

Smith Center Housing Study 2020

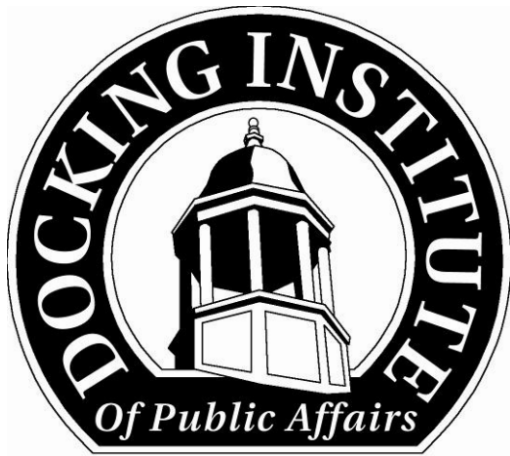
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May 2020

Prepared For
City of Smith Center, Kansas

By

**The Docking Institute of Public Affairs
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Mission:

To Facilitate Effective Public Policy Decision-Making.

The staff of the Docking Institute of Public Affairs and its University Center for Survey Research are dedicated to serving the people of Kansas and surrounding states.

Smith Center Housing Study 2020

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Executive Summary

The Docking Institute of Public Affairs was contracted by the City of Smith Center to conduct a housing needs analysis for the purpose of documenting the availability of affordable housing for its current and future work force, facilitating the broader goal of promoting economic development in the region. The analysis finds:

- The vacancy rate of rental units in Smith Center was lower than all the comparison cities and the threshold defining a shortage of quality housing, indicating a shortage of rental units in Smith Center.
- There is a possibility of overcrowding in rental housing units in Smith Center, as the percentage of rental properties with more than 1 occupant per bedroom in Smith Center was higher than most of the comparison cities.
- Smith Center has a high proportion of older housing units, with 75.3% of the housing units built prior to 1970. Only 0.4% of the housing units in Smith Center were built between 2014 and 2017.
- Households earning \$50,000 or more in Smith Center were faced with a shortage of housing units within their affordable price range, meaning that a great number of those households lived in a house under their affordability levels and possibly a house with an unsatisfactory quality. There was a surplus of housing units for households earning less than \$50,000 in Smith Center.
- From 1960 to 2017, on average Smith Center population declined by 0.72% annually. The fastest decline occurred in the 2000s, with an annual decline rate of 1.47%.
- Assuming a -1.5% annual population change rate in the next ten years, the demand for owner-occupied housing in Smith Center would drop from 570 units in 2017 to 479 units in 2030. The demand for rental-occupied housing would drop from 199 in 2017 to 169 in 2030. Despite the decline in the overall demand, there would not be enough owner-occupied housing units for those households earning \$75,000 or more, if the housing stock stayed the same as that in 2017. Such shortage would also exist in the rental market for those households earning \$25,000 - \$49,999 and those earning \$75,000 or more. With slower population decline, higher levels of shortage would be expected.
- Approximately 75% of housing units in Smith Center were constructed at least 50 years ago, making many highly likely to be suitable for rehabilitation. However, an average of only 15 permits per year for rehabilitation have been issued over the past 5 years, suggesting that additional incentives are required to maintain the quality of the older housing units in Smith Center.
- The unemployment rate in Smith Center is low. A shortage of suitable housing for the current workforce is likely to increase economic instability and discourage migrants to join the labor force in Smith Center.
- Smith Center offers a wide variety of educational, recreational, and cultural amenities and health care facilities conducive to retaining current residents, and attracting new employers and labor. The availability of high-quality housing is one of the obstacles to economic stability and development in Smith Center.

Research Objectives and Methods

The Smith Center Economic Development contracted with the Docking Institute of Public Affairs (Docking Institute) at Fort Hays State University to conduct a housing study. The Kansas Rural Housing Incentive District Act (Act) requires that a housing needs analysis shall contain the following four major findings:

- I. There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers;
- II. The shortage of quality housing can be expected to persist and additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county;
- III. The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county; and
- IV. The future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.

Following the guidelines provided in the Act, the Docking Institute collected data from the U.S. Census Bureau, various other state and federal government sources, and official records maintained by the City of Smith Center. These data were analyzed to assess the City's current and future supply of and demand for housing, any inadequacies in the supply of housing that may exist and the importance of quality housing for the economic growth of the City. The sections below will present the findings pertaining to the requirements of the Act.

I. Quality of Housing: “There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers”

Table 1: Housing Shortage Indicators/Criteria

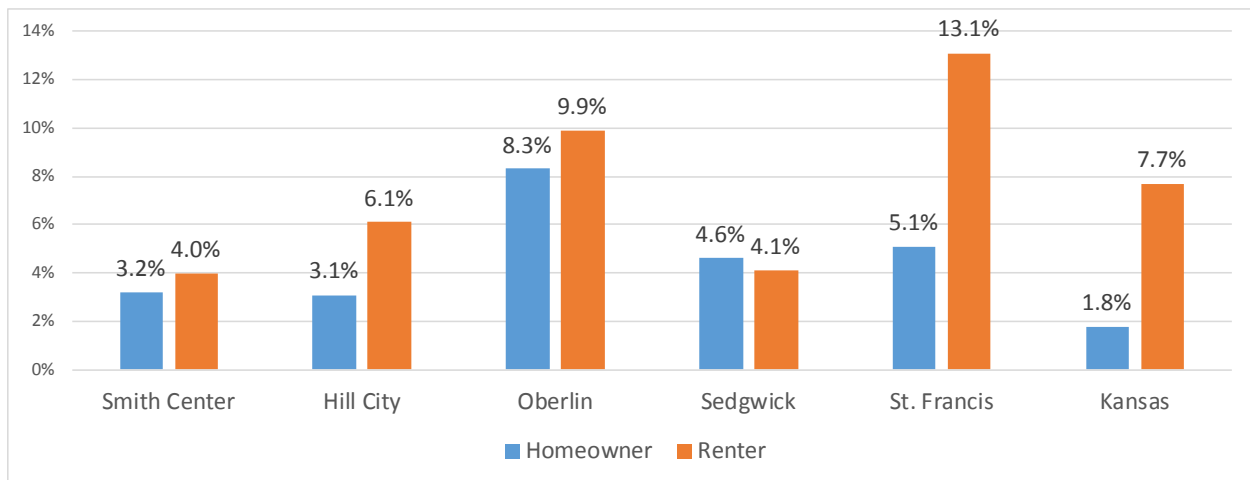
Housing Supply/Demand Indicators	Housing Shortage Criteria
Vacancy Rate	Low (1% of stock or less for owner-occupied units; under 5% of stock for rental units)
Overcrowding	High (6% of stock or more for owner-occupied units)
Size Match	Count of large households (6 or more persons) exceeds count of large units (4 or more bedrooms)
Complete Plumbing	Low (96% of stock or less for owner-occupied units; 95% of stock or less for rental units)
New Units (1 year old or less)	Low (1.5% of stock or less for owner-occupied units; 1% of stock or less for rental units)
Old Units (50 years old or more)	High (40% of stock or more for owner-occupied units; 40% of stock or more for rental units)
Price: Income Match	Count of households in income category exceeds count of units in price/rent category (units not to exceed 30% of gross income)

The first guideline provided by the Act asks if there is a shortage of quality housing of various price ranges. “Quality housing” is assessed through aggregated measures on a variety of factors, such as physical defects (for example lacking complete kitchen or plumbing), overcrowded units, excessive cost burden, and age of the houses. Table 1 shows the indicators and thresholds specified in the guidelines to define a shortage of quality housing. The following sub-sections examine the housing conditions in Smith Center in regards to those indicators in order to determine the degree to which a housing shortage exists. Also, in order to understand how the housing conditions in Smith Center fare relative to other cities in Kansas, four other demographically similar cities (Hill City, Oberlin, Sedgwick, and St. Francis) in the region are selected as comparison cities.

Vacancy Rate

The vacancy rates in Smith Center and the comparison communities are shown in Figure 1. In 2017, 3.2% of the owner-occupied housing units in Smith Center were vacant, and 4% of the rental units were vacant. The vacancy rate of the owner-occupied housing units in Smith Center was higher than the shortage thresholds set in the guideline (1%), but lower as compared with Oberlin, Sedgwick, and St. Francis. The vacancy rate of rental units in Smith Center was lower than the threshold (also lower than all the comparison cities), indicating a shortage of rental units in Smith Center.

Figure 1: Vacancy Rate: 2017



Source: U.S. Census, 2013-2017 American Community Survey

Overcrowding/Size Match

As Table 2 shows, 30.6% of the owner-occupied housing units in Smith Center had 4 or more bedrooms in 2017, and 14.3% of households that lived in the owner-occupied housing units had 4 persons or more in the household. The percentage of owner-occupied housing units with 2 or 3 bedrooms (64.3%) also exceeded that of the households with 2 or 3 persons (53.5%). As a result, among households living in owner-occupied housing units, on average 1 person or less occupied a bedroom. So Smith Center did not appear to have an overcrowding issue, and the sizes of housing units adequately house the distribution of household sizes for owner-occupied housing units using criteria from the Act. The comparison cities did not have an overcrowding issue either.

The possibility of overcrowding in renter-occupied housing units appeared a little higher than in owner-occupied units in Smith Center (Table 3). In 2017, 98.4% of the households who rented in Smith Center had 1 or less occupants per room, and 1.6% of households had more than 1 person occupying one room. The percentage of rental properties with more than 1 occupant per room in Smith Center was higher as compared with all the comparison cities except for Oberlin.

Table 2: Size Match, Owner-occupied: 2017

	Smith Center	Hill City	Oberlin	Sedgwick	St. Francis	Kansas
Occupied housing units	552	566	628	323	485	745,441
HOUSEHOLD SIZE						
1-person household	32.2%	30.0%	41.6%	14.9%	37.3%	22.4%
2-person household	43.7%	39.8%	40.0%	37.2%	44.9%	39.6%
3-person household	9.8%	10.2%	8.8%	13.3%	6.2%	14.5%
4-or-more-person household	14.3%	20.0%	9.7%	34.7%	11.5%	23.6%
BEDROOMS						
No bedroom	0.0%	0.0%	0.0%	0.0%	0.8%	0.2%
1 bedroom	5.1%	2.3%	1.3%	0.0%	0.8%	1.8%
2 or 3 bedrooms	64.3%	69.1%	65.3%	58.2%	64.1%	62.4%
4 or more bedrooms	30.6%	28.6%	33.4%	41.8%	34.2%	35.7%
OCCUPANTS PER ROOM						
1.00 or less occupants per room	100.0%	100.0%	100.0%	100.0%	100.0%	98.8%
1.01 to 1.50 occupants per room	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
1.51 or more occupants per room	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%

Source: U.S. Census, 2013-2017 American Community Survey

Table 3: Size Match, Renter-occupied: 2017

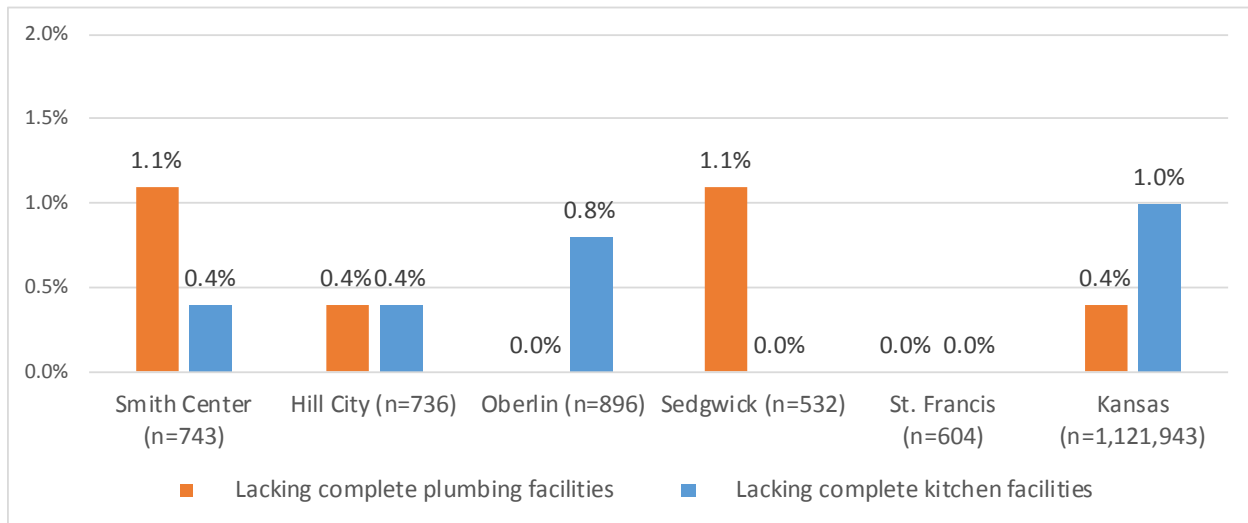
	Smith Center	Hill City	Oberlin	Sedgwick	St. Francis	Kansas
Occupied housing units	191	170	268	209	119	376,502
HOUSEHOLD SIZE						
1-person household	67.5%	65.9%	57.5%	26.3%	48.7%	41.3%
2-person household	21.5%	25.9%	13.8%	32.5%	19.3%	26.3%
3-person household	4.7%	4.1%	8.6%	24.9%	10.1%	13.9%
4-or-more-person household	6.3%	4.1%	20.1%	16.3%	21.8%	18.5%
BEDROOMS						
No bedroom	1.0%	0.0%	0.0%	0.0%	6.7%	4.9%
1 bedroom	30.9%	22.4%	23.1%	8.1%	21.8%	23.0%
2 or 3 bedrooms	52.4%	74.1%	61.2%	82.8%	64.7%	63.6%
4 or more bedrooms	15.7%	3.5%	15.7%	9.1%	6.7%	8.4%
OCCUPANTS PER ROOM						
1.00 or less occupants per room	98.4%	100.0%	97.8%	100.0%	100.0%	96.2%
1.01 to 1.50 occupants per room	1.6%	0.0%	2.2%	0.0%	0.0%	2.4%
1.51 or more occupants per room	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%

Source: U.S. Census, 2013-2017 American Community Survey

Complete Plumbing and Kitchen Facilities

In Smith Center, 1.1% of housing units lacked completed plumbing facilities and 0.4% lacked complete kitchen facilities (Figure 2). None of the comparison communities met the Act’s 4% criterion for owner-occupied units or 5% criterion for rental units. However, the percentage of housing units lacking complete plumbing in Smith Center was higher than three of the comparison cities (Hill City, Oberlin, and St. Francis). Relatively few houses in Smith Center and the comparison communities lacked kitchen facilities, with 0.4% of the housing units in Smith Center lacking complete kitchen facilities, higher than those in Sedgwick and St. Francis.

Figure 2: Deficiency of Plumbing and Kitchen Facilities in Occupied Housing Units: 2017



Source: U.S. Census, 2013-2017 American Community Survey

New Units (One year old or less)

Table 4 shows that only 0.4% of the housing units in Smith Center were built between 2014 and 2017, highest among comparison cities. However, the percentage was lower than the Kansas average, and also much lower than the threshold in the Act guideline of 1.5% of stock or less being one year old or less.

Table 4: Age of Housing

	Smith Center	Hill City	Oberlin	Sedgwick	St. Francis	Kansas
Total Housing Units	932	840	1,063	609	737	1,259,647
2014 to 2017	0.4%	0.0%	0.0%	0.0%	0.0%	0.7%
2010 to 2013	0.3%	0.6%	0.0%	0.5%	0.0%	2.0%
2000 to 2009	3.6%	5.1%	0.8%	13.0%	1.4%	11.7%
1990 to 1999	1.0%	3.5%	2.2%	9.9%	2.3%	12.9%
1980 to 1989	4.2%	8.6%	9.6%	7.1%	4.6%	11.6%
1970 to 1979	15.1%	17.4%	9.1%	11.5%	8.5%	15.3%
1960 to 1969	15.9%	10.2%	14.3%	7.9%	11.8%	10.4%
1950 to 1959	14.1%	24.2%	14.4%	15.9%	18.5%	12.9%
1940 to 1949	10.9%	8.1%	13.2%	3.6%	17.0%	5.8%
1939 or earlier	34.4%	22.4%	36.4%	30.7%	36.0%	16.7%

Source: U.S. Census, 2013-2017 American Community Survey

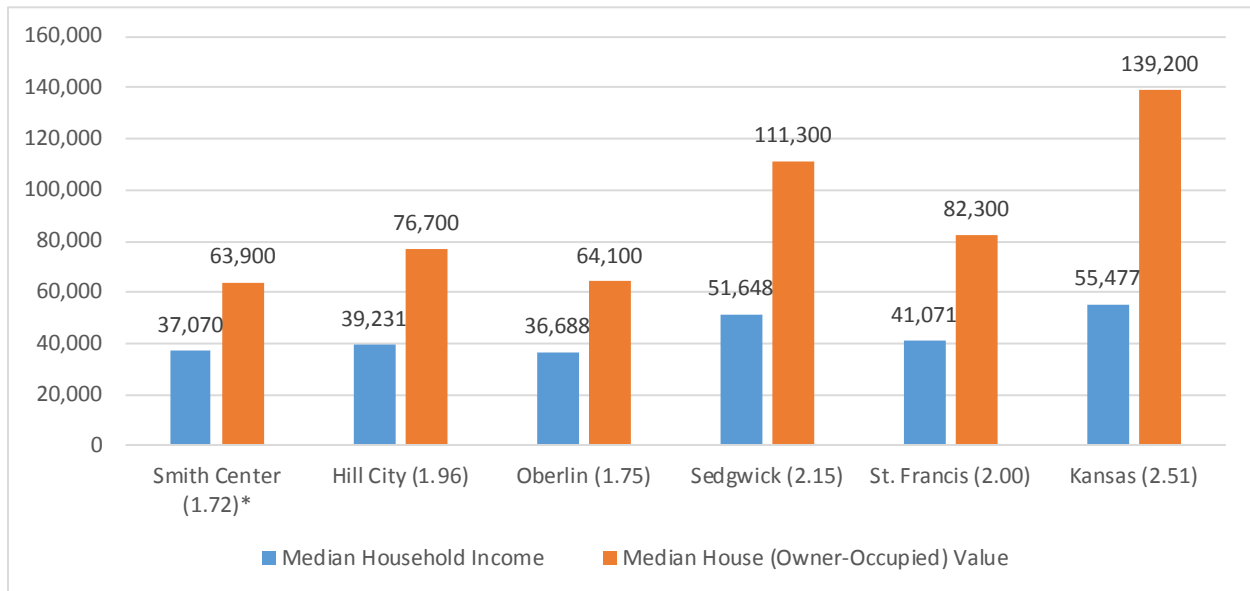
Old Units (50 years old or more)

In Smith Center, 75.3% of the housing units are 50 years old or more (built before 1970), as shown in Table 4. In the Act, it is considered high when 40% of the housing stock is 50 years old or more. So Smith Center does have an unusually high proportion of older housing units, suggesting a strong need for renovation and reconstruction.

Price: Income Match

Housing cost in Smith Center was lower than the state average and in comparison cities. In 2017, the median household income in Smith Center was \$37,070, and the median value of owner-occupied housing units was \$63,900, yielding a value/income ratio of 1.72 (Figure 3). The median house value in Smith Center was the lowest among all the study cities, which may indicate a housing stock with lower quality.

Figure 3: House Value vs. Income, Owner-occupied: 2017 (\$)



*The value in the parenthesis is the median house value/median income ratio

Source: U.S. Census, 2013-2017 American Community Survey

Table 5 shows the monthly housing costs in 2017. The median monthly housing cost in Smith Center was \$521, which was the lowest among all the study cities. The table also shows that 12.7% of households in Smith Center paid \$1,000 or more per month for housing, which was the second lowest among all study cities, with Oberlin being the lowest (12.5%). These results suggest that Smith Center residents have relatively low housing costs in the region.

Table 5: Monthly Housing Costs: 2017

	Smith Center	Hill City	Oberlin	Sedgwick	St. Francis	Kansas
Less than \$500	46.3%	35.3%	45.0%	13.2%	39.6%	19.9%
\$500 to \$999	37.2%	47.3%	41.4%	45.3%	41.0%	39.1%
\$1,000 to \$1,999	12.3%	15.6%	12.5%	32.4%	14.5%	31.6%
\$2,000 to \$2,999	0.0%	1.0%	0.0%	6.6%	0.0%	5.6%
\$3,000 or more	0.4%	0.0%	0.0%	0.0%	0.0%	1.8%
No cash rent	3.9%	0.8%	1.1%	2.6%	4.8%	1.9%
Median (dollars)	521	593	550	895	592	856

Source: U.S. Census, 2013-2017 American Community Survey

Table 6 shows the monthly housing costs by household income in 2017. Among those households making less than \$20,000 a year in Smith Center, 65.9% paid 30% or more of their income toward housing. Among those households with an annual income between \$20,000 and \$35,000, the income range right below the median household income, Smith Center had the second highest percentages of households paying 30% or more of their household income toward housing among all study cities, with Sedgwick, a city in the Wichita Metropolitan Area, being the highest. Less than 7% of those households making \$35,000 or more paid 30% or more of their household income toward housing in Smith Center. It appears that the percentages of low-income families in Smith Center paying high housing costs are relatively high, suggesting a need for government assistance in providing affordable housing for those with annual incomes of less than \$35,000.

Table 6: Monthly Housing Costs as a Percentage of Household Income in the Past 12 Months: 2017

	Smith Center	Hill City	Oberlin	Sedgwick	St. Francis	Kansas
Household income less than \$20,000						
Less than 20% of household income	9.3%	1.5%	11.7%	0.0%	17.3%	5.9%
20 to 29% of household income	24.3%	21.2%	12.9%	13.3%	19.7%	11.9%
30% or more of household income	65.9%	77.3%	75.0%	86.7%	63.8%	82.2%
Household income \$20,000 to \$34,999						
Less than 20% of household income	38.8%	42.8%	48.6%	13.5%	26.0%	22.5%
20 to 29% of household income	24.9%	43.4%	34.3%	8.1%	38.6%	27.2%
30% or more of household income	35.9%	13.9%	17.1%	77.5%	35.3%	51.0%
Household income \$35,000 to \$49,999						
Less than 20% of household income	75.3%	70.3%	47.5%	43.7%	69.5%	40.3%
20 to 29% of household income	18.4%	12.0%	36.5%	33.5%	27.9%	35.3%
30% or more of household income	6.3%	17.1%	16.0%	22.8%	2.5%	24.5%
Household income \$50,000 to \$74,999						
Less than 20% of household income	68.5%	80.3%	93.9%	62.8%	76.5%	59.3%
20 to 29% of household income	30.8%	19.7%	6.1%	21.7%	22.9%	29.6%
30% or more of household income	0.0%	0.0%	0.0%	15.6%	0.0%	11.1%
Household income \$75,000 or more						
Less than 20% of household income	100.0%	94.9%	95.8%	81.3%	92.0%	81.9%
20 to 29% of household income	0.0%	5.1%	4.2%	17.9%	8.4%	15.5%
30% or more of household income	0.0%	0.0%	0.0%	1.1%	0.0%	2.8%

Source: U.S. Census, 2013-2017 American Community Survey

Table 7 and Table 8 present the monthly costs for homeowners and renters, respectively. Among Smith Center homeowners who had a mortgage on their house, 25.5% spent 30% or more of their household income on housing, which was higher than all comparison cities except Hill City. Almost twenty percent (19%) of Smith Center homeowners without a mortgage spent 30% or more on housing, the highest among all the cities under examination (Table 7). This is congruent with previous results showing a high proportion of older housing units in Smith Center, which will tend to have higher maintenance costs.

Table 7: Monthly Owner Cost as a Percentage of Household Income: 2017

	Smith Center	Hill City	Oberlin	Sedgwick	St. Francis	Kansas
Housing units with a mortgage	216	252	240	196	196	445,511
Less than 20.0 percent	55.1%	51.2%	52.9%	57.1%	48.5%	51.2%
20.0 to 29.9 percent	19.4%	19.4%	22.9%	24.0%	27.1%	27.4%
30.0 percent or more	25.5%	29.4%	24.2%	18.9%	24.4%	21.5%
Housing unit without a mortgage	325	310	388	125	289	294,324
Less than 20.0 percent	71.1%	67.8%	67.9%	72.8%	74.7%	77.2%
20.0 to 29.9 percent	9.8%	17.7%	17.1%	16.8%	17.3%	11.1%
30.0 percent or more	19.0%	14.5%	15.3%	10.4%	7.9%	11.8%

Source: U.S. Census, 2011-2015 American Community Survey

In 2017, 33.3% of renters in Smith Center spent 30% or more of their household income on rent (Table 8). Except for St. Francis, other comparison cities had higher percentages of renters paying 30% or more of their household income for rent. However, a total of 72.9% of renters in Smith Center paid 20% or more of their household income on rent, which was higher than all comparison cities and Kansas average. These results suggest that Smith Center residents were paying a relatively higher proportion of their incomes on housing costs.

Table 8: Gross Rent as a Percentage of Household Income: 2017

	Smith Center	Hill City	Oberlin	Sedgwick	St. Francis	Kansas
Occupied units paying rent	159	156	258	195	85	347,062
Less than 20.0 percent	27.0%	31.4%	36.9%	32.3%	32.9%	30.3%
20.0 to 29.9 percent	39.6%	25.0%	19.4%	16.9%	35.3%	25.6%
30.0 percent or more	33.3%	43.6%	43.8%	50.7%	31.8%	44.1%

Source: U.S. Census, 2013-2017 American Community Survey

Assuming homebuyers would view a house with a value twice as high as their annual household income as affordable, and renters could afford to spend 24% of annual household income on rent, Table 9 matches households in different income categories with the affordable housing units in Smith Center. In 2017, 250 households in Smith Center earned less than \$25,000. A total of 341 housing units were affordable for these households, including 210 owner-occupied housing units (valued \$50,000 or less) and 131 rental units (rented for \$500 or less per month). There was a surplus of 91 affordable housing units for households earning less than \$25,000 a year. However, there was a shortage of affordable units for those households that earned \$50,000 and more a year: there was a 6-unit shortage for households earning \$50,000 to \$74,999, a 37-unit shortage for households earning \$75,000 to \$99,999, a shortage of 68 units for households earning \$100,000 or more. So a great number of households in higher income categories lived in a house under their affordability levels and possibly a house with an unsatisfactory quality. The surplus for households in lower income categories and a shortage for households in higher income categories suggests a possible needs for housing rehabilitation and improvement. As there is a very low percentage of new housing units in Smith Center (see Table 4), there is also a potential shortage of new housing stock for those households earning at least 135% of the City’s median income and particularly households earning about almost 300% or more of the median income. It should be noted that Table 9 includes only occupied housing units. The City of Smith Center indicates that there are about 75 abandoned houses in the city, which makes housing rehabilitation a more prominent need.

Table 9: Income Distribution and Housing Affordability in Smith Center: 2017

Income Range	% of City Median Household Income	% of Households	Number of Households	Affordable Range for Owner Units	Number of Occupied Owner Units	Affordable Range of Renter Units	Number of Occupied Renter Units	Total Occupied Affordable Units	Balance (Affordable Units minus Number of Households)
Less than \$25,000	less than 67%	33.7%	250	\$0-50,000	210	\$0-500	131	341	91
\$25,000 - 49,999	67-135%	32.8%	244	\$50,000-99,999	218	\$500-999	46	264	20
\$50,000 - 74,999	135-202%	14.8%	110	\$100,000-149,999	90	\$1,000-1,499	14	104	-6
\$75,000 - 99,999	202-270%	7.5%	56	\$150,000-199,999	19	\$1,500-1,999	0	19	-37
\$100,000 - 149,999	270-405%	7.8%	58	\$200,000-299,999	10	\$2,000-\$3,000	0	10	-48
\$150,000 or more	Over 405%	3.4%	25	\$300,000 or more	5	\$3,000 or more	0	5	-20
Total			743		552		191	743	0

Source: U.S. Census, 2013-2017 American Community Survey

Housing Demand and Supply Forecast

Besides the current housing conditions, the guidelines in the Act suggest a housing needs study may conduct “beyond-the-present” analyses that make projections of population, as well as housing supply and demand changes. Since 1970, Smith Center experienced population decline (Table 10). The annual population change rate between 1960 and 2017 was -0.72%. Based on the change rates since 1960, Table 11 presents the population forecast under three scenarios. With an annual change rate of -1.5%, Smith Center population would be 1,393 in 2025 and 1,292 in 2030. With an annual change rate of -1.0%, Smith Center population would be 1,379 in 2030; and the population would be 1,473 in 2030 with the annual change rate of -0.5%.

Table 10: Population Change in Smith Center: 1960-2017

	Population at Decade's/ Period's End	Decennial/ Period Population Change	% Change during Decade/Period	Annual Change Rate
1960	2,379			
1960-1970	2,389	10	0.42%	0.04%
1970-1980	2,240	-149	-6.24%	-0.64%
1980-1990	2,016	-224	-10.00%	-1.05%
1990-2000	1,931	-85	-4.22%	-0.43%
2000-2010	1,665	-266	-13.78%	-1.47%
2010-2017	1,572	-93	-5.59%	-1.14%
1960-2017		-807	-33.92%	-0.72%

Source: U.S. Census

Table 11: Population Forecast: 2017-2030

	2017 Census Estimate, baseline	2020	2025	2030
Annual change Rate: -1.5%	1,572	1,502	1,393	1,292
Annual change Rate: -1.0%	1,572	1,525	1,451	1,379
Annual change Rate: -0.5%	1,572	1,549	1,510	1,473

Using the 2017 Census estimates as the baseline, the housing demand forecast is done under 3 population decrease scenarios. In 2017, Smith Center household population was 1,531, which was 97% of the total population (1,572). About eighty percent (79.7%) of households lived in owner-occupied units and 20.3% lived in renter-occupied units. The vacancy rate for the owner-occupied units was 3.2% and the rate for the renter-occupied units was 4%. The average household size of owner-occupied units

was 2.21 and the size of renter-occupied units was 1.63. The following assumptions are used for the forecast: 1) the percentage of household population in the total population, the percentages of owner-occupied and renter-occupied households, and the vacancy rates for owner-occupied units and renter-occupied units did not change from 2017 to 2020 and would not change in the next 10 years; 2) the household sizes in both owner-occupied units and renter-occupied units would decline gradually.

With a -1.5% annual population change rate (Table 12), the population in Smith Center would be 1,502, and the household population would be 1,463 in 2020. There would be 1,166 residents living in owner-occupied units, and with a size of 2.2 residents in each household, 530 units would be needed in 2020. A vacancy rate of 3.2% would increase the need to 547 units. Using the same method, it is estimated that 512 owner-occupied units will be needed by 2025, and 479 units needed by 2030. Similarly, Smith Center would need 191 renter-occupied units by 2020, 180 renter-occupied units by 2025, and 169 by 2030.

Table 12: Housing Demand Forecast in Smith Center: Assuming -1.5% Annual Population

Change

	2017 Baseline	2020	2025	2030
Population	1,572	1,502	1,393	1,292
Household Population	1,531	1,463	1,357	1,258
Housing Demand				
<i>Owner Occupied</i>				
Household Population	1,220	1,166	1,081	1,002
Average Household Size	2.21	2.2	2.18	2.16
Number of Households	552	530	496	464
Homeowner Vacancy Rate	3.2%	3.2%	3.2%	3.2%
Unit Needed	570	547	512	479
<i>Renter Occupied</i>				
Household Population	311	298	276	256
Average Household Size	1.63	1.62	1.6	1.58
Number of Households	191	184	172	162
Rental Vacancy Rate	4.0%	4.0%	4.0%	4.0%
Unit Needed	199	191	180	169

Smith Center will need fewer housing units if the city's population continues to decline. However, as shown in Table 9, the city had a great shortage of housing units for households earning \$50,000 and more. The shortage will still exist, to a less extent, even with the population decline. Assuming the population decline will be evenly distributed among households with different income levels, that is, the percentage of households in each income range as shown in Table 9 will not change in the next 10 years, housing affordability analyses were conducted for both owner-occupied units and renter-occupied units. As shown in Table 13, 210 owner-occupied units in the \$0-50,000 price range had residents in 2017. With a vacancy rate of 3.2%, Smith Center had a total of 217 owner-occupied housing units in the \$0-50,000 price range in 2017.

It was estimated that there would be 530 owner households in 2020 with a -1.5% population change (see Table 12). Assuming the income distribution of those households were the same as that in 2017, there would be 141 households earning less than \$25,000 in 2020, meaning the demand for the housing units in the \$0-50,000 price range would be 141. As Smith Center has 217 housing units in the \$0-50,000 range (assuming the conditions of those houses did not change in the past three years), there would be a surplus of 76 units in the \$0-50,000 price range in 2020. Similarly, there will be 132 owner households earning less than \$25,000 by 2025 and 123 households earning that much by 2030. If those 217 housing units were maintained well and stayed in habitable conditions in the next ten years, Smith Center would have a surplus of 85 units for households earning less than \$25,000 by 2025, and a surplus of 94 units by 2030. Surplus will also be found for households earning less than \$75,000 in the next 10 years. Those households earning \$75,000 or more would be faced with a shortage of housing units in their affordability ranges. In 2030, the housing market would have a 106 surplus as a total, but 77 owner households (25+36+16) that earn \$75,000 or more would need to live in a house below their affordability ranges.

As for renter-occupied units, there would be a surplus for those households earning less than \$25,000 and those earning \$50,000-\$74,999 in the next 10 years. All the other renter households will be faced with a shortage of rental units within their affordable range (Table 14), assuming all households would search for a house that meets or exceeds their affordability levels. In 2030, nine more rental units would be needed by the households earning \$25,000-\$49,999, and six more units would be needed by those households earning \$75,000 or more, if all rental households intended to find a unit within their affordable ranges.

Table 13: Owner-Occupied Housing Affordability Forecast in Smith Center 2017-2030: Assuming -1.5% Annual Population Change

Household Income Range	% of Owner Households, 2017	Affordable Range for Owner Units	Total Occupied Owner Units, 2017	Total Owner Units, 2017 (Including Vacant Units)	Number of Owner Households, 2020	Number of Owner Households, 2025	Number of Owner Households, 2030	Balance 2020 (Total Units minus Number of Households)	Balance 2025 (Total Units minus Number of Households)	Balance 2030 (Total Units minus Number of Households)
Less than \$25,000	26.6%	\$0-50,000	210	217	141	132	123	76	85	94
\$25,000 - 49,999	31.9%	\$50,000-99,999	218	225	169	158	148	56	67	77
\$50,000 - 74,999	17.4%	\$100,000-149,999	90	93	92	86	81	1	7	12
\$75,000 - 99,999	9.6%	\$150,000-199,999	19	20	51	48	45	-31	-28	-25
\$100,000 - 149,999	10.0%	\$200,000-299,999	10	10	53	50	46	-43	-39	-36
\$150,000 or more	4.5%	\$300,000 or more	5	5	24	22	21	-19	-17	-16
Total			552	570	530	496	464	40	74	106

Table 14: Renter-Occupied Housing Affordability Forecast in Smith Center 2017-2030: Assuming -1.5% Annual Population Change

Household Income Range	% of Renter Households in 2017	Affordable Range of Rental Units	Total Occupied Rental Units, 2017	Total Rental Units, 2017 (Including Vacant Units)	Number of Renter Households, 2020	Number of Renter Households, 2025	Number of Renter Households, 2030	Balance 2020 (Total Units minus Number of Households)	Balance 2025 (Total Units minus Number of Households)	Balance 2030 (Total Units minus Number of Households)
Less than \$25,000	54.5%	\$0-500	131	136	100	94	88	36	42	48
\$25,000 - 49,999	35.1%	\$500-999	46	48	64	61	57	-17	-13	-9
\$50,000 - 74,999	7.3%	\$1,000-1,499	14	15	13	13	12	1	2	3
\$75,000 - 99,999	1.6%	\$1,500-1,999	0	0	3	3	3	-3	-3	-3
\$100,000 - 149,999	1.6%	\$2,000-\$3,000	0	0	3	3	3	-3	-3	-3
\$150,000 or more	0.0%	\$3,000 or more	0	0	0	0	0	0	0	0
Total			191	199	184	172	162	15	26	37

With a -1.0% annual population change rate (Table 15), the population in Smith Center would change from 1,572 in 2017 to 1,379 in 2030. The number of owner households would decline from 552 in 2017 to 496 in 2030, leading to a decreasing demand for owner-occupied units from 570 in 2017 to 512 in 2030, assuming a 3.2% vacancy rate. The number of households living in rental houses would drop from 191 in 2017 to 173 in 2030, and the demand for renter-occupied units would change from 199 in 2017 to 180 in 2030, assuming a 4.0% vacancy rate.

Table 15: Housing Demand Forecast in Smith Center: Assuming -1.0% Annual Population Change

	2017 Baseline	2020	2025	2030
Population	1,572	1,525	1,451	1,379
Household Population	1,531	1,486	1,413	1,344
Housing Demand				
<i>Owner Occupied</i>				
Household Population	1,220	1,184	1,126	1,071
Average Household Size	2.21	2.2	2.18	2.16
Number of Households	552	538	516	496
Homeowner Vacancy Rate	3.2%	3.2%	3.2%	3.2%
Unit Needed	570	556	533	512
<i>Renter Occupied</i>				
Household Population	311	302	287	273
Average Household Size	1.63	1.62	1.6	1.58
Number of Households	191	186	180	173
Rental Vacancy Rate	4.0%	4.0%	4.0%	4.0%
Unit Needed	199	194	187	180

Table 16 shows the housing affordability forecast by household income for owner households, assuming a -1.0% annual population change. If the condition of all housing units stay the same in the next ten years, by 2030, Smith Center would have a surplus of 159 (that is, 85+67+7) owner units for households earning less than \$75,000, but a shortage of 84 owner units for those earning more than \$75,000 (Table 16). There would be a surplus of 42 rental units for households earning less than \$25,000 by 2030, and a surplus of 2 for those earning between \$50,000 and \$75,000; but those renter households earning \$25,000 - \$49,999 and \$75,000 or more will be faced with a shortage of rental units in their affordable ranges (Table 17).

Table 16: Owner-Occupied Housing Affordability Forecast in Smith Center 2017-2030: Assuming -1.0% Annual Population Change

Household Income Range	% of Owner Households, 2017	Affordable Range for Owner Units	Total Occupied Owner Units, 2017	Total Owner Units, 2017 (Including Vacant Units)	Number of Owner Households, 2020	Number of Owner Households, 2025	Number of Owner Households, 2030	Balance 2020 (Total Units minus Number of Households)	Balance 2025 (Total Units minus Number of Households)	Balance 2030 (Total Units minus Number of Households)
Less than \$25,000	26.6%	\$0-50,000	210	217	143	137	132	74	80	85
\$25,000 - 49,999	31.9%	\$50,000-99,999	218	225	172	165	158	54	60	67
\$50,000 - 74,999	17.4%	\$100,000-149,999	90	93	94	90	86	-1	3	7
\$75,000 - 99,999	9.6%	\$150,000-199,999	19	20	52	50	48	-32	-30	-28
\$100,000 - 149,999	10.0%	\$200,000-299,999	10	10	54	52	50	-43	-41	-39
\$150,000 or more	4.5%	\$300,000 or more	5	5	24	23	22	-19	-18	-17
Total			552	570	538	516	496	32	54	75

Table 17: Renter-Occupied Housing Affordability Forecast in Smith Center 2017-2030: Assuming -1.0% Annual Population Change

Household Income Range	% of Renter Households in 2017	Affordable Range of Rental Units	Total Occupied Rental Units, 2017	Total Rental Units, 2017 (Including Vacant Units)	Number of Renter Households, 2020	Number of Renter Households, 2025	Number of Renter Households, 2030	Balance 2020 (Total Units minus Number of Households)	Balance 2025 (Total Units minus Number of Households)	Balance 2030 (Total Units minus Number of Households)
Less than \$25,000	54.5%	\$0-500	131	136	102	98	94	35	39	42
\$25,000 - 49,999	35.1%	\$500-999	46	48	65	63	61	-18	-15	-13
\$50,000 - 74,999	7.3%	\$1,000-1,499	14	15	14	13	13	1	1	2
\$75,000 - 99,999	1.6%	\$1,500-1,999	0	0	3	3	3	-3	-3	-3
\$100,000 - 149,999	1.6%	\$2,000-\$3,000	0	0	3	3	3	-3	-3	-3
\$150,000 or more	0.0%	\$3,000 or more	0	0	0	0	0	0	0	0
Total			191	199	186	180	173	12	19	26

With a -0.5% annual population change rate (Table 18), the population in Smith Center would change from 1,572 in 2017 to 1,473 in 2030. There would be 529 owner households in 2030 with a demand of 547 owner-occupied units, assuming a 3.2% vacancy rate. The number of households living in rental houses would drop from 191 in 2017 to 185 in 2030, and the demand for renter-occupied units would change from 199 in 2017 to 192 in 2030, assuming a 4.0% vacancy rate.

Table 18: Housing Demand Forecast in Smith Center: Assuming -0.5% Annual Population Change

	2017 Baseline	2020	2025	2030
Population	1,572	1,549	1,510	1,473
Household Population	1,531	1,508	1,471	1,435
Housing Demand				
<i>Owner Occupied</i>				
Household Population	1,220	1,202	1,172	1,143
Average Household Size	2.21	2.2	2.18	2.16
Number of Households	552	546	538	529
Homeowner Vacancy Rate	3.2%	3.2%	3.2%	3.2%
Unit Needed	570	564	555	547
<i>Renter Occupied</i>				
Household Population	311	307	299	292
Average Household Size	1.63	1.62	1.6	1.58
Number of Households	191	189	187	185
Rental Vacancy Rate	4.0%	4.0%	4.0%	4.0%
Unit Needed	199	197	195	192

Assuming a -0.5% annual population change and unchanged housing conditions in the next ten years, there would be a surplus of 133 (that is, 76+56+1) owner-occupied units in 2030 for households earning less than \$75,000, and a shortage of 93 units for households earning \$75,000 or more (Table 19). As for the rental units, there would be a surplus of 36 units for households earning less than \$25,000, and those households earning \$75,000 or more would be faced with a shortage of six units in 2030 (Table 20).

Table 19: Owner-Occupied Housing Affordability Forecast in Smith Center 2017-2030: Assuming -0.5% Annual Population Change

Household Income Range	% of Owner Households, 2017	Affordable Range for Owner Units	Total Occupied Owner Units, 2017	Total Owner Units, 2017 (Including Vacant Units)	Number of Owner Households, 2020	Number of Owner Households, 2025	Number of Owner Households, 2030	Balance 2020 (Total Units minus Number of Households)	Balance 2025 (Total Units minus Number of Households)	Balance 2030 (Total Units minus Number of Households)
Less than \$25,000	26.6%	\$0-50,000	210	217	145	143	141	72	74	76
\$25,000 - 49,999	31.9%	\$50,000-99,999	218	225	174	171	169	51	54	56
\$50,000 - 74,999	17.4%	\$100,000-149,999	90	93	95	94	92	-2	-1	1
\$75,000 - 99,999	9.6%	\$150,000-199,999	19	20	52	52	51	-33	-32	-31
\$100,000 - 149,999	10.0%	\$200,000-299,999	10	10	55	54	53	-44	-43	-43
\$150,000 or more	4.5%	\$300,000 or more	5	5	25	24	24	-19	-19	-19
Total			552	570	546	538	529	24	33	41

Table 20: Renter-Occupied Housing Affordability Forecast in Smith Center 2017-2030: Assuming -0.5% Annual Population Change

Household Income Range	% of Renter Households in 2017	Affordable Range of Rental Units	Total Occupied Rental Units, 2017	Total Rental Units, 2017 (Including Vacant Units)	Number of Renter Households, 2020	Number of Renter Households, 2025	Number of Renter Households, 2030	Balance 2020 (Total Units minus Number of Households)	Balance 2025 (Total Units minus Number of Households)	Balance 2030 (Total Units minus Number of Households)
Less than \$25,000	54.5%	\$0-500	131	136	103	102	101	33	35	36
\$25,000 - 49,999	35.1%	\$500-999	46	48	66	66	65	-19	-18	-17
\$50,000 - 74,999	7.3%	\$1,000-1,499	14	15	14	14	13	1	1	1
\$75,000 - 99,999	1.6%	\$1,500-1,999	0	0	3	3	3	-3	-3	-3
\$100,000 - 149,999	1.6%	\$2,000-\$3,000	0	0	3	3	3	-3	-3	-3
\$150,000 or more	0.0%	\$3,000 or more	0	0	0	0	0	0	0	0
Total			191	199	189	187	185	9	12	14

II. The shortage of quality housing can be expected to persist and additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county

Net Gain or Loss of Residential Units: The formula of new housing units constructed, minus existing housing units demolished, results in a low net gain (or loss) of residential units.

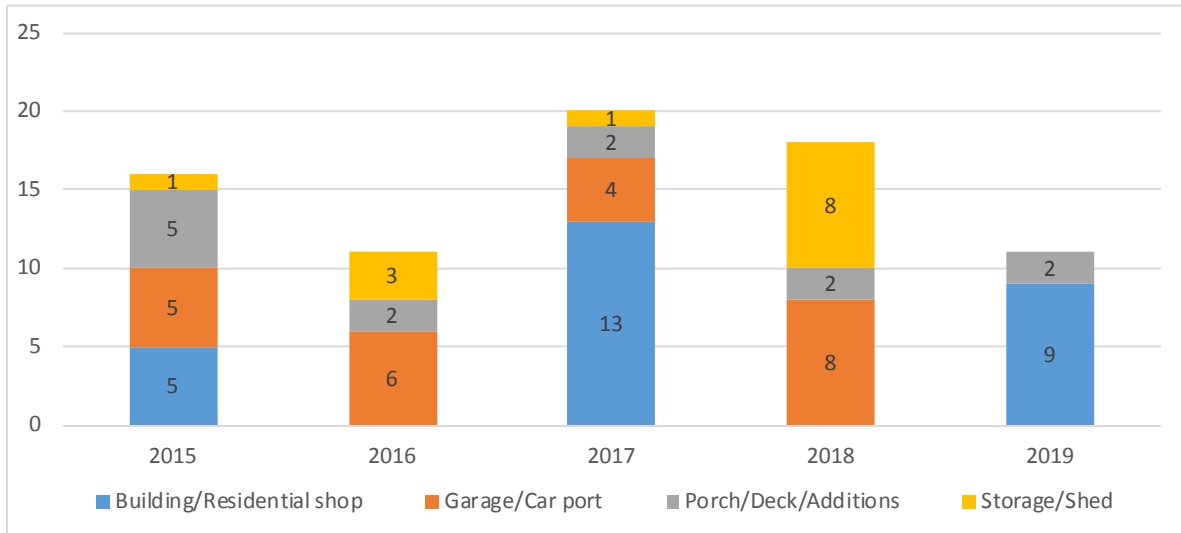
As Smith Center has been experiencing population decline since the 1970s, new house construction slowed down dramatically after 1980. As Table 4 shows, only about 10% of the houses in Smith Center were constructed since 1980, and seven houses were constructed between 2010 and 2017 in Smith Center. According to the Smith Center Economic Development, no new house was constructed last year, and only two were constructed in the past 5 years. Smith Center demolished five houses in the past 5 years. With two being constructed, the city had a net loss of three residential units in the last 5 years.

Housing Suitable for Rehabilitation: Existing housing units, suitable for rehabilitation, are present, but little or no rehabilitation activity is occurring

Building permits are issued for additions to houses in Smith Center. From 2015 to 2019, a total of 76 permits were issued (Figure 4). A majority of those permits were issued for residential shops, garages, and car ports. These upgrades may have increased the quality of some houses, making them meet the needs of those households with slightly higher income levels. However, the number of upgrades appear to be insufficient to address the supply shortage for those households in the middle and upper income ranges.

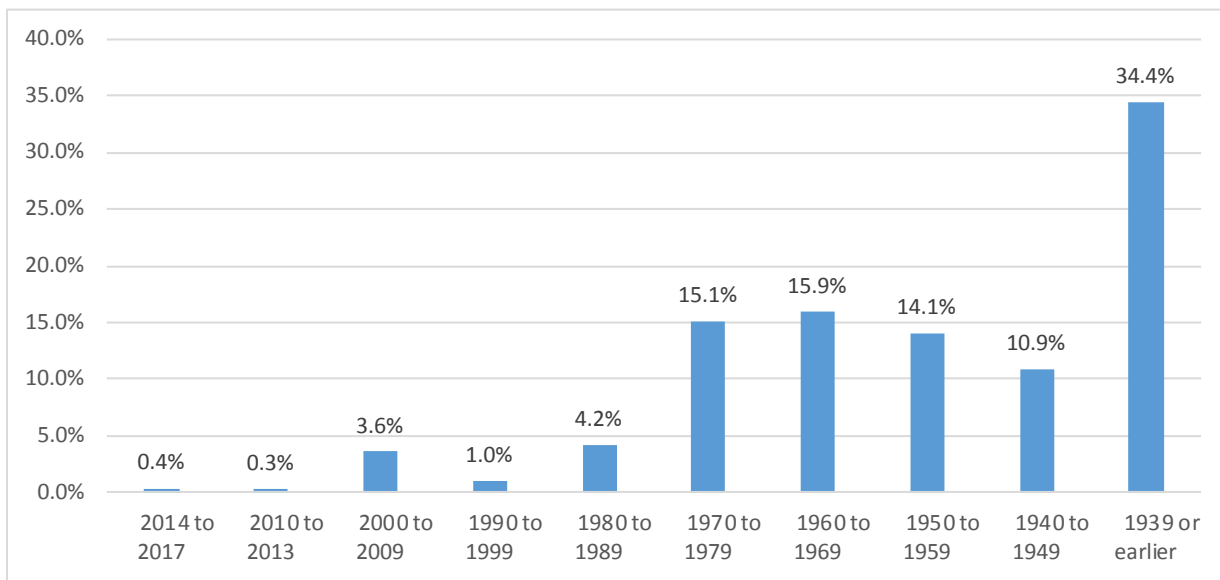
Figure 5 shows the percentage of housing units in Smith Center by year of construction. It indicates that 75.3% of the housing units in Smith Center were constructed at least 50 years ago, making many highly likely to be suitable for rehabilitation. The large discrepancy between houses suitable for rehabilitation and the number of permits issued over the last 5 years strongly suggests that additional incentives are required to maintain the quality of the older housing units in Smith Center.

Figure 4: Building Permits Issued in Smith Center: 2015-2019



Source: City of Smith Center

Figure 5: Housing Structure Built in Year– Smith Center

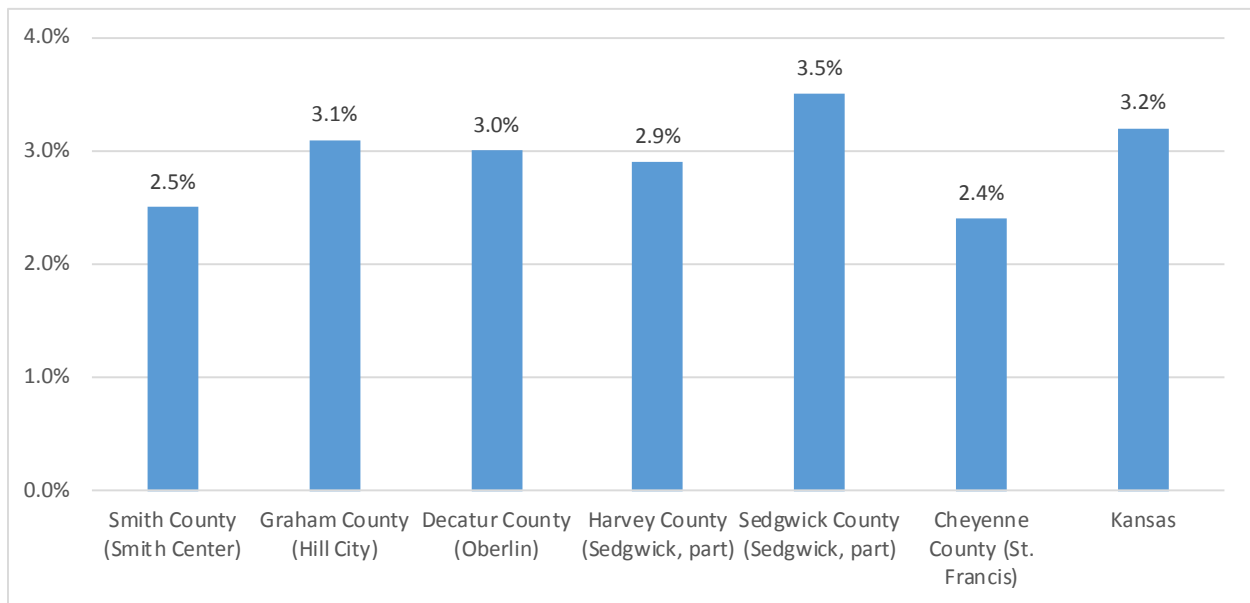


Source: U.S. Census

III. The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county

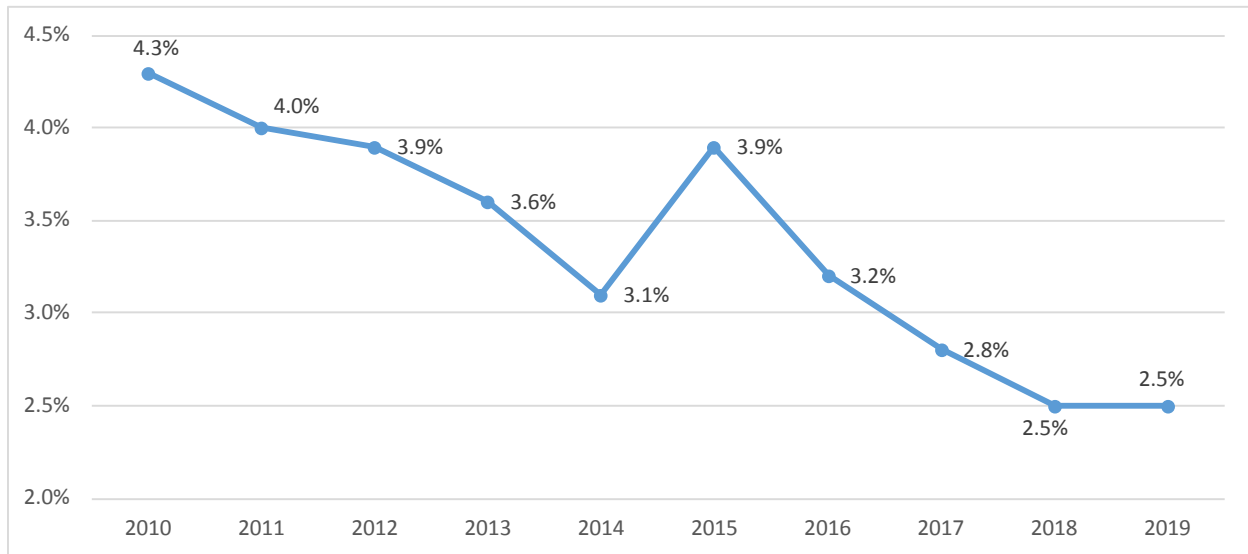
Despite the population decline, Smith County, where Smith Center is located, has one of the lowest unemployment rates among the counties in which the study cities reside. In 2019, the unemployment rate in Smith County was 2.5%, only slightly higher than that in Cheyenne County (Figure 6). The unemployment rate in Smith County was also declining since 2010 except for one year (Figure 7). A shortage of suitable housing for the current workforce would be a barrier to economic stability. Quality housing may also attract migrants to join the labor force in Smith Center as the unemployment rate in Smith County is low. It is imperative that the city takes a proactive approach to maintain an adequate quantity of new and rehabilitated housing units.

Figure 6: Unemployment Rate: 2019



Source: Kansas Department of Labor

Figure 7: Smith County Unemployment Rate: 2010-2019



Source: Kansas Department of Labor

IV. The future well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county

The analysis in Section I documents a shortage of housing in Smith Center for middle to high-income families. Further analysis in Section II shows a disproportionately high number of older houses in Smith Center while there had been very few demolitions/constructions and a low number of rehabilitation activities. The shortage of housing for middle to high-income families will persist, even with a projected population decline in the next 10 years. Lack of quality housing will only serve as obstacles to economic stability and migration from other communities.

Smith Center takes pride in its schools, especially in their athletics. Smith Center High School football team has won 10 state championships, and once held the nation’s longest winning streak from 2004 to 2009. The inspiring story of the team was well portrayed in the book *Our Boys: A Perfect Season on the Plains with the Smith Center Redmen* written by Joe Drape, a report for The New York Times.

Smith County hosts the continental geographic center of the United States, and the original cabin where the song “Home on the Range” was written in 1872. Smith Center has a historical museum, and offers the historic homes walking tour, which features 15 historic Smith Center homes as well as the 1883 Dutch Mill and the 1920’s Courthouse. Besides these historical and cultural attractions, Smith County also has many opportunities for outdoor activities such as hunting and fishing.

Smith Center just opened SunPorch of Smith Center, a new assisted living and memory care support facility for elderly. Smith County Memorial Hospital is also located in Smith Center. It is a critical access hospital with an attached rural health clinic.

Smith Center offers a variety educational, recreational, and cultural amenities, and health care facilities. These are conducive to retaining current residents, and attracting new employers and labor. The availability of high-quality housing is one of the obstacles to economic stability and development in Smith Center. This study demonstrates that rehabilitation of current housing units in Smith Center would serve to address the housing shortage for the middle to high-income households. Such need is recognized by Smith County. The County’s Neighborhood Revitalization Plan provides the tax rebates program, which offers financial incentives for new construction and the rehabilitation of existing structures. The rebate is a refund of the property taxes which are paid on the actual value added to a property due to the improvement that increases the appraised value by \$10,000 or more. Since the taxes relating to the assessed value on the property prior to the improvement is not reduced and continues to be payable, the incentive only applies to a small fraction of the total property tax payable. Other greater incentives are needed in order to promote more rehabilitation/new construction, so that Smith Center would have adequate housing to attract people to work, go to school and raise children in the city.

Conclusions

The statistics and analyses of this report have documented, under criteria established by the Kansas Secretary of Commerce, Smith Center’s need for financial assistance in housing rehabilitation/construction in order to retain economic stability and development in Smith Center and Smith County. The analyses have provided empirical evidence that 1) there is a shortage of suitable housing for middle and high-income households; 2) even with a declining population, the shortage of housing is expected to persist without additional incentives to private sector investors; 3) the current

and projected shortage of quality housing is a deterrent to the future stability and development of Smith Center; and 4) the future well-being of Smith Center and Smith County is highly dependent on further government support of the local private housing industry.