

Comprehensive Housing Needs Update City of Cedar Rapids, Iowa

Prepared For:
City of Cedar Rapids
Cedar Rapids, Iowa

July 2021



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July 2, 2021

Ms. Sara Buck
Housing Services Manager
City of Cedar Rapids
101 1st Street SE
Cedar Rapids, IA 52401

Dear Ms. Buck:

Attached is the *Update Comprehensive Housing Market Analysis for Cedar Rapids, Iowa* conducted by Maxfield Research and Consulting, LLC. The study updates housing demand from 2021 to 2030 and suggests housing product types and amounts that could be built in Cedar Rapids to satisfy demand from current and future residents in the short-term (2021 to 2026) and in the long-term (2026 to 2030).

The study identifies a potential demand for 4,480 new general occupancy and 1,308 age-restricted and service-enriched housing units in Cedar Rapids between 2021 and 2026. Demand is anticipated for another 5,119 general occupancy units and 1,387 age-restricted and service-enriched housing units between 2026 and 2030. Most of the demand is projected to be for owned housing and the rental market continues to experience a modest rental vacancy rate of 2.0% at this time. 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 update for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING LLC

Mary C. Bujold
President

Attachment

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Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by the City of Cedar Rapids to complete an update of the *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 to meet the needs of current and future households who choose to reside in the City. This document updates market information and market conditions during the pandemic and during the first half of 2021.

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. Recommendations on the number and types of housing products that should be considered are also supplied.

Demographic Analysis

- As of the 2010 Census, Cedar Rapids had 126,326 people and 53,236 households. The Housing Market Area, which includes the Cities of Cedar Rapids, Marion and Hiawatha, had 168,118 people and 70,415 households. As of 2010, the Downtown Core was estimated to have 16,955 people and 6,888 households. Population and household decreases in this area were due primarily to the 2008 flood.
- Despite population and household decreases in the Downtown Core, Cedar Rapids and the surrounding Housing Market Area grew by 5,558 people and 14,586 people, respectively during the 2000s. These increases reflect growth rates of 4.6% and 9.5%. By comparison, Linn County increased its population by 13.6% during the same period to 211,226 people.
- A similar situation occurred with household growth. Cedar Rapids experienced a net increase of 3,416 households (6.9%) while the Housing Market Area grew by 7,278 households (11.5%). Linn County increased its household base by 10.1% between 2000 and 2010.
- Cedar Rapids' population and household bases are currently estimated (2021) at 139,011 people and 58,405 households. The Downtown Core district's population and household bases are estimated at 19,066 people and 7,870 households. These estimates do not reflect data from the 2020 Census as that information has not yet been released for smaller geographies.
- Higher population and household growth rates had been anticipated for the Downtown Core District versus the outlying neighborhoods as increased redevelopment and higher-density housing has and will continue to occur in the Downtown Core. Additional development now appears to be spreading to some other locations outside of the Core, but near to the Downtown.

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- 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.
- Growth in the Downtown Core District has slowed over the past year and the impacts of the derecho and COVID have had a negative impact on new construction and development. Lumber prices have skyrocketed and despite low mortgage interest rates, many communities must continue to aid and support new housing through various financial tools and assistance. The projected growth rates for the Downtown Core District continue to anticipate a proactive approach to residential development in these areas.
- The population in Cedar Rapids and the Housing Market Area is aging. Although Cedar Rapids continues to attract a healthy share of people in their 20s and 30s, people over age of 45 accounted for a higher proportion of the total population in 2010 than in 2000 and this trend is expected to continue over the next several years. From 2021 to 2030, the population age 65 to 74 is estimated to have the highest growth numerically and by percent. The largest adult age group in Cedar Rapids are those age 25 to 34, with an estimated 19,323 people as of 2021, followed by those age 35 to 44, with an estimated 17,932 people.
- In 2021, Cedar Rapids had an estimated median household income of \$59,893. The median household income of non-senior households was \$59,807 compared to senior (65+) households with a median income of \$42,443. Most seniors are usually semi-retired or fully retired and utilize savings, pension and social security as income sources; some remain employed. Most non-senior households are likely to have two incomes through full-time employment.
- Between 2010 and 2021, the homeownership rate in Cedar Rapids rose slightly from 68.2% to 69.3%. Similarly, the homeownership rate in Linn County rose from 72.7% to 73.8%. Conversely, the proportion of renter households decreased slightly in each of the geographies including the Downtown Core District, Cedar Rapids and Linn County, despite numerical increases in each of these areas.
- The overall estimated 2021 homeownership rate of the Cedar Rapids Metro Area (75%) is higher than other Iowa Metro Areas such as Davenport (69%), Des Moines (69%), Dubuque (72%) and Sioux City (69%). By comparison, Iowa's homeownership rate was 71%.
- As of 2021, an estimated 34.2% of all households in Cedar Rapids live alone. This is modestly higher than in other Iowa Metro Areas where between 28% and 30% of households live alone. In the Remainder of the County, 18.7% of all households lived alone. Married households without children in Cedar Rapids accounted for the second highest percentage at 24.9%, but this category accounted for the highest percentage in the Remainder of the County at 39.9%.

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- The unemployment rate for the Cedar Rapids MSA was 4.8% as of May 2021, which was lower than the County (4.9%), but higher than the State (3.9%). Although the unemployment rate continues to decrease, the reduced unemployment rate has largely been caused by a substantial reduction in the labor force rather than increased employment. Many employers want to hire workers, but the aftermath of COVID with so many workers having to shift their lifestyles and working patterns along with extended unemployment benefits has made it difficult to attract workers back, especially for lower wage jobs. Labor shortages were prevalent prior to COVID, but they are now exacerbated and employment growth has been curtailed due to a severe lack of labor.
- According to data published for 2018 (the most recent available) by the US Census Bureau's Local Employment Household Dynamics, the City of Cedar Rapids is a net importer of workers. An estimated 64,745 workers enter the City for work while 28,870 workers leave the City for employment. An estimated 40,377 workers live and work in Cedar Rapids. The largest numbers of workers that leave the City for employment commute to nearby communities including Marion, Iowa City, Hiawatha, North Liberty, Robbins, Coralville, Dubuque, Des Moines, Davenport and Waterloo.
- The highest proportion of workers lives in Cedar Rapids (58%); the second highest proportion lives in Marion (4.8%), followed by Hiawatha (4.7%) and Iowa City at 4.5%.

Housing Characteristics

- From 2010 through 2020, Cedar Rapids issued permits for the construction of 5,888 new residential units. Most new construction has been single-family homes, with development concentrated in the Northeast and Southwest quadrants. The Southwest and Northeast quadrants continue to attract the largest share of for-sale new construction.
- The number of residential permits decreased in each year since 2010 from 498 to 316 in 2012, but then rose again in 2013 to 541. The highest number was in 2017 with 782 permits issued for new residential units. New multifamily construction has increased substantially in the Downtown Core District with new condominiums and new multifamily units (market rate and affordable) developed, but recently slowed in 2020.
- As of the end of 2020, Cedar Rapids is estimated to have a total of 61,955 housing units, of which 67% are owner-occupied and 33% are renter occupied.
- Most of the homes in Cedar Rapids were built between 1950 and 1980 (40%). An estimated 20% of homes in Cedar Rapids were built pre-1950 and the remaining 40% were built in 1980 or later. The shifts in the overall age of the housing stock indicate that the proportion of new housing is gradually increasing in Cedar Rapids as 21% of the housing stock was built in 2000 or later.

- According to the Cedar Rapids Area Association of Realtors, the median value of homes in the Cedar Rapids Metro Area was \$176,000 as of the end of 2020. The average price was \$202,680, indicating that there were more high-priced homes sold than low-priced homes, causing the average to be higher than the median. Market activity indicators such as number of homes sold, average sold price and days on market are all trending up, although inventory is considered low and prices are escalating rapidly in the for-sale market. Home sales increased in Cedar Rapids in 2020, with the supply of homes on the market down from previous years. Market times have continued to decrease and along with the low inventory, has caused prices to rise.
- The average monthly rent among the surveyed market rate rental properties in the Cedar Rapids area was \$718 as of May 2021 or \$0.94 per square foot. This is below the average monthly rent for the shallow-subsidy properties surveyed at \$746 per month or \$0.80 per square foot. The lower average rent for market rate properties reflects a larger pool of older rental properties with moderate rent levels, many affordable to households with incomes between 50% and 60% of the Area Median Income.

Rental Housing Market Analysis

- In order to assess the current market conditions for rental housing in Cedar Rapids and the surrounding area, Maxfield Research completed a survey of rental housing that includes deep-subsidy units (i.e. housing that is income-restricted to households earning at or below 50% of the Area Median Income), shallow-subsidy (i.e. housing that is income-restricted between 40% and 80% of the Area Median Income) and market rate (i.e. housing that is not income-restricted); properties surveyed include those in Cedar Rapids, Marion and Hiawatha. Cedar Rapids and Marion contain most of the general market rental units in the area.
- Since undertaking the original analysis back in the late 2000s, Maxfield Research has inventoried an increasing number of rental units throughout the area, although the total number of units inventoried for this report decreased slightly. As of May 2021, the survey included a total of 10,468 general occupancy market rate rental units in the Cedar Rapids Market Area spread across more than 125 properties. At the time of the survey, four properties were still in their initial lease-up periods. Including all properties surveyed, there were 196 vacant units resulting in an overall vacancy rate of 2.0%. A healthy rental market usually maintains a vacancy rate of about 5%, which promotes competitive rates, ensures adequate consumer choice and allows for unit turnover. In 2019, we primarily observed that concessions seem to be increasing for some older properties as well as new properties offering move-in discounts, but concessions were less prevalent in the 2021 survey. Rents increased, on average, by 3% year-over-year.
- Maxfield also surveyed low-income and workforce rental properties. Among the total, most were financed through the Low-Income Housing Tax Credit program (LIHTC) administered by the Iowa Housing Finance Agency. Properties financed through the LIHTC program usually provide housing to households that have median household incomes ranging from 40% to

60% of median. The remaining general occupancy income-restricted properties (xx%) were assisted through the City's MNFC program, which has provided support to developers to maintain a more affordable rent structure for a period of ten years. As of May 2021, 2,070 general occupancy units were surveyed (age-restricted properties were moved to the senior section). The overall vacancy rate for these properties was 2.6%. There is some increased softness in the income-restricted market, although new product recently brought on-line was leased before it opened.

- Cedar Rapids currently serves 1,108 families through the Housing Choice Voucher Program. Although the Housing Department has an allocation of 1,265 vouchers, budget cuts and increases in assistance have reduced the number of families able to be served through the program. This is similar to many other agencies across the country that are experiencing similar situations. The wait list has 1,188 names and the average wait time for a voucher is approximately one year. This is typically lower than many other larger cities, where the wait time for a voucher could be two to three years or longer.

Senior Housing Market Analysis

- There are 38 age-restricted housing facilities in Cedar Rapids and Marion with more than 3,000 units. Nearly 700 of those units are deep-subsidy units and the remainder are shallow-subsidy and market rate. The overall vacancy rate for deep-subsidy and shallow-subsidy properties was 0.0% and the vacancy rate for market rate senior properties was an estimated 4.6% as of May 2021, a result of the impacts of the pandemic. Conversations with marketing directors indicated that most senior housing seems to be holding its own and with the virus coming under control, there is again interest in senior housing. Higher vacancies among specific properties may be a result of product types that are not meeting the needs of the market.
- Adult/few services buildings in the Cedar Rapids/Marion area include age-restricted cooperatives (ownership) and rental properties that accept residents at various income levels, from low-income to market rate. The newest age-restricted rentals that have opened include Commonwealth in Cedar Rapids, Arbor at Lindale Trail (Marion) and Blairs Ferry Senior Housing (Marion). These properties have been well-accepted in the marketplace and nearly all units are occupied. Some of the properties have waiting lists.
- There are several properties in the Cedar Rapids area (Cedar Rapids and Marion) that provide assisted living care and services. These properties combine for a total of 801 assisted living units. The newest facility is Stoney Pointe Assisted Living, which opened in 2019 and is in the SW quadrant of Cedar Rapids. The property offers assisted living and memory care.
- Several new properties have opened in the past three years including Grand Living at Indian Creek (164 units), Stoney Pointe Meadows (95 units), The Views (60 AL/MC and 40 SNF) and Terrace Glen Village (84 units).

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- HallMar Village, a collaboration between Mercy Hospital and Presbyterian Homes and Services recently broke ground for a 237-unit continuum of care and innovation center adjacent to the Echo Hill Presbyterian Church. Occupancy is anticipated for 2023.

For-Sale Housing Market Analysis

- The average resale price of homes in the Cedar Rapids Metro Area was \$202,680 and the median resales price was \$176,000 as of year-end 2020. The median resale price jumped 8.3% from 2019 in the Metro Area. Between 2016 and 2015, the increase in the median resale price was only 0.7%. The number of home sales has been increasing since 2018, but supply remains very tight. Time on market has continued to strengthen and was 39 days as of the end of 2020.
- In 2020, 3,460 homes sold in the Cedar Rapids Metro Area, an increase over 2019 when 3,213 homes sold.
- The median sale price of homes in Cedar Rapids was \$157,000 as of the end of 2020 and the average price was \$187,689. Based on the median sale price, a household would need an annual income of between \$53,625 and \$62,563 based on an industry standard of 3.0 to 3.5 times income at today's interest rates. An estimated 60% of Cedar Rapids households have annual incomes at or above \$50,000.

Housing Needs Analysis

- Based on our calculations, demand exists for the following general occupancy product types between 2021 and 2026 in Cedar Rapids:
 - Market rate rental 1,193 units
 - Shallow-Subsidy rental 695 units
 - Deep-subsidy rental 569 units
 - For-sale single-family 1,518 units
 - For-sale multifamily 505 units
- In addition, we find demand for multiple age-restricted (55+) and/or service-enriched housing product types. As of 2021, demand for age-restricted and/or service-enriched housing is estimated for the following independent and service-enriched categories for Cedar Rapids:
 - Active adult ownership 303 units
 - Active adult market rate rental 416 units
 - Active adult shallow-subsidy 36 units
 - Active adult deep-subsidy 791 units
 - Independent Lvg w/services 297 units

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- Assisted living 143 units
- Memory care 149 units

- Maxfield also prepared demand calculations for the period from 2026 to 2031. These calculations resulted in the following demand figures for general occupancy product types over that timeframe:
 - Market rate rental 1,374 units
 - Shallow-Subsidy rental 825 units
 - Deep-subsidy rental 584 units
 - For-sale single-family 1,635 units
 - For-sale multifamily 701 units

- Demand for age-restricted (55+) and/or service-enriched housing product types for the period as of 2026 resulted in the following figures:
 - Active adult ownership 290 units
 - Active adult market rate rental 434 units
 - Active adult shallow-subsidy 150 units
 - Active adult deep-subsidy 803 units
 - Independent Lvg. w/services 347 units
 - Assisted living 154 units
 - Memory care 162 units

Please note that senior demand is cumulative and that units developed would need to be subtracted from these totals.

Conclusions and Recommendations

The difference between the demand calculations over the next five year-period and the chart on the following page reflects Maxfield's estimates of the amount of demand that could be prudently absorbed in the Cedar Rapids market and not overbuild the market. The demand estimates reflect demand over a five-year period based on projected population and household growth. If growth occurs more slowly than expected and construction occurs more rapidly, then a short-term overbuilding situation could occur. The recommended development levels are intended to support continued growth but avoid significant overbuilding.

- Based on the findings of the analysis and the updated demand calculations, the chart shown on the next page provides a summary of the recommended housing product types for Cedar Rapids to 2026 (five-year period). Detailed findings are described in the *Conclusions and Recommendations* section of the report.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT CITY OF CEDAR RAPIDS 2021 to 2026			
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
General Occupancy Rental Housing			
Market Rate Rental Housing²			
Apartment-style (suburban)	\$900/1BR - \$1,200/2BR	200 - 250	2021-2026
Apartment-style-(Downtown)	\$950-Std.; \$1,100/1BR; \$1,450/2BR	100 - 150	2021-2026
Affordable Rental Housing			
Shallow-Subsidy	Moderate Income ³	150 - 200	2021-2026
Deep-Subsidy	30% of AGI	100 - 125	2021-2026
Total		550 - 725	
Market Rate Single-Family	Entry-Level (Core Neighbor.)	50 - 60	2021-2026
Market Rate Multifamily Owned	Entry-Level/Move-Up (Core)	50 - 75	2021-2026
Total		100 - 135	
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ⁴	\$895/1BR - \$1,150/2BR	50 - 100	2021-2026
Active Adult Market Rate Owner	\$150,000/1BR-\$200,000/2BR	50 - 100	2021-2026
Active Adult Shallow Rental ⁴	Moderate Income ³	30 - 50	2021-2026
Independent Living w/services	\$2,500/1BR - \$3,800/2BR	100 - 120	2021-2026
Deep-Subsidy Senior ⁵	30% of AGI	100 - 150	2021-2026
Market Rate Assisted Living	\$3,500/1BR - \$4,300/2BR	40 - 50	2021-2026
Market Rate Memory Care	\$4,600/Std. - \$5,800/1BR	25 - 30	2021-2026
Total		395 - 600	
¹ Pricing in 2021 dollars. Pricing can be adjusted to account for inflation. ² 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. ³ Affordability subject to income guidelines per Iowa Housing Authority. Consider alternate funding programs other than LIHTC for ⁴ Alternative development concept is to combine active adult shallow-subsidy and market rate active adult into mixed income property ⁵ Deep-subsidy senior is difficult to develop financially; could incorporate into shallow-subsidy Note - Recommended development does not coincide with total demand.			
Source: Maxfield Research and Consulting, LLC			

Distressed Housing Market

Several factors have combined in Cedar Rapids to create a distressed housing market. We comment on these factors in the following section.

- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. The unemployment rate rose substantially in 2020 as a result of the impacts of COVID on businesses with shut downs, furloughs and layoffs. Although the unemployment rate has dropped in 2021, the labor force figures have tumbled. Some employment has returned, but the recent lowering of the unemployment

rate is due primarily to the substantial drop in labor force participation, which has not occurred to this extent for more than 20 years. Labor shortages in many industries are prevalent and although employers want to hire workers, many have indicated they cannot find them. Low wages in some industries and workers electing to leave their jobs for other opportunities has created substantial stress on the employment situation in Cedar Rapids and many other cities across the country. The need for moderate priced housing is critical to attracting workers across the job spectrum to meet the needs of employers and to support economic growth and development. Covered employment (place of work) although decreased in 2020 due to COVID also exhibited some stability, but employment support is needed. Although additional job creation supports the need for housing, a lack of housing, an especially, affordable housing, can place pressure on attracting workers and new jobs.

- **Derecho.** The derecho storm in August 2020 created an estimated \$11 billion in damages throughout the community including infrastructure, buildings, environment (loss of tree canopy). We were able to identify damages of nearly \$10 million to individual residential homes along with another \$12.2 million in damages to multifamily properties from August through December in 2020 and another \$12.5 million in repairs to multifamily properties thus far in 2021, for an estimated total of \$35 million. The above repairs are those which have been able to be made while others are still waiting for insurance settlements and materials costs to decrease. Construction supplies are scarce and labor is also challenging.
- **Rental Vacancy Rate.** The rental vacancy rate for market rate rentals remains well below five percent (2.0% as of this update) and new construction has dropped off. Although there are two affordable developments planned, the vacancy rate for income-restricted, shallow subsidy properties is also low (2.5%), and the vacancy rate for deep-subsidy is effectively 0.0%. These vacancy rates indicate a distressed housing market that needs to support additional development to create a more balanced situation (5% market equilibrium vacancy rate).
- **For-Sale Market.** The for-sale housing market continues to experience rising prices and a severe lack of supply, especially for affordable for-sale housing. Despite increasing sales in 2020, the number of listings continues to fall with each housing update and new construction has been held back due to rising costs and material and labor shortages. More homes were removed in Cedar Rapids in 2020 than in the previous four years, most likely due to the derecho. Losing homes in an already tight housing market exacerbates the problem.

Introduction

This section of the report examines factors related to the current and future demand for housing in Cedar Rapids, Iowa. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household type, household tenure, employment growth trends and characteristics, age of the housing stock and recent residential building permit trends for Cedar Rapids, Marion and Hiawatha. A review of these characteristics provides insight into the demand for various housing products in the City. This information is updated including estimates for 2021 with projections for 2020, 2026 and 2030. Where applicable, a five-year projection to 2026 for some demographic tables has been added.

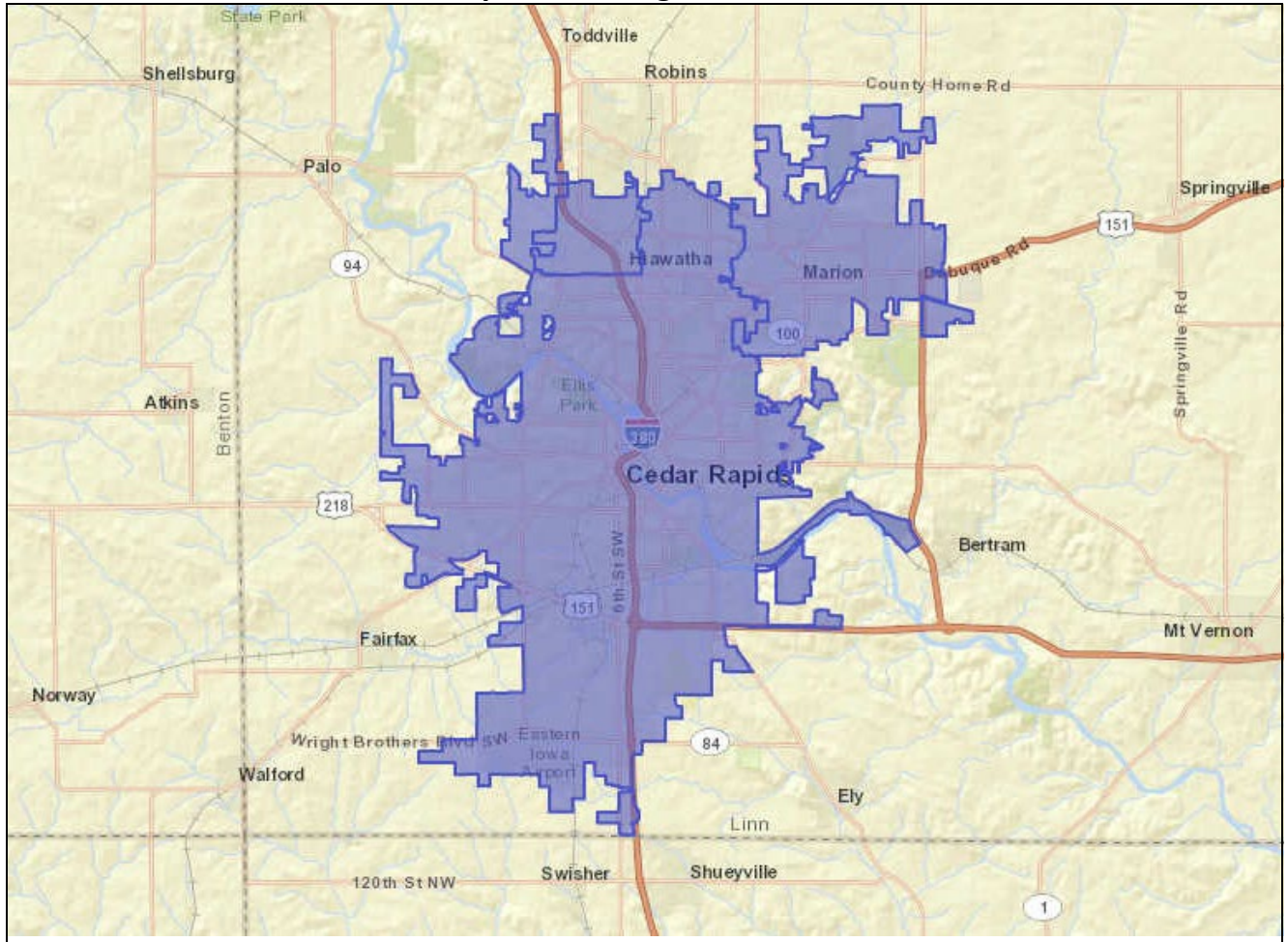
Market Area Definition

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 housing draw areas and specifically, draw areas for Cedar Rapids. 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. We note that other small nearby communities such as Fairfax and Mount Vernon are growing and capture a portion of the Metro Area housing demand.

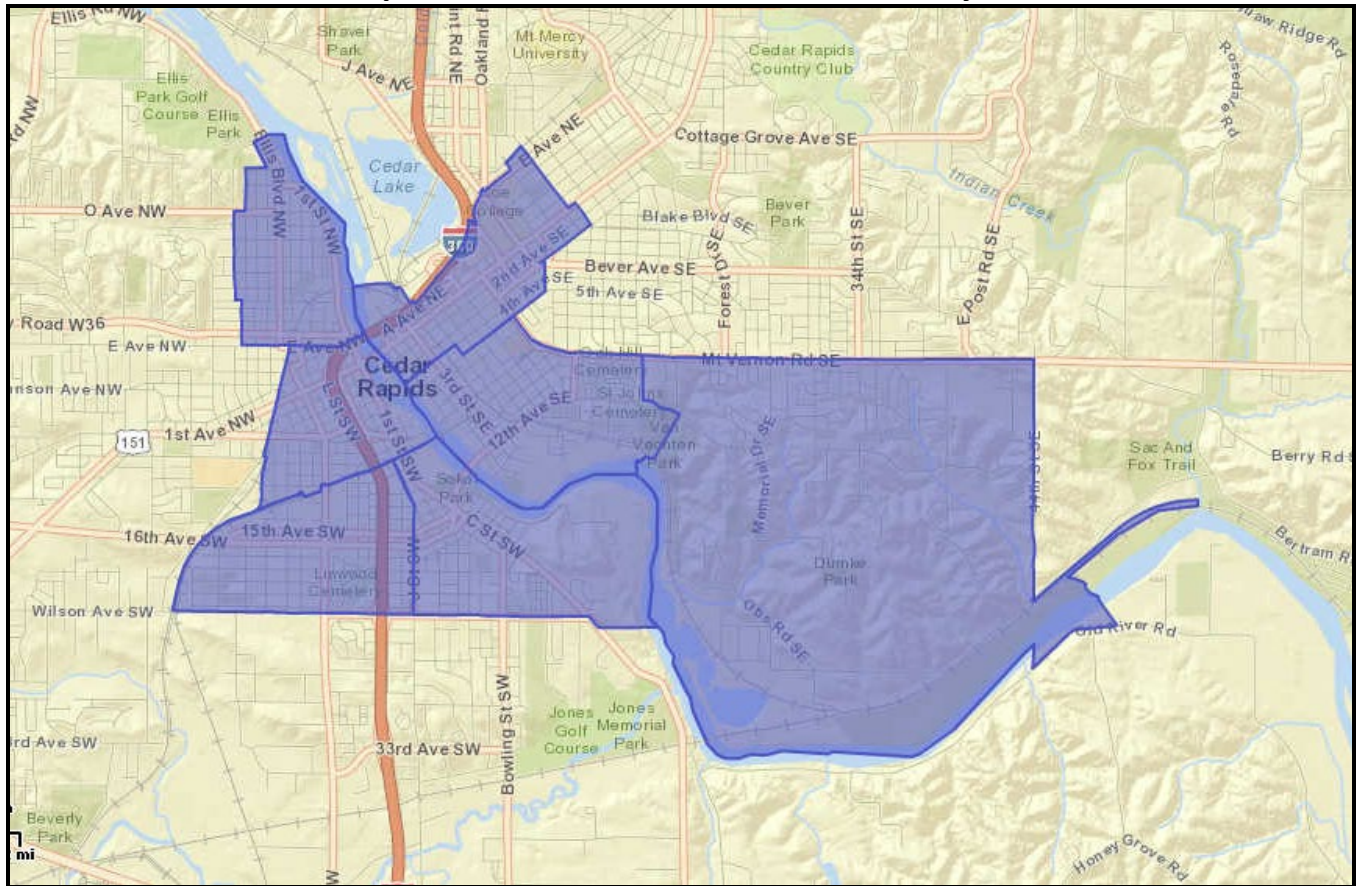
The Housing Market Area (HMA) is estimated to account for 75% of the total demand for housing for most product types in Cedar Rapids. Additional demand (25%) will come from individuals moving from outside the area, those who return from other locations (particularly young households returning after pursuing 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 HMA is considered in the demand calculations presented later in this analysis.

The Housing Market Area remains the same from previous analyses and figures included in those can be compared to updated information provided in this report. The map on the following page shows the Cedar Rapids Housing Market Area. Due to the regional draw of Cedar Rapids, the update report continues to reflect the use of a 25% allocation of demand generated from households that would relocate Cedar Rapids from outside of the Housing Market Area. Strong employers and growth of the region indicate that Cedar Rapids continues to attract this proportion from outside of the immediate area.

Cedar Rapids Housing Market Area



Cedar Rapids Downtown Core District 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 Downtown Core District, Marion, Hiawatha, Linn County and the Cedar Rapids MSA for 2000 and 2010, an estimate for 2018 and forecasts for 2020, 2025 and 2030.

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 impact 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%) between 2000 and 2010. Growth in Hiawatha was 8.4%.

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- As mentioned in the previous paragraph, growth slowed during the late 2000s due to the flood and the Great Recession. While the Cedar Rapids Metro Area experienced robust growth of 34.6% from 2000 to 2010, this was led primarily by growth outside of the City infrastructure in the smaller communities and rural areas. The remainder of Linn County gained 4,939 people (12.9%) 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. Additional demand however, can occur from changing demographics of the population base, which results in demand for different housing products.
- Cedar Rapids added 3,416 households during the 2000s (a 6.4% increase) while Marion gained 3,650 households (34.9%) during the same period. Hiawatha gained 212 households or 7.4%.
- Household growth rates outpaced population growth in the Market Area during the 1990s and 2000s and are anticipated to continue to do so for Cedar Rapids, Marion and the remainder of Linn County. The Cedar Rapids Market Area's population increased by 9.5% in the 1990s 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 an overall aging of the population, higher divorce rates and couples' decisions to have fewer children or no children at all.

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**TABLE 1
POPULATION GROWTH TRENDS AND PROJECTIONS
CEDAR RAPIDS HOUSING MARKET AREA
2000 to 2030**

	U.S. Census		Maxfield Research/ESRI Inc.				Change					
	2000	2010	Estimate	Estimate	Projections		2000 to 2010		2010 to 2021		2021 to 2030	
			2020	2021	2026	2030	No.	Pct.	No.	Pct.	No.	Pct.
Cedar Rapids-Core Area	19,338	16,955	19,066	19,124	20,050	21,750	-2,383	-12.3	2,169	12.8	2,626	15.5
Remainder of Cedar Rapids	101,420	109,371	118,838	119,887	125,100	130,250	7,951	7.8	10,516	9.6	10,363	9.5
Cedar Rapids Total	120,758	126,326	137,904	139,011	145,150	152,000	5,568	4.6	12,685	10.0	12,989	10.3
Marion	26,294	34,768	39,761	40,178	42,265	44,300	8,474	32.2	5,410	15.6	4,122	11.9
Hiawatha	6,480	7,024	7,439	7,482	7,698	7,883	544	8.4	458	6.5	401	5.7
Total Cedar Rapids Area	153,532	168,118	185,104	186,671	195,113	204,183	14,586	9.5	18,553	11.0	17,512	10.4
Remainder of Linn County	38,169	43,108	46,605	47,329	49,087	50,817	4,939	12.9	4,221	9.1	3,488	8.1
Linn County	191,701	211,226	231,709	234,000	244,200	255,000	19,525	10.2	22,774	10.8	21,000	9.9
Cedar Rapids MSA	191,701	257,940	279,621	281,705	293,000	305,000	66,239	34.6	23,765	9.2	23,295	9.0

Core Downtown includes the following Census Tracts: 12, 19, 22, 25, 26, 27 and a portion of 28
 Note: In 2005, Benton and Jones Counties were added to the Cedar Rapids MSA.
 *Projections of population compiled by Maxfield Research based on data provided by ESRI Inc. and the American Community Survey
 Sources: U.S. Census (2000, 2010); American Community Survey; ESRI Inc.; Maxfield Research and Consulting, LLC

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**TABLE 2
HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
CEDAR RAPIDS HOUSING MARKET AREA
2000 to 2030**

	U.S. Census		Maxfield Research/ESRI Inc.				Change					
	2000	2010	Estimate	Estimate	Projections		2000 to 2010		2010 to 2020		2021 to 2030	
			2020	2021	2026	2030	No.	Pct.	No.	Pct.	No.	Pct.
Cedar Rapids-Core Area**	8,838	6,888	7,762	7,870	8,350	9,350	-1,950	-22.1	982	14.3	1,480	21.5
Remainder of Cedar Rapids	40,982	46,348	50,143	50,535	52,555	54,150	5,366	13.1	4,187	9.0	3,615	7.8
Cedar Rapids	49,820	53,236	57,905	58,405	60,905	63,500	3,416	6.9	5,169	9.7	5,095	9.6
Marion	10,458	14,108	15,962	16,122	16,920	17,780	3,650	34.9	2,014	14.3	1,658	11.8
Hiawatha	2,859	3,071	3,174	3,248	3,337	3,480	212	7.4	177	5.8	232	7.6
Total Cedar Rapids Area	63,137	70,415	77,041	77,775	81,162	84,760	7,278	11.5	7,360	10.5	6,985	9.9
Remainder of Linn County	13,616	14,120	17,247	17,335	18,138	19,240	504	3.7	3,215	22.8	1,905	13.5
Linn County	76,753	84,535	94,288	95,110	99,300	104,000	7,782	10.1	10,575	12.5	8,890	10.5
Cedar Rapids MSA	76,753	104,617	112,980	113,870	118,300	122,800	27,864	36.3	9,253	8.8	8,930	8.5

Core Downtown includes the following Census Tracts: 12, 19, 22, 25, 26, 27 and a portion of 28
 **Estimate of occupied housing units based on 2010 Census counts
 Note: In 2005, Benton and Jones Counties were added to the Cedar Rapids MSA.
 Estimates and projections compiled by Maxfield Research based on information provided by ESRI Inc. and the American Community Survey
 Sources: U.S. Census (2000, 2010); American Community Survey, ESRI Inc., Maxfield Research

Population and Household Estimates and Projections

Sources and Methodology

The US Decennial Census serves as the overall benchmark for population and household data. Data is compiled and presented by the Census down to the block group level. In between the Decennial Census (10 years), the US Census Bureau compiles estimates under a program called the American Community Survey. Surveys are sent to a sample household base in each jurisdiction. Households receiving the survey are mandated by law to fill out the survey and return it. The Census Bureau then compiles one-year and five-year average estimates for many topics and categories, some of those not included in the Decennial Census such as many housing characteristics. The purpose of the American Community Survey is to provide more current information during the interim between the Decennial Censuses.

Maxfield Research utilizes data from the US Census and the American Community Survey but also reviews and considers data published by ESRI, Inc., a national demographics data provider and local data such as building permits issued for new dwelling units and residential demolitions for various geographies.

In the case of Cedar Rapids, the analysis of the population and household base for the Downtown core was compiled using estimates from the Census and then compiling detailed local information on number of housing units demolished, number of new units constructed, information on households that had relocated or remained (from FEMA data) to create a post-flood base. Adjustments were made with the 2010 Census. Future adjustments will be made once the 2020 Decennial Census data is released.

Data compiled by ESRI Inc. is often updated based on additional information received from the American Community Survey which lags behind. In compiling estimates for 2021, Maxfield utilized new information from the American Community Survey (2019 estimates), from local building permit data (occupied housing units) and from ESRI Inc. forecasts. Decennial Census data for 2020 for local jurisdictions such as county, place and county subdivisions will not be available until 2022.

Projections for 2021, 2026 and 2030 are based on updated 2019 estimates along with information provided by the City and surrounding areas on new pending developments. Projections were updated based on new information and recent development trends. Projections are adjusted each year as necessary based on new information received through the Census and at the local level.

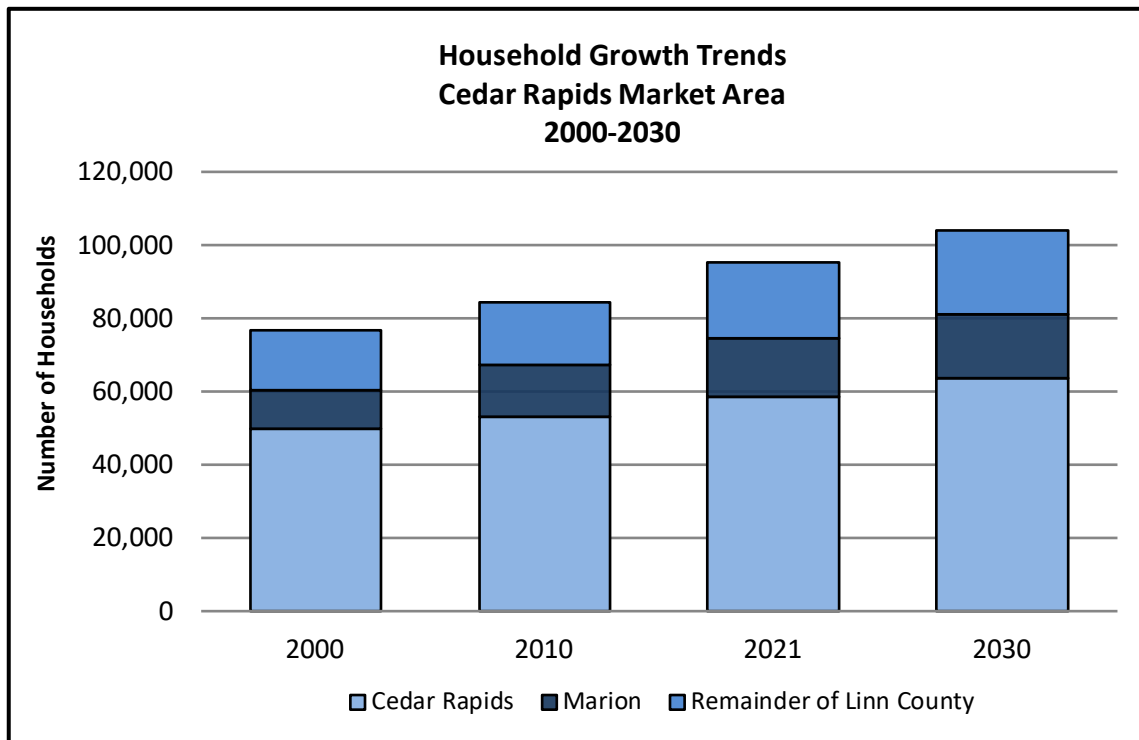
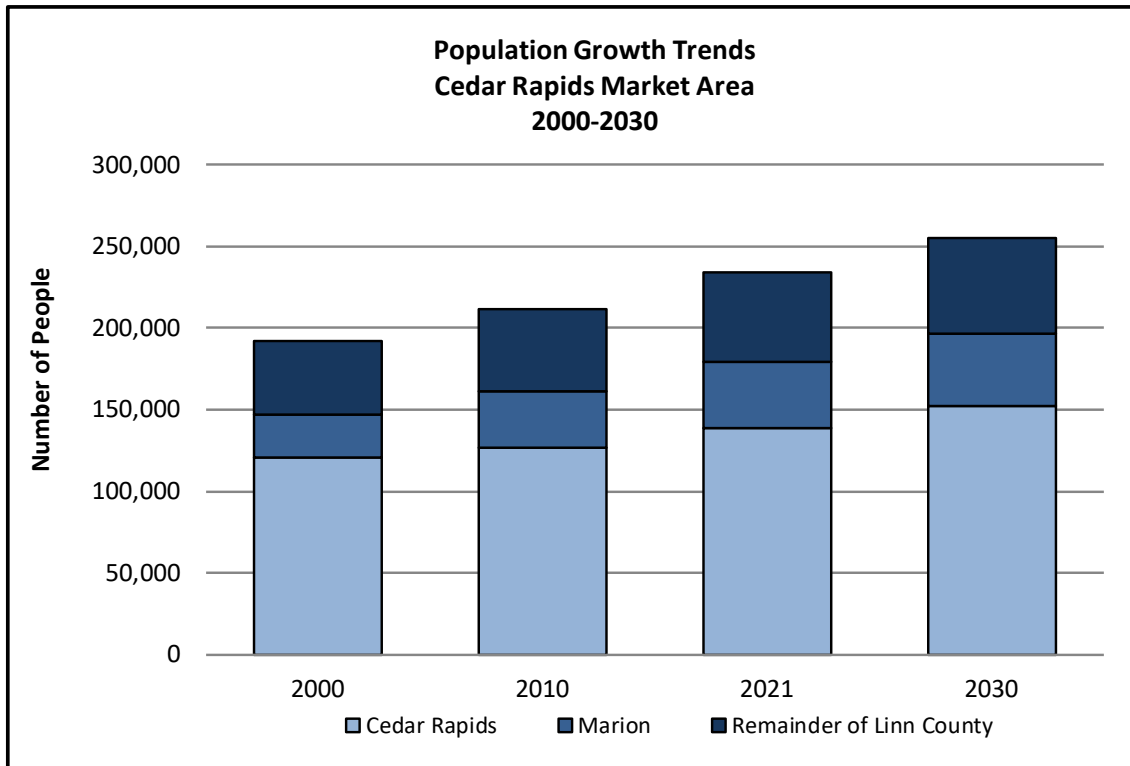
Growth Trends and Projections

Tables 1 and 2 present population and household growth estimates and projections for the Housing Market Area to 2030. Estimates for 2021 and projections for 2026 and 2030 are based on information from the US Census Bureau (American Community Survey data), ESRI (a national

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demographics service provider) and Cedar Rapids with adjustments calculated by Maxfield Research. The adjustments are intended to reflect growth that is likely to be realized in each of the cities and in the region considering recent demographic and economic trends.

- New residential construction slowed again in 2020, although there were substantial repairs undertaken on homes and apartment buildings as a result of the Derecho, which occurred in August 2020. Employment growth was also disrupted because of the Pandemic, although there have been recent employment gains as businesses and facilities have reopened with ongoing vaccination of the population and lifting of government restrictions. Although employment has been increasing over the past several months, labor force growth has not kept pace with employment growth. Although the unemployment rate has decreased, labor force participation remains low. It will be important that the labor force increases to support further employment growth to sustain economic development.
- Since households represent occupied housing units, the increase of 500 new households over the next year would require the addition of roughly this number of new housing units and/or a combination of a decrease in housing vacancy rates combined with new construction to accommodate the projected household growth. There will also be some demand for new housing due to replacement need and housing obsolescence. The current low housing vacancy rates in Cedar Rapids will require new construction to accommodate new household growth.
- Between 2000 and 2010, the population in the combined communities of Marion and Hiawatha increased by 9,018 people (27.5%). Population in these two communities is estimated to have increased by 5,868 people between 2010 and 2021. The number of households is projected to increase by 2,191. Projections for 2021 and 2030 were revised to reflect the current estimates.
- Overall, the HMA population increased at a slightly faster rate between 2010 and 2020 than it did during the 2000s. The HMA is expected to increase by 18,553 people (11.0%) by 2020, for a total of 186,671 people. Households are projected to increase by 7,360 (10.5%) by 2021, modestly slower than the growth rate during the 2000s (11.5%).
- From 2021 to 2030, Cedar Rapids is projected to gain 12,989 people (10.3%) and 5,095 households (9.6%). The Housing Market Area is projected to gain 17,512 people (10.4%) and 6,985 households (9.9%).



Household Size Trends

Table 3 shows historical and projected household size trends for the Downtown Core District, 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 decreased in Cedar Rapids and Marion cities, but increased in the Downtown core and in Hiawatha between 2000 and 2010. The 2021 estimate shows that the average household size decreased in the core area (a result of new housing units targeted to smaller household sizes) but is estimated to have remained stable in the City and in Marion, which are likely attracting more families. To 2030, average household sizes are projected to increase somewhat in the outlying areas while the average household size in the Core is expected to continue to decrease.

Cedar Rapids and Marion are projected to have the largest household sizes by 2030, estimated at 2.51 and 2.39, respectively as Millennials have children and housing turnover occurs. The Downtown Core is projected to have smaller household sizes driven primarily by development of multifamily and condominiums which are most often occupied by fewer people in each unit.

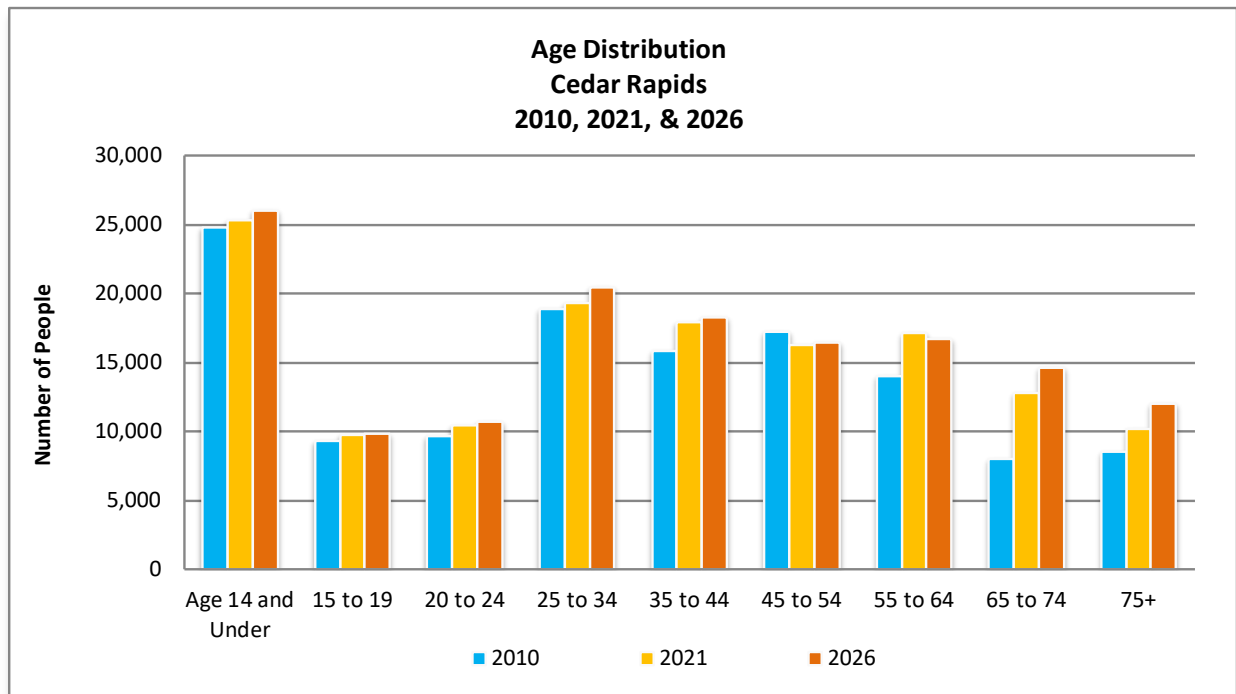
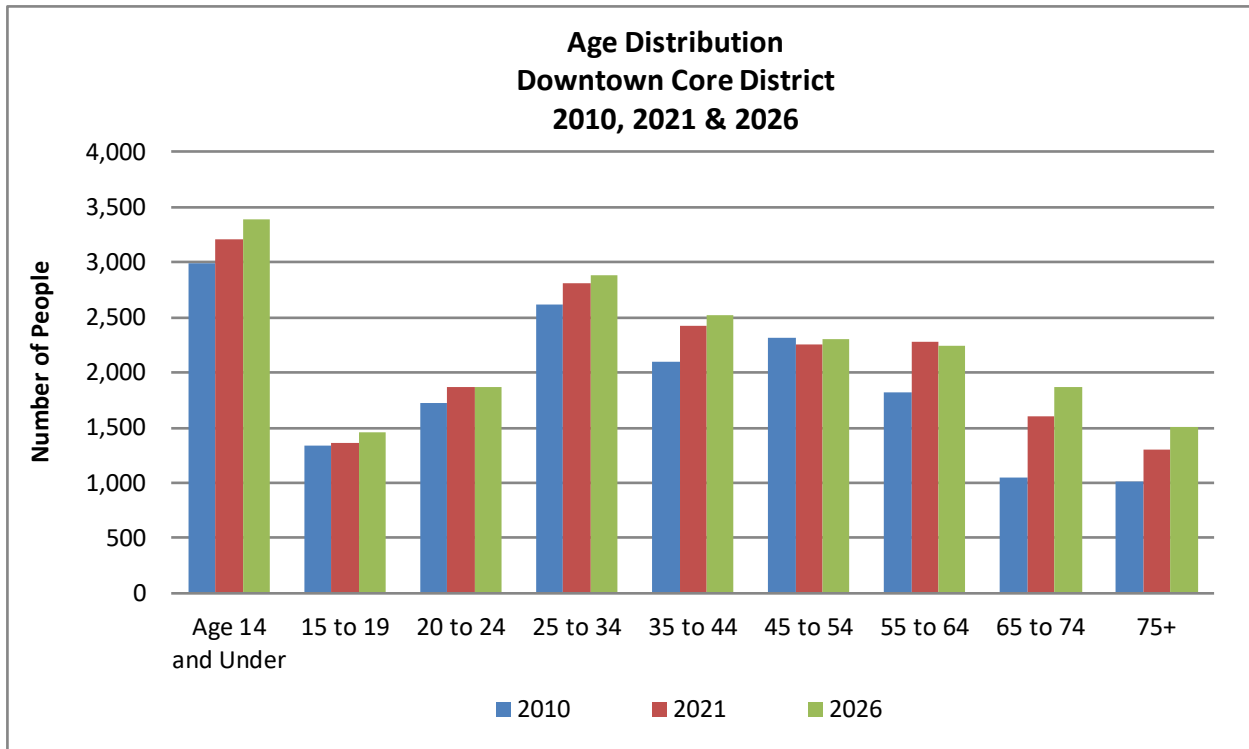
TABLE 3 AVERAGE HOUSEHOLD SIZE CEDAR RAPIDS HOUSING MARKET AREA 2000 to 2030						
	US Census		Estimates		Projections	
	2000	2010	2020	2021	2026	2030
Cedar Rapids Core Area	2.19	2.46	2.46	2.43	2.40	2.33
Cedar Rapids city	2.42	2.37	2.38	2.38	2.38	2.39
Marion	2.51	2.46	2.49	2.49	2.50	2.49
Hiawatha	2.27	2.29	2.34	2.30	2.31	2.27
Linn County	2.50	2.50	2.46	2.46	2.46	2.45
Cedar Rapids MSA	2.20	2.47	2.47	2.47	2.48	2.48
Iowa	2.55	2.49	2.49	2.45	2.45	2.45

Note: In 2005, Benton and Jones Counties were added to the Cedar Rapids MSA.
 Sources: US Census; American Community Survey; ESRI Inc.; Maxfield Research and Consulting;

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 people in nine age groups for the Downtown Core District and Cedar Rapids in 2000 and 2010 with updated estimates for 2021 and projections for 2026 and 2030. The 2000 and 2010 age distributions are from the U.S. Census Bureau; the 2021 estimates and 2026/2030 projections are based on data obtained from the US Census Bureau (American Community Survey) and ESRI Inc., a national demographics forecasting company and adjusted by Maxfield Research based on local construction and growth trends. 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 strong growth were the cohorts ages 15 to 19 and ages 20 to 24, which increased by 799 and 634 people, respectively. Between 2000 and 2010, the cohort, age 14 and under, lost -250 people.
- From 2010 to 2021, all age groups, except those in the 45 to 54 group, increased as new development in the Downtown and immediate surrounding neighborhoods ensued after the Recession. The population of the Downtown Core District is estimated to have increased from 16,955 in 2010 to 19,124 by 2021, an increase of 2,169 people or 12.8%.
- By 2026, the Downtown Core District is estimated to have 20,050 people and by 2030, 21,250 people. Growth between 2021 and 2030 is projected at 12.5%, a slightly higher growth rate over the nine-year period (2021-2030), than over the previous 11-year period (2010-2021).
- Growth in Cedar Rapids is anticipated to be greatest among those age 65 or older (4,155 people or 18.1%) between 2021 and 2030. Also expected to exhibit strong growth are people ages 25 to 44 (3,641 or 9.8%). The projected population increase in the younger age cohorts, who are primarily renters and first-time homebuyers, indicates potential demand for new housing, which is already underway in the core neighborhoods. New housing in Downtown Cedar Rapids has already attracted many young to mid-age households seeking an urban lifestyle and this is anticipated to continue.
- The projected growth trends indicate a mix of housing product types will be needed to satisfy families with children, young singles and couples as well as older adults and seniors. Encouraging housing near goods and services and employment concentrations in the Downtown can draw people back to the core neighborhoods.



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**TABLE 4
AGE DISTRIBUTION TRENDS
DOWNTOWN CORE DISTRICT, CEDAR RAPIDS AND SURROUNDING AREA
2000 to 2030**

Age	Census		Estimate	Projections		Change			
	2000	2010	2021	2026	2030	2010-2021		2021-2030	
						No.	Pct.	No.	Pct.
Downtown Core Area									
Age 14 and Under	4,337	2,995	3,213	3,388	3,508	218	5.0	295	9.9
15 to 19	1,657	1,333	1,358	1,464	1,520	25	1.5	162	12.1
20 to 24	2,077	1,730	1,874	1,865	2,004	144	6.9	129	7.5
25 to 34	3,507	2,614	2,811	2,887	3,121	197	5.6	310	11.9
35 to 44	3,315	2,093	2,429	2,526	2,699	336	10.1	270	12.9
45 to 54	2,502	2,319	2,257	2,306	2,476	-62	-2.5	219	9.5
55 to 64	1,684	1,816	2,276	2,246	2,475	460	27.3	199	11.0
65 to 74	1,300	1,047	1,606	1,865	2,020	559	43.0	414	39.5
75+	1,500	1,008	1,300	1,504	1,428	292	19.5	127	12.6
Total	21,879	16,955	19,124	20,050	21,250	2,169	9.9	2,126	12.5
Cedar Rapids									
Age 14 and Under	25,039	24,789	25,300	25,982	27,390	511	2.0	2,090	8.4
15 to 19	8,544	9,343	9,731	9,870	10,466	388	4.5	735	7.9
20 to 24	9,039	9,673	10,426	10,741	11,139	753	8.3	713	7.4
25 to 34	18,338	18,837	19,323	20,466	21,442	486	2.6	2,119	11.3
35 to 44	18,708	15,818	17,932	18,289	19,454	2,114	11.3	1,522	9.6
45 to 54	15,670	17,246	16,264	16,402	17,171	-982	-6.3	906	5.3
55 to 64	9,626	14,048	17,098	16,692	17,847	3,050	31.7	749	5.3
65 to 74	7,728	8,042	12,789	14,660	15,283	4,747	61.4	2,494	31.0
75+	8,066	8,530	10,148	12,047	11,809	1,618	20.1	1,661	19.5
Total	120,758	126,326	139,011	145,150	152,000	12,685	10.5	12,989	10.3
Remainder of Linn County									
Age 14 and Under	15,551	18,356	18,692	19,343	19,111	336	2.2	419	2.3
15 to 19	5,347	6,000	6,181	6,790	6,456	181	3.4	274	4.6
20 to 24	4,288	4,366	5,954	5,674	5,562	1,588	37.0	-392	-9.0
25 to 34	9,096	10,190	11,799	12,609	12,644	1,609	17.7	844	8.3
35 to 44	11,861	11,762	12,956	12,581	13,109	1,194	10.1	153	1.3
45 to 54	10,432	13,007	12,518	12,263	12,726	-489	-4.7	208	1.6
55 to 64	6,697	10,303	12,386	12,708	12,876	2,083	31.1	490	4.8
65 to 74	4,137	6,328	8,973	10,575	13,051	2,645	63.9	4,078	64.4
75+	3,534	4,588	5,530	7,308	7,467	942	26.7	1,937	42.2
Total	70,943	84,900	94,989	99,850	103,000	10,089	14.2	8,011	9.4
Linn County									
Age 14 and Under	40,590	43,145	43,992	45,325	46,501	847	2.1	2,509	5.8
15 to 19	13,891	15,343	15,912	16,660	16,921	569	4.1	1,009	6.6
20 to 24	13,327	14,039	16,380	16,415	16,701	2,341	17.6	321	2.3
25 to 34	27,434	29,027	31,122	33,075	34,086	2,095	7.6	2,964	10.2
35 to 44	30,569	27,580	30,888	30,870	32,563	3,308	10.8	1,675	6.1
45 to 54	26,102	30,253	28,782	28,665	29,897	-1,471	-5.6	1,115	3.7
55 to 64	16,323	24,351	29,484	29,400	30,723	5,133	31.4	1,239	5.1
65 to 74	11,865	14,370	21,762	25,235	28,333	7,392	62.3	6,571	45.7
75+	11,600	13,118	15,678	19,355	19,276	2,560	22.1	3,598	27.4
Total	191,701	211,226	234,000	245,000	255,000	22,774	11.9	21,000	9.9

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

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- Mirroring trends observed across the Nation, the aging baby boom generation continues to impact the composition of the Cedar Rapids' population. Born between 1946 and 1964, these individuals are now ages 57 and 75. As of 2021, baby boomers are estimated to account for 22% of Cedar Rapids' population. In the Downtown Core District Area, the estimate is 21%.
- The 65 to 74 age cohort is projected to have the greatest growth (by percentage and numerically) across all jurisdictions between 2021 and 2030. As shown on Table 4, the 65 to 74 age cohort is projected to increase by 414 people (39.5%) in the Downtown Core District, 2,494 people (31.0%) in Cedar Rapids and 6,571 (49.5%) in Linn County. The growth in this age cohort is attributed to the baby boom generation aging into their young senior years.
- 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 greater 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. Also, young people may prefer to spend their leisure time on activities and interests other than maintaining a home.
- Growth among people age 14 and under is projected be relatively strong with the Millennial generation having children. Growth in this cohort indicates 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 age 14 and under are expected to increase by 9.9% in the Downtown Core, 8.4% in Cedar Rapids and 5.8% in Linn County. These increases are consistent with previous projections.

Household Income by Age of Householder

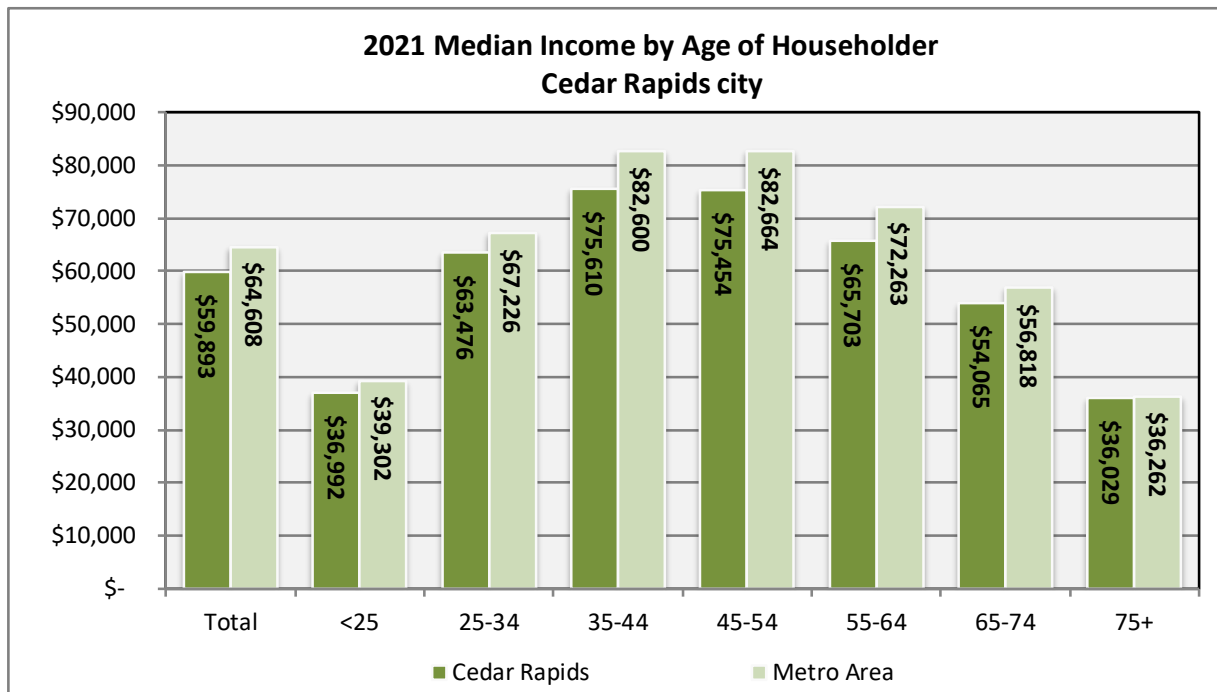
The estimated distribution of household incomes in Cedar Rapids, the Downtown Core Area and Linn County for 2021 and 2026 are shown in Tables 5 to 7. The data was estimated by Maxfield Research based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines housing costs as affordable when a household allocates no more than 30% of its adjusted gross income for housing. For example, a household with an income of \$40,000 per year would be able to afford a monthly housing cost of about \$1,000. Maxfield Research uses a figure of 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.

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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 year-end 2020, the median home sales price in Cedar Rapids was \$157,000, which price falls in the lower portion of the range.

- As of 2021, Cedar Rapids is estimated to have a median household income of \$59,893, an increase of 2.4% from 2019. The median household income for the Downtown Core neighborhoods is estimated at \$41,709 (a modest decrease from 2019) and at \$65,781 for Linn County. Median household incomes are estimated to have decreased slightly in the Downtown Core District since 2019. Household incomes in Cedar Rapids and in Linn County are projected to rise annually over the next six years by 2.2% and 2.8%, respectively.
- A non-senior household in the Cedar Rapids Market Area with a median household income of \$69,191 could afford a monthly housing cost of \$1,730, based on an allocation of 30% of income toward housing. A senior household with a median income of \$46,389 could afford a monthly housing cost of \$1,546, based on an allocation of 40% of income toward housing. Housing costs in Cedar Rapids are generally affordable for households that earn the median household income or higher.



Non-Senior Households

- As of 2021, 8.7% of non-senior (under age 65) households in Cedar Rapids had incomes under \$15,000 (3,820 households). This is an increase over 2019, when the percentage was only 5.9%. Essentially, all these households would be eligible for deep-subsidy (subsidized) rental housing. Another 5.6% of the Cedar Rapids Market Area non-senior households had incomes between \$15,000 and \$25,000 (2,447 households), a decrease from 2019. Most of these households would qualify for deep-subsidy housing but those at the upper end of the income range may also qualify for shallow-subsidy 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 \$378 to \$1,450 with many rentals still priced between \$500 and \$750.
- Median incomes for households in Cedar Rapids city peak at \$75,610 for the 35 to 44 age group as of 2021, although households age 45 to 54 are almost equal to this figure at \$75,454. Most often households age 45 to 54 are in their peak earning years. Because of the shift among younger age cohorts towards employment in high-tech industries, median incomes for the 35 to 44 age group have been increasing. In Cedar Rapids, most households in the 35 to 44 and 45 to 54 age groups own their housing (68% and 79%, respectively. By 2026, the median incomes for the 35 to 44 and 45 to 54 age groups are projected to increase to \$78,470 and \$76,957, respectively. These figures are lower than in 2019, reflecting adjustments made by the Census Bureau based on most recent data from the American Community Survey.
- The average resale price of homes in Cedar Rapids Metro Area in 2020 was \$202,680 and the median resale price was \$176,000. The income required to afford a home at the median resale price would be an estimated \$58,667, based on approximately 3.0 times income, assuming households do not have a high level of debt and can afford to make a minimum 10% down payment. As of 2021, an estimated 61.7% (26,364 households) of Cedar Rapids' non-senior households had incomes equal to or greater than \$58,667.
- The median household income for non-senior households in Cedar Rapids (\$69,191) is expected to increase by 6.0% between 2021 and 2026 for a median income of \$73,358 by 2026. This equates to an average annual increase of 1.2% over the period. This is a decrease over the 2.4% annual projection from 2019. We caution however, that these estimates are based on annual surveys of local households. Sample size may differ from year to year and may reflect changes in the data annually.

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**TABLE 5
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
CEDAR RAPIDS CITY
2021 & 2026**

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2021								
Less than \$15,000	5,537	922	803	678	694	1,014	625	801
\$15,000 to \$24,999	4,662	480	625	486	389	655	754	1,274
\$25,000 to \$34,999	5,398	606	823	648	620	624	810	1,267
\$35,000 to \$49,999	7,813	656	1,339	1,154	861	1,167	1,451	1,185
\$50,000 to \$74,999	12,289	690	2,251	2,095	2,054	2,375	1,796	1,027
\$75,000 to \$99,999	7,618	341	1,438	1,478	1,314	1,505	1,091	452
\$100,000-\$149,999	9,162	332	1,775	2,297	1,823	1,618	810	507
\$150,000-\$199,999	3,268	114	536	739	814	645	257	164
\$200,000+	2,857	67	327	546	685	635	425	171
Total	58,605	4,208	9,918	10,120	9,254	10,237	8,018	6,849
Median Income	\$59,893	\$36,992	\$63,476	\$75,610	\$75,454	\$65,703	\$54,065	\$36,029
<i>Cedar Rapids Metro</i>	<i>\$64,608</i>	<i>\$39,302</i>	<i>\$67,226</i>	<i>\$82,600</i>	<i>\$82,664</i>	<i>\$72,263</i>	<i>\$56,818</i>	<i>\$36,262</i>
2026								
Less than \$15,000	5,395	917	724	643	663	873	640	936
\$15,000 to \$24,999	4,635	492	571	439	374	572	784	1,404
\$25,000 to \$34,999	5,332	593	765	592	579	553	847	1,404
\$35,000 to \$49,999	7,690	676	1,274	1,072	822	1,018	1,505	1,323
\$50,000 to \$74,999	12,821	773	2,294	2,093	2,092	2,259	2,036	1,274
\$75,000 to \$99,999	8,056	373	1,529	1,511	1,364	1,435	1,279	565
\$100,000-\$149,999	10,035	386	2,008	2,430	1,905	1,619	1,000	686
\$150,000-\$199,999	3,719	123	642	837	850	708	333	226
\$200,000+	3,223	57	387	592	691	659	586	250
Total	60,905	4,389	10,194	10,210	9,340	9,695	9,010	8,066
Median Income	\$62,385	\$38,704	\$68,117	\$79,185	\$77,333	\$69,259	\$57,154	\$37,785
<i>Cedar Rapids Metro</i>	<i>\$68,715</i>	<i>\$41,322</i>	<i>\$73,851</i>	<i>\$87,717</i>	<i>\$86,749</i>	<i>\$78,013</i>	<i>\$61,167</i>	<i>\$38,733</i>
Change 2021 - 2026								
Less than \$15,000	-142	-4	-80	-35	-31	-141	14	134
\$15,000 to \$24,999	-27	12	-54	-47	-15	-83	30	130
\$25,000 to \$34,999	-67	-13	-59	-55	-41	-72	37	137
\$35,000 to \$49,999	-123	19	-65	-82	-39	-149	53	138
\$50,000 to \$74,999	532	82	42	-2	38	-116	240	247
\$75,000 to \$99,999	438	32	91	34	50	-70	189	113
\$100,000-\$149,999	872	54	233	133	82	2	190	179
\$150,000-\$199,999	451	9	107	98	36	63	77	61
\$200,000+	366	-10	60	46	6	25	161	79
Total	2,300	181	275	90	86	-542	992	1,218
Median Income	\$2,492	\$1,712	\$4,641	\$3,575	\$1,879	\$3,556	\$3,089	\$1,756

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

Senior Households

- The oldest householders (75+) were estimated to have a median household income of \$36,029 as of 2021. In Cedar Rapids, 7.8% of households ages 65 to 74 had incomes below \$15,000, compared to 11.7% 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 incomes or

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higher social security benefits. The 2021 median incomes for Cedar Rapids' householders age 65 to 74 and 75+ were \$54,065 and \$36,029, respectively.

- Generally, older adult households with incomes of at least \$35,000 can afford market rate senior housing. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$1,166. As of 2021, an estimated 9,119 older adult households (65+) in Cedar Rapids (61.9% of senior households) had incomes of \$35,000 or more. Another 6,289 older adults in the remainder of Linn County had household incomes of \$35,000 or more in 2021. Older adults (65+) often move from rural areas to regional centers to receive medical care and other services.
- 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 \$40,000 or higher to afford monthly rents of \$2,700, which is about the beginning monthly rent at assisted living properties in the Cedar Rapids area. There are an estimated 2,926 older senior (ages 75 and over) households with incomes greater than \$40,000 in 2021 in Cedar Rapids. In the remainder of Linn County, there are another 1,863 older seniors with incomes greater than \$40,000. 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 older adults age 65+ in Cedar Rapids is \$46,389 in 2021. It is projected to increase by 5.9% to \$49,123 by 2026.

Downtown Core District

Table 6 shows household incomes by age of householder for the Downtown Core neighborhoods in 2021 and 2026. The table shows that the overall median income for the Downtown Core District is lower than for Cedar Rapids or Linn County. The median household income for the Downtown Core however, rose substantially between 2018 and 2019, indicating there was an influx of higher income households moving into new housing in the Core District. By 2021, however, the estimated median household income for the Downtown Core District shifted down slightly to \$41,709.

There continues to be increasing interest and demand from young professionals seeking an active, urban environment within walking distance of entertainment and employment and absorption of new upper-end rental properties in the Downtown demonstrates this.

Although a portion of new units in the Downtown core are affordable, most new rental housing is market rate. With substantial redevelopment there has been gentrification occurring, which may need to be monitored so there remains a balance of affordable and market rate housing provided in the core neighborhoods.

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**TABLE 6
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
CEDAR RAPIDS DOWNTOWN CORE
2021 & 2026**

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2021								
Less than \$15,000	1,475	157	214	183	208	339	170	205
\$15,000 to \$24,999	847	65	134	98	91	151	146	163
\$25,000 to \$34,999	1,030	97	191	170	176	138	134	123
\$35,000 to \$49,999	1,188	76	186	210	160	202	258	96
\$50,000 to \$74,999	1,689	69	360	345	394	287	182	52
\$75,000 to \$99,999	636	26	147	134	118	108	75	27
\$100,000-\$149,999	696	23	166	151	140	139	49	27
\$150,000-\$199,999	154	1	29	46	34	24	10	9
\$200,000+	155	4	17	26	37	34	17	20
Total	7,870	518	1,445	1,363	1,357	1,423	1,040	723
Median Income	\$41,709	\$28,359	\$50,084	\$51,323	\$52,055	\$40,888	\$38,206	\$24,527
<i>Cedar Rapids Metro</i>	<i>\$64,608</i>	<i>\$39,302</i>	<i>\$67,226</i>	<i>\$82,600</i>	<i>\$82,664</i>	<i>\$72,263</i>	<i>\$56,818</i>	<i>\$36,262</i>
2026								
Less than \$15,000	1,451	147	197	180	194	308	178	247
\$15,000 to \$24,999	865	66	132	89	86	146	161	184
\$25,000 to \$34,999	1,046	91	192	169	169	135	151	139
\$35,000 to \$49,999	1,208	78	188	200	153	193	287	109
\$50,000 to \$74,999	1,847	80	389	359	406	309	235	68
\$75,000 to \$99,999	729	28	166	151	133	116	101	35
\$100,000-\$149,999	845	29	198	180	173	160	63	42
\$150,000-\$199,999	205	3	36	58	40	37	15	16
\$200,000+	155	4	15	24	39	27	21	25
Total	8,350	526	1,512	1,410	1,394	1,432	1,212	865
Median Income	\$44,602	\$29,840	\$52,419	\$53,456	\$54,171	\$44,560	\$39,866	\$25,232
<i>Cedar Rapids Metro</i>	<i>\$68,715</i>	<i>\$41,322</i>	<i>\$73,851</i>	<i>\$87,717</i>	<i>\$86,749</i>	<i>\$78,013</i>	<i>\$61,167</i>	<i>\$38,733</i>
Change 2021 - 2026								
Less than \$15,000	-24	-10	-17	-2	-14	-31	9	41
\$15,000 to \$24,999	17	1	-3	-9	-4	-5	16	22
\$25,000 to \$34,999	16	-6	1	-1	-8	-3	17	16
\$35,000 to \$49,999	20	2	1	-10	-7	-9	29	14
\$50,000 to \$74,999	158	11	29	14	12	22	53	16
\$75,000 to \$99,999	93	1	19	17	14	8	26	7
\$100,000-\$149,999	149	6	32	29	33	21	14	14
\$150,000-\$199,999	51	2	7	11	7	13	4	7
\$200,000+	0	0	-2	-2	2	-7	4	5
Total	480	8	68	46	36	9	171	141
Median Income	\$2,893	\$1,481	\$2,335	\$2,133	\$2,116	\$3,672	\$1,660	\$705

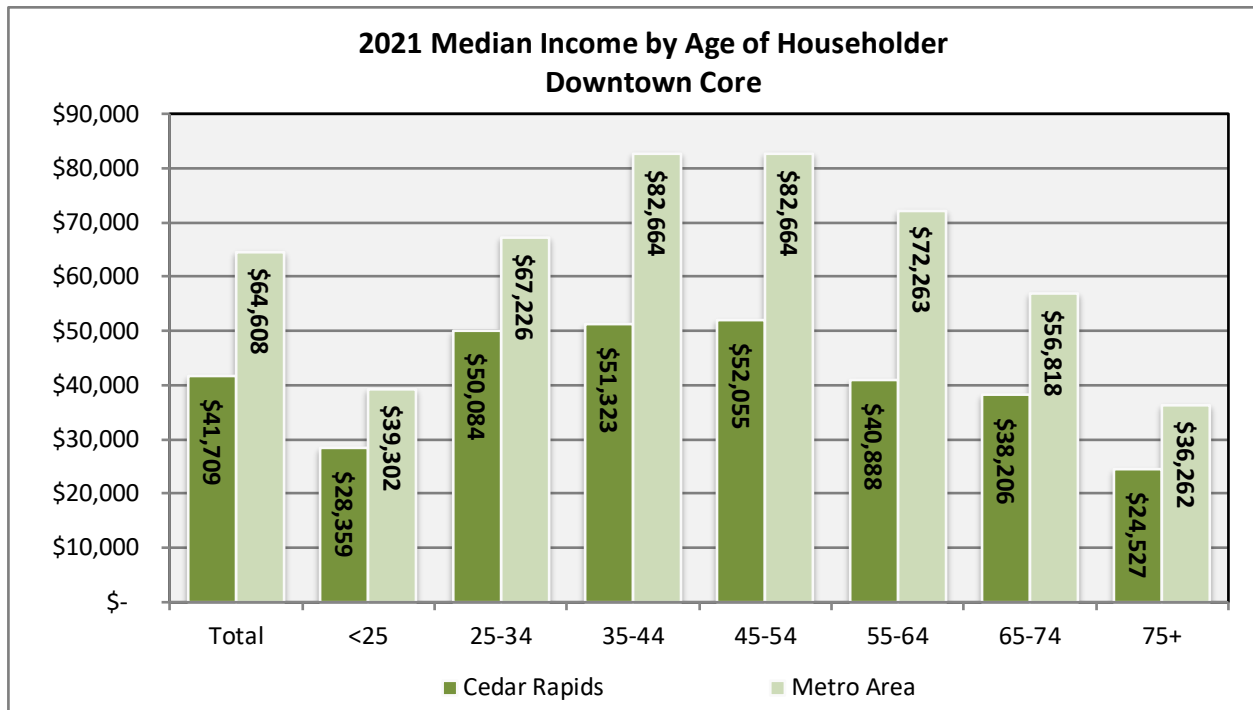
Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

Owner-occupied homes in the Core neighborhoods tend to be more affordable. Many homes were renovated and rehabilitated post-flood. In addition, there has been some in-fill development and construction of new condominiums in the Downtown area.

Older adult households in the Downtown Core District have lower household incomes than the Cedar Rapids Market Area. The 2021 median income for all householders age 75+ is estimated at \$24,527. As shown on the table, households age 75+ have a median household income 36%

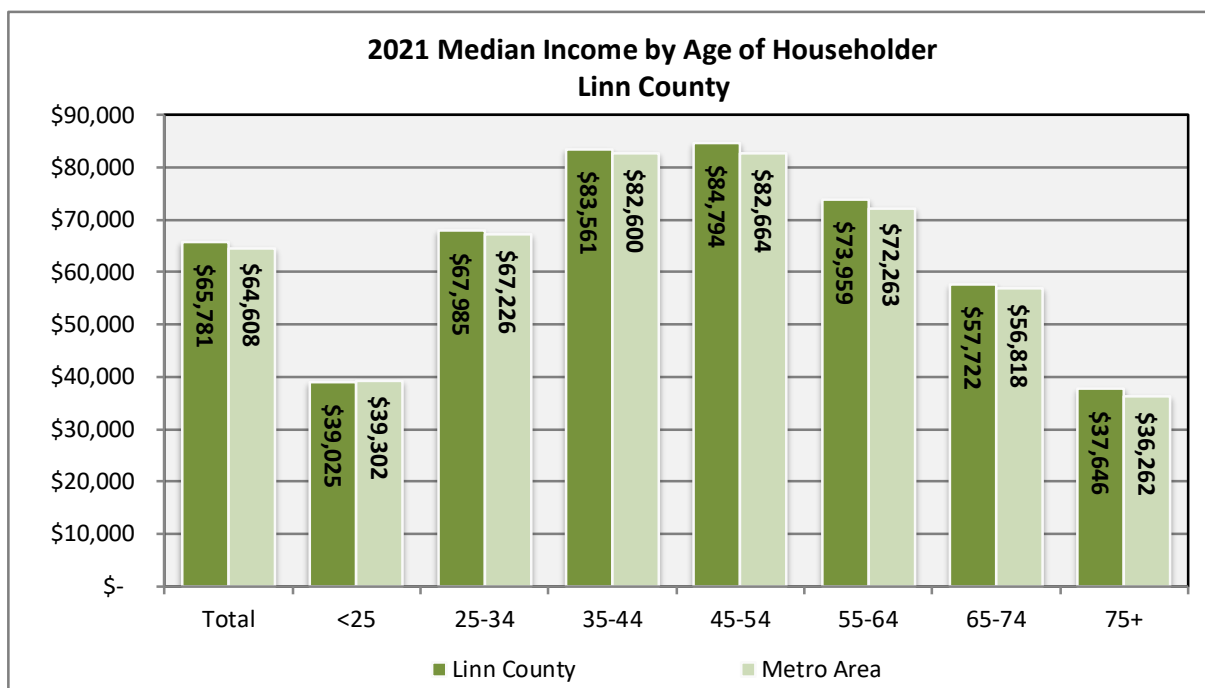
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lower than households age 65 to 74. Households age 75% are more likely to be living alone and fully retired than younger seniors.



Linn County

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



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**TABLE 7
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
LINN COUNTY
2021 & 2026**

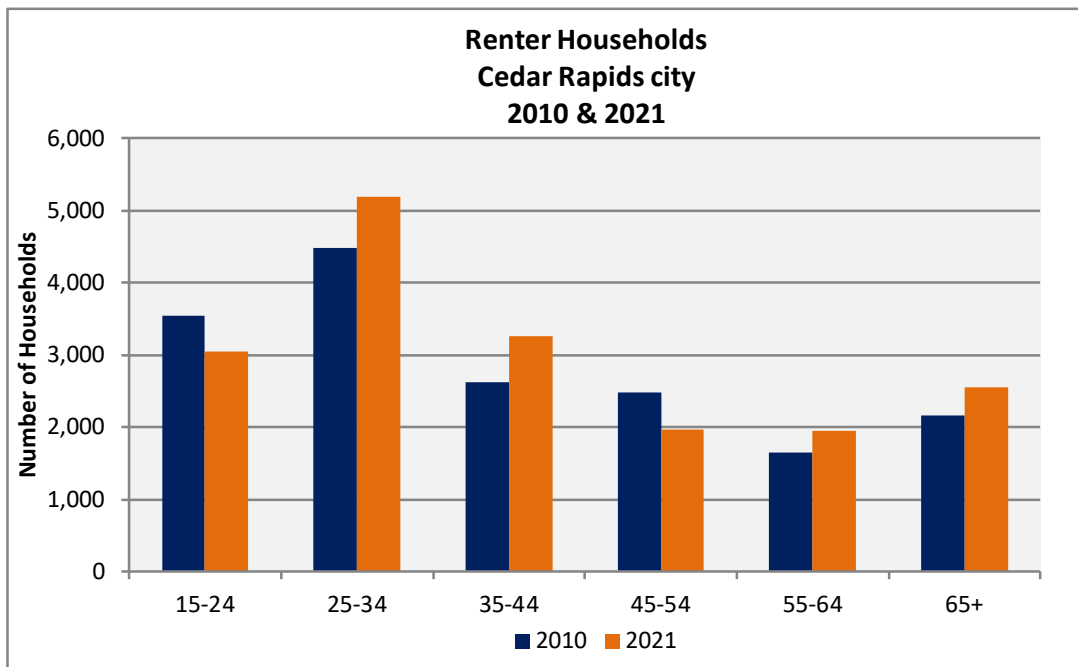
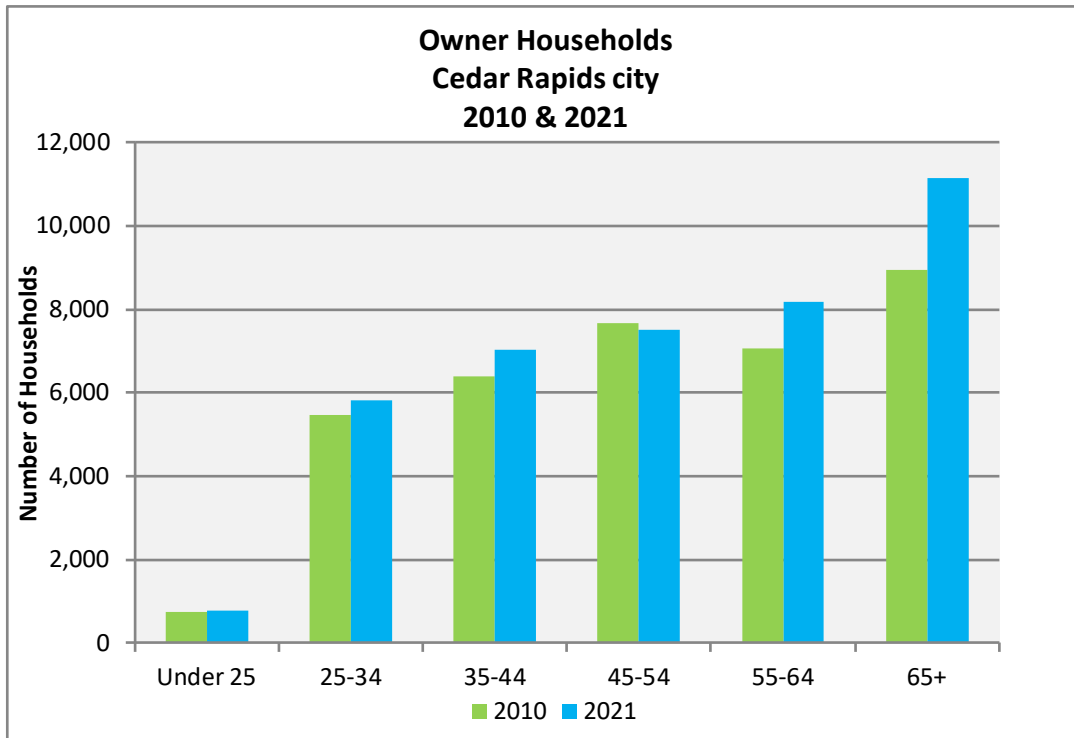
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2021								
Less than \$15,000	7,688	1,116	1,112	892	973	1,424	963	1,207
\$15,000 to \$24,999	6,840	623	911	711	622	990	1,150	1,832
\$25,000 to \$34,999	8,077	810	1,189	942	910	973	1,270	1,983
\$35,000 to \$49,999	11,813	912	2,039	1,686	1,372	1,754	2,153	1,897
\$50,000 to \$74,999	19,147	980	3,306	3,057	3,080	3,768	3,102	1,854
\$75,000 to \$99,999	13,378	499	2,410	2,660	2,394	2,779	1,925	711
\$100,000-\$149,999	16,414	470	2,920	4,049	3,622	3,126	1,484	744
\$150,000-\$199,999	6,264	159	958	1,438	1,628	1,302	521	259
\$200,000+	5,489	96	602	1,091	1,356	1,250	802	291
Total	95,110	5,666	15,448	16,525	15,957	17,366	13,371	10,778
Median Income	\$65,781	\$39,025	\$67,985	\$83,561	\$84,794	\$73,959	\$57,722	\$37,646
<i>Cedar Rapids Metro</i>	<i>\$64,608</i>	<i>\$39,302</i>	<i>\$67,226</i>	<i>\$82,600</i>	<i>\$82,664</i>	<i>\$72,263</i>	<i>\$56,818</i>	<i>\$36,262</i>
2026								
Less than \$15,000	7,405	1,104	1,008	831	891	1,196	967	1,408
\$15,000 to \$24,999	6,707	628	845	632	573	847	1,179	2,002
\$25,000 to \$34,999	7,811	781	1,089	831	811	831	1,285	2,183
\$35,000 to \$49,999	11,420	916	1,934	1,529	1,241	1,478	2,177	2,145
\$50,000 to \$74,999	19,599	1,069	3,381	2,909	3,006	3,488	3,447	2,300
\$75,000 to \$99,999	14,037	552	2,600	2,643	2,386	2,658	2,268	930
\$100,000-\$149,999	18,320	552	3,446	4,322	3,769	3,239	1,920	1,072
\$150,000-\$199,999	7,490	176	1,219	1,696	1,765	1,495	726	413
\$200,000+	6,511	94	731	1,230	1,463	1,379	1,149	465
Total	99,300	5,872	16,252	16,623	15,904	16,612	15,117	12,919
Median Income	\$70,101	\$41,068	\$75,013	\$89,118	\$89,000	\$79,324	\$62,328	\$40,373
<i>Cedar Rapids Metro</i>	<i>\$68,715</i>	<i>\$41,322</i>	<i>\$73,851</i>	<i>\$87,717</i>	<i>\$86,749</i>	<i>\$78,013</i>	<i>\$61,167</i>	<i>\$38,733</i>
Change 2021 - 2026								
Less than \$15,000	-283	-12	-105	-61	-83	-228	5	201
\$15,000 to \$24,999	-133	5	-66	-79	-50	-143	29	170
\$25,000 to \$34,999	-266	-29	-101	-111	-98	-142	15	200
\$35,000 to \$49,999	-393	4	-105	-156	-132	-276	24	248
\$50,000 to \$74,999	452	89	75	-148	-74	-280	345	446
\$75,000 to \$99,999	659	53	191	-17	-8	-121	342	219
\$100,000-\$149,999	1,906	82	526	273	147	113	436	329
\$150,000-\$199,999	1,226	18	261	258	138	193	204	155
\$200,000+	1,022	-2	129	139	107	128	347	174
Total	4,190	206	805	98	-53	-754	1,747	2,141
Median Income	\$4,320	\$2,043	\$7,028	\$5,557	\$4,206	\$5,365	\$4,606	\$2,727

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

Tenure by Age of Householder

Table 8 shows the number of owner and renter households in the Downtown Core District Area and Cedar Rapids by age group in 2010 and 2021. Data was compiled from US Census Bureau, Decennial Census and 2019 estimates (five-year average) from the American Community Survey with adjustments by Maxfield Research. 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 8.

- In 2010, 68.2% of all households in Cedar Rapids owned their housing. As of 2021, the proportion that own is estimated at 69.3%, a slight drop from 2019 at 69.6%. In the Downtown Core District, 56.6% of households owned their housing in 2010. This proportion is estimated to have increased slightly to 56.9%, most likely due to several for-sale developments that have brought new owned units to the Downtown core.
- The proportion of owner and renter households between 2019 and 2021 is not estimated to have shifted much over the 18 months. While renter and owner households have increased due to growth in Cedar Rapids and in the Downtown Core, the proportion of owners and renters has remained relatively stable. In Cedar Rapids, the number of owner households is estimated to have increased by 4,136 or 11.4% between 2010 and 2021 while renter households are estimated to have increased by 1,033 households or 6.1%. In the Downtown Core Area, the numbers of owner and renter households have increased due to new development in the Downtown since 2010, 474 (owner) and 508 (renter) as of 2021.
- As households progress through the 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.
- In 2021, 79.4% of Cedar Rapids' households in the Under 25 age cohort rented their housing, compared to 47.2% of households between the ages of 25 and 34. Householders between 35 and 64 are predominantly homeowners, with no more than 32% of the householders in each 10-year age cohort renting their housing. Among households age 65 years or older, the proportion renting is 18.7%. Recently, there have been modest increases in renting among households ages 35 to 44 and households age 65 or older.



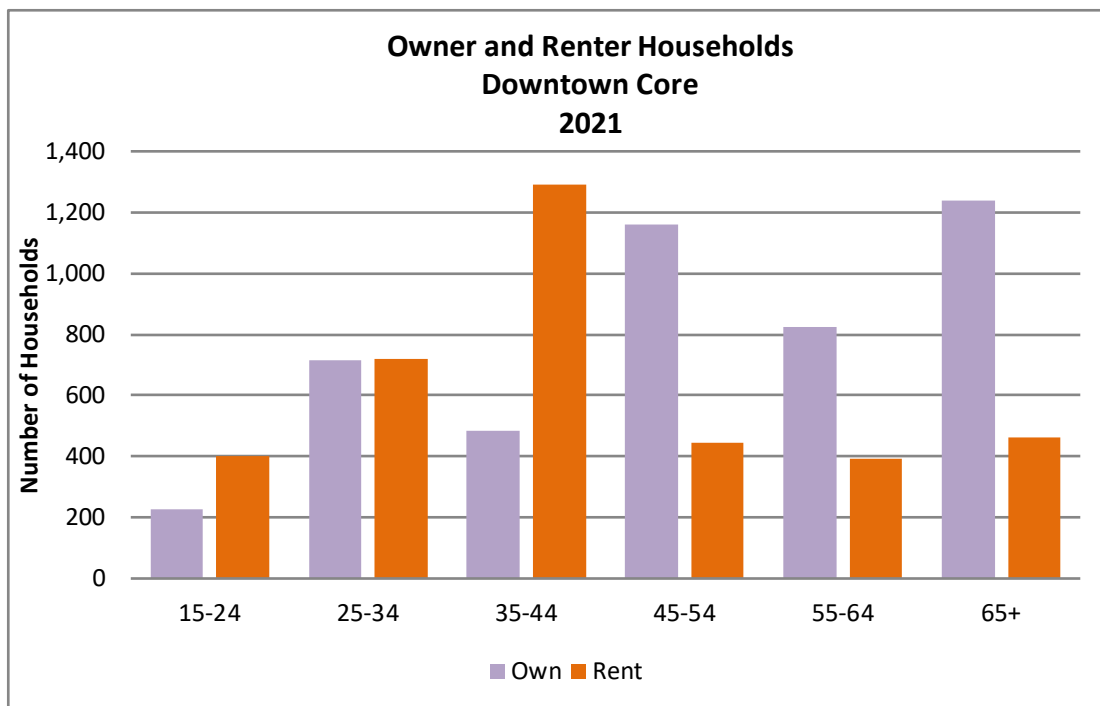
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- Overall, the proportion of owner households in each age category is higher in Cedar Rapids than in the Downtown Core, except for households under age 25, where the proportion in the Downtown Core is higher than for Cedar Rapids as a whole. The proportion of owner households in Cedar Rapids tends to mirror that of Linn County, although the proportion of renter households is higher in Cedar Rapids due to its greater urban character and higher residential densities. Higher owner proportions in Linn County reflect its more rural character, where traditional agricultural land use and lack of infrastructure does not 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.

Downtown Core District

As shown on the following graph, owner households in the Downtown Core Area still outnumber renter households. Prior to the 2008 flood, the proportion of owner households versus renter households was about 55% to 45%. The most recent estimates (2021) identify a similar proportion, 56% owner and 44% renter. Despite a significant amount of new multifamily housing the Downtown, the estimated proportion of owners versus renters remains similar to the pre-flood period.

As of 2021, household growth continues in the Downtown due to ongoing residential development. The slight increase in the proportion of owner households is somewhat surprising.



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**TABLE 8
TENURE BY AGE OF HOUSEHOLDER
DOWNTOWN CORE AND CEDAR RAPIDS CITY
2010 and 2021**

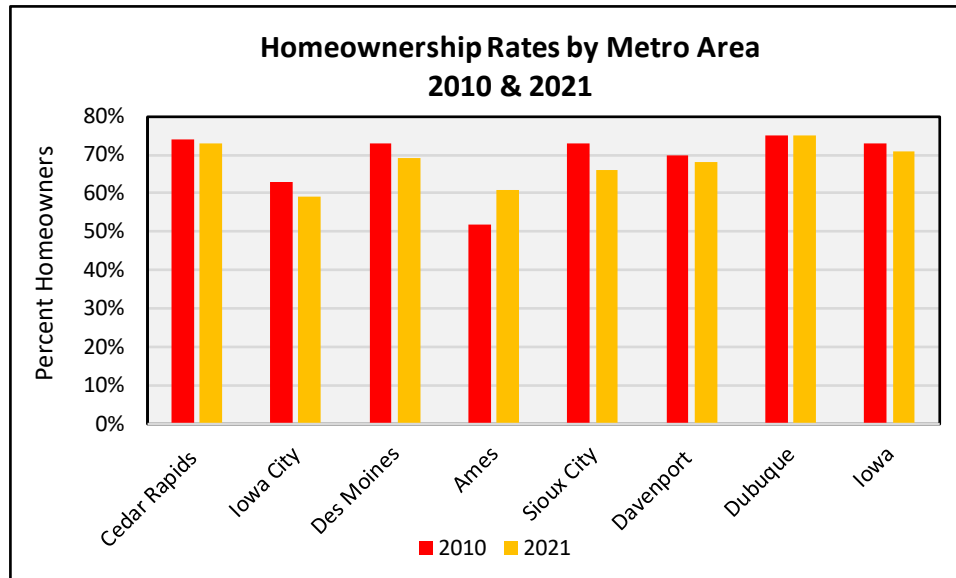
Age		Downtown Core District				Cedar Rapids				Linn County	
		2010		2021		2010		2021		2010	2021
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
Under 25	Own	88	19.6	225	35.8	751	17.5	790	20.6	20.0	21.9
	Rent	362	80.4	402	64.2	3,541	82.5	3,043	79.4	80.0	78.1
	Total	450	100.0	627	100.0	4,292	100.0	3,833	100.0	100.0	100.0
25-34	Own	608	46.2	715	49.8	5,482	55.0	5,819	52.8	58.7	55.2
	Rent	709	53.8	720	50.2	4,483	45.0	5,198	47.2	41.3	44.8
	Total	1,317	100.0	1,435	100.0	9,965	100.0	11,017	100.0	100.0	100.0
35-44	Own	689	57.2	807	62.5	6,395	70.9	7,038	68.4	75.2	75.0
	Rent	515	42.8	485	37.5	2,626	29.1	3,254	31.6	24.8	25.0
	Total	1,204	100.0	1,291	100.0	9,021	100.0	10,293	100.0	100.0	100.0
45-54	Own	795	57.9	1,159	72.3	7,674	75.6	7,507	79.2	79.7	81.8
	Rent	578	42.1	445	27.7	2,474	24.4	1,966	20.8	20.3	18.2
	Total	1,373	100.0	1,604	100.0	10,148	100.0	9,473	100.0	100.0	100.0
55-64	Own	764	66.0	823	67.7	7,057	81.1	8,163	80.8	84.1	83.8
	Rent	393	34.0	392	32.3	1,647	18.9	1,945	19.2	15.9	16.2
	Total	1,157	100.0	1,216	100.0	8,704	100.0	10,108	100.0	100.0	100.0
65 +	Own	955	68.9	1,237	72.8	8,951	80.6	11,128	81.3	82.2	84.1
	Rent	432	31.1	461	27.2	2,155	19.4	2,553	18.7	17.8	15.9
	Total	1,387	100.0	1,698	100.0	11,106	100.0	13,681	100.0	100.0	100.0
TOTAL	Own	3,899	56.6	4,965	63.1	36,310	68.2	40,446	69.3	72.7	73.8
	Rent	2,989	43.4	2,905	36.9	16,926	31.8	17,959	30.7	27.3	26.2
	Total	6,888	100.0	7,870	100.0	53,236	100.0	58,405	100.0	100.0	100.0

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

Comparison of Homeownership Rates

The chart on the following page shows a comparison of homeownership rates for several larger cities in Iowa and the State for 2010 and 2021. Data is from the US Census (American Community Survey) for 2010 with adjustments for 2021 households based on 2019 ACS data. Census figures for 2020 have not yet been released.

Ames, Iowa showed an increase in homeownership over the period. Cedar Rapids had experienced an increase, but then dropped slightly moving into this decade. Dubuque remained the same and all of the other larger cities Iowa decreased during the period.



Household Type

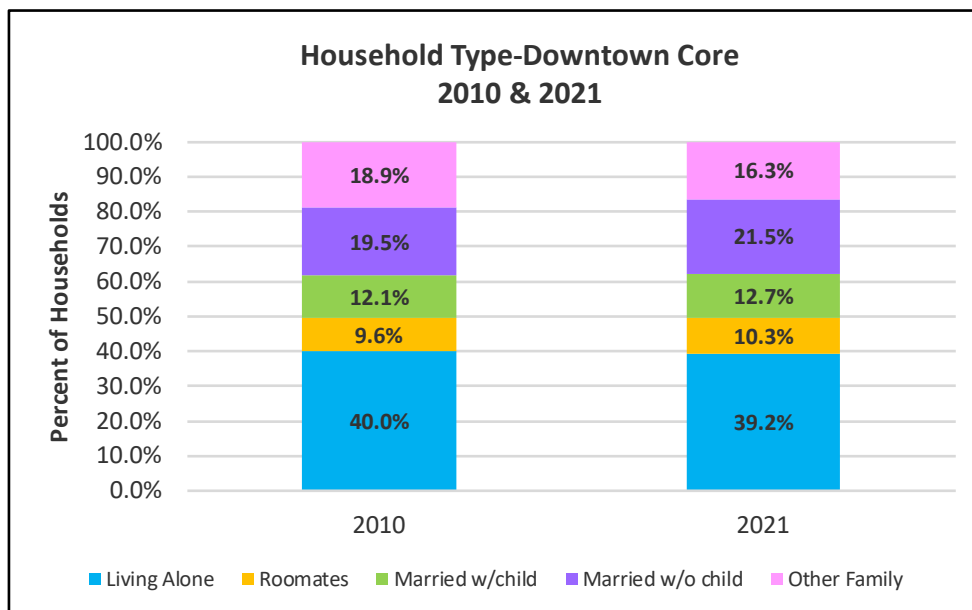
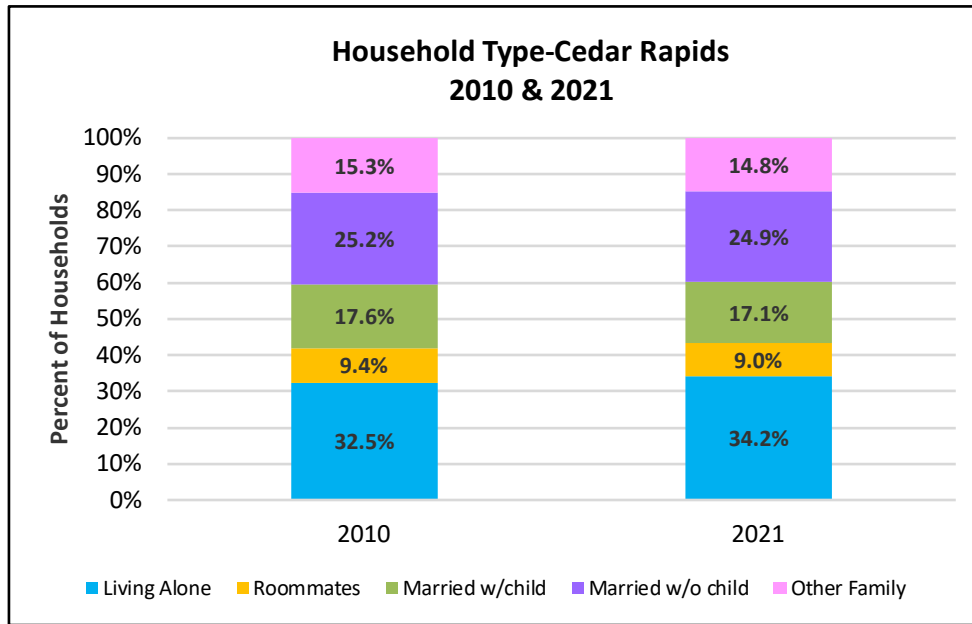
Table 9 shows a breakdown of the type of households present in the Downtown Core Area, Cedar Rapids and Linn County in 2010 and 2021. The data is useful in assessing the potential demand for various housing products because household composition often determines the type of housing that is preferred.

- Between 2010 and 2021, all types of households in Cedar Rapids increased. The largest increase is estimated to have occurred among People Living Alone (2,631 or 15.2%), followed by Married Couples Without Children (1,101 households or 8.2%). Both categories are expected to experience substantial increases over the next several years because of an overall aging population and some younger couples’ decisions to delay having children or have no children at all.
- The highest percentage increase (15%) also occurred among People Living Alone followed by 8% among Married Couple Families without Children.
- Roommate households exhibited the smallest increase in Cedar Rapids between 2010 and 2021, increasing by 263 households or 5.3%. They are also the smallest size household type with only 4,988 households as of 2021. This group may consist of unmarried couples or unrelated individuals residing together (without children).

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**TABLE 8
HOUSEHOLD TYPE
CEDAR RAPIDS AND SURROUNDING AREA
2000, 2010 & 2021**

No. of Households	Total HH's			Family Households									Non-Family Households					
				Married w/ Child			Married w/o Child			Other *			Living Alone			Roommates **		
	2000	2010	2021	2000	2010	2021	2000	2010	2021	2000	2010	2021	2000	2010	2021	2000	2010	2021
Downtown Core	9,078	6,888	7,870	1,454	832	1,000	1,781	1,341	1,693	1,576	1,301	1,281	3,506	2,756	3,085	761	658	811
Cedar Rapids	49,820	53,236	58,405	10,570	9,357	10,014	13,557	13,433	14,534	6,697	8,141	8,658	15,047	17,317	19,948	3,949	4,988	5,251
Marion	9,078	14,108	16,122	1,454	3,512	3,449	1,781	3,897	5,056	1,576	1,899	1,938	3,506	4,002	4,520	761	798	1,159
Hiawatha	2,859	3,071	3,248	570	532	372	704	759	915	391	505	679	947	1,023	1,038	247	252	244
PMA Total	61,757	70,415	77,775	12,594	13,401	13,835	16,042	18,089	20,505	8,664	10,545	11,275	19,500	22,342	25,506	4,957	6,038	6,654
Remainder of Cty.	14,996	15,719	17,335	5,701	4,333	4,661	6,491	6,248	6,923	843	1,553	1,555	1,592	2,846	3,249	369	739	947
Linn County	76,753	86,134	95,110	18,295	17,734	18,496	22,533	24,337	27,428	9,507	12,098	12,830	21,092	25,188	28,755	5,326	6,777	7,601
Percent of Total																		
Downtown Core	100.0	100.0	100.0	16.0	12.1	12.7	19.6	19.5	21.5	17.4	18.9	16.3	38.6	40.0	39.2	8.4	9.6	10.3
Cedar Rapids	100.0	100.0	100.0	21.2	17.6	17.1	27.2	25.2	24.9	13.4	15.3	14.8	30.2	32.5	34.2	7.9	9.4	9.0
Marion	100.0	100.0	100.0	16.0	24.9	21.4	19.6	27.6	31.4	17.4	13.5	12.0	38.6	28.4	28.0	8.4	5.7	7.2
Hiawatha	100.0	100.0	100.0	19.9	17.3	11.5	24.6	24.7	28.2	13.7	16.4	20.9	33.1	33.3	32.0	8.6	8.2	7.5
PMA Total	100.0	100.0	100.0	20.4	19.0	17.8	26.0	25.7	26.4	14.0	15.0	14.5	31.6	31.7	32.8	8.0	8.6	8.6
Remainder of Cty.	100.0	100.0	100.0	38.0	27.6	26.9	43.3	39.7	39.9	5.6	9.9	9.0	10.6	18.1	18.7	2.5	4.7	5.5
Linn County	100.0	100.0	100.0	23.8	20.6	19.4	29.4	28.3	28.8	12.4	14.0	13.5	27.5	29.2	30.2	6.9	7.9	8.0
	Change 2010-2021																	
	No.	Pct.		No.	Pct.		No.	Pct.		No.	Pct.		No.	Pct.		No.	Pct.	
Downtown Core	982	14.3%		168	20.2%		352	26.2%		-20	-1.5%		329	11.9%		153	23.3%	
Cedar Rapids	5,169	9.7%		657	7.0%		1,101	8.2%		517	6.4%		2,631	15.2%		263	5.3%	
Marion	2,014	14.3%		-63	-1.8%		1,159	29.7%		39	2.1%		518	12.9%		361	45.2%	
Hiawatha	177	5.8%		-160	-30.1%		156	20.6%		174	34.5%		15	1.5%		-8	-3.2%	
PMA Total	7,360	10.5%		434	3.2%		2,416	13.4%		730	6.9%		3,164	14.2%		616	10.2%	
Remainder of Cty.	1,616	10.3%		328	7.6%		675	10.8%		2	0.1%		403	14.2%		208	28.1%	
Linn County	9,381	12.2%		-561	-3.1%		1,804	8.0%		2,591	27.3%		4,096	19.4%		1,451	27.2%	
* Single-parents and unmarried couples with children																		
** Includes unmarried couples without children																		
Sources: US Census Bureau; American Community Survey; Maxfield Research and Consulting, LLC																		



- 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 smaller communities and rural areas outside the larger cities. For example, non-family households (people living alone and roommates) tend to rent their housing in higher proportions. People living alone include older households (often over age 65+) as well as non-senior singles and may also include people that have been divorced. Young people just starting out typically do not have incomes high enough to purchase housing or may have high student debt; single seniors may be more likely to move to multifamily housing to shed the burden of home maintenance and to have more opportunities for socialization. As of 2021, an estimated 43% of households in Cedar Rapids were non-family households, while 24% in the Remainder of the County were non-family households.

der of the County were non-family. Both Cedar Rapids and the Remainder of Linn County had a one percent increase in the proportion of non-family households between 2019 and 2021.

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.

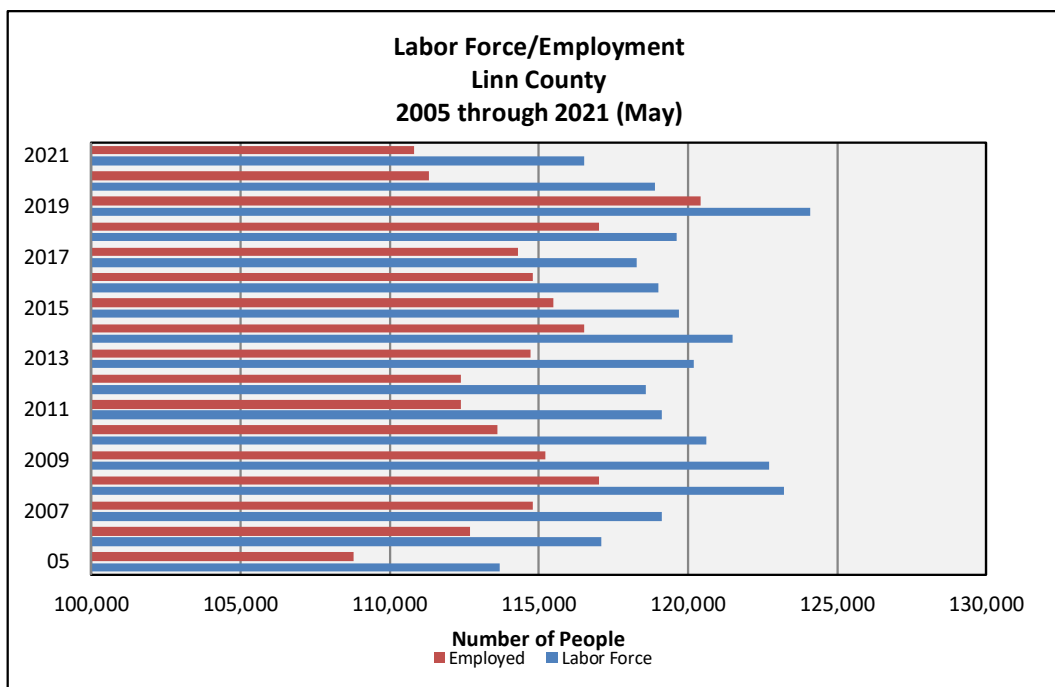
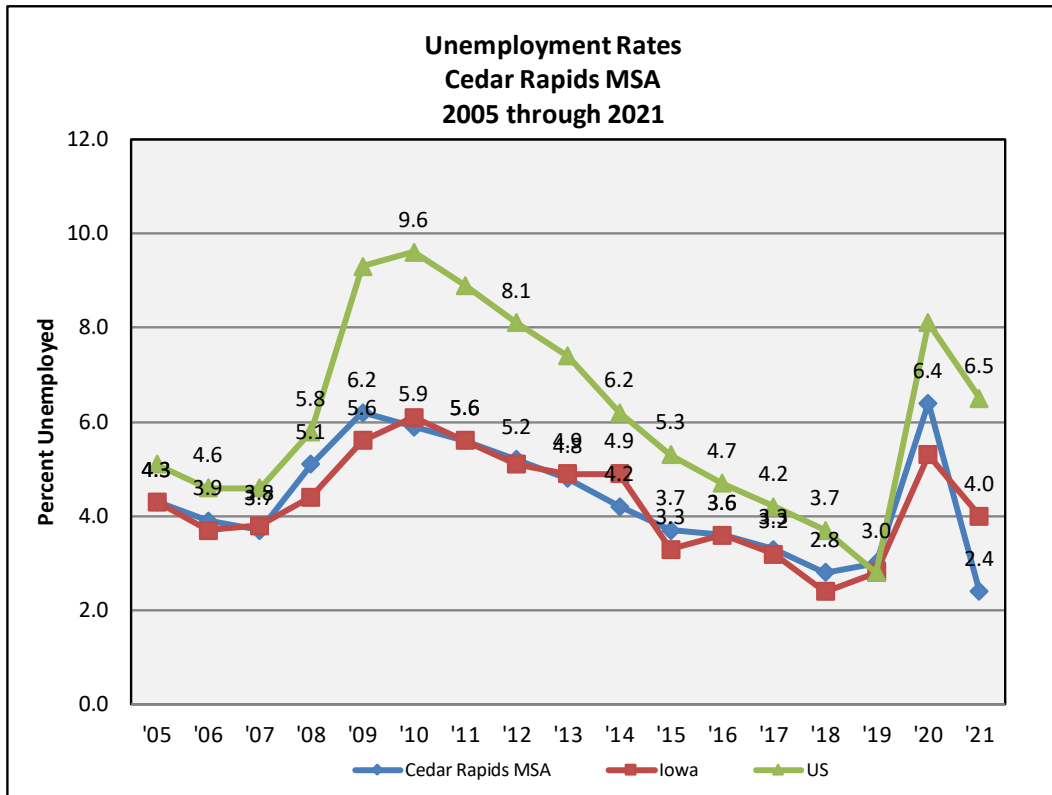
Recent employment growth trends for Cedar Rapids are shown in Tables 10 and 11. Table 10 presents resident employment data for the Cedar Rapids MSA from 2000 through May 2021. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the MSA*. Not all these individuals necessarily work in the City. Table 11 presents covered employment in the Cedar Rapids Metro Area from 2000 through year-end 2020, the most recent data available. 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 the Cedar Rapids Metro Area decreased by an estimated 5,200 people from 2008 through 2011 (-3.7%). During this same period, the number of individuals in the labor market also decreased (although fluctuated some), still resulting in an increase in unemployment from 5.1% (2008) to 5.6% (2011).
- The unemployment rate in the Cedar Rapids MSA has fluctuated by comparison to Iowa's unemployment rate for the years shown. As of year-end 2020, the unemployment rate in the Cedar Rapids MSA was 6.2%, less than the County (6.4%) but above that of Iowa (5.3%).
- The unemployment rates in the Cedar Rapids MSA and in Linn County decreased consistently over ten years, but similar to other communities in the US, spiked again during the Pandemic. Although the labor force rose substantially in 2019, it dropped significantly in 2020 and again in the first five months of 2021.
- The unemployment rate for the Cedar Rapids MSA as of May 2021 was 4.8%, down from 6.4% as of year-end 2020. This compares to 3.9% for Iowa as of May 2021.

DEMOGRAPHIC ANALYSIS

TABLE 10 ANNUAL AVERAGE RESIDENT EMPLOYMENT CEDAR RAPIDS MSA AND LINN COUNTY 2005 through 2020						
Cedar Rapids Metro Area						
				Comparative Unemployment Rates		
Year	Labor Force	Employment	Unemployment	CR MSA	County	State
2005	138,100	132,100	6,000	4.3%	4.5%	4.3%
2006	142,500	136,900	5,600	3.9%	4.8%	3.7%
2007	144,100	138,700	5,400	3.7%	3.7%	3.8%
2008	148,700	141,100	7,600	5.1%	4.2%	4.4%
2009	148,100	138,900	9,200	6.2%	5.3%	5.6%
2010	146,100	137,500	8,600	5.9%	6.1%	6.1%
2011	144,000	135,900	8,100	5.6%	6.0%	5.6%
2012	143,200	135,800	7,400	5.2%	5.1%	5.1%
2013	145,100	138,200	6,900	4.8%	4.9%	4.9%
2014	146,600	140,500	6,100	4.2%	4.6%	4.9%
2015	144,200	138,800	5,400	3.7%	3.5%	3.3%
2016	143,000	137,900	5,100	3.6%	3.6%	3.6%
2017	143,100	138,300	4,800	3.4%	3.4%	3.2%
2018	145,100	141,000	4,100	2.8%	2.2%	2.4%
2019	148,500	144,100	4,400	3.0%	2.9%	2.8%
2020	142,000	133,200	8,800	6.2%	6.4%	5.3%
2021	139,300	132,600	6,700	4.8%	2.5%	3.9%
Change, 2005 through 2021 (May)						
No.	1,200	500	700	N/A	N/A	N/A
Pct.	0.9%	0.4%	11.7%	N/A	N/A	N/A
Linn County						
				Comparative Unemployment Rates		
Year	Labor Force	Employment	Unemployment	County		State
2005	113,700	108,800	4,900	4.3%		4.3%
2006	117,100	112,700	4,400	3.8%		3.7%
2007	119,100	114,800	4,300	3.6%		3.8%
2008	123,200	117,000	6,200	5.0%		4.4%
2009	122,700	115,200	7,500	6.1%		5.6%
2010	120,600	113,600	7,000	5.8%		6.1%
2011	119,100	112,400	6,700	5.6%		5.6%
2012	118,600	112,400	6,200	5.2%		5.1%
2013	120,200	114,700	5,500	4.6%		4.9%
2014	121,500	116,500	5,000	4.1%		4.9%
2015	119,700	115,500	4,200	3.5%		3.3%
2016	119,400	115,100	4,300	3.6%		3.6%
2017	119,200	115,200	4,000	3.4%		3.2%
2018	121,100	117,600	3,500	2.9%		2.4%
2019	124,100	120,400	3,700	3.0%		2.8%
2020	118,900	111,300	7,600	6.4%		5.3%
2021	116,500	110,800	5,700	4.9%		3.9%
Change, 2005 through 2021 (May)						
No.	2,800	2,000	800	N/A	N/A	N/A
Pct.	2.5%	1.8%	16.3%	N/A	N/A	N/A
Note: MSA includes Linn, Jones and Benton Counties Sources: Iowa Workforce Information Network; Maxfield Research and Consulting, LLC						



DEMOGRAPHIC ANALYSIS

- As businesses reopen, the demand for workers is increasing. Across the country, employers are finding that labor is particularly difficult to secure, especially for businesses that have historically paid lower wages. Restaurants, hotels and home care workers are among those experiencing the greatest challenges in securing labor. Government unemployment insurance assistance, vital during the Pandemic, is still causing some workers to remain at home rather than move back into the labor force. Once these payments lapse, it is likely that the labor force numbers will rise again. Economists speculate however, that the return to normal labor force levels may take months to achieve. Already wages are rising for worker shortages in some industries and more businesses in traditionally low wage industries are expected to follow suit.

Covered Employment by Industry

- Table 11 shows covered employment by industry for the Cedar Rapids MSA in 2005, 2010 and from 2015 through 2020 (most recent available).
- As of year-end 2020, the Education and Health Services sector accounted for 21.5% of the MSA's jobs (up from 19.8% in 2019), while the Manufacturing sector accounted for 13.9%, down from 14.4% in 2019. Education and Health Services is the largest employment sector in the Cedar Rapids MSA followed by Manufacturing. The Manufacturing sector, led by firms in Cedar Rapids, continues to have a high proportion of jobs compared to most other Metro areas of the State and certainly higher than most similar size cities in the Upper Midwest. Interestingly, Retail Trade was estimated to have largely maintained its proportion of jobs at 10.8% as of year-end 2020. The Professional and Business Services sector accounted for 11% and Leisure and Hospitality dropped from 9% in 2019 to 7.2% by year-end 2020.
- From 2005 through 2017, the number of jobs increased by 12,700 or 9.6%. Thereafter, the number of jobs has decreased in each year to a low of 135,717 as of the end of 2020, a result of the Pandemic. Despite the Pandemic, Education and Health Services gained 642 jobs (2.2%), while all other sectors showed decreased in employment. Leisure and Hospitality sector lost the most jobs, 2,936 (24.2%) while Wholesale Trade lost the fewest jobs, 126 (2.1%).

DEMOGRAPHIC ANALYSIS

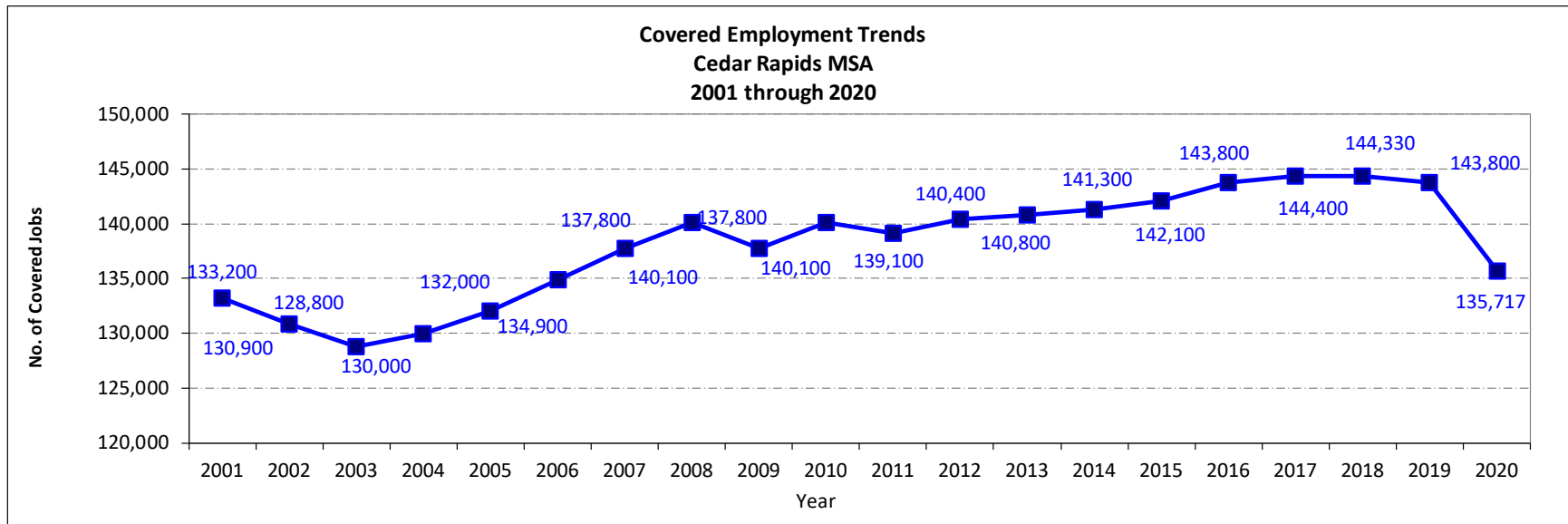
**TABLE 11
COVERED EMPLOYMENT TRENDS
CEDAR RAPIDS MSA
2005, 2010, 2015 through 2020**

North American Industrial Classification System (NAICS)

Industry	Average Annual Number of Employees								Change 2001 - 2020		% of Total							
	2005	2010	2015	2016	2017	2018	2019	2020	No.	Pct.	2005	2010	2015	2016	2017	2018	2019	2020
Ag, Natural Resources & Mining	231	232	380	400	400	600	750	602	417	225.4	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.5%	0.4%
Construction	7,269	7,068	7,420	7,800	8,100	8,100	8,500	8,351	736	9.7	5.5%	5.1%	5.2%	5.4%	5.4%	5.6%	5.9%	6.2%
Manufacturing	20,300	20,500	20,300	19,700	19,600	19,800	20,720	18,898	-2,602	-12.1	15.4%	14.9%	14.1%	13.7%	13.6%	13.7%	14.4%	13.9%
Wholesale Trade	5,200	5,100	5,700	5,800	6,000	5,900	5,900	5,774	174	3.1	3.9%	3.7%	4.0%	4.0%	4.0%	4.1%	4.1%	4.3%
Retail Trade	15,700	15,900	15,600	15,400	15,200	15,200	14,800	14,646	-1,254	-7.9	11.9%	11.5%	10.8%	10.7%	10.7%	10.5%	10.3%	10.8%
Transportation/Utilities	8,100	8,800	11,900	11,100	11,000	11,500	11,900	11,170	3,870	53.0	6.2%	6.4%	8.3%	7.7%	7.7%	8.0%	8.3%	8.2%
Information	5,400	4,900	4,300	4,200	4,000	3,900	3,400	2,986	-4,014	-57.3	4.1%	3.6%	3.0%	2.9%	2.9%	2.7%	2.4%	2.2%
Financial Services	9,800	10,400	10,900	11,000	11,100	10,800	11,400	10,917	2,017	22.7	7.4%	7.5%	7.6%	7.6%	7.6%	7.5%	7.9%	8.0%
Professional/Business Services	12,000	13,400	13,300	14,000	14,800	15,800	15,500	14,893	1,093	7.9	9.1%	9.7%	9.2%	9.7%	9.7%	10.9%	10.8%	11.0%
Education and Health Services	16,100	19,000	20,400	20,400	20,200	20,700	28,540	29,182	14,082	93.3	12.2%	13.8%	14.2%	14.2%	14.1%	14.3%	19.8%	21.5%
Leisure and Hospitality	10,900	11,100	11,700	12,100	12,400	12,830	12,740	9,804	-196	-2.0	8.3%	8.1%	8.1%	8.4%	8.4%	8.9%	8.9%	7.2%
Other Services	5,200	5,000	5,400	5,300	5,400	4,200	4,265	3,696	-1,404	-27.5	3.9%	3.6%	3.8%	3.7%	3.7%	2.9%	3.0%	2.7%
Public Administration	15,500	16,400	16,500	16,600	16,200	15,000	5,380	4,798	-10,402	-68.4	11.8%	11.9%	11.5%	11.5%	11.5%	10.4%	3.7%	3.5%
Totals	131,700	137,800	143,800	143,800	144,400	144,330	143,795	135,717	2,517	1.9	100%	100%	100%	100%	100%	100%	100%	100%

Source: Iowa Workforce Information Network (IWIN)

DEMOGRAPHIC ANALYSIS

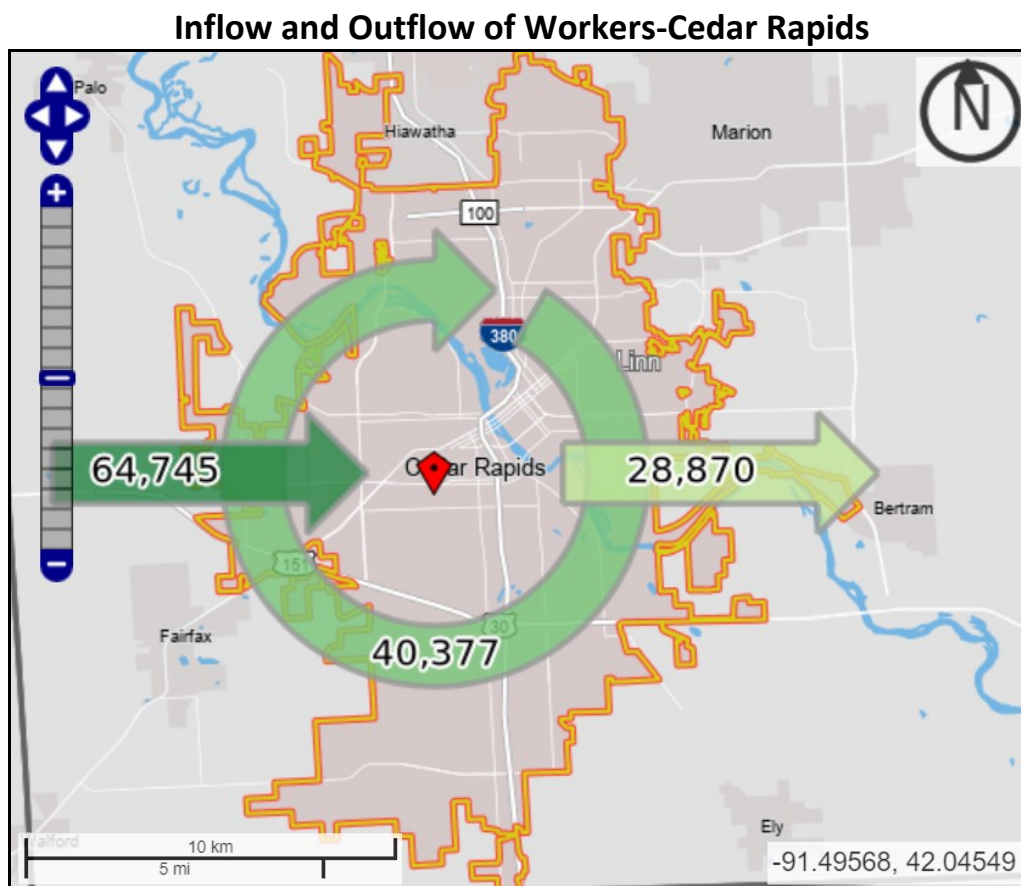


Commuting Patterns

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 2018 (the most recent data available), based on Local Employer-Household Dynamics (LEHD) data from the U.S. Census Bureau.

- 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 105,122 jobs in Cedar Rapids as of 2018. Of those that held these jobs, 40,377 (62.5%) of them lived and worked in Cedar Rapids. The remaining jobs were held by individuals who commuted to Cedar Rapids from other locations (64,745 individuals). The top commuting locations from outside of Cedar Rapids as of 2018 were Marion (4.8%), Hiawatha city (4.7%), Iowa City (4.5%), Coralville (2.4%), Des Moines (1.8%) and Davenport (1.3%). All other communities represented were 1.2% or less of the total.

As shown on the graphic, 28,870 workers that live in Cedar Rapids work outside of the City in other communities.



HOUSING CHARACTERISTICS

Home Destination			Work Destination		
Place of Residence	Count	Share	Place of Employment	Count	Share
Cedar Rapids city, IA	40,683	38.7%	Cedar Rapids city, IA	40,377	58.3%
Marion city, IA	10,485	10.0%	Marion city, IA	3,351	4.8%
Iowa City city, IA	2,265	2.2%	Hiawatha city, IA	3,258	4.7%
Hiawatha city, IA	2,035	1.9%	Iowa City city, IA	3,117	4.5%
North Liberty city, IA	1,452	1.4%	Coralville city, IA	1,645	2.4%
Dubuque city, IA	1,177	1.1%	Des Moines city, IA	1,223	1.8%
Coralville city, IA	1,169	1.1%	Davenport city, IA	914	1.3%
Robins city, IA	1,092	1.0%	Waterloo city, IA	825	1.2%
Des Moines city, IA	1,087	1.0%	North Liberty city, IA	708	1.0%
Davenport city, IA	866	0.8%	West Des Moines city, IA	692	1.0%
All Other Locations	42,811	40.7%	All Other Locations	13,137	19.0%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total Primary Jobs	105,122	100.0%	Total Primary Jobs	69,247	100.0%
Less than 10 miles	59,570	56.7%	Less than 10 miles	48,347	69.8%
10 to 24 miles	16,771	16.0%	10 to 24 miles	8,327	12.0%
25 to 50 miles	8,128	7.7%	25 to 50 miles	3,061	4.4%
Greater than 50 miles	20,653	19.6%	Greater than 50 miles	9,512	13.7%
Home Destination: Where workers work who are employed in the selection area					
Work Destination: Where workers live who are employed in the selection area					
Sources: U.S. Census Bureau Local Employment Household Dynamics (LEHD), Maxfield Research & Consulting, LLC					

As shown on the table, 57% of workers who live in Cedar Rapids commute less than 10 miles to their place of employment; 16% commute 10 to 24 miles and 20% commute more than 50 miles to work in Cedar Rapids. Of those employed in Cedar Rapids, 69% commute less than 10 miles to work, 12% commute 10 to 24 miles and 14% commute more than 50 miles to work.

Inflow/Outflow

Table 13 provides a summary of the inflow and outflow of workers in Cedar Rapids. Outflow reflects the number of workers living in Cedar Rapids but employed outside of the city while inflow measures the number of workers that are employed in Cedar Rapids but live outside. Interior flow reflects the number of workers that live and work in Cedar Rapids.

- Cedar Rapids can be considered a net importer of workers, as the number of residents coming into the City (inflow) for employment, combined with the number of residents that live and work in the City is substantially higher than the number of residents leaving the City for work (outflow). An estimated 64,606 workers came into Cedar Rapids for work, 40,683 live and work in the City while 28,252 workers were estimated to leave the City for work. Compared to those that come into the City and live and work in the City versus those that leave, the net difference is 77,037. Compared to the previous data in 2017, more people

HOUSING CHARACTERISTICS

are leaving the City for work as of 2018 than in 2017. This is likely because of employment growth in areas immediately adjacent such as in Marion or more people commuting to the Iowa City area for work.

- The largest proportion of workers commuting to Cedar Rapids earn more than \$3,333 per month, are within the prime working ages of 30 to 54 and are employed in the "All Other Services" industries. Similar statistics are identified for those that both live and work in Cedar Rapids, where most earn more than \$3,333 per month (50%) and are employed in the "All Other Services" category. This is a change from the 2017 data and there is a higher estimated proportion of workers earning \$3,333 or more.

	Outflow		Inflow		Interior Flow	
City Total	28,870	100.0%	64,745	100.0%	40,377	100.0%
By Age						
Workers Age 29 or younger	8,296	28.7%	15,382	23.8%	9,491	23.5%
Workers Age 30 to 54	14,952	51.8%	35,023	54.1%	22,010	54.5%
Workers Age 55 or older	5,622	19.5%	14,340	22.1%	8,876	22.0%
By Monthly Wage						
Workers Earning \$1,250 per month or less	7,044	24.4%	14,261	22.0%	8,695	21.5%
Workers Earning \$1,251 to \$3,333 per month	9,225	32.0%	16,416	25.4%	11,477	28.4%
Workers Earning More than \$3,333 per month	12,601	43.6%	34,068	52.6%	20,205	50.0%
By Industry						
Workers in the "Goods Producing" Industry Class	6,615	22.9%	12,491	19.3%	7,664	19.0%
Workers in the "Trade, Transportation, and Utilities" Industry Class	6,616	22.9%	16,814	26.0%	6,895	17.1%
Workers in the "All Other Services" Industry Class	15,639	54.2%	35,440	54.7%	25,818	63.9%

Sources: U.S. Census Bureau, Local Employment Household Dynamics (LEHD), Maxfield Research & Consulting, LLC

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; updating residential building permits in Cedar Rapids and by quadrant of the City including the Downtown core neighborhoods, surveys of multifamily properties, analysis of home sales data in the Cedar Rapids area and other information.

Residential Construction Trends 2010 through 2020

Maxfield Research obtained data from Cedar Rapids Building Department which publishes a monthly report of all permits issued by the City for residential, commercial and industrial uses. Data on Table 14 shows the number of new housing units from permits issued from 2010 through 2020. From this data, Maxfield Research identified the number of new residential units for structures in the Downtown Core District by quadrant of the City and in Cedar Rapids overall. The table displays permits issued for single-family homes, townhomes/twinhomes, condominiums and multifamily buildings of five or more units. Multifamily buildings include rental buildings, condominiums, and senior housing. Multifamily is considered buildings with 5 units or greater. Several new buildings in the Downtown core have been small, greater than 5 units but fewer than 20. New construction was also segmented by quadrant of the city (NW, NE, SW and SE) and a location in the core neighborhoods adjacent to the Downtown (NW, NE, SW and SE) to see the level of development that has occurred in each sector. The following are key points about new housing development since 2010.

- Cedar Rapids permitted an average of 535 units annually from 2010 through 2020. The highest total occurred in 2017 with 782 units, followed by 2018 with 756 units. In 2020, only 402 units were permitted.
- Since 2016, the number of multifamily units permitted has exceeded the number of single-family units permitted. This is occurring in many other larger cities in the Upper Midwest and across the country where higher densities are being promoted in core urban areas.
- In 2020, the number of new units permitted in the Downtown core was the lowest in the past 11 years since 2010 with only 32 units permitted. Those 32 units were concentrated in the SW and NE quadrants.
- New residential development continues to be concentrated in the NE and SW quadrants of the City. The breakdown of new units by quadrant is shown on Table 14.

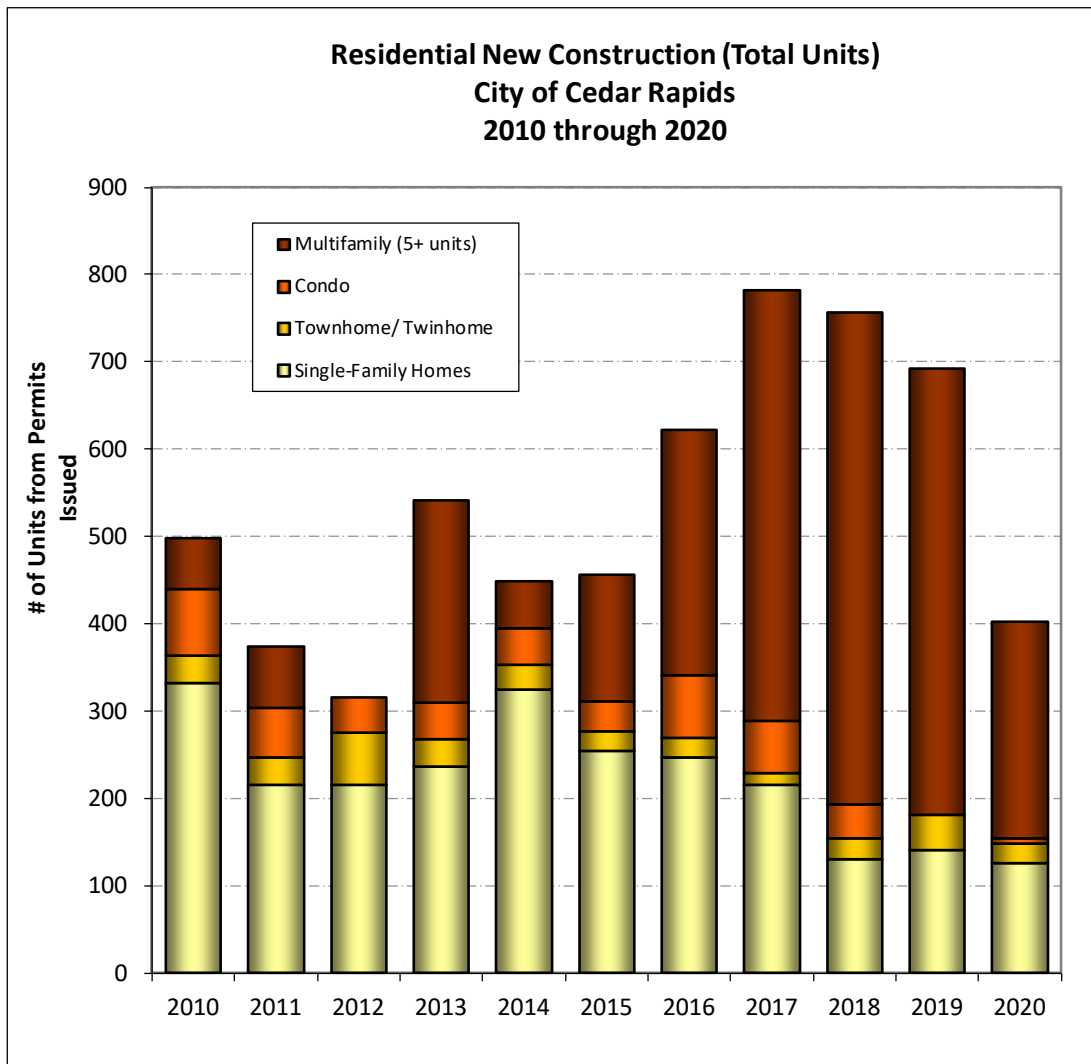
**TABLE 14
RESIDENTIAL CONSTRUCTION
CITY OF CEDAR RAPIDS
RESIDENTIAL UNITS FROM BUILDING PERMITS ISSUED
2010 through 2020**

	Number of New Housing Units				
	Single-Family Homes	Townhome/ Twinhome	Condo (4+ Units)	Multifamily (5+ units)	Total Housing
2010	333	30	77	58	498
2011	215	32	57	70	374
2012	215	60	41	0	316
2013	236	32	42	231	541
2014	325	28	42	54	449
2015	254	23	35	144	456
2016	247	22	72	281	622
2017	215	14	60	493	782
2018	131	24	39	562	756
2019	141	41	0	510	692
2020	126	22	6	248	402
Total	2,438	328	471	2,651	5,888

	Number of New Units by Quadrant				
	NW	SW	NE	SE	Total
2010	119	201	146	32	498
2011	68	118	157	31	374
2012	52	184	74	6	316
2013	165	116	252	8	541
2014	138	162	98	51	449
2015	90	203	93	70	456
2016	76	314	168	64	622
2017	104	246	263	169	782
2018	122	441	178	15	756
2019	12	378	278	24	692
2020	18	239	133	12	402
Total	964	2,602	1,840	482	4,794

	Number of New Units by Quadrant for Central Core				
	NW	SW	NE	SE	Total
2010	20	1	2	56	79
2011	22	6	4	71	103
2012	33	20	3	22	78
2013	33	23	5	3	64
2014	25	42	0	5	72
2015	25	48	0	39	112
2016	37	27	22	172	258
2017	4	16	0	89	109
2018	75	88	0	0	163
2019	4	114	15	20	153
2020	0	24	4	4	32
Total	278	409	55	481	1,223

Sources: City of Cedar Rapids (Building Services Dept);
Maxfield Research and Consulting LLC



Derecho Storm Damage

On August 10-11, 2020, a powerful derecho storm swept across the Midwest—predominantly Nebraska, Iowa, Illinois and Wisconsin. Damage was severe in Cedar Rapids, Iowa, suffering a near complete blackout that lasted for weeks in some areas, along with widespread and severe property damage and an estimated loss of at least 50% of the City’s tree canopy. The derecho is estimated to have caused \$11 billion in damage.

According to records identified from the Cedar Rapids Building Services Department, the following permits were issued for damage/repairs to residential property under the category “storm damage.” This does not account for all the damage that occurred and also does not include damage to commercial properties. We note that multifamily properties are considered under commercial permits. The amounts shown list the total value of permits issued.

HOUSING CHARACTERISTICS

Residential (SF Det/Att)	<u>Total Value of Permit Issued</u>
August 2020	\$334,136
September 2020	\$4,947,662
October 2020	\$376,072
November 2020	\$260,862
December 2020	\$3,659,515
January 2021	\$19,000
February 2021	\$97,701
March 2021	\$92,767
<u>April 2021</u>	<u>\$5,000</u>
Total	\$9,792,715

Multifamily	<u>Total Value of Permits Issued</u>
Aug through Dec. 2020	\$12,234,827
<u>Jan through May 2021</u>	<u>\$12,447,030</u>
Total	\$24,681,857

Many other permits were issued for commercial businesses for storm damage during this period and a review of City Assessor's records show notations for a number of multifamily properties where roofs and siding had to be replaced on the exterior of all buildings in the complex.

American Community Survey

The American Community Survey ("ACS") is an ongoing statistical survey administered by the U.S. Census Bureau and sent annually to approximately 3 million addresses. 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. Data for the smallest tabulations (i.e. Census Tracts and Block Groups) is available as an average of a five-year period from 2015 through 2019, the most recent period available. Tables 15 through 20 show key data for Cedar Rapids, with updated estimates to 2021, based on ACS tabulations. Tables 18 and 19 show data that was compiled by ESRI, a national demographics forecasting company, but was derived from American Community Survey tabulations.

Cost Burden

Tables 15 and 16 show the numbers of renters and homeowners, respectively, that are estimated to be cost-burdened in Cedar Rapids. This information can assist in assessing the potential demand for additional affordable housing depending on the number and proportion of households that currently pay more than 30% of their household income for housing costs.

**TABLE 15
RENTER COST BURDEN
CITY OF CEDAR RAPIDS
2021**

% of Income on Rent	<i>Renter Households</i>			
	Downtown Core		Cedar Rapids	
	Total	Percent	Total	Percent
Less than 10%	261	7.5%	832	4.6%
10% to 14.9%	199	5.7%	1,616	9.0%
15% to 19.9%	488	14.0%	2,839	15.8%
20% to 24.9%	418	12.0%	2,117	11.8%
25% to 29.9%	468	13.4%	2,663	14.8%
30% to 34.9%	331	9.5%	1,406	7.8%
35% to 39.9%	204	5.8%	973	5.4%
40% to 49.9%	302	8.6%	1,404	7.8%
50% or more	689	19.7%	3,475	19.3%
Not Computed	137	3.9%	634	3.5%
Total	3,497	100.0%	17,959	100.0%

Sources: American Community Survey
Maxfield Research and Consulting LLC

Table 15 shows that 20% of all renter households in the Downtown Core District (689) and 19% in Cedar Rapids (3,475) are severely cost-burdened, meaning they pay 50% or more of their household income on rent. Another 13.2% of renter households in Cedar Rapids and 13.4% in the Downtown Core District are moderately cost-burdened meaning they pay between 35% and 49.9% of their incomes on housing costs. Households that pay 30% to 34.9% of their income on housing costs account for 9.5% of renter households in the Downtown Core District, but only 7.8% of households in Cedar Rapids. Among all renter households, those that are moderately and severely cost-burdened totaled 32.6% in Cedar Rapids and 34.2% in the Downtown Core District.

Table 16 shows owner households that are cost-burdened in Cedar Rapids. Fewer owner households are cost-burdened as household income rises. In Cedar Rapids, 6.2% of owner households are estimated to be severely cost-burdened. In the Downtown Core District, this figure is slightly higher at 6.6%, which is a change from previous years. Moderately cost-burdened owner households, those that pay 35% to 49.9% of their income on housing are estimated at 5.8% of owner households in Cedar Rapids and 8.3% of owner households in the Downtown Core District.

Compared to renter households, owner households have a lower overall proportion of households that are cost-burdened (housing costs at 30% or more of income). The total proportion of owner households in Cedar Rapids that is cost-burdened was identified as 12.0% versus 32.6% for renter households.

**TABLE 16
OWNERS COST BURDEN
CITY OF CEDAR RAPIDS
2021**

% of Income on Rent	<i>Owner Households</i>			
	Downtown Core		Cedar Rapids	
	Total	Percent	Total	Percent
Less than 10%	626	14.3%	7,284	18.0%
10% to 14.9%	871	19.9%	8,278	20.5%
15% to 19.9%	916	20.9%	8,147	20.1%
20% to 24.9%	585	13.4%	6,430	15.9%
25% to 29.9%	376	8.6%	2,995	7.4%
30% to 34.9%	279	6.4%	2,201	5.4%
35% to 39.9%	188	4.3%	1,027	2.5%
40% to 49.9%	175	4.0%	1,309	3.2%
50% or more	290	6.6%	2,508	6.2%
Not Computed	67	1.5%	267	0.7%
Total	4,373	100.0%	40,446	100.0%

Sources: American Community Survey
Maxfield Research and Consulting LLC

Age of Housing Stock

Table 17 on the following page and the graph below show the age distribution of the housing stock as estimated in 2021 based on data from the American Community Survey published by the US Census Bureau for 2019 (five-year average) and incorporates the additional housing units recently developed for the various jurisdictions based on recent building permit data. The table includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- Cedar Rapids and the adjacent Cities of Marion and Hiawatha are estimated to have 82,815 housing units, of which, an estimated 70% are owner-occupied and 30% are renter occupied. The proportion estimated as owner-occupied in Marion and Hiawatha is higher however, than in Cedar Rapids.
- Homes in Marion and Hiawatha are newer than homes in Cedar Rapids. Homes built in 2000 and after now account for the highest proportion of homes in Cedar Rapids, surpassing the proportion built prior to 1940. The highest proportion of homes built in Marion and Hiawatha combined were built 2000 or later. The lowest proportions were identified to have been built in the 1940s and 1980s. These were periods of economic turmoil in the United States with WWII in the 1940s and a Recession in the early 1980s.

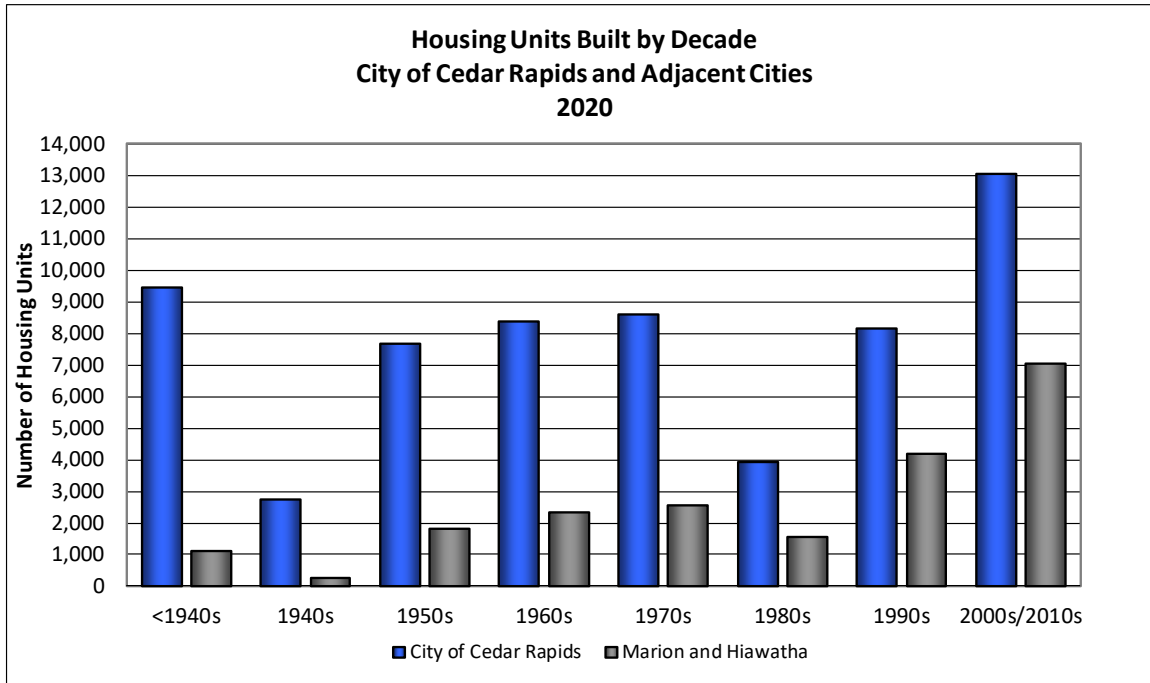
HOUSING CHARACTERISTICS

TABLE 17
AGE OF HOUSING STOCK
CEDAR RAPIDS AND ADJACENT CITIES
2020

Total Units	Year Unit Built																
	<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s/2010s		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
CITY OF CEDAR RAPIDS																	
Owner-Occupied	41,724	7,219	17.3	2,048	4.9	6,359	15.2	5,698	13.7	5,065	12.1	2,206	5.3	5,462	13.1	7,667	18.4
Renter-Occupied	20,231	2,229	11.0	698	3.5	1,297	6.4	2,690	13.3	3,523	17.4	1,732	8.6	2,686	13.3	5,376	26.6
Total	61,955	9,448	15.2	2,746	4.4	7,656	12.4	8,388	13.5	8,588	13.9	3,938	6.4	8,148	13.2	13,043	21.1
MARION AND HIAWATHA																	
Owner-Occupied	15,683	867	5.5	176	1.1	1,410	9.0	1,901	12.1	1,679	10.7	1,053	6.7	3,030	19.3	5,567	35.5
Renter-Occupied	5,177	242	4.7	96	1.9	406	7.8	419	8.1	864	16.7	506	9.8	1,158	22.4	1,486	28.7
Total	20,860	1,109	5.3	272	1.3	1,816	8.7	2,320	11.1	2,543	12.2	1,559	7.5	4,188	20.1	7,053	33.8
LINN COUNTY																	
Owner-Occupied	70,909	10,830	15.3	2,731	3.9	8,986	12.7	9,088	12.8	8,773	12.4	4,230	6.0	10,908	15.4	15,363	21.7
Renter-Occupied	26,167	3,027	11.6	879	3.4	1,948	7.4	3,388	12.9	4,708	18.0	2,345	9.0	4,077	15.6	5,795	22.1
Total	97,076	13,857	14.3	3,610	3.7	10,934	11.3	12,476	12.9	13,481	13.9	6,575	6.8	14,985	15.4	21,158	21.8
Note: Total units may not be equal to total housing units because data based on sample instead of 100% count.																	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting																	

HOUSING CHARACTERISTICS

- Proportionally, an estimated 13% of housing units were built prior to the 1940s while 14% were built in the 1960s and 12% were built during the 1950s. An estimated 21% of housing units in Cedar Rapids were built in the 2000s or later. Redevelopment in the Downtown and adjacent core neighborhoods of Cedar Rapids, primarily high-density, has increased the proportion of new homes.



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

Table 18 shows the estimated housing stock in Cedar Rapids by type of structure and tenure estimated as of 2020.

- The dominant housing type in Cedar Rapids and the adjacent communities remains the single-family detached home, representing 83% of all owner-occupied housing units in the Housing Market Area as of 2020. In Cedar Rapids, single-family detached homes account for an estimated 84% of all owner-occupied units.
- Housing units with 50 or more units are predominantly renter occupied. An estimated 2.7% of housing units in the PMA have 50 or more units. In Cedar Rapids, there is a high proportion of rentals where there are several buildings on a single property and all the buildings have 24 units or fewer. This is prevalent in Cedar Rapids and in the surrounding area.
- Mobile homes are estimated to account for 4.7% of all housing units in the Housing Market Area, but 8.6% of the homes in Marion and Hiawatha combined.

HOUSING CHARACTERISTICS

Units in Structure	CEDAR RAPIDS				MARION AND HIAWATHA				PMA TOTAL			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	34,137	84.3%	3,848	21.5%	11,194	77.2%	694	14%	45,331	82.5%	4,542	19.9%
1, attached	2,246	5.5%	495	2.8%	1,483	10.2%	228	5%	3,729	6.8%	723	3.2%
2	180	0.4%	751	4.2%	24	0.2%	259	5%	204	0.4%	1,010	4.4%
3 to 4	893	2.2%	1,635	9.1%	208	1.4%	743	15%	1,101	2.0%	2,378	10.4%
5 to 9	356	0.9%	2,427	13.5%	39	0.3%	590	12%	395	0.7%	3,017	13.2%
10 to 19	454	1.1%	4,406	24.6%	37	0.3%	1,166	24%	491	0.9%	5,572	24.4%
20 to 49	232	0.6%	2,447	13.6%	79	0.5%	665	14%	311	0.6%	3,112	13.6%
50 or more	332	0.8%	1,530	8.5%	0	0.0%	299	6%	332	0.6%	1,829	8.0%
Mobile home	1,627	4.0%	394	2.2%	1,427	9.8%	235	5%	3,054	5.6%	629	2.8%
Boat, RV, van, etc.	15	0.0%	0	0.0%	0	0.0%	0	0%	15	0.0%	0	0.0%
Total	40,472	100%	17,933	100%	14,491	100%	4,879	100%	54,963	100%	22,812	100%

Note: Some categories may be inconsistent due to sample size.

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

Owner-Occupied Housing Units by Value

Table 19 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated sales price of the property if it was sold. For single-family and town-home properties, value includes the land and the structure. For condominium units, value refers to only the unit.

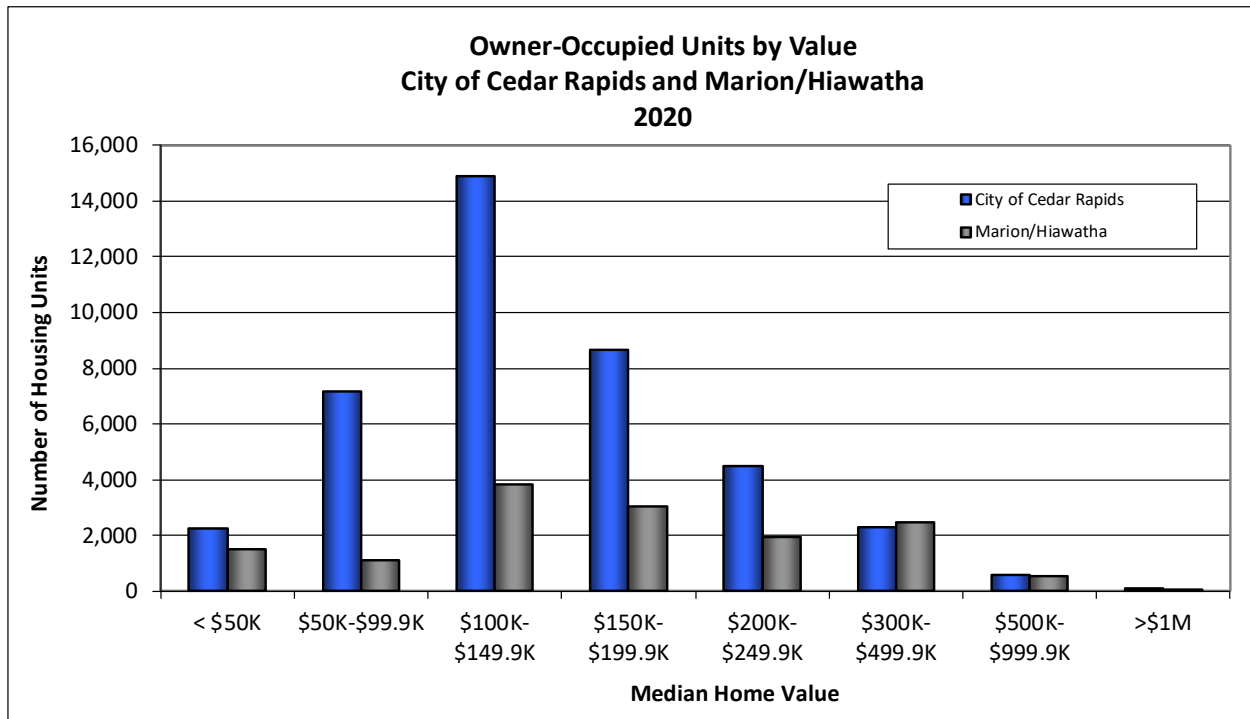
- Most owner-occupied housing in Cedar Rapids is estimated to be valued between \$100,000 and \$149,999 (36.8%).

Home Value	CEDAR RAPIDS		MARION/HIAWATHA		LINN COUNTY	
	No.	Pct.	No.	Pct.	Pct.	Pct.
Less than \$50,000	2,272	5.6	1,517	10.4	4,365	6.2
\$50,000-\$99,999	7,154	17.7	1,101	7.6	9,040	12.8
\$100,000-\$149,999	14,876	36.8	3,828	26.3	20,591	29.1
\$150,000-\$199,999	8,639	21.4	3,032	20.9	13,962	19.7
\$200,000-\$299,999	4,498	11.1	1,958	13.5	14,476	20.5
\$300,000-\$499,999	2,291	5.7	2,490	17.1	6,131	8.7
\$500,000-\$999,999	607	1.5	533	3.7	1,796	2.5
\$1,000,000 or more	109	0.3	69	0.5	363	0.5
Total	40,446	100.0	14,528	100.0	70,724	100.0
Median Home Value	\$141,800		\$164,407		\$157,000	

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

HOUSING CHARACTERISTICS

- The median owner-occupied home in Cedar Rapids is estimated at \$141,800, or \$22,607 less than the median for Marion and Hiawatha combined (\$164,407/weighted average). Overall, Marion and Hiawatha have newer housing stock, so it is logical that homes in those areas would be valued moderately higher than Cedar Rapids. Cedar Rapids however, has a lower proportion of homes valued at Less than \$50,000 (5.6% versus 10.4% for Marion and Hiawatha).



Introduction

Maxfield Research surveyed larger general occupancy rental properties of 12 or more units in Cedar Rapids, Marion and Hiawatha. Based on the estimated number of renter-occupied housing units in the three communities, the total surveyed represents 63% of all general occupancy renter-occupied units in buildings with three or more units (according to household tenure data – 2021). 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), shallow-subsidy (fixed rent, typically financed through Low Income Housing Tax Credits or a combination of other funding sources) to households earning between 30% 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).

The vacancy rate is calculated based on units that are open and vacant on the day of the survey, (i.e. units that would be available for move-in immediately). Units that are coming available for rent, but have a resident still residing in the unit are excluded. Properties that have recently opened and have not yet achieved stabilized occupancy (at least 95%) are also excluded. Recently opened properties are considered in their “initial lease-up period.”

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

General-Occupancy Rental Properties

Market Rate

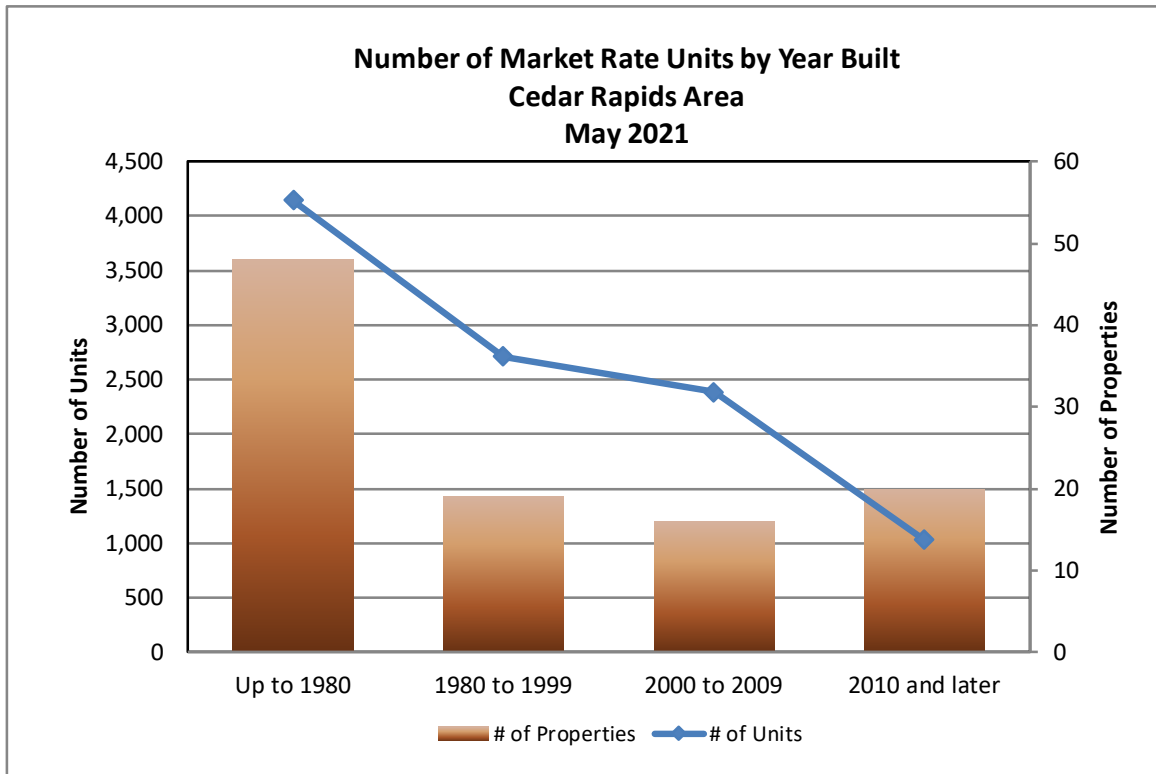
The analysis of Cedar Rapids’ general occupancy rental market includes a survey of 165 apartment properties, primarily in April through May 2021. These properties (market rate and affordable) represent a combined total of 10,696 units or 60% of all renter-occupied units in Cedar Rapids. In addition, 25 other properties (market rate and affordable) in Hiawatha and Marion were also surveyed with a total of 1,642 units. Shallow-subsidy and deep-subsidy properties are discussed separately from the market rate properties.

At the time of the survey, 196 market rate units were vacant, resulting in an overall vacancy rate of 2.0% for market rate units, **excluding properties in their initial lease-up periods**. Properties in their initial lease-up periods are excluded to obtain the stabilized vacancy rate for the overall market. A rate of 2.0% among market rate stabilized properties remains lower than the industry standard of 5% vacancy, which promotes competitive rates, ensures adequate choice and allows for unit turnover. Table 20 summarizes the unit mix, sizes and rents for the market rate projects.

Market Rate

- The newest market rate rentals available in Cedar Rapids include several properties in the Downtown Core District. In 2018, five properties opened and all of these units were absorbed into the market. In 2019, eight properties opened and nearly all those units have now been leased. Absorption of new units slowed in 2019 from 2018. In 2020, 245 Kingston opened with 50 units and is still in initial lease-up. In 2021, 400 on 2nd opened and is leasing units. An estimated 13 properties have received assistance through the MNFC program although several others have been developed using LIHTC funding, historic tax credits or other funding programs. Of those, seven are in the Downtown District.
- Outside of the Downtown District, we identified three market rate properties that opened and are leasing units. All are townhomes including Buffalo Ridge, The HUB and Pilsen Row.
- Properties included in the rental survey were built from 1924 through May 2021. An estimated 40% of the properties were built prior to 1980, 26% were built between 1980 and 1999, 23% were built between 2000 and 2009 and 11% were built 2010 or later.
- A total of 196 vacancies were found, excluding properties in initial lease-up, resulting in a vacancy rate of 2.0% as of the end of May 2021. This compares to a vacancy rate of 2.2% in the December 2019 survey.

Unit Type	# of Units	Avg. Size	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio/EFF	242	439	\$656	\$1.49
1BR	3,522	610	\$626	\$1.03
2BR	5,944	835	\$745	\$0.89
3BR	560	1,107	\$1,039	\$0.94
Total	10,268	763	\$718	\$0.94
Source: Maxfield Research and Consulting, LLC				



- The unit mix breakdown of the market rate units reflects the following:
 - Efficiency units: 242 | 2.4%
 - One-bedroom units: 3,522 | 34.3%
 - Two-bedroom units: 5,944 | 57.9%
 - Three-bedroom units: 560 | 5.5%

- The following are the monthly rent ranges and average rent for each unit type:
 - Efficiency units: \$378 to \$1,121 | Avg. \$656
 - One-bedroom units: \$395 to \$1,425 | Avg. \$626
 - Two-bedroom units: \$555 to \$1,739 | Avg. \$745
 - Three-bedroom units: \$750 to \$1,595 | Avg. \$1,039

- The average monthly rent per square foot among the surveyed properties was \$0.85 in 2019. This number increased to \$0.94 as of May 2021, an increase of 10.6% over the past 18 months. Rent per square foot varied by unit type as illustrated below:
 - Efficiency units: \$1.49
 - One-bedroom units: \$1.03
 - Two-bedroom units: \$0.89
 - Three-bedroom units: \$0.94

RENTAL MARKET ANALYSIS

- The newest properties, those built after 2010, have a higher level of in-unit amenities and features than those built prior to 2010. Many new properties offer a patio or balcony, in-unit washer/dryers, granite countertops, and black or stainless appliances. Some properties have reserved parking but with a limited number of enclosed spaces.
- The November 2019 overall market rate rental vacancy rate was 2.2%, remaining below the 5% market equilibrium rate. As of May 2021, the overall market rate rental vacancy rate was 2.0%, essentially remaining stable, but still well below the 5% market equilibrium level. Monthly rents increased by an estimated 3% to 5% at stabilized properties. A limited number of properties showed a decrease in rents. Most exhibited increases. Rent concessions are relatively limited in the market but are still active at properties that have higher turnover and a number of units to re-lease. Some new properties continue to offer move-in discounts to new residents. We note that fewer market rate properties are offering rent concessions now than back in 2018, indicating that the market has continued to tighten as construction has slowed. Rent increases in 2020 were highest for one-bedroom and two-bedroom units. Average rents increased on Table 20 due primarily to new units coming on-line across Cedar Rapids, not only in the Downtown District.
- Similar to December of 2019, some properties were offering rent concessions to lease vacant units. The concessions do not appear to be seasonal, but rather are focused on properties that are experiencing increased vacancies overall and are having greater challenges due to increased competition from properties with upscale finishes. Additionally, some new properties are offering move-in concessions to increase initial absorption.
- Two-bedroom units remain the most common unit type among market rate properties accounting for 58% of the total surveyed. The proportion of two-bedroom units against the total decreased modestly due to an increase in the number of studio, one-bedroom and three-bedroom units added to the market. Properties continue to be added to the database, reflecting some adjustments to average rents.

AVERAGE RENTS-MARKET RATE RENTALS CEDAR RAPIDS AREA 2013-2021								
	Aug. '13 Rent	Sep. '14 Rent	Sep. '15 Rent	Sep. '16 Rent	Oct. '17 Rent	Nov. '18 Rent	Dec. '19 Rent	May '21 Rent
EFF	\$343	\$380	\$447	\$454	\$559	\$509	\$733	\$656
1BR	\$451	\$478	\$499	\$513	\$508	\$553	\$566	\$626
2BR	\$573	\$623	\$615	\$612	\$668	\$694	\$710	\$745
3BR	\$794	\$1,141	\$780	\$983	\$1,009	\$953	\$1,049	\$1,039

Source: Maxfield Research and Consulting LLC

Shallow-Subsidy/Workforce Housing

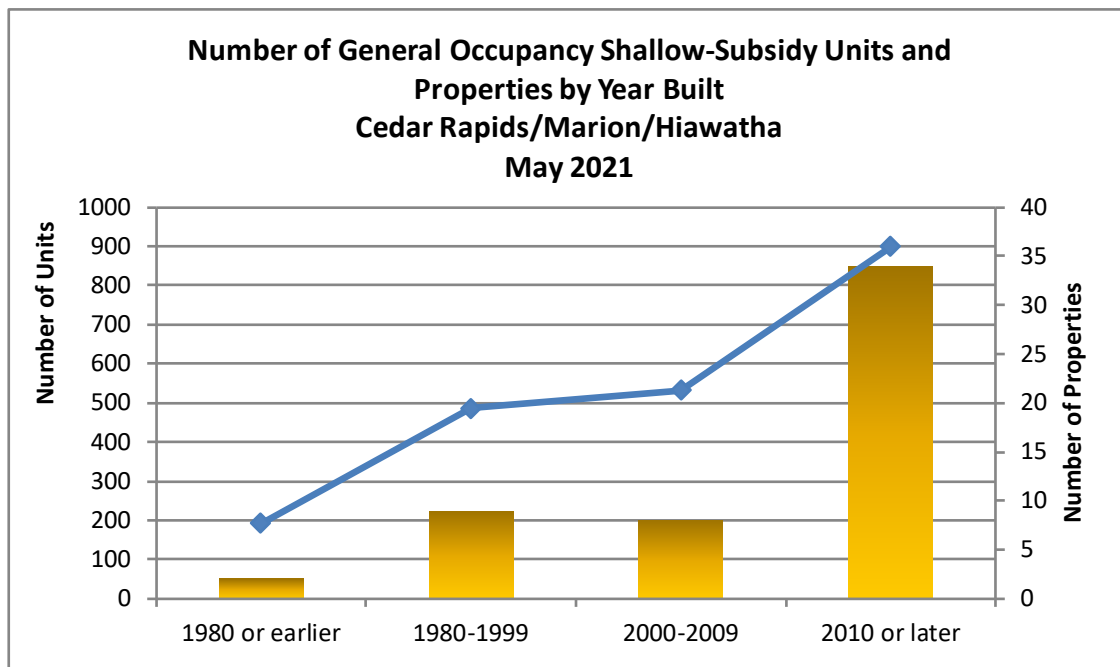
- Maxfield Research identified 47 properties with a total of 2,070 general occupancy units in Cedar Rapids, Marion and Hiawatha that provide low and moderate-rent housing to the market through a shallow-subsidy. These properties restrict households' incomes to levels of 40%, 50%, 60% or 80% of the Area Median Income (AMI). New properties that combine market rate and affordable units include Kingston Village, Ellis Urban Lofts, Kingston Pointe, Creekside, Center Point, Village West, Cornerstone Place, New Bo West, 6th Street Commons, Coventry Lofts, Sonoma Square, Ashton Flats, and Cypress Lofts. Properties that are age-restricted (55+ or 62+) are discussed in the senior analysis section of the report.
- Several different funding combinations have been used to develop affordable housing including the Low-Income Housing Tax Credit Program (LIHTC), MNFC (offered through the City of Cedar Rapids), and housing bonds. Properties that provide affordable rental units target those units to households with incomes typically between 40% and 60% of Area Median Income. The 2008 flood and subsequent loss of housing units in the central core of the City prompted additional funding assistance through the Iowa Economic Development Authority to support replacement housing. Units funded through the IEDA program are usually in mixed-income buildings with 51% of the units targeted to households with moderate incomes (80% or less of area median income). These properties compete in the market against properties that have no income restrictions. The difference between the restricted rent and the market rent at mixed-income properties tends to be greater with new construction, but mixed income properties have often discounted rents to reduce the difference between affordable and market rate rents.
- While 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 have a high degree of price sensitivity 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 income percentage (say 60% of Area Median Income) but lowering the rent levels to 50% or 40% of AMI to expand their potential pool of tenants.
- Table 21 shows a summary of rental units with a shallow subsidy by unit type with average rent, average size and the proportion of units surveyed of each unit type. As shown on the table, the average rent for these properties was \$743 per month with an average unit size of 931 square feet, or an average rent per square foot of \$.80. The highest proportions of units are two- and three-bedroom units with 48.4% and 23.6%, respectively of the total, although one-bedroom units are nearly equal to three-bedroom units with 23.5% of the total.

RENTAL MARKET ANALYSIS

- As of the survey, the overall vacancy rate was 2.7% with 55 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, pent-up demand exists for additional shallow-subsidy units. As mentioned previously, there is typically some overlap between market rate rental units with low rent levels (naturally occurring affordable housing) and shallow-subsidy (income-restricted) rental housing in the Housing Market Area.

Unit Type	No. of Units	% of Units	Avg. Rent	Avg. SF	Avg. R/SF
EFF	49	2.3%	\$476	451	\$1.06
1BR	491	23.3%	\$639	669	\$0.96
2BR	1,031	48.9%	\$728	923	\$0.79
3BR	495	23.5%	\$886	1,215	\$0.73
4BR	43	2.0%	\$1,026	1,431	\$0.72
TOTAL	2,109	100.0%	\$745	932	\$0.80

Sources: IHA; Affordable Hsg Network; HUD; City of Cedar Rapids;
Maxfield Research and Consulting LLC



- Two properties were built prior to 1980, nine were built between 1980 and 1999, eight were built between 2000 and 2009 and 34 were built in 2010 or later.

RENTAL MARKET ANALYSIS

- The newest developments that incorporate units with a shallow subsidy are Kingston Village, Kingston Pointe, Village West, New Bo West, Shamrock Villages, Mead Flats (renovation of existing building), Cornerstone, 6th Street Commons, Breyer Street Apartments and Sonoma Square. Kingston Village and Commonwealth Senior are mixed income (LIHTC) developments while Village West, New Bo West, Kingston Pointe, Centre Point/Creekside, Cornerstone Place and 6th Street Commons are part of the Multifamily New Construction Program (MNFC) where 51% of the units must be rented to households at or below 80% of the Area Median Income. Additional properties currently under construction and funded through the MNFC program include Kingston Duplexes. Many of the newer rental properties located in the Downtown or in neighborhoods adjacent to the Downtown have received some type of assistance to encourage residency.
- Common Bond Communities recently opened Crestwood Ridge (45 units), a mixed income affordable property that includes four market rate units, 29 shallow-subsidy (60% AMI), seven units (40% AMI) and five units for long-term homeless (30% AMI). Monthly rents range from \$489 to \$829 per month. The property features a community room, in-unit washers and dryers and computer lab and opened Fall 2018. Crestwood Ridge also accepts households that may have a Housing Choice Voucher. The property is still in initial lease-up.
- Monroe School at 3200 Pioneer Avenue SE, opened July 2019 with 43 units of affordable rental housing including 19 apartments/ lofts (2BR, 3BR and 4BR units) within the school building and 24 units of single-family, villa-style, three-and four-bedroom homes. The property has been absorbed into the market with rents ranging from \$695 to \$1,275 per month.
- Woda Cooper recently opened 39 units of rental housing in southwest Cedar Rapids affordable to households with incomes at or less than 60% of AMI. Five units of phase I are market rate. Another 48 units are under construction, also mixed income. All the units in Phase I were leased prior to occupancy.
- Table 22 on the following page shows the maximum allowable incomes by household size to qualify for various types of income-based housing programs along with the maximum gross rents that can be charged by bedroom size in Linn County. Income qualifications shown are utilized for housing developments that are financed through the Section 42 or Low-Income Housing Tax Credit Program (LIHTC).

RENTAL MARKET ANALYSIS

TABLE 22 2021 INCOME LIMITS (HERA Restrictions) LINN COUNTY AND CEDAR RAPIDS MSA									
LOW INCOME HOUSING TAX CREDITS (2021) (placed in service on or before 04/01/2021)									
	Income Limits by Household Size								
	1 phh	2 phh	3 phh	4 phh	5phh	6phh	7phh	8phh	
30% of median	\$18,780	\$21,480	\$24,150	\$26,820	\$28,980	\$31,140	\$33,270	\$35,430	
40% of median	\$25,040	\$28,640	\$32,200	\$35,760	\$38,640	\$41,520	\$44,360	\$47,240	
50% of median	\$31,300	\$35,800	\$40,250	\$44,700	\$48,300	\$51,900	\$55,450	\$59,050	
60% of median	\$37,560	\$42,960	\$48,300	\$53,640	\$57,960	\$62,280	\$66,540	\$70,860	
80% of median	\$50,080	\$57,280	\$64,400	\$71,520	\$77,280	\$83,040	\$88,720	\$94,480	
	Maximum Gross Rents by Bedroom Size								
	0 BR	1BR	2BR	3BR	4BR				
30% of median		\$469	\$503	\$603	\$697	\$778			
40% of median		\$626	\$670	\$805	\$930	\$1,038			
50% of median		\$782	\$838	\$1,006	\$1,162	\$1,297			
60% of median		\$939	\$1,006	\$1,207	\$1,395	\$1,557			
HOME PROGRAM INCOME LIMITS (2021)									
	1 phh	2 phh	3 phh	4 phh	5phh	6phh	7phh	8phh	
30% of median	\$18,800	\$21,450	\$24,150	\$26,800	\$28,950	\$31,100	\$33,250	\$35,400	
50% of median	\$31,300	\$35,800	\$40,250	\$44,700	\$48,300	\$51,900	\$55,450	\$59,050	
60% of median	\$37,560	\$42,960	\$48,300	\$53,640	\$57,960	\$62,280	\$66,540	\$70,860	
80% of median	\$50,050	\$57,200	\$64,350	\$71,500	\$77,250	\$82,950	\$88,700	\$99,400	
	Maximum Gross Rents by Bedroom Size								
	0 BR	1BR	2BR	3BR	4BR	5BR	6BR		
Low Home Rent Limit	\$524	\$602	\$794	\$1,134	\$1,272	\$1,431	\$1,564		
High Home Rent Limit	\$524	\$602	\$794	\$1,134	\$1,272	\$1,463	\$1,654		
2021 FMR	\$524	\$602	\$794	\$1,134	\$1,272	\$1,463	\$1,654		
50% Rent Limit	\$782	\$838	\$1,006	\$1,162	\$1,297	\$1,431	\$1,564		
65% Rent Limit	\$998	\$1,070	\$1,286	\$1,477	\$1,628	\$1,777	\$1,928		
FAIR MARKET RENTS (2021)									
	0BR	1BR	2BR	3BR	4BR	5BR			
By Bedroom Size		\$524	\$602	\$794	\$1,134	\$1,272	\$1,463		
Sources: Iowa Housing Finance Authority; HUD									

RENTAL MARKET ANALYSIS

Deep-Subsidy 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 a portable voucher system where the housing subsidy stays with the household and not with the unit.

Maxfield Research identified three family housing properties in Cedar Rapids that have project-based subsidies. These developments are shown on Table 23. There are 318 units among three properties with one, two-bedroom unit available; each of these properties has a waiting list. Typically, vacant units in these types of properties reflect usual turnover of units and the additional time required to qualify and move a new tenant into the unit. Residents pay 30% of their adjusted gross income for rent based on household size and incomes are restricted to a maximum of 50% of the Area Median Income adjusted for family 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.

Project Name/Location	Year Built	No.	Units		Monthly Rent
			Mix	Vacant	
Family					
Glenbrook Apartments 4815 1st Avenue SW	1981	100	56 - 1BR	0	30% of AGI
			4 - 2BR	0	30% of AGI
			20 - 3BR	0	30% of AGI
			20 - 4BR	0	30% of AGI
Hawthorne Hills 2247 C Street SW	1969	202	120 - EFF	0	30% of AGI
			32 - 1BR	0	30% of AGI
	2011R		32 - 2BR	0	30% of AGI
			18 - 3BR	0	30% of AGI
Oak Park Village 1350 15th Street SE	1982	16	12 - 2BR	0	30% of AGI
			4 - 3BR	0	30% of AGI
Total		318		0	
Vacancy Rate				0.00%	
Note: Substantial waiting lists exist at nearly all properties.					
Sources: City of Cedar Rapids; HUD; Maxfield Research and Consulting, LLC					

Deep-Subsidy Housing Assistance Program (Choice Vouchers)

Cedar Rapids administers a “tenant-based” subsidy called the *Housing Choice Voucher Program* that assists low-income households in finding 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 household’s contribution to the monthly rental amount is 30% of their adjusted gross income for rent and utilities. Applicants in Cedar Rapids may be eligible for the program if their income is below the current limits shown on Table 22, which are set by HUD annually

As of 2019, the Cedar Rapids Housing Department serves a total of 956 families in the Housing Choice Voucher Program. Although there is a maximum available limit of 1,265, funding to the program has been reduced, thereby limiting the number of families that can be served (estimated at 956, down from 1,150 in 2017). The program keeps a waiting list, which was closed in November 2016. The current wait list is 1,108 families. The average wait time to obtain a voucher is one year (relatively low compared to many communities where wait times can exceed two years). The average turnover of vouchers annually is 230. There are 73 vouchers ported into the City (up from last year); a portion of which are VASH vouchers (used by Veterans) and are funded by the Iowa City Housing Authority. A total of 37 vouchers are ported out of the City, for which the Housing Authority is billed by other agencies and the Housing Authority bills for its port-ins.

Pending Rental Developments

Maxfield Research obtained information on pending and planned general occupancy rental developments in Cedar Rapids. As of May 2021, there are five general occupancy rental developments under construction or planned in Cedar Rapids. The locations are mixed, with three in the Downtown District and two outside of Downtown.

Cedar Rapids – Downtown Core

General Occupancy Rental Properties

Market Rate

Under Construction

None

Planned/Proposed

Market Rate

245 2nd Street SE – 46 market rate rental units with covered parking is proposed by MH Legacy Inc.

900 3rd Street SE is proposed to have 146 market rate apartments in a four-story building with 1st floor commercial and enclosed parking. NewBo Partners LLC (Landover Corp) is proposing this development.

Mixed-Income

Art-Tech Village would be situated south of 16th Avenue SE and west of 9th Street SE and feature affordable and market rate units. Affordable units would target households with incomes at or less than 30%, 40%, and 60% AMI, a total of 52 units. The remaining 52 units would be market rate.

Cedar Rapids - Outside of Downtown

Under Construction

Anderson Green – Phase II by Woda Cooper Development is at 55 Miller Avenue SW is under construction and scheduled to open Fall 2021 with 48 units, a mix of 1BR, 2BR, and 3BR with affordable rents at 50% and 60% of AMI in addition to five market rate units.

Annex Group has started construction on a \$29.4 million development (Union at Wiley) of 180 affordable housing units in southwest Cedar Rapids at Wiley Boulevard SW. The community will feature one-, two- and three-bedroom units affordable to residents with incomes up to 60% of Area Median Income. Community amenities will include playground, clubhouse with gaming area, fitness center and community spaces. The development will be funded using low-income housing tax credits. The development is scheduled to open by March 2023.

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 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;

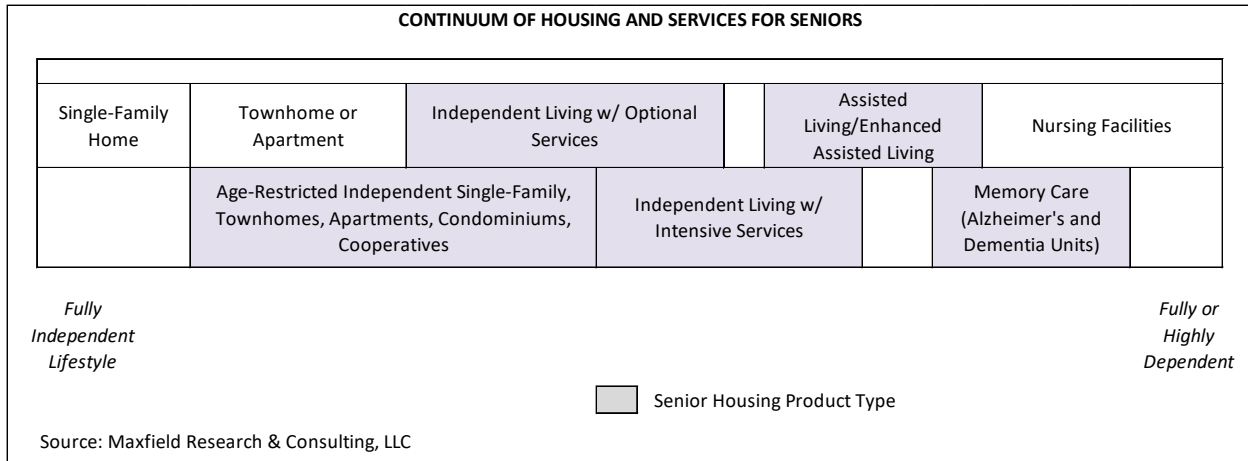
Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional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



Senior Housing in Cedar Rapids and Surrounding Area

As of year-end 2019, Maxfield Research identified 38 senior housing developments encompassing a variety of service and income levels in the Cedar Rapids area including market rate, affordable and deep subsidy (independent living, assisted living and memory care). Combined, these age-restricted properties contain 3,359 units. Seven properties provide housing to households (55+ or 62+) that earn 50% or less of the Area Median Income and residents of these properties pay 30% of their adjusted gross income monthly for rent. Another six 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 campuses, 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. 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. Cottage Grove Place and Methwick added housing units to their campuses in 2018.

Stoney Pointe Meadows (84 units), Grand Living at Indian Creek (164 units) and The Views of Marion (104 units) opened in 2019. These properties offer independent living with optional services, assisted living, memory care and skilled nursing. All these properties are in initial lease-up. The Views is in Marion and the other two are in Cedar Rapids.

At one time, Village Cooperative was the only ownership senior product in Cedar Rapids, and a new senior cooperative recently opened in 2020. Prairie Gardens Cooperative (50 units) is on the southwest side of Cedar Rapids. The property features primarily two-bedroom units, but has a mix of one-bedroom, one-bedroom plus den, two-bedroom and two-bedroom plus den units. Share pricing ranges from \$76,824 for a one-bedroom unit to \$183,165 for a larger two-bedroom unit. Monthly fees range from \$900 to \$2,208 depending on the unit type. All units at Prairie Gardens southwest have been sold. Other developers have been looking at the Cedar Rapids area for additional senior cooperative housing and the conversion of the Buchanan School into a market rate senior cooperative property is planned.

Table 24 provides summary 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.

New properties that have come into the market are providing primarily service-enriched housing and skilled nursing care. The Gardens (Cedar Rapids), Stoney Pointe (Cedar Rapids), The Views (Marion) are providing assisted living, memory care and skilled nursing. Grand Living (Cedar Rapids) and Terrace Glen Village (Marion) provide independent living, assisted living and memory care. Three new active adult properties (55+), targeted to moderate-income senior households and developed through the Low-Income Housing Tax Credit Program opened in 2017. These properties, Commonwealth (Cedar Rapids), Arbors at Lindale Trail (Marion) and Blairs Ferry Senior Housing (Marion) are fully occupied.

The survey includes larger facilities with 14 units or more.

The largest number of independent living units is within the two Continuing Care Retirement Communities in Cedar Rapids, Cottage Grove Place and Methwick Community. In 2018, Cottage Grove Place and Methwick both added housing units to their campuses. Including the additional units added, these two campuses account for an estimated 36% of all the age-restricted market rate senior housing units in Cedar Rapids, down modestly from before as other properties have entered the market.

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

RENTAL HOUSING ANALYSIS

The survey includes 1,966 market rate age-restricted senior units among varying service levels. Average size of all units was 875 square feet with an average monthly fee of \$3,335, which equates to an average per square foot rent of \$3.81. Additional independent living units have entered the market recently, increasing the average unit size, but also increasing the average price. 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 two to three meals per day, transportation, housekeeping, and general wellness 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, specialized activities, cognitive programming and other personal cares.

TABLE 24
SUMMARY OF MARKET RATE SENIOR UNITS IN SURVEY
CITIES OF CEDAR RAPIDS/MARION
May 2021

Service Level	# of Units	Avg. Size	Average Rent/Fee Range	Avg. Rent/Sq. Ft.
Active Adult-Owned	183	1,226	\$865 - \$2,050	\$0.71 - \$1.67
Active Adult-Rental	36	875	\$885 - \$1,198	\$1.01 - \$1.37
Independent-CCRC**	378	1,098	\$649 - \$6,483	\$0.59 - \$5.90
Independent-Congregate	292	979	\$1,349 - \$5,365	\$1.38 - \$5.48
Assisted Living*	801	656	\$3,180 - \$5,889	\$4.85 - \$8.98
Memory Care*	276	418	\$4,769 - \$7,332	\$11.41 - \$17.54
Total	1,966	875	\$3,335	\$3.81

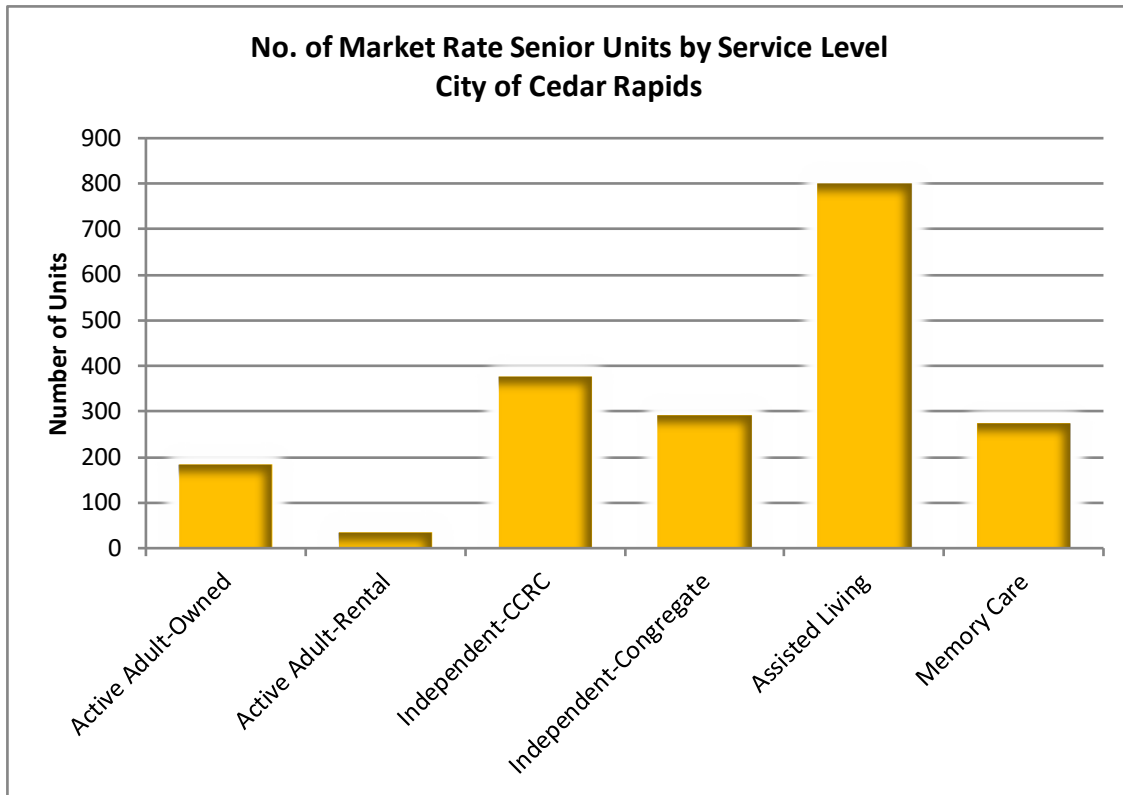
Note: Owned housing includes cooperative units where owner must first purchase a share.

Pricing is base pricing; additional care costs are not included in these ranges.

** Life care also requires an initial entry fee plan.

* Includes CCRC units

Source: Maxfield Research and Consulting, LLC



The survey of market rate age-restricted properties identified an increase in assisted living vacancies among older properties, although new properties are absorbing well in the market. Vacancies among the remaining service levels (independent living and memory care) were low. Two-bedroom independent living units often have waiting lists. If units were available, they were most often small unit sizes (i.e. studio or small one-bedroom units). The ownership properties (two) have experienced strong demand and interest and more are coming on-line. The survey identified an overall vacancy rate among all market rate, age-restricted units of 101 units (excluding properties in initial lease-up, for an overall vacancy rate of 5.1%, which is considered moderate at this time, due to the impacts of COVID-19, particularly on service-enriched properties). The CCRC properties are adding to their campuses and there have been additional assisted living and memory care units recently brought to the market. Prairie Gardens Cooperative opened in 2020; all units are sold and there is a wait list.

Shallow-Subsidy Senior Properties

Table 25 shows five shallow subsidy (affordable) independent senior properties in Cedar Rapids and two shallow-subsidy properties in Marion. Irving Pointe assisted living was developed under the Low-Income Housing Tax Credit program and is included in the survey of enhanced service facilities.

RENTAL HOUSING ANALYSIS

Shallow subsidy properties are newer, with all but one of the properties having been constructed between 2011 and 2017. Scott Meadows, which was recently upgraded, opened in 2004. According to the survey, there were no units available among these properties. Arbor at Lindale Trail and Blairs Ferry Senior Housing both opened summer 2017. According to the survey, all these properties are fully leased, many with wait lists.

Project Name/Location	Year Built	Units			Inc. Max.	Monthly Rent
		No.	Mix	Vacant		
Cedar Crest (55+) 1100 O Ave. NW Cedar Rapids	2011	36	23 - 1BR 13 - 2BR	0	50% AMI 9 MR units	\$525-\$865 \$665-\$995
Commonwealth (55+) 1400 2nd Avenue SE Cedar Rapids	2016	84	15 - Studio 58 - 1BR 11 - 2BR	0	50% AMI	\$455-\$520 \$555-\$655 \$660-\$725
Legacy Manor (55+) 1350 A'Hearn Dr. Cedar Rapids	2013	60	30 - 1BR 30 - 2BR	0	60% AMI	\$592 \$780
Center Point (55+) 1415 Center Point Rd. Cedar Rapids	2016	60	7 - 1BR 23 - 2BR	0	60% AMI	\$716 \$865-\$1,059
Arbor at Lindale Trail (55+) 1362 Blairs Ferry Road Marion	2017	70	30 - 1BR 40 - 2BR	0 0	30% to 60% 10 MR units	\$448-\$702 \$448-\$820
Blairs Ferry Sr. Hsg. (55+) 830 Blairs Ferry Road Marion	2017	60	20 - 1BR 40 - 2BR	0 0	30% to 60% AMI	\$417-\$702 \$494-\$820
Total		370		0		
Vacancy Rate				0.00%		
Residents' incomes cannot exceed the maximum and typically must also meet a minimum income unless using a voucher.						
Sources: City of Cedar Rapids; Maxfield Research and Consulting, LLC						

Deep-Subsidy Senior Properties

- Table 26 presents summary information for deep-subsidy senior housing properties. This type of age-restricted housing (usually 62+) offers rents affordable to qualified senior households. Some properties also admit individuals younger than age 62 that may have physical or cognitive limitations. Households may qualify with an adjusted gross income of 50% or less of AMI adjusted for household size and medical expenses. The rent paid by the resident is based on 30% of their income. For households meeting the age and income qualifications, deep-subsidy senior housing is usually the most affordable rental option available.
- As of year-end 2020, Cedar Rapids had 587 units in seven deep-subsidy properties designated for people ages 62 years or older. Another two properties are in Marion with 80 units. Among the nine properties, there are 667 units with an overall vacancy rate of 0.0%, indicating significant pent-up demand for these types of units. Scott Meadows (Marion) was reclassified to the shallow-subsidy category. Previous programs that had been available to fund deep-subsidy age-restricted developments have essentially been eliminated. Accommodating extremely low-income seniors is likely to require these or other age-restricted properties accepting Section 8 vouchers. Some funding remains available for special needs housing through the 811 programs, but other types of funding are also being utilized including Low Income Housing Tax Credits, Tax Increment Financing, bond funding, CDBG funds, etc. This limits however, the number of units that can be set aside for very low-income households.
- The unit mix among these properties is allocated between one-bedroom and efficiency units. Unit sizes at deep-subsidy senior properties tend to be smaller than many of the market rate senior rental properties. One-bedroom units usually range from 500 to 600 square feet.

RENTAL HOUSING ANALYSIS

**TABLE 26
DEEP-SUBSIDY SENIOR RENTAL HOUSING
CEDAR RAPIDS AREA
May 2021**

Project Name/Location	Year Built	Units			Monthly Rent
		No.	Mix	Vacant	
Linwood 4845 Johnson Ave. NW <i>Cedar Rapids</i>	1979	100	100 - 1BR	0	30% of AGI
Cedar Village 193 Jocelyn Dr. NW <i>Cedar Rapids</i>	1977	48	48 - 1BR	0	30% of AGI
Five Seasons 1225 42nd Street SE <i>Cedar Rapids</i>	1994	54	54 - 1BR	0	30% of AGI
Geneva Tower 310 5th Street SE <i>Cedar Rapids</i>	1969	183	123 - EFF 60 - 1BR	0 0	30% of AGI 30% of AGI
Oak Hill Manor 1301 15th Street SE <i>Cedar Rapids</i>	1974	96	96 - 1BR	0	30% of AGI
Westover Manor 204 40th Street DR. SE <i>Cedar Rapids</i>	1989	40	10 - EFF 30 - 1BR	0 0	30% of AGI 30% of AGI
The Meadows 1030 Memorial Drive SE <i>Cedar Rapids</i>	1980	66	66 - 1BR	0	30% of AGI
Scott Meadows 5960 E. Kacena Ave. <i>Marion</i>	2004	31	20 - 1BR 11 - 2BR	0	30% of AGI 30% of AGI
Mound View Manor 2501 Hwy 13 <i>Marion</i>	1999	40	40 - 1BR	0	30% of AGI
Trinity Pointe 2175 Bison Court <i>Marion</i>	2008	40	40 - 1BR	0	30% of AGI
Total		698		0	
				Vacancy Rate	0.00%
Sources: City of Cedar Rapids; HUD; Linn County Assessor; Maxfield Research and Consulting, LLC					

Pending Senior Housing Developments

Cedar Rapids

Under Construction

Hall Mar Village, a collaboration between Mercy Hospital and Presbyterian Homes and Services, broke ground in June. Completion is slated for March 2023 and will feature 237 units of independent living, assisted living and memory care along with an innovation center to provide advanced medically integrated care for dementia and memory loss. for at 3550 Stone Creek Circle SW is under construction. The property has 50 units and is in the processing of selling out. The building is scheduled to open early spring 2020.

Proposed

Red Cedar Square (55+) at 3400 Edgewood Road NE is being proposed by High Development. The building would have 94 units of active adult housing (55+) with no services. The apartments would be a mix of one-bedroom plus den and two-bedroom units and would be market rate.

Buchanan School Cooperative incorporates the conversion of the former school into 11 units along with 18 units of new construction for an age-restricted (62+) active adult market rate being developed by Forest and Fish, LLC. The property is at 2000 Mount Vernon Road SE.

Three Pines Senior Housing would provide 42 units of assisted living and 10 memory care on property at 3004 Center Pointe Rd NE with below grade parking. The developer is M&W Properties.

All units at these properties are accounted for in the demand calculations.

Introduction

Maxfield Research 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

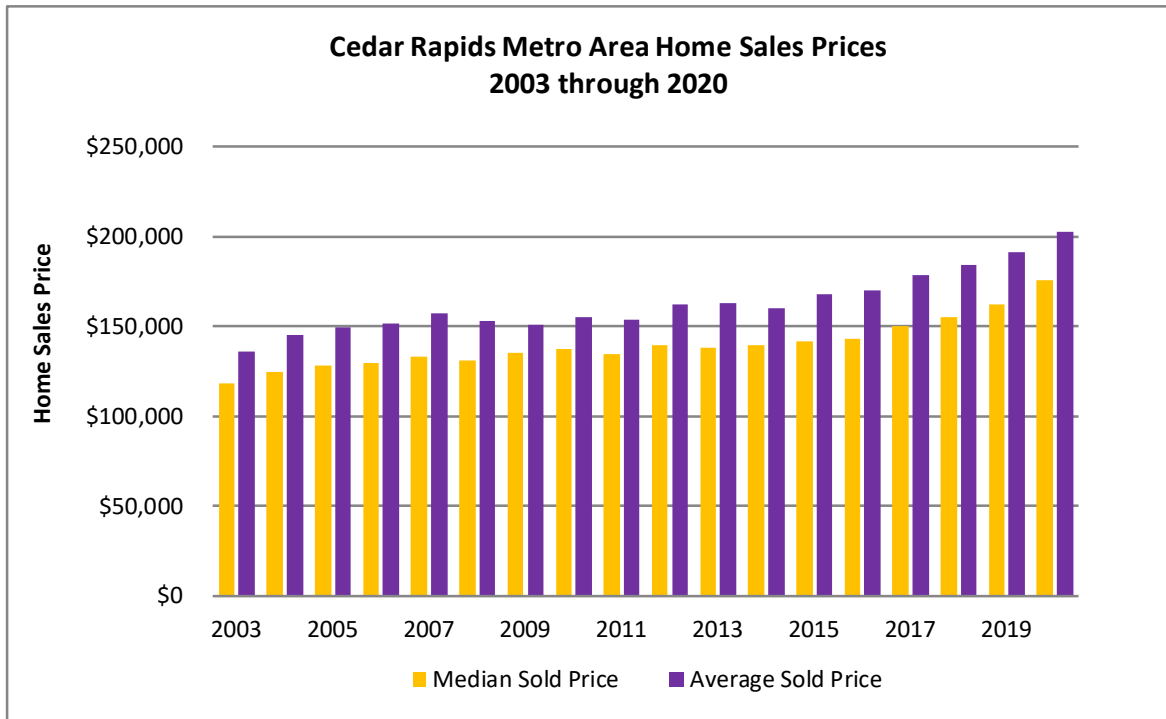
Table 27 presents data on home resales in Cedar Rapids city and in the Cedar Rapids Metro Area (Cedar Rapids, Marion, Hiawatha) for calendar years 2013 through 2020. Data was obtained from the Cedar Rapids Area Association of Realtors. Data shows market activity, average and median sales prices and the number of days on market. The data represents all residential sales.

- The table shows that the average sale price in the Cedar Rapids Metro Area as of year-end 2020 was \$202,680 in the Metro Area and \$187,869 in Cedar Rapids proper. These prices represent increases of 5.8% for the Metro and 5.0% for Cedar Rapids. The median sales price rose by 8.3% in the Metro Area and 3.2% in Cedar Rapids. A total of 3,460 homes were sold in the CR Metro Area, a 7.6% increase and surpassing the past seven years. Homes sold in Cedar Rapids also rose with 2,513 sales in 2020, a substantial rise since 2018. Average Days on Market decreased again in the Metro Area and in Cedar Rapids, signaling a continue tight for-sale market.

**TABLE 27
HOME RESALES
CEDAR RAPIDS AND SURROUNDING AREA
2013 through 2020**

	No. Sold	Avg. Sold Price	Median Sold Price	Avg. DOM
Cedar Rapids city - 2013	2,082	\$151,201	\$128,500	82
Cedar Rapids city - 2014	2,098	\$147,446	\$128,700	81
Cedar Rapids city - 2015	2,248	\$156,592	\$134,000	73
Cedar Rapids city - 2016	1,843	\$158,074	\$134,550	67
Cedar Rapids city - 2017	1,878	\$164,820	\$140,900	56
Cedar Rapids city - 2018	1,814	\$169,288	\$145,900	45
Cedar Rapids city - 2019	2,320	\$178,917	\$152,000	41
Cedar Rapids city - 2020	2,513	\$187,869	\$157,000	40
Cedar Rapids Metro - 2013	2,909	\$162,601	\$138,000	83
Cedar Rapids Metro - 2014	2,902	\$160,214	\$139,311	77
Cedar Rapids Metro - 2015	3,165	\$167,844	\$142,000	72
Cedar Rapids Metro - 2016	3,316	\$171,021	\$143,000	66
Cedar Rapids Metro - 2017	3,333	\$178,671	\$149,900	54
Cedar Rapids Metro - 2018	3,128	\$184,009	\$155,250	43
Cedar Rapids Metro - 2019	3,213	\$191,519	\$162,500	42
Cedar Rapids Metro - 2020	3,460	\$202,680	\$176,000	39

Sources: CR Area Realtor's Association; Maxfield Research and Consulting LLC



- According to Cedar Rapids Association of Realtors, home inventory continues to remain low, a situation that is present in many metropolitan areas across the country. This is creating reduced time on market and an increase in sales prices. There is a very strong market for starter homes, but the traditional move-up market is slower than in the past. Homebuyers that would have traditionally purchased “up” to a new home are staying put in greater numbers. This is causing significant pressure on the starter home market with less movement in the move-up market. There has been an increase in single-family condominium construction where buyers can purchase a new home with an unfinished basement at a more moderate cost to get into new construction.

Home Values

- According to the Cedar Rapids City Assessor, a mix of low interest rates, the impact of the derecho and generally a seller’s market have combined to create substantial demand for homes. As a result, the median home value in Cedar Rapids is expected to increase by 8%. Sale price increases in Linn County as a whole are increasing upwards of 20%, which was confirmed by the Linn County Assessor’s office.

Current Supply of Homes on the Market

Maxfield Research reviewed the current market for available owner-occupied homes in Cedar Rapids and Marion on the market (listed for sale). Table 28 shows the number of homes and price ranges currently listed for sale in Cedar Rapids by quadrant and in Marion and Hiawatha.

FOR SALE MARKET ANALYSIS

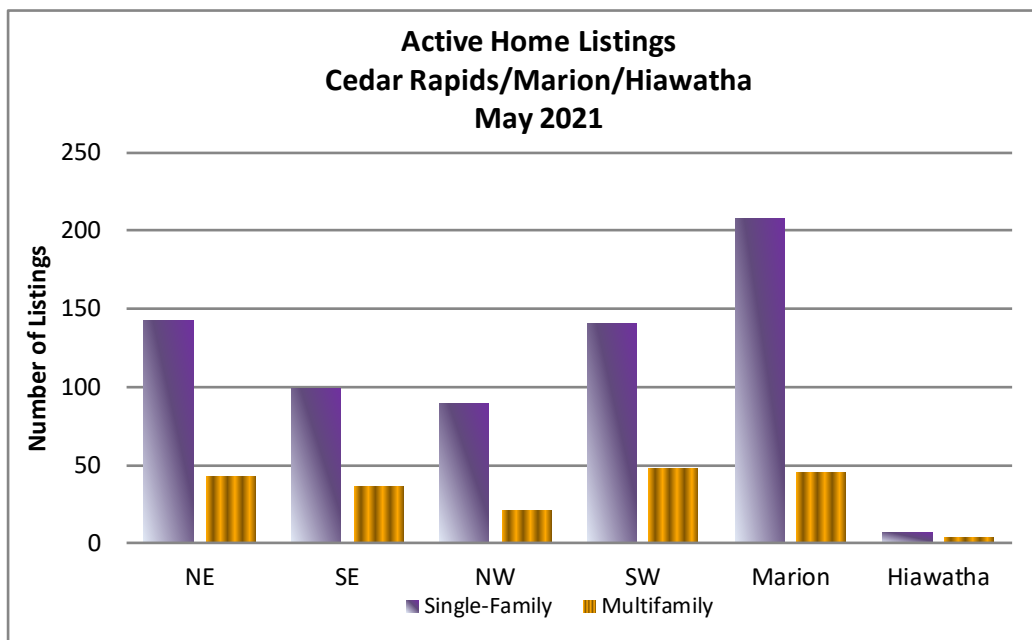
The data was gathered from the Multiple Listing Service from Iowa Realty Cedar Rapids and is based on listings active as of May 2021. MLS listings generally account for most of the residential sale listings in a given area. Table 28 shows listings for single-family and multifamily (condominium, townhome, zero-lot line and detached townhome or condominium). Table 29 shows data on active MLS listings for single-family and multifamily homes in the Downtown Core Area (core neighborhoods) of Cedar Rapids. Data is presented by quadrant and shows the high price, low price and median price of active listings as of May 2021.

TABLE 28			
ACTIVE LISTINGS BY SUBMARKET			
May 2021			
Property Type	Listings	Pct.	Price Range
Single-Family			
NE	142	20.7%	\$19,000 - \$749,900
SE	99	14.4%	\$13,700 - \$939,000
NW	90	13.1%	\$75,000 - \$1,589,000
SW	141	20.5%	\$30,000 - \$680,000
Marion	208	30.3%	\$60,000 - \$2,800,000
Hiawatha	7	1.0%	\$122,500 - \$674,900
Total/Average	687	100.0%	\$53,367 - \$1,238,800
Multifamily			
NE	43	21.8%	\$73,500 - \$462,000
SE	36	18.3%	\$75,000 - \$749,000
NW	21	10.7%	\$80,000 - \$479,000
SW	48	24.4%	\$59,500 - \$489,000
Marion	45	22.8%	\$135,000 - \$310,425
Hiawatha	4	2.0%	\$86,000 - \$295,000
Total/Average	197	100.0%	\$84,833 - \$464,071
New Construction (included in above totals)			
NE	2	2.5%	\$298,385 - \$462,000
SE	3	3.8%	\$352,000 - \$352,000
NW	6	7.6%	\$240,000 - \$479,000
SW	19	24.1%	\$229,900 - \$380,000
Marion	45	57.0%	\$135,000 - \$310,425
Hiawatha	4	5.1%	\$86,000 - \$295,000
Total/Average	79	100.0%	\$223,548 - \$379,738
Sources: Iowa Realty-Cedar Rapids Area; Maxfield Research and Consulting LLC			

- As of May 2021, there were 472 single-family homes listed for-sale in Cedar Rapids, 208 homes in Marion and seven homes in Hiawatha listed for sale (previously owned and new construction). For owned multifamily homes, there were 197 listed, including 148 in Cedar Rapids, 45 in Marion and four in Hiawatha. Owned multifamily listings have increased as a percentage of total listings against single-family homes.

FOR SALE MARKET ANALYSIS

- New construction listings accounted for only 9% of current listings (79 new construction listings). This is much lower than it has been in the past. In 2019, new construction accounted for 28% of total listings.
- Resale pricing for existing homes spans a broad range with homes available for a low of \$19,000 to a high of \$1.59 million in Cedar Rapids. In Marion, the range is \$60,000 to \$2.8 million. Many active listings priced less than \$100,000 are in the core neighborhoods of Cedar Rapids. Although home sales in Cedar Rapids were robust in 2020, the inventory of available homes on the market has dropped and is lower than 2019 as the for-sale market continues to tighten.
- New construction homes currently listed for sale span a much narrower price range. The lowest price for new construction in Cedar Rapids was \$220,000 in the SE quadrant up to \$479,000 in the northwest quadrant. The price range for new construction in Marion is \$135,000 to \$310,425. Prices have been higher in the SE and NE quadrants of the City in recent years due to a higher amount of new construction in those areas. Most new construction in Cedar Rapids is concentrated in the SW quadrant.



- Based on an estimated median sales price in Cedar Rapids of \$157,000 as of year-end 2020, the income required to afford a home at this price would be an estimated \$52,300, based on a standard of 3.0 times 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. According to updated income data for 2021, an estimated 58% of households in Cedar Rapids have annual incomes at or above \$52,300.

- Single-family homes accounted for 75% of all active listings, down from 2018. The remaining listings are owned multifamily homes (25%).

Downtown Core

Table 29 shows active home listings in the Downtown Core as of May 2021. Most of the multifamily listings are new construction ownership housing, centered in Downtown. There was an increase in listing activity in the Downtown core neighborhoods again in 2021, reflecting increases in 2019 and 2018. The median home list price has also risen although the low end of the range in NE and SE was even lower than 2019. List prices for owned multifamily are higher than for SF, demonstrating the older age of single-family homes.

TABLE 29 NO. OF ACTIVE HOME LISTINGS CEDAR RAPIDS CORE NEIGHBORHOODS May 2021			
	SF	MF	Zero-Lot
Quadrant	No.	No.	No.
NE	20	0	0
High Price	\$159,900	---	---
Low Price	\$14,500	---	---
Median	\$127,500	---	---
NW	30	13	0
High Price	\$239,500	\$479,000	---
Low Price	\$75,000	\$134,900	---
Median	\$147,450	\$134,900	---
SW	42	4	0
High Price	\$235,000	\$749,000	---
Low Price	\$30,000	\$149,950	---
Median	\$115,000	\$179,975	---
SE	47	16	0
High Price	\$695,000	\$439,000	---
Low Price	\$19,000	\$69,900	---
Median	\$110,000	\$199,475	---

Sources: Iowa Realty Services;
Maxfield Research and Consulting LLC

Lot Inventory

Table 30 shows active listings of residential lots in platted subdivisions in Cedar Rapids, Marion and Hiawatha. The table shows the number of active listings and the price range of the listings in each quadrant. Lot prices are highest in the northwest and northeast quadrants of Cedar Rapids, although that has shifted over the past couple of years when lot prices for new subdivisions in the southeast quadrant were higher.

FOR SALE MARKET ANALYSIS

- As of May 2021, Cedar Rapids, Marion and Hiawatha had a total of 290 developed single-family/owned multifamily lots, which is up significantly from late 2019 and up also from 2018, when the total was 250 lots. This excludes raw land available for residential development.
- In Cedar Rapids, there were 119 lots, an increase from 2019, but a decrease from 2018.
- A general benchmark is to have at least a three- to five-year supply of platted lots available to support new construction. At this time, market interviews revealed that there is less speculative building occurring in the market and while home sales have increased modestly, there are not enough homes on the market to meet demand. This is primarily in the resale area versus new construction, but lower levels of new construction and less speculative building is also affecting the availability of owner-occupied homes. Lot prices have continued to moderate since 2018, when there were more high-priced lots and higher priced new construction homes on the market.

TABLE 30
ACTIVE LOT/LAND LISTINGS BY SUBMARKET
May 2021

Property Type	Listings	Pct.	Price Range	Price/Acre
Single-Family/Owned Multifamily Developed Lots				
NE	25	8.6%	\$19,500 - \$174,700	\$114,934 - \$145,522
SE	25	8.6%	\$55,000 - \$99,950	\$48,246 - \$109,835
NW	18	6.2%	\$19,500 - \$79,900	\$78,629 - \$152,190
SW	131	45.2%	\$19,900 - \$275,000	\$61,111 - \$153,977
Marion	84	29.0%	\$10,900 - \$169,000	\$109,000 - \$275,581
Hiawatha	7	2.4%	\$35,000 - \$148,700	\$61,404 - \$89,578
Total/Average	290	100.0%	\$26,633 - \$157,875	\$78,887 - \$154,447
Large Acreage Residential Land				
NE	2	0.7%	\$1,600,000 - \$1,990,000	\$184,844 - \$707,965
SE	5	1.7%	\$302,000 - \$538,000	\$20,558 - \$26,900
NW	2	0.7%	\$629,000 - \$1,205,290	\$54,696 - \$43,046
SW	11	3.8%	\$275,000 - \$5,390,000	\$35,000 - \$205,224
Marion	14	4.8%	\$299,900 - \$1,990,000	\$9,194 - \$184,884
Hiawatha	5	1.7%	\$610,000 - \$1,273,800	\$29,990 - \$190,217
Total/Average	39	13.4%	\$619,317 - \$2,064,515	\$55,714 - \$226,373
Standard residential lots include finished developed lots; acreages are unimproved vacant land or land with some or very limited infrastructure such as sewer, utilities and paved road access to property.				
Sources: Iowa Realty - Cedar Rapids; Maxfield Research and Consulting LLC				

Pending For-Sale Developments

Following are pending for-sale developments that have been identified as being in process.

Clock House is located at 600 First Street SE and the building (formerly the Great Furniture Mart) was renovated and converted to 11, two-bedroom units. Nine of the 11 units have been sold with prices ranging from \$300,000 to \$500,000.

Affordability Calculation – Downtown Core Neighborhoods

The City of Cedar Rapids has been involved for the past several years in a revitalization program for its Downtown core neighborhoods, specifically those that experienced the greatest impact from the 2008 flood. Prior to the 2008 flood, much of the housing stock in the core neighborhoods was older and less well-maintained than other areas of the City. The 2008 flood caused a substantial amount of rehabilitation work to be completed to many units in these neighborhoods just to make them livable once again. In addition, the City has focused efforts on developing more housing in its Downtown through the conversion of existing under-utilized warehouse buildings and through new construction. Approximately half of the new construction rental units built in the Downtown are affordable to households that earn between 40% and 80% of the area median household income. This has enabled some households to remain in the Downtown Core District and others to relocate to the Downtown because housing is available to meet their needs.

Regarding demographics and market conditions for the Core District (previous Flood Impact Area) which comprises most of the geographic area of the City’s core neighborhoods, we find the following in 2021 as compared to 2010:

	2010	2021
Population	16,955	19,066
Households	6,888	7,870
Age Distribution	31% growth 65-74	55% growth 65-74
Median HH Income	\$33,907	\$41,709
Household Tenure	56.6% (owner)	55.6% (owner)
Age of Housing (Median)		
Owner	1942	1959
Renter	1956	1972
Median Home Value (Census)	\$88,958	\$104,000
Median List Price (Iowa Realty)	N/A	\$140,000
Incomes Needed to Qualify (based on total homeownership costs)		
65%	\$44,500	\$70,200
80%	\$54,700	\$86,360

FOR SALE MARKET ANALYSIS

Maximum Mortgage Costs (PITI)		
65%	\$1,150/mo.	\$1,755/mo.
80%	\$1,413/mo.	\$2,159/mo.
Maximum Mo. Payment (Median Home Value) (Assumes 30-year fixed, 4%, 10% DP)	\$410/mo.	\$600/mo.
Minimum Income Needed to Qualify (Assumes no debt load and excludes taxes, insurance and MIP)	\$16,000/yr.	\$24,000/yr.
No. of Income-Qualified HHs (Downtown Core District) at minimum income	2,700	6,310
Typical size of SF homes in the core	1,081 SF	1,270 SF

Based on the above analysis, median home values in the core neighborhoods are affordable to a substantial portion of the population currently residing in the Core Neighborhoods. In addition, these homes are affordable to an even higher proportion of low and moderate-income households living in the Cedar Rapids Metro Area. The lower income level needed to qualify reflects a reduction in interest rates since 2010, which has made homeownership more affordable to a larger group of individuals. Although mortgage interest rates have decreased again recently, the number of higher income households in the Core neighborhoods has also increased. Some higher income households are purchasing new luxury condominiums, which pricing typically far exceeds the median value of existing older homes in the area.

Higher debt loads however, (including student loans) along with a higher cost of homeownership (upkeep, improvements, etc.) often require that the homebuyer have an income that is higher than the mortgage amount to afford the additional costs of homeownership. Mortgage interest remains deductible from federal income tax. A home equity line of credit under the new tax law is not deductible unless the loan is specifically used to acquire, build or substantially improve a residence. Some households may be confused as to how the new tax law applies to home equity loans and may not take advantage of what benefit remains as the new tax law goes into effect. Homebuyer/homeowner education regarding the new tax law and financing options that are still deductible can help in encouraging homeowners to improve their residences and still be able to deduct the interest from their federal income taxes.

The average estimated monthly additional cost of homeownership above the mortgage amount is about \$825 per month for every \$100,000 of home value. Considering that the median estimated home value in the Core Neighborhoods is \$140,000, this would result in an additional \$1,155 per month of costs above the mortgage amount including property taxes, utilities, insurance, and other repairs and upkeep. Therefore, the true cost of homeownership including the mortgage amount would be \$1,755 per month, which would require an estimated annual income of \$70,200, although this may vary between households.

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 2021 to 2030.

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 that seniors are moving to alternate housing when they are in their mid-to late 70s or older, which is typical of most areas. Those moving to assisted living are now tending to do so in their early to 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 54 to 72 and as they continue to age over the end of this decade and into the next, they are increasing the population in the age groups 55 to 64, and 65 to 74. The 55 to 64 and 65 to 74 age groups in Cedar Rapids are estimated to have already experienced increases of 2,885 and 4,413 people, respectively, between 2010 and 2018 and are projected to experience additional increases of 961 and 3,168, respectively between 2018 and 2023. Some baby boomers will prefer more expensive single-family homes, while others may prefer to downsize or desire maintenance-free alternatives (such as single-level townhomes, detached single-family homes (villa-style), condominiums or traditional rental apartments). 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

Tables 31 and 32 present our demand calculations for general occupancy for-sale housing in Cedar Rapids between 2021 and 2026 and from 2026 to 2030, respectively.

Between 2021 and 2026, Cedar Rapids is projected to add 2,500 new households and the Cedar Rapids Market Area is projected to add 3,387 new households. Based on the analysis of household growth forecasts in specific age cohorts and projected income levels, it is estimated that 25% of the household growth will support demand for general occupancy housing products (versus age-restricted housing – 55+ or 62+), generating total demand for 847 new general occupancy housing units from 2021 to 2026 in the Cedar Rapids Market Area.

HOUSING DEMAND ANALYSIS

Projecting from 2026 to 2030, household growth is anticipated to be 2,595 households in Cedar Rapids and 3,510 households in the Market Area. Applying the same 25% proportion for non-senior general occupancy housing, results in potential demand for 2,595 units in Cedar Rapids and 3,598 units in the Market Area. The rate of growth is expected to increase modestly from 2026 to 2030, based on recent estimates.

Demand for housing is apportioned between ownership and rental housing products. According to 2021 estimates derived from the US Census American Community Survey, an estimated 74% of households under age 65 owned their housing in Cedar Rapids. The number of senior households however, is growing more rapidly than the number of non-senior households, due primarily to the aging of the baby boom. Therefore, while the recovery has been strong and the proportion of younger households owning their housing is high in the Cedar Rapids area, there will continue to be a short-term predisposition toward owning. The non-senior homeownership growth rate was estimated at 25%. This results in demand for 593 units for-sale units between 2021 and 2026.

Demand is also forecast to come from existing Market Area householders through turnover. As of 2021, an estimated 54,443 owner-occupied households are in the Cedar Rapids Market Area. Based on updated and revised mobility data from the Census Bureau, an estimated 20% of owner households will turnover in a five-year period, resulting in 10,889 existing households projected to turnover. Finally, we estimate 20% of the existing owner households will seek new for-sale housing, resulting in demand for 2,178 for-sale units between 2021 and 2026.

Next, we estimate that 20% of the total demand for new for-sale units in the Cedar Rapids Area will come from people currently living outside of the Tri City Area. Adding demand from outside the PMA to the existing demand potential, results in a total estimated demand for 3,463 for-sale housing units annually between 2021 and 2026.

Based on land available, building trends, and demographic shifts (increasing older adult populations and decreasing younger adult populations), we project 72% of the for-sale owners will prefer traditional single-family product types while the remaining 28% will prefer maintenance-free multifamily products such as twinhomes, detached townhomes/condominiums or traditional condominiums.

Of these totals, Cedar Rapids is estimated to capture roughly 60% of the estimated total demand in this segment resulting in for-sale demand for 1,518 single-family and 505 multifamily units over the next five years. These figures account for units already under construction.

Similar calculations compiled for the period 2026 to 2030 reveal a projected demand for non-senior general occupancy for-sale housing of 1,518 single-family and 505 multifamily (owned) units over the five-year period. This accounts for a modest shift to owned multifamily versus single-family over the period, which we are seeing now.

HOUSING DEMAND ANALYSIS

TABLE 31 FOR-SALE HOUSING DEMAND CEDAR RAPIDS PRIMARY MARKET AREA 2021 to 2026																			
Demand from Projected Household Growth																			
Projected household growth in the Cedar Rapids Primary Market Area (2021-2026) ¹			3,387																
(times) Pct. of HH growth for general occupancy housing ²	x	25%																	
(equals) Projected demand for general occupancy units	=		847																
(times) Propensity to Own ³	x	70%																	
(equals) Total demand potential for ownership housing (2021-2026)	=		593																
Demand from Existing Owner Households																			
Number of owner households in the Cedar Rapids Primary Market Area, 2021			54,443																
(times) Estimated percent of owner turnover ⁴	x	20%																	
(equals) Total existing households projected to turnover	=		10,889																
(times) Estimated percent desiring new housing	x	20%																	
(equals) Demand from existing households			2,178																
(equals) Total demand from household growth and existing households, 2021-2026	=		2,770																
(times) Demand from outside the Cedar Rapids Primary Market Area			20%																
(equals) Total demand potential for ownership housing, 2021-2026			3,463																
		<table border="1"> <thead> <tr> <th style="text-align: center;">Single Family</th> <th style="text-align: center;">Multi- family*</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">75%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">2,597</td> <td style="text-align: center;">866</td> </tr> <tr> <td style="text-align: center;">68</td> <td style="text-align: center;">24</td> </tr> <tr> <td style="text-align: center;">2,529</td> <td style="text-align: center;">842</td> </tr> <tr> <td style="text-align: center;">60%</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">1,518</td> <td style="text-align: center;">505</td> </tr> <tr> <td style="text-align: center;">304</td> <td style="text-align: center;">101</td> </tr> </tbody> </table>	Single Family	Multi- family*	75%	25%	2,597	866	68	24	2,529	842	60%	60%	1,518	505	304	101	
Single Family	Multi- family*																		
75%	25%																		
2,597	866																		
68	24																		
2,529	842																		
60%	60%																		
1,518	505																		
304	101																		
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x																		
(equals) Total demand potential for new single-family & multifamily for-sale housing	=																		
(minus) Units under construction ⁶	-																		
(equals) Excess demand for new general occupancy for-sale housing	=																		
(times) Percent capturable by Cedar Rapids	x																		
(equals) number of units supportable in Cedar Rapids (2021-2026)																			
Estimated Average Annual Demand over the Five-Year Period																			
¹ Estimated household growth based on data data from the US Census, ESRI, CR Building Permits, and Maxfield Research ² Pct. of household growth age 65 and younger (U.S. Census - 2010, American Community Survey 2019, Maxfield Research). ³ Pct. Owner households in the PMA (2021) ⁴ Based on on turnover from 2019 American Community Survey for households moving after 2015. ⁵ Based on preference for housing type and land availability ⁶ Units under construction. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units.																			
Source: Maxfield Research and Consulting LLC																			

HOUSING DEMAND ANALYSIS

TABLE 32 FOR-SALE HOUSING DEMAND CEDAR RAPIDS PRIMARY MARKET AREA 2026 to 2030			
Demand from Projected Household Growth			
Projected household growth in the Cedar Rapids Primary Market Area (2026 to 2030) ¹			3,510
(times) Pct. of HH growth for general occupancy housing ²	x	25%	
(equals) Projected demand for general occupancy units	=		878
(times) Propensity to Own ³	x	70%	
(equals) Total demand potential for ownership housing (2026-2030)	=		614
Demand from Existing Owner Households			
Number of owner households in the Cedar Rapids Primary Market Area, 2026			56,813
(times) Estimated percent of owner turnover ⁴	x	22%	
(equals) Total existing households projected to turnover	=		12,499
(times) Estimated percent desiring new housing	x	20%	
(equals) Demand from existing households			2,500
(equals) Total demand from household growth and existing households, 2026-2030	=		3,114
(times) Demand from outside the Cedar Rapids Primary Market Area			20%
(equals) Total demand potential for ownership housing, 2026-2030			3,893
		Single Family	Multi-family*
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x	70%	30%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	2,725	1,168
(minus) Units under construction ⁶	-	0	0
(equals) Excess demand for new general occupancy for-sale housing	=	2,725	1,168
(times) Percent capturable by Cedar Rapids	x	60%	60%
(equals) number of units supportable by in Cedar Rapids (2026-2030)		1,635	701
Estimated Annual Demand for the Four-Year Period		234	100
¹ Estimated household growth based on data data from the US Census, ESRI, CR Building Permits, and Maxfield Research ² Pct. of household growth age 65 and younger (U.S. Census - 2010, American Community Survey, 2019, Maxfield Research). ³ Pct. Owner households in the PMA (2021) ⁴ Based on on turnover from 2019 American Community Survey for households moving after 2015. ⁵ Based on preference for housing type and land availability ⁶ Units under construction. * Multi-family demand includes demand for owner-occupied townhomes, twinhomes, and condominium units.			
Source: Maxfield Research and Consulting LLC			

Estimated Demand for General-Occupancy Rental Housing

Tables 33 and 34 present calculations of general-occupancy rental housing demand in the Cedar Rapids Market Area from 2021 to 2026 and from 2026 to 2030. The analysis identifies potential demand for rental housing that is generated from new households and turnover households. A portion of the demand will be drawn from existing households in the Metro Area that want to upgrade their housing situations. The portion of demand capturable by the City of Cedar Rapids is identified in the demand calculations.

HOUSING DEMAND ANALYSIS

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 largest portion of general-occupancy rental demand. For 2021 to 2026, every cohort is projected to experience household growth except the age 45 to 64 cohort (due to the baby bust group aging into this cohort over the next five years). From 2026 to 2030, all cohorts will experience household growth as the lower numbers of the baby bust generation will be overshadowed by the higher numbers of households in the baby boom generation in the age 65+ group. Next, the percentage of households likely to rent their housing is calculated. In 2021, the percentage of renters ranged from 79% for the under 25 age cohort to 19% for the 55 to 64 and 65+ cohorts.

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 likely to seek new rental housing by age cohort is applied. For the period 2021 to 2026, this results in demand for 2,510 units over the next five years.

We estimate that 25% of the total demand for new rental housing units in the Cedar Rapids Metro Area will come from people currently living outside of the area because it is often a draw for households that may be relocating for the short-term (large employers, post-secondary education, rural to urban transitions). As a result, we find demand for 3,347 renter households based on household growth and existing households between 2021 and 2026, or an average of 669 units per year.

Based on a review of household incomes and sizes and monthly rents at existing rental properties, we estimate that 20% of the total demand will be for deep-subsidy housing, 30% will be for shallow-subsidy (workforce-40% to 60% of HAMFI) housing and 50% will be for market rate housing (market rate housing is defined as housing that carries no income restrictions or units with assistance where the income limits are 80% or higher of HAMFI). Rent levels for market rate units may, however, be discounted or reduced through specific incentive or assistance programs to be competitive within the existing local market rent structure.

HOUSING DEMAND ANALYSIS

TABLE 33
RENTAL HOUSING DEMAND
CEDAR RAPIDS PMA
2021 to 2026

	Number of Households				
	Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth					
Projected Growth in Household Base by 2026	303	389	-9	-176	2,782
(times) Proportion Estimated to Be Renting Their Housing ¹	x 79.4%	47.2%	31.6%	20.0%	18.7%
(equals) Projected Demand for Rental Housing Units	= 241	184	-3	-35	520
Demand From Existing Households					
Number of renter households in 2021	3,967	6,016	4,329	5,056	3,702
(times) Estimated % of renter turnover between 2021 & 2026 ²	x 90.1%	83.6%	54.2%	33.8%	43.5%
(equals) Total Existing Renter Households Projected to Turnover	= 3,574	5,029	2,346	1,709	1,610
(times) Estimated % Desiring New Rental Housing	x 5%	25%	25%	20%	15%
(equals) Demand From Existing Households	= 179	1,257	587	342	242
Total Demand From Household Growth and Existing Households	179	1,441	584	307	762
<div style="text-align: center;"> </div>					
Total Demand from Household Growth and Existing Households	2,510				
(plus) Demand from outside Market Area (25%)	837				
(equals) Total Demand for Rental Housing in the Tri-City Area	3,347				
	Deep-Subsidy (Subsidized)	Shallow-Subsidy (Affordable)	Market Rate		
(times) Percent of rental demand by product type ³	x 20%	30%	50%		
(equals) Total demand for new general occupancy rental housing units	= 669	1,004	1,673		
(minus) Units under construction or pending*	- 0	135	182		
(equals) Excess demand for new general occupancy rental housing	= 669	869	1,491		
(times) Percent of demand capturable by Cedar Rapids	x 85%	80%	80%		
(equals) number of units supportable in Cedar Rapids	= 569	695	1,193		
¹ Based on 2019 Estimates from the American Community Survey, US Census Bureau. ² Based on Turnover from 2019 American Community Survey for households moving after 2015. ³ Based on the combination of current rental product and household incomes of area renters (households under age 65) *Pending/proposed competitive units at 95% occupancy.					
Source: Maxfield Research and Consulting, LLC					

HOUSING DEMAND ANALYSIS

**TABLE 34
RENTAL HOUSING DEMAND
CEDAR RAPIDS PMA
2026 to 2030**

	Number of Households				
	Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth					
Projected Growth in Household Base by 2030	242	311	30	10	2,003
(times) Proportion Estimated to Be Renting Their Housing ¹	x 79.4%	47.2%	31.6%	20.0%	18.7%
(equals) Projected Demand for Rental Housing Units	= 192	147	9	2	375
Demand From Existing Households					
Number of renter households in 2026	4,207	6,199	4,326	5,021	4,222
(times) Estimated % of renter turnover between 2026 & 2030 ²	x 90.1%	83.2%	55.3%	34.0%	46.4%
(equals) Total Existing Renter Households Projected to Turnover	= 3,791	5,158	2,392	1,707	1,959
(times) Estimated % Desiring New Rental Housing	x 5%	25%	25%	20%	15%
(equals) Demand From Existing Households	= 190	1,289	598	341	294
Total Demand From Household Growth and Existing Households	190	1,436	608	343	668
<div style="text-align: center;"> </div>					
Total Demand from Household Growth and Existing Households	2,577				
(plus) Demand from outside Market Area (25%)	859				
(equals) Total Demand for Rental Housing in the Tri-City Area	3,436				
	Deep-Subsidy (Subsidized)	Shallow-Subsidy (Affordable)	Market Rate		
(times) Percent of rental demand by product type ³	x 20%	30%	50%		
(equals) Total demand for new general occupancy rental housing units	= 687	1,031	1,718		
(minus) Units under construction or pending*	- 0	0	0		
(equals) Excess demand for new general occupancy rental housing	= 687	1,031	1,718		
(times) Percent of Market Area demand capturable by Cedar Rapids	x 85%	80%	80%		
(equals) number of units supportable in Cedar Rapids	= 584	825	1,374		
¹ Based on 2019 American Community Survey estimates, U.S. Census Bureau. ² Based on Turnover from 2019 American Community Survey for households moving after 2015. ³ 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 and Consulting, LLC					

HOUSING DEMAND ANALYSIS

Next, housing units are subtracted for properties that are under construction or likely to be approved and proceed within the identified demand timeframe, since these developments will satisfy some of the calculated demand for general occupancy rental housing. The analysis identifies 334 rental housing units either pending, approved or under construction in the Cedar Rapids PMA. Therefore, demand is found for 669 deep-subsidy units, 869 shallow-subsidy units and 1,491 market rate units from 2021 to 2026.

Finally, it is estimated that Cedar Rapids could capture 85% of the total demand for deep-subsidy and 80% for shallow-subsidy and market rate, resulting in demand for 569 deep-subsidy, 695 shallow-subsidy and 1,113 market rate units in the City from 2021 to 2026.

A similar calculation is made for the period of 2026 to 2030, a four-year timeframe. Over that timeframe and based on projected household growth and turnover from existing renter households, demand is projected for 569 deep-subsidy units, 784 shallow-subsidy units and 1,374 market rate units.

Demand, especially for rental units that are deep subsidy, would be 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. The updated rental survey for the Cedar Rapids Metro Area (Cedar Rapids, Hiawatha and Marion) found an overall vacancy rate of 2.0% among the general-occupancy rental supply – below the 5% level indicating market equilibrium. Vacancies for shallow-subsidy and deep-subsidy units (less than 5%) also indicate moderate to high levels of pent-up demand in these categories.

MNFC Tax Adjustments Expiration

The figure below shows the estimated number of units by year whereby properties under the MNFC program will have their property tax adjustment removed and therefore, their property taxes increase. It is likely that rents will increase to accommodate a portion of this adjustment, but rent increases will be predicated on what the market will bear at any given time. If rent increases are substantial, there may be some increase in vacancies as a portion of renters may elect other options.

MNFC - Rental Affordability Property Tax Expirations (No. of Units)		
May 2021		
Year	<u>Downtown Core</u>	<u>Outside Downtown</u>
2021	0	21
2022	0	0
2023	0	11
2024	39	53
2025	77	0
2026	16	0
2027	11	32
Total	143	117
2028	0	0
2029	0	0
2030	0	0
2039	0	20

Source: City of Cedar Rapids

Estimated Demand for Active Adult (55+)/Few Services Housing

Table 35 presents our demand calculations for market rate active adult, age-restricted housing in Cedar Rapids in 2021 and 2026.

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

Based on estimated market rate rents, the minimum income needed to afford monthly rents for market rate active adult/few services property would be \$30,000, since older adults with this income could afford a monthly market rate rent or service fee of \$1,000 based on spending 40% of their income. We also add in households with incomes between \$25,000 and \$29,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified older adult households (55+) in the Cedar Rapids Market Area Cedar Rapids in 2021 at 26,567 households.

HOUSING DEMAND ANALYSIS

TABLE 35
MARKET RATE ACTIVE ADULT HOUSING DEMAND
CEDAR RAPIDS PRIMARY MARKET AREA
2021 & 2026

	2020			2025		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$30,000 ¹	11,461	8,252	5,367	11,249	9,302	5,959
# of Households w/ Incomes of \$25,000 to \$29,999 ¹	+ 445	527	854	+ 461	584	653
(times) Homeownership Rate	x 81%	86%	79%	x 81%	86%	79%
(equals) Total Potential Market Base	= 11,823	8,704	6,040	= 11,623	9,802	6,474
(times) Potential Capture Rate	x 0.5%	3.5%	12.5%	x 0.5%	3.5%	12.5%
(equals) Demand Potential	= 59	305	755	= 58	343	809
Potential Demand from the PMA	= 1,119			= 1,210		
(plus) Demand from Outside the PMA (20%)	+ 280			+ 303		
(equals) Total Demand Potential	= 1,398			= 1,513		
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 50%	x 50%		x 50%	x 50%	
(equals) Demand Potential by Product Type	= 699	= 699		= 757	= 757	
(minus) Existing and Pending MR Active Adult Units ²	- 233	- 60		- 310	- 89	
(equals) Excess Demand for MR Active Adult Units	= 466	= 639		= 447	= 668	
(times) Capturable by Cedar Rapids	x 65%	x 65%		x 65%	x 65%	
(equals) Potential Excess Demand in Cedar Rapids	= 303	= 416		= 290	= 434	
¹ 2026 calculations define income-qualified households as all households with incomes greater than \$35,000 and homeowner households with incomes between \$30,000 and \$34,999. ² Existing and pending are deducted at market equilibrium (95% occupancy). Note: The PMA includes the Cities of Cedar Rapids, Hiawatha and Marion. Capturable in Cedar Rapids reflects the portion that the City would be able to capture of the total PMA demand Source: Maxfield Research and Consulting LLC						

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, 3.5% of households age 65 to 74, and 12.5% of households age 75 and over) results in a market rate demand potential for 1,119 active adult age-restricted units in 2021 (ownership and rental).

Some additional demand will come from outside the Cedar Rapids PMA. We estimate that 20% of the long-term demand for active adult age-restricted housing (rental and ownership) will be generated by older adults currently residing outside Cedar Rapids. This demand will consist primarily of parents of adult children living in Cedar Rapids, individuals who live just outside of these communities and have an orientation to the area, as well as former residents who desire to return. Together, the demand from older adults and seniors who would relocate to the area results in a demand for 1,398 active adult units in 2021.

Active adult demand in the Cedar Rapids area is apportioned between age-restricted ownership and rental units. Based on the age distribution, homeownership rates and current product available in the City, we estimate that 50% of the demand will be for adult ownership housing (699 units) and 50% will be for rental housing (699 units).

Next, we subtract existing competitive market rate units (minus a vacancy factor of 2% for owner-occupied and 5% for rental units 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 466 adult owner-occupied units and 639 adult rental units in 2021.

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 65% of the demand for ownership and rental units. This results in total demand for 303 adult owner-occupied units and 416 adult rental units in Cedar Rapids in 2020.

Adjusting for inflation, it is estimated that households with incomes of \$35,000 or more and homeowners with incomes of \$30,000 to \$34,999 would income qualify for market rate independent senior housing in 2026. Considering growth in the older adult base and the income distribution of the older adult population in 2026, the methodology projects that demand for ownership units will decrease modestly to 290 adult owner-occupied units but increase just slightly to 434 for adult rental units by 2026.

Because of the current income qualification range for LIHTC units, a portion of the demand shown for active adult market rate housing would overlap with the demand for shallow-subsidy housing for households with incomes primarily between \$30,000 and \$38,000.

Estimated Demand for Shallow-Subsidy Independent Age-Restricted Housing

Table 36 presents our demand calculations for affordable independent age-restricted (55+) housing in the Cedar Rapids in 2021 and 2026.

HOUSING DEMAND ANALYSIS

While the methodology used to calculate demand for shallow-subsidy 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 2021 between 40% and 60% of AMI. The income-restriction for a one-person household at 40% AMI is \$25,040 and the income-restriction for a two-person household at 60% AMI is \$42,960 as of 2021, the most recent available.
- **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 10.0% for households age 55 to 64, 28.0% for households age 65 to 74 and 35.0% 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 80% for shallow-subsidy active adult housing.

Using the methodology described above results in a demand potential for 182 shallow-subsidy active adult housing units in 2021. We estimate that older adults currently residing outside Cedar Rapids will generate 25% of the demand for shallow-subsidy active adult housing – increasing demand to 279 units with shallow subsidy. Demand from those outside Cedar Rapids includes parents of adult children living in the area, individuals who live just outside Cedar Rapids and have an orientation to the area and former residents who desire to return upon retirement.

Next, existing competitive units are subtracted. There are seven shallow subsidy independent projects in Cedar Rapids and Marion, five of which are in Cedar Rapids and two of which are in Marion. After subtracting the units in Cedar Rapids and allowing for vacancy and residents using vouchers, demand is reduced to 44 units in 2021.

No single site can capture all the excess demand. We estimate that Cedar Rapids could capture up to 80% of the demand, resulting in **demand for up to 36 units of shallow-subsidy, age-restricted housing (55+) in 2021**. However, the two newest properties, Arbor at Lindale Trail and Blairs Ferry Senior Housing (Marion) are fully occupied with waiting lists after opening in 2017, which indicates there may be additional demand available from other incomes segments that would overlap with demand for shallow-subsidy and where prospects would still be able to qualify and would prefer this type of property.

HOUSING DEMAND ANALYSIS

TABLE 36 SHALLOW SUBSIDY INDEPENDENT SENIOR HOUSING DEMAND CITY OF CEDAR RAPIDS 2021 & 2026						
	2021			2026		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households (55+) w/ Incomes of \$28,600 to \$42,960 ¹	1,145	1,276	1,510	1,290	1,692	2,244
(times) Percent Renter Households	x 18%	14%	21%	x 18%	14%	21%
(equals) Total Potential Market Base	= 206	179	317	= 232	237	471
(times) Potential Capture Rate	x 10.0%	28.0%	35.0%	x 10.0%	28.0%	35.0%
(equals) Demand Potential	= 21	50	111	= 23	66	165
Total Market Rate Demand Potential	=	182		=	254	
(plus) Demand from Outside Market Area (35%)	+ 98			+ 137		
(equals) Total Demand Potential	=	279		=	392	
(minus) Existing and Pending Independent Units ¹	- 235			- 235		
(equals) Total Demand Potential in Market Area	=	44		=	157	
(times) Estimated Percent Capturable in Cedar Rapids	x 80%			x 80%		
(equals) Excess Demand Capturable in Cedar Rapids	=	36		=	125	
¹ 2026 calculations define income-qualified households as all households with incomes between \$30,000 and \$45,000						
¹ Includes existing and pending units at 95% occupancy and 20% to account for those using vouchers. No addtl units pending at this time.						
Source: Maxfield Research and Consulting, LLC						

Adjusting for inflation, we estimate that households with incomes between \$30,000 and \$45,000 would qualify for shallow-subsidy housing in 2026 (2% inflation factor). The age-income qualified base for affordable housing is shown to increase modestly by 2026. Following the same methodology, we project that **excess demand capturable could be expected to increase to 125 units by 2026**. We note however, that the calculation of demand for deep-subsidy age-restricted housing has some overlap with the shallow-subsidy demand because of the income restrictions used. As such, we estimate that 20% to 25% of the potential demand for deep-subsidy age-restricted housing could be satisfied through the development of a shallow-subsidy property. In addition, there would also be some overlap at the high end, with the result that an estimated 20% of the potential demand from households with higher incomes would overlap with active adult market rate rental housing.

Estimated Demand for Deep-Subsidy Age-Restricted Housing

Table 37 presents our demand calculations for deep-subsidy age-restricted housing in Cedar Rapids in 2021 and 2026.

The target market for deep-subsidy age-restricted housing is older adult households with incomes below 50% AMI. The 2021 income qualification for a one-person household earning 50% AMI or less in Linn County is \$31,300 and \$35,800 for a two-person household. Two Federal government agencies, HUD and the United State Department of Agriculture's Rural Development, provide funding for most of the deep-subsidy age-restricted housing developments. The age restrictions are typically age 62+, therefore we include only households age 62+ with incomes at or less than 50% AMI.

We deduct older adult homeowners that earn between \$30,000 and \$35,800 from the potential market since these seniors will likely have home equity that may cause them to be disqualified for deep-subsidy age-restricted housing. In total, we estimate the number of age/income-qualified older adult households (62+) in the Housing Market Area in 2021 totals 7,079 households.

A portion of seniors who are age- and income-qualified for deep-subsidy age-restricted housing will choose other housing options (i.e. market rate projects with the financial assistance of family members) or will delay moving to age-restricted 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 deep-subsidy age-restricted housing community. We estimate that 20% of the total age/income-qualified market would need and desire deep-subsidy senior housing. Applying a 20% capture rate, results in an estimated potential demand for 1,416 deep-subsidy age-restricted housing units in Cedar Rapids in 2021.

We anticipate that 25% of the demand for deep-subsidy senior housing in will be generated by seniors currently residing outside Cedar Rapids. This additional demand includes seniors residing in just outside the City, 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 the City increases total demand potential to 1,888 units in 2021.

HOUSING DEMAND ANALYSIS

	2021			2026		
	Age of Householder			Age of Householder		
	62-64*	65-74	75+	62-64*	65-74	75+
Households w/Incomes < \$35,800 ¹	962	3,199	4,354	787	3,111	4,805
Households w/Incomes of \$30,000 and \$35,800	288	616	852	247	622	1,047
(times) Homeownership Rate	x 81%	86%	79%	x 81%	86%	79%
(equals) Disqualified Homeowner Households	= 233	530	673	= 200	535	827
Potential Income-Qualified Market by Age	729	2,669	3,681	587	2,576	3,978
Potential Market Total in the PMA	7,079			7,141		
(times) Percent Needing/Desiring Deep-Subsidy Age-Restricted Housing	x 20%			x 20%		
(equals) Demand Potential from Market Area residents	= 1,416			= 1,428		
(plus) Demand From Outside the Market Area (25%)	+ 472			+ 476		
(equals) Total Demand Potential for Subsidized Senior Housing in Market Area	1,888			1,904		
(minus) Existing & Pending Subsidized Senior Units in Market Area ²	- 757			- 757		
(equals) Total Market Area Subsidized Senior Housing Demand Potential	= 1,131			= 1,147		
Percent Capturable in Cedar Rapids	x 70%			70%		
Total number of units supportable in Cedar Rapids	= 791			= 803		
¹ 2026 calculations define income-qualified households as all households with incomes less than \$40,000 ² Competitive subsidized units, minus a 2% vacancy rate. * Estimated number of the 55 to 64 age cohort.						
Source: Maxfield Research and Consulting, LLC						

From this potential demand, we subtract the existing number of competitive housing units in Cedar Rapids. Currently, there are 787 deep-subsidy senior units in Cedar Rapids and virtually no vacancies. Subtracting these units, minus a 2% vacancy factor, results in excess demand from local older adult households (62+) for 1,131 units in 2021.

We estimate that Cedar Rapids could capture 70% of the excess demand or 791 units in 2021 considering various locations for this type of housing.

To calculate demand in 2026, 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 808 units by 2026.

Estimated Demand for Independent Living Housing (with Services)

Table 39 presents our demand calculations for independent living with some services housing in Cedar Rapids in 2021 and 2026.

TABLE 39				
MARKET RATE INDEPENDENT LIVING RENTAL HOUSING DEMAND				
CEDAR RAPIDS PRIMARY MARKET AREA				
2021 & 2026				
	2020		2025	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	7,652	4,670	8,234	5,362
# of Households w/ Incomes of \$30,000 to \$34,999 ¹	+ 527	854	+ 585	654
(times) Homeownership Rate	x 86%	79%	x 86%	79%
(equals) Total Potential Market Base	= 8,104	5,343	= 8,735	5,878
(times) Potential Capture Rate ²	x 1.5%	15.0%	x 1.5%	15.0%
(equals) Potential Demand	= 122	+ 802	= 131	+ 882
Potential Demand from PMA Residents	= 923		= 1,013	
(plus) Demand from Outside Market Area (25%)	+ 308		+ 338	
(equals) Total Demand Potential	= 1,231		= 1,350	
(minus) Existing and Pending Congregate Units ³	- 637		- 656	
(equals) Excess Congregate Demand Potential	= 594		= 694	
(times) Percent Capturable on Site (25%)	x 50%		x 50%	
(equals) Demand capturable in Cedar Rapids	= 297		= 347	

¹ 2026 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.

² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).

³ Competitive units include independent living units at 95% occupancy (market equilibrium).

Source: Maxfield Research and Consulting, LLC.

The potential age- and income-qualified base for independent living housing with some services includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2021 estimated homeownership rates for older adults and seniors in the Cedar Rapids Market Area. The number of age, income, and asset-qualified households is estimated to be 13,447 households in 2021.

Demand for independent living with optional or some services (i.e. congregate) housing is need-driven, which reduces the qualified market to only the portion of older adults who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 15.0% of households age 75 and older) results in a local demand potential for 923 units in 2021, increasing to 1,013 units by 2026.

We estimate that seniors currently residing outside of the Cedar Rapids area will generate 25% of the demand for independent living senior housing. Together, the demand from Cedar Rapids older adults and demand from older adults who are willing to locate to Cedar Rapids totals 1,231 independent living units in 2021, increasing to 1,350 units by 2026.

Next, we subtract existing competitive units from the overall demand. There are 670 independent living units and we include a portion of the CCRC units that would qualify for independent living with some services in this category. After subtracting existing units and adjusting for the competitive of these units, the total demand is reduced to 637 units. No single location can capture all the demand in a community. **We estimate that 50% of total demand in could be captured in Cedar Rapids, resulting in excess demand for 297 independent living units in 2021.**

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 independent living with some services housing in 2026. **Following the same methodology, demand is estimated to increase to 347 units by 2026 after accounting for new properties scheduled to come on-line.**

Demand Estimate for Assisted Living Housing

Table 40 presents our demand calculations for assisted living housing in the PMA in 2021 and 2026. 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 older adults. 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 2018. Therefore, 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 2021, there are an estimated 13,494 seniors age 75 and older in the Cedar Rapids Market Area.

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TABLE 40
MARKET RATE ASSISTED LIVING DEMAND
CEDAR RAPIDS PRIMARY MARKET AREA
2021 and 2026

Age group	2021			2026		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	5,419	25.5%	1,382	7,062	25.5%	1,801
80 - 84	3,742	33.6%	1,257	4,479	33.6%	1,505
85+	4,333	51.6%	2,236	4,634	51.6%	2,391
Total	13,494		4,875	16,175		5,697
Percent Income-Qualified²			60%			58%
Total potential market			2,925			3,304
(times) Percent living alone		x	53%		x	53%
(equals) Age/income-qualified singles needing assistance		=	1,550		=	1,751
(plus) Proportion of demand from couples (12%) ³		+	211		+	239
(equals) Total age/income-qualified market needing assistance		=	1,762		=	1,990
(times) Potential penetration rate ⁴		x	40%		+	40%
(equals) Potential demand from PMA residents		=	705		=	796
(plus) Proportion from outside the PMA (25%)		+	235		+	265
(equals) Total potential assisted living demand		=	940		=	1,061
(minus) Existing market rate assisted living units ⁵		-	582		-	676
(equals) Total excess market rate assisted living demand		=	358		=	385
(times) Percent Capturable by Cedar Rapids (20%)		x	40%		x	40%
(equals) Demand capturable by Cedar Rapids		=	143		=	154

¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 2018 Senior Health and Wellbeing, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$2,800+ per month) plus 40% of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living)

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

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

⁵ Existing and pending units at 93% occupancy. We exclude 20% of units to account for seniors utilizing public subsidy.

Source: Maxfield Research and Consulting, LLC

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 25.5% of 75-to-79-year-olds, to 33.6% 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 4,875 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

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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.

Eighty-two (82%) percent of the age 75+ households in Cedar Rapids are homeowners, and the median resale price of existing homes in 2021 in Cedar Rapids area was \$157,000. Seniors selling their homes for the median resale price would generate an estimated \$147,580 in proceeds after selling costs. With an average monthly assisted living fee of \$3,900, these proceeds would last 38 months or roughly three years in an assisted living facility, which is modestly above the average length of stay in assisted living (27 months according to the 2009 Overview of Assisted Living). For each age group in Table 37, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,900+ per month) plus a portion of seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, to live in assisted living housing). This results in a total potential market of 2,925 units from age and income and asset-qualified households in Cedar Rapids in 2021.

Because most 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 2018 Census data, 58% of age 75+ households in Cedar Rapids lived alone. Applying this percentage results in a total base of 1,550 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There is a total of 1,762 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 705 assisted living units in 2021.

We estimate that a portion of demand for assisted living units (25%) will come from outside of the Cedar Rapids area. Applying this figure results in total potential demand for 940 market rate assisted living units.

There are 782 assisted living units in Cedar Rapids. However, a portion of these units are occupied by residents with financial assistance, estimated to account for 15% of the total units. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential (300 units), results in remaining excess supply of 358 units. **At a 40% capture rate for Cedar Rapids, this results in potential excess demand for 143 units as of 2021.**

The same calculations are applied to the age/income-qualified base in 2026. Accounting for properties with assisted living units that would come on-line during the time, we subtract a total of 676 units. Remaining excess demand equals 385 units. **At a 40% capture rate for Cedar Rapids, the potential excess demand equals 154 units, an increase from 2021.**

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 number of waivers accepted within the community to around roughly 15% to 20%. 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 41 presents our demand calculations for market rate memory care senior housing in Cedar Rapids in 2021 and 2026.

Demand is calculated by starting with the estimated senior (age 65+) population in 2021 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, 2020), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are inflicted with Alzheimer's Disease. This yields a potential market of 3,465 seniors in the Cedar Rapids area.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and may range up to more than \$6,000 when including service packages. Based on our review of senior household incomes in the Housing Market Area, homeownership rates and home sale data, we estimate that 50% of seniors in Cedar Rapids would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure accounts for 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 (3,465 seniors) by the income-qualified percentage results in a total of 1,732 age/income-qualified seniors in 2021.

TABLE 41 MARKET RATE MEMORY CARE DEMAND CEDAR RAPIDS PRIMARY MARKET AREA 2021 AND 2026		
	2021	2026
65 to 74 Population	17,367	19,301
(times) Dementia Incidence Rate ¹	x <u>3%</u>	x <u>3%</u>
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 521	= 579
75 to 84 Population	9,161	11,541
(times) Dementia Incidence Rate ¹	x <u>17%</u>	x <u>17%</u>
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 1,557	= 1,962
85+ Population	4,333	4,634
(times) Dementia Incidence Rate ¹	x <u>32%</u>	x <u>32%</u>
(equals) Estimated Age 85+ Pop. with Dementia	= 1,387	= 1,483
(equals) Total Senior Population with Dementia	= 3,465	= 4,024
(times) Percent Income/Asset-Qualified ²	x <u>50%</u>	x <u>50%</u>
(equals) Total Income-Qualified Market Base	= 1,732	= 2,007
(times) Percent Needing Specialized Memory Care Assistance	x <u>25%</u>	x <u>25%</u>
(equals) Total Need for Dementia Care	= 433	= 502
(plus) Demand from Outside the PMA (25%)	+ <u>144</u>	+ <u>167</u>
Total Demand for Memory Care Units	= 577	669
(minus) Existing and Pending Memory Care Units ³	- <u>205</u>	- <u>263</u>
(equals) Excess PMA Demand Potential	= 372	= 406
(times) Percent Capturable by Cedar Rapids (40%)	x 40%	x 40%
(equals) Demand capturable by Cedar Rapids	= 149	= 162
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2020) ² Includes seniors with income at \$60,000 or above (\$65,000 in 2026) plus 25% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing). ³ Existing memory care units at 7% vacancy rate. We exclude 20% of units to account for seniors utilizing public subsidy. Source: Maxfield Research and Consulting, LLC		

According to data from the National Institute of Aging, an estimated 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

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this figure to the estimated population with memory impairments yields a potential market of 433 seniors.

We estimate that 25% of the overall demand for memory care housing would come from outside of the Cedar Rapids Market Area. This results in demand for 577 memory care units in 2021.

We reduce the demand potential by accounting for the existing memory care product. There are 276 units and we reduce the competitive units to include only the private pay units (estimated at 205 units). Subtracting these competitive units at a 93% occupancy rate results in excess demand for 372 memory care units in 2021.

Following the same methodology, demand is calculated to increase to 406 units by 2026, after subtracting units scheduled to come on-line during the period.

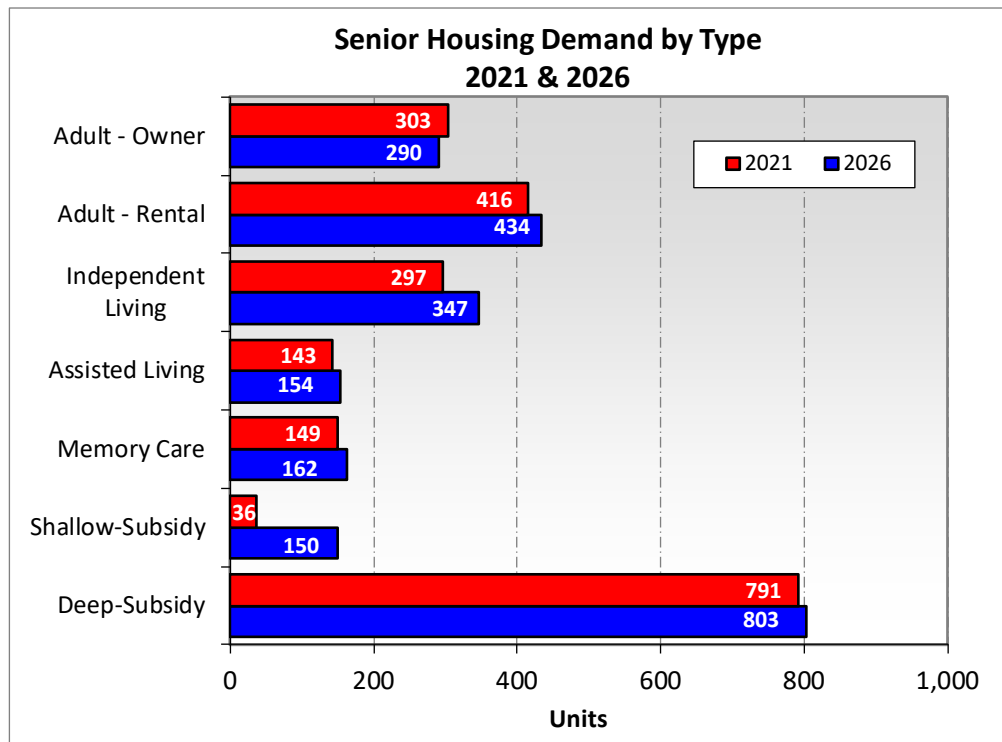
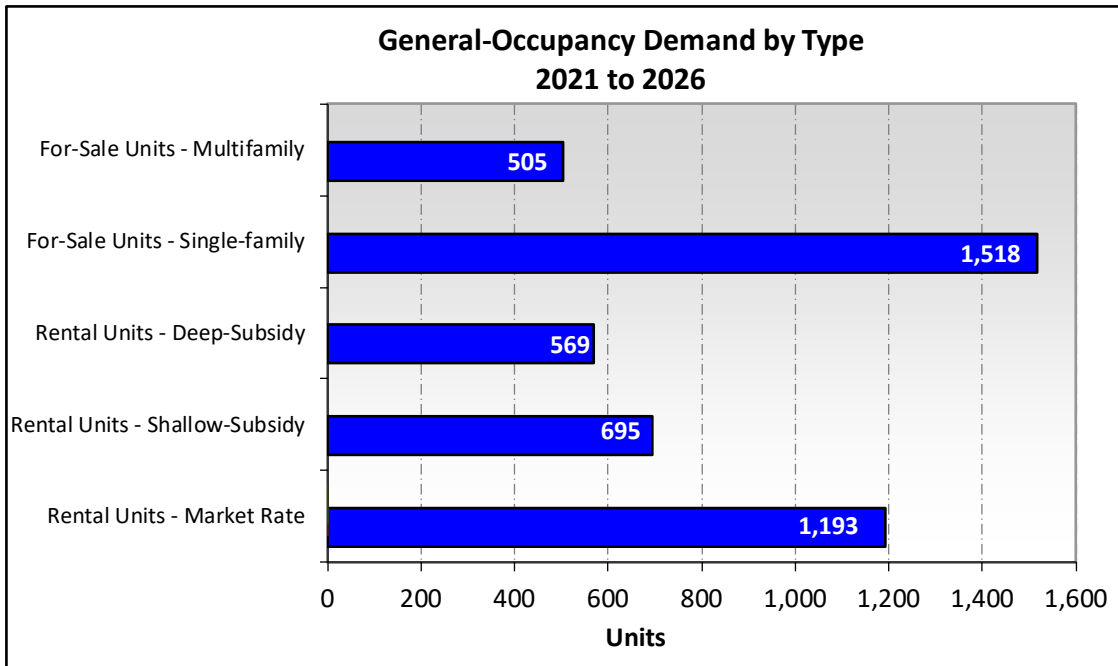
We estimate that Cedar Rapids could capture 40% of the excess demand for memory care units, resulting in demand for 149 units in 2021, increasing to 162 units by 2026, which includes units currently scheduled to come on-line during the period.

Introduction/Overall Housing Recommendations

This section summarizes demand for various housing products in Cedar Rapids and recommends development concepts to meet the housing needs forecast for the City over the short-term to 2026 (five years) and long-term between 2026 and 2030. The following table and charts illustrate demand by product type. Housing demand is highly contingent on projected household growth; household growth could be higher if there is greater job growth.

TABLE 42 SUMMARY OF HOUSING DEMAND CITY OF CEDAR RAPIDS May 2021		
Type of Use	2021-2026	2026-2030
General-Occupancy		
Rental Units - Market Rate	1,193	1,374
Rental Units - Shallow-Subsidy	695	825
Rental Units - Deep-Subsidy	569	584
For-Sale Units - Single-family	1,518	1,635
For-Sale Units - Multifamily	505	701
Total General Occupancy Supportable	4,480	5,119
	2021	2026
Age-Restricted (Senior)		
Market Rate		
Adult Few Services (Active Adult)	719	724
<i>Ownership</i>	303	290
<i>Rental</i>	416	434
Independent Living w/services	297	347
Assisted Living	143	154
Memory Care	149	162
Total Market Rate Senior Supportable	1,308	1,387
Shallow-Subsidy/Deep-Subsidy		
Active Adult - Deep Subsidy	791	803
Active Adult - Shallow-Subsidy	36	150
Total Affordable Senior Supportable	827	953
Note: Some overlap exists in the senior housing segments between active adult deep- and shallow-subsidy and between shallow-subsidy and market rate		
Source: Maxfield Research and Consulting, LLC		

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Based on the finding of our analysis and demand calculations, Table 43 provides a summary of the suggested development concepts by product type for the City. 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 suggested development types in Table 43 do not directly coincide with total demand for the other demand tables due primarily to a continued housing market recovery and to an adjustment made for properties that are already proposed and/or under construction.

TABLE 43 RECOMMENDED HOUSING DEVELOPMENT CITY OF CEDAR RAPIDS 2021 to 2026			
	Purchase Price/ Monthly Rent Range¹	No. of Units	Development Timing
General Occupancy Rental Housing			
Market Rate Rental Housing²			
Apartment-style (suburban)	\$900/1BR - \$1,200/2BR	200 - 250	2021-2026
Apartment-style-(Downtown)	\$950-Std.; \$1,100/1BR; \$1,450/2BR	100 - 150	2021-2026
Affordable Rental Housing			
Shallow-Subsidy	Moderate Income ³	150 - 200	2021-2026
Deep-Subsidy	30% of AGI	100 - 125	2021-2026
Total		550 - 725	
Market Rate Single-Family	Entry-Level (Core Neighbor.)	50 - 60	2021-2026
Market Rate Multifamily Owned	Entry-Level/Move-Up (Core)	50 - 75	2021-2026
Total		100 - 135	
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ⁴	\$895/1BR - \$1,150/2BR	50 - 100	2021-2026
Active Adult Market Rate Owner	\$150,000/1BR-\$200,000/2BR	50 - 100	2021-2026
Active Adult Shallow Rental ⁴	Moderate Income ³	30 - 50	2021-2026
Independent Living w/services	\$2,500/1BR - \$3,800/2BR	100 - 120	2021-2026
Deep-Subsidy Senior ⁵	30% of AGI	100 - 150	2021-2026
Market Rate Assisted Living	\$3,500/1BR - \$4,300/2BR	40 - 50	2021-2026
Market Rate Memory Care	\$4,600/Std. - \$5,800/1BR	25 - 30	2021-2026
Total		395 - 600	
¹ Pricing in 2021 dollars. Pricing can be adjusted to account for inflation.			
² 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.			
³ Affordability subject to income guidelines per Iowa Housing Authority. Consider alternate funding programs other than LIHTC for			
⁴ Alternative development concept is to combine active adult shallow-subsidy and market rate active adult into mixed income property			
⁵ Deep-subsidy senior is difficult to develop financially; could incorporate into shallow-subsidy			
Note - Recommended development does not coincide with total demand.			
Source: Maxfield Research and Consulting, LLC			

For-Sale Housing

Demand for for-sale housing remains strong, but there is limited inventory and it is becoming increasingly difficult for entry-level buyers to find starter homes at an affordable price. Home pricing increased again in 2020 due to fewer homes on the market and less speculative development is anticipated to cause prices to rise again in 2021, especially with continued low mortgage interest rates. Most new development appears targeted to move-up buyers and households looking for greater lifestyle convenience with detached villas and single-level twinhomes. Some new single-family homes that are being sold with unfinished basements to reduce the cost and appeal to a first-time buyer that wants to get into a new home. Special programs for affordable for-sale housing have been successful in bringing new housing product into the core. There is continued demand for new owner-occupied single-family attached and detached homes as well as owned multifamily product. Again, homes priced in the mid- to upper \$100,000s exhibit significant demand, but limited product is available.

Developing new housing products that would target first time homebuyers in locations in proximity to schools are likely to be highly successful. Design formats that emphasize open floor plan layouts with expansion space and contemporary urban designs would appeal to buyers that do not want to spend a significant amount of time and money to upgrade or renovate an older home. If developed on an in-fill site, the home's design would need to "fit" in with the existing neighborhood and adjacent properties. If several units are clustered together in a new development, there would be some additional flexibility in design.

Buyers are concerned about their investment and resale. New homes will be priced higher than older existing homes. Clustering several homes together that are designed and priced at a similar level can reduce some buyers' concerns regarding appreciation.

General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy have remained essentially stable as of May 2021 at 2.0%, and while new properties are offering move-in discounts, concessions remain generally limited in the market. Development of new product in the Downtown core has slowed. Due to the older age and positioning of a large segment of the existing rental supply, many older rental units are priced at or below guidelines for shallow-subsidy/workforce 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 is very affordable for first-time home buyers, some are choosing to rent primarily due to a need for more lifestyle flexibility and mobility.

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Maxfield Research calculated demand for 1,193 market rate, 695 shallow-subsidy and 569 deep-subsidy rental housing units in the City to 2026. The increase demand reflects an increase in the proportion of households seeking new rental housing as tracked against building permit data and absorption of new units. Based on the analysis and provided the economy continues to be robust, the City should be able to accommodate this level of demand over the next five years.

- Market Rate Rental – The existing market rate rental supply in Cedar Rapids is somewhat older. New market rate units have recently been brought on-line in the Downtown core and a limited number outside of the core. Housing units within the core should continue to focus on providing smaller unit types while housing in the suburban locations should have a broader mix that would include one-, two- and three-bedroom units.

Monthly rents (in 2021 dollars) should range from \$950 for a studio unit to \$1,450 for a two-bedroom unit in the Downtown core but should be somewhat less than this outside of the Downtown. Average rents in Cedar Rapids are \$0.80 per square foot, however monthly rents for new product should range from about \$1.25 to \$1.40 per square foot minimum to be financially feasible. High construction costs however, will likely require per square foot rents above this level in the near term. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes. The City has continued to provide some assistance through MNFC funding with allows for a ten-year tax abatement to maintain rents that are more competitive in the marketplace to make new market rate developments feasible.

New market rate rental units are offering features and amenities such as open floor plans, high ceilings, in-unit washer and dryer, full appliance packages, central air-conditioning, high-speed internet, cable TV and Wi-Fi connections in addition to garage parking.

- Shallow-Subsidy General Occupancy Rental– We find that demand exists for 695 shallow-subsidy units up to 2026. New tax credit units have been approved for Cedar Rapids and developers continue to submit proposals for tax credit financed units. Thus far, all the new units that have come on-line have been absorbed into the market and existing units continue to maintain relatively high occupancies.

Several new developments came on-line in 2019, including Crestwood Ridge, Monroe School and Kingston Duplexes and Kingston Family apartments (46 units) came on line in 2020 along with the first phase of Anderson Greene by Woda Cooper. Planned affordable

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units will bring another 142 affordable units to the market by the end of 2022. These units feature central air conditioning, full appliance package, in-unit washer/dryer, and other recreational amenities. Detached or attached garages are also available. These units will satisfy a portion of the identified demand to 2026.

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

Senior Housing

As illustrated in Table 43, demand exists for all service levels of senior housing in Cedar Rapids and several new senior housing properties are under construction or have just recently opened. Most of the units coming on-line are focused toward service-enriched senior housing (assisted living or higher service level). However, our survey of age-restricted senior properties identified strong demand for independent living with some or all optional services. There is a growing trend in the market for older adult households to elect the services that they want or need as they age in place. Developers in other communities have been reducing the amount of separation between assisted living and independent living and allowing the resident to elect to receive services in their independent living unit as they age in place.

- *Active Adult Rental* – Demand is projected for 416 market rate active adult rental units in Cedar Rapids to 2026. Currently, there are almost no active adult rental products in the community; most of the entire product in this format is in Continuing Care Retirement Communities which require a substantial entry fee or in tax credit developments with income restrictions. It is likely there are seniors who currently reside in general-occupancy housing that would consider a newer active adult rental product. The considerable success of LIHTC developments that are age-restricted indicates that a portion of the market is being satisfied by this product. High Development is currently planning a 94 units age 55+ property in Cedar Rapids.

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, Arbor at Lindale Trail and Blairs Ferry Senior Housing. All these properties are fully occupied.

During the Recession, many older adults delayed making a move to age-restricted housing because of the low sale prices in the for-sale market. This is changing as prices are again increasing, albeit somewhat slowly.

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Active Adult-Ownership – Demand was identified for 303 units of active adult ownership housing in Cedar Rapids as of 2021. Prairie Gardens Southwest recently opened an is full with a wait list. Village Cooperative in Cedar Rapids is fully occupied with a substantial waiting list for units. At least one additional senior coop was planned for the area, but it is unclear if that will proceed. Additional age-restricted product may also include single-level townhomes, detached villas or similar product that would be targeted to households seeking an independent living arrangement (association-maintained) to provide for greater lifestyle flexibility.

- Shallow-Subsidy and Deep-Subsidy Age-Restricted Rental – We find demand for shallow-subsidy age-restricted (55+) older adult and for deep-subsidy age-restricted rentals over the next five years. There is some overlap among households qualified for a shallow-subsidy development, those that would qualify for a deep-subsidy development and those that qualify for market rate housing. Typically, the income overlap would be between \$25,000 and \$35,000 in annual income. This overlap could add about 20% to 30% more units to the demand for shallow-subsidy age-restricted rental from either side of the income spectrum. On the high end of the spectrum, there is some overlap between shallow-subsidy and market rate active adult rental housing.

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

- Independent Living – Demand was calculated for 297 units in 2021, increasing to 347 units by 2026. New independent living product has been developed recently at Cottage Grove Place, Methwick Community and Grand Living at Indian Creek. HallMar Village is under construction and will bring more the 100 new independent living units to the market by 2023. At this time, we recommend continuing to monitor the absorption of new product into the market as new units come on-line.
- Assisted Living – Demand was calculated for 143 assisted living units in 2021. Assisted living units are being added to the market in Cedar Rapids and these are included in the demand calculations for 2026. Given the impacts of COVID-19 on the senior housing market, we recommend that this segment be monitored for the absorption of existing products in the market to assess further support for additional units.
- Memory Care – Demand was calculated for 149 memory care units in 2021. We recommend monitoring the absorption of new product into the market to further assess the need for additional product between 2021 and 2026 as HallMar Village will add additional units by 2023 in this segment.

Challenges and Opportunities

Table 43 identifies and suggests housing types that would satisfy the housing needs in Cedar Rapids up to 2026. The following were identified as challenges and opportunities for developing the recommended housing types (in no particular order).

- **Affordability.** Based on current home prices, most of Cedar Rapids' householders could afford to purchase an entry-level home at today's median price of \$152,000 (see also affordability table on the following page). Similarly, most householders can also afford the average market rate rent of Cedar Rapids rental developments which remains rather low (\$718 as of 2021). 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. The affordability chart compares the costs of homeownership to rentals given today's housing costs based on a 30% allocation of income to housing. Not all householders however, 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 at lower costs, renters run the risk of evictions if the owner does not pay the mortgage.

The City of Cedar Rapids has a rental registration program that was initiated several years ago. Therefore, the City can 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 to mitigate problem properties and improve the overall rental housing stock.

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CEDAR RAPIDS HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME (Updated 2021)						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$200,000	\$360,000	\$500,000	\$160,000	\$360,000	\$480,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$20,000	\$36,000	\$50,000	\$16,000	\$36,000	\$48,000
Estimated Closing Costs (rolled into mortgage)	\$6,000	\$10,800	\$15,000	\$4,800	\$10,800	\$14,400
Cost of Loan	\$186,000	\$334,800	\$465,000	\$148,800	\$334,800	\$446,400
Interest Rate	3.400%	3.300%	3.300%	3.400%	3.300%	3.300%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$825	-\$1,466	-\$2,036	-\$660	-\$1,466	-\$1,955
(plus) Prop. Tax	-\$167	-\$300	-\$417	-\$133	-\$300	-\$400
(plus) HO Insurance/Assoc. Fee for TH	-\$67	-\$120	-\$167	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$81	-\$145	-\$202	-\$64	-\$145	-\$193
Subtotal monthly costs	-\$1,139	-\$2,031	-\$2,821	-\$958	-\$2,011	-\$2,648
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$45,552	\$81,254	\$112,853	\$38,309	\$80,454	\$105,939
Pct. of ALL Cedar Rapids HHDS who can afford ¹	58.2%	37.4%	33.9%	58.3%	34.4%	22.2%
No. of Cedar Rapids HHDS who can afford ¹	33,717	21,700	19,626	33,754	19,912	12,861
Pct. of Cedar Rapids owner HHDS who can afford ²	73.9%	64.8%	45.4%	80.5%	46.1%	47.7%
No. of Cedar Rapids owner HHDS who can afford ²	27,794	24,372	17,089	30,295	17,320	17,946
No. of Cedar Rapids owner HHDS who cannot afford ²	9,817	13,239	20,522	7,316	20,291	19,665
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$626	\$745	\$1,039	\$995	\$1,250	\$1,500
Annual Rent	\$7,512	\$8,940	\$12,468	\$11,940	\$15,000	\$18,000
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$25,040	\$29,800	\$41,560	\$39,800	\$50,000	\$60,000
Pct. of ALL Cedar Rapids HHDS who can afford ¹	80.7%	76.2%	68.4%	67.1%	58.1%	49.8%
No. of Cedar Rapids HHDS who can afford ¹	46,740	44,170	39,648	38,885	33,695	28,860
Pct. of Cedar Rapids renter HHDS who can afford ²	60.3%	52.3%	40.8%	39.5%	30.9%	23.6%
No. of Cedar Rapids renter HHDS who can afford ²	12,253	10,643	8,296	8,038	6,286	4,801
No. of Cedar Rapids renter HHDS who cannot afford ²	8,083	9,693	12,040	12,298	14,050	15,535

¹ Based on 2021 household income for ALL households
² Based on 2019 ACS household income by tenure (i.e. median owner/renter incomes; Median owner income = \$73,616; median renter income = \$31,121)
Source: US Census: American Community Survey; ESRI Inc.; Maxfield Research & Consulting, LLC

- Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. The unemployment rate rose substantially in 2020 as a result of the impacts of COVID on businesses with shut downs, furloughs and layoffs. Although the unemployment rate has dropped in 2021, the labor force figures have tumbled. Some employment has returned, but the recent lowering of the unemployment rate is due primarily to the substantial drop in labor force participation, which has not occurred to this extent for more than 20 years. Labor shortages in many industries are prevalent and although employers want to hire workers, many have indicated they cannot find them. Low wages in some industries and workers electing to leave their jobs for other opportunities has created substantial stress on the employment situation in Cedar Rapids and many other cities across the country. The need for moderate priced housing is critical to attracting workers across the job spectrum to meet the needs of employers and to support economic growth and development. Covered employment (place of work) although decreased in 2020 due to COVID also exhibited some stability, but employment support is

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needed. Although additional job creation supports the need for housing, a lack of housing, an especially, affordable housing, can place pressure on attracting workers and new jobs.

- **Promote Creative Sustainable Homes.** Today's first-time homebuyers tend to have fewer possessions and are more willing to reduce the size of their residence, with more time spent connecting with friends outside of their homes. Developing smaller homes that are efficient and livable is a combination of interior and exterior design incorporating spaces that mesh well together. Three-season sunrooms that open as an outdoor patio in the summertime, more vertical than horizontal storage, return to the attic space as either storage or living space (this could also be over a garage); skylights, oversized windows, wrap-around porch and other features. Websites offer proven floor plans on-line for the development of smaller residences.
- **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.
 - Foreclosure Home Improvement Program – Low-interest loans to buyers of foreclosed homes to assist homeowners 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).
 - 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 homeowners can meet and ask questions to architects, landscapers, building contractors, lenders, building inspectors, etc.

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- **Age of Rental Housing Stock.** As illustrated in the *Rental Market Analysis* section of the report, development in the Downtown core has been robust. New owned and rental construction Downtown is also attracting new retail and employment. New developments are focusing on providing upgraded features and amenities and renters have been attracted to this new product. Not everyone however, prefers to live Downtown. Encouraging new rental development outside of the Downtown near key employment concentrations is also important.
- **Multifamily Development Costs.** It is often difficult to construct new multifamily product with amenities today's renter's desire given achievable rents and high development costs. Maxfield Research tracks development and construction costs for new rental housing across the upper Midwest. In the Twin Cities, the average cost per unit ranges from about \$180,000 to \$280,000; whereas in Sioux Falls South Dakota, many market rate rental projects average only just over \$100,000 per unit. The average rent per square foot overall in Cedar Rapids for market rate rentals is \$0.89 per square foot. Most new rental projects however, are likely to need \$1.45 to \$1.60 per square foot to be financially feasible. As rents increase and the market becomes more competitive Downtown, these rents are likely to be achievable without City financial support. Rents at this level outside of Downtown however, will be more difficult to achieve without City assistance. Absorption of units in Downtown has been more rapid than those outside of Downtown so developers have been focused on adding new product in the urban core because of its greater popularity. At some point, it is expected that construction costs will stabilize. Until that time, pressure for new housing may necessitate some type of assistance to keep rent levels within affordable levels (80% to 100% of AMI). The MNFC program through the City has provided financial assistance for the development of new multifamily housing that has rents lower to meet market levels than if units were placed into the market with no assistance. The property is required to keep the rents at a moderate level for a specific period. This program has been successful in encouraging new development and could be continued to encourage additional workforce housing.
- **Furnished Rental Units.** Furnished rentals are limited in Cedar Rapids despite a significant number of large corporations that regularly have outside visitors come to the area. Furnished rentals are available through national corporate providers such as Nationwide Housing and Execustay who contract with local owners for their corporate clients. A limited number of properties offer short-term stays of three to six months and will work with individuals or companies to provide furnished units for their corporate visitors. However, these units may not provide all the amenities that are sought by a corporate client such as in-unit washer/dryers, high-speed Internet and Wi-fi, Cable TV, fitness room and concierge services. There is an opportunity in the Downtown to provide a modest number of furnished extended stay suites or corporate apartments that provide features and amenities desired by this market. We would recommend no more than 8 to 10 units initially for this type of product and recommend that they be combined with a larger property or within a commercial property on the upper levels.

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- **For-Sale Housing.** Although market activity for for-sale housing increased post-Recession, resales recently decreased and new construction homes have also decreased. The decrease in resales primarily reflects a limited supply of homes on the market and many buyers staying put in their homes. If a buyer currently owns a home for \$150,000, they may be wanting to move up to a home priced at \$180,000 to \$220,000. With a limited supply of resales and very few new homes priced in this range, it is difficult for low end buyers to move up. Even buyers with homes in the low \$200,000 would likely have to reach up to \$280,000 to find a suitable move-up home.
- The largest market segment, entry-level buyers, cannot typically afford to buy new. As a result, they look to the resale market, but the number of resale homes is low, perhaps the lowest it has been in some time. In addition, many first-time homebuyers want to purchase a new home where they do not have to upgrade kitchens, bathrooms and other major components as soon as they move in. With low resale inventory and an inability to provide new entry-level product at the desired price point, (\$150,000 to \$180,000), several first-time homebuyers are remaining in the rental market and paying higher rents for new construction product. Months of supply is very low (two months) where a balanced market is typically at four to five months of supply. The reduced inventory is causing prices to rise. Last year, home price appreciation was 4%.

First-time homebuyers seem to be getting into homes more easily now than even a year ago and we noticed there are more listings on the market in the Downtown core neighborhoods than previously. Many of these properties are usually fixer-uppers, which is not always desirable to today's younger buyers. In addition, many of these lower priced homes are at risk of being purchased by investors and converted to rentals. Home renovation loans or grants could keep a portion of these homes out of the rental market and could encourage first-time homebuyers to take them on. Homebuyer down payment assistance and grant funding could also help move buyers into the market, but products must be available as well.

- **New Housing Products.** New housing products continue to be developed in communities across the US. Some of these new products address the increasing costs of traditional housing construction (wood-frame, stick-built) and construction labor shortages to keep housing costs moderate and, in the case of for-sale housing, to try to attract more first-time homebuyers.
 - ***Small-lot single-family*** – single-family homes developed on smaller lots (40' to 50' wide) with less yard and homes that are closer together. These are being developed in locations where land costs have increased substantially and construction costs are high. The biggest challenge to developing on 40' or 50' wide lots are municipal regulations regarding setbacks and overall lot sizes. Small lot single-family usually works well in urban in-fill areas where lot widths are less. The expansion bungalow is making a come-back in some areas of the country. These homes were very popular in new city subdivisions for many years. High development costs are creating markets for new or re-invented design concepts to

provide affordable housing. These homes can be developed as a single subdivision or as in-fill for redevelopment.

- **Row homes (attached townhomes)** - usually multi-level with a tuck-under garage and two levels of living above that. The lower floor may include a walk-out patio or unfinished storage space depending on the home design. Upper floors include the living area, bedrooms and den/office. Rowhomes can also be designed to accommodate a work from home scenario or small business setting. Zoning however, would have to allow for this type of use, which may not be popular in less urban setting.
- **Community features.** Many new for-sale and rental developments are incorporating a higher proportion of common area features into their developments. Playgrounds, community pool, ball fields, walking paths and central courtyard areas are being incorporated into single-family neighborhoods along with a mix of housing products (i.e. full lifestyle continuum). In new rental housing, features such as outdoor terrace with grilling stations and outdoor lounge furniture, rooftop terrace with firepit, dog park, pet grooming stations, concierge services, bike repair stations and bike storage are becoming common place in new luxury urban rentals. Some of these features could be incorporated in a new single-family subdivision where buyers would pay a modest fee for the upkeep of common community amenities. Also gaining in popularity are urban farming and community gardens.
- **Micro rental units.** As rental rates rise, some developers are reducing the size of the residential units to lower the entry-level price point for an apartment unit. New apartments at the Smulekoff Building are smaller, on average, than many new apartments, but are in line with many older apartment buildings developed in the 60s and 70s. There has been a turnaround recently where developers are reducing unit sizes to keep rents lower while increasing the level of features and amenities in the units and in the building. Smaller size units in other large communities have been developed, most often in the urban core where new construction rents are typically higher and the target market is usually young to mid-age singles and couples. If construction costs remain high, we anticipate that smaller size units will continue to be brought into the market to keep rents more affordable.
- **Mixing incomes.** An increasing number of communities are requiring developers to incorporate a portion of affordable rentals (households w/incomes at or less than 60% AMI) into a predominantly market rate building. This is occurring in several communities which have rising rents, a growing service-based workforce and limited choices of new affordable housing. The proportion of affordable units may range from a low of 10% up to a high of 40% depending on the devel-

opment. Crestwood Ridge is an example of a new mixed income affordable property recently developed in Cedar Rapids.

- **Constructing with SIPS (Structured Insulated Panel System).** SIPS is a factory-built energy-efficient wall system that is constructed entirely in a factory and then assembled on-site. SIPS has been around for several years, but technology has improved the functionality and quality of the product. The product is shipped to the site and assembled there. The primary savings with this type of structure are reduced construction time and reduced labor costs with fewer workers on site. Developers have commented they have been able to cut six months from the construction timeframe for a project that would typically last six months. The reduction in labor and time has been estimated to save between 20% to 30% in total hard construction costs. In many areas, severe construction labor shortages have either resulted in increases in costs or no housing being developed because companies are so busy. In areas where there are severe construction labor shortages, there are some “roving” labor groups that will travel to the Site to assemble these units. A number of Upper Midwest communities have incorporated modular construction into new projects and new single-family subdivisions to achieve increased affordability.
- **Land Trusts.** Land trusts have been developed in many communities across the country to support the development of and maintain the availability of affordable owner-occupied housing. There are currently about 160 land trusts operating in the US. With new land trusts, the first buyer receives a new housing unit and leases the land from the Trust. Successive buyers own the home (with a mortgage) and build equity but do not own the land which is leased. With land-trusts, there is usually a resale formula which is intended to balance the interest of homeowners with the long-term goals of the land trust. Upon sale, the homeowner obtains a portion of the appreciation with another portion going back into the land trust. The home is intended to remain affordable for the next buyer, thereby ensuring long-term affordability.
- **Land/Lot Buydown.** Some local economic and housing development authorities have implemented programs to encourage re-investment in older neighborhoods and to revitalize the housing stock. The organization offers the lots/land for a minimal amount of money (\$1) and then the builder or owner constructs an affordable home. This type of program usually works when neighboring properties may have low home appreciation to encourage new housing in-fill to revitalize a neighborhood. Other programs may provide a forgivable loan for the land/lot and a cash outlay toward a new home. Buyers must meet mortgage requirements but would be able to work with a homebuilder to get into a new home. If the homeowner remains in the home for a period of typically ten years, the loans are forgiven. The annual discount on the loan is usually 10% per year.

- **Down Payment Assistance.** This type of program is often provided to first-time homebuyers who may have difficulty saving for their first home. Many counties and local communities offer some type of down payment assistance to qualified homebuyers. The homebuyer must be able to qualify for and afford a mortgage but may need some or all the funds for a down payment.
- **First-Time Homebuyer, New Home Construction.** According to the National Association of Homebuilders, 30% of new homes are sold to first-time homebuyers. Post-recession, that percentage dipped to 20% as most builders targeted move-up and executive buyers and construction costs escalated. National homebuilders are again trying to target more first-time homebuyers with small home sizes, smaller lots, green/sustainable features, and increased density (i.e. townhomes, condos). New homes are attractive to first-time homebuyers because of lower utility and maintenance costs initially. As mentioned earlier, smaller homes and manufactured homes have increased in popularity because of lower price points. There may be an opportunity to solicit creative ideas from local/regional architects or through the Architecture program at Iowa State University College of Design for innovative home ideas that may be attractive to today's first-time homebuyers. This program could be implemented instead with local builders providing them an incentive to create new designs or build one of the new designs for first time homebuyers.
- **Existing Homes.** Below are programs that offer assistance with existing homes and may target first-time homebuyers or other current or prospective homeowner segments. Some of these programs focus on upgrading and/or maintaining the existing housing stock while encouraging homeownership.
 - **Home Rehabilitation/Renovation.** Many communities offer home rehab/renovation loans to maintain older housing stock. Buyers can take advantage of low-interest or no interest loans for improvements, usually to a single-family home or duplex. Loans are typically repaid upon sale from the proceeds or may be repaid over a specific period. Seniors may often take advantage of these types of loans to ready their home for sale to a new buyer. The buyer received an upgraded home and the loan can be repaid on sale, which is usually within six to 12 months.
 - **State-Sponsored Homebuyer Programs.** The Iowa Housing Finance Authority offers several programs targeted directly to homebuyers, first-time or other homebuyers, to secure downpayment assistance, low-interest, fixed-rate loans, closing cost assistance, assistance for members of the armed forces, and a mortgage certificate program which reduces the federal tax liability for the life of the mortgage. The Finance Authority connects buyers to local lenders who work directly with the homebuyer.

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- **Inclusionary Zoning.** Inclusionary zoning (IZ), also known as **inclusionary housing**, is an American term which refers to municipal and county planning ordinances that require a given share of new construction to be affordable to households with low to moderate incomes. The term *inclusionary zoning* indicates that these ordinances seek to counter exclusionary zoning practices, which may, by their nature, exclude low-cost housing from a municipality through the zoning code. Inclusionary zoning programs vary across the country.
- First, they can be mandatory or voluntary. Programs also vary in their set-aside requirements, affordability levels and the period of control. To encourage engagement in these zoning programs, developers are usually awarded incentives, such as density bonuses, expedited approval and fee waivers.
- In practice, the policy involves placing deed restrictions on new housing units to make the cost of the housing affordable to low/moderate income households. The mix of "affordable" and "market rate" housing in the same neighborhood is seen as beneficial by city planners and sociologists. Inclusionary zoning is a tool for cities in the United States to help provide a wider range of housing options than the free market would provide on its own. Many economists consider the program as a price control on a proportion of units, which may negatively impact the supply of housing, due to some disincentive in supplying mixed-income units to the market.
- Most inclusionary zoning is enacted at the municipal or county level; when imposed by the state, as in Massachusetts, it has been argued that such laws usurp local control. In such cases, developers can use inclusionary zoning to avoid some aspects of local zoning laws.
- Although some 300 or more jurisdictions across the country have implemented inclusionary zoning policies, research evaluating how effectively IA fosters mixed-income communities is limited, as are studies focusing on the effects of inclusionary developments on low-income families. A recently released RAND Corporation study of inclusionary programs in 11 jurisdictions nationwide shows that IZ provides low-income families with access to low-poverty neighborhoods and better performing schools. The authors found that IZ homes (not necessarily apartments) are widely dispersed throughout each of the 11 jurisdictions with 76 percent of the units in low-poverty neighborhoods.
- Studies shows that mandatory programs rather than voluntary programs produce more affordable housing. At the same time however, IZ's reliance on the private sector means that its effectiveness also depends on the strength of a locality's housing market and researchers acknowledge that a certain degree of flexibility is essential to ensuring the success of IZ programs. IZ policies that combined flexibility with cost offsets fared better during the economic downturn and were better able to endure through the recession.

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- Many IZ programs have been implemented in housing markets where the costs for new housing are extraordinarily high or have been historically high, deterring affordable development entry into the community. New York City, Chicago, San Francisco and Boston are some of the markets that have inclusionary zoning policies, to reduce continue to provide housing in neighborhoods that may be experiencing acute gentrification and rising housing prices.
- Examples in the Twin Cities include Edina (one of the most affluent suburbs in the Metro Area) and Minneapolis (currently pending).
- The benefits of Inclusionary Zoning are:
 - it provides affordable housing units at a lower cost than direct subsidies for traditional affordable housing programs;
 - it provides a mixed-income environment where low/moderate income households mix and interact with higher income households, seen as a social benefit;
 - it reduces the concentration of low-income housing units in any one area and creates a mix of income levels in what have traditionally been higher income neighborhoods.
- Some of the potential disadvantages of Inclusionary Zoning are:
 - It relies heavily on the health of the local economy to support the development of additional low-income units and is tied directly to the development of market rate housing;
 - Mandatory IZ programs artificially constrict the development of market rate housing, causing developers to build instead in jurisdictions that do not require developers to sell or rent a portion of the units at below-market levels and therefore, cause the prices of market rate housing to rise, ultimately reducing rather than increasing affordability;
 - Opt-out options in some programs where developers can pay a fee in-lieu of may provide funds for the development of additional affordable housing by government agencies (Chicago program), but reduce the amount of developer-driven affordable housing;
 - The number of potential low-income affordable housing units developed may not always meet the goals of the jurisdiction because the proportion of included units is usually between 10% and 20%. Percentages higher than 20% have proven to potentially impact the absorption of the market rate units, in our experience.

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Factors that may affect the need to establish IZ:

- High housing costs causing low/moderate income households to be forced out of neighborhoods due to the elimination of affordable housing that is replaced with high cost housing;
- Very low vacancy rates and high transportation costs for households employed in the area where housing costs are very high;
- A history of denial of affordable housing proposals such that affordable housing in higher income areas has been effectively excluded from the area;
- Concerns that the private market is ignoring the need for affordable housing;
- Continuing to fund affordable housing using traditional tools can no longer be supported.

A study that considered the impacts of IZ on affordable housing production found:

- The longer IZ programs have been in place, the more affordable units they had produced.
- In Washington D.C., IZ programs had produced 15,252 affordable units (since 1974, when IZ was first introduced).
- In suburban Boston, 43% of jurisdictions that had IZ had not produced any affordable units as of 2004 (may be due to a State law rather than local ordinances)
- In San Francisco, almost all jurisdictions with IZ reported some affordable units. The median production was nine units per year and since 2004, all IZ programs had produced a total of 9,154 units. Programs with density bonuses and exemptions for smaller projects produced more affordable units.

When Might Cedar Rapids consider IZ?

At this time, many of the new developments built in the Downtown have included a mix of market rate and affordable units, with assistance from the City through the MNFC program.

Continuing to support the development of mixed-income properties may require other types of incentives such as density bonuses, waiving fees, and/or streamlining approvals processes. Some of this may already have occurred through the MNFC program.

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Density bonuses in Cedar Rapids are not likely to have an impact as overall densities remain low. Most of the developments recently built in the Downtown have not exceeded 50 units each.

Limiting IZ only to the Downtown core without other incentives may result in developers seeking sites in other locations to avoid having to implement IZ.

Consider overall future production of affordable housing, the timeframe for these units to remain as affordable (if a limit of 15 years), then what happens after that period has passed? Where would households be able to find housing to fit their incomes if these units are converted to market rate?

Despite the current popularity of IZ in many areas across the country, each jurisdiction should carefully examine

- its overall housing costs
- the affordability of housing across the entire market
- the proportion of households that are “severely cost-burdened”
- recent increases in housing costs (substantially beyond the inflation rate)
- the amount of affordable housing including “naturally occurring affordable housing” that may be available to low-moderate income households
- the amount of affordable housing being produced through other programs and
- other factors that may impact a desire or need to add Inclusionary Zoning as a tool to the mix for affordable housing production.

According to the affordability chart on page 118, the proportion of all households that can afford to purchase is much lower than the proportion of all households that can afford to rent an apartment in Cedar Rapids with average rents at existing buildings. Among new construction rentals, the proportion of all households that can afford to rent decreases due to the higher rent levels, but the proportions are still all over 50%. The proportion of renter households that can afford to rent at new properties is lower, between 29% (3BR) and 45% (1BR).

The proportion of renter and owner households severely cost-burdened (50% or more of income spent on housing) is estimated at 19% for renter households and 7% for owner households. In New York City, the proportion of households severely cost-burdened was estimated at 56% as a comparison when deciding to implement Inclusionary Zoning.

At this time, we would not recommend adopting Inclusionary Zoning, but continue to monitor the housing market and housing production. If the City desires to remove or eliminate previous funding programs and other tools are not viable, then perhaps this could be considered as an option. The current housing conditions and parameters do not appear to coincide with other jurisdictions that have implemented IZ recently.

Population Projections

Population projections compiled by Maxfield Research identify the following components: consider data provided by the US Census Bureau (most recent estimates), number of new dwelling units constructed by type of unit, overall household size trends (number of people in each household) and a review of data from national demographic forecasting firms such as ESRI, Inc. ESRI Inc. utilizes data from the US Census Bureau, the American Community Survey and other trusted data sources. Projections are calculated by considering the number of people from the most recent Census Bureau estimates and a calculation of the number of people in each new dwelling unit along with the expected change in household size in each existing dwelling unit. **The 2020 Census data has not yet been released and may impact the figures and projections shown in this report. Detailed Census data is not expected to be available at the Census Tract level until sometime in 2022.**

Rental Vacancy Calculations

The US Census Bureau defines vacant units and classifies them as follows:

For-Rent – Vacant units offered “for rent” and vacant units offered either “for rent.”

Rented – Not Occupied – If any money rent has been paid or agreed upon but the new renters has not moved in as of the date of enumeration, vacant unit is classified as “rented, but not occupied.”

For Seasonal, Recreational or Occasional Use – These are vacant units used or intended for use only in certain seasons or for weekend or other occasional use throughout the year. Seasonal units include those used for summer or winter sports or recreation such as beach houses and hunting cottages. Seasonal units may also include quarters for workers as herders and loggers. Interval ownership units such as time-shares are also included in this category.

Other Vacants – If a vacant unit does not fall into any of the classifications specific above, it is classified as “other vacant.” This category includes units held for occupancy by a caretaker or janitor and units held for other reasons by the owner.

Some national database companies that provide information on vacancies for multifamily units do not distinguish between properties that have reached stabilized occupancy (5% to 7% vacant) depending on population size of the city and those that have recently opened and are leasing units. These companies include all vacant units in stabilized and properties in lease-up in their vacancy calculations.

Maxfield Research, according to standard market analysis practices, includes in the vacancy calculation, only those vacant units that are standing vacant, meaning they are not occupied and have not been leased to a new renter. We exclude units advertised for lease in the future, but which are not vacant at the time of the survey and we exclude any units in properties that

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are in initial lease-up and have not achieved stabilized occupancy. This usually results in an overall vacancy rate that is lower than that of the US Census Bureau and some national data-base firms, but more accurately reflects the current stabilized vacancy rate in the community or Market Area.