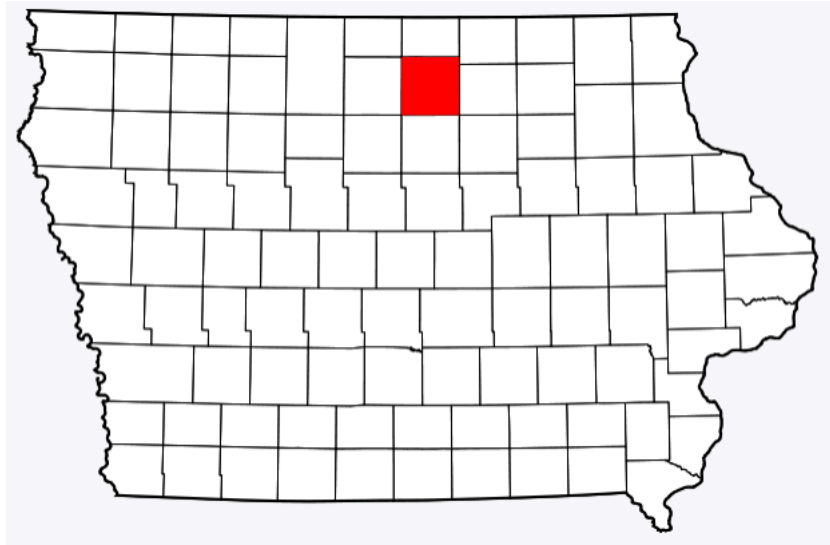


Cerro Gordo County 2022 Housing Needs Assessment



Prepared for North Iowa Area Council of Governments
By Iowa State University Extension & Outreach Community Economic
Development
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PART 1: EXECUTIVE SUMMARY OVERVIEW

The North Iowa Area Council of Governments (NIACOG) contracted with Iowa State University Extension & Outreach's Farm, Food, and Enterprise Development unit for several studies addressing local needs in NIACOG's eight-county region consisting of Cerro Gordo, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago, and Worth Counties in north central Iowa. The studies examined the environment for entrepreneurial businesses, day care and other child care needs, and this housing needs assessment. This housing needs assessment report was researched and authored by an Iowa State University Extension & Outreach Community Economic Development Program Specialist with more than 25 years of experience in housing development and housing planning who has conducted similar studies for other cities and counties throughout Iowa as well as for the State of Iowa.

The Housing Needs Assessment includes *quantitative* statistical analysis of population data/demographics, economic and income data, existing housing data, and a housing market analysis. The statistical data was used to create a housing construction model for the county that takes into consideration how many housing units will need to be constructed; what price points those housing units need to be at in order to be affordable to the local population; how many units will need to be created if there is no population growth and how many will need to be created if there is modest population growth. The model also identifies instances in which there may be existing excess housing capacity that does not match local needs.

PURPOSE OF THE HOUSING NEEDS ASSESSMENT

A housing needs assessment has four primary purposes:

1. Identifying the demographic and economic trends that may impact the future need for housing.
2. Assessing the characteristics of existing housing and households. This determines what housing stock exists and how that housing stock is accommodating the physical needs of the population currently living in Cerro Gordo County.
3. Analyzing the current and future demand for housing taking into account such factors as the physical safety needs of an aging population, the condition of existing housing, the affordability of existing housing, whether private market choices exist, and the extent of housing that sits vacant and is therefore not available to house families.
4. To recommend initiatives and actions Cerro Gordo County can take to either satisfy future housing needs on their own or to create incentives so the private market can satisfy future housing needs.

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Housing is a large part of a community's economic infrastructure. Communities strive to have an adequate number of housing units, at several price points that are affordable to a populace with a range of income levels, that meet the different physical needs of different types of households from young families with children to senior citizens, and that have the architectural styles and amenities that make neighborhoods livable. From an economic standpoint, a community's goal is to make it *probable* that residents will choose to live, work and shop in their community because their community provides all that is necessary and desired by the majority of its citizens.

Housing's role in economic development is to provide housing for the workforce that *currently* exists in the community and the workforce that is *predicted* to live in the area based on the area's primary economic drivers. A company hoping to locate in the community will need to have housing available to their employees at prices aligned to their incomes. The company may look at the quality and condition of housing as an indicator of the quality of life they can expect to find in a community.

The condition of existing housing also impacts the health of residents. Older housing units were often constructed with building materials we now know have toxic effects, such as asbestos and lead-based paint. Homes that have been exposed to water internally for any length of time are susceptible to mold. These toxins can result in increased diagnoses of asthma and allergies particularly for children and the aged. Homes with older furnaces are more susceptible to increased levels of carbon dioxide. Throughout Iowa, cracked basement walls can cause dangerous levels of radon to leach into homes through porous soils.

Older housing units can also negatively impact the health of older residents when bathrooms and bedrooms are located on second stories, when laundry facilities are located in basements, and when there are exterior steps into the home that may present fall hazards, particularly in winter. Additionally, some older homes are harder to rehabilitate for handicapped-accessibility, making it difficult for aging residents to use their adaptive devices such as walkers and wheelchairs, and therefore more likely to present either an unsafe living environment or reduce the ability of a senior citizen to age-in-place. In cases where seniors are no longer able to live in a single-family home, the presence within the community of other senior housing options is also necessary, such as available and affordable independent living senior apartment-style homes or townhomes, assisted living and skilled care/nursing home facilities. Senior living options can also be enhanced by the provision of supportive services that either help a senior stay in their own home or make a successful transition to other senior housing options. Services such as housekeeping, medication management, meals-on-wheels type food or grocery delivery services, transportation to medical appointments, and case managers can successfully extend the time seniors can stay in their own homes or in independent living before moving on to more institutionalized, and more expensive, care.

METHODOLOGY AND LIMITATIONS OF THE DATA

The 2022 Cerro Gordo County Housing Needs Assessment was quantified using publicly-available secondary source data from Federal sources such as the U.S. Census Bureau, the American Community Survey (ACS), the U.S. Department of Housing & Urban Development (HUD), the Bureau of Labor Statistics (BLS), and the Bureau of Economic Analysis (BEA). Secondary source material was also gathered from State sources such as Iowa State University's Data for Decision Makers reports, the Iowa Association of Realtors, the County Assessor's Office, and the Iowa Community Action Association. Primary data was also collected through website searches and phone interviews.

It needs to be noted that the 2020 U.S. Census was problematic for a variety of reasons. Having been conducted largely through online efforts during a pandemic, there were noted under- and over-counts for certain populations. The Census has also begun "masking" certain kinds of data that might serve to identify an individual, a specific household, or a specific business or commercial enterprise. This particularly impacts smaller rural communities where there may be only a handful of non-white residents, for example, or one manufacturing business that could be identified by being the only business of that type in the community. Additionally, the final results of the U.S. Census have been dribbling out throughout 2022 instead of being issued all at one time. The first tranche of housing data was released in the middle of March 2022 and a second data set was released in July. It is expected that additional reports will be released by the end of 2022, but this housing needs assessment is current only up to July of 2022.

RECOMMENDATIONS

Recommendation 1: Preserve existing housing through rehabilitation and energy-efficiency improvements. The Construction Model shown in Table 28 shows an excess of housing capacity in Cerro Gordo County. When a housing market has an excess of capacity, meaning there are more houses available than there is population to fill them, the best housing strategy is to maintain the quality of the existing housing through rehabilitation programs. Currently, the State of Iowa is backing off of rehabilitation programming due to tight housing markets in rural areas and the need to add numbers of housing units to meet that need. That doesn't mean the need for rehabilitation has vanished....just the State funding to support it. That leaves rehab on the table for local housing trust funds, locally-funded initiatives, or USDA funding to backfill the loss of other traditional sources. The North Iowa Area Council of Governments (NIACOG)'s challenge on this recommendation will be to work with communities in the county, the county, or the entire region to continue seeking grant funding, advocating for new funds, and supporting rehab programming.

Recommendation 2: Update Upper Story Housing and In-fill Lots Inventory. State funding is being directed to Upper Story Housing projects that serve to provide new units of housing while preserving Main Streets and other adjacent downtown areas. Here is a link to the grant program: <https://www.iowaeda.com/downtown-resource-center/downtown-housing-grant/>

Identifying eligible upper story owners who may be interested in this program is a task NIACOG could undertake. The In-fill Lot Inventory is another tool that should be updated in each city in Cerro Gordo County. One strategy to deal with a shrinking population in a way that doesn't further deteriorate neighborhoods or damages the character of a community, is to address holes in neighborhoods that have come from the loss of housing to fires or other demolitions. Some lots that look like they are in-fill might actually have been purchased by neighboring property owners and aren't really available for new housing, so the inventory should focus on lots that could be used for new housing without expanding the footprint of the community.

Recommendation 3: Conduct a windshield survey and initiate demolition of substandard housing and one-to-one replacement with new housing. When there is excess capacity in a housing market, housing planning should focus on improving the quality of existing housing. A windshield survey should be conducted that evaluates each community's individual housing stock on a simple scale of Excellent for newly constructed housing, Good for newer housing without obvious need of rehabilitation; Fair for older housing that could be eligible for rehabilitation based on the actual condition or age of the structure; and Poor for housing that should be removed. Derelict housing removal should be followed up with an intention of doing a one-to-one replacement if possible.

Recommendation 4: Keep an eye on the status of area Mobile Home Courts. The raw number of mobile homes in Cerro Gordo County is good in that these facilities often provide otherwise unavailable affordable housing options but also a cause for concern in light of out-of-state ownership of many Iowa mobile home courts. Be aware of who owns these properties, whether they are current on their taxes and utilities, and have a plan for dealing with relocation of the 760 households over time that might experience a sudden crisis.

Recommendation 5: Start actively marketing Cerro Gordo County as an attractive place to live. Workforce commuting patterns shown in Figure 1 represent a possible market for new residents to the county. The 8,918 people commuting into the county for jobs represent the market for new home buyers who may want to live closer to their employment, particularly as the price of gas forces the need to make different economic decisions for households.

Recommendation 6: Consider applying for the Rural Housing Readiness Assessment Program. The Rural Housing Readiness Assessment program is for communities under 20,000 population. It provides two educational sessions on the demographics and statistics that drive housing needs; conducts an online survey of local housing demand; and provides two strategic planning sessions that help communities identify their housing goals. The communities then receive a final report where further investigation of their goals is fleshed out with financial resources and examples of similar projects that other communities have been success with in meeting their local housing challenges. The next round of grants should be in the Spring of 2023. Here is a link to information about the program: <https://www.iowaeda.com/empower-rural-iowa/housing-assessment/>

PART 2: DEMOGRAPHICS

Table 1: Population of Cerro Gordo County Communities and Percentage of Change Between 2010-2020

City	2020	2010	Change	Percentage Rate
Clear Lake	7,687	7,777	-90	-1.2%
Dougherty	62	58	+4	+6.9%
Mason City	27,338	28,079	-741	-2.6%
Meservey	222	256	-34	-13.3%
Plymouth	375	382	-7	-1.8%
Rock Falls	150	155	-5	-3.2%
Rockwell	1,071	1,039	+32	+3.1%
Swaledale	144	165	-21	-12.7%
Thornton	400	422	-22	-5.2%
Ventura	711	717	-6	-0.8%

Source: U.S. Census Bureau

Table 2: Cerro Gordo County Total Population by 5 Year Age Groups 2020

Age Group	2020	Percent of Population
Total Population	42,672	
Under 5 years	2,294	5.4%
5-9 years	2,234	5.2%
10-14 years	2,885	6.8%
15-19 years	2,425	5.7%
20-24 years	2,297	5.4%
25-29 years	2,648	6.2%
30-34 years	2,431	5.7%
35-39 years	2,385	5.6%
40-44 years	2,115	5.0%
45-49 years	2,241	5.3%
50-54 years	2,731	6.4%
55-59 years	3,457	8.1%
60-64 years	3,354	7.9%
65-69 years	2,926	6.9%
70-74 years	2,077	4.9%
75-79 years	1,618	3.8%
80-84 years	1,216	2.8%
85 years and older	1,338	3.1%

Source: U.S. Census Bureau

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Table 1 on the previous page shows the 2020 and 2010 populations for Cerro Gorro County cities. All cities except Dougherty and Rockwell lost population with Swaledale losing the most population, percentagewise, at 12.%. This is consistent with rural population loss throughout Iowa. Table 2 shows how the population is distributed over five-year age groups. The distribution shows 23.1% of the population is under the age of 18. Residents between the ages of 19 and 64, who would be in their working years, comprise 55.6% of the population. This is the cohort that would be buying their first homes and are the primary market for home sales. The final 21.5% of the population are over the age of 65 and represent a population that may be looking at senior housing, the need for housing rehabilitation services, and are often the cohort most likely to sell their homes, relocate away from the community, or change residences within the community. Table 3 below shows that overall, Cerro Gordo’s population is older than the Iowa average, but this also not inconsistent with similarly sized rural counties.

Table 3: Cerro Gordo County Median Age of Population by Sex

Median Age in Years	Cerro Gordo 2020	Iowa 2020
Total Population	44.2	38.3
Male Population	41.6	37.2
Female Population	46.2	39.4

Source: U.S. Census

**Table 4: Population by Hispanic/Latino Origin and Race
CERRO GORDO COUNTY**

Hispanic/Latino Origin and Race	2020 Cerro Gordo Population	Percentage of Cerro Gordo Population	Iowa Percentage of Population
White alone	38,618	89.5	84.5
Black/African American alone	930	2.2	4.1
American Indian/Alaska Native alone	143	0.3	0.5
Asian alone	535	1.2	2.4
Native Hawaiian/Other Pacific Islander alone	137	0.3	0.2
Some Other Race alone	624	1.4	2.8
Two or More Races	2,140	5.0	5.6

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Hispanic or Latino (of any race)	2,243	5.2	6.8
Total	43,127		

Source: U.S. Census Bureau

While Table 4 shows that Cerro Gordo is predominantly White and has a higher percentage of White residents than the State average, it also shows growing diversity, particularly in the number of individuals who identify as Two or More Races.

Table 5: Cerro Gordo County Households and Families by Type

2020 Households	Number	Percentage of Occupied Units
Family Households	11,582	59.3%
Married-Couple Family	9,083	46.7%
With Related Children of Householder Under Age 18	4,789	24.6%
Householder 65 Years and Older	2,615	13.4%
Male Householder With No Spouse Present	718	3.7%
Female Householder With No Spouse Present	1,731	8.9%
Non-Family Households	7,920	40.7%
Householder Living Alone	6,729	34.6%
Householder Living Alone Over Age 65	2,768	14.2%

Source: U.S. Census Bureau

The information in Table 5 is important to determining housing need because it identifies the need for larger family homes and the number of single-person households that may need smaller-sized homes. The 59.3% in family households, with 24.6% having children under the age of 18 at home, is part of a national trend where fewer and fewer households meet this definition of “traditional family.” The implication for housing planning is that MORE units become necessary as fewer individuals occupy individual units of housing. What this means in rural areas is that there can simultaneously be a decrease in overall population and increased need for new housing to accommodate more individual households with fewer people per house.

PART 3: ECONOMICS

The economic data that needs to be analyzed as part of a housing needs assessment includes data about the labor force; the industries and types of jobs available in Cerro Gordo County and nearby communities; the education levels needed to obtain the jobs available; the unemployment rate; and the number of households subsisting below the poverty level. This economic data informs community leaders about the price points that are affordable to individuals at a variety of income levels and the sources of the income households have available to satisfy their housing needs.

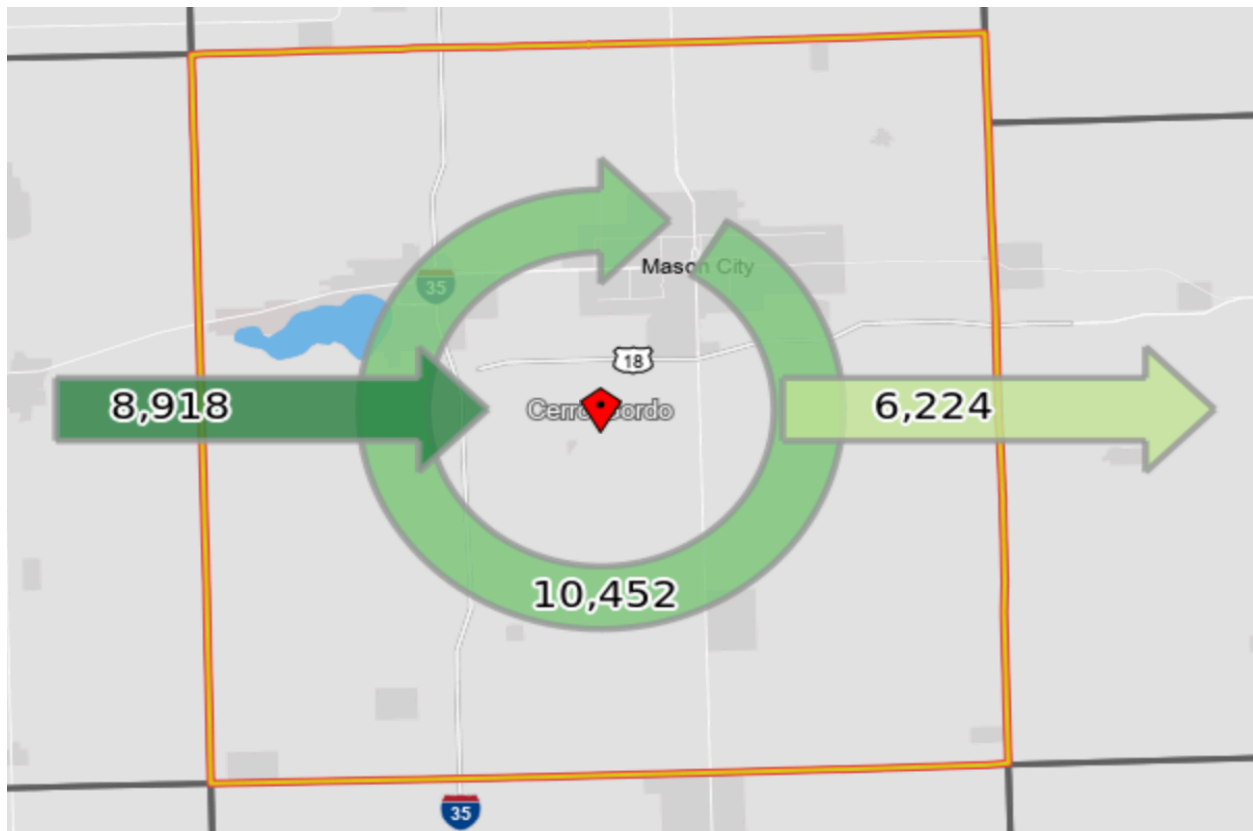
Table 6: Cerro Gordo County Employment Job Counts by Where Workers Live

City/Place	Job Count	Share/Percentage
Mason City	7,020	36.2%
Clear Lake	1,722	8.9%
Garner	272	1.4%
Nora Springs	244	1.3%
Des Moines	241	1.2%
Charles City	235	1.2%
Waterloo	219	1.1%
Manly	208	1.1%
Rockwell	163	0.8%
Ventura	145	0.7%
All Other Locations	8,901	46.0%

U.S. Census Bureau “On The Map” 2019

Table 6 above shows the location and number of jobs held by Cerro Gordo County residents. The Mason City-Clear Lake corridor accounts for 45.1% of the job positions, with an almost equal number of jobs located outside of the county. Research from studies at Iowa State University have shown that if workers live outside of the community they work in, they will eventually either move to the community they work in or they will find a job closer to where they live. For that reason, we examine commuting patterns of workers. In Figure 1 below, the 8,918 people who commute INTO Cerro Gordo County represent a possible market for new housing ownership while the 6,224 people who leave the county each day for employment represent a possible loss of population in the future. The number of individuals who both live and work in a county represents the core stability of the population, so increasing that number is a way communities can generate future economic growth.

Figure 1: Cerro Gordo County Workforce Commuting Pattern



Source: U.S. Census Bureau "On The Map" 2019

The North American Industry Classification System (NAICS) is used to determine what primary industries are located in each community or county. The statistics that are derived from NAICS show that Cerro Gordo County's largest industry in terms of numbers of employees is Health Care and Social Services with 27.9% of the workforce. The only other categories in the double digits are Retail Trade with 14.6% of the workforce and Manufacturing and Construction both coming in at 13.4%. This shows a really balanced local economy that is serving as a hub for a larger region. Table 7 below shows the number of jobs in each NAICS classification and the percentage of that industry as a part of the total economy.

Table 7: Cerro Gordo County Jobs by NAICS Industry Classification

Industry Sector	Number of Jobs	Share of Workforce
Agriculture, Forestry, Fishing and Hunting	83	0.4%
Mining, Quarrying, and Oil and Gas Extraction	17	0.1%
Utilities	86	0.4%
Construction	926	13.4%
Manufacturing	2,601	13.4%
Wholesale Trade	1,038	5.4%
Retail Trade	2,837	14.6%
Transportation and Warehousing	621	3.2%
Information	269	1.4%
Finance and Insurance	722	3.7%
Real Estate and Rental and Leasing	150	0.8%
Professional, Scientific, and Technical Services	724	3.7%
Management of Companies and Enterprises	213	1.1%
Administration & Support, Waste Management and Remediation	1,168	6.0%
Educational Services	147	0.8%
Health Care and Social Assistance	5,402	27.9%
Arts, Entertainment, and Recreation	108	0.6%
Accommodation and Food Services	1,624	8.4%
Other Services (excluding Public Administration)	634	3.3%

Source: U.S. Census Bureau

Tables 8 and 9 below take a look at the levels of education needed for the jobs available in Cerro Gordo County. Table 8 shows 2,080 people with less than a high school education compared to 1,273 jobs in the community that can be done by someone with less than a high school education. Typically, these may be individuals who have migrated to the community from foreign countries where they had not completed their educations. In the next category there are 21,373 individuals with high school or some college available for 10,030 job positions where less than an Associate's degree is necessary for employment. This represents a surplus of

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education. The 7,084 individuals with a Bachelor’s degree and Graduate or Professional degrees are available to fill the 8,067 positions that require higher education. This shows a need for more education at the community college and 4-year college level to provide the workforce needs for employers located in Cerro Gordo County. Another way to address this shortfall is to recruit higher educated individuals to take positions and purchase homes in the community.

Table 8: Cerro Gordo County Educational Attainment

Education Level	Number	Percentage
Population 25 years and over	30,537	
Less than 9 th grade	657	2.2%
9 th to 12 th grade, no diploma	1,423	4.7%
High School graduate (includes equivalency)	10,261	33.6%
Some college, no degree	6,367	20.9%
Associate’s degree	4,745	15.5%
Bachelor’s degree	4,779	15.6%
Graduate or professional degree	2,305	7.5%

Source: U.S. Census Bureau

Table 9: Cerro Gordo County Jobs by Educational Attainment

Education Level	Number of Jobs	Share of Jobs
Less than high school	1,273	6.6%
High school or equivalent, no college	4,441	22.9%
Some college or Associate degree	5,589	28.9%
Bachelor’s degree or advanced degree	3,207	16.6%
Educational attainment not available (workers aged 29 or younger)	4,860	25.1%

Source: U.S. Census Bureau

Next, we look at the incomes that are generated by the jobs located in the county. The Median Family Income in Cerro Gordo County for all households is \$73,237 which means that half of all jobs pay more than \$73,237 and half pay less. The Median Household Income is \$56,082 which is the average of all earned income divided by the number of all income earners. The Median Family Income (MFI) is the figure used by governmental agencies to determine the income eligibility of individuals and households for assistance programs. Table 10 illustrates the Median Family Income for individuals, families, and non-related households. Table 11 shows the

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number of households reporting earned income from wages. In terms of housing, what we look at is the income available by various types of household formation to satisfy their housing needs. At the high end, what this shows is that Married-couple families with a Median Income of \$85, 533 have available to them \$2,138 per month for housing (30% of income/12 months) while a Nonfamily household with a Median Income of \$33,933 has \$848 a month available for housing. These numbers will appear again Part 5 of this report where they will be used to determine projected housing needs, construction model, and affordability model for Cerro Gordo County.

Table 10: Cerro Gordo County Median Household, Family, and Non-Family Median Income

Income	Households	Families	Married-couple families	Nonfamily households
Total Households	19,452	11,532	9,083	7,920
Less than \$10,000	4.7%	2.0%	0.3%	9.7%
\$10,000 to \$14,999	3.8%	1.5%	0.5%	7.3%
\$15,000 to \$24,999	9.7%	5.5%	2.8%	17.3%
\$25,000 to \$34,999	10.6%	6.4%	3.2%	17.7%
\$35,000 to \$49,999	15.3%	14.3%	12.1%	18.3%
\$50,000 to \$74,999	20.2%	20.9%	22.8%	17.5%
\$75,000 to \$99,999	14.1%	18.7%	20.8%	6.2%
\$100,000 to \$149,999	13.4%	18.8%	22.9%	3.4%
\$150,000 to \$199,999	3.2%	5.0%	6.4%	0.5%
\$200,000 or more	5.0%	6.8%	8.3%	2.1%
Median Income	\$56,082	\$73,237	\$85,533	\$33,933

Source: U.S. Census Bureau

Table 11: Cerro Gordo County Household Income and Benefits by Income Range

Income Range	Number of Households in Range
Total Households	19,452
Less than \$10,000	910
\$10,000 to \$14,999	734
\$15,000 to \$24,999	1,896
\$25,000 to \$34,999	2,058
\$35,000 to \$49,999	2,978
\$50,000 to \$74,999	3,924
\$75,000 to \$99,999	2,751
\$100,000 to \$149,999	2,597
\$150,000 to \$199,999	625
\$200,000 or more	979

Source: U.S. Census Bureau

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Wages earned from employment are one way of gaining income. Other ways of gaining income include Social Security, Retirement/Pension benefits, Supplemental Security Income (SSI/Disability), and cash public assistance. Table 12 shows these other types of income, the number of households receiving these types of funds, and the average annual income these income sources provide to their recipients. Remember that an individual household can have several sources of income outside of their primary source of income. Something that stands out from this chart is the extremely low wages of self-employed individuals. This may be a source of potential workforce for area employers who may be able to offer a better salary and better benefits.

Table 12: Cerro Gordo County Household Income From All Sources

Type of Income	Number of Households	Mean Annual Income
All households	19,452	\$74,444
With earnings	14,713	\$74,092
With wages or salary income	14,189	\$71,230
With self-employment income	2,340	\$33,942
With interest, dividends, or net rental income	4,686	\$17,883
With Social Security income	6,932	\$20,328
With Supplemental Security Income (SSI)	961	\$12,218
With cash public assistance income or Food Stamps/SNAP	2,128	X
With cash public assistance	249	\$3,048
With retirement income	4,368	\$21,262
With other types of income	2,612	\$10,678

Source: U.S. Census Bureau

Another factor to consider in examining what drives housing need in a locality is the poverty level. People living in poverty are not always able to find housing that meets their needs in a location without some kind of assistance. Table 13 shows the poverty rate for Cerro Gordo County. It is common for the highest poverty levels to be among female-headed households with minor children present in the home. As young people start their careers and families, we would expect to see them exit the ranks of poverty, but what is concerning about this table is the 13.5% in the 18-34 age group that still linger in the poverty category. This is the tangible evidence of the impact of the high cost of education and the lack of affordability of housing that is delaying this age group from achieving age-appropriate milestones at the same rate as previous generations.

Table 13: Cerro Gordo County Poverty Rates

Age Group	Total in Population	Number Living Below Poverty Limit	Percentage of Total in Age Group Living Below Poverty Limit
Population for whom poverty status is determined	41,835	3,990	9.5%
Under 18 years	8,813	1,058	12%
Under 5 years	2,283	256	11.2%
5 to 17 years	6,430	802	12.3%
18 to 64 years	24,264	2,309	9.5%
18 to 34 years	8,050	1,090	13.5%
35 to 64 years	16,214	1,219	7.5%
60 years and older	12,101	748	6.2%
65 years and older	8,758	623	7.1%
Male	20,416	1,599	7.8%
Female	21,419	2,391	11.2%

Source: U.S. Census Bureau

The “poverty level” is not a fluid or dynamic number. It isn’t often changed to reflect reality, yet it is still used to identify portions of the populace that are eligible for certain assistance programs. Many programs, therefore, have adopted “percentages of poverty level” as eligibility for their programs. Table 14 shows the most common levels and the number of individuals in each of those ranges.

Table 14: Cerro Gordo Residents in Each Percentage of Poverty

Poverty Level	Number of Residents in Range
50% of poverty level	1,526
125% of poverty level	5,572
150% of poverty level	7,428
185% of poverty level	10,304
200% of poverty level	11,721
300% of poverty level	19,763
400% of poverty level	26,352
500% of poverty level	31,832

Source: U.S. Census Bureau

Table 15 on the next page shows the current 2022 program eligibility for a number of programs that impact housing and social services by income and family size.

Table 15: 2022 Iowa Poverty Levels by Household Size and Program Eligibility

Number in Household	50%	100% HS/EHS	130%	150%	175% LIHEAP	185% WIC	200% WAP
1-person	\$6,795	\$13,590	\$17,667	\$20,385	\$23,783	\$25,142	\$27,184
2-person	\$9,155	\$18,310	\$23,803	\$27,465	\$32,043	\$33,874	\$36,620
3-person	\$11,515	\$23,030	\$29,939	\$34,545	\$40,303	\$42,606	\$46,060
4-person	\$13,875	\$27,750	\$36,075	\$41,625	\$48,563	\$51,338	\$55,500
5-person	\$16,235	\$32,470	\$42,211	\$48,705	\$56,823	\$60,070	\$64,940
6-person	\$18,595	\$37,190	\$48,347	\$55,785	\$65,083	\$68,802	\$74,380
7-person	\$20,955	\$41,910	\$54,483	\$62,865	\$73,343	\$77,534	\$83,820
8-person	\$23,315	\$46,630	\$60,619	\$69,945	\$81,603	\$86,266	\$93,260

Source: Iowa Community Action Association

HS/EHS: Head Start/Early Head Start

LIHEAP: Low Income Home Energy Assistance Program

WIC: Women, Infants, and Children

WAP: Weatherization Program

Here are some of the most frequently used assistance programs and their eligibility requirements:

- Head Start/Early Head Start - 100% of poverty
- Shared Visions, National School Lunch Program (Free) - 130% of poverty
- Medicaid – 133-167% of poverty
- Child Care Subsidy - 145% of poverty
- Low Income Home Energy Assistance Program (LIHEAP) and Weatherization = 175% of poverty
- Weatherization program = 200% of poverty
- WIC, Title V – Maternal & Child Health Services; National School Lunch Program (Reduced Price School Lunch) - 185% of poverty
- Early Childhood Iowa Low-Income Preschool Tuition Assistance, HAWK-I = 200% of poverty

PART 4: HOUSING

Part 4 will provide information about how people occupy housing, such as rates of home ownership or rentals. Information about household composition, for example, helps leaders understand the need for housing of different sizes to accommodate larger families compared to a similar need for smaller units to accommodate senior citizens or single individuals. Information about the age and condition of existing housing helps leaders understand what is available on the open market and what will likely need to be replaced in the near future as certain houses become obsolete either for health and safety reasons or because they lack amenities that today’s homebuyers want.

Table 16: Cerro Gordo County Housing Units by Occupancy and Tenure

Housing Unit Type	2020
Total Housing Units	22,364
Occupied	19,452
Owner Occupied	13,534
Renter-Occupied	5,918
Vacant Units	2,912
Owner-Occupied Vacancy Rate	1.6%
Renter-Occupied Vacancy Rate	4.3%

Source: U.S. Census Bureau

Table 16 shows the split between owner-occupied and renter-occupied housing units. The table shows a 60/40 owner/renter split which is optimal. What isn’t optimal are the two vacancy rates. For owner-occupied housing, anything less than 5% vacancy doesn’t provide enough choice in the market. For renter-occupied housing, vacancy rates of 5-7% are standard as there is higher turnover in rental markets, so the current vacancy rate for rentals is just a little low, but not as worrisome as the vacancy rate for owner-occupied housing.

Table 17: Cerro Gordo County Household Size

Household Size	Total Number	Percentage of Total	Percentage of Owner-Occupied	Percentage of Renter-Occupied
1-person	6,729	34.6%	27.2%	51.5%
2-person	7,270	37.4%	43.5%	23.3%
3-person	2,518	12.9%	12.8%	13.3%
4 or more person	2,935	15.1%	16.5%	11.9%

Source: U.S. Census Bureau

Highlights of Table 17 are that more than half of the rental market is for 1-person households while households of more than just two people, i.e. families with children, account for only 28%

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of the entire housing market. Why this is notable is because many communities focus on the family housing when it is increasingly less a percentage of the entire population.

Table 18: Cerro Gordo County Age of Housing

Year Structure Built	Number	Percentage
Built 2014 or later	204	0.9%
Built 2010 to 2013	408	1.8%
Built 2000 to 2009	1,306	5.8%
Built 1990 to 1999	1,474	6.6%
Built 1980 to 1989	1,572	7.0%
Built 1970 to 1979	3,278	14.7%
Built 1960 to 1969	2,071	9.3%
Built 1950 to 1959	3,456	15.5%
Built 1940 to 1949	1,801	8.1%
Built 1939 or earlier	6,794	30.4%

Source: U.S. Census Bureau

As is typical throughout all of Iowa, the age of our housing stock presents a continued challenge. What Table 18 shows is that based on age alone, 91.5% of the housing stock would be eligible for rehabilitation programs to bring major systems up to code or to just maintain expected deterioration. That said, the 30.4% of homes built prior to 1939 are what define the community’s visual character and historic value.

Table 19: Cerro Gordo County Housing Units by Type of Structure

Type of Structure	Number	Percentage
Total Housing Units	22,364	
1-unit detached	16,649	74.4%
1-unit attached	734	3.3%
2 units	584	2.6%
3 or 4 units	871	3.9%
5 to 9 units	951	4.3%
10 to 19 units	509	2.3%
20 or more units	1,306	5.8%
Mobile Homes	760	3.4%

Source: U.S. Census Bureau

Table 19 shows the type of structures that make up the number of housing units in the county. This shows a pretty solid base of single-family homes and a nice mix of various sizes of rental units, from individual houses to larger complexes. This shows that there are a variety of choices available. The 760 mobile homes are an issue that may need to be centered upon as mobile home courts in Iowa have been experiencing out-of-state ownership issues such as neglecting

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property maintenance and financial problems such as not being up-to-date on water, insurance, or tax bills. This then threatens the stability of individual households renting or owning their mobile homes in parks that may not be stable over the long term.

Table 20: Cerro Gordo County Housing Units by Number of Bedrooms

Number of Bedrooms	Number	Percentage
Total Number of Units	22,364	
No bedroom	394	1.8%
1 bedroom	2,572	11.5%
2 bedrooms	6,383	28.5%
3 bedrooms	8,250	36.9%
4 bedrooms	3,849	17.2%
5 or more bedrooms	916	4.1%

Source: U.S. Census Bureau

Table 20 shows a very good mix of housing units by bedroom size. One note would be the 4.1% of 5-bedroom houses. These are likely older homes and preserving the stock of these homes is important because new builds will likely be much smaller and the families that need larger bedroom homes are likely to be at the lower end of the economic spectrum.

Table 21: Cerro Gordo County Housing Values

Housing Value	Number	Percentage
Owner-Occupied Units	13,534	
Less than \$50,000	1,031	7.6%
\$50,000 to \$99,999	3,900	28.8%
\$100,000 to \$149,999	2,993	22.1%
\$150,000 to \$199,999	1,598	11.8%
\$200,000 to \$299,999	2,410	17.8%
\$300,000 to \$499,999	1,011	7.5%
\$500,000 to \$999,999	470	3.5%
\$1,000,000 or more	121	0.9%
MEDIAN HOUSING VALUE	\$130,400	

Source: U.S. Census Bureau

Table 21 shows some concerning data. The very low Median Housing Value of \$130,400 versus the cost of new housing creates what is called a “Value Gap” where the cost to build housing in a rural area is compromised by the low value of existing housing in the market. This makes it hard to get loans to build or buy. Additionally, the low value doesn’t drive enough revenue to cover the increasing cost of public services.

Table 22: Cerro Gordo County Mortgage Status

Mortgage Status	Number	Percentage
Owner-occupied units	13,534	
Housing units with a mortgage	7,526	55.6%
Housing units without a mortgage	6,008	44.4%

Source: U.S. Census Bureau

Table 22 shows the percentage of owner-occupied homes by their mortgage status and it is notable that there is such a large percentage of housing that does NOT have a mortgage. This lack of a mortgage represents potential equity that could be reinvested in rehabilitation of the housing to add additional years of life to the existing housing stock in the area.

Table 23: Cerro Gordo County Owner Monthly Mortgage Costs

Gross Monthly Expenses	Number	Percentage
Housing units with a mortgage	7,526	
Less than \$500	216	2.9%
\$500 to \$999	2,891	38.4%
\$1,000 to \$1,499	2,458	32.7%
\$1,500 to \$1,999	1,124	14.9%
\$2,000 to \$2,499	481	6.4%
\$2,500 to \$2,999	216	2.9%
\$3,000 or more	140	1.9%
Median Monthly Expenses = \$1,114		

Source: U.S. Census Bureau

Table 23 shows that there is a broad range of mortgages being paid by owner-occupants, but that the 74% paying less than \$1,500 per month is reflective of the lower value of the housing shown in Table 21.

Table 24: Cerro Gordo County Mortgage Expenses as a Percentage of Household Income

Monthly Mortgage Expenses	Number	Percentage
Less than 20%	4,653	62.1%
20% to 24.9%	988	13.2%
25% to 29.9%	482	6.4%
30% to 34.9%	369	4.9%
35% or more	1,001	13.4%

Source: U.S. Census Bureau

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Breaking down the mortgages shown in Table 23, Table 24 shows that even with lower housing values, there are still 18.3% of the owner-occupants paying over 30% of their household income toward their mortgage. That is officially considered “cost burdened.” Because banks will only lend on a loan-to-value ratio of 80/20, the percentage of “cost burdened” households are likely from the “housing units without a mortgage” shown on Table 22. These may be elderly households where the taxes alone take too large a proportion of their income or it may also be households that have experienced a more recent loss of income leaving them with mortgages underwater.

Table 25: Cerro Gordo County Gross Monthly Rental Rates

Gross Monthly Rent	Number	Percentage
Occupied units paying rent	5,651	
Less than \$500	1,021	18.1%
\$500 to \$999	3,731	66.0%
\$1,000 to \$1,499	612	10.8%
\$1,500 to \$1,999	133	2.4%
\$2,000 to \$2,499	5	0.1%
\$2,500 to \$2,999	14	0.2%
\$3,000 or more	135	2.4%
No rent paid	267	
Median = \$711		

Source: U.S. Census Bureau

Table 25 shows the number of rental units available at various price points. As is typical in most of Iowa, the number of housing units at the lowest end of the spectrum continues to decrease while the need for affordable units remains the same or increases through the years.

Table 26: Cerro Gordo County Gross Rent As Percentage of Household Income

Percentage of Household Income Spent on Rent	Number	Percentage
Occupied units paying rent	5,572	
Less than 15%	1,159	20.8%
15.0% to 19.9%	758	13.6%
20.0% to 24.9%	885	15.9%
25.0% to 29.9%	824	14.8%
30.0% to 34.9%	449	8.1%
35.0% or more	1,497	26.9%

Source: U.S. Census Bureau

“Cost burdening” is a larger problem in renter-occupied housing where there is no check to the market, like banks provide for owner-occupied units, that keeps people from getting into tight

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financial situations by living in housing that is too expensive for their income levels. With 35% of all renters in Cerro Gordo County paying more than 30% of their income for housing, the cost burden issue shows a need for new, affordable, multi-family housing to provide better choices in the marketplace.

Table 27: Cerro Gordo Building Permits

Permit Year	Single Family Units	Duplex Units	Tri/Four-plex Unit	Multi-Family Units	Total Units	Single-Family Valuation	Multi-Family Valuation
2000 to 2004	353	27	8	2	390	\$157,242	\$1,009,327
2005 to 2009	251	21	2	1	275	\$191,504	\$7,178,353
2010 to 2015	215	5	0	3	223	\$194,324	\$4,147,442
2017	43	0	0	0	43	\$289,576	\$0
2018	39	0	0	1	40	\$343,556	\$1,048,600
2019	42	0	0	0	42	\$336,992	\$0
2020	43	0	2	3	48	\$331,976	\$3,655,570

Source: U.S. Census Bureau Building Permit Survey

Table 27 shows what has been built in the county in more recent years. The average of 40-45 units of new housing per year is about 30% less new construction compared to the early 2000s. The price of new single-family housing is also reflected in the increased valuation that has doubled since the early 2000s.

PART 5: PROJECTED HOUSING NEEDS, CONSTRUCTION MODEL, AND AFFORDABILITY MODELS

This part of the Cerro Gordo County Housing Needs Assessment will use all the data that has been presented in the previous sections to construct a model that can be used to determine how many housing units will need to be constructed by 2030 to accommodate the expected population and continued economic stability. Models were also constructed to determine the price ranges that are affordable by various income levels. Then, using these models, the report concludes with recommendations on steps that can be taken to achieve a healthy mix of housing for the future.

The first step in constructing the model was to project the population based on two different scenarios. Growth is normally projected by the following equation:

Growth = Population minus Mortality (deaths), plus Natality (births), plus Immigration (people moving to the county), minus Emigration (people moving away from the county). While it is unlikely that the county's population will grow significantly, we can plan for a continued stable population and we can plan for the possibility of unexpected growth that could happen through positive economic development trends. Two scenarios for population are presented in Table 28. The first assumes a growth rate of 1% year-over-year which would be a positive outcome. The second scenario estimates a 1% loss of population that has been consistent with the population loss of the last two decades. The true number should fall somewhere between those two estimates.

Next, we need to figure out how many housing units this aggregate number of people need when they are split into their expected household formations, which is 2.14 persons per household, according to the 2020 U.S. Census.

Table 28: Projected Housing Needs 2023-2030

Projected Population Scenarios HH Size 2.14	Total Housing Units Needed	Housing Units Available in 2023	Minus Projected Vacancy Rate @ 7%	Minus Projected Annual Demolitions	Adjusted Total Housing Units Available	New Units Needed/Excess Units
2020	19,452	22,364	(1,565)	(5)	20,794	1,342
# (-507)	18,945	22,364			20,794	1,849
2010-2020 actual increase						
2024		22,364		(5)	20,789	
2025		22,364		(5)	20,784	
2026		22,364		(5)	20,779	
2027		22,364		(5)	20,774	
2028		22,364		(5)	20,769	
2029		22,364		(5)	20,764	
2030		22,364		(5)	20,759	
1% projected growth by 2030	43,099/2.14 = 20,140				20,759	619
Projected Population 2030 @ 1% population loss/HH Size 2.14	42,245 needing 19,741 units of housing total				20,759	1,018

Source: Iowa State University Extension & Outreach, 2022

The far right column (column 7) in Table 28 above shows the total number of housing units needed based on four different scenarios. The current situation is the top line number that shows Cerro Gordo County having an excess of 1,342 units. The second line contemplates how many housing units would be needed if the next decade has as much population loss as the last one did. In that scenario, Cerro Gordo County has an excess of 1,849 units. The next two scenarios look at the year 2030 and show an excess of 619 units if 1% growth is achieved and an excess of 1,018 units if there is a 1% population loss.

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Column 2 of Table 28 shows the total number of housing units that currently exist. The 2020 U.S. Census American Community Survey (ACS) showed a total of 22,364 units, as seen in Table 20.

Column 3 accounts for the vacancy rate. Houses that are vacant may or may not be able to satisfy housing need depending on the reason for the vacancy. Some vacancies are temporary, such as rental units being cleaned or repaired between tenants, or some owner-occupied housing structures that are for sale where the previous owners have already moved to another structure. Other vacancies have longer tenures and may be vacant because they have been foreclosed upon by a bank, their owner has passed away and the home is part of an estate in probate, or their owner is hospitalized or in a nursing home but retains ownership of their home. The U.S. Department of Housing & Urban Development does not include the homes of “snowbirds” as vacant when the house is empty for six months or less per year and is the owner’s primary residence for tax purposes. A house is considered vacant if the U.S. Postal Service does not deliver mail to that address and if there are no utilities connected at the address. Table 16 showed a current vacancy rate of 1.6% for owner-occupied structures and a 4.3% vacancy rate for rental units. A vacancy rate of 7% is considered “normal,” so 7% was used to calculate the construction formula. Vacancy as a percentage of all housing units in service can, and does, change over time, so using 7% is a good rule of thumb. What we don’t have explanation for is the difference between the vacancy rate and the excess number of housing units that exist. There are a lot of possible explanations, but the data isn’t showing a definitive answer. Local investigation will be required and a windshield survey is recommended.

Next, we have to account for the number of units that are demolished annually (column 4, Table 28). An average of five demolitions per year was used to describe houses that will go out of service. These are houses that exist currently that will go out of service, most likely because of fires and storm damage, houses purchased and demolished to make way for new development, or houses that are unfit for human habitation.

When Columns 3 and 4 are factored into the formula, the 22,364 housing units that exist become 20,794 units that are actually available to house the population. This is shown in Column 5.

Column 7 then becomes the projected housing need that must be satisfied to meet the need of the population broken into households of 2.14 persons. This shows a beginning excess of 1,342 that dwindles to an excess of 1,018 units by 2030.

When interpreting all the columns together, Table 28 shows that Cerro Gordo County has the numerical amount of housing it needs and has excess capacity. What that suggests is that the housing that exists calls for a rehabilitation program rather than a new construction program. The age of housing shown on Table 18 also supports this conclusion. The loss of population scenario shown in the second set of calculations only makes the need for rehabilitation programs more necessary as new development would become less likely and the need to retain and maintain existing housing, therefore, that much more important.

What this construction model also suggests is that lacking a need for a specific number of houses doesn't mean there isn't a market for new housing. The age of housing alone suggests that there may be a market for new or custom-built housing that is a better match for the amenities that buyers are now looking for on the open market that may not exist in Cerro Gordo County's communities. Also, new housing may be needed to meet the special needs of seniors who may desire housing that comes with additional supportive services or independent living in houses that are designed with zero-entry, fewer interior stairs, wider doorways, and safer bathroom features. Satisfying this need would call for new construction as the goal is unlikely to be met by adapting existing structures in the community.

To guide the development of future housing, Cerro Gordo County leaders should also take into consideration the affordability of housing based on the incomes of the area's residents and workforce. To aid in those decisions, Table 29 shows what Low and Moderate Income Households can afford to spend on housing annually and monthly.

Table 29: Housing Affordability Based on Cerro Gordo County's \$73,237 Median Family Income

Percentage of Median Family Income (MFI)	Annual Income	30% of Gross Income Available for Housing	30% of Gross Income Available Monthly for Housing
100% of MFI	\$73,237	\$21,971	\$1,831
80% of MFI	\$58,590	\$17,577	\$1,465
50% of MFI	\$36,618	\$10,985	\$915
30% of MFI	\$21,971	6,591	\$549

Source: Iowa State University Extension & Outreach, 2022

The Median Family Income (MFI) for Cerro Gordo County in 2020 was \$73,237. Households earning less than 80% of MFI are often eligible for a variety of public assistance to help make housing more affordable for them. Renters at these income levels may qualify for Section 8 Housing Vouchers, elderly housing programs, or low cost units that are constructed using U.S. Department of Housing & Urban Development (HUD), U.S. Department of Agriculture Rural Development (USDA-RD), or Low Income Housing Tax Credits (LIHTC). These are programs where eligibility is determined by the income of the household receiving assistance. This information is also useful to share with potential developers to help developers determine what their clients will be able to afford and the likelihood of finding tenants able to pay the rents necessary to make their project profitable.

Table 29 shows how much people should spend on their housing based on their income range and spending no more than 30% of their adjusted gross income on their housing. For renters, this dollar amount should include their rent, utilities, and insurance. For home owners, this dollar amount should include their principal and interest on their mortgage loan, taxes, insurance, utilities, and maintenance. Table 30 is focused on owner-occupants. Table 31 shows

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what the price range of housing needs to be to be affordable to homeowners in order to not go over the 30% of adjusted gross income toward total housing expenses. Considered together with the previous analysis showing an excess of housing units, this information is needed to determine whether it is price and affordability that is a mismatch between the incomes available to support housing and the housing available on the open market.

Table 30: Monthly Housing Affordability by Income Level

Income Range	Number of Households in County	Monthly Housing Affordability Bottom of Range	Monthly Housing Affordability at Top of Range
Total Households	19,452		
Less than \$10,000	910		\$250
\$10,000 to \$14,999	734	\$250	\$375
\$15,000 to \$24,999	1,896	\$375	\$625
\$25,000 to \$34,999	2,058	\$625	\$875
\$35,000 to \$49,999	2,978	\$875	\$1,250
\$50,000 to \$74,999	3,924	\$1,250	\$1,875
\$75,000 to \$99,999	2,751	\$1,875	\$2,500
\$100,000 to \$149,999	2,597	\$2,500	\$3,750
\$150,000 to \$199,999	625	\$3,750	\$4,975
\$200,000 or More	979	\$4,975	

Source: U.S. Census Bureau, Iowa State University Extension & Outreach, 2022

Table 31: Price Range of Homes Affordable By Income

Income Range	Monthly Housing Affordability Bottom of Range	Monthly Housing Affordability Top of Range	Price Range of Home Affordable at Bottom of Range	Price Range of Home Affordable at Top of Range
Less than \$10,000		\$250	0	\$20,000
\$10,000 to \$14,999	\$250	\$375	\$20,000	\$30,000
\$15,000 to \$24,999	\$375	\$625	\$30,000	\$50,000
\$25,000 to \$34,999	\$625	\$875	\$50,000	\$70,000
\$35,000 to \$49,999	\$875	\$1,250	\$70,000	\$100,000
\$50,000 to \$74,999	\$1,250	\$1,875	\$100,000	\$150,000
\$75,000 to \$99,999	\$1,875	\$2,500	\$150,000	\$200,000
\$100,000 to \$149,999	\$2,500	\$3,750	\$200,000	\$300,000
\$150,000 to \$199,999	\$3,750	\$4,975	\$300,000	\$398,000
\$200,000 or More	\$4,975		\$398,000	

Source: U.S. Census Bureau, Iowa State University Extension & Outreach, 2022