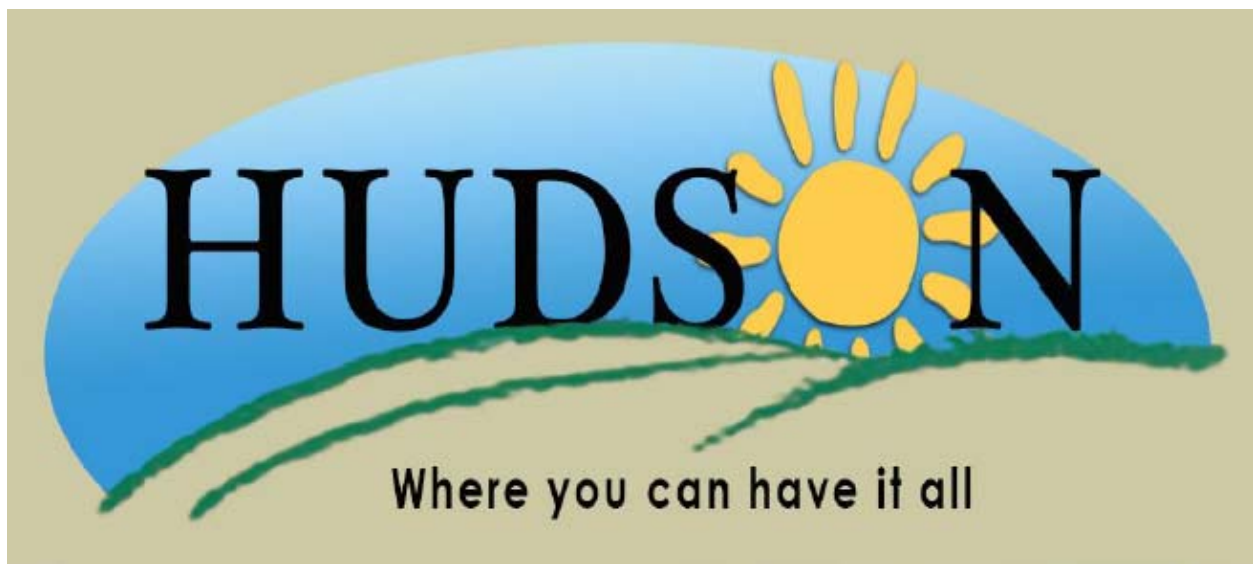


Hudson, Iowa

Housing Needs Assessment 2017



Prepared by Iowa Northland Regional Council of Governments

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Executive Summary

This Housing Needs Assessment provides an overview of Hudson's housing stock, placed in the context of the City's history, community services and amenities, demographics, and economic characteristics. Hudson's existing and projected future housing supply are compared to its current and projected housing needs, and recommendations are given for increasing the amount and variety of housing units in the City. The Housing Needs Assessment includes the following findings:

- Since World War II, Hudson's population has grown almost continuously in tandem with the populations of Cedar Falls and Waterloo. While the City has maintained a distinctly rural character, it has a younger housing stock than many other rural communities in Iowa.
- Much of Hudson's land area is in the Black Hawk Creek floodplain. The City has largely been successful in steering development away from flood-prone areas, although flash flooding hazards may increase in the future due to new residential development and agricultural activities.
- The median age of Hudson's residents increased between 2000 and 2010, and the number of residents in most childhood and prime working-age adult cohorts decreased. This population aging, along with tighter open enrollment rules in Iowa in recent years, have contributed to declining enrollment in Hudson's schools. However, new residential developments and growth in two key age cohorts are expected to contribute to school enrollment growth in the near future. Hudson's schools remain highly desired by families with children in the Waterloo/Cedar Falls area, although housing options for young families are limited.
- Hudson is a relatively prosperous community, and its current housing stock is both a product of the City's socioeconomic composition and a driver of it. Housing opportunities are limited for renters and low- and moderate-income homebuyers in Hudson, including many people who work in Hudson but live elsewhere. The rental vacancy rate was estimated to be 0% by the 2015 American Community Survey, and the average annual laborshed income of \$41,808 is well below the level needed to buy a home at the median sale price of \$178,500 in Hudson. As a result, "starter homes" in the City tend to spend less time on the market than higher-end homes.
- Compared to similar rural communities in the region, such as Denver and Jesup, Hudson has a relatively tight homebuyer market. Home prices are relatively high, while volume of sales and the time that homes spend on the market are relatively low.
- Based upon current building and demolition rates, along with other factors, Hudson is expected to add 66 new housing units by 2030. By contrast, the City is expected to have a demand for 119 to 199 new units by 2030, resulting in a deficit of 14 to 94 housing units. Hudson currently issues an average of 7 building permits annually, but may need to issue a total of 8 to 13 building permits annually by 2030 to meet future housing demand.

- No large-scale business development is predicted in Hudson, but some small businesses are opening or expanding facilities in the City, attracted by the City’s location and favorable business climate. If Hudson develops a wide range of housing options, it will have a better chance of enticing some of these new employees to live in the City.
- Overall, Hudson has two broad categories of unmet housing needs:
 - **Moderately priced “starter homes” for sale** – These homes would provide housing options for young families, low- and moderate-income workers who commute to Hudson from other communities in the region, and some employees of businesses that are locating and expanding in Hudson.
 - **Expanded rental housing stock** – Increased rental housing would reduce pressure on Hudson’s current rental stock, and would provide additional options for young families, people employed in Hudson, seniors, and people with disabilities.
- The Housing Needs Assessment concludes with a list of proposed goals, objectives, and implementation steps to maintain and expand Hudson’s housing stock. These recommendations provide options for Hudson to promote housing options for different income levels and household types, in a manner that preserves the City’s fiscal and environmental resources and complements new commercial and industrial development.

Introduction and Purpose

Hudson is a rural city bordered by Cedar Falls to the north and Waterloo to the east. Hudson has experienced moderate population growth since recovering from the Farm Crisis of the 1980s, although its population is aging. The City has maintained a distinct character and a commercial and industrial presence since its founding, and is in a position to benefit from Black Hawk County's steady growth.

City leaders, recognizing a need to plan for the housing demands of Hudson's growing and changing population, contracted with the Iowa Northland Regional Council of Governments (INRCOG) in March 2017 to conduct a Housing Needs Assessment. This document reviews Hudson's history and current conditions, including population change and demographics, income and employment, current housing stock, and future housing supply and demand. Attention is given to the housing needs of different demographic groups, including young families seeking to raise their children in a distinctive community with a high quality of life, and aging baby boomers.

History and Background

Hudson was originally platted in 1857, and grew rapidly during the 1860s as an agricultural community. Many of the buildings constructed during the City's early years are still standing. The extension of a railroad line through Hudson in 1883 contributed to the City's development. Hudson experienced rapid and sustained growth between 1950 and 1980, driven in part by population growth in Cedar Falls and Waterloo. This period of rapid growth in Hudson coincided with exurban development across the nation, as families in the emerging middle class received mortgages with underwriting terms that favored development outside central cities. However, Hudson has consistently had a broader commercial and industrial base than a "bedroom community."

Quality of Life and Community Character

Hudson prides itself on its combination of rural character and close proximity to Black Hawk County's two largest cities. The City supports community activities and events throughout the year, including book clubs, story times, coffee and music socials, and other gatherings at the Hudson Public Library; an annual dodgeball tournament; a citywide garage sale; and the "Hudson Days" annual parade and car show. Hudson offers several options for outdoor recreation, including city parks, a golf course, a skateboard park, softball and soccer fields, kayak access to the Black Hawk Creek Waterway Trail, and a bicycle path linked to the Cedar Valley Trail system.

Natural Resources and Environmental Hazards

Hudson's developed core is located at the City's southernmost end, with scattered residential and commercial developments in the northern and central portions. Hudson's soils are ideally suited to agriculture, and most of the City's land area is devoted to corn and soybean cultivation. Black Hawk Creek flows from southwest Hudson to the City's eastern border, and is flanked by the heavily forested

Black Hawk Greenbelt. The City's topography is relatively flat along the floodplain, with undulating hills in the agricultural area.

According to the *2015 Updated Multi-Jurisdictional Hazard Mitigation Plan for Black Hawk County*, the most probable environmental hazards in Hudson include river flooding, flash flooding due to intense rainfall in a short period, wildfires, tornadoes, and other types of severe storms. Flood hazards are especially relevant to planning for housing development and other land use activities that affect residential areas. Black Hawk Creek poses a substantial flood hazard in Hudson, and several flood events in the last decade have caused some property damaged in developed areas. However, the City has been largely successful in prohibiting growth in the Black Hawk Creek floodplain. According to the Federal Emergency Management Agency (FEMA), ten (10) residential units and several streets are located in the flood hazard area. However, Hudson has no "repetitive loss" properties, defined by FEMA as an insurable building for which two or more claims of more than \$1,000 were paid by the National Flood Insurance Program (NFIP) within a ten-year period.

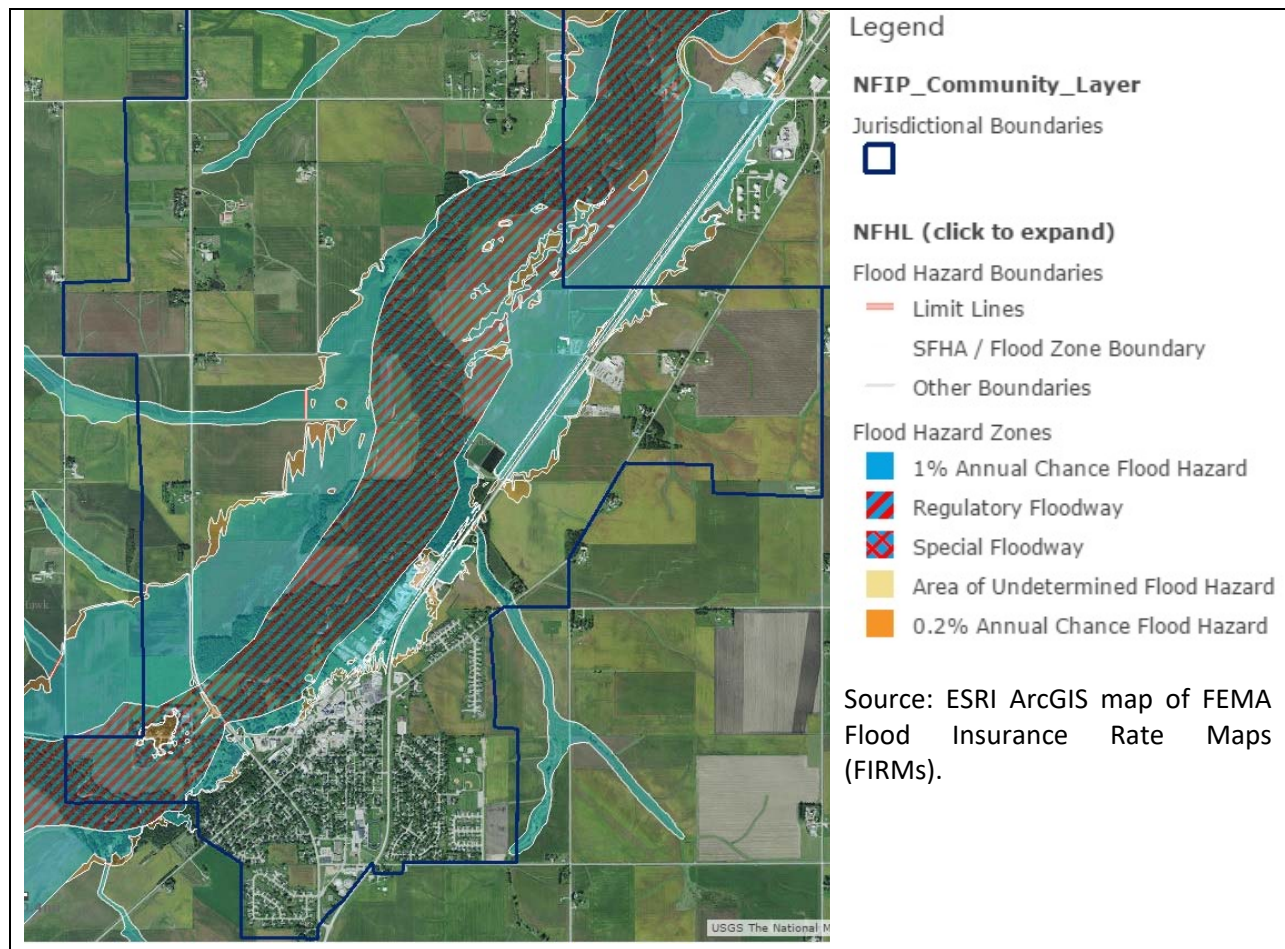


Figure 1: Floodplain in Hudson

No known flash flooding has occurred in Hudson in the last two decades, although nearby Orange has experienced three flash floods since 2010, and Cedar Falls Junction experienced a flash flood in 2010. Between the occurrence of flash floods in nearby communities and increased runoff from new development in Hudson, the *Hazard Mitigation Plan* predicts that Hudson will experience at least occasional flash flooding in the future. Additionally, recent tiling and drainage activity in farm fields near the floodplain may increase discharge to Black Hawk Creek and its tributaries during some storm events.

Public Infrastructure and Utilities

Hudson's main roadways include US Highway 63, US Highway 20, and Iowa State Highway 63. The City's 21.93 miles of roadway are maintained by the Public Works Department. Additional services provided by the Public Works Department include snow and ice removal, dust abatement, traffic sign maintenance, mosquito control, and park maintenance.

The City of Hudson provides water, sewer, and stormwater services to residents, and contracts with Black Hawk Waste to provide garbage and recycling services. The City does not operate any municipal water wells, but rather purchases an average of 65 million gallons per year from Waterloo Waterworks. Water is stored in a 250,000-gallon tower, but the City plans to construct a new 350,000-gallon tower by 2030. The City currently bills for 979 active residential water meters. Hudson's wastewater treatment facility provides secondary treatment and is designed for a capacity of 500,000 gallons per day. The average load is 199,000 gallons per day, although the reported peak load is 740,000 gallons per day.

Community Services

Hudson has a high-ranking public school district, with grades K-6 collectively ranked as "Commendable" and grades 7-12 ranked as "High-Performing." The district includes one school each for elementary, middle, and high school students. School district enrollment declined from 788 in the 2006-2007 academic year to 692 in 2016-2017. While both open enrollment and resident enrollment declined over this time period, the percentage of open enrollment students declined from 17% to 12%. This decline may reflect recent changes in state law that made requirements for open enrollment more stringent.

Notably, enrollment at Hudson Elementary School experienced a net increase of 38 students between 2006-2007 and 2016-2017. Open enrollment accounts for a lower percentage of Hudson Elementary's enrollment than it does for the middle and high schools. Taken together, the Hudson Community School District interprets these trends as "suggest[ing] that we are enrolling greater numbers of resident students, making the district less reliant on open enrollment" (*HCS D Certified Enrollment for the 2016-2017 School Year and Five Year Enrollment Projections*).

Overall, the District's projections indicate that enrollment will grow to 727 by the 2021-2022 academic year, not accounting for the possible future impact of residential growth in several subdivisions. The District frequently receives inquiries from parents who wish to enroll their children in its high-performing schools. With restrictions on open enrollment, the availability of affordable housing stock for families with children may impose an upper limit on the District's enrollment growth.

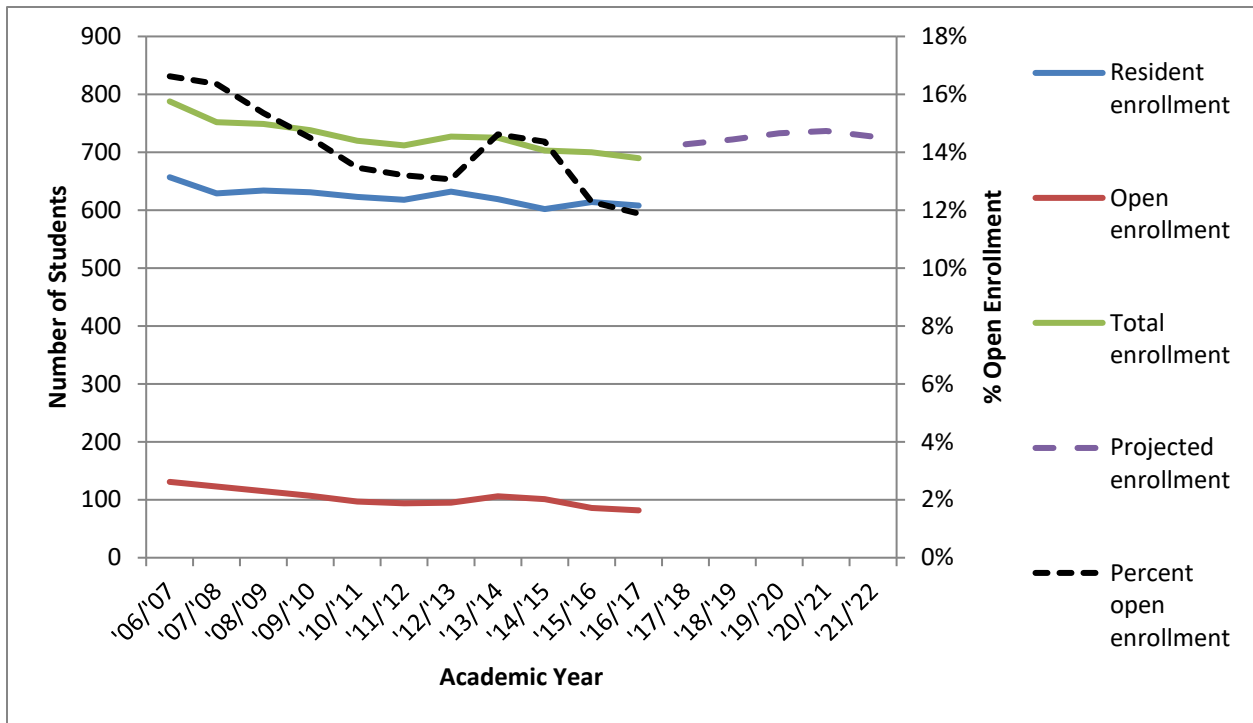


Figure 2. Enrollment in Hudson Community School District.

Source: Hudson Community School District Certified Enrollment for the 2016-2017 School Year and Five Year Enrollment Projections.

The City of Hudson also provides fire, rescue, and police services. The City’s Fire and Rescue Department is staffed by 33 volunteers, all of whom are certified as Firefighter I or Firefighter II by the Iowa Department of Public Safety. The Fire and Rescue Department is a Certified Provisional Paramedic Service, and both ambulances used by the Department are certified as advanced care units. The City’s Police Department includes seven police officers, and responded to over 4,000 calls for service in 2016.

Demographic Overview

Over the past century, Hudson grew from a village of fewer than 500 people to a town of over 2,000. Most of this growth happened in the postwar years of 1950 to 1980, as Black Hawk County’s population grew rapidly and a combination of growing prosperity and easy access to mortgage credit allowed many families to settle in suburban areas. Hudson, like Black Hawk County and communities throughout Iowa, experienced a population decrease during the Farm Crisis years of the 1980s. However, Hudson’s population has recovered since 1990, reflecting a moderate increase in Black Hawk County’s overall population. Hudson’s growing population stands in contrast to that of many other rural Iowa communities, where populations are stagnant or declining.

According to the population projections shown in Figure 3, Hudson will experience a population increase of about 300 to 500 people by 2030. The highest 2030 population estimate of 2,793 people was obtained from a linear projection of the 1950-2010 population increase – an average of 256 people per decade. The lowest 2030 population estimate – 2,527 people – was obtained from a linear projection of the 2000-2010 population increase, or 123 people per decade. A geometric projection of the 2000-2010 population increase (6% per decade) yields a population projection similar to the linear projection from 2000-2010 (2,557 people).

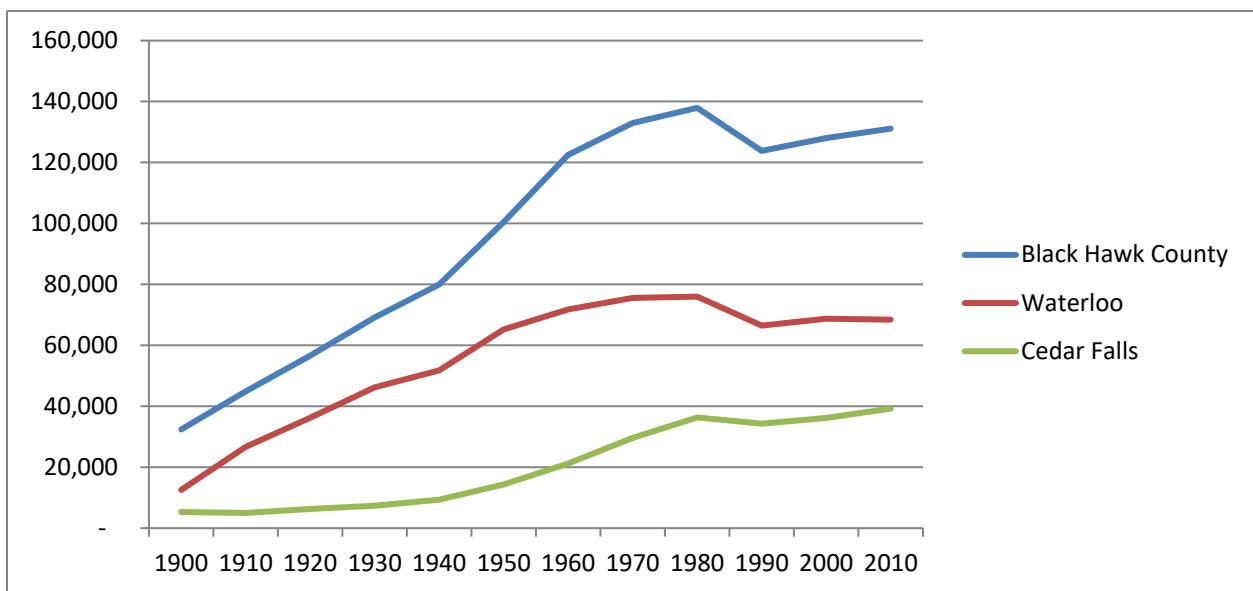
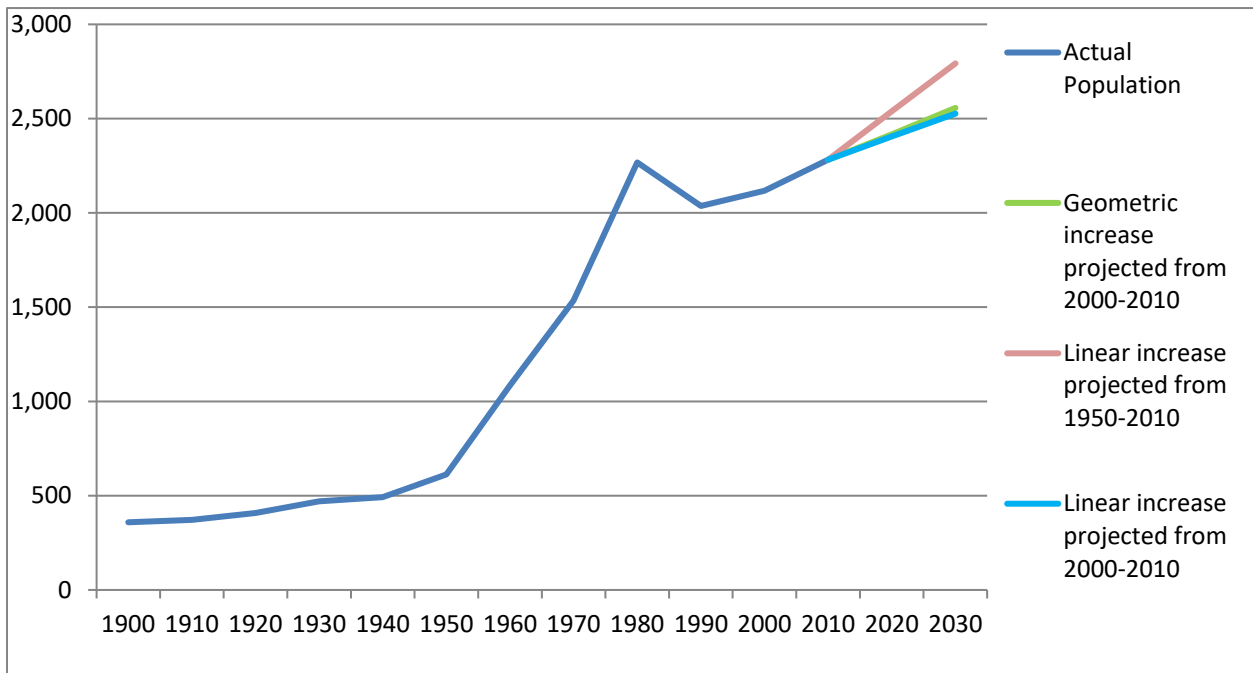


Figure 3: Population Trends in Hudson, Black Hawk County, Waterloo, and Cedar Falls

Source: U.S. Census Bureau data from Iowa State Data Center, population projections by INRCOG

Table 1 below shows demographic data for 2000, 2010, and 2015 from the U.S. Census Bureau. The 2000 and 2010 numbers are complete counts from the Decennial Census, but the 2015 data is from the 5-year American Community Survey estimates. These estimates are derived from data collected between 2011 and 2015, and have high margins of error because of Hudson’s small population size. As a result, ACS estimates cannot readily be compared to Decennial Census data, and are especially unreliable for small numbers. They are provided in the table below for informational purposes.

Table 1: Hudson Demographics

Demographic Variable	2000	2010	2015 (estimate)	2015 (margin of error)
Total Population	2,117	2,282	2,391	+/-227
Age				
Median Age	38	41.7	42	+/-5.0
Under 18	29%	26%	27%	not calculated
25 to 44	27%	23%	24%	+/-4.3 percentage points
65 and older	11%	14%	12%	+/-2.8 percentage points
Households and Families				
Average Household Size	2.69	2.6	2.53	+/-0.18
Average Family Size	3.1	2.94	2.99	+/-0.18
Family Households (% of households)	77.9%	78.4%	74.6%	+/-6.4 percentage points
Households with Children (% of households)	39.5%	33.7%	33.9%	+/-5.6 percentage points
Race and Ethnicity				
White	98.5%	98.1%	99.6%	+/-0.6 percentage points
Black/African-American	0.2%	0.3%	0%	+/-0.8 percentage points
American Indian/Alaska Native	0%	0%	0%	+/-0.8 percentage points
Asian/Pacific Islander	0.4%	0.5%	0.1%	+/-0.5 percentage points
Other race	0.7%	0.7%	0.3%	+/-0.8 percentage points
Two or more races	0.2%	0.4%	0%	+/-0.8 percentage points
Hispanic or Latino (of any race)	0.7%	1.6%	0.3%	+/-0.5 percentage points
Disability				
People with a Disability			179	+/-52
% of Population with a Disability			7.5%	+/-2.2 percentage points

Source: 2000 and 2010 Decennial Census, 2015 5-year American Community Survey (ACS)

Between 2000 and 2010, Hudson’s population grew by 8%, from 2,117 to 2,282. The median age increased from 38 to nearly 42, a trend seen in many other rural Iowa communities. The shares of children and prime working-age adults (25 to 44 years old) in Hudson declined between 2000 and 2010,

while the senior share of the population (65 and older) increased. The average size of Hudson’s households and families decreased, which is common when a community’s median age increases. It most likely reflects an increase in empty-nesters as adult children start their own households. Although family households (as a percentage of all households) increased slightly between 2000 and 2010 (77.9% to 78.4%), the percentage of households with children decreased from 39.5% to 33.7%, reflecting the overall decrease in the percentage of the population below 18.

Figure 4 below shows the age distribution of Hudson’s residents in more detail. Overall, between 2000 and 2010, the age distribution shifted toward older age brackets, with declines in most childhood age cohorts and increases in age brackets 45 years and older. However, increases were seen in the 0-5 and 25-34 age brackets, which may suggest that young families are moving to Hudson, or some young adults who came of age in Hudson are staying in the community and starting families. This trend supports the Hudson Community School District’s prediction of increasing enrollment over the next five years.

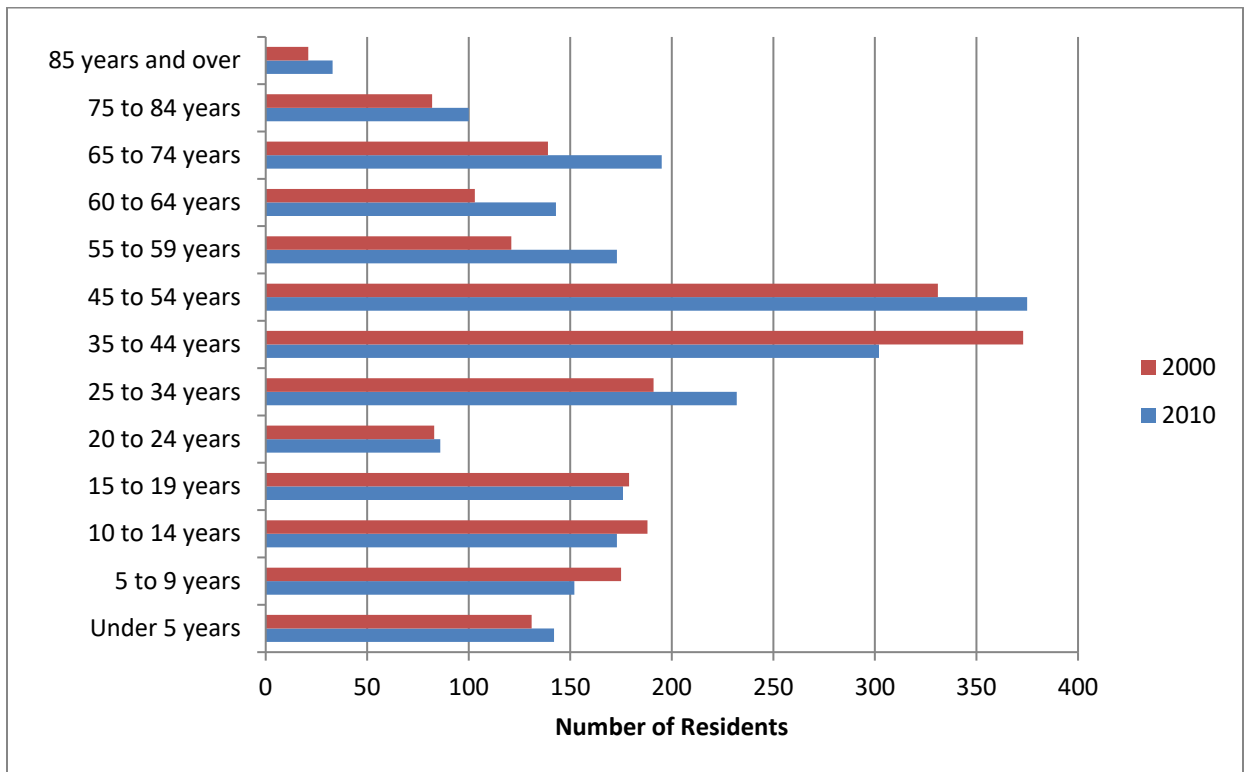


Figure 4: Age Distribution of Hudson Residents

Source: 2000 and 2010 Decennial Census

As Table 1 shows, Hudson’s population is predominantly Non-Hispanic White. (The Census Bureau collects data on ethnicity – whether or not a person identifies as Hispanic or Latino – separately from race.) However, the percentages of residents who identify as Black, Asian or Pacific Islander, mixed-race,

or Hispanic/Latino increased slightly between 2000 and 2010. In addition, approximately 7.5% of Hudson residents had a disability in 2015.

Economic Overview

Hudson is a relatively high-income community. Table 2 below compares 2015 5-year ACS data on income, employment, and poverty for Hudson, Waterloo, Cedar Falls, La Porte City, Black Hawk County, and the State of Iowa. The limitations of ACS data are discussed in the Demographic Overview section above, but the ACS is the most current and authoritative public data source for small communities like Hudson. The City has a higher median household income (\$77,969) than Black Hawk County, the three cities shown in Table 2, and the state. Median family income is less likely than median household income to be skewed downward by the presence of student households, but Hudson’s median family income (\$89,800) is still larger than that of Cedar Falls (\$81,996).

Hudson also has higher labor force participation and a lower poverty rate than the comparison geographies in Table 2, and lower unemployment than every geography except La Porte City. The City’s unemployment rate of 4.8% is comparable to that of the state as a whole (4.9%), while its labor force participation rate (72.9%) is higher than the state’s (67.7%). Hudson’s poverty rate among individuals (4.1%) is substantially lower than that of the comparison geographies, although the presence of students in Cedar Falls may skew the poverty rate. However, the family poverty rate, which is less likely to be affected by students, is lower in Hudson (2.4%) than in Cedar Falls (5.1%).

Table 2: Income, Employment, and Poverty in Hudson and Other Communities.

Economic Variable	Hudson	Waterloo	Cedar Falls	La Porte City	Black Hawk County	Iowa
Median household income	\$77,969	\$41,933	\$55,808	\$50,281	\$48,369	\$53,183
Median family income	\$89,800	\$52,366	\$81,996	\$70,250	\$63,011	\$67,466
Unemployment rate*	4.8%	8.9%	5.0%	2.7%	6.6%	4.9%
Labor force participation rate*	72.9%	66.1%	69.4%	66.6%	67.3%	67.6%
Poverty rate (individuals)	4.1%	17.6%	18.5%	12.7%	15.7%	12.5%
Poverty rate (families)	2.4%	13.2%	5.1%	12.2%	9.0%	8.1%

Source: 2015 5-year ACS. *For the civilian population 16 years and older. U.S. Census Bureau estimates are not comparable to official Bureau of Labor Statistics estimates.

The number of workers who live in Hudson but commute elsewhere for work (915) is higher than the number who work in Hudson but live elsewhere (598), which is a common trend for small communities near the central cities of a metropolitan area (Figure 5). Most workers who live in Hudson are employed in Waterloo or Cedar Falls (81%), while 11% work in Reinbeck, Waverly, or other communities in the region besides Hudson. Among those who work in Hudson, 33% live in Cedar Falls or Waterloo, while 54% commute from communities such as Waverly, Marshalltown, and Mason City.

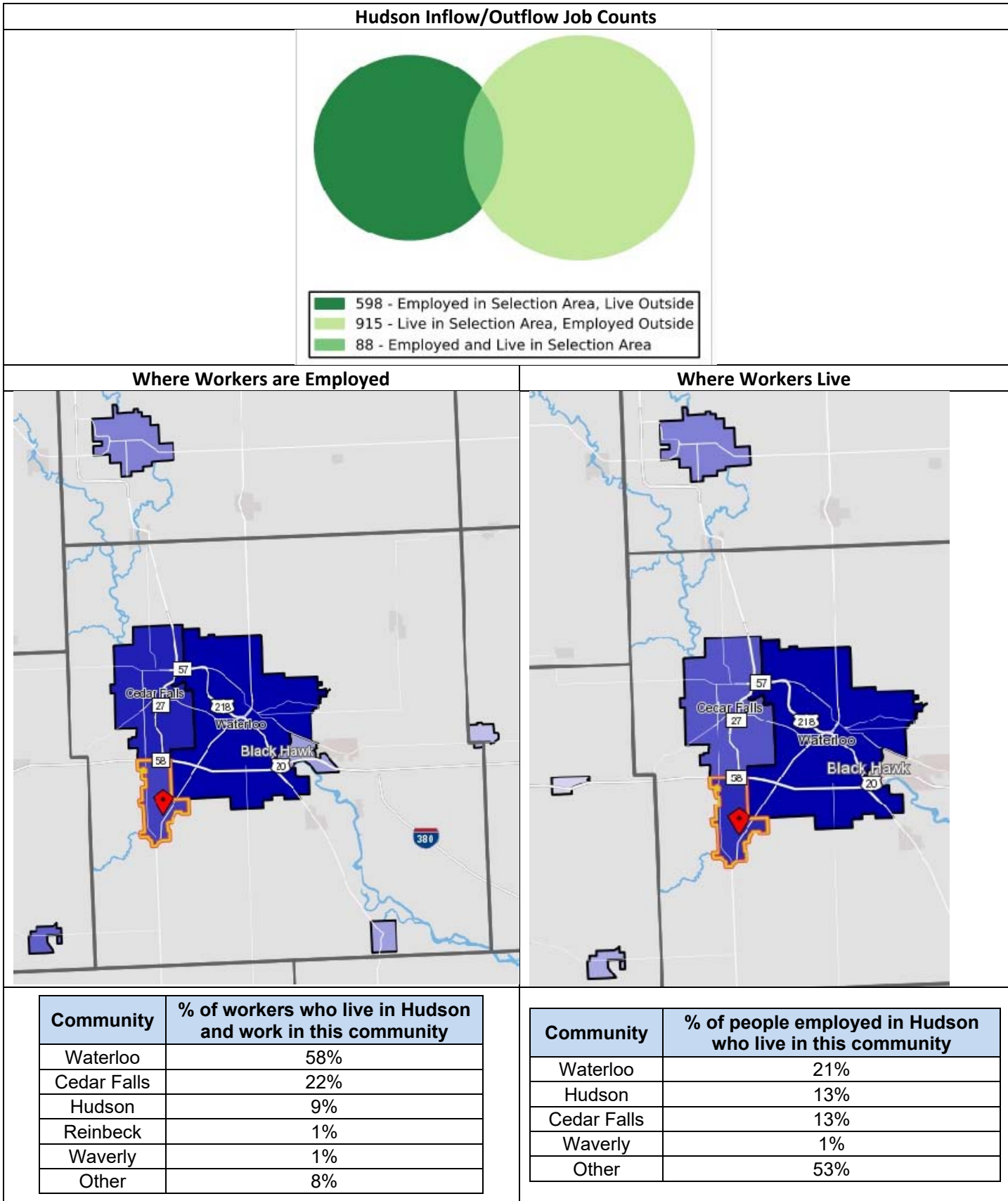


Figure 5: Commuting Patterns Into and Out of Hudson.

Source: Longitudinal Employer-Household Dynamics (LEHD), 2nd Quarter 2002-2014 estimates (primary jobs).

People who work in Hudson earn a range of incomes overall, but workers who commute to Hudson from other communities are less likely to earn more than \$3,333 per month – about \$40,000 per year – than workers who live in Hudson and commute to other communities (44% compared to 54%, respectively; see Table 3). This may indicate that many people who work in Hudson cannot afford to live there.

Table 3: Earnings of Hudson Workers

Income	Outflow (live in Hudson, work elsewhere)	Inflow (work in Hudson, live elsewhere)
Workers Earning \$1,250 per month or less	18%	22%
Workers Earning \$1,251 to \$3,333 per month	28%	34%
Workers Earning More than \$3,333 per month	54%	44%

Source: Longitudinal Employer-Household Dynamics (LEHD), 2nd Quarter 2002-2014 estimates (primary jobs).

Housing in Hudson

American Community Survey Estimates

In Hudson, as in most rural Iowa communities, the housing stock is predominantly owner-occupied (82.9% of occupied units) and comprised of single-family detached units (86.5% of all units; see Table 4). In contrast to many of Iowa’s rural communities, however, Hudson’s housing stock is relatively young. Only 9% of Hudson’s housing units were built before 1940, and about 13% were built in 1990 or later. Moreover, 27% of household heads in Hudson moved into their unit between 2010 and 2014, indicating strong demand for housing in the City. The housing data in Table 4 below comes from 2015 ACS estimates, whose limitations were described earlier in this report. However, as for the economic data in Table 2, ACS estimates are the most current and authoritative public data available.

Housing prices and vacancy rates in Hudson indicate a relatively tight market. Hudson’s overall vacancy rate of 2.7% is substantially lower than that of Waterloo, Cedar Falls, La Porte City, Black Hawk County, and the state (Table 5). Hudson’s estimated owner vacancy rate of 1.7% is comparable to that of Black Hawk County (1.8%), but its rental vacancy rate is estimated at zero.

Hudson’s median home value (\$172,000) and median monthly housing costs for homeowners with mortgages (\$1,337) are higher than the estimates for any other community in Table 5, even Cedar Falls. For homes offered for sale in Hudson, the prices asked tend to be much higher than prices for homes sold in Waterloo, the County, the state as a whole, and even Cedar Falls. An estimated 54% of homes for sale in Hudson, or sold but not yet occupied, were offered at a price of \$400,000 or higher, with the remaining homes priced between \$150,000 and \$199,999 (Figure 6).

Table 4: Characteristics of Hudson's Housing Stock

Subject	Estimate	Margin of Error	Percent	% Margin of Error
HOUSING OCCUPANCY				
Total housing units	970	+/-73	970	
Occupied housing units	944	+/-75	97.3%	+/-2.9
Vacant housing units	26	+/-29	2.7%	+/-2.9
Homeowner vacancy rate	1.7	+/-2.7		
Rental vacancy rate	0	+/-11.7		
UNITS IN STRUCTURE				
Total housing units	970	+/-73	970	
1-unit, detached	839	+/-70	86.5%	+/-3.7
1-unit, attached	21	+/-16	2.2%	+/-1.6
2 units	18	+/-17	1.9%	+/-1.8
3 or 4 units	30	+/-17	3.1%	+/-1.7
5 to 9 units	25	+/-27	2.6%	+/-2.8
10 to 19 units	13	+/-20	1.3%	+/-2.0
20 or more units	24	+/-25	2.5%	+/-2.5
Mobile home	0	+/-9	0.0%	+/-2.0
Boat, RV, van, etc.	0	+/-9	0.0%	+/-2.0
YEAR STRUCTURE BUILT				
Total housing units	970	+/-73	970	
Built 2014 or later	0	+/-9	0.0%	+/-2.0
Built 2010 to 2013	23	+/-17	2.4%	+/-1.8
Built 2000 to 2009	106	+/-38	10.9%	+/-3.7
Built 1990 to 1999	87	+/-32	9.0%	+/-3.3
Built 1980 to 1989	51	+/-25	5.3%	+/-2.6
Built 1970 to 1979	229	+/-53	23.6%	+/-5.1
Built 1960 to 1969	175	+/-49	18.0%	+/-4.8
Built 1950 to 1959	144	+/-49	14.8%	+/-4.8
Built 1940 to 1949	68	+/-39	7.0%	+/-4.0
Built 1939 or earlier	87	+/-35	9.0%	+/-3.5
HOUSING TENURE				
Owner-occupied	783	+/-73	82.9%	+/-5.1
Renter-occupied	161	+/-52	17.1%	+/-5.1
YEAR HOUSEHOLDER MOVED INTO UNIT				
Occupied housing units	944	+/-75	944	
Moved in 2015 or later	5	+/-8	0.5%	+/-0.8
Moved in 2010 to 2014	255	+/-61	27.0%	+/-5.9
Moved in 2000 to 2009	337	+/-77	35.7%	+/-7.2
Moved in 1990 to 1999	186	+/-54	19.7%	+/-5.5
Moved in 1980 to 1989	66	+/-26	7.0%	+/-2.8
Moved in 1979 and earlier	95	+/-31	10.1%	+/-3.3
VALUE				
Owner-occupied units	783	+/-73	783	
Less than \$50,000	25	+/-18	3.2%	+/-2.3
\$50,000 to \$99,999	55	+/-24	7.0%	+/-3.1
\$100,000 to \$149,999	198	+/-50	25.3%	+/-5.8
\$150,000 to \$199,999	202	+/-62	25.8%	+/-7.5
\$200,000 to \$299,999	221	+/-59	28.2%	+/-6.5
\$300,000 to \$499,999	70	+/-25	8.9%	+/-3.2
\$500,000 to \$999,999	12	+/-10	1.5%	+/-1.2
\$1,000,000 or more	0	+/-9	0.0%	+/-2.5
Median (dollars)	172,000	+/-10,872		

Table 4: Characteristics of Hudson's Housing Stock, cont'd

MORTGAGE STATUS				
Owner-occupied units	783	+/-73	783	
Housing units with a mortgage	584	+/-76	74.6%	+/-5.7
Housing units without a mortgage	199	+/-46	25.4%	+/-5.7
SELECTED MONTHLY OWNER COSTS				
Housing units with a mortgage	584	+/-76	584	
Less than \$500	6	+/-8	1.0%	+/-1.4
\$500 to \$999	104	+/-33	17.8%	+/-5.7
\$1,000 to \$1,499	261	+/-77	44.7%	+/-10.7
\$1,500 to \$1,999	176	+/-60	30.1%	+/-9.9
\$2,000 to \$2,499	12	+/-11	2.1%	+/-1.9
\$2,500 to \$2,999	10	+/-11	1.7%	+/-1.8
\$3,000 or more	15	+/-13	2.6%	+/-2.2
Median (dollars)	1,337	+/-96		
Housing units without a mortgage				
Median (dollars)	535	+/-59		
SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME				
Housing units with a mortgage	584	+/-76	584	
Less than 20.0 percent	293	+/-64	50.2%	+/-10.4
20.0 to 24.9 percent	184	+/-66	31.5%	+/-9.9
25.0 to 29.9 percent	68	+/-49	11.6%	+/-8.1
30.0 to 34.9 percent	4	+/-7	0.7%	+/-1.2
35.0 percent or more	35	+/-24	6.0%	+/-4.2
Housing unit without a mortgage	199	+/-46	199	
Less than 10.0 percent	108	+/-39	54.3%	+/-13.5
10.0 to 14.9 percent	61	+/-26	30.7%	+/-10.8
15.0 to 19.9 percent	7	+/-9	3.5%	+/-4.5
20.0 to 24.9 percent	8	+/-9	4.0%	+/-4.6
25.0 to 29.9 percent	5	+/-7	2.5%	+/-3.5
30.0 to 34.9 percent	0	+/-9	0.0%	+/-9.6
35.0 percent or more	10	+/-11	5.0%	+/-5.1
GROSS RENT				
Occupied units paying rent	161	+/-52	161	
Less than \$500	35	+/-24	21.7%	+/-15.3
\$500 to \$999	120	+/-51	74.5%	+/-15.7
\$1,000 to \$1,499	0	+/-9	0.0%	+/-11.7
\$1,500 to \$1,999	6	+/-9	3.7%	+/-5.3
\$2,000 to \$2,499	0	+/-9	0.0%	+/-11.7
\$2,500 to \$2,999	0	+/-9	0.0%	+/-11.7
\$3,000 or more	0	+/-9	0.0%	+/-11.7
Median (dollars)	675	+/-65		
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME				
Occupied units paying rent	161	+/-52	161	
Less than 15.0 percent	24	+/-18	14.9%	+/-10.5
15.0 to 19.9 percent	37	+/-30	23.0%	+/-17.5
20.0 to 24.9 percent	36	+/-26	22.4%	+/-15.4
25.0 to 29.9 percent	32	+/-36	19.9%	+/-20.6
30.0 to 34.9 percent	6	+/-9	3.7%	+/-5.3
35.0 percent or more	26	+/-24	16.1%	+/-16.6

Source: 2015 5-year ACS.

Table 5: Housing Market Overview for Hudson and Other Communities

Housing Market Variable	Hudson	Waterloo	Cedar Falls	La Porte City	Black Hawk County	Iowa
Vacant housing units	2.7%	8.3%	6.9%	7.3%	7.4%	8.7%
Homeowner vacancy rate	1.7%	2.2%	1.4%	2.8%	1.8%	1.6%
Rental vacancy rate	0.0%	9.6%	7.5%	2.8%	8.4%	6.2%
Median value of owner units	\$172,000	\$104,200	\$170,500	\$119,000	\$130,200	\$129,200
Median monthly owner costs (units with mortgage)	\$1,337	\$959	\$1,318	\$1,065	\$1,074	\$1,171
Median gross rent	\$675	\$672	\$759	\$598	\$700	\$697
Cost burdened owner households (with mortgages)*	6.7%	22.6%	17.5%	16.5%	20.7%	21.6%
Cost burdened renter households*	19.8%	51.9%	54.7%	43.7%	50.9%	44.6%

Source: 2015 5-year ACS. *Households whose housing costs (including utilities, taxes, insurance, homeowner association or condominium fees, etc.) are 30% or more of their gross income are considered cost burdened.

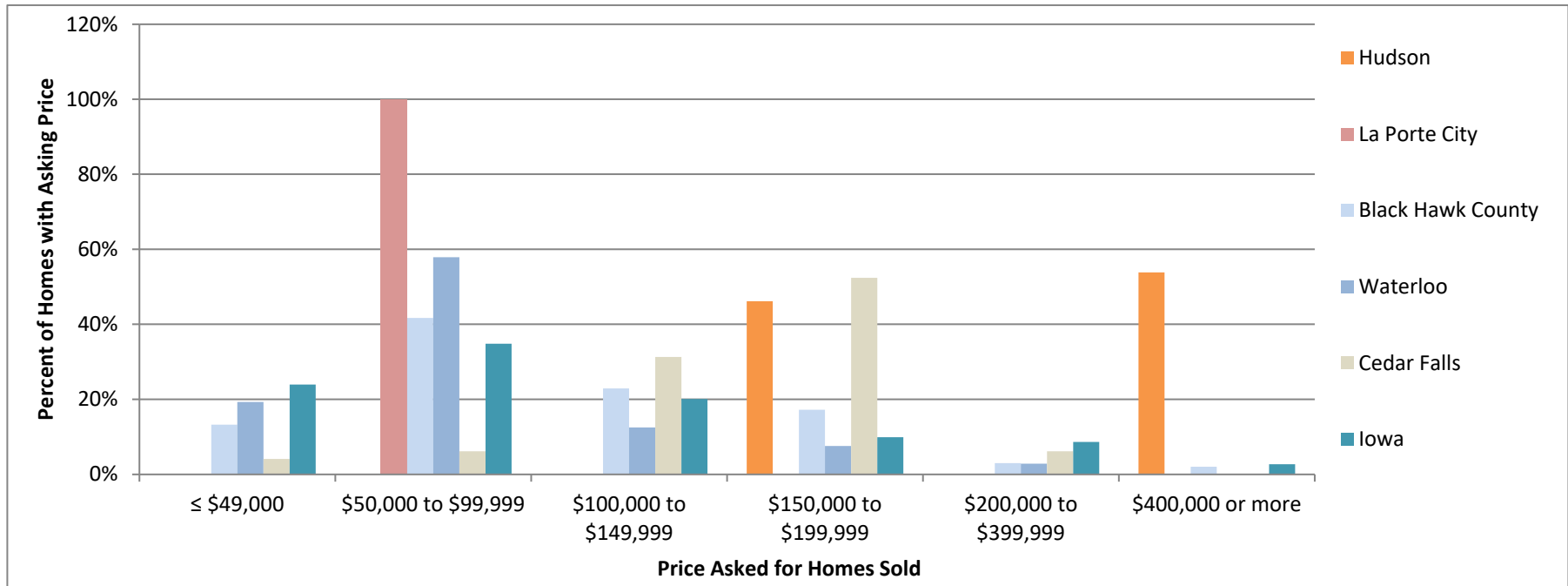


Figure 6: Price Asked for Homes Sold in Hudson and Other Communities

Source: 2015 5-year ACS.

Table 6: Rent Asked in Hudson and Other Communities

All Units	Hudson	Waterloo	Cedar Falls	La Porte City	Black Hawk County	Iowa
All vacant-for-rent and rented, not occupied units	0	1,149	571	13	1,785	28,490
Less than \$100	0	0	0	0	0	213
\$100 to \$149	0	0	0	0	0	295
\$150 to \$199	0	19	0	0	19	201
\$200 to \$249	0	0	0	0	0	564
\$250 to \$299	0	0	25	0	25	918
\$300 to \$349	0	68	0	0	68	1,285
\$350 to \$399	0	16	47	0	63	2,230
\$400 to \$449	0	203	0	0	211	3,020
\$450 to \$499	0	126	39	0	182	2,450
\$500 to \$549	0	184	14	0	198	2,760
\$550 to \$599	0	181	50	0	231	2,248
\$600 to \$649	0	101	68	0	169	2,440
\$650 to \$699	0	41	102	13	177	2,153
\$700 to \$749	0	72	24	0	102	1,303
\$750 to \$799	0	17	59	0	76	1,301
\$800 to \$899	0	39	23	0	62	1,092
\$900 to \$999	0	0	18	0	18	890
\$1,000 to \$1,249	0	0	20	0	20	866
\$1,250 to \$1,499	0	0	28	0	28	382
\$1,500 to \$1,999	0	15	0	0	15	329
\$2,000 to \$2,499	0	67	30	0	97	670
\$2,500 to \$2,999	0	0	24	0	24	230
\$3,000 to \$3,499	0	0	0	0	0	344
\$3,500 or more	0	0	0	0	0	306

Source: 2015 5-year ACS.

Hudson’s median gross rent – the rent paid to the landlord plus the cost of utilities – is \$675 per month, lower than in Cedar Falls, Black Hawk County, and the state as a whole. However, the number of units available to rent, or rented but not yet occupied, is estimated to be zero at every price point (Table 6), reflecting the estimated 0% rental vacancy rate for Hudson (Table 4 and Table 5). Despite the limitations of ACS data, it is striking that no other community, even La Porte City, has an estimate of zero rentals available at each price point.

Households who pay 30% or more of their incomes on housing costs, including rent or mortgage payments, utilities, taxes and insurance, and homeowner association or condominium fees, are considered to be “cost burdened.” Cost burdened households have less money to spend on other priorities, such as food, health care, and retirement savings¹. In Hudson, the percentages of owners with mortgages and renters who are cost burdened (6.7% and 19.8%, respectively) are relatively low. However, cost burdens in Hudson are a reflection of the housing stock available. Since housing prices are relatively high and rental vacancy rates are low, homebuyers and renters with low or moderate incomes have limited opportunity to move to Hudson.

Local Data

Home Sale Market

For the home sale market, Multiple Listing Service (MLS) data provides more current information than the ACS. Similar to ACS data on home values in Hudson and other jurisdiction in Black Hawk County, MLS data on home sales shows that Hudson’s median home sale price of \$178,500 over the last three years is relatively high. Of all the Black Hawk County jurisdictions shown in Table 7, only Cedar Falls has a higher median sale price. Hudson’s homes for sale spend a median 27 days on the market, lower than for every community in Table 7 except Cedar Falls. Moreover, Hudson’s home sale volume as a share of all owner units² is only 3.1%, lower than for every other community in Table 7. This number is not equivalent to an owner vacancy rate, since it is impossible to know which homes on MLS are vacant or occupied. However, this ratio provides a better comparative indicator of owner housing turnover in Hudson and other Black Hawk County communities than the ACS owner vacancy rates shown in Table 5.

¹ The concept of cost burden is generally used to study the housing costs of low- and moderate-income households, since affluent households are better positioned to pay 30% or more of their incomes for housing.

² Based on Black Hawk County Assessor data on single-family, townhome, and condominium units. It was not possible to separate out rental units, but these estimates also exclude owner units in duplex and multifamily structures. These two sources of error are assumed to counterbalance each other to some extent. Additionally, the owner-occupied share of occupied single-family detached homes is relatively high in each community according to the 2015 5-year ACS – ranging from 85% in Black Hawk County to 93% in Hudson.

Table 7: Home Sales in Hudson and Other Black Hawk County Jurisdictions

Community	Median Sale Price	Median Days on Market	Home Sale Volume (% of owner housing units)
Hudson	\$178,500	27	3.1%
Waterloo	\$110,000	35	4.6%
Cedar Falls	\$190,000	27	5.6%
La Porte City	\$101,950	45	4.8%
Black Hawk County	\$134,000	32	4.3%

Source: Multiple Listing Service data from 5/23/14 to 5/23/17, Black Hawk County Assessor.

MLS data also indicates that Hudson has a tighter homebuyer market than comparable rural communities in the region. As Table 8 shows, Hudson’s median sale price over the past three years is \$178,500, higher than in Denver, Jesup, Parkersburg, and La Porte City. Of the communities shown in Table 8, only Dike has a higher median sale price. Homes sold in Hudson over the last three years spent a median 27 days on the market, a shorter turnaround time than for every other community in Table 8. Hudson had 75 home sales over the last three years, a ratio of 0.031 sales per resident. Hudson’s volume of sales relative to population is comparatively low, with only Parkersburg having a lower ratio (0.015 sales per resident). Hudson’s home sale volume compared to the overall number of owner units is low as well. The City’s ratio of home sales to owner units is 0.093, equal to Dike’s ratio and lower than the ratio for every other community except Parkersburg (0.046).

Table 8: Home Sales in Hudson and Comparable Rural Communities, 2014 to 2017

Community	Population	Median sale price	Median days on market	Number of sales	Ratio of sales to residents	Number of owner units	Ratio of sales to owner units
Hudson	2,391	\$178,500	27	75	0.031	809	0.093
Dike	1,376	\$235,000	41	48	0.035	515	0.093
Denver	1,789	\$168,500	29	107	0.060	544	0.197
Jesup	2,691	\$156,750	32	86	0.032	900	0.096
Parkersburg	1,877	\$116,500	58	29	0.015	631	0.046
La Porte City	2,315	\$101,950	45	100	0.043	686	0.146

Source: Multiple Listing Service data from 5/23/14 to 5/23/17 (price, days on market, number of sales), 2015 5-year ACS (population, number of owner units). *Includes owner-occupied units, vacant-for-sale units, and owner units that are sold but not yet occupied.

Anecdotal evidence in Hudson suggests that “starter homes” – those priced between \$100,000 and \$200,000 – spend much less time on the market than higher-priced homes. The past three years of MLS home sale data in Hudson provide some support for this perception. Although the relationship between

asking price and days on market is modest with a high amount of variation, homes offered below the median asking price (\$185,000) are mostly clustered between zero and 60 days on the market, while a higher number of homes above the median asking price spent well over 60 days on the market.



Figure 7: Days on Market by Price Asked for Hudson Home Sales, 2014 to 2017

Source: MLS

Rental Market

To obtain firsthand information on the prices and vacancy rates for Hudson’s rental housing stock, INRCOG solicited input from 11 landlords and property managers known to have rental units in the City. Six rental property owners and managers provided feedback, and the remaining five could not be reached or declined to provide feedback. The results of a survey distributed to Hudson’s landlords and property managers are summarized in Table 9.

Among the rental units owned by landlords and property managers who responded to the survey, most have two bedrooms and are priced between \$475 and \$850, which is comparable to the 2015 American Community Survey data for Hudson. Also similar to the 2015 ACS data, no respondents reported having vacant units available to rent, and only two units were reported to be vacant at the time of the survey. Among the four respondents who were able to estimate the average number of days their vacant units spend on the market, estimates ranged from 7 to 30 days. The property manager of 24 low-income senior apartments built with subsidies from the U.S. Department of Agriculture noted that days on market for their vacant units increased when they switched from advertising in newspapers across the state to online advertising only. However, average days on market returned to about 30 when the property manager resumed advertising in the Hudson newspaper. This suggests that Hudson has ample demand for high-quality, moderately priced senior housing.

Table 9: Hudson Rental Market Information from Property Managers and Landlords

Landlord or Property Manager	Rentals in Hudson	Units by bedrooms and price								Vacancy		Days on market	Factors affecting DOM / Comments
		1 BR		2 BR		3 BR		4 BR		All Vacant	Vacant for rent		
1	16	1	\$750	14	\$500 to \$850	1	\$1,100			0	0	7 to 14	Amenities (e.g. garages, dishwasher) more important than bedrooms.
1	4			4	\$525					0	0	No data	
3	24	24	\$495 1-y lease; \$545 6-mo lease							1	0	30	USDA units for low-income seniors. The property manager's ability to reach the target audience impacts DOM. A few months ago, the property manager switched from advertising in newspapers across the state to online advertising only, and DOM temporarily increased to 45-75 days. When they started advertising in the Hudson paper, DOM dropped again.
4	2			2	\$750					0	0	30	Lower priced rentals tend to rent faster.
5	30			30	\$475 - 1; \$500 - 2; \$520 - 8; \$525 - 19					No data	No data	No data	Based on their experience with their entire portfolio in the Waterloo/Cedar Falls area, the property manager reports an average of 142 days on market, and feels that housing has been overbuilt in Waterloo and vacancy rates in the area have been rising.
6	10	1	\$425	7	\$600 to \$760	1	\$775	1	\$860	1	0	≤30	Renters inquiring about their properties in Waterloo and Evansdale are often looking for 3-bedroom units, but this is not so much a factor in Hudson.
7	Made contact but landlords did not return survey												
8	Unable to make contact												
9	Landlords refused to complete survey												
10	Unable to make contact												
11	Unable to make contact												

Source: Surveys of property managers and landlords with rental units in Hudson

Housing Conditions

The quality of a community's housing stock is an important component in understanding its housing needs. If poor-quality housing is widespread in a community, many low- and moderate-income households may have housing-related hardships even if they are not cost burdened. A prevalence of housing with maintenance needs may also indicate an opportunity to meet existing and future demand by rehabilitating vacant units.

A survey of Hudson's housing units was conducted on March 28, 2017. Each unit was rated according to the categories in Table 10. The vast majority of housing units surveyed (92%) are in good condition, and another 7% are in fair condition. Fewer than 1% of units are in poor or dilapidated condition. This suggests that Hudson has limited ability to expand its supply of decent, safe, and sanitary housing by rehabilitation existing units. New construction is the only way to significantly expand the City's housing supply.

Table 10: Windshield Survey of Hudson Housing Units

Category	Description	# of Units	% of Units
Good	<p>Unit appears well maintained and structurally sound. The foundation and porch structure appear structurally sound and roof lines are straight. Most siding, gutters, trim, windows, and doors should be in good repair with good exterior paint condition. Minor problems such as small areas of peeling paint and/or other routine maintenance items are allowable under this category. A moderate amount of moss or mildew on siding or roofs is allowed under this category if the components with moss or mildew are otherwise sound.</p> <p>The yard appears well maintained and is in good condition. The lawn is well kept, with shrubs and bushes trimmed.</p> <p>Roof maintenance needs are allowed under this category if the roof has a few (~5) years left. A roof that should be replaced ASAP is not allowed under this category, even if the rest of the home is well-maintained.</p>	848	92%
Fair	<p>Unit appears structurally sound, but is in need of some maintenance and minor repair. These units usually require minor repairs such as painting the house, fixing a broken door or window, putting on new shutters, replace or fix awnings, etc. Issues that are primarily cosmetic but that cover a sufficient portion of the structure to be unsightly (~30 or more square feet), such as peeling paint on siding, may put the home in the “Fair” category. There may be moderate issues with one or two major components, such as mild deterioration of roof shingles (possibly meriting a new roof) or a few hairline cracks in the foundation.</p> <p>Yard appears somewhat maintained, but is in need of some additional work or maintenance. Tall grass or weeds are apparent on the property and, in some cases, trash or debris is visible from the street. Simple lawn care or yard clean-up would improve the look of the grounds.</p>	65	7%
Poor	<p>Unit appears to have been neglected for a long period of time with one or more visible structural defects, such as uneven roof lines, a broken porch, broken windows/doors, or major cracks in the foundation. The unit is still habitable, but requires major repairs which would be difficult to correct through normal maintenance.</p> <p>Yard appears to have been neglected for a long period of time leaving the yard in quite poor condition. Significant yard debris or trash is visible from the street and the yard would require a great deal of time and work to bring to back to a good condition.</p>	4	0.4%
Dilapidated	<p>A unit suffering from excessive neglect, where the building appears structurally unsound and maintenance is non-existent. The building is not fit for human habitation in its current condition, and multiple windows and/or doors may be boarded up. The building may be considered for demolition or, at minimum, major rehabilitation will be required.</p>	2	0.2%
Total		919	100%

Affordability of Homes for Sale

Affordability of homeownership is a function of both a community's housing costs and the incomes of the households that wish to live in the community. As discussed above, the rate of housing cost burden among homeowners with mortgages is relatively low in Hudson because its incomes are relatively high. However, homeownership is less affordable to low- and moderate-income families in the region. Table 11 compares the income needed to purchase a median-priced home in Hudson to the average laborshed wage in Iowa Workforce Development Region 7, which includes Black Hawk County. The assumptions used to calculate the minimum income needed include:

- 30-year fixed-rate mortgage at 4.3% interest
- Federal Housing Administration (FHA) insured mortgage with 3.5% down payment
- Front-end ratio of 31%, back-end ratio of 41%, monthly household debt other than mortgage is 15% of income
- Assessed value is 85% of purchase price
- Annual mortgage and homeowner insurance costs combined are 1.5% of the purchase price

Table 11: Affordability of Homes for Purchase in Hudson

Median sale price in Hudson	\$178,500
Income needed to afford median-priced home in Hudson	\$59,830
Average laborshed wage (annualized Average Weekly Wage)	\$41,808

Source: MLS, Iowa Workforce Development 2015 Annual Profile: Region 7

The minimum income needed to purchase a median-priced home in Hudson using the underwriting assumptions listed above is \$59,830, well above the annual average laborshed wage of \$41,808. Although many homebuyer households consist of two earners with a combined income over \$59,830, having two adults continuously employed is a challenge for many families. When a family moves to a community where one wage earner has obtained a job, it may take several months for the other wage earner to find a new job. Additionally, many families with young children have one adult member who is working outside the home only part-time, or parenting full-time. As the data on incomes of Hudson's in-commuters and out-commuters suggests (Table 3), the cost of Hudson's homes for sale is prohibitive for many low- and moderate-income households who might want to live there.

Future Housing Supply and Demand

This section combines data on population and household size trends, home construction, available residential lots, and other factors to estimate supply and demand for new housing in Hudson by 2030. Since the most recent American Community Survey estimates of demographic and housing factors are from 2015, this year is used as a baseline for projecting housing supply and demand. More recent local data is used for certain variables as appropriate.

To determine the gross new housing stock that will be added in Hudson between 2015 and 2030, the home construction rate of 7 units per year (from 2014 – 2017 building permit data) was projected over 15 years, resulting in an estimate of 105 new units constructed by 2030 (Table 12). By 2030, some housing units will also be lost due to demolition, deterioration, or otherwise being removed from the housing market by their owners. The 2009 *Iowa Housing Needs Assessment* from Iowa State University estimates an annual loss rate of 0.67% for single-family, owner-occupied units (which comprise most of Hudson’s housing stock) in metropolitan areas, which would result in an estimated loss of 75 units in Hudson between 2015 and 2030 (not shown in Table 12). This is likely to be a high estimate of unit loss in Hudson, since the City’s housing stock is relatively young. By contrast, Hudson’s demolition records since 1998 show a demolition rate of 1.5 units per decade, or 2.25 units over 15 years. Averaging the residential loss rates from the Iowa Housing Needs Assessment’s loss factor and Hudson’s demolition records yields an estimated loss of 38 units between 2015 and 2030, resulting in a net addition of 66 units (105 minus 39).

The top portion of Table 12 also estimates the number of units that will be age-restricted, and the number of new lots that will be needed to accommodate 105 gross new units. Four of these units (4%) are assumed to be age-restricted³, based on 2009-2015 data for new residential construction in the Midwest from the Census Bureau’s *Characteristics of New Housing*. Regarding lots available for new residential development, City data indicates that 14 developed lots are currently available. Additionally, of the 38 units that are projected to be lost from the housing stock, some may be cleared and made available for infill residential development. If all these lots become available for infill development, only 52 new residential lots will be needed by 2030 to accommodate the projected residential development. On the other hand, if none of the 38 properties lost from the residential stock become available for infill development, 91 new lots will be needed.

To determine if Hudson’s projected new housing development between 2015 and 2030 is adequate to meet the City’s needs, the bottom portion of Table 12 provides estimates of new housing demand over this time period. The basic approach to projecting housing demand is to divide the projected population increase by household size to estimate the number of new households that will need residential units. The average household size during the 2015 – 2030 period is estimated to be 2.49. Based on the population projections in Figure 3, Hudson’s population will increase by 184 persons (low estimate) to 384 persons (high estimate) between 2015 and 2030. Dividing the estimated population increase by average household size provides initial estimates of 74 to 154 new households (not shown in Table 12). These initial estimates are adjusted by adding the 8 rental units needed to bring the 2015 rental vacancy rate to 5% (a level considered indicative of a healthy rental market), and subtracting seniors assumed to be in nursing homes (see note below Table 12). As a result, the net estimate of households added between 2015 and 2030 in Hudson ranges from 81 to 160.

³ Age-restricted units may only be occupied by households where one or more members are age 55 or older.

Table 12: Projected Housing Supply and Demand in Hudson, 2015 - 2030

Supply Variable	Value	Source
Current housing stock	910	Black Hawk County Assessor, windshield survey, building permit data (homes built after 2015 subtracted from 920 estimated residential units in 2017)
New homes/year	7	Building permit data 2014 - 2016
Demolitions/decade	1.5	City of Hudson demolition data since 1998
Estimated loss rate*	0.67%	Iowa Housing Needs Assessment, Iowa State University, 2009
New units added 2015 - 2030	105	7 units/year x 15 years
Units lost 2015 - 2030	38	Average attrition from demolitions/decade and 0.67% estimated attrition rate
Net new units added 2015 - 2030	66	Units added – Units lost
% of new residential units that are age-restricted	4%	2009 - 2015 Midwest average from 2015 Characteristics of New Housing (HUD/Census)
Age-restricted new units 2015 - 2030	4	105 new units added x 4% age-restricted
Available lots (as of 2017)	14	City of Hudson data on available lots
Estimated new lots needed to accommodate projected new units by 2030	52 to 91	Low estimate: Net new units added – Available lots. High estimate: Gross new units added – Available lots.

*Metropolitan single-family owner-occupied loss rate; provides a conservative estimate of units lost from housing stock.

Demand Variable**	2000	2010	Change per decade	Average Value or Change 2015 - 2030	New units or households
Average household size	2.69	2.6	-0.09	2.49 (average between 2015 and 2030)	
Senior population (65 and older)	11%	14%	2.94 percentage points	4.41 percentage point change (16% to 20% by 2030)	
New rental units needed to increase current rental vacancy rate to 5%					8 units
Population change (low estimate)			123	184 (change 2015 - 2030)	81 households***
Population change (high estimate)			256	384 (change 2015 - 2030)	160 households***

**Source: Decennial Census 2000 and 2010, ACS 2015 5-year estimate, INRCOG population projections

***Black Hawk County data from the 2000 and 2010 Decennial Census was used to calculate a trend in the percentage of seniors in nursing homes (5.5% to 4.4%, or a decline of 1.1 percentage points per decade). Based on this trend, the share of seniors who will be in nursing homes between 2015 and 2030 was estimated at 3%. This percentage was applied to the low-estimate and high-estimate increases in Hudson’s senior population from 2015 to 2030. These seniors were assumed to be 1-person households. For the low and high estimates, 4 and 6 seniors, respectively, are assumed to be in nursing homes. These seniors are subtracted from the projected new households.

According to Table 12, if Hudson’s current trends in residential and population development continue through 2030, the City will have a housing shortfall of 14 units (low estimate) to 94 units (high estimate). Hudson’s projected housing demand and shortfall are shown in more detail in Table 13. Assuming Hudson’s homeownership rate remains at 82.9% (see Table 4), the City will need 60 to 126 owner units and 12 to 26 rental units to accommodate the new households expected to be added between 2015 and 2030. In addition, as described above and shown in Table 12, 8 new rental units are needed to bring Hudson’s current rental vacancy rate up to 5%.

Table 13: Projected Housing Demand and Shortfall in Hudson, 2015 – 2030

Population Estimate		Low	High
New households added 2015 – 2030 (assuming homeownership rate of 82.9%)	Owner	60	126
	Renter	12	26
Pent-up rental demand (New units needed to increase 2015 rental vacancy rate to 5%)		8	8
Total housing unit demand 2015 – 2030 (new demand + pent-up rental demand + replacement of 38 lost units)		119	199
Housing unit shortfall (projected demand – projected supply)		14	94
Annual building permits needed 2016 - 2030		8	13
New households headed by persons aged 55+**		22	49

*Excluding seniors in nursing homes (low estimate of 4, high estimate of 6)

Source: Decennial Census 2000 and 2010, ACS 2015 5-year estimate, INRCOG population projections, INRCOG housing supply projections. Sums may not be exact due to rounding.

Between 2014 and 2016, Hudson issued an average of 7 building permits annually (Table 12), or only 0.76% of the currently available housing stock of 920 units (according to Black Hawk County Assessor data). To meet projected housing demand, including replacement of units lost from the housing stock, Hudson must issue an estimated 8 to 13 building permits annually between 2016 and 2030, or 1 to 6 more building permits than the City is currently issuing annually (Table 13).

Hudson has a particularly tight market for “starter homes,” as discussed earlier (see Figure 7 and Table 11). If the City takes measures to encourage expanded housing production, it may be beneficial to target certain incentives toward moderately priced homes. In addition, expanded rental development would accommodate both pent-up existing demand and projected future demand from renters.

One potential benefit of expanded rental housing stock would be to provide a low-cost alternative to older homeowners wishing to downsize from their current homes, which in turn would free up some moderately priced owner units for new buyers. If the share of new households that are headed by persons 55 or older is proportionate to the population share of persons 55 or older (projected average 36% between 2015 and 2030), Hudson will gain an estimated 22 to 49 households headed by persons in this age bracket (Table 13). Reliable projections of demand for age-restricted units are not available, but

recent trends in age-restricted unit production in the Midwest (see Table 12) suggest that 5 to 8 of the new units needed to meet Hudson's housing demand through 2030 would be age-restricted units. If new rental housing stock is constructed to be accessible to seniors with disabilities, it will also expand housing options for non-elderly people with disabilities in Hudson.

Business and Job Growth in Hudson

In many rural communities, the establishment of a large new business facility or expansion of an existing one can put substantial pressure on the existing housing stock, as new employees seek desirable places to live within a reasonable commuting distance. In Hudson, a few businesses are in the process of establishing new locations or expanding existing operations.

Table 14 summarizes feedback from businesses that are opening or expanding operations in Hudson. In total, these businesses are bringing about 22 or 23 jobs to the City, which is not likely to substantially increase housing demand. According to the employment inflow and outflow data shown in Figure 5, only about 13% of jobs in Hudson are filled by City residents. If these jobs were filled by households newly moving to Hudson, housing demand would be increased by only about 3 units.

However, to the extent that these positions could be filled by Hudson residents, the wide range of education and experience requirements and compensation packages indicates that a wide range of housing options would be needed for these workers. The jobs created by the employers in Table 14 range from Beyer MotorSports' Parts Specialist position, which requires no high school diploma and starts at \$12 per hour, to Dr. PowerSports' General Manager position, which requires a post-secondary education and offers a salary of up to \$100,000 per year. The housing needs of the workers who fill these positions would likely encompass rental housing, moderately priced starter homes, and higher-end housing.

Moreover, some of the businesses surveyed may expand if demand for their products and services increases. Two of the businesses, Beyer MotorSports and Dr. PowerSports, are relocating from the central cities in the Waterloo-Cedar Falls metropolitan area. Both businesses cited lower land costs and taxes, simpler regulations, and a receptive and flexible City government in Hudson. Additionally, Dr. PowerSports cited the higher visibility of its future Hudson location. In the future, additional businesses may establish or expand operations in Hudson for similar reasons, thereby increasing potential demand for the City's housing stock. The wider variety of housing options Hudson has, the more likely it is to attract households of workers who fill these jobs.

Table 14: Businesses Locating or Expanding in Hudson

Employer	Business plan in Hudson	Year complete	FTE employees
D & W Flooring	Open a new location	2017	2
Panther Storage	Expand an existing location	Phase II in 2017; Phase III in 2019	0.75
Beyer Motorsports	Relocated from Cedar Falls to Hudson	December 2016	5 to 6
Dr. PowerSports	Relocating from Waterloo to Hudson	2017	≥13 (11 current and ≥2 planned)

Table 14: Businesses Locating or Expanding in Hudson, cont'd

Employer	Jobs created			
	Job title	Education/ Experience Required	Salary/ Wage	Hours/ Week
D & W Flooring	Sales associate	College	\$28,000	40
Panther Storage	Property manager	High school	\$35,000	30
Beyer Motorsports	Parts Specialist	Basic knowledge of cars	\$12/hr	40
	Office Manager	Basic accounting and typing skills, prefer 1-year or 2-year degree	\$13.50/hr	40
	2 Mechanics - cars and light trucks	Knowledge of car and truck maintenance and repair	On commission; hourly earnings range from \$10 to >\$25	30 to 40
	2 Mechanics - heavy trucks	1 year experience in an auto shop; high school diploma	On commission; hourly earnings range from \$12 to >\$25	30 to 40
Dr. PowerSports	General Manager (planned)	Minimum 2-year degree and 3 years experience	\$60,000 to \$100,000	40 to 50
	Sales associate (2 current, ≥1 planned)	Sales experience	\$30,000 to \$70,000	40
	Office Manager/Controller (1 current)	Office/accounting experience	\$30,000	30 to 40
	Assembly workers/technicians (5 current, will hire more as needed)	Experience required	\$30,000 to \$60,000	40
	PAC (3 current)	Comparable experience/Must obtain certification	\$30,000 to \$60,000	40

Source: Surveys of employers that had recently relocated or expanded in Hudson, or are planning to do so.

Housing Goals and Objectives

Based upon the findings of this Housing Needs Assessment, the following goals and objectives have been developed to maintain and expand Hudson's housing stock in a manner that provides a range of housing choices, preserves the City's fiscal and environmental resources, and complements new commercial and industrial development. In the tables on the following pages, each suggested goal is accompanied by several objectives. Each objective has one or more proposed implementation steps, along with a list of entities responsible for those steps and approximate completion dates.

Hudson's current Residential and Commercial Economic Development Plans, which provide tax abatements for development in the City's Tax Increment Financing (TIF) districts, are among the City's most powerful tools to influence the types and locations of new developments. As currently written, these Plans allow the City to award tax abatements on a case-by-case basis, up to the stated maximums. Several of the implementation steps suggested below would require the City to modify the Residential and Commercial Economic Development Plans to provide specific incentives for desired development types in desired areas. These modifications could take the form of providing a more detailed schedule of the levels of tax abatements available to certain developments, rather than determining tax abatements on a case-by-case basis. It may also be necessary to withdraw incentives from certain lower priority development types in order to provide a comparative advantage for high-priority developments.

Goal 1: Promote housing development in a range of sizes, structure types, and price points, including rental and owner units, starter homes, multifamily housing, and higher-end homes.

<u>Objective</u>	<u>Implementation Steps</u>	<u>Responsible Entity</u>	<u>Completion Date</u>
1. Consider increasing the supply of land zoned for development of starter homes and multifamily structures.	When a developer requests rezoning of a site to a more intensive use for proposed starter home or multifamily development, consider the findings of this Housing Needs Assessment and Goal #2 of the 2009 Comprehensive Land Use Plan Update as factors in the developer's favor when evaluating the proposed rezoning.	Planning and Zoning Commission, City Council, Zoning Administrator	Ongoing (when developers request rezoning)
2. Use land development regulations and incentives to prioritize residential developments with small to moderate-sized lots.	Review zoning regulations regarding minimum lot size, minimum lot width, and minimum setbacks, and consider reducing these minimum requirements, as recommended by Goal #2, Objective C of the 2009 Comprehensive Land Use Plan Update.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2018
	To expand the City's ability to use Planned Development Districts for starter home subdivisions, consider amending the Planned Development District provisions to allow parcels smaller than 5 acres to be developed or redeveloped as Planned Development Districts. Also consider reducing requirements for low-intensity uses, buffers, or open space on the borders of Planned Development Districts.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2018
3. Consider incentivizing developers to include a variety of housing types within their proposed subdivisions.	Study and consider modifying the Residential Economic Development Plan to provide greater incentives for properties in developments with a variety of housing types than for properties in homogeneous residential developments.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2018
4. Allow conversion of existing single-family units to duplexes or upper/lower story uses, when appropriate and the community's land use management tools allow.	Maintain the portions of the Development Ordinance that permit upper story apartments in commercial districts and conversion of single-family units to create additional dwelling units.	Council, P&ZC, Zoning Administrator, City Council	Ongoing
	In neighborhoods where lot size, bulk, setback, and other requirements hamper single-family conversions or upper story uses, consider rezoning these areas to a slightly higher-intensity residential district where such conversions and uses would be more feasible (e.g. rezone from R-1 to R-2).	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2019

Goal 2: Maintain and improve the quality and appearance of Hudson’s existing housing stock.

<u>Objective</u>	<u>Implementation Steps</u>	<u>Responsible Entity</u>	<u>Completion Date</u>
1. Pursue funding options to provide home rehabilitation assistance to low- and moderate-income homeowners.	Study and consider designating a Tax Increment Financing (TIF) district in the older portion of Hudson's core developed area that is not currently in a TIF district. If appropriate, develop an Urban Renewal Plan that includes rehabilitation assistance for low- and moderate-income homeowners (among other possible uses), and follow the process prescribed in Iowa Code Ch. 403 to establish the TIF district.	Mayor’s Task Force, P&ZC, City Council	2022
	Explore the possibility of applying to the Iowa Economic Development Authority (IEDA) for a Community Development Block Grant (CDBG) Owner-Occupied Rehabilitation grant. Identify a potential target area for home rehabilitation assistance and hold a meeting with area homeowners to gauge interest in the program and the likelihood that the area would meet the Low- and Moderate-Income (LMI) composition requirements imposed by IEDA. If the area is expected to meet the income requirements, proceed with the application process for CDBG funds.	Mayor's Task Force, City Council	2022
2. Facilitate the use of State Historic Tax Credits for residential rehabilitation.	Assist owners of potentially historic homes with applications for State Historic Tax Credits. Assistance may include helping to prepare application materials for owners, as well as passing ordinances or resolutions designating an applicant's property as a local landmark.	Zoning Administrator, Mayor's Task Force, City Council	Ongoing
	Study and consider designating a Historic District in or near downtown Hudson. Historic district status would help older homes in the district qualify for State Historic Tax Credits, and may also provide access to financial incentives for commercial rehabilitation, streetscaping, and other activities.	Zoning Administrator, Mayor's Task Force, City Council	2022
3. Maintain building and construction codes in order protect and preserve existing housing in the community.	Proceed with the adoption of the 2015 International Building Code for residential and commercial development.	Building Inspector, Mayor's Task Force, City Council	Underway – completion by 2017
	Continue to enforce compliance with applicable residential building and construction codes.	Building Inspector, City Council	Ongoing

Goal 3: Encourage residential and commercial development patterns that preserve Hudson’s rural character and the natural environment.

<u>Objective</u>	<u>Implementation Steps</u>	<u>Responsible Entity</u>	<u>Completion Date</u>
1. Use land development regulations and incentives to steer new development toward areas that have infrastructure and are contiguous with existing development.	Consider modifying the Residential and Commercial Economic Development Plans to deny or reduce tax abatements for discontinuous developments. This approach should be balanced with the recognition that owners of contiguous properties may not always be willing to sell to developers.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2018
2. Provide incentives for infill development.	Consider modifying the Residential and Commercial Economic Development Plans to offer tax abatements for infill development that exceed those offered for development in other geographic areas that are not otherwise targeted for incentives.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2018
	In neighborhoods where lot size, bulk, setback, and other requirements hamper development of infill lots, consider rezoning these areas to allow slightly higher residential use intensity (e.g. rezone from R-1 to R-2). This action will minimize the need for variance requests in these neighborhoods.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2019

Goal 3, cont'd: Encourage residential and commercial development patterns that preserve Hudson's rural character and the natural environment.

<u>Objective</u>	<u>Implementation Steps</u>	<u>Responsible Entity</u>	<u>Completion Date</u>
<p>3. When developing green or vacant areas in the community, prioritize the use of compact and sustainable subdivision design standards, including installation of best management practices for protecting water sources and managing stormwater onsite.</p>	<p>Review zoning regulations regarding minimum lot size, minimum lot width, and minimum setbacks, and consider reducing these minimum requirements, as recommended by Goal #2, Objective C of the 2009 Comprehensive Land Use Plan Update.</p>	<p>Mayor's Task Force or P&ZC, Zoning Administrator</p>	<p>2018</p>
	<p>When developers propose to rezone agricultural land for residential development in areas that are designated for such development on the Future Land Use Map, encourage them to apply for Planned Development District zoning. This will facilitate the development of more compact subdivisions than are permitted by many residential districts – provided that adequate stormwater management facilities are in place to minimize runoff from the development to Black Hawk Creek and its tributaries.</p>	<p>Mayor's Task Force or P&ZC, Zoning Administrator</p>	<p>Ongoing (when developers request rezoning)</p>
	<p>Study and consider modifying the Residential and Commercial Economic Development Plans to provide a greater incentive for developments with certain desirable features - such as swales and constructed wetlands for stormwater management, permeable pavers, walking and cycling trails, and street networks with a high level of interconnectivity - than for developments without such features.</p>	<p>Mayor's Task Force or P&ZC, Zoning Administrator, City Council</p>	<p>2019</p>
<p>4. Extend infrastructure concurrent with existing development, in order to minimize cost and discourage leapfrogging land use patterns.</p>	<p>Consider annexing land in the proposed annexation area on the Future Land Use Map, and modifying the Residential Economic Development Plan to provide tax abatements in parts of the annexed land that are contiguous to existing development – provided that infrastructure could be feasibly and cost-effectively extended to these areas.</p>	<p>Council, Mayor's Task Force, P&ZC, Zoning Administrator, City Council</p>	<p>2022</p>

Goal 4: Promote residential and business development in a coordinated manner.

<u>Objective</u>	<u>Implementation Steps</u>	<u>Responsible Entity</u>	<u>Completion Date</u>
1. Continue to market the advantages of locating in Hudson to businesses in the Cedar Valley.	Update marketing materials, and use one-on-one meetings and regional networking events to reach out to business representatives.	Hudson Chamber of Commerce	Ongoing
2. Encourage local entrepreneurs to open brick-and-mortar business locations.	Market the availability of commercial space in vacant downtown storefronts, infill lots, and commercial structures in new mixed-use developments to individuals with home occupations and potential entrepreneurs in Hudson. Consider working with commercial property owners and potential tenants to develop a business incubator space.	Hudson Chamber of Commerce	Ongoing
	Consider modifying the Commercial Economic Development Plan to provide greater tax abatement incentives to commercial property owners that demonstrate they have leased a portion of their commercial space to small business tenants. The incentives for commercial property owners may be structured in a manner to encourage owners to provide rental discounts or other benefits to small business tenants.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2019
3. As Hudson's housing stock diversifies, use the range of options as a "selling point" when recruiting businesses to locate in Hudson.	Incorporate information about Hudson's housing stock into marketing materials and marketing "pitches."	Hudson Chamber of Commerce	Ongoing

Goal 4, cont'd: Promote residential and business development in a coordinated manner.

<u>Objective</u>	<u>Implementation Steps</u>	<u>Responsible Entity</u>	<u>Completion Date</u>
4. Study and consider allowing new developments to contain a mix of residential and low-intensity commercial development.	Consider developing a tax abatement incentive program specifically for Planned Unit Developments (PUDs), similar to existing programs for commercial, industrial, and residential developments.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2019
	Consider modifying the Residential Economic Development Plan to provide additional incentives for residential developments with appropriate commercial uses incorporated.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2018
	Consider amending the Development Ordinance to allow a wider range of exceptions for non-residential uses in certain residential zoning districts.	Mayor's Task Force or P&ZC, Zoning Administrator, City Council	2019
5. Facilitate residential development at a pace consistent with demand and the rate of business development. Discourage overbuilding of residential and commercial structures – avoid a “if you build it, they will come” mentality.	Consider encouraging or requiring residential developers to provide a market study as part of their development application.	Mayor's Task Force or P&ZC, Zoning Administrator	2018
	Maintain discussions with area residential developers to learn which ones would be able and willing to quickly undertake a large subdivision in Hudson if a large business enterprise were to propose opening a location in Hudson. This knowledge of the interest and capacity of local housing developers should be conveyed to businesses considering expanding in Hudson.	City Council, Mayor's Task Force, Zoning Administrator	Ongoing
	Encourage but do not require mixed uses in largely residential new subdivisions. If the Residential Economic Development Plan is modified to encourage mixed-use development, consider providing discretion to the City to evaluate the potential demand for commercial units in mixed-use areas before awarding the full amount of tax abatements authorized for such development.	Mayor's Task Force or P&ZC, Zoning Administrator	Ongoing
6. Ensure that existing services and infrastructure can address the demand created by new development.	Continue to review proposed developments to determine if the City's infrastructure and public service departments have sufficient capacity to serve the developments. (See Goal #2, Objective G and Goal #3, Objective G of the 2009 Comprehensive Land Use Plan Update.)	Mayor's Task Force, Police Dep't, Fire and Rescue Dep't, Water and Wastewater Dep'ts, Public Works Dep't, Zoning Administrator, P&ZC, City Council	Currently in place - Ongoing

Summary and Conclusions

As a distinctly rural community adjacent to Waterloo and Cedar Falls, Hudson experiences both benefits and challenges in its demographic, economic, and housing market trends. As in Waterloo and Cedar Falls, Hudson's population grew rapidly during the postwar years of the 20th century, dropped during the farm crisis years of the 1980s, and has grown moderately since then. The City's population is expected to continue growing, with projected increases ranging from about 300 to 500 people by 2030. Like many rural communities, Hudson has an aging population, and its school enrollment has declined in recent years. However, the City has seen population growth among young children and adults in their late 20s and early 30s, which – combined with continued residential development – is expected to boost school enrollment in the coming years. Hudson's high-performing schools are sought after by many families with children, but enrollment growth may be limited by the supply of moderately priced housing for these families.

Hudson is a prosperous community, and its housing stock reflects this fact. Nearly continuous population growth in Hudson has resulted in a much younger housing stock than in many rural Iowa communities. The incomes and labor force participation rate of City residents are high compared to those in other Black Hawk County communities and the state as a whole, while poverty and unemployment rates are generally lower. Hudson's median home values, home sale prices, and housing costs for owners are generally high compared to other Black Hawk County communities, while the volume of home sales relative to the overall housing stock is comparatively low. Hudson's home sale market is also generally tighter than that of other rural communities of similar size in the region, including Denver and Jesup. The costs for Hudson's limited rental units are moderate compared to other Black Hawk County communities and the state as a whole, but rental vacancy rates are extremely low.

The share of owner and renter households that are housing cost burdened, or paying 30% or more of their incomes on housing, is low in Hudson compared to other Black Hawk County communities and the state as a whole, but this is a function of the housing stock available in the City. With relatively high home sale prices, low sale volumes, limited rental housing stock, and low rental vacancy rates, the opportunities for low- and moderate-income families to move to Hudson are limited. Indeed, a family would need an income over \$58,000 to purchase a median-priced home in Hudson with a Federal Housing Administration (FHA) loan, whereas the regional laborshed wage is less than \$42,000. Workers who commute to Hudson from neighboring communities tend to have earnings below this level, while workers who live in Hudson and commute elsewhere are more likely to have higher incomes.

This Housing Needs Assessment projected housing supply and demand through 2030 in Hudson using a variety of data sources, including City data on building permits and demolitions, Black Hawk County Assessor data, Census demographic data, and Iowa State University estimates of the rates of housing stock loss. An estimated 105 new residential units will be constructed between 2015 and 2030, while an estimated 38 units will be lost from Hudson's housing stock, resulting in a net addition of 66 units. The number of new households added in Hudson between 2015 and 2030 ranges from 81 to 160, which would result in a deficit of 14 to 94 housing units. The current building permit volume of 7 permits per

year (0.76% of Hudson’s housing stock) would have to be increased to fill this housing stock shortage. Depending on the rate of population growth, Hudson would need to issue an average of 8 to 13 permits annually. Since the vast majority of Hudson’s housing stock is in good condition, the ability to meet future housing needs by rehabilitating existing housing stock is minimal.

In small, rural communities, population growth and housing demand can greatly exceed expectations when a large business operation locates or expands in the community. No large-scale business development is predicted in Hudson, but some small businesses are opening or expanding facilities in the City. Of note, two businesses are relocating to Hudson from Waterloo or Cedar Falls, and both cited Hudson’s business-friendly environment as determining factors in their moves. If such business development in Hudson increases in the future, the City will be in a better position to attract some of these new employees as residents if it has a healthy range of housing options.

To summarize, Hudson has two broad categories of unmet housing needs:

- **Moderately priced “starter homes” for sale** – These homes would provide housing options for young families, low- and moderate-income workers who commute to Hudson from other communities in the region, and some employees of businesses that are locating and expanding in Hudson. Based on current trends, lots developed for starter homes would likely sell more quickly than lots for higher-end homes.
- **Expanded rental housing stock** – Increased rental housing would allow Hudson’s current rental vacancy rate to increase to 5%, a level generally considered healthy. Additionally, rental housing would provide additional options for young families, people employed in Hudson, seniors, and people with disabilities. In particular, high-quality, moderately priced rentals would provide alternatives for senior homeowners seeking to downsize, thereby freeing up moderately priced ownership homes in Hudson’s existing stock. Demand exists for both market-rate and subsidized rental housing in Hudson.

In addition, Hudson’s current housing stock must be maintained in order to sustain the community’s pleasing aesthetic character and high quality of life. Although Hudson has relatively high household incomes and relatively new housing stock, its homes will need routine maintenance as they age, and some homeowners may need financial assistance to make major investments such as roof replacement.

As Hudson seeks to expand and diversify its housing stock, it is important to do so in a manner that preserves the City’s rural character and conserves fiscal and environmental resources. Compact development that uses infill lots (when available), or is contiguous to existing development, minimizes the costs of providing new infrastructure, urban runoff, and loss of prime agricultural land. Continued residential and commercial development, as well as tiling and drainage of agricultural land in Hudson, may increase runoff and stream flows in Black Hawk Creek in the coming years, thereby increasing flooding hazards. Compact residential development patterns that minimize paved surfaces and soil compaction will help to limit flood hazards.

The proposed goals, objectives, and implementation steps provide a practical framework to meet the housing needs identified in this document, while taking fiscal, environmental, and business development considerations into account. A diverse housing stock, developed in a manner that preserves the City's unique character, will help Hudson remain a vibrant rural community where families raise children, start businesses, and put down roots.