



Housing Market Analysis and Demand Estimates for Rock Valley, Iowa

Prepared for:

Rock Valley Economic Development Corporation

Prepared by:

Viewpoint Consulting Group, Inc.

Date:

January 29, 2021



January 29, 2021

Dave Miller
Development Director
Rock Valley Economic Development Corporation
1507 Main Street
Rock Valley, IA 51247

Subject: Housing Market Analysis and Demand Estimates for Rock Valley, Iowa

Dear Mr. Miller:

Attached is the *Housing Market Analysis and Demand Estimates for Rock Valley, Iowa* conducted by Viewpoint Consulting Group, Inc. The study projects housing demand through 2030, and gives recommendations on the amount and type of housing that could be built in Rock Valley to satisfy demand over the next five years. Detailed information regarding recommended housing concepts can be found in the Demand Analysis and Conclusions section at the end of the report.

Thank you for selecting Viewpoint Consulting Group, Inc. to conduct this market study of Rock Valley's housing needs. Please contact us if you have any questions or need additional information.

Sincerely,

Viewpoint Consulting Group, Inc.

A handwritten signature in blue ink, appearing to read "Jay Thompson", is written over a light blue horizontal line.

Jay Thompson
President

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Key Findings

The Rock Valley Economic Development Corporation engaged Viewpoint Consulting Group, Inc. to conduct an assessment of housing needs for the City of Rock Valley, Iowa. Detailed calculations of housing demand from 2021 to 2030 are found in the *Demand Analysis and Conclusions* section of the report. Recommendations are also provided on the amount and types of housing that should be developed to accommodate the housing needs over the next five years. This housing analysis updates previous analyses conducted for Rock Valley in 2012 and 2016. The following are key highlights from the housing needs assessment.

1. Rock Valley has experienced strong population growth for the past two decades, propelled by a thriving local economy. Rock Valley's population grew by 24.1% during the 2000s and by 16.3% during the 2010s. This decade (2020 to 2030) Rock Valley is projected to grow by 12.2%, reaching a population of 4,430 in 2030.
2. For a community of its size, Rock Valley has a large employment base. Hegg Health Center is the largest employer with 315 total employees. The nine largest manufacturing companies in Rock Valley combine for 712 employees, up from 698 employees in 2016.
3. Rock Valley's population growth is among all age groups. This decade, the senior population will grow more quickly as the baby boom generation ages. The younger population will still grow as younger families move to Rock Valley. Growth of all age groups has been and should continue to create demand for a variety of housing types, including rentals, entry-level and move-up single-family homes, condominiums, and senior housing.
4. Overall, there is demand for about 180 new housing units in Rock Valley between 2021 and 2030. Out of that demand, about three-quarters will be for owner-occupied housing (140 units) and about one-quarter will be for rental and senior housing (40 units).
5. Housing types by number of units to meet projected demand in Rock Valley over the next five years (from 2021 to 2026) is below:
 - Single-family owner-occupied
 - o Entry-level = 40 - 43 units
 - o Move-up = 15 - 18 units
 - Townhomes/condominiums = 18 - 20 units
 - General occupancy rental
 - o Market Rate Apartments = 10 - 12 units
 - o Age 55+ Apartments = 10 - 12 units
 - Memory Care Assisted Living = 10 - 12 units

6. It is recommended that a three-year lot supply be maintained in Rock Valley, which ensures adequate consumer choice without excessively prolonging developer carrying costs. The current lot supply is about five years for entry-level homes and more than a decade for move-up homes. With demand for about eight homes each year for entry-level (under \$300,000) and four homes each year for move-up homes (above \$300,000), additional lots for entry-level homes will be needed in 2023 or 2024 to keep pace with demand. Existing lots in Southern Trails should meet the move-up demand for the next five years. Lot prices in the two active subdivisions are reasonable. To quicken the pace of home building, other measures, such as increasing the New Home Construction Incentive and adding amenities to the community should be considered.
7. The target market for condominiums in Rock Valley has primarily been empty-nesters and young seniors who want to own their residence but do not want the responsibility of maintenance. No lots remain in Rock Valley to accommodate this housing type. It is recommended that a new condominium development (townhome-style units) with 18 to 20 units in the \$200,000 to \$250,000 price range be platted immediately to meet demand over the next five years.
8. The analysis found demand for 10 to 12 units of additional rental housing in Rock Valley. This demand will most likely materialize closer in 2023 or later as open units in existing properties will meet the short-term demand. The demand for new units will largely be for households with incomes below \$40,000. To meet this demand, units should have rents, excluding utilities, of about \$600 for one-bedroom units and \$825 for two-bedroom units. We recommend a 10 to 12-unit building feature about half one-bedroom units for single workers and the remaining units having two bedrooms.
9. Along with growth of the senior population is growing need for senior (55+) rental housing. Rock Ridge Estates opened in 2018 with six age-restricted, single-level townhomes. A need for an additional 10 to 12 units of senior rental housing is identified. A four-unit addition to Rock Ridge Estates will meet a portion of this demand. After it, demand for another six to eight units exists. The townhome-style units at Rock Ridge Estates have proved to be appealing, and additional two-bedroom units with rents of \$1,200 would meet most of the demand. For single-seniors with more modest incomes, we recommend two or three one-bedroom units with rents of \$900.
10. RiverView Ridge is a senior housing property that opened in 2020 and its 40 units will largely meet the demand over the next five years for two distinct markets – congregate independent and assisted living housing. Demand for the third distinct market, memory care housing, remains unmet. We recommend 10 to 12 units of memory care housing to meet the community's needs. The most financially viable solution to adding these units would likely be an addition to RiverView Ridge. A second solution would be waiting until closer to 2026 when demand for additional assisted living housing may reach approximately 12 units. Then, a 24-unit building offering assisted living and memory care housing could be built to meet the growing need for both types of housing.

Purpose and Scope of Study

Viewpoint Consulting Group, Inc. was engaged by the Rock Valley Economic Development Agency to conduct an analysis of the housing needs in the City of Rock Valley. The purpose of this analysis is to calculate the depth of unmet demand for various housing types in Rock Valley through 2030. Based on the analysis, recommendations are provided on specific housing developments that could be developed in the next five years to meet the unmet need.

Scope of Services

The scope of this study includes the following:

1. Analysis of demographic trends and characteristics and economic conditions as they relate to the potential demand for additional housing in Rock Valley.
2. Analysis of current market conditions for rental housing, owner-occupied housing, and senior housing in Rock Valley.
3. Calculation of demand for rental, owner-occupied, and senior housing in Rock Valley through 2030.
4. Recommendations on appropriate housing types to develop within the next five years to satisfy unmet housing demand.

The data analyzed in this report includes both primary and secondary data. Primary data is data collected by Viewpoint Consulting Group, Inc. through interviews with property managers, Realtors, major employers, and city staff. Secondary data is gathered from other sources and is accurate to the best of our knowledge. Secondary data utilized in this report is from the U.S. Census Bureau, Iowa Workforce Development, Sioux County Assessor, and ESRI (a national demographic firm).

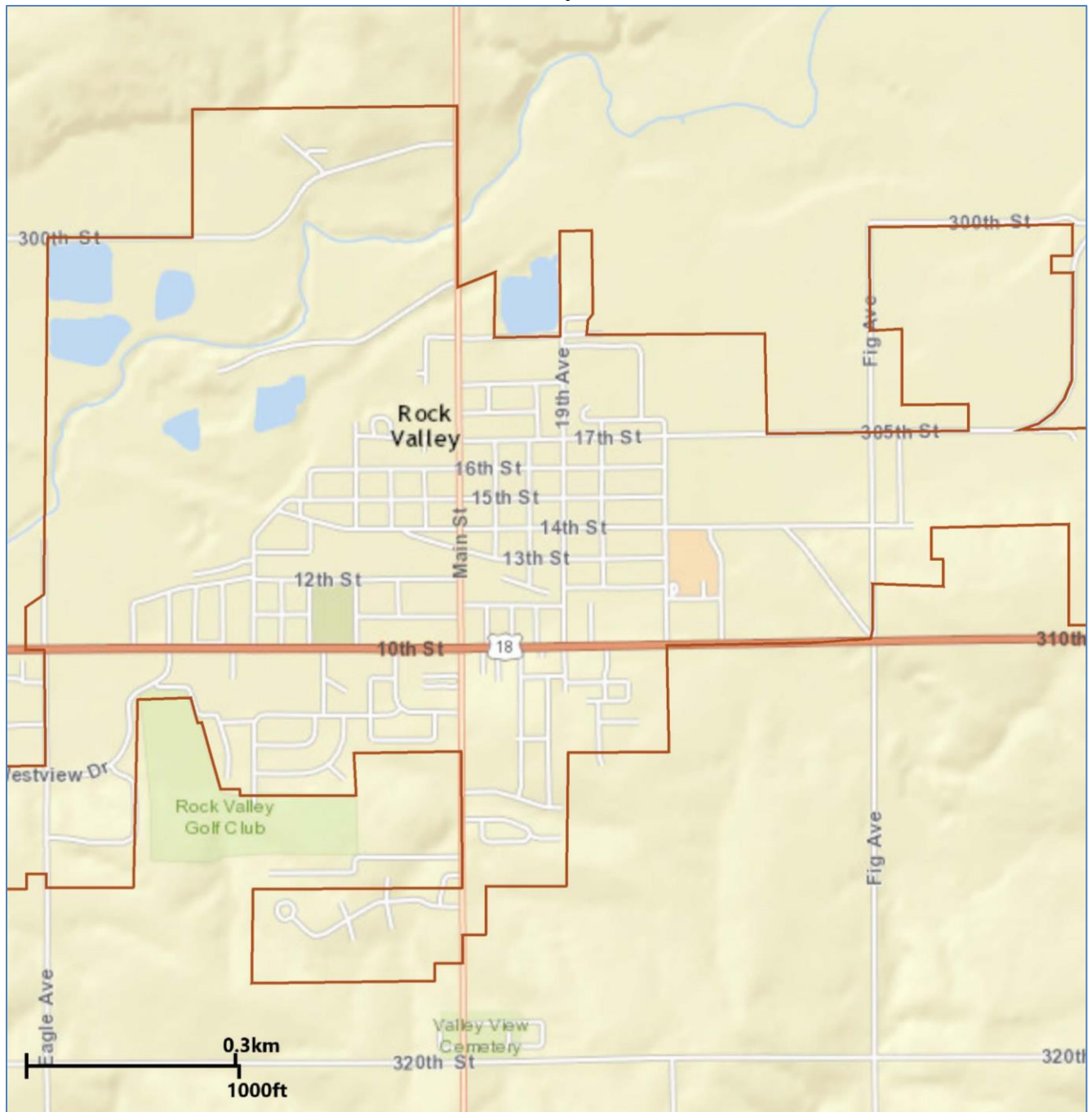
Rock Valley Overview

Rock Valley is a community with an estimated population of 3,950 people located in northwestern Iowa in Sioux County. Rock Valley has a thriving employment base that resulted in population growth of 16.3% last decade (2010 to 2020), which far outpaced the statewide growth rate (+4.9%).

Among the larger employers in Rock Valley contributing to its growth are Hegg Health Center, Kooima Company, A & I Products, Hope Haven, Total Component Solutions, Valley Machining Co., and Siouxland Fabricating. As these and other smaller businesses grow, they are drawing employee – and future residents – from the surrounding area and beyond.

Rock Valley is located on Highway 18, which connects Rock Valley to South Dakota on the west and Highway 75, a major north-south transportation route, on the east. The nearest major city to Rock Valley is Sioux Falls, South Dakota, which is about 40 miles to the northwest. Sioux City is the next closest major city and is about 55 miles south of Rock Valley.

Rock Valley, Iowa



A map of Rock Valley, Iowa, and its surrounding region. The map shows a network of roads, including Interstate 90, Interstate 29, and various state routes. Major cities and towns are labeled, such as Sioux Falls, Rock Rapids, George, and Rock Valley. Rock Valley is marked with a red star and labeled in red text. The map also shows geographical features like Brant Lake, Split Rock Lake, and Heron Lake. The Rock Valley area is highlighted in a light blue color.

Demographic and Employment Analysis

This section of the report examines demographic and economic factors related to the current and future demand for housing in Rock Valley. Demographic factors examined include population and household growth trends, population age distribution, and households by income, tenure, and size. Economic factors include employment growth trends, jobs by industry types, and major employer interviews. A review of these characteristics provides insight into the demand for various types of housing in the community.

Primary Market Area Definition

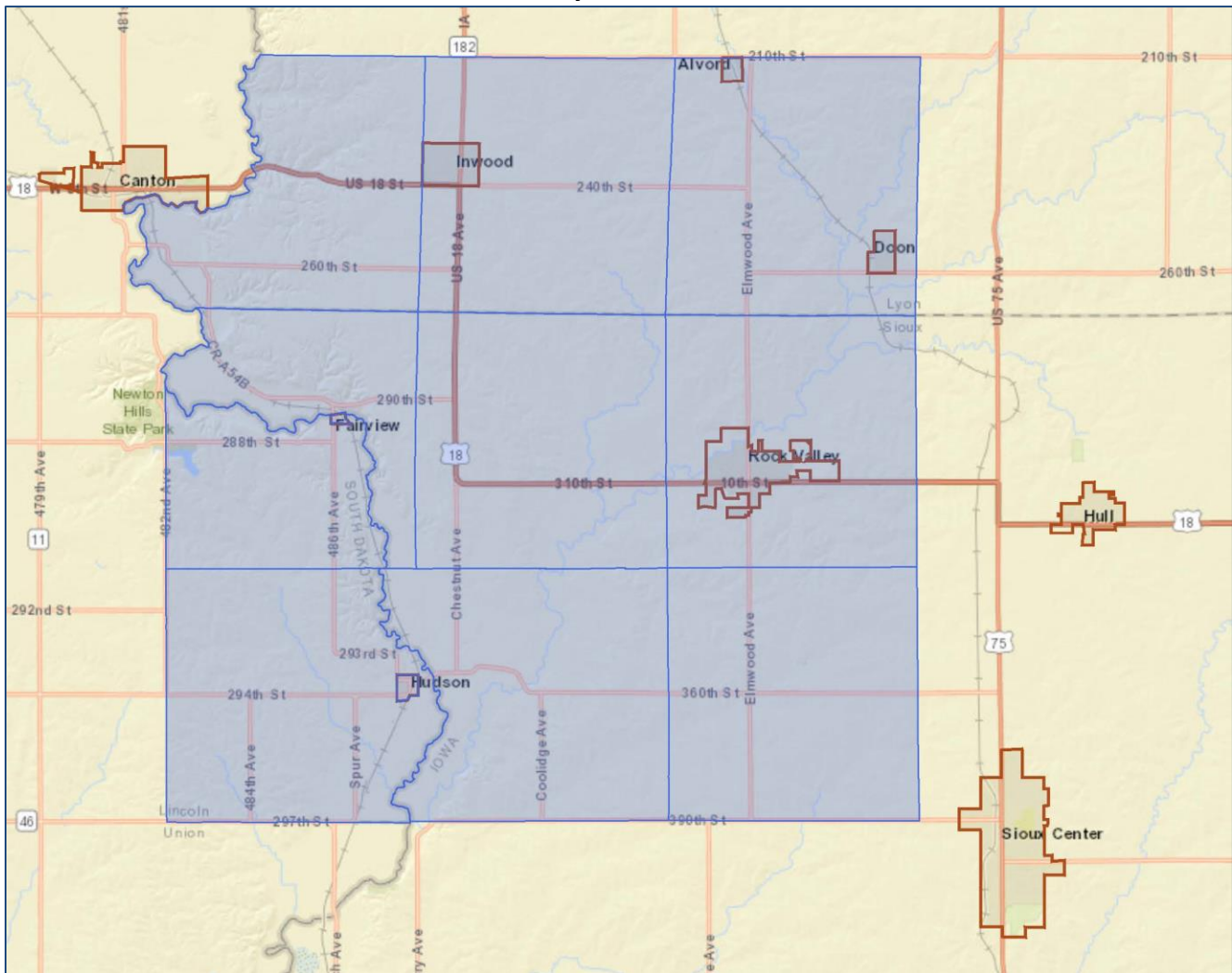
The primary draw area for determining current and future housing demand in Rock Valley is based on interviews with local officials, employment draw patterns, traffic patterns, community orientation, geographic boundaries, and our knowledge of the draw areas for housing. The primary draw area (Primary Market Area, or “PMA”) for Rock Valley is based on township boundaries and extends from roughly four miles to the east, 10 miles to the north and south, and about 15 miles west, which includes the South Dakota communities of Hudson and Fairview. The PMA is truncated on the east because of the close proximity to Hull and Sioux Center, which have their own housing draw areas. The county subdivisions comprising the PMA are as follows:

<u>Iowa</u>	<u>South Dakota</u>
Doon Twp.	Eden Twp.
Garfield Twp.	Fairview
Lyon Twp.	Fairview Twp.
Plato Twp.	Hudson
Richland Twp.	
Rock Twp.	
Settlers Twp.	
Sioux Twp.	

Communities included in the PMA are Rock Valley, Alvord, Doon, and Inwood, in Iowa, and Hudson and Fairview in South Dakota. People in these communities have an orientation to Rock Valley for employment, worship, school, and shopping. Many seniors within this area also retire to housing in Rock Valley.

A map of the PMA is shown on the following page.

Primary Market Area



Demographic Highlights

The following are key demographic highlights from Tables 1 through 8. Demographic data was obtained from the U.S. Census Bureau, from both the decennial census and the American Community Survey. Population and household projections were made by Viewpoint Consulting Group, Inc. based on data provided by the Census Bureau, ESRI, and the Iowa Workforce Development, along with local building trends and employment growth trends.

Population and Household Growth Trends and Projections

- Rock Valley's population has grown steadily during the past three decades, increasing from 2,540 in 1990 to an estimated 3,950 in 2020. This past decade (2010 to 2020), Rock Valley grew by 16.3%, which far outpaced overall growth in Sioux County (+4.4%) and Iowa (+4.9%).
- Population growth in the PMA last decade was tempered by a slight loss in the rural areas outside the six communities. Overall, the PMA grew by 7.9%, with Rock Valley accounting for 81% of the growth (+553 people in Rock Valley out of the PMA's growth of 679 people).
- Rock Valley's population growth during the 2010s was spurred by new housing construction which resulted in 198 households being added during the decade. This household growth was up slightly from the 173 households added in Rock Valley between 2000 and 2010.
- Both Rock Valley and the PMA are projected to experience population growth this decade (2020 to 2030) that exceeds the state's average rate of growth. This continued growth should result in the need for additional housing in Rock Valley to accommodate future residents. In 2030, Rock Valley is projected to have 4,430 people and 1,670 households. The household growth rate equates to 11.7%, or greater than Sioux County's projected growth rate (+5.9%) or Iowa's (+4.7%).
- Household growth is a better indicator of overall housing demand since households, by definition, are occupied housing units. Rock Valley added 198 households during the 2000s and is projected to add 175 households this decade.

Table 1
Population and Household Growth Trends
Primary Market Area, 1990 to 2010

	1990	-- Census --		Estimate 2020	----- Change -----			
		2000	2010		1990 - 2000		2000 - 2010	
					No.	Pct.	No.	Pct.
POPULATION								
Rock Valley	2,540	2,702	3,397	3,950	695	25.7	553	16.3
Alvord, IA	204	187	196	200	9	4.8	4	2.0
Doon, IA	476	533	577	605	44	8.3	28	4.9
Inwood, IA	824	875	814	850	-61	-7.0	36	4.4
Hudson, SD	332	402	296	350	-106	-26.4	54	18.2
Fairview, SD	73	94	60	75	-34	-36.2	15	25.0
Remainder of PMA	3,463	3,549	3,291	3,280	-258	-7.3	-11	-0.3
Primary Market Area	7,912	8,342	8,631	9,310	289	3.5	679	7.9
<i>Sioux County</i>	<i>29,903</i>	<i>31,589</i>	<i>33,704</i>	<i>35,200</i>	<i>2,115</i>	<i>6.7</i>	<i>1,496</i>	<i>4.4</i>
<i>Iowa</i>	<i>2,776,755</i>	<i>2,926,324</i>	<i>3,046,355</i>	<i>3,195,000</i>	<i>120,031</i>	<i>4.1</i>	<i>148,645</i>	<i>4.9</i>
HOUSEHOLDS								
Rock Valley	979	1,124	1,297	1,495	173	15.4	198	15.3
Alvord, IA	78	75	79	80	4	5.3	1	1.3
Doon, IA	173	202	214	225	12	5.9	11	5.1
Inwood, IA	331	334	341	360	7	2.1	19	5.6
Hudson, SD	140	146	126	150	-20	-13.7	24	19.0
Fairview, SD	29	31	27	35	-4	-12.9	8	29.6
Remainder of PMA	1,089	1,040	1,033	1,035	-7	-0.7	2	0.2
Primary Market Area	2,819	2,952	3,117	3,380	165	5.6	263	8.4
<i>Sioux County</i>	<i>9,925</i>	<i>10,693</i>	<i>11,584</i>	<i>12,375</i>	<i>891</i>	<i>8.3</i>	<i>791</i>	<i>6.8</i>
<i>Iowa</i>	<i>1,064,325</i>	<i>1,149,276</i>	<i>1,221,576</i>	<i>1,290,000</i>	<i>72,300</i>	<i>6.3</i>	<i>68,424</i>	<i>5.6</i>

Sources: US Census, Viewpoint Consulting Group, Inc.

Table 2
Population and Household Growth Projections
Primary Market Area, 2010 to 2030

	2010	Estimate 2020	Projection 2030	Change			
				2010 - 2020		2020 - 2030	
				No.	Pct.	No.	Pct.
POPULATION							
Rock Valley	3,397	3,950	4,430	553	16.3	480	12.2
Alvord, IA	196	200	205	4	2.0	5	2.5
Doon, IA	577	605	630	28	4.9	25	4.1
Inwood, IA	814	850	880	36	4.4	30	3.5
Hudson, SD	296	350	425	54	18.2	75	21.4
Fairview, SD	60	75	100	15	25.0	25	33.3
Remainder of PMA	3,291	3,280	3,290	-11	-0.3	10	0.3
Primary Market Area	8,631	9,310	9,960	679	7.9	650	7.0
<i>Sioux County</i>	<i>33,704</i>	<i>35,200</i>	<i>37,100</i>	<i>1,496</i>	<i>4.4</i>	<i>1,900</i>	<i>5.4</i>
<i>Iowa</i>	<i>3,046,355</i>	<i>3,195,000</i>	<i>3,365,000</i>	<i>148,645</i>	<i>4.9</i>	<i>170,000</i>	<i>5.3</i>
HOUSEHOLDS							
Rock Valley	1,297	1,495	1,670	198	15.3	175	11.7
Alvord, IA	79	80	80	1	1.3	0	0.0
Doon, IA	214	225	235	11	5.1	10	4.4
Inwood, IA	341	360	375	19	5.6	15	4.2
Hudson, SD	126	150	175	24	19.0	25	16.7
Fairview, SD	27	35	40	8	29.6	5	14.3
Remainder of PMA	1,033	1,035	1,050	2	0.2	15	1.4
Primary Market Area	3,117	3,380	3,625	263	8.4	245	7.2
<i>Sioux County</i>	<i>11,584</i>	<i>12,375</i>	<i>13,100</i>	<i>791</i>	<i>6.8</i>	<i>725</i>	<i>5.9</i>
<i>Iowa</i>	<i>1,221,576</i>	<i>1,290,000</i>	<i>1,350,000</i>	<i>68,424</i>	<i>5.6</i>	<i>60,000</i>	<i>4.7</i>
Sources: US Census, ESRI, Iowa Workforce Development, Viewpoint Consulting Group, Inc.							

Population Age Distribution

- With strong overall population growth in Rock Valley, there is generally growth among people in all age groups. Last decade, all age groups grew except 20-to-24-year-olds. This decade, a slight decline is projected among 25-to-34-year-olds and 55-to-64-year-olds. This is not surprising as baby boomers (born between 1946 and 1964) will be aging out of the 55 to 64 age group and millennials (born between 1981 and 1996) will be aging out of the 25 to 34 age group.
- In Rock Valley, the greatest population growth rate this decade (2020 to 2030) is projected among 35-to-54-year-olds and persons over age 65. The growth of 35-to-54-year-olds is projected to contribute to an increase of 141 children under age 18 this decade.
- With growth in Rock Valley of both younger and older households, a variety of housing types will likely be needed to accommodate growth of people in various life-cycle stages – including owned and rented housing and senior housing. In particular, stronger growth of age 65+ people compared to previous decades will likely result in increased demand for single-level homes (both single-family and townhomes).
- Seniors ages 75 and over are the primary target market for senior housing. This age group numbered 406 in Rock Valley in 2000. It increased only slightly last decade – to 419 in 2020. However, with the first baby boomers turning age 75 in 2021, the population is projected to grow more rapidly this decade. By 2030, there are projected to be 519 age 75+ seniors in Rock Valley in 2030. In 2030, the age 75+ population is projected to account for an estimated 11.7% of the total population.

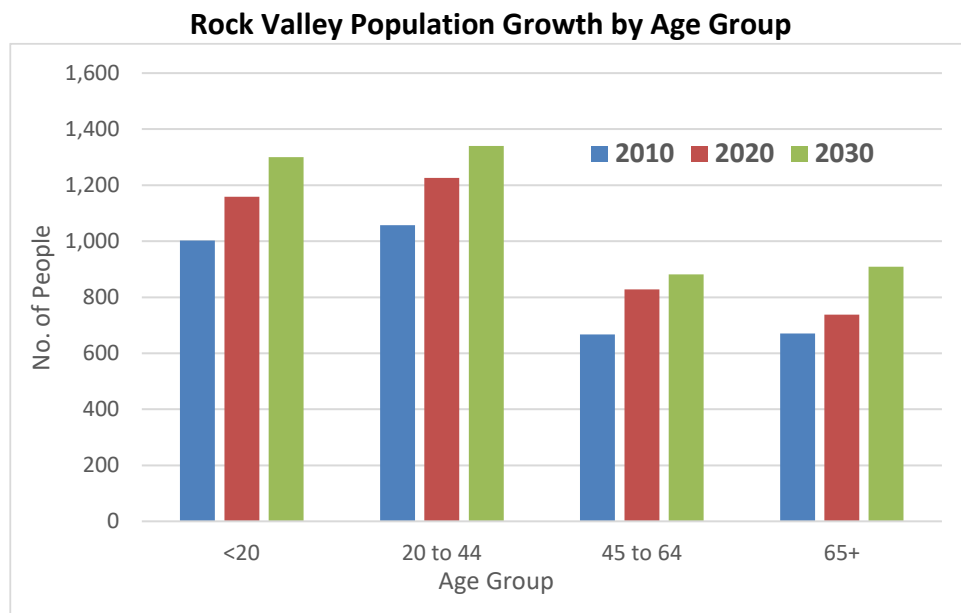


Table 3
Projected Population Growth by Age
Primary Market Area
2000 to 2030

	Number of Persons			---- Change ----			
				2010 - 2020		2020 - 2030	
	2010	2020	2030	No.	Pct.	No.	Pct.
Rock Valley							
<20	1,002	1,159	1,300	157	15.6%	141	12.2%
20-24	201	175	204	-26	-12.8%	28	16.1%
25-34	466	598	576	132	28.3%	-22	-3.6%
35-44	390	452	560	62	15.9%	108	24.0%
45-54	376	395	487	19	5.1%	91	23.1%
55-64	291	432	395	141	48.6%	-38	-8.7%
65-74	265	319	390	54	20.4%	71	22.2%
75+	406	419	519	13	3.3%	100	23.7%
Total	3,397	3,950	4,430	553	16.3%	480	12.2%
Remainder of PMA							
<20	1,730	1,576	1,475	-154	-8.9%	-101	-6.4%
20-24	277	254	251	-23	-8.4%	-3	-1.3%
25-34	597	672	620	75	12.5%	-52	-7.7%
35-44	558	583	740	25	4.5%	156	26.8%
45-54	776	593	710	-183	-23.6%	117	19.8%
55-64	596	772	705	176	29.5%	-67	-8.6%
65-74	333	517	559	184	55.3%	42	8.0%
75+	367	393	470	26	7.1%	77	19.7%
Total	5,234	5,360	5,530	126	2.4%	170	3.2%
Primary Market Area							
<20	2,732	2,735	2,775	3	0.1%	40	1.5%
20-24	478	429	454	-49	-10.2%	25	5.8%
25-34	1,063	1,269	1,196	206	19.4%	-73	-5.8%
35-44	948	1,035	1,300	87	9.2%	265	25.6%
45-54	1,152	988	1,197	-164	-14.2%	209	21.1%
55-64	887	1,204	1,100	317	35.8%	-104	-8.7%
65-74	598	836	949	238	39.8%	112	13.4%
75+	773	812	989	39	5.1%	177	21.8%
Total	8,631	9,310	9,960	679	7.9%	650	7.0%
Sources: US Census; Viewpoint Consulting Group, Inc.							

Household Sizes

- Table 4 shows that in Rock Valley, there were an estimated 1,153 households that owned their housing and 322 households that rented their housing. Among the owner households, the majority had four or more people (38.6%, or 445 of 1,153 owner households). Among renter households, the majority were singles (46.3%, or 149 of 322 renter households had just one person).
- Families with children typically prefer to own single-family homes. Hence, 90% of Rock Valley's households with four or more people lived in owned housing.
- A larger percentage of young single persons rent their housing before purchasing a home. In addition, many single seniors choose rental housing as they age and no longer desire the responsibilities of maintaining a single-family home. Hence, the greatest number of renters are singles.
- Many of the smaller sized owner households are comprised of either empty-nesters or single seniors. If available, many of these seniors prefer single-level homes versus two-story homes.

Rock Valley Households by Size of Household in 2019



Table 4
Households by Size and Tenure
Primary Market Area, 2010

Household Size	Rock Valley	Remainder of PMA	Primary Market Area
Owner Households			
1 Person	299	296	596
2 Person	357	524	881
3 Person	51	205	256
4+ Person	445	503	948
Total	1,153	1,529	2,682
Renter Households			
1 Person	149	151	300
2 Person	30	67	97
3 Person	94	24	118
4+ Person	49	108	157
Total	322	350	672
Total Households			
1 Person	449	447	896
2 Person	387	591	978
3 Person	145	229	374
4+ Person	495	611	1,106
Total	1,475	1,879	3,354
Source: 2010 Census; Viewpoint Consulting Group, Inc.			

Tenure by Age of Householder

- Seventy-nine percent of Rock Valley’s households in 2010 were owners. Between 2010 and 2019, Rock Valley added an estimated 134 owner households and 58 renter households. The result was the homeownership rate declining by one percentage point – to 78% in 2019.
- The growth of 134 owner households in Rock Valley between 2010 and 2019 represented an increase of 13.1% among owners. Meanwhile, the growth of 58 renters represented an increase of 21.9% among renters.
- The youngest households have greatest propensity to rent. The data in Table 5 shows that 53% of households under age 25 in Rock Valley rented their housing in 2019. This decreased to 47% of 25-to-34-year-olds and continued decreasing to 14% among 55-to-64-year-olds. The primary markets for rental housing are younger households and seniors who are no longer able or willing to maintain their single-family homes.
- Although the propensity for households under age 25 to rent their housing is higher, the 25 to 34 age group had more than twice as many renters in Rock Valley in 2019 (37 renters under age 25 and 95 renters ages 25 to 34). Many of the renters in this younger age group are people who have moved to Rock Valley and choose to rent for a year or more to become established in their job and the community before they make the long-term commitment of purchasing a home.

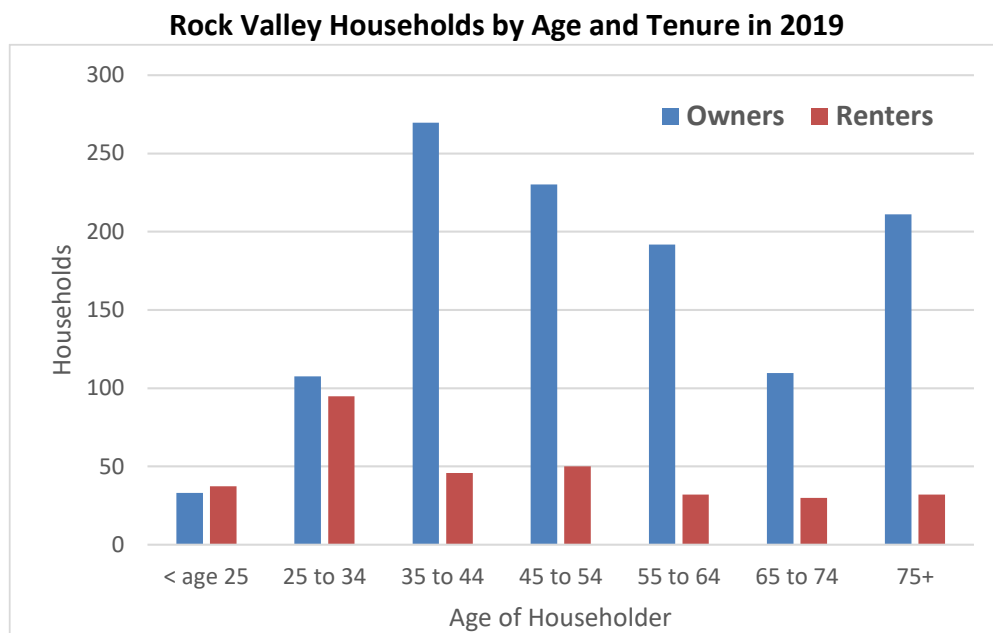


Table 5
Households by Age and Tenure,
Primary Market Area, 2000 and 2010

	Rock Valley			Remainder of PMA			Primary Market Area		
	2000	2010	2019	2000	2010	2019	2000	2010	2019
Households	1,124	1,283	1,475	1,828	1,834	1,882	2,952	3,117	3,354
Owner Households	901	1,019	1,153	1,533	1,570	1,529	2,434	2,589	2,682
< age 25	38	43	33	50	50	128	88	93	161
25 to 34	126	159	108	235	224	225	361	383	333
35 to 44	142	162	270	363	247	197	505	409	466
45 to 54	129	161	230	304	365	281	433	526	511
55 to 64	104	141	192	224	299	364	328	440	555
65 to 74	166	131	110	186	182	186	352	313	296
75+	196	222	211	171	203	148	367	425	359
Renter Households	223	264	322	295	264	354	518	528	672
< age 25	40	30	37	43	32	69	83	62	106
25 to 34	49	73	95	68	65	115	117	138	210
35 to 44	40	53	46	70	47	46	110	100	92
45 to 54	34	37	50	43	51	34	77	88	84
55 to 64	9	19	32	26	26	11	35	45	43
65 to 74	23	14	30	22	14	79	45	28	109
75+	28	38	32	23	29	-3	51	67	29
Homeownership Rate	80%	79%	78%	84%	86%	81%	82%	83%	80%
Sources: US Census; Viewpoint Consulting Group, Inc.									

Household Income by Age of Householder

Income by age of householder data helps determine 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 for families as 30% of a household's adjusted gross income. Younger households with greater living expenses often need to allocate a smaller portion toward housing (25% to 30%), while seniors can often spend 40% or more on housing since they generally have lower living expenses.

- The median household income in Rock Valley in 2020 (\$62,557) was higher than the statewide median household income (\$59,343). Overall, Rock Valley's incomes indicate that a higher percentage of households can afford market rate housing.

- In 2020, only 14.7% of the non-senior households in Rock Valley had incomes under \$35,000 (154 households). Most of these households would likely be eligible for affordable rental housing (in 2020, Sioux County's income limits for the Housing Tax Credit Program were \$33,900 for 1-person households and \$38,700 for 2-person households). Most households with incomes above \$35,000 could afford market rate rental housing in Rock Valley or purchase some older homes. If housing costs absorb 30% of income, households with incomes of \$35,000 could afford \$875 per month in gross rent or mortgage payments.
- Median incomes for households in Rock Valley peaked at \$84,648 for the 35 to 44 age group in 2020. Many of the households with incomes at or above this median could afford to purchase a home valued at more than \$300,000. About 75% of all non-senior households in Rock Valley had incomes of \$50,000 or more and could afford newer market rate apartments or homes priced at about \$150,000 or more.
- Senior households with incomes greater than \$35,000 can generally afford market-rate senior housing. Based on a 40% allocation of income for housing, this translates to gross rents of about \$1,100. In 2020, about 300 senior (age 65+) households in Rock Valley had incomes above \$35,000, as did 146 senior households in the remainder of the PMA.

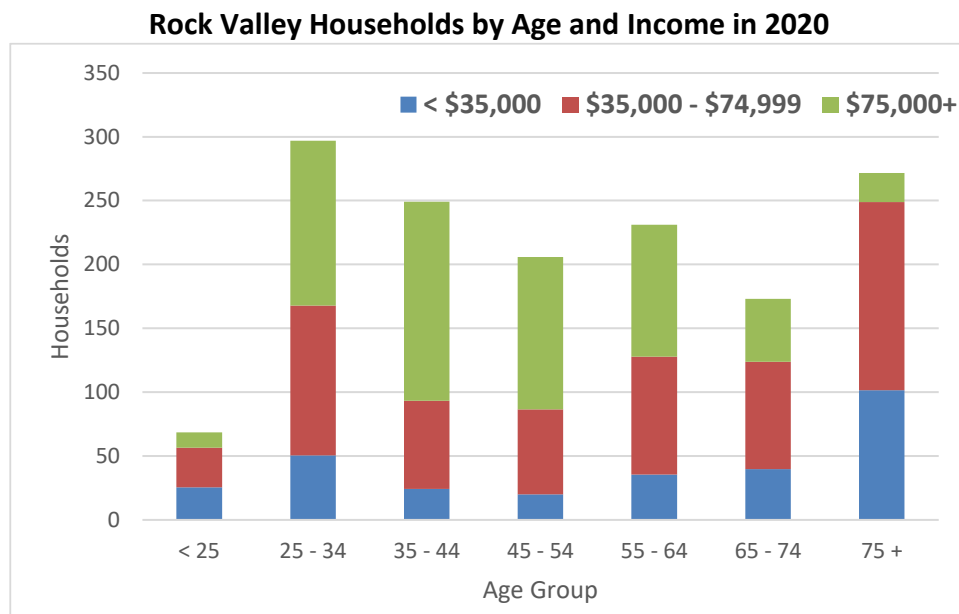


Table 6
Household Income by Age of Householder
City of Rock Valley
2020 and 2025

2020 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	130	14	32	11	13	22	13	26
\$15,000 to \$24,999	98	6	9	6	4	13	12	47
\$25,000 to \$34,999	68	4	10	2	2	5	16	28
\$35,000 to \$49,999	203	16	48	12	19	19	17	71
\$50,000 to \$74,999	404	15	69	57	47	73	67	76
\$75,000 to \$99,999	266	9	53	69	51	48	20	16
\$100,000 to \$149,999	189	3	47	62	41	26	6	3
\$150,000+	137	0	29	25	28	29	23	3
Total	1,495	68	297	244	205	236	174	271
Median HH Income	\$62,557	\$41,957	\$65,688	\$84,648	\$81,131	\$67,888	\$57,322	\$40,634
<i>Sioux County Median</i>	<i>\$70,451</i>	<i>\$44,485</i>	<i>\$74,339</i>	<i>\$88,186</i>	<i>\$81,992</i>	<i>\$74,934</i>	<i>\$59,414</i>	<i>\$38,340</i>
<i>Iowa Median</i>	<i>\$59,343</i>	<i>\$35,775</i>	<i>\$61,439</i>	<i>\$79,460</i>	<i>\$77,937</i>	<i>\$66,100</i>	<i>\$53,594</i>	<i>\$32,486</i>
2025 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	128	15	27	14	13	18	13	28
\$15,000 to \$24,999	93	7	6	8	4	12	11	45
\$25,000 to \$34,999	65	3	8	2	2	6	15	29
\$35,000 to \$49,999	209	18	39	15	22	18	19	78
\$50,000 to \$74,999	406	18	57	62	49	65	72	84
\$75,000 to \$99,999	302	10	51	86	60	49	25	21
\$100,000 to \$149,999	209	3	46	78	44	24	8	4
\$150,000+	173	0	29	40	36	35	29	4
Total	1,585	74	262	306	231	226	192	294
Median HH Income	\$66,150	\$43,402	\$71,932	\$87,321	\$82,996	\$72,158	\$59,480	\$42,020
<i>Sioux County Median</i>	<i>\$75,246</i>	<i>\$45,467</i>	<i>\$77,468</i>	<i>\$89,719</i>	<i>\$84,828</i>	<i>\$78,147</i>	<i>\$63,764</i>	<i>\$40,507</i>
<i>Iowa Median</i>	<i>\$63,189</i>	<i>\$37,164</i>	<i>\$66,358</i>	<i>\$83,564</i>	<i>\$82,755</i>	<i>\$72,679</i>	<i>\$57,467</i>	<i>\$35,025</i>
Change From 2020 - 2025								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-2	1	-6	4	0	-4	0	2
\$15,000 to \$24,999	-5	0	-3	1	0	-1	-1	-2
\$25,000 to \$34,999	-3	-1	-2	0	0	0	-1	1
\$35,000 to \$49,999	5	2	-10	4	3	-2	2	7
\$50,000 to \$74,999	2	3	-11	5	1	-8	5	8
\$75,000 to \$99,999	36	1	-2	17	9	0	5	5
\$100,000 to \$149,999	19	0	-1	16	3	-2	1	1
\$150,000+	37	0	0	15	8	6	6	1
Total	90	6	-35	62	25	-9	18	23

Sources: ESRI; Viewpoint Consulting Group, Inc.

Table 7
Household Income by Age of Householder
Primary Market Area
2020 and 2025

2020 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	217	18	39	17	25	43	27	46
\$15,000 to \$24,999	232	15	18	18	20	31	39	90
\$25,000 to \$34,999	224	6	30	10	13	27	53	84
\$35,000 to \$49,999	450	35	85	23	42	68	70	127
\$50,000 to \$74,999	866	26	142	109	124	184	166	114
\$75,000 to \$99,999	608	17	112	143	129	120	62	24
\$100,000 to \$149,999	449	4	94	155	85	78	23	10
\$150,000+	336	9	72	58	67	85	30	15
Total	3,380	131	592	534	505	636	472	510
Median HH Income	\$63,883	\$44,815	\$70,366	\$88,232	\$78,732	\$68,119	\$54,261	\$37,927
2025 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	204	19	32	19	22	33	28	50
\$15,000 to \$24,999	207	13	9	17	15	24	38	90
\$25,000 to \$34,999	207	5	21	8	8	19	54	91
\$35,000 to \$49,999	448	33	65	25	43	53	77	151
\$50,000 to \$74,999	864	30	115	112	117	162	191	139
\$75,000 to \$99,999	678	19	106	167	145	124	84	33
\$100,000 to \$149,999	497	6	90	179	93	76	34	18
\$150,000+	395	10	66	77	81	92	38	29
Total	3,500	136	505	604	524	584	545	602
Median HH Income	\$67,728	\$48,387	\$76,722	\$91,009	\$82,412	\$75,068	\$56,568	\$40,272
Change From 2020 - 2025								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-13	1	-7	2	-3	-10	1	4
\$15,000 to \$24,999	-25	-2	-9	-1	-5	-7	-1	1
\$25,000 to \$34,999	-17	-1	-9	-2	-5	-8	1	8
\$35,000 to \$49,999	-2	-2	-19	2	1	-14	8	24
\$50,000 to \$74,999	-2	4	-28	3	-7	-23	25	25
\$75,000 to \$99,999	70	2	-5	24	16	4	22	9
\$100,000 to \$149,999	49	2	-3	24	9	-1	11	8
\$150,000+	59	1	-5	19	15	8	8	14
Total	120	5	-86	69	19	-52	74	92

Sources: ESRI; Viewpoint Consulting Group, Inc.

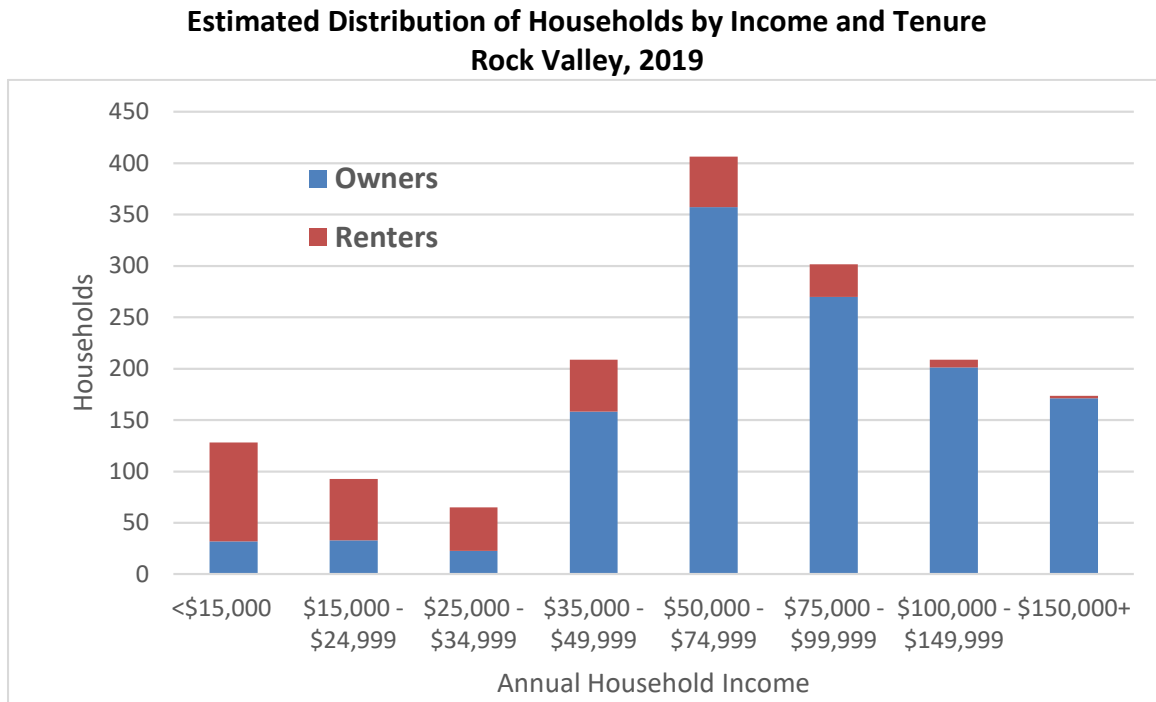
Household Income by Tenure

- ▶ Data on household incomes by tenure for 2019 is obtained from the Census Bureau's American Community Survey. As is the case with most communities, the estimated percentage of renters steadily declines in Rock Valley from the lower to higher income groups. Conversely, the percentage of owners steadily increases from the lower to higher income groups. About 75% percent of households with incomes below \$15,000 were renters, declining to 3.6% of households with incomes of \$100,000 to \$150,000.
- ▶ When applying the percentages in Table 8 to the 2020 households by income data in Table 6, about 92% of households with incomes of \$50,000 or more in Rock Valley are owners. The vast majority of households with incomes between \$35,000 and \$49,999 are also homeowners (76%). Among homeowners with incomes below \$25,000 – many are likely seniors whose homes are paid off and who's primary income is Social Security benefits.
- ▶ When applying the percentages in Table 8 to the 2020 households by income data in Table 6, approximately 40% of the renters in Rock Valley are income-qualified for market rate rental housing (incomes of \$35,000 or above). Most households with incomes below \$35,000 would be income-qualified for affordable, but most would also be able to afford rents at older market rate properties.

Table 8
Estimated Tenure by Household Income
Rock Valley
2019

Income Range	Percent Owners	Percent Renters	Iowa Percent Renters
<\$15,000	25.0%	75.0%	71.6%
\$15,000 - \$24,999	35.4%	64.6%	52.0%
\$25,000 - \$34,999	34.7%	65.3%	44.1%
\$35,000 - \$49,999	75.8%	24.2%	37.9%
\$50,000 - \$74,999	87.9%	12.1%	27.6%
\$75,000 - \$99,999	89.5%	10.5%	17.8%
\$100,000 - \$149,999	96.4%	3.6%	9.7%
\$150,000+	98.7%	1.3%	6.3%
Median Household Income	\$71,829	\$46,000	
Sources: American Community Survey 2019.; Viewpoint Consulting Group, Inc.			

- ▶ The chart below highlights that the propensity to own increases as household incomes increase. Overall, about three-quarters of the renter households in Rock Valley had incomes below \$50,000. Conversely, about 79% of all owner households in Rock Valley had incomes greater than \$50,000.



Housing Cost Burden

The generally accepted definition of affordability is for a household to pay no more than 30% of its annual income on housing. Households who pay more than 30% for housing are considered cost burdened and may have difficulty affording other necessities such as food, clothing, transportation and medical care.

- ▶ Table 9 shows that as of 2019, an estimated 12% of owners and 42% of renters in Rock Valley were cost burdened. These compare to statewide housing cost burdened rates of 15% of owners and 39% of renters.
- ▶ Lower-income households were the most likely to be cost burdened. About 82% of owners and 74% of the renters with incomes below \$20,000 were estimated to be cost burdened. Among households with incomes above \$75,000, none were cost burdened.
- ▶ An estimated 62% of Rock Valley's households with incomes between \$20,000 and \$34,999 were housing cost burdened. None of the renters with incomes above \$35,000 were cost burdened.

Table 9
Estimated Housing Costs as Percentage of Income by Tenure
City of Rock Valley
2019

	Owners	Renters
< \$20,000	45	113
<20%	0	0
20%-29%	8	29
30%+	37	84
\$20,000 - \$34,999	45	79
<20%	0	0
20%-29%	0	29
30%+	45	49
\$35,000 - \$49,999	127	40
<20%	76	22
20%-29%	14	19
30%+	37	0
\$50,000 - \$74,999	394	54
<20%	206	54
20%-29%	172	0
30%+	17	0
\$75,000+	542	35
<20%	494	35
20%-29%	49	0
30%+	0	0
Total	1,153	322
30%+	136	134
Sources: 2019 American Community Survey; Viewpoint Consulting Group, Inc.		

Household Type

- Household type data from the Census Bureau highlights the growth of young families in Rock Valley from 2010 to 2019. Married couples with children grew by 35.4% (+124 households) and other families with children (most often single parents) grew by 52.2% (+47 households). Overall, households with children accounted for 41% of all households in Rock Valley in 2019, up from 34% in 2010. Growth of these households indicates growing demand for single-family homes, which are the predominant choice for families with children.
- Over the nine-year period, all household types grew in Rock Valley except married couples without children. This group declined by 10.7%. However, it is likely to begin growing as more people enter their older adult years. Married couples without children are typically empty-nesters or seniors. While most will remain in their single-family homes, many will also consider moving into maintenance free housing – such as one-level townhomes or rental housing.
- Persons living alone grew by 8.3% in Rock Valley between 2010 and 2019 and persons not living alone with no children under age 18 (typically roommates) grew by 53.5%. Together, households in these two housing types increased by 54 during the nine-year period. Many of the households in these housing types are renters.

Table 10
Household Type
Rock Valley
2010 & 2019 Estimate

	2010	2019	--- Change ---	
			No.	Pct.
<u>Households with Children</u>				
Married	350	474	124	35.4%
Other	90	137	47	52.2%
Subtotal	440	611	171	38.9%
<u>Households with no Children</u>				
Married	440	393	-47	-10.7%
Living Alone	374	405	31	8.3%
Not Living Alone	43	66	23	53.5%
Subtotal	857	864	7	0.8%
Total	1,297	1,475	178	13.7%
Source: US Census Bureau - 2019 American Community Survey; Viewpoint Consulting Group, Inc.				

Employment Growth Trends

Employment growth is a predictor of housing demand since employment growth generally leads to household formation. If given a choice, many people prefer to live close to their place of employment. Rental housing demand has a particularly strong correlation with job growth since people recently hired and moving into a new community often choose to rent for a period of time before they invest in a home of their own.

Recent employment growth trends for Sioux County are shown in Tables 11 and 12. Table 11 presents resident employment data in the county from 2010 through November 2020. Resident employment data is an annual average of the work force and number of employed people living in the County. Not all these employed people work in the County. Table 12 is the number of jobs in Sioux County in the 1st quarter of 2016, 2018, and 2020. It shows the number of jobs in the County which are covered by unemployment insurance. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data in both tables is from Iowa Workforce Development. The following are key trends from the employment data:

Resident Employment

- Over the past decade, the unemployment rate in Sioux County has generally been extremely low in comparison to Iowa and the nation. In 2019, the unemployment rate was 1.9%; or lower than Iowa (2.7%) and the nation (3.7%).
- Sioux County grew its employment base from 18,900 people in 2010 to 20,939 people in 2020. Much of this increase likely occurred in Rock Valley, which is the third largest community in the county after Sioux Center and Orange City.
- The COVID-19 pandemic caused a nationwide spike in unemployment in spring 2020. The peak unemployment rate was in May – at 13.0% nationwide and 10.2% in Iowa. In Sioux County, the May peak was 4.4%, high for the county but still much lower than the state and nation. By November, the unemployment rates had declined to 6.4% in the nation, 3.6% in Iowa, and only 1.5% in Sioux County. While Sioux County's November unemployment rate was extremely low, the number of employed people in Sioux County was 19,780 – or down 1,159 from 2019. However, the labor force was down 1,260, which led to the lowering of the unemployment rate.
- With an unemployment rate below 2%, it is likely that growing businesses will need to draw employees from outside the area to fill new positions. This will lead to housing demand to accommodate the growing population. If the supply of housing in Rock Valley is not sufficient to accommodate new employees to the community, some people will seek housing in nearby communities where housing is available.

Table 11
Resident Employment,
Sioux County
2010 to November 2020

	<u>Labor Force</u>	--- <u>Sioux County</u> --- <u>Employment</u>	--- <u>% Unemploy.</u> ---	<u>Iowa</u>	<u>USA</u>
2010	19,670	18,900	3.9%	6.0%	9.6%
2011	19,530	18,810	3.7%	5.5%	8.9%
2012	19,330	18,660	3.5%	5.1%	8.1%
2013	19,550	18,870	3.5%	4.7%	7.4%
2014	20,130	19,540	2.9%	4.2%	6.2%
2015	20,729	20,218	2.5%	3.8%	5.3%
2016	20,631	20,157	2.3%	3.6%	4.9%
2017	20,246	19,837	2.0%	3.1%	4.4%
2018	20,487	20,110	1.8%	2.6%	3.9%
2019	21,340	20,939	1.9%	2.7%	3.7%
Mar-20	21,440	20,820	2.9%	3.3%	4.5%
May-20	19,770	18,910	4.4%	10.2%	13.0%
Nov. 2020	20,080	19,780	1.5%	3.6%	6.4%

Source: Iowa Workforce Development; Viewpoint Consulting Group, Inc.

Employment by Industry

- The number of jobs in Sioux County grew by 4.1% between 1st Quarter 2016 and 1st Quarter 2020. In comparison, the number of jobs in the state grew by 1.0% during this period. The economy of Sioux County has performed well over the course of this decade, which has enabled Rock Valley's housing market to grow.
- There were 20,828 jobs in Sioux County during 1st Quarter 2020. The greatest number of jobs were in Manufacturing (5,699 jobs). Along with Manufacturing, Health Care & Social Assistance (2,591 jobs), Educational Services (2,429 jobs), and Agriculture (1,416 jobs) are primary drivers of the local economy.
- Manufacturing experienced the greatest gain in employment from 2016 to 2020, adding 386 jobs (+7%). Other big gains were in Educational Services (+267 jobs) and Construction (+114 jobs).
- Average wages in Sioux County increased from \$37,388 in 1st Quarter 2016 to \$42,484 in 1st Quarter 2020. This was an increase of 13.6% in four years, which was slightly below the wage growth statewide during the period (+16.0%).

Table 12
Covered Employment and Wages,
Sioux County, 1st Quarters 2016, 2018, & 2020

	---- 1st Q 2016 ----		---- 1st Q 2018 ----		---- 1st Q 2020 ----		Change, 2016 - 2020	
	Employment	Avg. Wage	Employment	Avg. Wage	Employment	Avg. Wage	Number	Pct.
Manufacturing	5,313	\$48,620	5,551	\$50,596	5,699	\$51,064	386	7%
Health Care & Social Assistance	2,666	\$29,120	2,563	\$34,060	2,591	\$38,220	-75	-3%
Educational Services	2,162	\$34,060	2,296	\$34,996	2,429	\$36,660	267	12%
Retail Trade	1,631	\$22,724	1,610	\$24,752	1,594	\$26,364	-37	-2%
Agriculture	1,413	\$39,676	1,438	\$41,912	1,416	\$46,800	3	0%
Construction	1,108	\$38,792	1,105	\$42,900	1,222	\$49,608	114	10%
Wholesale Trade	1,194	\$46,124	1,081	\$50,336	1,171	\$51,376	-23	-2%
Accommodation & Food Services	1,032	\$10,244	1,010	\$11,440	1,082	\$12,480	50	5%
Finance & Insurance	603	\$53,872	594	\$55,016	614	\$61,256	11	2%
Transportation & Warehousing	505	\$35,464	531	\$37,544	563	\$41,340	58	11%
Public Administration	511	\$36,452	526	\$39,052	550	\$38,116	39	8%
Professional, Scientific, Technical	467	\$43,472	495	\$50,284	519	\$56,524	52	11%
Other Services	378	\$26,624	419	\$30,524	408	\$33,176	30	8%
Admin. & Support & Waste Man.	463	\$25,116	427	\$30,004	398	\$24,492	-65	-14%
Information	160	\$36,556	160	\$8,320	172	\$37,908	12	8%
Real Estate	151	\$52,988	163	\$8,476	168	\$56,160	17	11%
Management of Companies	90	\$73,580	94	\$82,316	95	\$72,540	5	6%
Arts, Ent., & Recreation	76	\$13,936	69	\$18,356	58	\$15,912	-18	-24%
Utilities	49	\$70,356	51	\$75,244	49	\$79,508	0	0%
Mining	29	\$30,472	35	\$41,444	30	\$42,172	1	3%
Total / Average	20,001	\$37,388	20,218	\$40,300	20,828	\$42,484	827	4%
Iowa (Total)	1,509,086	\$43,888	1,519,236	\$47,892	1,524,556	\$50,908	15,470	1%

Source: Iowa Workforce Development; Viewpoint Consulting Group, Inc.

Rock Valley Commuting Patterns

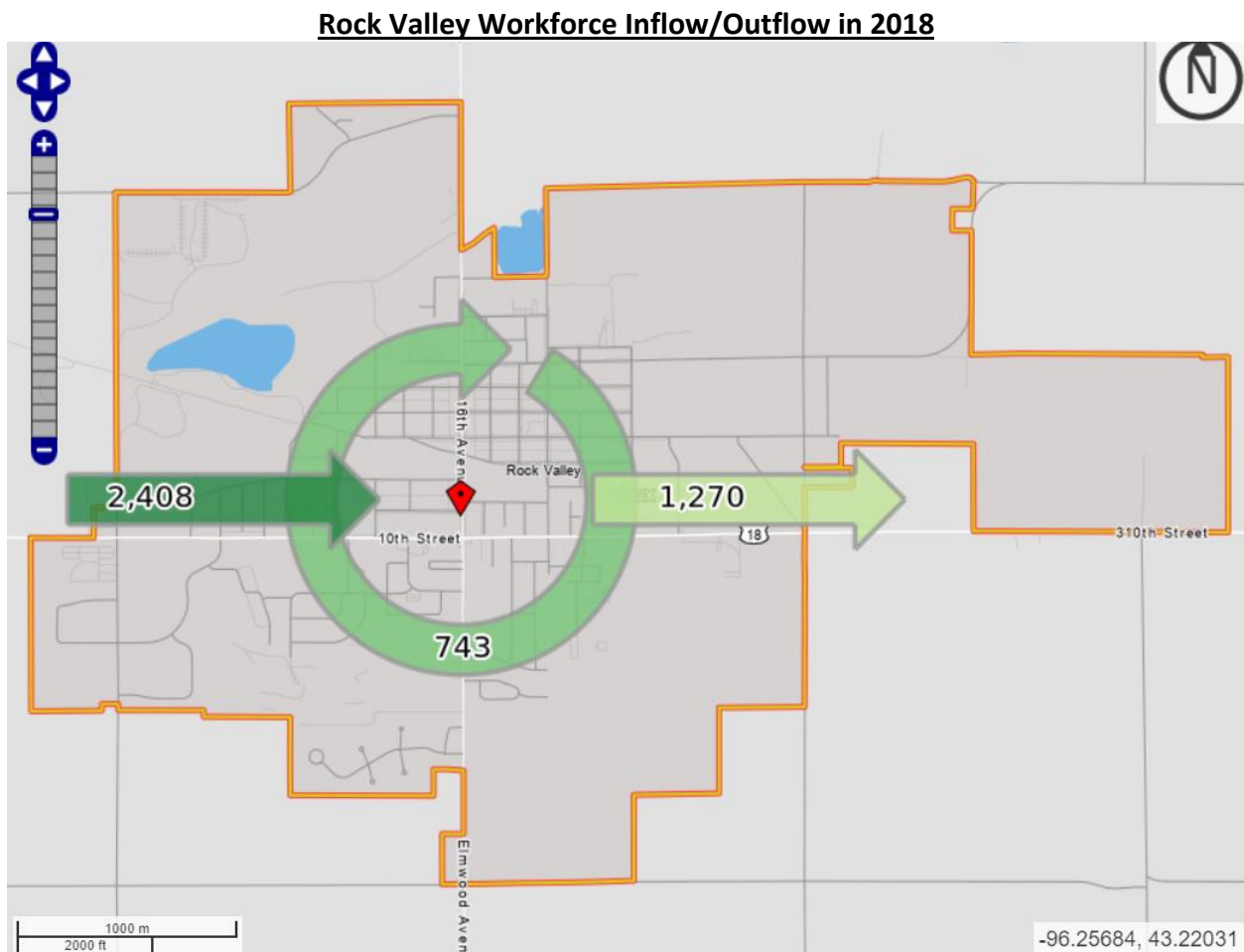
Not all residents of Rock Valley work in Rock Valley and vice versa – some workers in Rock Valley commute from elsewhere. Data on commuting trends as of 2018 is shown in Table 13. The data (Local Employment Dynamics) is from Census Bureau’s Center for Economic Studies. The table identifies the top communities in which Rock Valley residents are employed and communities in which Rock Valley workers reside. The following are key highlights.

- ▶ A large number of people commute to Rock Valley for work. As of 2018, an estimated 2,408 people commuted to jobs in Rock Valley (inflow). These commuters filled 76.5% of Rock Valley’s total of 3,151 jobs (the other 741 jobs were filled by people who lived and worked in Rock Valley (interior flow).
- ▶ While 741 Rock Valley residents also worked in Rock Valley, another 1,270 Rock Valley residents commuted to jobs elsewhere (outflow). While this is a significant number of persons commuting to jobs elsewhere, Rock Valley is still a net importer of jobs (+1,138).

Table 13
Estimated Worker Commuting Patterns
Rock Valley, 2018

Place of Employment	Place of Residence	--- Workers ---	
		Number	Pct.
Rock Valley	Rock Valley	741	23.5%
Rock Valley	Sioux Center	189	6.0%
Rock Valley	Ireton	134	4.3%
Rock Valley	Hull	120	3.8%
Rock Valley	Hawarden	113	3.6%
Rock Valley	Orange City	92	2.9%
Rock Valley	Rock Rapids	59	1.9%
Rock Valley	Other	1703	54.0%
Total		3,151	100.0%
Rock Valley	Rock Valley	743	36.9%
Sioux Center	Rock Valley	258	12.8%
Ireton	Rock Valley	61	3.0%
Sioux City	Rock Valley	59	2.9%
Orange City	Rock Valley	58	2.9%
Le Mars	Rock Valley	46	2.3%
Hull	Rock Valley	44	2.2%
Other	Rock Valley	744	37.0%
Total		2,013	100.0%
Sources: US Census Bureau - Center for Economic Studies; Viewpoint Consulting Group, Inc.			

- ▶ Table 13 shows that people are commuting to work in Rock Valley from many communities within about a half hour of Rock Valley. Sioux Center is the largest source of commuters, followed by Ireton, Hull, Hawarden, Orange City, and Rock Rapids. The “Other” place of residence includes rural townships – the townships closest to Rock Valley, in the PMA, likely account for the greatest share of commuters in the Other category.
- ▶ Sioux Center is the primary work destination for Rock Valley residents (estimated at 258 commuters in 2018). Sioux Center is the county’s largest community and is less than a 20-minute drive from Rock Valley.



Source: US Census - OnTheMap

Major Employers

For a community of about just under 4,000 people, Rock Valley contains a large employment base. As shown in Table 13, Rock Valley has an estimated 3,151 jobs. With 1,495 households in the community, this equates to 2.1 jobs for every household in Rock Valley. In comparison, Iowa has 1.2 jobs for every household. Table 14 on the following page shows the top primary employers located in the community. Representatives of these larger employers shared their perceptions of housing demand and needs among employees currently living in the area and new employees moving to the community. The following are key points from the interviews.

- Thirteen of the largest primary employers are listed in Table 14. They exclude retail and service businesses, some of which may have more employees. The list focuses on primary industries which drive local economic growth. The employers listed in Table 14 provide a total of 1,320 jobs as of January 2021.
- The largest employers in Rock Valley are Hegg Health Center and Hope Haven. After these two, all the primary employers are manufacturing, with the exception of the public and private schools in Rock Valley. Manufacturing, particularly metal fabrication is a key industry in Rock Valley.
- Hope Haven is a 50+ year-old company in Rock Valley that, among many services, provides work opportunities and training for adults with disabilities. It has about 730 total employees spread across communities in the broader area. Of this total, 111 are employed in Rock Valley.
- Excluding Hope Haven, total employment at businesses in Table 14 increased from 1,172 in 2016 to 1,209 in January 2021. None grew significantly, but most saw some growth. Kooima Ag is a new company that split off from Kooima Company, which accounts for Kooima's slight decline from 2016 to 2021. Combined, the two companies added 20 employees.
- The largest manufacturer in Rock Valley is Total Component Solutions. It has 106 employees, down from 136 in 2016. However, the loss was all in 2020 and was related to the COVID-19 pandemic. Total Component Solutions is hiring again and could get back to the previous level.
- Overall, representatives of the major employers do not hear as many comments from employees about difficulty finding housing as they did in the past. Recent construction of apartments has helped meet the needs of employees seeking rental housing. The availability of child day care has been a bigger issue as of late.
- Some manufacturers stated that most new hires are people already living in the surrounding area. They typically stay in their current home and commute to their new job in Rock Valley. Thus, they have not actively been seeking housing in Rock Valley.

- There is a labor shortage which makes it a challenge for local industries to hire new employees and grow their businesses. Lack of housing in Rock Valley does not seem to be a major contributor to potential new employees not choosing to take jobs in Rock Valley. Simply finding potential employees that are actively seeking new jobs is the challenge.

Table 14
Major Employers
Rock Valley
January 2021

Company	Product/Services	---- Employees ----	
		2016	2021
Hegg Health Center	Health Care	300	315
Kooima Company	Manufacturing	150	145
Rock Valley Community School	Education	134	142
A & I Products	Manufacturing	135	140
Hope Haven	Housing & Services	185	111
Total Component Solutions	Manufacturing	136	106
Valley Machining Co.	Manufacturing	95	95
Siouxland Fabricating	Manufacturing	75	85
Siouxland Machine	Manufacturing	46	60
Rock Industries	Manufacturing	45	40
Rock Valley Christian School	Education	40	40
Kooima Ag	Manufacturing	0	25
VH Manufacturing	Manufacturing	16	16
Source: City of Rock Valley; Viewpoint Consulting Group, Inc.			

Housing Characteristics

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. The housing stock in Rock Valley was examined by: 1) reviewing data on the age of the existing housing, 2) examining the housing stock by structure type; and 3) examining residential building trends since 2000. Data was obtained from the U.S. Census Bureau (American Community Survey) and the City of Rock Valley (building permits). The following are key findings about the existing housing stock.

Age of Housing Stock

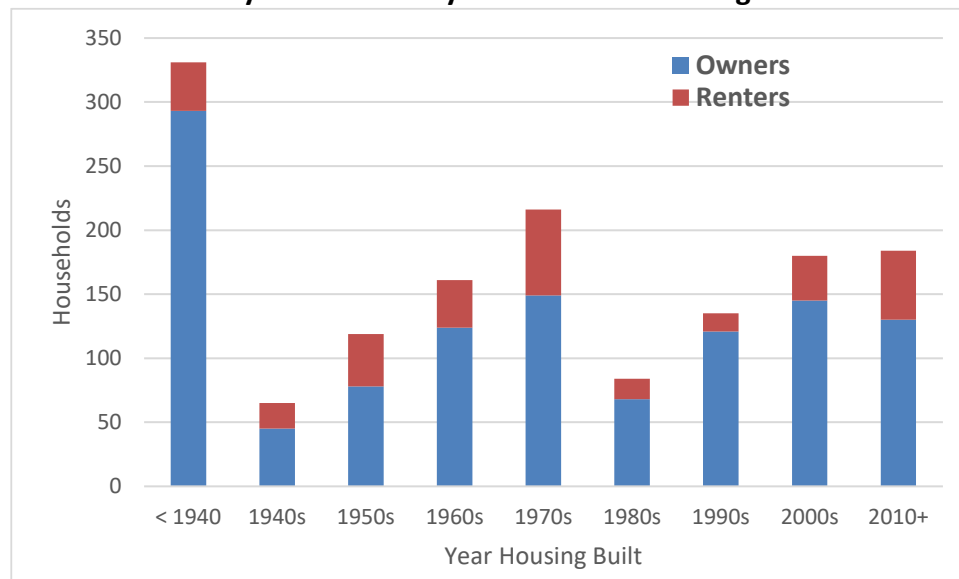
- A review of Rock Valley's housing stock from American Community Survey data shows that beginning with the 1940s, an average of about 110 owner-occupied housing units were built during each decade. The peak decade was the 1970s, which accounts for 149 of Rock Valley's owner-occupied homes, followed by the 2000s, with 145 owner-occupied homes.
- Most of the renter-occupied units built before the 1960s are likely single-family homes (Table 17 shows that over one-third of the rental units in Rock Valley are single-family homes – these are predominantly the older rentals).
- Homes built prior to 1940 are more likely to have a substantial need for rehabilitation and/or replacement due to physical or functional obsolescence. In Rock Valley, about 25% of the homes were built before 1940. However, a windshield survey of the community revealed that most homes in Rock Valley are well maintained. We estimate that only a very small percentage of homes, including older homes, are candidates for demolition.

Table 15
Estimated Occupied Housing Units by Age of Structure
Rock Valley
2019

	Owner		Renter		Total	
	Units	Pct.	Units	Pct.	Units	Pct.
< 1940	293	25.4%	38	11.8%	331	22.4%
1940 - 1949	45	3.9%	20	6.2%	65	4.4%
1950 - 1959	78	6.8%	41	12.7%	119	8.1%
1960 - 1969	124	10.8%	37	11.5%	161	10.9%
1970 - 1979	149	12.9%	67	20.8%	216	14.6%
1980 - 1989	68	5.9%	16	5.0%	84	5.7%
1990 - 1999	121	10.5%	14	4.3%	135	9.2%
2000 - 2009	145	12.6%	35	10.9%	180	12.2%
2010+	130	11.3%	54	16.8%	184	12.5%
Total	1,153	100.0%	322	100.0%	1,475	100.0%

Sources: US Census (2019 American Community Survey); Viewpoint Consulting Group, Inc.

Rock Valley Households by Decade their Housing was Built



Residential Construction

- Permits were issued for 178 new housing units in Rock Valley during the 2000s and for 229 new housing units in the 2010s. During the 2000s, permits were issued for two apartment buildings totaling 37 units (Greenway Drive Apartments in 2004 and Uptown Apartments in 2006). The rest (141 permits) were for single-family homes and for-sale townhomes.
- This past decade (2010 through 2019), permits were issued for 123 new single-family homes and townhomes in Rock Valley plus 106 apartment units. All the apartment units were built from 2014 through 2019. This includes 66 general-occupancy apartment units and the 40-unit RiverView Ridge Assisted Living.
- From 2010 through 2015, Rock Valley issued permits for an average of 17 single-family homes and townhomes annually. This was on top of an annual average of 14 permits during the 2000s. For the four-year period from 2016 through 2019, permits were issued for only an annual average of four new single-family homes and townhomes.
- In 2020, five permits were issued for single-family homes. This was consistent with the last four years of the 2010's, but well below the two-decade average. No permits were issued in 2020 for multifamily housing.

Table 16
Building Permit Trends
Rock Valley
2000 to 2019

<u>Year</u>	<u>Housing Units</u>	<u>Year</u>	<u>Housing Units</u>
2000	7	2010	11
2001	6	2011	11
2002	13	2012	23
2003	18	2013	29
2004	49	2014	37
2005	24	2015	22
2006	22	2016	18
2007	15	2017	17
2008	9	2018	18
2009	15	2019	43
Total	178	Total	229
Average	17.8	Average	32.7

Source: City of Rock Valley; Viewpoint Consulting Group, Inc.

Housing Stock by Type of Housing

- The dominant housing type in Rock Valley is a single-family home with this type representing an estimated 78% of all housing units in 2019. Single-family homes accounted for 89% of all owner-occupied housing units in Rock Valley and 37% of the rental units.
- There are no rental buildings with 20 or more units in Rock Valley. The largest rental property is Royal Ridge Apartments, which has 32 units. However, it consists of eight 4-plex buildings. Likewise, all other rental properties in Rock Valley consist of smaller buildings. The multifamily building with 20 or more units is Four Seasons, a senior condominium attached to Hegg Health Center.

**Table 17, Estimated Occupied Housing Units by Type of Structure
Rock Valley, 2019**

	No.	Pct.
Owner Occupied:	1,153	100.0%
1, detached or attached	1,028	90.9%
2 to 4 units	23	2.0%
5 to 19 units	35	0.7%
20 or more units	25	0.6%
Mobile Home, etc	42	5.7%
Renter Occupied:	322	100.0%
1, detached or attached	119	58.6%
2 to 4 units	66	17.0%
5 to 19 units	103	17.9%
20 or more units	0	6.5%
Mobile Home, etc	33	0.0%
Total Occupied:	1,475	100.0%
1, detached or attached	1,148	77.8%
2 to 4 units	90	6.1%
5 to 19 units	139	9.4%
20 or more units	25	1.7%
Mobile Home, etc	75	5.1%
Sources: US Census (2019 American Community Survey); Viewpoint Consulting Group, Inc.		

- There are three mobile home parks in Rock Valley that combine for a total of about 80 pads and 70 mobile homes. The mobile home parks are Hillside Court, Southridge Court, and HJ & MJ Van Berkum. Of the occupied mobile homes, Table 17 indicates that about 56% are owner occupied.

Owner-Occupied Housing Market Analysis

This section analyzes Rock Valley's owner-occupied housing market. Analyzed are single-family home resale trends, subdivisions being actively marketed, pending subdivisions, and interviews with local real estate professionals and others involved in the local housing market to solicit their impressions of existing market conditions and trends. The Sioux County Assessor's Office provided the data on resale trends. The following are key findings regarding the for-sale housing market.

Home Resale Trends

- Between 2010 and 2020, the average sale price of existing homes in Rock Valley increased by 72% - from \$106,298 in 2010 to \$183,712 in 2020. This growth rates was higher than during the 2000s, when the average resale price increased from \$71,430 in 2000 to \$106,298 in 2010 (+48.8%). Growth this past decade (2010 to 2020) equated to an average annual increase of 5.6%.
- Median sale price is often a more reliable measure of price trends since the median is not skewed by outliers like the average can be. In Rock Valley, the median resale price increased from \$106,500 in 2010 to \$171,750 in 2020. This equated to an average annual increase of 4.9% over the course of the decade.
- Since 2015 there has been an annual average of 77 sales of existing single-family homes in Rock Valley. In essence, about 77 homes have been made available each year to people moving to the community, to renters seeking to buy, and to existing homeowners seeking a different home.
- During the past three years the number of home sales in Rock Valley peaked in the \$125,000 to \$175,000 range (33% of home sales), which is also where much of the demand exists. Only 24% of the homes sold from 2018 through 2020 were priced under \$125,000. The second highest peak was among homes priced above \$200,000 (30% of sales).
- As shown in Table 17, Rock Valley has about 1,150 owner-occupied homes (single-family homes and townhomes). Resale data in Table 18 shows that Rock Valley has averaged 77 home sales annually during the past several years. This equates to 6.7% of the single-family owner-occupied housing stock being sold each year. In 2020, about 3.5% of Iowa's single-family homes were sold (about 46,250 sales of about 1,305,000 homes).

Table 18
Resale Trends of Existing Single-Family Homes
Rock Valley, 2000 to 2020

Year	No. Sold	Avg Sales Price	Avg % Change	Median Price
2000	37	\$71,430	-	\$68,000
2010	44	\$106,298	-13.3%	\$106,500
2011	54	\$143,802	35.3%	\$118,500
2012	73	\$138,869	-3.4%	\$125,000
2013	68	\$143,820	3.6%	\$141,000
2014	67	\$154,945	7.7%	\$147,500
2015	72	\$140,436	-9.4%	\$125,750
2016	76	\$163,483	16.4%	\$137,000
2017	92	\$169,592	3.7%	\$148,500
2018	90	\$175,807	3.7%	\$155,000
2019	61	\$170,006	-3.3%	\$152,000
2020	72	\$183,712	8.1%	\$171,750

Sources: Sioux County Assessor; Viewpoint Consulting Group, Inc.

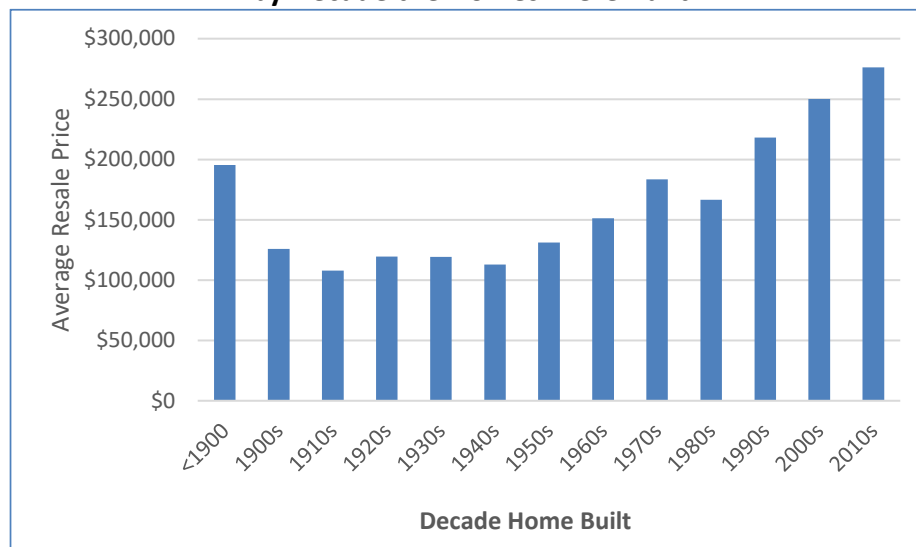
Table 19
Single-Family Home Resales by Price Range
Rock Valley, 2018 to 2020

Sale Price	-- 2018 --		-- 2019 --		-- 2020 --	
	No. of Sales	Average Living Area	No. of Sales	Average Living Area	No. of Sales	Average Living Area
< \$50,000	1	676	0	--	0	--
\$50,000 - \$74,999	5	958	1	1,434	4	907
\$75,000 - \$99,999	12	1,195	4	1,346	5	1,118
\$100,000 - \$124,999	9	1,245	8	1,098	5	1,122
\$125,000 - \$150,000	15	1,403	15	1,223	11	1,347
\$150,000 - \$174,999	9	1,418	12	1,400	11	1,384
\$175,000 - \$200,000	8	1,407	6	1,609	14	1,640
\$200,000 - \$249,999	12	1,608	8	1,653	8	1,363
\$250,000 +	19	1,621	7	1,848	14	1,773
Total Sales	90		61		72	

Sources: Sioux County Assessor; Viewpoint Consulting Group, Inc.

- For the past three years there have been sales of homes built in each decade since 1900. Table 20 highlights how the average sale price decreases as the homes get older. Most homes sold in Rock Valley for under \$125,000 are likely to be built prior to 1950. Homes priced between \$125,000 and \$200,000 are likely to have been built during the 1950s through the 1980s. Homes built since 1990 are likely to be priced at about \$200,000 or more. With current low interest rates, many households with incomes above \$50,000 and with good credit scores and adequate down payment would qualify for homes price at \$200,000.

**Average Resale Price of Rock Valley Homes Sold from 2018 to 2020
by Decade the Homes Were Built**



- The City of Rock Valley began a program in 2010 to assist low- and moderate-income households with homeownership. The program provides a \$2,500 grant to qualified households purchasing an existing home. The program is well received as most income-qualified home buyers utilize the program.

Table 20
Home Resales by Year Home Built
Rock Valley, 2018 to 2020

Year Built	-- 2018 --			-- 2019 --			-- 2020 --		
	No. of Sales	Average Sales Price	Average Living Area	No. of Sales	Average Sales Price	Average Living Area	No. of Sales	Average Sales Price	Average Living Area
<1900	3	\$219,000	1,574	1	\$145,000	1,091	1	\$175,000	1,836
1900 - 1909	9	\$120,611	1,537	9	\$138,556	1,286	5	\$112,400	1,180
1910 - 1919	3	\$104,133	1,360	4	\$130,975	1,506	2	\$67,500	1,053
1920 - 1929	8	\$107,375	1,212	2	\$123,250	1,256	5	\$137,300	1,484
1930 - 1939	5	\$94,200	882	3	\$163,333	1,258	3	\$117,500	1,206
1940 - 1949	7	\$112,579	1,178	2	\$125,500	1,352	3	\$105,833	1,133
1950 - 1959	3	\$116,000	1,438	7	\$128,257	1,252	4	\$147,875	1,584
1960 - 1969	9	\$149,018	1,393	9	\$153,100	1,411	10	\$151,975	1,539
1970 - 1979	13	\$195,477	1,456	5	\$170,976	1,331	12	\$175,708	1,365
1980 - 1989	3	\$181,967	1,465	3	\$144,833	1,407	5	\$170,700	1,215
1990 - 1999	7	\$209,286	1,469	4	\$226,750	1,601	3	\$227,667	1,848
2000 - 2009	4	\$270,750	1,589	7	\$218,557	1,559	6	\$273,417	1,755
2010 +	16	\$270,341	1,522	5	\$293,000	1,844	13	\$277,076	1,463
Total	90			61			72		

Sources: Sioux County Assessor; Viewpoint Consulting Group, Inc.

Current Supply of Homes on the Market

As of January 2021, there were 13 single-family homes actively listed for sale in Rock Valley. Table 21 shows that only two homes listed for sale were priced under \$100,000. Two of the active listings were priced between \$100,000 and \$150,000, seven were between \$150,000 and \$200,000, and two were above \$200,000. The median list price of homes is slightly higher than the median sale price of homes sold in 2020 (see Table 18).

Table 21
Active Single-Family Home Listings
Rock Valley
January 2021

List Price	Number of Active Listings
< \$75,000	0
\$75,000 - \$99,999	2
\$100,000 - \$149,999	2
\$150,000 - \$199,999	7
\$200,000 +	2
Total	13
Average List Price	\$170,062
Median List Price	\$174,900

Source: Viewpoint Consulting Group, Inc.

According to Realtors, the overall average length of time it takes for homes to sell in Rock Valley is about eight weeks, or an average “Days On Market” of about 56 days. Data from the Iowa Association of Realtors shows that the average Days on Market in Iowa for homes listed for sale was 63 days in 2019 and 57 days in 2020. Overall, homes in Rock Valley sell in a time consistent with the statewide average.

Active Subdivisions

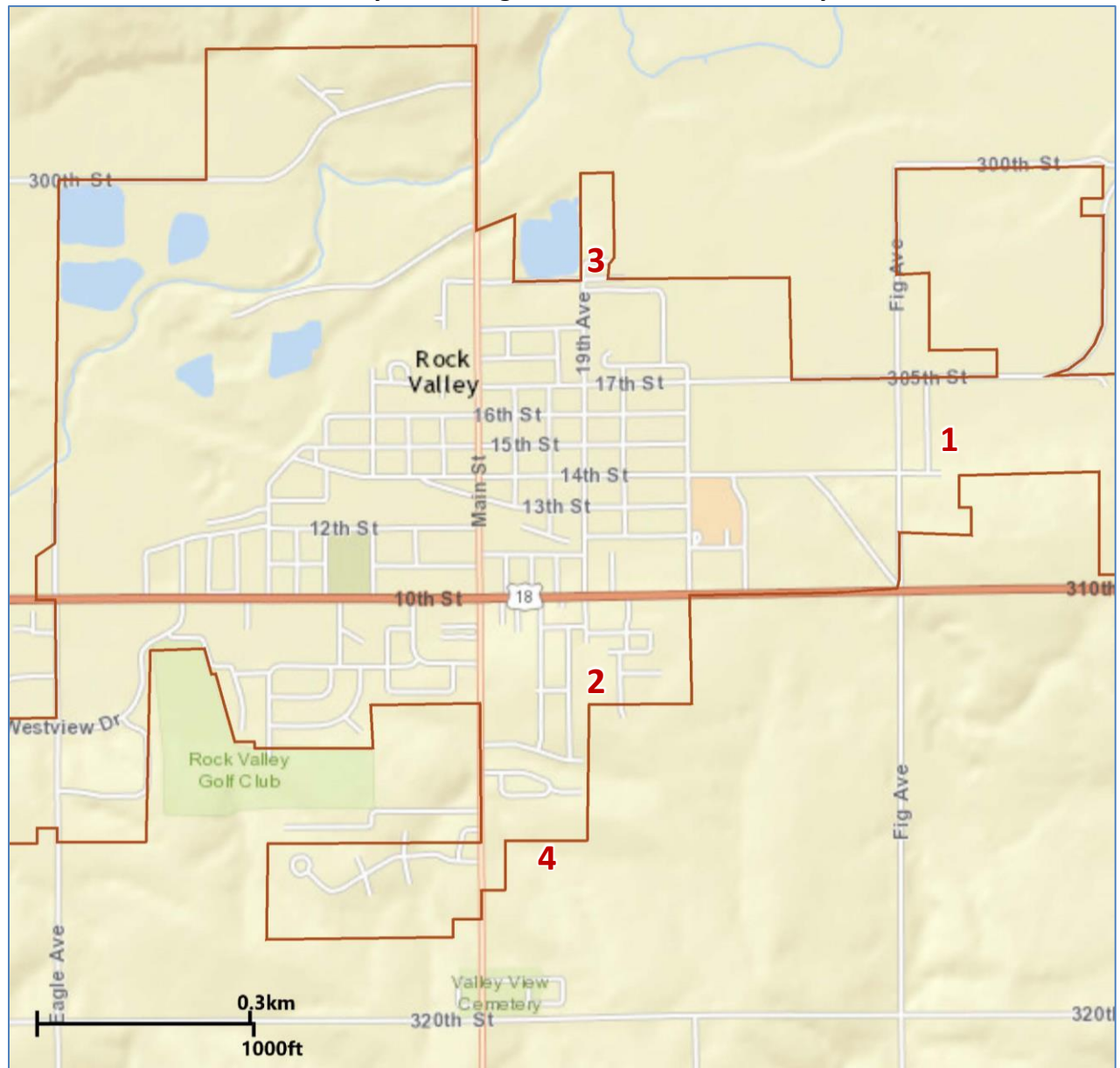
Four subdivisions were identified in Rock Valley with available single-family lots. Table 22 lists these subdivisions along with their year platted, total lots, available lots, average lot size, average lot price, and average home prices. A map showing the locations of the subdivisions follows the tables. The following are key points about these subdivisions:

- The five subdivisions contain a total of 108 lots, of which 83 lots remain available. An industry standard is that a community should maintain a three-year lot supply to offer choice among consumers but not delay developer carrying costs. With an average of four new homes built annually over the past four years (2016 through 2020), these 83 available lots represent about a 20-year lot supply. However, the four years before that (2012 through 2015), about 20 new homes were built annually. At that rate, the 83 current lots represent a four-year lot supply.
- Excluding some subdivisions with only a couple lots remaining, the oldest active subdivision in Rock Valley is Pondside. Pondside was platted in 2011 with 16 lots, of which six remain available. Pondside is an upper-end subdivision, with the typical home priced above \$350,000.
- East Meadows 4th was platted in 2017 with 36 lots and Southern Trails 1st was platted in 2019 with 40 lots. So far, four homes have been built in East Meadows 4th and two homes in Southern Trails 1st. East Meadows 4th has an average lot price of about \$30,000 and is targeted to entry-level homes, or those priced at under \$300,000 (with homes starting at about \$225,000). While East Meadows 4th is targeted to entry-level homes, Southern Trails 1st is targeted to move-up homes, or those priced over \$300,000.
- Hill Top Addition is one of the newer subdivisions in Rock Valley. It was platted in 2014 with 16 lots on either side of 19th Avenue SE, south of 8th Street. Of the 16 lots, seven remain available (four homes have been built in Hill Top since 2016). The average price of the new homes in the Hill Top Addition is about \$265,000.
- East Meadows 4th and Hill Top Addition have lot prices that average below \$30,000. Most homes are priced above \$225,000 in East Meadows 4th, where the greatest supply of Rock Valley's entry-level lots are located. Not including equity in an existing home or other substantial savings, a household income of about \$40,000 is needed to qualify for these homes. However, most buyers of a \$225,000 home would feel more comfortable with an income of closer to \$55,000, assuming they can afford a home priced at four times their annual income.

Table 22
Actively Marketing Single-Family Subdivisions
Rock Valley
January 2021

Subdivision	Year Platted	Total Lots	Avail. Lots	Avg. Lot Size	Average Lot Price	Typical Home Price
Pondside Addition	2011	16	6	14,000	\$45,000	\$350,000+
East Meadows 4th	2017	36	32	13,000	\$29,900	\$225,000+
Southern Trails 1st	2019	40	38	14,500	\$45,300	\$300,000+
Hill Top Addition	2014	16	7	12,500	\$25,400	\$265,000+
Total		108	83			
Source: Viewpoint Consulting Group, Inc.						

- The City of Rock Valley promotes subdivision development by contributing half of the cost of street, sewer and water infrastructure. The developer repays the City's contribution as lots sell, up to a maximum of 10 years. The City also promotes new home development through the New Home Construction Incentive. This incentive grants \$3,000 to the buyer of a lot, provided that the buyer builds a home within one year. The City also makes available to new home buyers a \$5,000 zero-interest loan repayable within five years. Most buyers of new homes utilize these programs.

Actively Marketing Subdivisions in Rock Valley

- 1. East Meadows IV**
- 2. Hill Top Addition**
- 3. Pondside Addition**
- 4. Southern Trails**

Townhome/Condominium Market

The primary market for condominiums (or “townhomes”) in Rock Valley are older adults and seniors moving from single-family homes to reduce home maintenance responsibilities and free up time for other activities. Over the past decade, the supply of condominiums in Rock Valley consisted of Heritage Estates I and II and Fairway Oak Estates.

Heritage Estates I is an 18-unit development restricted to age 55+ residents. The first units were built in 1994. Condominiums at Heritage Estates are 1,142 square foot one-level units that feature two bedrooms and attached garages. Recent resale prices have ranged from \$139,500 to \$185,000. Heritage Estates II consists of 13 units built in 2004. The units are very similar to Heritage Estates I – they are 1,142 square feet. There have been only two resales at Heritage Estates II since 2017 and they were for \$168,000 and \$180,000.

Fairway Oak Estates was completed in 2016 when the last remaining parcel was developed with a townhome building (two units). Fairway Oak Estates contains 16 one-level condominium units in eight buildings. The first building was constructed in 2010, and again, the last was built in 2016. The units have approximately 1,500 square feet on one level and have values that average \$265,000 for the 10 units on the golf course and \$215,000 for the six units not on the golf course. Fairway Oak Estates is sold out, with about four units being sold annually the past four years. Since 2017, there have been only three resales of homes at Fairway Oak Estates.



Fairway Oak Estates

Pending Subdivisions

The most recent subdivision in Rock Valley is the first addition of the 127-acre Southern Trails. The first addition was platted in 2020 and has 40 lots (See Table 22). When built out, Southern Trails could contain upwards of 150 single-family lots with some marketed to three distinct markets – entry-level, move-up, and executive.

Interview Summary

Real estate agents and other persons familiar with Rock Valley's owner-occupied market were interviewed to solicit their impressions of the current for-sale housing market. The following are key points from those interviews.

- The resale housing market in Rock Valley remains strong. As in the past, it remains strongest for homes in the entry-level market since a greater share of Rock Valley's workforce can afford these homes.
- Sales of new homes in Rock Valley has slowed from the middle of last decade. One reason is that the cost of new homes has increased faster than wages in Rock Valley. Increases in lot costs, construction costs, and property taxes have all contributed to the increase in the cost of building a new home. Whereas a new home could be priced at about \$200,000 or even lower a few years ago, now most entry-level homes in Rock Valley are priced at about \$230,000. This has pushed the cost of some new homes out of reach of many local workers.
- Sales of existing homes in Rock Valley remain strong. As an alternative to buying a newly constructed home, many buyers are finding greater value in purchasing an existing home that is fairly new and comparable to a new home, but has a lower price.
- The City of Rock Valley has a \$3,000 New Home Construction Grant and a \$5,000 New Home Interest-Free Loan. The programs are popular in that most buyers of new homes utilize the programs. However, the incentives have not increased in value over the years while the price of new homes has increased substantially. Thus, the programs' benefit to enticing people to buy new homes has diminished somewhat. Increasing the value of these programs may spur the pace of new home construction in Rock Valley.
- Most construction contractors have been steady with work in recent years and thus, they have not felt inclined to take on the risk of building a spec home. Some that have built spec homes have done so in Sioux Center, where homes sell for a higher price, but the costs of construction are not any higher. This has been a contributing factor in the decline of home building in Rock Valley.

- A lack of fast-food restaurants and shopping has always been a disadvantage Rock Valley has faced when competing with Sioux Center for new home construction. Increasing the retail base could entice a greater number of people to choose to build new homes in Rock Valley, particularly since Rock Valley has more affordably priced homes than Sioux Center.
- The primary markets for homes in Rock Valley include locally employed people along with retirees from the surrounding area. Many of the retirees seek condominium/townhomes. However, most condominium/townhome units in Rock Valley were built fairly recently and thus there has not been much turnover of units; hence there is little supply for people seeking this type of housing. Most condominiums/townhomes in Rock Valley are still occupied by their original owners.
- Overall, the physical condition of homes in Rock Valley is very good.

Rental Housing Market Analysis

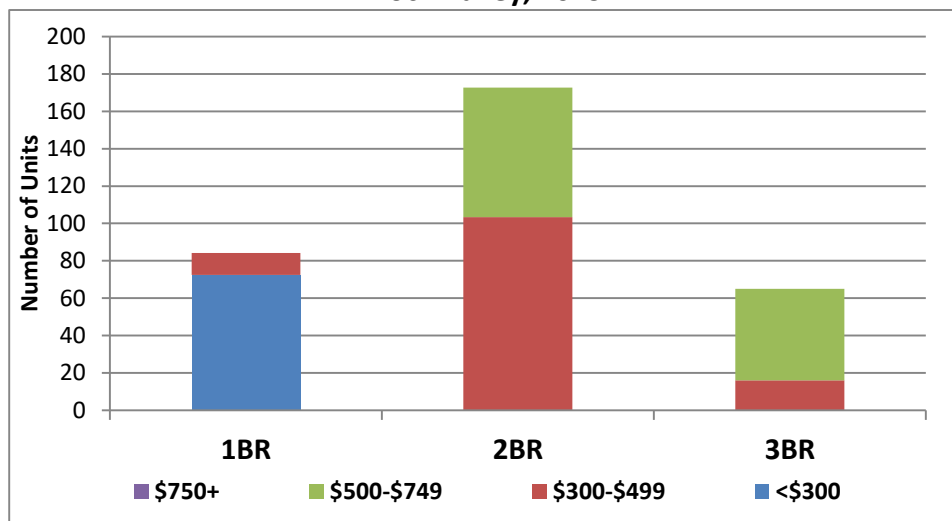
This section of the report analyzes the rental housing market in Rock Valley. The analysis includes a survey of rental properties and interviews with real estate agents, rental housing managers, property owners, and others familiar with the Rock Valley rental housing stock. Properties are categorized in this section as rental (general occupancy) or senior (age-restricted).

Overall Rental Housing Supply

Table 23 on the following page shows the estimated number of rental units in Rock Valley in 2019 by number of bedrooms and gross rent. The rental units include those in all housing types – from mobile homes to single-family homes and apartment buildings. The data is from the Census Bureau’s American Community Survey. The American Community Survey is conducted annually by the Census Bureau. The following are key points from Table 23.

- ▶ There were an estimated 173 rental units with two bedrooms in Rock Valley in 2019, which accounts for the greatest proportion of Rock Valley’s rental housing supply (54%). Units with one bedroom accounted for 26% of the community’s rental stock and units with three or more bedroom accounted for 20%. In many communities with a high number of subsidized senior housing, one-bedroom units account for the greatest proportion of rental units. With Royal Ridge and Highlawn Apartments being the only subsidized senior properties, and totaling only 37 units, one-bedroom units account for a modest portion of units in Rock Valley.

Estimated Number of Units by Unit Type and Gross Monthly Rent*
Rock Valley, 2019



*Gross rent includes the cost of all utilities, whether they are paid by the landlord or tenant.

Table 23
Estimated Gross Rent by Bedrooms in Unit
Rock Valley
2019

	Number	% of Total
1 bedroom		
Less than \$300	16	5.0%
\$300 to \$499	57	17.5%
\$500 to \$749	12	3.6%
\$750 to \$999	0	0.0%
<u>\$1,000 or more</u>	<u>0</u>	<u>0.0%</u>
Subtotal	84	26.2%
2 bedrooms		
Less than \$300	0	0.0%
\$300 to \$499	0	0.0%
\$500 to \$749	103	32.1%
\$750 to \$999	69	21.5%
<u>\$1,000 or more</u>	<u>0</u>	<u>0.0%</u>
Subtotal	173	53.6%
3 or more bedrooms		
Less than \$300	0	0.0%
\$300 to \$499	0	0.0%
\$500 to \$749	16	5.0%
\$750 to \$999	49	15.2%
<u>\$1,000 or more</u>	<u>0</u>	<u>0.0%</u>
Subtotal	65	20.2%
Total	322	100.0%
Sources: 2019 American Community Survey; Viewpoint Consulting Group, Inc.		

- ▶ Multifamily rental properties in Rock Valley largely contain one- and two-bedroom unit types. Thus, most of the units with three or more bedrooms are found in single-family homes that are being rented.
- ▶ Table 23 shows that the greatest portion of one-bedroom units have gross rents (rent plus utilities) of \$300 to \$499. Most two-bedroom units have gross rents between \$500 and \$749 and most three-bedroom units have gross rents of \$750 to \$999.

Rental Housing Inventory

As shown in the demographic and housing stock overview sections, there were approximately 322 renter households in Rock Valley as of 2019. About 37% of the renters lived in rented single-family homes. There are an estimated 15 multifamily properties in Rock Valley with six or more units. Owners and managers of these larger properties were surveyed as part of this analysis. Information on the surveyed rental properties is summarized in Table 24 (market rate properties) and Table 25 (senior housing). The following types of properties were inventoried:

<u>Property Type</u>	<u>Total Units</u>
Market Rate	140
Subsidized/Affordable	0
Market Rate Senior with Services	40
Subsidized Senior	37

The following are key highlights about Rock Valley's rental housing supply.

Market Rate Summary

Viewpoint Consulting Group, Inc. identified 10 market rate rental properties with six or more units. Information on these rental properties is summarized in Table 24, including vacancies and monthly rents. The following are key highlights.

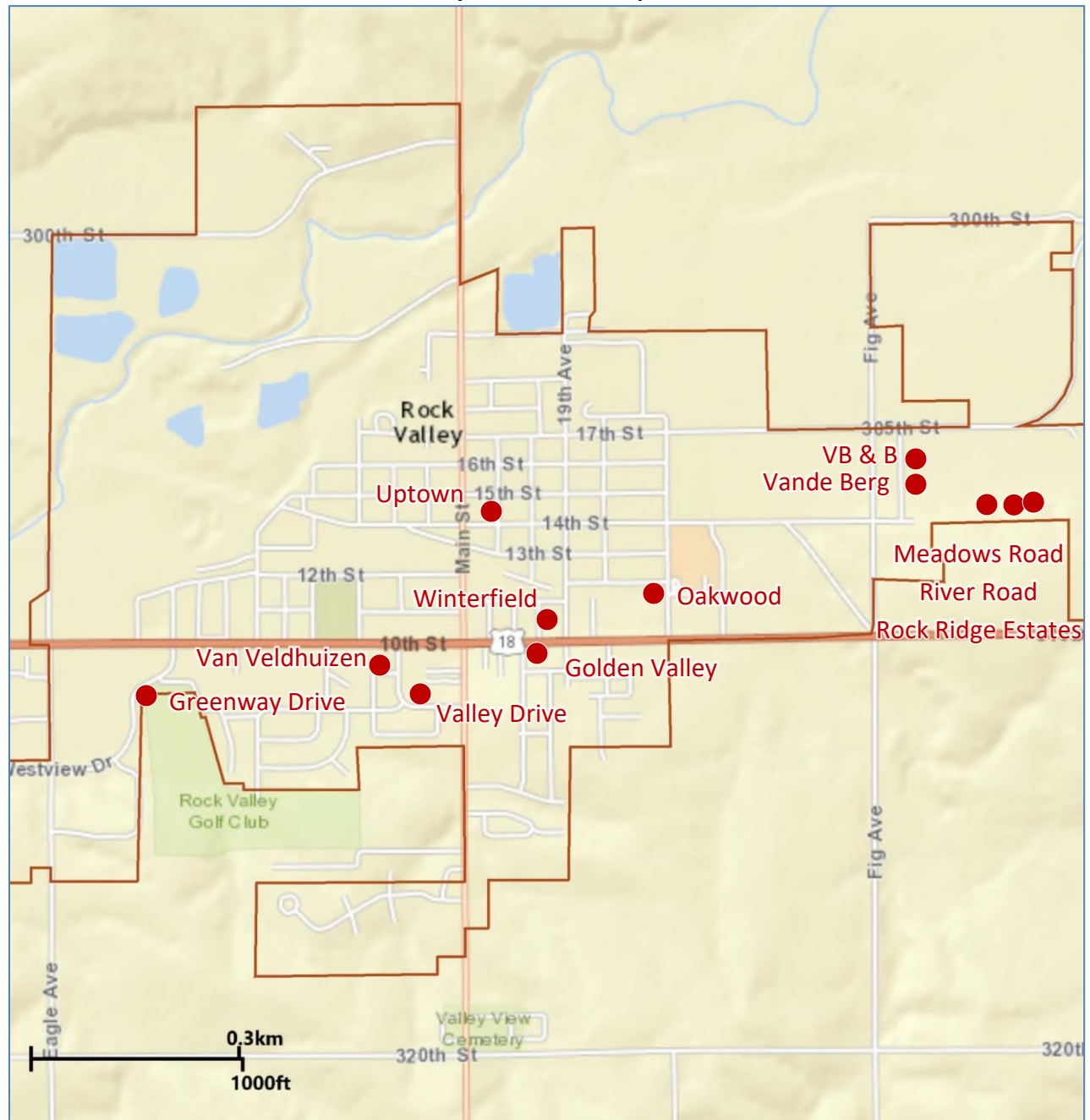
- The 10 identified rental properties with six or more units combine for a total of 140 units. These 145 units represent about 60% of the non-senior rental units in Rock Valley.
- Properties built since 2014 represent the greatest bulk of the market rate multifamily supply. Four of the properties in Table 24 totaling 61 units were built since 2014. Two properties totaling 37 units were built during the 2000s and one property with 14 units was built in the 1990s. The properties built since 2014 (all but eight units) have two-bedrooms that average about \$775 in rent. There are no one-bedroom units among these newer properties. The eight three-bedroom units have rents of \$850.
- The newest properties generally have the highest rents. While the 2014 and newer properties have an average rent of \$775 for two-bedroom units, the average is \$715 for two-bedroom units built in the 2000s, \$625 for 1990s units, and \$515 for 1970s/'80s units.
- Overall, there were 22 vacant units among the 140 rental units surveyed (15.7% vacancy rate). However, 17 of the 22 vacant units were at Greenway Drive Apartments and Valley Drive Apartments. The two properties had fallen into slight disrepair and many units are off-line as they are being renovated (items such as paint, flooring, cabinets, appliances, and fixtures, as needed). Excluding Greenway and Valley Drive, the vacancy rate among the

other 98 units was 5.1%. This is slightly above the market standard of 5% for a healthy rental market and well above the level that property owners report from a few years ago.

- According to some property owners, vacancies are more common than a few years ago and open units take longer to release. This trend has been more noticeable this past year but began when the most recent apartment developments were added to the market. Also, waiting lists of prospective residents are shorter.
- Average monthly rents at the properties built since 1990 were \$550 for one-bedroom units and \$725 for two-bedroom units. Residents in these properties are generally responsible for all utilities. In the older properties in Rock Valley, electricity is typically the only utility paid by residents.
- The newest properties in Rock Valley do not contain any one-bedroom units. The most recent properties with one-bedroom units are Uptown Apartments (2006) and Greenway Drive Apartments (2004).

Table 24
Rock Valley Market Rate Rental Properties (5+ units)
January 2021

Property Name	Year Built	Number of Units	Vacant Units	Unit Mix	Monthly Rents
Market Rate					
River View Apts. 2643 E Meadow Rd	2018	7	0	7 - 2BR	\$775 - \$810
Meadows Road Apts. East Meadows 3rd Addition	2016/'17	24	0	16 - 2BR 8 - 3BR	\$800 \$850
VB&B 1516 30th Ave	2014/15	14	0	14 - 2BR	\$700 - \$825
Vander Berg Apartments 1436 30th Ave	2014	16	3	16 - 2BR	\$675 - \$800
Uptown Apartments 1630 15th St.	2006	9	2	4 - 1BR 5 - 2BR	\$550 \$675
Greenway Drive Apartments 914 Westview	2004	28	10	8 - 1BR 12 - 2BR 3 - 3BR 5 - 4BR	\$500 - \$530 \$750 \$745 \$890
Valley Drive Apartments 1331 Valley Dr.	1992	14	7	4 - 1BR 10 - 2BR	\$600 \$625
Oakwood Apartments 1115 21st Ave.	1980	12	0	12 - 2BR	\$500
Golden Valley Apartments 920 18th Ave SE	1973	10	0	3 - 1BR 7 - 2BR	n.a. n.a.
Winterfield Apartments 1002 18th Ave.	1972	6	0	2 - 1BR 4 - 2BR	\$440
Source: Viewpoint Consulting Group, Inc.					

Rock Valley Market Rate Apartments

Rock Valley Rental Apartments



Greenway Drive



Valley Drive



Golden Valley



Oakwood



Uptown



Winterfield

Rock Valley Rental Apartments



Meadows Road



Vander Berg



VB&B



River View Apartments

Affordable and Subsidized Properties

There are no affordable or subsidized rental properties in Rock Valley (except for two senior subsidized properties). Affordable housing typically refers to properties with moderate-income limits and below market rents, while subsidized properties are restricted to low-income households who pay 30% of their adjusted gross income for rent. Affordable housing developments are most often financed through the Low Income Housing Tax Credit (LIHTC) program. Subsidized housing is generally financed through HUD or Rural Development, such as the Royal Ridge and Highlawn rental properties in Rock Valley, both of which are age-restricted to seniors.

The Iowa Finance Authority is the Housing Tax Credit allocating agency for the state of Iowa. Since the beginning of the program in 1986, the Iowa Finance Agency has helped create over 24,700 LIHTC units in more than 610 properties throughout Iowa. To be eligible, LIHTC properties must have 20% or more of the units occupied by individuals or families whose income is 50% or less than the area median gross income and the unit is rent restricted. Or, 40% percent or more of the units in the project must be occupied by individuals or families whose income is 60% or less than the area median gross income and the unit is rent restricted. The 2020 income limit at 60% of area median income for Sioux County was \$30,480 for one-person households, \$34,800 for two-person households, \$39,180 for three-person households, \$43,500 for four-person households, \$46,980 for five-person households, up to \$57,420 for eight-person households. The maximum gross rent for units restricted at 60% of area median income was \$816 for one-bedroom units, \$979 for two-bedroom units, and \$1,131 for three-bedroom units. While considered affordable at 60% of area median income, these maximum rents are still higher than rents at newer market rate properties in Rock Valley.

There are only four LIHTC properties in Sioux County. This includes one each in Hull (Goldfinch Grove), Hawarden (Maplecrest), Orange City (Prairie Heights), and Sioux Center (Northwood Court). Combined, the four LIHTC properties have 62 units.

Housing Choice Vouchers

Although there are no affordable or subsidized apartments in Rock Valley, there is a “tenant-based” subsidy called Housing Choice Vouchers available to help lower income households find affordable housing. The tenant based subsidy is funded by the Department of Housing and Urban Development (HUD), and is managed by the Northwest Iowa Regional Housing Authority. The Housing Authority is based in Spencer and covers a 14-county region, including Sioux County.

Under the Housing Choice Voucher program, 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 Sioux County may be eligible for the program if their income is below 50% of area median income – which in 2020 ranged from \$28,250 for one-person households to \$43,550 for five-person households.

To be eligible for the Housing Voucher program, rental units must have rent levels allowable under HUD guidelines – or below the “Payment Standard.” In Sioux County, the Payment Standard is about 110% of the Fair Market Rents, which are \$522 for one-bedroom units, \$687 for two-bedroom units, \$985 for three-bedroom units, and \$995 for four-bedroom units.

Currently, there are 747 vouchers issued in the 14-county region. Demand for the program is high, and there is a wait list of applicants and currently it takes about three months on the list before a voucher becomes available. Of the 747 vouchers in use, four are in Rock Valley.

Senior Housing Supply

Senior housing encompasses a wide variety of product types. The least service-intensive properties are **adult** properties, which offer virtually no support services or health care, but restrict tenancy to those ages 55 and over. Adult properties can be rental or owner-occupied (attached or detached townhomes, condominiums, and cooperatives). Congregate independent or **independent** properties, offer support services such as meals and housekeeping, sometimes included in rent and sometimes a-la-carte. Independent projects attract an older and frailer senior population than adult projects (generally seniors age 75 and over).

The most service-intensive housing types, **assisted living** and **memory care**, offer the highest level of services short of a nursing home. Typical services provided are meals, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal-care and therapeutic services. The meals and services are either built into the monthly fee, charged through a tiered service package, or charged a-la-carte.

Table 25 shows the inventory of senior housing properties in Rock Valley. There are five properties totaling 108 units. The following are key highlights about the supply of senior housing in the area.

- The five properties in Rock Valley include a mix of various housing types, including three that are market rate and two that are subsidized, and two that offer meals and services and three that do not. The most recent property is RiverView Ridge, which is a 40-unit assisted living that opened in October 2020.
- Assisted living housing was added to Rock Valley's housing supply when RiverView Ridge opened in 2020. Residents at RiverView Ridge have the option of being "independent," or receiving assisted living services if they need assistance with Activities of Daily Living. The base fee begins at \$2,900 and includes utilities, three meals per day, housekeeping and personal laundry services, emergency call system, Registered Nurse available 24 hours per day, activities and wellness programs, and the use of common spaces (family lounge with fireplace, reading room/TV lounge, and beauty salon). RiverView Ridge opened during the COVID-19 pandemic, which has likely slowed move-ins. In the three months since it opened, RiverView Ridge has eight residents, including six that are independent (base rent only) and two that receive assisted living services.
- Rock Ridge Estates is the second newest senior housing property in Rock Valley, after RiverView Ridge. It opened in 2018 and is a six-unit building consisting of single-level townhomes with attached garages. It is an adult (55+) rental property that does not provide any meals or services, but instead caters to active seniors. Rent for the two-bedroom units is \$1,200 and all six units are occupied. A second phase with four rental townhomes is under construction and two are already reserved.
- Four Seasons has 25 units of which 14 were built in 1989 (Four Seasons North) and 11 were built in 1999 (Four Seasons South). While Four Seasons is an independent property, it is attached to Hegg Health Center and housekeeping and emergency call are included in the fee and residents can also purchase meals and services as needed. Residents of Four Seasons purchase their units from Hegg Health Center and recent prices have ranged from about \$50,000 to about \$170,000. There is also a monthly maintenance fee. Currently, there are three open units. However, two have already been sold. Typically, when units become available they are sold quickly.

Table 25
Senior Housing Properties, Rock Valley Area
January 2021

Property Name	Year Built	Number of Units	Vacant Units	Unit Mix	Monthly Rents
Adult (55+) Rental					
Rock Ridge Estates E Meadow Rd	2018	6	0	6 - 2BR	\$1,200
Independent Living					
Four Seasons 1202 21st Ave.	1989/'99	25	3	n.a.	For-Sale (Housing)
Independent/Assisted Living					
RiverView Ridge 712 Westview Dr.	Oct. 2020	40	32	Stu 1BR 2BR	\$2,900+ \$3,400+ \$4,200+
Memory Care					
-- None --					
Subsidized					
Highlawn Apartments 1002 19th Ave.	1970s	5	0	3 - 1BR 2 - 2BR	30% of AGI
Royal Ridge Apartments 925 Golf Course Rd	1970s	32	3	32 - 1BR	30% of AGI
Source: Viewpoint Consulting Group, Inc,					

- Royal Ridge and Highlawn are the two subsidized properties in Rock Valley. They were both built in the 1970s utilizing the Rural Development Section 515 program. Highlawn is a five-unit building and Royal Ridge consists of eight 4-plex buildings, for a total of 32 units. Income-qualified residents at Royal Ridge and Highlawn pay 30% of their income for monthly rent (with a maximum rent of \$546). The units at Highlawn are fully occupied and there are three openings at Royal Ridge. Among Royal Ridge's residents, about half are seniors and the other half are disabled.
- Royal Ridge has been undergoing renovations (such as flooring, painting, and fixtures in the units). This has helped Royal Ridge reduce its vacancies, where were about 10 in 2018.

Rock Valley Senior Housing



Royal Ridge Apartments



Four Seasons Senior Living



RiverView Ridge



Rock Ridge Estates

Planned and Proposed Rental Developments

The most recent apartment developments in Rock Valley are River View Apartments (seven units) and Rock Ridge Estates (six units), and RiverView Ridge (40 units). River View Apartments and Rock Ridge Estates came on-line in 2018 and RiverView Ridge opened in 2020. After a four-unit expansion to Rock Ridge Estates that is currently under construction, there are no other approved rental housing developments in Rock Valley that would add to the existing supply. It is likely that future phases of Rock Ridge Estates, on lots east of the current building, would add eight to 10 more age-restricted townhome units. The East Meadow 3rd Addition, where Meadows Road Apartments, River View Apartments, and Rock Ridge Estates are located, has additional multifamily lots available to accommodate future rental development, besides future phases to Rock Ridge Estates.

Interview Summary

Interviews with area rental property managers, real estate agents, private owners, and other persons familiar with the rental market in Rock Valley were conducted to solicit their impressions of the rental housing market. The following are some key points from these interviews:

- New rental developments that have been added since 2014 have filled a void that had existed in the community for upper-end units. These units are very appealing to young professionals and other workers moving to Rock Valley. Without these newer units, many of the young professionals and other workers would have to seek housing in other nearby communities.
- In recent years, there has been less talk among renters about the difficulty of finding available rental units and more talk about the cost of rental housing.
- Beginning in about 2018, when the last market rate rental property came on-line in Rock Valley, the length of time to lease open units become longer. Before then, open units were leased very quickly. As of this past year, it took a couple months to lease some open units that previously would have been leased in days or a week. Some managers do not believe that Rock Valley needs any more apartments based on the length of time to lease open units.
- Many of the new people seeking housing in Rock Valley are wage earners with modest incomes. Most of these people are in the market for rental housing versus purchasing a home.

Demand Analysis and Conclusions

This section of the report utilizes data collected in the previous sections to calculate demand for owned and rented housing in Rock Valley through 2030. Recommendations on appropriate housing types to satisfy unmet demand over the next five years are also provided.

Housing Demand Analysis

Table 26 outlines our calculation for owner and renter housing in Rock Valley from 2021 to 2030. Demand for additional housing in Rock Valley will primarily come from household growth. Pent-up rental demand and replacement need are also sources of demand. However, both are minimal in Rock Valley because of recent rental housing developments added to the community and because of the good condition of the housing stock.

Rock Valley is projected to add 170 households between 2021 and 2030. This correlates to the need for 170 housing units to accommodate the household growth, or an average of about 19 new units annually – or 95 units over the next five years and 75 units between 2026 and 2030.

Table 26
Rock Valley Rental and Owned Housing Demand
2021 to 2030

	2021 to 2026			2026 to 2030		
A Household growth	95			75		
B Replacement need	5			4		
C Total housing demand (A + B)	100			79		
D Percent rental demand	20%	-	25%	20%	-	25%
E Rental housing demand (C x D)	20	-	25	16	-	20
F Pent-up rental demand	0	-	0	0	-	0
G Total rental housing demand (E + F)	20	-	25	16	-	20
H Percent owner demand	75%	-	80%	75%	-	80%
I Total owner housing demand (C x H)	75	-	80	59	-	63
Source: Viewpoint Consulting Group, Inc.						

Replacement need is generated from the loss of housing or the need to replace housing units that are physically or functionally obsolete (i.e., they no longer meet the needs of the current housing market). A review of the age of Rock Valley's housing stock from the U.S. Census revealed that there are about 400 housing units built prior to 1950. Most of these homes are in good condition, and we estimate that only about one per year should be removed from the housing supply because of obsolescence, which equates to only 2.5% of these older homes every decade.

A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. With pent-up demand (a shortage of units), persons who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Rock Valley, the vacancy rate among surveyed properties is above 5%, indicating no pent-up demand. Most people moving to Rock Valley would be likely to be able to find rental housing with immediate occupancy.

Based on demographic and market trends, it is projected that 20% to 25% of the housing demand from household growth and replacement need in Rock Valley between 2021 and 2030 will be for rental housing. This equates to total demand for 20 to 25 rental units over the next five years and 16 to 20 units from 2026 to 2030.

About 75% to 80% of housing demand in Rock Valley from 2021 and 2030 is projected to be for owner-occupied housing. This equates to demand for just over 75 homes, or 14 to 15 homes annually, from 2021 to 2026. Demand is for about an additional 60 homes from 2026 to 2030.

Owner-Occupied Housing Demand

During this decades, Rock Valley growth among persons ages 20 and over is projected to be about evenly split among those younger than age 75 and those older than age 75. Based on this demographic trend and interviews, about 75% of the demand for owned units in Rock Valley is projected to be for single-family homes. The remainder of demand (25%) is estimated to be for condominium/townhomes units targeted to empty-nesters and older adults/seniors seeking an alternative to their single-family homes.

Currently, Rock Valley has a supply of just over 80 platted single-family lots, most of which are in East Meadow 4th and Southern Trails 1st. With demand for about 12 new single-family homes annually for the next few years, the single-family lots will be exhausted by 2028. About a three-year supply of lots should be maintained at any given time, or about 36 lots.

The last subdivision for condominiums/townhomes was Fair Oak Estates. Its last lot was built on in 2016. Thus, Rock Valley has gone five years without a subdivision catering to this market segment. At demand four about four units annually and with keeping a three-year supply of lots, a minimum of lots for about 12 units would need to come on-line immediately.

Rental and Senior Housing Demand

With over 20 available rental units in Rock Valley, there is currently little unmet demand from either of the two primary target markets – wage earners seeking rental housing with rents that are affordable and professionals and higher-income families moving to Rock Valley. This should change in the next couple years as open units at newer buildings are absorbed and units being renovated at Greenway Drive Apartments and Valley Drive Apartments come on-line and accommodate demand from moderate-income renters.

A third primary target market is older adults and empty-nesters seeking to downsize from their single-family homes. The first age-restricted, single-level units for this group were built in 2018 and another four units will come on-line in 2021. With strong growth of the age 65+ population, it is estimated that close to half the demand in Rock Valley over the next five years will be from this target market, or about 12 units. The other 12 units of demand will be from younger households. Again, these younger households include wage earners as well as professionals and higher-income families moving to Rock Valley seeking owned housing, but preferring to rent until they are settled in their new employment position.

Demand calculations specific to senior housing with services in Rock Valley were conducted for market rate congregate independent, assisted living, and memory care housing, for the current year and five-years out (2021 and 2026). These types of senior housing are differentiated from rental housing that is age-restricted to 55+ persons in that they offer meals and personal care services to their residents. Thus, they generally attract older seniors who need some assistance with Activities with Daily Living. Age-restricted rental housing generally attracts younger seniors who are more active. Age-restricted rental housing also attracts more couples whereas senior housing with services attracts mostly single seniors.

Total demand in Rock Valley for the three service-levels was calculated for 85 units in 2020. This compares to a total existing supply of 65 units in two properties (Four Seasons and RiverView Ridge). RiverView Ridge opened in October 2020 and currently has eight occupied units of its total 40 units. Thus, it will meet the unmet needs for senior housing with services in Rock Valley for at least the next few years as open units are leased up. Based on the size of the income-qualified senior population base in the PMA and typical utilization rates of senior housing, it is estimated that demand in Rock Valley will grow by about 15 units over the next five years. Thus, there will be potential for additional senior housing with services in Rock Valley closer to 2025. This will particularly come from seniors with dementia needing specialized memory care housing. This type of housing is not currently offered at RiverView Ridge.

Housing Recommendations

The following are recommended housing development concepts for Rock Valley over the next five years, based on the demand analysis and interviews with persons knowledgeable about the Rock Valley housing market. Table 27 shows a summary of these development concepts. Detailed recommendations for each housing type are also included.

Table 27
Recommended Housing Developments over the Next Five Years (2021 to 2026)
Rock Valley

	<u>No. of Units</u>	<u>Price/Rent Range</u>
Owner-Occupied Housing		
Single-Family		
Entry-Level	40 - 43	\$225,000 - \$300,000
Move-Up	15 - 18	\$300,000+
Total	55 - 61	
Townhomes/Condominiums	18 - 20	\$200,000 - \$250,000
Rental & Senior Housing		
Market Rate Apartments	10 - 12	\$600/1BR - \$825/2BR
Age 55+ Rental Housing	10 - 12	\$900/1BR - \$1,200/2BR
Memory Care Housing	10 - 12	\$5,500+/Stu
Total	30 - 36	

Source: Viewpoint Consulting Group, Inc.

Single-Family Homes

It is recommended that a three-year lot supply be maintained in the community, which ensures adequate consumer choice without excessively prolonging developer carrying costs. Rock Valley has a current lot supply of about 45 lots priced for move-up homes and about 40 lots priced for entry-level homes. Entry-level homes in Rock Valley are defined as those priced under \$300,000 and move-up homes as those priced above \$300,000.

With demand for approximately eight entry-level homes and three to four move-up homes annually, the current lot supply for entry-level homes is about five years while the lot supply for move-up homes is about 13 years. Thus, to maintain a three-year lot supply, new lots for entry-level homes will be needed in about 2023 or 2024. Southern Trails 1st Addition has 38 lots remaining for move-up homes. This subdivision has a nice rolling hills setting with attractive

lots. It, along with some remaining lots in other subdivisions in Rock Valley should meet the need for move-up homes over the next five years.

As more homes are built in East Meadow 4th and Southern Trails, the pace of construction could quicken as some potential buyers have hesitance to being among the first homes in a new development. Lowering the lot prices could help entice more buyers to these subdivisions, but using a benchmark that a lot should account for one-fifth of the total home price, the current lot prices are reasonable. The average lot cost in East Meadows 4th is about \$30,000, which would equate to a home price of \$150,000 using the one-fifth benchmark. The average lot cost at Southern Trails is about \$45,000, which would equate to a home price of \$225,000. The average price of homes in both subdivisions is higher than these figures, such that the lot costs have averaged about 15% of the total home price. Current lot prices could be maintained, but the City's New Home Construction Incentive could be increased to quicken the pace of home construction. Expanding the base of fast-food restaurants and other shopping in Rock Valley could also entice more people to build new homes in the community.

Townhomes/Condominiums

There is projected demand for 18 to 20 condominiums from 2016 through 2021. The last two units in Fairway Oak Estates were constructed and sold in 2016. There are no other condominium-designated developments in Rock Valley with open lots. Thus, a new development is needed immediately to accommodate demand over the next five years. Southern Trails is a strong candidate for the location of this recommended townhome development.

The target market for condominiums in Rock Valley has primarily been empty-nesters and young seniors who want to own their residence but do not want the responsibility of maintenance. Many of the units at Fairway Oak Estates, particularly those backing up to the golf course, had prices beyond the price range of much of the target market. We recommend a new condominium development have prices in the \$200,000 to \$250,000 range and be one-level with two bedrooms and attached two-car garages. This price range would be appropriate to capture most of the target market.

Market Rate Rental Apartments

The analysis found demand for 10 to 12 units of additional rental housing in Rock Valley. This demand will most likely materialize closer in 2023 or later as open units in existing properties will meet the short-term demand. The demand for new units will largely be for households with incomes below \$40,000. To meet this demand, units should have rents, excluding utilities, of about \$600 for one-bedroom units and \$825 for two-bedroom units. We recommend a 10 to 12-unit building feature about half one-bedroom units for single workers and the remaining units having two bedrooms. The building should contain attached or detached garages.

While the target market is households with incomes below about \$40,000, it is unlikely that the Low Income Housing Tax Credit (LIHTC) program would be needed to make these units more affordable. The 2020 income-limit for the LIHTC program (at 60% AMI) in Sioux County ranged from \$33,900 for a two-person household to \$48,360 for a four-person household. Maximum gross rents for units restricted at 60% AMI were \$907 for one-bedroom units, \$1,089 for two-bedroom units, and \$1,257 for three-bedroom units. Rental housing properties in Rock Valley have been able to be developed over the past five years with rents well below these maximum gross rents for the LIHTC program.

Age 55+ Rental Housing

Rock Ridge Estates opened in 2018 with six age-restricted (55+), single-level townhomes. A need for an additional 10 to 12 units of senior rental housing is identified. A four-unit addition to Rock Ridge Estates will meet a portion of this demand. After it, demand for another six to eight units exists. The townhome-style units at Rock Ridge Estates have proved to be appealing, and additional two-bedroom units with rents of \$1,200 would meet most of the demand. For single-seniors with more modest incomes, we recommend two or three one-bedroom units with rents of \$900.

Senior Housing with Services

RiverView Ridge opened in 2020 and its 40 units will largely meet the demand over the next five years for two of the three distinct markets – congregate independent and assisted living housing. The third distinct market, memory care housing, remains unmet. We recommend 10 to 12 units. A stand-alone memory care property of this size may be financially unfeasible. Thus, the most financially viable solution to adding these units would be an addition to RiverView Ridge. A second solution would be waiting until closer to 2026 when demand for additional assisted living housing may reach approximately 12 units. Then, a 24-unit building offering assisted living and memory care housing could be built. Memory care housing in Rock Valley should contain all studio units with a base monthly fee beginning at about \$5,500. The development should contain common areas including a community/gathering room, dining room, activity/craft room, and beauty shop.