

Update of Comprehensive Housing  
Needs Analysis for  
Cedar Rapids, Iowa  
(Draft Copy-for Discussion Only)

*Prepared for:*

City of Cedar Rapids  
Cedar Rapids, Iowa

October 2013





October 15, 2013

Mr. Caleb Mason  
Housing Services Division  
City of Cedar Rapids  
101 1<sup>st</sup> Street SE  
Cedar Rapids, IA 52401

Dear Mr. Mason:

Attached is the *Update Comprehensive Housing Market Analysis for Cedar Rapids, Iowa* conducted by Maxfield Research Inc. The study projects housing demand from 2013 through 2020, and gives recommendations on the amount and type of housing that could be built in Cedar Rapids to satisfy demand from current and future residents over the remainder of the decade.

The study identifies a potential demand for about 5,337 new housing units in Cedar Rapids over the remainder of the decade (2013 to 2020, including a variety of housing options). The majority of the demand is anticipated to be for owned housing and the rental market continues to experience a healthy rental vacancy rate of about 3.0% at this time, indicating some pent-up demand. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

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

Sincerely,

MAXFIELD RESEARCH INC.

Mary C. Bujold  
President

Attachment

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### ***Purpose and Scope of Study***

Maxfield Research Inc. was engaged by the City of Cedar Rapids to complete an updated *Comprehensive Housing Needs Analysis* for the City. The Housing Needs Analysis provides recommendations on current and projected housing conditions and the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

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

### ***Demographic Analysis***

- As of the 2010 Census, the City of Cedar Rapids had 126,326 people and 53,236 households. The tri-city area, which includes the Cities of Cedar Rapids, Marion and Hiawatha, had 168,118 people and 70,415 households. Between 2000 and 2010, the flood impact area in the City of Cedar Rapids lost population and households. As of 2010, the flood impact area had 16,955 people and 6,888 households. The decrease in population and households in the flood impact area over the period was 11.3% for population and 22.1% for households.
- Despite the population and household decreases in the flood impact areas, Cedar Rapids and the surrounding tri-city area grew during the 2000s by 5,558 people and 14,586 people, respectively. These increases reflect growth rates of 4.6% and 9.5%, respectively. By comparison, Linn County increased its population by 13.6% during this same period to 211,226 people.
- A similar situation occurred with household growth. The City of Cedar Rapids experienced a net increase of 3,416 households (6.9%) while the tri-city area grew by 7,278 households (11.5%). Linn County increased its household base by 10.1% between 2000 and 2010.
- Growth in population and households is expected to continue in Cedar Rapids and in the tri-city area. By 2020, Cedar Rapids is projected to have 136,540 people (8.1%) and 59,650 households (12.0%). A higher growth rate is projected for households versus population as household sizes have been trending down over the past 20 years with fewer people per household. Smaller household sizes reflect an overall aging population base, households having fewer children, on average, and many households choosing to live alone. These trends are discussed further in the data on age distribution and household type.

## EXECUTIVE SUMMARY

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- Growth in the flood impact area is expected to occur over the next seven years. However, the amount of growth projected for the area will depend on higher land utilization with increased housing densities, continued replacement of housing that was lost and other development initiatives. The projected growth rates for the flood impact area anticipate a proactive approach to residential development in these areas.
- The population in Cedar Rapids and the tri-city area is aging. Although Cedar Rapids continues to attract a healthy share of people in their 20s and 30s, people over the age of 45 accounted for a higher proportion of the total population in 2010 than in 2000 and this trend is expected to continue. The Baby Boom generation (between ages 49 and 67 as of 2013) are estimated to account for 24.4% of Cedar Rapids' population today. Over the next five years, the age 65 to 74 cohort is estimated to have the highest growth numerically and by percent (245 people, or 24.4%). This age group is the largest in the community although Millennials (those born between 1980 and 2000) account for only slightly less than those age 49 to 67.
- In 2013, the City of Cedar Rapids had an estimated median household income of \$49,033. The median household income of non-senior households was \$55,619 compared to senior households with a median household income of \$31,903. A majority of seniors are typically retired utilizing retirement savings, pension and social security as income; some remain employed. Most non-senior households are likely to have two incomes through full-time employment.
- Between 2000 and 2010, homeownership rates in Cedar Rapids and the tri-city area decreased from 69.2% to 67.9%.
- Approximately 33% of all households in Cedar Rapids lived alone in 2010. In the Remainder of the County, 24% of all households lived alone. Married households without children in Cedar Rapids and in the Remainder of the County accounted for the second highest percentages at 25.2% and 33.1, respectively. Married households with children accounted for a much lower proportion of total households in 2010 than in 2000.
- The unemployment rate for Linn County of 4.9% as of August 2013 is the same as that for the State of Iowa, but much lower than the Nation (7.9%). The unemployment rate for the City of Cedar Rapids was 5.2%, slightly higher than the County and the State. These unemployment rates indicate that job recovery in the area has been generally strong.
- According to a recent report (June 2013) on workforce and economic development, from 2010 to 2011, the Region, which includes Benton, Cedar, Iowa, Johnson, Jones, Linn and Washington Counties, has exhibited strong migration growth over the past couple of years. Migration to the area was highest in Johnson County (7,300 people) followed by Linn County with 896 people. Data indicates that more people are migrating to urban areas from rural areas where there are more job opportunities. Average travel time to work (2011) was greatest in Benton and Cedar counties at 24.8 minutes, but lowest in Linn and Johnson

Counties at 18.3 minutes and 17.6 minutes, respectively. This suggests that transportation infrastructure and close proximity to employment centers reduces the amount of time that households require to commute to work.

- The City of Cedar Rapids is a net importer of workers. Fully, 61,213 workers enter the City for work while 21,171 workers leave the City for employment. An estimated 38,262 (38%) of workers in the City of Cedar Rapids also live in Cedar Rapids. The largest numbers of workers that leave the City for employment generally commute to nearby communities including Marion, Hiawatha, Iowa City, Coralville, Davenport, Des Moines, Waterloo, and North Liberty.
- The highest proportion of workers lives in Cedar Rapids (38%) and the second highest proportion lives in Marion (10.3%). Smaller proportions live in Hiawatha (2.2%) and Iowa City (2.1%).

### *Housing Characteristics*

- The City of Cedar Rapids issued permits for the construction of 899 new residential units from 2010 through 2012. The majority of new construction has been single-family homes and developed has been focused in the Northwest and Southwest, although recently development has increased in some subdivisions in the Northeast. The number of residential permits has decreased in each year since 2010 from 380 to 250 in 2012. Gradually, new residential construction has increased in the core neighborhoods that were impacted by the Flood.
- As of 2013, the City of Cedar Rapids is estimated to have approximately 58,605 housing units, of which about 65% are owner-occupied and 28% are renter-occupied and 7% are vacant. The proportion of housing units vacant includes units that are for-rent or for-sale, but not yet occupied, seasonal or occasional housing units and “other vacant,” which includes units such as units where repairs are being made, where the owner of the property does not wish to sell or rent, where the unit is being used for storage purposes or where the owner of the property is elderly and is living with another family member or is in a nursing home. At times, properties may be left vacant due to the settling of an estate or if in a foreclosure, although foreclosures can also be counted in other categories.
- Most of the homes in Cedar Rapids were built between 1950 and 1980 (44%). An estimated 23% of homes in Cedar Rapids were built pre-1950 and the remaining 33% were built in 1980 or later. Except for the core central city neighborhoods, most of the housing in Cedar Rapids is newer.

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- According to the Cedar Rapids Area Association of Realtors, the median value of homes in the tri-city area was \$139,900 as of year-end 2012. The average price was \$162,291, indicating that there were more high-priced homes sold than low-priced homes, causing the average to be significantly higher than the median. Market activity indicators such as number of homes sold, average sold price and days on market are all trending in positive directions indicating that the housing market is recovering from the Recession. However, the Cedar Rapids Metro Area did not experience as severe a downturn as did other areas of the country. Except for 2011, the median home price in the Cedar Rapids area continued to rise through the Recession, except for 2008.
- The median contract rent was estimated at \$532 in Cedar Rapids and \$488 in Marion and Hiawatha. Approximately 44% of renters in Cedar Rapids and 43% of those in Marion were estimated to be paying monthly rents ranging from \$450 to \$699. Approximately 21% of renters in Cedar Rapids and 18% of renters in Marion were estimated to be paying monthly rents of \$700 or more as of September 2013.

### ***Rental Housing Market Analysis***

- In order to assess the current market conditions for rental housing in Cedar Rapids and the surrounding area, Maxfield Research Inc. completed a survey of rental housing that includes subsidized (i.e. housing that is income-restricted to households earning at or below 30% of the Area Median Income), affordable (i.e. housing that is income-restricted between 30% and 80% of the Area Median Income) and market rate (i.e. housing that is not income-restricted); properties surveyed include those located in Cedar Rapids and Marion, with a few properties located outside of these two communities. Cedar Rapids and Marion have the majority of general market rental units in the area.
- In total, Maxfield Research inventoried 5,653 general occupancy market rate rental units in the City of Cedar Rapids spread across 50 multifamily developments. At the time of the survey, there were 134 vacant units resulting in an overall vacancy rate of 2.3%. Typically, a healthy rental market maintains a vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.
- In addition, Maxfield surveyed affordable housing properties (workforce housing) and those that receive deeper subsidies. In total, there were 22 properties with 1,268 units. The overall vacancy rates for these properties were very low, less than 1%, indicating pent-up demand for affordable and subsidized housing units in Cedar Rapids.
- The City of Cedar Rapids currently manages 1,149 active Housing Choice Vouchers. There is a wait list of 1,935 households, the vast majority of which are single-person households, account for 44% of all households on the wait list. The annual turnover of vouchers is 14% or about 161 vouchers per year. At this rate, the wait list for a voucher could reach as long as five years or more for some households.

### ***Senior Housing Market Analysis***

- There are 7 senior housing facilities located in Cedar Rapids with a total of 1,015 units. Combined, the overall vacancy for senior projects was about 3.0%. Our conversations with senior marketing directors indicated that nearly all components of senior housing were full including independent living, assisted living and memory care. Properties that had the most units available were Continuing Care Retirement Communities. These properties have generally seen vacancies increase somewhat due to the Recession and a slower housing market.
- Real Estate Equities has been marketing shares for a senior cooperative that is under construction at Boyson Road and Creekside Drive and will have 65 units. Village Cooperative includes seven, one-bedroom units and 58, two-bedroom units. The average size of one-bedroom units is 912 square feet and the average size of two-bedroom units is 1,364 square feet. Occupancy is expected summer 2014. Currently, the development is more than 70% sold.
- Adult/few services buildings in the Cedar Rapids/Marion area include: Village Cooperative (65 units-under construction), Cedar Crest (36 affordable units – 1BR) and Legacy Manor (60 units – 1BR/2BR – affordable). Cedar Crest is located in the Time Check neighborhood and opened a couple of years ago. Legacy Manor recently opened and Village Cooperative is under construction. Village cooperative is an ownership format while Cedar Crest and Legacy Manor are rental.
- There are two Continuing Care Retirement Communities in the area and both are located in Cedar Rapids, Cottage Grove Place and Methwick Community. These communities provide a full continuum of care from purely independent living through skilled nursing with various levels of care and services in between to serve the needs of their residents.
- There are six properties in Cedar Rapids that provide assisted living care and services. These properties combine for a total of 249 assisted living units. Some of the assisted living facilities also offer memory care. The survey included 70 memory care units. The newest facility in the area is Irving Pointe, which opened in 2008. Located near Mercy Hospital, Irving Pointe is the area's first affordable assisted living.

### ***For-Sale Housing Market Analysis***

- The average resale price of homes in the Cedar Rapids area was \$167,044. Sales prices have been gradually increasing as has the number of home sales in the area. Days on market time has decreased signaling a strengthening resale home market.
- An average of 1,060 homes sold annually in Cedar Rapids over the past two years. However, from January to July 2013, the number of homes sold was 1,159. This indicates that Ce-

## EXECUTIVE SUMMARY

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dar Rapids is on target for 2013 to exceed the number of average number of homes sold by approximately 10% to 15% over 2012.

- The average list price of homes for sale in Cedar Rapids was \$148,737 as of July 2013. Based on this list price, a household would need an income of between about \$42,500 and \$49,500 annually based on an industry standard of 3.0 to 3.5 times income. About 56% of Cedar Rapids households have annual incomes at or above \$42,500.

### ***Housing Needs Analysis***

- Based on our calculations, demand exists for the following general occupancy product types between 2013 and 2020:
  - Market rate rental 819 units
  - Affordable rental 309 units
  - Subsidized rental 232 units
  - For-sale single-family 2,139 units
  - For-sale multifamily 534 units
- In addition, we find demand for multiple senior housing product types. As of 2013, demand for senior housing is forecast for the following:
  - Active adult ownership 214 units
  - Active adult market rate rental 270 units
  - Active adult affordable 55 units
  - Active adult subsidized 44 units
  - Congregate 61 units
  - Assisted living 142 units
  - Memory care 125 units

### ***Recommendations and Conclusions***

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type for the City of Cedar Rapids through 2020. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

**EXECUTIVE SUMMARY**

<b>RECOMMENDED HOUSING DEVELOPMENT CITY OF CEDAR RAPIDS 2013 to 2020</b>			
	<b>Purchase Price/ Monthly Rent Range<sup>1</sup></b>	<b>No. of Units</b>	<b>Development Timing</b>
<b>General Occupancy Rental Housing</b>			
<b>Market Rate Rental Housing<sup>2</sup></b>			
Apartment-style	\$725/1BR - \$900/2BR	200 - 250	2014+
<b>Affordable Rental Housing</b>			
Shallow-Subsidy	Moderate Income <sup>3</sup>	40 - 45	2015+
Deep-Subsidy	Low Income	50 - 80	2014+
Market Rate Single-Family	Entry-Level (Core Neighbor.)	100 - 200	2014+
Market Rate Multifamily Owned	Entry-Level/Move-Up (Core)	50 - 75	2014+
<b>Senior Housing (i.e. Age Restricted)</b>			
Active Adult Market Rate Rental <sup>4</sup>	\$750/1BR - \$950/2BR	40 - 50	2014+
Active Adult Affordable Rental <sup>4</sup>	Moderate Income <sup>3</sup>	14 - 16	2014+
Congregate	\$2,200/1BR - \$2,800/2BR	40 - 50	2015+
Subsidized Senior <sup>5</sup>	30% of Income	40 - 50	2016+
Market Rate Assisted Living	\$3,000/1BR - \$4,000/2BR	65 - 70	2015+
Market Rate Memory Care	\$4,500/Std. - \$4,900/1BR	<u>40 - 40</u>	2015+
<b>Total</b>		<b><u>239 - 276</u></b>	
<p><sup>1</sup> Pricing in 2013 dollars. Pricing can be adjusted to account for inflation.</p> <p><sup>2</sup> The development of these products can occur after the vacancy rate is at or below 5%. Additional rental development could occur after new development has been absorbed and phased into the market.</p> <p><sup>3</sup> Affordability subject to income guidelines per Iowa Housing Authority.</p> <p><sup>4</sup> Alternative development concept is to combine active adult affordable and market rate active adult into one mixed-income senior community</p> <p><sup>5</sup> Subsidized senior will be difficult to develop financially</p> <p><b>Note - Recommended development does not coincide with total demand.</b></p>			
Source: Maxfield Research Inc.			

### Introduction

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

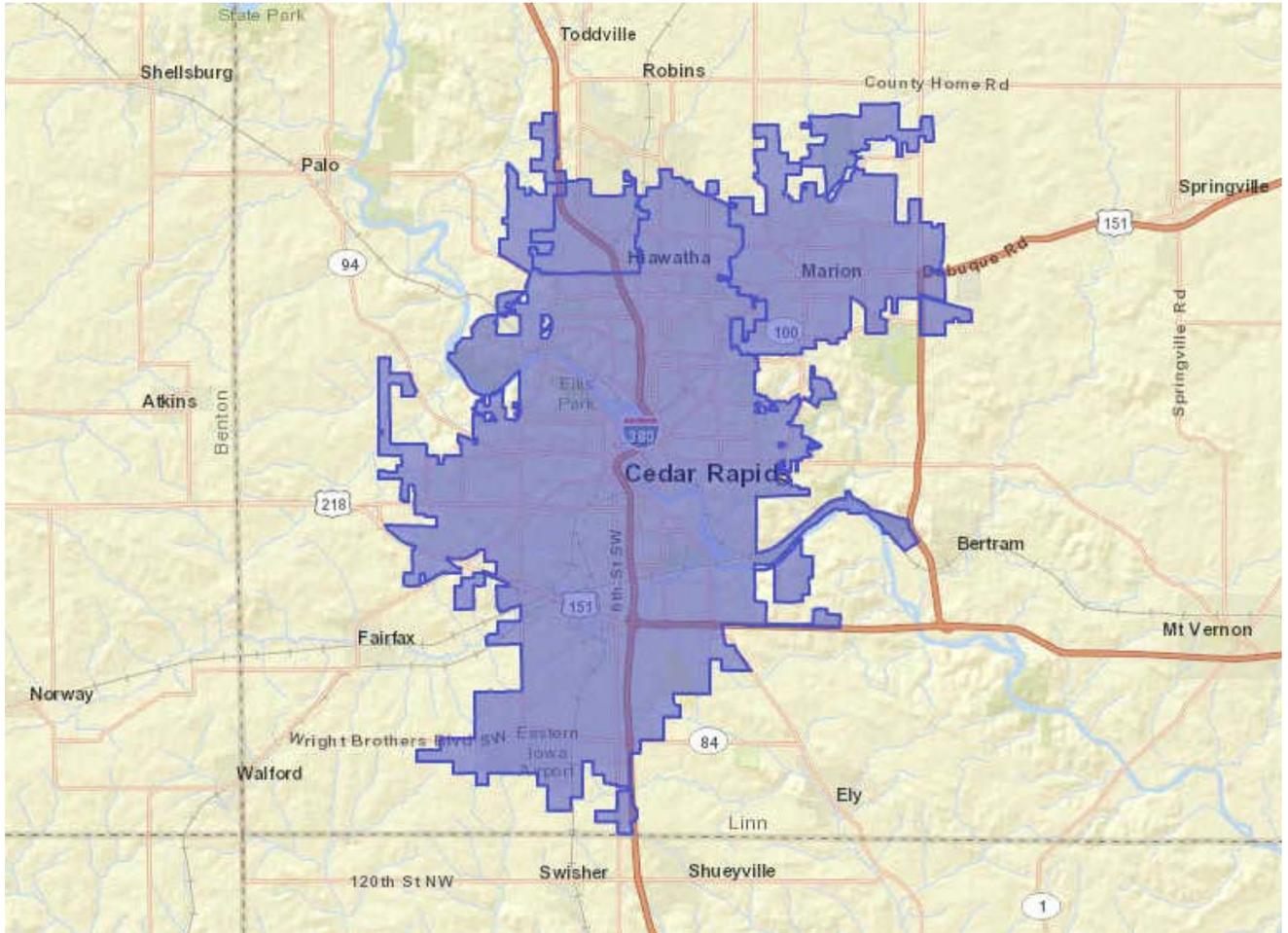
### Market Area Definition

The primary draw area (Market Area) for housing in Cedar Rapids was defined based on traffic patterns, community and school district boundaries, and geographic and our general knowledge of the draw area. The Market Area includes the three communities of Cedar Rapids, Marion and Hiawatha. Marion and Hiawatha, which are adjacent to Cedar Rapids serve as "bedroom communities" for the City, but most commuters who work in Cedar Rapids and live outside of the City do so by choice. Some people prefer a more suburban or rural atmosphere while others have attachments to the communities where they currently live or a spouse working in that community.

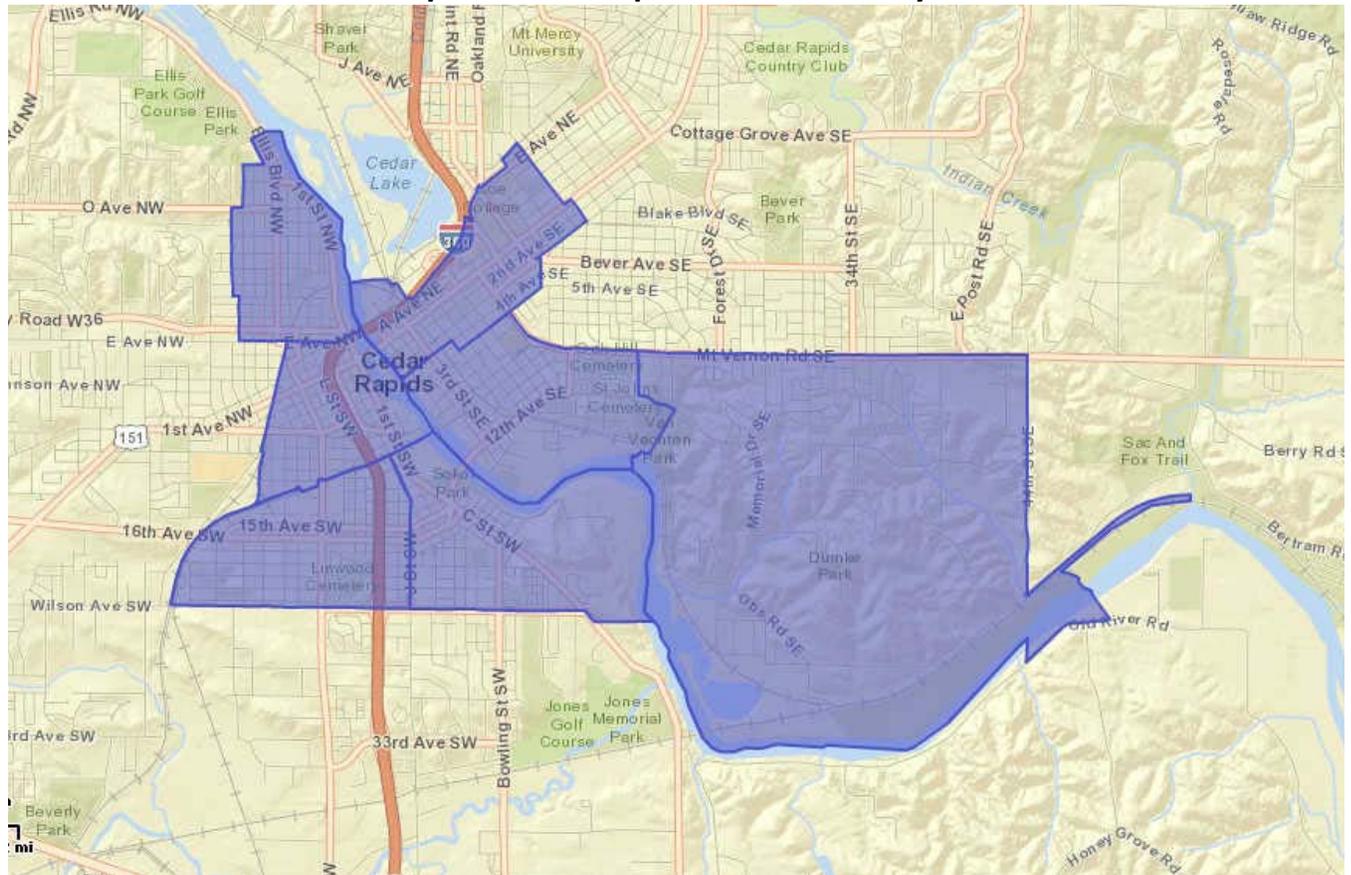
The Housing Market Area is expected to account for 80% of the total demand for housing in the City of Cedar Rapids, depending on the type of housing product. Additional demand will come from individuals moving from outside the area, those who return from other locations (particularly young households returning after pursuing their degrees or elderly returning from retirement locations), and seniors who move to be near the adult children living in the Market Area. Demand generated from in and outside of the Market Area is considered in the demand calculations presented later in this analysis.

This Market Area remains the same from previous analyses and figures included in those can be completed to updated information that is provided in this report. The map on the following page shows the Cedar Rapids Housing Market Area.

### Cedar Rapids Housing Market Area



### Cedar Rapids Flood Impact Area for Analysis



### Population and Household Growth

Tables 1 and 2 present the population and household growth, for the flood impact areas of Cedar Rapids, the remainder of Cedar Rapids, outside of the flood impact area, Marion, Hiawatha, Linn County and the Cedar Rapids MSA for 1990, 2000, 2010, an estimate for 2013 and a forecast for 2020. Data from 1990, 2000 and 2010 are from the U.S. Census. Estimates for 2013 and projections for 2020 were made by Maxfield Research Inc. based on information provided by the City of Cedar Rapids, ESRI Inc. (a national demographics forecasting company) and Linn County.

#### Population

- Strong growth occurred between 1990 and 2000. During that period, Cedar Rapids’ population increased by 12,007 people (11.0%). Growth during this period was supported by consistent employment increases among major employers and a strong manufacturing base. Population growth remained robust during the first half of the 2000s, but was slowed by the

## DEMOGRAPHIC ANALYSIS

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impacts of the 2008 Flood and then subsequently, the Recession. Population growth in Cedar Rapids from 2000 to 2010 was 5,568 people (4.6%). Growth was higher in Marion, which increased by nearly 8,500 people (32.2%) since 2000.

- As mentioned in the previous paragraph, growth slowed during the late 2000s due to the flood and the Recession. While the Tri-City MSA experienced robust growth from 2000 to 2010 of 34.6%, this was led to some degree by growth outside of the city infrastructure in the smaller communities and rural areas surrounding the tri-city area. The remainder of Linn County gained 4,939 people (11.5%) during the period.

### *Households*

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.
- Cedar Rapids added about 3,416 households during the 2000s (an increase of 6.4%) while Marion gained 3,650 households (34.9%) during the same period.
- Household growth rates outpaced population growth in the Market Area during the 1990s and 2000s. The Tri-City area's population increased by 9.5% compared to an 11.5% increase in households between 2000 and 2010. The higher household increase is primarily due to fewer people in each household, caused by demographic and social trends such as increasing divorce rates, an increasing senior base, and couples' decisions to have fewer children or no children at all.

**DEMOGRAPHIC ANALYSIS**

**TABLE 1  
POPULATION GROWTH TRENDS AND PROJECTIONS  
CEDAR RAPIDS AREA  
1990 to 2020**

	U.S. Census		Census	Estimate*	Projection	Change					
	1990	2000	2010	2013	2020	1990 to 2000		2000 to 2010		2010 to 2020	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
<b>Flood Impact Areas**</b>	19,343	19,338	16,955	17,155	18,000	-5	0.0	-2,383	-12.3	1,045	5.4
<b>Remainder of Cedar Rapids</b>	89,408	101,420	109,371	112,545	118,540	12,012	13.4	7,951	7.8	9,169	9.0
<b>Marion</b>	20,403	26,294	34,768	36,208	40,500	5,891	28.9	8,474	32.2	5,732	21.8
<b>Hiawatha</b>	4,986	6,480	7,024	7,144	7,400	1,494	30.0	544	8.4	376	5.8
<b>Total Cedar Rapids Area</b>	134,140	153,532	168,118	173,052	184,440	19,392	14.5	14,586	9.5	16,322	10.6
<b>Remainder of Linn County</b>	34,627	38,169	43,108	44,693	45,760	3,542	10.2	4,939	11.5	2,652	6.9
<b>Linn County</b>	<b>168,767</b>	<b>191,701</b>	<b>211,226</b>	<b>217,745</b>	<b>230,200</b>	<b>22,934</b>	<b>13.6</b>	<b>19,525</b>	<b>10.2</b>	<b>18,974</b>	<b>9.9</b>
<b>Cedar Rapids MSA</b>	<b>168,767</b>	<b>191,701</b>	<b>257,940</b>	<b>266,673</b>	<b>277,900</b>	<b>22,934</b>	<b>13.6</b>	<b>66,239</b>	<b>34.6</b>	<b>19,960</b>	<b>10.4</b>

Note: In 2005, Benton and Jones Counties were added to the Cedar Rapids MSA.  
 Flood Impact Areas include the following Census Tracts: 12, 19, 22, 25, 26, 27, 28;  
 \* estimate of population compiled by Maxfield Research Inc.

Sources: U.S. Census (1990, 2000, 2010)  
 American Community Survey; ESRI Inc.; Maxfield Research Inc.

**DEMOGRAPHIC ANALYSIS**

**TABLE 2  
HOUSEHOLD GROWTH TRENDS AND PROJECTIONS  
CEDAR RAPIDS AREA  
1990 to 2020**

	U.S. Census		Census	Estimate	Projection	Change					
	1990	2000	2010	2013	2020	1990 to 2000		2000 to 2010		2010 to 2020	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
<b>Flood Impact Areas**</b>	8,896	8,838	6,888	7,085	7,650	-58	-0.7	-1,950	-22.1	762	8.6
<b>Remainder of Cedar Rapids</b>	35,486	40,982	46,348	47,260	52,000	5,496	15.5	5,366	13.1	5,652	13.8
<b>Marion</b>	7,772	10,458	14,108	14,800	17,000	2,686	34.6	3,650	34.9	2,892	27.7
<b>Hiawatha</b>	2,124	2,859	3,071	3,116	3,300	735	34.6	212	7.4	229	8.0
Total Cedar Rapids Area	54,278	63,137	70,415	72,261	79,950	8,859	16.3	7,278	11.5	9,535	15.1
<b>Remainder of Linn County</b>	11,223	13,616	14,120	14,723	18,050	2,393	21.3	504	3.7	3,930	28.9
<b>Linn County</b>	<b>65,501</b>	<b>76,753</b>	<b>84,535</b>	<b>86,984</b>	<b>98,000</b>	<b>11,252</b>	<b>17.2</b>	<b>7,782</b>	<b>10.1</b>	<b>13,465</b>	<b>17.5</b>
<b>Cedar Rapids MSA</b>	<b>65,501</b>	<b>76,753</b>	<b>104,617</b>	<b>105,493</b>	<b>114,640</b>	<b>11,252</b>	<b>17.2</b>	<b>27,864</b>	<b>36.3</b>	<b>10,023</b>	<b>13.1</b>

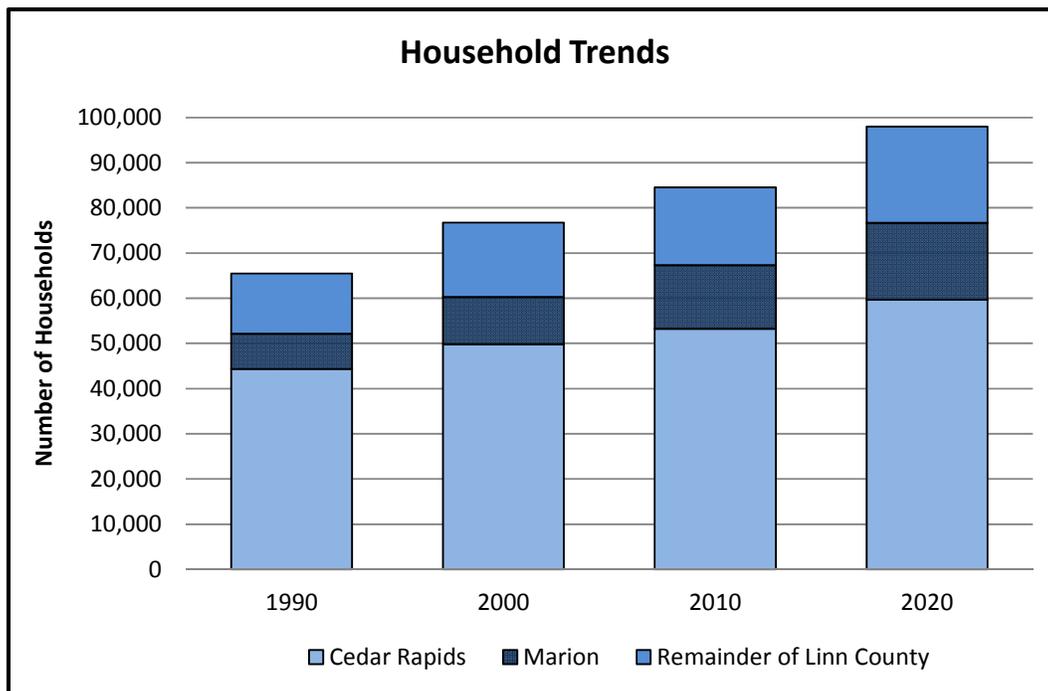
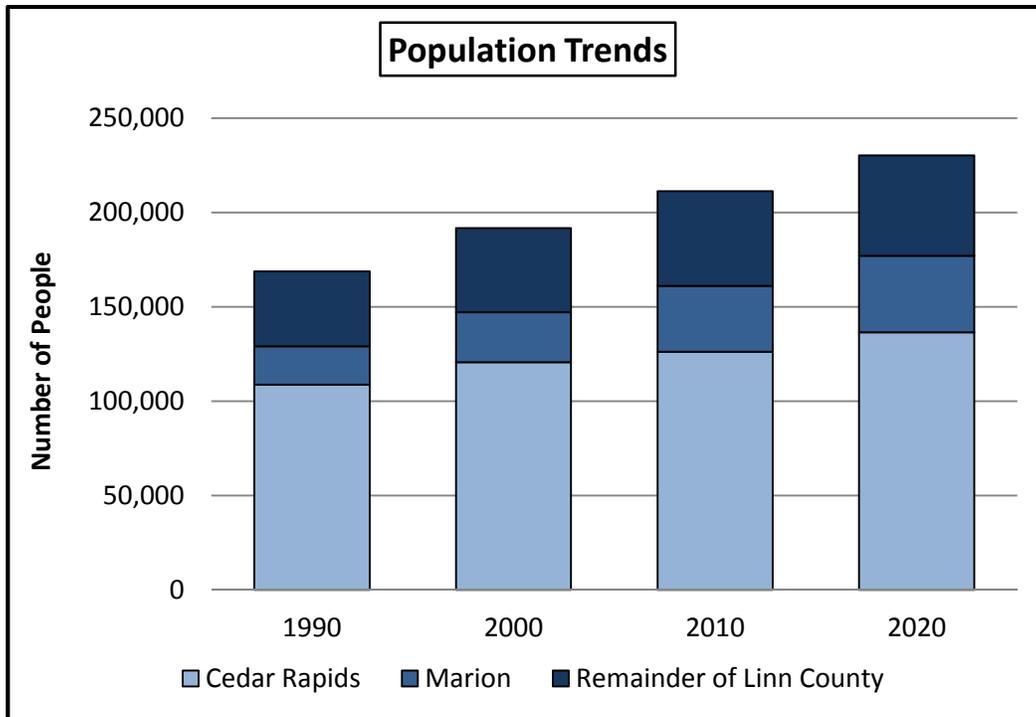
Note: In 2005, Benton and Jones Counties were added to the Cedar Rapids MSA.  
 Flood Impact Areas include the following Census Tracts: 12, 19, 22, 25, 26, 27, 28  
 \* Estimates of occupied housing units pre-flood  
 \*\* Estimate of occupied housing units based on 2010 Census counts

Sources: U.S. Census (1990, 2000, 2010);  
 American Community Survey; ESRI Inc.; Maxfield Research Inc.

### Population and Household Estimates and Projections

Tables 1 and 2 present population and household growth estimates and projections for the Market Area to 2020. Estimates for 2013 and projections for 2020 are based on information from ESRI (a national demographics service provider), the City of Cedar Rapids and Linn County with adjustments calculated by Maxfield Research Inc. The adjustments are intended to reflect growth that is likely to be realized in each of the cities and in the Region as a whole considering current demographic and economic trends.

- Although residential construction has slowed modestly in the Cedar Rapids area, the long-term impacts of the flood (housing removal), along with strong employment growth and new residential construction outside of the core neighborhoods is expected to remain consistent between now and the end of the decade, barring another downturn in the economy. We project that Cedar Rapids will add 10,214 new people and 6,414 new households during this decade. This growth will be at a slightly higher rate than during the past decade when the flood, removal of housing units and national economic downturn had a greater impact on growth at the end of the last decade.
- Since households are occupied housing units, growth of 6,414 new households logically would require the addition of 6,414 new housing units and/or a combination of a decrease in vacancy rates combined with new construction to accommodate the projected household growth.
- Between 2000 and 2010, the population in the Remainder of the Market Area decreased by -275 persons (-2.2%). It is projected to decrease by -209 people (-1.7%) between 2010 and 2020. The number of households is also projected to decrease by -4 households (-0.1%).
- Overall, the Market Area population is projected to increase at a slightly lower rate between 2010 and 2020 than it did during the 2000s. The Market Area is expected to increase by nearly 563 people (+2.1%) by 2020, for a total of 26,825 people. Household growth is projected to increase by 486 households (+4.6%) by 2020, slower than the growth rate during the 2000s (7.6%).



**Household Size Trends**

Table 3 shows historical and projected household size trends for the flood impact areas, the Cities of Cedar Rapids, Marion and Hiawatha, Linn County and the MSA. This information was compiled from Census data along with the estimates and projections for each of the jurisdictions. The information shows that household sizes have been decreasing since 1990 and are projected to either remain stable in some areas for a time, but eventually continue to decrease as the population ages and as there are fewer births.

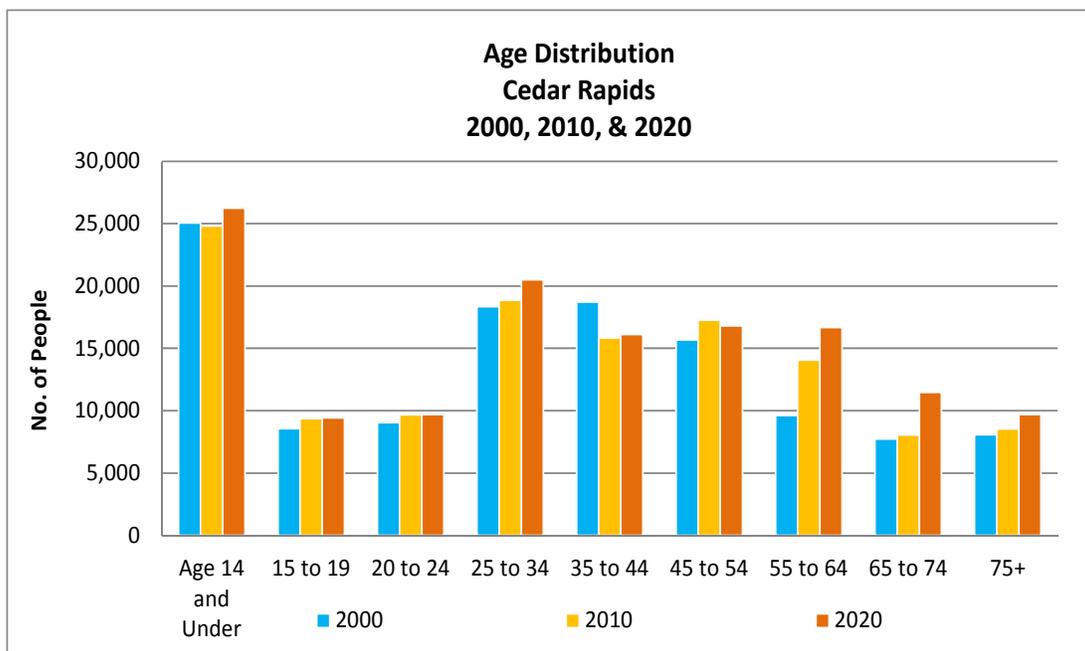
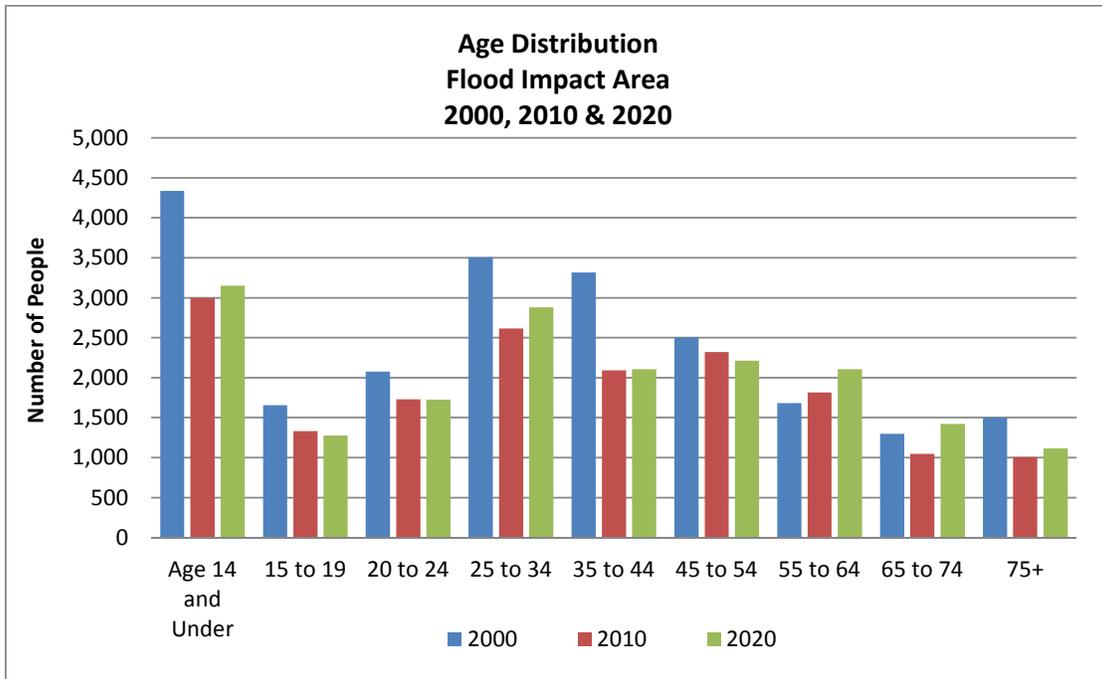
The City of Cedar Rapids and Hiawatha are projected to have the lowest household sizes by 2020, roughly around 2.25 people per household. Cedar Rapids is expected to have higher concentrations of smaller size households including seniors and young singles living alone. Household sizes are expected to be the largest in the MSA and in Marion, communities which generally tend to attract higher proportions of families with children.

<b>TABLE 3 HOUSEHOLD SIZE CEDAR RAPIDS AREA 1990 to 2020</b>					
	<b>U.S. Census</b>		<b>Census Estimate Projection</b>		
	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2013</b>	<b>2020</b>
Flood Impact Areas	2.17	2.19	2.46	2.42	2.35
City of Cedar Rapids	2.50	2.42	2.38	2.39	2.27
Marion	2.63	2.51	2.46	2.45	2.38
Hiawatha	2.35	2.27	2.29	2.29	2.24
Linn County	2.58	2.50	2.50	2.46	2.39
Cedar Rapids MSA	2.58	2.50	2.47	2.47	2.42
Note: In 2005, Benton and Jones Counties were added to the Cedar Rapids MSA.					
Sources: US Census; American Community Survey; Maxfield Research Inc.					

### Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table 4 shows the distribution of persons in nine age cohorts for the Flood Impact Area and Cedar Rapids city in 2000 and 2010 with estimates for 2013 and projections for 2020. The 2000 and 2010 age distributions are from the U.S. Census Bureau and the 2013 figures are estimates based on 2010 Census data. Maxfield Research Inc. derived the 2020 projections by adjustments made to data obtained from ESRI. The following are key points from the table.

- In Cedar Rapids, growth from 2000 to 2010 occurred primarily among mid-age and older adults. The age 45 to 54 and age 55 to 64 cohorts increased by 1,576 and 4,422 people, respectively. Also showing relatively strong growth were people age 15 to 19 and age 20 to 24, which increased by 799 and 634 people, respectively. Between 2000 and 2010, the 14 and Under cohort lost -250 people.
- In the Flood Impact Area, all cohorts, except those age 55 to 64, experienced losses as the flood which occurred in 2008, caused many households to relocate out of the core neighborhoods. The population of the flood impact area decreased from 21,879 people to 16,755 people, a decrease of 4,924 people or 22.5%. It is estimated that a modest amount of the population lost has been regained over the past three years with an estimated population in the Flood Impact Area of 17,155 people.
- In Cedar Rapids, growth is anticipated to be greatest among those over the age of 55 (7,202 people). Also expected to exhibit relatively strong growth are people ages 25 to 44 (1,938). The projected population increase in the younger age cohorts, who are primarily renters and first-time homebuyers indicates potential demand for new housing that could be developed in the core neighborhoods. Many younger households are attracted to an urban lifestyle.
- In the Flood Impact Area, similar trends are anticipated, but the growth is expected to be limited. Growth is shown among people age 14 and under, those age 55+ and those ages 25 to 34. The projected growth trends indicate a mix of housing product types to satisfy families with children, young singles and couples and older adults and seniors. Encouraging housing near to goods and services in the core neighborhoods and in the Downtown can increase the ability to draw people back to the core neighborhoods.



**DEMOGRAPHIC ANALYSIS**

<b>TABLE 4</b> <b>AGE DISTRIBUTION TRENDS</b> <b>FLOOD IMPACT AREA, CEDAR RAPIDS AND SURROUNDING AREA</b> <b>2000 to 2020</b>								
Age	Census 2000	Census 2010	Estimate 2013	Projection 2020	Change			
					2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
<b>Flood Impact Area</b>								
Age 14 and Under	4,337	2,995	3,002	3,150	-1,342	-30.9	155	5.2
15 to 19	1,657	1,333	1,287	1,278	-324	-19.6	-55	-4.1
20 to 24	2,077	1,730	1,734	1,728	-347	-16.7	-2	-0.1
25 to 34	3,507	2,614	2,710	2,880	-893	-25.5	266	10.2
35 to 44	3,315	2,093	2,059	2,106	-1,222	-36.9	13	0.6
45 to 54	2,502	2,319	2,264	2,214	-183	-7.3	-105	-4.5
55 to 64	1,684	1,816	1,921	2,106	132	7.8	290	16.0
65 to 74	1,300	1,047	1,132	1,422	-253	-19.5	375	35.8
75+	1,500	1,008	1,046	1,116	-492	-32.8	108	10.7
<b>Total</b>	<b>21,879</b>	<b>16,955</b>	<b>17,155</b>	<b>18,000</b>	<b>-4,924</b>	<b>-22.5</b>	<b>1,045</b>	<b>6.2</b>
<b>Cedar Rapids</b>								
Age 14 and Under	25,039	24,789	25,032	26,216	-250	-1.0	1,427	5.8
15 to 19	8,544	9,343	9,079	9,421	799	9.4	78	0.8
20 to 24	9,039	9,673	9,987	9,694	634	7.0	21	0.2
25 to 34	18,338	18,837	19,454	20,481	499	2.7	1,644	8.7
35 to 44	18,708	15,818	15,694	16,112	-2,890	-15.4	294	1.9
45 to 54	15,670	17,246	17,380	16,794	1,576	10.1	-452	-2.6
55 to 64	9,626	14,048	15,305	16,658	4,422	45.9	2,610	18.6
65 to 74	7,728	8,042	8,949	11,470	314	4.1	3,428	42.6
75+	8,066	8,530	8,820	9,694	464	5.8	1,164	13.6
<b>Total</b>	<b>120,758</b>	<b>126,326</b>	<b>129,700</b>	<b>136,540</b>	<b>5,568</b>	<b>4.6</b>	<b>10,214</b>	<b>8.1</b>
<b>Remainder of Linn County</b>								
Age 14 and Under	15,551	18,356	18,952	20,515	2,805	18.0	2,159	11.8
15 to 19	5,347	6,000	5,945	5,772	653	12.2	-228	-3.8
20 to 24	4,288	4,366	4,602	4,578	78	1.8	212	4.9
25 to 34	9,096	10,190	11,030	11,747	1,094	12.0	1,557	15.3
35 to 44	11,861	11,762	11,743	12,203	-99	-0.8	441	3.7
45 to 54	10,432	13,007	12,887	12,672	2,575	24.7	-335	-2.6
55 to 64	6,697	10,303	11,042	12,347	3,606	53.8	2,044	19.8
65 to 74	4,137	6,328	6,946	8,557	2,191	53.0	2,229	35.2
75+	3,534	4,588	4,898	5,269	1,054	29.8	681	14.8
<b>Total</b>	<b>70,943</b>	<b>84,900</b>	<b>88,045</b>	<b>93,660</b>	<b>13,957</b>	<b>19.7</b>	<b>8,760</b>	<b>10.3</b>
<b>Linn County</b>								
Age 14 and Under	40,590	43,145	43,984	46,731	2,555	6.3	3,586	8.3
15 to 19	13,891	15,343	15,024	15,193	1,452	10.5	-150	-1.0
20 to 24	13,327	14,039	14,589	14,272	712	5.3	233	1.7
25 to 34	27,434	29,027	30,484	32,228	1,593	5.8	3,201	11.0
35 to 44	30,569	27,580	27,437	28,315	-2,989	-9.8	735	2.7
45 to 54	26,102	30,253	30,267	29,466	4,151	15.9	-787	-2.6
55 to 64	16,323	24,351	26,347	29,005	8,028	49.2	4,654	19.1
65 to 74	11,865	14,370	15,895	20,027	2,505	21.1	5,657	39.4
75+	11,600	13,118	13,718	14,963	1,518	13.1	1,845	14.1
<b>Total</b>	<b>191,701</b>	<b>211,226</b>	<b>217,745</b>	<b>230,200</b>	<b>19,525</b>	<b>10.2</b>	<b>18,974</b>	<b>9.0</b>
Sources: U.S. Census Bureau; ESRI; Maxfield Research, Inc.								

## DEMOGRAPHIC ANALYSIS

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- Mirroring trends observed across the Nation, the aging baby boomer generation continues to impact the composition of the Cedar Rapids' population. Born between 1946 and 1964, these individuals are between the ages of 49 and 67. As of 2013, baby boomers are estimated to account for approximately 18% of Cedar Rapids' population. In the Flood Impact Area, the estimate is 19% of the area's population.
- The 65 to 74 age cohort is projected to have the greatest growth (by percentage and numerically) across all jurisdictions between 2010 and 2020. As shown on Table 4, the 65 to 74 age cohort is projected to increase by 375 people (35.8%) in the Flood Impact Area, 3,428 people (42.6%) in Cedar Rapids and 5,657 (39.4%) in Linn County. The growth in this age cohort is attributed primarily to the baby boom generation aging into their young senior years. The older senior cohort (75+) has also continued to grow.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among baby boomers, but also among their parents and children. The increased diversity of lifestyles has fueled demand for alternative housing products to single-family homes. Seniors, in particular, and mid-age people now tend to travel more and participate in more activities than previous generations; they increasingly prefer lower maintenance housing options that enable them to spend more time on activities outside the home.
- People age 14 and Under are projected to continue to show relatively strong increases. This also suggests that Cedar Rapids and Linn County will continue to have a somewhat higher proportion of families with children than some other areas of the country. As shown on Table 4, children under 14 are expected to increase by between 5% and 6% in the Flood Impact Area and Cedar Rapids, but by nearly 12% in the remainder of Linn County.

### Household Income by Age of Householder

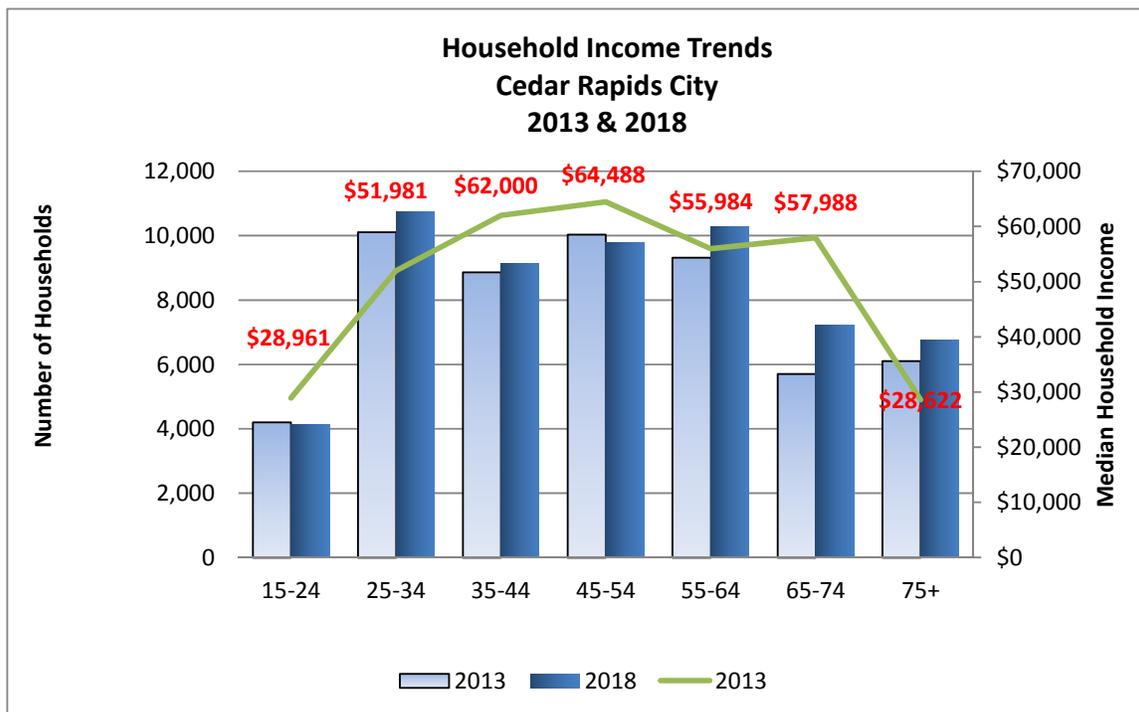
The estimated distribution of household incomes in Cedar Rapids, the Flood Impact Area and Linn County for 2013 and 2018 are shown in Tables 5 to 7. The data was estimated by Maxfield Research Inc. based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

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

## DEMOGRAPHIC ANALYSIS

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

- As of 2013, Cedar Rapids had an estimated median household income of \$49,033. The median household income for the Flood Impact Area is estimated at \$33,190 and is estimated at \$53,040 for Linn County. Due to the Recession, household incomes have decreased modestly over the past two years. Household incomes in Cedar Rapids and in the Metro Area are projected to rise annually over the next five years by about 3.0% to 3.5%.
- With a median household income of \$55,984, a non-senior household could afford a monthly housing cost of about \$1,400, based on an allocation of 30% of income toward housing. A senior household with a median income of \$43,305 (the median household income of seniors in Cedar Rapids) could afford a monthly housing cost of \$1,445, based on an allocation of 40% of income toward housing.



### ***Non-Senior Households***

- In 2013, 4.5% of the non-senior (under age 65) households in Cedar Rapids had incomes under \$15,000 (413 households). Virtually all of these households would be eligible for subsidized rental housing. Another 7.3% of the Cedar Rapids' non-senior households had incomes between \$15,000 and \$25,000 (676 households). Many of these households would qualify for subsidized housing, but many could also afford "affordable" or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay between \$375 and \$625 per month. Average monthly rents for one-bedroom units in Cedar Rapids range from 385 to \$750 (shown in Table 19 in the *Rental Housing Analysis* section).
- Median incomes for households in Cedar Rapids peak at \$64,488 for the 45 to 54 age group as of 2013. Households in this age group are in their peak earning years. The majority of the households (77%) in this age group are homeowners. By 2018, the median income for the 45 to 54 age group is projected to increase to \$75,781, a 17.5% increase.
- The median resale price of homes in Cedar Rapids Metro Area to July 2013 was \$168,170. The income required to afford a home at this price would be about \$48,050 to \$56,050, based on the standard of 3.0 to 3.5 times the median income (and assuming households do not have a high level of debt). In 2013, 65.0% (28,488 households) of Cedar Rapids' non-senior households had incomes greater than \$48,050.
- Incomes are expected to increase by 27.7% between 2013 and 2018 in Cedar Rapids for a median income of \$71,491 for non-senior households. This equates to an average annual increase of 5.0% over the period.

### ***Senior Households***

- The oldest householders (75+) are likely to have lower incomes in 2013. In Cedar Rapids, 11.6% of households ages 65 to 74 had incomes below \$15,000, compared to 21.0% of households ages 75 and over. Many low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes because they are still able to work or may still be married and have two pensions or higher social security benefits. The 2013 median income for Cedar Rapids householders age 65 to 74 and 75+ are \$52,928, and \$29,701, respectively.
- Generally, senior households with incomes greater than \$30,000 can afford market rate senior housing. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$1,000. An estimated 6,828 senior households in Cedar Rapids (57.8% of senior households) have incomes of \$30,000 or more in 2013. Another 4,281 seniors in the remainder of Linn County have household incomes of \$30,000 or more in 2013. Seniors will often move from rural areas to regional centers to receive medical care and other services.

**DEMOGRAPHIC ANALYSIS**

**TABLE 5  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
CEDAR RAPIDS CITY  
2013 & 2018**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65-74	
<b>2013</b>								
Less than \$15,000	6,733	1,305	958	691	972	886	680	1,241
\$15,000 to \$24,999	5,820	682	857	647	671	867	595	1,501
\$25,000 to \$34,999	6,452	774	1,160	789	872	914	760	1,183
\$35,000 to \$49,999	9,473	593	2,000	1,480	1,363	1,687	1,250	1,100
\$50,000 to \$74,999	10,142	543	2,424	1,782	1,984	1,659	1,187	563
\$75,000 to \$99,999	6,838	185	1,484	1,436	1,553	1,333	617	230
\$100,000 or more	8,908	127	1,231	2,039	2,626	1,976	618	291
<b>Total</b>	<b>54,366</b>	<b>4,209</b>	<b>10,114</b>	<b>8,864</b>	<b>10,041</b>	<b>9,322</b>	<b>5,707</b>	<b>6,109</b>
<b>Median Income</b>	<b>\$49,033</b>	<b>\$28,961</b>	<b>\$51,981</b>	<b>\$62,000</b>	<b>\$64,488</b>	<b>\$55,984</b>	<b>\$57,988</b>	<b>\$28,622</b>
<i>Cedar Rapids Metro</i>	<i>\$51,160</i>	<i>\$26,885</i>	<i>\$53,389</i>	<i>\$65,713</i>	<i>\$67,641</i>	<i>\$57,926</i>	<i>\$45,196</i>	<i>\$28,698</i>
<b>2018</b>								
Less than \$15,000	6,847	1,286	935	621	848	894	841	1,422
\$15,000 to \$24,999	4,640	568	655	393	436	596	595	1,397
\$25,000 to \$34,999	5,308	672	902	521	597	719	776	1,121
\$35,000 to \$49,999	8,161	535	1,645	1,151	989	1,418	1,283	1,140
\$50,000 to \$74,999	11,474	618	2,743	1,854	1,950	1,901	1,630	778
\$75,000 to \$99,999	9,900	286	2,185	1,954	1,940	2,014	1,094	427
\$100,000 or more	11,805	184	1,701	2,638	3,037	2,736	1,021	488
<b>Total</b>	<b>58,135</b>	<b>4,149</b>	<b>10,766</b>	<b>9,132</b>	<b>9,797</b>	<b>10,278</b>	<b>7,240</b>	<b>6,773</b>
<b>Median Income</b>	<b>\$58,839</b>	<b>\$28,281</b>	<b>\$61,356</b>	<b>\$75,333</b>	<b>\$76,012</b>	<b>\$69,883</b>	<b>\$51,917</b>	<b>\$30,062</b>
<i>Cedar Rapids Metro</i>	<i>\$61,766</i>	<i>\$29,395</i>	<i>\$63,136</i>	<i>\$81,696</i>	<i>\$81,464</i>	<i>\$75,979</i>	<i>\$53,904</i>	<i>\$31,192</i>
<b>Change 2013 - 2018</b>								
Less than \$15,000	114	-19	-23	-70	-124	8	161	181
\$15,000 to \$24,999	-1,180	-114	-202	-254	-235	-271	0	-104
\$25,000 to \$34,999	-1,144	-102	-258	-268	-275	-195	16	-62
\$35,000 to \$49,999	-1,312	-58	-355	-329	-374	-269	33	40
\$50,000 to \$74,999	1,332	75	319	72	-34	242	443	215
\$75,000 to \$99,999	3,062	101	701	518	387	681	477	197
\$100,000 or more	2,897	57	470	599	411	760	403	197
<b>Total</b>	<b>3,769</b>	<b>-60</b>	<b>652</b>	<b>268</b>	<b>-244</b>	<b>956</b>	<b>1,533</b>	<b>664</b>
<b>Median Income</b>	<b>\$9,806</b>	<b>-\$680</b>	<b>\$9,375</b>	<b>\$13,333</b>	<b>\$11,524</b>	<b>\$13,899</b>	<b>-\$6,071</b>	<b>\$1,440</b>

Sources: ESRI; Maxfield Research Inc.

## DEMOGRAPHIC ANALYSIS

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- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would likely need an annual income of \$35,000 to afford monthly rents of \$2,350, which is about the beginning monthly rent for assisted living projects in the Cedar Rapids area. There are an estimated 2,838 older senior (ages 75 and over) households with incomes greater than \$35,000 in 2013. In the remainder of Linn County, there are another 401 older seniors with incomes greater than \$35,000. Seniors age 75 and over are the primary market for senior housing with support services including congregate, assisted living and memory care housing.
- The median income for seniors age 65+ in Cedar Rapids is \$36,757 in 2013. It is projected to increase by \$4,563 (12.4%) to \$41,320 by 2018.

### ***Flood Impact Area***

Table 6 shows household incomes by age of householder for the Flood Impact Area in 2013 and 2018. The table shows that while the overall median income for the Flood Impact Area is lower than for Cedar Rapids or Linn County, the median income for households age 25 to 44 is proportionally higher in the Flood Impact Area.

We believe that this situation accounts for a trend among young professionals to seek an active, urban environment within walking distance of entertainment and employment. The higher incomes among these age groups attest to this.

Overall, there is a higher proportion of households with low incomes that reside in the core neighborhoods. These individuals may reside in older housing or may live in affordable housing, some of which is located in the Downtown area.

Owner-occupied homes in the Flood Impact Area are some of the most affordable in the City. Many of those that survived the flood have had a significant amount of renovation and rehabilitation completed.

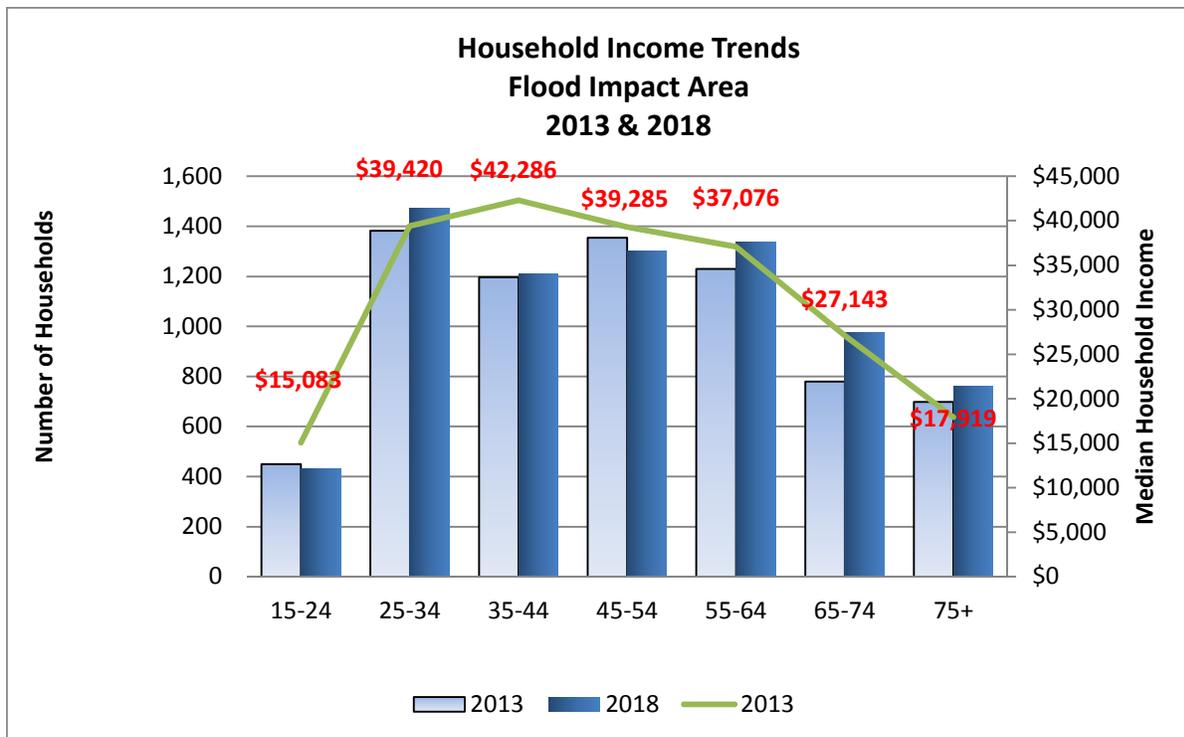
Older senior households in the Flood Impact Area have low incomes. The median income for all householders age 75+ is estimated at \$17,919. Overall, households age 75+ tend to have household incomes which are almost half of that for households age 65 to 74.

**DEMOGRAPHIC ANALYSIS**

**TABLE 6  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
FLOOD IMPACT AREA  
2013 & 2018**

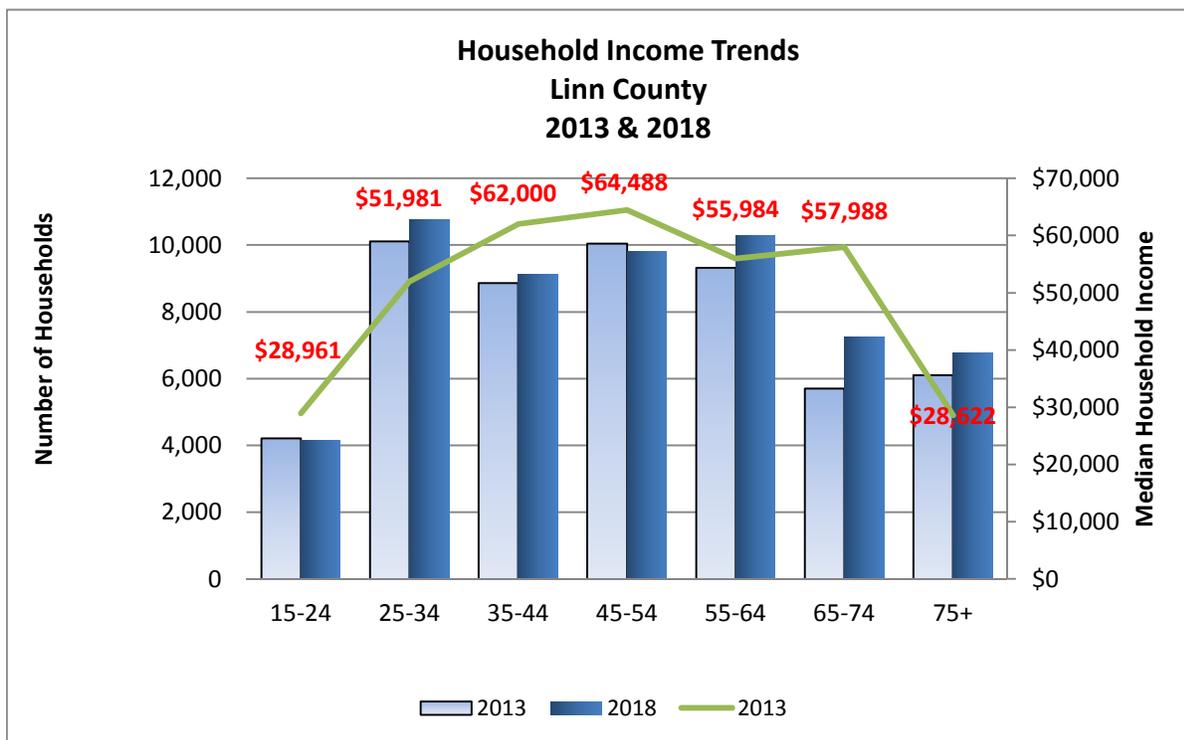
	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	75+
<b>2013</b>								
Less than \$15,000	1,820	223	276	228	333	296	203	261
\$15,000 to \$24,999	1,041	75	169	134	138	152	167	206
\$25,000 to \$34,999	874	69	163	130	149	146	123	94
\$35,000 to \$49,999	1,246	43	287	231	222	231	154	78
\$50,000 to \$74,999	1,088	32	288	215	242	188	90	33
\$75,000 to \$99,999	419	1	104	96	99	85	19	15
\$100,000 or more	597	6	95	162	170	131	23	10
<b>Total</b>	<b>7,085</b>	<b>449</b>	<b>1,382</b>	<b>1,196</b>	<b>1,353</b>	<b>1,229</b>	<b>779</b>	<b>697</b>
<b>Median Income</b>	<b>\$33,190</b>	<b>\$15,083</b>	<b>\$39,420</b>	<b>\$42,286</b>	<b>\$39,285</b>	<b>\$37,076</b>	<b>\$27,143</b>	<b>\$17,919</b>
<i>Cedar Rapids Metro</i>	<i>\$51,160</i>	<i>\$26,885</i>	<i>\$53,389</i>	<i>\$65,713</i>	<i>\$67,641</i>	<i>\$57,926</i>	<i>\$45,196</i>	<i>\$28,698</i>
<b>2018</b>								
Less than \$15,000	1,886	220	275	213	305	313	261	299
\$15,000 to \$24,999	850	63	131	88	92	108	173	195
\$25,000 to \$34,999	775	58	143	98	115	124	141	96
\$35,000 to \$49,999	1,175	39	265	199	181	219	185	87
\$50,000 to \$74,999	1,309	41	354	244	260	232	134	44
\$75,000 to \$99,999	634	2	162	138	130	140	39	23
\$100,000 or more	861	9	143	232	219	201	41	16
<b>Total</b>	<b>7,490</b>	<b>432</b>	<b>1,473</b>	<b>1,212</b>	<b>1,302</b>	<b>1,337</b>	<b>974</b>	<b>760</b>
<b>Median Income</b>	<b>\$38,316</b>	<b>\$14,729</b>	<b>\$58,358</b>	<b>\$52,779</b>	<b>\$47,339</b>	<b>\$43,576</b>	<b>\$29,055</b>	<b>\$17,929</b>
<i>Cedar Rapids Metro</i>	<i>\$61,766</i>	<i>\$29,395</i>	<i>\$63,136</i>	<i>\$81,696</i>	<i>\$81,464</i>	<i>\$75,979</i>	<i>\$53,904</i>	<i>\$31,192</i>
<b>Change 2013-2018</b>								
Less than \$15,000	66	-3	-1	-15	-28	17	58	38
\$15,000 to \$24,999	-191	-12	-38	-46	-46	-44	6	-11
\$25,000 to \$34,999	-99	-11	-20	-32	-34	-22	18	2
\$35,000 to \$49,999	-71	-4	-22	-32	-41	-12	31	9
\$50,000 to \$74,999	221	9	66	29	18	44	44	11
\$75,000 to \$99,999	215	1	58	42	31	55	20	8
\$100,000 or more	264	3	48	70	49	70	18	6
<b>Total</b>	<b>405</b>	<b>-17</b>	<b>91</b>	<b>16</b>	<b>-51</b>	<b>108</b>	<b>195</b>	<b>63</b>
<b>Median Income</b>	<b>\$5,126</b>	<b>-\$354</b>	<b>\$18,938</b>	<b>\$10,493</b>	<b>\$8,054</b>	<b>\$6,500</b>	<b>\$1,912</b>	<b>\$10</b>

Sources: ESRI; Maxfield Research Inc.



**Linn County**

Table 7 shows household incomes by age of householder for Linn County.



**DEMOGRAPHIC ANALYSIS**

**TABLE 7  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
LINN COUNTY  
2013 & 2018**

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65-74	75+
<b>2013</b>								
Less than \$15,000	9,443	1,574	1,290	959	1,385	1,306	1,098	1,831
\$15,000 to \$24,999	8,932	907	1,213	1,004	1,031	1,399	1,050	2,328
\$25,000 to \$34,999	9,536	1,017	1,628	1,183	1,301	1,399	1,205	1,803
\$35,000 to \$49,999	14,548	771	2,887	2,277	2,146	2,674	2,109	1,684
\$50,000 to \$74,999	16,196	733	3,686	2,936	3,345	2,705	1,981	810
\$75,000 to \$99,999	11,952	268	2,488	2,636	2,804	2,336	1,098	322
\$100,000 or more	16,377	197	2,165	3,983	4,882	3,550	1,177	423
<b>Total</b>	<b>86,984</b>	<b>5,467</b>	<b>15,357</b>	<b>14,978</b>	<b>16,894</b>	<b>15,369</b>	<b>9,718</b>	<b>9,201</b>
<b>Median Income</b>	<b>\$53,041</b>	<b>\$28,257</b>	<b>\$54,749</b>	<b>\$67,940</b>	<b>\$69,802</b>	<b>\$59,623</b>	<b>\$46,016</b>	<b>\$28,481</b>
<i>Cedar Rapids Metro</i>	<i>\$51,160</i>	<i>\$26,885</i>	<i>\$53,389</i>	<i>\$65,713</i>	<i>\$67,641</i>	<i>\$57,926</i>	<i>\$45,196</i>	<i>\$28,698</i>
<b>2018</b>								
Less than \$15,000	9,351	1,528	1,200	829	1,133	1,248	1,300	2,113
\$15,000 to \$24,999	6,886	737	892	568	624	927	994	2,144
\$25,000 to \$34,999	7,524	855	1,200	737	838	1,029	1,179	1,686
\$35,000 to \$49,999	12,236	684	2,303	1,704	1,511	2,175	2,122	1,737
\$50,000 to \$74,999	18,026	839	4,088	2,977	3,204	3,069	2,711	1,138
\$75,000 to \$99,999	17,105	411	3,584	3,514	3,466	3,508	2,012	610
\$100,000 or more	21,514	290	2,951	5,034	5,651	4,907	1,950	731
<b>Total</b>	<b>92,642</b>	<b>5,344</b>	<b>16,218</b>	<b>15,363</b>	<b>16,427</b>	<b>16,863</b>	<b>12,268</b>	<b>10,159</b>
<b>Median Income</b>	<b>\$64,281</b>	<b>\$30,483</b>	<b>\$64,846</b>	<b>\$82,719</b>	<b>\$82,599</b>	<b>\$78,962</b>	<b>\$55,375</b>	<b>\$30,900</b>
<i>Cedar Rapids Metro</i>	<i>\$61,766</i>	<i>\$29,395</i>	<i>\$63,136</i>	<i>\$81,696</i>	<i>\$81,464</i>	<i>\$75,979</i>	<i>\$53,904</i>	<i>\$31,192</i>
<b>Change 2013-2018</b>								
Less than \$15,000	-92	-46	-90	-130	-252	-58	202	282
\$15,000 to \$24,999	-2,046	-170	-321	-436	-407	-472	-56	-184
\$25,000 to \$34,999	-2,012	-162	-428	-446	-463	-370	-26	-117
\$35,000 to \$49,999	-2,312	-87	-584	-573	-635	-499	13	53
\$50,000 to \$74,999	1,830	106	402	41	-141	364	730	328
\$75,000 to \$99,999	5,153	143	1,096	878	662	1,172	914	288
\$100,000 or more	5,137	93	786	1,051	769	1,357	773	308
<b>Total</b>	<b>5,658</b>	<b>-123</b>	<b>861</b>	<b>385</b>	<b>-467</b>	<b>1,494</b>	<b>2,550</b>	<b>958</b>
<b>Median Income</b>	<b>\$11,240</b>	<b>\$2,226</b>	<b>\$10,097</b>	<b>\$14,779</b>	<b>\$12,797</b>	<b>\$19,339</b>	<b>\$9,359</b>	<b>\$2,419</b>

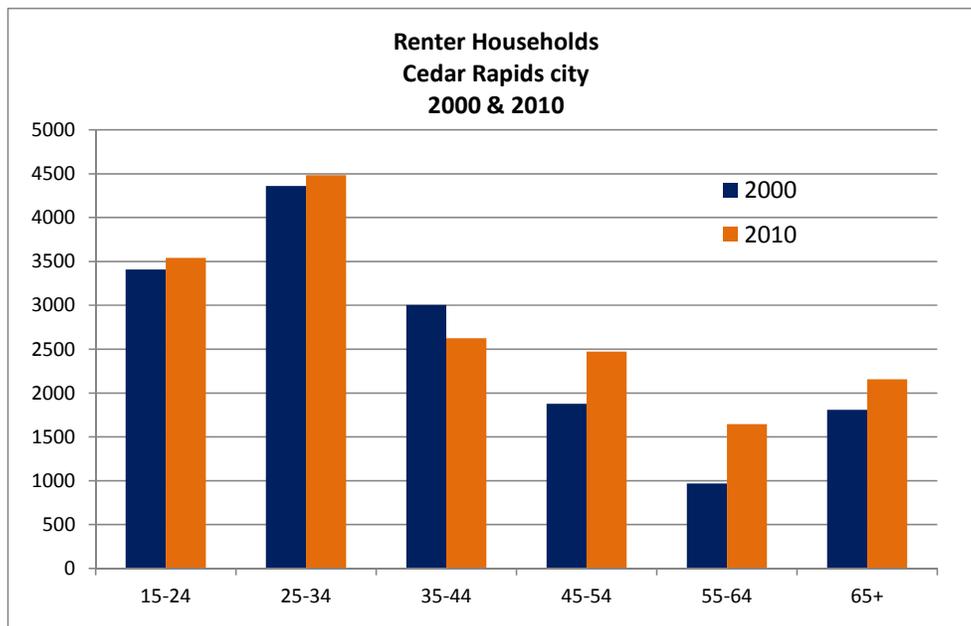
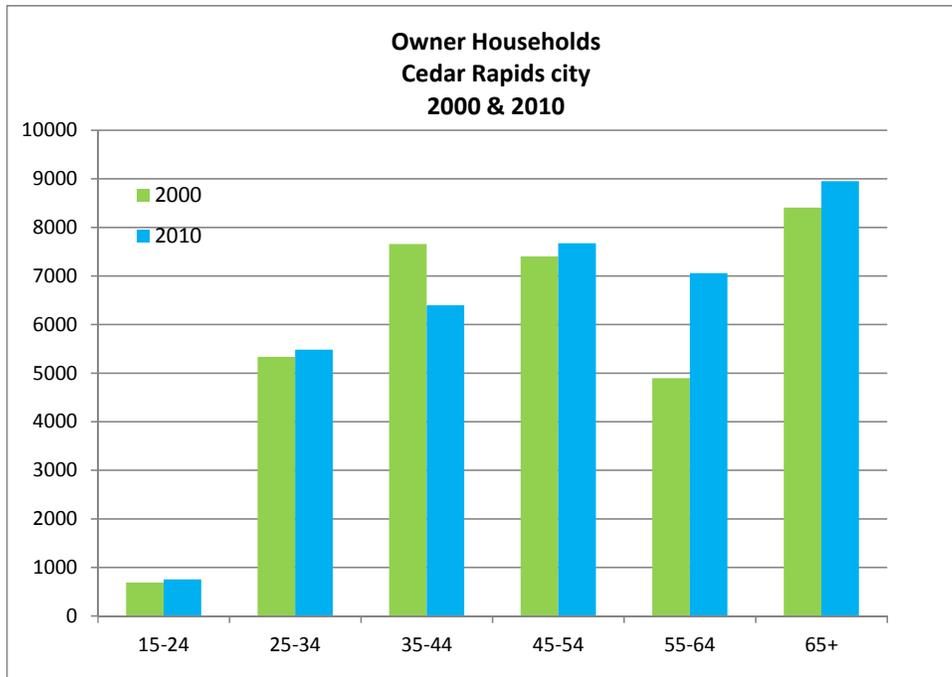
Sources: ESRI; Maxfield Research Inc.

### Tenure by Age of Householder

Table 8 shows the number of owner and renter households in the Flood Impact Area and Cedar Rapids by age group in 2000 and 2010. Also shown is a percent tabulation by age of householder for Linn County. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. The following are key findings from Table 7.

- In 2000, 69.0% of all households in Cedar Rapids owned their housing. By 2010, that percentage had essentially remain stable at 68.2%. In the Flood Impact Area, 55.6% of households owned their housing in 2000. After 2010, 56.6% owned their housing, a slight increase. These trends suggest that post-flood, homes that were rental were potentially more likely to have been removed from the housing stock than those that were owned.
- The number of owner households in Cedar Rapids increased by 5.6% compared to an increase of 9.7% for renter households between 2000 and 2010. In the Flood Impact Area, the number of owner and renter households decreased, again due to households leaving the area post-flood. Owned households in the Flood Impact Area decreased from 5,046 in 2000 to 3,899 households in 2010. Renter households decreased from 4,032 in 2000 to 2,989 in 2010.
- As households progress through their life cycle, housing needs change. The proportion of renter households typically decreases as households age out of their young-adult years. By the time households reach their senior years however, rental housing often becomes a more viable option than homeownership, as households prefer to reduce their responsibilities for maintenance and the large financial commitment.

## DEMOGRAPHIC ANALYSIS



**DEMOGRAPHIC ANALYSIS**

**TABLE 8  
TENURE BY AGE OF HOUSEHOLDER  
CEDAR RAPIDS AND SURROUNDING AREA  
2000 and 2010**

Age		Flood Impact Area				Cedar Rapids				Linn County	
		2000		2010		2000		2010		2000	2010
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
15-24	Own	142	18.8	88	19.6	689	16.8	751	17.5	19.8	20.0
	Rent	612	81.2	362	80.4	3,408	83.2	3,541	82.5	80.2	80.0
	<b>Total</b>	<b>754</b>	<b>100.0</b>	<b>450</b>	<b>100.0</b>	<b>4,097</b>	<b>100.0</b>	<b>4,292</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
25-34	Own	787	43.2	608	46.2	5,334	55.0	5,482	55.0	58.1	58.7
	Rent	1,034	56.8	709	53.8	4,360	45.0	4,483	45.0	41.9	41.3
	<b>Total</b>	<b>1,821</b>	<b>100.0</b>	<b>1,317</b>	<b>100.0</b>	<b>9,694</b>	<b>100.0</b>	<b>9,965</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
35-44	Own	1,043	54.6	689	57.2	7,660	71.8	6,395	70.9	76.0	75.2
	Rent	868	45.4	515	42.8	3,004	28.2	2,626	29.1	24.0	24.8
	<b>Total</b>	<b>1,911</b>	<b>100.0</b>	<b>1,204</b>	<b>100.0</b>	<b>10,664</b>	<b>100.0</b>	<b>9,021</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
45-54	Own	993	63.0	795	57.9	7,402	79.8	7,674	75.6	83.1	79.7
	Rent	583	37.0	578	42.1	1,877	20.2	2,474	24.4	16.9	20.3
	<b>Total</b>	<b>1,576</b>	<b>100.0</b>	<b>1,373</b>	<b>100.0</b>	<b>9,279</b>	<b>100.0</b>	<b>10,148</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
55-64	Own	741	67.4	764	66.0	4,898	83.5	7,057	81.1	86.7	84.1
	Rent	358	32.6	393	34.0	970	16.5	1,647	18.9	13.3	15.9
	<b>Total</b>	<b>1,099</b>	<b>100.0</b>	<b>1,157</b>	<b>100.0</b>	<b>5,868</b>	<b>100.0</b>	<b>8,704</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
65 +	Own	1,340	69.9	955	68.9	8,410	82.3	8,951	80.6	83.1	82.2
	Rent	577	30.1	432	31.1	1,808	17.7	2,155	19.4	16.9	17.8
	<b>Total</b>	<b>1,917</b>	<b>100.0</b>	<b>1,387</b>	<b>100.0</b>	<b>10,218</b>	<b>100.0</b>	<b>11,106</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>TOTAL</b>	Own	5,046	55.6	3,899	56.6	34,393	69.0	36,310	68.2	79.0	72.7
	Rent	4,032	44.4	2,989	43.4	15,427	31.0	16,926	31.8	21.0	27.3
	<b>Total</b>	<b>9,078</b>	<b>100.0</b>	<b>6,888</b>	<b>100.0</b>	<b>49,820</b>	<b>100.0</b>	<b>53,236</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

- In 2010, 82.5% of Cedar Rapids' households between the ages of 15 and 24 rented their housing, compared to 45.0% of households between the ages of 25 and 34. Householders between 35 and 64 a predominantly homeowners, with no more than 30% of the householders in each 10-year age cohort renting their housing.
- Overall, the proportion of owner households in each age category is higher than in Cedar Rapids or the Flood Impact Area. Most of the rental housing is located in the central city with fewer rental options available in the outlying areas of the County. Higher owner proportions reflect the more rural character of the area, where traditional agricultural land

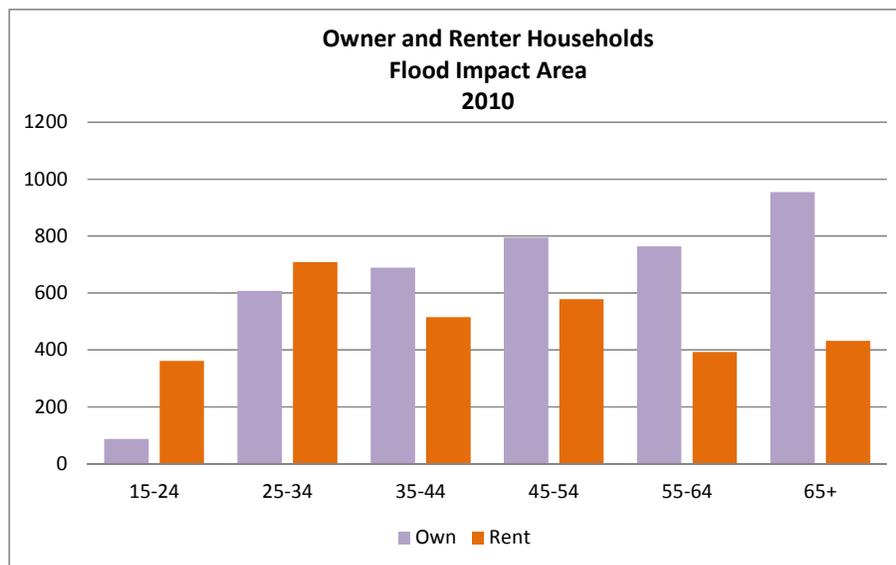
## DEMOGRAPHIC ANALYSIS

use and lack of infrastructure typically does not readily support high-density rental housing. Rental demand is generally less in rural areas because a greater percentage of younger households, who are primarily renters, migrate to urban areas, such as Cedar Rapids.

### Flood Impact Area

As shown on the following graph, owner households in the Flood Impact Area outnumber renter households. Prior to the 2008 flood, the proportion of owner households versus renter households was about 55% to 45%. Post-flood and as of the Census, the proportion of owner households increased against renter households as a number of renter households, which are more mobile, left the area in search of other housing options.

A greater number of owners, including a high number of senior homeowners remained in the area as of 2010.



### Household Type

Table 9 shows a breakdown of the type of households present in Flood Impact Area, Cedar Rapids and Linn County in 2000 and 2010. The data is useful in assessing the potential demand for different types of housing products because household composition often determines the type of housing that is preferred.

- Between 2000 and 2010, Cedar Rapids experienced an increase in all types of households except families that are married with children (-13.1%). Married families without children experienced the largest numerical increase (440 households or +13.9%). The increase in households married without children can be attributed to couples waiting longer to have children, and the baby boomers aging into empty nester years.

## DEMOGRAPHIC ANALYSIS

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- Persons Living Alone experienced the highest percentage increase of 425 households (17.1%). This could indicate an aging senior population. As the frailty level of these seniors increase, they typically move out of their homes in pursuit of housing with services. However, the recession has affected many seniors, and their fears of the market can be affecting their decisions to move out of the homes and into age-restricted housing.
- The Market Area also had significant increases in other family households (a gain of 178 households, or 17%). Other families include single-parents and unmarried couples with children. With only one income, these families are most likely to need affordable or modest housing, both rental and for-sale.
- To some extent, differences between Cedar Rapids and the Remainder of the County reflect the availability of a wider range of housing options in Cedar Rapids compared to more rural areas outside of the larger cities. For example, non-family householders tend to rent their housing more so than the other categories. This category includes elderly widows as well as young people that are single and may also include people that have been divorced and are living alone. Young people typically do not have sufficient incomes to purchase housing; single seniors are more likely to move to multifamily housing to shed the burden of home maintenance and to have more opportunities for socialization. In 2010, about 33% of households in Cedar Rapids were non-family households, while only 24% in the Remainder of the County were non-family. This reflects a higher proportion of multifamily rental housing in Cedar Rapids.

**DEMOGRAPHIC ANALYSIS**

**TABLE 9  
HOUSEHOLD TYPE  
CEDAR RAPIDS AND SURROUNDING AREA  
1990, 2000 & 2010**

	Total HH's			Family Households									Non-Family Households					
				Married w/ Child			Married w/o Child			Other *			Living Alone			Roommates **		
	1990	2000	2010	1990	2000	2010	1990	2000	2010	1990	2000	2010	1990	2000	2010	1990	2000	2010
<b>No. of Households</b>																		
<b>Flood Impact Area</b>	9,187	9,078	6,888	1,599	1,454	832	2,044	1,781	1,341	1,474	1,576	1,301	3,374	3,506	2,756	696	761	658
<b>Cedar Rapids</b>	<b>43,674</b>	<b>49,820</b>	<b>53,236</b>	<b>10,627</b>	<b>10,570</b>	<b>9,357</b>	<b>12,723</b>	<b>13,557</b>	<b>13,433</b>	<b>5,198</b>	<b>6,697</b>	<b>8,141</b>	<b>11,990</b>	<b>15,047</b>	<b>17,317</b>	<b>3,136</b>	<b>3,949</b>	<b>4,988</b>
Remainder of Cty.	21,827	26,933	32,898	7,120	7,725	8,377	7,292	8,976	10,904	2,079	2,810	3,957	4,418	6,045	7,871	918	1,377	1,789
<i>Linn County</i>	65,501	76,753	86,134	17,747	18,295	17,734	20,015	22,533	24,337	7,277	9,507	12,098	16,408	21,092	25,188	4,054	5,326	6,777
<b>Percent of Total</b>																		
<b>Flood Impact Area</b>																		
<b>Cedar Rapids</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>24.3</b>	<b>21.2</b>	<b>17.6</b>	<b>29.1</b>	<b>27.2</b>	<b>25.2</b>	<b>11.9</b>	<b>13.4</b>	<b>15.3</b>	<b>27.5</b>	<b>30.2</b>	<b>32.5</b>	<b>7.2</b>	<b>7.9</b>	<b>9.4</b>
Remainder of Cty.	100.0	100.0	100.0	32.6	28.7	25.5	33.4	33.3	33.1	9.5	10.4	12.0	20.2	22.4	23.9	4.2	5.1	5.4
<i>Linn County</i>	100.0	100.0	100.0	27.1	23.8	20.6	30.6	29.4	28.3	11.1	12.4	14.0	25.0	27.5	29.2	6.2	6.9	7.9
<b>Change 2000-2010</b>																		
	<b>No.</b>	<b>Pct.</b>		<b>No.</b>	<b>Pct.</b>		<b>No.</b>	<b>Pct.</b>		<b>No.</b>	<b>Pct.</b>		<b>No.</b>	<b>Pct.</b>		<b>No.</b>	<b>Pct.</b>	
<b>Flood Impact Area</b>	-2,190	-24.1%		-622	-42.8%		-440	-24.7%		-275	-17.4%		-750	-21.4%		-103	-13.5%	
<b>Cedar Rapids</b>	<b>3,416</b>	<b>6.9%</b>		<b>-1,213</b>	<b>-11.5%</b>		<b>-124</b>	<b>-0.9%</b>		<b>1,444</b>	<b>21.6%</b>		<b>2,270</b>	<b>15.1%</b>		<b>1,039</b>	<b>26.3%</b>	
Remainder of Cty.	5,965	22.1%		652	8.4%		1,928	21.5%		1,147	40.8%		1,826	30.2%		412	29.9%	
<i>Linn County</i>	11,252	17.2%		548	3.1%		2,518	12.6%		2,230	30.6%		4,684	28.5%		1,272	31.4%	
* Single-parents and unmarried couples with children																		
** Includes unmarried couples without children																		
Sources: U. S. Census; Maxfield Research, Inc.																		

### Employment Trends

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

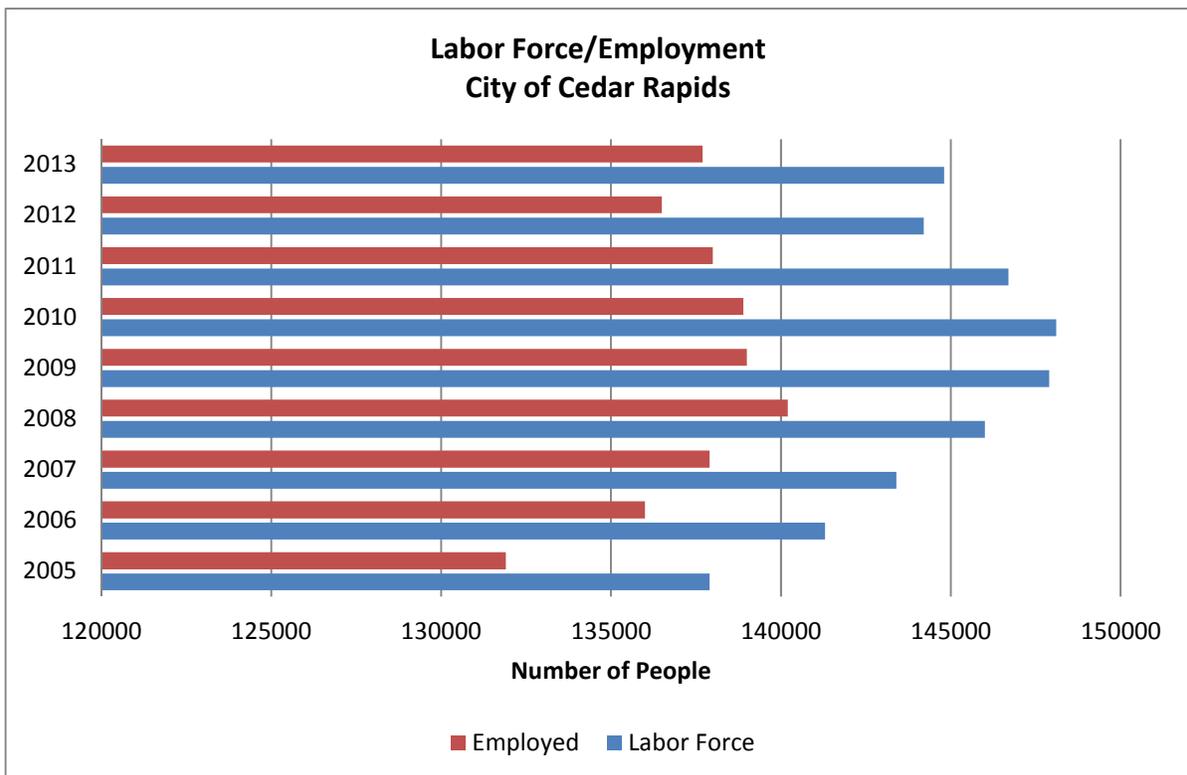
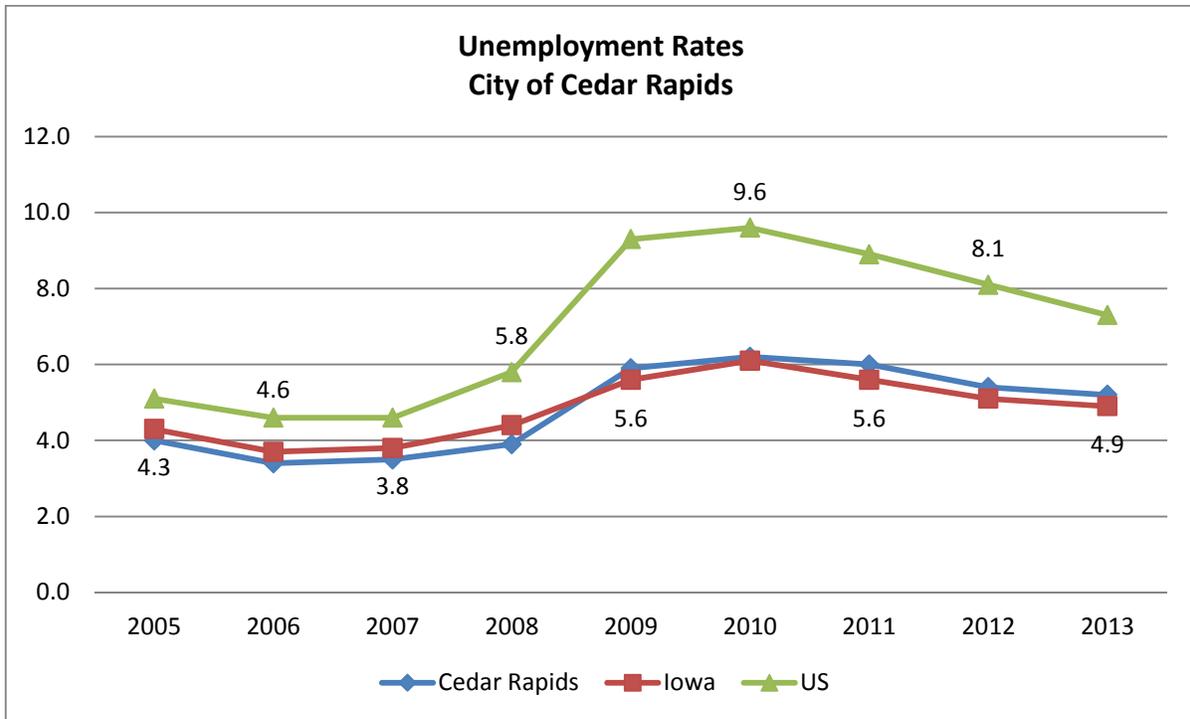
Recent employment growth trends for Cedar Rapids are shown in Tables 10 and 11. Table 10 presents resident employment data for Cedar Rapids from 2000 through August 2013. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the City*. It is important to note that not all of these individuals necessarily work in the City. Table 11 presents covered employment in the Cedar Rapids Metro Area from 2000 through 1<sup>st</sup> Quarter 2013. Covered employment data is calculated as an annual average and *reveals the number of jobs in the City*, which are covered by unemployment insurance. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data in both tables is from the Iowa Workforce Information Network (IWIN). The following are key trends derived from the employment data:

#### ***Resident Labor Force***

- Resident employment in Cedar Rapids decreased by about -600 people between 2000 and 2011 (-8.0%). The number of individuals in the labor market also decreased, which resulted in an increase in unemployment from 3.1% (2000) to 8.9% (2011).
- Cedar Rapids' unemployment rate has been just slightly higher than the State of Iowa in every year from 2000 to 2013.
- Since 2006, the unemployment rate in Cedar Rapids increased rapidly to a high of 11.2% (2009). As of August 2013, the unemployment rate has fallen to 5.2%, below the nation which is at 7.9%, yet remains 0.3 percentage points higher than the State of Iowa.

**TABLE 10**  
**ANNUAL AVERAGE RESIDENT EMPLOYMENT**  
**CEDAR RAPIDS METRO AND LINN COUNTY**  
**2005 through August 2013**

<b>Cedar Rapids Metro Area</b>						
<b>Comparative Unemployment Rates</b>						
<b>Year</b>	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>CR City</b>	<b>County</b>	<b>State</b>
2005	137,900	131,900	6,000	4.0%	4.5%	4.3%
2006	141,300	136,000	5,300	3.4%	4.8%	3.7%
2007	143,200	137,800	5,400	3.5%	3.7%	3.8%
2008	146,300	140,100	6,200	3.9%	4.2%	4.4%
2009	146,800	138,900	7,900	5.9%	5.3%	5.6%
2010	148,000	139,000	9,000	6.2%	6.1%	6.1%
2011	143,100	134,500	8,600	6.0%	6.0%	5.6%
2012	144,100	136,800	7,300	5.4%	5.1%	5.1%
*2013	144,800	137,700	7,100	5.2%	4.9%	4.9%
<b>Change, 2005 through August 2013</b>						
No.	6,900	5,800	1,100	N/A	N/A	N/A
Pct.	5.0%	4.4%	18.3%	N/A	N/A	N/A
<b>Linn County</b>						
<b>Comparative Unemployment Rates</b>						
<b>Year</b>	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>County</b>	<b>State</b>	
2005	113,100	108,200	4,900	4.3%		4.3%
2006	116,200	111,900	4,300	3.7%		3.7%
2007	118,400	114,000	4,400	3.7%		3.8%
2008	121,300	116,200	5,100	4.2%		4.4%
2009	121,600	115,200	6,400	5.3%		5.6%
2010	122,600	115,300	7,300	6.1%		6.1%
2011	119,000	111,900	7,100	6.0%		5.6%
2012	119,900	113,800	6,100	5.1%		5.1%
*2013	120,700	114,800	5,900	4.9%		4.9%
<b>Change, 2005 through August 2013</b>						
No.	7,600	6,600	1,000	N/A	N/A	N/A
Pct.	6.7%	6.1%	20.4%	N/A	N/A	N/A
2013 data current through August.						
Sources: Iowa Workforce Information Network; Maxfield Research Inc.						



## DEMOGRAPHIC ANALYSIS

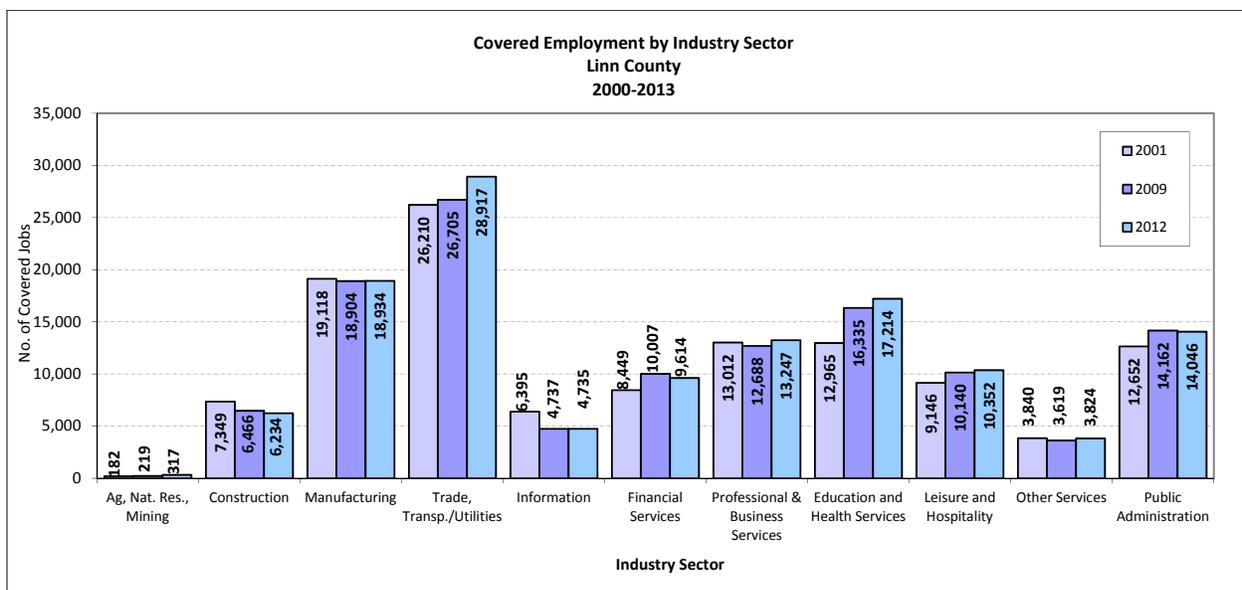
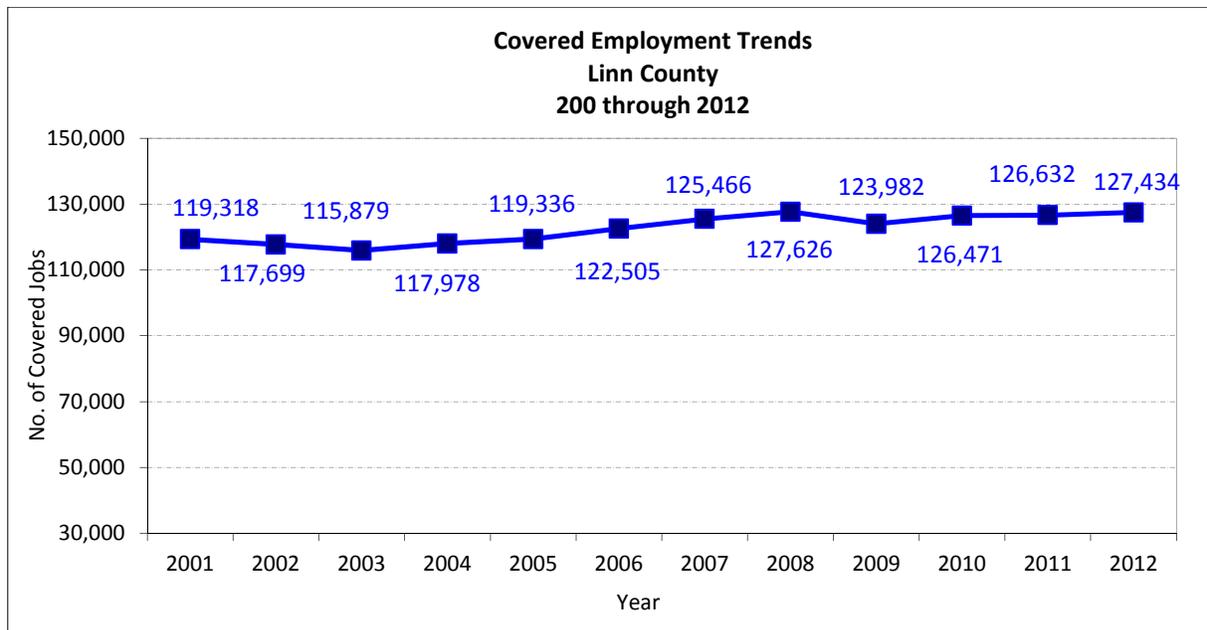
### Covered Employment by Industry

- Table 11 shows covered employment by industry for the Cedar Rapids MSA.
- The Manufacturing Sector accounted for about 15% of the City's jobs in 2012, which is a far greater percentage than most cities in the State. Education & Health Service and Professional and Business Services Sectors and accounted for 13.5% and 10.4% of the all jobs in Cedar Rapids, respectively.
- Between 2000 and 2012, the number of jobs increased by 8,116, a 6.8% increase. Manufacturing lost, a few jobs (-184 jobs) between 2000 and 2012. The largest gain was in Education and Health Services, which increased by 4,249 jobs, an increase of 32.8%.
- Other sectors that experienced growth were Financial Services, 1,165 jobs (13.8%), Leisure and Hospitality, 1,206 jobs (13.2%), Transportation, and Utilities, 1,848 jobs (26.9%), and Public Administration, 1,394 jobs (11.0%).

Industry	Average Number of Employees						Change 2000 - 2012		% of Total					
	2000	2005	2009	2010	2011	2012	No.	Pct.	2000	2005	2009	2010	2011	2012
Ag, Natural Resources & Mining	182	231	219	232	266	317	135	74.2	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Construction	7,349	6,745	6,466	6,306	6,254	6,234	-1,115	-15.2	6.2%	5.7%	5.2%	5.0%	4.9%	4.9%
Manufacturing	19,118	18,725	18,904	19,237	19,588	18,934	-184	-1.0	16.0%	15.7%	15.2%	15.2%	15.5%	14.9%
Wholesale Trade	4,840	4,664	4,477	4,544	4,646	4,848	8	0.2	4.1%	3.9%	3.6%	3.6%	3.7%	3.8%
Retail Trade	14,492	14,352	14,425	14,437	14,927	15,343	851	5.9	12.1%	12.0%	11.6%	11.4%	11.8%	12.0%
Transportation/Utilities	6,878	7,473	7,803	8,742	8,905	8,726	1,848	26.9	5.8%	6.3%	6.3%	6.9%	7.0%	6.8%
Information	6,395	4,845	4,737	4,858	4,997	4,735	-1,660	-26.0	5.4%	4.1%	3.8%	3.8%	3.9%	3.7%
Financial Services	8,449	9,416	10,007	9,878	9,432	9,614	1,165	13.8	7.1%	7.9%	8.1%	7.8%	7.4%	7.5%
Professional and Business Services	13,012	11,786	12,688	13,841	13,161	13,247	235	1.8	10.9%	9.9%	10.2%	10.9%	10.4%	10.4%
Education and Health Services	12,965	14,230	16,335	16,557	16,763	17,214	4,249	32.8	10.9%	11.9%	13.2%	13.1%	13.2%	13.5%
Leisure and Hospitality	9,146	9,912	10,140	10,128	10,043	10,352	1,206	13.2	7.7%	8.3%	8.2%	8.0%	7.9%	8.1%
Other Services	3,840	3,808	3,619	3,615	3,704	3,824	-16	-0.4	3.2%	3.2%	2.9%	2.9%	2.9%	3.0%
Public Administration	12,652	13,149	14,162	14,096	13,946	14,046	1,394	11.0	10.6%	11.0%	11.4%	11.1%	11.0%	11.0%
<b>Totals</b>	<b>119,318</b>	<b>119,336</b>	<b>123,982</b>	<b>126,471</b>	<b>126,632</b>	<b>127,434</b>	<b>8,116</b>	<b>6.8</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Iowa Workforce Information Network (IWIN)

## DEMOGRAPHIC ANALYSIS



## Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households' budgets. Table 12 highlights the commuting patterns of workers in the City of Cedar Rapids in 2010 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau.

## DEMOGRAPHIC ANALYSIS

- The City of Cedar Rapids is a net importer of jobs from the MSA. The table and following graphic show the number of people that travel into the City of Cedar Rapids for employment, those that exit the City for employment and residents that live and work in the City. There were an estimated 99,475 primary jobs in Cedar Rapids as of 2011. Of those that hold these jobs, 38,262 (38.5%) of them live and work in Cedar Rapids city. The remaining jobs are held by individuals that commute to Cedar Rapids from other locations (61,231 individuals). The top commuting from locations outside of Cedar Rapids are Marion (10.3%), Hiawatha city (2.2%), Iowa City (2.1%), North Liberty (1.1%), Robins (1.1%) and Dubuque (1.0%). All other communities were represented by less than 1.0%.

As shown on the graphic, 21,171 individuals that live in Cedar Rapids work outside of the city in other communities.

**Inflow and Outflow of Workers in Cedar Rapids**

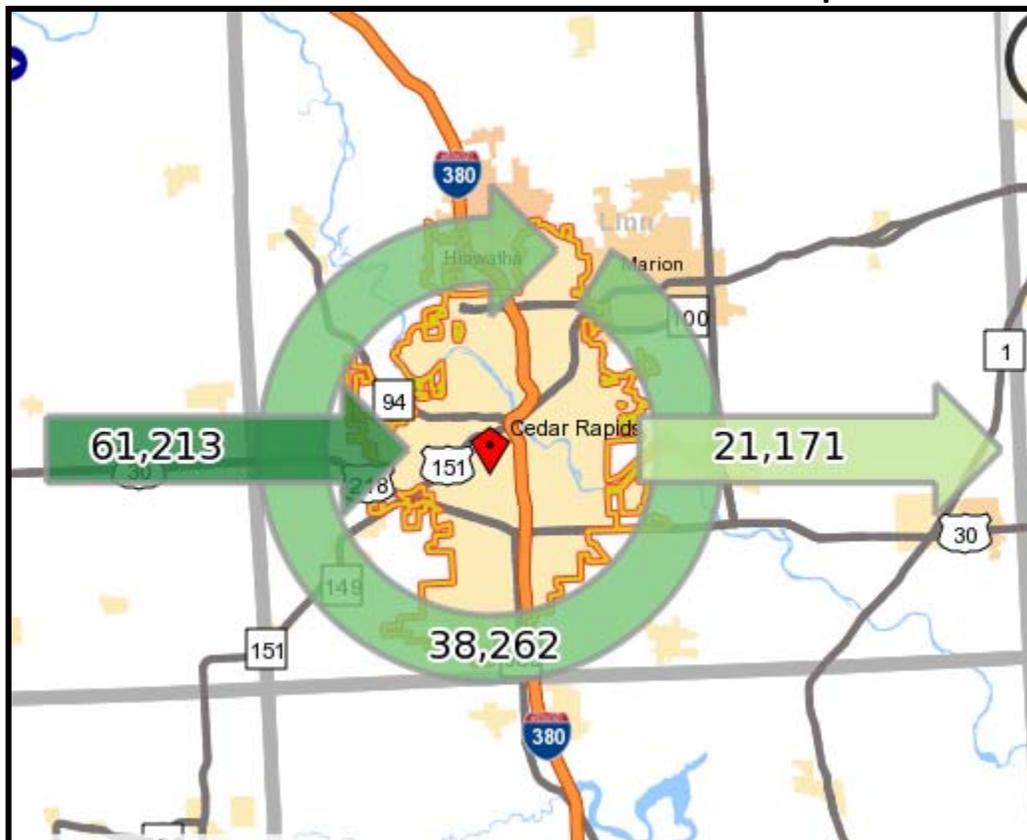


TABLE 12 CEDAR RAPIDS COMMUTING PATTERNS 2011		
Residence	Place of Employment	Percent
<b>Place of Residence for Workers Commuting to Cedar Rapids</b>		
Cedar Rapids	Cedar Rapids	38.5%
Marion	Cedar Rapids	10.3%
Hiawatha	Cedar Rapids	2.2%
Iowa City	Cedar Rapids	2.1%
Robins	Cedar Rapids	1.1%
North Liberty	Cedar Rapids	1.1%
Dubuque	Cedar Rapids	1.0%
Coralville	Cedar Rapids	1.0%
Des Moines	Cedar Rapids	0.9%
Ames	Cedar Rapids	0.7%
Davenport	Cedar Rapids	0.7%
Waterloo	Cedar Rapids	0.7%
Mount Vernon	Cedar Rapids	0.7%
All Other Locations	Cedar Rapids	39.0%
		100.0%
<b>Place of Employment for Cedar Rapids Workers</b>		
Cedar Rapids	Cedar Rapids	64.4%
Cedar Rapids	Marion	9.8%
Cedar Rapids	Iowa City	4.8%
Cedar Rapids	Hiawatha	2.8%
Cedar Rapids	Coralville	2.7%
Cedar Rapids	Davenport	2.7%
Cedar Rapids	Des Moines	2.1%
Cedar Rapids	Waterloo	1.7%
Cedar Rapids	North Liberty	1.6%
Cedar Rapids	Dubuque	1.1%
Cedar Rapids	West Des Moines	1.0%
Cedar Rapids	All Other Locations	5.1%
		100.0%
Sources: US Census Bureau; Maxfield Research Inc.		

### Introduction

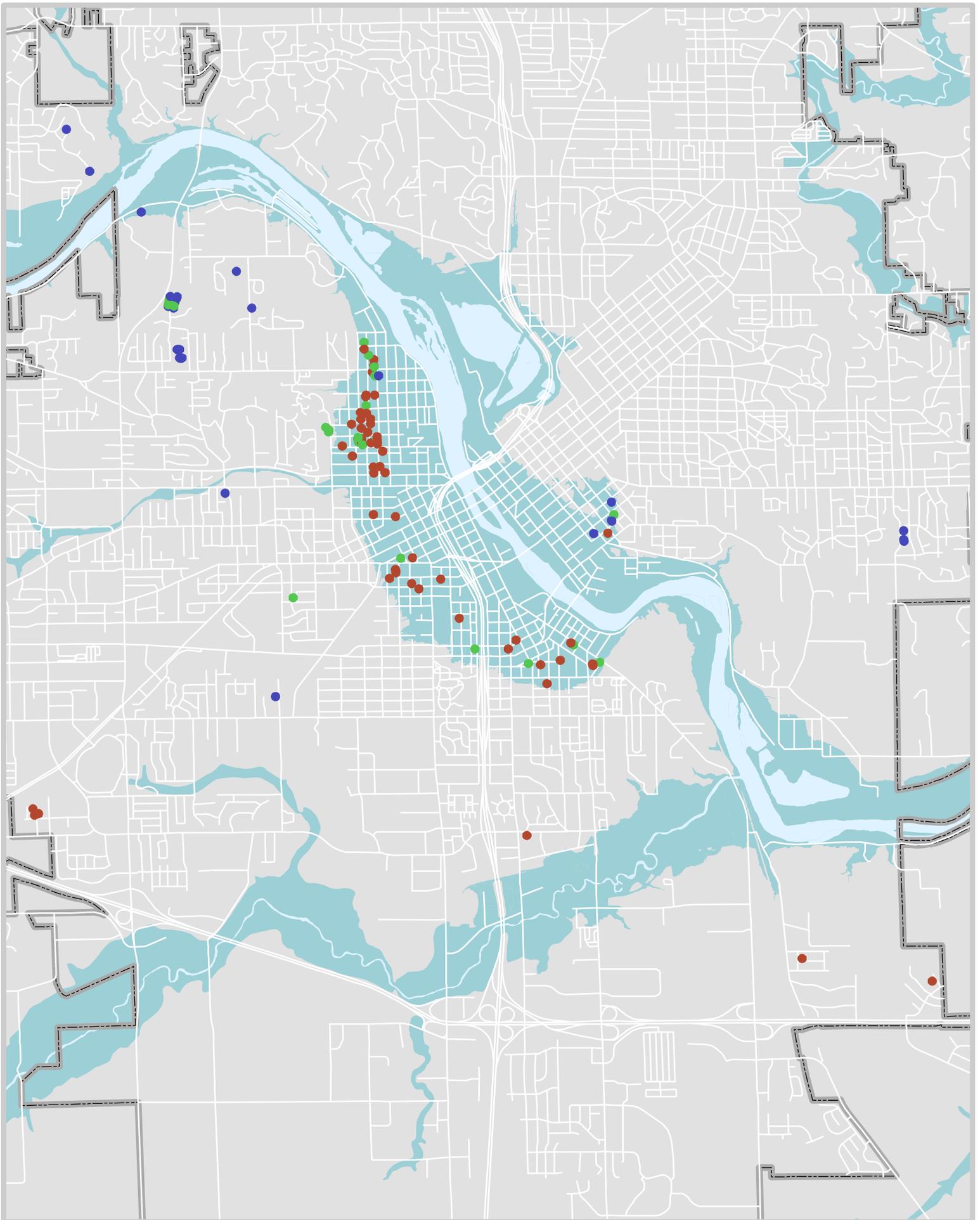
The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. An analysis of the housing market in Cedar Rapids and the surrounding area was completed by reviewing data on the age of the existing housing supply; reviewing residential building permits over the past three years, examining the number of residential structures that were removed from the Flood Impact Area, information on homes that were renovated and/or rehabilitated through the Jumpstart data, surveys of multifamily properties, analysis of home sales data in the Cedar Rapids area and other information.

### Residential Construction Trends 2010 through 2013 (August)

Maxfield Research obtained data from the City of Cedar Rapids on the number of building permits issued for new housing units in Cedar Rapids from 2010 through August of 2013. From this data, Maxfield Research identified the number of new residential units from building permits issued for structures in the Flood Impact Area. Table 13 displays permits issued for single-family homes, townhomes/twinhomes, condominiums, and multifamily buildings of five or more units. Multifamily buildings typically include larger apartment buildings and some senior housing properties. New construction was also segmented by quadrant (NW, NE, SW and SE) and location in the central core of the City (NW, NE, SW and SE) to see the level of development that has occurred in each sector of the City. The following are key points about housing development since 2010.

- Cedar Rapids issued permits for the construction of 380 new residential units in 2010, 269 units in 2011 and 250 units in 2012. These figures equate to an average of nearly 300 units per year.
- The number of permitted units was highest in 2010, likely because there were public funds available to incent builders to construct new housing units. Since that time, the number of new units has decreased by more than 100 units annually since 2010. The vast majority of permits were issued for single-family homes. Permits have also been issued for townhomes, condominiums and apartments.
- Most of the new residential development has occurred in the NW and SW, followed by the NE and SE. The breakdown of new units by quadrant of the City and the Flood Impact Area is also shown on Table 13.

<b>TABLE 13</b> <b>RESIDENTIAL CONSTRUCTION</b> <b>CITY OF CEDAR RAPIDS</b> <b>RESIDENTIAL UNITS FROM BUILDING PERMITS ISSUED</b> <b>2010 through August 2013</b>					
<b>Number of New Housing Units</b>					
	<b>Single- Family</b>	<b>Townhome/ Twinhome</b>	<b>Condo (4+ Units)</b>	<b>Multifamily (5+ units)</b>	<b>Total Housing</b>
2010	333	30	77	58	498
2011	215	32	57	70	374
2012	215	60	41	0	316
2013*	220	32	24	231	507
<b>Total</b>	<b>983</b>	<b>154</b>	<b>199</b>	<b>359</b>	<b>1,695</b>
<b>Number of New Units by Quadrant</b>					
	<b>NW</b>	<b>SW</b>	<b>NE</b>	<b>SE</b>	<b>Total</b>
2010	96	200	136	18	450
2011	65	120	104	15	304
2012	52	184	74	6	316
2013	138	110	251	8	507
<b>Number of New Units by Quadrant for Central Core</b>					
	<b>NW</b>	<b>SW</b>	<b>NE</b>	<b>SE</b>	<b>Total</b>
2010	20	1	2	56	79
2011	22	6	4	71	103
2012	33	20	3	22	78
2013	27	21	5	3	56
* Permits Issued from 11/01/2012 through 8/22/2013 (new recording system)					
Sources: City of Cedar Rapids (Building Department); Maxfield Research Inc.					



**City of Cedar Rapids, Iowa  
New Residential Construction  
2010 - 2012**

- 2010 (30)
- 2011 (28)
- 2012 (57)
- 2008 Flood Inundation Area

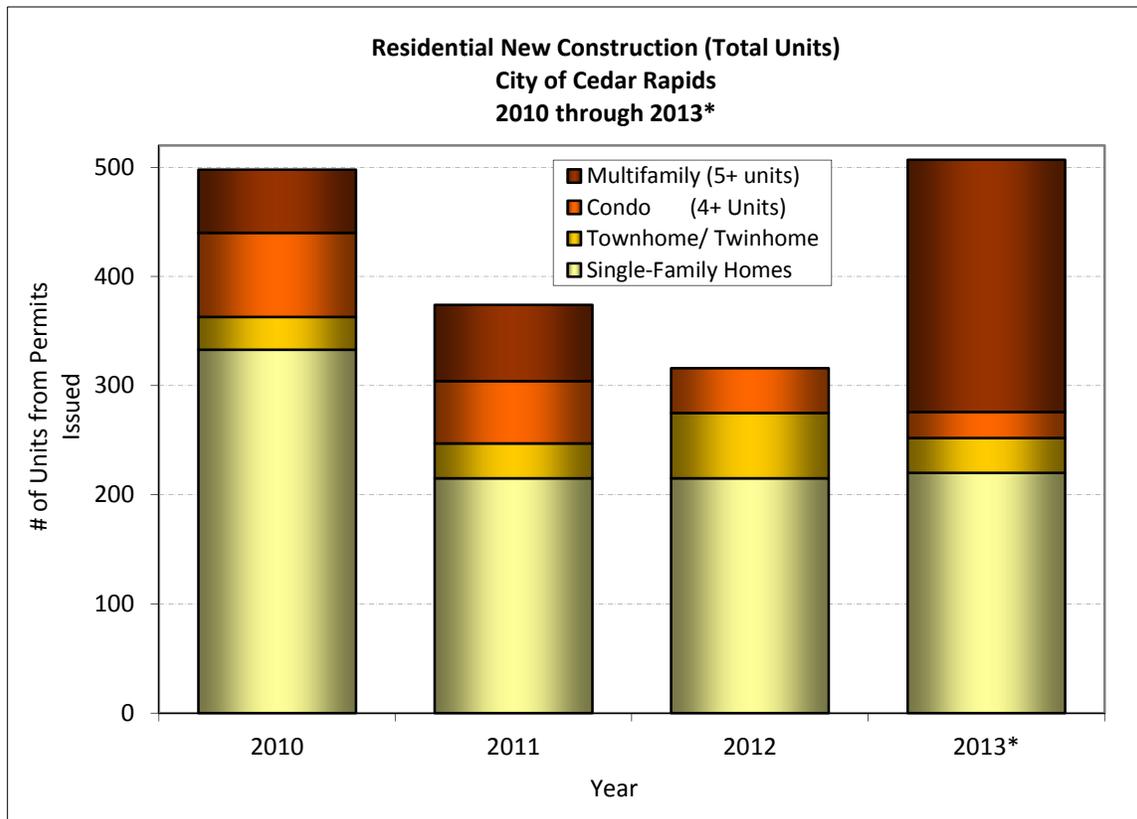
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Cedar Rapids IT-GIS  
3601 42nd St NE  
Cedar Rapids, IA 52402  
Date: 10/10/2013



**DISCLAIMER:** This is a product of the City of Cedar Rapids GIS Division. The data depicted here has been developed by the City for city purposes. Any use is at the sole risk and responsibility of the User. There are no warranties, expressed or implied, associated with the use of this map.



**American Community Survey**

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2007 and 2011 (a five-year average). Tables 14 through 19 show key data for Cedar Rapids. Tables 18 and 19 show data that was compiled by ESRI, a national demographics forecasting company, but was derived from the American Community Survey tabulations.

**Cost Burden**

Tables 14 and 15 show the numbers of renters and homeowners, respectively, that are estimated to be cost-burdened in Cedar Rapids. This information can assess the potential demand for additional affordable housing depending on the number and proportion of households that are current paying more than 30% of their household income for housing costs.

<b>TABLE 14 RENTER COST BURDEN CITY OF CEDAR RAPIDS 2012</b>		
<b>% of Income on Rent</b>	<b>Renter Households</b>	
	<b>Total</b>	<b>Percent</b>
Less than 10%	666	4.1%
10% to 14.9%	1,569	9.7%
15% to 19.9%	2,361	14.7%
20% to 24.9%	2,019	12.5%
25% to 29.9%	1,955	12.1%
30% to 34.9%	1,459	9.1%
35% to 39.9%	1,058	6.6%
40% to 49.9%	822	5.1%
50% or more	3,383	21.0%
Not Computed	824	5.1%
<b>Total</b>	<b>16,116</b>	<b>100.0%</b>

Sources: American Community Survey  
Maxfield Research Inc.

Table 14 shows that 21.0% of all renter households or nearly 3,400 households in Cedar Rapids are severely cost-burdened, meaning that they pay 50% or more of their household income on housing. About another 12.0% are moderately cost-burdened meaning that they pay between 35% and 49.9% of their incomes on housing costs. Combined, 32% or nearly one-third of renter households in Cedar Rapids are cost-burdened.

Table 15 shows housing cost burdened for households that own their housing in Cedar Rapids.

As shown, fewer owner households are cost-burdened as household income rises. With household incomes that are equal to or less than \$35,000, much higher proportions of households are cost-burdened or pay 30% or more of their income on housing costs, between 42% and 94%). For households that earn incomes of \$75,000 or higher, only between 1% and 3.5% of households were identified as cost-burdened.

Compared to renter households, owner households have a lower overall proportion of households that are cost-burdened. The total proportion of owner households that are cost-burdened was identified as 19.3% versus 32.1% for renter households.

% of Income on Housing	Owner Households	
	Total	Percent
Less than \$10,000	694	4.3%
Less than 30%	11	0.1%
30% or more	654	4.1%
\$10,000-\$19,999	2,313	14.4%
Less than 30%	773	4.8%
30% or more	1,540	9.6%
\$20,000-\$34,999	4,803	29.8%
Less than 30%	2,799	17.4%
30% or more	2,004	12.4%
\$35,000-\$49,999	5,774	35.8%
Less than 30%	4,315	26.8%
30% or more	1,459	9.1%
\$50,000-\$74,999	8,467	52.5%
Less than 30%	7,293	45.3%
30% or more	1,174	7.3%
\$75,000-\$99,999	6,027	37.4%
Less than 30%	5,816	36.1%
30% or more	211	1.3%
\$100,000 or more	9,033	56.0%
Less than 30%	8,906	55.3%
30% or more	127	0.8%
Not Computed	29	0.2%
<b>Total</b>	<b>16,116</b>	<b>100.0%</b>

Sources: American Community Survey  
Maxfield Research Inc.

**Age of Housing Stock**

The following graph shows the age distribution of the housing stock as estimated in 2011 based on data from the American Community Survey published by the US Census Bureau for 2011. Table 16 includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- In total, the Market Area is estimated to have 10,725 housing units, of which roughly 80.6% are owner-occupied and 19.4% are renter-occupied.

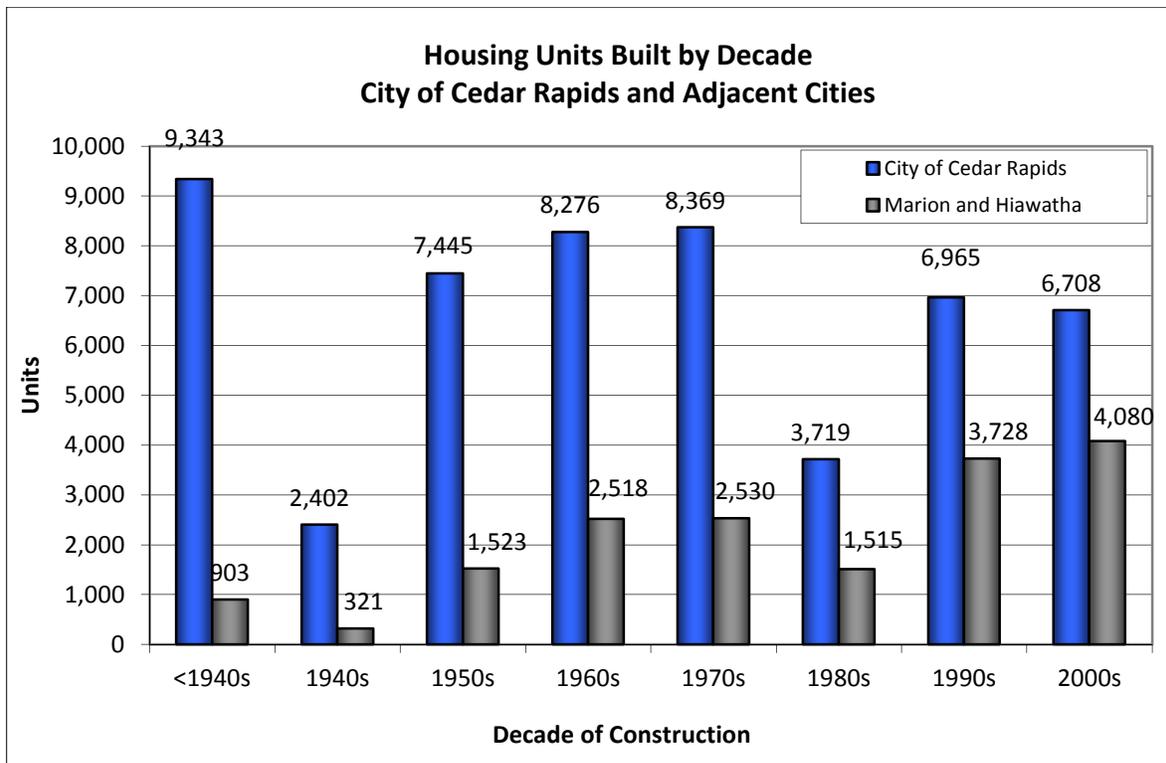
## HOUSING CHARACTERISTICS

**TABLE 16  
AGE OF HOUSING STOCK  
CEDAR RAPIDS AND ADJACENT CITIES  
2011**

	Total Units	Year Unit Built															
		<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>CITY OF CEDAR RAPIDS</b>																	
Owner-Occupied	37,111	6,811	18.4	1,819	4.9	6,236	16.8	6,000	16.2	5,070	13.7	1,989	5.4	5,025	13.5	4,161	11.2
Renter-Occupied	16,116	2,532	15.7	583	3.6	1,209	7.5	2,276	14.1	3,299	20.5	1,730	10.7	1,940	12.0	2,547	15.8
<b>Total</b>	<b>53,227</b>	<b>9,343</b>	<b>17.6</b>	<b>2,402</b>	<b>4.5</b>	<b>7,445</b>	<b>14.0</b>	<b>8,276</b>	<b>15.5</b>	<b>8,369</b>	<b>15.7</b>	<b>3,719</b>	<b>7.0</b>	<b>6,965</b>	<b>13.1</b>	<b>6,708</b>	<b>12.6</b>
<b>MARION AND HIAWATHA</b>																	
Owner-Occupied	12,242	684	5.6	171	1.4	1,272	10.4	1,977	16.1	1,392	11.4	1,015	8.3	2,727	22.3	3,004	24.5
Renter-Occupied	4,876	219	4.5	150	3.1	251	5.1	541	11.1	1,138	23.3	500	10.3	1,001	20.5	1,076	22.1
<b>Total</b>	<b>17,118</b>	<b>903</b>	<b>5.3</b>	<b>321</b>	<b>1.9</b>	<b>1,523</b>	<b>8.9</b>	<b>2,518</b>	<b>14.7</b>	<b>2,530</b>	<b>14.8</b>	<b>1,515</b>	<b>8.9</b>	<b>3,728</b>	<b>21.8</b>	<b>4,080</b>	<b>23.8</b>
<b>METRO AREA</b>																	
Owner-Occupied	8,650	2,000	23.1	477	5.5	807	9.3	887	10.3	1,150	13.3	887	10.3	1,117	12.9	1,325	15.3
Renter-Occupied	2,075	315	15.2	92	4.4	141	6.8	168	8.1	539	26.0	304	14.7	365	17.6	151	7.3
<b>Total</b>	<b>10,725</b>	<b>2,315</b>	<b>21.6</b>	<b>569</b>	<b>5.3</b>	<b>948</b>	<b>8.8</b>	<b>1,055</b>	<b>9.8</b>	<b>1,689</b>	<b>15.7</b>	<b>1,191</b>	<b>11.1</b>	<b>1,482</b>	<b>13.8</b>	<b>1,476</b>	<b>13.8</b>

Note: Total units not equal to total households because data based on sample instead of 100% count.

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



- Homes in Marion and Hiawatha are newer than homes in Cedar Rapids. The highest number of homes in Cedar Rapids was built in 1940s or earlier compared to the 2000s for Marion and Hiawatha. The least number of homes was built in the 1940s and in the 1980s. These were periods of economic turmoil in the United States with WWII in the 1940s and a Recession in the early 1980s.
- Proportionally, an estimated 18% of housing units were built prior to the 1940s while 16% were built in the 1960s and 16% were built during the 1950s. Approximately 13% of housing units in Cedar Rapids have been built in the 2000s. It is likely that more housing units will be built to replace units that were removed in the core neighborhoods as a result of the flood.

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

Table 17 shows the estimated housing stock in Cedar Rapids by type of structure and tenure as of 2011.

- The dominant housing type in Cedar Rapids and in the adjacent communities remains the single-family detached home, representing nearly 82% of all owner-occupied housing units in the Metropolitan Area as of 2011. In Cedar Rapids, the single-family detached home accounts for an estimated 83% of all owner-occupied units.

## HOUSING CHARACTERISTICS

- Housing units with 50 or more units are predominantly renter-occupied but not entirely. Approximately 0.5% of housing units in the Metro Area have 50 or more units. In Cedar Rapids, there is a high proportion of rentals where there are many buildings at a single property, but all of the buildings have 24 units or fewer in each of the buildings. This is prevalent in Cedar Rapids and in the surrounding area.
- Mobile homes account for about 5.7% of all housing units in the Metro Area, but nearly 11.0% of the homes in Marion and Hiawatha combined.

**TABLE 17**  
**HOUSING UNITS BY STRUCTURE & TENURE**  
**CITY OF CEDAR RAPIDS AND ADJACENT COMMUNITIES**  
**2011**

Units in Structure	CEDAR RAPIDS				MARION AND HIAWATHA				METRO AREA TOTAL			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	31,864	83.3%	3,118	19.3%	9,513	77.7%	457	10%	41,377	81.9%	3,575	17.4%
1, attached	1,505	3.9%	318	2.0%	1,094	8.9%	254	6%	2,599	5.1%	572	2.8%
2	1,343	3.5%	905	5.6%	81	0.7%	264	6%	1,424	2.8%	1,169	5.7%
3 to 4	705	1.8%	1,850	11.5%	131	1.1%	958	21%	836	1.7%	2,808	13.6%
5 to 9	228	0.6%	2,707	16.8%	78	0.6%	1,077	24%	306	0.6%	3,784	18.4%
10 to 19	609	1.6%	3,712	23.0%	12	0.1%	534	12%	621	1.2%	4,246	20.6%
20 to 49	192	0.5%	2,288	14.2%	20	0.2%	534	12%	212	0.4%	2,822	13.7%
50 or more	249	0.7%	980	6.1%	0	0.0%	266	6%	249	0.5%	1,246	6.0%
Mobile home	1,573	4.1%	238	1.5%	1,313	10.7%	139	3%	2,886	5.7%	377	1.8%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0.0%
<b>Total</b>	<b>38,268</b>	<b>100%</b>	<b>16,116</b>	<b>100%</b>	<b>12,242</b>	<b>100%</b>	<b>4,483</b>	<b>100%</b>	<b>50,510</b>	<b>100%</b>	<b>20,599</b>	<b>100%</b>

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

### Owner-Occupied Housing Units by Value

Table 18 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

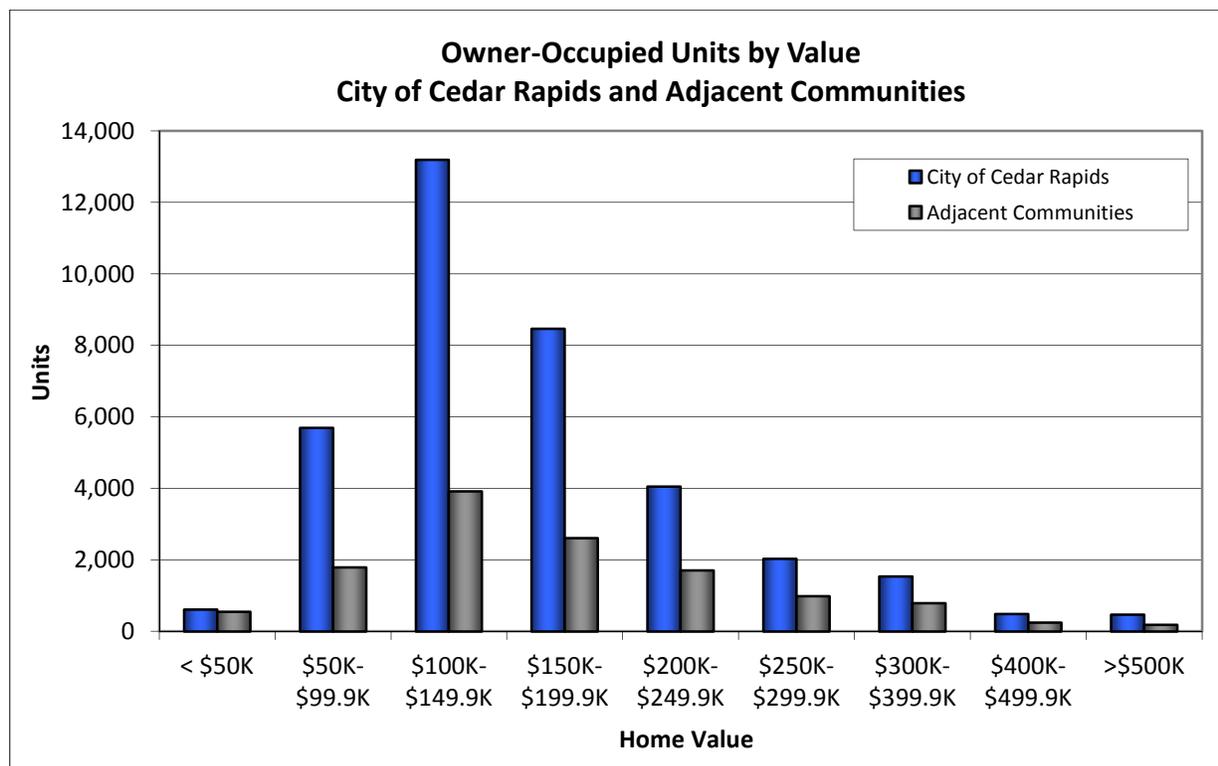
- The majority of the owner-occupied housing stock in Cedar Rapids is estimated to be valued between \$100,000 and \$199,999 (59.3%).
- The median owner-occupied home in Cedar Rapids is estimated at \$145,398, or \$7,000 less than the median for Marion and Hiawatha combined (\$152,404). Overall, Marion and Hiawatha have newer housing stocks so it is likely that homes in those areas would be valued moderately higher than in Cedar Rapids. However, Cedar Rapids has a lower proportion of homes valued at Less than \$50,000 (about 1.7% versus 4.3% for Marion and Hiawatha).

# HOUSING CHARACTERISTICS

**TABLE 18  
OWNER-OCCUPIED UNITS BY VALUE  
CEDAR RAPIDS AND ADJACENT COMMUNITIES  
2011**

Home Value	CEDAR RAPIDS		MARION/HIAWATHA		METRO AREA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
Less than \$50,000	610	1.7	545	4.3	377	4.4
\$50,000-\$99,999	5,689	15.6	1,790	14.0	832	9.6
\$100,000-\$149,999	13,193	36.1	3,919	30.7	1,963	22.7
\$150,000-\$199,999	8,471	23.2	2,610	20.5	2,106	24.3
\$200,000-\$249,999	4,050	11.1	1,699	13.3	1,229	14.2
\$250,000-\$299,999	2,029	5.6	978	7.7	828	9.6
\$300,000-\$399,999	1,532	4.2	790	6.2	846	9.8
\$400,000-\$499,999	484	1.3	243	1.9	251	2.9
Greater than \$500,000	466	1.3	185	1.4	218	2.5
<b>Total</b>	<b>36,524</b>	<b>100.0</b>	<b>12,759</b>	<b>100.0</b>	<b>8,650</b>	<b>100.0</b>
Median Home Value	\$145,398		\$152,404		\$147,217	

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



### Introduction

Maxfield Research Inc. surveyed larger rental properties of 12 or more units in Cedar Rapids, Marion and Hiawatha. Information was gathered on year built, total number of units, unit mix, size of units by unit type, current rents and vacancies. General occupancy properties were segmented by market rate (private market units, no income restrictions), affordable (fixed rent, typically financed through Low Income Housing Tax Credits) to households earning between 40% and 60% of Area Median Household Income (AMHI) and deep-subsidy (households pay 30% of their adjusted gross income toward the monthly rent), which typically receive project-based housing assistance payments that remain with the housing unit (i.e. Section 8).

A separate section of this report discusses senior properties, which are age-restricted. The analysis of senior properties is included in the *Senior Housing Analysis* section of this report.

### General-Occupancy Rental Projects

#### ***Market Rate***

The analysis of Cedar Rapids' general occupancy rental market included a survey of 50 market rate apartment properties (4 units and larger) in August and September 2013. These projects represent a combined total of 5,653 units.

At the time of the survey, 131 market rate units were vacant, resulting in an overall vacancy rate of 2.32% for market rate units. The overall market rate vacancy rate of 2.32% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

Table 19 summarizes the unit mix, sizes and rents for the market rate projects.

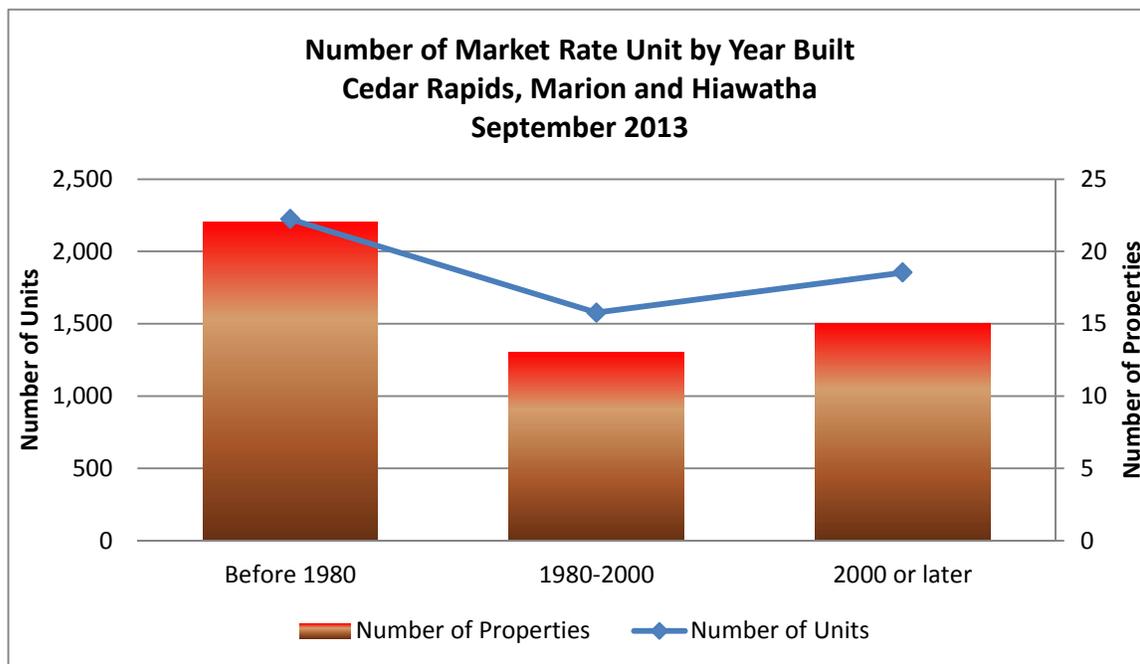
#### ***Market Rate***

- The newest market rate rentals available in Cedar Rapids is Council Square, four rental townhome units with 1,052 square feet in two- and three-bedroom configurations that rent from \$1,150 to \$1,350 per month, excluding all utilities. Properties included in the rental survey were built from 1966 to 2012. Many properties were built in the 1990s and 2000s (% of the total). The median year built of properties surveyed is 1990. About one-third of Cedar Rapids' market rate rental units were constructed in 2000 or later.
- A total of 131 vacancies were found, resulting in a vacancy rate of 2.3% as of September 2013. This compares to a vacancy rate of 2.2% in the April 2012 survey.

**TABLE 19  
SUMMARY OF MARKET RATE RENTAL UNITS IN SURVEY  
CEDAR RAPIDS AND MARION  
September 2013**

<b>Unit Type</b>	<b># of Units</b>	<b>Avg. Size</b>	<b>Avg. Rent</b>	<b>Avg. Rent/ Sq. Ft.</b>
EFF	43	474	\$343	\$0.72
1BR	2,115	502	\$451	\$0.90
2BR	3,309	739	\$573	\$0.78
3BR	186	1,373	\$794	\$0.58
4BR	0	0	0	n/a
Total	5,653	671	\$553	\$0.82

Source: Maxfield Research Inc.



- The unit mix breakdown of the market rate units reflects the following:
  - Efficiency units: 43 | 0.8%
  - One-bedroom units: 2,115 | 37.6%
  - Two-bedroom units: 3,309 | 58.5%
  - Three-bedroom units: 186 | 3.3%

## RENTAL MARKET ANALYSIS

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- The following are the monthly rent ranges and average rent for each unit type:
  - Efficiency units: \$385 to \$599 | Avg. \$343
  - One-bedroom units: \$335 to \$840 | Avg. \$451
  - Two-bedroom units: \$435 to \$1,100 | Avg. \$573
  - Three-bedroom units: \$635 to \$2,150 | Avg. \$794
- The average monthly rent per square foot among those surveyed properties was \$0.82. Rent per square foot varied by unit type as illustrated below:
  - Efficiency units: \$0.72
  - One-bedroom units: \$0.90
  - Two-bedroom units: \$0.78
  - Three-bedroom units: \$0.58
- Newer properties, those built after 2000 typically have a higher level of in-unit amenities and features than those built prior to 2000. Most properties offer a patio or balcony, and common laundry on-site. Some properties have detached garage stalls and some do not. Rental townhomes and properties built after 2000 may also have an in-unit washer/dryer.
- Compared to approximately one year ago in April 2012, the overall market rate rental vacancy rate was 2.1%. Monthly rents increased at some properties, but remained the same at others. It appears from the survey that monthly rents increased by more at properties that are smaller and where units are designed as townhomes with individual private entrances. The average annual increase over the past year has been about 1.3%, lower than inflation.
- During the survey, we noted that a higher proportion of properties were offering some type of rental concession for the upcoming months of September and October 2013. Rental concessions varied with some offering discounts off the security deposit, a few offering one month's rent free and some other product offerings rather than rent discounts. In previous years, rental concessions had been very limited. This is likely a temporary situation rather than an indication of an oversupply in the market.
- Average rent for market rate units increased most among efficiencies and one-bedroom units. This may be only related to this point in time. However, other markets outside of Cedar Rapids are also experiencing higher demand for small unit types primarily because household sizes are decreasing and more households are choosing to live alone.
- Two-bedroom units are the most common among market rate properties accounting for 59% of the total surveyed. This is typical of properties that were built after 1975 and prior to 2000. However, there have been a number of two-bedroom townhome units that have been added to the Cedar Rapids rental market in the previous decade.

<b>RENT INCREASE-MARKET RATE RENTALS</b>			
	<u>April '12</u>	<u>Aug. '13</u>	<u>Percent Change</u>
EFF	\$317	\$343	8.2%
1BR	\$435	\$451	3.7%
2BR	\$602	\$573	-4.8%
3BR	\$849	\$794	-6.5%
Average	\$546	\$553	1.3%

Source: Maxfield Research Inc.

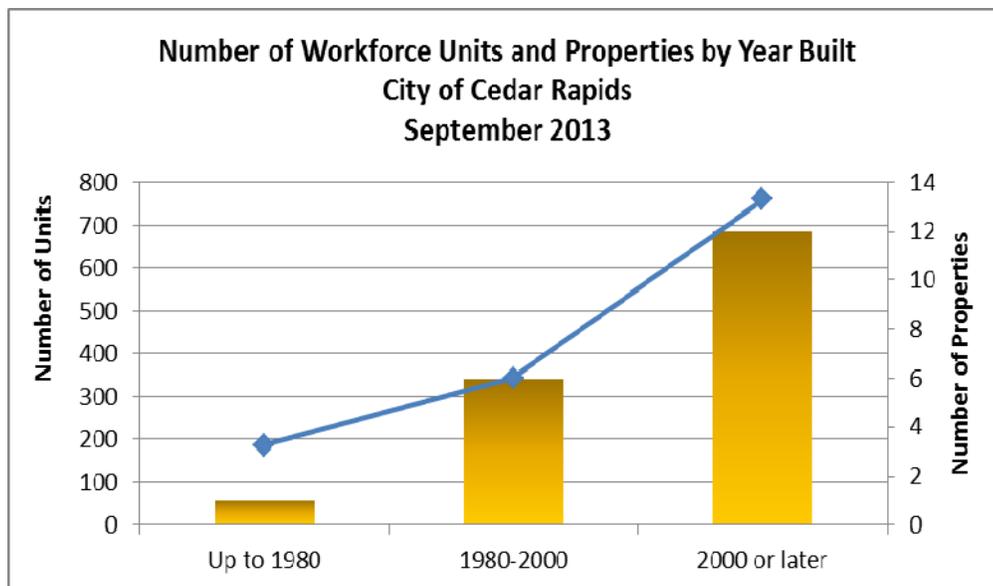
### ***Affordable/Workforce Housing***

- Maxfield Research Inc. identified 19 properties with a total of 1,111 units in Cedar Rapids and Marion that provide affordable rental housing to the market. The majority of these developments are targeted to low and moderate income households (incomes between 40% and 60% of Area Median Income) with rents that are set below market rate. However, current rent levels in Cedar Rapids for market rate properties remain low. Therefore, new affordable rental developments must compete in the market against properties that have no income restrictions. Although new properties are usually preferred by prospective renters, income restrictions reduce the pool of prospective renters that can qualify to reside at the property. Households that are quite price-sensitive may elect to reside in a lower-priced market rate property where there is less paperwork and fewer restrictions. Some newer Low Income Housing Tax Credit properties (LIHTC) have approached the rent issue by qualifying renters at a higher percentage (say 50% of Area Median Income), but lowering the rent levels to 40% of AMI to expand their potential pool of tenants.
- Table 21 shows a summary of low/moderate income units by unit type with average rents and average size and the proportion of units surveyed of a particular unit type. As shown on the table, the average rent for the properties was \$716 per month with an average unit size of 1,006 square feet, or an average rent per square foot of \$.71. The highest proportions of units are two- and three-bedroom units with 48% and 30%, respectively of the total. As of the survey, the overall vacancy rate was 2.6% with 34 units vacant. The estimated current vacancy rate is below the 5% level considered to be market equilibrium where the market would be in balance between supply and demand. With a level below the 5% rate, there appears to be pent-up demand for additional affordable units. As mentioned previously, there is likely some overlap between market rate rental units with lower rent levels and affordable housing in Cedar Rapids.

**TABLE 21  
RENT SUMMARY FOR AFFORDABLE UNITS  
CEDAR RAPIDS/MARION  
September 2013**

<b>Unit Type</b>	<b>No. of Units</b>	<b>% of Units</b>	<b>Avg. Rent</b>	<b>Avg. SF</b>	<b>Avg. R/SF</b>
EFF	39	2.8%	\$353	412	\$0.86
1BR	268	16.6%	\$556	672	\$0.83
2BR	499	48.0%	\$811	1,150	\$0.71
3BR	283	30.3%	\$739	1,130	\$0.65
4BR	22	2.4%	\$864	1,276	\$0.68
<b>TOTAL</b>	<b>1,111</b>	<b>100.0%</b>	<b>\$716</b>	<b>1,006</b>	<b>\$0.71</b>

Sources: Iowa Housing Authority; Maxfield Research Inc.



- Only one of the 19 properties was built prior to 1980, six of the properties were built between 1990 and 2000 and the remaining 12 (58%) were built in 2000 or later.
- The newest affordable developments are located in the Downtown area in the SE Quadrant of the City. Oak Hill Jackson Brownstones, 96 units, was built in 2010 and The Villages Apartments was built in 2011. Additional apartments are currently planned for the area, but are expected to be somewhat smaller in scale and predominantly market rate. These properties generally more amenities and upscale unit finishes. Rents at these properties are generally targeted to households earning no more than 50% of the Area Median Income. Amenities include central heat and air, 9 foot ceilings, computer lounge, kitchen islands, dishwasher with garbage disposal, reserved and secure parking, among other amenities.

## RENTAL MARKET ANALYSIS

- Table 22 below shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Linn County. These income qualifications are utilized for housing developments that are financed through the Section 42 or Low-Income Housing Tax Credit Program (LIHTC).

PP/Household	Percent of Median Income				
	40%	50%	60%	80%	
1 person	\$20,080	\$25,100	\$30,120	\$40,150	
2 person	\$22,960	\$28,700	\$34,440	\$45,900	
3 person	\$25,840	\$32,300	\$38,760	\$51,650	
4 person	\$28,680	\$35,850	\$43,020	\$57,350	
5 person	\$31,000	\$38,750	\$46,500	\$61,950	
6 person	\$33,280	\$41,600	\$49,920	\$66,550	
7 person	\$35,600	\$44,500	\$53,400	\$71,150	
8 person	\$37,880	\$47,350	\$56,820	\$75,750	
Maximum Gross Rents by Unit Type					
	OBR	1BR	2BR	3BR	4BR
40%	\$502	\$538	\$646	\$746	\$832
50%	\$627	\$672	\$807	\$932	\$1,040
60%	\$753	\$807	\$969	\$1,119	\$1,248
Source: Iowa Housing Authority					

### ***Subsidized Housing/Project-Based Assistance***

The US Housing and Redevelopment Authority (HUD) administers and supports the Section 8 housing program. This program was originally developed by HUD and substantial numbers of buildings were constructed in the 1960s and 1970s. HUD eventually transitioned the project-based Section 8 program to the Voucher system where the housing subsidy stays with the household and not with the unit.

Maxfield Research Inc. identified three family housing properties in Cedar Rapids that have project-based subsidies. These developments are shown on Table 23. There are a total of 157 units among three projects with no vacancies. Residents pay 30% of their adjusted gross income for rent based on household size. The unit mix among these three properties is skewed toward smaller size units. Usually, there is a greater need for larger size unit types such as three-bedroom and four-bedroom units, but the survey identified very few of these under this program.

<b>TABLE 23 AFFORDABLE FAMILY HOUSING CEDAR RAPIDS September 2013</b>					
Project Name/Location	Year Built	Units			Monthly Rent
		No.	Mix	Vacant	
<b>Glenbrook Apartments</b> 4341 1st Ave. SE	1978	25	21 - 1BR	0	30% of AGI
			4 - 2BR	0	30% of AGI
<b>Hawthorne Hills</b> 2247 C Street SW	1969	122	40 - Studio	0	30% of AGI
			32 - 1BR	0	30% of AGI
			32 - 2BR	0	30% of AGI
			18 - 3BR	0	30% of AGI
<b>Oak Park Village</b> 1350 15th Street SE	1982	10	6 - 2BR	0	30% of AGI
			4 - 3BR	0	30% of AGI
<b>Total</b>		<b>157</b>			
				<b>0</b>	
				<b>Vacancy Rate</b>	<b>0.00%</b>
Source: Maxfield Research Inc.					

***Subsidized Housing Assistance Program***

In addition to apartments that receive a property-based subsidy, the City of Cedar Rapids also administers a “tenant-based” subsidy called *Housing Choice Vouchers* to assist low-income households find affordable housing in the private market. The tenant-based subsidy is funded by the Department of Housing and Urban Development’s (HUD). Under the Housing Choice Voucher program (formerly Section 8 Certificates and Vouchers) qualified households are issued a voucher that the household can take to an apartment in the private market. The amount of the rental assistance that is provided to the household is based on the household’s adjusted gross income and the maximum fair market rent level that has been identified by HUD. The amount of subsidy paid to the landlord is the difference between the above two factors. If the rent being charged by the landlord is higher than the amount allowed, the prospective tenant can decide to pay the difference or to find another unit to rent that does not exceed the maximum fair market rent level. The household’s contribution to the monthly rental amount is 30% of their adjusted gross income for rent and utilities. Applicants in the City of Cedar Rapids may be eligible for the program if their income is below the current limits shown in Table 24, which are set by HUD annually.

Currently, the Housing Department in Cedar Rapids has a total of 1,149 active families in the Housing Choice Voucher Program. There is a waiting list of approximately another 1,935 households because the number of vouchers remains insufficient to satisfy the need for housing that will target households with very low and extremely low incomes. The majority of households that are on the wait list are waiting for one- or two-bedroom units. These households account for 82% of the names that are on the wait list. Large households, those that are more than four people in size, account for less than 1% of the names that are on the wait list. Annual turnover in the Housing Voucher Program is 14% or about 160 units annually. However,

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the number of households on the wait list has remained at between 1,900 and 2,000 for several years. Depending on a number of different factors, the estimated wait time for a voucher could be as long as ten years.

	<b>People per Household</b>							
	1PP	2PP	3PP	4PP	5PP	6PP	7PP	8PP
30% of Income	\$15,050	\$17,200	\$19,350	\$21,500	\$23,250	\$24,950	\$26,700	\$28,400
50% of Income	\$25,100	\$28,700	\$32,300	\$35,850	\$38,750	\$41,600	\$44,500	\$47,350
60% of Income	\$30,120	\$34,440	\$38,760	\$43,020	\$46,500	\$49,920	\$53,400	\$56,820
80% of Income	\$40,150	\$45,900	\$51,650	\$57,350	\$61,950	\$66,550	\$71,150	\$75,750
	0BR	1BR	2BR	3BR	4BR			
Fair Market Rents	\$431	\$536	\$725	\$982	\$1,093			

Source: HUD

### Pending Rental Developments

Maxfield Research Inc. interviewed City staff in Cedar Rapids to determine pending and planned rental developments. As of September 2013, there are four pending housing developments in Cedar Rapids, two of which are currently under construction.

#### Cedar Rapids-Outside of Downtown

##### *General Occupancy Properties*

**Riverview Place** is under construction and scheduled for completion in 2014. The property will feature 119 rental units, affordable (51%) and market rate (49%). The affordable units will have rents targeted to households earning 80% or less of the Area Median Income. The market rate units will have no income restrictions. The property is located at 3500 Edgewood Road and is being developed by High Development.

High Development is also planning to construct 10 duplexes (20 units) called **Sugar Creek Villas** in the Sugar Creek residential community in Northwest Cedar Rapids.

##### *Age-Restricted Properties*

Real Estate Equities recently started construction on a 65-unit senior cooperative. **Village Cooperative** is located in NW Cedar Rapids and will feature one- and two-bedroom units. Unit sizes range from 921 square feet for a one-bedroom unit (7 units) to 1,394 square feet for a two-bedroom unit (58 units). Real Estate Equities has constructed many similar cooperative developments throughout Minnesota and Iowa including properties in Ames, Asbury, Burling-

ton, Clinton, Cedar Falls, Marshalltown, Mason City, Sioux City and West Des Moines. Construction is expected to be complete in 2014. The property is targeting middle and upper-middle income independent seniors that may prefer an ownership living option to a purely rental format.

### Rental Properties-Downtown Cedar Rapids

#### *General Occupancy*

**Coventry Lofts**, a 19-unit market rate rental property is currently under development in Downtown Cedar Rapids. A renovation of the former Coventry Mall, construction is anticipated to be completed by August 2014. The units are already pre-leased and there is a waiting list.

Local developer Allan Lerch has proposed to develop 26 units of market rate rental housing in a mixed-use building called **NewBo Station** in the New Bohemia district of Cedar Rapids. The building would be located at 1020 and 1028 3<sup>rd</sup> Street SE. Other components of the project include a 14-room extended stay hotel and event hall on the second floor, office space on the first floor and a below-ground cinema.

Local developer Fred Timko has started construction on 17 units of condominium housing in what has been recently named "Kingston Village," an area of the core that is located directly across the River from the Downtown Central Business District. Kingston Village is bounded by Cedar River and Interstate 380 on the east, First Avenue West on the north, Sixth Street on the west and Eighth Avenue SW on the south. The units are planned to be available in fall 2014. *Ahmann Properties* has proposed four rowhouse units in Downtown Cedar Rapids. The units are planned to be for-sale and would come on-line sometime in 2015.

**Ellis Village**, 29 units would be developed in the northwest neighborhood near Downtown Cedar Rapids through a conversion of an existing warehouse. The Cedar Rapids Neighborhood Development Corporation recently received a grant to help fund a portion of the development costs for this project.

Hatch Development Group received grant funding for their proposed 30-unit **9<sup>th</sup> Avenue SE Brickstone** apartments in Downtown Cedar Rapids. Construction is likely to start in spring 2014 with completion in 2015.

Robert Schaffer has proposed 10 units of new construction housing in the New Bohemia District. **NewBo West** is expected to be available sometime in late 2014 or early 2015.

KHB Redevelopment Group LLC plans to renovate the former **Gatto Building** located at 102 Third Avenue SW with commercial retail or office on the first floor and residential units on the second floor.

### Senior Housing Defined

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

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

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

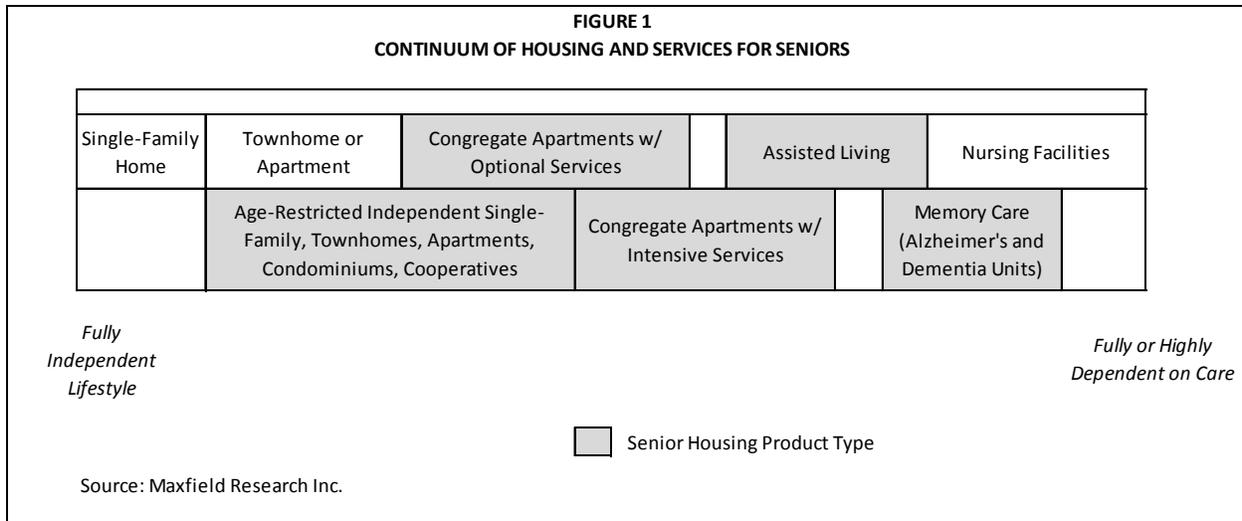
Congregate/Service-Intensive; where support services such as meals and light housekeeping are included in the monthly rents;

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

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

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

The five senior housing products offered today form a continuum of care (see Figure 1 on the following page), from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.



### Senior Housing in Cedar Rapids and Surrounding Area

As of September 2013, Maxfield Research identified 15 senior housing developments encompassing a variety of service levels in Cedar Rapids. Combined, these properties contain more than 484 units. Eight of the properties provide housing to households that earn 50% or less of the Area Median Income. Residents pay 30% of their adjusted gross income monthly for rent. Another two properties were funded through the Low Income Housing Tax Credit Program and offer moderate rents for households whose incomes do not exceed the maximum threshold. The remaining properties are market rate.

Two properties, Cottage Grove Place and Methwick Community have segments of their campuses where residents must pay an entry fee which guarantees them care throughout their residency at the facility. These facilities are known as Continuing Care Retirement Communities or CCRC's. Both Cottage Grove Place and Methwick Community offer independent living, assisted living, memory care and skilled nursing care. Residents move into the community when they are independent and if additional care is needed, either temporarily or permanently, the resident may avail themselves of that care without leaving the campus.

Table 25 provides a summary of information on market rate senior properties in Cedar Rapids by service level. Information in the table includes median year built, total number of units by service level, average unit size, rent range by service level, number of vacant units and general comments about current market conditions among age-restricted market rate properties.

The following are key points from the senior housing survey.

***Market Rate Senior Housing Properties***

There are a variety of market rate housing options for seniors in Cedar Rapids including active adult living (ownership and rental formats), independent living with optional or included services, assisted living (personal care), memory care (Alzheimer’s/dementias) and skilled nursing.

The survey includes primarily larger facilities with more than 20 units. A new age-restricted cooperative project is under construction and is being developed by Real Estate Equities, headquartered in the Twin Cities. The property will feature one-, two- and two-bedroom plus units. To date more than 50% of the units have been sold and occupancy is scheduled for next fall 2014.

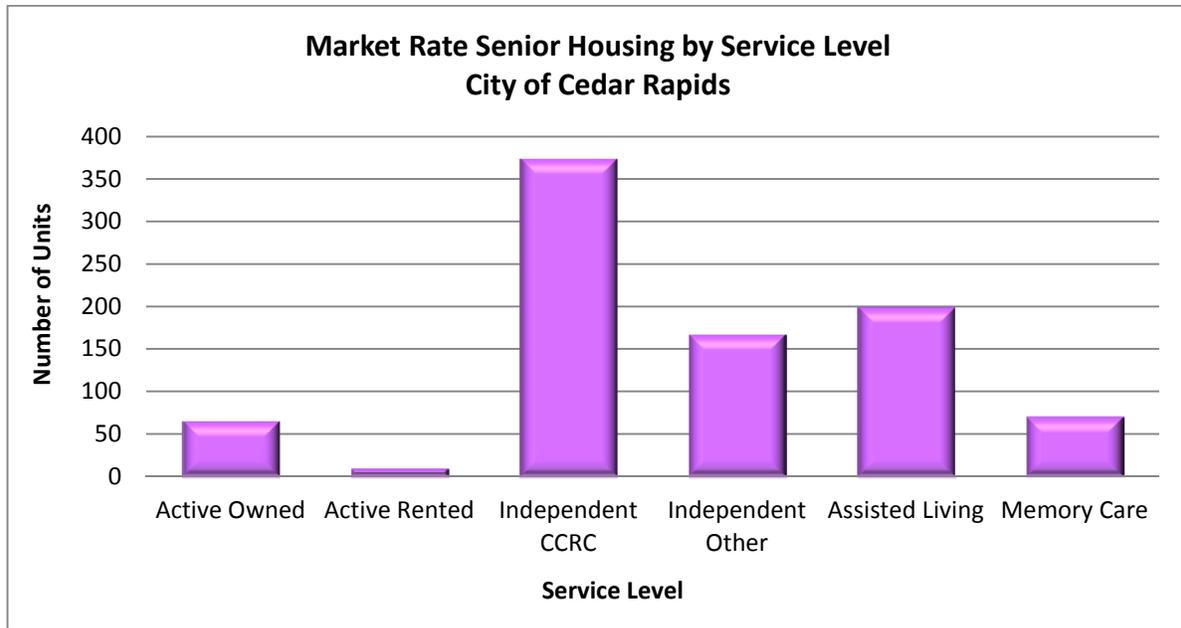
The largest number of independent living units is currently located within the two Continuing Care Retirement Communities in Cedar Rapids, Cottage Grove Place and Methwick Community. These two campuses contain approximately 40% of all of age-restricted market rate senior housing units in Cedar Rapids.

The average size of units varies by service level. Unit sizes typically decrease the higher the level of care being received by the resident.

The survey included 1,015 age-restricted senior units among varying service levels. Average size of all units was 671 square feet with an average monthly fee of \$3,224, which equates to an average per square foot rent of \$5.24. The higher per square foot rents for senior properties is due to the high level of care that is provided at most of these facilities including three meals per day, transportation, housekeeping, and general oversight. For higher levels of care such as assisted living and memory care, additional services include bathing, dressing, grooming, personal laundry and linens, medication administration and oversight, escorts to meals, and other personal cares.

<b>Service Level</b>	<b># of Units</b>	<b>Avg. Size</b>	<b>Average Rent/Fee Range</b>	<b>Avg. Rent/Sq. Ft.</b>
Active Adult-Owned	65	1,065	\$850 - \$1,400	\$0.80 - \$1.31
Active Adult-Rented	90	850	\$750 - \$2,450	\$0.88 - \$2.88
Independent-CCRC	374	1,010	\$2,000 - \$4,800	\$1.98 - \$4.75
Independent-Congregate	167	721	\$2,500 - \$4,517	\$3.47 - \$6.26
Assisted Living	249	571	\$3,475 - \$4,950	\$6.09 - \$8.67
Memory Care	70	427	\$4,800 - \$6,200	\$11.24 - \$14.52
<b>Total</b>	<b>1,015</b>	<b>671</b>	<b>\$3,224</b>	<b>\$5.24</b>

Source: Maxfield Research Inc.



The survey of market rate age-restricted properties identified overall low vacancy rates. The CCRCs have somewhat higher vacancy rates than the non-CCRC properties, primarily due to the higher entry fees required by these properties. Vacancies among all service levels including independent living, assisted living and memory care were all low. Many properties had only one or two units available and some properties had waiting lists for specific types of units. The survey identified an overall vacancy rate among all age-restricted units of 18 units for an overall vacancy rate of 2.0%, which is considered low. This vacancy rate excludes units at the Village Cooperative which is in its initial pre-sales stage. Among the independent living properties, there were typically waiting lists for the two-bedroom units, of which there are fewer in the market. Most senior properties have higher proportions of one-bedroom units.

***Affordable Senior Properties***

Table 26 shows the two affordable independent senior properties located in Cedar Rapids. A third property, Irving Pointe assisted living is also affordable and was included in our survey of enhanced service facilities.

As shown on the table, there were no units vacant among the affordable senior properties. In addition, Legacy Manor apartments opened for occupancy in June 2013 and as of September 2013, the property was full occupied with a waiting list. This indicates pent-up demand for additional affordable senior units in the Cedar Rapids market.

<b>TABLE 26</b> <b>AFFORDABLE SENIOR PROPERTIES</b> <b>CEDAR RAPIDS</b> <b>September 2013</b>					
Project Name/Location	Year Built	Units			Monthly Rent
		No.	Mix	Vacant	
<b>Cedar Crest Apartments</b> 1100 "O" St. NW	2010	45	36 - 1BR (Aff) 9 - 1BR (Mkt)	0	1BR - \$450 1BR - \$750
<b>Legacy Manor Apartments</b> 1225 42nd Street SE	2013	60	30 - 1BR 30 - 2BR	0	1BR - \$475 2BR - \$595
<b>Total</b>		<b>105</b>		<b>0</b>	
				<b>Vacancy Rate</b>	<b>0.00%</b>
Source: Maxfield Research Inc.					

***Subsidized Senior Properties***

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents’ incomes and based on 30 percent of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Subsidized properties are typically limited to households earning 50% or less of Linn County’s area median income after adjusted for household size and medical expenses.
- As of September 2013, Cedar Rapids had a total of 587 units in seven subsidized properties designated for residents age 62 years or older. Three units were vacant for an overall vacancy rate of 0.51%, indicating pent-up demand for subsidized senior rental units.
- All but one of the units is a one-bedroom unit. Typically units sizes at subsidize senior projects are smaller than many of the market rate senior rental projects. One-bedrooms range from 500 to 618 square feet.

**RENTAL HOUSING ANALYSIS**

<b>TABLE 27</b> <b>SUBSIDIZED SENIOR RENTAL PROJECTS</b> <b>CEDAR RAPIDS</b> <b>September 2013</b>					
Project Name/Location	Year Built	Units			Monthly Rent
		No.	Mix	Vacant	
<b>Cedar Village</b> 193 Jacolyn Drive	1977	48	48 - 1BR	0	30% of AGI
<b>Five Seasons Senior Housing</b> 1225 42nd Street SE	1994	54	54 - 1BR	0	30% of AGI
<b>Geneva Tower</b> 310 5th Avenue SE	1977	183	132 - EFF 51 - 1BR	0 0	30% of AGI
<b>Linwood</b> 4845 Johnson Ave. NW	1979	100	100 - 1BR	1	30% of AGI
<b>Oak Hill Manor</b> 1201 15th Street SE	1974	96	80 - EFF 16 - 1BR	1 0	30% of AGI
<b>The Meadows</b> 1030 Memorial Dr. SE	1980	66	66 - 1BR	0	30% of AGI
<b>Westover Manor</b> 205 40th Street SE	1989	40	30 - EFF 10 - 1BR	1 0	30% of AGI
<b>Total</b>		<b>587</b>		<b>3</b>	
				<b>Vacancy Rate</b>	<b>0.51%</b>
Source: Maxfield Research Inc.					

### Introduction

Maxfield Research Inc. analyzed the for-sale housing market in Cedar Rapids through an analysis of home sales and active listings, identifying active subdivisions and pending developments.

### Overview of For-Sale Housing Market Conditions

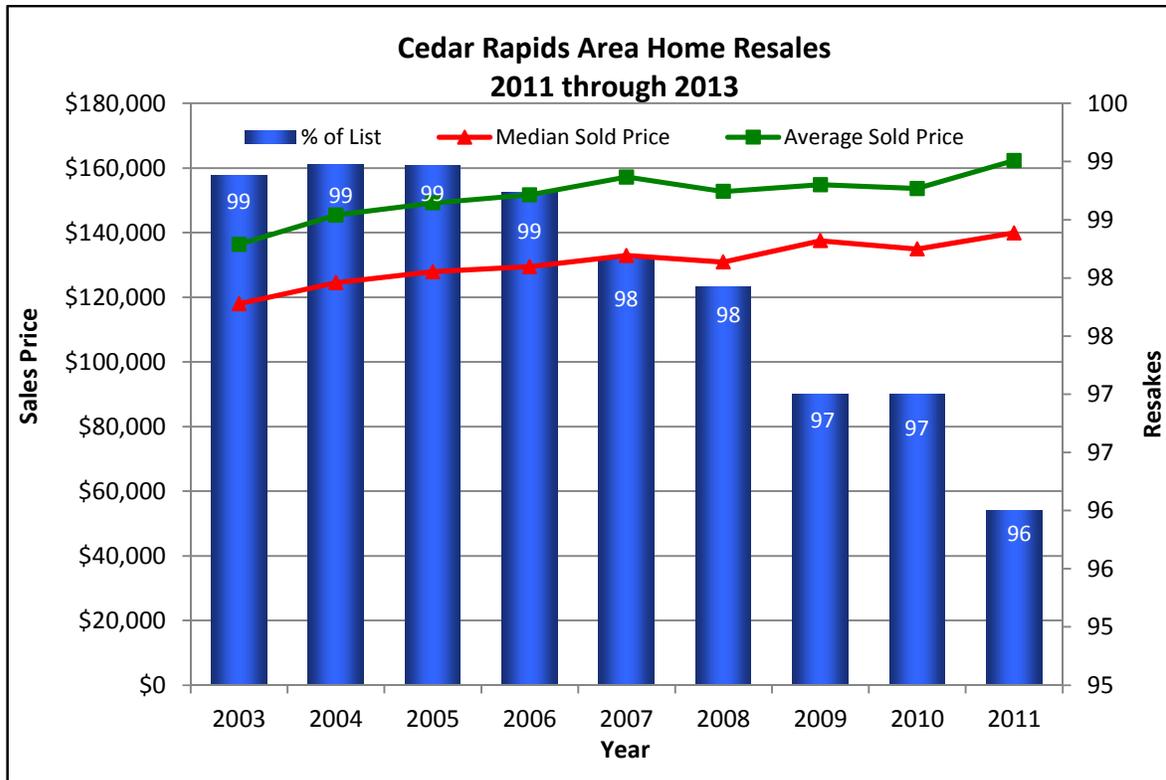
Table 28 presents home resale data on home resales in the Cedar Rapids Metro Area from 2011 through 2013 for the month of July and for the period January through July. The data was obtained from the Cedar Rapids Area Association of Realtors. Data shows market activity, average sold price and the number of days on market. A breakdown between single-family and multifamily was not available however the majority of the sales were single-family.

- The table shows that the average sold price in Cedar Rapids during the month of July year-over-year decreased modestly from \$152,722 in July 2011 to \$147,795 in July 2013. However, sales activity increased moving up from 190 homes sold in 2011 to 220 in July 2013. Average days on market fell from 100 in July 2011 to 79 days in July 2013. Although the average home price fell slightly, market activity and the time it takes to sell a home were reduced.
- The table shows that sales in Cedar Rapids accounted for approximately 72% of home sales in the Cedar Rapids Metro Area. Over the entire MLS, Cedar Rapids accounted for approximately 42% of all sales through the Multiple Listing Service.
- Data was similar for the period of January through July 2011 through 2013 for each of the areas (Cedar Rapids, Metro and all MLS). Days on market has decreased each of those years and over the six-month period, the average sold price has increased. For Cedar Rapids, the average sold price increased from \$137,620 for the six-month period in 2011 to \$151,731 for the same period in 2013, an increase of 10.5 percent. The largest increase occurred between 2012 and 2013, when the average price increased by 8.2%.

**TABLE 28  
HOME RESALES  
CEDAR RAPIDS AND SURROUNDING AREA  
2011-2013**

	<b>No. Sold</b>	<b>Avg. Sold Price</b>	<b>Avg. DOM</b>
July 2011 CR	190	\$152,722	100
July 2012 CR	183	\$150,876	99
July 2013 CR	220	\$147,795	79
July 2011 Metro	261	\$157,890	101
July 2012 Metro	256	\$158,961	92
July 2013 Metro	302	\$167,044	85
July 2011 All MLS	414	\$165,616	95
July 2012 All MLS	444	\$166,505	93
July 2013 All MLS	501	\$182,322	88
Jan-July 2011 CR	1,048	\$137,620	101
Jan-July 2012 CR	1,073	\$140,290	102
Jan-July 2013 CR	1,159	\$151,731	88
Jan-July 2011 Metro	1,456	\$147,860	103
Jan-July 2012 Metro	1,482	\$151,930	99
Jan-July 2013 Metro	1,631	\$163,535	92
Jan-July 2011 All MLS	2,188	\$151,650	103
Jan-July 2012 All MLS	2,334	\$161,604	100
Jan-July 2013 All MLS	2,607	\$175,214	90

Source: CR Area Realtor's Association



**TABLE 29  
HOME RESALES BY SUBMARKET  
CEDAR RAPIDS AND MARION  
2011, 2012, and Jan-July 2013**

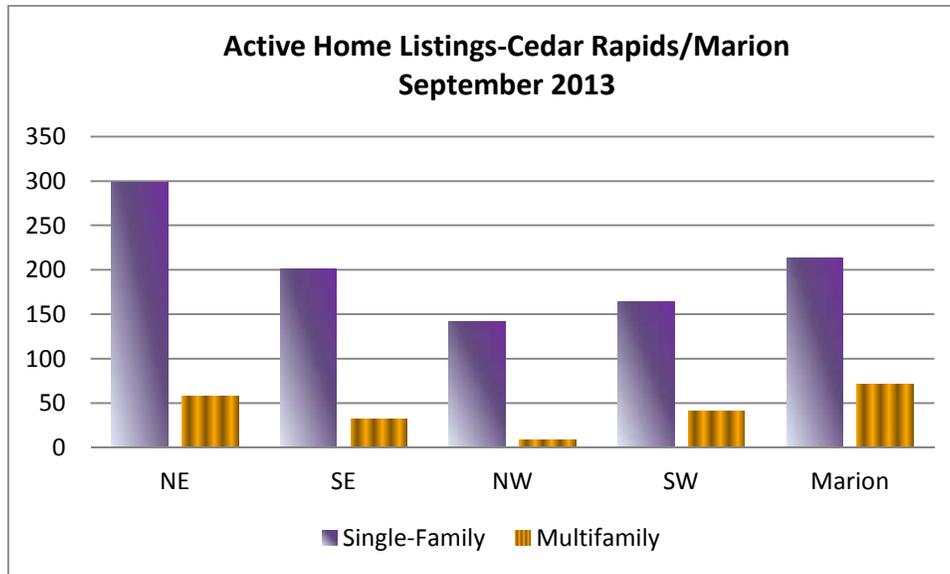
	SE Quadrant	NE Quadrant	SW Quadrant	NW Quadrant	Marion
<b>Jan-July 2013</b>					
No. Sold	252	427	289	191	390
Avg. Sale Price	\$159,825	\$165,728	\$136,334	\$133,059	\$181,621
Avg. DOM	99	80	99	82	103
<b>All 2012</b>					
No. Sold	383	693	491	362	632
Avg. Sale Price	\$144,358	\$158,461	\$135,528	\$124,265	\$180,748
Avg. DOM	99	80	99	82	103
<b>All 2011</b>					
No. Sold	390	657	474	339	620
Avg. Sale Price	\$141,981	\$151,241	\$126,024	\$133,570	\$167,800
Avg. DOM	115	85	109	91	97

Source: CR Area Association of Realtors

## **Current Supply of Homes on the Market**

Maxfield Research Inc. reviewed the current market for available owner-occupied homes in Cedar Rapids and Marion on the market (listed for sale). Table 30 shows the number of homes and price ranges currently listed for sale in Cedar Rapids and Marion by quadrant. The data was gathered from the Multiple Listing Service from Iowa Realty Cedar Rapids and is based on listings active as of September 2013. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table 30 shows listings for single-family and multifamily (condominium, townhome, zero-lot line and detached townhome or condominium).

- As of September 2013, there were 945 existing homes in Cedar Rapids and 284 existing homes in Marion listed for sale. In addition to these existing homes, there were another 48 new construction homes in Cedar Rapids and 39 new construction homes in Marion listed for sale.
- Resale pricing for existing homes span a broad range with homes available for under \$50,000 all the way up to more than \$1.0 million. Many of the homes that are listed for less than \$50,000 are located in the core neighborhoods in Cedar Rapids. A portion is foreclosure or short sales. These homes are essentially being marketed as homes for remodeling, but more often as homes for investors that may be leased out to renters. A number of the homes that are listed for sale at this price range already have tenants living in the home.
- New construction homes that are currently listed for sale span a narrower price range, from \$100,000 for a fully remodeled older home in the SE Quadrant to \$584,900 for a new construction home in the NE Quadrant. The low end of the new construction homes starts in the mid- to upper \$100s and generally extends to about \$500,000.
- During this year's Fall 2013 Parade of Homes, 24 new construction and 4 remodeled homes were showcased. Most of the new construction homes showcased were priced from the mid-\$300,000s to the mid-\$600,000s.
- Based on a median list price in Cedar Rapids area of about \$152,000, the income required to afford a home at this price would be about \$43,500 to \$50,700, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 65.2% of households in Cedar Rapids have annual incomes at or above \$42,700.
- Single-family homes accounted for 84.0% of all active listings. The remaining listings are multifamily homes (16.0%).



**TABLE 31**  
**ACTIVE LISTINGS BY SUBMARKET**  
**September 2013**

Property Type	Listings	Pct.	Price Range
<b>Single-Family-Resales</b>			
NE	299	29.3%	\$29,000 - \$899,900
SE	201	19.7%	\$21,420 - \$2,270,000
NW	142	13.9%	\$109,950 - \$389,900
SW	164	16.1%	\$36,750 - \$1,015,000
Marion	213	20.9%	\$50,000 - \$1,850,000
<b>Total/Average</b>	<b>1,019</b>	<b>100.0%</b>	<b>\$49,424 - \$1,284,960</b>
<b>Multifamily-Resales</b>			
NE	58	27.6%	\$64,999 - \$238,000
SE	32	15.2%	\$59,900 - \$268,000
NW	8	3.8%	\$56,000 - \$459,000
SW	41	19.5%	\$60,000 - \$359,800
Marion	71	33.8%	\$70,000 - \$249,500
<b>Total/Average</b>	<b>210</b>	<b>100.0%</b>	<b>\$62,180 - \$314,860</b>
<b>New Construction</b>			
NE	24	38.1%	\$177,900 - \$584,900
SE	1	1.6%	\$100,000
NW	5	7.9%	\$137,500 - \$348,000
SW	18	28.6%	\$169,900 - \$569,900
Marion	39	61.9%	\$175,000 - \$450,000
<b>Total</b>	<b>63</b>	<b>100.0%</b>	<b>\$152,060 - \$455,967</b>

Sources: Multiple Listing Service-Cedar Rapids Area; Maxfield Research Inc.

**Lot Inventory**

Table 31 shows active listings of residential lots in platted subdivisions in Cedar Rapids and Marion. The table shows the number of active listings and the price range of those listings in each quadrant. Lot prices are highest in the southwest quadrant of Cedar Rapids.

- As of September 2013, Cedar Rapids and Marion had a total of 247 vacant lots currently available for sale.
- In Cedar Rapids alone, there were 168 lots currently marketing. This does not include all lots that may be available in additional new construction subdivisions.

<b>TABLE 31</b>			
<b>ACTIVE LOT LISTINGS BY SUBMARKET</b>			
<b>September 2013</b>			
<b>Property Type</b>	<b>Listings</b>	<b>Pct.</b>	<b>Price Range</b>
<b>Single-Family/Multifamily</b>			
NE	40	16.2%	\$17,000 - \$86,500
SE	13	5.3%	\$15,500 - \$154,900
NW	44	17.8%	\$13,000 - \$69,900
SW	71	28.7%	\$25,900 - \$240,000
Marion	79	32.0%	\$29,900 - \$105,000
<b>Total/Average</b>	<b>247</b>	<b>100.0%</b>	<b>\$20,260 - \$131,260</b>

Sources: Multiple Listing Service-Cedar Rapids Area; Maxfield Research Inc.

**Pending For-Sale Developments**

According to information provided by the City of Cedar Rapids, there are no pending for-sale housing developments currently awaiting approval at this time.

### Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Cedar Rapids. This section of the report presents our estimates of housing demand in Cedar Rapids from 2013 through 2020.

### Demographic Profile and Housing Demand

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

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

### 6. *Older seniors*

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

Cedar Rapids tends to have a somewhat higher proportion of younger households owning their housing at an earlier age. This may be a result of relatively modest home prices for entry-level homes and a higher proportion of jobs in the community that pay living wage and professional salaries. This enables younger households to move into the for-sale market at a younger age that would be true in other larger metropolitan areas where housing prices are higher.

In general, it appears as though seniors are moving to alternate housing when they are about in their mid-70s, which is typical of most areas. Those moving to assisted living tend to do so in their mid-80s or older, depending on their health conditions.

The baby boom generation is anticipated to continue to have the largest effect on the housing market in Cedar Rapids as their life cycle continues. Baby boomers are currently ages 49 to 67, and as they age over this decade, they will increase the population in the age groups 55 to 64, and 65 to 74. The 55 to 64 and 65 to 74 age groups in the Cedar Rapids Area are expected to see increases of 2,610 and 3,428 people, respectively, between 2010 and 2020. Some of these baby boomers will prefer more expensive single-family homes, while others who become empty nesters may prefer to downsize or desire maintenance-free alternatives. With the baby busters following in the baby boomers' wake, the age group 35 to 54 is anticipated to decline, somewhat decreasing the overall demand for move-up housing. This may result in homeowners deciding to remain in their homes longer and is likely to increase the demand for remodeling.

## **Estimated Demand for For-Sale Housing**

Table 32 presents our demand calculations for general occupancy for-sale housing in Cedar Rapids between 2012 and 2020. Demand

Between 2012 and 2020, the City of Cedar Rapids is projected to add 5,305 new households and the Tri-City Area (Housing Market Area) is projected to add 7,689 new households. Based on the analysis of household growth forecasts in specific age cohorts and projected income levels, it is estimated that 70% of these households will support demand for general occupancy housing products (i.e. vs. senior housing), generating total demand for 3,713 new general occupancy housing units through 2020.

Demand for housing is apportioned between ownership and rental housing products. According to the 2010 U.S. Census data, approximately 65% of households under age 65 owned their housing in 2010 in Cedar Rapids. Because areas outside of the City of Cedar Rapids

## HOUSING DEMAND ANALYSIS

generally have a somewhat higher ownership rate, this proportion would be higher for the Cedar Rapids Metro Area. Applying a proportion of 68% of households under age 65 to the new household formation figures for Cedar Rapids yields demand for 2,525 new general occupancy for-sale units between 2013 and 2020 or an estimated average of about 360 units per year.

<b>TABLE 32 FOR-SALE HOUSING DEMAND CITY OF CEDAR RAPIDS 2013 to 2020</b>			
<b>Demand from Projected Household Growth</b>			
Projected household growth in the Cedar Rapids Market Area 2013 to 2020 <sup>1</sup>			5,305
(times) Pct. of HH growth for general occupancy housing <sup>2</sup>	x	<u>70%</u>	
(equals) Projected demand for general occupancy units	=		3,714
(times) Propensity to Own <sup>3</sup>	x	<u>68%</u>	
<b>(equals) Total demand potential for ownership housing (2013 to 2020)</b>	<b>=</b>		<b>2,525</b>
<b>Demand from Existing Owner Households</b>			
Number of owner households (age 64 and younger) in PMA, 2013			36,822
(times) Estimated percent of owner turnover <sup>4</sup>	x	<u>20%</u>	
(equals) Total existing households projected to turnover	=		7,364
(times) Estimated percent desiring new housing	x	<u>5%</u>	
(equals) Demand from existing households			368
<b>(equals) Total demand from household growth and existing households, 2013 to 2020</b>	<b>=</b>		<b>2,893</b>
(times) Demand from outside Cedar Rapids			20%
<b>(equals) Total demand potential for ownership housing, 2013-2020</b>			<b>3,617</b>
		<b>Single Family</b>	<b>Multi- family*</b>
(times) Percent desiring for-sale single-family vs. multifamily <sup>5</sup>	x	<u>80%</u>	<u>20%</u>
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	2,893	723
(minus) Units under construction <sup>6</sup>	-	220	56
(equals) Excess demand for new general occupancy for-sale housing	=	<b>2,673</b>	<b>667</b>
(times) Percent capturable by Cedar Rapids	x	80%	80%
<b>(equals) number of units supportable by the City of Hutchinson</b>		<b>2,139</b>	<b>534</b>
<sup>1</sup> Estimated household growth based on data data from the US Census, ESRI, CR Building Permits, and Maxfield Research Inc.			
<sup>2</sup> Pct. of household growth age 65 and younger (U.S. Census - 2010, ESRI, Maxfield Research Inc.).			
<sup>3</sup> Pct. Owner households age 65 and younger in the PMA (2010)			
<sup>4</sup> Based on on turnover from 2011 American Community Survey for households moving after 2006.			
<sup>5</sup> Based on preference for housing type and land availability			
<sup>6</sup> Units under construction.			
* Multi-family demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research Inc.			

## HOUSING DEMAND ANALYSIS

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Demand is also forecast to emerge from existing Market Area householders through turnover. As of 2013, an estimated 36,822 owner-occupied households are located in Cedar Rapids. Based on mobility data from the Census Bureau, an estimated 20% of owner households will turnover in a five-year period, resulting in 7,364 existing households projected to turnover. Finally, we estimate 10% of the existing owner households will seek new for-sale housing, resulting in demand for 736 for-sale units through 2020 or approximately 105 units annually.

Next, we estimate that 20% of the total demand for new for-sale units in Cedar Rapids will come from people currently living outside of the Market Area. Adding demand from outside Cedar Rapids to the existing demand potential, results in a total estimated demand for 3,617 for-sale housing units to 2020 or about 516 units annually.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 80% of the for-sale owners will prefer traditional single-family product types while the remaining 20% will prefer maintenance-free multifamily products such as twinhomes, detached townhomes/condominiums or traditional condominiums.

Of these totals, we estimate that Cedar Rapids would be able to capture roughly 85% of the estimated total demand resulting in demand for 2,139 single-family and 534 multifamily units over the next seven years.

### **Estimated Demand for General-Occupancy Rental Housing**

Table 33 presents our calculation of general-occupancy rental housing demand in Cedar Rapids. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Cedar Rapids that want to upgrade their housing situations.

First, potential demand from new household growth by age group is calculated based on the propensity of households to rent their housing. For purposes of the analysis, there is a focus on households between the ages of 18 and 64 that will account for the vast majority of general-occupancy rental demand. Based on an analysis of household growth forecast in specific age cohorts, household growth is projected in every cohort except for the youngest cohort (under age 25). Next, the percentage of households that will likely rent their housing is calculated. In 2010, the percentage of renters ranged from about 83% among the under 25 age cohort to 22% among the 45 to 64 age cohort.

## HOUSING DEMAND ANALYSIS

TABLE 33 RENTAL HOUSING DEMAND CITY OF CEDAR RAPIDS 2013 to 2020						
		----- Number of Households -----				
		Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
<b>Demand From Household Growth</b>						
Projected Growth in Household Base by 2020		-85	918	377	1,003	3,092
(times) Proportion Estimated to Be Renting Their Housing <sup>1</sup>	x	82.5%	45.0%	29.1%	21.7%	19.4%
<b>(equals) Projected Demand for Rental Housing Units</b>	=	<b>0</b>	<b>413</b>	<b>110</b>	<b>218</b>	<b>600</b>
<b>Demand From Existing Households</b>						
Number of renter households in 2013		3,472	4,551	2,579	4,202	1,185
(times) Estimated % of renter turnover between 2013 & 2020 <sup>2</sup>	x	94.7%	88.8%	59.5%	38.7%	53.2%
<b>(equals) Total Existing Renter Households Projected to Turnover</b>	=	<b>3,288</b>	<b>4,041</b>	<b>1,535</b>	<b>1,626</b>	<b>630</b>
(times) Estimated % Desiring New Rental Housing	x	5%	10%	10%	5%	5%
<b>(equals) Demand From Existing Households</b>	=	<b>164</b>	<b>404</b>	<b>153</b>	<b>81</b>	<b>32</b>
<b>Total Demand From Household Growth and Existing Households</b>		<b>164</b>	<b>817</b>	<b>263</b>	<b>299</b>	<b>631</b>
Total Demand from Household Growth and Existing Households		1,544				
(plus) Demand from outside Market Area (20%)		386				
<b>(equals) Total Demand for Rental Housing in Cedar Rapids</b>		<b>1,930</b>				
		<b>Subsidized</b>	<b>Affordable</b>	<b>Market Rate</b>		
(times) Percent of rental demand by product type <sup>3</sup>	x	15%	20%	65%		
<b>(equals) Total demand for new general occupancy rental housing units</b>	=	<b>289</b>	<b>386</b>	<b>1,254</b>		
(minus) Units under construction or pending*	-	0	0	231		
<b>(equals) Excess demand for new general occupancy rental housing</b>	=	<b>289</b>	<b>386</b>	<b>1,023</b>		
(times) Percent of Market Area demand capturable by Cedar Rapids	x	80%	80%	80%		
<b>(equals) number of units supportable by the City of Cedar Rapids</b>	=	<b>232</b>	<b>309</b>	<b>819</b>		
<sup>1</sup> Based on 2010 Census data. <sup>2</sup> Based on Turnover from 2010 American Community Survey for households moving after 2005. <sup>3</sup> Based on the combination of current rental product and household incomes of area renters (non-senior households) *Pending/proposed competitive units at 95% occupancy.						
Source: Maxfield Research Inc.						

## HOUSING DEMAND ANALYSIS

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The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on Census data and were applied to the existing renter household base. Finally, the percentage of the existing renter households that will seek new rental housing by age cohort is applied resulting in demand for 1,544 units over the next seven years.

Like for-sale housing, we estimate that 20% of the total demand for new rental housing units in Cedar Rapids will come from people currently living outside of the City. As a result, we find demand for 1,930 renter households based on household growth and existing households alone between 2013 and 2020.

Based on a review of household incomes and sizes and monthly rents at existing projects, we estimate that approximately 15% of the total demand will be for subsidized housing, 20% will be for affordable (workforce-40% to 60% of AMHFI) housing, and 65% will be for market rate housing.

Next we subtract housing projects that are under construction or pending at this time, since these projects will satisfy some of the calculated demand for general occupancy rental housing. The analysis identified 231 market rate housing units currently under construction in Cedar Rapids. Therefore, demand remains in Cedar Rapids for 289 subsidized units, 386 affordable units and 1,023 market rate units through 2020.

**Finally, we estimate various sites in Cedar Rapids could capture 80% of the total Market Area demand, resulting in demand for 232 subsidized units, 309 affordable units and 819 market rate units in Cedar Rapids over the next seven years.**

It should be noted demand could be somewhat higher to account for pent-up demand. With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. In Cedar Rapids, we found that the overall vacancy rate was 2.3% among the general-occupancy rental supply – moderately below the 5% level indicating market equilibrium. In addition, vacancies for affordable and deep-subsidy units were less indicating higher levels of pent-up demand in these categories.

### **Estimated Demand for Independent Adult/Few Service Senior Housing**

Table 34 presents our demand calculations for market rate independent senior housing in Cedar Rapids in 2013 and 2018.

## HOUSING DEMAND ANALYSIS

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In order to determine demand for independent senior housing, the potential market is reduced to households that are both age- and income-qualified. The age-qualified market is defined as seniors age 55 and older, although active adult/few services properties primarily attract seniors age 65 and older.

Based on estimated market rate rents, the minimum income needed to afford monthly rents for a market rate active adult/few services building would be \$25,000, since seniors with this income could afford a monthly rent of \$835 based on spending 40% of their income. In addition, we add households with incomes between \$20,000 and \$24,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in Cedar Rapids in 2013 at 16,502 households.

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, about 3.5% of households age 65 to 74, and 11.0% of households age 75 and over) results in a market rate demand potential for 633 independent senior rental units in 2013.

Some additional demand will come from outside Cedar Rapids. We estimate that 25% of the long-term demand for independent senior housing will be generated by seniors currently residing outside Cedar Rapids. This demand will consist primarily of parents of adult children living in the Cedar Rapids area, individuals who live just outside of Cedar Rapids and have an orientation to the area, as well as former residents who desire to return. Together, the demand from Cedar Rapids seniors and demand from seniors who would relocate to Cedar Rapids results in a demand for 844 active adult units in 2013.

Independent demand in Cedar Rapids is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in Cedar Rapids, we project that 50% of the demand will be for adult ownership housing (422 units) and 50% will be for rental housing (422 units).

## HOUSING DEMAND ANALYSIS

**TABLE 34**  
**MARKET RATE ADULT/FEW SERVICES HOUSING DEMAND**  
**CITY OF CEDAR RAPIDS**  
**2013 & 2018**

	2013			2018		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$25,000 <sup>1</sup>	7,569	4,432	3,367	8,429	5,416	3,394
# of Households w/ Incomes of \$20,000 to \$24,999 <sup>1</sup>	+ 434	298	751	+ 360	388	561
(times) Homeownership Rate	x 81%	81%	72%	x 81%	81%	72%
(equals) Total Potential Market Base	= 7,921	4,673	3,908	= 8,721	5,730	3,798
(times) Potential Capture Rate	x 0.5%	3.5%	11.0%	x 0.5%	3.5%	11.0%
(equals) Demand Potential	= 40	164	430	= 44	201	418
<b>Potential Demand from Market Area Residents</b>	= <b>633</b>			= <b>662</b>		
(plus) Demand from Outside Market Area (25%) <sup>2</sup>	+ <u>211</u>			+ <u>221</u>		
<b>(equals) Total Demand Potential</b>	= <b>844</b>			= <b>883</b>		
	<b>Owner-Occupied</b>	<b>Renter-Occupied</b>		<b>Owner-Occupied</b>	<b>Renter-Occupied</b>	
(times) % by Product Type	x 50%	x 50%		x 50%	x 50%	
(equals) Demand Potential by Product Type	= 422	= 422		= 441	= 441	
(minus) Existing and Pending MR Active Adult Units <sup>3</sup>	- 154	- 85		- 154	- 85	
<b>(equals) Excess Demand for MR Active Adult Units</b>	= <b>268</b>	= <b>337</b>		= <b>287</b>	= <b>356</b>	
(times) Percent capturable in Cedar Rapids	x 80%	x 80%		x 80%	x 80%	
<b>(equals) # of units supportable in Cedar Rapids</b>	= <b>214</b>	= <b>270</b>		= <b>230</b>	= <b>285</b>	

<sup>1</sup> 2018 calculations define income-qualified households as all households with incomes equal to or greater than \$30,000 and homeowner households with incomes between \$25,000 and \$29,999.  
<sup>2</sup> Based on project manager interviews and historical trends. We estimate that roughly 25% of demand will come from outside the market area.  
<sup>3</sup> Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research Inc.

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 268 adult owner-occupied units and 337 adult rental units in 2013.

No one community would be able to capture 100% of the demand. Since Cedar Rapids is a regional center containing health care and shopping in addition to other services, we believe that it can capture 80% of the demand for ownership projects and rental projects. This results in total demand for 214 adult owner-occupied units and 270 adult rental units in Cedar Rapids in 2013.

Adjusting for inflation, it is estimated that households with incomes of \$30,000 or more and homeowners with incomes of \$25,000 to \$29,999 would income qualify for market rate independent senior housing in 2018. Considering growth in the older adult base and the income distribution of the older adult population in 2018, the methodology projects that demand will increase to 230 adult owner-occupied units and 285 adult rental units by 2018.

### Estimated Demand for Affordable Independent Senior Housing

Table 35 presents our demand calculations for affordable independent senior housing in the CedarRapids in 2013 and 2018.

While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make several adjustments to more precisely quantify demand among this market segment. The following points summarize these adjustments:

- ***Income-Qualifications:*** In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55+ that qualify for the income guidelines for two-person households in 2013 between 30% and 60% of AMI. The income-restriction for a two-person household at 50% AMI is \$17,400 and the income-restriction for a two-person household at 60% AMI is \$34,800.
- ***Capture Rates:*** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 1.5% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.
- ***Potential Demand Capture:*** Seniors in need-based situations are less selective when securing housing than those in non-need based situations. We estimate that a high-quality site would capture a greater proportion of total demand for financially-assisted housing than for market rate housing; hence, the potential capture rate increases to 65% for affordable active adult housing.

Using the methodology described above results in a demand potential for 27 affordable active adult housing units in 2013. We estimate that seniors currently residing outside Cedar Rapids will generate 25% of the demand for affordable active adult housing – increasing demand to 36 affordable units. Demand from those outside Cedar Rapids includes parents of adult children living in Cedar Rapids, individuals who live just outside Cedar Rapids and have an orientation to the area and former residents who desire to return upon retirement.

## HOUSING DEMAND ANALYSIS

Next we subtract existing competitive units. There are two affordable independent projects in Cedar Rapids; Cedar Crest features 36 units and Legacy Manor has 60 units. After subtracting these projects, demand is reduced to 69 units in 2013.

No single site can capture all of the excess demand. We estimate that a site in Cedar Rapids could capture 80% of the demand, resulting in **demand for 55 affordable independent senior units in 2013.**

TABLE 35 AFFORDABLE INDEPENDENT SENIOR HOUSING DEMAND CITY OF CEDAR RAPIDS 2013 & 2018						
	2013			2018		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of \$20,080 to \$34,440 <sup>1</sup>	1,293	1,012	1,863	1,853	1,802	2,033
(times ) Percent Renter Households	x 19%	19%	25%	x 19%	19%	25%
(equals) Total Potential Market Base	= 246	192	466	352	342	508
(times) Potential Capture Rate	x 2.0%	12.0%	20.0%	x 2.0%	12.0%	20.0%
<b>(equals) Demand Potential</b>	<b>= 5</b>	<b>23</b>	<b>93</b>	<b>= 7</b>	<b>41</b>	<b>102</b>
<b>Total Market Rate Demand Potential</b>	<b>= 121</b> ↖			<b>= 150</b> ↖		
(plus) Demand from Outside Market Area (25%)	+ 40			+ 50		
<b>(equals) Total Demand Potential</b>	<b>= 162</b>			<b>= 200</b>		
(minus) Existing and Pending Independent Units <sup>1</sup>	- 93			- 93		
<b>(equals) Total Demand Potential in Market Area</b>	<b>= 69</b>			<b>= 107</b>		
(times) Estimated Percent Capturable by a Site in Cedar Rapids	x 80%			x 80%		
<b>(equals) Excess Demand Capturable by a Site in Cedar Rapids</b>	<b>= 55</b>			<b>= 85</b>		
<sup>1</sup> 2018 calculations define income-qualified households as all households with incomes between \$22,170 and \$37,280						
<sup>1</sup> Includes existing and pending units at 95% occupancy, or market equilibrium. No additional units are planned through 2018.						
Source: Maxfield Research Inc.						

Adjusting for inflation, we estimate that households with incomes between \$24,500 and \$37,800 would qualify for affordable housing in 2018 (2% inflation factor). The age-income qualified base for affordable housing is shown to increase in Cedar Rapids through 2018. Following the same methodology, we project that **excess demand capturable by a site is calculated to increase to 85 affordable independent senior housing units by 2018.**

### Estimated Demand for Subsidized Senior Housing

Table 36 presents our demand calculations for subsidized senior housing in Cedar Rapids in 2013 and 2018.

The target market for subsidized senior housing is senior households with incomes below 30% AMI. The 2013 income qualification for a two-person household earning 30% AMI or less in Linn County is \$17,200. Two Federal government agencies, HUD and the United State Department of Agriculture's Rural Development, provide funding for the vast majority of subsidized senior housing developments. The age restrictions are typically age 62+, therefore we only include senior households age 62+ with incomes below 30% AMI.

We deduct senior homeowners who earn between \$12,400 and \$17,200 from the potential market since these seniors will likely have home equity that may cause them to disqualify for subsidized senior housing. In total, we estimate the number of age/income-qualified older adult and senior households in Cedar Rapids in 2013 is 1,560 households.

A portion of seniors who are age- and income-qualified for subsidized senior housing will choose other housing options (i.e. market rate projects with the financial assistance of family members) or will delay moving to senior housing alternatives until they need greater levels of care. Therefore, only a portion of the age- and income-qualified market will choose to reside at a subsidized senior housing community. We estimate that approximately 30% of the total age/income-qualified market would both need and desire subsidized senior housing. Applying a 30% capture rate, results in an estimated potential demand for 468 subsidized senior housing units in Cedar Rapids in 2013.

We anticipate that 25% of the demand for subsidized senior housing in will be generated by seniors currently residing outside Cedar Rapids. This additional demand includes seniors residing in just outside Cedar Rapids, seniors who have an orientation to the area (i.e. church, doctor, etc.), seniors who previously lived in the area and desire to move back, or seniors who desire to move near their adult children who already live in the area. Including demand from outside of Cedar Rapids increases total demand potential to 624 units in 2013.

## HOUSING DEMAND ANALYSIS

	2013			2018		
	Age of Householder			Age of Householder		
	62-64*	65-74	75+	62-64*	65-74	75+
Households w/Incomes < \$17,200 <sup>1</sup>	318	799	1,541	239	1,139	2,121
(Subtract) Households w/Incomes of \$12,400 - \$17,200	122	434	900	87	298	751
(times) Homeownership Rate	x 81%	81%	72%	x 81%	81%	72%
(equals) Disqualified Homeowner Households	= 99	352	648	= 70	241	541
Potential Market by Age	219	447	893	152	841	1,370
Potential Market Total in the PMA	<b>1,560</b>			<b>2,363</b>		
(times) Percent Needing/Desiring Subsidized Senior Housing	x 30%			x 30%		
(equals) Demand Potential from Market Area residents	= 468			= 709		
(plus) Demand From Outside the Market Area (25%)	+ 156			+ 236		
(equals) Total Demand Potential for Subsidized Senior Housing in Market Area	624			945		
(minus) Existing & Pending Subsidized Senior Units in Market Area <sup>2</sup>	- 569			- 569		
(equals) Total Market Area Subsidized Senior Housing Demand Potential	= 55			= 376		
Percent Capturable on a Site in Cedar Rapids	x 80%			80%		
<b>Total number of units supportable on a Site in Cedar Rapids</b>	<b>= 44</b>			<b>= 301</b>		
<sup>1</sup> 2018 calculations define income-qualified households as all households with incomes less than \$19,000						
<sup>2</sup> Competitive subsidized units, minus a 3% vacancy rate.						
* Estimated number of the 55 to 64 age cohort.						
Source: Maxfield Research Inc.						

From this potential demand, we subtract the existing number of competitive housing units in Cedar Rapids. Currently, there are 587 subsidized senior units in Cedar Rapids with only three vacant units. Subtracting these units, minus a 3% vacancy factor, results in excess demand from local seniors for about 55 units in 2013.

No single building or location can capture all of the demand. We estimate that Cedar Rapids could capture 80% of the excess demand, or 44 units in 2013.

To calculate demand in 2018, we increase the income-qualifications to account for inflation. Following the same methodology and holding constant the number of competitive units (we did not identify any new product proposed to come online); demand is forecast to increase over the next five years to 300 units in 2018.

### Estimated Demand for Congregate Senior Housing

Table 37 presents our demand calculations for congregate housing in Cedar Rapids in 2013 and 2018.

TABLE 37 MARKET RATE CONGREGATE HOUSING DEMAND CEDAR RAPIDS 2013 & 2018				
	2013		2018	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 <sup>1</sup>	3,672	2,184	4,605	2,457
# of Households w/ Incomes of \$30,000 to \$34,999 <sup>1</sup>	+ 380	592	+ 423	376
(times) Homeownership Rate	x 81%	72%	x 81%	72%
(equals) Potential Market	= 308	426	= 343	271
(equals) Total Potential Market Base	= 3,980	2,610	= 4,948	2,728
(times) Potential Capture Rate <sup>2</sup>	x 1.5%	11.0%	x 1.5%	11.0%
(equals) Demand Potential	= 60	+ 287	= 74	+ 300
<b>Potential Demand from Market Area Residents</b>	=	<b>347</b>	=	<b>374</b>
(plus) Demand from Outside Market Area (25%)	+ 116		+ 125	
<b>(equals) Total Demand Potential</b>	=	<b>462</b>	=	<b>499</b>
(minus) Existing and Pending Congregate Units <sup>3</sup>	- 386		- 386	
<b>(equals) Excess Demand for Congregate Units</b>	=	<b>76</b>	=	<b>113</b>
(times) Percent capturable by a Site in Cedar Rapids	80%		80%	
<b>(equals) # of units supportable by a Site in Cedar Rapids</b>	<b>61</b>		<b>90</b>	
<sup>1</sup> 2018 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999. <sup>2</sup> The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for assisted living.). <sup>3</sup> Existing and pending are deducted at market equilibrium (95% occupancy).				
Source: Maxfield Research Inc.				

The potential age- and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$35,000 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2010 Census homeownership rates for Cedar Rapids seniors. The number of age, income, and asset-qualified households in Cedar Rapids is estimated to be 6,590 households in 2013.

Demand for congregate housing is need-drive, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 11.0% of households age 75 and older) results in a local demand potential for 347 congregate units in 2013.

We estimate that seniors currently residing outside of Cedar Rapids will generate 25% of the demand for congregate senior housing. Together, the demand from Cedar Rapids seniors and demand from seniors who are willing to locate to Cedar Rapids totals 462 congregate units in 2013.

Next we subtract existing competitive units from the overall demand. There is four congregate senior projects in Cedar Rapids with a total of 406 units. After subtracting existing congregate units, the total demand is reduced to 76 units. No single location can capture all of the demand in a market area. We estimate that 80% of total demand in Cedar Rapids can be captured on a site. **Demand is calculated for 61 congregate units in 2013.**

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for congregate housing in 2018. Following the same methodology, **demand is calculated to increase to 90 units through 2018.**

### **Demand Estimate for Assisted Living Housing**

Table 38 presents our demand calculations for assisted living senior housing in Cedar Rapids in 2013 and 2018. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2013, there were an estimated 8,731 seniors age 75 and older in Cedar Rapids.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 22.5% of 75-to-79-year-olds, to 33.6%

## HOUSING DEMAND ANALYSIS

**TABLE 38**  
**MARKET RATE ASSISTED LIVING DEMAND**  
**CITY OF CEDAR RAPIDS**  
**2013 & 2018**

	2013					2018				
	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance	Percent Income- Qualified <sup>2</sup>	Number Income- Qualified	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance	Percent Income- Qualified <sup>2</sup>	Number Income- Qualified
Age group										
75 - 79	2,578	25.5%	657	40%	263	2,821	25.5%	719	40%	288
80 - 84	3,150	33.6%	1,058	30%	318	3,448	33.6%	1,159	30%	348
85+	3,003	51.6%	1,550	29%	449	3,294	51.6%	1,700	29%	493
<b>Total</b>	<b>8,731</b>		<b>3,265</b>		<b>1,030</b>	<b>9,563</b>		<b>3,578</b>		<b>1,128</b>
Total potential market					1,030					1,128
(times) Percent living alone				x	60%				x	60%
(equals) Age/income-qualified singles needing assistance				=	618				=	677
(plus) Proportion of demand from couples (12%) <sup>3</sup>				+	84				+	92
(equals) Total age/income-qualified market needing assistance				=	702				=	769
(times) Potential penetration rate <sup>4</sup>				x	40%				x	40%
<b>(equals) Potential Demand from Market Area Residents</b>				=	<b>281</b>				=	<b>308</b>
(plus) Demand from outside Market Area (25%)				+	94				+	103
(equals) Total Demand Potential				=	374				=	410
(minus) Existing and Pending Assisted Living Units <sup>5</sup>				-	197				-	197
<b>(equals) Excess Demand for Assisted Living Units</b>				=	<b>177</b>				=	<b>213</b>
(times) Percent capturable by a Site in Cedar Rapids				x	80%				x	80%
<b>(equals) # of units supportable by a Site in Cedar Rapids</b>				=	<b>142</b>				x	<b>171</b>
<b>Note:</b> See footnotes on the following page										
Source: Maxfield Research Inc.										

## HOUSING DEMAND ANALYSIS

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<sup>1</sup> The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

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

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

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

<sup>5</sup> Existing assisted living units less units occupied by public pay residents and a 7% vacancy rate.

of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 3,265 seniors in Cedar Rapids.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees, which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in Cedar Rapids is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,000 by allocating 90% of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$30,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

Seventy-Two percent of the age 75+ households in Cedar Rapids are homeowners, and the median resale price of existing homes in 2013 in the community was \$148,000. Seniors selling their homes for the median resale price would generate about \$139,100 in proceeds after selling costs. With an average monthly fee of \$3,500, these proceeds would last just over 3.0 years in an assisted living facility, which is higher than the average length of stay in assisted living (27 months according to the 2009 Overview of Assisted Living). For each age group in Table 38, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 35% of the estimated seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 1,030 units from Cedar Rapids in 2013.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ living alone. Based on 2010 Census data, 60% of age 75+ households in Cedar Rapids lived alone. Applying this percentage results in a total base of 618 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There are a total of 702 age/income-qualified seniors needing assistance including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 281 assisted living units in 2013.

We estimate that a portion of demand for assisted living units (25%) will come from outside of Cedar Rapids. Applying this figure results in total potential demand for 374 market rate assisted living units.

There are a total of 249 units. However, a portion of these units are occupied by residents with financial assistance, estimated to account for 15% of the total units in the Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate the excess supply of assisted living units.

The same calculations are applied to the age/income-qualified base in 2018. With the existing supply of assisted living product in Cedar Rapids, excess demand is calculated for 142 units in 2013.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and many try to limit the amount of waivers accepted within the community to around roughly 10% to 15%. Some facilities accept higher amounts of residents on waivers and many newer facilities do not accept any waivers.

### **Estimated Demand for Memory Care Housing**

Table 39 presents our demand calculations for market rate memory care senior housing in Cedar Rapids in 2013 and 2018.

Demand is calculated by starting with the estimated senior (age 65+) population in 2013 and multiplying by the incidence rate of Alzheimer’s/dementia among this population’s age cohorts. According to the Alzheimer’s Association (Alzheimer’s Disease Facts and Figures, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are afflicted with Alzheimer’s Disease. This yields a potential market of 2,528 seniors in Cedar Rapids.

<b>TABLE 39 MEMORY CARE DEMAND CITY OF CEDAR RAPIDS 2013 &amp; 2018</b>		
	<b>2013</b>	<b>2018</b>
65 to 74 Population	8,916	11,192
(times) Dementia Incidence Rate <sup>1</sup>	x <u>2%</u>	x <u>2%</u>
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 178	= 224
75 to 84 Population	5,728	6,269
(times) Dementia Incidence Rate <sup>1</sup>	x <u>19%</u>	x <u>19%</u>
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 1,088	= 1,191
85+ Population	3,003	3,294
(times) Dementia Incidence Rate <sup>1</sup>	x <u>42%</u>	x <u>42%</u>
(equals) Estimated Age 85+ Pop. with Dementia	= 1,261	= 1,383
<b>(equals) Total Senior Population with Dementia</b>	<b>= 2,528</b>	<b>= 2,798</b>
(times) Percent Income/Asset-Qualified <sup>2</sup>	x <u>25%</u>	x <u>25%</u>
(equals) Total Income-Qualified Market Base	= 632	= 700
(times) Percent Needing Specialized Memory Care Assistance	x <u>25%</u>	x <u>25%</u>
(equals) Total Need for Dementia Care	= 158	= 175
(plus) Demand from Outside Market Area (25%)	+ <u>53</u>	+ <u>58</u>
Total Demand Potential	= 211	233
(minus) Existing and Pending Memory Care Units <sup>3</sup>	- <u>55</u>	- <u>55</u>
<b>(equals) Excess Demand for Memory Care Units</b>	<b>= 156</b>	<b>= 178</b>
(times) Percent capturable by a Site in Cedar Rapids	x 80%	x 80%
<b>(equals) # of units supportable by a Site in Cedar Rapids</b>	<b>= 125</b>	<b>= 143</b>
<sup>1</sup> Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007) <sup>2</sup> Income-qualified households consider 3/4 of those with incomes greater than \$60,000 in 2010 plus 15% of homeowners with incomes below this threshold. <sup>3</sup> Existing memory care units less units occupied by public pay residents and a 7% vacancy		
Source: Maxfield Research Inc.		

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 when including service packages. Based on our review of senior household incomes in Cedar Rapids, homeownership rates and home sale data, we estimate that 25% of seniors in Cedar Rapids would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer's/dementia (2,528 seniors) by the income-qualified percentage results in a total of 632 age/income-qualified seniors in 2013.

## HOUSING DEMAND ANALYSIS

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According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 158 seniors.

We estimate that 25% of the overall demand for memory care housing would come from outside of Cedar Rapids. Together, demand totals 211 memory care units in 2013.

We reduce the demand potential by accounting for the existing memory care product. There are 70 units, however we reduce the competitive units to include only the private pay units (estimated at 55 units). Subtracting these competitive units results in excess demand for 125 memory care units in 2013.

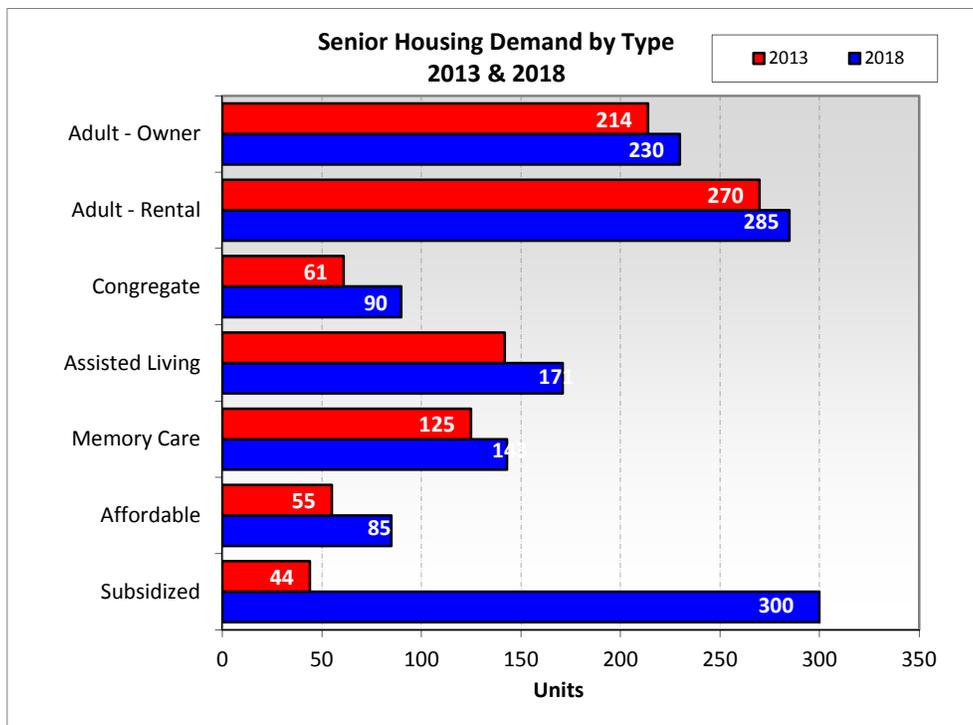
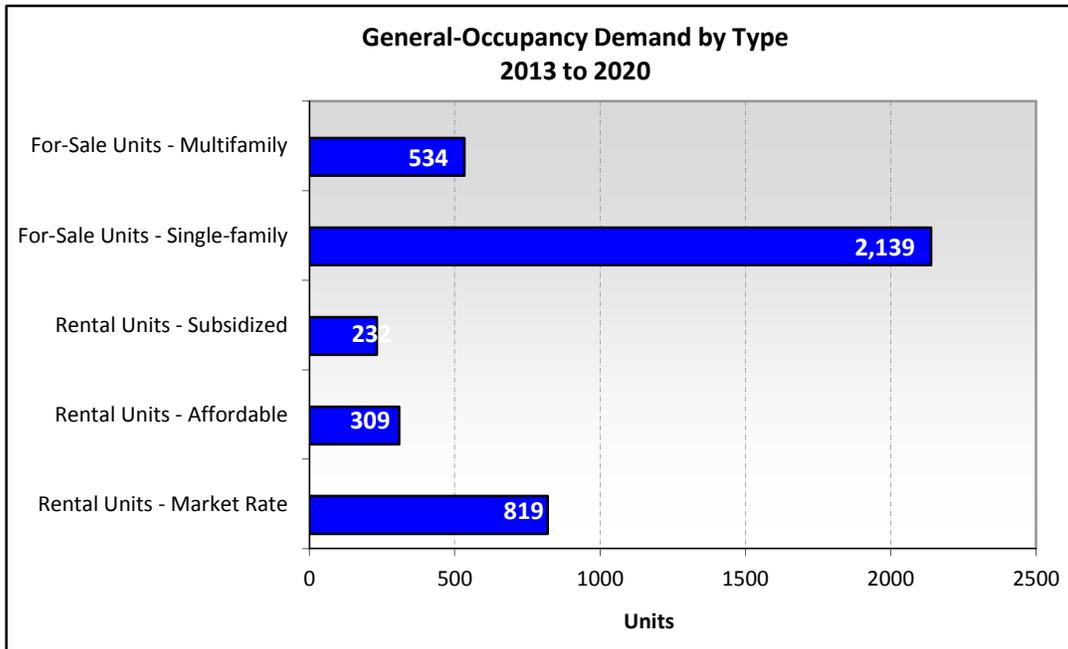
Following the same methodology, demand is calculated to increase to 143 units by 2018.

**Introduction/Overall Housing Recommendations**

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

<b>TABLE 40 SUMMARY OF HOUSING DEMAND CITY OF CEDAR RAPIDS October 2013</b>		
<b>Type of Use</b>	<b>2013-2020</b>	
<b>General-Occupancy</b>		
Rental Units - Market Rate	819	
Rental Units - Affordable	309	
Rental Units - Subsidized	232	
For-Sale Units - Single-family	2,139	
For-Sale Units - Multifamily	534	
<b>Total General Occupancy Supportable</b>	<b>4,033</b>	
	<b>2013</b>	<b>2018</b>
<b>Age-Restricted (Senior)</b>		
<b>Market Rate</b>		
Adult Few Services (Active Adult)	484	515
<i>Ownership</i>	214	230
<i>Rental</i>	270	285
Congregate	61	90
Assisted Living	142	171
Memory Care	125	143
<b>Total Market Rate Senior Supportable</b>	<b>812</b>	<b>919</b>
<b>Affordable/Subsidized</b>		
Active Adult - Subsidized	44	300
Active Adult - Affordable	55	85
<b>Total Affordable Senior Supportable</b>	<b>99</b>	<b>385</b>
Source: Maxfield Research Inc.		

## RECOMMENDATIONS AND CONCLUSIONS



## RECOMMENDATIONS AND CONCLUSIONS

Based on the finding of our analysis and demand calculations, Table 40 provides a summary of the recommended development concepts by product type for the City. It is important to note that these proposed concepts are intended to act as a development guide for the City regarding the types of housing products that the City should encourage. The recommended development types do not directly coincide with total demand in Table 40 due primarily to the recovering housing market and economy.

<b>TABLE 41 RECOMMENDED HOUSING DEVELOPMENT CITY OF CEDAR RAPIDS 2013 to 2020</b>			
	<b>Purchase Price/ Monthly Rent Range<sup>1</sup></b>	<b>No. of Units</b>	<b>Development Timing</b>
<b>General Occupancy Rental Housing</b>			
<b>Market Rate Rental Housing<sup>2</sup></b>			
Apartment-style	\$725/1BR - \$900/2BR	200 - 250	2014+
<b>Affordable Rental Housing</b>			
Shallow-Subsidy	Moderate Income <sup>3</sup>	40 - 45	2015+
Deep-Subsidy	Low Income	50 - 80	2014+
Market Rate Single-Family	Entry-Level (Core Neighbor.)	100 - 200	2014+
Market Rate Multifamily Owned	Entry-Level/Move-Up (Core)	50 - 75	2014+
<b>Senior Housing (i.e. Age Restricted)</b>			
Active Adult Market Rate Rental <sup>4</sup>	\$750/1BR - \$950/2BR	40 - 50	2014+
Active Adult Affordable Rental <sup>4</sup>	Moderate Income <sup>3</sup>	14 - 16	2014+
Congregate	\$2,200/1BR - \$2,800/2BR	40 - 50	2015+
Subsidized Senior <sup>5</sup>	30% of Income	40 - 50	2016+
Market Rate Assisted Living	\$3,000/1BR - \$4,000/2BR	65 - 70	2015+
Market Rate Memory Care	\$4,500/Std. - \$4,900/1BR	<u>40 - 40</u>	2015+
<b>Total</b>		<b><u>239 - 276</u></b>	
<p><sup>1</sup> Pricing in 2013 dollars. Pricing can be adjusted to account for inflation.</p> <p><sup>2</sup> The development of these products can occur after the vacancy rate is at or below 5%. Additional rental development could occur after new development has been absorbed and phased into the market.</p> <p><sup>3</sup> Affordability subject to income guidelines per Iowa Housing Authority.</p> <p><sup>4</sup> Alternative development concept is to combine active adult affordable and market rate active adult into one mixed-income senior community</p> <p><sup>5</sup> Subsidized senior will be difficult to develop financially</p> <p><b>Note - Recommended development does not coincide with total demand.</b></p>			
Source: Maxfield Research Inc.			

### For-Sale Housing

Demand for for-sale housing remains relatively strong in Cedar Rapids and the housing market is recovering. There has been new housing developed in the core neighborhoods and the City should encourage additional development in this area to strengthen the fabric of the neighborhoods that lost a significant amount of housing due to the flood. With additional improvements in the Downtown, we believe that these neighborhoods will again be attractive to households. Also, taking advantage of interest in the Downtown Central Business District through the development of new market rate housing will also enhance the vibrancy of the Downtown core.

### General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy remain below market equilibrium as of September 2013, although some market rate rentals have recently been offering concessions. Due to the older age and positioning of most of the existing rental supply, a significant portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. However, the growing renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Although ownership housing in Cedar Rapids very affordable for first-time home buyers, some are choosing to rent due to fears of past housing market performance or the need for more lifestyle flexibility and mobility.

Maxfield Research Inc. calculated demand for 819 market rate, 309 affordable, and 232 subsidized rental housing units in the City through 2020. Based on our analysis, the City can accommodate 200 to 250 new market rate rental housing units over the next two to three years as well as 40 to 45 affordable units.

- ***Market Rate Rental*** – The existing market rate rental supply in Cedar Rapids is somewhat older. New market rate units are being developed, but generally in small amounts, other than the one larger 119 unit Riverview development. We recommend that the City continue to encourage new rentals in the Downtown CBD targeted to middle- to upper-income households will attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to a wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, two-bedroom units, and two-bedroom plus den units.

Monthly rents (in 2013 dollars) should range from \$725 for a one-bedroom unit to \$1,150 for a two-bedroom plus den unit. Average rents in Cedar Rapids are approximately \$0.82 per square foot, however monthly rents should range from about \$1.00 to \$1.15 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to

## RECOMMENDATIONS AND CONCLUSIONS

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occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

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

- *Affordable General Occupancy Rental*– We find that demand exists for 232 affordable units through 2020. We recommend 40 to 45 moderate-income affordable rental units within the next two years to meet short-term demand. Affordable rentals have been strong in Cedar Rapids and most new affordable properties are nearly fully-leased.

We recommend a project with one-, two- and three-bedroom units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such development could assist in drawing more families to the community that cannot find affordable housing options through ownership or market rate rental in the surrounding area.

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

### Senior Housing

As illustrated in Table 40, demand exists for all service levels of senior housing in the City of Cedar Rapids. Development of additional senior housing is recommended in order to provide additional housing opportunities to aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in the community: older adult and senior residents are able to relocate to new age-restricted housing in Cedar Rapids, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- *Active Adult Rental* – Demand was projected for nearly 120 market rate active adult rental units in Cedar Rapids through 2018. Currently, there are very few active adult rental prod-

## RECOMMENDATIONS AND CONCLUSIONS

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ucts in the community; most of the entire product in this format is located in Continuing Care Retirement Communities which require a substantial entry fee. It is very likely there are seniors who currently reside in general-occupancy housing that would consider a newer active adult rental product.

Development of this product could be in a separate stand-alone facility or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established by the Iowa Housing Authority, such as Cedar Crest.

Across the U.S., many markets have experienced delays in realizing demand for market rate active adult housing. These delays are the result of seniors who choose not to sell their homes or find they are unable to sell their homes along with the fact that active adult rental housing is not need-based. Because many seniors are somewhat wary to sell their homes in the current home sale market due, the development of an active adult rental property should be considered as there is significant demand and the housing market is exhibiting signs of continued recovery.

- *Affordable and Subsidized Rental* – There is moderate demand for affordable senior and strong demand for subsidized senior rentals over the next five years. We recommend however, that any affordable and subsidized senior housing units would best be incorporated into a mixed-income building to be feasible. Although we find demand for additional subsidized housing in Cedar Rapids and the existing product has a vacancy rate of less than 1%, the development of subsidized senior housing is often quite challenging.

Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new subsidized development would likely rely on a number of funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 202 program, USDA 515 program, among others.

- *Congregate* – Demand was calculated for 70 congregate units over the next five years. Based on this demand, we recommend 40 to 50 congregate units with a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Base monthly rents should range from \$2,200 for one-bedroom units to \$2,900 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
  - I'm OK program;
  - Up to two meals per day;
  - Regularly scheduled van transportation;
  - Social, health, wellness and educational programs;
  - 24-hour emergency call system; and
  - Complimentary use of laundry facilities.

## RECOMMENDATIONS AND CONCLUSIONS

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

- Assisted Living – Demand was calculated for 142 congregate units over the next five years. Based on this demand, we recommend 70 assisted living units with a mix of studio, one-bedroom and two-bedroom units. Base monthly rents should range from \$3,000 for studio units to \$4,000 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
  - I'm OK program;
  - Three meals per day plus snacks;
  - Weekly housekeeping;
  - Medication oversight;
  - Laundering of Linens;
  - Regularly scheduled van transportation;
  - Social, health, wellness and educational programs;
  - 24-hour emergency call system; and
  - Complimentary use of laundry facilities.

In addition, other support and personal care services will be available to assisted living residents on a fee-for-service basis, such as personal laundry, and other personal cares.

- Memory Care – Demand was calculated for 125 memory care units in 2013. Based on this demand, we recommend development of between 40 and 50 memory care units that would be associated with a continuum of care campus with a mix of studio and one-bedroom units. Base monthly rents should range from \$4,500 for studio units to \$4,900 for one-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
  - Daily check program;
  - Three meals per day plus snacks;
  - Daily housekeeping;
  - Transportation to doctor's appointments;
  - Social, health, wellness and educational programs;
  - 24-hour emergency call system; and
  - Linens and personal laundry.
  - Medication administration and oversight.
  - Personal grooming, bathing dressing as needed.

In addition, other care services would be available to residents on a fee-for-service basis.

### Challenges and Opportunities

Table 41 identified and recommended housing types that would satisfy the housing needs in Cedar Rapids through 2020. The following were identified as challenges and opportunities for developing the recommended housing types (in no particular order).

- **Affordability.** Based on current home prices, the majority of Cedar Rapids' householders could afford to purchase an entry-level home given today's pricing (see following page). Likewise, most householders can also afford the average market rate rent of Cedar Rapids rental developments which is quite low. Because of this condition, some householders who would not consider purchasing may do so earlier since the cost to own an entry-level home is on-par with rental housing costs. In fact there are a few cases where owning a home may be more affordable than renting. Furthermore, investors may purchase single-family homes at reduced prices and convert the properties to single-family rentals that currently compete with traditional apartment units. Cedar Rapids has a relatively large base of single-family rentals and the inventory continues to expand. The following chart compares the costs of homeownership to rentals given today's housing costs based on a 30% allocation of income to housing. We do note, however, that not all householders will have the credit scores and down payment that would qualify them to purchase for-sale housing.
- **Shadow Rental Inventory.** Shadow rentals are generally considered nontraditional rentals that were previously owner-occupied single-family homes, townhomes, or condominiums. The shadow market has been particularly fueled by homeowners who lost their home to foreclosure who opt to not rent in a traditional rental complex. Typically, short sales and foreclosures have resulted in substantial price reductions which have allowed buyers or investors to charge rents below market while still maintaining a profit. Although the shadow market rentals tend to be more affordable, renters run the risk of evictions if the owner does not pay the mortgage.

We know that the City of Cedar Rapids has a rental registration program that was initiated several years ago. Therefore, the City has the ability to monitor the number of non-traditional rental units in the community. Many communities do not license single-family rentals and do not accurately inventory the shadow market. Cedar Rapids should continue to monitor the number of units in this program in order to mitigate problem properties and improve the overall rental housing stock.

## RECOMMENDATIONS AND CONCLUSIONS

CEDAR RAPIDS HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Exec/Det.
Price of House	\$100,000	\$180,000	\$300,000	\$100,000	\$180,000	\$240,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$10,000	\$18,000	\$30,000	\$10,000	\$18,000	\$24,000
Cost of Loan	\$90,000	\$162,000	\$270,000	\$90,000	\$162,000	\$216,000
Interest Rate	3.750%	3.750%	3.750%	3.750%	3.750%	3.750%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$417	-\$750	-\$1,250	-\$417	-\$750	-\$1,000
(plus) Prop. Tax	-\$150	-\$270	-\$450	-\$150	-\$270	-\$360
(plus) Homeowner's Ins./Assoc. Fee for TH	-\$33	-\$60	-\$100	-\$125	-\$125	-\$125
(plus) PMI/MIP (less than 20%)	-\$39	-\$70	-\$117	-\$39	-\$70	-\$94
Subtotal monthly costs	-\$639	-\$1,150	-\$1,917	-\$731	-\$1,215	-\$1,579
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$25,565	\$46,018	\$76,696	\$29,232	\$48,618	\$63,157
Pct. Of Cedar Rapids Households	80.3%	61.2%	37.2%	76.2%	63.3%	50.6%
Rental						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$451	\$573	\$794	\$725	\$950	\$1,150
Annual Rent	\$5,412	\$6,876	\$9,528	\$8,700	\$11,400	\$13,800
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$18,040	\$22,920	\$31,760	\$29,000	\$38,000	\$46,000
Pct. Of Cedar Rapids Households	84.4%	75.7%	68.6%	73.3%	61.6%	52.3%

- Shadow Foreclosure Market.** The shadow foreclosure market refers to homes that are either in foreclosure or the owners are behind on their mortgage payments, signaling that additional homes could eventually join the existing supply of lender-owned properties. Recently there has been concern that many banks have been delaying foreclosures and holding onto a large number of homes after foreclosure and not bringing the homes to the market.
- Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Cedar Rapids continues to maintain a lower unemployment than the rest of the U.S. during the Great Recession and its current unemployment rate of 5.2% attests to this. There are a number of proposed commercial developments in the Downtown and elsewhere in Cedar Rapids. Should all of these projects move forward, more housing will be needed in the Downtown to support the increased employment base. Further job creation in Cedar Rapids and especially in the Downtown will result in household growth that could exceed projections.
- Land Banking.** Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing housing. The city should consider establishing a land bank for properties primarily in the core neighborhoods where land may

## RECOMMENDATIONS AND CONCLUSIONS

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be held for future affordable housing development. This could support continued development in the core neighborhoods even as land prices and home prices rise.

- **Housing Programs.** There are some housing programs that the City could consider to aid and improve the City's housing stock. The following is a list of potential programs that could be explored.
  - Remodeling Advisor – Partner with local architects and/or builders to provide ideas and general cost estimates for property owners.
  - Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department.
  - Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
  - Mobile Home Improvements – Offer low or no-interest loans to mobile home owners for rehabilitation. Establish income-guidelines based on family size and annual gross incomes.
  - Foreclosure Home Improvement Program – Low-interest loans to buyers of foreclosed homes to assist home owners with needed home improvements while stabilizing owner-occupied properties. A portion of the loan could be forgivable if the occupant resides in home at least five years. Eligible participants should be based on income-guidelines (typically 80% AMI or lower).
  - Townhome/Condo Association Improvements – Offer associations low-interest loans for common-area improvements. Unit owners repay the loan through association fees. Many townhome/condo associations have been unable to secure financing due to depressed real estate pricing; this program assists with improving housing stock with older properties that may have deferred maintenance.
  - Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
  - Rental Collaboration – Host meetings on a regular basis (quarterly, bi-annually, or annually) with rental property owners, property management companies, Realtors, etc. to discuss key issues and topics related to the rental housing industry in Cedar Rapids.
  - Home Fair – Provide residents with information and resources to promote improvements to the housing stock. Typically offered on a weekend in early spring where home owners can meet and ask questions to architects, landscapers, building contractors, lenders, building inspectors, etc.
  
- **Age of Rental Housing Stock.** As illustrated in the *Rental Market Analysis* section of the report, while there have been some smaller townhome-style developments and a few new rental units built in the Downtown, these projects have been generally very small in size. The Riverview Apartments is the first major development planned for the suburbs in some

## RECOMMENDATIONS AND CONCLUSIONS

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time. Most of the rental housing stock lacks the contemporary amenities many of today's renters seek. Many renters today seek the following unit amenities: in-unit laundry, walk-in closets, balconies/patios, oversized windows, and individually controlled heating and air-conditioning. Community Amenities include community rooms with kitchens and big screen TVs, fitness centers, Wi-Fi, extra storage, and the inclusion of environmentally-responsible design and features. Most of these features and amenities are not offered in current rental housing products in Cedar Rapids.

- **Lifestyle Renters.** The for-sale market, which today is considered the worst downturn since the Great Depression, has resulted in a fundamental shift in the way American's view homeownership today. Home buyer psychology is fragile as many former owners lost their homes to foreclosures, lost home equity in the sale of their home, or simply have decided to temporarily return to the renter pool during the economic recovery. Potential buyers are on the sidelines waiting for clear improvements in the economy before deciding to purchase a home. Historically, householders rented because they couldn't afford to buy or didn't have the credit to qualify for a mortgage. Today that is no longer the case and many householders are renting by choice. Demand is being driving by the Echo Boomers, would-be buyers on the side-line, and empty nesters. As a result, rental housing is the bright spot in today's real estate environment, across the country and in communities throughout Minnesota. Because of this evolvement, new rental housing with contemporary amenities should be well-received in Cedar Rapids.
- **Multifamily Development Costs.** It may be difficult to construct new multifamily product with amenities today's renter's desire given achievable rents and development costs. Maxfield Research tracks development and construction costs for new rental housing across Minnesota. In the Twin Cities core the average costs per unit ranges on average from about \$150,000 to \$250,000; whereas in out-state Minnesota, many market rate rental projects average over \$110,000 per unit. The average rent per square foot in Cedar Rapids is under \$0.82 per square foot, when most new rental projects will need at least \$1.10 or more per square foot to be financially feasible. Based on these costs, it may be difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs may be required to spur development.
- **Future Sites for Rental Housing Development.** There are a number of locations in the Downtown core and in the central business district area that we believe would be very attractive for the development of new multifamily rental housing. Some of these locations are already under consideration or have developments underway including Kingston Village and New Bohemia.