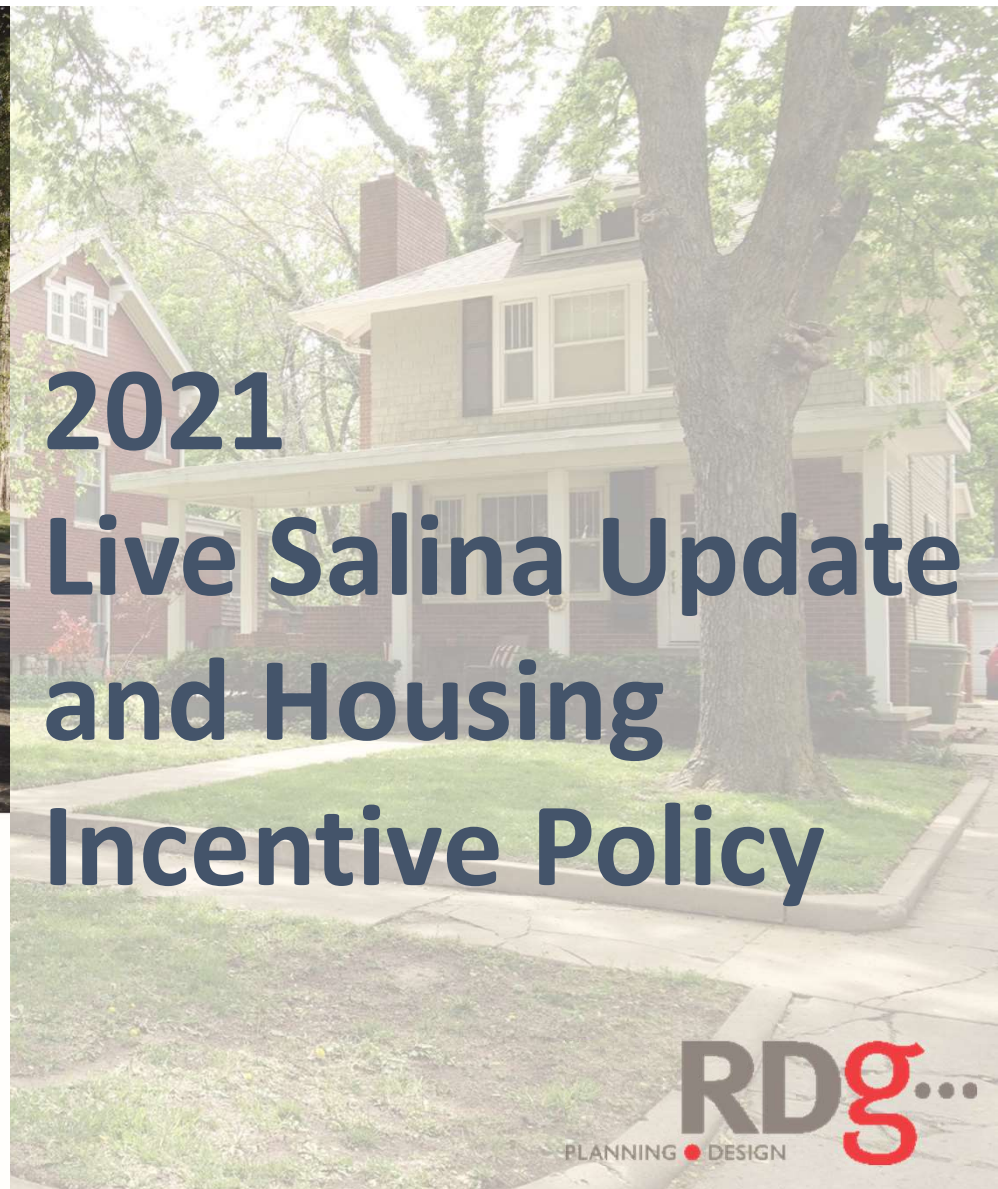




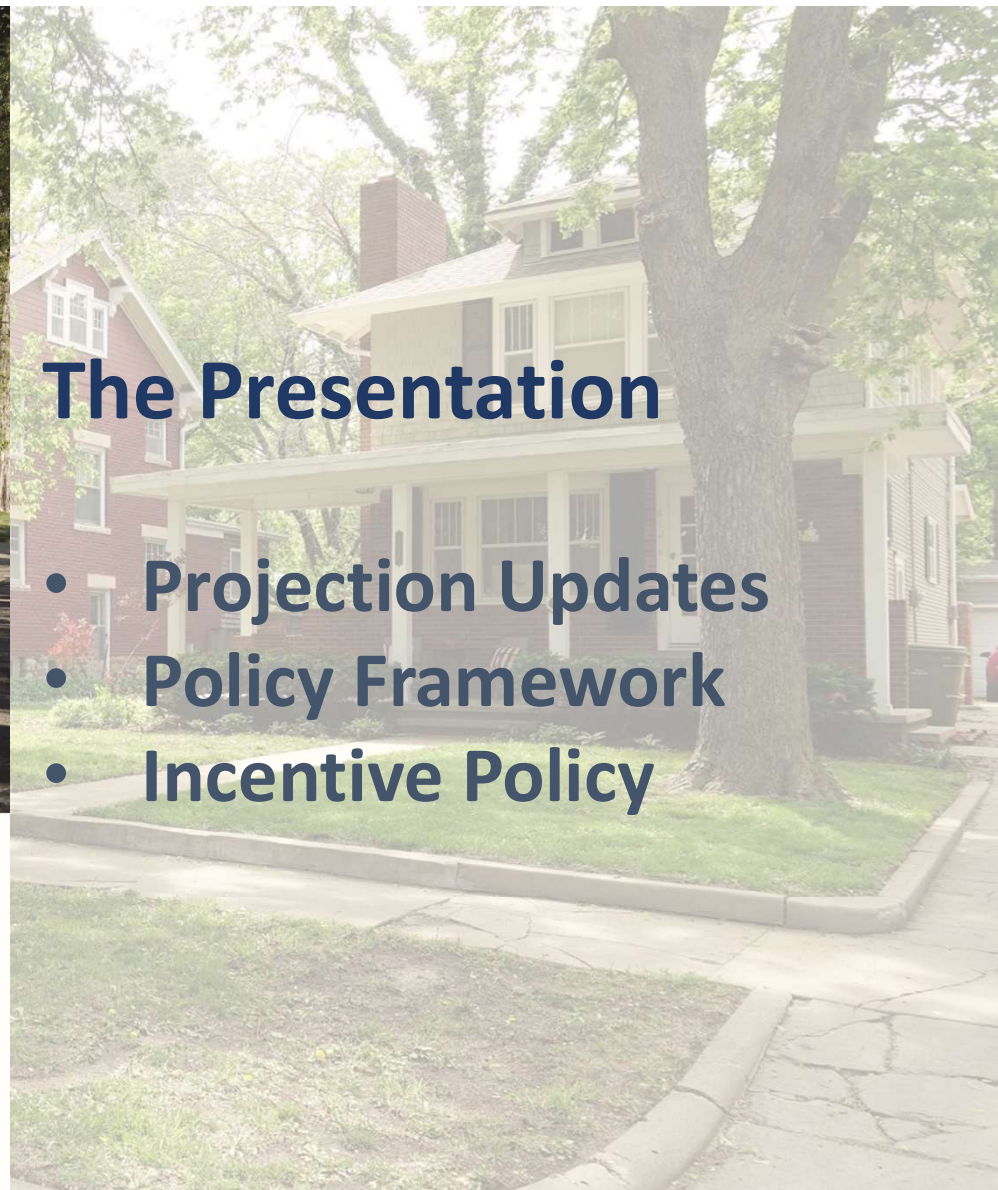
2021 Live Salina Update and Housing Incentive Policy



LIVE SALINA:
A STRATEGIC HOUSING PLAN

2021 supplement





The Presentation

- Projection Updates
- Policy Framework
- Incentive Policy



LIVE SALINA:
A STRATEGIC HOUSING PLAN

2021 supplement

A photograph of a suburban street scene. In the foreground, there is a sidewalk and a grassy area with a large tree on the left. In the background, there are several houses, including a prominent red brick house and a yellow house with a porch. The text "Projection Updates" is overlaid in the center in a large, bold, red font.

Projection Updates



Projection Update

Population Forecast

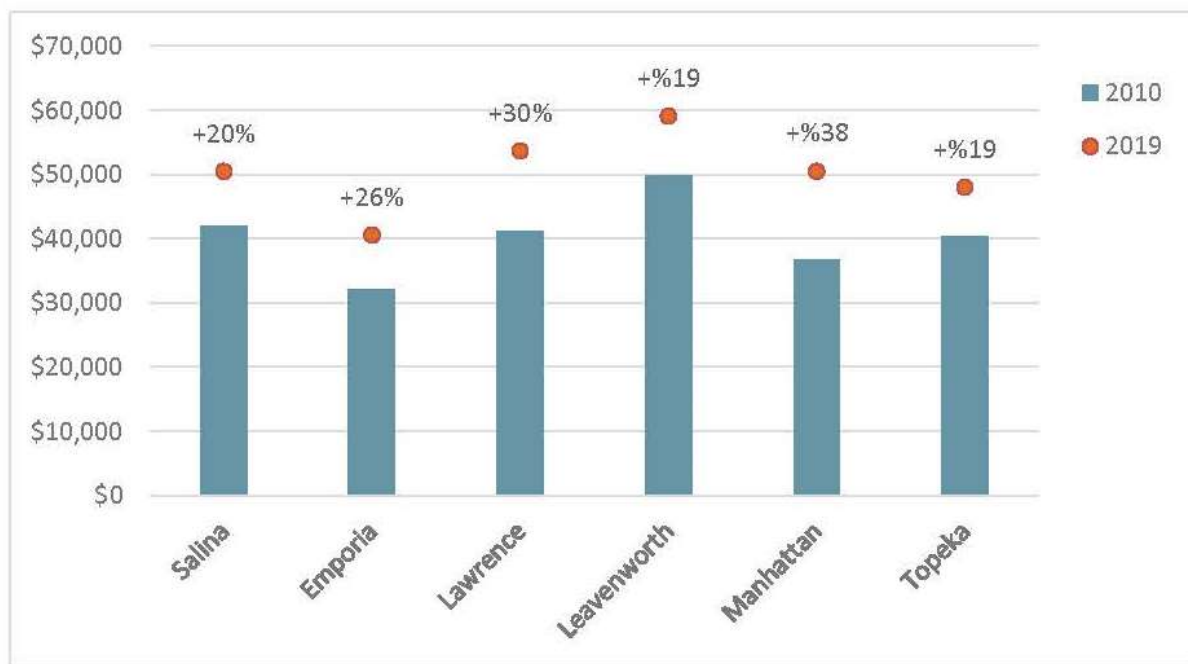
FIGURE 3: Salina Projected Population, 2020-2030

	2020 Base	2025	2030
Population with Basic Growth Rate	47,167	48,974	50,053
Growth Attributed to Industrial Expansion		952	191
Population in Households	45,752	47,505	48,551
People per Household	2.38	2.38	2.38
Number of Households	19,193	19,960	20,400

Projection Update

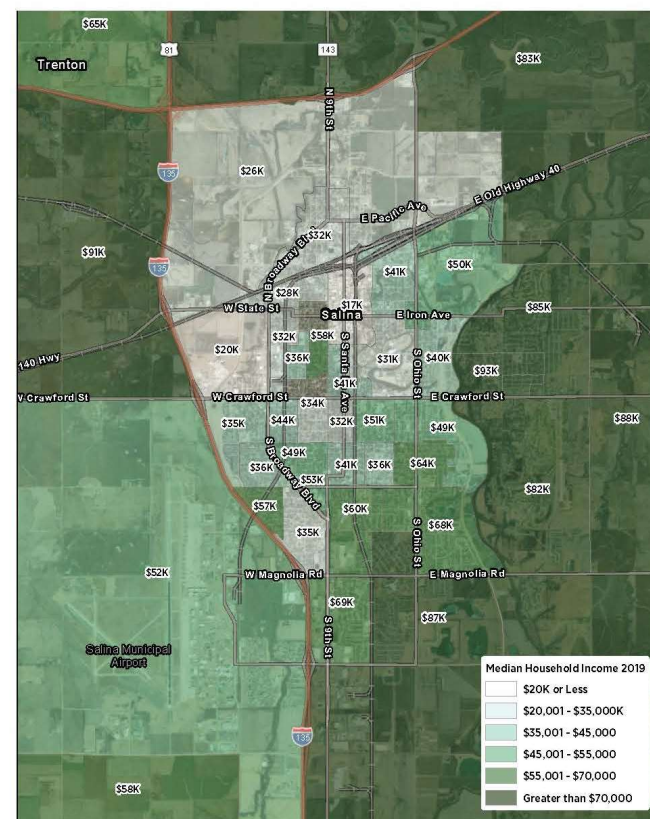
Income

FIGURE 4: Annual Median Household Income, 2010 and 2019 - Salina and Comparison Communities



Source: U.S. Census Bureau

FIGURE 5: Median Household Income by Census Tract, 2019 ACS



Projection Update

Housing Tenure and Characteristics

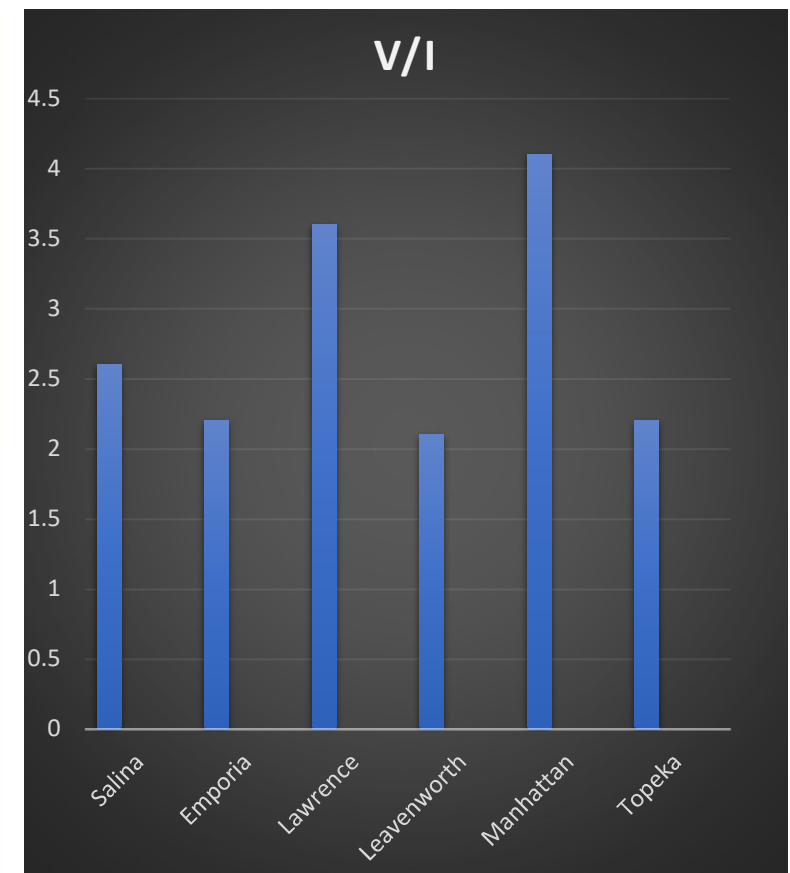
FIGURE 7: Occupancy Change in Salina, 2010-2019

	2019	% of Total Available Units	% of Occupied Units
Owner-Occupied	12,118	58.4%	63.4%
Renter-Occupied	7,002	34.4%	36.6%
Total Vacant	1,255*	6.2%	
Total	20,375	100.0	

* Excludes vacancies identified as "other vacancy"

FIGURE 8: 2019 Housing Characteristics - Salina and Comparison Communities

	Salina	Emporia	Lawrence	Leavenworth	Manhattan	Topeka
Total Units	21,174	11,274	41,341	13,952	23,778	60,454
% Owner of occupied units	63%	51%	45%	48%	39%	56%
% Renter of occupied units	37%	49%	55%	52%	61%	44%
Median Value (Owner-Occupied)	\$129,300	\$88,900	\$195,500	\$123,800	\$209,700	\$103,200
Median Rent (Gross)	\$758	\$668	\$924	\$958	\$910	\$816
Median Year Structure Built	1965	1967	1987	1969	1982	1965
Average Household Size	2.39	2.33	2.31	2.63	2.43	2.27
Median Value-to-Income Ratio*	2.6	2.2	3.6	2.1	4.1	2.2

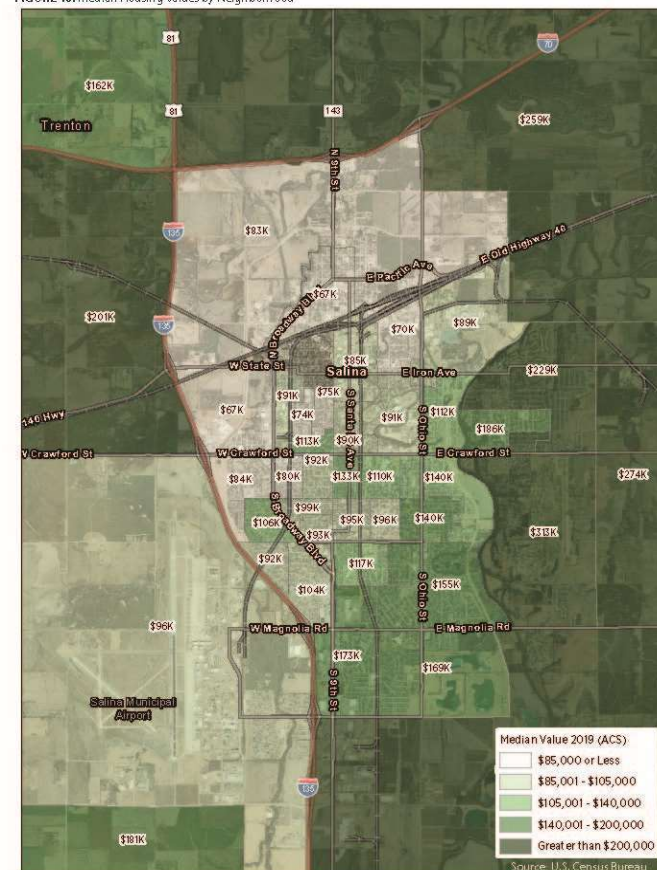


Affordability

FIGURE 9: Affordability Analysis for Salina Housing Stock

Income Range	# of Households in Each Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range for Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0 - \$25,000	4,263	>\$60,000	1,094	\$0-499	2,133	3,227	-1,036
\$25,000 - \$49,999	5,160	\$60,000-124,999	4,681	\$500-999	4,308	8,989	3,829
\$50,000 - \$74,999	3,833	\$125,000-199,999	3,834	\$1,000-1,499	332	4,166	333
\$75,000 - \$99,999	2,415	\$200,000-249,999	1,315	\$1,500-1,999	153	1,468	-947
\$100,000 - \$150,000	2,388	\$250,000-399,999	876	\$2,000-2,999	26	902	-1,486
\$150,000 +	1,061	\$400,000+	318	\$3000+	50	368	-693

FIGURE 10: Median Housing Values by Neighborhood



Projection Update

Production

FIGURE 11: Construction and Demolition Activity, 2010-2020

Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
SFD	85	48	65	66	54	57	39	34	25	36	30	539
SFA						2		3		4	6	15
DUP							4	8				12
MF		32				16		19			53	120
Total	85	80	65	66	54	75	43	64	25	40	99	686
DEMO				13	28	20	10	31	44	19	10	175
NET	85	80	65	53	26	55	33	33	(19)	21	89	511

KEY

SFD: Single-family detached

SFA: Single-family attached

DUP: Duplex

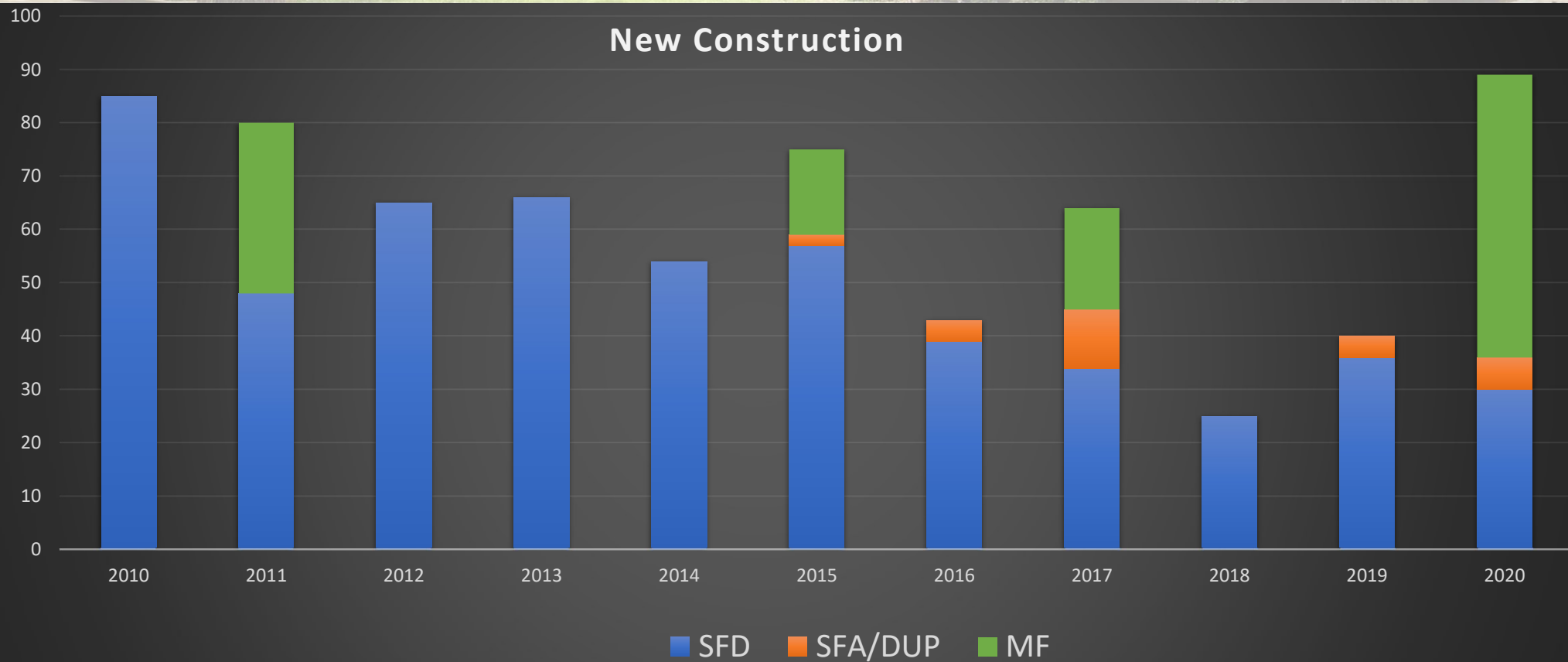
MF: Multi-family

DEMO: Demolitions

NET: Net annual change

Projection Update

Production



Projection Update

Inventory: Existing Rental Market

FIGURE 12: Apartment Complex Inventory

Project	Number of Units	Unit Breakdown	Vacancy	Rent Range	Rent/SF	Financial Notes	Density du/A	Year of Construction
Heritage at Hawthorn Village	48	24-2BR, 24-3BR	0			LIHTC	13.6	2011
Market Place Apts	43	10-S,32-1BR, 1-2BR	0			202	12.9	1990
Ridges of Salina	296		<2%	\$700-1,100	\$0.75-1.05	LIHTC	19.4	1997
Lee Lofts	53	Under Construction	Leasing	\$416-1,200	\$0.93-\$1.00	LIHTC, HTC, NRA, City	40.2	2020
Oakdale Plaza	46	46-1BR	0			Section 8	44.5	1979
Reserves at Prairie Glen	96	64-2BR, 32-3BR	0	\$720-895	\$0.75-.80	LIHTC	13.6	2004
Saline Apartments	34	34-1BR	0			202	11.1	1990
Pioneer Presidents Place	61	49-1BR, 12-2BR	0			LIHTC, HTC, NRA	48.8	2004



KEY

LIHTC: Low-income Housing Tax Credit

202: Section 202 Low-Interest Loan

HTC: Historic Tax Credit

NRA: Neighborhood Revitalization Area Tax Abatement

Projection Update

Demand Projection by Units

FIGURE 13: Salina Housing Projections, 2021 - 2030

	2020 Base	2025	2030	Total 2021-2030
Household Demand at End of Period	19,193	19,960	20,400	
Projected Vacancy Rate	6.2%	6.2%	6.2%	
Unit Needs at End of Period	20,490	21,454	22,079	
Annual Replacement Need		75	75	
Total Need with Replacement	502	21,529	22,154	
Cumulative Need During Period	100	1,039	625	1,664
Average Annual Production Need		207	125	166
Owner Occupied Units		519	375	894
Average Annual Owner Production		103	75	89
Renter Occupied Units		520	250	770
Average Annual Rental Production		104	50	77

Source: RDG Planning & Design

Owner/Rental Split

- **2021-2025: 50/50**
- **2026-2030: 60/40**

Replacement

- **15 replacement units/year**

Demand

- **200+ units/year to 2025**
- **125 units/year 2026-30**

Projection Update

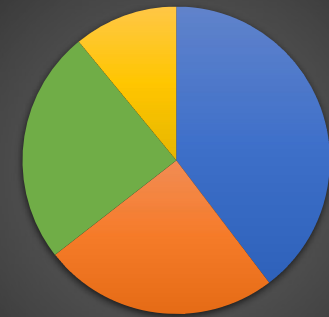
Demand Projection by Price

FIGURE 14: Ten Year Development Program by Price Point

	2021 - 2025	2026-2030	Total
Total Need	1,039	625	1,664
Total Owner Occupied	519	375	894
<\$225,000	206	149	355
\$225,000-300,000	129	93	222
\$300,000-400,000	128	92	220
>\$400,000	57	41	98
Total Renter Occupied	520	250	770
<\$625	213	102	315
\$625-1,000	181	87	269
\$1,000-1,500	77	37	115
>\$1,500	49	23	72

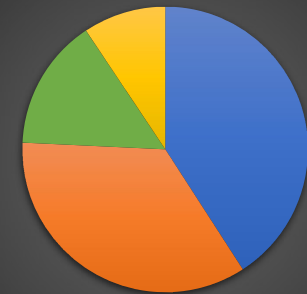
Source: RDG Planning & Design

Ownership Units



■ Under \$225,000
 ■ \$225-300,000
 ■ \$300-400,000
 ■ Over \$400,000

Rental Units



■ Under \$625
 ■ \$625-1,000
 ■ \$1,000-1,500
 ■ Over \$1,500

Projection Update

Demand Projection by Type

FIGURE 15: Housing Type Percent Distribution by Price Point Model

	Total Demand	Conventional 1-Family	Small Lot 1-Family, 1-Family Attached, Duplex	Duplex, Low-Density Townhomes and Rowhouses	High-Density Townhomes and Multifamily
Typical Density (units/acre)	<4	<4	4-8	8-12	>12
OWNERSHIP					
<\$225,000	355	0%	40%	40%	20%
\$225,000-300,000	222	20%	40%	30%	10%
\$300,000-400,000	220	60%	15%	15%	10%
>\$400,000	98	70%	10%	10%	10%
RENTAL					
<\$625	315	0%	20%	30%	50%
\$625-1,000	269	0%	20%	30%	50%
\$1,000-1,500	115	0%	30%	35%	35%
>\$1,500	72	0%	35%	35%	30%



Small lot single-family



Townhouses



Owner-occupied duplexes



Rowhouses



Single-family attached



Small footprint apartments

Projection Update

Demand Projection by Type

FIGURE 16: Housing Type Distribution by Price Point Model

	Total Demand	Conventional 1-Family	Small Lot 1-Family, 1-Family Attached, Duplex	Duplex, Low-Density Townhomes and Rowhouses	High-Density Townhomes and Multifamily
Typical Density (units/net acre)		<4	4-8	8-12	>12
OWNERSHIP					
<\$225,000	355	0	142	142	71
\$225,000-300,000	222	44	89	67	22
\$300,000-400,000	220	132	33	33	22
>\$400,000	98	67	10	10	10
RENTAL					
<\$625	315	0	63	95	158
\$625-1,000	269	0	54	81	135
\$1,000-1,500	115	0	35	40	40
>\$1,500	72	0	25	25	22
TOTAL BY TYPE	1,664	244	450	492	479

Units



A photograph of a suburban street scene. In the foreground, there is a sidewalk and a grassy area with a large tree on the left. In the background, there are several houses, including a prominent red brick house and a yellow house with a porch. The text "Policy Framework" is overlaid in the center in a large, bold, red font.

Policy Framework

Policy Framework

Proforma/Feasibility Analysis

FIGURE 21: Simplified Typical Year Proforma

FIXED COST ITEM	Cost	Assumptions
Annual Debt Service	\$557,624	4.5%, 25 year amortization
Annual Operation and Maintenance	132,353	\$2.50/SF annualized
Property Taxes	117,807	1.37% Saline County rate
Annual Cash on Equity Return	179,147	5%
Total Annual Fixed Cost	\$986,931	
REQUIRED REVENUE YIELD		
Leasable Area (SF)	45,000	
Necessary Annual Revenue/SF	\$21.93	
Necessary Monthly Revenue/SF	\$1.83	
Rent for Typical 900 SF Unit	\$1,647	

FIGURE 22: Impact of Selected Actions to Reduce Rental Gap

STRATEGY	Savings on Monthly Rent per SF/month
Tax Abatement or RHID Increment	\$0.22
Interest Subsidy to 2%	\$0.23
Free Land	\$0.06
Increase in Density to 20 du/A on Full Site	\$0.29
Increase in Density Reducing Site Size	\$0.03
Deferral of Annual Cash Return	\$0.33
Maximum Moderate Income Housing Grant	\$0.05
Increase in Loan Term to 30 years	\$0.09
Reduced Construction Cost to \$125/SF	\$0.13

Policy Framework

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Policy Framework

Risk Factors

- New and unfamiliar types of projects
- Prices above current price comfort levels
- Uncertainty over the size of the market

Types of Tools

- Producer
- Operational
- Resident

Policy Framework

Producer Tools

- **Tax-Based (RHIDs, Tax Credits, Depreciation, IRBs)**
- **Development (Fees, Subsidies, Land, CHDO)**
- **Infrastructure (CIDs, P3, Pioneer Public Financing)**
- **Legislative (Zoning Incentives, Regulatory Changes)**

Policy Framework

Operational Tools

- Tax abatements
- Fee reductions
- Reduced debt service
- Utility cost reductions/energy conservation

Policy Framework



Resident Tools

- Rent subsidies
- Downpayment assistance
- Employer assistance
- Shared equity
- Incentive payments to buyers
- Blended loans
- Lenders' consortium

Policy Framework



- Build resources for strategic investment on both the “gap” and “pipeline” sides.
- Demonstrate demand to engage builders in more diverse areas.
- Reduce risk factors to the local residential industry.
- Engage industries who are generating demand and need to recruit employees.
- Diversify the products that Salina offers to residents, both old and new.
- Conserve and rehabilitate the existing sound inventory and sustains housing values.

Policy Framework

Now: 0-3 years

Provide housing to support expected employment growth

1. Accommodate immediate housing demand
2. Build community capacity to address the core
3. Demonstrate demand for more diverse housing
4. Identify strategic infrastructure investments

Medium: 3-8 years

Stable, effective structure to fill supply gaps on a continuing basis

1. Increasingly transition to expanding ownership
2. Implement “neighborhood fortification” strategy to increase infill feasibility

Long: 8+ years

Achieving stability and a self-sustaining housing market throughout Salina

1. Advance substantial private reinvestment in the center
2. Maintain a self-sustaining private market
3. Continue assistance to owners and renters to expand access & opportunity

A photograph of a suburban street scene. In the foreground, there is a sidewalk and a grassy area. Two large, mature trees with green foliage are prominent on either side of the path. In the background, there are several houses, including a red brick house and a yellow house with a white porch. A white car is parked on the street to the left. The text "Policy Implementation" is overlaid in the center in a large, bold, red font.

Policy Implementation

Implementation Elements

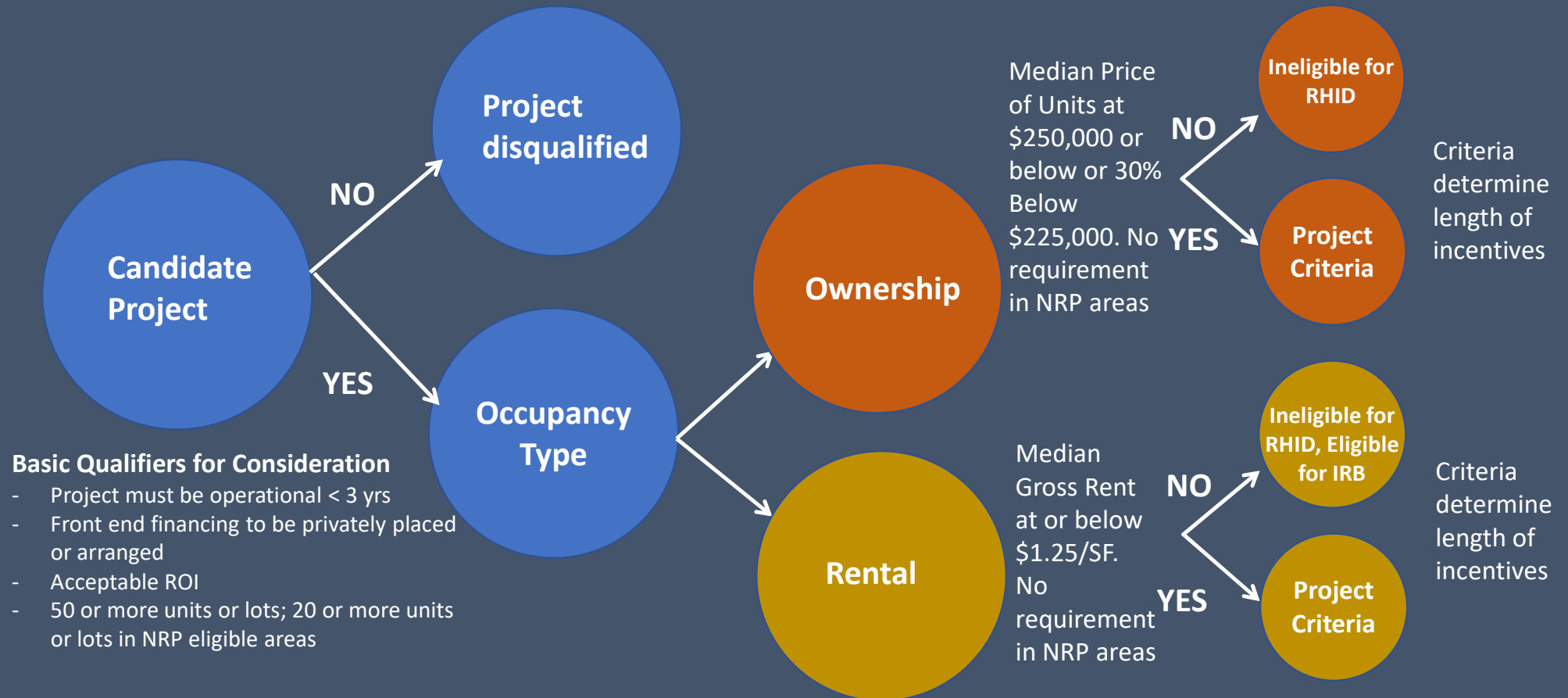
A background image of a residential street. In the foreground, there is a sidewalk and a grassy area. In the middle ground, there are several houses, including a prominent two-story house with a white porch and a red brick chimney. Large trees with green foliage are scattered throughout the scene, partially obscuring the houses. The overall atmosphere is peaceful and suburban.

The “Now Phase”

- Housing Incentive Policy
- “Quick Win” Demonstration Project
- Reinvestment Partnership
- Pioneer Infrastructure in Strategic Areas

Housing Policy: Implementation

Housing Incentive Policy



Housing Policy: Implementation

Quick-Win Demonstration





Housing Policy: Implementation

Quick-Win Demonstration

The Concept

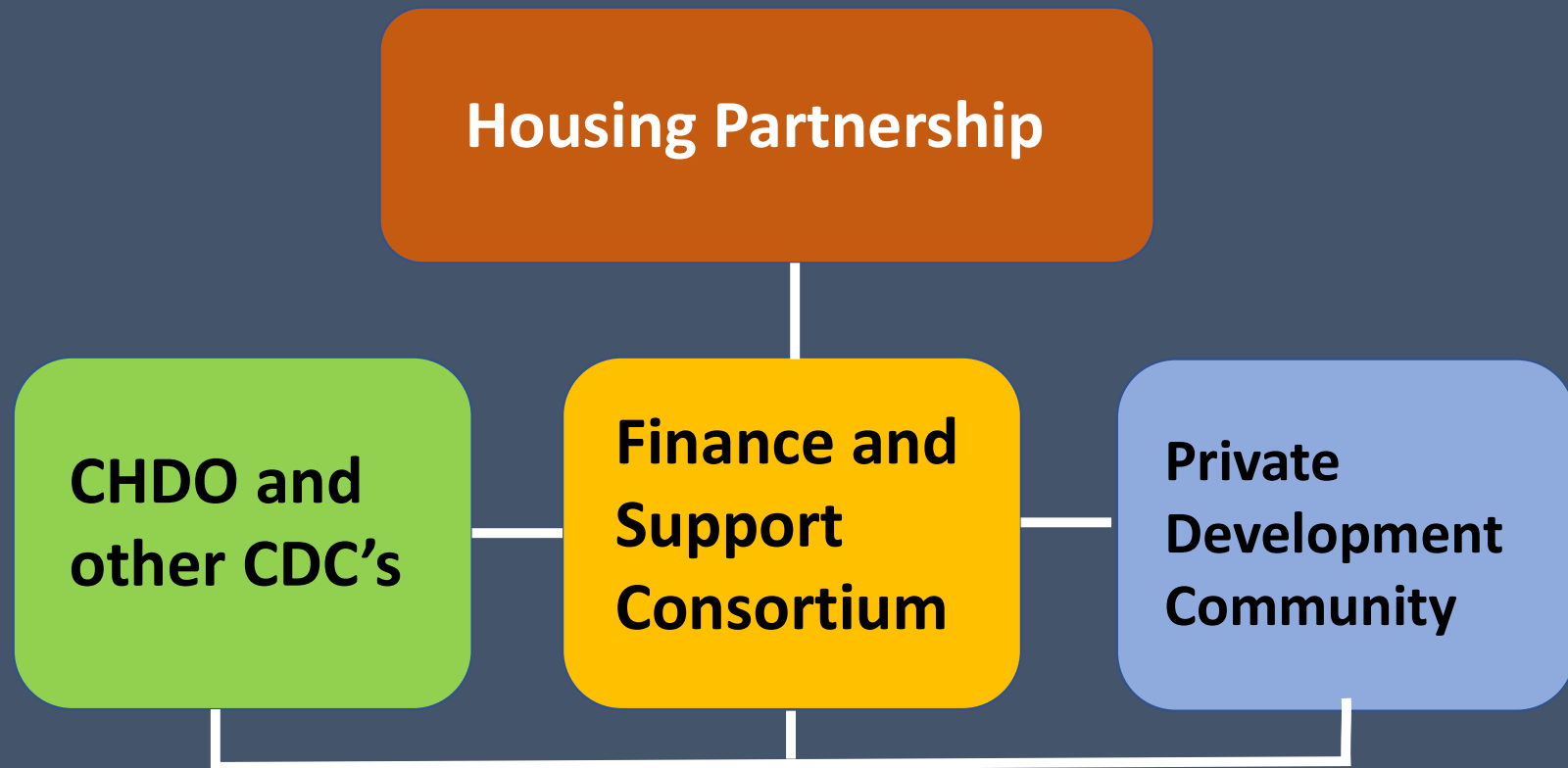
- Plan and complete a project of meaningful scale
- Demonstrate economically feasible but “best” practices for adding value
- Integrate multiple housing types that fit gaps not addressed by the current private market
- Target toward “missing middle” income and household groups

We need...

- A desirable site with good access to services: schools, parks, commercial: **TBD**
- A developer with risk tolerance: **Salina CHDO**
- A means of financing: **TBD**
- A market-based program and development plan: **TBD**

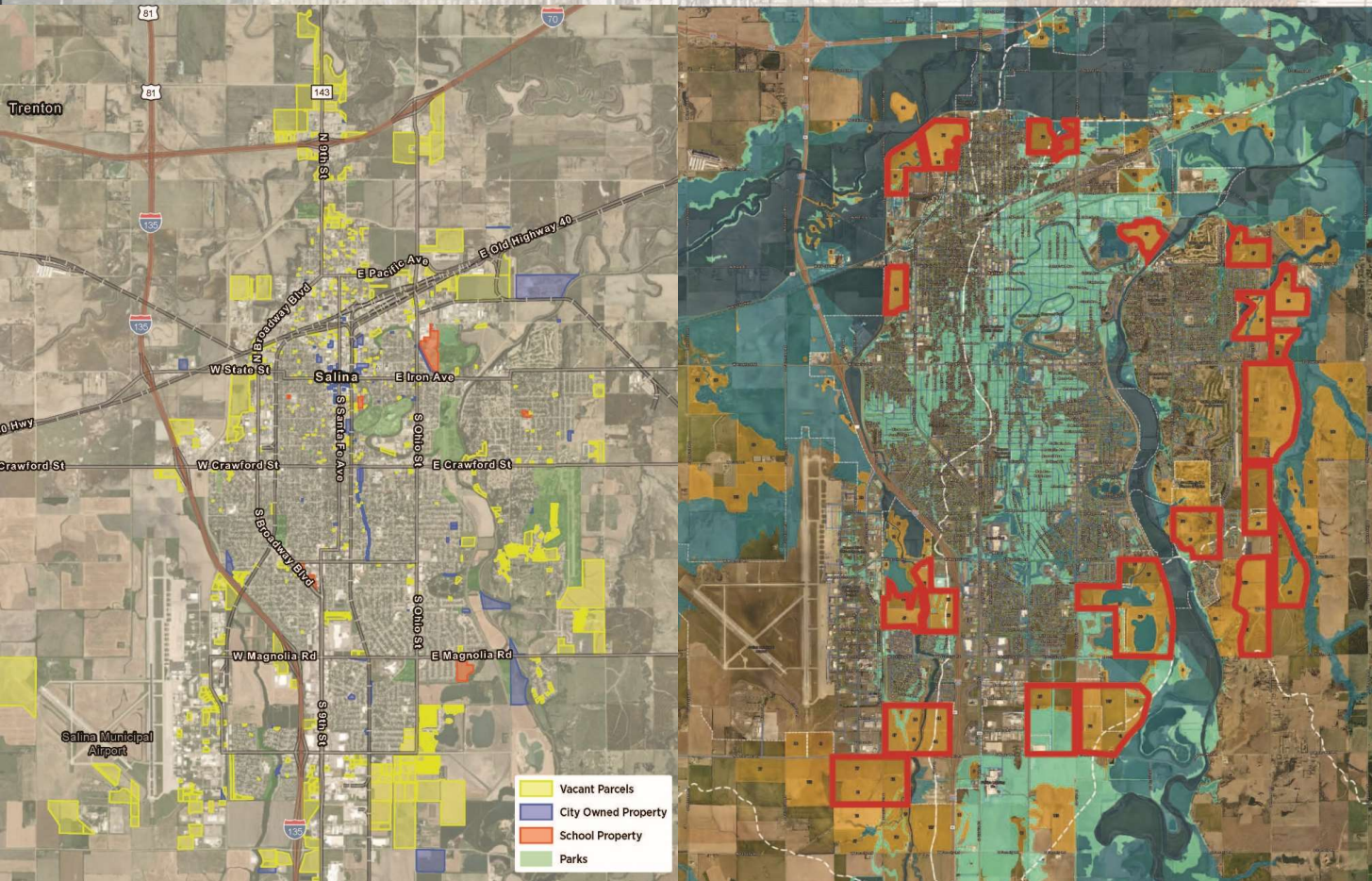
Housing Policy: Implementation

Reinvestment Consortium



Housing Policy: Implementation

Pioneer Infrastructure



- Establish growth clusters
- Evaluate yield of each
- Evaluate planning level infrastructure cost to open areas
- Integrate into capital program

Housing Policy: Implementation (Phase 2)

Neighborhood Fortification



The Concept

- Build needed projects with demonstrated demand on infill sites to build value and credibility of established neighborhoods.
- Use the Housing Partnership as the main force advancing the concept, in collaboration with the city.
- Make city capital investments that support the fortification effort.
- Create conditions for feasible private reinvestment, from individual homeowners to substantial developers.
- Revisit NRP effectiveness and make necessary program modifications

Housing Policy: Implementation (Phase 2)

Neighborhood Fortification

Project Types

- Affordable senior housing
- Equity-builders (shared equity, CROWN)
- Acquisition/rehab/resale
- Infill mini-subdivisions (new sites, clusters of lots)
- Combinations of housing and support services
- New housing forms unavailable elsewhere (townhomes, live/work, auxiliary units, owner/renter duplexes)
- Adaptive reuse/historic preservation

City Support

- Neighborhood street rehabilitation
- Sidewalk upgrades
- Streetscape/lighting
- Park enhancements
- NRP Re-evaluation and Modification



Housing Policy: Implementation

Housing Incentive Policy: RHIDs

1. BASIC CRITERIA FOR CONSIDERATION

Objectives:

- To ensure that projects are of sufficient size and completed in time to address immediate housing needs.
- To provide special flexibility for projects in infill development areas
- To be eligible for RHID/IRB assistance a project must meet the following criteria:
- Be operational within three years of the date of application approval.
- Front end financing should be provided by the applicant through privately placement or another financing arrangement. In unusual circumstances, other financing tools such as publicly issued revenue bonds, may be used at the sole discretion of the City.
- Return on investment reviewed and acceptable to the City.
- 20 unit minimum size for projects within the Neighborhood Revitalization Program (NRP) eligible area
- 50 unit minimum for all other projects

2. UNIT PRICE AND RENT ELIGIBILITY GUIDELINES

Objectives:

- To ensure that housing costs in projects are reasonable affordable to new households and the existing market
- To provide special flexibility for projects in infill development areas
- Ownership Units
- Outside of NRP Eligible Area: Median price of units of \$250,000 or less for RHID eligibility; or 30% of all units priced below \$225,000.
- Within the NRP Eligible Area: No maximum
- Rental Units
- Outside of NRP Eligible Area: Median monthly contract rent at or below \$1.25/square foot for RHID eligibility; no maximum for IRB eligibility
- Within the NRP Eligible Area: No maximum

OWNER-OCCUPIED PROPERTIES: PROJECT CRITERIA

Criterion	Weighting	Inclusion	Points Awarded
Location in Locally Designated Neighborhood Revitalization Program (NRP) Area ¹	3		
Gross Density above 4 units/acre	2		
New to Market Product such as small lot single-family, attached housing, owner-occupied duplex, townhome, rowhouse, or condominium	1		
Immediately available water and sewer service	1		
Unusual design quality or innovation (applicant to document innovation)	1		
40% or more units priced below \$225,000	2		
Provides desirable pioneer infrastructure or street improvement	1		
Includes walkable/bikeable design features (applicant to document)	1		
Includes rehabilitation or reuse of existing structures	2		
Proximity to parks and community services	1		
Mixes densities and housing types including rentals	2		
For subdivisions, having at least 50% of all proposed lots with full public improvements available for construction within 18 months of final project approval; for building projects, completing at least 50% of all units within 18 months of final project approval.	2		
Total Points			

Note 1- An area designated by the City of Salina eligible for tax abatements under the Neighborhood Revitalization Program. The boundaries of these areas may change from time to time. A current map of NRP designated areas is maintained by the Department of Community and Development Services.

ACCUMULATED POINTS FOR OWNER-OCCUPIED DEVELOPMENT:

- 8 points or more: Up to 25 year tax allocation
- 6-7 points: 20 year maximum tax allocation period
- 4-5 points: 15 year maximum tax allocation period
- 0-3 points: 10 year maximum tax allocation period

Housing Policy: Implementation

Housing Incentive Policy: IRBs

1. BASIC CRITERIA FOR CONSIDERATION

Objectives:

- To ensure that projects are of sufficient size and completed in time to address immediate housing needs.
- To provide special flexibility for projects in infill development areas
- To be eligible for IRB assistance a project must meet the following criteria:
- Be operational within three years of the date of application approval.
- Return on investment reviewed and acceptable to the City.
- 20 unit minimum size for projects within the Neighborhood Revitalization Program (NRP) eligible area.
- 50 unit minimum for all other projects.

Use of Sales Tax Exemption Only:

If an applicant is seeking an IRB for the purpose of only using the sales tax exemption, eligibility requires meeting the Basic Criteria for Consideration. Desirable Project Criteria is not applicable.

2. DESIRABLE PROJECT CRITERIA

(Note: IRBs do not include a median rent criterion for approval)

Objectives:

- To identify desirable project goals, features, and innovations
- To encourage projects to include these features in order to determine the length of the IRB's term.

The second stage of evaluation assesses whether proposed projects achieve certain desirable performance or design criteria, based on public policy goals. Different criteria are weighted based on their relative importance and points are awarded based on this weighting. The weighted value of each applicable criteria should be totaled. That total weighted number identifies the length and terms appropriate for that application.

IRB PROJECT CRITERIA			
Criterion	Weighting	Inclusion	Points Awarded
Location in an NRP Eligible Area	3		
Gross Density above 16 units/acre	1		
50% or more of units with rent below \$1.00/square foot	2		
20% or units have 3 or more bedrooms	1		
Mixes densities and building types and footprints	2		
Immediately available water and sewer service	1		
Unusual design quality or innovation (applicant to document innovation)	1		
Presence of resident amenities including useful open space	2		
Provides desirable pioneer infrastructure or street improvement	1		
Includes walkable/bikeable design features (applicant to document)	1		
Proximity to parks and community services	2		
Includes possibility of transition to ownership	2		
Located on infill development site generally surrounded by existing development	2		
Completion of and availability for occupancy of at least 50% of all units within 18 months of final project approval.	2		
Total Points			
ACCUMULATED POINTS FOR IRB DEVELOPMENT:			
<ul style="list-style-type: none">• 8 points or more: Full 10 year exemption at 100% of added tax liability• 4-7 points: 10 year exemption at 100% for first five years of operation and 50% for second ten years• 0-3 points: Choice of 50% exemption for full ten years or 100% exemption for first five years of operation			

A Strategic Housing Program for Salina

Live Salina Update and Housing Incentive Policy

A Presentation to the
City Commission and the
Citizens of Salina

July 12, 2021

