

The Ford County CHAT Report

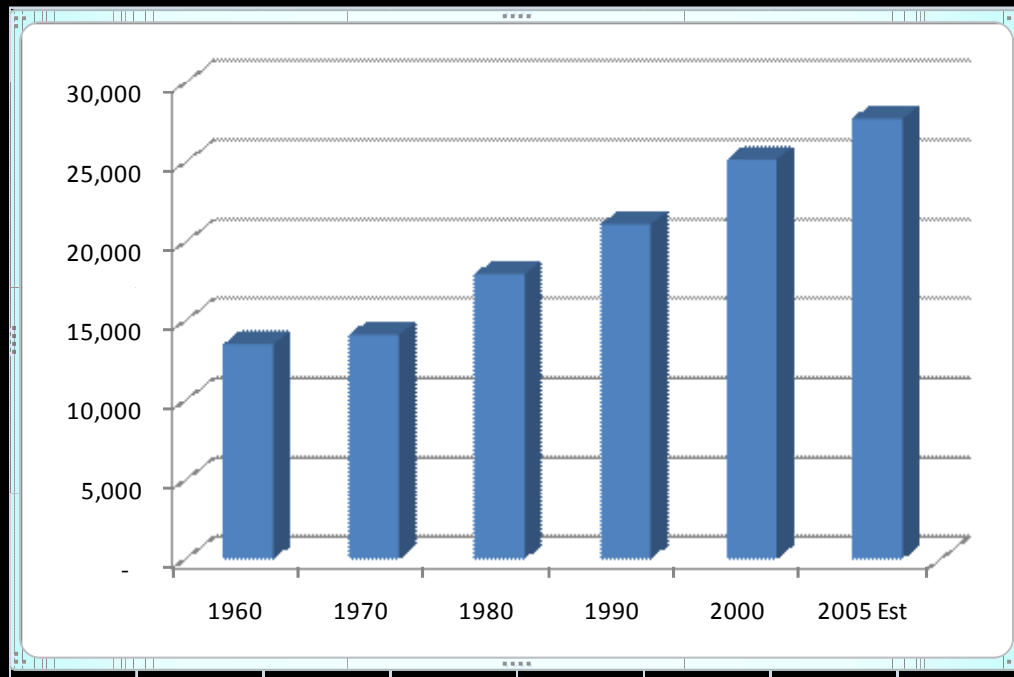


Aquila Community Housing Assessment Team

Martin H. Shukert, FAICP

April 23, 2008

Population Change Dodge City, 1960-2005



Source: US Census, RDG Planning & Design

- Since the 1970s Dodge City has experienced a 2% annual growth rate..
- Since 1960 Dodge City has nearly doubled in population.
- Much of the city growth has occurred among the Hispanic population. In 1990, 18% of the city population was Hispanic. In 2000 this had grown to nearly 38%.

Population Change, Dodge City

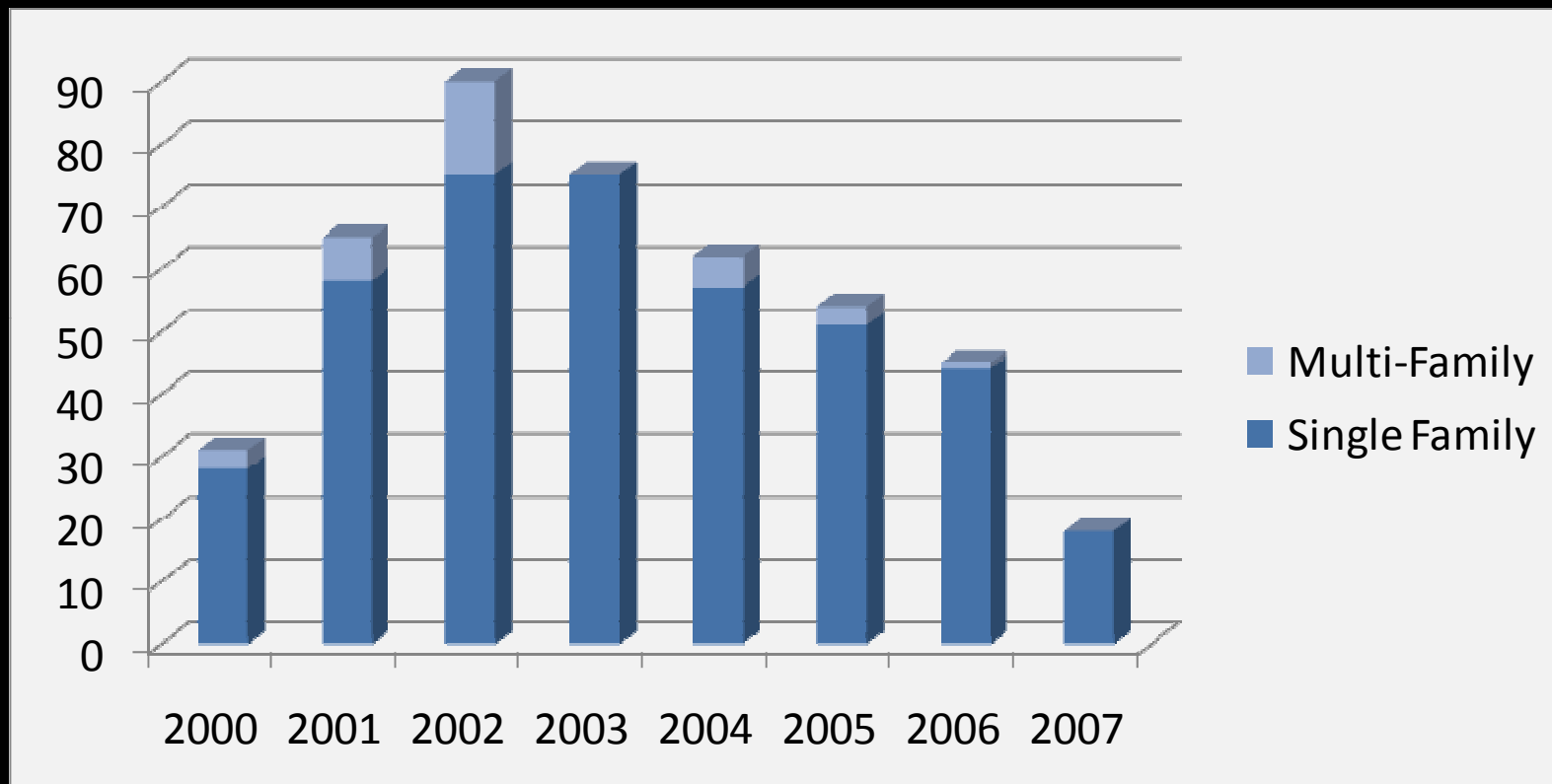
	Change in Population	% Growth During Decade	Annual Growth Rate
1960-1970	607	4.5%	0.4%
1970-1980	3,874	27.4%	2.5%
1980-1990	3,128	17.4%	1.6%
1990-2000	4,047	19.2%	1.8%
1960-2000	11,656	86.2%	1.6%

- Dodge City's population has remained young compared to many other Midwestern communities.
- Growth among those in their child bearing years has resulted in larger than expected growth among children under 15.

Population Change, Dodge City

	1990		2000		Change
Under 15	5,261.00	24.9%	6,714	26.7%	1,453.00
15-19	1,760.00	8.3%	2,047	8.1%	287.00
20-24	2,024.00	9.6%	2,197	8.7%	173.00
25-34	3,654.00	17.3%	4,112	16.3%	458.00
35-44	2,716.00	12.9%	3,442	13.7%	726.00
45-54	1,778.00	8.4%	2,592	10.3%	814.00
55-64	1,477.00	7.0%	1,557	6.2%	80.00
65-74	1,355.00	6.4%	1,170	4.6%	-185.00
75-84	826.00	3.9%	949	3.8%	123.00
85 and Over	278.00	1.3%	396	1.6%	118.00
Median			29.9		

Housing Production 2000-2007



•Dodge City has averaged 55 new housing units per year since 2000. Over the past two years construction has dropped off dramatically compared to the peak in 2002.

Population Forecast

	2005 Estimate	2010 Forecast	2015 Forecast	2020 Forecast
0% in- migration	25,887	27,311	27,989	28,550
1.0% Annual Growth Rate	27,016	28,394	29,842	31,364
1.4% Annual Growth Rate	27,016	28,988	31,104	33,375
2.0% Annual Growth Rate	27,016	29,828	32,933	36,362

- In determining the 10 year population growth for Dodge City we use alternatives of patterns.

- Based on 2000 age cohorts the city should experience more births than deaths.

- Over the past 40 years the city's growth rate has remained strong, between 1.6% and 2.5%

- Construction activity the last 7 years would indicate a growth has occurred at about 1.4% annually.

- Based on 1.4% growth rate the city's 2015 population will be 31,104 and 36,362 by 2020.

Occupancy Changes, Dodge City

	1990		2000		Net Change
	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	4,654	61%	5,097	61%	443
Renter-Occupied	2,955	39%	3,298	39%	343
Total Vacant	649		581		-68
Vacancy rate	8%		6.5%		
Total	8,258		8,976		718

- The growth of the 1990s filled some of the vacant units in the city. The city's vacancy rate should have leveled off with the lowest quality units remaining unfilled.
- Dodge City was able to provide both new owner occupied and renter occupied units during the 1990s. However, the number of new units does not appear to be adequate for the city growth rate of 1.6% during the 1990s. This could result in the continued occupancy of units in poor condition that would otherwise leave the market.

The Process

- Use population forecast, recent construction activity and assumptions about people per household generate ten-year overall housing demand.
- Consider the distribution of household income in Dodge City.
- Match income ranges with affordability price points, based on housing costs equal to 30% of adjusted gross income.
- Define price breakouts for new housing demand, based on the assumption that new construction should ideally be affordable to the existing household income distribution.

Development Projection, Dodge City

	2008	2008-2013	2014-2020	Total
Population at End of Period	28,199	30,258	33,375	
HH Population at End of Period	27,647	29,665	32,721	
Average PPH	2.9	2.9	2.9	
HH Demand at End of Period	9,404	10,090	11,130	
Projected Vacancy Rate	3.50%	4.13%	5.00%	
Unit Needs at End of Period	9,745	10,524	11,715	
Replacement Need		25	35	60
Cumulative Need During Period		946	1,226	2,172
Average Annual Construction		189	175	181

Housing demand calculation is based on:

- A constant people per household.
- A rate that has dropped to 3.5% in 2008 but must increase to 5% by 2020.
- A replacement need of 5 units annually.

Income Distributions and Housing Affordability Ranges

Income Range	% of City HH Median	% of Households	Households in Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-25,000	67.00%	23.36%	1,961	\$0-50,000	1,343	\$0-400	2095	3438	1477
\$25,000-49,999	67-135%	38.14%	3,202	\$50,000-124,999	2,592	\$400-800	1136	3728	526
\$50,000-74,999	136-202%	15.39%	1,292	\$125,000-199,999	919	\$800-1250	57	976	-316
\$75,000-99,999	203-269%	9.43%	792	\$200,000-249,999	154	\$1250-1500	0	154	-638
\$100,000-149,999	270-404%	9.83%	825	\$250,000-300,000	47	\$1500-2000	10	57	-768
\$150,000+	Over 404%	3.85%	323	\$300,000+	42	\$2000+	0	42	-281
Median Income:	\$37,156								

•Based on 2000 housing values Dodge City has a shortage of units priced over \$125,000.

Housing Development Program, Dodge City

	2008-2013	2014-2020	Total
Total Need	946	1,226	2172
Total Owner Occupied	568	736	1303
Affordable Low: 60-100,000	115	149	263
Affordable Moderate: 100-130,000	142	184	326
Moderate Market: 130-200,000	162	210	372
High Market: Over \$200,000	149	193	342
Total Renter Occupied	378	490	869
Low: Less than 450	123	159	282
Affordable: 450-700	122	158	280
Market: Over \$700	134	173	307

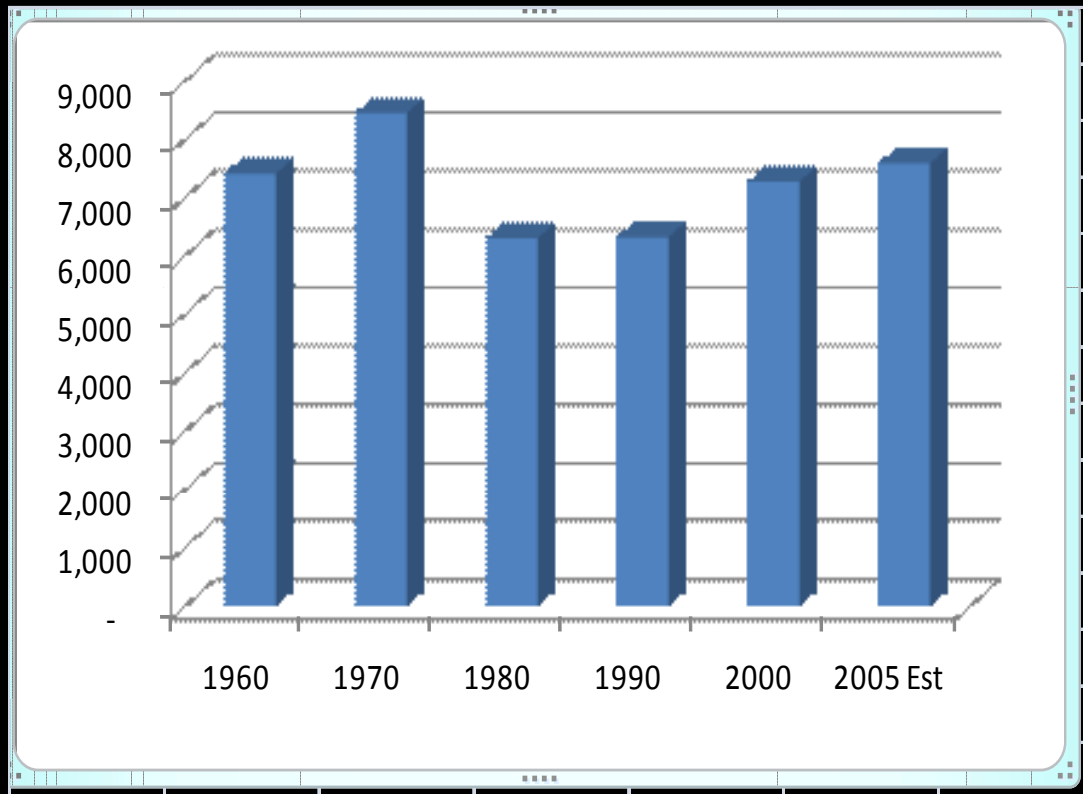
- This analysis assumes a split of 60% owner-occupied and 40% rental, comparable to existing proportions.
- About 589 owner-occupied units, or about 49 units annually, should ideally be priced below \$130,000. Many of these units may come from the city's existing housing stock.
- There will be a demand for an additional 562 rental units priced below \$700.

Ford County



Population Change

Ford County, 1960-2005



- The overall population growth of Ford County has been dependant on Dodge City.

- The population outside of Dodge City has experienced fluctuating in- and out-migration patterns over the past 40 years.

- During the 1990s the county experienced some population growth. This growth is estimated to have continued, reaching an estimated 2005 population of 7,600.

Population Change, Ford County

	Change in Population	% Growth During Decade	Annual Growth Rate
1960-1970	1,042	14.0%	1.3%
1970-1980	-2,146	-25.4%	-2.9%
1980-1990	20	0.3%	0.0%
1990-2000	948	15.0%	1.4%
1960-2000	-136	-1.8%	0.0%

- While Dodge City was experiencing significant growth during the 1970s (2.5% annually), the remainder of Ford County experienced a 25% decrease in population.
- Some of Dodge City's growth could be the result of population shifting from more rural areas in Ford County but there was still significant in-migration from outside the county.

Population Change, Ford County

	1990		2000		Change
Under 15	1,572.00	24.8%	1,787	24.5%	215.00
15-19	425.00	6.7%	636	8.7%	211.00
20-24	254.00	4.0%	355	4.9%	101.00
25-34	953.00	15.0%	895	12.3%	-58.00
35-44	873.00	13.8%	1,095	15.0%	222.00
45-54	636.00	10.0%	889	12.2%	253.00
55-64	612.00	9.7%	574	7.9%	-38.00
65-74	569.00	9.0%	521	7.2%	-48.00
75-84	316.00	5.0%	389	5.3%	73.00
85 and Over	124.00	2.0%	141	1.9%	17.00
Median			29.5		

Population Forecast

	2005 Estimate	2010 Forecast	2015 Forecast	2020 Forecast
0% in-migration	7,281	7,408	7,523	7,590
0.7% Annual Growth Rate	7,600	7,870	8,149	8,438
1.0% Annual Growth Rate	7,600	7,988	8,395	8,823
1.4% Annual Growth Rate	7,600	8,135	8,708	9,321

- Based on 2000 age cohorts the county should experience more births than deaths.

- During the 1990s the County was able to recover some population loss and experience a 1.4% annual growth rate.

- The experience of the past 40 years shows this to be an unusual pattern.

- Based on history it is unlikely the county will maintain an annual growth rate over 1%. However, the county should be able to continue a moderate growth rate of 0.7%, approximately half that of Dodge City's.

Occupancy Changes, Ford County

	1990		2000		Net Change
	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	1,753	77%	1,937	79%	184
Renter-Occupied	510	23%	520	21%	10
Total Vacant	321		217		-104
Vacancy rate	12%		8.1%		
Total	2,584		2,674		90

- Although the number of vacant units declined in the 1990s, the county still experienced a significant 8% vacancy rate. This could indicate a significant number of deteriorated structures that should be removed from the housing market.

Development Projection, Ford County

	2008	2008-2013	2014-2020	Total
Population at End of Period	7,762	8,037	8,438	
HH Population at End of Period	7,454	7,718	8,103	
Average PPH	2.85	2.85	2.85	
HH Demand at End of Period	2,615	2,708	2,843	
Projected Vacancy Rate	7.90%	6.90%	5.50%	
Unit Needs at End of Period	2,840	2,909	3,009	
Replacement Need		25	35	60
Cumulative Need During Period		113	135	248
Average Annual Construction		19	19	21

Housing demand calculation is based on:

- A steady number of people per household.
- A declining vacancy rate.
- A replacement need of 5 units annually.

Income Distributions and Housing Affordability Ranges

Income Range	% of City HH Median	% of Households	Households in Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-25,000	66.00%	19.98%	491	\$0-50,000	630	\$0-400	405	1035	544
\$25,000-49,999	67-132%	35.41%	870	\$50,000-124,999	815	\$400-800	115	930	60
\$50,000-74,999	133-198%	17.87%	439	\$125,000-199,999	344	\$800-1250	0	344	-95
\$75,000-99,999	199-264%	12.90%	317	\$200,000-249,999	55	\$1250-1500	0	55	-262
\$100,000-149,999	265-396%	10.99%	270	\$250,000-300,000	78	\$1500-2000	0	78	-192
\$150,000+	Over 396%	2.85%	70	\$300,000+	15	\$2000+	0	15	-55
Median Income:	37,860								

- Based on 2000 housing values Ford County has a shortage of units priced over \$200,000.
- The county lacks higher end rental units. This market is likely accommodated in Dodge City and not within the county.

Housing Development Program, Ford County

	2008-2013	2014-2020	Total
Total Need	113	135	248
Total Owner Occupied	90	108	198
Affordable Low: 60-100,000	13	15	28
Affordable Moderate: 100-130,000	23	28	51
Moderate Market: 130-200,000	28	33	61
High Market: Over \$200,000	27	32	59
Total Renter Occupied	23	27	50
Low: Less than 450	7	8	15
Affordable: 450-700	8	9	17
Market: Over \$700	8	9	17

- This analysis assumes a split of 80% owner-occupied and 20% rental, comparable to existing proportions.
- About 79 owner-occupied units, or about 6 units annually, should ideally be priced below \$130,000. Many of these units may come from the city's existing housing stock.
- There will be a demand for an additional 32 rental units priced below \$700.

Housing Resources and Assets

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Employment Strength

F

ord County has a very large employment base and is an enormous importer of workers. The county's employment picture is dominated by Cargill and National Beef, who together employ over 5,000 workers. Ford County, led by the Western Plains Medical Center and private Dodge City Medical Center, provides over 500 health industry jobs. Public and education sector employment adds another 2,000 positions. Current employment demand appears to be exceeding the ability of employers to find workers.

- Employment Strength**
- Casino Prospects**
- Strong Housing Demand**
- Affordable Housing Supply**
- Stable Values in Subprime Crisis**
- Community Facilities**
- Good Neighborhoods**
- Effective Housing Authority**
- Reputation and Heritage**
- Comprehensive Planning Process**
- Rural Communities**



Casinos Prospects

T

he location of a major casino in Dodge City creates opportunities for additional employment diversification and ancillary development, including new retailing. The casino site may also resolve the long community controversy about the location of an events center. Two credible and complete proposals for a casino are being considered. While the majority of casino workers will be existing residents of the region, the need for specialized technology and administrative skills may bring as many as 150 new households to the region, and other new jobs will add to total household income.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities

Strong Housing Demand

These and other significant employment opportunities translate to steady and substantial population growth, particularly in Dodge City where average annual growth is in excess of 1.5%. This in turn generates a significant demand for new housing, creating major private development opportunities.

- Employment Strength
- Casino Prospects
- Strong Housing Demand**
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Affordable Housing Supply

F

ord County's housing stock is basically affordable. Stakeholders in the county's housing market routinely consider Dodge City's prices to be about 20% below other regional cities. For the 12 months preceding March 31, 2008, about 72% of the city's residential listings were priced at or below \$125,000, and the median sales price was just over \$81,000. This overall moderately-priced market is good for consumers, but also tends to discourage new construction because of the fixed costs of new development.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Stable Values in Subprime Crisis

M

oderate housing costs, the use of relatively traditional mortgage tools, and high demand have to date spared Dodge City and Ford County many of the effects of the subprime crisis. A “housing bubble,” characterized by accelerating prices, never occurred here. The inventory of homes for sale is tight, and values are stable. As a result, housing investment in Ford County, and especially Dodge City, is sound.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Community Facilities

C

ommunity facilities are a distinct strength for Dodge City and Ford County. The conversion of St. Mary's on the Plains to a community recreation campus, Legend Park, new schools including a new high school campus, and a growing medical center complement traditional assets such as Wright Park and the Civic Center to create an array of distinctive attractions. These both enrich life in the city and support a strong housing market.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities**
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Good Neighborhoods

D

odge City's neighborhoods provide citizens with a basically sound housing supply and attractive neighborhoods. While some older areas exhibit some distress or deterioration, most neighborhoods appear solid. Even neighborhoods that display condition problems (the east and south sides and areas immediately adjacent to Downtown) have much good housing, supporting facilities, location assets, and signs of reinvestment.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods**
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



An Effective Housing Authority

The needs of Dodge City's low-income residents have been addressed by an unusually effective and diversified housing authority. Aggressive development policies produced an inventory of 315 units, including two high-rises (originally oriented to seniors and people with disabilities), and family units. In addition, the authority administers 134 Section 8 vouchers. This supply generally minimizes waiting lists and has actually produced an oversupply of certain properties at times.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority**
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Reputation and Heritage

Dodge City and the surrounding county have a rich heritage that is a distinct marketing asset. Dodge City is arguably one of the country's most famous towns, a name that has both entered conventional parlance and evokes strong images of the West. Other heritage features like Fort Dodge reinforce this strong image.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage**
- Comprehensive Planning Process
- Rural Communities



Comprehensive Planning Process

D

odge City is about to undertake a comprehensive planning process that can address major community needs, including growth directions, redevelopment opportunities, and infrastructure development. This process should become a vehicle that both identifies needs and leads to specific solutions.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process**
- Rural Communities



Rural Communities

F

ord County's rural communities, including Spearville, Ford, and Bucklin provide affordable housing alternatives and, in some cases, have mobilized to attract new development. Bucklin, for example, is offering free lots to homebuilders or potential owners. However, these towns face obstacles, including relatively low housing values, infrastructure issues, and staff support.

- Employment Strength
- Casino Prospects
- Strong Housing Demand
- Affordable Housing Supply
- Stable Values in Subprime Crisis
- Community Facilities
- Good Neighborhoods
- Effective Housing Authority
- Reputation and Heritage
- Comprehensive Planning Process
- Rural Communities



Housing Issues and Challenges

- Crisis of Developable Land
- Lack of Builders and Developers
- Production \neq Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development

Crisis of Developable Land

D

odge City has a critical and over-riding housing problem on the near horizon – continued, sustained demand for housing and a diminishing supply of land to put it on. The city's primary development market is in the north, along and north of the Bypass corridor. Most land that responds to this market demand and is in the current "urban services area" (served or capable of being served by gravity-flow sewer) is platted and under development. These areas include Summerlon and the Velz Builders developments north of Ross Road. Land for new development exists but will require a substantial initial infrastructure investment.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Crisis of Developable Land

The Victory Electric Cooperative has platted another site north of the city. However, this large-lot plat is well beyond the current reach of urban services, is not contiguous, and does not begin to address most of the city's demand issues. Small Ford County communities have land but still a limited market and their own public improvement issues.

Plans to address the land crisis are not firm. An infrastructure package is discussed for at least one of the casino proposals, but this remains ambiguous. The critical opportunity is now: decisions such as planning and engineering must happen in the short-term to maintain a supply of developable land.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Lack of Builders and Developers

F

ord County in general and Dodge City in particular have a very small community of builders and developers. One company, while extremely able and effective, is responsible for much of the homebuilding activity. One other company is focused on completing Summerlon. Other small contractors are largely focused on the custom market. Issues that limit the building community are complex, and include history, housing economics, labor availability, and entrepreneurship. The cumulative effect, though, is an industry that will have difficulty responding to demand.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Production \neq Demand

F

ord County's (and largely Dodge City's) housing production is well below the demand generated by new households. Since 2000, Dodge City has produced about 440 units, about 300 units fewer than household demand. As a result, a vacancy rate of about 6.5% in 2000 has now declined to about 3.5%. Since this calculation is based only on the census population, undocumented or uncounted residents make the actual situation worse. Evidence of this is a tight supply of available listings, even in the wake of the subprime crisis.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Production \neq Demand

New residents arriving in the area related to the planned casino and associated development will add further stress. A normal market could accommodate the number of new employees, including technical staff moving into the area from out of town. But Ford County has no margin for error, and is not well mobilized to take care of its existing demand.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Infrastructure Issues and Finance

P

ublic improvements – streets, sewers, and water lines – are major costs in subdivision development. Yet, in many medium-sized markets, gradual lot sales, no economies of scale, and carrying costs discourage developers from making these necessary front-end investments. Ford County's moderate housing prices complicate matters. The capital cost of land and public improvements are relatively equal in urban subdivisions, whether a house costs \$150,000 or \$350,000. In a moderately-priced market, these fixed costs are a higher percentage of the sales price, increasing builder risk and decreasing profit margins.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Infrastructure Issues and Finance

Under these conditions, the best that developers can hope for is to break even on these development costs, discouraging subdivision activity.

In Dodge City, the problem is complicated by a critical need for interceptor sewers. The most likely directions for new growth break into a new watershed. This will require a large-scale investment in pioneer facilities – potentially a new wastewater plant, interceptor sewers, or in the short-run a large lift station. These front-end capital costs cannot be financed by the city's relatively small development community.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Long Memories and Risk

L

ike many other communities, past failures or mistakes make Dodge City risk-adversive. A project on the west side of the city that involved public participation had disappointing results, and has tended to discourage other private/public financing partnerships. Yet, these difficulties grew from factors other than lack of market. It is important to observe and learn from, rather than be deterred by, projects that did not fully succeed.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development

The Economics of Value

F

ord County's generally affordable housing prices are a mixed blessing – good for the homebuyer or renter who finds a bargain, less good for the builder or developable who faces low reward for risk. Industry representatives talk of the “expectations” of housing consumers – relatively low sales and rent levels. By definition, for-profit builders enter into only those projects that they think will be profitable. In both the sales and rental sectors, low market prices depress production.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value**
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Shadow Markets

In regions with large Latino populations, it is impossible to measure the full extent of the potential housing market. A number of workers are undocumented or are otherwise unwilling or unable to enter a market that involves some level of public record. In many other cases, people are sending money home or economize to build a financial foundation for their families. Therefore, people double-up or find themselves in housing situations that are relatively hidden to public review. They need housing, and may be public consumers in the future, but are not now seeking to buy a home.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- The Economics of Value
- Long Memories and Risk
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Rental Gaps

R

ental markets in Dodge City do not provide the levels needed to make projects feasible. This creates problems on a number of levels:

- For market rate rentals, a need that many participants indicate, rent expectations do not produce the \$800-\$1,000 monthly rents necessary to make projects even reasonably feasible.
- For “affordable” projects using tax credits, rents in such projects are higher than the typical market rents, while the program’s eligibility restrictions restrict occupancy to low-income households – an inherent contradiction that produces high vacancy in tax credit projects.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps**
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Rental Gaps

In addition, it appears that the city has few sites that are available and currently zoned for multi-family or rental development. Multi-family zoning cases are especially controversial and difficult for approving agencies in the face of frequent neighborhood opposition.

The Housing Authority does an admirable job of providing housing for low-income households, because of its aggressive past development efforts. The main gaps appear among renters seeking moderate and market-level rents – a growing market in the wake of higher underwriting standards and tighter money.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Dichotomies

T

he two “sides of the tracks” – north and south – seem pronounced in Dodge City. Most major retailing is in the north part of town, while in the south, even convenience commercial services seem scarce. Yet, South Dodge does have land that could be developed or redeveloped, but may lack the amenities necessary to support a new construction market. A similar social dichotomy appears to exist between the “Anglo” and “Latino” communities – very common but still a significant issue for an urban community.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk

- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Regional and Nonprofit Capabilities

In many communities, public agencies or nonprofit community development corporations have been very effective at addressing housing needs or program types that the private market alone cannot complete. Dodge City and Ford County lack such an entity. The county's rural communities have an important role to play in meeting regional needs, but also need administrative and programmatic support. Town clerks and administrators, however knowledgeable and capable, cannot also be housing developers, dealmakers, and grantwriters.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development



Populations at Risk

S

ervice providers report a critical needs for specific types of initiatives such as supportive or transitional housing. Evidence of this is the number of at-risk households that seek extended stays in shelters. In addition, people with specific housing needs or problems – near homelessness, code conditions, credit difficulties – lack access to an advisory and referral service.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development

Downtown Development

D

owntown Dodge City is both a famous destination and, in many ways, an under-realized market. Main street retailing falls below reasonable expectations and building vacancy, particularly it upper levels, is relatively high. The city's downtown buildings are well-configured for residential adaptive reuse, with many windows and manageable footprints. Downtown residential development around the country has helped revitalize business districts and in many cases provided needed rental and owner-occupied housing.

- Crisis of Developable Land
- Lack of Builders and Developers
- Production vs. Demand
- Infrastructure Issues and Finance
- Long Memories and Risk
- The Economics of Value
- Shadow Market
- Rental Market Gaps
- Dichotomies
- Regional and Nonprofit Capability
- Populations at Risk
- Downtown Development**



Ford County Housing Objectives

A housing program for Ford County should:

1. Identify growth areas and develop the infrastructure support necessary to expand the supply of developable land to meet housing demand.
 2. Increase the capacity of the private market to fill community housing needs.
 3. Implement a community partnership that can address regional housing opportunities.
 4. Increase support services to households in crisis or facing emergency situations.
 5. Execute a significant downtown revitalization program that includes housing as a key ingredient.
 6. Conserve existing housing stock and use available land that is already served by infrastructure.
 7. Contribute to community viability by increasing housing production in rural towns.
- 
- The background image shows three baseball players in silhouette, positioned on a stone wall. The player on the left is in a batting stance, the middle player is in a fielding stance, and the player on the right is in a crouching fielding stance. An American flag is visible in the background to the right. The scene is set against a clear blue sky, and the stone wall has some faint lettering on it, including 'her Field' and 'DODGE'.

Infrastructure Development

1

Ford County and Dodge City must mobilize quickly to develop the infrastructure necessary to support the area's demand for housing. This mobilization must address two levels: "pioneer" infrastructure and public improvement financing for individual subdivisions.

Pioneer infrastructure. This involves financing of major lines and facilities necessary to open new areas for development. In Dodge City, the dominant development market, this means opening a new watershed.

Individual developments. Partnerships here recognize the relatively high fixed cost of land and improvements as a proportion of supportable sales prices.

Infrastructure Development

1

Pioneer Infrastructure

Comprehensive Plan. An **immediate priority** for the comprehensive plan process that the city is undertaking must be the definition of growth areas and the method and cost of infrastructure necessary to support them. The plan process must recognize the critical timing of these decisions.

Financing Technique. The city should move quickly to implement a financing method to build supporting infrastructure. One concept to consider is a regional benefit fee. The city finances front-end cost of improvements. These are repaid over time by a benefit fee on each unit developed in that region. For example, if the cost of improvements to open an area is \$1,000,000 and the area accommodates 2,000 units, the principal amount of the benefit fee is \$500 per unit. Actual calculation must address absorption, cash flow, and debt service.

Infrastructure Development

1

Development Financing

Shared public/private financing of infrastructure in individual developments can reduce the private sector's front-end risk while providing a safe investment of public funds that will ultimately pay dividends. Several options exist, each with different advantages and disadvantages. These concepts include:

Infrastructure investments for a share of costs. The public share might be from 30% to 50% of construction cost. Repayment is derived from the added property taxes created by new development.

Special assessments. This technique has been used in the past. Here, all costs are paid through assessments on properties, usually paid back over a 10-year period. Costs to homeowners are often high.

Infrastructure Development

1

Subordinated payments. Here, the city fronts a portion of public improvements, repaid over a longer period through a second mortgage on property. This reduces payments over special assessments by extending the loan term and reducing the principal.

Deferred payment. Here, the city finances the infrastructure as a “participatory” deferred loan. The infrastructure loan is paid back upon sale of the house. The repayment represents the same percentage of the sale proceeds that the initial infrastructure loan made up of the original price.

Grants from the Federal Home Loan Bank, TIF, or state-administered Federal programs such as CDBG or HOME can also help with infrastructure financing. USDA financing is an option in rural towns.

Infrastructure Development

1

Any of these programs will encourage lot development. It is important that the city establish specific conditions for its participation in infrastructure development. These conditions should include:

- **Consistency with market requirements**, to avoid over-building.
- **Compliance with the new comprehensive plan**, so that development occurs in places that are contiguous to existing development or utilize lots or areas already served by urban services.
- **Specific bonding and performance standards**, to ensure consistency with city standards and guarantee that public improvements are completed without problem.

Ford County Housing Partnership

2

An infrastructure finance program can help accelerate private response to market demands. This must be complemented by expanded capacity to meet other important community housing demands, including assistance to rural communities.

Central to this capacity is a regional Community Housing Development Corporation, capable of developing housing or assembling partnerships in both Dodge City and rural towns. A Ford County CHDO could be spun off from a housing authority or organized as an independent organization.

Other critical components are:

- A consortium of lenders to provide interim financing and other support to development efforts.
- A counseling and referral service.

Ford County Housing Partnership

2

Regional CHDO

A nonprofit developer should:

Provide necessary staff assistance for grantwriting, project concepting and administration, and marketing to rural towns in Ford County. Towns like Ford, Spearville, and Bucklin have made at least initial starts, but need development assistance. Projects that are especially useful in these towns include the USDA Self-Help program, USDA /CDBG financing for infrastructure development, rent-to-own programs, and marketing of existing vacant sites with mortgage assistance or writedowns.

Identify and execute specific project focuses in Dodge City that the private sector by itself is unlikely to pursue. These may include:

Ford County Housing Partnership

2

Regional CHDO

- Rent-to-own (CROWN) developments where a portion of rent payments are escrowed into an equity account that, after several years, provides resources for a downpayment. These projects may use tax credit financing for the initial units. Any unit developed with tax credits must remain in eligible renter occupancy for 15 years.
- Infill development on redevelopment sites within the city.
- Acquisition/rehab/resale, where houses are acquired and sold in a rehabilitated or “turnkey” state to owner-occupants. The CHDO purchases existing houses, completely rehabilitates them, and resells them to new homebuyers. The lending community should participate cooperatively in this effort by providing interim financing. Mortgage financing for low and moderate income buyers may be assisted by CDBG or HOME “soft-second” loans.

Ford County Housing Partnership

2

Regional CHDO

- **Affordable senior housing with features that also open opportunities for affordable ownership.** In this concept, the CHDO develops a new housing setting. It “buys” the homes of seniors moving into the new development, basically using the new residents’ home value as their equity in their new unit. The CHDO then rehabs and resells the vacated house to a new, young household.
- **Transitional or supportive housing for people with urgent needs.** This would be coordinated with Ford County’s service providers and existing organizations.

Ford County Housing Partnership

2

Lenders Consortium

Ford County's lenders have key roles to play in both construction and mortgage financing.

- **Construction financing** would focus on providing interim capital to the regional CHDO for its projects.
- **Mortgage financing** would be blended with "soft-second" mortgages using CDBG or HOME funds to make houses more affordable to potential buyers in a tight credit market. These loans reduce the size of the primary mortgage, thereby reducing monthly payments. Soft second mortgages are due on sale of the house.

Ford County Housing Partnership

2

Counseling and Referral Agency

A certified Housing Counseling Agency can be enormously helpful in the Ford County region and would specialize in:

- Referrals and advice to people with housing and code enforcement emergencies.
- Credit counseling to participants in CHDO, Habitat for Humanity, and other community housing efforts.
- Overall services to the community, including foreclosure avoidance.
- Outreach to the Latino community.

-

Land Use and Redevelopment

3

City land use policy should take initiatives that address specific housing priorities. The comprehensive planning process provides an opportunity to implement important policies.

These directions include:

- **Identifying sites for higher-density housing**, including multi-family development, providing zoning (or at least designations in the future land use plan) with adequate development safeguards.
- **Including enhanced manufactured housing as part of the housing solution**, with design guidelines and features that make these units coherent with existing development.
- **Identifying potential redevelopment sites** or clusters of lots that can take best advantage of pre-existing infrastructure.

Downtown Development

4

Dodge City (and to a lesser degree Spearville) should develop and implement downtown revitalization programs that include housing development and adaptive reuse.

Dodge City's downtown should be a more significant retail and visitor attraction than it is at present. An overall market-based planning process should address the economic and physical role of Downtown as a development engine.

An important element of this strategy should be **downtown housing**. Generally, there are three obstacles to residential development: code issues, parking, and financing.

- **Code issues** are relatively easy and have been solved or addressed in hundreds of communities around the country. Dodge City should review current zoning and code restrictions and remove obstacles that arbitrarily obstruct downtown housing development. This can be done through the comprehensive planning effort.

Downtown Development

4

Downtown Housing

- **Parking** also can, in most cases, be addressed by project design.
- **Financing** is the most difficult issue, because downtown housing conversions are expensive. Several techniques exist, including TIF, tax abatements, historic tax credits, and low income tax credits. However, an external source of gap financing can be extremely important toward making projects financially feasible.



Housing Investment Fund

5

Ultimately, housing is an urgent priority for Dodge City and Ford County. The city and county should establish a dedicated housing fund to help fund critical housing initiatives.

The region has benefited from economic development initiatives and the development of a casino with ancillary facilities could ultimately provide significant resources from a share of gaming revenues, property taxes, and sales tax revenues. At least some of these economic returns should be used to capitalize a Housing Investment Fund, available for use in both the city and rural county. This provides program flexibility free of federal constraints and capable of being used as necessary from time to time to meet urgent priorities. In addition to establishing this fund, the city and county must develop an effective and credible governance system at the front end.

The Ford County CHAT Report



Aquila Community Housing Assessment Team

Martin H. Shukert, FAICP

April 23, 2008