

Comprehensive Housing Needs Analysis for Lyon County, Iowa

Prepared for:

Lyon County Economic Development

October 2016



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October 31, 2016

Mr. Steve Simons
Lyon County Economic Development
315 1st Avenue, Suite 209
Rock Rapids, Iowa 51246

Dear Mr. Simons:

Attached is the *Comprehensive Housing Needs Analysis for Lyon County, Iowa* conducted by Maxfield Research & Consulting, LLC. The study updated the previously completed 2012 Lyon County housing study and projects housing demand from 2016 through 2025, and provides recommendations on the amount and type of housing that could be built in Lyon County to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for 920 new housing units through 2025. This demand will be generated by both new households and existing households based on changing demographic trends and housing preferences. Demand was highest for age-restricted senior housing (51%), followed by for-sale housing (35%) and rental housing (15%). Because of the strong growth in the 55+ age cohort in Lyon County, there will be strong demand for maintenance-free housing types; both for-sale and rental.

The rental market vacancy rate is extremely tight with a 1.2% vacancy rate and few options with amenities today's tenants desire. At the same time there are few homes for sale in Lyon County and supply is at a 20-year low. Currently there are enough vacant lots in most Lyon County to meet short-term demand, but the lot supply will need to be expanded over the next five years to meet future demand; especially on Larchwood. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

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

Sincerely,
MAXFIELD RESEARCH & CONSULTING, LLC

Matt Mullins
Vice President

David Sajevec
Associate

Attachment

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Purpose and Scope of Study

Maxfield Research and Consulting LLC was engaged by the Lyon County Economic Development to conduct a *Comprehensive Housing Needs Analysis* for Lyon County, Iowa. The study is an update from the previously completed Lyon County study completed in September 2013. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the County.

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

Demographic Analysis

- As of 2010, Lyon County contained a total of 11,581 people. Over the last 20 years, the population has declined in Lyon County by 371 people (-3.1%). Between 1990 and 2000, the population decreased by 189 people (-1.6%). From 2000 to 2010, the population decreased by another 182 people (-1.5%).
- Due to the rise in the housing market and local economy, we project that Lyon County population is projected to increase between 2010 and 2021. The County is expected to increase by nearly 800 people (6.9%) by 2021, for a total of 12,380 people. Household growth is projected to increase by 375 households (8.4%) by 2021.
- In 2016, the median household income in Lyon County was estimated to be \$52,840 and is projected to climb over 9.5% to \$57,836 by 2021. Within the County, the West Lyon County submarket had the highest median household income in 2016, at \$54,852. Lowest incomes were found in the East Lyon County submarket (\$51,043).
- Family households were the most common type of household in the County, representing approximately 74% of all households in 2000 and 72.9% of all households in 2010. Married couples without children comprised 35.9% of all households in 2000 and 37.5% in 2010. Married couple families with children comprised 31.2% of all the Lyon County households in 2000, dropping to 27.1% in 2010.
- Lyon County's unemployment rate has been much lower than the U.S. unemployment rate between 2000 and 2015. Average unemployment rate in Lyon County over this time period is 3%, which is lower than Iowa (4.5%) and much lower than the average in the U.S. (6.4%).

EXECUTIVE SUMMARY

- A number of Lyon County residents also work in Rock Rapids (17.2%). Of the 82.8% of Lyon County residents that commuted to jobs outside the County, the most commuted to jobs in Rock Valley, Sheldon, Sioux Falls, and Sioux Center.
- Lyon County can also be considered an exporter of workers, as the number of residents coming into the County (inflow) for employment is less than the number of residents leaving the County for work (outflow). Approximately 1,999 workers came into the County for work while 2,814 workers left, for a net difference of -815.

Housing Characteristics

- Between 2000 and 2016, Lyon County has averaged 32 new construction units a year. The new construction trends have fluctuated over the last 17 years, which peaked in 2015 (46 new construction units) and bottomed out in 2003 (14 new construction units). However, since 2009, new construction activity has steadily increased each year.
- The greatest percentage of homes in Lyon County were built before the 1940s, which comprised 32.1% of the entire housing stock in the County. The second highest percentage of homes in Lyon County were built in the 1970s (13.7%).
- Approximately 55% of Lyon County homeowners have a mortgage. About 6% of homeowners with mortgages in Lyon County also have a second mortgage and/or home equity loan.
- Between the Lyon County submarkets, Central Lyon has the highest number of renter-occupied units (381), while West Lyon has the lowest number with 194. East Lyon is in the middle with 227 renter-occupied units.

Rental Housing Market Analysis

- Our research of Lyon County's general occupancy rental market included a survey of 12 market rate apartment properties (4 units and larger) and one affordable/subsidized communities in October 2016. These projects represent a combined total of 120 units, including 84 market rate units and 36 affordable/subsidized units.
- At the time of our survey, one market rate unit and no affordable/subsidized units were vacant, resulting in an overall vacancy rates of 1.2% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 1.2% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

Senior Housing Market Analysis

- As of October 2016, Maxfield Research identified five senior housing developments in Lyon County. Combined, these projects contain a total of 109 units. Four of the projects are market rate.
- There are a total of 56 units in one subsidized senior project. As of October 2016, 21 units were vacant resulting in a vacancy rate of 37%. The *Rosewood Heights* Housing Director has said they have had a high vacancy rate for years and does not believe there is a demand for subsidized senior housing in the area.
- There are two active adult senior rental development located in Lyon County, *Rock Rapid Investments* and *Good Samaritan Society- George*. *Rock Rapid Investments* has five two-bedroom units. Rent ranges from \$800 to \$945 per month for a two-bedroom unit.
- There is one congregate senior rental development located in Lyon County. Rent ranges from \$1,206 to \$1,489 per month for a one-bedroom unit and \$1,489 to \$1,606 per month for a two-bedroom unit.
- Lyon County has one assisted living facility with 29 units. *Premier Estates* has nineteen efficiency units, five one-bedroom units, and six two-bedroom units. Rent ranges from \$2,800 to \$2,900 per month for an efficiency unit and \$3,061 to \$3,147 per month for a one-bedroom unit. Two-bedroom units are rented at \$3,376 per month.

For-Sale Housing Market Analysis

- Over the past eight years Lyon County has averaged about 130 resales annually. Transaction activity peaked in 2014 with 138 resales. The lowest resale activity over the past four years occurred in 2015 when 19 transactions occurred.
- Lyon County's median sale price was about \$104,000 in 2015, surpassing the \$100,000 barrier for the first time. The median sales price increased by over \$20,000 (24%) between 2014 and 2015.
- Through the first half of 2016, Lyon County's median sale price continued to increase to \$110,000. Compared to a median sales price of \$69,000 in 2012; Lyon County pricing has increased by 59% since 2012.
- As of August 2016, there were 41 homes listed for sale in Lyon County. Over 55% of the listings were located in the Central Submarket (23 listings), while the East Submarket had the lowest number (4 listings).

- County-wide, the average single-family lot size is 0.65 acres with an average assessed value of about \$30,167. The average assessed home price in the marketing subdivisions is about \$232,250. Most buyers seeking new construction in municipalities seek lot sizes of about 100-foot wide or more; or at least 0.33 acres.

Development Pipeline

- Maxfield Research interviewed planning staff members in communities in Lyon County in order to identify housing developments under construction, planned, or pending. At the time of this study, there are no pending for-sale, rental, or senior projects in the Lyon County communities.

Housing Needs Analysis

- Based on our calculations, demand exists in Lyon County for the following general occupancy product types between 2016 and 2025:
 - Market rate rental 89 units
 - Affordable rental 23 units
 - Subsidized rental 21 units
 - For-sale single-family lots 238 units
 - For-sale multifamily 79 units
- In addition, we find demand for multiple senior housing product types. By 2021, demand in Lyon County for senior housing is forecast for the following:
 - Active adult ownership 42 units
 - Active adult market rate rental 59 units
 - Active adult affordable 83 units
 - Active adult subsidized 18 units
 - Congregate 61 units
 - Assisted Living 150 units
 - Memory Care 57 units

Introduction

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

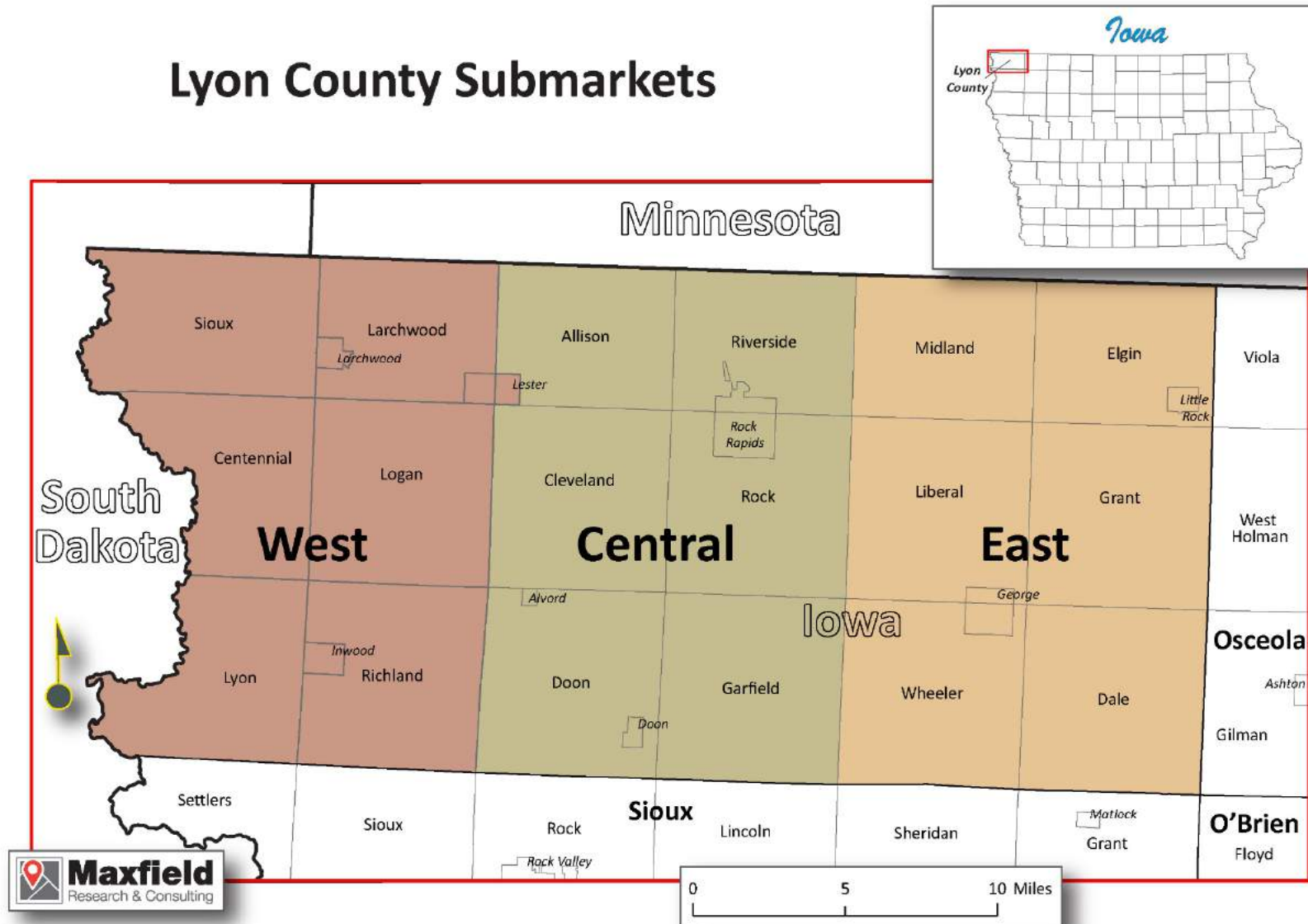
Lyon County Submarket Definitions

For purposes of the housing analysis, Lyon County was divided into three submarkets; east, central, and west. Subsequent data in the housing analysis is illustrated by submarket and county-wide.

Townships:		
East Lyon	Central Lyon	West Lyon
Dale township	Allison township	Centennial township
Elgin township	Cleveland township	Larchwood township
Grant township	Doon township	Logan township
Liberal township	Garfield township	Lyon township
Midland township	Riverside township	Richland township
Wheeler township	Rock township	Sioux township
Cities:		
George city	Alvord city	Inwood city
Little Rock city	Doon city	Larchwood city
	Rock Rapids city	Lester city

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

Lyon County Submarkets



Historic Population and Household Growth Trends 1990 to 2010

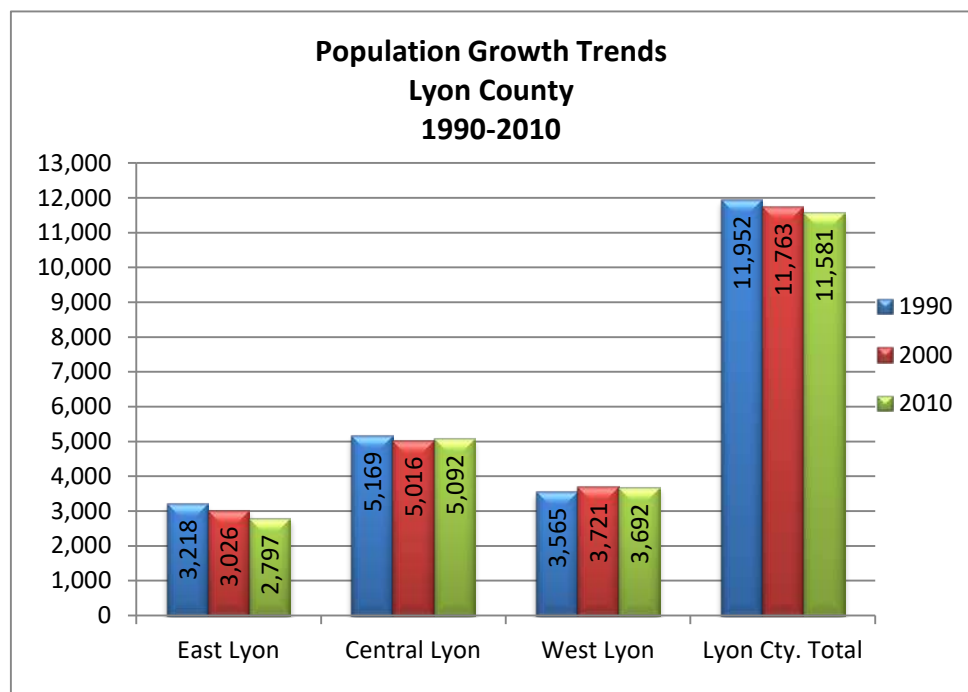
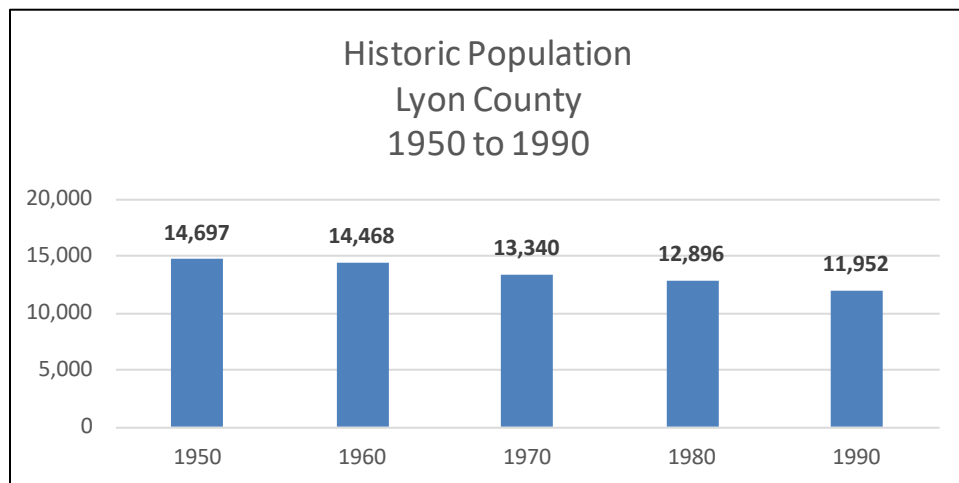
Table D-1 presents the historic population and household trends of each submarket in Lyon County in 1990, 2000, and 2010. The 1990, 2000 and 2010 data is from the U.S. Census.

Population

- As of 2010, Lyon County contained a total of 11,581 people. Over the last 20 years, the population has declined in Lyon County by 371 people (-3.1%). Between 1990 and 2000, the population decreased by 189 people (-1.6%). From 2000 to 2010, the population decreased by another 182 people (-1.5%).
- Population growth and decline has fluctuated in each submarket in Lyon County. Between 1990 and 2000, most cities and townships in East Lyon County experienced population decline. In 2000, East Lyon County had 3,026 people, which is a decrease of 192 people (-6.0%) from the 1990 population. Liberal Township, Midland Township, and Wheeler Township experienced the biggest population declines. Liberal Township's population decreased by 54 people (-17.0%), Midland Township's population decreased by 34 people (-16.7%), and Wheeler Township decreased by 53 people (-16.3%). Between 2000 and 2010, overall decline was experienced, with the exception of the City of George, which increased by 29 people (+2.8%). The biggest population declines between 2000 and 2010 occurred in Dale Township with a population decrease of 63 people (-22.0%), Midland Township with a population decrease of 34 people (-20.0%), and Liberal Township with a population decrease of 43 people (-16.3%).
- West Lyon County had a population of 3,721 people in 2000, which is an increase of 156 people (+4.4%) from the 1990 population. West Lyon County's population increase between 1990 and 2000 can be largely attributed to the growth in Richland Township and Centennial Township, which grew by 42 persons (+ 12.3%), and 15 persons (+6.7%), and growth in the Cities of Inwood and Larchwood, which increased by 51 people (+6.2%) and 49 people (6.6%), respectively. However, West Lyon County's population has decreased 29 people (-0.8%) between 2000 and 2010. Population decline between 2000 and 2010 is primarily related to the decline in a majority of the Townships. Richland Township experienced the largest decline, losing 62 people (-16.1%). The City of Inwood lost 61 people between 2000 and 2010, a decline of 7.0%. Despite an overall decline between 2000 and 2010, the City of Larchwood increased by 78 people (+9.9%) and the City of Lester increased by 43 people (+17.1%). The City of Lester experienced the largest population growth in the last decade.

DEMOGRAPHIC ANALYSIS

- In 2000, Central Lyon County had 5,016 people, which is a decrease of 153 people (-3.0%) from the 1990 population. Central Lyon's population decrease from 1990 and 2000 can be linked to decline in a majority townships and cities. Rock Township and Doon Township experienced the largest numeric declines, decreasing by 59 people (-20.8%) and 48 people (-11.5%). Despite the decline, the City of Doon grew by 57 people (+12.0%). The population increased in Central Lyon County between 2000 and 2010 by 76 people (+1.5%). Allison Township experienced the largest numerical and percent increase with the addition of 64 people (+35.2%). The City of Doon added another 44 people last decade, an increase of 8.3%.



DEMOGRAPHIC ANALYSIS

TABLE D-1
POPULATION GROWTH TRENDS AND PROJECTIONS
LYON COUNTY
1990 - 2010

	Historic Population			Change			
	Census			1990 - 2000		2000 - 2010	
	1990	2000	2010	No.	Pct.	No.	Pct.
East Lyon County							
Cities							
George	1,066	1,051	1,080	-15	-1.4	29	2.8
Little Rock	493	489	459	-4	-0.8	-30	-6.1
Townships							
Dale township	290	286	223	-4	-1.4	-63	-22.0
Elgin township	195	190	175	-5	-2.6	-15	-7.9
Grant township	327	304	262	-23	-7.0	-42	-13.8
Liberal township	318	264	221	-54	-17.0	-43	-16.3
Midland township	204	170	136	-34	-16.7	-34	-20.0
Wheeler township	325	272	241	-53	-16.3	-31	-11.4
East Lyon County Subtotal	3,218	3,026	2,797	-192	-6.0	-229	-7.6
Central Lyon County							
Cities							
Alvord	204	187	196	-17	-8.3	9	4.8
Doon	476	533	577	57	12.0	44	8.3
Rock Rapids	2,601	2,573	2,549	-28	-1.1	-24	-0.9
Townships							
Allison township	208	182	246	-26	-12.5	64	35.2
Cleveland township	362	374	392	12	3.3	18	4.8
Doon township	416	368	321	-48	-11.5	-47	-12.8
Garfield township	355	323	309	-32	-9.0	-14	-4.3
Riverside township	263	251	260	-12	-4.6	9	3.6
Rock township	284	225	242	-59	-20.8	17	7.6
Central Lyon County Subtotal	5,169	5,016	5,092	-153	-3.0	76	1.5
West Lyon County							
Cities							
Inwood	824	875	814	51	6.2	-61	-7.0
Larchwood	739	788	866	49	6.6	78	9.9
Lester	257	251	294	-6	-2.3	43	17.1
Townships							
Centennial township	224	239	232	15	6.7	-7	-2.9
Larchwood township	262	261	240	-1	-0.4	-21	-8.0
Logan township	364	351	338	-13	-3.6	-13	-3.7
Lyon township	268	277	275	9	3.4	-2	-0.7
Richland township	342	384	322	42	12.3	-62	-16.1
Sioux township	285	295	311	10	3.5	16	5.4
West Lyon County Subtotal	3,565	3,721	3,692	156	4.4	-29	-0.8
Lyon County Total	11,952	11,763	11,581	-189	-1.6	-182	-1.5

Sources: U.S. Census; State Data Center of Iowa; Maxfield Research and Consulting LLC

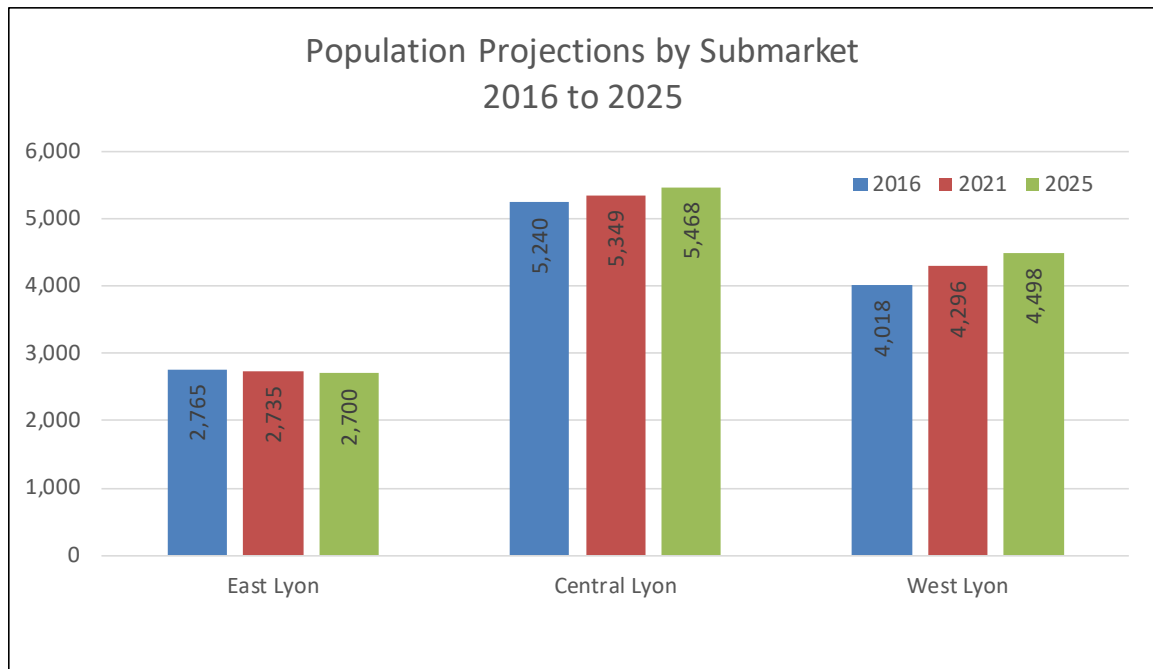
DEMOGRAPHIC ANALYSIS

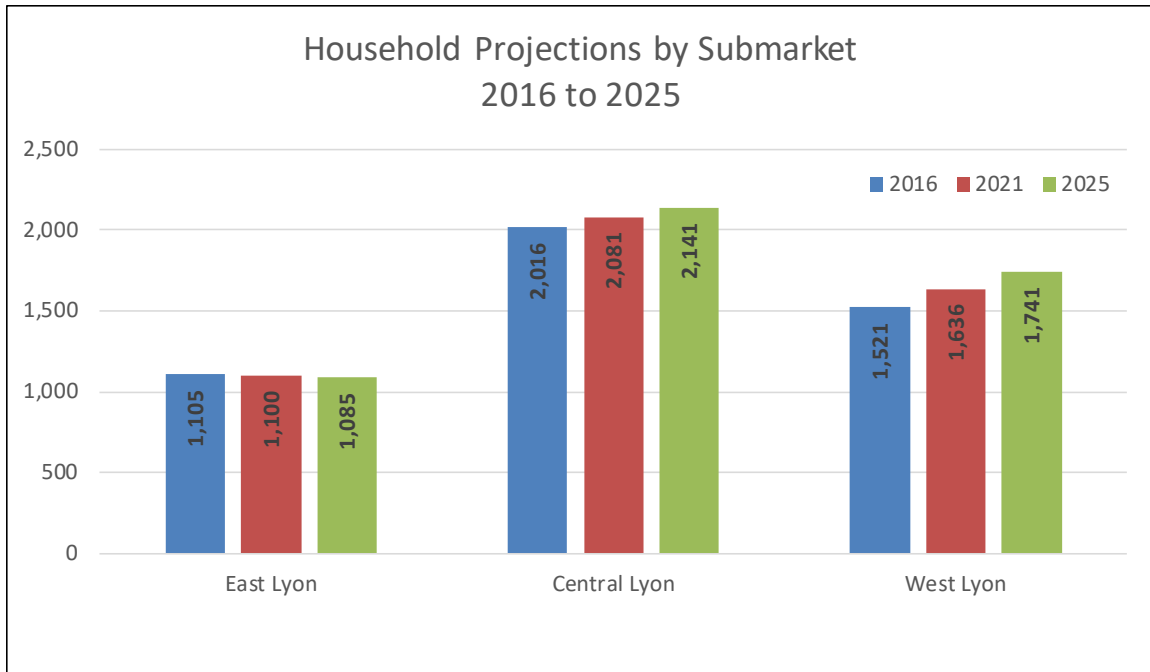
TABLE D-1 (continued)								
HOUSEHOLD GROWTH TRENDS AND PROJECTIONS								
LYON COUNTY								
1990 - 2025								
	Historic Households			Change				
	Census			1990 - 2000		2000 - 2010		
	1990	2000	2010	No.	Pct.	No.	Pct.	
East Lyon County								
Cities								
George	479	477	451	-2	-0.4	-26	-5.5	
Little Rock	209	208	195	-1	-0.5	-13	-6.3	
Townships								
Dale township	94	91	80	-3	-3.2	-11	-12.1	
Elgin township	68	64	63	-4	-5.9	-1	-1.6	
Grant township	116	108	102	-8	-6.9	-6	-5.6	
Liberal township	105	89	86	-16	-15.2	-3	-3.4	
Midland township	67	58	47	-9	-13.4	-11	-19.0	
Wheeler township	104	105	95	1	1.0	-10	-9.5	
East Lyon County Subtotal	1,242	1,200	1,119	-42	-3.4	-81	-6.8	
Central Lyon County								
Cities								
Alvord	72	75	79	3	4.2	4	5.3	
Doon	162	202	214	40	24.7	12	5.9	
Rock Rapids	1,068	1,085	1,083	17	1.6	-2	-0.2	
Townships								
Allison township	65	85	86	20	30.8	1	1.2	
Cleveland township	103	103	109	0	0.0	6	5.8	
Doon township	124	106	104	-18	-14.5	-2	-1.9	
Garfield township	99	95	95	-4	-4.0	0	0.0	
Riverside township	83	86	88	3	3.6	2	2.3	
Rock township	83	74	83	-9	-10.8	9	12.2	
Central Lyon County Subtotal	1,859	1,911	1,941	52	2.8	30	1.6	
West Lyon County								
Cities								
Inwood	311	334	341	23	7.4	7	2.1	
Larchwood	268	326	353	58	21.6	27	8.3	
Lester	93	103	109	10	10.8	6	5.8	
Townships								
Centennial township	75	77	84	2	2.7	7	9.1	
Larchwood township	75	66	82	-9	-12.0	16	24.2	
Logan township	102	104	101	2	2.0	-3	-2.9	
Lyon township	80	92	96	12	15.0	4	4.3	
Richland township	90	108	105	18	20.0	-3	-2.8	
Sioux township	94	107	111	13	13.8	4	3.7	
West Lyon County Subtotal	1,188	1,317	1,382	129	10.9	65	4.9	
Lyon County Total	4,289	4,428	4,442	139	3.2	14	0.3	
Sources: U.S. Census; State Data Center of Iowa; Maxfield Research and Consulting LLC								

Population and Household Estimates and Projections

Table D-2 presents population and household growth estimates and projections for Lyon County through 2025. Estimates for 2016 and projections through 2025 are based on information from ESRI (a national demographics service provider) with adjustments calculated by Maxfield Research and Consulting LLC. The adjustments are intended to reflect growth from building permit trends and reflect the impact of the Rock Rapids flood.

- Due to the rise in the housing market and local economy, we project that Lyon County population is projected to increase between 2010 and 2021. The County is expected to increase by nearly 800 people (6.9%) by 2021, for a total of 12,380 people. Household growth is projected to increase by 375 households (8.4%) by 2021.
- The largest population and household gains are projected to occur in the West Lyon submarket. The West Lyon submarket is projected to increase by 604 people (16.4%) and 254 households (18.4%).
- The Central Lyon submarket is also projected to have population and household increases between 2010 and 2021. The Central Lyon submarket is projected to increase by 257 people (5%) and 140 households (7.2%), while the East Lyon submarket is projected to slightly decline by 62 people (-2.2%) and 19 households (-1.7%).





DEMOGRAPHIC ANALYSIS

TABLE D-2
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
LYON COUNTY
2000 to 2025

							Change			
	U.S. Census			Estimate	Forecast	Forecast	2000 to 2010		2010 to 2021	
	1990	2000	2010	2016	2021	2025	No.	Pct.	No.	Pct.
POPULATION										
East Lyon Submarket	3,218	3,026	2,797	2,765	2,735	2,700	-229	-7.6	-62	-2.2
Central Lyon Submarket	5,169	5,056	5,092	5,240	5,349	5,468	36	0.7	257	5.0
West Lyon Submarket	3,565	3,681	3,692	4,018	4,296	4,498	11	0.3	604	16.4
Lyon County	11,952	11,763	11,581	12,023	12,380	12,666	-182	-1.5	799	6.9
HOUSEHOLDS										
East Lyon Submarket	1,242	1,200	1,119	1,105	1,100	1,085	-81	-6.8	-19	-1.7
Central Lyon Submarket	1,859	1,911	1,941	2,016	2,081	2,141	30	1.6	140	7.2
West Lyon Submarket	1,188	1,317	1,382	1,521	1,636	1,741	65	4.9	254	18.4
Lyon County	4,289	4,428	4,442	4,642	4,817	4,967	14	0.3	375	8.4
Household Size										
East Lyon Submarket	2.59	2.52	2.50	2.50	2.49	2.49				
Central Lyon Submarket	2.78	2.65	2.62	2.60	2.57	2.55				
West Lyon Submarket	3.00	2.79	2.67	2.64	2.63	2.58				
Lyon County	2.79	2.66	2.61	2.59	2.57	2.55				
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC										

Household Size

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

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

- In 1990, the average household sizes ranged between 2.59 (East Lyon County submarket) and 3.00 (West Lyon County submarket). In Lyon County overall, the average household size was 2.79.
- In 2000, the average household sizes range declined to between 2.52 (East Lyon County submarket) and 2.83 (West Lyon County submarket). In Lyon County overall, the average household size was 2.66.
- By 2010, the average household sizes ranged between 2.50 (East Lyon County submarket) and 2.67 (West Lyon County submarket). In Lyon County overall, the average household size was 2.61.
- The average household size in Central Lyon County remained stable at 2.62 between 2000 and 2010.

TABLE D-3 AVERAGE HOUSEHOLD SIZE LYON COUNTY 1990-2010				
	Census			
	1990	2000	2010	
East Lyon County				
George	2.23	2.20	2.39	
Little Rock	2.36	2.35	2.35	
Dale township	3.09	3.14	2.79	
Elgin township	2.87	2.97	2.78	
Grant township	2.82	2.81	2.57	
Liberal township	3.03	2.97	2.57	
Midland township	3.04	2.93	2.89	
Wheeler township	3.13	2.59	2.54	
East Lyon County Subtotal	2.59	2.52	2.50	
Central Lyon County				
Alvord	2.83	2.49	2.48	
Doon	2.94	2.64	2.70	
Rock Rapids	2.44	2.37	2.35	
Allison township	3.20	2.14	2.86	
Cleveland township	3.51	3.63	3.60	
Doon township	3.35	3.47	3.09	
Garfield township	3.59	3.40	3.25	
Riverside township	3.17	2.92	2.95	
Rock township	3.42	3.04	2.92	
Central Lyon County Subtotal	2.78	2.62	2.62	
West Lyon County				
Inwood	2.65	2.62	2.39	
Larchwood	2.76	2.42	2.45	
Lester	2.76	2.44	2.70	
Centennial township	2.99	3.10	2.76	
Larchwood township	3.49	3.95	2.93	
Logan township	3.57	3.38	3.35	
Lyon township	3.35	3.01	2.86	
Richland township	3.80	3.56	3.07	
Sioux township	3.03	2.76	2.80	
West Lyon County Subtotal	3.00	2.83	2.67	
Lyon County Total	2.79	2.66	2.61	
Sources: U.S. Census, Maxfield Research and Consulting LLC				

Age Distribution Trends

Table D-4 shows the distribution of persons within nine age cohorts for the three submarkets in Lyon County in 2000 and 2010 with estimates for 2016 and projections for 2021. The 2000 and 2010 age distribution is from the U.S. Census Bureau. Maxfield Research and Consulting LLC derived the 2016 estimates and 2021 projections by adjustments made to data obtained from ESRI.

The following are key points from the Table.

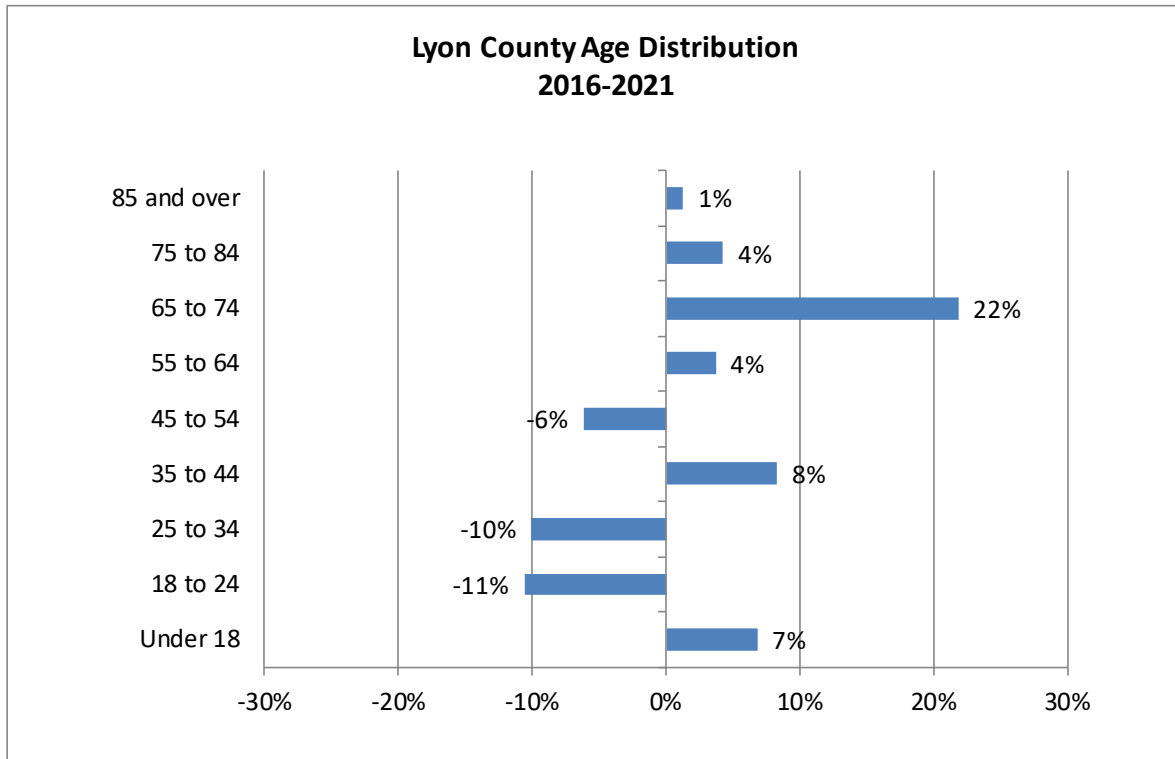
- In 2010, the largest adult cohort in Lyon County was 45 to 54, totaling 1,595 people (13.8% of the total population). Mirroring trends observed across the Nation, the aging baby boomer generation is substantially impacting the composition of County's population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64 in 2010. As of 2010, baby boomers accounted for an estimated 26.0% of Lyon County's population.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.
- The Under 18 age group was the largest cohort in Lyon County in 2010 with 3,205 people (27.7%). This age group is projected to remain the largest in Lyon County through 2016 and 2021, comprising approximately 26.6% in 2016 (3,198 people), increasing to 27.6% in 2021 (3,416 people). The 55 to 64 age group was the second largest adult cohort in Lyon County in 2010 with 1,414 people (12.2%), followed by the 25 to 34 age cohort with 1,347 people (11.6%) and the 35 to 44 age group with 1,306 people (11.3%).

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TABLE D-4 POPULATION AGE DISTRIBUTION LYON COUNTY 2000 to 2021								
Age	Census		Estimate	Projection	Change			
	2000	2010	2016	2021	2000-2010		2010-2021	
	No.	No.	No.	No.	No.	Pct.	No.	Pct.
East Lyon								
Under 18	775	681	606	616	-94	-12.1	-65	-9.6
18 to 24	191	160	179	166	-31	-16.2	6	4.0
25 to 34	279	295	286	247	16	5.7	-48	-16.2
35 to 44	407	313	302	322	-94	-23.1	9	3.0
45 to 54	397	419	363	311	22	5.5	-108	-25.8
55 to 64	277	367	418	407	90	32.5	40	10.9
65 to 74	349	242	289	344	-107	-30.7	102	42.1
75 to 84	244	226	220	213	-18	-7.4	-13	-5.6
85 and over	107	94	101	108	-13	-12.1	14	15.0
Subtotal	3,026	2,797	2,765	2,735	-229	-7.6	-62	-2.2
Central Lyon								
Under 18	1,426	1,455	1,434	1,509	29	2.0	54	3.7
18 to 24	381	360	377	336	-21	-5.5	-24	-6.6
25 to 34	544	564	569	532	20	3.7	-32	-5.6
35 to 44	710	590	622	625	-120	-16.9	35	5.9
45 to 54	649	679	629	616	30	4.6	-63	-9.3
55 to 64	401	599	689	698	198	49.4	99	16.6
65 to 74	447	338	458	576	-109	-24.4	238	70.4
75 to 84	355	331	279	283	-24	-6.8	-48	-14.4
85 and over	143	176	184	173	33	23.1	-3	-1.5
Subtotal	5,056	5,092	5,240	5,349	36	0.7	257	5.0
West Lyon								
Under 18	1,092	1,069	1,158	1,292	-23	-2.1	223	20.9
18 to 24	327	245	286	250	-82	-25.1	5	2.0
25 to 34	421	489	458	403	68	16.2	-86	-17.7
35 to 44	536	403	476	570	-133	-24.8	167	41.3
45 to 54	449	497	477	452	48	10.7	-45	-9.1
55 to 64	290	448	503	563	158	54.5	115	25.7
65 to 74	271	253	352	419	-18	-6.6	166	65.6
75 to 84	202	196	209	241	-6	-3.0	45	23.0
85 and over	93	92	98	107	-1	-1.1	15	16.2
Subtotal	3,681	3,692	4,018	4,296	11	0.3	604	16.4
Lyon County								
Under 18	3,293	3,205	3,198	3,416	-88	-2.7	211	6.6
18 to 24	899	765	842	753	-134	-14.9	-12	-1.6
25 to 34	1,244	1,348	1,314	1,182	104	8.4	-166	-12.3
35 to 44	1,653	1,306	1,401	1,517	-347	-21.0	211	16.1
45 to 54	1,495	1,595	1,470	1,379	100	6.7	-216	-13.6
55 to 64	968	1,414	1,609	1,668	446	46.1	254	18.0
65 to 74	1,067	833	1,099	1,339	-234	-21.9	506	60.7
75 to 84	801	753	708	738	-48	-6.0	-15	-2.0
85 and over	343	362	383	388	19	5.5	26	7.3
Total	11,763	11,581	12,023	12,380	-182	-1.5	799	6.9
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting LLC								

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- Lyon County's population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, decreased by -1.4% between 2000 and 2010, and is projected to decline (-10%) between 2016 and 2021. This will slightly decrease demand for rental units and starter homes.
- The 18 to 24 age cohort is projected to experience the largest percent decline between 2016 and 2021, declining by 11% (-89 people), followed by the 25 to 34 age cohort with a decline of 10% (-131 people).

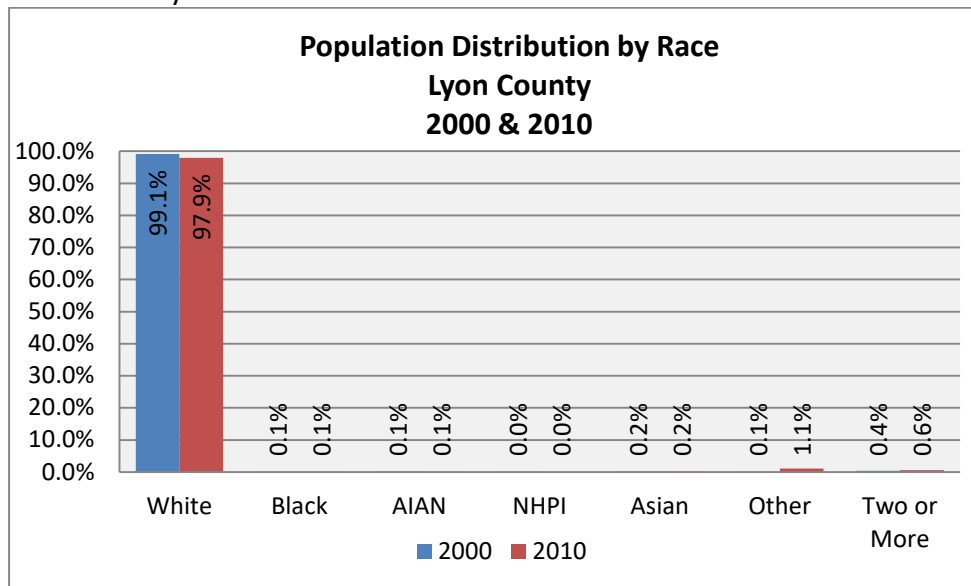


- The 65 to 74 age cohort is projected to have the greatest percentage growth increasing by 240 people (22%) from 2016 to 2021, followed by the 75 to 84 age cohort (4%) and the 85+ age cohort (1%). The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The older adult age cohort (55 to 64) and senior cohorts (65 to 74, 75 to 84 and 85+) are projected to increase in most submarkets in Lyon County through 2021.

Race of Population

The race of the population illustrates the diversity for each submarket in Lyon County. Data for 2000 and 2010 was obtained from the U.S. Census. Table D-5 presents race data in 2000 and 2010.

- In 2010, “Whites” comprise the largest proportion of the population in every submarket. The Central Lyon County submarket had the lowest percentage (97.7%) and the West Lyon submarket had the highest (98.2%). In 2000, the percentage of “Whites” in each submarket in Lyon County ranged from 98.8% in West Lyon County to 99.3% in both East-and Central Lyon County.
- While “Whites” has remained the largest race category in 2000, it represented a smaller proportion of total population decreasing from 99.1% in 2000 to 97.9% in 2010.
- “Some Other Race” experienced the largest percentage growth between 2000 and 2010, increasing from 12 to 127 people, an increase of 985.33%. “Asians” and “Two or More Races Alone” increased as well between 2000 and 2010. “Asians” have increased by 38.8%, increasing from 18 to 25 people. “Two or More Races Alone” also increased considerably from 43 to 70 people, an increase of 63% between 2000 and 2010.
- The most significant decline in population is from the “American Indian or Alaska Native Alone” category, which decreased by nearly 50% (eight people) between 2000 and 2010.
- “Black or African American” remained stable decreasing from 11 people in 2000 to 10 in 2010. The “Native Hawaiian or Pacific Islander” recorded one person in 2000. No one reported this ancestry in 2010.



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**TABLE D-5
POPULATION DISTRIBUTION BY RACE
LYON COUNTY
2000 & 2010**

	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Number														
East	3,004	2,743	3	4	2	1	1	0	2	13	2	14	12	22
Central	5,020	4,973	4	5	10	3	0	0	11	7	1	74	10	30
West	3,637	3,624	4	1	5	5	0	0	5	5	9	39	21	18
Lyon County Total	11,661	11,340	11	10	17	9	1	0	18	25	12	127	43	70
Percentage														
East	99.3%	98.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.5%	0.1%	0.5%	0.4%	0.8%
Central	99.3%	97.7%	0.1%	0.1%	0.2%	0.1%	0.0%	0.0%	0.2%	0.1%	0.0%	1.5%	0.2%	0.6%
West	98.8%	98.2%	0.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%	1.1%	0.6%	0.5%
Lyon County Total	99.1%	97.9%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.2%	0.2%	0.1%	1.1%	0.4%	0.6%
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC														

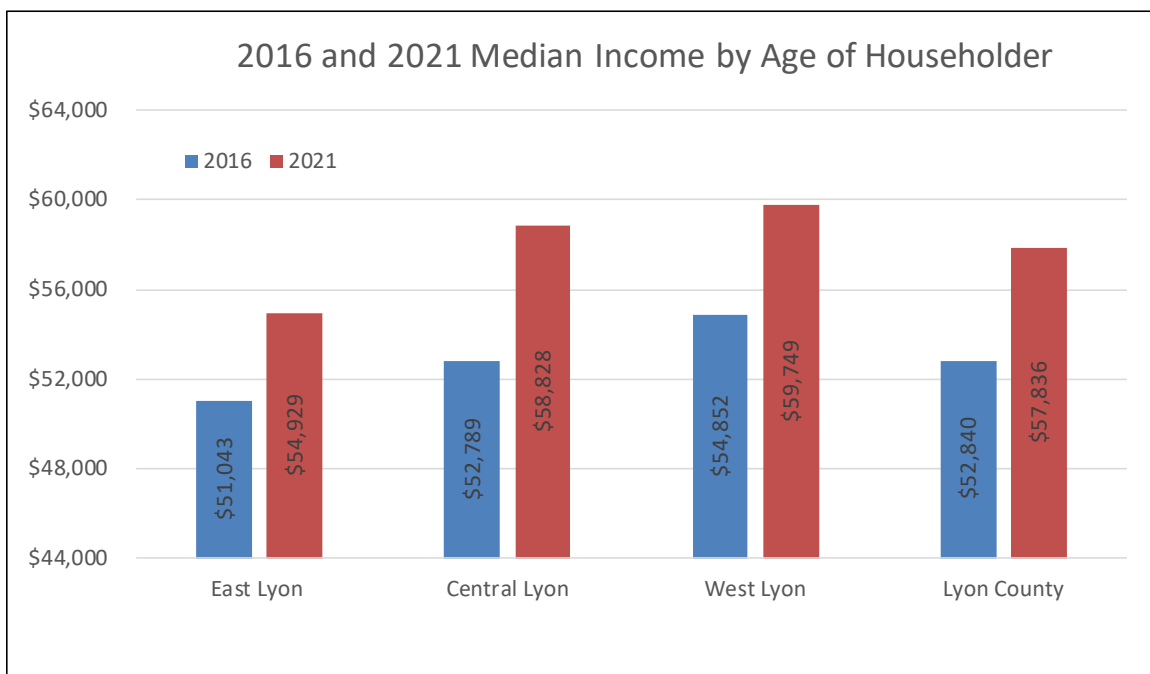
Household Income by Age of Householder

The estimated distribution of household incomes in Lyon County and each submarket for 2016 and 2021 are shown in Tables D-6, D-7, D-8 and D-9. The data was estimated by Maxfield Research and Consulting LLC based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

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

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

- In 2016, the median household income in Lyon County was estimated to be \$52,840 and is projected to climb over 9.5% to \$57,836 by 2021. Within the County, the West Lyon County submarket had the highest median household income in 2016, at \$54,852. Lowest incomes were found in the East Lyon County submarket (\$51,043).



DEMOGRAPHIC ANALYSIS

TABLE D-6
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
LYON COUNTY
2016 & 2021

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2016								
Less than \$15,000	390	21	39	46	42	67	52	123
\$15,000 to \$24,999	469	25	50	54	53	87	56	144
\$25,000 to \$34,999	507	25	62	66	56	75	86	137
\$35,000 to \$49,999	741	36	127	114	100	123	123	119
\$50,000 to \$74,999	1,204	35	187	202	228	245	203	103
\$75,000 to \$99,999	659	16	90	111	140	176	58	67
\$100,000 or more	671	9	100	145	180	132	64	40
Total	4,642	167	655	740	799	905	643	733
Median Income	\$52,840	\$39,041	\$54,349	\$58,101	\$63,420	\$57,456	\$50,295	\$31,548
2021								
Less than \$15,000	406	25	39	49	38	57	66	132
\$15,000 to \$24,999	456	22	42	55	42	80	68	147
\$25,000 to \$34,999	564	26	60	75	53	86	116	148
\$35,000 to \$49,999	478	22	72	71	57	77	92	87
\$50,000 to \$74,999	1,199	34	166	217	192	233	251	105
\$75,000 to \$99,999	840	20	102	150	159	219	97	93
\$100,000 or more	875	10	114	196	212	184	101	58
Total	4,817	160	595	814	752	936	791	771
Median Income	\$57,836	\$38,670	\$59,739	\$65,580	\$73,889	\$65,631	\$53,286	\$31,390
Change 2016 - 2021								
Less than \$15,000	15	4	-0	3	-4	-10	14	10
\$15,000 to \$24,999	-13	-3	-8	1	-11	-7	12	3
\$25,000 to \$34,999	57	2	-2	9	-3	11	30	11
\$35,000 to \$49,999	-263	-14	-55	-44	-43	-45	-31	-32
\$50,000 to \$74,999	-6	-0	-21	15	-36	-13	48	2
\$75,000 to \$99,999	180	3	12	39	19	43	39	25
\$100,000 or more	205	1	14	51	32	52	37	19
Total	175	-7	-61	74	-47	31	148	38
Median Income	\$4,996	-\$371	\$5,390	\$7,479	\$10,469	\$8,175	\$2,991	-\$158

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

TABLE D-7
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
EAST LYON
2016 & 2021

	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	
2016								
Less than \$15,000	107	4	12	12	12	16	16	37
\$15,000 to \$24,999	127	4	13	13	15	24	16	44
\$25,000 to \$34,999	143	3	17	15	17	23	29	40
\$35,000 to \$49,999	154	7	26	22	20	27	32	19
\$50,000 to \$74,999	320	5	47	52	65	66	57	28
\$75,000 to \$99,999	152	2	17	20	33	46	15	20
\$100,000 or more	101	0	12	14	31	26	8	11
Total	1,105	24	142	148	192	228	172	199
Median Income	\$51,043	\$37,102	\$51,120	\$53,550	\$59,315	\$56,252	\$46,135	\$28,845
2021								
Less than \$15,000	106	4	11	12	10	12	17	40
\$15,000 to \$24,999	118	3	10	13	10	22	18	41
\$25,000 to \$34,999	147	3	17	16	14	22	35	40
\$35,000 to \$49,999	84	2	12	11	10	14	21	12
\$50,000 to \$74,999	318	5	42	57	54	62	70	28
\$75,000 to \$99,999	197	3	22	29	35	55	26	27
\$100,000 or more	130	0	12	19	31	35	18	14
Total	1,100	19	127	159	165	222	205	202
Median Income	\$54,929	\$35,000	\$54,711	\$58,000	\$64,683	\$63,782	\$52,278	\$29,088
Change 2016 - 2021								
Less than \$15,000	-0	-0	-0	1	-2	-3	2	3
\$15,000 to \$24,999	-9	-1	-2	1	-4	-2	3	-3
\$25,000 to \$34,999	5	-0	1	2	-2	-1	6	0
\$35,000 to \$49,999	-71	-5	-14	-11	-10	-13	-11	-7
\$50,000 to \$74,999	-3	-0	-5	5	-11	-4	13	-1
\$75,000 to \$99,999	44	1	5	9	2	10	11	6
\$100,000 or more	29	0	1	5	0	9	10	4
Total	-5	-5	-14	11	-27	-6	33	3
Median Income	\$3,886	-\$2,102	\$3,591	\$4,450	\$5,368	\$7,530	\$6,143	\$243
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

TABLE D-8
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
CENTRAL LYON
2016 & 2021

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2016								
Less than \$15,000	176	9	14	20	19	33	24	58
\$15,000 to \$24,999	208	11	23	25	24	41	24	61
\$25,000 to \$34,999	210	13	27	29	23	30	31	58
\$35,000 to \$49,999	325	15	52	49	45	58	46	59
\$50,000 to \$74,999	525	17	84	86	101	107	85	44
\$75,000 to \$99,999	257	6	35	45	57	67	23	25
\$100,000 or more	316	3	47	73	83	60	32	17
Total	2,016	76	283	327	351	395	264	321
Median Income	\$52,789	\$37,930	\$54,941	\$59,024	\$63,343	\$55,859	\$51,235	\$31,615
2021								
Less than \$15,000	182	12	15	21	17	28	29	61
\$15,000 to \$24,999	199	10	20	22	21	37	27	62
\$25,000 to \$34,999	225	15	24	29	21	32	44	60
\$35,000 to \$49,999	184	8	27	22	24	31	34	38
\$50,000 to \$74,999	544	19	82	89	88	105	114	47
\$75,000 to \$99,999	332	7	42	59	69	84	39	32
\$100,000 or more	415	3	58	91	105	82	49	27
Total	2,081	74	267	333	345	399	336	327
Median Income	\$58,828	\$35,702	\$61,464	\$68,395	\$75,387	\$64,252	\$54,702	\$31,064
Change 2016 - 2021								
Less than \$15,000	6	2	0	1	-2	-5	6	3
\$15,000 to \$24,999	-9	-1	-3	-3	-3	-4	4	1
\$25,000 to \$34,999	15	1	-3	1	-2	3	13	2
\$35,000 to \$49,999	-141	-7	-25	-27	-21	-26	-13	-21
\$50,000 to \$74,999	18	1	-3	3	-13	-2	29	3
\$75,000 to \$99,999	75	1	7	13	13	17	16	8
\$100,000 or more	99	0	10	18	21	22	17	10
Total	65	-2	-16	6	-6	4	72	6
Median Income	\$6,039	-\$2,228	\$6,523	\$9,371	\$12,044	\$8,393	\$3,467	-\$551

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

TABLE D-9 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER WEST LYON 2016 & 2021								
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2016								
Less than \$15,000	106	6	11	16	13	18	16	26
\$15,000 to \$24,999	139	10	17	19	15	21	18	38
\$25,000 to \$34,999	155	7	20	23	18	21	26	38
\$35,000 to \$49,999	265	14	49	43	36	39	44	41
\$50,000 to \$74,999	355	12	56	65	62	69	61	30
\$75,000 to \$99,999	249	9	37	46	50	64	21	22
\$100,000 or more	253	3	39	60	64	51	26	10
Total	1,521	61	230	272	258	285	211	205
Median Income	\$54,852	\$40,983	\$55,671	\$60,570	\$66,845	\$62,494	\$50,490	\$35,000
2021								
Less than \$15,000	113	8	10	19	13	15	19	29
\$15,000 to \$24,999	134	9	13	18	10	20	20	43
\$25,000 to \$34,999	191	8	19	30	19	30	36	48
\$35,000 to \$49,999	218	9	35	38	25	33	39	39
\$50,000 to \$74,999	330	11	42	71	47	65	65	29
\$75,000 to \$99,999	311	10	38	64	55	79	31	34
\$100,000 or more	338	4	43	87	81	70	35	19
Total	1,636	60	200	327	251	311	246	242
Median Income	\$59,749	\$42,214	\$60,961	\$68,776	\$78,477	\$71,092	\$52,001	\$35,148
Change 2016 - 2021								
Less than \$15,000	8	1	-1	3	1	-4	3	4
\$15,000 to \$24,999	-5	-1	-4	-1	-5	-1	2	4
\$25,000 to \$34,999	36	0	-1	7	1	9	10	10
\$35,000 to \$49,999	-47	-5	-14	-4	-12	-7	-4	-1
\$50,000 to \$74,999	-25	-0	-15	6	-15	-4	4	-1
\$75,000 to \$99,999	62	2	1	18	5	15	10	11
\$100,000 or more	86	1	3	27	17	19	9	10
Total	115	-1	-30	55	-7	27	35	37
Median Income	\$4,897	\$1,231	\$5,290	\$8,206	\$11,632	\$8,598	\$1,511	\$148

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

- As households age through the lifecycle, their household incomes tend to peak in their late 40s and early 50s which explains why most upscale housing is targeted to persons in this age group. This trend is apparent in the County as households in the 45 to 54 age group have a median household income of \$63,420. With a household income of \$63,420, a household could afford a monthly housing cost of about \$1,585, based on an allocation of 30% of income toward housing.

Tenure by Age of Householder

Table D-10 shows 2000 and 2010 tenure data for each of the submarkets in Lyon County from the U.S. Census Bureau. Table D-11 shows the number of owner and renter households in Lyon County by age group in 2000 and 2010. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle.

The following are key findings from Tables D-10 and D-11.

- In 2000, 81.8% of all households in Lyon County owned their housing. By 2010, that percentage increased to 82.6%.
- In 2010, West Lyon County had the highest ownership rate at 84.9% while Central Lyon County had the lowest ownership rate (80.8%).
- As households progress through their life cycle, housing needs change. Typically, the proportion of renter households decreases as households age out of their young-adult years. This pattern is apparent in Lyon County as 45.8% of households age 15 to 24, 27.9% of age 25 to 34 households, and 14.2% of 65 and older households rented their housing in 2010.
- In the 15 to 24 age group, East Lyon County had the highest proportion of renters at 61.5%, followed by Central Lyon County at 51.3% in 2010. Although East Lyon County has the highest percentage of renters, Central Lyon County has the highest number of renters.

<p>TABLE D-10 HOUSEHOLD TENURE LYON COUNTY 2000 and 2010</p>										
Submarket	2000					2010				
	Owner	Pct.	Renter	Pct.	Total	Owner	Pct.	Renter	Pct.	Total
East Lyon County	968	77.3	232	22.7	1,200	928	82.9	191	17.1	1,119
Central Lyon County	1,546	80.9	365	19.1	1,911	1,568	80.8	373	19.2	1,941
West Lyon County	1,108	84.1	209	15.9	1,317	1,173	84.9	209	15.1	1,382
TOTAL	3,622	81.8	806	18.2	4,428	3,669	82.6	773	17.4	4,442
Sources: U.S. Census; Maxfield Research and Consulting LLC										

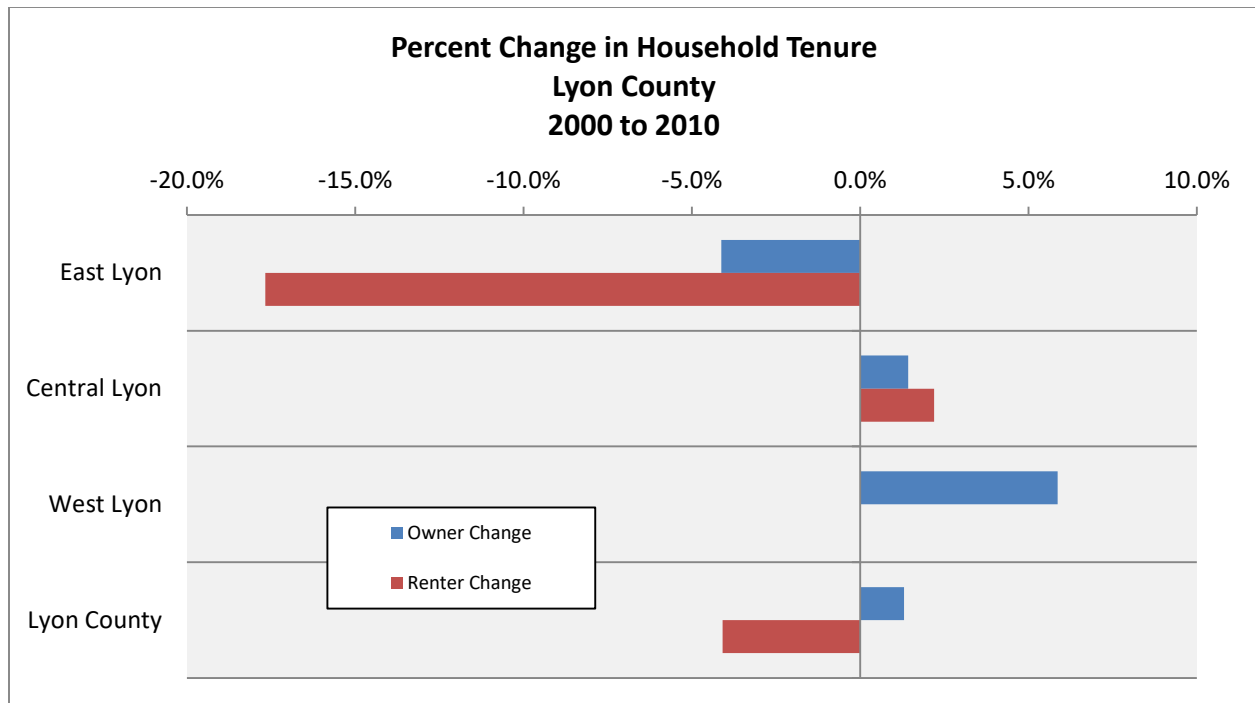


TABLE D-11 TENURE BY AGE OF HOUSEHOLDER LYON COUNTY 2010									
Age		East		Central		West		Lyon County	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	10	38.5	38	48.7	42	67.7	90	54.2
	Rent	16	61.5	40	51.3	20	32.3	76	45.8
	Total	26	100.0	78	100.0	62	100.0	166	100.0
25-34	Own	100	66.2	207	73.1	179	74.6	486	72.1
	Rent	51	33.8	76	26.9	61	25.4	188	27.9
	Total	151	100.0	283	100.0	240	100.0	674	100.0
35-44	Own	127	81.9	256	82.6	184	81.8	567	82.2
	Rent	28	18.1	54	17.4	41	18.2	123	17.8
	Total	155	100.0	310	100.0	225	100.0	690	100.0
45-54	Own	193	85.4	320	85.1	237	88.8	750	86.3
	Rent	33	14.6	56	14.9	30	11.2	119	13.7
	Total	226	100.0	376	100.0	267	100.0	869	100.0
55-64	Own	185	89.4	297	86.1	228	91.9	710	88.8
	Rent	22	10.6	48	13.9	20	8.1	90	11.3
	Total	207	100.0	345	100.0	248	100.0	800	100.0
65 +	Own	313	88.4	450	82.0	303	89.1	1,066	85.8
	Rent	41	11.6	99	18.0	37	10.9	177	14.2
	Total	354	100.0	549	100.0	340	100.0	1,243	100.0
TOTAL	Own	928	82.9	1,568	80.8	1,173	84.9	3,669	82.6
	Rent	191	17.1	373	19.2	209	15.1	773	17.4
	Total	1,119	100.0	1,941	100.0	1,382	100.0	4,442	100.0

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

Household Type

Table D-12 shows a breakdown of the type of households present in Lyon County in 2000 and 2010. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred. The following key points are summarized from Table D-12.

- Family households were the most common type of household in the County, representing approximately 74% of all households in 2000 and 72.9% of all households in 2010. Married couples without children comprised 35.9% of all households in 2000 and 37.5% in 2010.

DEMOGRAPHIC ANALYSIS

Married couple families with children comprised 31.2% of all the Lyon County households in 2000, dropping to 27.1% in 2010.

- Married couple families without children are generally made up of younger couples that have not had children and older couples with adult children that have moved out of the home. There is also a growing national trend toward married couples choosing delay child-birth, delaying children, or choosing not to have children entirely as birthrates have noticeably decreased. Older couples with adult children often desire multifamily housing options for convenience reasons but older couples in rural areas typically hold onto their single-family homes until they need services. Married couple families with children typically generate demand for single-family detached ownership housing. Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing.
- Non-family households made up 26.3% of all households in 2000, increasing to 27.1% in 2010. The percentage of people living alone increased from 24.3% in 2000 to 24.6% in 2010. Roommates and unmarried couples comprised 2.0% of Lyon County households in 2000, compared to 2.5% in 2010.
- Between 2000 and 2010, Other family households experienced the largest increase as a percentage (+24.5%). Other families include single-parents and unmarried couples with children. With only one income, these families are most likely to need affordable or modest housing, both rental and for-sale.

DEMOGRAPHIC ANALYSIS

**TABLE D-12
HOUSEHOLD TYPE
LYON COUNTY
2000 & 2010**

Households	Total HH's		Family Households						Non-Family Households			
			Married w/ Child		Married w/o Child		Other *		Living Alone		Roommates **	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Lyon County Total	4,428	4,442	1,380	1,205	1,590	1,666	294	366	1,075	1,093	89	112
East Lyon County	1,200	1,119	349	258	437	457	63	91	327	284	24	29
Central Lyon County	1,911	1,941	588	532	689	684	128	159	467	520	39	46
West Lyon County	1,317	1,382	443	415	464	525	103	116	281	289	26	37
State of Iowa	1,149,276	1,221,576	282,572	244,753	350,682	380,420	136,430	164,861	313,083	347,479	66,509	84,063
Percent												
Lyon County Total	100.0	100.0	31.2	27.1	35.9	37.5	6.6	8.2	24.3	24.6	2.0	2.5
East Lyon County	100.0	100.0	29.1	23.1	36.4	40.8	5.3	8.1	27.3	25.4	2.0	2.6
Central Lyon County	100.0	100.0	30.8	27.4	36.1	35.2	6.7	8.2	24.4	26.8	2.0	2.4
West Lyon County	100.0	100.0	33.6	30.0	35.2	38.0	7.8	8.4	21.3	20.9	2.0	2.7
State of Iowa	100.0	100.0	24.6	20.0	30.5	31.1	11.9	13.5	27.2	28.4	5.8	6.9
Change 2000-2010												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Lyon County Total	14	0.3%	-175	-12.7%	76	4.8%	72	24.5%	18	1.7%	23	25.8%
East Lyon County	-81	-6.8%	-91	-26.1%	20	4.6%	28	44.4%	-43	-13.1%	5	20.8%
Central Lyon County	30	1.6%	-56	-9.5%	-5	-0.7%	31	24.2%	53	11.3%	7	17.9%
West Lyon County	65	4.9%	-28	-6.3%	61	13.1%	13	12.6%	8	2.8%	11	42.3%
State of Iowa	72,300	6.3%	-37,819	-13.4%	29,738	8.5%	28,431	20.8%	34,396	11.0%	17,554	26.4%
* Single-parents with children												
** Includes unmarried couples without children and group quarters												
Sources: U. S. Census; ESRI, Inc.; Maxfield Research and Consulting LLC												

Employment Trends

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

Resident Labor Force

Table E-1 presents resident employment data for Lyon County from 2000 through 2015. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in County. The data is obtained from Iowa Workforce Development.

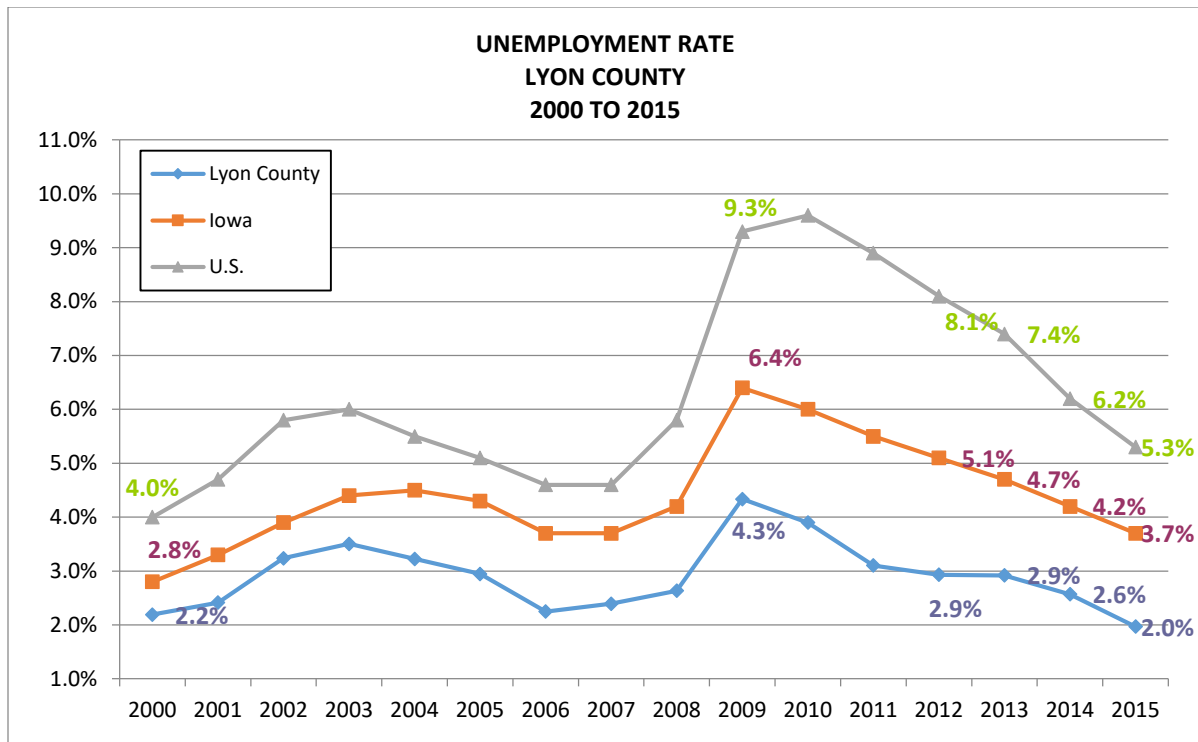
- Resident employment in Lyon County has increased by about 710 people between 2000 and 2015 (11.3%). The number of individuals in the labor market also increased at the same rate (11.3%).
- Lyon County's unemployment rate has been much lower than the U.S. unemployment rate between 2000 and 2015. Average unemployment rate in Lyon County over this time period is 3%, which is lower than Iowa (4.5%) and much lower than the average in the U.S. (6.4%).
- Lyon County's unemployment rate was significantly lower than the nation during the Great Recession. The unemployment rate rose to 6.4% in the State of Iowa and 4.3% in Lyon County in 2009. However, as of 2015, the unemployment rate has fallen to 2%, which is lower than Iowa's unemployment rate (3.7%). With an unemployment rate of 2%, the job market has become tight and will likely result in employers having difficulty finding labor to fill jobs.

EMPLOYMENT TRENDS

TABLE E-1
RESIDENT EMPLOYMENT (ANNUAL AVERAGE)
Lyon County
2000 through 2015

Year	Total Labor Force	Total Employed	Total Unemployed	Lyon Co. Unemployment Rate	Iowa Unemployment Rate	U.S. Unemployment Rate
2000	6,390	6,260	140	2.2%	2.8%	4.0%
2001	6,630	6,480	160	2.4%	3.3%	4.7%
2002	6,490	6,270	210	3.2%	3.9%	5.8%
2003	6,280	6,060	220	3.5%	4.4%	6.0%
2004	6,200	6,000	200	3.2%	4.5%	5.5%
2005	6,450	6,260	190	2.9%	4.3%	5.1%
2006	6,670	6,520	150	2.2%	3.7%	4.6%
2007	6,680	6,520	160	2.4%	3.7%	4.6%
2008	6,830	6,650	180	2.6%	4.2%	5.8%
2009	6,920	6,620	300	4.3%	6.4%	9.3%
2010	6,410	6,160	250	3.9%	6.0%	9.6%
2011	6,770	6,560	210	3.1%	5.5%	8.9%
2012	6,820	6,620	200	2.9%	5.1%	8.1%
2013	6,850	6,650	200	2.9%	4.7%	7.4%
2014	7,010	6,830	180	2.6%	4.2%	6.2%
2015	7,110	6,970	140	2.0%	3.7%	5.3%
Change 2000-15	720	710				

Sources: Iowa Workforce Development; Maxfield Research and Consulting LLC



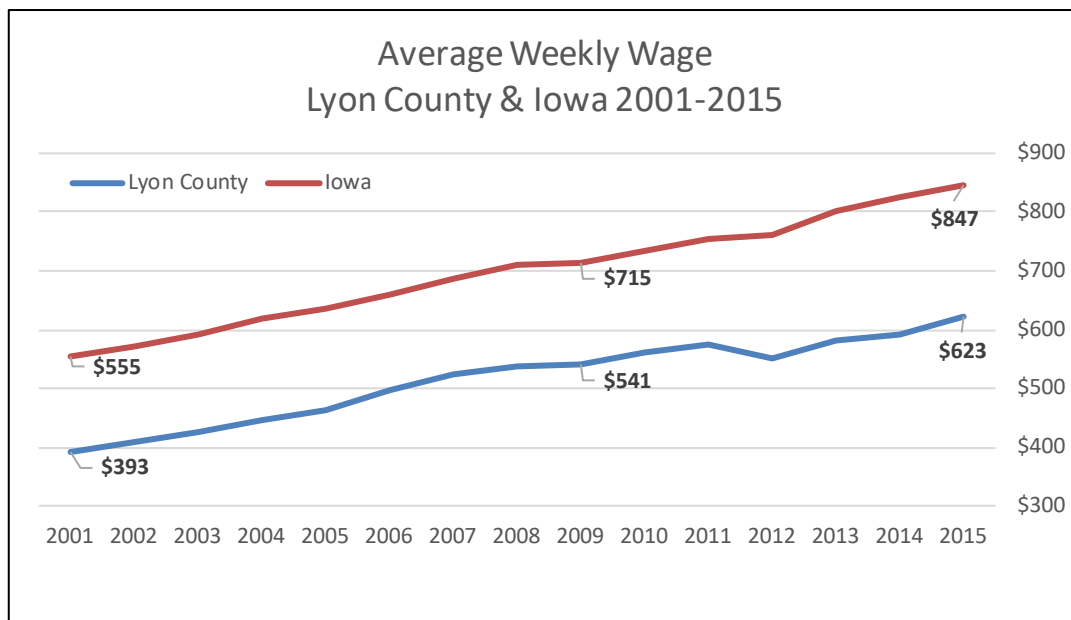
Average Weekly Wage

Table E-2 shows an average weekly wage comparison between Lyon County and Iowa (2001-2015). Data is sourced from the U.S. Bureau of Labor Statistics. The data is obtained from the U.S. Census Bureau.

- The average weekly wage in Lyon County grew by 59% between 2001 and 2015, compared to 53% for the State of Iowa. The average annual growth following a similar trend with 3.9% in Lyon County, slightly lower than the State of Iowa with 3.5%.
- As of 2015, the average weekly wage was \$623 in Lyon County and \$847 in the State of Iowa. Comparatively, the average weekly wage was \$393 in Lyon County in 2001, compared to \$555 in the State of Iowa.

TABLE E-2 AVERAGE WEEKLY WAGE Lyon County, Iowa 2001 - 2015		
	Lyon County	Iowa
% Growth '01-'15	59%	53%
Avg. Annual Growth	3.9%	3.5%
2015	\$623	\$847
2014	\$593	\$824
2013	\$580	\$800
2012	\$550	\$761
2011	\$575	\$754
2010	\$561	\$733
2009	\$541	\$715
2008	\$537	\$711
2007	\$525	\$688
2006	\$498	\$660
2005	\$463	\$636
2004	\$446	\$617
2003	\$426	\$590
2002	\$407	\$571
2001	\$393	\$555

Sources: U.S. Bureau of Labor Statistics; Maxfield Research and Consulting LLC



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households' budgets. Table E-3 highlights the commuting patterns of workers in Lyon County in 2014 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau.

- A number of Lyon County residents also work in Rock Rapids (17.2%). Of the 82.8% of Lyon County residents that commuted to jobs outside the County, the most commuted to jobs in Rock Valley, Sheldon, Sioux Falls, and Sioux Center.
- Of the workers who work in Lyon County, about 15% live in Rock Rapids. Among those employees commuting to Lyon County outside of Lyon County residents come from Sioux Falls, Sioux Center, Sheldon, Brandon, Sibley, etc.

**TABLE E-3
COMMUTING PATTERNS
LYON COUNTY
2014**

Lyon County Workers Place of Residence			Lyon County Residents Place of Work		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Rock Rapids	708	15.2%	Rock Rapids	940	17.2%
Sioux Falls	405	8.7%	Rock Valley	368	6.7%
George	217	4.7%	Doon	294	5.4%
Larchwood	201	4.3%	Inwood	286	5.2%
Inwood	175	3.8%	Sheldon	192	3.5%
Doon	123	2.6%	Sioux Falls	190	3.5%
Little Rock	81	1.7%	Sioux Center	180	3.3%
Brandon	73	1.6%	George	143	2.6%
Lester	70	1.5%	Larchwood	124	2.3%
Sibley	67	1.4%	Little Rock	120	2.2%
All Other Locations	2,528	54.4%	All Other Locations	2,626	48.1%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total Primary Jobs	4,648	100.0%	Total Primary Jobs	5,463	100.0%
Less than 10 miles	1,878	40.4%	Less than 10 miles	1,939	35.5%
10 to 24 miles	1,544	33.2%	10 to 24 miles	2,069	37.9%
25 to 50 miles	696	15.0%	25 to 50 miles	532	9.7%
Greater than 50 miles	530	11.4%	Greater than 50 miles	923	16.9%

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting LLC

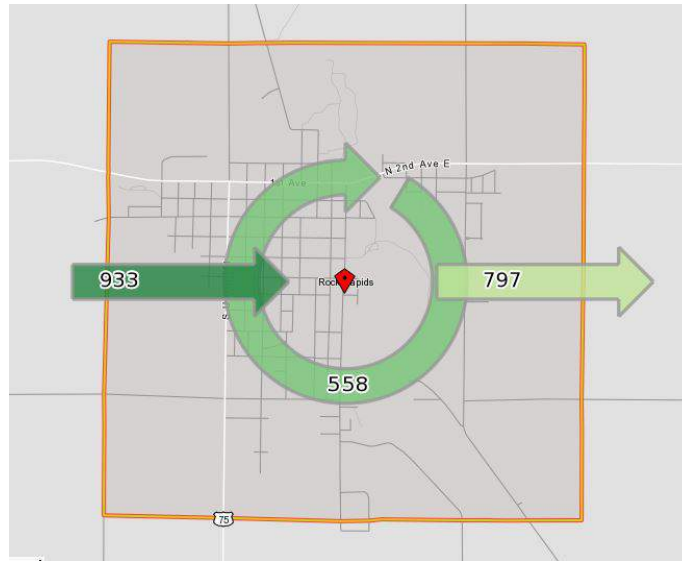
Inflow/Outflow

Table E-4 provides a summary of the inflow and outflow of workers in the County. Outflow reflects the number of workers living in the County but employed outside of the County while inflow measures the number of workers that are employed in the County but live outside.

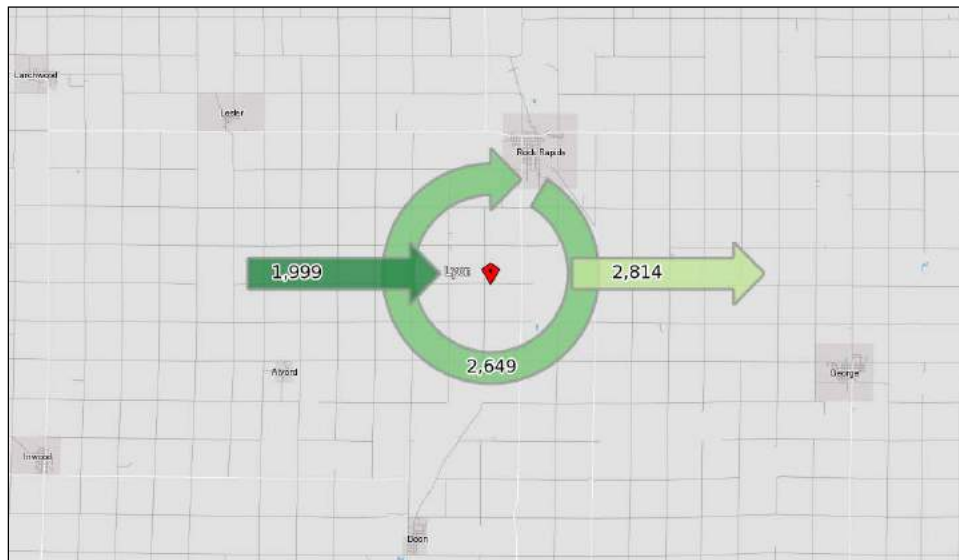
- Rock Rapids can be considered an importer of workers, as the number of residents coming into the Rock Rapids (inflow) for employment is more than the number of residents leaving the Rock Rapids for work (outflow). Approximately 933 workers came into the Rock Rapids for work while 797 workers left, for a net difference of 136.
- Lyon County can also be considered an exporter of workers, as the number of residents coming into the County (inflow) for employment is less than the number of residents leaving the County for work (outflow). Approximately 1,999 workers came into the County for work while 2,814 workers left, for a net difference of -815.

TABLE E-4 COMMUTING INFLOW/OUTFLOW LYON COUNTY 2014				
	ROCK RAPIDS		LYON COUNTY	
	Num.	Pct.	Num.	Pct.
Employed in the Selection Area	1,491	100%	4,648	100%
Employed in the Selection Area but Living Outside	933	62.6%	1,999	43.0%
Employed and Living in the Selection Area	558	37.4%	2,649	57.0%
Living in the Selection Area	1,355	100%	5,463	100%
Living in the Selection Area but Employed Outside	797	58.8%	2,814	51.5%
Living and Employed in the Selection Area	558	41.2%	2,649	48.5%
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC				

City of Rock Rapids: Inflow/Outflow



Lyon County: Inflow/Outflow



Major Employers

Table E-5 shows the major employers in Lyon County based on 2016 data provided by the cities within Lyon County.

- Grand Falls Casino and Resort is the largest employer in Lyon County with a total of 480 employees.
- Diversified Technologies (Sudenga) is the second largest employer in Lyon County with a total of 250 employees, while Elanco Animal Health has 200 employees.
- A breakdown of the major employers in Lyon County is provided on the following page.

EMPLOYMENT TRENDS

Major Employers Lyon County October 2016			
Name	City	Industry/Product/Service	Employees
East Lyon			
Diversified Technologies (Sudenga)	George	Equipment Manufacturing	250
George-Little Rock Community School	George	Education	60
George-Little Rock Community School	Little Rock	Education	35
Good Samaritan Society	George	Non-Profit Senior Care Organization	55
Cooperative Farmers Elevator	George	Agriculture Cooperative	24
Lyon County	George/Little Rock	Government	19
Central Lyon			
Glyn Lyon	Rock Rapids	Education/Publishing	150
Central Lyon Community School	Rock Rapids	Education	120
Sanford Rock Rapids Medical Center	Rock Rapids	Healthcare	100
DGR Engineering	Rock Rapids	Engineering Services/Consulting	100
Lyon County	Rock Rapids/Doon/Alvord	Government	85
Rock Rapids Health Centre	Rock Rapids	Senior Care Organization	50
Lyon Specialty Care – Care Initiatives	Rock Rapids	Senior Care Organization	45
Sunshine Foods	Rock Rapids	Grocery Retail	40
Cooperative Farmers Elevator	Rock Rapids/Doon/Alvord	Agriculture Cooperative	43
Frontier Bank	Rock Rapids/Little Rock/George	Banking	36
LVO Manufacturing	Rock Rapids	Manufacturing	27
Rock Rapids City/Municipal	Rock Rapids	Government/Utilities	27
Simply Said	Rock Rapids	Design Manufacturing	25
Maintainer Custom Bodies	Rock Rapids	Manufacturing	25
West Lyon			
Grand Falls Casino & Golf Resort	Larchwood	Gaming, Hotel, Golf, Restaurant	480
Elanco Animal Health	Larchwood	Animal Health Research/Manufacturing	200
West Lyon Community School	Inwood	Education	130
Fellowship Village	Inwood	Nursing and Convalescent Home	72
Dutchland Frozen Foods	Lester	Frozen Food Manufacturer	30
DRG Mechanical	Lester/Larchwood/RR/George	HVAC	30
Cooperative Farmers Elevator	Larchwood/Inwood/Lester	Agriculture Cooperative	26
Agile Manufacturing/ Miller Loaders	Granite	Manufacturing	25
Lyon County	Larchwood/Inwood/Lester	Government	22
Richarz Repair	Larchwood	Diesel Mechanic Shop	21
Lester Feed & Grain	Lester/Edna	Agricultural	21
Note: Lyon County includes George/Little Rock in East Lyon; Rock Rapids, Doon and Alvord in Central Lyon; and Lester, Inwood and Larchwood in West Lyon. Cooperative Farmers Elevator has locations in George in East Lyon; Rock Rapids, Doon, Alvord in Central Lyon; and Lester, Inwood and Larchwood in West Lyon.			

Employer Survey

Maxfield Research surveyed representatives of the largest employers in Lyon County during October 2016. The questions covered topics such as recent trends in job growth, average wages and salaries, employee turnover, projected job growth. In addition, representatives were asked their opinion about issues related to housing in the area. Specifically, they were asked whether the current supply of housing in the area matches the needs of their workforce. The following points summarize the findings of this survey process.

- While a large number of the workforce comes from Lyon County, many employees commute from surrounding areas like South Dakota and Minnesota. Most employers said their employees commute from a 25 to 35-mile radius from their workplace.
- Hiring is expected to remain steady or increase over the next five years as service needs and business conditions dictate.
- There was a general consensus that most employees in the County currently own their homes, but many new employees relocating to Lyon County from other areas tend to rent at first.
- Several major employers have referred to the current rental stock in the area as dated or rundown. However, many employers agreed that most rental units attract tenants with low monthly rates.
- There appears to be a short supply of updated rental units in the area. Many of the rental units are older apartment complexes with limited amenities or medium to low value homes, which might not be desirable for a young professionals or families moving to the area.
- Many employers noted that although there have been a couple recent apartment developments built since the last Lyon County study, there is still a need for additional rental housing options throughout the county.

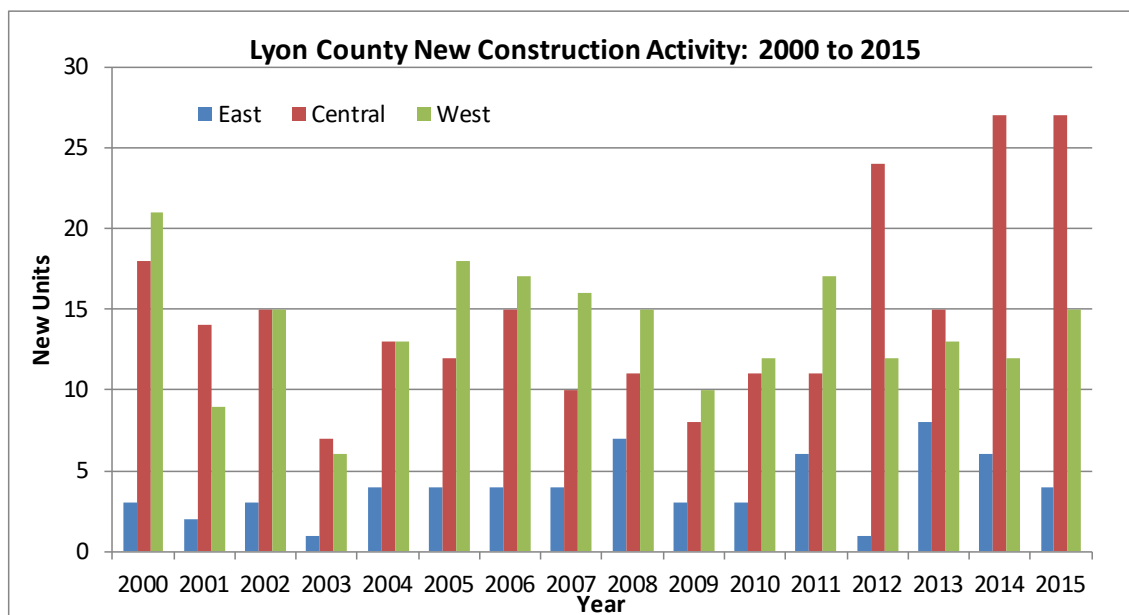
Introduction

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

Residential Construction Trends 2000 to Present

Maxfield Research obtained data on the number of new construction housing units from 2000 through 2016 from the Lyon County Assessor parcel database. Table HC-1 displays the number of units for new construction and the average assessed housing value.

- Between 2000 and 2016, Lyon County has averaged 32 new construction units a year. The new construction trends have fluctuated over the last 17 years, which peaked in 2015 (46 new construction units) and bottomed out in 2003 (14 new construction units). However, since 2009, new construction activity has steadily increased each year.
- Central Lyon County had the highest average number of new construction units with 15 units per year. West Lyon County was close behind with 13 units, while East Lyon County averaged a little over 4 new construction units per year.
- Almost 50% of the new construction activity between 2000 and 2015 occurred in the Central Lyon submarket.



HOUSING CHARACTERISTICS

TABLE HC-1
NEW CONSTRUCTION ACTIVITY
LYON COUNTY
2000 to 2016 (1st half)

Area	NUMBER OF UNITS																	Total
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	
George	1	0	2	1	2	3	4	3	3	1	2	4	1	2	1	0	0	30
Little Rock	2	2	1	0	2	1	0	1	4	2	1	2	0	1	0	0	0	19
Townships	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	5	4	3	17
East Total	3	2	3	1	4	4	4	4	7	3	3	6	1	8	6	4	3	66
Alvord	4	1	2	0	0	2	1	0	1	1	1	0	0	1	3	1	0	18
Doon	2	2	2	1	1	1	2	3	4	3	4	5	6	3	3	0	2	44
Rock Rapids	12	11	11	6	12	9	12	7	6	4	6	6	18	6	18	18	5	167
Townships	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	3	8	2	18
Central Total	18	14	15	7	13	12	15	10	11	8	11	11	24	15	27	27	9	247
Inwood	5	1	6	1	5	6	6	4	6	2	2	7	5	1	0	5	0	62
Larchwood	14	6	7	3	7	10	9	12	9	8	10	10	7	4	2	2	2	122
Lester	2	2	2	2	1	2	2	0	0	0	0	0	0	0	2	2	1	18
Townships	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8	8	6	4	26
West Total	21	9	15	6	13	18	17	16	15	10	12	17	12	13	12	15	7	228
Lyon Total	42	25	33	14	30	34	36	30	33	21	26	34	37	36	45	46	19	541

* 2016: January through June

Sources: City Clerks, Lyon County Assessor, Maxfield Research & Consulting, LLC.

American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2010 and 2014. It should be noted that all ACS surveys are subject to sampling error and uncertainty.

Tables HC-2 through HC-7 show key data from the American Community Survey for Lyon County. For a comparison, information for Lyon County is broken down by submarket.

Age of Housing Stock

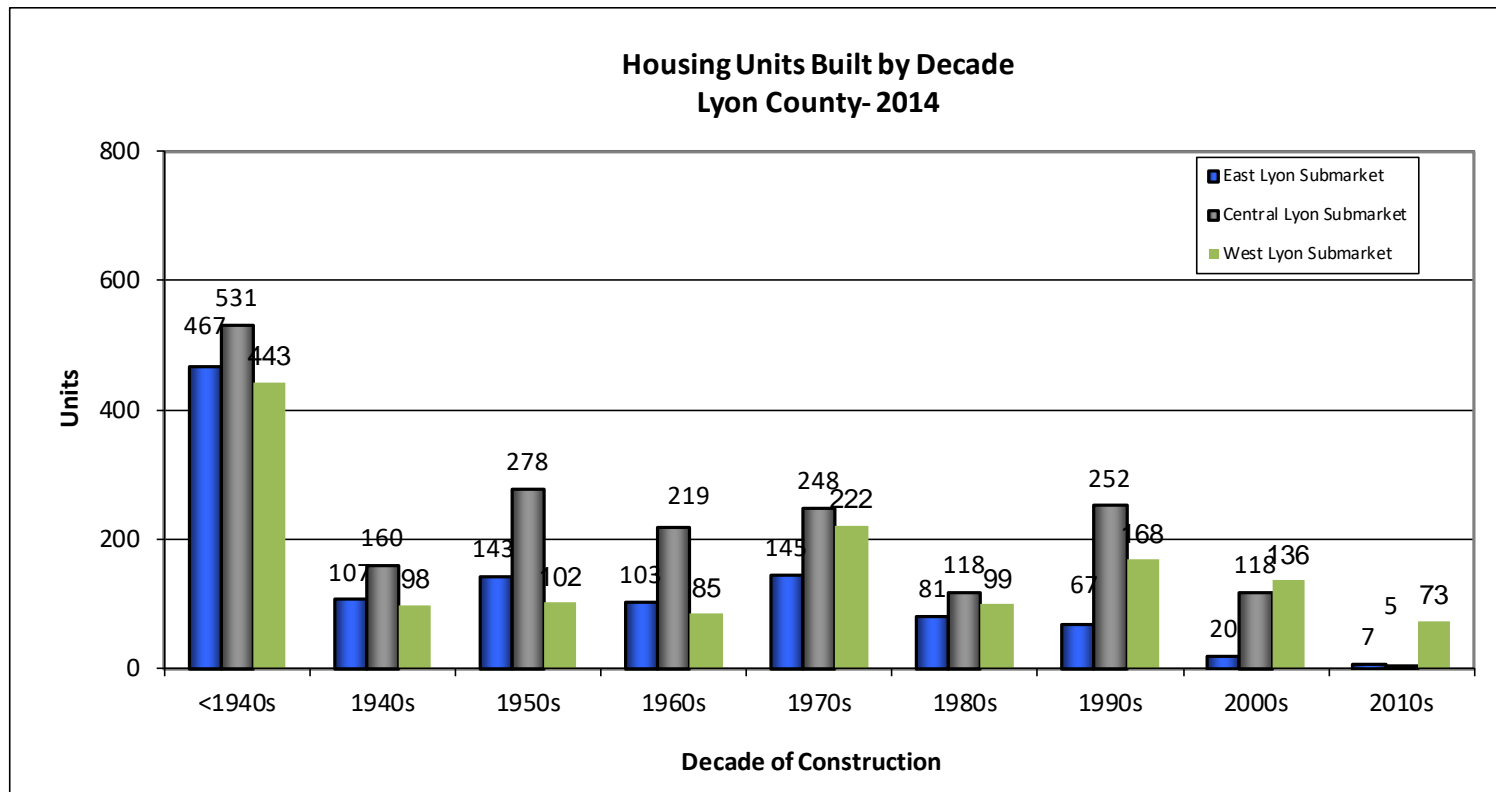
The following graph shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the American Community Survey (5-Year). Table HC-2 includes the number of housing units built in Lyon County, prior to 1940 and during each decade since.

- The greatest percentage of homes in Lyon County was built before the 1940s, which comprised 32.1% of the entire housing stock in the County. The second highest percentage of homes in Lyon County was built in the 1970s (13.7%).
- East Lyon County submarket has the highest proportion of older homes as 41% of the housing supply was built prior to 1940, followed by the West Lyon County submarket (31%).
- The ACS data does not reflect the new construction developments since our previous Lyon County study in 2013. Therefore, the numbers are understated for housing stock built between 2010 and 2014.

HOUSING CHARACTERISTICS

TABLE HC-2
AGE OF HOUSING STOCK
LYON COUNTY
2014

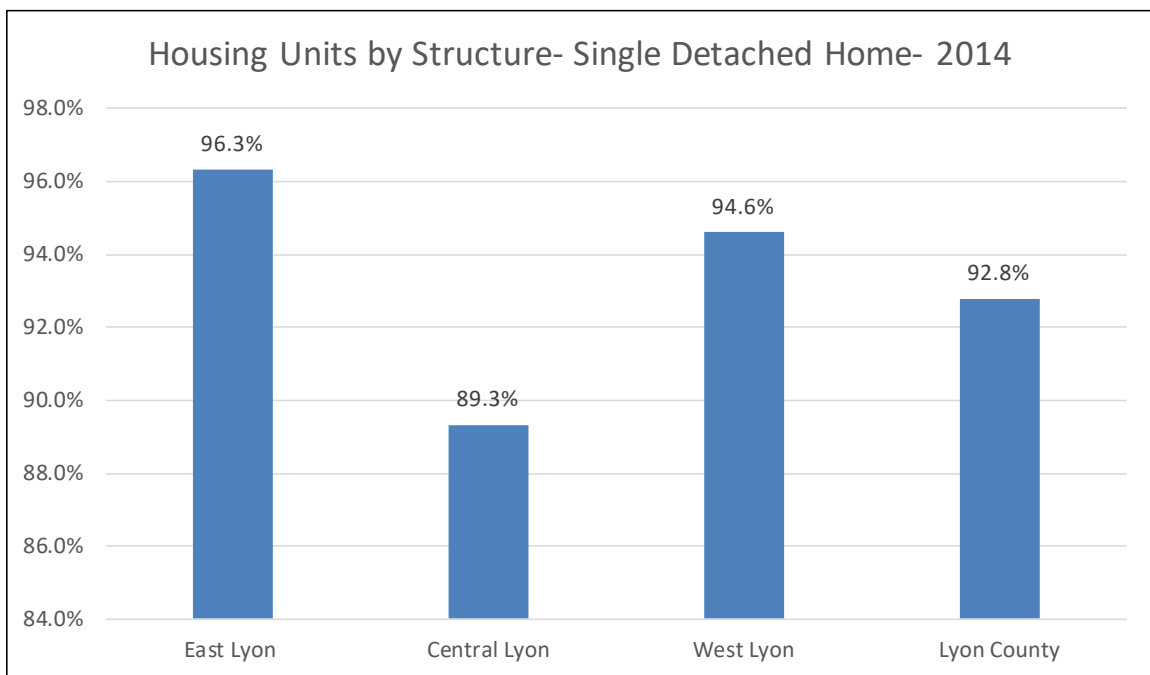
			Year Unit Built																	
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010s	
Total Units	Med. Yr. Built	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
EAST LYON SUBMARKET																				
Owner-Occupied	913	1949	369	40.4	101	11.1	123	13.5	78	8.5	87	9.5	74	8.1	54	5.9	20	2.2	7	0.8
Renter-Occupied	227	1960	98	43.2	6	2.6	20	8.8	25	11.0	58	25.6	7	3.1	13	5.7	0	0.0	0	0.0
Total	1,140	1951	467	41.0	107	9.4	143	12.5	103	9.0	145	12.7	81	7.1	67	5.9	20	1.8	7	0.6
CENTRAL LYON SUBMARKET																				
Owner-Occupied	1,548	1957	468	30.2	153	9.9	213	13.8	181	11.7	177	11.4	66	4.3	168	10.9	117	7.6	5	0.3
Renter-Occupied	381	1970	63	16.5	7	1.8	65	17.1	38	10.0	71	18.6	52	13.6	84	22.0	1	0.3	0	0.0
Total	1,929	1960	531	27.5	160	8.3	278	14.4	219	11.4	248	12.9	118	6.1	252	13.1	118	6.1	5	0.3
WEST LYON SUBMARKET																				
Owner-Occupied	1,232	1969	368	29.9	92	7.5	87	7.1	61	5.0	178	14.4	97	7.9	162	13.1	114	9.3	73	5.9
Renter-Occupied	194	1956	75	38.7	6	3.1	15	7.7	24	12.4	44	22.7	2	1.0	6	3.1	22	11.3	0	0.0
Total	1,426	1967	443	31.1	98	6.9	102	7.2	85	6.0	222	15.6	99	6.9	168	11.8	136	9.5	73	5.1
COUNTY TOTAL																				
Owner-Occupied	3,693	1957	1,205	32.6	346	9.4	423	11.5	320	8.7	442	12.0	237	6.4	384	10.4	251	6.8	85	2.3
Renter-Occupied	802	1965	236	29.4	19	2.4	100	12.5	87	10.8	173	21.6	61	7.6	103	12.8	23	2.9	0	0.0
Total	4,495	1958	1,441	32.1	365	8.1	523	11.6	407	9.1	615	13.7	298	6.6	487	10.8	274	6.1	85	1.9
State of Iowa	1,232,228	1967	316,652	25.7	72,632	5.9	136,352	11.07	132,971	10.79	184,001	14.93	90,121	7.3	135,972	11.0	148,032	12.0	15,495	1.257
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC																				



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

Table HC-3 shows the housing stock in Lyon County by type of structure and tenure based on the 2014 ACS.

- The dominant housing type in Lyon County is the single-family detached home, representing 93% of all housing units in the County.
- The East Lyon County and West Lyon County submarkets have the highest proportions of single-family detached housing, representing 96.3% and 94.6% of their respective housing inventories. Conversely, the Central Lyon County submarket has the smallest proportion of single-family detached housing at 89.3%.
- The majority of the housing units with two or more units are renter-occupied. Approximately 93% of housing with two or more units are renter-occupied. Central Lyon County submarket has the greatest proportions of multifamily units.



HOUSING CHARACTERISTICS

TABLE HC-3
HOUSING UNITS BY STRUCTURE & TENURE
LYON COUNTY
2014

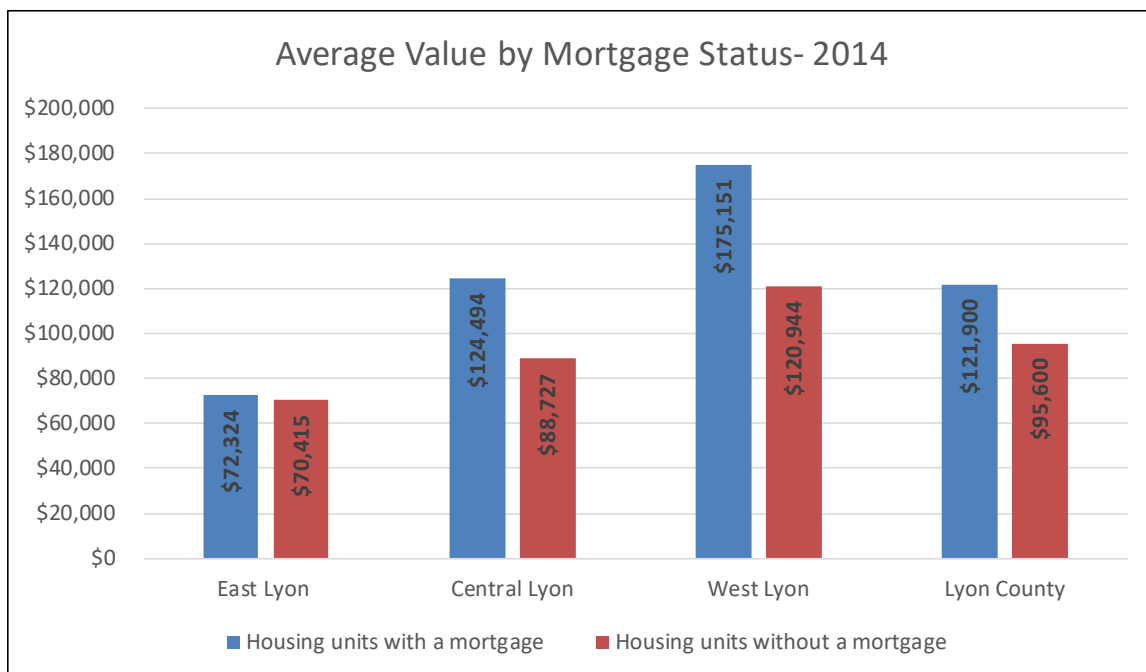
Units in Structure	EAST LYON SUBMARKET				CENTRAL LYON SUBMARKET				WEST LYON SUBMARKET				COUNTY TOTAL				State of Iowa	
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Pct.	Pct.
1, detached	903	98.9%	195	85.9%	1,497	96.7%	226	59.3%	1,212	98.4%	137	70.6%	3,612	97.8%	558	69.6%	90.4%	35%
1, attached	0	0.0%	3	1.3%	28	1.8%	13	3.4%	7	0.6%	0	0.0%	35	0.9%	16	2.0%	3.6%	5%
2	0	0.0%	6	2.6%	0	0.0%	15	3.9%	0	0.0%	2	1.0%	0	0.0%	23	2.9%	0.4%	7%
3 to 4	3	0.3%	17	7.5%	0	0.0%	19	5.0%	0	0.0%	12	6.2%	3	0.1%	48	6.0%	0.4%	10%
5 to 9	0	0.0%	6	2.6%	0	0.0%	16	4.2%	0	0.0%	15	7.7%	0	0.0%	37	4.6%	0.3%	12%
10 to 19	0	0.0%	0	0.0%	0	0.0%	34	8.9%	0	0.0%	2	1.0%	0	0.0%	36	4.5%	0.4%	12%
20 to 49	0	0.0%	0	0.0%	0	0.0%	41	10.8%	0	0.0%	0	0.0%	0	0.0%	41	5.1%	0.3%	11%
50 or more	0	0.0%	0	0.0%	0	0.0%	13	3.4%	0	0.0%	0	0.0%	0	0.0%	13	1.6%	0.2%	6%
Mobile home	7	0.8%	0	0.0%	23	1.5%	0	0.0%	13	1.1%	26	13.4%	43	1.2%	26	3.2%	3.9%	3%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	4	1.0%	0	0.0%	0	0.0%	0	0.0%	4	0.5%	0.0%	0%
Total	913	100%	227	100%	1,548	100%	381	100%	1,232	100%	194	100%	3,693	100%	802	100%	100%	100%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

Owner-Occupied Housing Units by Mortgage Status

Table HC-4 shows mortgage status and average values from the American Community Survey for 2014 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 55% of Lyon County homeowners have a mortgage. About 6% of homeowners with mortgages in Lyon County also have a second mortgage and/or home equity loan.
- The median value for homes with a mortgage for Lyon County homeowners was approximately \$121,900. The West Lyon County submarket had the highest median value at \$175,151 and East Lyon County had the lowest at \$72,324.



HOUSING CHARACTERISTICS

TABLE HC-4
OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS
LYON COUNTY
2014

Mortgage Status	EAST LYON SUBMARKET		CENTRAL LYON SUBMARKET		WEST LYON SUBMARKET		COUNTY TOTAL		Iowa
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Housing units without a mortgage	524	57.4	679	43.9	468	38.0	1,671	45.2	38.3
Housing units with a mortgage/debt	389	42.6	869	56.1	764	62.0	2,022	54.8	61.7
<i>Second mortgage only</i>	10	1.1	27	1.7	19	1.5	56	1.5	2.9
<i>Home equity loan only</i>	48	5.3	61	3.9	67	5.4	176	4.8	7.1
<i>Both second mortgage and equity loan</i>	1	0.1	4	0.3	0	0.0	5	0.1	0.4
<i>No second mortgage or equity loan</i>	330	36.1	777	50.2	678	55.0	1,785	48.3	51.4
Total	913	100.0	1,548	100.0	1,232	100.0	3,693	100.0	100.0
Median Value by Mortgage Status									
Housing units with a mortgage	\$72,324		\$124,494		\$175,151		\$121,900		\$136,400
Housing units without a mortgage	\$70,415		\$88,727		\$120,944		\$95,600		\$110,800
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC									

Owner-Occupied Housing Units by Value

Table HC-5 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- The median owner-occupied home in Lyon County was \$109,000.
- Median values in Lyon County range from a low of \$77,972 in the East Lyon County submarket to a high of \$154,338 in the West Lyon County submarket.
- Central Lyon County was slightly above the median value in Lyon County with a median home value of \$111,190.

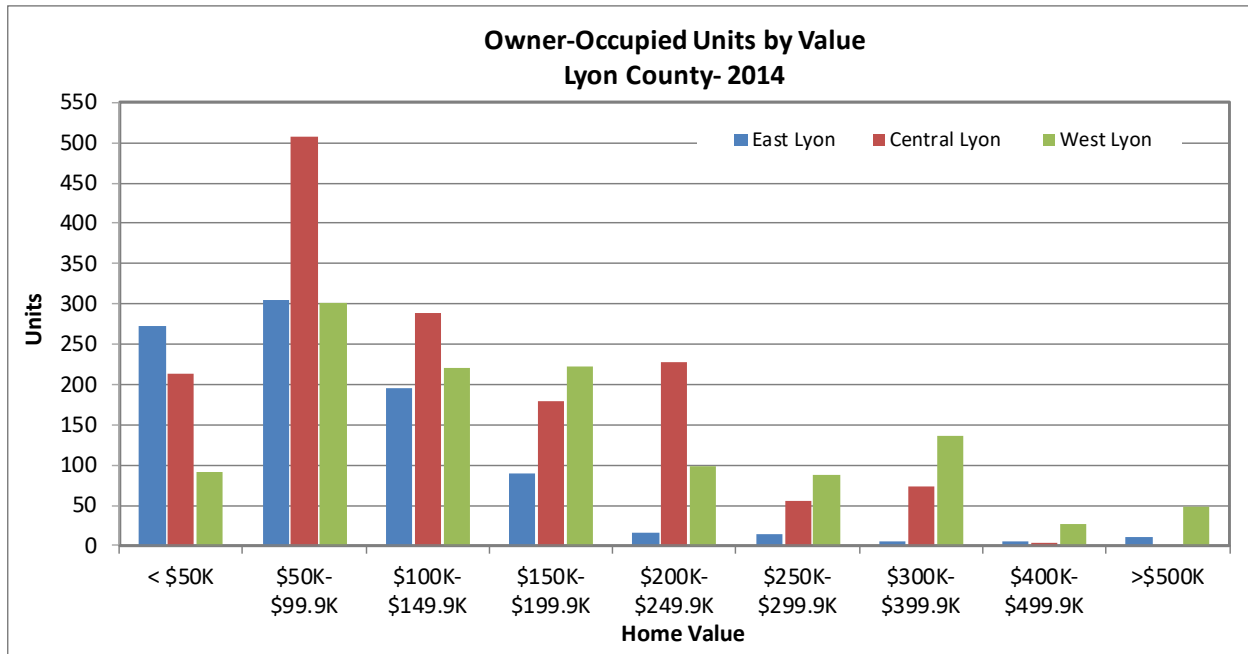


TABLE HC-5 OWNER-OCCUPIED UNITS BY VALUE LYON COUNTY 2014									
Home Value	EAST LYON SUBMARKET		CENTRAL LYON SUBMARKET		WEST LYON SUBMARKET		COUNTY TOTAL		IOWA
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Less than \$50,000	272	29.8	214	13.8	91	7.4	577	15.6	11.6%
\$50,000-\$99,999	304	33.3	508	32.8	301	24.4	1,113	30.1	25.0%
\$100,000-\$149,999	196	21.5	288	18.6	220	17.9	704	19.1	23.2%
\$150,000-\$199,999	89	9.7	180	11.6	223	18.1	492	13.3	16.9%
\$200,000-\$249,999	16	1.8	227	14.7	99	8.0	342	9.3	9.2%
\$250,000-\$299,999	14	1.5	55	3.6	88	7.1	157	4.3	5.6%
\$300,000-\$399,999	6	0.7	73	4.7	136	11.0	215	5.8	4.8%
\$400,000-\$499,999	5	0.5	3	0.2	26	2.1	34	0.9	1.6%
Greater than \$500,000	11	1.2	0	0.0	48	3.9	59	1.6	2.1%
Total	913	100.0	1,548	100.0	1,232	100.0	3,693	100.0	100.0
Median Home Value	\$77,972		\$111,190		\$154,338		\$109,000		\$126,300
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC									

Renter-Occupied Units by Contract Rent

Table HC-6 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- Between the Lyon County submarkets, Central Lyon has the highest number of renter-occupied units (381), while West Lyon has the lowest number with 194. East Lyon is in the middle with 227 renter-occupied units.
- Most of the submarkets have a high percentage of renters paying cash, ranging from 71.7% in West Lyon to 76.4% in Central Lyon.
- Approximately 43% of Lyon County renters paying cash have monthly rents ranging from \$250 to \$499, 19% had monthly rents ranging from \$500 to \$749, and 16% had monthly rents between \$0 and \$249.
- Housing units without payment of rent (“no cash rent”) make up 19.5% of Lyon County renters. Typically units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

TABLE HC-6 RENTER-OCCUPIED UNITS BY CONTRACT RENT LYON COUNTY 2014									
Contract Rent	EAST LYON SUBMARKET		CENTRAL LYON SUBMARKET		WEST LYON SUBMARKET		COUNTY TOTAL		IOWA
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
No Cash Rent	48	21.1	52	13.6	56	28.9	156	19.5	6.6
Cash Rent	179	78.9	329	86.4	138	71.1	646	80.5	93.4
\$0 to \$249	18	7.9	99	26.0	7	3.6	124	15.5	6.9
\$250-\$499	127	55.9	139	36.5	80	41.2	346	43.1	31.2
\$500-\$749	33	14.5	76	19.9	40	20.6	149	18.6	34.9
\$750-\$999	1	0.4	2	0.5	4	2.1	7	0.9	12.1
\$1,000+	0	0.0	13	3.4	7	3.6	20	2.5	8.2
Total	227	100.0	381	100.0	194	100.0	802	100.0	100.0
Median Contract	\$370		\$315		\$446		\$382		\$547
¹ Median contract rent subject to margin of error and includes subsidized projects									
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC									

Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in Lyon County. Topics covered include rental housing data from the American Community Survey, detailed information on individual rental developments in the Market Area, and a calculation of rental housing demand. Maxfield Research and Consulting LLC identified and surveyed larger rental properties of four or more units in Lyon County. In addition, interviews were conducted with real estate agents, developers, rental housing management firms, and others in the community familiar with Lyon County's rental housing stock.

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

Overview of Rental Market Conditions

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

Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2010-2014 ACS in Lyon County, broken down into three submarkets, in comparison to Iowa. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

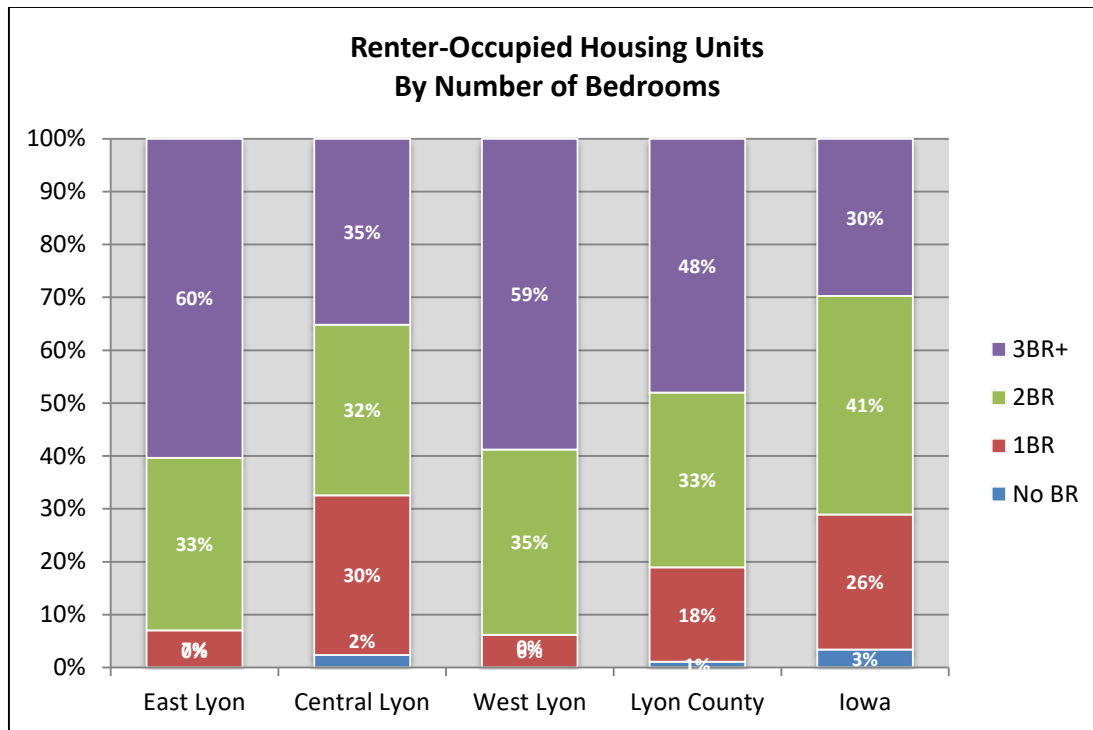
- Lyon County has relatively affordable rents when compared to Iowa. The median gross rent in the County is at \$563 which is 22% lower than the median rent of \$689 in Iowa. Rural communities often have lower rents than metropolitan areas due to wage rates and the age of rental properties in rural areas.
- Three bedroom or more units are the most common rental unit type in Lyon County, representing 48% of all occupied rental units in the County. However, in the State of Iowa, three bedroom or more units are the second most common (30%). In Iowa, two-bedroom units make up the largest percentage (41%).

RENTAL MARKET ANALYSIS

TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
LYON COUNTY
2014

	East Lyon		Central Lyon		West Lyon		Lyon County		Iowa
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	% of Total
Total:	227	100%	381	100%	194	100%	802	100%	100%
Median Gross Rent	n/a		n/a		n/a		\$563		\$689
No Bedroom	0	0%	9	2%	0	0%	9	1%	3%
Less than \$200	0	0%	0	0%	0	0%	0	0%	0%
\$200 to \$299	0	0%	0	0%	0	0%	0	0%	0%
\$300 to \$499	0	0%	0	0%	0	0%	0	0%	1%
\$500 to \$749	0	0%	9	2%	0	0%	9	1%	1%
\$750 to \$999	0	0%	0	0%	0	0%	0	0%	0%
\$1,000 or more	0	0%	0	0%	0	0%	0	0%	0%
No cash rent	0	0%	0	0%	0	0%	0	0%	0%
1 Bedroom	16	7%	115	30%	12	6%	143	18%	26%
Less than \$200	0	0%	13	3%	0	0%	13	2%	1%
\$200 to \$299	0	0%	26	7%	0	0%	26	3%	3%
\$300 to \$499	5	2%	49	13%	6	3%	60	7%	8%
\$500 to \$749	3	1%	20	5%	2	1%	25	3%	10%
\$750 to \$999	0	0%	0	0%	0	0%	0	0%	3%
\$1,000 or more	0	0%	0	0%	4	2%	4	0%	2%
No cash rent	8	4%	7	2%	0	0%	15	2%	0%
2 Bedrooms	74	33%	123	32%	68	35%	265	33%	41%
Less than \$200	0	0%	0	0%	0	0%	0	0%	0%
\$200 to \$299	3	1%	4	1%	4	2%	11	1%	1%
\$300 to \$499	46	20%	28	7%	11	6%	85	11%	4%
\$500 to \$749	23	10%	44	12%	24	12%	91	11%	17%
\$750 to \$999	0	0%	22	6%	10	5%	32	4%	12%
\$1,000 or more	0	0%	0	0%	8	4%	8	1%	5%
No cash rent	2	1%	25	7%	11	6%	38	5%	2%
3 or More Bedrooms	137	60%	134	35%	114	59%	385	48%	30%
Less than \$200	0	0%	6	2%	0	0%	6	1%	0%
\$200 to \$299	0	0%	11	3%	0	0%	11	1%	0%
\$300 to \$499	27	12%	4	1%	0	0%	31	4%	2%
\$500 to \$749	37	16%	58	15%	48	25%	143	18%	7%
\$750 to \$999	29	13%	4	1%	4	2%	37	5%	8%
\$1,000 or more	6	3%	31	8%	17	9%	54	7%	9%
No cash rent	38	17%	20	5%	45	23%	103	13%	4%

Sources: 2010-2014 American Community Survey; Maxfield Research and Consulting LLC



- Approximately 33% of the renter-occupied housing units in Lyon County have two bedrooms compared to 41% in Iowa. One-bedroom units comprise 18% of Lyon County's renter-occupied housing supply and units while only 1% of the renter-occupied units have no bedrooms. By comparison, roughly 26% of Iowa's renter-occupied housing units are one-bedroom and 3% have no bedrooms.
- Monthly gross rents in one-bedroom units in Lyon County range from less than \$200 to over \$1,000 with over 42% renting for between \$300 and \$499 per month. Approximately 18% have gross monthly rents between \$200 and \$299.
- Nearly 34% of the two-bedroom units in Lyon County have gross monthly rents ranging from \$500 to \$749, and 32% have a rental rate range of \$300 to \$499.
- Roughly 37% of the units with three or more bedrooms in Lyon County rent for between \$500 and \$749 per month. Nearly 14% have a rental rate range of \$750 to \$999 and 7% rent for \$1,000 or more per month.
- All of the units without a bedroom in Lyon County have gross monthly rents between \$500 and \$749.

General-Occupancy Rental Projects

Our research of Lyon County's general occupancy rental market included a survey of 12 market rate apartment properties (4 units and larger) and one affordable/subsidized communities in October 2016. These projects represent a combined total of 120 units, including 84 market rate units and 36 affordable/subsidized units. Although we were able to contact and obtain up-to-date information on the majority of rental properties, there were some projects we were unable to reach.

At the time of our survey, one market rate unit and no affordable/subsidized units were vacant, resulting in an overall vacancy rates of 1.2% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 1.2% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

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

Market Rate

- 502 2nd Ave in Rock Rapids, constructed in 2015, is the newest market rate rental complex in Lyon County. Overall, Lyon County's rental housing stock median year built for all units is 1977.
- A total of one vacancy was found, resulting in a vacancy rate of 1.2% as of October 2016. It should be noted that vacancy numbers are subject to change on a weekly basis. According to the rental owner, the vacancy was due to recent move-outs and they do not anticipate their units remaining open.
- Nearly 82% of the market rate units in Lyon County are two-bedroom units. The unit breakout by unit type is summarized below.
 - Efficiency units: 0 | 0%
 - One-bedroom units: 12 | 18%
 - Two-bedroom units: 56 | 82%
 - Three-bedroom units: 0 | 0%
- The following is the monthly rent ranges and average rent for each unit type:
 - Efficiency units: not available
 - One-bedroom units: \$500 to \$525
 - Two-bedroom units: \$550 to \$650
 - Three-bedroom units: not available

RENTAL MARKET ANALYSIS

TABLE R-2
MARKET RATE GENERAL OCCUPANCY RENTAL BUILDINGS IN LYON COUNTY
October 2016

Building Name/Address	Submarket	Year Built	Total Units	Vacant Units	Unit Mix	Monthly Rents	Unit Sizes (Sq. Ft.)	Tenant Profile	Description/Comments
502 2nd Ave 502 2nd Ave Rock Rapids	Central	2015	10	0	4 - 1BR 6 - 2BR	\$525 - \$525 \$625 - \$625	625 - 625 975 - 975	Mix of all ages.	Fully leased before open. Garages are \$75 and storage units are \$45. In-unit laundry in most units.
Oaks Apartments 905 First Avenue Rock Rapids	Central	1977	12	0	1 - 1BR 11 - 2BR	\$525 \$570 - \$570	n/a n/a	Mostly singles.	About 2-3 units turnover per year. Landlord pays water and garbage, tenant pays heat, electricity, and cable. Includes single car garage.
Macnab Apartments 308 S 5th Avenue Rock Rapids	Central	1974	10	1	5 - 1BR 5 - 2BR	n/a n/a	n/a n/a	Mostly seniors and singles.	2-story building. Detached garage included in the rent.
Countryview Estates 219 Buncombe Drive Rock Rapids	Central	1978	8	0	8 - 2BR	\$590 - \$590	850	Mix of all types.	Detached garage included in the rent. Water, sewer, and trash included as well.
MT Enterprises 501 South 3rd Ave. Rock Rapids	Central	1992	4	0	4 - 2BR	\$550	950	n/a	Detached garage included in the rent.
505 S 10th street 505 S 10th street Rock Rapids	Central	n/a	4	0	2 - 1BR 2 - 2BR	\$500 \$550	n/a n/a	n/a n/a	Detached garage included in the rent.
Snyders Properties 1214-1217 Carter Street Larchwood	West	n/a	12	0	12 - 2BR	\$550	n/a	Mix of all types.	Three 4-plexes, all two-bedroom units. Landlord pay heat and water. Single attached garage included in the rent.
Pearson Inc. 1309 Geiser Street Larchwood	West	1966	4	n/a	4 - 2BR	n/a	n/a	n/a	n/a
Snyders Property Carter Street Larchwood	West	2015	4	0	4 - 2BR	\$650	n/a	Mix of all types.	Landlord pay heat and water.
J R B Rentals 301 Virginia South George	East	1975	4	n/a	n/a	n/a	n/a	n/a	n/a
402 North 1st Street Doon	Central	n/a	8	n/a	n/a	n/a	n/a	n/a	n/a
301 Main Street Doon	Central	1965	4	n/a	n/a	n/a	n/a	n/a	n/a
Total/Average			84	1	1.2%				

*Vacancy rate does not include properties that did not participate in Lyon County study.

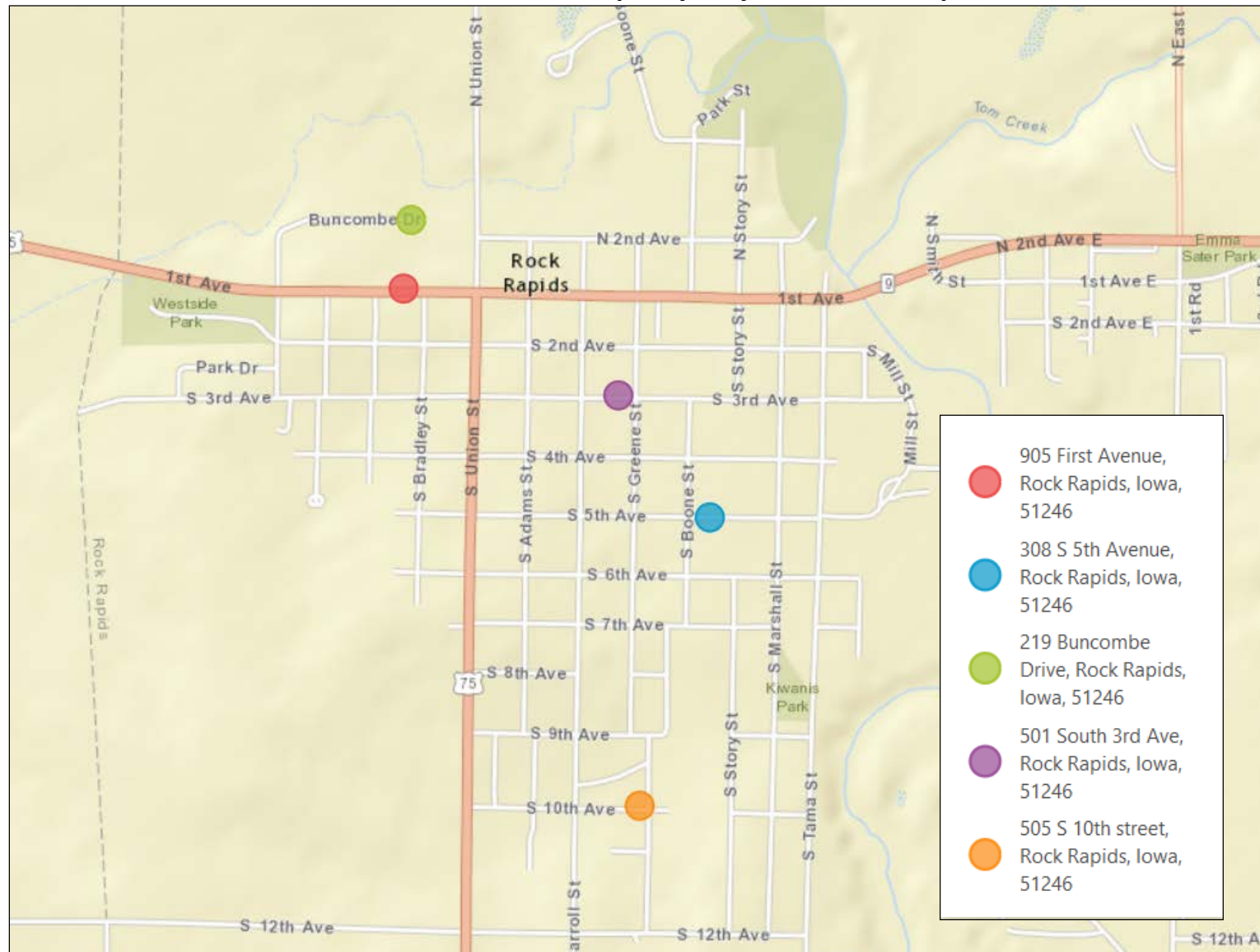
Source: Maxfield Research and Consulting LLC

RENTAL MARKET ANALYSIS

TABLE R-3
AFFORDABLE/SUBSIDIZED GENERAL OCCUPANCY RENTAL BUILDINGS IN LYON COUNTY
October 2016

Project Name/ Address	Submarket	Year Built	No. of Units	Vacant	Unit Mix	Rents	Unit Size (Sq. Ft.)	Tenant Profile	Subsidy Program/Comments
Subsidized									
RRMHA	Central	1980	36	0	19 - 2BR	30% AMI	932 - 984	Mix of all types.	Units are spread across 17 buildings.
Multiple Sites					13 - 3BR	30% AMI	1,066		
					4 - 4BR	30% AMI	1,280		
Affordable									
None.									
Affordable/Subsidized Total			36	0	0%				
Source: Maxfield Research and Consulting LLC									

Market Rate General Occupancy Projects in Rock Rapids



Select market rate general occupancy rental projects in Rock Rapids



502 2nd Ave in Rock Rapids



Market-Rate GO Rental in Rock Rapids



Market-Rate GO Rental in Rock Rapids

- The majority of the properties surveyed have an air conditioner, refrigerator, stove, storage, and common area laundry. In-unit washer and dryers has become the norm in new apartment developments constructed today. The new 502 2nd Ave project has in-unit laundry in most units.
- A large number of properties have included either a detached or attached garage in their total rent per month. Although, utility packages differ from property to property, it was common for tenants to pay heat, electricity, and cable. In most cases, water, sewer, and trash were included in the monthly rent.

Rental Market Comparison to Previous Lyon County Study 2013

- Rents have increased since the last Lyon County study (2013). One-bedroom units averaged \$333 in 2013, and have increased to an average of \$512 in 2016. Two-bedroom units averaged \$475 in 2013, and have increased to an average of \$575 in 2016.
- Vacancy rates have dropped considerably since our last study. In 2013, market rate developments had a vacancy rate of 5.9%. In 2016, vacancy rates have dropped to 1.2%.
- The table below shows a rent comparison by bedroom type in 2013 and 2016 in Lyon County.

FIGURE 1 RENT SUMMARY LYON COUNTY SURVEYED MARKET RATE RENTAL DEVELOPMENTS OCTOBER 2016						
Lyon County	2013			2016		
	Average Rent			Average Rent		
	1BR	2BR	3BR	1BR	2BR	3BR
	\$333	\$475	na	\$512	\$575	na
Source: Maxfield Research and Consulting LLC						

Single-Family Home Rentals

- Single-family home rentals are very popular rental option in the City in Rock Rapids and throughout Lyon County. Table HC-3 in the Housing Characteristics section shows housing units by structure in 2014. The table shows nearly 59% of all renter-occupied housing units in Rock Rapids are single-family detached homes.
- According to single-family home rental owners, prices can vary greatly based on the condition of the home. Older homes which have less renovation are renting for \$425 for a two-bedroom. Full renovated homes in nice neighborhoods are renting for \$770 for a two-bedroom.

Affordable/Subsidized

In addition to subsidized apartments, the Northwest Iowa Regional Housing Authority also has a “tenant-based” subsidy called *Housing Choice Vouchers* to help lower income households find affordable housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development’s (HUD), and is managed by the Northwest Iowa Regional Housing Authority. Under the Housing Choice Voucher program (formerly Section 8 Certificates and Vouchers), qualified households are issued a voucher that the household can take to an apartment that

has rent levels allowable under HUD guidelines. The household then pays 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. Applicants in Lyon County may be eligible for the program if their income is below the current limits shown in Table R-4, which are set by HUD on an annual basis (50% of the median family income for a geographical area – or “Very Low-Income”).

- There is one income-restricted project in Lyon County with 36 total units. As of October 2016, there were no vacancies. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The low vacancy rates in the market indicate pent-up demand for affordable and subsidized units and also are an indication of the current economic climate in the area.
- Rock Rapids Municipal Housing units were built in 1980. The units are spread across 17 buildings in the City of Rock Rapids. There are no vacancies at these properties.
- Unit sizes range from 932 to 984 sq. ft. for one-bedroom units. Two-bedroom unit sizes are 1,066 sq. ft. and three-bedroom unit sizes are 1,280 sq. ft.
- In 2016, the Northwest Iowa Regional Housing Authority averages 11 vouchers per month in Lyon County.

RENTAL MARKET ANALYSIS

**TABLE R-4
HUD INCOME AND RENT LIMITS
LYON COUNTY- 2016**

	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$13,470	\$15,390	\$17,310	\$19,230	\$20,790	\$22,320	\$23,850	\$25,410
50% of median	\$22,450	\$25,650	\$28,850	\$32,050	\$34,650	\$37,200	\$39,750	\$42,350
60% of median	\$26,940	\$30,780	\$34,620	\$38,460	\$41,580	\$44,640	\$47,700	\$50,820
80% of median	\$35,920	\$41,040	\$46,160	\$51,280	\$55,440	\$59,520	\$63,600	\$67,760
100% of median	\$44,900	\$51,300	\$57,700	\$64,100	\$69,300	\$74,400	\$79,500	\$84,700
120% of median	\$53,880	\$61,560	\$69,240	\$76,920	\$83,160	\$89,280	\$95,400	\$101,640
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$336	\$384	\$432	\$480	\$519			
50% of median	\$561	\$641	\$721	\$801	\$866			
60% of median	\$673	\$769	\$865	\$961	\$1,039			
80% of median	\$898	\$1,026	\$1,154	\$1,282	\$1,386			
100% of median	\$1,122	\$1,282	\$1,442	\$1,602	\$1,732			
120% of median	\$1,347	\$1,539	\$1,731	\$1,923	\$2,079			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$438	\$484	\$619	\$768	\$877			

Sources: HUD, Novogradac, Maxfield Research and Consulting LLC

Introduction

This section provides an assessment of the market support for senior housing (active adult, congregate, assisted living, memory care, and skilled nursing care) in Lyon County. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the County. Our assessment concludes with an estimation of the proportion of County demand that could be captured by senior housing communities located in Lyon County.

Senior Housing Defined

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

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

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

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

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

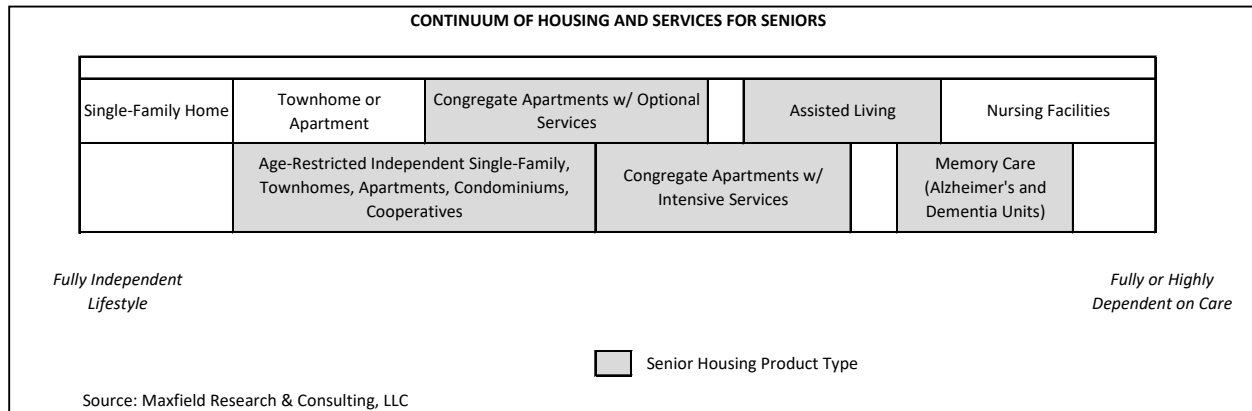
Memory Care; where more rigorous and service-intensive personal care is required for people with dementia and Alzheimer’s disease. Typically, support services and meal plans are similar to those found at assisted living facilities, but the heightened levels of personalized care demand more staffing and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

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

SENIOR HOUSING ANALYSIS

though assisted living projects sometimes serve non-elderly people with special health considerations.

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



Senior Housing in Lyon County

As of October 2016, Maxfield Research identified five senior housing developments in Lyon County. Combined, these projects contain a total of 109 units. Four of the projects are market rate. Tables S-1 and S-2 provide information on the market rate and subsidized projects. Information in the table includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each project.

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

Affordable/Subsidized Senior Housing Projects

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30% of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable projects are typically tax-credit projects that are limited to households earning less than 80% of Lyon County's area median income.
- .

SENIOR HOUSING ANALYSIS

TABLE S-1 SENIOR HOUSING PROJECTS LYON COUNTY October 2016								
Project Name	Submarket	Year Built	No. of Units	No. Vac.	Unit Mix	Unit Sizes (Sq. Ft.)	Entry Fee/Sales Price Monthly Rents/Fees	Comments
Active- Adult Projects								
Good Samaritan Society- George 324 1st Ave North George	East	n/a	11	n/a	9 - 1BR 2 - 2BR	n/a n/a	n/a n/a	All utilities included except for telephone. Lawn mowing, snow removal, and maintenance is included in the rent as well. 11 units spread across 3 different buildings.
Rock Rapids Investments Bradley Street Rock Rapids	Central	2015	5	0	5 - 2BR	1,070 - 1,170	\$800 - \$945	Age restricted for 50+. Units include garage. Snow removal and lawncare included.
Total Adult/Few Services Units			16	0	0.0%			
Subsidized Active- Adult Projects								
Rosewood Heights Apartments 1202 South 3rd Avenue Rock Rapids	Central	1976	56	21	56 - 1BR	520 - 520	30% AGI Market rent \$636	Housing for elderly and disabled. Struggling to fill units, vacancy rate has been high for years.
Total Subsidized Adult/Few Services Units			56	21	37.5%			
Congregate Optional Service Projects								
The Village Inn 300 East Jefferson Street Inwood	West	1998	8	0	2 - 1BR 2 - 1BR/D 1 - 2BR 2 - 2BR/Suite 1 - 2BR/ Enhanced	n/a n/a n/a n/a n/a	\$1,206 \$1,489 \$1,489 \$1,890 \$1,606	Heat, electricity, water, and garbage included in the rent. Garage is optional for an additional \$50/month. Cable TV is optional for \$25/month.
Total Congregate Units			8	0	0.0%			
Assisted Living Projects								
Premier Estates 1510 South Carroll Street Rock Rapids	Central	1999	29	4	19 - EFF 5 - 1BR 6 - 2BR	n/a n/a n/a	\$2,800 - \$2,900 \$3,061 - \$3,147 \$3,376 - \$3,376	All utilities included in the rent except for phone and cable.
Total Assisted Living Units			29	4	13.8%			
Memory Care Projects								
None.								
Total Memory Care Units			0					
^ Facility is licensed as a board and care and assisted living facility								
Source: Maxfield Research and Consulting LLC								

SENIOR HOUSING ANALYSIS

TABLE S-2
AMENITY COMPARISON
COMPETITIVE SENIOR PROJECTS
LYON COUNTY
October 2016

	Amenities/Features:																		
	<i>Emer. Call</i>	<i>A/C</i>	<i>Dishwasher</i>	<i>Disposals</i>	<i>Balc./Patio</i>	<i>Walk-in Closet</i>	<i>In Unit Laundry</i>	<i>Storage</i>	<i>Comm. Rm.</i>	<i>Exercise Rm.</i>	<i>Activity Rm.</i>	<i>Salon</i>	<i>Library</i>	<i>Game Rm.</i>	<i>Terrace/porch</i>	<i>Guest Suites</i>	<i>Parking</i>	<i>Other</i>	
Active Adult-Few Services																			
Good Samaritan- George	Y	Y	Y	N	N	N	Y	N	Y	N	N	N	N	N	N	N	Surface		
Rock Rapids Investments	N	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	Y	N	Detached		
Subsidized Adult-Few Services																			
Rosewood Heights Apartments	N	Y	N	N	Y	N	N	N	Y	N	N	N	N	N	N	N	Surface		
Congregate Optional Services																			
The Village Inn	Y	Y	Y	N	N	N	Y	N	Y	N	Y	Y	N	N	N	N	Detached		
Assisted Living Services																			
Premier Estates	Y	Y	N	N	N	N	N	Y	Y	N	Y	N	N	Y	N	Y	Detached		
Source: Maxfield Research and Consulting LLC																			

SENIOR HOUSING ANALYSIS

**TABLE S-3
SERVICES COMPARISON
COMPETITIVE SENIOR PROJECTS
LYON COUNTY
October 2016**

	Utilities	Transportation	Activities	Meal Program	Hskpg.	Health/Misc.
Active Adult/Few Services						
Good Samaritan Society- George	All utilities included except telephone.	None.	Available at nursing home.	None. Meals on Wheels is available.	None.	None.
Rock Rapids Investments	None.	None.	None.	Meals on Wheels is available.	None.	Lawn-care and snow removal is included
Subsidized Adult/Few Services						
Rosewood Heights Apartments	All utilities included except telephone.	Coordinated by staff.	Coordinated by staff.	Noon meal	Coordinated by staff.	None.
Congregate Optional Services						
The Village Inn	All utilities included except telephone and cable.	Coordinated by staff.	Coordinated by staff.	One meal daily	Two times/month	24 hour on-site staff
Assisted Living						
Premier Estates	All utilities included except telephone and cable.	Coordinated by staff.	Coordinated by staff.	3 meals daily	Coordinated by staff.	24 hour on-site staff
Source: Maxfield Research and Consulting LLC						

SENIOR HOUSING ANALYSIS

- There are a total of 56 units in one subsidized senior project. As of October 2016, 21 units were vacant resulting in a vacancy rate of 37%. The *Rosewood Heights* Housing Director has said they have had a high vacancy rate for years and does not believe there is a demand for subsidized senior housing in the area.
- *Rosewood Heights Apartments*, the sole subsidized senior rental complex in Rock Rapids, has 56 one-bedroom units that are 520 square feet and was built in 1976.

All utilities are included in the rent except for telephone. Amenities include standard appliances, elevators, on-site laundry facility, and off street parking. Services include noon meal program, bus transportation service, on-site property manager, and 24-hour maintenance department

Select Senior Housing Projects

The following are photographs of the senior housing facilities in Rock Rapids:



Rock Rapids Investments



Rosewood Heights



Premier Estates

Active Adult Senior Projects

- There are two active adult senior rental development located in Lyon County, *Rock Rapid Investments* and *Good Samaritan Society- George*. *Rock Rapid Investments* has five two-bedroom units. Rent ranges from \$800 to \$945 per month for a two-bedroom unit.
- As of October 2016, *Rock Rapids Investments*, had zero vacancies.
- *Rock Rapids Investments* is the newest senior rental property in Lyon County. Rent includes snow removal and lawn care services.

Congregate Senior Projects

- There is one congregate senior rental development located in Lyon County. Rent ranges from \$1,206 to \$1,489 per month for a one-bedroom unit and \$1,489 to \$1,606 per month for a two-bedroom unit.
- *The Village Inn*, an 8-unit facility, had no vacancies as of October 2016.
- All utilities are included in the rent except for telephone and cable. Amenities include medical alert system, laundry facilities, housekeeping, one meal daily, hair salon, massage therapy, and activities are available throughout the week as well.

Assisted Living

- Lyon County has one assisted living facility with 29 units. *Premier Estates* has nineteen efficiency units, five one-bedroom units, and six two-bedroom units. Rent ranges from \$2,800 to \$2,900 per month for an efficiency unit and \$3,061 to \$3,147 per month for a one-bedroom unit. Two-bedroom units are rented at \$3,376 per month.
- *Premier Estates*, had four vacancies as of October 2016, resulting in a vacancy rate of 13.8%.
- All utilities are included in the rent except for telephone and cable. Amenities include large suites with kitchenettes, personal call system, garden, dining room, physical therapy, three meals a day, and medication management.

Introduction

Maxfield Research and Consulting LLC analyzed the for-sale housing market in Lyon County by analyzing data on single-family and multifamily home sales and active listings; inventorying the vacant lot supply in Lyon County; identifying pending for-sale developments; and conducting interviews with local real estate professionals, developers and planning officials.

Overview of For-Sale Housing Market Conditions

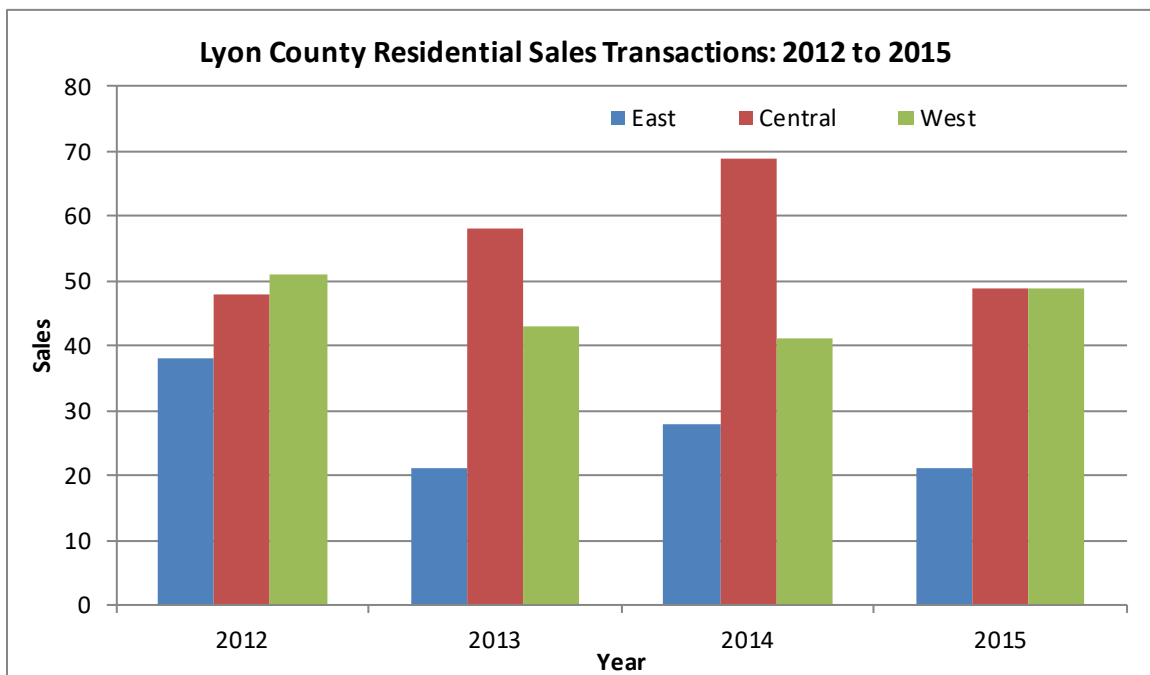
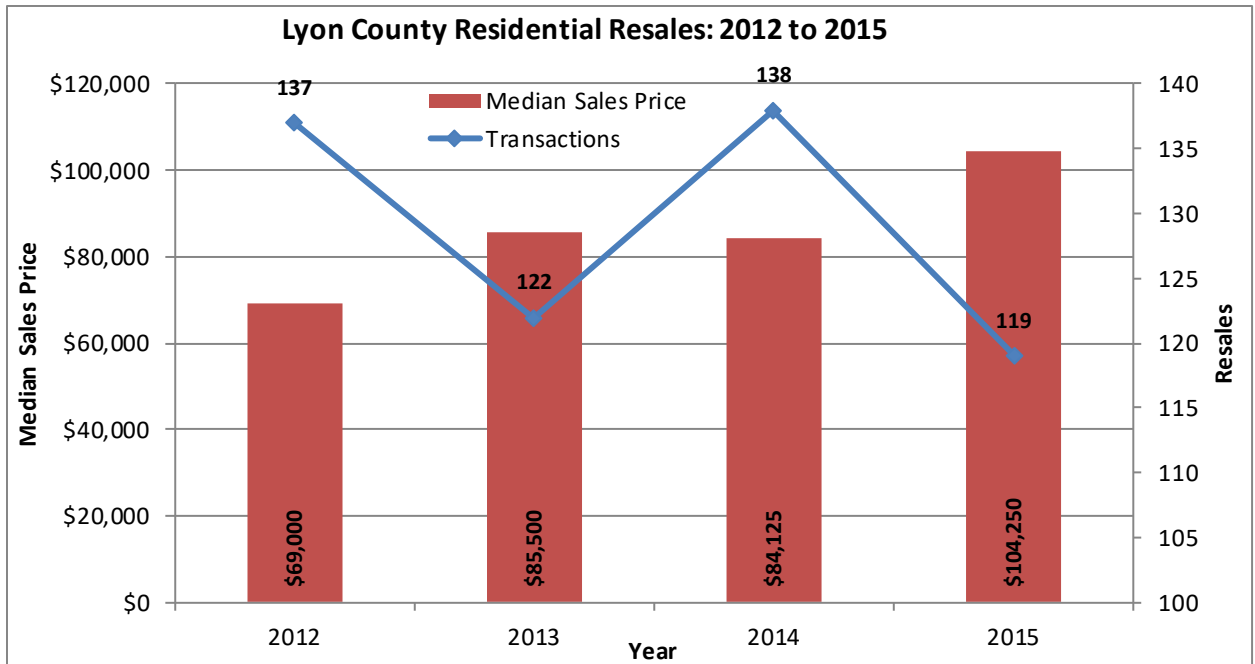
Table FS-1 presents home resale data on single-family and multifamily housing in Lyon County from 2012 through 2015. The data was obtained from the Lyon County Assessor and shows annual number of sales and median and average pricing. The following are key points observed from our analysis of this data.

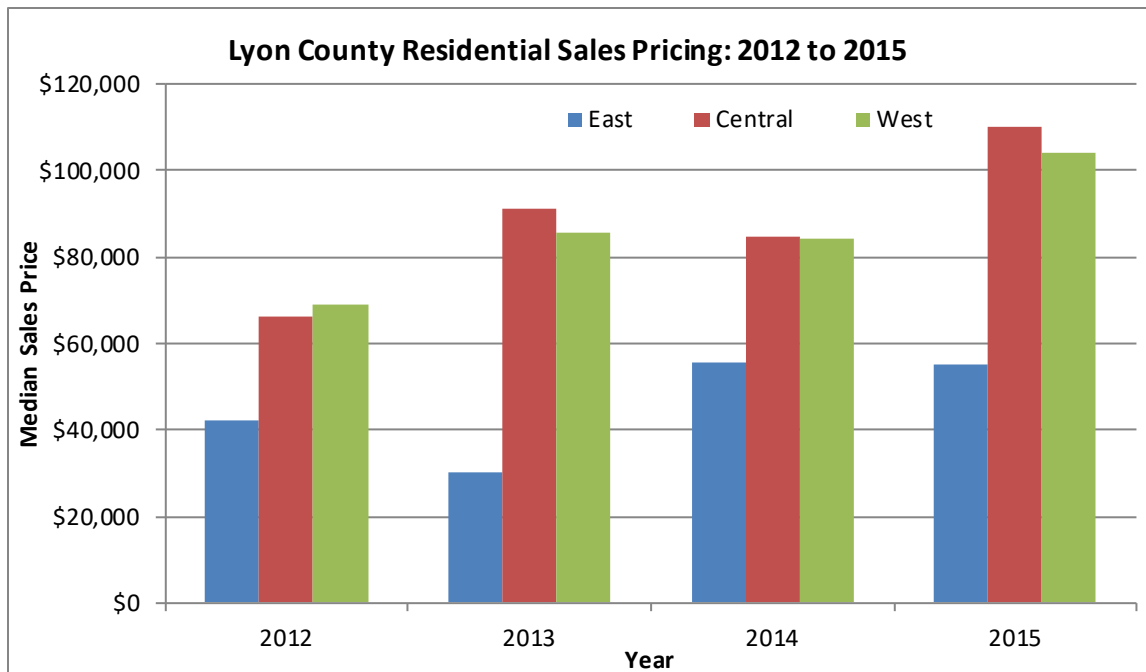
- Over the past eight years Lyon County has averaged about 130 resales annually. Transaction activity peaked in 2014 with 138 resales. The lowest resale activity over the past four years occurred in 2015 when 19 transactions occurred.
- Lyon County's median sale price was about \$104,000 in 2015, surpassing the \$100,000 barrier for the first time. The median sales price increased by over \$20,000 (24%) between 2014 and 2015.
- Through the first half of 2016, Lyon County's median sale price continued to increase to \$110,000. Compared to a median sales price of \$69,000 in 2012; Lyon County pricing has increased by 59% since 2012.
- Historically the Central Submarket has the highest number of resales annually; averaging about 44% of the total transaction volume in the County. The East Submarket has the lowest number of transactions; accounting for about 21% of resale activity.
- Median sales prices have averaged between \$85,700 and \$87,900 in the West Submarket and Central Submarket, respectively. The median price in the East Submarket has averaged about \$45,600.
- Larchwood, in the West Submarket, had the highest median price for a city in 2015 at \$121,000. However, the West Submarket townships had a median sales price of nearly \$260,000; most of these homes are just outside of Larchwood municipal limits.

FOR-SALE MARKET ANALYSIS

TABLE FS-1
RESIDENTIAL RESALES
LYON COUNTY
2012 to 2016 (YTD)

Year		East				Central					West					Total
		George	Little Rock	Townships	East Total	Alvord	Doon	Rock Rapids	Townships	Central Total	Inwood	Larchwood	Lester	Townships	West Total	Cty. Total
2012	Number	23	12	3	38	2	8	36	2	48	20	15	4	12	51	137
	Average	\$64,054	\$31,064	\$85,667	\$55,446	\$51,250	\$94,563	\$68,054	\$172,750	\$76,134	\$103,301	\$106,789	\$65,600	\$172,125	\$118,823	\$86,287
	Median	\$59,000	\$19,500	\$62,000	\$42,000	\$51,250	\$93,000	\$65,000	\$172,750	\$66,000	\$92,450	\$99,900	\$65,250	\$183,000	\$96,000	\$69,000
2013	Number	12	6	3	21	3	9	42	4	58	17	16	1	9	43	122
	Average	\$36,079	\$36,750	\$128,167	\$49,426	\$49,333	\$111,200	\$97,584	\$246,750	\$107,489	\$77,635	\$116,656	\$45,000	\$101,411	\$96,372	\$93,576
	Median	\$28,125	\$29,750	\$160,000	\$30,000	\$50,000	\$126,900	\$89,750	\$232,500	\$91,000	\$75,000	\$115,000	\$45,000	\$90,000	\$89,000	\$85,500
2014	Number	18	5	5	28	3	6	57	3	69	20	11	2	8	41	138
	Average	\$61,972	\$33,000	\$118,900	\$67,018	\$83,667	\$91,667	\$97,402	\$165,333	\$99,260	\$88,345	\$138,755	\$68,250	\$208,113	\$124,259	\$100,145
	Median	\$61,250	\$45,000	\$98,000	\$55,500	\$85,000	\$85,000	\$79,500	\$167,000	\$84,750	\$96,000	\$130,000	\$68,250	\$218,500	\$114,500	\$84,125
2015	Number	14	5	2	21	3	11	34	1	49	18	17	7	7	49	119
	Average	\$63,893	\$38,400	\$74,500	\$58,833	\$136,667	\$111,682	\$138,245	\$325,000	\$135,996	\$99,014	\$142,850	\$160,438	\$333,929	\$156,557	\$130,845
	Median	\$64,000	\$25,000	\$74,500	\$55,000	\$110,000	\$89,000	\$127,000	\$325,000	\$110,210	\$90,000	\$117,350	\$145,000	\$342,500	\$125,000	\$104,250
2016 YTD	Number	7	4	2	14	3	2	24	2	31	11	9	2	6	28	73
	Average	\$87,929	\$65,250	\$115,000	\$83,929	\$48,667	\$82,500	\$111,771	\$137,500	\$105,436	\$107,900	\$121,683	\$73,000	\$237,167	\$137,538	\$113,624
	Median	\$59,000	\$54,000	\$115,000	\$63,750	\$48,000	\$82,500	\$100,500	\$137,500	\$91,000	\$125,000	\$121,000	\$73,000	\$259,500	\$126,500	\$110,000
Sources: Lyon County Assesor Parcel Database, Maxfield Research & Consulting, LLC																





Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Lyon County, we reviewed the current supply of homes on the market (listed for sale). Table FS-2 shows homes currently listed for sale in the three Lyon County Submarkets distributed into seven price ranges. The data was provided by a number of local real estate companies throughout Lyon County. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table FS-3 shows listings by home style (i.e. one-story, two-story, townhome, condominium). The following points are key findings from our assessment of the active single-family and multifamily homes listed in Lyon County.

- As of August 2016, there were 41 homes listed for sale in Lyon County. Over 55% of the listings were located in the Central Submarket (23 listings), while the East Submarket had the lowest number (4 listings).
- The average and median list price for Lyon County homes was \$140,094 and \$125,000, respectively. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.
- Based on a median list price of \$125,000, a household would need an income of about \$41,000 in order to afford to make monthly housing payments of about \$1,025 (assum-

FOR-SALE MARKET ANALYSIS

ing a 10% down payment, 3.5% 30-year fixed mortgage). A household with significantly more equity (in an existing home and/or savings) could put more than 10% down and afford a higher priced home. About 56% of Lyon County households have annual incomes at or above \$41,000.

- Nearly 50% of the active inventory in Lyon County is priced from \$50,000 to \$99,999. Among the eight categories, homes priced from \$100,000 to \$149,999 represent the highest number of listings (29%).
- About 12% of active listings in Lyon County are priced under \$50,000 and another 19% are priced above \$200,000.
- Median list prices ranged from \$58,750 in the East Submarket to \$139,900 in the Central Submarket. The West Submarket median list price is about \$125,000.
- According to Realtor Property Resource (“RPR”), the median days on market in Lyon County is 51 days compared to 75 days in the State of Iowa.

TABLE FS-2
HOMES CURRENTLY LISTED FOR-SALE
Lyon County
August 2016

Price Range	East Lyon		Central Lyon		West Lyon		Lyon County	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under \$25,000	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$25,000 to \$49,999	2	50.0%	3	13.0%	0	0.0%	5	12.2%
\$50,000 to \$99,999	1	25.0%	4	17.4%	2	14.3%	7	17.1%
\$100,000 to \$149,999	0	0.0%	6	26.1%	6	42.9%	12	29.3%
\$150,000 to \$199,999	0	0.0%	5	21.7%	4	28.6%	9	22.0%
\$200,000 to \$249,999	1	25.0%	4	17.4%	0	0.0%	5	12.2%
\$250,000 to \$300,000	0	0.0%	1	4.3%	2	14.3%	3	7.3%
\$300,000 and Over	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	4	100%	23	100%	14	100%	41	100%
Minimum	\$25,000		\$28,750		\$87,800		\$25,000	
Maximum	\$249,000		\$270,000		\$289,900		\$289,900	
Median	\$58,750		\$139,900		\$124,500		\$125,000	
Average	\$97,875		\$138,402		\$154,936		\$140,094	

Note: Does not include agricultural properties.

Sources: Local real estate firms websites
Maxfield Research & Consulting, LLC

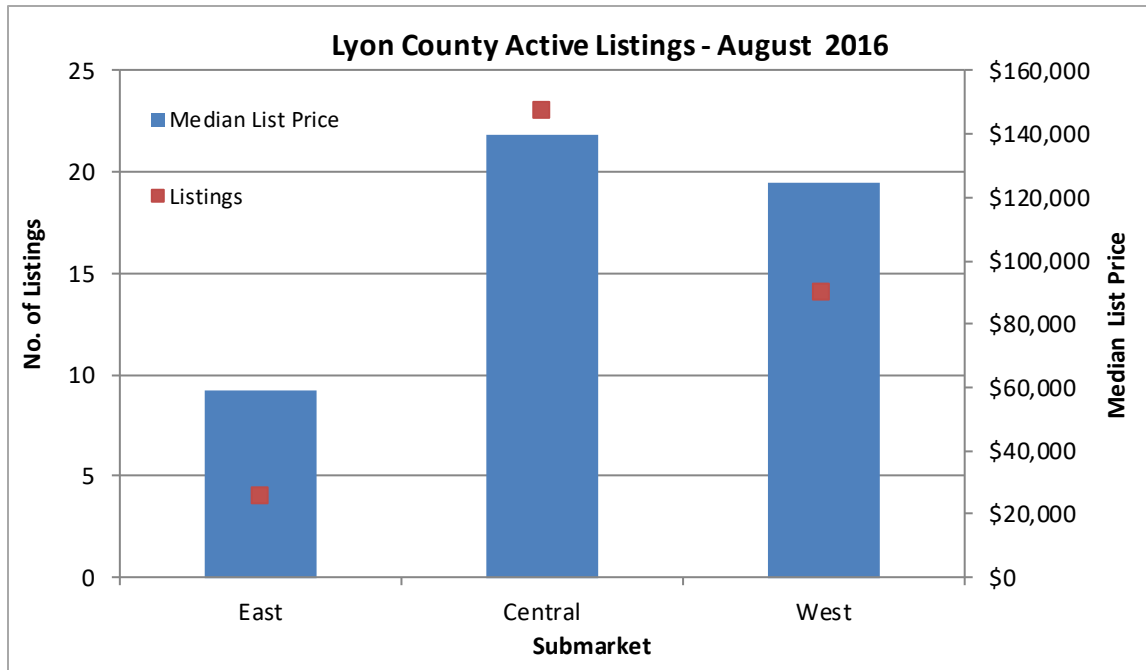
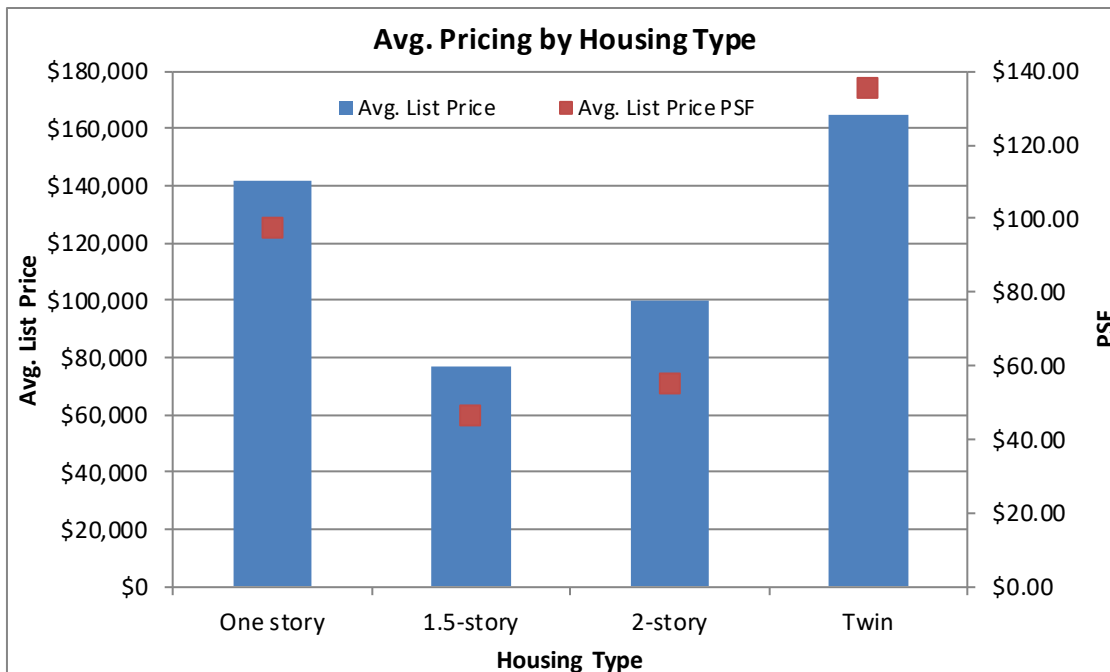


TABLE FS-3 ACTIVE LISTINGS BY HOUSING TYPE August 2016						
Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. List Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
One story	18	50.0%	\$141,531	1,550	\$91	1972
1.5-story	4	11.1%	\$111,600	1,584	\$70	1933
2-story	14	38.9%	\$157,864	2,155	\$73	1941
Total	36	100.0%	\$144,557	\$1,789	\$82	1956
Multifamily						
Twinhomes	2	100.0%	\$164,900	\$1,215	\$136	2014

Source: Local real estate firms websites, Maxfield Research & Consulting, LLC



- Exactly one-half of the active listings in Lyon County are for one-level single-family homes. Two-story homes make up 39% of the homes for sale whereas 1.5-stories make-up 11% of the inventory. Most of the 1.5-story homes are older homes located in established neighborhoods.
- Although two-story homes have an average list price of nearly \$158,000, they tend to be larger homes with an average of 2,155 square feet (\$73 PSF). One-story homes have the smallest square footages; but they command the highest sales price per square foot (\$91 PSF).
- Although multifamily twinhomes make up only 5% of the entire active inventory; the listings are newer and command a premium. The average list price is \$165,000, or \$136 PSF.

Actively Marketing Subdivisions/Vacant Lot Supply

Table FS-4 identifies all of the newer subdivisions with available lots in Lyon County that are actively marketing. The table identifies location, year platted, number of lots, available lots, and estimated values for land and homes values per the assessor. In addition, the comments column highlights the price of lots that are currently marketing. Although many of the lots may be available; many of the lots may not be listed with a Realtor or marketed on the multiple listing service ("MLS"). Key points from the table follow.

- As of August 2016, there are 20 actively marketing subdivisions in Lyon County with a total of 175 available lots. About 52% of the available lots are located in the Central Submarket.
- County-wide, the average single-family lot size is 0.65 acres with an average assessed value of about \$30,167. The average assessed home price in the marketing subdivisions is about \$232,250. Most buyers seeking new construction in municipalities seek lot sizes of about 100-foot wide or more; or at least 0.33 acres.
- The East Submarket contains only 14% of the available lots in Lyon County; all of which are located in the City of George. The average assessed lot costs and home values are the lowest in Lyon County averaging about \$16,800 per lot and \$168,100 per home.
- Assessed lot values in new subdivision is highest in the Central Submarket averaging \$35,900 per lot. The West Submarket had an average assessed lot value of about \$33,200.
- Marketing sales prices among subdivisions with available lots vary considerably by community. The following summarizes the average marketing lot costs:
 - George: \$15,700
 - Alvord: n/a
 - Doon: \$8,000
 - Lester: \$21,500
 - Rock Rapids Area: \$36,750
 - Inwood: \$21,500
 - Larchwood Area: \$28,750

FOR-SALE MARKET ANALYSIS

TABLE FS-4
ACTIVE SINGLE-FAMILY SUBDIVISIONS
LYON COUNTY
August 2016

Subdivision/Location	City/Twp.	Year Platted	No. of Lots ¹	Vacant/ Avail. Lots	Typical Lot Size (acres)	Average Lot/Land Value ²	Average Home Value ²	Comments
East Submarket								
Sunset Addition	George	1995	34	16	0.36	\$21,992	\$216,462	Lots marketing \$12,000-\$17,000
Symens Addition Phase I	George	1970s	15	4	0.23	\$10,030	\$103,736	Lots marketing \$8,500-\$9000
Gessford	George	1997	16	4	0.32	\$12,119	\$125,667	
Subtotal			65	24	0.32	\$16,801	\$168,099	
Central Submarket								
Sullivan Addition	Alvord	2005	8	4	0.50	n/a	n/a	n/a
Rozeville Addition	Doon	2007	13	4	0.43	\$25,150	\$204,512	Lots marketing \$8,000
Rozeville II	Doon	2011	12	10	0.39	\$15,071	\$177,875	Lots marketing \$8,000
Van Beek	Doon	--	8	6	0.36	\$17,782	\$213,510	Lots marketing \$7,500-\$8,500
Hawkins 1st Add. (SF only)	Rock Rapids	2012	7	7	0.40	n/a	n/a	Lots marketing \$37,000-\$40,000
Hawkins 3rd Add.	Rock Rapids	2014	18	14	0.45	\$74,417	\$485,290	Lots marketing \$39,000+
South Ridge 1st Add Replat	Rock Rapids	2012	11	7	0.33	\$32,253	\$305,183	Lots marketing \$35,400 to \$57,900
Mill Pond 3rd (Existing)	Rock Rapids	2004	9	1	0.36	\$31,671	\$298,600	Lots marketing \$20,000+
Sunrise View Ponds	Rock Rapids	2016	11	10	0.53	\$23,340	\$169,050	Lots marketing: \$20,000 (west lots) to \$70k (east lots)
Rock Ridge	Rock Township	--	24	20	1.69	\$26,913	\$179,501	Lots marketing \$30,000-\$35,000, \$50k+ combined
River Bend	Riverside Twp.	2011	11	8	3.00	\$60,820	\$360,668	Lots marketing \$37,000-\$45,000
Subtotal			132	91	0.89	\$35,906	\$268,511	
Future Lots								
Mill Pond 3rd (Future SF)	Rock Rapids	--	12	12	--	--		No streets - future lots
West Submarket								
Van Regenmorter	Inwood	2002	28	14	0.33	\$42,487	\$193,847	Lots marketing \$18,500-\$24,500
Meadowview Add.	Lester	2000	22	10	0.38	\$23,927	\$256,276	Lots marketing \$15,000 to \$28,000
Meadow Land Development	Larchwood Twp.	2005	20	4	1.00	\$44,172	\$275,622	Lots marketing \$30,000-\$40,000
Rodeo Ridge	Larchwood Twp.	2006	24	15	1.02	\$35,438	\$275,415	Lots marketing \$19,000-\$34,000
Southview Phase II SF	Larchwood	1990s	20	4	0.30	\$19,941	\$162,269	Lots marketing \$15,000-\$20,000
Country View (Zuraff I)	Larchwood	2010	20	13	0.49	\$30,100	\$312,000	Lots marketing \$30k's-\$40ks
Subtotal			134	60	0.58	\$33,215	\$243,833	
Lyon County Total			331	175	0.65	\$30,167	\$232,247	

Other

Zanaggar Subd. Phase I (Parcel F)* Larchwood Twp. 2007 15 13 1.15 - 1.76 \$36,000 \$358,000 Lots marketing \$40,500/acre
Discounting 1st five lots

* Note: this subdivision is targeted to aviation professionals as the lot is designed for a home and a hanger for an airplane, the lots have differentiated ownership so the values are unknown

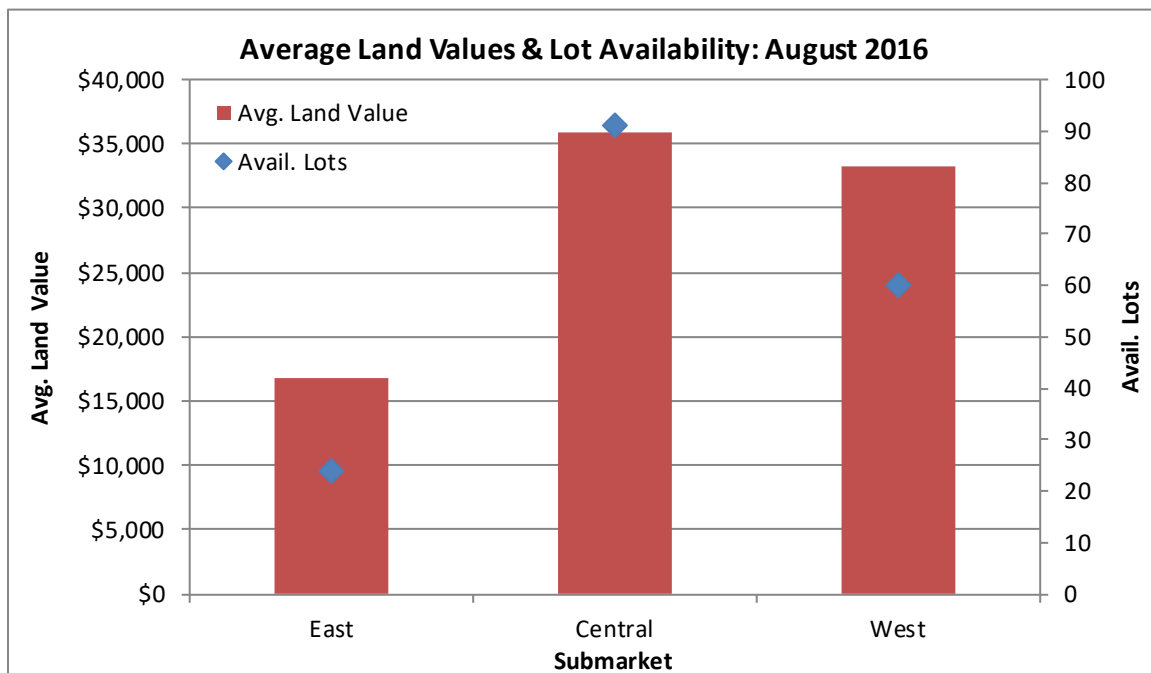
¹Some lots have been combined, thereby reducing the total number of lots in the subdivision

²Lot value and home value based on Lyon County Assessor data. In new subdivisions with no recorded sales, the values represent the value of the property as its marketing. In some cases, there is a tax abatement that may apply to the assessed value of the land.

Source: Maxfield Research & Consulting, LLC

FOR-SALE MARKET ANALYSIS

- The industry standard for a balanced lot supply for a community is a three- to five-years. This supply of lots is appropriate as it provides adequate consumer choice but minimize developers' carrying costs. Based on the annual absorption of single-family lots throughout Lyon County, most of the communities have an adequate lot supply to meet new home needs for buyers in the short-term.
- The lot supply in Lyon County is dominated by the single-family, detached home. Although condominiums and townhomes have recently been constructed in Rock Rapids; all of the vacant lots in every other submarket are for single-family detached homes.
- A number of the subdivisions in the Central and West submarkets are located just outside of municipal limits in townships adjacent to the jurisdictional boundaries between the township and city. Township lots have larger minimum lot sizes and have septic systems versus municipal sewer. Many of the city lots are priced lower than township lots, however many move-up buyers have recently preferred larger lots in the townships.
- The average assessed lot value to home value is about 13% across Lyon County. Typically, in most other markets, the lot-to-home value ratio is higher and approaches 20%. As a result, home buyers in Lyon County are receiving more house for their dollar than other submarkets with higher land costs.



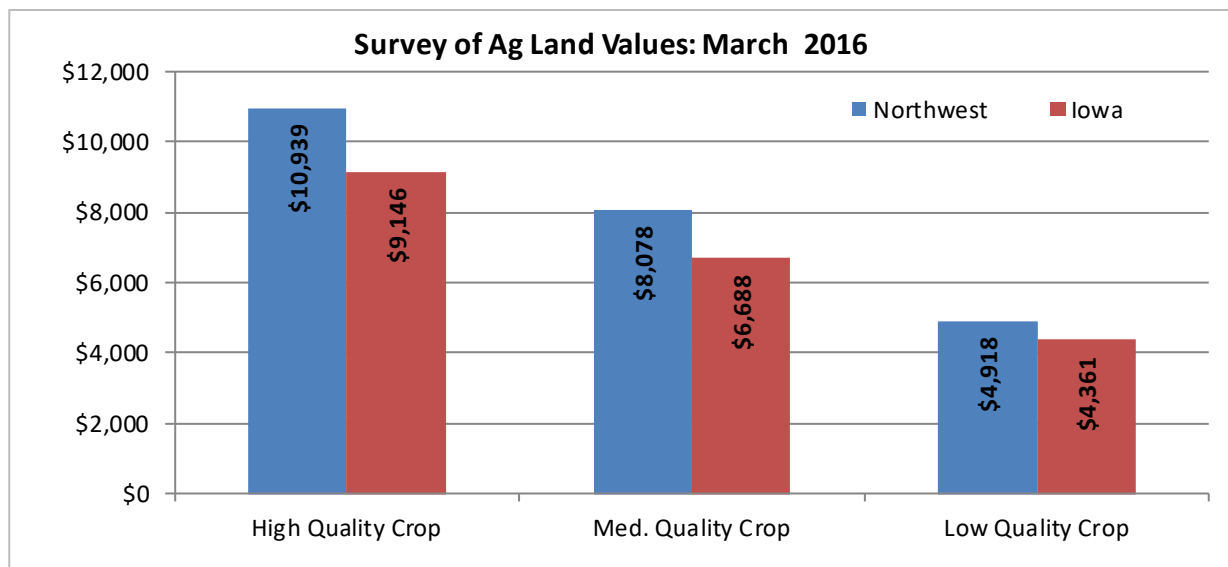
Agricultural Land Values

Lyon County and Northwest Iowa has some of the most desirable agricultural land in Iowa. Lyon County historically has among the highest priced agricultural land per acre in Iowa, and across the Midwest. Table FS-5 shows farmland values in various submarkets of Iowa in March 2016. The data was compiled by the Realtors Land Institute (RLI) which is composed of Realtors who specialize in farm and land sales or appraisals. Key findings follow.

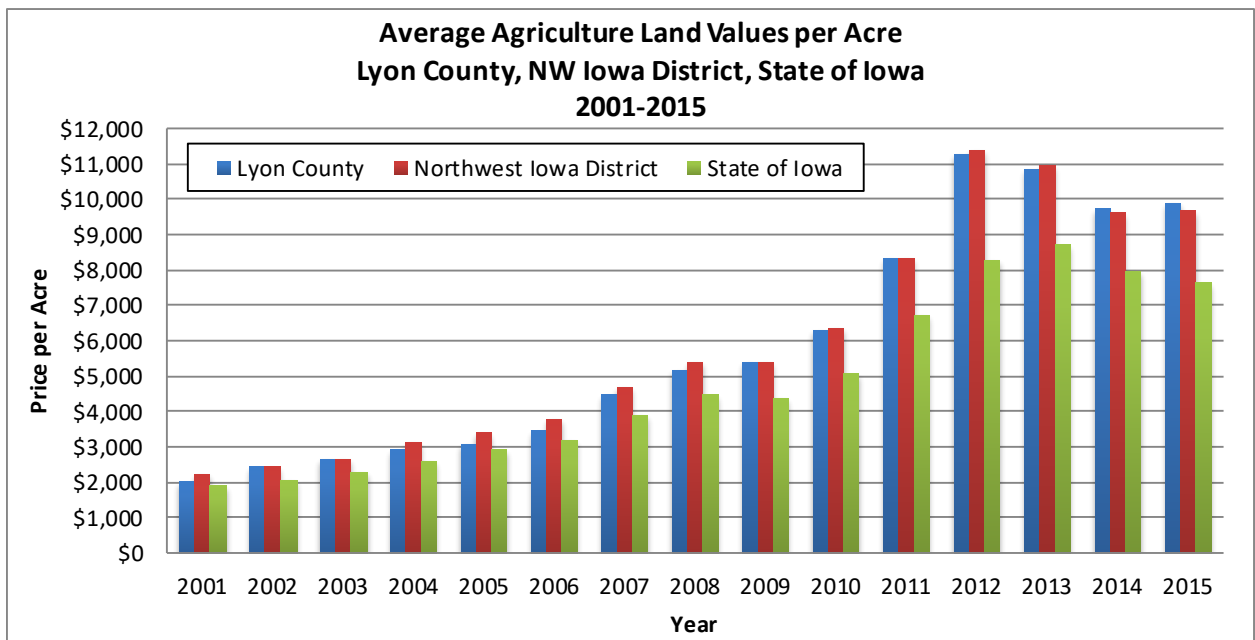
TABLE FS-5
SURVEY OF FARMLAND VALUES
March 2016

Region in Iowa	Crop Land			Non-tillable Pasture	Timber
	High Quality	Medium	Low Quality		
Central	\$9,507	\$6,837	\$4,317	\$2,783	\$2,400
East Central	\$9,992	\$7,157	\$4,468	\$2,734	\$2,124
North Central	\$9,074	\$6,905	\$4,714	\$2,262	\$1,713
Northeast	\$9,089	\$6,691	\$4,453	\$2,629	\$2,508
Northwest	\$10,939	\$8,078	\$4,918	\$2,934	\$1,375
South Central	\$6,905	\$4,686	\$3,020	\$2,780	\$2,517
Southeast	\$9,318	\$3,242	\$3,697	\$2,404	\$1,982
Southwest	\$8,125	\$6,238	\$4,638	\$3,413	\$2,186
West Central	\$9,368	\$7,355	\$5,025	\$2,750	\$2,225
Iowa	\$9,146	\$6,688	\$4,361	\$2,743	\$2,225

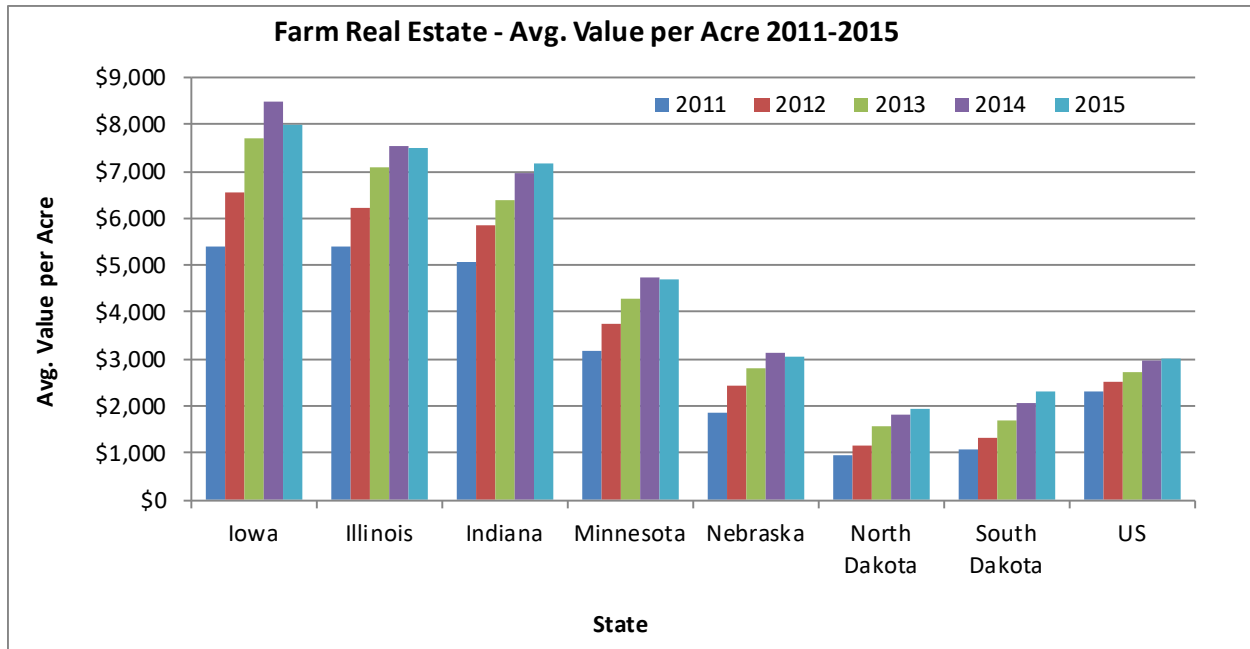
Sources: Realtors Land Institute, Maxfield Research & Consulting, LLC



- As illustrated in the Table and chart, Northwest Iowa has the highest value of cropland among the geography's profiled in the Table. As of March 2016, cropland ranges from \$4,918 (low quality) to \$10,939 (high quality) per acre.
- The Iowa State University Extension also measures the value of agricultural land throughout the State. The chart below depicts the average land value per acre in Lyon County, Northwest Iowa, and the State of Iowa between 2001 and 2015. Similar to Table FS-6, Lyon County and Northwest Iowa have land values significantly higher than the state average. As of 2015, land values per acre in Lyon County averaged nearly 9,900 per acre.



- The United States Department of Agriculture (“USDA”) also publishes land value statics across the country. The following chart illustrates farm real estate values by acre at the state-wide level from 2011 to 2015. As illustrated in the chart, Iowa has the highest value of farm real estate in the Midwest.



Realtor/Builder Interviews

Maxfield Research & Consulting, LLC. interviewed real estate agents and other professionals familiar with Lyon County's owner-occupied market to solicit their impressions of the for-sale housing market in the community. The following are key points derived from these interviews.

West Submarket - Larchwood

- The real estate market has been steadily improving from year-to-year in Larchwood. Continued growth in the housing market is expected due to the location near the Sioux Falls Metro Area.
- Larchwood attracts households from the Sioux Falls area and has the most active real estate market in western Lyon County. Many of the households moving to Larchwood are employed in Sioux Falls and desire the area for the school district. Many new construction homeowners commute to Sioux Falls daily.
- The Grand Falls Casino has increased the demand for housing in Larchwood; both for rental and for-sale housing.
- Larchwood has a tight supply of homes for sale as the inventory is very low. Buyers have few choices due to the lack of product.

FOR-SALE MARKET ANALYSIS

- The new construction market has been strong in the Larchwood area and the lot supply of lots within municipal limits is low. New lots will be needed in the city limits soon or the City risks losing future construction to the township developments.
- New construction is mostly build-to-suite and starts around \$300,000. Most buyers desire a ranch-style home with an open floor of at least 1,600 to 1,750 finished square feet on the main floor and a full basement with at least 1,200 square feet.
- There is one spec home under construction in Larchwood marketing for about \$240,000 with 1,600 square feet (\$150 PSF). The home is a split foyer that has traditionally not been constructed in Lyon County as the ranch-style is the preferred home style.
- Larchwood has a lack of rental housing options; new rental housing is needed in the community as there are virtually no vacancies in the community.

West Submarket - Inwood

- There is strong demand for rental housing within Inwood. There are very few rental housing options and any vacancy is filled immediately. Single-family rentals have been in strong demand and typically lease from \$450 to \$750 per month.
- The current lot supply seems to be ample based on number of new construction starts.
- Inventory is low as few homes are for-sale as there are only a hand-full of active listings. Demand is highest for homes priced under \$150,000.
- Buyers tends to seek out one-story homes with at least two to three bedrooms on the main floor.
- Inwood has experienced very gradual appreciation and is generally a very stable real estate market.

East Submarket - George

- Real estate values have been up over the past year and are projected to slowly increase in the short-term.
- There is a lack of inventory of homes for sale in George. There are very few active listings which results in few options for buyers seeking a home in George. Entry-level homes are especially in short-supply.
- The lot supply in George is sufficient to meet the current demand. Most lots are marketing from \$8,500 to \$17,000.

FOR-SALE MARKET ANALYSIS

- There are few maintenance-free options for buyers looking to downsize and seeking association-maintained housing. The community would benefit from one-level living product with association benefits.
- New construction generally starts at \$225,000 and over. There is a new spec home listed at \$250,000 with over 1,700 square feet on the main level. New construction buyers prefer ranch style homes with open floor plans on the main level.

Central Submarket – Rock Rapids

- Although most of the households with flood damaged homes were able to find replacement housing in Rock Rapids, some were unable to find replacement housing in their price range. As a result, some householders left Rock Rapids due to lack of supply. However, it is estimated that about 75% or more of the existing households stayed in Rock Rapids.
- Many flood damaged homeowners came ahead financially due to above market value buy-out sales price and relocation assistance fees. As a result, some of these homeowners were able to purchase homes with higher market values than their existing buy-out home.
- Flood damaged homeowners stimulated the Rock Rapids real estate market on a number of fronts. Some flood damaged homeowners pursued new construction; while other sellers of middle market product in Rock Rapids moved to new construction when selling their home to a flood damaged homeowner.
- The number of active listings is extremely low in Rock Rapids. Regardless of price point, there are few options for buyers seeking to purchase a home in Rock Rapids. The supply of homes is estimated to be the lowest in decades. The strongest demand from buyers is for homes priced between \$150,000 and \$200,000.
- Most buyers in Rock Rapids desire at least three bedrooms, two baths, and a ranch style house. In addition, buyers desire larger lots and garage space is also a premium.
- Properties priced right sell very fast and have low days on market. It is estimated the average sold price is about 92% of the original list price.
- The cost to build new construction is too high for most Rock Rapids households. Many Rock Rapids householder would consider new construction if it was priced under \$200,000.
- The lot supply in Rock Rapids and the surrounding townships is adequate to meet the current demand for new construction.

FOR-SALE MARKET ANALYSIS

- Ranch-style homes with basements are the preferred housing type for both existing home resales and new construction. For new construction, buyers desire about 1,500 to 1,700 finished square feet on the main level.
- Most new single-family construction starts at a minimum of \$250,000 for a standard-finish home with base features; while most new construction homes are priced above \$300,000. Nearly all of the homes are build-to-suit versus a builder's spec home.
- The average cost to build a new home in the Rock Rapids area is averaging over \$160 per square foot. Higher-level finishes and customization will exceed \$170 PSF
- New construction buyers in Rock Rapids favor larger lots with at least one-third an acre and lot widths of 90' to 100'.
- The future replacement hospital is projected to open in 2019 and is expect to add many professional jobs in Rock Rapids. However, local Realtors are concerned the current housing stock is not adequate to capture this projected growth.
- Although agricultural land values are down from the peak a few years ago, agricultural land generally ranges from about \$11,000 to \$12,000 per acre. Agricultural land in Lyon County commands some of the highest prices per acre in Iowa due to its rich soil conditions.

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Lyon County. This section of the report presents our estimates of housing demand in the County from 2016 through 2025.

Demographic Profile and Housing Demand

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

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

6. *Older seniors*

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

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

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

Because of the relatively older age of the County's housing stock and the fact that population growth had declined over the past few decades, demand for Lyon County will be driven by replacement need more so than household growth. Between 2016 and 2025, Lyon County is projected to see an increase of 325 new households. Since each household equates to an occupied housing unit, the County will need to build an equal number of housing units to support this growth. However, additional housing need will be driven by the lack of supply that will drive new housing construction.

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

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in Lyon County. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in the County. In addition, we present housing demand for each submarket in the County.

HOUSING DEMAND ANALYSIS

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

Source: Maxfield Research & Consulting, LLC

HOUSING DEMAND ANALYSIS

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

¹ Dwelling units(DU) per acre expressed in net acreage (minus right-of-way)

Source: Maxfield Research & Consulting, LLC

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

Demographics

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

Economy & Job Growth

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

Consumer Choice/Preferences

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

Supply (Existing Housing Stock)

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

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

Housing Finance

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

The ability of buyers to obtain mortgage financing has recently become easier as lenders have eased restrictions that had been in place after the Great Recession. As a result, many borrowers are taking the opportunity to seek for-sale housing within their means or home refinancing their current residence.

Mobility

It is important to note that demand is somewhat fluid between other northwest Iowa communities and will be impacted by development activity in nearby areas, including other communities outside Lyon County (i.e. Sioux Falls, etc.).

For-Sale Housing Market Demand Analysis

Tables DMD-1 presents our demand calculations for general occupancy for-sale housing in Lyon County between 2016 and 2025. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households. The following points summarize our findings.

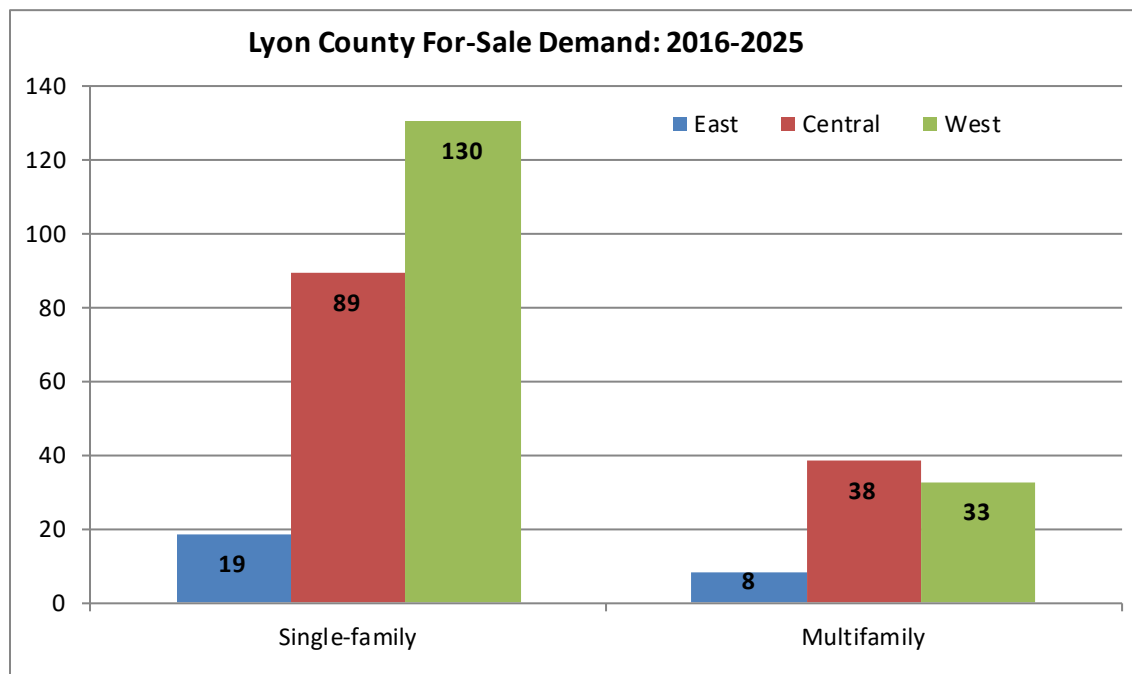
- Because the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to only those households under the age of 65. According to our projections, Lyon is expected to grow by 143 households under age 65 between 2016 and 2025 (total household growth is 325 households).
- Based on household tenure data from the US Census, we expect that between 80.3% of the demand (Central Submarket) to 83.5% of the demand (West Submarket) will be for owner-occupied housing units, equating to a potential 119 owner households from household growth.
- As of 2016, there are approximately 2,660 owner households under the age of 65 in the County. Based on household turnover data from the 2014 American Community Survey, we estimate that between 38% and 43% of these under-65 owner households will experience turnover between 2016 and 2025 (turnover rate varies by submarket). This estimate results in anticipated turnover of approximately 1,085 existing households by 2025.
- We then estimate the percent of existing owner households turning over that would prefer to purchase new housing. Throughout the United States, approximately 8% of all home sales were for new homes over the past three years while slightly over 5% of Midwest sales were for new homes. Considering the age of the County's housing stock, we estimate that 10% of the households turning over will desire new housing. This estimate results in demand from existing households for 133 new residential units in the County between 2016 and 2025.

HOUSING DEMAND ANALYSIS

TABLE DMD-1 DEMAND FOR ADDITIONAL FOR-SALE HOUSING LYON COUNTY 2016 to 2025								
	East		Central		West		Lyon County	
DEMAND FROM NEW HOUSEHOLD GROWTH								
Household growth under age 65, 2016 to 2025 ¹	0		27		116			
(times) % propensity to own ²	80.4%		80.3%		83.5%		81.4%	
(Equals) Number of pentential owner hhds from new HH growth	0		22		97		119	
DEMAND FROM EXISTING HOUSEHOLDS								
Total owner households under age 65, 2016	590		1,149		924		2,663	
(times) % of owner turnover 2016-2025 ³	38.1%		43.0%		39.9%			
(times) % desiring new owner housing	10.0%		15.0%		10.0%			
(Equals) Demand from existing households	22		74		37		133	
TOTAL MARKET DEMAND								
Total demand from new HH growth and turnover	22		96		134		252	
(Plus) Demand from outside Submarket	15.0%		25.0%		18.0%			
(Equals) Total demand potential for ownership housing	26		128		163		317	
Proportion Single-family vs. Multifamily	70%	30%	70%	30%	80%	20%	75%	25%
No. of Single-family vs. Multifamily Units	19	8	89	38	130	33	238	79
¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC								
² Pct. of owner households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research). Adjusted by Maxfield Research to account for shift in tenure								
³ Based on on turnover from 2010 American Community Survey for households moving over 10-year period; adjusted.								
* Multi-family demand includes demand for townhomes, detached townhomes, twinhomes, and condominium units.								
Source: Maxfield Research & Consulting, LLC								

HOUSING DEMAND ANALYSIS

- Total demand from household growth and existing household turnover between 2016 and 2025 equates to 252 new for-sale housing units.
- Next, we estimate that a portion of the total demand for new for-sale units in Lyon County will come from people currently living outside of the three submarkets. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside Lyon County to the existing demand potential, results in a total estimated demand for about 320 for-sale housing units by 2025.
- Based on land available, building trends, and demographic shifts (increasing older adult population), we project 75% of the for-sale owners in Lyon County will prefer traditional single-family product types while the remaining 25% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, detached townhomes, or condominiums). This results in demand for 238 single-family units and 79 multifamily units in Lyon County through 2025.
- About one-half of all for-sale demand is forecasted for the West Submarket; followed by the Central Submarket at 40%.



Rental Housing Demand Analysis

Tables D-2 presents our calculation of market rate general-occupancy rental housing demand for Lyon County. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households.

- According to our projections, Lyon County is expected to grow by 325 households between 2016 and 2025. Because the 65 and older cohort is typically not a target market for new general-occupancy market rate rental housing, we limit demand from household growth to only those households under the age of 65 (+143 households).
- We identify the percentage of households that are likely to rent their housing based on 2010 tenure data. The propensity to rent ranges from 16.5% to 19.7% based on the submarket. After adjusting household growth by renters, growth through 2025 is reduced to 24 new renter households in Lyon County.
- Secondly, we calculate demand from existing households under the age of 65 in Lyon County that could be expected to turnover between 2016 and 2025. As of 2016, there are 608 renter households under the age of 65 in the County. Based on household turnover data from the 2014 American Community Survey, we estimate that between 62% (Central Submarket) and 85% (West Submarket) of these under-65 owner households will experience turnover between 2016 and 2025 (turnover rate varies by submarket). This estimate results in anticipated turnover of approximately 430 existing households by 2025.
- We then estimate the percent of existing renter households turning over that would prefer to rent in a new rental development. Considering the age of the County's housing stock, we estimate that 20% of the households turning over in Lyon County will desire new rental housing. This estimate results in demand from existing households for 87 new residential rental units between 2016 and 2025.
- Combining demand from household growth plus turnover results in total demand in the County for 111 rental units between 2016 and 2025.
- Like for-sale housing, we estimate that 15% to 25% of the total demand for new rental housing units in Lyon County will come from people currently living outside of the West and Central submarkets. As a result, we find demand for 134 renter households based on household growth and existing households alone between 2016 and 2025.
- Based on a review of renter household incomes and sizes and monthly rents at existing properties, we estimate that 67% of the total demand will be for market rate housing. Through 2025, demand exists for 89 market rate rental units in Lyon County. Demand for market rate rental housing will be concentrated in the Central and West Submarkets.

HOUSING DEMAND ANALYSIS

TABLE DMD-2 DEMAND FOR ADDITIONAL RENTAL HOUSING LYON COUNTY 2016 to 2025				
	East	Central	West	Lyon County
DEMAND FROM NEW HOUSEHOLD GROWTH				
Household growth under age 65, 2016 to 2025	0	27	116	143
(times) % propensity to rent ¹	19.6%	19.7%	16.5%	18.6%
(Equals) Number of pentential renter hhds from new HH growth	0	5	19	24
DEMAND FROM EXISTING HOUSEHOLDS				
Total renter households under age 65, 2016	144	282	182	608
(times) % of renter turnover 2016-2025 ²	70.8%	62.3%	85.4%	
(times) % desiring new rental housing	20.0%	20.0%	20.0%	
(Equals) Demand from existing households	20	35	31	87
TOTAL MARKET DEMAND				
Total demand from new HH growth and turnover	20	40	50	111
(Plus) Demand from outside Submarket	0.0%	25.0%	15.0%	
(Equals) Total demand potential for rental housing	20	54	59	134
Percent Market Rate ³	61%	60%	75%	67%
Number	12	32	44	89
Percent Affordable ³	15%	15%	20%	17%
Number	3	8	12	23
Percent Subsidized ³	23%	25%	5%	16%
Number	5	13	3	21
¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC ² Pct. of renter households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research). Adjusted by Maxfield Research to account for tenure shift ³ Estimate based on 2010 renter households and new renter household growth 2010 to 2015 (under age 65) ⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period; adjusted. ⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households) ⁶ Pending/proposed/under construction at 95% occupancy.				
Source: Maxfield Research & Consulting, LLC				

- We estimate that 17% of the total demand in Lyon County will be for affordable housing and 16% will be for subsidized housing.

Senior Housing Demand Analysis

Tables DMD-3 and DMD-7 shows demand calculations for senior housing in Lyon County by submarket from 2016 to 2021. Demand methodology employed by Maxfield Research & Consulting, LLC utilizes capture and penetration rates that blend national senior housing trends with local market characteristics, preferences and patterns. Our demand calculations consider the following target market segments for each product types:

Market Rate Active Adult Rental and Ownership Housing: Target market based includes age 55+ older adult and senior households with incomes of \$35,000 or more and senior homeowners with incomes between \$25,000 and \$34,999.

Affordable/Subsidized Independent Housing: Target market based includes age 55+ older adult and senior households with incomes of \$35,000 or less.

Congregate Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with congregate housing. Income-ranges considered capable of paying for congregate housing are the same as for active adult housing.

Assisted Living Housing: Target market base includes older seniors (age 75+) who would be financially able to pay for private pay assisted living housing (incomes of \$40,000 or more and some homeowners with incomes below \$40,000). Additional demand for subsidized assisted living is not included in this demand but would result in greater demand for assisted living housing if considered.

Memory Care Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with memory care housing. Income ranges considered capable of paying for memory care housing (\$60,000 or more) are higher than other service levels due to the increased cost of care.

Existing senior housing units are subtracted from overall demand for each product type.

HOUSING DEMAND ANALYSIS

TABLE DMD-3 DEMAND FOR MARKET RATE ACTIVE ADULT RENTAL HOUSING LYON COUNTY 2016 to 2021				
	East	Central	West	Lyon County
2016				
Households age 55-64	228	395	285	908
(times) % income qualified ¹	72.3%	73.7%	78.7%	
(plus) % Homeowners w/incomes \$25k-35k ²	10.2%	7.6%	7.5%	
(times) potential capture rate	0.5%	0.5%	0.5%	
(equals) demand potential	1	2	1	4
Households age 65-74	172	264	211	647
(times) % income qualified ¹	65.0%	70.4%	71.7%	
(plus) % Homeowners w/incomes \$25k-35k ²	16.9%	11.7%	12.1%	
(times) potential capture rate	5.5%	5.5%	5.5%	
(equals) demand potential	8	12	10	29
Households age 75+	199	321	205	725
(times) % income qualified ¹	39.5%	45.2%	50.0%	
(plus) % Homeowners w/incomes \$25k-35k ²	20.0%	17.9%	18.8%	
(times) potential capture rate	16.5%	16.5%	16.5%	
(equals) demand potential	20	33	23	76
(Equals) Demand potential	28	47	34	109
Percent Owner-Occupied	25%	40%	40%	
Number	7	19	14	40
(minus) Existing and Pending Units ³	0	0	0	0
(equals) Total Owner-Occupied Demand	7	19	14	40
Percent Renter-Occupied	75%	60%	60%	
Number	21	28	21	70
(minus) Existing and Pending Units ³	10	5	0	15
(equals) Total Renter-Occupied Demand	11	23	21	55
continued				

HOUSING DEMAND ANALYSIS

TABLE DMD-3 DEMAND FOR MARKET RATE ACTIVE ADULT RENTAL HOUSING LYON COUNTY 2016 to 2021				
	East	Central	West	Lyon County
2021				
Households age 55-64	222	399	311	932
(times) % income qualified ¹	74.8%	73.0%	79.1%	
(plus) % Homeowners w/incomes \$25k-35k ²	9.8%	6.7%	9.7%	
(times) potential capture rate	0.5%	0.5%	0.5%	
(equals) demand potential	1	2	1	4
Households age 65-74	205	336	246	787
(times) % income qualified ¹	65.7%	66.8%	69.4%	
(plus) % Homeowners w/incomes \$25k-35k ²	17.1%	9.9%	14.6%	
(times) potential capture rate	5.5%	5.5%	5.5%	
(equals) demand potential	9	14	11	35
Households age 75+	202	327	242	771
(times) % income qualified ¹	40.1%	40.4%	50.2%	
(plus) % Homeowners w/incomes \$25k-35k ²	19.8%	13.0%	20.0%	
(times) potential capture rate	16.5%	16.5%	16.5%	
(equals) demand potential	20	29	28	77
(Equals) Demand potential	30	45	41	116
Percent Owner-Occupied	25%	40%	40%	
Number	8	18	16	42
(minus) Existing and Pending Units ³	0	0	0	0
(equals) Total Owner-Occupied Demand	8	18	16	42
Percent Renter-Occupied	75%	60%	60%	
Number	23	27	24	74
(minus) Existing and Pending Units ³	10	5	0	15
(equals) Total Renter-Occupied Demand	13	22	24	59
¹ Based on households earning \$35,000+ in 2016				
² Estimated homeowners with incomes between \$25,000 and \$34,999 in 2016				
³ Existing and pending units are deducted at market equilibrium (95% occupancy)				
Source: Maxfield Research & Consulting, LLC				

HOUSING DEMAND ANALYSIS

TABLE DMD-4 DEMAND FOR SUBSIDIZED/AFFORDABLE SENIOR HOUSING LYON COUNTY 2016 to 2021				
	East	Central	West	Lyon County
2016				
Households age 55-64	228	395	285	908
(times) % income qualified ¹	27.7%	26.3%	21.3%	
(times) potential capture rate	2.0%	2.0%	2.0%	
Households age 65-74	172	264	211	647
(times) % income qualified ¹	35.0%	29.6%	28.3%	
(times) potential capture rate	10.0%	10.0%	10.0%	
Households age 75+	199	321	205	725
(times) % income qualified ¹	60.5%	54.8%	50.0%	
(times) potential capture rate	20.0%	20.0%	20.0%	
(Equals) Demand potential	31	45	28	104
Percent Subsidized ²	29%	32%	26%	
Number	9	14	7	31
(minus) Existing and Pending Units	0	53	0	53
(equals) Total Subsidized Demand	9	0	7	16
Percent Affordable ²	71%	68%	74%	
Number	22	31	20	73
(minus) Existing and Pending Units	0	0	0	0
(equals) Total Affordable Demand	22	31	20	73
CONTINUED				

HOUSING DEMAND ANALYSIS

TABLE DMD-4 DEMAND FOR SUBSIDIZED/AFFORDABLE SENIOR HOUSING LYON COUNTY 2016 to 2021				
	East	Central	West	Lyon County
2021				
Households age 55-64	222	399	311	932
(times) % income qualified ¹	25.2%	27.0%	20.9%	
(times) potential capture rate	2.0%	2.0%	2.0%	
Households age 65-74	205	336	246	787
(times) % income qualified ¹	34.3%	33.2%	30.6%	
(times) potential capture rate	10.0%	10.0%	10.0%	
Households age 75+	202	327	242	771
(times) % income qualified ¹	59.9%	59.6%	49.8%	
(times) potential capture rate	20.0%	20.0%	20.0%	
(Equals) Demand potential	32	52	33	118
Percent Subsidized ²	29%	32%	26%	
Number	9	17	9	35
(minus) Existing and Pending Units	0	53	0	53
(equals) Total Subsidized Demand	9	0	9	18
Percent Affordable ²	71%	68%	74%	
Number	23	36	24	83
(minus) Existing and Pending Units	0	0	0	0
(equals) Total Affordable Demand	23	36	24	83
¹ Based on households earning \$35,000 and under in 2016				
² Based on Pct. of households earning less than \$35,000				
Source: Maxfield Research & Consulting, LLC				

HOUSING DEMAND ANALYSIS

TABLE DMD-5 DEMAND FOR CONGREGATE RENTAL HOUSING LYON COUNTY 2016 to 2021				
	East	Central	West	Lyon County
2016				
Households age 65-74	172	264	211	647
(times) % income qualified ¹	65.0%	70.4%	71.7%	
(plus) % Homeowners w/incomes \$25k-35k ²	16.9%	11.7%	12.1%	
(times) potential capture rate	1.5%	1.5%	1.5%	1.5%
(equals) demand potential	2	3	3	8
Households age 75+	199	321	205	725
(times) % income qualified ¹	39.5%	45.2%	50.0%	
(plus) Homeowners w/incomes \$25k-35k ²	20.0%	17.9%	18.8%	
(times) potential capture rate	11.0%	11.0%	11.0%	
(equals) demand potential	13	22	16	51
(Equals) Demand potential	15	26	18	59
(minus) Existing and Pending Units ³	0	0	9	9
(Equals) Total Congregate Demand	15	26	9	50
2021				
Households age 65-74	205	336	246	787
(times) % income qualified ¹	65.7%	66.8%	69.4%	
(plus) Homeowners w/incomes \$25k-35k ²	17.1%	9.9%	14.6%	
(times) potential capture rate	1.5%	1.5%	1.5%	1.5%
(equals) demand potential	3	4	3	
Households age 75+	202	327	242	771
(times) % income qualified ¹	40.1%	40.4%	50.2%	
(plus) Homeowners w/incomes \$25k-35k ²	19.8%	13.0%	20.0%	
(times) potential capture rate	11.0%	11.0%	11.0%	11.0%
(equals) demand potential	13	19	19	
(Equals) Demand potential	16	23	22	61
(minus) Existing and Pending Units ³	0	0	0	0
(Equals) Total Congregate Demand	16	23	22	61
¹ Based on households earning \$35,000+ in 2016				
² Estimated homeowners with incomes between \$25,000 and \$34,000 in 2016				
³ Existing and pending units are deducted at market equilibrium (95% occupancy)				
Source: Maxfield Research & Consulting, LLC				

HOUSING DEMAND ANALYSIS

TABLE DMD-6 DEMAND FOR ASSISTED LIVING RENTAL HOUSING LYON COUNTY 2016 to 2021				
	East	Central	West	Lyon County
2016				
People age 75-79	123	149	117	389
(times) % needing assistance ¹	25.5%	25.5%	25.5%	25.5%
People age 80-84	98	130	92	320
(times) % needing assistance ¹	33.6%	33.6%	33.6%	33.6%
People age 85+	101	184	98	383
(times) % needing assistance ¹	51.6%	51.6%	51.6%	51.6%
(Equals) Number needing assistance	116	177	111	404
(times) Percent Income-Qualified ²	58.2%	58.3%	62.9%	
(times) Percent Living Alone	49.8%	57.1%	48.0%	
(plus) Proportion of demand from couples (12%) ³	5	8	5	17
(times) Potential penetration rate ⁴	40.0%	40.0%	40.0%	
(Equals) Demand Potential	48	74	46	169
(minus) Existing and Pending Units ⁵	0	23	0	23
(Equals) Total Assisted Living Demand	48	51	46	146
2021				
People age 75-79	120	155	136	411
(times) % needing assistance ¹	25.5%	25.5%	25.5%	25.5%
People age 80-84	94	128	105	327
(times) % needing assistance ¹	33.6%	33.6%	33.6%	33.6%
People age 85+	108	173	107	388
(times) % needing assistance ¹	51.6%	51.6%	51.6%	51.6%
(Equals) Number needing assistance	118	172	125	415
(times) Percent Income-Qualified ²	58.0%	56.7%	60.2%	
(times) Percent Living Alone	49.8%	57.1%	48.0%	
(plus) Proportion of demand from couples (12%) ³	5	8	5	17
(times) Potential penetration rate ⁴	40.0%	40.0%	40.0%	40.0%
(Equals) Demand Potential	49	72	52	173
(minus) Existing and Pending Units ⁵	0	23	0	23
(Equals) Total Assisted Living Demand	49	49	52	150
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics. ² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live ³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples. ⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided ⁵ Existing and pending units at 95% occupancy. We exclude 15% of units to be Elderly Waiver.				
Source: Maxfield Research & Consulting, LLC				

HOUSING DEMAND ANALYSIS

TABLE DMD-7 DEMAND FOR MEMORY CARE RENTAL HOUSING LYON COUNTY 2016 to 2021				
	East	Central	West	Lyon County
2016				
People age 65-74	289	458	352	1,099
(times) Dementia incident rate ¹	2.0%	2.0%	2.0%	2.0%
People age 75-84	220	279	209	708
(times) Dementia incident rate ¹	19.0%	19.0%	19.0%	19.0%
People age 85+	101	184	98	383
(times) Dementia incident rate ¹	42.0%	42.0%	42.0%	42.0%
(Equals) Total senior population with dementia	90	247	145	482
(times) Percent Income-Qualified ²	44.0%	44.2%	47.2%	
(times) Potential penetration rate	25.0%	25.0%	25.0%	25.0%
(Equals) Demand Potential	10	27	17	54
(minus) Existing and Pending Units ³	0	0	0	0
(Equals) Total Memory Care Demand	10	27	17	54
2021				
People age 65-74	344	576	419	1,339
(times) Dementia incident rate ¹	2.0%	2.0%	2.0%	2.0%
People age 75-84	213	283	241	737
(times) Dementia incident rate ¹	19.0%	19.0%	19.0%	19.0%
People age 85+	108	173	107	388
(times) Dementia incident rate ¹	42.0%	42.0%	42.0%	42.0%
(Equals) Total senior population with dementia	93	239	162	493
(times) Percent Income-Qualified ²	45.7%	46.0%	47.3%	
(times) Potential penetration rate	25.0%	25.0%	25.0%	25.0%
(Equals) Demand Potential	11	27	19	57
(minus) Existing and Pending Units ³	0	0	0	0
(Equals) Total Memory Care Demand	11	27	19	57
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)				
² Includes seniors with income at \$60,000 or above plus 25% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing.				
³ Existing and pending units at 93% occupancy. We exclude 15% of the units to be Elderly Waiver.				
Source: Maxfield Research and Consulting LLC				

Lyon County Demand Summary

The housing demand calculations in Tables DMD-1 through DMD-7 indicate that between 2016 and 2025, 317 for-sale housing units, 133 rental units, and 469 senior units will be needed in Lyon County to satisfy the housing demand for current and future residents. Summary demand tables for general occupancy and senior housing are broken down by submarket in Tables DMD-8 and DMD-9.

We recommend maintaining a single-family lot supply of at least three years to provide adequate consumer choice but not prolonged developer carrying costs. With an average of about 35 to 40 new housing units (all product types) built annually between 2012 and 2015 (see *Table HC-1*), this equates to a lot supply of about 120 lots needed through 2020. Currently, Lyon County has over 175 vacant developed lots in subdivisions, excluding infill lots and agricultural properties that could be subdivided. This equates to an adequate lot supply in the short term.

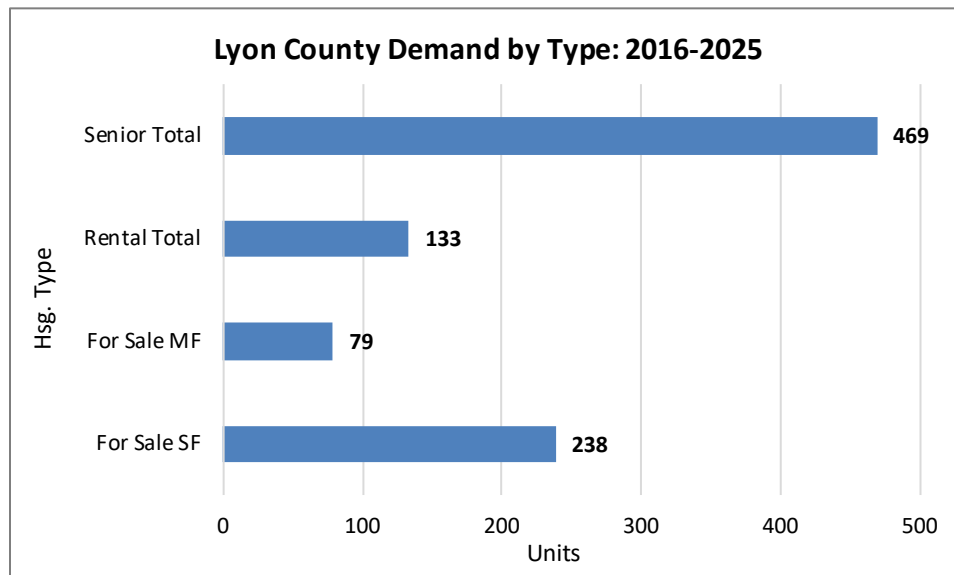
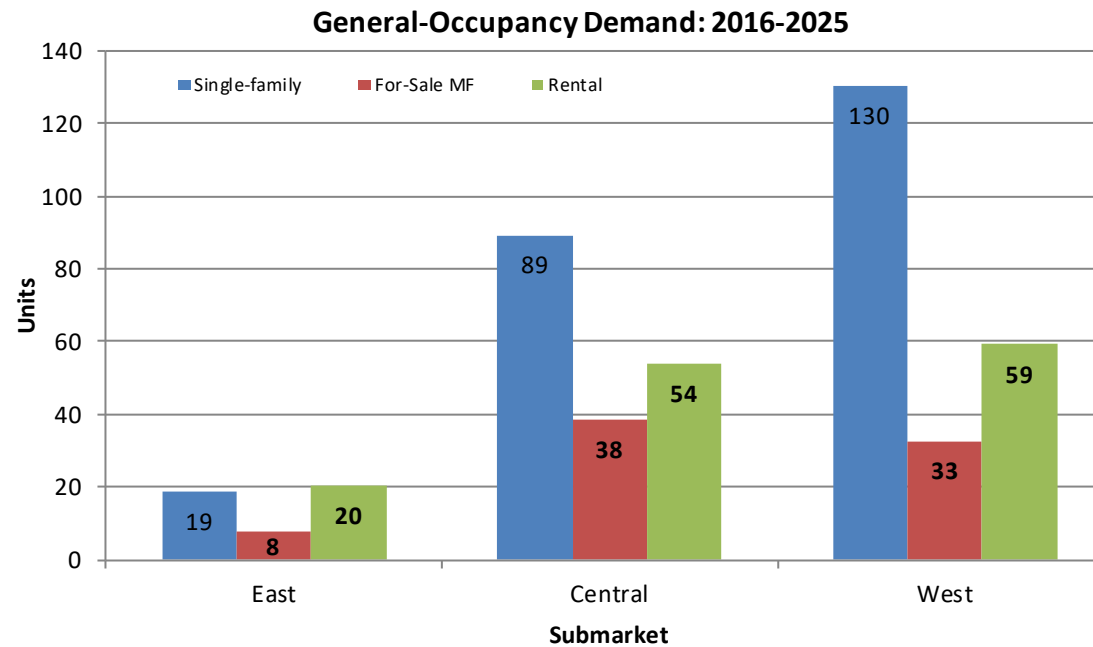


Table R-2 showed that the rental market is extremely tight with a vacancy rate of only 1.2%. Overall, there are few newer rental buildings and the existing rental stock is older and lacks features and amenities today's renters seek. With a strong rental market, we find that new rental units should be added in the short-term to satisfy potential household growth and accommodate employees working at local businesses. We found demand for over 130 general-occupancy rental units in Lyon County through 2025, most of which are market rate units.

TABLE DMD-8 GENERAL OCCUPANCY EXCESS DEMAND SUMMARY LYON COUNTY 2016 to 2025							
Submarket	2016 to 2025						
	FOR-SALE			RENTAL			
	Single-family	Multifamily	Total	Market Rate	Affordable	Subsidized	Total
East	19	8	26	12	3	5	20
Central	89	38	128	32	8	13	54
West	130	33	163	44	12	3	59
LYON COUNTY	238	79	317	89	23	21	133
Source: Maxfield Research & Consulting, LLC							

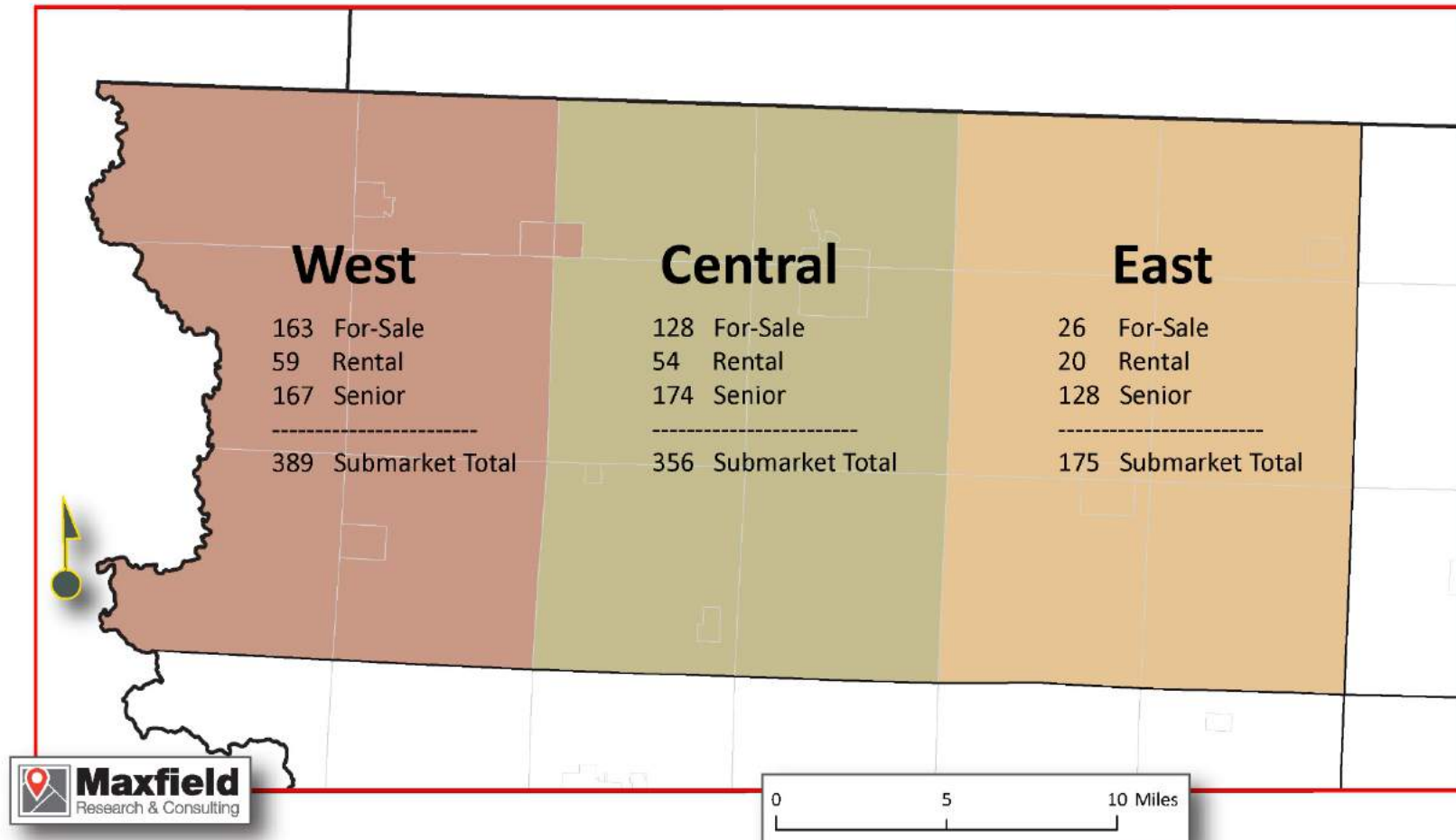


HOUSING DEMAND ANALYSIS

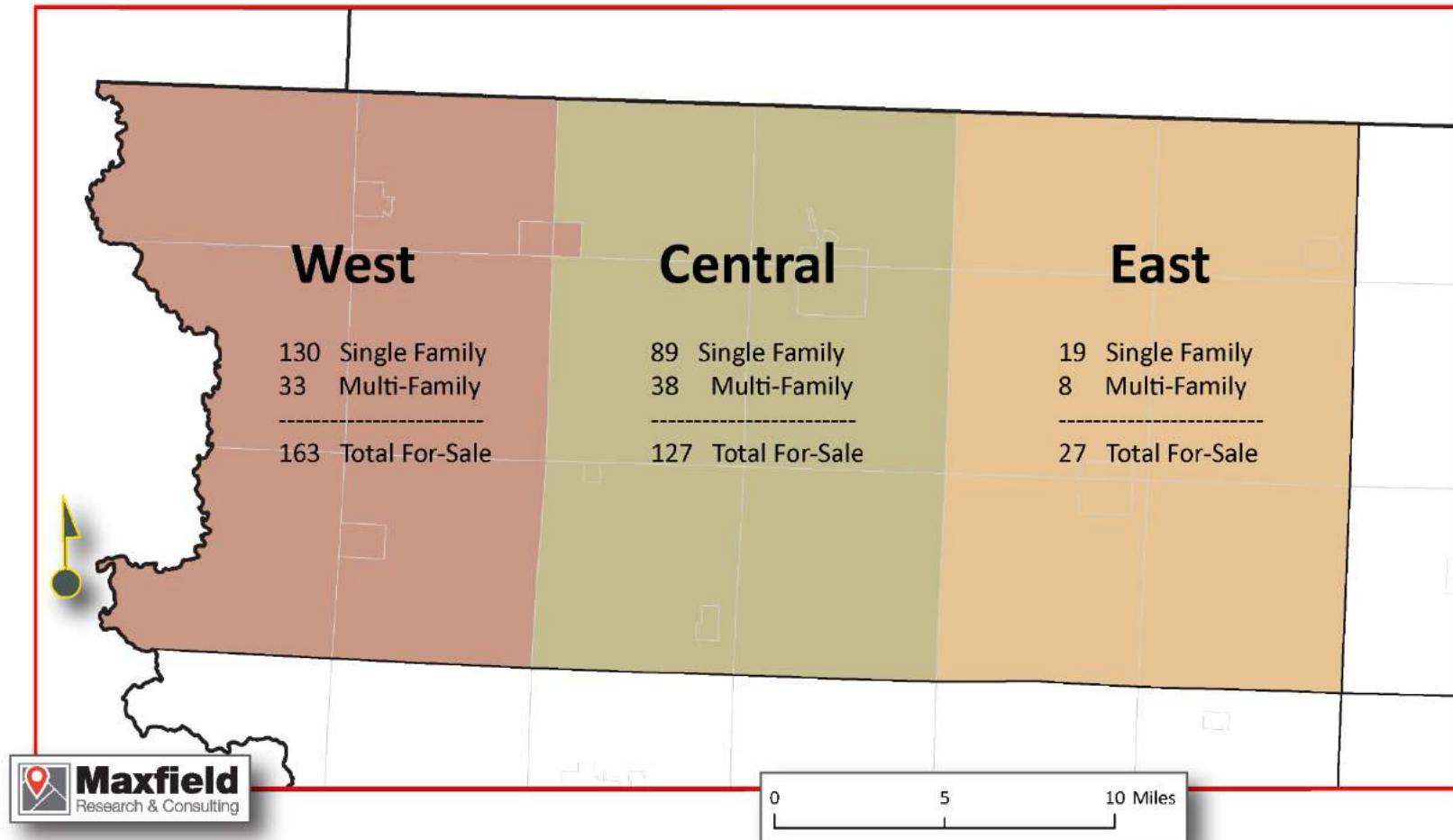
**TABLE DMD-9
SENIOR HOUSING EXCESS DEMAND SUMMARY
LYON COUNTY
2016 to 2021**

2016								
	ACTIVE ADULT					SERVICE-ENHANCED**		
	Subsidized Rental	Affordable Rental	MR Owner	MR Rental	Total	Congregate	Assisted Living	Memory Care
East	9	22	7	11	50	15	48	10
Central	0	31	19	23	73	26	51	27
West	7	20	14	21	62	9	46	17
LYON COUNTY	16	73	40	55	184	50	146	54
2021								
	ACTIVE ADULT					SERVICE-ENHANCED**		
	Subsidized Rental	Affordable Rental	MR Owner	MR Rental	Total	Congregate	Assisted Living	Memory Care
East	9	23	8	13	53	16	49	11
Central	0	36	18	22	75	23	49	27
West	9	24	16	24	74	22	52	19
LYON COUNTY	18	83	42	59	201	61	150	57
** Service-enhanced demand is calculated for private pay seniors only; additional demand could be captured if Elderly Waiver and other sources of non-private payment sources are permitted.								
Sources: Maxfield Research & Consulting, LLC								

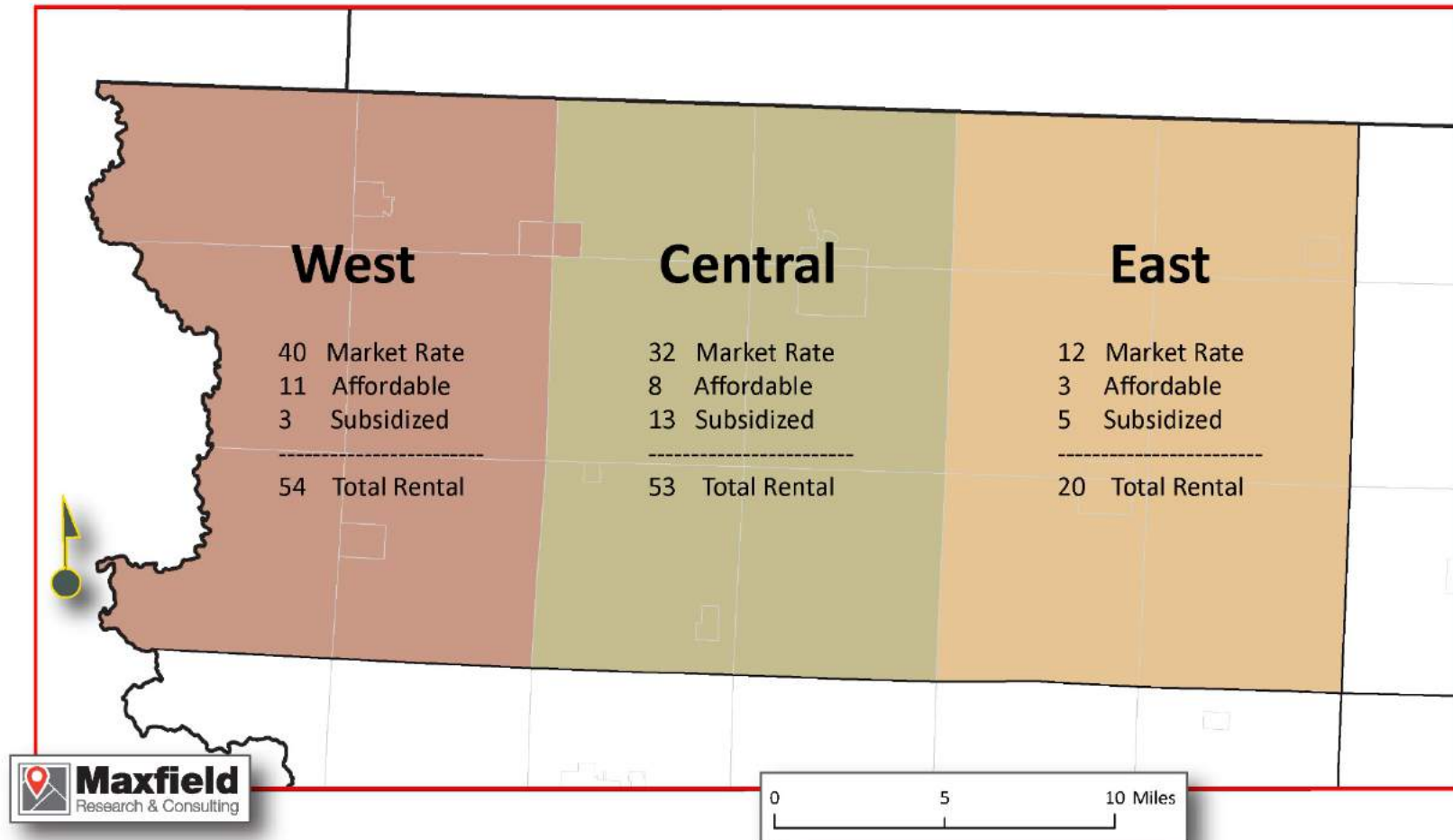
Lyon County 2016 to 2025 Demand Summary by Sub-Market



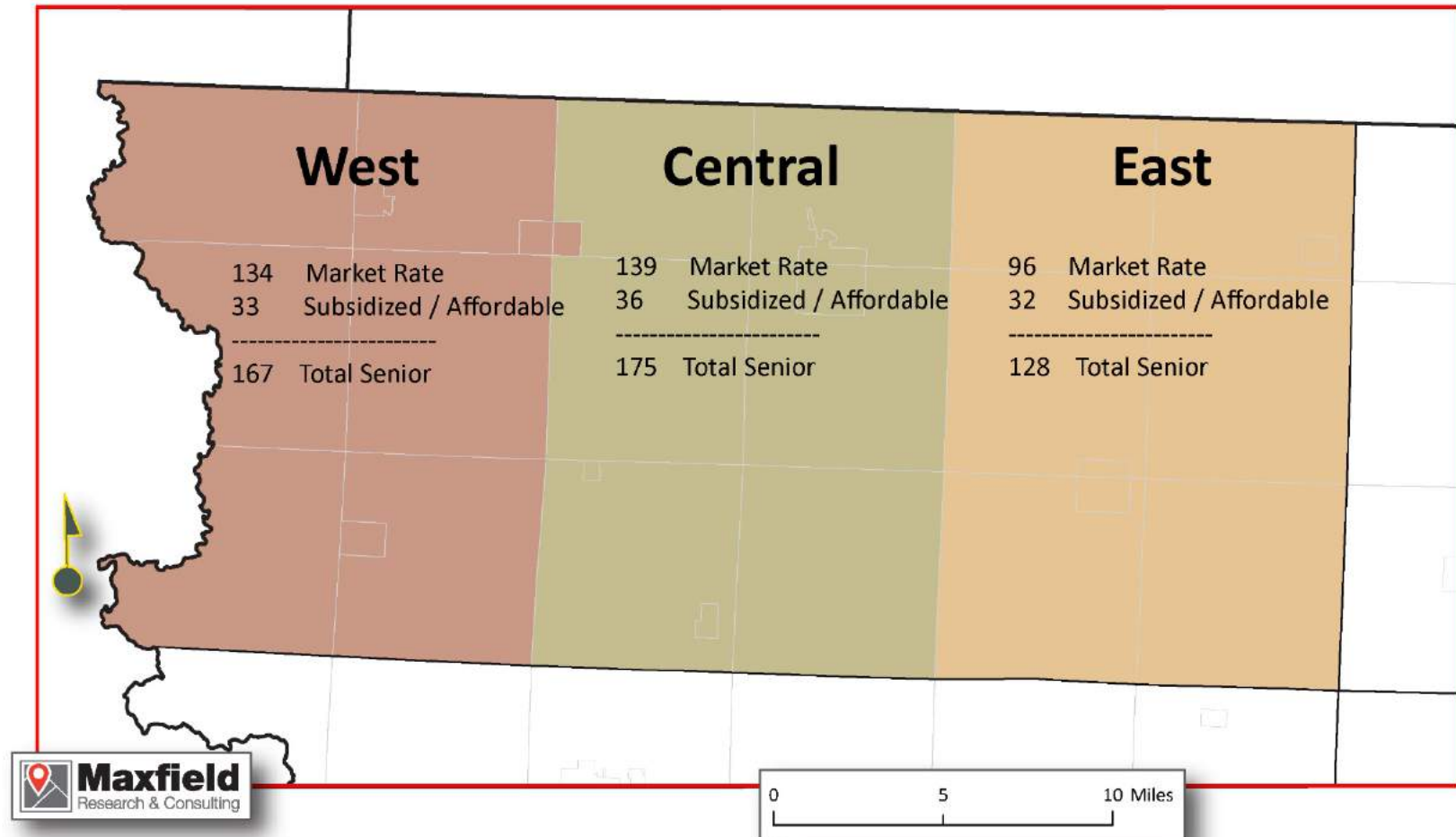
Lyon County 2016 to 2025 For Sale Demand by Sub-Market

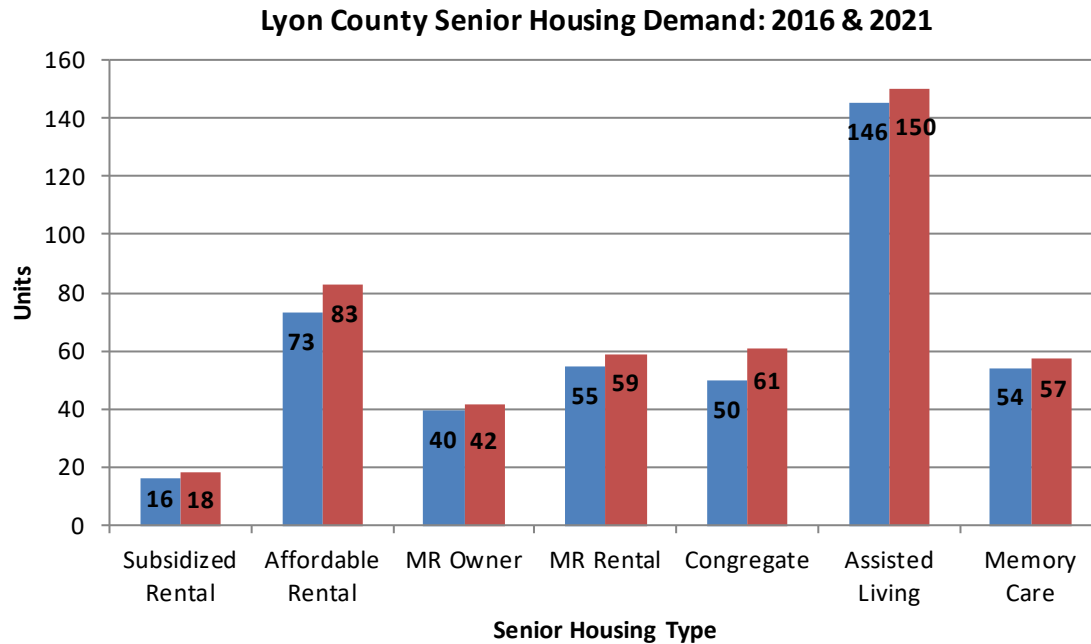


Lyon County 2016 to 2025 Rental Demand by Sub-Market



Lyon County 2021 Senior Demand by Sub-Market





Finally, senior housing demand is significant across Lyon County due to the aging of the population and growing baby boom generation. County-wide, demand exists for 201 active adult units and 268 service-intensive units. However, due to economies of scale, it could be difficult to develop stand-alone facilities for the various service levels in each county submarket that would be financially feasible.

Introduction

Based on the finding of our analysis and demand calculations, Tables DMD-8 and DMD-9 provided a summary of housing demand county and submarket through 2025. Demand exists in Lyon County for a variety of product types. The following section summarizes housing concepts and housing types that will be demanded from various target markets. It is important to note that not all housing types will be supportable in all communities and that the demand illustrated in Tables DMD-8 and DMD-9 may not directly coincide with housing development due to a variety of factors (i.e. economies of scale, infrastructure capacity, land availability, etc.).

Because of the strong growth in the population over age 55, there will significant demand in low-maintenance and association-maintained housing products; both for-sale and rental. The other age cohort projected to grow in Lyon County is those persons between ages 35 and 44; indicating a need for either move-up for sale or contemporary rental housing.

Recommended Housing Product Types

Single-Family Housing

According to Table FS-4 and our research, there are enough vacant developed lots in most submarkets based on current lot absorption in Lyon County. The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Lyon County and the number of homes constructed annually, the current lot supply is able to meet historical demand for many communities. Although there are a number of scattered, infill lots in many Lyon County communities, many of these lots are undesirable to today's buyers as they are unable to accommodate specific product types (i.e. larger ranch-style homes).

As illustrated in Table DMD-1, there is demand for 238 single-family homes through 2025 in Lyon County. The West Submarket (130 units) accounts for 54% of demand in Lyon County and the Central Submarket (89 units) accounts for 38% of the demand. The remaining single-family demand (19 units) will be accommodated in the East Submarket.

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

Due to the historical resale values in Lyon County, the existing resale market will appeal to most entry-level buyers (homes priced under \$150,000). Entry-level homes will be mainly satisfied

by existing single-family homes as residents of existing homes move into newer housing products built in Lyon County communities, such as move-up single-family homes, townhomes, rental housing and senior housing. Although there would be substantial demand for a new single-family housing product under \$150,000, financially it will be very difficult to develop even with public assistance. Based on land and building costs, it is very difficult to build new single-family homes for less than \$150,000 (i.e. split-level with unfinished basement).

However, there is strong demand for entry-level new construction priced between \$150,000 and \$200,000. Nonetheless, it has been difficult to develop and build new construction for less than \$200,000 due to a variety of factors (i.e. land, infrastructure, materials and labor, ranch-style preferences, etc.). Therefore, a private-public partnership may be needed to deliver new single-family construction priced under \$200,000.

A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. According to our interviews with Realtors, housing professionals, and employers, this demographic is underserved throughout Lyon County. Move-up new construction homes are generally priced from around \$225,000 to \$300,000 and will be highly customized. Executive-level homes are loosely defined as those homes priced above \$300,000 and will be built-to-suite and customized. Currently, nearly all of the new construction in actively marketing subdivisions would fall into the move-up or executive-level classification. Similar to move-up buyers, executive buyers may have outgrown their current home and are moving for a lifestyle reason. Many of these buyers have significant equity in their current home and seek a new home they can customize. According to Realtor interviews, many of these buyers are seeking one-level living options so they can age in place.

For-Sale Multifamily Housing

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

There were no multifamily resales in Lyon County this past year and Table FS-3 found only two multifamily active listings in Lyon County as of August 2016. *River Ridge Townhomes* in Rock Rapids, a townhome development of quads, is fully developed but has land for a future phase. In addition, the Hawkins First Addition condominium is also fully built out so there is no actively marketing multifamily for-sale in Rock Rapids or other communities in Lyon County. Based on the availability of land, demographics of the resident base and forecast trends, we find demand for about 79 new multifamily for-sale housing units in Lyon County. These at-

tached units could be developed as townhomes/row homes, twin homes, detached villas, condominiums, or any combination. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories. The following provides greater detail into townhome and twinhome style housing.

The following provides greater detail into townhome and twinhome style housing.

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

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

Twinhomes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. Move-up twin homes have especially been popular in other markets over the past few years and have commanded price premiums.

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

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sons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$160,000 and will fluctuate based on custom finishes, upgrades, etc.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

General Occupancy Rental Housing

Our competitive inventory identified few traditional-style multifamily rental developments in Lyon County; and among the identified buildings the rental housing stock is older. The two newest buildings in Lyon County (502 2nd Avenue and Snyders) are smaller apartment developments and leased immediately. Due to the age and positioning of the existing rental supply, a significant portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing.

Maxfield Research & Consulting calculated demand for over 130 rental housing units (89 market rate and 44 subsidized/affordable units) in Lyon County through 2025. The West Submarket accounted for about 44% of the demand (59 units), the Central Submarket 41% (54 units), and the East Submarket 15% (20 units). Because of the economies of scale when constructing multifamily rental housing, new construction requires density that will be difficult to achieve in the more rural Lyon County communities. New rental housing can be developed immediately and will continue to be in demand through this decade especially if new job growth is attracted to Lyon County. The following rental product types are recommended over this decade:

- *Market Rate General Occupancy Rental* – The existing market rate rental supply in Lyon County is older and has a significant mix of ages and household types represented. A new rental project will also have a diverse resident profile, including young to mid-age professionals as well as singles and couples across the age span would be captured at the development. To appeal to a wide target market, we suggest market rate apartment projects with a unit mix consisting of one-bedroom units, one-bedroom plus den units, two-

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bedroom units, and two-bedroom plus den or three-bedroom units. Larger three-bedroom units would be attractive to households with children.

Monthly rents (in 2016 dollars) should range from \$600 for a one-bedroom unit to \$875 for a three-bedroom unit. Average rents in Lyon County are estimated to be about \$0.65 to \$0.70 per square foot, however monthly rents should be about \$1.00 per square foot or more to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it will be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking. We believe the addition of additional rental buildings will facilitate greater housing choice in Lyon County and will better serve the needs of households that live and/or currently work in Lyon County. The greatest needs for new market rate housing will be in Larchwood and Rock Rapids.

- *Market Rate General Occupancy Rental Townhomes*– In addition to the traditional multi-family structures, we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. A portion of the overall market rate demand could be a townhome style development versus traditional multifamily design. We recommend a project(s) with rents of approximately \$800 for two-bedroom units to \$1,000 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage. Again, like traditional multifamily development, these rents are significantly higher than then existing rental product and a public-private partnership may be needed to bring down development and monthly rental costs.

Senior Housing

As illustrated in Tables DMD-9, demand exists for all senior housing product types in Lyon County. Due to the aging of the County's population, senior housing product types show the highest demand among all product types in the short-term. In fact, senior housing accounts for 469 units and makes up 51% of the total demand for housing in Lyon County.

Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Lyon County: older adult and senior residents are able to relocate to new age-restricted housing in Lyon County, and existing homes and rental units that were occupied by seniors become available to other new

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households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- Active Adult Rental – We have projected demand for roughly 200 market rate active adult rental units in Lyon County by 2021. Many of the seniors who would consider an active adult product are presently residing in their existing single-family home or general-occupancy rental housing. Development of this product could be in separate stand-alone facilities or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established the Iowa Finance Authority.

Because active adult senior housing is not need-driven, the demand for this product type may be delayed by younger seniors as they may desire to remain in their single family homes. The real estate markets throughout Lyon County are all strong so seniors would be able to capture significant equity in their homes today. Although a project could be developed in the short-term, demand could also be absorbed through the general-occupancy rental housing market if new rental product was developed in Lyon County.

- Affordable and Subsidized Rental – Lyon County demand for affordable/subsidized senior housing is about 100 units in 2021, most of which is affordable senior housing. Demand is spread evenly across all three submarkets ranging from 32 units in the East Submarket to 36 units in the Central Submarket. Affordable senior housing products can also be incorporated into a mixed-income building which may increase the projects financial feasibility. Affordable senior housing will likely be a low-income tax credit project through the Iowa Finance Authority. Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new subsidized development would likely rely on a number of funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 202 program, USDA 515 program, among others.
- Congregate – As illustrated in Table DMD-9, demand was calculated at 61 congregate units through 2021. There is only one congregate project in Lyon County; The Village Inn located in Inwood with nine units. Congregate demand was highest in the Central Submarket with 23 units; followed by 22 units in the West Submarket and 16 units in the East Submarket. We recommend new congregate projects have a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Base monthly rents should range from \$1,500 for one-bedroom units to \$1,750 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
 - I'm OK program;
 - Daily noon meal;
 - Regularly scheduled van transportation;

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- Social, health, wellness and educational programs;
- 24-hour emergency call system; and
- Complimentary use of laundry facilities.

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

Due to economies of scale needed for congregate housing, the Central and West Submarkets are the most viable options for this product type in the short-term. However, there could be the potential to combine congregate housing with other service levels resulting in a more feasible solution in the East Submarket.

- *Assisted Living and Memory Care Senior Housing* – Based on our analysis, we project demand to support an additional 150 assisted living units and 57 memory care units in Lyon County through 2021. Assisted living demand is strong in all three submarkets, ranging from 49 units in the East and West Submarkets to 52 units in the West Submarket.

We recommend assisted living units include a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from \$2,800 to \$3,500. Memory care unit mix should be studios and one-bedroom units with base monthly rents ranging from \$3,800 to \$5,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

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

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

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

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

- Service-Enhanced Senior Housing or “Catered Living” – As Tables DMD-9 showcased, demand exists for most senior products in each Lyon County Submarket. Due to economies of scale, it will be difficult to develop stand-alone facilities in some of the submarkets for each of these service levels that are financially feasible. Therefore, we recommend senior facilities that allow seniors to “age in place” and remain in the same facility in the stages of later life. Catered living is a “hybrid” senior housing concept where demand will come from independent seniors interested in congregate housing as well as seniors in need of a higher level of care (assisted living). In essence, catered living provides a permeable boundary between congregate and assisted living care. The units and spatial allocations are undistinguishable between the two senior housing products, but residents will be able to select an appropriate service level upon entry to the facility and subsequently increase service levels over time. Additionally, catered living not only appeals to single seniors but also to couples; each resident is able to select a service level appropriate for his or her level of need, while still continuing to reside together. In addition, memory care can be incorporated into the facility in a separate secured wing.

The catered living concept tends to be a newer concept but tends to be developed in more rural communities that cannot support stand-alone facilities for each product type. Monthly rents should include a base rent and service package with additional services provided either a la carte or within care packages. Monthly rents should start at about \$1,500 for congregate care and \$2,800 for assisted living care.

Recommended Housing Products by Submarket

Based on the findings of our analysis and demand calculations, Tables DMD-8 and DMD-9 provided a summary of housing demand county and submarket through 2025. Demand exists in Lyon County for a variety of product types. The following section summarizes housing concepts and housing types that will be demanded from various target markets. It is important to note that not all housing types will be supportable in all communities and that the demand illustrated in Tables DMD-8 and DMD-9 may not directly coincide with housing development

RECOMMENDATIONS & CONCLUSIONS

due to a variety of factors (i.e. economies of scale, infrastructure capacity, land availability, etc.).

Due to the size of the East submarket and declining population; it will be especially difficult to develop any multifamily housing products in this submarket due to the density and economies of scale needed to be financially viable. Therefore, the lesser populated communities will experience additional challenges due density requirements. In addition, there is likely to be cross-over demand and mobility between submarkets as new housing product is developed. Table R-1 outlines the submarkets most likely to experience new housing based on housing demand and the number of units needed to be supportable.

Because of the strong growth in the population over age 55, there will strong demand in low-maintenance and association-maintained housing products; both for-sale and rental. In fact, the vast majority of population growth over the next five years is within the 55+ demographic, further driving the need for more diverse housing types.

RECOMMENDATIONS

TABLE CR-1
HOUSING RECOMMENDATIONS BY SUBMARKET AND COMMUNITY
2016 to 2025

Housing Type/Program	East Submarket				Central Submarket						West Submarket								
	George		Little Rock		Alvord		Doon		Rock Rapids		Inwood		Larchwood		Larchwood Twp.		Lester		
	16-'19	20-'25	16-'19	20-'25	16-'19	20-'25	16-'19	20-'25	16-'19	20-'25	16-'19	20-'25	16-'19	20-'25	16-'19	20-'25	16-'19	20-'25	
For-Sale Housing																			
Single-family (new lots needed)		x		x	x					x		x		x		x		x	
Twinhomes/Townhomes/Condos		x						x	x		x		x		x				
General Occupancy Rental Housing																			
Market Rate		x						x		x	x		x		x			x	
Affordable/Subsidized															x				
Senior Housing																			
Market Rate																			
Active Adult - For-Sale											x		x						
Active Adult - Rental													x						
Congregate/Independent													x						
Assisted Living	x		x										x		x				
Memory Care			x												x				
Alternative Concept:																			
Catered Living			x						x				x		x				
Affordable Senior Housing																			
Active Adult	x		x										x		x				

Note: Although many of the smaller communities show housing demand for a variety of housing types; it will not be feasible due to the economies of scale needed. Therefore, recommendations are based on the need and density needed to be feasible.

Source: Maxfield Research & Consulting, LLC

CHALLENGES AND OPPORTUNITIES

Table CR-1 identified and recommended housing types that would satisfy the housing needs in Lyon County communities over the next nine years. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order - alphabetically).

- Affordability.** Based on current home prices, about 86% of Lyon County householders could afford to purchase an entry-level home resale home priced at \$80,000 in 2016. Likewise, most householders (92%) can also afford the average market rate rent at a one-bedroom rental project in Lyon County (\$350/month rent). Because of this condition, some householders who would not consider purchasing may do so earlier since the cost to own an entry-level home is on-par with rental housing costs. The following chart compares the costs of homeownership to rentals given today's housing costs based on a 30% allocation of income to housing. We do note, however, that not all householders will have the credit scores and down payment that would qualify them to purchase for-sale housing.

TABLE CR-2 LYON COUNTY HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$80,000	\$150,000	\$250,000	\$75,000	\$175,000	\$225,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$8,000	\$15,000	\$25,000	\$7,500	\$17,500	\$22,500
Estimated Closing Costs (rolled into mortgage)	\$2,400	\$4,500	\$7,500	\$2,250	\$5,250	\$6,750
Cost of Loan	\$74,400	\$139,500	\$232,500	\$69,750	\$162,750	\$209,250
Interest Rate	3.625%	3.625%	3.625%	3.625%	3.625%	3.625%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$339	-\$636	-\$1,060	-\$318	-\$742	-\$954
(plus) Prop. Tax	-\$113	-\$213	-\$354	-\$106	-\$248	-\$319
(plus) HO Insurance/Assoc. Fee for TH	-\$27	-\$50	-\$83	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$32	-\$60	-\$101	-\$30	-\$71	-\$91
Subtotal monthly costs	-\$512	-\$959	-\$1,599	-\$555	-\$1,161	-\$1,464
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$20,462	\$38,366	\$63,943	\$22,183	\$46,427	\$58,548
Pct. of ALL Lyon County HHDS who can afford ¹	86.0%	66.9%	40.1%	84.3%	58.4%	45.8%
No. of Lyon County HHDS who can afford ¹	3,867	3,006	1,801	3,790	2,626	2,057
Pct. of Lyon County owner HHDS who can afford ²	88.4%	71.6%	44.7%	86.9%	63.8%	50.8%
No. of Lyon County owner HHDS who can afford ²	3,264	2,643	1,652	3,208	2,355	1,877
No. of Lyon County owner HHDS who cannot afford ²	429	1,050	2,041	485	1,338	1,816
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$350	\$475	\$550	\$600	\$775	\$875
Annual Rent	\$4,200	\$5,700	\$6,600	\$7,200	\$9,300	\$10,500
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$14,000	\$19,000	\$22,000	\$24,000	\$31,000	\$35,000
Pct. of ALL Lyon County HHDS who can afford ¹	92.2%	87.5%	84.5%	82.5%	74.9%	70.6%
No. of Lyon County HHDS who can afford ¹	4,143	3,935	3,799	3,708	3,368	3,172
Pct. of Lyon County renter HHDS who can afford ²	81.9%	73.5%	68.2%	64.7%	52.6%	45.8%
No. of Lyon County renter HHDS who can afford ²	657	590	547	519	422	367
No. of Lyon County renter HHDS who cannot afford ²	145	212	255	283	380	435

¹ Based on 2016 household income for ALL households

² Based on 2014 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$58,901 vs. renter incomes = \$32,976)

Source: Maxfield Research & Consulting, LLC

Finally, most of the existing market rate rental properties in Lyon County have lower rents than the established fair market rents. Therefore, the market rate rents are lower than what a new affordable tax credit project may charge. As a result, it could be very difficult to develop a tax credit project with higher rents than the existing market rate rental develop-

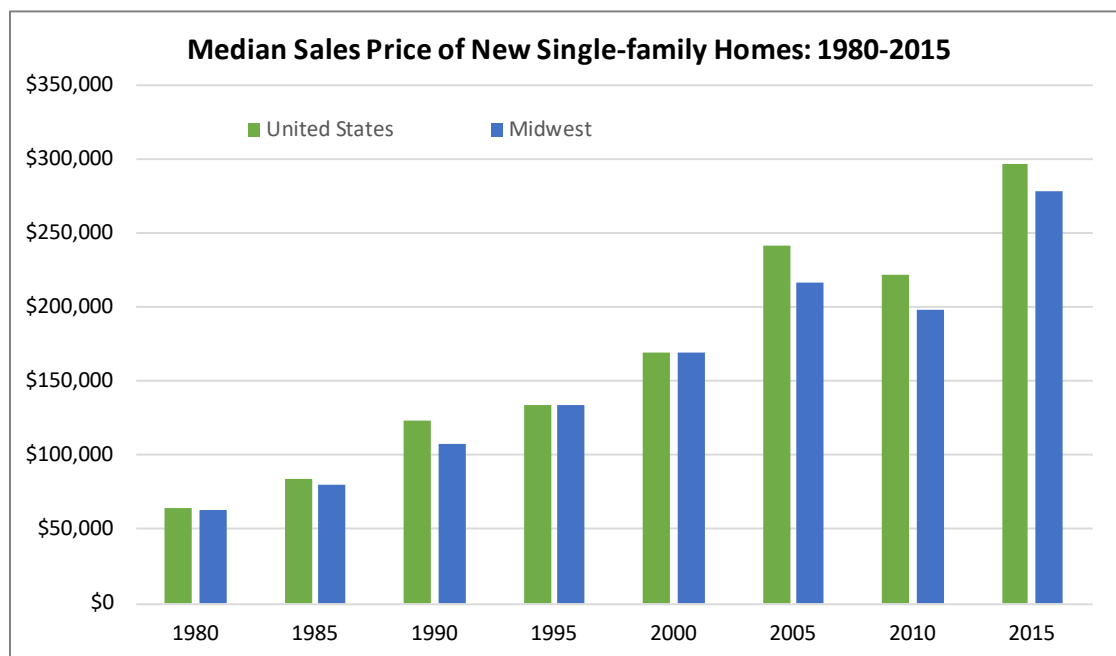
CHALLENGES AND OPPORTUNITIES

ments in Lyon County. The table below summarizes Lyon County income limits, fair market rents, and maximum gross rents in 2016.

HUD INCOME AND RENT LIMITS LYON COUNTY- 2016								
	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$13,470	\$15,390	\$17,310	\$19,230	\$20,790	\$22,320	\$23,850	\$25,410
50% of median	\$22,450	\$25,650	\$28,850	\$32,050	\$34,650	\$37,200	\$39,750	\$42,350
60% of median	\$26,940	\$30,780	\$34,620	\$38,460	\$41,580	\$44,640	\$47,700	\$50,820
80% of median	\$35,920	\$41,040	\$46,160	\$51,280	\$55,440	\$59,520	\$63,600	\$67,760
100% of median	\$44,900	\$51,300	\$57,700	\$64,100	\$69,300	\$74,400	\$79,500	\$84,700
120% of median	\$53,880	\$61,560	\$69,240	\$76,920	\$83,160	\$89,280	\$95,400	\$101,640
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$336	\$384	\$432	\$480	\$519			
50% of median	\$561	\$641	\$721	\$801	\$866			
60% of median	\$673	\$769	\$865	\$961	\$1,039			
80% of median	\$898	\$1,026	\$1,154	\$1,282	\$1,386			
100% of median	\$1,122	\$1,282	\$1,442	\$1,602	\$1,732			
120% of median	\$1,347	\$1,539	\$1,731	\$1,923	\$2,079			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$438	\$484	\$619	\$768	\$877			
Sources: HUD, Novogradac, Maxfield Research and Consulting LLC								

- Aging Population.** As illustrated in Table D-4, there is significant growth in Lyon County's population, especially among ages 65 to 74 (+22% growth through 2021). Most of the growth over the next five years is projected in the 55+ age cohorts. In addition, Table D-6 shows the Lyon County homeownership rates among seniors 65+ is 86%. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.

- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession. New construction pricing peaked last decade between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before escalating again in 2012. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. However, there is strong demand in many Lyon County communities for homes priced under \$200,000 should builders provide a product that could be delivered to the market at this price point.



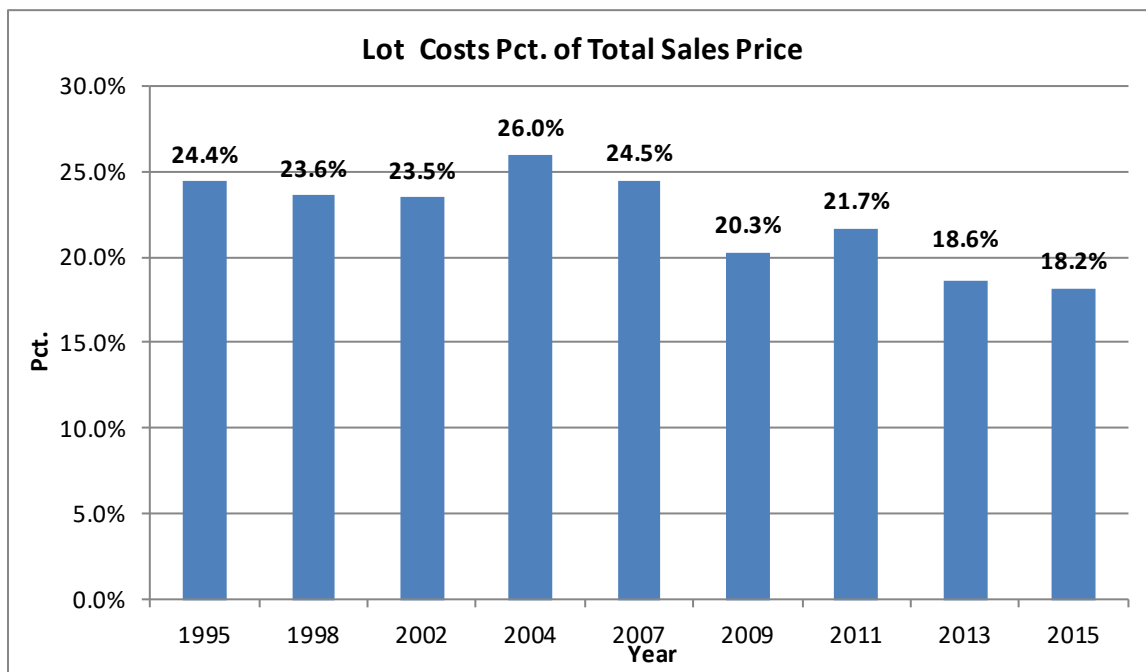
According to the National Association of Home Builders/Wells Fargo builder sentiment index, the lack of qualified labor and subcontractors is the #1 issue with builders today. Nearly 75% of builder's responded that labor shortages are their top concern in 2016. In addition, builders are concerned about rising material costs, shovel-ready land for development, and the heightened concerns about the slowdown in the global economy and the potential impact on the U.S. market. Because of these headwinds, builders expect construction costs to increase.

Many newly constructed homes in Lyon County have been ranch or rambler style homes that feature one-level living and a full basement. Many buyers prefer this housing type as it allows householders to age in place and they have a high resale value. However, ranch style homes typically require a larger lot width resulting in increased land premiums. Furthermore, ranch style homes require larger foundations, expanded roofing system, and electri-

cal and plumbing systems that are more expensive than a two-story home. Ranch or rambler homes can command a new construction premium of about 30%; thereby furthermore driving up the cost of new construction.

- **Developers Lot Carrying Costs.** Land development and entitlement carries a large financial risk for builders and/or investors. Prior the Great Recession developing land was considered a profitable side of the housing business. However, today land development continues to be dominated by larger builders that can absorb the lot inventory more easily than smaller builders or land developers. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given the lot price they could achieve. Prolonged carrying costs due to slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold.

Our interviews with Realtors, builders, and developers found that most subdivisions take years to sell out while lot prices are typically held steady during the build-out. During this time, developers continue to pay property taxes and financing costs on the improved lots. Given the historical absorption of lots in Lyon County; many subdivisions can take up to a decade or longer to complete. As a result, the land development business is not a lucrative business for real estate investors and future lot development may require a private-public partnership to bring down infrastructure costs. The chart below shows the average lot cost across the country compared to the retail sales price of the home.



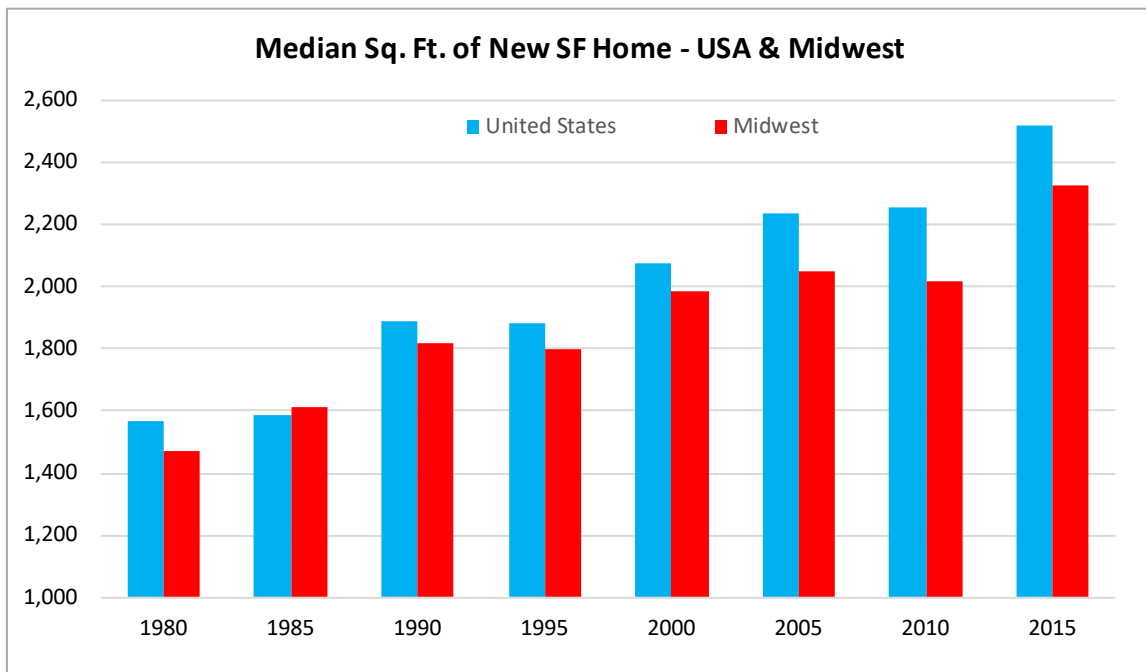
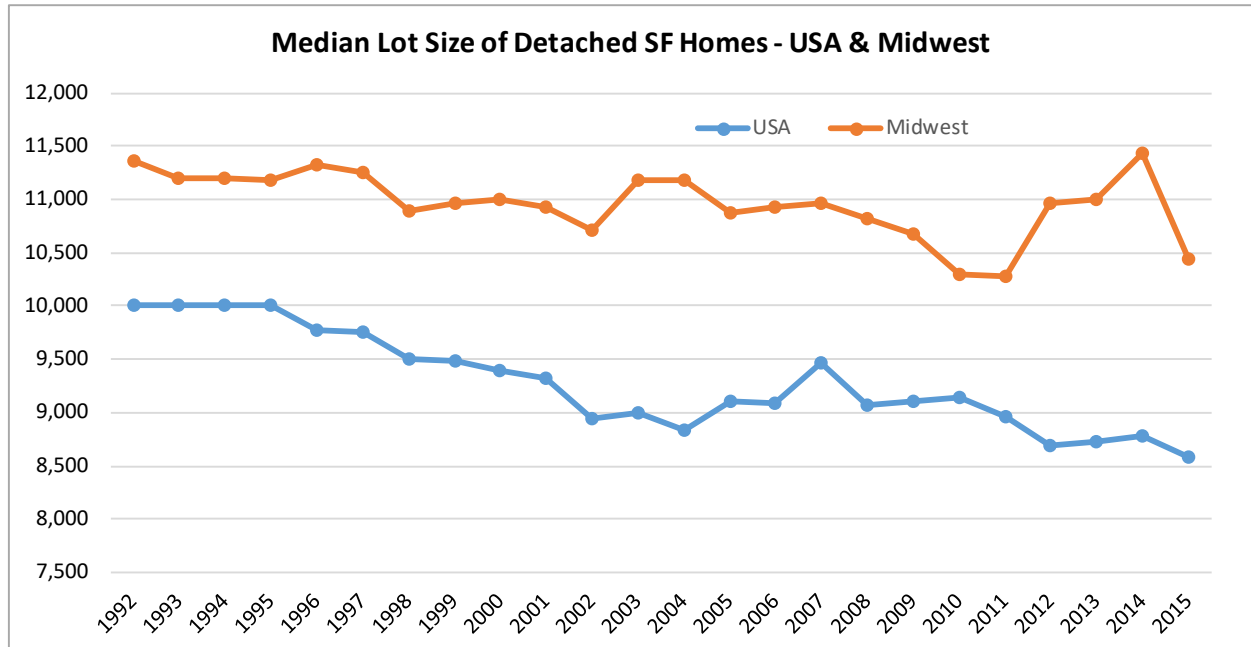
- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Like most areas across Iowa, the Midwest, and U.S., the Lyon County unemployment rate peaked in 2009 during the Great Recession at 4.3%. The high of 4.3% is nowhere near what most cities and counties experienced during the recession. The unemployment rate has decreased annually since 2009 and is only 2.0% as of the end of 2015. Although the low unemployment rate is generally considered positive news, a very low unemployment rate can be challenging for employers looking to add additional staff. However, Lyon County's labor force continues to grow indicating employers in Lyon County are likely attracting workers from outside the county. Additional job creation in Lyon County will result in household growth that could exceed projections outlined in Table D-3.
- **Lot Supply.** Table FS-4 showed an inventory of 175 vacant lots throughout Lyon County in newer subdivisions. Based on this lot supply and the recent construction activity over the past five years, the current finished lot inventory is sufficient in many submarkets. However, additional lots will be needed in some submarkets such as the East that has few available lots and in the City of Larchwood that has a dwindling lot supply within municipal limits. Overall, we find there is a lack of supply of lots in Lyon County for buyers seeking walk-out or lots with mature trees. Therefore, demand for lots in the county could come sooner if the lot offerings were different (i.e. lot size, configuration, or pricing) from the current options available today.
- **Lot Size & Home Style Preference.** As illustrated in the chart on the following page, the median lot size of a new single-family detached home in the United States sold in 2015 dropped to its smallest size since the Census Bureau has been tracking lot sizes. Median lot sizes have dropped below 8,600 square feet, down about 10% since 2010. Lot sizes have decreased in part due to increasing lot prices and rising regulatory and infrastructure costs (i.e. curb and gutter, streets, etc.). As a result, builders have reduced lot sizes in an effort to increase density and absorb higher land development costs across more units.

However, local Realtors have stressed there is a desire for larger lots sizes in Lyon County communities; typically at least 90' wide as buyers desire side yards. At the same time, larger lot sizes cost more to develop given the increased infrastructure and land costs. As a result, "affordable" new single-family housing in Lyon County will be increasingly difficult to build unless lot sizes can be diminished and densities can be increased.

Local Realtors also stressed the desire for ranch or rambler style homes throughout Lyon County. Buyers desire this product type as the lack of stairs allows home owners to "age in place" and they have a strong resale value in the local market. However, ranch style homes require a larger lot width and have higher construction costs. Two-story homes cost less on a per square foot basis due to foundation and roof costs; as well as more efficient HVAC costs. Ranch style homes are on average at least 25% higher to construct due to the larger footprint.

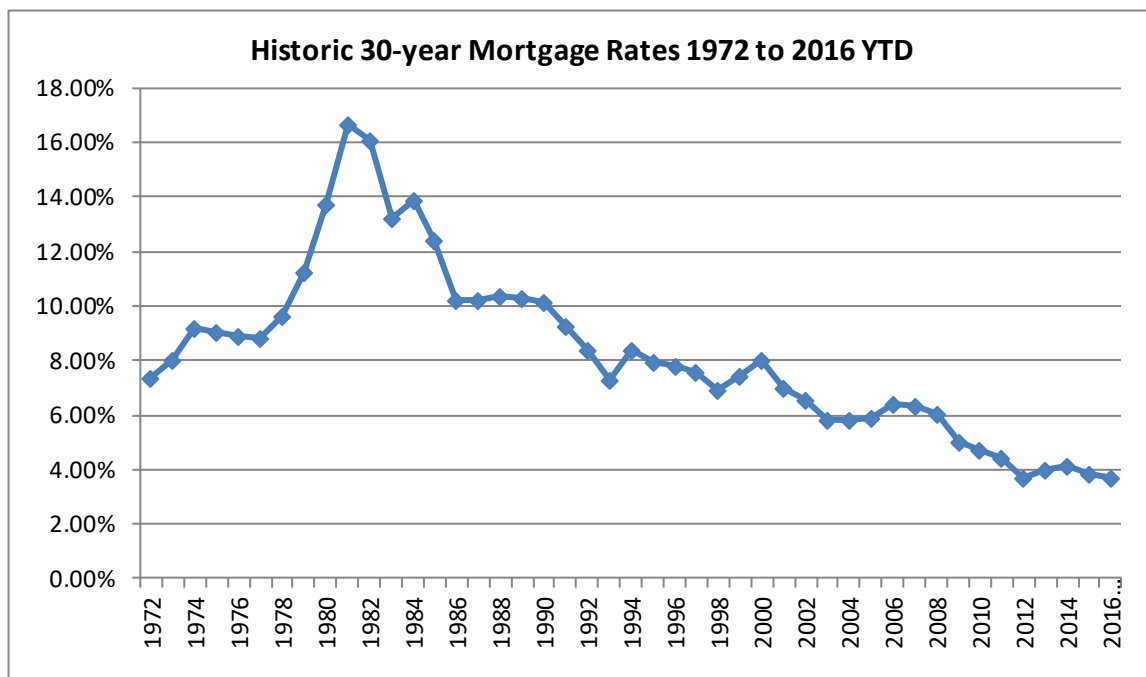
CHALLENGES AND OPPORTUNITIES

A split-level or bi-level home usually has the lowest construction costs on a per square foot basis. The foundations in these homes are minimized as they have partial basements as the foundation size is significantly lower than a traditional two-story home. Although this product type could be developed more affordably in Lyon County; buyers may not gravitate to this product if they desire the ranch style and one-level living.



- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have remained at historic lows over the past several years coming out of the Great Recession. The Federal Reserve has indicated rates would rise throughout 2016; however due to Brexit and the slowdown in the worldwide economy most economists do not believe much if any rate hikes will occur through the end of 2016. A significant increase in rates (+1% or more; over 5% in the short term) would greatly affect the housing market and would slow projected housing demand.

The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMMS) has been tracking mortgage rates since 1971 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



- **Multifamily Development Costs.** It will be challenging to construct new market rate multifamily product given achievable rents and development costs. Per the Rental Housing Section of the report, the average rents in Lyon County are low and average about \$0.65 per square foot. Maxfield Research finds in most rural communities the average rent per square foot can easily exceed \$1.00 to \$1.10 per square foot to cover the development costs. Construction costs for new multifamily housing (3-story stick frame construction) will likely average about \$95 per square foot (gross) for hard costs plus land acquisition - or upwards to \$128,200 per unit to develop. Development costs of this scale will likely require rents per square foot significantly higher than the existing product in Lyon County. Based

CHALLENGES AND OPPORTUNITIES

on these costs, it will be difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development (i.e. tax abatement, TIF, etc.).

Apartment Macro-Level Financial Assessment			
2016			
Assumptions		Development Costs	
No. of Units	24	Hard Costs	\$2,294,250
Avg. Sq. Ft./Unit	875	Soft Costs	\$688,275
Common Area Pct.	15%	Land Costs	\$96,000
Avg. Rent/Unit	\$950	Total Development Costs	\$3,078,525
Equilibrium Occupancy	95%		
Avg. Rent PSF	\$1.09	Development cost/unit	\$128,272
		Development cost/PSF	\$127
Total Rentable Sq. Ft.	21,000		
Total Bldg. Sq. Ft.	24,150		
Monthly Financials		Annual Financials	
Gross Monthly Rent	\$22,800	\$273,600	
Effective Rent	\$21,660	\$259,920	
Total Expenses	\$8,664	\$103,968	
NOI	\$12,996	\$155,952	
Less: Debt Service	(\$13,599.78)	(\$163,197.40)	
Net Operating Cash Flow	(\$603.78)	(\$7,245.40)	
Source: Maxfield Research & Consulting, LLC			

- Rental Housing.** Table R-1 found an overall vacancy rate of only 1.2% among the inventoried rental housing buildings in Lyon County, indicating pent-up demand for rental housing. About 18% of Lyon County's housing stock is rental housing; however according to structure type data nearly 70% of the existing rental housing stock in Lyon County is located within a single-family home. About 11% of Lyon County's rental stock is located in traditional multifamily structures with ten or more units. Due to the strong absorption of the new rental housing product that has recently been developed in Rock Rapids and Larchwood and the low vacancy rates, there is strong demand for additional rental housing units in nearly all Lyon County submarkets immediately. Therefore, we recommend promotion of further contemporary rental product throughout Lyon County to meet this demand.

APPENDIX

Definitions

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

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

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

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

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

The term affordable housing is not a general term or reference used to describe the price of housing in Lyon County, or any respective City/County.

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

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

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

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

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

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

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

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

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

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

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

Effective Rents – Contract rent less applicable concessions.

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

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

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

Fair Market Rent – Lyon County 2016

Fair Market Rent					
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$438	\$484	\$619	\$768	\$877

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

Great Recession – Global economic decline beginning in December 2007 and ended in June 2009 with the official recovery beginning shortly thereafter. The Great Recession was initially

sparked by the collapse of the United States housing bubble, which caused the values of securities tied to United States real estate pricing to plummet, damaging financial institutions globally. The Great Recession led to worldwide austerity, high levels of household debt, trade imbalances, high unemployment and limited prospects for global growth.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants.

**Gross Rent
Lyon County – 2016**

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$336	\$384	\$432	\$480	\$519
50% of median	\$561	\$641	\$721	\$801	\$866
60% of median	\$673	\$769	\$865	\$961	\$1,039
80% of median	\$898	\$1,026	\$1,154	\$1,282	\$1,386
100% of median	\$1,122	\$1,282	\$1,442	\$1,602	\$1,732
120% of median	\$1,347	\$1,539	\$1,731	\$1,923	\$2,079

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

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

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

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

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental

units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

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

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

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

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

Income Limits by Household Size								
	1 pph	2 phh	3 phh	4 phh	5 phh	6 phh	7 phh	8 phh
30% of median	\$13,470	\$15,390	\$17,310	\$19,230	\$20,790	\$22,320	\$23,850	\$25,410
50% of median	\$22,450	\$25,650	\$28,850	\$32,050	\$34,650	\$37,200	\$39,750	\$42,350
60% of median	\$26,940	\$30,780	\$34,620	\$38,460	\$41,580	\$44,640	\$47,700	\$50,820
80% of median	\$35,920	\$41,040	\$46,160	\$51,280	\$55,440	\$59,520	\$63,600	\$67,760
100% of median	\$44,900	\$51,300	\$57,700	\$64,100	\$69,300	\$74,400	\$79,500	\$84,700
120% of median	\$53,880	\$61,560	\$69,240	\$76,920	\$83,160	\$89,280	\$95,400	\$101,640

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

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

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

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

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

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

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

Median Rent/Home Price – The median refers to the price point where half of the rents/homes are priced above the point, and half are priced below it. The median is a more accurate gauge of housing costs as averages tend to skew prices at the high and low end of the market.

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

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

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

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

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

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

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

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

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

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

Population – All people living in a geographic area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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