9%				
----- continued -----									

SENIOR HOUSING ANALYSIS

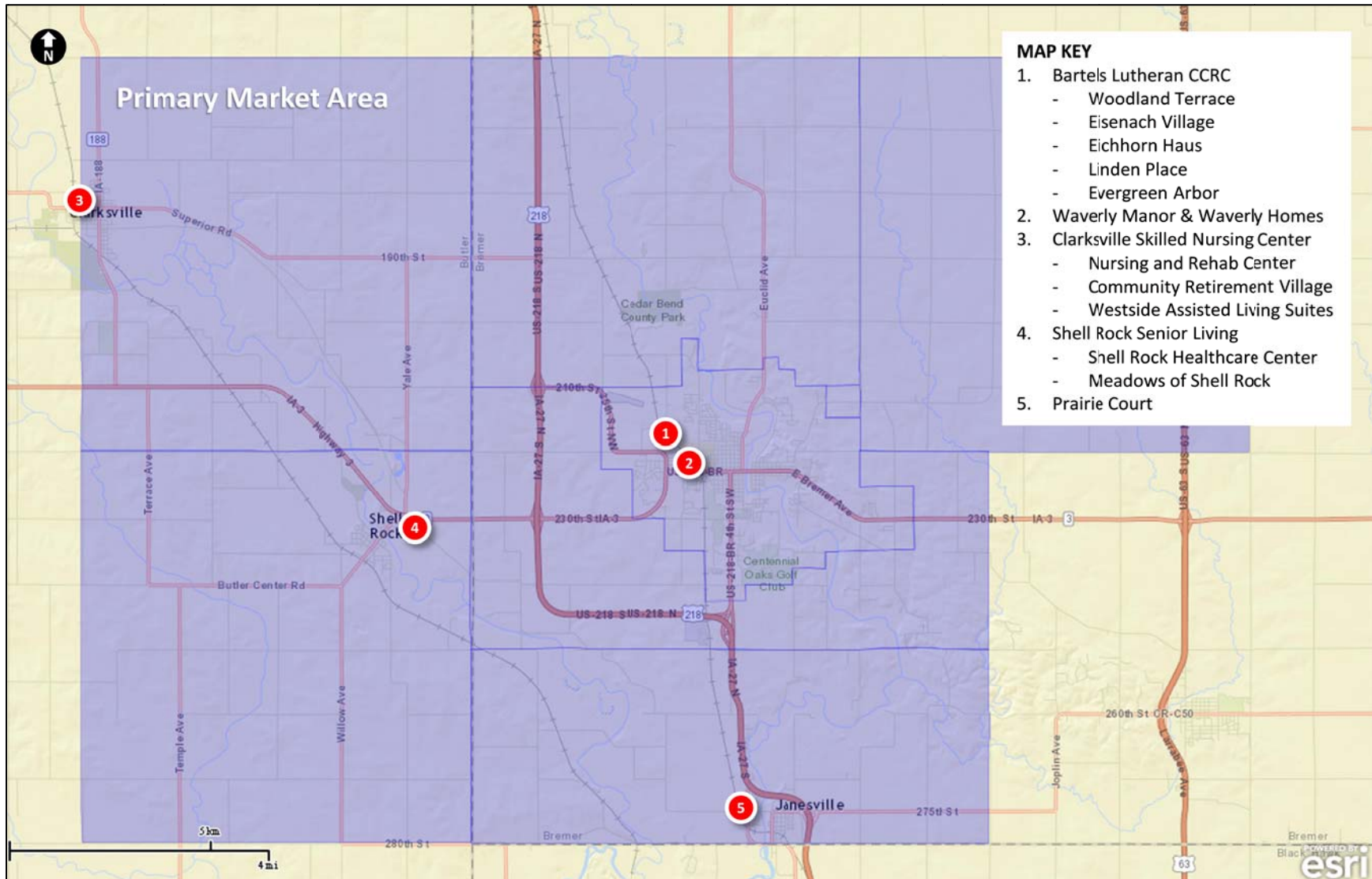
TABLE F-1 continued SENIOR HOUSING PROJECTS PRIMARY MARKET AREA July 2014									
Project Name/Location	Occp.	No. of	Total	Unit Description		Monthly Rent		Rent/sq. ft.	
	Date	Units	Vacant	Type	Size	Min	Max	Min	Max
CONGREGATE									
Eichhorn Haus 1804 5th Ave NW Waverly, IA	1987	37	0	1BR	672 - 816	\$110,000 - \$135,000		\$164 - \$165	
			vacancy rate: 0.0%	2BR	864 - 1,344	\$135,000 - \$170,000		\$156 - \$126	
	Notes: Part of Bartels Lutheran CCRC. Monthly fee ranges from \$540 to \$800 per month. Fee covers exercise classes, daily noon meal, 24-hour urgent response system, monthly health screening, bi-weekly housekeeping, and water, sewer, gas and electricity. Optional services include catering, wellness facilities, garage parking, additional housekeeping and maintenance.								
		Total	Vac.	Vac.%					
	Congregate Total:	37	-	0.0%					
ASSISTED LIVING									
Linden Place 1802 5th Ave NW Waverly, IA	1999	30	0	EFF	413 - 413	\$110 - \$150		\$8.10 - \$11.05	
			vacancy rate: 0.0%	1BR	508 - 508	\$125 - \$165		\$7.48 - \$9.88	
				2BR	844 - 844	\$140 - \$180		\$5.05 - \$6.49	
	Notes: Part of Bartels Lutheran CCRC. Fees are a set daily rate based on apartment size and service plan, ranging from \$114 for a studio with the basic plan to \$184 for the enhanced plan with a 2-bedroom unit. 3 service levels including 3 meals/day, 24-hour emergency respons, bi-monthly housekeeping, personal laundry (weekly), utilities and basic cable, and scheduled transportation. Level 2 includes medication management, bathing assistance, and weekly housekeeping. Level 3 also includes incontinence management, hygiene needs, and dressing.								
Meadows of Shell Rock 528 N Kelly St Shell Rock, IA	NA	30	2	EFF	NA - NA	NA - NA		NA - NA	
			vacancy rate: 6.7%	1BR	NA - NA	NA - NA		NA - NA	
				2BR	NA - NA	NA - NA		NA - NA	
	Notes: Units feature private bathrooms, full-size kitchen, and emergency call system. Services include meal programs, home care assistance, medication management, escorts, safety checks, health monitoring, and 24-hour staffing.								
Westside Assisted Living Suites 110 Ely St Clarksville, IA	2013	12	0	EFF	NA - NA	\$2,300 - \$2,300		NA - NA	
			vacancy rate: 0.0%	1BR	NA - NA	\$2,700 - \$2,700		NA - NA	
				2BR	NA - NA	\$3,000 - \$3,000		NA - NA	
	Notes: Amenities include 24-hour security, dining room, activity room, library, laundry room, fitness center, beauty salon, and spa. Units include a kitchen and bathroom.								
		Total	Vac.	Vac.%					
	Assisted Living Total:	72	2	2.8%					
MEMORY CARE									
Evergreen Arbor 1922 5th Ave Waverly, IA	2000	26	0	Private	NA - NA	\$220.00 - \$230.00		NA - NA	
			vacancy rate: 0.0%	Semi-Priv	NA - NA	\$205.00 - \$215.00		NA - NA	
	Notes: Part of Bartels Lutheran CCRC. 22 private rooms and four semi-private rooms. Features include security system, safe serving kitchen, activity lounge, beauty shop, dining rooms, aviary, indoor walking path, lounge, and secured courtyard. Available services include laundry, dry cleaning, transportation, and newspaper delivery.								
		Total	Vac.	Vac.%					
	Memory Care Total:	26	0	0.0%					

Sources: Maxfield Research Inc.

SENIOR HOUSING ANALYSIS

TABLE F-2 SKILLED NURSING CARE FACILITIES PRIMARY MARKET AREA July 2014						
Project Name/Location	Occp. Date	No. of Beds	Total Vacant	Unit Type	Daily Rate	
					Min	Max
Woodland Terrace Nursing Center 1922 5th Ave NW Waverly, IA	1967	126	3 vacancy rate: 2.4%	semi-private	\$198.00 - \$208.00	
				small private	\$215.00 - \$225.00	
				large private	\$225.00 - \$235.00	
Notes: Part of Bartels Lutheran Retirement CCRC. Includes 30 CCDI beds. Features a chaplaincy program, pharmacy services, community room, outdoor courtyards, meals, hospice care, private dining rooms, sun rooms, activities, and a greenhouse. Medicare and Medicaid certified.						
Clarksville Skilled Nursing & Rehab Ctr. 115 N Hilton St Clarksville, IA	1975	42	0 vacancy rate: 0.0%	double room	\$159.50 - \$179.50	
				private room	\$184.60 - \$204.50	
Notes: Private room rate ranges from \$184.60 for basic care, \$194.50 for intermediate care, and \$204.50 for enhanced care. Double room rates range from \$159.50 for basic care, \$169.50 for intermediate care, and \$179.50 for enhanced care. Amenities include three meals daily, on-site cosmetologist, transportation, chapel, and a multipurpose room and solarium.						
Shell Rock Healthcare Center 920 N Cherry St Shell Rock, IA	NA	44	5 vacancy rate: 11.4%	NA - NA	\$144.70 - \$155.70	
Notes: Medicare/Medicaid certified 24-hour skilled nursing services. Services include short-term rehab, hospice, activity programs, dietary services, worship, and therapy.						
Total Skilled Nursing Beds:		212	8	3.8% Vacancy Rate		
Source: Maxfield Research Inc.						

Primary Market Area Senior Housing and Skilled Nursing Projects Location Map



SENIOR HOUSING ANALYSIS

The following are photographs of select senior housing facilities in Waverly:



Eisenach Village



Waverly Manor



Waverly Homes



Eichhorn Haus



Linden Place



Evergreen Arbor and Woodland Terrace

SENIOR HOUSING MARKET ANALYSIS

- The City of Waverly contains three developments with over 66% of the senior housing units and skilled nursing beds (353 units/beds) in the PMA. However, only 31% of the vacant units/beds (five vacancies) are located in Waverly.
- Waverly Homes and Waverly Manor are project-based Section 8 elderly housing facilities in Waverly. Waverly Manor is a 54-unit facility built in 1980 with one vacant unit (1.9% vacancy rate). All units in this project are 500-square foot one-bedroom units. Waverly Homes is a 48-unit project with one vacancy (2.1%) built in 1970. This was formerly a public housing project, but it just converted to project-based Section 8 housing in July 2014. Roughly 70% of the units are occupied by seniors, but they also accept non-senior handicap/disabled persons if there are available units. They currently have a waiting list of 20 people, over half of which are handicap/disabled persons.
- The Bartels Lutheran Retirement Community, a Continuum of Care Retirement Community (CCRC) is the largest senior housing development in the PMA, with 251 senior housing units and skilled nursing beds on a 20-acre campus offering skilled nursing care, Alzheimer's care, assisted living, and two active adult communities. There are a total of three vacancies in the entire development, representing a 1.2% vacancy rate.
 - Woodland Terrace is a 126-bed skilled nursing and rehab center with three vacant beds (2.4% vacancy). The facility provides a variety of semi-private, small private, and large private suites with a daily rate ranging from \$198 to \$235.
 - Evergreen Arbor, a 26-suite memory care unit attached to Woodland Terrace, is fully-occupied.
 - Linden Place is a fully-occupied 30-unit assisted living facility with a mix of 413-square foot efficiency units, 508-square foot one-bedroom units, and 844-square foot two-bedroom units. Fees are a set daily rate ranging from \$110 to \$180 based on apartment size and the service plan.
 - Eichhorn Haus is a 37-unit owner-occupied independent living project with some services available. Unit purchase prices range from \$110,000 to \$170,000 and monthly fees range from \$540 to \$800. Fees cover services such as exercise classes, daily noon meal, urgent response system, bi-weekly housekeeping, and utilities.
 - Eisenach Village is a 92-unit owner-occupied active adult development, 32 of which are built and occupied. Sale prices range from \$169,900 for a 1,137-square foot two-bedroom unit to \$265,900 for a 1,806-square foot two-bedroom plus den unit. There is also a \$325 monthly fee for services such as interior and exterior maintenance, snow removal, lawn care, and access to the club house.

SENIOR HOUSING MARKET ANALYSIS

- Roughly 15% of the inventory and 12.5% of the vacant units are located in Clarksville, with 82 total units (two vacancies). Shell Rock contains 14% of the units (74), but 44% of the vacant units and beds (seven vacancies). There is also one 24-unit project in Janesville (4.5% of the inventory), which has two vacancies (12.5% of the PMA's supply of vacant units).
- The Clarksville Skilled Nursing and Rehabilitation Center as well as the Westside Assisted Living Suites developments in Clarksville are both fully-occupied. Westside Assisted Living opened in 2013 with monthly fees ranging from \$2,300 to \$3,000. The Community Retirement Village in Clarksville is an affordable active adult project with 28 units, two of which are vacant (7.1% vacancy rate). Monthly rents will not exceed 30% of the residents' adjusted gross income.
- The Meadows of Shell Rock and Shell Rock Healthcare Center are adjacent facilities containing 30 assisted living units and 44 skilled nursing beds. There are two vacant assisted living units (6.7% vacancy rate) and five vacant skilled nursing beds (11.4%). Assisted living units feature private bathrooms, full-size kitchens, and emergency call systems. Services include meal programs, home care assistance, medication management, escorts, safety checks, health monitoring, and 24-hour staffing. Unit sizes and monthly rents for the assisted living facility were not provided at the time of our survey.
- Prairie Court is an affordable active adult project located in Janesville. At the time of our interview with the facility manager, there were two vacancies (8.3%), but the manager had received applications for both units. Units are available to households earning 50% or less of AMI, and the resident pays 30% of adjusted gross income for rent.
- We incorporate these existing units into the demand calculations presented later in this report, but not all units are included. Because many of the facilities are located near the edges of the PMA boundary, those facilities would have a draw area that overlaps with the PMA for Waverly. As such, we adjust the number of competitive units based on the location of the property in the PMA. We consider all of the projects located in the Cities of Waverly and Shell Rock to be competitive, so we include 100% of the units in the demand calculations. Senior housing projects located in Clarksville would pull residents from areas to the north and west, while senior housing in Janesville would pull residents from the south of the PMA. As such, we reduce the number of competitive units in these senior housing facilities by 50%.
- Maxfield Research Inc. also interviewed City staff in Waverly and the surrounding communities to determine pending and planned rental developments. As of July 2014, there are no senior housing projects planned in the PMA other than Eisenach Village. As mentioned previously, Eisenach Village is a 92-unit owner-occupied development, 32 of which are built and occupied. Another 60 units are planned.

Market Rate Adult/Few Services Senior Housing Demand

Table F-3 presents our demand calculations for market rate active adult/few services housing in the PMA in 2014 and 2020. The market for active adult/few services housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes of \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort. We estimate there are 2,396 age-, income- and asset-qualified PMA households that comprise the market for active adult housing in 2014, increasing to 2,624 qualified households in 2020.

Adjusting to include appropriate capture rates for each age cohort (0.5% of households age 55 to 64, 5.0% of households age 65 to 74, and 12.0% of households age 75 and older) results in a demand potential for 114 active adult housing units in 2014 and 123 units in 2020. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be able, willing, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for active adult housing – increasing demand to 152 active adult units in 2014. Demand from outside the PMA includes parents of adult children living in the area, individuals who live outside the PMA but have an orientation to the area and former residents who desire to return upon retirement.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of Waverly can capture 70% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 106 market rate active adult units in Waverly in 2014, growing to 115 units in 2020.

Demand for active adult/few services housing in the PMA is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates and trends for senior ownership product, we project that 60% of the demand will be for owner-occupied active adult housing (64 units in 2014), and the remaining 40% of demand will be for rental active adult housing units (43 units in 2014).

From the demand potential, we subtract existing and pending active adult units in the PMA at 95% occupancy. In total, there are 32 existing and 60 pending owner-occupied units in Waverly located at Eisenach Village. We did not identify any market rate active adult rental units in the PMA.

SENIOR HOUSING MARKET ANALYSIS

In total, we find that the current/planned supply of owner-occupied active adult units is adequate to meet projected demand, but we calculate pent-up demand for 43 renter-occupied units in 2014. Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and home-owners with incomes of \$30,000 to \$39,999 would be candidates for market rate active adult housing in 2020. Following the same methodology, we project a slight increase in demand to 46 renter-occupied units by 2020.

TABLE F-3 MARKET RATE ADULT/FEW SERVICES HOUSING DEMAND PRIMARY MARKET AREA 2014 & 2020						
	2014			2020		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	973	691	393	1,051	852	467
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	+ 60	+ 117	+ 239	+ 55	+ 87	+ 169
(times) Homeownership Rate	x 88%	x 89%	x 76%	x 88%	x 89%	x 76%
(equals) Total Potential Market Base	= 1,026	= 795	= 575	= 1,099	= 929	= 595
(times) Potential Capture Rate	x 0.5%	x 5.0%	x 12.0%	x 0.5%	x 5.0%	x 12.0%
(equals) Demand Potential	= 5	= 40	= 69	= 5	= 46	= 71
Potential Demand from PMA Residents	= 114			= 123		
(plus) Demand from Outside PMA (25%) ²	+ 38			+ 41		
(equals) Total Demand Potential	= 152			= 165		
(times) Percent capturable in Waverly	x 70%			x 70%		
(equals) # of units supportable in Waverly	= 106			= 115		
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 60%	x 40%		x 60%	x 40%	
(equals) Demand Potential by Product Type	= 64	= 43		= 69	= 46	
(minus) Existing and Pending MR Active Adult Units ³	- 30	- 0		- 87	- 0	
(equals) Excess Demand for MR Active Adult Units	= 34	= 43		= -18	= 46	
¹ 2020 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999. ² Based on interviews and historical trends. We estimate that roughly 25% of demand will come from outside the PMA. ³ Existing and pending are deducted at market equilibrium (95% occupancy).						
Source: Maxfield Research Inc.						

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

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

- **Income-Qualifications:** In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55+ that qualify for the income guidelines for two-person households in 2014. Households earning between 30% and 60% of AMI are generally candidates for affordable housing, while households earning less than 30% AMI are typically a market for subsidized housing. The income-restriction for a two-person household at 30% AMI is \$18,100 and the income-restriction for a two-person household at 60% AMI is \$36,180.
- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the PMA, we apply a conservative 20% capture rate to the age/income-qualified market in the PMA to arrive at a total potential demand from the PMA.

Using the methodology described above results in a demand potential for 190 shallow-subsidy and deep-subsidy active adult housing units in 2014. We estimate that seniors currently residing outside the PMA will generate 25% of the demand for shallow/deep-subsidy active adult housing – increasing demand to 253 units.

Based on the distribution of households with incomes below \$36,000, we estimate that roughly half of the demand will be for deep-subsidy units and half will be for shallow-subsidy units. Next we subtract existing competitive units. There are two deep-subsidy projects in Waverly with 102 units and two shallow-subsidy projects in the PMA with a total of 52 units.

We adjust the number of competitive units based on the property location in the PMA. Overall, we subtract 97 deep-subsidy units and 25 shallow-subsidy units from the demand potential after accounting for a 5% vacancy rate. Subtracting these units results in excess demand from PMA seniors for about 29 deep-subsidy units and 101 shallow-subsidy units in 2014. To calculate demand in 2020, we increase the income-qualifications to account for inflation. Following the same methodology, demand is projected to increase to 36 deep-subsidy units and 108 shallow-subsidy units in 2020.

SENIOR HOUSING MARKET ANALYSIS

We anticipate that the City of Waverly can capture 70% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 21 deep-subsidy units and 71 shallow-subsidy units in Waverly in 2014. Demand is expected to grow to 25 deep-subsidy and 76 shallow-subsidy units in 2020.

	2014			2020		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$36,000	271	286	581	235	285	591
Less Households w/ Incomes of \$30,000 to \$35,999 ¹ (times) Homeownership Rate	- 37 x 88%	66 89%	129 76%	- 33 x 88%	39 89%	62 76%
(equals) Total Potential Market Base by Age	= 238	227	483	= 206	250	544
(equals) Total Potential Market Base	=	949		=	1,000	
(times) % of Seniors Needing/Desiring Affordable Hsg (equals) Potential Demand from PMA	x	<u>20.0%</u> =	190	x	<u>20.0%</u> =	200
(plus) Demand from Outside PMA (25%) (equals) Total Demand Potential		+ 63 =	253		+ 67 =	267
	<u>Deep-Sub.</u>	<u>Shallow-Sub.</u>		<u>Deep-Sub.</u>	<u>Shallow-Sub.</u>	
(times) % by Product Type	x <u>50%</u>	x <u>50%</u>		x <u>50%</u>	x <u>50%</u>	
(equals) Demand Potential by Product Type	= 126	= 126		= 133	= 133	
(minus) Existing and Pending Independent Units ² (equals) Excess Demand for Subsidized Units	- 97 =	- 25 =	101	- 97 =	- 25 =	108
(times) Percent that could be captured in Waverly	x	70%		x	70%	
(equals) Excess subsidized demand in Waverly	=	21	71	=	25	76

¹ 2020 calculations define income-qualified households as all households with incomes less than \$40,000. Homeowner households with incomes between \$35,000 and \$39,999 are excluded from the market potential for financially-assisted housing.
² Existing units are deducted at market equilibrium, or 95% occupancy.

Source: Maxfield Research Inc.

Demand for Congregate Senior Housing

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

In order to arrive at the potential age-income qualified base for congregate senior housing, we include all senior households with incomes of \$35,000 or more and homeowners with incomes between \$25,000 and \$35,000 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort). Senior householders with incomes of \$35,000 allocating 65% of their income toward base housing cost

SENIOR HOUSING MARKET ANALYSIS

could afford beginning rents of \$1,900. We estimate the number of age/income/asset-qualified households in the Market Area to be 1,370 householders in 2014, increasing to 1,525 in 2020.

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

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

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

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs, and are more likely to be candidates for service-intensive assisted living. The prime candidates for congregate living are seniors needing assistance with IADLs, but not ADLs. We derive the capture rate for congregate housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors 75+. For the purposes of this report and understanding current market conditions, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75+ age group to 13.0%. Multiplying the senior household base by these capture rates results in Market Area demand potential for 87 congregate housing units in 2014 and 91 units in 2020.

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for congregate senior housing – increasing total demand by 29 congregate units. This demand consists primarily of parents of adult children living in the PMA, individuals who live just outside the PMA and have an orientation to the area, retirees who wish to relocate to the area and former residents who desire to return upon retirement. Together, the demand from PMA seniors and demand from seniors who would relocate to the area totals about 116 congregate units.

Next, existing congregate units are subtracted from overall demand. There is one market rate property with a total of 37 congregate units in the PMA. Overall, we subtract 35 competitive units after accounting for a 5% vacancy rate from the demand potential, resulting in excess demand potential for 81 congregate units in 2014, increasing to 87 units in 2020.

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Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of Waverly can capture 70% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 56 congregate units in Waverly in 2014, growing to 61 congregate units in 2020.

TABLE F-5 CONGREGATE LIVING DEMAND PRIMARY MARKET AREA 2014 & 2020				
	2014		2020	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$35,000+ in 2014 / \$40K in 2020 (plus)	691	393	852	467
+ # of Hhldrs w/ Incomes of \$25K - \$35K in 2014 / \$30K - \$40K in 2020	117	239	87	169
(times) Homeownership Rate	x <u>89%</u>	<u>76%</u>	x <u>89%</u>	<u>76%</u>
(equals) Potential Market	= 104	182	= 77	128
(equals) Total Potential Market Base	= 795	575	= 929	595
(times) Potential Capture Rate of Congregate Living Demand ¹	x <u>1.5%</u>	<u>13.0%</u>	x <u>1.5%</u>	<u>13.0%</u>
(equals) Potential Demand	= <u>12</u> + <u>75</u>		= <u>14</u> + <u>77</u>	
Total Local Demand Potential	= 87		= 91	
(plus) Demand from Outside the PMA (25%)	+ 29		+ 30	
(equals) Total Demand Potential	= 116		= 122	
(minus) Existing Competitive Units ²	- 35		- 35	
(equals) Excess Limited-Care Demand Potential	= 81		= 87	
(times) Proportion Capturable in Waverly	x 70%		x 70%	
(equals) Excess Limited-Care Demand Potential in Waverly	= 56		= 61	
¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).				
² Competitive existing and pending units at 95% occupancy (market equilibrium).				
Source: Maxfield Research Inc.				

Assisted Living Demand Estimate

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

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Associa-

SENIOR HOUSING MARKET ANALYSIS

tion of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2014, there are an estimated 1,467 seniors ages 75 and over in the PMA. We project that this number will increase to 1,611 in 2020.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U. S. Census Bureau (1990 & 1991 panels of the Survey of Income and Program Participation (SIPP) files), about 30% of seniors needed assistance with everyday activities (from 19.5% of 75-to-79-year-olds, to 31.2% of 80-to-84-year-olds and 49.5% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of an estimated 498 seniors in the PMA in 2014 and 533 units in 2020.

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

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

Seventy six percent of age 75+ households in the PMA are homeowners and the estimated median sale price of older homes in the City in 2013 was \$140,250. Seniors selling their homes for the median price would generate about \$132,000 in proceeds after selling costs. Using an average monthly fee of \$3,500, these proceeds would last approximately 3.2 years (38 months) in assisted living housing, which is longer than the average length of stay in assisted living (20 months according to the 2009 Overview of Assisted Living).

We estimate the income-qualified percentage to be all seniors in households with incomes at or above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market for about 259 units from the PMA in 2014.

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TABLE F-6
MARKET RATE ASSISTED LIVING DEMAND
PRIMARY MARKET AREA
2014 & 2020

Age group	2014			2020		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	520	19.5%	101	615	19.5%	120
80 - 84	394	31.2%	123	437	31.2%	136
85+	553	49.5%	274	559	49.5%	277
Total	1,467		498	1,611		533
Percent Income-Qualified ²			52%			53%
Total potential market			259			282
(times) Percent living alone			x 57%			57%
(equals) Age/income-qualified singles needing assistance			= 148			161
(plus) Proportion of demand from couples (12%) ³			+ 20			22
(equals) Total age/income-qualified market needing assistance			= 168			183
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from PMA residents			= 67			73
(plus) Proportion from outside the PMA (25%)			+ 22			24
(equals) Total potential assisted living demand			= 89			98
(minus) Existing market rate assisted living units ⁵			- 49			49
(equals) Total excess market rate assisted living demand			= 40			49
(times) Percent that could be captured in Waverly			x 70%			70%
(equals) Excess market rate assisted living demand			= 28			34

¹ The percentage of seniors needing assistance with ADLs, based on the 1990 & 1991 panels of the Survey of Income and Program Participation (SIPP) files, conducted by the U.S. Census Bureau.

² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.

⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

⁵ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.

Source: Maxfield Research Inc.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the PMA living alone, or 57% based on Census data. This results in a total base of about 148 age/income-qualified singles.

SENIOR HOUSING MARKET ANALYSIS

The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 168 age/income-qualified seniors needing assistance in the PMA in 2014.

We estimate that 60% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 67 assisted living units in 2014.

We estimate that a portion of demand for assisted living units in the PMA (25%) will come from outside the area. This secondary demand will include seniors currently living just outside the area, former residents, and parents of adult children who desire supportive housing near their adult children. Applying this figure results in total potential demand for 89 assisted living units in 2014.

Next, existing and pending assisted living units are subtracted from overall demand. There are three existing assisted living properties in the PMA with a total of 72 units. However, we adjust the number of units based on location within the PMA, and exclude estimated units occupied by low-income seniors utilizing Elderly Waivers (13 units).

Subtracting these existing units (minus a 7% vacancy factor) from the total demand equates to excess demand potential for 40 market rate assisted living units in the PMA in 2014, increasing to 49 units in 2020. We anticipate that the City of Waverly can capture 70% of the excess assisted living demand potential in the PMA. Based on this capture rate, we find demand for 28 assisted living units in Waverly in 2014, growing to 34 units in 2020.

Demand for Memory Care Senior Housing

Table F-7 presents our demand calculations for memory care housing in Waverly in 2014 and 2020. Demand is calculated by starting with the estimated PMA senior (ages 65+) population in 2014 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. This yields a potential market of about 438 seniors in the PMA. We project that this number will climb to 473 in 2020.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 110 seniors in the PMA in 2014 and 118 in 2020.

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Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,500. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing. Based on our review of senior household incomes in the PMA, homeownership rates, and home sale data, we estimate that 42% of all seniors in the PMA have incomes and/or assets to sufficiently cover the costs for memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the potential market (110 seniors) by 42% results in a total of about 46 income-qualified seniors in the PMA in 2014.

TABLE F-7 MEMORY CARE DEMAND PRIMARY MARKET AREA 2014 & 2020		
	2014	2020
65 to 74 Population	1,613	1,894
(times) Dementia Incidence Rate ¹	x <u>2%</u>	x <u>2%</u>
(equals) Estimated Senior Pop. with Dementia	= 32	= 38
75 to 84 Population	914	1,052
(times) Dementia Incidence Rate ¹	x <u>19%</u>	x <u>19%</u>
(equals) Estimated Senior Pop. with Dementia	= 174	= 200
85+ Population	553	559
(times) Dementia Incidence Rate ¹	x <u>42%</u>	x <u>42%</u>
(equals) Estimated Senior Pop. with Dementia	= 232	= 235
(equals) Total Population with Dementia	438	473
(times) Percent Needing Specialized Memory Care Assistance	x <u>25%</u>	<u>25%</u>
(equals) Total Need for Dementia Care	= 110	= 118
(times) Percent Income/Asset-Qualified ²	x <u>42%</u>	x <u>45%</u>
(equals) Total Income-Qualified Market Base	= 46	= 53
(plus) Demand from Outside the Market Area (25%)	+ <u>15</u>	+ <u>18</u>
Total Demand for Memory Care Units	61	71
(minus) Existing and Pending Memory Care Units ³	- 21	- 21
(equals) Excess Primary Market Area Demand Potential	= 40	= 50
(times) Estimated Percent Capturable on Site	x 70%	x 70%
(equals) Memory Care Demand Capturable on Site	= 28	= 35
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)		
² Income greater than \$60,000 in 2014 and greater than \$65,000 in 2020, plus some lower-income homeowners.		
³ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.		
Source: Maxfield Research Inc.		

SENIOR HOUSING MARKET ANALYSIS

We estimate that 25% of the overall demand for memory care housing would come from outside the PMA, for a total demand for 61 units in 2014. Currently, there is one 26-unit memory care facility in the PMA. We subtract 15% of these units (excluding public Elderly Waivers) and allocate a 7% vacancy factor for a total of 21 existing units. This reduces excess demand potential in the PMA to 40 units in 2014. Excess demand is expected to grow to approximately 50 units in 2020. We anticipate that the City of Waverly can capture 70% of the excess memory care demand potential in the PMA. Based on this capture rate, we find demand for 28 assisted living units in Waverly in 2014, growing to 35 units in 2020.

Demand for Skilled Nursing Care

According to the United States Department of Health and Human Services, there are 444 licensed nursing facilities in Iowa with 35,058 beds. Based on current population estimates for the State, this equates to roughly 77 nursing beds per 1,000 residents age 65 and older and 475 beds per 1,000 people age 85 and older. Iowa is aggressively reducing the bed count throughout the State as alternative care options are made available to seniors. In 2000, there were nearly 85 beds per 1,000 people age 65 and older (569 beds for the 85 and older age group).

As shown in the following figure, the bed to population ratios in the PMA are slightly lower than Iowa, but significantly higher than the Nation.

	PMA	Iowa	United States
Beds/1,000 pp 65+	69	77	41
Beds/1,000 pp 85+	383	475	297

Sources: US Dept. of Human Services; Maxfield Research, Inc.

The demand methodology for nursing home beds, as shown in Table F-8, begins with the estimated senior population in 2014 and 2020 in each age cohort, age 65 to 84 as well as 85 and older. We apply specific utilization rates for each age cohort based on the most recent information available from the Centers for Medicare and Medicaid Services Nursing Home Compendium (2012). Utilization rates of 2.4% for seniors age 65 to 84 and 18.8% for age 85 and older are applied to the PMA senior population, equating to demand for an estimated 165 nursing beds from PMA seniors in 2014.

Due to the decline in disability rates, shortened nursing home stays and increased utilization of alternatives to nursing home services (i.e. home health care, assisted living facilities, memory care housing, etc.), utilization rates have been declining. The trend of declining utilization of nursing beds is projected to continue. Based on historical trends and forecast information, the 2020 utilization rates are adjusted to 2.0% among the 65 to 84 cohort and 17.1% among the 85 and older age group in the PMA. While the population in these age cohorts is projected to grow, utilization rates are expected to decline. As such, total skilled nursing bed demand will decline slightly to 155 beds by 2020.

SENIOR HOUSING MARKET ANALYSIS

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for skilled nursing – increasing total demand to 219 beds in 2014. We then subtract the existing nursing beds in the PMA at 90% occupancy, 95% (the most recent occupancy rate in the PMA), and 100% occupancy.

As shown in Table F-8, there is very limited demand potential for additional skilled nursing beds in the PMA. At 90% occupancy, we estimate that there is currently demand for another 29 skilled nursing beds in the PMA. Demand potential declines to 18 beds at 95% occupancy and seven beds at full occupancy. Due to the declining utilization rates, we anticipate that demand for additional skilled nursing beds in the PMA will drop to five beds at 95% occupancy by 2020. It is important to note that this excess demand calculation assumes that the supply of beds in the PMA will hold steady between 2014 and 2020.

Age Group	2014			2020				
	Skilled Nursing Bed Need*	Population	Bed Need	Skilled Nursing Bed Need*	Population	Bed Need		
Primary Market Area								
65 to 84	2.4%	2,527	61	2.0%	2,946	59		
85+	18.8%	553	104	17.1%	559	96		
Total:		3,080	165		3,505	155		
			↓			↓		
Local Demand			165			155		
demand from outside PMA (25%)			+ 55			+ 52		
Total Demand			= 219			= 206		
(beds/65+ pop.)			69			60		
		Occupancy Rate			Occupancy Rate			
		90%	95%	100%	90%	95%	100%	
(Minus) Number of Existing Beds		191	201	212	191	201	212	
Demand Potential for Beds	=	29	18	7	=	15	5	-6
NOTE: Includes demand for long-term, short-term, respite and hospice care and is based on average length of stay for each component.								
Sources: Centers for Medicare & Medicaid Services Nursing Home Compendium 2012; Maxfield Research Inc.								

Introduction

This section summarizes demand calculated for specific housing products in Waverly and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Analysis*.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

1. Entry-level householders

- Often prefer to rent basic, inexpensive apartments and will often “double-up” with roommates in apartment setting. Usually singles or couples without children in their early 20's.

2. First-time homebuyers and move-up renters

- Usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children that prefer to purchase modestly-priced single-family homes or rent more upscale apartments.

3. Move-up homebuyers

- Typically families with children where householders are in their late 30's to 40's and prefer to purchase newer, larger, and therefore more expensive single-family homes.

4. Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's that prefer owning but will consider renting their housing and some will move to alternative lower-maintenance housing products.

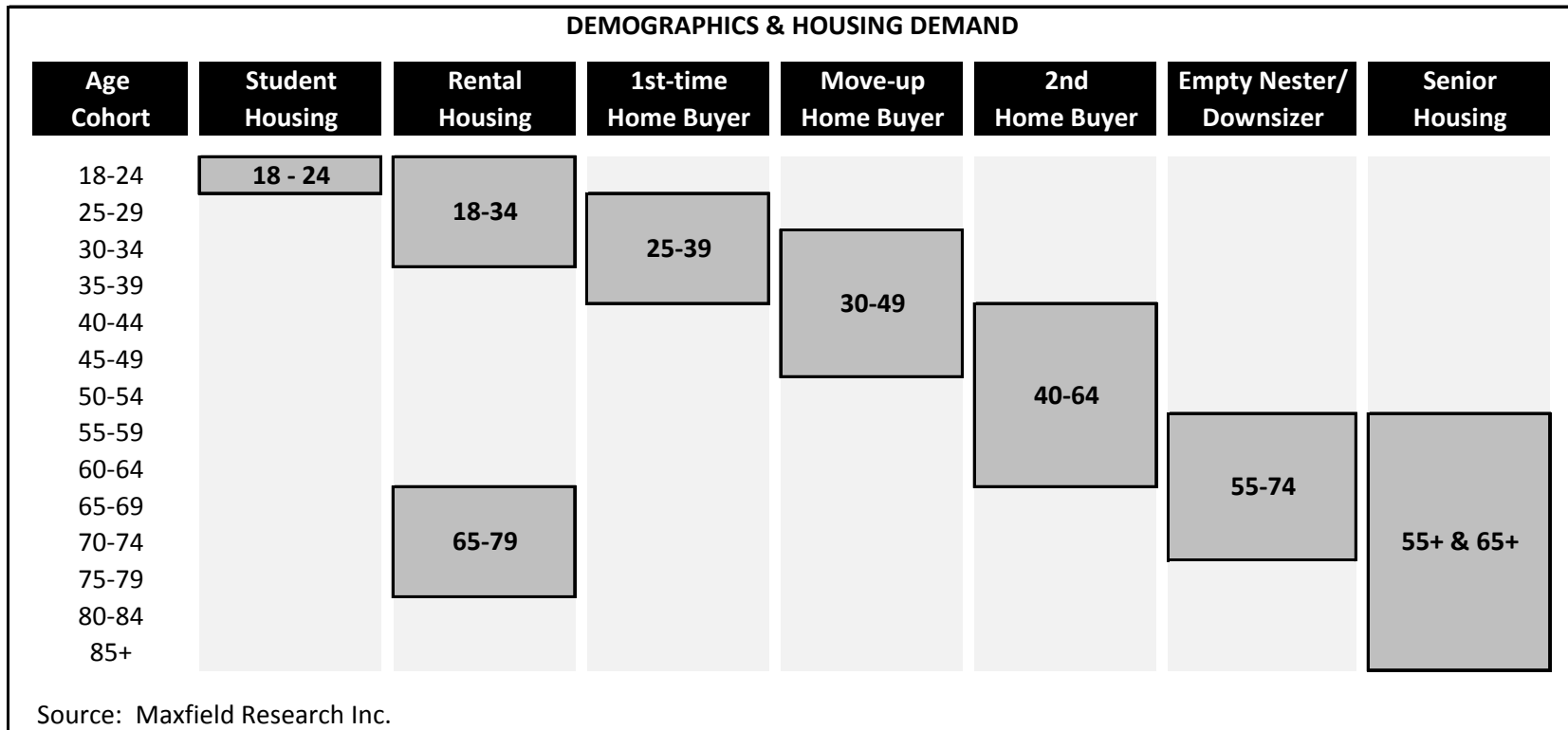
5. Younger independent seniors

- Prefer owning but will consider renting their housing and will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for housing 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.

CONCLUSIONS AND RECOMMENDATIONS



CONCLUSIONS AND RECOMMENDATIONS

TYPICAL HOUSING TYPE CHARACTERISTICS				
	Housing Types	Target Market/ Demographic	Unit/Home Characteristics	Lot Sizes/ Units Per Acre
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,	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

Source: Maxfield Research Inc.

Smaller, outstate communities and rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. 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 baby boom generation will have the biggest effect on the housing market in Waverly as their life cycle continues. Baby boomers are currently ages 50 to 68, and as they age over this decade, they will increase the population in the age groups 55 to 74. Some of these baby boomers will prefer more expensive single-family homes, while many others who become empty nesters may prefer to downsize or desire maintenance-free alternatives. With the baby busters following in the baby boomers' wake, the age group 45 to 54 will decline, somewhat decreasing the overall demand for move-up housing.

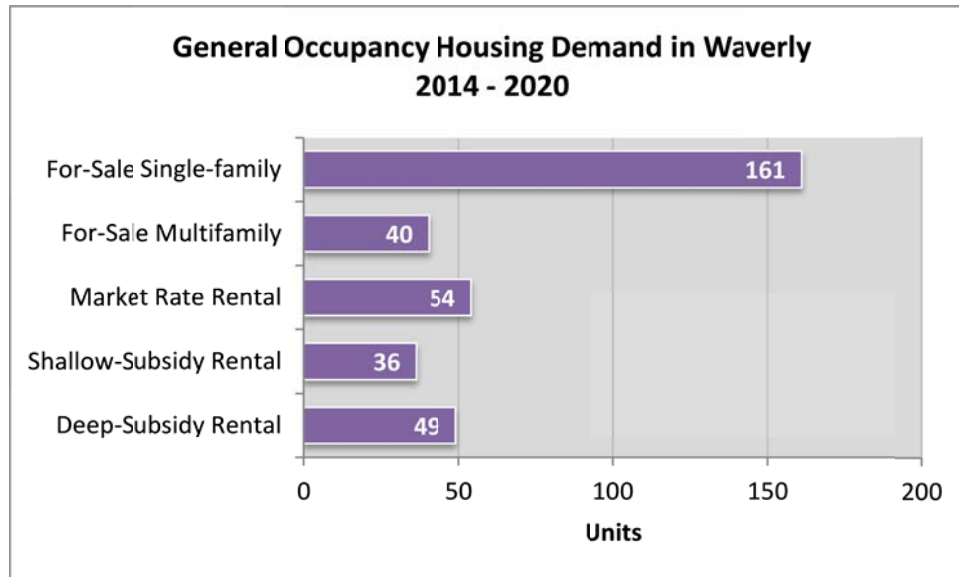
Housing Demand Summary

The following table and charts illustrate calculated demand by product type. Housing demand is comprised of several components, including projected household growth, pent-up demand (i.e. below equilibrium senior housing vacancy rates), and replacement needs (housing functionality or physically obsolete units). It is important to recognize that projected household growth is highly dependent on increased or decreased hiring by the major employers in the City, as well as the availability of suitable housing options in Waverly.

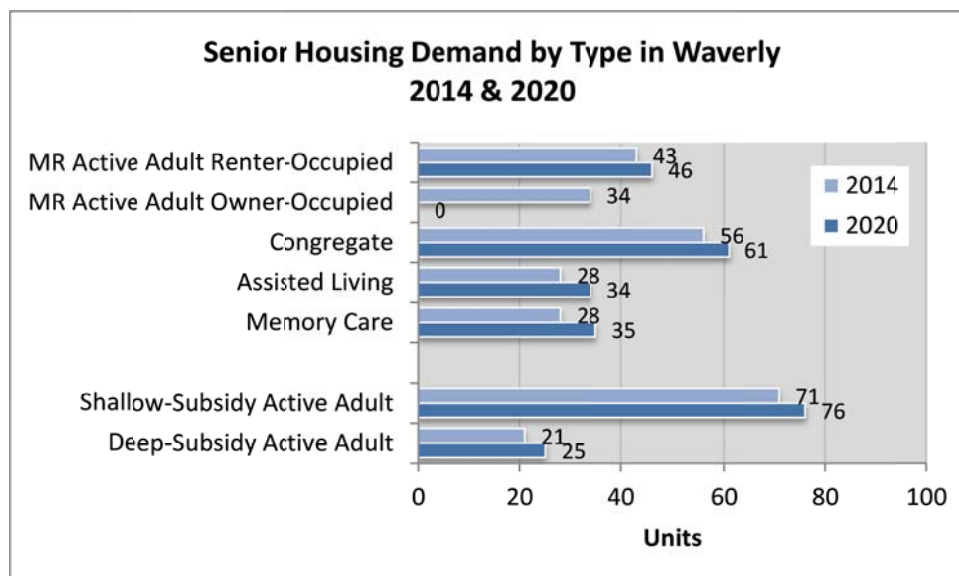
TABLE G-1 SUMMARY OF HOUSING DEMAND CITY OF WAVERLY July 2014		
General-Occupancy Housing		
	2014-2020	
For-Sale Units	201	
Single-Family	161	
Multifamily	40	
Rental Units	139	
Market Rate	54	
Shallow-Subsidy	36	
Deep-Subsidy	49	
Total General Occupancy Housing Units	340	
Senior Housing		
	2014	2020
Market Rate Senior Housing		
Market Rate Active Adult	77	46
<i>Renter-Occupied</i>	43	46
<i>Owner-Occupied</i>	34	0
Congregate	56	61
Assisted Living	28	34
Memory Care	28	35
Total Market Rate Senior Housing Units	189	176
Subsidized Senior Housing		
Shallow-Subsidy Active Adult	71	76
Deep-Subsidy Active Adult	21	25
Total Subsidized Senior Housing Units	92	101
Source: Maxfield Research, Inc.		

CONCLUSIONS AND RECOMMENDATIONS

In total, we find demand to support 340 general occupancy housing units between 2014 and 2020. Highest demand is expected to be in the for-sale housing category, representing roughly 59% of the total general occupancy housing demand, while rental housing represents 41% of general occupancy housing demand.



We also found excess demand for a total of 277 senior housing units in 2020. Of these senior units, roughly 63% would be market rate housing and the remaining 36% would be shallow-subsidy or deep-subsidy units. This level of senior housing demand (particularly market rate active adult) may not be realized in the short-term as many seniors, especially in rural areas, prefer to age in place and delay moving to senior housing until they need services.



CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of the analysis and demand calculations, Tables G-2 to G-4 provide a summary of the recommended development concepts by product type for the City of Waverly. It is important to note that these proposed concepts are intended to act as a development guide to effectively meet the housing needs of existing and future households in Waverly.

- A total of 161 new single-family housing units over the six-year period equates to a growth rate of approximately 27 units per year. The pace of growth would be slightly higher than the rate of single-family residential development activity that occurred in the City between 2006 and 2013 (25 units per year), but it is well-below the pace of growth that occurred in the period from 2000 through 2005 (49 units per year).
- The 40 new multifamily units equate to an annual average of roughly seven units per year, slightly lower than the average of 11 new units per year between 2006 and 2013 and 13 units per year from 2000 through 2005. However, the building permit data includes rental and senior housing units while the multifamily demand presented in Table D-9 is for general occupancy for-sale housing only.

Recommendations

Based on the findings of the analysis and demand calculations, Tables G-2 and G-3 on the following pages provide a summary of recommended development concepts for for-sale and rental housing in Waverly. It is important to note that these proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in the City.

For-Sale Housing

Based on information gathered on for-sale properties in the City along with feedback from local officials, major employers and area real estate professionals, we provide the following conclusions regarding the Waverly for-sale housing market. Our recommendations include a breakdown of units by price range: Modest housing is defined as housing priced less than \$150,000; Move-up housing is priced between \$150,000 and \$275,000; and, Executive housing is priced over \$275,000.

- Demand was estimated at roughly 200 units of new for-sale housing in the City. The general consensus is that there is demand for many types of housing in the area, most notably entry-level homes priced under \$100,000. Moderately-priced move-up housing in Waverly was also singled out as being in demand. Based on recent sale transactions, housing demand appears to be highest for moderately-priced homes as half of the residential transactions in recent years were for homes priced between \$100,000 and \$200,000.

CONCLUSIONS AND RECOMMENDATIONS

- Multifamily housing can be an option for buyers looking for a starter home and households seeking to downsize or don't want the responsibilities of upkeep and maintenance. As such, we estimate that a small proportion (20%) of the demand for new for-sale housing development in the City will be multifamily units, and we recommend that most for-sale multifamily units in the City be geared toward the entry-level market or for older households.
- While there is currently strong demand for modestly-priced homes, it is difficult to build new single-family detached housing in that price range (less than \$150,000). One way to provide entry-level single-family housing is to generate household turnover by increasing the supply of move-up and executive housing. Entry-level home demand will primarily be satisfied by existing single-family homes as residents of existing homes move into move-up and executive housing products built in the community. A move-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. The move is typically desired because of a lifestyle change, such as a new job or a growing family. The 45 to 54 and 35 to 44 age groups are target markets for move-up and executive housing.

Product Type	% of Total	# of Units	Development Timing
Single-Family	80%	160	
Modest (less than \$150,000)	35%	56	2014+
Move-up (\$150,000 - \$275,000)	50%	80	2014+
Executive (over \$275,000)	15%	24	2014+
Multifamily	20%	40	
Modest (less than \$150,000)	50%	20	2014+
Move-up (\$150,000 - \$275,000)	50%	20	2014+
Total For-Sale Housing	100%	200	
Modest (less than \$150,000)	38%	76	2014+
Move-up (\$150,000 - \$275,000)	50%	100	2014+
Executive (over \$275,000)	12%	24	2014+

Source: Maxfield Research, Inc.

- In total, we found demand for 161 single-family homes in the City between 2014 and 2020. Based on the age distribution of City households along with comments from Realtors and hiring trends at the major employers in the City, we recommend that that 50% of these homes be priced in the move-up range (80 units), 15% priced as executive homes (24 units), and 35% in the modest price range (56 units).

CONCLUSIONS AND RECOMMENDATIONS

- We also found demand for 40 multifamily units. Because the multifamily target market will likely be first-time homebuyers or older householders looking to downsize, we recommend that multifamily housing be evenly split between the modest and move-up price ranges.
- According to Table D-7 in the For-Sale Market Analysis section, there are roughly 178 undeveloped residential lots in the City. On average, subdivisions in Waverly have absorbed lots at a rate of roughly 3.2 lots per year. Based on the total average annual lot absorption of 32.2 lots per year, the 178 undeveloped lots could take more than five years to be developed. This assumption does not take into account the quality and marketability of specific lots. As such, there appears to be an adequate supply of existing platted undeveloped lots in the City to accommodate demand over the next several years. However, additional subdivision activity will likely be needed toward the end of the decade.

General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product are above market equilibrium (5.0% vacancy rate). As of July 2014, the vacancy rate for market rate rental properties in Waverly was 6.1% while the affordable/tax credit vacancy rate was 14.3%.

Due to the positioning of most of the existing rental supply, a significant portion of the market rate units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. However, today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Because of the older age of most of Waverly's rental housing inventory, the majority of properties do not provide modern features and amenities. Based on feedback provided by several major employers in Waverly as well as the real estate community, it appears that many renters choose to reside in rental communities located outside of Waverly, resulting in rental housing vacancy rates that are above equilibrium.

Based on our analysis, Waverly can accommodate approximately 54 new market rate rental housing units, 36 shallow-subsidy units, and 49 deep-subsidy units through 2020. Deep-subsidy projects are no longer being built as available funding is very limited. Rural Development would typically have rental assistance to support very low-income households.

Table G-3 provides a summary of the recommended mix of general housing rental housing including unit type, monthly rents, and development timing. Because the existing inventory of rental housing currently has vacancy rates that are above equilibrium, we suggest that a new rental housing development be initiated in 2015 or later.

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TABLE G-3 RECOMMENDED RENTAL HOUSING DEVELOPMENT CITY OF WAVERLY 2014 to 2020			
	Purchase Price/ Monthly Rent Range¹	No. of Units	Development Timing
Market Rate Rental Housing			
Apartment-style (move-up)	\$800/1BR - \$1,300/3BR	20 - 30	2015+
Townhomes	\$1,200/2BR - \$1,500/3BR	<u>20 - 30</u>	2015+
Total		40 - 60	
Affordable Rental Housing			
Apartment-style	Moderate Income ²	30 - 40	2015+
Subsidized	30% of Income ⁴	<u>40 - 50</u>	2014+
Total		70 - 90	
¹ Pricing in 2014 dollars. Pricing can be adjusted to account for inflation.			
² Affordability subject to income guidelines per US Department of Housing and Urban Development (HUD)			
Source: Maxfield Research Inc.			

- Market Rate Rental** – We recommend a new middle- to upper-market rental project with upwards of 30 units that will attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to a wide target market, we suggest a combination of apartment-style and townhome-style units with a mix of one-bedroom units, two-bedroom units, and three-bedroom units. Larger three-bedroom units would be attractive to households with children.

Monthly rents (in 2014 dollars) should range from \$800 for a one-bedroom unit to \$1,300 for a three-bedroom unit. Average rents in Waverly are approximately \$0.82 per square foot, however monthly rents in a new construction project should range from about \$1.00 to \$1.15 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full kitchen appliance package, central air-conditioning, garage parking, and outdoor recreation (fire pit, grill area, etc.)

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- Market Rate General Occupancy Rental Townhomes– In addition to the recommended apartment project, we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. An additional 20 to 30 rental townhome units could be supported in Waverly by 2020. We recommend a project with rents of approximately \$1,200 for two-bedroom units to \$1,500 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.), an attached two car garage, and the development should provide open/green space as well as a playground facility to attract families with children.
- Shallow-Subsidy General Occupancy Multifamily Housing– We find that demand exists for about 36 shallow-subsidy units through 2020. Shallow-subsidy housing attracts households that cannot afford market rate housing units but do not income-qualify for deep-subsidy housing. Shallow-subsidy projects attract a broad group of tenants based on the unit type. One-bedroom units target singles and couples, whereas two and three-bedroom units target families. Some retired seniors would also be attracted to an affordable concept. Although there is an older supply of market rate apartment units in Waverly that indirectly services as affordable housing, we recommend a shallow-subsidy concept that would target residents at 40% to 60% AMI. We recommend a project(s) with one, two- and three-bedroom units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, and an attached one/two car garage.
- Deep-Subsidy Rental Housing– Subsidized housing receives financial assistance (i.e. operating subsidies, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for 49 deep-subsidy rental housing units through 2020, this housing is very difficult to develop financially. A new subsidized or public housing development would have pent-up demand. But since this housing is challenging to develop today, an alternative to a multifamily structure is to acquire single-site housing structures to meet a portion of this demand.

Through our interview process, it was suggested that there is a need to provide housing for people with disabilities. Through the Section 811 Supportive Housing for Persons with Disabilities program, HUD provides funding to develop and subsidize rental housing with support services available for very low- and extremely low-income adults with disabilities. A Section 811 deep-subsidy project in Waverly would meet a stated need by providing housing for this special needs population.

We believe the addition of the rental developments suggested above will further provide sufficient housing choices in the City and will continue to serve the needs of households that live and/or currently work in Waverly.

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Senior Housing

As illustrated in Table G-1, demand exists for a variety of senior housing products in the City of Waverly through 2020. Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life.

The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Waverly: older adult and senior residents are able to relocate to new age-restricted housing in Waverly, 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.

We found demand for most senior housing product types over the next several years, and vacancy rates among the existing senior housing inventory is well-below equilibrium suggesting that there is pent-up demand for additional senior housing units in the Market Area. Based on current and projected excess demand potential, we expect that the market could support a new continuum of care senior housing development in Waverly.

TABLE G-4 RECOMMENDED SENIOR RENTAL HOUSING DEVELOPMENT CITY OF WAVERLY 2014 to 2020			
	Purchase Price/ Monthly Rent Range¹	No. of Units	Development Timing
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ²	\$1,000/1BR - \$1,300/2BR	35 - 40	2014+
Active Adult Shallow-Sub. Rental ²	Moderate Income	60 - 70	2014+
Deep-Subsidy Senior	30% of Income	15 - 20	2016+
Catered Living ³	\$1,500 - \$4,000	70 - 80	2015+
Memory Care ⁴	\$3,500 - \$5,000	<u>15 - 20</u>	2015+
Total		195 - 230	
¹ Pricing in 2014 dollars. Pricing can be adjusted to account for inflation. ² Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community ³ Catered living is a hybrid concept of congregate and assisted living service levels. ⁴ Memory care housing could be a component of an assisted-living or service-intensive building.			
Source: Maxfield Research Inc.			

CONCLUSIONS AND RECOMMENDATIONS

- **Market Rate Active Adult** – Demand was projected for about 46 market rate active adult rental units in Waverly in 2020. Currently, there are only ownership active adult products in the City and no active rental projects. It is likely there are seniors who currently reside in general occupancy housing that would consider a newer active adult rental product. In addition, there may be seniors who no longer want the burden of the maintenance of home-ownership and would like the choice of additional active adult rental products. .
- **Shallow-Subsidy and Deep-Subsidy Senior Rental** – Demand was calculated for 76 shallow-subsidy active adult units through 2020. While there are a number of deep-subsidy senior housing units in the Market Area, there are relatively few moderate income projects. Many candidates for shallow-subsidy senior rental may be residents at older market rate rental properties. These older properties would have similar rents that would be considered affordable for these seniors. The lack of shallow-subsidy senior housing may be due to the cost and funding associated with this type of development. Therefore any shallow-subsidy senior housing project could best be incorporated into a mixed-income building to be feasible. We recommend a shallow-subsidy senior housing development in either a stand-alone building or incorporated within a mixed-income development.

Although the study shows demand for deep-subsidy units in Waverly, the development of deep-subsidy senior housing can be challenging. Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new development would likely rely on a number of funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 202 program, Rural Development 515 program, Rural Development rental assistance, among others.

- **Service-Enhanced Senior Housing** – We find demand for a total of 130 service-enhanced units in Waverly through 2020 (61 congregate units, 34 assisted living units, and 35 memory care units). This level of demand will likely best be satisfied with a continuum of care project, so a resident can change their level of care as they age without having to relocate from the facility.

Congregate Service Level

The monthly fees should include the base monthly rent, utilities, and some assisted living services, including: social, health, wellness and educational programs; 24-hour emergency call system; and, regularly scheduled van transportation. In addition, meals and other support and personal care services should be made available to congregate residents on a fee-for-service basis. When their care needs increase, residents should be provided the option of receiving assisted living services in their existing units, either in bundled packages or a-la-carte.

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Assisted Living Service Level

The fees should include the base monthly rent, utilities, and assisted living services, such as: three meals per day plus snacks; weekly housekeeping and linen service; professional activity programs and scheduled outings; nursing care management; and 24-hour on site staffing. Additional services should also be available either in service packages or a la carte for an extra monthly charge.

Memory Care Component

We suggest that any memory care units be located in a separate, secured, self-contained wing located on the first floor of the building with its own dining and common area amenities including a secure outdoor patio and wandering area. Fees should include the base rent, utilities and services such as; medication reminders, medication administration, and personal care assistance, with other service packages available a-la-carte.

CONCLUSIONS AND RECOMMENDATIONS

Challenges and Opportunities

Tables G-2 to G-4 identified and recommended housing types that would satisfy the housing needs in Waverly through 2020. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order).

- Affordability.** The following chart compares the costs of homeownership to market rate rental housing based on a 30% allocation of income to housing and an average of today's housing costs. We note, however, that not all householders will have the credit scores and down payment that would qualify them to purchase for-sale housing. Based on current home prices, nearly 72% of Waverly households could afford to purchase a modestly-priced single-family home. Over 85% of householders could afford to rent a one-bedroom unit at an existing market rate rental project; however, only 74% could afford monthly rents at a new rental development.

For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Condo		
	Modest	Move-Up	Executive	Modest	Move-Up	
Price of House	\$125,000	\$225,000	\$300,000	\$125,000	\$225,000	
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	
Total Down Payment Amt.	\$12,500	\$22,500	\$30,000	\$12,500	\$22,500	
Estimated Closing Costs (rolled into mortgage)	\$3,750	\$6,750	\$9,000	\$3,750	\$6,750	
Cost of Loan	\$116,250	\$209,250	\$279,000	\$116,250	\$209,250	
Interest Rate	4.375%	4.375%	4.375%	4.375%	4.375%	
Number of Pmts.	360	360	360	360	360	
Monthly Payment (P & I)	-\$580	-\$1,045	-\$1,393	-\$580	-\$1,045	
(plus) Prop. Tax	-\$156	-\$281	-\$375	-\$156	-\$281	
(plus) HO Insurance/Assoc. Fee for TH	-\$42	-\$75	-\$100	-\$150	-\$150	
(plus) PMI/MIP (less than 20%)	-\$50	-\$91	-\$121	-\$50	-\$91	
Subtotal monthly costs	-\$829	-\$1,492	-\$1,989	-\$937	-\$1,567	
Housing Costs as % of Income	30%	30%	30%	30%	30%	
Minimum Income Required	\$33,148	\$59,667	\$79,556	\$37,482	\$62,667	
Pct. of Waverly Households	71.8%	53.1%	38.3%	71.8%	53.1%	
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$460	\$540	\$760	\$800	\$1,000	\$1,300
Annual Rent	\$5,520	\$6,480	\$9,120	\$9,600	\$12,000	\$15,600
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$18,400	\$21,600	\$30,400	\$32,000	\$40,000	\$52,000
Pct. of Waverly Households	85.2%	82.5%	75.3%	74.0%	67.9%	59.1%

Source: Maxfield Research Inc.

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Because the cost to own a modestly-priced home is similar to the cost to rent a new market rate rental unit, some households may choose owning over renting in Waverly. However, the purchasing affordability factor will decrease with continued price appreciation, and there is a growing segment of the population that is choosing rental housing over ownership housing. These households are referred to as “lifestyle renters”, those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on the upkeep and maintenance of a home.

- **Residential Development Costs.** Developing land has historically been a profitable segment of the housing industry, yet it is also risky if the lot inventory goes unsold. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given achievable lot prices. Many subdivisions in Waverly take years to sell out and developers have carrying costs (property taxes, financing) on improved lots.

The value of building lots is often benchmarked against the value of the completed retail housing package (sales price). Target ratios for builders show that the cost of sales should be held to 70% of the purchase price; 50% for construction hard costs and 20% for the land (raw land, improvements, financing costs, etc.) However, these ratios vary considerably based on builder, product, topography, lot type, etc. An improved single-family lot should generally cost from 18% to 25% of the projected retail price of the home.

Based on median lot costs of \$45,000 to \$60,000 in the newer subdivisions in Waverly, the retail price for a new single-family home would range from \$225,000 to \$300,000 based on a 20% lot-to-home ratio. Over 75% of the homes sold in Waverly since 2012 have been priced below \$225,000 and half of the sales were priced less than \$150,000, suggesting that there is strong demand for modestly-priced housing in the City. As such, a public-private partnership should be explored to help alleviate the carrying costs for developers, which could bring down lot costs and stimulate the production of more moderately-priced housing units.

- **Multifamily Development Costs.** It may be difficult to construct new multifamily product with amenities today’s renter’s desire given market rents and development costs. Many market rate rental projects in non-metropolitan communities average over \$110,000 per unit for new construction. The average rent per square foot in Waverly is \$0.82 per square foot, when most new projects will need at least \$1.05 or more per square foot to be financially feasible to develop. Based on these costs, it may 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 may be required to spur development.
- **Job Growth/Employment.** Low unemployment often generates demand for both existing home purchases and new-home purchases. Bremer County has historically maintained a lower unemployment rate than the rest of the United States. The unemployment rate of about 3.8% in 2013 was below equilibrium (generally considered to be 5.0%) and lower than

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both the Metro Area (4.6%) and the State of Iowa (4.6%). Today's unemployment rate has come down from a high of 5.3% in 2009. It appears that increased hiring is driving the unemployment rate down as growth in the number of employed residents has outpaced labor force growth. Bremer County's labor force has grown steadily over the past decade (average annual growth rate of 0.7%). Resident employment has also grown at an average rate of 0.7% per year. Labor force and employment growth will often stimulate household formation, generating demand for a variety of housing products. However, low unemployment can restrain economic expansion in a community, as it becomes difficult for employers in the area to hire workers and increase production or services.

- **Land Supply.** Table D-7 inventoried active subdivisions with undeveloped lots. Based on our research there are 178 vacant platted lots. Based on this lot supply and the recent construction activity over the past five years, there is an excess supply of platted lots in the community. Because of this, it is unlikely that developers will plat lots in the short-term until additional inventory has been absorbed, especially given development and infrastructure costs.
- **Housing Programs.** The Iowa Northland Regional Council of Governments (INRCOG) offers a number of programs to promote and preserve the existing housing stock in Waverly. Some of the key programs that are offered include:
 - Owner-occupied housing rehabilitation programs that assist homeowners in bringing their homes up to minimum housing standards through the Iowa Economic Development Authority (IEDA) Housing Fund;
 - Disaster Recovery administration of housing activities funded under the Jumpstart State and Jumpstart Federal programs;
 - The Iowa Northland Regional Housing Council (INRHC) is certified as the Local Housing Trust Fund for the region, with funding to initiate acquisition/demolition and for multi-family special population housing construction;
 - The INRHC Revolving Loan Fund finances such projects as construction of speculative homes, homebuyer assistance, and infrastructure improvements for an affordable housing subdivision; and,
 - INRCOG assisted with single-family new construction homes with Community Development Block Grant (CDBG) funding provided by IEDA as homebuyer assistance.

However, there are other programs the City could consider to aid and improve Waverly's housing stock. The following is a sampling of potential programs that could be explored.

- Remodeling Advisor – Partner with local architects and/or builders to provide ideas and general cost estimates for property owners.
- Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department.

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- Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Home-Building Trades Partnerships – Expand partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry.
- Mobile Home Improvements – Offer low or no-interest loans to mobile home owners for rehabilitation. Establish income-guidelines based on family size and annual gross incomes.
- Foreclosure Home Improvement Program – Low-interest loans to buyers of foreclosed homes to assist home owners with needed home improvements while stabilizing owner-occupied properties. A portion of the loan could be forgivable if the occupant resides in home at least five years. Eligibility should be based on income-guidelines (typically 80% AMI or lower).
- Townhome/Condo Association Improvements – Offer associations low-interest loans for common-area improvements. Unit owners repay the loan through property taxes. Many townhome/condo associations have been unable to secure financing due to depressed real estate pricing; this program assists with improving housing stock with older properties that may have deferred maintenance.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Rental Collaboration – Host meetings on a regular basis (quarterly, bi-annually, or annually) with rental property owners, property management companies, Realtors, etc. to discuss key issues and topics related to the rental housing industry in Waverly.
- Rental Rehabilitation - Waverly has a large supply of older renter-occupied housing units that could be enhanced through renovation, and many local rental owners may have difficulty investing in their rental properties if market demand and market rents remain in the affordable range. Grant funding such as the Small Cities Development Program HOME funds may be available. The HOME Program is funded through the U.S. Department of Housing and Urban Development (HUD) and is a primary source for funds for rental rehabilitation.
- Home Fair – Provide residents with information and resources to promote improvements to the housing stock. Typically offered on a weekend in early spring where home owners can meet and ask questions of architects, landscapers, building contractors, lenders, building inspectors, etc.