



Comprehensive Housing Market Analysis for Manchester, Iowa

Prepared for:

Manchester Area Development Corporation
Manchester, Iowa

January 2015





January 30, 2015

Mr. Tim Vick
City Manager
City of Manchester
208 E. Main Street
Manchester, IA 52057

Dear Mr. Vick:

Attached is the *Comprehensive Housing Market Analysis for Manchester, Iowa* conducted by Maxfield Research Inc. The study projects housing demand from 2014 through 2025, and gives recommendations on the amount and type of housing that could be built in Manchester to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for approximately 415 new housing units through 2025. About 42% of the total demand was for general-occupancy housing; while age-restricted senior housing accounted for 58% of the demand. Demand was highest for market rate general-occupancy rental housing; showing a need for about 70 units. Although there is demand for new single-family housing in Manchester, the existing lot supply will meet the need in the short-term; however there is demand for maintenance-free for-sale product types immediately. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

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

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink that reads 'Matt Mullins'.

Matt Mullins
Vice President

A handwritten signature in black ink that reads 'David Sajeveic'.

David Sajeveic
Analyst

Attachment

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Purpose and Scope of Study

Maxfield Research Inc. was engaged by the Manchester Area Development Corporation to conduct a *Comprehensive Housing Needs Analysis* for the City of Manchester. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

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

Demographic Analysis

- Manchester's population grew by 120 people (2.3%) in the 1990s. The Remainder of the Market Area added 352 people (3.9%) in the 1990s. Overall, the Market Area gained 472 people (3.3%).
- Growth slowed during the late 2000s, partially due to the Great Recession. While the City of Manchester's population declined by -1.5% between 2000 and 2010, the Remainder of the Market Area lost -437 people (-4.6%). Overall, the Market Area lost -515 persons between 2000 and 2010, decreasing the Market Area population to 14,145 persons in 2010.
- Due to the aging of the population and fewer family households, we project that the City of Manchester will slightly decline during the next decade. We project that Manchester will decrease by 79 persons (-1.5%) and 9 households (-0.4%) between 2010 and 2020.
- The majority of all population growth is within the older adult (55+) and senior age cohorts. The age 65-74 age cohort is projected to have the highest growth percentage increasing by +32% through 2019.
- Manchester had an estimated median household income of \$43,522 in 2014. It is projected to increase over the next 5 years to \$51,844 in 2019 (+19.1%).
- In 2000, 77.3% of all households in the Market Area owned their housing. By 2010, that percentage increased to 78.8%.
- Average unemployment rate in Delaware County over this time period (2002 to 2013) is 4.7%, which is about the same percentage as Iowa, but much lower than the U.S. average (6.8%).

EXECUTIVE SUMMARY

- A large number of Manchester residents also work in Manchester (39%). Of the 61% of Manchester residents that commuted to jobs outside the City, the most commuted to jobs in Cedar Rapids, Dubuque, Dyersville, and Davenport.
- Manchester can be considered an importer of workers, as the number of residents coming into the Manchester (inflow) for employment exceeded the number of residents leaving the Manchester for work (outflow). Approximately 2,775 workers came into the Manchester for work while 1,502 workers left, for a net difference of 1,273.

Housing Characteristics

- Manchester issued permits for the construction of 163 new residential units from 2000 to 2014. That equates to about 11 units annually since 2000. Beginning in 2007, which was the start of the Great Recession, building permits started declining. Since 2008, the City has averaged only 9 units per year. The majority of units built since 2009 have been located in multifamily rental housing.
- Manchester issued demolition permits for 61 housing units from 2000 to 2014. That equates to about four units annually since 2000. Since 2007, demolition permits started declining. Since 2008, the City has averaged only two units per year for a total of 15 units. All of the units demolished since 2008 were single family units.
- Homes in Manchester are slightly newer than homes in the Market Area. The highest number of homes in Manchester was built before the 1940s. Overall, roughly 35% of housing units were built during this period.
- Approximately 55% of Manchester homeowners and 57% of homeowners in the Remainder of the Market Area have a mortgage. About 9% of homeowners with mortgages in Manchester also have a second mortgage and/or home equity loan.
- The median owner-occupied home in Manchester is \$97,500, or \$20,273 less than the Remainder of the Market Area median home value (\$117,773). There is a greater percentage of higher valued homes in the Remainder of the Market Area (\$250,000 or greater) than the City of Manchester
- The median contract rent in Manchester and the Remainder of the Market Area was \$384 and \$376, respectively. The median contract rent in Iowa is \$522.

Rental Housing Market Analysis

- In order to assess the current market conditions for rental housing in Manchester, Maxfield Research Inc. conducted an inventory of subsidized (i.e. housing that is income-restricted to households earning at or below 30% of the Area Median Income), affordable (i.e. housing

that is income-restricted between 30% and 80% of the Area Median Income) and market rate (i.e. housing that is not income-restricted) projects located in the City.

- Our research of Manchester's general occupancy rental market included a survey of four market rate apartment properties (8 units and larger) and two affordable/subsidized communities in December 2014. These projects represent a combined total of 176 units, including 126 market rate units and 50 affordable/subsidized units.
- At the time of our survey, three market rate units and no affordable/subsidized units were vacant, resulting in an overall vacancy rates of 2.4% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 1.7% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.
- Monthly rents range from \$350 to \$500 per month, with an average rent of only \$424 per month (\$0.61 per square foot).

Senior Housing Market Analysis

- As of December 2014, Maxfield Research identified nine senior housing developments in the Manchester Market Area. Combined, these projects contain a total of 186 units. Four of the projects are subsidized, while the remaining five are market rate.
- There are two existing adult rental senior projects in the Manchester Market Area for a total of 31 units. As of December 2014, zero vacancies were found.
- The Market Area has a total of two assisted living facilities with 64 units with a vacancy rate of 1.6%. The only vacancy was located at *Lincolnwood Assisted Living*, in Edgewood, which is on the edge of the geographic Manchester Market Area boundary.
- The Market Area has one, 20-unit memory care facility with no vacancies at this time. *Marietta's Place* includes scheduled activities, weekly housekeeping, laundry, 24-hour staff, and three meals daily.

Housing Affordability

- About 16% of owner households and 30% of renter householders are estimated to be paying more than 30% of their income for housing costs in Manchester. Compared to the Iowa average, the percentage of cost burdened households is lower in Manchester. Iowa cost burdened households are 19% for owner households and 45% for renter households.

EXECUTIVE SUMMARY

- The number of cost burdened households in Manchester increases proportionally based on lower incomes. About 49% of renters with incomes below \$35,000 are cost burdened and 29% of owners with incomes below \$50,000 are cost burdened.

For-Sale Housing Market Analysis

- Since 2000, the median sale price has fluctuated from \$61,750 in 2003 to \$93,500 in 2013. Through September 2014, the median sales price increased to \$97,250 which is the highest sales price since 2000.
- Between 2000 and 2013 Manchester has averaged 87 sales annually. Transactions during this time have ranged from 49 in 2000 to 144 in 2007.
- Based on a median list price of \$124,000, the income required to afford a home at this price would be about \$35,425 to \$41,300, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 58% of Manchester households have annual incomes at or above \$35,425.
- There are four active subdivisions in Manchester with available lots. Combined, there are 54 vacant lots. Over one-half of the vacant lots (31 lots) are in the Fairway Acres subdivision. All of the subdivisions were platted between 1999 and 2005. There have been no new platted subdivisions in Manchester since 2005.
- There are nearly 100 vacant lots located in eight subdivisions in the townships surrounding Manchester. Lot sizes in these subdivisions range from 0.51 acres to 2.45 acres while averaging just over one acre. The average assessed lot is \$25,150 while the average assessed market value of the home is \$239,800.

Housing Needs Analysis

- Based on our calculations, demand exists in Manchester for the following general occupancy product types between 2014 and 2025:
 - Market rate rental 71 units
 - Affordable rental 11 units
 - Subsidized rental 25 units
 - For-sale single-family 31 units
 - For-sale multifamily 35 units

EXECUTIVE SUMMARY

- In addition, we find demand for multiple senior housing product types. By 2019, demand in Manchester for senior housing is forecast for the following:
 - Active adult ownership 31 units
 - Active adult market rate rental 36 units
 - Active adult affordable 48 units
 - Active adult subsidized 33 units
 - Congregate 45 units
 - Assisted Living 25 units
 - Memory care 24 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the chart on the following page provides a summary of the recommended development concepts by product type for the City of Manchester through 2025. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

EXECUTIVE SUMMARY

| RECOMMENDED HOUSING DEVELOPMENT CITY OF MANCHESTER 2014 to 2025 | | | | |
|---|--|------------------|------------------|-----------------------|
| | Purchase Price/ Monthly Rent Range ¹ | No. of Units | Pct. of Total | Development Timing |
| Owner-Occupied Homes | | | | |
| <i>Single Family</i> ² | | | | |
| Entry-level | >\$150,000 | 10 - 12 | 35% | 2016+ |
| Move-up | \$150,000 - \$225,000 | 10 - 12 | 35% | 2017+ |
| Executive | \$250,000+ | 8 - 10 | 29% | 2020+ |
| Total | | 28 - 34 | 100% | |
| <i>Townhomes/Twinhomes</i> ² | | | | |
| Entry-level | >\$140,000 | 14 - 16 | 47% | 2016+ |
| Move-up | \$160,000+ | 16 - 18 | 53% | 2016+ |
| Total | | 30 - 34 | 100% | |
| Total Owner-Occupied | | 58 - 68 | | |
| General Occupancy Rental Housing | | | | |
| <i>Market Rate Rental Housing</i> | | | | |
| Apartment-style | \$575/1BR - \$875/3BR | 26 - 30 | 50% | 2016+ |
| Townhomes | \$800/2BR - \$1,050/3BR | 26 - 30 | 50% | 2016+ |
| Total | | 52 - 60 | 100% | |
| <i>Affordable Rental Housing</i> | | | | |
| Subsidized | 30% of Income ³ | 20 - 24 | 100% | 2015+ |
| Total | | 20 - 24 | | |
| Total Renter-Occupied | | 72 - 84 | | |
| Senior Housing (i.e. Age Restricted) | | | | |
| Active Adult Senior Coop | \$35,000 to \$70,000 | 24 - 28 | 12% | 2015+ |
| Active Adult Affordable Rental | Moderate Income ³ | 40 - 44 | 20% | 2015+ |
| Active Adult Market Rate Rental | \$650/1BR - \$1,050/2BR | 26 - 30 | 13% | 2017+ |
| Independent Living (Congregate) | \$1,500/1BR - \$1,800/2BR | 40 - 44 | 20% | 2016+ |
| Assisted Living | \$2,750/EFF - \$4,200/2BR | 20 - 22 | 10% | 2018+ |
| Memory Care | \$3,800/EFF - \$5,200/2BR | 18 - 20 | 9% | 2018+ |
| Subsidized Senior | 30% of Income ⁴ | 30 - 34 | 15% | 2015+ |
| Total | | 198 - 222 | 100% | |
| Total - All Units | | 328 - 374 | | |
| ¹ Pricing in 2015 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. ³ Affordability subject to income guidelines per Iowa Finance Authority. See Table HA-1 for Delaware County Income limits. ⁴ Subsidized housing will be difficult to develop financially Note - Recommended development does not coincide with total demand. Manchester may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.) | | | | |
| Source: Maxfield Research Inc. | | | | |

Introduction

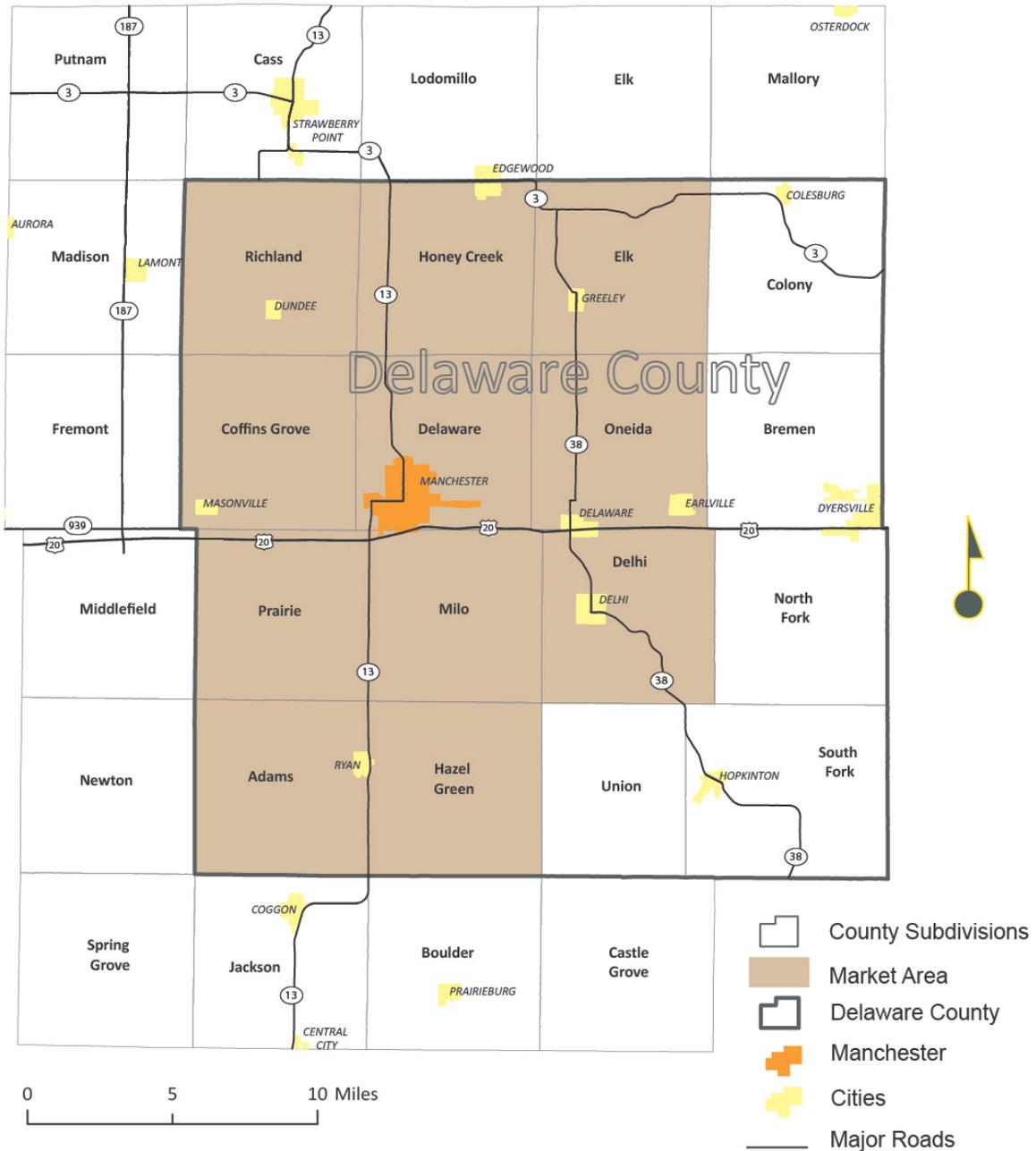
This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Manchester, Iowa. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types, household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

Market Area Definition

The primary draw area (Market Area) for housing in Manchester was defined based on traffic patterns, community and school district boundaries, and our general knowledge of the draw area. The Market Area includes 11 townships (Adams, Coffins Grove, Delaware, Delhi, Elk, Hazel Green, Honey Creek, Milo, Oneida, Prairie, and Richland) and 8 cities (Delaware, Delhi, Dundee, Earlville, Edgewood (part), Greeley, Masonville, and Ryan) surrounding Manchester. The Manchester Market Area's geographic area is close to two-thirds of Delaware County.

In some cases, additional demand for housing will come from individuals moving from just outside the area, those who return from other locations (particularly young households returning after pursuing their degrees or elderly returning from retirement locations), and seniors who move to be near the adult children living in the Market Area. Demand generated from within and outside of the Market Area is considered in the demand calculations presented later in this analysis.

Manchester Iowa Comprehensive Housing Study Market Area



Population and Household Growth from 1990 to 2010

Tables D-1 and D-2 present the population and household growth, respectively, of each Market Area city and township for 1990, 2000, and 2010. The data is from the U.S. Census.

Population

- Manchester's population grew by 120 people (2.3%) in the 1990s. The Remainder of the Market Area added 352 people (3.9%) in the 1990s. Overall, the Market Area gained 472 people (3.3%).
- Growth slowed during the late 2000s due to the housing downturn. While the City of Manchester's population declined by -1.5% between 2000 and 2010, the Remainder of the Market Area lost -437 people (-4.6%). Overall, the Market Area lost -515 persons between 2000 and 2010, decreasing the Market Area population to 14,145 persons in 2010.

Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.
- Manchester added 175 households in the 1990s (an increase of 8.8%), while the Remainder of the Market Area added 237 households (7.6% increase). Overall, the Market Area gained 412 households (8.1%).
- Manchester added 32 households during the 2000s (an increase of 1.5%), increasing its household base to 2,199 households as of 2010. The Remainder of the Market Area gained 153 households during the decade (4.6% increase), increasing to 3,510 households.
- Household sizes have been decreasing slowly over the last decade. This is the result of fewer persons in each household, caused by demographic and social trends such as increasing divorce rates, an increasing senior base, and couples' decisions to have fewer children or no children at all.

DEMOGRAPHIC ANALYSIS

| TABLE D-1 HISTORIC POPULATION GROWTH TRENDS MANCHESTER MARKET AREA 1990-2010 | | | | | | | |
|--|---------------|---------------|---------------|------------|-------------|-------------|--------------|
| | | | | 1990-2000 | | 2000-2010 | |
| | 1990 | 2000 | 2010 | No. | Pct. | No. | Pct. |
| Manchester | 5,137 | 5,257 | 5,179 | 120 | 2.3% | -78 | -1.5% |
| Cities | | | | | | | |
| Delaware | 176 | 188 | 159 | 12 | 6.8% | -29 | -15.4% |
| Delhi | 485 | 458 | 460 | -27 | -5.6% | 2 | 0.4% |
| Dundee | 174 | 179 | 174 | 5 | 2.9% | -5 | -2.8% |
| Earlville | 822 | 900 | 812 | 78 | 9.5% | -88 | -9.8% |
| Edgewood | 776 | 923 | 864 | 147 | 18.9% | -59 | -6.4% |
| Greeley | 263 | 276 | 256 | 13 | 4.9% | -20 | -7.2% |
| Masonville | 129 | 104 | 127 | -25 | -19.4% | 23 | 22.1% |
| Ryan | 382 | 410 | 361 | 28 | 7.3% | -49 | -12.0% |
| Townships | | | | | | | |
| Adams | 783 | 781 | 730 | -2 | -0.3% | -51 | -6.5% |
| Coffins Grove | 557 | 615 | 616 | 58 | 10.4% | 1 | 0.2% |
| Delaware | 6,109 | 6,294 | 6,204 | 185 | 3.0% | -90 | -1.4% |
| Delhi | 949 | 1,047 | 1,012 | 98 | 10.3% | -35 | -3.3% |
| Elk | 679 | 626 | 577 | -53 | -7.8% | -49 | -7.8% |
| Hazel Green | 418 | 408 | 378 | -10 | -2.4% | -30 | -7.4% |
| Honey Creek | 1,047 | 1,060 | 1,009 | 13 | 1.2% | -51 | -4.8% |
| Milo | 1,109 | 1,233 | 1,216 | 124 | 11.2% | -17 | -1.4% |
| Oneida | 1,569 | 1,648 | 1,504 | 79 | 5.0% | -144 | -8.7% |
| Prairie | 350 | 373 | 327 | 23 | 6.6% | -46 | -12.3% |
| Richland | 618 | 575 | 572 | -43 | -7.0% | -3 | -0.5% |
| Remainder of Market Area | 9,051 | 9,403 | 8,966 | 352 | 3.9% | -437 | -4.6% |
| Market Area Total | 14,188 | 14,660 | 14,145 | 472 | 3.3% | -515 | -3.5% |
| Sources: U.S. Census Bureau; Iowa State Data Center; Maxfield Research Inc. | | | | | | | |

DEMOGRAPHIC ANALYSIS

**TABLE D-2
HISTORIC HOUSEHOLD GROWTH TRENDS
MANCHESTER MARKET AREA
1990-2010**

| | | | | 1990-2000 | | 2000-2010 | |
|---|--------------|--------------|--------------|------------|-------------|------------|-------------|
| | 1990 | 2000 | 2010 | No. | Pct. | No. | Pct. |
| Manchester | 1,992 | 2,167 | 2,199 | 175 | 8.8% | 32 | 1.5% |
| Cities | | | | | | | |
| Delaware | 65 | 78 | 82 | 13 | 20.0% | 4 | 5.1% |
| Delhi | 192 | 199 | 206 | 7 | 3.6% | 7 | 3.5% |
| Dundee | 77 | 80 | 79 | 3 | 3.9% | -1 | -1.3% |
| Earlville | 303 | 338 | 331 | 35 | 11.6% | -7 | -2.1% |
| Edgewood | 339 | 364 | 385 | 25 | 7.4% | 21 | 5.8% |
| Greeley | 101 | 112 | 101 | 11 | 10.9% | -11 | -9.8% |
| Masonville | 51 | 49 | 55 | -2 | -3.9% | 6 | 12.2% |
| Ryan | 142 | 158 | 152 | 16 | 11.3% | -6 | -3.8% |
| Townships | | | | | | | |
| Adams | 279 | 285 | 293 | 6 | 2.2% | 8 | 2.8% |
| Coffins Grove | 191 | 215 | 233 | 24 | 12.6% | 18 | 8.4% |
| Delaware | 2,322 | 2,523 | 2,592 | 201 | 8.7% | 69 | 2.7% |
| Delhi | 340 | 381 | 391 | 41 | 12.1% | 10 | 2.6% |
| Elk | 232 | 232 | 214 | 0 | 0.0% | -18 | -7.8% |
| Hazel Green | 131 | 136 | 129 | 5 | 3.8% | -7 | -5.1% |
| Honey Creek | 352 | 373 | 410 | 21 | 6.0% | 37 | 9.9% |
| Milo | 389 | 450 | 499 | 61 | 15.7% | 49 | 10.9% |
| Oneida | 545 | 598 | 605 | 53 | 9.7% | 7 | 1.2% |
| Prairie | 118 | 115 | 110 | -3 | -2.5% | -5 | -4.3% |
| Richland | 213 | 216 | 233 | 3 | 1.4% | 17 | 7.9% |
| Remainder of Market Area | 3,120 | 3,357 | 3,510 | 237 | 7.6% | 153 | 4.6% |
| Market Area Total | 5,112 | 5,524 | 5,709 | 412 | 8.1% | 185 | 3.3% |
| Sources: U.S. Census Bureau; Iowa State Data Center; Maxfield Research Inc. | | | | | | | |

Household Size

Household size is calculated by dividing the number of persons in households by the number of households (or householders). Nationally, the average number of people per household has been declining for over a century; however, there have been sharp declines starting in the 1960s and 1970s. Persons per household in the U.S. were about 4.5 in 1916 and declined to 3.2 in the 1960s. Over the past 50 years, it dropped to 2.57 as of the 2000 Census. However, due to the economic recession this trend has been temporarily halted as renters and laid-off employees “doubled-up,” which increased the average U.S. household size to 2.59 as of the 2010 Census.

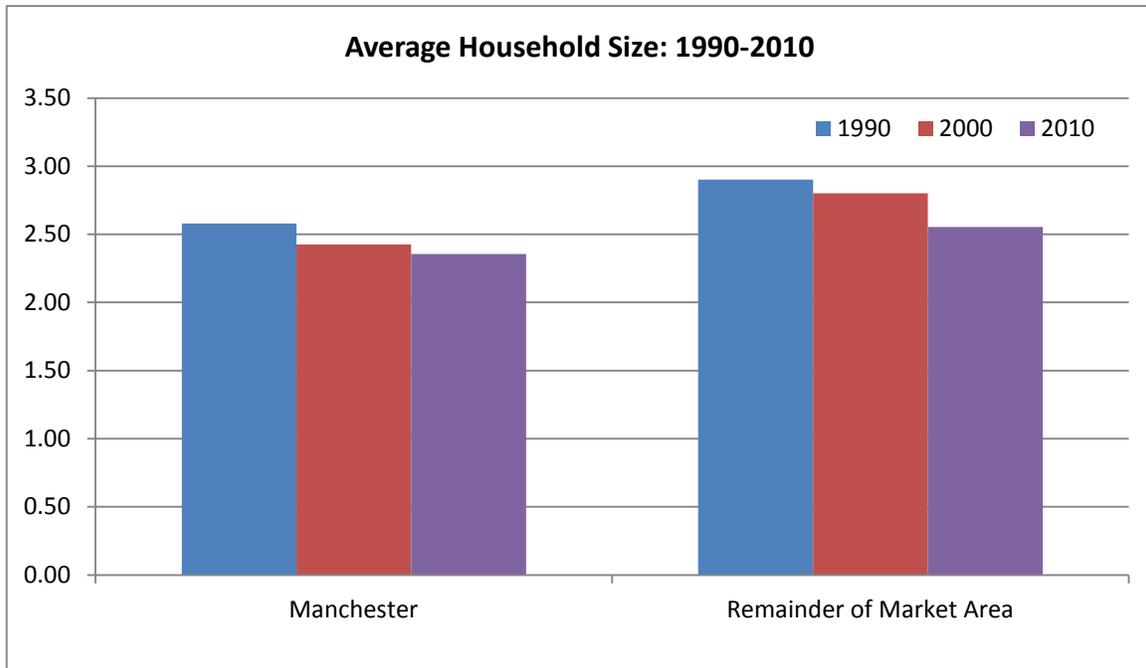
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The declining household size has been caused by many factors, including: aging of the population, higher divorce rates, cohabitation, smaller family sizes, demographic trends in marriage, etc. Most of these changes have resulted from shifts in societal values, the economy, and improvements in health care that have influenced how people organize their lives. Tables D-3 shows average household size in Manchester, Remainder of Market Area, Manchester Market Area, and Delaware County.

- In 1990, the average household sizes ranged between 2.58 (Manchester) and 2.90 (Remainder of Market Area). In the Manchester Market Area overall, the average household size was 2.78. In 2000, the average household sizes range declined to between 2.43 (Manchester) and 2.80 (Remainder of Market Area). In the Manchester Market Area overall, the average household size was 2.69.
- By 2010, the average household sizes ranged between 2.36 (Manchester) and 2.55 (Remainder of Market Area). In the Manchester Market Area overall, the average household size was 2.52.

| TABLE D-3 | | | |
|-------------------------------|---------------|-------------|-------------|
| AVERAGE HOUSEHOLD SIZE | | | |
| MANCHESTER MARKET AREA | | | |
| 1990-2010 | | | |
| | Census | | |
| | 1990 | 2000 | 2010 |
| East Lyon County | | | |
| Manchester | 2.58 | 2.43 | 2.36 |
| Remainder of Market Area | 2.90 | 2.80 | 2.55 |
| Manchester Market Area | 2.78 | 2.65 | 2.48 |
| Delaware County | 2.82 | 2.69 | 2.52 |

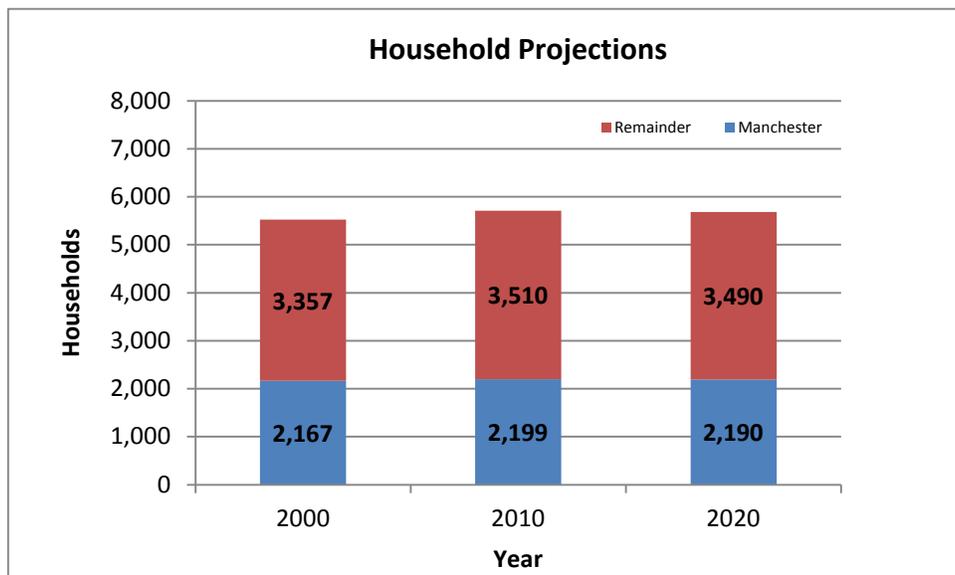
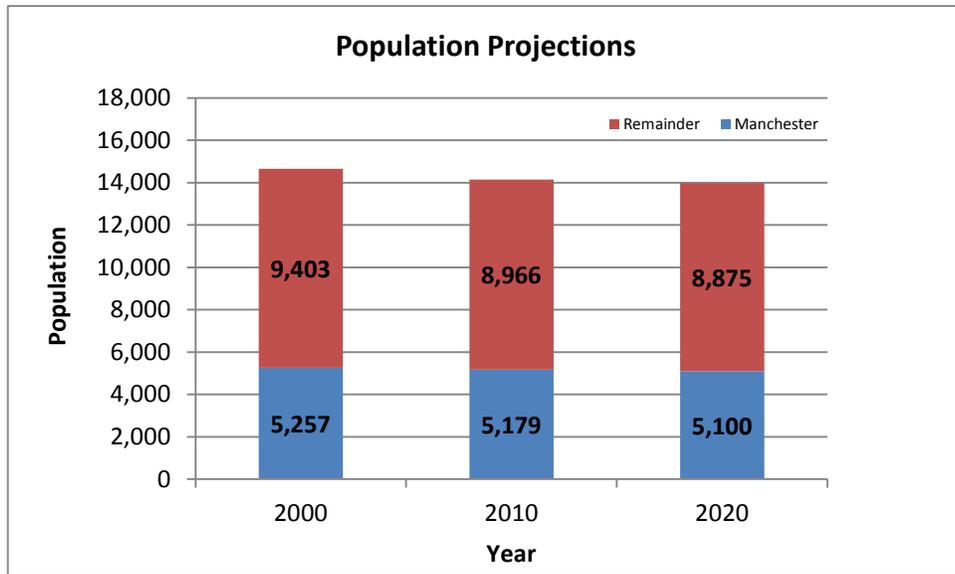
Sources: U.S. Census, Maxfield Research Inc.



Population and Household Estimates and Projections

Table D-4 presents population and household growth estimates and projections for the Market Area through 2025. Estimates for 2014 and projections through 2025 are based on information from ESRI (a national demographics service provider) with adjustments calculated by Maxfield Research Inc. The adjustments are intended to reflect growth that will likely be realized after considering the impact of the housing market slowdown and recession.

- Due to the aging of the population, slowdown in the housing market, and other economic pressures, we project that the City of Manchester will slightly decline during the next decade. We project that Manchester will decrease by 79 persons (-1.5%) and 9 households (-0.4%) between 2010 and 2020.
- Between 2000 and 2010, the population in the Remainder of the Market Area decreased by -437 persons (-4.6%). It is projected to decrease by 91 people (-1.0%) between 2010 and 2020. The number of households is also projected to decrease by 20 households (-0.6%).
- Overall, the Market Area population is projected to decrease between 2010 and 2020. The Market Area is expected to decrease by nearly 170 people (-1.2%) by 2020, for a total of 13,975 people. Household growth is projected to decrease by 29 households (-0.5%) by 2020.



DEMOGRAPHIC ANALYSIS

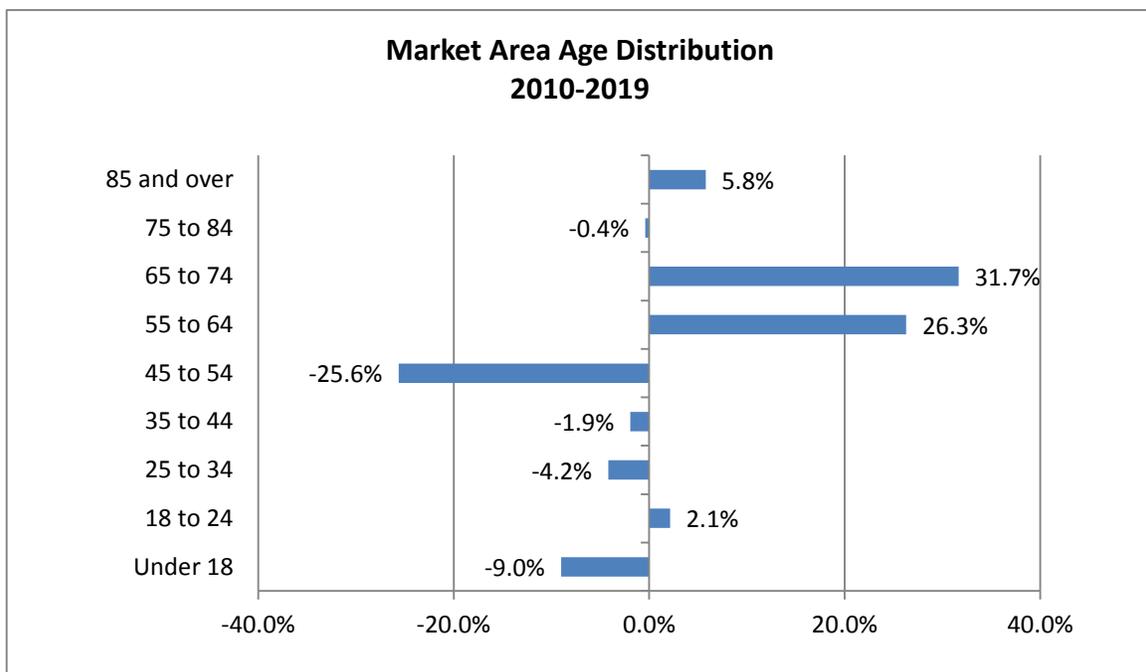
TABLE D-4
 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
 MANCHESTER MARKET AREA
 2000 to 2025

| | U.S. Census | | Estimate | Forecast | Forecast | Forecast | Change | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|--------------|-------------|
| | 2000 | 2010 | 2014 | 2019 | 2020 | 2025 | 2000 to 2010 | | 2010 to 2020 | |
| | | | | | | | No. | Pct. | No. | Pct. |
| POPULATION | | | | | | | | | | |
| Manchester | 5,257 | 5,179 | 5,170 | 5,114 | 5,100 | 5,050 | -78 | -1.5 | -79 | -1.5 |
| Remainder of the PMA | 9,403 | 8,966 | 8,925 | 8,885 | 8,875 | 8,825 | -437 | -4.6 | -91 | -1.0 |
| Primary Market Area | 14,660 | 14,145 | 14,095 | 13,999 | 13,975 | 13,875 | -515 | -3.5 | -170 | -1.2 |
| <i>Delaware County</i> | <i>18,404</i> | <i>17,764</i> | <i>17,700</i> | <i>17,620</i> | <i>17,600</i> | <i>17,450</i> | <i>-640</i> | <i>-3.5</i> | <i>-164</i> | <i>-0.9</i> |
| HOUSEHOLDS | | | | | | | | | | |
| Manchester | 2,167 | 2,199 | 2,210 | 2,194 | 2,190 | 2,175 | 32 | 1.5 | -9 | -0.4 |
| Remainder of the PMA | 3,357 | 3,510 | 3,515 | 3,495 | 3,490 | 3,475 | 153 | 4.6 | -20 | -0.6 |
| Primary Market Area | 5,524 | 5,709 | 5,725 | 5,689 | 5,680 | 5,650 | 185 | 3.3 | -29 | -0.5 |
| <i>Delaware County</i> | <i>6,834</i> | <i>7,062</i> | <i>7,015</i> | <i>6,923</i> | <i>6,900</i> | <i>6,875</i> | <i>228</i> | <i>3.3</i> | <i>-162</i> | <i>-2.3</i> |
| Sources: U.S. Census Bureau; State Demographic Center; ESRI; Maxfield Research Inc. | | | | | | | | | | |

Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-5 shows the distribution of persons within nine age cohorts for Manchester and the Market Area in 2000 and 2010 with estimates for 2014 and projections for 2019. The 2000 and 2010 age distribution is from the U.S. Census Bureau and the 2014 figures are an estimate based on 2010 Census data. Maxfield Research Inc. derived the 2019 projections by adjustments made to data obtained from ESRI. The following are key points from the table.

- The majority of the growth in Manchester occurred in the senior population (ages 55+).
- The Manchester Market Area’s population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, decreased by -9.2% between 2000 and 2010, and is projected to decrease (-1.9%) between 2010 and 2019.



DEMOGRAPHIC ANALYSIS

| TABLE D-5 POPULATION AGE DISTRIBUTION MANCHESTER MARKET AREA 2000 to 2019 | | | | | | | | |
|--|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|
| Age | Census | | Estimate | Projection | Change | | | |
| | 2000 | 2010 | 2014 | 2019 | 2000-2010 | | 2010-2019 | |
| | No. | No. | No. | No. | No. | Pct. | No. | Pct. |
| <i>Manchester</i> | | | | | | | | |
| Under 18 | 1,375 | 1,291 | 1,247 | 1,231 | -84 | -6.1 | -60 | -4.6 |
| 18 to 24 | 399 | 363 | 397 | 337 | -36 | -9.0 | -26 | -7.2 |
| 25 to 34 | 618 | 598 | 579 | 575 | -20 | -3.2 | -23 | -3.9 |
| 35 to 44 | 781 | 580 | 565 | 581 | -201 | -25.7 | 1 | 0.1 |
| 45 to 54 | 603 | 719 | 663 | 575 | 116 | 19.2 | -144 | -20.1 |
| 55 to 64 | 428 | 586 | 640 | 650 | 158 | 36.9 | 64 | 10.9 |
| 65 to 74 | 442 | 424 | 465 | 540 | -18 | -4.1 | 116 | 27.4 |
| 75 to 84 | 421 | 418 | 387 | 394 | -3 | -0.7 | -24 | -5.7 |
| 85 and over | 190 | 200 | 228 | 232 | 10 | 5.3 | 32 | 16.0 |
| Subtotal | 5,257 | 5,179 | 5,170 | 5,114 | -78 | -1.5 | -65 | -1.3 |
| <i>Remainder of Market Area</i> | | | | | | | | |
| Under 18 | 2,773 | 2,216 | 2,016 | 1,960 | -557 | -20.1 | -256 | -11.6 |
| 18 to 24 | 638 | 518 | 628 | 563 | -120 | -18.8 | 45 | 8.7 |
| 25 to 34 | 973 | 908 | 887 | 868 | -65 | -6.7 | -40 | -4.4 |
| 35 to 44 | 1,649 | 1,067 | 1,023 | 1,035 | -582 | -35.3 | -32 | -3.0 |
| 45 to 54 | 1,200 | 1,670 | 1,431 | 1,202 | 470 | 39.2 | -468 | -28.0 |
| 55 to 64 | 912 | 1,196 | 1,480 | 1,601 | 284 | 31.1 | 405 | 33.8 |
| 65 to 74 | 673 | 745 | 815 | 999 | 72 | 10.7 | 254 | 34.1 |
| 75 to 84 | 436 | 453 | 454 | 474 | 17 | 3.9 | 21 | 4.5 |
| 85 and over | 149 | 193 | 191 | 184 | 44 | 29.5 | -9 | -4.9 |
| Subtotal | 9,403 | 8,966 | 8,925 | 8,885 | -437 | -4.6 | -81 | -0.9 |
| <i>Market Area Total</i> | | | | | | | | |
| Under 18 | 4,148 | 3,507 | 3,263 | 3,191 | -641 | -15.5 | -316 | -9.0 |
| 18 to 24 | 1,037 | 881 | 1,026 | 900 | -156 | -15.0 | 19 | 2.1 |
| 25 to 34 | 1,591 | 1,506 | 1,466 | 1,443 | -85 | -5.3 | -63 | -4.2 |
| 35 to 44 | 2,430 | 1,647 | 1,588 | 1,615 | -783 | -32.2 | -32 | -1.9 |
| 45 to 54 | 1,803 | 2,389 | 2,094 | 1,777 | 586 | 32.5 | -612 | -25.6 |
| 55 to 64 | 1,340 | 1,782 | 2,120 | 2,251 | 442 | 33.0 | 469 | 26.3 |
| 65 to 74 | 1,115 | 1,169 | 1,280 | 1,539 | 54 | 4.8 | 370 | 31.7 |
| 75 to 84 | 857 | 871 | 841 | 868 | 14 | 1.6 | -3 | -0.4 |
| 85 and over | 339 | 393 | 418 | 416 | 54 | 15.9 | 23 | 5.8 |
| Total | 14,660 | 14,145 | 14,095 | 13,999 | -515 | -3.5 | -146 | -1.0 |
| Sources: U.S. Census Bureau; ESRI; Maxfield Research Inc. | | | | | | | | |

DEMOGRAPHIC ANALYSIS

- Mirroring trends observed across the Nation, the aging baby boomer generation is substantially impacting the composition of the Market Area's population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64. As of 2014, baby boomers accounted for an estimated 25.8% of the Market Area's population.
- The 65 to 74 age cohort is projected to have the greatest growth (by percentage) increasing by 449 people (+31.7%). The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.

Household Income by Age of Householder

The estimated distribution of household incomes in Manchester and the Market Area for 2014 and 2019 are shown in Tables D-6 and D-7. The data was estimated by Maxfield Research Inc. based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

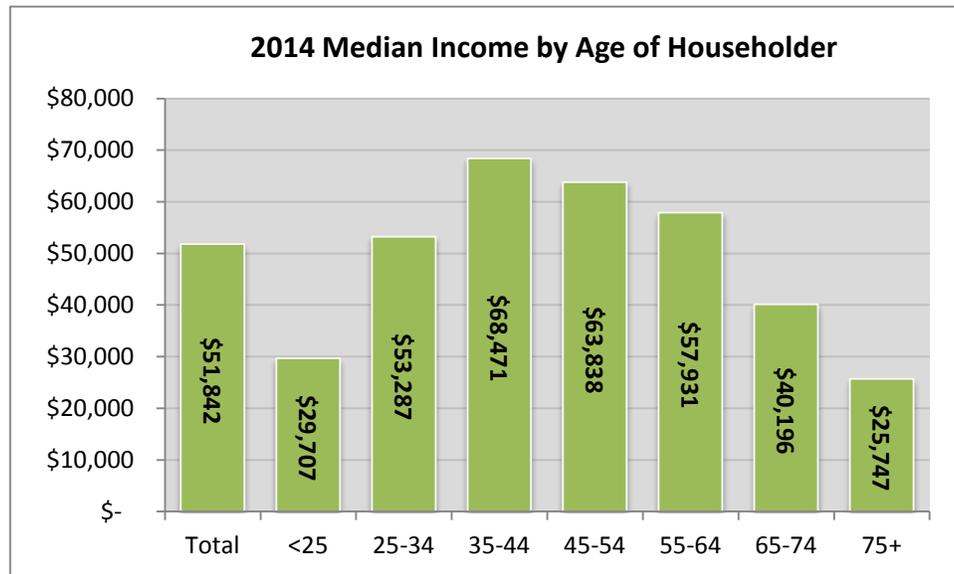
The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with an income of \$50,000 per year would be able to afford a monthly housing cost of about \$1,250. Maxfield Research Inc. uses a figure of 25% to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

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

- Manchester had an estimated median household income of \$43,522 in 2014. It is projected to increase over the next 5 years to \$51,844 in 2019 (+19.1%).

DEMOGRAPHIC ANALYSIS

- With a household income of \$53,287, a younger household (the median household income for the 25 to 34 cohort in the Market Area) could afford a monthly housing cost of about \$1,332, based on an allocation of 30% of income toward housing. A senior household with an income of \$43,534 (the median household income of seniors in the Manchester Market Area) could afford a monthly housing cost of \$1,451, based on an allocation of 40% of income toward housing.



Non-Senior Households

- In 2014, 10.4% of the non-senior (under age 65) households in the Market Area had incomes under \$15,000 (428 households). All of these households would be eligible for subsidized rental housing. Another 8.9% of the Market Area’s non-senior households had incomes between \$15,000 and \$25,000 (366 households). Many of these households would qualify for subsidized housing, but many could also afford “affordable” or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.
- Median incomes for households in the Market Area peak at \$63,838 for the 45 to 54 age group in 2014. Households in this age group are in their peak earning years. By 2019, the median income for the 45 to 54 age group is projected to increase to \$77,207, a 26.5% increase.
- The median resale price of homes in Manchester was roughly \$97,250 through 2014 (see Table FS-1). The income required to afford a home at this price would be about \$27,786 to \$32,416, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).

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- Incomes are expected to increase by 13.7% between 2014 and 2019 in the Market Area. This equates to an increase of 2.7% annually.

Senior Households

- The oldest householders are likely to have lower incomes in 2014. In the Market Area, 10.9% of households ages 65 to 74 had incomes below \$15,000, compared to 13.3% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2014 median income for Market Area householders age 65 to 74 and 75+ are \$40,196, and \$25,747, respectively.
- Generally, senior households with incomes greater than \$30,000 can afford market rate senior housing. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$1,000. About 848 senior households in the Manchester Market Area (52.6% of senior households) had incomes above \$30,000 in 2014.
- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would need an annual income of \$33,000 to afford monthly rents of \$2,200, which is about the beginning monthly rent for assisted living projects in the Market Area. There were an estimated 343 older senior (ages 75 and over) households with incomes greater than \$30,000 in 2014. Seniors age 75 and over are the primary market for assisted living housing.
- The median income for seniors age 65+ in the Market Area is \$32,972 in 2014. It is projected to increase by \$4,991 (15.1%) to \$37,963 by 2019.

DEMOGRAPHIC ANALYSIS

**TABLE D-6
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
MANCHESTER CITY
2014 & 2019**

| | Age of Householder | | | | | | | |
|---------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Total | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65 -74 | 75+ |
| 2014 | | | | | | | | |
| Less than \$15,000 | 323 | 36 | 56 | 26 | 42 | 54 | 37 | 73 |
| \$15,000 to \$24,999 | 379 | 20 | 50 | 40 | 35 | 51 | 49 | 135 |
| \$25,000 to \$34,999 | 233 | 18 | 14 | 30 | 23 | 27 | 43 | 79 |
| \$35,000 to \$49,999 | 268 | 10 | 38 | 27 | 48 | 49 | 54 | 43 |
| \$50,000 to \$74,999 | 471 | 19 | 81 | 75 | 114 | 90 | 57 | 36 |
| \$75,000 to \$99,999 | 264 | 4 | 38 | 70 | 60 | 62 | 18 | 13 |
| \$100,000 or more | 273 | 2 | 33 | 61 | 74 | 54 | 36 | 14 |
| Total | 2,210 | 109 | 309 | 328 | 395 | 385 | 293 | 392 |
| Median Income | \$43,522 | \$23,911 | \$48,462 | \$61,162 | \$57,995 | \$52,259 | \$38,833 | \$23,585 |
| 2019 | | | | | | | | |
| Less than \$15,000 | 306 | 31 | 53 | 25 | 31 | 46 | 40 | 80 |
| \$15,000 to \$24,999 | 302 | 15 | 41 | 30 | 25 | 37 | 41 | 112 |
| \$25,000 to \$34,999 | 201 | 13 | 14 | 22 | 17 | 24 | 42 | 70 |
| \$35,000 to \$49,999 | 247 | 10 | 33 | 25 | 34 | 42 | 55 | 48 |
| \$50,000 to \$74,999 | 405 | 17 | 69 | 63 | 81 | 74 | 63 | 38 |
| \$75,000 to \$99,999 | 357 | 5 | 51 | 94 | 69 | 85 | 33 | 21 |
| \$100,000 or more | 377 | 4 | 43 | 77 | 86 | 79 | 64 | 24 |
| Total | 2,194 | 94 | 305 | 334 | 341 | 388 | 339 | 393 |
| Median Income | \$51,844 | \$25,863 | \$52,730 | \$75,556 | \$68,296 | \$62,430 | \$46,529 | \$25,442 |
| Change 2014 - 2019 | | | | | | | | |
| Less than \$15,000 | -17 | -5 | -3 | -1 | -11 | -7 | 4 | 7 |
| \$15,000 to \$24,999 | -78 | -5 | -8 | -10 | -10 | -13 | -7 | -23 |
| \$25,000 to \$34,999 | -32 | -5 | -0 | -8 | -6 | -3 | -0 | -9 |
| \$35,000 to \$49,999 | -21 | -0 | -5 | -2 | -14 | -6 | 1 | 6 |
| \$50,000 to \$74,999 | -66 | -2 | -12 | -12 | -34 | -16 | 6 | 3 |
| \$75,000 to \$99,999 | 93 | 1 | 13 | 24 | 9 | 23 | 15 | 8 |
| \$100,000 or more | 104 | 2 | 11 | 16 | 12 | 25 | 28 | 10 |
| Total | -16 | -15 | -4 | 7 | -54 | 2 | 47 | 1 |
| Median Income | \$8,322 | \$1,952 | \$4,268 | \$14,394 | \$10,301 | \$10,171 | \$7,696 | \$1,857 |

Sources: ESRI; US Census Bureau; Maxfield Research Inc.

DEMOGRAPHIC ANALYSIS

**TABLE D-7
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
MANCHESTER MARKET AREA
2014 & 2019**

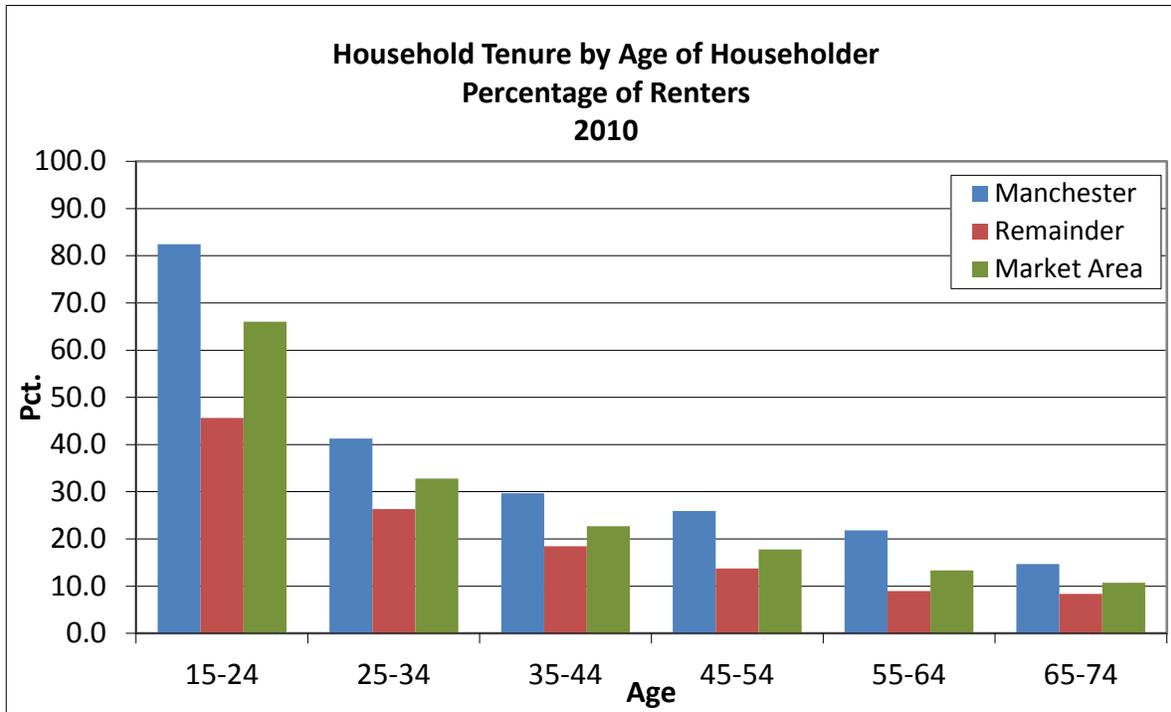
| | Age of Householder | | | | | | | |
|---------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Total | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | 75+ |
| 2014 | | | | | | | | |
| Less than \$15,000 | 624 | 47 | 90 | 53 | 97 | 141 | 84 | 112 |
| \$15,000 to \$24,999 | 775 | 34 | 81 | 57 | 82 | 113 | 122 | 286 |
| \$25,000 to \$34,999 | 629 | 29 | 45 | 69 | 67 | 96 | 121 | 202 |
| \$35,000 to \$49,999 | 675 | 25 | 94 | 62 | 104 | 139 | 136 | 114 |
| \$50,000 to \$74,999 | 1,358 | 46 | 209 | 228 | 329 | 284 | 190 | 72 |
| \$75,000 to \$99,999 | 779 | 8 | 102 | 164 | 202 | 222 | 49 | 33 |
| \$100,000 or more | 885 | 5 | 86 | 220 | 258 | 223 | 69 | 23 |
| Total | 5,725 | 194 | 705 | 853 | 1,140 | 1,220 | 771 | 843 |
| Median Income | \$51,842 | \$29,707 | \$53,287 | \$68,471 | \$63,838 | \$57,931 | \$40,196 | \$25,747 |
| 2019 | | | | | | | | |
| Less than \$15,000 | 575 | 38 | 81 | 45 | 68 | 123 | 100 | 119 |
| \$15,000 to \$24,999 | 601 | 26 | 65 | 43 | 47 | 80 | 102 | 239 |
| \$25,000 to \$34,999 | 530 | 23 | 37 | 49 | 43 | 78 | 122 | 179 |
| \$35,000 to \$49,999 | 605 | 23 | 75 | 48 | 65 | 121 | 146 | 127 |
| \$50,000 to \$74,999 | 1,167 | 44 | 177 | 181 | 225 | 242 | 220 | 78 |
| \$75,000 to \$99,999 | 1,027 | 9 | 137 | 208 | 218 | 302 | 93 | 60 |
| \$100,000 or more | 1,183 | 7 | 117 | 277 | 287 | 317 | 130 | 48 |
| Total | 5,689 | 168 | 690 | 852 | 954 | 1,264 | 913 | 850 |
| Median Income | \$58,935 | \$33,655 | \$59,450 | \$80,173 | \$77,207 | \$73,210 | \$48,060 | \$27,865 |
| Change 2014 - 2019 | | | | | | | | |
| Less than \$15,000 | -49 | -9 | -9 | -7 | -29 | -18 | 17 | 7 |
| \$15,000 to \$24,999 | -173 | -9 | -16 | -14 | -34 | -33 | -19 | -48 |
| \$25,000 to \$34,999 | -99 | -6 | -8 | -20 | -25 | -19 | 1 | -23 |
| \$35,000 to \$49,999 | -70 | -3 | -19 | -14 | -39 | -18 | 9 | 13 |
| \$50,000 to \$74,999 | -191 | -2 | -31 | -47 | -104 | -42 | 30 | 6 |
| \$75,000 to \$99,999 | 247 | 1 | 35 | 45 | 16 | 80 | 44 | 27 |
| \$100,000 or more | 298 | 2 | 32 | 56 | 29 | 94 | 61 | 25 |
| Total | -36 | -26 | -16 | -1 | -186 | 44 | 142 | 7 |
| Median Income | \$7,093 | \$3,948 | \$6,163 | \$11,702 | \$13,369 | \$15,279 | \$7,864 | \$2,118 |

Sources: ESRI; US Census Bureau; Maxfield Research Inc.

Tenure by Age of Householder

Table D-8 shows the number of owner and renter households in the Market Area by age group in 2000 and 2010. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. The following are key findings from Table D-7.

- In 2000, 77.3% of all households in the Market Area owned their housing. By 2010, that percentage increased to 78.8%. Typically, homeownership rates decreased during the 2000s as it became more difficult for households to secure mortgage loans, households delayed purchasing homes due to the uncertainty of the housing market, and foreclosures forced households out of their homes. However, the Market Area increased its homeowner base from 4,268 to 4,497 and decreased its renter base from 1,256 to 1,212 in 2010.
- The number of owner households in the Market Area increased by 5.4% compared to a decrease of -3.5% in renter households between 2000 and 2010.
- In 2000, 71% of all households in Manchester owned their own housing. By 2010, that percentage decreased to 70.5%. These percentages are lower than the Remainder of the Market Area. In 2000, 81.3% of all households in the Remainder of the Market Area owned their own housing. In 2010, that percentage increased to 83.9%.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.



DEMOGRAPHIC ANALYSIS

**TABLE D-8
TENURE BY AGE OF HOUSEHOLDER
MANCHESTER MARKET AREA
2000 & 2010**

| Age | | City of Manchester | | | | Remainder of Market Area | | | | Market Area Total | | | |
|--------------|--------------|--------------------|--------------|--------------|--------------|--------------------------|--------------|--------------|--------------|-------------------|--------------|--------------|--------------|
| | | 2000 | | 2010 | | 2000 | | 2010 | | 2000 | | 2010 | |
| | | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| 15-24 | Own | 21 | 16.5 | 20 | 17.5 | 49 | 38.9 | 50 | 54.3 | 70 | 27.7 | 70 | 34.0 |
| | Rent | 106 | 83.5 | 94 | 82.5 | 77 | 61.1 | 42 | 45.7 | 183 | 72.3 | 136 | 66.0 |
| | Total | 127 | 100.0 | 114 | 100.0 | 126 | 100.0 | 92 | 100.0 | 253 | 100.0 | 206 | 100.0 |
| 25-34 | Own | 192 | 57.8 | 185 | 58.7 | 287 | 61.7 | 305 | 73.7 | 479 | 60.1 | 490 | 67.2 |
| | Rent | 140 | 42.2 | 130 | 41.3 | 178 | 38.3 | 109 | 26.3 | 318 | 39.9 | 239 | 32.8 |
| | Total | 332 | 100.0 | 315 | 100.0 | 465 | 100.0 | 414 | 100.0 | 797 | 100.0 | 729 | 100.0 |
| 35-44 | Own | 320 | 69.6 | 237 | 70.3 | 663 | 79.9 | 451 | 81.6 | 983 | 76.2 | 688 | 77.3 |
| | Rent | 140 | 30.4 | 100 | 29.7 | 167 | 20.1 | 102 | 18.4 | 307 | 23.8 | 202 | 22.7 |
| | Total | 460 | 100.0 | 337 | 100.0 | 830 | 100.0 | 553 | 100.0 | 1,290 | 100.0 | 890 | 100.0 |
| 45-54 | Own | 276 | 80.9 | 314 | 74.1 | 574 | 90.1 | 751 | 86.2 | 850 | 86.9 | 1,065 | 82.2 |
| | Rent | 65 | 19.1 | 110 | 25.9 | 63 | 9.9 | 120 | 13.8 | 128 | 13.1 | 230 | 17.8 |
| | Total | 341 | 100.0 | 424 | 100.0 | 637 | 100.0 | 871 | 100.0 | 978 | 100.0 | 1,295 | 100.0 |
| 55-64 | Own | 212 | 84.5 | 272 | 78.2 | 467 | 93.4 | 620 | 91.0 | 679 | 90.4 | 892 | 86.7 |
| | Rent | 39 | 15.5 | 76 | 21.8 | 33 | 6.6 | 61 | 9.0 | 72 | 9.6 | 137 | 13.3 |
| | Total | 251 | 100.0 | 348 | 100.0 | 500 | 100.0 | 681 | 100.0 | 751 | 100.0 | 1,029 | 100.0 |
| 65-74 | Own | 221 | 83.1 | 227 | 85.3 | 373 | 91.4 | 404 | 91.6 | 594 | 88.1 | 631 | 89.3 |
| | Rent | 45 | 16.9 | 39 | 14.7 | 35 | 8.6 | 37 | 8.4 | 80 | 11.9 | 76 | 10.7 |
| | Total | 266 | 100.0 | 266 | 100.0 | 408 | 100.0 | 441 | 100.0 | 674 | 100.0 | 707 | 100.0 |
| 75-84 | Own | 231 | 79.1 | 213 | 79.5 | 243 | 81.8 | 272 | 83.4 | 474 | 80.5 | 485 | 81.6 |
| | Rent | 61 | 20.9 | 55 | 20.5 | 54 | 18.2 | 54 | 16.6 | 115 | 19.5 | 109 | 18.4 |
| | Total | 292 | 100.0 | 268 | 100.0 | 297 | 100.0 | 326 | 100.0 | 589 | 100.0 | 594 | 100.0 |
| 85+ | Own | 65 | 66.3 | 83 | 65.4 | 74 | 78.7 | 93 | 70.5 | 139 | 72.4 | 176 | 68.0 |
| | Rent | 33 | 33.7 | 44 | 34.6 | 20 | 21.3 | 39 | 29.5 | 53 | 27.6 | 83 | 32.0 |
| | Total | 98 | 100.0 | 127 | 100.0 | 94 | 100.0 | 132 | 100.0 | 192 | 100.0 | 259 | 100.0 |
| TOTAL | Own | 1,538 | 71.0 | 1,551 | 70.5 | 2,730 | 81.3 | 2,946 | 83.9 | 4,268 | 77.3 | 4,497 | 78.8 |
| | Rent | 629 | 29.0 | 648 | 29.5 | 627 | 18.7 | 564 | 16.1 | 1,256 | 22.7 | 1,212 | 21.2 |
| | Total | 2,167 | 100.0 | 2,199 | 100.0 | 3,357 | 100.0 | 3,510 | 100.0 | 5,524 | 100.0 | 5,709 | 100.0 |

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

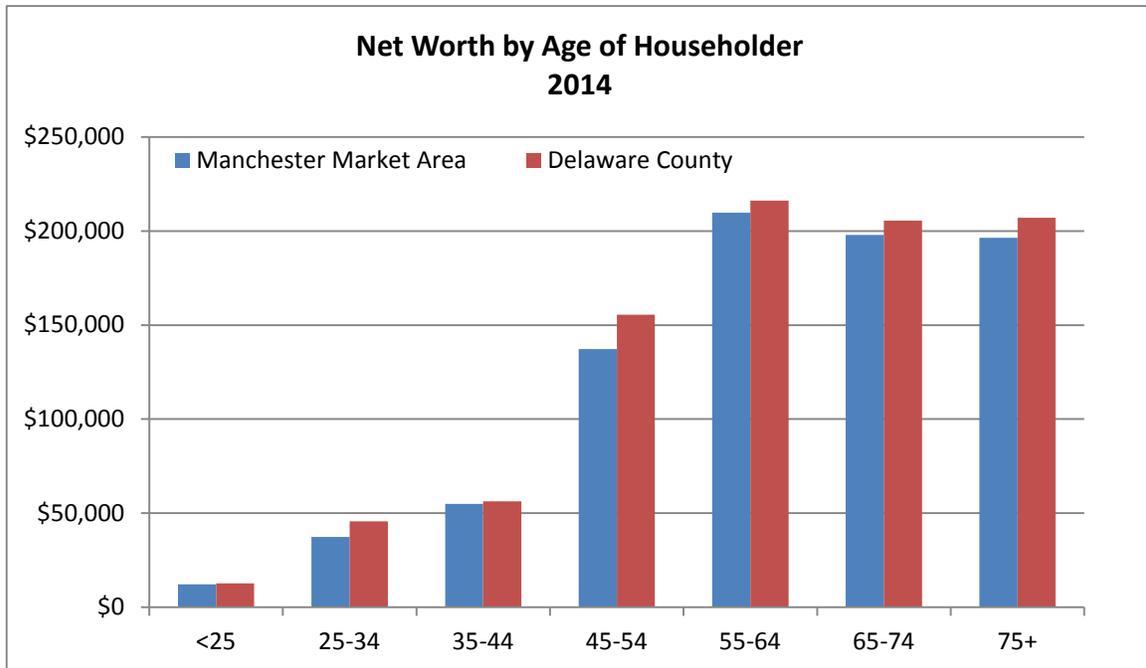
DEMOGRAPHIC ANALYSIS

- In 2010, 66% of the Market Area's households between the ages of 15 and 24 rented their housing, compared to 32.8% of households between the ages of 25 and 34. Householders between 35 and 64 were overwhelmingly homeowners, with no more than 23% of the householders in each 10-year age cohort renting their housing.
- The significantly higher homeownership rates in the Remainder of the Market Area (83.9%) compared to the City of Manchester (70.5%) reflects the rural character of the area, where traditional agricultural land use and lack of infrastructure typically cannot support higher density rental housing. In addition, homeownership is more feasible in outlying rural areas because the cost of owning a single-family home is typically lower than in communities the size of Manchester or larger.

Net Worth

Table D-9 shows household net worth in the Manchester Market Area and Delaware County in 2014. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

- The Manchester Market Area had a median net worth of \$115,983 in 2014, while Delaware County had a median net worth of \$124,942. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. In the Manchester Market Area, median net worth peak in the 55 to 64 age cohort, posting a median net worth of \$209,698.
- Households often delay purchasing homes and instead choose to rent until they acquire sufficient net worth to cover the costs of a down payment and closing costs associated with home ownership.



**TABLE D-9
NET WORTH BY AGE OF HOUSEHOLDER
MANCHESTER MARKET AREA
2014**

| | Manchester Market Area | Delaware County |
|---------------|------------------------|-----------------|
| <25 | | |
| Median | \$12,211 | \$12,734 |
| 25-34 | | |
| Median | \$37,401 | \$45,646 |
| 35-44 | | |
| Median | \$54,920 | \$56,327 |
| 45-54 | | |
| Median | \$137,163 | \$155,564 |
| 55-64 | | |
| Median | \$209,698 | \$216,148 |
| 65-74 | | |
| Median | \$197,859 | \$205,490 |
| 75+ | | |
| Median | \$196,451 | \$207,103 |

Source: ESRI; Maxfield Research Inc.

Demographic Comparison to Peer Cities

Table D-10 provides a demographic summary comparison for Manchester and surrounding cities.

- Compared to the surrounding cities, Manchester has the second highest median household income at \$46,678. Independence had a higher median household income (\$51,266).
- Manchester has the second lowest contract rent (\$384) compared to the surrounding cities. Dyersville had a lower contract rent (\$338).
- In comparison to the other peer cities, Manchester has the second highest mobility rate (percent moved in the last year) at 13.3%. Oelwein had the highest mobility rate at 14.5%.
- Manchester is tied with Dyersville for the highest percentage of households with children at 22.2%. Oelwein has the lowest percentage with 14.7%.

| | Manchester | | Independence | | Dyersville | Monticello | | Oelwein | |
|--|------------|------|--------------|------|------------|------------|------|----------|------|
| | Num | Pct. | Num | Pct. | Pct. | Num | Pct. | Num | Pct. |
| Demographic Summary | | | | | | | | | |
| Population (2010) | 5,179 | | 5,966 | | 4,058 | 3,796 | | 6,415 | |
| Households (2010) | 2,199 | | 2,521 | | 1,700 | 1,693 | | 2,763 | |
| HH Size | 2.36 | | 2.37 | | 2.39 | 2.24 | | 2.32 | |
| HH Income/Median (2012) | \$46,678 | | \$51,266 | | \$45,444 | \$44,382 | | \$37,377 | |
| Percent HH's w/Children (2010) | 22.2% | | 18.4% | | 22.2% | 17.0% | | 14.7% | |
| Percent HH's Living Alone (2010) | 29.9% | | 32.2% | | 29.9% | 35.6% | | 33.9% | |
| Housing Characteristics | | | | | | | | | |
| Percent Own (2010) | 70.5% | | 71.4% | | 81.0% | 69.2% | | 69.7% | |
| Percent Rent (2010) | 29.5% | | 28.6% | | 19.0% | 30.8% | | 30.3% | |
| Median Contract Rent (2012) ¹ | \$384 | | \$486 | | \$338 | \$402 | | \$385 | |
| Mobility Rate (% Moved in past year) | 13.3% | | 11.0% | | 10.1% | 9.9% | | 14.5% | |

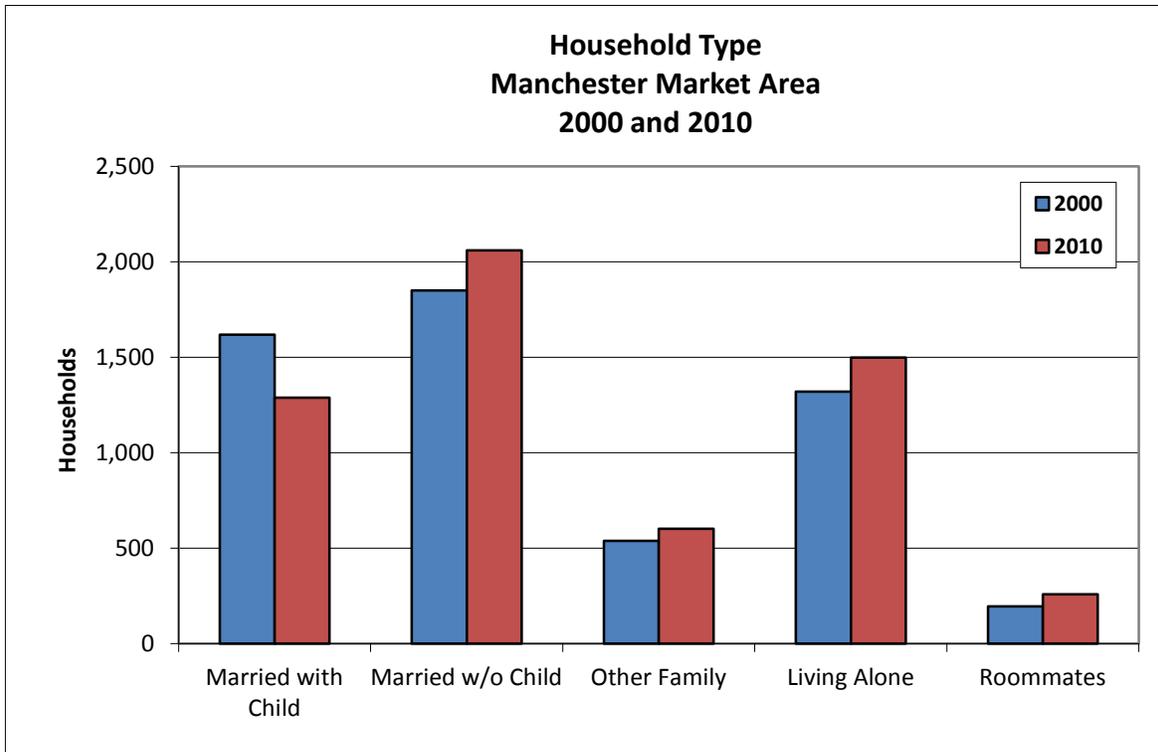
¹ Median contract rents subject to margin of error and includes income-restricted units

Source: U.S. Census Bureau; ESRI; DEED; Maxfield Research, Inc.

Household Type

Table D-11 shows a breakdown of the type of households present in the Market Area in 2000 and 2010. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2000 and 2010, the Market Area experienced an increase in all types of households except families that are married with children (-20.4%). Married families without children experienced a large numerical increase (209 households) or +11.3%. The increase in households married without children can be attributed to couples waiting longer to have children, and the baby boomers aging into empty nester years.
- Persons Living Alone experienced an increase of 179 households (13.6%). This could indicate an aging senior population. As the frailty level of these seniors increases, they typically move out of their homes in pursuit of housing with services. However, the recession has affected many seniors, and their fears of the market can be affecting their decisions to move out of the homes and into age-restricted housing.
- The Market Area also had an increase in other family households (a gain of 64 households, or 11.9%). Other families include single-parents and unmarried couples with children. With only one income, these families are most likely to need affordable or modest housing, both rental and for-sale.
- To some extent, differences between Manchester and the Remainder of the Market Area reflect the availability of a wider range of housing options in Manchester compared to the rural areas. For example, non-family householders tend to rent their housing more so than the other categories. This category includes many elderly widows as well as young persons. Young people typically do not have sufficient incomes to purchase housing, while single seniors are more likely to move to multifamily housing to shed the burden of home maintenance and to have more opportunities for socialization. About 37% of Manchester's households were non-family households in 2010, while only 27% of the Remainder of the Market Area's households was non-family. This reflects the availability of multifamily rental housing in Manchester.



DEMOGRAPHIC ANALYSIS

**TABLE D-11
HOUSEHOLD TYPE
MANCHESTER MARKET AREA
2000 & 2010**

| | Total HH's | | Family Households | | | | | | Non-Family Households | | | |
|-----------------------------|-------------------|--------------|--------------------------|--------------|-------------------------|--------------|----------------|-------------|------------------------------|--------------|------------------|-------------|
| | 2000 | 2010 | Married w/o Child | | Married w/ Child | | Other * | | Living Alone | | Roommates | |
| | | | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 |
| Number of Households | | | | | | | | | | | | |
| Manchester | 2,167 | 2,199 | 639 | 679 | 494 | 409 | 265 | 303 | 685 | 710 | 84 | 98 |
| Rem. of Market Area | 3,357 | 3,510 | 1,212 | 1,381 | 1,125 | 880 | 273 | 299 | 635 | 789 | 112 | 161 |
| Market Area Total | 5,524 | 5,709 | 1,851 | 2,060 | 1,619 | 1,289 | 538 | 602 | 1,320 | 1,499 | 196 | 259 |
| Percent of Total | | | | | | | | | | | | |
| Manchester | 100.0 | 100.0 | 29.5 | 30.9 | 22.8 | 18.6 | 12.2 | 13.8 | 31.6 | 32.3 | 3.9 | 4.5 |
| Rem. of Market Area | 100.0 | 100.0 | 36.1 | 39.3 | 33.5 | 25.1 | 8.1 | 8.5 | 18.9 | 22.5 | 3.3 | 4.6 |
| Market Area Total | 100.0 | 100.0 | 33.5 | 36.1 | 29.3 | 22.6 | 9.7 | 10.5 | 23.9 | 26.3 | 3.5 | 4.5 |
| Change | | | | | | | | | | | | |
| | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| Manchester | 32 | 1.5 | 40 | 6.3 | -85 | -17.2 | 38 | 14.3 | 25 | 3.6 | 14 | 16.7 |
| Rem. of Market Area | 153 | 4.6 | 169 | 13.9 | -245 | -21.8 | 26 | 9.5 | 154 | 24.3 | 49 | 43.8 |
| Market Area Total | 185 | 3.3 | 209 | 11.3 | -330 | -20.4 | 64 | 11.9 | 179 | 13.6 | 63 | 32.1 |

* Single-parent families, unmarried couples with children.

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

Employment Trends

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

Resident Labor Force

Table E-1 presents resident employment data for Delaware County from 2002 through 2013. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in County. The data is obtained from the Iowa Workforce Development.

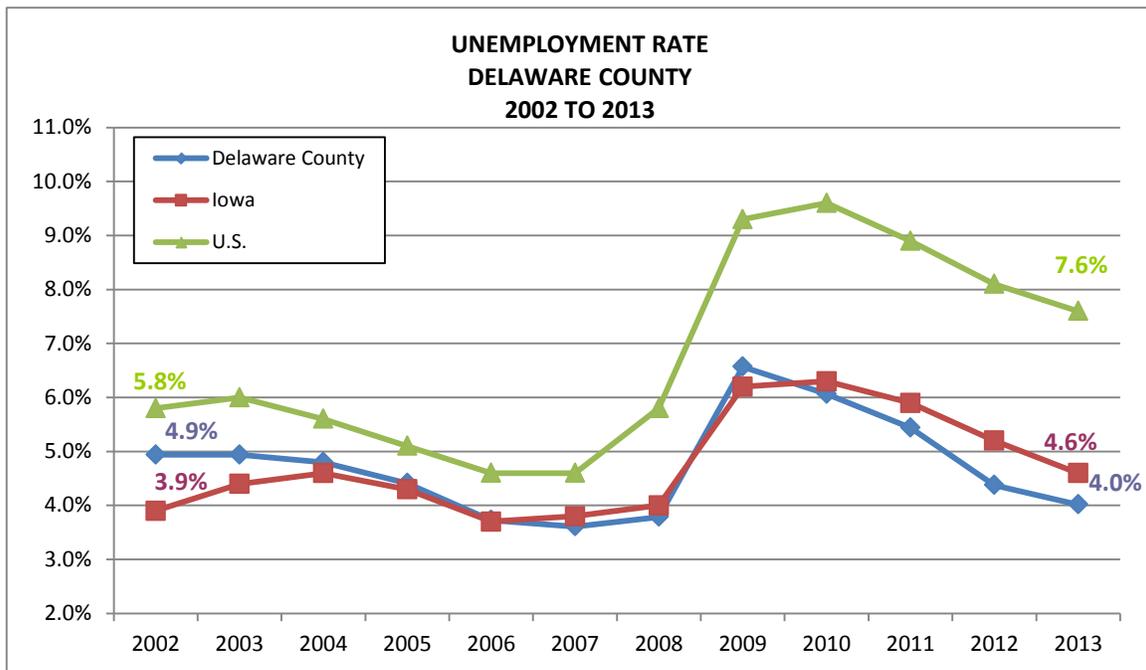
- Resident employment in Delaware County has increased by about 700 people between 2002 and 2013 (7.1%). The number of individuals in the labor market also increased, but at a lower rate (6.1%) than resident employment.
- Delaware County's unemployment rate has been much lower than the U.S. unemployment rate between 2002 and 2013. However, Delaware County's unemployment rate is comparable to Iowa's unemployment rate. Average unemployment rate in Delaware County over this time period is 4.7%, which is the same percentage as Iowa and much lower than the average in the U.S. (6.8%).
- Delaware County's unemployment rate was significantly lower than the nation during the Great Recession. The unemployment rate rose to 6.3% in the State of Iowa and 6.1% in Delaware County in 2010. However, as of 2013, the unemployment rate has fallen to 4.0%, below the State and nation at 4.6% and 7.6%, respectively.

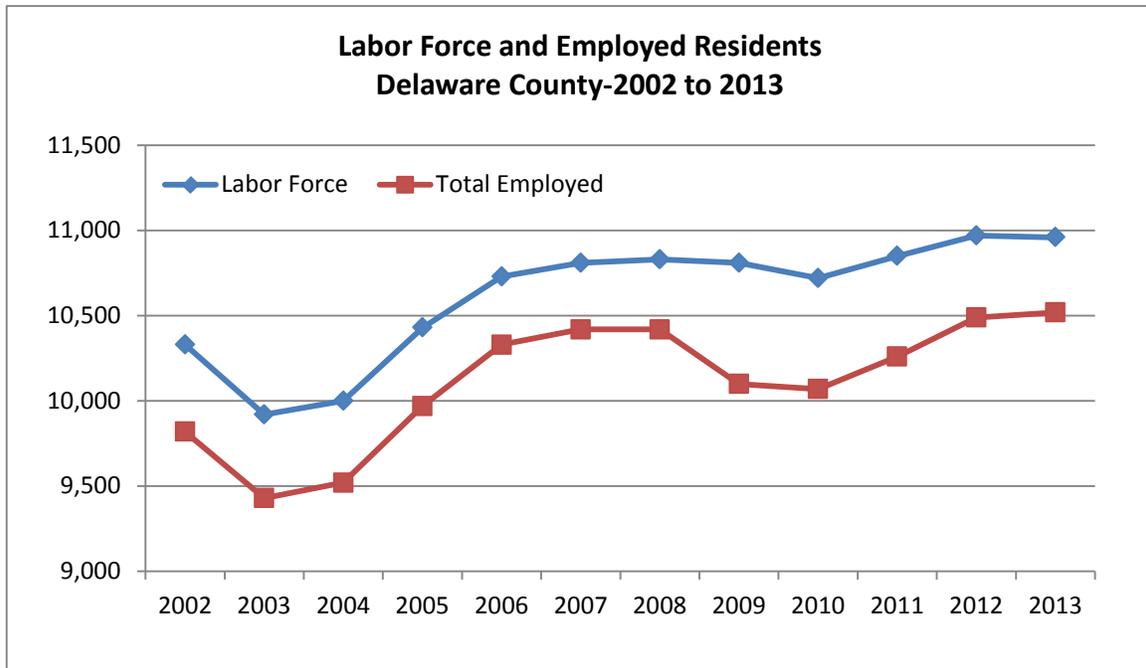
EMPLOYMENT TRENDS

**TABLE E-1
RESIDENT EMPLOYMENT (ANNUAL AVERAGE)
Delaware County
2002 through 2013**

| Year | Total Labor Force | Total Employed | Total Unemployed | Delaware Co. Unemployment Rate | Iowa Unemployment Rate | U.S. Unemployment Rate |
|-----------------------|-------------------|----------------|------------------|--------------------------------|------------------------|------------------------|
| 2002 | 10,330 | 9,820 | 510 | 4.9% | 3.9% | 5.8% |
| 2003 | 9,920 | 9,430 | 490 | 4.9% | 4.4% | 6.0% |
| 2004 | 10,000 | 9,520 | 480 | 4.8% | 4.6% | 5.6% |
| 2005 | 10,430 | 9,970 | 460 | 4.4% | 4.3% | 5.1% |
| 2006 | 10,730 | 10,330 | 400 | 3.7% | 3.7% | 4.6% |
| 2007 | 10,810 | 10,420 | 390 | 3.6% | 3.8% | 4.6% |
| 2008 | 10,830 | 10,420 | 410 | 3.8% | 4.0% | 5.8% |
| 2009 | 10,810 | 10,100 | 710 | 6.6% | 6.2% | 9.3% |
| 2010 | 10,720 | 10,070 | 650 | 6.1% | 6.3% | 9.6% |
| 2011 | 10,850 | 10,260 | 590 | 5.4% | 5.9% | 8.9% |
| 2012 | 10,970 | 10,490 | 480 | 4.4% | 5.2% | 8.1% |
| 2013 | 10,960 | 10,520 | 440 | 4.0% | 4.6% | 7.6% |
| Change 2002-13 | 630 | 700 | -70 | -0.9% | 0.7% | 1.8% |

Sources: Iowa Workforce Development; Maxfield Research Inc.





Covered Employment by Industry

Table E-2 shows an average weekly wage comparison between Delaware County and Iowa. Data is sourced from the U.S. Bureau of Labor Statistics. Table E-3 presents covered employment in the County for 2012. Covered employment data is calculated as an annual average and *reveals the number of jobs in the County, which are covered by unemployment insurance*. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data is obtained from the U.S. Census Bureau.

- The average weekly wage in Delaware County grew by 34% between 2003 and 2012, compared to 29% for the State of Iowa. The average annual growth following a similar trend with 3.4% in Delaware County, slightly higher than the State of Iowa with 2.9%.
- As of 2012, the average weekly wage was \$687 in Delaware County and \$761 in the State of Iowa. Comparatively, the average weekly wage was \$513 in Delaware County in 2003, compared to \$590 in the State of Iowa.
- Delaware County’s largest employment numbers are in the Manufacturing industry. As a percentage, Manufacturing is about 25% of the employment total.
- The second largest employment numbers are in the Educational Services, healthcare, and social assistance sector, which represents nearly 16% of the employment total.

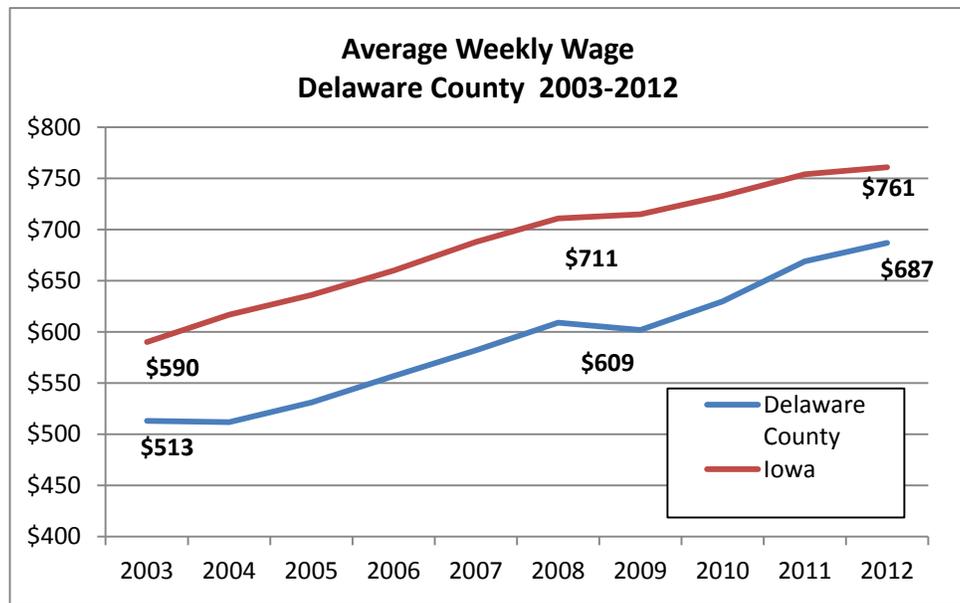
EMPLOYMENT TRENDS

- Public Administration has the highest average wage (\$55,449), however, it should be noted these careers only account for 4.4% of the employment total. Agriculture, forestry, fishing, hunting, and mining account for 10% of the total employment and have an average wage of \$34,366.
- The lowest wages were found in the arts, entertainment, recreation, accommodation, and food services sector (\$17,143). This industry also has one of the lowest employment totals as well.

| TABLE E-2 AVERAGE WEEKLY/ ANNUAL WAGE Delaware County 2003 - 2012 | | | | |
|--|-----------------|----------|-------------|----------|
| | Delaware County | | Iowa | |
| | Weekly | Annual | Weekly | Annual |
| Avg. Annual Growth | 3.4% | | 2.9% | |
| 2003 | \$513 | \$26,676 | \$590 | \$30,680 |
| 2004 | \$512 | \$26,624 | \$617 | \$32,084 |
| 2005 | \$531 | \$27,612 | \$636 | \$33,072 |
| 2006 | \$557 | \$28,964 | \$660 | \$34,320 |
| 2007 | \$582 | \$30,264 | \$688 | \$35,776 |
| 2008 | \$609 | \$31,668 | \$711 | \$36,972 |
| 2009 | \$602 | \$31,304 | \$715 | \$37,180 |
| 2010 | \$630 | \$32,760 | \$733 | \$38,116 |
| 2011 | \$669 | \$34,788 | \$754 | \$39,208 |
| 2012 | \$687 | \$35,724 | \$761 | \$39,572 |

Sources: U.S. Bureau of Labor Statistics; Maxfield Research Inc.

EMPLOYMENT TRENDS



**TABLE E-3
COVERED EMPLOYMENT BY INDUSTRY
Delaware County
2012**

| | Delaware County Total | | Iowa Total |
|--|-----------------------|-----------|------------|
| | Employment | Avg. Wage | Avg. Wage |
| Agriculture, forestry, fishing and hunting, and mining | 678 10.4% | \$34,366 | \$37,478 |
| Construction | 449 6.9% | \$32,292 | \$41,424 |
| Manufacturing | 1,635 25.1% | \$37,983 | \$41,455 |
| Wholesale trade | 243 3.7% | \$36,563 | \$43,301 |
| Retail trade | 957 14.7% | \$31,359 | \$31,563 |
| Transportation and warehousing, and utilities | 261 4.0% | \$50,184 | \$48,810 |
| Information | 101 1.6% | \$39,375 | \$42,102 |
| Finance and insurance, and real estate and rental and leasing | 240 3.7% | \$36,875 | \$44,875 |
| Professional, scientific, management, admin. & waste mgmt services | 300 4.6% | \$26,571 | \$42,951 |
| Educational services, and health care and social assistance | 1,062 16.3% | \$35,810 | \$39,377 |
| Arts, entertainment, recreation, accommodation and food services | 106 1.6% | \$17,143 | \$24,698 |
| Other services, except public administration | 193 3.0% | \$31,913 | \$33,334 |
| Public administration | 285 4.4% | \$55,449 | \$51,725 |
| Total | 6,510 100% | | |

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

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households’ budgets. Table E-4 highlights the commuting patterns of workers in Manchester in 2011 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau. Likewise, Table E-5 highlights commuting patterns of all Delaware County workers.

- A large number of Manchester residents also work in Manchester (39%). Of the 61% of Manchester residents that commuted to jobs outside the City, the most commuted to jobs in Cedar Rapids, Dubuque, Dyersville, and Davenport.
- Of the workers who work in Manchester, only 26% live in Manchester. The remaining 74% of the workers are commuting from a large variety of cities including Cedar Rapids, Dyersville, Edgewood, Dubuque, and Strawberry Point.

| TABLE E-4 COMMUTING PATTERNS BY CITY CITY OF MANCHESTER 2011 | | | | | |
|---|--------------|--------------|---------------------------------|--------------|--------------|
| Home Destination | | | Work Destination | | |
| Place of Residence | Count | Share | Place of Employment | Count | Share |
| Manchester | 955 | 25.6% | Manchester | 955 | 38.9% |
| Cedar Rapids | 110 | 2.9% | Cedar Rapids | 317 | 12.9% |
| Dyersville | 97 | 2.6% | Dubuque | 101 | 4.1% |
| Edgewood | 80 | 2.1% | Dyersville | 69 | 2.8% |
| Dubuque | 55 | 1.5% | Davenport | 57 | 2.3% |
| Strawberry Point | 55 | 1.5% | Marion | 57 | 2.3% |
| Hopkinton | 42 | 1.1% | Delhi | 51 | 2.1% |
| Earlville | 41 | 1.1% | Edgewood | 48 | 2.0% |
| Marion | 40 | 1.1% | Iowa City | 38 | 1.5% |
| Oelwein | 38 | 1.0% | Des Moines | 29 | 1.2% |
| All Other Locations | 2,217 | 59.4% | All Other Locations | 735 | 29.9% |
| <u>Distance Traveled</u> | | | <u>Distance Traveled</u> | | |
| Total Primary Jobs | 3,730 | 100.0% | Total Primary Jobs | 2,457 | 100.0% |
| Less than 10 miles | 1,620 | 43.4% | Less than 10 miles | 1,099 | 44.7% |
| 10 to 24 miles | 882 | 23.6% | 10 to 24 miles | 338 | 13.8% |
| 25 to 50 miles | 637 | 17.1% | 25 to 50 miles | 638 | 26.0% |
| Greater than 50 miles | 591 | 15.8% | Greater than 50 miles | 382 | 15.5% |
| Home Destination = Where workers live who are employed in the selection area | | | | | |
| Work Destination = Where workers are employed who live in the selection area | | | | | |
| Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc. | | | | | |

| TABLE E-5 COMMUTING PATTERNS BY CITY DELAWARE COUNTY 2011 | | | | | |
|--|--------------|--------------|---------------------------------|--------------|--------------|
| Home Destination | | | Work Destination | | |
| <u>Place of Residence</u> | <u>Count</u> | <u>Share</u> | <u>Place of Employment</u> | <u>Count</u> | <u>Share</u> |
| Manchester | 1,209 | 20.2% | Manchester | 2,043 | 24.4% |
| Dyersville | 201 | 3.4% | Cedar Rapids | 975 | 11.6% |
| Cedar Rapids | 140 | 2.3% | Dubuque | 520 | 6.2% |
| Edgewood | 135 | 2.3% | Dyersville | 506 | 6.0% |
| Earlville | 122 | 2.0% | Edgewood | 225 | 2.7% |
| Strawberry Point | 109 | 1.8% | Delhi | 222 | 2.6% |
| Hopkinton | 85 | 1.4% | Monticello | 170 | 2.0% |
| Dubuque | 79 | 1.3% | Davenport | 168 | 2.0% |
| Ryan | 63 | 1.1% | Iowa City | 126 | 1.5% |
| Delhi | 59 | 1.0% | Marion | 123 | 1.5% |
| All Other Locations | 3,783 | 63.2% | All Other Locations | 3,305 | 39.4% |
| <u>Distance Traveled</u> | | | <u>Distance Traveled</u> | | |
| Total Primary Jobs | 5,985 | 100.0% | Total Primary Jobs | 8,383 | 100.0% |
| Less than 10 miles | 2,498 | 41.7% | Less than 10 miles | 2,737 | 32.6% |
| 10 to 24 miles | 1,729 | 28.9% | 10 to 24 miles | 2,120 | 25.3% |
| 25 to 50 miles | 934 | 15.6% | 25 to 50 miles | 2,221 | 26.5% |
| Greater than 50 miles | 824 | 13.8% | Greater than 50 miles | 1,305 | 15.6% |
| Home Destination = Where workers live who are employed in the selection area | | | | | |
| Work Destination = Where workers are employed who live in the selection area | | | | | |
| Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc. | | | | | |

- A significant portion of Delaware County residents also work in Manchester (25%). Of the 75% of Delaware County residents that commuted to jobs outside the City, the most commuted to jobs in Cedar Rapids, Dubuque, Dyersville, and Edgewood.
- Of the workers who work in Delaware County, only 20% live in Manchester. The remaining 80% of the workers are commuting from a large variety of cities including Dyersville, Cedar Rapids, Edgewood, Earlville, and Strawberry Point.

Inflow/Outflow

Table E-6 provides a summary of the inflow and outflow of workers in the County. Outflow reflects the number of workers living in the County but employed outside of the County while inflow measures the number of workers that are employed in the County but live outside. Information was unavailable on a submarket level, but is available by major cities in Delaware County.

EMPLOYMENT TRENDS

- Manchester can be considered an importer of workers, as the number of residents coming into the Manchester (inflow) for employment exceeded the number of residents leaving the Manchester for work (outflow). Approximately 2,775 workers came into the Manchester for work while 1,502 workers left, for a net difference of 1,273.
- Delaware County can be considered an exporter of workers, as the number of residents leaving the County for work (outflow) exceeded the number of residents coming into the County (inflow). Approximately 2,739 workers came into the County for work while 5,137 workers left, for a net difference of -2,398.
- Most of the larger cities in Delaware County are exporters of workers. In Earlville, 209 workers came into the City for work while 401 left, for a net difference of -192. In Greeley, 21 came into the City for work while 227 left, for a net difference of -206.

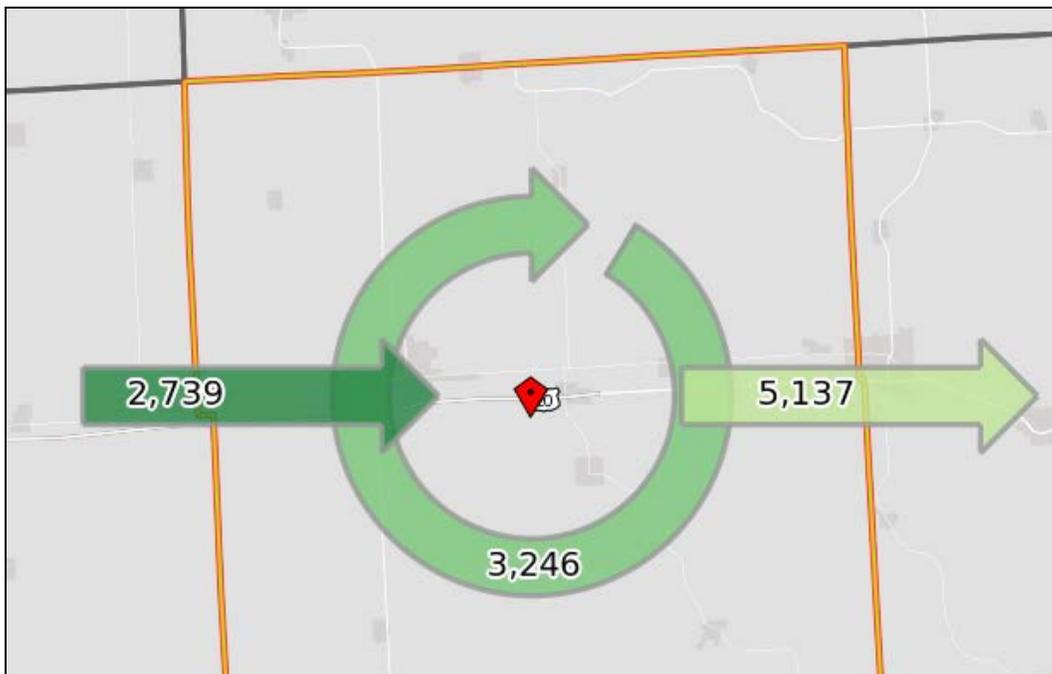
| TABLE E-6 COMMUTING INFLOW/OUTFLOW LARGER CITIES IN DELAWARE COUNTY 2011 | | | | | | |
|---|------------|-------|-----------|--------|-----------------|-------|
| | Manchester | | Earlville | | Delhi | |
| | Num. | Pct. | Num. | Pct. | Num. | Pct. |
| Employed in the Selection Area | 3,730 | 100% | 221 | 100% | 392 | 100% |
| Employed in the Selection Area but Living Outside | 2,775 | 74.4% | 209 | 94.6% | 380 | 96.9% |
| Employed and Living in the Selection Area | 955 | 25.6% | 12 | 5.4% | 12 | 3.1% |
| Living in the Selection Area | 2,457 | 100% | 413 | 100% | 168 | 100% |
| Living in the Selection Area but Employed Outside | 1,502 | 61.1% | 401 | 97.1% | 156 | 92.9% |
| Living and Employed in the Selection Area | 955 | 38.9% | 12 | 2.9% | 12 | 7.1% |
| | Ryan | | Greeley | | Delaware County | |
| | Num. | Pct. | Num. | Pct. | Num. | Pct. |
| Employed in the Selection Area | 46 | 100% | 21 | 100% | 5,985 | 100% |
| Employed in the Selection Area but Living Outside | 44 | 95.7% | 21 | 100.0% | 2,739 | 45.8% |
| Employed and Living in the Selection Area | 2 | 4.3% | 0 | 0.0% | 3,246 | 54.2% |
| Living in the Selection Area | 153 | 100% | 227 | 100% | 8,383 | 100% |
| Living in the Selection Area but Employed Outside | 151 | 98.7% | 227 | 100.0% | 5,137 | 61.3% |
| Living and Employed in the Selection Area | 2 | 1.3% | 0 | 0.0% | 3,246 | 38.7% |

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

City of Manchester: Inflow/Outflow



Delaware County: Inflow/Outflow



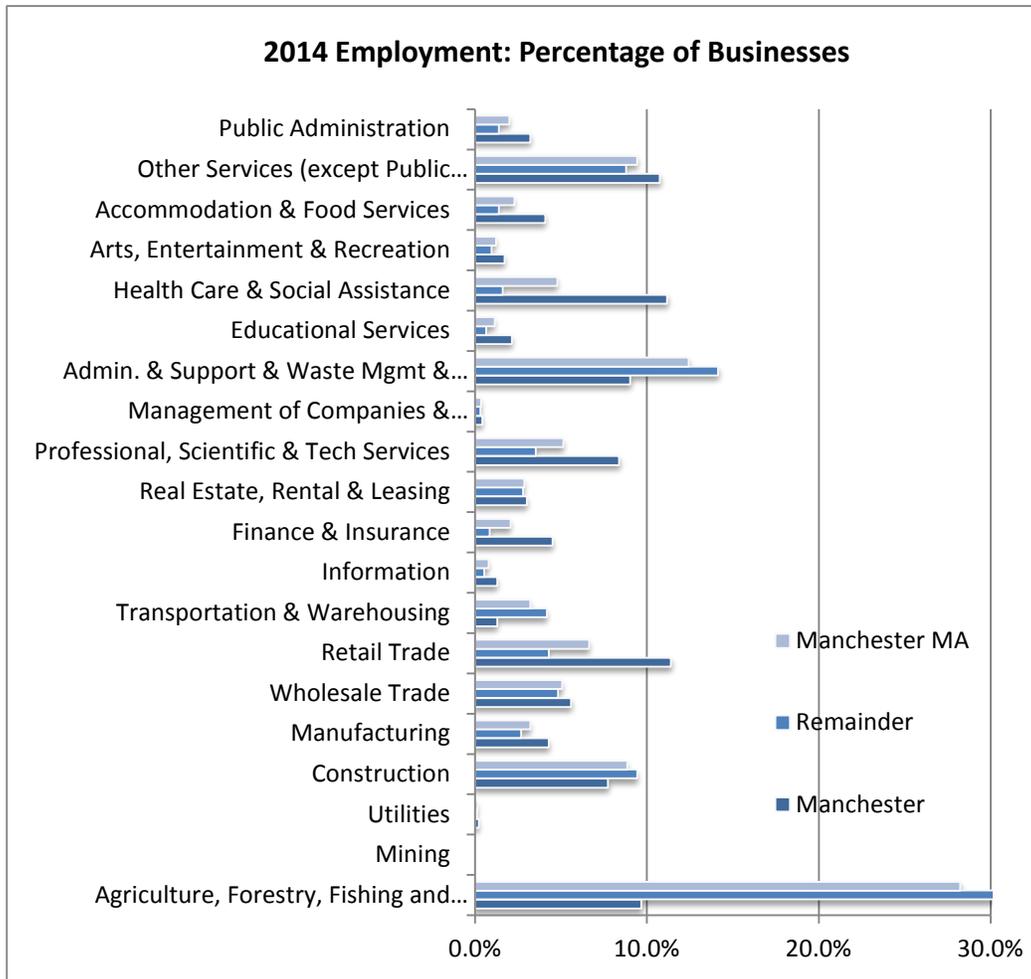
Existing Business Mix by NAICS

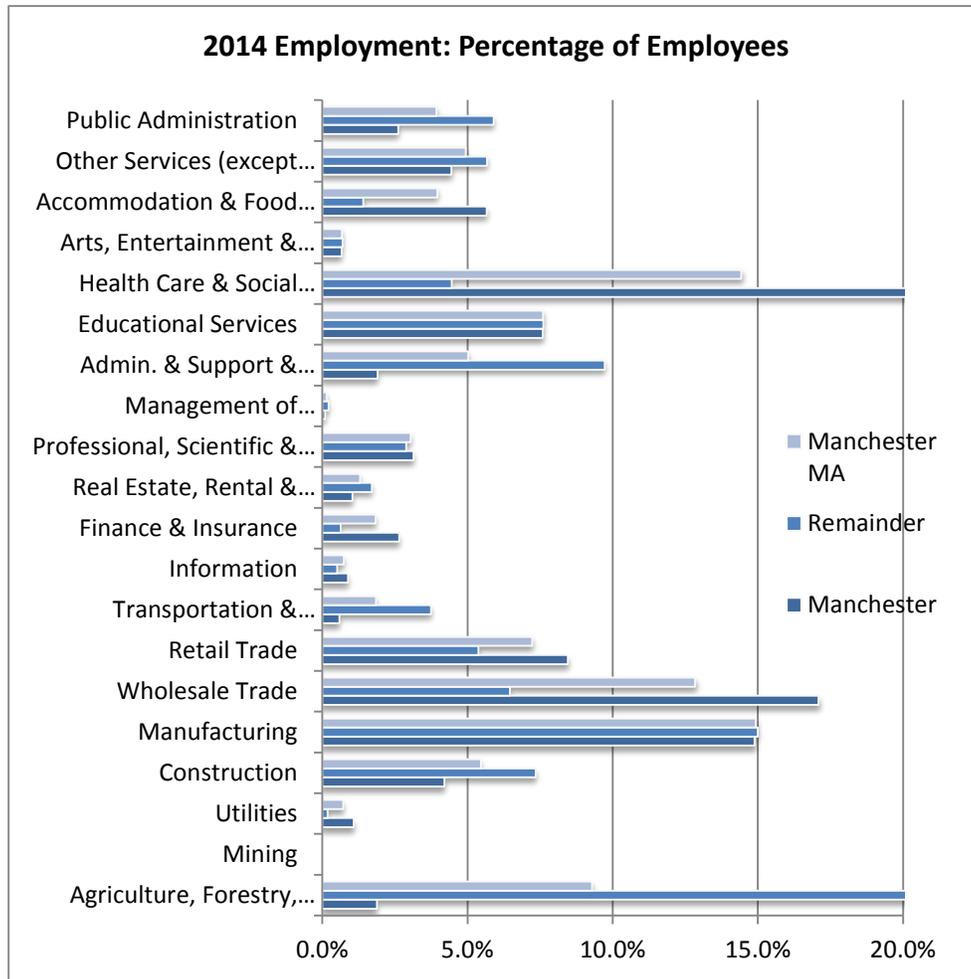
Table E-7 presents business data as compiled from ESRI and Infogroup in 2012. The business inventory database is compiled from multiple sources; including directory resources from the yellow and white pages, annual reports, 10ks, SEC filings, government data, U.S. Postal Service, business trade directories, newspapers, etc. To ensure accurate information, phone telephone verifications are completed for each business in the database. The data is characterized based on the six-digit North American Industry Classification System (NAICS). The NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

- There are approximately 1,398 businesses with 6,737 employees in the Market Area.
- Agriculture, Forestry, Fishing, and Hunting is the largest industry type (395 businesses) with a total of 626 employees. Administration/Support/Waste Management is the second largest industry type (174 businesses), but has a moderate number of employees (339).
- Manufacturing and Health Care & Social Assistance have the largest percentage of employees in the Market Area, with 1,006 and 972, respectively.

| Business/Industry | Manchester | | | | Remainder | | | | Manchester Total | | | |
|---|--------------|---------------|--------------|---------------|------------|---------------|--------------|---------------|------------------|---------------|--------------|---------------|
| | Businesses | | Employees | | Businesses | | Employees | | Businesses | | Employees | |
| | Number | Pct | Number | Pct | Number | Pct | Number | Pct | Number | Pct | Number | Pct |
| NAICS CODES | | | | | | | | | | | | |
| Agriculture, Forestry, Fishing and Hunting | 45 | 9.7% | 76 | 1.9% | 350 | 37.5% | 550 | 20.4% | 395 | 28.3% | 626 | 9.3% |
| Mining | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Utilities | 1 | 0.2% | 44 | 1.1% | 1 | 0.1% | 5 | 0.2% | 2 | 0.1% | 49 | 0.7% |
| Construction | 36 | 7.7% | 170 | 4.2% | 88 | 9.4% | 198 | 7.3% | 124 | 8.9% | 368 | 5.5% |
| Manufacturing | 20 | 4.3% | 602 | 14.9% | 25 | 2.7% | 404 | 15.0% | 45 | 3.2% | 1,006 | 14.9% |
| Wholesale Trade | 26 | 5.6% | 691 | 17.1% | 45 | 4.8% | 174 | 6.5% | 71 | 5.1% | 865 | 12.8% |
| Retail Trade | 53 | 11.4% | 342 | 8.5% | 40 | 4.3% | 145 | 5.4% | 93 | 6.7% | 487 | 7.2% |
| Transportation & Warehousing | 6 | 1.3% | 24 | 0.6% | 39 | 4.2% | 101 | 3.7% | 45 | 3.2% | 125 | 1.9% |
| Information | 6 | 1.3% | 36 | 0.9% | 5 | 0.5% | 14 | 0.5% | 11 | 0.8% | 50 | 0.7% |
| Finance & Insurance | 21 | 4.5% | 107 | 2.6% | 8 | 0.9% | 17 | 0.6% | 29 | 2.1% | 124 | 1.8% |
| Real Estate, Rental & Leasing | 14 | 3.0% | 42 | 1.0% | 26 | 2.8% | 46 | 1.7% | 40 | 2.9% | 88 | 1.3% |
| Professional, Scientific & Tech Services | 39 | 8.4% | 127 | 3.1% | 33 | 3.5% | 78 | 2.9% | 72 | 5.2% | 205 | 3.0% |
| Management of Companies & Enterprises | 2 | 0.4% | 4 | 0.1% | 3 | 0.3% | 6 | 0.2% | 5 | 0.4% | 10 | 0.1% |
| Admin. & Support & Waste Mgmt & Rem. Services | 42 | 9.0% | 77 | 1.9% | 132 | 14.1% | 262 | 9.7% | 174 | 12.4% | 339 | 5.0% |
| Educational Services | 10 | 2.2% | 307 | 7.6% | 6 | 0.6% | 205 | 7.6% | 16 | 1.1% | 512 | 7.6% |
| Health Care & Social Assistance | 52 | 11.2% | 852 | 21.1% | 15 | 1.6% | 120 | 4.5% | 67 | 4.8% | 972 | 14.4% |
| Arts, Entertainment & Recreation | 8 | 1.7% | 27 | 0.7% | 9 | 1.0% | 19 | 0.7% | 17 | 1.2% | 46 | 0.7% |
| Accommodation & Food Services | 19 | 4.1% | 229 | 5.7% | 13 | 1.4% | 38 | 1.4% | 32 | 2.3% | 267 | 4.0% |
| Other Services (except Public Administration) | 50 | 10.8% | 180 | 4.5% | 82 | 8.8% | 153 | 5.7% | 132 | 9.4% | 333 | 4.9% |
| Public Administration | 15 | 3.2% | 106 | 2.6% | 13 | 1.4% | 159 | 5.9% | 28 | 2.0% | 265 | 3.9% |
| Total | 465 | 100.0% | 4,043 | 100.0% | 933 | 100.0% | 2,694 | 100.0% | 1,398 | 100.0% | 6,737 | 100.0% |
| Total Number of Businesses | 1,398 | | | | | | | | | | | |
| Total Number of Employees | 6,737 | | | | | | | | | | | |

Sources: ESRI, Maxfield Research Inc.





Major Employers

Table E-8 shows the major employers in Manchester based on 2014 data provided by the Delaware County Economic Development.

- The Regional Medical Center is the largest employer with a total of 431 employees.
- Exide Technologies is the second largest employer with a total of 390 employees. Henderson Products has a significant amount of employees as well (345).
- Rockwell Collins and West Delaware Schools have a large employee base with 250 and 230 employees, respectively.

| Name | Industry/Product/Service | Employee Size |
|--|---------------------------------|----------------------|
| Manchester | | |
| Regional Medical Center | Healthcare | 431 |
| Exide Technologies | Batteries | 390 |
| Henderson Products | Truck Equipment | 345 |
| Rockwell Collins | Aircraft Manufacturing | 250 |
| West Delaware Schools | Education | 230 |
| Good Neighbor Society | Nursing & Convalescent Homes | 226 |
| XL Specialized Trailers | Trailers Manufacturing | 210 |
| WalMart | Retail | 150 |
| Fareway | Grocery | 100 |
| Animal Health Int | Animal Health Products | 90 |
| Laddawn | Manufacturing | 55 |
| Delaware County Courthouse | Government | 54 |
| City of Manchester | Government | 42 |
| F&M Bank | Banking | 27 |
| GNB Bank | Banking | 25 |
| Dental Associates of Manchester | Healthcare | 23 |
| Community Savings Bank | Banking | 20 |
| Total | | 2,668 |
| Source: Delaware County Economic Development, Maxfield Research Inc. | | |

Employer Survey

Maxfield Research surveyed representatives of the largest employers in Manchester during December 2014. The questions covered topics such as recent trends in job growth, average wages and salaries, employee turnover, projected job growth. In addition, representatives were asked their opinion about issues related to housing in the area. The following points summarize the findings of this survey process.

- Employers could not identify a central location that most of their employees commute to their workplace, but believe most employees commute between 5 to 20 miles to their work destination.
- Hiring is expected to remain steady or increase over the next two to five years as service needs and business conditions dictate.
- There was a general agreement that most employees in the area currently own their homes, but many new employees relocating to area from other areas tend to rent at first.
- Several employers said they have no concern regarding existing rental stock or for-sale market. Many employers said their employees have no issue finding adequate rental options or finding a new home in the city.

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Manchester and the Market Area by reviewing data on the age of the existing housing supply; examining residential building trends since 2000; and reviewing housing data from the American Community Survey that relates to the Market Area.

Residential Construction Trends 2000 to Present

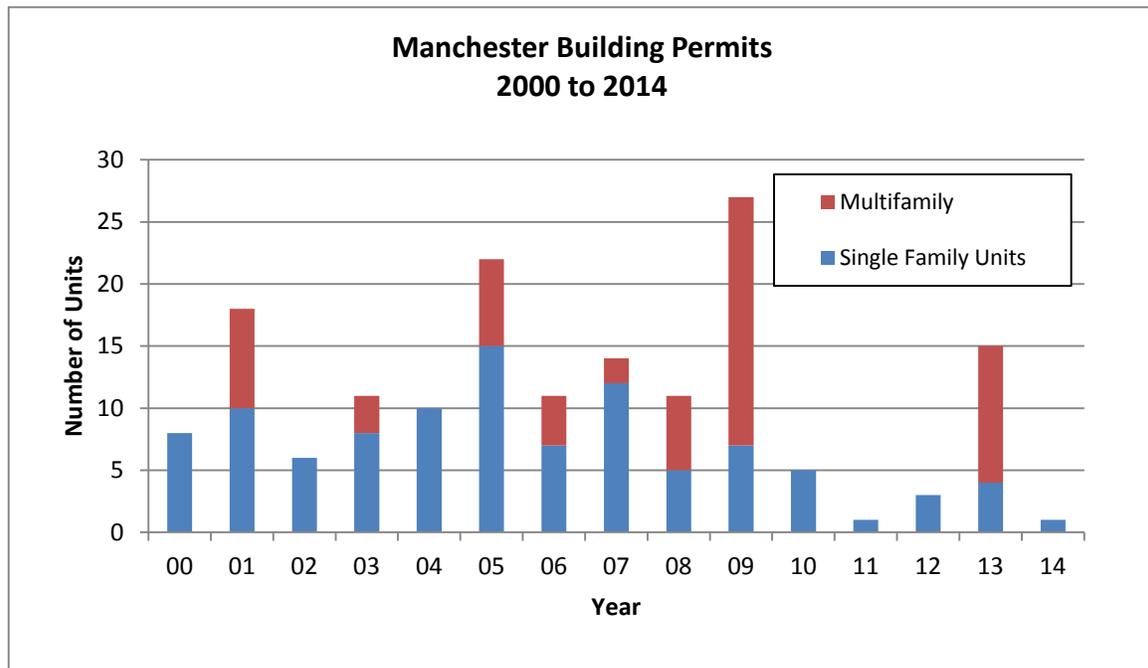
Maxfield Research obtained data from the City of Manchester on the number of building permits issued for new housing units in Manchester from 2000 to 2014. Table HC-1 displays permits issued for single-family and multifamily dwellings. Multifamily units include both for-sale (condominium, townhomes, and townhomes) and rental projects. The following are key points about housing development since 2000.

- The City of Manchester issued permits for the construction of 163 new residential units from 2000 to 2014. That equates to about 11 units annually since 2000.
- Beginning in 2007, which was the start of the Great Recession, building permits started declining rapidly. Since 2008, the City has averaged only 9 units per year. The majority of units since 2009 have been located in multifamily housing.
- The majority of the multifamily units were built between 2009 and 2013 as 51% of the total multifamily units were constructed between this time periods.

HOUSING CHARACTERISTICS

| HC-1 BUILDING PERMITS CITY OF MANCHESTER 2000 to 2014 | | | | | | | | | | |
|--|-------------------------------|--------------|------------------------|--------------|----------------------------|--------------|---------------------------|--------------|-----------------------|--------------|
| | No. of Single Family Units | Est. Cost | No. of Duplex Units | Est. Cost | No. of Three-Plex Units | Est. Cost | No. of Four-Plex Units | Est. Cost | No. of Five+ Units | Est. Cost |
| 2000 | 8 | \$790,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 2001 | 10 | \$1,211,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 8 | \$509,000 |
| 2002 | 6 | \$775,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 2003 | 8 | \$1,000,000 | 0 | \$0 | 3 | \$76,000 | 0 | \$0 | 0 | \$0 |
| 2004 | 10 | \$1,325,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 2005 | 15 | \$2,057,000 | 0 | \$0 | 3 | \$250,000 | 4 | \$300,000 | 0 | \$0 |
| 2006 | 7 | \$1,190,000 | 0 | \$0 | 0 | \$0 | 4 | \$400,000 | 0 | \$0 |
| 2007 | 12 | \$2,555,000 | 2 | \$250,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 2008 | 5 | \$970,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 6 | n/a |
| 2009 | 7 | \$1,165,500 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 20 | \$2,200,000 |
| 2010 | 5 | \$735,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 2011 | 1 | \$113,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 2012 | 3 | \$409,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 2013 | 4 | \$735,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 11 | \$675,000 |
| 2014 | 1 | \$165,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| Total | 102 | \$15,195,500 | 2 | \$250,000 | 6 | \$326,000 | 8 | \$700,000 | 45 | \$3,384,000 |
| Average | 6.8 | \$1,013,033 | 0.1 | \$16,667 | 0.4 | \$21,733 | 0.5 | \$46,667 | 3.0 | \$241,714 |

Source: City of Manchester; Maxfield Research Inc.



Demolition Permits 2000 to Present

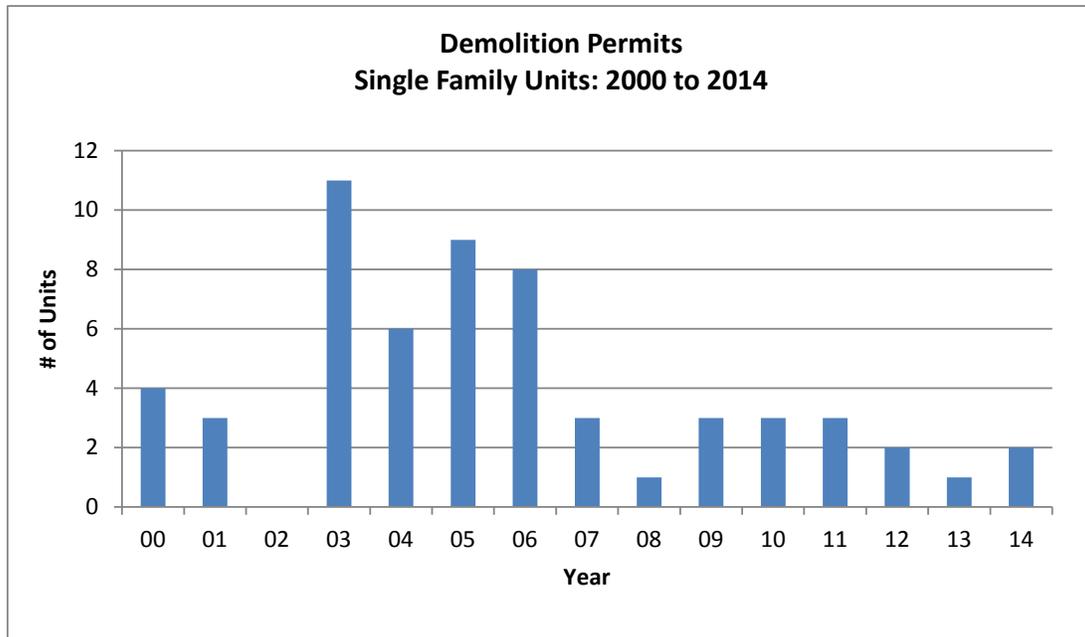
Maxfield Research obtained data from the City of Manchester on the number of demolition permits issued for housing units in Manchester from 2000 to 2014. Table HC-2 displays permits issued for single-family, duplex, and three-plex units. The following are key points about Table HC-2.

HOUSING CHARACTERISTICS

- The City of Manchester issued demolition permits for 61 housing units from 2000 to 2014. That equates to about 4 units annually since 2000.
- Since 2007, demolition permits started declining rapidly. Since 2008, the City has averaged only 2 units per year for a total of 15 units. All of the units demolished since 2008 were single family units.
- Nearly all the units that were demolished from 2000 to 2014 were single family units (97%). There was one three-plex demolished in 2000 and one duplex demolished in 2007.

| HC-2 DEMOLITION PERMITS CITY OF MANCHESTER 2000 to 2014 | | | |
|--|---------------------------------------|--------------------------------|------------------------------------|
| | No. of Single Family Units | No. of Duplex Units | No. of Three-Plex Units |
| 2000 | 4 | 0 | 1 |
| 2001 | 3 | 0 | 0 |
| 2002 | 0 | 0 | 0 |
| 2003 | 11 | 0 | 0 |
| 2004 | 6 | 0 | 0 |
| 2005 | 9 | 0 | 0 |
| 2006 | 8 | 0 | 0 |
| 2007 | 3 | 1 | 0 |
| 2008 | 1 | 0 | 0 |
| 2009 | 3 | 0 | 0 |
| 2010 | 3 | 0 | 0 |
| 2011 | 3 | 0 | 0 |
| 2012 | 2 | 0 | 0 |
| 2013 | 1 | 0 | 0 |
| 2014* | 2 | 0 | 0 |
| Total | 59 | 1 | 1 |
| Average | 3.9 | 0.1 | 0.1 |

Source: City of Manchester; Maxfield Research Inc.



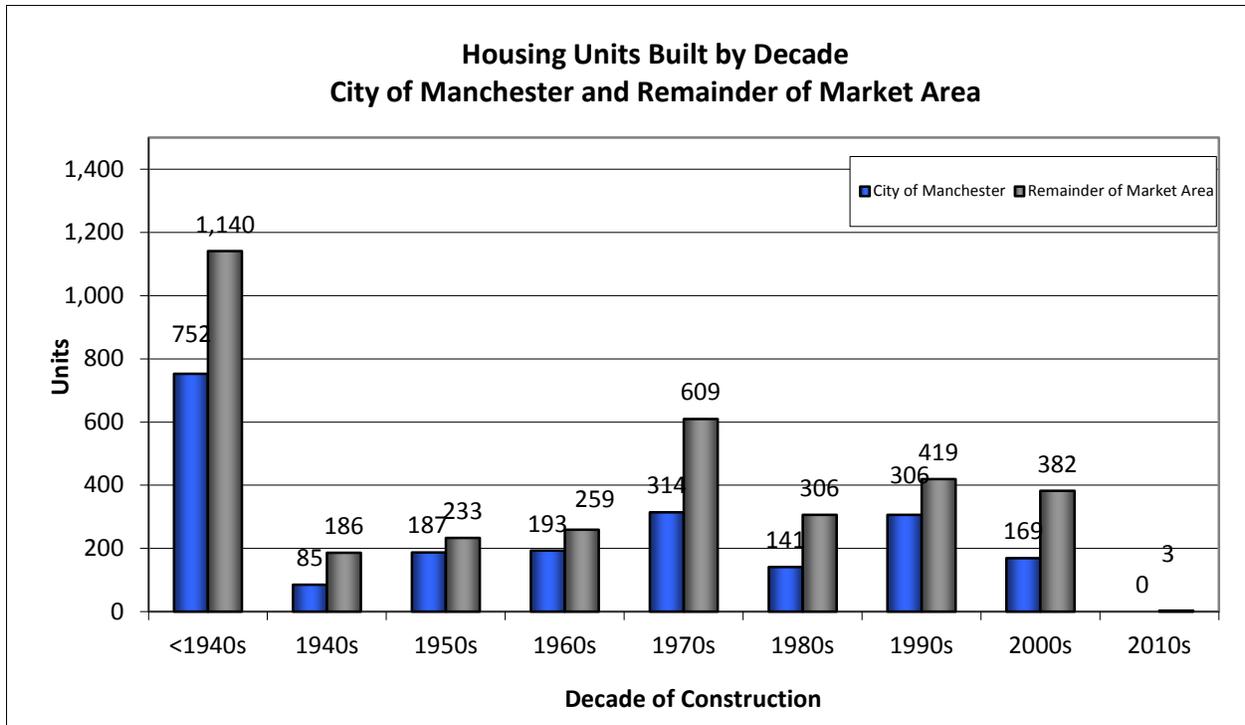
American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2008 and 2012. Tables HC-3 to HC-7 show key data for Manchester and the Market Area.

Age of Housing Stock

The following graph shows the age distribution of the housing stock in 2012 based on data from the U.S. Census Bureau and 2012 American Community Survey (5-Year). Table HC-3 includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- In total, the Market Area is estimated to have 5,684 housing units, of which roughly 65% are owner-occupied and 35% are renter-occupied.



HOUSING CHARACTERISTICS

TABLE HC-3
AGE OF HOUSING STOCK
MANCHESTER MARKET AREA
2012

| | Total Units | Med. Yr. Built | Year Unit Built | | | | | | | | | | | | | | | | | |
|---------------------------------|----------------|-------------------|-----------------|-------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|-------------|------------|-------------|----------|------------|
| | | | <1940 | | 1940s | | 1950s | | 1960s | | 1970s | | 1980s | | 1990s | | 2000s | | 2010s | |
| | | | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| CITY OF MANCHESTER | | | | | | | | | | | | | | | | | | | | |
| Owner-Occupied | 1,390 | 1957 | 541 | 38.9 | 85 | 6.1 | 100 | 7.2 | 162 | 11.7 | 198 | 14.2 | 110 | 7.9 | 124 | 8.9 | 70 | 5.0 | 0 | 0.0 |
| Renter-Occupied | 757 | 1974 | 211 | 27.9 | 0 | 0.0 | 87 | 11.5 | 31 | 4.1 | 116 | 15.3 | 31 | 4.1 | 182 | 24.0 | 99 | 13.1 | 0 | 0.0 |
| Total | 2,147 | 1963 | 752 | 35.0 | 85 | 4.0 | 187 | 8.7 | 193 | 9.0 | 314 | 14.6 | 141 | 6.6 | 306 | 14.3 | 169 | 7.9 | 0 | 0.0 |
| REMAINDER OF MARKET AREA | | | | | | | | | | | | | | | | | | | | |
| Owner-Occupied | 2,948 | 1962 | 894 | 30.3 | 163 | 5.5 | 192 | 6.5 | 220 | 7.5 | 493 | 16.7 | 283 | 9.6 | 383 | 13.0 | 317 | 10.8 | 3 | 0.1 |
| Renter-Occupied | 589 | 1968 | 246 | 41.8 | 23 | 3.9 | 41 | 7.0 | 39 | 6.6 | 116 | 19.7 | 23 | 3.9 | 36 | 6.1 | 65 | 11.0 | 0 | 0.0 |
| Total | 3,537 | 1962 | 1,140 | 32.2 | 186 | 5.3 | 233 | 6.6 | 259 | 7.3 | 609 | 17.2 | 306 | 8.7 | 419 | 11.8 | 382 | 10.8 | 3 | 0.1 |
| MARKET AREA TOTAL | | | | | | | | | | | | | | | | | | | | |
| Owner-Occupied | 4,338 | 1961 | 1,435 | 33.1 | 248 | 5.7 | 292 | 6.7 | 382 | 8.8 | 691 | 15.9 | 393 | 9.1 | 507 | 11.7 | 387 | 8.9 | 3 | 0.1 |
| Renter-Occupied | 1,346 | 1970 | 457 | 34.0 | 23 | 1.7 | 128 | 9.5 | 70 | 5.2 | 232 | 17.2 | 54 | 4.0 | 218 | 16.2 | 164 | 12.2 | 0 | 0.0 |
| Total | 5,684 | 1962 | 1,892 | 33.3 | 271 | 4.8 | 420 | 7.4 | 452 | 8.0 | 923 | 16.2 | 447 | 7.9 | 725 | 12.8 | 551 | 9.7 | 3 | 0.1 |

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

HOUSING CHARACTERISTICS

- Homes in Manchester are slightly newer than homes in the Market Area. The highest number of homes in Manchester was built before the 1940s. Overall, roughly 35% of housing units were built during this period. As a comparison, the highest number of homes in the Remainder of the Market Area was built before the 1940s, representing 32.2% of the Market Area total.
- Since the 2000s, 169 units were built in Manchester, which accounts for 7.9% of the total units in Manchester. Overall, there were 551 units built in the Market Area, which represents 9.7% of the total Market Area units in the 2000s.
- In the Manchester Market Area, the median year built was 1962, which is slightly older than the median year built in Iowa (1965).

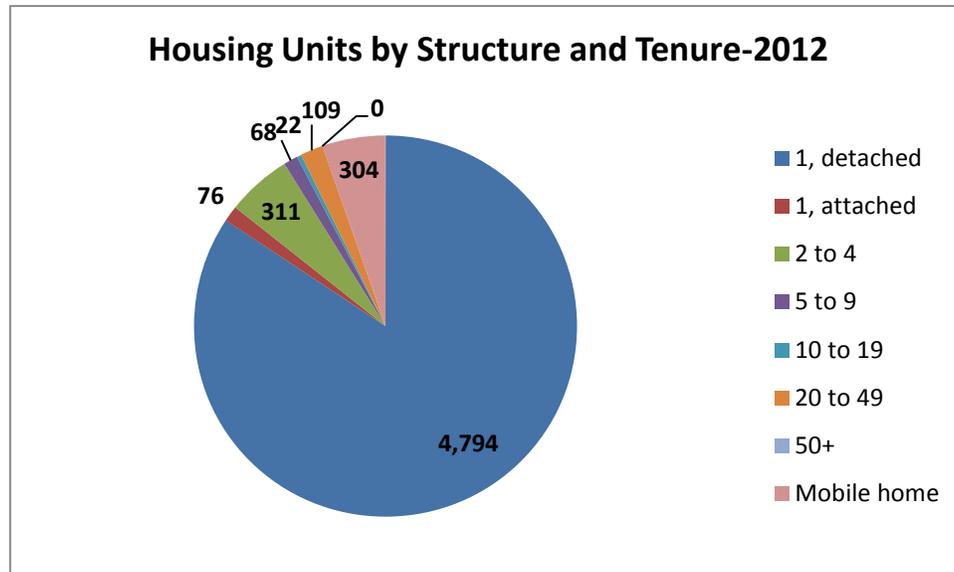
Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

Table HC-4 shows the housing stock in the Market Area by type of structure and tenure as of 2012.

- The dominant housing type in the Market area is the single-family detached home, representing an estimated 92.2% of all owner-occupied housing units and 59% of renter-occupied housing units as of 2012.
- Most of the housing units with five or more units are renter-occupied. About 74% of renter-occupied housing units with five or more units are located in the City of Manchester.
- Mobile homes account for about 5.3% of all housing units in the Market Area.

| Units in Structure | MANCHESTER | | | | REMAINDER | | | | MARKET AREA TOTAL | | | |
|---------------------|----------------|-------------|-----------------|-------------|----------------|-------------|-----------------|-------------|-------------------|-------------|-----------------|-------------|
| | Owner-Occupied | Pct. | Renter-Occupied | Pct. | Owner-Occupied | Pct. | Renter-Occupied | Pct. | Owner-Occupied | Pct. | Renter-Occupied | Pct. |
| 1, detached | 1,297 | 93.3% | 403 | 53.2% | 2,703 | 91.7% | 391 | 66% | 4,000 | 92.2% | 794 | 59.0% |
| 1, attached | 29 | 2.1% | 8 | 1.1% | 30 | 1.0% | 9 | 2% | 59 | 1.4% | 17 | 1.3% |
| 2 | 11 | 0.8% | 53 | 7.0% | 8 | 0.3% | 27 | 5% | 19 | 0.4% | 80 | 5.9% |
| 3 to 4 | 0 | 0.0% | 113 | 14.9% | 2 | 0.1% | 97 | 16% | 2 | 0.0% | 210 | 15.6% |
| 5 to 9 | 0 | 0.0% | 50 | 6.6% | 0 | 0.0% | 18 | 3% | 0 | 0.0% | 68 | 5.1% |
| 10 to 19 | 0 | 0.0% | 14 | 1.8% | 0 | 0.0% | 8 | 1% | 0 | 0.0% | 22 | 1.6% |
| 20 to 49 | 0 | 0.0% | 99 | 13.1% | 0 | 0.0% | 10 | 2% | 0 | 0.0% | 109 | 8.1% |
| 50 or more | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0% | 0 | 0.0% | 0 | 0.0% |
| Mobile home | 53 | 3.8% | 17 | 2.2% | 205 | 7.0% | 29 | 5% | 258 | 5.9% | 46 | 3.4% |
| Boat, RV, van, etc. | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0% | 0 | 0.0% | 0 | 0.0% |
| Total | 1,390 | 100% | 757 | 100% | 2,948 | 100% | 589 | 100% | 4,338 | 100% | 1,346 | 100% |

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



Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status and average values from the American Community Survey for 2012 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it's the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 55% of Manchester homeowners and 57% of homeowners in the Remainder of the Market Area have a mortgage. About 9% of homeowners with mortgages in Manchester also have a second mortgage and/or home equity loan.
- The median value for homes with a mortgage for the City of Manchester homeowners is approximately \$106,400. By comparison, the Remainder of the Market Area is about \$131,686.
- Manchester's homeowner mortgage rate (55%) is lower than the homeowner mortgage rate in Iowa (63%).

HOUSING CHARACTERISTICS

**TABLE HC-5
OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS
MANCHESTER MARKET AREA
2012**

| Mortgage Status | MANCHESTER | | REMAINDER | | MARKET AREA | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | No. | Pct. | No. | Pct. | Pct. | Pct. |
| Housing units without a mortgage | 623 | 44.8 | 1,274 | 43.2 | 1,897 | 43.7 |
| Housing units with a mortgage/debt | 767 | 55.2 | 1,674 | 56.8 | 2,441 | 56.3 |
| <i>Second mortgage only</i> | 52 | 3.7 | 103 | 3.5 | 155 | 3.6 |
| <i>Home equity loan only</i> | 75 | 5.4 | 147 | 5.0 | 222 | 5.1 |
| <i>Both second mortgage and equity loan</i> | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| <i>No second mortgage or equity loan</i> | 640 | 46.0 | 1,424 | 48.3 | 2,064 | 47.6 |
| Total | 1,390 | 100.0 | 2,948 | 100.0 | 4,338 | 100.0 |
| Average Value by Mortgage Status | | | | | | |
| Housing units with a mortgage | \$106,400 | | \$131,686 | | \$130,436 | |
| Housing units without a mortgage | \$86,600 | | \$109,194 | | \$103,608 | |

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

Owner-Occupied Housing Units by Value

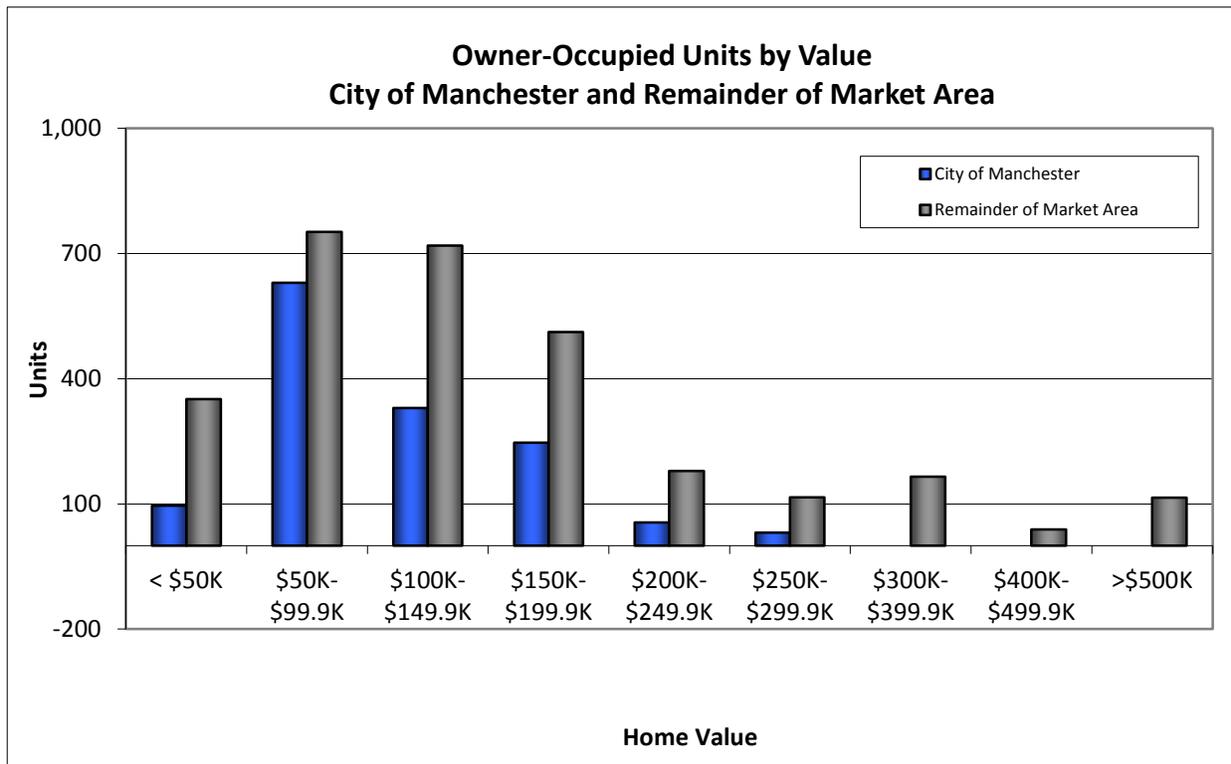
Table HC-6 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- The majority of the owner-occupied housing stock in the City of Manchester is estimated to be valued between \$50,000 and \$149,999 (70%). The \$50,000 to \$99,999 range accounted for 45.3% of the total owner-occupied units by value in Manchester.
- The median owner-occupied home in Manchester is \$97,500, or \$20,273 less than the Remainder of the Market Area median home value (\$117,773). There is a greater percentage of higher valued homes in the Remainder of the Market Area (\$250,000 or greater) than the City of Manchester. Approximately 2% of homes in Manchester are valued at \$250,000 or greater compared to 15% in the Remainder of the Market Area. A percentage of these in the Remainder of the Market Area are located on acreage and farmsteads.
- In comparison to Iowa, Manchester has much lower owner-occupied housing values. Iowa has roughly 27% of their owner-occupied units in the \$50,000 to \$99,999 range and 24% in the \$100,000 to \$149,999 range.

HOUSING CHARACTERISTICS

| TABLE HC-6 OWNER-OCCUPIED UNITS BY VALUE MANCHESTER MARKET AREA 2012 | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Home Value | MANCHESTER | | REMAINDER | | MARKET AREA | |
| | No. | Pct. | No. | Pct. | Pct. | Pct. |
| Less than \$50,000 | 96 | 6.9 | 351 | 11.9 | 447 | 10.3 |
| \$50,000-\$99,999 | 630 | 45.3 | 752 | 25.5 | 1,382 | 31.9 |
| \$100,000-\$149,999 | 330 | 23.7 | 719 | 24.4 | 1,049 | 24.2 |
| \$150,000-\$199,999 | 247 | 17.8 | 512 | 17.4 | 759 | 17.5 |
| \$200,000-\$249,999 | 56 | 4.0 | 179 | 6.1 | 235 | 5.4 |
| \$250,000-\$299,999 | 31 | 2.2 | 116 | 3.9 | 147 | 3.4 |
| \$300,000-\$399,999 | 0 | 0.0 | 165 | 5.6 | 165 | 3.8 |
| \$400,000-\$499,999 | 0 | 0.0 | 39 | 1.3 | 39 | 0.9 |
| Greater than \$500,000 | 0 | 0.0 | 115 | 3.9 | 115 | 2.7 |
| Total | 1,390 | 100.0 | 2,948 | 100.0 | 4,338 | 100.0 |
| Median Home Value | \$97,500 | | \$117,773 | | \$112,854 | |

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



Renter-Occupied Units by Contract Rent

Table HC-7 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- The median contract rent in Manchester and the Remainder of the Market Area was \$384 and \$376, respectively. The median contract rent in Iowa is \$522.
- Based on a 30% allocation of income to housing, a household in Manchester would need an income of about \$15,360 to afford an average monthly rent of \$384 and an income of \$15,040 in the Remainder of the Market Area to afford an average monthly rent of \$376.
- Approximately 67% of Manchester renters paying cash have monthly rents ranging from \$250 to \$499. Only 1.8% of renters have monthly rents of \$1,000 or greater. Due to the limited number of units with rents over \$1,000, we can assume the majority of these renters are renting single-family homes.
- Housing units without payment of rent (“no cash rent”) make up only 8.2% of Market Area renters. Typically units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

| TABLE HC-7 RENTER-OCCUPIED UNITS BY CONTRACT RENT MANCHESTER MARKET AREA 2012 | | | | | | |
|---|------------|--------------|------------|--------------|--------------|--------------|
| Contract Rent | MANCHESTER | | REMAINDER | | MARKET AREA | |
| | No. | Pct. | No. | Pct. | Pct. | Pct. |
| No Cash Rent | 0 | 0.0 | 111 | 18.8 | 111 | 8.2 |
| Cash Rent | 757 | 100.0 | 478 | 81.2 | 1,235 | 91.8 |
| \$0 to \$249 | 83 | 11.0 | 85 | 14.4 | 168 | 12.5 |
| \$250-\$499 | 504 | 66.6 | 305 | 51.8 | 809 | 60.1 |
| \$500-\$749 | 131 | 17.3 | 71 | 12.1 | 202 | 15.0 |
| \$750-\$999 | 25 | 3.3 | 0 | 0.0 | 25 | 1.9 |
| \$1,000+ | 14 | 1.8 | 17 | 2.9 | 31 | 2.3 |
| Total | 757 | 100.0 | 589 | 100.0 | 1,346 | 100.0 |
| Median Contract Rent ¹ | \$384 | | \$376 | | \$379 | |
| ¹ Median contract rent subject to margin of error and includes subsidized projects | | | | | | |
| Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc. | | | | | | |

Introduction

Maxfield Research Inc. identified and surveyed larger rental properties of 8 or more units in Manchester. In addition, interviews were conducted with real estate agents, developers, rental housing management firms, and others in the community familiar with Manchester's rental housing stock.

For purposes of our analysis, we have classified rental projects into two groups, general occupancy and senior (age restricted). All senior projects are included in the *Senior Rental Analysis* section of this report. The general occupancy rental projects are divided into three groups, market rate (those without income restrictions), affordable, (those receiving tax credits in order to keep rents affordable), and subsidized (those with income restrictions based on 30% allocation of income to housing).

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in the Manchester Market Area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census. Please note that the ACS data includes all rental units, regardless of household type.

Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2008-2012 ACS in the Manchester Market Area, in comparison to Delaware County and Iowa. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- Because of the difference in methodology between the decennial census and the ACS, there are slight differences in the total number of renter-occupied units presented between the two surveys. Census data indicates that there were 1,212 renter-occupied housing units in the Manchester Market Area in 2010 while the ACS shows 1,346 renter-occupied housing units.
- The Manchester Market Area has relatively affordable rents when compared to Iowa. The median gross rent in the area is at \$543 which is 21% lower than the median rent of \$655 in Iowa. Rural communities often have lower rents than metropolitan areas due to wage rates and the age of rental properties in rural areas.

RENTAL MARKET ANALYSIS

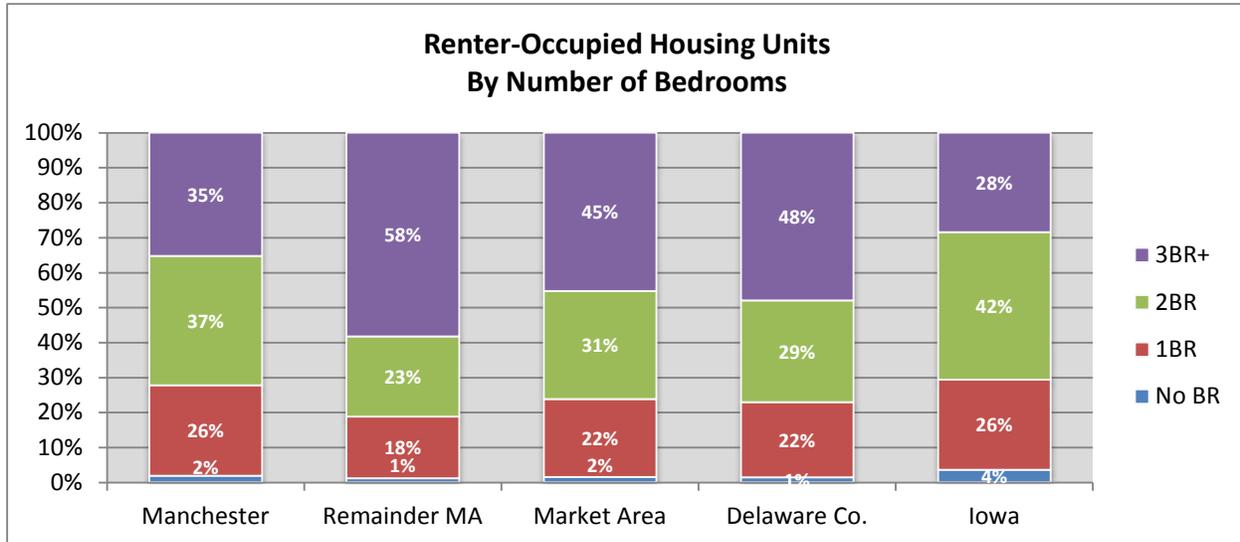
**TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
MANCHESTER MARKET AREA
2012**

| | Manchester | | Remainder MA | | Market Area | | Delaware County | | lowa |
|---------------------------|--------------|-------------|--------------|-------------|--------------|-------------|-----------------|-------------|--------------|
| | # | % of Total | # | % of Total | # | % of Total | # | % of Total | % of Total |
| Total: | 757 | 100% | 589 | 100% | 1,346 | 100% | 1,488 | 100% | 100% |
| Median Gross Rent | \$519 | | \$573 | | \$543 | | \$525 | | \$655 |
| No Bedroom | 14 | 2% | 7 | 1% | 21 | 2% | 21 | 1% | 4% |
| Less than \$200 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0% |
| \$200 to \$299 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0% |
| \$300 to \$499 | 14 | 2% | 7 | 1% | 21 | 2% | 21 | 1% | 1% |
| \$500 to \$749 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 1% |
| \$750 to \$999 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0% |
| \$1,000 or more | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0% |
| No cash rent | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0% |
| 1 Bedroom | 196 | 26% | 104 | 18% | 300 | 22% | 320 | 22% | 26% |
| Less than \$200 | 25 | 3% | 12 | 2% | 37 | 3% | 37 | 2% | 1% |
| \$200 to \$299 | 29 | 4% | 17 | 3% | 46 | 3% | 49 | 3% | 3% |
| \$300 to \$499 | 142 | 19% | 51 | 9% | 193 | 14% | 210 | 14% | 8% |
| \$500 to \$749 | 0 | 0% | 15 | 3% | 15 | 1% | 15 | 1% | 10% |
| \$750 to \$999 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 2% |
| \$1,000 or more | 0 | 0% | 7 | 1% | 7 | 1% | 7 | 0% | 2% |
| No cash rent | 0 | 0% | 2 | 0% | 2 | 0% | 2 | 0% | 1% |
| 2 Bedrooms | 280 | 37% | 135 | 23% | 415 | 31% | 433 | 29% | 42% |
| Less than \$200 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 1% |
| \$200 to \$299 | 13 | 2% | 0 | 0% | 13 | 1% | 20 | 1% | 1% |
| \$300 to \$499 | 115 | 15% | 39 | 7% | 154 | 11% | 162 | 11% | 5% |
| \$500 to \$749 | 107 | 14% | 50 | 8% | 157 | 12% | 170 | 11% | 19% |
| \$750 to \$999 | 45 | 6% | 36 | 6% | 81 | 6% | 81 | 5% | 11% |
| \$1,000 or more | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 4% |
| No cash rent | 0 | 0% | 10 | 2% | 10 | 1% | 10 | 1% | 2% |
| 3 or More Bedrooms | 267 | 35% | 343 | 58% | 610 | 45% | 714 | 48% | 28% |
| Less than \$200 | 16 | 2% | 0 | 0% | 16 | 1% | 18 | 1% | 0% |
| \$200 to \$299 | 0 | 0% | 1 | 0% | 1 | 0% | 1 | 0% | 0% |
| \$300 to \$499 | 0 | 0% | 57 | 10% | 57 | 4% | 99 | 7% | 2% |
| \$500 to \$749 | 140 | 18% | 102 | 17% | 242 | 18% | 243 | 16% | 7% |
| \$750 to \$999 | 72 | 10% | 74 | 13% | 146 | 11% | 172 | 12% | 7% |
| \$1,000 or more | 39 | 5% | 10 | 2% | 49 | 4% | 57 | 4% | 7% |
| No cash rent | 0 | 0% | 99 | 17% | 99 | 7% | 124 | 8% | 4% |

Sources: 2008-2012 American Community Survey; Maxfield Research, Inc.

RENTAL MARKET ANALYSIS

- Three- bedroom or more units are the most common rental unit type in the Market Area, representing 45% of all occupied rental units in the Market Area. Most of the three-bedroom or more units in the Market Area are located in single-family rentals. In Iowa, two-bedroom units are also the most common rental unit type (42%).



- One-bedroom units comprise 22% of the Market Area’s renter-occupied housing supply and units while only 2% of the renter-occupied units have no bedrooms. By comparison, roughly 26% of Iowa’s renter-occupied housing units are one-bedroom and 4% have no bedrooms.
- Nearly 12% of the two-bedroom units in the Market Area have gross monthly rents ranging from \$500 to \$749, and 11% have a rental rate range of \$300 to \$499. Units with rents from \$750 to \$999 represent roughly 6% of the two-bedroom units in the Market Area.
- Roughly 18% of the units with three or more bedrooms in the Market Area rent for \$500 to \$749, and 11% have a rental rate range of \$750 to \$999. Units with rents \$1,000 or more account for 4% of the three or more bedroom units in the Market Area.

General-Occupancy Rental Projects

Our research of Manchester's general occupancy rental market included a survey of four market rate apartment properties (8 units and larger) and two affordable/subsidized communities in December 2014. These projects represent a combined total of 176 units, including 126 market rate units and 50 affordable/subsidized units.

At the time of our survey, three market rate units and no affordable/subsidized units were vacant, resulting in an overall vacancy rates of 2.4% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 2.4% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

Table R-2 summarized information on market rate projects, while Table R-3 summarizes information on subsidized/affordable projects.

Market Rate

- Overall, Manchester's rental housing stock is older as the median year built is 1970.
- About 50% of the projects were built in the 1970s. However, these projects only comprise 25% of the total market rate units.
- A total of three vacancies were found, resulting in a vacancy rate of 2.4% as of December 2014. *Country Ridge Apartments* indicated the current vacancy rate was higher than usual and are typically near or at full capacity.
- Over half of the market rate units in Manchester are one-bedroom units. There were no three-bedroom units identified. The breakout by unit type is summarized below.
 - One-bedroom units: 52.4%
 - Two-bedroom units: 47.6%
- The following is the monthly rent ranges and average rent for each unit type:
 - One-bedroom units: \$350 to \$400
 - Two-bedroom units: \$425 to \$500
- Average price per square foot was around \$0.61.
- Several properties surveyed have a common laundry room with coin-operated washers and dryers. In-unit washer and dryers has become the norm in new apartment developments constructed today.

RENTAL MARKET ANALYSIS

| TABLE R-2 GENERAL OCCUPANCY RENTAL DEVELOPMENTS MANCHESTER December 2014 | | | | | | | | |
|---|-------------|--------------|----------|----------------------|------------------------|--------------------------------|------------------------------------|---|
| Development/Location | Date Opened | No. of Units | Vacant | Unit Mix | Unit Size | Monthly Rent/Fees | Mo. Rent/PSF | Comments |
| Country Ridge Apartments 1004 E Main Street <i>Manchester</i> | 1995 | 76 | 2 | 44 - 1BR 32 - 2BR | 586 - 636 756 | \$350 - \$400 \$450 - \$500 | \$0.60 - \$0.63 \$0.60 - \$0.66 | Almost always full capacity. |
| 601/605 E Main Street 601/605 E Main Street <i>Manchester</i> | 1970 | 16 | 0 | 16 - 2 BR | 850 | \$485 | \$0.57 | Nearly always full. Includes heat, water, trash. |
| Eastgate Apartments 110 & McCarron Drive <i>Manchester</i> | 1970 | 16 | 0 | 8 - 1BR 8 - 2BR | 675 850 | \$380 \$485 | \$0.56 \$0.57 | Nearly always full. Includes heat, water, trash. 12 garages avail. for \$50/mo. |
| Schau Apartments 222 South Franklin <i>Manchester</i> | 1900 | 18 | 1 | 14 - 1BR 4 - 2BR | 500 - 600 700 - 800 | \$375 - \$395 \$425 | \$0.75 - \$0.66 \$0.61 - \$0.53 | Remodeled in 1978. |
| Totals | | 126 | 3 | 2.4% | | | | |

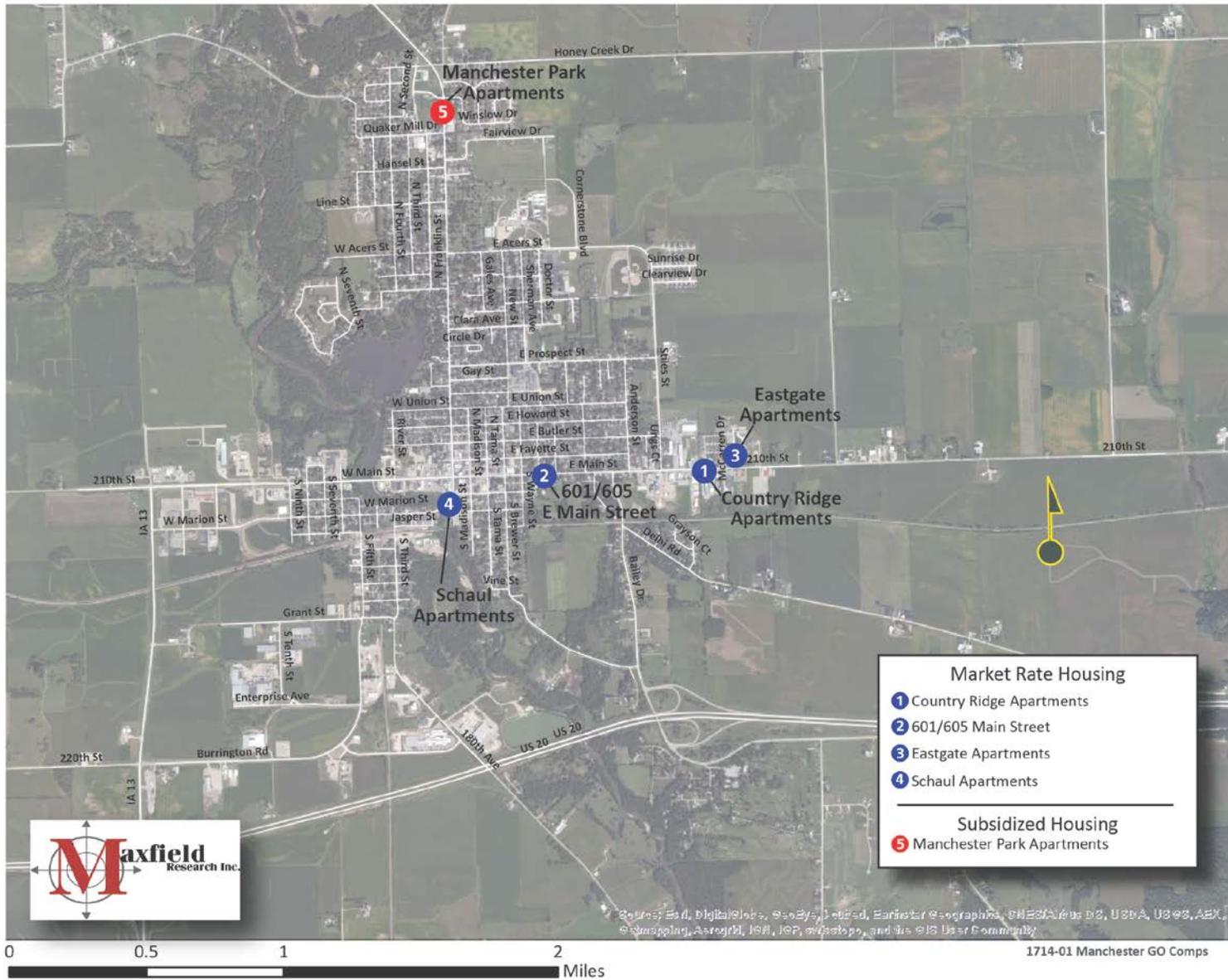
Source: Maxfield Research Inc., property managers in Manchester.

RENTAL MARKET ANALYSIS

| TABLE R-3 SUBSIDIZED/AFFORDABLE DEVELOPMENTS MANCHESTER MARKET AREA December 2014 | | | | | | | |
|--|--------------------|---------------------|---------------|---------------------|------------------|--|--|
| Development/Location | Date Opened | No. of Units | Vacant | Unit Mix | Unit Size | Monthly Rent/Fees | Comments |
| Manchester Parks Apartments 1501 N Franklin Street <i>Manchester</i> | n/a | 28 | 0 | 8 - 2BR 20 - 3BR | 720 960 | Rent based on Income Rent based on Income | Market Rents \$579 for 2BR and \$842 for 3BR units. |
| Lenox Acres 101 Culver Rd <i>Hopkinton</i> | 1978 | 22 | 0 | 17 - 1BR 5 - 2BR | 650 700 | Rent based on Income Rent based on Income | Market Rents \$378 for 1BR and \$455 for 2BR units. |
| Totals | | 50 | 0 | 0.0% | | | |

Source: Maxfield Research Inc.

Manchester General Occupancy Housing Projects



Affordable/Subsidized

- There are a total of two income-restricted projects in the Manchester Market Area with 50 total units. Combined, there are no vacancies amongst the surveyed properties. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The low vacancy rates in the market indicate pent-up demand for affordable and subsidized units and also are an indication of the current economic climate in the area.
- *Manchester Park Apartments*, located in Manchester, is the largest income based development in the Manchester Market Area with a total of 28 units. Unit sizes range from 720 to 960 square feet. Market rents range from \$579 for two-bedroom units and \$842 for three-bedroom units.
- *Lenox Acres*, located in Hopkinton, has a total of 22 units. Unit sizes range from 650 to 700 square feet. Market rents range from \$378 for one-bedroom units and \$455 for two-bedroom units.

Select Rental Housing Properties



Country Ridge



Eastgate



601/605 E Main Street



Manchester Park (income-based)

Senior Housing Defined

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

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

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

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

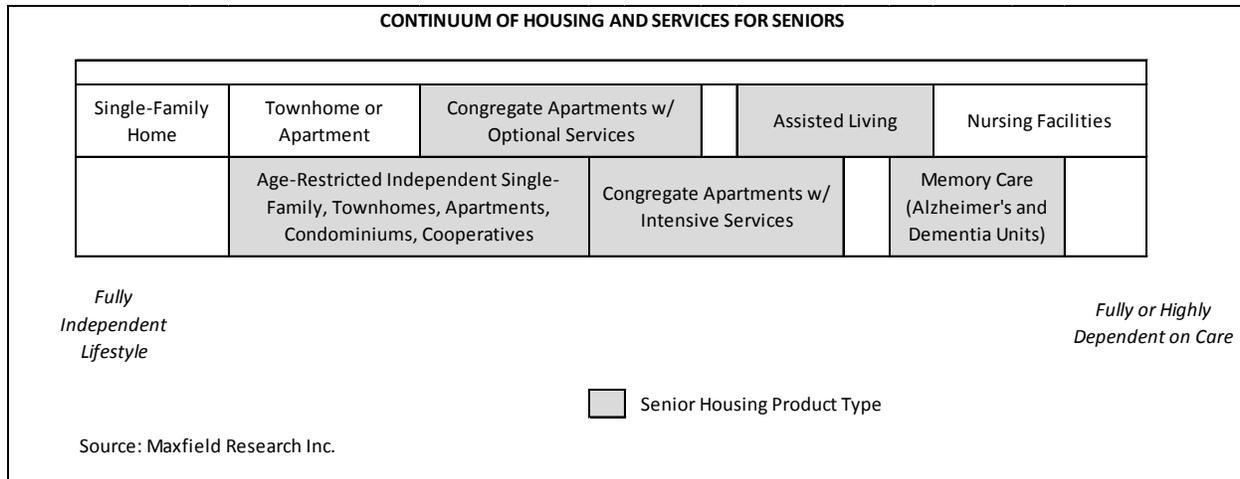
Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional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

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

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

The five senior housing products offered today form a continuum of care (see Figure 2 on the following page), from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.

SENIOR MARKET ANALYSIS



Senior Housing in Manchester and the Market Area

As of December 2014, Maxfield Research identified nine senior housing developments in the Manchester Market Area. Combined, these projects contain a total of 186 units. Four of the projects are subsidized, while the remaining five are market rate. Tables S-1 and S-2 provide information on the market rate and subsidized projects. Information in the table includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each project.

The following are key points from our survey of the senior housing supply.

Affordable/Subsidized Senior Housing Projects

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30 percent of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable projects are typically tax-credit projects that are limited to households earning less than 80% of Delaware County's area median income.
- There are a total of 71 units in four subsidized senior projects. As of December 2014, there was one vacancy, which indicates pent-up demand for subsidized senior rental units.
- Nearly all the units are one bedroom units. Typically units sizes at subsidize senior projects are smaller than many of the market rate senior rental projects.
- Typically subsidized senior housing offers limited to no amenities. However, many of the subsidized senior housing offered community rooms, dining rooms, and craft rooms.

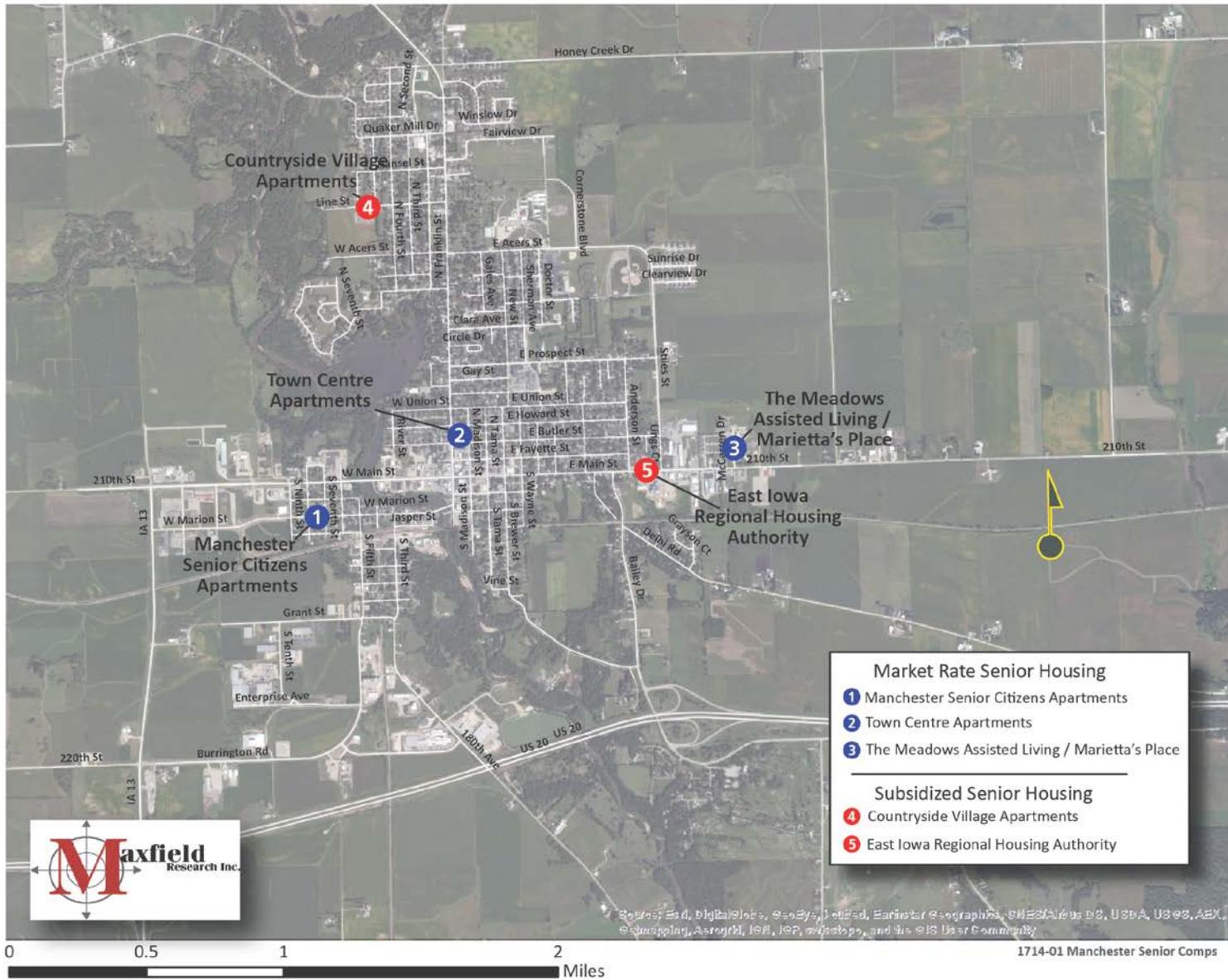
SENIOR HOUSING ANALYSIS

| TABLE S-1 AFFORDABLE/SUBSIDIZED SENIOR HOUSING DEVELOPMENTS MANCHESTER MARKET AREA December 2014 | | | | | | |
|---|--------------------|---------------------|---------------|---------------------|--|-------------------------------------|
| Development/Location | Date Opened | No. of Units | Vacant | Unit Mix | Monthly Rent/Fees | Comments |
| Countryside Village Apartments 500 Line Street <i>Manchester</i> | 1997 | 24 | 0 | 24 - 1BR | Rent based on Income | Rural Development. Waiting List. |
| East Iowa Regional Housing Authority 912 E Main Street <i>Manchester</i> | 1984 | 23 | 0 | 22 - 1BR 1 - 2BR | Rent based on Income Rent based on Income | Section 8. Public Housing. |
| Yankee Settlement Court 504 E Harrison Street <i>Edgewood</i> | 1984 | 16 | 0 | 16 - 1BR | Rent based on Income | Rural Development. Waiting List. |
| Nottingham Apartments 305 Maple Street <i>Earlville</i> | 1980 | 8 | 1 | 8 - 1BR | Rent based on Income | Section 8. |
| Total | | 71 | 1 | 1.4% | | |
| Source: Maxfield Research Inc. | | | | | | |

SENIOR HOUSING ANALYSIS

| TABLE S-2 SENIOR HOUSING DEVELOPMENTS MANCHESTER MARKET AREA December 2014 | | | | | | |
|---|--------------------|---------------------|---------------|-----------------------|---------------------------|---|
| Development/Location | Date Opened | No. of Units | Vacant | Unit Mix | Monthly Rent/Fees | Comments |
| Adult/Few Services Developments | | | | | | |
| Manchester Senior Citizen Apts 800 West Marion Street <i>Manchester</i> | 1976 | 20 | 0 | 14 - 1 BR 6 - 2 BR | \$423 \$505 | Bldg. recently sold; always occupied with 6 names on waiting list |
| Town Centre Apartments 113 Butler Drive <i>Manchester</i> | n/a | 11 | 0 | 4 - 1 BR 7 - 2 BR | n/a n/a | Remodeled in 2013. Attached garage. Utilities incl. Community Room. |
| Assisted Living | | | | | | |
| The Meadows Assisted Living 105 McCarren Drive <i>Manchester</i> | 2000 | 37 | 0 | 4 - EFF 33 - 1BR | \$1,820 \$2,300 | 24 units in 2000. 8 units added in 2001. 5 units added in 2009. |
| Lincolnwood Assisted Living 302 West Lincoln Street <i>Edgewood</i> | 2002 | 27 | 1 | 27 - 1BR | \$2,000 - \$2,500 | |
| Memory Care | | | | | | |
| Marietta's Place 105 McCarren Drive <i>Manchester</i> | 2011 | 20 | 0 | 20 - Private | \$6,300 Inclusive rate | 99% capacity year round. |
| Total | | 115 | 1 | 0.9% | | |
| Source: Maxfield Research Inc. | | | | | | |

Manchester Senior Housing Projects



Select Senior Rental Housing Properties



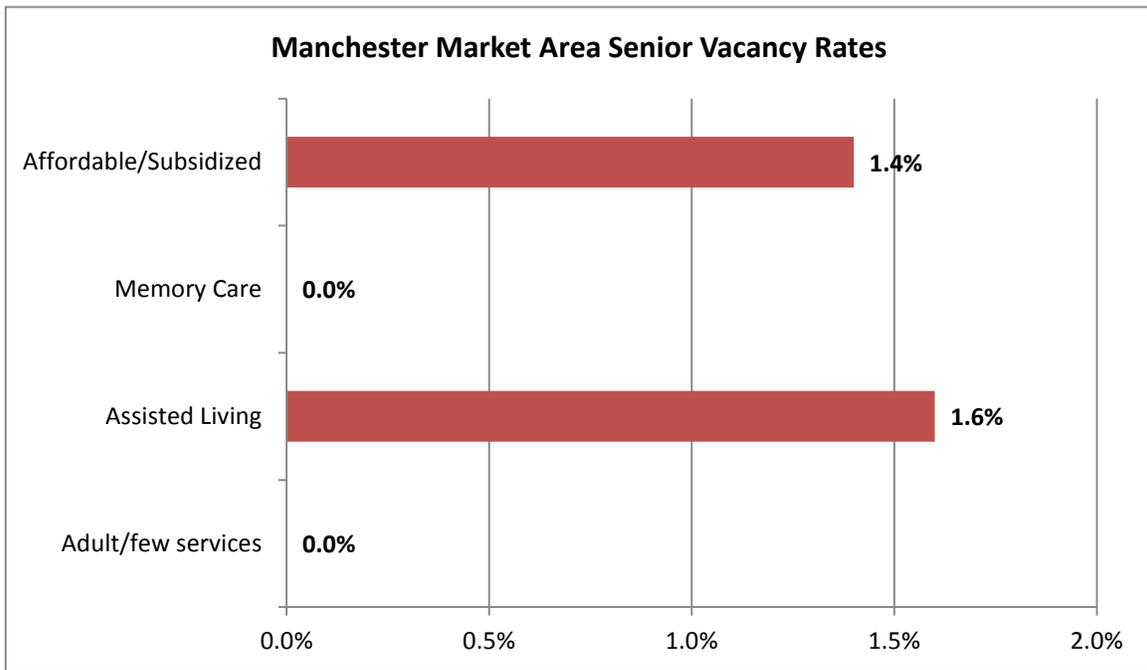
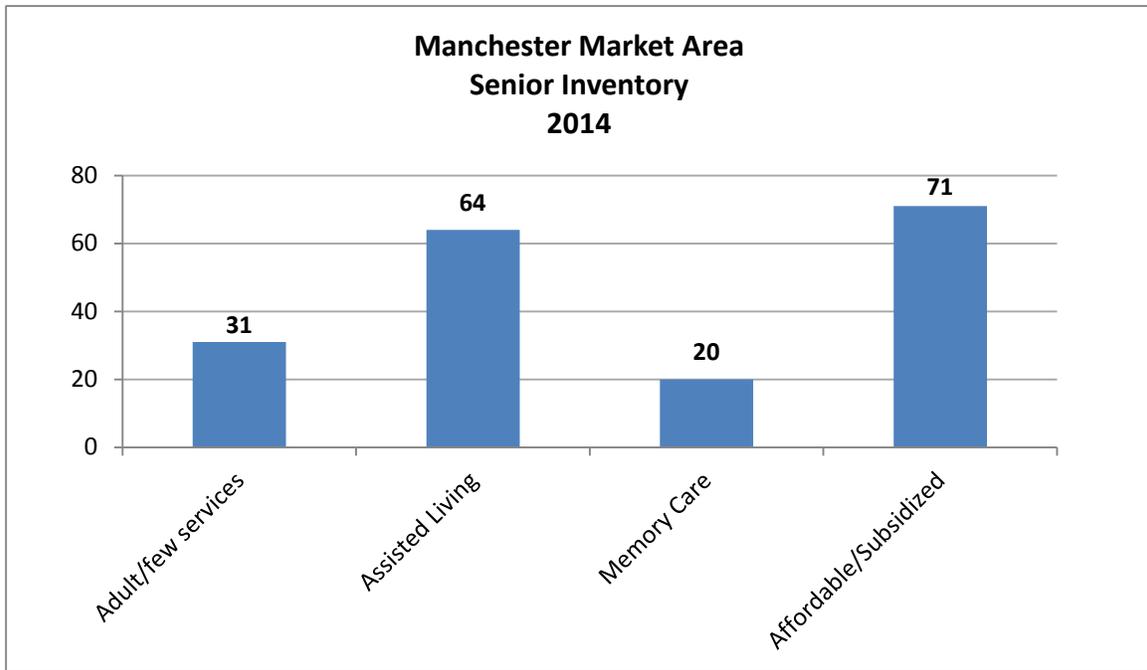
Manchester Senior Citizen Apts



The Meadows Assisted Living



Countryside Village



Active Adult Rental

- There are two existing adult rental senior projects in the Manchester Market Area for a total of 31 units. As of December 2014, zero vacancies were found. Generally a healthy senior housing market will have a vacancy rate of around 5.0% in order to allow for sufficient consumer choice and turnover.
- *Manchester Senior Citizen Apartments* indicated they are almost always at capacity and have a waiting list.
- Rents ranged from \$423 for one-bedroom units to \$505 for two-bedroom units at *Manchester Senior Citizen Apartments*. *Town Centre Apartments* did not wish to provide rents at this time.

Assisted Living

- The Market Area has a total of two assisted living facilities with 64 units with a vacancy rate of 1.6%. The only vacancy was located at *Lincolnwood Assisted Living*, in Edgewood, which is on the edge of the geographic Manchester Market Area boundary.
- Rents range from \$1,820 to \$2,500 per month, which includes all utilities except telephone and cable. Typical unit features include air conditioning, spacious closets, and emergency call systems.
- All of the assisted living projects include scheduled activities, weekly housekeeping, laundry, 24-hour staff, and at least one meal daily. Base monthly fees vary from development to development, depending largely on the personal care package and health services that are included in the monthly rent.

Memory Care

- The Market Area has one, 20-unit memory care facility with no vacancies at this time.
- *Marietta's Place*, which is located at the same physical location as *The Meadows Assisted Living*, has rents around \$6,300 per month, which is an all-inclusive rate. Utilities are included in the rents as well.
- *Marietta's Place* includes scheduled activities, weekly housekeeping, laundry, 24-hour staff, and three meals daily.

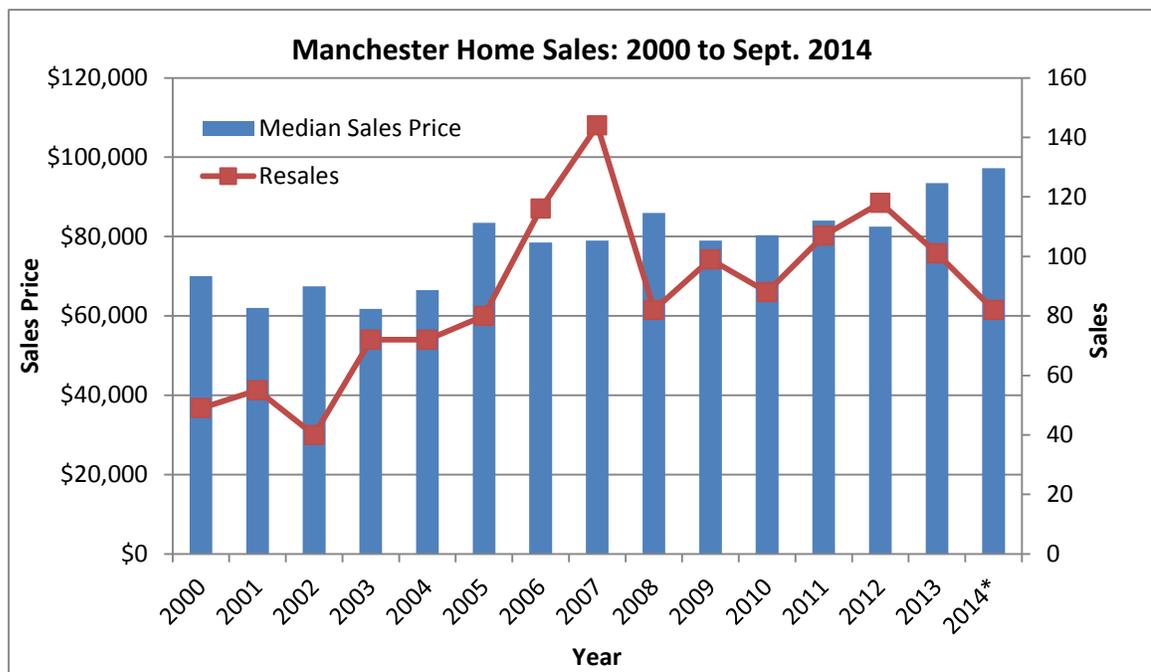
Introduction

Maxfield Research Inc. analyzed the for-sale housing market in Manchester by analyzing data on single-family and multifamily home sales and active listings, identifying active subdivisions and pending for-sale developments; and conducting interviews with local real estate professionals, developers, builders, and planning officials.

Overview of For-Sale Housing Market Conditions

Table FS-1 presents home resale data on single-family and multifamily housing in Manchester from 2000 through September 2014. The data was obtained from the Delaware County Assessor and shows the annual number of resales, average sales price, median sales price, and average sales price per square foot (sales price divided by the total finished square footage). Table FS-2 breaks down resale activity from Table FS-1 for 2014 (January to September) by price sales price. The following are key points observed from our analysis of this data.

- Between 2000 and 2013 Manchester has averaged 87 sales annually. Transactions during this time have ranged from 49 in 2000 to 144 in 2007.
- Since 2000, the median sale price has fluctuated from \$61,750 in 2003 to \$93,500 in 2013. Through September 2014, the median sales price increased to \$97,250.



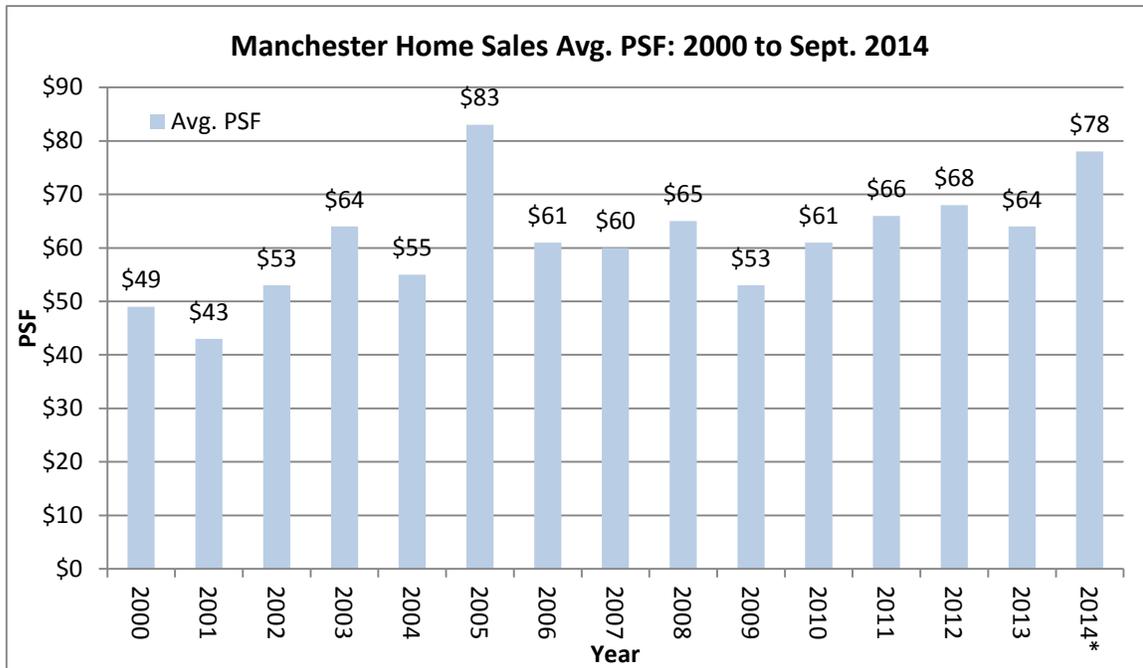
**TABLE FS-1
HOUSING REALES
CITY OF MANCHESTER
2000 to September 2014**

| Year | No. of Resales | Average Sales Price | Median Sales Price | Average PSF |
|-------------|-----------------------|----------------------------|---------------------------|--------------------|
| 2000 | 49 | \$72,212 | \$70,000 | \$49 |
| 2001 | 55 | \$70,908 | \$62,000 | \$43 |
| 2002 | 40 | \$74,495 | \$67,500 | \$53 |
| 2003 | 72 | \$85,596 | \$61,750 | \$64 |
| 2004 | 72 | \$70,689 | \$66,500 | \$55 |
| 2005 | 80 | \$117,255 | \$83,500 | \$83 |
| 2006 | 116 | \$87,280 | \$78,500 | \$61 |
| 2007 | 144 | \$83,337 | \$79,000 | \$60 |
| 2008 | 82 | \$91,801 | \$85,950 | \$65 |
| 2009 | 99 | \$89,182 | \$79,000 | \$53 |
| 2010 | 88 | \$84,857 | \$80,375 | \$61 |
| 2011 | 107 | \$94,808 | \$84,000 | \$66 |
| 2012 | 118 | \$95,438 | \$82,500 | \$68 |
| 2013 | 101 | \$99,066 | \$93,500 | \$64 |
| 2014* | 82 | \$105,698 | \$97,250 | \$78 |

Note: Sales with no dollar amount were not accounted for

Source: Deleware County Addressor, Maxfield Research Inc.

- The local Manchester real estate market did not experience the “highs and lows” that the national real estate market experienced in the 2000s prior to the Great Recession. Housing values in Manchester increased annually since 2009, generally the year the housing bubble burst in most markets.
- The average sales price per square foot (“PSF” = average sales price divided by the average square footage) peaked in 2005 at \$83 PSF. Through September 2014, the average sales price per square foot was \$78 PSF, up from \$64 PSF in 2013.
- About 54% of sales in 2014 were sold for less than \$100,000. However, among the categories in Table FS-2, homes priced between \$100,000 and \$149,999 was the largest category with 30% of sales. Only 16% of resales were priced higher than \$150,000.
- Single-family homes accounted for 81 of the 82 resales between January and September 2014. The only non-single family property was a condominium that sold for \$100,000.



Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Manchester, we reviewed the current supply of homes on the market (listed for sale). Table FS-2 shows homes listed for sale in November 2014 in Manchester distributed into eight price ranges. The data was accumulated from the three local real estate companies in Manchester: F & G Realty, F & M Iowa Realty, and GNB Real Estate. MLS listings generally account for the vast majority of all residential sale listings in a given area. The table omits listings where no asking price was provided. Table FS-4 shows listings by home style (i.e. one-story, two-story, etc.).

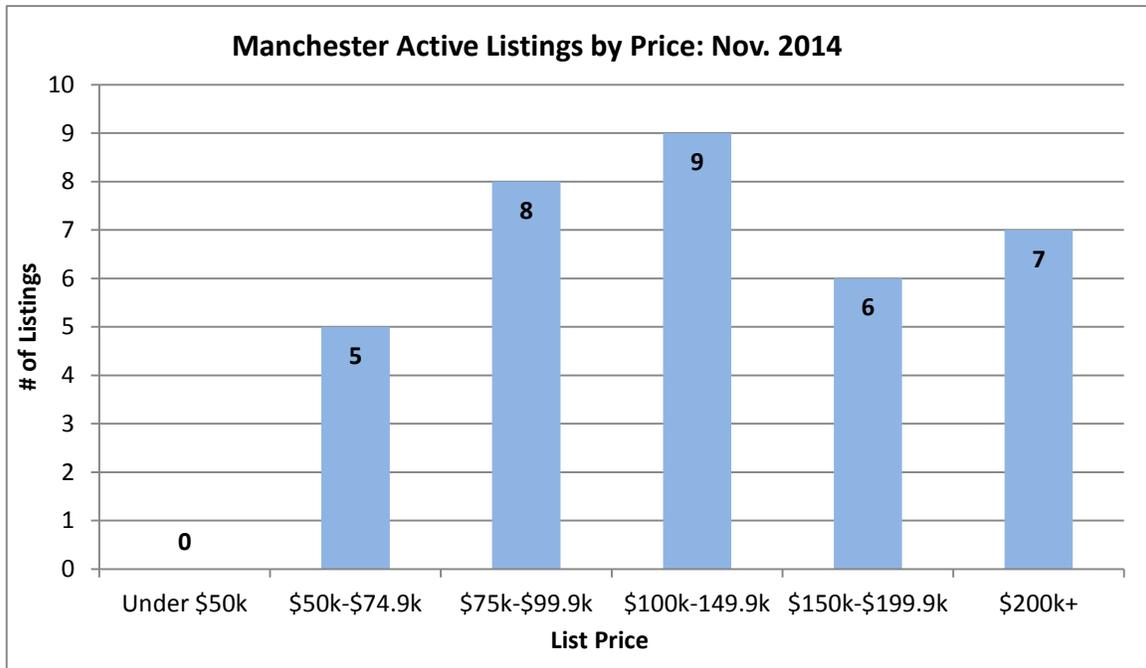
- As of November 2014, there were 35 homes listed for sale in Manchester. All of the listings were for single-family properties.
- The median list price in Manchester for a single-family home is \$124,000. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.
- Based on a median list price of \$124,000, the income required to afford a home at this price would be about \$35,425 to \$41,300, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher

FOR-SALE HOUSING ANALYSIS

priced home. About 58% of Manchester households have annual incomes at or above \$35,425.

- Nearly 40% of Manchester’s active listings are priced under \$100,000; most of which are priced between \$75,000 and \$99,999. There are no listings priced below \$50,000.
- Homes priced between \$100,000 and \$149,999 represents the category with the most listings in Table FS-2 (26% of listings). About 20% of listings are priced above \$200,000.

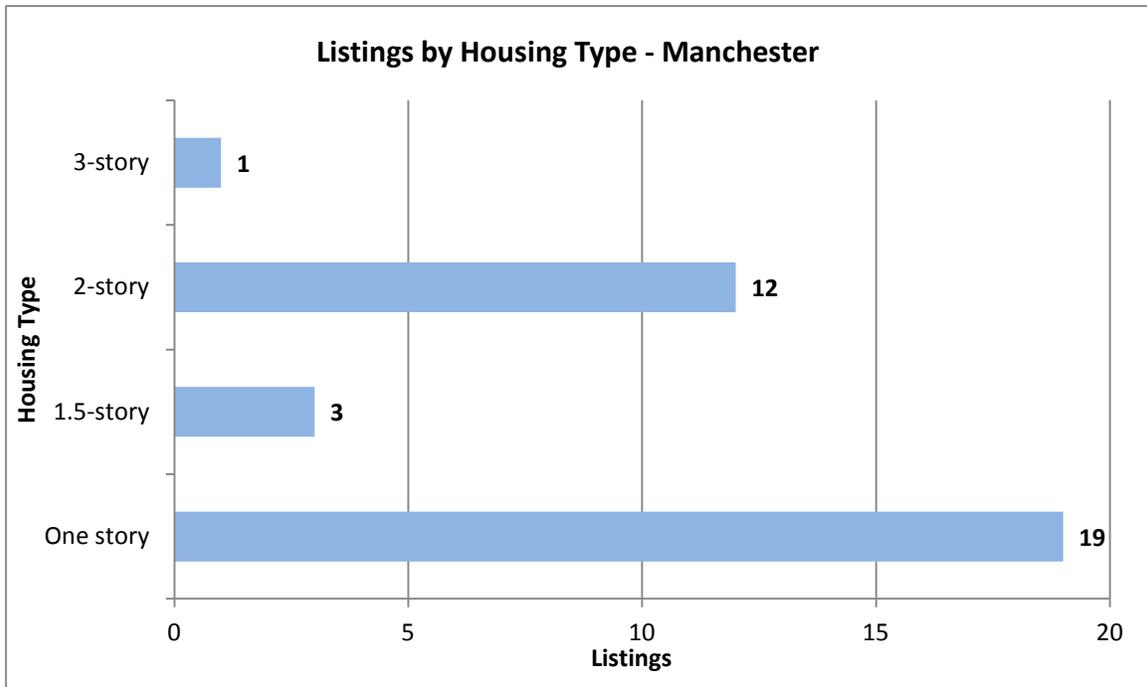
| Price Range | Manchester | |
|---|------------|-------------|
| | No. | Pct. |
| Under \$25,000 | 0 | 0.0% |
| \$25,000 to \$49,999 | 0 | 0.0% |
| \$50,000 to \$74,999 | 5 | 14.3% |
| \$75,000 to \$99,999 | 8 | 22.9% |
| \$100,000 to \$149,999 | 9 | 25.7% |
| \$150,000 to \$199,999 | 6 | 17.1% |
| \$200,000 to \$249,999 | 1 | 2.9% |
| \$250,000 and Over | 6 | 17.1% |
| | 35 | 100% |
| Minimum | \$54,500 | |
| Maximum | \$418,000 | |
| Median | \$124,000 | |
| Average | \$151,491 | |
| Note: Does not include agricultural properties. Excludes listings where no price was provided | | |
| Sources: Local real estate firms websites: F & G Realty, F & M Iowa Realty, and GNB Real Estate, Maxfield Research Inc. | | |



- Overall, the average list price per square foot (“PSF”) among all active single-family listings is \$86/foot. One story homes have the highest PSF costs at \$96. Three-level homes have the lowest list price PSF (\$65).
- The housing stock listing for sale is older as the average year built is 1937. One-story homes are the “newest” homes on the market with an average year built of 1953.
- One-story homes make-up over 50% of the active supply in Manchester and also have the highest average list price at \$166,650.

| Property Type | Listings | Pct. | Avg. List Price | Avg. Home Size Sq. Ft. | Avg. List Price Per Sq. Ft. | Avg. Age of Home |
|----------------------|-----------------|---------------|------------------------|-------------------------------|------------------------------------|-------------------------|
| Single-Family | | | | | | |
| One story | 19 | 54.3% | \$166,647 | 1,727 | \$96 | 1953 |
| 1.5-story | 3 | 8.6% | \$97,133 | 1,117 | \$87 | 1925 |
| 2-story | 12 | 34.3% | \$140,958 | 1,910 | \$74 | 1919 |
| 3-story | 1 | 2.9% | \$153,000 | 2,347 | \$65 | 1916 |
| Total | 35 | 100.0% | \$151,491 | 1,767 | \$86 | 1937 |

Sources: Local real estate firms websites: F & G Realty, GNB Real Estate, F & M Iowa Realty, Maxfield Research Inc.



Manchester Residential Stock & Condition Ranking

Table FS-4 provides an overview of the residential housing stock in Manchester. The table depicts the number of properties by housing type, average year built of structure, average square feet, average assessed value, and the average condition ranking. The data was provided by the

FOR-SALE MARKET ANALYSIS

Delaware County Assessor. The county assessor assigns a condition ranking to all properties in Manchester, ranging from low (0) to high (5). Key findings from table FS-4 follow.

- There are nearly 2,000 residential properties in Manchester (excluding apartment buildings).
- Nearly two-thirds of Manchester's housing stock is one-story homes, comprising about 1,280 units and an average assessed value of \$104,700. The average size of a one-story in Manchester is 1,254 square feet.
- There are only 12 condominiums in Manchester making up less than 1% of the city's residential housing stock.
- One and one-half stories and two-stories are the oldest housing types with an average year built of 1906 and 1908 respectively. Excluding manufactures homes; these property types have the lowest average assessed values in Manchester.

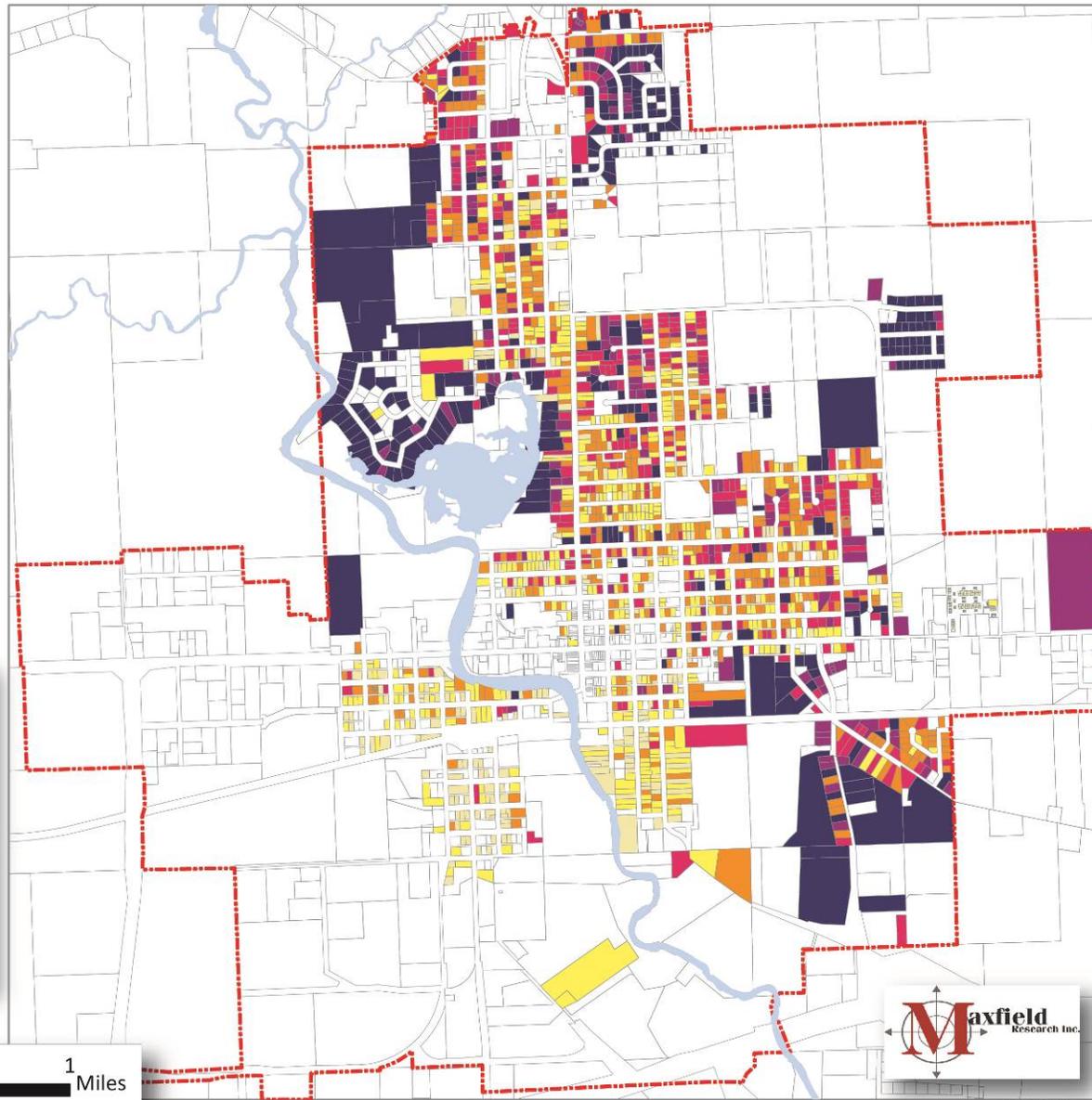
City of Manchester Residential Parcel Market Values

-  Water
-  Manchester
-  Parcels

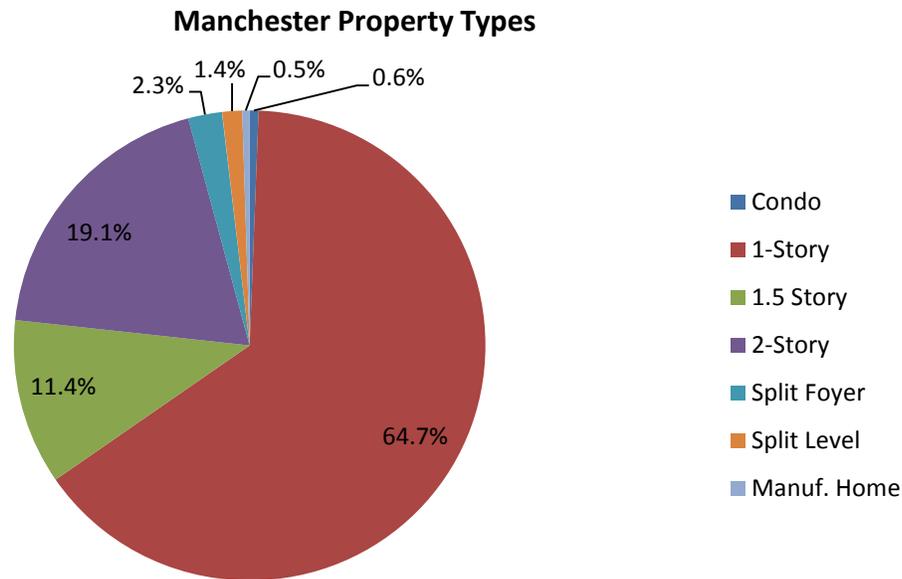


Market Value Ranges

-  \$3,500 - \$50,000
-  \$50,001 - \$75,000
-  \$75,001 - \$100,000
-  \$100,001 - \$125,000
-  \$125,001 - \$150,000
-  \$150,001 - \$443,500



1714-01 MV



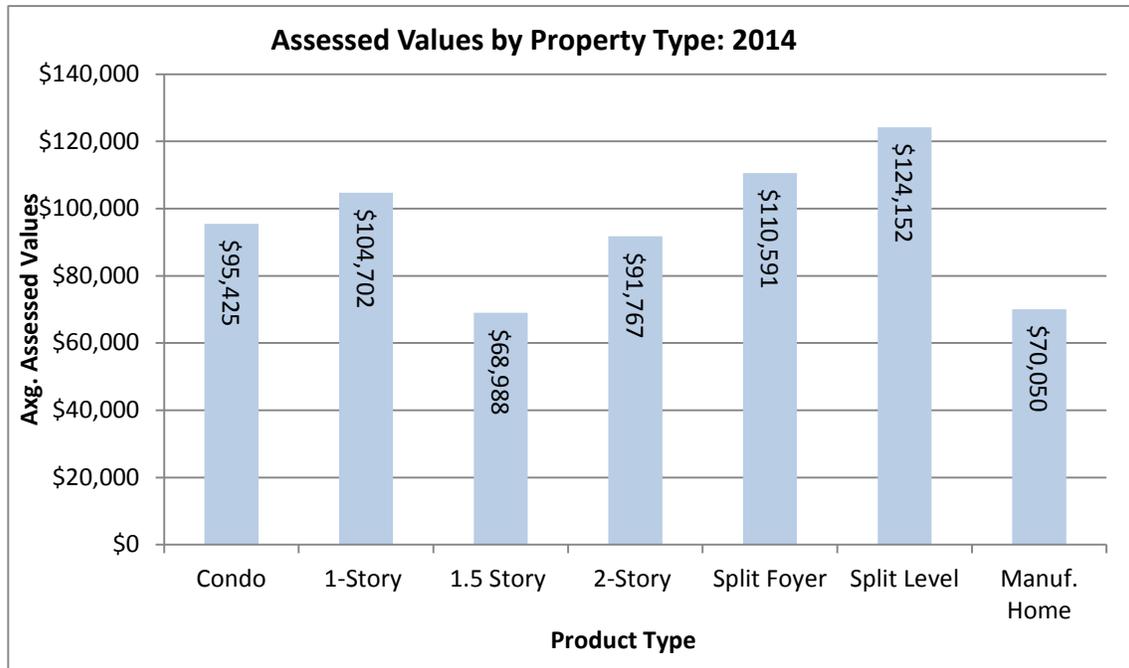
- Split foyers have the highest average price per square foot at \$101 PSF. However, split levels have the highest overall assessed value at \$124,150.
- One and one-half stories have an average condition ranking of 4.2; the highest of all property types. Although split foyers and split levels have higher values, they have the lowest condition ranking at 3.5

**TABLE FS-4
CITY OF MANCHESTER RESIDENTIAL PROPERTY TYPES
4thQ 2014**

| Housing Type | No. of Properties | Avg. Year Built | Avg. Sq. Ft. | Avg. Assessed Value | Avg. Condition Rank ¹ |
|---------------------------------|-------------------|-----------------|--------------|---------------------|----------------------------------|
| 1-Story (condo) | 12 | 1997 | 1,099 | \$95,425 | 4.0 |
| 1-Story (frame or brick) | 1,279 | 1963 | 1,254 | \$104,702 | 3.7 |
| 1.5 Story (frame or brick) | 225 | 1906 | 1,451 | \$68,988 | 4.2 |
| 2-Story (frame or brick) | 377 | 1908 | 1,954 | \$91,767 | 4.1 |
| Split Foyer | 46 | 1974 | 1,092 | \$110,591 | 3.5 |
| Split Level | 27 | 1973 | 1,407 | \$124,152 | 3.5 |
| Manufactured Home (Double-wide) | 10 | 1992 | 1,355 | \$70,050 | 4.1 |

¹ Condition ranking per Delaware County Assessor. Properties are ranked from low (0) to high (5)

Source: Delaware County Assessor; Maxfield Research Inc.



Owner-Occupied Turnover

Table FS-5 illustrates existing home turnover as a percentage of owner occupied units in Manchester. Resales are based on historic transaction volume between 2000 and 2013 as illustrated in Table FS-1. Owner-occupied housing units are sourced to the U.S. Census as of 2010.

As displayed in the table, approximately 6.6% of the Manchester owner-occupied housing stock is sold annually. Typically we find owner-occupied turnover ranges from 3% at the low-end to 8% at the high-end in many communities throughout the Midwest.

| Submarket | Owner-occupied Housing Units¹ | Resales Annual Avg.² | Turnover Pct. |
|------------------|---|--|----------------------|
| Manchester | 1,326 | 87 | 6.6% |

¹ Owner-occupied single-family housing units in 2010
² Average of resales between 2000 and 2013

Source: U.S. Census Bureau, Delaware County Assessor, Maxfield Research Inc.

Actively Marketing Subdivisions

Table FS-6 identifies subdivision with available lots in Manchester. The table identifies the year platted, number of lots, available lots, typical lot sizes, and assessed and marketing values for lots and homes. Please note; the table does not include scattered, infill lots. Key points from the table follow.

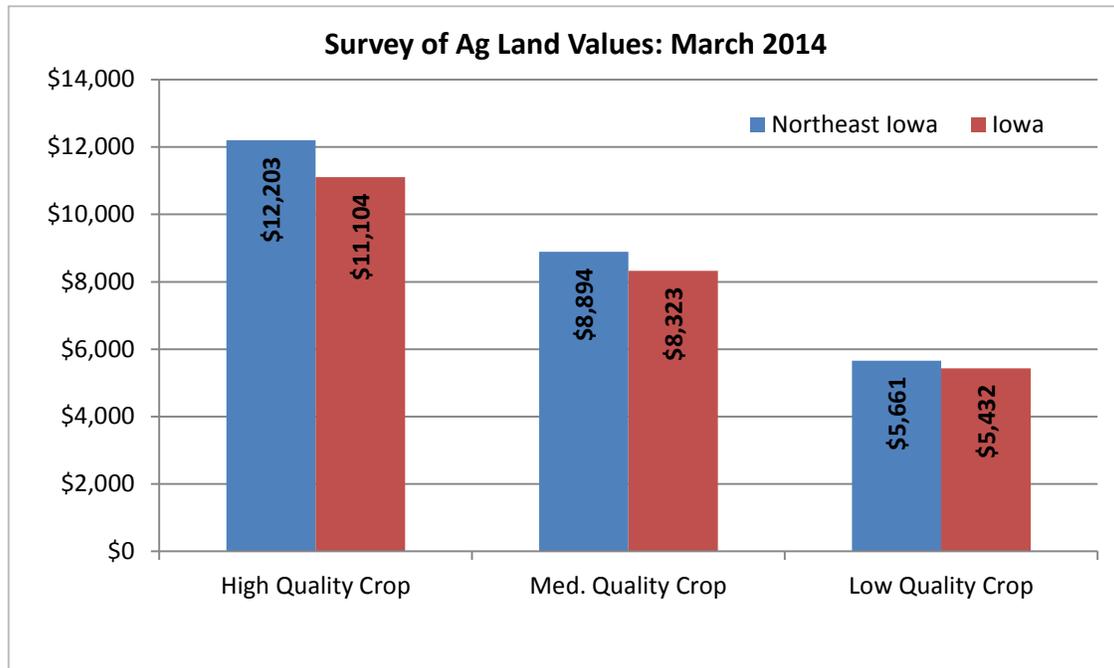
- There are four active subdivisions in Manchester with available lots. Combined, there are 54 vacant lots. Over one-half of the vacant lots (31 lots) are in the Fairway Acres subdivision.
- All of the subdivisions were platted between 1999 and 2005. There have been no new platted subdivisions in Manchester since 2005.
- Nearly all of the newer lots in Manchester have lot widths of at least 90 feet or more; resulting in an average lot size of approximately one-third acre.
- New for-sale single-family construction activity in Manchester has been slow since the market peaked in 2005 with 15 units. Since 2010, there has been an average of three new homes annually in Manchester. Because the new home market has been slow, there are no builders pursuing spec built homes in Manchester.
- The average assessed value for homes in the four active subdivisions is about \$27,100 for the land and \$205,685 for the total assessed value. Marketing lots in Manchester generally range from about \$20,000 to \$35,000.
- There are nearly 100 vacant lots located in eight subdivisions in the surrounding townships. Lot sizes in these subdivisions range from 0.51 acres to 2.45 acres while averaging just over one acre. The average assessed lot is \$25,150 while the average assessed market value is \$239,800.

FOR-SALE MARKET ANALYSIS

| TABLE FS-5 ACTIVELY MARKETING SINGLE-FAMILY SUBDIVISIONS MANCHESTER MARKET AREA 4thQ 2014 | | | | | | | | | | | | | | | | | |
|--|---------------|---------------|-------------|---------------------|------------------------------|------|------|---------------------------------|----------|----------|---------------------------------|-----------|-----------|--------------------------|----------|----------|----------------------------------|
| Subdivision | City/Twp. | Plat Recorded | No. of Lots | Vacant/ Avail. Lots | Average Size of Lots (Acres) | | | Average Assessed/Lot/Land Value | | | Average Assessed Home+Lot Value | | | Marketing Land/Lot Value | | | Comments |
| | | | | | Min | Max | Avg. | Min | Max | Avg. | Min | Max | Avg. | Min | Max | Avg. | |
| Manchester Proper | | | | | | | | | | | | | | | | | |
| Fairway Acres 1st & 2nd Addition <i>Fairview Drive</i> | Manchester | 2005 | 45 | 31 | 0.24 | 0.55 | 0.29 | \$17,200 | \$36,900 | \$22,130 | \$125,800 | \$205,500 | \$171,017 | \$20,000 | | | Most lots 90' wide x 124' deep |
| Meadow Park 1st, 2nd, and 3rd Addition <i>Sunrise Drive</i> | Manchester | 1999 | 38 | 2 | 0.25 | 0.40 | 0.28 | \$22,800 | \$34,700 | \$29,295 | \$121,400 | \$266,000 | \$197,771 | | | | Most lots 90' wide x 120' deep |
| Shulte 2nd & 3rd Addition (Northtown Estates) <i>Deann Dr., Winslow Dr.</i> | Manchester | 2000 | 26 | 5 | 0.23 | 0.50 | 0.31 | \$21,500 | \$41,900 | \$28,204 | \$155,900 | \$236,900 | \$216,820 | \$25,000 | \$27,000 | \$26,000 | Most lots 90' wide x 120' deep |
| Tanglewood 3rd Addition | Manchester | 2005 | 28 | 16 | 0.28 | 0.97 | 0.44 | \$21,400 | \$40,000 | \$31,192 | \$180,100 | \$443,500 | \$261,800 | \$30,000 | \$35,000 | \$32,500 | Most lots 120' wide or more |
| Subtotal | | | 137 | 54 | 0.32 | | | \$27,122 | | | \$205,685 | | | | | | |
| Outside City Limits | | | | | | | | | | | | | | | | | |
| Fawn Trail <i>185th St.</i> | Delaware Twp. | 2005 | 25 | 18 | 0.32 | 1.50 | 1.10 | \$3,000 | \$45,600 | \$23,870 | \$228,800 | \$326,400 | \$241,881 | \$35,000 | \$45,000 | \$42,000 | |
| Ridgeway Acres <i>195th St.</i> | Delaware Twp. | 1999/ 2002 | 5 | 1 | 1.00 | 1.13 | 1.04 | \$3,300 | \$35,000 | \$29,767 | \$163,200 | \$240,200 | \$215,900 | | | | |
| North Ridge Subdivision <i>189th St.</i> | Delaware Twp. | 2000- 2011 | 23 | 5 | 0.51 | 1.58 | 0.92 | \$1,600 | \$40,800 | \$31,269 | \$179,000 | \$284,900 | \$245,576 | \$20,000 | | | |
| Oak Park 2nd Addition <i>185th St.</i> | Delaware Twp. | 2001 | 8 | 3 | 1.00 | 2.45 | 1.62 | \$5,600 | \$38,800 | \$29,242 | \$195,900 | \$300,800 | \$272,844 | | | | |
| Oak Vally Subdivision <i>190th St.</i> | Delaware Twp. | 2007 | 35 | 35 | 1.10 | 1.82 | 1.37 | \$3,100 | \$5,700 | \$4,091 | | | | \$50,000 | | | First home to be built next year |
| Prairie Hill <i>161st & 188th St.</i> | Delaware Twp. | 1999/ 2000 | 27 | 10 | 0.29 | 2.02 | 0.90 | \$500 | \$31,500 | \$29,303 | \$171,400 | \$334,100 | \$238,531 | \$19,000 | \$40,000 | | |
| Quaker Mill Ridge <i>162nd Ave.</i> | Delaware Twp. | 2001/ 2003 | 9 | 2 | 1.00 | 1.10 | 1.09 | \$23,300 | \$35,300 | \$32,500 | \$180,600 | \$252,300 | \$215,486 | | | | |
| Windy Hollow <i>223rd St.</i> | Milo Twp. | 2000/ 2002 | 30 | 12 | 0.88 | 1.86 | 1.23 | \$21,300 | \$37,300 | \$31,669 | \$203,000 | \$387,400 | \$280,810 | \$25,000 | \$30,000 | \$27,500 | |
| Whitetail Ridge 1st & 2nd Addition <i>228th St.</i> | Milo Twp. | 1999 | 18 | 12 | 0.91 | 2.31 | 1.22 | \$1,800 | \$35,000 | \$19,404 | \$88,000 | \$274,400 | \$167,280 | \$16,000 | \$20,000 | | |
| Subtotal | | | 180 | 98 | 1.10 | | | \$28,150 | | | \$239,811 | | | | | | |
| Manchester Area Total | | | 317 | 152 | | | | | | | | | | | | | |
| ¹ Lot value and home value based on Delaware County Assessor data. | | | | | | | | | | | | | | | | | |
| Source: Delaware County Assessor; interviews with Realtors, Maxfield Research Inc. | | | | | | | | | | | | | | | | | |

Agricultural Land Values

Delaware County has desirable agricultural land that historically has been priced higher than the State of Iowa average on a per-acre basis. Table FS-7 shows farmland values in various submarkets of Iowa in March 2014. The data was compiled by the Realtors Land Institute (RLI) which is composed of Realtors who specialize in farm and land sales or appraisals. Key findings follow.

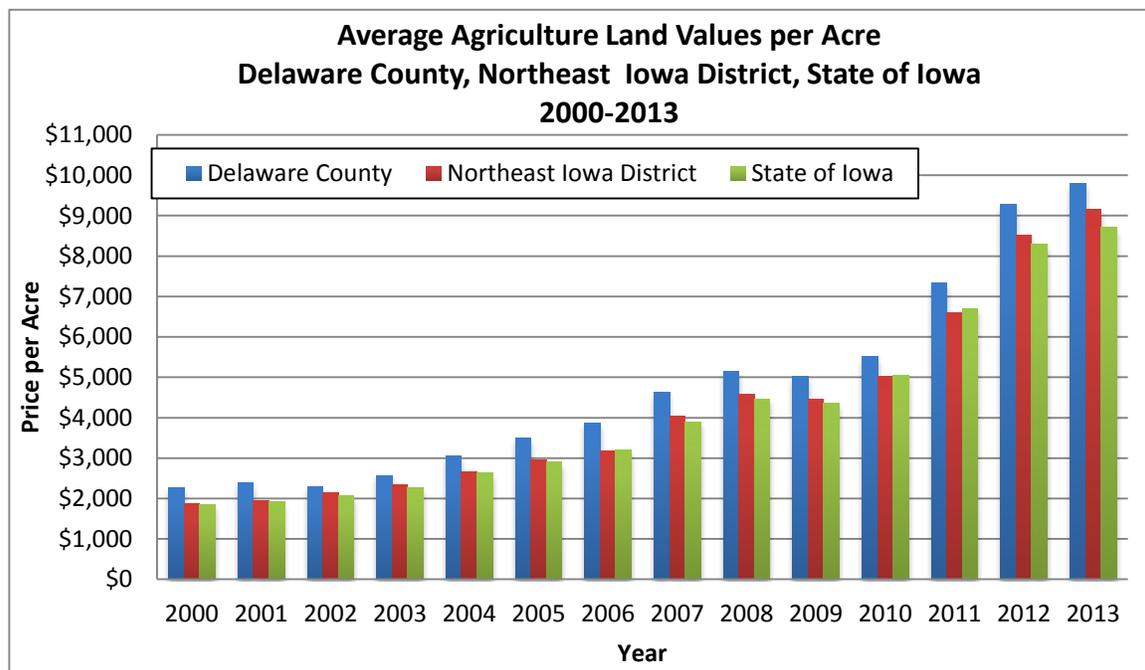


- As illustrated in the Table and chart, Northeast Iowa has agricultural land values about 10% higher than the State of Iowa averages. As of March 2014, cropland ranges from \$5,661 (low quality) to \$12,203 (high quality) per acre.
- The Iowa State University Extension also measures the value of agricultural land throughout the State. The chart on the following page depicts the average land value per acre in Delaware County, Northeast Iowa, and the State of Iowa between 2000 and 2013. According to the Iowa State University Extension, Delaware County has land values higher than the region and the state. As of 2013, land values in Delaware County averaged \$9,805 per acre.

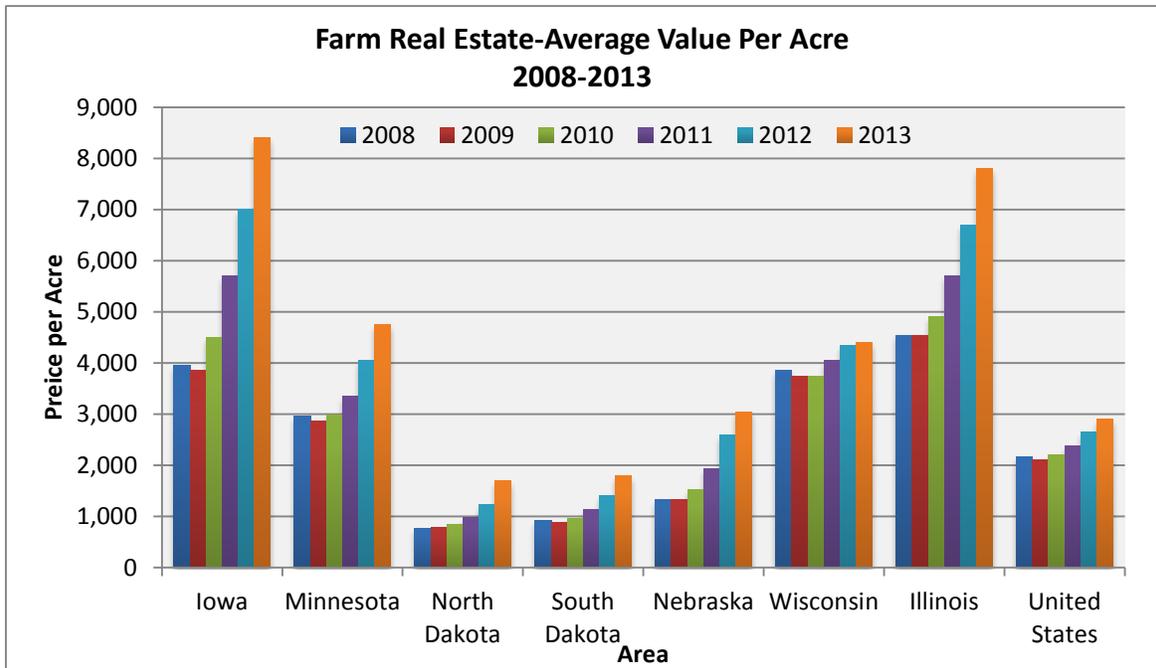
TABLE FS-7
SURVEY OF FARMLAND VALUES
2014

| Area in Iowa | Crop Land | | | Non-tillable Pasture | Timber |
|---------------|-----------------|----------------|----------------|-------------------------|----------------|
| | High Quality | Medium | Low Quality | | |
| Northeast | \$12,203 | \$8,894 | \$5,661 | \$2,771 | \$2,463 |
| North Central | \$11,208 | \$8,850 | \$6,175 | \$2,313 | \$1,888 |
| Northwest | \$12,930 | \$9,843 | \$6,706 | \$2,816 | \$2,518 |
| West Central | \$11,510 | \$9,126 | \$6,392 | \$3,039 | \$2,300 |
| Central | \$11,305 | \$8,432 | \$5,569 | \$2,656 | \$2,109 |
| East Central | \$11,283 | \$8,337 | \$5,387 | \$2,788 | \$2,372 |
| Southwest | \$10,744 | \$7,981 | \$5,367 | \$3,393 | \$2,440 |
| South Central | \$8,056 | \$6,228 | \$3,618 | \$2,494 | \$2,375 |
| Southeast | \$10,698 | \$7,216 | \$4,016 | \$2,353 | \$1,947 |
| Iowa | \$11,104 | \$8,323 | \$5,432 | \$2,736 | \$2,268 |

Sources: Realtors Land Institute, Maxfield Research Inc.



- The United States Department of Agriculture (“USDA”) also publishes land value statics across the country. The following chart illustrates farm real estate values by acre at the state-wide level. As illustrated in the chart, Iowa has the highest value of farm real estate in the Midwest.



Homestead Credit

The State of Iowa provides owner-occupied properties a reduction in their property taxes. To qualify for the credit, a property owner must be a resident of the State of Iowa and occupy the property on July 1st and reside in the property for at least six months of every year. Once a person qualifies, the credit continues until the property is sold or until the owner no longer qualifies. The amount of exemption per property is set at a maximum of \$4,850 of actual value each year.

A homestead property is typically owner-occupied, while non-homesteaded properties are typically renter-occupied or investment properties. In most cases, the median and average assessed values are higher for homesteaded properties than for non-homesteaded properties. This indicates that homesteaded properties are a combination of larger, better-maintained, or more recently-updated than non-homesteaded properties.

Since a non-homesteaded property is not always a primary residence, many non-homesteaded housing units are either second/vacation homes or investment rental property. Although not all non-homesteaded properties are investment related, the majority in the City of Manchester are likely rental properties.

City of Manchester Homestead Parcel Information

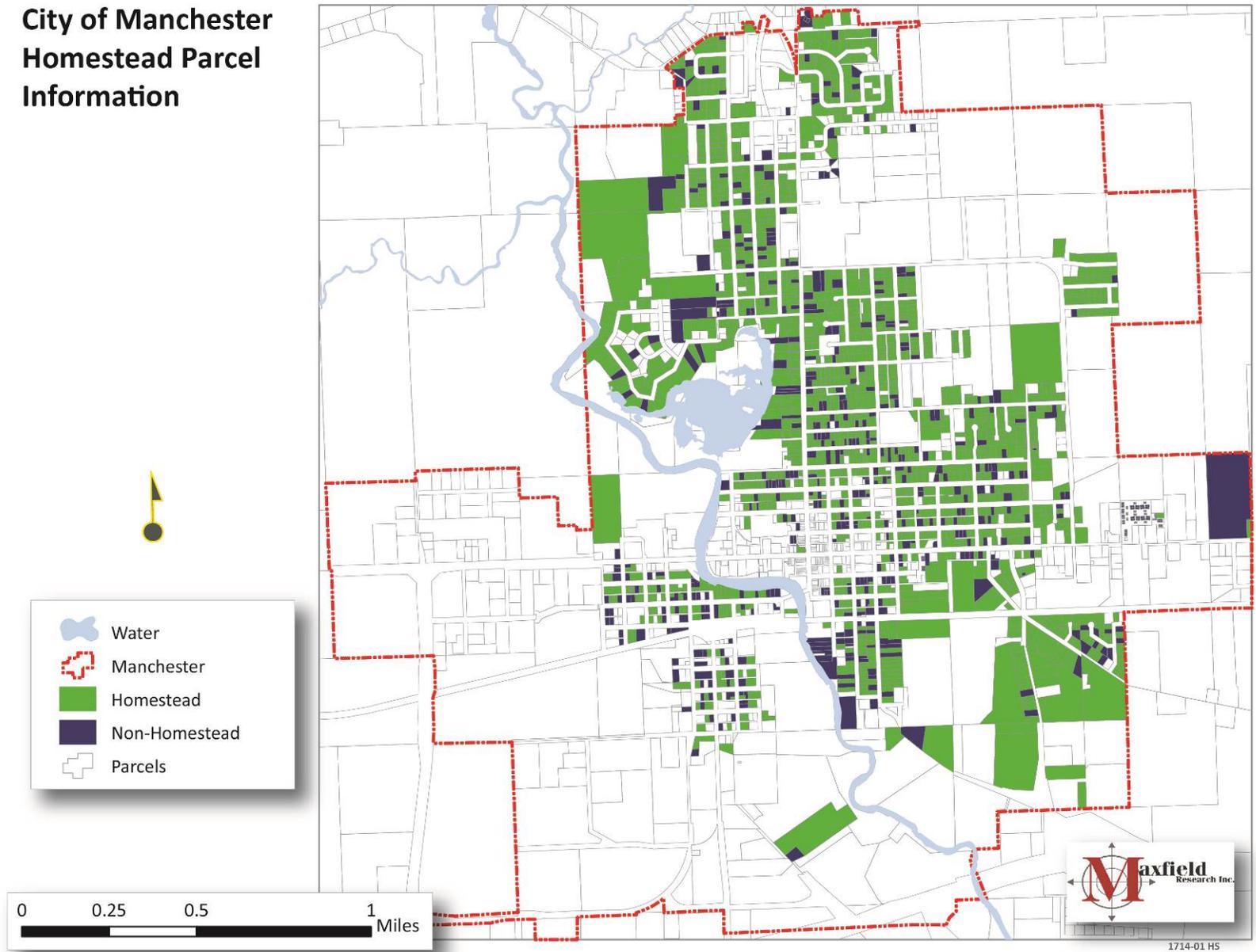


Table FS-8 inventories Manchester residential properties based on the homesteaded classification. The table omits vacant land and any non-residential use. The table provides insight on the number of non-homesteaded properties that could potentially be investment properties and functioning as rental property. The table is based on 2014 Delaware County tax records. Key findings from the table follow.

- Non-homesteaded properties account for about 28% of all housing units in Manchester.
- Assessed market values are substantially higher for homesteaded properties versus non-homesteaded properties. Market values are over 40% higher for homesteaded properties and the properties are newer.

| Homestead | | | Non-Homestead | | |
|------------------------------|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|
| No. of Properties | Avg. Market Value | Avg. Year Built | No. of Properties | Avg. Market Value | Avg. Year Built |
| 1,424 | \$110,619 | 1950 | 559 | \$65,401 | 1941 |

Source: Delaware County Assessor, Maxfield Research Inc.

Manufactured Homes (i.e. “Mobile Homes”)

Maxfield Research Inc. inventoried manufactured homes and manufactured home parks in Manchester. Traditionally, research shows that manufactured homes usually serve as an alternative to permanent housing. During times of housing scarcity, the number of homes usually rises.

- There are three manufactured homes parks in Manchester that have a total of 84 total lots (Orchard Lane – 53 lots, Beachland – 25 lots, and Coachlite Court – 6 lots). Maxfield Research contacted all three properties; however only Orchard Lane participated in the housing study.
- Housing costs tend to be comparable between manufactured home parks in Manchester. Owner-occupied homes typically have rents of \$150/month plus all utilities paid by the tenant. Rental-occupied homes have rents ranging from about \$300 to \$410/month.
- Historically most of the manufactured home parks were mostly owner-occupied. However they have all evolved to a mixture of owner- and renter-occupied units. A number of residents desire the rental option for the mobility option as they do not want to be tied to a

mortgage. In addition, the rentals are considered affordable for most households. Most landlords have no trouble finding rental tenants and no marketing. Empty lots are usually for the owner-occupied product.

Realtor/Builder Interviews

Maxfield Research Inc. interviewed real estate agents, home builders, and other professionals familiar with Manchester's owner-occupied market to solicit their impressions of the for-sale housing market in the community. Key points are summarized by topic as follows.

Market Overview

- Realtor sentiment was that the 2014 real estate market got off to a slow start due to the harsh winter that led to fewer transactions overall compared to 2013. However, real estate activity was extremely active during the summer months and supply was lower than anticipated. Most Realtors are anticipating 2015 real estate transactions will surpass year-end 2014 numbers.
- The number of homes for sale in Manchester (i.e. supply) varies based on the time of the year and can range from 40 to 70 homes marketing at a given time. Inventory has been very low for first-time homebuyers and for some move-up buyers seeking homes around \$200,000.
- Manchester housing costs are generally defined as follows:
 - Entry-level: less than \$100,000
 - Move-up: \$100,000 to \$200,000
 - Executive: \$250k+
- The Manchester market is generally insulated from the national real estate market. The local market does not experience the "highs and lows" like many locations across the country. The Manchester market tends to perform steady from year-to-year with minor variations in pricing.
- Realtors expressed concern over the change in the floodplain boundary by FEMA in December 2014. Approximately 240 homes are affected within the 100-year floodplain. Realtors are concerned these properties will lose value given the flood insurance premiums and the stigma of being located in the floodplain boundary.
- Some first-time homebuyers seeking a single-family home priced under \$80,000 have experienced competition from real estate investors. Some investors are purchasing single-family homes and converting to rental housing.

FOR SALE MARKET ANALYSIS

- The Manchester housing market is driven by the single-family home and is the preferred housing type in Manchester. However, Realtors commented that the housing stock could support additional maintenance-free products (i.e. twin homes, patio homes, etc.)
- According to Realtors, there is strong demand for single-family rental housing in Manchester. Realtors commented that many households who relocate to Manchester prefer to rent for six to 12 months prior to purchasing a home and they desire a single-family home as many households have children. Quality single-family rentals range from about \$600 to \$1,200 per month.
- Realtors and builders commented on the need for continued job growth and wage growth that is needed to sustain a healthy real estate market.

New Construction

- As illustrated in Table FS-6, there are numerous subdivisions located just outside of the City of Manchester. Realtors commented that new construction buyers are attracted to the townships because of the larger lot sizes, wooded lots, lower property taxes, and shared well systems that bring down utility costs. In addition, there is no county zoning ordinance and building code outside of the city limits.
- Interviewees stated that the cost to develop new municipal subdivisions is escalating as the average upfront cost for infrastructure (i.e. curb and gutter, streets, ponding, etc.) is exceeding \$30,000 to \$35,000 per lot. Because of the upfront development costs, most developers are unable to absorb the land holding costs during the absorption period given historic lot sale trends.
- Realtors commented on a somewhat limited inventory of choice lots available in Manchester. Most of the lots in Manchester are non-wooded flat lots and do not have the topography to design walk-out basements. Most lot pricing in Manchester range from about \$20,000 to \$35,000.
- Lot prices in the surrounding townships are often priced similar to city lots. Many township lots have sold from \$20,000 to \$40,000; although many of the active subdivisions such as Fawn Trail have lot costs ranging from \$35,000 to \$45,000. Lot costs in the townships can range upwards to \$70,000 based on acreage and the lot configuration. Many of the township lots are able to offer economies of scale through shared well system from up to 25 properties; however many of the shared well systems typically have fewer than six homes per well.
- Many new construction home buyers desire a one-level living ranch (i.e. rambler) style home. This product type is popular for older adults who don't want stairs, but also among younger buyers as this product has higher resale values. Because of the popularity of ranch-

style homes, lot widths must be larger to accommodate the larger one-level living floor plates. Many buyers want upwards of 1,800 square feet on the main-level with a full basement and in-floor heat.

- All new construction is built-to-suit for the homebuyer as builders/developers are not willing to build spec housing because of the risk and land holding cost. As a result, new construction generally starts at about \$250,000 or more.
- The new construction market in Manchester has been quiet over the past few years. However, Realtors commented that the market has been more active just outside of the city limits and most buyers utilize services and amenities from the City of Manchester. Some buyers have moved back to town so their school age children can access school activities more readily.
- Interviews commented on the lack of a building code and county zoning ordinance outside of Manchester. Because of fewer regulatory requirements, some development costs are lower in the surrounding townships.
- Interviewees mentioned costs can be as low as \$135 PSF if the homeowners provides sweat equity and does some of the work themselves. Most new homes however tend to be above \$150 PSF. Most Realtors and builders thought it was extremely difficult to build a new home for less than \$200,000 today. As a result, new construction is priced significantly higher than the existing home stock in Manchester.
- Agricultural land near Manchester has come down in price a little over the past year, but still remains high as most farmers do not want to sell. Agricultural land can sell from \$10,000 to \$15,000 an acre which makes it difficult to develop housing with the upfront raw land costs.
- Most new construction buyers have significant equity in the home and have high down payments. Many buyers are financing new construction with down payments from 30% to 50% of the home's construction costs.

Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges by definition.

FIGURE 1
AREA MEDIAN INCOME (AMI) DEFINITIONS

| Definition | AMI Range |
|-------------------------------------|------------------|
| Extremely Low Income | 0% - 30% |
| Very Low Income | 31% - 50% |
| Low Income | 51% - 80% |
| Moderate Income Workforce Housing | 50% - 120% |

Note: Delaware County 4-person AMI = \$63,600 (2015)

Naturally-Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

HOUSING AFFORDABILITY

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Rent and Income Limits

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Delaware County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Iowa Finance Authority based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

HOUSING AFFORDABILITY

| TABLE HA-1 MHFA/HUD INCOME AND RENT LIMITS DELAWARE COUNTY- 2015 | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Income Limits by Household Size | | | | | | | | |
| | 1 pph | 2 pph | 3 pph | 4 pph | 5 pph | 6 pph | 7 pph | 8 pph |
| 30% of median | \$13,380 | \$15,270 | \$17,190 | \$19,080 | \$20,610 | \$22,140 | \$23,670 | \$25,200 |
| 50% of median | \$22,300 | \$25,450 | \$28,650 | \$31,800 | \$34,350 | \$36,900 | \$39,450 | \$42,000 |
| 60% of median | \$26,760 | \$30,540 | \$34,380 | \$38,160 | \$41,220 | \$44,280 | \$47,340 | \$50,400 |
| 80% of median | \$35,680 | \$40,720 | \$45,840 | \$50,880 | \$54,960 | \$59,040 | \$63,120 | \$67,200 |
| 100% of median | \$44,600 | \$50,900 | \$57,300 | \$63,600 | \$68,700 | \$73,800 | \$78,900 | \$84,000 |
| 120% of median | \$53,520 | \$61,080 | \$68,760 | \$76,320 | \$82,440 | \$88,560 | \$94,680 | \$100,800 |
| Maximum Gross Rent | | | | | | | | |
| | EFF | 1BR | 2BR | 3BR | 4BR | | | |
| 30% of median | \$334 | \$381 | \$429 | \$477 | \$515 | | | |
| 50% of median | \$557 | \$636 | \$716 | \$795 | \$858 | | | |
| 60% of median | \$669 | \$763 | \$859 | \$954 | \$1,030 | | | |
| 80% of median | \$892 | \$1,018 | \$1,146 | \$1,272 | \$1,374 | | | |
| 100% of median | \$1,115 | \$1,272 | \$1,432 | \$1,590 | \$1,717 | | | |
| 120% of median | \$1,338 | \$1,527 | \$1,719 | \$1,908 | \$2,061 | | | |
| Fair Market Rent | | | | | | | | |
| | EFF | 1BR | 2BR | 3BR | 4BR | | | |
| Fair Market Rent | \$468 | \$474 | \$579 | \$842 | \$863 | | | |

Sources: Iowa Finance Authority, HUD, Maxfield Research Inc.

HOUSING AFFORDABILITY

**TABLE HA-2
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
DELAWARE COUNTY - 2015**

| Unit Type ¹ | HHD Size | | Maximum Rent Based on Household Size (@30% of Income) | | | | | | | | | | | |
|------------------------|----------|-----|---|--------|-------|----------|-------|----------|---------|----------|---------|----------|---------|----------|
| | Min | Max | 30% | | 50% | | 60% | | 80% | | 100% | | 120% | |
| | | | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. |
| Studio | 1 | 1 | \$335 | -\$335 | \$558 | -\$558 | \$669 | -\$669 | \$892 | -\$892 | \$1,115 | -\$1,115 | \$1,338 | -\$1,338 |
| 1BR | 1 | 2 | \$335 | -\$382 | \$558 | -\$636 | \$669 | -\$764 | \$892 | -\$1,018 | \$1,115 | -\$1,273 | \$1,338 | -\$1,527 |
| 2BR | 2 | 4 | \$382 | -\$477 | \$636 | -\$795 | \$764 | -\$954 | \$1,018 | -\$1,272 | \$1,273 | -\$1,590 | \$1,527 | -\$1,908 |
| 3BR | 3 | 6 | \$430 | -\$554 | \$716 | -\$923 | \$860 | -\$1,107 | \$1,146 | -\$1,476 | \$1,433 | -\$1,845 | \$1,719 | -\$2,214 |
| 4BR | 4 | 8 | \$477 | -\$630 | \$795 | -\$1,050 | \$954 | -\$1,260 | \$1,272 | -\$1,680 | \$1,590 | -\$2,100 | \$1,908 | -\$2,520 |

¹One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: 4-person Wright County AMI is \$63,600 (2015)

Sources: HUD, Novogradac, Maxfield Research Inc.

Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in Manchester pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2013 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

Key findings from Table HA-3 follow.

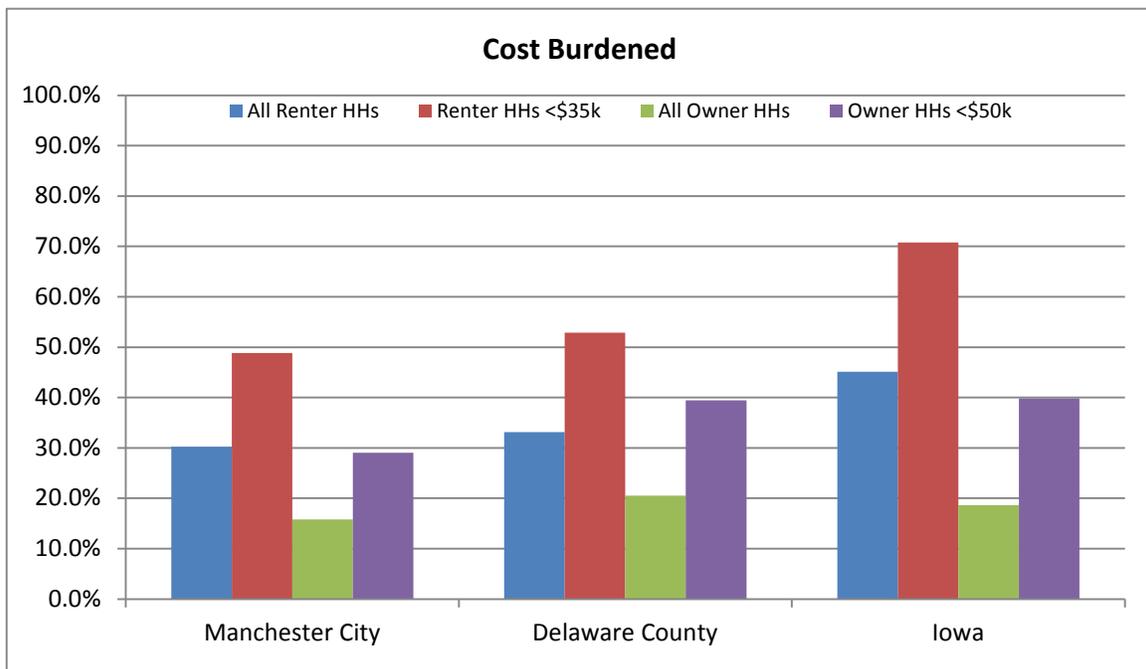
- About 16% of owner households and 30% of renter householders are estimated to be paying more than 30% of their income for housing costs in Manchester. Compared to the Iowa average, the percentage of cost burdened households is lower in Manchester. Iowa cost burdened households are 19% for owner households and 45% for renter households.
- The number of cost burdened households in Manchester increases proportionally based on lower incomes. About 49% of renters with incomes below \$35,000 are cost burdened and 29% of owners with incomes below \$50,000 are cost burdened.
- Median contract rents in Manchester (\$396) and Delaware County (\$386) are significantly less than the State of Iowa average (\$534).

HOUSING AFFORDABILITY

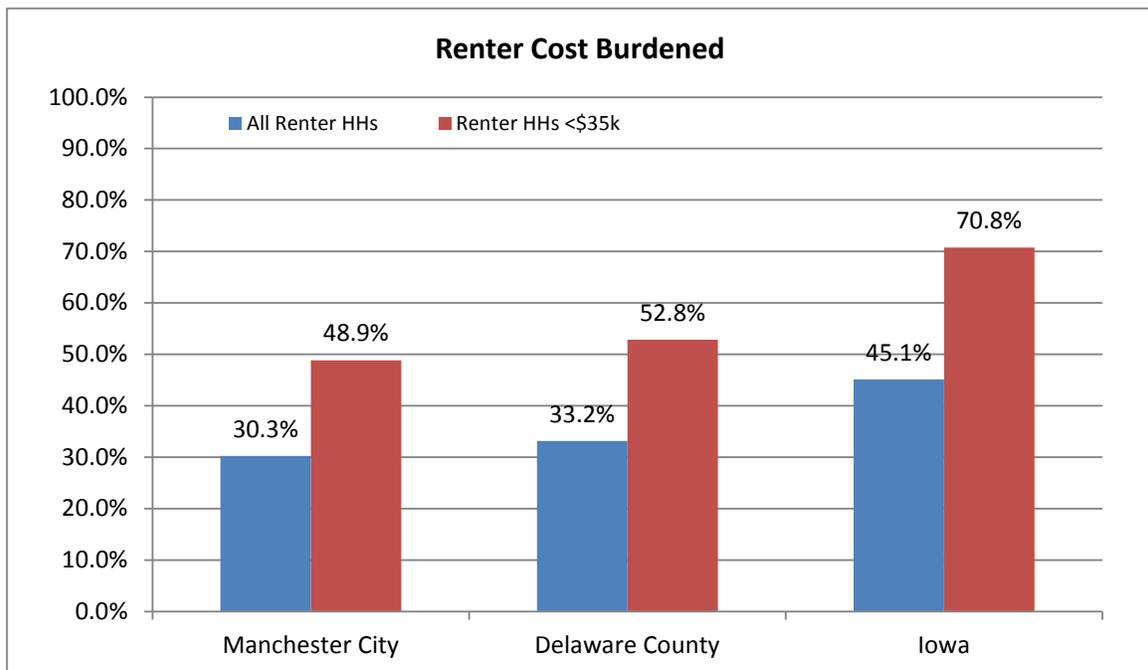
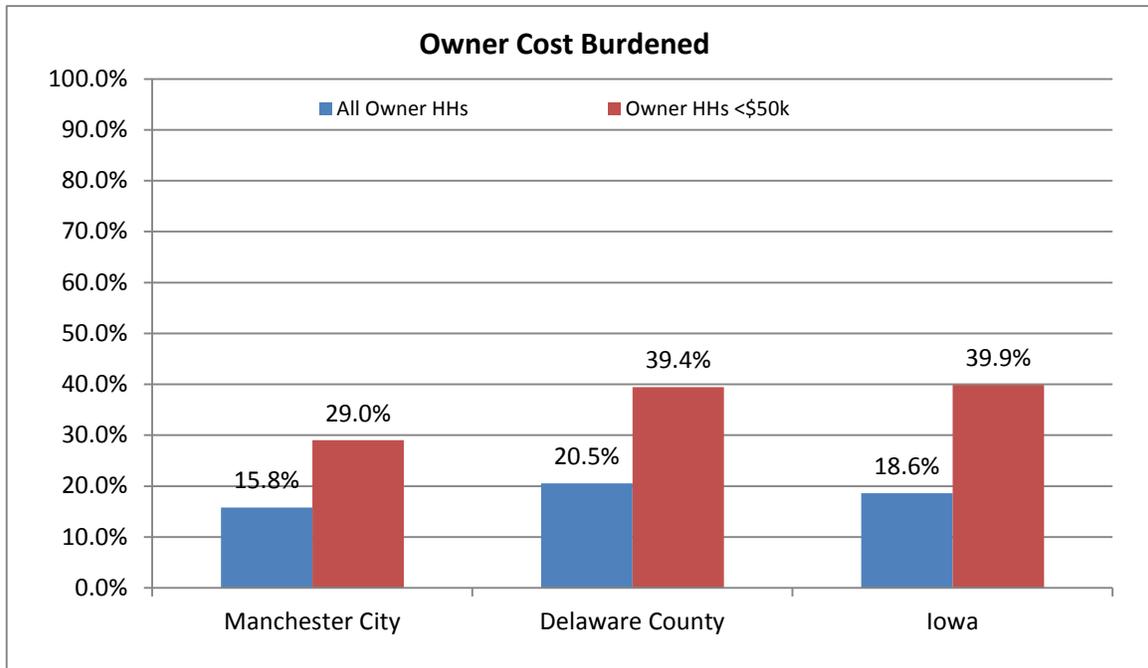
**TABLE HA-3
HOUSING COST BURDEN
MANCHESTER & DELAWARE COUNTY
2013**

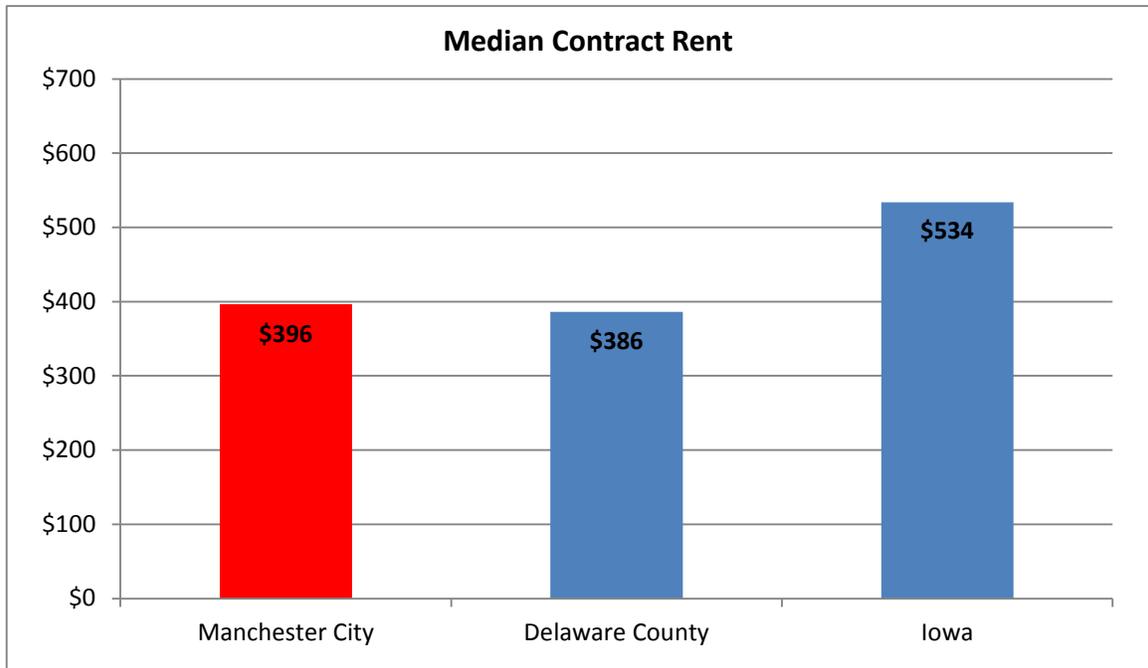
| | Manchester City | | Delaware County | | Iowa | |
|--|-----------------|-------|-----------------|-------|---------|-------|
| | No. | Pct. | No. | Pct. | No. | Pct. |
| Owner Households | | | | | | |
| All Owner Households | 1,399 | | 5,621 | | 885,942 | |
| Cost Burden 30% or greater | 221 | 15.8% | 1,150 | 20.5% | 164,171 | 18.6% |
| Owner Households w/ incomes <\$50,000 | 617 | | 2,162 | | 334,094 | |
| Cost Burden 30% or greater | 179 | 29.0% | 844 | 39.4% | 131,582 | 39.9% |
| Renter Households | | | | | | |
| All Renter Households | 742 | | 1,508 | | 340,605 | |
| Cost Burden 30% or greater | 216 | 30.3% | 445 | 33.2% | 140,999 | 45.1% |
| Renter Households w/ incomes <\$35,000 | 470 | | 866 | | 203,484 | |
| Cost Burden 30% or greater | 216 | 48.9% | 399 | 52.8% | 131,705 | 70.8% |
| Median Contract Rent ¹ | \$396 | | \$386 | | \$534 | |

¹ Median Contract Rent 2013
 Note: Calculations exclude households not computed.
 Sources: American Community Survey, 2009-2013 estimates; Maxfield Research Inc.



HOUSING AFFORDABILITY





Housing Vouchers

In addition to subsidized apartments, “tenant-based” subsidies, like *Housing Choice Vouchers*, can help lower income households afford market-rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD), and is managed by the Eastern Iowa Regional Housing Authority. Under the Housing Choice Voucher program (also referred to as Section 8) qualified households are issued a voucher that the household can take to an apartment that has rent levels with Payment Standards. The household then pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size, as shown in Table HA-1.

Currently, the Eastern Iowa Regional Housing Authority administers 105 Housing Choice Vouchers in Delaware County. About 70% of the vouchers are located in Manchester (76 vouchers) while the remaining 29 are scattered throughout the county.

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-4 on the following page illustrates key housing metrics based on housing costs and household incomes in the Manchester Market Area. The table estimates the percentage of Manchester Market Area householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on averages in Manchester.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 3.750% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2012 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2012 ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- About 90% of existing owner households could afford to buy an entry-level home (\$75,000) in Manchester. Furthermore, about 46% of existing owner households could afford to purchase a home of \$250,000.
- About 77% of existing renter households can afford to rent a one-bedroom unit in Manchester (\$375/month). The percentage of renter income-qualified households decreases to 69% that can afford an existing two-bedroom unit (\$475/month). Furthermore, about 57% of renters could afford to rent a one-bedroom apartment within a new development.

HOUSING AFFORDABILITY

**TABLE HA-4
MANCHESTER MARKET AREA HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME**

| For-Sale (Assumes 10% down payment and good credit) | | | | | | |
|--|------------------------|----------------|------------------|------------------------------|----------------|------------------|
| | Single-Family | | | New Townhome/Twinhome | | |
| | Entry-Level | Move-Up | Executive | Entry-Level | Move-Up | Executive |
| Price of House | \$75,000 | \$135,000 | \$250,000 | \$100,000 | \$140,000 | \$200,000 |
| Pct. Down Payment | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Total Down Payment Amt. | \$7,500 | \$13,500 | \$25,000 | \$10,000 | \$14,000 | \$20,000 |
| Estimated Closing Costs (rolled into mortgage) | \$2,250 | \$4,050 | \$7,500 | \$3,000 | \$4,200 | \$6,000 |
| Cost of Loan | \$69,750 | \$125,550 | \$232,500 | \$93,000 | \$130,200 | \$186,000 |
| Interest Rate | 3.750% | 3.750% | 3.750% | 3.750% | 3.750% | 3.750% |
| Number of Pmts. | 360 | 360 | 360 | 360 | 360 | 360 |
| Monthly Payment (P & I) | -\$323 | -\$581 | -\$1,077 | -\$431 | -\$603 | -\$861 |
| (plus) Prop. Tax | -\$94 | -\$169 | -\$313 | -\$125 | -\$175 | -\$250 |
| (plus) HO Insurance/Assoc. Fee for TH | -\$25 | -\$45 | -\$83 | -\$100 | -\$100 | -\$100 |
| (plus) PMI/MIP (less than 20%) | -\$30 | -\$54 | -\$101 | -\$40 | -\$56 | -\$81 |
| Subtotal monthly costs | -\$472 | -\$850 | -\$1,573 | -\$696 | -\$934 | -\$1,292 |
| Housing Costs as % of Income | 30% | 30% | 30% | 30% | 30% | 30% |
| Minimum Income Required | \$18,880 | \$33,984 | \$62,933 | \$27,840 | \$37,376 | \$51,680 |
| Pct. of ALL Manchester HHDS who can afford¹ | 83.9% | 74.4% | 40.9% | 72.3% | 62.6% | 51.1% |
| No. of Manchester MA HHDS who can afford¹ | 4,771 | 4,229 | 2,325 | 4,110 | 3,559 | 2,903 |
| Pct. of Manchester MA owner HHDs who can afford² | 90.4% | 83.0% | 46.4% | 81.5% | 73.1% | 56.3% |
| No. of Manchester MA owner HHDs who can afford² | 3,920 | 3,600 | 2,011 | 3,536 | 3,171 | 2,440 |
| No. of Manchester MA owner HHDS who cannot afford² | 418 | 738 | 2,327 | 802 | 1,167 | 1,898 |
| Rental (Market Rate) | | | | | | |
| | Existing Rental | | | New Rental | | |
| | 1BR | 2BR | 3BR | 1BR | 2BR | 3BR |
| Monthly Rent | \$375 | \$475 | n/a | \$650 | \$800 | \$950 |
| Annual Rent | \$4,500 | \$5,700 | n/a | \$7,800 | \$9,600 | \$11,400 |
| Housing Costs as % of Income | 30% | 30% | n/a | 30% | 30% | 30% |
| Minimum Income Required | \$15,000 | \$19,000 | n/a | \$26,000 | \$32,000 | \$38,000 |
| Pct. of ALL Manchester HHDS who can afford¹ | 89.1% | 83.7% | n/a | 74.4% | 67.8% | 62.1% |
| No. of Manchester MA HHDS who can afford¹ | 5,065 | 4,755 | n/a | 4,229 | 3,854 | 3,532 |
| Pct. of Manchester MA renter HHDs who can afford² | 76.7% | 69.3% | n/a | 56.6% | 47.8% | 40.7% |
| No. of Manchester MA renter HHDs who can afford² | 1,033 | 933 | n/a | 762 | 643 | 548 |
| No. of Manchester MA. renter HHDS who cannot afford² | 313 | 413 | n/a | 584 | 703 | 798 |

¹ Based on 2014 household income for ALL households

² Based on 2013 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$56,406 vs. renter incomes = \$28,000)

Source: Maxfield Research Inc.

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Manchester and the Manchester Market Area. This section of the report presents our estimates of housing demand in Manchester and the Market Area from 2014 through 2025.

Demographic Profile and Housing Demand

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

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

6. *Older seniors*

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

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

Outstate communities and rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Manchester Market Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Manchester.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following points outline several of the key variables driving housing demand.

HOUSING DEMAND ANALYSIS

| DEMOGRAPHICS & HOUSING DEMAND | | | | | | | |
|--|------------------------|-----------------------|----------------------------|---------------------------|-----------------------|--------------------------------|-----------------------|
| Age Cohort | Student Housing | Rental Housing | 1st-time Home Buyer | Move-up Home Buyer | 2nd Home Buyer | Empty Nester/ Downsider | Senior Housing |
| 18-24 | 18 - 24 | | | | | | |
| 25-29 | | 18-34 | | | | | |
| 30-34 | | | 25-39 | | | | |
| 35-39 | | | | 30-49 | | | |
| 40-44 | | | | | | | |
| 45-49 | | | | | | | |
| 50-54 | | | | | 40-64 | | |
| 55-59 | | | | | | | |
| 60-64 | | | | | | 55-74 | |
| 65-69 | | 65-79 | | | | | |
| 70-74 | | | | | | | |
| 75-79 | | | | | | | |
| 80-84 | | | | | | | |
| 85+ | | | | | | | 55+ & 65+ |

Source: Maxfield Research Inc.

HOUSING DEMAND ANALYSIS

| TYPICAL HOUSING TYPE CHARACTERISTICS | | | | |
|--------------------------------------|--------------------------------|---|---|--|
| | Housing Types | Target Market/ Demographic | Unit/Home Characteristics | Lot Sizes/ Units Per Acre |
| For-Sale Housing | Entry-level single-family | First-time buyers: Families, couples w/no children, some singles | 1,200 to 2,200 sq. ft. 2-4 BR 2 BA | 80'+ wide lot 2.5-3.0 DU/Acre |
| | Move-up single-family | Step-up buyers: Families, couples w/no children | 2,000 sq. ft.+ 3-4 BR 2-3 BA | 80'+ wide lot 2.5-3.0 DU/Acre |
| | Executive single-family | Step-up buyers: Families, couples w/no children | 2,500 sq. ft.+ 3-4 BR 2-3 BA | 100'+ wide lot 1.5-2.0 DU/Acre |
| | Small-lot single-family | First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees | 1,700 to 2,500 sq. ft. 3-4 BR 2-3 BA | 40' to 60' wide lot 5.0-8.0 DU/Acre |
| | Entry-level townhomes | First-time buyers: Singles, couples, | 1,200 to 1,600 sq. ft. 2-3 BR 1.5BA+ | 6.0-12.0 DU/Acre |
| | Move-up townhomes | First-time & step-up buyers: Singles, couples, some families, empty-nesters | 1,400 to 2,000 sq. ft. 2-3 BR 2BA+ | 6.0-8.0 DU/Acre |
| | Executive townhomes/twinhomes | Step-up buyers: Empty-nesters, retirees | 2,000+ sq. ft. 3 BR+ 2BA+ | 4.0-6.0 DU/Acre |
| | Detached Townhome | Step-up buyers: Empty-nesters, retirees, some families | 2,000+ sq. ft. 3 BR+ 2BA+ | 4.0-6.0 DU/Acre |
| | Condominiums | First-time & step-up buyers: Singles, couples, empty-nesters, retirees | 800 to 1,700 sq. ft. 1-2 BR 1-2 BA | Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre |
| Rental Housing | Apartment-style rental housing | Singles, couples, single-parents, some families, seniors | 675 to 1,250 sq. ft. 1-3 BR 1-2 BA | Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre |
| | Townhome-style rental housing | Single-parents, families w/children, empty nesters | 900 to 1,700 sq. ft. 2-4 BR 2BA | 8.0-12.0 DU/Acre |
| | Student rental housing | College students, mostly undergraduates | 550 to 1,400 sq. ft. 1-4BR 1-2 BA | Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre |
| Both | Senior housing | Retirees, Seniors | 550 to 1,500 sq. ft. Suites - 2BR 1-2 BA | Varies considerably based on senior product type |

Source: Maxfield Research Inc.

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low income

growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing has been increasingly challenging over the past few years as lenders have overcorrected from the subprime mortgage crisis. As a result, many borrowers have remained on the sidelines as lenders have enforced tight lending requirements, thereby increasing the demand for rental housing.

Mobility

It is important to note that demand is somewhat fluid between other northeast Iowa communities and will be impacted by development activity in nearby areas, including other communities outside Delaware County.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Manchester Market Area between 2014 and 2025.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Manchester Market Area is expected to decline for households under the age of 65 between 2014 and 2015, which produces no demand from new household growth.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 3,205 owner-occupied households are located in the Manchester Market Area in 2014. Based on mobility data from the Census Bureau, an estimated 44% of owner households will turnover in a ten-year period, resulting in 1,404 existing households projected to turnover. Finally, we estimate 10% of the existing owner households will seek new for-sale housing, resulting in demand for nearly 140 for-sale units through 2025.

Next, we estimate that 15% of the total demand for new for-sale units in the Manchester Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside the Manchester Market Area to the existing demand potential, results in a total estimated demand for 165 for-sale housing units by 2025.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 75% of the for-sale owners will prefer traditional single-family product types while the remaining 25% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

We then subtract the current identified platted lots that are under construction or approved. After subtracting the current lot supply in subdivisions (54 total single-family lots) we find total demand through 2025 resulting in 70 single-family lots and 41 multifamily lots.

Finally, we estimate that 45% of the excess single family demand and 85% of the excess multifamily demand from the Manchester Market Area demand could be captured in Manchester. **Therefore, total for-sale demand in Manchester through 2025 is about 31 single-family units and 35 multifamily units.**

HOUSING DEMAND ANALYSIS

| TABLE HD-1 FOR-SALE HOUSING DEMAND MANCHESTER MARKET AREA 2014 to 2025 | | | | | | | | | | | | | | | | | | | | | | | | |
|---|------------------|---|------------|------------------|-------------------|--|-------|-------|--|-------|------|---|------|-----|---|------|------|--|-------|-------|---|-----------|-----------|--|
| Demand from Projected Household Growth | | | | | | | | | | | | | | | | | | | | | | | | |
| Projected HH growth under age 65 in the Manchester Market Area 2014 to 2025 ¹ | | | 0 | | | | | | | | | | | | | | | | | | | | | |
| (times) % propensity to own ² | x | 77% | | | | | | | | | | | | | | | | | | | | | | |
| (equals) Projected demand from new HH growth | = | 0 | | | | | | | | | | | | | | | | | | | | | | |
| Demand from Existing Owner Households | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of owner households (age 64 and younger) in Manchester Market Area (2014) ³ | | | 3,205 | | | | | | | | | | | | | | | | | | | | | |
| (times) Estimated percent of owner turnover ⁴ | x | 44% | | | | | | | | | | | | | | | | | | | | | | |
| (equals) Total existing households projected to turnover | = | 1,404 | | | | | | | | | | | | | | | | | | | | | | |
| (times) Estimated percent desiring new housing | x | 10% | | | | | | | | | | | | | | | | | | | | | | |
| (equals) Demand from existing households | | | 140 | | | | | | | | | | | | | | | | | | | | | |
| (equals) Total demand from HH growth and existing HHs 2014 to 2025 | = | | 140 | | | | | | | | | | | | | | | | | | | | | |
| (times) Demand from outside Manchester Market Area | | | 15% | | | | | | | | | | | | | | | | | | | | | |
| (equals) Total demand potential for ownership housing, 2014 to 2025 | | | 165 | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Single Family</th> <th style="text-align: center;">Multi- family*</th> </tr> </thead> <tbody> <tr> <td>(times) Percent desiring for-sale single-family vs. multifamily⁵</td> <td style="text-align: center;">x 75%</td> <td style="text-align: center;">x 25%</td> </tr> <tr> <td>(equals) Total demand potential for new single-family & multifamily for-sale housing</td> <td style="text-align: center;">= 124</td> <td style="text-align: center;">= 41</td> </tr> <tr> <td>(minus) Units under construction or approved platted lots (undeveloped and developed lots)⁶</td> <td style="text-align: center;">- 54</td> <td style="text-align: center;">- 0</td> </tr> <tr> <td>(equals) Excess demand for new general occupancy for-sale housing</td> <td style="text-align: center;">= 70</td> <td style="text-align: center;">= 41</td> </tr> <tr> <td>(times) Percent of Market Area demand capturable by Manchester</td> <td style="text-align: center;">x 45%</td> <td style="text-align: center;">x 85%</td> </tr> <tr> <td>(equals) number of units supportable by the City of Manchester</td> <td style="text-align: center;">31</td> <td style="text-align: center;">35</td> </tr> </tbody> </table> | | Single Family | Multi- family* | (times) Percent desiring for-sale single-family vs. multifamily ⁵ | x 75% | x 25% | (equals) Total demand potential for new single-family & multifamily for-sale housing | = 124 | = 41 | (minus) Units under construction or approved platted lots (undeveloped and developed lots) ⁶ | - 54 | - 0 | (equals) Excess demand for new general occupancy for-sale housing | = 70 | = 41 | (times) Percent of Market Area demand capturable by Manchester | x 45% | x 85% | (equals) number of units supportable by the City of Manchester | 31 | 35 | |
| | Single Family | Multi- family* | | | | | | | | | | | | | | | | | | | | | | |
| (times) Percent desiring for-sale single-family vs. multifamily ⁵ | x 75% | x 25% | | | | | | | | | | | | | | | | | | | | | | |
| (equals) Total demand potential for new single-family & multifamily for-sale housing | = 124 | = 41 | | | | | | | | | | | | | | | | | | | | | | |
| (minus) Units under construction or approved platted lots (undeveloped and developed lots) ⁶ | - 54 | - 0 | | | | | | | | | | | | | | | | | | | | | | |
| (equals) Excess demand for new general occupancy for-sale housing | = 70 | = 41 | | | | | | | | | | | | | | | | | | | | | | |
| (times) Percent of Market Area demand capturable by Manchester | x 45% | x 85% | | | | | | | | | | | | | | | | | | | | | | |
| (equals) number of units supportable by the City of Manchester | 31 | 35 | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| ¹ Estimated household growth based on data from Table D-3 as adjusted by Maxfield Research Inc. ² Pct. of owner households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research Inc.). ³ Estimate based on 2010 owner households and new owner household growth 2010 to 2014 (under age 65) ⁴ Based on turnover from 2010 American Community Survey for households moving over 10-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units. | | | | | | | | | | | | | | | | | | | | | | | | |
| Source: Maxfield Research Inc. | | | | | | | | | | | | | | | | | | | | | | | | |

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in the Manchester Market Area. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Manchester that want to upgrade their housing situations.

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Manchester Market Area is expected to decline for households under the age of 65 between 2014 and 2015, which produces no demand from new household growth.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 944 renter-occupied households are located in the Manchester Market Area in 2014. Based on mobility data from the Census Bureau, an estimated 80% of renter households will turnover in a ten-year period, resulting in 755 existing households projected to turnover. Finally, we estimate 15% of the existing renter households will seek new rental housing, resulting in demand for nearly 113 rental units through 2025.

Next, we estimate that 15% of the total demand for new rental units in the Manchester Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Manchester Market Area to the existing demand potential, results in a total estimated demand for 133 rental housing units by 2025.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 23% of the total demand will be for subsidized housing (30% AMI), 10% will be for affordable housing (40% to 60% AMI), and 67% will be for market rate housing (non-income restricted).

Next we subtract housing projects that are under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. However, there are no under construction or pending units at this time.

Finally, we estimate that a site in Manchester can capture from 80% of the total Market Area demand, resulting in demand for 25 subsidized units, 11 affordable units, and 71 market rate units in Manchester.

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| TABLE HD-2 RENTAL HOUSING DEMAND MANCHESTER MARKET AREA 2014 to 2025 | | | |
|---|----------|-------------------|-------------------|
| Demand from Projected Household Growth | | | |
| Projected HH growth under age 65 in the Manchester Market Area 2014 to 2025 ¹ | | | 0 |
| (times) Estimated % to be renting their housing ² | x | 23% | |
| (equals) Projected demand from new HH growth | = | | 0 |
| Demand from Existing Renter Households | | | |
| Number of renter HHs (age 64 and younger) in Manchester Market Area (2014) ³ | | | 944 |
| (times) Estimated percent of renter turnover ⁴ | x | 80% | |
| (equals) Total existing households projected to turnover | = | | 755 |
| (times) Estimated percent desiring new rental housing | x | 15% | |
| (equals) Demand from existing households | | | 113 |
| (equals) Total demand from HH growth and existing HHs 2014 to 2025 | = | | 113 |
| (times) Demand from outside Manchester Market Area | | | 15% |
| (equals) Total demand potential for rental housing, 2014 to 2025 | | | 133 |
| | | Subsidized | Affordable |
| (times) Percent of rental demand by product type ⁵ | x | 23% | 10% |
| (equals) Total demand potential for general-occupancy rental housing units | = | 31 | 13 |
| (minus) Units under construction or pending ⁶ | - | 0 | 0 |
| (equals) Excess demand for new general occupancy rental housing | = | 31 | 13 |
| (times) Percent of Market Area demand capturable by Manchester | x | 80% | 80% |
| (equals) number of units supportable by the City of Manchester | | 25 | 11 |
| ¹ Estimated household growth based on data from Table D-3 as adjusted by Maxfield Research Inc. ² Pct. of renter households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research Inc.). ³ Estimate based on 2010 renter households and new renter household growth 2010 to 2014 (under age 65) ⁴ Based on turnover from 2010 American Community Survey for households moving over 10-year period. ⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households) ⁶ Pending/proposed/under construction at 95% occupancy. | | | |
| Source: Maxfield Research Inc. | | | |

It should be noted demand could be higher to account for pent-up housing demand. With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, live in single-family rentals, or live in housing outside of the area and commute to jobs. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. The current general-occupancy rental market has a vacancy rate of only 1.7%, indicating pent-up demand for rental housing units.

Estimated Demand for Independent Adult/Few Service Senior Housing

Table HD-3 presents our demand calculations for market rate independent senior housing in Manchester in 2014 and 2019.

In order to determine demand for independent senior housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as seniors age 55 and older, although independent living projects will primarily attract seniors age 65 and older.

We calculate that the minimum income needed to afford monthly rents is \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in the Manchester Market Area in 2014 to be 1,905 households.

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, about 5.5% of households age 65 to 74, and 16.5% of households age 75 and over) results in a market rate demand potential for 101 independent senior rental units in 2014.

Some additional demand will come from outside the Manchester Market Area. We estimate that 15% of the long-term demand for independent senior housing will be generated by seniors currently residing outside the Manchester Market Area. This demand will consist primarily of parents of adult children living in the Manchester area, individuals who live just outside of the Manchester Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from Manchester Market Area seniors and demand from seniors who would relocate to Manchester results in a demand for 119 active adult units in 2014.

Independent demand in Manchester is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in Manchester, we project that 35% of Manchester' demand will be for adult ownership housing (42 units) and 65% will be for rental housing (77 units).

HOUSING DEMAND ANALYSIS

| TABLE HD-3 MARKET RATE ACTIVE ADULT HOUSING DEMAND MANCHESTER MARKET AREA 2014 & 2019 | | | | | | |
|--|-----------------------|------------------------|-------|-----------------------|------------------------|-------|
| | 2014 | | | 2019 | | |
| | Age of Householder | | | Age of Householder | | |
| | 55-64 | 65-74 | 75+ | 55-64 | 65-74 | 75+ |
| # of Households w/ Incomes of >\$35,000 ¹ | 869 | 444 | 243 | 943 | 540 | 270 |
| # of Households w/ Incomes of \$25,000 to \$34,999 ¹ | + 96 | 121 | 202 | 78 | 122 | 179 |
| (times) Homeownership Rate | x 87% | 89% | 78% | x 87% | 89% | 78% |
| (equals) Total Potential Market Base | = 953 | 552 | 401 | = 1,011 | 649 | 410 |
| (times) Potential Capture Rate | x 0.5% | 5.5% | 16.5% | x 0.5% | 5.5% | 16.5% |
| (equals) Demand Potential | = 5 | 30 | 66 | = 5 | 36 | 68 |
| Potential Demand from Manchester Residents | = 101 | | | = 108 | | |
| (plus) Demand from Outside Manchester MA (15%) | + 18 | | | + 19 | | |
| (equals) Total Demand Potential | = 119 | | | = 127 | | |
| | Owner-Occupied | Renter-Occupied | | Owner-Occupied | Renter-Occupied | |
| (times) % by Product Type | x 35% | x 65% | | x 35% | x 65% | |
| (equals) Demand Potential by Product Type | = 42 | = 77 | | = 45 | = 83 | |
| (minus) Existing and Pending MR Active Adult Units ² | - 0 | - 31 | | - 0 | - 31 | |
| (equals) Excess Demand for MR Active Adult Units | = 42 | = 46 | | = 45 | = 52 | |
| (times) Percent that could be captured in Manchester | x 70% | | | x 70% | | |
| (equals) Excess market rate active adult demand in Manchester | = 29 | 32 | | = 31 | 36 | |

¹ 2019 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999.
² Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research Inc.

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 42 adult owner-occupied units and 46 adult rental units in 2014.

No one community, including Manchester, would be able to capture 100% of the demand. Since Manchester is the primary service center, containing health care and shopping in addition to other services, we believe that it can capture 70% of the demand for ownership projects and rental projects. This results in total demand for 29 adult owner-occupied units and 32 adult rental units in Manchester in 2014.

Adjusting for inflation, we have estimated that households with incomes of \$40,000 or more and homeowners with incomes of \$30,000 to \$39,999 would income qualify for market rate independent senior housing in 2019. Considering the growth in the older adult base and the income distribution of the older adult population in 2019, the methodology projected that demand will be 31 adult owner-occupied units and 36 adult rental units in the City of Manchester by 2019.

Estimated Demand for Subsidized/ Affordable Independent Senior Housing

Table HD-4 presents our demand calculations for subsidized/affordable independent senior housing in the City of Manchester in 2014 and 2019.

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

- **Income-Qualifications:** Seniors who earn up to 60% of the Area Median Income (AMI) would be qualified for income-restricted housing products. Based on Iowa Housing Finance Agency data, current income-restrictions for the upper end of the range for affordable housing (60% AMI) are \$26,760 for a one-person households and \$30,540 for a two-person household. It is important to note that individual affordable developments may have unique income-guidelines that are more precise than these income-restrictions due to subsidy type or other factors.

We exclude homeowner households with incomes between \$30,000 and \$39,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 2.0% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.
- **Potential Demand Capture:** Seniors in need-based situations are less selective when securing housing than those in non-need based situations. We estimate that a high-quality site would capture a greater proportion of total demand for financially-assisted housing than for market rate housing.

Using the methodology described above results in a demand potential for 114 subsidized units and 61 affordable units.

Next we subtract existing competitive units from the overall demand. There are 71 existing subsidized independent units in the Market Area (minus a vacancy factor of 3% to allow for sufficient consumer choice and turnover). However, there are no existing affordable independent units in the Market Area. After we subtract the existing units, there is demand for 45 subsidized and 61 independent units in 2014.

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No single site can capture all of the demand in the Manchester Market Area. We estimate that a Site in Manchester could capture approximately 80% of the Market Area excess demand for a total of 36 subsidized units and 49 affordable units through 2014.

Adjusting for inflation, we estimate that households with incomes up to \$45,000 would be candidates for financially-assisted independent housing in 2019. We reduce the potential market by homeowner households earning between \$35,000 and \$44,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income. Following the same methodology, we project demand in Manchester for 33 subsidized units and 48 affordable units through 2019.

| TABLE HD-4 SUBSIDIZED/AFFORDABLE INDEPENDENT HOUSING DEMAND MANCHESTER MARKET AREA 2014 & 2019 | | | | | | | | |
|---|--------------------|-------|-------------------|--------------------|-------------------|-------|-------------------|--|
| | 2014 | | | 2019 | | | | |
| | Age of Householder | | | Age of Householder | | | | |
| | 55-64 | 65-74 | 75+ | 55-64 | 65-74 | 75+ | | |
| # of Households w/ Incomes of <\$40,000 | 397 | 372 | 638 | 321 | 373 | 579 | | |
| Less Households w/ Incomes of \$30,000 to \$39,999 ¹ | - 95 | 106 | 139 | - 81 | 97 | 85 | | |
| (times) Homeownership Rate | x 87% | 89% | 78% | x 87% | 89% | 78% | | |
| (equals) Total Potential Market Base | = 314 | 278 | 530 | = 251 | 287 | 513 | | |
| (times) Potential Capture Rate | x 2.0% | 10.0% | 20.0% | x 2.0% | 10.0% | 20.0% | | |
| (equals) Demand Potential | = 6 | 28 | 106 | = 5 | 29 | 103 | | |
| (equals) Potential Demand from Manchester Residents | = 140 | | | 136 | | | | |
| (plus) Demand from Outside Manchester MA (20%) | + 35 | | | + 34 | | | | |
| (equals) Total Demand Potential | = 175 | | | = 170 | | | | |
| | Subsidized | | Affordable | | Subsidized | | Affordable | |
| (times) % by Product Type | x 65% | | x 35% | | x 65% | | x 35% | |
| (equals) Demand Potential by Product Type | = 114 | | = 61 | | = 111 | | = 60 | |
| (minus) Existing and Pending Independent Units ² | - 69 | | - 0 | | - 69 | | - 0 | |
| (equals) Excess Demand for Aff/Sub Units | = 45 | | = 61 | | = 42 | | = 60 | |
| (times) Percent that could be captured in Manchester | x 80% | | | 80% | | | | |
| (equals) Excess sub/aff independent demand in Manchester | = 36 | | 49 | | 33 | | 48 | |

¹ 2019 calculations define income-qualified households as all households with incomes less than \$45,000. Homeowner households with incomes between \$35,000 and \$44,999 are excluded from the market potential for financially-assisted housing.

² Existing units are deducted at market equilibrium, or 97% occupancy.

Source: Maxfield Research Inc.

Estimated Demand for Congregate Senior Housing

Table HD-5 presents our demand calculations for congregate housing in Manchester in 2014 and 2019.

The potential age- and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2010 Census homeownership rates of the Manchester Market Area seniors. The number of age, income, and asset-qualified households in Manchester is estimated to be 819 households in 2014.

Demand for congregate housing is need-drive, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 13.0% of households age 75 and older) results in a local demand potential for 49 congregate units in 2014.

We estimate that seniors currently residing outside of the Manchester area will generate 15% of the demand for congregate senior housing. Together, the demand from Manchester Market Area seniors and demand from seniors who are willing to locate to the Manchester Market Area totals 58 congregate units in 2014.

Next we subtract existing competitive units from the overall demand (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover). However, there are no existing competitive units at this time.

No single site can capture all of the demand in the Manchester Market Area. We estimate that a Site in Manchester could capture approximately 80% of the Market Area excess demand for a total of 46 congregate units through 2014.

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for congregate housing in 2019. Following the same methodology, demand is calculated to decline slightly to 45 units through 2019.

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| TABLE HD-5 | | | | |
|---|--------------------|-----------|--------------------|-----------|
| MARKET RATE CONGREGATE RENTAL HOUSING DEMAND | | | | |
| MANCHESTER MARKET AREA | | | | |
| 2014 & 2019 | | | | |
| | 2014 | | 2019 | |
| | Age of Householder | | Age of Householder | |
| | 65-74 | 75+ | 65-74 | 75+ |
| # of Households w/ Incomes of >\$35,000 ¹ | 444 | 243 | 540 | 270 |
| # of Households w/ Incomes of \$30,000 to \$34,999 ¹ | + | 60 | + | 48 |
| (times) Homeownership Rate | x | 89% | x | 89% |
| (equals) Total Potential Market Base | = | 497 | = | 583 |
| (times) Potential Capture Rate ² | x | 1.5% | x | 1.5% |
| (equals) Potential Demand | = | 7 | + | 42 |
| Potential Demand from PMA Residents | = | 49 | = | 48 |
| (plus) Demand from Outside Market Area (15%) | + | 9 | + | 8 |
| (equals) Total Demand Potential | = | 58 | = | 57 |
| (minus) Existing and Pending Congregate Units ³ | - | 0 | - | 0 |
| (equals) Total Congregate Demand Potential | = | 58 | = | 57 |
| (times) Percent that could be captured in Manchester | x | 80% | x | 80% |
| (equals) Excess market rate assisted living demand in Manchester | = | 46 | = | 45 |

¹ 2019 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999.

² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2008 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).

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

Source: Maxfield Research Inc.

Estimated Demand for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in Manchester in 2014 and 2019. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

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

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from seniors over age 75. In 2014, there were 1,260 seniors age 75 and older in the Manchester Market Area.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 460 seniors in the Manchester Market Area.

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

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

Seventy-eight percent of the age 75+ households in the Manchester Market Area are homeowners, and the median resale price of homes through 2013 in Manchester was \$97,250. Seniors selling their homes for the median resale price would generate about \$89,950 in proceeds after selling costs. With an average monthly fee of \$2,250, these proceeds would last just over 3 years in an assisted living facility, which is slightly higher than the average length of stay in assisted living (27 months according to the 2009 Overview of Assisted Living). For each age group in Table HD-7, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 221 units from the Manchester Market Area in 2014.

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| TABLE HD-6 MARKET RATE ASSISTED LIVING DEMAND MANCHESTER MARKET AREA 2014 & 2019 | | | | | | |
|---|--------|---|--|--------|---|--|
| | 2014 | | | 2019 | | |
| | People | Percent Needing Assistance ¹ | Number Needing Assistance ¹ | People | Percent Needing Assistance ¹ | Number Needing Assistance ¹ |
| Age group | | | | | | |
| 75 - 79 | 471 | 25.5% | 120 | 482 | 25.5% | 123 |
| 80 - 84 | 371 | 33.6% | 125 | 385 | 33.6% | 129 |
| 85+ | 418 | 51.6% | 216 | 416 | 51.6% | 215 |
| Total | 1,260 | | 460 | 1,283 | | 467 |
| Percent Income-Qualified² | | | 48% | | | 50% |
| Total potential market | | | 221 | | | 233 |
| (times) Percent living alone | | | x 55% | | | 55% |
| (equals) Age/income-qualified singles needing assistance | | | = 122 | | | 128 |
| (plus) Proportion of demand from couples (12%) ³ | | | + 17 | | | 18 |
| (equals) Total age/income-qualified market needing assistance | | | = 138 | | | 146 |
| (times) Potential penetration rate ⁴ | | | x 40% | | | 40% |
| (equals) Potential demand from PMA residents | | | = 55 | | | 58 |
| (plus) Proportion from outside the PMA (15%) | | | + 10 | | | 10 |
| (equals) Total potential assisted living demand | | | = 65 | | | 69 |
| (minus) Existing market rate assisted living units ⁵ | | | - 38 | | | 38 |
| (equals) Total excess market rate assisted living demand | | | = 27 | | | 31 |
| (times) Percent that could be captured in Manchester | | | x 80% | | | 80% |
| (equals) Excess market rate assisted living demand in Manchester | | | = 22 | | | 25 |
| ¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics. | | | | | | |
| ² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$2,800+ per month) plus 40% of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). | | | | | | |
| ³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples. | | | | | | |
| ⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. | | | | | | |
| ⁵ Existing and pending units at 93% occupancy. We exclude 20% of units to account for seniors utilizing public subsidy. | | | | | | |
| Source: Maxfield Research Inc. | | | | | | |

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Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the Manchester Market Area living alone. Based on 2010 Census data, 55% of age 75+ households in Manchester lived alone. Applying this percentage results in a total base of 122 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There are a total of 138 age/income-qualified seniors needing assistance in the Manchester Market Area including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 55 assisted living units in 2014.

We estimate that a portion of demand for assisted living units (15%) will come from outside of the Manchester Market Area. Applying this figure results in total potential demand for 65 market rate assisted living units in the Manchester Market Area.

There are a total of 64 assisted living units in the Manchester Market Area. However, a portion of these units are occupied by residents with financial assistance, estimated to account for 20% of the total units in the Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate the excess supply of assisted living units in the Manchester Market Area.

No single site can capture all of the demand in the Manchester Market Area. We estimate that a Site in Manchester could capture approximately 80% of the Market Area excess demand for a total of 22 assisted living units through 2014.

The same calculations are applied to the age/income-qualified base in 2019. However, given the existing supply of assisted living product in the Manchester Market Area excess supply is calculated in 2019.

Additional demand could come from seniors that will need to receive supplemental income in order to afford assisted living or memory care housing. While some of these seniors will receive income from the sales of their homes, others will need to rely on other sources of public aid. The Elderly Waiver program in Iowa has provided public funding for seniors who wish to receive “alternative” care that allows them to stay in the community as opposed to receiving similar care at a nursing home.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and many try to limit the amount of waivers accepted within the community to around roughly 10% to 20%. Some facilities accept higher amounts of residents on waivers and many newer facilities do not accept any waivers.

Estimated Demand for Memory Care Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in Manchester in 2014 and 2019.

Demand is calculated by starting with the estimated Manchester Market Area senior (age 65+) population in 2014 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. According to the Alzheimer's Association (Alzheimer's Disease Facts and Figures, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are inflicted with Alzheimer's Disease. This yields a potential market of 361 seniors in the Manchester Market Area in 2014.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 when including service packages. Based on our review of senior household incomes in the Manchester Market Area, homeownership rates and home sale data, we estimate that 37% of seniors in the Manchester Market Area would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer's/dementia (361 seniors) by the income-qualified percentage results in a total of 134 age/income-qualified seniors in the Manchester Market Area in 2014.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 33 seniors in the Manchester Market Area.

We estimate that 15% of the overall demand for memory care housing would come from outside of the Manchester Market Area. Together, demand totals 39 memory care units in 2014.

HOUSING DEMAND ANALYSIS

| TABLE HD-7 MARKET RATE MEMORY CARE DEMAND MANCHESTER MARKET AREA 2014 & 2019 | | |
|--|--------------|--------------|
| | 2014 | 2019 |
| 65 to 74 Population | 1,280 | 1,539 |
| (times) Dementia Incidence Rate ¹ | x <u>2%</u> | x <u>2%</u> |
| (equals) Estimated Age 65 to 74 Pop. with Dementia | = 26 | = 31 |
| 75 to 84 Population | 841 | 868 |
| (times) Dementia Incidence Rate ¹ | x <u>19%</u> | x <u>19%</u> |
| (equals) Estimated Age 75 to 84 Pop. with Dementia | = 160 | = 165 |
| 85+ Population | 418 | 416 |
| (times) Dementia Incidence Rate ¹ | x <u>42%</u> | x <u>42%</u> |
| (equals) Estimated Age 85+ Pop. with Dementia | = 176 | = 175 |
| (equals) Total Senior Population with Dementia | = 361 | = 370 |
| (times) Percent Income/Asset-Qualified ² | x <u>37%</u> | x <u>41%</u> |
| (equals) Total Income-Qualified Market Base | = 134 | = 152 |
| (times) Percent Needing Specialized Memory Care Assistance | x <u>25%</u> | x <u>25%</u> |
| (equals) Total Need for Dementia Care | = 33 | = 38 |
| (plus) Demand from Outside the PMA (15%) | + <u>6</u> | + <u>7</u> |
| Total Demand for Memory Care Units | = 39 | 45 |
| (minus) Existing and Pending Memory Care Units ³ | - 15 | - 15 |
| (equals) Excess PMA Demand Potential | = <u>24</u> | = <u>30</u> |
| (times) Estimated Percent Capturable in Manchester | x 80% | 80% |
| (equals) Memory Care Demand Capturable in Manchester | = 19 | 24 |
| ¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007) | | |
| ² Includes seniors with income at \$60,000 or above (\$65,000 in 2019) plus 40% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing). | | |
| ³ Existing memory care units at 7% vacancy rate. We exclude 20% of units to account for seniors utilizing public subsidy. | | |
| Source: Maxfield Research Inc. | | |

We reduce the demand potential by accounting for the existing memory care product in the Manchester Market Area. There are a total of 20 units; however we reduce the competitive units to include only the private pay units (estimated at 15 units). Subtracting these competitive units results in a demand for 24 units.

No single site can capture all of the demand in the Manchester Market Area. We estimate that a Site in Manchester could capture approximately 80% of the Manchester Market Area excess demand for a total of 19 memory care units in 2014.

The same calculations are applied to the age/income-qualified base in 2019. Following the same methodology, potential demand for market rate memory care units is expected to increase to 24 units in Manchester through 2019.

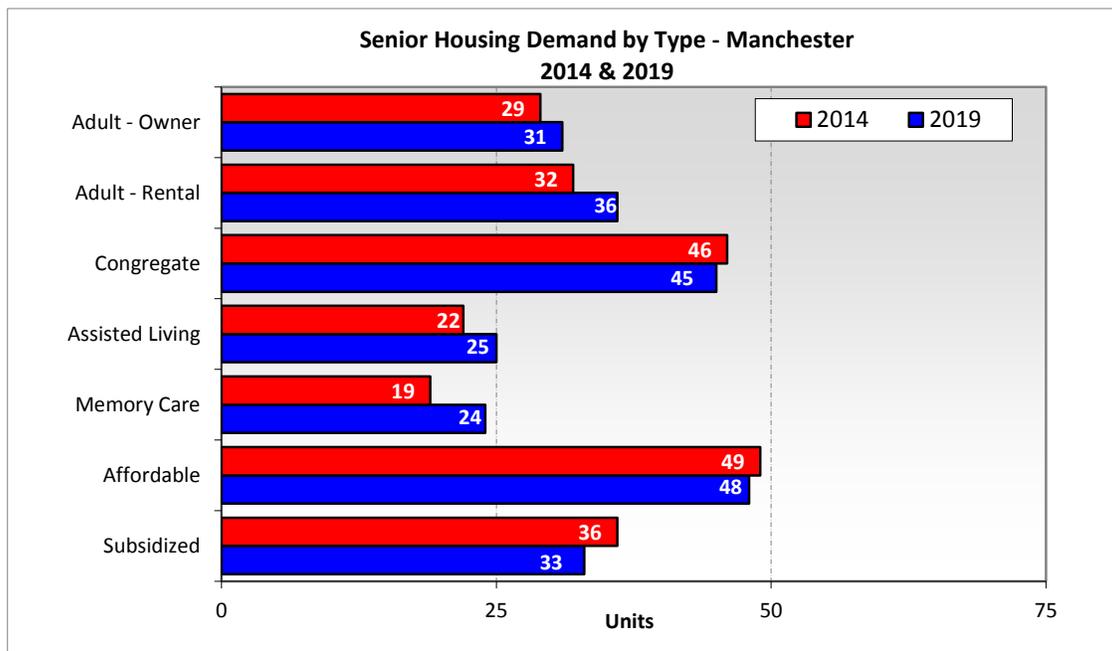
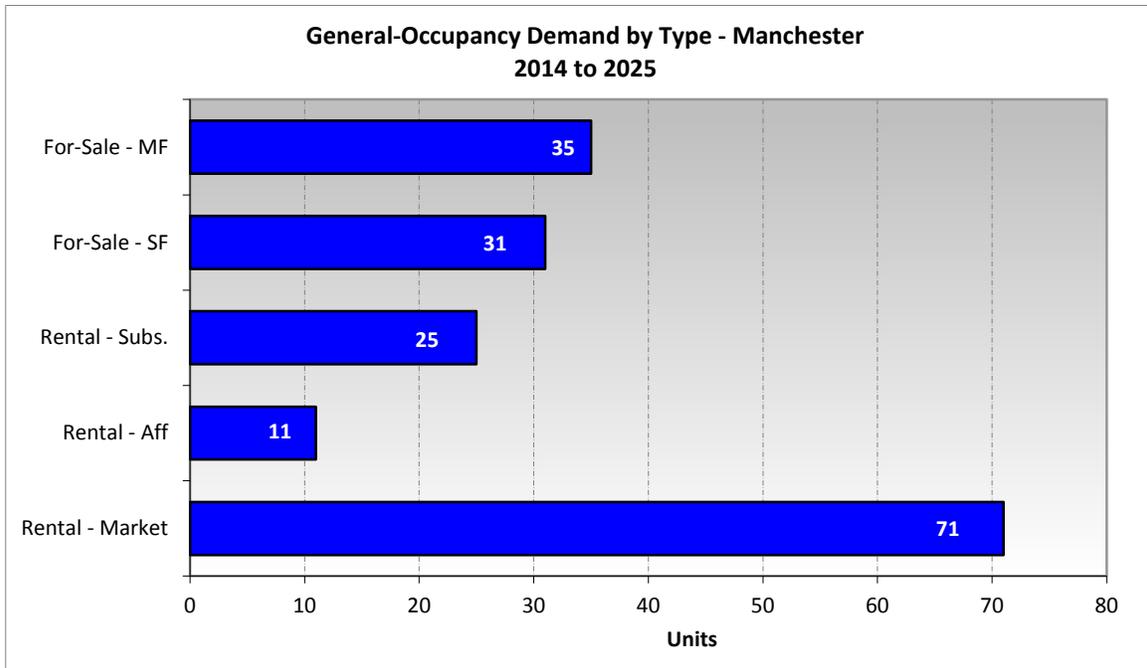
Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Manchester and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Market Analysis*. The following table and charts illustrate calculated demand by product type.

| TABLE CR-1 SUMMARY OF HOUSING DEMAND MANCHESTER MARKET AREA January 2015 | | | | |
|---|------------------------------|-------------|-----------------------------|-------------|
| Type of Use | Demand in Market Area | | Demand in Manchester | |
| | 2014-2025 | | 2014-2025 | |
| General-Occupancy | | | | |
| Rental Units - Market Rate | 89 | | 71 | |
| Rental Units - Affordable | 13 | | 11 | |
| Rental Units - Subsidized | 31 | | 25 | |
| For-Sale Units - Single-family | 70 | | 31 | |
| For-Sale Units - Multifamily | 41 | | 35 | |
| Total General Occupancy Supportable | 244 | | 173 | |
| | Demand in Market Area | | Demand in Manchester | |
| | 2014 | 2019 | 2014 | 2019 |
| Age-Restricted (Senior) | | | | |
| Market Rate | | | | |
| Adult Few Services (Active Adult) | 88 | | 97 | |
| <i>Ownership</i> | 42 | | 45 | |
| <i>Rental</i> | 46 | | 52 | |
| Congregate | 58 | | 57 | |
| Assisted Living | 27 | | 31 | |
| Memory Care | 24 | | 30 | |
| Total Market Rate Senior Supportable | 197 | 215 | 148 | 161 |
| Affordable/Subsidized | | | | |
| Active Adult - Subsidized | 45 | | 42 | |
| Active Adult - Affordable | 61 | | 60 | |
| Total Affordable Senior Supportable | 106 | 102 | 85 | 81 |
| Source: Maxfield Research Inc. | | | | |

Based on the finding of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for the City of Manchester. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in Manchester. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.

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| TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT CITY OF MANCHESTER 2014 to 2025 | | | | |
|--|--|------------------|------------------|-----------------------|
| | Purchase Price/ Monthly Rent Range ¹ | No. of Units | Pct. of Total | Development Timing |
| Owner-Occupied Homes | | | | |
| <i>Single Family</i> ² | | | | |
| Entry-level | >\$150,000 | 10 - 12 | 35% | 2016+ |
| Move-up | \$150,000 - \$225,000 | 10 - 12 | 35% | 2017+ |
| Executive | \$250,000+ | 8 - 10 | 29% | 2020+ |
| Total | | 28 - 34 | 100% | |
| <i>Townhomes/Twinhomes</i> ² | | | | |
| Entry-level | >\$140,000 | 14 - 16 | 47% | 2016+ |
| Move-up | \$160,000+ | 16 - 18 | 53% | 2016+ |
| Total | | 30 - 34 | 100% | |
| Total Owner-Occupied | | 58 - 68 | | |
| General Occupancy Rental Housing | | | | |
| <i>Market Rate Rental Housing</i> | | | | |
| Apartment-style | \$575/1BR - \$875/3BR | 26 - 30 | 50% | 2016+ |
| Townhomes | \$800/2BR - \$1,050/3BR | 26 - 30 | 50% | 2016+ |
| Total | | 52 - 60 | 100% | |
| <i>Affordable Rental Housing</i> | | | | |
| Subsidized | 30% of Income ³ | 20 - 24 | 100% | 2015+ |
| Total | | 20 - 24 | | |
| Total Renter-Occupied | | 72 - 84 | | |
| Senior Housing (i.e. Age Restricted) | | | | |
| Active Adult Senior Coop | \$35,000 to \$70,000 | 24 - 28 | 12% | 2015+ |
| Active Adult Affordable Rental | Moderate Income ³ | 40 - 44 | 20% | 2015+ |
| Active Adult Market Rate Rental | \$650/1BR - \$1,050/2BR | 26 - 30 | 13% | 2017+ |
| Independent Living (Congregate) | \$1,500/1BR - \$1,800/2BR | 40 - 44 | 20% | 2016+ |
| Assisted Living | \$2,750/EFF - \$4,200/2BR | 20 - 22 | 10% | 2018+ |
| Memory Care | \$3,800/EFF - \$5,200/2BR | 18 - 20 | 9% | 2018+ |
| Subsidized Senior | 30% of Income ⁴ | 30 - 34 | 15% | 2015+ |
| Total | | 198 - 222 | 100% | |
| Total - All Units | | 328 - 374 | | |
| ¹ Pricing in 2015 dollars. Pricing can be adjusted to account for inflation. | | | | |
| ² Recommendations include the absorption of some existing previously platted lots. | | | | |
| ³ Affordability subject to income guidelines per Iowa Finance Authority. See Table HA-1 for Delaware County Income limits. | | | | |
| ⁴ Subsidized housing will be difficult to develop financially | | | | |
| Note - Recommended development does not coincide with total demand. Manchester may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.) | | | | |
| Source: Maxfield Research Inc. | | | | |

Recommended Housing Product Types

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for 111 single-family housing units in the Manchester Market Area through 2025. However, after accounting for the demand capturable in Manchester and the existing 54 single-family newer lots in Manchester (see Table FS-5), demand is reduced to 31 new lots in Manchester through 2025. Based on historic construction activity since 2000, there has been an average of nearly seven new single-family units per year in Manchester.

The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Manchester and the number of homes constructed annually, the current lot supply is able to meet historical demand in the short-term. Although there are several scattered, infill lots throughout the City of Manchester, many of these lots are undesirable to today's buyers as they are unable to accommodate specific product types (i.e. ranch-style homes with large main-levels).

Due to the age and price of the existing housing stock in Manchester, most of the existing older housing stock appeals to entry-level buyers. Entry-level homes, which we generally classify as homes priced under \$100,000 will be mainly satisfied by existing single-family homes as residents of existing homes move into newer housing products built in the Manchester Area, such as move-up single-family homes, twinhomes, rental housing and senior housing. A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Executive-level homes are loosely defined as those homes priced above \$250,000. Most of these homes would be build-to-suit new construction; some of which would be attracted to larger acreages outside the city limits.

Nearly all of the new single-family construction in Manchester and the surrounding townships has targeted move-up and executive buyers; in part because of the high infrastructure costs in developing new subdivisions and increasing construction and labor costs. However, through our research and interviews we find demand for a variety of price points of new single-family homes.

Although there would be substantial demand for a new single-family housing product priced under \$100,000, financially it will be extremely difficult to develop even with public assistance due to infrastructure costs and rising labor and material costs. Based on land and building costs, it is very difficult to build new single-family homes for less than \$150,000. We recommend a wide-range of price points to accommodate future demand; which may include revising the minimum lot width requirement to achieve smaller lots that allow increased affordability

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for entry-level new construction buyers. Most of the existing lots will meet the needs of move-up and executive-level buyers over this decade; however new lots may need to be platted after 2020.

We recommend considering split-level homes for first-time home buyers and move-up buyers desiring new construction at a lower price point than a ranch-style home. Typically, the split-level home is popular with families with kids as they are a more affordable housing product to develop while still offering new construction. In many markets in the Midwest, split levels can be developed from \$110 per square foot to \$135 per square foot; significantly less than the ranch-style home. This is in part because the lot widths are smaller and many of these homes feature about 1,000 finished square feet with an unfinished basement.

Split Level Examples



Split-level (980 sq. ft. + unfinished bsmt).



Split-level (1,550 sq.ft. + unfinished bsmt).



2-story tuck-under



2-story tuck-under

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses, twinhomes and condominiums. Typically, the target market for for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

Our analysis of the Manchester for-sale housing stock found very few maintenance-free products as historically buyers have preferred the single-family house. However, given the aging of the population and the high growth rate in the 55+ population, Manchester would benefit from a more diversified housing stock. Based on the changing demographics and the need for alternative housing types, demand was calculated for 35 new multifamily for-sale units in Manchester through 2025. These attached units could be developed as twin homes, detached townhomes or villas, townhomes/row homes, or any combination. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories. The following provides greater detail into townhome and twinhome style housing.

- *Twinhomes*— By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twinhome and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; however, today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of these aging Manchester residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

Twinhomes are also a preferred for-sale product by builders as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. We recommend a broad range of pricing for twinhomes; however pricing should start at around \$140,000.

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Many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. The twinhomes should be association-maintained with 40'- to 50'-wide lots on average.

Twinhome Examples



Standard Twinhome – garage on end



Standard Twinhome – garage in middle



Executive Twinhome with alternate garages



Executive-style Twinhome – front facing garage

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with

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the option to finish the lower level (i.e. additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$150,000 and will fluctuate based on custom finishes, upgrades, etc.

Detached Townhome/Villa Examples



Cottage-style (alley-loaded garage)



Executive-style – side garage entrance



Villa – Garage in front



2-story tuck-under

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without

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children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

Because multifamily for-sale housing is mostly untested in Manchester, we recommend a four-plex concept that could be back-to-back with main-level master bedrooms that would cater to empty-nesters. If the product is successful, future phases could include row homes that would increase density and cater to a broader market. Units should be priced from \$125,000 to \$150,000.

Townhome Examples



3-Plex (one-level living w/basement)



Tuck-under garage



Row-house style



Back-to-back style (6-Plex)

General Occupancy Rental Housing

Maxfield Research Inc. calculated demand for 107 general-occupancy rental units in Manchester through 2025 (71 market rate, 11 affordable, and 25 subsidized units). Our competitive inventory identified only three vacancies among the general occupancy rental product as of fourth quarter 2014 (1.7% vacancy rate). Due to the age and positioning of most of the existing rental supply, a significant portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. However, the renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments.

Because of the lower market rate monthly rents in Manchester, it will be financially difficult to develop an affordable housing project as the income-restricted rents would be higher than market rate rental developments. Therefore, we do not recommend an affordable housing tax credit project in the short term.

Because of the economies of scale when constructing multifamily rental housing, new construction requires density that can be difficult to achieve in smaller communities given development costs and potential rents. New rental housing can be developed immediately in Manchester and will continue to be in demand especially if new job growth is captured in Manchester. The following rental product types are recommended through 2025:

- *Market Rate Rental* - As illustrated in Table R-2, there are few traditional multifamily rental projects in Manchester as only four projects were inventories. The existing rental housing stock is older and located in mainly smaller structures (16 units or less). In addition, the single-family housing stock also plays a significant role in the overall rental housing market sector. We recommend new market rental project(s) that will attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to a wide target market, we suggest a market rate apartment project(s) with a unit mix consisting of one-bedroom units, one-bedroom plus den units or two-bedroom units, and two-bedroom plus den or three-bedroom units. Larger three-bedroom units would be attractive to households with children.

Monthly rents (in 2015 dollars) should range from \$575 for a one-bedroom unit to \$875 for a three-bedroom unit. Average rents in Manchester are approximately \$0.61 per square foot, however monthly rents should range from about \$0.90 to \$1.10 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

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

- Market Rate General Occupancy Rental Townhomes– In addition to the traditional multi-family structures, we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. A portion of the overall market rate demand could be a townhome style development versus traditional multifamily design. We recommend a project with rents of approximately \$800 for two-bedroom units to \$1,050 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage. Again, like traditional multifamily development, these rents are significantly higher than then existing rental product and a public-private partnership may be needed to bring down development and monthly rental costs.
- Subsidized Rental Housing– Subsidized housing receives financial assistance (i.e. operating subsidies, tax credits, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for about 25 subsidized rental housing units through 2025, this housing is very difficult to develop financially as federal funding has shifted to tax credit rentals. A new subsidized or public housing development would have pent-up demand.

Senior Housing

As illustrated in Table CR-1, demand exists for all types of senior housing product types in Manchester. Due to the aging of Manchester’s population, senior housing product types show the highest demand among all product types in the short-term. In fact, senior housing accounts for about 242 units and makes up 58% of the total demand for housing in the City of Manchester.

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

- Active Adult Senior Cooperative – There are no senior age-restricted for-sale developments in Manchester at this time. Maxfield Research projected demand for 31 active adult ownership units through 2019. Maxfield Research recommends a cooperative development

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with a mix of two- and three-bedroom units with share costs starting around \$25,000. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. Maxfield Research has found the cooperative model to be very well-accepted in rural communities across the Midwest.

- Active Adult Rental – We have projected demand for 36 market rate active adult rental units in Manchester by 2019. Many of the seniors who would consider an active adult product are presently residing in their existing single-family home or general-occupancy rental housing. Development of this product could be in separate stand-alone facilities or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established by the Iowa Finance Authority.

However, because active adult senior housing is not need-driven, the demand for this product type may experience delays in realizing demand if seniors decide to choose not to sell their homes. Therefore, we would cautiously recommend pursuing market rate active adult rentals. Furthermore, this demand could also be captured by new general-occupancy rental housing development in Manchester.

- Affordable and Subsidized Rental – Manchester demand for affordable senior housing is 48 units through 2019, while subsidized senior housing is 33 units. Affordable senior housing products can also be incorporated into a mixed-income building which may increase the projects financial feasibility. Affordable senior housing will likely be a low-income tax credit project through the Iowa Finance Authority. Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new subsidized development would likely rely on a number of funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 202 program, USDA 515 program, among others.
- Independent Living/Congregate – Presently there are no independent senior facilities located in the Manchester Market Area. Demand was calculated for about 45 congregate units through 2019 in Manchester. We recommend new congregate projects have a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Base monthly rents should range from \$1,500 for one-bedroom units to \$1,800 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
 - I'm OK program;
 - Daily noon meal;
 - Regularly scheduled van transportation;
 - Social, health, wellness and educational programs;
 - 24-hour emergency call system; and

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- Complimentary use of laundry facilities.

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

Due to economies of scale needed for congregate housing, other service levels may have to be combined to the project to increase density to be financial feasible. Alternatively, the concept called “Catered Living” may be viable as it combines independent and assisted living residents and allows them to age in place in their unit versus moving to a separate assisted living facility. (See below for definition of Catered Living)

- Assisted Living and Memory Care Senior Housing – Based on our analysis, we project demand to support an additional 25 assisted living units and 24 memory care units in Manchester through 2019.

We recommend assisted living units include a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from \$2,750 to \$4,200. Memory care unit mix should be studios, one-bedroom units, and small two-bedroom units with base monthly rents ranging from \$3,800 to \$5,200. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- Three meals per day;
- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I’m OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

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Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

Given the service-intensive nature of memory care housing and staffing ratios, typically most memory care facilities are attached to either an assisted living development or are a component of a skilled nursing facility. As a result, it will be very difficult to build a stand-alone memory care facility that can be financially feasible on its own. Therefore, new memory care units would be best suited if they were attached to an assisted living complex. Alternatively, memory care could also be associated with a skilled nursing facility; however we stress the residential approach to memory care versus the institutional feel from a nursing home.

- Service-Enhanced Senior Housing or “Catered Living” – As Table CR-1 showcased, demand exists for all senior housing service levels in Manchester. Due to economies of scale, it may be difficult to develop stand-alone facilities in Manchester for each of these service levels that are financially feasible. Therefore, an alternative concept that allow seniors to “age in place” and remain in the same facility in the stages of later life could be explored. Catered living is a “hybrid” senior housing concept where demand will come from independent seniors interested in congregate housing as well as seniors in need of a higher level of care (assisted living). In essence, catered living provides a permeable boundary between congregate and assisted living care. The units and spatial allocations are undistinguishable between the two senior housing products, but residents will be able to select an appropriate service level upon entry to the facility and subsequently increase service levels over time. Additionally, catered living not only appeals to single seniors but also to couples; each resident is able to select a service level appropriate for his or her level of need, while still continuing to reside together. In addition, memory care can be incorporated into the facility in a separate secured wing.

The catered living concept is a newer concept but tends to be developed in more rural communities that cannot support stand-alone facilities for each product type. Monthly rents should include a base rent and service package with additional services provided either a la carte or within care packages. Monthly rents should start at about \$1,500 for congregate care and \$2,750 for assisted living care.

Challenges and Opportunities

The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order – sorted alphabetically).

- **Affordable Housing.** Table HA-1 identified Delaware County Area Median Incomes (“AMI”) and the fair market rents by bedroom type. The average market rate rent averages about \$425/month (\$0.61 per square foot) and the established rents for affordable housing are higher than most market rate rental developments in Manchester. As a result, the majority of rental housing units in Manchester are considered affordable and are mostly fulfilled by existing, older rental product in the marketplace. Furthermore, first-time homebuyers with good credit and a down payment can purchase an entry-level single-family home that would have housing costs on-par with rental housing. As a result, it may be difficult to develop affordable housing that would be financially viable.
- **Aging Population.** As illustrated in Table D-4, there is significant growth in the Manchester Market Area senior population, especially among older adults (55 to 64: +33% through 2019) and seniors ages 65 to 74 (+38% growth through 2019). In addition, Table D-7 shows the Manchester Market Area homeownership rates among seniors 65+ is approximately 83%. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.
- **Declining Population.** Tables D-1 through D-4 show Manchester’s population between 1990 and 2025 peaked in the year 2000 with 5,257 persons. Manchester’s population declined by 1.5% between 2000 and 2010 and is projected to decline by another 1.5% this decade. However, because of declining household sizes the number of households is projected to decrease at a slower pace. Hence, all housing demand in Manchester this decade is being generated by replacement need and the lack of housing that meet’s today’s consumers.
- **Developers Carrying Costs.** Due to historic lot absorption trends throughout Manchester, it is difficult to develop new single-family lots where the developer can make a profit on the land. Developing land has historically been a profitable side of the housing business prior to the Great Recession, yet is also risky if the lot inventory goes unsold and there are carrying costs. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given the lot price they could achieve. Prolonged carrying costs due to

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slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold.

According to interviews with builders, Realtors, and local civil engineers; the minimum cost to develop a municipal lot is about \$30,000 to \$35,000 per lot. Table FS-5 showed new Manchester city lots are marketing from \$20,000 to \$35,000 per lots. As a result, the development of new lots in Manchester will be financially challenging. A private-public partnership may be required to develop future lots in Manchester.

- **Economies of Scale.** Economies of scale refer to the increase in efficiency of production as the number of goods being produced is increased. Typically, companies or organizations achieving economies of scale lower the average cost per unit through increased production since fixed costs are shared over an increased number of goods. In the housing development industry, generally the more units that are constructed the greater the efficiency. For example, larger homebuilders negotiate volume discounts in materials and subcontractors, are more efficient in the land entitlement process, leverage the power of technology, and have greater access and lower costs of capital. In multifamily housing, typically the higher the number of units equates into a lower per unit costs. Because of this, construction costs in other larger communities such as Cedar Rapids, Waterloo, or Dubuque can actually be lower than found in Manchester.

Although Table CR-1 showcased demand for many housing products in Manchester through 2025, many of the products will require some density for the project to be financially feasible. Because demand may not be high enough to support various stand-alone housing concepts new development may require private/public partnerships or the combination of multiple product types to ensure the project can be developed.

- **Financing Barriers/Infrastructure Costs and Private/Public Partnerships.** One of the key challenges facing housing development in rural communities is financing. Finding banks to finance projects is difficult as most lenders require substantial equity contributions from the developer. As discussed in the previous bullet (*Developers' Carrying Costs*), developers are typically required to upfront residential subdivisions and pay for the cost of water, sewer, curb and gutter, utilities, etc. Because of the substantial cost to fund improvements, most builders/developers do not have the assets or equity to fund the project and lenders have conservative underwriting standards. Furthermore, private investors seek targeted returns on investment and liquidity that cannot be guaranteed as lot absorption/takedowns is an unknown factor. Many local jurisdictions do not have the necessary tools today to fund infrastructure costs.

Because of this barrier, we recommend exploring other private/public partnerships to entice housing development. Private/public partnerships are a creative alliance formed to achieve a mutual purpose and goal. Partnerships between local jurisdictions, the private sector, and nonprofit groups can help communities develop housing products through collaboration that otherwise may not materialize. Private sector developers can benefit

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through greater access to sites, financial support, and relaxed regulatory processes. Public sectors have increased control over the development process, maximize public benefits, and can benefit from and increased tax base.

A number of communities have solved housing challenges through creative partnerships in a variety of formats. Many of these partnerships involve numerous funding sources and stakeholders. Because of the difficulty financing infrastructure costs in communities like Manchester, it will likely require innovative partnerships to stimulate housing development. We also recommend exploring partnerships with major employers in Manchester that could assist housing product by donating into a housing trust fund that would be designated for housing projects that would best serve workers in Manchester.

- **Flood Plain.** Realtors expressed concern over the recent changes to the flood plain in Manchester that has modified the 100-year flood-plain boundary to include homes that were not previously located within the flood plain. As a result, Realtors are concerned that the value of these homes may decrease due to increased insurance premiums and the marketability of a home located in the floodplain. Many of these homes target first time home buyers and the concern is that the home values could decline resulting in existing homeowners that could be upside down on their mortgage while buyers look in other Manchester neighborhoods outside the floodplain boundary. Additionally, flood insurance is projected to increase by up to \$2,000 per year for some homeowners.

According to tax records provided by the Delaware County Assessor, the floodplain boundary modification added about 250 properties with an average market value of \$98,987.

- **Housing Resources & Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock. The following bullet points outline a variety of resources available:

State/National Resources:

Iowa Finance Authority (“IFA”) – The Iowa Finance Authority is a housing finance agency designed to assist low-to-moderate income households in the State of Iowa. The organization provides numerous programs for both the single-family and multifamily sectors, financing assistance, energy efficiency programs, fix-up funds, and other research to support the production of affordable housing across Iowa.

<http://www.iowafinanceauthority.gov/>

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USDA Rural Development – Housing support is available through the “Housing and Community Assistance” program that is part of USDA Rural Development. The program is designed to improve housing options in rural communities and operates a variety of programs including: homeownership assistance, housing rehabilitation and preservation, rental assistance, loan administration, energy efficiency, etc.

http://www.rurdev.usda.gov/IA_Home.html

Local/Regional Resources:

East Central Intergovernmental Association (“ECIA”) – Delaware County is part of the East Central Intergovernmental Association which is the council of government (“COG”) that serves the five counties of Cedar, Clinton, Delaware, Dubuque, and Jackson. The ECIA operates the Eastern Iowa Regional Housing Authority (“EIRHA”) which was established in 1978 to meet the needs to low-to moderate-income households in the region. The organization operates the housing voucher program and public housing program. In addition, the EIRHA can assist with first-time homebuyer programs and workforce housing counseling.

<http://www.ecia.org/index.cfm>

<http://www.easterniowaregionalhousing.org/index.cfm>

In addition to the resources available at the state and regional-level, the City of Manchester can explore a toolbox of housing programs that would aid in the enhancement of the city’s housing stock. The following is a sampling of potential programs that could be explored:

- Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc.
- Density Bonuses – Since the cost of land can be a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Communities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.
- Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with turn-of-the-century character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Home-Building Trades Partnerships – Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry. This program is contingent on proximity to these programs.
- Home Fair – Provide residents with information and resources to promote improvements to the housing stock. Typically offered on a weekend in early spring where homeowners can meet and ask questions to architects, landscapers, building contractors, lenders, building inspectors, Realtors, etc.

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- Home Sale Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by city inspectors or 3rd party licensed inspectors.
- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) Program – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.
- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to workforce families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.
- Mobile Home Improvements – Offer low or no-interest loans to mobile home owners for rehabilitation. Establish income-guidelines based on family size and annual gross incomes.
- Realtor Forum - Typically administered by local governments with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Redevelopment Credit – remove a substandard home with new construction
- Remodeling Advisor – Partner with local architects and/or builders to provide ideas and general cost estimates for property owners
- Rental Collaboration – Local government organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.
- Rental License – Licensing rental properties in the communities. Designed to ensure all rental properties meet local building and safety codes. Typically enforced by the fire marshal or building inspection department. Should require annual license renewal.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Senior Housing Regeneration Program - Partnership between multiple organizations that assists seniors transitioning to alternative housing options such as senior housing, condominiums, townhomes, etc.

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- Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs. TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.
- Waiver or Reduction of Development Fees – There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Table E-1 showed Delaware County has an unemployment rate which is lower than the State of Iowa (4.6%). Today's unemployment rate of 4% has come down from the high of 6.6% in 2010. Generally, a 4% to 5% unemployment rate is considered full employment. At the same time Delaware County's labor is near its highest levels over the past decade which is a positive indicator for household growth. Additional job creation in Manchester will result in household growth that could exceed projections in Table D-3. At the same time, however, the housing stock must be able to meet householders need in order to capture this growth.
- **Land Banking/Land Acquisition.** Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing housing. The City of Manchester should consider establishing a land bank to which private land may be donated and public property may be held for future housing development.

Similarly, land acquisition is a tool used by many governmental authorities to set aside land for a variety of public purposes; including new development/redevelopment, infrastructure projects, recreation, conservation, etc. Many local governments consider land acquisition and land banking as a strategy for stimulating private sector development.

- **Multifamily Development Costs.** It will be challenging to construct new market rate multifamily product given achievable rents and development costs. As previously mentioned, the average rents in Manchester are about \$425/month, averaging \$0.61 per square foot. We find in most communities the average rent per square foot can easily exceed \$1.10 for new construction. According to RS Means construction costs data, construction costs in Manchester (utilizing construction averages in the Dubuque area) will likely average about \$134 per square foot (gross) or upwards to \$147,500 per unit to develop based on a 20-unit multifamily concept. Development costs of this scale will likely require rents per square foot significantly higher than the existing product in Manchester. Based on these costs, it will be difficult to develop stand-alone multifamily housing structures by the private sector

based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development.

- **Renovation of Existing Housing Stock (both owner and rental).** As illustrated in the *Housing Characteristics* section of this report, about 35% of the housing stock in Manchester was built pre-1940, with the next highest decade in the 1970s (14.6%). Only 8% of Manchester's housing stock was built since 2000. Because of the older housing stock, many housing units in throughout Manchester become affordable through a combination of factors such as age of structure, condition, square footage, functionally obsolete, etc. Housing units that are older with low rents or low market values are considered "naturally occurring affordable housing" as the property values on these units are low.

Maxfield Research conducted a windshield survey of Manchester home's and found the majority of the housing stock to be in good condition. But since the housing stock is older, the demand for remodeling and replacement needs will continue to increase as today's consumer's desire updated features and amenities. Realtors commented that many of the homes selling for under \$100,000 need updating. Because builders cannot deliver an entry-level home that is affordable to first time home buyers, Maxfield Research recommends encouraging housing programs that will enhance the existing housing stock. Examples of housing programs are located in the section titled "Housing Resources and Programs" located previously.

- **Shadow Rental Inventory (i.e. Single Family Rentals).** Shadow rentals are generally considered nontraditional rentals that were previously owner-occupied single-family homes, townhomes, etc. Based on interviews with Realtors and property managers, the demand for single family rentals is very high throughout Manchester. A large percentage of renters have sought out single-family homes versus traditional multifamily rental developments. Based on housing unit data outlined in Table HC-5, over one half of all rental units in Manchester are located in single-family homes. In addition, Table FS-7 indicated there are about 560 non-homesteaded residential units in Manchester.

Many interviewees mentioned there is high demand for single-family rental product from households when they relocate to Manchester. Many of these households have children and their space requirements are not met with the existing multifamily rental stock and the lack of availability due to the low vacancy rates. Monthly rents for single-family properties generally range from \$600 to \$1,000.

APPENDIX

Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve a stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income “AGI” – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – The general definition of affordability is for a household to pay no more than 30% of their income for housing. For purposes of this study we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Congregate (or independent living with services available) – Congregate properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- **Gross Density** – The number of dwelling units per acre based on the gross site acreage.
Gross Density = Total residential units/total development area
- **Net Density** - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.
Net Density = Total residential units/total residential land area (excluding ROWs)

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

**Fair Market Rent
Delaware County – 2014**

| Fair Market Rent | | | | | |
|------------------|-------|-------|-------|-------|-------|
| | EFF | 1BR | 2BR | 3BR | 4BR |
| Fair Market Rent | \$468 | \$474 | \$579 | \$842 | \$863 |

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Hennepin County can be shown on the following page.

**Gross Rent
Delaware County – 2014**

| Maximum Gross Rent | | | | | |
|--------------------|---------|---------|---------|---------|---------|
| | EFF | 1BR | 2BR | 3BR | 4BR |
| 30% of median | \$334 | \$381 | \$429 | \$477 | \$515 |
| 50% of median | \$557 | \$636 | \$716 | \$795 | \$858 |
| 60% of median | \$669 | \$763 | \$859 | \$954 | \$1,030 |
| 80% of median | \$892 | \$1,018 | \$1,146 | \$1,272 | \$1,374 |
| 100% of median | \$1,115 | \$1,272 | \$1,432 | \$1,590 | \$1,717 |
| 120% of median | \$1,338 | \$1,527 | \$1,719 | \$1,908 | \$2,061 |

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new households formations, changes in average household size, and net migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suit-

able housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income limits – Maximum households income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program. See Income-qualifications.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment’s contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 80% and 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.