Waverly 2020 Housing Needs Assessment – Brief Summary

The City of Waverly commissioned a Housing Needs Assessment in 2014, which demonstrated unmet demand for moderately priced ownership, rental, and senior housing. In 2019, City leaders commissioned an updated Housing Needs Assessment from the Iowa Northland Regional Council of Governments. The updated Assessment evaluates whether recent housing development has met the needs identified in the previous assessment, and to identify needs for future development. This document reviews the demographic and economic context for Waverly's housing market, and provides an overview of publicly available data on the City's housing stock in terms of age, structure type, cost, and vacancy rates. The document also provides local data on the cost and demand for ownership, rental, and senior housing, and projects future housing supply and demand through 2040. This assessment concludes with recommendations for addressing unmet housing needs in Waverly.

Between 2020 and 2040, Waverly's population is expected to grow by 2,003 to 3,497 people. Demand will remain strong for many different household types, including families with young children, workforce households, and senior households.

Owner Housing

Waverly has a median home sale price of $165,000, and an average of 159 home sales per year. Home sale listings spend a median of 35 days on the market before selling. Demand is strongest for certain modestly priced homes. For example, single-family homes built between 1940 and 1959 have a median price of $126,750 and spend a median 28.5 days on the market before selling. Condominiums priced below $176,000 spend only 25 days on the market before selling, despite being relatively small (median 1,050 finished square feet).

Waverly's home sale market has an oversupply of high-end homes and an undersupply of moderately priced and starter homes. Homes priced below $165,000 account for 45% of closed sales but only 26% of homes for sale. Homes priced below $200,000 accounted for only 32% of permits issued for owner-occupied units between 2014 and 2019.

To meet demand for moderately priced housing, we estimate that 45% of newly constructed owner units should cost <$165,000, and an additional 24% of newly constructed homes should cost between $165,000 and $219,999. Based on Waverly's projected population growth, a total of 401 to 648 owner units will need to be built by 2030. These units should be priced as follows:

Population Growth Scenario by 2030	**Total new owner units needed**	**Homes priced below $165,000 (2020 dollars)**	**Homes priced $165,000 to $219,999 (2020 dollars)**	**Homes priced $220,000 or higher (2020 dollars)**
Low Estimate	401 (100%)	181 (45%)	96 (24%)	124 (31%)
High Estimate	648 (100%)	292 (45%)	155 (24%)	201 (31%)

Rental Housing

Rental units in Waverly have a median monthly rent of $648 and an overall vacancy rate of 5.5%, according to the 2017 American Community Survey (ACS). A vacancy rate of 5% is considered healthy for a rental market. INRCOG also sent surveys to rental property managers in Waverly, and their feedback provides more up-to-date information than the ACS. The surveyed market-rate rental developments (those with no rental subsidies) have an average rent of $988 and a vacancy rate of 3%. This feedback from property managers suggests that Waverly continues to have strong demand for rental housing even after building dozens of new rental units in recent years. Waverly added 178 general occupancy rental units between 2014 and 2019, which was higher than the 139 rental units that the 2014 Housing Needs Assessment predicted would be needed by 2020. We believe that demand for Waverly's new rental housing remains strong because these new developments have modern features and amenities that many renters in the region desire.

Based on Waverly's projected population growth, the City will need 95 to 153 additional rental units by 2030. To meet demand from low- and moderate-income (LMI) renters, we estimate that 15% of new rental units should have deep rental subsidies, and an additional 1% of new rental units should have shallow subsidies, as follows:

Population Growth Scenario by 2030	Total new rental units needed	Market-rate units	Deep subsidy units	Shallow subsidy units
Low Estimate	95	80 (84%)	14 (15%)	1 (1%)
High Estimate	153	129 (84%)	23 (15%)	1 (1%)

In practice, deep rental subsidies for new rental developments are very limited. To provide new rental units that are affordable to the lowest income households, such as seniors and people with disabilities on fixed incomes, it is usually necessary to combine or "layer" multiple subsidy sources.

City of Waverly
2020 Housing Needs Assessment

Prepared by the Iowa Northland Regional Council of Governments

Adopted by Resolution #20-145, September 14, 2020

Adam P. Hoffman, Mayor

ATTEST:

Carla Guyer

Carla Guyer, City Clerk

City of Waverly
2020 Housing Needs Assessment

Prepared by the Iowa Northland Regional Council of Governments

Adopted by the Waverly City Council on September 14, 2020 (Resolution 20-145)

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Executive Summary

This Housing Needs Assessment provides an overview of Waverly's housing stock in the City's demographic and economic context. Waverly's existing and projected future housing supply are compared to its current and projected housing needs, and recommendations are given for increasing the amount and variety of housing units in the City. This document provides an update to the Housing Needs Assessment prepared for Waverly in 2014 by Maxfield Research, Inc. Highlights from each section are provided below.

Notably, the COVID-19 crisis emerged while this document was being prepared. Unless otherwise noted, the data presented in this assessment reflects conditions prior to COVID-19. Since the timeline and long-term impacts of COVID-19 cannot be predicted, the housing supply and demand predictions do not account for the pandemic's impact. If the COVID-19 pandemic delays Waverly's achievement of certain population growth and housing production milestones, the strategies and recommendations proposed by this document may become relevant again in future years. However, even in the absence of a pandemic, unforeseen circumstances such as a recession, or the addition or loss of a major employer, can substantially alter a community's trajectory. The broad strategies and recommendations provided should be implemented in a manner that is flexible and responsive to current conditions.

Population and Demographics

- Waverly's population has grown substantially since World War II, reaching 9,874 by 2010. Projections of past growth trends were developed to provide low and high estimates of Waverly's future population, ranging from 11,877 to 13,371 by 2040.
- Of Waverly's households, 64.7% were family households and 28% were households with children in 2010, similar to statewide numbers. Waverly has not seen a significant decline in the percentage of household that have children. Waverly's population may be aging slightly, but the City is still able to attract and retain families with children.

Employment Trends

- Waverly is a relatively high-income, white-collar city. In 2017, the City had a median household income of $61,935, compared to a statewide median household income of $56,570. Poverty in Waverly is relatively low but not absent.
- In Iowa Workforce Development Region 7, which includes Bremer County, employment is expected to increase in all major occupational categories. However, the most growth is expected in service-oriented occupations, such as healthcare and food preparation, while production occupations are expected to have slower growth. Several of the most common projected occupational categories in 2026, as in 2016, tend to pay low or moderate wages.
- While most workers with jobs in Waverly live in Bremer County or adjacent counties, 18% of Waverly's workers commute from outside the immediate region.
- A survey of local employers indicates that, on average, one in three of their employees lives in Waverly. Employers offer an average starting wage of $12.16, while many positions at these firms

are clustered in the $18 to $19.99 bracket. Employers reported that housing costs are an important consideration for their workers when choosing where to live in the region.

Housing Overview

- According to American Community Survey (ACS) estimates for 2017, Waverly has a homeowner vacancy rate of 4.1% and a rental vacancy rate of 1.5%. The differences Waverly's vacancy rates and Iowa's homeowner and rental vacancy rates of 1.5% and 6.2%, respectively, are not statistically significant.

- Waverly has higher median home values and lower rents than Iowa as a whole, according to 2017 ACS estimates. The City has a median home value of $164,000 and a median rent of $648, compared to a statewide median home value of $137,000 and a median rent of $740. However, there is no significant difference between Waverly and Iowa as a whole in terms of housing cost burden. In Waverly, 12.6% of owners with mortgages, 12.9% of owners without mortgages, and 34.4% of renters pay at least 35% of their incomes on housing costs.

Owner-Occupied Housing

- According to Multiple Listing Service data for the last three years, Waverly has a median home sale price of $165,000, and homes spend a median of 35 cumulative days on the market. Homes that sell for $250,000 or more spend considerably more time on the market than less costly homes, and are more likely to be listed for sale more than once before they finally sell.

- Demand is particularly strong for certain moderately priced homes. Single-family homes built between 1940 and 1959 have a median closing price of $126,750 and spend a median 28.5 cumulative days on the market. This is the quickest turnaround time for single-family homes in any age bracket, despite the fact that homes built between 1940 and 1959 have the lowest median finished square footage. Additionally, condominiums priced below the median condo price of $176,000 spend a median of only 25 cumulative days on the market, despite having a median of only 1,050 finished square feet. These numbers suggest that many buyers are willing to give up some living space and newer construction amenities for a moderately priced home in Waverly.

- Similar to the findings of the 2014 Housing Needs Assessment by Maxfield Research, Inc., the most recent MLS data indicates that moderately priced homes account for a larger percentage of closed sales than active listings. In 2020, homes with initial list prices below $165,000 accounted for 45% of closed sales but only 26% of listings. This suggests that Waverly has an oversupply of higher-end homes for sale, and a shortage of moderately priced homes.

- City permit data from 2014 through 2019 suggests that two-thirds of homes built in Waverly are valued at $200,000 or higher. Most homes built below this price range are duplex or condominium units. Based on the findings discussed above, Waverly may have more demand for moderately priced duplex and condominium units than the market is currently supplying.

- Surveys of Waverly real estate professionals indicate that over half of Waverly's homebuyers are seeking homes between $100,000 and $199,000. A shortage of homes in the desired price range is a major barrier for Waverly homebuyers, and many homes on the market lack modern amenities and upgrades that homebuyers desire.

Rental Housing

- To obtain more current and accurate rental data than the American Community Survey provides, a local survey was conducted of rental property managers. Average rents for market-rate units (those without any subsidies to make rents affordable to low- and moderate-income households) range from $591 for a 1-bedroom unit to $1,196 for a 3-bedroom unit. The overall vacancy rate for surveyed units is 3%, and vacant units spend an average of only 19 days on the market before being rented. This local data indicates that Waverly has a tight rental market, particularly for newer units.
- Waverly has an estimated 246 publicly subsidized rental units for low- and moderate-income (LMI) households, of which a majority are privately owned. (LMI households have incomes no higher than 80% of Area Median Income, adjusted for household size.) Demand for these units is strong, with a combined vacancy rate of only 2.1%, a turnaround time of 9 days for vacant units, and a combined total of 86 households on waitlists.
- Units with deep subsidies, where a public program pays the difference between the unit's total rent and 30% of the tenant's income, are in particularly strong demand. Income-restricted units with "shallow" subsidies in Waverly often have higher rents than modest unsubsidized units, which is common in communities with relatively low average rents. However, Waverly's shallow-subsidy units have strong demand, in part because they tend to be newer and in better condition than many unsubsidized units.

Senior Housing

- Bartels Lutheran Retirement Community provides senior housing options ranging from congregate living to skilled nursing facilities. Bartels' congregate living facilities require a buy-in fee ranging from $115,000 to $289,000, but demand is strong, with vacancy rates no higher than 1.3%.
- Bartels' skilled nursing and intensive memory care facilities accept Medicaid, but its assisted living facilities accept the Medicaid Elderly Waiver as a primary payment source only after a resident has lived at the facility for at least two years. With monthly fees over $4,000 for Bartels' assisted living facilities, assisted living is out of reach for many LMI seniors.

Housing Affordability Analysis

- Housing cost burden (paying more than 30% of income for housing) is a pressing issue for many LMI households. This is especially true for extremely low-income (ELI) households, or those with incomes at or below 30% of area median income (AMI). Waverly's LMI renters between 30% and 80% AMI are less likely to be cost burdened than similar renters statewide. Nonetheless, 69% of Waverly's ELI renters are severely cost burdened, or paying more than 50% of income for housing.

- An estimated 602 LMI households in Waverly are housing cost burdened. LMI household types experiencing cost burden include families, elderly-headed households, and non-family, non-elderly-headed households. Estimates of households by income bracket, household type, and depth of cost burden were used to estimate demand for different types of housing assistance.
- Waverly needs an estimated 122 additional deep-subsidy rental units, particularly for severely cost burdened households up to 50% AMI, while only 7 new shallow-subsidy units are needed. Since deep subsidies are in short supply, an important source of new affordable rental housing for households below 50% AMI consists of shallow-subsidy developments with additional layered subsidies to make rents affordable to lower income brackets.
- At least 295 LMI homeowners in Waverly could potentially benefit from home rehabilitation assistance. To supplement federal, state, and regional funds for home rehabilitation, cities typically need a reliable and ongoing source of local funds.
- Down payment or purchase assistance programs offer grants or loans to cover down payment and closing costs or reduce a home's purchase price. These programs could help an estimated 160 LMI renters above 50% AMI, particularly entry-level workers and single-earner households, purchase their own homes. For example, a full-time production worker earning $19 per hour could not afford a home worth more than $113,198 without assistance, assuming a 3.5% down payment. A down payment or purchase assistance program could help this worker purchase a home with a price closer to the citywide median of $165,000.
- In each of four different disability categories – hearing/vision, ambulatory, cognitive, and self-care/independent living – Waverly has several dozen LMI households with a disabled member. A majority of extremely low-income households (up to 30% AMI) with disabled members appear to be renters, while a majority of low-income households (>30% to 50%) with disabled members appear to be owners. Housing assistance programs and local building and zoning requirements can be tailored to improve home accessibility for people with disabilities, enabling them to live in the community independently as long as possible.

Housing Quality Windshield Survey

- Of the 4,069 housing units identified in a windshield survey, 94% have exteriors in excellent or good condition.
- The windshield survey identified 126 homes in fair or poor condition that might benefit from home rehabilitation assistance.

Housing Supply and Demand Projections

- According to local building and demolition permit data from 2014 through 2019, Waverly's net housing production rate is 44.64 units per year. At this rate, Waverly will have an estimated cumulative total of 580 new units by 2030, and 1,027 new units by 2040.
- The low-estimate and high-estimate population projections from the Population Demographics section were used to project demand for new housing units through 2040. Estimated demand

ranges from 593 to 926 new units by 2030, and from 878 to 1,436 new units by 2040. At current housing production rates, Waverly would have a deficit of 30 to 363 homes by 2030.

- Developers provide an average of 28 buildable lots per year in Waverly. At this rate of lot development, there will be sufficient lots to meet new demand for owner-occupied housing according to the low estimate of Waverly's population through 2040. However, if Waverly's population grows according to the high estimate, Waverly's lot supply will be 8 years behind demand by 2030 and 12 years behind demand by 2040.
- By 2030, Waverly will need an estimated 180 to 290 homes priced below $165,000 in 2020 dollars.
- Of the 149 to 224 rental units needed by 2030 (both general-occupancy and age-restricted), an estimated 34 to 50 units would ideally need to be deeply subsidized. A more feasible alternative would be to provide deep income targeting in new shallow subsidy developments.

Planning and Incentives for Housing Development

- Waverly offers several housing development incentives, including tax abatements for conversion of vacant upper-story spaces to rental units in downtown buildings, tax increment financing (TIF) and infrastructure assistance for LMI rental housing on a case-by-case basis, and assistance with off-site infrastructure costs for new subdivisions.
- Since the 2014 Housing Needs Assessment was prepared, Waverly has made several amendments to its Zoning Ordinance to encourage greater diversity and flexibility in housing development. For example, the City created a new R-1A district that permits single family units and attached single family units with smaller lot sizes than R-1, and decreased the minimum size for Planned Development Districts from 10 acres to 5 acres.

Housing Strategies and Recommendations

The proposed list of housing strategies and recommendations is provided below. The full list, with proposed implementation steps for recommendations, is provided in Section VIII.

Strategy 1: Promote new construction of homes for sale in a range of sizes, structure types, and price points for Waverly's workforce, young families, seniors seeking to downsize, and others interested in buying homes in Waverly.

Recommendation 1: Continue to consider offering tax abatements to developers for new residential lots until they are sold.

Recommendation 2: Consider self-developing, or partnering with a regional nonprofit developer, to create moderately priced speculative ("spec") homes on City-owned property.

Recommendation 3: Continue to assist developers with off-site infrastructure costs for new subdivisions.

Strategy 2: Support the availability of affordable, high-quality homeownership options in Waverly's existing housing stock.

Recommendation 1: Consider applying for additional Community Development Block Grant (CDBG) housing rehabilitation grants from the Iowa Economic Development Authority (IEDA).

Recommendation 2: Consider establishing an Urban Revitalization Area to offer tax abatements for home renovations.

Recommendation 3: Consider partnering with local employers to capitalize a grant or loan fund for home rehabilitation, to scale up home rehabilitation activities supported by CDBG grants and/or tax abatements.

Recommendation 4: Consider working with Waverly Utilities to offer energy efficiency improvements and other rehabilitation assistance to LMI homeowners.

Strategy 3. Support the development and maintenance of quality market-rate and subsidized rental housing for renters at varying income levels.

Recommendation 1: Continue to consider providing letters of local support, matching funds, tax abatements, infrastructure assistance, and other support on a case-by-case basis for subsidized rental developments for LMI households.

Recommendation 2: Consider partnering with local housing and/or social service agencies to apply to the Iowa Finance Authority for HOME Tenant Based Rental Assistance (TBRA) for LMI renters.

Recommendation 3: Support the preservation of existing rental housing developments, both subsidized and unsubsidized.

Recommendation 4: Consider supporting new market-rate rental developments.

Strategy 4. Support new development and rehabilitation activities to provide affordable, accessible housing opportunities for seniors and people with disabilities.

Recommendation 1: Consider requiring or encouraging visitability or universal design elements in certain new housing developments.

Recommendation 2: Encourage renovation of existing single-family and multifamily housing to improve accessibility.

Recommendation 3: Monitor the availability of funds for housing targeted to LMI seniors and people with disabilities.

I. Introduction and Purpose

The City of Waverly is one of Northeast Iowa's most distinctive communities, with characteristics of both a small town and an urban community. Waverly is the county seat of Bremer County and had a population of 9,874 in the 2010 Census. By 2017, Waverly's population grew to an estimated 10,052 people. While the City is within the Waterloo-Cedar Falls metropolitan area, it is a population and employment center in its own right within a predominantly rural region (**Figure 1**). The City's economic and cultural strength is driven in part by the presence of Wartburg College, a private liberal arts college established in Waverly in 1935.

Bremer County is one of few counties in Iowa that has seen population growth since 2010, and the City of Waverly accounted for nearly 40 percent of this increase[1]. Waverly is considered a desirable community within the region, and recovered from the Recession with robust housing construction over the last decade. The City last updated its Comprehensive Land Use Plan in 2011 in accordance with the State of Iowa's "Smart Planning" principles (State Code Chapter 18B), which provide a framework for local plans to address economic, environmental, and social needs in a balanced and collaborative fashion[2]. One Smart Planning principle is Housing Diversity, which states that:

> "Planning, zoning, development, and resource management should encourage diversity in the types of available housing, support the rehabilitation of existing housing, and promote the location of housing near public transportation and employment centers." (Iowa Code 18B.1(1))

As a result, the City is committed to evaluating whether the local housing stock adequately meets the needs of all current and future residents. Concerns of residents and leaders include but are not limited to:

- How affordable are homeownership and rental units for current and future residents, including workers and young families?
- Does the available housing stock match the needs and preferences of potential residents in terms of size, condition, and amenities?
- Is there an adequate supply of affordable, good quality housing for populations with special needs, including seniors, people with disabilities, and people with extremely low incomes?
- Will the current rate of housing construction keep pace with potential future demand?

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[1] Bremer County's population increased by an estimated 465 persons between 2010 (Decennial Census) and 2017 (American Community Survey 5-year estimate). During this time period, Waverly's population increased by an estimated 178 persons.

[2] Iowa State Code Chapter 18B states that "State agencies, local governments, and other public entities *shall consider* and *may apply* [specified smart planning] principles during deliberation of all appropriate planning, zoning, development and resource management decisions" (emphasis added).

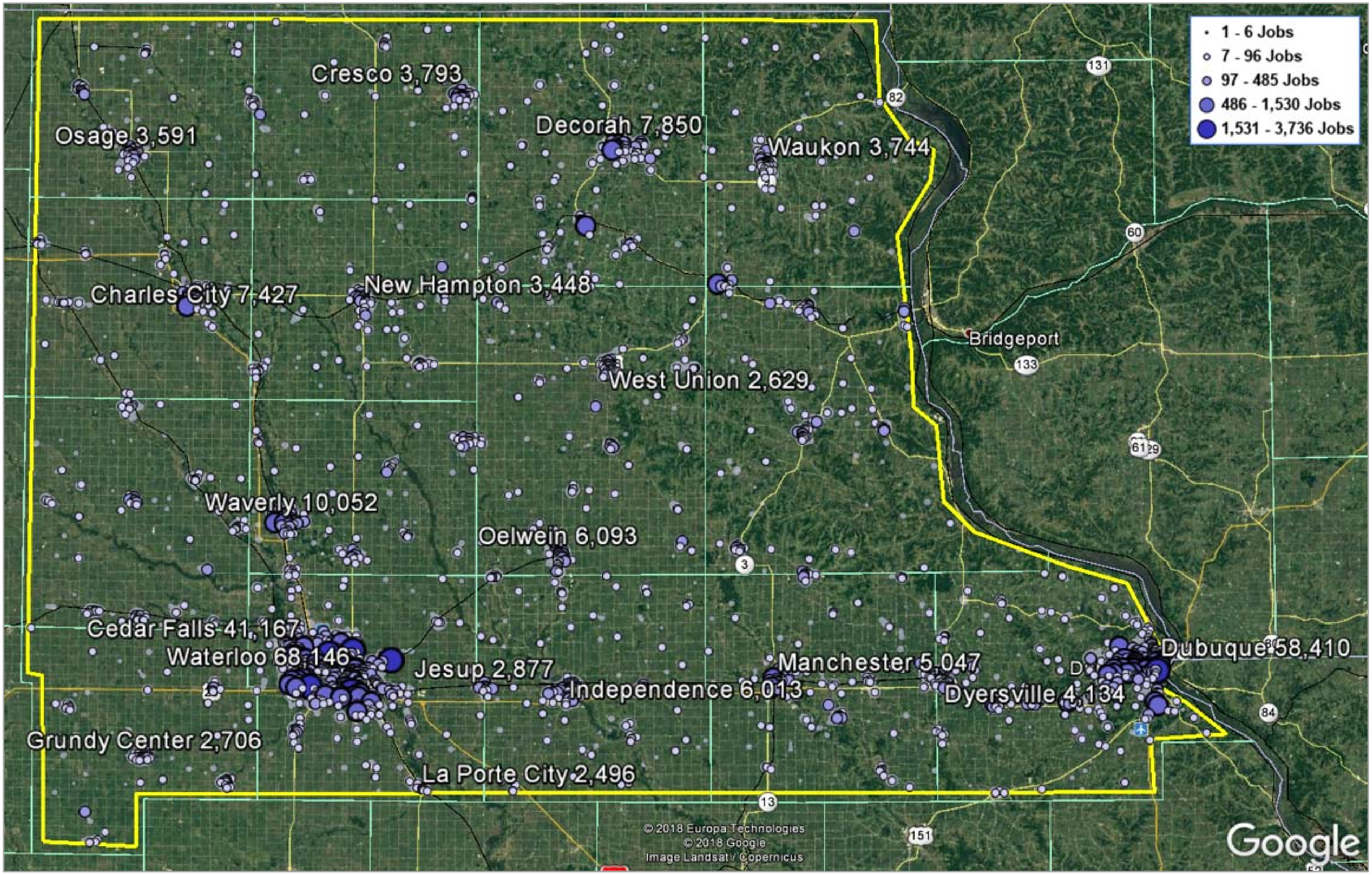


Figure 1. Estimated Population and Job Density of Urban Clusters (Pop. ≥ 2,500) in Northeast Iowa. Source: Longitudinal Employer-Household Dynamics (LEHD) 2017 (primary jobs), American Community Survey (ACS) 2017 5-year estimates.

The City of Waverly commissioned a Housing Needs Assessment in 2014, which demonstrated unmet demand for moderately priced ownership, rental, and senior housing. Since then, dozens of new housing units have been constructed, with permits peaking in 2018. Additionally, flood mitigation improvements to the Dry Run Creek drainage way removed nearly 350 homes from the 100-year floodplain, opening opportunities for new public and private investment in this neighborhood.

In 2019, City leaders commissioned an updated Housing Needs Assessment to evaluate the degree to which recent development has met the needs identified in the previous assessment. Additionally, the number of residential permits issued declined in 2019 from the previous three years, and City leaders wish to evaluate whether the current residential construction rate takes full advantage of current and potential housing demand in Waverly.

This Housing Needs Assessment reviews the demographic and economic context for Waverly's housing market, and provides an overview of publicly available data on the City's housing stock in terms of age, structure type, cost, and vacancy rates. The document also provides local data on the cost and demand for ownership, rental, and senior housing, and projects future housing supply and demand through 2040. This assessment concludes with recommendations for addressing unmet housing needs in Waverly.

II. Population and Demographics

A. Population and Household Trends

Waverly's population has grown steadily since the late 19th century, increasing from 2,291 in 1870 to 9,874 in 2010. Since the early 20th century, Waverly's population trend has generally tracked that of Bremer County, except that the City's population grew incrementally (from 8,444 to 8,539) rather than decreasing during the Farm Crisis years of the 1980s (**Figure 2**). In 2010, Waverly accounted for 41 percent of Bremer County's population.

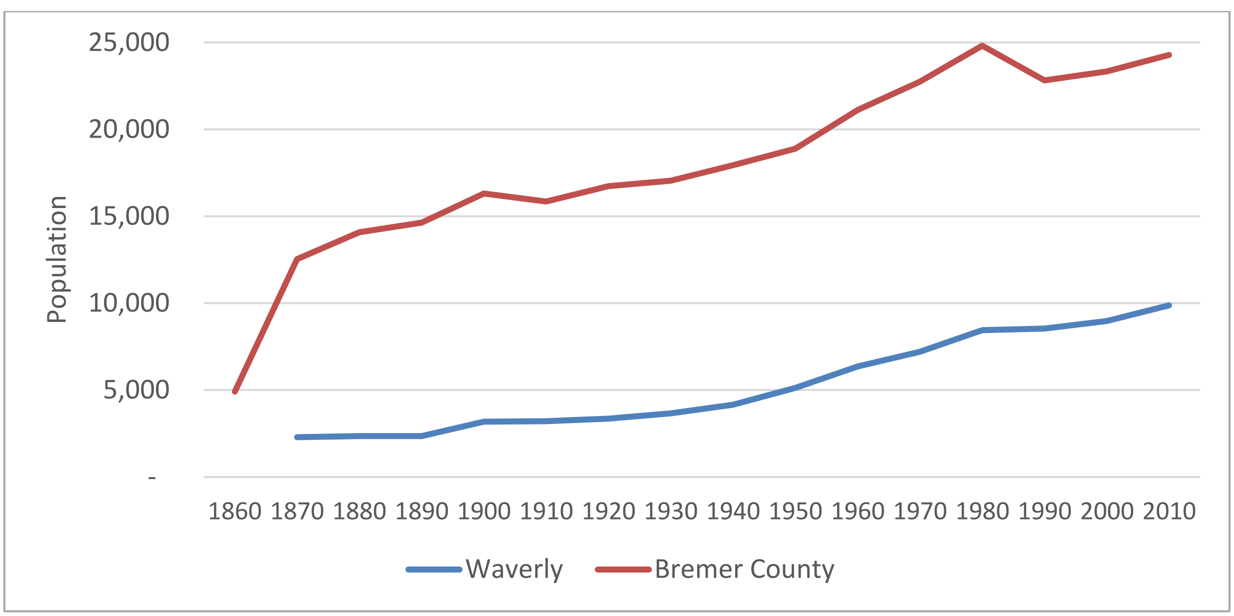


Figure 2. Historic Population Trends in Waverly and Bremer County. Source: Decennial Census data from Iowa State Data Center.

Based on historic trends, Waverly's population is projected to grow over the next two decades. **Figure 3** shows a series of population projections based on average change per decade over two time intervals, 1940-2010 and 1990-2010. Waverly's population projections for 2040 range from 10,542 based on a linear projection from 1990-2010, to 14,418, based on a geometric projection from 1940-2010. To estimate future housing demand, this document will use the linear projection for the 1990-2010 interval, and the averaged linear and geometric projections for the 1940-2010 interval, as the low and high estimates, respectively. According to these two projections, Waverly's population will range from 11,877 to 13,371 in 2040.

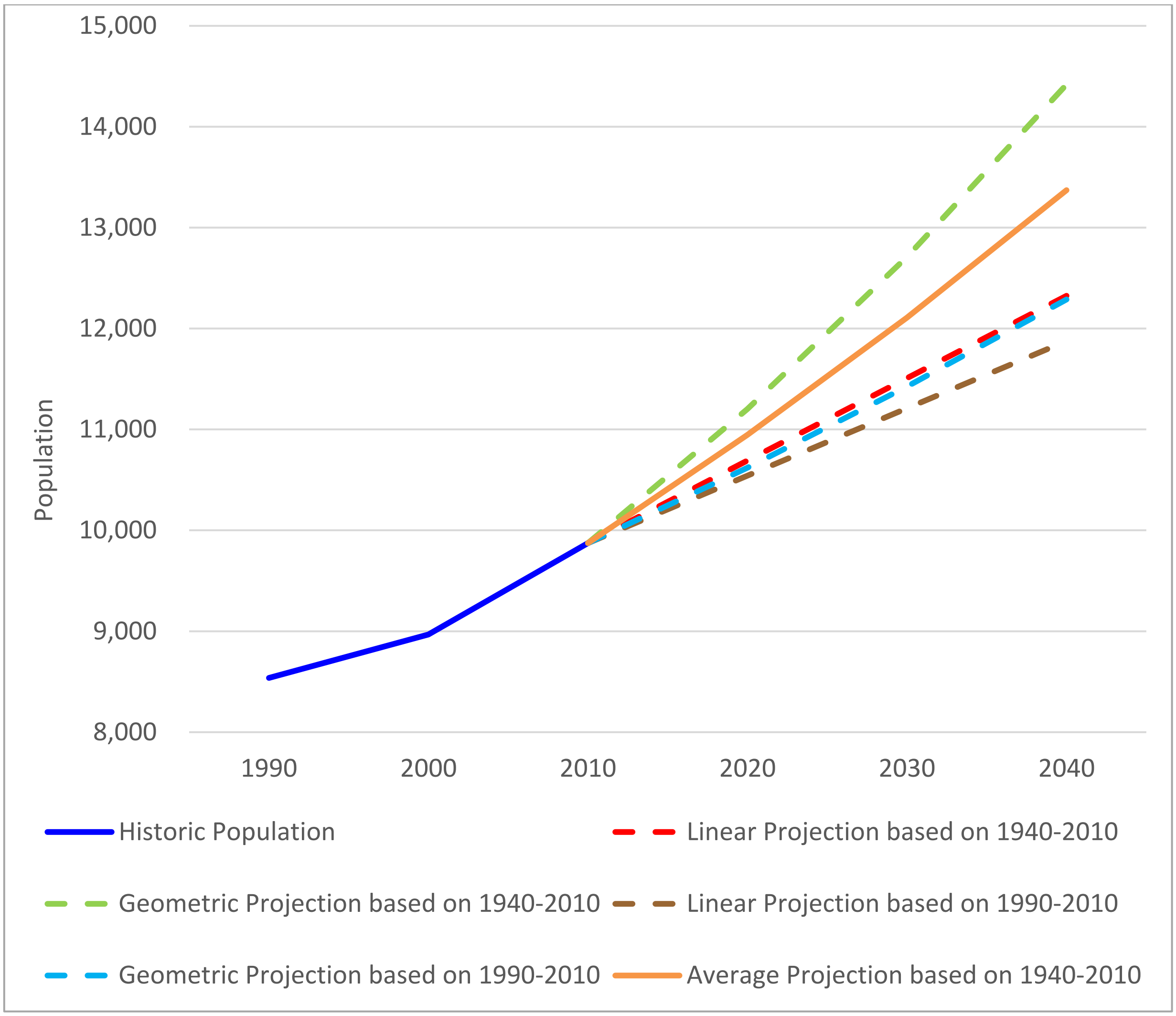


Figure 3. Waverly Population Projections through 2040. Source: Decennial Census.

B. Demographic Overview

According to the U.S. Census Bureau's 5-year American Community Survey (ACS) estimates for 2017, Waverly's population is 10,052, a statistically significant increase from 2010 (**Table 1**). Wartburg College students account for an estimated 1,500 residents, or 15 percent of Waverly's total population. The City's median age is 34.6, which is an increase from 2010 (33.1) but still lower than the statewide median age of 38.1. Since 2010, the percentages of children, prime working-age adults (25 to 44 years), and seniors (65 years and older) appeared to increase slightly, but these changes were not statistically significant. Similarly, average household and family size experienced non-significant increases. Family households and households with children, as a percentage of all Waverly households, have not changed significantly since 2010.

In 2010, compared to Iowa as a whole, Waverly had a lower proportion of children and adults aged 25-44, a higher proportion of seniors, and lower average household and family sizes. Communities with fewer young families and higher shares of senior households tend to have smaller household and family sizes, since there are fewer families with children. In some communities, these numbers might suggest that young residents are leaving and few young families are moving in to take their place, indicating that the community's population, school enrollment, and economic vitality might decline in the future. Waverly, however, appears to have a healthy and stable balance of different household types. Since 2010, Waverly and the state of Iowa have had comparable shares of family households and households with children, as a percentage of all households.

Waverly's population is predominantly non-Hispanic white[3]. While Waverly is less diverse than Iowa as a whole, the City's share of minority residents showed a modest increase, with white residents dropping from 95.3 percent in 2010 to an estimated 92.7 percent in the 2017 5-year ACS. During the same period, the shares of residents who identify as Hispanic or Latino, or "some other race," showed statistically significant increases. In the 2017 5-year ACS, Waverly had a disability rate of 7.7 percent of the civilian non-institutionalized population, compared to a disability rate of 11.6 percent statewide (Iowa data not shown).

[3] The Census Bureau measures ethnicity (whether or not a person is Hispanic or Latino) separately from race.

Table 1. Waverly Demographic Overview.

Demographic Variable	2000	2010	2010 (Iowa)	2013-2017		Statistically significant change from 2010? (90% CI)
				Estimate	Margin of Error	
Total Population	8,968	9,874	3 million	10,052	26	Increase
Age						
Median Age	34.1	33.1	38.1	34.6	1.5	Increase (marginally significant)
Under 18	21.5%	20.4%	23.9%	20.7%	1.3%	
25 to 44	21.5%	19.9%	24.6%	20.7%	3.1%	
65 and older	16.3%	16.8%	14.9%	19.1%	2.4%	
Households and Families						
Average Household Size	2.36	2.34	2.41	2.42	0.09	
Average Family Size	2.9	2.86	2.97	2.95	0.1	
Family Households (% of households)	66.2%	64.7%	64.7%	63.6%	4.1%	
Households with Children (% of households)	30.6%	28%	28.4%	27.4%	2.9%	
Race, Ethnicity, and National Origin						
White alone	97.1%	95.3%	91.3%	92.7%	1.4%	Decrease
Black or African American alone	1.0%	1.7%	2.9%	1.9%	0.6%	
American Indian and Alaska Native alone	0.1%	0.1%	0.4%	0.3%	0.3%	
Asian alone	0.9%	1.2%	1.7%	1.8%	0.7%	
Native Hawaiian and Other Pacific Islander alone	0.0%	0%	0.1%	0%	0.1%	
Some other race	0.1%	0.3%	1.8%	1.1%	0.7%	Increase
Two or more races	0.7%	1.4%	1.8%	2.2%	0.9%	
Hispanic or Latino (of any race)	0.6%	1.3%	5%	2.2%	0.8%	Increase
Foreign-Born	2.0%			2.6%	0.9%	
Disability						
People with a Disability*				754	125	
% of Population with a Disability*				7.7%	1.3%	

Source: 2000 and 2010 Decennial Census, 2017 5-year American Community Survey (ACS) estimates. *Among the civilian non-institutionalized population

III. Employment Trends

A. Economic Overview

According to the 2017 ACS estimates, about two-thirds of Waverly's population aged 16 or older is in the civilian labor force, similar to Iowa's labor force participation rate. Waverly's unemployment rate of 4.2% is also similar to the statewide rate. However, workers living in Waverly are more likely to be white-collar than workers statewide. Only 10.7% of workers living in Waverly are in production, transportation, and material moving occupations, compared to 16.1% of workers statewide. By contrast, 41.1% of workers living in Waverly are employed in management, business, science, and arts occupations, compared to 35.3% of workers statewide.

Table 2. Waverly Economic Overview.

Economic Variable	Iowa	Waverly	Is Waverly significantly different?*
Civilian labor force**	67.5%	65.3%	
Unemployment rate**	4.1%	4.2%	
Workers in Management, business, science, and arts occupations*	35.3%	41.1%	Higher
Workers in Production, transportation, and material moving occupations*	16.1%	10.7%	Lower
Median household income	$56,570	$61,935	
Median family income	$72,270	$84,110	Higher
Poverty rate (families)	7.6%	1.5%	Lower
Poverty rate (individuals)	12.0%	7.2%	Lower
Households with Social Security	30.6%	36.1%	Higher
Households with retirement income	16.7%	24.5%	Higher
Households with Supplemental Security Income	4.2%	3.2%	
Households with cash public assistance income	2.2%	2.3%	
Households with Food Stamp/SNAP benefits	11.2%	5.6%	Lower

Source: 2017 5-year American Community Survey (ACS) estimates. *90% Confidence Interval **Civilian workers age 16 and older

As a result, Waverly's population tends to have higher incomes and lower poverty rates than Iowa as a whole. Waverly's median family income of $84,110 is significantly higher than the statewide median family income of $72,270, while the family poverty rate is significantly lower (1.5% vs. 7.6%). The poverty rate for individuals in Waverly is 7.2%, lower than the statewide rate of 12%. It is unlikely that many

Waverly residents in poverty are Wartburg College students, since most Wartburg students live on-campus. Of the approximately 170 Wartburg students who live off-campus, many live with their parents.

Waverly has a higher proportion of households receiving Social Security than the state as a whole (36.1% vs. 30.6%), which may reflect the higher proportion of seniors in Waverly. The percentage of households with retirement income is considerably higher in Waverly (24.5% vs. 16.7% statewide), which may indicate that a greater percentage of Waverly's seniors had work histories that allowed them to amass retirement savings that withstood recessions.

With Waverly's relatively high incomes and low poverty rates, it is not surprising that a low percentage of households receive Supplemental Nutrition Assistance Program (SNAP or "Food Stamp") benefits. However, the proportion of households that receive Supplemental Security Income or cash public assistance (such as Temporary Assistance to Needy Families or TANF) is not significantly different between Waverly and Iowa as a whole. This underscores the fact that even affluent communities like Waverly have residents struggling with poverty (or near-poverty) and disability.

B. Industry and Job Growth

Waverly is in Iowa Workforce Development Region 7, which includes Black Hawk, Bremer, Butler, Grundy, and Buchanan Counties. From 2016 to 2026, employment is projected to grow from 115,715 to 124,855 workers (**Table 3**). Employment is projected to increase in all major occupational categories, with Healthcare Practitioner and Technical occupations accounting for the greatest increase (825 workers). Other service and health-oriented occupation types, including Food Preparation and Serving, Education, Personal Care, Sales, and Healthcare Support, are also among the occupation categories with the highest projected growth. Production occupations, the second most common occupational category in Region 7 in 2016, are projected to increase by only 170 workers. This shift from industrial to service and health occupations reflects a nationwide trend.

Although some occupational categories are expected to grow more than others, the rank of different occupation types in Region 7, in terms of number of workers, is not expected to change substantially between 2016 and 2026. Several of the most common projected occupational categories in 2026, as in 2016, tend to pay low or moderate wages. These occupational categories include Office & Administrative, Production, Sales, Food Preparation & Serving, and Transportation & Material Moving positions. As **Figure 4** shows, most higher-paying occupational categories, such as Healthcare Practitioners & Technicians and Financial & Business professions, are less common than occupational categories with more moderate wages. Other low- or moderate-wage occupational categories, such as Personal Care, Building & Grounds Maintenance, Healthcare Support, Community & Social Service, and Protective Service, are essential to the smooth functioning of communities across Northeast Iowa, especially in relatively urbanized communities such as Waverly.

Table 3. Projected Employment Growth by Occupational Category in Iowa Workforce Development Region 7.

Occupation Category	2016 Estimated Workers	2026 Projected Workers	Numeric Change
Healthcare Practitioners & Techs	5,610	6,430	825
Transportation & Material Moving	8,990	9,740	750
Food Preparation & Serving	8,990	9,670	680
Education, Training, & Library	7,950	8,600	650
Office & Admin Support	15,610	16,260	650
Personal Care & Service	4,040	4,660	620
Sales	10,760	11,375	615
Management	10,650	11,215	570
Business & Financial	3,885	4,455	570
Healthcare Support	3,165	3,700	535
Building & Grounds Cleaning & Maintenance	3,835	4,355	525
Construction & Extraction	4,515	5,000	485
Installation, Maintenance, & Repair	4,725	5,170	445
Computer & Mathematical	1,425	1,690	270
Community & Social Service	1,790	2,055	265
Architecture & Engineering	1,470	1,715	245
Production	13,430	13,600	170
Legal	570	640	70
Arts, Design, Entertainment, Sports, & Media	1,445	1,505	60
Protective Service	1,280	1,345	60
Life, Physical, & Social Science	460	500	40
Farming, Fishing, & Forestry	1,135	1,170	35
All Occupations	**115,715**	**124,855**	**9,140**

Source: Iowa Workforce Development (IWD) Region 7 Occupational Projections, 7/2019.

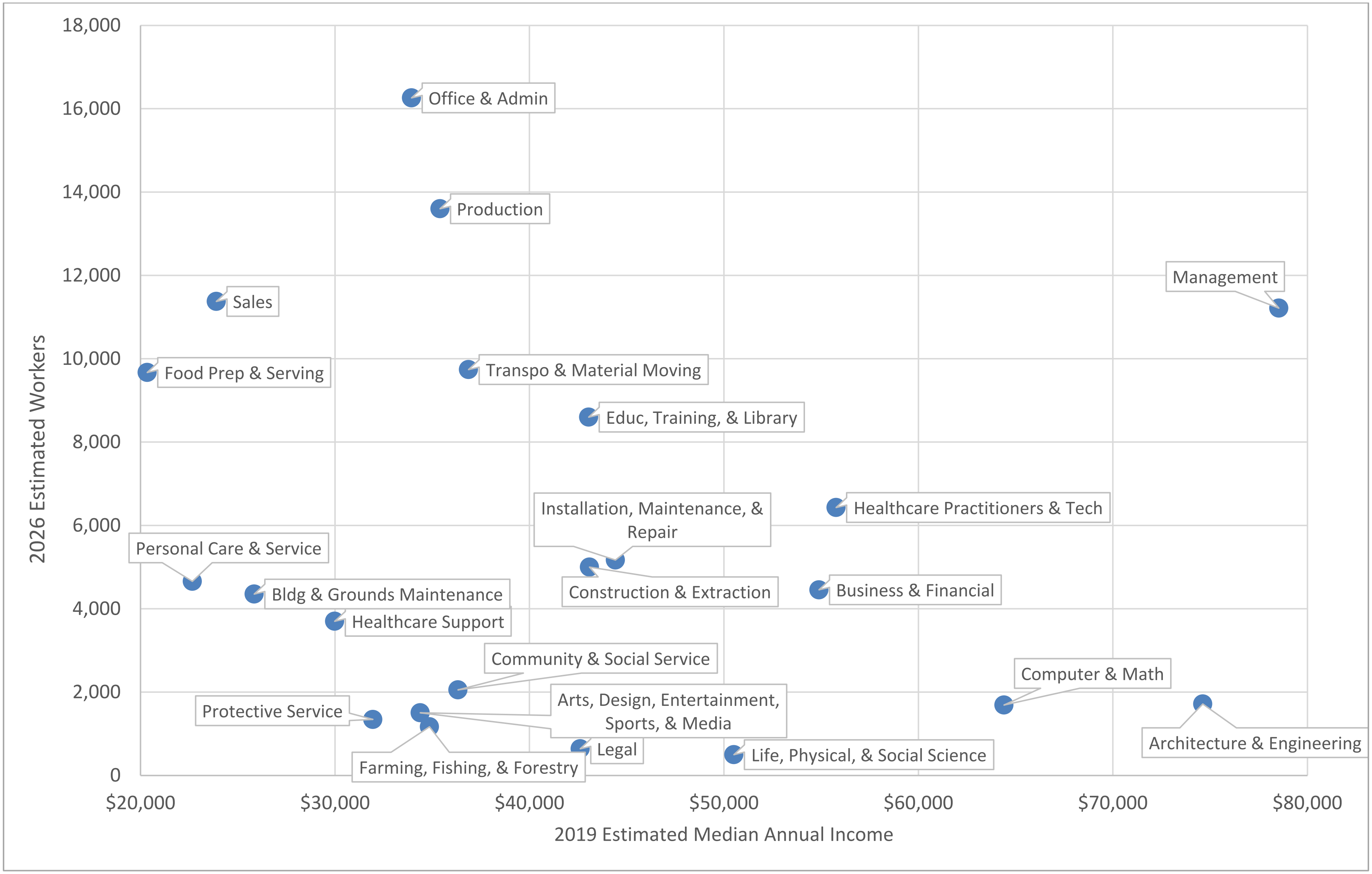
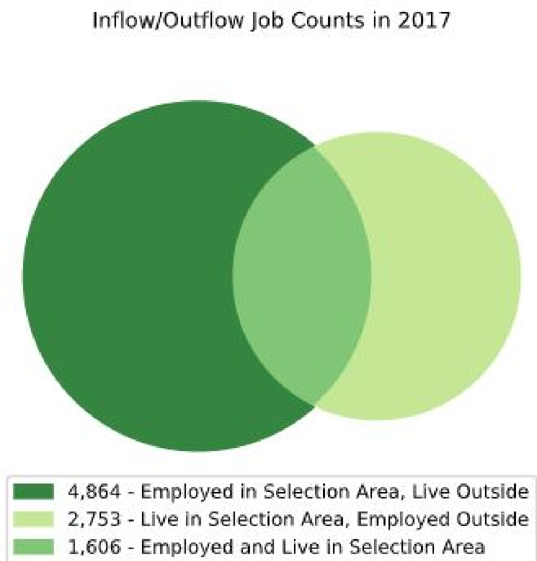


Figure 4. Projected Workers in 2026 by Occupational Category in Iowa Workforce Development Region 7. Source: IWD Region 7 Occupational Projections, 7/2019.

C. Commuting Characteristics

Figure 5 shows the commuting patterns of workers who live in Waverly, are employed in Waverly, or both. An estimated 1,606 people both live and work in Waverly, with an additional 2,753 Waverly residents commuting elsewhere for work, and 4,864 residents of other communities traveling to Waverly for work. This is a common commuting pattern for rural cities that are large enough to serve as a regional economic hub. Most workers with jobs in Waverly live in Bremer County or neighboring counties such as Black Hawk, Butler, or Chickasaw. However, 18% of workers commute from outside the immediate region, including Polk and Linn Counties (data not shown). Among workers who live in Waverly and commute elsewhere, destination counties are more geographically dispersed. While a majority of these residents work in Bremer or Black Hawk County, nearly 9% work in Linn, Polk, or Dubuque County (data not shown).

Workers who commute to Waverly could potentially be targeted by marketing efforts encouraging them to relocate to Waverly. The City's housing market stakeholders have traditionally assumed that much of the Waverly's external housing demand will come from other parts of the Waterloo-Cedar Falls Metropolitan Statistical Area (Black Hawk, Bremer, and Grundy Counties) and adjacent counties such as Butler. Encouraging these households to move to Waverly can be an effective strategy, driven by the strength of the City's school district and quality of life, but it inevitably puts Waverly in competition with other cities in the region that are trying to recruit residents. Another option is to recruit individuals who work in Waverly and have long commutes from non-adjacent counties. It may be possible to combine both strategies, encouraging relocation among both workers who live near Waverly and those with long commutes.

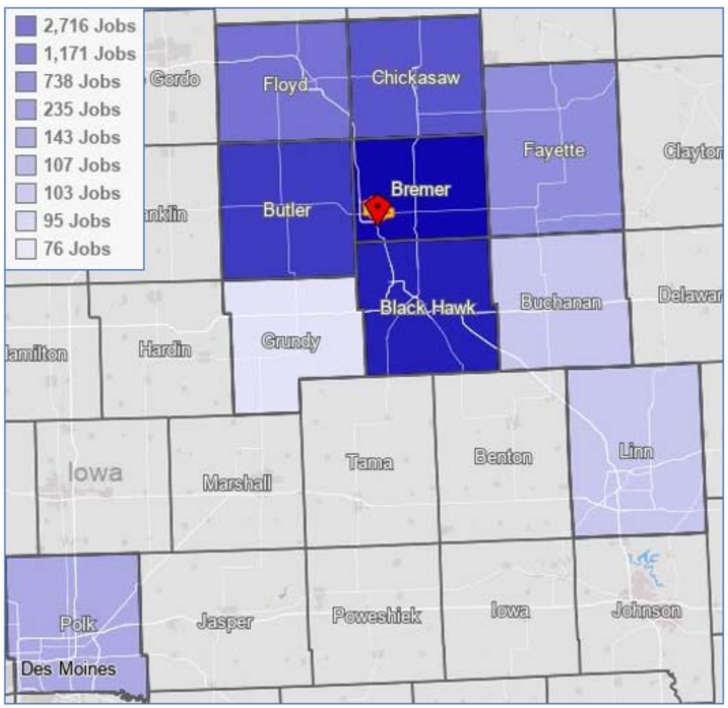


Counterclockwise from left:

Worker Inflow/Outflow for New Hampton

Top 10 home counties for people who work in Waverly

Top 10 counties where Waverly residents work



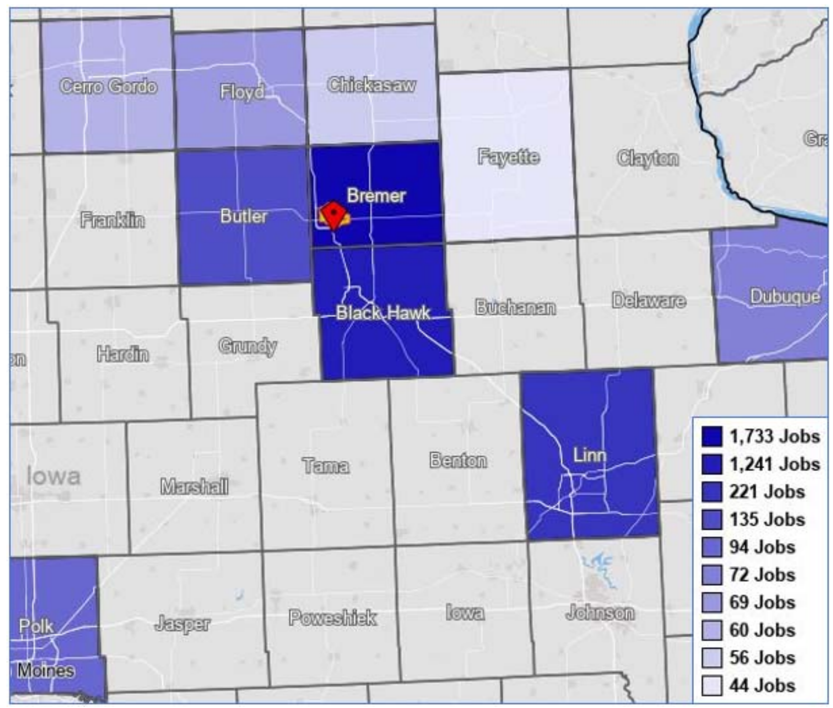


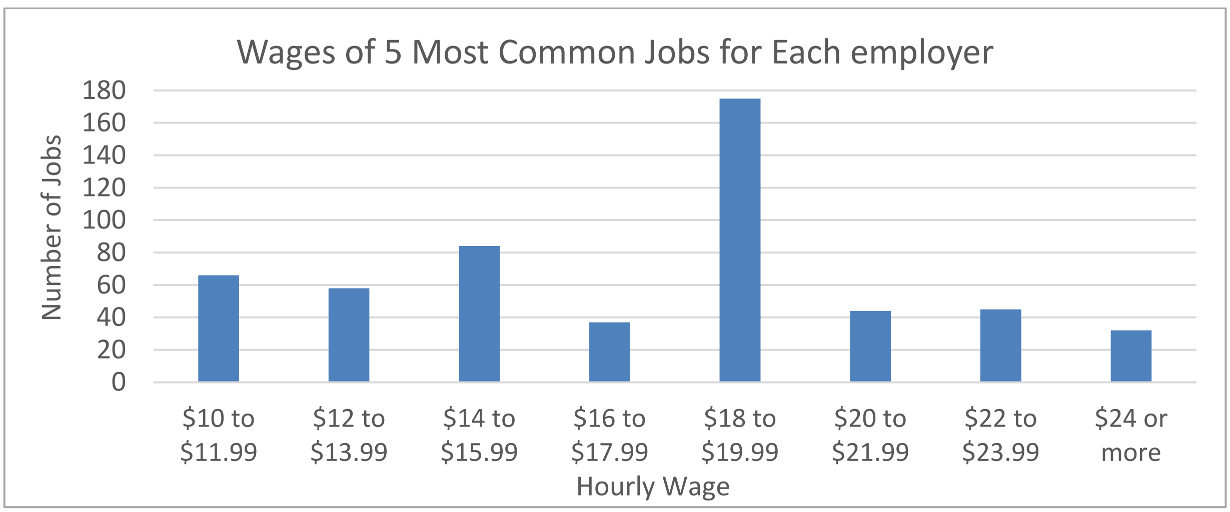
Figure 5. Waverly Commuting Patterns. Source: Longitudinal Employer-Household Dynamics (LEHD), 2nd Quarter 2002-2017 estimates (primary jobs).

D. Employer Survey

In early 2020, the City of Waverly conducted a survey of area employers with 20 or more employees. The City received responses from ten (10) firms with a collective total of 905 employees, or 18% of the 4,908 employees working for firms included in a September 2018 survey of area employers. However, not every employer answered every question in the 2020 survey.

Table 4. Waverly Area Employer Survey Responses, Pt. 1.

Employer	% of employees living in Waverly	Starting Wage
1	30%	$ 9.25
2	16%	$ 14.00
3	38%	$ 14.25
4	50%	$ 11.00
5	50%	$ 10.14
6	10%	$ 15.00
7	35%	$ 12.00
8	61%	$ 18.00
9	25%	$ 13.00
Avg.	**35%**	**$ 12.96**



Education/Training Required	% of Employer's 5 Most Common Jobs
Diploma or less	51%
Associate's or vocational (incl. CNA and LPN)	43%
Bachelor's or higher	7%

Figure 6. Waverly Area Employer Survey Responses, Pt. 2.

Numeric survey feedback from employers is shown in **Table 4** and **Figure 6**, while open-ended survey feedback is shown in Appendix A. The share of employees who live in Waverly ranges from 10% to over

60%, with an average of 35%. Employees who commute from outside Waverly generally live in communities in Bremer, Black Hawk, Butler, or Chickasaw County, with commute times of 35 minutes or less. Starting wages range from $9.25 to $18, with an average of $12.96.

Employers were also asked to list hourly wages and other information for their five (5) most common positions, and wage data was provided for 541 positions. The most common wage bracket for these positions is $18 to $19.99 per hour, though 38% of the reported positions have a wage below $16. Positions were classified into three general skill levels, and about half (51%) require a diploma or less, although some have testing or licensing requirements and may prefer candidates with experience. Most of the other positions require post-secondary education or training, which may include an Associate's degree, training in a skilled trade, certification for a medical profession as a Certified Nursing Assistant (CNA), Licensed Practical Nurse (LPN), past work experience, or similar qualifications. Only 7% of the positions require a Bachelor's degree or higher.

Employers reported that the cost of living and schools are the primary factors that their employees consider when deciding where to live. The cost of living is largely driven by housing costs, although employers also indicated that property taxes play a role. Other factors considered by employees include family ties, entertainment and other amenities, commute times, and child care availability. Several employees reported difficulty finding skilled workers, and suggested that lower housing and property tax costs would make employees more willing to live in Waverly. As Section IV.E.3 shows, some workers struggle to purchase homes in Waverly even if their employers pay competitive wages.

IV. Housing Characteristics

A. Housing Overview

Waverly has an estimated 3,857 "regular" housing units, not including group quarters such as dormitories and nursing facilities. An estimated 7.9% of Waverly's housing units are vacant, including units for rent or sale, those that have been sold or rented but are not yet occupied, those reserved for seasonal or recreational use, and those that are abandoned or held off the market by their owners. Homeowner and rental vacancy rates, by contrast, are calculated only for those units that are in the active housing market (occupied, rented or sold but not yet occupied, or vacant for rent or sale). Waverly has a higher homeowner vacancy rate than Iowa as a whole (4.1% vs. 1.5%) and a lower rental vacancy rate than the state (5.5% vs. 6.2%), but the differences are not statistically significant.

Waverly's housing stock is dominated by detached single family homes (73.2% of units), similar to the state as a whole (73.5% of units). However, the City has a lower share of mobile homes than Iowa overall (1.8% vs. 3.7%). Compared to the state, Waverly has a smaller share of units built before 1950 (19.9% vs. 31.4%) and a larger share built between 1970 and 1979 (18.9% vs. 14.4%). Waverly has a significantly lower share of homes built in 2014 or later (0.4% vs. 1.4%), but the data in **Table 5** does not include units completed after 2017.

Waverly's homeownership rate of 76.7% is higher than Iowa's overall homeownership rate of 71.1%, and the City's median home value is higher as well ($164,000 vs. $137,200). In Waverly, as in Iowa overall, nearly two-thirds of owner-occupied units have a mortgage. For owners with and without mortgages, median monthly housing costs are significantly higher in Waverly than in Iowa as a whole. However, there is no statistically significant difference between Waverly and Iowa in the percentage of homeowners who pay 35% or more of their incomes for housing. A slightly lower share of homeowners with mortgages pay ≥35% of income for housing in Waverly compared to the state (12.6% vs. 14.1% of owners with mortgages), but the share of owners without mortgages who pay ≥35% actually appears to be higher in Waverly (12.9% vs. 8.3%).

This underscores an important point: housing affordability depends on both incomes and housing costs. Since Waverly has relatively high owner housing costs as well as high incomes, owner households are about as likely to experience housing cost burden in Waverly as they are statewide. By the same token, the percentage of homeowners paying ≥35% of income for housing costs is similar for households with and without mortgages in Waverly, even though median housing costs for owners without mortgages are substantially lower. This suggests that many homeowners without mortgages are seniors and others living on fixed incomes.

Waverly's median gross rent (see Glossary on p. 25) is $648, significantly lower than the statewide median gross rent of $740. However, Waverly and the state have similar shares of renters paying ≥35% of income on housing costs (34.4% vs. 35.4% of renters). According to the 2017 5-year ACS, Waverly and Iowa have very similar median renter incomes ($31,184 vs. $31,975), but a higher share of Waverly's renter households have incomes below $10,000 (20% vs. 13%). As discussed later in the Housing Affordability Analysis, it is unclear how many of these households are college or university students.

Table 5. Overview of Waverly's Housing Stock.

Housing Variable		Iowa	Waverly	Is Waverly significantly different from Iowa?*
HOUSING OCCUPANCY				
Total housing units		1,376,133	3,857	
Vacant housing units		9.1%	7.9%	
Homeowner vacancy rate		1.5%	4.1%	
Rental vacancy rate		6.2%	5.5%	
UNITS IN STRUCTURE				
1-unit, detached		73.5%	73.2%	
1-unit, attached		3.9%	5.0%	
2 units		2.3%	3.2%	
3 or 4 units		3.4%	3.5%	
5 to 9 units		3.7%	3.6%	
10 to 19 units		3.9%	3.7%	
20 or more units		5.5%	6.1%	
Mobile home		3.7%	1.8%	Lower
YEAR STRUCTURE BUILT				
2014 or later		1.0%	0.4%	Lower
2010 to 2013		2.7%	3.9%	
2000 to 2009		11.6%	13.4%	
1990 to 1999		10.7%	9.6%	
1980 to 1989		7.4%	8.7%	
1970 to 1979		14.4%	18.9%	Higher
1960 to 1969		10.5%	12.4%	
1950 to 1959		10.3%	12.7%	
1940 to 1949		5.3%	2.9%	Lower
1939 or earlier		26.1%	17.0%	Lower
HOUSING TENURE, VALUE, AND COSTS				
All owner-occupied units	% of all occupied housing units	71.1%	76.7%	Higher
	Median value	$137,200	$164,000	Higher
Owner-occupied with mortgage	% of owner-occupied units	60.9%	63.1%	
	Median monthly owner costs	$1,202	$1,367	Higher
	Households w/housing costs ≥35% of income	14.1%	12.6%	
Owner-occupied without mortgage	% of owner-occupied units	39.1%	36.9%	
	Median monthly owner costs	$456	$497	Higher
	Households w/housing costs ≥35% of income	8.3%	12.9%	
Renter-occupied units	Median gross rent (monthly)	$740	$648	Lower
	Households w/housing costs ≥35% of income	35.4%	34.4%	

Source: 2017 ACS 5-year estimates *90% confidence level

GLOSSARY OF TERMS

- **Area Median Income (AMI):** Median annual household income (pretax) for a metropolitan area, subarea of a metropolitan area, or non-metropolitan county.
- **Moderate-Income:** Household is between 51% and 80% of the AMI for households of the same size.
- **Low-Income:** Household is at or below 50% of the AMI for households of the same size. This term is also used for households between 31% and 50% AMI.
- **Low- and Moderate-Income (LMI):** Households at or below 80% AMI for households of the same size.
- **Extremely Low-Income (ELI):** Household is at or below 30% of the AMI for households of the same size.
- **Housing Costs:** Includes the household's rent or mortgage payments, utility payments, property taxes, insurance, and mobile home or condominium fees, as applicable.
- **Gross Rent:** Includes monthly rental payment and any tenant-paid utilities (excluding telephone, cable/satellite, and internet service)
- **Monthly Owner Costs:** Includes mortgage payments, taxes, insurance, utilities, fuel, mobile home costs, and condominium fees, as applicable
- **Affordable Housing:** Housing that costs no more than 30% of a household's gross income.
- **Cost Burdened:** Household pays >30% of its gross income on housing costs.
- **Moderately Cost Burdened:** Household pays >30% but no more than 50% of its gross income on housing costs.
- **Severely Cost Burdened:** Household pays >50% of its gross income on housing costs.

B. Owner-Occupied Housing

Waverly has an estimated 2,726 owner-occupied housing units (**Table 6**). Over 90% of these units are single-family structures, and over two-thirds of all owner-occupied units were built in 1960 or later. The American Community Survey may underestimate units built since 2010.

Table 6. Structure Type and Year Built for Owner-Occupied Housing in Waverly.

Structure Type	Built 2010 or later	Built 2000 to 2009	Built 1980 to 1999	Built 1960 to 1979	Built 1940 to 1959	Built 1939 or before	Total	%
Single-Family, detached or attached	161	379	414	714	402	428	2,498	**92%**
2 to 4 units	-	9	8	-	-	13	30	**1%**
5 to 19 units	-	-	10	13	-	-	23	**1%**
20 to 49 units	8	63	36	-	-	-	107	**4%**
50 or more units	-	-	-	-	-	-	-	**0%**
Mobile home, boat, RV, van, etc.	-	-	23	45	-	-	68	**2%**
Total	**169**	**451**	**491**	**772**	**402**	**441**	**2,726**	**100%**
Percentage	**6%**	**17%**	**18%**	**28%**	**15%**	**16%**	**100%**	

Source: 2017 ACS 5-year estimates

Compared to neighboring counties and Iowa as a whole, Waverly's owner-occupied housing stock is generally more likely to be valued between $100,000 and $299,999, and less likely to be valued below $100,000 (**Figure 7**). The difference is particularly pronounced for homes valued between $200,000 and $299,999, which account for about 24% of Waverly's housing stock, but only 10% to 16% in the counties shown in **Figure 7**. Waverly also appears to have a greater proportion of homes valued between $300,000 and $499,999, although the difference is statistically significant only for Butler and Chickasaw Counties.

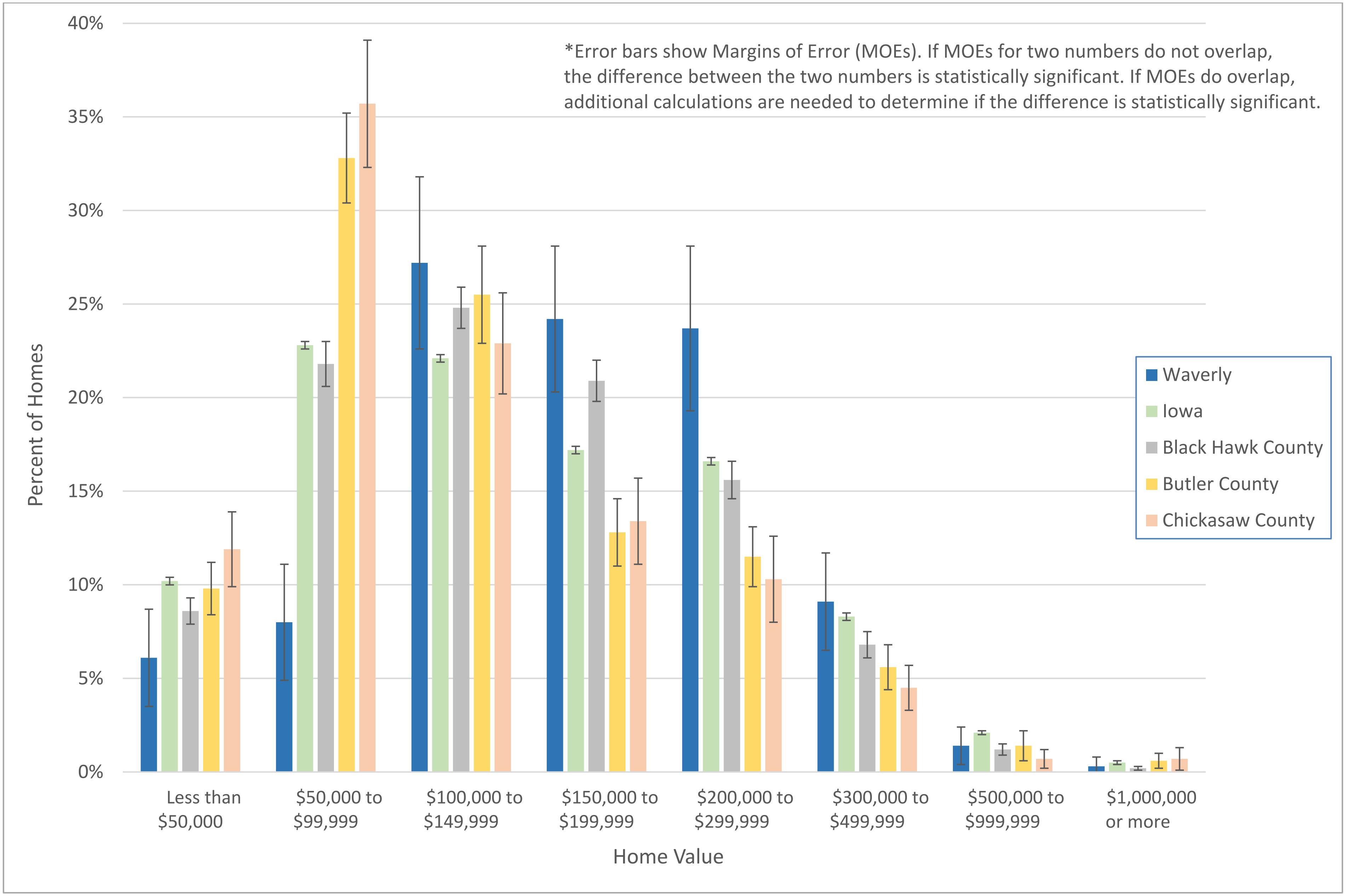


Figure 7. Home Values of Owner-Occupied Housing Units in Waverly and Selected Comparison Communities*. Source: 2017 ACS 5-year estimates

Table 7 shows three years of Multiple Listing Service (MLS) data for Waverly and three comparison cities. Waverly's median home sale price is $165,000, lower than the median prices in Denver, Decorah, and Cedar Falls. Waverly also has the lowest median price per square foot, though it is not much lower than Denver's median price per finished square foot ($90.86 compared to $91.54). Waverly had an average of 159 sales per year over the 3-year period, indicating that 4.1% of the owner-occupied housing stock is sold annually. By comparison, sale volume as a share of the owner-occupied stock ranges from 3.8% in Cedar Falls to 5.3% in Denver.

Table 7. Multiple Listing Service (MLS) Home Sale Data in Waverly and Comparison Cities.

City	Waverly	Denver	Decorah	Cedar Falls
Median Closed Sale Price	$ 165,000	$ 169,975	$ 179,000	$ 199,900
Median Price per Finished SQFT	$ 90.86	$ 91.54	$ 102.92	$ 107.76
Median Sales per Year	159	40	133	613
Sales as a % of Owner Housing Stock	4.1%	5.3%	4.6%	3.8%
Median Cumulative DOM*	46	27	28	23
Median DOM* (homes listed once)	35	19.5	26	16
Median Cumulative DOM* (repeat listings)	266	228.5	252.5	237
% of Homes listed more than once (repeat listings)	8.8%	6.7%	2.5%	10.3%
Median Sale Price (repeat listings)	$ 203,500	$ 303,700	$ 178,500	$ 266,500
Median Year Built (repeat listings)	1990	1998	1913	2003
Median Sale Price (homes listed once)	$ 163,750	$ 167,950	$ 179,500	$ 195,000
Median Year Built (homes listed once)	1972	1977	1963	1975

Source: Mutliple Listing Service (MLS) data from 12/7/16 to 12/6/19 (single-family homes, townhomes, condominiums). *DOM is an abbreviation for Days on Market.

Homes in Waverly spend a median of 46 days on the market before being sold, longer than in the other communities in **Table 7**. In each community, most homes are ultimately purchased the first time they are listed for sale. However, a subset of listings are removed from the market without the homes being sold, and the homes are later re-listed. These homes often spend more cumulative time on the market than homes that sell at the first listing. In Waverly, homes listed more than once spend a median of 226 cumulative days on the market before selling. This is higher than in the other three communities, but repeat listings in these communities tend to spend more than 200 days on the market. When we compare sale data for only those homes that were listed once, the median days on market is still higher in Waverly than in the other communities (35, compared to a range of 16 to 26).

In all communities except Decorah, homes that are listed more than once tend to be newer and more expensive. In Waverly, repeat listings have a median sale price of $203,500 and a median construction year of 1990, while homes listed only once have a median price of $163,750 and a median construction year of 1972. Newer homes tend to be more expensive, and costlier homes appear to sell more slowly. Waverly has a higher share of repeat listings (8.8% of all listings) than Denver or Decorah, which may partly explain why the median cumulative days on market for all homes is higher in Waverly (46, compared to 27 and 28, respectively). However, homes sold in Cedar Falls have the shortest median time on market (23 cumulative days) despite having the highest share of repeat listings (10.3%).

Figure 8 provides more detail on the time spent on the market for Waverly homes at different price points. Homes with closed sale prices between $150,000 and $249,999 spend a median of 28 cumulative days on the market, the shortest time for any closed price range. Homes with initial list prices between $150,000 and $249,999 spend a median of 28 to 33.5 days on the market, the shortest time for any list price range except homes listed below $50,000. Homes listed and sold at price ranges of $250,000 or higher spend much more time on the market, and are more likely to be listed multiple times before they finally sell.

Table 8 provides data on home sales by structure type, with single-family homes accounting for most home sales in a three-year period. The median construction year for single-family homes sold is 1971, though prices and time on the market vary by the age of homes sold. Not surprisingly, median list prices, closing prices, and closing price per finished square foot decrease as the home's age increases. Single-family homes built between 1940 and 1959 spend a median of 28.5 cumulative days on the market, the shortest time of any age group. At a median of 1,512 finished square feet, homes built in this time period are also the smallest single-family homes. With a median closing price of $126,750, they are also considerably less costly than the median single-family price of $164,900.

Table 8. Home Prices and Housing Characteristics in Waverly.

Housing Type	# of Listings	Subset	Median List Price	Median Closing Price	Median Cumul-ative DOM	Median Finished SQFT	Median Closing Price per Fin. SQFT	Median Year Built
Single Family	433	All	$174,900	$164,900	46	1,871	$ 89.38	1971
		Before 1940	$123,500	$116,500	58.5	1,605	$ 74.65	
		1940 to 1959	$133,500	$126,750	28.5	1,512	$ 84.59	
		1960 to 1979	$172,450	$163,925	35.5	1,800	$ 89.60	
		1980 to 1999	$244,500	$235,000	44	2,563	$ 89.96	
		2000 or later	$284,000	$281,000	57	2,432	$ 109.54	
Condo	44	All	$182,000	$176,000	60	1,923	$ 103.66	2001
		Below median closing price			25	1,050	$ 121.59	2001
		Above median closing price			107.5	2,000	$ 96.87	2000
Townhouse	1		$256,027	$256,027	0	2,308	$ 110.93	2017

Source: MLS data from 12/7/16 to 12/6/19 (single-family homes, townhomes, condominiums)

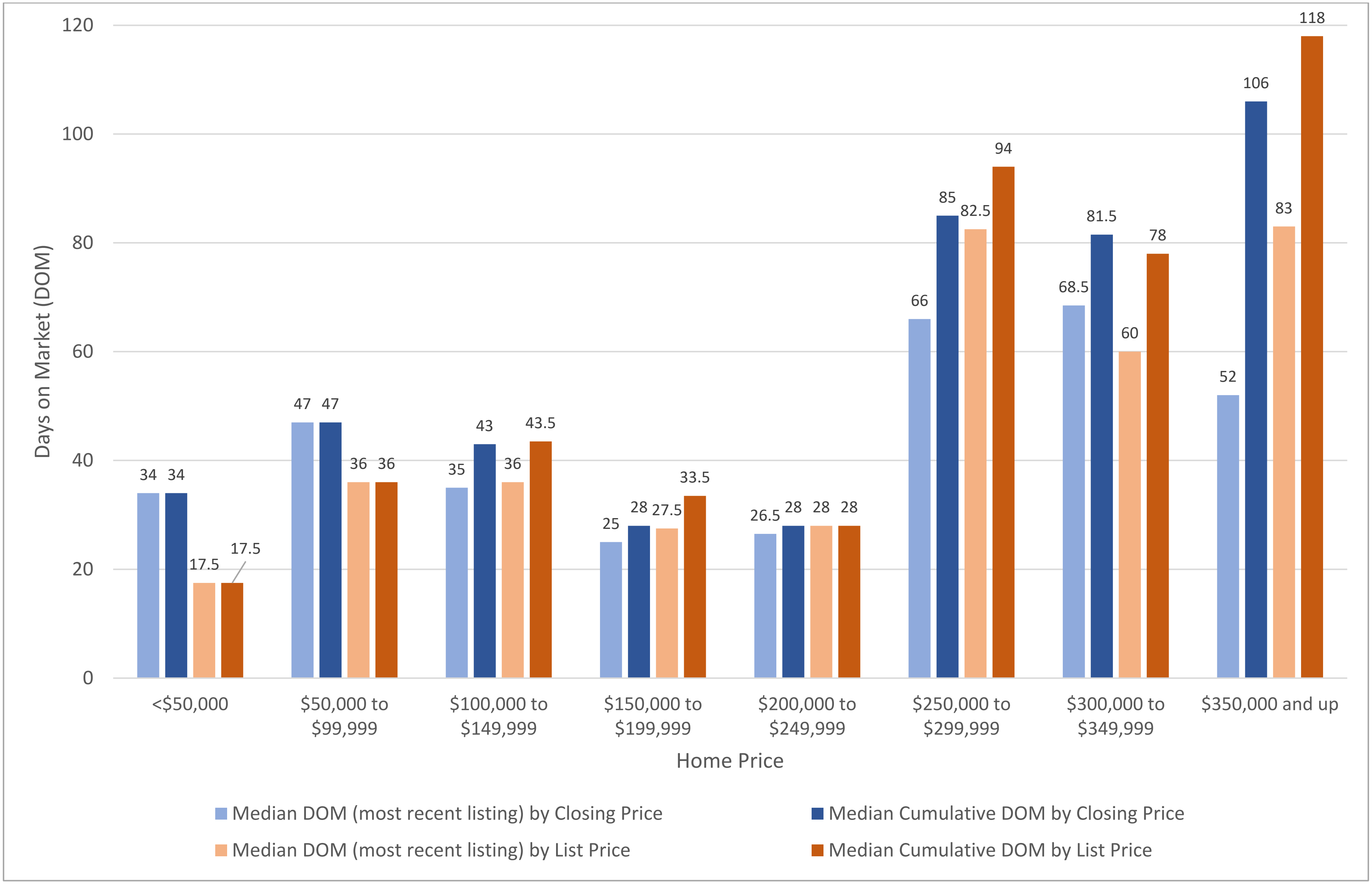
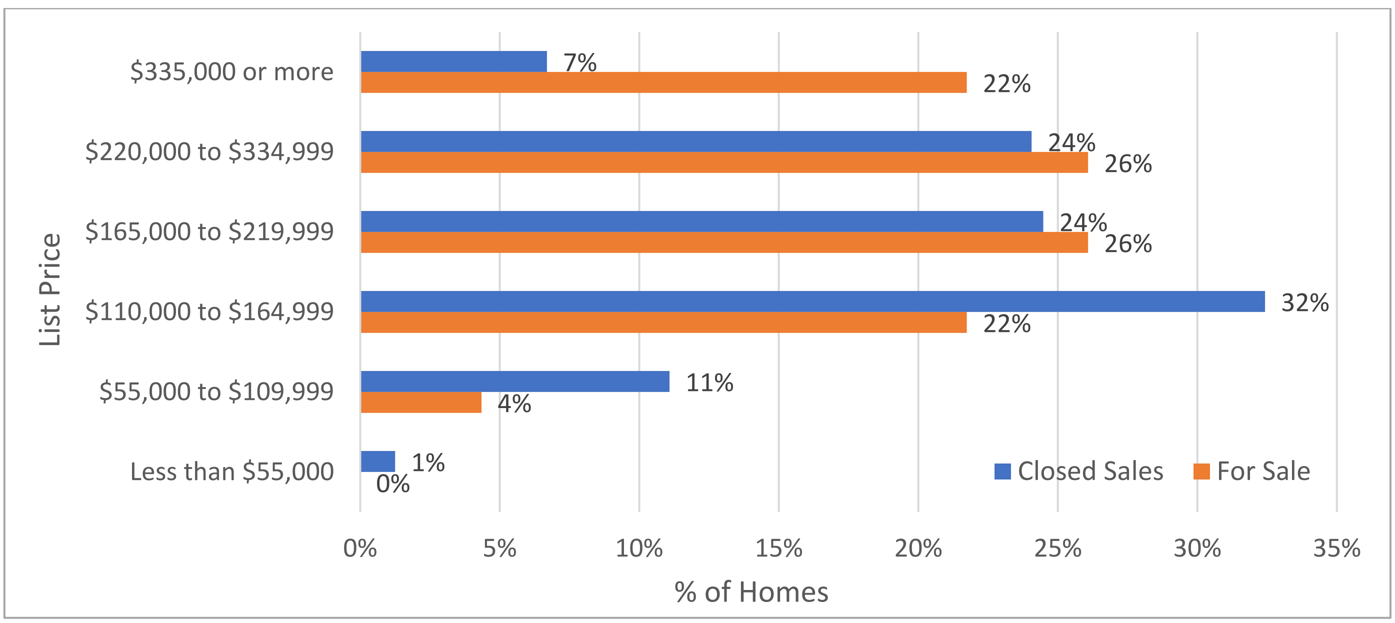


Figure 8. Days on Market by Price for Waverly Home Sales. Source: MLS data from 12/7/16 to 12/6/19 (single-family homes, townhomes, condominiums)

Condominiums accounted for 44 sales in a three-year period, or 9% of all home sales (**Table 8**). With a median construction year of 2001, these homes are considerably newer than most single-family homes. The median closing price per finished square foot for condos is $103.66 – higher than the overall median single-family price of $89.38 per square foot, but lower than the median price of $109.54 per square foot for single-family homes built in 2000 or later. With a median closing price of $176,000, condos are slightly more expensive than the median single-family home sold in Waverly ($164,900), but are considerably less expensive than the median home built in 2000 or later ($281,000).

Condos spend a median of 60 cumulative days on the market, longer than the median 46 cumulative days for single-family homes (**Table 8**). However, condominiums sold below the median condo price of $176,000 spend a median of only 25 cumulative days on the market, the shortest time to sale for any home category shown in **Table 8**. These condos have a median of 1,050 finished square feet, much lower than the median 2,000 median square feet for condos sold above the median price. However, condos sold below the median price have a median construction date of 2001, similar to that of more expensive condos.



Housing Needs Assessment Year	Homes listed <$165,000 (2020 dollars)	
	Closed Sales	For Sale
2014	51%	39%
2020	45%	26%

Figure 9. For-Sale Housing Market Supply & Demand: Closed Sales Vs. Homes Listed for Sale

Source: MLS data from 12/7/16 to 12/6/19 (single-family homes, townhomes, condominiums)

Figure 9 compares the current supply of homes for sale (as of 12/9/2019) to closed sales over a three-year period. Waverly's 2014 Housing Needs Assessment contained a similar analysis, and **Figure 9** uses the same price ranges as the 2014 analysis, approximately adjusted for inflation. According to the most recent data, homes listed between $110,000 and $164,999 account for a greater share of closed sales than active listings (32% compared to 22%). By contrast, homes listed at $335,000 or more account for 22% of active listings but only 7% of closed sales.

This pattern is roughly similar to the 2014 Housing Needs Assessment's findings, which suggested that Waverly's home sale market has an oversupply of higher-end homes and a shortage of moderately priced homes. Since 2014, both home listings and closed sales have shifted to higher-priced homes. In 2014, homes listed below $165,000 (in 2020 dollars) accounted for 39% of active listings and 51% of closed sales. Between December 2016 and December 2019, however, homes listed below $165,000 accounted for only 26% of active listings and 45% of closed sales.

Table 9 shows the permit values for homes built from 2014 through 2019 in Waverly. Two-thirds of all permitted units, and virtually all single-family units, were valued at $200,000 or higher. The continued dominance of higher-priced homes in the new construction market may partly explain why Waverly's home sale market has shifted even further toward high-end housing in recent years (see **Figure 9**). Additionally, high-end homes built in the decade before 2014 may be entering the resale market, pushing median single-family sale prices upward.

Table 9. Waverly Construction Permits for Owner-Occupied Units 2014 – 2019*.

Price Range	Single-Family	Duplex	Multi-Family	Total	% of Total
$100,000 to $149,999	2	8	5	**15**	**7%**
$150,000 to $199,999	5	10	35	**50**	**25%**
$200,000 to $249,999	48	8	4	**60**	**30%**
$250,000 or more	78	0	0	**78**	**38%**
All Prices	133	26	44	**203**	**100%**

Source: City of Waverly building permits. *Of the 230 units permitted between 2014 and 2019, this data includes the 203 units for which price data was available.

Several conclusions emerge from Waverly's MLS data:

- Waverly's home sale market is softer and less expensive than those of comparison communities in the region. Home prices are lower in Waverly, and homes spend more time on the market before selling.
- However, Waverly's home sale market is healthy overall. Homes that are listed only once before sale spend a median of 35 cumulative days on the market, which is considered reasonable by real estate professionals. Additionally, 4.1% of Waverly's owner-occupied homes are sold each year on average, which is within the range for comparison communities.

- Demand appears to be strongest for homes with closing prices between $150,000 and $249,999, which spend a median of 28 cumulative days on the market. Homes with closing prices below $150,000 tend to spend more time on the market, possibly because these homes tend to be older and might have more deferred maintenance. Homes that sell for $250,000 or more spend considerably more time on the market than less costly homes, and are more likely to be listed for sale more than once before they finally sell.
- Demand is particularly strong for certain moderately priced homes. Single-family homes built between 1940 and 1959 have a median closing price of $126,750 and spend a median 28.5 cumulative days on the market. This is the quickest turnaround time for single-family homes in any age bracket, despite the fact that homes built between 1940 and 1959 have the lowest median finished square footage. Additionally, condominiums priced below the median condo price of $176,000 spend a median of only 25 cumulative days on the market, despite having a median of only 1,050 finished square feet. These numbers suggest that many buyers are willing to give up some living space and newer construction amenities for a moderately priced home in Waverly.
- Similar to the findings of the 2014 Housing Needs Assessment by Maxfield Research, Inc., the most recent MLS data indicates that moderately priced homes account for a larger percentage of closed sales than active listings. This suggests that Waverly has an oversupply of higher-end homes for sale, and a shortage of moderately priced homes.
- City permit data from 2014 through 2019 suggests that two-thirds of homes built in Waverly are valued at $200,000 or higher. Most homes built below this price range are duplex or condominium units. Based on the findings discussed above, Waverly may have more demand for moderately priced duplex and condominium units than the market is currently supplying.

The City of Waverly also surveyed three (3) major real estate offices in early 2020, and their feedback reflects the complexity of Waverly's housing market. **<u>Table 10</u>** shows real estate professionals' responses to selected survey questions, while responses to open-ended survey questions are found in Appendix B. Respondents identified reasonable home prices and affordable interest rates as strengths of Waverly's housing market, while its main weakness is a limited inventory. However, respondents were divided on whether Waverly has an adequate supply of housing of the types and desired price ranges that clients are seeking.

Two respondents estimated the percentage of homebuyers who are seeking to purchase homes in different price ranges, and their combined estimates indicate that 55% of buyers are seeking to purchase homes between $100,000 and $199,999 (**<u>Table 10a</u>**). One of these respondents noted that their office had closed 166 sales in 2019, with only 40 homes remaining on the market. The third respondent provided a narrative response that a majority of buyers are seeking homes in the $100,000 to $199,999 price range (Appendix B). Outside this price range, **<u>Table 10a</u>** shows that sales are skewed more toward higher-cost homes ($200,000 or more) than toward lower-cost homes (under $100,000).

Table 10. Waverly Real Estate Professional Feedback on Selected 2020 Survey Questions.

Home Sale Price Range	% of homebuyers seeking homes in this price range *
Less than $100,000	12%
$100,000 to $149,999	28%
$150,000 to $199,999	26%
$200,000 to $249,999	20%
$250,000 or more	20%

a. Price Ranges of Homes Sought by Clients.

*Two respondents provided data for each price range. See Appendix B for additional responses.

Reasons that clients search for homes in Waverly	Number of Responses*		
	Primary factor	Secondary factor	Not a factor
A client is relocating due to employment	1		1
A client wants to enroll their children in the Waverly School District	2	1	
A client wants to live in Waverly for its high quality of life	2		
A larger home is desired	1		1
A smaller home is desired	1	1	
A client is currently renting, wanting to own	1		1

b. Reasons that Clients Search for Homes in Waverly.

*Two respondents completed this table. See Appendix B for an additional response.

Factors preventing homebuyers from purchasing homes in Waverly	Number of Responses*		
	Major Factor	Minor Factor	Negligible/ Not a Factor
Lack of homes in desired price range	3		
Lack of homes on the market with modern amenities		3	
High property taxes	2	1	
Low credit score	1	1	1
Lack of savings for a down payment		2	1
Lack of access to credit/no credit score		1	2
Lack of stable employment		3	
Lack of understanding of the home buying process		1	2
Prefer a more urban community		1	2
Prefer a more rural community		1	1

c. Primary Factors Preventing Homebuyers from Purchasing Homes in Waverly. *Three respondents

Respondents were asked to rate the relative importance of various reasons that a homebuyer might search for a home in Waverly, such as relocation for a job, quality of life, or moving from renting to homeownership for the first time. While the two respondents for this question differed widely on the importance of some factors, they agreed that Waverly's school district and high quality of life are primary draws for homebuyers. A search for a smaller home was also listed as a primary or secondary factor motivating homebuyers (**Table 10b**).

When asked what factors might prevent a buyer from purchasing a home in Waverly, the two main reasons were a lack of homes in the buyer's desired price range and high local property taxes (**Table 10c**). The main secondary factors identified by respondents were a lack of homes on the market with modern amenities, and a lack of stable employment among some homebuyers. Feedback was more mixed for factors related to the homebuyer's credit score, savings for a down payment, and understanding of the process, though all were identified as a minor factor by at least one respondent. Another minor factor for some would-be homebuyers may be their preference for a more urban or rural community than Waverly. Respondents reported that buyers unable to purchase homes in Waverly may continue to rent, or may purchase homes in other, usually smaller communities (Appendix B).

The feedback from real estate firms reinforces the conclusion that Waverly has a large stock of moderately priced homes, but not large enough to easily meet the demands of potential homebuyers. Older, more affordable homes may have fewer of the modern amenities and renovations that homebuyers prefer. Moreover, some homebuyers struggle to maintain stable employment, suggesting that Waverly has pent-up demand for homes that are affordable to households without two full-time, year-round incomes. Section IV.E.3 will consider the implications of real estate professionals' feedback for home purchase assistance programs.

C. Rental Housing

In the 2017 5-year ACS, Waverly had an estimated 828 renter-occupied housing units (**Table 11**). Single-family structures accounted for 40% of rental units, while another 21% of rental units were in 2- to 4-unit structures. Buildings with 20 or more units accounted for only 16% of rental units. While a majority of rental units were built after 1960, they were generally older than owner units in Waverly, with 75% of rentals built before 1980 and only an estimated 3% built after 2000. However, Waverly has added an estimated 159 new rental units since the 2017 5-year ACS was conducted[4].

Most of Waverly's rental units had gross rents under $1,500 per month in the 2017 5-year ACS (see Glossary on p. 25), with a majority (57%) renting between $500 and $999 per month (**Figure 10**). Waverly's rental market was skewed toward lower rents than the markets in Black Hawk County or Iowa as a whole, while its rents tended to be higher than rents in Butler County or Chickasaw County.

[4] Rental units for which permits were issued between 2017 and 2019. We assume that construction was not completed in 2017 for units permitted in that year.

Table 11. Structure Type and Year Built for Renter-Occupied Housing in Waverly.

Structure Type - Renter-Occupied	2010 or later	2000 to 2009	1980 to 1999	1960 to 1979	1940 to 1959	1939 or before	Total	%
Single-Family, detached or attached	-	13	76	72	77	90	328	**40%**
2 to 4 units	-	12	23	105	27	7	174	**21%**
5 to 19 units	-	-	51	75	65	8	199	**24%**
20 to 49 units	-	-	19	68	-	-	87	**11%**
50 or more units	-	-	17	17	6	-	40	**5%**
Mobile home, boat, RV, van, etc.	-	-	-	-	-	-	-	**0%**
Total	**-**	**25**	**186**	**337**	**175**	**105**	**828**	**100%**
Percentage	**0%**	**3%**	**22%**	**41%**	**21%**	**13%**	**100%**	

Source: 2017 ACS 5-year estimates

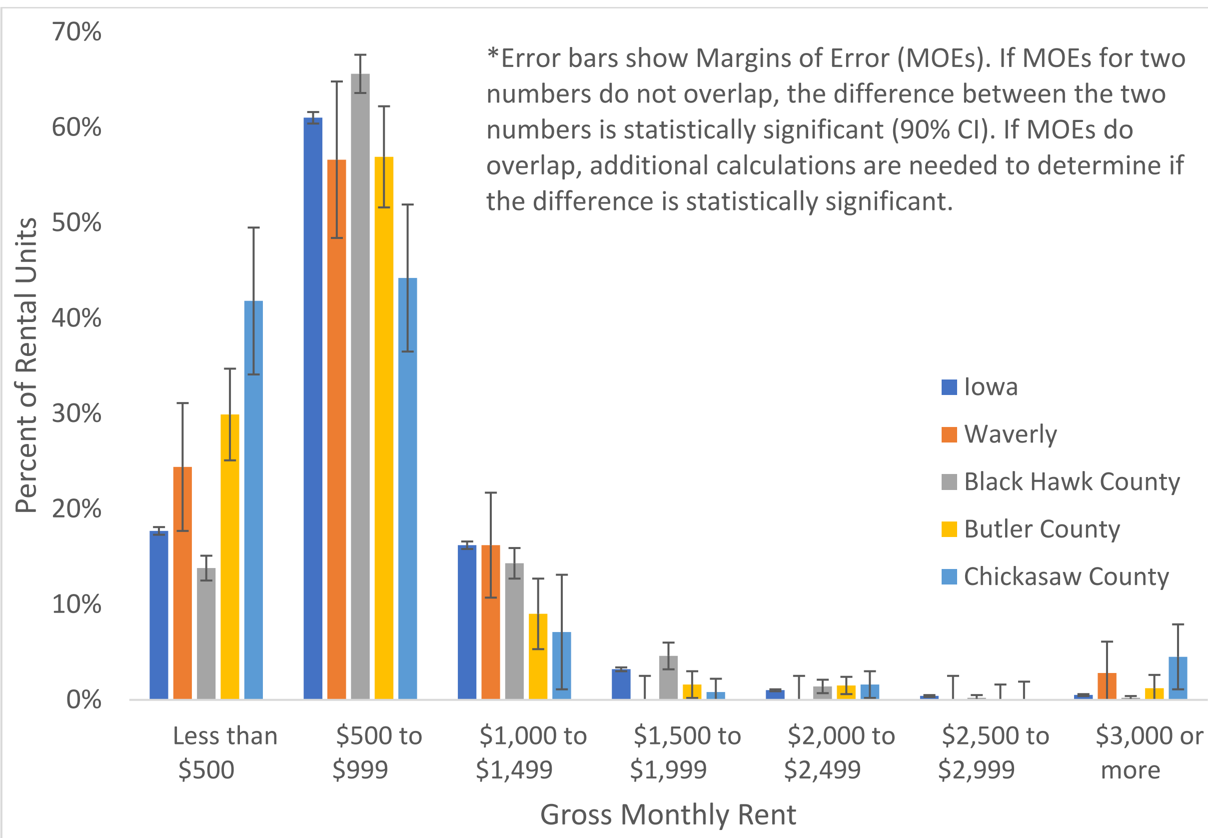


Figure 10. Gross Rents of Renter-Occupied Housing Units in Waverly and Selected Comparison Communities*. Source: 2017 ACS 5-year estimates

To obtain firsthand information on prices, vacancy rates, and other aspects of Waverly's rental housing stock, the City solicited input from landlords and property managers known to have multiple rental units in Waverly. The City surveyed owners and managers of market-rate units – those without any subsidy or maximum income requirements for tenants – and subsidized units, which are limited to LMI tenants (see Glossary on p. 25) and are intended to offer rents at or below the market rates for moderately priced rentals in the community. Survey results are shown in **Table 12** and **Table 13**.

The City received completed surveys for seven (7) market-rate rental developments with a total of 167 units, or 21% of Waverly's estimated 1,035 market-rate units in 2020 (**Table 13**). A majority of the units (109) reported in these surveys are 2-bedroom, while another 45 units are 3-bedroom (**Table 12**). Average rents range from $591 per month for 1-bedroom units to $1,196 for 3-bedroom units. The majority of units surveyed (118) were from two complexes constructed in the last five years, while the remaining 49 units were in older rental complexes or consisted of single-family homes. As a result, reported rents varied widely. This was especially true for 2-bedroom units, whose rents ranged from $475 to $1,195.

The overall vacancy rate for the market-rate units surveyed is 3%, which is lower than the American Community Survey's 2017 estimates for Waverly's rental vacancy rate (**Table 5**). A 5% vacancy rate is generally considered to be healthy for a local rental market, with lower vacancy rates indicating greater market tightness. When the surveyed market-rate units become vacant, they spend an average of 19 days on the market before being leased to a new tenant. By comparison, an average turnaround time of 30 days is considered healthy for a rental market. Overall, the survey results for market-rate rentals indicate a relatively tight market in Waverly. Although the city's rental inventory has increased substantially in recent years, the new units generally do not stay vacant as long. The 2014 Housing Needs Assessment reported that many renters in the region were dissatisfied with Waverly's rental options, so the new rental developments may be attracting demand from renters who would otherwise live in neighboring communities.

Waverly's subsidized housing stock can be divided into deep-subsidy and shallow-subsidy units. In deeply subsidized units, a public subsidy program pays the difference between an affordable rent for the tenant[5] and the full price of the unit, which generally does not exceed a fair rent standard established by the program. If a tenant's income increases, they become responsible for a larger portion of the total rent, and the amount paid by the subsidy program decreases. The reverse occurs if the tenant's income decreases. Deep subsidies may be project-based, meaning that they are tied to the units in a specific rental property, or tenant-based, meaning that the tenant finds a unit in the private market with an owner who is willing to accept subsidy payments. The federal Housing Choice Voucher (HCV) or "Section 8 voucher" program is the most widely known tenant-based subsidy program (see Appendix C).

Waverly currently has two (2) rental complexes with deep subsidies from HUD's Project-Based Section 8 program (see Appendix C). These two complexes, Waverly Manor and Waverly Homes, have a total of 101 units, which are restricted to seniors and people with disabilities. They are owned by the Waverly Low

[5] Generally 30% of gross income, but may be up to 40% in some programs, if the household opts to pay more than 30% of their income for a unit that better suits their needs.

Rent Housing Agency, a public housing authority, but many Project-Based Section 8 developments across the nation are privately owned. Waverly's deep-subsidy rental stock also includes Lantern Park Apartments, a 16-unit, privately owned development with subsidies from the U.S. Department of Agriculture's (USDA's) Section 515 program[6]. Additionally, the Iowa Northland Regional Housing Authority (INRHA) has 54 Housing Choice Vouchers currently in use in Waverly.

In **Table 12**, average rents for deep-subsidy units represent the total rent received by the property owner, including the portions paid by the tenant and the subsidy program. All HCV-subsidized units have average rents well below the HUD Fair Market Rents (FMRs) for Bremer County[7], indicating that voucher holders in Waverly are renting modest units. This may indicate that the units with landlords willing to rent to Section 8 voucher holders are disproportionately older and have fewer amenities, a problem faced by voucher holders in communities across the nation.

Table 12. Survey of Waverly Rental Developments, Pt. 1.

Subsidy Type for Surveyed Units	0 BR (Efficiency)		1 Bedroom		2 Bedrooms		3 Bedrooms		4 Bedrooms	
	# Units	Avg. Rent	# Units	Avg. Rent	# Units	Avg. Rent	# Units	Avg. Rent	# Units	Avg. Rent
None (Market-Rate Units)	0	-	11	$591	109	$945	45	$1,196	2	$850
Deep - Project-Based[a]	4	$406	96	$561	9	$584	8	$772	0	-
Deep - Tenant-Based (Housing Choice Voucher)[a]	0	-	34	$490	14	$583	5	$775	1	$950
Shallow	0	-	18	$692	7	$856	0	-	0	-
Shallow – Waverly Historic Lofts[b]	*0*	-	*No data*	*$349 - $624*	*No data*	*$403 - $728*	*No data*	*$780*	*0*	-
Shallow - Special Needs[c]	0	-	10	$390	2	$608	6	$1,064	0	-
Total Subsidized	**4**	**$406**	**158**	**$550**	**32**	**$644**	**19**	**$865**	**1**	**$950**

HUD 2020 Fair Market Rents (FMRs) for FY2020	**N/A**	**$470**	**N/A**	**$522**	**N/A**	**$687**	**N/A**	**$856**	**N/A**	**$1,079**

a. Average rent for deep-subsidy units refers to total rent (tenant portion plus subsidy) paid to the property owner.

b. Not included in calculations for shallow-subsidy units (above) or total subsidized units.

c. Although these units have shallow subsidies, including HOME and LIHTC, most are targeted to households at 40% to 50% AMI. 3-bedroom units are typically occupied by three roommates each paying 1/3 of the rent.

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[6] This development also has Low Income Housing Tax Credit (LIHTC) subsidies. Both USDA Section 515 and LIHTC are considered shallow subsidies. The Lantern Park Apartments property manager reported that rents are deeply subsidized, but Lantern Park does not have a USDA Section Rental Assistance (RA) contract (see Appendix C). The source of deep subsidies for Lantern Park was not confirmed.

[7] HUD Fair Market Rents (FMRs) in Bremer County, and many other communities across the nation, are set at the 40th percentile rent for recently rented units, adjusted for bedroom size. For the HCV program, Public Housing Authorities (PHAs) typically have the latitude to set payment standards between 90% and 110% of FMR for the maximum rent of eligible units.

Table 13. Survey of Waverly Rental Developments, Pt. 2.

Subsidy Type	Total Units Surveyed	Approx. % of Waverly Units	Vacancy Rate[a]	Households on Waitlist[a]	Avg. Days on Market[a]	Units Restricted to Age 62+	Accessibility Features for People with Disabilities
None (Market-Rate)	167	21%[b]	3%	N/A[c]	19	N/A[c]	N/A[c]
Deep - Project-Based	117	100%	1.7%	36	0	101[b]	6 age-restricted and 2 general occupancy units are fully accessible. Remaining 95 age-restricted units have accessibility features such as wide doorways, grab bars, lever door handles, and step-in showers.
Deep - Tenant-Based (Housing Choice Voucher)	54	100%	N/A	45	N/A	N/A	Depends on the unit. Tenants select units in the private rental market, which vary in terms of accessibility features.
Shallow	25	45%	0%	0	33	15[d]	4 units are fully accessible. 11 units have wide doorways, grab bars, lever knobs, and step-in-showers. Of the remaining 10 units, at least 4 have wide doorways and lever handles.
Shallow - Special Needs	18	100%	5.6%[e]	5	30	None	17 units are wheelchair accessible.
Total Subsidized	**214**	**88%**	**2.1%**	**86**	**9**	**116**	**See above.**

a. One development with 15 units had not yet opened at the time of this writing, so data for these variables was not available. Additionally, vacancy rate and days on market are not applicable to Housing Choice Vouchers in use in Waverly.

b. Of estimated 791 market-rate rental units. The 246 subsidized units are subtracted from Waverly's estimated 1,035 total rental units (including 876 occupied and vacant-for-rent units reported in the 2017 5-year ACS and 159 units constructed since 2017).

c. Question not included on survey for market-rate units.

d. 69 age-restricted units (54 deep-subsidy and 15 shallow-subsidy) are also available to people with disabilities who are age 50+ and receive Social Security Disability Income (SSDI). Another 47 deep-subsidy age-restricted units are also available to people with disabilities of all ages who receive SSDI, provided no seniors are on waitlist.

e. At the time of the survey, the only vacancy was related to COVID-19.

The vacancy rate for project-based deep subsidy units is only 1.7%, and 36 households are on waitlists for these units. In general, when these units become vacant, they spend zero days on the market because they are immediately made available to a qualified household on the waitlist (**Table 13**). While only 8 units with project-based deep subsidies are fully accessible to people with disabilities, most of the age-restricted units include accessibility features such as wide doorways, grab bars, lever door handles, and step-in showers. INRHA's Housing Choice Voucher program has 45 Waverly households on its waitlist, indicating strong demand for deep rental subsidies in Waverly. Since HCV subsidies are not permanently tied to specific units, survey questions about vacancy rates, days on market, and age restrictions were not applicable.

Shallow-subsidy programs generally subsidize the construction or rehabilitation of rental units, allowing them to be offered at rents that are generally below market rates for unsubsidized units of similar quality. Shallow-subsidy rental programs include the Low Income Housing Tax Credit (LIHTC), which is authorized by the U.S. tax code and allocated by the Iowa Finance Authority (IFA) and other state housing finance agencies; HUD's Community Development Block (CDBG) and HOME programs; and various local public and private sources (see Appendix C). LIHTC developments are owned by private entities, and CDBG and HOME units are typically owned by private for-profit or nonprofit entities.

Unlike in deep-subsidy units, rents for shallow-subsidy units are not subsidized to bring each tenant household's rent down to 30% of their income. The maximum allowed income for shallow-subsidy units typically ranges from 50% to 80% AMI, although some developments include units that are targeted to lower income levels. It is common for shallow-subsidy developments in general, and those targeted to tenants below 50% AMI in particular, to combine or "layer" multiple subsidy sources to make construction and operation financially feasible for the developers and owners.

Waverly has a varied pool of shallow-subsidy units. These include the 15-unit Red Cedar Place, a new senior housing project developed by the Waverly Low Rent Housing Agency using local funds; Waverly Historic Lofts, a 30-unit LIHTC development in a former school building; and twelve upper story units developed in existing downtown buildings with CDBG Disaster Recovery (CDBG-DR) funds following the 2008 floods. Additionally, Waverly has 18 units subsidized by HOME and LIHTC and restricted to tenants with certain disabilities, with supportive services provided by a local nonprofit organization. Because these 18 units are generally targeted to households with lower incomes than other shallow-subsidy units in Waverly, data for these units is listed separately in the "Shallow – Special Needs" rows in **Table 12** and **Table 13**.

Table 12 provides average rents for shallow-subsidy units of different sizes. Waverly Historic Lofts units are not included in the totals for shallow subsidy units or all subsidized units, since complete data was not available for this development. Of the shallow-subsidy units that are not restricted to special needs tenants, 18 are one-bedroom units with an average rent of $692, while 7 are two-bedroom units with an average rent of $856. Notably, the average 1-bedroom rents for these shallow-subsidy units are higher than the average rents for 1-bedroom market-rate units ($591). For 2-bedroom units, the average rent among these shallow-subsidy developments is lower than the average market-rate rent of $945. However, some shallow-subsidy, 2-bedroom units have rents as high as $750-$950, while some market-rate, 2-bedroom units have rents as low as $475-$575.

Shallow-subsidy rents sometimes exceed market-rate rents in Waverly because the former tend to be newer, and market rents are low relative to incomes in Bremer County. As Section IV.E.3 will explain, shallow-subsidy rents in communities with relatively low rental costs, such as Waverly, are often similar to or higher than HUD's Fair Market Rents. In fact, for several of Waverly's shallow-subsidy units, the subsidy program allows maximum rents to be affordable to renters at 65% AMI, a limit that far exceeds Fair Market Rents[8]. Nonetheless, for shallow-subsidy units not restricted to special needs populations in Waverly, the estimated vacancy rate is 0%. When these units do become vacant, the average turnaround time is only 33 days.

The 18 shallow-subsidy units targeted to certain special needs populations tend to have lower rents than other shallow-subsidy units in Waverly, due to skilled subsidy layering by the owners. Ten (10) of the special-needs units, or over half, are one-bedroom with an average rent of $390, which is considerably lower than the average 1-bedroom rent for market-rate units. The 2-bedroom units have an average rent of $608, higher than market-rate units but lower than other shallow-subsidy units. The 3-bedroom units have an average rent of $1,064, but the rent is generally split evenly among three roommates per unit, with each tenant paying about $320. The 5.6% vacancy rate for these shallow-subsidy units targeted to special needs populations is due to COVID-19 disruptions at the time the survey was submitted, and vacant units spend an average of only 30 days on the market. Additionally, 5 households are waitlisted for these units, indicating that the Waverly area has unmet demand for housing tailored to people with these particular disabilities.

As Section IV.E will show, Waverly has scores of LMI renter households who are cost burdened, or paying more than 30% of their incomes for housing. This indicates that Waverly's existing subsidized rental stock is insufficient to meet the City's affordable rental housing needs. Specifically, Section IV.E.3 will discuss appropriate subsidy options for different types of LMI households.

D. Senior Housing

This section provided an overview of housing options in Waverly that are designed to meet seniors' needs as they age and require increasing levels of care. In this document, "senior housing" is defined to include options ranging from congregate living to skilled nursing facilities. Currently, Waverly's only senior housing provider is Bartels Lutheran Retirement Community, whose housing options include:

- **Congregate senior housing**: Includes property management services such as building and grounds maintenance and access to common recreation areas; may include support services such as meals and light housekeeping.

[8] For the downtown upper-story units developed by CDBG-DR funds and subject to income restrictions, the restrictive covenants imposed by the Iowa Economic Development Authority allow the property owners to charge rents affordable at 65% AMI, which are higher than Fair Market Rents. In practice, the owners charge rents that are lower than the allowed maximum rents but higher than Fair Market Rents.

- **Assisted living:** Includes support services that are more intensive than those of congregate senior housing, but less intensive than skilled nursing or memory care.
- **Skilled nursing care:** Long-term care facility with intensive services and 24-hour nursing supervision.
- **Memory care:** Intensive services tailored to people with Alzheimer's or other types of dementia.

Bartels' senior housing facilities are listed in **Table 14**. Eisenach Village, one of Bartels' two congregate living communities, does not offer meals or housekeeping assistance. However, both Eisenach Village and Eichhorn Haus, Bartels' other congregate living community, differ from Waverly's other age-restricted rental complexes and the Ledges at Stone Haven[9]. Bartels' congregate living residents must pay an initial "buy-in" fee, which gives them priority access to Bartels facilities that offer a higher level of care as their needs evolve. Approximately 80% to 90% of a buy-in fee is refundable to a resident who moves to a Bartels facility with a higher level of care. The tenure type for Bartels' congregate living is intermediate between ownership and renting, with Eisenach Village resembling owner-occupied units and Eichhorn Haus resembling a rental development.

The Bartels facilities vary widely in terms of unit type and cost (**Table 14**). Eisenach Village offers condominium-style units for a buy-in fee ranging from $236,900 to $289,900, with a relatively low monthly fee of $370 covering maintenance and access to common recreational areas. Eichhorn Haus offers 1-bedroom and 2-bedroom apartments for a lower buy-in fee ($115,000 to $180,000), but the monthly fee is higher ($675 to $935). Assisted living costs range from $4,471 per month for a 1-bedroom unit at Linden Place up to $7,087 per month for a room at Aspen Cottage, which provides specialized care for seniors in the early stages of dementia or Alzheimer's disease. Skilled nursing and intensive memory care facilities are the costliest, ranging from $7,574 to $8,699 per month per bed, depending on the facility and whether the bed is private or semi-private.

Demand appears to be strong for the congregate living communities, with a 1.3% vacancy rate at Eisenach Village and a 0% vacancy rate at Eichhorn Haus. Vacancy rates at Bartels' other communities are higher and more variable, indicating that these facilities experience high turnover as residents move to more intensive facilities or pass away. Aspen Cottage has a particularly high vacancy rate of 50%, possibly because it is more specialized and costly than Bartels' other assisted living facility. Additionally, turnover at Aspen Cottage may be especially rapid as residents' health and cognitive status changes, necessitating higher-level care. Evergreen Arbor has a vacancy rate of only 6.7%, indicating strong demand in Waverly and surrounding communities for intensive memory care for seniors with advanced dementia or Alzheimer's disease. Overall, the vacancy rates for Bartels' assisted living and nursing facilities are higher than those reported in the 2014 Housing Needs Assessment, possibly because new senior care facilities have opened in Bremer County since 2014.

[9] A development of owner-occupied condominiums restricted to owners age 55 or older.

Table 14. Senior Housing in Waverly.

Facility	Type	1 BR Apt		2 BR Apt		Home/Condo		Rooms or Beds		Buy-In Fee?	Accept Medicaid?	Vacancy Rate	% lived in Waverly before moving to facility
		Units	Monthly Cost	Units	Monthly Cost	Units	Monthly Cost	Units	Monthly Cost				
Eisenach Village	Congre-gate[a]	-	-	-	-	82	$370	-	-	$236,900 to $289,900	No	1.3%	42%
Eichhorn Haus	Congre-gate	23	$675	13	$935	-	-	-	-	$115,000 to $180,000	No	0%	71%
Aspen Cottage	Assisted Living[b]	-	-	-	-	-	-	20	$5,262 to $7,087	None	Yes, with restrictions[c]	50%	50%
Linden Place	Assisted Living	28	$4,471	2	$6,600	-	-	-	-	None	Yes, with restrictions[c]	10%	81%
Woodland Terrace	Skilled Nursing	-	-	-	-	-	-	90	$7,574 to $8,699	None	Yes	23%	47%
Evergreen Arbor	Memory Care	-	-	-	-	-	-	30	$7,817 to $8,578	None	Yes	6.7%	47%

a. No meals or housekeeping. b. Provides memory care for residents in the early stages of dementia or Alzheimer's disease. c. Medicaid Elderly Waiver is accepted as a primary payment source, but only after a resident's first two years at the facility.

Bartels' communities are a valuable resource for Waverly seniors, though the communities draw seniors from around the region. The share of residents who lived in Waverly before moving to Bartels ranges from 42% at Eisenach Village to 81% at Linden Place. Some Waverly seniors in search of congregate living or long-term care move to facilities in Shell Rock, Clarksville, and other neighboring communities. As Section V explains, a net decline is expected in Waverly's nursing home population over the next two decades, although demand for age-restricted housing is expected to increase.

A review of the costs of Bartels' facilities reveals the challenges that low- and moderate-income seniors face in finding housing that meets their needs as they age. LMI seniors may lack the home equity and savings needed to pay the buy-in fee for a congregate living unit. However, Woodland Terrace and Evergreen Arbor, Bartels' skilled nursing and intensive memory care facilities, respectively, may be accessible to LMI seniors since they accept Medicaid. While Bartels' congregate living residents receive priority for admission to its higher-level facilities, Woodland Terrace and Evergreen Arbor have no waitlists, and Woodland Terrace has a 23% vacancy rate. As a result, these facilities appear to have capacity for non-priority applicants.

The biggest gap for Waverly's LMI seniors may be in affordable assisted living options. Bartels' assisted living facilities have monthly fees over $4,000, and the Medicaid Elderly Waiver is accepted as a primary payment source only after a resident has lived at the facility for at least two years. Until then, a resident must rely heavily on long-term care insurance, self-payment, or other resources that LMI seniors may not have. With affordable assisted living facilities in short supply in Iowa, programs that help LMI seniors stay in their homes as long as possible are especially important. Sections IV.E.3 and IV.E.4 discuss home rehabilitation and accessibility modification programs that may benefit LMI seniors.

E. Housing Affordability Analysis

1. Housing Cost Burden in Waverly and Iowa

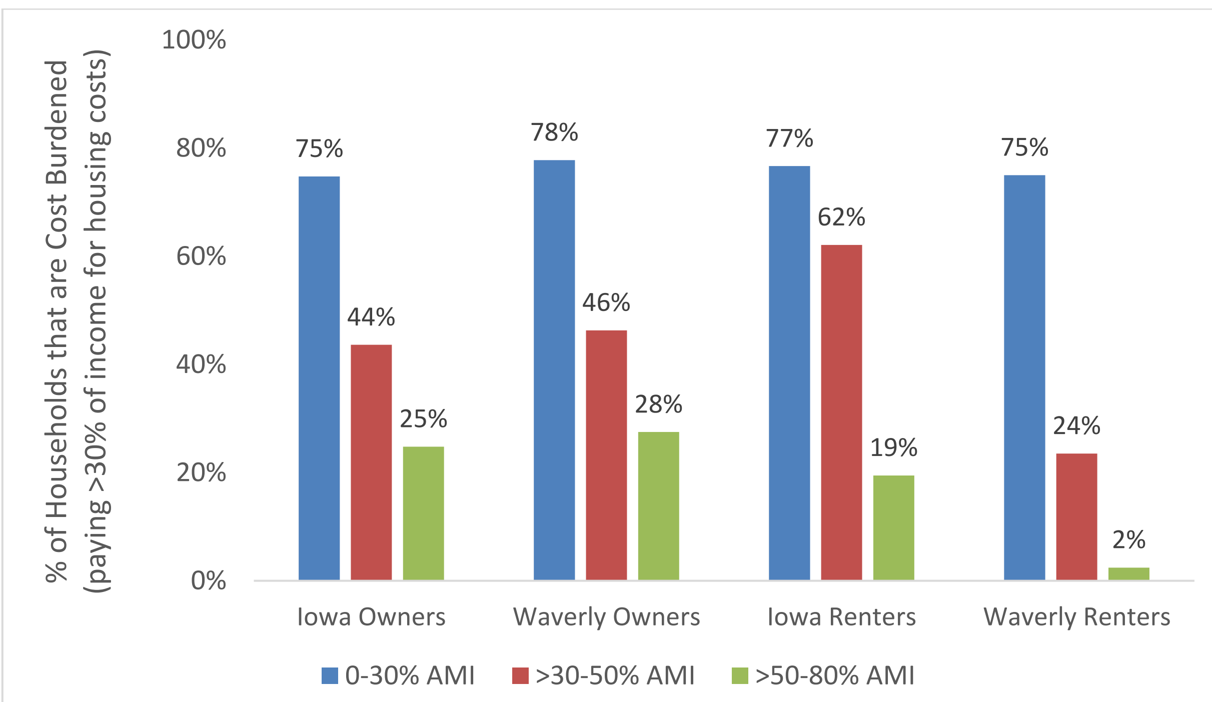
This section delves deeper into the affordability of Waverly's housing stock for different household types at different income brackets. As the Housing Overview discussed, Waverly's homeowners and renters are about as likely to pay at least 35% of their incomes for housing as are homeowners and renters statewide. Waverly's homeowners have both higher incomes and higher housing costs than homeowners statewide. Waverly has lower rents than Iowa as a whole, but it also has a higher share of renters with incomes below $10,000. Waverly's trends in housing cost burden reflect the balance between residents' incomes and housing costs.

Comprehensive Housing Affordability Strategy (CHAS) data from the U.S. Department of Housing and Urban Development (HUD) provides data on housing cost burden for households at different income brackets expressed as a percentage of Area Median Income (AMI; see Glossary on p. 25). According to 2012-2016 CHAS estimates, Waverly has 3,430 households, of which 1,355 households (40%) are low- or moderate-income (LMI; see Glossary on p. 25). Similarly, in Iowa, 43% of households are LMI.

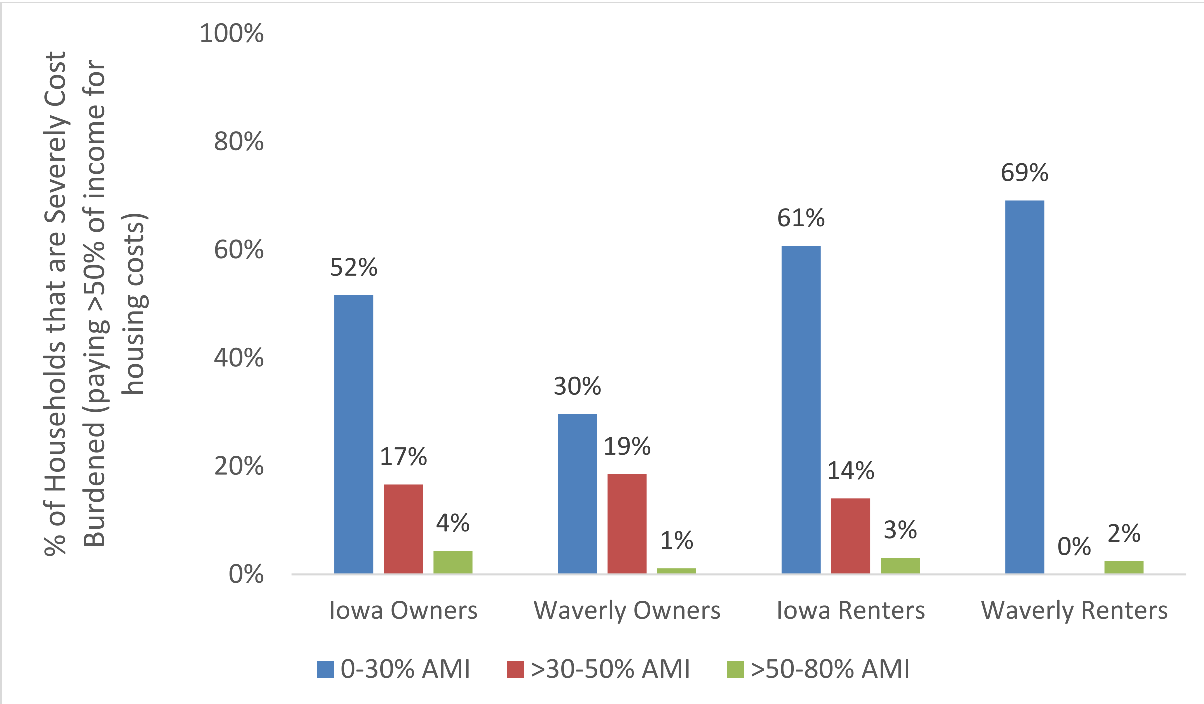
Figure 11a compares the prevalence of overall housing cost burden among owners and renters in Waverly and Iowa as a whole. Among all income brackets in the LMI category, Waverly's homeowners have similar cost burden rates to homeowners statewide, with cost burden becoming more prevalent as income decreases – from fewer than 30% of moderate-income owners to about three-quarters of extremely low-income (ELI) owners. Among Waverly's ELI renters, 75% are cost burdened, comparable to ELI renters statewide. In Waverly, as in Iowa overall, housing cost burden is nearly ubiquitous among ELI households.

While Iowa's renters between 30% and 50% AMI are more likely to be cost burdened than owners in the same income bracket (62% vs. 44%), Waverly's renters in this bracket are less likely to be cost burdened than owners with similar incomes (24% vs. 46%). Furthermore, among LMI renters above 50% AMI, only 2% in Waverly are cost burdened, compared to 19% of Iowa renters, 28% of Waverly homeowners, and 25% of Iowa homeowners in this income bracket.

Severe cost burden, like overall cost burden, is most prevalent among ELI households in both Waverly and Iowa as a whole (**Figure 11**b). Among Iowa's LMI households, the experience of cost burden is most likely to be severe for ELI households and least likely to be severe for moderate-income households. For ELI renters in particular, a majority of cost burdened households face severe cost burden. Many states and local communities across the nation show similar patterns. Waverly has two notable differences from Iowa in its severe cost burden patterns. First, Waverly's ELI owners are considerably less likely than owners statewide to be severely cost burdened (30% vs. 52%), meaning that much of the cost burden among the city's ELI owners is moderate (>30 to 50% of income). Second, according to the CHAS estimates, severe cost burden appears to be absent among Waverly's renters between 30% and 50% AMI. For Waverly's ELI renters, though, severe cost burden is more prevalent than for ELI renters statewide.



a. Cost Burdened Households (>30% of income spent on housing costs)



b. Severely Cost Burdened Households (>50% of income spent on housing costs)

Figure 11. Housing Cost Burden Comparison for Iowa and Waverly. Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 2012-2016 data.

Overall, housing cost burden is a widespread problem for LMI households in Waverly, just as it is across Iowa. For some LMI household types in Waverly, housing cost burden is less prevalent or less likely to be severe. For Waverly renters above 30% AMI, lower rates of both moderate and severe cost burden likely reflect the City's relatively low rents. For ELI homeowners, it is unclear why housing cost burdens are less likely to be severe in Waverly than statewide. However, severe cost burden is far from absent in Waverly. Roughly 2 in 3 ELI renters, 3 in 10 ELI homeowners, and 1 in 5 owners between 30% and 50% AMI are severely cost burdened in Waverly.

2. Housing Cost Burden by Income Bracket and Household Type

CHAS data provides cost burden estimates for different household types, allowing us to examine cost burden among households that are not generally headed by college students. Since these estimates involve relatively small subsets of a community's residents, they tend to have large margins of error. However, they are useful for estimating relative housing needs among different groups. **Table 15** provides CHAS estimates of moderately and severely cost burdened household in Waverly, including elderly-headed households, families with a non-elderly head of household, and other household types, including non-elderly single people and non-elderly roommates or domestic partners. (CHAS defines "elderly" as age 62 or older.)

An estimated total of 602 LMI households in Waverly are housing cost burdened. The single largest group of cost burdened LMI households consists of approximately 145 severely cost burdened ELI renters in the "other" household group (**Table 15a**). College and university students are more likely to be in this group than in other household types, but it is unclear how many of these renters are students. Of the approximately 170 Wartburg College students who live off-campus, many live with their parents. However, Waverly's ELI renters may include students at the University of Northern Iowa and other post-secondary education institutions. Other clusters of severe cost burden are found among family and elderly-headed ELI renter households (50 and 39 households, respectively), as well as low-income elderly-headed owner households (65 total), shown in **Table 15a**. It is assumed that only a small minority of elderly and family households are student households.

Among LMI homeowners, Waverly has more moderately cost burdened households than severely cost burdened households (**Table 15b**). About half of Waverly's moderately cost burdened LMI owner households are elderly-headed. By contrast, Waverly has few LMI renter households with moderate cost burdens.

3. Affordable Housing Options for Low- and Moderate-Income Households

There are several programs and policies that small cities such as Waverly may use to help LMI residents improve their housing options and quality of life. Some programs may be offered by a city itself, while others may be available from state or federal agencies or nonprofit organizations. Different programs are best suited to different types of households and income levels. Based on CHAS estimates of Waverly's cost burdened LMI households, **Table 15c** estimates potential demand for four different housing program categories. The cells for moderately and severely cost burdened households in **Table 15a** and **Table 15b** are color-coded based on the most suitable program for that household type.

Deeply Subsidized or Targeted Rental Housing

In "deeply subsidized" rental housing, as Section IV.C explains, the rent for each tenant is subsidized so that their monthly payment is affordable (generally 30% of their income). Deeply subsidized rental housing is largely targeted to low-income households (≤50% AMI), since even modestly priced market-rate (unsubsidized) housing often costs more than they can afford. Additionally, as Section IV.C discussed, some shallow-subsidy developments have enough subsidy layering to offer rents affordable to households below 50% AMI, although subsidies are not sufficient to bring each tenant's share of rent down to 30% of their income. In some deeply targeted shallow-subsidy developments, some or all units may have rents affordable to households at 30% AMI.

Table 15. Housing Cost Burden among Low- and Moderate-Income Households in Waverly.

Income bracket	Owner Households			Renter Households		
	Elderly-Headed*	Family (not elderly-headed)	Other	Elderly-Headed*	Family (not elderly-headed)	Other
0-30% AMI	35	0	4	39	50	145
>30-50% AMI	30	20	0	0	0	0
>50-80% AMI	4	0	0	4	0	0

a. Severely Cost Burdened Households

Income bracket	Owner Households			Renter Households		
	Elderly-Headed*	Family (not elderly-headed)	Other	Elderly-Headed*	Family (not elderly-headed)	Other
0-30% AMI	24	0	40	4	0	15
>30-50% AMI	50	10	10	**4**	**10**	10
>50-80% AMI	44	25	25	0	0	0

b. Moderately Cost Burdened Households

Housing Opportunity	Target Households	Estimated Number of Households
Deeply subsidized rental housing	≤50% AMI, severely cost burdened (renters* and 25% of owners); moderately cost burdened ELI renters*; half of moderately cost burdened renters* >30% to 50% AMI	122
Home rehabilitation assistance	LMI, moderately cost burdened owners; 75% of severely cost burdened owners ≤ 50% AMI)	295
Shallow subsidy rental housing	Half of LMI moderately cost burdened renters* (>30% to 50% AMI)	7
Down payment or purchase assistance	LMI (>50% AMI), non-cost-burdened and moderately cost burdened renters*	160

c. Demand Estimates for Housing Assistance

Source: HUD CHAS 2012-2016. *Excluding non-elderly, non-family renter households

Waverly has 171 deeply subsidized units, of which 117 are project-based and 54 are tenant-based (**Table 13**). Additionally, the City has several deeply targeted shallow-subsidy units, although the exact number was not determined. Nonetheless, as **Table 15a** shows, CHAS estimates suggest that Waverly has scores of severely cost burdened ELI renters, indicating unmet demand for deeply subsidized or targeted rentals. Moderately cost burdened ELI renters and some severely cost burdened low-income homeowners may also be interested in these rentals, since their housing situations may be unsustainable in the long term. We further assume that moderately cost burdened renters at the lower end of the >30% to 50% AMI bracket would be potential candidates for deeply subsidized or targeted units.

Specifically, Waverly has an estimated 122 households that would potentially benefit from deeply subsidized or targeted rental housing, including 89 severely cost burdened low-income renters, 4 moderately cost burdened ELI renters, half (7) of moderately cost burdened renters between 30% and 50% AMI (see blue patterned cells in **Table 15b**), and one-quarter (22) of the 89 low-income owner households with severe cost burdens (see solid pink and yellow/pink striped cells in **Table 15a** and **Table 15b**). We assume that the remaining three-quarters of these 89 owner households, many of whom are elderly, would prefer to stay in their homes rather than becoming renters. Home rehabilitation assistance programs, discussed in greater detail below, can help make homeownership more sustainable for them. To avoid counting student households, **Table 15c** excludes non-elderly, non-family renter households in the low-income brackets. As a result, the estimate of demand for deep-subsidy units may be conservatively low.

In practice, funds to expand deep-subsidy rental options are extremely limited. Most funding for federal deep-subsidy rental programs is used to maintain existing project-based and tenant-based subsidies (see Appendix C). As a result, most communities focus on preserving aging deep-subsidy rental properties layering subsidies to achieve deep income targeting in new shallow-subsidy developments.

Home Rehabilitation Assistance

LMI owner households, many of which include seniors and people with disabilities, often struggle to pay for costly or unexpected home maintenance needs, such as roof or furnace replacements. This is especially true if they are cost burdened, since their high costs for mortgage payments, taxes, insurance, and utilities leave little discretionary income available to save for repairs. Nonetheless, it is often best for the health and stability of these households – and their neighborhoods – for them to maintain their homeownership as long as possible. Home repair assistance programs can benefit these homeowners by keeping homes safe and comfortable, providing accessibility modifications for household members with disabilities, and lowering utility costs by improving energy efficiency.

Home rehabilitation assistance is available from a variety of public and private sources, such HUD, the U.S. Department of Agriculture (USDA), local Community Action Agencies and Area Agencies on Aging, and other nonprofit organizations. Additionally, cities may offer home rehabilitation assistance using local funding, such as Tax Increment Financing funds, or grants from HUD's Community Development Block Grant (CDBG) and HOME funds. These programs provide assistance to LMI homeowners in a variety of ways, including grants, low-interest loans, and forgivable loans (see Appendix C).

An estimated 295 LMI homeowners in Waverly could potentially benefit from home rehabilitation assistance (**Table 15c**). This includes 228 LMI owner households with moderate cost burdens (yellow cells in **Table 15b**), as well as three-quarters (67) of the 89 severely cost burdened low-income owners in **Table 15a**. This is likely to be an underestimate, since it does not include LMI who pay less than 30% of income for housing costs but still struggle to afford home repairs.

At the time this Housing Needs Assessment was written, the City of Waverly is administering a CDBG home rehabilitation assistance program, but funding is available for only six (6) households, a small fraction of the potential demand. Furthermore, the Iowa Economic Development Authority, which awards CDBG funds to small cities and counties, has recently modified its CDBG housing rehabilitation program to fund a more limited scope of improvements. To achieve a substantial amount of home rehabilitation in older neighborhoods with many LMI residents, cities typically need a reliable and ongoing source of local funds.

Shallow Subsidy Rental Housing

As Section IV.C explained, shallow rental subsidy programs provide subsidies for construction or rehabilitation costs, allowing rents to be set at levels affordable to LMI households. In Bremer County, as in many other communities with relatively low housing costs, the maximum rents allowed by shallow subsidy programs are often comparable to or higher than HUD's Fair Market Rents[10] (**Table 16**). In Waverly's relatively low-cost rental market, the owners of many shallow-subsidy units charge the rent that the market will bear for a comparable unsubsidized unit, rather than charging the full amount allowed by the subsidy program. Even when shallow-subsidy units do not offer the advantage of low rents, they are often newer and higher quality than many market-rate developments in the community. These advantages may help them compete with unsubsidized units that have lower rents. In some cases, shallow-subsidy property owners – especially mission-based nonprofits – do charge below-market rents even when the program's local rent limits would allow them to charge more.

To estimate demand for new shallow-subsidy units in Waverly, we assume that moderately cost burdened renter households at the higher end of the >30% to 50% AMI bracket might be interested in these units, but excluded non-elderly, non-family households to avoid counting students. In **Table 15c**, this amounts to only 7 renter households (see blue and pink striped cells). This is consistent with data from shallow subsidy rental property owners in Waverly, which shows that vacancy rates are low but few households are on waitlists (**Table 13**). However, this estimate may be conservatively low since it excludes income-qualified households that are not cost burdened. As Section IV.C explained, demand for these units appears to be strong because they are relatively new, and they may be more affordable than market-rate units of similar quality.

Notably, when the 2014 Housing Needs Assessment was conducted, Waverly had an excess supply of shallow-subsidy units. Rolling Meadows Apartments, a 54-unit rental complex, had active LIHTC subsidies at the time, and its vacancy rate was 18.5%. Since the affordability restrictions for Rolling Meadows expired in 2018, there appears to be a greater balance between supply and demand for shallow-subsidy units in Waverly.

[10] In Bremer County, HUD defines Fair Market Rent (FMR) as the 40th percentile rent for a unit with a given number of bedrooms. In 2019, HUD changed its methodology for calculating FMRs, resulting in FMRs declining in many communities.

Table 16. Maximum Rents for Shallow Subsidy Rental Units in Bremer County.

Maximum Income of Tenant Households	0 BR (Efficiency)	1 BR	2 BR	3 BR	4 BR
LIHTC					
30% AMI	$ 460	$ 493	$ 591	$ 683	$ 762
40% AMI	$ 614	$ 657	$ 789	$ 911	$ 1,017
50% AMI	$ 767	$ 821	$ 986	$ 1,139	$ 1,271
60% AMI	$ 921	$ 986	$ 1,183	$ 1,367	$ 1,525
HOME (also used for many CDBG developments)					
≤80% AMI (most are ≤60% AMI)	$ 496	$ 564	$ 740	$ 927	$ 1,198
HUD Market Rent (FMR) for FY 2020	**$ 470**	**$ 522**	**$ 687**	**$ 856**	**$ 1,079**
HUD Market Rent (FMR) for FY 2019	**$ 496**	**$ 564**	**$ 740**	**$ 927**	**$ 1,198**

Source: Iowa Finance Authority (IFA), HUD.

Overall, available data indicates that Waverly's demand for shallow-subsidy rental housing is relatively low. However, it may be worthwhile for the City to support a shallow-subsidy general occupancy development if the developer has a market study establishing that demand exists. As discussed earlier in this section, shallow-subsidy developments can layer additional subsidies to offer deeper income targeting, bringing rents down to levels affordable to households below 50% AMI or individuals with special needs. Local governments are often an important source of additional funding needed to achieve deep income targeting in shallow-subsidy units.

Down Payment or Purchase Assistance

For some LMI renter households, homeownership is a feasible alternative. Many first-time homebuyers find that a monthly house payment (including mortgage principal and interest, taxes, and insurance) is less costly than monthly rent. Additionally, homeownership allows LMI households to build wealth and put down roots in the community. However, many LMI homebuyers cannot qualify for a mortgage without a grant or loan to cover down payment and closing costs or reduce the purchase price.

LMI renters above 50% AMI are most likely to have sufficient income to pass the "front-end ratios" used by mortgage lenders to determine eligibility of loan applicants. For example, a family of four at 60% AMI in Bremer County has an income of $51,600 (see Appendix D), and could potentially afford a Federal Housing Administration (FHA) insured home priced at $174,371 with a 3.5% down payment (**Table 17**). Purchasing a moderately priced home may be an affordable option for moderately cost burdened renters between 50% and 80% AMI, but CHAS estimates indicate that no such households reside in Waverly (**Table**

15b; see green cells). However, Waverly has an estimated pool of 160 renters in this income bracket who are not cost burdened. These households may potentially be interested in and qualified for down payment assistance.

Table 17. Affordability of Homes for Purchase in Waverly.

Buyer	Income	Affordable Purchase Price*
Household with minimum income needed to buy median-priced home (from **Table 7**)	$ 49,750	$ 165,000
Family of 4 at 60% of Area Median Income (adjusted for household size)	$ 51,600	$ 174,371
Worker with 2017-2019 average annual earnings for Bremer County	$ 47,379	$ 152,995
Family of 3 at 60% of Area Median Income (adjusted for household size)	$ 46,440	$ 148,241
Entry-level Registered Nurse	$ 43,269	$ 132,183
Production worker earning $19/hr, employed full-time, year-round	$ 39,520	$ 113,198

*Assumptions: FHA loan with 3.5% down payment, front-end ratio of 31%; back-end ratio of 41%; $600 monthly debt; 30-year fixed-rate loan at 4% interest; assessed value is 85% of market value; annual insurance cost is 1% of purchase price.

Source: MLS data from 12/7/16 to 12/6/19 (single-family homes, townhomes, condominiums), HUD FY2019 income limits, Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) 2017-2019, IWD Region 7 Occupational Projections, 7/2019.

Some LMI households in Waverly and surrounding communities may be unable to qualify for mortgages without assistance because their "back-end ratio" exceeds conventional lending limits, due to debts for student loans, medical bills, automobiles, credit cards, or other expenses. As feedback from Waverly's real estate firms indicated, credit problems are one barrier for families seeking to buy homes in the City, though not the chief barrier for homebuyers overall (see **Table 10c**). For LMI households with high debt burdens, poor financial management is not the sole cause, or necessarily the primary cause, as illustrated by the United Ways of Iowa's 2018 ALICE (Asset Limited, Income Constrained, Employed) report. The ALICE report estimates that the "Household Survival Budget" for a young family of four (two adults, one infant, one preschooler) in Bremer County is $56,856. This is equivalent to $14.22 per hour if both parents work full-time, which is within the range of entry-level wages offered by Waverly employers who provided survey feedback. However, this is a very restrictive budget, assuming a 2-bedroom apartment, a tight food budget with extensive home preparation (unrealistic for full-time working parents), and very little cushion for emergencies such as an illness or car breakdown. For many households seeking to buy a home, a high "back-end" ratio reflects the debts they have accumulated from responding to such emergencies.

Single-parent households, or households where only one adult is able to work, are at a particular disadvantage. For example, a worker earning $47,379 annually, the 2017-2019 average earnings for Bremer County, could afford a maximum purchase price of $152,995, lower than the City's median purchase price. An entry-level registered nurse could not afford a home priced above $132,183, while a production worker earning $19 per hour could not afford a home over $113,198. According to survey feedback from some employers, nurses are in short supply (see Appendix A), while $19 per hour is within the range earned by many production workers and other common positions offered by Waverly employers (**Figure 6**).

Feedback from local employers suggests that essential workers may have difficulty purchasing homes in Waverly, while local real estate firms indicated that a lack of stable employment plays a role in preventing some households from buying homes in Waverly (see Appendix B). This suggests that in some households, it may be difficult for two adult earners to remain consistently employed, due to the types of disruptions described above. Real estate firms also identified a lack of homes for sale with modern amenities as a deterrent to buyers looking for homes in Waverly. The homes affordable to a registered nurse or production worker, at the wages described above, are likely to be older and to lack some modern upgrades and amenities. While neither buyers' employment issues nor lack of home amenities were identified as a primary barrier to homebuying in Waverly, the feedback from real estate firms suggests that purchase assistance programs might make homeownership in Waverly more feasible and attractive for LMI essential workers. These programs might help homebuyers purchase homes at a somewhat higher price point with more upgrades than they could otherwise afford.

Many LMI prospective homebuyers may need to improve their credit scores with the assistance of credit counseling agencies before they can qualify for mortgages. Once they have resolved these issues, down payment assistance programs can help to bring homeownership within their reach. Purchase assistance programs that provide a second mortgage – whether low-interest or forgivable over time – can reduce the amount of the primary mortgage to a level for which a first-time homebuyer can more easily qualify.

4. Housing Affordability and Accessibility for People with Disabilities

As the Demographic Overview showed, an estimated 754 Waverly residents, or close to 8 percent of the City's residents, have a disability. Some residents with disabilities live in long-term care facilities or group homes, but a majority live in "regular" housing units. Home accessibility features can allow people with disabilities to live safely and independently in their homes, preventing or postponing the need for them to move into institutional settings. Such home accessibility features include, but are not limited to: wheelchair ramps, wide doorways, lever door handles, grab bars in bathrooms, low-threshold or roll-in showers, wheelchair-accessible sinks, ceiling lift systems, and doorbell-activated lights or other adaptations for people with audiovisual disabilities. However, low- and moderate-income households with disabled members may have trouble affording accessibility modifications, especially if they are already burdened by high housing costs.

For informational purposes, **Figure 12** provides CHAS estimates of LMI households with disabled members in Waverly. CHAS data is available for four disability types: hearing or vision impairments, ambulatory limitations, cognitive limitations, and self-care or independent living limitations. The estimates for different household and disability types are derived independently and should not be added or subtracted. An individual may have more than one disability type, or a household may have two or more members with different disability types, so some households with disabled members may be counted more than once in the CHAS estimates. As a result, the total number of LMI households with a disabled member in Waverly is unknown, but the CHAS data provides minimum estimates of disability needs among LMI households.

For each LMI income bracket in **Figure 12**, at least a few dozen households have a member with each disability type. For example, an estimated 75 households between 30% and 50% AMI (both renters and owners) have a member with an ambulatory limitation. The CHAS dataset reports disability data separately for renter households, but not for owner households. Keeping in mind the caution against subtracting one disability estimate from another, a majority of ELI households (0 to30% AMI) with disabled members appear to be renters, while a majority of low-income households (>30% to 50%) with disabled members appear to be owners.

The CHAS dataset includes estimates for households with a disabled member and one or more housing problems. The dataset defines "housing problems" to include housing cost burden, lack of complete plumbing or kitchen facilities, or overcrowding (more than one person per room), though about 99% of all housing problems among Waverly households consist of cost burden. The estimates for LMI households with disabled members and housing problems are fairly low, although ELI renter households with disabled members appear most susceptible to housing problems. For example, an estimated 25 ELI households and 10 households between 30% and 50% AMI have a member with an ambulatory limitation and at least one housing problem. For renter households with housing problems in these income brackets, an estimated 15 and 10 households, respectively, have a member with an ambulatory limitation.

The housing assistance programs discussed earlier in Section IV.E.3 can incorporate measures to help LMI households obtain accessibility modifications for people with disabilities. For example, existing subsidized rental units and owner-occupied homes can be renovated to increase accessibility. Additionally, a city can make its support for a new subsidized development contingent on the developer incorporating accessibility features if not otherwise required by federal law. A city can also encourage or require developers to incorporate visitability or universal design features in some new market-rate developments, both single-family and multifamily. Visitability features, such as zero-threshold entrances, wide doorways, and main-floor bathrooms, allow many people with disabilities to visit a home and possibly live on the main floor, while universal design features allow people of all ability levels to age in place. The AARP provides more information on visitability and universal design:

https://www.aarp.org/content/dam/aarp/ppi/2017/06/expanding-implementation-of-universal-design-and-visitability-features-in-the-housing-stock.pdf.

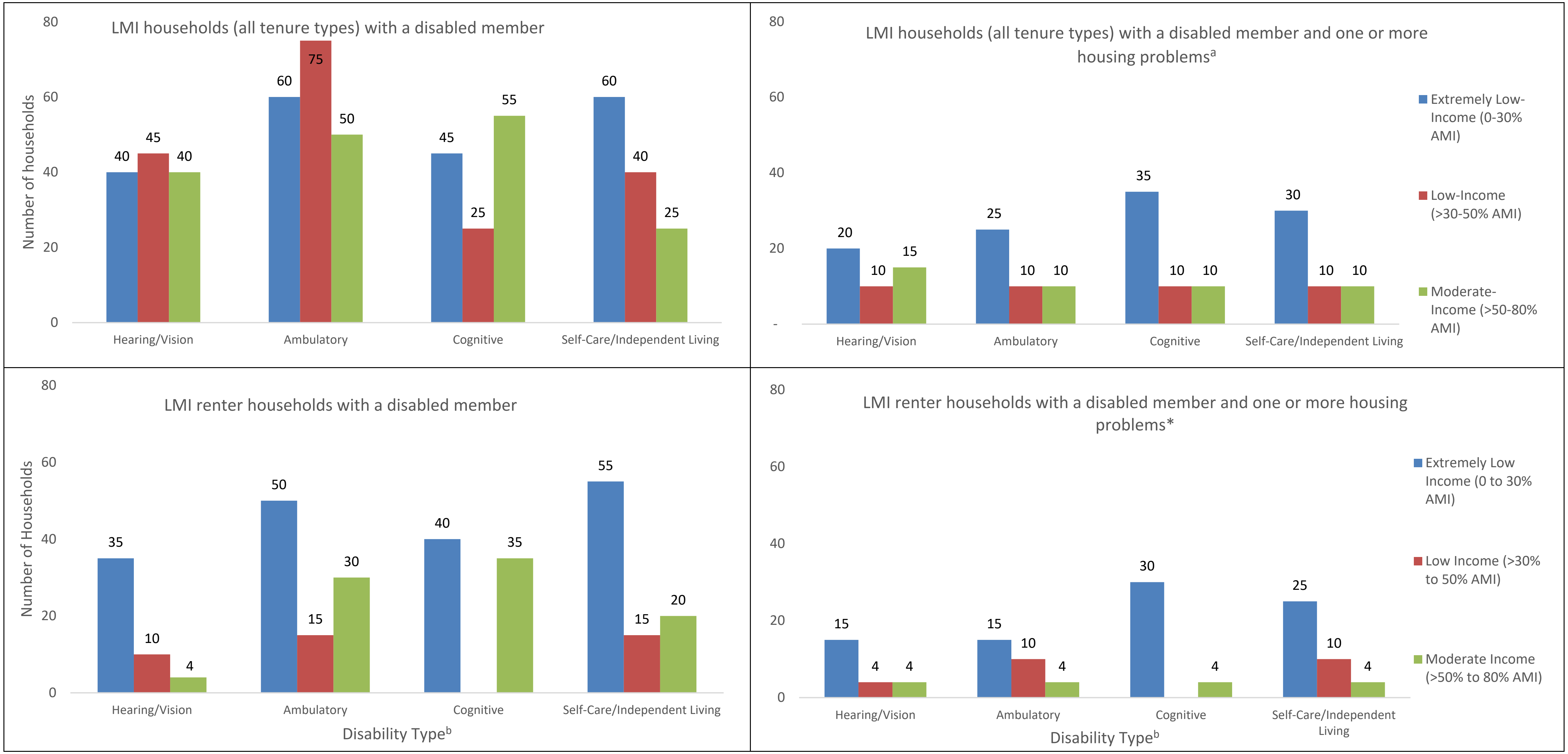


Figure 12. Low- and Moderate-Income Households with Disabled Members in Waverly. a. Housing problems include 1) housing cost burden >30% of income, 2) Lack of complete plumbing or kitchen facilities, or 3) crowding (more than 1 person per room). b. A household can have more than one disabled member and/or a member with more than one disability type, so some persons may be counted more than once. Source: HUD CHAS 2012-2016.

F. Housing Quality Windshield Survey

In early 2020, a windshield survey was conducted of Waverly's housing stock to evaluate exterior housing conditions. This information provides insight into the extent of repair and reinvestment needs for local housing stock, as well as potential infill development opportunities. The windshield survey identified 4,069 housing units, which is 212 units more than the total housing stock reported in the 2017 5-year ACS (**Table 5**). The vast majority of Waverly's housing stock (94% of units) is in excellent or good condition (**Table 18**). Notably, the "Excellent" category was generally reserved for well-maintained homes built in 2000 or later, indicating that nearly one-quarter of Waverly's housing stock was built in the last 20 years. An additional 229 units, or 5.6% of all units, were in fair condition, indicating a moderate need for deferred maintenance, such as exterior painting, window repair, or roof replacement. Only 18 units, or 0.4% of the total, were in poor condition, and no dilapidated units were identified.

The 121 owner-occupied units in Fair or Poor condition may be candidates for owner-occupied rehabilitation assistance, depending on the funding source and income restrictions for assistance, and the interest and income eligibility of the owners (**Table 18**). The housing affordability analysis in Section IV.E.3 estimated that 295 LMI owner households could potentially benefit from owner-occupied rehabilitation, but many of these households may have interior renovation needs that would not be identified in a windshield survey. Other cost burdened LMI owners may have homes that are currently in good condition but may need repairs in the near future.

Of the 229 housing units in fair condition in Waverly, over half (119 units) are rentals, including 62 single-family rental homes (**Table 18**). However, the vast majority of rental units (90%) are in excellent or good condition. The quality of rental units is determined in large part by the degree of investment and ongoing maintenance conducted by the landlord or property manager.

To preserve the privacy of property owners, a map of windshield survey results is not included in this document. However, homes in fair or poor condition are generally located in older neighborhoods, particularly those that were located in the 1% annual chance (100-year) floodplain before flood mitigation improvements were made to the Dry Run Creek drainage way. A neighborhood north of West Bremer Avenue has already been designated as a target area for a Community Development Block Grant (CDBG) owner-occupied rehabilitation program. However, this program is only intended to assist 6 homes, as noted in Section IV.E.3. Additional resources may be needed to make a sustained investment in this area and other core neighborhoods.

Table 18. Windshield Survey of Waverly Housing Units.

Category	Description	Total Units	Owner Units	Rental Units
Excellent	• No visible needed repairs or updates are apparent. • Typically new construction, recently renovated, or extremely well-maintained units.	955 (23.5%)	696	259 (incl. 13 single-family rentals)
Good	• Unit appears structurally sound (foundation, building envelope, roof). • Unit appears well maintained – most siding, gutters, trim, windows, and doors are in good repair with good exterior paint condition. Minor problems such as small areas of peeling paint and/or other routine maintenance items may exist.	2,867 (70.5%)	1,997	870 (incl. 226 single-family rentals)
Fair	• Unit appears structurally sound (foundation, building envelope, roof). • Need for some maintenance or repair - painting the house, fixing a broken door or window, putting on new shutters, replace or fix awnings, etc., and/or: • Issues are primarily cosmetic (e.g. worn paint on aluminum siding) but cover a substantial portion of the structure.	229 (5.6%)	110	119 (incl. 62 single-family rentals)
Poor	• One or more visible structural defects (foundation, building envelope, or roof) but still habitable. Building requires significant work to address items such as worn shingles, sagging porch, major cracks in foundation, etc. • Unit requires significant repairs or updates, which would be difficult to correct through normal maintenance (multiple broken doors or windows, roof needing to be re-shingled, excessive paint peeling/missing, etc.)	18 (0.4%)	11	7 (incl. 5 single-family rentals)
Dilap-idated	• Unit is suffering from excessive neglect. • Building appears structurally unsound. • Building not fit for habitation in current condition. • The building may be considered for demolition or, at minimum, major rehabilitation will be required.	0 (0%)	0	0
Total		**4,069 (100%)**	**2,814**	**1,255**

V. Housing Supply and Demand Projections

This section combines data on population and household size trends, home construction rates, and other factors to project supply and demand for new housing stock in Waverly through 2040, with the year 2017 as a baseline. Between 2014 and 2019, the City of Waverly issued permits for 423 residential units, of which 230 (54%) were for-sale and 193 (46%) were rentals. During the same period, the City issued demolition permits for 32 single-family residential units. This results in a net annual addition of 65.16 units (70.5 new units permitted minus 5.33 units demolished). However, Waverly has added more rental units to its housing stock in the last decade than in any previous decade, and is unlikely to sustain this level of rental production through 2040. As the 2014 Housing Needs Assessment shows, past decades with high production of rental units in Waverly have generally been followed by decades with little or no new rental construction. To develop a net unit production rate for housing supply projections through 2040, we assumed that the production of for-sale units would continue at the current rate of 38 per year. Since owner-occupied units accounted for 76.7% of Waverly's housing units in 2017 (**Table 5**), we assumed that for-sale units would account for 76.7% of an estimated 50 new units produced annually through 2040. Rental units would account for the remaining 23.3% of new units built, or 12 units per year. The resulting net housing production rate is estimated at 44.64 units per year (**Table 19**).

Using this estimated housing production rate, an estimated 147 new housing units will be added by the end of 2020, resulting of a total housing stock of 4,004 units in Waverly. In reality, a total of 165 units were permitted between 2018 and 2019, but the average production rate is expected to be lower in the next two decades because rental construction will likely be lower. Waverly will have an estimated cumulative total of 580 new units by 2030, and 1,027 new units by 2040 (**Table 19**).

Table 19. Projected Housing Supply through 2040 in Waverly.

Current Housing Supply		
Variable	**Number**	**Data Source**
Current housing stock	3,857	ACS 2017 5-y estimates
New units/year	50	City of Waverly building permit data 2014 - 2019*
Demolitions/year	5.33	City of Waverly demolition data 2014 - 2019
Net units/year	44.64	New units/year minus Demolitions/year
Projected Housing Supply		
Year	**Total Housing Units**	**New Units Built since 2017**
2020	3,991	134
2030	4,437	580
2040	4,884	1,027

*Assuming for-sale unit construction continues at the same rate and comprises 76.7% of units produced annually.

Housing demand is projected using two population projections from Section II.A (**Figure 3**). For a low estimate of population growth, we use a linear projection of Waverly's growth from 1990 to 2010. For a high estimate, we use an average of the linear and geometric projections of Waverly's growth from 1940 to 2010 (**Table 20**). Most of Waverly's projected population will consist of people in households who live in "regular" housing units (owner-occupied or rental), while some Waverly residents will live in group quarters. Most Waverly residents in group quarters are youths in college dormitories and seniors in nursing homes. To estimate the number of people in households in Waverly through 2040, the estimated number of people in group quarters are subtracted from the total projected population (see notes below **Table 20** for assumptions about the share of Waverly residents in group quarters). To determine the projected number of households, the number of residents in households is divided by the average household size, which is projected to decline through 2040 as the population ages.

Table 20. Projected Housing Demand through 2040 in Waverly.

Projection/Variable	2020	2030	2040	Notes
Population: Low Estimate	10,542	11,209	11,877	a
Population: High Estimate	10,946	12,108	13,371	b
Average Household Size	2.34	2.32	2.3	c
Youths age 15 to 24 in dormitories: Low Estimate	1,423	1,513	1,603	d
Youths age 15 to 24 in dormitories: High Estimate	1,478	1,635	1,805	d
Seniors (age 65+) in nursing homes: Low Estimate	104	74	79	e
Seniors (age 65+) in nursing homes High Estimate	108	80	89	e
Total Households: Low Estimate	3,852	4,147	4,432	f
Total Households: High Estimate	4,000	4,480	4,990	f
Cumulative New Housing Demand: Low Estimate	298	593	878	g
Cumulative New Housing Demand: High Estimate	446	926	1,436	g
Cumulative New Housing Units Built since 2017	134	580	1,027	h
Housing Unit Shortage (Surplus): Low Estimate	**168**	**30**	**(118)**	**i**
Housing Unit Shortage (Surplus): High Estimate	**316**	**363**	**440**	**i**

Source: 2017 5-year ACS, 2000 and 2010 Decennial Census

a. 1990-2010 linear projection.

b. 1940-2010 average of linear and geometric projection.

c. Assumed to be the same in 2020 as in 2010, but declines 0.02 per decade thereafter (the magnitude of household size decline from 2000 to 2010).

d. Assuming youths 15-24 in dormitories as a share of Waverly's population stays constant (13.5% in 2010).

e. Seniors in nursing homes, as a share of Waverly's population, declined from 1.6% in 2000 to 1.3% in 2010. Assumed the share of Waverly's population who are seniors in nursing homes would continue to decline by 0.3 percentage points per decade until 2030, after which it would remain constant. This assumption reflects the nationwide shift from nursing care to community-based care for seniors, while recognizing that the community will always have some seniors in need for nursing care.

f. Waverly residents in households (not in group quarters) divided by average household size.

g. Equals cumulative new households added since 2017, when Waverly had an estimated 3,554 households.

h. From **Table 19**.

i. Assuming housing constructed since 2017 has a 3% vacancy rate.

For example, using the low estimates for Waverly's future population, the City will have 11,209 residents in 2030. Of these residents, 1,513 will be youths aged 15 to 24 in dormitories, and 74 will be seniors (age 65 or older) in nursing homes. Dividing the remaining residents by the projected average household size of 2.32, Waverly will have an estimated 4,147 households.

The demand for new housing units in Waverly can be calculated by subtracting existing households in 2017 from the projected number of households. In the example given above using low population estimates, Waverly will have an estimated 4,147 households in 2030, or 593 more households than in 2017. As a result, Waverly will have an estimated demand for 593 new housing units. Comparing the projected demand for new units to the projected supply, we can determine whether there will be a deficit or surplus of housing units if construction and demolition trends continue at the projected rate. In the example above, with relatively low population growth, Waverly would have a deficit of 30 units by 2030, assuming a 3% vacancy rate among the 580 units built between 2017 and 2030. In the low population growth scenario, the gap between new housing supply and demand is expected to shift from a deficit of 168 units in 2020 to a surplus of 118 units by 2040. However, in the high population growth scenario, the deficit of housing units is expected to grow rather than shrink, leading to a shortage of 363 units by 2030 and 440 units by 2040.

Table 21 provides more detail on projected housing demand, starting with the low and high estimates of demand for new housing units from **Table 20**. Like Waverly's existing housing stock, a certain portion of the housing stock constructed through 2040 is expected to serve senior-headed households. This includes rental developments targeted to seniors; the Ledges at Stone Haven owner-occupied condominiums, which are restricted to residents 55 or older; and congregate living developments such as Eichhorn Haus and Eisenach Village. These developments currently have a "capture rate" of 28% of Waverly's senior-headed households. Assuming that senior housing in Waverly will maintain this capture rate through 2040, with a 5% vacancy rate, **Table 21** estimates the number of senior-headed households that will live in such housing. For 2030, the low and high estimates for new senior housing unit demand are 115 and 151, respectively.

For new households that do not live in senior housing, **Table 21** apportions the remaining new housing demand between owner-occupied and rental units. In 2017, of the housing units not restricted to seniors in Waverly, 81% were owner-occupied. Assuming the homeownership rate remains constant for new households that do not live in senior housing, with estimated owner and rental vacancy rates of 2% and 5%, respectively, low and high estimates are provided for new owner-occupied and rental units needed through 2040. The low estimates for 2030 indicate that Waverly will need 401 owner-occupied and 95 new rental units, while the high estimates indicate a need for 648 owner-occupied and 153 rental units.

Table 21. Projected Housing Demand in Waverly by Occupancy Type.

Projection/Variable	2020	2030	2040	Notes
Cumulative New Housing Demand: Low Estimate	298	593	878	a
Cumulative New Housing Demand: High Estimate	446	926	1,436	a
Percent senior-headed households	34%	37%	37%	b
Senior-headed households: Low Estimate	1,296	1,549	1,656	
Senior-headed households High Estimate	1,346	1,674	1,864	
New senior-headed households since 2017: Low Estimate	140	393	500	c
New senior-headed households since 2017: High Estimate	190	518	708	c
New senior housing needed: Low Estimate	41	115	146	d
New senior housing needed: High Estimate	56	151	207	d
New owner-occupied units needed (not age-restricted): Low Estimate	215	401	613	e
New owner-occupied units needed (not age-restricted): High Estimate	326	648	1,027	e
New rental units needed (not age-restricted): Low Estimate	51	95	145	f
New rental units needed (not age-restricted): High Estimate	77	153	243	f

Source: 2017 5-year ACS, 2010 Decennial Census, data from Bartels Lutheran Retirement Community

a. Estimates from **Table 20**.

b. The share of Waverly households headed by seniors increased from 29.9% in 2010 to 32.5% in 2017, or a projected 3.7 percentage point increase per decade. Assumed the share of senior-headed households would continue to increase at this rate until 2030, after which it would remain constant. This reflects the fact that all baby boomers will be 65 or older by 2030.

c. Waverly had an estimated 1,156 senior-headed households in 2017.

d. In 2017, senior housing accounted for an estimated 28% of Waverly's senior-headed households. Senior housing includes rental complexes restricted to seniors and people with disabilities, the age-restricted condominiums at Ledges at Stone Haven, and the independent living and assisted living facilities (ALFs) owned by Bartels Lutheran Retirement Community. Assumed that 28% of Waverly's senior-headed households will continue to live in senior housing, and that senior housing will have a 5% vacancy rate.

e. In 2017, an estimated 81% of non-senior-headed households were owner-occupied. This estimate assumes that Eisenach Village units are owner-occupied and Eichhorn Haus units are renter-occupied. Assumed that the homeownership rate among non-senior-headed households will remain constant at 81% through 2040, and that new owner-occupied homes will have a 2% vacancy rate.

f. In 2017, an estimated 19% of non-senior-headed households were owner-occupied. This estimate assumes that Eisenach Village units are owner-occupied and Eichhorn Haus units are renter-occupied. Assumed that the homeownership rate among non-senior-headed households will remain constant at 81% through 2040, and that new rentals will have a 5% vacancy rate.

To meet projected housing demand, residential builders will need lots prepared by developers. From 2014 through 2019, City building permit data indicates that an average of 32 lots were absorbed annually for owner-occupied units. In 2020, Waverly is estimated to have 90 buildable lots for new owner-occupied units, including 53 remaining lots from subdivisions platted in previous years, and 37 lots in the Whitetail Bluff subdivision under development. At the current absorption rate, Waverly's buildable lots would be exhausted in less than three (3) years. However, since 2016, developers have also produced an average of 28 buildable lots per year. With four (4) more lots absorbed than created each year on average, Waverly should have sufficient buildable lots for 22 years if current trends continue.

The balance between lot supply and demand can also be estimated by comparing current lot production rates to future lot demand based on population projections. As shown in **Table 21**, a low estimate of Waverly's population growth leads to a projected demand for 401 new owner-occupied units by 2030 and 613 cumulative new owner-occupied units by 2040. Accounting for the 65 lots already available in 2016, Waverly would need 336 new lots by 2030 and 536 new lots by 2040. At the current lot development rate of 28 per year, developers would need 12 years to meet the demand expected by 2030, and 20 years to meet demand by 2040. This projection indicates that lot development would be 1 year ahead by 2030 and 3 years ahead by 2040.

Table 22. Projected Demand for Buildable Lots for Owner-Occupied Homes in Waverly.

Projection/Variable	2030	2040	Notes
Cumulative new owner-occupied lots needed (not age-restricted): Low Estimate	336	536	a
Cumulative new owner-occupied lots needed (not age-restricted): High Estimate	583	962	a
Years needed to develop required lots at rate of 28/year: Low Demand Estimate	12	20	b
Years needed to develop required lots at rate of 28/year: High Demand Estimate	21	35	b
Years of lot surplus (deficit): Low Demand Estimate	1	3	c
Years of lot surplus (deficit): High Demand Estimate	(8)	(12)	c

a. Equals the estimated demand for owner-occupied units from **Table 21**, minus the 65 lots available at the end of 2017. For these estimates, each owner-occupied unit is assumed to occupy one lot. In practice, some units may be condominiums in a multi-unit structure on one lot. We assume that the absorption rate for condominium lots is equal to the lot absorption rate if each condominium were built on a separate lot.

b. From 2016 through 2019 (four years), 111 buildable lots were developed, for an average of 28 per year.

c. Using 2017 as a baseline year, 13 years are available to develop the lots needed by 2030, and 23 years are available to develop the lots needed by 2040.

According to the high estimates of Waverly's population growth through 2040, the current lot production rate of 28 per year would be insufficient to meet projected demand for buildable lots. By these estimates, Waverly would need 583 buildable lots for new owner-occupied homes by 2030, and 962 new lots by 2040. Developers would require 21 years to supply the new lots demanded by 2030, and 35 years to supply the new lots demanded by 2040. As a result, the supply of new lots would be 8 years behind demand in 2030 and 12 years behind in 2040.

Note that the projected demand for buildable lots in **Table 22** assumes that new owner-occupied housing development keeps pace with population growth. This would mean a slower housing production rate under the low population growth estimates and a faster rate under the high estimates. If housing production continued at the level estimated in **Table 19**, the projected surplus or deficit of buildable lots would be even greater.

Table 23 estimates demand for owner-occupied housing through 2030 by price range, assuming the proportionate demand at different price ranges remains constant. As **Figure 9** showed, 45% of closed home sales from late 2016 through late 2019 were below $165,000, according to MLS data. Additionally, 24% of homes sold between $165,000 and $219,999, with the remaining 31% of homes selling for $220,000 or more. In **Table 23**, these same proportions are applied to the owner-occupied housing demand estimates from **Table 21**. By 2030, Waverly will need an estimated 180 to 290 homes priced below $165,000 in 2020 dollars.

Table 23. Waverly's Owner-Occupied Housing Needs through 2030 by Price Range.

Population Growth Scenario	Total New Units Needed	Need for Homes Priced < $165,000*	Need for Homes Priced $165,000 - $219,999*	Need for Homes Priced ≥ $220,000*
Low Estimate	401 (100%)	180 (45%)	98 (24%)	123 (31%)
High Estimate	648 (100%)	290 (45%)	159 (24%)	199 (31%)

*2020 dollars.

Table 24 estimates demand for rental units through 2030 by price range, from market-rate to deeply subsidized. Estimates of rental demand include all general occupancy demand estimated in **Table 21** plus 47% of senior housing demand. Ideally, deep subsidy unit demand should account for an estimated 22% of Waverly's new rental development, while shallow subsidy demand should comprise an additional 1% of new rental development[11]. Of the 149 to 224 rental units needed by 2030, an estimated 34 to 50 units would need to be deeply subsidized. However, as noted previously, deep rental subsidies are in short supply, so shallow subsidy developments with deeper income targeting may be a more feasible alternative. Although all of Waverly's existing deep-subsidy rental units are restricted to seniors or people with disabilities, developers may wish to make some new units with deep income targeting available for

[11] Of Waverly's existing senior housing units, 47% are rentals. Of Waverly's estimated 1,035 existing rental units (see **Table 13**), 24% are income-restricted, and this share is expected to remain constant for new rental development. Estimated demand for deep vs. shallow subsidy units is proportionate to the unmet need for these unit types in **Table 15**. Percentages may not add to 100% due to rounding.

general occupancy, since many non-elderly LMI households in Waverly struggle with severe cost burden (**Table 15**).

Table 24. Waverly's Rental Housing Needs through 2030 by Price Range*.

Population Growth Scenario	Total New Rental Units Needed	*General Occupancy Rental Units Needed***	*Senior Rental Units Needed****	Market-Rate Units Needed	Deep Subsidy Units Needed	Shallow Subsidy Units Needed
Low Estimate	149 (100%)	*95*	*54*	114 (76%)	34 (22%)	2 (1%)
High Estimate	224 (100%)	*153*	*71*	171 (76%)	50 (22%)	3 (1%)

*Percentages may not add to 100% due to rounding. **From **Table 21.** ***Senior housing demand from **Table 21** multiplied by rental share of existing senior units (47%).

VI. Planning and Incentives for Housing Development

Over last decade, the City of Waverly has undertaken several planning initiatives to identify housing needs, and has made considerable progress toward meeting these needs. The most significant planning and implementation steps are described below:

- The City updated its Comprehensive Plan in 2011. Incorporating the statewide Smart Planning principle of "housing diversity," the Plan called for a greater mix of housing size, types, and price points. A recurring concern among the Plan's task force members and Waverly residents was housing affordability, both for owner-occupied and rental units. The Plan included several goals and objectives to improve the diversity, physical condition, and affordability of Waverly's housing stock. Recommended actions included updating the Zoning Ordinance to allow greater diversity and flexibility in housing development, providing financial assistance for homeowners to improve their units, offering development incentives for moderately priced housing, and encouraging infill development on vacant residential lots.
- The Waverly City Council approved Resolution 11-51 in 2011, which provides an incentive to support small business owners or building owners in adaptive reuse of existing downtown commercial structures. Eligible projects include façade improvements and improvement of vacant upper-story space to create new residential or office units. The incentive provides tax rebatement generated on the net taxable value increment on a sliding percentage (100% to 20%) over 5 years. This incentive program, combined with City financial assistance for water service extensions, was used to support the development of upper-story rental units in several downtown buildings in 2014.
- The City partnered with Maxfield Research, Inc. to prepare a Housing Needs Assessment in 2014, fulfilling one of the recommended actions in the 2011 Comprehensive Plan. The document found that current and future housing demand was particularly strong for moderately priced homes for

sale, including homes below $100,000 for first-time homebuyers, and homes in the $100,000 to $200,000 for buyers with modest to moderate incomes. The Assessment also found low vacancy rates and strong demand for senior housing. Demand for rental housing was more limited, but the document noted that the quality and amenities of many rental units in Waverly do not meet the needs and preferences of potential renters.

- In February 2016, Waverly's Economic Development Commission endorsed a Housing Strategy to help the City monitor and encourage desired housing growth and development. The Strategy recommended several measures to increase the supply of moderately priced homes for sale, including the creation of a second R-1 zoning classification permitting smaller lot sizes to encourage the development of smaller, more affordable homes. The Strategy also recommended that the City continue to provide financial incentives on a case-by-case basis for construction and renovation of rental units affordable to LMI households.
- In 2017, the City completed a review for the 2011 Comprehensive Plan update, noting that the City of Waverly had made several amendments to its Zoning Ordinance to encourage greater diversity and flexibility in housing development. The residential zoning districts were amended to include a new R-1A district that permits single family units and attached single family units with smaller lot sizes than R-1. The R-3 and R-4 multi-family districts were redefined to include only multi-family units and incorporate site development requirements. Additionally, the minimum size for a Planned Development District (PDD), which gives developers the flexibility to develop a diverse mix of housing types and land uses, was reduced from 10 acres to 5 acres, and site planning requirements were instituted for PDDs.
- Waverly amended its Unified Urban Renewal Plan in 2017 to add benefits to low- and moderate-income households as an approved purpose for the use of Tax Increment Financing (TIF). This permits the City to use TIF to assist LMI housing developments on a case-by-case basis. TIF incentives were provided to the Waverly Historic Lofts LMI rental development in 2018, along with extension of a water main to the site.
- Waverly has historically provided infrastructure assistance to various housing projects, including off-site infrastructure costs incurred for the development of market-rate housing, especially when such infrastructure will benefit future development.

VII. Summary and Conclusions

This Housing Needs Assessment has documented conditions in Waverly's housing market since the 2014 Housing Needs Assessment was prepared by Maxfield Research, Inc. Since 2014, 423 new residential units have been permitted and built, including owner-occupied homes and several large rental complexes. Additionally, the City completed drainage improvements that removed nearly 350 homes from the 100-year floodplain, and made substantial changes to its Zoning Ordinance to encourage greater diversity and flexibility in housing development.

Waverly has maintained a strong housing market overall, though permit volumes began to decline in 2019. Although duplex and multifamily units comprised a substantial share of new owner-occupied housing development since 2014, Waverly's home sale market has shifted even more toward higher-end homes, with units priced over $200,000 accounting for two-thirds of permits for owner-occupied homes. As a result, home production and sales remain out of step with Waverly's strong demand for more modest units. Demand is particularly strong for moderately priced condominiums, which offer the modern construction features and amenities that many homebuyers desire. According to Multiple Listing Service data, condominiums sold below $176,000 spend a median of only 25 cumulative days on the market in Waverly, despite having a median size of only 1,050 finished square feet. It appears that more time is needed to implement Waverly's zoning revisions and experience their full benefits, and more incentives may be needed to encourage the development of moderately priced units.

Waverly has a relatively low-cost rental market, according to publicly available data from the American Community Survey (ACS) and the U.S. Department of Housing and Urban Development (HUD). The Maxfield study determined that Waverly would have unmet demand for 139 general occupancy rental units by 2020, and Waverly has actually added 178 general occupancy rental units[12]. However, feedback from local property managers does not indicate that Waverly has overbuilt rental housing, and even suggests some market tightness. Among the rental units reported in survey responses from property managers, the vacancy rate is only 3%, and vacant units spend an only 19 days on the market, on average, before being leased by a new tenant. The rental survey responses were dominated by relatively new developments with higher housing costs. The strong performance of these rental units suggests they meet a market need identified in the 2014 assessment, providing high-quality housing options for renters who would otherwise live elsewhere in the region.

Demand is especially strong for subsidized units restricted to low- and moderate-income households. This is true for both deep-subsidy units, which have a vacancy rate of 1.7% and 81 households on waitlists, and shallow-subsidy units, which had a zero percent vacancy rate when surveyed. Waverly's shallow-subsidy rental units often have rents comparable to or higher than HUD Fair Market Rents, but tend to be newer than many unsubsidized units, which may account for the strong demand. In total, Waverly has 246 subsidized units, but they are evidently not enough to meet demand for affordable rental housing. Substantial numbers of Waverly's LMI renters are severely cost burdened, or paying more than 50% of their incomes for housing.

An estimated 602 LMI households in Waverly, including both renters and owners, are moderately or severely cost burdened. The extent of housing cost burden among Waverly's LMI households gives an indication of potential demand for different types of housing assistance programs. The City needs an estimated 122 additional deep-subsidy units for households below 50% AMI, including many renters and homeowners who are severely cost burdened, elderly, disabled, or living on fixed incomes. In practice, deep subsidy funds are in limited supply, but skilled subsidy layering can allow shallow-subsidy rental developments to achieve deeper income targeting. Waverly also has an estimated 295 cost burdened LMI homeowners who might benefit from home rehabilitation assistance. By helping homeowners address

[12] 193 total rental units (see Section V) minus the 15 age-restricted units at Red Cedar Place.

major maintenance needs, improve energy efficiency, and increase physical accessibility, home rehabilitation assistance can help elderly and disabled homeowners live independently as long as possible.

An estimated 160 LMI renters in Waverly could potentially benefit from down payment and purchase assistance programs. These programs could also open homeownership opportunities to young families across the region, as well as members of Waverly's workforce who currently live elsewhere. Not only does Waverly have a limited inventory of moderately priced homes for sale, but even these homes may be out of reach for some of Waverly's essential workers. Down payment and purchase assistance programs can close the gap between the cost of available homes and what LMI buyers can afford to pay.

New housing production is one important tool for addressing Waverly's unmet housing needs. To expand Waverly's housing options and enable projected population growth through 2040, the City's developers and builders will need to provide sufficient new homes and buildable lots. Waverly's estimated housing production rate over the next two decades is estimated to be 44.64 units per year, including both owner and rental units, while developers produce an average of 28 buildable lots per year for owner-occupied homes.

Depending on the rate of Waverly's population growth over the next two decades, Waverly may have a surplus or a deficit of housing and lots by 2040 if development continues at the projected rates. According to the low population growth estimates, Waverly would have a deficit of 30 housing units by 2030 and a surplus of 118 units by 2040. If home production kept pace with population growth, Waverly's current lot production rate would provide sufficient lots for owner-occupied homes through 2040. According to the high population growth estimates, though, Waverly would have a deficit of 363 units by 2030, widening to 440 units by 2040. If Waverly's housing production rate was scaled up to meet the high population growth estimates, the supply of buildable lots for owner-occupied homes would be 12 years behind demand by 2040 unless the lot production rate was scaled up as well.

An important consideration for the future is that housing development does not simply occur in response to population growth – in some cases, housing development may attract population growth that would not otherwise have occurred. This can be seen in Waverly's market for newer rental developments, which remains strong after the addition of 193 new units in 6 years. If Waverly made a similar push to expand moderately priced homes for sale, the City might capture much of the pent-up demand in the region for affordable homes with modern amenities.

To promote the production of affordable homes for sale and rent, while encouraging reinvestment in older homes, Waverly may need to expand its investments, as recommended by both the 2011 Comprehensive Plan update and the 2016 Housing Strategy. Zoning updates alone may not be enough to encourage the development of moderately priced homes for sale, and federal and state sources are insufficient to meet demand for affordable housing assistance in Waverly, particularly for owner-occupied rehabilitation and rental opportunities for the lowest-income tenants. The following section provides four major strategies for incentivizing housing development, each with a set of recommendations and implementation steps involving both financial and non-financial forms of support:

- **STRATEGY 1: PROMOTE NEW CONSTRUCTION OF HOMES FOR SALE IN A RANGE OF SIZES, STRUCTURE TYPES, AND PRICE POINTS FOR WAVERLY'S WORKFORCE, YOUNG FAMILIES, SENIORS SEEKING TO DOWNSIZE, AND OTHERS INTERESTED IN BUYING HOMES IN WAVERLY.**
- **STRATEGY 2: SUPPORT THE AVAILABILITY OF AFFORDABLE, HIGH-QUALITY HOMEOWNERSHIP OPTIONS IN WAVERLY'S EXISTING HOUSING STOCK.**
- **STRATEGY 3. SUPPORT THE DEVELOPMENT AND MAINTENANCE OF QUALITY MARKET-RATE AND SUBSIDIZED RENTAL HOUSING FOR RENTERS AT VARYING INCOME LEVELS.**
- **STRATEGY 4. SUPPORT NEW DEVELOPMENT AND REHABILITATION ACTIVITIES TO PROVIDE AFFORDABLE, ACCESSIBLE HOUSING OPPORTUNITIES FOR SENIORS AND PEOPLE WITH DISABILITIES.**

In developing these recommendations, care was taken to balance the City's need for housing investments with budget constraints. In a survey of local employers, many respondents noted that Waverly's tax rate is higher than that of surrounding communities. Since Waverly is a regional hub with robust services and a high quality of life, homeowners should reasonably expect a tax rate that will continue to support City services. However, any decision to forego or divert tax revenue to incentivize housing production or rehabilitation should be made cautiously, for the purpose of supporting housing development and rehabilitation that would not happen otherwise. By actively using financial investments and other appropriate measures, the City of Waverly can help steer its housing market in a direction toward continued growth, while maintaining a welcoming small-town atmosphere for people from all walks of life.

VIII. Housing Strategies and Recommendations

Strategy 1: Promote new construction of homes for sale in a range of sizes, structure types, and price points for Waverly's workforce, young families, seniors seeking to downsize, and others interested in buying homes in Waverly.

Recommendation	Implementation Steps
1. Continue to consider offering tax abatements to developers for new residential lots until they are sold.	Develop a tax abatement schedule that incentivizes smaller lots and structures, including single-family starter homes, townhomes, and condominiums. For example, the City could offer tax abatements up to $150,000 of new taxable value for smaller, more affordable housing types, and up to $100,000 for larger single-family homes. Additionally, the City could cap the number of years for which tax abatements may be claimed for unsold lots, with a higher cap for smaller housing types.
	Identify suitable areas within the City limits to designate as Urban Revitalization Areas for the purposes of offering tax abatements.
	Estimate the impact on City revenue if proposed tax abatements had been in place for lots developed in the last 5 years.
2. Consider self-developing, or partnering with a regional nonprofit developer, to create moderately priced speculative ("spec") homes on City-owned property.	Identify vacant City-owned property suitable for residential development.
	Communicate regularly with the Iowa Northland Regional Housing Council (INRHC) about the availability of Revolving Loan Fund (RLF) financing or other funds for residential development.
	Reach out to the Northeast Iowa Community Action Corporation (NEICAC) to determine their interest in partnering with the City to develop modest homes for low- and moderate-income (LMI) households under their rent-to-own program.
	If suitable funding is not available from INRHC, reach out to the Iowa Finance Authority about financing options from the Project-Based Housing Program for new subdivisions of moderately priced homes for LMI households.
	To the extent possible, incorporate universal design or visitability features in new homes developed or sponsored by the City.
3. Continue to assist developers with off-site infrastructure costs for new subdivisions.	Consider providing financial assistance for a higher proportion of off-site infrastructure costs for subdivisions where a designated minimum percentage of units (e.g. 50%) will have sale prices below $200,000.

Strategy 2: Support the availability of affordable, high-quality homeownership options in Waverly's existing housing stock.	
Recommendation	**Implementation Steps**
1. Consider applying for additional Community Development Block Grant (CDBG) housing rehabilitation grants from the Iowa Economic Development Authority (IEDA).	Determine whether additional grants should be targeted to neighborhoods that were recently removed from the 100-year floodplain by Dry Run Creek improvements, whether additional areas should be considered, or whether future grants should be offered citywide to qualified homeowners.
	Evaluate which type of housing rehabilitation activities funded by IEDA (exterior repairs, energy efficiency improvements, architectural barrier removal) would be most appealing to property owners and aligned with City goals. Consider offering an online survey to homeowners regarding the types of repairs for which they would seek assistance.
2. Consider establishing an Urban Revitalization Area to offer tax abatements for home renovations.	Identify residential neighborhoods that would be suitable for establishing an Urban Revitalization Area.
	Meet with the Bremer County Assessor to discuss the impact of different renovation types on assessed home values. Discuss the amount of deferred maintenance and additional renovation that would be needed for homes in fair condition to achieve a valuation increase of at least 10%.
3. Consider partnering with local employers to capitalize a grant or loan fund for home rehabilitation, to scale up home rehabilitation activities supported by CDBG grants and/or tax abatements.	Estimate the amount of funding that the City of Waverly would be willing to commit for a local rehabilitation program. Consider appropriate funding sources, such as a set-aside of a small percentage of permit fees.
	Hold discussions with local employers – especially those who have reported challenges in recruiting and retaining workers – regarding the amount of funding they would be willing to commit to a local rehabilitation program.
	Consider making local rehabilitation funds available to certain households over 80% of Area Median Income. An income threshold for local funds could be 100% AMI, 120% AMI, $100,000, or any other limit deemed appropriate by the City.
	Evaluate appropriate types of financial assistance, such as grants, soft second mortgages that are repaid upon sale or refinancing, and forgivable loans. Consider whether loans should be zero-interest or low-interest. Consider structuring a rehabilitation assistance schedule to provide more generous financing terms to lower-income households or those with special needs.
	Explore whether funding from INRHC or the Iowa Finance Authority's Project-Based Housing Program could support the creation of a home rehabilitation grant and/or loan program for LMI households. To be eligible for the Project-Based Housing Program, a home rehabilitation program could not duplicate the Rural Repair program already offered by INRHC, which provides up to $10,000 to eligible homeowners. Discuss with IFA whether a local match for Rural Repair projects in Waverly, allowing repair projects to exceed $10,000, would be eligible for Project-Based Housing Program funds.
	If a local home rehabilitation program is established, consider giving priority to LMI households cited for code violations.
4. Consider working with Waverly Utilities to offer energy efficiency improvements and other rehabilitation assistance to LMI homeowners.	Discuss a potential home rehabilitation program with Waverly Utilities whereby the City of Waverly would provide financial assistance for energy efficiency improvements and other rehabilitation items, such as roof replacement, plumbing or electrical repair, etc. Rather than providing the homeowner with rebates for energy efficiency measures, Waverly Utilities would contribute funds to the overall rehabilitation project.
	Identify funding sources to supplement funds provided by Waverly Utilities for home rehabilitation projects.

Strategy 3. Support the development and maintenance of quality market-rate and subsidized rental housing for renters at varying income levels.	
Recommendation	**Implementation Steps**
1. Continue to consider providing letters of local support, matching funds, tax abatements, infrastructure assistance, and other support on a case-by-case basis for subsidized rental developments for LMI households.	When evaluating requests, consider factors such as whether the developer has a market study demonstrating potential demand, the extent of income targeting, and whether the development serves special needs populations such as seniors or people with disabilities. Consider conditioning support, or additional support, on deep income targeting for a percentage of the units or extending affordability restrictions beyond the minimum imposed by the primary funding source. For developments subsidized primarily with CDBG funds, consider requiring that the developer use rent limits no higher than HOME high or low rents, rather than HOME "65% [AMI] rent limits." The City should ensure that any conditions it imposes are permitted by the other funding sources.
2. Consider partnering with local housing and/or social service agencies to apply to the Iowa Finance Authority for HOME Tenant Based Rental Assistance (TBRA) for LMI renters.	Hold discussions with local and regional social service providers, such as Community Based Services, the Larrabee Center, Waverly-Shell Rock United Way, NEICAC, and Lutheran Services in Iowa, about how TBRA might benefit some of their clients, and whether it would be appropriate for their agencies to refer clients for TBRA.
	Hold discussions with housing agencies such as INRHC or NEICAC regarding their interest and capacity for administering a TBRA program.
	Since TBRA is limited to 24 months per household, consider setting aside some TBRA funds for households who are on a waitlist for a Housing Choice Voucher or other permanent housing assistance. In this way, TBRA would act as a bridge for tenants until other housing assistance becomes available. Contact IFA to discuss how this use of TBRA could complement IFA's Home and Community-Based Services Rent Subsidy Program, which offers similar bridge assistance but only serves about 330 households per month.
3. Support the preservation of existing rental housing developments, both subsidized and unsubsidized.	Maintain communication with owners and managers of existing subsidized rental developments to determine whether the units have repair needs and when affordability restrictions will expire.
	If a tax abatement program is established for home renovations under Strategy 2, Recommendation 2, consider including rental property improvements among the types of improvements eligible for tax abatement.
	If a subsidized rental property owner seeks to repair, refinance, and/or sell the property to ensure its long-term viability and affordability, consider providing financial support with conditions regarding income targeting, long-term affordability, or targeting to elderly or special needs populations.
	Encourage for-profit owners of subsidized rental properties to offer the right of first refusal to local and regional nonprofit housing organizations when offering the properties for sale.
4. Consider supporting new market-rate rental developments.	Monitor market indicators for different segments of the rental market, such as prices, vacancy rates, and turnaround times for vacant units. Consider supporting new rental developments in circumstances where the rental market is relatively healthy but a development might not be feasible without City assistance.
	For proposed market-rate developments that would fulfill unmet demand in Waverly, consider offering moderately priced City-owned land or assistance with infrastructure costs.

Strategy 4. Support new development and rehabilitation activities to provide affordable, accessible housing opportunities for seniors and people with disabilities.	
Recommendation	**Implementation Steps**
1. Consider requiring or encouraging visitability or universal design elements in certain new housing developments.	Consider enacting an ordinance or amending the City's zoning or building code to require that visitability standards be met that all units, or a certain percentage of units, in proposed residential development units over a certain size (e.g. 15 units). Consider crafting such requirements to exceed the requirements of the Americans with Disabilities Act (ADA) and the Fair Housing Act (FHA) – for example, by requiring visitability features in some or all single-family homes, duplexes, triplexes, and upper-story units in multifamily developments with no elevator.
	Consider providing incentives for developers to incorporate universal design standards in some new housing units. Incentives could include enhanced assistance with infrastructure costs, reduced permit fees, or tax abatements.
2. Encourage renovation of existing single-family and multifamily housing to improve accessibility.	Consider providing incentives such as tax abatement or reduced permit fees for substantial renovations that include accessibility modifications. If tax abatement programs have already been created for general renovations under Strategies 2 and 3, consider offering more generous tax abatements for renovations if accessibility improvements comprise a certain minimum percentage of the permit value.
3. Monitor the availability of funds for housing targeted to LMI seniors and people with disabilities.	In years when the Iowa Finance Authority offers Low Income Housing Tax Credits (LIHTC) or other funding opportunities for affordable Assisted Living Facilities (ALFs), provide letters of support and other assistance, as appropriate, for proposed ALF developments in Waverly (see Strategy 3, Recommendation 1).
	Communicate the importance of affordable housing for seniors and people with disabilities to Iowa Finance Authority officials and state elected officials. Specifically, encourage the Iowa Finance Authority to support ALFs in future LIHTC funding rounds, and to consider partnering with the Iowa Department of Human Services to pursue federal Section 811 Project Rental Assistance (PRA) funds from the U.S. Department of Housing and Urban Development (HUD). See Appendix C.

City of Waverly
2020 Housing Needs Assessment

Appendices

Contents

Appendix A: 2020 Employer Survey – Open-Ended Responses

What communities are employees (including temps) most likely to live in?

1. Waverly, Sumner, Janesville, Waterloo, Tripoli, Readlyn, Clarksville, Cedar Falls
2. Cedar Falls, Charles City, Clarksville, Denver, Greene, Janesville, Nashua, New Hampton, Plainfield, Shell Rock, Sumner, Tripoli, Waterloo, Waverly
3. Waverly, Shell Rock, Clarksville, Tripoli, Greene, Allison, Nashua, Plainfield, Janesville
4. Waverly, Clarksville, Sumner, Cedar Falls, Readlyn, Tripoli, Evansdale, Oelwein, Nashua
5. Waverly, Clarksville, Greene, Shell Rock, Denver, Waterloo
6. Waverly, Clarksville, Nashua, Sumner, Tripoli, Shell Rock, Charles City, Waterloo, Cedar Falls
7. Waterloo, Cedar Falls, Waverly, or smaller surrounding communities
8. Waverly, Shell Rock, Denver, Janesville, Cedar Falls
9. Waverly, Denver, New Hampton, Nashua, Shell Rock
10. Waverly, Janesville, Shell Rock, Horton, Cedar Falls, Readlyn
11. Waverly, Shell Rock, Clarksville, Plainfield, Charles City

What factors do employees (including temps) consider when deciding where to live in the region?

1. Housing availability and expense
2. Pay scale, job availability, schools
3. Cost, schools
4. Cost of rent/homes
5. Cost, schools
6. Cost of housing and family ties
7. Entertainment, things to do, cost of housing
8. Housing cost
9. Commute time, daycare options, property taxes, spouse/family
10. Convenience; cost; available recreation, stores, and other amenities

What are your biggest barriers, if any, to recruiting employees at locations in the Waverly area?

1. Tight labor market, wages
2. Skilled workers
3. Drive
4. Salary
5. Nursing shortage
6. Finding people that are reliable, willing to come to work on time and want to work
7. None
8. None
9. Nursing shortage, cost of living in Waverly
10. Not many available individuals seeking employment

In your opinion, what would make employees more likely to live in Waverly?

1. Housing prices, taxes, schools, activities, retail/restaurants, low crime
2. Things to do
3. Lower cost of living (rent, home prices, taxes, utilities)
4. The cost of housing is too high compared to the areas they are currently living. This would include the property tax. Need housing cost to be more in line with smaller communities.
5. More affordable housing, lower taxes
6. Housing costs & property tax declines
7. Day care options increased, lower property tax levels
8. Lower cost of housing options

Appendix B: 2020 Real Estate Professional Survey – Open-Ended Responses

What are the strengths of the housing climate in the City of Waverly?

Very few, but prices are reasonable.

Affordable interest rates.

What are the weaknesses of the housing climate in the City of Waverly?

Inventory.

Lack of inventory.

Is there an adequate supply of housing in the desired price ranges that clients are seeking in the City of Waverly?

Yes.

No.

NO.

Is there an adequate supply of the types of housing that clients are seeking in the City of Waverly? If not, for what type of housing does the demand exceed the supply?

No, demand in all areas.

YES.

What price range are the majority of homebuyers (<u>not</u> investors or landlords) looking at for housing? Please assign a percentage to each price range. [Open-ended feedback provided]

2019 closings by range. Total 166 and now only 40 homes on market.

[One respondent circled the $100,000 to $149,999 and $150,000 to $199,999 ranges]

What are the reasons that clients are searching for homes in Waverly? For each potential reason listed below, please put an "X" in the appropriate box to indicate how strong a motivating factor it is for the client. [Open-ended feedback provided]

I would rate each of the 20% factor. That is a hard question to answer as were some of the other questions in the survey. Many people within Waverly choose to purchase homes again in Waverley, due to schools, churches, jobs and current relationships. The question could be reviewed from two angles: why do people from out of town choose Waverly and why do people in Waverly stay in Waverly or move out?

When your clients are unable to buy homes in Waverly, how do they meet their housing needs instead? If they buy homes in other communities, which communities are most common?

Clarksville, Tripoli, Janesville.

Some rent, Shell Rock, Denver, CF.

Some rent, some purchase less expensive homes in smaller communities.

Do you have any recommendations for how Waverly could improve its housing market?

Building more house price range $100,000 - $200,000

Could City offer one-time property tax discount?

Appendix C: Affordable Housing Funding Resources

FEDERAL PROGRAMS

Community Development Block Grant (CDBG)

The Iowa Economic Development Authority (IEDA) administers the federal Community Development Block Grant (CDBG) program in all of Iowa's incorporated cities and counties, except those designated as HUD (US Department of Housing and Urban Development) entitlement areas. Authorized under the Housing and Community Development Act of 1974, the main goal of the program is to "develop viable communities by providing decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate incomes."

In Iowa, the CDBG program can be used to fund eligible activities, including public facilities such as water and sewer facilities and community buildings; housing rehabilitation; and economic development and job training. Several different categories of CDBG assistance are listed on IEDA's website at https://www.iowaeconomicdevelopment.com/Community. CDBG programs that may be used for housing activities are listed below.

CDBG Housing Fund

This program assists communities with preserving existing housing stock and creating new housing opportunities. Eligible housing activities include:

- Owner-Occupied Housing Rehabilitation (also known as Housing Sustainability)
- Homebuyer Assistance
- Upper Story Housing Conversion

These programs are funded through the federal Community Development Block Grant (CDBG) and must primarily benefit low- and moderate-income individuals. Starting with the 2020 funding rounds, a community may not have more than ten (10) open contracts with IEDA for housing programs at one time.

(https://www.iowaeconomicdevelopment.com/Community/CDBGHousing)

Owner-Occupied Housing Rehabilitation (also known as Housing Sustainability)

Owner-occupied rehabilitation is focused on three areas of improvement: 1) Energy Efficiency, 2) Exterior Home Improvements and 3) removal of architectural barriers to allow aging in place. The maximum award amount is $24,999 per unit plus lead hazard reduction and technical services. Applications are reviewed on an ongoing basis, and applications that meet minimum requirements will be funded provided funding is available.

Cities and counties may submit the following types of Owner-Occupied Housing Rehabilitation applications. Each qualified homeowner may not receive more than one of the three types of assistance available.

- Energy Efficiency (up to 6 homeowners assisted)
- Exterior Home Improvements (up to 6 homeowners assisted)
- Architectural Barrier Removal (up to 6 homeowners assisted)
- Energy Efficiency (up to 6 homeowners assisted) **PLUS** Architectural Barrier Removal (up to 6 homeowners assisted)
- Exterior Home Improvements (up to 6 homeowners assisted) **PLUS** Architectural Barrier Removal (up to 6 homeowners assisted)

A city or county may submit an Owner-Occupied Housing Rehabilitation grant in conjunction with a Homebuyer Assistance grant application if it chooses.

<u>Homebuyer Assistance</u>

The Homebuyer assistance program provides down payment and closing cost assistance to low- and moderate-income homebuyers. The maximum award amount is $24,999 per unit plus lead hazard reduction & technical services. The $24,999 can include up to 50% of the lender's required down payment, closing costs up to $3,500, and home inspection costs up to $300. Cities and counties may apply for grant funds to assist up to five (5) homebuyers.

Applications are reviewed on an ongoing basis, and applications that meet minimum requirements will be funded provided funding is available. A City or county may submit a Homebuyer Assistance grant application in conjunction with an Owner-Occupied Housing Rehabilitation grant application if it chooses.

<u>Upper Story Conversion</u>

The Upper Story housing conversion program provides assistance to cities for the conversion of existing downtown building space into new residential units. Eligible projects may create up to seven (7) new rental units, and at least 51% of new units created must be affordable to low- and moderate-income households. Income-restricted units must remain affordable for at least 5 years. The maximum award under this program is $500,000, and all CDBG funds must be used to pay costs associated with developing the income-restricted units. The applicant city must have an agreement with a for-profit developer that will own and manage the building.

An Upper Story Conversion application may not be submitted in conjunction with any other application under the CDBG Housing Fund.

CDBG Opportunities and Imminent Threats Program

A portion of Community Development Block Grant (CDBG) funds are reserved for communities facing an imminent threat to the public requiring immediate assistance. These funds may also be used by communities seeing an opportunity to demonstrate sustainable community activities. This program is not specifically targeted to housing development but may be used for housing projects.

Applications are accepted at any time during the year, as funds are available. Interested communities should contact IEDA to determine if funding is available and if the proposed project is eligible. (https://www.iowaeconomicdevelopment.com/Community/CDBGIT)

HOME Program

The HOME Investment Partnerships Program (HOME) is offered by HUD to states and local entitlement communities to provide affordable housing opportunities for low- and moderate-income households. It constitutes the largest federal block grant to state and local governments for providing affordable housing. The Iowa Finance Authority (IFA) administers the State of Iowa's HOME allocation for non-entitlement communities in Iowa, and awards funds through a competitive annual application process to assist communities with a wide range of affordable housing initiatives, including:

Homebuyer Assistance
Allows nonprofit entities to give an extra boost to homebuyers through down payment and rehabilitation assistance. May include down payment or closing cost assistance, or acquisition and rehabilitation assistance.

Tenant-Based Rental Assistance (TBRA)
Allows nonprofit and local government entities to assist many Iowa families to afford their rental home. Assistance types include monthly rental assistance payments as well as utility deposit assistance. All funds are paid directly to the landlord or utility provider on behalf of the tenants.

Rental Assistance
Provides property owners and developers with funds to develop and preserve affordable rental housing for Iowans. The length of affordability restrictions depends on the subsidy amount per unit, and ranges from 5 to 20 years.

More information about IFA's HOME program is available at: https://www.iowafinance.com/programs-for-property-developers/home-program/.

Low Income Housing Tax Credit (LIHTC)

The Low Income Housing Tax Credit program was created within the federal tax code by the Tax Reform Act of 1986, and is the largest source of new affordable rental housing in the nation for low- and moderate-income households. LIHTC may also be used for rehabilitation and preservation of rental developments. The housing tax credit provides a dollar for dollar reduction (or credit) to offset an owner's federal tax liability on ordinary income for a 10-year period. In most cases, developers sell tax credits to investors through intermediary entities known as syndicators. The proceeds from selling tax credits provide equity for the project, thereby subsidizing construction costs and allowing the owner to offer reduced rents for the units. In Iowa, LIHTC is administered by the Iowa Finance Authority. LIHTC developments must remain affordable for an extended period, typically 30 years.

Rental developments constructed, rehabilitated, or refinanced with tax credits must meet the income targeting requirements listed below. In practice, most projects are 100% targeted to LMI renters to maximize the equity raised for the project.

- 20% or more of the units in the project will be occupied by individuals or families whose income is 50% or less than the area median gross income (AMI) and the unit is rent-restricted.
- 40% or more of the units in the project will be occupied by individuals or families whose income is 60% or less than the area median gross income (AMI) and the unit is rent-restricted.

Two types of tax credits are available under the LIHTC program:

- **9% Credits** equal about nine percent of qualified development costs every year over 10 years, or at least 70% of qualified development costs overall. The Internal Revenue Service (IRS) allocates 9% credits to state housing finance agencies annually based on population, and states then award the credits to developers on a competitive basis according to a Qualified Allocation Plan (QAP). Applications for 9% credits are complex and intensely competitive, and are primarily (though not exclusively) used for large rental developments.
- **4% Credits** equal about four percent of qualified development costs every year over 10 years, or 30% of qualified development costs overall. Developers of eligible affordable rental housing using tax-exempt bonds are automatically eligible for 4% tax credits, which are not subject to any statewide cap. To be eligible for 4% credits, proposed developments must meet the requirements outlined in IFA's 4% credit Qualified Allocation Plan (QAP).

(https://www.iowafinance.com/programs-for-property-developers/housing-tax-credit-program/)

(https://www.iowafinance.com/private-activity-bond-program/) – information on tax-exempt bonds offered in conjunction with 4% credits

National Housing Trust Fund (NHTF)

The National Housing Trust Fund is administered by HUD, which makes annual awards to states on a formula basis. The NHTF was authorized by the Housing and Economic Recovery Act of 2008 (HERA), and was first funded in 2016. Funds are used to develop and preserve affordable housing for low-income households (up to 50% AMI), especially those with extremely low incomes. At least 80% of a state's annual allocation must be used for rental development or preservation, and at least 75% of funds used for rental development must benefit households at or below 30% AMI or the federal poverty level.

The Iowa Finance Authority (IFA) administered Iowa's NHTF allocation. Applications are accepted annually on a competitive basis. (https://www.iowafinance.com/programs-for-property-developers/national-housing-trust-fund/)

HUD Deep Subsidy Rental Programs

The U.S. Department of Housing and Urban Development maintains several programs that subsidize the difference between affordable rents for LMI tenants and a fair rent for the units.

Section 202 and Section 811 Supportive Housing

Section 202 provides deep subsidies to nonprofits to develop and operate housing with supportive services for LMI seniors (age 62 or older). The program provides a rental development with both a construction subsidy, and ongoing operating subsidies that pay the difference between market rents and an affordable rent for each tenant. Congress does not provide funding for new Section 202 developments on a consistent basis every year.

Section 811 is similar to Section 202, except that it targets non-elderly people with disabilities. Congress does not provide funding for new Section 811 developments on a consistent basis every year. However, the Section 811 Project Rental Assistance (PRA) program, initiated in 2012, is awarded competitively to state housing agencies that set aside units in affordable housing projects whose capital costs are funded through LIHTC, HOME, or other state, federal and local funding sources. State housing agency grantees are required to partner with state Medicaid and health and human services agencies that have developed methods for the identification, outreach, and referral of extremely low-income people with disabilities to PRA units. To ensure that people with disabilities are integrated in the broader community rather than isolated, no more than 25% of the unit in a development receiving PRA funds may be targeted specifically for people with disabilities.

Housing Choice Voucher (Section 8)

A tenant-based voucher program that subsidizes rents for units that tenant households choose in the private rental market. The HCV program is HUD's largest rental assistance program. Eligible rental units must pass an inspection, and their rents must not exceed a payment standard based on HUD Fair Market Rents. HCV programs are administered by local Public Housing Authorities (PHAs) using HUD funds. The PHA makes payments directly to the landlord to cover the difference between the unit's rent and an affordable rent for the tenant household (generally no more than 30% of income). Seventy-five percent of HCV holders have extremely low incomes (below 30% AMI or the federal poverty level, whichever is higher.

Annual appropriations from Congress for the HCV program are generally used to maintain existing vouchers. Since 2003, Congress has not provided funding for any significant increases in the number of Housing Choice Vouchers, although significant funding has been provided for HUD-VA Supportive Housing (HUD-VASH) vouchers for homeless veterans. In some cases, PHAs are able to convert existing Housing Choice Vouchers into project-based vouchers tied to specific rental developments.

Project Based Section 8

Between 1974 and 1983, the Section 8 New Construction and Substantial Rehabilitation (NC/SR) program provided rental subsidies to private developers of new rental housing and owners of existing housing. Now called Project Based Section 8, this program continues to subsidize property owners through Housing Assistance Payment (HAP) contracts that range from 1 to 20 years and may be renewed repeatedly. HAP contracts provide deep subsidies to cover the gap between affordable rents for tenants and fair market rents for the units. At least 40% of new tenants admitted to PBS8 developments must be ≤30% AMI. In addition to subsidizing properties built under the Section 8 NC/SR program, Project Based Section 8 provides subsidies to some former public housing properties that were renovated under the federal Rental Assistance Demonstration (RAD) program.

Public Housing

Public housing rental complexes for LMI tenants are owned by local Public Housing Authorities, and rents are subsidized by HUD so that each tenant pays no more than 30% of their income. At least 40% of new tenants admitted to PBS8 developments must be ≤30% AMI. Public housing developments range widely in terms of style and number of rental units, with many public housing developments across the nation consisting of garden apartments and townhomes. Most public housing was built before 1990, and most federal funding for public housing is used to preserve existing developments. Some PHAs have used HUD's Rental Assistance Demonstration (RAD) program to finance renovations of public housing developments and convert them to Project Based Section 8 developments.

While PHAs across the nation struggle to maintain their public housing stock with limited funding from Congress, most public housing developments are in adequate condition. One advantage of public housing over privately owned housing with federal subsidies is that income and affordability restrictions do not expire. Private owners of subsidized housing, especially for-profit owners, have an incentive to sell their properties or convert them to market-rate units when affordability restrictions expire.

United States Department of Agriculture – Rural Development (USDA-RD)

The Rural Development Department within the United States Department of agriculture (USDA) offers a variety of single family and multi-family housing programs to give families and individuals the opportunity to finance, buy, build, repair, or own safe and affordable homes located in rural America. Visit www.rd.usda.gov for additional information on USDA Rural Development programs.

Single Family Housing Programs

Low interest, fixed-rate homeownership loans are provided to qualified persons directly by USDA Rural Development. Financing is also offered at fixed-rates and terms through a loan from a private financial institution and guaranteed by USDA Rural Development for qualified persons. Neither one of these home loan programs require a down payment. (www.rd.usda.gov/programs-services/all-programs/single-family-housing-programs*)*

USDA Rural Development also offers competitive grants to public and private non-profit Self-Help Housing organizations and Federally Recognized Tribes to help families build their own homes.

Single Family Housing Direct Home Loans

Also known as Section 502 Direct Loan Program, this program helps low- and very-low-income applicants1 obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. Loan funds may be used to help households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

Single Family Housing Repair Loans and Grants

Also known as the Section 504 Home Repair program, this provides loans to very-low-income homeowners to repair, improve or modernize their homes, as well as grants to elderly very-low-income homeowners to remove health and safety hazards.

Single Family Housing Home Loan Guarantees

Assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas. The program provides a 90% loan note guarantee to approved lenders in order to reduce the risk of extending 100% loans to eligible rural homebuyers. Eligible households may obtain financing from approved lenders to build, rehabilitate, improve or relocate a dwelling in an eligible rural area.

Mutual Self-Help Housing Technical Assistance Grants

Provides grants to qualified organizations to help them carry out local self-help housing construction projects. Grant recipients supervise groups of very-low- and low-income individuals and families as they construct their own homes in rural areas. The group members provide most of the construction labor on each other's homes, with technical assistance from the organization overseeing the project. Funds may be used give technical and supervisory assistants, provide self-help technical and supervisory assistance, and to recruit families into the program.

Rural Housing Site Loans

This program provides two types of loans. 1) Section 523 loans are used to acquire and develop sites only for housing to be constructed by the Self-Help method; 2) Section 524 loans are made to acquire and develop sites for low- or moderate-income families, with no restriction as to the method of construction. Site Loans are made to provide financing for the purchase and development of housing sites for low-and moderate-income families.

Multi-Family Housing Programs

USDA-RD provides affordable multi-family rental housing in rural areas by financing projects geared for low-income, elderly and disabled individuals and families as well as domestic farm laborers. USDA extends its reach by guaranteeing loans for affordable rental housing designed for low to moderate-income

[1] The terminology used by USDA-RD differs from the terms used by this Housing Needs Assessment (see Appendix D). "Low-income" and "very low-income" limits are benchmarked to 80% AMI and 50% AMI limits, respectively. See USDA-RD's current income limits at https://www.rd.usda.gov/files/RD-DirectLimitMap.pdf.

residents in rural areas and towns. (www.rd.usda.gov/programs-services/all-programs/multi-family-housing-programs)

Farm Labor Direct Loans & Grants

Provides affordable financing to develop housing for year-round and migrant or seasonal domestic farm labor. The program assists qualified applicants that cannot obtain commercial credit on terms to allow them to charge rents that are affordable to low-income tenants. Funds may be used for construction, improvement, repair, and purchase of housing for domestic farm laborers.

Housing Preservation & Revitalization Demonstration Loans & Grants

Restructures loans for existing USDA-RD funded Rural Rental Housing and off-Farm Labor Housing projects to help improve and preserve availability of safe affordable rental housing for low-income residents.

Housing Preservation Grants

Provides grants to sponsoring organizations for the repair or rehabilitation of housing occupied by low and very low-income people. Funds may be used by public or nonprofit agencies to provide grants or low-interest loans for home repairs to low and very low-income homeowners; assistance to rental property owners if they agree to make units available to low and very low-income families. Eligible expenses include repair/replacement of wiring, foundation, roofs, insulation, heating systems, water/waste disposal systems, handicap accessibility, labor and materials, administration expenses, and other expenses permitted by federal regulations.

Multi-Family Housing Direct Loans

Also known as Section 515, this program provides competitive financing for affordable multi-family rental housing for low-income, elderly, and disabled individuals and families in eligible rural areas. Funds may be used for construction, infrastructure, improvements, and purchase of multi-family rental housing. *USDA has not provided funds for new Section 515 rental development loans since Fiscal Year 2012. USDA is currently using all of its Section 515 funds to preserve existing Section 515 developments.*

Multi-Family Housing Loan Guarantees

Works with qualified private-sector lenders to provide financing to qualified borrowers to increase the supply of affordable rental housing for low-and moderate-income individuals or families.

Multi-Family Housing Rental Assistance (RA)

Also known as Section 521, this program provides payments to owners of USDA-financed Rural Rental Housing or Farm Labor Housing projects on behalf of low-income tenants unable to pay their full rent. Only available to new or existing USDA-RD funded Rural Rental Housing and Farm Labor Housing financed properties. About 70% of Section 515 developments also receive RA subsidies.

Federal Historic Preservation Tax Incentives Program

This program encourages private sector investment in the rehabilitation and repurposing of historic buildings. The amount of credit available under this program equals 20% of the qualifying rehabilitation expenses for eligible substantial rehabilitation projects. The federal tax incentives program for Iowa properties is administered by the National Park Service (NPS) and the Internal Revenue Service (IRS) in partnership with the State Historic Preservation Office of Iowa.

After rehabilitation, the historic building must be used for an income-producing purpose for at least five years. Rental properties are eligible but owner-occupied residences are generally ineligible. (https://iowaculture.gov/history/preservation/tax-incentives/federal-tax-credit)

STATE OF IOWA PROGRAMS

Iowa Economic Development Authority (IEDA)

Workforce Housing Tax Credits

This program provides tax benefits to developers to provide housing in Iowa communities, focusing especially on those projects using abandoned, empty or dilapidated properties. A Small Cities set aside for this program is available to eligible projects within the 88- least populous counties in the state.

IEDA accepts applications when Workforce Housing Tax Credits are available. The most current application information may be found at https://www.iowaeconomicdevelopment.com/Community/WHTC.

- Total program benefits limited to $1 million per project.
- The tax incentives include a refund of sales, service or use taxes paid during construction.
- Developers may receive a state investment tax credit of up to 10% of the investment directly related to the construction or rehabilitation of the housing. Developers qualifying under the Small Cities set aside of this program may receive an investment tax credit of up to 20% of the investment directly related to the construction or rehabilitation of the housing. The state investment tax credit is fully transferable.
    - Federal, state or local grants, tax credits, forgivable loans or other assistance not requiring repayment cannot be included for the purposes of calculating new investment.
- The tax credit is based on the new investment used for the first $150,000 of value for each home or unit.
- This tax credit is earned when the home or unit is certified for occupancy and can be carried forward for up to five additional years or until depleted, whichever occurs first.

- Projects must meet one of four criteria:
    - Housing development located on a grayfield or brownfield site
    - Repair or rehabilitation of dilapidated housing stock
    - Upper story housing development
    - New construction in a greenfield (only communities with demonstrated workforce housing needs or a project qualifying under the Small Cities set aside)
- Developer must build or rehabilitate at least four single-family homes or at least one multi-family building containing three or more units or at least two upper story units.
- Total project costs may not exceed $200,000 per unit for new construction or $250,000 per unit for historic rehabilitation. Total project costs for projects under the Small Cities set aside may not exceed $215,000 per unit.
- The housing project must be completed within three years from the date the project is registered for benefits.

General Resources for Slum/Blight Clearance, Redevelopment, and Disaster Response

The following state-funded resources are not specifically targeted to housing development, but may potentially be used for residential project.

Nuisance Property and Abandoned Building Remediation Loan Program

This program provides low-interest or zero-interest loans to help communities demolish or remediate buildings and structures that are hazards to public health and safety. Applicants must describe how demolition activities are tied to a community redevelopment effort. Applications are accepted on an ongoing basis as funds are available, and all Iowa communities are eligible to apply.

(https://www.iowaeconomicdevelopment.com/Community/Remediation)

Redevelopment Tax Credits Programs for Brownfield and Grayfield Sites

Developers in Iowa can receive tax credits for redeveloping properties know as brownfield and grayfield sites. The applicant may be an individual, limited liability company, S corporation, non-profit, estate or trust. Applications are accepted on an annual basis. The program is capped at $10 million per fiscal year with a maximum award per project of $1 million.

(https://www.iowaeconomicdevelopment.com/Community/brownfield)

State Historic Preservation Tax Credit Program

This state program offers tax credits to developers who sensitively rehabilitate historic buildings to offer them new life. The program provides an income tax credit of up to 25% of qualified rehabilitation expenditures (QREs) for substantial rehabilitation projects. Most tax credits are awarded to large projects, or those with QREs of $750,000 or more, but at least 5% of available credits each year are set aside for small projects.

The applicant must be an "eligible taxpayer," defined as the fee simple owner of the property or someone having a long-term lease. The applicant may be a nonprofit but may not be a governmental body. Applications are typically held on an annual basis.

(https://www.iowaeconomicdevelopment.com/Community/HistDistrict)

(https://iowaculture.gov/history/preservation/tax-incentives/state-tax-credit)

Iowa Finance Authority (IFA)

The Iowa Finance Authority (IFA) offers a wide variety of state housing initiatives, including programs focused on single family, development of affordable rentals, as well as homeless programs. Detailed program information as well as specifics on eligibility and criteria, visit the IFA website at: https://www.iowafinance.com/.

Homebuyer Programs

(https://www.iowafinance.com/homeownership/)

FirstHome Program
Offers qualified first-time homebuyers affordable mortgage financing with a fixed interest rate. The program provides the benefit of safe, fixed interest rate mortgages, paired with the convenience of working with a local lender. Income limits vary by county and range from $79,700-$101,200 for a household of up to two (as of 2020). Some military members, and households purchasing homes in targeted areas, are not required to be first-time homebuyers.

FirstHome Down Payment Assistance
Also known as FirstHome Plus, this program is generally combined with FirstHome financing. Participants receive a $2,500 grant to assist with down payment and closing costs, or a 2nd loan of up to 5,000 or 5% of the home's sale price, which is repayable at the time of sale, refinance, or full repayment of the first mortgage. This program has the same eligibility requirements as the FirstHome program.

Homes for Iowans Program
Offers affordable mortgage financing to qualified homebuyers with household incomes up to $141,680 (as of 2020). The program provides the benefit of a safe, fixed interest rate, paired with the convenience of working with a local lender.

Homes for Iowans Down Payment Assistance
Also known as Homes for Iowans Plus, this program is generally combined with Homes for Iowans financing. Participants receive a $2,500 grant to assist with down payment and closing costs, or a 2nd

loan of up to 5,000 or 5% of the home's sale price, which is repayable at the time of sale, refinance, or full repayment of the first mortgage. This program has the same eligibility requirements as the Homes for Iowans program.

Military Homeownership Assistance Program

The Iowa Legislature created the Military Homeownership Assistance program in 2005 to help eligible members of the armed forces purchase qualified homes in Iowa through a $5,000 grant to assist with down payment and closing costs. These funds may be used in conjunction with the FirstHome and Homes for Iowans programs.

Mortgage Credit Certificate (MCC) Program

The Mortgage Credit Certificate program assists eligible first-time home buyers by reducing their household's federal tax liability every year for the life of their mortgage. A percentage of the homeowners' mortgage interest becomes a tax credit that can be deducted dollar-for-dollar from federal income tax liability, up to a maximum of $2,000 annually. Income eligibility limits are in the middle-income range and vary by county. Information about eligibility and funding availability may be found at: https://www.iowafinance.com/homeownership/mortgage-credit-certificate-program/

Rental Programs

(https://www.iowafinance.com/renter-programs/) – Programs that assist renters directly

(https://www.iowafinance.com/programs-for-property-developers/) – Programs for rental developers

Aftercare Rent Subsidy Program

The Aftercare Rent Subsidy program provides rental assistance for youth who are aging out of the foster care system and are participants in the Aftercare Services Program. To be eligible for the Aftercare Rent Subsidy, an applicant must be ineligible or waitlisted for other sources of rental assistance.

Home- and Community-Based Services Rent Subsidy Program

Provides temporary rental assistance for people who receive medically necessary services through Medicaid waivers, until they become eligible for other local, state or federal rent assistance. The program helps an average of 330 Iowans each month to stay in their home and to remain a part of their community.

Community-Based Housing Revolving Loan Fund

Provides low-interest loans for rental developments serving a target population of Medicaid members enrolled in or eligible for Home- and Community-Based Intellectual Disability and/or Brain Injury Waivers. Loans range from $50,000 to $500,000 with interest rates from zero to 1%. Funding is not competitive for eligible projects, although awards depend on fund availability.

Multifamily Housing Loan Program

The Multifamily Loan Program provides financing options to multifamily property owners and developers to assist in the preservation of existing affordable rental units and to foster the production of new affordable units in Iowa. Eligible projects must have five or more units. Funding is available year-round, with application requirements and financing terms depending on the project type.

Other Programs

Main Street Loan Program

A partnership between Main Street Iowa and IFA, the Main Street Loan Program provides funds to Main Street communities in Iowa for community development projects, including rehabilitation of upper floor housing. Loans range from $50,000 to $250,000.

(https://www.iowafinance.com/main-street-loan-program/)

Project-Based Housing Program

This program, funded by the State Housing Trust Fund, assists locally supported affordable housing projects that are not eligible to receive funding under a Local Housing Trust Fund's Housing Assistance Plan. This program supports a wide range of housing construction, rehabilitation, and counseling projects for LMI households. Awards may provide up to 75% to 90% of the project budget, depending on the incomes of intended beneficiaries. Funds are available to a wide range of applicants, including local governments, for-profit and nonprofit housing developers, homeless service providers, economic development organizations, and neighborhood associations. IFA begins accepting applications on July 1 of each fiscal year, and applications are accepted on an open-window basis until funds are exhausted. (https://www.iowafinance.com/state-housing-trust-fund/project-based-housing-program/)

REGIONAL AND LOCAL PROGRAMS

Northeast Iowa Community Action Corporation (NEICAC)

NEICAC is a Community Action Agency (CAA) serving a seven-county region including Bremer County. Community Action Agencies are nonprofit organizations that meet the requirements to deliver federally funded Community Action Programs (CAPS) under the Economic Opportunity Act of 1964, passed as part of the national War on Poverty initiative.

Tenant Based Rental Assistance (TBRA)

Provides up to 24 months of rental assistance for households at or below 60% AMI that are on a waiting list for Housing Choice Vouchers (Section 8) and qualify as an NEICAC participant in one (or more) of the following programs: FaDSS, Head Start, Early Head Start, or LIHEAP.

Low Income Home Energy Assistance Program (LIHEAP)

LIHEAP is a federal program that assists LMI households with winter utility payments related to heating costs, as well as weatherization and energy-related home repairs. Households with income levels at or below 175% of the poverty level are eligible for benefits.

Weatherization Assistance Program (WAP)

WAP is a federal program that provides energy efficiency related home maintenance assistance to LMI homeowners and renters. The program makes applicants' homes more comfortable while reducing their energy usage and utility bills. Services include a cost effectiveness energy audit, air leakage checks, insulation, and all combustion appliances inspection for repair or replacement.

Lease Purchase Affordable Housing Program

Provides modest, Energy Star rated, newly constructed homes for qualified households at or below 60% AMI. The household leases the home for 6 to 36 months while receiving homebuyer counseling, after which they may purchase the home.

Iowa Northland Regional Housing Council (INRHC)

The Iowa Northland Regional Housing Council was established in 1997 as a 28E organization serving Bremer, Butler, Chickasaw, Buchanan, Grundy, and Black Hawk Counties, excluding Waterloo and Cedar Falls. INRHC is certified by the Iowa Finance Authority as a Local Housing Trust Fund (LHTF) under Iowa's State Housing Trust Fund (SHTF) program established in 2003. On an annual basis, the Iowa Legislature appropriates designated funds from the Rebuild Iowa Infrastructure Fund (RIIF) and Real Estate Transfer Tax (RETT) revenue to the SHTF program. At least 60% of annual SHTF appropriations are allocated to LHTFs around the state based on the population of their service areas. An LHTF must provide a 25% local match for all funds received from IFA. IFA allows LHTFs to spend their allocations on a wide range of affordable housing activities benefitting LMI households.

Activities funded by INRHC have included owner-occupied repair, development of new subdivisions, rental rehabilitation, and capital projects for group homes, among other projects. As of this writing, INRHC does not use a competitive application process to allocate its LHTF funds throughout the region. LHTF funds support an ongoing Rural Repair program that provides direct assistance to LMI homeowners, and the Council's Board of Directors selects other agencies in the region, such as USDA rental complexes and disability service providers, to receive LHTF awards. INRHC also established a Revolving Loan Fund in 2001 and periodically requests competitive proposals for projects.

INRHC is staffed by the Iowa Northland Regional Council of Governments (INRCOG). More information may be found at http://www.inrcog.org/housing.htm.

Northeast Iowa Area Agency on Aging (NEI3A)

The Northeast Iowa Area Agency on Aging serves a multi-county region including Bremer County, offering independent living services and referrals to seniors, people with disabilities, and their caregivers. NEI3A assists LMI households with home accessibility modifications including ramps, door widening, and bathroom remodeling. In emergency situations, such as a client fleeing an abusive household, NEI3A may be able to provide financial assistance for the first month's rent in a new unit. http://www.nei3a.org/.

Homes for Iowa

Homes for Iowa, a 501(c)3 nonprofit organization established in 2019, is a partnership among the Iowa Association of Councils of Government (ICOG), Iowa Prison Industries, and local communities, lenders, and real estate professionals to provide affordable homes for buyers with household incomes up to $100,000. Modeled on South Dakota's successful Governor's House program, Homes for Iowa contracts with Iowa Prison Industries to construct starter homes at a manufacturing location near the Newton Correctional Facility, using labor from low-risk offenders. A completed home is transported to a residential lot provided by a city or county, local contractors complete installation and utility hookups, and the home is ultimately purchased by an eligible household. By using inmate labor, Homes for Iowa is able to offer affordable homes for Iowa's workforce while providing offenders with the opportunity to learn skilled trades such as plumbing, electrical work, and carpentry.

As of this writing, homes can only be provided to communities within a 50-mile radius of the manufacturing facility in Newton, IA, although Homes for Iowa is working to expand the radius in the future. Iowa's Councils of Government (COGs) and Regional Planning Commissions (RPCs) serve as the primary point of contact for interested homebuyers, developers, and communities. https://www.homesforia.com/

Appendix D: Bremer County Income Limits for Fiscal Year 2019

Income Level*	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low-Income (30% AMI)	$18,100	$20,650	$23,250	$25,800	$27,900	$29,950	$32,000	$34,100
Low-Income (50% AMI)	$30,100	$34,400	$38,700	$43,000	$46,450	$49,900	$53,350	$56,800
Moderate-Income (80% AMI)	$48,200	$55,050	$61,950	$68,800	$74,350	$79,850	$85,350	$90,850
Area Median Income (100% AMI)	$60,200	$68,800	$77,400	$86,000	$92,900	$99,800	$106,700	$113,600
60% AMI (max income for some housing programs)	$36,120	$41,280	$46,440	$51,600	$55,740	$59,880	$64,020	$68,180

Source: U.S. Department of Housing and Urban Development (HUD) 2019. *This Housing Needs Assessment uses the income level nomenclature for HUD's Community Development Block Grant (CDBG) program. Certain other government housing programs, including the Housing Choice Voucher (HCV or Section 8) program use a different nomenclature, referring to households up to 80% AMI as "low-income," and to households up to 50% AMI as "very low-income."