

# HOUSING McPHERSON COUNTY

## A Study of Needs and Possibilities



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# ACKNOWLEDGMENTS

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We are grateful to Chris Goodson and Karolyn Moore for their insight, friendship, dedication, and patience on this project, and for the great work that they do in the cause of housing for the people of McPherson County.

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## Why A Housing Study for McPherson County?

Residents in McPherson County are seeking quality housing to enhance their living conditions and those of their families. Affordable, attainable housing is a basic requirement for healthy communities and the residents who live in them. But housing is also a critical element of economic development policy and strategy. Without places for workers to live, the diverse industries of McPherson and surround counties will be unable to grow and take advantage of their locational and economic advantages. An adequate supply of housing thus becomes a critical part of staff recruitment and retention strategies. Without these options, the region may struggle to support its current population and accommodate future growth.

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# HOUSING MCPHERSON COUNTY

## A REGIONAL STUDY AND STRATEGY PLAN



### INTRODUCTION

McPherson County, Kansas, encompasses a dynamic, growing region in central Kansas that is experiencing both employment growth and increasing housing demand. This Housing Study is a comprehensive assessment of the housing needs of both current and future residents. It examines existing housing conditions, anticipates future demands, and outlines detailed goals, policies, and strategies to address challenges in the regional housing market.

In 2020, the RDG Planning & Design completed a housing study for the City of McPherson, specific to its own housing condition and opportunities. This study focuses on the remainder of the County, but includes an update to some aspects of the McPherson city study using data from the 2020 Census and the 2023 American Community Survey (ACS). McPherson County has several remarkable qualities, including a growing a regional economy with a significant manufacturing sector and an increasing population. The county's communities display individual demographic and economic factors and have housing and community development opportunities

and challenges. Some of these can be addressed locally, but many will require cooperative, regional efforts to fulfill their housing needs.

### Why a Housing Study for McPherson County?

Residents in McPherson County are seeking quality housing to enhance their living conditions and those of their families. Affordable, attainable housing is a basic requirement for healthy communities and the residents who live in them. But housing is also a critical element of economic development policy and strategy. Without places for workers to live, the diverse industries of McPherson and surround counties will be unable to grow and take advantage of their locational and economic advantages. An adequate supply of housing thus becomes a critical part of staff recruitment and retention strategies. Without these options, the region may struggle to support its current population and accommodate future growth.

### Development of the Study

The need for cooperative action led to the creation of the McPherson County Housing Coalition (MHC), the sponsor of this study. MHC has provided support to local community housing initiatives on both large and small scales, and has developed pioneering projects providing accommodations for unhoused people and households with special needs. To understand the state of housing supply and demand in McPherson County, the study process included:

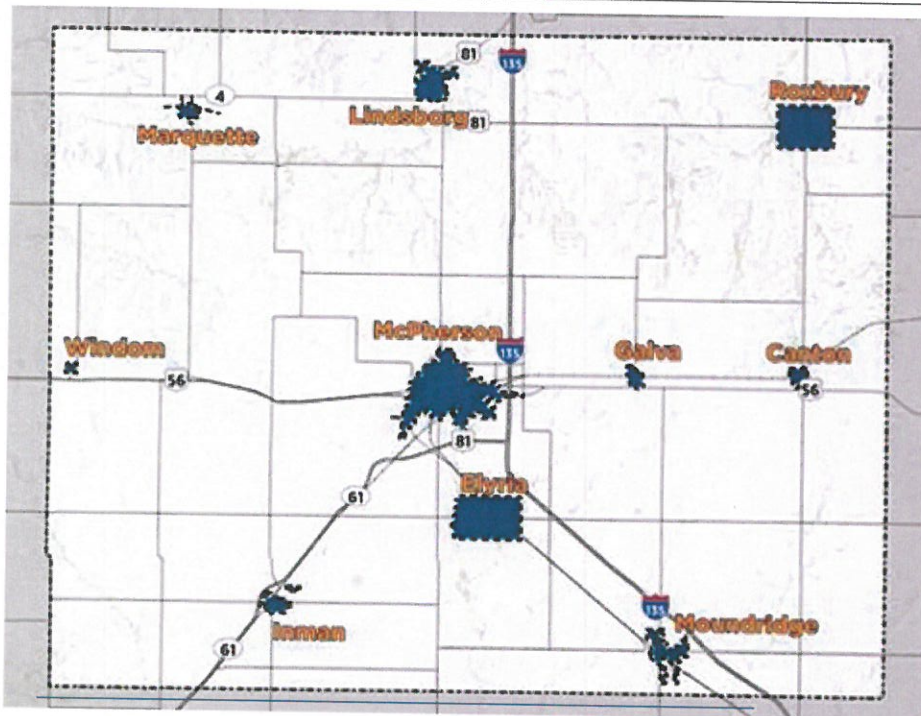
- A series of local listening sessions
- A public survey that received 408 responses.
- Demographic, economic, and housing snapshots and housing demand models for the county and each of its seven cities.
- Fieldwork on bicycle of six of the cities (excluding the city of McPherson that received similar attention during the 2020 study) of the physical character and condition of housing on the ground.



# HOUSING MCPHERSON COUNTY

## A REGIONAL STUDY AND STRATEGY PLAN

Figure 1.1. The Communities of McPherson County



“Cities have the capability  
of providing something for  
everybody, only because, and  
only when, they are created by  
everybody.”

- Jane Jacobs

### Roles & Responsibilities

#### Role of the Housing Study

This study is created to evaluate the conditions of the housing stock, identify challenges, and explore strategies for McPherson County. The supply of affordable housing affects the quality of life for residents, people interested in moving to the region and businesses seeking to retain employees in the area.

#### Roles of the Region

MHC represents a regional approach to county housing development and joint policy. It is now a coordinating organization that has advocacy, grantwriting, and coordinating functions. Using its recent projects as a foundation, it may evolve into a regional housing development entity.

#### Roles of County Municipalities

Communities should read and understand the study and its directions. They should work with staff, stakeholders, developers, and other cities to implement these strategies. There should be priority in follow through and analysis of success.

#### Role of the County

The County should adopt policies to improve quality of life for the community. Exemplary communication of communities within the county should be prominent about resources.

#### Role of the Community

Community members should seek to understand the needs and challenges for all. Members should be advocates for their neighbors and get involved in community efforts.



# ORGANIZATION

This study is organized to allow leaders and individuals the opportunity to access local analysis and implementation tools for the community. The study is organized as the following:

## 1. INTRODUCTION

Depicts the organization, terminology, and process for the study.

## 2. COMMUNITY INSIGHTS

Provides analysis of the input process from the community.

## 3. COUNTY DATA ATLAS

A look at McPherson County as a whole and counties with similarities through demographics, housing, economic trends, and development.

## 4. COMMUNITY MARKET ASSESSMENTS

Analysis of the communities within McPherson County to make a closer assessment of the population, housing, and development predictions.

## 5. RECOMMENDATIONS

Conclusion of the housing challenges in McPherson County, along with the resources to obtain the housing goals. Building a set of goals, strategies, and policies in this chapter to help the community move forward.





## TERMINOLOGY

Several terms and phrases are used in housing lingo today, many are not easily understood without explanation and some mean different things to different people. The following terms are used throughout this document to explain the housing market.

- **Affordable Housing.** Any housing that is not financially burdensome to a household in a specific income range. The term affordable housing can include housing that is subsidized by federal programs.
- **Assisted Housing.** In the context of this study, assisted housing is defined and refers to housing that caters to households that want or need additional services. This could include provided meals, cleaning service, shared maintenance, and other similar accommodations. This definition includes "assisted living units." Often those in assisted housing are older adults that live independently well after retirement.
- **Attainable Housing.** Much like affordable housing, this is housing that is not financially burdensome to a household in any income range. This term does not have the association with state and federal programs that affordable housing has.
- **Contract Rent.** For renter-occupied units, the contract rent is the monthly rent agreed upon regardless of any furnishings, utilities, or services that may be included. Data for contract rent excludes units for which no cash rent is paid. (Census.gov)
- **Cost Burdened.** Any household spending more than 30% of their monthly income on housing. Area Median Income (AMI). The midpoint in the county's income distribution, meaning that half of households earn more than the median and half earn less. A household's income is calculated by its gross income or the total income before taxes and other payroll deductions.
- **Empty Nester.** A single person or couple without children living at home. Empty nester can include any age range, but most often refers to older adults and seniors whose children have moved to college and no longer live at home.
- **Gross Rent.** Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc) if these are paid by the renter (or paid for the renter by someone else). (Census.gov)
- **Workforce Housing.** According to the Urban Land Institute, workforce housing is any housing that is affordable to a household earning between 60% and 120% of the area median income (AMI).
- **Market Rate.** The price that the broad number of homebuyers or renters are willing to pay for housing. Market rate housing does not have any restrictions on price. Generally, when the demand goes up, the market rate price will also go up. Conversely, when supply goes down, the market rate price tends to go up. Note, the market rate price may also be a price buyers must pay because there are no other options for their situation, putting them housing cost burdened.

- **Senior Housing.** Often thought of as nursing homes and assisted living facilities, senior housing in the context of this study is more broadly defined and refers to housing that caters to older adults. These housing options could include ground floor apartments, condos, housing with limited assistance, or other options that allow seniors to live independently with less maintenance.





# COMMUNITY INSIGHTS

## SURVEY DEMOGRAPHICS

While data, analysis, and observations of the community allow for a basis it cannot show the whole story of McPherson County and the housing needs of residents. This housing study is framed by the opinions and values expressed by community members.

The survey was distributed through a project website. It was complemented by a series of five listening sessions held in McPherson County. These discussions supplement and verify the data from the analysis and findings from the survey.

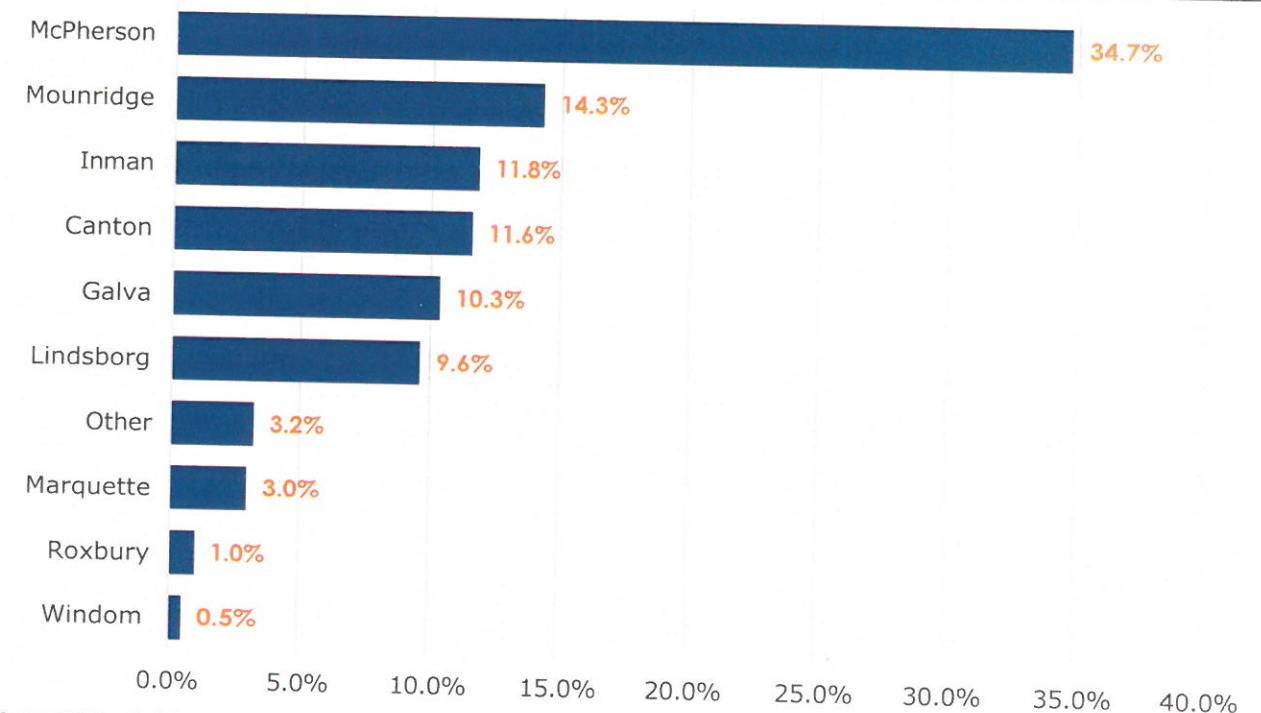
### Community Survey

The community survey was open to all members of the public, including all residents, the business community, future residents, and leadership. The survey remained open for 3 months starting in March 2024. During the period over 408 responses were given from across the county, with some outside the county that commute for work, recreation, schools, or are looking for housing in McPherson County.

### Geographic Distribution of Community Survey

- Figure 2.1 shows the distribution of "Home ZIP Codes" for survey respondents. The majority of respondents live within the County with only 2.74% living in different zip codes.

Figure 2.1: Community of Residence



Inman



Moundridge



# COMMUNITY INSIGHTS

## SURVEY DEMOGRAPHICS

### Demographic Distribution of Community Survey

The demographics of survey respondents provide valuable information on who responded to the survey instrument, and what their existing housing conditions and needs look like.

#### Age and Race Distribution

- Participants from 30-44 years of age represented about 40% of all respondents, not uncommon in a comparable regions. These represent family households. "Middle age" groups, between ages 45 and 60, accounted for another 40%.
- Most survey respondents characterize themselves as white.

#### Owner and Renter Occupancy

- Respondents owner/renter tenure was very similar to census data, with a slight tilt toward ownership.

Figure 2.2: Respondents' Age

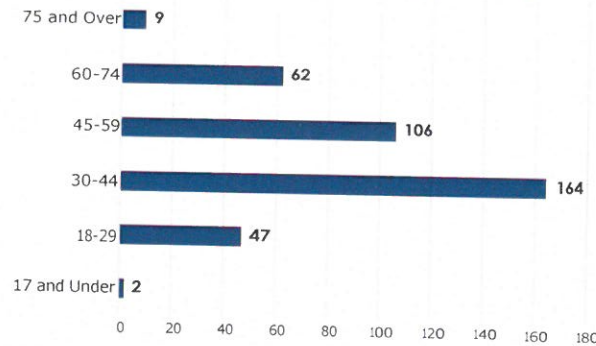
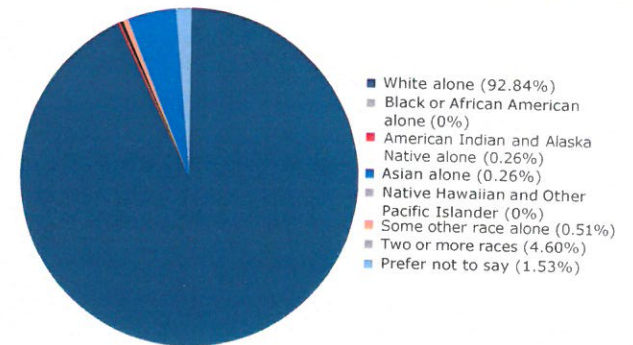
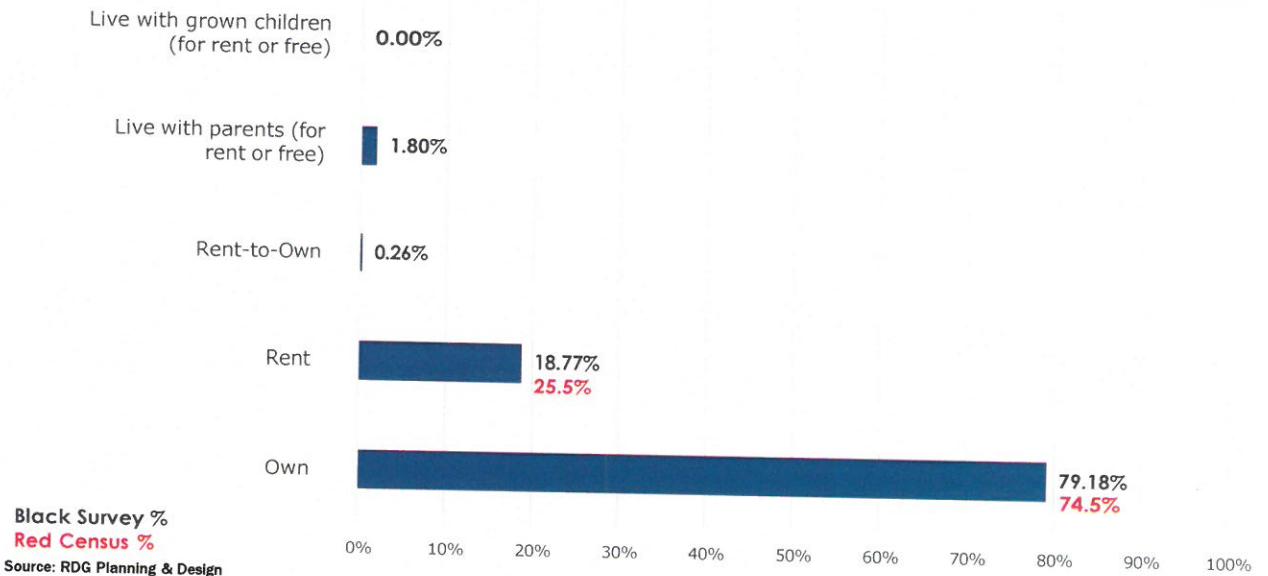


Figure 2.3: Race of Respondents



Source: RDG Planning & Design

Figure 2.4: Onwenship/Renter Status of Respondents





# COMMUNITY INSIGHTS

## ECONOMICS AND HOUSING STATUS

### Household Income

- The general trend of the household income generally reflects the census data used in the market analysis.
- Figure 2.6, displaying income distribution, indicates spikes in respondents from \$50,000-74,999 and \$100,000-149,999.

### Monthly Housing Costs

- Majority of residents in McPherson County pay \$500-\$1,500 for housing.
- Additionally, respondents have reported to spend up to \$17,000 annually on commuting cost. This includes gas, parking, repairs, and other costs associated. 68.24% of respondents take under 15 minutes to get to work.

Figure 2.5: How would you rate the supply of buildable lots in your community?

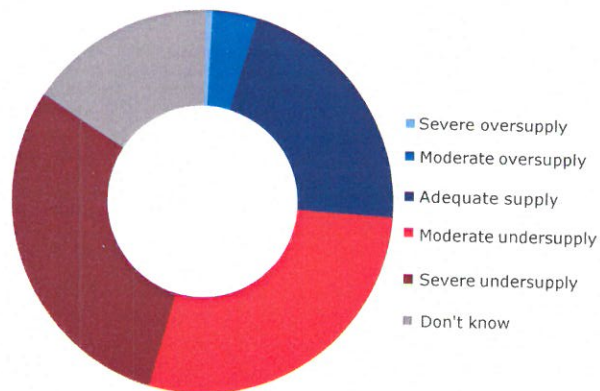


Figure 2.6: What is your household's estimated gross annual income?

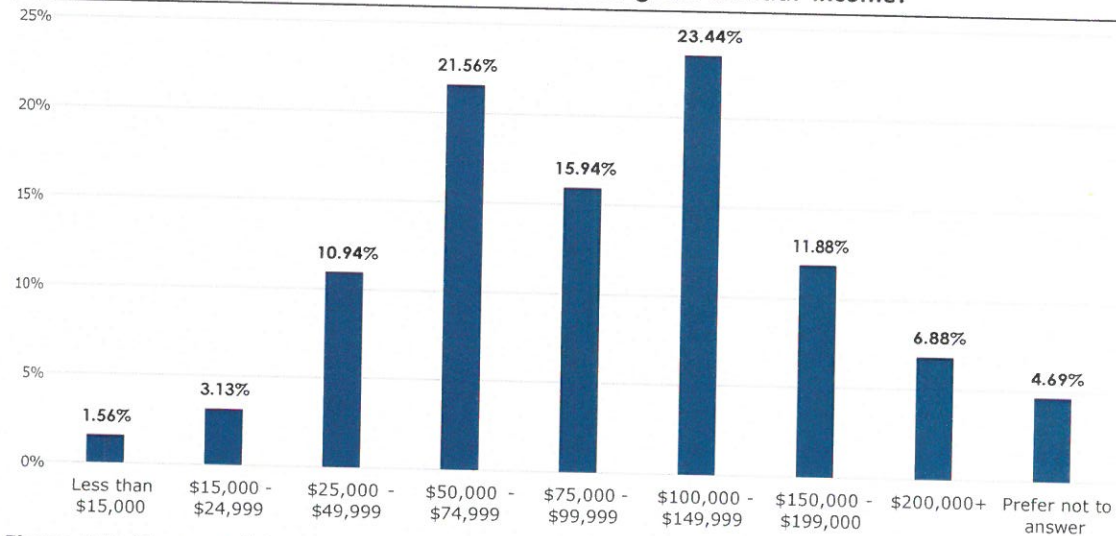
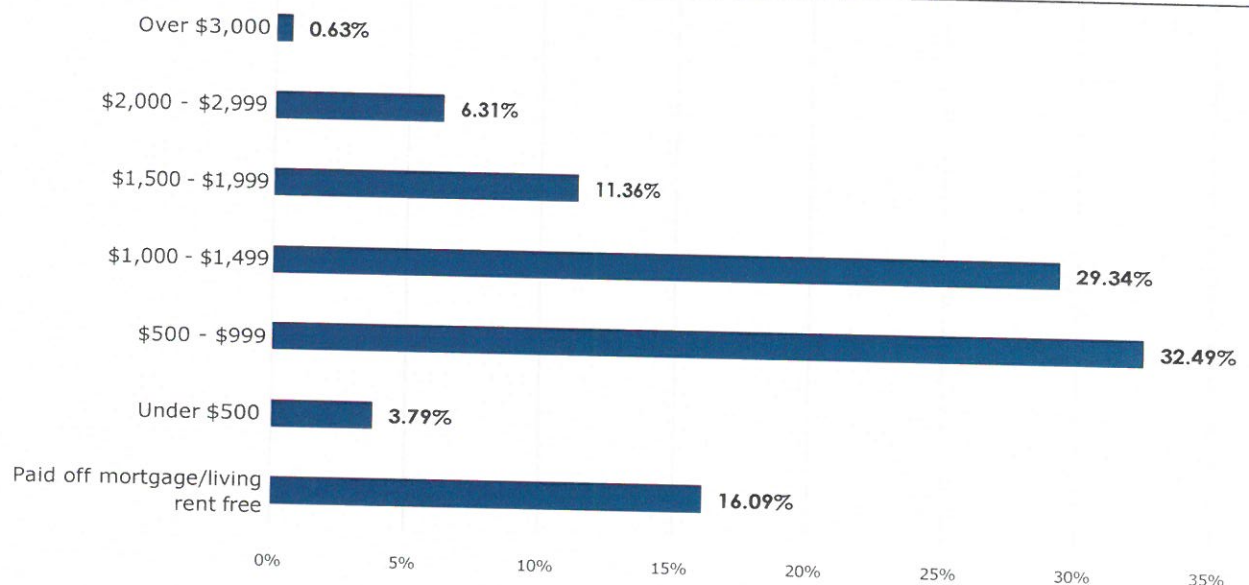


Figure 2.7: How much is your monthly rent or mortgage payment?





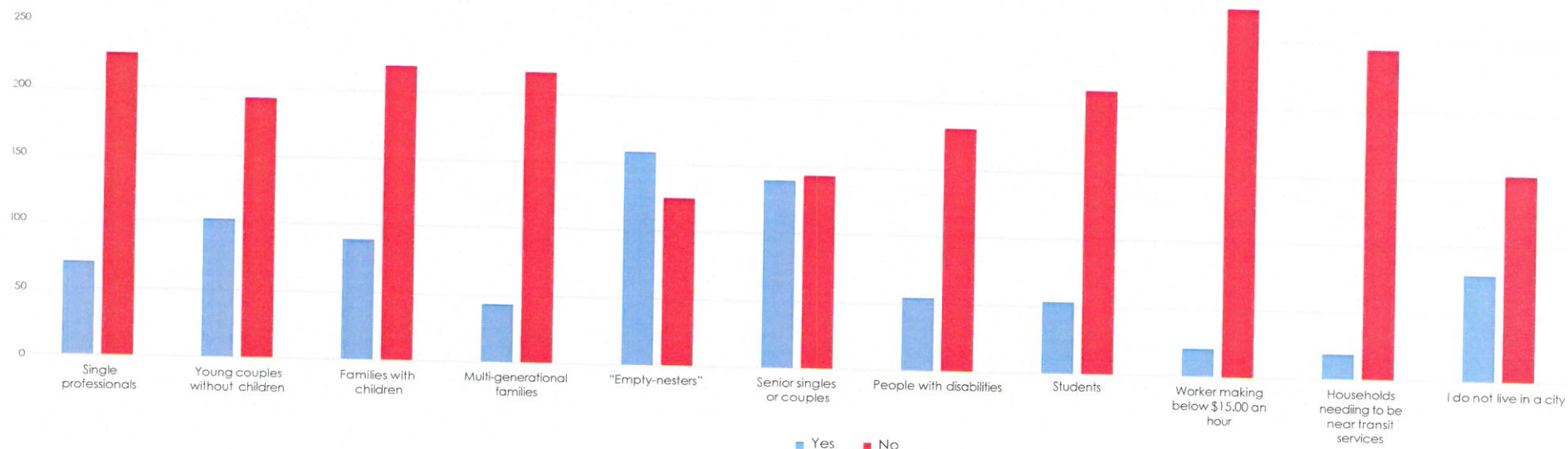
# COMMUNITY INSIGHTS

## ECONOMICS AND HOUSING STATUS

### Housing Choice

- Many respondents of the survey reported that the current housing supply does not meet the needs of their community. There are mixed results for “empty-nesters”. Housing is seen as most adequate for older adults and least available for younger households, families with children, and low-income workers.
- Renters are choosing to rent home because of lack of choice due to costs and maintenance. The survey shows that older residents are choosing to rent because upkeep is provided. Younger renter residents ultimately want to own.

Figure 2.8: Does current housing supply adequately meets the needs of the following household types in your community?



“No good mid range homes. Low range are not in good condition oftentimes, and there is a sharp increase in price to quality with no middle range.”

Figure 2.9: Reasons for Renting Rather than Owning a Home

	Percentage	Number
Lack of a home that I want to buy	6.94%	5
Costs are too high	63.89%	46
I'm not ready to buy a home right now	5.56%	4
Other economic issues	8.33%	6
Other (please specify)	15.28%	11



# COMMUNITY INSIGHTS

## HOUSING PREFERENCES

### Housing Preferences

Housing is a broad term that describes any safe structure specifically built for inhabitation by one or multiple people for more than a short time. But many forms and types of products are contained within that definition. These include single-family homes, duplexes, patio homes, villas, rowhomes, townhomes, apartments, accessory dwelling units, and live-work units, among others. The survey asked people to respond to the applicability of different housing types to their individual communities.

- Most housing types received more positive than negative responses. Exceptions were downtown upper-story residential, very large houses, and row homes or triplexes.
- Entry level housing including small and mid-size houses were highly favored among the housing options.
- Older adults identified a need for housing with provided maintenance. This is reflected in the high favorability rating for independent senior living housing.

Figure 2.10: Are the following housing types applicable to your city's housing needs?

	Yes	No	
	92.35%	7.65%	
	94.19%	5.81%	
	49.54%	50.45%	
	58.81%	41.10%	
	69.85%	30.15%	
	48.45%	51.55%	
	60.68%	39.32%	
	41.59%	58.41%	
	73.83%	26.17%	
	59.12%	40.88%	
	57.19%	42.81%	



# COMMUNITY INSIGHTS

## HOUSING PREFERENCES

### Housing Movement

Movement within the housing market is critical for existing affordable housing units to become available to others wanting to live in McPherson County.

- When looking for housing, many respondents prefer to own a home.
- The top three reasons of residents looking to move were up-sizing to a larger home, seeking a better or different quality of life, or finding more affordable housing.

Figure 2.12: In the past three years did you look for a new place to live, regardless of where?

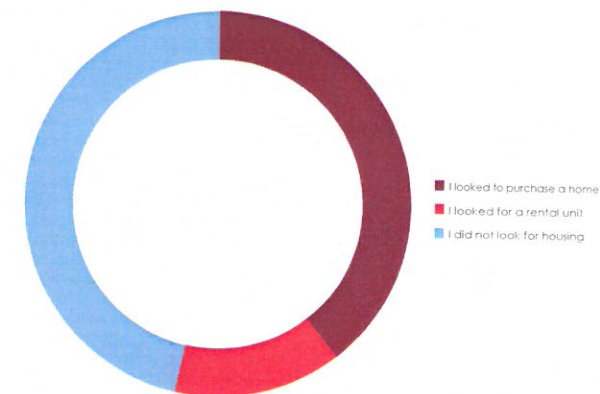
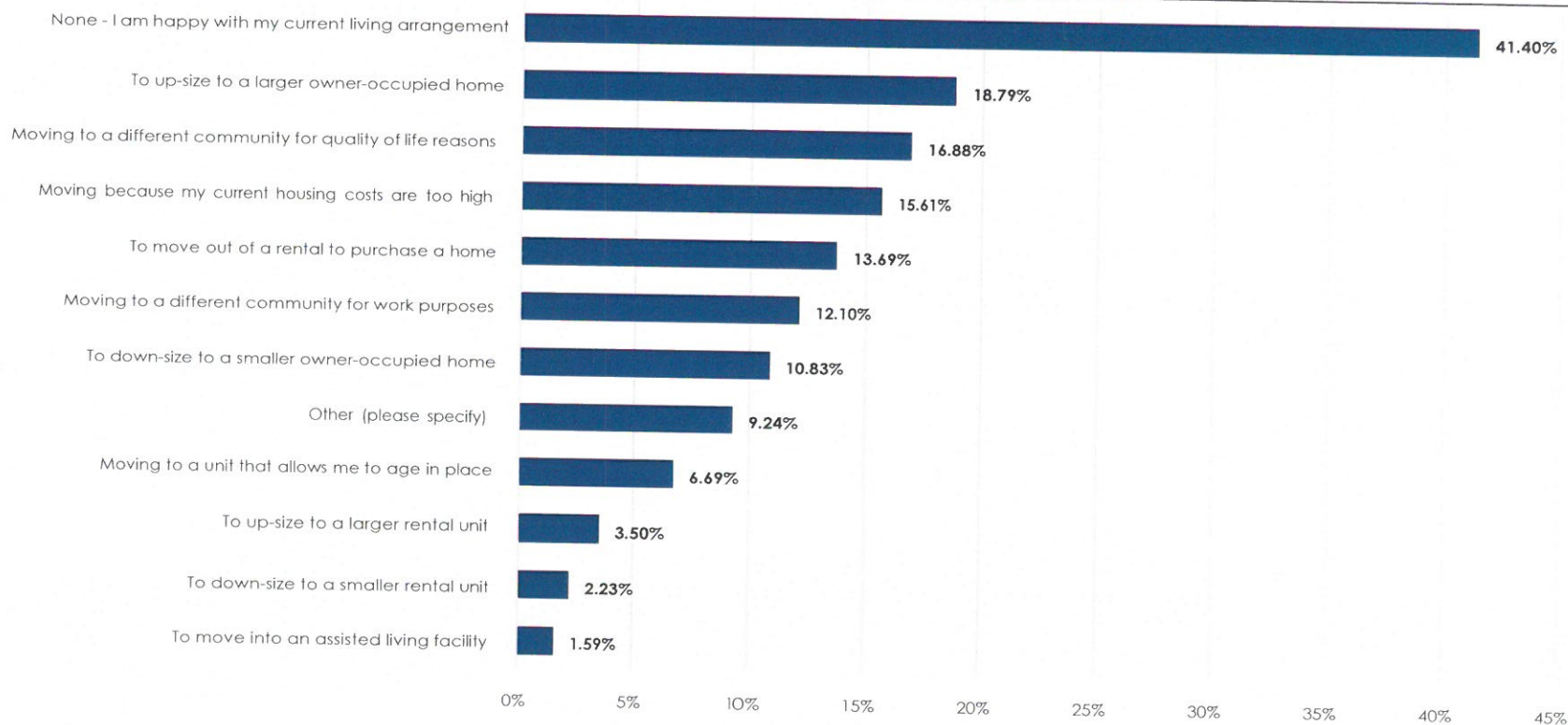


Figure 2.11: Is there any reason you'd look for a new place to live in the next three years? (Choose all that apply)





# COMMUNITY INSIGHTS

## AFFORDABILITY

### Housing Availability and Affordability

The cost of affordable housing both in the rental and owner market is an area of concern for survey respondents. Figure 2.13 shows the owner supply attainability and Figure 2.14 shows the renter supply attainability for people who have looked for housing relatively recently.

- There is a perceived undersupply of entry level and middle priced homes to own in McPherson County. This limits choices for smaller or entry level households wanting to buy a home.
- A similar perception exists in the rental market that affordable units are in short supply and there is an oversupply of expensive units.

Figure 2.13: If you have looked to purchase a home in the past three years, how would you rate the availability of housing in your community for each of the following price categories?

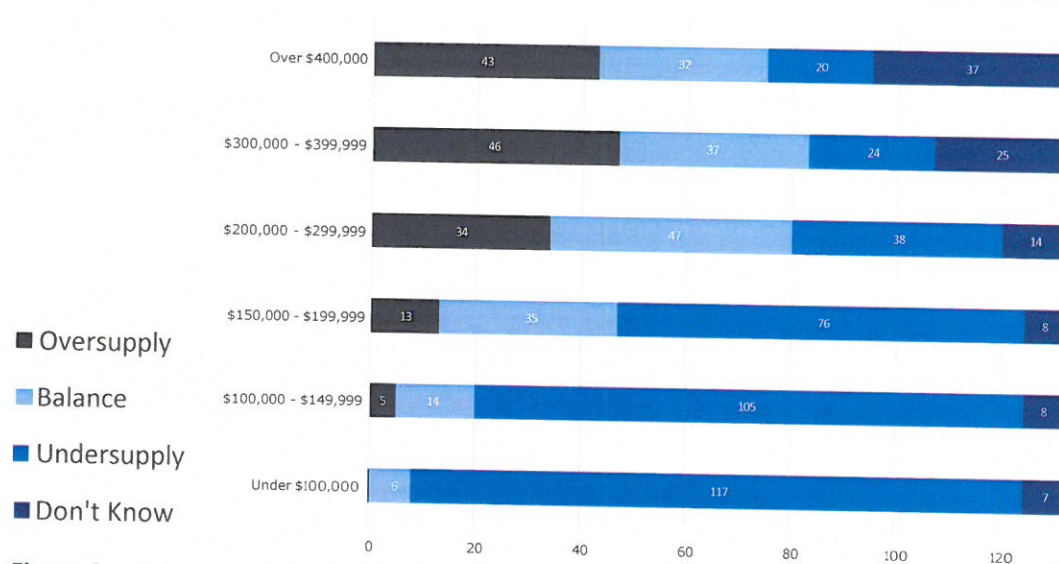
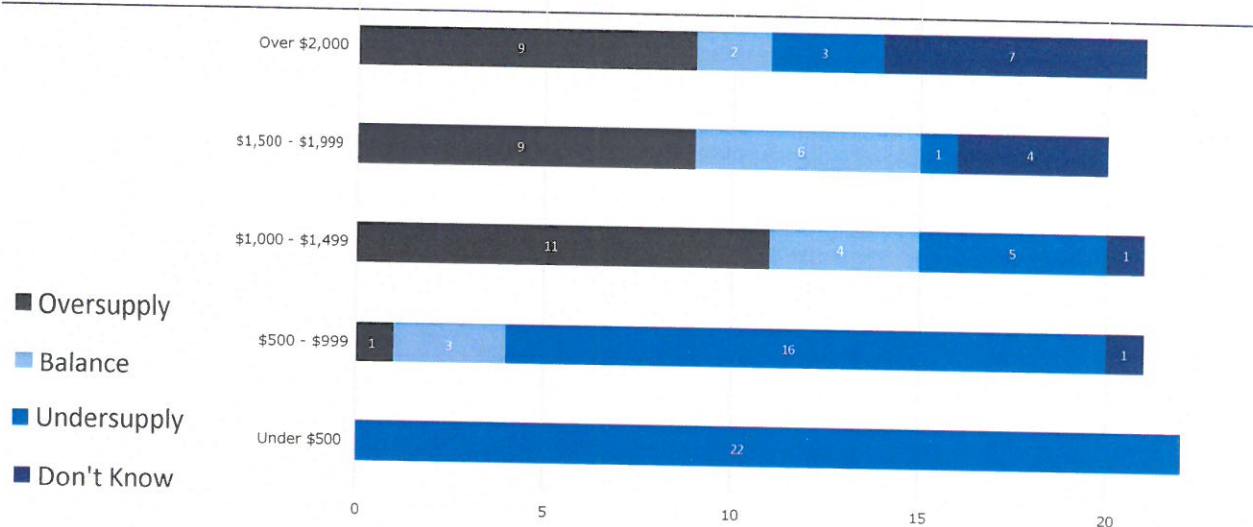


Figure 2.14: If you have looked for rental housing in the past three years, how would you rate the availability of rental housing in your community for the following rental ranges? Skip if this does not apply to you.



**“Rehabilitation grants combined with strict code enforcement to increase the curb appeal of the community to make people want to live here” - Survey Respondent**



# COMMUNITY INSIGHTS

## AFFORDABILITY

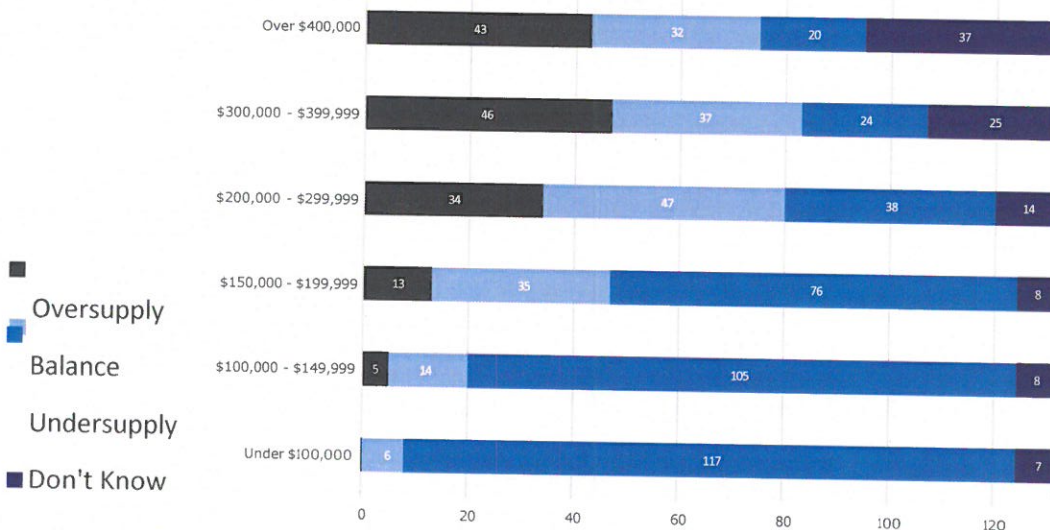
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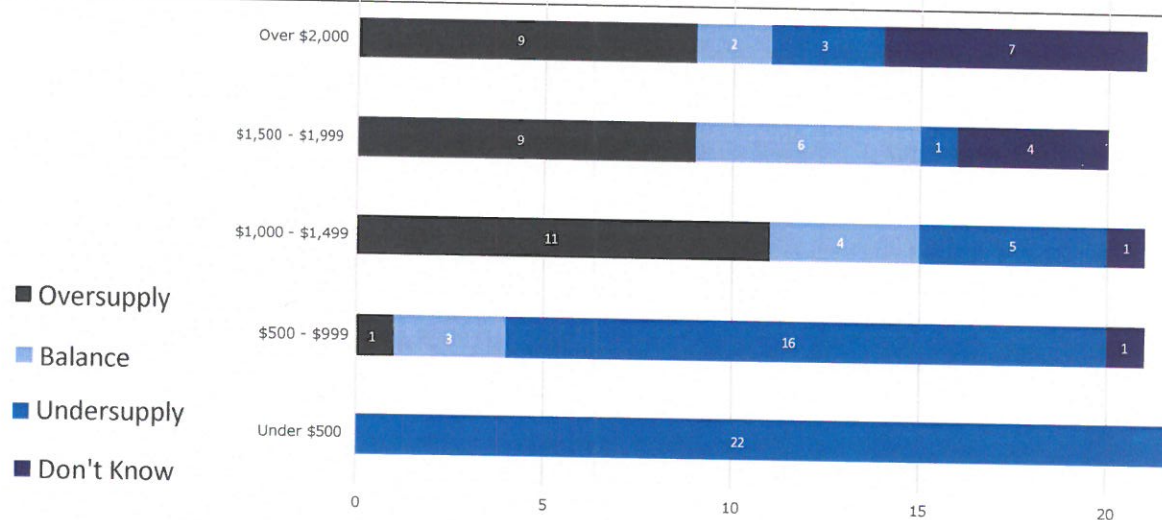
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**Figure 2.13: If you have looked to purchase a home in the past three years, how would you rate the availability of housing in your community for each of the following price categories?**



**Figure 2.14: If you have looked for rental housing in the past three years, how would you rate the availability of rental housing in your community for the following rental ranges? Skip if this does not apply to you.**



# COMMUNITY INSIGHTS

## POLICY

### Policy Directions

The survey asked respondents to rate agreement for different potential policy and funding approaches.

- Downpayment assistance to owners received the highest level of support while higher density developments and rental subsidies programs received low support.
- As shown in Figure 2.15, a majority of respondents agreed with using public funding to remove dilapidated houses. However, over 30% were unsure.. This suggests the need for an educational program on the economic and safety benefits of demolishing deteriorating structures and reusing the remaining

Figure 2.15: Does your community need increased or continued use of city/public funding to remove dilapidated housing?

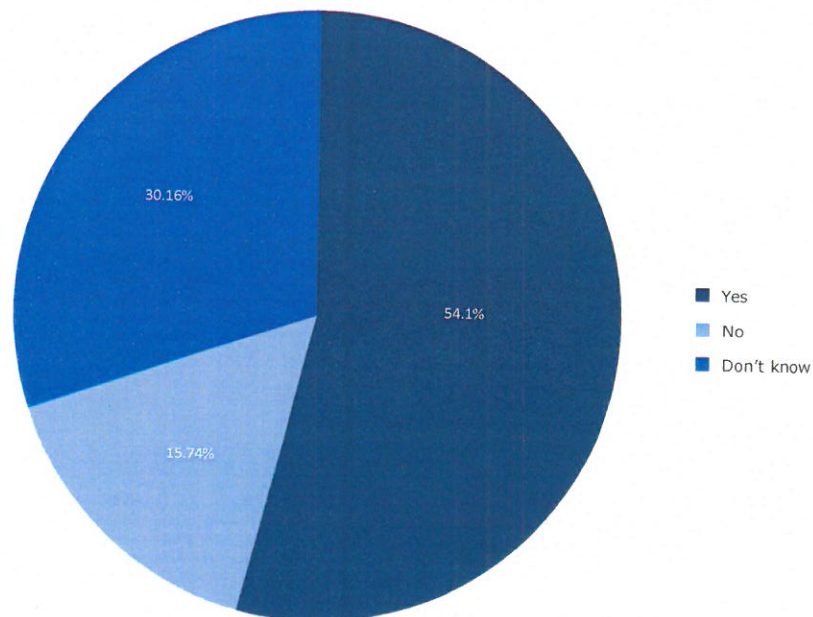


Figure 2.16: Which types of housing solutions would you support to reduce the cost of housing in McPherson County (select all that apply)?

Ranking	Solution	Percentage
1	Downpayment assistance to owners	66.21%
2	Grants or low interest loans to housing developers	61.38%
3	Housing rehabilitation loans	55.52%
4	Mortgage assistance	53.79%
5	Duplex or townhome construction	42.76%
6	Construction financing assistance to builders	39.31%
7	Public development of infrastructure	32.41%
8	Premanufactured or modular housing (not mobile homes)	32.07%
9	Public acquisition of dilapidated properties	31.72%
10	Section 8/Housing Choice Voucher rental subsidies	27.24%
11	Higher density or "cluster" development housing	24.48%
12	Other (please specify)	8.28%



# COUNTY ATLAS

McPherson County incorporates eight municipalities, two rural villages, and rural areas in its 901 square miles. These communities are tied together by economics, commuting patterns, public services, and housing markets. In addition, McPherson County is also influenced by significant regional job centers like Salina, Hutchinson, and even Wichita. Examining the county as a whole helps build an understanding of trends and challenges that face its individual communities.

## What market data tell us

Figure 3.1 illustrates how different elements influence the housing supply and demand. Quantitative data analyzed can show trends in population, housing occupancy, affordability, demand, and other factors.

## What market data do not tell us

Data can have its limitations though. Census and other data only provides a single point perspective of the housing market. Numbers alone do not capture the emotions and values of the residents within the community. Also, reliability of surveys in small decreases and margin of error increases because of sampling errors and lack of sufficient data. Conclusions and strategies based on data alone must be substantiated by ground observations and discussions.

Figure 3.1: Potential Forces on Housing Development and Investment



# COUNTY ATLAS

## POPULATION TRENDS

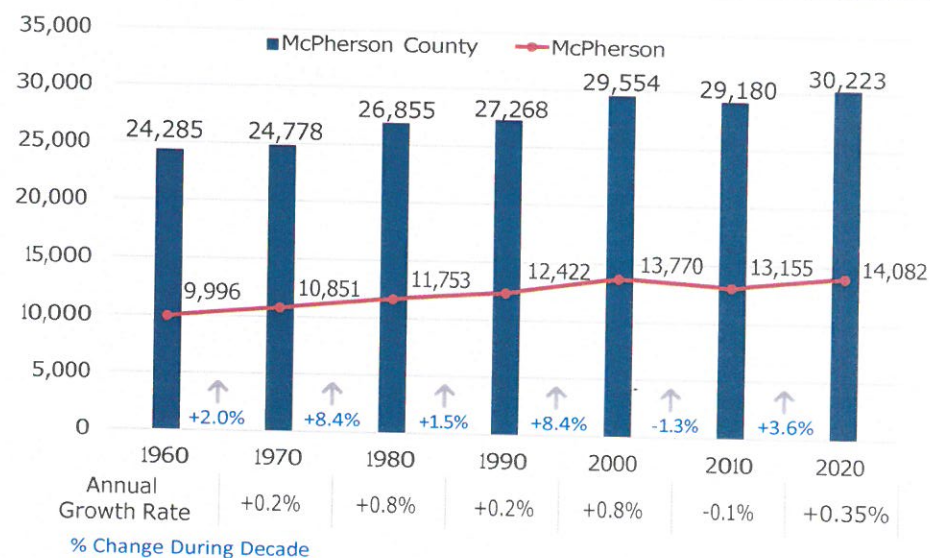
### Historical Population Trends

This section examines demographic information of McPherson in the past and today. Many factors including population, housing value determinants, incomes, rent to supply chains, national policies, and global events shape the housing market. Factors in this chapter focus on regional trends that the County and local governments can influence.

McPherson County as a whole has experienced slow but steady population growth since 1960 – unusual for rural counties without a large city. Its growth curve plateaued between 2000 and 2010, displaying a small drop in population during that decade. Figure 3.2 displays the relationship between population change in McPherson County and the City of McPherson. Figure 3.3 illustrates population change in the rural county outside of municipalities.

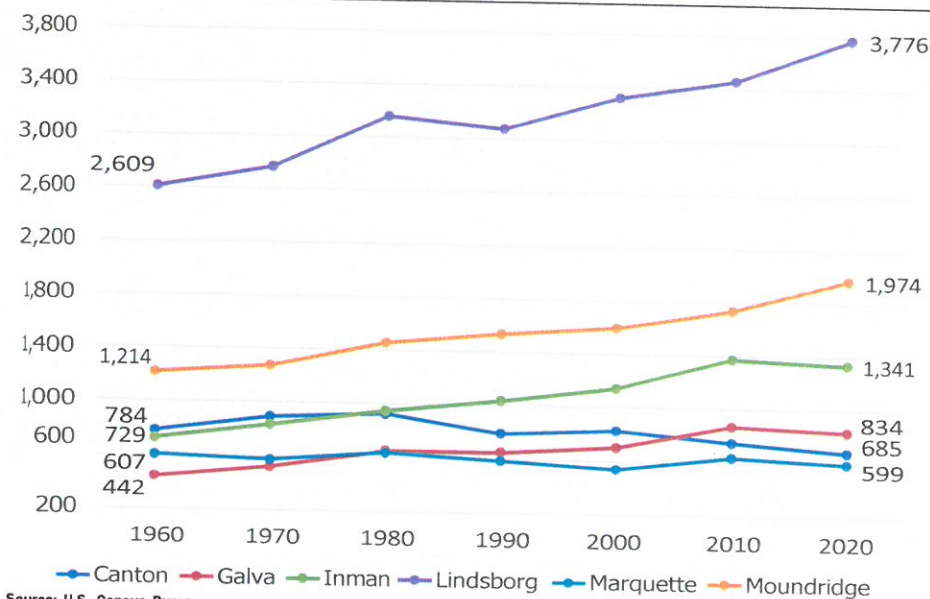
- Overall county population trends closely mirrored those of the City.
- County population experienced three significant growth spurts during the 1970s, 1990s, and 2010s. The most recent of these was the smallest in terms of annual growth rate, but was nevertheless positive.
- Excluding McPherson, Lindsborg and Moundridge have experienced the greatest proportionate population growth, followed by Inman and Galva. Marquette and Canton, the smallest of the municipalities, have been either flat or moderately declining.
- As shown in Figure 3.4, rural population outside of corporate limits is clustered around McPherson and Lindsborg. Outside of these cities, rural residents are relatively evenly distributed around the county, with some greater concentration east of K61 and south of US 56.
- Population outside of municipal limits has declined from 7,904 in 1960 to 6,932 in 2020, a decline of about 12%.

Figure 3.2: McPherson Historic Population Change



Source: U.S. Census Bureau

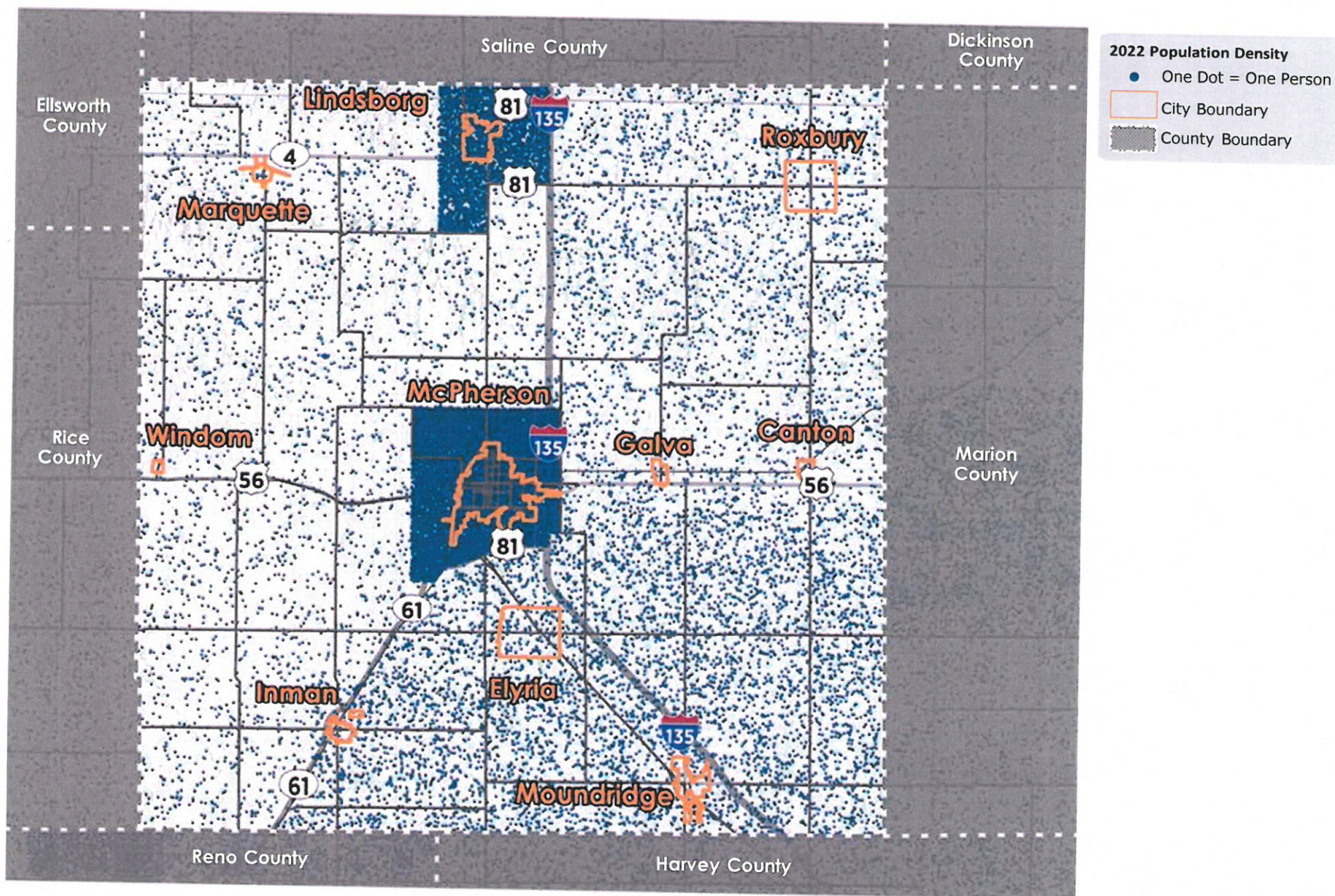
Figure 3.3: Population Trends by Community



Source: U.S. Census Bureau



Figure 3.4: McPherson County Population Density



Source: 2020 U.S. Census Bureau



## Age & Migration

Changes in demographics help indicate housing needs today and in the future. These age cohorts give important insight into future housing needs and the ability of the County to attract or retain population groups. The primary cohort categories relate to three stages of life.

**Emerging Cohorts.** Those under 25 may still be in school or just entering the workforce and are often renters or living with someone. McPherson County includes three colleges – McPherson College and Central Christian College in McPherson and Bethany College in Lindsborg – all of which affect population movement.

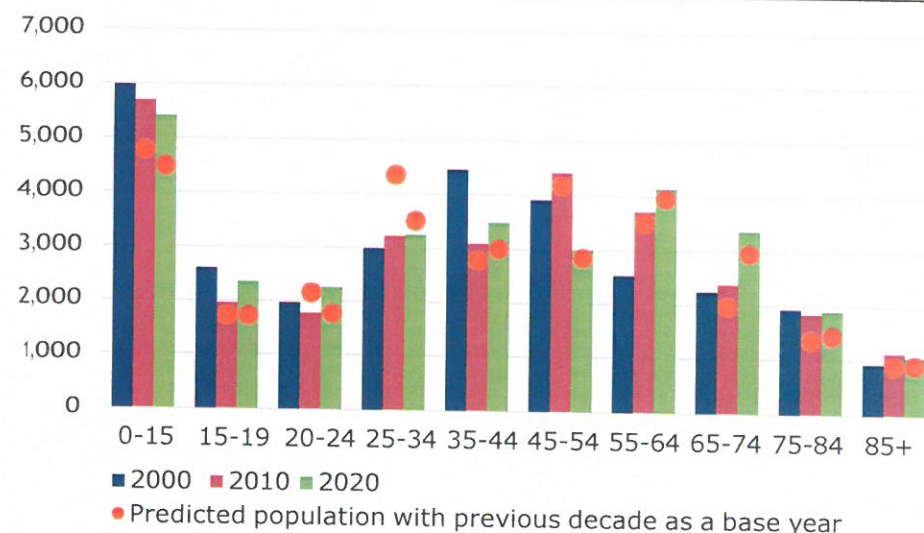
**Establish(ed/ing) Cohort.** Those between 25 and 54 are entering the housing market or have established their households and family composition. They may move in or out of the area for:

- Quality of life amenities, including schools and other family amenities.
- Better/higher paying job opportunities in other locations.
- For affordable housing options for renters who wish to enter home ownership or homeowners that want to move-up.

**Senior Cohort.** Those over 55 are likely to be living in smaller households or living alone, approaching retirement, or already retired. The oldest groups may be on fixed incomes or need special assistance. They also generate a demand for smaller, single-level units.

Figure 3.5 shows the greatest proportionate population gain in the 55 to 75 age groups, along with reasonable stability in younger cohorts. Figure 3.6 illustrates migration patterns by comparing 2020 population predicted by natural population changes (birth and cohort survival rates) with the actual count. Positive differences indicate in-migration of people in that specific age group. Generally, McPherson County as a whole experiences positive migration among most age groups, with the exception of the 25 to 34 cohort. Because this represents a college population moving into school and moving out of town after graduation, this change is typical of college communities.

Figure 3.5: Population by Age 2000-2020



Source: U.S. Census Bureau

Figure 3.6: 2020 Predicted versus Actual Population

AGE	PREDICTED 2020	ACTUAL 2020	DIFFERENCE
0-15	4,669	5,415	746
15-19	1,895	2,349	454
20-24	1,954	2,251	297
25-34	3,682	3,249	-433
35-44	3,186	3,481	295
45-54	3,024	2,998	-26
55-64	4,135	4,147	12
65-74	3,150	3,372	222
75-84	1,627	1,903	276
85+	1,093	1,058	-35
<b>Total</b>	<b>28,414</b>	<b>30,223</b>	<b>1,809</b>

Source: U.S. Census Bureau; RDG Planning & Design



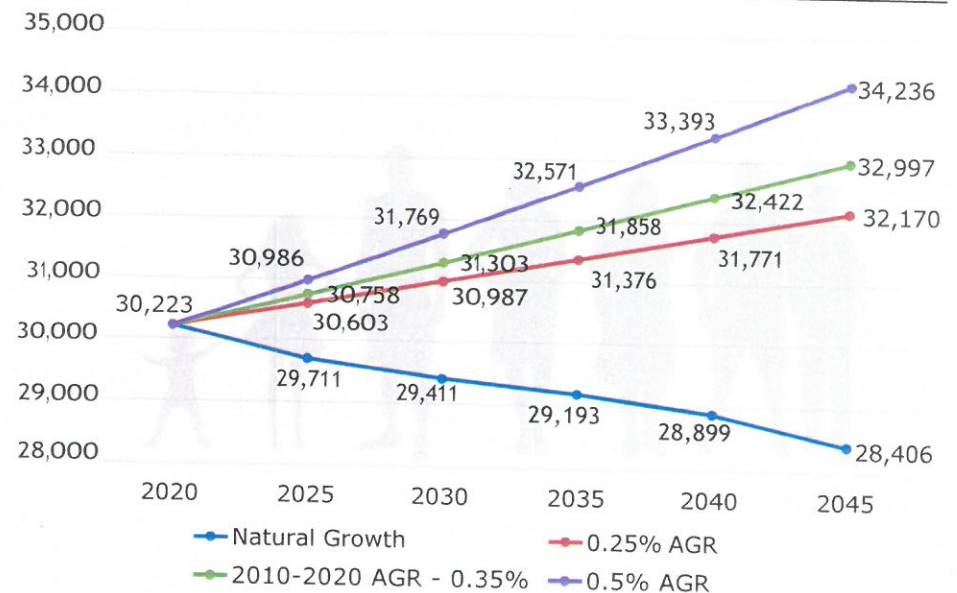
## Future Population

Housing demand is generated by growth in the number of households, which is naturally related to population. This relationship can be modified by demographic factors – for example, aging populations generate more household units with smaller populations because of fewer people per household. Additionally, the makeup of that population will influence the type of housing that a community offers. To continue the example, housing for older adults will tend to attract retirees from around the region. The discussion of housing types and demands later in this study will address this relationship.

Figure 2.6 considers four alternative population scenarios for McPherson County for the 2020-2035 period. These scenarios include:

- Natural growth (Zero net migration). This forecasts population based on the natural balance of births and deaths, using the existing population composition as a baseline. This produces a substantially declining total population as deaths exceed birth.
- Historic county growth rate scenarios. These apply the growth rates experienced during the long term. McPherson County as a whole has displayed an historical annual average growth rate of 0.35% between 1960 and 2020.
- Urban area growth rate. Between 1960 and 2020, urban McPherson County has experienced an average annual growth rate of 0.54%. The population decline in rural areas accounts for the difference in these two growth rates. Chapter Four breaks growth and population forecasts down to individual county communities.

Figure 3.7: 2020-2035 Population Forecast



Source: RDG Planning & Design



# ECONOMIC FACTORS

## Employment

McPherson County's employment market and economy is diverse, given the its internal employment centers and industries, and its location near Salina, Hutchinson, and the north part of the Wichita metropolitan area. This diversity produces a potential demand for a variety of housing types and price points.

Figures 2.7 and 2.8 displays the employment sectors for County residents regardless of the location of their employment:

- Labor force participation is very high in McPherson County and unemployment is a very low 2%. This indicates a significant possible labor shortage that may require housing policy to attract an expanded workforce. McPherson has the lowest unemployment rate of regional counties. Unemployment rates throughout are lower than pre-Covid levels.
- 45% of the population is employed in public, educational, health, or social services, and manufacturing. After these public service sectors, arts/hospitality/recreation, FIRE (finance, insurance, and real estate), professions, and retail make up the largest individual sectors.

Figure 3.8: 2018-2023 Regional Unemployment Rate Trends

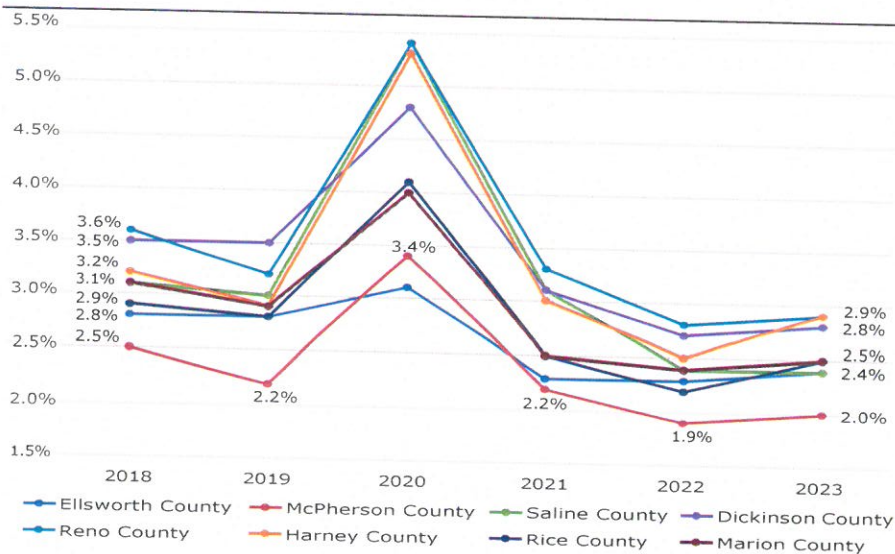
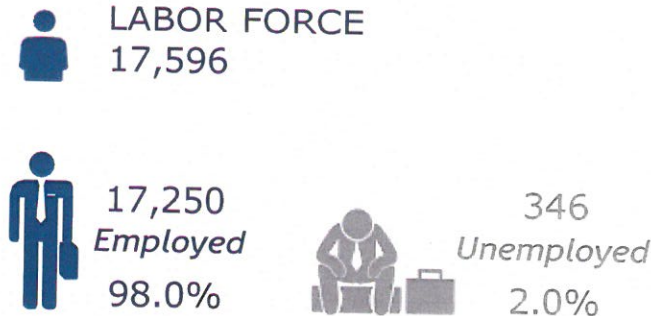
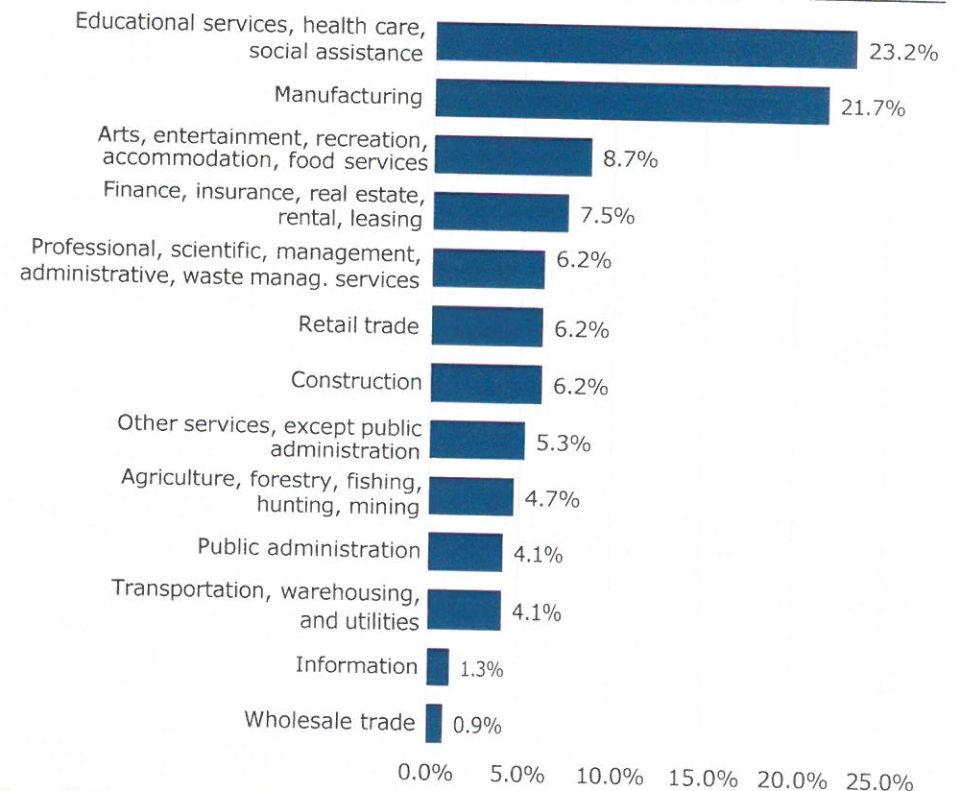


Figure 3.9: McPherson County Employment, 2023



Source: U.S. Bureau of Labor Statistics (BLS)

Figure 3.10: McPherson County Employment by Industry, 2022



Source: 2022 American Community Survey (5-Year Estimates)



## Commuting Patterns

Figures 3.11 and 3.12 display commuter patterns into and out of McPherson County. The County is both an importer and exporter of workers, substantiating the very regional character of the county's economic environment. About 60% of the workforce lives and works in the county, but a significant minority commutes out for jobs. About 20% of the workforce works in Wichita, Salina, and Hutchinson combined.

On the other hand, about 1,800 more workers commute into the county than leave it for employment. The largest groups of these commuters to the county travel from Hutchinson, Salina, and Wichita. Housing availability may be able to attract some percentage of these workers to the county and its communities.



Figure 3.11: Inflow and Outflow McPherson County, 2021



Source: U.S. Census Bureau, OnTheMap 2021

Figure 3.12: McPherson County Job Counts by Places (Cities)

WHERE MCPHERSON WORKERS LIVE			WHERE MCPHERSON RESIDENTS WORK		
CITY	# JOBS	SHARE	CITY	# JOBS	SHARE
McPherson city,	4,275	27.70%	McPherson city	3,952	28.90%
Hutchinson city	952	6.20%	Wichita city	907	6.60%
Lindsborg city	727	4.70%	Salina city	903	6.60%
Salina city	696	4.50%	Hutchinson city	690	5.00%
Wichita city	589	3.80%	Moundridge city	656	4.80%
Moundridge city	466	3.00%	Lindsborg city	635	4.60%
Newton city	417	2.70%	Hesston city	253	1.80%
Inman city	331	2.10%	Newton city	252	1.80%
Galva city	256	1.70%	Inman city	235	1.70%
Canton city	205	1.30%	Topeka city	161	1.20%
All Other Locations	6,514	42.20%	All Other Locations	5,048	36.90%
<b>TOTAL</b>	<b>15,428</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>13,692</b>	<b>100.0%</b>

Source: Census OnTheMap, 2021

Source: Census OnTheMap, 2021



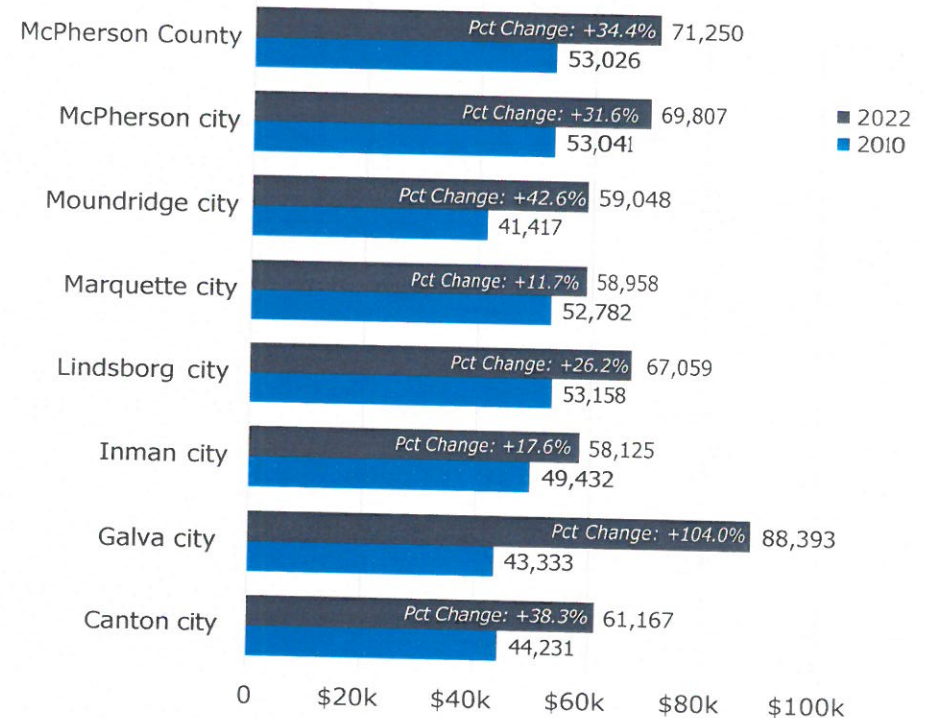
## Income

Household income, along with housing costs, naturally are the leading determinants of housing burden and housing affordability. The 2022 ACS estimated median household income (MHI) for the County is \$71,250, compared to that of the State of Kansas (\$64,521). Of county municipalities, Galva has the highest household income, followed by the city of McPherson and Lindsborg. Rural county income is substantially about that of the urbanized area.

Compared with regional Central Kansas counties, McPherson has both the highest income and the greatest income growth since 2010. This is probably the result of its large share of manufacturing jobs and employment within energy industries.



Figure 3.13: Median Household Income, 2010-2022



Source: American Community Survey (5-Year Estimates)

Figure 3.14: Regional Household Income, 2010-2022

	2010	2022	Pct Change (2010-2022)
Dickinson County	\$46,457	\$62,971	35.5%
Ellsworth County	\$42,200	\$59,844	41.8%
Harvey County	\$46,604	\$70,685	51.7%
Marion County	\$53,026	\$60,011	13.2%
McPherson County	\$45,713	\$71,250	55.9%
Reno County	\$41,431	\$57,390	38.5%
Rice County	\$43,164	\$58,523	35.6%
Saline County	\$45,162	\$59,887	32.6%

Source: American Community Survey (5-Year Estimates)



## HOUSING FACTORS

A strong economy can lead to community growth if adequate housing is available to retain employees. The characteristics of housing in McPherson County help us understand the options that current and future residents have in the market. These characteristics include occupancy, construction rates, housing quality, and affordability.

### Housing Occupancy

A mix of rental and owner-occupied units creates balance and affordability in the market and accommodates a variety of preferences. About 75% of McPherson's occupied housing inventory is owner-occupied. Owner-occupancy rates range from 64% in McPherson to 81% in Canton. While this represents a high degree of equity in the county, in the current housing environment, it also suggests a shortage of rental housing. Quality rentals are important for both accommodating people who lack the downpayment or resources to purchase a home. In addition, rental housing can accommodate potential residents or workers who want to try the area (or a new job) out before making a more reversible financial commitment.

Countywide vacancy rates hover around 10%, ranging from 8.4% in Lindsborg to 11.6% in Marquette. This is a relatively high percentage, but visual inspection indicates that this is the result of a small number of uninhabitable units or units being vacated and held vacant than serious deterioration or lack of demand.



Apartments in Canton

Figure 3.15: Occupancy, 2010-2020

PLACE	2010	2020	2010	2020	2010	2020
	OWNER		RENTER		VACANT	
Canton city	83.4%	81.3%	16.6%	18.7%	10.4%	10.4%
Galva city	84.8%	80.5%	15.2%	19.5%	7.0%	9.5%
Inman city	78.2%	74.8%	21.8%	25.2%	9.4%	9.0%
Lindsborg city	70.3%	69.5%	29.7%	30.5%	7.9%	8.4%
Marquette city	76.8%	77.0%	23.2%	23.0%	12.5%	11.6%
Moundridge city	72.4%	66.3%	27.6%	33.7%	8.3%	9.0%
McPherson city	66.2%	64.2%	33.8%	35.8%	7.2%	9.3%

Source: U.S. Census Bureau;



New homes at Stockholm Estates in Lindsborg



Figure 3.16: Percent of Renter-Occupied Units by Census Block in McPherson County

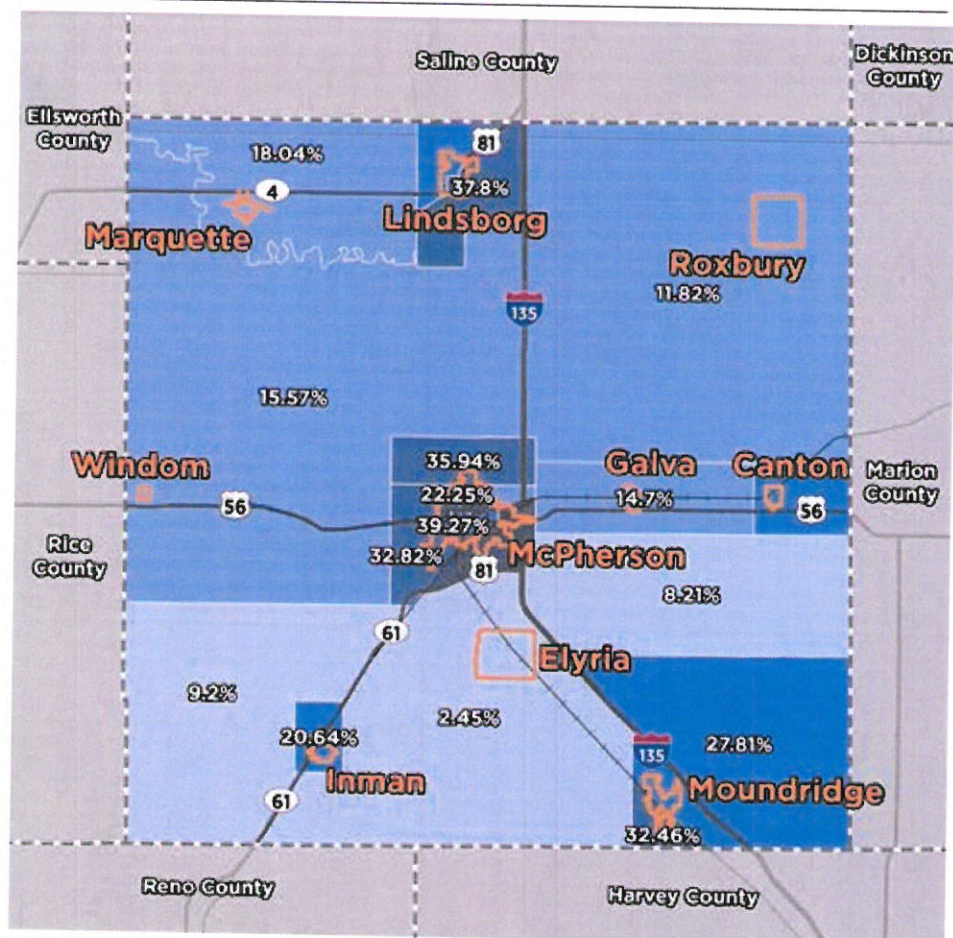
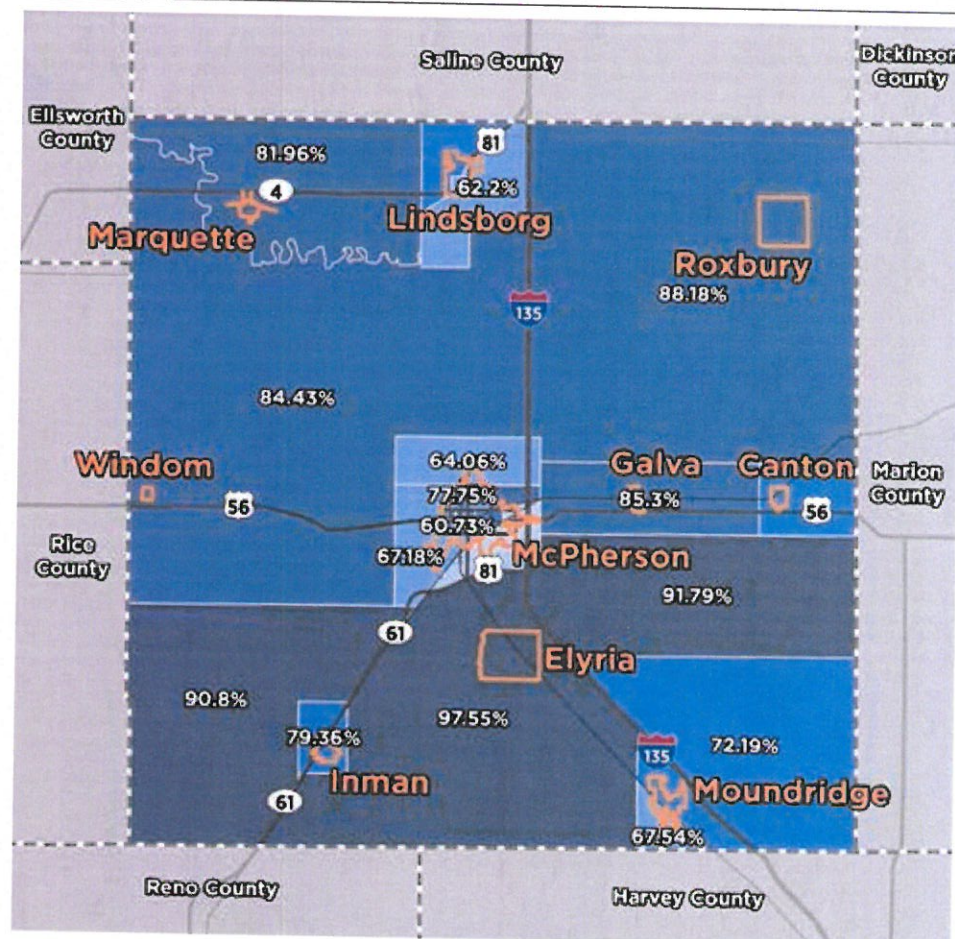


Figure 3.17: Percent of Owner-Occupied Units by Census Block in McPherson County





# HOUSING FACTORS

## Vacancy

Figure 3.18 explains the surprisingly high vacancy rate indicated in the 2020 Census. Only about 42% of vacancies were actually true vacancies – that is vacant for future sale or rent. About 17% were transitional vacancies – that is, units rented or purchased, but the resident had not moved into the unit. Another 15% were vacant for seasonal use. Based on that, the true vacancy rate for available units is between 4% and 5%. Based on that, calculations of future demand should hold the vacancy rate steady.



Figure 3.18: McPherson County Vacancy Distribution, 2020

2020 ESTIMATE	ESTIMATE	% OF TOTAL VACANT UNITS
<b>Total</b>	<b>872</b>	
For rent	219	25.1%
Rented, not occupied	77	8.8%
For sale only	148	17.0%
Sold, not occupied	79	9.1%
For seasonal, recreational, or occasional use	130	14.9%
For migrant workers	0	0.0%
Other vacant	219	25.1%

Source: 2020 American Community Survey (5-Year Estimates)

## Median Home Value and Age of Housing

McPherson County's median home value at \$180,000 reflects the similar median value of the county's largest city and higher values outside of municipal limits. Figure 3.20 illustrates the geography of housing values, indicating higher median values in the northern part of the city of McPherson and in much of the rural county.

Based on median year built, Galva, with substantial recent development areas, has the newest housing inventory, while Marquette has the oldest housing stock, often translating to greatest rehabilitation needs. Figure 3.21 shows median year built by census block area. Recent housing development on McPherson may change this distribution in the future. But at least half the county's housing is 50 or more years old.

Figure 3.19: Median Home Values and Median Year Built, 2022

CITY	MEDIAN HOME VALUE	MEDIAN YEAR BUILT
Canton city	\$120,600	1954
Galva city	\$179,800	1987
Inman city	\$145,600	1971
Lindsborg city	\$155,500	1967
Marquette city	\$85,000	1939
McPherson city	\$184,400	1979
McPherson County	\$180,900	1975

Source: 2022 American Community Survey (5-Year Estimates)



# HOUSING FACTORS

Figure 3.20: McPherson County Median House Values

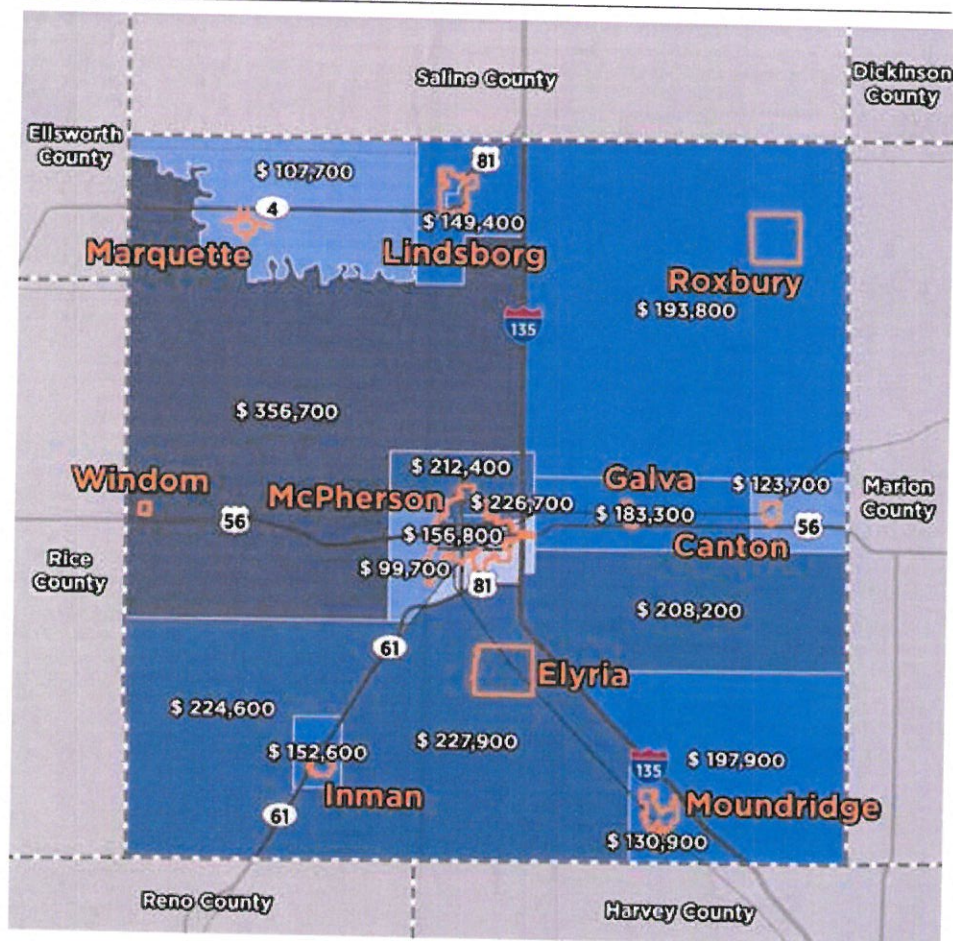
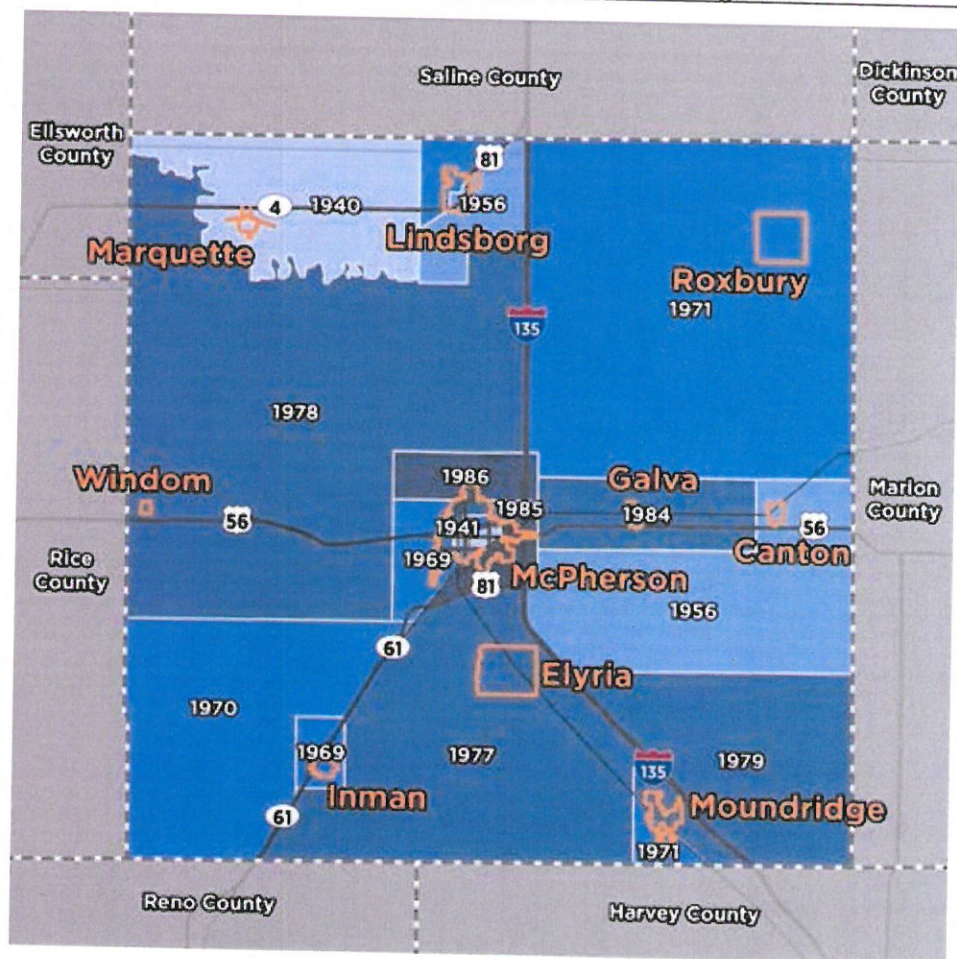


Figure 3.21: McPherson County Median Year Built of Housing Stock



## 2022 Median Year Built

- Later than 1985
- 1975 - 1985
- 1960 - 1974
- 1950 - 1959

- Earlier than 1950
- City Boundary
- County Boundary



# HOUSING FACTORS

## Housing Affordability

Value to Income ratio is a useful measure of the overall fit between housing cost and community income. A ratio between 2.5 and 3.0 is a desirable target range. McPherson County's V/I ratio is 2.54, within this range, with its median home value of about \$180,000. In the entire county, 16% of homeowners are considered cost-burdened (paying more than 30% of income for housing) and 47% of renters considered cost burdened. Figure 3.22 displays the relative V/I ratio of the county's constituent communities, and these specific calculations are discussed in more detail in Chapter 4.

Ratios below 2, exhibited in Canton and Marquette, indicate very low value markets where new construction is likely to cost more than its actual sale value. On the other hand, Inman, McPherson city, and Moundridge fall within the target range. Figure 3.23 displays the geographic distribution of V/I ratios by block group, important for displaying the relatively high ratios in much of the rural county and higher relative affordability within municipal limits.

The affordability analysis displayed in Figure 3.24, pairs income groups with the number of units offered within a comfortable cost range (neither too low nor too high for the income group). This shows substantial gaps of owner-occupied units above \$200,000 and especially rental units above \$1,000 – market rate rents. Many higher income households are occupying lower cost units, a mismatch that has appeared in the previous city housing study for McPherson.



Marquette

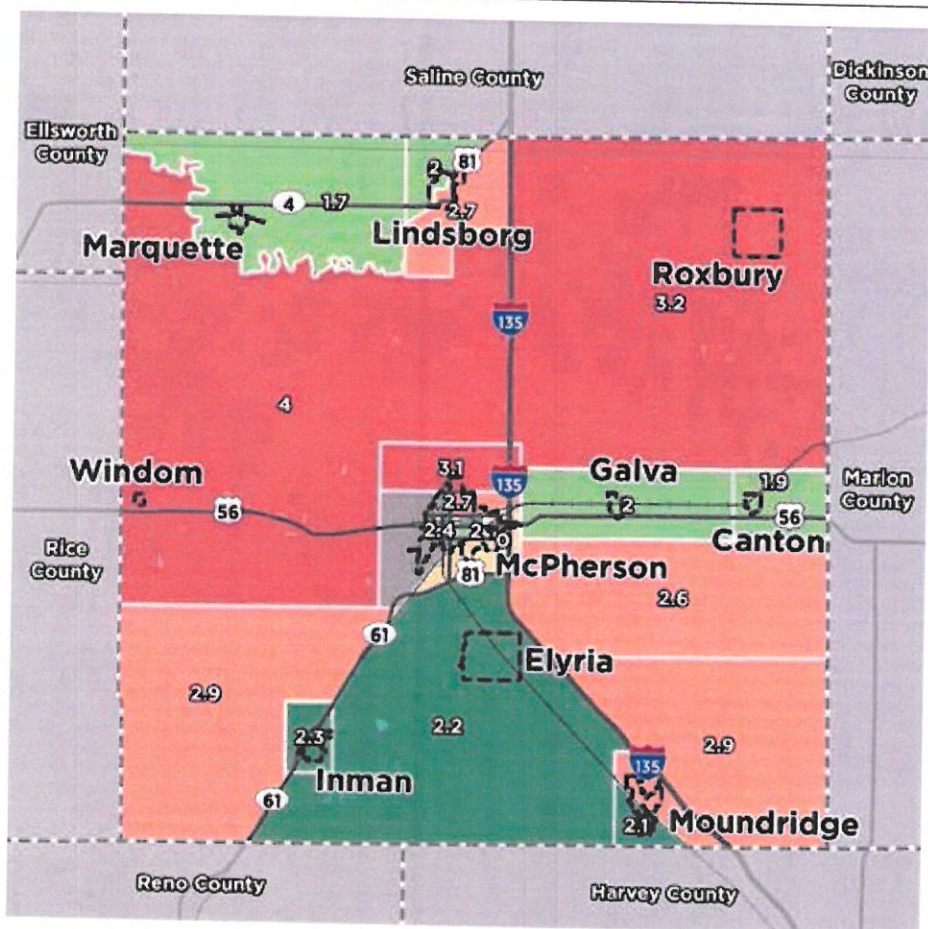
Figure 3.22: Housing Costs and Affordability, 2022

	VALUE TO INCOME RATIO	MEDIAN HOUSEHOLD INCOME	MEDIAN HOME VALUE	MEDIAN CONTRACT RENT	% COST BURDENED
			\$180,900	\$680	Owner: 16%
		\$71,250			Renter: 47%
Canton city	1.97	\$61,167	\$120,600	\$502	Owner: 14%
					Renter: 63%
Galva City	2.03	\$88,393	\$179,800	\$589	Owner: 12%
					Renter: 43%
Inman city	2.50	\$58,125	\$145,600	\$691	Owner: 7%
					Renter: 60%
Lindsborg city	2.32	\$67,059	\$155,500	\$652	Owner: 21%
					Renter: 42%
Marquette city	1.44	\$58,958	\$85,000	\$567	Owner: 9%
					Renter: 26%
McPherson city	2.04	\$69,807	\$184,400	\$724	Owner: 16%
					Renter: 49%
Moundridge city	2.79	\$59,048	\$164,600	\$621	Owner: 18%
					Renter: 34%

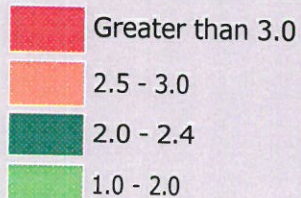
Source: 2022 American Community Survey (5-Year Estimates); RDG Planning & Design



Figure 3.23: House Value to Income Ratio by Census Block Group



## 2022 Value to Income Ratio



Less than 1.0

No Data Available

City Boundary

County Boundary

Figure X.XX: McPherson County Affordability Analysis, 2022



Source: 2022 American Community Survey (5-Year Estimates); RDG Planning &amp; Design



# AGGREGATED COUNTY DEMAND

## DEMAND PROJECTIONS

The tables on this page display the combined housing demand projections for McPherson County communities. Areas outside of municipalities are not included. While the non-urban population of about 7,000 represents about 23% of the county's population, housing takes place on its own and typically does not require urban infrastructure or specific development policies. Between 2010 and 2020, non-urban population declined by about 250 people, an average annual rate of about 0.4%. Projecting that rate forward to 2035, that population will decline to about 6,660 people, or about 21% of the county's

projected population. In the face of gradual declines, new housing starts will be generated by individual decisions and replacement of existing units.

Housing development potential will be about 1,574 units over the next ten years, with about 964 or 60% of those units in owner occupancy. Tables 4.121 and 4.122 shows how those units would be assigned to specific price points, based on the income distributions displayed within the county's cities and towns.



Table 4.120: Aggregate Demand Forecast 2020-2035

	TOTAL UNITS	OWNER	RENTER
McPherson City	771	462	308
Canton	45	22	23
Galva	73	48	23
Inman	110	70	40
Lindsborg	286	186	100
Marquette	45	30	15
Moundridge	244	146	98
<b>TOTAL</b>	<b>1,574</b>	<b>964</b>	<b>610</b>

Table 4.121: Aggregate Demand by Price, Ownership Units

	<\$200,000	\$200,000- 250,000	\$250,000- 350,000	>\$350,000
McPherson City	198	91	105	66
Canton	12	3	6	1
Galva	15	9	12	12
Inman	38	12	11	9
Lindsborg	91	42	35	19
Marquette	15	9	6	0
Moundridge	24	32	22	18
<b>TOTAL</b>	<b>493</b>	<b>198</b>	<b>197</b>	<b>125</b>



# AGGREGATED COUNTY DEMAND

## DEMAND PROJECTIONS

Table 4.122: Aggregate Demand by Rent, Rental Units

	<\$500	\$500-1,000	\$1,000-1,500	>\$1,500
McPherson City	84	79	74	72
Canton	6	9	6	2
Galva	4	6	6	9
Inman	6	13	12	9
Lindsborg	18	27	29	26
Marquette	3	6	6	0
Moundridge	20	35	21	23
<b>TOTAL</b>	<b>141</b>	<b>175</b>	<b>154</b>	<b>141</b>

Source: RDG Planning &amp; Design





# MOVING AHEAD

## ASSETS AND ISSUES

The community engagement process, information, analysis, and individual community profiles and demand forecasts presented in the previous chapters indicate several key issues and opportunities as McPherson County moves forward to meet its housing needs during the next ten years. The conclusions in this section summarize assets and issues that will frame strategies to meet housing goals.

### ASSETS

#### Steady Population Growth

Contrary to stereotypes about Midwestern rural areas, McPherson County has grown steadily over both the long and short-terms. In addition, all of its cities with populations over 1,000 have also grown, and housing demand appears likely to increase if production can keep pace.

#### Diverse and Growing Employment Base

While the energy industry has been a significant factor in the county's economic growth, the county's manufacturing base goes well beyond that sector, with particular focuses in plastics and pharmaceuticals. In addition, the county's adjacency to other major employment centers in Salina, Hutchinson, and Wichita, further expands regional job opportunities, and by extension future housing demand.

#### Generally Sound Housing Inventory

A field inspection of each of McPherson County's municipalities indicates a housing inventory in generally good condition. Rehabilitation needs exist in each city, but with few exceptions tend to be limited at most to one or two structures on a block. Large areas of housing deterioration do not exist. This makes rehabilitation programs both manageable in size and strategic in character – a single rehabilitation project can inoculate a block from continued decline and tends to encourage other investments by neighbors.

#### New Construction Activity

The City of McPherson has experienced significant new housing development in recent years on both its north and southeast edges. In addition, it has major new residential projects in the pipeline as of 2024. However, new construction activity has not been limited to the county's largest city. At Stockholm Estates, Lindsborg is developing a substantial subdivision of moderately price homes. Moundridge and Galva also have major new development areas that include both rental and owner-occupied units. Developers and builders are active in McPherson County and builder capacity exists both in the county and in surrounding cities.

#### McPherson Housing Coalition and Regional Approaches

At Oak Harbor Cottages, the McPherson Housing Coalition has developed an innovative solution to emergency housing for unhoused people and families, marshalling both public funding and private volunteerism. At Sutherland Estates, MHC has applied that formula to filling the need for permanent assistive housing. But perhaps even more important, MHC has been an "impresario" of housing initiatives large and small, from sponsorship of major rental projects to getting a ramps built that help households with disabilities remain in their homes. This regional approach and MHC's credibility position it both to continue and expand its mission.

#### Creative Development

Issues of housing affordability and construction costs make new approaches to development increasingly important, and some developers active in the region have responded. In Lindsborg, Stockholm Estates has developed owner-occupied attached units, a form new to the market. McPherson has developed modular duplexes and Moundridge has complete a significant group of rental duplexes, using Low Income Housing Tax Credits (LIHTC) to keep units affordable. County projects have used a variety of production assistance programs such as LIHTC, the State's Moderate Income Housing investment program, and Rural Housing Incentive District (RHID) financing.

#### Community Quality of Life

Community support, investments, and attractions have helped McPherson County communities offer current and prospective residents an excellent quality of life.





These assets include high quality community parks, three colleges, active arts communities, museums and historical features, recreational resources, and other features. In addition, Lindsborg has developed a strong visitor and hospitality industry based on its Swedish heritage that also enriches the experience of residents.

## ISSUES

### Infrastructure

Galva, Canton, and Inman all reported significant problems with infrastructure, specifically water quality and supply and wastewater management. Infrastructure, while hidden, is a critical requirement for meaningful new development. However, it will be very difficult for either of these three relatively small

communities to fund these necessary improvements.

### Vacant Unit Transitions

As older adults continue to age and either die or move to care facilities, their houses often remain vacant. Heirs who live out of town either do not want to deal with these properties or are eager to sell them to investors. Lindsborg reports this to be a significant community problem that converts owner-occupied homes to high cost rentals, often with only cosmetic repairs. We suspect that this phenomenon is not just limited to Lindsborg however, based on the high number of "other vacancy" units in Census tabulations.

### Rehabilitation Needs

Housing in McPherson County communities is in relatively good condition, and towns have very few concentrated areas of deteriorating structures. However, while structures requiring rehabilitation or demolition are scattered, even one or two such buildings can have an impact on an entire block. Efforts to stabilize or rehabilitate building envelopes and remove very deteriorated structures can help preserve the quality of residential areas.

### Development Cost vs. Market Value

The gap between the cost of new construction and the typical appraised or market value of homes is a common problem in small communities and rural counties. This is a less serious problem in the city of McPherson or Moundridge, where the market supports higher cost homes, but remains a challenge in most other municipalities. Compounding this is perceptions of rents, where rent levels about \$1,000 per month





## OBJECTIVE



## RESPONSIBILITY



## FINANCE TOOLS

## RISK SHARING

Help builders and developers feel more comfortable to pursue housing projects.

City/County, MHC, Financial Community

- > State/Federal Programs
- > Lending Consortium (gap financing for market rate units)
- > Housing Trust Fund
- > Land Bank

## INCREASE THE VARIETY OF HOUSING

Providing housing options for individuals at all income levels and ages of life.

City, MHC, Developers, Employers

- > State/Federal Programs
- > Housing Trust Fund
- > Lending Consortium (gap financing for market rate units)
- > Municipal Funds

Preserve the Existing Housing Stock

Capturing the benefits of the existing housing stock while providing updated, affordable, and/or needs for specific housing.

City, Financial Community, Housing Partnerships, Realtors

- > State/Federal Programs
- > Acquisition/rehab/resale
- > Tax Abatement
- > Municipal Funds

## LEVERAGE EXISTING LOTS AND ADD NEW LOTS

Infill and new lot development to provide for economic development and community growth.

City, Financial Community, MHC, Other Developers

- > State/Federal Programs
- > Lending Consortium
- > Housing Trust Fund
- > Municipal Funds, Loans

## EDUCATION PROGRAMS

Making sure people and developers understand the process and ways to maintain housing.

City/County, Lenders, MHC Realtors

- > Municipal and County Funds and Resources

## INVEST FOR SUCCESS

Economic development will affect housing demand based on proximity to nice parks, good schools, community events, safe streets and neighborhoods, commercial activity, and clear pride in the community.

City/County, Employers, School Districts

- > Municipal Funds
- > State/Federal Programs





are considered extremely high, given existing rental units. This discourages new development, even when incomes support higher rents without excessive burden.

### Limited Rental Production

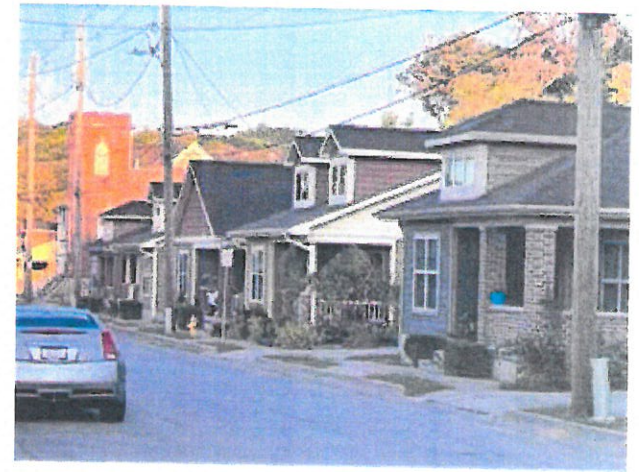
As noted earlier in this report, tenure preferences are changing and younger households are deferring homeownership or generally preferring to rent. A number of reasons for this exist – lack of resources for downpayments, college or other debt, mobility in younger years and desire to try a place out before investing in a house, deferred childbirth, and others. Most of the existing rental housing in McPherson communities is in houses, but new home construction for rent is economically unfeasible without assistance. McPherson has built some new apartments and Moundridge has developed rental duplexes, but in general new rental production remains scarce in the region.

### Assumptions and Expectations

In addition to the issues stated above, many proponents



of housing development and consumers remain tied to a traditional single-family home on a large urban lot. However, the per unit cost of infrastructure and land added to construction cost places this desired product out of reach of many consumers. Products that were once considered good starter homes lack the features and size that contemporary buyers seek. Buyer preferences must gradually shift to new, more efficient configurations and development regulations must follow suit.



*Top row: Affordable Single-Family. From left, Garden Cottages in Grinnell, IA; Towns at Little Italy in Omaha; Excelsior Street in Excelsior Springs, MO. These units achieve density by putting garages in back.*

*Above: Single-family attached units at Stockholm Estates in Lindsborg; Terra Nova Apartments in McPherson.*



## DIRECTIONS FORWARD

Housing-related initiatives for McPherson County fall within six overall categories:

- **Infrastructure**, addressing water and sewer issues in communities with significant needs.
- **Housing preservation**, addressing the conservation of existing housing inventories and ensuring that they provide affordable opportunities for future residents.
- **Production**, establishing pathways for the development of new housing that the current unassisted market is not building.
- **Finance**, creating the financing structure necessary to support preservation and production related programs.
- **Assumptions and regulations**, changing consumers' expectations of good housing solutions that they can afford, using materials and design creatives, and making regulatory changes necessary to remove obstacles.
- **Community**, continuing quality of life investments that make McPherson County communities attractive to new and existing residents.

These initiatives will require overall coordination to keep them moving forward in a unified way. One organization has demonstrated the capacity to act in this role - the McPherson County Housing Coalition.



### Organization and Coordination

McPherson County and its communities lack a regional agency with the capacity to execute a cohesive housing program. Some counties have developed this capability as a separate department or through the mechanism of a regional council of governments. But in McPherson, there is no need to start over – the MHC has clearly demonstrated the level of sophistication, knowledge of programs, and credibility to fulfill this role. However, it depends on the efforts of limited staff and highly dedicated volunteers, and will need to assume expanded functions that evolve beyond this core group.

These functions include:

- Continuing to act as the “impresario” of housing policy and programs for the County. This combines persuasion, advocacy, grant writing, technical assistance, and initiating projects. Individual cities should ultimately carry the ball on implementation, but will need help in building their own capabilities.

- Developing projects and deriving operating income from them. MHC has a CHDO (Community Housing Development Organization) status enhancing access to Low Income Housing Tax Credits for affordable rental and ownership transition projects. As a community development corporation, it can serve as a general partner or with access to capital, develop its own projects.
- Advocacy for housing legislation and investment. The State of Kansas has placed a significant priority on providing affordable housing and projects in the County have benefited for Department of Commerce initiatives. But continued and improved work require political support and legislative action. MHC has already proven to be an effective voice for housing concerns and issues in the State, a role that is likely to continue.

### Financial Support

Expanded roles for MHC will require staff, working



capital, and operating support. This should come from several directions:

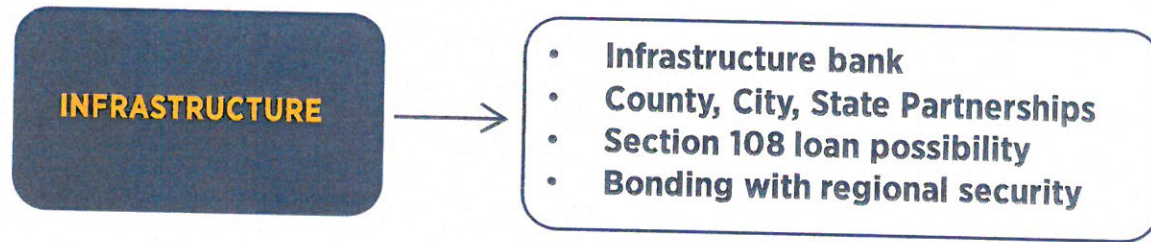
- County and constituent communities. This cooperative funding for this study established a precedent that should continue into supporting operating costs.
- Employer and lender participation. The private sector has a major stake in providing affordable housing for employee recruitment and retention. Additionally, the large number of commuters into the county provide a substantial potential market for businesses if housing opportunities exist in the county.
- Philanthropy. Incorporated as a 501 c)3 corporation, MHC could attract significant private charitable support.
- Project income. Ultimately, housing development projects should be structured to provide income to the organization,

## Governance

The governance structure for an expanded MHC is likely to change. A CHDO carries with it certain community representation requirements for its Board of Directors and a variety of stakeholders -- but especially those who are participating in funding the organization -- should be included. There may be a point when a development entity might separate from the main organization for legal or liability reasons.

## Infrastructure

Infrastructure is a critical priority for several of the County's communities and these towns lack the



resources to address it on their own. As a result, they appear unable to solve this key issue. Housing needs in McPherson County are regional and in a real sense, the health of each community affects the health of all. We suggest a regional approach that involves different levels of government to address this need for basic urban services in order for every community to add to its housing supply. Some approaches include:

- Creation of an "infrastructure bank" funded cooperatively, with the capacity to make loans to the cities that needs to draw on it for capital improvements. This capital pool could be used as a match for more traditional funding sources like Community Development Block Grants or rural development funds.
- Section 108 loans. CDBG entitlement communities can draw advances on their annual entitlements for immediate needs, with repayment coming from future expected entitlements. None of McPherson County's communities are large enough to be entitlements, but the State of Kansas receives these funds on a formula basis. In theory, the state could commit a multi-year CDBG allocation to the three towns in critical need, and through 108, commit to paying back that advance

through a part of the future entitlement.

- Build Kansas Fund. The State's Build Kansas Fund provides matching funds for infrastructure development. Matching funds could be provided through the infrastructure bank or another regional consortium mentioned above.
- Bonding with regional security. The County or State could issue bonds to assist with infrastructure financing. STAR bonds may have some potential if regional increases in sales tax can be used to assist specific communities. The problem is that these projects do not have significant impact on sales taxes.

## Housing Preservation

Existing housing is the most likely continuing source of affordable housing and, in any case, represents each city's largest capital resource. Fortunately, there are relatively few areas of concentrated deterioration. Nevertheless, there are strategic issues that should be addressed to counter negative trends. Focused ideas are considered below, and in most cases, assume the evolution of MHC as a capitalized entity.

## Acquisition/Rehab/Resale

Lindsborg in particular but overall numbers from other parts the County suggest a substantial number



## HOUSING PRESERVATION



- **Acquisition/rehab/resale**
  - **Contact with older adults, out-of-town heirs**
- **Targeted rehab where most needed**
- **Demolition/infill**

of houses that are vacant or likely to become vacant as their owners age, and either move to another setting or pass away. Older adult owners may have trouble addressing real estate sales or out-of-town heirs may be disinterested. As a result, these houses which could provide affordable opportunities for younger households often remain vacant or are acquired by investors as rental property. Acquisition/rehab/resale is a proven method of using this resources for affordable homeownership. A nonprofit development corporation acquires a vacant house or the house of an owner in transition, rehabilitates the house to contemporary standards, and resells to a new owner-occupant household. In the case of McPherson County, in addition to acting as the agency executing the project, MHC could provide assistance to older adult owners who fear the process of selling a house or can contact heirs to negotiate a potential sale.

### Targeted Rehabilitation

Most rehabilitation needs in County communities involve one or two houses on a block rather than large areas of structural deterioration. However, one or two structures on an otherwise sound block can affect overall property values and cause other owners to defer improvements or needed repairs. A rehabilitation program focused on life-safety needs,

lead paint removal, foundation issues, and the building envelope can both improve the structure for the existing owner and preserve it for a future owner. These programs often use deferred payment loans, due on sale of the property.

### Demolition and Infill

In a few cases, vacant houses are so deteriorated and obsolete that rehabilitation is not feasible. In these cases, the structure should be demolished and replaced by a new house. Some sites are in very good locations near the center of towns and a new structure would be highly marketable if available at an affordable price. In several situations, a large enough site can be assembled to allow a small townhome development.

### Production

In most cases, the actual construction of homes will involve private builders. An organization like an expanded MHC will generally will not establish its own construction company, although precedents for that strategy do exist. Several techniques may be considered to help build partnerships with contractors for new home development. These include:

### Limited Partnerships.

An MHC type corporation with CHDO status as mentioned above can form partnerships with private entities, using Low-Income Housing Tax Credits to build affordable housing. In these partnerships, the CHDO acts as a general partner and assembles limited equity partners who can use the credits to reduce their tax liability. This important equity raising tool has been used in McPherson County in the past. A multi-community project can help improve the competitive position of a LIHTC application and can create a critical mass that achieves economies of scale and provides the small but important number of rental units needed in the county's smaller municipalities.

### Innovative Materials.

A basic impediment to affordable housing is simply the cost of conventional construction. Attempts at modular housing, new materials, factory-built structures or large components, and others have not effectively replaced the old ways of building. New technologies are emerging. 3-D printing, in its infancy for home construction, is being used to develop a 100 unit neighborhood in Georgetown, Texas. These houses are being built with a poured concrete material using a giant printer. The use of this type of technique should be monitored and can both improve energy efficiency and speed of construction. Structural insulated panels (SIP) are a more immediately attainable technology that has high energy efficiency and relative flexibility.

### Inter-community Joint Applications

Joint applications for state and federal funding can be especially appropriate for small communities



## PRODUCTION

- LIHTC Partnerships
  - Innovative materials (SIP) and products
  - Inter-community joint applications
- Limited profit development

under a population of 2,000 with small but real housing demands. Three Nebraska towns executed this model, using a grant for the state's Housing Trust Fund. The towns take turns, using the grant funds for construction financing. In this concept, the first town builds one or more houses. When that house sells, the second town uses the sale proceeds to do the same, and the turn-taking continues. It is an interesting way of keeping housing activity going in several towns at once, and gradually increasing sales values can accelerate production.

### Limited Profit Builders/Developers

We have previously talked about the possibility of MHC's evolution into a nonprofit developer sometimes willing or able to undertake projects that the private market will avoid for various reasons. But a limited profit private development company could present possibilities. The idea is old, extending back to the 1920s in New York City with an organization called the City Housing Corporation. CHC was an association of very civic-minded designers and capitalists who did innovative projects that are landmarks of housing development and combined great design with supporting services. Unfortunately, the model did not survive the Great Depression, although the developments did and remain in productive use to this day. A more relevant example is

in Sioux Center, Iowa, where major employers created a for-profit development company with limits on profit to build affordable ownership homes for their workforce. A similar, employer-based entity may be a consideration for McPherson County.

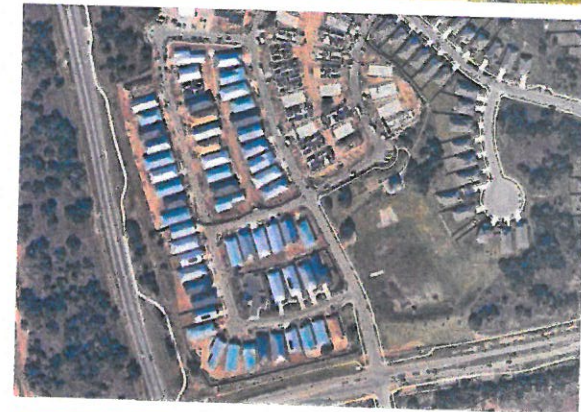
### Finance

We discussed financing operation of the coordinating organization earlier. Ideas here address two different types of financing assistance – the production side and the resident side.

### Production Financing

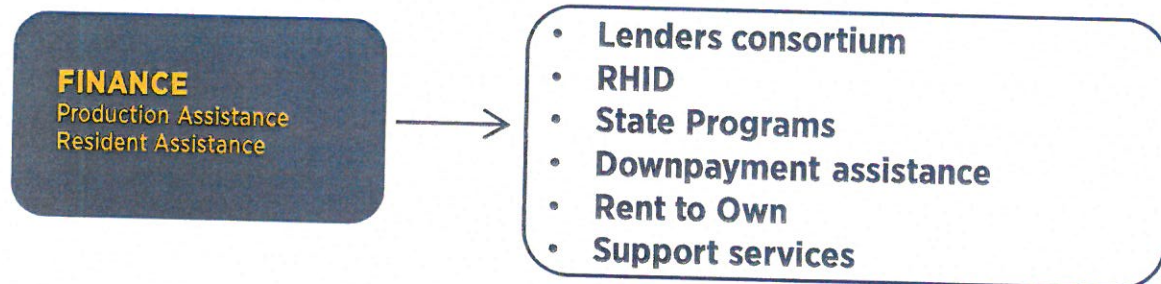
A wide variety of state and federal programs exist to help finance the actual development of lots and housing units. Some approaches include:

**A Lenders Consortium.** A consortium is a shared risk arrangement where lenders active in a region dedicate resources to a fund that makes loans that may be perceived as too risky for any one lender to make. We tend to favor construction financing as a good approach for a lenders consortium because the funds will be tied up for relatively short periods. One logical use is for construction loans to builders of multiple speculative houses who could not handle the exposure privately. Another is funding an acquisition/rehab/resale program, providing working for purchase



*New Technologies: Top two images: 3-D printed neighborhood in Georgetown, TX; Above: Nehemiah Project using structural insulated panels (SIP) in Bartlesville, OK*





and rehabilitation of existing housing units by the nonprofit.

**Rural Housing Incentive Districts.** RHIDs are a form of tax increment financing, focused on building infrastructure to support new housing development. The added property taxes created by the development are used to finance necessary infrastructure and public improvements. RHIDs, which grew out of critical lack of improved building lots in Dodge City, have been used effectively in McPherson County and in other places throughout Kansas. However, the application and approval process is rather complex. Helping cities and developers through it can be a valuable service provided by an expanded MHC.

**State and Federal Programs.** The Kansas Department of Commerce maintains an array of housing development assistance programs. This list, together with additional explanation and information is available at:

<https://www.kansascommerce.gov/housing>.

### Resident Financing and Assistance

One of the most significant impediments to attainable owner occupancy is ability to afford a down payment on a home. Households dealing with student debt,

credit issues, and other costs do not have the savings or other resources. Some approaches to this problem include:

**Rent to Own.** Rent to own is a path to ownership most effectively carried out by a nonprofit, community-based development corporation. In this program, a portion of a household's rent is placed in escrow, accumulating over a period of time to fund a downpayment on a mortgage. Some programs have combined rent-to-own with rental development through Low Income Housing Tax Credits, although recapture provisions in the LIHTC law mean that the household may not always buy the house that they rent.

**Downpayment Assistance.** While not offered on a federal level, attainable housing has been a key issue in the 2024 presidential campaign and a Federal initiative addressing this problem could emerge in future years.

**State of Kansas Programs.** The First Time Home Buyer program provides forgivable subordinated loans to low and moderate income buyers to cover downpayment and closing costs. Its Home Loan Guarantee for Rural Kansas program provides loan guarantee gap coverage for residential construction and rehabilitation. The program is applicable to all McPherson County communities except the City of

McPherson.

**Support Services.** Programs that offer technical assistance, debt and financial counseling, and overall advice and guidance on homeownership issues can be very helpful in providing new owners with the necessary knowledge. These programs have been shown to reduce potential defaults, deferred maintenance, and other issues.

## Assumptions and Regulations

### Ordinance and Code Review and Modification

Changing preferences, affordability issues, and construction cost efficiencies are challenging assumptions about the kind of housing that the market can produce. Many (and arguably most) households have great difficulty affording the traditional single-family detached house on a quarter acre lot. New forms include single-family homes on small lots, attached units, townhomes, auxiliary dwelling units (ADU's), and small structure multi-family units. Yet many older zoning and subdivision ordinances put obstacles that discourage production of these housing types. Examples of these obsolete obstacles can include large minimum lot sizes, minimum home size, single use zoning districts, limitations on construction techniques, and excessive street width. Often, communities no longer remember the reason for these requirements, other than they've been in place for decades.

It was not the intention of this study to review each community's zoning and subdivision ordinances. But we recommend such a review on a countywide scale should be completed. The Regional Planning Commission that serves McPherson County may



## ASSUMPTIONS REGULATIONS



- **Zoning and subdivision regulation review**
  - Lot size
  - Setbacks
  - Street width
- **New products**
- **Research and education**
- **Building codes**

have the ability to perform this review and make recommendations for changes.

Building codes sometimes can present obstacles because they tend to resist new ways of building in favor of traditional practices. Even with more conventional construction, requirements that increase cost without serving the interests of life safety, durability, or construction quality. While McPherson County communities should not be in the forefront of experimental codes and techniques, it should also monitor best practices around the country and incorporate desirable changes into its own codes.

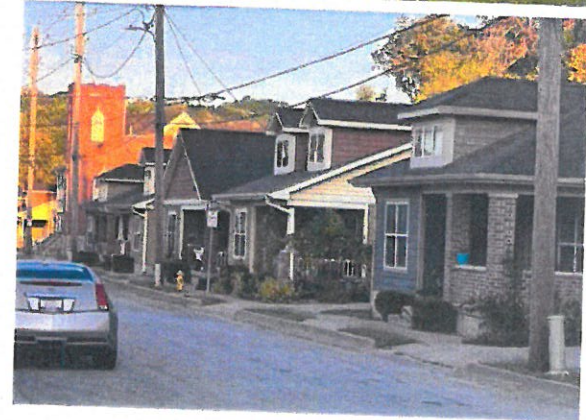
### Research and Education

Zoning code, subdivision regulations, and building code revisions ultimately require the approval of governing bodies. It is important to bring these approving agencies along through the review process. An organization like MHC, potentially in cooperation with academic planning programs at Kansas State and KU, could lead this kind of research effort and help build credibility and approving agencies support for ordinance change.

### Community Projects

While not specifically housing related, strategic community improvements that relate to safety and quality of life can make McPherson County communities more attractive to prospective residents and, consequently, housing developers. Sidewalks and trails are examples of community improvements that have a variety of benefits and funding is available through some provisions of the Bi-Partisan Infrastructure Act and the continuing Transportation Alternatives Program (TAP). Several towns could implement voluntary landscaping and community entrance programs to enhance first impressions. As an example, Marquette, with a relatively indirect entrance route to the center of town, attractive signage could help secure a stronger connection to K-4.

Additionally, countywide community promotions and marketing efforts both on-line and using traditional media could help support overall housing development, including building awareness of available housing incentives. This was a recommendation of the previous City of McPherson housing study.



*Small lot single-family: Top two images: Garden Cottages in Grinnell, IA; Aove: Excelsior Street in Excelsior Springs, MO*