



A Housing Assessment and Strategy Plan for Webster City

Prepared for the
City of Webster City, Iowa
by
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Chapter One

A Profile of Webster City

Chapter 1:

A DEMOGRAPHIC PROFILE OF THE COMMUNITY

A SERIES OF HOUSING STUDIES AND NEED ASSESSMENTS have been completed during the last several years to address housing needs in Webster City and its immediate region. These studies have included the 1996 *Hamilton County Housing Needs Assessment & Action Plan* by Iowa State University's Department of Community and Regional Planning, the *Regional Housing Needs Assessment* prepared by the MIDAS Council of Governments in 1997, and the previous *Webster City Housing Needs Assessment and Plans* prepared by RDG in 1999 and 2004. This current housing needs assessment and strategy plan builds on the foundation of this earlier work and establishes a new housing program based on the most recent available information.

This chapter examines demographic trends and issues that have a major impact on housing demand in the Webster City area. Measures such as historical and projected population growth, migration to and from the area, household growth, and age breakdowns will assist in understanding pressures on the housing market. This information is used in Chapter 2 to identify future housing demands and appropriate pricing.

Major findings include:

- **Webster City's population decreased by 1.3% during the 2000s after increasing by 3.6% during the 1990s. In-migration was most pronounced in Webster City among seniors and young adult households with young children.**
- **Average household size in Webster City increased nominally between 2000 and 2010 due to a slightly slower decline in the number of households than in the population of those households.**
- **Based on current trends, Webster City will have just over 8,000 residents by the year 2030. However, regional employment growth could add to this population if the city successfully attracts some portion of this population.**
- **Webster City's household income distribution reflects a population that, on average, is slightly less well-off than that of Iowa as a whole. Just over one-third of the City's households, earn less than \$25,000 annually.**

POPULATION CHARACTERISTICS AND CHANGE

An analysis of population and population characteristics are vital to quantifying housing needs. The following analysis presents historical and future population trends for Webster City.

- *Webster City has experienced a recent history of moderately fluctuating, but stable population. After reaching its recorded peak in the 1980 Census, population declined sharply during the 1980s but grew slightly during the 1990s.*

Webster City’s population increased significantly during the post World War II era, from 6,738 in 1940 to 8,520 in 1960, largely fueled by industrial growth. Population grew slightly during the subsequent two decades, reaching a peak population of 8,572 in 1980. In common with much of rural Iowa, Webster City experienced a substantial drop of population during the 1980s, falling by 7.9% to 7,894. This decline was the consequence of employment fluctuations and uncertainties at major industries and the general depression of the rural economy. The 1990s were a period of renewed stability and moderate growth, resulting in a 3.6% increase and a population of 8,176 in 2000. The US Census of 2010 indicates a current population of 8,106, or a 1.3% decrease since 2000. Table 1 illustrates this population history by decade.

**TABLE 1:
Historical Population Change, Webster City**

Year	Population	Decennial Change	Decennial % Change	Average Annual Rate of Change
1930	7,024			
1940	6,738	-286	-4.1%	-0.41%
1950	7,611	873	13.0%	1.23%
1960	8,520	909	11.9%	1.13%
1970	8,488	-32	-0.4%	-0.04%
1980	8,572	84	1.0%	0.10%
1990	7,894	-678	-7.9%	-0.82%
2000	8,176	282	3.6%	0.35%
2010	8,070	-106	-1.3%	-0.13%

Source: U.S. Bureau of the Census; RDG Planning & Design

- *A moderate level of in-migration contributed to Webster City’s population gain during the 1990s.*

Population trends can be analyzed by comparing a community’s expected population (based solely on predicted changes in births and deaths) with the actual outcome of the 2010 Census. Table 2 below summarizes the results of such an analysis for Webster City. These estimates are based on the following assumptions:

- A cohort-survival forecast method is used to forecast population. This method “ages” a five-year age range of people by computing how many of them will survive into the next five-year period. Cohort survival rates used were developed by the National Center for Health Statistics.
- Estimated birth and death rates for the population developed by the U.S. Bureau of the Census.

As shown in Table 2, the cohort-survival forecast methodology indicates that, without migration, the Webster City’s population would have decreased by 180 people, or 2.2%, between 2000 and 2010. However, the 2010 Census indicates that the total population decreased by only 106 people, or 1.3%. The difference between these two growth rates is the result of net migration into the City. This difference, 74, represents a migration rate for the decade of about 1%. This is

especially important (and positive), given the economic events of that decade – the recession and mortgage crisis of 2008 and, most importantly, the rapid downscaling and eventual closure of Electrolux, Webster City’s dominant employer.

**TABLE 2:
Predicted and Actual Population Change**

	2000	2010	Change	%
Predicted Population (based on survival and birth rates)		7,996	-180	-2.21%
Actual Population	8,176	8,070	-106	-1.30%
Predicted Male Population		3,858	-69	-1.76%
Actual Male Population	3,927	3,912	-15	-0.38%
Predicted Female Population		4,097	-152	-3.58%
Actual Female Population	4,249	4,158	-91	-2.14%

Source: U.S. Census Bureau

- *In-migration was most pronounced in Webster City among seniors, as well as younger adult households with young children.*

Continuing analysis can help determine which age groups tend to move into and out of the area. This helps predict the composition of the future population if current trends continue and explains observed trends. It also identifies natural markets for future housing development.

Table 3 compares predicted and actual population change for each age group in Webster City. The predicted population indicates how many people would be in each age group in 2010 if the area had not experienced in- or out-migration. The variance percentage indicates the accuracy of the prediction, or whether people in a particular age group were more likely than others to move in or out of Webster City.

The analysis shows that Webster City’s 2010 population displayed a higher than projected number of adults in the 30 to 34 year age cohort, suggesting an in-migration of young families with children. This is echoed by a similar positive variance in the number of children under age 10.

Webster City’s senior population also displayed in-migration, evidenced by the greater numbers of people between ages 65 and 80 than accounted for by natural population change. Like most towns without major colleges or universities, Webster City experienced substantial out-migration of individuals in the age cohort between 20 and 24, the result of young people leaving the community for educational or employment purposes.

Overall, the City experienced a positive migration rate of about 0.9% during the 2000s, a reversal of the out-migration experienced during the 1990s. Out-migration of nearly every age group with the exception of older adults occurred during that decade, with particularly high rates among young adults who left the City because of declining economic opportunity. In contrast, even with the severe economic dislocation of the Electrolux closing, migration of critical age groups (groups in the 20s in 2000) was virtually zero, with small out-migration rates among other adult age groups.

TABLE 3:
Predicted and Actual Age Cohort Change, Webster City

Age Group	2010 Predicted	2010 Actual	Difference	% variance (Actual/Predicted) 2000-2010
Under 5	414	549	135	32.47%
5-9	407	545	138	33.87%
10-14	564	582	18	3.25%
15-19	513	470	-43	-8.46%
20-24	551	442	-109	-19.73%
25-29	538	455	-83	-15.47%
30-34	452	451	-1	-0.19%
35-39	521	521	0	0.07%
40-44	485	467	-18	-3.67%
45-49	557	540	-17	-3.03%
50-54	584	557	-27	-4.55%
55-59	477	472	-5	-0.94%
60-64	472	464	-8	-1.61%
65-69	334	329	-5	-1.57%
70-74	294	280	-14	-4.80%
75-80	269	311	42	15.64%
Over 80	565	635	70	12.43%
Total	8,572	7,894	74	0.93%

Source: U.S. Census Bureau, RDG Planning & Design

HOUSEHOLD GROWTH AND CHARACTERISTICS

- *Webster City's number of households decreased at a slower rate than its overall population, creating a negligible increase in household size.*

Housing unit demand is determined by households rather than population. Table 4 illustrates characteristics of Webster City's households. The City lost 69 households between 2000 and 2010, a decline of 2.0%. In contrast, Webster City's total population decreased by 1.6% during the decade. This phenomenon created an insignificant increase in the size of household units from 2.30 in 2000 to 2.31 in 2010.

TABLE 4:
Household Growth and Size, Webster City

	1990	2000	2010	Change 2000-2010	% Change 2000-2010
Population in Households	7,715	8,048	7,923	(125)	-1.6%
Number of Households	3,205	3,502	3,433	(69)	-2.0%
Persons Per Household	2.41	2.3	2.31		

Source: U.S. Bureau of the Census; RDG Planning & Design

- *Single-parent households account for 8.5% of all households in Webster City, representing a notable increase during the 1990's.*

Table 5 shows change in single-parent households.

The number of single-parent households with children under 18 grew considerably during the 2000s, increasing by 46 households, or 15.5%. These household types now comprise 9.9% of all households in Webster City. The housing policy implications for an increasing population of single-parent households are clear. In general, single-parent households are much more likely to be living in poverty than other family types, are least able to afford quality housing, require convenient community services such as child care and transportation, and typically need support services such as education and job training to improve their living standards.

Housing solutions for single parents could include more quality, affordable, multi-bedroom housing, perhaps combined with service delivery (child care, transportation, employment counseling) and outreach services.

**TABLE 5:
Single Parent Households, Webster City**

	2000	2010	Change	% Change	% of all Households, 2000
Single-Parent Households	298	344	46	15.5%	9.9%

POPULATION PROJECTIONS

- *It is projected that Webster City will have slightly less than 8,000 residents by the year 2025.*

Projections of population through the year 2025 help predict housing needs for the future. In Chapter 2, this information will be combined with assumptions regarding trends in household size to determine the estimated number of new units required to meet the housing demands of the community.

Future population for the City is forecast by:

- Basing population forecasts on 2010 Census statistics for age distribution. As before, the cohort-survival method is used to project population, utilizing birth and death rates developed by the Bureau of the Census and cohort survival rates from the National Center for Health Statistics.
- Adjusting the “base” population figure based upon historical migration and historical annual growth trends.

Table 6 displays alternative population projections based upon natural population change, as well as migration rates of 1%, 2%, and 4%, and an annual growth rate of 0.25%. Webster City's 2010 population of 8,070 tracks along a positive migration rate slightly above 1%.

Webster City's natural population curve (holding migration at zero) generates a decline in population because of the city's relatively large number of seniors. Even in a critically difficult economy, the city still generated about 1% net in-migration. The slow progression of recovery in the housing market and broader economy suggest a moderate increase to a migration rate of 2% over the next ten years, based on performance during the first decade. This produces a 2015 population slightly over 7,974 and a 2020 population of about 7,948, still an absolute decline in population. However, the Webster City/Fort Dodge region appears on track to generate much more significant positive population change. This change and impact on population forecast is based on the following assumptions:

- Regional industrial employment, the lion's share located in Fort Dodge, will generate about 2,500 new regional jobs during the next ten years.
- About one-third of these jobs will represent new arrivals to the region, while the balance will be taken by people who are already regional residents. This generates a total of about 850 new households into the region during the next ten years.
- Webster City is successful in attracting a 10% share of these new households, or about 85 households over a ten year period. Based on an average household size of 2.3 people (consistent with the city's 2010 population per household), this corresponds to about 200 new residents.
- During the same period, local industries will generate an additional 200 new jobs in Webster City over the next ten years. Again, about one-third of these, or about 70, will be households new to the area.
- Based on past experience, about 60% of these households, or 42 households, are likely to seek housing in Webster City. At 2.3 people per household, this represents an additional 100 residents in the city after ten years.

The 2% migration rate used as a base scenario produces a base 2013 population of 8,032 people (an interpolation of the 2010 census count and the population projected for 2015).

A gradual ramp-up of this expanded employment base between 2013 and 2020 produces a forecast that resembles the 0.25% growth rate scenario, with a population of about 8,092 in 2015 and 8,242 in 2020. This growth rate, continued to 2030, suggests a population in that year of just under 8,500. It is important to point out that this growth is by no means inevitable. It depends, instead, on Webster City's ability to 1) attract that rather conservative proportion of employment growth and 2) provide housing that can both serve and attract that new population.

**TABLE 6:
Population Projections, Webster City with Past Trends**

	2010	2015	2020	2025	2030	Change, 2010-2030	Average Annual Change
Natural	8,070	7,895	7,791	7,744	7,716	-354	-18
1% Migration	8,070	7,935	7,869	7,861	7,872	-198	-10
2% Migration	8,070	7,974	7,948	7,979	8,029	-41	-2
4% Migration	8,070	8,053	8,106	8,218	8,352	282	14
0.25% Annual Growth Rate	8,070	8,171	8,274	8,378	8,483	413	21
2% Base + Added Employment	8,070	8,092	8,242	8,363	8,483	413	21

Source: RDG Planning & Design

ECONOMIC ISSUES

- *Webster City’s 2010 median household income of \$38,983 is similar to that of other regional communities and the state as a whole.*

Table 7 compares median household income figures for Webster City and surrounding communities. Webster City’s median household income was \$38,983 in 2010, and is similar to those of other regional communities. That said, Webster City’s median income figure increased during the 2000s at a slower rate than those experienced in other cities.

**TABLE 7:
Median Household Income, Webster City and Surrounding Communities,
2000-2010**

	2010 Population	2000	2010	% Change
Webster City	8,125	\$36,582	\$38,983	6.56%
Boone	12,764	\$38,179	\$44,652	16.95%
Fort Dodge	25,323	\$33,361	\$36,923	10.68%
Hampton	4,420	\$33,005	\$41,788	26.61%
Humboldt	4,648	\$39,338	\$44,531	13.20%
Iowa Falls	5,195	\$32,141	\$40,721	26.69%
Iowa	3,016,267	\$39,469	\$48,872	23.82%

Source: U.S. Bureau of the Census; RDG Planning & Design

- *Webster City’s household income distribution largely mirrors that of Iowa at-large. Approximately one-third of Webster City’s households earn less than \$25,000 annually.*

Table 8 shows the breakdown of households by income category for Webster City and Iowa. Overall, the City’s income distribution is quite similar to that of the state. However, Webster City has a lower percentage of very high-income households. This suggests a larger percentage

of workers in industrial and service employment. About 34% of Webster City’s households, earn less than \$25,000 annually and about 17% earn less than \$15,000 annually.

**TABLE 8:
Household Income Distribution, 2010**

	Webster City	Iowa
Income Category	% of all HHs	% of all HHs
Under \$10,000	9.7%	6.3%
\$10,000-14,999	7.1%	5.9%
\$15,000-24,999	17.1%	11.6%
\$25,000-34,999	9.6%	11.5%
\$35,000-49,999	15.4%	15.9%
\$50,000-74,999	21.8%	20.7%
Over \$75,000	19.3%	28.2%
Total Earning Less than \$15,000 (38% of Median)	16.8%	12.2%
Total Earning Less than \$25,000 (64% of Median)	33.9%	23.8%

Source: U.S. Bureau of the Census; RDG Planning & Design

EMPLOYMENT

- *Webster City has a fairly low unemployment rate of 5.8%.*

Table 9 displays labor statistics in Webster City and comparable communities and the state. The relatively low unemployment rate suggests a healthy local economy. While the closure of the Electrolux facility, and the loss of its 2,100 jobs, presented significant economic challenges to Webster City and its region, the 2010 unemployment numbers do not reflect severe regional distress. Part of the impact was clearly buffered by large local employers, including Van Diest Supply (450 employees), Tasler, Inc. (300), Beam Industries (150), Arrow-Acme (100), Seneca Foundry (75), and Vantec, Inc. (60).

**TABLE 9:
Employment Trends, 2010**

	Webster City	Boone	Fort Dodge	Hampton	Humboldt	Iowa Falls	Iowa
Labor Force	4,336	6,980	13,332	2,322	2,221	2,624	1,642,493
Employed	4,080	6,541	12,308	2,189	2,189	2,504	1,553,594
Unemployment Rate	5.8%	6.0%	7.7%	5.7%	3.8%	4.6%	5.3%

Source: U.S. Bureau of the Census



Chapter Two

Housing Trends and Demands

Chapter 2:

HOUSING TRENDS AND DEMANDS

This chapter examines Census and other historical data to evaluate the supply of housing in Webster City. Of particular interest is information on housing vacancy, ownership percentage, and pricing. This information can help identify existing or potential imbalance in the market and may suggest housing policy direction for a variety of issues.

Major findings include:

- **Webster City experienced an increase in both its number of housing units and a in its vacancy rate during the 2000s.**
- **It is projected that a demand will exist for 75 housing units over the next twenty years, corresponding to an average of 8 units per year. The city's ability to attract seniors from the surrounding region by providing suitable housing could increase this demand.**
- **Webster City's housing supply is heavily weighted toward middle cost units and demonstrates a need for housing affordable to both lower- and upper-income households.**
- **Hamilton County's senior population decreased by 4.3% during the 2000s. Population declines were most pronounced among older age groups (age 70 and over).**
- **Webster City's number of residents age 55 and over is projected to increase to 2,680, creating new demand for senior housing in the coming decades.**
- **Over 80% of Hamilton County's senior residents live in owner-occupied units and 32% of senior households consist of an elderly person living alone. This reinforces a potential market for alternative housing accommodations, particularly assisted-living settings.**
- **By 2020, a demand will exist for about 80 new units of senior housing.**

OVERALL HOUSING CHARACTERISTICS

- *Webster City experienced an increase in its number of housing units during the 1990s and a decrease in its vacancy rate.*

Table 10 displays occupancy changes in Webster City's housing stock. Between 2000 and 2010, the City gained 121 dwelling units, an increase of nearly 3.3%. This is in the face of a decline in total occupied units, suggesting that while new housing development has continued, some less-desirable units may be going un-filled.

- *Webster City's rate of owner-occupancy decreased during the 2000s.*

The percentage of renter-occupied units in the City increased from 30% in 2000 to nearly 32% in 2010. This combined with a significant loss in the number of owner-occupied units suggests the conversion of ownership housing into rental tenancies. This shift aside, Webster City's owner-

renter split in both 2000 and 2010 represents a distribution of units that is fairly typical of communities of similar size.

TABLE 10:
Housing Units and Occupancy, Webster City, 2000-2010

	2000	2010	Change	% Change
Total Units	3,600	3,721	121	3.29%
Total Occupied Units	3,502	3,433	-69	-1.97%
Owner-Occupied Units (% of Occupied Units)	2,451 (70.0%)	2,342 (68.2%)	-109	-4.45%
Renter-Occupied Units (% of Occupied Units)	1,051 (30.0%)	1,091 (31.8%)	40	3.81%
Vacant	177	367	190	107.34%
Vacancy Rate	4.81%	9.66%	4.85%	
Source: U.S. Bureau of the Census; RDG Planning & Design				

- *Webster City's vacancy rate decreased during the 1990's for both units for sale and units for rent.*

Table 11 shows a breakdown of vacant units by types for 2000 and 2010 and the change in key indicators of housing demand and supply: the for-sale vacancy rate and the rental vacancy rate. Webster City's overall vacancy rate increased dramatically between 2000 and 2010. While all types of vacancies increased, the shift was most pronounced in vacant rental units and "other vacant" units – those going out of service and those that were uninhabitable or unmarketable for various reasons.

TABLE 11:
Analysis of Vacancy, Webster City

	2000	2010	Change	%Change
Vacant Units	177	367	190	107.3%
For Sale	54	65	11	20.3%
For Rent	42	133	91	216.7%
Occasional Use	10	18	8	80.0%
Other Vacant	62	151	89	143.5%
Source: U.S. Bureau of the Census; RDG Planning & Design				

- *Changes in housing values and rents in Webster City mirror those experienced in surrounding communities.*

Tables 12 and 13 show changes in housing price and rent in Webster City and comparable communities. The city's median rent figure increased by just over 37% during the 2000's and its median value for owner-occupied units increased by 23.65%. While Webster City's rate of

change in price for owner-occupied housing than that experienced in other communities, the city's 2000 median value remained on par with other regional communities.

**TABLE 12:
Median Value of Owner-Occupied Housing, 2000-2010, Webster City and Surrounding Communities**

	2000	2010	% Change
Webster City	\$68,500	\$84,700	23.65%
Boone	\$67,400	\$107,800	59.94%
Fort Dodge	\$65,600	\$81,900	24.85%
Hampton	\$56,900	\$78,100	37.26%
Humboldt	\$83,700	\$90,300	7.89%
Iowa Falls	\$64,000	\$86,100	34.53%

Source: U.S. Bureau of the Census; RDG Planning & Design

**TABLE 13:
Median Gross Rent, 2000-2010, Webster City and Surrounding Communities**

	2000	2010	% Change
Webster City	\$413	\$566	37.05%
Boone	\$429	\$561	30.77%
Fort Dodge	\$418	\$518	23.92%
Hampton	\$370	\$463	25.14%
Humboldt	\$347	\$518	49.28%
Iowa Falls	\$435	\$515	18.39%

Source: U.S. Bureau of the Census; RDG Planning & Design

- *Webster City has produced 178 new housing units since 1997, an average of 11 units per year.*

Table 14 describes single-family housing construction activity in Webster City since 1997. The city built 178 new single-family housing units between 1997 and 2012, an average output of 11 per year. The effects of the downturn in the housing market are readily apparent in the Webster City's single-family housing construction data.

**TABLE 14:
Permit Activity and Average Cost**

	Single Family Permits	Average Cost
1997	11	\$66,300
1998	25	\$114,500
1999	15	\$76,500
2000	27	\$135,500
2001	12	\$162,400
2002	17	\$128,000
2003	19	\$124,100
2004	25	\$115,800
2005	5	\$151,100
2006	9	\$204,100
2007	6	\$198,800
2008	2	\$107,500
2009	2	\$329,500
2010	0	--
2011	1	\$180,000
2012	2	\$230,000



PROJECTED HOUSING NEEDS

- *Based on population potentials, Webster City will have a demand for about 75 additional housing units during the next ten years, an average annual production of 8 units per year.*

Population, household, and vacancy information can be used to estimate the number of new housing units that will be required by a community in the future. The forecasts can be compared to current development activity and available land for future development to set priorities for the types and locations of housing development that should be encouraged. The Affordability Analysis section then compares the income distribution of Webster City's population with the price of housing, to determine where specific housing needs occur.

The projections presented in Table 15 are based on the following assumptions:

- The method used to project annual demands is to compare the number of units needed in a given year (number of households plus projected vacancy rate) with the number of units available during that year (housing supply during the year less the units that leave the housing supply and must be replaced). Twenty-year demands are based on multiples of the 5-year population demand computed in this section.
- Household size in Webster City will remain constant during the 10-year period.
- The City's non-household population (people in institutions, group quarters, or nursing homes) does not produce a demand for conventional housing. These forecasts project that the non-household population will remain at its 2010 rate of 2.6%.
- Webster City's 2010 vacancy rate of 9.66% should decline slowly as substandard units are either upgraded or removed.
- Five units will leave the housing market each year, primarily through the demolition of dilapidated structures or conversion of subdivided single-family structures back to lower-density or single-family use.

This analysis suggests a need for an additional 155 units in the City by 2023, an average annual construction level of 16 units. This is well over Webster City's rate of housing construction in recent years, but is more consistent with long-term average development activity.

**TABLE 15:
Projected Housing Development Demand**

	Base Year 2013	First Five Years 2014-2018	Second Five Years 2019-2023	Total
Population at the End of Period	8,032	8,182	8,315	
Household Population at End of Period	7,871	8,004	8,133	
Average People/Household	2.30	2.30	2.30	
Household demand at End of Period	3,422	3,480	3,536	+114
Projected Vacancy Rate	9.62%	9.36%	9.11%	
Unit Needs at End of Period	3,786	3,839	3,891	+105
Replacement Need		25	25	50
Cumulative Need		78	77	155
Average Annual Construction		16	15	16

Source: RDG Planning & Design

AFFORDABILITY ANALYSIS

- Webster City’s housing supply is heavily weighted toward middle cost units. A significant deficit appears to exist for housing affordable to low-income households. A more moderate need for move-up housing at moderate to higher cost ranges also appears to exist.*

The following analysis matches housing supply by price bracket to household incomes. The pricing of a community’s housing supply in relation to the income of its residents helps determine whether the city’s housing is affordable for its citizens. Theoretically, a household budget must be divided among basic housing costs, other essential needs, and costs to maintain an owned home. Those households which must spend a disproportionately large share of their income for basic housing have less money for other essentials, and fewer resources to maintain their homes.

Table 16 evaluates the availability of affordable housing in Webster City. The table compares the quantity of housing provided in Webster City that is affordable to each income group. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage. The results of this analysis indicate a surplus of dwelling units affordable to middle-income households, or those with annual incomes between \$25,000 and \$50,000. A total of 1,967 units exist for 1,240 households in this income range.

The analysis also suggests a relative shortage of units affordable to households with annual incomes of more than \$50,000. This suggests a continuing market for “move up” housing. Generally, the market adequately serves demand for higher-cost housing without public intervention. High-cost housing demand is moderated somewhat by households that have become accustomed to paying a relatively small proportion of their income for housing. Public sector housing policy should focus on the development of moderately-priced single-family and rental housing. These focuses provide an area of upward mobility for moderate and middle-income households now occupying rental and low-cost units because of a lack of choice.

TABLE 16:
Housing Affordability Analysis, Webster City, 2010

Income Range	% of City Median	% of Households	Households in Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Renter Units	# of Renter Units	Total Affordable	Balance
\$0-25,000	63.00%	30.09%	1,033	\$0-50,000	399	\$0-400	278	677	-356
\$25,000-49,999	64-126%	27.67%	950	\$50,000-99,999	1,245	\$400-800	709	1,954	1004
\$50,000-74,999	137-189%	23.19%	796	\$100,000-149,999	299	\$800-1250	84	383	-413
\$75-99,999	190-251%	11.04%	379	\$150,000-200,000	176	\$1250-1500	0	176	-203
\$100-150,000	252-377%	3.23%	111	\$200-300,000	177	\$1500-2000	0	177	66
\$150,000+	Over 377%	4.78%	164	\$300,000+	46	\$2000+	20	66	-98
-	-	100.00%	3,433	-	2,342	-	1,091	-	-
Median Income:	\$39,771								

Sources: U.S. Census Bureau, RDG Planning & Design

TEN-YEAR HOUSING DEVELOPMENT

Table 17 presents a 10-year development and pricing program for Webster City. The program provides production targets for various types of rental and owner-occupied units based on the following assumptions:

- New development in Webster City will be about 65% owner-occupied and 35% renter-occupied, resembling the current makeup of the housing stock and adjusting slightly for a demonstrated need for additional rental housing.
- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy. Most low-income residents will be accommodated in rental units.

We suggest that a potential demand will exist for 101 owner-occupied units and 54 rental units in Webster City through 2023. Based on current income distributions, about 44% of all owner-occupied units, or 44 units, should ideally be priced below \$150,000 in current dollars. Some of these units may be produced indirectly, by developing higher-cost housing that serves a “move-up” market currently occupying lower-value homes. Affordability ranges are also influenced by interest rates – people can afford more expensive homes when interest rates are low. About 70% of the rental market falls within moderate cost ranges, generally below \$750.

This overall unit demand is based on the Webster City market and does not include possible attraction of seniors from rural areas outside the immediate community. Both local and regional senior markets are considered in detail in the following section.

**TABLE 17:
Housing Development Program, Webster City**

	2014-2018	2019-2023	Total
Total Need	78	77	155
Total Owner Occupied	51	50	101
Affordable Low: 60-100,000	10	9	19
Affordable Moderate: 100-150,000	12	13	25
Moderate Market: 150-200,000	15	14	29
High Market: Over \$200,000	14	14	28
Total Renter Occupied	27	27	54
Assisted: Less than \$500	11	10	21
Affordable: \$500-750	8	8	16
Market: Over \$750	8	9	17

Source: U.S. Bureau of the Census; RDG Planning & Design

SENIOR HOUSING DEMANDS

The demographic analysis in Chapter 1 demonstrated Webster City’s traditional attraction as a full-service community for seniors. In order to assess present and future markets, this analysis identifies a primary and secondary market area for senior housing. The primary market area includes the City of Webster City, while the secondary area encompasses the balance of Hamilton County. Senior housing in Webster City may also attract residents from a larger region, with the most probable markets coming from neighboring counties that lack significant urban centers. These include Wright, Franklin, and Hardin Counties. Typically, peripheral areas may account for up to 20% of the total demand for senior living in a larger community. However, in order to keep assumptions conservative, the primary focus here will be on the City and County markets.

This section includes analysis of:

- Population and economic characteristics and dynamics, examining overall demand for senior housing in the Webster City market areas.
- Conclusions about the size of the project market for elderly housing for specific projects.

Senior Population Change

- *Hamilton County’s senior population decreased by 4.3% during the 2000s. That said, there is a very large cohort of 55-64 year olds approaching ‘senior status’.*

This section examines population characteristics and trends in the regional study area to quantify demand for senior housing. Special attention is given to issues such as the population’s age characteristics and the dynamics of population change for people over age 65. Households over 65 are the primary market for new residential products, including maintenance-provided ownership settings, senior independent living, and assisted living.

Table 18 displays population changes in the study area for various age groups. Hamilton County’s total population decreased by 4.65% during the 2000s. The majority of this decrease occurred in rural Hamilton County.

**TABLE 18:
Study Area Senior Population Change, 2000-2010**

Market Area	Webster City		Rural County		Countywide Total		
	2000	2010	2000	2010	2000	2010	% Change
Total Population	8,176	8,070	8,262	7,603	16,438	15,673	-4.65%
Total Population Ages							
55-64	739	936	790	1,085	1,529	2,021	32.18%
65 and Over	1,608	1,555	1,354	1,280	2,962	2,835	-4.29%
Population Cohorts							
65-69	363	329	331	348	694	677	-2.45%
70-74	382	280	350	314	732	594	-18.85%
75-79	326	311	301	237	627	548	-12.60%
80-84	266	279	210	214	476	493	3.57%
85 and Over	271	356	162	167	433	523	20.79%

Source: U.S. Bureau of the Census; RDG Planning & Design

Decreases in Webster City’s senior population during the 2000s were attributable to the loss of a major regional employer and natural attrition. To determine the influence of movement of older adults into the city, we compare the population over age 55 as predicted by natural population change (based on survival factors determined by the Bureau of the Census) with the number actually counted in the 2010 Census. The difference between the actual Census count and the cohort survival projection shows the probable amount of net migration. Table 19 presents migration patterns for Webster City’s senior population.

Overall, Webster City experienced an in-migration of senior residents. The actual 2000 population of people aged 55 and over exceeded the predicted population based on natural population change by 3.4%. This suggests that the City has attracted about 81 senior residents. This pattern of in-migration was not consistent across age groups, however. Webster City experienced a -3% migration rate during the decade among individuals between ages 65 and 74.

A full-service community like Webster City typically attracts older adults from rural areas with its health care access, churches and other institutions, and services. On the other hand, the City experienced significant migration (13.47%) among seniors over the age of 75.

**TABLE 19:
Population Age 55 and Over, Predicted versus Actual**

	2000 Age 45-54	2010 Prediction	2010 Actual	Variance	% Variance
Population 55-64	1101	948	936	-12	-1.28%
	2000 Age 55-64	2010 Prediction	2010 Actual	Variance	% Variance
Population 65-74	739	628	609	-19	-3.08%
	2000 Age 65+	2010 Prediction	2010 Actual	Variance	% Variance
Population 75 and Over	1,608	834	946	112	13.47%
	2000 Age 45+	2010 Prediction	2010 Actual	Variance	% Variance
Population 55 and Over	3,358	2,410	2,491	81	3.35%

Source: U.S. Bureau of the Census; RDG Planning & Design

Projected Senior Population

- *Webster City’s senior population is projected to increase by 3.4% by 2022, to from 2,491 to 2,680. A large proportion of this increase will likely occur in the 65 to 74 age group.*

Future demand for senior housing in Webster City can be projected by determining the approximate number of residents in the older age cohorts. Table 20 compares population projections for each age group for both natural change and application of 2000-2010 migration factors. Table 21 compares these projected populations, including migration, with actual 2010 Census counts.

Because of the aging of the baby boom generation, the cohorts (primarily people over age 55 in 2010) that will generate demand for senior housing are growing in size. This will cause increases in Webster City’s 2010 older adult population.

Without accounting for migration, population forecasts suggest that 2,593 aged 55 and over will live in Webster City in 2020. If migration levels remain at 1990-2000 levels, this figure will increase slightly to 2,680. This represents an overall 7.6% increase in Webster City’s population of adults aged 55 and over, indicating that demand will increase for housing types suitable for older adults. Most of these increases occur in the 65-74 year old cohort – while the City’s population seniors over the age of 75 is projected to decline slightly.

**TABLE 20:
Projected Senior Population by Cohorts, Webster City**

	2010 Count	2020 Projection Natural Change	2000-2010 Migration Factor	2020 Population with Migration
	Age 45-54	Ages 55-64		
55-64	1,097	1,027	-1.28%	1014
	Age 55-64	Age 65-74		
65-74	936	794	-3.08%	770
	Age 65+	Age 75+		
75 and Over	1,555	772	13.47%	876
	Age 45+	Age 55+		
Total 55 and Over	3,588	2,593	3.35%	2680

Source: U.S. Bureau of the Census; RDG Planning & Design

**TABLE 21:
Projected Population Change, Age 55 and Over, Webster City**

	2010	2020	Change	% Change
55-64	936	1014	78	8.35%
65-74	609	770	161	26.42%
75 and Over	946	876	-70	-7.42%
Total 55 and Over	2,491	2,680	189	7.61%

Source: U.S. Bureau of the Census; RDG Planning & Design

Household Demand

- While the number of senior households in Hamilton County decreased slightly during the 200s, the number of households age 55-64, increased considerably.

The number of households indicates housing unit demand more accurately than population. Table 22 summarizes changes in older adult households in Webster City and Hamilton County.

**TABLE 22:
Study Area Senior Household Change, 1990-2000**

Market Area	Webster City		Rural County		Total		
	2000	2010	2000	2010	2000	2010	% Change
Total Households	3,502	3,433	3,190	3,107	6,692	6,540	-2.27%
Total Households Ages							
55-64	434	566	441	613	875	1179	34.74%
65 and Over	1053	1,028	885	823	1,938	1,851	-4.49%
Household Cohorts							
65-74	478	386	427	397	905	783	-13.48%
75 and Over	575	642	458	426	1033	1,068	3.39%

Source: U.S. Bureau of the Census; RDG Planning & Design

While Hamilton County experienced a 2.3% decrease in its number of households between 2000 and 2010, its number of households aged 55-64 increased significantly from 875 to 1,179.

Target Market Indicators

- *Over 80% of senior residents in Hamilton County live in owner-occupied units and 32% of senior households consist of an elderly person living alone. This suggests a potential market for alternative housing accommodations.*

The foregoing analysis examined overall changes in the projected senior population of Webster City and Hamilton County. However, two specific target indicators further define the size of the potential market for additional senior housing development. These include:

- The number of elderly people living alone.
- The number of senior citizens who live in owner-occupied, typically single-family detached housing. This group of residents represents a primary target for retirement housing because it contains people who will be most likely to consider an alternative housing setting.

Table 23 examines the household makeup of people over age 65 within the study area in 2010. A total of 908 residents over age 65 (or about 32% of the senior population) live alone in Hamilton County, including 701 women and 207 men. About 62% of the senior population, or 1,835 people, live in family households. The balance lives in elderly group facilities.

**TABLE 23:
Population Over Age 65 by Household Type, 2010**

	Webster City	Rural County	Total
In Family Households	935	921	1,856
In Non-family Households	495	413	908
Men Living Alone	83	118	201
Women Living Alone	412	286	698
Elderly in Group Facilities	99	44	143

Source: U.S. Bureau of the Census

Table 24 indicates the number of owner-occupied units in the study area occupied by households over age 65. Seniors in the study area are overwhelmingly likely to own their own homes, suggesting a significant potential market for a new project. Over 80% of Hamilton County’s senior households (or 1,501 households) own their own homes.

TABLE 24:
Older Age Groups in Owner Occupied Housing, 2010

	Webster City	Rural County	Total
	Number	Number	
Total Households, 65 and Older	967	899	1,866
In Owner-Occupied Housing	730	771	1,501
%Owner-Occupied	75.49%	85.76%	80.44%
In Renter-Occupied Housing	237	128	365
% Renter-Occupied	24.51%	14.24%	19.56%
U.S. Bureau of the Census			

Demand Calculations

- *By 2020, a demand will exist for about 80 new units of housing for independent seniors.*

Demand for additional senior housing is calculated by comparing three methods, outlined in Table 25:

- 1. Household Counts.** This method applies accepted absorption factors to the total number of older adult households in the primary and secondary market areas. Probable absorption differs for the primary and secondary markets. In addition, demand in Webster City is likely to attract a certain segment of the regional market (Wright, Franklin, and Hardin Counties), here conservatively defined as 10% of the demand generated by the Hamilton County region. Absorption factors reflect the number of households that would be induced to move into new senior housing. In addition, different absorption factors are utilized for different age cohorts.
- 2. People Living Alone.** Seniors living alone are a substantial target for new senior development. A similar process to that outlined above is applied to seniors living in different household settings.
- 3. Owner-Occupants.** Seniors living in owner-occupied houses are also a significant market for new housing settings.

These three methods generate a demand range of 75 to 82 units for new projects through 2020. Of the three methods, the occupancy character stands in the middle at 79 units. Between half and two-thirds of this demand is generated by current residents of Webster City and the remainder is generated by residents of rural Hamilton County and the surrounding region who would be attracted to the city if available housing existed. It is important to note that development at these levels is dependent upon a sufficient market demand to absorb units being sold by seniors. However, the overall market demand in Webster City identified above suggests a satisfactory resale market to support a moderate amount of new senior development.

**TABLE 25:
Ten-Year New Project Senior Housing Demand Market Area**

	Webster City			Rural County			Regional Demand (10% of County Demand)	Total Demand
	2020	Absorption Factor	Unit Demand	2020	Absorption Factor	Unit Demand		
HOUSEHOLD COUNT METHOD								
Households Ages								
55-64	566	0.01	6	823	0.005	4	1	11
65-74	386	0.03	12	397	0.015	6	2	19
75 and Over	575	0.06	35	426	0.03	13	5	52
Total Unit Demand			52			23	7	82
HOUSEHOLD CHARACTER DEMAND								
Family Households	935	0.01	9	921	0.005	5	1	15
Men Living Alone	83	0.08	7	118	0.04	5	1	12
Women Living Alone	412	0.08	33	286	0.04	11	4	49
Total Unit Demand			49			21	7	77
OWNER-OCCUPANCY METHOD								
Senior Owner-Occupied Households	730	0.05	37	771	0.025	19	6	61
Senior Renter-Occupied Households	237	0.025	6	128	0.01	1	1	8
Total Unit Demand			42			21	6	75

Source: RDG Planning & Design



Chapter Three

Assets, Opportunities, Issues

Chapter 3:

ASSETS, OPPORTUNITIES, ISSUES

THIS UPDATE TO THE 2004 HOUSING PLANNING EFFORT IN WEBSTER CITY included a program of five stakeholder groups, including homebuilders and developers, Realtors and financial institutions, community organizations, businesses and major employers, and public sector representatives. The process also included an interview with Webster City's city administrator. These discussions, along with the analysis contained in the first two sections and our observations during the field tour and through the process, led to this definition of issues as Webster City develops housing policy for the next five years. Major conclusions of these proceedings follow:

ASSETS AND OPPORTUNITIES**Regional Economic Strength**

- *The local and regional economy of the Webster City/Fort Dodge region is generating new jobs and major new opportunities for population growth and subsequent housing demand.*

Our last two housing studies for Webster City involved a great deal of discussion and concern about the status and future of Frigidaire/Electrolux. Through the 1990s, the city's employment picture appeared to depend on this giant regional employer. The 2004 process assumed that this historic economic and civic association between the city and its long-time major industry could be in jeopardy. By 2013, the worst happened – the entire Electrolux manufacturing and technical center operation closed. Yet, the city has proven resilient and observers are far more optimistic about its economic future than they were ten years ago.

The primary reasons for this optimism are three-fold:

The impact of Electrolux was probably more limited than originally feared. The company drew its employees from a broad region, and its actual impact on Webster City's local residents, although great to those affected, may not have been as dramatic as feared. Stakeholder group participants estimate that of the industry's approximately 2,200 employees, only 300 and 400 were residents of the city. Dislocations of this magnitude can be absorbed by an economically diversified community.

Overall employment is growing in the large industrial sector with the successful recruitment of Cargill and CJ Bio to Fort Dodge. These and associated employers are likely to produce over 2,000 permanent jobs in the region, and include a substantial managerial and research sector. In addition, otherwise temporary construction jobs attributed to Cargill may become more permanent than expected because of continuing demand for new construction over the years. Experience has also shown that these industries have successfully produced spinoff enterprises that generate new entrepreneurial and employment opportunities.

Webster City's own industrial base has matured and diversified, reducing its dependence on a single large industry. The city's three largest, locally-owned, agriculturally-based industries (Van Driest Supply, Custom Meats, and Mary Ann's Specialty Foods) together employ over 1,000 people and are projecting short-term growth that is likely to add another 200 to 250 jobs.

Significant Community Assets/School System

- *In a strong regional market, Webster City has a variety of important community assets that places the city in an advantageous competitive position.*

Assets include a manageable size, large enough to offer a range of services but small enough to maintain a real intimacy; public facilities like Fuller Recreation Center, an excellent public library, and the Hamilton County Fairgrounds; great parks like Brewer Creek and Briggs Woods County Park and golf course; and a range of other institutions. However, a leading asset, particularly given a strategic direction toward attracting regional managers and white-collar staff, is their quality of Webster City's schools. A combination of strong performance and quality facilities clearly gives the city a strong community marketing advantage.

Available Land

The 2004 study identified availability of land as a significant challenge for Webster City. This problem has abated somewhat with the assembly and availability of land that could expand the Brewer Creek subdivision to Beach Street. This approximately 45 acre expansion would provide about 135 lots at a gross density of three units per acre. Lots are still available in two subdivisions cited by the previous study: the Home Subdivision with about ten remaining lots and the Gourley Subdivision, an acreage development along Iowa 17 south of US Highway 20. An intriguing site that has just become available for redevelopment is the six-acre county hospital site at Des Moines and Ohio Streets. An additional important site is located east of the new Hamilton County Hospital south and west of Edgewood Drive. While the hospital is likely to reserve some of this approximately 40 acre site for future expansion, the significant portion could be developed residentially. In addition, the West Wall Street site studied as part of the 2004 effort remains available. These land resources all have convenient access to urban services and can accommodate most of Webster City's needs for housing for the foreseeable future.

City Involvement in Housing

The City of Webster City has a history of recognizing the importance of housing to the community and acting on that recognition. When the private market could not produce a quality subdivision, the city stepped in and completed the Brewer Creek development. This highly successful project provided the city with its primary source of new home building sites. Webster City's leading current initiative is an offering of the remaining ten lots in Brewer Creek on favorable terms to homebuilders. Under this program, the city will provide front-end financing to maintaining an inventory of three houses at any one time. It provides an additional guarantee to the selected builder by committing to buy any house that has remained unsold for 180 days.

The City continues to offer other incentives to improve and expand its housing supply, including low-interest loans for rehabilitation, a revolving loan fund for down-payment assistance, and tax

abatement for new homes on infill lots. However, these programs have not made a large impact during the past few years.

Senior Housing Development

- *Webster City has a proven ability to attract seniors with quality community services and housing.*

The 2004 study identified senior housing development as both a significant priority and opportunity, and Webster City has converted on this with the development of Windsor Manor, a retirement center with both independent and assisted living facilities. In addition, some attached housing, geared to empty nesters, was developed privately. The demographic analysis in Chapter One demonstrated Webster City's ability to attract new senior residents since 2000; older adults helped the city achieve an unusual pattern of positive migration in economically bad times. The analysis in Chapter Two shows that housing for older adults remains an important market for the city as retiring farm families move into town. This also represents a transfer of consumer demand and potential philanthropy into the city.

ISSUES

The City at a Crossroads

- *Webster City is at a crossroads as it seeks to take advantage of regional growth opportunities while distancing itself from a past as a single-industry town.*

A common theme, spoken or implied, during the stakeholder group process was the importance of this specific time as critical to Webster City's future – a sense that a window of opportunity had opened because of overall regional economic growth. This requires a change in Webster City's view of itself from the city driven by one overwhelmingly large industrial employer to a more complex combination of roles. These roles include a community of residential choice for people working in regional industries, specifically Fort Dodge; a city with a growing base of solid, locally, moderately-sized industries; a center for entrepreneurial activity; and a magnet for older adults. Housing in one way or another is vital to all of these roles. In the short-term, target households such as managers and professionals in large regional industries will not locate in Webster City if housing is unavailable, despite the attractions of community and schools. In the longer-term, housing must be available at a variety of levels to attract people across the entire life-cycle spectrum, from young people looking for a place to establish roots to seniors seeking a supportive and secure location for retirement.

Between the late 1990s to about 2005, Webster City met housing development needs effectively, at least in the single-family sector, with the development of Brewer Creek and the recruitment of homebuilders to build in the project. Since 2005, for understandable reasons, this market has slowed considerably, producing only 27 single-family home starts from 2005 through 2012. This loss of production is accompanied by a loss of capacity, discussed below. But it seems clear that the city must either mobilize to take advantage of new populations or lose that opportunity to other communities.

Assumption of Risk and Roles in the Development Process

- *In order to increase production, Webster City establish a public/private partnership and project structure that both shares risk and addresses a variety of housing needs.*

In an important effort to complete development of Brewer Creek and jump-start housing production, the city has structured a project that will produce a standing inventory of three homes in the subdivision and is assuming the role of buyer of last resort. This effort recognizes two key realities: 1) the importance of building a critical mass and having inventory to attract new arrivals and move-ups, and 2) the inability of small private builders to take the risk of financing and maintaining that inventory at their own risk. However, it is difficult for public agencies, and particularly city government, to build a long-term policy around that level of public exposure. Moreover, the event of the city assuming ownership of an unsold house will make future involvement in housing finance and development far more difficult.

A community-based assumption of risk will be necessary to expedite housing production for the next few years until long-term markets are clearly demonstrated. However, a more effective allocation of this necessary risk should involve both the public and private sectors, and would involve:

- Public financing of those things that the private sector is least capable of completing at present because of financing cost and economies of scale – site assembly and infrastructure (streets, utilities, paths, amenities).
- Shared private financing of actual construction projects.
- Use of associated federal, state, and local programs, like Rural Development and Housing Trust Funds, to provide credit enhancements, direct mortgages, downpayment assistance, or other purchaser-based programs.
- Shared participation in marketing and administration.

Builder Capacity

- *The ability of the local building community to respond to future housing needs is an emerging challenge for the city that must be addressed on several fronts.*

When the last housing study was done in 2004, Webster City was producing new houses at a significant rate. The slowing of production, largely caused by economic forces, and the aging of the city's building community has had important and challenging consequences. Local builders, who do very high quality housing, are satisfied to build a small number of homes each year on a custom basis and have become less interested in the speculation and risk involved in developing a larger, speculative inventory. This, of course, has caused the city to assume much of that risk in the current Brewer Creek development program.

The housing demand for the city projected in Chapter Two is in a somewhat awkward range – more units than are comfortably built by small builders who can meet their revenue

requirements with a few houses a year, fewer units to interest mass builders who develop on a larger scale. Additionally, the city has not been able to attract developers of rental housing. Many of the homes in Brewer Creek were built by a builder based in the Des Moines metropolitan area. Recruitment efforts will also be necessary to solicit participation in an expanding Webster City market.

However, for the future, Webster City is also experiencing a disturbing pattern that extends beyond the immediate region – a lack of interest by young people in construction trades and business opportunities. The high school and community college have discontinued programs because of lack of student interest. Yet, construction presents both business opportunities and a variety of financially and personally rewarding career possibilities. It is important that the community and its educational institutions work to expand this local capacity into the future.

Lot Supply

- *The City is getting close to using its supply of buildable single-family lots, reducing its ability to respond to new demand.*

The available land issues identified during the 2004 study update have largely abated, but the challenge of developing an inventory of improved lots remains. Primary land resources and their status include:

- *Brewer Creek:* The homes anticipated by the Request for Proposals, if successful, will complete the existing subdivision plat. The city should plan now for extension into the adjacent property, including development design and incremental improvement financing.
- *Home Addition.* Remaining lots on Oakwood Drive and Bicentennial Court have full urban infrastructure. Impact of US 20 was raised as a disincentive to development of some lots.
- *Gourley's Addition.* These lots, adjacent to the Briggs Woods Golf Course and the Boone River, offer rural estate sites without urban services, and will continue to serve the demand for this type of low-density development.
- *Edgewood Site.* This development area, east of the new county hospital, provides a future development resource but probably follow the Brewer Creek extension in order of priority.
- *Former County Hospital Site.* This urban site may be available for residential development, but an eventual utilization program is in discussion stages.
- *Areas east of the Fairgrounds, along and south of Buxton Drive.* This area has attractive river and wooded views and a potential relationship to the Boone River Greenway and trail.
- *Infill lots.* Issues with existing urban infill lots include size, adjacency, property values and condition of adjacent properties, and inability to get comparable appraisals that support the value of new construction.

Home-Ownership Needs

- *As in 2004, focus group participants perceive a continuing demand for owner-occupied housing, but with more specific target populations, specifically people attracted by managerial and professional jobs at new regional employers and people considering Webster City as a place to establish themselves and their families.*

Participants generally suggested that the city's housing supply was generally adequate at lower and middle values, but experienced shortages in homes priced for these target markets, generally in a \$150,000 to \$250,000 range. Anecdotal information is reinforced by the affordability analysis and pricing program presented in Chapter Two. Humboldt, with its Eagle Ridge development, was cited as an example of a community that combined affordable lots with residential tax abatements to encourage housing development within this specific price range.

Rental Development and Other Housing Types

- *Despite significant advances in senior housing development, Webster City's new housing offerings continue to lack key components, including quality rental housing and independent options for older adults.*

Rental development continues to be a challenge for Webster City, as well as other area communities. Many focus group participants commented on Webster City's shortage of adequate rental housing, particularly houses for rent. Other than senior housing and several small attached buildings, very little new production has occurred in Webster City since 1994. Yet, with ongoing employment growth, tighter underwriting standards for mortgages after 2008, and increasing consumer preferences to delay home purchases, rental demand is strengthening.

A key problem is economics and perception. Typical rents in the city remain the \$400 to \$600 range, too low for new rental construction to be financially feasible. Furthermore, many people have the perception that this represents the top rents that people are willing to pay in the Webster City market. However, the experience of many rural communities has demonstrated a market tolerance for substantially higher rents, including rents at levels that make projects feasible with relatively moderate assistance. Once again, it is difficult to find builders or developers, particularly with a local base, who are willing to take the risk of testing the market at these rent levels.

Housing for empty nesters and older adults also appears to be a continuing market, evidenced by the city's migration patterns between 2000 and 2010, the continuing attractiveness of the town to people retiring from farming, and the aging of baby boom cohorts. The recent experience of speculative development of high-end attached housing has raised concerns about this market. However, site and scale issues sometimes enter into purchase or rental decisions. We have generally found a preference among senior markets for walkable settings with convenient services, access to parks, and neighborhood settings – a group of characteristics offered at the former county hospital site.

Existing Housing Conditions

- *The condition and preservation of Webster City’s existing housing stock continues to be a concern, particularly as the issue of generational transition emerges.*

While housing policy characteristically focuses on new construction, the maintenance and preservation of existing housing is critical. In general, Webster City’s neighborhoods offer excellent residential environments and overall housing quality is good – in fact, probably better on a community basis than most people realize. However, even one or two deteriorated houses on a block can have a substantial impact on neighborhood quality and property value. This problem is exacerbated in Webster City by two other factors: the relatively low market value of many smaller single-family houses, which, combined with a shortage of rentals, encourages investors to buy a number of houses, make minimal upgrades, and rent them at market rents; and the prospect of ownership transitions as existing owners age. Low values can also hurt the ability of new development, both on infill sites and in new projects, to obtain the comparable appraisals necessary to secure mortgage financing.

Downtown Webster City

- *Downtown Webster City is an enormous potential asset and continues to have significant economic strength. However, the size of the district and apparent increases in street-level, retail vacancy require focused attention to take advantage of opportunities they present.*

In competitive resident recruitment situations, downtown districts are extremely important as centers of distinction for communities. Increasingly, younger households are placing greater priority on the urbanity and amenities offered by their towns, whether large or small. Webster City has made significant investments in downtown, with an emphasis on the public environment, and continues to be a center for new business and innovation. Some unusual qualities include its “T”-shape and the special district character of Des Moines Street as a connector into neighborhoods, and the excellent layout of parking and local circulation paralleling 2nd Street. Yet the district is large for and has a great deal of building area for a community of Webster City’s size. This tends to dilute the district’s basic strength, and again causes people to focus on vacancy rather than occupancy. Housing can be an important ingredient in remaking downtown, and Downtown Webster City has many excellent development opportunities that in turn can address such issues as rental scarcities.



Chapter Four

Policy Focuses and Recommendations

Chapter 4:

POLICY FOCUSES AND RECOMMENDATIONS

A **S WEBSTER CITY HAS DEMONSTRATED**, a community housing program cannot do everything must identify and speak to specific goals and objectives. This discussion addresses policy approaches that we recommend, given the city's current position and the opportunities presented by the regional economic environment. In many cases, these approaches are similar to recommendations made in the 2004 study, which remain relevant with adaptations to current conditions.

HOUSING POLICY FOCUSES FOR WEBSTER CITY

This analysis suggests a focus in several specific housing policy directions. These include:

- *An emphasis on strategic market targets that generate community growth.* These primary markets are potential new residents attracted to the area by economic opportunity and attracted to Webster City by schools and community features; and empty nesters/older adults who are either local and seeking a more appropriate housing setting or people from the surrounding vicinity who find Webster City to be an attractive living environment.
- *Producing owner-occupied housing of a scale that meets the price points and volume of probable demand.* This will require expansion of homebuilding capacity and financing to bridge some of the risk of building at scale.
- *Maintaining an adequate supply and variety of buildable lots for different markets.* A community cannot maintain a large inventory of new, vacant houses waiting for buyers. But having a lot supply and the ability to build quickly from models while allowing some level of individual choice allows the city to respond quickly to buyers.
- *Preserving existing housing through more effective rehabilitation programs and making existing housing more attractive for purchase by younger households.*
- *Encouraging construction of multi-family housing* to meet the needs of both low-income residents and of households arriving in the city.
- *Viewing downtown Webster City and its surrounding neighborhoods as key community assets*, and taking full advantage of the residential, entrepreneurial, and quality of life features that this unique main street district offers.
- *Developing a cohesive community marketing program*, designed to reach specific market groups.

Elements of this overall strategy include:

- *Creating a community infrastructure to develop housing for targeted population groups.*

We believe that the current Brewer Creek project, now in negotiation, will succeed because it recognizes both the need to maintain an appropriate home inventory and the financial exposure involved in holding that inventory. However, there are risks involved when the city becomes a guarantor of sales. A housing development infrastructure should be community-based, but also involve private sector resources in key ways. The housing infrastructure should:

- Continue to address obstacles, such as risk exposure to homebuilders that discourage the private sector from building housing or realizing economies of scale than can reduce costs.
 - Create a development mechanism that accomplishes necessary projects that, for various reasons, are unattractive to private builders.
 - Implement a financing mechanism that helps produce strategic products while managing the risk to any individual lender.
- *Developing alternative housing resources for older adults currently residing in affordable, owner-occupied housing.*

Despite new senior development, including Windsor Manor, three of four Webster City households age 65 and over live in owner-occupied single-family homes, many of which fall within “affordable” ranges. This study suggests a market for up to 80 units of independent living senior housing during the next ten years. This kind of an effort can take advantage of Webster City’s natural attraction to seniors as a full-service community, combining small town character and intimacy with city services such as quality health care, churches, and other community institutions.

In addition, senior housing production opens affordable housing to a new generation of homebuyers. Assuming that about 50% of housing in a development for older adults is occupied by local residents, development of 80 units over the next ten years opens 40 single-family units to potential homebuyers, the equivalent of over two years of projected new construction.

- *Implementing effective rehabilitation and housing preservation programs.*

The most economical way of developing affordable housing is maintaining and enhancing the city’s existing housing stock. To preserve housing, the city initiated a low-interest rehabilitation loan program, a rental rehab program, a façade rehabilitation program for the Superior Street corridor, and a property maintenance code. To augment these efforts and given the probability of significant ownership transition during the next ten years, a program should be developed that makes existing housing more attractive to new homebuyers. Making old houses appealing to new buyers, making them a viable alternative to new construction, advances the goals of both community development and affordable housing production.

- *Expanding the capacity for development and the available land supply.*

Webster City, like many similarly-sized communities, lacks subdivision developers and has responded by developing Brewer Creek Estates. With availability of land to expand that project, it is appropriate to begin planning for the western phase of this important project. Development

of buildable, improved lots remains a major role for the city, and should complement a private sector focus on financing specific projects built on that land. The former county hospital site also presents a valuable opportunity for a new community in its urban setting.

Land supply is important but so is expanding the capacity to build on that land. The city's body of traditional, high quality builders is aging and both recruitment and business development programs should be activated to build to market potentials.

- *Create and implement a downtown development program.*

Downtown is both important to Webster City and, in its building stock and fabric, has the ability to become a strong recruitment tool, a center for creative enterprise, and a solution to housing challenges.

- *Establish Webster City as a community of choice for young households.*

Webster City has a number of attractions—a strengthening local business base, a strong school system, great quality of life features, and a positive community image—and a large market to draw from, including Fort Dodge. After instituting a strong, multi-dimensional housing program, the city should market itself aggressively to a new generation of citizens seeking a good place to establish new households.

The following strategies are recommended to address these focuses:

- **A COMMUNITY HOUSING INFRASTRUCTURE**
- **A FOCUS ON STRATEGIC PROJECTS**
- **INFILL DEVELOPMENT**
- **HOUSING AND NEIGHBORHOOD PRESERVATION**
- **DOWNTOWN DEVELOPMENT PLANNING AND IMPLEMENTATION**
- **COMMUNITY MARKETING TO YOUNG HOUSEHOLDS**

A COMMUNITY HOUSING INFRASTRUCTURE

- *The 2004 Housing Plan proposed a Webster City Housing Partnership composed of three elements: a mobilized private sector, a community development entity, and a supporting Lending Consortium. City government is also an integral part of this Partnership. This recommendation remains as relevant in 2013 as it was in 2004.*

Appropriate housing strategy should maximize the role of the private sector and, first, address obstacles that discourage builder participation. Subdivision development in relatively small markets like Webster City is a break-even proposition for private developers at best. The experiences of the Home and Gourley developments probably substantiate that conclusion. As a result, the city (or another public entity) is likely to remain the primary subdivision developer for the foreseeable future, just as civic agencies typically develop industrial parks in small communities.

On the other hand, building and selling houses should most appropriately be done privately. The city's current Brewer Creek project is necessary to get the market started, but a private side community program should address the actual construction phase. As Webster City knows, the obstacles that prevent private builders from developing even a modest inventory of houses include:

- The much higher risk of building affordable homes speculatively than custom-building for a specific buyer.
- The lower profit associated with affordable development.
- The personal financial exposure of building speculative, moderately-priced houses, particularly in large enough quantities to achieve some economy of scale.

The housing "infrastructure" then should include two additional elements:

A Lending Consortium, pooling resources of lenders active in the local market to finance untested or higher risk projects. Other local industries and corporations may also contribute to a lending investment pool. Specific areas of concentration for a consortium include:

- Construction lending to builders of affordable housing. A source of "patient" money that insulates builders from personal financial exposure can encourage builders to develop an inventory of up to five houses, providing economies that can help control construction costs.
- Senior housing.
- Projects developed by a Community Development Corporation, focused around rehabilitation activities and development of projects that the private sector is not undertaking.

The development entity may be a Community Housing Development Organization (CHDO) or a Community Development Corporation (CDC). This type of organization directly develops or organizes affordable housing efforts that are not occurring or practical in the private market.

The Lending Consortium

The Lending Consortium shares the exposure of risky, but strategic housing developments. Webster City has lenders who are actively engaged in the community and who have expressed interest in participating in such an arrangement. The consortium approach can help assure a collaborative approach to lending for unconventional projects. Such a project involves a development for affordable, owner-occupied housing that builds enough homes at on time to provide some economy of scale. In the Brewer Creek project, this responsibility is being borne by the city. A private sector lending consortium is a better way to address this division of labor.

The central missions of the consortium should include:

Construction lending to private builders, particularly single-family or duplex/townhouse projects directed to target markets. Interim financing using a community housing investment fund can help involve small builders in the development of key housing types, while lowering the risk of builders in important, but marginally profitable areas. A construction loan pool eases the flow of capital to strategic projects from individual enterprises to the private community at large.

Rehabilitation financing. The consortium may be the financier of a program that acquires, rehabilitates, and resells existing houses, again sharing the private side exposure among the community's institutions. This program, described below, is likely to be executed by a community development corporation (CDC).

Capitalization of the Consortium and its programs should be accomplished as follows:

- *Proportionate funding by lenders*. An equitable model would be participation in individual loans or in the construction loan pool proportional to overall assets.
- *Corporate contributions and investments*. The Housing Partnership, including the consortium, should finance and develop in the public interest, but should not be a charitable organization. Thus, investments from the city's corporate and industrial community may be an important source of working capital. These investments, creating a community housing investment fund, might be focused on:
 - Construction financings, with shorter-term paybacks, and
 - Long-term financing of key development projects, such as senior housing or affordable rental housing.
- *City assistance*. This should focus more on the development of partnerships than direct financial support. The Partnership may be a vehicle for CDBG, TIF, and HOME-assisted partnerships, which also require city participation and matches.

The Community Development Entity

Community development corporations are private, nonprofit corporations that operate as developers or general partners in affordable housing ventures. CHDO's are nonprofit development corporations with special board membership requirements and are authorized to

receive direct funding from the state-administered HOME program. The proposed Housing Partnership should include such a corporation, and should be a key participant in:

- An acquisition/rehabilitation/resale projects, described in the next section.
- Organization of housing development partnerships with private developers.
- Innovative housing development that the private sector will not otherwise produce.

A FOCUS ON STRATEGIC PROJECTS

- *While needs exist across income ranges in Webster City, the community housing infrastructure should work to implement specific project types that capitalize on specific target markets and opportunities, as discussed above.*

The Webster City housing strategy should provide a number of tools to help establish the city as a place of opportunity for new residents, families and households, and continue its traditional attraction to seniors. The tools should be designed around the special characteristics of the city's housing supply and the income characteristics of current and potential residents. Some project concepts follow:

Brewer Creek Estates West

In order to be appropriately positioned with a supply of improved lots in a proven setting, we believe that Webster City should move ahead with planning and initial design for the expansion phases of Brewer Creek Estates. Criteria for design should include:

- A plan capable of incremental development in phases. Each phase should be complete and avoid producing dead ends.
- Avoid direct lot exposure to US 20, instead designing the edge as a greenway and possible trail connection.
- Provide good internal connectivity to Brewer Creek Park and Trail.
- Avoid single-entrance cul-de-sacs and promote reasonable street linkages.
- Provide opportunities for some smaller lots to reduce infrastructure and land costs per unit.

The County Hospital Site

This site provides an important resource for a mixed population urban housing development. Its six acres can include senior independent living, such as attached townhomes, small-lot urban single-family or attached homes for the general market, and even quality multi-family buildings. The plan should emphasize the site's neighborhood exposure on Ohio Street, access to commercial and health services, and relationship to Brewer Creek Park. We do not believe that it should be placed in a single, institutional use. Rather, it has a real potential to be a unique project that fits its neighborhood setting.

Single-Family Construction

As mentioned above, the private sector should be the primary instrument for affordable single-family development. A CDC should become involved only if the private sector proves unable or unwilling to participate. Construction financing through the Lending Consortium is the primary mechanism for this program, reducing the individual risk for advance building of specific housing types. This technique, combined with subdivision development, permits advance development of a group of houses. This allows the builder to achieve both economies of scale and the expectation of a reasonable return on what has effectively become a multi-unit project. The use of a “patient” construction financing pool that takes a common community risk allows the builder (or CDC if necessary) to avoid a large personal or organizational exposure on such a development.

Other tools, such as the city’s existing Downpayment Assistance Program, Rural Development (RD) mortgages, and first-time homebuyer mortgages through the Iowa Housing Finance Authority, can also be used to support this effort.

Acquisition/Rehabilitation/Resale

Webster City has a substantial supply of older houses, some of which are available while others may soon be for sale as current owners age. Yet, these houses, while relatively inexpensive, are often unacceptable to younger buyers. They may need substantial repair, or require major renovations to meet contemporary tastes. Yet, few young households have the skills or inclination to tackle the proverbial “fixer-upper” house.

An alternative is an acquisition/rehab/resale program executed through a community development corporation. Here, the community development corporation buys and rehabilitates houses for resale to new owners. The consortium finances the acquisition and rehabilitation, with a take-out on the interim financing funded as an FHA or conventional mortgage. Houses are marketed through the normal real estate sales process.

A purchase and resale program can be tandemed with an effort to build affordable housing for seniors, as described below. As with new construction, available tools, such as the city’s existing Downpayment Assistance Program, Rural Development (RD) mortgages, and first-time homebuyer mortgages through the Iowa Housing Finance Authority, can be used to support the acquisition/rehab/resale program.

Rental Development

Rental development should be a fundamental part of Webster City’s housing effort. Alternatives for rental development include:

Conventional rental development. Rental development on a market basis may be part of a downtown development effort, using available upper story space. A market exists for rental development at rents sufficient to create feasible projects with a moderate amount of assistance. Another alternative for low/mod income renters is the Low-Income Housing Tax Credit program. A nonprofit development corporation may act as a general partner for tax

credit projects and, if it is constituted as a Community Housing Development Organization (CHDO), has a special state set-aside for tax credits.

An alternative strategy to consider is a Rent-to-Own program for people who may have long-term commitments to Webster City but are not yet ready to buy a home. This approach provides an opportunity for moderate-income households establishing themselves in Webster City to rent a home while building equity toward eventual purchase. In this program, the CDC builds new rental housing in single-family, duplex, townhouse, or four-plex configurations. These units may be built with the assistance of the LIHTC. A portion of the family's rent is placed in an escrow account that is directed toward downpayment. At the end of a specific period, the residents can then use the accumulated escrow as a downpayment to purchase either a new house or an existing unit.

The rent-to-own program gives young families the opportunity to try out the city as well as building equity and wealth. This program is appropriate to a community that is positioning itself to attract a new generation of residents.

INFILL DEVELOPMENT

- *Webster City should maximize use of vacant sites within the established town, taking full advantage of existing public improvements.*

Redevelopment of vacant or deteriorated sites in Webster City should continue to be a significant part of the city's housing program. Infill development uses existing infrastructure and can help revitalize neighborhoods. The city presently offers tax abatement for new housing construction on infill lots—an important incentive. However, the difficulty of private acquisition of lots discourages infill development. The city should consider acquiring vacant sites for redevelopment by private or nonprofit developers. Design criteria for houses should be established, to ensure visual compatibility with adjacent structures. Public acquisition should only occur if private builders are unable to assemble sites.

The 2004 study identified several opportunity areas with concentrations of vacant lots or distressed properties, including:

- *The area east of the Boone River and north of the fairgrounds*
- *The area north of the railroad tracks and west of Des Moines Street.*
- *Areas west of Superior Street and south of Second Street.*

A successful infill program will involve site research to put together enough nearby homesites to make an impact on the neighborhood and establish their own appraisal levels.

HOUSING AND NEIGHBORHOOD PRESERVATION

- *Webster City should maintain and refine its housing and neighborhood preservation program to strengthen its existing housing supply.*

Since 2004, Webster City has maintained its low-interest owner-occupied loan program, established a rental rehabilitation program, and enacted a property maintenance code. It should continue and tune these efforts and fashion them in ways that maximize participation. Methods for enhancing the programs may include:

- *Improved marketing of the program with on-line and print materials and information.*
- *Providing an allowance for property enhancements while establishing a clear priority on building envelope integrity.*
- *Adding a leveraged rehabilitation loan program.* This approach leverages private loan funds by combining private loans with TIF, CDBG or other public funds to produce a below market interest rate for homeowners

Rehabilitation Focuses

Webster City's neighborhoods display a variety of housing conditions and rehabilitation needs. Understanding these neighborhood reinvestment needs can help focus rehabilitation program marketing and new infill construction activity. Specifically:

- Areas south of the railroad tracks and east of Superior Street display moderate rehabilitation needs. The homes in this area are generally smaller in size and will continue to provide relatively affordable housing, even after rehabilitation.
- Areas north of the railroad tracks and west of Des Moines Street have moderate to major rehabilitation needs. This area also contains mostly lower cost homes.
- The area bounded by Superior, Second, Beach, and Ohio (except for the southwest corner which is post WWII) has several houses with minor rehabilitation needs and only a few requiring major rehabilitation. Increased home values are likely to result from more rehabilitation activity in this district.
- Areas of the city north of the Boone River along Des Moines Street, south of Brewer Creek, and west of Beach Street were developed after World War II and are in substantially sound condition.

DOWNTOWN DEVELOPMENT PLANNING AND IMPLEMENTATION

- *Webster City should complete a development-based downtown plan that identifies and evaluates housing and other reuse opportunities and establishes an implementation program.*

While creating a downtown investment strategy is beyond the scope of this study, we believe that such a plan, coupled with an implementation program, is necessary. Previous downtown

efforts have concentrated on the public environment – streets, sidewalks, lighting, streetscape, and interpretation. This effort should address the built environment behind the property lines, analyzing the reuse and economic dynamics of key buildings in the main street district. These buildings may find new life as instruments of housing policy and, in turn, create a much stronger downtown district. A critical part of a downtown development plan must be examination of the economic s of adaptive reuse, including proformas and financing requirements. It must view downtown as a real estate reinvestment district that can enrich Webster City as both a housing neighborhood and strengthen its regional competitive position.

COMMUNITY MARKETING TO TARGET HOUSEHOLDS

- *Webster City should develop a community marketing program designed to promote the values of its community life and indicating that it is “open for business” as a place for its target households, young and old, to establish themselves.*

Marketing Program

The program should include readily available digital, social media, print and video material to promote aspects of life in the city. The program should be directed toward major groups such as new regional households and should establish the city as a logical choice of residence. This information should be distributed around the region. The information should address:

- Housing programs and approaches tailored to the needs of prospective households.
- Job and career opportunities available in Webster City as appropriate.
- Community features and amenities.
- A directory of key local services and contacts.
- Volunteer opportunities in the city.
- A guide to housing availability and development/financing programs.

The purpose of the program is to demonstrate the attractions of life in Webster City, and communicating its welcoming message to succeeding generations of residents. In addition, it helps to build a larger regional market for housing initiatives identified in this plan.

