



The Hugoton/Stevens County CHAT Report



A Community Housing Assessment Team Study

Martin H. Shukert, FAICP

February 12, 2013

Hugoton/ Stevens County Population Change by Decade

	1960	1970	1980	1990	2000	2010	Change 1960-2010	% Change
Stevens County	4,400	4,198	4,736	5,048	5,463	5,724	1,324	30.1%
Hugoton	2,912	2,739	3,165	3,179	3,708	3,904	992	34.1%
Rural County	1,488	1,459	1,571	1,869	1,755	1,820	332	22.3%
% of County Population outside Hugoton	33.8%	34.8%	33.2%	37.0%	32.1%	31.8%		



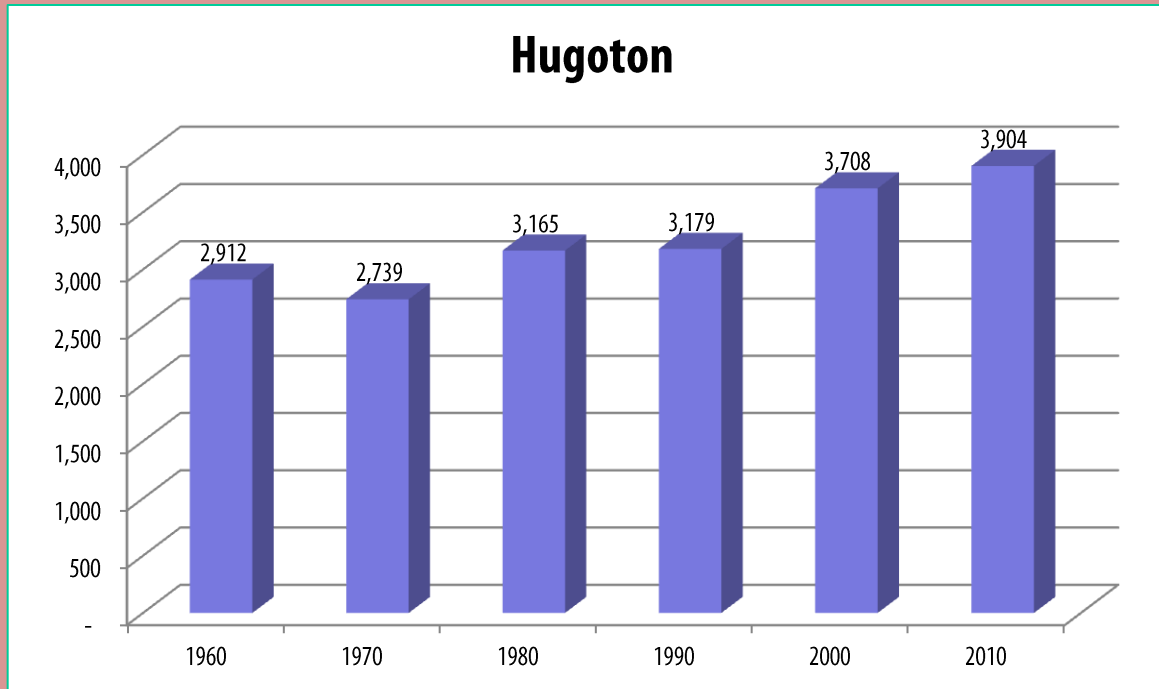
- Over the past five decades, the rural population of Stevens County has grown slowly, and remained fairly stable as a percentage of total county population.
- Hugoton has outpaced rural growth, and continues to be home to nearly 70% of Stevens County residents.

Hugoton



Population Change

Hugoton, 1960-2010



Source: US Census, 2013

- Hugoton has grown steadily from the 1970s to the present, adding just under 1,200 residents.

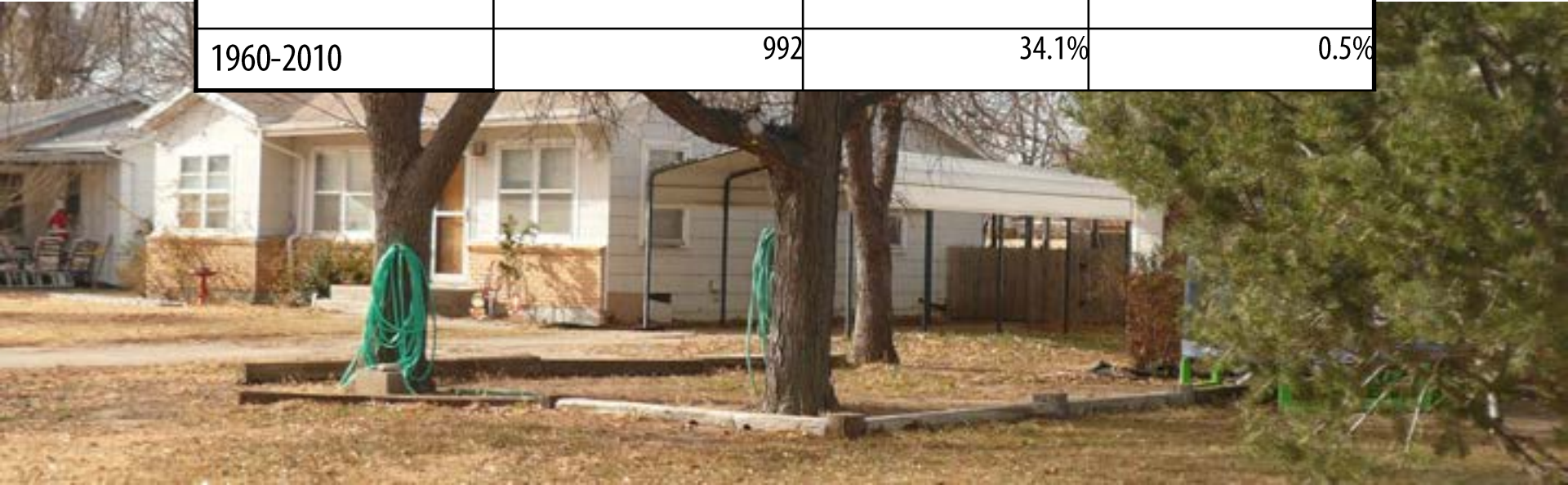
- This represents a 42.5% growth over 4 decades.



Population Change by Decade

Hugoton, 1960-2010

	Decennial Population Change	% Growth During Decade	Annual Growth Rate
1960-1970	-173	-5.9%	-0.6%
1970-1980	426	15.6%	1.5%
1980-1990	14	0.4%	0.0%
1990-2000	529	16.6%	1.6%
2000-2010	196	5.3%	0.52%
1960-2010	992	34.1%	0.5%



Population Change by Cohort

Hugoton, 1960-2010

	2010 Predicted	2010 Actual	Variance	% Variance
Under 15	704	1,000	296	42.1%
15-19	308	295	-13	-4.2%
20-24	313	231	-82	-26.2%
25-34	533	490	-43	-8.1%
35-44	419	492	73	17.3%
45-54	584	531	-53	-9.1%
55-64	361	341	-20	-5.7%
65-74	262	231	-31	-11.7%
75-84	160	171	11	6.7%
85 and Over	119	122	3	2.5%
Total	3,764	3,904	140	3.7%

Home Construction, 2000-2010

	Buildings	Average Cost
2000	5	\$133,500
2001	2	\$76,500
2002	4	\$167,000
2003	4	\$143,800
2004	4	\$146,000
2005	0	
2006	6	\$133,200
2007	4	\$217,500
2008	4	\$245,700
2009	5	\$181,700
2010	0	
Total	38	



2020 Population Projection

Hugoton

	2010 Population	2015 Forecast	2020 Forecast
Natural Population Change	3,904	3,921	3,957
Natural Population Change + 3% Migration	3,904	3,979	4,076
Natural Population Change + 4% Migration	3,904	3,999	4,117
0.5% Annual Growth	3,904	4,003	4,104

- Several alternative growth scenarios are compared to forecast 2020 population.

- Natural population change projects a 2020 population of 3,957. Adding recent migration rates (4%/decade) suggests a 2020 population of 4,117, and a 2023 population of 4,173.

- This is equivalent to an annual growth rate of about 0.5%.



Occupancy Changes, Hugoton

	2000		2010			
	Number	% of Occupied Units	Number	% of Occupied Units	Change	% Change
Owner-Occupied	1,047	76%	1,033	73%	(14)	(1.34)
Renter-Occupied	333	24%	380	27%	+47	14.11
Total Occupied	1,380	87.4%	1,413	90.58%	33	2.39
Total Vacant	199	12.6%	147	9.42%	(52)	(26.13)
Total Units	1,579		1,560		(19)	(1.20)

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

Between 2000 and 2010:

- Owner-occupancy remained approximately constant while rental occupancy increased substantially .
- While the total number of units remained about the same, vacancy dropped substantially. **This suggests increased housing demand, particularly for rental housing, and that many vacant units either became occupied or left the inventory.**

Projecting Demand

Base Demand



Demand from New Jobs



Total Demand



**Affordability
Distribution**



Development Program

- Use population forecast, recent construction activity and assumptions about people per household to generate a ten-year overall housing demand.

- Add a factor for new jobs to be created

- Consider the distribution of household income in a community.

- 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.

Base Development Projection, Hugoton

	2013	2014-2018	2019-2023	Total
Population at End of Period	3,961	4,070	4,173	
HH Population at End of Period	3,875	3,981	4,082	
Average PPH	2.70	2.70	2.70	
HH Demand at End of Period	1,435	1,474	1,512	
Projected Vacancy Rate	9.1%	8.8%	8.60%	
Unit Needs at End of Period	1,585	1,616	1,654	
Household Need		31	38	69
Replacement Need		15	15	30
Cumulative Need During Period		46	53	99
Average Annual Construction		9	10	10

Ten Year Potential Employment Increase, Hugoton

Potential Employer	Potential Employment 2012-2017	Potential Employment 2018-2023
Abengoa	70	25
Kansas Dairy Ingredients	55	50
Seaboard	20	20
Other Employment	25	25
Total Permanent	170	120
Assume 33% New Households from Employment Expansion in Hugoton	57	40



Development Projection: Increased Employment

	2013	2014-2018	2019-2023	Total
Population at End of Period	3,961	4,070	4,173	
HH Population at End of Period	3,875	3,981	4,082	
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Household Need		31	38	69
Replacement Need		15	15	30
Cumulative Need During Period		46	53	99
New Households from Emp Growth		57	40	97
Total Revised Demand Estimate		103	93	196
Average Annual Construction		20	19	20

Income Distributions and Housing Affordability Ranges

Income Range	% of City HH* Median	% of HH's	HH's income range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-25,000	44.00%	24.56%	347	\$0-50,000	219	\$0-400	103	322	-25
\$25,000-49,999	45-87%	17.41%	246	\$50,000-99,999	488	\$400-800	225	713	467
\$50,000-74,999	88-131%	24.42%	345	\$100,000-149,999	150	\$800-1250	52	202	-143
\$75-99,999	132-174%	20.17%	285	\$150,000-200,000	145	\$1250-1500	-	145	-140
\$100-150,000	175-261%	10.54%	149	\$200-\$300,000	31	\$1500-2000	-	31	-118
\$150,000+	261%+	2.90%	41	\$300,000+	-	\$2000+	-	-	-41
Median Income:	\$57,417								

- Hugoton has a relatively “undervalued” inventory, compared to income distribution, with a surplus of houses in the 50-100K value range.
- A significant need appears to exist in the moderate/mid-value range: \$100-200K value, market rate rents.
- Building at this range can free some more affordable units.

Comparative Regional Affordability

City	Median HH Income	Median House Value	Value/Income Ratio
Hugoton	\$57,417	\$79,300	1.38
Liberal	\$42,945	\$68,100	1.59
Garden City	\$48,855	\$102,300	2.09
Ulysses	\$54,449	\$84,600	1.55
Guymon, OK	\$46,010	\$89,300	1.94

Source: American Community Survey 2012, RDG Planning and Design

- **An affordable, self-sustaining housing market, with adequate value or revenues to support market rate new construction, typically has a V/I value between 2.5 and 3.**
- **Ratios below 2.0 are significantly undervalued relative to income**
- **Ratios above 3.0 exhibit significant affordability issues**
- **This relatively low value/income ratio is typical of southwest Kansas, and paradoxically leads to affordability populations for new arrivals.**

Housing Development Program, Hugoton (Base)



	2014-2018	2019-2023	Total
Total Need	46	53	99
Total Owner Occupied (60%)	28	32	60
Affordable Low: Under100,000	6	7	13
Affordable Moderate: 100-150,000	9	10	19
Moderate Market: 150-200,000	8	9	17
High Market: Over \$200,000	5	6	11
Total Renter Occupied (40%)	18	21	39
Low: Less than 450	6	5	11
Affordable: 450-700	4	7	11
Market: Over \$700	8	9	17

Source: RDG Planning & Design

Housing Development Program, Hugoton (Expanded Employment)



	2014-2018	2019-2023	Total
Total Need	103	93	196
Total Owner Occupied (60%)	62	56	118
Affordable Low: Under100,000	14	13	27
Affordable Moderate: 100-150,000	20	18	38
Moderate Market: 150-200,000	17	15	32
High Market: Over \$200,000	11	10	21
Total Renter Occupied (40%)	41	37	78
Low: Less than 450	14	13	27
Affordable: 450-700	10	9	19
Market: Over \$700	17	15	32

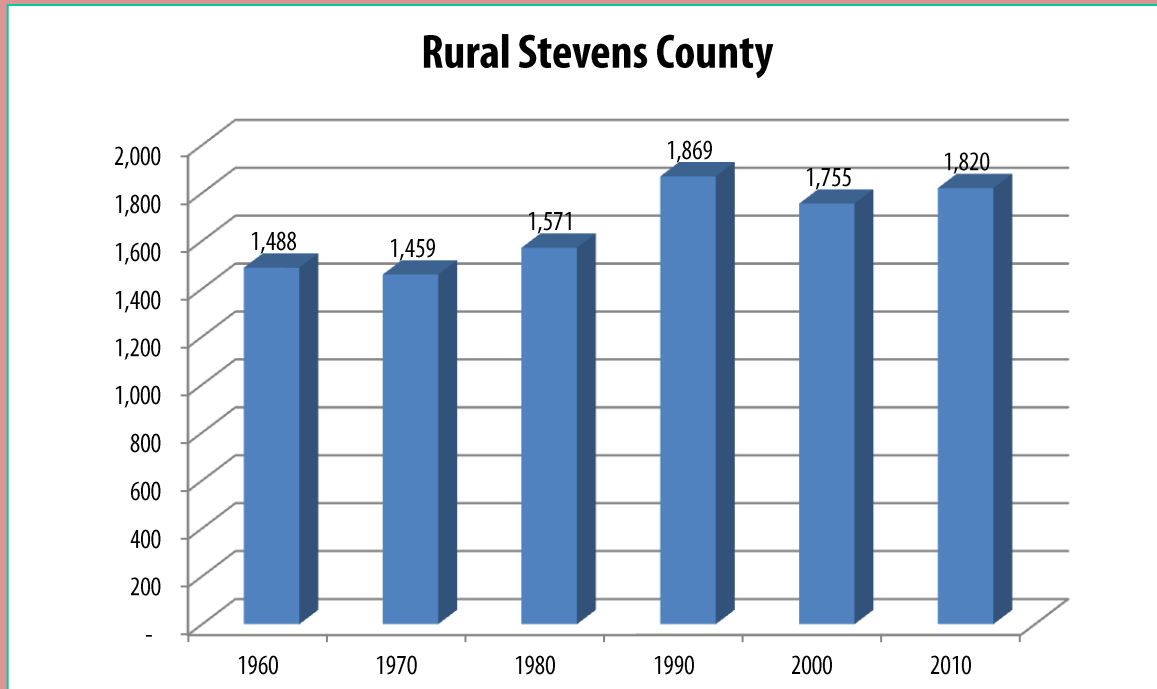
Source: RDG Planning & Design

Rural Stevens County



Population Change

Rural Stevens County, 1960-2010



Source: US Census, 2013

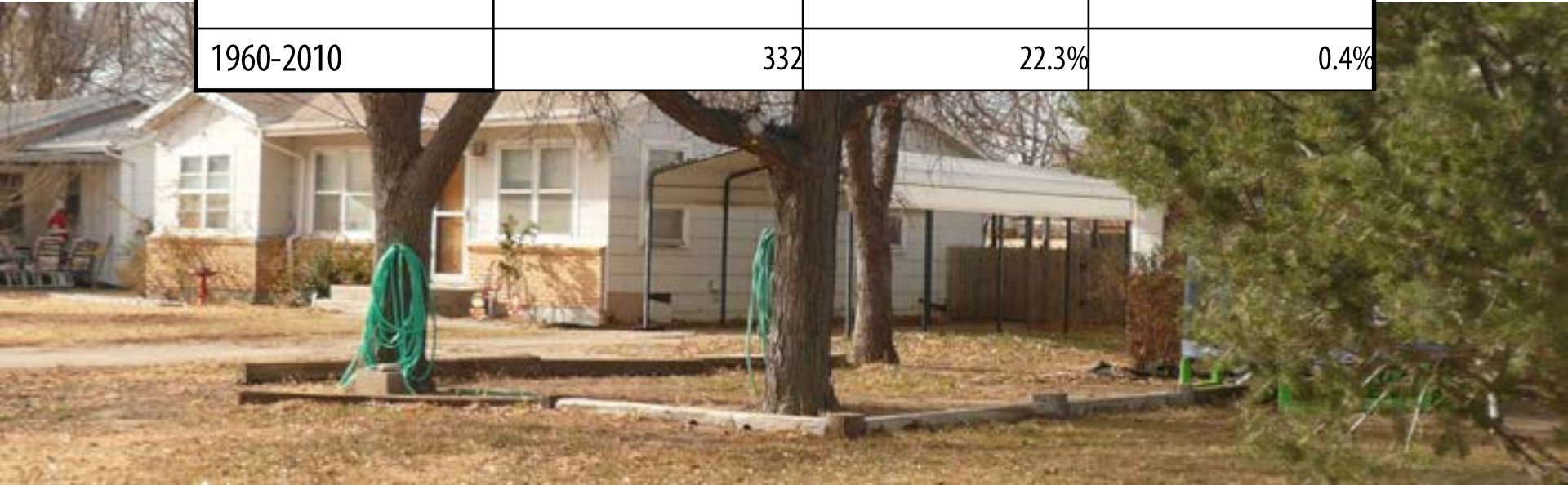
- Population change in rural Stevens County has varied since 1960, with decades of growth and decline.
- Overall population has grown 22.3% growth over the last 50 years, including significant growth during the last decade, unusual for rural areas.



Population Change by Decade

Rural Stevens County, 1960-2010

	Decennial Population Change	% Growth During Decade	Annual Growth Rate
1960-1970	-29	-1.0%	-0.2%
1970-1980	112	7.7%	0.7%
1980-1990	298	19.0%	1.8%
1990-2000	-114	-6.1%	-0.6%
2000-2010	65	3.7%	0.36%
1960-2010	332	22.3%	0.4%



Occupancy Changes, Rural Stevens County

	2000		2010			
	Number	% of Occupied Units	Number	% of Occupied Units	Change	% Change
Owner-Occupied	455	74.8%	476	75.4%	21	4.6%
Renter-Occupied	153	25.2%	155	24.6%	2	1.3%
Total Occupied	608	88.6%	631	84.6%	23	3.8%
Total Vacant	78	11.4%	115	15.4%	37	47.4%
Total Units	686		746		60	8.7%

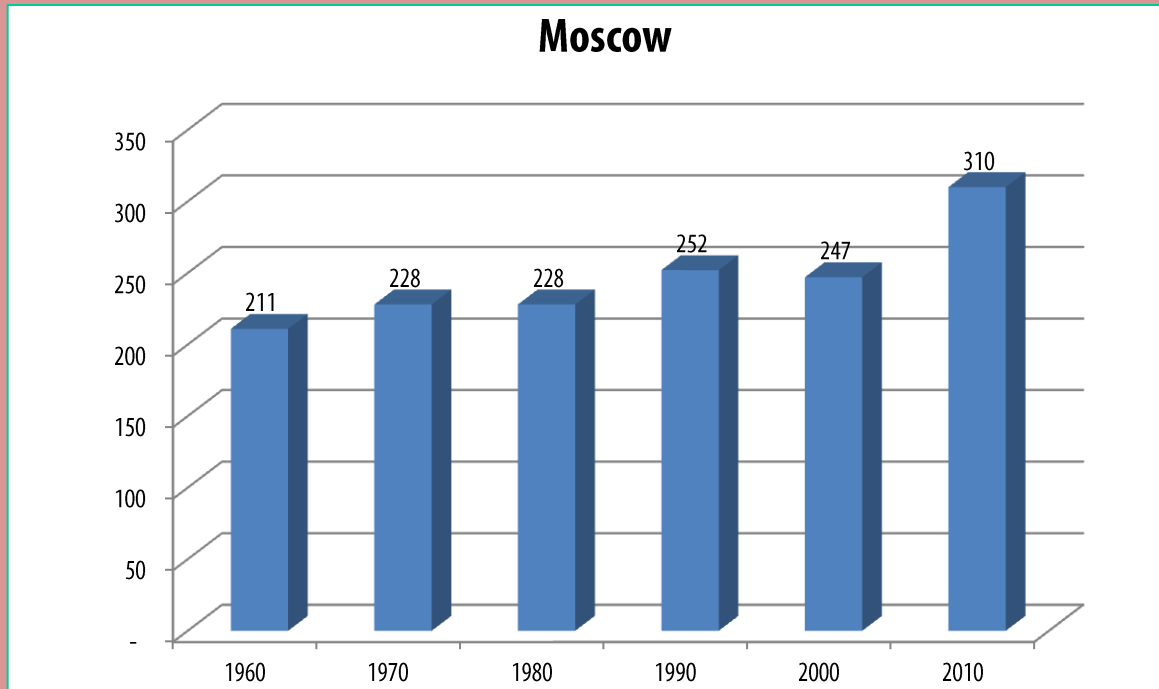
Source: U.S. Census; RDG Planning & Design

Between 2000 and 2010:

- The number of housing units in the county outside of Hugoton has increased fairly significantly.
- Owner occupancy has grown in both absolute numbers and as a percentage of the total supply.
- The number of vacant units, though, also has increased substantially.

Population Change

Moscow, 1960-2010



Source: US Census, 2013

- Moscow grew slowly between 1960 and 2000, experiencing a surge in population growth between 2000 and 2010.
- This represents a 46.9% % growth over 4 decades.



Population Change by Decade

Moscow, 1960-2010

	Decennial Population Change	% Growth During Decade	Annual Growth Rate
1960-1970	17	8.1%	0.8%
1970-1980	0	0.0%	0.0%
1980-1990	24	10.5%	1.0%
1990-2000	-5	-2.0%	-0.2%
2000-2010	63	25.5%	2.30%
1960-2010	99	46.9%	0.8%



Occupancy Changes, Moscow

	2000		2010			
	Number	% of Occupied Units	Number	% of Occupied Units	Change	% Change
Owner-Occupied	72	75.0%	76	72.4%	4	5.6%
Renter-Occupied	24	25.0%	29	27.6%	5	20.8%
Total Occupied	96	86.5%	105	88.2%	9	9.4%
Total Vacant	15	13.5%	14	11.8%	-1	-6.7%
Total Units	111		119		8	7.2%

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

Between 2000 and 2010:

- Moscow's housing supply has been largely stable.
- Owner and owner occupancy have both grown modestly.
- The number of vacant units has been stable, and the vacancy rate has declined somewhat.

Housing Resources

- **Location**
- **Good Demographics**
- **Community Assets and Investments**
- **Employment Growth and Future Prospects**
- **Capable Developers**
- **Site Availability**
- **Educational System**
- **Good Housing Inventory**
- **Senior Living Resources**
- **Productive Town Center**

Housing Resources

- **Location**

- Good Demographics
- Community Assets/ Investments
- Employment Growth/Future Prospects
- Capable Developers
- Site Availability
- Educational System
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center



Hugoton's relatively isolated location makes it the logical service, civic, and commercial center for its surrounding region. But it is not so isolated as to be far from major regional services such as retailing and cultural offerings.

Housing Resources

- Location
- Good Demographics**
- Community Assets/ Investments
- Employment Growth/Future Prospects
- Capable Developers
- Site Availability
- Educational System
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center



Hugoton's median age has decreased slightly during the last ten years and enjoys broader age diversity than most peer communities. Its income distribution is also relatively high, and median income is also higher than many surrounding towns.

Housing Resources

- Location
- Good Demographics
- Community Assets/Investments**
- Employment Growth/Future Prospects
- Capable Developers
- Site Availability
- Educational System
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center



Hugoton has made an array of investments in its future, spanning generations and building a solid base of quality that appeals to a broad population base.

Housing Resources

- Location
- Good Demographics
- Community Assets/Investments
- Employment Growth/Prospects**
- Capable Developers
- Site Availability
- Educational System
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center



The Abengoa cellulosic ethanol plant, Kansas Dairy Ingredients, a very effective economic development corporation, and future energy-related industries are generating employment and economic growth in the present with an orientation to the future.



Housing Resources

- Location
- Good Demographics
- Community Assets/Investments
- Employment Growth/Prospects
- Capable Developers**
- Site Availability
- Educational System
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center



For a small community, Hugoton has an unusually strong building and development community, with a group of high-quality builders actively committed to meeting the city's housing needs. This commitment includes investigations into affordable houses and use of creative use of technology.

Housing Resources

- Location
- Good Demographics
- Community Assets/Investments
- Employment Growth/Prospects
- Capable Developers
- Site Availability**
- Educational System
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center



Hugoton has a good supply of available buildable sites, many of which are large enough to create economies of scale. High priority examples are the sites south of the school campus to Pioneer Manor; and the so-called Washington Place infill site on the east side of town. The south site is ready for improvement with pending subdivision development.



Housing Resources

- Location
- Good Demographics
- Community Assets/Investments
- Employment Growth/Prospects
- Capable Developers
- Site Availability
- Educational System**
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center



Excellent schools are critical to a town's ability to attract new residents, including managers and professionals. Fortunately, Hugoton has made significant investments in its physical plant and maintains a system with a reputation for high quality.



Housing Resources

- Location
- Good Demographics
- Community Assets/Investments
- Employment Growth/Prospects
- Capable Developers
- Site Availability
- Educational System
- Good Housing Inventory**
- Senior Living Resources
- Productive Town Center



Hugoton's housing inventory is generally attractive and in very good condition. This provides several advantages: highly serviceable existing homes for new residents if other alternatives are built; and stable values where investments in housing are perceived as secure.



Housing Resources

- Location
- Good Demographics
- Community Assets/Investments
- Employment Growth/Prospects
- Capable Developers
- Site Availability
- Educational System
- Good Housing Inventory
- Senior Living Resources**
- Productive Town Center



Pioneer Manor, the Senior Center, and other support features make Hugoton a magnet for older adults. This opens other potential markets for seniors, including independent living settings that both attract new populations and free up existing affordable housing.

Housing Resources

- Location
- Good Demographics
- Community Assets/Investments
- Employment Growth/Prospects
- Capable Developers
- Site Availability
- Educational System
- Good Housing Inventory
- Senior Living Resources
- Productive Town Center**



Downtowns are important indicators of the health and quality of cities, and also are a major measure of living quality that attracts younger populations. Hugoton has a strong downtown and has made important streetscape investments to reinforce its business climate.

Housing Issues

- Demand for Scarce Products
- Limited New Construction
- High Construction Cost
- Market Economics
- Lack of Existing Supply
- Housing Conservation



Housing Issues

- **Demand for Scarce Products**
- Limited New Construction
- High Construction Cost
- Market Economics
- Lack of Existing Supply
- Competition for Residents
- Housing Conservation



The greatest demand in Hugoton appears to be market-rate rental units, “gateway” ownership opportunities for new residents, and attractive move-up opportunities. The first two of these are difficult to bring to market. Market economics complicate the third target.

Housing Issues

- Demand for Scarce Products
- Limited New Construction**
- High Construction Cost
- Market Economics
- Lack of Existing Supply
- Competition for Residents
- Senior Housing Market
- Housing Conservation



Hugoton is not developing enough housing to meet demand. The last major contemporary apartment development, Westfield, was completed in 1996. Cumulative construction since 2000 has been only about two years of estimated demand under the expanded employment scenario. Indicators like vacancy and listings are indicating the absorption of available supply.

Housing Issues

- Demand for Scarce Products
- Limited New Construction
- High Construction Cost**
- Market Economics
- Lack of Existing Supply
- Competition for Residents
- Housing Conservation



Relative isolation, costs for transport, materials supply, lack of scale, and other factors make residential construction in Hugoton (and other west Kansas towns) expensive. Consequently, even “starter” homes in the 1,000 SF range could begin around \$150,000. Local builders have been investigating creative construction alternatives to manage costs.

Housing Issues

- Demand for Scarce Products
- Limited New Construction
- High Construction Cost
- Market Economics**
- Lack of Existing Supply
- Competition for Residents
- Housing Conservation



High construction cost means that new homes are at or above the levels that consumers in housing market are used to— tight supply in rural markets does not typically produce higher prices. This is true for both owner- and renter-occupied housing. However, Hugoton has demonstrated an ability to support rents needed to make new projects feasible.

Housing Issues

- Demand for Scarce Products
- Limited New Construction
- High Construction Cost
- Market Economics
- **Lack of Existing Supply**
- Competition for Residents
- Housing Conservation



The bottom line is that with very low numbers of real estate listings, a word-of-mouth market, low vacancy of habitable units, and a very low inventory of quality rental units without income constraints, new arrivals, including people who are brought to the area by new industry, cannot easily find places to live. This is ultimately a problem for both civic and economic health.



Housing Issues

- Demand for Scarce Products
- Limited New Construction
- High Construction Cost
- Market Economics
- Lack of Existing Supply
- Competition for Residents**
- Housing Conservation



Hugoton competes with surrounding, larger cities for residents. Despite its basic assets and health, relative size and isolation do present challenges that are difficult to overcome. Concerted community marketing can help. Housing combined with great schools and a record of accomplishment create a powerful case for living in town.

Housing Issues

- Demand for Scarce Products
- Limited New Construction
- High Construction Cost
- Market Economics
- Lack of Existing Supply
- Competition for Residents
- Housing Conservation**



In small town markets where new construction requires significant community action to make projects feasible, conserving and utilizing housing already on the ground becomes especially critical. Most of the city's most "affordable" housing stock already exists. Additionally, poor housing degrades values, which in turn reduces the perceived security of housing investment.



Directions Forward

Strategic Objectives

Hugoton and Stevens County are beginning a period of demographic and economic opportunity. Both city and county have maintained at least modest population growth during the last 40 years, no small accomplishment. The cellulosic ethanol plant, regional energy-related industries, and the growth of relatively stable, inelastic enterprises like the dairy industry provide both immediate and future rewards. Regional centers are experiencing metrics that show that successful communities (including small and medium-sized ones) can attract new households of family formation age – the children of baby boomers beginning to settle with their families.



Strategic Objectives

A housing and community strategy that can help Hugoton (and Stevens County) address this moment of opportunity will:

- Attract new households (including people drawn to the city by economic opportunity) with available and affordable housing to complement other community assets.
- Welcome new residents with quality “gateway housing” and opportunities for community engagement
- Share risks to meet needs that the private market cannot satisfy alone.
- Focus the demonstrated ability of the community to accomplish important things to be certain that people continue to have good places to live.



Hugoton and Stevens County should create a public/private housing partnership to meet important community housing needs.

Components may include:

- A consortium of lenders to provide interim financing and other support to development efforts, and can encourage economies of scale.
- A city or countywide nonprofit or for-profit development corporation that may be an active developer, or work with private developers or builders.
- Use of the Rural Housing Incentive District technique. RHID's are tax increment districts that direct added taxes created by housing development back into infrastructure financing.

Housing Partnership: Possible Focuses

1



- Development of a critical mass of moderately-priced homes, probably within the context of a larger, more economically diverse development area. This type of effort spreads the risk of developing housing in these affordable price ranges (\$100-150,000) to a community, rather than focusing it on homebuilders who are adverse to these risks. A reasonable scale can help reduce construction costs.
- Market-rate rental or multi-family development, possibly within a rent-to-own regime.
- Purchase and rehabilitation of existing houses to provide completed houses at relatively low cost to new homebuyers or retained as rental units.

Housing Partnership: Examples

1



Moderately-priced housing through a community-based program. In **Sioux Center**, a growing community in northwest Iowa, a community land development corporation, capitalized by purchase of shares by citizens of the town, has developed a new moderately-priced development. This features a program to build five speculative homes at a time, maintaining an available inventory. The proceeds of sales are then used to build the next increment of houses. This town of about 5,000 has built out a 70 home subdivision in this way.

Housing Partnership: Examples

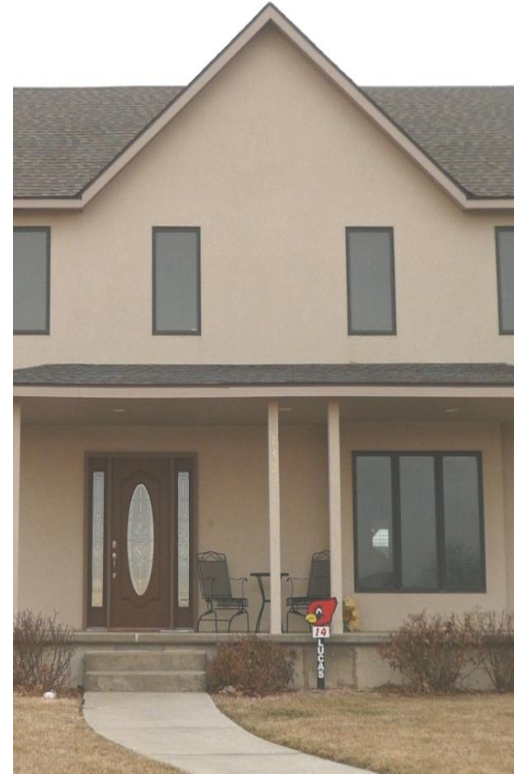
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Rental redevelopment in large cities like **Saint Louis** provide lessons that could be imported by small cities like Hugoton. Rental housing does not have to be in apartment complexes, and can also incorporate work spaces for greater economic activity and support.

Housing Partnership: Examples

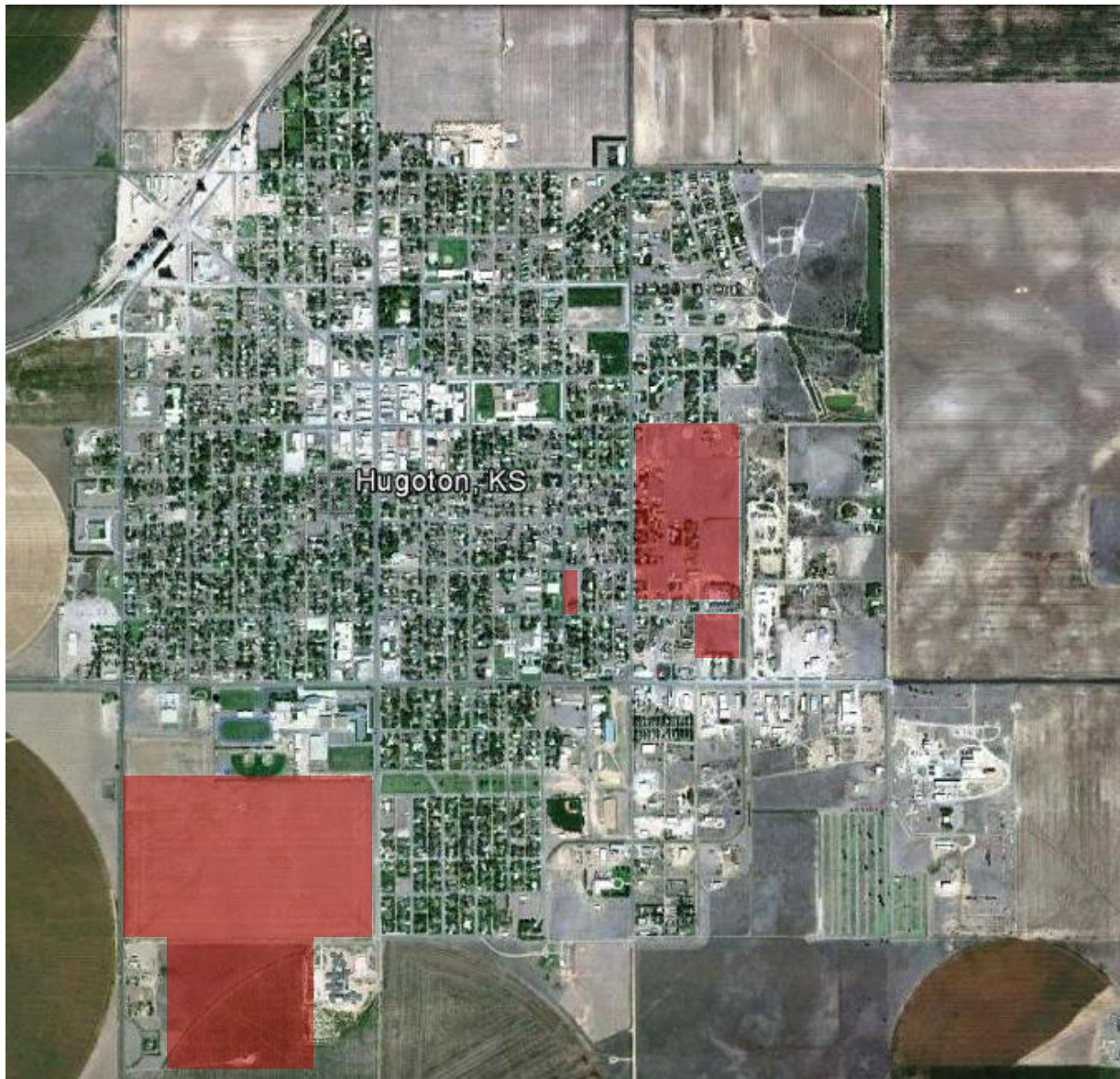
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Dodge City has successfully used RHID's to develop infrastructure without relying entirely on private financing or special assessments, which in one way or another drive up the cost of housing.

Housing Partnership: Examples

1



Rethinking Density in New Development

2

Small cities are used to spaciousness and low densities. Yet, this adds significantly to the cost of housing and does not necessarily comply with the preferences of new, younger households. Approximately doubling the gross density decreases the cost of infrastructure per unit by almost half. These changed assumptions can also reduce housing costs. Older parts of town often reflect higher densities.

Higher density development becomes more palatable if the project includes distinctive features such as thematic lighting, gateways, and small common spaces.





Market rate rental is an important need for Hugoton.

A rental development program for the city will involve cooperative efforts that:

- Define sites suitable for higher-density housing.
- Consider advance acquisition of sites, such as the Washington Place site.
- Creating development partnerships including businesses and institutions with similar recruitment needs.
- Using joint city/economic development corporation efforts to recruit developers as needed and to help assemble financing packages that encourage these specific project types.

Housing Conservation: A Community Focus

4



An approach based on maintenance and enhancement of housing stock, will produce greater strategic productivity. In an acquisition/rehabilitation/resale program, the City or a development corporation buys feasible houses at reasonable market cost, rehabilitates them, and resells the upgraded unit on a turnkey basis to new homeowners. Kansas' Neighborhood Revitalization Program (NRP) can provide a tax abatement that can be passed on to the eventual buyer.

A service-oriented program to address specific problems of senior or low-income owners, such as Habitat's Brush with Kindness program, could also be established to respond to specific emergency needs. This can help ensure that the envelope of older houses are stabilized, preserving the home for another generation.

Community Marketing and Enhancement

5



Few communities of its size have as much to offer as Hugoton. When young people use the Internet and social media extensively to get first impressions and even major decisions, Hugoton should step up efforts to market its many resources.

Successful, contemporary marketing can strengthen Hugoton's ability to communicate its assets in competitive markets. It should also continue to maintain its competitive position with significant community enhancements: increased downtown development, the theater, and other opportunities.





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Martin H. Shukert, FAICP

February 12, 2013