

CHAPTER 6

HOUSING

Housing that is well cared-for, whatever its age or size, is a major factor in a city's quality of life. Properly maintained homes in pleasant neighborhoods are valuable both economically and socially. A comfortable house does not guarantee a happy home life, but the lack of one can certainly cause stress and unhappiness. A house is usually the single largest investment for a family or individual, and houses that are difficult to maintain can generate ongoing physical discomfort and financial concerns.

Diversity in a community's available housing stock is a major factor in a city's ability to attract and retain residents. If young people, retirees, or families with children cannot find quality housing that suits their current needs, they are likely to move to another community which does offer it. Adequate housing in a range of prices also helps to attract new businesses and their employees.

Residential properties are a major source for the City's tax revenues, but the economic importance of housing is not confined to the tax structure. A healthy housing market benefits many businesses—including construction, real estate, insurance, banking, building materials, design, and various retailers. The exchange of money for these services and supplies enhances an area's total economic environment.

Recently, the nation has experienced a mortgage crisis. The ability to obtain a mortgage can now be as much of a barrier to buying a home as the cost of housing itself. Many communities, as well as the homebuilding and home financing industries, are reassessing their policies and techniques in order to support the development of affordable housing or starter homes. This responsibility should be assumed by both public and private interests. This chapter analyzes housing statistics and suggests ways in which desirable housing goals may be attained.

Housing Data from the U.S. Census Bureau

This section gives an overall picture of the housing situation in the City of McPherson, based primarily on Information from the *2007-2010 American Community Survey 5-Year Estimates*. Housing information from the 2010 Census is also included; though very limited, it is considered the official data on the few points of information which were counted.

Housing information is available in more detail from the U.S. Census Bureau FactFinder website at <http://factfinder2.census.gov>, where typing in the name of a city or county brings up the available data sets for that place. More detailed Kansas information, including housing data from Census 1990 and Census 2000, is available from the *University of Kansas Institute for Policy & Social Research*, at www.ipsr.ku.edu/ksdata.

Housing Data from the American Community Survey

The 2010 Census did not collect detailed housing information, which was instead acquired through the Census Bureau's *American Community Survey* (ACS). The ACS is sent to about 250,000 households each month, rather than once per decade like the Census, so data collection is ongoing and produces much more current socioeconomic information.

However, the *American Community Survey* is based on a much smaller sample size, so if at any point there is a discrepancy between it and the Census, **information from the Census is regarded as the official data**. For instance, the number of households utilized by the Survey (5,289) is different than the official 2010 Census figure for number of households (5,378). To maintain consistency within the following data, *Community Survey* numbers are used throughout the rest of this section, until otherwise noted.

- **Occupancy** Out of 5,805 housing units in McPherson, 5,289 (91.1%) were occupied, and 516 (8.9%) were vacant.
- **Owner/Renter** Out of 5,289 occupied housing units in McPherson, 3,873 (73.2%) were owner-occupied, and 1,416 (26.8%) were renter occupied.
- **Household Size** The average household size of owner-occupied units was 2.57 persons. The average household size of renter-occupied units was 1.86 persons.
- **Fuel** Out of 5,289 occupied housing units, 4,226 (79.9%) use utility gas as the house heating fuel, 962 (18.2%) use electricity, 54 (1.0%) use bottled or tank gas, 34 (0.6%) use wood, and 13 (0.2%) use no fuel.

Tenure

Year Householder Moved into Housing Unit		
Moved in	number	percent
1969 or earlier	144	3%
1970 to 1979	298	6%
1980 to 1989	524	10%
1990 to 1999	1,124	21%
2000 to 2004	1,317	25%
2005 or later	1,882	36%
TOTALS	5,289	100%

Tenure of Householders About 19% of McPherson's houses have residents who have lived there for more than twenty years. More than a third of McPherson's houses have residents who moved in since 2005.

Value

Value of Owner-occupied Housing Units	Number	Percentage
Less than \$50,000	582	15.0%
\$50,000 to \$99,999	936	24.2%
\$100,000 to \$149,999	900	23.2%
\$150,000 to \$199,999	764	19.7%
\$200,000 to \$299,999	522	13.5%
\$300,000 to \$499,999	169	4.4%
TOTAL OWNER-OCCUPIED HOUSING UNITS	3,873	100.0%

McPherson has a well balanced range of housing values, with some housing stock available in every price category from less than \$50,000 up to \$300,000, as well as enough high end houses to meet that market niche. The most affordable homes are also the ones in shortest supply.

- **Median Value** The median value of owner-occupied housing units in McPherson was \$117,600.

Housing Costs

Selected Monthly Owner Costs — Housing Units WITH a Mortgage —		
	number	percent
less than \$300	42	1.7%
\$300 to \$499	44	1.8%
\$500 to \$699	321	13.2%
\$700 to \$999	597	24.6%
\$1000 to \$1499	919	37.9%
\$1500 to \$1999	326	13.4%
\$2000 or more	175	7.2%
TOTALS	2,424	100%

Selected Monthly Owner Costs — Housing Units WITHOUT a Mortgage —		
	number	percent
Less than \$100	69	4.8%
\$100 to \$199	191	13.2%
\$200 to \$299	192	13.3%
\$300 to \$399	302	20.8%
\$400 or more	695	48.0%
TOTALS	1,449	100%

The cost of owning a house varies significantly between those paying a mortgage, and those who do not have a mortgage to pay. Of those *with* a mortgage, the majority (62.5%) paid between \$700 and \$1500 per month in owner costs. Of those *without* a mortgage, 68.8% paid \$300 or more per month in owner costs.

- **Mortgages** Out of the 3,873 owner-occupied housing units in McPherson, 2,424 (62.6%) had a mortgage, and 1,449 (37.4%) did not.
- **Monthly Cost** The median monthly owner cost for housing units with a mortgage was \$1,084, and for housing units without a mortgage was \$386.

Housing Costs as a Percent of Income

Selected Monthly Owner Costs as a Percentage of Household Income				
Percentage of Income	Housing Units WITH a Mortgage		Housing Units WITHOUT a Mortgage	
	number	percent	number	percent
less than 10%	—	—	755	52.1%
10 to 14.9%	—	—	229	15.8%
15 to 19.9%	—	—	114	7.9%
less than 20%	1,225	50.5%	—	—
20% to 24.9%	420	17.3%	93	6.4%
25% to 29.9%	311	12.8%	74	5.1%
30% to 34.9%	112	4.6%	42	2.9%
35% or more	356	14.7%	142	9.8%
TOTALS	2,424	100%	1,449	100%

Of those *with* a mortgage, more than two-thirds (67.8%) paid less than 25% of their household income per month in owner costs. However, almost 15% of households are paying 35% or more of their income per month in owner costs, probably reflecting homes in which household income has recently declined by a significant margin.

Of those *without* a mortgage, 67.9% paid less than 15% of their household income per month in owner costs. The 9.8% of people without a mortgage who are still paying more than 35% of their income in housing costs are likely people with a very low household income, such as retired people on a fixed income.

Rental Costs

Gross Rent		
	number	percent
less than \$200	72	5.2%
\$200 to \$299	31	2.2%
\$300 to \$499	235	16.9%
\$500 to \$749	700	50.4%
\$750 to \$999	260	18.7%
\$1000 to \$1499	56	4.0%
\$1500 or more	35	2.5%
TOTALS	1,389	100%

Of those renting housing units in McPherson, more than half paid between \$500 and \$750 per month in housing costs. People paying lower rents are likely renting apartments, while those paying \$1000 or more may be renting a house.

- Median gross rent in McPherson was \$594 per month.

Gross Rent as a Percentage of Household Income		
Percentage of Income	Householders	
	number	percent
less than 15%	383	27.9%
15% to 19.9%	136	9.9%
20% to 24.9%	148	10.8%
25% to 29.9%	187	13.6%
30% to 34.9%	115	8.4%
35% or more	402	29.3%
TOTALS	1,371	100%

Of those renting housing units in McPherson, the 27.9% who are paying less than 15% of their income on rent are likely people with a relatively high household income, while the 29.3% of people who are paying 35% or more of their income on rent are likely people with a very low household income, such as retired people on a fixed income.

Housing Data from the 2010 Census

The data on housing that was collected by the 2010 Census is very limited, but is also more accurate, and therefore takes precedence over the far more extensive and detailed data collected from the 2007-2011 American Community Survey 5-Year Estimates. Where the information under this heading disagrees with that previously described in this chapter, the following numbers are considered to be the official data.

- Of the 5,952 housing units in McPherson, **5,521** (92.8%) were occupied, and 431 (7.2%) were vacant.
- Of the 431 vacant housing units for rent, the homeowner vacancy rate was 2.1%. The renter vacancy rate was 8.6%.
- Of the 5,521 occupied housing units, **3,656** (66.2%) were owner-occupied, and 1,865 (33.8%) were renter-occupied.
- A total of **9,134** people lived in **owner-occupied housing units**, with an average of **2.50 people per household**.
- A total of **3,858** people lived in **renter-occupied housing units**, with an average of **2.07 people per household**.

Age of Housing Stock

Year Structure Built	Number	Percent
1939 or earlier	1,127	19%
1940 to 1949	451	8%
1950 to 1959	579	10%
1960 to 1969	381	7%
1970 to 1979	1,341	23%
1980 to 1989	735	13%
1990 to 1999	605	10%
2000 to 2004	443	8%
2005 or later	143	2%
TOTALS	5,805	100%

Local Count of Occupied Living Units

A local count has been kept by the Board of Public Utilities of occupied living units as a means of establishing an appropriate refuse service billing since March, 1990. This count varies month to month due to rental movement and other factors but it does serve to provide a basis for determining housing inventory and availability. The following chart shows occupied living units as of January for each of the following years.

Year	Living Units	Year	Living Units
1990	4,440	2003	4,884
1991	4,478	2004	4,930
1992	4,579	2005	4,910
1993	4,611	2006	4,896
1994	4,642	2007	4,975
1995	4,729	2008	4,974
1996	4,764	2009	5,011
1997	4,799	2010	4,995
1998	4,821	2011	5,065
1999	4,840	2012	5,077
2000	4,861	2013	5,127
2001	4,893	2014	5,187*
2002	4,855	2015	5,124*

* (peak 5,198, low 5,114) The number of occupied living units in 2014 & 2015 has fluctuated wildly due to the arrival and departure of itinerant workers, many of whom arrive in RVs. The City has made accommodations for these types of living units by granting existing manufactured home parks the ability to divide existing MH lots to create RV lots. Many of these itinerant workers are also living in the surrounding area. While this is an acceptable solution for temporary housing, it will not suffice for housing needs in the long run.

Housing Incentive Programs

Several of our local industrial plants are either planning for, or are already constructing, expansion projects. It is obvious, from the number of workers in local industry who already commute in daily, that the amount and variety of housing available in McPherson is insufficient to provide what is needed for this ongoing expansion. This results in artificially boosted rental rates as well as increased real estate pricing along with over-utilization of existing homes which can create over-population pressure in existing neighborhoods and encourage neighborhood devaluation. In order to address this housing issue, the City has adopted several strategies designed to promote the development of new housing stock as well as to encourage the rehabilitation of existing housing units.

New Construction Homebuyer Incentive Program (NCHIP)

This program provides a rebate of the City portion of real property taxes on eligible properties for a period of up to 4 years, and provides \$2,000 cash subject to certain limitations, conditions, and restrictions. This incentive is designed for new construction only although it does allow a newly constructed residence which has been rented for a period not to exceed 24 months to remain eligible. The NCHIP has been, and continues to be, utilized by contractors to create new owner occupied housing, although the City desires to use this particular program only on a limited basis. Approximately 30 single family living units have been created under this program to date.

Rural Housing Incentive District (RHID)

This program, established by the State of Kansas, Department of Commerce, exists “to encourage the development and renovation of housing in the rural cities and counties of Kansas by authorizing cities and counties to assist directly in the financing of public improvements that will support such housing in rural areas of Kansas which experience a shortage of housing.” A qualifying city, such as McPherson, ...”may designate one or more such districts...” The city or county governing body makes application to the State Secretary of Commerce for establishing a specific area as a RHID. If approved, the governing body may use the funds that are generated to pay for specified public infrastructure improvements for the RHID property, but not for housing units themselves. The RHID program captures 100% of the incremental increase of real property taxes created by a housing development project for up to 15 years.

To date, the City of McPherson has created two separate RHID districts with the potential existing for several others. New housing units created with this method include:

Prairie Pointe Planned Unit Development; within which, either completed or under construction, are 7-duplex structures, 5-triplex structures, and 4-quadruplex structures or a total of 45 living units.

Terra Nova Apartments; which consists of four 16 unit apartment buildings or 64 total living units. Property exists at this same location to create a duplicate number of units as the need arises. Also proceeding within the Terra Nova RHID are seven single family homes.

New Ideas

The City is also interested in working with developers of local residential projects to come up with innovative, and mutually beneficial, ways to develop sites for new housing to meet our growing city's needs. One potential area is to renovate the upper stories of downtown buildings in to apartment style living spaces. The city has made available special parking permits for downtown residents that allows them to park overnight in designated parking spaces to facilitate this type of renovation.