

AFFORDABLE HOUSING

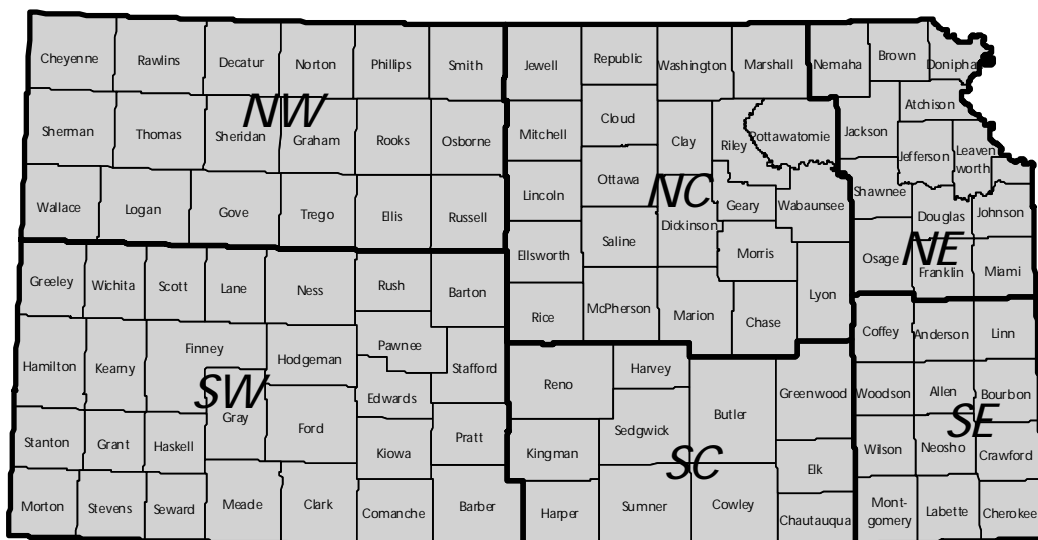
This section addresses the requirements of Section 91.310 of the federal Consolidated Plan requirements. It provides an overview of the housing market in Kansas, including discussions of housing supply, population, need and affordability. A comprehensive set of exhibits summarizing all aspects of the State housing market is included in Appendix A.

The Consolidated Plan for the State of Kansas addresses the housing market for the areas of the State that do not qualify as entitlement areas for federal Community Development Block Grant (CDBG) funds. The entitlement areas in the State include the cities of Kansas City, Lawrence, Leavenworth, Overland Park, Topeka and Wichita, along with Johnson County. Throughout this section of the report the State's non-entitlement areas will be addressed unless otherwise mentioned.

Geographic Areas

The State of Kansas is divided into six Regions in order to enhance the analysis of the affordable housing market. The Regions range in size from the Southwest, which is fairly large and covers 31 counties, to the South Central with only 11 counties. Exhibit 1 shows the six Regions along with the counties that make up the Regions.

Exhibit 1.
Kansas and Regions



Source: Kansas, Inc.

Summary of Findings

This report presents both a snapshot of housing in Kansas in 2000 and an overview of trends from 1990 to 2000. Among the key findings in this section are the following:

- The South Central and Northeast Regions of the State have experienced relatively strong supply and demand growth over the past decade, primarily due to suburban growth around Wichita and Kansas City. In the remainder of the State, growth has been slow, with the Northwest experiencing declines in housing units and households.
- Building permit growth statewide has slowed in recent years, with the number of building permits issued in 2002 lower than the number issued in all but one year since 1997.
- Housing condition appears to be of greatest concern in the Northwest and Southeast Regions of the State, with those Regions having the highest shares of units that do not have plumbing, do not have complete kitchens, were built before 1980 and have low-income families living in old units.
- There are nearly 28,600 assisted housing units in the State, including units developed using Low Income Housing Tax Credits, Section 8 Tenant or Project Based Vouchers, Rural Development and Public Housing Authorities. Approximately 6,500 units have Section 8 contracts that are set to expire in the next five years, but very few Kansas property owners have opted out of subsidized programs, so it is unlikely that these units will be lost from the affordable housing inventory.
- There are approximately 197,000 low-income households in the non-entitlement areas of the State. Eleven percent of the State's non-entitlement households (63,000 households) live below the poverty line, with the highest poverty rates found in the Southeast and Northwest and the lowest rates in the Northeast and South Central.
- Approximately 15 percent of homeowners statewide were cost burdened in 2000 (paying more than 30 percent of their incomes for housing), a figure that is consistent across all Regions. There was more variation among renters, with 30 percent of renters reporting cost burden in the Northeast and 36 percent in the Southeast.
- Overcrowding is a significant concern in Southwest Kansas, where 7 percent of households lived in overcrowded conditions. A disproportionate share of these households are Hispanic.
- There are currently between 86,000 and 123,000 low-income households in non-entitlement areas of Kansas that are either cost burdened or living in poor condition housing. However, the number of low-income households in these areas is projected to remain relatively stable over the next five years.

The remainder of this section provides a detailed discussion of housing supply and demand.

Housing Supply

An examination of housing supply reveals strong growth in the more urbanized areas of the State, a softening housing market since 2002 and a predominance of single family detached and owner-occupied homes statewide. While this last factor is important in strong homeownership rates statewide, it may also result in low-income households having difficulties locating affordable rental housing.

Housing units. There were approximately 1,131,200 housing units in the State in 2000 according to the 2000 Census, with 56 percent of those units in the State’s non-entitlement areas. Exhibit 2 presents the number of units in entitlement and non-entitlement areas of the State, by Region.

**Exhibit 2.
Entitlement and Non-Entitlement Housing Units, Kansas and Regions, 2000**

Source:
U.S. Census Bureau, 2000 and BBC Research & Consulting.

	<i>Housing Units</i>		
	<i>Non-Entitlement Areas</i>	<i>Entitlement Areas</i>	<i>Total</i>
<i>Kansas</i>	<i>633,891</i>	<i>497,309</i>	<i>1,131,200</i>
NW	49,157	0	49,157
NC	152,303	0	152,303
NE	101,011	345,190	446,201
SW	91,238	0	91,238
SC	145,167	152,119	297,286
SE	95,015	0	95,015

The number of housing units in non-entitlement areas grew 4 percent from 1990 to 2000, from 607,306 units to 633,891. The change in the Northeast and Northwest Regions was particularly notable, with the Northeast experiencing 15 percent growth over the decade and the Northwest experiencing a decrease. Exhibit 3 on the following page shows the housing unit growth for the State and its Regions from 1990 to 2000.

**Exhibit 3.
Housing Units, Kansas
and Regions, 1990-2000**

Note: Data exclude entitlement areas
Source:
U.S. Census Bureau, 1990 and 2000 and
BBC Research & Consulting.

	1990	2000	Percent Change
<i>Kansas</i>	607,306	633,891	4%
NW	50,279	49,157	-2%
NC	148,982	152,303	2%
NE	87,893	101,011	15%
SW	89,452	91,238	2%
SC	135,758	145,167	7%
SE	94,942	95,015	0%

Units by tenure. The number of occupied housing units grew by 6 percent from 1990 to 2000 and the number of vacant housing units decreased by 7 percent, indicating absorption of existing supply as well as perhaps some demolition of vacant units. Northeast and South Central Kansas appear to have the most demand for housing, with vacancy rates at only 6 and 8 percent. In contrast, Northwest Kansas has both the fewest units and the highest vacancy rate, at 14 percent.

Household home ownership. Seventy-three percent of households in non-entitlement areas of Kansas were homeowners, compared to 70 percent statewide and 68 percent nationwide. North Central Kansas had the lowest rate of homeownership at 67 percent, and the Northeast had the highest rate at 80 percent, but this may be due to the concentration of rental units in entitlement areas.

Ownership of housing units. Sixty-six percent of housing units statewide were owner-occupied, with 75 and 70 percent of units owner-occupied in the Northeast and South Central Regions. In focus groups held throughout the State, a need for rental housing units was expressed by many participants from rural areas. Low rents and an aging housing stock in those areas have made it difficult to operate rental properties, but a shortage of rental properties can negatively impact affordability.

Vacancy. The Census Bureau's annual survey estimated the 2002 homeownership vacancy rate for Kansas, including the entitlement areas, to be 2.3 percent. This was an increase from the 2000 rate of 1.7 percent. The 2002 rental vacancy rate was estimated to be 11.6 percent, which is higher than the national rate of 9.0 percent. These increasing vacancies indicate a softening housing market.

Composition of housing stock. In addition to being predominantly owner-occupied, over three-fourths (78 percent) of the Kansas housing stock is made up of single family detached homes, as shown in Exhibit 4. Eighty-two percent of the State’s housing units are in structures with two or less units, with only 9 percent in structures with 3 units or more and 9 percent defined as mobile homes.¹

The small number of multifamily units (particularly in rural areas) exacerbates the need for rentals described above. Because larger units need more maintenance, and because demand in rural areas will not support high rents, it may be difficult to rent and adequately maintain single family detached units in rental areas.

Exhibit 4.
Housing Units by Size/Type, Kansas and Regions, 2000

	<i>Kansas</i>	<i>NW</i>	<i>NC</i>	<i>NE</i>	<i>SW</i>	<i>SC</i>	<i>SE</i>
1 Unit, detached	78%	81%	73%	82%	74%	80%	80%
1 to 2 Units, attached	4%	4%	6%	4%	5%	4%	3%
3 to 9 Units, attached	5%	5%	7%	3%	5%	4%	4%
10 or more units	4%	3%	6%	2%	3%	3%	3%
Mobile home	9%	7%	8%	9%	13%	9%	10%

Note: Data exclude entitlement areas

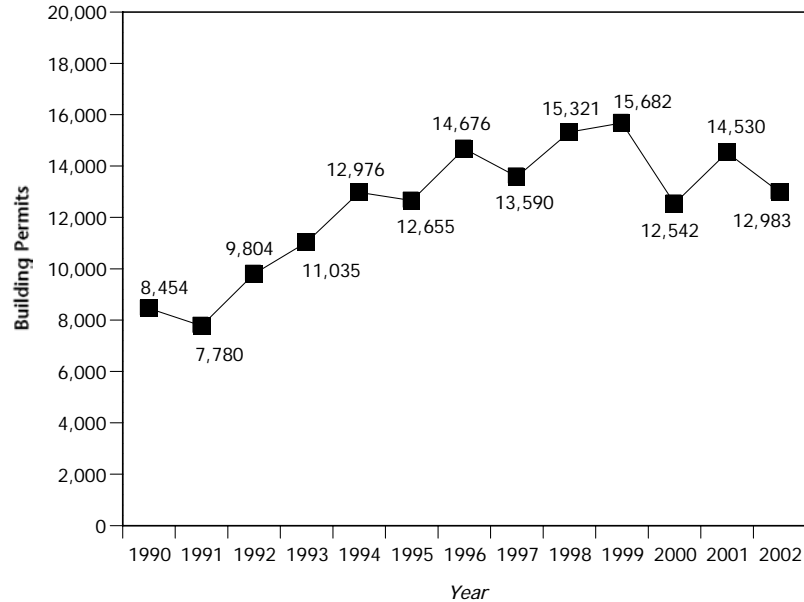
Source: U.S. Census Bureau, 2000 and BBC Research & Consulting.

Construction activity. According to the U.S. Census Bureau, 12,983 building permits were issued during 2002 for residential housing development in Kansas, including entitlement areas. This is lower than the number of permits issued in 4 of the past 7 years, indicating slowing growth. In 2002, an estimated 80 percent of the building permits issued were for single family construction, an increase from 70 percent in 2001 and an indication that current share of single family detached homes will remain constant in the near future. Exhibit 5 on the following page shows the trend in building permit activity for all of Kansas since 1990.

¹ Mobile homes, as defined by the U.S. Census, are both occupied and vacant mobile homes to which no permanent rooms have been added. Mobile homes to which one or more permanent rooms have been added or built are included in the “1-unit, detached” category.

**Exhibit 5.
Building Permit Trends,
Kansas, 1990-2002**

Source:
U.S. Census Bureau, 2000.



Housing Cost

A close examination of the cost of housing, and a comparison to household income, can be an important indicator of housing affordability. Housing in the non-entitlement areas of Kansas is relatively affordable compared to the surrounding States and national averages. The Northeast and South Central Regions had the highest housing costs of any Region, but they did not have unusually high numbers of households living in cost burdened housing. This indicates that wages in those Regions reflected the higher housing costs.

Owner-Occupied units. The median value of an owner-occupied home of the non-entitlement counties in Kansas was \$52,900 in 2000, while the median value statewide (including entitlement areas) was \$83,500.² This is less than 70 percent of the U.S. median of \$119,600. The median home values for 1990 and 2000 for the State and Regions are shown in Exhibit 6 on the following page. The Northeast Region had the highest median home value in 2000, \$67,600, and the Southeast Region had the lowest median home value of \$45,550. Aside from the Northeast, all Regions had a median home value that was less than half of the U.S. median.

² The median value of an owner-occupied home was estimated for the State and each Region by taking the median of the median home value for all counties that do not have any entitlement areas within their boundaries.

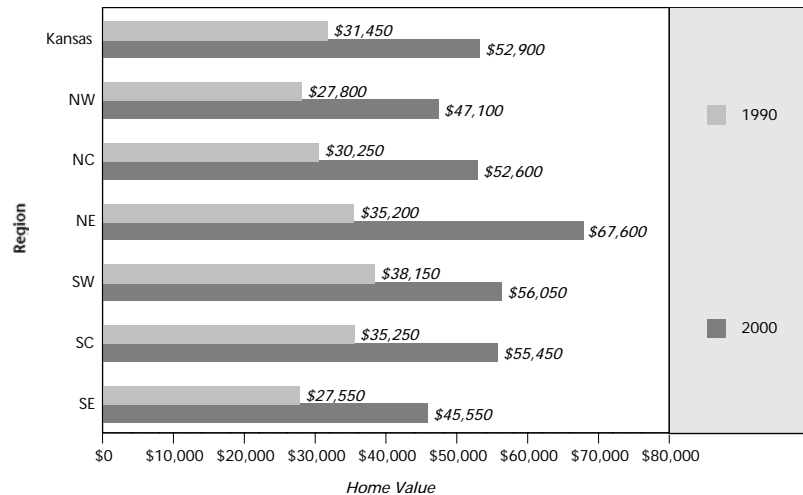
**Exhibit 6.
Median Owner-Occupied
Home Values, Kansas and
Regions, 1990 and 2000**

Note:

The median value of an owner-occupied home was estimated for the State and each Region by taking the median of the median home value for all counties that do not have any entitlement areas within their boundaries.

Source:

U.S. Census Bureau 1990 and 2000 and BBC Research & Consulting.



A comparison of median home values in Kansas and the surrounding States reinforces the finding of relative affordability. The median home price in Kansas, including entitlement areas, was \$83,500, lower than the median in every surrounding State except Oklahoma, whose median was \$70,700. (See Exhibit A-14 in Appendix A.)

Rental units. According to the 2000 Census, the Kansas median gross rent (for the counties that do not have entitlement areas) was \$373 per month. Gross rent includes contract rent, plus utilities and fuels if the renter pays for them. The South Central and Northeast Regions had the highest median gross rents, with \$407 and \$398 per month, respectively. The Northwest Region had the lowest gross rent of \$327 per month.

Housing Condition

Measures of housing condition are relatively scarce.³ The 2000 Census Long Form data provides the best source of current information on housing conditions at the State and local level. Long Form data cover a number of important housing quality indicators, including plumbing facilities, kitchen facilities, the year the structure was built and the income level of the household.

Housing units in the Northwest and Southeast tend to have higher rates of units that lack complete plumbing and kitchen facilities, as well as units that were built before 1940 and are occupied by low-income households. Combining these factors suggests that the housing in the Northwest and Southeast Regions have a higher percentage of housing units in poor condition.

Plumbing. The adequacy of indoor plumbing facilities is most often used as an indicator of poor housing conditions. The Census Bureau estimates 8,644 units, or 1.4 percent of units in non-entitlement areas of the State lack complete plumbing. More than 2 percent of the housing stock in the Northwest and Southeast Regions lacks complete plumbing facilities.

³ Housing units in standard condition have no major structural defects, adequate plumbing facilities and an appearance which does not create a blighting influence. Housing units in substandard condition but suitable for rehabilitation, by local definition, do not meet standard conditions but are both financially and structurally feasible for rehabilitation.

Kitchens. Another indicator of housing condition is the completeness of kitchen facilities. Approximately 11,500 units (1.8 percent) in the State’s non-entitlement areas lack complete kitchen facilities in Kansas. This is slightly higher than the national rate of 1.3 percent. Again, the Northwest and Southeast Regions shared the highest rates of housing units lacking complete kitchen facilities with 2.8 percent. The Northeast Region had the lowest rate with only 1.2 percent of housing units lacking complete kitchen facilities.

Age of structure. Age can be another indicator of housing condition, especially the risk of lead based paint, as discussed later in this section. In addition to lead based paint, older units can have higher rates of structural or systems problems. However, many older units may have few if any problems depending on construction methods, renovations and other factors.

At least 30 percent of the units in the Northwest, North Central and Southeast Regions were built before 1940. In the Northwest and Southeast Regions, 55 percent or more of units were built before 1960.

Substandard units. In addition to the indicators described above, the number of units with households in poverty, and the coincidence of poverty with old units also can indicate poor condition. Exhibit 7 summarizes important housing condition indicators. The Northwest and Southeast appear to possess a higher percentage of housing units that may be in poor condition than found in other Regions. Both share similar rates of units lacking plumbing (2 percent) and kitchen facilities (3 percent). Both the Northwest and Southeast had over 80 percent of units built before 1980, which is an indicator of possible lead based paint, and both have high rates of units built before 1940 occupied by households below the poverty level.

Exhibit 7.
Housing Condition Summary, Kansas and Regions, 2000

	<i>Kansas</i>	<i>NW</i>	<i>NC</i>	<i>NE</i>	<i>SW</i>	<i>SC</i>	<i>SE</i>
Households below poverty level	10%	11%	11%	7%	10%	8%	12%
Units built pre-1940 with households below poverty	3%	3%	3%	2%	2%	2%	4%
Units built pre-1980	77%	85%	80%	68%	79%	73%	81%
Units lacking plumbing	1%	2%	1%	1%	1%	1%	2%
Units lacking kitchen facilities	2%	3%	2%	1%	2%	1%	3%
<i>Total Housing Units</i>	633,913	49,157	152,303	100,964	91,238	145,236	95,015

Note: Data exclude entitlement areas

Source: U.S. Census Bureau, 2000 and BBC Research & Consulting.

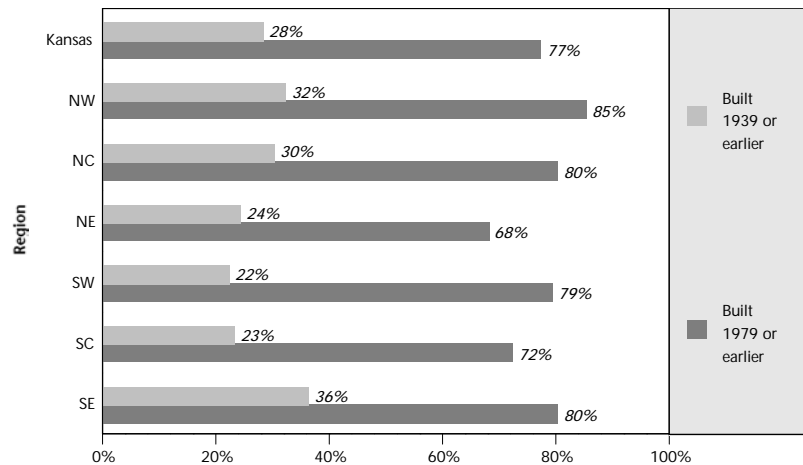
Lead safe housing. Environmental issues are also important to address when considering the availability, affordability and quality of housing. Exposure to lead based paint represents one of the most significant environmental threats from a housing perspective.

Extent of the problem. Homes built before 1940 are most likely to have paint with high levels of lead, and lead was not outlawed in paint until 1978, meaning that homes built before that date could contain lead based paint. Inadequately maintained homes and apartments are more likely to suffer from a range of lead hazard problems, including chipped and peeling paint and weathered window surfaces.

Over three quarters of the housing units in Kansas, 486,334 units, were built before 1980 (the closest Census approximation to the 1978 outlawing of lead). Approximately 174,652 units were built before 1940, or 28 percent of the housing stock. The Southeast Region had the highest rate of pre-1940 units at 36 percent, and the Southwest Region had the lowest rate with 22 percent. The Northwest Region had the highest percentage (85 percent) of housing units built before 1980. Exhibit 8 shows the percentage of housing units that were built during known lead paint use in the non-entitlement areas of the State and Regions.

Exhibit 8.
Housing Units Built
During Known Lead Paint
Use, Kansas and Regions,
2000

Note: Data exclude entitlement areas
 Source:
 U.S. Census Bureau, 2000 and BBC Research
 & Consulting.



According to the 2001 Annual Report produced by Kansas Childhood Lead Poisoning Prevention Program (KCLPPP) 76 out of the 105 counties in the State reported one or more children (ages birth to 18 years) as having an elevated blood test result in 2001. Also in 2001, Sedgwick County reported the greatest number of children with elevated blood lead levels, and Wyandotte and Shawnee ranked second and third. The annual report also reported there were 31 counties with between 14 percent and 72 percent of their children (up to 72 months of age) having blood lead levels at or above 10 micrograms per deciliter. Most of these counties were located in the eastern part of the State. The KCLPPP also reported that 60 percent of the confirmed cases are Medicaid enrolled.

Assisted Housing Inventory

Most of the data on affordable housing considers the total housing stock in the State and its Regions. However, assisted units are particularly important when considering affordable housing, as they are the only affordable housing solution for many low-income households.

Throughout the non-entitlement areas in Kansas (not including the entitlement areas) there are a total of 28,590 assisted housing units. The units are subsidized through a variety of programs, including Low Income Housing Tax Credits, Section 8 Tenant-Based Vouchers, Section 8 Project-Based Vouchers, Rural Development, and Public Housing Authorities.

Exhibit 9 shows the subsidized units in the State, by Region. As seen in the exhibit, nearly 45 percent of subsidized units in non-entitlement areas of the State are located in the North Central and South Central Regions. The Region with the smallest number of subsidized units is the Northwest, with only 9 percent of statewide units.

Exhibit 9.
Subsidized Units, Kansas
and Regions, 2003

Note: Data exclude entitlement areas
 Source:
 Kansas Housing Resources Corporation,
 HUD, USDA Rural Development, and BBC
 Research & Consulting.

	<i>Subsidized Units</i>	<i>Percent of Total Units</i>
<i>Kansas</i>	<i>28,590</i>	<i>100%</i>
NW	2,457	9%
NC	6,332	22%
NE	4,575	16%
SW	4,034	14%
SC	6,030	21%
SE	5,162	18%

Many of these units consist of public housing units or housing vouchers. Based on a survey of public housing authorities in Kansas, over half of the units are one-bedroom units, with another 40 percent made up of two and three bedroom units. Waiting lists for both public housing units and vouchers were longest for two bedroom units.

Expiring use properties. The preservation of the supply of affordable housing for lower income renters is an increasing concern in the country and Kansas. In the past, very low-income renters have largely been served through federal housing subsidies, many of which are scheduled to expire in coming years. The units that were developed with federal government subsidies are referred to as “expiring use” properties.

Expiring use properties are multifamily units that were built with U.S. Government subsidies, including interest rate subsidies (HUD Section 221(d)(3) and Section 236 programs), mortgage insurance programs (Section 221(d)(4)) and long-term Section 8 contracts. These programs offered developers and owners subsidies in exchange for the provision of low-income housing (e.g., a cap on rents of 30 percent of tenants’ income). Many of these projects were financed with 40-year mortgages, although owners were given the opportunity to prepay their mortgages and discontinue the rent caps after 20 years. The project-based Section 8 rental assistance contracts had a 20-year term. Many of these contracts are now expiring, and some owners are taking advantage of their ability to refinance at low interest rates and obtain market rents. According to HUD’s expiring

use database, as of April 2003 (the latest available data), the non-entitlement areas of Kansas had approximately 6,719 units set to expire in 2003 to 2008, or 4 percent of the State's total rental units.

Although the number of expiring use units is large, interviews with State staff revealed a number of mitigating factors that reduce the concern about losing units in the affordable housing stock. First, many of these units have already passed their first expiration date and are on one to five year contracts that are likely to continue being renewed. While all of those units will appear to expire in the next five years, opting out of the program is very unlikely. Additionally, market conditions in most rural areas of the State make opting out unattractive, as rents have not increased rapidly in recent years. During recent State administration of the program, only 3 percent of units have opted out.

Housing Demand/Population Need

A profile of housing demand is done by examining different types of households that make up Kansas and its six Regions. There are certain types of households that are at a greater risk of not finding affordable housing. These may include minority and/or mixed-race households, households with children (generally headed by females) and large households (five or more persons), households in overcrowded units and households that earn below the median income.

The 2000 Census reported there were 573,121 households in the non-entitlement areas of Kansas in 2000. These represented 55 percent of all Kansas households. Exhibit 10 presents households by Region in both entitlement and non-entitlement areas.

Exhibit 10.
Entitlement and Non-Entitlement Households, Kansas and Regions, 2000

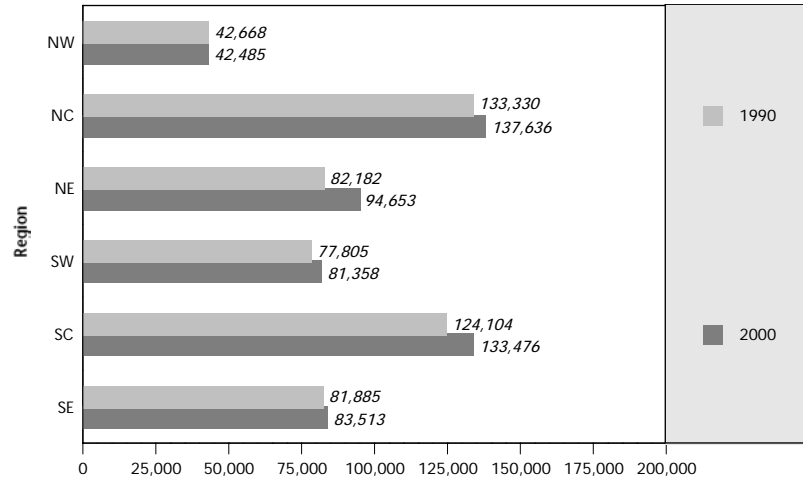
Source:
U.S. Census Bureau, 2000 and BBC Research & Consulting.

	<i>Households</i>		
	<i>Non-Entitlement Areas</i>	<i>Entitlement Areas</i>	<i>Total</i>
<i>Kansas</i>	<i>573,121</i>	<i>464,770</i>	<i>1,037,891</i>
NW	42,485	0	42,485
NC	137,636	0	137,636
NE	94,653	325,683	420,336
SW	81,358	0	81,358
SC	133,476	139,087	272,563
SE	83,513	0	83,513

The 573,121 households in Kansas in 2000 represent a 6 percent growth during the 1990s. Exhibit 11 on the following page shows the total number of households for 1990 and 2000 by Region. Significant growth was seen in the Northeast and South Central, with slow growth in the Southwest, Southeast and North Central Regions, and a decline in the number of households in the Northwest.

Exhibit 11.
Total Households by
Region, 1990-2000

Note: Data exclude entitlement areas
 Source:
 U.S. Census Bureau, 2000 and BBC Research
 & Consulting.



Household size. Of the 573,121 households in Kansas, 35 percent consist of two persons and just over one-fourth of the households are one-person households. Approximately 10 percent of households have five or more people. Regional patterns do not vary substantially from the State distribution of households by size.

Female-headed households. Female-headed households with children make up approximately 6 percent of Kansas’ households, which is less than the national rate of 8 percent. The Southeast Region had the highest rate of female-headed households with children with 6.4 percent and the Northwest Region had the lowest with only 4.4 percent. Nationwide, female-headed households are much more likely than other households to be in poverty and, consequently, to need affordable housing.

Income/Poverty Level. In 2000, the Census reported a 1999 median household income for non-entitlement areas of \$33,385. Under a number of measures, the Northeast Region reported having the highest incomes (followed by the South Central), while the Southeast had the lowest incomes. The Northeast Region had the highest median household income at \$37,928, and the Southeast Region had the lowest median income at \$31,098.

An examination of poverty status of the State and Regions reveals that 11 percent of the State’s households earn incomes that are below the poverty level. The Southeast had the highest percentage of households living below the poverty level with 14 percent and the Northwest was second with 13 percent. The Northeast (7 percent) and the South Central (9 percent) Regions had less than 10 percent of their population earning an income below the poverty level.

HUD splits households into five categories based on their income in relation to median area income: extremely low-income households earn 30 percent of median income or less, very low-income households earn 31 to 50 percent of median, low-income households earn 51 to 80 percent of median, moderate-income households earn 81 to 95 percent of median and middle/upper-income households earn more than 95 percent of median income. Using the median household income for the non-entitlement areas of the State as calculated by the Census, the distribution of households in each HUD income

category was calculated.⁴ Approximately 197,000 of the 573,995 households in Kansas’ non-entitlement areas earned less than 80 percent of the median household income (less than \$26,708), as shown in Exhibit 12.

Exhibit 12.
Households by Income Category, Kansas, 2000

<i>Income Categories</i>		<i>Median Household</i>	<i>All Households</i>	
<i>Total</i>		<i>\$33,385</i>	<i>573,995</i>	<i>100%</i>
<i>Total Low-Income Households (<80% of median)</i>			<i>196,905</i>	<i>34%</i>
0 to 30% of median	Extremely low-income	\$10,016	53,460	9%
31 to 50% of median	Very low-income	\$16,693	55,698	10%
51 to 80% of median	Low-income	\$26,708	87,746	15%
81 to 95% of median	Moderate-income	\$31,716	42,605	7%
95%+ of median	Middle/upper-income	\$31,716 +	334,485	58%

Note: Median household income is the median of the county medians in non-entitlement areas of the State.

Source: U.S. Census Bureau, 2000 and BBC Research & Consulting.

Household type (CHAS data). Data on households by income, tenure, special needs and household type is provided by HUD for use in Consolidated Planning (these data are called CHAS data). The CHAS tables were originally prescribed by HUD for use with the CHAS — the Comprehensive Housing Affordability Strategy. The CHAS exhibits are found in Appendix A and present these data for all households in the State. These data are based on 1990 Census results, adjusted by Community 2020 projections. As such, the data may differ from similar data presented elsewhere in this section.

Race and ethnicity.⁵ Just over 93 percent of the non-entitlement households in Kansas classified themselves as white alone. No other recorded racial group had over 2 percent of the State population. The Southwest Region had the lowest percentage of White households (88 percent), while 8.3 percent were “Some Other Race.”

The Census accounts for race and ethnicity in separate categories. Four percent of State residents reported Hispanic ethnicity, a higher percentage of the population than in any racial category. The Southwest Region also had by far the highest percentage of households that were Hispanic, at 16 percent. It is likely that many of the individuals in the “Some Other Race” category in the Southwest Region are of Hispanic origin. Three percent of the households in the North Central Region were African American, which was the highest of the six Regions.

⁴ This will not equal the HUD income categories for any particular area, due to variations among Regions and HUD’s practice of looking at income on a family basis. However, this provides a rough estimate of the numbers of households in each income category.

⁵ The U.S. Census asked questions concerning the race of household. Race categories include both racial and national origin groups. The Census considers Hispanic or Latino an ethnic origin, not a racial classification. People who identify their origin as Hispanic, Latino, or Spanish may be of any race and, therefore, are counted separately from race.

Housing Barriers

Many of the socioeconomic and housing market factors that create barriers to housing affordability — low incomes, supply and demand imbalances — are discussed in this section. To some extent, government intervention can mitigate many affordable housing barriers. For example, governments can create zoning, land use and tax policies that encourage affordable housing, subsidize affordable housing development, and enforce housing discrimination laws. Many of these actions are most effective on the local level, although the State can play an indirect role (e.g., reducing such barriers by creating a strong economic base for its citizens, providing incentives to communities for affordable housing development, funding affordable housing activities). The following paragraphs discuss the barriers to affordable housing identified by the State and participants of six focus groups held across Kansas in June, along with the State’s actions to reduce the barriers.

Land use. According to a study done by the Institute for Business & Home Safety on State land use planning laws, Kansas does not have guidelines for State land use plans or plans with land use elements. The study also classified Kansas as playing a “weak” role concerning State-planning legislation. A weak role would be that played by a State whose planning enabling legislation basically authorizes local government to plan without requiring them to do so or providing extensive guidance for the purpose.⁶ However, the study said Kansas was a State that specifies in its statutes a list of elements that must be included in the local comprehensive plan.

Tax policies. Tax policies, such as homestead exemptions and tax limitations, can serve to impact the supply of affordable housing. However, a state’s overall tax structure, such as a reliance on sales tax, can require low-income families to pay a higher percentage of their earnings in taxes than higher income families. The Governor’s 1998 tax review committee recommended a number of goals for 2002, including an overall tax burden that is average for the region and a tax burden that is “as low as possible” on Kansans at or below the poverty line. Kansas has a homestead exemption for bankruptcy cases that is one of the most generous in the country, and in 1997 the State approved a progressive \$20,000 exemption in the appraised value of homes for the purposes of public education property taxes. Tax policies were not mentioned in any of the focus groups conducted as part of the The Kansas Market, and are not broadly seen as a barrier to affordable housing in the State.

Building codes. The State of Kansas has no statewide residential building code according to the Institute for Business and Home Safety. On July 1, 2003, new energy standards contained in H.B. 2131 became effective for all new construction in Kansas. The standards require the builder or seller of all new residential construction that is previously unoccupied to disclose information regarding the thermal efficiency of the structure. The structure must comply with the residential provision of the International Energy

⁶ Schwab, Jim and Institute for Business & Home Safety, [Summary of State Land Use Planning Laws](#), July 2002.

Conservation Code (IECC) 2003, achieve a home energy rating of 80 or greater, or the builder must complete the Kansas Energy Efficiency Disclosure Form.⁷

Community attitudes. To identify statewide barriers to affordable housing, focus groups were held with key housing and service providers in each of the six Regions of the State.

Northwest Region. The Northwest participants believed that subsidized funds are spent in ways that are not in compliance with State or federal laws such as the Americans With Disabilities Act, placing particular obstacles in the paths of people with disabilities. In addition, they felt that lenders and builders lose money on subsidized investments because of small subsidies and strict regulations.

North Central Region. North Central focus group participants mentioned the student population as a barrier, because students will live together and pay more than the average family. The community also resists mobile and manufactured homes. Rehabilitation was mentioned as a way to preserve and improve existing housing stock, but the high expense proved to be a barrier.

Northeast Region. Participants in the Northeast focus groups mentioned that tax credits do not provide affordable housing for the very low-income populations. Instead they undermine development and result in a surplus of housing that is not affordable. There was also mention of community resistance, lack of jobs and low incomes posing as barriers to affordable housing.

Southwest Region. The attendees of the Southwest Region focus group mentioned the difficulty the rural areas have to qualify for many of the funding sources available for housing development. For example, CDBG regulations make it difficult to spend money in areas where there are significant infrastructure needs but incomes are too high.

South Central Region. The South Central focus group found that the lack of tax credit allocation is a barrier to affordable housing. Problems in areas close to Wichita where income levels are too high to attract funding for subsidized units were also mentioned as barriers.

Southeast Region. Finally, participants in the Southeast focus group found that with slow population growth new housing construction or rehabilitation is almost non-existent. Attendees acknowledged that some low- and moderate-income households are cost burdened or are doubling up involuntarily; this is perceived to be an economic development issue instead of a housing issue since prices and rents are already the lowest in the State. Another barrier to affordable housing included the HUD Fair Market Rents that were so low that landlords opt out of the Section 8 program or participate but reduce maintenance due to thin margins. All attendees wished the State government or localities had funds available for new construction or rehabilitation to augment CDBG or HOME grants into the Region, hopefully with more flexible income requirements to qualify.

⁷ <http://kcc.State.ks.us/energy/building.htm>

Housing Need

In addition to examining housing condition and overcrowded units statewide, a key indicator of housing need is the match (or mismatch) between incomes and housing costs. The most effective method of examining that mismatch is through an examination of cost burden.

Cost burden. Although housing values in Kansas are still affordable relative to national standards, many Kansas households have difficulty paying for housing. Housing affordability is typically evaluated by determining the share of household income spent on housing costs. These costs include mortgages, real estate, insurance, utilities, fuels, and, where appropriate, costs such as condominium fees or monthly mobile home leases. Households paying more than 30 percent of their income for housing are categorized by HUD and private lenders as “cost burdened,” while households paying over 50 percent are “severely cost burdened.”

Homeowner cost burden. In the State of Kansas, 14 percent of homeowners (44,219 households) spent 30 percent or more of their household income on housing in 2000, which is less than the national rate of 17 percent. Approximately 5 percent of homeowners (14,186 households) in Kansas were reported to be severely cost burdened in 2000. In each of the six Regions, a remarkably consistent 14 to 15 percent of owner households were identified as cost burdened or severely cost burdened.

Exhibit 13 on the following page places the cost burdened households into income categories according to the Kansas median household income. In Kansas, one quarter of the cost burdened households are in the extremely low-income category (they earn an income that is 30 percent or less than the median household income). As would be expected, most cost burdened households are low-income, although relatively high numbers of moderate- to high-income households are reported as cost burdened in the Northeast and South Central Regions. This suggests these households are more likely to be “voluntarily” cost burdened, by choosing to spend more of their income on housing, or that housing markets in those Regions have grown so rapidly that they have outpaced income growth. The Southeast and Northwest Regions had the highest percentages of extremely low-income cost burdened households, with 37 percent and 33 percent respectively.

Exhibit 13.

Cost Burdened Owner Households by Income Categories, Kansas and Regions, 2000

<i>Owner Households Income Categories</i>		<i>Kansas Median Household Income</i>	<i>Kansas</i>	<i>NW</i>	<i>NC</i>	<i>NE</i>	<i>SW</i>	<i>SC</i>	<i>SE</i>
<i>Total Cost Burdened Households</i>		\$33,385	44,219	3,406	9,424	7,493	6,253	11,399	6,244
<i>Total Low-Income Households (<80% of median)</i>			28,268	2,577	6,284	3,973	4,068	6,487	4,879
0 to 30% of median	Extremely low-income	\$10,016	25%	33%	26%	20%	25%	21%	37%
31 to 50% of median	Very low-income	\$16,693	18%	21%	20%	14%	18%	15%	22%
51 to 80% of median	Low-income	\$26,708	21%	21%	22%	19%	23%	21%	20%
81 to 95% of median	Moderate-income	\$31,716	9%	8%	9%	9%	10%	10%	7%
95%+ of median	Middle/upper-income	\$31,716 +	27%	16%	24%	38%	25%	33%	15%
			100%	100%	100%	100%	100%	100%	100%

Note: The median household income for Kansas was used to distribute the households into the income categories for non-entitlement areas of Kansas and the six Regions. Entitlement data are excluded. Data exclude entitlement areas.

Source: U.S. Census Bureau, 2000 and BBC Research & Consulting.

Renter cost burden. As in the case of owner-occupied homes, rent burdens can be evaluated by comparing rent costs to household incomes. The 2000 Census estimates that 33 percent of Kansas renters — or 42,405 households — paid more than 30 percent of household income for gross rent, with most of these (15 percent of renters, or 18,595) paying more than 50 percent of their incomes for gross rent.

There was greater variation among the Regions in the presence of cost burdened renter households. Only 30 percent of renters in Northeast Kansas were cost burdened or severely cost burdened, compared to 36 percent in Southeast Kansas. Regardless of Region, renters were much more likely than owners to be cost burdened.

Exhibit 14 shows the percent of cost burdened renter households in income categories according to the Kansas median household income. Approximately 45 percent of the cost burdened renter households earn an income that is 30 percent or less of the median household income and 73 percent earn 50 percent or less than the median income. Eighty percent of the cost burdened households in the Northwest earned an income that was 50 percent or less than the Kansas median household income.

Exhibit 14.

Cost Burdened Renter Households by Income Categories, Kansas and Regions, 2000

<i>Renter Household Income Categories</i>		<i>Kansas Median Household Income</i>	<i>Kansas</i>	<i>NW</i>	<i>NC</i>	<i>NE</i>	<i>SW</i>	<i>SC</i>	<i>SE</i>
<i>Total Cost Burdened Households</i>		\$33,385	42,405	2,887	13,498	4,575	6,021	8,643	6,781
<i>Total Low-Income Households (<80% of median)</i>			38,979	2,750	12,472	3,973	5,576	7,756	6,452
0 to 30% of median	Extremely low-income	\$10,016	45%	55%	44%	41%	42%	41%	51%
31 to 50% of median	Very low-income	\$16,693	28%	25%	29%	25%	30%	28%	27%
51 to 80% of median	Low-income	\$26,708	19%	15%	19%	21%	20%	21%	17%
81 to 95% of median	Moderate-income	\$31,716	4%	2%	4%	6%	4%	5%	3%
95%+ of median	Middle/upper-income	\$31,716 +	4%	3%	4%	7%	4%	5%	2%
			100%	100%	100%	100%	100%	100%	100%

Note: The median household income for Kansas was used to distribute the households into the income categories for non-entitlement areas Kansas and the six Regions. Data exclude entitlement areas.

Source: U.S. Census Bureau, 2000 and BBC Research & Consulting.

Overcrowding. Another way that affordable housing problems can manifest themselves is in overcrowding. The Census Bureau reports that in 2000, 2.9 percent of the State's occupied housing units, or 16,210, were overcrowded, which is defined as more than one person per room. One percent of the State's housing units were severely overcrowded (more than 1.50 persons per room). These data compare favorably to national averages of 5.7 percent of units that were overcrowded and 2.7 percent severely overcrowded in 2000.

In the Southwest Region, 6.8 percent of the 81,358 occupied housing units were overcrowded, which was the highest rate of the six Regions. The Southwest Region also reported the highest rate of severely overcrowded units — 3.1 percent of occupied units. The Northwest Region had the lowest rates of occupied housing units being overcrowded and severely overcrowded, with 1.0 percent and 0.4 percent, respectively.

Disproportionate need. The 2000 Census also reports data on housing cost and overcrowding by race and ethnicity. These data are useful in identifying groups that may have a disproportionate level of affordable housing need. If households of a certain race are cost burdened or in overcrowded units, they are more likely to have greater housing needs than other households. No disproportionate needs were found among cost burdened households, but the demographics of overcrowded households suggest a disproportionate need.

Because of the very high percentage of overcrowded households in the Southwest Region and the area's history of having a large migrant worker population, the ethnicity of overcrowded households was examined. Hispanics make up 16 percent of the population in the Southwest Region, but 75 percent of the households that were overcrowded were Hispanic. Clearly, the Hispanic population in Southwest Kansas has a disproportionate need for sufficient housing.

Unit Gaps

To further evaluate the need for affordable housing in 2000, recent demographic data were analyzed together with databases of subsidized units statewide. A statewide analysis is presented here, while detailed Regional analyses have been provided in Appendix B. According to recent estimates, there are nearly 197,000 households earning 80 percent of the median income or less in non-entitlement areas of Kansas in 2000, as seen in Exhibit 12 above.

Surplus/shortage of units. To evaluate the potential surplus or shortage of units, cost burdened households were examined as well as poor condition units. As seen in Exhibit I-16, there are nearly 87,000 cost burdened low-income households in non-entitlement areas of the State, making up 44 percent of all low-income households. Of the 110,000 low-income households that are not cost burdened, 29,000 are housed in subsidized units, meaning that the remaining 82,000 (or 41 percent) are housed appropriately in the private market. Exhibit 15 on the following page presents this estimate of housing need.

Exhibit 15.
Unmet Demand by Households, Kansas, 2000

	<i>All Households⁽¹⁾</i>
<i>Low-income households (< 80% of median)</i>	<i>196,905</i>
(less) <i>Cost burdened households⁽²⁾</i>	<i>86,624</i>
(equals) <i>Affordably housed</i>	<i>110,281</i>
(less) <i>Total subsidized units⁽³⁾</i>	<i>28,590</i>
(equals) <i>Low-income households affordably housed by private market</i>	<i>81,691</i>
<i>Percent of low-income households housed affordably by the private market</i>	<i>41%</i>
<i>Low-income households not housed affordably by any provider</i>	<i>86,624</i>
<i>Percent of low-income households not housed affordably by any provider</i>	<i>44%</i>

Note: Data exclude entitlement areas
 (1) Includes owner- and renter- occupied households.
 (2) Cost burdened households are households who spend 30 percent or more of their household income on selected monthly owner or renter costs, and homeless households.
 (3) Consists of all Low-Income Housing Tax Credit units, public housing, Section 8 project-based and tenant-based assistance, other HUD units, and RD units from Kansas Housing Resources Corporation, HUD, and USDA databases.

Source: U.S. Census Bureau, 2000, HUD, Kansas Housing Resources Corporation, USDA Rural Development, and BBC Research & Consulting.

In addition to the 86,624 cost burdened households, low-income households who are affordably housed could be living in poor condition or overcrowded units. These households would also be in need of quality affordable housing and would represent a shortage in units. As seen in Exhibit 16, nearly 9,000 units lack complete plumbing; nearly 12,000 lack complete kitchens and over 16,000 households are living in overcrowded units. In addition, over 226,000 units were built before 1949 and could potentially have condition problems.

Exhibit 16.
Supply and Condition of Housing Units, Kansas, 2000

	<i>Housing Units</i>	<i>Percent</i>
<i>Total Housing Units</i>	<i>633,891</i>	<i>100%</i>
Occupied	573,121	90%
Vacant	60,770	10%
Specified owner-occupied	420,191	76%
Specified renter-occupied	134,651	24%
<i>Substandard Housing Units</i>		
Lacking complete plumbing	8,644	1.4%
Lacking complete kitchen facilities	11,544	1.8%
<i>Overcrowding of Occupied Units</i>		
1.01 or more occupants per room	16,210	3%
<i>Year Structure Built</i>		
1949 or earlier	226,378	36%
1979 or earlier	486,334	77%

Note: Data exclude entitlement areas
 Source: U.S. Census Bureau, 2000 and BBC Research & Consulting.

It is impossible to precisely identify the number of households in cost burdened, poor condition or overcrowded housing because of potential overlap between the figures. For example, it is possible (although unlikely) that every household in an overcrowded unit is also cost burdened and in a poor condition unit. However, it is also possible (although also unlikely) that there is no overlap between the categories. Exhibit 17 presents the upper and lower boundaries of households in need of affordable housing, with the lower boundary assuming a complete overlap between categories and the upper boundary assuming no overlap.

Exhibit 17.
Households in Need of Affordable Housing, Kansas, 2000

Note:
 Lower boundary is simply the highest number among the categories, while the upper boundary is the sum of categories. The exhibit includes-entitlement data only.

Source:
 U.S. Census Bureau, 2000 and BBC Research & Consulting.

<i>Indicator of Need</i>	<i>Number of Households</i>
Cost burden	86,624
Lacking complete plumbing	8,644
Lacking complete kitchen	11,544
<u>Overcrowded units</u>	<u>16,210</u>
Lower boundary of need	86,624
Upper boundary of need	123,022

In considering the upper and lower boundaries of need in the above exhibit, it is important to consider the potential undercount of poor condition units. Even in the upper boundary estimate, only 20,000 poor condition units are assumed. However, with over 226,000 housing units built before 1949, this estimate of poor condition may be low.

Similar tables to those presented above have been prepared for each of Kansas' six Regions and are included in Appendix B. As seen in Exhibit 18, these tables indicate that the North Central and South Central Regions have the highest need for affordable housing and the Northwest has the lowest need. While needs are also great in the Northeast Region, they are concentrated in entitlement areas that have been excluded from this analysis.

Exhibit 18.
Households in Need of Affordable Housing, Regions, 2000

<i>Indicator of Need</i>	<i>NW</i>	<i>NC</i>	<i>NE</i>	<i>SW</i>	<i>SC</i>	<i>SE</i>
Cost burden	6,293	22,922	12,068	12,274	20,042	13,025
Lacking complete plumbing	1,097	1,850	945	1,228	1,452	2,072
Lacking complete kitchen	1,367	2,573	1,170	1,640	2,123	2,671
<u>Overcrowded units</u>	<u>611</u>	<u>3,461</u>	<u>1,697</u>	<u>5,574</u>	<u>3,200</u>	<u>1,667</u>
Lower boundary of need	6,293	22,922	12,068	12,274	20,042	13,025
Upper boundary of need	9,368	30,806	15,880	20,716	26,817	19,435

Note: Lower boundary is simply the highest number among the categories, while the upper boundary number is the sum of categories. Exhibit includes Data exclude entitlement areas.

Source: U.S. Census Bureau, 2000 and BBC Research & Consulting.

Eight-year projection of needs. For the State to design an effective affordable housing plan, it is important to also consider the likely number and income levels of households in 2008. A commercial demographic forecasting database projects a total of 596,000 households in non-entitlement areas of the State in 2008, as seen in Exhibit 19.

Exhibit 19.
Projected Households, Kansas, 2008

<i>Income Categories</i>		<i>Median Household</i>	<i>All Households</i>	
<i>Total</i>		<i>\$35,370</i>	<i>595,923</i>	<i>100%</i>
<i>Total low-income households (<80% of median)</i>			<i>207,260</i>	<i>35%</i>
0 to 30% of median	Extremely low-income	\$10,611	45,469	8%
31 to 50% of median	Very low-income	\$17,685	78,939	13%
51 to 80% of median	Low-income	\$28,296	82,852	14%
81 to 95% of median	Moderate-income	\$33,602	41,563	7%
95%+ of median	Middle/upper-income	\$33,602 +	347,099	58%

Note: Data exclude entitlement areas
 Source: PCensus and BBC Research & Consulting.

Exhibit 20 presents the projected change in households from 2000 to 2008. As seen in the Exhibit, slightly more than 17,000 new households are projected in non-entitlement areas of Kansas over that period. However, the number of low-income households is projected to decline slightly.

Exhibit 20.
Change in Demand, Kansas, 2000 to 2008

<i>Income Categories</i>		<i>All Households</i>
<i>Total</i>		<i>17,062</i>
<i>Total low-income households (<80% of median)</i>		<i>(1,716)</i>
0 to 30% of median	Extremely low-income	<i>840</i>
31 to 50% of median	Very low-income	<i>(7,124)</i>
51 to 80% of median	Low-income	<i>4,569</i>
81 to 95% of median	Moderate-income	<i>3,735</i>
95%+ of median	Middle/upper-income	<i>15,043</i>

Note: Data exclude entitlement areas
 Source: U.S. Census Bureau, 2000, PCensus, and BBC Research & Consulting.

If 44 percent of low-income units continue to be cost burdened, as is the case currently (see Exhibit 15 above), the decline in low-income households will mean a decrease of 755 cost burdened units by 2008 (44 percent of the 1,716 household decline projected for low-income units). However, this would still mean that between 86,000 and 122,000 households would remain in need of affordable housing in 2008.

