
HOUSING NEEDS ASSESSMENT

HUTCHINSON, KANSAS

JUNE 10, 2009

PREPARED FOR

CITY OF HUTCHINSON

EXECUTIVE SUMMARY

Development Strategies was hired by the City of Hutchinson to conduct a Housing Needs Assessment because the city had researched or implemented all of the strategies recommended in a similar assessment from 2001. The intent of the new study is twofold: To compare the current housing conditions in Hutchinson with those identified in 2001 and to offer the city new strategies aimed at enhancing efforts to provide current and future residents with desirable housing options.

COMPONENTS OF STUDY

The Housing Needs Assessment consists of several key components:

1. Stakeholder interviews,
2. Housing Conditions Survey,
3. SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis,
4. Analysis of economic, demographic, and housing trends,
5. Case study analysis,
6. Presentation of findings, and
7. Submittal of final report with recommended strategies.

SUMMARY OF KEY FINDINGS

The following statements summarize key findings from the study:

- Housing in Hutchinson is generally affordable and attractive, although there are areas of concern.
- There is considerable community concern about housing conditions south of 11th Avenue.
- Community stakeholders identified the following niche housing needs: short-term furnished rental housing for potential residents and visiting physicians, market-rate rental housing priced above \$600 per month, for-sale housing priced between \$100,000 and \$130,000, and downtown apartments.
- Housing conditions have generally deteriorated since 2001, with more than 5,000 properties receiving a higher (worse) rating.
- The number of households earning between \$20,000 and \$35,000 and between \$60,000 and \$150,000 per year has increased during the past 20 years, while most other income brackets have lost population.
- Homeowner households can generally afford more than their home's value. About 45 percent of all homes have a value between \$50,000 and \$100,000, while about 45 percent of all households could afford homes priced, on average, between \$150,000 and \$220,000.
- There is a similar mismatch for rental housing: Only about ten percent of all renter households pay more than \$750 per month for rent, while about 30 percent could afford higher rents.

- Most renters pay less than \$700 per month, while most homeowners pay more than that, suggesting that \$700 represents the point where homeownership becomes more affordable and realistic.

STRATEGY RECOMMENDATIONS

Six housing-related goals were identified:

1. Streamlining the development process,
2. Promoting organized marketing of housing opportunities,
3. Addressing housing maintenance concerns,
4. Providing well-designed housing for all residents,
5. Preparing for future development, and
6. Increasing the availability of ADA accessible housing and housing for the special needs population.

The following statements summarize Development Strategies' general strategy recommendations.

1. Adopt the **2006 International Property Maintenance Code** to provide a more comprehensive framework to address property maintenance concerns through the building inspection and code enforcement process. This code will also provide the city a legal basis to address such property maintenance deficiencies as peeling paint and broken windows, which are not addressed in the current code.
2. Implement a rental **occupancy permit or rental licensing program** to enable the Building Inspection Division to inspect the interiors of rental properties before a new tenant moves in. A property owner/landlord would have to address all code violations before a tenant could legally live in the unit. The main intent of this system is to provide the city a better legal means to address health and safety issues in rental properties. After rental occupancy system is implemented, owner-occupied issues should be addressed.
3. Create a “**one-stop shop**” for housing that will make it easy for residents, developers, and others to obtain any information about housing and the development process.
4. Focus public investment through “**targeted area development.**” This involves implementing a housing planning process that will divide the city into specific districts based on need (i.e., stable neighborhoods, marketable central neighborhoods, appreciating neighborhoods, transitional neighborhoods, or opportunity neighborhoods). Doing this in concert with identifying community strengths and assets can focus limited resources on specific areas.

5. **Identify and market housing development opportunities** including infill projects, opportunities for public/private partnerships, potential development adjacent to major public improvements, prime housing sites, etc.
6. Develop a **housing marketing campaign** that will inform residents, potential residents, developers, and prospective employers about the wide variety of housing options currently available in Hutchinson.
7. **Ensure quality development practices by providing development guides and prototypes** for new and rehabbed affordable housing, infill development, and by enhancing code enforcement. This could include providing prototype building plans for infill housing types or acceptable affordable housing.
8. **Coordinate public services with housing investment.** For instance, if the city is replacing sidewalks, streets, or making other significant public improvements in a specific area, promote housing programs available to help with façade improvement, other home repairs, rehabs, or new construction.
9. **Focus housing demolition plan on specific areas** so that sites are ready for development in “opportunity” areas as other development plans emerge.
10. **Develop a plan to deal with vacant residential lots** to promote infill development in target areas and to prevent blight. This could include site assemblage or encouraging adjacent property owners who properly maintain their properties to purchase the vacant lot.
11. **Continue to fund community improvement programs to encourage community participation and development, as well as housing maintenance.** Hutchinson has had considerable success with its Spring Cleanup, CRUD dumpster, Reserve-a-Truck, and other programs, which encourage property maintenance and foster community pride. These programs can be used to promote housing programs and leverage financial and volunteer support from the business community. Also, programs like painting blitzes and community gardening should be explored to maximize the impact of annual cleanup events.
12. **Continue to fund existing housing programs and seek additional funds to expand.** The existing housing programs, especially the Hutchinson Innovative Housing Program, have had considerable impact on the community and resulted in significant housing investment. It is imperative to continue to fund existing programs through city funds, leveraging donations from the business and philanthropic communities, and pursuing grants. Partnerships with construction supply businesses should be explored to provide materials at no or reduced cost.

INTRODUCTION AND BACKGROUND

The City of Hutchinson Planning and Development Department has implemented several strategies during the past decade to improve the city's existing housing stock and to encourage construction of new housing that appeals to a wide range of demographic groups. These strategies were enacted in response to recommendations made by the 1995 Mayor's Task Force on Housing. One of the first, and most critical, outcomes of the Mayor's Task Force was the creation of a Housing Commission in 1999.

In turn, the Housing Commission hired a consulting firm to conduct a housing needs assessment that was completed in 2002 with the aid of consultants.¹ During the subsequent seven years, the Commission either researched or implemented each of the 24 strategies identified in the Housing Needs Assessment, reaching a decision in 2008 that a new housing needs assessment and set of strategies were necessary to continue to make Hutchinson a competitive and attractive place to live.

Hutchinson has demonstrated unique leadership since the 1995 Task Force by taking a proactive position in addressing housing concerns that is not common among cities of its size. The purpose of this study is to provide the City and Commission with a new set of strategies that will allow them to build upon the successes of the past 14 years to continue to address critical housing issues.

¹ Richard Caplan & Associates and Bucher, Willis & Ratliff Corporation. *City of Hutchinson, Kansas Housing Needs Assessment*, January 15, 2002.

Timeline of Housing Activities: Hutchinson, Kansas

- **1990:** CDBG grant for Landmark/Leon Hotel housing rehabilitation
- **1992-2008:** HOME Homeowner Rehabilitation Program grants received
- **1992-2008:** Emergency Shelter grants received
- **1995:** Mayor's Task Force on Housing presented 11 recommendations to City Council
- **1996:** Housing Handbook published, 2nd edition issued December 1996, 3rd edition, September 2001 (now out of date)
- **1997-present:** Neighborhood Revitalization Plan
- **1997-2003:** City-wide Water Connection Program
- **1999:** Housing Commission created
- **2001:** Sidewalk Improvement Program
- **2001-2008:** \$298,000 HUD-EDI grant received for rehabilitation and architectural code footprints for downtown upper story housing
- **2001-2002:** Housing Needs Assessment commissioned and completed with 24 recommended strategies
- **2003:** Houston-Whiteside neighborhood listed on State and National Register of Historic Places
- **2004:** City Council adopted Minimum Housing Code for Vacant and Owner-Occupied Properties
- **2005:** Developer Incentive Program for In-fill Development
- **2006:** Hutchinson Innovative Housing Program
- **2006-2009:** Community Development Block Grant applications (awarded 2009)
- **2009:** Community Development Block Grant received for Lincoln School neighborhood housing

The recent announcement that Siemens will build a wind turbine manufacturing and repair facility in Hutchinson makes implementing a more focused set of housing strategies even more important. Although the long-term impact of the facility is unclear, it will add 400 well-paying jobs to the local economy and will likely attract related suppliers to the region, if not Hutchinson itself.² Many workers may indeed commute from surrounding areas, but demand for local housing will increase to some degree, and it is important for the city to be prepared to work with developers and new residents to provide attractive housing options.

KEY CONCERNS

The course of this study included extensive research and many conversations about the condition of housing in Hutchinson, perceptions of trends and forces, and the effects of changing market circumstances. Several critical housing-related issues were identified that form this report's recommended strategies:

- **Deferred Maintenance:** Community members and city officials alike are concerned that disinvestment historically associated with neighborhoods south of 11th Avenue is spreading northward. There is a perception that this is reducing the desirability of these neighborhoods and discouraging property owners from making routine repairs.
- **Limited Housing Values:** Hutchinson's housing stock is affordable relative to the state and nation. While this provides people with a variety of housing choices, it also creates a limitation in terms of how much investment property owners are willing to make because they do not want to over-invest.
- **Tax Burden:** Along with housing value limitations, there is a perception that any noticeable investment in a property (i.e., painting, new siding, new windows, etc.) will result in significantly increased property taxes. Concerns were also raised that real estate taxes in Hutchinson are considerably higher than in nearby communities, such as Wichita, Newton, McPherson, Emporia, and others.
- **Obsolete Housing Stock:** The average age of Hutchinson's housing stock is older than in many of its peer cities and the average for all of Kansas. As a result, a significant proportion of the housing in Hutchinson is of a style that is no longer preferred in the market or has limited appeal because the homes are smaller than typical new homes.

² According to The Hutchinson News article *A look at the multiplier effect* (by John Green), the 400 direct jobs created by the facility will create 900 additional local jobs in supportive industries, including other manufacturing jobs, retail, and health care. Further, Siemens will have an option to add capacity for 200 additional jobs in the future. Also, the minimum average wage is \$32,500 per year, or \$15.62 per hour, if Siemens is to qualify for a state funding mechanism created to attract wind energy jobs.

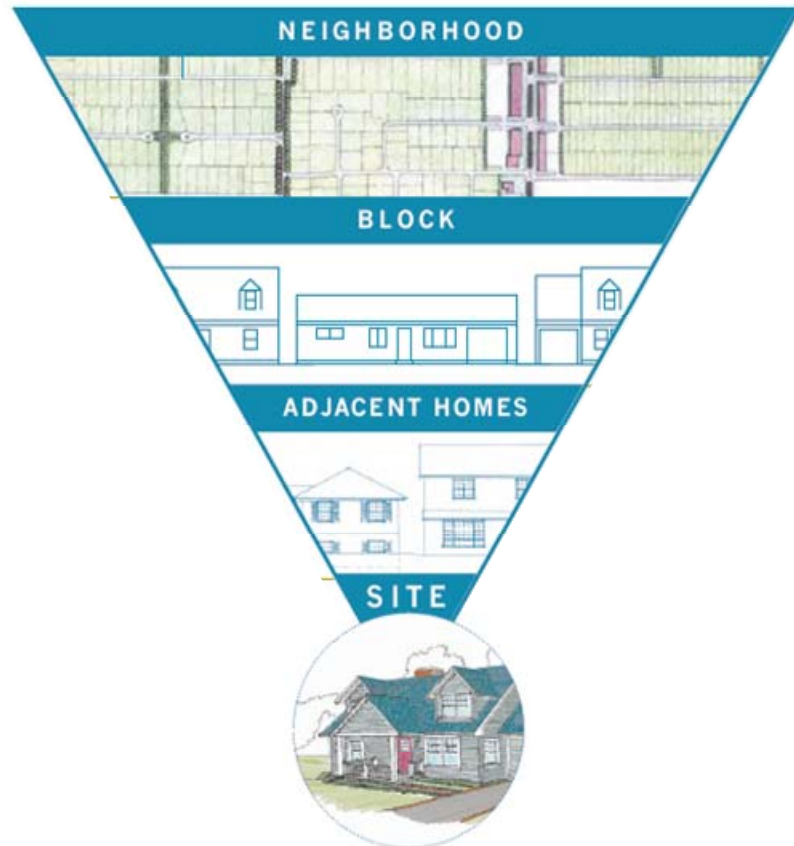
- **Code Enforcement:** Code enforcement is thought to be inconsistent and current ordinances are considered to be weak, partly because there has not been a designated housing inspector for many years. Also, the current building code is difficult to apply to existing structures, and in particular, maintenance issues such as peeling paint, broken windows, or torn screen. Further, there is no system to register rental properties and restrict occupancy at properties that do not meet safety standards. Finally, there are many weaknesses in the code enforcement and Municipal Court systems that allow for violations to persist.
- **Rental Properties:** Although most landlords in Hutchinson manage and maintain their properties in a professional manner, there are some landlords who create significant problems because they do not properly maintain their properties or treat their tenants well. This contributes to disinvestment and neighborhood decline.
- **Affordable Housing:** Referring to properties that cater to low-income households, typically using a variety of subsidies (e.g., Low Income Housing Tax Credits or Section 8), affordable housing generally has a negative reputation in Hutchinson. While developers like New Beginnings and Interfaith Housing Services provide high quality and well managed affordable housing, negative experiences in the past have led to some community opposition of new projects that could help stabilize declining areas.
- **Lack of Coordinated Marketing:** There are a variety of programs available through the city, state, and federal governments, as well as local non-profits, relating to housing that residents are simply not aware of. Success stories from existing programs are not widely publicized. This also includes marketing development opportunities in the city.
- **Lack of Coordinated Public Investments:** Public infrastructure investments, such as streets, sidewalks, lighting, etc., are not presently coordinated with housing improvement efforts, which spreads limited resources even more thinly.
- **Changing Demographics:** As will be discussed in detail throughout this report, the demographics in Hutchinson have changed during the past 20 years and continue to change, resulting in demand for different types of housing. Also, older parts of the city have slowly emptied, while new development has occurred on the periphery, which also spreads limited municipal resources more thinly.
- **Image:** Hutchinson suffered a severe blow with the natural gas explosions that occurred in 2001. However, the issues that led to the explosions have been resolved and the resolutions are well-

documented.³ Efforts are underway to promote Hutchinson, which has many amenities for a city of its size, and the construction of the Siemens plant will certainly further these efforts.

- **Utilities:** Older properties have higher utility costs because they have old, inefficient systems, drafty windows, and limited insulation. The resulting high utility costs, particularly in the winter, are a burden on low-income families.

Most of these concerns are inter-related and cover all of the facets that make up a community: individual homes, blocks, neighborhoods, etc., as suggested in the diagram to the right. Nonetheless, such a list can be overwhelming. The intent of this study is to provide Hutchinson officials with a plan of attack to continue their efforts in addressing these important concerns. Indeed, Hutchinson is well-positioned to provide examples of innovative housing solutions to housing problems that are commonplace.

A thorough analysis of the housing environment in Hutchinson was completed in order to understand the factors that led to these trends and concerns. The methodology of this study is described in detail in the next section of this report.



First Suburbs Coalition (2005), *Idea Book: Updating Post-WWII Homes*

³ The primary areas affected were Downtown Hutchinson, where two buildings were destroyed, and the surrounding neighborhoods, as well as the former Big Chief Mobile Home and RV Park. Federal funds were used to plug and cap underground brine wells and there are no further safety concerns.