CHAPTER 2

# UNDERSTAND: NEIGHBORHOOD CONTEXT

## INTRODUCTION

**Understanding demographic, economic, and market trends in Topeka is important. However, given the scale and diversity of the city, it is equally critical to establish a framework that will enable the city and its partners to focus housing investments, programs, and interventions in a strategic and impactful way.**

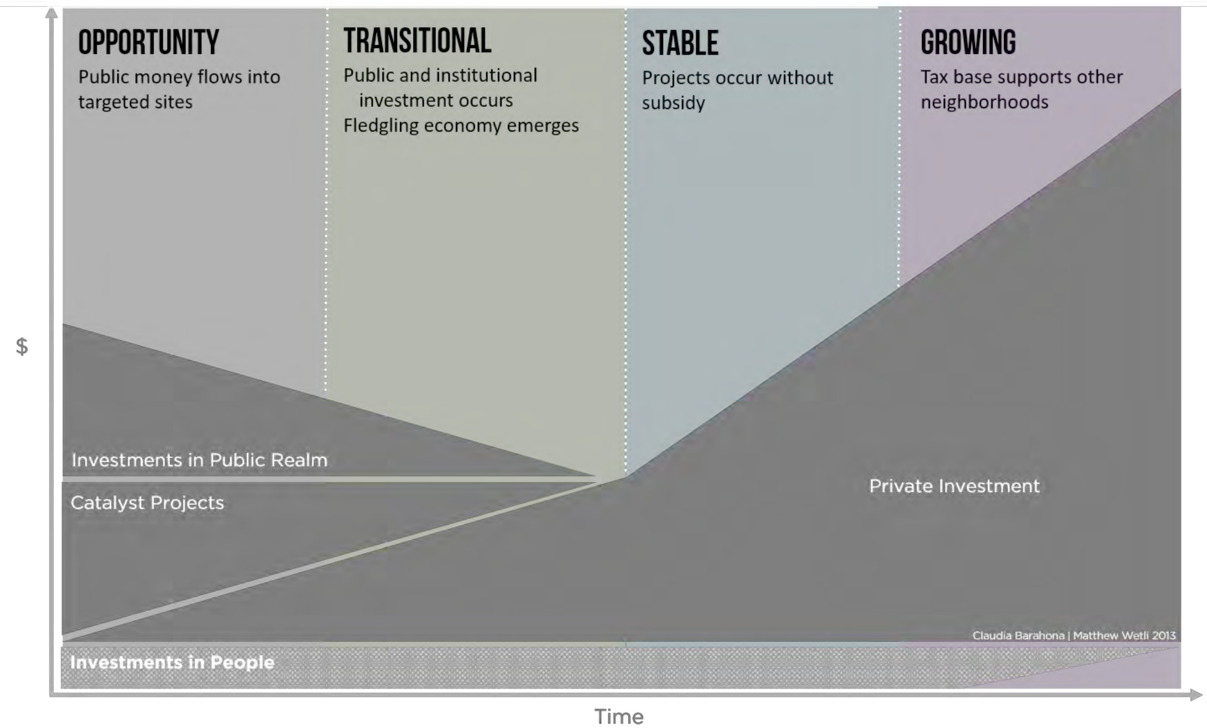
### Neighborhood Cycles

Neighborhood Cycle Analysis is a tool to further our understanding of different geographical areas in a city and where they are in the development/ redevelopment cycle. This tool uses available demographic and market data to classify geographical areas into four different neighborhood cycles; opportunity, transitional, stable, and growing, each representing its own unique opportunities and challenges. Cycles are designated by clustering similar characteristics, with the help of indicators like household income, home value, tenure, poverty level, vacancy, and permitting activity.

### Neighborhood and Housing Interventions

The neighborhood cycle classifications can be used to detail what level of intervention is needed to promote long-term sustainability. The graphic to the right details what level of interventions are needed and the impact of continued investment over time. Investments are broadly categorized as **people-based**, such as financial counseling and homebuyer education, social services, and other services provided directly to residents that promote stable lifestyles; **public realm**, which includes streets, sidewalks, parks, schools, and other public infrastructure; and, **privately-held**, or in this case, the housing stock,

NEIGHBORHOOD AND COMMUNITY INVESTMENTS




As indicated, opportunity neighborhoods require extensive investments in all three components. These neighborhoods have experienced decades of disinvestment and multi-faceted stabilization efforts are needed to stabilize them and attract private investment. This involves aligning partners providing people-based interventions, coordinating public investments, and aligning resources to support catalyst projects. An example of a catalyst project at a neighborhood scale would be to leverage a Habitat for Humanity infill project with rehabs of salvageable housing units and supporting an LIHTC development on a nearby block. This would serve to stabilize a core area of a neighborhood in a manner, that, over time, would stabilize adjacent blocks.

Transitional neighborhoods have started to experience market-driven reinvestment, but still require people-based, public realm, and catalytic investments to fully stabilize. The focus in stable neighborhoods is to support the market with strategic investments and to prevent decline by maintaining public assets. Investment is primarily market-driven. Growing neighborhoods are market-driven and are contributors to the rest of the city—the tax base in these neighborhoods supports other neighborhoods

In each of these cases, the long-term goal is to create an environment where public investments stimulate private investments.

## DEFINITION OF NEIGHBORHOOD CYCLES

| OPPORTUNITY | TRANSITIONAL | STABLE | GROWING |
|---|---|---|---|
| Opportunity neighborhoods are the areas of the city that have experienced the most disinvestment and abandonment, or have a significant amount of obsolete housing stock. These areas include portions of East Topeka, Hi-Crest, North Topeka, and Central Topeka. | Transitional neighborhoods are those with more stability and investment than opportunity neighborhoods yet still face multiple challenges. Transitional neighborhoods could also be those where there is concern that conditions will deteriorate. | Stable neighborhoods are established neighborhoods that do not show signs of widespread disinvestment. Neighborhoods like Westboro, Quinton Heights, and many of the post-war neighborhoods in west Topeka and south Topeka are examples of this designation. | Growing neighborhoods are new subdivisions where new construction is underway, or existing neighborhoods where new development is replacing existing homes or densifying the area (i.e, redevelopment with new multi-family). Growing areas also include those with above average home price appreciation. |
| While these areas face complex challenges, there are multiple opportunities for reinvestment. City efforts should include consistent code enforcement, site assemblage, partnerships with community groups and nonprofits for community clean up and infill development opportunities, coordinated public improvements, and connecting residents to the broader housing ecosystem—partners focused on people-based interventions. | City efforts should include consistent code enforcement, partnerships with community groups and nonprofits for community clean-up and infill development opportunities, coordinated public improvements, and connecting residents to the broader housing ecosystem—to help residents who may need immediate repairs or assistance to stay in their homes. | City efforts in this area should include maintaining property standards by encouraging the continued investment in the homes—a more structure-based focus for interventions. | City efforts in this area include normal plan review and permitting. |

## Analysis Methodology

Median household income, projected home value growth, median home value, share of owner households, households below poverty level, vacancy, and permit activity are the indicators used to ascertain the prevailing housing and market conditions of neighborhoods in Topeka.

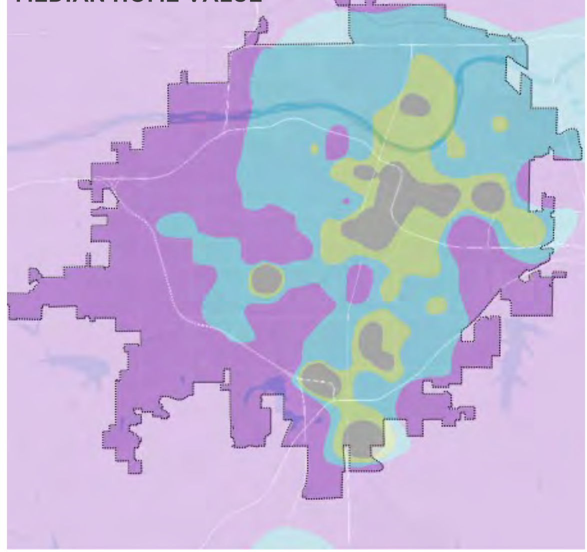
Values for each indicator have been categorized into four ranges, each range corresponding to one neighborhood cycle. Stable and Growing cycles correspond to stronger market characteristics— higher than average home values, more than 45 percent owner occupancy, high permit activity along with significantly lower vacancies and less than 20 percent poverty.

Opportunity and Transitional cycles showcase relatively weaker market characteristics— home values lower than $70k, low shares of owner occupancy, lower permit activity along with higher vacancy and poverty levels. The graphic to the right depicts these ranges across all the indicators for each of the neighborhood cycles.

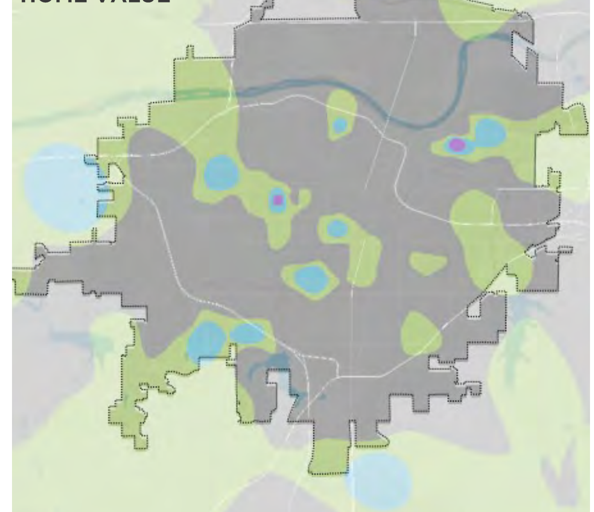
Maps to the right spatially represent each of the seven indicators for the City of Topeka. All the indicators have a unique role to play in the overall makeup of a neighborhood's condition. Indicators like median home value, households below poverty, and share of owner households weigh heavily towards understanding the current housing and market conditions, The remaining indicators like vacant units and permit activity, although not weighted heavily, help complete the picture, providing key insights pertaining to the development momentum.

| INDICATORS | OPPORTUNITY | TRANSITIONAL | STABLE | GROWING |
|---|---|---|---|---|
| Median Home Value | <$45K | $45K—$70K | $70K—$110K | >$110K |
| Projected Home Value Growth | <9% | 9%—25% | 25%—45% | >45% |
| Median HH Income | <$16K | $16K—$33K | $33K—$66K | >$66K |
| Owner HH | <30% | 30%—45% | 45%—70% | >70% |
| Poverty Level | >35% | 20%—35% | 10%—20% | <10% |
| Vacant Units | >25% | 15%—25% | 5%—15% | <5% |
| Permit Activity | Very Low | Low | Moderate | High |

MEDIAN HOME VALUE



PROJECTED CHANGE IN HOME VALUE

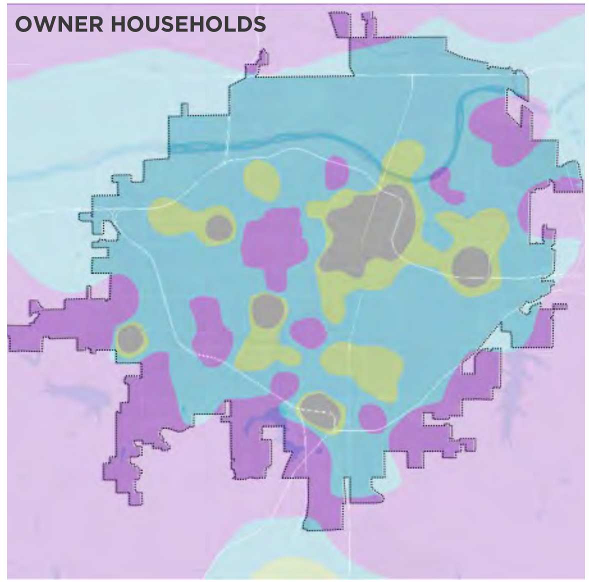


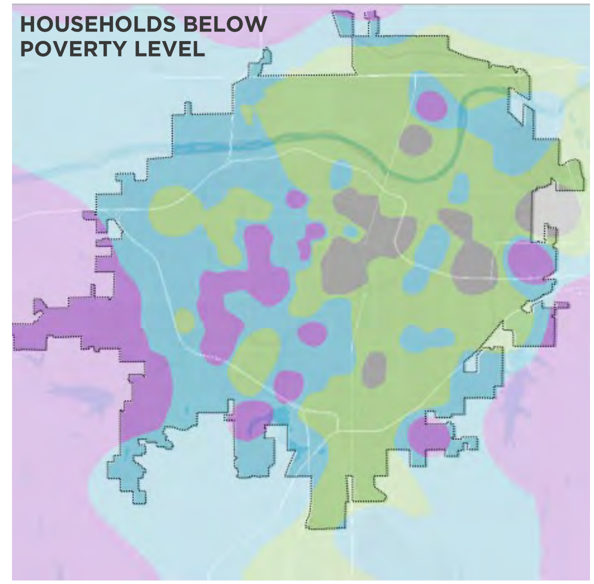
OPPORTUNITY TRANSITIONAL STABLE GROWING

To account for this varying influence, each indicator is assigned a particular weight, on a scale of 0 percent to 100 percent, reflecting its share towards determining the neighborhood cycles. This analysis has assigned the following weights to each of the indicators:

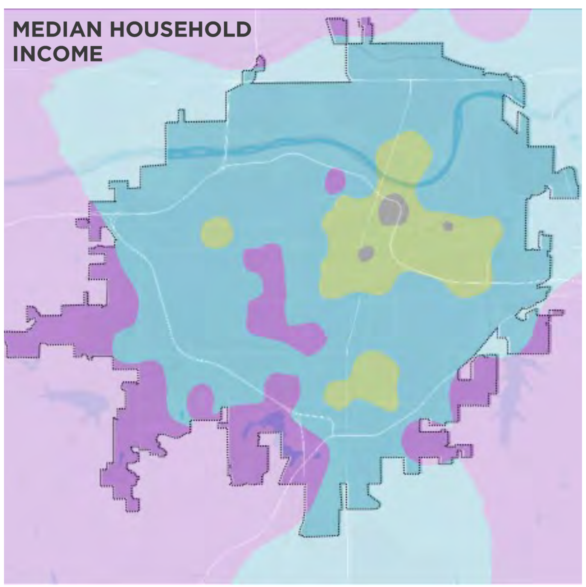
Median home value-35%, households below poverty-25%, share of owner households-20%, vacancy rate-10%, permit activity-10%, projected home value growth-0%, median household income-0%.

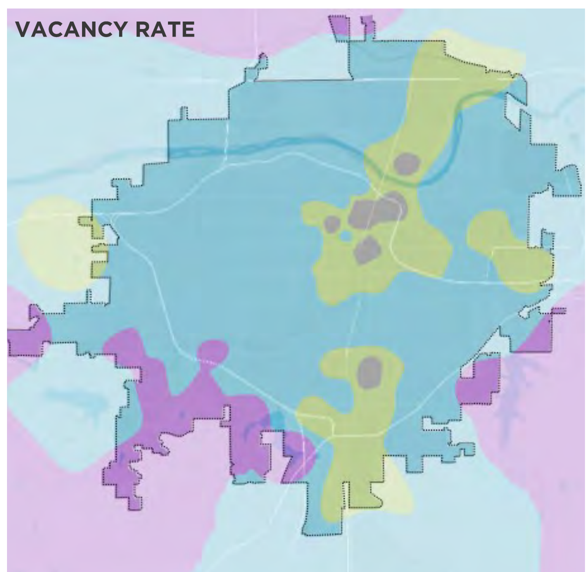
The weighted indicator maps are finally overlaid to produce the composite map (on the following page) showing the current neighborhood cycle classification for the City of Topeka.

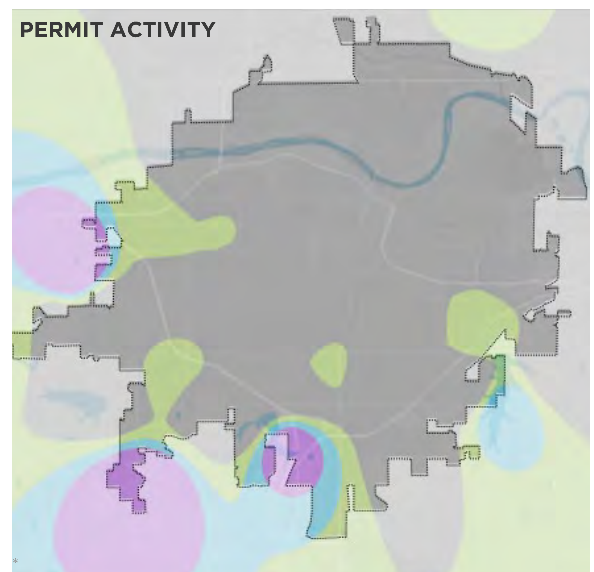



O PPORTUNITY
T RANSITIONAL
S TABLE
G ROWING



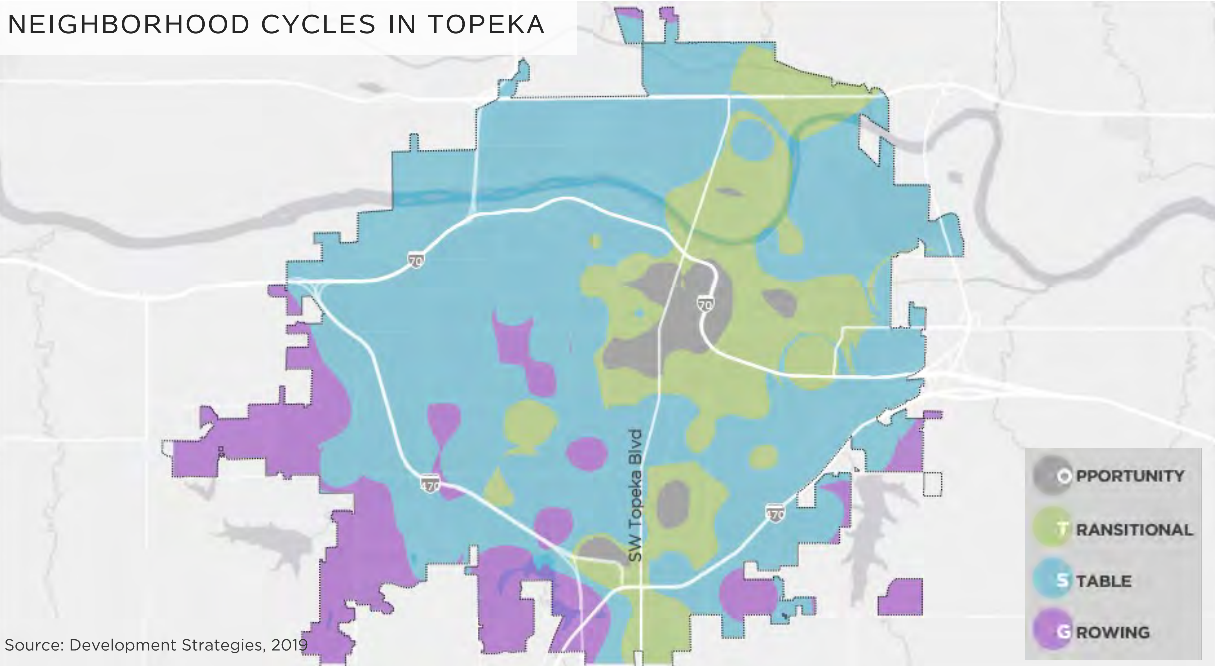



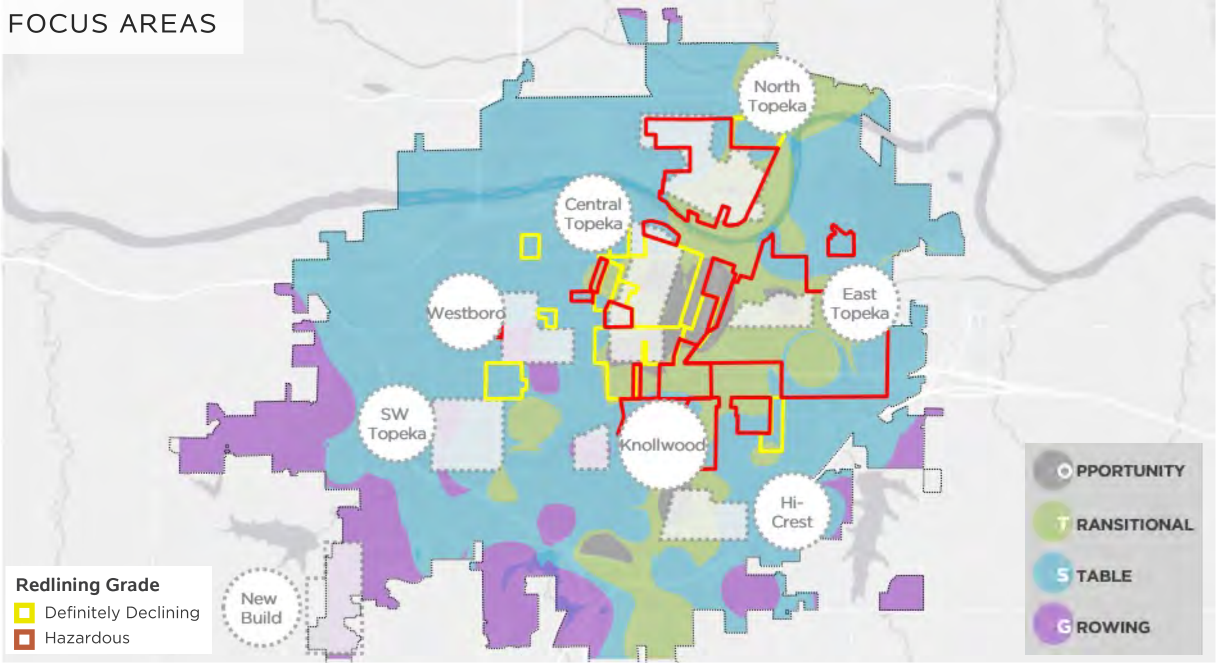
## Neighborhood Cycles Map

Weighting demographic and development factors results in the neighborhood cycle classifications shown in the map to the right. Opportunity neighborhoods are concentrated in central Topeka and Hi-Crest, align with what stakeholders reported as the most challenged neighborhoods in the city. Transitional neighborhoods extend out from opportunity neighborhoods and make up approximately 20 percent of the city. Most of the city is classified as stable neighborhoods and efforts should continue to maintain the stability of these areas. Finally, most growing neighborhoods are located on or near the city boundaries, but also include strong older neighborhoods such as Westboro and Knollwood.

Eight focus areas, chosen based on discussions with City Planning department and several stakeholders, provide a sampling corresponding to different neighborhood cycle classifications within Topeka. While some of these completely fall under one cycle (Knollwood, New Build), others have a mix of two or more cycles (Central Topeka, North Topeka, East Topeka, Hi-Crest, Westboro, SW Topeka), which points to the challenge of classifying neighborhoods – they are dynamic places.

Policies like redlining that influenced access to capital and credit created long-lasting effects on residential patterns, neighborhoods' economic health and household accumulation of wealth. The map to the right shows that majority areas within Topeka that are in the "opportunity" and "transitional" cycles were also classified as "hazardous" and "declining" in the past.



## Cost Burden by Neighborhood

Housing cost burden is a real challenge across the City of Topeka. Thirteen percent of households in the city are severely cost-burdened, paying more than 50 percent of their income toward housing costs (rent and/or mortgage). When looking through the lens of focus areas, this challenge becomes more pressing for households in specific neighborhoods—facing cost-burdens at an even higher rate: Central Topeka (19 percent), East Topeka (17 percent), Hi-Crest (14 percent), and North Topeka (13 percent).

When analyzed through the lens of tenure, cost burden is a greater struggle for renters. As of 2017, 22 percent of the renters in the City of Topeka are severely cost-burdened. This strain experienced by renter households is intensified in neighborhoods like East Topeka (31 percent), Central Topeka (25 percent), North Topeka (20 percent), and Hi-Crest (18 percent).

Ranked based on share of minority households, housing cost burden is a greater hardship for focus areas with higher percentage of racial and ethnic minority households, as indicated by the graphic on the right. This has broad implications regarding the need for equitable housing strategies alongside affordable homeownership and rental assistance programs.