

Chapter 6

Housing



INTRODUCTION

Housing is a basic need for all people, and is an important factor in community planning efforts. Housing is many homeowners' largest source of personal wealth and is usually their largest expenditure. According to the US Bureau of Labor Statistics, in 2010 housing accounted for more than 35% of consumer spending. Housing has a large impact on individual quality of life within a community. Where people live affects who their friends are, where their children go to school, job opportunities, and many other aspects of daily life.

Housing is one of local government's most important issues. In cities, housing can account for 50% of land uses, and residential property tax revenues make up a large portion of local government budgets. Because of its high level of importance, housing affects all other planning elements listed in this plan. Public services people require, how much those services cost, and who should pay for them all depend on where, how, and at what densities people live. Of the services provided by local governments, transportation is one of the most impacted by housing. Individual travel behavior is greatly affected by where people live, and as a result, housing and transportation planning must be closely coordinated.

Housing serves an important role in the regional economy, as it affects employers' ability to attract and retain good quality employees. If housing costs are too high or if supply is limited, employers may lose employees to other regions. The housing sector also employs many workers within the region. Builders, lenders, construction workers, and real estate brokers are an important part of the regional economy.

Quality housing is the foundation of a stable community. To be effective, community planning efforts must be integrated into a community's housing policies. The objective of this chapter is to encourage a diverse housing stock that serves people at all income levels and at all stages of life.

HOUSING OCCUPANCY

The US Census Bureau provides information on housing through the Decennial Census and the American Community Survey (ACS). The following tables from the Census and from the City and County depict the most important aspects of housing in the City of Maquoketa.

Housing Occupancy

As of the 2010 Census, the City of Maquoketa had 2,856 housing units, an increase of 59 units from the 2000 Census. Of the 2,865 total units, 201 were vacant, resulting in a vacancy rate of 7.0 percent.

Table 5. Maquoketa Housing Occupancy

	2000		2010		2017	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	2,797	-	2,856	-	2,937	-
Occupied Housing Units	2,614	93.5%	2,655	93.0%	2,643	90.0%
Vacant Housing Units	183	6.5%	201	7.0%	294	10.0%

Source: US Census Bureau Decennial Census 2000, 2010 and ACS Estimates 2013-2017.

Table 6. Maquoketa Housing Tenure

	2000		2010		2017	
	Number	Percent	Number	Percent	Number	Percent
Total Occupied Housing Units	2,614	-	2,655	-	2,643	-
Owner Occupied	1,759	67.3%	1,732	65.2%	1,778	67.3%
Renter Occupied	855	32.7%	923	34.8%	865	32.7%

Source: US Census Bureau Decennial Census 2000, 2010 and ACS Estimates 2013-2017.

Maquoketa's 2010 vacancy rate was lower than the State Iowa rate 8.6 percent. ACS estimates indicate that the vacancy rate may have increased since 2010. 2017 ACS data shows a 10 percent vacancy rate, though it is difficult to know for sure because of the small number of units and the margin of error in the ACS data. Table 5 displays Maquoketa's housing occupancy data.

Housing Tenure

Of the 2,655 occupied housing units in Maquoketa in 2010, 65.2 percent were owner occupied and 34.8 percent were renter occupied. Overall the renter/owner split has stayed about the same since 2000. When compared with Jackson County and the State of Iowa, Maquoketa has higher rates of renter-occupied housing. In 2010 rentals made up 24.0 percent of all Jackson County occupied housing units. Statewide, renters accounted for 27.9 percent. Table 6 includes Maquoketa's housing tenure data.

HOUSING STOCK

The majority Maquoketa's dwelling units are in single-family structures. Single-family structures make up 73 percent of the City's housing units. Multi-family structures account for the second largest number of units with 16 percent. Mobile homes make up a significant percentage of dwellings in Maquoketa. 10 percent of Maquoketa dwelling units are mobile homes. Mobile homes make up 4 percent of all dwelling units countywide. Table 7 provides a breakdown of housing units by structure type for Maquoketa based on 2015 information from the Jackson County Assessor.

New Construction

Builders constructed a total of 37 new homes between 2006 and 2018. Table 8 shows the number of new housing units constructed by year.

Table 7. Housing Unit Structure Type

Structure Type	Housing Units	
All Dwelling Units	2,647	
Single Family Units	1,932	73%
Multiple Unit & Apartment	419	16%
Mobile Home	259	10%
Condominium	37	1%
Townhouse	-	0%

Source: Jackson County Assessor, 2015



Examples of Existing Housing in Maquoketa. Top left Home on W. Maple Street Top Right Homes on N. 5th Street
Bottom Homes on Country Club Drive

Table 8. Maquoketa New Housing Construction

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
2	6	2	1	1	4	6	6	2	1	3	1	2

Source: City of Maquoketa

Housing Affordability

Housing costs as a percent of household income is a generally used measure of housing affordability. As a rule of thumb, spending less than 30 percent of income on housing is generally considered to be affordable. Households spending more than 30 percent are considered to be cost burdened and may have difficulty affording other necessities such as food, clothing, transportation, and medical care.

The housing affordability analysis presented in Table 9 was developed for the 2015 Jackson County Housing Needs Assessment. The analysis estimates the minimum household income required to afford a home at different price levels for both 30 percent and 20 percent of household income. The monthly payment was calculated assuming a good credit score and a thirty-year mortgage with a 4 percent annual interest rate and 10 percent down. The analysis also includes an estimate of additional housing costs including an annual 1.25 percent for property tax, an annual 0.5 percent for PMI insurance, and \$200 per month for utilities.

Based on the affordability analysis, the majority of households in Maquoketa could afford to purchase an entry level home if they are willing or able to spend 30 percent of their income on housing. Dropping the percentage down to 20 percent drops the number of households that could afford a home significantly. For example, at 30 percent the analysis finds that a \$250,000 house is affordable to 34 percent of Maquoketa households. At 20 percent, that same \$250,000 house is affordable to 9 percent.

Most people in the Maquoketa area pay less than 30 percent of their income on housing. Table 10 shows housing costs as a percentage of household income for housing units with a mortgage in Jackson County. The data indicates that many lower income households with a mortgage spend 30 percent or more of their income on housing. However, as income increases the percentage of income spent on housing goes down. 100 percent of households making less than \$20,000 spend 30 percent or more of their income on housing. For households making \$75,000 or more, only 4 percent spend 30 percent or more while 73 percent spend 20 percent or less of their income on housing. The income divide indicates that most households would prefer to spend 20 percent of their income on housing if they can.

Housing affordability is a bigger issue for renters than owners as around 45% of renters in Jackson County are living below the federal poverty line. Federal programs are in place to assist families that are cost burdened by housing. In the Maquoketa area federal housing programs are administered by the Eastern Iowa Regional Housing Authority (EIRHA).

Table 9. Jackson County Housing Affordability Based on Household Income

Housing Affordability	Entry Level	Move Up	Executive
Home Value	\$100,000	\$160,000	\$250,000
Down Payment 10%	\$10,000	\$15,000	\$25,000
Loan Amount	\$90,000	\$145,000	\$225,000
Interest rate	4.00%	4.00%	4.00%
Number of Payments	360	360	360
Monthly Payment	(\$477.42)	(\$763.86)	(\$1,193.54)
Property Tax Estimate	(\$125.00)	(\$200.00)	(\$312.50)
Monthly Utility Estimate	(\$200.00)	(\$200.00)	(\$200.00)
PMI Estimate	(\$33.33)	(\$53.33)	(\$83.33)
Subtotal Monthly Costs	(\$835.75)	(\$1,217.20)	(\$1,789.37)
Housing Cost as % of Income	30%	30%	30%
Minimum Income Required	\$33,429.95	\$48,687.91	\$71,574.86
Affordable to Percent of Jackson County Households	57%	47%	34%
Housing Cost as % of Income	20%	20%	20%
Minimum Income Required	\$50,144.92	\$73,031.87	\$107,362.29
Affordable to Percent of Jackson County Households	47%	35%	9%

Table 10. Housing Costs as a Percentage of Household Income for Housing Units with a Mortgage in Jackson County

Household Income	Number of Households	Percent of HH Income Spent on Housing Costs		
		Less than 20%	20% to 29%	30% or more
Less than \$20,000:	210	0%	0%	100%
\$20,000 to \$34,999:	303	5%	33%	62%
\$35,000 to \$49,999:	657	14%	45%	41%
\$50,000 to \$74,999:	880	49%	31%	20%
\$75,000 or more:	1473	74%	23%	4%
Zero or negative income	8	0%	0%	0%

Source: US Census Bureau Decennial Census 2000, 2010 and ACS Estimates 2013-2017.

HOUSING PRIORITIES

Maquoketa should strive to have a variety of affordable, good quality housing for people at all stages of life. This includes having a range of housing types, sizes, and prices. As people move through life, their housing needs change. A single person in their twenties just starting out in the workforce may only need a one-bedroom apartment. As they grow older, become more stable in their career, and start a family they will likely look for a larger home with more space. When they reach mid-life and children move out on their own, they may want to downsize to something smaller with less maintenance. As they approach the later stages of life, they may begin looking for accessible housing, assisted living, or a nursing facility depending on their needs.

Workforce Housing

Workforce housing is one of Maquoketa's biggest needs and is also one of its biggest challenges. 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. A primary factor in a community's ability to attract workers is quality housing that is affordable to middle income households.

Maquoketa's current housing supply has a number of good options available for working families. The community's median household income is \$46,173. Based on the assumptions of the affordability analysis presented in Table 4, a median household would be able to afford a house priced between \$90,000 and \$150,000. Maquoketa has a supply of exiting units in this price range. However, the challenge for the community has been adding new units at this price point. Most recently constructed homes in Maquoketa have been priced \$200,000

and above. Local developers have reported that building single family homes priced lower than \$200,000 is difficult due to high construction costs.

Households in the median income range represent a large portion of the City's population and likely represent its best opportunity to grow. However, a limited supply of units that would be affordable to these households will limit the City's growth potential.

Quality Rental Housing

Quality rental housing can fill some of the need for workforce housing and may be a good way to attract younger workers and their families. 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 Maquoketa. Quality rentals can also be an attractive option for older residents who do not want the responsibility of maintaining a home.

New Construction

Construction of new housing will be important for Maquoketa's future as new housing units will be needed to accommodate the future population growth desired by the community. Existing vacant units will fill some of the demand and rehab of existing units will help, but if the City wants to grow, new construction will be necessary.

In recent years new construction has been limited. Between 2006 and 2018 builders have constructed 3 new homes in Maquoketa. Based on the community's household income distribution, the City should anticipate the need for additional housing at all price ranges, but the greatest need will be from the middle income/workforce housing segment.

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 housing projects employ a combination of funding sources and are the result of partnerships between the City, state government, private investors, and local economic development agencies.



New home under construction in Maquoketa

Housing Stock Maintenance

A good portion of Maquoketa's housing stock is composed primarily of older single-family homes. The median year of construction for housing structures in Maquoketa is 1976 and about a quarter of the units in the City were built prior to 1940. Older homes can provide excellent housing and can add to the unique character of the community. Maintenance of older homes, on the other hand, can be a burden.

Continued maintenance of existing housing stock will be vital to the community's future. Even with accelerated new housing construction in the future, older units will still make up a considerable 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. Maquoketa 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 implementation.**
- **Non-profit 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.

Rental Inspection Ordinance

The City is in the process of implementing a rental inspection ordinance that the City Council adopted in 2015 and went into effect July 1, 2016. The ordinance requires the owners of rental properties to register their property with the City and obtain a permit before offering the property for rent. To receive a rental permit, the property must pass a City rental inspection by meeting the minimum requirements set in the rental ordinance. If the unit does not meet City standards, the City notifies the property owner, and the owner has the opportunity to address the issues prior to a re-inspection. After a rental permit is issued, the City will conduct inspections on a three-year rotation.

After the effective date of the ordinance on July 1, 2016, the City began the process of inspecting all the units in the City by inspecting approximately 300 units per year for three years. The program has already had a significant impact. In the first two years of the program 60 percent of the units failed their initial inspection. Issues with the failing units were addressed, significantly bettering the overall quality of the City's rental housing supply and improving health and safety for the community's renters.

Changing Housing Needs

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 Maquoketa. Census data shows a decrease in household size over the past several decades. Numerous factors have led to this decline including families having fewer children, an 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 Maquoketa 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 plan for additional mid-sized owner-occupied units like townhouses and smaller single-family homes. Mid-sized units provide workforce housing, and a more compact footprint can reduce infrastructure costs like streets, water, and sewer.
- Residents may be looking to modify older homes to meet the needs of their specific household. The City could evaluate its building regulations 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. Accessory dwellings are sometimes called 'granny flats' as they are used for elderly parent housing.
- 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 the community tax base by improving underutilized space in existing buildings.



Homes on S. Prospect St

Age Friendly Housing

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, Maquoketa 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. 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 homes 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. Offering smaller low-maintenance housing could also be attractive to seniors looking to downsize. If good quality downsize options are available, seniors may choose to move, freeing up larger homes for new families.

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 places. The increase in retirements presents a challenge for employers, who must now recruit new employees to replace retiring employees, but new worker employment presents an opportunity for a community like Maquoketa. Employers in Maquoketa 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 Maquoketa is able to attract younger workers to live in the community, they may develop ties to the community and choose to stay long term.

HOUSING PROJECTS

Bear River Cottages Pocket Neighborhood

The Bear River Cottages Pocket Neighborhood is a future housing development in Maquoketa aimed at providing moderately priced homes for workforce housing. The development will include 10 homes that will be sold at \$160,000 or less for households at or below 80% to 100% of the County Median Income.

The Pocket Neighborhood design concept focuses on clustering homes around common amenities. All ten homes will face inward to a common courtyard area with a community garden, gazebo, and playground. Front porches, picnic areas, and an outdoor grilling area will encourage neighbor interaction and foster community relationships. The neighborhood will be located near jobs, schools, parks, hospital, grocery and other essential services. Homes will be designed to reduce stormwater runoff with native landscaping and permeable pavers. Energy efficient appliances and other features will keep owner costs low.

The East Central Development Corporation (ECDC) is partnering with the Eastern Iowa Regional Housing Corporation (EIRHC), EIRHC Housing Trust Fund, the City of Maquoketa, Jackson County, Jackson County Economic Alliance, University of Iowa Sustainable Communities Program, Iowa Area Development Group, and the Realtors Association to develop the project.

Overall, total development cost for the 10 homes including land and water/sewer infrastructure is \$2.5 million. Infrastructure costs will be funded through Tax Increment Financing. The County is donating 2.5 acres of land. Construction is the responsibility of ECDC and as homes are sold, buyers will obtain a first mortgage to pay off ECDC's construction loan. Because of two grants for the construction of the homes, and down-payment assistance (if approved), ECDC is able to offer them for \$135,763 each. The timeline for the project is to break ground on the first home in 2019, and build a total of three homes that year, construct five homes the next year, and build the last two the following year.



Upper Story Housing Rehab

A planned housing project will look to create new quality housing by turning vacant upper stories of Downtown Maquoketa building into new housing units. The project will create four apartments in the vacant upper story of 124 South Main, which houses the Maquoketa Art Experience and the Maquoketa Area Chamber of Commerce on the first floor. The total estimated cost of the project is \$990,000. The State of Iowa awarded a \$500,000 Community Development Block Grant (CDBG) to the project through a pilot program intended to rehabilitate upper floors of downtown buildings. The City of Maquoketa is contributing \$40,000 to the project and the property owner will fund the remaining \$450,000.

The successful grant application was the result of a collaborative public/private effort that included the building owner, Jackson County Economic Alliance (JCEA), East Central Intergovernmental Association (ECIA), the Maquoketa Chamber of Commerce, 563 Design, and the Maquoketa Art Experience. The project team hopes to start construction in 2020. If successful, this project will serve as a model for other downtown businesses with vacant or underutilized upper stories.



124 South Main St.



Home on Longview Drive

HOUSING RECOMMENDATIONS

The following recommendations are intended to guide the City of Maquoketa in providing safe affordable housing for all residents of the City.

Housing

- Encourage a diverse housing stock that serves people at all income levels and at all stages of life.
- Support the creation of new housing to support the community's desired population growth.
- Update Housing Needs Assessment on a regular basis.

Maintenance, Rehabilitation, and Redevelopment

- Support redevelopment of existing vacant or underutilized structures such as upper floors of downtown buildings.
- Encourage rehabilitation of existing homes.
- Support community volunteer efforts to assist those in need with home maintenance tasks.

New Construction

- Identify areas for future housing development in the City's future land use maps.
- Encourage infill housing development in Maquoketa's existing neighborhoods.
- Review existing development regulations and incorporate flexibility as a way to reduce development costs and allow housing types that meet the current needs of the community.

Rental Housing

- Support the development of quality, affordable rental housing.
- Support education and training efforts to improve relationships between tenants and landlords.
- Improve the quality Maquoketa's rental housing stock through the City's rental permitting and inspection program.