

AN ASSESSMENT OF DES MOINES COUNTY HOUSING NEEDS

A Report to

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION

from

GRUEN GRUEN + ASSOCIATES

Urban Economists, Market Strategists, and Land Use/Policy Analysts

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CHAPTER I: INTRODUCTION AND CONCLUSIONS

INTRODUCTION AND PURPOSE

This report presents information on both existing and future housing needs and existing and likely future supply of housing in Des Moines County. This report identifies the problems or deficiencies in meeting housing needs and the factors contributing to these problems or deficiencies. This report provides the basis for establishing housing objectives and identifying and selecting housing strategies to alleviate the identified problems. The report also provides the information needed to submit an application for the County to be designated as a “distressed” workforce housing community.

APPROACH

We define general housing need broadly as the total number of housing units required by the future population of households with workers and households with no employed members. We estimate effective housing demand; that is, the number of households who can afford to pay for available standard housing. We then compare the estimated total housing need to the estimated effective demand to identify the number of units needed but not being provided under current market and regulatory conditions. While this approach provides unique insight for guiding policy to increase the production of housing, it does not explicitly account for overcrowding or households living in substandard units. Therefore, we also consider this humanitarian element of need in the report.

WORK COMPLETED

To accomplish the study objectives, GG+A performed the following principal tasks:

1. Toured residential developments and neighborhoods and areas within Des Moines County;
2. Conducted interviews with residential realtors, residential developers and builders, area employers, and city, county, and economic development officials. We directed these interviews toward gaining information and insights about: (a) the likely growth in employment in Des Moines County; (b) relevant geographic market areas for housing; (c) past and present patterns of housing investment and economic change; (d) housing development costs and financing parameters; (d) the demographic make-up, geographic origins, and motivations of buyers and renters; (e) building permit trends, vacancy rate trends, sales volume trends, time on the market patterns, occupancy and absorption rate trends for rental units, sales price and rent trends; and (f) factors and policies that discourage or encourage the development of market-rate and affordable housing within the communities within Des Moines County and Des Moines County as a whole;
3. Reviewed the comprehensive plan for Des Moines County and other background materials;



4. Estimated employment growth for Des Moines County in order to estimate the labor force increases upon which the need for additional housing is based;
5. Projected new households in Des Moines County based upon forecast employment growth;
6. Estimated replacement demand ¹for new housing based upon estimated annual loss of housing stock;
7. Distributed forecast new households into income groups to estimate housing demand by price range;
8. Analyzed Des Moines County's existing housing inventory including characteristics related to age, tenure, and vacancy of existing housing stock and sales and price trends;
9. Identified potential new supply of housing in Des Moines County, including projects under construction or planned and potential supply of land available to meet forecast housing needs; and
10. Compared forecast housing needs to the estimated present supply of housing to identify deficiencies in supply relative to needs by price range or affordability level.

REPORT ORGANIZATION

The analysis on which we base the conclusions and recommendations is presented in the following chapters:

- Chapter II presents an analysis of demographic trends and conditions in Des Moines County including demographic and household characteristics, the jobs-housing balance, and household income and affordability;
- Chapter III presents an analysis of Des Moines County's labor force, employment base composition and past trends, wage levels, and commuting patterns;
- Chapter IV summarizes the County's current housing supply characteristics including number and type of units, age, value, tenure arrangement, and occupancy status. This chapter also presents findings drawn from our interviews with land developers, builders, and real estate brokers the residential sales and rental markets and about the potential for future residential development in Des Moines County including available land supply;

¹ Replacement of existing units lost from the existing housing stock. Some removal of units is related to the age and physical condition of the housing stock.



- Chapter V presents population, household, and employment forecasts upon which an estimate of future housing need is made. An estimate of replacement demand is also made;
- Chapter VI presents the estimate of demand for housing by price and rent range (based on the income distribution of future households);
- Chapter VII presents a quantitative comparison of the housing needs and housing supply in Des Moines County. This chapter also presents an analysis of economic factors affecting residential development activity; and
- Appendix A presents information showing Des Moines County qualifies as a distressed community under the guidelines promulgated for Workforce Housing Tax Credit Program managed by the Iowa Economic Development Authority.

FINDINGS AND CONCLUSIONS

DEMOGRAPHICS, LABOR FORCE, UNEMPLOYMENT, AND EMPLOYMENT TRENDS AND CONDITIONS

- Since 2010, the population level has stabilized and slightly increased. The number of households has increased from nearly 15,700 in 1970 to nearly 17,300 households in 2015.
- The number of housing units experienced the highest increase from 1970 to 1980 when the number of households grew the most. The housing inventory has fluctuated but has since 1970 increased by 1,945 units to 18,838 units.
- The rate of net out migration has exceeded the rate of net natural increase in every decade but the peak out migration occurred in the decade of the 1980s when net out migration totaled nearly 5,300 people. The rate of out-migration has slowed over time from the peak population loss periods in the 1970s-1980s.
- The Des Moines County employment level peaked at 30,175 in 2000 and is currently at over 28,500. Collectively, Burlington and West Burlington contain about 86 percent of the County's total jobs
- Manufacturing employment in Des Moines County has declined from more than 10,000 jobs in the early 1970s to about 5,000 jobs in 2014. The inflection point occurred in the mid-1990s when private services surpassed manufacturing sector employment. Services have grown steadily. Farm employment has also steadily declined. Recently, however, several manufacturers in the County have announced job expansion plans and one new large distribution warehouse user is building a new facility in Burlington.



- Des Moines County has maintained an appropriate balance of jobs and housing over the past five decades and currently has a 1.52 jobs-housing ratio.
- The adjacent cities of Burlington and West Burlington comprise about 70 percent of the County's population and housing base. Unincorporated portions of the County represent an additional 21 percent of the population and housing base. The distribution of population has been generally consistent since 1990.
- The Des Moines County population between the ages of 35 and 54 has declined by about 20 percent or 2,500 people since 2000. The population cohort from the ages of 55-years to 74-years-old has grown by about 35 percent or 2,700 people since 2000. The population under the age of 35 has declined by about 10 percent or 1,800 people over the past 15 years.
- Adjusted for inflation, consistent with the aging of the population the household base has shifted downwards with respect to income. Median household income in real terms has declined by about \$6,300 or 12 percent since 2000. An increasing proportion of households in the County must afford housing on less than \$35,000 of income each year. The proportion of households earning below \$50,000 increased from nearly 50 percent in 2000 to 55 percent in 2015. Households earning more than \$75,000 a year are estimated to comprise only one-quarter of the household base, down slightly from about 30 percent in 2000.
- The civilian labor force has declined over time, from a peak of about 25,000 members in the late 1990s to a current level of about 21,000. This corresponds with the aging population base.
- The unemployment rate in the County has declined from its peak of nine percent in 2009 to its current level just below five percent. Note between 2000 and 2010, employment declined more than the labor force declined. Employment declined by 3,899 jobs and labor force declined by 1,700. Since 2010, the County's labor force has slightly increased.
- About 58 percent of all workers employed in Des Moines County live within the County. Another eight percent originate from outside of Des Moines County but within Lee County. Henry, Henderson, Hancock, and Louisa counties are the source of an additional 13 percent of labor employed within Des Moines County.

HOUSING STOCK DISTRIBUTION

- Single-family detached, comprise approximately 77 percent of all housing units. Multi-family units make up another 19 percent of units with mobile homes comprising an additional 4.4 percent of units.
- The City of Burlington contains nearly two-thirds of the County's housing units. West Burlington contains approximately eight percent of the County's housing



Mediapolis, Danville, and Middletown collectively contain nearly 1,200 housing units, about 6.4 percent of the County's housing units. Unincorporated areas in the County contain approximately 20 percent of the County's housing units.

TENURE OF HOUSING STOCK

- As of 2014, 73 percent of occupied housing units are owner-occupied and 27 percent are renter-occupied units.

HOUSING UNITS BY TENURE AND TYPE OF UNIT

- In 2010, 35 percent of renter-occupied units were in single-family detached units. By 2014, the share of renter-occupied units in single-family units had increased to 42 percent. Local buyers of single-family homes have been increasingly renting out homes.
- The share of renter-occupied units in smaller multi-family developments (i.e., 2 – 9 unit projects) has declined from 44.5 percent in 2010 to 31.7 percent in 2014 households while the share of renter-occupied units in larger multi-family developments (i.e., 10+ unit projects) has increased from 14.6 percent in 2010 to 18.5 percent in 2014.

AGE AND VALUE OF HOUSING STOCK

- Over one-third of Des Moines County's housing units are 75 years of age or older.
- The median home value of the oldest segment of the County's housing stock is \$76,000. Another nearly 29 percent of housing units in the County are between 47 and 75 years old with median values ranging from nearly \$75,000 to over \$105,000. Twenty percent of owner-occupied housing units are between 27 and 46 years old with median values ranging from nearly \$121,000 to \$129,000. Less than 14 percent of owner-occupied units are older than 26 years. Median values of housing units 26 years old or less range from \$165,000 to \$221,000.

VACANCY OF HOUSING STOCK

- Discussions with local Realtors, builders, and developers and residential property owners indicate that vacancy rates are low for both for-sale and rental housing. Interviews with managers of rental units indicate that occupancy rates have increased to very high levels, generally 98 percent or higher.
- The City of Burlington reports that over the past three years 399 homes have been converted from owner-occupied to renter-occupied units. This equates to approximately two percent of the County's supply of housing units and is consistent with the reports of high occupancy rates.



- The construction of Iowa Fertilizer Company plant in nearby Lee County has brought in 2,500 to 4,000 construction workers over the past couple years, many of whom have rented housing in Des Moines County.

RENTAL COSTS OF RENTER-OCCUPIED HOUSING

- For occupied rental units in Des Moines County, the median gross monthly rent increased by \$60, a 10.4 percent increase between 2010 and 2014. Units with monthly rents of \$750 or higher had the largest change between 2010 and 2014. In 2010, nearly 25 percent of units were rented for \$750 or more. In 2014, nearly 34 percent of rental units were in \$750 or more rent categories. Units rented in the \$300 to \$499 rent category had the largest downward shift over the four year period. In 2010, 24 percent of rental units were in the \$300-\$499 rent category. By 2014, the proportion of units in this rent category decreased to 17 percent.

HUD DEFINED HOUSING PROBLEMS

- In 2012, the U.S. Department of Housing and Urban Development (HUD) estimated 4,400 households out of 16,935 County households had a HUD-defined housing problem.² About two-thirds of households or 2,900 households in the County with a HUD-defined housing problem (such as a housing unit lacking complete kitchen or plumbing facilities, units with more than one occupant per room -i.e. overcrowded-, or units occupied by cost-burdened households paying more than 30 percent of their income towards housing) are at the two lowest income brackets representing households with income below 50 percent of the Area Median Family Income ("AMFI"). The 2015 median family income in Des Moines County is \$56,900 so these households in the lowest two income brackets are estimated to earn below \$30,000.
- About 80 percent of all households below 30 percent of AMFI experience at least one housing problem in the County. Approximately 50 percent of households within incomes between 30 and 50 percent of AMFI experience at least one housing problem. Only six percent of households with incomes exceeding 80 percent of AMFI experience a HUD-defined housing problem.

HOUSING CONSTRUCTION ACTIVITY

- Over the 14 year period from 2000 to 2014, 724 residential units (or an annual average of 51 units) were permitted in Des Moines County. This number of units comprises approximately four percent of the housing stock in the County. Residential permits issued for construction starts peaked in Des Moines County in 2005 when 104 units were permitted. Since 2005, the annual number of housing

² According to HUD housing problems include: 1) housing unit lacks complete kitchen facilities; 2) housing unit lacks complete plumbing facilities; 3) household is overcrowded; and 4) household is cost burdened. A household is said to have a housing problem if they have any 1 or more of these 4 problems. See https://www.huduser.gov/portal/datasets/cp/CHAS/bg_chas.html.



permits has ranged from a low of 14 units in 2011 to a high of 54 units in 2007. Over the past three years, the number of units upon which permits have been issued has steadily climbed and was 41 units in 2014, still less than half the number of units permitted in 2004 and 2005.

- Burlington makes up 63 percent of the total permitted units (for housing of all types) with West Burlington following with 21 percent of total permitted units. Mediapolis, Danville, and Middletown, collectively comprise 16 percent of total permitted units over the 14 year period.
- The new homes starts between 2011 and 2014 in Burlington and West Burlington totals 85 units, approximately 66 percent of the County-wide housing unit construction starts.

DAYS ON THE MARKET FOR HOUSING UNITS

- For all residential property types in Des Moines County, the number of properties sold totaled 500 in 2015. The average days on the market in 2015 was 81 days. For properties under \$159,999 which comprised three-quarters of all sales, the average days on the market ranged from 64 to 77 days. With the exception of sales in the \$300,000-\$399,999 price category, days on the market averaged less than 90 days for all other sales price categories

LIMITED SUPPLY OF FOR-SALE HOUSING INVENTORY

- As of January 2016, only 160 housing units are for sale Burlington and West Burlington. The number of listings is at its lowest point following a robust year of re-sales in 2015. The 160 re-sale listings in Burlington and West Burlington represents just under one percent of the County's total supply of housing units.
- The largest numbers of current for-sale listings are in the \$50,001 to \$100,000 price category with 68 homes listed. The second largest category with listings is homes priced between \$100,001 and \$150,000. Price categories between \$150,001 and \$250,000 have the lowest number of listings with only 20 homes currently for sale.
- Only 10 lots and four multi-family units are currently listed for sale in Burlington and West Burlington.

AVAILABLE LAND SUPPLY FOR HOUSING

- Other than one large land holding on the south side of Burlington, few lots and limited land remains available in the City of Burlington for housing development. The developer of Westbrook Estates owns the largest land holding of 500 acres annexed into Burlington. Other local developers, builders, and property owners indicated other available sites include two sites in West Burlington totaling nearly 45 acres. The City of Mediapolis is relocating its ball fields which may open up additional land in the community for future housing. Although land remains



available outside of municipal boundaries in the County, developers and builders indicated that development is constrained by insufficient infrastructure capacity and topography issues and feasibly developed sites are difficult to find.

ESTIMATE OF POTENTIAL DEMAND AND THE NEED FOR ADDITIONAL HOUSING UNITS

- As summarized in Table I-1, approximately 1,500 additional housing units are estimated to be required to satisfy housing needs through 2025.

TABLE I-1: Forecast Relationship Between Estimated Housing Demand and Supply of Housing for Des Moines County, 2015 – 2025¹	
	2015 - 2025 #
Current Occupied Units ²	18,400
Potential Demand for Units ³	2,100
Total of Current Occupied Units plus Potential Additional Demand	20,500
Less: Current Inventory of Units	18,800
Less: Future Planned Estimate of Inventory of Units	200
Number of Units Needed to be Added to Supply of Units	1,500
¹ Figures have been rounded.	
² Reflects estimated two percent vacancy rate for both owner- and renter-occupied units.	
³ From Table V-6 includes new households and replacement housing units.	
Source: Gruen Gruen + Associates	

- Demand from additional employment growth (see Chapter V for detailed forecast) is estimated to result in the need for approximately an additional 1,200 units. Replacement demand due to the obsolescence related to the significant age of much of the Des Moines County housing stock is estimated to approximate 900 units over the next decade. The current inventory of occupied housing totals approximately 18,400 units. The current inventory of units of approximately 18,800 plus 200 planned units totals 19,000 units. The shortfall between (a) existing inventory and identified likely future supply additions of a total of 19,000 units and (b) the existing 18,400 occupied units, and the potential need for an additional 2,100 units because of employment growth and the need replace obsolete units for a total potential need of 20,500 units equals 1,500 units.
- Based on the proportion that households in each city made up of the County’s total households in 2015, we estimate the distribution of the projected new households in the five cities. Of the 552 new households estimated to be potentially added in Des Moines County between 2015 and 2020, 426 of these households will likely be located in Burlington, West Burlington, Mediapolis, Danville, and Middletown. Of the 578 new households estimated to be added between 2020 and 2025, approximately 446 new households are likely to locate in one of the five cities (See Table V-I).



- Of the approximately estimated 1,100 new households (generated by potential employment growth), 700 households are expected to need housing in Burlington. Approximately 40 percent of new households are estimated to fall in income categories under \$34,999. About 90 households due to potential employment growth are expected to need housing in West Burlington with 46 percent of such households having incomes below \$35,000.
- As described in Table V-4, between 2015 and 2025, if Des Moines County's employment base increases as forecast, we estimate new households in Des Moines County will support approximately 1,200 additional housing units. Of these units, 40 percent of the estimated households are projected to be able to afford units priced under approximately \$120,000. (Some of these households may purchase mobile homes). Eighteen percent of new households could afford to purchase homes priced between \$120,000 and \$180,000. Nineteen percent of households could afford homes priced between \$180,000 and \$260,000. Ten percent of households could afford homes priced between \$260,000 and \$350,000. Nearly 12 percent of households could afford home priced above \$350,000.
- The comparison of average annual demand of housing units in Burlington and West Burlington to the current number of active listings by price range (See Table V-6) shows that units priced generally under \$180,000 the current number of active listings exceeds the forecast average annual demand by over two to one. The current number of active listings compared to the forecast average annual demand in the \$180,000 to \$260,000 sale price range is very tight with an estimated surplus of only four units. Similarly for homes priced above \$260,000, the supply of current active listings is a little more than forecast average annual demand by eight units. This analysis of the surplus or shortfall demand and supply of housing units by price range is consistent with the results of interviews of local realtors, developers, and economic development officials, which indicate that a shortage of housing priced between the higher \$100,000's and mid \$200,000's currently exists in Des Moines County.

FACTORS AFFECTING RESIDENTIAL DEVELOPMENT ACTIVITY

- While land availability is somewhat of a challenge, especially in the municipalities within Des Moines County, the primary factor inhibiting development relates to the relatively high development cost of constructing new housing relative to effective demand.
- The private sector is not likely to produce housing unless market conditions, the real estate economics and government regulations interact such that the costs of the needed land, hard and soft building costs, and financing costs of creating the infrastructure and structures to produce housing are equal or exceed the price that consumers are willing and able to pay for housing.



- For new development to be feasible, sales prices of 1,500-square-foot or larger housing units have to approximate \$170 to \$180 per square foot or higher. For a 1,500-square-foot housing unit, the sales prices would need to total between \$265,000 and \$270,000 for it to be feasible to develop the land and build the unit. Examples of units being built indicate that it is feasible to develop higher quality single-family units at prices generally exceeding costs of above \$260,000 for a 1,500-square-foot unit.
- For new for-sale housing to be produced at prices less than \$260,000 will require developments utilizing manufactured housing or large enough developments to obtain economies of scale for construction costs and the requirement of lower profit margins. Lower profit margins would be offset by higher volume of units. Approximately 77 percent of effective housing unit demand is estimated to from households who can afford to purchase housing at prices no higher than \$260,000. It is likely that many of these households will not be able to afford to purchase new housing units but will be likely to purchase existing homes or rent units.
- Apartment projects built within the past few years have averaged approximately \$80,000 per unit for hard and soft construction costs. Assuming total development costs include a 12 percent developer profit margin results in total development costs of approximately \$90,000 per unit (not including land acquisition costs). To support new construction costs, monthly rents of \$900 or more would be needed to achieve private feasible development. Private developers and builders would be challenged to deliver smaller-sized, one-bedroom units at monthly rents below \$900 without some form of financial subsidy. When considering demand for larger two- and three-bedroom units required by many larger-sized workforce households, the feasibility gap may be a larger challenge.

IMPLICATIONS AND RECOMMENDATIONS

Housing blight results when property owners are unable to raise rents or prices to pay for the costs of remodeling, renovation, or new construction; while the failure to remodel or, renovate will not cause a rental or price reduction that exceeds the annualized cost of such housing quality maintenance. Therefore, a rational, profit-seeking landlord finds disinvestment to be his or her best option. Over time, disinvestment becomes cumulative as properties next to those that show the physical signs of blight are put in the same situation as the demand for housing in the area declines.

Alternatively, as the number of households and household incomes increase, the demand for housing in previously developed neighborhoods may change, encouraging property renovation and upgrading and redevelopment as the neighborhood becomes part of a new and frequently higher-priced housing submarket. In this situation, the options that can lead to profit maximization include either demolition of existing improvements and new construction or rehabilitation and modernization of existing improvements to provide contemporary space. Which of this blight removing or precluding investment paths is best depends upon the interaction between demand and the age, size, and relative obsolescence of the existing structure, if the property is not vacant.



If more residential development in Des Moines County is not facilitated, the economic development potential of Des Moines County may not be realized and more pressure will exist for downward housing filtration and upward housing filtration will be discouraged. Downward filtration refers to a decline in the relative value of a housing unit or neighborhood over time reflecting the tendency for housing units to decline in quality over time, both absolutely and in relation to newly-constructed housing units. Existing housing units in neighborhoods can also filter upwards or “gentrify”.

Households moving up to frequently new or newer higher-valued real estate (upward filtration) frequently parallels the downward “filtering” of existing housing. The availability of new or higher valued housings for higher-income households enables lower-income households to move up as well, and to occupy units that at one time had been the preserve of middle- or even upper-income households.

A perceived shortage of readily developed land for new housing and a limited supply of existing available housing relative to demand gives owners of existing housing stock less competitive pressures or incentives to invest in maintenance and quality improvements of their residences. This condition exists in Des Moines County and explains why occupancy rates are so high for what would otherwise be considered obsolete housing stock.

To encourage upward filtration and maintenance of housing quality and housing affordability, several policy actions should be considered. Identify incentives homeowners can be given to invest in maintenance, remodeling etc. For example, the City of Burlington provides real estate tax abatement for real property improvements known as an Urban Revitalization Tax Exemption which is either a three-year 100 percent per year exemption or a 10-year sliding scale exemption. The abatement applies to an increase by at least 15 percent in assessed valuation attributable to the improvements made to the property. To encourage significant remodeling and modernization of existing owner-occupant single-family housing units and the redevelopment of obsolete single-family units, communities within the County should experiment with a fuller and longer tax abatement period to see if it encourages greater volumes of investment in housing improvements.

In addition encourage existing employers adding jobs and new employers to provide employer-assisted housing by giving economic development incentives for those employers that do provide such assistance to encourage their retention and attraction.

In the cases where the housing units in particular neighborhoods are sufficiently old, small, and obsolete that in many cases investment in remodeling of properties will not be profitable to undertake, identify the potential for changing the zoning and proactively partnering with housing developers to buy and then demolish the existing units and replace them with new single-family housing units or other appropriate housing products developed at a higher density than the existing stock. This may require the use of tax increment finance districts or other mechanisms to bridge financial feasibility gaps. In addition, the use of planned unit development ordinances or other regulatory and development techniques that reduce required lot sizes, reduce per unit development costs, and increase obtainable unit density of infill sites should be considered.



Opportunities may exist for employers and educational, healthcare, and local governmental institutions to collaborate more closely with financial institutions and builders to reduce the risks and financing costs of new housing development and redevelopment of existing housing units. In addition, a revolving loan fund utilizing CBDG Funds or other sources identified could be created to provide low-interest rate loans to existing homeowners to encourage rehabilitation of dilapidated housing stock.

AN ASSESSMENT OF WHETHER DES MOINES COUNTY QUALIFIES AS A “DISTRESSED” COMMUNITY

As summarized in Appendix A, and demonstrated by the comprehensive analysis of housing needs presented in the body of the report, Des Moines County meets the criteria as a distressed community under the guidelines promulgated for Workforce Housing Tax Credit Program managed by the Iowa Economic Development Authority. Given the findings and conclusions drawn in this report, the County should pursue access to the Workforce Housing Tax Credit program. Des Moines County will likely have a need of 1,500 additional housing units over the next decade to meet employment-induced and replacement housing demand. The County’s unemployment rate while slightly higher than that of the State of Iowa has declined substantially from a high of 8.5 percent in 2009 to a current rate of 4.4 percent.

The volume of residential units permitted has declined since 2006 to an annual average of 34 units from an annual average of 70 units prior to 2006. Vacancy rates are very low with the homeowner vacancy rate estimated at one percent and the rental vacancy rate estimated at two percent or less. While the volume of sales has increased since 2013, the current inventory of listings of available for-sale homes is very low. The average length of time to sell homes is less than 90 days. In 2015, for-sale homes averaged 81 days on the market. Rental units are reported to be re-leased upon vacancy in under 30 days. While median monthly housing costs in Des Moines County are lower than that of the State of Iowa, sales prices and rental costs have risen. Rents have also climbed with increasing occupancy. Monthly rents have increased by \$100 to \$200 over the past couple years. Average sales prices have climbed from under \$100,000 in 2011 to approximately \$106,000 by 2014.³

Moreover, 26 percent of households in Des Moines County have HUD defined housing problems. The findings suggest because of a shortage of housing supply relative to need, incentives existing for landlords to underinvest in housing quality maintenance such that not only individual properties may decline in quality but neighborhoods will be subject to the blighting effects of housing quality deterioration. The limited production of new housing and limited supply of available housing also serves to retard economic development potential and reduces the number of jobs that would otherwise be attracted and expanded within the County.

³ Source: Ruhl & Ruhl Realtors, <http://ruhlblog.com/2015/01/27/burlington-iowa/>;



CHAPTER II: DEMOGRAPHIC TRENDS AND CONDITIONS

This chapter presents a summary of population, household and housing unit trends and conditions for Des Moines County and individual communities within Des Moines County. Patterns of historic population, household and housing unit growth provide a basis or framework to forecast future demographic trends.

PAST POPULATION, HOUSEHOLD AND HOUSING UNIT CHANGE

Table II-1 presents past population, households, and housing unit trends since 1970.

TABLE II-1: Des Moines County Population, Households and Housing Units: 1970-2015							
	1970 #	1980 #	1990 #	2000 #	2010 #	2015 #	Change 1970-2015 #
Population	46,982	46,203	42,668	42,351	40,325	40,623	(6,359)
Households	15,693	17,350	16,874	17,270	17,003	17,294	1,601
Avg. Household Size	3.0	2.7	2.5	2.5	2.4	2.3	
Housing Units	16,893	18,567	18,248	18,643	18,535	18,838	1,945
Housing Vacancy	7.1%	6.6%	7.5%	7.4%	8.3%	8.2%	
Sources: U.S. Census Bureau; ESRI; Gruen Gruen + Associates.							

From 1970 through 2015, Des Moines County experienced a decline in population of nearly 6,400 people, decreasing from nearly 47,000 persons to about 40,600 persons. Since 2010, the population level has stabilized and slightly increased. The number of households, however, has increased from nearly 15,700 in 1970 to nearly 17,300 households in 2015. Consistent with the decrease in population and growth in the number of households of 1,601, the average household size has declined from a high of 3.0 persons per household in 1970 to a low of 2.3 persons per household in 2015.

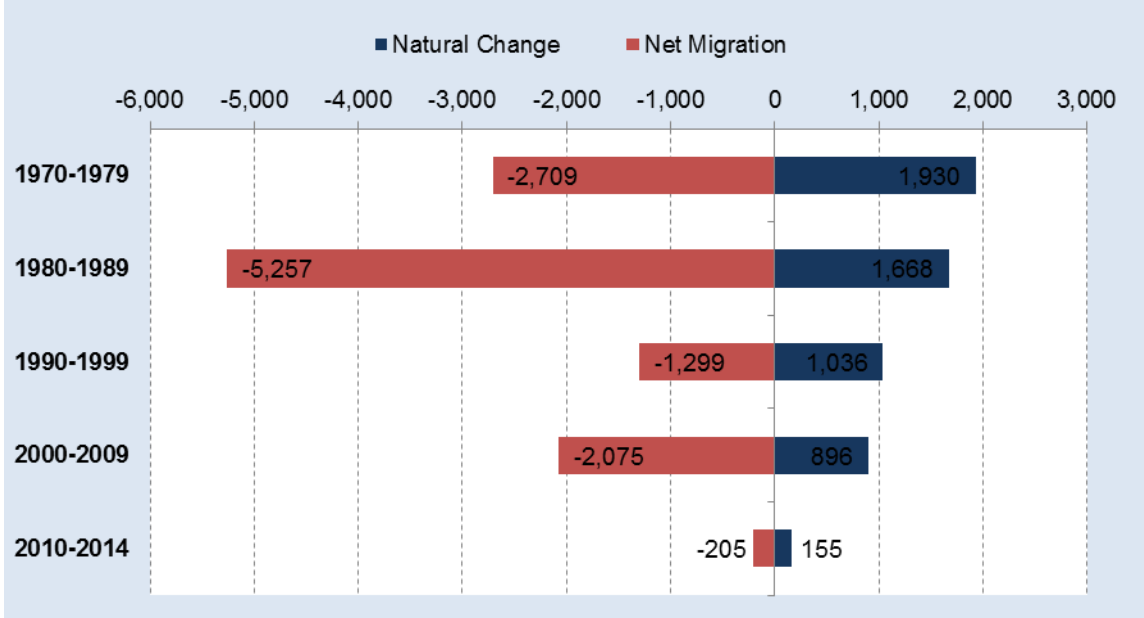
The number of housing units experienced the highest increase from 1970 to 1980 when the number of households grew the most. The housing inventory has fluctuated but has since 1970 increased by 1,945 units to 18,838 units. The vacancy rate was lowest in 1980 at 6.6 percent and has been in the seven or eight percent range since 1980.⁴

Figure II-1 shows the components of population change in Des Moines County from 1970 through 2014.

⁴ While the U.S. Census Bureau reports an overall County-wide vacancy rate of 8.2 percent in 2014, note that the U.S. Census Bureau reports vacant units that include units that have been rented or sold, but not yet occupied, seasonal housing, housing for migrant workers, and other boarded up housing which may overinflate the amount of vacant housing. Discussions with local Realtors, builders, and developers and residential property owners indicate that vacancy rates are much lower for both for-sale and rental housing.



FIGURE II-1: Components of Population Change in Des Moines County, 1970-2014



Source: U.S. Census Bureau

The rate of net out migration has exceeded the rate of net natural increase in every decade but the peak out migration occurred in the decade of the 1980s when net out migration totaled nearly 5,300 people. The rate of out-migration has slowed over time from the peak population loss periods in the 1970s-1980s. The rate of natural increase has also slowed over time with the aging of the population.

RELATIONSHIP BETWEEN JOBS AND HOUSING

The relationship between the number of jobs and the amount of housing available indicates how well an area provides jobs that enable a high proportion of the resident labor force to work near their place of residence and enjoy a relatively short commute. Interrelated factors including the level and kind of economic development, land use policy, and the amount and type of residential development influence the extent to which a region or area can house jobs. The quality and quantity of the labor force and housing, in turn, bear on the prospects for economic development. The specific characteristics of the labor pool, such as educational level, skill mix, and income range influence the kinds of businesses that can successfully operate in a region. Table II-2 summarizes the jobs-to-housing ratio for Des Moines County from 1970 to 2015.



	1970 #	1980 #	1990 #	2000 #	2010 #	2015 #	Change 1970-2015 #
Employment ¹	27,546	26,154	26,472	30,175	26,460	28,544	998
Housing Units	16,893	18,567	18,248	18,643	18,535	18,838	1,945
Jobs-Housing Ratio	1.63	1.41	1.45	1.62	1.43	1.52	

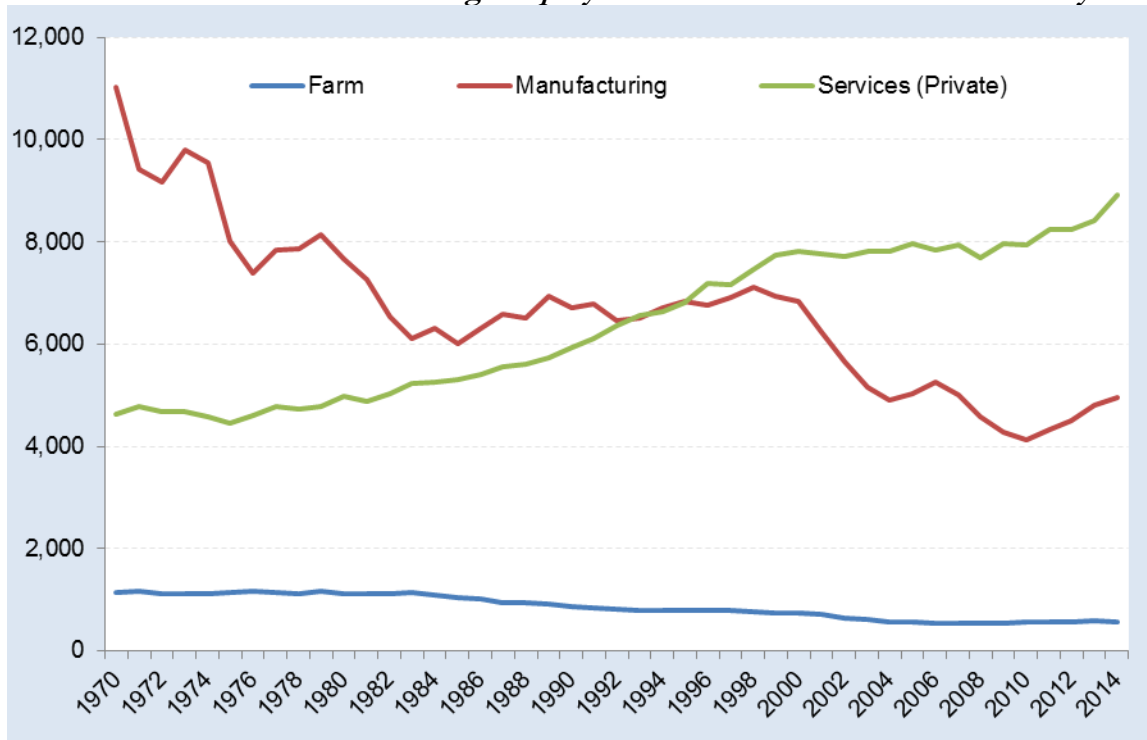
¹ Total farm and non-farm employment.

Sources: U.S. Bureau of Economic Analysis; ESRI; Gruen Gruen + Associates.

The overall employment base, including farm employment, has remained relatively stable over time, generally fluctuating between 26,000 and 30,000 jobs over the past several decades. The employment level peaked at 30,175 in 2000 and is currently at over 28,500. From 1970 to 2015, employment increased at a slower rate than the number of households at just under 1,000 jobs.

As shown on Figure II-2, manufacturing employment in Des Moines County has declined from more than 10,000 jobs in the early 1970s to about 5,000 jobs in 2014. In the past few years, manufacturing employment has increased. The inflection point occurred in the mid-1990s when private services surpassed manufacturing sector employment. Services have grown steadily. Farm employment has also steadily declined.

FIGURE II-2: Manufacturing Employment Decline in Des Moines County



Source: U.S. Bureau of Economic Analysis



A region is generally considered to have a sustainable jobs-housing balance if the ratio of jobs to housing units is 1.5.⁵ While jobs to housing relationships will vary given differences among communities in labor force, social, and economic characteristics, transportation linkages, geographical constraints, and political factors, the generally accepted ratio for a balanced relationship between jobs and housing tends to fall within 1.3-to-1.7-jobs-per-housing unit.⁶ Areas with significantly higher jobs-to-housing ratios do not have an adequate amount of housing supply to meet the needs of the local work force. Such areas must import a higher proportion of labor which, all else being equal, tends to generate greater levels of congestion that result from patterns of in-commuting. Increasing jobs-to-housing ratios also tend to put upward pressure on housing costs, as less housing supply is available than typically needed to accommodate typical demands generated by the local employment base. As shown above in Table II-2, overall Des Moines County has maintained an appropriate balance of jobs and housing over the past five decades and currently has a 1.52 jobs-housing ratio.

⁵ See, for example, “Jobs-Housing Balances and Regional Mobility”, Robert Cervero, Institute of Urban and Regional Development University of California at Berkeley, *APA Journal*, spring 1989, pp.136-150.

⁶The August 2008 Urban Land “Mixing It Up” article indicates the ideal jobs-housing ratio is generally between 1.2 and 1.4 jobs per housing unit and that sites or communities with an integrated set of land uses minimize traffic generation and increase “capture internal rates” for services, retail, restaurants and other uses. (“Mixing It Up,” Urban Land, Walters, Jerry, Ewing, Reid. August 2008, p. 126).



DEMOGRAPHIC AND HOUSEHOLD CHARACTERISTICS

Table II-3 summarizes the composition of Des Moines County population and housing units by community from 1990 through 2015.

TABLE II-3: Des Moines County Population and Housing Units by Community, 1990-2015						
	1990 #	2000 #	2010 #	2015 #	Change 1990-2015 #	Change 1990-2015 %
POPULATION:						
Burlington	26,416	27,072	25,663	25,694	-722	-2.7
Danville	926	935	934	916	-10	-1.1
Mediapolis	1,637	1,650	1,560	1,706	69	4.2
Middletown	386	383	318	303	-83	-21.5
West Burlington	3,083	3,098	2,968	3,075	-8	-0.3
Balance of County	10,220	9,213	8,882	8,929	-1,291	-12.6
HOUSING UNITS:						
Burlington	11,777	12,096	11,899	12,052	275	2.3
Danville	344	379	387	387	43	12.5
Mediapolis	658	687	680	737	79	12.0
Middletown	162	148	148	148	-14	-8.6
West Burlington	1,443	1,474	1,479	1,503	60	4.2
Balance of County	3,864	3,859	3,942	4,011	147	3.8
Sources: U.S. Census Bureau; ESRI; Gruen Gruen + Associates.						

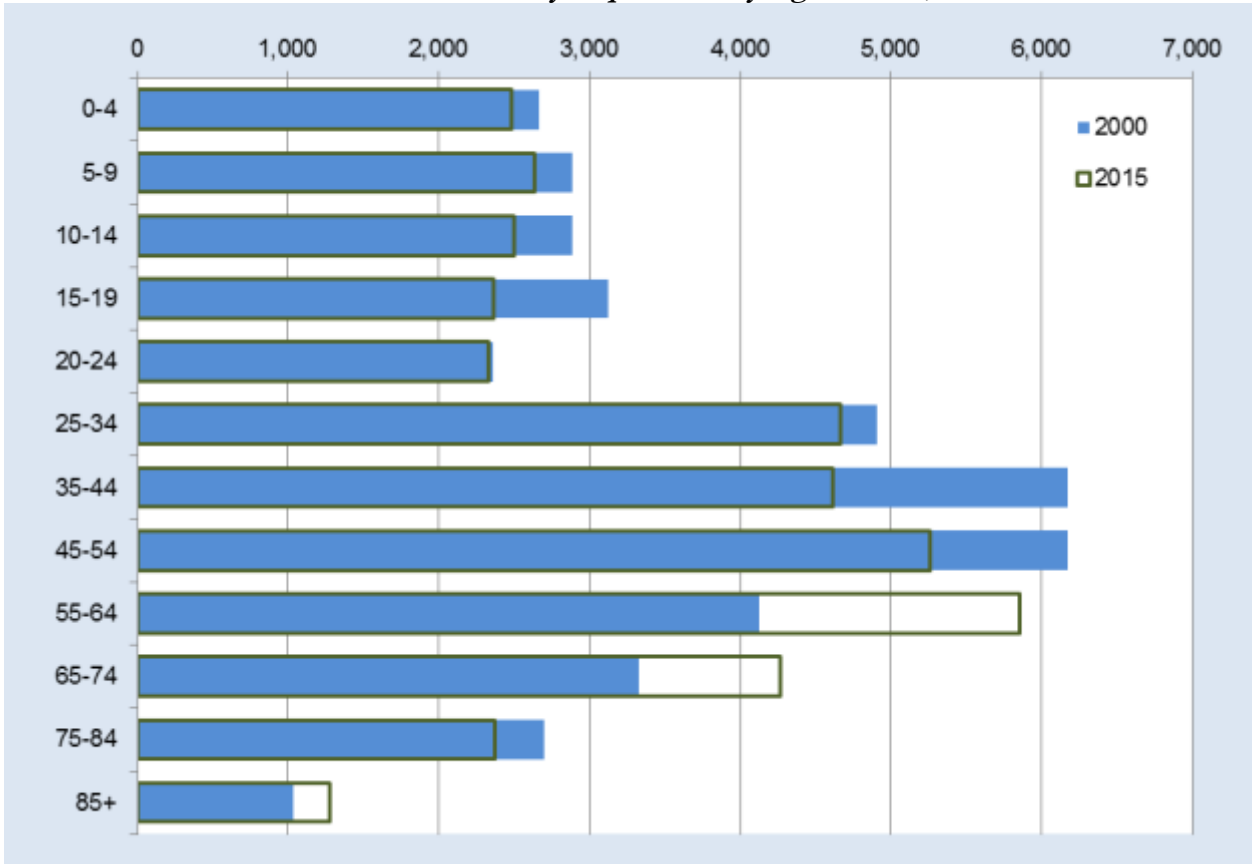
The adjacent cities of Burlington and West Burlington comprise about 70 percent of the County's population and housing base. Unincorporated portions of the County represent an additional 21 percent of the population and housing base. The distribution of population has been generally consistent since 1990, although the smallest incorporated community of Middletown experienced a 21.5 percent decline in its population (83 people). Due to abandonment or removal of obsolete housing units, Middletown was the only community to experience a decline in the number of housing units (a decline of 14 units or 8.6 percent of its housing stock). The largest community Burlington, which experienced a population decline (but not a decline in the number of households) increased its housing stock by 275 units or 2.3 percent since 1990.



AGE DISTRIBUTION

As Figure II-3 and Table II-4 illustrate, the Des Moines County population between the ages of 35 and 54 has declined by about 20 percent or 2,500 people since 2000. The population cohort from the ages of 55-years to 74-years-old has grown by about 35 percent or 2,700 people since 2000. The population under the age of 35 has declined by about 10 percent or 1,800 people over the past 15 years.

FIGURE II-3: Des Moines County Population by Age Cohort, 2000-2015



Source: U.S. Census Bureau



TABLE II-4: Des Moines County Households by Age of Householder, 2000-2015				
Age of Householder	2000 #	2015 #	Change 2000-2015 #	Change 2000-2015 %
Householder 15 to 24 years	850	716	-134	-15.8
Householder 25 to 34 years	2,401	2,323	-78	-3.2
Householder 35 to 44 years	3,279	2,488	-791	-24.1
Householder 45 to 54 years	3,619	2,962	-657	-18.2
Householder 55 to 64 years	2,377	3,536	1,159	48.8
Householder 65 to 74 years	2,172	2,718	546	25.1
Householder 75 years and over	2,572	2,551	-21	-0.8
Total Households	17,270	17,294	24	0.1
Sources: U.S. Census Bureau; ESRI; Gruen Gruen + Associates.				

The only age cohorts to experience population increases are those in the 55- to 64-years-old and 65- to 74-year-old categories. This age distribution is consistent with the Baby Boomer bulge shifting upward through the age cohorts.



HOUSEHOLD INCOME AND AFFORDABILITY

Table II-5 summarizes the composition of Des Moines County households by household income from 2000 through 2015.

TABLE II-5: Des Moines County Households by Household Income, 2000-2015				
	2000 ¹		2015	
	#	%	#	%
Less than \$35,000	5,648	32.7	6,739	39.0
\$35,000 to \$49,999	2,766	16.0	2,780	16.1
\$50,000 to \$74,999	3,649	21.1	3,251	18.8
\$75,000 to \$99,999	2,626	15.2	2,219	12.8
\$100,000 and above	2,582	15.0	2,305	13.3
TOTAL	17,270	100.0	17,294	100.0
Median Household Income	\$50,500		\$44,200	

¹ Census 2000 estimates adjusted for inflation to current 2015 dollars based upon the Consumer Price Index for the Midwestern United States.

Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; ESRI; Gruen Gruen + Associates.

Adjusted for inflation, consistent with the aging of the population the household base has shifted downwards with respect to income. Median household income in real terms has declined by about \$6,300 or 12 percent since 2000. An increasing proportion of households in the County must afford housing on less than \$35,000 of income each year. The proportion of households earning below \$50,000 increased from nearly 50 percent in 2000 to 55 percent in 2015. Households earning more than \$75,000 a year are estimated to comprise only one-quarter of the household base, down slightly from about 30 percent in 2000.



CHAPTER III: LABOR FORCE AND EMPLOYMENT TRENDS AND CONDITIONS

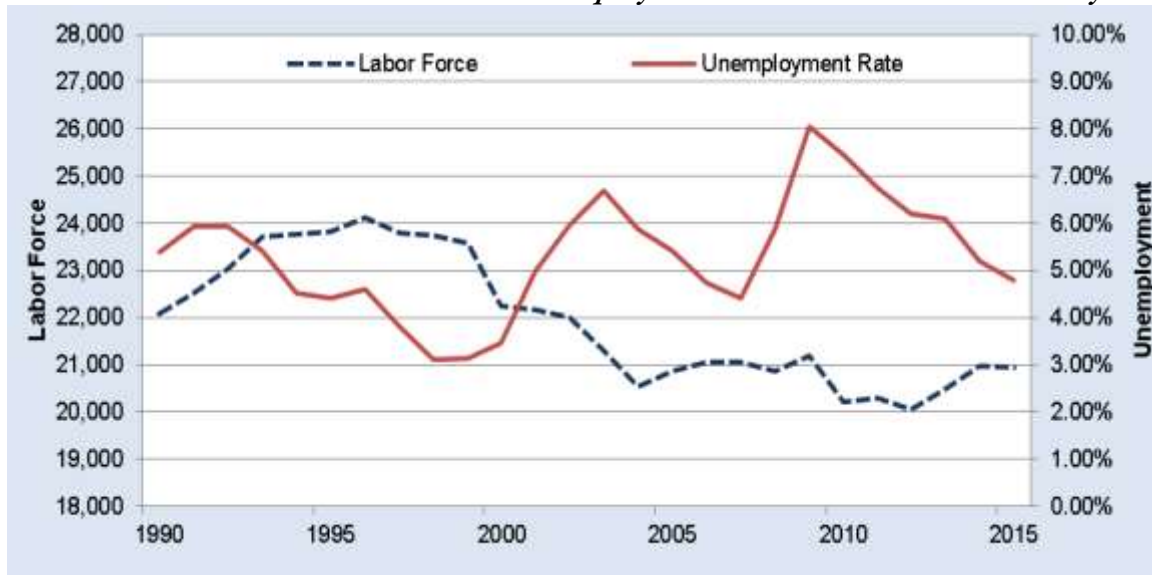
INTRODUCTION

Labor force characteristics and employment or job growth will influence the need for future housing. Job growth stimulates population and household growth as people will generally want to live close to where they work. Wage levels will also bear on household income and housing affordability.

UNEMPLOYMENT AND LABOR FORCE CONDITIONS

The Des Moines County civilian labor force has declined over time, from a peak of about 25,000 members in the late 1990s to a current level of about 21,000. This corresponds with the aging population base described above. The unemployment rate in the County has declined from its peak of nine percent in 2009 to its current level just below five percent. Note between 2000 and 2010, employment declined more than the labor force declined. Employment declined by 3,899 jobs and labor force declined by 1,700. Since 2010, the County's labor force has slightly increased. Figure III-1 illustrates labor force and unemployment trends in Des Moines County from 1990 to 2015.

FIGURE III-1: Labor Force and Unemployment Rate in Des Moines County



Source: Iowa Workforce Development Department

Iowa Workforce Development reports Des Moines County's unemployment rate as 4.1 percent for November 2015.



Table III-1 shows the current unemployment rate by community in Des Moines County.

TABLE III-1: Current Unemployment Rates by Community	
Community	2015 Estimate Unemployment Rate %
Burlington	6.0
West Burlington	6.1
Mediapolis	3.3
Danville	4.5
Middletown	1.7
Sources: Iowa Workforce Development; ESRI; Gruen Gruen + Associates.	

Burlington and West Burlington, the County’s two largest municipalities, have the highest unemployment rates of approximately six percent. Mediapolis, Danville, and Middletown have unemployment rates below five percent.



DES MOINES COUNTY EMPLOYMENT BASE

Table III-2 presents total employment (i.e., number of jobs) in Des Moines County by industry sector for 2001 and 2014 (the most recent year for which data is available).

TABLE III-2: Des Moines County Nonfarm Employment Base, 2001-2014				
Sector	2001 #	2014 #	Change 2001-2014 #	Average Annual Growth Rate %
Construction	1,484	1,562	78	0.4
Manufacturing	6,232	4,956	-1,276	-1.7
Retail Trade	3,856	3,668	-188	-0.4
Transportation & Warehousing	1,936	1,442	-494	-2.2
Finance, Insurance & Real Estate	1,405	1,655	250	1.3
Professional & Business Services	2,239	2,584	345	1.1
Education & Health Care	3,665	4,156	491	1.0
Leisure & Hospitality	2,267	2,664	397	1.2
Government	2,853	2,767	-86	-0.2
Other ¹	2,843	2,523	-320	-0.9
TOTAL NON-FARM	28,780	27,977	-803	-0.2
¹ Includes Wholesale Trade, Other Services, Information, Natural Resources, and Utility sector employment that cannot be disclosed individually.				
Sources: U.S. Bureau of Economic Analysis; Gruen Gruen + Associates.				

From 2001 through 2014, employment growth decreased by 803 jobs, or less than one percent, from nearly 29,000 jobs to nearly 28,000 jobs. As described above, the Des Moines County economy experienced a downward shift in manufacturing employment but a growth in services and educational and healthcare related employment. Discussions with local employers and economic development officials confirm the trends in employment changes. A representative with the County’s largest employer, Great River Medical Center, (which has approximately 2,100 employees) reported that the Great River Medical Center’s employment has expanded continually over the past five years. Until 2015, manufacturing employment had declined especially during the period of the Great Recession. Recently, however, several manufacturers in the County have announced job expansion plans and one new large distribution warehouse user is building a new facility in Burlington.



Nearly half of the County’s jobs are located in the City of Burlington, According to the U.S. Census Bureau, *OntheMap Longitudinal Employer-Household Dynamics*, in 2013, Des Moines County had approximately 22,000 jobs. This job estimate is lower than the Bureau of Economic Analysis job estimate in Table III-2 above which includes jobs from proprietor’s and self-employed individuals. Burlington contained 13,278 jobs, about 60 percent of the *OntheMap* job estimate for the County. West Burlington contained nearly 5,700 jobs. Collectively, Burlington and West Burlington contained 86 percent of the County’s total jobs. Mediapolis and Danville contain another nearly 1,200 jobs and Middletown contains fewer than 10 jobs.

WAGE LEVELS IN DES MOINES COUNTY

Table III-3 summarizes average weekly wages in Des Moines County in 2011 and 2015.

TABLE III-3: Average Weekly Wage by Industry Sector in Des Moines County, 2011-2015 (\$2015)				
Sector	2011 \$	2015 \$	Change 2011-2015 \$	Change 2011- 2015 %
Construction	939	916	-23	-2.4
Manufacturing	937	942	5	0.5
Retail Trade	428	464	36	8.4
Wholesale Trade	876	967	91	10.4
Transportation & Warehousing	817	856	39	4.8
Finance & Insurance	872	879	7	0.8
Real Estate, Rental & Leasing	520	661	141	27.1
Professional & Business Services	1,003	1,154	151	15.1
Educational Services	645	684	39	6.0
Healthcare & Social Assistance	872	922	50	5.7
Arts, Entertainment & Recreation	392	527	135	34.2
Accommodations & Foodservice	254	273	19	7.5
Government	807	912	105	13.0
Other ¹	454	492	38	8.4
TOTAL NON-FARM	710	742	32	4.5
¹ Includes Wholesale Trade, Other Services, Information, Natural Resources, and Utility sector employment that cannot be disclosed individually.				
Sources: Iowa Workforce Development, Labor Market Information Division, Quarterly Census of Employment and Wages Program; Gruen Gruen + Associates.				



On an inflation-adjusted basis, total non-farm weekly wages increased by just under five percent between 2011 and 2015. The manufacturing and finance and insurance sectors experienced the smallest wage increases while the real estate and arts, entertainment and recreation sectors had the largest increases. While manufacturing employment in the County has stabilized and is beginning to increase, local economic development officials indicated average hourly wages for many manufacturing positions have been reduced to levels below \$20. This will have implications for housing affordability and ability to purchase for-sale housing.

DES MOINES COUNTY LABOR SHED

Table III-4 summarizes the distribution of employees in Des Moines County by industry sector and county of residence.

TABLE III-4: Distribution of Workers Employed in Des Moines County by County of Residence, 2013				
County	Goods Producing %	Trade, Transportation & Utilities %	Service Providing %	Total %
Des Moines	60.8	43.4	62.5	58.1
Lee	9.5	7.0	8.3	8.3
Henry	5.6	4.0	5.2	5.1
Henderson	5.5	3.0	2.9	3.6
Hancock	3.0	-	1.9	2.1
Louisa	2.1	1.9	2.0	2.0
Other	13.5	40.5	17.4	20.9

Sources: U.S. Census Bureau, LEHD Program Data; Gruen Gruen + Associates.

About 58 percent of all workers employed in Des Moines County live within the County. Another eight percent originate from outside of Des Moines County but within Lee County. Henry, Henderson, Hancock, and Louisa counties are the source of an additional 13 percent of labor employed within Des Moines County. Trade, transportation and utilities activities draw less of their labor from the core labor shed of Des Moines and Lee counties. The labor shed accessed by a Des Moines County location draws primarily from within the County and a few nearby counties.



CHAPTER IV: HOUSING SUPPLY CHARACTERISTICS AND MARKET CONDITIONS

INTRODUCTION

Another critical determinant of housing growth and needs is the supply of housing. In other words, a key factor is whether there will be enough housing units and whether those units will be available at prices that make them affordable by households seeking dwellings in the area. This chapter reviews Des Moines County’s existing housing supply and identifies the potential supply of new housing in the County. The demand estimates presented in Chapter V are then compared in Chapter VI to the estimated present supply to identify deficiencies in supply relative to housing demand by price range or affordability level.

EXISTING HOUSING INVENTORY IN DES MOINES COUNTY

Housing Units by Type of Unit

Table IV-1 presents the number of housing units by type as reported in the 2014 American Community Survey.⁷

TABLE IV-1: Number of Housing Units by Type: 2014					
Type of Housing	Total	Single-Family	Multi-Family	Mobile Homes	Other ¹
Des Moines County	18,493	14,159	3,516	807	11
%	100.0	100.0	100.0	100.0	100.0
Burlington	12,036	8,960	2,893	172	11
%	65.1				100.0
West Burlington	1,554	1,004	383	167	0
%	8.4				
Mediapolis	644	540	75	29	0
%	3.5				
Danville	397	316	67	14	0
%	2.1				
Middletown	140	127	3	10	0
%	0.8				
¹ Boat, RV, Van, etc.					
Sources: U.S. Bureau of the Census, 2010-2014 American Community Survey 5-Year Estimates; Gruen Gruen + Associates.					

⁷ Note the number of total housing units in the county of 18,493 in the 2014 American Community Survey is slightly less than ESRI’s 2015 estimate of 18,838 units for Des Moines County.



The majority of the housing units in Des Moines County are single-family detached, comprising approximately 77 percent of all housing units. Multi-family units make up another 19 percent of units with mobile homes comprising an additional 4.4 percent of units.

By community, the City of Burlington contains nearly two-thirds of the County’s housing units. Burlington’s single-family detached housing units make up a slightly lower proportion of total units than for the County as a whole. In Burlington, single-family detached units comprise 74 percent of housing units, with multi-family units comprising an additional 24 percent of units (slightly higher than the overall County’s share of multi-family units). West Burlington contains approximately eight percent of the County’s housing units with single-family detached units comprising a smaller share at 65 percent of the City’s housing units. Mediapolis, Danville, and Middletown, collectively contain nearly 1,200 housing units, about 6.4 percent of the County’s housing units. Unincorporated areas in the County contain approximately 20 percent of the County’s housing units.

Housing Units by Tenure Arrangement

In 2010, 74 percent of occupied units were owner-occupied and 26 percent renter-occupied. Between 2010 and 2014, a slight shift occurred with 73 percent of occupied units as owner-occupied and 27 percent in renter-occupied units.

Age and Median Home Value

Table IV-2 shows the age of all housing units (both owner- and renter-occupied) and median home value of existing owner-occupied housing units in Des Moines County.

TABLE IV-2: Age and Median Home Value of Housing Units in Des Moines County			
Year Built	Housing Units ¹		Median Value ²
	#	%	\$
1939 or earlier	6,969	37.7	76,000
1940 – 1969	5,277	28.5	74,800 (1940-1949) 91,000 (1950-1959) 105,500 (1960-1969)
1970 – 1989	3,714	20.1	128,900 (1970-1979) 121,500 (1980-1989)
1990- 2009	2,380	12.9	165,100 (1990-1999) 195,800 (2000-2009)
2010 or later	153	0.8	220,700
Total	18,493	100.0	94,300
¹ All owner- and renter-occupied housing units.			
² Value of owner-occupied housing units only.			
Sources: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates; Gruen Gruen + Associates.			



Over one-third of Des Moines County’s housing units are 75 years of age or older. The median home value of the oldest segment of the County’s housing stock is \$76,000. Another nearly 29 percent of housing units in the County are between 47 and 75 years old with median values ranging from nearly \$75,000 to over \$105,000. Twenty percent of owner-occupied housing units are between 27 and 46 years old with median values ranging from nearly \$121,000 to \$129,000. Less than 14 percent of owner-occupied units are older than 26 years. Median values of housing units 26 years old or less range from \$165,000 to \$221,000.

Housing Units by Tenure and Type of Unit

Table IV-3 summarizes the tenure and type of unit of occupied housing units in Des Moines County in 2010 and 2014.

TABLE IV-3: Number of Occupied Units by Tenure and Type of Unit in Des Moines County, 2010 and 2014				
Units in Structure	2010		2014	
	<u>Owner-occupied</u> %	<u>Renter-occupied</u> %	<u>Owner-occupied</u> %	<u>Renter-occupied</u> %
1-Unit, Detached	93.6	35.3	92.4	41.6
1-Unit Attached	1.2	0.9	1.4	5.2
2-9 Apartments	0.8	44.5	1.5	31.6
10+ Apartments	0.0	14.6	0.1	18.5
Mobile Home or Other Type of Housing	4.4	4.8	4.6	3.0
Total	100.0	100.0	100.0	100.0

Sources: U.S. Bureau of the Census, 2006-2010 American Community Survey and 2010-2014 American Community Survey; Gruen Gruen + Associates.

The type of units that comprise owner-occupied units has remained fairly constant between 2010 and 2014. A small downward shift has occurred in the proportion of owner-occupied units that are in single family, detached units but still comprises a majority of owner-occupied units. A slight upward shift has occurred in multi-family type units for owner-occupied units. In 2010, less than one percent owner-occupied housing units were in multi-family units. By 2014, 1.5 percent of owner-occupied housing units were in multi-family units.

Renter-occupied units have experienced a more significant change in the type of unit occupied between 2010 and 2014. In 2010, 35 percent of renter-occupied units were in single-family detached units. By 2014, the share of renter-occupied units in single-family units had increased to 42 percent. This change is consistent with trends described by local area developers and real estate brokers who indicated local buyers of single-family homes have been increasingly renting out homes. The share of renter-occupied units in smaller multi-family developments (i.e., 2 – 9 unit projects) has declined while the share of renter-occupied units in larger multi-family developments (i.e., 10+ unit projects) has increased.



Tenure and Occupancy Status

Table IV-4 shows the number of vacant units and vacancy status for owner- and renter-occupied units for Des Moines County in 2010 and 2014.

TABLE IV-4: Number of Vacant Units and Tenure and Occupancy Status of Units in Des Moines County, 2010 and 2014			
	2010	2014	Change or Shift 2010-2014
Number of Vacant Housing Units	1,767	1,612	-155
Homeowner Vacancy Rate	2.7%	1.0%	-1.7%
Rental Vacancy Rate	7.6%	11.0%	+3.4%
Sources: U.S. Bureau of the Census, 2006-2010 American Community Survey and 2010-2014 American Community Survey; Gruen Gruen + Associates.			

According to the U.S. Census Bureau, the number of vacant housing units declined by 155 units between 2010 and 2014. In 2014, the Census estimates that owner-occupied units had a 1.0 percent vacancy rate and renter-occupied units had an 11 percent vacancy rate. While the U.S. Census Bureau reports an overall County-wide vacancy rate of 8.2 percent in 2014, note that the U.S. Census Bureau reports vacant units that include units that have been rented or sold, but not yet occupied, seasonal housing, housing for migrant workers, and other boarded up housing which may overinflate the amount of vacant housing. Discussions with local Realtors, builders, and developers and residential property owners indicate that vacancy rates are much lower for both for-sale and rental housing. Interviews with managers of rental units indicate that occupancy rates have increased to very high levels, generally 98 percent or higher.

The City of Burlington requires rental permits for owner-occupied homes converted to rentals. The City reports that over the past three years 399 homes have been converted from owner-occupied to renter-occupied units. This equates to approximately two percent of the County’s supply of housing units and is consistent with the slight upward shift in the proportion of renter-occupied units and decrease in vacancy reported by local representatives.



RENTAL COSTS OF RENTER-OCCUPIED HOUSING

Table IV-5 shows the gross rent for occupied rental units as reported in the American Community Survey.

TABLE IV-5: Number of Occupied Rental Units by Monthly Rent in Des Moines County, 2010 and 2014				
Monthly Rent	2010		2014	
	#	%	#	%
Less than \$200	194	4.7	164	3.8
\$200-\$299	384	9.3	307	7.2
\$300-\$499	993	24.2	718	16.9
\$500-\$749	1,525	37.1	1,626	38.2
\$750-\$999	840	20.4	1,121	26.3
Greater than \$1,000	173	4.2	325	7.6
Total	4,109	100.0	4,261	100.0
Median Rent	\$578	-	\$638	-

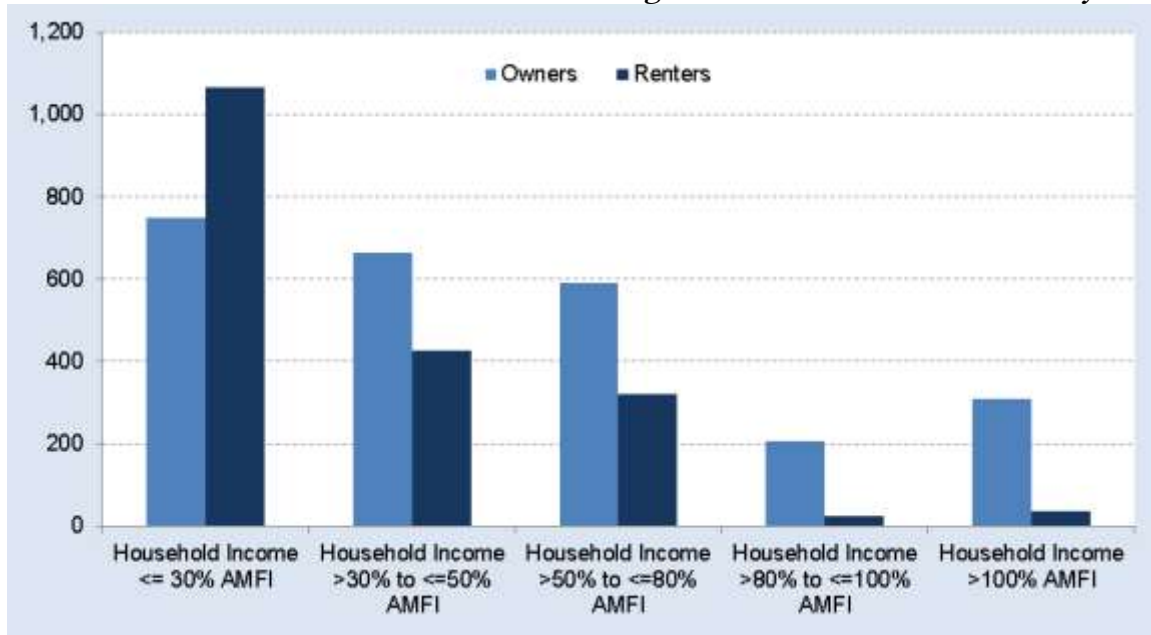
Sources: U.S. Bureau of the Census; Gruen Gruen + Associates.

For occupied rental units in Des Moines County, the median gross monthly rent increased by \$60, a 10.4 percent increase between 2010 and 2014. Units with monthly rents of \$750 or higher had the largest change between 2010 and 2014. In 2010, nearly 25 percent of units were rented for \$750 or more. In 2014, nearly 34 percent of rental units were in \$750 or more rent categories. Units rented in the \$300 to \$499 rent category had the largest downward shift over the four year period. In 2010, 24 percent of rental units were in the \$300-\$499 rent category. By 2014, the proportion of units in this rent category decreased to 17 percent.



Figure IV-1 summarizes the number of households in the County with a HUD-defined housing problem. HUD-defined housing problems include units lacking complete kitchen or plumbing facilities, units with more than one occupant per room (i.e. overcrowded), or units occupied by cost-burdened households (paying more than 30 percent of their income towards housing).

FIGURE IV-1: Households with a Housing Problem in Des Moines County



Source: U.S. Department of Housing and Urban Development

In 2012, the U.S. Department of Housing and Urban Development (HUD) estimated 4,400 households out of 16,935 County households had a HUD-defined housing problem. About two-thirds of households or 2,900 households in the County with a HUD-defined housing problem (such as a housing unit lacking complete kitchen or plumbing facilities, units with more than one occupant per room -i.e. overcrowded-, or units occupied by cost-burdened households paying more than 30 percent of their income towards housing) are at the two lowest income brackets representing households with income below 50 percent of the Area Median Family Income ("AMFI"). The 2015 median family income in Des Moines County is \$56,900 so these households whose income is below 50 percent of the AMFI are estimated to earn below \$30,000.

About 80 percent of all households below 30 percent of AMFI experience at least one housing problem in the County. Approximately 50 percent of households within incomes between 30 and 50 percent of AMFI experience at least one housing problem. Only six percent of households with incomes exceeding 80 percent of AMFI experience a HUD-defined housing problem.

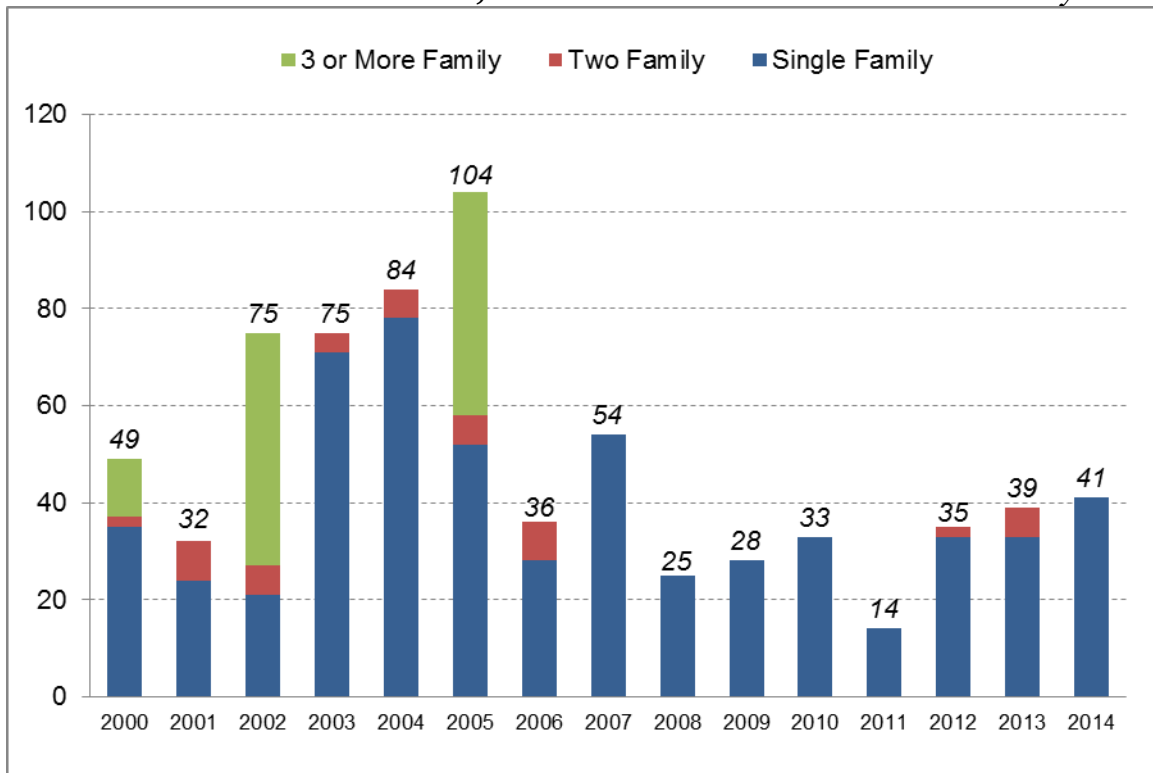


HOUSING CONSTRUCTION ACTIVITY

Over the 14 year period from 2000 to 2014, 724 residential units (or an annual average of 51 units) were permitted in Des Moines County. This number of units comprises approximately four percent of the housing stock in the County. Residential permits issued for construction starts peaked in Des Moines County in 2005 when 104 units were permitted. Since 2005, the annual number of housing permits has ranged from a low of 14 units in 2011 to a high of 54 units in 2007. Over the past three years, the number of units upon which permits have been issued has steadily climbed and was 41 units in 2014, still less than half the number of units permitted in 2004 and 2005.

Demand for new construction permits has remained soft and may reflect in part the difficulties of both buyers and builders in obtaining financing as well as the weak employment situation during this period. The economic infeasibility of creating new units has also impacted the amount of new units permitted.

FIGURE IV-2: Annual Units, Construction Starts for Des Moines County



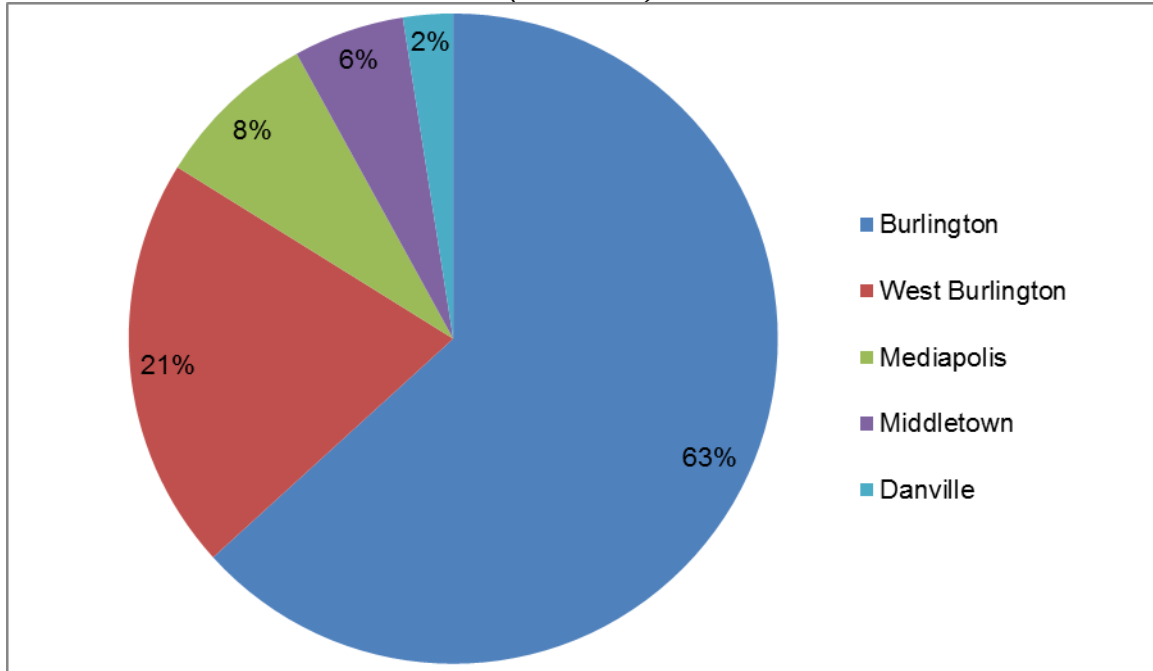
Source: U.S. Census Bureau

Since 2006, multi-family construction permits for buildings with two units- and buildings with three or more units- has been negligible. This may reflect that some of the older single-family housing stock has been converted rental housing in Des Moines County.



Figure IV-3 shows the proportion that each community makes up of total housing units permitted from 2000 to 2014. Burlington makes up 63 percent of the total permitted units (for housing of all types) with West Burlington following with 21 percent of total permitted units. Mediapolis, Danville, and Middletown, collectively comprise 16 percent of total permitted units over the 14 year period.

FIGURE IV-3: Proportion Communities Make Up of Total Permitted Housing Units (2000-2014)



Source: U.S. Census Bureau



Ruhl & Ruhl Realtors reports in its Real Estate Facts and Trends Reports the number of new home starts for Burlington and West Burlington from 2011 to 2014. Table IV-6 shows the number of new home starts in Burlington and West Burlington.

TABLE IV-6: Number of New Home Starts in Burlington and West Burlington: 2011-2014			
Year	Burlington #	West Burlington #	Total #
2011	7	1	8
2012	17	1	18
2013	32	4	36
2014	16	7	23
Source: Ruhl & Ruhl Realtors			

The new homes starts between 2011 and 2014 in Burlington and West Burlington totals 85 units, approximately 66 percent of the County-wide housing unit construction starts.

Discussions with local developers and property owners indicate that only a few projects are under construction, being actively marketed, or planned in Des Moines County. The highest-end project in the City of Burlington, Westbrook Estates, is a 74 lot subdivision with homes priced from \$500,000 and up. According to the developer, half of the lots in the 15 year old project have been sold and built upon. An additional 36 lots remain available. The same developer also developed two years ago, Westbrook Meadows a 12-unit condo duplex project which sold out quickly. The developer plans to add another 18 units to this project. Another developer is building a 15-lot single family subdivision in the City of Burlington. Currently nine lots remain available and home prices (with upgrades requested by buyers) have ranged from \$350,000 to \$400,000.

One apartment developer who owns and manages a 90-unit project in Burlington indicated plans for adding an additional 16 units. The Southeast Iowa Regional Planning Commission (“SEIRPC”) reported that Downtown Burlington contains 192 housing units (the majority are rental units), most of which have been funded by grants. SEIRPC reported an additional 153 units are planned in Downtown Burlington, most of which will be dependent upon receiving grant funding or tax incentive funding.



HOME SALES ACTIVITY AND PRICES

Single Family and Condo Sales

Table IV-7 shows the number of single-family homes sold in Burlington and West Burlington between 2007 and 2015. According to the local realtor who provided the sales data, the number of home sales in the other smaller municipalities in Des Moines County was very low.

TABLE IV-7: Number of Single-Family Homes Sold in Burlington and West Burlington (2007-2015)¹		
Year	Number of Properties Sold ¹ #	Year-over-Year Change %
2007	518	-
2008	477	-7.9
2009	384	-19.5
2010	337	-12.2
2011	352	+4.3
2012	361	+2.6
2013	400	+10.8
2014	402	+0.5
2015	430	+7.0
Percent Change 2007-2010		-34.9
Percent Change 2010-2015		+27.6
¹ Includes homes and condos.		
Sources: Re/Max Real Estate Specialists, Inc; Gruen Gruen + Associates.		

The number of single-family homes sold reached its highest point in 2007 and 2008 when approximately 500 homes per year were sold. The number of homes sold began to decline in 2009 and reached a low of 337 sales in 2010. Since 2010, the annual number of home sales began to increase with a high reached in 2015 of 430 home sales and an annual average of approximately 390 home sales from 2011 to 2015. The number of residential lots and multi-family home sales in Burlington and West Burlington has been low between 2011 and 2015. Between 2011 and 2015, 46 lots and 46 multi-family homes have sold.



Table IV-8 shows the proportion of single-family home sales in Burlington and West Burlington broken down by price range from 2011 to 2015.

TABLE IV-8: Proportion of Single-Family Homes Sold by Price in Burlington and West Burlington (2011-2015)¹					
Price Range	2011 %	2012 %	2013 %	2014 %	2015 %
Below \$50,000	23.3	20.8	18.3	20.9	17.7
\$50,001 - \$100,000	40.9	37.7	39.0	41.0	35.8
\$100,001 - \$150,000	18.5	23.3	21.3	18.2	19.3
\$150,001 - \$200,000	7.4	9.1	10.5	10.2	13.7
\$200,001 - \$250,000	3.4	4.4	5.0	4.7	5.1
\$250,000 and Above	6.5	4.7	6.0	5.0	8.4
Total	100.0	100.0	100.0	100.0	100.0

Sources: Re/Max Real Estate Specialists, Inc.; Gruen Gruen + Associates.

While the total number of homes sold has increased from 352 in 2011 to 430 in 2015, the proportion of sales by price has shifted. The proportion of homes sold in the lowest two price categories – below \$50,000 and \$50,001 and \$100,000 – has declined from approximately 64 percent collectively in 2011 to 54 percent in 2015. The proportion of sold homes priced from \$100,001 to \$150,000 has remained relatively constant at about 20 percent. The proportion of homes in the three highest price categories - \$150,001 to \$200,000, \$200,001 to \$250,000, and \$250,000 and above – has increased collectively from 17 percent in 2011 to 27 percent in 2015. The shift in the proportion of sold homes by price category corresponds with the number of active listings by price. The lowest numbers of active listings are in the \$150,001 to \$200,000 and \$200,001 to \$250,000 price ranges (as shown below on Table IV-10).



Table IV-9 shows for Des Moines County the number of sales in 2015 for all residential property types and average days on the market.

TABLE IV-9: Number of Residential Properties Sold and Average Days on Market in Des Moines County, January – December 2015¹		
Price Range	Number of Properties Sold ¹ #	Average Days on Market #
Below \$59,999	105	64
\$60,000 - \$99,999	148	77
\$100,000 - \$159,999	125	67
\$160,000 - \$199,999	55	88
\$200,000 - \$299,999	40	67
\$300,000 - \$399,999	21	173
\$400,000 and Above	6	74
Total	500	81
¹ Includes sales of homes, condos, rural acreage, duplex, farm properties from 1/1/15 to 12/31/15.		
Sources: Century 21; Gruen Gruen + Associates.		

For all residential property types in Des Moines County, the number of properties sold totaled 500 in 2015. The average days on the market in 2015 were 81 days. For properties under \$159,999 which comprised three-quarters of all sales, the average days on the market ranged from 64 to 77 days. With the exception of sales in the \$300,000-\$399,999 price category, days on the market averaged less than 90 days for all other sales price categories.

According to local developers and builders, demand for home sales in Des Moines County are primarily from move up buyers, trade down buyers, or new people moving in to the area for employment reasons. A 15-lot subdivision under construction in Burlington has attracted retired couples and households in their 40's and 50's who move up from lower priced housing in Burlington. Another 17-lot subdivision built in 2011 in Burlington has only one remaining lot available. The developer built eight single-family homes and 18 duplex units (on nine lots). Prices are in the \$230,000 to \$280,000 range and according to the developer, buyers have been in the age range of upper 50's to mid-70's and moved from within Burlington.

Westbrook Estates, a 74-lot single-family home subdivision, has sold half its lots to physicians and buyers in professional services or management positions. Approximately half of the buyers have been move up buyers from the local area.

Several condominium duplex projects have been developed in Burlington. According to local developers and builders, most condominium units are priced between \$250,000 and \$300,000 and attract older age buyers. The developer of Westbrook Estates also built Westbrook Meadows two years ago. The 12-unit project was priced at \$285,000. Five of the homes were pre-sold and seven units were built speculatively. Eight units were bought by local older age buyers who were trading up from lower priced homes. Four units were bought by the Great River Medical Center which rented the units to its physicians who subsequently purchased the units. The developer plans to add another 18 units of the same product type but at higher prices of approximately \$295,000.



For-Sale Inventory

One local realtor provided an inventory of current for-sale listings in Burlington and West Burlington which contain the majority of active listings in Des Moines County. As of January 2016, only 160 homes are for sale Burlington and West Burlington. Table IV-10 provides a summary of the number and price range of current listings. According to the local realtor, the number of listings is at its lowest point following a robust year of re-sales in 2015. The 160 re-sale listings in Burlington and West Burlington represents just under one percent of the County’s total housing units.

Price Range	Number of Active Listings #	Proportion of Active Listings %
Below \$50,000	18	11.3
\$50,001 - \$100,000	68	42.5
\$100,001 - \$150,000	31	19.4
\$150,001 - \$200,000	12	7.5
\$200,001 - \$250,000	8	5.0
\$250,000 and Above	23	14.4
Total	160	100.0

¹ Listings are only for City of Burlington and City of West Burlington. The other communities in Des Moines County have an additional 18 active residential listings.
Sources: Re/Max Real Estate Specialists, Inc.; Gruen Gruen + Associates.

The largest number of current for-sale listings are in the \$50,001 to \$100,000 price category with 68 homes listed. The second largest category with listings is homes priced between \$100,001 and \$150,000. Price categories between \$150,001 and \$250,000 have the lowest number of listings with only 20 homes currently for sale.

The local realtor reported that only 10 lots and four multi-family units are currently listed for sale in Burlington and West Burlington.

RENTAL HOUSING AND VACANCY

Interviews with developers and property owners of rental housing in Des Moines County indicate that the supply of rental housing is tight with occupancies close to or at 100 percent. The construction of Iowa Fertilizer Company plant in nearby Lee County has brought in 2,500 to 4,000 construction workers over the past couple years, many of whom have rented housing in Des Moines County. One owner of a 90-unit apartment project in Burlington reported that over 20 percent of the units are rented by the fertilizer plant construction workers and the project has a 35 person waiting list. Rents at the project have increased \$150 over the past 3½ years. Current monthly rents are \$700 for a one-bedroom unit, \$1,000-\$1,200 for two-bedroom units, and \$1,500 for three-bedroom units.



Many older low priced single-family homes have been sold over the past few years and converted to rental housing. One property owner indicated that about half of his 140 rental units are single-family homes. Occupancies were high prior to the construction of the fertilizer plant but now his units are 100 percent occupied. According to the owner, two factors contributed to the full occupancies: 1) the Great Recession in which many households lost homes and moved to rentals; and 2) the City of Burlington’s acquiring property and removing some older homes which displaced renters. Rents have also climbed with increasing occupancy. Monthly rents have increased by \$100 to \$200 over the past couple years. Two- and three-bedroom homes currently rent for \$650 to \$900.

Another owner of a 24 unit project in Burlington reports high occupancy and indicated that the 900-square-foot units currently rent for \$700 per month, up from \$600 in 2012.

Table IV-11 provides examples of occupancy and rent levels of projects or rental holdings of property owners interviewed.

TABLE IV-11: Examples of Rents and Occupancy of Apartments or Rental Units in Des Moines County, January 2016		
Project or Holding	Monthly Rents \$	Occupancy %
Stonegate Apartments, 90 units Burlington	\$700 – 1 Bedroom \$1,000-\$1,200 – 2 Bedroom \$1,500 – 3 Bedroom	100
140 Rental Unit Portfolio	\$650 – 2 Bedroom \$700-\$900 – 3 Bedroom	100
24 Unit Portfolio	\$700	High Occupancy Reported
6 Unit Portfolio	\$800 – 2 Bedroom \$950 – 3 Bedroom	100
Source: Gruen Gruen + Interviews		

SEIRPC also indicated that occupancy of apartments in Downtown Burlington is very high although rent levels are generally below market for many of the units due to income requirements from tax credits or grants received for development.

AVAILABLE LAND SUPPLY FOR HOUSING

Other than one large land holding on the south side of Burlington, few lots and limited land remains available in the City of Burlington for housing development. The developer of Westbrook Estates owns the largest land holding of 500 acres annexed into Burlington. Other local developers, builders, and property owners indicated other available sites include two sites in West Burlington totaling nearly 45 acres. The City of Mediapolis is relocating its ball fields which may open up additional land in the community for future housing. Although land remains available outside of municipal boundaries in the County, developers and builders indicated that development is constrained by insufficient infrastructure capacity and topography issues and feasibly developed sites are difficult to find.



**CHAPTER V: EMPLOYMENT TRENDS AND FORECAST, PROJECTED
POPULATION AND HOUSEHOLD GROWTH, AND POTENTIAL FUTURE
HOUSING NEEDS**

INTRODUCTION

The amount of housing needed in a community is influenced by the size of the community's population and the living arrangements of the population. The size of the population, in turn, relates to the size of the community's employment base and the opportunities for housing development, while living arrangements also relate to development opportunities.

This chapter reviews potential future housing needs. GG+A estimates employment growth in order to derive an estimate of the labor force increases needed to sustain employment growth. Housing needs are based upon the shelter requirements of the required labor force plus retired or unemployed households. Accordingly, GG+A's estimate of housing needs presented in this report includes the estimated housing units required to serve estimated new workers and their households as well as replacements for existing units that are expected to be lost due to age and poor physical condition. We include the number of new housing units required to meet the housing needs of Des Moines County's population not only the units for new households but also units to replace those removed from the housing stock and to allow for vacancies. Vacancies are required both to allow movement among dwelling units and to keep the price of housing from excessively escalating.

The next sections of this chapter presents GG+A's estimate of increased housing needs, based in part on an estimate of employment growth in Des Moines County. The estimate of housing needs presented includes the units required for new workers and their households as well as replacements for existing units that are expected to be lost – for example, through conversion to other uses, redevelopment, or torn down.

**REGIONAL EMPLOYMENT FORECAST AND ESTIMATED SHARE OF
REGIONAL EMPLOYMENT DES MOINES COUNTY WILL CAPTURE**

Based on discussions with local economic development and municipal officials, private sector businesses, and the County's largest employer, Great River Medical Center, we estimate that Des Moines County's employment base has stabilized and may increase over the next 10 years.



Table V-1 shows the projected employment (i.e., number of jobs) for the four-county area encompassing the Southeast Iowa Regional Planning Commission jurisdiction and which includes Des Moines County.

TABLE V-1: Employment Projection for Iowa Workforce Development Region 16¹				
Sector	Actual 2012 #	Projected 2022 #	Projected Change 2012-2022 #	Projected Average Annual Growth Rate %
Agriculture/Natural Resources	3,455	3,435	-20	-0.1
Utilities	215	195	-20	-1.0
Construction	2,270	2,865	595	2.4
Manufacturing	12,310	12,795	485	0.4
Wholesale Trade	1,445	1,530	85	0.6
Retail Trade	6,235	6,735	500	0.8
Transportation & Warehousing	3,530	4,025	495	1.3
Information	455	430	-25	-0.6
Finance, Insurance & Real Estate	1,460	1,570	110	0.7
Professional & Business Services	3,245	3,835	590	1.7
Education & Health Care	11,525	13,120	1,595	1.3
Leisure & Hospitality	4,120	4,555	435	1.0
Other Services	1,810	2,010	200	1.1
Government	2,990	3,050	60	0.2
Total Payroll Employment ²	55,065	60,150	5,085	0.9
¹ Region 16 corresponds to the four-county area encompassing the Southeast Iowa Regional Planning Commission jurisdiction, including Des Moines County.				
² Excludes self-employed and unpaid family workers.				
Sources: Iowa Workforce Development; Gruen Gruen + Associates.				

Iowa Workforce Development (“IWD”) prepared the employment projections. Over the 10 year period 2012-2022, IWD forecasts that regional employment will increase 0.9 percent annually, increasing by over 5,000 jobs. By 2022, the four-county area is forecast to have more than 60,000 jobs. Des Moines County comprises approximately one-half of the four-county regional job base. If Des Moines County maintains its approximately 51 present share of the total employment in the four-county area, based on the forecast for the four-county area, over the next six years, Des Moines County would add about 1,808 jobs.



According to the Greater Burlington Partnership, manufacturing employment in the County is expected to grow in the next couple years by more than 600 jobs partially reflecting the addition of 124 new jobs at GE Electrical Distribution Center and Silgan Containers new 400,000-square-foot distribution facility in the Flint Ridge Business Park which is expected to add 120 new jobs.

The representative with Great River Medical Center reported that the Great River Medical Center hospital has added 75 to 85 new positions over the past five years. It is unclear whether the Great River Medical Center will continue to expand employment at the same rate in the future given the uncertainties and consolidations in the healthcare field due to the Affordable Care Act. In addition, Burlington's Flint Ridge Business Park has approximately 80 acres of land remaining available for development which when implemented will generate additional employment over time.

Over the next 10 years, based on a synthesis of the interviews, post Great Recession employment growth (2,073 jobs or on average 414 jobs per year since 2010), and the long term forecast for the four-county area, we assume that Des Moines County could add a total of approximately 2,000 jobs, or on average approximately 200 jobs per year.

NEW HOUSEHOLDS IN DES MOINES COUNTY

The number of additional households that may be expected in Des Moines County given the employment growth forecast in Table V-3 can be estimated by accounting for commuting, unemployment, and the number of workers per household.

COMMUTING

The forecast of employed workers must be translated into a projection of employed residents. This translation is accomplished by subtracting local workers who live outside Des Moines County (in-commuters) and adding residents who work outside Des Moines County (out-commuters). According to the U.S. Census Bureau, OntheMap Longitudinal Employer-Household Dynamics, more workers commuted to jobs in Des Moines County from homes outside the County than commuted to jobs outside the County from homes inside the County. In other words, net in-commuting occurs. Because of net in-commuting, fewer employed County residents exist than the number of jobs. The interviews suggest net in-commuting reflects a shortage of quality housing such workers can afford. A reduction in net in-commuting can be expected if the supply of affordable quality housing increases. This potential reduction in net in-commuting is shown on Table V-2. The adjustment for commuting yields an estimate of employed Des Moines County residents presented in Table V-2.



TABLE V-2: Forecast Des Moines County Employment Adjusted for Commuting		
Year	Expected Non-Farm Wage & Salary Employment ¹ #	Employed Resident Labor ² #
2015	23,046	20,050
2020	24,102	20,969
2025	25,206	21,929
Change 2015-2025	2,160	1,879
¹ Based on estimated 0.9 percent annual future growth rate from a base of 23,046 non-farm wage and salary jobs in June 2015. Figures have been rounded.		
² Net in-commuting in 2013 was estimated at approximately 13 percent of the wage and salary employment base. We apply this net-in-commuting rate of 13 percent to the forecast; or in other words, assume 0.87 additional resident labor force members for each new additional job.		
Sources: U.S. Census Bureau, LEHD Program Data; Iowa Workforce Development; Gruen Gruen + Associates.		

Estimated employment of approximately 23,000 in June 2015 translates into an estimate of employed resident labor force members of approximately 20,000. By 2025, the forecast employment base in Des Moines County of approximately 25,000 is estimated to translate into approximately 22,000 employed Des Moines County residents. The forecast equates to an additional nearly 1,900 employed resident labor force members over the next 10 years.

UNEMPLOYMENT

The difference between the number of resident employees and the resident labor force is the number of unemployed resident labor force members. The Iowa Workforce Development reports an annual average unemployment for 2015 in Des Moines County of 4.5 percent, a decrease from the high of 8.5 percent in December 2009. We use an average of five percent to estimate the size of the total Des Moines County labor force, as shown on Table V-3.

TABLE V-3: Forecast Resident Des Moines County Employment Adjusted for Unemployment¹		
Year	Employed Resident Labor Force #	Total Projected Labor Force #
2015	20,050	21,105
2020	20,969	22,072
2025	21,929	23,083
Change 2015-2025	1,879	1,978
¹ Based on estimated annual unemployment rate of five percent. Figures have been rounded.		
Sources: Iowa Workforce Development; Gruen Gruen + Associates.		

We estimate a total labor force for the County of approximately 21,100. This labor force is expected to increase by about nine percent by 2025 to a labor force of approximately 23,000. About 2,700 additional labor force members within the County will be required over the next 10 years to accommodate forecast employment growth while maintaining (not reducing) the current rate of net-in-commuting into the County.



PROJECTED NEW HOUSEHOLDS IN DES MOINES COUNTY

We estimate the number of households associated with the labor force projected above in Table V-3 using information on the relationship between labor force size and number of workforce households reported by the U.S. Census (a workforce household includes at least one active member of the labor force). The ratio of labor force members per workforce household (estimated at 1.75 workers per household in 2014) is calculated to form the basis of the translation from workers to households.

TABLE V-4: Projected Des Moines County Labor Force Adjusted to Number of Households		
	Labor Force Growth #	Additional Workforce Households ¹ #
2015-2020	967	552
2020-2025	1,011	578
Total 2015-2025	1,978	1,130
¹ According to the 2010-2014 American Community Survey, Des Moines County contained about 20,000 civilian labor force members and 11,350 workforce households (a workforce household contains at least one active member of the labor force). This equates to an average of approximately 1.75 labor force members for each workforce household.		
Sources: U.S. Census Bureau, 2010-2014 American Community Survey; Gruen Gruen + Associates.		

We estimate that the number of workforce households in Des Moines County will increase by approximately 1,100 over the next 10 years based on projected employment growth and the projected labor force in Des Moines County.

PROJECTED HOUSING UNITS NEEDED FOR REPLACEMENT

The interviews, site inspections, estimates of frequency of housing demolition and replacement, and analysis of housing unit characteristics suggest that some of the housing stock of Des Moines County is functionally obsolete. As described in Chapter V, Des Moines County contains approximately 7,000 housing units that are nearly 80-years or older. Many of the older housing units are also small units. According to the 2014 American Community Survey, approximately 0.6 percent of housing units lacked complete plumbing facilities and 1.0 percent of units lacked complete kitchen facilities⁸. Approximately three percent of Des Moines County housing units lack conventional utility gas or electric heating. It will probably not be feasible to cure the obsolescence or substandard conditions of many of the older and smaller units.

⁸ The U.S. Census Bureau defines complete plumbing facilities as a housing unit containing (1) hot and cold piped water, (2) a flush toilet, and (3) a bathtub or shower. Housing units with complete kitchen facilities include (1) a sink with piped water, (2) a range, or cook top and oven, and (3) a refrigerator.



According to data provided by the Southeast Iowa Regional Planning Commission, 245 housing units were demolished between 2000 and 2010. Approximately 170 of these units were demolished in the City of Burlington and an additional 75 units were removed in the City of Middletown. According to the City Manager with the City of Burlington, approximately one home per month is taken over by the City due to abandonment. Based on repeated inspections, City of Burlington inspectors estimate that approximately five percent of owner-occupied housing is substandard and 20 percent of rental housing is substandard in the city. The amount of substandard housing that has been removed is limited due to the low vacancy rates such that even substandard units are occupied.

Given these conditions, we assume in the longer run, the housing stock of Des Moines County will need to be replaced at an average annual rate of 0.5 percent. Given the total supply of 18,838 units, this replacement assumption equates to an average of approximately 90 units per year.

This estimated replacement requirement adds to the estimated housing need an additional 900 units between 2015 and 2025. Table V-5 shows the forecast total and annual housing needs in Des Moines County for new households plus replacement housing units between 2015 and 2025.

TABLE V-5: Forecast Total and Annual Housing Needs in Des Moines County, 2015-2025¹	
	2015-2025 #
Housing Units Needed for New Households ²	1,200
Housing Units Needed for Replacement	900
Total Housing Units Needed	2,100
Housing Units Needed Per Year	210
¹ Figures have been rounded.	
² Reflects five percent vacancy rate for mobility.	
Source: Gruen Gruen + Associates	

Between 2015 and 2015, we estimate that approximately 1,200 housing units will be needed to house household growth induced by employment growth. This estimate reflects a five percent vacancy rate to account for mobility. With the additional need necessitated by replacement demand of 900 units, the total housing units needed over the next decade approximates 2,100, or an annual average of approximately 200 units.



**CHAPTER VI: ESTIMATED NEED FOR HOUSING BY PRICE RANGE
BASED ON INCOME DISTRIBUTION**

INTRODUCTION

The number of expected households is not a direct indication of the demand for housing because it does not consider the ability of households to pay for shelter. The production of new housing units will be stimulated if a sufficient number of households, in excess of those that can be accommodated by the existing housing stock, are able to pay a price that would enable builders to supply new units at a profit. To translate the projected number of households into an estimate of “effective housing demand”, and to estimate the number of households who cannot afford the housing they need, therefore, the ability of households to pay for housing must be approximated. This step is accomplished by (1) drawing on the estimates or making estimates of the future number of households in the County; (2) projecting the income distribution of the households for the County; and (3) then estimating the house price or rent that households in each income group could afford.

**PROJECTED NEW HOUSEHOLDS IN BURLINGTON, WEST BURLINGTON,
MEDIAPOLIS, DANVILLE AND MIDDLETOWN, AND DES MOINES
COUNTY**

In 2015 nearly 79 percent of all households in Des Moines County lived in one of these five cities: Burlington, West Burlington, Mediapolis, Middletown, and Danville. The actual distribution of future households will depend upon whether in-commuters are attracted to housing within Des Moines County, and if so, where they choose to locate and the availability of housing as well as other factors. Other things – particularly housing opportunities – being equal, however, it may be assumed that these households lived in these cities because they preferred to do so, and that this preference pattern will continue into the future. Based on this assumption, 80 percent of the new households in Des Moines County between 2015 and 2025 will seek housing on one of these five cities within Des Moines County. Table VI-1 shows the number of new households (generated by employment growth) by city and for the County as a whole estimated to be added between 2015 and 2025.



TABLE VI-1: Projected Number of Households in the Cities of Burlington, West Burlington, Mediapolis, Danville and Middletown, and Des Moines County, 2015-2025¹

Year	Burlington #	West Burlington #	Mediapolis #	Danville #	Middletown #	Total Des Moines County #
2015	10,882	1,368	606	369	115	17,294
2020	11,229	1,412	625	381	119	17,846
2025	11,593	1,458	645	393	123	18,424
Increase, 2015-2020	347	44	19	12	4	552
Increase, 2020-2025	364	46	20	12	4	578

¹ Based on the proportion of households that each city makes up of total County households.

Sources: U.S. Census Bureau, 2010-2014 American Community Survey, 5 Year Estimates; Gruen Gruen + Associates.

Based on the proportion that households in each city made up of the County’s total households in 2015, we estimate the distribution of the projected new households in the five cities. Of the 552 new households estimated to be added in the County between 2015 and 2020, 426 of these households will likely be located in Burlington, West Burlington, Mediapolis, Danville, and Middletown. Of the 578 new households estimated to be added between 2020 and 2025, approximately 446 new households are likely to locate in one of the five cities.

NEW HOUSEHOLDS ASSIGNED TO INCOME GROUPS TO CATEGORIZE HOUSING NEED BY PRICE RANGE

We assume that the income distribution of new households in an area will approximate that of households already living there. We believe this assumption is reasonable because irrespective of the types of new job opportunities, employers typically seek to pay about the same for similar labor as employers already located in the area.

One consideration in estimating the income distribution for households, whether new to or already living in an area, is the relationship of incomes and housing prices over time; that is real income growth with respect to housing prices. Given low inflation trends and the anticipated new employment in the manufacturing sector which has experienced little growth in wage levels, we do not assume further real income growth in projecting the needs for housing by both households new to an area and existing households. This may understate the effective demand for higher priced housing.



Table VI-2 shows the income distribution of households in the five cities and Des Moines County in 2014.

TABLE VI-2: Household Income Distribution of Households: 2014						
Income Category	Proportion of Households					
	Total Des Moines County %	Burlington %	West Burlington %	Mediapolis %	Danville %	Middletown %
Under \$24,999	27.5	31.7	31.0	29.8	20.1	13.9
\$25,000-\$34,999	13.0	14.8	14.0	9.4	11.7	11.3
\$35,000-\$49,999	17.7	17.2	16.5	12.7	17.6	15.7
\$50,000-\$74,999	19.2	18.5	23.2	21.8	20.1	30.4
\$75,000-\$99,999	9.9	8.0	7.2	12.5	19.8	13.9
\$100,000 and over	12.7	9.7	8.0	13.9	10.9	9.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Median Income	\$42,146	\$37,223	\$39,107	\$47,222	\$50,781	\$52,917

Sources: U.S. Census Bureau, 2010-2014 American Community Survey, 5 Year Estimates; Gruen Gruen + Associates.

Using this information as a base, we estimated the number of households by income category for 2020 and 2025 assuming no increase in average annual growth in real income. Table VI-3 show the projected number of net new households by income in Des Moines County and each city between 2015 and 2025. This estimated distribution provides a basis for estimating the associated housing price range additional households with incomes in the various categories can afford.

TABLE VI-3: Forecast Number of Net Additional Households Distributed by Household Income Within Des Moines County: 2015-2025						
Income Category	Number of Net New Households					
	Total Des Moines County ¹ #	Burlington #	West Burlington #	Mediapolis #	Danville #	Middletown #
Under \$24,999	311	225	28	12	5	1
\$25,000-\$34,999	147	105	13	4	3	1
\$35,000-\$49,999	200	122	15	5	4	1
\$50,000-\$74,999	217	132	21	9	5	3
\$75,000-\$99,999	112	57	6	5	5	1
\$100,000 and over	144	69	7	5	3	1
TOTAL	1,130	711	90	39	24	8

¹ Total for county including new households in cities.
Sources: U.S. Census Bureau, 2010-2014 American Community Survey, 5 Year Estimates; Gruen Gruen + Associates.



Of the approximately estimated 1,100 new households (generated by potential employment growth), 700 households are expected to need housing in Burlington. Approximately 40 percent of new households are estimated to fall in income categories under \$34,999. About 90 households due to potential employment growth are expected to need housing in West Burlington with 46 percent of such households having incomes below \$35,000.

TRANSLATING HOUSEHOLD INCOME TO HOUSING AFFORDABILITY

The connection between household income and the value of housing those households are able to afford may be made by estimating the potential housing payment allowed by income. The standard approach used by the U.S. Department of Housing and Urban Development (HUD) is for households to spend up to 30 percent of their income on total housing costs, including mortgage, taxes, insurance, and utilities. Assumptions to translate household incomes to the cost of housing "afforded" are based upon the expenditure patterns of current Des Moines County homeowners and renters. Table V-4 summarizes the unit price points that are considered to be affordable to households of different incomes for purposes of this forecast.

In 2014, the American Community Survey estimates median homeowner expenses (including taxes, insurance, utilities, and other related expenses) in Des Moines County approximated 20.1 percent of median household income. Median housing costs after deducting taxes approximate 17.6% of median income for households with a mortgage (that includes utilities, insurance, etc.). The forecast calculations assume that mortgage payment expenses for net new workforce households will average 18 percent of before-tax household income.

We assume that average gross rents afforded by renter households will represent 25 percent of income. Again, this represents a slight decrease over current conditions. In 2014, Des Moines County renters expended an average of 28.7 percent of their before-tax income on gross rent.

For renters, the calculation of an affordable unit is straightforward: 25 percent of the monthly income is assumed as the monthly affordable gross rent, which includes utilities. For homebuyers, the calculation is slightly more complicated and is affected by mortgage terms obtainable at the time of the expected purchase. The price of the affordable house is estimated by calculating the value of the mortgage supported by a payment equal to 18 percent of the household's income, adjusted to allow for a down payment and factoring out payments made towards property taxes and insurance. The financial assumptions used to translate household income into home prices are estimated as follows: monthly mortgage payments equal 18 percent of household income (after deducting for property taxes and insurance); the buyer puts down 20 percent of the home price; and obtains a 30-year fixed rate mortgage with a five percent annual interest rate.⁹ Thus, the \$35,000 to \$50,000 income household is assumed to be able to afford a home priced between \$120,000 and \$180,000; and the \$50,000 to \$75,000 income household an \$180,000 to \$260,000 priced home.

⁹Current interest rates on 30-year fixed loans approximate four percent (4%); we have used an interest rate of five percent (5%) to make conservative estimates given the long-term 10 year forecast period.



Tables VI-4 shows the projections of new households and incomes/potential housing payments to estimate the demand for housing units by price and rent range for each city and Des Moines County from 2015 to 2025. The number of households projected to be added to each income group and therefore, each associated housing price demand group, are identified during the projection period. A five percent vacancy factor has been added to provide mobility within the housing market. All for-sale estimates are in 2015 dollars. The estimated numbers of additional housing units include both owner and renter-occupied units.



TABLE VI-4: Estimated Demand for Additional Housing Units by Price Range and Rent in the Cities of Burlington, West Burlington, Mediapolis, Danville and Middletown, and Des Moines County, 2015-2025¹

Household Income	For-Sale Price Range Afforded ²	Monthly Gross Rent Afforded ⁴	Total Des Moines County	Burlington	West Burlington	Mediapolis	Danville	Middletown
			Total Units ³ #	Total Units ³ #	Total Units ³ #	Total Units ³ #	Total Units ³ #	Total Units ³ #
Under \$35,000	Below \$120,000	Below \$700	482	347	43	17	8	2
\$35,000 - \$49,999	\$120,000 - \$180,000	\$700 - \$1,000	210	128	16	5	4	1
\$50,000 - \$74,999	\$180,000 - \$260,000	\$1,000-\$1,500	228	139	22	9	5	1
\$75,000 - \$99,999	\$260,000 - \$350,000	\$1,500-\$2,000	118	60	6	5	5	3
\$100,000 +	\$350,000+	\$2,000+	152	73	7	5	3	1
Total			1,189	747	94	41	25	8

¹ Reported in 2015 dollars.

² Prices based on monthly mortgage payment equal to 18 percent of household income. Assumes 20 percent down payment on a 30-year fixed mortgage with five percent interest rate.

³ Assumes that gross rent approximates 20 percent of income.

⁴ A five percent vacancy factor is presumed to provide mobility in the housing market.

Source: Gruen Gruen + Associates



Between 2015 and 2025, if Des Moines County’s employment base increases as forecast, we estimate new households in Des Moines County will support approximately 1,200 additional housing units. Of these units, 40 percent of the estimated households are projected to be able to afford units priced under approximately \$120,000. (Some of these households may purchase mobile homes as suggested by the 4.4 percent of mobile home units in 2014 as shown in Table IV-1). Eighteen percent of new households could afford to purchase homes priced between \$120,000 and \$180,000. Nineteen percent of households could afford homes priced between \$180,000 and \$260,000. Ten percent of households could afford homes priced between \$260,000 and \$350,000. Nearly 12 percent of households could afford home priced above \$350,000.

To get an estimate of the surplus or shortfall of demand for housing by price, we estimated the total demand and average annual demand from 2015 to 2025 to the current active listings in Burlington and West Burlington. Table VI-5 shows surplus or shortfall of housing unit demand by price. The for-sale price range afforded categories do not correspond exactly to the price categories for active listings but have been aggregated as reasonably as possible to make this analysis.

TABLE VI-5: Surplus or Shortfall of Housing Units Demanded to Current Active Listings Price Range in the Cities of Burlington and West Burlington, 2015-2025¹

For-Sale Price Range Afforded	Total Units Demanded 2015-2025 #	Average Annual Units Demanded 2015-2025 #	Active Listings #	Surplus/(Shortfall) of Units #
Below \$180,000 ¹	534	53	117	64
\$180,001-\$260,000	161	16	20	4
\$260,001 and Above	146	15	23	8
Total	841	84	160	76

¹ Nearly 60 percent of the active listings in this price range are priced between \$50,001 and \$100,000.
Source: Gruen Gruen + Associates

The comparison of average annual demand of housing units in Burlington and West Burlington to the current number of active listings by price range (See Table IV-10) shows that units priced generally under \$180,000 the current number of active listings exceeds the forecast average annual demand by over two to one. The current number of active listings compared to the forecast average annual demand in the \$180,000 to \$260,000 sale price range is very tight with an estimated surplus of only four units. Similarly for homes priced above \$260,000, the supply of current active listings is a little more than forecast average annual demand by eight units. This analysis of the surplus or shortfall demand and supply of housing units by price range is consistent with the results of interviews of local realtors, developers, and economic development officials, which indicate that a shortage of housing priced between the higher \$100,000’s and mid \$200,000’s currently exists in Des Moines County.



CHAPTER VII: RELATIONSHIP BETWEEN HOUSING NEEDS AND HOUSING SUPPLY AND RESIDENTIAL DEVELOPMENT LIKELY TO TAKE PLACE IN DES MOINES COUNTY

COMPARISON OF DEMAND FOR ADDITIONAL HOUSING UNITS TO AVAILABLE HOUSING SUPPLY

Table VII-1 estimates the relationship between the potential demand for housing units from 2015 to 2025 with the estimated current supply of housing units.

TABLE VII-1: Forecast Relationship Between Estimated Housing Demand and Supply of Housing for Des Moines County, 2015 – 2025¹	
	2015 – 2025 #
Current Occupied Units ²	18,400
Potential Demand for Units ³	2,100
Total of Current Occupied Units plus Potential Additional Demand	20,500
Current Inventory of Units	18,800
Future Planned Estimate of Inventory of Units	200
Number of Units Needed to be Added to Supply of Units	1,500
¹ Figures have been rounded. ² Reflects estimated two percent vacancy rate for both owner- and renter-occupied units. ³ From Table V-6 includes new housing units of approximately 1,200 and replacement housing units of approximately 900.	
Source: Gruen Gruen + Associates	

Based on the potential demand originating from forecast employment growth and estimated replacement demand and the estimated supply of available units, between now and 2025, approximately 1,500 units are forecast as needed to satisfy demand for units. This estimate of need provides for a five percent vacancy rate to facilitate mobility and choice. The interviews suggest more frequent turnover of existing units and move-ups would occur if a higher available supply of housing units existed to allow movement among dwelling units. This amount of need equates to approximately 150 units per year over the next decade.

Note interviews with local developers and builders and historical permit trends indicate that only approximately 50 units per year on average have been added in Des Moines County over the past several years. Factors affecting the feasibility of residential development have in part accounted for the low volume of historical development activity.

FACTORS AFFECTING RESIDENTIAL DEVELOPMENT ACTIVITY

Interviews with local developers and builders indicate that while land availability is somewhat of a challenge, especially in the municipalities within Des Moines County, the primary factor inhibiting development relates to the relatively high development cost of constructing new housing relative to effective demand.



The private sector is not likely to produce housing unless market conditions, the real estate economics and government regulations interact such that the costs of the needed land, hard and soft building costs, and financing costs of creating the infrastructure and structures to produce housing are equal or exceed the price that consumers are willing and able to pay for housing.

Table VII-2 shows the typical development and building costs for a prototypical new single-family housing unit.

TABLE VII-2: Estimated Prices Needed to Support New Construction of Single-Family Home	
Cost Elements	1,500-Square-Foot Single Family Home \$ per Built Square Foot
Land and Site Improvements	20.00
Hard, Soft, & Financing	140.00
Builder's Overhead & Profit	18.00
Total Costs Per Square Foot	178.00
Total Costs	\$265,000 - \$270,000

Source: Gruen Gruen + Associates

Development of new housing must have sales prices of be approximately \$170 to \$180 per square foot or higher for 1,500-square-foot or larger to be feasible. The interviews suggest that land costs are typically 10 to 15 percent of the sales price of a housing unit. Including costs of utilities, roads, and other site improvements, lot costs typically range from high \$20,000's up to \$50,000-\$60,000 for new lots in the most desirable locations. The interviews suggest a wide range of typical building costs because most homes are custom built and many homeowners add upgrades which increase building costs. Hard, soft, and financing costs start at \$140 per square foot. Builder's overhead, risk, and profit typically add another 10 to 15 percent of the sales price or another \$18 per square foot or more. Land, site improvements, hard, and soft costs, and builder's profit, typically total nearly \$180 per square foot. For a 1,500-square-foot housing unit, the sales prices would need to total between \$265,000 and \$270,000 for it to be feasible to develop the land and build the unit.

Examples of units being built indicate that it is feasible to develop higher quality single-family units but prices will generally exceed \$260,000. A 1,730-square-foot home recently built in a 15-lot subdivision in Burlington sold at the end of 2015 for \$340,000 or \$196.53 per square foot. Another 2,016-square-foot new home in Burlington sold in mid-2015 for \$325,000 (\$161.46 PSF). Two newly built homes on Pawnee Drive in Burlington sold in 2014 and 2015. The homes ranged in size from 1,909 to 2,522 square feet and sold for \$279,000 (\$146.15) and \$308,000 (\$122.13 PSF), respectively. For newly built duplex units in Westbrook Meadows which sold in late 2014 and ranged in size from 1,683 to 2,083 square feet, sales prices ranged from \$270,500 to \$304,000 or approximately \$130 to \$180 per square foot.



The interviews and analysis presented above suggest that for new for-sale housing to be produced at prices less than \$260,000 will require developments utilizing manufactured housing or large enough developments to obtain economies of scale for construction costs and the requirement of lower profit margins. Lower profit margins would be offset by higher volume of units. Approximately 77 percent of the housing unit demand shown on Table VI-5 will be from households who can afford to purchase housing at prices no higher than \$260,000. It is likely that many of these households will not be able to afford to purchase new housing units but will be likely to purchase existing homes or rent units.

Discussions with local contractors indicate apartment projects built within the past few years have averaged approximately \$80,000 per unit for hard and soft construction costs. Assuming total development costs include a 12 percent developer profit margin results in total development costs of approximately \$90,000 per unit (not including land acquisition costs). To support new construction costs, monthly rents of \$900 or more would be needed to achieve private feasible development. The analysis suggests that private developers and builders would be challenged to deliver smaller-sized, one-bedroom units at monthly rents below \$900 without some form of financial subsidy. When considering demand for larger two- and three-bedroom units required by many larger-sized workforce households, the feasibility gap may be a larger challenge. The median rent is \$638 in Des Moines County. One newer project, Stonegate Apartments, achieves the high end of the range of rents in the market. The property owner does plan to add 16 units to the existing 90-unit project. Nearly 60 percent of the housing units shown in Table V-4 are forecast to require rental units with monthly rents below \$1,000.



APPENDIX A: AN ASSESSMENT OF WHETHER DES MOINES COUNTY QUALIFIES AS A “DISTRESSED” COMMUNITY

The narrative below corresponds with data outlined in Table A1 summarizing how Des Moines County meets the criteria to qualify as a distressed community under the guidelines for the Workforce Housing Tax Credit Program managed by the Iowa Economic Development Authority. The findings suggest because of a shortage of housing supply relative to need, there is incentive for landlords to under invest in quality housing maintenance such that not only individual properties may decline in quality but neighborhoods will be subject to the blighting effects of housing quality deterioration. The limited production of new housing and limited supply of available housing also serves to hold back economic development potential, reducing the number of jobs that would otherwise be attracted and expanded within the County.

1. Housing Need

Based on our analysis, Des Moines County will likely have a need of 1,500 additional housing units over the next decade to meet employment-induced and replacement housing demand.

2. Average Annual Number of Units Permitted

The volume of residential units permitted has declined since 2006 to an annual average of 34 units from an annual average of 70 units prior to 2006. The number of annual permits issued over the past three years of 35 in 2012, 39 in 2013, and 41 in 2014 is far less than 100 permits per year and well below one percent of the county’s housing stock.

3. Homeowner Vacancy Rate

Vacancy rates are very low with the homeowner vacancy rate estimated at one percent.

4. Volume of Homeowner Sales

While the volume of sales has increased slightly since 2013, the current inventory of listings of available for-sale homes is very low, in particular when comparing to similar size communities within the State of Iowa.

5. Length of Time to Sell Homes

The average length of time to sell homes is less than 90 days. For-sale homes averaged 81 days on the market in 2015, 75 days on the market in 2014, and 86 days on the market in 2013.

6. Rental Vacancy Rates

Interviews with local landlords and property owners indicated the rental vacancy rate is estimated at two percent or less.

7. Length of Time to Lease Rental Units

Interviews with local landlords and property owners indicate rental units are reported to be re-leased upon vacancy in under 30 days. The rate of re-occupancy of rental units has been very high over the past several years (even prior to the construction of the Iowa Fertilizer Plant in nearby Lee County) due to 1) the Great Recession in which many households lost homes and moved to rentals; and 2) the City of



Burlington's acquiring property and removing some older homes which displaced renters.

8. Median Monthly Housing Costs

While median monthly housing costs in Des Moines County are lower than that of the State of Iowa, sales prices and rental costs have risen. Rents have also climbed with increasing occupancy. Monthly rents have increased by \$100 to \$200 over the past couple years. Average sales prices have climbed from under \$100,000 in 2011 to approximately \$106,000 by 2014.¹⁰ Housing costs as a proportion of median household income in Des Moines County are 23.9 percent for owner-occupied households and 31.6 percent for renter-occupied households, higher than the percentages in the Great River Region and the State of Iowa. Moreover, 26 percent of households in Des Moines County have HUD defined housing problems, a slightly higher percentage than those of the Great River Region (Des Moines, Henry, Lee, and Louisa Counties) and the State of Iowa.

9. Unemployment Rate

The County's unemployment rate while slightly higher than that of the State of Iowa has declined substantially from a high of 8.5 percent in 2009 to a current rate of 4.4 percent. This is a similar trend to the unemployment rate of the Great River Region which has also declined substantially from a high of 9.1% in 2009 to a current rate of 4.3%.

10. Laborshed Wages

See Table A-3 below. The wages in Des Moines County are comparable regionally, but significantly lower than the statewide averages. The lower wages impact housing affordability when compared to housing costs statewide. This leads to higher housing costs compared as a proportion of income as highlighted in Item 8 of Table A-1.

¹⁰ Source: Ruhl & Ruhl Realtors, <http://ruhlblog.com/2015/01/27/burlington-iowa/>;



TABLE A-1: Summary Criteria for Workforce Housing Community Designation

Criteria	Des Moines County	Great River Region	State of Iowa
1. Housing Need - Number of Units Needed to Satisfy Employment-induced and Replacement Demand Over 10 Years	1,500 (2015-2025)	NA	NA
2. Average Annual Number of Units Permitted Over 2000-2014 Period and Number of Units Permitted Over Past Three Years	<u>Annual Average:</u> 70 (2000-2005) 34 (2006-2014) <u>Total Number of Units:</u> 2014 – 41 2013 – 39 2012 - 35	NA	NA
3. Homeowner Vacancy Rate ¹	1.0%	1.5%	1.7%
4. Volume of Homeowner Sales ² (# Sales Annual)	2015 - 425 2014 - 451 2013 - 411	See Table A-2 for comparable communities	NA
5. Length of Time to Sell Homes (# Days on Market)	2015 – 81 2014 - 75 2013 - 86	See Table A-2 for comparable communities	NA
6. Rental Vacancy Rate	<2%	8.7%	6.2%
7. Length of Time to Lease Rental Units	2015 - < 30 Days 2014 - < 30 Days 2013 - < 30 Days	NA	NA
8. Median Monthly Housing Costs ³	Owner: \$1,021 Renter: \$638 Proportion of Households with HUD-Housing Problem: 26% Housing Costs as Proportion of MHI: Owner – 23.9% Renter – 31.6%	Owner: \$1,022 Renter: \$609 Proportion of Households with HUD Housing Problem: 25% Housing Costs as Proportion of MHI: Owner – 22.1% Renter – 26.8%	Owner: \$1,181 Renter: \$689 Proportion of Households with HUD Housing Problem: 25% Housing Costs as Proportion of MHI: Owner – 22.1% Renter – 28.3%
9. Unemployment Rate	Dec. 2015 – 4.4% Dec. 2009 -8.5%	Dec. 2015 – 4.3% Dec. 2009 -9.1%	Dec. 2015 – 3.6% Dec. 2009 – 6.5%
10. Laborshed Wages (Median Wages & Salaries by Industry)	See Table A-3 Below		
¹ Based on 2014 American Community Survey and Number of Sale Listings as % of Housing Inventory. ² Includes single-family and multi-family properties in Burlington and West Burlington. ³ Owners with mortgage. ⁴ Based on 2014 American Community Survey, in Des Moines County, median household income for owner-occupied households is \$51,334 and for renter-occupied households \$24,216.			
Source: Iowa Workforce Development; U.S. Census Bureau, 2010-2014 American Community Survey, 5 Year Estimates; Southeast Iowa MLS; Gruen Gruen + Associates.			



Area	Volume of Homeowner Sales			Length of Time to Sell Homes		
	2013	2014	2015	2013	2014	2015
Fort Dodge	459	433	415	100	99	70
Muscatine	519	479	531	80	73	98
Marshalltown	470	479	457	86	84	87
Mason City	580	532	570	94	108	101
Averages	507	481	493	90	91	89

Source: Iowa Association of REALTORS

Industry	Des Moines County	Great River Region	State of Iowa
Agriculture	\$28,250 \$19.82	\$35,000 \$12.50	\$62,500 \$14.50
Construction	NA \$19.82	\$66,000 \$19.64	\$63,500 \$20.75
Manufacturing	\$84,500 \$17.05	\$61,000 \$16.09	\$80,000 \$18.48
Transportation	\$56,500 \$22.00	\$51,500 \$19.34	\$68,000 \$19.00
Wholesale & Retail Trade	\$53,500 \$10.00	\$56,000 \$9.75	\$60,000 \$11.00
Finance Insurance & Real Estate	\$65,000 \$11.55	\$47,000 \$13.33	\$75,000 \$15.00
Healthcare & Social Services	\$50,000 \$15.50	\$58,500 \$16.00	\$60,000 \$18.21
Personal Services	\$24,500 \$8.21	\$27,350 \$9.00	NA NA
Entertainment & Recreation	NA NA	NA NA	\$43,500 \$10.00
Professional Services	\$68,000 \$15.00	\$69,000 \$10.00	\$65,000 \$13.68
Government	\$72,000 \$18.40	\$60,000 \$18.13	\$70,000 \$22.00
Average Wages	\$55,806 \$15.74	\$53,135 \$14.38	\$64,750 \$16.26

Source: Iowa Workforce Development



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