B

APPENDIX B

Housing Study- OHH

Working Paper

Coffeyville Housing

Ochsner Hare & Hare, LLC
Kansas City, Missouri

INTRODUCTION

As a part of the process of preparing a complete update of the Coffeyville Comprehensive Plan, both stakeholder interviews and open houses for community input were held. Emerging from that process was a clear indication that among Coffeyville's priorities was the need to address the lack of new housing construction and the condition of much of the existing housing stock. The purpose of this Working Paper is to present data and information to facilitate further discussion of those issues.

Currently, the City of Coffeyville has established four Neighborhood Revitalization Areas under the provisions of the Kansas Neighborhood Revitalization Act which provides for real estate tax abatements as incentives for both rehabilitation of existing dwelling units but also as incentives for new housing construction.[1] Since these areas have been established, housing data in this paper are presented both city-wide and for the revitalization areas. The areas are illustrated on Figure 1,

EXISTING HOUSING CONDITIONS

In July, 2008, a city-wide structure by structure survey of existing land use and housing conditions was completed. The housing conditions rating scale utilized is presented in Appendix A to this paper. Each housing unit was classified by the following condition ratings:

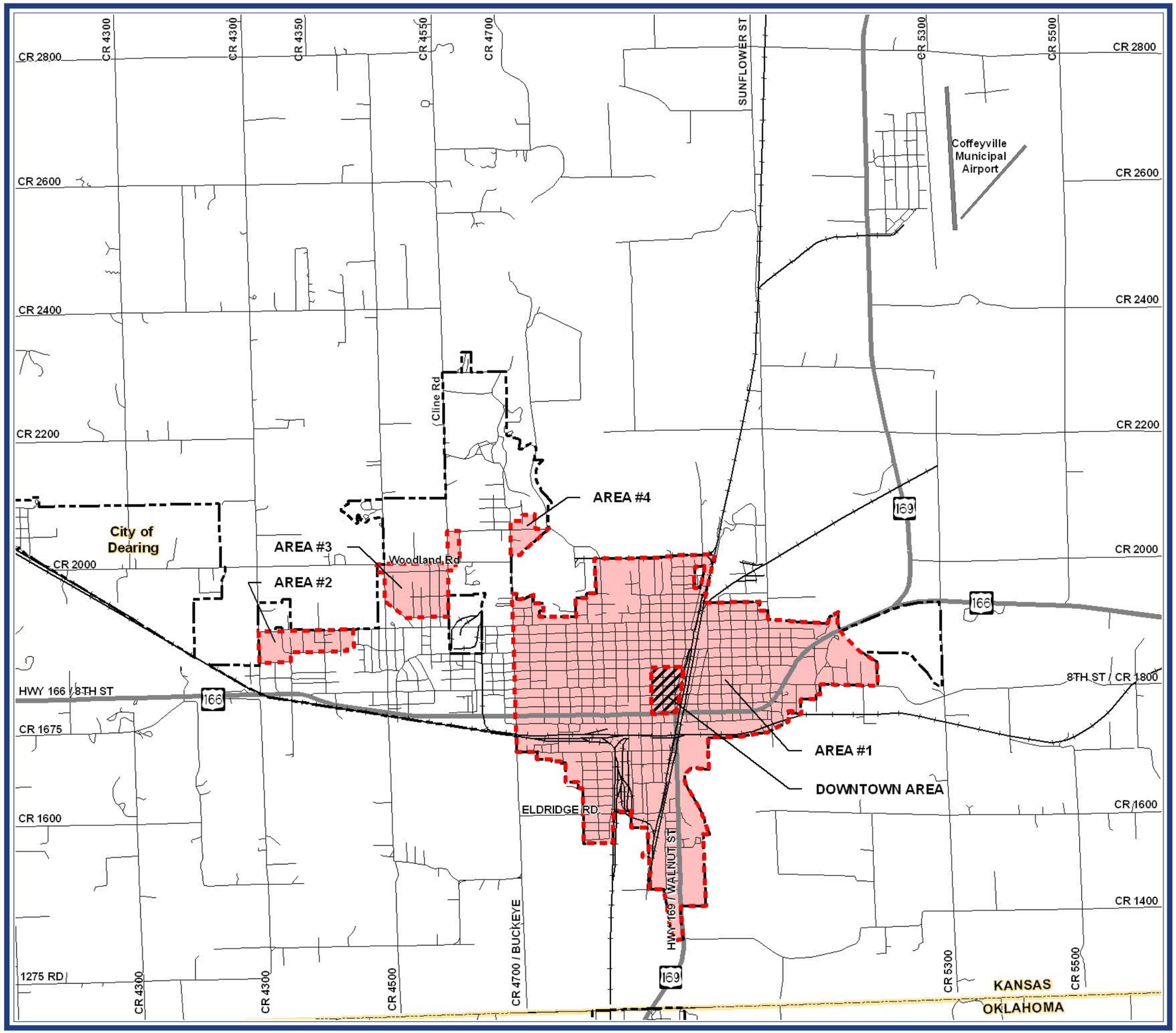
- Number 1 Sound No Treatment Required
- Number 2 Minor Deficiencies Normal Maintenance
- Number 3 Deteriorating Major Rehabilitation Required
- Number 4 Dilapidated Probable Clearance

Examples of dwelling units by condition are illustrated by photographs in Figure 1, Housing Condition Rating Examples, page following.

The land use and housing condition data are presented in Table 1, Housing Condition Data Summary, page 4.

[1] The incentives provided will be discussed in detail later in this working paper.

Neighborhood Revitalization Areas



Legend

- Coffeyville Limits
- 166 169 U.S. 166/169 Hwy

Neighborhood Revitalization Areas

- Revitalization Area
- Downtown Revitalization Area

#1 - Sound Condition

#3 - Deteriorating

#2 - Minor Deficiencies

#4 - Dilapidated

Figure 2. Housing Condition Rating Examples

Table 1 - Housing Condition Data Summary

	Residential Structures:					Dwelling Units By Condition:				
	S.F.	**M.H.**	**Duplex**	**M.F**	**Total Structures**	**#1**	**#2**	**#3**	**#4**	**Total D.U.s**
City-Wide	**4,016**	**116**	**56**	**78**	**4,266**	**3,674**	**542**	**295**	**136**	**4,647**
Revitalization Area										
One	2,594	55	32	56	2,737	2,083	469	273	134	2,959
Two	88	-	-	-	88	88	-	-	-	88
Three	178	-	5	4	187	203	1	-	-	204
Four	12	4	-	-	16	8	4	4	-	16
Totals	**2,872**	**59**	**37**	**60**	**3,028**	**2,382**	**474**	**277**	**134**	**3,267**
Balance of City	**1,144**	**57**	**19**	**18**	**1,238**	**1,292**	**68**	**18**	**2**	**1,380**

Source: Ochsner Hare & Hare

As indicated in Table 1, a total of 4,266 residential structures were surveyed. These included 4,016 single-family structures, 116 mobile home units, 56 duplex units and 78 multi-family structures.[2] City-wide, a total of 431 dwelling units were rated as deteriorating (#3) or dilapidated (#4). An additional 542 were rated as having minor deficiencies (#2). It is estimated that the average investment required to bring a #2 dwelling unit up to #1 condition is about $5,000; to completely rehabilitate a #3 dwelling unit averages $28,000; and the average cost to demolish a #4 structure is $2,000. This means that the total needed additional investment in Coffeyville's existing housing stock is approximately $11,242,000.

Of the substandard housing units in Coffeyville, all but twenty-one (21) of the #3 and #4 dwelling units and only sixty-eight (68) of the #2 units are not are located within the existing Revitalization Areas. Since any solution to the correction of the dwelling unit deficiencies must take into account the financial ability of the residents to make additional housing investment, the next section examines the demographics of the Revitalization Area residents.

REVITALIZATION AREA DEMOGRAPHICS

Presented in the following Table 2 are population demographic characteristics for the combined Revitalization Areas.[3]

Table 2 - Revitalization Areas Population Facts

Population Facts	Combined Revitalization Areas One, Two, Three, Four And Downtown	
Population		
2013 Projection	6,239	
2008 Estimate	6,598	
2000 Census	7,182	
1990 Census	8,564	
Growth 2008-2013	-5.44%	
Growth 2000-2008	-8.13%	
Growth 1990-2000	-16.14%	
2008 Estimated Population by Single Race Classification	6,598	

[2] Data does not include dormitory rooms or student occupied apartments at Coffeyville Community College.
[3] Source: Claritas, Inc. Data is after flood area demolitions of dwelling units.

Population Facts	Combined Revitalization Areas One, Two, Three, Four And Downtown	
Population		
White Alone	4,848	73.48%
Black or African American Alone	843	12.77%
American Indian and Alaska Native Alone	367	5.56%
Asian Alone	54	0.82%
Native Hawaiian and Other Pacific Islander Alone	2	0.03%
Some Other Race Alone	117	1.77%
Two or More Races	368	5.57%
2008 Estimated Population Hispanic or Latino	6,598	
Hispanic or Latino	272	4.13%
Not Hispanic or Latino	6,326	95.87%
2008 Estimated Population by Age	6,598	
Age 0 to 4	468	7.09%
Age 5 to 9	413	6.26%
Age 10 to 14	403	6.10%
Age 15 to 17	257	3.89%
Age 16 and over	5,225	79.19%
Age 18 and over	5,058	76.67%
Age 21 and over	4,646	70.41%
Age 65 and over	1,295	19.62%

In terms of total population in the revitalization areas, the U.S. Census documented a 16.14% decrease in population between 1990 and 2000. Since 2000, it is estimated that population declined from 7,182 to 6,598 in 2008. A further decline by 2013 is forecast. The largest population group by single race alone is White at 73.48%, followed by Black or African American at 12.77% and American Indian at 5.56%%. A small number, 272 or 4.13% are Hispanic or Latino. It should be noted that almost one of five, or 19.62%, is age 65 and over. Some 468 persons or 7.09% are pre-school age children while 1,073 or 16.25% are of school age.

Demographic data relating to Revitalization Area households are presented in Table 3, below.

Table 3 – Revitalization Area Household Facts

Household Facts	Combined Revitalization Areas One, Two, Three, Four and Downtown	
Households		
2013 Projection	2,714	
2008 Estimate	2,862	
2000 Census	3,092	
1990 Census	3,609	
Growth 2008-2013	-5.18%	
Growth 2000-2008	-7.43%	
Growth 1990-2000	-14.32%	
2008 Estimated Households by Household Income	2,862	
Less than $15,000	630	22.00%
$15,000 to $24,999	541	18.92%
$25,000 to $34,999	399	13.93%
$35,000 to $49,999	526	18.39%
$50,000 to $74,999	437	15.28%
$75,000 to $99,999	176	6.14%
$100,000 to $149,999	116	4.06%
$150,000 to $249,999	20	0.71%
$250,000 to $499,999	15	0.53%
$500,000 or more	1	0.05%
2008 Estimated Average Household Income	$40,728	
2008 Estimated Median Household Income	$31,521	
2008 Estimated Per Capita Income	$18,070	
2008 Estimated Households by Household Type	2,862	
Family Households	1,688	58.98%
Non-family Households	1,174	41.02%
2008 Estimated Average Household Size	2.22	
2008 Estimated Tenure of Occupied Housing Units	2,733	
Owner-Occupied	1,755	64.21%
Renter-Occupied	978	35.79%
2008 Owner-Occupied Housing - Average Length of Residence	11	

Household Facts	Combined Revitalization Areas One, Two, Three, Four and Downtown	
Households		
2008 Estimated All Owner-Occupied Housing Units by Value	1,788	
Less than $20,000	366	20.46%
$20,000 to $39,999	481	26.91%
$40,000 to $59,999	457	25.56%
$60,000 to $79,999	227	12.67%
$80,000 to $99,999	130	7.25%
$100,000 to $149,999	93	5.20%
$150,000 to $199,999	21	1.18%
$200,000 to $299,999	12	0.67%
$300,000 to $399,999	1	0.06%
$400,000 to $499,999	0	0.02%
$500,000 to $749,999	0	0.00%
$750,000 to $999,999	0	0.02%
$1,000,000 or more	0	0.00%
2008 Estimated Median Owner-Occupied Housing Unit Value	$42,063	
2008 Estimated Housing Units by Year Structure Built	3,553	
1999 to 2008	134	3.76%
1995 to 1998	29	0.83%
1990 to 1994	14	0.40%
1980 to 1989	181	5.11%
1970 to 1979	350	9.87%
1960 to 1969	319	8.99%
1950 to 1959	447	12.58%
1940 to 1949	464	13.05%
1939 or Earlier	1,614	45.42%
2008 Estimated Median Year Structure Built	1944	

Following the pattern for overall population, a corresponding decline in the number of households in the revitalization areas has occurred, with a loss from 1990 with 3,609 households to 3,092 in 2000. The number in 2008 is estimated to have declined to 2,862 and is projected to decline to 2,714 by 2013.[4]

Of significance are the estimated households by household income since that is the largest determinant of the financial capability of households to pay higher rent or mortgage

[4] Source: Claritas, Inc.

payments in order to afford the cost of the elimination of dwelling unit deficiencies. Of immediate concern is that 22.0% or 630 households have incomes of less than $15,000 per year. Almost one half, some 40.9%, of the households are estimated to have incomes of $25,000 or less.

Of the estimated total 2,863 households, 1,688 or 58.981% are family households while the remaining 41.02% are nonfamily households. Some 64.21% are owner-occupied while 35.79% are renter-occupied.

Of the 1,788 owner-occupied households, the median owner-occupied housing unit value is estimated at $42,063.

The estimated Median Year Structure Built is 1944 meaning that one-half of the housing units in the revitalization areas are more than 65 years old.

ESTIMATED AFFORDABLE MONTHLY DWELLING UNIT COST

Given the demographic characteristics outlined above, the next step in the possible design of a housing initiative to achieve a sound existing stock for the City of Coffeyville is to realistically assess what existing households can afford in monthly dwelling unit cost. That analysis is presented in Table 4 – Estimated Affordable Monthly Dwelling Unit Cost, page following. The concept of "affordable housing cost" is based upon the idea that expenditures for housing and utilities above a certain percentage of household income will result in inadequate monies for food, clothing, and medical care. Table 4 assumes that percentage to be 22.68% based upon the exhibit at the National Building Museum titled "Affordable Housing: Designing an American Dream."

A review of recent advertisements in The Coffeyville Journal of two and three bedroom rentals found a very limited numbers of units available for rent. Those available ranged from

Table 4 - Estimated Affordable Monthly Dwelling Unit Cost

Coffeyville Revitalization Areas Households

Household Income:			Number of Households:	Affordable Rent and/or Mortgage Payment plus Utilities:			Affordable Rent and/or Mortgage Payment excluding Utilities:		
Less than		$ 15,000	630	Less than		$ 283.50	Less than		$ 83.50
$ 15,000	to	$ 24,999	541	$ 283.50	to	$ 472.48	$ 83.50	to	$ 272.48
$ 25,000	to	$ 34,999	399	$ 472.50	to	$ 661.48	$ 272.50	to	$ 461.48
$ 35,000	to	$ 49,999	526	$ 661.50	to	$ 944.98	$ 461.50	to	$ 744.98
$ 50,000	to	$ 74,000	437	$ 945.00	to	$ 1,398.60	$ 745.00	to	$ 1,198.60
$ 75,000	to	$ 99,999	176	$ 1,417.50	to	$ 1,889.98	$ 1,217.50	to	$ 1,689.98
$ 100,000	to	$ 149,999	116	$ 1,890.00	to	$ 2,834.98	$ 1,690.00	to	$ 2,634.98
More than		$ 150,000	36	More than		$ 2,835.00	More than	to	$ 2,635.00
Total			2,861						

Source: Affordable Housing: Designing an American Asset (exhibit, National Building Museum, 2004); Claritas, Inc.; and Ochsner Hare & Hare

$325 to $525, utilities not included. The average rental was $425. Of the 2,862 households in revitalization areas, approximately 54% could not afford these rental prices.

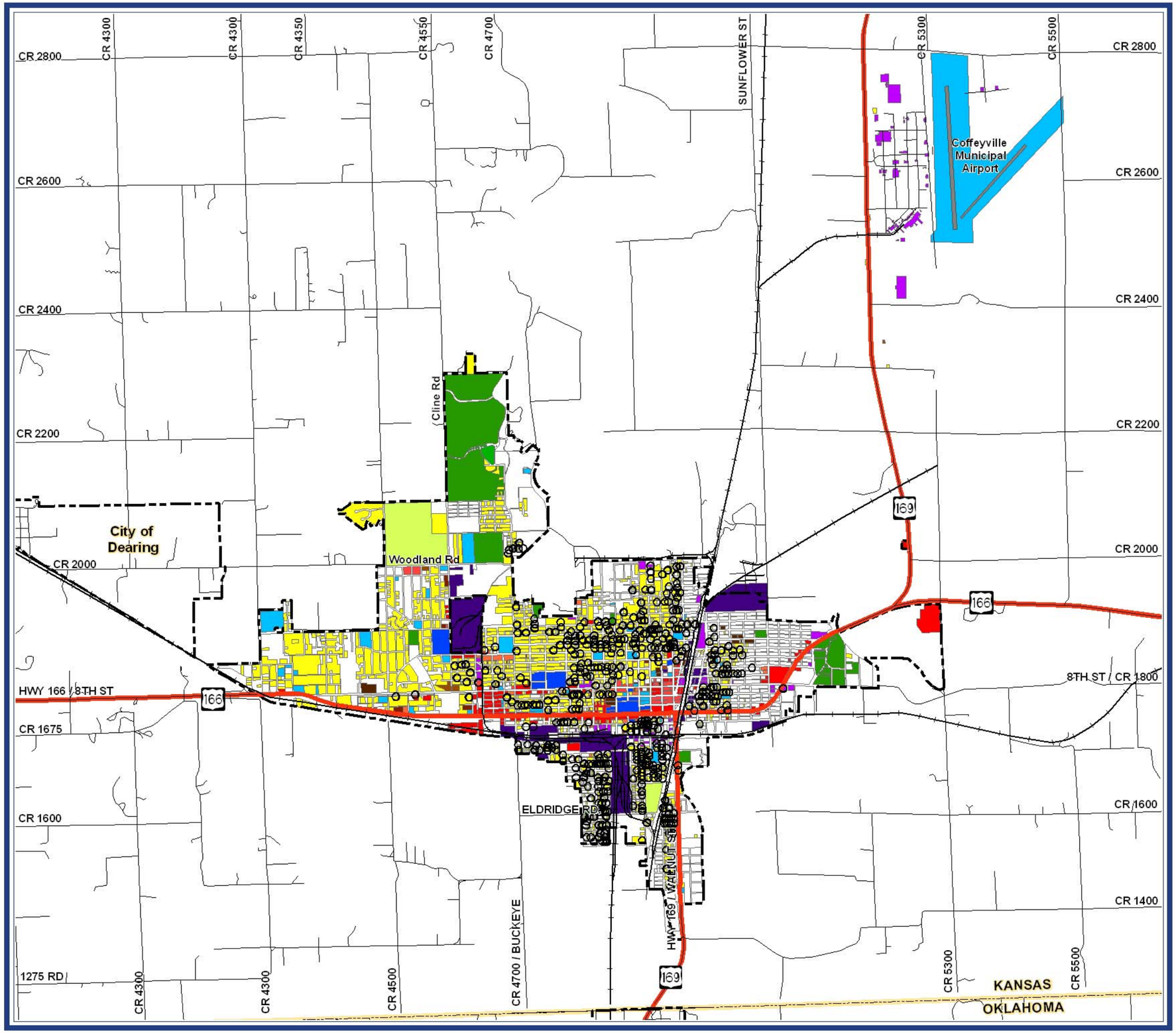
It seems apparent that in order for Coffeyville to house its low income households in other than substandard and/or dilapidated dwelling units, it will be necessary to expand its inventory of low and moderate rent housing units.

IMPACT OF DETERIORATING AND DILAPIDATED HOUSING UNITS

A number of studies have measured the effect of a deteriorating, dilapidated, foreclosed, and/or abandoned dwelling unit on surrounding property values. In general, they have found that property values within 150 feet of such a structure will be decreased by approximately 30 percent, and if within 150 feet of two or more such structures, by at least 50 percent.

Presented in Figure 3, Impact of Deteriorating or Dilapidated Housing Units, page following, is a graphic representation of the areas in Coffeyville lying within 150 feet of a #3 deteriorating or #4 dilapidated housing unit. It shows that in approximately one-half of Coffeyville, property values probably have been reduced by approximately 30 to 50 percent. This situation results is several negatives. First, it represents an unwarranted burden on those property owners who maintain their properties in a sound condition. Second, it results in a lower assessed valuation of Coffeyville's tax base. Third, it represents a major impediment to the construction of new infill housing units in the revitalization areas. A number of vacant lots with all utilities present exist and are available at low cost. Yet, it is unreasonable to assume that any number of new homes would be constructed at say a cost of $100,000 or $110,000 only to be worth $60,000 or $70,000 in market value. Finally, the negative visual image of such a large portion of Coffeyville appears also to be an impediment to new housing development anywhere in the City.

The remaining sections of this Working Paper first examine Coffeyville's present programs and efforts to remedy substandard housing conditions and then identify possible modifications to those efforts as well as additional initiatives the City and community may wish to undertake.



Property Value Impact Areas

Legend

- Coffeyville Limits
- U.S. 166/169 Hwy
- Diminished Property Value Impact Area - 150' Radius

Existing Land Use

- Single Family Residential
- Two Family Residential
- 3 & 4 Family Residential
- Multi-Family Residential
- General Business
- Mixed Use
- Offices & Bank
- Light Industry
- Heavy Industry
- School & Public
- Church & Institution
- Cemetery
- Public Open Space
- Park
- Vacant Land

SUBSTANDARD HOUSING REMEDIATION PROGRAMS

The three primary programs to remedy the existence of substandard housing units include use of the Kansas Neighborhood Revitalization Act, the Minimum Standard For Housing And Premises Code, and the Demolition of dangerous buildings.

Kansas Neighborhood Revitalization Act

The City of Coffeyville has adopted Neighborhood Revitalization Plans under the Kansas Neighborhood Revitalization Act which are applicable to Downtown and four other designated areas. The designated areas are depicted in Figure 1, Neighborhood Revitalization Areas (see page 3 above). The plans provide for tax rebates for the construction of new structures as well as the rehabilitation, alteration and additions to existing structures. The amounts of rebates vary as follows:

- **Downtown**

Years 1-5	100%
Year 6	80%
Year 7	60%
Year 8	40%
Year 9	20%
Year 10	10%

- **Area #1**

Residential	
Years 1-5	100%
Years 6-10	50%
Commercial	
Years 1-5	50%
Years 6-10	25%

- **Area #2 & #3**

Residential & Commercial	
Years 1-5	50%
Years 6-10	25%

- **Area #4**

Years 1-5	100%
Years 6-10	50%

Any property listed on the National or State Historic Register is eligible for a 100% rebate in any area for years 1-10.

Since the Plan's adoption in 2004, the number and amounts of tax rebates have increased each year, as indicated below. While the majority of the individual rebates are for new residential structures, the majority of the rebate dollars are for rebates for commercial structures rather than housing.

City of Coffeyville	
Revitalization Plan (all areas)	
Approvals for Rebate[5]	
Year	**Amount**
2005	$103,600
2006	$368,780
2007	$1,350,875
2008	$2,789,025

These data do not distinguish between rebates for new construction and those for rehabilitation, alterations or additions to existing structures. However, a review of all applications for tax abatement under the City of Coffeyville Neighborhood Revitalization Plan from 2003 through December 2008 found only one or two that were for the rehabilitation of a residential dwelling unit. The rest of the applications approved were for either new residential construction, move-in of residential units, or commercial uses.

Local sources have indicated that a #3 dwelling suitable for major rehabilitation can be purchased for prices ranging from $10,000 to $25,000 and that the average cost of bring the unit up to all code standards is about $28,000. The following table illustrates the estimated value of the tax rebates for an increase in housing value of $28,000 under the existing Revitalization Plan.

Rehabilitation Cost	**$28,000**
Year	**Estimated Rebate Amount**
1	$1,165.14
2	$1,165.14
3	$1,165.14
4	$1,165.14
5	$1,165.14
6	$582.57
7	$582.57

[5] Source: Treasurer's Office, Montgomery County

8	$582.57
9	$582.57
10	$582.57
Total	**$8,738.55**
Net Present Value @ 5.5 %	**$6,878.93**

Under the existing Coffeyville Revitalization Plan, the tax incentives available for rehabilitation have proven not to be adequate to spur the rehabilitation of substandard #3 dwelling units. However, under the Kansas Neighborhood Revitalization Act, there are no limits on the amount of tax incentives that can be adopted under the local revitalization plan.

In cities where successful programs for rehabilitation of substandard dwellings are being carried out, larger tax incentives are offered. In both Independence and St. Joseph, Missouri, the tax abatement amount is 100% for ten years and 50% for an additional fifteen years. In Lawrence, Kansas, the rebate amount for one of their Neighborhood Revitalization Areas is 95% for a full 20 years. It is a recommendation of this working paper that the Coffeyville Revitalization Plan be amended to provide 100% rebate on the amount of improvements for 10 years and 50% for an additional 15 years <u>with a minimum improvement of $5,000 or the actual cost to bring the unit up to all code standards, which ever is greater</u>. The effect of such a change is illustrated in the following table.

Rehabilitation Cost	**$28,000**
Year	**Estimated Rebate Amount**
1	$1,165.14
2	$1,165.14
3	$1,165.14
4	$1,165.14
5	$1,165.14
6	$1,165.14
7	$1,165.14
8	$1,165.14
9	$1,165.14
10	$1,165.14
11	$582.57
12	$582.57
13	$582.57
14	$582.57
15	$582.57
16	$582.57
18	$582.57
19	$582.57
20	$582.57

21	$582.57
22	$582.57
23	$582.57
24	$582.57
25	$582.57
Total	**$20,389.95**
Net Present Value @ 5.5 %	**$12,205.75**

Experience in other cities would indicate that such enhanced tax rebates will result in significant numbers of residential rehabilitations. While there may be some hesitation by the affected taxing jurisdiction to such an increase in tax incentives, the reality is that absent such complete rehabilitation, a substandard #3 dwelling unit, in less than 25 years will deteriorate further to the point of likely demolition, in which case, the taxing jurisdictions would be left with only some revenues from taxes on the land, assuming that those taxes are actually paid.

Given Coffeyville's overall need for new housing construction, it is also recommended that the increased tax incentives be available for new construction of infill housing units on vacant lots in the revitalization areas.

Local Non-profit Housing and Redevelopment Corporation

In conjunction with increased emphasis on residential rehabilitation, it is recommended that a local Non-profit Housing and Redevelopment Corporation with a community-based board of directors be formed and a source of funding for the Corporation's activities be established. Advisory committees comprised of a majority of revitalization area residents would be formed for the various Coffeyville revitalization plan areas. The Housing and Redevelopment Corporation would be charged with the local administration and approval of the enhanced tax rebates recommended above, marketing the program, and finding solutions the worst properties in the revitalization areas.

After establishing its validity through performance, the Redevelopment Corporation could choose to be designated by the Department of Housing and Urban Development as a Community Housing Development Organization (CHODO). Such a designation would give Coffeyville priority for funding from a number of federal programs including, but not limited to, Community Development Block Grants and HOME funds.

Enforcement of Minimum Standard for Housing and Premises Code

The City of Coffeyville adopted in October, 2006 a Minimum Standard for Housing and Premises Code. Due to several factors, including limited staffing, enforcement of the Code has received little emphasis. It is a recommendation of this working paper that enforcement of the Code be funded and undertaken, first to address simply trash, weeds, and accumulated junk in yards and on porches, and second to provide incentive for owners to utilize the recommended enhanced tax rebate program for major rehabilitation. Enforcement however should recognize the income and age limitations of many households in the revitalization area. To this end, several initiatives are recommended. These include:

- Schedule free Bulky Item Pick-up Program
- Arrange for volunteer assistance for elderly and handicapped households in moving items to the curb
- Reestablish Prairie Storm Paint Program

Enlarge Inventory of Low Income Housing

In conclusion, the reader is reminded of the household demographics describe above. There simply are a number of households in the revitalization areas that do not have the income or the ability to achieve the income to afford a standard dwelling unit, whether new or rehabilitated. To this end, it is recommended that Coffeyville work diligently to enlarge its inventory of low and moderate income housing.