

The Finney County CHAT Report



Black Hills Energy Community Housing Assessment Team

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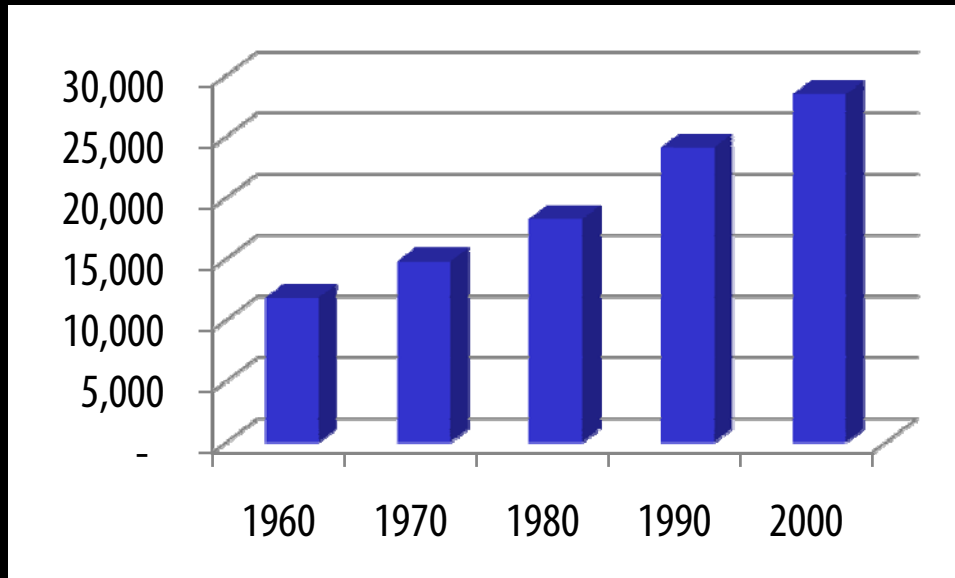
December 15, 2008

Garden City



Population Change

Garden City, 1960-2005



Source: US Census,

- Since the 1960s Garden City has experienced a 2% annual growth rate..
- Since 1960 Garden City has more than doubled in population.
- During the 1990s much of the city's population growth occurred among residents between 25 and 34. Growth in this group resulted in a higher than expected number of children under the age of 9.

Population Change, Garden City

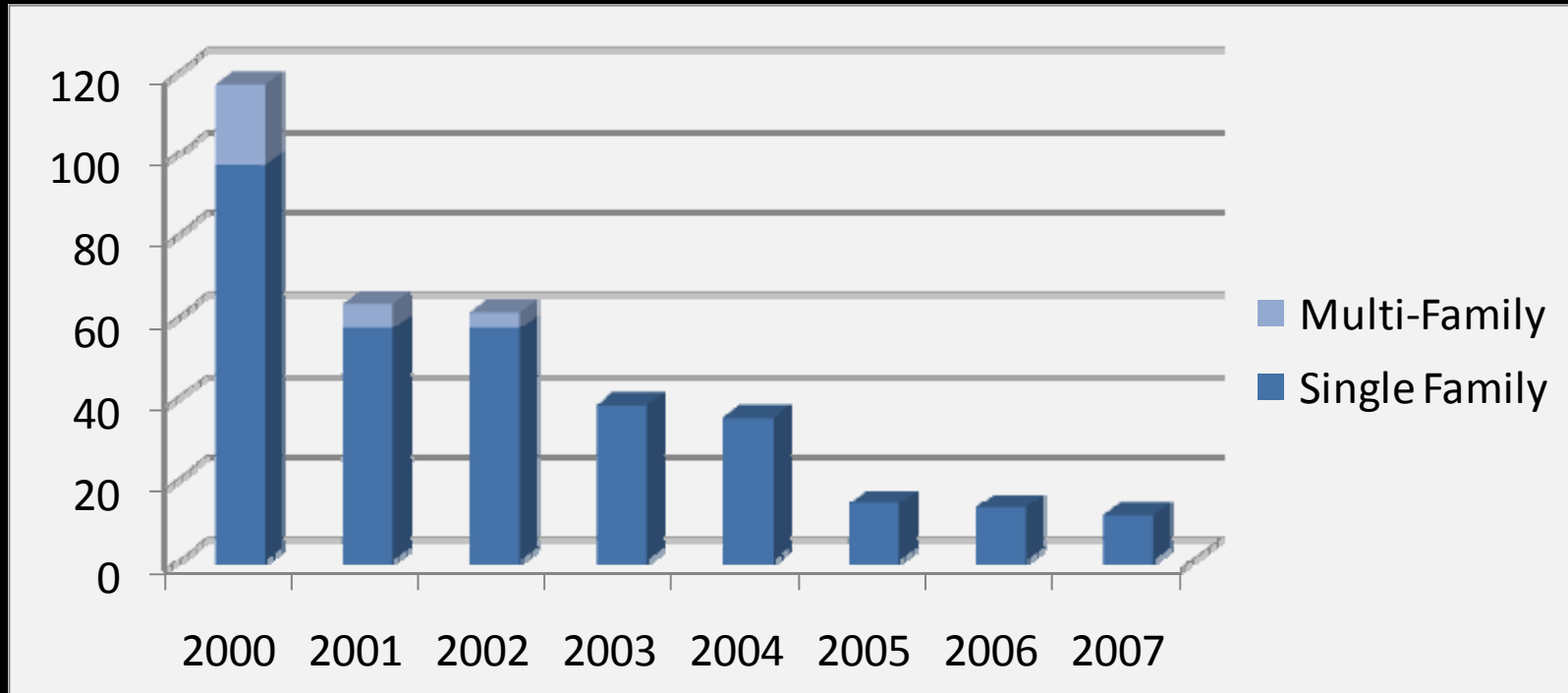
	Change in Population	% Growth During Decade	Annual Growth Rate
1960-1970	2,979	25.2%	2.3%
1970-1980	3,466	23.4%	2.1%
1980-1990	5,841	32.0%	2.8%
1990-2000	4,354	18.1%	1.7%
1960-2000	16,640	140.9%	2.2%

- Garden City's population has remained young compared to many other Midwestern communities.
- While many other city's were losing population during the 1980s, Garden City experienced strong growth.

Population Change, Garden City

	2000		2005 Estimate		Change
Under 15	7,868	27.7%	7,400	25.1%	-468
15-19	2,492	8.8%	2,312	7.9%	-180
20-24	2,221	7.8%	2,481	8.4%	260
25-34	4,606	16.2%	4,473	15.2%	-133
35-44	4,227	14.9%	4,471	15.2%	244
45-54	2,985	10.5%	3,681	12.5%	696
55-64	1,735	6.1%	2,197	7.5%	462
65-74	1,164	4.1%	1,213	4.1%	49
75-84	840	3.0%	840	2.9%	0
85 and Over	313	1.1%	374	1.3%	61
Median	28.6				

Housing Production 2000-2007



•Garden City has averaged 43 new housing units per year since 2000. Over the past three years construction has dropped off dramatically compared to the peak in 2000.

Population Forecast

	2007 Estimate	2010 Forecast	2015 Forecast	2020 Forecast
0% in-migration	29,836	30,427	31,394	32,344
0.5% Annual Growth Rate	30,200	30,655	31,429	32,223
1.0% Annual Growth Rate	30,200	31,115	32,702	34,370
1.7% Annual Growth Rate	30,201	31,768	34,561	37,601

- In determining the 10 year population growth for Garden City we use alternatives of patterns.

- Based on 2000 age cohorts the city should experience more births than deaths.

- Over the past 40 years the city's growth rate has remained strong, however, construction has dropped off dramatically in the past three years.

- Construction activity between 2000 and 2005 indicated a growth rate of 1.2% but since 2000 construction activity indicates a growth rate closer to 0.5%.

- Based on 0.5% growth rate the city's 2015 population will be 31,429 and 32,223 by 2020.

Occupancy Changes, Garden City

	1990		2000		Net Change
	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	4,815	60%	5,751	62%	936
Renter-Occupied	3,257	40%	3,587	38%	330
Total Vacant	511		569		58
Vacancy rate	6%		5.7%		
Total	8,583		9,907		1324

- The number of rental units did increase during the 1990s but there were few new rental units constructed. This would indicate that existing single-family units were converted to rental units.
- Although Garden City has been able to maintain strong job growth the city has not been able to match this growth with residential construction. For this reason many new employees struggle to find adequate housing.

The Process



- Use population forecast, recent construction activity and assumptions about people per household generate ten-year overall housing demand.

- Consider the distribution of household income in Garden City.

- Match income ranges with affordability price points, based on housing costs equal to 30% of adjusted gross income.

- Define price breakouts for new housing demand, based on the assumption that new construction should ideally be affordable to the existing household income distribution.



Development Projection, Garden City

	2008	2008-2013	2014-2020	Total
Population at End of Period	30,350	31,118	32,223	
HH Population at End of Period	29,740	30,492	31,575	
Average PPH	2.99	2.99	2.99	
HH Demand at End of Period	9,946	10,198	10,560	
Projected Vacancy Rate	5.71%	5.71%	5.71%	
Unit Needs at End of Period	10,549	10,816	11,200	
Replacement Need		25	35	60
Cumulative Need During Period		292	419	711
Average Annual Construction		58	60	59

Housing demand calculation is based on:

- A constant people per household.
- A constant vacancy rate of 5.71%. A rate that provides some variety in the market.
- A replacement need of 5 units annually.

Income Distributions and Housing Affordability Ranges

Income Range	% of City HH Median	% of Households	Households in Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-25,000	0-60%	23.15%	2,162	\$0-50,000	688	\$0-400	1874	2562	400
\$25,000-49,999	61-120%	37.13%	3,467	\$50,000-124,999	3415	\$400-800	1646	5061	1594
\$50,000-74,999	120-180%	15.49%	1,446	\$125,000-199,999	1256	\$800-1250	62	1318	-128
\$75,000-99,999	181-240%	11.02%	1,029	\$200,000-249,999	273	\$1250-1500	5	278	-751
\$100,000-149,999	241-360%	10.58%	988	\$250,000-300,000	96	\$1500-2000	0	96	-892
\$150,000+	Over360%	2.63%	246	\$300,000+	23	\$2000+	0	23	-223
Median Income:	\$41,691								

•Based on 2000 housing values Garden City has a shortage of units priced over \$125,000.

•The most pronounced shortage is among housing priced between \$200,000 and \$300,000.

Housing Development Program, Garden City

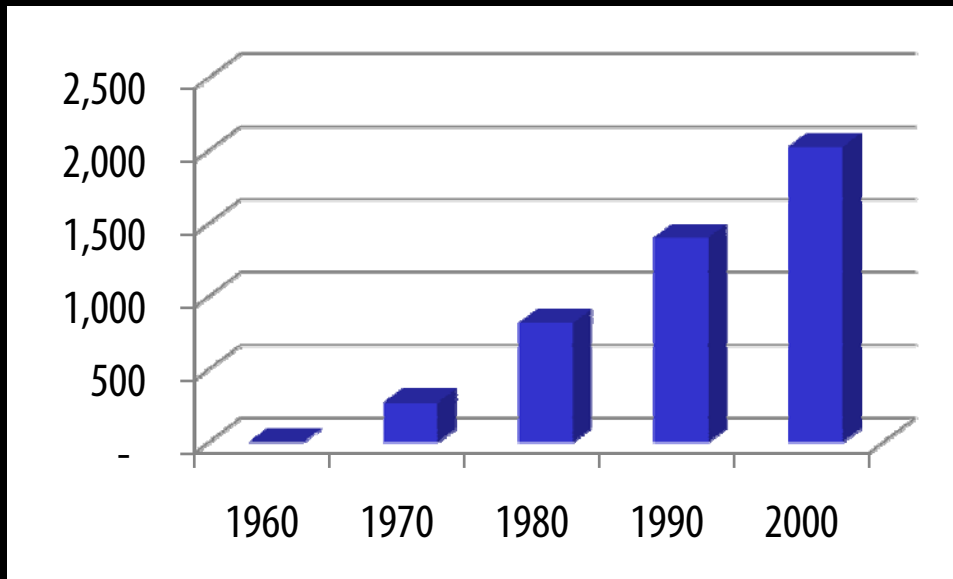
	2008-2013	2014-2020	Total
Total Need	292	299	591
Total Owner Occupied	175	179	354
Affordable Low: 60-100,000	32	33	66
Affordable Moderate: 100-130,000	48	49	97
Moderate Market: 130-200,000	51	53	104
High Market: Over \$200,000	43	44	87
Total Renter Occupied	117	120	236
Low: Less than 450	38	39	77
Affordable: 450-700	41	42	83
Market: Over \$700	38	39	77

- This analysis assumes a split of 60% owner-occupied and 40% rental, comparable to existing proportions.
- About 163 owner-occupied units, or about 14 units annually, should ideally be priced below \$130,000. Many of these units may come from the city's existing housing stock.
- There will be a demand for an additional 159 rental units priced below \$700.

Holcomb



Population Change Holcomb, 1970-2000



Source: US Census,

- Holcomb's population is nearly 10 times larger than it was in 1970.
- Holcomb has attracted many young families away from Garden City over the past 15 years.
- During the 1990s Holcomb attracted many families while those over the age of 50 were leaving the city at a faster than expected rate..

Population Change, Holcomb

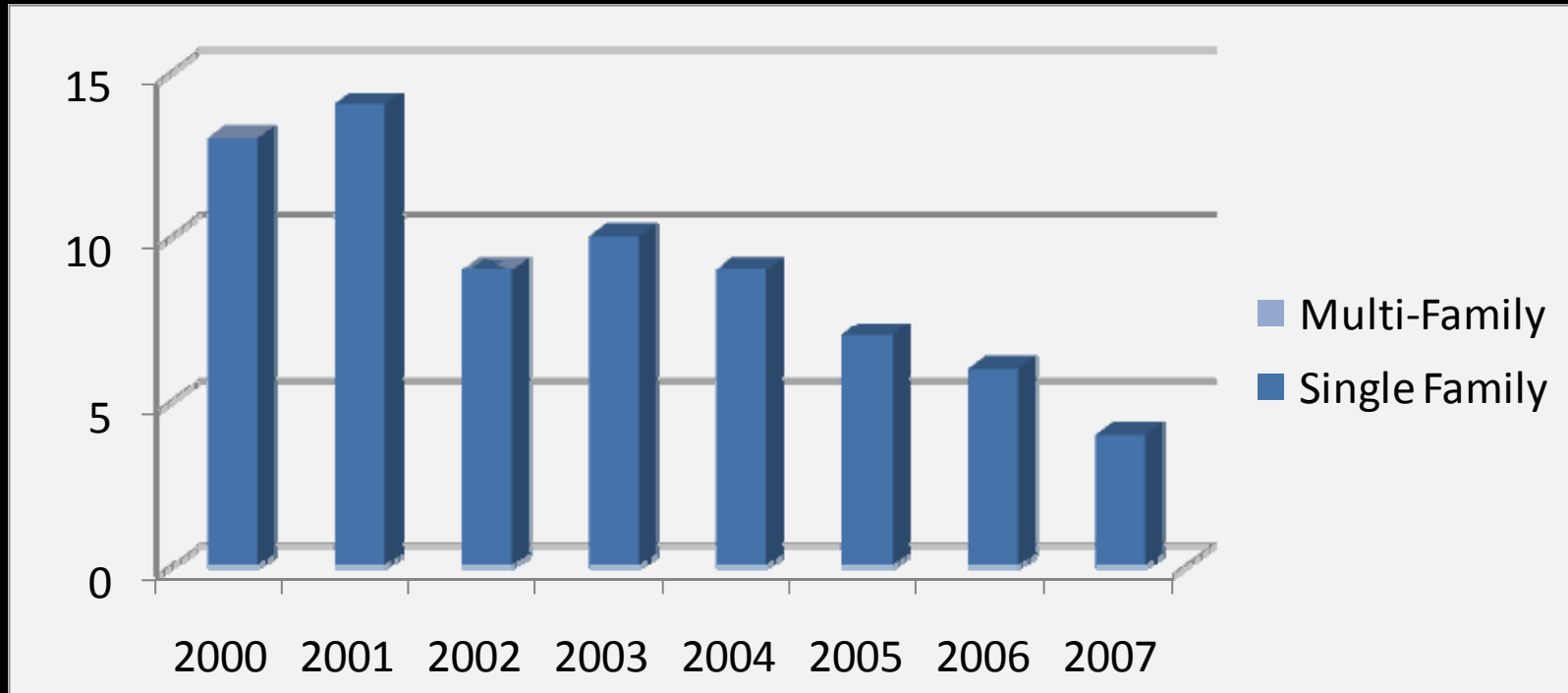
	Change in Population	% Growth During Decade	Annual Growth Rate
1970-1980	544	200.0%	11.6%
1980-1990	584	71.6%	5.5%
1990-2000	626	44.7%	3.8%
1970-2000	1,754	644.9%	6.9%

- Holcomb has added about 600 residents per decade .
- A level increase per decade results in a slightly decreasing annual growth rate.

Population Change, Holcomb

	2000		2005 Estimate		Change
Under 15	697	34.4%	563	26.5%	-134
15-19	224	11.1%	263	12.4%	39
20-24	97	4.8%	223	10.5%	126
25-34	279	13.8%	229	10.8%	-50
35-44	384	19.0%	352	16.5%	-32
45-54	219	10.8%	305	14.3%	86
55-64	80	3.9%	130	6.1%	50
65-74	27	1.3%	38	1.8%	11
75-84	16	0.8%	18	0.8%	2
85 and Over	3	0.1%	6	0.3%	3
Median	24.6		24.3		

Housing Production 2000-2007



- Holcomb has averaged 9 new housing units per year since 2000. Over the past two years construction has dropped off dramatically compared to the peak in 2001.
- The city has constructed no multi-family units since 2000.

Population Forecast

	2007 Estimate	2010 Forecast	2015 Forecast	2020 Forecast
0% in- migration	2,171	2,235	2,354	2,474
1.0% Annual Growth Rate	2,280	2,349	2,469	2,595
1.2% Annual Growth Rate	2,280	2,396	2,603	2,827
3.8% Annual Growth Rate	2,280	2,550	3,073	3,703

•Based on 2000 age cohorts the city should experience more births than deaths.

•Over the past 30 years the city's growth has remained strong but in recent years the city construction has decreased dramatically.

• Although strong growth in the early part of this decade indicates an annual growth rate of approximately 1.2% building activity has slowed the growth rate to 1.0% annually.

Occupancy Changes, Holcomb

	1990		2000		Net Change
	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	290	75%	469	79%	179
Renter-Occupied	98	25%	123	21%	25
Total Vacant	26		16		-10
Vacancy rate	6%		2.6%		
Total	414		608		194

- Holcomb has a very limited supply of rental housing and building permits indicated that the city has not added any traditional multi-family units during this decade.
- The drop in the city's vacancy rate between 1990 and 2000 suggests that construction levels did not keep pace with population growth. A vacancy rate of 6% provides a good variety of housing in the market, while rates below 5% limit choices and therefore can limit the amount of population growth that a city will experience.

The Process



•Use population forecast, recent construction activity and assumptions about people per household generate ten-year overall housing demand.

•Consider the distribution of household income in Holcomb.

•Match income ranges with affordability price points, based on housing costs equal to 30% of adjusted gross income.

•Define price breakouts for new housing demand, based on the assumption that new construction should ideally be affordable to the existing household income distribution.



Development Projection, Holcomb

	2008	2008-2013	2014-2020	Total
Population at End of Period	2,319	2,520	2,827	
HH Population at End of Period	2,319	2,520	2,827	
Average PPH	3.42	3.42	3.42	
HH Demand at End of Period	678	737	827	
Projected Vacancy Rate	2.63%	3.03%	3.73%	
Unit Needs at End of Period	696	760	859	
Replacement Need		5	7	12
Cumulative Need During Period		69	106	174
Average Annual Construction		14	15	15

Housing demand calculation is based on:

- A constant people per household.
- A slightly increasing vacancy rate from 2.63% to 3.73%. A rate closer to 5% would be optimal but this will require a level of construction not experienced during this decade.
- A replacement need of 1 units annually.

Income Distributions and Housing Affordability Ranges

Income Range	% of City HH Median	% of Households	Households in Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-25,000	0-47%	16.05%	95	\$0-50,000	21	\$0-400	80	101	6
\$25,000-49,999	48-94%	30.07%	178	\$50,000-124,999	341	\$400-800	39	380	202
\$50,000-74,999	95-142%	25.34%	150	\$125,000-199,999	82	\$800-1250	4	86	-64
\$75,000-99,999	143-189%	15.54%	92	\$200,000-249,999	23	\$1250-1500	0	23	-69
\$100,000-149,999	190-283%	10.14%	60	\$250,000-300,000	0	\$1500-2000	0	0	-60
\$150,000+	Over283%	2.87%	17	\$300,000+	2	\$2000+	0	2	-15
Median Income:	\$52,961								

•Based on 2000 housing values Holcomb has a shortage of units priced over \$125,000.

Housing Development Program, Holcomb

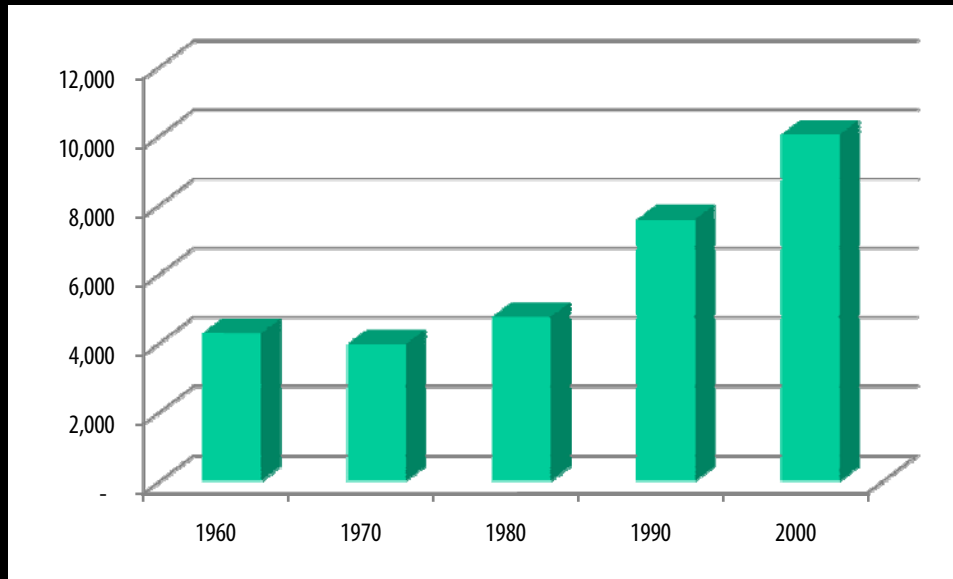
	2008-2013	2014-2020	Total
Total Need	69	75	143
Total Owner Occupied	48	52	100
Affordable Low: 60-100,000	9	9	18
Affordable Moderate: 100-130,000	7	8	16
Moderate Market: 130-200,000	19	20	39
High Market: Over \$200,000	13	14	27
Total Renter Occupied	21	22	43
Low: Less than 450	5	6	11
Affordable: 450-700	7	7	14
Market: Over \$700	9	10	19

- This analysis assumes a split of 70% owner-occupied and 30% rental. This is a slightly higher rental rate than existed in 2000, however, rental units provide housing for young families that will be future homeowners and for retirees looking for low maintenance housing alternatives.
- About 34 owner-occupied units should ideally be priced below \$130,000. Many of these units may come from the city's existing housing stock.
- There will be a demand for an additional 25 rental units priced below \$700.

Finney County



Population Change Finney County, 1960-2000



Source: US Census, RDG Planning & Design

- From 1960 to 1980, Finney County's population growth was dependent on growth within Garden City and Holcomb.
- Since 1980 rural parts of Finney County have experienced noticeable growth .
- The county will continue to experience growth, however, to more efficiently utilize infrastructure and public services large scale growth should be directed towards the county's municipalities.

Population Change, Finney County

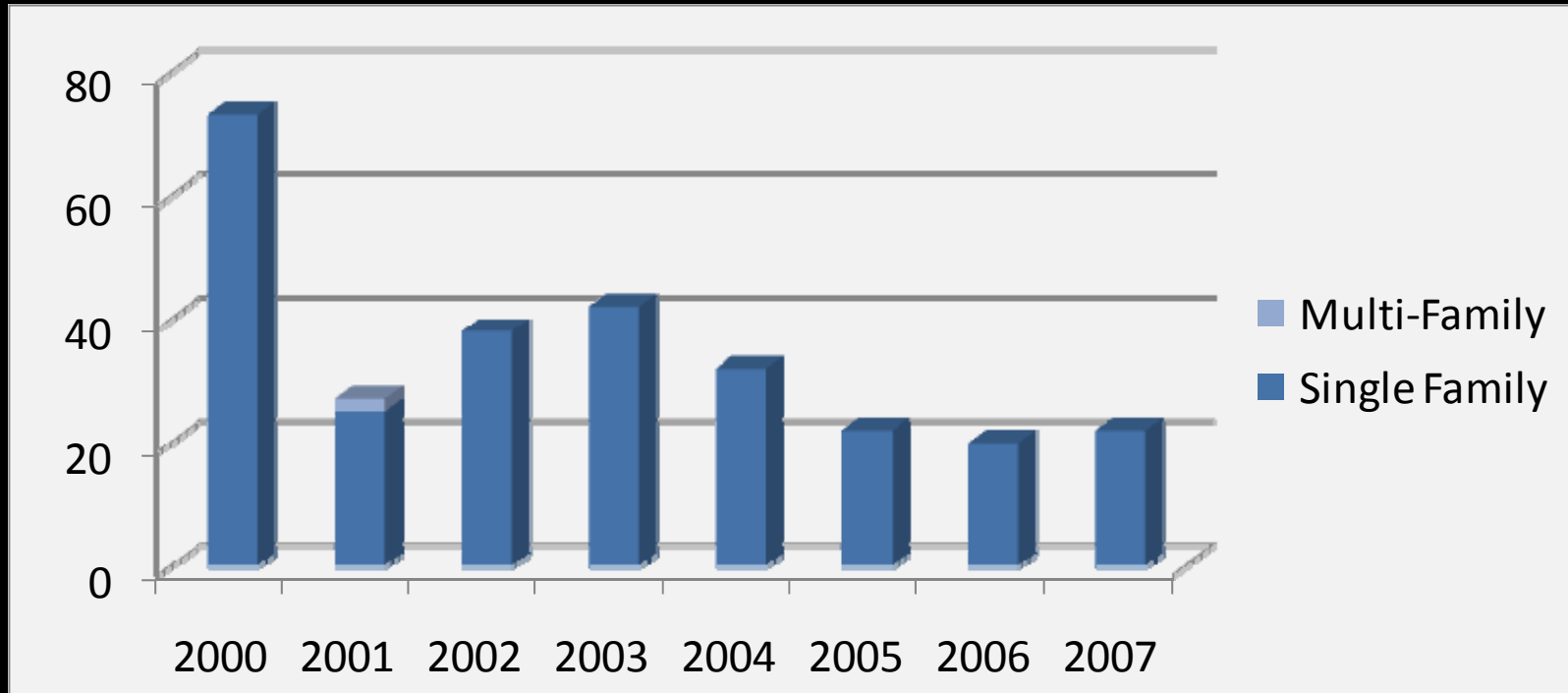
	Change in Population	% Growth During Decade	Annual Growth Rate
1960-1970	-315	-7.4%	-0.8%
1970-1980	786	19.8%	1.8%
1980-1990	2,820	59.3%	4.8%
1990-2000	2,463	32.5%	2.9%
1960-2000	5,754	134.4%	2.2%

- While Garden City and Holcomb were experiencing significant growth during the 1960s and 1970s, the remainder of Finney County experienced a population loss and limited growth during the 1970s.
- Some of Garden City and Holcomb's growth could be the result of population shifting from more rural areas in Finney County but there was still significant in-migration from outside the county.

Population Change, Finney County

	2000		2007 estimated		Change
Under 15	3,238	32.3%	2,855	27.3%	-382.83
15-19	807	8.0%	1,000	9.6%	192.65
20-24	699	7.0%	803	7.7%	104.44
25-34	1,561	15.6%	1,461	14.0%	-100.17
35-44	1,551	15.5%	1,612	15.4%	60.64
45-54	1,122	11.2%	1,364	13.0%	242.03
55-64	602	6.0%	767	7.3%	165.46
65-74	313	3.1%	396	3.8%	82.53
75-84	127	1.3%	168	1.6%	40.57
85 and Over	16	0.2%	33	0.3%	17.02
Median	28.1				

Housing Production 2000-2007



• Like Garden City and Holcomb, Finney County experienced more housing construction during the early part of the decade than in the last three years.

Population Forecast

	2005 Estimate	2010 Forecast	2015 Forecast	2020 Forecast
0% in- migration	10,862	11,270	11,692	12,053
1.0% Annual Growth Rate	10,670	11,214	11,786	12,388
1.2% Annual Growth Rate	10,670	11,326	12,022	12,761
2.2% Annual Growth Rate	10,670	11,896	13,264	14,789

- Based on 2000 age cohorts the county should experience more births than deaths.

- Between 1960 and 2000 Finney County experienced a 2.2 % annual growth rate. That rate has slowed to 1.2% since 2000.

- Declining construction activity indicates a continued decline in the county's population growth to approximately 1.0% annually

- Based on a 1% annual growth rate rural Finney County will reach a population of 12,388 by 2020.

Occupancy Changes, Finney County

	1990		2000		Net Change
	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	1,560	66%	2,171	72%	611
Renter-Occupied	816	34%	847	28%	31
Total Vacant	323		230		-93
Vacancy rate	12%		7.1%		
Total	2,699		3,248		549

- Rural Finney County had a limited number of rental units and a healthy vacancy rate of 7.1% in 2000.

Development Projection, Finney County

	2008	2008-2013	2014-2020	Total
Population at End of Period	10,997	11,558	12,388	
HH Population at End of Period	10,997	11,558	12,388	
Average PPH	3.33	3.33	3.33	
HH Demand at End of Period	3,302	3,471	3,720	
Projected Vacancy Rate	7.08%	7.08%	7.08%	
Unit Needs at End of Period	3,554	3,735	4,003	
Replacement Need		5	7	12
Cumulative Need During Period		222	275	498
Average Annual Construction		37	39	41

Housing demand calculation is based on:

- A steady number of people per household.
- A constant vacancy rate.
- A replacement need of 1 units annually.

Income Distributions and Housing Affordability Ranges

Income Range	% of City HH Median	% of Households	Households in Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-25,000	64.00%	16.47%	497	\$0-50,000	199	\$0-400	487	686	189
\$25,000-49,999	65-128%	41.25%	1,245	\$50,000-124,999	754	\$400-800	360	1114	-131
\$50,000-74,999	129-193%	13.49%	407	\$125,000-199,999	521	\$800-1250	0	521	114
\$75,000-99,999	194-257%	10.83%	327	\$200,000-249,999	405	\$1250-1500	0	405	78
\$100,000-149,999	258-385%	12.29%	371	\$250,000-300,000	203	\$1500-2000	0	203	-168
\$150,000+	Over 385%	5.67%	171	\$300,000+	89	\$2000+	0	89	-82
Median Income:	\$39,950								

•Based on 2000 housing values, rural Finney County has a shortage of rental units priced between \$400 and \$800 and owner units priced over \$100,000.

• Some of the county's lowest income brackets are seniors, on fixed incomes, whose housings are paid off. Effectively allowing them to live in houses that would appear to be above their means.

Housing Development Program, Finney County

	2008-2013	2014-2020	Total
Total Need	222	275	498
Total Owner Occupied	160	198	358
Affordable Low: 60-100,000	32	43	74
Affordable Moderate: 100-130,000	33	45	79
Moderate Market: 130-200,000	34	46	80
High Market: Over \$200,000	61	64	125
Total Renter Occupied	62	77	140
Low: Less than 450	13	16	28
Affordable: 450-700	21	26	48
Market: Over \$700	28	35	64

•What growth that does occur in rural Finney County will likely continue to be owner-occupied housing. Large scale rental projects should be directed toward the county's municipalities. The demand for an additional 76 rental units priced below \$700 will likely come for the county's existing housing stock.

Housing Resources and Assets

- Employment Strength
- Community Quality
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Good Neighborhoods
- Regional Brand
- Ongoing Comprehensive Planning Process
- Unique City Center
- Community College
- Good Schools
- Aggressive USDA Programs
- Regional Cities

Employment Strength

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inney County, like other regional counties, has a large employment base that imports workers. The county's employment picture is dominated by the Tyson Foods, but also including a major regional medical center, a community college, and a large utility. The city suffered a major reversal with the catastrophic fire at the ConAgra plant, but has recovered well. Despite the current recession, demand for employees continues to exceed the ability of employers to find workers or the housing industry to accommodate them.

- Employment Strength**
- Casino Prospects**
- Strong Housing Demand**
- Affordable Housing Supply**
- Stable Values in Subprime Crisis**
- Community Facilities**
- Good Neighborhoods**
- Effective Housing Authority**
- Reputation and Heritage**
- Comprehensive Planning Process**
- Rural Communities**



Community Quality

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arden City's array of community features is a distinct strength that benefits the entire county. These assets include the Lee Richardson Zoo, the Finney County Museum, excellent parks and recreational facilities, the downtown ArtCenter, Garden City Community College, major retailing, a popular greenway trail, and other attractions. These features, unusual for a community of Garden City's size, provide significant potential marketing benefits, but tend to be neutralized by a lack of housing for new arrivals.

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Affordable Housing Supply

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Inney County's and Garden City's housing supply is basically affordable, although priced above the level of neighboring cities. Owner-occupied homes appear to support appropriate prices, with the top of the mainstream market in the \$230,000-250,000 range. Rents are relatively low, despite and possibly because of a lack of contemporary apartment units. The moderately-priced market is good for consumers who can find acceptable housing, but tends to depress new construction because of the costs of development and construction.

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Stable Values in Subprime Crisis

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oderate housing costs, the use of traditional mortgage tools and relatively conservative lending practices, and a shortage of housing have to date spared Garden City and Finney County many of the effects of the subprime crisis. A “housing bubble,” characterized by accelerating prices, never occurred here. The inventory of acceptable homes for sale is tight, and values are stable. On the other hand, new housing development has declined substantially during this decade.

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Good Neighborhoods

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arden City's residential neighborhoods generally offer a good residential environment to residents. The city provides a variety of settings, from historic districts to solid older neighborhoods and more contemporary settings. Even neighborhoods branded as lower-income areas have an intact fabric and relatively sound housing supply. In neighboring Holcomb, postwar residential areas and some contemporary development surround the core of a small rural community.

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Regional Brand

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arden City (and surroundings) enjoys an enviable regional reputation for innovation and quality, a consequence of several things – regional development, recent commercial growth on the city's edge, significant cultural and educational institutions, and the recovery from the economic calamity of the fire in 2000. This brand gives Garden City the potential status as a regional leader.

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Regional Brand

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SDA's Rural Development Program has recently been decentralized and operates on a more regional basis than before. USDA staff recognizes the connection between housing and rural economic development and has programs (including single-family direct loans and the self-help program) that have succeeded in western Kansas and apply to Holcomb and other parts of rural Finney County. Garden City is too large for USDA/RD eligibility, but self-help in particular provides a promising model for affordable housing development in the city.

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Comprehensive Planning Process

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arden City is in the early stages of a comprehensive planning process that can address major community needs, including growth directions, redevelopment opportunities, and infrastructure development. This process should become a vehicle that both identifies needs and leads to specific solutions. It can be especially important in defining areas suitable for new housing, particularly multi-family and higher-density development.

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Unique City Center

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owntown Garden City is a large and vital economic district with a unique physical character and special resources. These include historic architecture headlined by the Windsor Hotel, a classical city common in Stevens Park, a street grid that creates great urban spaces, a building supply that provides significant adaptive reuse opportunities, and a varied business base. Adaptive residential reuse can be an important part of the city's housing equation.

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Garden City Community College

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quality community college can be an important regional asset, providing business and job training skills; attracting faculty, staff, and students; and adding to the cultural and educational character of the area. Garden City Community College is an important regional institution that attracts students from the larger area and generates a significant housing demand.

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Good Schools

G

arden City and Holcomb both boast quality school systems. Holcomb's system presents such an attraction that it affects the dynamics of regional housing demand. Technology programs, a laptop for all initiative, and award-winning academic programs attract families with school-age children to the town. After their children graduate, the empty-nester households then tend to move out of Holcomb. In any case, the educational systems of both municipalities are distinct assets.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Aggressive USDA Programs

U

SDA's Rural Development Program has recently been decentralized and operates on a more regional basis than before. USDA staff recognizes the connection between housing and rural economic development and has programs (including single-family direct loans and the self-help program) that have succeeded in western Kansas and apply to Holcomb and other parts of rural Finney County. Garden City is too large for USDA/RD eligibility, but self-help in particular provides a promising model for affordable housing development in the city.

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Rural Communities

F

ord County's rural communities, including Spearville, Ford, and Bucklin provide affordable housing alternatives and, in some cases, have mobilized to attract new development. Bucklin, for example, is offering free lots to homebuilders or potential owners. However, these towns face obstacles, including relatively low housing values, infrastructure issues, and staff support.

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Housing Issues and Challenges

- Housing and Economic Development
- Economic Diversification
- Lack of Rental/Transitional Housing
- Shortage of Developable Lots
- Lack of Builders and Developers
- Infrastructure Issues and Finance
- Regional and Nonprofit Capability
- Populations at Risk
- Floodplain Designations
- Regulatory Processes
- Downtown Development
- Services in Small Communities

Housing and Economic Development

H

ousing and economic development have a strong relationship in Garden City and Finney County, as elsewhere in the western Kansas region. This focuses largely on the issue of workforce recruitment. Industrial employers such as Tyson have difficulty retaining employees who cannot find a place to live. On the other end of the spectrum, St. Catherine's is also challenged to attract physicians and other professional staff because of a shortage of acceptable housing opportunities. Economic diversification and growth are difficult to accomplish if the market cannot respond to demand.

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Economic Diversification

C

reating a more diverse economy is a key ultimate priority for Finney County. Some of the county's major employment sources – food processing, health care, and energy – are relatively inelastic, even in a severe recession. A better housing environment allows the county capitalize on this base. However, the 2000 fire demonstrated the vulnerability of over-dependence on one industry, and greater diversification will create a more resilient region.

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Lack of Rental Housing

R

ental development in Garden City and Finney County virtually evaporated during the past ten years. The result is a severe shortage of acceptable rental settings. There are several reasons for this:

- After the ConAgra plant fire in 2000, the rental vacancy rate rose dramatically, a condition that persisted until relatively recently. New development does not occur when vacancy rates are high. As a result, the market cannot respond to a renewed rental need.

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Lack of Rental Housing

2

•Regionally and nationally, the proliferation of subprime lending made homeownership appear cheaper than renting. While the Garden City area is not victimized by a high foreclosure rate, market-rate rental capacity and production both dropped during the decade.

•For market rate rentals, a need that many participants indicate, the Finney County rental market does not support the monthly rents necessary to make projects feasible . Typical rents range from \$450 to \$600, insufficient to support unsubsidized development.

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Lack of Rental Housing

3 Yet rental development is a critical immediate need in the area:

- Tighter credit and tougher underwriting standards will put more housing consumers in the rental market.
- People recruited to Finney County jobs need short- to medium-term housing to meet interim needs before they can commit to buying a house.

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Lack of Rental Housing

4 Yet rental development is a critical immediate need in the area.

- A lack of suitable rental settings forces both existing residents and recruitment targets to accept housing that does not meet their needs, or places greater pressure on single-family development.
- Special needs populations, including new immigrants, social service clients, students, construction workers, and low-income households create substantial demand as well.

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Shortage of Developable Lots

G

arden City and surroundings will experience a continued, sustained demand for housing but a diminishing supply of lots. While land resources exist, the costs of public improvements – streets and infrastructure – discourage land development, particularly in a market with slow absorption and tighter credit. Holcomb has a land owner willing to work with a residential developer, but the costs of development remain an issue. Both cities have a multi-year supply of platted lots, but these do not all have full public services.

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Infrastructure Issues and Finance

P

ublic improvements – streets, sewers, and water lines – are major costs in subdivision development. Yet, in medium-sized markets, gradual lot sales, moderate demand that precludes economies of scale, and carrying costs discourage developers from making these necessary front-end investments. Finney County's relatively moderate housing prices complicate matters. The capital cost of land and public improvements are relatively equal in urban subdivisions, regardless of cost. In a moderately-priced market, these fixed costs are a higher percentage of the sales price, increasing builder risk and decreasing profit margins.

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Infrastructure Issues and Finance

2

Under these conditions, the best that developers can hope for is to break even on these development costs, discouraging subdivision activity.

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Lack of Builders and Developers

F

Finney County in general and Garden City in particular have a small and diminishing community of builders and developers, a problem shared with other western Kansas cities. Current development activity seems limited to Pheasant Valley in northeast Garden City; the higher-end Sagebrush and Southwinds subdivisions south of the Arkansas River; and speculative housing built on an incremental basis in Holcomb. Issues that limit the building community are complex, and include history, housing economics, labor availability, and entrepreneurship. The cumulative effect, though, is an industry that has difficulty responding to demand.

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Regional and Nonprofit Capabilities

In many communities, public agencies or nonprofit community development corporations have been very effective at addressing housing needs or program types that the private market alone cannot complete. Garden City and Finney County lack such an entity. The Area Mental Health Center is considering establishing a Community Housing Development Organization (CHDO), but this development corporation is likely to be focused on housing needs for the center's clients, and is unlikely to apply to more general affordable housing needs.

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Populations at Risk

S

ervice providers report a critical needs for specific types of initiatives, including supportive or transitional housing. Specific challenges include:

- Political refugees, largely Burmese or Somalis, settling in the area.
- Low-income seniors.
- Social service agency clients seeking both permanent and transitional settings.

Garden City's serious lack of rental housing makes housing referrals and placements very difficult.

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Floodplain Designation

W

hile difficult to address through housing policy, a floodplain map amendment that classifies much of the Talley Creek corridor in the 100-year floodplain creates a potentially significant housing affordability and marketability issue. Homeowners in this highly built-up area may have to purchase flood insurance against loss, a significant added cost. In addition, location in a floodplain may affect the market value of these homes.

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Regulatory Processes

S

takeholders in housing development consider city and county permitting and approval processes to be somewhat convoluted, with delays stemming from approvals moving back and forth between city and county agencies, and, in the county, requiring approval by an engineer domiciled in Colorado. This process adds uncertainties and costs to housing production.

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Downtown Development

D

owntown Garden City is a distinctive district with a strong civic and commercial base and a supply of architecturally important buildings. Reuse of the largest and most famous of these, the Windsor Hotel, is proving to be a substantial challenge. The city is working closely with a developer on reuse of the Buffalo Jones Hotel, and some smaller residential projects have been executed. Downtown residential development in Garden City can help maintain the district's quality, preserve historic buildings, and provide needed rental and owner-occupied housing.

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Services in Small Communities

H

olcomb exhibits an unusual pattern – a very large average household size and low median age. This results from families moving to town to take advantage of the school system, and moving out of town when their children have finished schools. A more mixed-age population could add greater stability and mature leadership. However, the city lacks a commercial core and other institutions that could make it more than a “bedroom” community for Garden City.

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Finney County Housing Objectives

A housing program for Finney County should:

1. Maximize possibilities for regional collaboration and information-sharing.
2. Encourage the production of critically needed rental housing.
3. Give the city and county the ability to respond to increased housing demand.
4. Develop the infrastructure support necessary to increase the supply of developable lots.
5. Implement a community partnership that can address countywide housing needs.
6. Streamline review and approval processes.
7. Execute a significant downtown revitalization program that includes housing as a key ingredient.
8. Conserve existing housing stock and use available land that is already served by infrastructure.
9. Help create greater development balance in small communities.

Regional Collaboration

1

Garden City is part of a tri-city region (along with Dodge City/Ford County and Liberal) that with both common housing issues and different experiences and solutions. The area is probably too large for a unified solution or program that serves everyone. Yet, regular contacts leading to information-sharing, collaboration, unified policy, and identifying potential marketing and developing opportunities could benefit all.

Officials and decision-makers from the three cities should meet together on a regular basis to compare notes and explore programs, solutions, and lessons learned. This process has no “down-side” and, with a minor investment of time, could open possibilities and joint opportunities that could be very appealing to the state and other possible funding sources.

Finney County Housing Partnership

2

Finney County and Garden City need expanded capacity to meet important community housing demands, including rental housing production.

Central to this capacity is a regional Community Housing Development Corporation, capable of addressing community-wide needs, developing housing or assembling partnerships in Garden City, Holcomb, and rural towns. A Finney County Community Development Corporation or CHDO may be created by city or county governments, or may emerge as an independent organization.

Other critical components are:

- Defining focuses of attention
- Creating a consortium of lenders to provide interim financing and other support to development efforts.
- Generating financing sources used to ensure that new homeowners can afford their new homes.
- A counseling and referral service.

Regional Nonprofit Developer (CDC or CHDO)

A nonprofit developer should identify and execute specific project focuses in Garden City and county communities that the private sector by itself is unlikely to pursue. These may include:

- **Rental housing across a variety of income ranges**, including market-rate rentals for recruited professionals, workforce housing, and housing for people with urgent needs.
- **Rent-to-own (CROWN) developments where a portion of rent payments are escrowed into an equity account that, after several years, provides resources for a downpayment.** These projects may use tax credit financing for the initial units. Any unit developed with tax credits must remain in eligible renter occupancy for 15 years.

Regional Nonprofit Developer (CDC or CHDO)

- **Infill development on sites within the city, including new housing forms.**
- **Acquisition/rehab/resale, where houses are acquired and sold in a rehabilitated or “turnkey” state to owner-occupants.** The CHDO purchases existing houses, completely rehabilitates them, and resells them to new homebuyers. The lending community should participate cooperatively in this effort by providing interim financing. Mortgage financing for low and moderate income buyers may be assisted by CDBG or HOME “soft-second” loans.
- **Catalyzing development partnerships where interests coincide.** For example, several employers may share an interest in transitional housing development for faculty and professional recruits. Lack of transition housing could in fact obstruct efforts to attract quality staff. In this situation, the college, hospital, school system, and for-profit businesses may form a development consortium to generate such a focused project.

Lenders Consortium

Finney County's lenders have key roles to play in both construction and mortgage financing.

- **Construction financing** would focus on providing interim capital to the regional CHDO for its projects.
- **Mortgage financing** would be blended with "soft-second" mortgages using CDBG or HOME funds to make houses more affordable to potential buyers in a tight credit market. These loans reduce the size of the primary mortgage, thereby reducing monthly payments. Soft second mortgages are due on sale of the house.

Housing Investment Funds

The city and county should establish a dedicated housing fund to provide capital for critical housing initiatives. The region has benefited from economic development initiatives and substantial recent commercial growth. Following the example of Liberal, the city may consider creating an additional local option sales tax or directing a portion of incremental sales taxes to a Housing Investment Fund that could be used for a variety of housing and development-related purposes, such as infrastructure finance. This program is free of federal constraints and has the flexibility to be used as necessary to meet priorities and opportunities. In addition to establishing this fund, the city and county must develop an effective and credible governance system at the front end.

The partnership should also identify other partners and use their resources strategically to meet regional needs. These include USDA Rural Development programs and CDBG/HOME funds, continued use of the Urban Revitalization program, and CDBG/HOME funds administered by the Kansas Department of Commerce.

Counseling and Referral Agency

A certified Housing Counseling Agency can be enormously helpful in the Finney County region and would specialize in:

- Referrals and advice to people with housing and code enforcement emergencies.
- Credit counseling to participants in CHDO, Habitat for Humanity, and other community housing efforts.
- Overall services to the community, including foreclosure avoidance.
- Outreach to the Latino, Burmese, Somali, and other new communities.

Rental Development

3

Rental housing development is a critical priority for Garden City. The city should institute a program to define sites and encourage rental development, using the Finney County Housing Partnership as a possible vehicle.

Elements of this effort include:

- Through the comprehensive planning process, defining sites or at least criteria for sites that are suitable for higher-density housing.
- Create design criteria for rental housing such as development in relatively small clusters rather than large complexes.
- Considering advance acquisition of sites.

Rental Development

3

- Creating development partnerships including businesses and institutions with similar recruitment needs.
- Using joint city/chamber/economic development corporation efforts to recruit developers as needed and to help assemble financing packages that encourage these specific project types. These packages, which could include tax increment financing, tax abatement through the Urban Revitalization Program, or other techniques to fill the gap between project costs and sustainable rents.

Increased rental housing production will also upgrade the existing rental supply by making substandard units uncompetitive. This process can be accelerated by providing a rental rehabilitation program that can give owners the ability to upgrade their properties. This may be backed up by an expanded code enforcement program.



Public Improvement Financing

4

Garden City and Holcomb should assist in the development of urban infrastructure necessary to create an adequate lot supply. This program should help developers finance public improvements for individual subdivisions.

- **Comprehensive Plan.** The current comprehensive plan process should clearly define growth areas and the method and cost of pioneer infrastructure necessary to support them.
- **Development Financing.** Shared public/private financing of infrastructure in individual developments can reduce the private sector's front-end risk while providing a safe investment of public funds that will ultimately pay dividends. Several options exist, each with different advantages and disadvantages.

Development Financing

These concepts include:

- **Infrastructure investments for a share of costs.** The public share might be from 30% to 50% of construction cost. Repayment is derived from the added property taxes created by new development. A Housing Investment Fund may provide direct grants to developers who meet specific needs.
- **Special assessments.** This technique is being used in Garden City. Here, all costs are paid through assessments on properties, usually paid back over a 10-year period. Costs to homeowners are often high. A rebate or joint participation program may reduce these costs to moderate-income buyers.



Public Improvement Financing

4

- **Subordinated payments.** Here, the city fronts a portion of public improvements, repaid over a longer period through a second mortgage on property. This reduces payments over special assessments by extending the loan term and reducing the principal.
- **Deferred payment.** The city finances the infrastructure as a “participatory” deferred loan. The infrastructure loan is paid back upon sale of the house. The repayment represents the same percentage of the sale proceeds that the initial infrastructure loan made up of the original price.
- **Grants** from the Federal Home Loan Bank, TIF, or state-administered Federal programs such as CDBG or HOME can also help with infrastructure financing. USDA financing is an option in Holcomb and rural towns.

Infrastructure Development

5

Any of these programs will encourage lot development. It is important that the city establish specific conditions for its participation in infrastructure development. These conditions should include:

- **Consistency with market requirements**, to avoid over-building.
- **Compliance with the new comprehensive plan**, so that development occurs in places that are contiguous to existing development or utilize lots or areas already served by urban services.
- **Specific bonding and performance standards**, to ensure consistency with city standards and guarantee that public improvements are completed without problem.

Streamlined Processes

6

Garden City and Finney County should work together to streamline development permitting, approval, and acceptance processes.

Improving administrative processes is an effective way of demonstrating that Finney County and its jurisdictions encourage housing development. Elements of this effort could include:

- A joint city/county review of procedures, to ensure greatest possible efficiency. This review should include participation of builders and developers.
- A regular roundtable of builders and government officials, to discuss common problems and improve ways of doing business.
- A city/county one-stop shop that provides service to builders and developers at one location.
- Publishing a developers guide to Finney County, clarifying processes for customers.

Downtown Development

7

Garden City should develop and implement downtown revitalization programs that include housing development and adaptive reuse.

Garden City's downtown is a significant retail attraction and a physically unique part of the city. An important element of a continued downtown revitalization should be **downtown housing**. Typically, three obstacles to residential development exist: code issues, parking, and financing.

- **Code issues** are relatively easy and have been solved or addressed in hundreds of communities around the country. Garden City should review current zoning and code restrictions and remove any obstacles that arbitrarily obstruct downtown housing development. This may be done through the comprehensive planning effort.

Downtown Development

7

- **Parking** also can, in most cases, be addressed by project design.
- **Financing** is the most difficult issue, because downtown housing conversions are expensive. Several techniques exist, including TIF, tax abatements, historic tax credits, and low income tax credits. However, an external source of gap financing can be extremely important toward making projects financially feasible.



Downtown Development: Holcomb

7

However, Garden City is not the only place that can benefit from Downtown development. Evolution of a town center in Holcomb, while not specifically a housing initiative, can also help that town evolve as a more balanced community that is able to retain residents after their children graduate from the city's schools. This will help the community grow more effectively.

Components of this strategy include:

- Establishing a plan for a small, pedestrian-oriented town center. This center should contain a business mix that is set up to succeed, given the nearness of Holcomb to Garden City. This suggests a focus on convenience services and retailing, a café or restaurant, and specialty businesses that might attract Garden City customers.
- Financing of infrastructure and features through USDA or other initiatives.
- Use of unusual programs, such as New Market Tax Credits, that provide significant and underused incentives for commercial or mixed use development.

The Finney County CHAT Report



Black Hills Energy Community Housing Assessment Team

Martin H. Shukert, FAICP

December 15, 2008