



TOPEKA

CITYWIDE HOUSING MARKET STUDY AND STRATEGY: EXECUTIVE SUMMARY

PREPARED FOR
CITY OF TOPEKA

JULY 2020

DEVELOPMENT STRATEGIES®

STUDY BACKGROUND & PURPOSE

This study and strategy was commissioned by the City of Topeka to comprehensively assess housing needs at all income levels across the city. The intent is to understand what current and future housing needs are and how the City can align its resources to meet those needs.

Introduction

Topeka's Citywide Housing Market Study and Strategy was undertaken to inform Topeka's Affordable Housing Review Committee and provide a long-term strategy for meeting the city's housing needs and addressing the obstacles and opportunities of Topeka's housing market. This effort was also seen as providing an important resource to fulfill some of the community development goals in the city's holistic community plan, Momentum 2022.

The goal of this Housing Market Study and Strategy is to establish actionable strategies to improve the existing housing stock and effectively plan to meet future demand for housing. The analysis and strategies presented in this final report seek to answer four key questions:

1. What is the current supply of housing in Topeka, and is the city positioned to meet future housing demand across a range of household affordability?
2. What types of housing are missing in the market?
3. What are the barriers and opportunities for

4. diversifying Topeka's housing stock?
4. What tools, programs, and organizations are needed to advance Topeka's housing priorities?

Key elements of the study include:

- Conversations with more than 100 Topekans
- Demographic research and analysis
- Detailed market analysis (supply and demand)
- Development feasibility testing
- Strategy development and refinement.

The following paragraphs summarize important themes that emerged throughout the process that inform the strategic direction of this effort.

Understanding Needs

Topeka has struggled since Forbes Air Force Base effectively closed in 1973. The city's population only recently returned to near the 1970 level, yet thousands of new housing units were built, particularly at the city's edge and in Shawnee County just outside the city limits. The investment in housing at the city's perimeter is one factor that contributed to the lack of investment in the city's older neighborhoods, particularly in and around downtown. While the city's boundaries grew and the number of housing units increased, the number of residents and households remained relatively unchanged for the past 50 years.

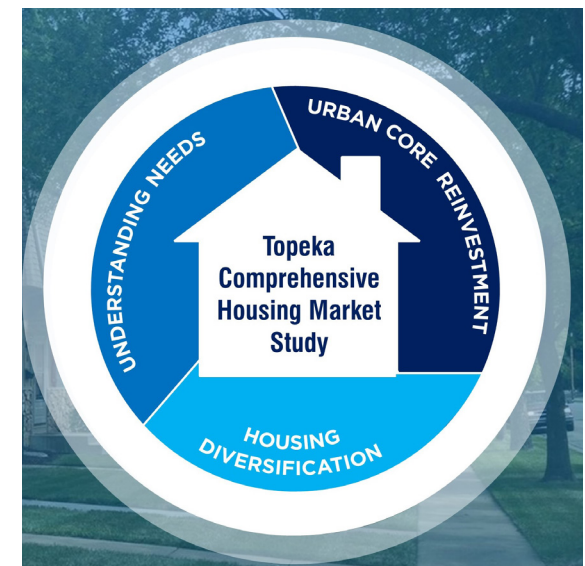
Urban Core Reinvestment

The City of Topeka has **enough housing units** to house all of its residents and more. However, nearly 6,000 units (11 percent) are vacant and more than 40 percent were constructed before 1960. This poses at least two challenges: an older housing stock needs reinvestment in order

to remain marketable, and conditions of older units can strain homeowners' ability to maintain units, and can have a deteriorating effect on the neighborhoods in which they are located. Strategic reinvestment in the older housing stock in the urban core could reintroduce existing units into the market to meet a portion of demand and serve to stabilize neighborhood conditions.

Housing Diversification

Nearly 80 percent of building permits issued in Topeka for housing over the past decade were for single-family homes and limited new apartment construction occurred. This does not line up with trends in the Midwest, where many cities, including Topeka's peers, are adding more diverse housing types. Diversifying Topeka's housing stock will add valuable new options to the market that will support economic development initiatives.



Focus Areas

The map below illustrates eight focus areas in the city. These areas were selected through conversations with the client team and steering committee, as well as GIS analysis of a variety of neighborhood conditions. The intent of selecting and analyzing focus areas is to illustrate the different housing conditions and contexts throughout the city. This enables the alignment of different strategies to different contexts.

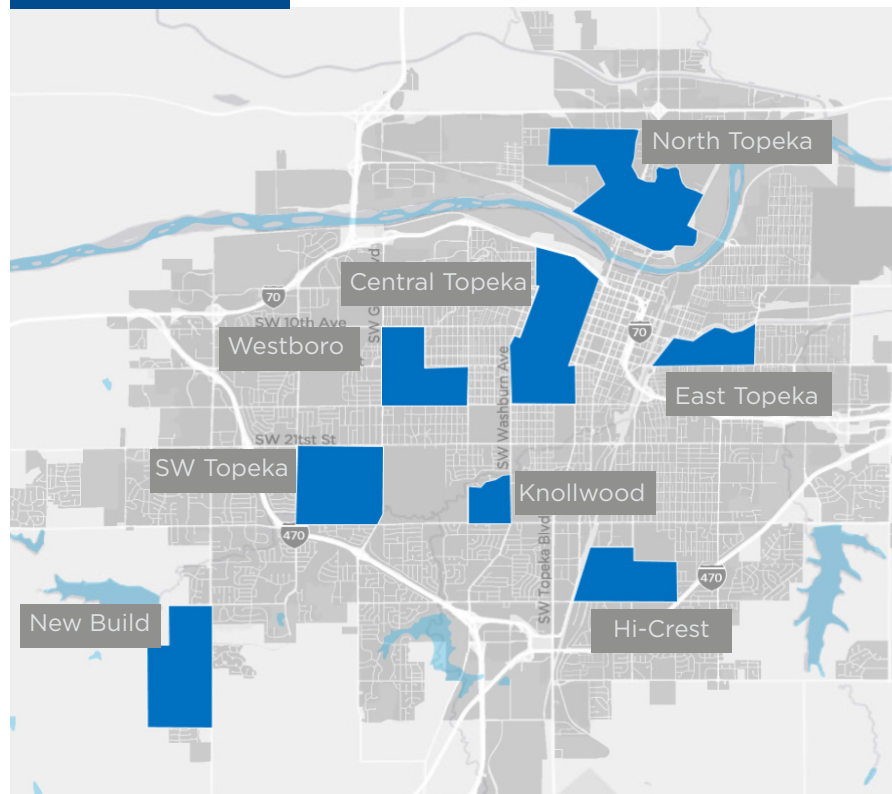
Neighborhood Cycles

GIS mapping was used to evaluate the overall health of Topeka's neighborhoods by layering indicators like household income, home value, tenure, poverty level, vacancy, and permitting activity. The intent of this exercise is to classify geographical areas and to understand their current conditions and evaluate what interventions and programs might be needed to encourage or stimulate housing investment.

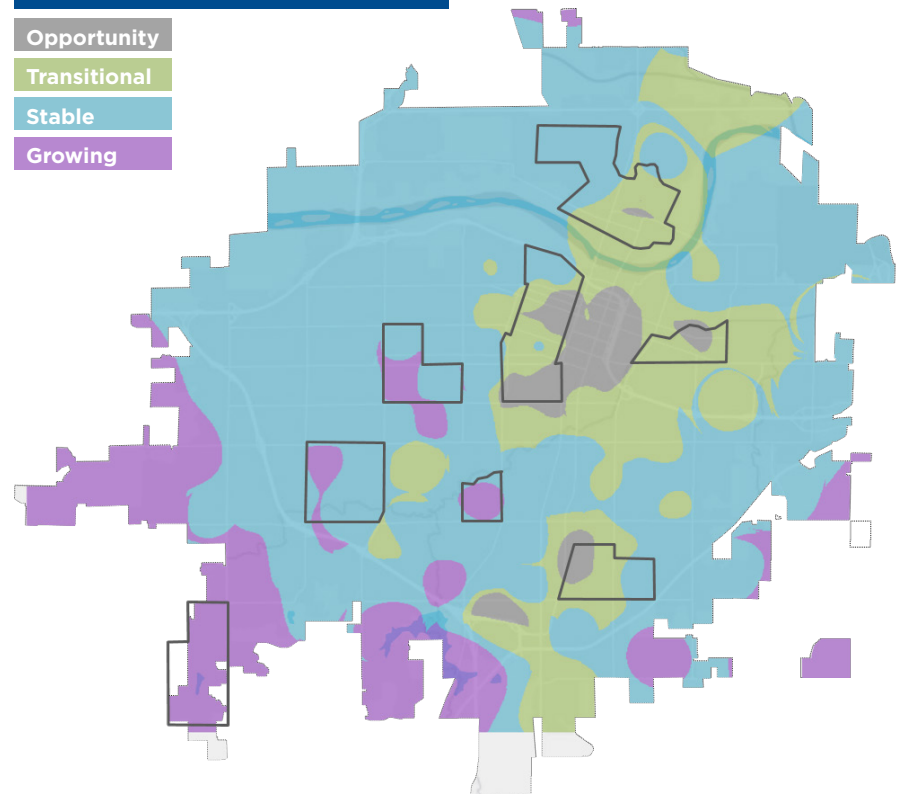
The following four neighborhood cycles were defined, each presenting unique opportunities and challenges:

- Opportunity: No market-based investment; public intervention required
- Transitional: Limited market-based investment, public intervention required
- Stable: Decent market-based investment; limited public intervention required
- Growing: Strongest market based investment; no public intervention required.

FOCUS AREA MAP



NEIGHBORHOOD CYCLES MAP



KEY FINDINGS

Key findings of this study are summarized in the following paragraphs. These observations frame the strategic recommendations and are based in an understanding of an average affordable unit in the city. The average rent for a quality two-bedroom unit in Topeka is \$788 per month, including utilities (HUD FMR, 2020).

One-third of households cannot afford this rent and there is significant racial disparity. Nearly 52 percent of African-Americans would struggle to afford this rent without being cost-burdened.

Cost Burdened Households

The Challenge: Thirty (30) percent of households in Topeka are cost-burdened, meaning they pay more than 30 percent of their income on housing.

The Need: Quality affordable rental housing priced below \$700 per month is needed to address the cost-burden challenge.

Lack of Moderately-Priced Homes

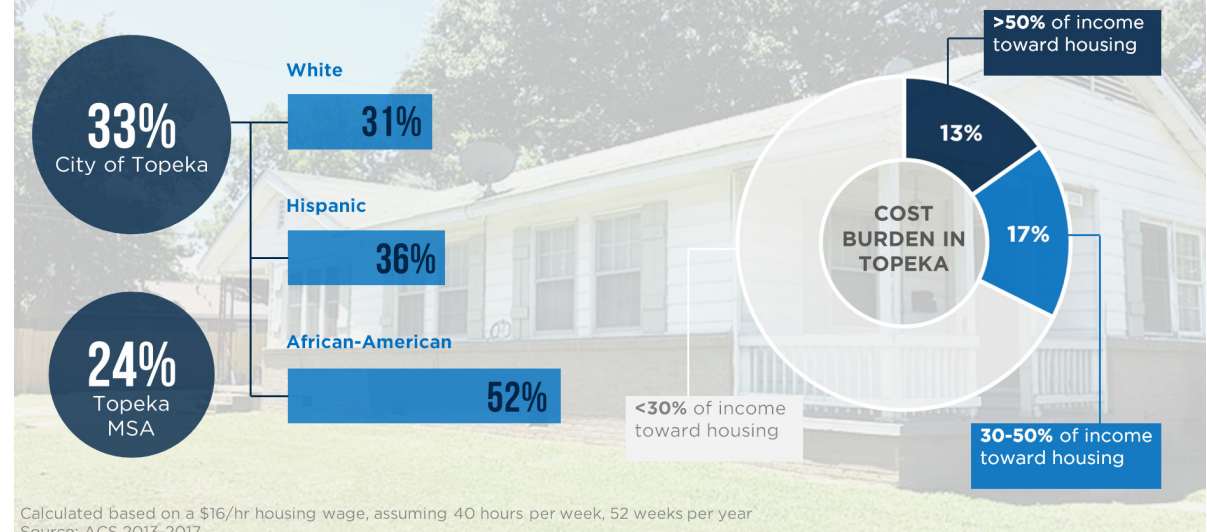
The Challenge: Qualified households have difficulty finding suitable homes priced between \$120,000 and \$225,000. This price point is met by existing homes—the average sale price for existing homes was \$146,500 in 2019 (Sunflower Area Association of Realtors).

The Need: More quality for-sale homes priced from \$120,000 and \$225,000 are needed. Renovations of existing housing and construction of new housing types can meet this need.

HOUSING AFFORDABILITY AND COST BURDEN

Many households **cannot afford** that \$788 rent...

...and many households are **cost-burdened** paying more than they can afford.



Core Neighborhood Disinvestment

The Challenge: Many of Topeka's neighborhoods built before 1960 have housing condition challenges caused by years of disinvestment spurred, in part, by the policy of redlining that began in the 1920s.

The Need: Expanding programs and funds to reinvest in the existing housing stock will help address housing conditions, improve outcomes for residents, and enhance neighborhood stability.

Housing Vulnerability

The Challenge: According to recent point-in-time counts, Topeka's homeless rate is 35 percent higher than the national average. Topeka also has the 58th highest eviction rate in the U.S., even though it's population is ranked 220th (EvictionLab). Additional residents face housing vulnerability due to lack of housing choices, lack of job opportunities, being cost burdened, and a number of other factors.

The Need: Additional transitional housing for homeless individuals and families with additional supportive services, as well as protections and programs for tenants facing eviction. This includes tenant counseling services.



Limited Senior Housing Options

The Challenge: The number of seniors 65 and older in Topeka is projected to increase by 24 percent over the next five years. Senior housing properties tend to remain full and few options are added to the market during any given year, particularly market-rate maintenance free options. Thus, seniors are staying in their existing homes longer.

The Need: Additional housing for seniors at all income levels, particularly for seniors who do not qualify for affordable housing, but do not want to live in an independent or assisted living facility, such as maintenance free villas.

Entry-Level Wages do not Support Housing Stability

The Challenge: A \$16 per hour wage is needed to afford the \$788 two-bedroom unit of decent quality, or about \$32,000 per year. Many entry-level jobs at facilities like Reser's, Frito-Lay, Mars, and others pay \$9 to \$12 per hour.

The Need: Affordable housing with access to major employers, as well as jobs paying a living wage.

Many Moderate and High-Wage Earners Live Elsewhere

The Challenge: Approximately 40 percent of those earning more than \$45,000 per year live outside of the city limits, and many senior managers, executives, professors, and doctors, live in Lawrence or the Kansas City area.

The Need: Upscale housing and neighborhoods that target these households and meet their needs. Continued efforts to improve negative perceptions of Topeka are also important.

Single-Family Homes are Being Built, but not Much Else

The Challenge: Nearly 80 percent of all housing units permitted in the past decade in Topeka were for single-family homes, compared to about 60 percent of permits in many of its peer cities.

The Need: More diverse housing types, including duplexes, fourplexes, townhomes, and small multifamily properties.

Housing is an Equity Issue in Topeka

The Challenge: Minorities are much more likely to be concentrated in neighborhoods with poor housing conditions, experience poverty, and to be housing cost burdened. 52 percent of African-American households cannot afford the \$788 rent for a safe and decent two-bedroom home.

The Need: Housing choices for all residents and reducing barriers caused by historic policies like Redlining.

WHAT IS THE NEED?

Affordable Housing

There is substantial demand for affordable housing in Topeka, or units affordable to those earning at or below 60 percent of AMI. Approximately 42 percent of existing renter households qualify for affordable housing.

There is a current need for approximately 5,000 dedicated housing units affordable to those earning at or below 60 percent of AMI to create an equitable housing stock. Approximately 70 percent of these units should be rentals.

Topeka is projected to need 4,000 units of affordable housing in 20 years.

Workforce Housing

Workforce housing, or housing affordable to those earning \$33,000 to \$66,000 in Topeka, is also in strong demand. Approximately 43 percent of owner households qualify for this type of housing.

Approximately 3,650 units of workforce housing (2,000 for sale and 1,650 rental) will be needed over the next 20 years to meet demand.

Market-Rate Housing

While more than two-thirds of rental demand and more than half of for-sale demand is for affordable and workforce housing, there remains moderate demand for market-rate housing. Approximately 3,100 for-sale units and 1,400 rental units are needed over the next 20 years to meet market-rate demand.

Senior Housing

The senior age cohort is expected to grow by more than 20 percent over the next five years in Topeka, and that trend is likely to continue into the longer-term. This will create demand for additional senior housing in Topeka.

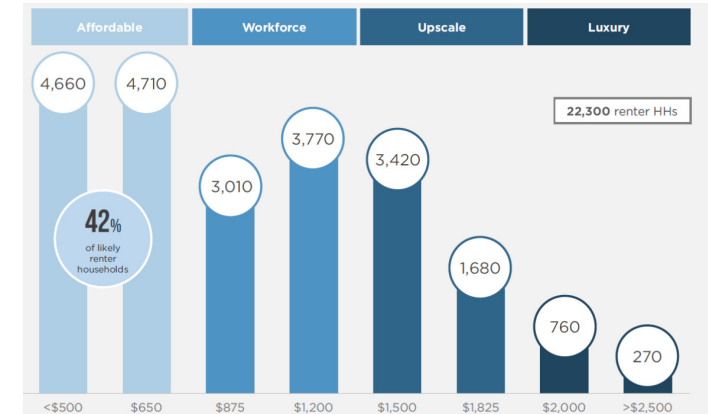
Approximately 1,500 affordable senior units, 400 units of market-rate senior housing (i.e., maintenance-free villas), 200 units of independent living, and 150 assisted living units are needed to meet demand over the next 20 years. This totals approximately 2,250 senior housing units.

Homeless and Special Needs Housing

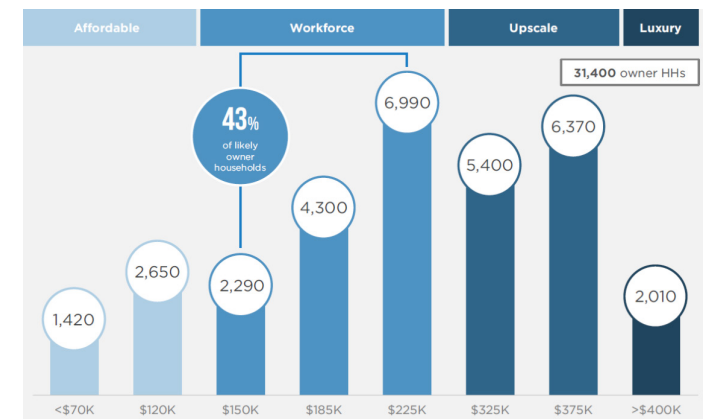
The 2019 point-in-time count of homeless persons identified 441 persons experiencing homelessness, a five percent increase over 2018. There are currently 209 emergency shelter beds, 95 transitional housing beds, and 391 permanent supportive housing beds primarily provided through shelter plus care vouchers. The shelter plus care beds rarely turnover. There is a need for more transitional beds in the city.

There is also a lack of accessible housing to support aging-in-place and those with disabilities. Approximately eight percent of the population has an ambulatory disability and there are no provisions in place to require that a certain percentage of housing units be accessible. Even fewer are modified to support those with hearing or vision disabilities (seven percent of the population).

RENTER HOUSEHOLD AFFORDABILITY



OWNER HOUSEHOLD AFFORDABILITY



DEDICATED AFFORDABLE HOUSING DEMAND



HOW MUCH WILL IT COST?

The graphic to the right summarizes the feasibility gap and demand calculations for housing types that, on average, require public subsidy to support development. This does not include units that are provided by the private market through traditional financing means.

The calculations also assume that, by meeting the demand noted, most households in Topeka would not be cost burdened. Assuming a 10-year production period, a total of \$53 million is needed each year to produce an equitable housing stock.

The current city budget for housing programs, which include housing production, vouchers, and funding for partners, is nearly \$7 million per year. This number does not include what private developers spend to produce housing, or what is raised from other sources for ongoing initiatives from other providers, like Habitat for Humanity, Cornerstone of Topeka, Topeka Housing Authority, Catholic Charities, Community Action, Inc., and others.

Still, the fact that the need is so great indicates that the combined efforts of the city and these organizations is not enough to meet demand.

This analysis clearly illustrates the need to expand the financial and organization capacity of the city and its partners to provide quality housing. It also illustrates that [the city cannot solve these housing challenges alone](#).

DEVELOPMENT FEASIBILITY SUMMARY



STRATEGIC FRAMEWORK

This study provides six strategies and 27 tactics for addressing Topeka's housing needs that are based on six community priorities that emerged from stakeholder conversations.

Quality

"We need to improve the [quality of the housing stock](#) we already have and resposition it to meet market demand."

Reinvest

"We need a strategy that [focuses housing reinvestment in our core neighborhoods](#)."

Resources

"This study can help [align resources and services](#) to better serve our vulnerable populations."

Opportunity

"Housing access and stability are foundational to [child and family wellbeing](#), including school performance"

Access

"There is a shortage of [quality affordable and workforce housing](#) with convenient access to major employers."

Options

"We need a diversity of [housing price points and housing types](#)."



S1

Improve the quality of existing housing

A quality housing stock is central to the stability of neighborhoods. Improving the quality and availability of affordable housing will require a range of ambitious strategies designed to support high standards for existing housing. Expanding access to weatherization programs for homeowners and landlords and providing financial and technical assistance for home repair can help elevate disrepair and maintain the housing stock quality.

In addition, mechanisms such as a landlord licensing program and continuing robust code enforcement can be extremely effective in keeping quality affordable housing within reach for all Topekans.



S2

Address abandoned and vacant properties

Vacant and neglected properties are a multifaceted issue—they contribute to crime, erode community confidence, drain city resources, stall reinvestment, and leave buildings that could otherwise serve as quality housing on the sidelines. With a citywide vacancy rate of 11 percent (and rates as high as 21 percent in Central Topeka and 17 percent in East Topeka), responding to this challenge is a clear priority.

Multiple recommendations such as creating a land bank, continuing consistent code enforcement efforts, expanding vacant property registry, and adopting a 'demolition as a last resort' policy will be used to address vacancy citywide.

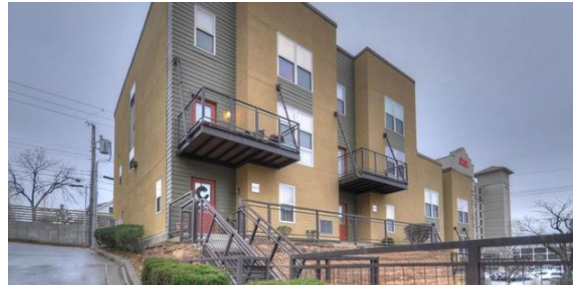


S3

Expand Resources to encourage housing stability and homeownership

Improving housing stability involves efforts to prevent housing insecurity and displacement in all of its forms. For a city its size, the number of evictions and homelessness being experienced in Topeka presents a big challenge. An eviction can trigger a cycle of instability and displacement that leads to homelessness, is a barrier to maintaining employment, and disrupts childhood learning by forcing children to switch schools, miss class, and adjust to new surroundings. Older adults or individuals with mobility challenges may be unable to find homes with the accessibility features they need to stay in their current neighborhood. Strategies to improve housing stability and prevent displacement are key to individual and family wellbeing.

Through focus groups and interviews with City staff and stakeholders, the need to support homeownership as a key component to reinvestment and stabilization in Topeka was a consistent theme. Strategies must ensure that supports—for current and potential homeowners—extend opportunity to those who might otherwise be left behind as neighborhoods improve: long-time homeowners, and low- and moderate-income households who are eager to be an active part of the city's future.



S4

Encourage development of a diverse mix of housing types

The projected housing demand and vacant land together create significant opportunities for infill development in some neighborhoods of Topeka. However, it will take coordination and support to ensure that this infill complements neighborhood character and creates housing opportunities for households with a range of incomes.

The city and its partners must play an active role in marketing Topeka's housing needs to developers active in nearby cities and provide them with incentives that will encourage the desired housing development throughout the city.



S5

Expand production of affordable housing to enhance economic mobility

Market analysis and stakeholder conversations both underscore the importance of affordable housing. Quality affordable housing—the largest segment of future housing demand in the city—typically requires some form of policy support, incentive, or subsidy to develop. While much of the city's existing housing stock is low-cost relative to other cities, there are not enough quality options to meet the demand. Strategies to expand production are needed to compliment programs aimed at improving the existing stock.

S6

Expand financial and organizational capacity

The city and its partners have several tools and resources at their disposal to address the spectrum of housing needs throughout Topeka. Some are actively used and are very successful. Others are less successful or remain untested in Topeka due to a lack of capacity to carry them out. Making strategic use of funds, for existing and new programs, will be critical. To compliment any efforts to expand existing funding and programs, the city should strategically support broadening and strengthening the organizational capacity of its partners to fully meet the city's housing needs. This is true for every type of demand, from affordable and workforce housing all the way to upscale and luxury housing.

PRIORITY RECOMMENDATIONS

IMPACTS & ROI

Fund the Affordable Housing Trust Fund

Leverage \$6 in additional public and private funds for every \$1 of trust funds

Source: Housing Trust Fund Project, "Housing Trust Fund Survey Report 2016"

Establish a Strategic Land Bank

Each vacant property results in a loss of \$18,000 to \$50,000 in value to properties within 500 feet (\$500 to \$1,500 in tax revenues)

Source: Center for Community Progress, "A Conservative Analysis of Costs Imposed by Vacant and Blighted Properties in Toledo"

Expand Community Development Ecosystem

Long-term neighborhood improvement;
Increased values and marketability

Expand Key Programs: Weatherization and Repair

Weatherization returns \$2.78 in non-energy benefits for every \$1.00 invested and reduces utility bills by 12%

*Sources: US Dept. of Energy, Energy Efficiency & Renewable Energy, "Weatherization Assistance Program".
Green & Healthy Homes Initiative, "Weatherization and its Impact on Occupant Health Outcomes"*

PRIORITIZATION AND IMPLEMENTATION

The strategies and tactics detailed in the full report are meant to be holistic and to meet Topeka's housing needs over the next 10 to 20 years. There is a need to prioritize actions in the short term and plan for future actions as conditions change.

The City of Topeka cannot implement all six strategies and 27 tactics at once, and it is not prudent to do so. A more systematic approach will lead to better long-term results.

There are clear and urgent needs in the city that can be addressed right away through strategic focus. Four priority efforts were identified through understanding Topeka's most critical housing needs, and discussions with the Steering Committee, Client Team, and Governing Body.

The four priority recommendations are:

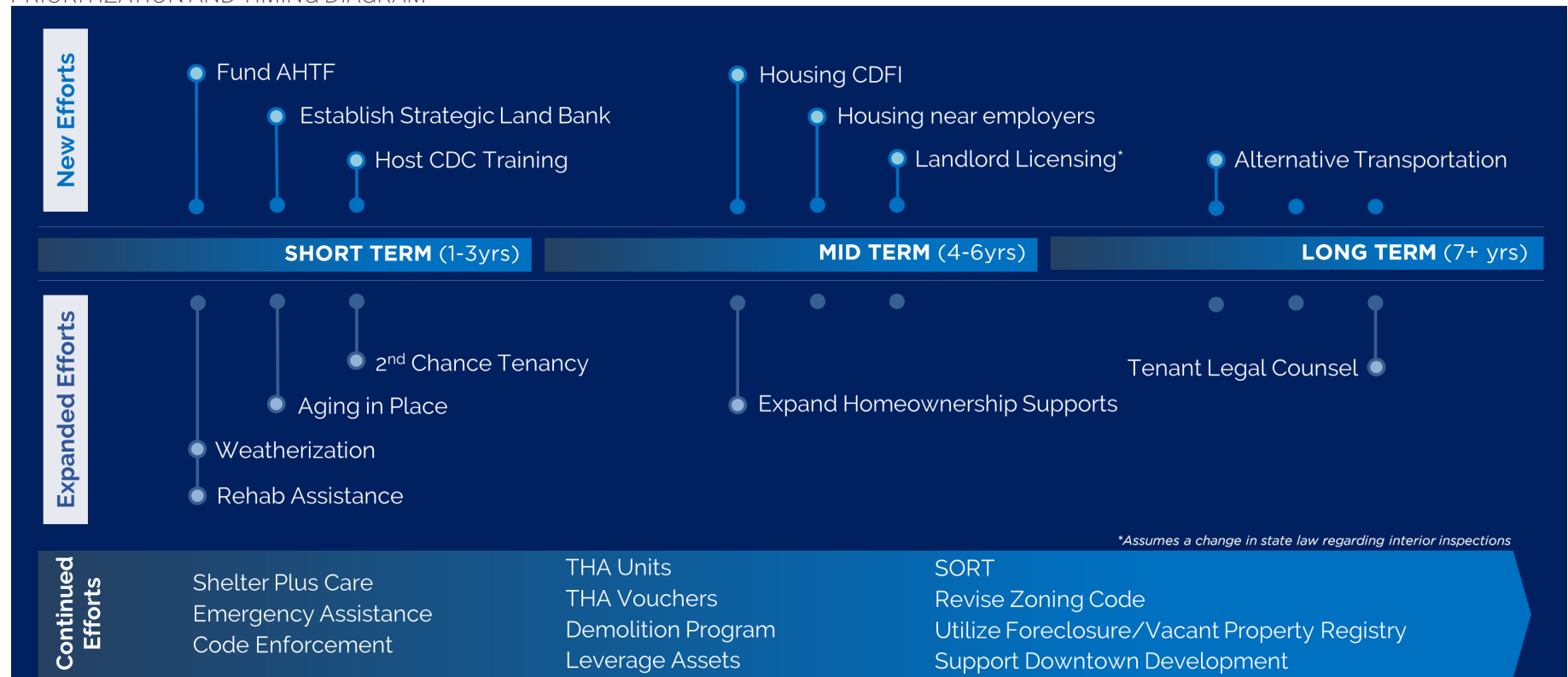
1. Fund the Affordable Housing Trust Fund
2. Establish a strategic land bank
3. Support the development of community development corporations (CDCs)

4. Expand weatherization and home repair programs

These priorities, summarized in the graphic on page 10, are aimed at addressing the critical needs of providing more quality affordable housing, improving neighborhoods through housing reinvestment, and expanding the capacity of the community to address housing and related needs.

The graphic below illustrates the recommended timing of implementing new efforts, expanding existing ones, and lists efforts underway that should be continued.

PRIORITIZATION AND TIMING DIAGRAM



WHO SHOULD DO WHAT?

A consistent theme of this study is that the [city cannot do everything needed to have a successful housing strategy](#). Clearly defining the role of the city and its many partners is necessary to align resources for collective impact and set the strategy on a path for long-term success.

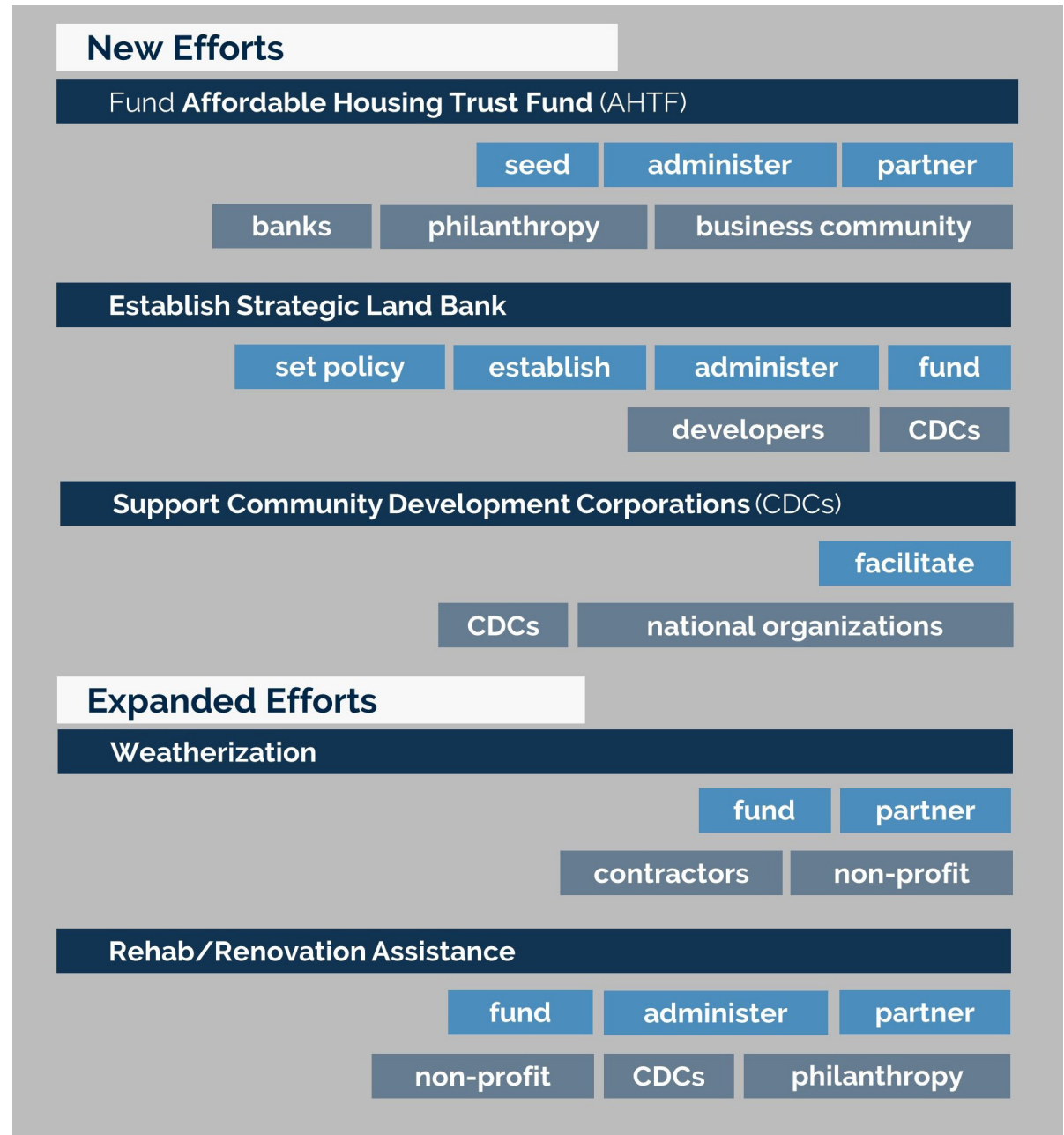
The graphic to the right summarizes the city's primary roles for the priority recommendations, as well as partners that will be needed to successfully implement the individual programs. In some cases, such as establishing (and operating) the strategic land bank, the city will have primary responsibility in setting it up and administering the program.

In other cases, like supporting CDCs, the city should take on the role of facilitator by utilizing funds and networks to build community capacity, then work with organizations to accomplish shared goals over time.

Funding and activating the AHTF will require [leadership from the city and its partners](#). The city established the structure and, with this study, understands housing needs and a recommended focus of the AHTF. The following steps will help set the fund of for long-term success:

- Provide seed funds to show a commitment to implementation while providing a target for raising matching funds from housing partners.
- Identify pilot projects to use funds in the short-term, create early successes, and leverage support for the effort.

ROLES AND RESPONSIBILITIES



- Set a long-term annual funding goal (we recommend \$3 million, which would support the creation of 80 to 100 affordable units each year) that the community can work toward as economic conditions improve and successful projects are realized.

It is important to proceed with the understanding that reaching the funding goal may be a multi-year process and goals should be re-evaluated each year. An incremental funding approach will still allow this important program to be implemented and allow affordable housing units to be preserved or added to the market that otherwise would not be.

Community partners such as philanthropy, the business community, and financial institutions, [must support and champion this effort](#) for it to be a long-term success.

ACKNOWLEDGMENTS

We are grateful to the City of Topeka and its partners—FHL Bank, Community Action Partnership, CoreFirst Bank & Trust, Topeka Community Foundation, Kansas Housing Resources Corporation, Pioneer Group, Cornerstone of Topeka, and Topeka Housing Authority—for the opportunity to work on this project. We hope this study serves as a useful tool in guiding efforts to improve quality of life throughout the City of Topeka.

We also appreciate the contributions of City of Topeka Staff, Mayor De La Isla, City Council Members, and the more than 100 community members and stakeholders who engaged with our team during the study process. A list of these individuals is included in the full report document.

Additional discussion, detail, and analysis of the data and conclusions presented in this summary are included in the full report.