CITYWIDE HOUSING MARKET
STUDY AND STRATEGY

PREPARED FOR
City of Topeka

CITY COUNCIL DISCUSSION

July 14, 2020
There are no silver bullet solutions to complex housing challenges.

The city cannot solve Topeka’s housing challenges—it’s partners must help lead the charge.

The priority strategies are focused on affordable housing because that is the greatest need and requires the most resources.

It is important to continue to support market-based development and seek new opportunities.

This housing strategy is flexible and should be evaluated regularly.
<table>
<thead>
<tr>
<th>KEY FINDINGS</th>
<th>NEED</th>
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<tbody>
<tr>
<td>30% of Topeka Households are <strong>Cost Burdened</strong></td>
<td><strong>Quality affordable</strong> rental housing (&lt;$700/mo.)</td>
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<tr>
<td>Potential homebuyers can’t find <strong>suitable homes</strong>.</td>
<td><strong>Moderately-priced</strong> for-sale housing ($120k-$225K).</td>
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<tr>
<td><strong>Lack of reinvestment</strong> in core neighborhoods.</td>
<td><strong>Reinvestment</strong> in the existing housing stock.</td>
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<td>Topeka has a <strong>high rate of homelessness and evictions</strong> for a city of its size.</td>
<td><strong>Transitional</strong> housing for homeless and other vulnerable households.</td>
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<tr>
<td>There are limited <strong>maintenance-free housing</strong> for growing senior population.</td>
<td>A variety of <strong>Senior housing</strong> options.</td>
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<tr>
<td>Topeka’s <strong>wages</strong> for entry level jobs do not support housing stability.</td>
<td>Affordable housing with <strong>better access to jobs</strong> (and higher-paying jobs).</td>
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<tr>
<td><strong>High-wage earners</strong> frequently choose to live outside the city.</td>
<td><strong>Upscale rental and for-sale</strong> housing.</td>
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<td><strong>Single-family homes</strong> are the dominant new construction housing type.</td>
<td>New <strong>missing middle</strong> and multifamily development.</td>
</tr>
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</table>
HOUSING STUDY
20-YEAR DEMAND SUMMARY

**Affordable Housing**
- 4,000 Units
  - Renter: 3,650 Units
    - <60% AMI
  - Owner: 60%–120% AMI

**Workforce Housing**
- 4,700 Units

**Senior Housing**
- 2,250 Units
  - Assisted Living
  - Independent
  - Market-Rate
  - Affordable
HOUSING STRATEGIES TO ADVANCE THE GOALS

SIX STRATEGIES

1. Improve the quality of the existing housing stock
2. Address abandoned & vacant properties
3. Expand resources to encourage housing stability and support homeownership

TWENTY-SEVEN TACTICS

4. Support development of a diverse mix of housing types
5. Expand production of affordable housing to enhance economic mobility
6. Expand financial and organizational capacity
## PRIORITY RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Impacts &amp; ROI</th>
</tr>
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<tbody>
<tr>
<td><strong>Fund the Affordable Housing Trust Fund</strong></td>
<td>Leverage $6 in additional public and private funds for every $1 of trust funds</td>
</tr>
<tr>
<td><strong>Establish a Strategic Land Bank</strong></td>
<td>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)</td>
</tr>
<tr>
<td><strong>Expand Community Development Ecosystem</strong></td>
<td>Long-term neighborhood improvement; Increased values and marketability</td>
</tr>
<tr>
<td><strong>Expand Key Programs: Weatherization and Repair</strong></td>
<td>Weatherization returns $2.78 in non-energy benefits for every $1.00 invested and reduces utility bills by 12%</td>
</tr>
</tbody>
</table>

**Sources:**
- Housing Trust Fund Project, “Housing Trust Fund Survey Report 2016”
- Center for Community Progress, “A Conservative Analysis of Costs Imposed by Vacant and Blighted Properties in Toledo”
- Green & Healthy Homes Initiative, “Weatherization and its Impact on Occupant Health Outcomes”
### COST AND VALUE

<table>
<thead>
<tr>
<th>PRICE / RENT</th>
<th>DEMAND POOL</th>
<th>GAP</th>
<th>IMPLIED SUBSIDY 100% OF POOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$400-$750/mo</td>
<td>4,300 HHs</td>
<td>$100k/unit</td>
<td>$430m</td>
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<tr>
<td>$160 - $250k</td>
<td>1,500 HHs</td>
<td>$60k</td>
<td>$90m</td>
</tr>
<tr>
<td>$120k - $160k</td>
<td>200 HHs</td>
<td>$30k</td>
<td>$6m</td>
</tr>
<tr>
<td>$100 - $120k</td>
<td>750 HHs</td>
<td>$5k</td>
<td>$4m</td>
</tr>
</tbody>
</table>

- **Multifamily New**
  - Cost to produce: $145k
  - Value of tax rebate: $40k
  - GAP: $60k

- **Single Family New**
  - Cost to produce: $230k
  - Value of tax rebate: $60k
  - GAP: $205k

- **Single Family Gut Rehab**
  - Cost to produce: $205k
  - Value of tax rebate: $30k
  - GAP: $180k

- **Single Family Renovation**
  - Cost to produce: $180k
  - Value of tax rebate: <$10k
  - GAP: $180k

- **$53 million needed each year**
- **$6.9 million current City budget for housing**
AFFORDABLE HOUSING TRUST FUND
AN INCREMENTAL APPROACH

Fund the Affordable Housing Trust Fund

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

Funding Target = $3m

Focus & Impact
• Weatherization
• Renovation
• Small Infill Projects
• 25 to 30 units

YEAR 1

$500k
Partner matches

$230k
City infill housing funds

$70k
City seed funds

$500k
YEAR 1

Partner matches
City infill housing funds
City seed funds
AFFORDABLE HOUSING TRUST FUND
AN INCREMENTAL APPROACH

**Focus & Impact**
- Weatherization
- Renovation & Rehab
- New Construction
- 80 to 100 units

**Funding Target = $3m**

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

YEAR 1

- City seed funds: $70k
- City infill housing funds: $230k
- Partner matches: $500k

GOAL

- City: $3m
- Utilities: [Bar not shown]
- Philanthropy: [Bar not shown]
- Employers: [Bar not shown]
AFFORDABLE HOUSING TRUST FUND
AN INCREMENTAL APPROACH

Fund the Affordable Housing Trust Fund

Funding Target = $3m

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

YEAR 1

$500k
25-30 units

$1.5m
50-60 units

GOAL

$3m
80-100 units
PARTNERSHIPS
ROLES FOR THE CITY AND ITS PARTNERS

New Efforts

Fund Affordable Housing Trust Fund (AHTF)

Establish Strategic Land Bank

Support Community Development Corporations (CDCs)

Expanded Efforts

Weatherization

Rehab/Renovation Assistance

Market Housing Opportunities
Conclusions

Topeka has a housing crisis—this strategy is a roadmap to align and enhance efforts to address the need.

There are no silver bullet solutions to complex housing challenges.

Partnerships and expanding capacity are critical.

The scale of challenges can be overwhelming. A long-term approach with incremental efforts is key.

Goals are important, but flexibility is key as successes occur and new opportunities arise.