

CRESTON

Housing Study

Adopted (xxxx, 2017)

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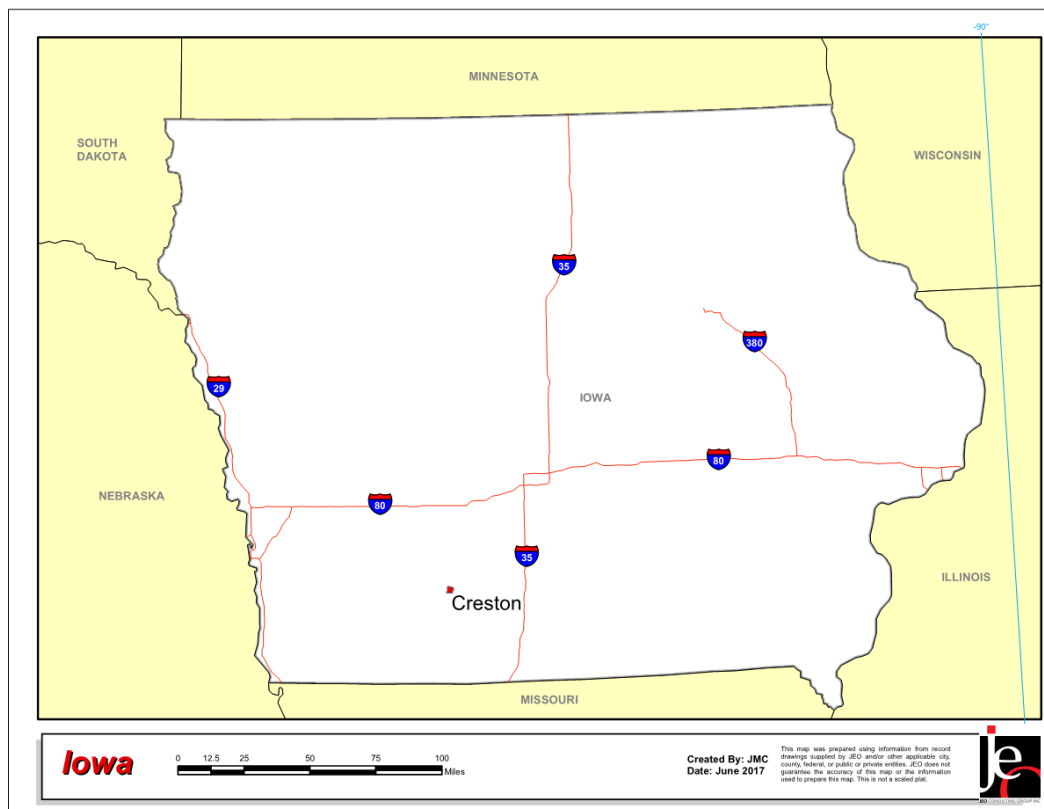


Table of Contents

Introduction	Page 3
Profile	Page 6
Envision	Page 23
Implement	Page 28

INTRODUCTION

Creston is the growing hub city for southwest Iowa. In Iowa, Creston is the largest city west of I-35 and south of I-80. Creston is the county seat of Union County Iowa and boasts of great features for a city of 7,834 (2010 Census).



Creston is home to Greater Regional Medical Center, Southwestern Community College (SWCC) and Buena Vista University (BVU), who partners with SWCC to provide bachelor degree completion programs. The Creston community schools are desired by families. Because of its location and as a regional hub, Creston has a strong manufacturing, retail, and service base. Also found in and around Creston are great recreational lakes and parks.

The purpose of this study is to:

- Analyze the recent past and present housing conditions of Creston;
- Analyze both the existing and future housing potentials including the expectations for the city, with an emphasis to develop more workforce housing, and;
- Provide a process for educating and energizing the leadership of Creston to take an active role in improving and creating new, modern, and safe housing for both market rate and affordable housing.

Study Process

The Creston Housing Study was completed by JEO Consulting Group in cooperation with Union County Development Association. Additional assistance and participation was provided by the City of Creston. The study process is broken into the following components:

Profile: The first step in the study is to develop a profile for Creston. The profile is an understanding and analysis of Creston, its residents, and its existing housing stock. The purpose of the profile is to understand who the residents of Creston are and what their future needs may be. This analysis also carries over to identify a potential market for the future residents of the community and examines the appropriate housing options to attract population growth.

Engagement: The second component is engagement and stakeholder input. Engagement is a critical component of the planning process. Citizen participation is of the utmost importance in identifying the strengths, weaknesses, opportunities, and threats (SWOT) for the housing development in the community. The residents, workforce, and business leaders of Creston have the most intimate understanding of the issues facing the community and housing stock.

Projections: The third component in the planning process includes projecting future housing needs and demands. Utilizing socioeconomic data and establishing trends of the existing population, a forecasted population base and housing demand are developed. These projections are designed to assist community leaders and private concerns in policy and investment decisions.

Implement: In conjunction with highlighted community data, stakeholder input is utilized throughout the planning process. An implementation plan is developed based on input gained throughout the planning process and targeted opportunities. This Housing Study is created with strategies for addressing issues that may currently prohibit housing development in the community.

Data Sources

The plan uses several sources for data to understand the Creston housing environment. They include:

- ACS: The American Community Survey is an ongoing statistical survey completed by the U.S. Census Bureau that provides annual supplementary data for the US Census. The ACS is a mandatory survey sent to a small percentage of the population on a rotating basis. This data is considered an estimate.
- MLS: Multiple Listing Service is a suite of services that real estate agents and brokers use to establish contractual offers of compensation and accumulate and disseminate information to enable appraisals. The database is limited to licensed agents and brokers who pay for membership.
- Rental Housing Survey: Rental data generally does not have a source. To fill the data gap, JEO worked with UCDA and the City of Creston to complete a housing rental survey,

- collecting information from the local rental property landowners and their management staff.
- Housing Conditions Survey: A windshield assessment (what can be viewed from the public right-of-way) of housing conditions for Creston was conducted in May of 2017. Housing units were analyzed on structural integrity utilizing the Federal Housing Urban Development guidelines

Other Planning Studies

As part of the profile for Creston, the consultant reviewed previously completed studies. Most were out of date, further emphasizing the need for a housing study. These studies included:

Union County, Iowa Laborshed Analysis (2015)

A Laborshed is the area or region from which an employment center draws its commuting workers. To determine the approximate boundaries of a Laborshed area, local employers supply the residential ZIP codes of each of their employees. This Laborshed analysis addresses the workforce characteristics of the Union County Laborshed area.

Union County Housing Study (2004)

The Union County Development Association, with guidance from the Housing Committee, completed annual housing goals and plans based on determined needs and desires of the communities and rural residents of Union County. The purpose of the study is to have a complete understanding of the county housing stock and trends so that the needs and desires, in relationship to workforce housing of existing and future business and industry, can be met. It is the intent of the plan to provide an assessment tool that will aid in the achievement of affordable, quality housing for existing and future residents of all income groups so that the local economy can be as strong as possible.

Creston Comprehensive Plan (1997)

A comprehensive plan is intended to manage the pace, location, and impacts of growth and development of a place, as well as reflect the basic philosophy. Such a plan generally includes topics pertaining to demographics, transportation, utilities & infrastructure, facilities & services, housing, economic development, and land use. The plan is generally for a 10-20 year vision.

Creston Zoning and Subdivision Ordinances

The general purpose of zoning and subdivision ordinances are to provide for the orderly, economic, and safe development of land and urban services and facilities, and to promote the public health, safety, morals and general welfare of the inhabitants of the city.

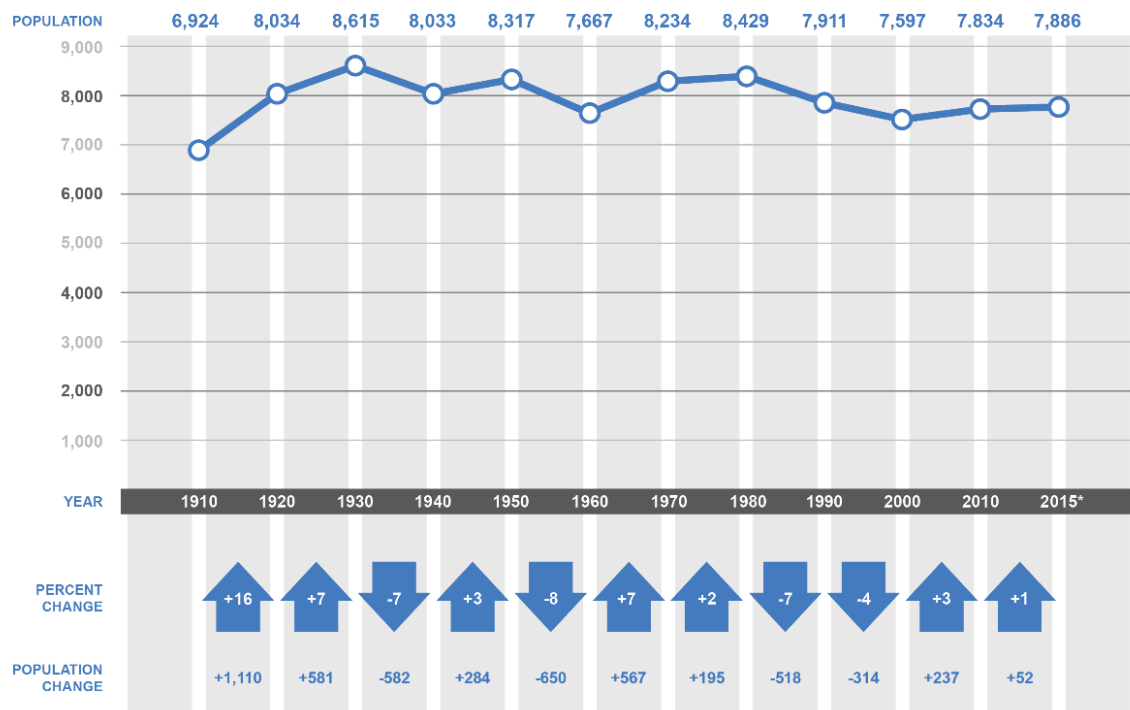
PROFILE

Housing is a key component to future growth and opportunities available within and around communities. A community seeking to grow must continually invest in its housing stock to ensure that an adequate supply is available to meet market demands for housing types, amenities, and price points. The profile includes data regarding Creston demographics as well as housing statistics such as age, tenure, and length of time on the market. This information helps to show how housing can be improved and where its strengths are.

Demographics

Population fluctuation of growth and decline have been a part of Creston's historic population trends since 1910. Current trends note growth since 2000 with an estimated population of 7,886 residents (2015 American Community Survey).

Figure 1. Creston Historic Population



Sources: US Census, American Community Survey

Figure 2. Cohort Trends

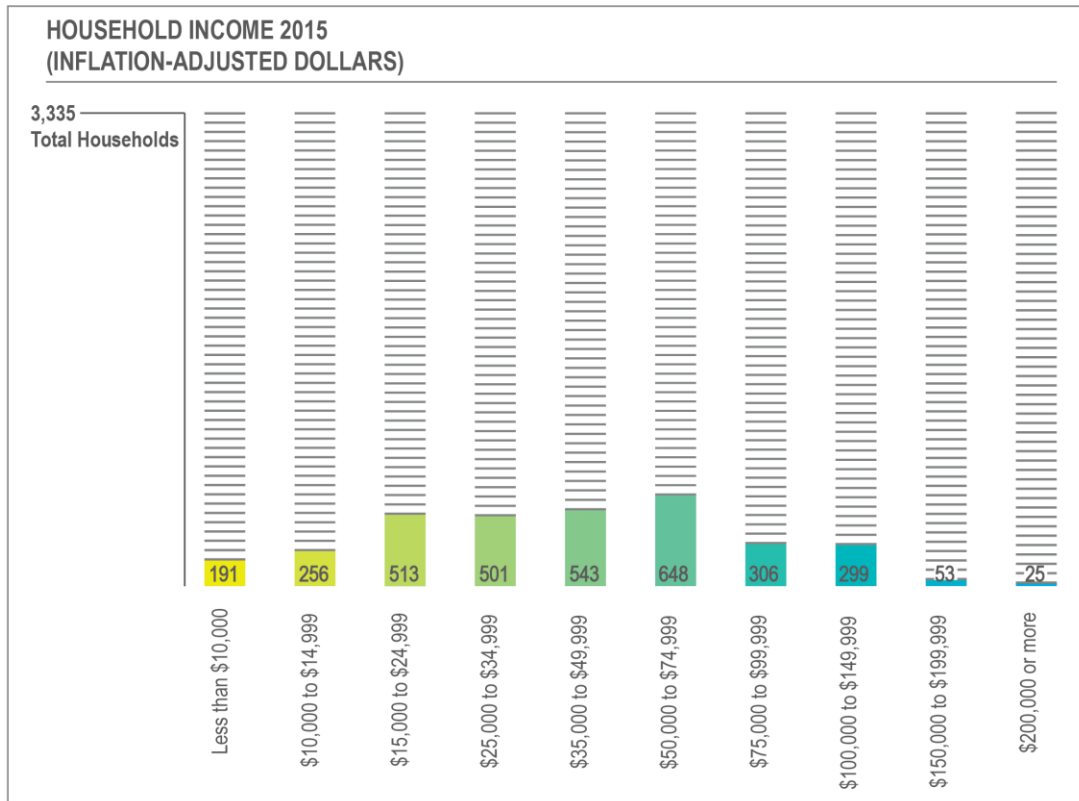
2000		2015*		Gain/Loss
"Then"	Population	"Now"	Population	
Under 5 years	464	Under 5 years	544	17.2%
5 to 9 years	433	5 to 9 years	617	42.5%
10 to 14 years	510	10 to 14 years	437	-14.3%
15 to 19 years	639	15 to 19 years	563	-11.9%
20 to 24 years	461	20 to 24 years	496	7.6%
25 to 34 years	838	25 to 34 years	973	16.1%
35 to 44 years	1,060	35 to 44 years	944	-10.9%
45 to 54 years	1,014	45 to 54 years	840	-17.2%
55 to 59 years	346	55 to 59 years	528	52.6%
60 to 64 years	315	60 to 64 years	563	78.7%
65 to 74 years	623	65 to 74 years	678	8.8%
75 to 84 years	625	75 to 84 years	451	-27.8%
85 years and over	269	85 years and over	252	-6.3%
TOTAL	7,597	TOTAL	7,886	

Sources: US Census (2000) and American Community Survey (2015)

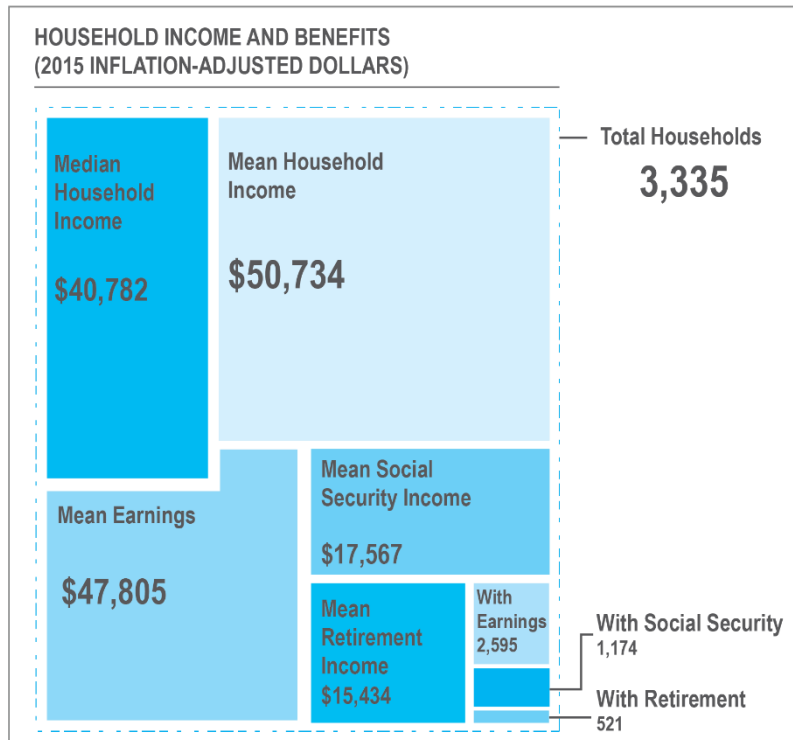
The age cohort trends above depict the growth of the 5-9 age group as well as the tremendous growth of the 55 – 64 year age groups. Each age group identifies unique needs and opportunities in housing. Growth in the 25 – 34 age group, young families, is a positive sign and correlates to the growth of kids 9 years and under.

Household Income

Income is a major, if not the definitive, factor in terms of housing choice for a resident. The distribution of Creston's population into income levels as well as income source is displayed in the figures below.



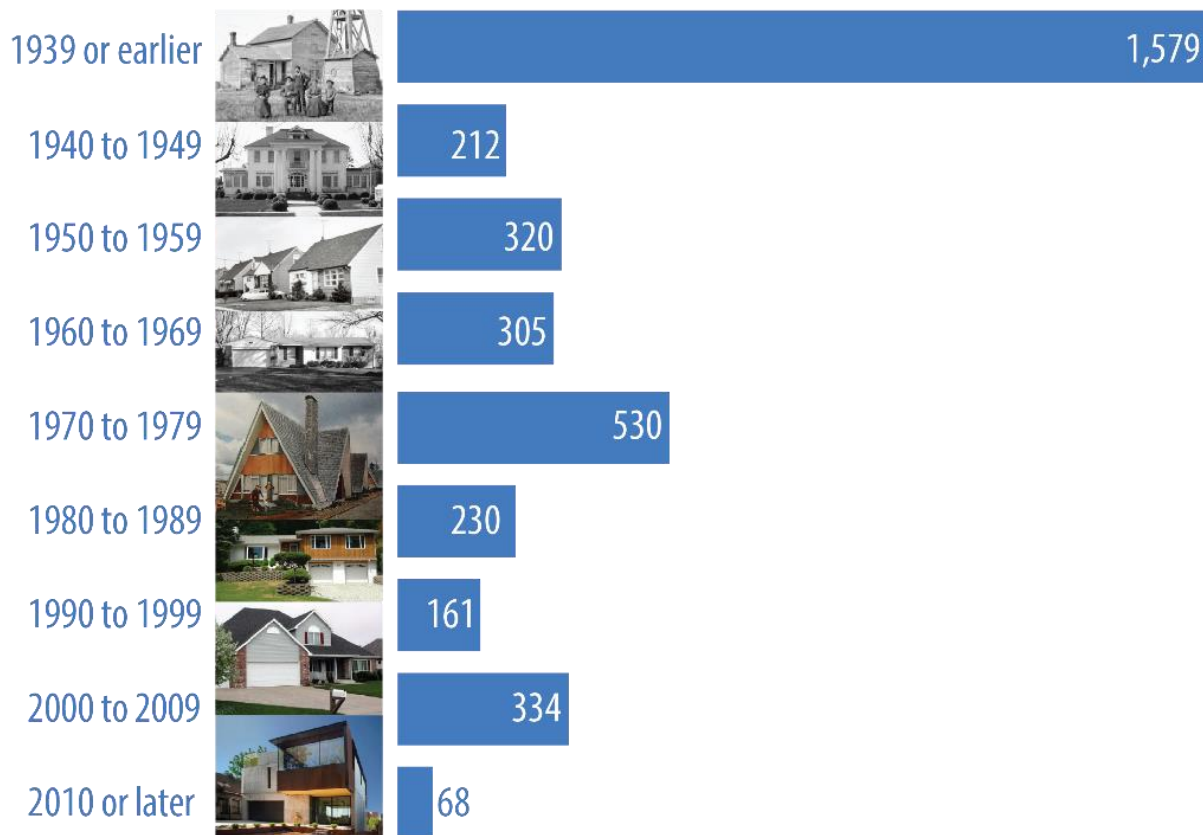
Creston's median household income of \$40,782 is significantly below the estimated Iowa median household income of \$53,183 and that of Union County's \$44,351 in 2015. Creston has some income independence, 77.8% of households in Creston receive their income from earnings, while another 35.2% receive income from public assistance.



Existing Housing Conditions

According to the American Community Survey's Five-Year Estimates (2011-2015), the City of Creston has an existing housing stock of 3,671 units (please note that total of housing units by decade: 2010 or later in Figure 3 was modified/increased per the City of Creston building permits). Nearly 60% of the current housing stock was built prior to 1960 or is at least/almost 60 years old. Older homes can have electrical, plumbing and mechanical systems that do not meet current building code standards. Age factors not only bring to light the issues of housing condition, they also imply the style of the building and whether or not it fits present day needs or desires. For instance, many older homes have less energy-efficient heating and plumbing systems which increases the utility costs to the homeowner or have small bathrooms and closets that are not as desirable in today's housing market.

Figure 3. Housing Stock Ages: Total of Built Housing Units by Decade



Source: American Community Survey & City of Creston

Compared to Union County and the State of Iowa housing units, Creston has a smaller share of its housing being built after 1990 which is generally in line with most rural communities in Iowa. Aside from the 1970s, Creston saw the most housing growth in a century during the 2000s. Union County reflects those same trends.

Figure 4. Housing Stock Ages: Comparison of Total of Built Housing by Decade

Year Built	Creston		Union County		State of Iowa	
1939 or earlier	1,579	42.2%	2,421	41.0%	359,421	26.5%
1940 to 1949	212	5.7%	314	5.3%	77,810	5.7%
1950 to 1959	320	8.6%	466	7.9%	143,578	10.6%
1960 to 1969	305	8.2%	443	7.5%	143,766	10.6%
1970 to 1979	530	14.2%	895	15.1%	200,245	14.8%
1980 to 1989	230	6.2%	380	6.4%	97,335	7.2%
1990 to 1999	161	4.3%	371	6.3%	147,144	10.9%
2000 to 2009	334	8.9%	605	10.2%	160,230	11.8%
2010 or later	68	1.8%	15	0.3%	24,735	1.8%
TOTALS	3,739	100%	5,910	100%	1,354,264	100%

Source: US Census and City of Creston

To better understand the new construction market, the Creston Public Works provided the residential permit data for the most recent seven-year period. When all housing permits were totaled, housing permits for 2010 or later accounted for only 1.8% of the existing housing stock. It should also be noted that all new construction for 2010 or later was single-family units with no new duplex or multi-family housing units. Records show that the last multi-family complex was built in 1985. This trend demonstrates a need for a greater diversity of housing to provide options for residents of all income levels.

Figure 5. Issued Permits (2010-2016)

Year	Single Family (1–3 units)	Multi-family (4 or more units)	Total Housing Permits
2010	4	0	4
2011	6	0	6
2012	10	0	10
2013	8	0	8
2014	8	0	8
2015	9	0	9
2016	23	0	23

Source: City of Creston

Average household size for owner-occupied units grew slightly from 2000 to 2010 while renter-occupied units remained that same. Changes in household size not only affects overall population of Creston but also changes the desired amenities in housing units, such as total number of bedrooms.

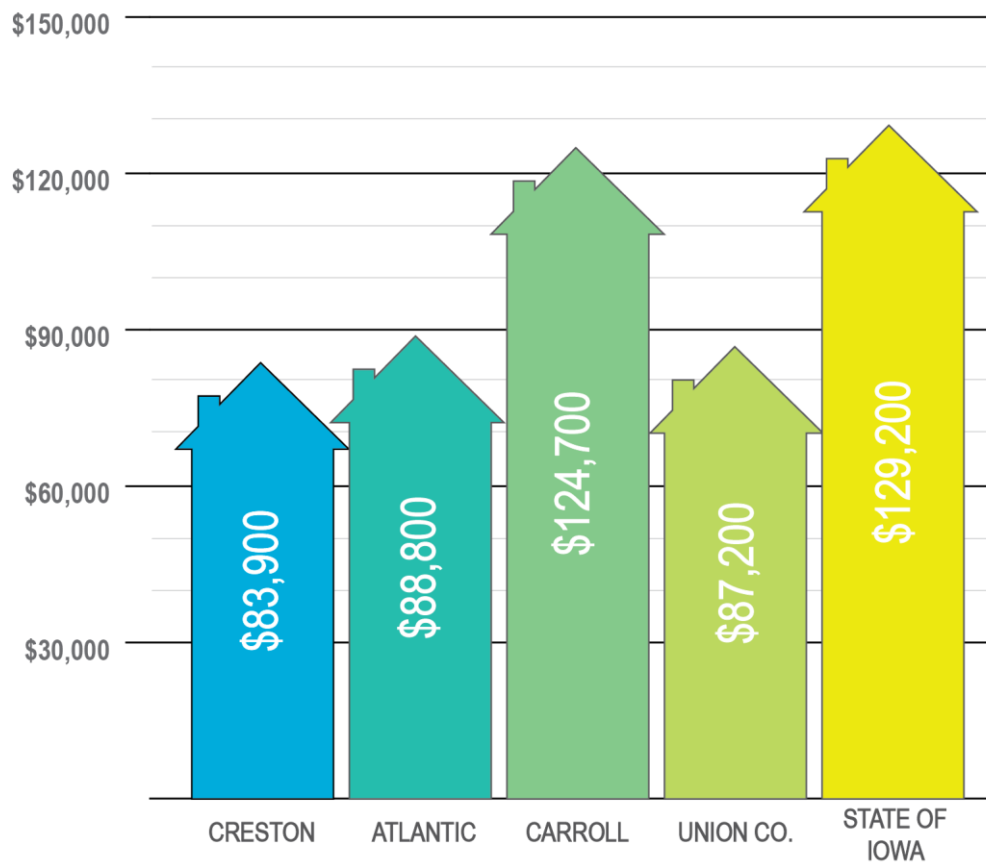
Figure 6. Household Size

Average Household Size	2000	2010
Owner-Occupied	2.34	2.40
Renter-Occupied	1.93	1.93

Source: US Census

Of the following comparisons, Creston has the lowest median home value. Creston values are competitive with those of Atlantic but significantly lower than values in Carroll and the State.

Figure 7. Median Housing Values (Comparisons)

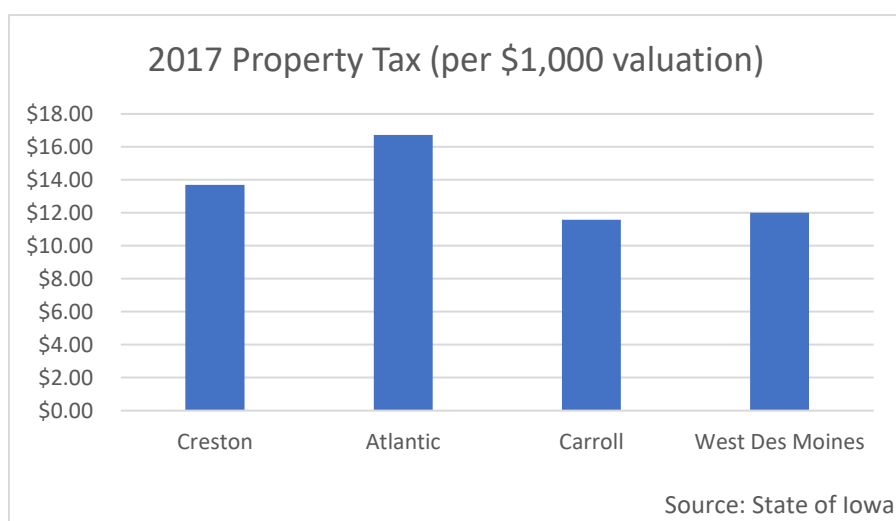


Source: American Community Survey (2011-2015)

Property tax rates are the dollars collected per \$1,000 in a property's taxable value. The state fiscal year runs from July 1 to the following June 30 and is numbered for the calendar year in which it ends. Rates for a fiscal year are based on the taxable property valuations for the preceding calendar year (e.g. FY 2017 rates are based on 2015 taxable property valuations).

Creston is significantly lower than Atlantic for property taxes but is higher than peer community Carroll. When compared to a fast-growing community like West Des Moines, Creston is slightly higher. Property taxes can be a challenge for buyers when transitioning from renting to owning. When considering housing values in the figure above, one reason Creston's property rates may be higher than others is due to the lower home values. Lower home values may result in higher property taxes to pay for services similar to peer communities.

Figure 8. Property Taxes (2017)



Homeowner Vacancy Rates

When reviewing the vacancy rate for Creston, Union County, and the State of Iowa were used as comparisons. Per the American Community Survey five-year estimates, the State of Iowa's vacancy rate steadily decreased during the four-year study period (2012-2015). Creston's homeowner vacancy rate was consistently higher than the county and state figures. Creston saw a 1% increase in homeowner vacancies from 2013 to 2014.

Figure 9. Homeowner Vacancy Rates: Comparison

	Creston	Union County	State of Iowa
2012	3.5%	2.4%	1.9%
2013	3.3%	2.3%	1.8%
2014	4.3%	3.2%	1.7%
2015	4.7%	3.3%	1.6%

Source: American Community Survey

Annual Volume of Sales

When collecting this data for Creston, a local realtor was consulted to gather the most accurate Multiple Listing Service (MLS) data available. Their data demonstrates a steady three-year annual average sale of 88 single family units sold during the study period of 2014 – 2016.

Figure 10. Annual Volume of Sales

	Single Family Housing Units
2014	88
2015	98
2016	80

Source: MLS Database

This study identified two cities to compare their housing markets to Creston – Atlantic, Iowa and Carroll, Iowa. Both Atlantic and Carroll, like Creston, are regional hubs, communities that are the focal point for services and jobs.

The table below compares the home sales in each of the three communities. Since population varies between the communities, annual sales as a percentage of existing units was calculated to provide a baseline of to compare each city. All three communities showed a good housing market with a decent volume of sales relative to their existing housing stock. Atlantic and Carroll out performed Creston in both number and percentage of homes sold relative their respective markets. When this home sales data is compared with the vacancy rate of owner-occupied units, this could be an indicator that the type of home desired or needed is not on the market.

Figure 11. Annual Volume of Sales: Comparison

Year of Sale	Creston, IA Population: 7,886*			Atlantic, IA Population: 6,929*			Carroll, IA Population: 10,020*		
	Existing Units*	Units Sold	Per Capita	Existing Units*	Units Sold	Per Capita	Existing Units*	Units Sold	Per Capita
2014	3,671	88	2.4%	3,462	100	2.9%	4,794	121	2.5%
2015		98	2.7%		98	2.8%		124	2.6%
2016		80	2.2%		108	3.1%		136	2.8%
3-Year Total		266	7.2%		306	8.8%		381	7.9%

* Data from American Community Survey 5-Year Estimates (2011-2015)

Source: MLS Database

Length of Time on Market: For Sale

Single family home sales averaged 141 days on the market during this three-year study period. The state and national three-year averages are less than that of Creston. In comparison to the peer cities, Creston's average is about twice as long as Carroll but is keeping pace with Atlantic's housing market. While the average length of time to sell a home in Creston was higher than exhibited in peer cities, a supplemental survey was conducted and of those responses, the condition of units was identified as the primary reason homes stayed on the market for an extended length of time.

Figure 12. Annual Average Length of Time to Sell Homeowner Units (Days)

	Creston, IA	State of Iowa	US	Peer Cities	
				Atlantic, IA	Carroll, IA
2014	149	105	99	107	64
2015	144	98	81	127	73
2016	130	94	92	146	72
3-Year Average	141	99	91	127	70

Source: MLS Database

Annual Average Rental Vacancy Rate

As of 2015 Creston had 1,147 available rental units, including both multi-family and single-family homes. According to the ACS Five-Year Estimates, the rental vacancy rate for the City has varied but has stayed under 5% since 2012. Furthermore, ACS calculates the share of rental to owner-occupied units is 35/65, higher than that of the County and statewide ratio of 30/70.

Figure 13. Rental Vacancy Rates: Comparison

	Creston	Union County	State of Iowa
2012	5.0%	4.4%	6.4%
2013	4.6%	4.6%	6.3%
2014	2.4%	3.0%	6.2%
2015	3.2%	3.9%	6.2%

Source: American Community Survey

In addition to the ACS data, this study organized a rental housing survey to collect information from the local rental property landowners and their management staff. According to ACS data, there are 1,077 occupied rental units in Creston, and this survey was able to collect information representing 211 units or 23% of the available units. These units are primarily 1-2 bedroom units. At any given time, approximately 40% of rental units may be vacant, while a majority of these units surveyed – 60%– represent a vacancy rate of less than 5%.

Figure 14. Typical Rental Vacancy Rate (Rental Housing Survey)

Vacancy Rate	Total Units	Percent
Less than 2%	101	40.0%
2% to 5%	50	20.0%
5% to 10%	75	30.0%
10% to 15%	-	-
Greater than 15%	25	10.0%

Source: JEO Consulting Group, Survey of Leasing Companies (2017)

Length of Time on Market: Rental

The rental housing survey also requested feedback on the length of time it takes to lease a vacant unit. Similar to the situation with the sale properties, rental units can remain available for a substantial amount of time. Survey participants identified that their rental units are generally filled within 15-30 days. When this data is compared with the vacancy rate of rental units, this could be an indicator that the type of properties desired or needed are not on the market.

Figure 15. Typical Length of Time to Lease Rental Units (Rental Housing Survey)

Time to Lease Unit	Total Units	Percent
Less than 15 Days	46	18.2%
15-30 Days	160	63.6%
30-60 Days	23	9.0%
60-90 Days	-	-
More than 90 Days	22	9.0%

Source: JEO Consulting Group, Survey of Leasing Companies (2017)

Annual Average Housing Costs

Housing value is tied to a number of factors including the location, or proximity to employment centers and amenities, and quality of the available housing stock. The available housing in Creston is largely dominated by existing housing units with a lower price point compared to newer housing units. As a result, the median housing sale price is much lower than experienced across the state of Iowa.

Figure 16. Average Sale Price - Creston (2012-2016)

	Housing Units Sold	Average Sale Price	Median Sale Price	State of Iowa Median Sale Price
2014	88	\$94,488	\$65,750	\$134,000
2015	98	\$83,878	\$78,500	\$139,450
2016	80	\$95,676	\$76,000	\$145,333

Source: MLS Database

Housing income is also an important factor when it comes to housing and the health of a community. It is generally suggested that housing be less than 30 percent of one's household income be put towards monthly expenses (renter or owner occupied). Exceeding that standard threshold could result in an excessive financial burden to the renter or homeowner.

When comparing the cost of housing in Creston to the State of Iowa, Creston and Union County generally align. Homeowners in Creston pay a lower share of their household income toward their mortgage while renters put a greater share of their household income (30% or more) toward monthly rental costs than that of the State. When considering the peer cities, Creston aligns with Carroll for homeowner costs but aligns with Atlantic on renter expenses.

In addition, both homeowners and renters pay a lower median cost of housing with a median of \$902 for homeowners (U.S. Census defines monthly housing costs as the total cost of owning or renting a home; mortgage, taxes, insurance, and utility costs) and \$573 for renters. Providing new middle range homes could open up more affordable homes for entry into the owner-occupied housing market.

Figure 17. Cost of Housing as a Percent of Household Income (2015): Homeowners

Mortgage as % of HH Income	Peer Cities				
	Creston	Union County	State of Iowa	Atlantic, IA	Carroll, IA
Less than 20.0 percent	58.6%	57.8%	51.7%	49.7%	56.6%
20.0 to 24.9 percent	17.2%	14.5%	16.7%	18.9%	14.4%
25.0 to 29.9 percent	7.0%	8.6%	10.1%	5.9%	12.2%
30.0 to 34.9 percent	6.7%	7.2%	6.5%	8.2%	604.0%
35.0 percent or more	10.5%	11.9%	15.1%	17.3%	10.8%
Median (dollars)	\$902	\$944	\$1,171	\$809	\$1,057

Source: American Community Survey

Just over 82% of homeowner households in Creston pay less than 30% of their household income on housing costs. When housing costs are less, the household generally has more expendable income which is beneficial to the community. It is assumed that income not spent on housing can be applied towards savings, and other, more discretionary spending that can benefit the community. Having such a high percentage of households well below the burden level is a positive indicator of the economic potential of the community.

Figure 18. Cost of Housing as Percent of Household Income (2015): Renters

Rent as % of HH Income	Creston	Union County	State of Iowa	Peer Cities	
				Atlantic, IA	Carroll, IA
Less than 15.0 percent	14.5%	16.4%	17.6%	12.1%	14.8%
15.0 to 19.9 percent	18.5%	18.6%	14.2%	11.9%	10.8%
20.0 to 24.9 percent	8.7%	10.0%	12.6%	19.3%	12.5%
25.0 to 29.9 percent	13.9%	13.1%	11.1%	13.5%	10.0%
30.0 to 34.9 percent	14.3%	12.0%	8.5%	13.7%	16.0%
35.0 percent or more	30.1%	29.9%	36.1%	29.6%	36.0%
Median (dollars)	\$573	\$593	\$697	\$562	\$555

Source: American Community Survey

Only half of renter households in Creston pay less than 30% of their household income on renting costs. This half of renter households is a positive indicator for the community as those renters can utilize savings to transition into home ownership. There are many benefits for home ownership including accumulation of wealth via an appreciable asset. High homeownership rates also provide stability to residential neighborhoods. Quality and affordable rental opportunities can be a large asset for a community by providing young professionals with housing choices and overcoming the barrier of entry into the community.

However, a large number (44%) of renter households pay more than 30% of their household income on rental costs. This indicates a major concern regarding affordability. Creston's median rental costs are also higher than those of the peer communities but lower than the State of Iowa. Figure 19 highlights these higher costs via the rental housing survey showing the average rental cost per unit size. A total of 251 rental units were identified as part of this survey.

Figure 19. Average Cost of Housing Per Unit Size (2017): Renters

1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
\$460	\$544	\$890	\$1,250

Source: JEO Consulting Group, Survey of Leasing Companies (2017)

Housing Affordability Index

To further demonstrate the demand for workforce housing, a comparison was made between the Housing Affordability Index (HAI) for the Midwest and Creston. This monthly housing affordability index established by the National Association of Realtors provides a way to track whether housing is becoming more or less affordable for the typical household over a period of time. HAI incorporates changes in key variable affecting affordability: Housing prices, interest rates, and income.

The HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced home. A higher index number indicates that more households can afford to purchase a home. Creston's HAI for 2015 was 351.3 indicating that the typical household had 3.5 times the income necessary to purchase a home at the value of \$83,900. The HAI for the Midwest region for March 2017 was 201.5 which means Creston currently has a more affordable housing market than that average community in the Midwest.

Base Formula: $HAI = (\text{Median Family Income} / \text{Qualifying Income}) * 100$

Creston: $351.3 = (\$56,545 / \$16,095) * 100$

The Median Family Income used for this study originated from the ACS Five-Year Estimates (2011-2015). The Qualifying Income was calculated from the monthly payment on the median-priced existing home, at the effective mortgage interest rate for each given year. The HAI assumes borrowers make 20% down payment and that the maximum mortgage payment is 25% of gross monthly income for the household.

When considering mid-level new construction, we use a home purchase value of \$230,000 (based on existing costs for this type of construction in Creston housing market). This results in a HAI of 128.2 indicating that the typical household has 1.3 times the income necessary to purchase a home at this value.

Base Formula: $HAI = (\text{Median Family Income} / \text{Qualifying Income}) * 100$

Creston: $147.4 = (\$56,545 / \$44,123) * 100$

The Median Family Income used for this study originated from the ACS Five-Year Estimates (2011-2015). The Qualifying Income was calculated from the monthly payment on a mid-level new construction home, at the effective mortgage interest rate for each given year. The HAI assumes borrowers make 20% down payment and that the maximum mortgage payment is 25% of gross monthly income for the household.

Property taxes are not included in this calculation.

While current residents can afford the existing housing, mid-level new construction housing is less attainable based on median household incomes. Resources for home rehabilitation would help existing homeowners and provide a resource for some new residents to make improvements to existing homes. New housing, however, would likely attract more middle-income people to the community.

Annual Average Unemployment

The population of Creston is below the threshold for the Bureau of Labor Statistics to track unemployment rates, so Union County was used for this part of the study. Union County and the State of Iowa both experienced a stable decline in their unemployment rates during the four-year study period. When making this comparison to the county of the peer cities, Carroll (Carroll County) had lower unemployment as did Atlantic (Cass County) except for in 2013. On a positive note, all three counties saw consistent decline in their unemployment rates demonstrating growth in their local economies.

Figure 20. Annual Average Unemployment (2013-2016): Metro, County and State of Iowa

	Peer Communities			
	Union County	State of Iowa	Cass County, IA	Carroll County, IA
2013	4.90%	4.70%	5.10%	3.40%
2014	4.70%	4.30%	4.40%	3.20%
2015	4.10%	3.80%	3.70%	2.70%
2016	3.80%	3.70%	3.30%	2.60%

Source: U.S. Bureau of Labor Statistics

Laborshed Wage

In addition to the unemployment rate, potential residents will consider how much they will make if the move to a specific place. When comparing Union County to the State of Iowa, salaried positions in Finance, Healthcare, Transportation and Wholesale/Retail Trade exhibit higher rates of pay throughout the County (highlighted in green). These factors can be attributed to its geographic location as a logistics hub for this portion of the Upper Midwest.

Figure 21. Laborshed Wages: Union County vs State of Iowa

Industry	Union County (2015)		State of Iowa (2016)	
	Annual Salary	Hourly Wage	Annual Salary	Hourly Wage
Agriculture, Forestry & Mining	\$40,000	\$13.50	\$50,000	\$13.75
Construction	**	\$17.00	\$55,000	\$20.00
Education	\$44,000	\$11.90	\$55,000	\$13.65
Entertainment & Recreation	**	**	\$52,500	\$9.50
Finance, Insurance & Real Estate	\$80,000	\$19.85	\$69,500	\$15.66
Healthcare & Social Services	\$65,000	\$13.42	\$57,000	\$16.00
Manufacturing	\$40,000	\$15.68	\$75,000	\$17.60
Personal Services	\$25,000	\$9.50	\$47,000	\$11.00
Professional Services	**	**	\$65,000	\$14.20
Public Administration & Government	\$50,000	\$20.50	\$65,000	\$22.00
Transportation, Communication & Utilities	\$87,000	\$17.84	\$60,250	\$17.25
Wholesale & Retail Trade	\$50,000	\$9.88	\$50,000	\$10.65

** Insufficient survey data/refused
Sources: Iowa Workforce Development

Community Housing Assessment

A windshield assessment, what can be viewed from the public right-of-way, of housing conditions for Creston was conducted in May of 2017. Housing units were analyzed on structural integrity utilizing the Federal Housing Urban Development guidelines which are as follows:

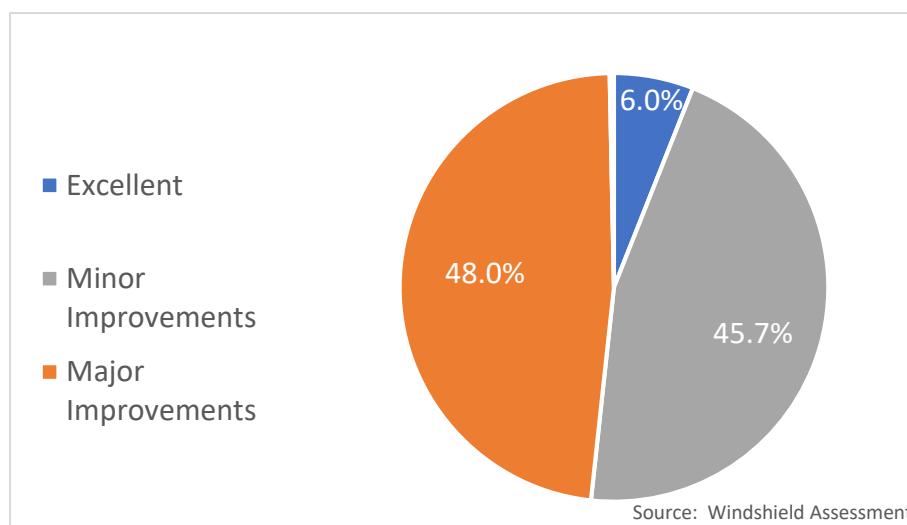
Excellent – No improvements required

Minor Improvements – Improvements required that a typical homeowner could repair

Major Improvements – Improvements required that would likely be contracted

Dilapidated – Unsuitable for habitation

Figure 22. Housing Conditions



Approximately 0.3% of homes were considered dilapidated. This is something to be aware of but is overall statistically insignificant when considering the housing stock condition as a whole. 48% of homes need major improvements which helps to understand the slightly higher vacancy rates for the City – homes go unsold and unrented do to their condition. Such a large number of units needing major improvements also creates a significant challenge for the community in having good quality units available. Such improvements can be a substantial burden on a buyer and affect the overall length of time a home is on the market.

Rehabilitation of Existing Housing

With 48% of homes in need of major improvements, it is important to understand how these housing units are still important to the overall housing supply. Although rehabilitation costs widely vary depending on the condition of the structure, reuse of existing housing units has the following benefits:

- Removes the eyesore and safety concerns associated with undeveloped or vacant property and improves the overall look of the neighborhood;
- Allows communities to achieve or sustain population density thresholds that are needed to attract certain amenities (parks, community services, retail);

- Can be an effective tool for increasing supply of more affordable homes; and
- Reuse of existing infrastructure is very efficient and saves public improvement cost of building new infrastructure (water, sewer, storm sewer and roads).

Dilapidated Housing

Uninhabitable and dilapidated houses can be extremely detrimental to community quality of life. Often, the prevalence of these structures can reduce home values for entire blocks and neighborhoods. In recent years, community partners have been active in acquiring dilapidated structures. Once purchased, they assess the structure and do the following:

1. Demolish site, build new, and sell;
2. Demolish site and sell vacant lot;
3. Renovate existing structure and resell.

City data estimates that 37 structures have been demolished in the 9-year period between 2008 and 2016. It is very important for Creston to have improved and/or add quality housing units in order to grow the community.

Demolition is an important step in improving the overall quality of housing stock in a community. Not only does the removal of a dilapidated structure benefit the community by removing a hazard, it frees up existing lots, encouraging infill development. Replacing a blighted structure with a new house provides exponential benefits for an existing neighborhood. In addition, infill housing adds to the property tax valuation without requiring new city infrastructure or services. However, there is a challenge fitting today's desired home type on these traditionally smaller lots, and often, two or more adjoining lots are necessary to build new.

Recent Housing Growth

Over that past 20 years, new housing growth has generally occurred within the following subdivisions:

James Subdivision

The James Subdivision is located in northwest section of Creston between Lincoln and Cottonwood Streets. It is close to Crestmoor Golf Club, Greater Regional Medical Center, Southern Prairie YMCA, Southwestern Community College, and walking trail within the greenbelt area. Lot sizes range from .36 acres to .57 acres. Of the original 55 lots only a few remain.

McKinley View Estates

Located on Lake View Drive, once completed, McKinley View Estates will have a total of 19 2-unit condos. It is close to McKinley Lake, Hurley Creek Restoration Project, McKinley Park, Greater Regional Medical Center, Southern Prairie YMCA, Uptown, Taylor Park, as well as walking trails. These owner-occupied units are designed for senior living.

Profile Summary

- Creston's 2016 home median sale price was \$76,000, half of the State median sale price.
- Many homes in Creston need major improvements.
- There are very few lots available for new construction.
- The newest multi-family housing is 30+ years old.

ENVISION

The Envision section of the planning process is the formal means for community input into the Creston Housing Study. During this process the consultant asked for stakeholder input to provide a baseline of housing conditions, and what is needed to grow the community. It also attempts to project the future need of housing and considers how that aligns with the stakeholder input.

Community Engagement

A series of focus groups and interviews were designed to solicit input from targeted stakeholders in the housing market. Participants included representatives of:

- Realtors
- Landlords
- Major Employers
- Lenders
- Community Leaders

The input overwhelmingly echoed but also expanded on findings of the profile findings.

Challenges/Concerns

- Cost of permits and high taxes – a challenge to the overall building budget
- Limited available lots
 - Available infill lots are not generally in desirable areas
 - People are generally looking for proximity to schools and other amenities – specific neighbors
- Blight is a real challenge for some neighborhoods
- Infill lots are generally too small for the housing type people are looking to build
- Enforcement of rental nuisance is lacking
- Community corridors are not welcoming – people are turned off before they even get into the city
- Waiting lists for existing senior housing
- Executives to laborers, all income ranges, struggle to find housing
- Companies have lost new hires due to lack of housing – tough sell to get new employees to move to an area where housing options are so few and/or bad – HUGE barrier to companies and to community growth
- With no housing options available (poor quality or just not available), many employees must commute
 - Commute from Winterset, DSM, etc. – easy to find other employment closer to home
 - Labor study notes labor pool is about a 70 mile radius
- Very difficult to become a stakeholder in a community if you do not live there.
- Rentals in Creston are of very poor quality – dirty, unsafe
 - Pride in rental properties is low
- Lack of builders in Creston
- Local banks are challenged by regulations to lend

Needs

- Big market for \$60,000 - \$90,000 house – many of these homes need repairs/improvements which buyers are not ready or able to take on
- Middle income housing that is clean and well maintained
- Good quality rentals
 - o For school teachers, hospital staff, college students, others
 - o 1-4 bedrooms are all needed
 - o Range of housing from apartments to homes needed
- Renovations of existing homes is a need
- Quality apartments, then add in all other types of housing
- Quality housing at all price points and both owner occupied and rental are needed.
- Housing options for seniors to open up their single-family homes
 - o Waiting lists at existing facilities

Opportunities

- New housing near school – north/northwest
 - o Infrastructure close
 - o Desired location
- Renovations of existing housing stock
 - o Need to find that niche contractor that is willing and able to do it
- Baby Boomers looking to downsize - New condos coming online should be the transitional housing seniors are looking for which will open up single family homes.
- Great incentives to come to Creston – hospital, schools, YMCA, businesses, community college, etc, but no housing
- SWICC continues to grow
 - o Waiting list for student housing

Magic Wand

Here the consultant asks, “if you had a magic wand, how would you change Creston?” This allows for participants to dream big which provides new ideas, but it also allows them to comment on topics related to or affecting housing but outside of the housing specific discussion.

- Quality housing at all income levels
- To have a local philanthropic entity
- Grow population to 10,000
- Improved downtown – restoration of buildings to create a sense of community pride and a space to gather.
- Improve community attitudes
- High end duplexes

Population Projections

Creston's growth projection is primarily based on an Age Cohort Survival Projection. By utilizing the existing age cohort data combined with regional birth, mortality, and migration rates; age cohort analysis allows for the projection of future population. The assumptions lie in sustained trends in these criteria for the next 20 years. Projections note a growth in population through 2035. Creston's ability to support this trend is contingent on its ability to provide adequate and diverse housing opportunities.

Figure 23. Population Projections

	2010	2015	2020	2025	2030	2035
Projected Population	7834	7905	8084	8253	8411	8540
Population Change		71	179	169	158	129
% Change		0.91%	2.26%	2.09%	1.91%	1.53%

Housing Demand Analysis

Using the population projections, the housing needs are projected to accommodate the future population. Both owner-occupied and renter occupied are calculated based off the current occupancy rate for each tenure. Census estimates that 65.6% of Creston residents live in homes they own and 34.4% of residents rent their homes. This ratio was then utilized to estimate the projected population of owners and renters based off the projected population described above. These population numbers were further divided by the average household size of both owner-occupied and renter occupied units. This number equates to the total number of owner and renter housing units required to house the estimated future population.

Figure 24. Projected Housing Needs

	2010*	2015	2020	2025	2030	2035
Owner Population	5,139	5,186	5,303	5,414	5,518	5,602
Renter Population	2,695	2,719	2,781	2,839	2,893	2,938
Owner Units	2,188	2,170	2,219	2,265	2,309	2,344
Renter Units	1,147	1,295	1,324	1,352	1,378	1,399

*2010 Decennial Census

As a result of the above analysis, Creston's minimum housing demand will be 14 homes per year to accommodate the growing population. This is considered a minimum because it does not factor housing replacement of dilapidated or antiquated homes and the demand generated by businesses in and around Creston.

An element not considered in this projection is the potential for transitioning of seniors out of single-family homes, opening housing units for new families. A significant portion of owner-occupied units are part of this transition as 30% of these homes are occupied by seniors (65+). The current lack of available quality homes indicate that these units will be filled. It is anticipated that the new households will be

larger than those of senior household, therefore increasing the projected growth. This can be an opportunity for additional families but the timeline of availability is not known.

Figure 25. Senior Tenure

	# of Units	% of Total Housing
Owner Occupied Senior Units (65+)	670	30.4%
Renter Occupied Senior Units (65+)	277	23.5%
	# of Units	% of Total Housing
Owner Occupied Senior Units (75+)	344	15.6%
Renter Occupied Senior Units (75+)	200	17.0%

The senior tenure numbers indicate a need for senior housing options beyond what is currently available in Creston, such as independent senior living. Providing transition housing that allows seniors to continue living independently while allowing for less maintenance would be an attractive alternative to single-family housing.

Housing Demand by Income

The aggregate market for housing is comprised of many submarkets, each defined by tenure and price ranges. To analyze conditions in each submarket, the demand for housing (measured by the number of households), is compared with the supply of housing (measured by the number of owner-occupied units). This model assumes that those renting would move into ownership for a unit of appropriate value.

The households in a market can be categorized into groups according to the household's income. Similarly, homes can be divided into corresponding categories to each income group based on trends and recommended price points of affordability. According to the 2015 American Community Survey, the majority of home owners in Creston have homes valued at around 205% of their annual household income.

Figure 26. Housing Needs by Value

Annual Household Income	# of Creston Households*	Creston Home Values	Creston Housing Supply*	Surplus/Deficit
Less than \$25,000	960	Less than \$50,000	399	-561
\$25,000 to \$49,999	1,044	\$50,000 to \$99,999	1,064	20
\$50,000 to \$74,999	648	\$100,000 to \$149,999	421	-227
\$75,000 to \$99,999	306	\$150,000 to \$199,999	204	-102
\$100,000 to \$149,999	299	\$200,000 to \$299,999	51	-248
\$150,000 or More	78	\$300,000 or More	49	-29

*2015 American Community Survey

The assumption is that owners in the \$50,000 to \$74,999 household income range can afford a home valued in between \$100,000 and \$150,000, or twice their annual income.

The number of households in each income category is compared to the number of homes in each corresponding value category. Where there are more homes than household, a surplus exists; where there are more households than homes, a deficit exists. Overall, there is a demand for housing at all levels which indicates a backlog of need. One strategy to start to address this is to look at construction of market rate and higher homes which will make housing at a lower price point available when families upgrade homes.

IMPLEMENT

Considering the findings of the previous sections, the Implementation section offers guidance on how to manage future growth and development of housing in Creston. Here we outline the goals, objectives, and action steps for that. Objectives and action steps give more detail and describe the actions needed to achieve the desired goals of the community. Objectives are part of the value system linking goals with action steps, and they define the broader goals with more detailed descriptions. The adopted action steps synthesize the information from the existing profile of the community and community input from the visioning component of this study. Action steps are a means to achieve the goals established by the community and they imply a clear commitment to Creston's future development.

Housing Implementation Plan

Through this planning process, the following themes were the most prevalent housing needs for Creston:

Housing Quality

Local and regional programs for financing and statutory control can be extremely effective channels for ensuring residential property maintenance and investment. Local statutory measures such as property maintenance and rental codes can provide the legal backing for the City of Creston to enforce housing standards. Local nuisance codes are another resource for enforcing the appropriate integrity of private property.

Chapter 657 of the Iowa Code enables municipalities to enforce nuisance enforcement procedures to correct "any building or other place that is injurious and dangerous to the health, comfort, or property of individuals or the public." Creston leadership should strongly consider these types of programs to ensure proper maintenance of its housing stock and avoid the negative effects of property blight. To counter bias and conflicts of interest, the city should partner with third-party enforcement of these measures whenever possible.

Financial assistance is also available for voluntary investment in property rehabilitation. The Southern Iowa Council of Governments (SICOG) is an available partner in both statutory and financial assistance measures.

Down Payment Assistance

The SICOG H-RLF Program assists first-time homebuyers (persons who have not owned or purchased a home in the last three years) to meet the need for a down payment on a home. At the onset of the program it was determined that the lack of sufficient down payment was a major obstacle for first-time homebuyers and this program helps to close that gap.

Housing Trust Fund

The Southern Iowa Council of Governments Housing Trust Fund provides funding for different types of housing projects that include housing rehabilitation, construction, and demolition.

Financial assistance programs through the Iowa Economic Development Authority and the Iowa Finance Authority are available to assist both owner and rental-occupied housing units. Demolition of dilapidated structures is also an eligible use of select assistance programs.

New Housing Development

Utilizing both the data cited in Figure 20 and the input from the focus groups, the first priority of Creston should be developing quality rental housing opportunities. The lack of available and good quality apartment units has been a barrier to entry into the community. The projected demand by 2020 will be for an additional 177 rental units. The same projection cites a shortage in owner-occupied housing of 31 units.

The National Association of Home Builders study on *The Economic Impact of Home Building in a Typical Local Area: Income, Jobs and Taxes Generated* was used to better understand the economic impact of building both rental and single-family units.

The estimated one-year impacts of building 100 rental apartments in a typical local area include:

- \$11.7 million in local income,
- \$2.2 million in taxes and other revenue for local governments, and
- 161 local jobs.

These are local impacts, representing income and jobs for residents of the typical metropolitan area or nonmetropolitan county, and revenue for all jurisdictions within the local area. They are also one-year impacts that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity spending part of it within the local area's economy.

According to the same study, the estimated one-year impacts of building 100 single-family homes in a typical local area, or in this case 31% of those units, benefits include:

- \$8.9 million in local income,
- \$1.1 million in taxes and other revenue for local governments, and
- 122 local jobs.

These are local impacts, representing income and jobs for residents of an average metropolitan area or nonmetropolitan county, and other sources of revenue, including permit fees) for all local jurisdictions within the local area. They are also one-year impacts that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity spending part of it within the local area. Local jobs are measured in full time equivalents—i.e., one reported job represents enough work to keep one worker employed full-time for a year, based on average hours worked per week by full-time employees in the industry. The one-year estimates also assume that construction materials are subject to a local sales tax of 1.52 percent, an average (weighted by population) computed by NAHB across rates for individual states reported by the Tax Foundation.

Submarkets

Figure 22 indicates that Creston contains a surplus of housing supply in the \$50,000 to \$100,000 range. The submarket for homes valued at less than \$50,000 (Figure 22) cites a large demand and should be targeted with apartment rentals, not as owner-occupied units.

Almost all submarkets demonstrate ownership demand in Creston. All of which would yield positive results for the community if developed. Because of the deficit of market-rate workforce housing (\$100,000 to \$300,000) cited in Figure 22, it is recommended that this market be prioritized for future development. Development in this area would not only be a viable option for new residents, but would also provide an opportunity for existing residents to upgrade. In this case, an upgrade can be from an existing homeowner, or from a renter looking for ownership opportunities.

Given the severity of the age and condition of Creston's housing stock, it is recommended that the community seek to replace 0.5% of its housing stock annually. This equates to an average of approximately 18 housing units annually over the next 15 years. At least half of replacement units should be valued at over \$150,000 to ease the deficit of workforce and high-end housing documented in Figure 22.

The Iowa Workforce Housing Tax Credits assist developers building or rehabilitating workforce housing in Iowa. One eligibility criterion for new construction is that a community must demonstrate workforce housing needs. Allowable project costs may equate to up to \$215,000 per unit. The credits may also be utilized for rehabilitation projects up to \$250,000 per unit for a dilapidated housing stock or upper story housing development.

The use of Tax Increment Finance is encouraged to incentivize housing development. Local guidelines should be adopted that directs TIF usage for to established housing sub-market needs in the community.

Although senior housing has been discussed within the study, several existing efforts are currently addressing those needs. Therefore, senior housing will not be included as a specific goal topic.

Goals

From those themes, the following goals were developed and prioritized:

Goal 1: To provide a housing option for a broad range of needs.

Construction of good quality market rate with some subsidized apartments is the priority. Generally, these would be 2 bed, 1 $\frac{3}{4}$ bath units for entry into the community for new hires, college students, and others. Lack of available quality housing has become a barrier for employers within Creston to fill or grow their workforce. In addition, SWCC does not have sufficient space for all students looking for housing.

Goal 2: Development of new subdivision for construction of new \$175,000 - \$275,000 single family homes.

Lots should be made available in a desirable area of the community, close to services, for new construction and at a price point that fits many Creston's household incomes. This area is likely to be on the northwest side of the community, close to schools. Although available lots are needed for all home ranges, most notably in the \$100,000 - \$300,000 (Figure 22) range, \$175,000 - \$275,000 homes are the target and priority as they are the most desired and sought after by buyers in Creston.

Goal 3: New construction in the core of the community.

Utilize existing infrastructure while creating homes and lots that are desired in today's market. Many of today's home styles do not fit on the typically smaller lots found in the core of the community. This can be accomplished through acquisition and clearance of several adjoining lots.

Goal 4: Remove blight and revitalize neighborhoods with the renovation of existing homes within the community for both owner occupied and rental units.

This goal will reuse and improve existing housing stock on existing infrastructure. This has been a challenge due to costs of renovations and the unknowns of deteriorating units. It may be necessary to purchase 4-6 homes with the intent to renovate and resell to assist in obtaining a contractor and to assist with their efficiencies.

Workforce Housing Tax Incentive Program

This study also collected all available data deemed appropriate for a Distressed Housing Study. The Workforce Housing Tax Incentive Program’s administrative rules provided by the Iowa Economic Development Authority outlined the primary data points to be considered a “distressed workforce housing community” for the most recent three-years (2014-2016) of data collected. As a result, Creston may want to pursue this type of funding.

DATA		SOURCE
1	Annual number of building permits issued in the community for the most recent three-year period	City of Creston
2	Homeowner vacancy rate in the community	American Community Survey 5-Year Estimates (2013-2015)
3	The annual volume of homeowner unit sales in the community for the most recent three-year period	MLS Database
4	The annual average length of time it takes to sell homeowner units in the community for the most recent three-year period	MLS Database
5	The annual average rental vacancy rate in the community	American Community Survey 5-Year Estimates (2013-2015); Survey of Local Rental Companies
6	The annual average length of time it takes to lease rental units in the community for the most recent three-year period	Survey of Local Rental Companies
7	The average housing costs in the community	MLS Database; Survey of Local Rental Companies
8	The average unemployment rate for the community	Bureau of Labor Statistics
9	The laborshed wage applicable to the community	Iowa Workforce Development

1. Issued Permits (2010-2016)

Year	Single Family	Multi-family (2 or more units)	Total Housing Permits
2010	4	0	4
2011	6	0	6
2012	10	0	10
2013	8	0	8
2014	8	0	8
2015	9	0	9
2016	23	0	23

Source: City of Creston

2. Homeowner Vacancy Rates: Comparison (2012 – 2016)

	Creston	Union County	State of Iowa
2012	3.5%	2.4%	1.9%
2013	3.3%	2.3%	1.8%
2014	4.3%	3.2%	1.7%
2015	4.7%	3.3%	1.6%

Source: American Community Survey

3. Annual Volume of Sales (MLS): Owner-Occupied Units (2014-2016)

	Single Family Housing Units	Percent of Existing Housing Units
2014	88	2.4%
2015	98	2.7%
2016	80	2.2%

Source: MLS Database

4. Annual Average Length of Time to Sell Homeowner Units: Day on Market (2014-2016)

				Peer Cities	
	Creston, IA	State of Iowa	US	Atlantic, IA	Carroll, IA
2014	149	105	99	107	64
2015	144	98	81	127	73
2016	130	94	92	146	72
3-Year Average	141	99	91	127	70

Source: MLS Database

5a. Annual Average Vacancy Rate: Rental (2012-2015)

	Creston	Union County	State of Iowa
2012	5.0%	4.4%	6.4%
2013	4.6%	4.6%	6.3%
2014	2.4%	3.0%	6.2%
2015	3.2%	3.9%	6.2%

Source: American Community Survey

5b. Typical Rental Vacancy Rate (Rental Housing Survey)

Vacancy Rate	Total Units	Percent
Less than 2%	79	37.5%
2% to 5%	53	25.0%
5% to 10%	53	25.0%
10% to 15%	-	-
Greater than 15%	26	12.5%

Source: JEO Consulting Group, Survey of Leasing Companies (2017)

6. Typical Length of Time to Lease Rental Units (Rental Housing Survey)

Time to Lease Unit	Total Units	Percent
Less than 15 Days	-	-
15-30 Days	165	78.0%
30-60 Days	23	11.0%
60-90 Days	-	-
More than 90 Days	23	11.0%

Source: JEO Consulting Group, Survey of Leasing Companies (2017)

7. Average Sale Price (2012-2016)

	Housing Units Sold	Average Sale Price	Median Sale Price	State of Iowa Median Sale Price
2014	88	\$94,488	\$65,750	\$134,000
2015	98	\$3,878	\$78,500	\$139,450
2016	80	\$95,676	\$76,000	\$145,333

Source: MLS Database

8. Annual Average Unemployment

Year	Union County	State of Iowa
2013	4.90%	4.70%
2014	4.70%	4.30%
2015	4.10%	3.80%
2016	3.80%	3.70%

Source: U.S. Bureau of Labor Statistics

9a. Laborshed Wage: Peer Metros & Statistics

	Creston	Atlantic	Carroll
Laborshed Wage	\$15.69	\$16.00	\$16.49
Laborshed Rank	106th *	96th *	70th *

*Out of 127 laborsheds in the state of Iowa.

Source: Iowa Economic Development Authority (FY 2017)

9b. Iowa Workforce Development: Union County Laborshed Analysis (2015)

Industry	Education			Median Wages	
	Some Level Beyond High School	Associate Degree	Undergraduate Degree or Higher	Annual Salary	Hourly Wage
Agriculture, Forestry & Mining	48.5%	12.1%	9.1%	\$40,000	\$13.50
Construction	65.0%	5.0%	20.0%	**	\$17.00
Education	96.6%	6.8%	72.9%	\$44,000	\$11.90
Entertainment & Recreation	**	**	**	**	**
Finance, Insurance & Real Estate	94.7%	26.3%	47.4%	\$80,000	\$19.85
Healthcare & Social Services	79.8%	20.3%	32.2%	\$65,000	\$13.42
Manufacturing	67.4%	20.9%	18.6%	\$40,000	\$15.68
Personal Services	73.3%	20.0%	26.7%	\$25,000	\$9.50
Professional Services	**	**	**	**	**
Public Administration & Government	82.6%	21.7%	21.7%	\$50,000	\$20.50
Transportation, Communication & Utilities	72.7%	9.1%	22.7%	\$87,000	\$17.84
Wholesale & Retail Trade	71.7%	18.3%	23.3%	\$50,000	\$9.88

** Insufficient survey data/refused
Sources: Iowa Workforce Development

