



City of Cascade Housing Needs Assessment

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Prepared by



East Central
Intergovernmental Association

7600 Commerce Park
Dubuque, IA 52002

Funding provided by



INTRODUCTION

East Central Intergovernmental Association (ECIA) has developed this study at the request of the City of Cascade, Iowa. The report uses a collection of data from a variety of sources to draw a picture of current housing conditions in the City of Cascade. The report then uses the information observed to identify trends and forecast future housing conditions in the community. The report concludes with a list of community priorities for the future and a brief description of some of the funding sources and assistance programs available to aid in implementing housing projects.

KEY FINDINGS

Population Growth. Cascade’s population has been growing steadily over the past twenty years. During that time natural population growth (births and deaths) has been flat. New population growth has been the result of in-migration.

Commuting. Commuting plays a major role Cascade and the surrounding regional housing market. Many people commute in and out of Cascade for work, but relatively few live and work in Cascade. People have many housing options in surrounding communities and rural areas and many are willing to drive up to thirty minutes to work.

Housing Affordability. Housing in Cascade is currently affordable for most people. Most people living in Cascade spend less than thirty percent of their income on housing. However, this is not true for many low-income families and many renters in Cascade who are spending more than half of their annual income on housing.

Low Vacancy. Vacancy rates for rental and owner-occupied housing units are currently very low in the City of Cascade. Low vacancy rates point to high demand for housing in Cascade, but mean that potential Cascade residents have limited options and may choose to look elsewhere if they can’t find what they are looking for in Cascade.

New Construction. The report projects that Cascade will need housing for 181 additional households by 2040. With vacancy rates currently very low, almost all the housing for the 181 new households will be new construction.



Duplex in Cascade

DATA AND METHODS

This report uses data from a variety of sources including the U.S. Census Bureau, Iowa Workforce Development, and the U.S. Bureau of Labor Statistics. These datasets provide information on a wide variety of topics that can help us understand the housing situation in Cascade. Census data is especially helpful because it covers many years and is useful for tracking trends over time. Census data is also consistent nationally and is useful for drawing comparisons among communities.

The report uses a set of “comparison cities” to help provide a frame of reference for some of the data presented. The report compares data from Cascade to data from the State of Iowa, Dubuque County, and the cities of Asbury, Dyersville, Epworth, Farley, Manchester, and Peosta.

The report uses the Multiple Listing Service (MLS) data from the East Central Iowa Association of Realtors to provide insights into recent housing market conditions in Cascade. Local Cascade realtors generated reports from the MLS database and provided them for use in the report.

Census data provides important information, but it does not always provide a complete picture of the conditions on the ground. Staff accounted for these drawbacks by incorporating local information into the report. Cascade community members assisted in this effort by distributing and collecting survey forms to local property managers and owners to provided local insights. Local information provides context and can help substantiate the information derived from Census data.

The report also uses national survey information from organizations including AARP and The National Association of Realtors. National survey information may not represent Cascade directly, but understanding national trends will allow Cascade to act to position itself for success in the future.



Downtown Cascade

DEMOGRAPHIC CONDITIONS

According to the 2010 census, Cascade was the fifth largest city in Dubuque County with a population of 2,159. Table 1 shows the 2010 decennial census population, the 2017 census population estimate, and the percent change between 2010 and 2017 for all cities in Dubuque County.

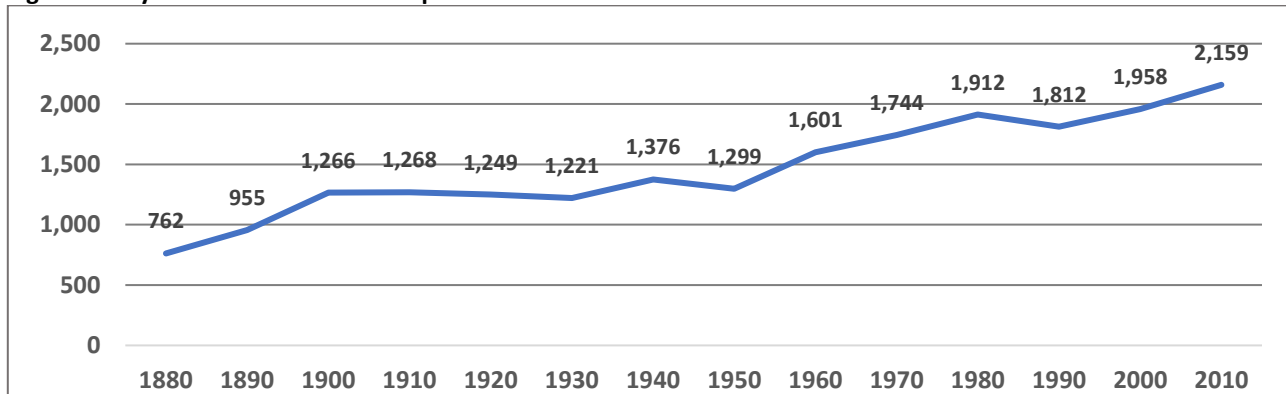
Table 1. Dubuque County Population

Area	2010 Census	2017 Estimate	Percent Change 2010 to 2017
Dubuque County	93,653	97,041	3.6%
Dubuque	57,637	58,276	1.1%
Asbury	4,170	5,586	34.0%
Dyersville	4,058	4,220	4.0%
Cascade	2,159	2,285	5.8%
Epworth	1,860	1,945	4.6%
Farley	1,537	1,679	9.2%
Peosta	1,377	1,699	23.4%
New Vienna	407	414	1.7%
Worthington	401	401	0.0%
Holy Cross	374	371	-0.8%
Luxemburg	240	247	2.9%
Rickardsville	182	178	-2.2%
Sherrill	177	179	1.1%
Centralia	134	137	2.2%
Sageville	122	103	-15.6%
Bernard	112	117	4.5%
Zwingle	91	92	1.1%
Graf	79	82	3.8%
Balltown	68	67	-1.5%
Bankston	25	27	8.0%
Durango	22	20	-9.1%

Source: US Census Bureau, 2010 Decennial Census, 2010-2017 American Community Survey 5-Year Estimates

With a few exceptions, Cascade’s population has grown steadily for most of its history. After falling during the 1980s, the City’s population grew between 1990 and 2010. Census population estimates show continued growth following the 2010 census, and the City will likely see continued population growth in the 2020 census. Figure 1 shows the historical decennial census population for the City of Cascade.

Figure 1. City of Cascade Historical Population



Source: US Census Bureau, 1880-2010 Decennial Census. State Data Center of Iowa. <https://www.iowadatatcenter.org/>

GENDER AND AGE COHORTS

A city's population changes based on three primary factors: births, deaths, and migration. Studying these three factors can help understand why population has changed in the past and help us make more accurate forecasts about future changes. Births and deaths are the basic cause of population change. Demographic researchers refer to the difference between births and deaths as natural population change.

Table 2 charts births and deaths in Cascade between 2000 and 2017. In some years the city had more births resulting in natural population growth, and in other years more deaths occurred resulting in natural population decline. In total, Cascade had 19 more deaths than births over the last 17 years. A negative natural change number means that over the last several years Cascade has relied on in-migration to maintain and grow its population.

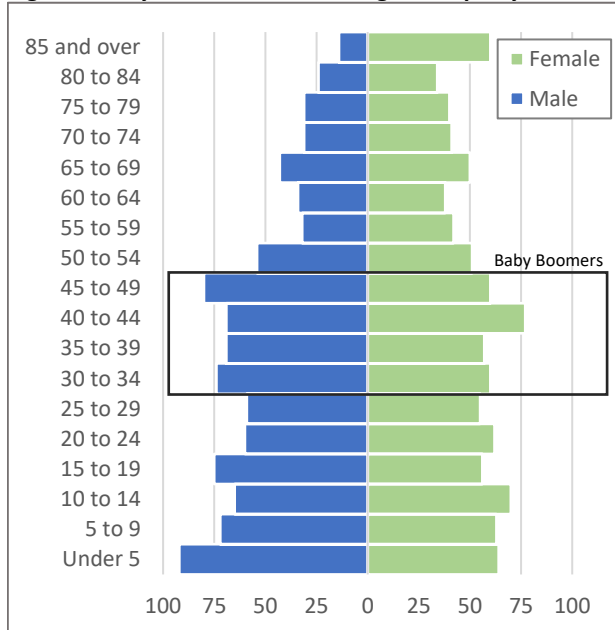
Table 2. Natural Population Change

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Deaths	20	24	26	19	26	33	27	23	28	18	76	33	27	27	36	28	27	27	525
Births	26	30	27	27	19	29	34	30	17	26	31	29	36	31	29	29	34	22	506
Natural Change	6	6	1	8	-7	-4	7	7	-11	8	-45	-4	9	4	-7	1	7	-5	-19

Source: Iowa Department of Public Health, State Data Center of Iowa

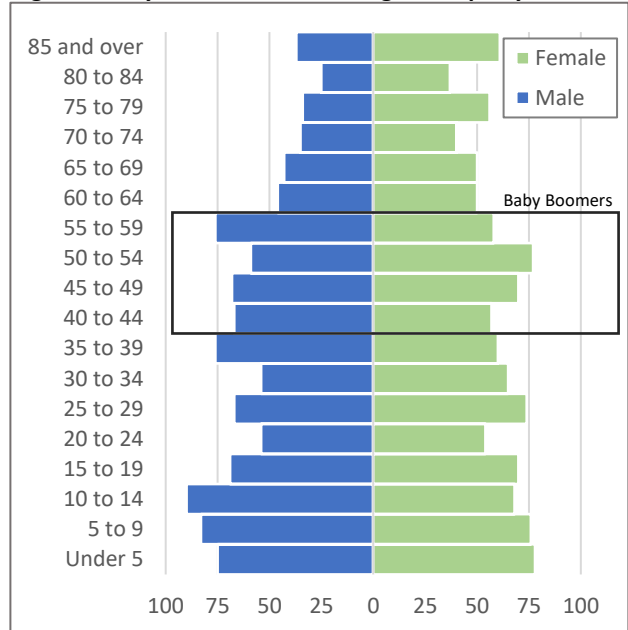
Charting the city's population by five-year age groups and monitoring change over time in each group help us understand the impact of births, deaths, and migration on the city's overall population trends. Figure 2 and Figure 3 show Cascade's population broken down into five-year age groups in 2000 and 2010. Both figures highlight the Baby Boomer generation. The Baby Boomers are highlighted because they are one of the largest demographic groups in a community and thus have a large influence on the city's population. In the 2000 Census shown in Figure 2, the Baby Boomers are represented by a bump in the 30-49 year-old age groups. Moving forward ten years to 2010 shown in Figure 3, the bump from the Baby Boomers has now moved ahead and is now in the 40-59 age group.

Figure 2. City of Cascade 5-Year Age Groups by Sex 2000



Source: US Census Bureau, 2000 Decennial Census

Figure 3. City of Cascade 5-Year Age Groups by Sex 2010



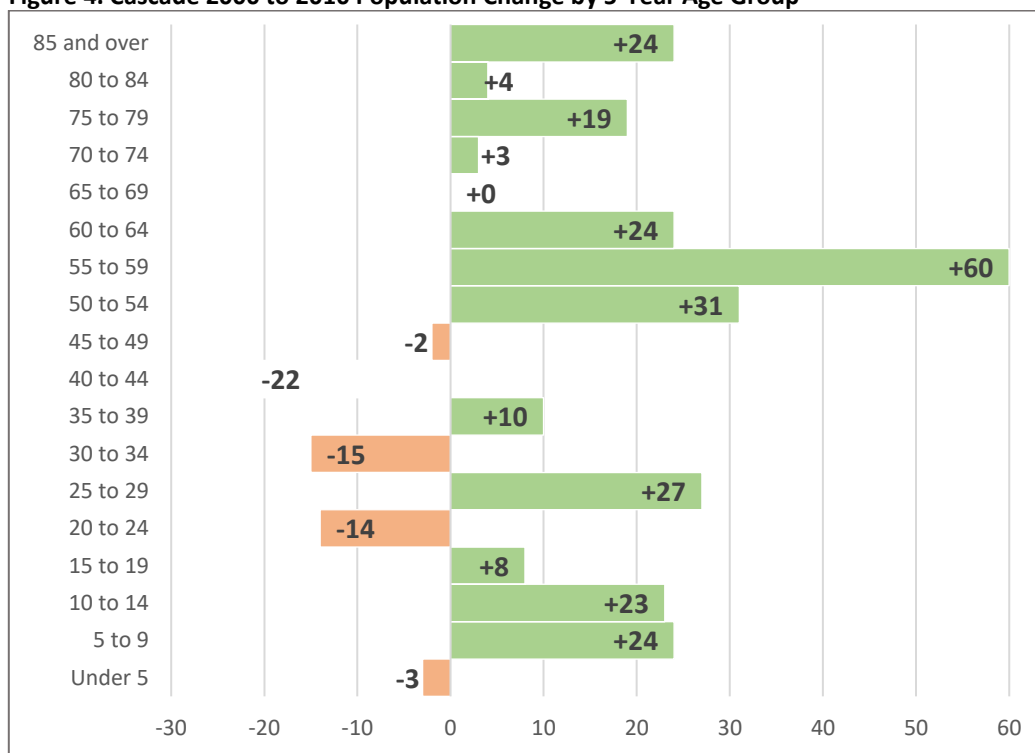
Source: US Census Bureau, 2000 Decennial Census

Figure 4 shows the change in five-year age groups between 2000 and 2010. During this time Cascade saw growth in most age groups. The largest growth occurred in the Baby Boomer age range especially the 50-59 group. Cascade also saw growth in the younger age ranges indicating younger families are also moving to the community.

Aging of the Baby Boomer segment combined with growth in age groups age sixty and over pushes up the median age of the population and contributes to natural population decline. New families with children coming into the community pull the median age of the population down and contribute to population growth. The demographic data shows that Cascade has had enough in-migration cancel out the natural population decline to grow the city's overall population.

Projecting into the future, as the Baby Boomer segment of the population continues to age the sixty and older segment of the population will continue to expand. The city will continue to need additional in-migration to maintain population growth.

Figure 4. Cascade 2000 to 2010 Population Change by 5-Year Age Group

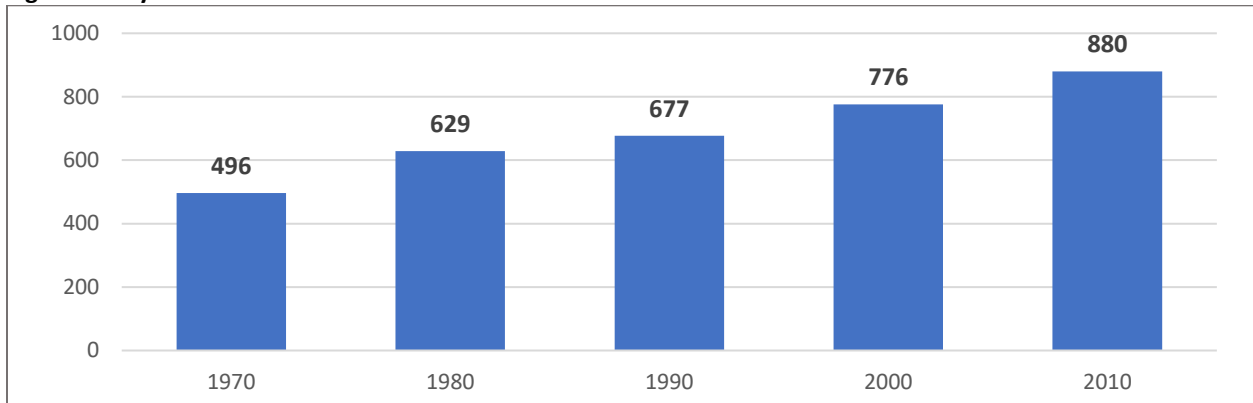


Source: US Census Bureau, 2000-2010 Decennial Census

HOUSEHOLDS

To understand how population growth translates into housing demand, we need to know how the city's population is divided into households. Specifically, we need to know how many people live in each housing unit. Over the last forty years, changes in the average number of people living in a household has affected housing demand in the City of Cascade. Figure 5 shows that the number households has grown in each census between 1970 and 2010. Households even increased between 1980 and 1990, a decade where the city's population declined.

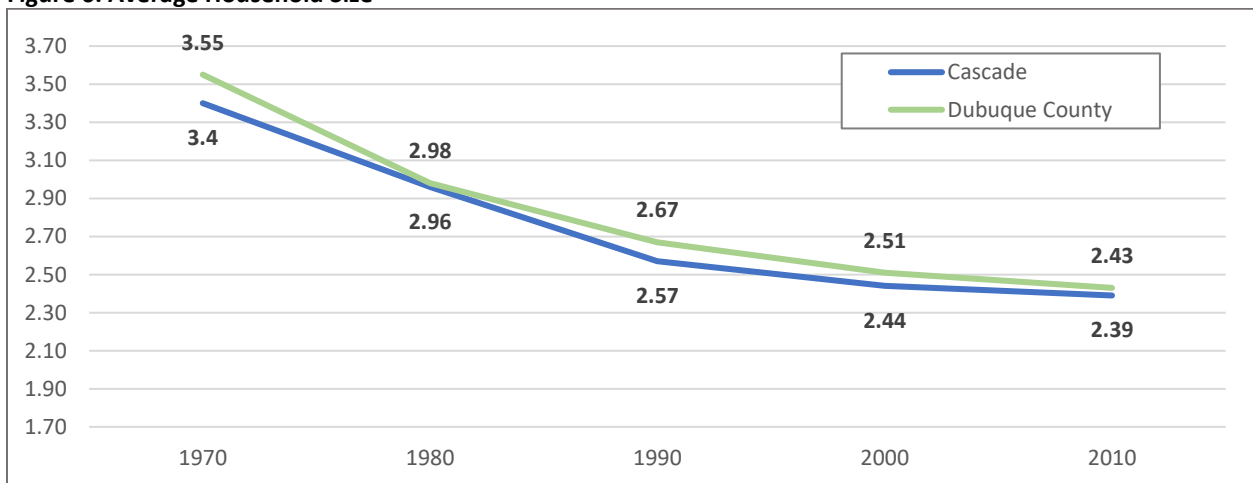
Figure 5. City of Cascade Households



Source: US Census Bureau, 1970-2010 Decennial Census

A community's household growth rate can differ from its population growth rate because the number of people living in each household can change. Figure 6 shows that in 1970, the average household in Cascade contained 3.4 people, but by 2010, the average had dropped to 2.33 people. Since 1970 the number of households in Cascade has grown faster than population, because on average, each household now contains fewer people than it did forty years ago. As a result, the community now needs more housing to house the same number of people.

Figure 6. Average Household Size



Source: US Census Bureau, 1970-2010 Decennial Census. State Data Center of Iowa.

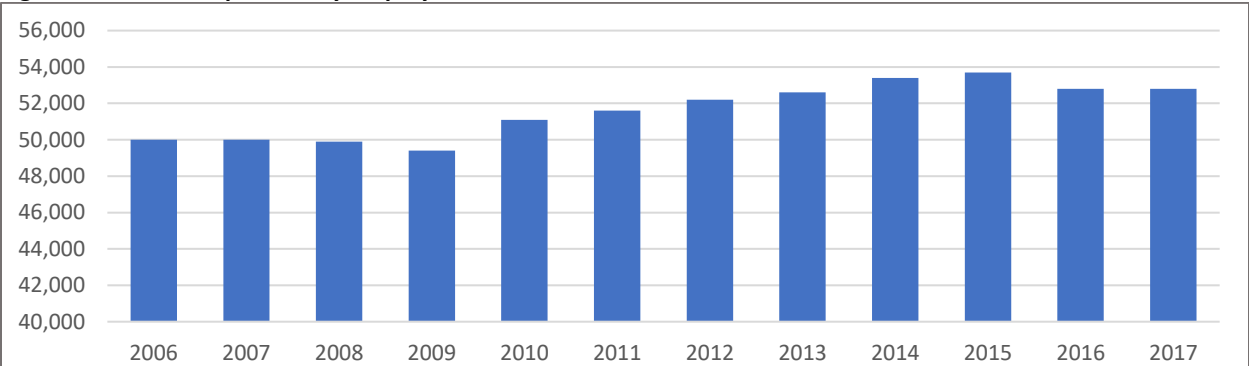
ECONOMIC CONDITIONS

Employment has a large effect on housing demand. If an area is growing and adding jobs, it will be an attractive place to live. If an area is losing jobs, people may move elsewhere to find work. At the household level, regular employment provides the income stability needed to get mortgage and buy a house.

EMPLOYMENT

Total employment in Dubuque County has been increasing steadily over most of the past decade. Total employment grew steadily between 2010 and 2015 peaking at 53,700. Employment fell slightly in 2016 to 52,300 and remained unchanged in 2017. Figure 8 displays total non-farm employment for Dubuque County from 2006 to 2017.

Figure 7 Total Dubuque County Employment

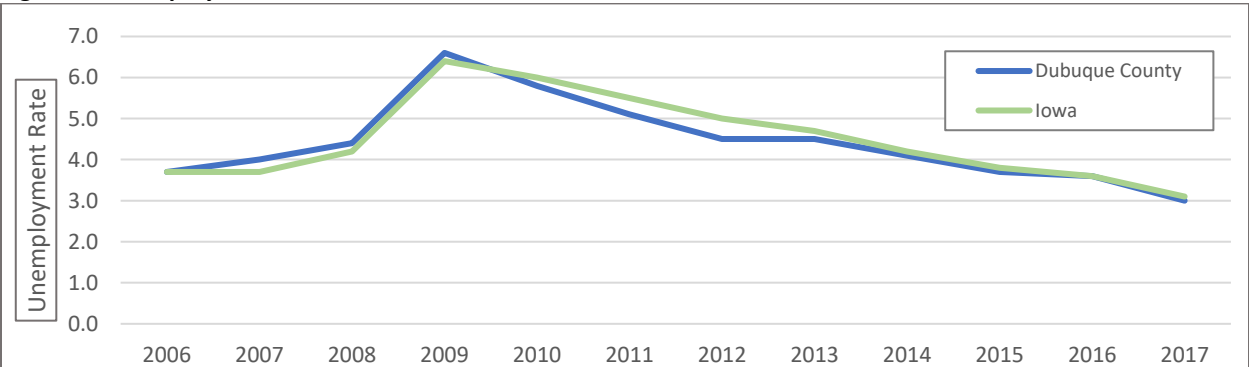


Source: Iowa Workforce Development Local Area Unemployment Statistics (Program), 2018.

UNEMPLOYMENT

Dubuque County’s unemployment rate has been very close to the State of Iowa’s rate over the past ten years, and both state and county rates have generally followed national employment trends. Unemployment climbed to 6.6% in 2009 during the peak of the recession, but has fallen steadily in recent years. Dubuque County’s unemployment rate continued to fall dropping to 1.7% in October 2018. Figure 8 shows the Annual Unemployment Rate for Dubuque County and the State of Iowa.

Figure 8. Unemployment Rate



Source: Iowa Workforce Development Local Area Unemployment Statistics (Program), 2018.

INCOME

According to the Census Bureau’s American Community Survey (ACS), median household income in the City of Cascade for the 2012-2016 survey period was \$49,167. Cascade’s median household income was below the Dubuque County median of \$56,154 and the statewide median of \$54,570. Figure 9 shows Cascade’s income distribution compared with Dubuque County’s distribution in Figure 10.

Figure 9. Cascade Household Income 2016

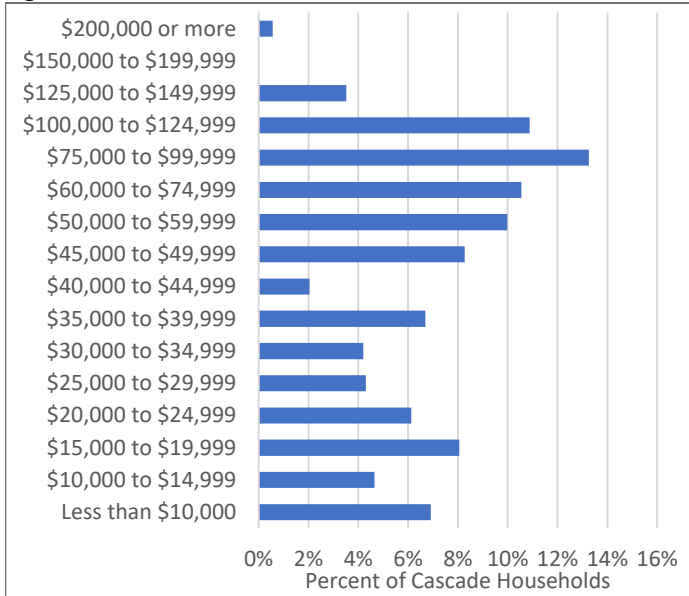
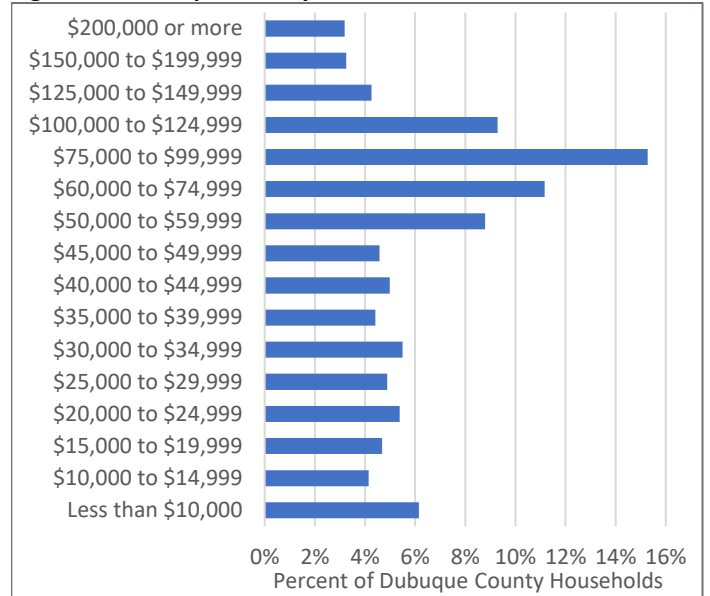


Figure 10. Dubuque County Household Income 2016



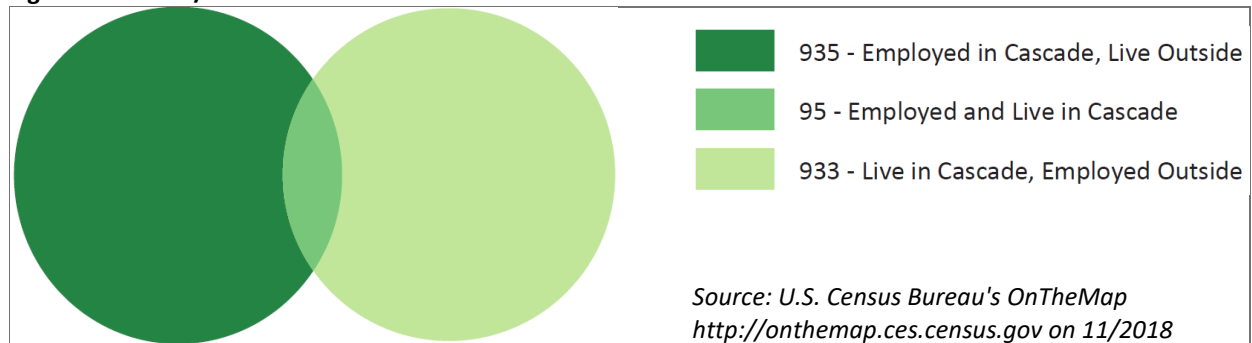
2012-2016 American Community Survey 5-Year Estimates

COMMUTING

People choose where to live based on a complex series of factors that are unique to each individual or family. However, it is likely that the location of work and transportation to work are important factors for many people. Understanding regional commuting patterns will help Cascade map out its future housing strategy and guide the City’s future housing policy decisions.

Many workers commute to Cascade from nearby communities and surrounding rural areas. Figure 11 shows the number of workers commuting into and out of Cascade. The figure shows that a large number of the community’s workers commute out of town for work, while a proportional number of workers commute in. The figure shows that relatively few workers live and work in the City of Cascade.

Figure 11. Inflow/Outflow Job Counts in 2015



Workers leaving Cascade for work are likely commuting to other communities within Dubuque, Jones and Jackson Counties or to larger urban areas such as Dubuque or Cedar Rapids. Figure 12 shows Cascade the home location of workers who work in Cascade. Figure 13 shows the work location of workers who live in Cascade. Each dot on the maps represents a Census Block. The larger the dot the more workers at that location.

Figure 12. Home Location of Workers That Work in Cascade

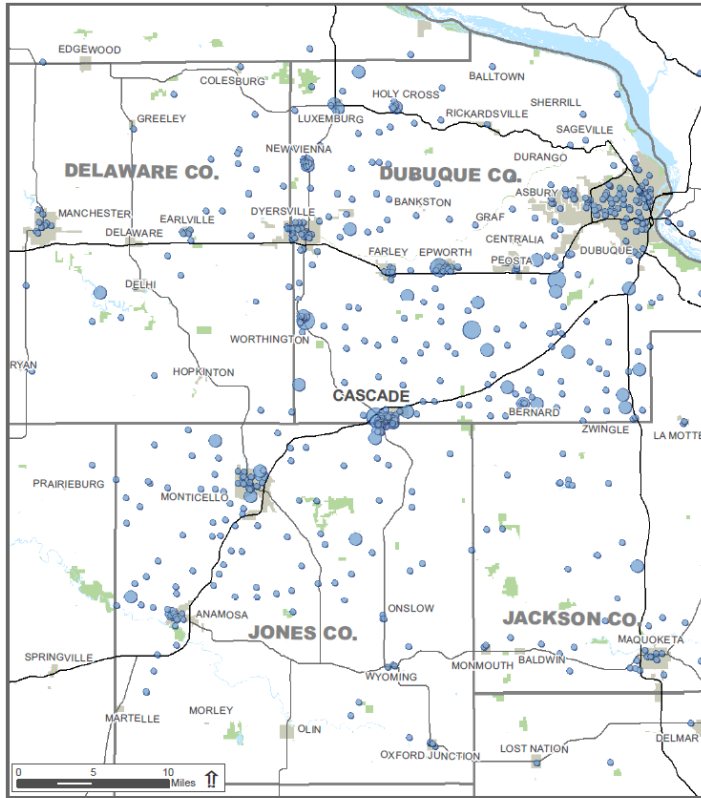
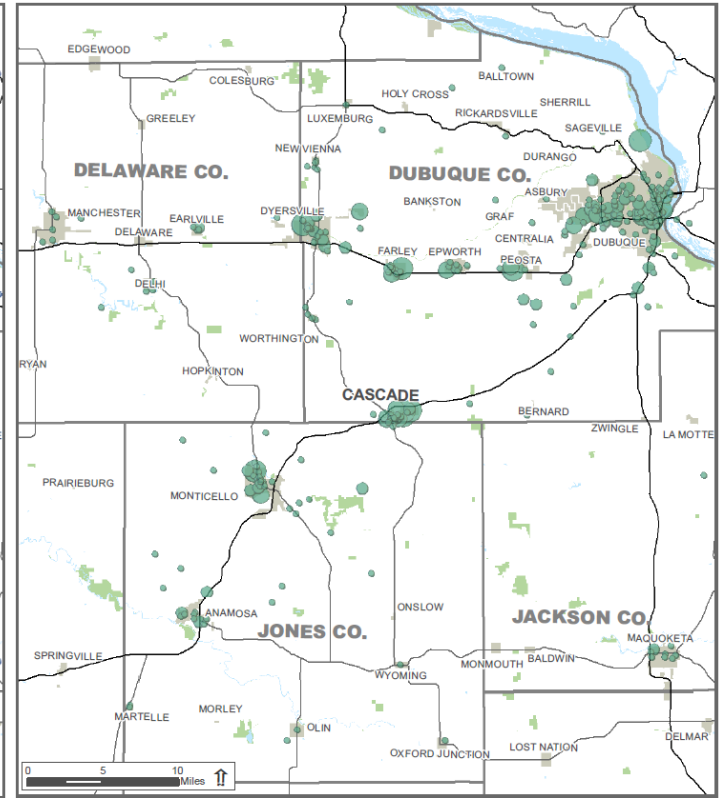


Figure 13. Work Location of Workers That Live in Cascade



Source: U.S. Census Bureau's OnTheMap <http://onthemap.ces.census.gov> on 11/2018

Observations from the commuting maps.

- Driving to a different city for work is very common.
- Cascade is closely tied to surrounding communities in the region.
- More than half of workers living in Cascade travel between 10 and 24 miles to work.
- Dubuque County has a large unincorporated population. Many people in Dubuque County live in rural areas and commute into cities like Cascade for work.

What does this mean for housing in Cascade? Employment location has a large impact on where people choose to live, but it is one of many factors that play into the decision. Many people are okay with commuting up to 30 minutes to get to work, and the area surrounding Cascade, especially in Dubuque County, is a high population area with many housing options in both city and rural settings.

Growing the number of employers and jobs in Cascade will be important for the economic growth of the city and for housing growth, but this can't be the city's only housing related strategy. If the city wants to

encourage people to move to the city and encourage new housing development, commuting data indicates the need for a combined community development and housing strategy. Shopping, indoor and outdoor recreation, and a vibrant downtown could provide opportunities for Cascade to differentiate itself from other communities in the area and attract more people to the community.

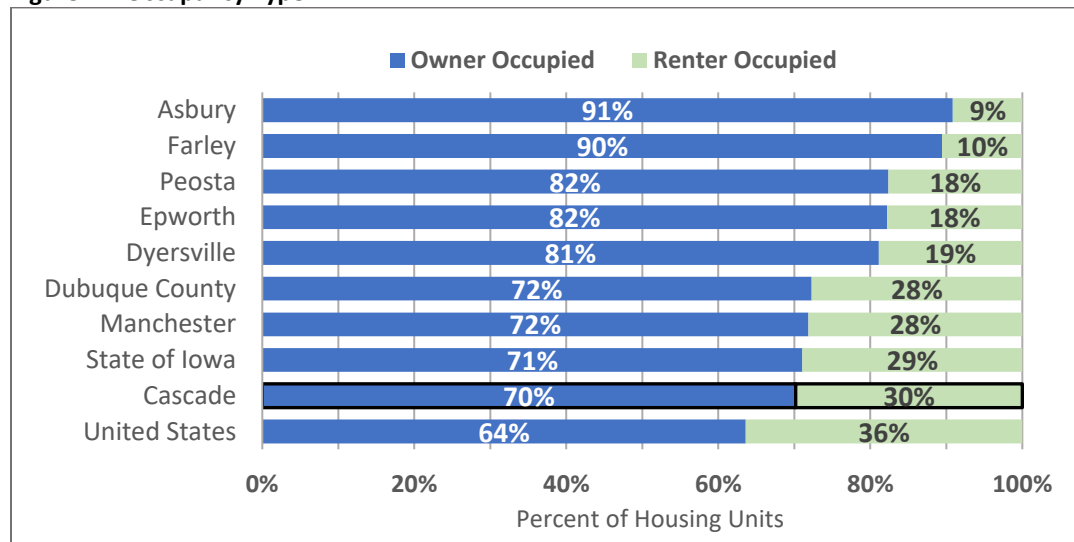
Commuting data also illustrates Cascade’s close ties to the surrounding region. People moving to the area for new jobs in a nearby community might choose to buy a house in Cascade. While Cascade is working to emphasize its unique aspects, it should also continue to collaborate with regional partners to help encourage growth in surrounding areas.

HOUSING CONDITIONS

OCCUPANCY

In Cascade, 30 percent of occupied units are renter occupied and 70 percent are owner occupied. This is higher than some other cities in Dubuque County but is similar to the county and statewide averages. Figure 14 charts the percentage of renter and owner-occupied housing units for Cascade, the State of Iowa, Dubuque County, and the comparison cities.

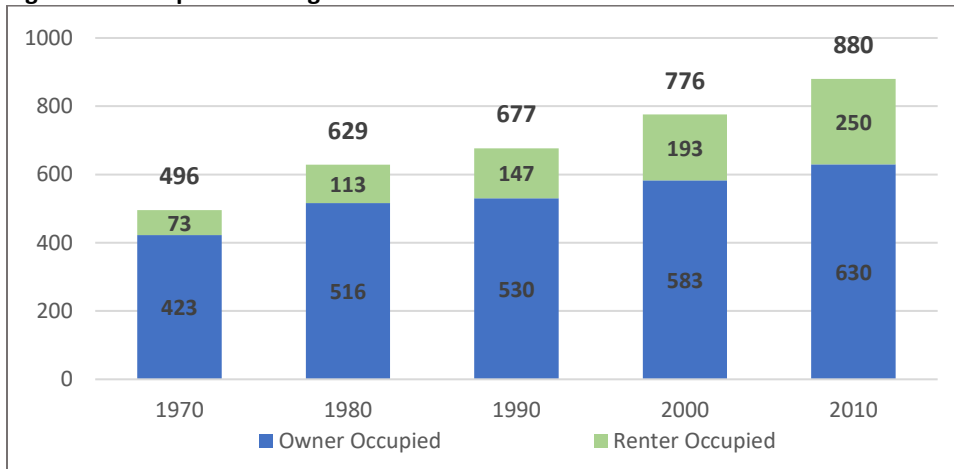
Figure 14. Occupancy Type



2012-2016 American Community Survey 5-Year Estimates

The total number of occupied housing units has grown. The number of rental units has grown faster than the number of owner-occupied units. This could be due to construction of new rental units or the conversion of owner-occupied units to rentals. Figure 15 charts the change in renter and owner-occupied housing units from 1970 to 2010.

Figure 15. Occupied Housing Units



Source: US Census Bureau, 1970-2010 Decennial Census. State Data Center of Iowa.

OCCUPANCY STATUS

According to 2017 ACS estimates, 12 of Cascade’s 881 housing units were vacant. A vacancy rate of 1.4 percent. Of the 12 vacant units, 12 were rental units and 0 were owner units. This works out to a 6.3 percent rental vacancy rate and a 0 percent owner vacancy rate.

FIGURE 16 VACANCY RATE

Area	Percent Vacant Units
Iowa	9.1%
Manchester	7.8%
Dubuque County	6.7%
Dyersville	5.7%
Asbury	3.1%
Peosta	2.1%
Cascade	1.4%
Farley	1.4%
Epworth	0.0%

2013-2017 American Community Survey 5-Year Estimates

CONDITION OF HOUSING STOCK

Age is a useful indicator of the overall condition of the housing stock in a community. Median year-built figures from the Census can give a rough idea of housing condition, but it is also important to remember that an older property is not necessarily in worse condition than a new property. Median age of a housing unit structure in Cascade is 1976. Cascade’s housing stock is similar in age to cities like Farley and Dyersville that have a mix of older and newer housing units, while cities like Asbury and Peosta have a greater proportion of newer housing units. Table 3 shows the median year structure built for housing units in the City of Cascade, Dubuque County, The State of Iowa, and the comparison cities.

The year-built data indicate that older homes make up a good portion of Cascade’s housing stock. Figure 17 shows the estimated year built for housing Cascade. According to these numbers, about a quarter of the housing units in Cascade are pre-1940 construction.

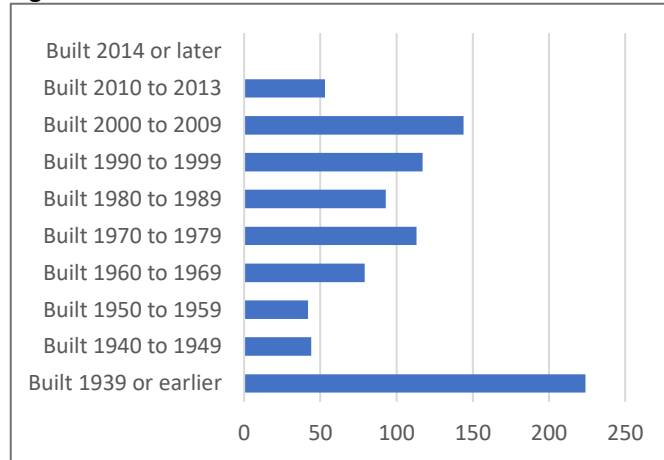
If well maintained, older structures can provide quality housing that is as good or better than new construction. But, older structures are not always maintained and can also have health and safety issues such as asbestos or lead paint. In addition, older structures that are structurally sound may also need cosmetic updates to appeal to today’s buyers. Given the age of its housing stock, Cascade will need to look in to housing maintenance and rehab as well as new construction. If older housing is ignored and is not maintained it will deteriorate over time.

Table 3 Median Year Structure Built

Area	All Housing Units
Peosta	2000
Asbury	2000
Epworth	1984
United States	1977
Farley	1976
Cascade	1976
Dyersville	1971
Iowa	1967
Dubuque County	1968
Manchester	1964

Source: U.S. Census Bureau, ACS 2012-2016

Figure 17. Cascade Year Structure Built



Source: U.S. Census Bureau, ACS 2012-2016



Example of well-maintained older housing in Cascade

FINANCIAL CONDITIONS

Table 4. Median Value of Owner-Occupied Housing Units

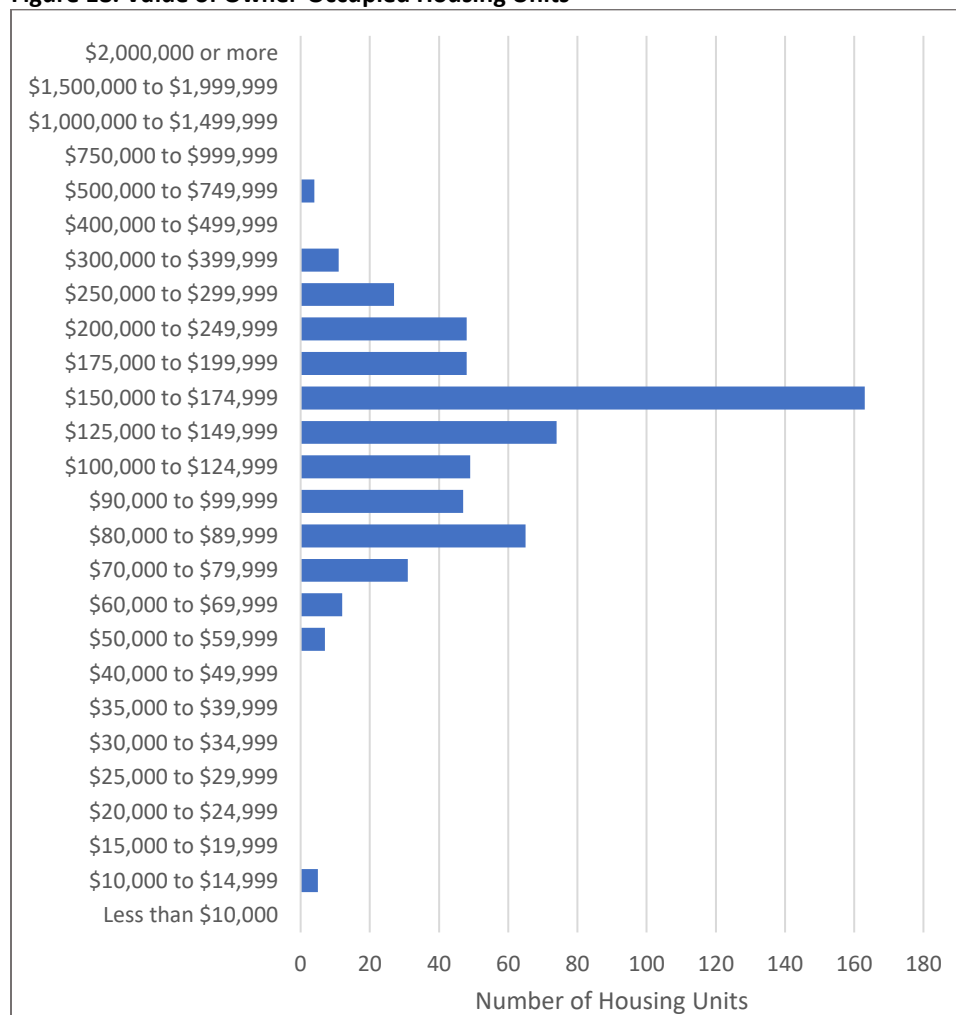
Area	Median Value
Asbury	\$240,500
Peosta	\$218,800
Epworth	\$162,100
Dubuque County	\$157,200
Dyersville	\$153,200
Farley	\$151,800
Cascade	\$150,800
Iowa	\$137,200
Manchester	\$107,900

2013-2017 American Community Survey 5-Year Estimates

The median value of owner-occupied units in Cascade is \$13,000 above the statewide median and falls just under the countywide median. Cascade’s median value is similar to Dyersville, Epworth and Farley, but ranks behind faster growing cities of Asbury and Peosta. Table 4 contains median housing value comparisons. Owner occupied units in Cascade have a median value of \$150,800. Figure 18 includes a distribution of owner-occupied housing values in the city. Fifty percent of units fall between \$95,500 and \$173,500.

The Owner-Occupied Housing Affordability section on page 18 of this report estimates how household income translates to housing affordability.

Figure 18. Value of Owner-Occupied Housing Units



Source: 2013-2017 American Community Survey 5-Year Estimates

Table 5. Median Rent

Area	Median Contract Rent	Median Gross Rent
Farley	\$612	\$758
Peosta	\$621	\$750
Dubuque County	\$607	\$742
Iowa	\$602	\$740
Asbury	\$671	\$740
Epworth	\$490	\$708
Cascade	\$601	\$654
Dyersville	\$494	\$610
Manchester	\$410	\$535

2013-2017 American Community Survey 5-Year Estimates

Table 5 includes Census values for contract rent and gross rent. Contract Rent is the monthly rent agreed to or contracted for, regardless of any furnishings, utilities, fees, meals, or services that may be included. Gross rent is the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid for by the renter or paid for the renter by someone else. Gross rent is intended to eliminate differentials that result from varying practices with respect to the inclusion of utilities and fuels as part of the rental payment. Lower rents may be a function of excess supply of units, older rental housing stock, or poor-quality rental units. In many cases, lower rents are a result of a combination of these factors.

The U.S. Department of Housing and Urban Development (HUD) calculates 50th Percentile Rent values for rental units in a community. HUD uses the 50th Percentile Rent values to determine eligibility for some housing programs, but they can also be a useful estimate of how much a unit might rent for in a specific market. HUD calculates 50th Percentile Rents at the county level. 50th percentile represents what the median standard unit would rent for in the Dubuque County market. 50th percentile rents are a gross rent estimate. Table 6 shows the 50th Percentile Rent by number of bedrooms for Dubuque County.

Table 6. HUD 50th Percentile Rent Estimate

Dubuque County	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Final FY 2019	\$546	\$643	\$850	\$1,135	\$1,363

Source: US Department of Housing and Urban Development. <https://www.huduser.gov/portal/datasets/50per.html>

NEW UNIT CONSTRUCTION

Over the past five years builders have added new units to Cascade's housing stock. Figure 6 shows the number of new housing units constructed in the last five years. Between 2014 and 2018 the city added a total of 88 new housing units.

Table 7. Cascade New Housing Unit Construction

Year	2014	2015	2016	2017	2018	Total
Single Family	10	10	10	9	9	48
Duplex	0	0	6	4	2	12
Multi Family	0	0	0	0	6	6
Assisted Living	0	0	0	22	0	22
Total	10	10	16	35	17	88

Source: City of Cascade

FOR-SALE HOUSING MARKET

Cascade Realtor Jesse Meyer provided housing market data from the East Iowa Association of Realtors MLS database used in this report. According to the MLS reports, 67 homes were sold in Cascade between January 1, 2015 and December 31, 2017. Average sale price for these homes was \$148,259 and these homes were on the market for an average of 92 days. With a small market area with a limited number of sales the average days on the market figure can be influenced greatly by outlier values. This was the case in 2015 where Cascade had two properties that were on the market for more than 900 days. These outliers skew the data and pull the average up. Because of this, median days on the market provides a more accurate picture of the market. The 2015 to 2017 period the median days on the market was 39. Table 8 shows a summary of home sales data provide by the MLS Report. Data includes home sales from inside Cascade’s corporate limits.

Table 8. Cascade Housing Market Data

Year	Average Beds	Average Baths	Average Sq. Ft.	Average List Price	Sale Price		Days on the Market		Number of Houses Sold
					Average	Median	Average	Median	
2015	3.50	2.33	1,879	\$153,538	\$148,119	\$142,120	137	59	24
2016	3.26	2.32	1,844	\$166,373	160,500	\$146,900	85	80	19
2017	3.25	3.17	1,852	\$151,091	147,821	\$132,750	52	6	24
2015 - 2017	3.34	2.63	1,859	\$157,000	\$151,524	\$141,000	92	39	67

Source: East Iowa Association of Realtors MLS

RENTAL HOUSING MARKET

The project team surveyed owners of rental properties in the City of Cascade. The survey collected information on the number of units, number of bedrooms per unit, monthly rent, utilities, number of vacant units, and the amount of time it takes to lease a rental unit. Five property owners representing thirty-one rental units submitted responses.

Bedrooms	Number of Units	Vacant Units	Average Days to Fill Vacant Units	Average Rent
1	8	1	60	\$318
2	10	0	18.5	\$775
3	12	0	7	\$609
4	1	0	14	\$800
	31	1	25.4	\$614.80

Source: Cascade Rental Surveys

Survey results seem to indicate a tight rental market. Of the 31 units surveyed, only one was vacant at the time the survey form was completed. Two vacant units works out to a vacancy rate of 3.2% the City’s limited rental supply was also evident in the number of days to rent a unit. Landlords reported that it typically takes between 7 to 60 days to lease a unit after it is listed, but one and two bedroom units are most in demand and may take less than two weeks to lease.

FUTURE PROJECTIONS

ECIA staff created a forecast to estimate the demand for additional housing units in the City of Cascade between 2020 and 2030. The demand estimate was based on a population forecast that staff used to estimate household growth and future housing demand.

Staff developed a population forecast for Cascade based on historical census data and building past housing unit construction data. The population growth scenario assumes that Cascade’s population will continue to expand at the same rate as it did between 1990 and 2010. Table 9 includes the results of the population projection.

Table 9. Population Projection

Year	2010	2020	2030	2040
Total Population	2,160	2,334	2,508	2,682

To calculate projected households staff multiplied the total population by the percent of Cascade’s total population that are in households. Then divided the results by the estimated average number of people in each household. The average number of persons per household has declined over the past several census periods but the decline has leveled off in recent years, so the analysis assumes a small decline in the average persons per household over the forecast period. The initial population projections show a small decline in the total population; however, the total number of households remains flat because of the decline in average persons per household. Table 10 includes the results of the initial projection

Table 10. Household Projection

Year	2010	2020	2030	2040	
Total Population	2,159	2,334	2,508	2,682	Total New Households 2020 to 2040
% Population in Households	0.973	0.973	0.973	0.973	
Estimated Persons per Household	2.39	2.32	2.28	2.25	
Total Households	880	979	1,070	1,160	
New Households		+99	+91	+90	
					+181

HOUSING UNIT PROJECTION

With the number of households in the City of Cascade projected to increase over the next decade, demand for housing units will also increase and stimulate construction of additional units. This section will attempt to project future housing unit construction based on projected household growth, while considering the impact of the current housing supply on the future housing market.

Cascade’s current vacancy rates for both owner and renter occupied housing units are low, limiting the ability of the city’s current housing stock to absorb new housing demand. The city’s estimated vacancy rate is around five percent for rentals and around two percent for owner occupied units. Because of the low vacancy rate, the projection assumes that all new households will require the construction of a new housing unit. Based on this projection, Cascade will need 181 new housing units to house the 181 additional households. Table 11 summarizes the new housing unit projection.

Cascade’s building permit data shows that the city constructed an average of 13.2 housing units per year over the past five years. Continuing that pace for 20 years would give the city 264 additional housing units by 2040. The City would then need an additional 83 units to meet the projected housing unit demand.

Table 11. New Housing Unit Projection Summary

New Households 2020-2040	181
New Households Occupying Existing Vacant Units	0
Households Occupying Units Constructed 2020-2040	181

The projection assumes that the proportion of rental and owner-occupied housing units will remain the same between 2020 and 2040. Table 12 includes the projected renter/owner split for the 280 new units.

Table 12. Projected Renter Owner Split for New Housing Units

Units	Percent	Number
Owner Occupied Units	70%	127
Renter Occupied Units	30%	54
Total		181

OWNER-OCCUPIED HOUSING AFFORDABILITY

Staff estimated housing affordability for different price ranges of owner-occupied housing units based on current household income data from the U.S. Census Bureau. The federal government uses 30% of household income as a rule of thumb for housing affordability. A household that spends 30% or less of its income on housing costs has affordable housing, where a household that spends more than 30% does not. According to the Census Bureau, housing costs include mortgage payments, insurance, taxes, and utilities including electricity, water, sewer, and gas.

Using the 30% rule of thumb to link household income to its housing price can be helpful, but using 30% alone can overestimate the demand for more expensive housing units. This can happen because many households that could afford spending 30% of their income on housing choose to spend less. Each household develops its housing budget based on several factors. Income is the primary factor, but other factors including credit score, job stability, and number of children all affect housing decisions. In addition, market forces also play an important role. If the local housing market has an abundant supply of units, households will be able to acquire housing at a lower price than they could in a market with tight supply.

Table 13 shows housing costs as a percentage of household income for housing units with a mortgage in Cascade. The darker colored cells in the table indicate a higher percentage of households. The data indicates that many lower income households with a mortgage spend 30% or more of their income on housing. Then, as income increases, the percentage of income spent on housing goes down. 63% of households making less than \$20,000 spend 30% or more of their income on housing. For households making between \$75,000 and \$99,999, 0% spend 30% or more while 88% spend 20% or less of their income on housing. The income divide indicates that most households would prefer to spend 20% of their income on housing if they can.

Table 13. Housing Costs as a Percentage of Household Income for Housing Units with a Mortgage in Cascade

Household Income	Number of Households	Percent HH Income Spent on Housing Costs		
		Less Than 20%	20% to 29%	30% or More
Less than \$10,000:	16	0%	0%	100%
\$10,000 to \$19,999:	33	55%	0%	45%
\$20,000 to \$34,999:	82	50%	18%	32%
\$35,000 to \$49,999:	96	79%	21%	0%
\$50,000 to \$74,999:	163	50%	42%	8%
\$75,000 to \$99,999:	97	88%	12%	0%
\$100,000 to \$149,999:	127	89%	11%	0%
\$150,000 or more:	5	100%	0%	0%

Source: U.S. Census Bureau, ACS 2012-2016

Based on the information presented above, staff developed a housing affordability analysis. To account for some of the variation in the percentage households spend on housing, the analysis estimates the minimum income required to afford a home at different price levels for both 30% and 20% of income. The monthly payment was calculated assuming a good credit and a 30 year mortgage with a 5% annual interest rate and 10% down. The analysis also includes an estimate of additional housing costs including an annual 1.25% for property tax, an annual 0.5% for PMI insurance, and \$200 per month for utilities. The results of the analysis are presented in Table 14.

Table 14. Housing Affordability

	Entry Level	Move Up	High End	Cascade Median	Dubuque Co Median
Home Value	\$90,000	\$160,000	\$250,000	\$135,800	\$153,000
Down Payment 10%	\$9,000	\$16,000	\$25,000	\$13,580	\$15,300
Loan Amount	\$81,000	\$144,000	\$225,000	\$122,220	\$137,700
Interest rate	5.00%	5.00%	5.00%	5.00%	5.00%
Number of Payments	360	360	360	360	360
Monthly Payment	(\$483.14)	(\$858.91)	(\$1,342.05)	(\$729.00)	(\$821.34)
Property Tax Estimate	(\$112.50)	(\$200.00)	(\$312.50)	(\$169.75)	(\$191.25)
Monthly Utility Estimate	(\$200.00)	(\$200.00)	(\$200.00)	(\$200.00)	(\$199.00)
PMI Estimate	(\$30.00)	(\$53.33)	(\$83.33)	(\$45.27)	(\$51.00)
Subtotal Monthly Costs	(\$825.64)	(\$1,312.25)	(\$1,937.89)	(\$1,144.02)	(\$1,262.59)
Affordability					
Housing Cost as % of Income	30%	30%	30%	30%	30%
Minimum Income Required	\$33,026	\$52,490	\$77,515	\$45,761	\$50,503
Affordable to Percent of Cascade Households	66%	49%	28%	49%	57%
Affordable to Percent of Dubuque County Households	69%	55%	35%	55%	55%
Housing Cost as % of Income	20%	20%	20%	20%	20%
Minimum Income Required	\$49,538	\$78,735	\$116,273	\$68,641	\$75,755
Affordable to Percent of Cascade Households	49%	28%	15%	28%	28%
Affordable to Percent of Dubuque County Households	55%	35%	20%	35%	35%

RENTAL HOUSING AFFORDABILITY

Staff estimated demand for different types of rental housing based on income current renters in Cascade. Census data shows that 30% of renting families in Dubuque County live below the federal poverty line. Staff grouped rental housing types into three categories: (1) Subsidized – housing that is restricted to less than 30% of area median income; (2) Affordable – Housing that is income restricted to between 30% and 80% of area median income; (3) Market rate – Housing that is not income restricted. Table 15 shows the projected number of units by type. This forecast is a planning level estimate that does not account for other factors such as family size that may determine whether a family needs housing assistance.

Table 15. Rental Housing Affordability

Type	Percent of Units	Number of Units
Subsidized	15%	13 Units
Affordable	15%	13 Units
Market Rate	70%	58 Units
Total		84 Units

ANALYSIS SUMMARY

The information presented in this report has shown Cascade as a community with a growing population and an increasing demand for new housing. In recent years new housing units have been constructed in the city, but persistent low vacancy rates indicate that additional construction is needed. To meet future housing demand, this report projects that Cascade will need to build 280 new housing units over the next 20 years.

In addition to new construction, Cascade will also need to keep an eye on its older housing units, as about a quarter of the community's existing housing is pre-1940s construction. Maintaining and rehabbing older housing units will be necessary to sustain Cascade's supply of good quality housing units over the next 20 years.

The report also illustrates the important economic connections between Cascade and the surrounding region. In the report, regional economic ties are revealed through commuting patterns. Large numbers of workers commute into and out of Cascade for work, while relatively few live and work in Cascade. Commuter flow maps show that work and home locations are spread across the surrounding cities and rural areas.

For housing this means that demand for housing is in large part determined by regional economic conditions. So new jobs in Dubuque or Monticello could increase demand for housing in Cascade. This also means that people are probably not looking for a house exclusively in Cascade. People searching for housing that are willing to drive 20-30 minutes to work, have a large area to look in and a large number of housing options to choose from.

PRIORITIES

Based on the information presented in this report and discussions with local representatives, staff have developed priority areas for the City of Cascade to focus on in future years. This section highlights four priority areas for future action.

QUALITY OF LIFE

Quality of life is important for Cascade housing because of the high rate of commuting in the area. For people willing to commute twenty or thirty minutes to work, the possible search area for a home can be very large especially in rural areas where traffic is not a factor. Location of work determines the general area where a person may live, but the exact location within that region comes down to quality of life factors.

Shopping, indoor and outdoor recreation, and a vibrant downtown could provide opportunities for Cascade to differentiate itself from other communities in the area and attract more people to the community. Programs like Cascade Heart and Soul and Hometown Pride can help by engaging residents of the community and identifying the things that make Cascade unique. These groups can also help promote the city and help the community create strategies to build on existing assets.

Commuting data also illustrates Cascade's close ties to the surrounding region. People moving to the area for new jobs in a nearby community might choose to buy a house in Cascade. While Cascade is working to emphasize its unique aspects, it should also continue to collaborate with regional partners to help encourage growth in surrounding areas.

ACTIVE RESIDENT RECRUITMENT

Efforts to improve the quality of the life in the community can be bolstered by efforts to promote the unique aspects of the community and encourage new people to move to the community. Many communities have established programs to encourage employers to the community, but few have implemented similar programs for residents. Potential resident Recruitment Strategies include:

- Organizing volunteers to welcome new people to the community.
- Working with local community organizations like the rotary club or groups to involve new residents and put their talents to use in the community.
- The city could provide financial incentives to encourage people to move to the community.
- Promote the positive aspects of living in a small community like Cascade vs living in a larger city.

NEW CONSTRUCTION

Construction of new housing will be important for Cascade's future. New housing units will need to be constructed to meet the increased demand created by steady population growth and low vacancy rates. Cascade will need to continue to build more single-family and multi-family housing units to continue growing over the next twenty years. In recent years builders have constructed new units in Cascade each year steadily expanding the city's housing supply.

Moving forward, the city should examine the information contained in this report and determine if existing rates of new construction are meeting the future growth needs of the community. If the city wishes to encourage more new housing construction, it has a variety of options available. The State of Iowa has several programs to help cities construct more housing. Examples of state programs include

the Iowa Finance Authority's Workforce Housing Loan and Iowa Economic Development Authority's workforce housing tax credit program. The City also has the ability to use Tax Increment Financing (TIF) to finance housing related projects. Ultimately, many community-led housing projects combine a variety of funding sources and are the result of partnerships between the city, state government, private investors, and local economic development agencies.

HOUSING AFFORDABILITY

Based on current home prices, the majority of households in Cascade could afford to purchase an entry level home. Many householders would also be able to afford an average market rate rental unit in the City as well. In many cases, buying a house may be the more affordable option, if the household has cash on hand for the down payment and can find financing. Housing affordability can be an issue for renters as around 45% of renters in the County are living below the federal poverty line. As the City's population grows housing may become less affordable. Increased demand could make housing more expensive and less affordable especially for Cascade lower income residents.

AGE FRIENDLY HOUSING AND COMMUNITY

Demographic data shows that the Baby Boomers, which make up a large segment of the City's population, are now reaching retirement age. As this trend continues, older residents will make up a larger portion of the population, and as a result, Cascade will need to consider the needs of this population in future housing plans.

Survey data from AARP has shown that older people prefer to stay in their existing home and in their existing community as long as possible.² Living independently at home is beneficial for the individual and the community. The longer seniors are able to live on their own the less they have to spend on nursing care, which keeps health care costs down and can help keep seniors out of poverty.

Age friendly home and community design are two keys to helping seniors live in their homes longer. Modifying existing homes will be the responsibility of the private property owner most of the time, but the city is directly responsible for things like transportation safety that make it easier for seniors to live independently. The AARP has created fact sheets for improving community livability for people of all ages. They are available at: <http://www.aarp.org/livable-communities/info-2014/livable-communities-fact-sheet-series.html>

WORKFORCE HOUSING

The aging Baby Boomer population also signals an approaching period of accelerated renewal and change in the workforce as workers in the baby boomer generation are approaching retirement and employers need to find additional workers to fill their place. The increase in retirements presents a challenge for employers, who must now recruit new employees to replace retiring employees.

While challenging for employers, new worker employment presents an opportunity for a community like Cascade. Employers in Cascade and surrounding communities will be hiring and bringing new employees to the area. Attracting younger workers to live in City will be especially important. If Cascade is able to attract younger workers to live in the community, they may develop ties to the community and choose to live there long term.

Good quality rental housing may be a good way to attract younger workers. Younger workers have income coming in, but they may not have enough saved up for a down payment or may not have

enough credit history to get a mortgage. A young worker could rent for a few years, save up some money, develop ties to the community, and eventually choose to buy a house in Cascade.

A community that has a good resident workforce will be attractive to employers, as many employers want the ability to choose from a pool of good workers. Over time, a good workforce will attract new jobs, which will attract more workers creating a cycle of economic growth and development.

HOUSING STOCK

A good portion of Cascade's housing stock is composed primarily of older single-family homes. The median year structure built for housing units is 1976 and about a quarter of the units in Cascade were built prior to 1940. Continued maintenance of existing housing stock will be important to the community's future. Even with accelerated new housing construction in the future, older units will still make a large portion of the area's housing stock for the foreseeable future. Most properties in the community are in good condition, but some older homes may not meet the needs and expectations of current buyers. Cascade can employ several strategies to ensure the continued quality of its housing stock.

- Code Enforcement. The city can address problem properties through the city code and the nuisance abatement process that detailed in Section 346.12 of the Iowa Code.
- Rental inspection ordinance
- Non-Profits. Organizations such as Habitat for Humanity can help households who would not normally be able to afford a home through new construction or rehabilitation.
- External Funding. The City may need to utilize external funding to implement some housing programs. Information on funding sources is located in the Funding section of this document.

In addition to maintaining the older housing stock, ensuring that the older stock meets the needs of today's families will also be an important priority for Cascade. Census data shows a decline in household size over the past several decades. Numerous factors have led to this decline including families having fewer children, and older population with fewer children living at home, and an increase in single person households.

Looking to the future, the single-family home will continue to be the dominant housing type in Cascade for many years to come. However, the changes in household configuration will create increased demand for other housing types. The City has several options for accommodating smaller households including:

- The City could zone for additional mid-sized owner-occupied units like townhouses and smaller single-family homes. Mid-sized units provide workforce housing, but city zoning may exclude some of these units.
- Residents may be looking to modify older homes to meet the needs of their specific household. The city could evaluate its zoning code to allow for some changes in appropriate areas of the community. Possible changes include allowing for accessory dwelling housing units or dividing larger single-family homes into multiple units.
- Rehabilitation of upper story apartments above downtown businesses is another way to create smaller housing units. These units are attractive to tenants because of nearby shopping and restaurants, and increase community tax base by improving underutilized space in existing buildings.

FUNDING

Funding and implementing housing projects can seem like a monumental task. The good news is that several funding sources and assistance programs are available to cities and to private entities through the State of Iowa and the Federal Government. The list below contains a brief description of some of the funding programs that are available to communities in Iowa.

Community Development Block Grants – provide assistance on a wide variety of projects, including low and moderate – income housing, prevention and elimination of slum and blight, and housing rehabilitation. In Iowa, the Iowa Economic Development Authority (IEDA) administers the federal CDBG program. <https://www.iowaeconomicdevelopment.com/Community>

EIRHC Housing Trust Fund – The Eastern Iowa Regional Housing Corporation Housing Trust Fund provides financing to expand housing opportunities for moderate, low, very low, and extremely low income families in Cedar, Clinton, Delaware, Dubuque, and Jackson Counties. <https://eirha.org/eirhc-htf/>

Iowa Economic Development – In addition to CDBG, IEDA offers several housing and economic assistance programs including tax credits and Main Street Iowa. <https://www.iowaeconomicdevelopment.com/Programs/Community>

Iowa Finance Authority (IFA) – the IFA offers a variety of programs including affordable rental, affordable home ownership, and economic development. For more information visit <http://www.iowafinanceauthority.gov/>

U.S. Department of Agriculture Rural Development – USDA offers several programs available for houses and apartments in rural communities. Loans for construction and rehabilitation of rental housing in rural areas, home repair loans and grants, and home loans for low income families. <https://www.rd.usda.gov/ia>

Tax Increment Financing (TIF) – Cities in Iowa have the option to use TIF to fund housing projects. However, when TIF is used for housing development, a percentage of the future tax increment revenues from the project must be used to provide housing assistance to low- and moderate-income families. <https://www.iowaleague.org/members/Pages/TaxIncrementFinancing.aspx>

This list represents a small sample of available programs. The Iowa League of Cities offers a more comprehensive overview of housing funding resources at their website. <https://www.iowaleague.org/members/Pages/HousingAssistanceandResources.aspx>

With any funding source or assistance program, the recipient should do their due diligence, making sure that all parties involved are aware of all program requirements up front. This will help the city determine which programs are the best fit for the community, and will help ensure the long-term success of the projects implemented through the program.