



AGENDA
CITY OF CEDAR FALLS, IOWA
STANDING COMMITTEE MEETING
MONDAY, MAY 01, 2023
6:05 PM AT CITY HALL, 220 CLAY STREET

Call to Order

Roll Call

Community Development Committee

1. Housing Needs Assessment Report.
(45 Minutes, Cedar Falls Economic Development Corporation Executive Director Jim Brown & Iowa Northland Regional Council of Governments Executive Director Brian Schoon)

Adjournment



DEPARTMENT OF COMMUNITY DEVELOPMENT

City of Cedar Falls
 220 Clay Street
 Cedar Falls, Iowa 50613
 Phone: 319-273-8600
 Fax: 319-268-5126
 www.cedarfalls.com

MEMORANDUM

Planning & Community Services Division

TO: Honorable Mayor Robert Green and City Council
FROM: Michelle Pezley, AICP, Planner III, Housing Commission Liaison.
DATE: May 1, 2023
SUBJECT: Housing Needs Assessment (HNA)

Last year, the Housing Commission was tasked with working on the FY2023 City Council Goals related to Housing. Those goals were taken from the City of Cedar Falls Racial Equity Task Force Report and Recommendations report. FY2023 City Council Goal 3.C.6.f, states, "Complete a Housing Needs Assessment (HNA), focusing on how to provide housing variety to promote affordable housing options for all."

To further this goal, the Cedar Falls Economic Development Corporation (CFEDC) took the lead to hire Iowa Northland Regional Council of Governments (INRCOG) to conduct the HNA. INRCOG worked with University of Northern Iowa Institute for Decision Making to conduct the outreach to the community with a survey and focus groups with employers, senior housing stakeholders, residential builders/developers, real estate professionals/lenders, and human service providers. INRCOG collected data on population projections, existing housing inventory, commute times, building permits, real estate data, low to moderate income data and similar. to analyze the housing needs for the future. Representatives from the Housing Commission and the Human Rights Commission were part of the task force.

The Human Rights Commission reviewed the draft Housing Needs Assessment at their regular meeting on April 10, 2023. They passed a resolution recommending to City Council to approve and adopt the Housing Needs Assessment.

On April 19, 2023, the Housing Commission during their regular scheduled meeting reviewed the draft Housing Needs Assessment from INRCOG. The Housing Commission also recommends that the City Council approve and adopt the Housing Needs Assessment.

At the Community Development Committee meeting on May 1st, INRCOG will give a presentation about the process and findings of the HNA. The HSA will be on the next scheduled meeting for your approval.

Attachments:

- Human Rights Commission Resolution
- Summary handout of HNA
- Draft Housing Needs Assessment
- Presentation PowerPoint

RESOLUTION NO.

A Resolution of the Human Rights Commission of the City of Cedar Falls to Make a Recommendation to the City Council of the City of Cedar Falls to Approve and Adopt the Cedar Falls Housing Needs Assessment

WHEREAS, in February 2021, the Mayor of the City of Cedar Falls created a Racial Equity Task Force with a responsibility to provide guidance and recommendations to address long-term challenges of racial equity in the City; and

WHEREAS, the City Council received and filed the Report and Recommendations of the Racial Equity Task Force at its regular meeting on November 1, 2021; and

WHEREAS, a primary recommendation of said Report and Recommendations was for the Cedar Falls community to complete a Housing Needs Assessment focusing on how to provide housing variety to promote affordable housing options for all; and

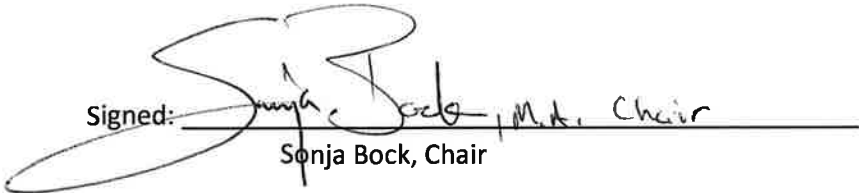
WHEREAS, the Cedar Falls Economic Development Corporation (CFEDC) elected to sponsor and pay for development of a Housing Needs Assessment, pursuant to a contract with the Iowa Northland Regional Council of Governments (INRCOG) dated April 14, 2022; and

WHEREAS, said Housing Needs Assessment fulfills the recommendation and advances the goals of the Racial Equity Task Force; and

WHEREAS, said Housing Needs Assessment advances the goals of the Cedar Falls Human Rights Commission;

NOW THEREFORE BE IT RESOLVED that the Human Rights Commission of the City of Cedar Falls resolves to make a recommendation to the City Council of the City of Cedar Falls to approve and adopt the Housing Needs Assessment sponsored by the Cedar Falls Economic Development Corporation.

Passed and adopted this 10th day of April, 2023.

Signed:  _____
Sonja Bock, Chair

Date: 4-10-2023

Cedar Falls Housing Needs Assessment Overview
April 10, 2023

1. Why do an HNA?
 - a. Purpose-assess current situation; provide guidance and direction; foundation/basis for action; substantiate with data and expertise and input; mid-range life
 - b. Outline-existing conditions, data, community cross section input, visual input, define future recommendations, implementation
 - c. Developers-tax credits, infrastructure needs, municipal support
 - d. Growth; Tax base increase; balance of uses (green space)
 - e. Employment-workforce housing
 - f. Assess current situation; Monitor change
 - g. Verify or disprove assumptions and anecdotal knowledge

2. What was the HNA Process?
 - a. Length: 1 year and counting
 - b. Who was involved? (Steering Committee, Task Force, Focus Groups, Commissions, Civic Organizations, Community Survey (144 responses), Currents Channel 15 Show)
 - i. Broad-private and public; employers; bankers, realtors, and landlords; builders, developers, and assistance agencies; private citizens; selected and random;
 - c. Funded by CFEDC; City involvement-staff and elected officials
 - d. Led by INRCOG and UNI/IDM
 - e. Meetings-Steering Committee; Task Force; Housing Commission; Focus Groups
 - f. Diversity, equity and inclusion within groups included
 - g. Social services and organizations involvement

3. What results did the HNA turn out? Need
 - a. Units for sale-very few
 - b. Lot availability-literally non-existent
 - c. Pricing/affordability-lack; housing is out-of-reach for some
 - d. Types of units available-limited, but choices are improving
 - e. New construction-location identification
 - f. Needs: workforce housing; affordable housing; mixed uses

4. What recommendations are coming out of the HNA draft?
 - a. Quality of life is important; preservation is imperative
 - b. Studying and researching additional use(s) of existing programs
 - c. Studying and considering new financial techniques and tools for fostering housing
 - d. Continue and create redevelopment opportunities in areas already served by the community services (infill)
 - e. Diversity of housing costs, types, and locations is desirable
 - f. Addressing lot availability
 - g. Regulatory and policy review
 - h. Develop in a concurrent (to service provision and availability) manner

- 5. Now that the HNA is nearly complete, what comes next?
 - a. Consideration by CFEDC
 - b. City Staff Review
 - c. Consideration by Human Rights Commission, Housing Commission, and City Council
 - d. Implementation-Next steps
 - i. Advertise, publicize, and apply recommendations
 - ii. Tasks are complex (costly, time expenditure, land use)
 - iii. Strategize:
 - 1. Identify and prioritize tasks/recommendations.
 - 2. Who is responsible for each recommendation?
 - 3. Timeframe for each recommendation?
 - 4. Cost of each recommendation?
 - 5. Approvals and oversight of implementation?
 - 6. Assess effectiveness of recommendation implementation.
 - 7. Maintenance of the recommendation/project after completion.
 - 8. Restart planning (circular) process
 - iv. Community Development Activity
 - 1. Economic Development Activity
 - a. Job retention and creation (builders, bankers, realtors, lawyers)
 - b. Private investment (homes themselves; infrastructure investment)
 - c. Housing is important to (growing) employers
 - i. Employers need (additional) employees
 - ii. Employees need housing choices (density, types, price ranges, locations)
 - iii. Generates and stabilizes tax base





HOUSING NEEDS ASSESSMENT

Cedar Falls

[Draft – Last Updated 4.21.2023]

Sponsored by the Cedar Falls Economic Development Corporation (CFEDC)

Prepared by the Iowa Northland Regional Council of Governments (INRCOG) and the
University of Northern Iowa's Institute for Decision Making (IDM)

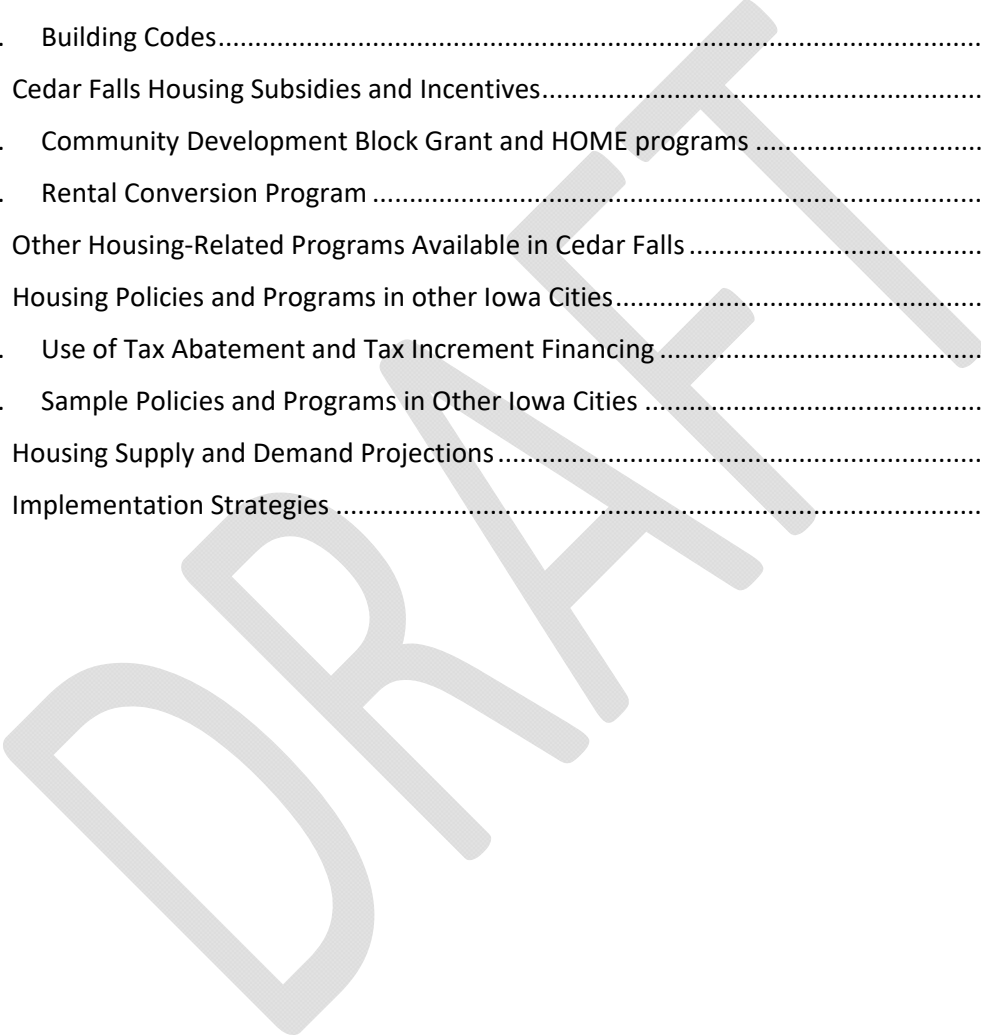
Adopted by the Cedar Falls City Council on [Date] (Resolution XXXX)

DRAFT

Table of Contents

- Acknowledgements..... 4
- Glossary and Income Limits 6
- Executive Summary..... 10
- I. Introduction and Purpose 22
- II. Population and Demographics..... 24
 - A. Population Trends 24
 - B. Demographic Overview..... 26
- III. Employment Trends 28
 - A. Economic Overview..... 28
 - B. Wages and Job Trends 30
 - C. Commuting Characteristics 34
 - D. Employer Feedback..... 38
- IV. Housing Characteristics..... 40
 - A. Housing Overview 40
 - B. Owner-Occupied Housing 43
 - 1. Home Sale Data..... 43
 - 2. Comparison of Home Prices and Local Wages..... 47
 - 3. Summary of Home Sale Market 49
 - C. Rental Housing 50
 - 1. Overview 50
 - 2. Comparison of Rents and Local Wages..... 52
 - 3. Rental Subsidies for Low- and Moderate-Income Renters 54
 - D. Senior Housing 59
 - 1. Overview of Cedar Falls Senior Housing and Needs 59
 - 2. Feedback from Senior Housing Focus Group..... 63
 - E. Housing Cost Burden in Cedar Falls 64
 - 1. Comparing Cost Burdens in Cedar Falls and Iowa 64
 - 2. Housing Cost Burden by Household Type..... 67
 - F. Housing Development Patterns in Cedar Falls..... 70
 - G. Housing Quality Windshield Survey 74
- V. Stakeholder Input 77
 - A. General Resident Feedback 77

- B. Feedback from Residential Builders and Developers 83
- C. Feedback from Real Estate Professionals and Lenders..... 86
- D. Feedback from Human Service Providers 89
- VI. Housing Policies and Programs in Cedar Falls and Other Communities 92
 - A. Zoning, Subdivision, and Building Ordinances 92
 - 1. Zoning Ordinance 92
 - 2. Subdivision Ordinance 94
 - 3. Building Codes..... 95
 - B. Cedar Falls Housing Subsidies and Incentives..... 96
 - 1. Community Development Block Grant and HOME programs 96
 - 2. Rental Conversion Program 98
 - C. Other Housing-Related Programs Available in Cedar Falls 98
 - D. Housing Policies and Programs in other Iowa Cities..... 100
 - 1. Use of Tax Abatement and Tax Increment Financing 100
 - 2. Sample Policies and Programs in Other Iowa Cities 104
- VII. Housing Supply and Demand Projections 107
- VIII. Implementation Strategies 113



Acknowledgements

The Cedar Falls Housing Needs Assessment was funded by the Cedar Falls Economic Development Corporation (CFEDC), a 501(c)(4) nonprofit organization with a mission to support a growing business environment for Cedar Falls.

STEERING COMMITTEE

- Jim Brown, *CFEDC*
- Bob Manning, *Cedar Valley Home Builders Association*
- Katy Susong, *Cardinal Construction*
- Brian Wingert, *Structure Real Estate*
- Mark Kittrell, *Eagle View Partners L.C.*
- Stephanie Sheetz, *City of Cedar Falls*
- Michelle Pezley, *City of Cedar Falls*

TASK FORCE

- Jim Brown, *CFEDC*
- Chris Fischels, *Fischels Group*
- Kevin Fittro, *Panther Builders*
- Dustin Ganfield, *Cedar Falls Ward 5 Council Member*
- Barbara Grant, *Operation Threshold*
- Melissa Heston, *Cedar Falls Human Rights Commission*
- Teri Lynn Jorgensen, *Cedar Falls Human Rights Commission*
- Mark Kittrell, *Eagle View Partners L.C.*
- Nicole Litzel, *Iowa Workforce Development*
- Amanda Lynch, *Western Home Communities*
- Bob Manning, *Cedar Valley Home Builders Association*
- Tom Petaluna, *CBE Companies, Inc.*
- Michelle Pezley, *City of Cedar Falls*
- Justin Reuter, *Oakridge Real Estate*
- Gil Schultz, *Cedar Falls Ward 1 Council Member*
- Bob Seymour, *Community Bank & Trust*
- Stephanie Sheetz, *City of Cedar Falls*
- Katy Susong, *Cardinal Construction*
- Brian Wingert, *Structure Real Estate*
- Gary Winterhof, *Cedar Falls Housing Commission*

CONSULTING TEAM

Iowa Northland Regional Council of Governments (INRCOG)

- Brian Schoon, *Executive Director*
- Rose Phillips, *Housing Planner II* (lead author)

University of Northern Iowa's Institute for Decision Making (IDM)

- Andrew Conrad, *Director*
- Karla Organist, *Program Manager*
- Cindy Angel, *Research Manager*

SPECIAL THANKS TO:

- Curtis Brown, *City of Urbandale*
- Bryce Davis, *City of Eagle Grove*
- Christine Gordon, *City of West Des Moines*
- Erika Kubly, *City of Iowa City*
- Liz Osborne, *City of Iowa City*
- Stephanie Ricketts, *Structure Real Estate*
- Tammy Robinson, *City of New Hampton*
- Alexis Steger, *City of Dubuque*
- Chrissi Wiersma, *City of Hudson*

Glossary and Income Limits

- **Accessory Dwelling Unit (ADU):** Accessory Dwelling Units are small units built on a lot that is occupied by a primary residential structure, usually a detached single-family home. ADUs have all facilities needed for year-round occupancy by a person or a small household, including kitchen and plumbing facilities. ADUs can take multiple forms, including small detached buildings and second-story apartments on detached garages.
- **Affordable Housing:** The use of this term in public discourse often suffers from misconceptions and lack of a clear definition. In this document, it generally refers to owner-occupied or rental housing that costs no more than 30% of a household's gross income. Some privately owned affordable housing has public subsidies to make the units affordable to low- and moderate-income (LMI) households¹ (see definitions below). Some affordable housing is unsubsidized and is offered at prices determined by market forces.
- **Area Median Income (AMI):** Median annual household income (pretax) for a metropolitan area, subarea of a metropolitan area, or non-metropolitan county, adjusted for household size.
- **Condominium:** A privately owned unit in a condominium complex where certain property, such as surrounding land or common buildings, is owned by a condominium association. In Iowa, condominium associations are organized according to Iowa Code Chapter 499B. Condominium associations are comprised of and governed by the owners of condominiums in the complex, and services offered by the association (e.g. snow removal, mowing) are paid by association members' fees. Condominiums typically are not single-family detached structures, and are often smaller than single-family detached homes built during the same time period. Condominium units are often in multifamily, townhome, or single-family attached structures.
- **Cost Burdened:** Household pays >30% of its gross income on housing costs. This term encompasses both moderate and severe cost burden (see below).
- **Deep Subsidy:** A public subsidy to bring housing costs, typically for rental housing, down to 30% of an LMI household's income. Deep subsidies are mostly targeted to Low-Income and Extremely Low-Income (ELI) households. Among the most common deep-subsidy housing programs are public housing, Housing Choice Vouchers (Section 8), Section 202 elderly housing, and Section 811 housing for people with disabilities.
- **Duplex:** In the summary of Cedar Falls residential zoning districts in Section VI.A.1., "duplex" refers to a residential structure on a single lot with two attached units. Elsewhere in the

¹ Cedar Falls has no public housing and Waterloo has only one public housing development. Nationwide, most subsidized rental housing for LMI households is privately owned. Most of the distressed high-rise buildings in major cities, which are typically associated with public housing in the popular imagination, were demolished under the federal "HOPE VI" programs of the 1990s. As a result, most public housing in the U.S. today is in low-rise and mid-rise structures, while most public housing authorities are in small to mid-sized communities. Despite long-term shortages of federal funds for capital improvements to public housing, most public housing is in adequate condition.

document, the term “duplex” is used in its broader, more colloquial sense, referring to any residential structure with two attached units.

- **Extremely Low-Income (ELI):** Household is at or below 30% AMI for households of the same size. Many ELI households are headed by seniors or people with disabilities on fixed incomes such as Social Security, Social Security Disability Income (SSDI), or Supplemental Security Income (SSI).
- **Gross Rent:** Includes monthly rental payment and any tenant-paid utilities (excluding telephone, cable/satellite, and internet service).
- **Housing Costs:** Includes the household’s rent or mortgage payments, utility payments, property taxes, insurance, and mobile home or condominium fees, as applicable.
- **Low- and Moderate-Income (LMI):** In this document, the term refers to households at or below 80% AMI for households of the same size, inclusive of households defined as “moderate-income,” “low-income,” and “extremely low-income.” This is the same definition used by the Community Development Block Grant (CDBG) program operated by the U.S. Department of Housing and Urban Development (HUD)². *Note that LMI households vary widely, and include essential workers; seniors; people with disabilities; and people who may be unable to work due to caregiving responsibilities, lack of transportation or child care, or other barriers.* Many LMI households include children; some of these households have members in the workforce and others do not.
- **Low-Income:** In this document, “low-income” refers to a household that is at or below 50% AMI for households of the same size³. This term is inclusive of households defined as “extremely low-income” unless otherwise noted. In some cases, “low-income” refers to a household between >30% and 50% of the AMI for households of the same size.
- **Market-Rate Housing:** Housing with no restrictions on its maximum sale or rental price. By contrast, such restrictions would be imposed on housing that receive construction or operating subsidies to make rent or sales price affordable to households below a certain income level⁴. Some market-rate housing was never subsidized, while other market-rate units or complexes may have been built or operated with subsidies that have since expired. In many communities, much of the market-rate housing stock is unaffordable to low- and moderate-income (LMI) households, as well as some households in the middle of the community’s income range. Market-rate units are more likely to be affordable to such households if they are relatively small and/or old.

² The definitions used in this document for low- and moderate-income brackets are the same as those used by the federal Community Development Block Grant (CDBG) program operated by the U.S. Department of Housing and Urban Development (HUD). Note that some federal programs use different terminology for households in certain income brackets. Some programs refer to households up to 80% AMI as “low-income,” and to households up to 50% AMI as “very low-income”.

³ See Footnote 2.

⁴ Typical affordability periods for subsidized housing range from 5 to 30 years in Iowa and much of the nation. Some states require or encourage longer affordability periods for units built by certain programs, such as 50-year affordability periods for Low Income Housing Tax Credit (LIHTC) developments. Some subsidized housing types, including Community Land Trust homes, may be affordable in perpetuity.

- **Moderate-Income:** In this document, “moderate-income” refers to a household between >50% and 80% of the AMI for households of the same size⁵.
- **Moderately Cost Burdened:** Household pays >30% but no more than 50% of its gross income on housing costs.
- **Monthly Owner Costs:** Includes mortgage payments, taxes, insurance, utilities, fuel, mobile home costs, and condominium fees, as applicable.
- **Multifamily:** In this document, unless otherwise noted, “multifamily” refers to a residential structure with three or more units that is not a townhome or condominium structure. Multifamily housing encompasses a wide range of structure sizes and types. These include, but are not limited to, complexes of small structures known as “garden apartments” or “cottage courts,” 4-plexes, 8-plexes, 12-plexes, and large multi-unit structures with multiple floors and elevators.
- **Severely Cost Burdened:** Household pays >50% of its gross income on housing costs.
- **Shallow Subsidy:** A subsidy that brings owner-occupied or rental housing costs down to an amount that is generally affordable to households at a specified income level, such 3-person households at 60% AMI. Shallow subsidies are often geared to households over 50% AMI, and are often provided as construction subsidies, forgivable second mortgages, or loans with below-market interest rates. Shallow subsidies do not ensure that housing costs are capped at 30% for each beneficiary. For example, if a shallow-subsidy unit’s rent is set to be 30% of the income for a 3-person household at exactly 60% AMI, the rent would be more than 30% of income for a 2-person household at 60% AMI or a 3-person household at 55% AMI.
- **Single-Family Home:** A dwelling unit on its own lot that is intended for occupancy by one family or household⁶. In this document, unless otherwise noted, “single-family” refers to a detached structure on a single lot. In other contexts, “single-family attached” or “bi-attached” may refer to a single-family unit that is on its own lot but shares a wall with one other unit. In this case, the lot line separating the two units runs through the shared wall. Note that some federal programs and policies, including several U.S. Department of Housing and Urban Development (HUD) programs and the federal Fair Housing Act, define “single-family” to include residential structures with up to four units.
- **Subsidy Layering:** The practice of combining subsidies from different sources to offer housing at affordable prices for low- and moderate-income (LMI) households. One subsidy source is often not enough to achieve housing affordability for LMI households. For example, rental developments that receive Low Income Housing Tax Credits often use other funding sources as well, such as local Community Development Block Grant (CDBG) or trust fund monies, to ensure

⁵ See Footnote 2.

⁶ While terms such as “single-family” and “multifamily” are widely used and most readily recognized, both colloquially and professionally, the Cedar Falls City Code uses terms such as “single-unit” and “multi-unit.” This Code terminology serves to clarify that the City does not have the legal right to dictate the relationships among the maximum permitted number of occupants of that unit (e.g. whether the unit is occupied by a family of four or by four unrelated persons).

that the owner can charge rents low enough for targeted tenants to afford while still ensuring positive cash flow.

- **Townhome:** In this document, “townhome” refers to a dwelling unit in a row of three or more such units attached by shared dividing walls. Typically each townhome is on its own lot, with the shared lot lines running through the dividing walls. Townhomes are also known as “townhouses” or “rowhouses.”
- **Workforce Housing:** Another term that is often not clearly defined, “workforce housing” often refers to owner-occupied or rental housing that is generally affordable to working-class and middle-class employees in a city or region, including many who have been recognized as essential workers since the start of the COVID-19 pandemic. In particular, workforce housing refers to housing affordable to workers in high-demand and growing fields in a community, such as warehouse distribution or healthcare. *“Workforce housing” can include housing that is affordable to LMI households, whether subsidized or market-rate.* In higher-cost communities, workforce housing programs often target households over 80% AMI that still struggle to find affordable housing to buy or rent.

Fiscal Year 2022 Income Limits for Black Hawk County from U.S. Department of Housing and Urban Development (HUD)

Household Size	1	2	3	4	5	6	7	8
30% AMI	\$17,400	\$19,900	\$22,400	\$24,850	\$26,850	\$76,950	\$82,250	\$87,550
50% AMI	\$29,050	\$33,200	\$37,350	\$41,405	\$44,800	\$48,100	\$51,400	\$54,750
80% AMI	\$46,450	\$53,050	\$59,700	\$66,300	\$71,650	\$76,950	\$82,250	\$87,550
100% AMI	\$58,100	\$66,400	\$74,700	\$82,900	\$89,600	\$96,200	\$102,800	\$109,500

Executive Summary

Introduction and Purpose

- In 2022, the newly formed Cedar Falls Economic Development Corporation (CFEDC), a 501(c)(4) nonprofit organization, commissioned a Housing Needs Assessment (HNA) to provide an overview of the City's housing stock, identify unmet housing needs, and inform policy and decision-making by the City of Cedar Falls, local housing developers, and other stakeholders.
- This HNA reviews the demographic and economic context for Cedar Falls' housing market, and provides an overview of publicly available data on the City's housing stock in terms of age, structure type, cost, and vacancy rates. The document also provides local data on the cost and demand for ownership, rental, and senior housing, and projects future housing supply and demand through 2040. The assessment reviews existing policies and programs in Cedar Falls and summarizes expensive public input. The document concludes with strategies for addressing unmet housing needs in Cedar Falls.

Population and Demographics

- The City's population has grown moderately since 1990, reaching 40,713 by 2020.
- Recent population trends are extrapolated to provide low and high population projections (estimates) through 2040. The two projections result in low and high population estimates of 43,645 and 45,380, respectively, by 2040.
- The City has proportionately fewer children, adults aged 25 to 44, and seniors aged 65 and older than the state as a whole. However, all these age groups experienced a proportionate increase in Cedar Falls from 2010 to 2020. The proportion of children increased from 17.3% to 19.3%, while the 25-44 group grew from 20.4% to 21.9% and seniors increased from 12.4% to 15.1%.
- Cedar Falls' population is predominantly White, not Hispanic or Latino, but diversity is increasing.

Employment Trends

- Compared to Iowa as a whole, Cedar Falls is a notably higher-income community with a smaller share of blue-collar workers. However, poverty and financial hardship are not absent from the community. In Cedar Falls, and throughout Iowa, financial resources for struggling households are often limited.
- From 2018 to 2028, employment in the workforce region including Cedar Falls is projected to grow from 117,005 to 125,415 workers, a 7% increase.
- Some of the region's most common or fastest growing occupations, including Food Preparation & Serving, Healthcare Support, Building & Grounds Maintenance, and Sales, pay wages well below

the region's \$18.23 median wage. As a result, low- and moderate-wage occupational categories – encompassing many of the region's essential workers – are among the most common projected jobs in 2030, while higher-wage occupational categories tend to be less common.

- Of workers who commute to Cedar Falls from elsewhere, 5,780 in-commuters, or about 1 in 4, lived in a non-contiguous county such as Polk or Linn. Many of these locations are over 45 minutes from Cedar Falls.
- Among in-commuters, 25% earn less than \$1,250 per month (\$15,000 per year), while only 16% of out-commuters fall within this earning bracket. While 56% of out-commuters earn more than \$3,333 per month (about \$40,000 per year), only 42% of in-commuters fall in this income bracket. Housing costs may impact whether many of Cedar Falls' low-wage essential workers, such as home health aides and grocery workers, can afford to live in the City.
- Feedback from local employers indicates that Cedar Falls is a desirable community, but notes that some employees are unable to live here due to a shortage of affordable housing options.

Housing Characteristics

Housing Overview

- The City's homeowner vacancy rate of 1.4% is comparable to Iowa's rate of 1.3%. Cedar Falls has a lower rental vacancy rate than Iowa (4.4% vs. 6.5%), though the difference is not statistically significant.
- An estimated 64.4% of the City's housing stock was owner-occupied in 2020, lower than Iowa's 73.2% homeownership rate but equal to the national homeownership rate.
- The median value of owner-occupied homes in Cedar Falls was \$204,300 in 2020, higher than Iowa's median value of \$153,900 in 2020. For owners with mortgages, the median monthly housing cost in Cedar Falls was \$1,499, higher than the median cost of \$1,279 for owners with mortgages statewide.
- In 2020, Cedar Falls' median gross rent (see Glossary) was \$944, considerably higher than Iowa's median gross rent of \$806.
- The median value of owner-occupied homes increased 35% in Cedar Falls from 2010 to 2020, faster than the statewide increase of 29% (not adjusted for inflation). Housing costs for owners with mortgages and renters increased rapidly in Cedar Falls compared to Iowa – 21% vs. 12% for owners with mortgages, and 43% vs. 31% for renters.

Owner-Occupied Housing

- The median sale price in Cedar Falls is \$225,000, compared to a range of \$180,000 to \$200,000 for selected comparison cities in the region. In other words, Cedar Falls housing prices are 12.5% to 25% higher than those of the comparison cities.

- Since 2019, the City has averaged 623 MLS sales annually, with listings spending a median of 8 cumulative days on the market. The median cumulative days to sale in Cedar Falls declined steadily from 20 days in 2019 to 4 days in 2022.
- Demand in Cedar Falls appears to be strongest for certain moderately priced homes, even though they are often smaller than more expensive homes. Condos below the median sale price of \$206,500 sell the quickest at a median of 5 cumulative days on market despite having a median size of only 1,053 finished square feet. This suggests that Cedar Falls has unmet demand for relatively small, moderately priced homebuying options, including “affordable” or “workforce housing.” This demand may be met in part by building housing in configurations other than detached single-family homes, including condominiums, and townhomes.
- About 2 in 5 closed home sales since 2019 were under \$200,000, but about 4 in 5 active listings are over \$250,000, suggesting a mismatch between what homebuyers are demanding in Cedar Falls and what the market is offering. The Cedar Falls home sale market appears to offer a surplus of high-end homes while having a shortage of moderately priced homes for sale.
- For many essential blue-collar, pink-collar, and white-collar workers in Cedar Falls, median home sale prices are out of reach. Even moderately priced homes, such as single-family homes built before 1940 (median price \$153,000), are often unaffordable for workers such as nursing assistants, truck drivers, maintenance and repair workers, and licensed practical/vocational nurses.
- The inventory of moderately priced homes for sale is limited. From 1/1/2022 through 9/9/2022, only 58 homes sold below \$153,000.

Rental Housing

- Of the estimated 5,400 occupied rental units in Cedar Falls, 1,330 (25%) have gross rents of \$1,250 or more, while another 1,121 (21%) have gross rents from \$1,000 to \$1,249. Only 20% of occupied rental units have gross rents under \$700.
- A renter needs a wage of at least \$18.15/hr to afford the City’s median gross rent of \$944. Wages fall short of this threshold for many occupations, including general office clerks; janitors; medical assistants; and laborers and freight, stock, and material movers.
- While most rentals in Cedar Falls have prices dictated by the market, Cedar Falls has 360 rental units in five privately owned developments that were built with and/or currently receive public subsidies to make rents affordable to LMI households. Vacancy rates for these units are as low as 0%, and units are rented very quickly when they become vacant. This underscores the strong demand for subsidized rental housing for LMI renters, which is in short supply.
- The Cedar Falls Housing Authority, staffed by the City of Cedar Falls, receives funding for about 220 Housing Choice Vouchers (Section 8) from the U.S. Department of Housing and Urban Development (HUD). About 184 vouchers are currently leased up, and 178 Cedar Falls households (674 total households) are on the HCV waitlist.

- Once a tenant household receives a voucher, they have 120 days to find a landlord willing to lease a unit to them before the voucher expires. The Cedar Falls Housing Authority will provide vouchers for units with rents up to a “payment standard” of 110% of HUD’s Fair Market Rent, adjusted for bedroom size. Many HCV holders in Cedar Falls struggle to find landlords willing to rent eligible units to them before the voucher expires.

Senior Housing

- Cedar Falls has an estimated 880 active and independent living units for seniors, with monthly rent ranging from \$800 to \$5,450. Entrance costs vary widely, ranging from \$2,000 entrance fees to \$400,000 “buy-in” fees. These facilities have waitlists with close to 300 households combined, showing brisk demand among seniors for these housing options.
- Cedar Falls has an estimated 627 long-term care units, including Assisted Living Facility (ALF) and nursing facility/skilled nursing facility (NF/SNF) units. Monthly costs per resident range from \$2,413 to \$12,120.
- For low-income senior households with limited assets to pay buy-in fees, affordable options are limited among active/independent living and long-term care developments. For example, among long-term care facilities that responded to a survey, fewer than 138 Medicaid-eligible units were identified.
- In a focus group for community members with an interest in senior housing, participants described the challenges that LMI senior homeowners face in maintaining their properties and making accessibility modifications. It is more cost-effective for seniors to stay in their homes as long as possible before entering long-term care. Participants see a role for City planning policies and incentives to expand the supply of affordable senior housing.

Housing Cost Burden

- HUD provides a special dataset to estimate housing cost burden among households at different income brackets. Severe cost burden (paying more than 50% of income for housing costs) is widespread among owners and renters up to 50% of Area Median Income (AMI) in both Cedar Falls and Iowa as a whole. Owners in this income bracket are more likely to be severely cost burdened in Cedar Falls than statewide.
- An estimated 3,648 LMI households in Cedar Falls (24% of all households) are cost burdened, or paying more than 30% of income for housing. (Severely cost burdened households are a subset of all cost burdened households.) This includes 1,679 households (11% of all Cedar Falls households) that are unlikely to be headed by university students. (Of the remaining 1,969 households, it is likely that some but not all are student-headed).
- The number of cost burdened LMI households in Cedar Falls highlights the imbalance between supply and demand for affordable rental housing. Among elderly and family households alone, 690 LMI renter households are cost burdened. Without the 360 existing affordable rental units and 184 Housing Choice Vouchers currently leased up in Cedar Falls, the number of cost burdened LMI renters would undoubtedly be higher.

- Demand estimates are developed for different types of housing opportunities for low- and moderate-income households overall:
 - Deeply subsidized rental housing (not age-restricted): 360 households
 - Deeply subsidized, age-restricted rental housing: 230 households
 - Home rehabilitation assistance (e.g. grants, forgivable loans): 674 households
 - Shallow subsidy rental housing: 95 households
 - Moderately priced market-rate rental housing: 120 households
 - Down payment or purchase assistance: 200 households

Housing Development Patterns

- From 2016 through 2021, an estimated 997 residential units were permitted in Cedar Falls. The City's residential permit volume has generally declined in recent years, from a high of 251 units in 2016 to an estimated low of 89 units in 2022.
- The inventory of homes for sale has declined by 66% in the past five years.
- For homes priced between \$120,000 and \$299,000, sales in November and December 2022 met a relatively low share of demand (0% to 35%). Demand did not outstrip supply quite as dramatically for higher-priced homes.
- Residential lots for sale to custom builders and homebuyers are in short supply – sometimes as low as zero in the year prior to the release of this document, compared to a supply of several hundred a decade previously. Most vacant residential lots appear to be owned by builders or homebuyers who already have plans to construct homes on them.

Housing Quality Windshield Survey

- A windshield survey was conducted in six (6) Census block groups in Cedar Falls to rate the quality of housing stock based on observable exterior conditions. The vast majority of units (95.6%) were in Good condition, with 3.8% in Fair condition and only 0.6% in Poor condition. No units in Dilapidated condition were identified.
- Housing quality ratings varied among the Census block groups surveyed. In the four older neighborhoods, the proportion of Fair units ranges from 6% (Downtown) to 13% (South of W. 1st Street), while the proportion of Poor units is as high as 2% (North Cedar Falls).
- For most block groups, the percentage of rental units in 1- and 2-unit structures far exceeds the combined percentage of Fair and Poor units. Thus, one cannot assume that problems with housing quality in Cedar Falls are primarily driven by rental units.
- Since Cedar Falls has few units in Poor condition, there are few opportunities to expand the housing stock through demolition and reconstruction or substantial rehabilitation. The City must expand its housing supply primarily by developing new units, whether through greenfield development, infill, conversion of vacant commercial upper stories, lot splits, construction of Accessory Dwelling Units (ADUs), and similar means.

Stakeholder Input

- A survey of Cedar Falls residents received 144 responses. Nearly two-thirds of respondents believe that it is “Somewhat Hard” or “Very Hard” to find affordable, safe, comfortable housing in Cedar Falls. While lower-income respondents were more likely to select these options, large proportions of respondents across the income spectrum agreed, even though most consider their own housing situations to be affordable.
- Common themes among resident responses included concerns about housing affordability – particularly a mismatch between the price of new housing construction and what many buyers or renters can afford to pay – as well as limited inventory. Residents also expressed concerns about owner-occupied and rental units in poor condition, especially in older neighborhoods and near the University of Northern Iowa.
- According to local developers and builders, a major strength of the Cedar Falls housing market is the City’s quality of life. Perceived weaknesses ranged from high prices and limited inventory of units and lots to bureaucratic challenges with housing development. The latter include a lack of stakeholder input in building regulations, unreliable and slow permit approvals, and allegedly excessive regulations for some parts of the building process.
- Developers and builders had several suggestions for City investments to expand housing supply, especially of moderately priced housing. Suggestions included using Tax Increment Financing (TIF) and tax abatements to promote housing construction and rehabilitation, as well as modifying zoning requirements to accommodate construction of smaller housing units.
- Real estate professionals and lenders consider housing to be in short supply at multiple price points, but especially between \$150,000 to \$250,000. They perceived unmet demand for multiple housing types, with particular emphasis on smaller unit types such as detached single-family units for the 55+ market, condos and townhomes, accessible units for people with disabilities, and downtown living options. These stakeholders also saw a need for down payment assistance for homebuyers with limited incomes.
- Social service providers in the Cedar Valley expressed concern about the shortage of affordable housing in Cedar Falls, especially for renters. Providers also suggested that City officials should do more to address the housing needs of low- and moderate-income residents.
- Service providers reported that their funding and staff capacity are insufficient to serve all households in need in their service areas, including Cedar Falls. The barriers faced by residents include housing instability due to high housing costs, a shortage of landlords willing to rent to Housing Choice Voucher (HCV) holders, low quality of some “affordable” housing, limited public transportation to employment centers, and limited child care.
- Service providers called for more local funding for affordable housing, as well as a “damage contingency fund” to encourage more landlords to rent to tenants receiving HCVs or other rental assistance.

Housing Policies and Programs in Cedar Falls and Other Communities

Zoning, Subdivision, and Building Ordinances

- While components of the Zoning Ordinance have been updated in recent years and decades, the framework of the Zoning Ordinance for most parts of the City dates back to the early 1970s.
- The City has several “traditional” residential zoning districts that vary in terms of unit types permitted, minimum lot sizes, and other requirements. Certain other zoning districts allow for greater flexibility in housing types and mix of land uses. For example, the “form-based code” approach in the new Character District provides developers with flexibility regarding how they meet minimum requirements for urban form.
- The Zoning Ordinance does not currently permit construction of Accessory Dwelling Units (ADUs), or small housing units built on a residential property with a primary structure (usually a single-family detached house).
- Cedar Falls’ Subdivision Ordinance, like those in other cities, regulates the process, materials, physical dimensions, and certain environmental protection measures used by developers when transforming vacant land into legally defined parcels served by streets, water, sewer, and other infrastructure.
- All types of subdivision, including splits of individual parcels, must ultimately be approved by the City Council.
- Cedar Falls, like many cities of similar size, typically adopts a certain year’s version of a building code provided by an entity that prepares model codes, such as the International Code Council. The City’s adoption ordinances specify certain provisions that are superseded locally by more stringent provisions (or less stringent, if allowed by State law).

Cedar Falls Housing Subsidies and Incentives

- The City of Cedar Falls receives \$253,000 to \$275,000 annually in Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). The City allocates a portion of these funds for housing rehabilitation activities, although federal regulations impose significant constraints on housing project budgets and the speed with which projects can be completed.
- The City’s CDBG owner-occupied rehabilitation and repair programs offer \$10,000 to \$20,000 to qualifying LMI homeowners to address health and safety hazards, code violations, and other renovation needs. The City allocates \$11,000 to \$37,000 annually for owner-occupied rehabilitation and repair projects, sufficient for one (1) to three (3) projects per year. The program currently has 16 homeowner applications approved or under consideration, highlighting the fact that potential demand exceeds supply for these funds.
- The City launched a new CDBG rental rehabilitation program in 2021 to fund renovations in certain units that accept Housing Choice Vouchers, with up to \$24,999 per unit available. The program currently has about \$50,000 in funding, sufficient for about two (2) to three (3) projects. Five (5) rental rehabilitation projects are currently approved or in the pipeline, but none have started yet.

- The City receives about \$90,000 annually in HOME funds from HUD, through a consortium with the City of Waterloo. The City of Cedar Falls has used HOME to fund owner-occupied rehabilitation and has pursued residential infill projects, but HOME's stringent requirements and the need for project approval from the City of Waterloo have impeded the use of these funds.
- Using General Revenue funds, the City provides forgivable loans up to \$10,000 for conversion of single-family rental properties to owner-occupied properties. The program is intended to preserve the character of older, predominantly owner-occupied neighborhoods with homes at risk of being converted to rentals targeted to University of Northern Iowa students. In recent years, the City has allocated \$100,000 annually for the program, with 28 conversions complete or underway to date.

Other Housing-Related Programs Available in Cedar Falls

- To some extent, other local and state entities provide housing-related assistance to Cedar Falls residents. The funding for these programs is typically limited, preventing many Cedar Falls households in need from receiving assistance for which they might qualify.
- Cedar Falls is the only community in the region that is not served by a Local Housing Trust Fund (LHTF) eligible for annual grants from the Iowa Finance Authority. LHTFs fund a wide range of housing activities for LMI households, including owner-occupied and rental rehabilitation programs, improvements to emergency shelters and group homes, and down payment assistance. The state regulations governing the LHTFs are much more flexible than the federal regulations for programs like CDBG and HOME.

Housing Policies and Programs in Other Iowa Communities

- Many communities use authority provided by the Iowa Code to offer tax abatements or Tax Increment Financing (TIF) assistance for residential development. Tax abatement programs often exempt some or all taxable value from residential construction or improvement for 3 to 5 years. TIF funds may be used to support infrastructure for new residential development, with tax revenues from the incremental property value increase being used to repay the funds borrowed for the project. In general, a substantial portion of TIF revenues must be set aside to fund low- and moderate-income housing activities.
- Examples are provided for a wide range of housing programs and policies from the cities of Dubuque, West Des Moines, Urbandale, and Iowa City. These programs and policies include, but are not limited to, owner-occupied rehabilitation, homebuyer assistance, incentives for developers to build affordable housing, and damage reimbursement funds for landlords who rent to tenants receiving Housing Choice Vouchers or other rental assistance. Some communities use local funds to help households above LMI thresholds.

Housing Supply and Demand Projections

- This section projects supply and demand for new housing stock in Cedar Falls through 2040, using data on population and household size trends, home construction rates, and other factors. At the

current annual permitting rate, taking attrition of some housing stock into account, Cedar Falls will have an estimated 402 net new units by 2030, and an estimated 868 net new units by 2040.

- Housing demand is projected using the two population projections provided earlier in the document. Recent trends from U.S. Census Bureau data and other sources are used to estimate the number of households that will be added to Cedar Falls through 2040. Estimated future housing demand also includes the 181 units that would be needed to fill the current shortfall in for-sale inventory, according to local data.
- According to the low population estimates, Cedar Falls will have a shortfall of 569 units by 2030, increasing to 748 units by 2040. The high population estimates result in a shortfall of 911 units by 2030 and 1,453 units by 2040. The average shortfall would be 740 units by 2030 and 1,101 units by 2040.
- Low and high estimates are provided for total new senior housing units, and non-age-restricted owner and rental units, needed through 2040. The high estimates include 484 senior units, 1,201 non-age-restricted owner units, and 669 non-age-restricted rental units. These estimates include both units that would be constructed at current housing production rates, as well as projected shortfalls.
- Projected new demand for owner units (not age-restricted) is broken down by price range, based on the price breakdown of closed MLS listings from 2019 through 2022. Units under \$250,000 account for 59% of new units needed.
- Projected new demand for rental units (not age-restricted) is provided for market-rate, deeply subsidized, and shallow-subsidy rentals. Deeply subsidized rentals are projected to account for 18% of new rental demand, with shallow-subsidy rentals accounting for another 3% of demand.

Implementation Strategies

- This section proposes several categories of implementation recommendations, with suggested responsible parties and timeframes for completion. **These proposed strategies are advisory only, and are NOT binding on the City of Cedar Falls or any other entity.**
- Communities with successful and innovative housing programs invariably invest local funding sources – “skin in the game.” These sources may include general revenue funds, general obligation (GO) bonds, and Low- and Moderate-Income (LMI) set-aside funds from tax revenues generated by housing developments assisted by Tax Increment Financing (TIF), among other sources. City funds may be supplemented by other local sources such as contributions from banks and employers, as well as developer contributions pursuant to development agreements.
- An abridged list of implementation strategies is provided below:

I. REGULATORY REVIEW

- a. Review the City Zoning Ordinance, Subdivision Ordinance, Building Codes, and other relevant codes for provisions that may no longer be necessary or achieve a clear public purpose.
- b. Evaluate the processes and timelines for reviewing and approving housing developments and permits to determine whether they are applied consistently.
- c. Expand existing efforts to promote a mix of housing types and land uses in new development, redevelopment, and infill areas. This approach may expand the supply of housing types of different sizes and prices for residents at different stages of life and income levels.
- d. Establish a standing City committee for stakeholders to discuss housing development regulations. Stakeholders would include, but not be limited to, City engineers and other staff, for-profit and nonprofit developers, builders, lenders, real estate professionals, and social service agencies.
- e. Consider expediting housing development by reviewing and modifying City ordinances to allow some development approvals to be administrative – that is, granted by City staff. For example, the Subdivision Ordinance may be modified to allow small subdivision applications, such as lot splits, to be approved by staff.
- f. Consider incentivizing or requiring “Universal Design” or other accessibility features for people with disabilities in certain new developments.

II. FINANCIAL MECHANISMS

- a. Explore the possibility of forming a 501(c)(3) Local Housing Trust Fund (LHTF) serving Cedar Falls, which would be eligible to receive annual State Housing Trust Fund grants from the Iowa Finance Authority.
- b. Consider using Tax Increment Financing (TIF) to support infrastructure for one or more large new housing developments with a mix of housing types and price ranges.
- c. Consider offering tax abatements for home improvements and infill construction in some neighborhoods with older homes or a high concentration of LMI property owners.
- d. Consider reducing or waiving certain fees for development of certain housing units that meet carefully defined criteria, including affordable price points for LMI and middle-income households.
- e. Pursue local funding sources to support housing opportunities for LMI and middle-income households, as other communities across Iowa have done. Sources may include City general revenue and general obligation (GO) bonds (would require Council approval), as well as contributions from local financial institutions, philanthropic organizations, and employers.

- f. Consider amending the Zoning and Subdivision Ordinances to offer voluntary incentives to developers that dedicate a specified percentage of units as affordable (below market-rate) housing for LMI and middle-income buyers or renters.
- g. If state enabling legislation is passed in the future to allow impact fees, consider requiring financial contributions for affordable housing as an approval condition for certain large commercial and industrial developments.

III. HOUSING PROGRAM MIX, DESIGN, AND ORGANIZATION

- a. Consider establishing a landlord risk mitigation fund. This fund would encourage landlords to rent to tenants who receive rental assistance or face certain barriers, by committing to reimburse the landlord up to a certain amount for damage to the unit or lost rent.
- b. Consider adjusting the mix of funding sources for City housing assistance programs to maximize efficiency and flexibility. For example, consider supplementing – or completely supplanting – the CDBG Owner-Occupied Rehabilitation program with local funding sources that can be deployed more quickly without the burden of federal regulations.
- c. Streamline the Owner-Occupied Rehabilitation and Repair programs to allow larger numbers of homeowners to be served more quickly.
- d. Explore other uses of HOME funds to which it is better suited than Owner-Occupied Rehabilitation.
- e. Improve coordination and communication between the cities of Cedar Falls and Waterloo regarding use of Cedar Falls HOME funds.
- f. Develop a policy for providing City financial assistance for subsidized multifamily rental construction or rehabilitation/refinancing conducted by other entities. Such a policy should incentivize the production of units available to the most vulnerable households, including seniors, people with disabilities, and people exiting homelessness.
- g. To reduce barriers to homeownership in Cedar Falls' relatively high-cost market, consider developing a locally funded purchase assistance program for LMI and, possibly, middle-income homebuyers.
- h. Exercise caution if the City's Rental Conversion program is expanded in the future, to ensure that these expenditures are balanced with other local housing goals.

IV. MAXIMIZE USE OF SPACE FOR HOUSING DEVELOPMENT AND REDEVELOPMENT

- a. To address the shortage of residential lots that are not already committed to specific future developments, consider annexation of adjacent land.
- b. If the City provides incentives to developers for new residential developments, consider including a requirement in the development agreement for a certain percentage of lots to be reserved for development of housing affordable to LMI or middle-income households.

- c. Whenever possible, prioritize redevelopment of infill lots and “greyfield” sites over new development on “greenfield” sites. Redevelopment may also include adaptive reuse of existing structures (e.g. schools, hospitals, churches, shopping centers) for multifamily housing.
- d. Consider developing a City policy for including conditions in development agreements that convey City property at reduced cost to developers. Such conditions may include dedication of a certain percentage of lots for affordable housing or contributions in lieu of such dedication.
- e. Encourage the use of upper story space in commercial buildings for rental units, particularly in the Downtown and College Hill areas.
- f. To the extent practicable, ensure that new affordable and workforce housing – whether market-rate or below-market-rate – is geographically distributed throughout Cedar Falls.
- g. If the state passes enabling legislation for Land Redevelopment Trusts (also known as Land Banks), consider participating in the formation of a local land bank to acquire vacant, dilapidated, or tax-delinquent properties for resale to developers.

V. PROMOTE COMMUNITY SERVICES AND AMENITIES TO COMPLEMENT HOUSING OPPORTUNITIES

- a. Promote expansion of transportation options in Cedar Falls for residents without cars, since reliable transportation to work is essential for a household to earn sufficient income to afford housing.
- b. Promote the availability of affordable child care in Cedar Falls, particularly for workers earning low to moderate wages. Affordable child care is essential for workers with children to increase their earnings and, hence, their ability to afford housing.
- c. When incentives are provided to employers to locate or expand operations in Cedar Falls, prioritize employers that pay sufficient wages for workers to afford average-priced housing and child care.
- d. Maintain and, when possible, expand City support for agencies that provide services to seniors and people with disabilities to help them live independently.
- e. Continue to promote residential placemaking and quality of life measures, including requiring or encouraging parks, trails, sidewalks, and other open space to be incorporated in new developments.

I. Introduction and Purpose

Cedar Falls is a vibrant and growing community in Black Hawk County, home to the University of Northern Iowa. Bordering the county seat of Waterloo and about 60% of its size in population, Cedar Falls is part of the Waterloo-Cedar Falls Metropolitan Area, the larger of only two metropolitan areas in rural northeast Iowa⁷. As such, Cedar Falls is an economic and cultural hub for the region.

In 2022, the newly formed Cedar Falls Economic Development Corporation (CFEDC), a 501(c)(4) nonprofit organization, commissioned a Housing Needs Assessment to provide an overview of the City's housing stock, identify unmet housing needs, and inform policy and decision-making by the City of Cedar Falls, local housing developers, and other stakeholders. The CFEDC sought to address local concerns about rising housing costs, with home sale prices increasing by 25% in the past five years (not adjusted for inflation). Additional concerns include slowed housing production, limited inventory of units for sale, and a near absence of buildable lots for sale to homebuyers and custom builders.

This document seeks to answer the following questions:

- How affordable are homeownership and rental units for current and future residents, including workers and young families?
- Does the available housing stock match the needs and preferences of potential residents in terms of size, condition, and amenities?
- Is there an adequate supply of affordable, high-quality housing for populations with special needs, including seniors, people with disabilities, and people with extremely low incomes?
- How can housing policies and practices in Cedar Falls advance the goals of the City's 2021 Racial Equity Task Force Report?
- Will the current rate of housing construction keep pace with potential future demand?

This Housing Needs Assessment reviews the demographic and economic context for Cedar Falls' housing market, and provides an overview of publicly available data on the City's housing stock in terms of age, structure type, cost, and vacancy rates. The document also provides local data on the cost and demand for ownership, rental, and senior housing, and projects future housing supply and demand through 2040. Feedback is included from an extensive public input process including focus groups and surveys of residents and stakeholders. The document also reviews existing housing development policies and programs in Cedar Falls and provides examples from other communities in Iowa. The assessment concludes with strategies for addressing unmet housing needs in Cedar Falls.

The Process

CFEDC contracted with the Iowa Northland Regional Council of Governments (INRCOG) and the University of Northern Iowa's Institute for Decision Making (IDM) to prepare the Housing Needs Assessment (HNA)

⁷ The Waterloo-Cedar Falls and Dubuque Metropolitan Areas have populations of 168,461 and 99,266, respectively (2020 Decennial Census). The Mason City area is considered a Micropolitan area, with a population of 50,570 (2020 Decennial Census).

document. INRCOG compiled numerical data, prepared housing supply and demand projections, authored the document, drafted questions for public input, and provided general support for the HNA development process. IDM conducted stakeholder focus groups, surveys, and a “public reflection” event to share HNA findings with the public and collect feedback.

The HNA development process was overseen by a Steering Committee and Task Force comprised of representatives of CFEDC, the City of Cedar Falls, and other local stakeholders. Broadly speaking, the Steering Committee directed, organized, and oversaw HNA development, while task force members provided data and feedback on specific topics. A timeline of milestones in the HNA development process is listed below.

May 9, 2022	Steering Committee Meeting #1
June 24, 2022	Task Force Kickoff Meeting
August 23-25, 2022	Stakeholder Focus Groups
Aug. 23 – Sept. 12, 2022	Stakeholder Surveys
Sept. 30 – Dec. 16, 2022	Resident Surveys
October 24, 2022	Task Force Meeting #2
November 11, 2022	Task Force Meeting #3
December 19, 2022	Steering Committee Meeting #2
March 24, 2023	Task Force Meeting #4
April 10, 2023	Cedar Falls Human Rights Commission Meeting and Recommendation
April 19, 2023	Cedar Falls Housing Commission Meeting and Recommendation
May 1, 2023	City Council Presentation
May 2, 2023	Public Reflection at Cedar Falls Community Center
TBD, 2023	Presentation to CFEDC
May 15, 2023	City Council Consideration

II. Population and Demographics

A. Population Trends

Cedar Falls was incorporated in 1853 and grew rapidly in the 20th Century (Figure 1). The ultimate transformation of the Iowa State Teacher's College into the University of Northern Iowa in 1967, and the annexation of the Cedar Heights and North Cedar areas in 1935 and 1971, respectively, contributed to the City's growth. The population decline between 1980 and 1990, associated with the Farm Crisis and the closure or downsizing of major regional employers, had less of an impact on Cedar Falls than on Black Hawk County as a whole. The City's population has grown moderately since 1990, reaching 40,713 by 2020. Cedar Falls' share of the County's population has grown steadily over the last century, reaching 31% by 2020.

Figure 1 shows two population projections through 2040 for the City. The higher population estimates (green line) are based on a geometric projection of the City's growth from 1990 to 2020 (5.9% per decade). The lower population estimates (yellow line) are based on Woods and Poole projections for Black Hawk County, assuming that Cedar Falls' share of the County's population will increase by 1.1 percentage points per decade (the average increase from 1990 to 2020). The two projections result in low and high population estimates of 43,645 and 45,380, respectively, by 2040. These population estimates will form the basis of the future housing supply and demand projections in Section VII.

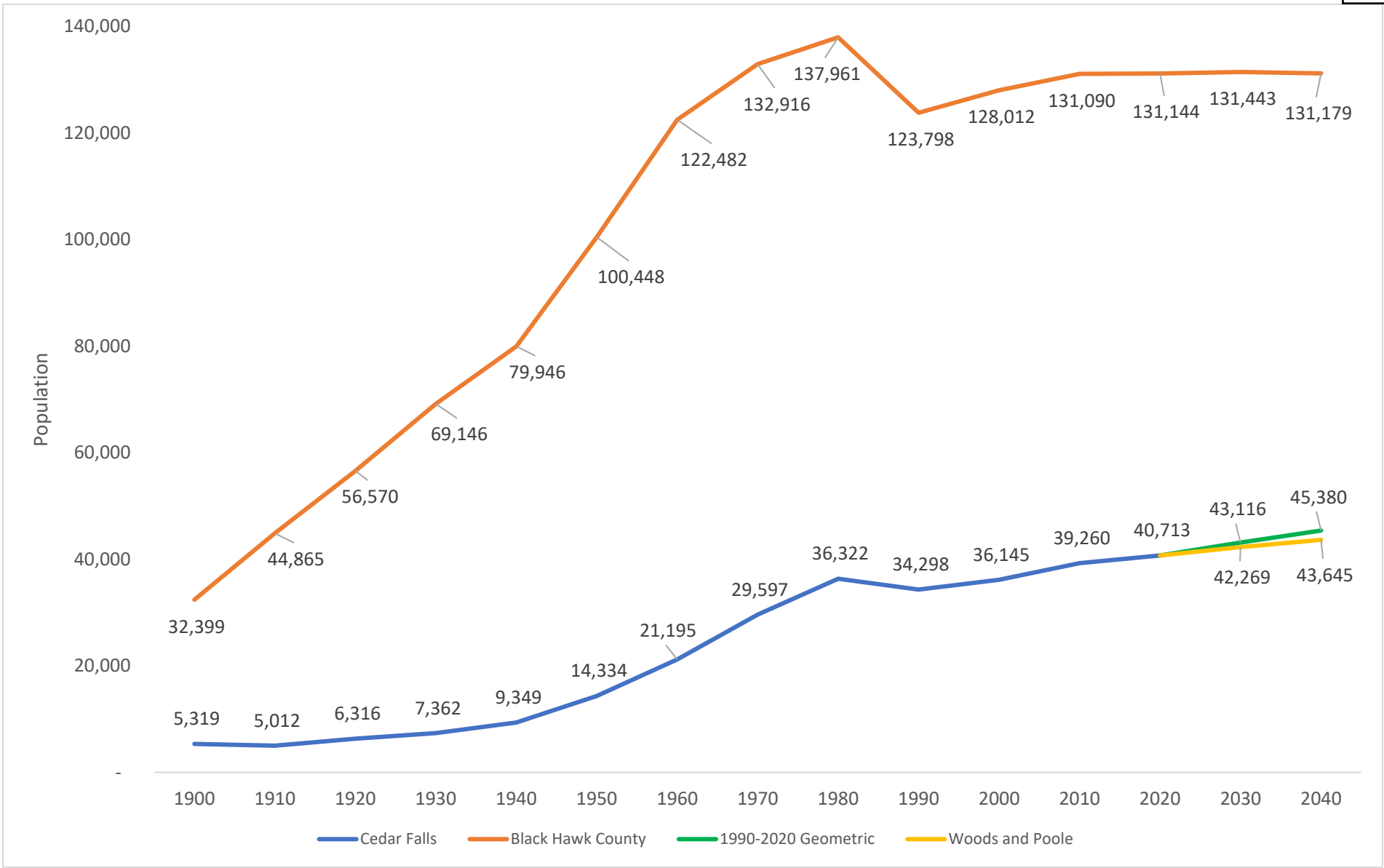


Figure 1. Population Trends and Projections for Cedar Falls. Source: Decennial Census data from Iowa State Data Center (1880-2020), Woods & Poole Economics (2030 and 2040).

B. Demographic Overview

Table 1 provides the most recent demographic information for Cedar Falls and the State of Iowa from the U.S. Census Bureau. At the time this analysis was conducted, 2020 Decennial Census redistricting data was available for certain topics, including total population and race. For other topics, Table 1 uses 2020 American Community Survey (ACS) 5-year estimates to provide current estimates. 2010 and 2000 Decennial Census data for Cedar Falls is used for comparison.

Cedar Falls has a relatively young population. The median age increased slightly in the last two decades, from 26.6 in 2000 to 27.3 in 2020, but is still much lower than Iowa's median age of 38.3. The City has proportionately fewer children, adults aged 25 to 44, and seniors aged 65 and older than the state as a whole. However, all these age groups experienced a proportionate increase in Cedar Falls from 2010 to 2020. The proportion of children increased from 17.3% to 19.3%, while the 25-44 group grew from 20.4% to 21.9% and seniors increased from 12.4% to 15.1%.

Notably, 21% of Cedar Falls' population consists of young adults aged 20 to 24, nearly triple the statewide proportion. The share of young adults in this age group who are University of Northern Iowa (UNI) students is not known. Not all Cedar Falls residents in this age group are students, and some UNI students likely listed their home communities rather than Cedar Falls as their place of residence on their ACS forms.

Family households and households with children account for 53.9% and 23.5%, respectively, of all households in Cedar Falls. These are lower than the statewide proportions and represent a decline from the 2000 proportions. The causes for the decline in family households and households with children are not known – it may simply reflect the population's overall aging trend, or rising housing costs may deter young families from living in Cedar Falls.

Fortunately, average household and family size in Cedar Falls (2.45 and 2.99, respectively) have increased since 2010 and are comparable to statewide averages. This, combined with the growing proportions of children and adults aged 25 to 44, suggests that Cedar Falls still has an ample population of young adults starting families in Cedar Falls. However, as this document will show, Cedar Falls is more likely to attract and retain young families if it has a mix of housing options at different price levels.

Cedar Falls' population is predominantly White, not Hispanic or Latino, but diversity is increasing in the City as it is statewide. The White proportion of the City's population declined from 93.4% in 2010 to 87.5% in 2020, while the statewide proportion declined from 91.3% to 84.5% during the same period (2010 values for Iowa not listed in Table 1). The City's Hispanic and Latino population (of any race) increased from 2% to 2.9% between 2010 and 2020, while Iowa's Hispanic and Latino population increased from 5% to 6.8%. Cedar Falls populations that identify as Black, Asian, some other race, multiracial, or foreign-born increased proportionately as well. On the whole, Cedar Falls is slightly less diverse than the state of Iowa with the exception of its proportionately higher Asian population.

Among the civilian noninstitutionalized population in Cedar Falls, an estimated 3,741 people, or 9.3%, had a disability in 2020, compared to 11.8% statewide. The lower prevalence of people with disabilities in Cedar Falls may reflect the relative youth of its population. The total number of noninstitutionalized civilians with disabilities in Cedar Falls declined from 4,525 in 2000 to 3,741 in 2020.

Table 1. Cedar Falls Demographic Overview.

Demographic Variable	2000*	2010*	2020*		Significant Differences? (90% Confidence Interval)
			Cedar Falls	Iowa	
Total Population	36,257	39,260	40,713	3,190,369	N/A
Age					
Median Age	26.6	26.8	27.3	38.3	CF lower than IA in 2020
Under 18	17.6%	17.3%	19.3%	23.2%	N/A
20 to 24	22.2%	22.1%	21.0%	7.2%	CF higher in IA in 2020
25 to 44	20.5%	20.4%	21.9%	24.7%	CF lower than IA in 2020, ↑ from 2010
65 and older	11.8%	12.4%	15.1%	17.1%	CF lower than IA in 2020, ↑ from 2010
Households and Families					
Average Household Size	2.45	2.37	2.45	2.40	Increase from 2010
Average Family Size	2.88	2.88	2.99	2.98	Increase from 2010
Family Households (% of households)	59.3%	55.4%	53.9%	62.9%	CF lower than IA in 2020, ↓ from 2000
Households with Children (% of households)	28.2%	24.8%	23.5%	29.5%	CF lower than IA in 2020, ↓ from 2000
Race, Ethnicity, and National Origin					
White alone	95.1%	93.4%	87.5%	84.5%	N/A
Black or African American alone	1.6%	2.1%	3.1%	4.1%	N/A
American Indian and Alaska Native alone	0.2%	0.2%	0.2%	0.5%	N/A
Asian alone	1.6%	2.3%	3.2%	2.4%	N/A
Native Hawaiian and Other Pacific Islander alone	0.02%	0.00%	0%	0.2%	N/A
Some other race	0.4%	0.5%	1.0%	2.8%	N/A
Two or more races	1.1%	1.7%	4.7%	5.6%	N/A
Hispanic or Latino (of any race)	0.9%	2.0%	2.9%	6.8%	N/A
Foreign-Born	2.7%		5.5%	5.4%	Increase from 2000
Disability					
People with a Disability**	4,525		3,741	365,878	Decrease from 2000
% of Population with a Disability**	13.2%		9.3%	11.8%	CF lower than IA in 2020, ↓ from 2000

Source: 2020 Decennial Census, 2010 Decennial Census, 2020 5-year American Community Survey (ACS). If last column lists “N/A,” 2020 value is from 2020 5-year ACS. All other values from Decennial Census. *Civilian Noninstitutionalized Population. In 2000 Census, population under 5 years old is excluded.

III. Employment Trends

A. Economic Overview

According to the 2020 ACS estimates, 71.6% of Cedar Falls' population aged 16 and older is in the civilian labor force, an increase from 2010 (Table 2). The labor force participation rate of Cedar Falls residents is higher than that of Iowa residents overall, which declined slightly over the last decade. According to Bureau of Labor Statistics (BLS) data, Cedar Falls has consistently had a lower unemployment rate than Iowa as a whole since 2010 (data not shown). Both the city and state unemployment rates were lower in 2022 than in 2010, with Cedar Falls' rate dropping from 4.3% to 2.4%, and Iowa's rate dropping from 6.1% to 2.7%

Compared to Iowa as a whole, Cedar Falls is a notably higher-income community with a smaller share of blue-collar workers. Among residents in the labor force, Cedar Falls and Iowa had similar shares of workers in management, business, science, and arts occupations (39.5% vs. 37.2%) in 2020. However, in 2010, the share of such workers living in Cedar Falls exceeded that in Iowa by a larger, statistically significant margin. In other words, Iowa's share of workers in these occupations has caught up with that of Cedar Falls. In 2020, the City had a considerably lower share of residents working in production, transportation, and material moving occupations – 11.1% compared to 17% statewide.

The difference between median household incomes in Cedar Falls and Iowa in 2020 – \$64,809 vs. \$61,836 – is not statistically significant. The prevalence of college students with low household incomes may lower Cedar Falls' median household income. However, the City's median *family* income in 2020 was significantly higher than Iowa's (\$97,563 vs. \$79,186), and the gap between the City and the state has widened since 2010. While Iowa's median family income increased by 28% from 2010 to 2020, Cedar Falls' median family income grew by 40% (not adjusted for inflation).

The shares of Cedar Falls residents with Social Security and retirement income in 2020 – 29.5% and 23.6%, respectively – have increased since 2010, which is an expected outcome of the growing senior population (see Table 1). In particular, the growing share of residents with retirement income may reflect the growing presence of large retirement communities – mainly Western Home Communities and NewAldaya Lifescapes (see Section IV.D.1.). Compared to Iowa, a greater share of Cedar Falls households had retirement income in 2020. Given that Cedar Falls families have higher incomes and, at least in the past, were more likely to be white-collar, this may indicate that workers living in Cedar Falls are more likely to have jobs that pay retirement benefits – or are less likely to have financial emergencies that force them to empty their retirement savings.

Table 2. Cedar Falls Economic Overview.

Economic Variable	2010		2020 (or 2022 where noted)		Is Cedar Falls 2020 value significantly different? (90% Confidence Interval)*
	Iowa	Cedar Falls	Iowa	Cedar Falls	
Civilian labor force (pop. age 16+)	69.0%	67.2%	67.0%	71.6%	Higher than IA in 2020 and CF in 2010
Unemployment rate (civilian labor force)	6.1%	4.3%	2.7% (2022)	2.4% (2022)	Not determined
Workers in Management, business, science, and arts occupations**	33.1%	37.7%	37.2%	39.5%	
Workers in Production, transportation, and material moving occupations**	16.5%	10.2%	17.0%	11.1%	Lower than IA in 2020
Median household income***	\$48,872	\$47,339	\$61,836	\$64,809	Higher than CF in 2010
Median family income***	\$61,804	\$69,629	\$79,186	\$97,563	Higher than IA in 2020 and CF in 2010
Poverty rate (families)	7.4%	8.4%	7.1%	6.0%	Appears lower (Z statistic = -1.46)
Poverty rate (individuals)	11.6%	21.0%	11.1%	17.2%	Higher than IA in 2020, lower than CF in 2010
Households with Social Security	29.0%	25.0%	31.4%	29.5%	Higher than CF in 2010
Households with retirement income	15.9%	18.0%	20.0%	23.6%	Higher than IA in 2020 and CF in 2010
Households with Supplemental Security Income	3.2%	1.7%	4.1%	1.9%	Lower than IA in 2020
Households with cash public assistance income	2.4%	2.6%	2.1%	1.1%	Lower than IA in 2020 and CF in 2010
Households with Food Stamp/SNAP benefits	9.0%	6.9%	9.8%	6.5%	Lower than IA in 2020

Source: 2010 and 2020 5-year ACS, except for 2010 and 2022 unemployment rates from Bureau of Labor Statistics. *Statistical comparison of Cedar Falls 2020 values and Iowa 2010 values was not conducted. **Civilian workers age 16 and older. ***Not inflation-adjusted.

As Table 2 shows, Cedar Falls had a higher individual poverty rate in 2020 than Iowa (17.2% vs. 11.1%). However, the prevalence of students may skew the City's individual poverty rate upward. The City's *family* poverty rate, which is less likely to be influenced by the student population, was 6% in 2020, not significantly different from the statewide family poverty rate of 7.1%. The City's family poverty rate appears to have dropped from its 2010 level of 8.4%, though the difference is not quite statistically significant (Z statistic = -1.46⁸).

Since Cedar Falls is a higher-income community, it is not surprising that it had lower proportions of households with Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP or "Food Stamps"), or cash public assistance benefits in 2020 compared to Iowa households overall. In both Cedar Falls and Iowa, the percentage of households receiving SSI or cash assistance is low.

SSI is a benefit provided by the Social Security Administration to aged, blind, and disabled people with very low incomes. The maximum monthly SSI benefit was \$841 in 2021, and is less for recipients with other income sources. Only 1.9% of Cedar Falls households received SSI in 2020, though an estimated 16.7% of all Cedar Falls households have a member with disabilities⁹.

Cash public assistance generally consists of payments from the Family Investment Program (FIP), the name for federal Temporary Assistance for Needy Families (TANF) funds in Iowa. (The TANF program is colloquially known as "welfare.") Families with children that have very limited incomes may be eligible for FIP, which provides modest supplemental income in amounts that have not changed since 1989 (for example, \$361 for a 2-person household and \$426 per 3-person household at the time of this writing). Only 1.1% of Cedar Falls households received cash public assistance in 2020, though 6% of Cedar Falls families experienced poverty as noted above.

Overall, while Cedar Falls is a relatively affluent community, poverty and financial hardship are not absent. In Cedar Falls, and throughout Iowa, financial resources for struggling households are often limited.

B. Wages and Job Trends

Cedar Falls is in Iowa's Local Workforce Development Area (LWDA) Region 1 (Northeast), which includes Black Hawk County and 19 other counties in Northeast Iowa. Since many Cedar Falls residents commute elsewhere for work (see Section III.C: Commuting Characteristics), the entire region's workforce dynamics are relevant to Cedar Falls. From 2020 through 2030, employment in Region 1 is projected to grow from 260,840 to 289,790 workers, an 11% increase (Table 3). Employment is expected to increase in all occupational categories, with the greatest numeric increases in Education, Training, & Library; Food Preparation & Serving; and Transportation & Material Moving (5,615, 3,470, and 2,835 workers, respectively).

⁸ When a data source such as the Census Bureau provides estimates with margins of error, a "Z statistic" may be calculated to determine whether two estimates with overlapping margins of error are statistically significant or not, within a certain level of confidence (typically 90% for Census Bureau data). A Z statistic greater than 1.645 or less than -1.645 indicates that the two estimates are significantly different, rather than the apparent difference being due to random variation in the data collection process.

⁹ Estimate from the 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data, a special tabulation of American Community Survey (ACS) data provided by the Census Bureau to the U.S. Department of Housing and Urban Development (HUD). Data not shown in Table 2.

Although some occupational categories are expected to grow more than others, the rank of different occupation types in Region 1, in terms of number of workers, is not expected to change substantially between 2020 and 2030. Some of Region 7's most common or fastest growing occupations, including Food Preparation & Serving, Healthcare Support, Building & Grounds Maintenance, and Sales, pay wages well below the region's \$18.23 median wage (Table 3). Low- and moderate-wage occupational categories – encompassing many of the region's essential workers – are among the most common projected jobs in 2030, while higher-wage occupational categories tend to be less common (Figure 2).

Table 3. Projected Employment Change by Occupational Category in Iowa's Local Workforce Development Area (LWDA) 1 (Northeast), 2020 to 2030.

Occupation Category	2020 Estimated Workers	2030 Projected Workers	Numeric Change	% Change	2022 Median Wage
Education, Training, & Library	16,415	22,035	5,615	34%	\$22.78
Food Prep & Serving	18,985	22,460	3,470	18%	\$11.37
Transportation & Material Moving	25,115	27,945	2,835	11%	\$18.07
Management	22,425	24,800	2,375	11%	\$37.42
Healthcare Practitioners & Tech	14,435	16,195	1,760	12%	\$29.10
Healthcare Support	10,990	12,650	1,660	15%	\$14.26
Construction & Extraction	10,895	12,160	1,265	12%	\$22.62
Building & Grounds Cleaning/Maintenance	7,725	8,975	1,250	16%	\$14.47
Sales	24,050	25,280	1,230	5%	\$13.88
Installation, Maintenance, & Repair	11,650	12,850	1,195	10%	\$22.65
Business & Financial	9,810	10,960	1,150	12%	\$29.27
Production	28,085	29,125	1,040	4%	\$18.21
Personal Care & Service	6,255	7,110	855	14%	\$11.74
Computer & Mathematical Occupations	3,995	4,720	725	18%	\$36.11
Arts, Design, Entertainment, Sports, & Media	3,235	3,805	575	18%	\$18.33
Architecture & Engineering	4,275	4,795	520	12%	\$37.51
Community & Social Service	3,395	3,915	515	15%	\$18.73
Protective Service	2,955	3,325	365	13%	\$22.75
Farming, Fishing, & Forestry	3,155	3,325	170	5%	\$18.11
Life, Physical, & Social Science	1,465	1,620	155	11%	\$28.50
Office & Administrative	30,670	30,795	125	0.4%	\$17.88
Legal	850	950	100	12%	\$28.00
All Occupations	260,840	289,790	28,955	11%	\$18.23

Source: Iowa Workforce Development (IWD), LWDA Region 1 Occupational Projections, 8/2022.

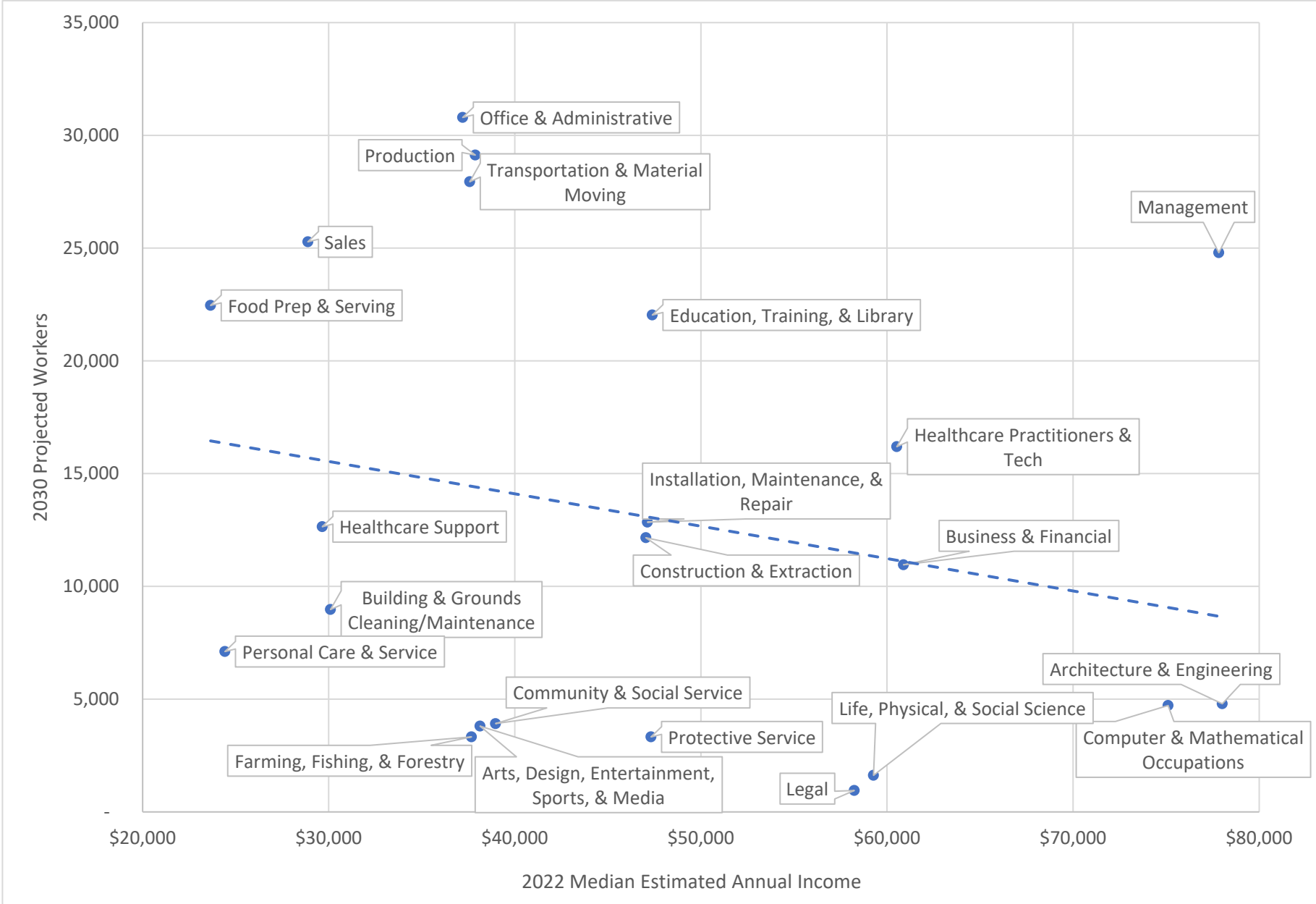


Figure 2. Projected Workers in 2030 by Occupational Category in Iowa’s Local Workforce Development Area (LWDA) 1 (Northeast). Source: Iowa Workforce Development (IWD), LWDA Region 1 Occupational Projections, 8/2022.

Table 4 provides data on the 25 most common occupations in the 50613 and 50614 zip codes. Postsecondary teachers are the most common occupation in Cedar Falls at 1,496 out of 25,087 jobs in 2022. However, Cedar Falls also has a high prevalence of low- and moderate-wage jobs, particularly in service, manufacturing, and health care sectors. This is common for many communities across Iowa and the nation. For example, laborers and freight, stock, and material movers account for 482 jobs and have median hourly earnings of \$17.32, or \$36,035 for full-time, year-round work. Nursing assistants, meanwhile, earn a median \$14.91 hourly or \$31,004 annually.

Table 4. Top 25 Most Common Occupations in Zip Codes 50613 and 50614.

Occupation	2022 Jobs	Median Annual Earnings	Median Hourly Earnings
Postsecondary Teachers	1,496	\$77,078	\$37.06
Retail Salespersons	962	\$23,464	\$11.28
Cashiers	834	\$24,668	\$11.86
Fast Food and Counter Workers	802	\$25,235	\$12.13
Customer Service Representatives	540	\$35,691	\$17.16
Laborers and Freight, Stock, and Material Movers (by hand)	482	\$36,035	\$17.32
Waiters and Waitresses	478	\$19,443	\$9.35
Office Clerks, General	475	\$34,952	\$16.80
Janitors and Cleaners*	467	\$35,236	\$16.94
Stockers and Order Fillers	419	\$30,453	\$14.64
Childcare Workers	394	\$19,778	\$9.51
General and Operations Managers	358	\$80,784	\$38.84
Secretaries and Administrative Assistants**	320	\$37,954	\$18.25
Teaching Assistants, Except Postsecondary	319	\$27,441	\$13.19
Nursing Assistants	310	\$31,004	\$14.91
Elementary School Teachers, Except Special Education	294	\$57,812	\$27.79
Cooks, Restaurant	289	\$27,734	\$13.33
Registered Nurses	278	\$60,846	\$29.25
First-Line Supervisors of Retail Sales Workers	267	\$34,607	\$16.64
Home Health and Personal Care Aides	265	\$27,575	\$13.26
Education Administrators, Postsecondary	260	\$93,105	\$44.76
Maintenance and Repair Workers, General	246	\$45,556	\$21.90
Maids and Housekeeping Cleaners	236	\$23,854	\$11.47
Bookkeeping, Accounting, and Auditing Clerks	221	\$38,659	\$18.59
First-Line Supervisors of Office/Admin Support Workers	191	\$52,980	\$25.47
Total Occupations	25,087		\$23.43***

Source: EMSI 2022 Q1. *Except maids and housekeepers *Except legal, medical, and executive ***This number is a mean; estimate of median earnings for all occupations is unavailable.

Of the Top 25 occupations shown in Table 4, those with median hourly earnings below \$18 account for 30% of all jobs in the City. Even omitting occupations often held by high school and college students – specifically, retail salespersons, cashiers, fast food workers, and waitstaff – Top 25 occupations with

median wages below \$18 still account for nearly 1 in 5 Cedar Falls jobs. The relationship between wages and housing prices will be considered further in Section IV: Housing Characteristics.

C. Commuting Characteristics

Figure 3 shows the commuting patterns for workers who live or are employed in Cedar Falls, or both, according to the most recent Longitudinal Employer-Household Dynamics (LEHD) data from the Census Bureau, which predates the COVID-19 pandemic and the rapid expansion of remote work. An estimated 5,898 people both lived and worked in Cedar Falls in 2019, with an additional 9,988 Cedar Falls residents commuting elsewhere for work, and 16,431 residents of other communities traveling to Cedar Falls for work. This pattern, with more in-commuters than out-commuters, is also seen in Iowa City and Ames, and is common for central cities of comparable size.

Most in-commuters to Cedar Falls lived in Black Hawk County or contiguous counties (those that share a border or corner with Black Hawk County). However, 5,780 in-commuters, or about 1 in 4, lived in a non-contiguous county such as Polk or Linn (Table 5a and Figure 3). Many of these locations are over 45 minutes from Cedar Falls (Figure 4). Among out-commuters who lived in Cedar Falls, nearly 3 in 4 worked in Black Hawk County, but about 1 in 5 commuted to a non-contiguous county (data not shown).

Cedar Falls in-commuters and out-commuters have considerably different financial profiles (Table 5b). Among in-commuters, 25% earn less than \$1,250 per month (\$15,000 per year), while only 16% of out-commuters fall within this earning bracket. While 56% of out-commuters earn more than \$3,333 per month (about \$40,000 per year), only 42% of in-commuters fall in this income bracket. Workers between these two earnings ranges are slightly more prevalent among in-commuters than out-commuters (33% vs. 28%). Housing costs may impact whether many of Cedar Falls' low-wage essential workers, such as home health aides and grocery workers, can afford to live in the City.

Table 5. Details on Cedar Falls In-Commuters and Out-Commuters.

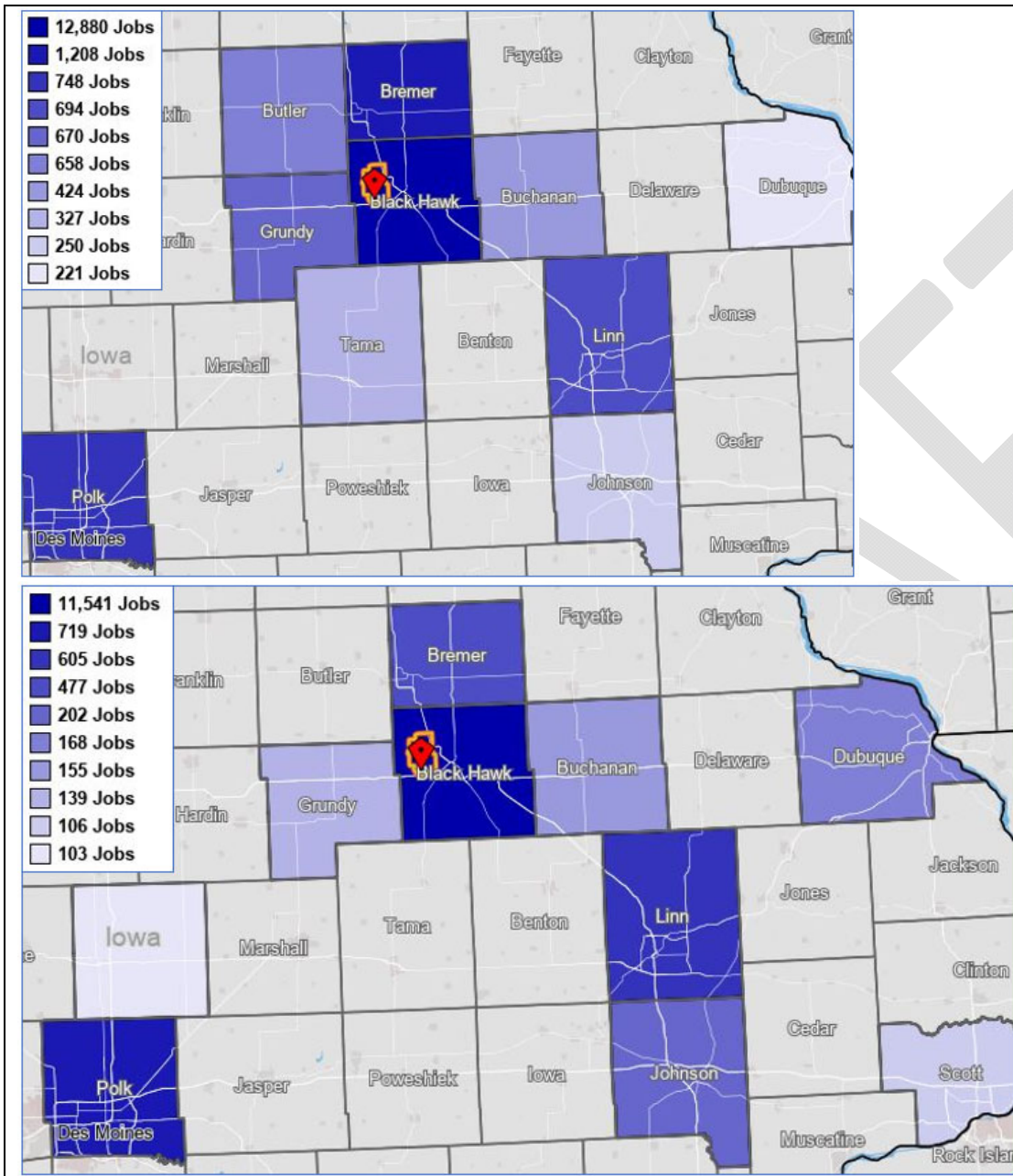
Home County	# of Workers	% of Workers
Black Hawk	12,880	57.7%
Bremer	1,208	5.4%
Polk	748	3.3%
Linn	694	3.1%
Grundy	670	3.0%
Butler	658	2.9%
Buchanan	424	1.9%
Tama	327	1.5%
Johnson	250	1.1%
Dubuque	221	1.0%
Scott	213	1.0%
Benton	206	0.9%
Cerro Gordo	199	0.9%
Marshall	198	0.9%
Fayette	176	0.8%
Other	3,257	14.6%
Total Non-Contiguous	5,780	25.9%

a. Home Counties of In-Commuters to Cedar Falls

Monthly Earnings	Workers In-Commuting to CF	CF Residents Out-Commuting
\$1,250 or less	25%	16%
\$1,251 to \$3,333	33%	28%
More than \$3,333	42%	56%

b. Earnings of Cedar Falls In- and Out-Commuters

Source: Longitudinal Household-Employment Dynamics (LEHD) 2019 (Primary Jobs).



Counterclockwise from left:

Top 10 home counties for people who work in Cedar Falls

Top 10 counties where Cedar Falls residents work

Worker Inflow/Outflow for Cedar Falls

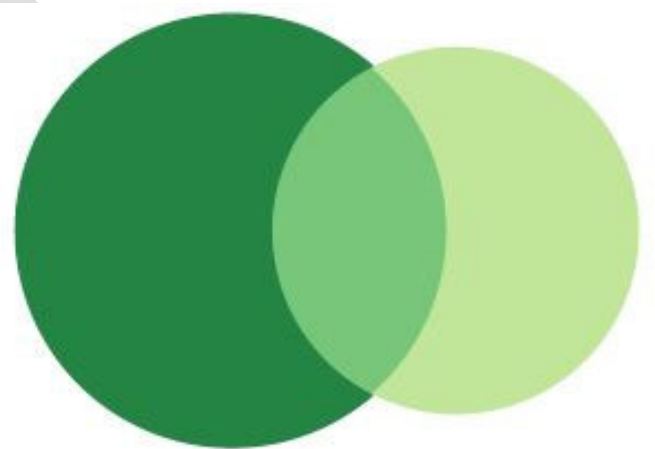


Figure 3. Cedar Falls Commuting Patterns. Source: Longitudinal Household-Employment Dynamics (LEHD) 2019 (Primary Jobs).

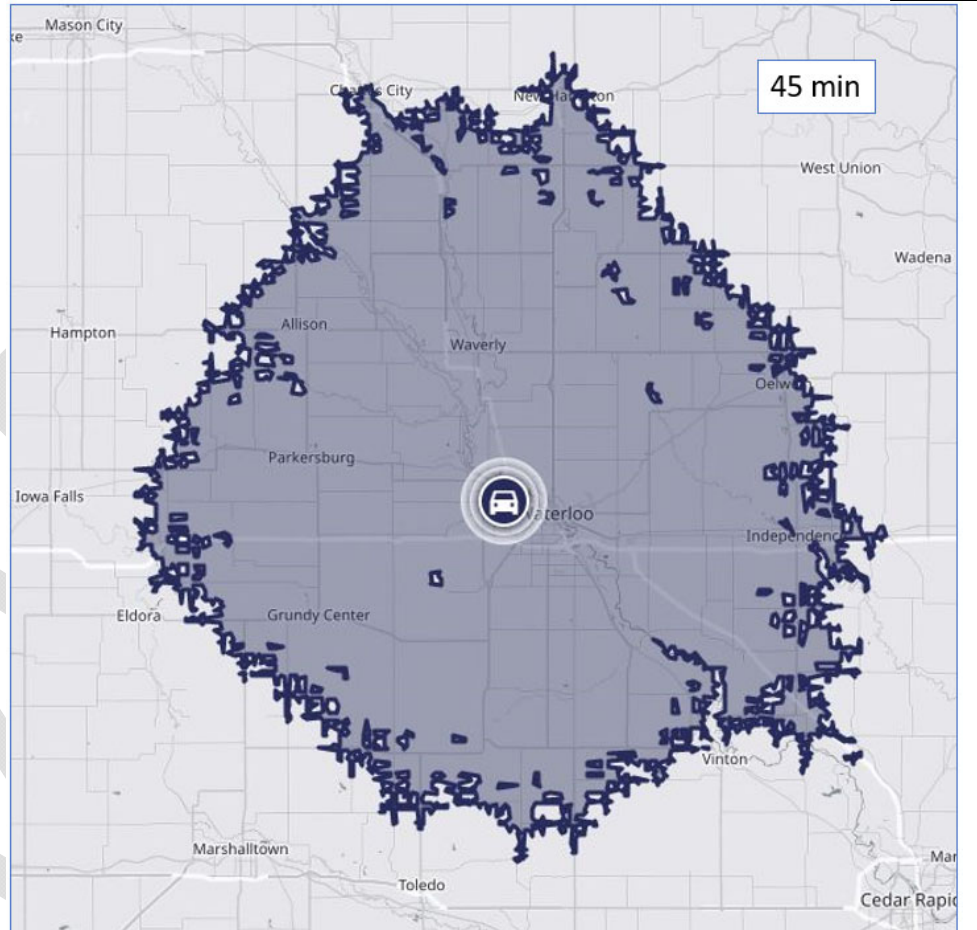
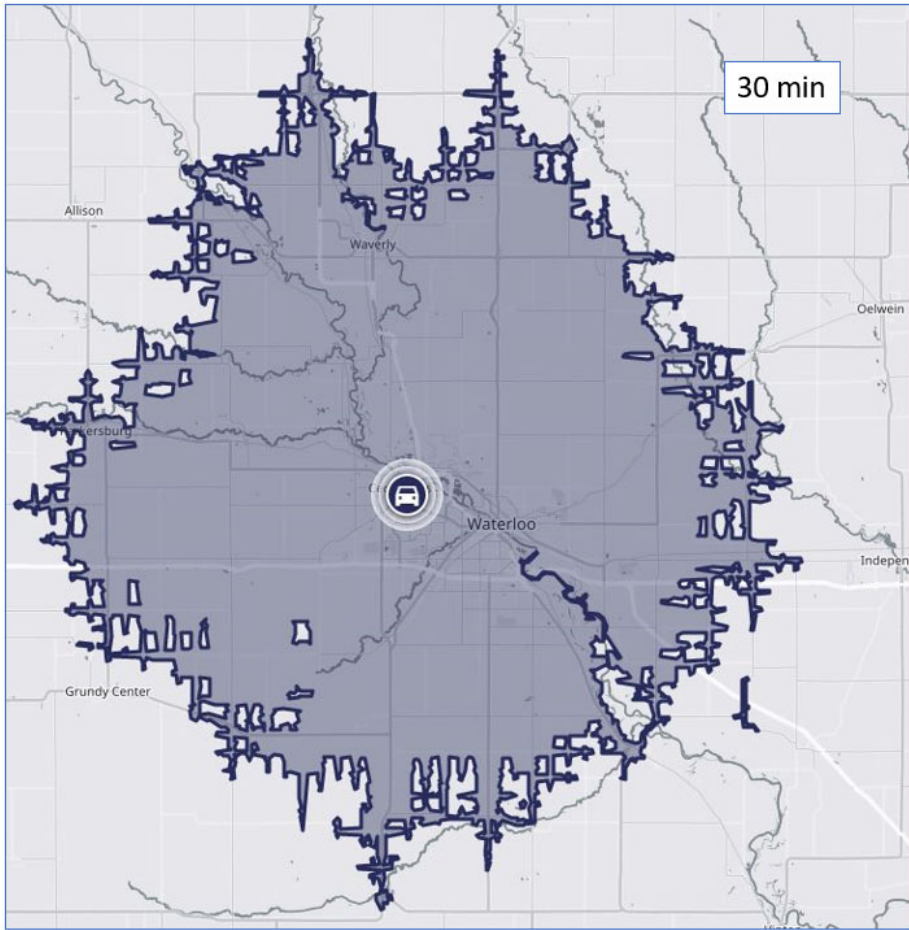


Figure 4. Commute Times to Cedar Falls. Source: App.TravelTime.Com. Retrieved 7/7/2022.

D. Employer Feedback

Limited employer feedback was obtained for the Housing Needs Assessment. Representatives of two Cedar Falls employers attended a focus group in August 2022, and three employers responded to an online survey, though some responses were missing or incomplete (Table 6). What feedback employers did provide indicates that Cedar Falls is a desirable community, but some employees are unable to live here due to a shortage of affordable housing options. Employees who cannot afford to live in Cedar Falls may instead choose to live in Waterloo or smaller communities within the region. Additionally, employees at Cedar Falls firms with the option to work remotely may prefer to live in communities with more affordable housing options.

In the survey responses, two employers referenced “proximity to work” or “commute” as a factor that prospective employees consider when deciding where to live. The third employer cited “workforce availability” as the biggest barrier to recruiting employees, and is not alone among Iowa employers, especially since the COVID-19 pandemic started.

The employers’ feedback highlights the value of having affordable housing options that allow people to live where they work. Some observers might argue that Cedar Falls does not need more affordable housing because workers can easily live in neighboring communities without an onerous commute. However, for many workers, affordable housing options in the community where they work are a powerful draw. By having limited housing options at lower price points, Cedar Falls misses opportunities to recruit these workers.

Table 6. Survey of Cedar Falls Employers.

Survey Question	Responses	# of Responses	
# of employees that work in your Cedar Falls location(s)	Avg. 41 Range 4 - 77	2	
Communities that employees (including temps) are most likely to live in	Cedar Falls Waterloo Denver Sumner	Parkersburg Waverly Reinbeck	3
% of employees (including temps) who live in Cedar Falls	Avg. 58% Range 30% - 95%	3	
Factors that current or prospective employees (including temps) consider when deciding where to live in the region	Proximity to work Cost Income Walkability to desirable locations/amenities	Cost Commute Home Availability	3
Lowest starting wage (temporary employees from staffing agencies)	\$16	1	
Lowest starting wage for entry-level workers employed by your business	Avg. \$18 Range \$18	2	
Biggest barriers to recruiting employees at locations in the Cedar Falls area	Workforce availability Lack of housing options n/a	3	
What would make employees more likely to live in Cedar Falls?	Affordability Different housing options	2	
Biggest challenges that you/your employees face in the Cedar Falls housing environment	Affordability High prices	Housing availability Building site availability	2

Source: Online survey conducted from 8/23/2022 to 9/12/2022 by the University of Northern Iowa (UNI) Institute for Decision Making (IDM).

IV. Housing Characteristics

A. Housing Overview

According to the 2020 ACS estimates, Cedar Falls had 16,118 housing units in 2020 (Table 7), not including nursing facilities, dormitories, or other group quarters. An estimated 6% of housing units in Cedar Falls are vacant, including units for rent or sale, those that have been sold or rented but are not yet occupied, those reserved for seasonal or recreational use, and those that are abandoned or held off the market by their owners. Homeowner and rental vacancy rates, by contrast, are calculated only for those units that are in the active housing market (occupied, rented or sold but not yet occupied, or vacant for rent or sale). The City's homeowner vacancy rate of 1.4% is comparable to Iowa's rate of 1.3%. Cedar Falls has a lower rental vacancy rate than Iowa (4.4% vs. 6.5%), though the difference is not statistically significant (Z statistic = -1.36; data not shown).

Table 7. Cedar Falls Housing Stock: Occupancy and Physical Characteristics.

Housing Variable	Iowa	Cedar Falls	Is Cedar Falls significantly different from IA?*
HOUSING OCCUPANCY			
Total housing units	1,407,819	16,118	
Vacant housing units	9.5%	6.0%	Lower
Homeowner vacancy rate	1.3%	1.4%	
Rental vacancy rate	6.5%	4.4%	
UNITS IN STRUCTURE			
1-unit, detached	73.1%	63.1%	Lower
1-unit, attached	4.1%	5.6%	Higher
2 units	2.2%	4.1%	Higher
3 or 4 units	3.4%	4.5%	
5 to 9 units	3.6%	3.5%	
10 to 19 units	3.9%	7.9%	Higher
20 or more units	6.1%	7.6%	
Mobile home	3.6%	3.6%	
YEAR STRUCTURE BUILT			
2014 or later	3.6%	5.2%	Higher
2010 to 2013	2.9%	5.2%	Higher
2000 to 2009	10.9%	11.8%	
1990 to 1999	10.7%	12.6%	Appears higher (Z statistic = 1.55)
1980 to 1989	7.4%	6.7%	
1970 to 1979	14.2%	14.7%	
1960 to 1969	10.1%	12.6%	Appears higher (Z statistic = 1.52)
1950 to 1959	10.1%	15.7%	Higher
1940 to 1949	5.0%	4.0%	Lower
1939 or earlier	25.2%	11.5%	Lower

Source: 2020 5-year ACS. *90% Confidence Interval

Detached single-family units account for 63.1% of Cedar Falls' housing stock, a lower proportion than for Iowa as a whole (73.1%). Compared to the state, Cedar Falls has a higher share of housing units in 10- to 19-unit structures (7.9% vs. 3.9%), and slightly higher shares of single-family attached units (5.6% vs. 4.1%) and units in 2-unit structures (4.1% vs. 2.2%). This is not surprising for a mid-sized university town.

In addition to having a higher proportion of attached and multifamily units, Cedar Falls has a newer housing stock than Iowa as a whole. Units built in 2010 or later account for 10.4% of the City's housing stock compared to 6.5% of Iowa's housing stock. Only 15.5% of the City's housing stock was built before 1950, compared to 30.2% of units statewide.

Table 8a provides 2010 and 2020 ACS estimates for the tenure and financial characteristics of Cedar Falls housing stock. An estimated 64.4% of the City's housing stock was owner-occupied in 2020, lower than Iowa's 73.2% homeownership rate but equal to the national homeownership rate (data not shown). Of the City's owner-occupied units in 2020, 62.3% had a mortgage, comparable to the statewide share of owner units with mortgages (60.4%). Between 2010 and 2020, neither the homeownership rate nor the share of owner units with mortgages changed significantly in Cedar Falls.

The median value of owner-occupied homes in Cedar Falls was \$204,300 in 2020, higher than Iowa's median value of \$153,900 in 2020. For owners with mortgages, the median monthly housing cost in Cedar Falls (see Glossary) was \$1,499, higher than the median cost of \$1,279 for owners with mortgages statewide. Despite this difference, Cedar Falls and Iowa had similar percentages of owners with mortgages paying 35% or more of their incomes for housing (12.8% vs. 13.9%). Cedar Falls' higher median family income (Table 2) likely accounts for the ability of its homeowners to bear higher housing costs. Similarly, among owners without mortgages in 2020, Cedar Falls homeowners are not more likely than Iowa homeowners to pay $\geq 35\%$ of their incomes on housing (6.1% vs. 8.2%) despite having somewhat higher monthly housing costs (\$519 vs. \$495).

In 2020, Cedar Falls' median gross rent (see Glossary) was \$944, considerably higher than Iowa's median gross rent of \$806¹⁰. Cedar Falls renters were more likely than renters statewide to pay $\geq 35\%$ of their incomes on housing (41.6% vs. 34.7%), but the prevalence of college students may skew this number upward in Cedar Falls. However, Section IV.E.2. will show that housing cost burden (see Glossary) is widespread among household types that are less likely to be student-headed. Moreover, as shown by statewide data on housing cost burden in Section IV.E.1., renters are more likely than owners to face high housing costs even in geographic areas not skewed by students.

Table 8b compares housing cost increases in Iowa and Cedar Falls from 2010 to 2020, not adjusted for inflation. The median value of owner-occupied homes increased 35% in Cedar Falls, faster than the statewide increase of 29%. Housing costs for owners with mortgages and renters increased rapidly in Cedar Falls compared to Iowa – 21% vs. 12% for owners with mortgages, and 43% vs. 31% for renters.

¹⁰ In this document, median gross rent is provided for rental units of all sizes (i.e. number of bedrooms) unless otherwise stated.

Table 8. Cedar Falls Housing Stock: Tenure and Financial Characteristics.

Housing Variable		2010		2020		Is Cedar Falls significantly different from IA? (90% Confidence Interval)
		Iowa	Cedar Falls	Iowa	Cedar Falls	
All owner-occupied units	% of all occupied housing units	73.2%	63.9%	71.2%	64.4%	Lower than IA in 2020
	Median value*	\$119,200	\$151,400	\$153,900	\$204,300	Higher than IA in 2020 and CF in 2010
Owner-occupied with a mortgage	% of owner-occupied units	63.0%	64.5%	60.4%	62.3%	
	Median monthly owner costs*	\$1,147	\$1,236	\$1,279	\$1,499	Higher than IA in 2020 and CF in 2010
	Housing costs ≥35% of income	17.3%	10.5%	13.9%	12.8%	
Owner-occupied without a mortgage	% of owner-occupied units	37.0%	35.5%	39.6%	37.7%	
	Median monthly owner costs*	\$393	\$407	\$495	\$519	Higher than CF in 2010
	Housing costs ≥35% of income	9.2%	5.3%	8.2%	6.1%	Lower than IA in 2020
Renter-occupied units	Median gross rent (monthly)*	\$617	\$662	\$806	\$944	Higher than IA in 2020 and CF in 2010
	Housing costs ≥35% of income	36.2%	56.6%	34.7%	41.6%	Higher than IA in 2020 and CF in 2010

a. Overview

Housing Variable	Iowa	Cedar Falls
Median Value of All Owner-Occupied Units	29%	35%
Median Monthly Costs for Owner-Occupied Units with Mortgage	12%	21%
Median Gross Rent	31%	43%

b. Percent Change 2010 – 2020*

Source: 2020 5-year ACS. *Not inflation-adjusted

B. Owner-Occupied Housing

1. Home Sale Data

This section uses Multiple Listing Service (MLS) home sale data to examine the Cedar Falls homebuyer market. MLS data is more current and detailed than American Community Survey (ACS) data, allowing us to compare Cedar Falls to neighboring communities and identify factors that influence housing prices. Some MLS sales may actually be of rental or investment properties, but sale prices for these homes are assumed to impact market values of homes sold for ownership.

Table 9 provides MLS data for Cedar Falls and several comparison cities in Iowa from 1/1/2019 through 8/31/2022¹¹. The median sale price in Cedar Falls is \$225,000, compared to a range of \$180,000 to \$200,000 for the comparison cities. In other words, Cedar Falls housing prices are 12.5% to 25% higher than those of the comparison cities in Table 9. Cedar Falls also has the highest median price per finished square foot at \$116.

Since 2019, the City has averaged 623 MLS sales annually, or 5.6% of the single-family housing stock (detached and attached). This amount is higher than the share of single-family homes sold annually in the comparison cities, although Denver is close at 5.1% sold annually.

Table 9. Multiple Listing Service (MLS) Home Sale Data in Cedar Falls and Comparison Cities.

City	Cedar Falls	Denver	Hudson	Jesup
Median Closed Sale Price	\$225,000	\$180,000	\$200,000	\$169,900
Median Price per Finished SQFT	\$116	\$99	\$109	\$101
Average Annual Sales	623	33	28	31
Sales as a % of Single-Family Units*	5.6%	5.1%	3.3%	3.5%
Median Cumulative DOM**	8	9	13	10
Median DOM** (homes listed once)	7	9	9	10
Median Cumulative DOM** (repeat listings)	215	221	434	167
% of Homes listed more than once (repeat listings)	5.5%	5.0%	3.9%	4.3%
Median Sale Price (homes listed once)	\$220,900	\$179,900	\$199,000	\$164,850
Median Year Built (homes listed once)	1975	1969	1973	1962
Median Sale Price (repeat listings)	\$310,000	\$378,250	\$389,000	\$268,000
Median Year Built (repeat listings)	2003	1986	2011	1995

Source: Multiple Listing Service (MLS) data from 1/1/2019 to 8/31/2022 (single-family homes, townhomes, condominiums), ACS 2020 5-year estimates. *Detached and attached. **Days on Market

Table 9 also includes data on “Days on Market” (DOM), or the time that home listings spend on the market before being purchased. Some homes are listed more than once before being purchased, and “cumulative days on market” is the sum of each time the home was listed. Cedar Falls listings spend a median of 8 cumulative days on the market, slightly lower than the comparison communities (9 to 13 days). A

¹¹ Waterloo was not included as a comparison city because its housing market is substantially different from that of Cedar Falls. The selected comparison cities are more similar to Cedar Falls in terms of cost and demand.

community with a median turnaround time of 30 days for home listings is generally considered to have a healthy home sale market, so Cedar Falls’ market is especially tight by comparison. All but 5.5% of homes are listed only once in Cedar Falls, and homes listed once have a median of only 7 days on the market (vs. 9 or 10 days for comparison cities).

In Cedar Falls and the comparison cities, repeat listings tend to be newer and more expensive than homes listed only once. The median year built for homes listed once in Cedar Falls is 1975, compared to 2003 for repeat listings. Repeat listings in Cedar Falls have an average sale price of \$310,000 compared to \$220,900 for homes listed once. The median price for repeat listings in Cedar Falls is within the range of median prices for the comparison cities (\$268,000 to \$389,000). However, homes listed once in Cedar Falls are considerably more expensive (median \$220,900) than those in comparison cities (median \$164,850 to \$199,000).

The home sale market in Cedar Falls and comparison cities has tightened since 2019. In Cedar Falls, the median cumulative days on market for home listings declined steadily from 20 days in 2019 to 4 days in 2022 (Figure 5). Time on market declined steadily for home listings in Jesup as well, from 16.5 days in 2019 to 5.5 days in 2022. Time on market has been more variable in Denver and Hudson since 2019, but listings in both cities spend fewer days on the market than in 2019. Notably, Cedar Falls listings spent more time on the market in 2019 than those in Jesup, Denver, and Hudson, though Cedar Falls had a healthy pace of home sales overall (median 20 cumulative days on market). As of 2022, however, Cedar Falls homes sell more quickly than homes in Jesup or Denver, (median 5.5 and 8 days, respectively), and only marginally more slowly than homes in Hudson (median 3.5 days).

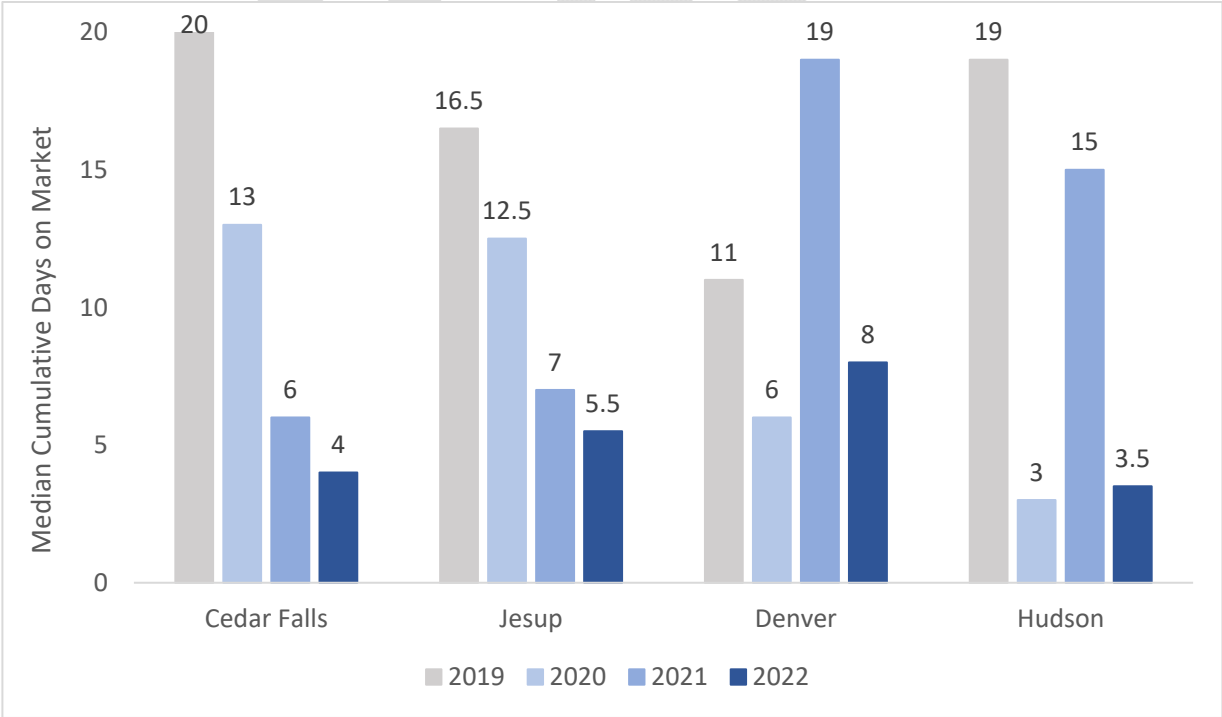


Figure 5. Median Cumulative Days on Market since 2019 for Cedar Falls and Comparison Cities.

Source: MLS data from 1/1/2019 to 9/9/2022 (single-family homes, townhomes, condominiums).

Table 10 provides more detail on sale prices and time on market for different types of housing in Cedar Falls. Single-family homes account for 2,029 closed MLS sales from 1/1/2019 through 9/9/2022, or 89% of sales. While the median single-family closing price is \$229,000, closing price is inversely related to the home's age – single-family median sale prices range from \$153,000 for homes built before 1940 to \$365,000 for homes built in 2000 or later.

Not surprisingly, homes built before 1940 have the lowest price per finished square foot (\$98), which likely explains their lower costs. Among homes built between 1940 and 1999, median prices per square foot range from \$107 to \$109. During this period, though, median finished square feet increased from 1,540 to 2,543, and this increase appears to drive increasing median sale prices. For homes built since 2000, median price per finished square foot jumped sharply to \$131, while median finished square feet increased to 2,789. Both factors explain the high prices for single-family homes built since 2000. While homes built in 2021 or later have a lower median square footage (1,950) than all homes built since 2000, their median price per square foot is higher (\$198), resulting in a median sale price of \$420,379¹².

Table 10. Characteristics of Homes Sold in Cedar Falls.

Housing Type	# of Listings *	Subset	Median Closing Price	Median Cumulative DOM	Median Finished SQFT	Median Closing Price per SQFT	Median Year Built
Single-Family	2,029 (89%)	All	\$229,000	9	2,005	\$115	1969
		Before 1940	\$153,000	13	1,624	\$98	
		1940 to 1959	\$168,000	7	1,540	\$107	
		1960 to 1979	\$196,500	6	1,828	\$109	
		1980 to 1999	\$275,000	10	2,543	\$109	
		2000 or later	\$365,000	11	2,789	\$131	
		2021 or later	\$420,379	10	1,950	\$198	
Condo	222 (10%)	All	\$206,500	6	1,544	\$125	2009
		Below median closing price		5	1,053	\$125	2004
		Above median closing price		9	2,144	\$125	2016
Town-house	35 (2%)		\$239,900	24	1,898	\$125	2015

Source: MLS data from 1/1/2019 to 9/9/2022 (single-family homes, townhomes, condominiums). *Percentages may not add to 100% due to rounding.

¹² A similar analysis by the Cedar Falls Economic Development Corporation, using MLS single-family sale data from 1/1/2021 to 12/31/2022, found a mean sale price of \$476,800. Means are typically larger than medians since they are skewed upward by the highest values in the dataset.

While the median time on market for single-family homes is 9 days, homes built before 1940 spend the longest time on market at 13 days. The reason for this is not known but may reflect greater deferred maintenance needs in older properties, which may deter some buyers. Single-family homes built between 1960 and 1979 spend the least time on the market (median 6 cumulative days) followed by those built between 1940 and 1959 (median 7 cumulative days). These are among the more moderately priced homes in Cedar Falls, with median sale prices of \$196,500 and \$168,000, respectively.

Condominiums account for 10% of MLS sales since 2019. Compared to single-family homes, their average sale price is lower (\$206,500) and they sell more quickly (median 6 cumulative days on market). Their median size of 1,544 finished square feet is comparable to single-family homes built in the 1940s and 1950s. While the median construction year for condo listings is 2009, their price per finished square foot (\$125) is lower than for single-family homes built since 2000. Condos sold below the median price spend less time on market than those sold above the median price (median 5 vs. 9 cumulative days on market) despite being smaller (median 1,053 vs. 2,144 finished sqft) and older (median construction year of 2004 vs. 2016).

Townhouses account for only 2% of home sales since 2019. With a median closing price of \$239,900 and a median size of 1,898 finished square feet, they are larger and costlier than the average condo but smaller and less costly than the average single-family home built in 1980 or later. Their median price per finished square foot is \$125, identical to that of condos. This indicates that the higher median price of townhouses is due to their larger median size compared to condos.

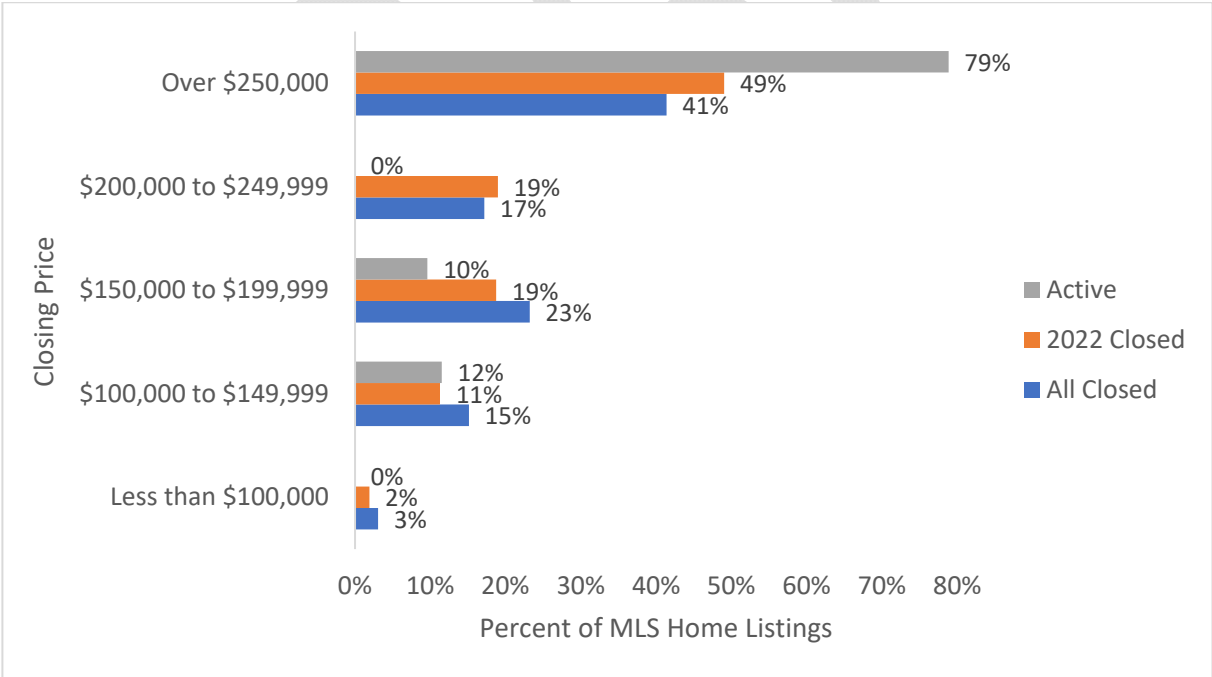


Figure 6. Home Sale Supply & Demand: Closed Sales vs. Active Listings. Source: MLS data on closed listings from 1/1/2020 to 9/9/2022 and active listings as of 10/7/2022 (52 listings).

For both single-family homes and condos, it is notable that smaller, moderately priced units sell more quickly than larger, more expensive units. This suggests that the Cedar Falls homebuyer market has pent-up demand for more “affordable” or “workforce” housing options. Figure 6 lends support to this possibility with a comparison of prices for closed and active MLS listings. Homes priced under \$200,000 account for 41% of closed listings since 2020 but only 22% of the 52 active listings as of 10/7/2022. By contrast, homes priced over \$250,000 account for 79% of active listings and only 41% of closed listings.

2. Comparison of Home Prices and Local Wages

Figure 7 illustrates the mismatch between earnings and housing prices for several essential occupations in Cedar Falls, especially in health care, education, and traditional “blue-collar” jobs in manufacturing, construction, and transportation. These occupations together account for 11.6% of all Cedar Falls jobs. Of the occupations shown, only secondary school teachers (i.e. high school teachers) have the median earnings (\$32.20/hr or \$66,982/yr) necessary to afford a median-priced home at \$225,000 (see Table 9).

Several other occupations have sufficient median earnings to purchase a home for \$153,000, the median price for a single-family home built before 1940 (see Table 9). A household needs a minimum income of \$23.53/hr (\$48,942/yr) to afford a home at this price, which is marginally higher than the average wage of \$23.43 for all Cedar Falls jobs (Table 4). Registered nurses; teachers from kindergarten through middle school; and Public Safety Officers (PSOs) at the City’s entry wage all have sufficient median wages to afford a house at \$153,000.

However, this sale price is out of reach for many other essential workers, including preschool teachers, nursing assistants, construction laborers, EMTs and paramedics, assemblers, truck drivers, and licensed practical and vocational nurses. Collectively, the occupations in Figure 7 that cannot afford a \$153,000 home account for 8.3% of all Cedar Falls jobs. As Table 4 showed, many common occupations *not* listed in Figure 7, such as janitors, childcare workers, and home health aides, also have median wages that are far too low to buy a home at this price. Moreover, the inventory of homes affordable to these workers is limited. As Figure 6 showed, only 13% of home sales in 2022 had closing prices below \$150,000. During that time, only 58 homes had sale prices below \$153,000 (data not shown).

To be sure, many households in the homebuyer market have two earners. However, not every prospective homebuyer has a spouse or domestic partner. Even among married or partnered couples, it may be difficult for both partners to sustain employment at all times. Factors such as illness, child care responsibilities, car breakdown, and job loss can easily disrupt an earner’s labor force participation. Moreover, there is a widespread social expectation that many of the jobs in Figure 7 should provide individual workers – including singles living alone and single parents – a ticket to homeownership and the middle class. Given the imbalance between wages and home prices, Cedar Falls is falling short of this expectation.

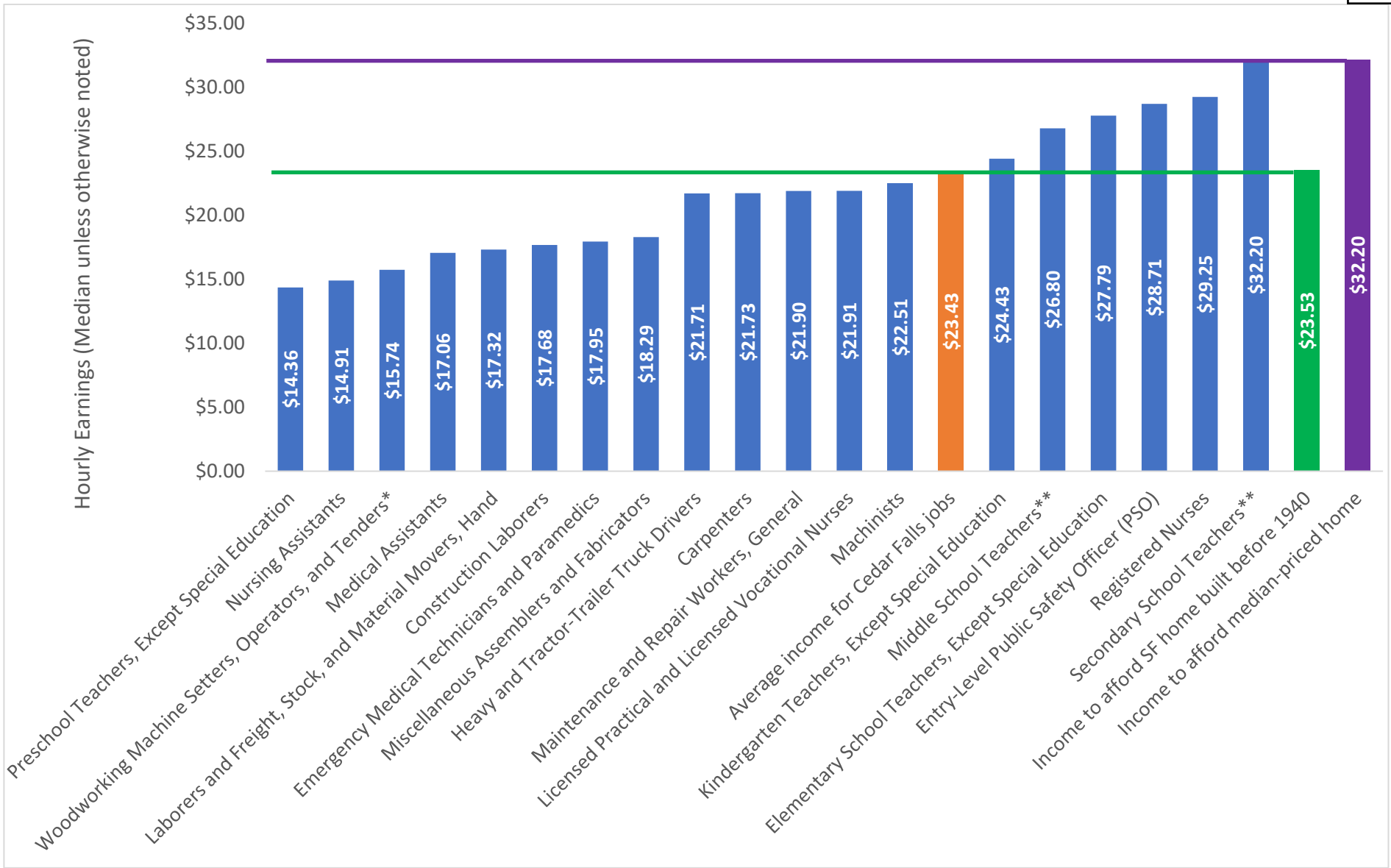


Figure 7. Comparison of Cedar Falls Home Sale Prices with Wages for Selected Occupations. Source: EMSI 2022 Q1 data for zip codes 50613 and 50614, except that City pay scale info provided for PSOs. Assumptions for income needed to afford homes: FHA or similar loan with 3.5% down payment, front-end ratio 31%, back-end ratio 41%, \$500 monthly debt, 30-y fixed rate loan at 5.5% interest, assessed value is 90% of market value, annual insurance cost is 1% of purchase price. *Except sawing. **Except special and career/technical education.

3. Summary of Home Sale Market

Several conclusions emerge from the MLS data for Cedar Falls and comparison cities:

- Cedar Falls' home sale market is costly and extremely tight, based on data from 2019 through 2022. The median home sale price is \$225,000, higher than for comparison cities in the region. Homes spend a median of 8 cumulative days on the market, which is shorter than the market turnaround times in comparison cities and the industry standard of 30 days in a healthy market.
- Cedar Falls' home sale market has become tighter since 2019, both overall and in comparison to other cities in the region. Median cumulative days on market in Cedar Falls decreased from 20 in 2019 to 4 in 2022. This may suggest that the Cedar Falls market is having difficulty meeting demand.
- A small share (5.5%) of homes sold in Cedar Falls since 2019 were listed more than once before selling. These repeat listings spend much longer on the market (median 215 cumulative days) and tend to be newer and more expensive than homes listed once. This may suggest that the market has an oversupply of higher-priced homes, and may have overbuilt such homes in recent years and decades.
- Demand in Cedar Falls appears to be strongest for certain moderately priced homes, even though they are often smaller than more expensive homes. Condos below the median sale price of \$206,500 sell the quickest at a median of 5 cumulative days on market despite having a median size of only 1,053 finished square feet. This suggests that Cedar Falls has unmet demand for relatively small, moderately priced homebuying options, including "affordable" or "workforce housing" (see Glossary). This demand may be met in part by building housing in configurations other than detached single-family homes, including condominiums, and townhomes.
- The few townhouses on the market in Cedar Falls tend to be relatively expensive (median \$239,000) and spend longer on the market than other housing types (median cumulative 24) days on market. However, the relatively high price of townhouses appears to be driven by their large size compared to condos and older single-family homes. Moreover, a 24-day turnaround time is still considered healthy demand by industry standards. Since townhouses have the same median price per square foot as condos, they may sell more quickly if they were offered in smaller sizes at lower price points.
- About 2 in 5 closed home sales since 2019 were under \$200,000, but about 4 in 5 active listings are over \$250,000, suggesting a mismatch between what homebuyers are demanding in Cedar Falls and what the market is offering. The Cedar Falls home sale market appears to offer a surplus of high-end homes while having a shortage of moderately priced homes for sale.
- For many essential blue-collar, pink-collar, and white-collar workers in Cedar Falls, median home sale prices are out of reach. Even moderately priced homes, such as single-family homes built before 1940 (median price \$153,000), are often unaffordable for workers such as nursing assistants, truck drivers, maintenance and repair workers, and licensed practical/vocational nurses.
- The inventory of moderately priced homes for sale is limited. From 1/1/2022 through 9/9/2022, only 58 homes sold below \$153,000.

C. Rental Housing

1. Overview

As Section IV.A. (Housing Overview) showed, Cedar Falls’ median gross rent is \$944, higher than the statewide median gross rent of \$806 (Table 8a). Median gross rent increased more rapidly in Cedar Falls from 2010 to 2020 than in Iowa as a whole. This section provides more detail on the rental market in Cedar Falls.

Figure 8 shows the distribution of occupied Cedar Falls rental units by gross rent. Overall, Cedar Falls has more rental units in higher price categories than at lower prices. Of the estimated 5,400 occupied rental units in Cedar Falls, 1,330 have gross rents of \$1,250 or more, while another 1,121 have gross rents from \$1,000 to \$1,249. Only 20% of occupied rental units have gross rents under \$700.

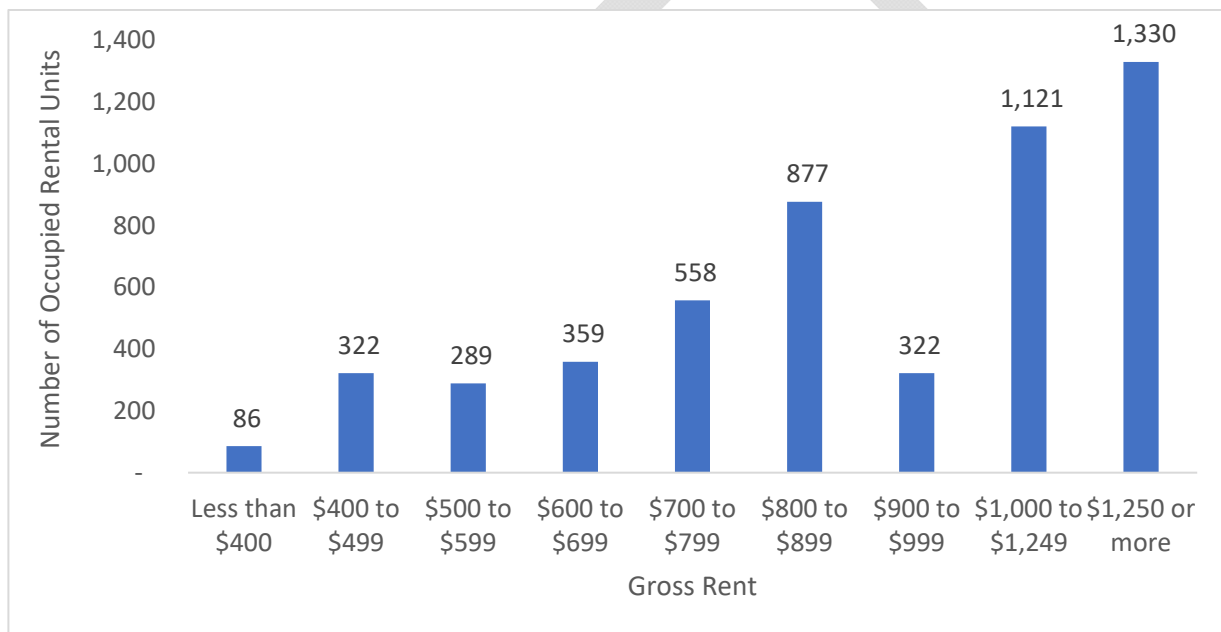


Figure 8. Distribution of Cedar Falls Rental Units by Gross Rent. Source: 2020 5-year ACS.

Rental units with more bedrooms tend to have higher rents, though rents vary widely among unit sizes (Figure 9). One- and two-bedroom units account for most occupied rentals with gross rents from \$500 to \$999, with most 1-bedroom units having gross rents below \$1,000. Small, lower-cost rental units are a vital resource for many single adults living on low or fixed incomes, including many seniors and people with disabilities. However, 1-bedroom units and efficiencies (0-bedroom units) account for only 27% of occupied rentals in Cedar Falls, and units with gross rents of \$1,000 or more account for 47% of 2-bedroom units. Units with 3 or more bedrooms are the most common occupied rental units in Cedar Falls, and 72% have gross rents of \$1,000 or more.

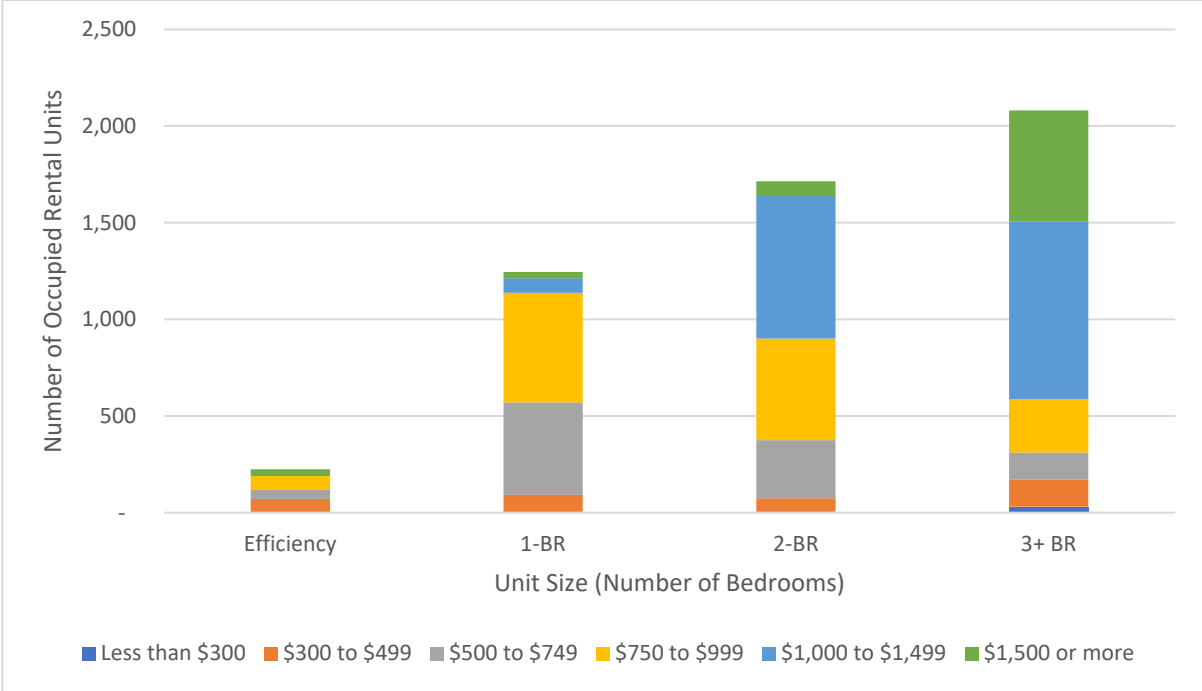


Figure 9. Distribution of Cedar Falls Rental Units by Gross Rent and Number of Bedrooms. Source: 2020 5-year ACS.

To obtain more current data on rental units in Cedar Falls, an online survey of landlords and property managers was conducted in September 2022. Additional survey responses were obtained by telephone in October 2022. Four individuals responded representing a total of 548 units, or about 10% of the City’s rental stock. Not every participant responded to each question, and one property manager representing 424 units did not provide information on rents by number of bedrooms. Nonetheless, the data from local landlords and property managers provides a useful point of comparison to American Community Survey data.

According to the survey results, average rents range from \$650 for efficiencies to \$1,633 for units with 4 or more bedrooms (Table 11). For units with two bedrooms or fewer, rents reported by survey respondents tend to be lower than rents estimated by the ACS as well as the Fair Market Rents (FMRs) provided for Black Hawk County by the U.S. Department of Housing and Urban Development. (HUD)¹³. For rentals with three or more bedrooms, survey results indicated higher rents than the ACS estimates.

Since survey data on rents was available for only 124 units, it is not known how representative the rent estimates from the survey are. For the most part, however, average rents reported in the survey are no more than 12% different from rents provided by the ACS or HUD. This suggests that rents from any of the three data sources in Table 11 can reasonably be used.

¹³ In Black Hawk County and most other communities, HUD Fair Market Rents are set at the 40th percentile rent for recently rented units, adjusted for bedroom size. To derive Fair Market Rents, HUD uses a combination of American Community Survey (ACS) estimates (including rent estimates for recently rented units), private data if available for the community, and inflation adjustment factors.

The vacancy rate for surveyed rental units is 4.8%, comparable to the ACS estimate of 4.4% and indicating a healthy to slightly tight rental market. A vacancy rate of 5% is generally considered healthy for a local rental market. The survey also provides a weighted average turnaround time of 28.6 days for vacant rental units on the market. 30 days is generally considered a healthy turnaround time for vacant-for-rent units.

Table 11. Cedar Falls Landlord and Property Manager Survey Results.

Variable		Landlord Survey Result*	Median Gross Rent (2020 5y ACS)	FY 2022 HUD Fair Market Rent (FMR)
Average Rent	0 BR (efficiency)	\$650	\$694	\$629
	1 Bedroom	\$700	\$780	\$740
	2 Bedrooms	\$800	\$973	\$934
	3 Bedrooms	\$1,200	\$1,067	\$1,241
	4+ Bedrooms	\$1,633	\$1,453	\$1,591
Vacant-for-Rent Units		26 (4.8%)	4.4%	
Weighted average days on market for vacant-for-rent units		28.6		

Source: Online survey conducted from 8/23/2022 to 9/12/2022 by the University of Northern Iowa (UNI) Institute for Decision Making (IDM), supplemented by CFEDC telephone interviews; 2020 5-year ACS; U.S. Department of Housing and Urban Development (HUD). *Estimates are based on data from 3 respondents representing a total of 124 units.

2. Comparison of Rents and Local Wages

Figure 10 compares wages for certain occupations in Cedar Falls to rents. The occupations in Figure 10 account for 29% of all jobs in Cedar Falls, and many are listed among the City's 25 most common occupations in Table 4. They include essential workers in industrial production, health care, education, food service, and office settings, among others. Only two occupation types in Figure 10 – secretaries and administrative assistants, and miscellaneous assemblers and fabricators – have median wages above the \$18.15/hr (\$37,760/yr) threshold needed to afford the City's median gross rent of \$944. Occupations with median wages that fall short of this threshold include general office clerks; janitors; medical assistants; and laborers and freight, stock, and material movers, among others.

About 1 in 4 rental units in Cedar Falls have a gross rent under \$750 (data not shown). An individual or household needs an income of \$14.42/hr (\$30,000/yr) to afford a gross rent of \$750. Several common occupations in Figure 10, accounting for 15% of jobs in Cedar Falls, fall short of this wage. Some of these occupations include childcare workers, maids, teaching assistants, institutional and cafeteria cooks, and security guards.

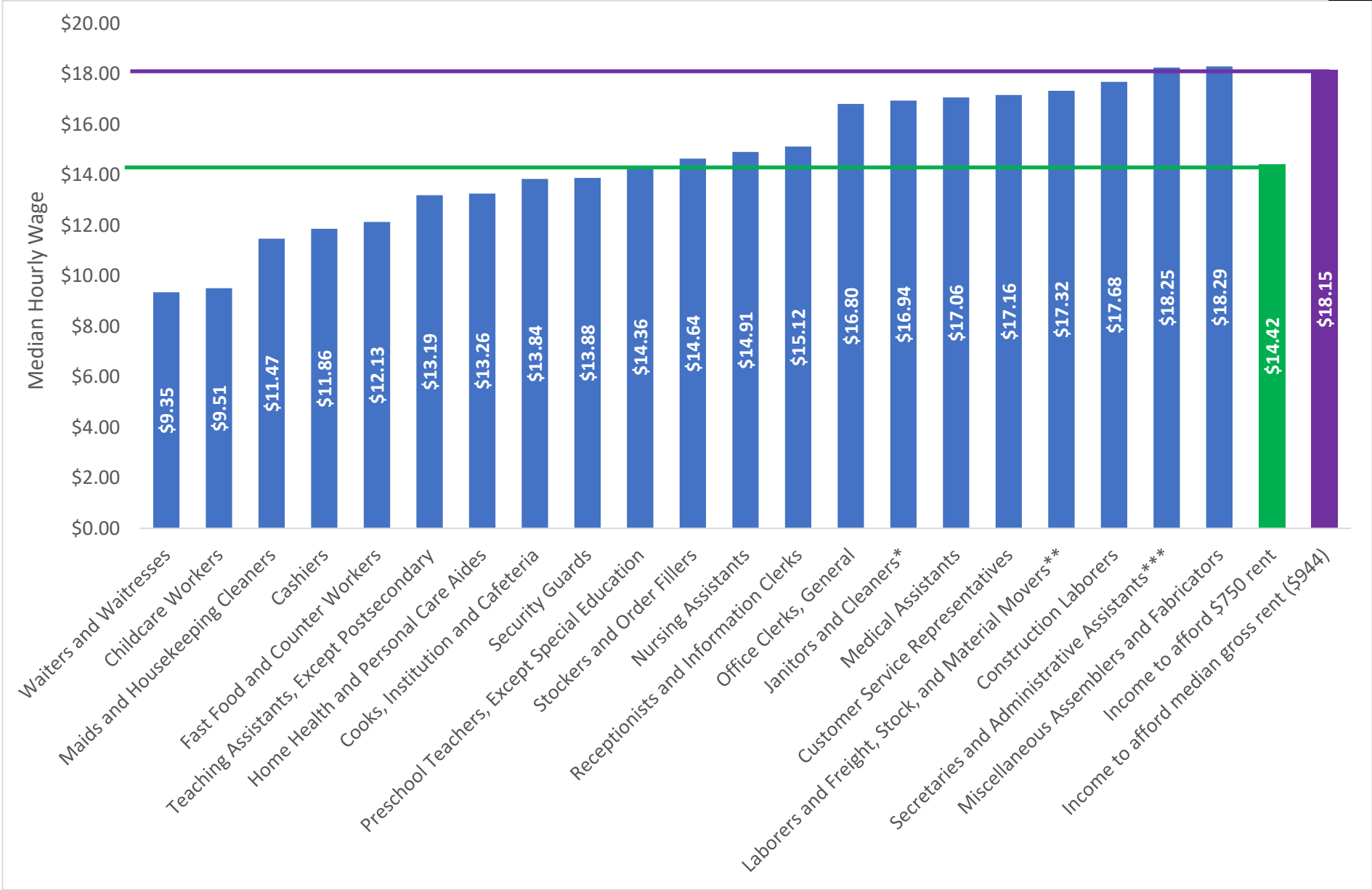


Figure 10. Comparison of Cedar Falls Rents with Wages for Selected Occupations. Source: EMSI 2022 Q1 data for zip codes 50613 and 50614, 2020 ACS 5-year estimates. *Except maids and housekeepers. **By hand. ***Except legal, medical, and executive.

Renters may be more likely to have roommates than homebuyers, allowing them to share housing costs. However, roommate arrangements do not always work well, and renters are vulnerable to financial crisis if they or their roommate experience an income disruption due to as job loss, illness, child care emergencies, or similar factors. Moreover, some renters are LMI single parents looking for 2- or 3-bedroom units. As noted earlier in this section, some renters are out of the workforce due to age or disability, and their incomes may be even lower than those shown in Figure 10.

3. Rental Subsidies for Low- and Moderate-Income Renters

Editor's Note: After this section was completed, the preparers learned that the affordability restrictions for Village I @ Nine23 (a Low Income Housing Tax Credit development) expired on 12/31/2021 and were not extended through any source of refinancing. Additionally, Park @ Nine23 will no longer renew its Project-Based Section 8 rental subsidy contract with the U.S. Department of Housing and Urban Development (HUD) after 12/31/2023.

Information from the Villages @ Nine23 management and the Cedar Falls Housing Authority indicates that rents for Village I have not changed substantially since affordability restrictions expired, although the management could raise rents at any time. Once the project-based vouchers expire for Park @ Nine23, Housing Choice Vouchers (HCVs; also known as "Section 8" or tenant-based vouchers) will be issued to tenants who remain in their units.

Some attrition of HCVs may occur if some tenants leave the complex in 2023 or are otherwise ineligible to receive HCVs. The Cedar Falls Housing Authority can expect to experience further effective attrition of HCVs available in the City for two reasons: 1) As tenants at Park @ Nine23 leave the HCV program, their vouchers will revert back to the Housing Authority, but many new HCV recipients are unable to find eligible units with willing landlords by the federally imposed deadline; and 2) Some Park @ Nine23 tenants may leave Cedar Falls altogether, "porting" their HCVs with them to other Public Housing Authorities.

The timeline for completion and release of this document did not allow data on subsidized units to be modified to reflect the changes discussed above. As a result, this section, and other sections that rely on data from this section, provide conservative overestimates of subsidized rental housing. Bear in mind that the actual supply of subsidized housing for LMI renters is lower than the numbers in this section indicate, and will decline further in the coming years. As a result, the true need for subsidized rental housing exceeds the estimates provided in this document.

While most rentals in Cedar Falls have prices dictated by the market, Cedar Falls has 360 rental units in five privately owned developments that were built with and/or currently receive public subsidies to make rents affordable to LMI households. Table 12 summarizes data from a survey conducted of subsidized rental developments. The subsidy sources for these developments fall into two categories:

Low Income Housing Tax Credit (LIHTC)

The Low Income Housing Tax Credit is authorized by Section 42 of the Internal Revenue Code, and provides tax credits to investors in affordable private developments in return for equity for

affordable rental construction or rehabilitation¹⁴. It is the largest funding source for new affordable housing nationwide. A minimum percentage of units (typically 20% to 40%) must be affordable to households at 50% to 60% AMI. In practice, many LIHTC developments are 100% affordable to LMI households, with the majority of tenants at or below 60% AMI.

LIHTC rent limits are set annually by the federal government, and are designed to be affordable for a household at the maximum income level for each unit. For example, for a 2-bedroom unit expected to be occupied by a 2-person household at 60% AMI, the maximum rent is set at 30% of income for a 2-person household at *exactly* 60% AMI¹⁵. This means that tenants below the maximum income limit for a unit will pay more than 30% of income for rent. Because LIHTC does not bring rent down to 30% of income for every tenant household, it is considered a “shallow subsidy.”

Project-Based Section 8 (PBS8)

Project-Based Section 8 developments are typically privately owned but receive subsidies from HUD to bring rents down to 30% of income for every tenant. This type of subsidy is referred to as a “deep subsidy.” Unlike the more well-known tenant-based Section 8 vouchers (Housing Choice Vouchers or HCVs), PBS8 subsidies are tied to a rental unit, rather than being used by a renter to select a unit on the open market. All tenants must be LMI, and at least 40% of new tenants admitted to the developments must be extremely low-income (ELI; up to 30% AMI). HUD provides PBS 8 subsidies through Housing Assistance Payment (HAP) contracts with terms ranging from 1 to 20 years, which may be renewed repeatedly.

As Table 12 shows, Cedar Falls has 170 units in LIHTC developments and 190 units in PBS8 developments. Of the 360 total units, 122 are in developments restricted to senior households (age 62+) or, in some cases, younger households with disabilities. The two LIHTC developments also accept tenants with Housing Choice Vouchers. LIHTC rents in Cedar Falls range from \$575 to \$750 for 1-bedroom units, and from \$705 to \$850 for 2-bedroom units. Unless they have HCVs, tenants with incomes well below 50% AMI would be unable to afford these units. Unfortunately, as Section IV.E. on Housing Cost Burden will show, the lowest-income renters are those with the greatest need.

¹⁴ Each state receives an annual allocation of “9%” federal Low Income Housing Tax Credits in proportion to its population. These credits are worth (in theory) about 9% of qualified development costs every year over 10 years, and are highly competitive. States may award an unlimited amount of “4%” tax credits in combination with tax-exempt bonds. LIHTC developments are financially complex, typically requiring multiple subsidies from additional federal, state, and local sources to be financially feasible.

¹⁵ More specifically, the federal government releases maximum amounts for a combination of rent and utilities. The rent paid to the property owner, plus utilities paid by the tenant, in combination must be no higher than 30% of income for a household at the maximum income level for the unit.

Table 12. Survey of Subsidized Rental Developments in Cedar Falls.

Rental Development		Thunder Ridge Senior Apartments	Park @ Nine23	Villages I & II @ Nine23	Cedar Square Family Housing	Horizon Towers
Subsidy Source		LIHTC	PBS8	LIHTC	PBS8	PBS8
Total Units		42	80	128	70	40
Accept Housing Choice Vouchers?		Yes	N/A	Yes	N/A	N/A
Number of Units and Rent by Bedrooms	1 Bedroom	36	80	64	No Data	
		\$750	Rent + utilities are 30% of tenant income	\$575 to \$696		
	2 Bedrooms	6	0	64		
		\$850		\$705 to \$850		
Other Restrictions		62 or older	62 or older	None	None	None
Vacant for Rent		0	0	0	No Data	
Waitlist		Yes – Open	Yes – Open	No		
Days on Market when units come vacant		0	3	3		
Bldg Wheelchair Accessible?		Yes	Yes	Yes		
Accessible Units?		6 fully accessible, all others have wide doorways, grab bars, lever knobs, low counters	Wide doorways, grab bars, lever knobs, wheel-in-showers	1st floor sinks convert to wheelchair accessible. Grab bars installed as needed/requested.		
Age Waivers for Non-Seniors?		Yes, for households with disabilities	Yes, for people with disabilities if no seniors are waiting for apartment	Yes, for households 50 or older with SSDI		
Affordability Expiration Date		Est. 2042	December 2023	2021 to 2024	Unknown; depends on whether owner renews PBS8 contracts with HUD.	

Source: Survey of Property Managers, National Historic Preservation Database, National Low Income Housing Coalition 2022 Advocates’ Guide, Iowa Finance Authority.

Among the three developments for which survey results were received, no units were reported vacant for rent. Two developments have open waitlists, but the number of people on the waitlists were not specified. Demand for these units appears to be high, though, since the units typically spend no more than 3 days on the market when they become vacant. Managers reported that a majority of units are not fully accessible to people with disabilities, although most have accessibility features such as wide doorways and grab bars.

In addition to subsidized rental developments, the City of Cedar Falls staffs the Cedar Falls Housing Authority (a Public Housing Authority or PHA), which receives HUD funding for about 220 Housing Choice Vouchers (commonly known as Section 8 vouchers). Currently, about 184 vouchers are leased up. As noted above, Housing Choice Voucher (HCV) recipients use vouchers to select privately owned rental units, and the voucher generally subsidizes the rent down to 30% of the tenant's income. The PHA pays the subsidy directly to the landlord¹⁶. All HCV recipients must be LMI, and at least 70% must be ELI. Nationwide, HCVs are the largest source of affordable rental subsidies overall. (LIHTC is the largest funding source for new rentals with *project-based* subsidies.)

The Cedar Falls PHA has about 670 households on the waitlist for HCVs. While the waitlist is currently open, the PHA periodically closes it so that households already on the waitlist may be served as vouchers come available. These periodic closures also allow the PHA to update information on waitlist households as needed. PHAs are permitted to establish certain preferences for HCV recipients, and the Cedar Falls PHA gives preference first to elderly and disabled households within or outside Cedar Falls, as well as current Cedar Falls households with dependents. Table 13 summarizes the waitlist by preference group and current household residence. Of the 178 waitlisted households that currently live in Cedar Falls, 124 are in the Preference 1 group. The wait for a voucher may be up to 2 years for households in the first preference group, and much longer for households in the third preference group (those without dependents or an elderly or disabled head).

Once a tenant household receives a voucher, they have 120 days to find a landlord willing to lease a unit to them before the voucher expires (after which it reverts back to the PHA to be issued to the next household on the waitlist). The Cedar Falls Housing Authority will provide vouchers for units with rents up to a "payment standard" of 110% of Fair Market Rent, adjusted for bedroom size¹⁷ (see Table 11 for HUD's FMRs for FY 2022). The unit must also pass a housing quality inspection.

¹⁶ A Housing Authority may allow a tenant to choose a unit that exceeds the payment standard, provided they pay no more than 40% of income for rent in the first year. A household may use this option, for example, if they wish to rent a unit with more bedrooms than would otherwise be approved for their family size. After the first year, the household may choose to pay more than 40% of their income for rent.

¹⁷ Public Housing Authorities may establish payment standards between 90% and 110% of FMR. A PHA may opt to establish an "exception payment standard" up to 120% (or higher than 120% with HUD permission) for people with disabilities, as a reasonable accommodation to help them find suitable units. In some markets where HCV recipients have particular difficulty finding eligible units outside high-poverty areas, a PHA may obtain permission from HUD to offer payment standards up to or exceeding 120%.

Table 13. Cedar Falls Housing Choice Voucher Waitlist.

Preference Group	Place of Residence for Waitlisted Households				
	Cedar Falls	Neighboring Communities (Waterloo, Evansdale, Hudson, Waverly, etc.)	IA Residents Outside Region	Outside Iowa	Total Households
1 - Head of household is elderly or disabled, OR household has dependents and currently lives in Cedar Falls.	124	44	19	31	218
2 - Household has dependents but does not live in Cedar Falls. Head of household is NOT elderly or disabled.	0	131	29	127	287
3- Household has no dependents. Head of household is not elderly or disabled.	54	50	19	46	169
Total Households	178	225	67	204	674

Source: Cedar Falls Public Housing Authority, 3/3/2023.

Landlords in most places across the nation are not required to accept HCVs, although some state and local governments have amended their Fair Housing ordinances to prohibit landlords from discriminating against a tenant’s “source of income,” including HCVs. An Iowa law passed in 2021 preempts cities from adding protections for HCV holders to their local Fair Housing ordinances. As a result, in Cedar Falls and many other markets across the nation, many HCV holders are unable to find an eligible rental unit with a willing landlord by the 120-day deadline. The success rate for voucher recipients in Cedar Falls varies over time but was recently as low as 64%, despite efforts by the Cedar Falls Housing Authority to encourage more landlords to participate.

After an HCV recipient has lived in Cedar Falls for at least one year, the voucher becomes “portable” to another community. In that case, the HUD funds associated with the voucher would “port out” or transfer to the PHA serving that community, and would be lost to the Cedar Falls Housing Authority. In other cases, a household with a voucher from another PHA may “port” it to Cedar Falls.

In addition to the difficulty in finding landlords willing to participate in the HCV program, long HCV waitlists are a problem in many communities nationwide. Many larger communities have closed their waitlists indefinitely, forcing residents who need housing assistance to apply for vouchers in smaller communities with open waitlists. HCV funds for local communities are ultimately determined not by PHAs but by federal appropriations, which provide only limited funds for new vouchers on an annual basis. Many new vouchers authorized by Congress are intended for limited purposes, such as replacing demolished affordable units, or serving specific populations such as youth or homeless veterans.

D. Senior Housing

1. Overview of Cedar Falls Senior Housing and Needs

This section describes housing options in Cedar Falls that are designed to meet seniors' needs and preferences for smaller units, less maintenance, and increasing levels of care. Subsidized rental housing for seniors and people with disabilities was previously discussed in Section IV.C.3. In the discussion below, "senior housing" refers to two general categories:

Active/Independent Living: These housing units are legally restricted to residents over a certain age (often 55) and offer a low-maintenance option for seniors wishing to downsize. Active living developments typically include maintenance activities such as lawn care and snow removal. Independent living developments typically offer amenities such as structured social activities, some meals, and assistance with light housekeeping. Active living units often take the form of townhomes and condominiums, while independent living units are typically apartments.

Long-Term Care (Assisted Living and Nursing) Facilities: Assisted living and nursing facilities are licensed by the State of Iowa offer a higher level of care than independent or active living developments. Both facility types have 24-hour nursing staff on site, offer medication management, and typically include meals in monthly fees. Assisted living facilities are commonly designed for people who can continue to care for themselves with some assistance, while nursing facilities offer more intensive support to frail residents with significant self-care limitations. These facilities are classified as "Group Quarters" by the U.S. Census bureau and are not included in housing unit counts. As a result, their residents are not considered households in Census counts and surveys.

Some of the housing options described above are part of retirement communities that offer a spectrum of housing and care options for members as they age. Members may need to "buy in" to the community, securing them the ability to move from a more independent unit to facilities that offer higher levels of care as their need for support increases. Active and independent units can be difficult to classify as owner or rental units in Census Bureau counts and surveys, since they may have characteristics of both tenure types. For example, a household in an independent living apartment may pay monthly rent, but may have also paid a buy-in fee to the larger retirement community. The Census Bureau ultimately categorizes these units based on their occupants' self-reporting of tenure.

Table 14 shows the results of a survey conducted of active and independent living providers in Cedar Falls. The City has an estimated 880 such units, with monthly rent ranging from \$800 to \$1,500. Two senior rental developments have relatively low entrance fees – \$2,000 or one month's rent. The other developments have larger entrance fees ranging from \$10,000 to \$400,000. An estimated 96 units, or 10.9 percent, were vacant when the survey was conducted. It is typical for such developments to have a higher vacancy rate than owner-occupied or rental units without age restrictions, since the units experience frequent turnover as residents pass away or move to a higher level of care. Respondents reported a combined total of about 286 households on waitlists, showing brisk demand among seniors for these housing options.

Table 15 shows survey results for long-term care facilities in Cedar Falls, including Assisted Living Facilities (ALFs) and nursing/skilled nursing facilities (NF/SNFs). The City has an estimated 627 long-term care units, though not all facilities submitted responses. Monthly costs for reported units range from \$2,413 to

\$12,120, with amounts varying by unit size, amenity levels, and intensity of supportive services. While each ALF and NF/SNF has a maximum bed capacity approved by the state, units typically range in size from studio apartments to 2-bedroom apartments. Long-term care units often have 2 beds each, and in practice are seldom occupied by two unrelated individuals. As a result, a unit with a single occupant is typically considered to be fully occupied. Table 15 assumes that each unit is available to one household. Notably, the lowest monthly cost of \$2,413 is for a two-person household, while the minimum identified cost for a one-person household is \$3,400.

Residents of active/independent living and long-term care facilities typically use a combination of private resources to pay buy-in fees and monthly costs, including proceeds from selling their previous homes, Social Security and retirement accounts, other assets, and long-term care insurance. No active/independent living units accept Housing Choice Vouchers, and most of the units exceed the maximum rents for eligible units under the City's HCV program even if they did accept vouchers.

For low-income senior households with limited assets to pay buy-in fees, affordable options are limited among active/independent developments and long-term care facilities. The active/independent units at CedarStone Senior Living and Holiday Mallard Point have relatively low or no buy-in fees, and may be affordable to senior households at or above 50% AMI, assuming that they could spend most or all of their monthly income on rent or fees (Table 16). However, these developments account for only about 168 units, or 1 in 5 active/independent units. For low-income seniors with more assets, the 560 Western Home Communities units may be affordable, as they offer a \$10,000 buy-in fee and monthly rents ranging from \$800 to \$1,500.

To afford a long-term care unit at the lowest costs listed in Table 15, a senior must exceed 60% AMI (\$2,905/month) if occupying a room alone for monthly fee of \$3,400. A senior at or above 50% AMI (\$2,421/month) could potentially afford a shared room (possibly with a stranger) at the lowest cost for rooms with 2 occupants (\$2,413 monthly). These relatively low-cost units are included in NewAldaya's portfolio of 177 long-term care units, but other units in this portfolio have monthly costs as high as \$10,200. Even for these lower-cost units, many LMI seniors would be required to spend most or all of their income on long-term care.

The exact number of long-term care units eligible for Medicaid was unclear from the survey results, but at least 393 of the 627 long-term care units identified (nearly 2 in 3) do not accept Medicaid. Restrictions apply to the NewAldaya units that do accept Medicaid – 20 units are specifically for dementia patients, and the rest (fewer than 42 units) are reserved for existing members of the NewAldaya retirement community. The survey identified only 76 Medicaid units with no such restrictions.

Table 16 also shows the scale of potential need for housing affordable to LMI seniors. Cedar Falls has 1,950 LMI, elderly-headed households, of which 760 (nearly 2 in 5) are cost burdened (see Glossary). 1,075 of the 1,950 LMI senior households have incomes up to 50% AMI ("low-income;" see Glossary), and 525 low-income senior households (nearly half) are cost burdened. In practice, a limited number of retirement and long-term care units in Cedar Falls are both affordable and available to LMI seniors, as discussed in the next subsection on stakeholder feedback.

Table 14. Survey Results for Active and Independent Senior Living in Cedar Falls.

Development or Provider	Units	Buy-In or Entrance Fee	Monthly Rent and/or Fees	Vacant Units/%		Applicants on Waitlist?
Village Cooperative of Cedar Falls	50	\$60,000 to \$110,000	\$800 to \$1,500	0	0%	23
Western Home Communities (multiple developments)	560	\$10,000	\$800 to \$1,500	29	5.2%	138
NewAldaya Lifescapes (multiple developments)	102	\$75,000 to \$400,000	\$1,070 to \$1,715	23	22.5%	125
Holiday Mallard Point	124	One month rent	\$1,809 to \$3,139	12	9.7%	0
CedarStone Senior Living*	44	\$2,000 entry fee	\$3,200 to \$5,450	32	72.7%	No
Summary of Data Obtained	Total 880	\$1,809 to \$400,000 where applicable	\$800 to \$5,450	Total 96	Avg. 10.9%	Total 286

Source: Cedar Falls Active/Independent Senior Living Survey, November 2022 to April 2023; Iowa Department of Inspections and Appeals. *The 88-unit facility is a certified ALF but some residents rent units as "carefree" units without ALF services. Assumed half of units at this facility are "carefree." Second-occupant fee is \$650/month.

Table 15. Survey Results for Long-Term Care Facilities in Cedar Falls.

Facility or Provider	Buy-In or Entrance Fee	Units	Monthly Cost per Bed	Vacant Units	Waitlist	Accept Medicaid?
Western Home Communities (multiple facilities)	\$500	186	\$12,120	0	30	No
NewAldaya Lifescapes (multiple facilities)	42 units require refundable \$2,000 security deposit	177	\$2,413 to \$10,200*	10	Yes - #s not specified	< 62 units w/restrictions**
CedarStone Senior Living (2 facilities)***	\$2,000 entry fee	76	\$3,570 to \$6,925	60	No	No
Oak Park Estates Assisted Living and Memory Care	None	16	\$9,500	0	2	No
Bickford Cottage Cedar Falls	No data	37****	No data	No data	No data	No data
Cedar Falls Health Care Center	No data	41****	No data	No data	No data	No data
Pinnacle Specialty Care	None	76	\$10,000 to \$10,370	1	No	Yes – all 76
Summary of Data Obtained	Insufficient Data	627	\$2,413 to \$12,120	≥ 71	≥ 32	138±

Source: Cedar Falls Assisted Living/Nursing Facility Survey, November 2022 to April 2023; Iowa Department of Inspections and Appeals. *Lowest monthly cost is per person for a 1-BR unit shared by 2 people. Lowest cost for 1 person living alone is \$3,400. 135 units cost over \$10,000 monthly. **Includes 1) 20 memory care units for people with dementia, and 2) an unspecified number of Elderly Waiver units in a 42-unit ALF (reserved for NewAldaya members transferring from other units). ***An 88-unit facility is a certified ALF but some residents rent units as "carefree" units without ALF services. Assumed half of units at this facility are currently used as ALF units. ****Bed capacity from state data, assumed 2 beds per unit.

Table 16. Income Ranges and Cost Burden among Elderly-Headed Households with Low and Moderate Incomes.

Household Size		≤ 80% AMI Annual/Monthly		≤ 60% AMI Annual/Monthly		≤ 50% AMI Annual/Monthly		≤ 30% AMI Annual/Monthly	
1 (Maximum Income)		\$46,450	\$3,871	\$34,860	\$2,905	\$29,050	\$2,421	\$17,400	\$1,450
2 (Maximum Income)		\$53,050	\$4,421	\$39,840	\$3,320	\$33,200	\$2,767	\$19,900	\$1,658
Elderly-headed* households from 0% AMI to this threshold	All	1,950		No data		1,075		345	
	Cost Burdened	760				525		235	
	#/%	39%				49%		68%	

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 2015-2019. *Householder age 62 or older. For each income bracket shown, numbers shown are inclusive of all households with incomes up to the maximum stated. I.e. data for households ≤ 80% AMI is inclusive of data for households ≤ 50% AMI.



2. Feedback from Senior Housing Focus Group

The Institute for Decision Making conducted a focus group for community members with personal and professional interests in senior housing, with four (4) stakeholders attending. Their feedback is summarized below.

Challenges Faced by Seniors in Cedar Falls

Participants identified a shortage of affordable, available, high-quality, and physically accessible housing for seniors, whether “regular” units or retirement housing. Subsidized rental housing for low- and moderate-income seniors is limited, as discussed in Section IV.C.3. Social Security payments have not kept pace with inflation, and senior homeowners on fixed incomes often struggle with the costs of routine home and property maintenance, such as roof replacement and snow removal. Many homes owned by LMI seniors were built years or decades ago for families with children and are larger than necessary to meet the owner’s needs – leading to excessive costs for maintenance, property taxes, and insurance. Moreover, these homes often lack physical accessibility features such as bathrooms with low-threshold showers on the main floor, or doorways wide enough to accommodate wheelchairs. Such modifications can help seniors remain in their homes for longer before entering long-term care, but the cost is often out of reach for LMI seniors. Organizations such as the Northeast Iowa Area Agency on Aging have some funds to assist owners with home maintenance and modification costs. In some cases, this assistance is available for renters with the landlord’s consent. However, funding for the programs is insufficient to meet the needs of all seniors in Cedar Falls and the region who would qualify.

Seniors face challenges not only in their own homes, but also in their surrounding neighborhoods. Some neighborhoods have incomplete sidewalk networks, limiting the mobility of seniors with or without wheelchairs who lack cars¹⁸. Additionally, some of the neighborhood retail, medical, and other services on which seniors historically relied have relocated to the growing Viking Plaza and Prairie Parkway areas, and many seniors find that paratransit service is inconvenient and difficult to schedule. Many seniors also suffer from loneliness and isolation, and the City of Cedar Falls does not support neighborhood associations to the extent that Waterloo does.

Options are also limited for LMI seniors needing assisted living or nursing care, as the previous subsection showed. Participants noted that the growing retirement communities in Cedar Falls, particularly Western Home Communities and NewAldaya Lifescapes, charge rates beyond what these seniors can afford and often have waitlists in any case. Moreover, retirement housing in Cedar Falls meets demand throughout the region, especially as more rural retirement facilities close. Some lower-cost assisted living and nursing facilities are available in the Cedar Valley, but the quality of care may be lower, requiring constant vigilance from family members to advocate for their loved ones in these facilities.

Skilled nursing beds are available in the community for seniors who need them, but the transition to nursing care can be financially devastating for LMI seniors. For those who will rely on Medicaid to pay long-term care expenses, the asset limit is \$2,000 to \$10,000, depending on the household’s income and medical needs. To become eligible for Medicaid, many seniors must “spend down” their existing assets. Some assets, such as personal effects and vehicles used regularly, are exempt from the limits. Other assets

¹⁸ The City of Cedar Falls uses part of its Community Development Block Grant (CDBG) allocation from HUD to fund sidewalk infill; see Section VI.B.1.

can be exempted by creating a “Miller Trust,” but the process to create one is complex and requires an attorney, posing a barrier for many seniors.

Because of Medicaid’s “spend-down” requirements, one participant described a senior’s decision to enter skilled nursing as “financially irreversible,” and the group agreed that it is often less costly to help seniors stay in their homes as long as possible. Moreover, the number of Medicaid-eligible skilled nursing beds may decline in the future as some nursing homes close or decertify beds. For example, Bartels Lutheran Retirement in Waverly has decertified some beds due to staff shortages. While Bartels does not explicitly cap the number of residents who pay for care with Medicare and Medicaid, low reimbursement rates mean that Bartels has a “functional limit” to the number of Medicare/Medicaid residents it can serve.

Suggestions to Address Senior Housing Challenges

Participants made multiple suggestions that are already familiar in the disciplines of urban planning and housing policy, since best practices in these fields often disproportionately benefit seniors. Suggestions included:

- Incorporate requirements into the City’s Zoning Code to require accessibility features in new housing units, and condition any future City incentives to developers and builders on inclusion of accessibility features.
- Incentivize the development of smaller units for seniors seeking to downsize, especially on infill lots in proximity to existing neighborhood amenities. Tax Increment Financing (TIF) might be a source of incentives (see Section VI.D.1.).
- Undertake “adaptive reuse” of buildings that have been or might soon be sold or abandoned, such as the Satori Hospital. Such buildings could be converted to senior rental or long-term care units.
- Promote mixed-use zoning in new developments to ensure that services and amenities are in close proximity to housing.
- Provide City support for in-home services such as personal care and assistance with light housekeeping, as well as community building and outreach activities.

E. Housing Cost Burden in Cedar Falls

1. Comparing Cost Burdens in Cedar Falls and Iowa

This section delves deeper into the affordability of Cedar Falls’ housing stock for different household types at different income brackets. Comprehensive Housing Affordability Strategy (CHAS) data from the U.S. Department of Housing and Urban Development (HUD) provides data on housing cost burden for households at different income brackets expressed as a percentage of Area Median Income (AMI; see Glossary). Households that pay >30% to 50% of income on housing costs (including rent or mortgage and other applicable costs, such as utilities and condominium fees) are considered moderately cost burdened, while those paying over 50% of income on housing costs are severely cost burdened.

Figure 11 provides the most recent data on total and severe cost burden burden for low- and moderate-income households in Iowa and Cedar Falls. Total cost burden (both moderate and severe) is widespread for extremely low-income (ELI) households in both Cedar Falls and Iowa as a whole, especially among

renters (Figure 11a). The prevalence of cost burden among ELI households is not substantially different between Cedar Falls and Iowa as a whole. An estimated 76% of ELI owners are cost burdened in Cedar Falls, compared to 74% statewide. An estimated 86% of ELI renters in Cedar Falls and 87% in Iowa are cost burdened.

LMI Cedar Falls renters over 30% AMI are more likely than Iowa renters in the same income brackets to be cost burdened. It is not known how much of this difference reflects the presence of University of Northern Iowa (UNI) students in the renter market, who tend to work only part-time and thus be counted as LMI. According to UNI data for the 2021-2022 academic year, 5,224 individual students lived outside dormitories, although the number of student-headed households in the City of Cedar Falls is unknown. Some off-campus students may live with family or outside Cedar Falls, and would not contribute to an “overcount” of LMI households.

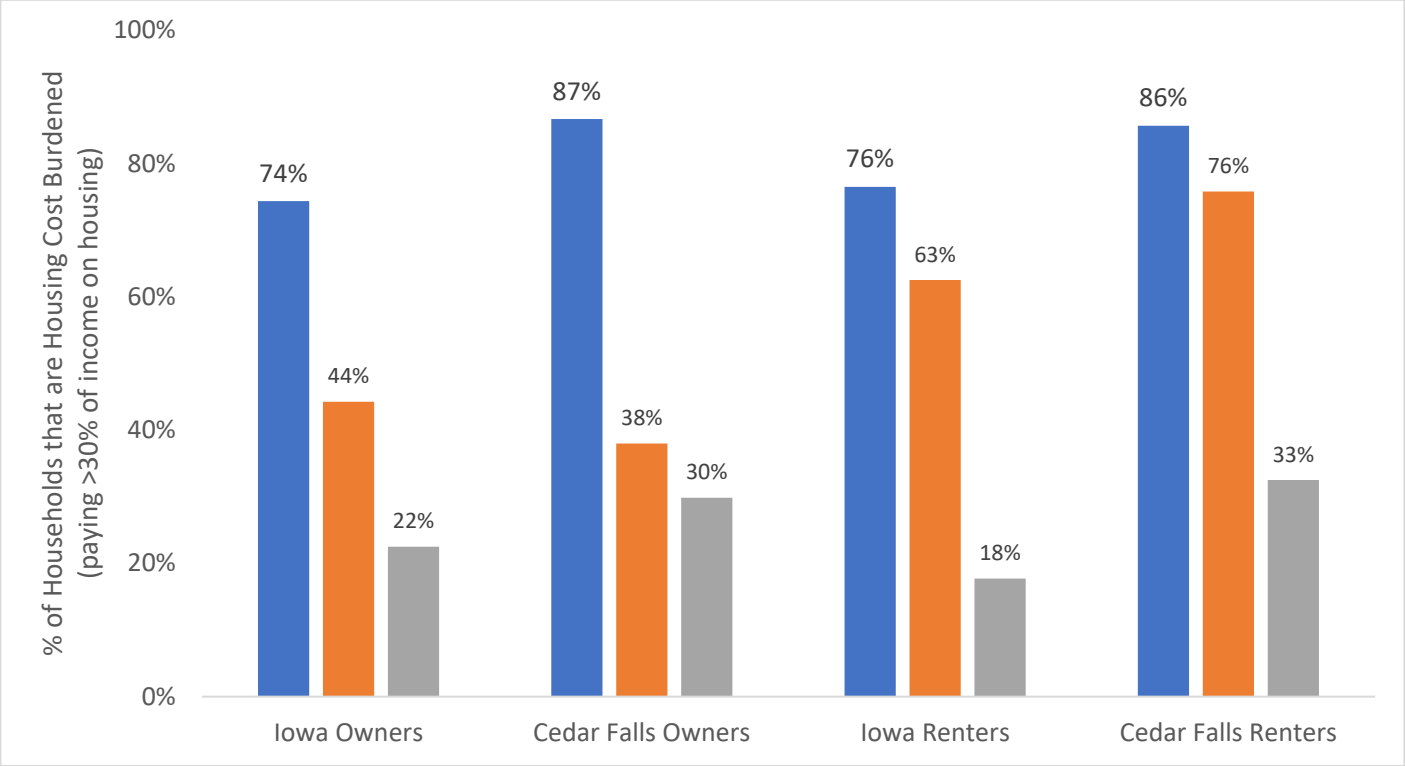
Among LMI owner households over 30% AMI, overall cost burden is not consistently better or worse in Cedar Falls than in Iowa as a whole. Owner households between >30% and 50% AMI in Cedar Falls are less likely to be cost burdened than owners in the same income bracket statewide (38% compared to 44%). However, Cedar Falls owners between >50% and 80% AMI are more likely to be cost burdened than similar Iowa owners (30% compared to 22%).

Figure 11b compares severe cost burden, a subset of total cost burden, among income brackets for LMI owners and renters. Not surprisingly, severe cost burden is most widespread among ELI households. In Iowa, 51% of ELI owners and 65% of ELI renters are severely cost burdened, while in Cedar Falls, 59% of ELI owners and 78% of ELI renters are cost burdened.

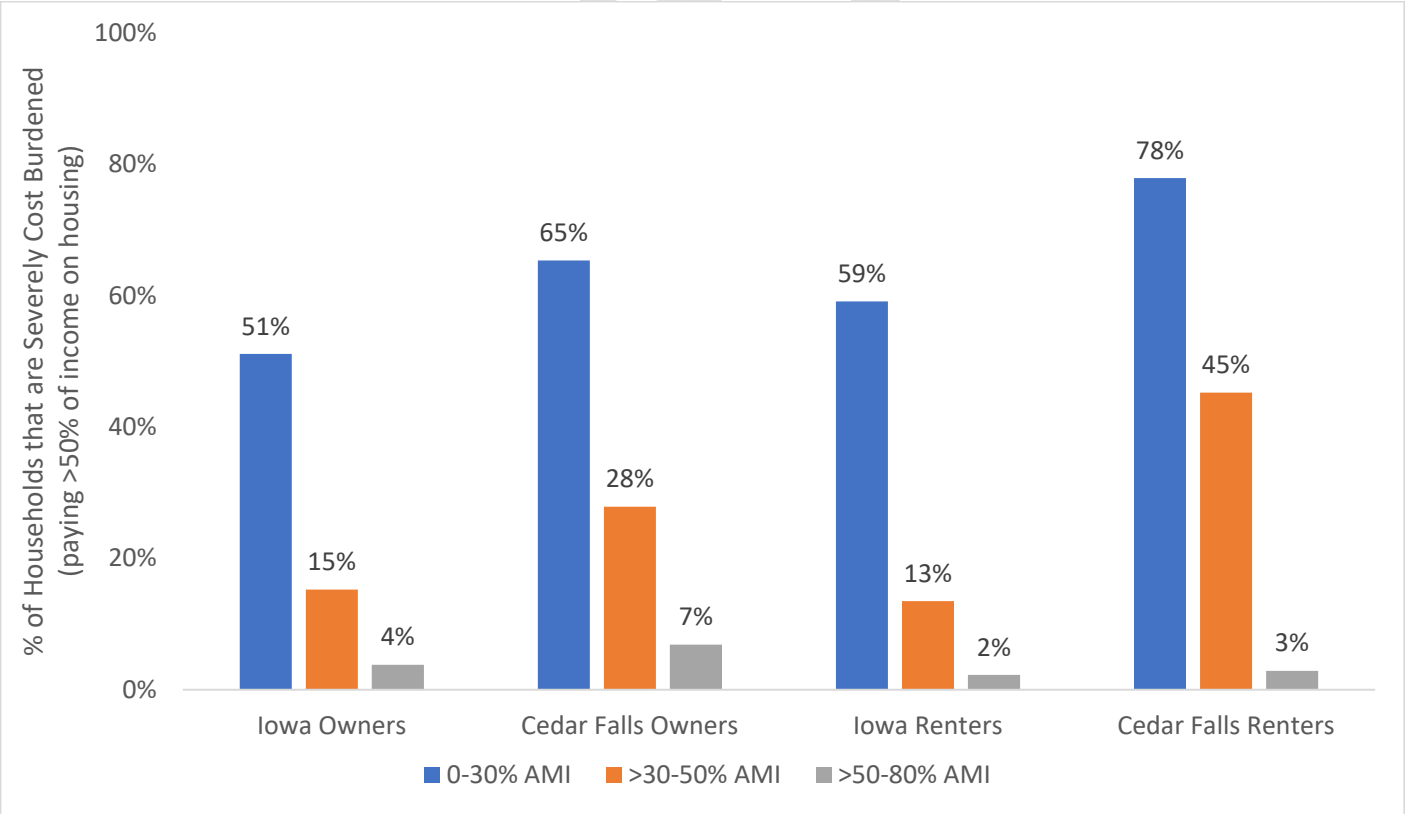
Among both owner and renter households between >30% to 50% AMI, Cedar Falls households are more likely to be *severely* cost burdened than Iowa households overall. Notably, although Cedar Falls owners in this income bracket are less likely to be cost burdened overall (38% compared to 44% statewide), those who *are* cost burdened are more likely to experience *severe* cost burden. An estimated 28% of Cedar Falls owners in this income bracket are severely cost burdened, compared to 15% of such owners statewide. There is an even greater difference in severe cost burden rates for renter households from >30% to 50% AMI – 45% in Cedar Falls compared to 13% statewide. As with cost burden overall, it is not known how much the presence of students affects the prevalence of severe cost burden among LMI Cedar Falls renters.

Severe cost burden rates are lowest among “moderate-income households,” or those from >50% to 80% AMI (see Glossary). Severe cost burden rates are only marginally higher among both owners and renters in Cedar Falls compared to owners and renters statewide (7% and 3% compared to 4% and 2%, respectively).

Although the presence of UNI students makes it difficult to compare rental cost burden in Cedar Falls and the state of Iowa, it is notable that LMI homeowners also experience greater cost burden in Cedar Falls in some cases. Homeowner data is less likely to be distorted by the presence of students. This makes it plausible that LMI renter cost burden is at least as prevalent in Cedar Falls as in Iowa, even if student households were excluded from the analysis.



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



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

Figure 11. Housing Cost Burden Comparison for Iowa and Cedar Falls. Source: HUD CHAS 2015-2019.

Among LMI households statewide, it is noteworthy that *renters* with incomes closer to 80% AMI are less likely to experience cost burden, especially severe cost burden, than *owners* in similar income brackets. Iowa renters from >30% to 50% AMI are more likely than owners to be cost burdened (63% vs. 44%), but are slightly *less* likely to be severely cost burdened (13% compared to 15%). In other words, cost burden among Iowa renters in this income bracket is more likely to be moderate. In the >50% to 80% AMI bracket, Iowa renters are less likely than owners to be cost burdened (18% vs. 22%). This highlights the importance of affordable, high-quality rental options for LMI households that may have trouble sustaining homeownership.

2. Housing Cost Burden by Household Type

CHAS data provides cost burden estimates for different household types, allowing us to examine cost burden among households that are not generally headed by college students. Since these estimates involve relatively small subsets of a community's residents, they tend to have large margins of error. However, they are useful for estimating relative housing needs among different groups.

An estimated 3,648 LMI households in Cedar Falls (24% of all households) are cost burdened, including family households, elderly-headed households, and "Other" (non-family, non-elderly-headed) households. In "elderly"-headed households, the household head is at least 62 years old (Table 17). Among the City's LMI cost burdened households, 1,969 are "other" renter households, which are assumed most likely to include a large number of student households. Excluding these 1,969 households, Cedar Falls has 1,679 cost burdened LMI households (11% of all households) that are unlikely to be student-headed. This is likely to be an underestimate of cost burdened LMI households, since not all of the excluded "other" renter households are student-headed.

Severe cost burden is most prevalent among low-income households (up to 50% AMI, called "very low income" households by some federal programs – see Glossary). Comparable numbers of family and elderly-headed households in this income bracket are severely cost burdened, although the elderly households are more likely to be owners and the family households are more likely to be renters. In this income bracket, an estimated 220 family renter households, 140 family owner households, 110 elderly renter households, 240 elderly owner households, and 110 owner households of "other" types are severely cost burdened.

A majority of moderately cost burdened LMI households – excluding "other" renter households – are in the moderate-income category from >50% to 80% AMI, accounting for 490 households. Another 279 low-income households (up to 50% AMI, excluding "other" renters), are moderately cost burdened, including 130 elderly-headed owner households and 80 family renter households, and smaller numbers of family owner households and elderly renter households (10 and 45, respectively).

Table 17. Housing Cost Burden among Low- and Moderate-Income Households in Cedar Falls.

Income bracket	Owner Households			Renter Households		
	Elderly-Headed	Family (not elderly-headed)	Other	Elderly-Headed	Family (not elderly-headed)	Other
0-30% AMI	110	80	55	55	205	985
>30-50% AMI	130	60	25	55	15	430
>51-80% AMI	60	25	0	25	10	4

a. Severely Cost Burdened Households

Income bracket	Owner Households			Renter Households		
	Elderly-Headed	Family (not elderly-headed)	Other	Elderly-Headed	Family (not elderly-headed)	Other
0-30% AMI	70	0	10	0	30	95
>30-50% AMI	60	10	4	45	50	240
>51-80% AMI	135	80	75	15	185	215

b. Moderately Cost Burdened Households

Source: HUD CHAS 2015-2019.

The counts of LMI households in Cedar Falls, especially those that are cost burdened, highlight the imbalance between supply and demand for affordable rental housing. Among elderly and family households alone, 690 LMI renter households are cost burdened. Without the 360 existing affordable rental units and 184 Housing Choice Vouchers currently leased up in Cedar Falls, the number of cost burdened LMI renters would undoubtedly be higher. [See Editor’s Note in Section IV.C.3.] The 290 ELI, cost burdened, family and elderly renter households alone exceed the leased-up Housing Choice Vouchers, and an unknown number of “other” ELI, cost burdened renters are non-student households that could benefit from HCVs¹⁹.

Table 18 uses the data from Table 17 to estimate the demand for different types of housing assistance. To be conservative, “other” renter households are excluded from the demand estimates to avoid counting student households. Different households, depending on household type, income bracket, and tenure, are assumed to be suited to different types of assistance. While the assumptions could be adjusted to allocate different households to different assistance types, the estimates shown provide a starting point to evaluate existing housing assistance programs and expand them as necessary.

¹⁹ Students may be eligible for HCVs in limited circumstances. For example, a self-supporting adult student with a dependent child may be eligible if they meet the income criteria.

Table 18. Cedar Falls Demand Estimates for Housing Assistance.

Housing Assistance Type	Target Households (excluding non-elderly, non-family renters)	Number of Households
Deeply subsidized rental housing (not age-restricted)	≤50% AMI, severely cost burdened non-elderly (renters and half of owners); ELI (≤30% AMI), moderately cost burdened renters	360
Deeply subsidized, age-restricted rental housing	≤50% AMI, severely cost burdened elderly (renters and half of owners)	230
Home rehabilitation assistance (e.g. grants, forgivable loans)	LMI, moderately cost burdened owners; half of severely cost burdened owners ≤ 50% AMI)	674
Shallow subsidy rental housing	LMI (>30% to 50% AMI), moderately cost burdened renters	95
Moderately priced market-rate rental housing*	LMI (>50% AMI), severely cost burdened (owners and renters)	120
Down payment or purchase assistance	LMI (>50% AMI), moderately cost burdened renters	200

Source: HUD CHAS 2015-2019 estimates from Table 17, assumptions as noted. *HOME funds from HUD may provide a limited amount of subsidized housing for LMI households >50% AMI.

All low-income (≤ 50% AMI), severely cost burdened, non-elderly family renter households are assumed to need deeply subsidized, non-age-restricted rental housing, as are ELI (≤ 30% AMI), moderately cost burdened, non-elderly family renter households. Additionally, half of low-income, severely cost burdened, non-elderly owner households are assumed to be candidates for deep-subsidy, non-age-restricted rental housing, since homeownership may be unsustainable for them. This results in an estimated 360 households in need of deep-subsidy, non-age-restricted rentals. Using similar assumptions, 230 low-income, elderly-headed owner and renter households are assumed to need deeply subsidized, age-restricted housing.

Home rehabilitation assistance is assumed to be a suitable option for all LMI, moderately cost burdened owners. Additionally, it is assumed that half of low-income, severely cost burdened owner households could sustain homeownership if they receive rehabilitation assistance. As noted previously, affordable rental or long-term care options are limited for these households in any case. The estimated total demand for rehabilitation assistance, which many communities offer in the form of grants or forgivable loans, is 674 households. By comparison, Cedar Falls' relatively small Community Development Block Grant (CDBG) allocation from HUD includes a budget for 1 to 3 owner-occupied rehabilitation projects annually.

Table 18 also provides demand estimates for shallow-subsidy rental housing; moderately priced, market-rate rental or senior housing; and down payment or purchase assistance. The assumption is that shallow-subsidy rentals could be targeted to the 95 moderately cost burdened renters in the >30% to 50% AMI bracket. However, this number may be an overestimate, given that some moderately cost burdened renters may already live in subsidized housing (see Section IV.C.3.). Since rental subsidies for households above 60% AMI are often limited, moderately priced market-rate rental housing might be a suitable option

for the 120 severely cost burdened households over 50% AMI, if the market can provide it. (Some of this demand could theoretically be met by shallow-subsidy rentals for households up to 80% AMI built with the City’s HOME allocation from HUD. However, the program is complex and the number of units built would likely be limited.)

Moderately cost burdened renters over 50% AMI may be able to qualify for home mortgages with the help of down payment or purchase assistance programs. These programs may offer a grant or forgivable loan to assist with down payment and closing costs, or a forgivable or repayable “soft second mortgage” to bring down the purchase price to an affordable level.

F. Housing Development Patterns in Cedar Falls

From 2016 through 2021, an estimated 997 residential units were permitted in Cedar Falls (Figure 12). Of these, 564 units (57%) were single-family homes; 221 (22%) were 2-family structures, townhomes, or condominiums, and 212 (21%) were multifamily units. The City’s residential permit volume has generally declined in recent years, from a high of 251 units in 2016 to an estimated low of 89 units in 2022. However, if multifamily unit permits are disregarded, the decline is much less pronounced, with a high of only 149 units in 2016.

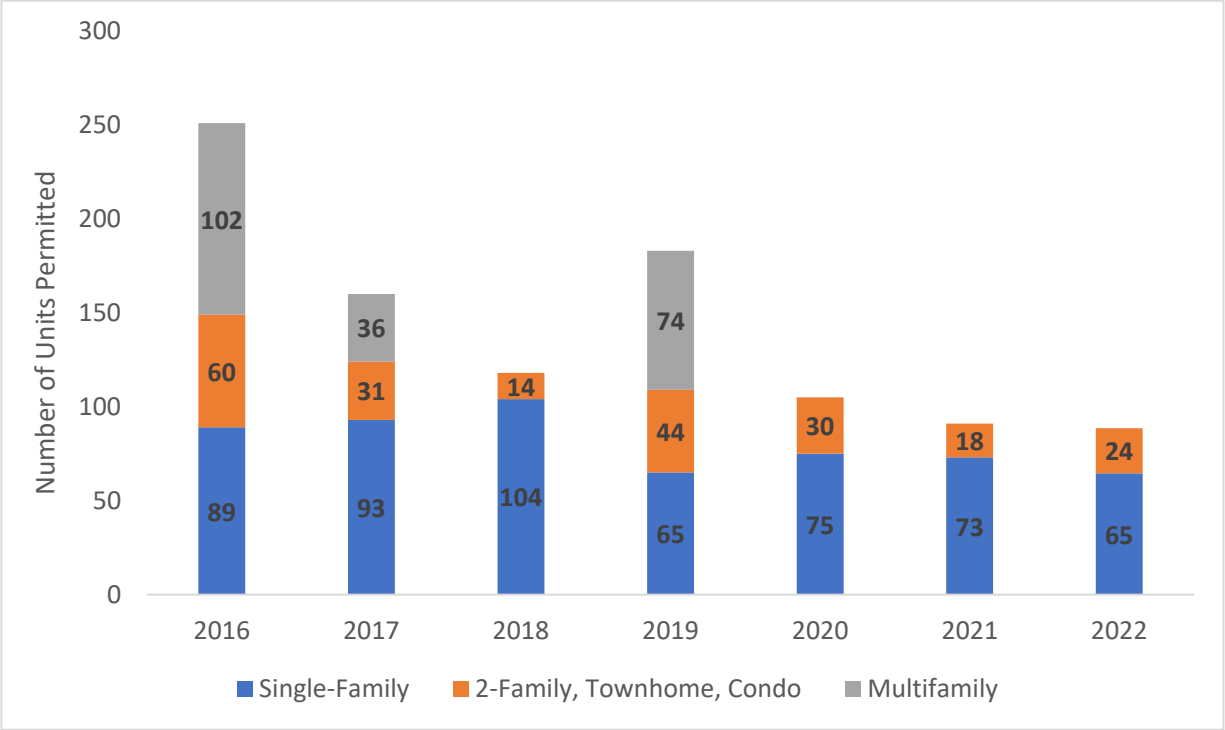


Figure 12. Permits Issued for Residential Units in Cedar Falls. Source: City permit data from 1/1/2016 to 8/31/2022. 2022 data is extrapolated to 12/31/2022.

A key metric for local housing markets is the inventory of residential units for sale. A healthy home sale market is generally understood to have 4 to 6 months of inventory at any given time. According to data from the Northeast Iowa Board of Realtors, the active home sale inventory in Cedar Falls has declined sharply since 2020 (Figure 13). From 21/15/2016 through 8/15/2020, the inventory of homes for sale ranged from 79 to 151. From 8/15/2020, inventory plunged from 125 to 39 on 5/18/2021. The inventory dropped to 18 on 3/2/2022, and did not exceed 47 for the rest of 2022. In a recent analysis of housing inventory in early 2023, the Cedar Falls Economic Development Corporation (CFEDC) found that inventory has declined by 66% in the past five years.

Developers and builders in Cedar Falls also report that lots for sale to custom builders and homebuyers are in short supply – sometimes as low as zero in the year prior to the release of this document, compared to a supply of several hundred a decade previously. City data indicates that several newer residential subdivisions do have vacant lots – 245 single-family lots and 172 duplex, townhome, and condominium lots, for a total of 417 lots as of August 2022. However, anecdotal evidence from developers and builders suggests that most are owned by builders or homebuyers who already have plans to construct homes on the lots.

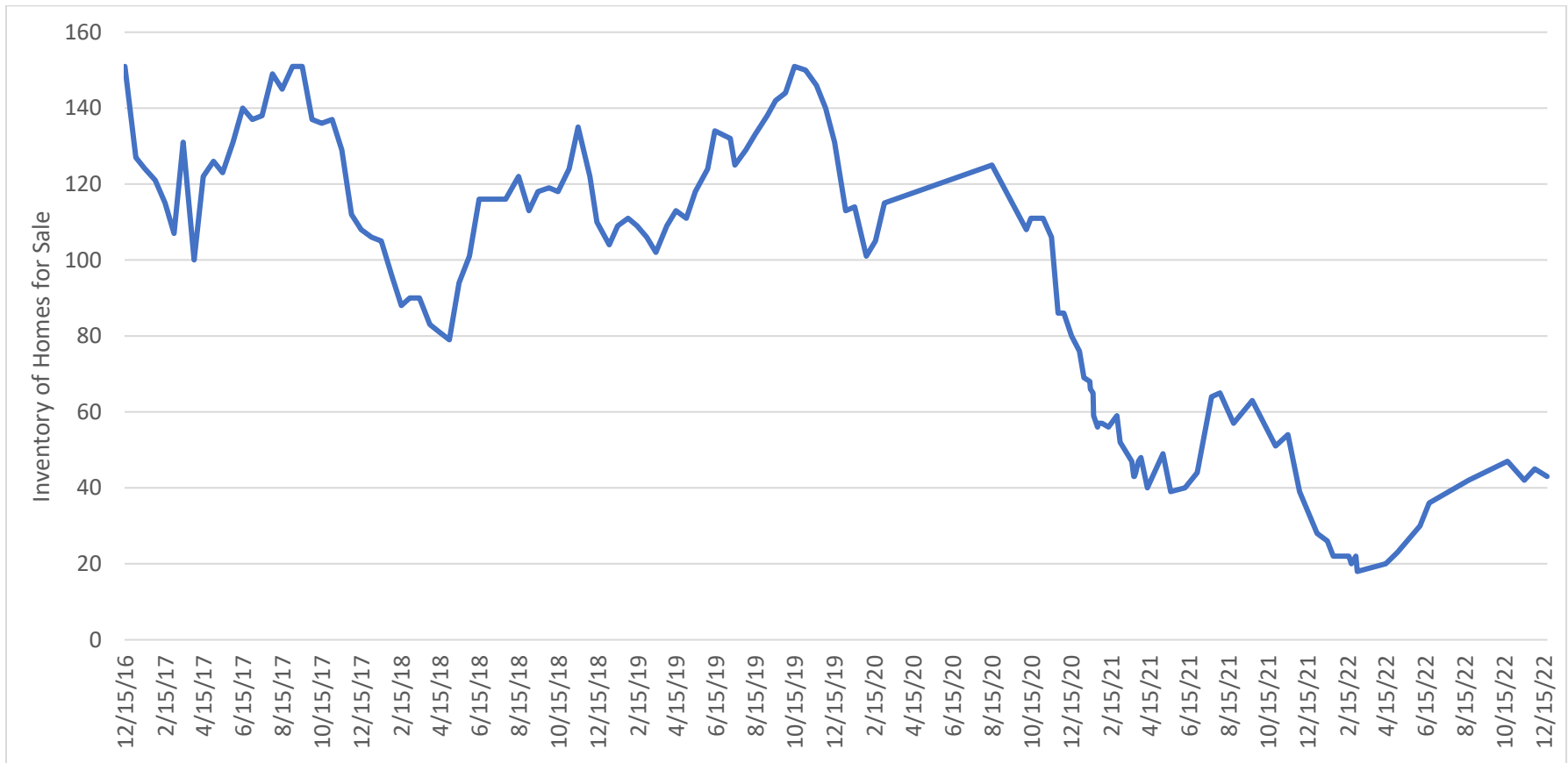


Figure 13. Inventory of Homes for Sale in Cedar Falls. Source: Northeast Iowa Board of Realtors. Note: Inventory cannot be calculated in months from this data, since inventory numbers are provided as daily snapshots, and calculations of inventory in months require data on active listings and sales for a specified timeframe.

Figure 14 highlights home sale supply and demand for different price ranges in November and December 2022, using the benchmark of a 5-month inventory per price range to estimate total demand. These two months had 565 home sales, of which nearly two-thirds (351 sales) were for units priced between \$120,000 and \$299,000. Despite the relatively high volume of sales in these price ranges, the share of demand met for these ranges was relatively low, from 0% to 35%. An additional 125 active listings would have been needed to meet demand for these price ranges in November and December 2022, out of a total of 181 additional listings needed for all price ranges. In fact, about half of the additional active listings needed were in the \$120,000 to \$239,000 price ranges alone.

Broadly speaking, demand for higher-priced homes does not outstrip supply as dramatically as for moderately priced homes. For most price ranges starting at \$300,000, the share of demand met ranges from 31% to 63%. Even for high price ranges where a relatively low percentage of demand is met, the additional active listings needed were few in absolute numbers – only 16 for homes priced from \$325,000 to \$374,999.

The housing supply and demand projections in Section VII will use the data from Figure 14 to estimate the City’s starting inventory shortfall.

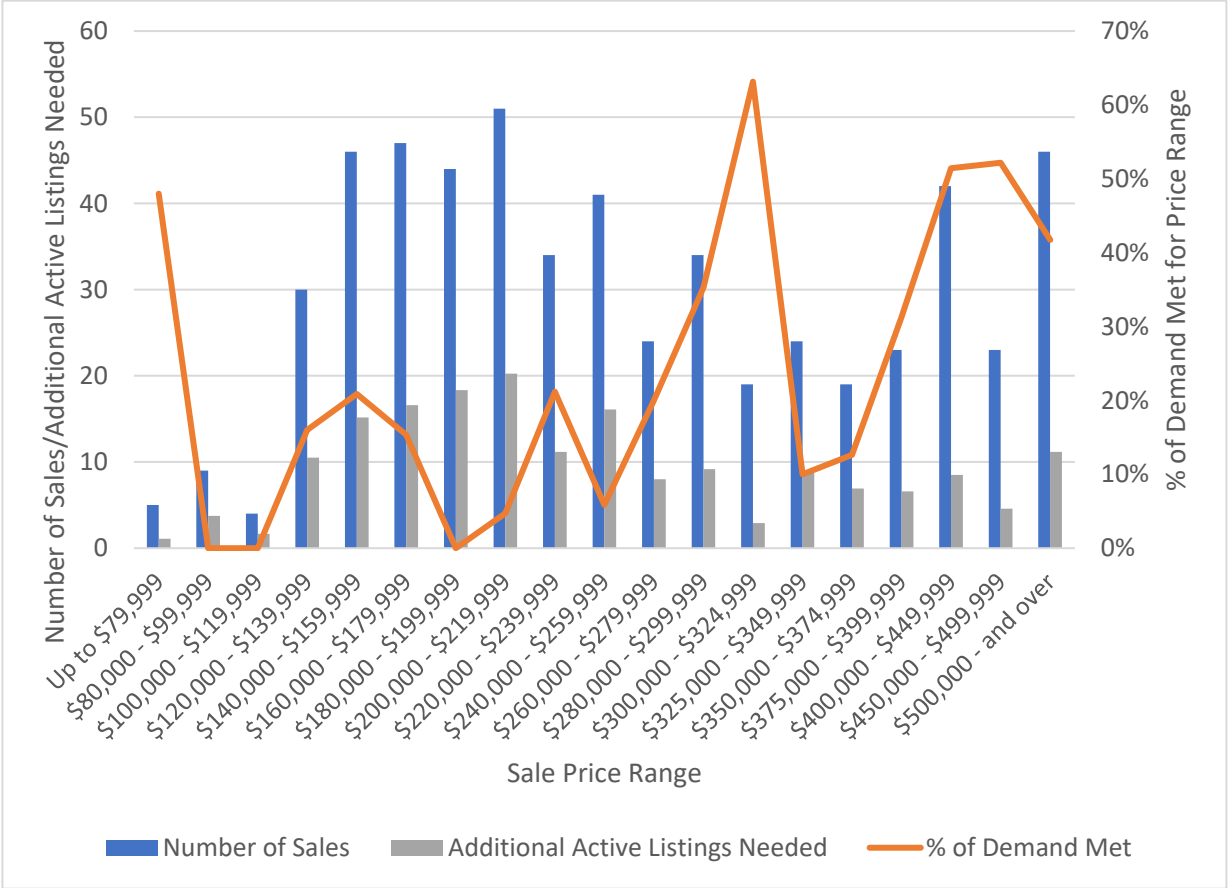


Figure 14. Cedar Falls Home Sales and Unmet Demand in Late 2022. Source: Northeast Iowa Board of Realtors data from 11/1/22 through 12/31/2022, retrieved 1/1/2023. Total demand is assumed to equal 5 months’ inventory for each price range.

G. Housing Quality Windshield Survey

In September and October 2022, a windshield was conducted of six (6) Census block groups in Cedar Falls. These block groups were determined by the Task Force to provide a reasonable geographic distribution and a cross-section of the City's housing stock in terms of age and condition. The windshield survey provides insight into the extent of repair and reinvestment needs for local housing stock, as well as potential infill development opportunities. Each housing unit was given a rating of Good, Fair, Poor, or Dilapidated based on observable exterior conditions. Since interior conditions were not observable, the survey may underestimate the number of units in Fair, Poor, or Dilapidated condition.

The windshield survey identified 3,048 units, or 19% of the City's estimated 16,118 housing units (Table 19). The vast majority of units (95.6%) were in Good condition, with 3.8% in Fair condition and only 0.6% in Poor condition. No units in Dilapidated condition were identified. If these percentages were extrapolated to the City's entire housing stock, Cedar Falls would have 15,145 units in Good condition, 613 units in Fair condition, and only 90 units in Poor condition. However, the surveyed block groups may not be perfectly representative of the City's housing stock.

Houses built before 1940 and after 2013 are the most overrepresented among the surveyed block groups, compared to the City's overall housing stock (by 6 percentage points each; data not shown). The overrepresentation of newer houses may skew the windshield survey results toward higher quality ratings, while the overrepresentation of older houses might not skew quality ratings downward by the same amount. This is because, in an affluent community like Cedar Falls, even older houses are often owned by families that can afford upkeep.

Figure 15 provides housing quality ratings for the individual Census block groups, which can vary considerably from the aggregated ratings in Table 19. In the four older neighborhoods, the proportion of Fair units ranges from 6% (Downtown) to 13% (South of W. 1st Street), while the proportion of Poor units is as high as 2% (North Cedar Falls). Not surprisingly, the housing stock in the newer Orchard Hill and Southwest neighborhoods is virtually all in Good condition.

Tabulations of housing condition by tenure (rental vs. owner-occupied) were not available for this analysis. However, for most of the block groups, the percentage of rental units in 1- and 2-unit structures far exceeds the combined percentage of Fair and Poor units. For example, 51% of the housing stock in the "College Hill" neighborhood (Figure 15) is in rentals in 1- and 2-unit structures, but only 11.8% of the neighborhood's housing units are in Fair or Poor condition. Thus, one cannot assume that problems with housing quality in Cedar Falls are primarily driven by rental units.

As noted above, Cedar Falls appears to have very few units in Poor condition, and no Dilapidated units were identified. This means that the City has limited opportunities to expand the housing stock through demolition and reconstruction, or through substantial rehabilitation of deteriorated housing that has been off the market for years. For the most part, the City must expand its housing supply by developing *new* units, whether on "greenfield" (undeveloped) land, on the infill tracts that do exist, or in vacant upper stories of commercial buildings. Other options for expanding housing supply include construction of Accessory Dwelling Units (ADUs) on existing residential parcels, and subdividing large residential parcels into two or more parcels to increase vacant lots for housing development (see Section VI.A.). Section VIII provides Implementation Strategies for expanding the City's housing supply, among other housing goals.

Of course, rehabilitation of deteriorated housing is a worthwhile goal whether or not it expands the housing supply. In addition to improving quality of life for residents of the housing unit, rehabilitation programs improve neighborhood appearance and property values. Notably, the estimated number of units in Fair or Poor condition citywide (703) is similar to the estimated demand for owner-occupied rehabilitation programs for low- and moderate-income homeowners (674; see Table 18). These numbers are not directly comparable – some eligible homeowners have units that appear in “Good” condition from the outside, while some inhabitants of homes in Fair or Poor condition are above the low- to moderate-income threshold. Nonetheless, the windshield survey results suggest that the estimated demand for owner-occupied rehabilitation is reasonable. Some Implementation Strategies in Section VIII include providing local funds to assist homeowners above the LMI thresholds with needed repairs, since such improvements would benefit entire neighborhoods.

Table 19. Exterior Housing Quality Windshield Survey of a Sample of Cedar Falls Housing Units.

Category	Description	Units in Survey	Extrapolated Citywide Units
Good	<ul style="list-style-type: none"> Unit appears structurally sound (foundation, building envelope, roof). Unit appears well maintained – most siding, gutters, trim, windows, and doors are in good repair with good exterior paint condition. Minor problems such as small areas of peeling paint and/or other routine maintenance items may exist. This category focuses more on overall health, safety, and structural integrity than cosmetic issues. 	2,915 (95.6%)	15,145
Fair	<ul style="list-style-type: none"> Unit appears structurally sound (foundation, building envelope, roof). Need for some maintenance or repair - painting the house, fixing a broken door or window, putting on new shutters, replace or fix awnings, etc., and/or: Issues are primarily cosmetic (e.g. worn paint on aluminum siding, mildew) but cover a substantial portion of the structure. 	116 (3.8%)	613
Poor	<ul style="list-style-type: none"> One or more visible structural defects (foundation, building envelope, or roof) but still habitable. Building requires significant work to address items such as worn shingles, sagging porch, major cracks in foundation, etc. Unit requires significant repairs or updates, which would be difficult to correct through normal maintenance (multiple broken doors or windows, roof needing to be re-shingled, excessive paint peeling/missing, etc.) 	17 (0.6%)	90
Dilapidated	<ul style="list-style-type: none"> Unit is suffering from excessive neglect. Building appears structurally unsound. Building not fit for habitation in current condition. The building may be considered for demolition or, at minimum, major rehabilitation will be required. 	0 (0%)	0
Total		3,048 (100%)	16,118

Source: Windshield survey conducted for Sept-Oct 2022 by INRCOG staff and HNA Task Force members for a sample of 6 Census block groups. Est. total citywide units from 2020 5-year ACS.



Figure 15. Cedar Falls Housing Windshield Survey Results by Census Block Group. Source: Windshield survey conducted Sept-Oct 2022 by INRCOG staff and HNA Task Force members, 2020 5-year ACS. Each block group is designated by a nickname, as well as an official name in the form “Census Tract XX Block Group XX” (CT XX BG XX).

V. Stakeholder Input

The University of Iowa's Institute for Decision Making (IDM) conducted focus groups for several categories of stakeholders in August 2022. In addition, an online survey was made available to stakeholders who were invited to focus groups. The online survey was conducted from 8/23/2022 to 9/12/2022. The survey included questions for all stakeholder groups, and respondents were asked to select all roles that they fill in Cedar Falls. The survey's display logic showed relevant questions for each role they had selected.

Focus groups included the stakeholder types listed below. This section includes focus group and survey feedback from stakeholders whose responses have not already been discussed elsewhere in this document.

- Employers (feedback discussed in Section III.D. above)
- Landlords and Property Managers (no focus group attendees; survey responses discussed in Section IV.C.2. above)
- Senior Housing Stakeholders (feedback discussed in Section IV.D. above)
- Residential Developers and Builders
- Real Estate Professionals and Lenders
- Human Service Providers
- Housing Choice Voucher (Section 8) Recipients (no focus group attendees or survey responses)

A detailed discussion of stakeholder input is provided in Appendix 1. The following sections provide an overview of input from selected stakeholder groups with an emphasis on survey responses.

A. General Resident Feedback

A resident survey on community housing characteristics and needs was conducted from October through December 2022. The survey was predominantly conducted online, though paper copies were available upon request. The survey was advertised in the October Currents magazine published by the City of Cedar Falls and mailed to every residential address. Additionally, the survey was advertised in a Facebook post by the Iowa Northland Regional Council of Governments (INRCOG) that was "liked" by the City's Facebook account, and a Waterloo-Cedar Falls Courier article in November 2022 featured a link to the survey. Paper copies were distributed at the Cedar Falls Public Library and Thunder Ridge Senior Housing. The survey preparers were unable to gain permission from the other private subsidized rental developments to distribute paper surveys at their offices.

The survey received a total of 144 responses, including 134 online responses and 10 paper surveys from the two distribution sites mentioned above. Key themes from the survey responses are summarized in this section, and Appendix 1 provides all survey data. The survey respondents were predominantly older, higher-income, white, female, non-Hispanic or Latino homeowners (Table 20). Nonetheless, many respondents of all income brackets expressed concern about housing prices in Cedar Falls.

Table 20: Resident Survey - Overview of Respondent Demographic and Social Characteristics.

Category	% of Responses	Category	% of Responses	Category	% of Responses
Less than \$20,000	4%	Owner	86%	Under 18	0%
\$20,000 to \$34,999	7%	Renter	11%	18 to 24	1%
\$35,000 to \$49,999	9%	Homeless	0%	25 to 34	7%
\$50,000 to \$74,999	18%	Live with Family/Friends	1%	35-44	17%
\$75,000 to \$99,999	22%	Other	3%	45-54	25%
\$100,000 or more	41%			55-64	16%
				65-74	29%
				75+	6%

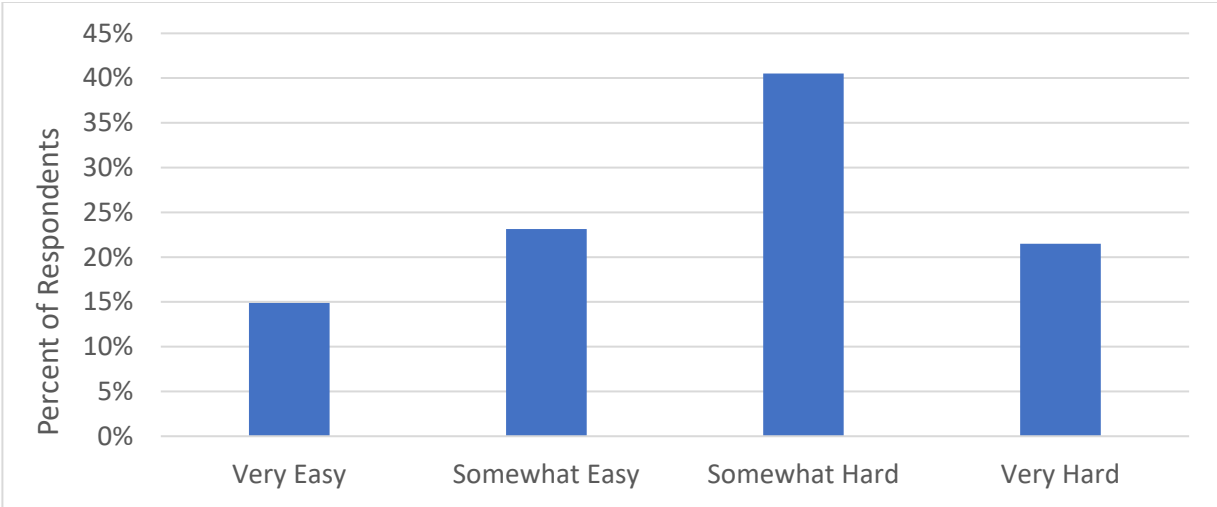
Category	% of Responses	Category	% of Responses
White	83%	Hispanic/Latinx	0%
Black	0%	Not Hispanic/Latinx	92%
American Indian/Alaska Native	1%	Prefer not to answer	8%
Asian	2%	Male	28%
Pacific Islander/Native Hawaiian	0%	Female	64%
Other	4%	Non-Binary	0%
Prefer not to answer	11%	Prefer to self-describe	1%
		Prefer not to say	7%

Source: Cedar Falls Resident Survey, October-December 2022. Percentages may not add up to 100% due to rounding.

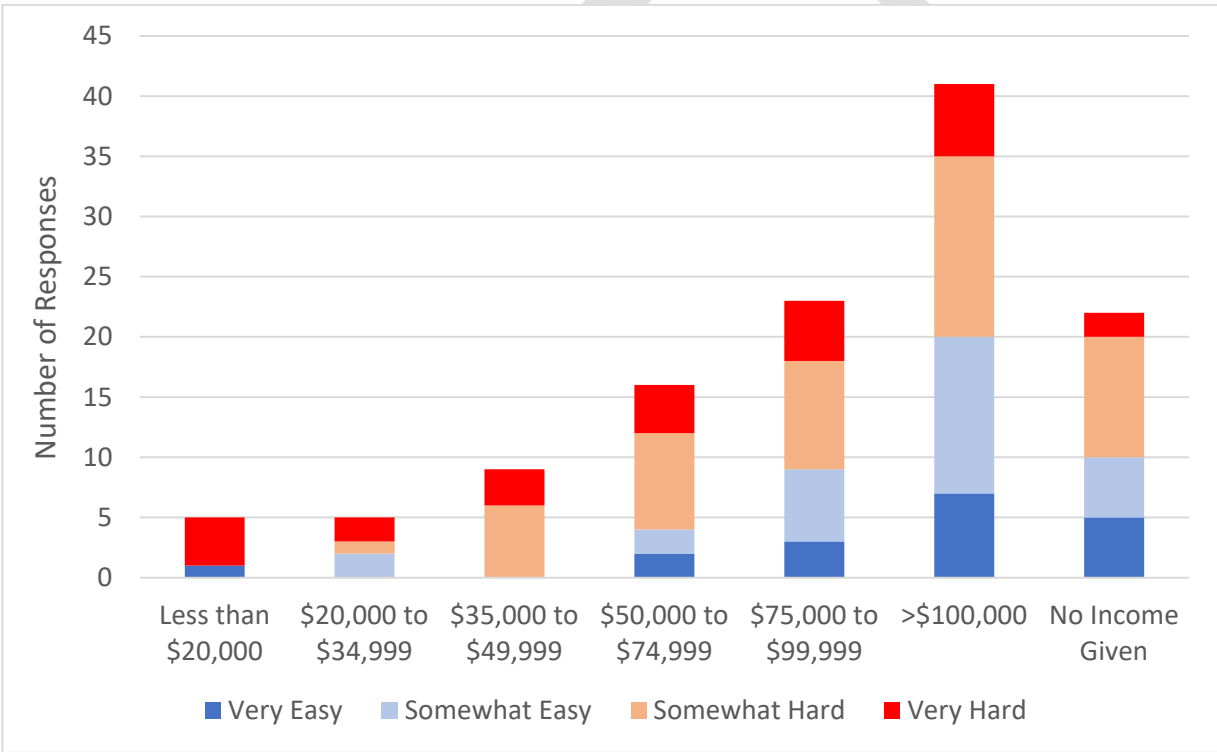
Given the relative affluence of the survey respondent pool, it is not surprising that the vast majority (89%) consider their current housing situation to be affordable. Among respondents who reported that their housing was unaffordable, their reasons included high rent or mortgage relative to their incomes and, to a lesser extent, high property taxes.

Respondents were asked about problems with their homes that they could not afford to fix or the landlord would not fix. Responses included a wide range of deferred maintenance items, both large and small, such as plumbing and electrical repairs, foundation and basement problems, peeling paint, mold, and driveway repairs. One renter commented that their property manager takes weeks to respond to maintenance calls. Notably, of the 16 respondents with incomes up to \$75,000 who answered this question, 10 reported that their current housing situation is affordable. This demonstrates that “affordable” housing in Cedar Falls is not always of high quality.

Nearly two-thirds of respondents believe that it is “Somewhat Hard” or “Very Hard” to find affordable, safe, comfortable housing in Cedar Falls (Figure 16a). While lower-income respondents were more likely to select these options, large proportions of respondents across the income spectrum agreed (Figure 16b), even though most consider their own housing situations to be affordable. Notably, this question measures respondents’ *perceptions* of the ease or difficulty of finding housing in Cedar Falls. Some respondents answered in terms of their own experience, while others appeared to refer to the ease or difficulty for others beyond themselves – including family, friends, and even unknown neighbors from different walks of life. Some respondents who consider it “Very Easy” or “Somewhat Easy” offered caveats to their responses in their open-ended feedback, noting that prices are increasing and lower-income households may face more difficulties.



a. All Responses



b. Responses by Income Bracket

Figure 16. Resident Survey Responses: "How easy is it to find an affordable, safe, comfortable place to live in Cedar Falls?"

Source: Cedar Falls Resident Survey, October-December 2022.

Respondents were asked open-ended questions about the factors that make it easy or hard to find housing in Cedar Falls, as well as housing and community needs in the City. Several recurring themes emerged among the responses. The themes are also summarized in Figure 17.

- Prices for both owner-occupied and rental housing are high and increasing in Cedar Falls, squeezing out many young families, seniors on fixed incomes who are seeking to downsize, low-wage workers, single mothers, and even many educated professionals. Some respondents explicitly used the terms “affordable” and “affordable housing.”
- The inventory of homes for sale is low, and homes for sale in suitable price ranges for many buyers are purchased quickly.
- New single-family homes are priced beyond what many homebuyers can afford. Some respondents also referred to “McMansions” or “sprawl.”
- Many rentals, especially single-family rentals and those in former single-family dwellings that have been converted to apartments, are in poor condition. Several respondents expressed concern about older, lower-cost, single-family homes being purchased by investors and converted into rentals. Respondents often explicitly expressed frustration at negligent landlords, though they understood that many Cedar Falls landlords duly maintain their properties.
- Rents in Cedar Falls are often high because landlords cater heavily to the market of University of Northern Iowa students. (The only respondent under age 25, a renter, argued that the current system exploits both students and low-income renters.)
- Older homes in Cedar Falls are in need of rehabilitation for several reasons, including improvement of neighborhood appearance and character, quality of life improvement for lower-income occupants, and reinvestment in the City’s existing housing stock as an alternative to extensive new construction.
- A few respondents mentioned high and increasing taxes as a burden.
- Some respondents reported that there was no problem finding suitable housing in their open-ended feedback. While some simply spoke in terms of their own experience, others included assertions that anyone who works hard can find housing in Cedar Falls, that low-income housing is over-supplied and crime-ridden, that the City has insidious motives for conducting the survey, or other such claims. However, these responses were outweighed by those that expressed concerns or caveats about the City’s housing market, just as a majority of respondents consider it “Somewhat Hard” or “Very Hard” to find decent affordable housing in Cedar Falls.

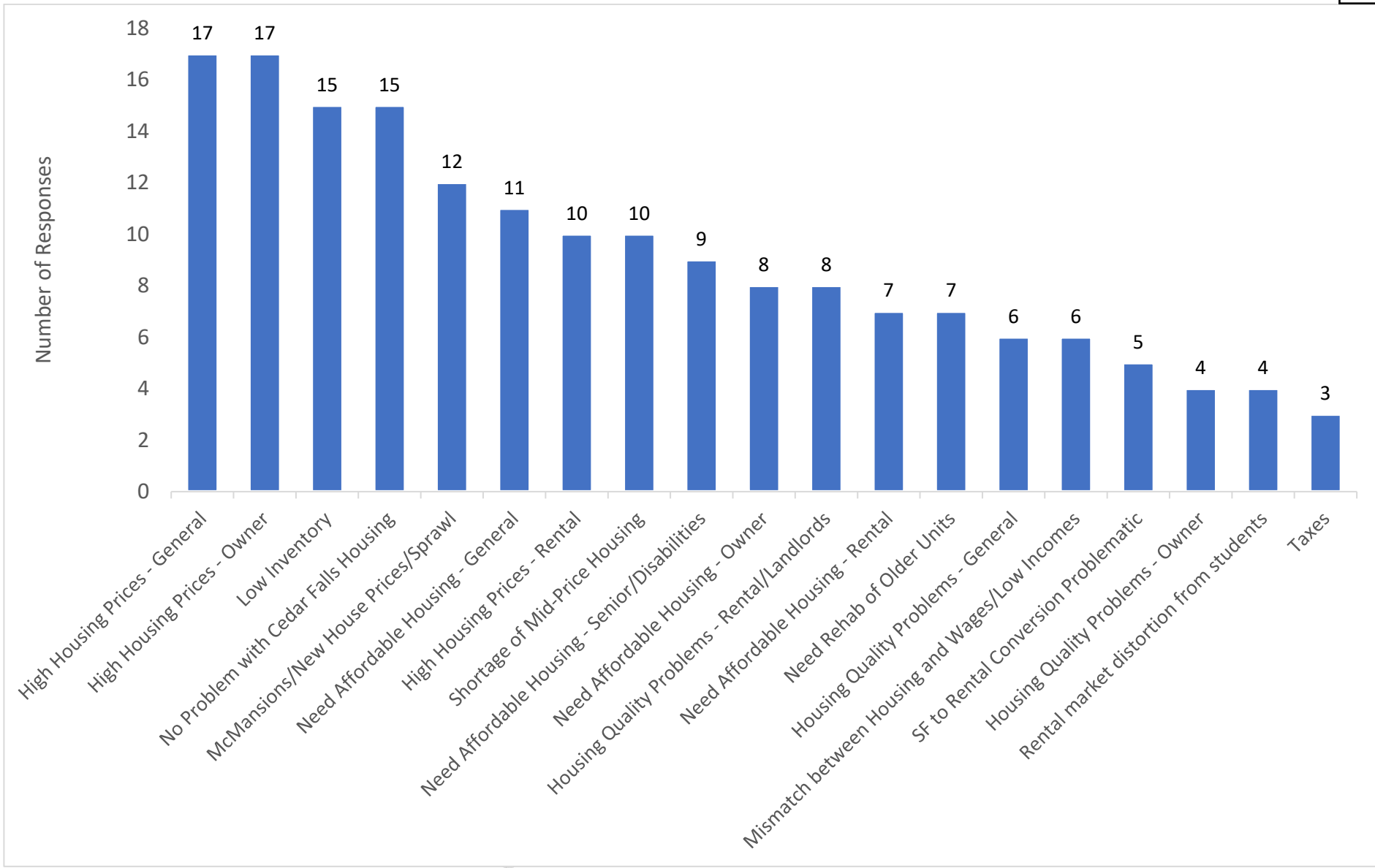


Figure 17. Themes from Resident Survey Open-Ended Responses. Source: Cedar Falls Resident Survey, October-December 2022. Note that some individual responses are listed in more than one category.

Respondents were asked to select neighborhood(s) that, in their opinion, need improvements to make them better places to live or visit. Respondent selections are shown in Appendix 1. The North and College Hill neighborhoods were the most commonly selected options, with 24% and 22% selecting these respective neighborhoods. Industrial Park was the least commonly selected option (4.4% of respondents). The concerns cited by respondents depended on the characteristics of each neighborhood. In the North neighborhood (commonly known as North Cedar Falls), many respondents mentioned housing in need of repair, the lasting impact of flooding, and a perception that this neighborhood is overlooked or disconnected from the rest of Cedar Falls. Regarding the Northwest, Downtown, University, and College Hill neighborhoods, respondents expressed concern about older homes in poor condition, particularly rentals. In the neighborhoods near the University of Northern Iowa, the condition of student rentals and the practices of their landlords were a concern. In College Square, some residents noted the presence of older homes in need of repair, as well as the need for revitalization of the shopping areas.

B. Feedback from Residential Builders and Developers

The focus group for builders and developers in Cedar Falls had five participants. The survey had four responses, though one response was largely incomplete. Some developers and builders have other roles in Cedar Falls as well, such as employer, real estate professional, or lender. As a result, their responses to some questions reflected multiple perspectives on the Cedar Falls housing market. For clarity and brevity, some overlapping questions and responses are combined in the analysis below.

Table 21 compiles data from developers and builders on the residential lots and units that they anticipate producing in the next 5 years. Respondents reported plans to develop 90 lots for single-family detached homes and 30 lots for duplexes, townhomes, and condominiums. Respondents anticipate building almost as many duplexes, condos, and townhomes (130 total) as single-family detached homes (132). Most single-family, duplex, townhome, and condo units will be built for ownership.

Table 21. Survey of Cedar Falls Residential Developers and Builders: Anticipated Lots and Unit Production in Next 5 Years.

Housing Type	Lots		Units	
	For Ownership	For Rental	For Ownership	For Rental
Single-Family Detached	90	0	130	2
Duplexes, Condos, Townhomes	30	0	120	10
Multifamily*			80	
Target Market for Planned Multifamily Units*	Empty nesters Young professionals		Newly married couples Divorcé(e)s	

Source: Online survey conducted from 8/23/2022 to 9/12/2022 by the University of Northern Iowa (UNI) Institute for Decision Making (IDM). *Survey did not ask respondents to specify tenure of multifamily units.

Two respondents reported plans to build multifamily units, though only one listed the number of planned units (80). The tenure of the planned multifamily units was not reported but most are assumed to be rentals. The respondents reported that the target markets for planned multifamily units are individuals

and households at times of transition in their lives – young professionals, newly married couples, divorcées, and empty nesters.

Table 22 summarizes developer and builder responses to open-ended survey questions. Similar to employers, developers and builders emphasized Cedar Falls’ high quality of life, including safe and attractive neighborhoods, good schools, and high-quality housing. Respondents also cited Main Street, the trail system, recent streetscape improvements, and a good working relationship with some City staff as strengths of the City’s housing market.

Of note, several developers and builders remarked on the new zoning requirements in the new downtown “Character District” (discussed further in Section VI.A1.). Specifically, the new zoning requirements constitute a “form-based code,” which focuses more on the scale and design of buildings in urban areas, and less on prescriptive land use requirements, than traditional zoning codes. The City implemented the new requirements to maintain a vibrant, mixed-use urban character in the downtown, and many developers report that the new standards are more user-friendly and predictable in their impact on project costs and specifications, compared to the more traditional requirements in the rest of the City’s zoning code. Developers made these comments in the focus group (see Appendix 1) and in informal conversations with the Task Force and Steering Committee.

Weaknesses and impediments in the City’s housing market, as identified by developers and builders, ranged from high prices and limited inventory of units and lots – factors also identified by employers – to bureaucratic challenges with housing development and concerns about the character of some areas of town. The bureaucratic issues are described in more detail in Appendix 1 and include a lack of stakeholder input in building regulations, unreliable and slow permit approvals, and allegedly excessive regulations for some parts of the building process, such as stormwater and erosion control. As Appendix 1 notes, some regulations in Cedar Falls are perceived to exceed those of other communities.

Other notable weaknesses and barriers identified by respondents included high property taxes (due to “inflated valuation,” not mill levy increases, according to the respondent), a lack of incentives for single-family rehabilitation, “derelict” conditions in the University Avenue Area, and “sprawling” neighborhoods in South Cedar Falls.

Respondents had several suggestions for City investments to expand housing supply, especially of moderately priced housing. Some suggestions, including Tax Increment Financing (TIF), tax abatements, and rebates (often funded by TIF), are already used by many other communities in the Cedar Valley. Other suggestions included adjusting zoning requirements, such as minimum lot widths and dwelling square footage, to allow smaller lots and homes to be developed²⁰. Some suggestions are contradictory – one respondent recommended using City incentives to support moderately priced development, while another recommended supporting “low density” development, which is often more high-end.

²⁰ One respondent cited specific minimum lot widths and floor area requirements that were implicitly attributed to the City. However, upon review by City staff, they appear to be limits set for specific developments by the developer or a homeowners’ association.

Table 22. Survey of Cedar Falls Residential Developers and Builders: Responses to Open-Ended Questions.

Abridged Survey Question	Summary of Responses	
Strengths of Cedar Falls housing market	<ul style="list-style-type: none"> • Good schools • "Responsible developments" • Main Street/downtown • Safety • Trail system • Major employers • Low cost of living 	<ul style="list-style-type: none"> • Strong market for high-quality housing • Attractive, "mature neighborhoods" and good neighbors • Appealing to affluent residents • Respect and pride of place ("Country Club like") • Recent streetscape improvements • Good working relationship with some City staff • UNI, including grads who stay in Cedar Falls and "push business & industry forward"
Weaknesses of Cedar Falls housing market	<ul style="list-style-type: none"> • Overpriced housing • Low inventory • City bureaucracy • Lack of stakeholder input on building regulations • Unreliable/slow approvals for lot development • Lack of variety/character in new neighborhoods • Few residential lots available • Lack of incentives for single-family home rehabilitation • University Avenue area "becoming derelict" 	<ul style="list-style-type: none"> • Lack of inventory, esp. for 55+, condos/townhomes, downtown options • Burdensome regulations that do not always have a health/safety benefit • High property taxes due to inflated valuation • Excessive enforcement for small infractions, e.g. for stormwater permits • Numerous single-family rentals, especially near Downtown • Sprawling development in South Cedar Falls in lieu of planned neighborhoods with commercial cores
City development regulations or process (e.g. zoning/subdivision ordinances, permitting processes, etc.) that impede moderately priced housing development	<ul style="list-style-type: none"> • Interpretation/execution of codes and ordinances 	<ul style="list-style-type: none"> • Increasing regulations over time that outweigh benefits to homebuyers • Requirements that [allegedly] exceed those of other communities that use the same SUDAS standards
Suggested incentives/programs to promote housing affordability, availability, condition etc.	<ul style="list-style-type: none"> • Offer a 3-year tax abatement program for small housing units • Reduce required lot widths – e.g. to 50' • Use incentives to promote moderately priced housing/neighborhoods (e.g. by supporting infrastructure) • Incentivize developer through rebates (would also reduce costs indirectly by increasing lot/unit supply) 	<ul style="list-style-type: none"> • Tax Increment Financing (TIF) • Allow more/smaller attached housing units • "Incentives would be great, however getting out of the way and getting rid of ridiculous micromanagement regulations would be far better." • "A low-density tax abatement would cement the leading position Cedar Falls currently has as an epicenter."

Source: Online survey conducted from 8/23/2022 to 9/12/2022 by the University of Northern Iowa (UNI) Institute for Decision Making (IDM).

C. Feedback from Real Estate Professionals and Lenders

The focus group for real estate professionals and lenders had five participants. The survey had six responses, though three survey responses were largely incomplete. As noted in the discussion of survey feedback from residential developers and builders, many survey respondents have multiple roles in Cedar Falls. In fact, three of the six respondents who identified themselves as real estate professionals and lenders were also builders or developers. This section focuses on feedback to questions that are relevant to residential real estate and mortgage lending specifically.

Table 23a summarizes responses from real estate professionals and lenders to open-ended questions. Respondents considered housing to be in short supply at multiple price points, but especially at more moderate price points such as \$150,000 to \$250,000. Respondents perceived unmet demand for multiple housing types, with particular emphasis on smaller unit types such as detached single-family units for the 55+ market, condos and townhomes, accessible units for people with disabilities, and downtown living options. Homebuying clients who cannot find units in Cedar Falls typically look for alternatives in Waterloo or outlying rural communities.

When asked about barriers to their own work and to clients' goals in the City's housing market, respondents mainly cited low housing inventory and high costs for available housing. Other identified barriers included taxes and limited availability of building sites. One respondent emphasized a need for down payment assistance for some homebuyers.

Responses to closed-ended questions are summarized in Table 23b-d. On average, homes priced over \$250,000 were reported to be in greatest demand, accounting for 50% of homebuying clients (Table 23b). However, the closed-ended questions had only 3 respondents and so may not be representative of client demand. One of the three respondents overwhelmingly serves the high-end market, with 82% of clients seeking homes over \$250,000 and the remaining 12% seeking homes between \$200,000 and \$249,999.

When the range of responses to this question is taken into account, demand appears more evenly distributed among homes priced at \$100,000 or higher. Even though Table 23b may overstate demand for higher-priced homes, homes over \$250,000 are oversupplied in active MLS listings – 79% of listings, compared to an average of 50% of homes sought by homebuying clients according to the survey responses.

When asked why clients seek to buy homes in Cedar Falls, respondents identified the City's high quality of life and school district as primary factors (Table 23c). Relocation for employment is also a primary factor in many cases. To a lesser extent, homebuyers look to Cedar Falls when they want to upsize or downsize their housing, with buyers more often looking for larger homes. Transitioning from renting to homeownership was less important as a driving factor for homebuyers in the Cedar Falls market, suggesting that many are already homeowners.

Table 23. Survey Responses from Cedar Falls Area Real Estate Professionals and Lenders.

Abridged Survey Question	Summary of Responses	
Adequate supply in clients' desired price ranges? If not, which price ranges are lacking?	<ul style="list-style-type: none"> • "No supply at any level ... desire all levels from \$200,000 to 2 million." • Undersupply of housing from \$150,000 to \$250,000. 	<ul style="list-style-type: none"> • "Housing under 200k is severely lacking. Housing from the 200-300k range in new construction is almost unachievable due to subcontractor pricing (lack of subcontractors to create competition), building material prices and land prices."
Adequate supply of clients' desired housing types? If not, which types are in short supply?	<ul style="list-style-type: none"> • "No excess supply of any housing types" 	<ul style="list-style-type: none"> • Unmet demand for 55+ detached homes, townhomes, downtown living
What types of housing units (e.g. single-family, duplex, townhome, condo, multifamily) have the strongest demand?	<ul style="list-style-type: none"> • All of the above • Need for single-family is paramount • Townhomes and condos also needed 	<ul style="list-style-type: none"> • 55+ single-family and attached units • Accessible/ADA compliant/aging in place options
What percent of houses are sold as investment properties? (e.g. to flip or rent)	6.67% (range 5% - 10%)	
Alternative housing locations/arrangements for clients unable to buy homes in Cedar Falls	<ul style="list-style-type: none"> • Janesville • Traer • Dysart 	<ul style="list-style-type: none"> • Waverly • Parkersburg • Waterloo • Dike • Continue to look for home while renting or staying in current home • Many move to smaller, lower-cost rural areas • Jesup • Hudson
Top barriers for you/clients in Cedar Falls housing environment	<ul style="list-style-type: none"> • Housing availability (inventory) • High housing costs (low affordability) 	<ul style="list-style-type: none"> • Building site availability, especially zoned for higher density development • Lack of savings for down payment/closing costs • Taxes

a. Responses to Open-Ended Questions.



Home Sale Price Range	Avg. estimated % of homebuyers seeking homes in this price range	% of active MLS listings	% of MLS closed sales
Less than \$100,000	1% (range 0% - 3%)	0%	3%
\$100,000 to \$149,999	11% (range 0% - 20%)	12%	15%
\$150,000 to \$199,999	14% (range 0% - 30%)	10%	23%
\$200,000 to \$249,999	24% (range 18% - 30%)	0%	17%
\$250,000 or more	50% (range 20% - 82%)	79%	43%

b. Price Ranges of Homes Sought by Clients in Cedar Falls.

Reasons that clients search for homes in Cedar Falls	Number of Responses		
	Primary factor	Secondary factor	Not a factor
A client is relocating due to employment	2	1	
A client wants to enroll their children in the Cedar Falls School District	3		
A client wants to live in Cedar Falls for its high quality of life	3		
A larger home is desired	1	2	
A smaller home is desired		3	
A client is currently renting, wanting to own	1	1	1

c. Reasons that Clients Search for Homes in Cedar Falls.

Factors preventing homebuyers from purchasing homes in Cedar Falls	Number of Responses		
	Major Factor	Minor Factor	Negligible/ Not a Factor
Lack of homes in desired price range	5		
Lack of homes with modern amenities	2	2	1
High property taxes	1	3	1
Lack of down payment	1	2	1
Unable to qualify for mortgage		4	1
Low credit score		3	2
Lack of stable employment		1	4
Lack of understanding of homebuying process		3	2
Prefer a more urban community		2	3
Prefer a more rural community		4	1

d. Primary Factors Preventing Homebuyers from Purchasing Homes in Cedar Falls.

Source: Online survey conducted from 8/23/2022 to 9/12/2022 by IDM; MLS active listings as of 10/7/2022; MLS data on closed listings from 1/1/2022 to 9/9/2022

Several factors can prevent homebuyers from purchasing homes in Cedar Falls (Table 23d). A shortage of homes in the desired price range is the biggest factor deterring prospective Cedar Falls homebuyers. Most respondents also identified a shortage of homes with modern amenities as a deterrent, whether major or minor. Opinions were more divided on property taxes and lack of down payment savings, which were more likely to be considered minor deterrents. Other minor factors included an inability to qualify for a mortgage and preference for more rural communities.

Respondents were split on whether low credit scores, a lack of understanding of the homebuying process, and preference for a more urban communities were minor deterrents or not a factor in homebuyers' decisions. Most respondents did not think that a lack of stable employment deters homebuyers in Cedar Falls, suggesting that most homebuyers in this market generally have steady income.

D. Feedback from Human Service Providers

The focus group for agencies that provide human services to Cedar Falls residents had six participants, and the survey had five participants. Survey responses are summarized by theme below.

Services Provided by Agencies Surveyed

- Food assistance
- Emergency shelter for people experiencing homelessness
- Shelter and housing assistance for survivors of intimate partner violence, sexual violence, human trafficking
- Emergency financial assistance
- Medical assistance
- Outreach
- Rent/utility assistance
- Children/family services
- Home weatherization
- Disaster assistance

Income Brackets of Clients Served

On average, nearly 3 in 4 clients served by the agencies represented in the survey are extremely low income, and nearly 9 in 10 clients are low-income (Table 24).

Table 24. Incomes of Clients Served by Human Service Agencies Operating in Cedar Falls.

Income Bracket	Average % of Clients Served
0 to 30% AMI (Extremely Low-Income)	73% (Range 50% to 90%)
>30% to 50% AMI (Low-Income)	16% (Range 5% to 30%)
>50% to 80% AMI (Moderate-Income)	11% (Range 0% to 30%)

Online survey conducted from 8/23/2022 to 9/12/2022 by IDM

Strengths of Cedar Falls Housing Market

Respondents identified many of the same strengths expressed by other stakeholders, including high-quality housing and attractive neighborhoods. One respondent commented that the community is “beginning to reach out to underserved (minorities and those unable/unwilling to buy housing).” The respondent also noted that older neighborhoods have good housing options available for renters.

Weaknesses of Cedar Falls Housing Market

Respondents strongly emphasized that housing is often unaffordable, especially for renters. The market for college rentals is perceived to “artificially inflate” rental costs. Concern was also expressed about the community’s approach to people who are underserved by the current housing market, including many people of color.

- *“Council is not willing to reach out to underserved in a meaningful way.”*
- *“More concern is shown to landlords than the community and those who could be good renters.”*
- *“Population with low incomes (excluding students and retirees) tends to be concentrated in a few areas- (e.g., North Cedar), rather than dispersed throughout the community.”*
- *“Most people we work with will relocate from Cedar Falls to Waterloo because of the housing market.”*

Characteristics of Cedar Falls Clients

Depending on the agency represented, the share of clients from Cedar Falls ranged from less than 3% to 25% of all clients served by the agency. Some agencies reported an increase in clients from Cedar Falls since the start of the COVID-19 pandemic, with one agency reporting a 20% increase, and another reporting that inflation and other pandemic impacts have pushed some Cedar Falls residents into homelessness. Other respondents reported a relatively small effect from the pandemic.

When asked if Cedar Falls clients had any notable differences from other clients, two respondents saw few or no differences, with one noting that “poverty is everywhere.” One respondent had insufficient data to answer the question, and the remaining two respondents suggested that Cedar Falls clients tend to have larger or more reliable incomes. One respondent reported that Cedar Falls clients were more likely to be college-educated, homeowners, age 25-44, work part-time, and live in 2-adult households without children. Taken as a whole, the respondents show that poverty is very much a part of Cedar Falls, and even households with some advantages such as education and employment are not immune to financial hardship.

Waitlists and Obstacles to Service Delivery

Of the five respondents, two respondents that serve homeless populations (including those fleeing intimate partner violence, sexual violence, and human trafficking) reported that they experience waitlists. One of these two respondents turns away clients in its service area 50 to 75 times per month due to lack of shelter capacity, and the other respondent reported a waitlist of 80 households throughout its service area (note that respondents’ service areas generally extend beyond Cedar Falls to neighboring communities).

Respondents described other limits to their ability to serve clients, including regulations for some funding sources that exclude certain groups, delays in the client providing required application materials, delayed

responses from landlords or utility companies to whom an agency would make payments on a client's behalf, and limited staff capacity.

Challenges and Barriers for Clients

Respondents described a wide range of challenges faced by their clients. They may experience housing instability due to an interruption in their income source, inflation, and the persistently high housing costs in Cedar Falls. Residents with these challenges may fall behind on rent or utility payments and be threatened with eviction. Even when clients receive Housing Choice Vouchers from the Cedar Falls Housing Authority or housing assistance from one of the agencies surveyed, they and agency staff struggle to find landlords willing to accept these forms of payment. In other cases, clients struggle with low-quality housing. Some subsidized rental developments in Cedar Falls are anecdotally reported to be in poor condition.

LMI residents in Cedar Falls also have limited public transportation options to access employment and other locations in the community. Another issue that was raised in the focus group, but not the survey, was child care availability. Some participants reported that affordable child care for their clients is limited, and some child care providers accept payment subsidies only from their own staff. With a median wage of \$9.51 in Cedar Falls (Table 4), child care workers ironically cannot afford the very service they provide.

Suggested Changes to Improve Housing Access and Service Delivery

Respondents from human service agencies spoke overwhelmingly in favor of more affordable housing options, including mixed-income rental developments with some units set aside for LMI households, including those exiting homelessness. They emphasized the importance of not concentrating affordable housing in specific areas of town, such as those prone to flooding. In addition, respondents noted that the City has an important role in ensuring rental housing quality and facilitating housing options. Some respondents called for the City to enforce housing code requirements for rental properties, and one respondent called for "less government intervention into shared housing solutions."

Respondents also spoke of the need for greater community awareness of the financial hardship faced by many Cedar Falls households, and of the services the agencies provide. In addition to raising awareness, respondents urged City leaders and residents to be inclusive and accepting of LMI neighbors and people from diverse backgrounds. Several respondents specifically encouraged landlords to be more accepting of potential tenants served by their agencies. These prospective tenants often have poverty-related barriers such as past evictions or a limited work history.

- *"Work to change the culture from one of 'us and them' to one of 'we'."*
- *"CF Schools help the kids during the day, but homes and neighborhoods need to see elected officials acting like they care (and want to be part of the solution)."*

Respondents indicated that more funding would help their missions, equally important are the policies and regulations that govern how the funding can be used. For example, respondents that provide rent assistance suggested Cedar Falls support a "damage contingency" fund for landlords who rent to recipients of Housing Choice Vouchers (Section 8) or other housing assistance, which would reimburse landlords for any damage done by the tenants. They noted that other communities have successfully used rental damage contingency funds for this purpose. Another respondent identified a need for funding to

increase their agency’s staff capacity, as well as more extensive and sustained support for housing costs beyond rent, such as water and garbage service.

In both the survey and focus groups, some participants expressed a need for additional dedicated funds in Cedar Falls to assist LMI owners and renters. Participants discussed the value of a potential Local Housing Trust Fund for Cedar Falls, which would be supported by annual State Legislature allocations provided through the Iowa Finance Authority.

VI. Housing Policies and Programs in Cedar Falls and Other Communities

This section briefly summarizes City of Cedar Falls policies and regulations regarding housing development, and details the handful of City subsidies and incentives to promote certain specific housing activities. Examples of housing programs from other Iowa communities are also provided.

A. Zoning, Subdivision, and Building Ordinances

Development in Cedar Falls, as in most cities of similar size around the nation, is governed by ordinances regarding construction and alteration of structures as well as installation of infrastructure. These ordinances are summarized below, from those with the broadest scope (zoning) to those with the most specific and technical scope (building codes). Parts of these ordinances are updated periodically by the City Council.

1. Zoning Ordinance

The City’s Zoning Ordinance regulates the types of development that are permitted in different parts of the City and under what conditions. The accompanying Zoning Map shows which development types are permitted in which locations. The Zoning Ordinance and Map together determine both the physical attributes of structures and lots as well as their allowed uses. While components of the Zoning Ordinance have been updated in recent years and decades, the framework of the Zoning Ordinance for most parts of the City dates back to the early 1970s. In older neighborhoods, much of the development precedes the City’s initial adoption of zoning codes in the 1920s, and zoning districts were imposed “after the fact” to regulate subsequent development and modifications to the neighborhoods.

Like many traditional zoning codes, the Cedar Falls zoning code includes several residential districts that permit housing in varying forms and densities. These districts are briefly summarized in Table 25. The first four districts listed below allow for increasing densities of residential units, with R-3 and R-4 allowing multi-unit buildings and higher maximum heights. Table 25 is not an exhaustive list of requirements per district – for example, it does not include minimum lot width or yard width requirements. Generally speaking, lower-density residential districts have higher minimum requirements for such dimensions.

Table 25. Residential and Related Zoning Districts in Cedar Falls.

Zoning District	Permitted Residential Uses*	Lot Area Per Unit (Sqft)	Maximum Dwelling Height
R-1SU Single-Unit Residence District	Single-unit dwellings (detached)	9,000	35' or 2.5 stories
R-1 Residence District	Single-unit dwellings (detached or attached), duplexes	5,000 to 9,000	35' or 2.5 stories
R-2 Residence District	Single-unit dwellings (detached or attached), duplexes	4,000 to 7,200	35' or 2.5 stories
R-3 Residence District	Single-unit dwellings (detached or attached), duplexes, multi-unit buildings	2,500 to 7,200	45' or 3 stories**
R-4 Multiple Residence District	Single-unit dwellings (detached or attached), duplexes, multi-unit buildings, mobile home parks	450 to 6,000	45'***
R-5 Residence District	Single-unit dwellings (detached)	43,560	35' or 2.5 stories
R-P Planned Residence District	Allows developers to propose and City to approve mixed-use developments with residential and up to 15% (by area) low-intensity commercial uses, generally on sites ≥ 10 acres. Residential development requirements are generally the same as for R-4 districts, although no minimum height requirements apply and no minimum yard requirements apply except around the district boundaries.		
CHN College Hill Neighborhood Overlay Zoning District	Specifies requirements in addition to those of the underlying "base" zoning districts, with the intent to preserve neighborhood character. Requirements include but are not limited to: <ul style="list-style-type: none"> • Minimum on-site parking requirements • Landscaping • City review of dimensions, placement, and design for new detached accessory structures exceeding 300 sqft in floor area • Limitations on additions of dwelling units to existing residential structures • Design review for new construction, building additions, and substantial changes to single-unit residences 		
MU Mixed Use Residential District	Allows developers to propose and City to approve mixed-use developments to serve as viable, self-supporting neighborhood districts, generally on sites ≥ 10 acres. In contrast with the R-P district, the MU district imposes height limitations and additional landscaping, open space preservation, and design review requirements.		
Character District - Downtown (CD-DT)	Character districts use a "form-based code" for designated multiuse urban areas, rather than a traditional zoning code that closely regulates permitted uses. Character districts regulate elements of urban form including building size, scale, and building setbacks from streets. They allow for flexibility in building design and placement as long as minimum requirements are met.		

Source: Cedar Falls Zoning Ordinance. *This table simplifies the terminology used in the zoning code for specific unit types. The table does not include other, typically low-intensity uses that may be permitted in Cedar Falls residential districts, such as churches, day cares, and professional offices. **Some exceptions allowed in district regulations.

Table 25 also describes several zoning districts with broader and more flexible requirements than the “traditional” residential districts. Some districts (e.g. Planned Residence and Mixed Use Residential) allow for greater flexibility than traditional zoning districts in the mix of uses, as well as building forms and densities, allowed on multi-acre tracts undergoing new development or redevelopment. Developers propose plans for developments in such districts, which are subject to approval by the City planning staff, Planning and Zoning Commission, and Council.

Because the City’s requirements and expectations for such developments are more complex and flexible than in “traditional” zoning districts, the final specifications for such developments are typically the result of negotiations between developers on the one hand, and City staff and appointed and elected officials on the other. This process is typical of most cities with such zoning districts – not unique to Cedar Falls – and is intended to provide both flexibility to developers and assurance of development quality to cities.

Cedar Falls, like many cities, has also developed special zoning districts designed to foster the unique character of specific neighborhoods. The College Hill Neighborhood Overlay district includes several requirements designed to balance the needs of development serving the University of Northern Iowa community with those of existing neighborhood residents. Additionally, the City established a Character District for the downtown area in 2021. This district uses a “form-based code” approach that is well suited to regulating the built environment of mixed-use urban districts, with the intent of promoting a functional, walkable, “human scale” environment for people using streets and other public spaces within the district. Form-based codes like that in the Character District regulate elements such as building heights, setbacks, and design visible from the street, with fewer use regulations than in “traditional” zoning. The Character District provides developers with some flexibility regarding how they meet minimum requirements for urban form. In the future, the City zoning map may be amended to designate additional neighborhoods as Character districts.

Notably, the City’s Zoning Code does not explicitly permit Accessory Dwelling Units (ADUs) in any district. ADUs – sometimes known as “granny flats” or “mother-in-law apartments” – are small units built on a lot that is occupied by a primary residential structure, usually a detached single-family home. ADUs have all facilities needed for year-round occupancy by a person or a small household, including kitchen and plumbing facilities. ADUs can take multiple forms, including small detached buildings and second-story apartments on detached garages. By offering small units in established neighborhoods with existing infrastructure, City ordinances that permit ADUs can expand the supply of affordable rental housing.

2. Subdivision Ordinance

Cedar Falls’ Subdivision Ordinance, like those in other cities, regulates the process, materials, physical dimensions, and certain environmental protection measures used by developers when transforming vacant land into legally defined parcels served by streets, water, sewer, and other infrastructure. In most cases, the infrastructure for new developments will be publicly owned and maintained once completed. The Subdivision Ordinance also applies to redevelopment or modification of existing developed land. Subdivision ordinances are typically more detailed and technical than zoning ordinances, with less spatial variation in requirements across a city. Provisions in Cedar Falls’ Subdivision Ordinance include but are not limited to:

- Minimum requirements for public infrastructure to serve the proposed development, including streets, water, sewer, electrical, natural gas, and communications systems; as well as provisions for connecting new infrastructure to existing City infrastructure.
- Environmental protection requirements, including soil erosion control requirements during construction, restrictions on development within floodplains, and dedication of parks and recreational areas as required by City plans. The soil erosion control provisions are typically incorporated in a Stormwater Pollution Prevention Plan (SWPPP) for developments, which the City requires to ensure compliance with its National Pollutant Discharge Elimination System (NPDES) permit issued by the U.S. Environmental Protection Agency (EPA).
- Procedures for developer submittal and City approval of maps or “plats” showing existing and proposed parcels, infrastructure, and other elements of proposed developments. All types of subdivision, including splits of individual parcels, must ultimately be approved by the City Council.
- Requirements for developers to provide bonds and/or cash to ensure the timely completion and maintenance of new development.
- Minimum lot and street dimensions. For example, the Cedar Falls Subdivision Ordinance specifies a minimum lot width of 60 feet, except for certain lots on curvilinear streets or in zoning districts without minimum lot requirements, in which case the minimum lot width is 40 feet. The Subdivision Ordinance also specifies a minimum width of 60 feet for residential street rights-of-way.

3. Building Codes

This document uses “Building Codes” as an umbrella term to refer to several codes typically adopted by cities to regulate physical and functional details relating to the health and safety of buildings for occupants and the general public. Such codes currently adopted by the City of Cedar Falls include:

- 2021 International Building Code
- 2021 International Residential Code
- 2021 International Fire Code
- 2009 ANSI A117.1 (Accessibility Code)
- 2020 National Electrical Code
- 2021 International Mechanical Code
- 2021 Uniform Plumbing Code
- 2021 National Fuel Gas Code
- 2012 International Energy Conservation Code (this code is adopted by the State of Iowa and enforced by the City)

Cedar Falls, like many cities of similar size, typically adopts a certain year’s version of a building code provided by an entity that prepares model codes, such as the International Code Council. The City’s adoption ordinances specify certain provisions that are superseded locally by more stringent provisions (or less stringent, if allowed by State law).

B. Cedar Falls Housing Subsidies and Incentives

In contrast to many other communities within the region, Cedar Falls does not currently offer broad-based financial incentives for housing development (see Table 26). As a city with a typically robust housing market, Cedar Falls historically has not needed such measures to boost housing development as smaller, more rural communities have.

Cedar Falls currently offers two general types of financial assistance for housing. The first is an array of programs funded by the City's Community Development Block Grant (CDBG) and HOME allocations from HUD. The second is a rental conversion program supported by local city funds. These programs are described in more detail below. (The Housing Choice Voucher program was discussed separately in Section IV.C.3.).

1. Community Development Block Grant and HOME programs

Cedar Falls receives an annual allocation of CDBG funds, which has ranged from about \$253,000 to about \$275,000 in the last five years. Funds not spent in one fiscal year may be carried over to a subsequent year, with some restrictions imposed by HUD to ensure timely expenditure. The City typically spends over half of its annual CDBG allocation on improvements to public infrastructure and amenities (e.g. sidewalk infill, sewers, parks) that would otherwise be accomplished with local funds. Additional CDBG funds are typically awarded to social service agencies to be prorated to activities that benefit low- and moderate-income (LMI) Cedar Falls residents. Up to 20% of the City's annual allocation may be spent on administrative costs, including fulfillment of the CDBG program's extensive public input requirements.

Remaining CDBG funds are typically allocated to housing programs, although a portion of these funds may be diverted to neighborhood infrastructure and amenity projects. Federal regulations do not allow the use of CDBG funds for new residential construction, except in limited circumstances.

In addition to its CDBG allocation, Cedar Falls has access to HOME funds due to its membership in a HOME consortium with the City of Waterloo²¹. As the consortium's lead entity, Waterloo administers HOME funds for both cities and must approve all proposed HOME projects in Cedar Falls. HUD designates about \$90,000 in HOME funds annually for Cedar Falls.

For rehabilitation of existing housing, whether funded by CDBG or HOME, significant constraints are posed by HUD's Lead Safe Housing Rule. For units that are known or presumed to contain lead-based paint, a project budget of \$25,000 or higher (not including costs specific to containment of paint chips and dust) triggers a federal requirement to fully abate lead hazards (i.e. by removing or permanently encapsulating building components with lead-based paint). *This applies to all projects with budgets of \$25,000 or higher, even if costs over \$24,999 are paid by non-federal funds.*

Lead abatement is more costly than temporary lead hazard reduction measures (e.g. repainting wood siding and windows), and the pool of certified abatement contractors is relatively small. If a home is found eligible for the National Register of Historic Places, it is subject to the less stringent lead hazard reduction

²¹ Direct CDBG and HOME allocations from HUD are typically only available to "entitlement communities," including principal cities of Metropolitan Statistical Areas, other metropolitan cities with populations of at least 50,000, and urban counties with populations of at least 200,000 outside their entitlement cities. If Cedar Falls were not a member of the HOME consortium for which Waterloo is the lead entity, Cedar Falls would not be eligible for CDBG or HOME allocations.

requirements, though homes are rarely eligible. As a result, Cedar Falls, and many other cities across the nation, generally do not fund rehabilitation projects with budgets of \$25,000 or higher.

Current CDBG- and HOME-funded housing programs include:

Owner-Occupied Rehabilitation and Repair

This program provides grants up to \$10,000 for urgent home repairs related to health, safety, or code violations, as well as 5-year forgivable loans up to \$20,000 for repairs related to health, safety, energy efficiency, accessibility, and prevention of future system malfunctions. Property owners must be LMI, as required by federal CDBG regulations, and must meet additional City requirements. Because of the CDBG program's extensive federal requirements, including procurement standards and environmental and historic reviews, the City cannot respond timely to true "emergency" situations with these funds²². While mobile homes are eligible for CDBG rehabilitation funds according to federal regulations, City policy does not extend eligibility to mobile homes.

In the last four years, the City has allocated \$11,000 to \$37,000 annually for owner-occupied rehabilitation and repair projects, sufficient for one (1) to three (3) projects per year²³. These funds must cover staff costs for managing projects as well as actual rehabilitation work. Households are generally served on a first-come, first-qualified basis. As of this writing, the program has 16 homeowner applications approved or under consideration for assistance, highlighting the fact that potential demand exceeds supply for these funds.

In limited circumstances, HOME funds may be used for rehabilitation projects up to \$20,000. However, HOME requirements are more stringent than those for CDBG, limiting the types of rehabilitation projects that HOME can fund. Most notably, the after-rehabilitation value of homes assisted must not exceed \$159,000 according to HUD's FY 2022 limits, and *all* deficiencies must be addressed within the limited

²² The most time-consuming of these requirements is often the historic review requirement. Proposed projects for homes built 45 or more years ago must be submitted to Iowa's State Historic Preservation Office (SHPO) for a review of whether the home is eligible for the National Register of Historic Places. This is the case even for projects that clearly have no impact on a home's historic character, such as plumbing repairs, electrical work, or roof replacement with like materials. In some cases, proposed projects for newer homes must be submitted to SHPO as well. While SHPO may expedite reviews on request for urgent projects with no exterior impact, they are under no obligation to do so and may take up to 30 days to comment on the project. Cedar Falls, like most other Iowa communities that receive CDBG or HOME funds, does not have the capacity to enter into a Programmatic Agreement (PA) or Programmatic Memorandum of Understanding (PMOU) with SHPO to make certain determinations without consulting SHPO. For SHPO to approve a PA or PMOU with another entity, that entity must have access to the services of a qualified architectural historian, whether on their own staff or through a consulting agreement. A PA or PMOU would potentially allow a city to determine certain projects exempt from SHPO review. If other cities in Iowa exempt certain CDBG and HOME projects in homes built 45 or more years ago, in the absence of a PA or PMOU with SHPO, they are likely out of compliance with HUD requirements.

In some cases, another barrier to quick project completion may be posed by federal and City procurement requirements. For projects with an expected value of \$5,000 or more, competitive quotes or bids must be obtained, and the pool of contractors that meet federal requirements is usually limited. (Specifically, contractors must be registered on SAM.gov unless the City can demonstrate that no such contractors responded to a procurement attempt.) If quotes or bids are not received timely from contractors, a project may be significantly delayed.

²³ The City received a special allocation of CDBG funds from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020, and allocated \$100,000 for owner-occupied repair projects.

project budget. Additionally, the requirement for project approval from and coordination with the City of Waterloo adds a layer of administrative complexity that can delay or prevent projects from proceeding.

Rental Rehabilitation

This is a new CDBG program launched by the City in 2022, partly with the intent of encouraging more landlords to accept tenants with Housing Choice Vouchers. This program provides forgivable loans for rehabilitation of rental units that are currently rented by HCV recipients, or can reasonably be expected to be rented to HCV recipients within 3 months of project completion. The program provides up to \$24,999 per HCV unit as a 5-year forgivable loan for buildings with up to 6 units. The Rental Rehabilitation program currently has about \$50,000 in funding, sufficient for about two (2) to three (3) projects plus staff costs. Five (5) rental rehabilitation projects are currently approved or in the pipeline, but none have started yet.

Single-Family New Construction

HOME funds are potentially available for new construction of single-family homes, whether on newly developed or infill lots. One (1) new construction project, to be completed by Iowa Heartland Habitat for Humanity, is currently awaiting administrative approvals from Waterloo. Depending on the amount of assistance provided for new home construction, a HOME-funded dwelling must have a deed restriction ensuring that the unit remains affordable to LMI buyers for 5 to 20 years.

2. Rental Conversion Program

Using General Revenue funds, the City provides forgivable loans up to \$10,000 for conversion of single-family rental properties to owner-occupied properties, with eligible costs generally including major exterior improvements. The program is intended to preserve the character of older, predominantly owner-occupied neighborhoods by reversing (to a small extent) the trend of owner-occupied homes being converted to rentals targeted to University of Northern Iowa students. Funds are available for rental-to-owner conversion projects in an area west of downtown that extends from 1st Street to 4 Winds Drive south of the University of Northern Iowa campus. Preference is generally given to projects in neighborhoods where fewer than 50% of residences are rentals, and for which owners commit matching project funds in a ratio greater than 1:1.

In recent years, with some exceptions, the City has allocated \$100,000 annually for the Rental Conversion program for up to ten (10) projects. To date, 28 single-family homes have been converted from rental to homeownership, or are in the process of being converted. Obviously, the Rental Conversion program removes units from the rental stock in a market where many renters already struggle to find affordable housing options. However, the numeric impact on the City's rental (and owner) stock has been relatively small, and is believed to be eclipsed by the benefits for neighborhood character for which the program was originally created.

C. Other Housing-Related Programs Available in Cedar Falls

To some extent, other local and state entities provide housing-related assistance to Cedar Falls residents. The major programs available are listed and summarized briefly below. The funding for these programs is typically limited, preventing many Cedar Falls households in need from receiving assistance for which they might qualify.

Conspicuously absent from the list below is a Local Housing Trust Fund (LHTF) serving Cedar Falls. Most areas in Iowa are served by one of 27 LHTFs, which are funded by annual grants from the State Housing Trust Fund administered by the Iowa Finance Authority, as well as local matching funds (minimum match requirement will rise to 25% by 2025). The City of Waterloo is served by the Waterloo Housing Trust Fund (WHTF). The Iowa Northland Regional Housing Trust Fund (INRHC), founded in 2004, serves a region including Black Hawk County, but its service area excludes Waterloo and Cedar Falls. IFA requires newly formed trust funds to be organized as 501(c)(3) nonprofit organizations and to draft bylaws that meet certain requirements for board composition.

LHTFs fund a wide range of housing activities for LMI households, including owner-occupied and rental rehabilitation programs, improvements to emergency shelters and group homes, and down payment assistance. The state regulations governing the LHTFs are much less stringent than those governing federal housing programs such as CDBG and HOME, allowing the funds to be used more flexibly and administered more efficiently.

Operation Threshold (OT)

Operation Threshold (OT) is a 501(c)(3) nonprofit serving Black Hawk, Butler, and Grundy Counties. As a designated Community Action Agency (CAA), OT administers several federal social service grants. Services provided in Black Hawk County include low-income energy and weatherization assistance, short-term rental assistance, and furnace replacement. Notably, OT is able to replace furnaces for qualified households much more quickly than the City's CDBG repair program can, since OT's program has fewer regulatory requirements. OT programs typically have maximum income limits far lower than 80% AMI (e.g. 200% of the federal poverty level).

Cedar Falls Utilities

Cedar Falls Utilities is a community-owned municipal utility. On a case-by-case basis, CFU may assist homeowners with repairs and renovations related to energy efficiency, including insulation and furnace replacement. CFU uses the same income limits as those for Operation Threshold's energy assistance programs, which are generally 200% of the federal poverty level. When CFU assists homeowners solely with its own funds, it can assist with emergency situations far more quickly than the City can with CDBG funds, for the same reason that OT can assist more quickly. On some occasions, CFU has partnered with the City to contribute additional funds to projects funded by CDBG or HOME.

CFU also operates the highly successful Add-A-Dollar program, which uses voluntary contributions from account holders to assist LMI households unable to pay their heating bills during winter months.

Northeast Iowa Area Agency on Aging

The Northeast Iowa Area Agency on Aging (NEI3A) is a 501(c)(3) nonprofit serving a multi-county region including Black Hawk County, and is part of a statewide and nationwide network of Area Agencies on Aging. NEI3A serves as a point of entry for seniors seeking services and financial resources, as well as for their caregivers and advocates. NEI3A also provides some services directly in parts of its service area, using local, state, and federal grants. Such services may include home modifications and housekeeping assistance. However, as noted in senior housing focus group (Section IV.D.2.), funds are limited for these programs, whether NEI3A operates them directly or provides referrals.

Other Social Service Providers and Charitable Organizations

Several local nonprofit service providers, including Salvation Army, House of Hope, Friends of the Family, Eastside Ministerial Alliance, and Jesse Cosby Center, offer shelter to people experiencing homelessness, as well as one-time housing assistance in the form of emergency rent or mortgage payments and security deposits. Some other local charities, such as St. Vincent De Paul and Love in the Name of Christ (Love INC) may also offer housing assistance payments. The housing assistance offered by these organizations is typically a small dollar amount per recipient, and the overall funding pools are small. The availability of assistance from these organizations may also fluctuate as one-time federal, state, and local grants are awarded and exhausted.

Iowa Finance Authority

The Iowa Finance Authority (IFA) offers several homebuyer assistance programs, including mortgages with below-market interest rates (in partnership with local lenders) and down payment assistance. Most of these programs have income limits, but the limits typically exceed 80% AMI.

D. Housing Policies and Programs in other Iowa Cities

1. Use of Tax Abatement and Tax Increment Financing

As noted above, many communities in the region offer financial incentives for housing development. Specifically, many communities use authority provided by the Iowa Code to offer tax abatements or Tax Increment Financing (TIF) assistance for residential development. Table 26 provides information on the use of these programs by several comparison cities in Northeast Iowa.

Tax abatements are authorized and regulated primarily by Iowa Code Chapter 404. To offer tax abatements in all or part of its jurisdiction, a city or county must first designate the area as an “Urban Revitalization Area,” which may be achieved in multiple ways without a requirement for the area to have demonstrable slum or blight conditions. When a city or county designates an Urban Revitalization Area for tax abatement under Chapter 404, the abatement applies to taxes collected for all taxing districts in the area, not just the city or county taxing district. Cities and counties may offer 100% tax abatements for residential properties for up to 10 years following new construction or improvements on the property, although jurisdictions offer tax abatements for shorter time periods.

A majority of communities listed in Table 26 offer some degree of tax abatement for new residential construction, improvements over a certain minimum value, or both. Some communities offer 100% tax abatements, while others may abate a lower percentage of taxes, often receding over a period of 3 to 5 years. Communities may modify or sunset their tax abatement programs over time – for example, Grundy Center has discontinued tax abatements for single-family residential units, and now offers them for multi-residential developments only.

Notably, Denver and Evansdale have regressive tax abatement programs, with more generous incentives for higher-value improvements. Such programs are likely to incentivize higher-end development rather than more moderately priced development.

Most communities in Table 26 have also used **Tax Increment Financing (TIF)** at some point to support infrastructure for residential development. (Waverly is a notable outlier that has used neither tax abatement nor TIF to support housing activities.) By designating an area as a TIF district, a community

ensures that the majority of *new* tax valuation from a development project (the tax increment) will be dedicated to repaying the funds it borrowed to finance the project. Iowa Code requires that a community repay TIF loans for a housing development within 10 years. To create a TIF district (also known as an Urban Renewal district) under Iowa Code Chapter 403, a community must make a documented finding that the district is subject to slum or blight. When a community designates a TIF district for residential development, it may provide TIF funds for housing infrastructure as either a rebate or an up-front investment:

- TIF Rebate: According to an agreement with the City, the developer pays for all or a portion of infrastructure costs for a housing development. As homes are developed, purchased by buyers, and added to the tax rolls, the City pays a rebate to the developer, using TIF funds to offset the rebated taxes. This option minimizes financial risk for the City.
- TIF Up-Front Investment: The City either provides a grant to the developer for some or all housing infrastructure costs according to an agreement or builds the infrastructure itself. The funds borrowed to pay for infrastructure are repaid with TIF. This option poses a higher financial risk for the City.

According to Iowa Code Chapter 403.22, when a community uses TIF to support housing developments, it must generally set aside a percentage of tax increment revenue to support housing activities to benefit LMI households, such as owner-occupied rehabilitation or homebuyer assistance. TIF LMI set-aside funds may potentially be used for demolition of dilapidated structures as well, provided that new housing affordable to LMI households is built on the cleared land within a reasonable timeframe. The percentage of TIF revenue to set aside for LMI housing is generally equal to the County's percentage of residents that are LMI (43.93% in Black Hawk County)²⁴. For comparison, 39.87% of Cedar Falls residents are LMI – a number that may be partly driven by the presence of student households.

²⁴ Percentages are based on special calculations by the U.S. Census Bureau for the U.S. Department of Housing and Urban Development (HUD). Specifically, the percentage refers to the number of *people* that are in LMI *households*. There is a long lag time between the release of the datasets on which the LMI percentages are based, and the release of HUD-calculated percentages. HUD's current LMI percentages are based on the 2015 5-year American Community Survey (ACS), which was conducted from 2011 through 2015.

Table 26. Residential Tax Incentives in Cedar Falls and Selected Comparison Cities in Northeast Iowa.

City	Tax Abatement/Rebate Incentive(s) Available	Has TIF supported housing development?
Decorah	<ul style="list-style-type: none"> • <u>Residential</u>: Tax abatement of 100% of value added from new construction and improvements to existing property for 5 years (minimum 10% value increase). • <u>Multi-Residential</u>: Tax abatement of 100% of the first \$40,000 of value per unit from new construction for 5 years (except in a specific subdistrict where new construction or rehabilitation is eligible for a 10-year tax abatement schedule receding from 90% to 70% of value added). Minimum 10% value increase. 	Yes
Denver	<ul style="list-style-type: none"> • 100% tax abatement on new building valuation for 4 to 7 years (more years of abatement for higher valued property); • Hookup fee waiver valued at \$500. 	Yes
Dubuque	100% tax abatement for 10 years on valuation increase $\geq 10\%$ for improvements only (land value not included in calculating value increase).	Yes
Evansdale	<p><u>New Residential or Multi-Residential Construction</u>: 50% tax abatement on the first \$75,000 of value added for 3 to 5 years (more years of abatement for higher valued property)</p> <p><u>Additions or Remodeling</u>: 50% tax abatement for 4 years for value increases at least \$10,000 and 15% of value, up to \$75,000 per year.</p>	Yes
Grundy Center	<p><u>Residential</u>: Tax abatements discontinued.</p> <p><u>Multi-Residential</u>: Year 1-5: 100% exemption of value added. Year 6-10: 50% exemption of value added. Improvement must increase valuation by at least 10% to be eligible.</p>	Yes
Hudson	Residential tax abatements are not offered.	Yes
Jesup	City discontinued residential tax abatements in 2018.	Yes
Waverly	No financial incentives for residential development are offered, but the City reimburses developers on a case-by-case basis for oversizing infrastructure that may benefit future developments.	No

Source: City websites, INRCOG personal communication with cities, 2022-2023. Note: The term “residential” in this table refers to single-family units, as opposed to “multi-residential” developments.

Cities may apply to the Iowa Economic Development Authority (IEDA) for a variance from using the countywide LMI percentage as the basis for the TIF LMI set-aside. For example, the City of Hudson obtained a variance to set aside 20% of revenue from a TIF residential development. At the time, Black Hawk County's LMI percentage was 45.43% while Hudson's was 17.13%. However, as noted above, the difference between the countywide and Cedar Falls LMI percentages is much narrower. If Cedar Falls were to request a variance below its own LMI percentage, it would likely need to estimate what the percentage would be without student households, which would be extremely difficult or impossible²⁵.

The City of Cedar Falls used TIF to support infrastructure for the Fox View First Estates development in North Cedar Falls in the late 1990s and early 2000s (see Appendix 2), but has not used TIF for residential development since then. Two examples of TIF used for housing developments in the last decade are found in the cities of New Hampton and Eagle Grove:

- The City of New Hampton has used TIF to support infrastructure for housing development in the Melrose Addition, including condominiums in a six-unit structure, initially valued from \$130,000 to \$146,000; attached single-family homes valued from \$200,000 to \$260,000 in two duplex structures; and single-family homes valued from \$275,000 to over \$350,000 on 1/3 acre lots. The City found that the rate at which units sold was inversely proportional to their cost. Only three 1/3 acre lots were sold in ten years, and the duplex units sold relatively slowly as well. However, the 6-plex condominiums sold quickly, and appeared to fill pent-up demand from seniors seeking to downsize from larger homes.

The Melrose Addition's incremental property value increase has been sufficient to repay the TIF loan so far, even with over 40% of the revenue being set aside for LMI housing according to state requirements. However, in discussing possible incentives for future housing development, City leaders have expressed doubt that a TIF development with moderately priced condominiums alone would generate sufficient revenue to repay a TIF loan.

- The City of Eagle Grove offers a Commercial Construction Incentive Program (CCIP), a TIF housing development program structured as a commercial investment program, allowing it to avoid the LMI set-aside requirement. The program provides a dollar-for-dollar match up to \$40,000 for qualifying residential development. It is classified as commercial TIF development because assisted housing developers are required to use goods or services from one or more local businesses. CCIP has been offered in conjunction with a large-scale effort to demolish dilapidated properties acquired through the 657A process, with demolitions funded by General Obligation

²⁵ The University of Northern Iowa could provide data on the number of unmarried students that live independently off-campus. However, it might be necessary to determine which students live alone vs. with roommates or partners. If the Census Bureau counts a student as a member of a multi-person household rather than a single-person household, it is more likely that the household members' combined incomes might exceed 80% AMI, and the student would not be counted as an LMI person. Even if privacy considerations allowed UNI to cross-reference addresses to determine which students live together, UNI would not be able to determine which students have non-student roommates or partners. Moreover, it would be difficult or impossible to determine how students completed their Census or American Community Survey (ACS) forms – e.g. whether a household of students completed one form together or individual forms, whether a student identified their place of residence as Cedar Falls or their home community, etc. If it is possible to answer these questions, it would likely require the analysis of the Census Bureau's Public Use Microdata Sample (PUMS) data from the ACS using statistical software.

(GO) bonds. Eagle Grove reports that CCIP has been especially useful for supporting new construction of new homes in the range of \$150,000 to \$200,000, which often lack sufficient return on investment for private developers to build on a speculative basis.

Most communities do not provide both TIF and tax abatement incentives within the same geographic areas. TIF generally provides a more powerful incentive than tax abatements for new, large-scale residential developments. However, tax abatement programs are useful for incentivizing smaller-scale residential improvements outside of Urban Renewal Areas, including on infill lots or on newly developed lots that are selling more slowly than anticipated.

2. Sample Policies and Programs in Other Iowa Cities

Dubuque

The City of Dubuque offers a range of housing programs funded by Community Development Block Grant (CDBG) funds, TIF LMI set-aside funds, and repaid funds from existing loan programs. CDBG funds support activities for LMI households, at least in part, while activities for households over 80% AMI are financed solely with local funds.

Homeowner Rehabilitation Loan Program:

Offers zero-interest loans up to \$25,000 (or \$35,000 if lead-based paint is found). Loan term and monthly payment depends on income level but does not exceed \$60/month. Loans for Extremely Low-Income (ELI) households are deferred until property sale. Dubuque offers both a citywide rehabilitation loan program, and a program with more flexible underwriting standards targeted to a specific neighborhood.

First-Time Homebuyer Loan Programs:

Several programs offer zero-interest loans to first-time homebuyers, including both LMI buyers and those between 80% and 100% AMI, with monthly payments up to \$60. For households under 30% AMI, up to \$25,000 is available. \$25,000 loans are deferred for 5 years and then repaid over a 35-year term. For households at or above 30% AMI, up to \$5,000 is available with a maximum 8-year loan term, with loan deferral for the first 5 years available. A specific neighborhood has a similar program with larger loan amounts over longer terms for LMI households at or above 30% AMI. Recipients commonly participate in Iowa Finance Authority down payment assistance programs as well.

Rental Damage Reimbursement Program:

Reimburses landlords up to \$2,500 per unit if a tenant receiving rental assistance causes damage that exceeds the security deposit. Reimbursement is available for tenants assisted by Housing Choice Vouchers from the Dubuque Housing Authority, or by funds from the East Central Intergovernmental Association (ECIA), Catholic Charities, or the Hawkeye Area Community Action Program (HACAP).

West Des Moines

At the Mayor's initiative, the City of West Des Moines launched the Historic West Des Moines Housing Fund in July 2022 as a 3-year pilot program, supported by City general funds, Polk County funds, and bank

contributions, with no federal funds involved. The fund supports the following programs in a designated historic section of West Des Moines:

Home Improvement Program:

Provides 10-year forgivable loans up to \$25,000 for exterior repairs for homeowners up to 110% AMI. Owners are required to provide matching funds unless they are below 60% AMI and 65 or older. The required match amount ranges from 10% to 50% of project costs, with higher-income households required to contribute higher match. Active-duty military, veterans, and first responders are eligible for an additional \$2,500 grant. Since the program was launched, it exceeded expectations by serving over 40 eligible applicants with an average income of 56% AMI.

Down Payment Program:

Provides \$2,500 to \$7,500 to households up to 100% AMI for down payment and closing costs. Up to \$2,500 is provided as a 5-year forgivable loan, with an additional \$5,000 available as an 8-year forgivable loan.

Rental Acquisition Program:

Under this program, the City purchases single-family rental properties for local nonprofits to renovate and sell to LMI buyers.

Urbandale

The City of Urbandale supports several programs operated by the Neighborhood Finance Corporation (NFC), a Des Moines-based nonprofit housing developer and lender. Most notably, the City supports NFC's Energy Advantage program, which provides LMI homeowners with a zero-interest deferred loan up to \$10,000 for energy efficiency improvements such as HVAC upgrades, EnergyStar window and door installation, heat pumps, and solar panels. In the most recent year for which data is available, the City contributed \$148,000 to NFC for programs in its corporate limits.

Iowa City

The City of Iowa City offers an even wider range of programs than Dubuque. Programs for LMI households are largely supported by CDBG and HOME funds, while programs for households over 80% AMI are supported by a diverse array of local funds. The most notable of these programs are described below:

General Rehabilitation Improvement Program (GRIP):

This program is available citywide and is funded by the City's General Fund. (Originally the program was funded by local bonds.) GRIP offers 20-year loans of \$10,000 to \$40,000 at 2.75% interest to homeowners up to 110% AMI for a wide range of improvements, including but not limited to additions, HVAC upgrades, and kitchen and bathroom renovations. The City allocates about \$200,000 annually to the program, which is usually self-sustaining or even revenue-generating due to loan repayments.

Affordable Housing Fund (AHF):

This fund is capitalized and sustained by City general revenue and contributions from developer agreements. Funds are distributed to the Housing Trust Fund of Johnson County and several City

programs, including but not limited to Healthy Homes and Historic Preservation (described below), as well as a security deposit program for LMI renters. AHP also supports a landlord risk mitigation fund to encourage landlords to rent to vulnerable tenants, including those who are homeless or at risk of homelessness. Similar to the City of Dubuque’s risk mitigation fund, Iowa City’s fund reimburses landlords in the event of damage to the unit or lost rent.

The AHF was originally capitalized with \$1,000,000 from a developer that received a lucrative opportunity to develop a large City-owned parcel, at a time when City residents and stakeholders had reached a strong consensus about the need for more affordable housing. The City contributed \$650,000 of General Funds to the AHF in 2018, and has contributed \$1,000,000 in General Funds to the AHF every year since then.

Density and Height Bonus for Affordable Housing:

Allows additional building height, beyond what zoning regulations would typically allow, for developments in a specific redevelopment district that set aside a minimum percentage of units for affordable or workforce housing, as defined by the City. *For density bonuses that result in two extra stories or fewer, City Council approval is not required.* In this and one other redevelopment district, the City also offers an exemption from certain parking requirements for units committed to certain affordable housing programs.

Tax Exemption for Affordable Rental Housing:

Developers are eligible for a 40% property tax exemption for 10 years in new residential developments with at least six units. To qualify, 15% to 20% of the total units must be leased to households under 40% of the area median income.

CDBG and HOME Owner-Occupied Rehabilitation Programs:

These programs fund a wide range of activities, including but not limited to comprehensive rehabilitation, energy efficiency, and accessibility for people with disabilities. Funds are available in targeted areas within the City, which generally have older homes and lower income levels. Assistance is provided as zero-interest loans or grants, depending on project type and recipient income, with maximum amounts ranging from \$5,000 to \$24,999 depending on activity. *Notably, Iowa City offers a Manufactured Home Repair program to provide up to \$5,000 to help mobile home owners with home safety items.*

HOME Rental Rehabilitation Program:

Provides a combination of zero-interest loans and grants for rehabilitation of single-family and duplex rentals, up to \$24,999 per unit within the same target areas for owner-occupied rehabilitation. Assisted units must remain affordable to tenants at or below 60% AMI for 5 to 10 years, depending on the amount of assistance received.

Healthy Homes:

Provides two-year forgivable loans up to \$7,500 for LMI households where a member has asthma or COPD. Funds are used to reduce air quality hazards – for example, by replacing carpet, repairing plumbing leaks, cleaning duct work, and adding air conditioning systems. Funds are available for

owner-occupied properties (*including mobile homes*) and rental properties. The program is funded by the local Affordable Housing Program funds (see above), and is conducted in partnership with the University of Iowa College of Nursing and the Iowa City Free Medical Clinic.

Historic Preservation:

Provides a 1:1 matching grant or zero-interest loan up to \$5,000 for repairs that preserve the character of local landmark houses, as well as certain homes in historic and conservation districts. Grants are available to homeowners up to 140% AMI, while loans are available to homeowners and renters over 140% AMI. This program is offered in partnership with Neighborhood Finance Corporation, a Des Moines-based nonprofit housing lender, as well as the Iowa Finance Authority's homebuyer programs. The program is funded by the local Affordable Housing Program (see above).

VII. Housing Supply and Demand Projections

This section projects supply and demand for new housing stock in Cedar Falls through 2040, using data on population and household size trends, home construction rates, and other factors. From 2018 through 2022, Cedar Falls issued an average of 117.1 residential building permits and 6.8 residential demolition permits annually (Table 27). In addition to demolition, some units are permanently lost to the housing stock every year due to abandonment or other circumstances that remove them from the housing market. Iowa State University estimates a total annual attrition rate of 0.9% of the housing stock at a selected starting point for metropolitan areas. At the current annual permitting rate, taking attrition into account, Cedar Falls will have an estimated 402 net new units by 2030, and an estimated 868 net new units by 2040.

Table 27. Projected Housing Supply through 2040 in Cedar Falls.

Current Housing Supply		
Variable	Number	Data Source
Current housing stock	16,997	2020 Census
Avg. new units/year	117.1	Building permit data 2018-2022
Avg. demolitions/year	6.8	Demolition permit data 2018-2022
Est. metro attrition rate	0.9%	IA State Housing Needs Assessment 2009
Avg. annual unit loss 2021-2030	76.9	Avg. of demolition and attrition rates
Avg. annual unit loss 2031-2040	70.5	Avg. of demolition and attrition rates
Projected Housing Supply		
Year	Total Housing Units	New Units Built since 2020
2030	17,399	402
2040	17,865	868

Housing demand is projected using the two population projections from Section II.A, and results are shown in Table 28. Most of Cedar Falls' projected population will consist of people in households who live in "regular" housing units (owner-occupied or rental). However, some City residents will live in group quarters, mainly consisting of college dormitories and nursing facilities. To estimate the number of people in households in Cedar Falls through 2040, the estimated number of people in group quarters are subtracted from the total projected population (see notes below for assumptions about the share of Cedar Falls residents in group quarters). The resulting population in households is divided by the average household size, which is projected to decline through 2040 as the senior share of the population increases. Cumulative housing demand includes both new households added since 2020, as well as the estimated 181 for-sale units that would be needed to bring the City's inventory to a healthy 5-month supply.

According to the low population estimates, Cedar Falls will have a shortfall of 569 units by 2030, increasing to 748 units by 2040. The high population estimates result in a shortfall of 911 units by 2030 and 1,453 units by 2040. The average shortfall would be 740 units by 2030 and 1,101 units by 2040.

Table 29 provides more detail on projected housing demand, starting with the low and high estimates of demand for new housing units from Table 28. Like the existing housing stock in Cedar Falls, a certain portion of the housing stock constructed through 2040 is expected to serve senior-headed households. This may include rental developments restricted to seniors, such as Thunder Ridge Senior Housing and Park @ Nine23, as well as "active living" and "independent living" complexes similar to those currently offered by Western Home Communities and NewAldaya Lifescapes. These developments currently have a "capture rate" of 21.9% of senior-headed households. Assuming that senior housing in Cedar Falls will maintain this capture rate through 2040, with a 10% vacancy rate, Table 29 estimates the cumulative number of senior housing units needed by 2030 and 2040 according to the low and high population estimates. The City will need 253 units by 2030 and 423 units by 2040 according to the low estimate, and 280 and 484 respective units according to the high estimate.

[See Editor's Note in Section IV.C.3. Due to the impending loss of subsidies and age restrictions at the 80-unit Park @ Nine23 rental development after 12/31/2023, the total supply of senior units will decrease. As a result, the "capture rate" of the senior population by such units will decrease as well. Incorporation of this change would result in higher demand estimates for non-age-restricted rental housing. As a result, this section underestimates non-age-restricted rental demand.]

For new households that do not live in senior housing, Table 29 apportions the remaining new housing demand between units for rent and owner-occupancy. In 2020, of the housing units not restricted to seniors in Cedar Falls, an estimated 64.9% of units were owner-occupied. Assuming the homeownership rate remains constant for new households that do not live in senior housing, with estimated owner and rental vacancy rates of 2% and 5%, respectively, low and high estimates are provided for cumulative new units needed through 2040 by tenure. These include low estimates of 468 owner units and 260 rental units by 2030, and 773 and 431 respective units by 2040. The high estimates include 677 owner units and 377 rental units by 2030, and 1,201 and 669 respective units by 2040.

Note that the figures provided in Table 29 are for *total* new housing demand by occupancy type, not just for demand that exceeds current housing construction rates.

Table 28. Projected Housing Demand through 2040 in Cedar Falls.

Projection/Variable	2030	2040	Notes
Population: Low Estimate	42,269	43,645	a
Population: High Estimate	43,116	45,380	a
Average Household Size	2.41	2.39	b
Seniors (age 65+) in Long-Term Care: Low Estimate	1,065	1,251	c
Seniors (age 65+) in Long-Term Care: High Estimate	1,087	1,301	c
Non-seniors in University Housing: Low Estimate	2,800	2,800	d
Non-seniors in University Housing: High Estimate	2,800	2,800	d
Total Households: Low Estimate	15,935	16,566	e
Total Households: High Estimate	16,278	17,272	e
Cumulative New Housing Demand: Low Estimate	959	1,590	f
Cumulative New Housing Demand: High Estimate	1,302	2,296	f
Cumulative New Housing Units Built since 2020	402	868	g
Housing Unit Shortage (Surplus): Low Estimate	569	748	h
Housing Unit Shortage (Surplus): High Estimate	911	1,453	h
Housing Unit Shortage (Surplus): Average	740	1,101	

a. From Section II.A. Figure 1.

b. 2030 HH size is assumed to be the average of the 2010 Census and 2020 5-year ACS household sizes. Assumed a 0.02 percentage point reduction in HH size from 2030 to 2040 due to aging population.

c. Senior share of population increased 4.7 percentage points from 2010 Census to 2020 5-year ACS, and is assumed to increase at the same rate through 2030. A 3 percentage point increase is assumed from 2030 to 2040 as the "silver tsunami" crests. The share of seniors long-term care facilities by 2.3 percentage points from the 2010 Census to the 2020 5-year ACS, and is assumed to increase at the same rate through 2030, and then stay constant through 2040.

d. 2020 Census data shows that the 3,023 college/university housing residents account for virtually all residents in non-institutional group quarters. Based on recent University of Northern Iowa enrollment trends, the population in university housing is assumed to be constant at 2,800 from 2030 through 2040.

e. To estimate population in households, the populations in long-term care and university housing are subtracted from the projected total population. The result is divided by the estimated average household size.

f. The total household estimate from the 2020 5-year ACS (15,157 households) is subtracted from the estimated total households for 2030 and 2040. Added to the difference is 181, the estimated for-sale inventory shortfall according to January 2023 data from the Northeast Iowa Regional Board of Realtors (see Figure 14).

g. From Table 27.

h. Cumulative new housing demand minus cumulative new units built since 2020. It is assumed that 3% of cumulative new units built should be vacant in a healthy market.

Table 30 breaks down the number of new owner-occupied, non-age-restricted units by price range by 2030 and 2040, according to the low and high estimates of owner-occupied housing need from Table 29. The proportion of closed listings by price range from 1/1/2019 through 9/9/2022 (Figure 6) is assumed to accurately reflect the spectrum of demand for new housing that will be added to the housing stock. Table 30 recommends that a majority of new owner units built through 2040 (59%) be priced below \$250,000, with 23% of units priced from \$150,000 to \$199,999. To achieve these prices at current construction costs, future development would need to rely heavily on alternatives to detached single-family homes, including single-family attached homes, condominiums, and townhomes. The suggested breakdown of new owner units by price would also help to fill the workforce housing shortages broadly identified in public feedback and illustrated in Figure 7.

Table 31 provides estimates of new, non-age-restricted rental units needed by 2030 and 2040, based on the estimates from Table 29. Estimates are provided for both market-rate and subsidized rentals. Based on the current number of subsidized rental units and leased-up vouchers, plus unmet demand for deeply subsidized units, the ideal subsidized percentage of rental units is estimated to be 21% of the rental stock – including 18% deeply subsidized units and 3% shallow-subsidy units. In practice, funding for new deep-subsidy rentals is extremely limited, so most below-market-rate rentals constructed in the future are likely to have shallow subsidies.

Table 29. Projected Housing Demand in Cedar Falls by Occupancy Type.

Projection/Variable	2030	2040	Notes
Cumulative New Housing Demand: Low Estimate	959	1,590	a
Cumulative New Housing Demand: High Estimate	1,302	2,296	a
Percent senior-headed households	32.2%	35.2%	b
Senior-headed households: Low Estimate	5,127	5,827	c
Senior-headed households High Estimate	5,237	6,075	c
New senior-headed households since 2020: Low Estimate	1,043	1,743	d
New senior-headed households since 2020: High Estimate	1,153	1,991	d
New senior housing needed: Low Estimate	253	423	e
New senior housing needed: High Estimate	280	484	e
New owner-occupied units needed (not age-restricted): Low Estimate	468	773	f*
New owner-occupied units needed (not age-restricted): High Estimate	677	1,201	f*
New rental units needed (not age-restricted): Low Estimate	260	431	g*
New rental units needed (not age-restricted): High Estimate	377	669	g*

a. From Table 28.

b. The senior-headed share of households increased by 5.2 percentage points from the 2010 Census to the 2020 5-year ACS. The share is assumed to increase by this same rate from 2020 to 2030, and by 3 percentage points from 2030 to 2040.

c. Total estimated households multiplied by the senior share.

d. Estimated senior-headed households minus 4,084 senior-headed households from 2020 5-year ACS.

e. Estimated new senior-headed households are multiplied by 21.9%, the share of senior-headed households that live in retirement communities (independent or active living) or subsidized rental developments. The product is divided by 90%, the assumed ideal occupancy rate for senior housing. (One subsidized development with 80 units accepts non-elderly tenants with disabilities, but is assumed to be fully for elderly tenants for the sake of simplicity.)

f. Estimated new senior units needed are subtracted from cumulative new demand. The difference is multiplied by 64.9% (the share non-senior housing units that are in the ownership market) and divided by 98%, the optimal occupancy rate for owner units.

g. Estimated new senior units needed are subtracted from cumulative new demand. The difference is multiplied by 35.1% (the rental share of non-senior housing units) and divided by 95%, the optimal occupancy rate for owner units.

*All Western Home Communities active living units (244), half of WHC independent living units (158), and half of NewAldaya active/independent living units (51) are assumed to be owner-occupied. The remaining active/independent living units (168) and subsidized senior units (122) in Cedar Falls are rentals. As noted in Section IV.D.1., active and independent senior living often has attributes of both owner and rental units, and Census bureau classification of these units is based on occupants' self-reporting.

Table 30. Cedar Falls Owner-Occupied Housing Needs through 2040 by Price Range (Not Age-Restricted)

Price Range	Needed % of New Units (from closed listings 1/1/19 – 9/9/22)	Cumulative New Units Needed by 2030		Cumulative New Units Needed by 2040	
		Low Estimate	High Estimate	Low Estimate	High Estimate
Less than \$100,000	3%	14	21	24	37
\$100,000 to \$149,999	15%	71	103	117	182
\$150,000 to \$199,999	23%	109	157	180	279
\$200,000 to \$249,999	17%	80	116	133	206
Over \$250,000	41%	194	280	320	497

Source: New owner units needed (not age-restricted) from Table 29, number per category proportionate to share of closed listings from 1/1/2019 to 9/9/2022 in Figure 6.

Table 31. Cedar Falls Rental Housing Needs through 2040 by Pricing Type (Not Age-Restricted)

Price Range	Estimated % Needed*	Total New Units Needed by 2030		Total New Units Needed by 2040	
		Low Estimate	High Estimate	Low Estimate	High Estimate
Market-Rate	79%	205	297	339	527
Deeply Subsidized	18%	47	68	78	121
Shallow-Subsidy	3%	8	12	13	21

Source: New owner units needed (not age-restricted) from Table 29. Assumed unmet demand for deeply subsidized rental units is equal to low-income, severely cost burdened, non-elderly family renter households; half of low-income, severely cost burdened, non-elderly owner-households; and 300 of the 1,415 low-income, severely cost burdened “other” households from Table 17 (assumed 300 is a reasonable estimate of such households that are not student-headed); and a 5% vacancy rate allowance; for a total unmet need of 663 units. **[See Editor’s Note in Section IV.C.3.]** The target subsidized share of new housing (21%) is calculated by dividing the sum of existing subsidized housing (360 project-based units plus 184 leased-up Housing Choice Vouchers) and unmet need (630 units) by the total renter stock from the 2020 5-year ACS (5,698 units). The target subsidized share is further divided by the current proportion of deep- and shallow-subsidy units – 86% and 14%, respectively. (86% x 21% = 18%, and 14% x 21% = 3%.) The split of rental housing needs into 79% market rate and 21% subsidized does not account for shallow subsidy demand because the data to estimate such demand is more limited than for deep subsidies.

VIII. Implementation Strategies

This section synthesizes the findings from this document, along with input from the Task Force and community stakeholders, to develop proposed strategies for meeting current and future housing needs in Cedar Falls. The following pages summarize several categories of implementation recommendations, with suggested responsible parties and timeframes for completion. **These proposed strategies are advisory only, and are NOT binding on the City of Cedar Falls or any other entity.**

For most of the strategies listed below, the primary responsible parties include City planning staff, the City's Housing Commission and Planning and Zoning Commission, the City Council, the Cedar Falls Economic Development Corporation, and local developers and builders. While some strategies involve discussions and data collection among City staff, City commissions and other stakeholders, other strategies – including amendments to City ordinances or allocation of City funds – would require action by the City Council.

In considering possible strategies to develop and preserve housing of varying sizes and price levels for Cedar Falls residents and future workforce, readers should take note of a unifying theme from the policies and programs highlighted from other Iowa communities in Section VI.D.2. Communities with successful and innovative housing programs invariably invest local funding sources – “skin in the game.” These sources may include general revenue funds, general obligation (GO) bonds, and Low- and Moderate-Income (LMI) set-aside funds from tax revenues generated by housing developments assisted by Tax Increment Financing (TIF), among other sources. City funds may be supplemented by other local sources such as contributions from banks and employers, as well as developer contributions pursuant to development agreements.

I. REGULATORY REVIEW	RESPONSIBLE ENTITIES	TIMEFRAME FOR COMPLETION
<p>a. Review the City Zoning Ordinance, Subdivision Ordinance, Building Codes, and other relevant codes for provisions that may no longer be necessary or achieve a clear public purpose. In so doing, build upon the success of the “form-based code” requirements in the Downtown Character District, which many developers find to be more user-friendly and predictable than traditional zoning requirements.</p>	<p>City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>2 to 5 years</p>
<p>b. Evaluate the processes and timelines for reviewing and approving housing developments and permits. Determine whether processes and rules are applied consistently among City staff, or whether the personal preferences or discretion of individual staff members introduce inconsistencies and delays. Modify policies and procedures for development reviews to ensure decisions on development proposals and permit requests are made consistently and efficiently.</p>	<p>City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>1 to 3 years</p>
<p>c. Expand existing efforts to promote a mix of housing types and land uses in new development, redevelopment, and infill areas. This approach may expand the supply of housing types of different sizes and prices for residents at different stages of life and income levels – including 1- and 2-bedroom apartments and condominiums for small senior households, and moderately priced rental and ownership housing options for local workforce. While detached single-family construction would still be part of the mix, this approach would emphasize other housing types including duplexes, condominiums, townhomes, accessory dwelling units (ADUs), rental units on upper stories of commercial buildings, and small multi-unit buildings (e.g. garden or cottage court apartments).</p> <p>Examples of local ordinance or map changes to promote a mix of housing types:</p> <ul style="list-style-type: none"> ○ When appropriate, rezone a portion of an existing residential district to another district in the existing Zoning Ordinance that allows more flexibility in the size and mix of units. ○ Modify Zoning and Subdivision Ordinance requirements that may increase housing costs without a clear public purpose. For example, minimum lot widths, yard widths, and lot areas per unit may be reduced. ○ Promote lower minimum size requirements for lots, buildings, and setbacks in individual development agreements and Homeowner Association (HOA) rules. ○ Permit Accessory Dwelling Units (ADUs) in residential zoning districts where they could be accommodated. 	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders Homeowner Associations</p>	<p>3 to 7 years</p>

<p>d. Establish a standing City committee for stakeholders to discuss housing development regulations. Stakeholders would include, but not be limited to, City engineers and other staff, for-profit and nonprofit developers, builders, lenders, real estate professionals, and social service agencies. The committee might be formed in addition to, or as an expansion of, the City’s existing Housing Commission, and joint meetings may be held with the Housing Commission.</p> <p>This committee would be similar to the City of Waterloo’s GROW Committee, or to the City of Cedar Rapids’ developers’ council. The latter group reviews proposed new City development ordinances and changes to existing ordinances, and provides estimates of their impact on housing development costs. As a result, these ordinances have been vetted by housing development stakeholders by the time the City Council approves them.</p> <p>This committee should also implement a system for collecting and compiling housing development data on a regular, ongoing basis, rather than relying on data that is sporadic, anecdotal, or inconsistent between the City and development stakeholders. Such data would include housing permits and starts, prices of home sale listings, available inventory (expressed in terms of both total listings and months’ supply) and availability of buildable residential lots that are not already “spoken for” by other builders and homebuyers. Any point-in-time or “snapshot” data should be compiled at regular intervals (e.g. biweekly or monthly) to allow the committee to identify trends over time. Medians should be used rather than averages (means) when analyzing factors such as sale prices, since means are skewed by high outlier values in a dataset.</p> <p><i>Committee members who collect data – especially those using proprietary sources that may not be accessible to City staff or the general public, such as Multiple Listing Service (MLS) data – must rigorously document their methodology.</i> Documentation should include, but not be limited to, the date(s) for which data is collected; the types of housing units, lots, or permits included in the analysis; whether price changes are adjusted for inflation, etc. Such consistency in data collection and documentation will assure elected officials and residents that the data is transparent and trustworthy.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders Local financial institutions Real estate professionals Local nonprofits</p>	<p>1 to 2 years</p>
---	--	---------------------

<p>e. Consider expediting housing development by reviewing and modifying City ordinances to allow some development approvals to be administrative – that is, granted by City staff. For example, the Subdivision Ordinance may be modified to allow small subdivision applications, such as lot splits, to be approved by staff.</p> <p>City Council approval would be needed to amend City ordinances to approve a wider range of development activities for administrative approval. While such amendments would expedite certain housing development activities, a public process culminating in Council approval will always be needed to update the zoning map or further amend City development ordinances. The removal of certain development activities from a public process to a solely administrative process is justified because public input and Council approval is embodied in the ordinances and zoning map governing these activities.</p> <p>The approach described above is gaining traction nationwide in the urban planning discipline. For a good summary, see the Michigan American Planning Association’s Zoning Reform Toolkit (p. 74: “Processes”). However, some Iowa laws governing local land use decisions may be more stringent than Michigan laws, precluding the use of some strategies recommended in the Toolkit. For example, under Iowa law, any proposed land development activity that is reviewed by a local Planning and Zoning Commission must also be approved by the local governing body (City Council or County Commission) or Board of Adjustment.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>5 to 15 years</p>
<p>f. Consider incentivizing or requiring “Universal Design” or other accessibility features for people with disabilities in certain new developments. Accessibility features include, but are not limited to, zero-threshold entrances, wide doorways, lever handles, bathrooms with roll-in or low-threshold showers on ground floors, grab bars or wall enforcement for their future installation, etc. Such features may be required for all new dwelling units in certain zoning districts, or on a case-by-case basis for planned developments. Such policies should be developed in consultation with local nonprofits serving seniors and people with disabilities, such as the Northeast Iowa Area Agency on Aging (NEI3A).</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders NEI3A Other local nonprofits</p>	<p>3 to 7 years</p>

II. FINANCIAL MECHANISMS	RESPONSIBLE ENTITIES	TIMEFRAME FOR COMPLETION
<p>a. Explore the possibility of forming a 501(c)(3) Local Housing Trust Fund (LHTF) serving Cedar Falls, which would be eligible to receive annual State Housing Trust Fund grants from the Iowa Finance Authority. If the City of Cedar Falls opted to capitalize a LHTF with an initial contribution, City Council approval would be needed.</p> <p>Identify an entity to provide staff support for an LHTF, such as the Iowa Northland Regional Council of Governments (INRCOG), Operation Threshold, Habitat for Humanity, or Community Housing Initiatives (CHI). Obtain recognition and support from local donors that would be asked to contribute matching funds on a regular basis. Local nonprofit organizations should also be involved in the development and formation of an LHTF.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders Local financial institutions Local nonprofits Local philanthropic entities Local employers Local planning and housing development entities</p>	<p>3 to 5 years</p>
<p>b. Consider using Tax Increment Financing (TIF) to support infrastructure for one or more large new housing developments. It is recommended that such a development have a mix of housing types and price ranges, including single-family homes, duplexes, condominiums, townhomes, and multifamily structures of various size.</p> <p>Lower-priced units would meet the housing needs of LMI and middle-income households, including workforce and seniors seeking to downsize, and are reasonably anticipated to sell quickly. Higher-priced units might sell more slowly, but would help ensure that TIF revenue would be sufficient to repay the borrowed funds after the LMI set-aside requirement has been met.</p> <p>It is recommended that the City provide TIF funds to developers as a rebate as homes are sold, minimizing the financial risk to the City.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>3 to 7 years</p>
<p>c. Consider offering tax abatements for home improvements and infill construction in some neighborhoods with older homes or a high concentration of LMI property owners. Such neighborhoods should not overlap with TIF districts. Designated Urban Revitalization Areas for tax abatement should be of sufficient size to avoid the appearance of benefitting a few properties on a “spot” basis.</p> <p>Tax abatements for new construction on infill lots should be structured to provide greater incentives for smaller or lower-cost units, which would meet a need for affordable workforce and senior housing.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>3 to 7 years</p>

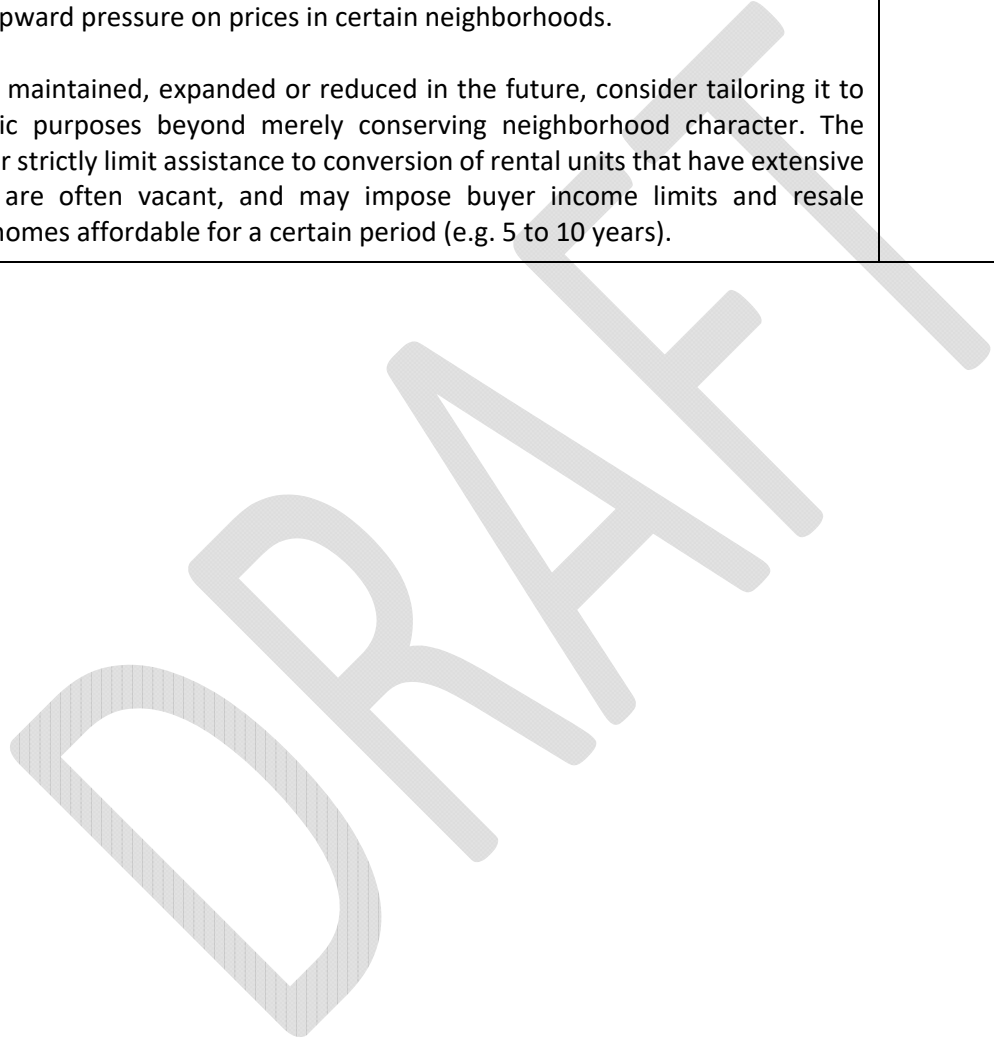
<p>d. Consider reducing or waiving certain fees for development of certain housing units that meet carefully defined criteria, including affordable price points for LMI and middle-income households. Reduced or waived fees may include building permits and utility hook-ups. Such a policy may be structured to offer deeper fee reductions in concert with deeper affordability.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>3 to 5 years</p>
<p>e. Pursue local funding sources to support housing opportunities for LMI and middle-income households, as other communities across Iowa have done. Sources may include City general revenue and general obligation (GO) bonds (would require Council approval), as well as contributions from local financial institutions, philanthropic organizations, and employers.</p> <p>As an example of employer contributions to affordable housing development, Hy-Vee provided \$250,000 in financial assistance for the Chariton Valley Regional Housing Trust Fund to renovate homes in Chariton, where a major Hy-Vee distribution center is located.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders Local financial institutions Local philanthropic entities Local employers</p>	<p>3 to 10 years</p>
<p>f. Consider amending the Zoning and Subdivision Ordinances to offer voluntary incentives to developers that dedicate a specified percentage of units as affordable (below market-rate) housing for LMI and middle-income buyers or renters, similar to those offered in Iowa City. Such incentives may be in the form of reduced minimum dimensions (e.g. lot area per unit) or maximum dimensions (e.g. height), or reduced parking requirements. This option does not require any expenditure of City funds, but it makes the inclusion of below-market-rate units in new developments more financially feasible for developers.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC</p>	<p>3 to 10 years</p>
<p>g. If state enabling legislation is passed in the future to allow impact fees, consider requiring financial contributions for affordable housing as an approval condition for certain large commercial and industrial developments. The legal “rational nexus” for such requirements would be the additional need for moderately priced housing for the workers that fill the jobs generated by these developments.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC</p>	<p>Depends upon legislative action</p>

III. HOUSING PROGRAM MIX, DESIGN, AND ORGANIZATION	RESPONSIBLE ENTITIES	TIMEFRAME FOR COMPLETION
<p>a. Consider establishing a landlord risk mitigation fund, similar to those in Dubuque and Iowa City. Such a fund would encourage landlords to rent to tenants with certain barriers, by committing to reimburse the landlord up to a certain amount for damage to the unit or lost rent. Local funding sources, such as those suggested in CATEGORY II above, are best suited to a risk mitigation fund.</p> <p>If Housing Choice Voucher (Section 8) units are eligible for the fund, more landlords might be willing to participate in the HCV program. The fund could also be available to units rented to homeless and at-risk tenants receiving funds from other local agencies.</p>	<p>City Council City staff Housing Commission Social Service Agencies</p>	<p>2 to 3 years</p>
<p>b. Consider adjusting the mix of funding sources for City housing assistance programs to maximize efficiency and flexibility. For example:</p> <ul style="list-style-type: none"> ○ Consider supplementing – or <i>completely supplanting</i> – the CDBG Owner-Occupied Rehabilitation program with local funding sources that can be deployed more quickly without the burden of federal regulations. ○ Consider spending an even larger portion of CDBG funds on neighborhood infrastructure and amenity projects than is currently allocated. This would free up more General Funds to support housing activities instead. ○ Consider increasing the CDBG allocation for the Rental Rehabilitation Program to meet demand. ○ Consider extending eligibility for housing rehabilitation or repair programs to mobile home owners, who are among the neediest in Cedar Falls and often struggle to find willing, qualified contractors. 	<p>City Council City staff Housing Commission INRCOG</p>	<p>2 to 5 years</p>

<p>c. Streamline the Owner-Occupied Rehabilitation and Repair programs to allow larger numbers of homeowners to be served more quickly. Appropriate changes may include:</p> <ul style="list-style-type: none"> ○ A larger and more predictable annual funding allocation, tailored to the capacity of staff to administer the funds, and to the pool of local contractors able and willing to complete the projects. ○ A process for announcing funding availability that ranks applications received by a deadline according to income as a percentage of LMI, with the lowest-income households served first, rather than serving households on a first-come, first-qualified basis. ○ Maintain a reserve of funds to serve households with urgent repair needs that arise throughout the year, when funds would otherwise be fully committed following a notice of funding availability. Such a reserve would be better supported by local funds than by CDBG, since HUD’s timely expenditure requirements limit the ability to hold funds in reserve. ○ If CDBG and HOME funds are supplemented by other funds, develop criteria to determine which projects will be paid by which funds. 	<p>City Council City staff Housing Commission INRCOG</p>	<p>1 to 5 years</p>
<p>d. Explore other uses of HOME funds to which it is better suited than Owner-Occupied Rehabilitation. Considerations include the capacity of City staff and partners to operate such programs, which may include:</p> <ul style="list-style-type: none"> ○ Rental new construction or rehabilitation ○ Tenant-Based Rental Assistance (TBRA) ○ Home purchase assistance <p>Successful implementation of such new programs may require a temporary partnership with more experienced entities in within and outside the Cedar Valley, including other cities, Councils of Government and nonprofit housing developers.</p>	<p>City Council City staff City of Waterloo Housing Commission INRCOG Housing entities within or outside region</p>	<p>3 to 10 years</p>
<p>e. Improve coordination and communication between the cities of Cedar Falls and Waterloo regarding use of Cedar Falls HOME funds. Such coordination should include an identification of suitable lots in Cedar Falls for HOME-funded single-family new construction (e.g. outside the 100-year floodplain).</p>	<p>Waterloo staff Cedar Falls staff Housing Commission INRCOG</p>	<p>1 to 2 years</p>

<p>f. Develop a policy for providing City financial assistance for subsidized multifamily rental construction or rehabilitation/refinancing conducted by other entities (e.g. Low Income Housing Tax Credit developments). Such a policy would identify the funds for this purpose – CDBG, HOME, local funds (SEE CATEGORY II), or a combination – and would outline a process for subsidized housing developers to request assistance. When and if a Cedar Falls Local Housing Trust Fund is formed, such a policy should be coordinated with the Trust Fund’s practices.</p> <p>Considering the severe need for deeply subsidized units for low-income (≤50% AMI) populations, and the shortage of deep subsidy sources, the policy should provide for additional conditions to be imposed on the use of funds when possible. Such conditions might include requirements that a percentage of units be affordable to the lowest-income renters (e.g. ≤40% AMI) and/or to people exiting homelessness.</p> <p>The policy should also help to address the shortage of affordable housing for LMI seniors and people with disabilities, including below-market-rate rental housing and retirement housing. Funds from the City or an LHTF could support maintenance and refinancing of existing developments for seniors and people with disabilities – especially developments whose subsidies are scheduled to expire in a short time period. In some circumstances, local funds could be combined with other sources for new senior developments as well. For example, Iowa operates a Senior Living Revolving Loan Fund that supports both affordable independent rental housing and assisted living for seniors. This fund often supports Low Income Housing Tax Credit (LIHTC) developments but is not available in every application round.</p>	<p>City Council City staff Housing Commission Local Trust Fund (if one exists)</p>	<p>2 to 5 years</p>
<p>g. To reduce barriers to homeownership in Cedar Falls’ relatively high-cost market, consider developing a locally funded purchase assistance program for LMI and, possibly, middle-income homebuyers, similar to those in Dubuque, West Des Moines, and Iowa City. Such a program should be developed in partnership with the local lenders that would make primary mortgage loans to participating buyers. The program would also likely be used in combination with Iowa Finance Authority home purchase programs. The program may be offered in addition to, or in lieu of, a HOME purchase assistance program (SEE III.D. ABOVE).</p> <p>A City purchase assistance program could assist with down payment and closing costs, and could also provide a “soft second mortgage” (e.g. a deferred loan) to reduce purchase prices for lower income households. The program would be particularly well suited to contributions from local employers, who have a vested interest in helping their workforce put down roots in Cedar Falls.</p>	<p>City Council City staff Housing Commission CFEDC Local Employers</p>	<p>2 to 7 years</p>

<p>h. Exercise caution if the City’s Rental Conversion program is expanded in the future. The program already consumes \$100,000 annually in general funds. An expansion would divert funds that might be better used to address the more pressing housing needs identified in this Assessment and considered in this section. Moreover, such an expansion could further deplete the rental housing stock, which might put upward pressure on prices in certain neighborhoods.</p> <p>Whether the program is maintained, expanded or reduced in the future, consider tailoring it to achieve additional public purposes beyond merely conserving neighborhood character. The program may prioritize or strictly limit assistance to conversion of rental units that have extensive code violations and/or are often vacant, and may impose buyer income limits and resale restrictions to keep the homes affordable for a certain period (e.g. 5 to 10 years).</p>	<p>City Council City staff Housing Commission CFEDC</p>	<p>Ongoing</p>
--	---	----------------



IV. MAXIMIZE USE OF SPACE FOR HOUSING DEVELOPMENT AND REDEVELOPMENT	RESPONSIBLE ENTITIES	TIMEFRAME FOR COMPLETION
<p>a. To address the shortage of residential lots that are not already committed to specific future developments, consider annexation of adjacent land. An annexation policy should prioritize areas contiguous to existing development and infrastructure, and should project the long-term costs to City taxpayers to maintain new infrastructure.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders Neighboring landowners</p>	<p>3 to 10 years</p>
<p>b. If the City provides incentives to developers for new residential developments, consider including a requirement in the development agreement for a certain percentage of lots to be reserved for development of housing affordable to LMI or middle-income households (e.g. lots outside the 100-year floodplain for Habitat for Humanity builds).</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>3 to 10 years</p>
<p>c. Whenever possible, prioritize redevelopment of infill lots and “greyfield” sites over new development on “greenfield” sites. Redevelopment may also include adaptive reuse of existing structures (e.g. schools, hospitals, churches, shopping centers) for multifamily housing. Such structures may be particularly well suited for LMI senior housing.</p> <p>When selecting sites and structures for redevelopment for residential use, consideration should be given to the location’s suitability for housing. Factors to consider include, but are not limited to, the impact of new residential development on local traffic, and the impact of adjacent development on the proposed housing (e.g. traffic noise, exhaust, etc.).</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>Ongoing</p>
<p>d. Consider developing a City policy for including conditions in development agreements that convey City property at reduced cost to developers. Such conditions may include dedication of a certain percentage of lots for affordable housing (SEE IV.B. ABOVE) or contributions in lieu of such dedication. The policy could provide flexibility to accommodate different development types, while ensuring some consistency and providing legal protection to the City.</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>3 to 7 years</p>

<p>e. Encourage the use of upper story space in commercial buildings for rental units, particularly in the Downtown and College Hill areas. The City may promote upper story rental by ensuring zoning codes accommodate it (CATEGORY I) and providing CDBG, HOME, and/or local funds to developers for units affordable to LMI and/or middle-income renters (CATEGORIES II AND III).</p>	<p>City Council City staff Housing Commission Planning/Zoning Commission CFEDC Developers/Builders</p>	<p>2 to 7 years</p>
<p>f. To the extent practicable, ensure that new affordable and workforce housing – whether market-rate or below-market-rate – is geographically distributed throughout Cedar Falls. The City and developers should endeavor to avoid a concentration of affordable housing in areas with environmental hazards or other disamenities. For example, much of North Cedar Falls is in the floodplain, and even areas outside the floodplain are susceptible to being cut off when floods inundate low-lying areas in the neighborhood.</p>	<p>City staff Housing Commission Developers/Builders</p>	<p>Ongoing</p>
<p>g. If the state passes enabling legislation for Land Redevelopment Trusts (also known as Land Banks), consider participating in the formation of a local land bank. Pending enabling legislation would allow one or more local governing bodies to form a land bank under Iowa Code Chapters 28E and 28H. Land banks would be empowered to acquire vacant, dilapidated, or tax-delinquent properties, by outright purchasing or through the processes in Iowa Code Chapters 657A and 446, and could assemble and sell parcels to buyers. While local governments already have the power to undertake these same activities, land banks can often conduct these activities more effectively.</p> <p>To achieve economies of scale in staffing and administration, a suitable land bank for the Cedar Falls area might include Cedar Falls, Waterloo, and other parts of the Cedar Valley. To be successful, an effort to establish a land bank in the Cedar Valley would include multiple stakeholders, including City and County governments, nonprofit and economic development organizations, and regional planning entities.</p>	<p>Cedar Falls City Council Cedar Falls staff Elected bodies of other jurisdictions in Cedar Valley CFEDC Grow Cedar Valley INRCOG Local nonprofits</p>	<p>Depends upon legislative action</p>

V. PROMOTE COMMUNITY SERVICES AND AMENITIES TO COMPLEMENT HOUSING OPPORTUNITIES	RESPONSIBLE ENTITIES	TIMEFRAME FOR COMPLETION
<p>a. Promote expansion of transportation options in Cedar Falls for residents without cars, since reliable transportation to work is essential for a household to earn sufficient income to afford housing. This may entail the City providing financial contributions to the Metropolitan Transit Authority (MET Transit) to expand service coverage and operation hours in Cedar Falls. Additionally, employers should consider funding vanpools for their employees, especially for locations and shifts (particularly 2nd and 3rd) that are not currently served by public transit.</p>	<p>City Council City staff CFEDC Grow Cedar Valley Local employers</p>	<p>2 to 7 years</p>
<p>b. In partnership with the Cedar Valley’s Promise Early Childhood Iowa area and local social service agencies, promote the availability of affordable child care in Cedar Falls, particularly for workers earning low to moderate wages. Affordable child care is essential for workers with children to increase their earnings and, hence, their ability to afford housing. Promoting child care may entail providing financial support for day care construction and expansion (including additional certification and staff costs for existing providers to increase capacity); encouraging day care providers to expand service hours for parents who work outside regular business hours; supplementing existing day care subsidies for LMI households; and investing in recruitment and retention of child care staff.</p> <p>Sources of support may include CDBG, local funds (CATEGORY II), and/or state recruitment/retention bonuses and wage supplements for child care workers. If using CDBG funds, care must be taken to ensure that the clients and/or geographic areas served by the day care meet federal income targeting requirements.</p> <p>Employers should also be a key source of support for child care – for example, by financially supporting day care construction or expansion, subsidizing day care costs for employees, and/or offering day care on-site.</p>	<p>City Council City staff Cedar Valley’s Promise Social Service Agencies Local child care providers CFEDC Local employers</p>	<p>2 to 7 years</p>
<p>c. When incentives are provided to employers to locate or expand operations in Cedar Falls, prioritize employers that pay sufficient wages for workers to afford average-priced housing and child care.</p>	<p>City Council City staff CFEDC Grow Cedar Valley Local employers</p>	<p>2 to 5 years</p>

<p>d. Maintain and, when possible, expand City support for agencies that provide services to seniors and people with disabilities to help them live independently. Such services may include light housekeeping, meal delivery, snow removal, medical and welfare checks, and social activities. The City has provided CDBG funds in the past to the Visiting Nurses Association and Exceptional Persons, Inc. (EPI), and local funds may also be used when available (SEE CATEGORY II).</p>	<p>City Council City staff Local nonprofits that serve seniors and people with disabilities</p>	<p>2 to 3 years</p>
<p>e. Continue to promote residential placemaking and quality of life measures, including requiring or encouraging parks, trails, sidewalks, and other open space to be incorporated in new developments.</p>	<p>City staff CFEDC Local developers</p>	<p>Ongoing</p>

DRAFT



Cedar Falls City Council Work Session
May 1, 2023
Brian Schoon, Executive Director
Rose Phillips, Housing Planner
INRCOG



Why do we need a Housing Assessment? Why is it important?

- To give housing guidance to elected officials, developers, employers, and other stakeholders
- To identify gaps between housing demand and supply, especially for low- and moderate-income households, workforce, young families, seniors, and people with disabilities *(there's more overlap among these groups than people think!)*
- Qualification for different funding opportunities (e.g. IA Workforce Housing Tax Credits)

HNA Development: A Very Public Process!

- The CFEDC funded and hired INRCOG (w/IDM assisting)
- Created **task forces, focus groups, committees**, interviewing various stakeholders in the community to gather input
- Conducted **survey of Cedar Falls residents**
- **Raising awareness:** TV segment on Channel 15, presentation to civic organizations (e.g. Rotary, Lions), Home Builders Conference, etc.
- Extensive **data analysis** to identify and substantiate needs

Steering Committee and Task Force

The Steering Committee directed, organized, and oversaw HNA development

STEERING COMMITTEE

- Jim Brown, *CFEDC*
- Bob Manning, *Cedar Valley Home Builders Association*
- Katy Susong, *Cardinal Construction*
- Brian Wingert, *Structure Real Estate*
- Mark Kittrell, *Eagle View Partners L.C.*
- Stephanie Sheetz, *City of Cedar Falls*
- Michelle Pezley, *City of Cedar Falls*

The Task Force provided data and feedback on specific topics

TASK FORCE

- Jim Brown, *CFEDC*
- Chris Fischels, *Fischels Group*
- Kevin Fittro, *Panther Builders*
- Dustin Ganfield, *Cedar Falls Ward 5 Council Member*
- Barbara Grant, *Operation Threshold*
- Melissa Heston, *Cedar Falls Human Rights Commission*
- Teri Lynn Jorgensen, *Cedar Falls Human Rights Commission*
- Mark Kittrell, *Eagle View Partners L.C.*
- Nicole Litzel, *Iowa Workforce Development*
- Amanda Lynch, *Western Home Communities*
- Bob Manning, *Cedar Valley Home Builders Association*
- Tom Petaluna, *CBE Companies, Inc.*
- Michelle Pezley, *City of Cedar Falls*
- Justin Reuter, *Oakridge Real Estate*
- Gil Schultz, *Cedar Falls Ward 1 Council Member*
- Bob Seymour, *Community Bank & Trust*
- Stephanie Sheetz, *City of Cedar Falls*
- Katy Susong, *Cardinal Construction*
- Brian Wingert, *Structure Real Estate*
- Gary Winterhof, *Cedar Falls Housing Commission*

Timeline

- May 9, 2022: Steering Committee Meeting #1
- June 24, 2022: Task Force Kickoff Meeting
- August 23-25, 2022: Stakeholder Focus Groups
- Aug. 23 – Sept. 12, 2022: Stakeholder Surveys
- Sept. 30 – Dec. 16, 2022: Resident Surveys
- October 24, 2022: Task Force Meeting #2
- November 11, 2022: Task Force Meeting #3
- December 19, 2022: Steering Committee Meeting #2
- March 24, 2023: Task Force Meeting #4
- April 10, 2023: Cedar Falls Human Rights Commission Meeting and Recommendation
- April 19, 2023: Cedar Falls Housing Commission Meeting and Recommendation
- May 1, 2023: City Council Presentation
- May 2, 2023: Public Reflection at Cedar Falls Community Center
- TBD, 2023: Presentation to CFEDC
- May 15, 2023: City Council Consideration

Stakeholder Input

- Focus Groups:
 - Employers
 - Senior Housing Stakeholders
 - Residential Builders/Developers
 - Real Estate Professionals/Lenders
 - Human Service Providers

- A survey with targeted questions for each group was sent to stakeholders who had been invited to Focus Groups. Additional surveys with more detailed questions were sent to Senior Housing Providers.

Cedar Falls Resident Survey

- Online survey with option to request paper copy
- Survey advertised in City's October Currents magazine and mentioned in Waterloo-Cedar Falls Courier article
- 144 responses (134 online, 10 paper)
- Respondents from all walks of life but leaned older, affluent, and white
- Most respondents consider their current housing situation is affordable, but 2/3 believe it is hard in general to find affordable housing in Cedar Falls (*CF residents care about their neighbors!*)

Cedar Falls Resident Survey

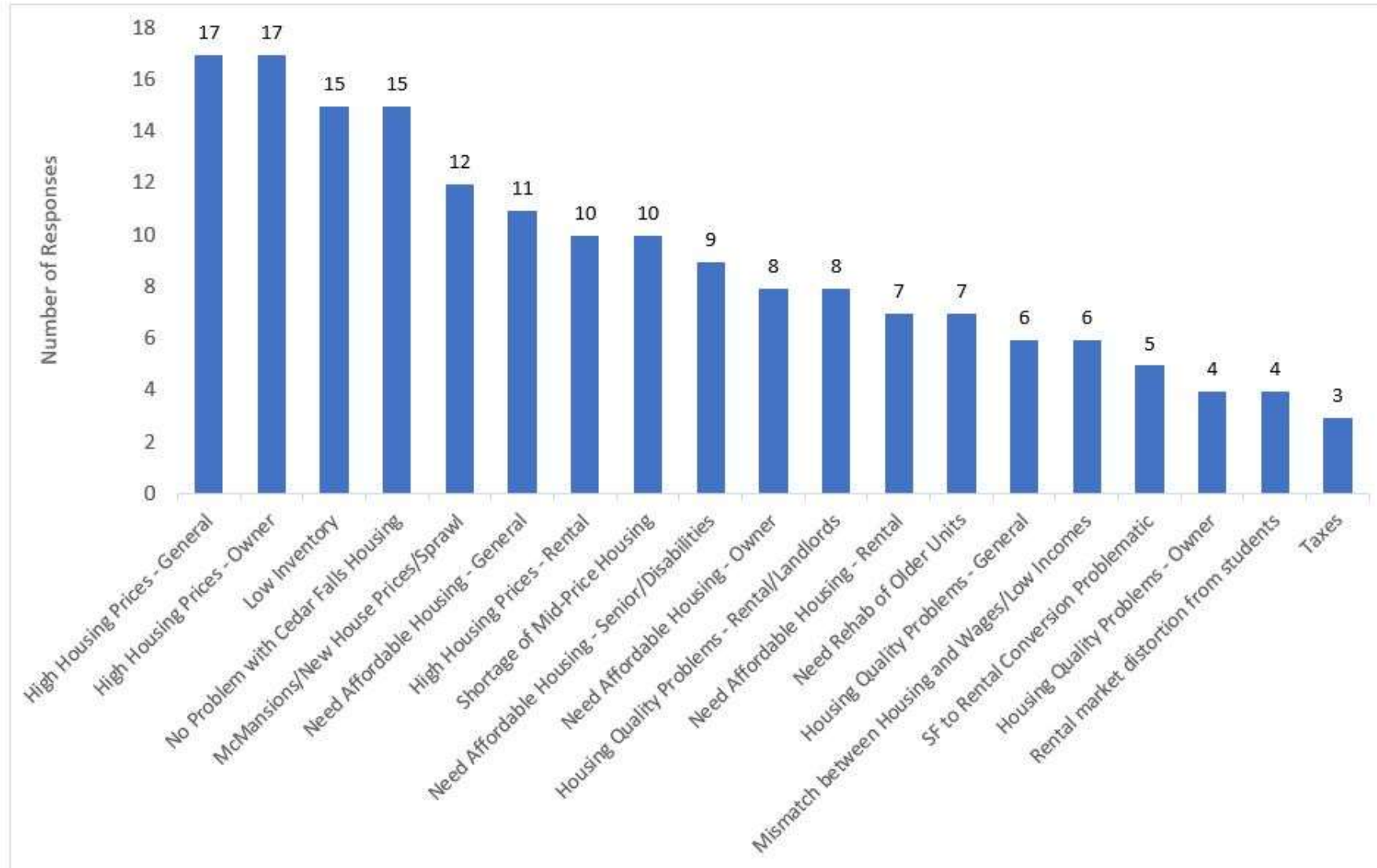


Figure 17. Themes from Resident Survey Open-Ended Responses. Source: Cedar Falls Resident Survey, October-December 2022. Note that some individual responses are listed in more than one category.

Raising Awareness



Cedar Falls Economic Development Corporation focuses on results of 2023 Housing Needs Assessment

Ron Steele Apr 14, 2023 Updated Apr 14, 2023 0



CEDAR FALLS, Iowa (KWWL)

Cedar Falls is 'wide open' for business these days.

But, when it comes to housing, some significant improvements need to be made.

CEDAR VALLEY HOME BUILDERS Conference

[Register Now](#)

Thursday, March 2nd

7400 Hudson Rd, Cedar Falls, IA 50613

Sponsored by



What were the results of the HNA? What stood out?

- Home sale prices increased by 25% in past 5 years
- Home sale inventory has declined by 66% in past 5 years
- Median sale price since 1/1/2019 is \$225,000 and listings spend median 8 days on market – higher prices and faster sales than in comparable communities
- Avg. price of single-family homes built and sold in 2021/2022: \$420,379 to \$476,800
- Mismatch between supply and demand for owner-occupied homes – homes >\$250K were 79% of active listings but only 41% of sales
- Declining production and inventory of homes and lots for sale

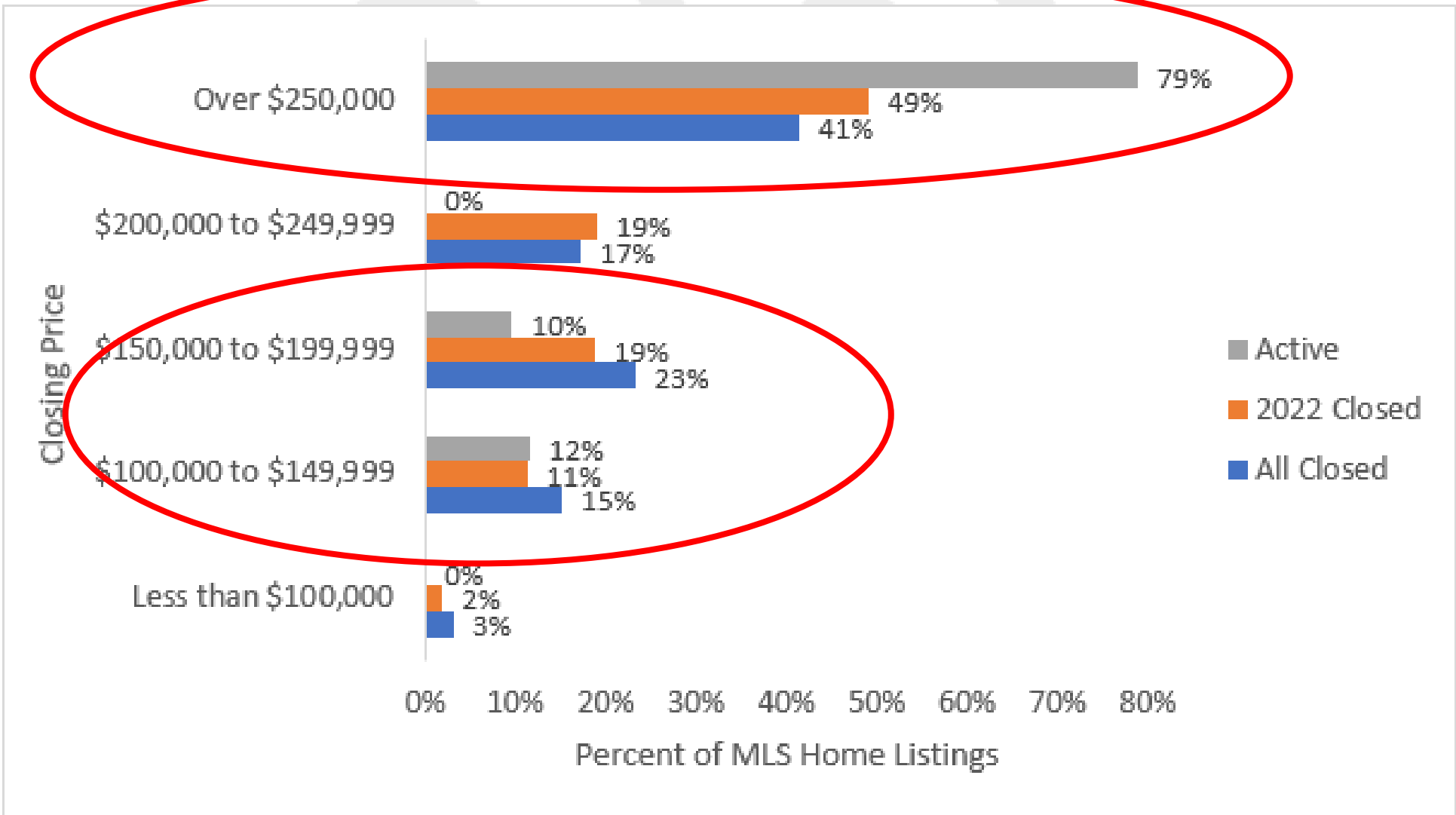


Figure 6. Home Sale Supply & Demand: Closed Sales vs. Active Listings. Source: MLS data on closed listings from 1/1/2020 to 9/9/2022 and active listings as of 10/7/2022 (52 listings).



Item 1.

Figure 13. Inventory of Homes for Sale in Cedar Falls. Source: Northeast Iowa Board of Realtors. Note: Inventory cannot be calculated in months from the data, since inventory numbers are provided as daily snapshots, and calculations of inventory in months require data on active listings and sales for a specified timef

What were the results of the HNA? What stood out?

- Limited supply of affordable rental housing – only 1 in 4 units have gross rent <\$750

- Housing costs are out of reach for many essential workers, including production workers, nursing assistants, home health aides, child care workers, grocery and food service workers, etc. *(Even truck drivers struggle to afford CF home sale prices!)*

- Affordable rental options for low-income households, especially seniors and people with disabilities, are limited and declining further
 - Waitlist for Housing Choice Vouchers (Section 8) is 2+ years; many recipients can't find affordable unit w/willing landlord before voucher expires
 - Subsidies for 128+ below-market-rate rentals have expired or will soon expire



Figure 7. Comparison of Cedar Falls Home Sale Prices with Wages for Selected Occupations. Source: EMSI 2022 Q1 data for zip codes 50613 and 50614, except that City pay scale info provided for PSOs. Assumptions for income needed to afford homes: FHA or similar loan with 3.5% down payment, front-end ratio 31%, back-end ratio 41%, \$500 monthly debt, 30-y fixed rate loan at 5.5% interest, assessed value is 90% of market value, annual insurance cost is 1% of purchase price. *Except sawing. **Except special and career/technical education.

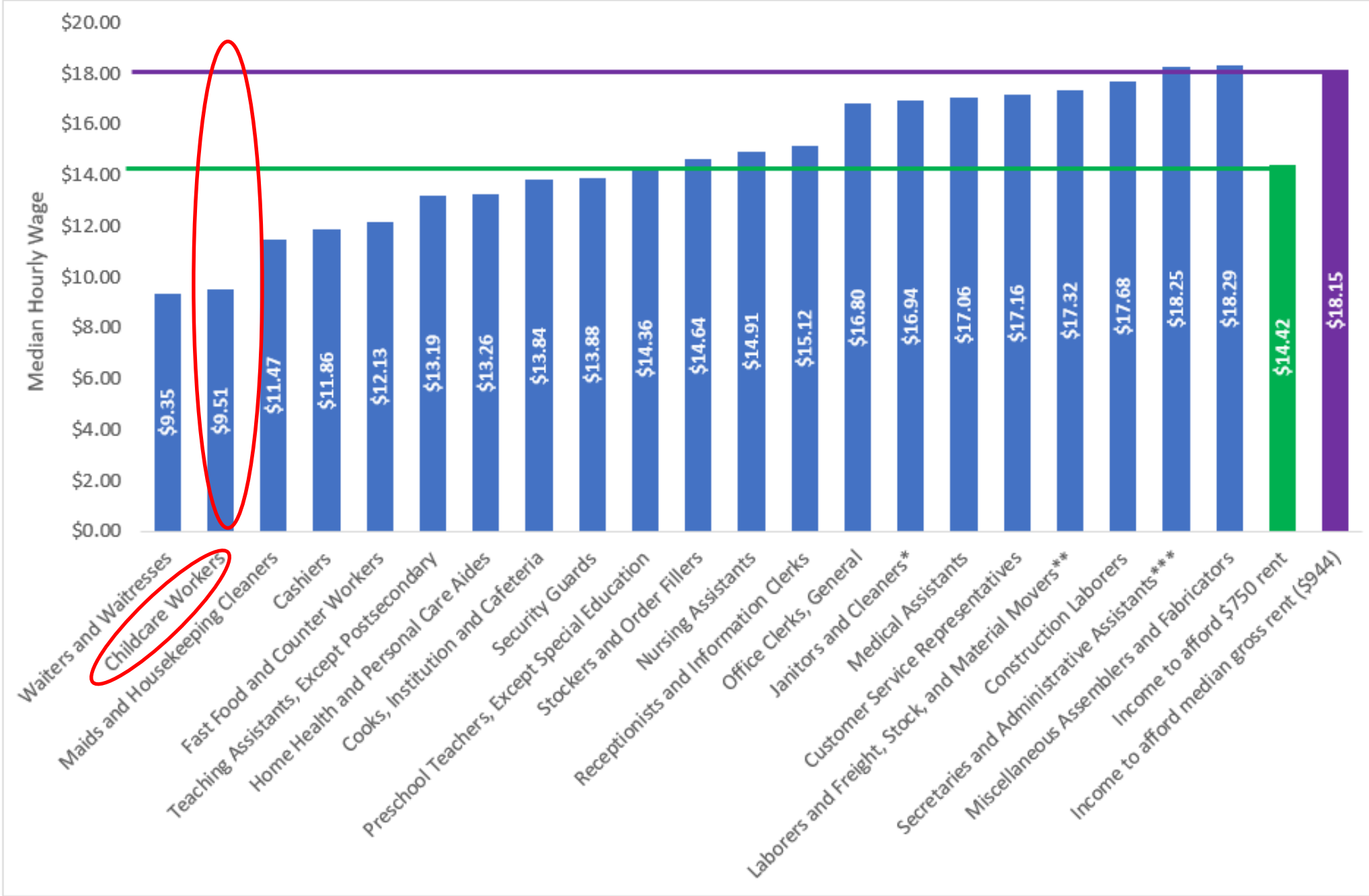


Figure 10. Comparison of Cedar Falls Rents with Wages for Selected Occupations. Source: EMSI 2022 Q1 data for zip codes 50613 and 50614, 2020 ACS 5-year estimates. *Except maids and housekeepers. **By hand. ***Except legal, medical, and executive.

What were the results of the HNA? What stood out?

- Many retirement housing and long-term care options in Cedar Falls are priced out of reach for low/moderate-income (LMI) seniors
 - A survey identified <138 Medicaid-eligible, long-term care units
 - Aging in place is often more cost-effective than long-term care

- At least 1,679 LMI households pay more for housing than they can afford – conservative estimate excluding potential student households

- Demand for housing programs far exceeds funding
 - e.g. 674 LMI owners could benefit from home rehab assistance, while 1 to 3 CDBG rehabs are funded annually

What were the results of the HNA? What stood out?

- Broad agreement among stakeholders that affordable housing is lacking in Cedar Falls, constraining growth and workforce recruitment
- Stakeholder interest in revamping City policies/processes for approving housing development – examples from other IA communities
- Avg. projected housing shortage of 740 units by 2030, 1,101 units by 2040

Proposed Implementation Strategies

- Proposed strategies are **advisory only**, and are **not binding** on the City of Cedar Falls or any other entity!

- Common themes of IA communities with innovative housing programs: **A wide variety of local funding sources and broad-based local support.**

Proposed Implementation Strategies: Regulatory Review

- a. Review the City Zoning Ordinance, Subdivision Ordinance, Building Codes, and other relevant codes for provisions that may no longer be necessary or achieve a clear public purpose.

- b. Evaluate the processes and timelines for reviewing and approving housing developments and permits to determine whether they are applied consistently.

- c. Expand existing efforts to promote a mix of housing types and land uses in new development, redevelopment, and infill areas.
 - This approach may expand the supply of housing types of different sizes and prices for residents at different stages of life and income levels.

Proposed Implementation Strategies: Regulatory Review

Item 1.

- d. Establish a standing City committee for stakeholders to discuss housing development regulations.
 - Stakeholders would include, but not be limited to, City engineers and other staff, for-profit and nonprofit developers, builders, lenders, real estate professionals, and social service agencies.

- e. Consider expediting housing development by reviewing and modifying City ordinances to allow some development approvals to be administrative – that is, granted by City staff.
 - For example, the Subdivision Ordinance may be modified to allow small subdivision applications, such as lot splits, to be approved by staff.

- f. Consider incentivizing or requiring “Universal Design” or other accessibility features for people with disabilities in certain new developments.

Proposed Implementation Strategies: Financial Mechanisms

- a. Consider forming a 501(c)(3) Local Housing Trust Fund (LHTF) serving Cedar Falls, which would be eligible to receive annual State Housing Trust Fund grants from the Iowa Finance Authority.
- b. Consider using Tax Increment Financing (TIF) to support infrastructure for one or more large new housing developments with a mix of housing types and price ranges.
- c. Consider offering tax abatements for home improvements and infill construction in some neighborhoods with older homes or a high concentration of LMI property owners.
- d. Consider reducing or waiving certain fees for development of certain housing units that meet carefully defined criteria, including affordable price points for LMI and middle-income households.

Proposed Implementation Strategies: Financial Mechanisms

- e. Pursue local funding sources to support housing opportunities for LMI and middle-income households, as other communities across Iowa have done.
 - Sources may include City general revenue and general obligation (GO) bonds (would require Council approval), as well as contributions from local financial institutions, philanthropic organizations, and employers.
- f. Consider amending the Zoning and Subdivision Ordinances to offer voluntary incentives to developers that dedicate a specified percentage of units as affordable (below market-rate) housing for LMI and middle-income buyers or renters.
- g. If state enabling legislation is passed in the future to allow impact fees, consider requiring financial contributions for affordable housing as an approval condition for certain large commercial and industrial developments.

Proposed Implementation Strategies: Program Mix

- a. Consider establishing a landlord “risk mitigation fund.”
 - Would encourage landlords to rent to tenants who receive rental assistance or face certain barriers, by committing to reimburse the landlord up to a certain amount for damage to the unit or lost rent.

- b. Consider adjusting the mix of funding sources for City housing assistance programs to maximize efficiency and flexibility.
 - E.g. consider supplementing – or completely supplanting – the CDBG Owner-Occupied Rehabilitation program with local funding sources

- c. Streamline the Owner-Occupied Rehabilitation and Repair programs to allow larger numbers of homeowners to be served more quickly.

- d. Explore other uses of HOME funds to which it is better suited than Owner-Occupied Rehabilitation.

Proposed Implementation Strategies: Program Mix

- e. Improve coordination and communication between the cities of Cedar Falls and Waterloo regarding use of Cedar Falls HOME funds.

- f. Develop a policy for providing City financial assistance for subsidized multifamily rental construction or rehabilitation/refinancing conducted by other entities.
 - Should incentivize the production of units available to the most vulnerable households, including seniors, people with disabilities, and people exiting homelessness.

- g. To reduce barriers to homeownership in Cedar Falls' relatively high-cost market, consider developing a locally funded purchase assistance program for LMI and, possibly, middle-income homebuyers.

- h. Exercise caution if the City's Rental Conversion program is expanded in the future, to ensure that these expenditures are balanced with other local housing goals.

Proposed Implementation Strategies: Use of Space

- a. To address the shortage of residential lots that are not already committed to specific future developments, consider annexation of adjacent land.

- b. If the City provides incentives to developers for new residential developments, consider requiring a certain percentage of lots to be reserved for development of housing affordable to LMI or middle-income households.

- c. Whenever possible, prioritize redevelopment of infill lots and “greyfield” sites over new development on “greenfield” sites.
 - Redevelopment may also include adaptive reuse of existing structures (e.g. schools, hospitals, churches, shopping centers) for multifamily housing.

- d. Consider developing a City policy for including conditions in development agreements that convey City property at reduced cost to developers.
 - E.g. \$ contribution from developer or dedication of lots for affordable housing

Proposed Implementation Strategies: Use of Space

- e. Encourage the use of upper story space in commercial buildings for rental units, particularly in the Downtown and College Hill areas.

- f. To the extent practicable, ensure that new affordable and workforce housing – whether market-rate or below-market-rate – is geographically distributed throughout Cedar Falls.

- g. If the state passes enabling legislation for Land Redevelopment Trusts (AKA Land Banks), consider participating in the formation of a local land bank to acquire vacant, dilapidated, or tax-delinquent properties for resale to developers.

Proposed Implementation Strategies: Complements to Housing Opportunities

Item 1.

- a. Promote expansion of transportation options in Cedar Falls for residents without cars, since reliable transportation to work is essential for a household to earn sufficient income to afford housing.
- b. Promote the availability of affordable child care in Cedar Falls, particularly for workers earning low to moderate wages.
 - Affordable child care is essential for workers with children to increase their earnings and, hence, their ability to afford housing.
- c. When incentives are provided to employers to locate or expand operations in Cedar Falls, prioritize employers that pay sufficient wages for workers to afford average-priced housing and child care.

Proposed Implementation Strategies: Complements to Housing Opportunities

Item 1.

- d. Maintain and, when possible, expand City support for agencies that provide services to seniors and people with disabilities to help them live independently.
- e. Continue to promote residential placemaking and quality of life measures, including requiring or encouraging parks, trails, sidewalks, and other open space to be incorporated in new developments.



Save the Date! Public Reflection on Housing Needs Assessment

- Meet members of the Cedar Falls Housing Task Force
 - Learn about the process and findings
- Reflect on the Assessment’s recommendations

Tuesday, May 2, 2023
4:00 – 6:00 pm
Cedar Falls Community Center
528 Main Street, Cedar Falls
Refreshments Provided!





Questions?

Brian Schoon: bschoon@inrcog.org

Rose Phillips: rphillips@inrcog.org

