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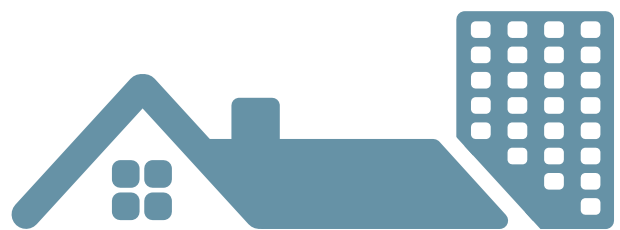
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Live Salina Plan: A Strategic Housing Plan - 2025 Supplement



LIVE SALINA:

A STRATEGIC HOUSING PLAN

2025 Update



LIVE SALINA: 2025 UPDATE

Live Salina: A Strategic Housing Plan, published in March, 2016, presented a detailed analysis of Salina's housing characteristics, markets, and opportunities and included specific recommendations and strategies to address key housing and neighborhood development issues. The 2016 document included an extensive community engagement process that included open houses, public surveys, and small group listening sessions and discussions. The original study was refined in 2021 and updated in 2022 and 2023 to include a supplement with key variables, the most recent available data, new analysis based on Salina's current position, and a housing policy framework to take advantage of opportunities for growth and development.

With the strong industry expansion and employment needs in Salina, the housing study is being updated on a regular basis. The next series of pages provides an update to critical market data as of June 2025, noting comparisons to the 2023 update. To be concise, only tables updated with new data from the 2023 update are shown in this 2025 update document. All other maps, strategies, and recommendations of the 2021 Live Salina document are important to consider in the context of housing need. **The 2025 update makes clear the continued, and increased, need for housing production in Salina. Construction and absorption of housing units remains strong.**

POPULATION CHARACTERISTICS

Figure 1 displays estimated population change in Salina compared to a sample of peer cities in the state. According to the 2020 Census, Salina's population declined slightly from its 2010 historic peak of 47,707 to about 47,000. We believe this is an undercount and detail our reasoning below. Figure 1. The Census Bureau has also recognized the undercount potential of the 2020 results. With the supplemental undercount analysis, we believe the actual 2020 population is conservatively around 48,600, which represents a 2.0% growth from 2010-2020.

FIGURE 1: Population Comparison

City	2010	July, 2024	% Change
Salina	47,707	46,109*	-3.3%
Emporia	24,916	24,354	-2.3%
Lawrence	87,643	97,271	11.0%
Leavenworth	35,251	37,370	6.0%
Manhattan	52,281	54,700	4.6%
Topeka	127,473	125,467	-1.6%

*The most recent population estimates available from the Census as of June 2025. As described in the 2023 Update, an undercount is suspected because of the pandemic and the shortened time frame to follow up with people that did not voluntarily fill out their Census form in 2020. Historically, minority groups are less likely to fill out their Census forms voluntarily. In 2020, the Census Bureau reports an undercount of 4.99% for Hispanic or Latino populations and 1.48% for renters across the country. The reported Hispanic or Latino population in Salina was 12.5% in 2020, which is similar to Kansas (12.7%).

The likely under counting in Salina is supported according to a 2021 Finney County Economic Development Corporation report which finds that 10%-20% of Saline County's population was at-risk of being under counted, mostly attributed to Hispanic populations. When corrected for just one-fourth of the undercount risk, Saline County's estimated population growth is over 1,000 people between 2010 and 2020.

Therefore, to forecast a more accurate future housing demand, the reported 2020 Census count is inflated to capture one-fourth of the undercount risk, to a conservative 48,647 total 2020 population, and 50,359 estimate by RDG at the end of 2024, shown in Figure 2.

FIGURE 2: Salina Population Change with 2020 Adjusted Population, end of year

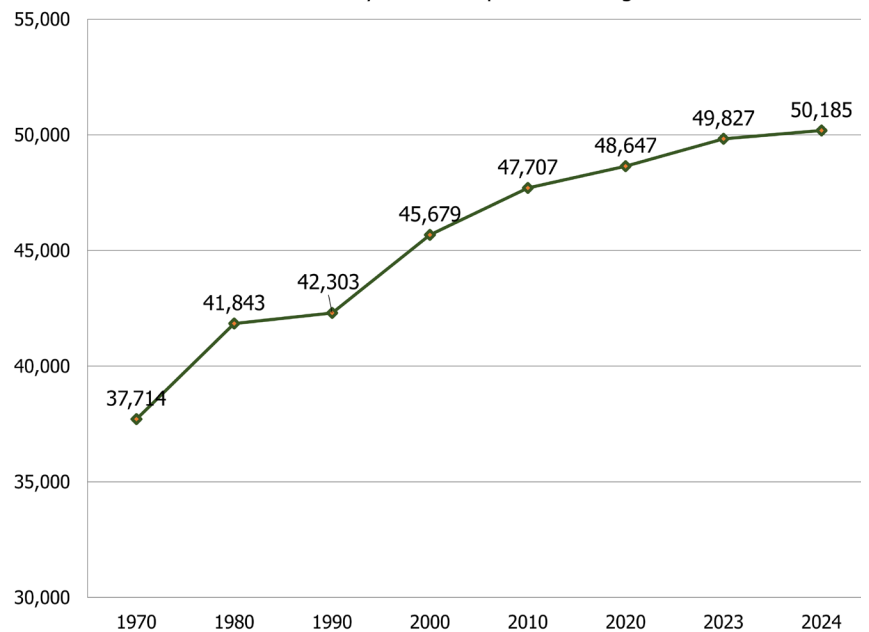
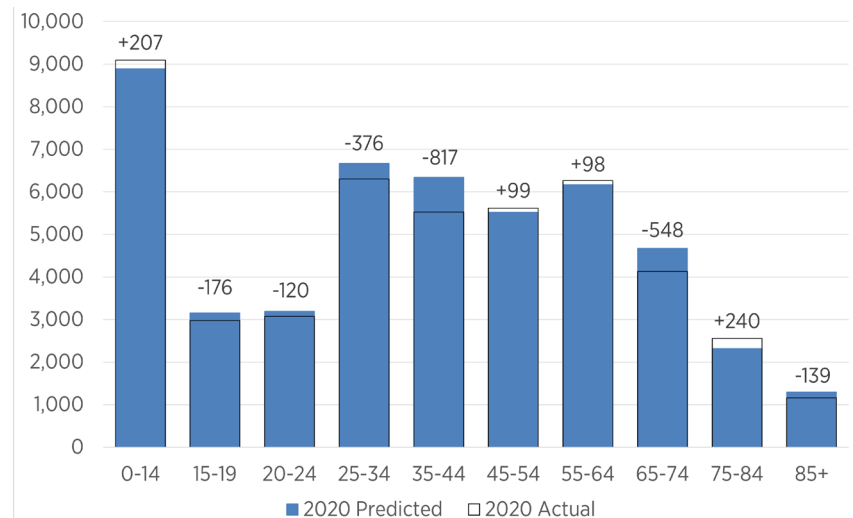


FIGURE 3: Salina 2020 Predicted vs Actual Population Change



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

2023-2025 Report Comparison

- An updated base population used for the end of 2024 that factors undercount reports and housing production activity in the last two years. Updated to a population of 50,185 at the end of 2024 in this report.
- Maintained the percent of jobs that will produce new households in Salina at 60% through 2030, based on the employment projections in the 2023 update that was based on data provided by employers regarding their growth plans.
- Slightly decreased the projected people per household from 2.35 to 2.32, based on new data from the 2023 American Community Survey estimates.
- An overall increase from in the forecasted households by 2030, from 22,602 (in the 2023 update) to 22,833 in this 2025 update. The slight increase is related to the slight decline in household sizes that reflects housing dynamics of aging population and smaller family sizes. However, continued strong job base still requires new working age households.

POPULATION PROJECTION

Figure 4 below displays Salina's forecasted population to 2030, based on past trends and growth projections as of June 2025. This calculation differs significantly from the 2016 study because of data provided by employers in 2023 about the number of new jobs that will be created by industrial expansion and realized housing construction in 2022 through 2024. This projection includes the following assumptions:

- » **A basic annual growth rate of 0.50% is held through 2030.** The basic growth rate excludes projected population gain from new employment. It is based on building trends and past growth rates, **which still holds true in 2025.** The rate falls somewhere between the annual rate from 2000-2020 and the stronger estimated rate from 2020-2024. The growth is justified based on the potential spin-off business and attraction created by industrial expansions in the early 2020s and the significant increase in housing constructed in 2023 and 2024.
- » **The market has yet to be saturated, even with the jump in housing production in recent years.** The 2023 update indicated over 2,000 jobs to be added in coming years that will increase the need for housing. In 2023 the demand estimate assumed that 60% of these new jobs would result in new households in Salina, and 70% of that would need to be absorbed by 2025 and the rest through 2030.
- » **Population per household declines slightly to 2.32 for the next six years.** There has not been significant fluctuations in Census data. This will be a balance of aging households that decrease in size and migration of larger households that fill jobs. The percentage of people living in households (rather than group quarters) will remain at the current level of 97%. Households are the critical number in projecting new housing unit demand.

FIGURE 4: Salina Projected Population and Households, End of 2030

	2023-2024	2025-2030
Population with Basic Growth Rate (0.50% annually)	50,185	51,709
Growth Attributed to Job Expansion (from 2023 update)	1,316	1,504
Base Household Population	48,675	50,154
Population in Households with Job Expansion	49,991	52,974
Average People per Household	2.32	2.32
Number of Households Needed at End of Period	21,548	22,833
Source: RDG Planning & Design		

INCOME DISTRIBUTION

Figure 5 updates income data from the 2016 study using 2023 estimates. While Salina remains a moderate income market compared to its peers, it has experienced significant income growth of about 44% between 2010 and 2023. This level of growth is more than inflation and similar to its group of peer cities with similar median household incomes.

Figure 6 provides the geography of income levels in Salina based on 2023 estimates. The highest median incomes remain in the East and Southeast parts of the city.

FIGURE 5: Annual Median Household Income, 2010 and 2023 - Salina and Comparison Communities

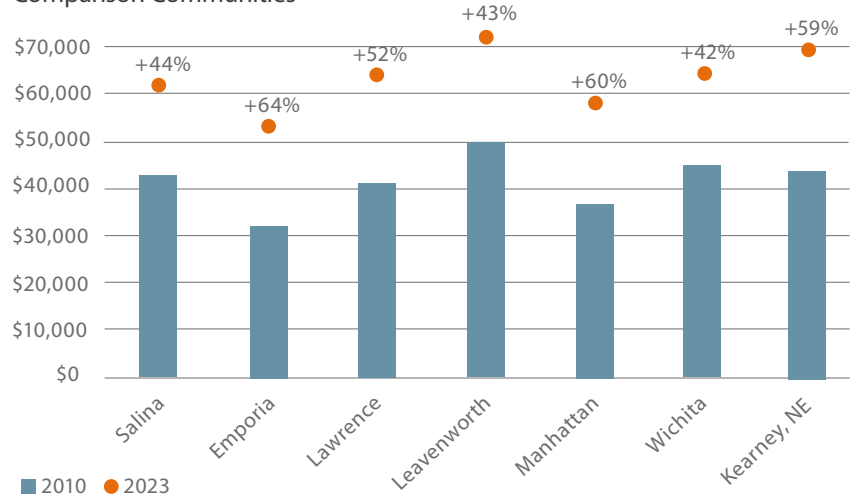
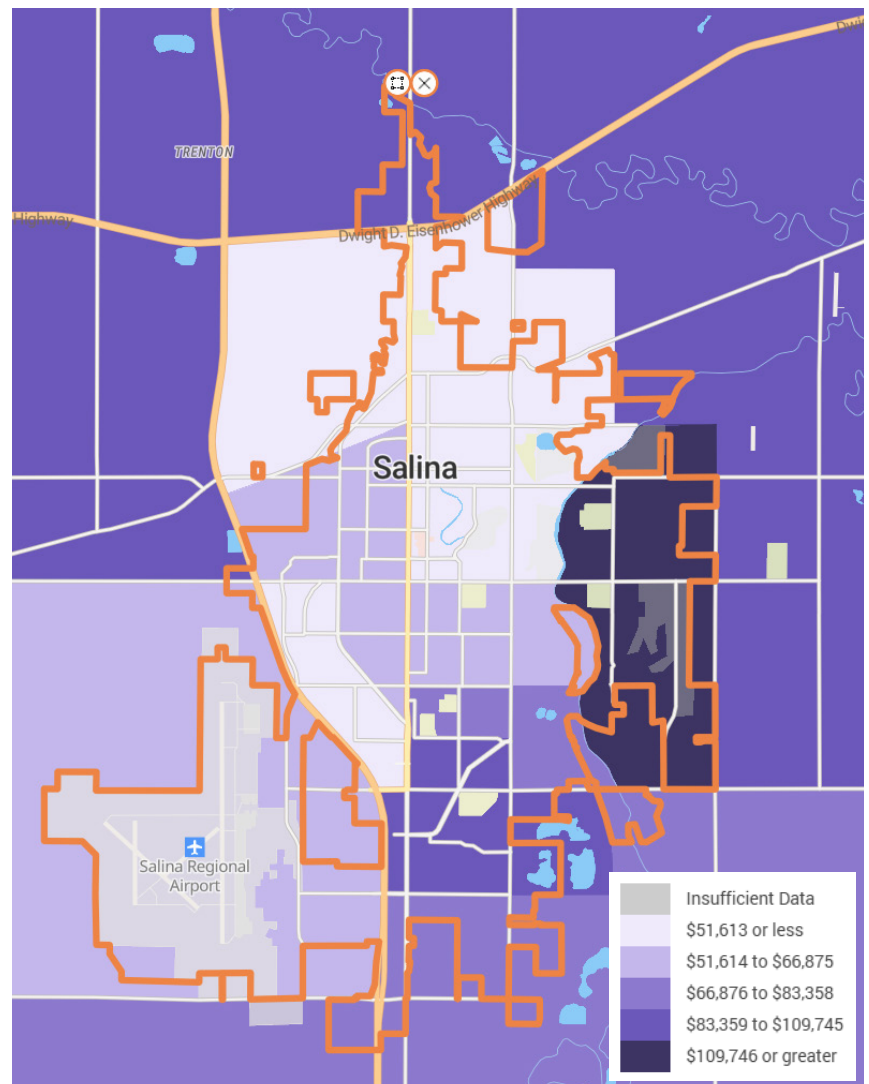


FIGURE 6: Median Household Income by Census Tract, 2023



Source: American Community Survey 5-year Estimates; policymap.com

2023-2025 Report Comparison

- Incomes reported by the American Community Survey rose in all peer cities by more than inflation.
- Incomes in Salina rose to about \$60,624 in 2023.

FIGURE 7: Occupancy Change in Salina, 2010-2023

	2010	2023**	Change
Owner-Occupied	12,409	12,263	-146
Renter-Occupied	6,982	7,038	+56
Total Vacant	1,412	1,554	+142
For rent	645	169	-476
Rented, not occupied	38	163	+125
For sale only	213	429	+216
Sold, not occupied	66	46	-20
For seasonal, recreational, or occasional use	55	94	+39
For migratory workers	8	0	-8
All other vacant	387	653	+266
Vacancy Rate	6.8%	7.5%*	
Total	20,803	20,855	

*When excluding "other vacant" and vacation homes, the vacancy rate is 3.1% in 2021 versus 4.1% in 2010.
 ** Subject to margin of errors in the 2023 American Community Survey

HOUSING TENURE AND COMPARATIVE COST

Figure 7 shows estimates of tenure from the 2023 American Community Survey. Salina had an owner/renter occupancy split of about 63% owner to 37% renter. The ACS estimates indicate a vacancy rate of 7.5%.

However, the ACS also provides data about the reason units are vacant. Units nearly constructed but not yet occupied are counted as vacant units, even if a renter or homeowner is secured. Conversely, units that are condemned or exposed to the elements are not considered vacant.

To get a truer sense of the market, we subtracted the "other vacancy," vacation homes, rented/sold categories from the actual number of vacancies. These vacant units are not available options to fill housing demand because they are for occasional use, foreclosure, repairs, and legal reasons among others. The exclusion results in a vacancy rate around 3.1%, which is used for projection purposes on the following pages.

2023-2025 Report Comparison

- A decrease in the overall vacancy rate from 8.1% to 7.5%.
- A much lower vacancy rate when considering only units available for rent or purchase.
- A slight increase in the value-to-income ratio in Salina and an increase in the percentage of income that renter-occupied households pay for rent.
- Slightly smaller household sizes.

FIGURE 8: 2023 Housing Characteristics - Salina and Comparison Communities

	Salina	Emporia	Lawrence	Leavenworth	Manhattan
Total Units	20,855	11,441	44,034	14,833	24,334
% Owner	63.5%	50%	42.9%	51.5%	41.3%
% Renter	36.5%	50%	57.1%	48.5%	58.7%
Vacancy Rates	7.5%	10.8%	7.0%	9.1%	10.9%
Median Value (Owner-Occupied)	\$164,500	\$127,500	\$269,500	\$176,000	\$243,700
Median Rent (Contract)	\$699	\$623	\$895	\$911	\$854
Median Year Structure Built	1964	1968	1988	1969	1983
Average household size of owner-occupied unit	2.48	2.66	2.46	2.33	2.45
Average household size of renter-occupied unit	2.05	1.85	1.90	2.59	2.00
Value-to-Income Ratio*	2.71	2.42	4.29	2.47	4.17

*see 2021 supplement document for definitions

Source: American Community Survey 5-year Estimates

2023-2025 Report Comparison

- The same trends year-to-year related to gaps in options for households with incomes under \$25,000 and over \$75,000 a year.
- Some relief was shown for households making between \$75,000 and \$150,000, even with an increase in the number of household in these income ranges. The increase in realized new residential construction in recent years is a primary reason.
- More households earning above \$150,000 caused the gap to grow for this income range, even with an increase in the housing stock above \$400,000.

AFFORDABILITY ANALYSIS

Figure 9 examines supply and demand through the lens of what is “affordable” to different income groups to answer the question: is there an adequate supply of housing options available for residents of different income groups? Figure 9 illustrates five major components in pursuit of the above story:

- 1. Income Ranges.** The starting point of the analysis is the spectrum of incomes across all residents. From these incomes, corresponding “affordable” housing prices are established for ownership and rental opportunities.
- 2. Number of Households in Each Income Range.** The number of households in each income range is the demand; these residents seek housing options that are affordable to them.
- 3. Affordability Ranges.** An affordable ownership home is calculated at 2-3 times the household income depending on the income range. Lower income households tend to spend a higher percentage of their income on housing and higher income households tend to spend a lower percentage of their total income on housing. An affordable rental would be nearly 30% of household income.
- 4. Number of Housing Units in Each Affordability Range.** The number of housing units in each affordability range is the supply of affordable options.
- 5. The Balance of Supply and Demand.**
 - If the number of households exceeds the number of units available, those households must seek options in different affordability ranges.
 - If the number of units exceeds the number of households, it indicates that the units are occupied by households in different income ranges.
 - This analysis is meant to illustrate larger trends in how existing units are being occupied. It does not demonstrate exact market demand in certain price ranges.

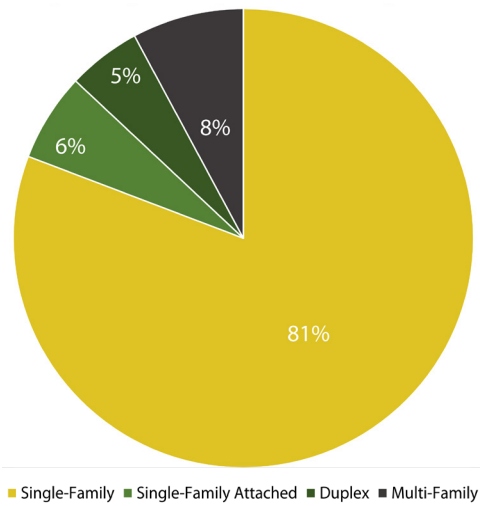
The analysis shows that higher income households are occupying some of the city’s more affordable stock and that housing in the city may also be somewhat undervalued. The largest deficits are above \$200,000 for owner-occupied housing and above \$1,500 a month for renters. Figure 9 conclusions are on the next page.

FIGURE 9: Affordability Analysis for Salina Housing Stock, 2023

Income Range	# 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	3,869	>\$60,000	976	\$0-\$499	1,324	2,300	-1,569
\$25,000 - \$49,999	4,070	\$60,000-124,999	2,934	\$500-\$999	4,857	7,791	3,721
\$50,000 - \$74,999	3,864	\$125,000-199,999	4,232	\$1,000-\$1,499	597	4,829	965
\$75,000 - \$99,999	2,570	\$200,000-249,999	1,716	\$1,500-\$1,999	79	1,795	-775
\$100,000 - \$150,000	3,066	\$250,000-399,999	1,847	\$2,000-\$2,999	181	2,028	-1,038
\$150,000 +	1,862	\$400,000+	558	\$3,000+	0	558	-1,304

Source: American Community Survey 5-year Estimates

FIGURE 10: New Construction by Type (2010-2024)



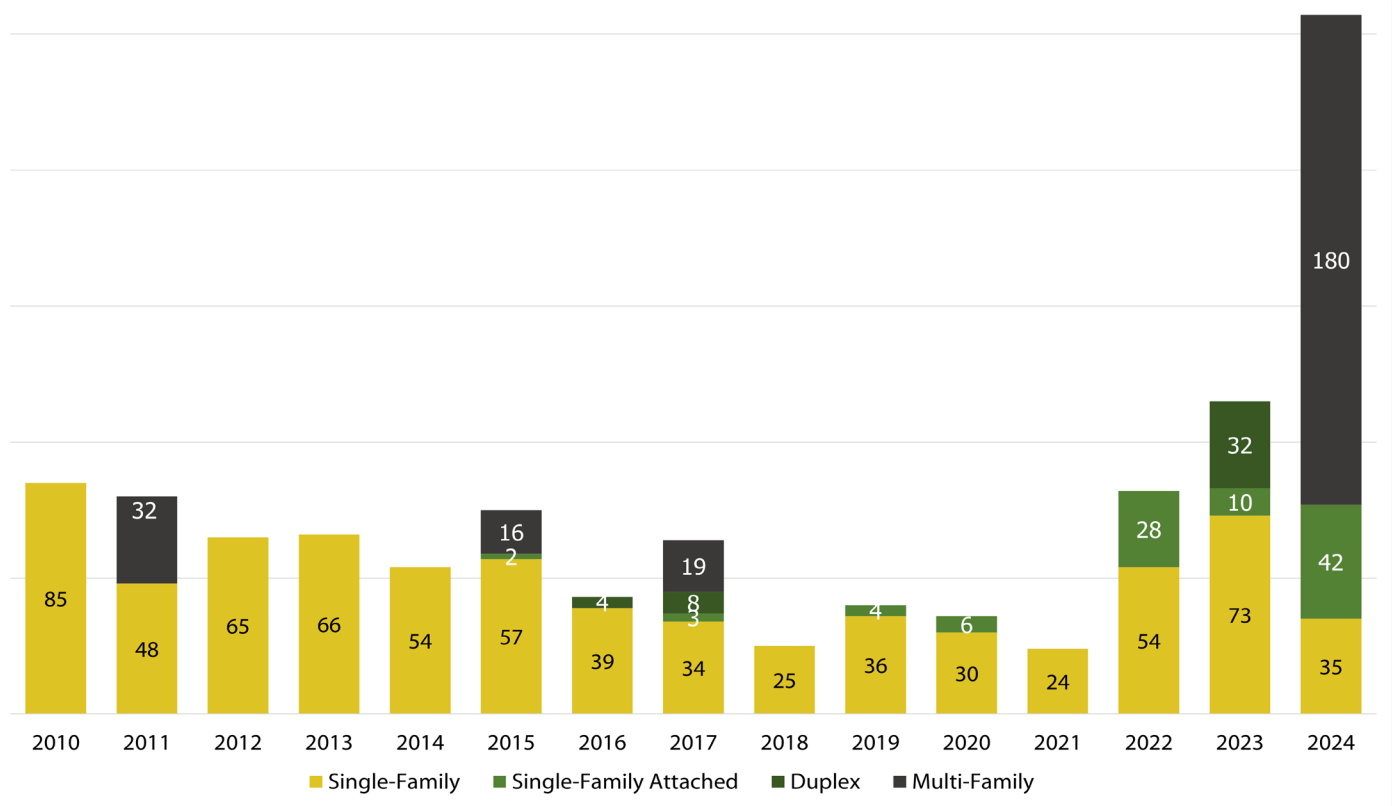
Source: City of Salina

- Competition for housing and rentals at mid-price points is extreme and growing. The imbalance of options for households making more than \$75,000 and below \$25,000 means there are many having to live in the mid-price point units. This is particularly concerning for the lowest income households who may have to share rent, double-up on units, or pay more than 30% of their income for rent.
- Significant opportunities for move-up housing, in turn opening lower-cost existing units for new or moderate-income households.
- **Production of market-rate units is increasing, and so are local incomes. Recent developments have started to provide relief but more is needed. Salina is seeing an increase in household incomes.**

CONSTRUCTION ACTIVITY

Figures 10 and 11 display construction activity in Salina from 2010-2024. Residential construction has been overwhelmingly in single-family detached residential until a large spike of new multi-family units in 2024. Salina’s single-family production has grown in recent years as well along with more variety in single-family attached and duplex units. **Proactive housing strategies and incentives are becoming realized in 2022 through 2024 building permit numbers.**

FIGURE 11: Residential Building Permits by Unit



Source: City of Salina

HOUSING DEMAND PROGRAM

Figure 12 uses the population and household projections and affordability analysis to develop an updated demand projection through 2030 for Salina. Basic assumptions used to calculate demand include:

A slightly increasing vacancy rate

- The ACS indicates a 3.1% vacancy rate in 2023 when excluding the “other vacancy” reasons, vacation homes, and rented/sold units that are not yet occupied. This rate should increase slightly over time as new units are brought to the market. This is especially true as an influx of rental options need to come online with industrial job growth.

Replacement rate of about 15 units/year

- Replacement is generated by demolition and conversion of housing to other uses. Examples include loss from damage and redevelopment.
- Average annual residential demolition permits since 2015 was about 16 units.
- Forecast model assumes annual replacement need of about 15 units annually from 2025-2030.

Owner/Renter tenure split

- Salina has started to see more rental construction and this needs to continue through 2030.
- From 2025-2030, demand may level out somewhat and people, becoming vested in the city, are likely to increase demand for ownership housing. But rental demand could also remain prominent if housing costs remain inflated and aging populations look for more flexible living options.
- Given this reasoning, the program includes a 55/45 owner/renter split between 2025 and 2030.

The calculation indicates a potential need for over 1,600 new housing units through 2030, assuming projected growth in employment continues. It is important to note that this is not a prediction, but a projection of potential if the market responds and Salina competes successfully in attracting new households in response to announced and anticipated job growth.

FIGURE 12: Salina Housing Projections, 2025 - 2030

	Through 2024*	2025 - 2030
Population at End of Period	50,185	51,709
Base Household Population at End of Period	48,675	50,154
Population Growth from New Jobs	1,316	1,504
Total Household Population with Job Growth	49,991	52,974
Average Household Size	2.32	2.32
Household Demand at End of Period	21,548	22,833
Projected Vacancy Rate	3.2%	4.1%
Unit Needs at End of Period	22,248	23,723
Total Replacement Need		95
Cumulative Need During Period		1,645
Average Annual Construction		274

Source: RDG Planning & Design

*Salina saw 257 new units in 2024 and 11 demolitions. 180 of these units were multi-family.

2023-2025 Report Comparison

- Forecast total housing need is slightly under what the 2023 study update would have shown as of the end of 2024 (1,645 vs. 1,789). The average annual construction need through 2030 is 274 versus 298 in the 2023 update. However, most of this difference is related to adjustments in future household sizes and target vacancy rates.
- The forecasted need between owner and renter units is adjusted to 55%/45% from 2025-2030. More people are expected to seek rental options because of the high cost of ownership from interest rates, insurance, and other fees.

DEMAND BY PRICE POINT

Figure 13 distributes the forecasted demand by price point, based on estimated 2023 distribution of household incomes in Salina. This assumes that the lower income ranges of the income distribution will be served by existing housing, a more realistic assumption given development costs. The demand for owner-occupied units is in all ranges in 2023 dollars, and in rents around \$1,000 per month.

Because the most recent available data was from 2023, the price ranges likely need to be slightly higher because of inflation and on-going high construction cost rates already experienced in 2024 and 2025. For example, the <\$225,000 category may be close to approaching <\$250,000. In addition, sustained higher mortgage rates through 2025 can add several hundreds of dollars to monthly ownership costs, which will drive households to rent longer or choose renting over owning when first moving to Salina. These types of households can likely afford higher rents when the ownership market is that much more out of reach.

FIGURE 13: Development Program, 2025-2030 (Including demand from existing and future job openings)

	2025 - 2030
Total Need	1,645
Total Owner Occupied	905
<\$225,000	466
\$225-\$300,000	151
\$300-\$400,000	180
Over \$400,000	109
Total Renter Occupied	740
Less Than \$625	199
\$625-\$1,000	210
\$1,000-\$1,500	199
Over \$1,500	132

Source: RDG Planning & Design

Note: Affordability ranges are also influenced by interest rates – people can afford more expensive homes when interest rates are low. Increases in residential interest rates may reduce the stock of affordable workforce housing and create an even greater demand for quality rental units.

2023-2025 Report Comparison

- The percent allocation for each housing type remains the same except that the ratio of ownership and rental options for small lot, attached, duplex, and townhomes were decreased in the lowest price point and increased in the low-medium price point range. It is increasingly difficult to meet the lowest price points with new construction and rehab.
- There still remains a need for a variety of housing types to meet households' preferences and ability to afford housing.
- There are still hundreds of units in planning, approved, and under construction. These include conventional single-family, "missing middle" types, and high-density townhomes and multi-family units, split between ownership and rental.

DEMAND BY HOUSING TYPE

The analysis illustrated in Figure 14 has important implications for the types of housing products built in the Salina market. In the past, most of the city's housing production to date has been conventional single-family detached homes on relatively large lots, typically 8,000 square feet and more, and multi-family development in either new construction or adaptive reuse in projects. Nationally, a significant amount of attention has been given to the "missing middle" – moderate and medium density housing forms that can be more efficient and affordable to family households entering the ownership market. These products include single-family attached, duplexes (including owner-occupied duplexes where a household rents out the attached unit), townhomes and rowhouses, and small footprint studio apartments. These products are scarce in the Salina market but are trending upward as the nearly 900 units approved and planned for construction since 2023 and onward show. This should continue in order to meet housing needs.

Figure 14 distributes the forecasted 2030 housing demand by price point over different housing forms, assuming that single-family detached homes will continue to dominate higher-end markets, but other solutions like attached units will be needed to deliver family-friendly, affordable products.

FIGURE 14: Target New Construction Housing Distribution by Price Point - 2025-2030

	Total Demand	Conventional 1-Family	Small Lot 1-Family, 1-Family Attached, Duplex	Duplex, Low-Density Townhomes and Rowhouses	High-Density Townhomes and Multifamily/Studios
Typical Density (units/acre)		<4	4-8	8-12	>12
OWNERSHIP					
<\$225,000	465	0 (0%)	163 (35%)	163 (35%)	93 (20%)
\$225,000-\$300,000	151	30 (20%)	68 (40%)	53 (35%)	15 (10%)
\$300,000-\$400,000	180	108 (60%)	27 (15%)	27 (15%)	18 (10%)
>\$400,000	109	76 (70%)	11 (10%)	11 (10%)	11 (10%)
RENTAL					
<\$625	199	0 (0%)	30 (15%)	50 (25%)	100 (50%)
\$625-\$1,000	210	0 (0%)	52 (25%)	73 (35%)	105 (50%)
\$1,000-\$1,500	199	0 (0%)	60 (30%)	70 (35%)	70 (35%)
>\$1,500	132	0 (0%)	46 (35%)	46 (35%)	40 (30%)
TOTAL BY TYPE	1,645	214	457	493	451

Cells with 0% indicate that a housing type is not feasible and/or desirable at that price point. For example, it would be very difficult in the 2025 market to construct and sell a conventional 1-Family home for under \$225,000.

Source: RDG Planning & Design

FIGURE 15: Alternative Housing Forms



Small lot single-family



Townhouses



Owner-occupied duplexes



Rowhouses



Single-family attached



Small footprint apartments

SENIOR HOUSING DEMAND

(this section was not updated in the 2025 update because of limited new data)

This section examines senior population characteristics and trends in the city to quantify demand for senior housing. These households are the primary market for targeted new residential products that are **maintenance-provided ownership settings, senior independent living, and assisted living**.

Findings include:

- 32% of the Salina's population is 55 and over.
- From 2010 to 2020, Salina's population 55 and over group grew by 20%. A large part of this growth is from the 65-69 age group, which grew by 48.8% due to the natural aging of the large baby boomer age group.
- Some senior age groups experienced migration into the city, while others did not.
- Figure 17 projects the population of each senior age group, based on recent migration rates and current population distribution. Potential new demand for alternative senior housing settings through 2025 is conservatively about 75 units. This represents 0.8% of the potential senior households.
- Note, the demand for 75 units will include a need across different price points. Not all seniors have an income that can support a move to a new living complex.

FIGURE 16: Salina Senior Population Change, 2010 - 2020

5-Year Age Groups (55+)	2010	2020	Percent Change
55 - 64	5,501	6,252	13.7%
65 - 69	1,817	2,704	48.8%
70 - 74	1,543	2,118	37.3%
75 - 79	1,243	1,483	19.3%
80 - 84	1,126	1,084	-3.7%
85 and Over	1,103	1,174	6.4%
Total 55 and Over	12,333	14,815	20.1%
Total 65 and Over	6,832	8,563	25.3%

Source: U.S. Census Bureau; 2010 and 2020 Decennial Census

FIGURE 17: Projected Senior Population and Housing Demands for 2025, City of Salina

	2025 Population Projection	Estimated Household Size	Total Households	Demand for Alternative Senior Housing Settings (0.5% - 1% of Total)
55 - 64	4,864	2	2,465	25
65 - 74	5,294	1.75	3,119	31
75 and Over	4,724	1.25	3,913	20
Total 55 and Over	14,883	--	9,496	75

Source: RDG Planning & Design

Analysis of market conditions and housing economics since the 2021 Supplement report still show significant challenges to make a housing project “work.” This has not changed between the 2023 and 2025 updates. Inflation in housing material costs were stabilizing and even dropping, but pressures from international tariffs are creating significant price uncertainty as of June 2025. Price volatility will remain a challenge through at least the end of 2025.

2023-2025 Report Comparison -

- The loan rate was kept at 7.0%, which is similar to current rates in June 2025. There is little indication whether rates will drop in 2025.
- Increased construction and land costs by inflation.
- Maintained on-site parking at 1.5 stalls.
- Contingency increased because of market volatility.

AN EXERCISE IN DEVELOPMENT ECONOMICS

The 2021 Study Supplement helped answer several questions regarding appropriate public assistance toward housing projects, based on the following conclusions.

- » **Salina has a very low vacancy rate, especially in good quality, multifamily housing.** Many properties have no vacancies, and new residents have few options in the city.
- » **Existing rents in Salina are at relatively modest levels.**
- » **Rental development has been very limited in the past until 2023 and 2024, and will continue in the next few years.** New projects will include developments with income qualification requirements and market rate rents.
- » **Very little “missing middle” housing forms have been developed in Salina.** Most new development has been conventional lot single-family detached homes and a relatively small number of rental units. This demand is picking up interest from the development community. Recently approved projects will help prove demand even more.
- » **Typical apartment density is about 13 to 14 units per acre, with the exception of downtown area adaptive reuse projects.**

The Economics of New Rentals: A Hypothetical Case

A financial analysis built around a hypothetical 50 unit apartment project in Salina can help test the need for and effectiveness of development incentives. Figure 18 below presents the basic parameters of this study, built around typical project character in the city. **This hypothetical project is a basic development without considering significant site features and amenities like covered parking, public spaces, and pools.**

FIGURE 18: Key Variables for Hypothetical Project		
Variable	Units	Assumptions
Dwelling Units	50 units	
Site Area (Acres)	3.85 acres	13 units/acre
Site Area (SF)	167,500 SF	
Gross Residential Area (SF)	52,941 SF	85% efficiency
Net Residential Area (SF)	45,000 SF	
Average Unit Size	900 SF	
On-Site Parking	75 stalls	1.5 stalls/unit
Source: RDG Planning & Design		

As an example, \$2.273 per square foot translates to a monthly market-rate rent of:

- Studio (450 SF) ~ \$1,022
- One-bed (700 SF) ~ \$1,590
- One/Two bed (900 SF) ~ \$2,046
- Two bed+ (1,200 SF) ~ \$2,725

Figure 19 below summarizes development costs for this hypothetical project, again based on local land and construction costs.

Figure 20 lists typical financing assumptions for a project of this scale.

Then Figure 21 on the next page displays a simplified proforma and concludes with the amount of rent necessary per square foot to “make the numbers work” on this hypothetical development. The calculation indicates that a project developed along these relatively typical lines requires about \$2.273/SF/month.

- The rent assumption is based on all private funding and average unit sizes. Market rate studios tend to rent more per square foot than 1-2 bedroom units. The rents on the left include other fees that residents could be charged, such as parking. However, the rent per square foot does not factor any public assistance that may be granted to the project - discussed more on the following pages.

**FIGURE 19: Hypothetical Development Cost -
Scenario: 50 Unit Multifamily Structure at an Average 900 SF Per Unit**

Component	Cost (rounded)	Assumptions
Land Cost	\$712,000	\$4.25/SF for improved land
Building Construction	\$8,471,000	\$160/SF
Parking	\$144,000	\$5.5/SF, 350 SF per stall
Other Site Development Cost	\$377,000	\$2.25/SF
Contingency	\$582,000	6%
Hard Cost	\$10,286,000	
Soft Cost	\$2,572,000	25% of hard cost
Total Development Cost	\$12,858,000	

**FIGURE 20: Hypothetical Sources of Funds
Scenario: 50 Unit Multifamily Structure at an Average 900 SF Per Unit**

Component	Assumption	Notes
Equity	30%	\$3,857,000
Debt	70%	\$9,000,000
Construction Loan Rate	7.0%	
Permanent Loan Term	25 years	
Permanent Loan Take-Out Year	Year 2	
Expected Cash on Cash Return	5%	Note: 5% annual cash on equity may seem like a low rate of return. It is important to remember though that many equity investors realize their return from tax advantages rather than annual cash return. In Low Income Housing Tax Credit (LIHTC) projects, an investor may receive a tax credit up to 9% annually (a direct reduction of income tax liability) for ten years plus the residual value of their capital investment and depreciation.

Source: RDG Planning & Design

2023-2025 Report Comparison

- Because of maintained interest rates, continued rise in construction costs, and an increased tax rate, the typical rent for a new rental product in this scenario conservatively rose from \$1,937 to \$2,046 from 2023 to 2025.

Filling the Gap

A variety of financial tools and incentives are available to reduce this financing gap. Since this hypothetical project is designed as a market rate development, the Low Income Housing Tax Credit is not included in this analysis. The techniques evaluated include:

- Tax Incentives, including Rural Housing Incentive Districts and tax abatements through Industrial Revenue Bonds (IRB's) or the Neighborhood Revitalization Program. RHIDs are a tax increment device, allocating added taxes created by the project to financing eligible project-related improvements. IRB's offer sales tax exemptions and a ten year abatement of property taxes.
- Interest rate subsidy.
- Land contributed without cost to a project.
- Increasing the density yield on the site to achieve higher revenues. In this example, an increase in density from 13 to 20 units/acre would increase the density yield from 50 to 77 units and reduce the rent rate per square foot by \$0.29.
- Deferral of annual cash on equity return. If the project is sold to limited partners (equity investors) who are in the project for tax benefits and residual value at the end of a given period rather than annual cash return, the required yield drops substantially
- Grant through the State of Kansas Moderate Income Housing program, with a maximum grant of \$650,000.
- Lengthening the loan term from 25 to 30 years.
- Waiving building permit fees (3%).
- Up front cash subsidy to total development costs.

Figure 22 displays the impact of each of these incentives or variations have on the base \$2.273/SF rent requirement. This calculation shows that the most effective strategies are tax related tools such as IRBs/RHIDs or tax abatements; deferral or elimination of annual cash on equity payments that are at least partially a tax driven policy as well; and promoting higher density development on a given site to increase revenues and reduce marginal cost per unit.

**FIGURE 21: Simplified Typical Year Proforma - Without Incentives
Scenario: 50 Unit Multifamily Structure at an Average 900 SF Per Unit**

FIXED COST ITEM	Cost (rounded)	Assumptions
Annual Debt Service	\$763,000	7.0%, 25 year amortization
Annual Operation and Maintenance	\$132,000	\$2.50/SF annualized
Property Taxes	\$139,000	1.5% Saline County rate
Annual Cash on Equity Return	\$193,000	5%
Total Annual Fixed Cost	\$1,227,000	
REQUIRED REVENUE YIELD		
Leasable Area (SF)	45,000	
Necessary Annual Revenue/SF	\$27.28	
Necessary Monthly Revenue/SF	\$2.273	
Rent for Typical 900 SF Unit	\$2,046	
Source: RDG Planning & Design		

**FIGURE 22: Impact of Selected Tools to Reduce
Rental Gap (some of the tools can be used
simultaneously)**

STRATEGY	Savings on Monthly Rent per SF/month
Tax Abatement or IRB/RHID Increment	\$0.26
Interest Subsidy by 2%	\$0.24
Free Land	\$0.15
Increase in Density to 20 du/A on Full Site	\$0.29
Increase in Density Reducing Site Size	\$0.08
Deferral of Annual Cash Return	\$0.36
Maximum Moderate Income Housing Grant	\$0.09
Increase in Loan Term to 30 years	\$0.08
Waiving Developer Fees (3%)	\$0.03
Up Front Cash Assistance of \$1 million	\$0.14

What Influence Can Salina Have?

As Figure 22 illustrates, there are several tools that the City can pursue to help lessen the financial cost of development, and ultimately the price paid by renters or owners. However, as Figure 23 illustrates, there are limits to how much Salina can influence housing prices.

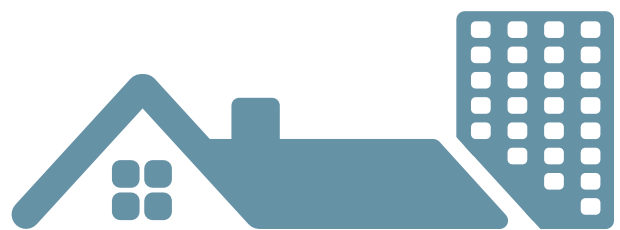
Figure 23 applies the savings to the hypothetical development project in Figures 18-21, where the needed market rent for a 900 square foot apartment is \$2,046. Note, the savings application assumes the developer applies 100% of the assistance toward rental price reductions.

- » **These savings are on a basic 50 unit apartment, without additional features like covered parking, public spaces, and pools.**
- » **While some of these strategies can be combined for one project, the options to combine tools requires the involvement of banks, property owners, and developers themselves.** Also, the level of savings per tool is the best case scenario given perfect efficiency in application and filtering of the incentive to the end renter.
- » **For a typical scenario where the City offers RHID/IRB incentives, the savings on rent is limited.** If the project is awarded the maximum State MIH Grant, the savings on monthly rent rises to \$231 a month in this scenario.*

FIGURE 23: Savings tools applied to final rent price for this project example (some of the tools can be used simultaneously)

STRATEGY	Savings on Monthly Rent per SF/month	Reduced Market Rent for Scenario 900 SF Unit	Savings for Renter per Month
Tax Abatement or IRB/RHID Increment	\$0.26	\$1,814	\$231*
Interest Subsidy to 2%	\$0.24	\$1,826	\$220
Free Land	\$0.15	\$1,912	\$134
Increase in Density to 20 du/A on Full Site	\$0.29	\$1,785	\$261
Increase in Density Reducing Site Size	\$0.08	\$1,976	\$70
Deferral of Annual Cash Return	\$0.36	\$1,724	\$321
Maximum Moderate Income Housing (MIH) Grant	\$0.09	\$1,966	\$80
Increase in Loan Term to 30 years	\$0.08	\$1,971	\$75
Waiving Building Permit Fees (3%)	\$0.03	\$2,021	\$25
Up Front Cash Assistance of \$1 million	\$0.14 per \$1 million cash	\$1,922	\$124

Live Salina Plan: A Strategic Housing Plan - 2021 Supplement



LIVE SALINA:
A STRATEGIC HOUSING PLAN

2021 supplement



LIVE SALINA 2021: A SUPPLEMENT

Live Salina: A Strategic Housing Plan, published in March, 2016, presented a detailed analysis of Salina's housing characteristics, markets, and opportunities and included specific recommendations and strategies for addressing key housing and neighborhood development issues. The 2016 document included an extensive community engagement process that included open houses, public surveys, and small group listening sessions and discussions. Its opening chapter, summarizing this process, distilled community housing concerns in three statements:

- "We need to take care of our older housing and clean up our existing neighborhoods."
- "The cost of housing is too high. We need more affordable options."
- "A wide range of housing products of new housing products are needed in Salina today, especially two and three-bedroom houses, independent senior living, townhouses, and apartments."

Now, five years later, these statements remain highly relevant and even more urgent. Salina in 2021 is presented with unusual opportunities, created by both the prospect of substantial employment growth and major investments that the city has made to enhance its quality and improve its competitive position. Its downtown initiative has created a renewed city center that is both visually attractive and economically strong. Continued public and private investment has also strengthened its previously strong foundation of community assets and institutions. Most importantly, its strong and diverse base of major industries and other employers is conservatively expected to generate a estimated 1,000 new positions during the next five years, with the prospect of even more new jobs. However, one major issue has remained a constant and unresolved community priority – the creation of a self-sustaining housing market that serves the needs of all people and parts of the community. Ultimately, the resolution of this issue is a critical need for the city to capitalize fully on its investments and potential.

Among other considerations, the 2016 plan addressed two major matters of strategy: the perceived competition between "greenfield" and infill development, and the appropriate use of financing tools such as special

assessments; and a neighborhood development strategy to help create a self-sustaining housing market for infill development and reinvestment. Since then, Salina has made significant progress. Special assessment financing, paused during 2016 because of the greenfield versus infill debate, was resolved and that technique is again in use. The Salina Community Housing Development Organization (CHDO), a nonprofit corporation with development capability that was dormant in 2016, has been reactivated and is positioning itself to increase the scale of its work. The city's extensive downtown renovation will inevitably increase the attractiveness and economic value of adjacent neighborhoods, and the adaptive residential reuse of the historic Lee Building introduced major residential development into the downtown core. The city has also gained greater familiarity with housing production incentive tools available in Kansas. These include Rural Housing Incentive Districts (RHIDs), Moderate Income Housing (MIH), Neighborhood Revitalization Program (NRP), and Industrial Revenue Bonds (IRBs).

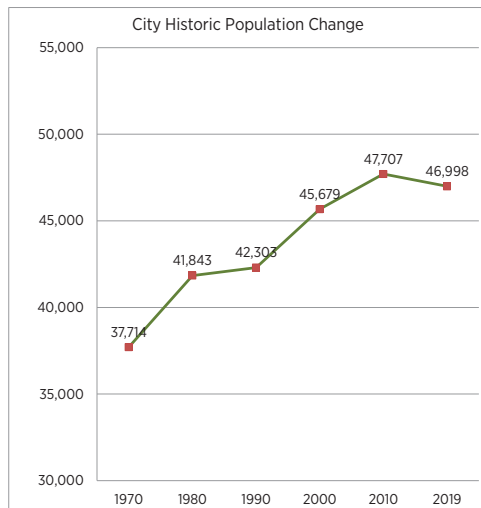
Despite this progress, new housing construction lags demand; has focused on conventional single-family development outside of the price range of much of the potential market; and has generated relatively little new rental development. In existing neighborhoods, replacement costs continue to exceed market value of homes, discouraging infill development or redevelopment of distressed areas and properties. Consequently, Salina has very little availability of contemporary rental housing and, in common with much of the country, a very limited supply of new ownership housing affordable to its potential workforce. A complicating factor is the increasing cost of new construction caused at least in the short run by material shortages and supply chain problems.

This document is intended as a supplement rather than replacement of the Live Salina document. It includes key variables the most recent available data, based on the Bureau of the Census' 2019 American Community Survey, adds new analysis based on Salina's current position, and presents a housing policy framework to take advantage of the city's opportunities for growth and development. Parts of this document are based on a series of City Commission workshop sessions led by RDG Planning & Design between March and May, 2021. We would especially like to thank the Mayor Melissa Rose Hodges and the City Commission City Commission for their thoughtful participation in this process, City Manager Michael Schrage for his insight and challenging questions, and Community & Development Services Director Lauren Driscoll for her collaboration and indispensable assistance throughout this project.

FIGURE 1: Population Comparison

City	2010	2019	% Change
Salina	47,707	46,998	-1.5%
Emporia	24,916	24,607	-1.2%
Lawrence	87,643	96,369	10.0%
Leavenworth	35,251	36,064	2.3%
Manhattan	52,281	55,290	5.8%
Topeka	127,473	126,397	-0.8%

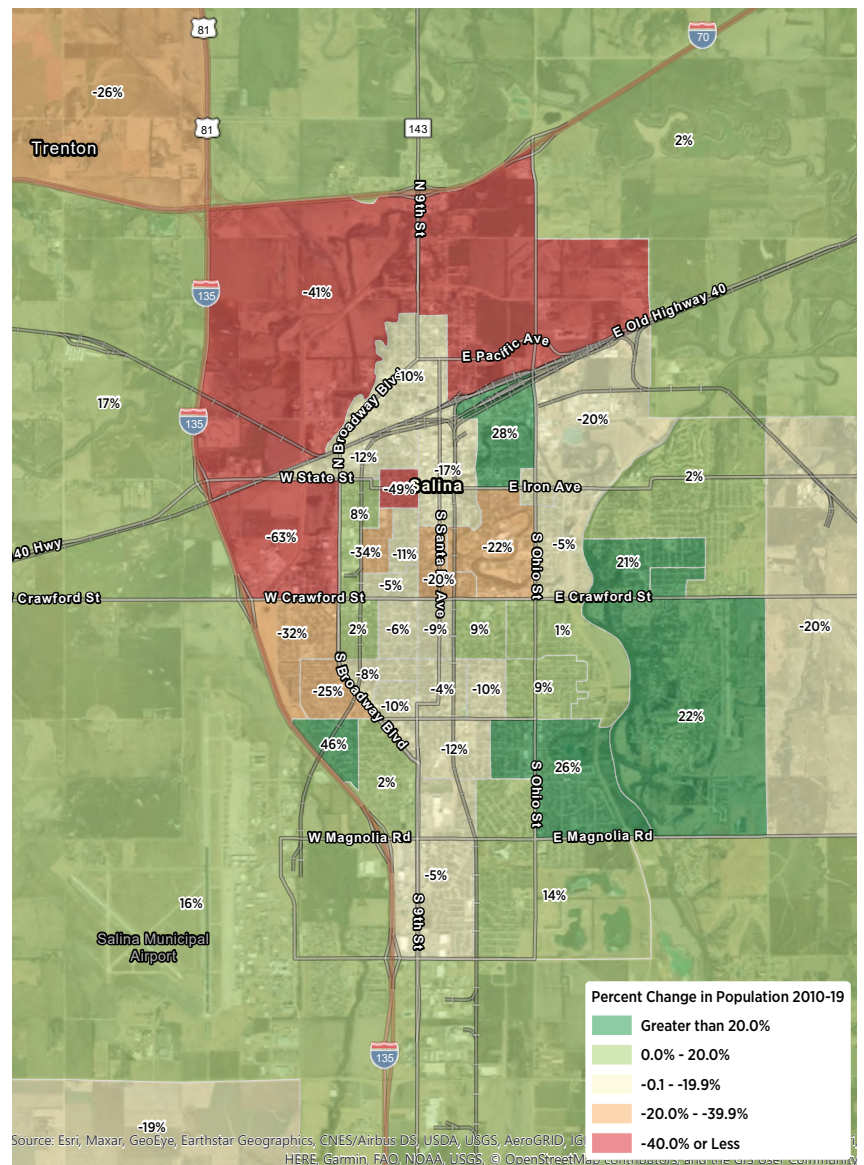
Source: U.S. Census Bureau



POPULATION CHARACTERISTICS

Figure 1 displays estimated population change in Salina compared to a sample of peer cities in the state. According to the 2019 American Community Survey (ACS), Salina's population declined slightly from its 2010 historic peak of 47,707 to about 47,000. It is important to note that the 2010 number is based on a hard count, while the 2019 population is based on a sample with a margin of error. Nevertheless, the cities that exhibited growth in this sample have dominant university influence or are located within the larger Kansas City metropolitan area. Salina, Emporia, and Topeka all displayed a similar pattern of a small reduction.

Figure 2 below maps the geographic component of population change in the city. It indicates substantial population growth in the eastern and southeastern part of the city, stability to moderate decline in the central built-up corridor; and significant population loss in the western and northern areas primarily west of Broadway. This does not vary substantially from the findings of the 2016 study.

FIGURE 2: Population Change by Census Tract

POPULATION PROJECTION

Figure 3 below displays Salina's projected population to 2030, based on past trends and current employment growth projections. This calculation differs significantly from the 2016 study because of new jobs created by industrial expansion. This projection is based on the following, relatively conservative assumptions:

- A basic annual growth rate of 0.36% for the next ten years. The basic growth rate excludes projected population gain from new employment. It is based on the average annual growth rate of the past 30 years. Despite the estimated decline since 2010, this potential growth is further justified by the presence of about 1,100 currently open jobs in the city.
- Addition of about 900 new jobs in major industries during the next five years, with an additional 200 jobs projected between 2025 and 2030. The population projection estimates that 40% of these new households will produce households new to Salina, with the balance in surrounding regional communities or representing people already in the city and surrounding area taking new jobs in expanding industries.
- Population per household will remain at the current level of 2.38 for the next ten years, and the percentage of people living in households (rather than group quarters) will remain at the current level of 97%. Households are the critical number in projecting new housing unit

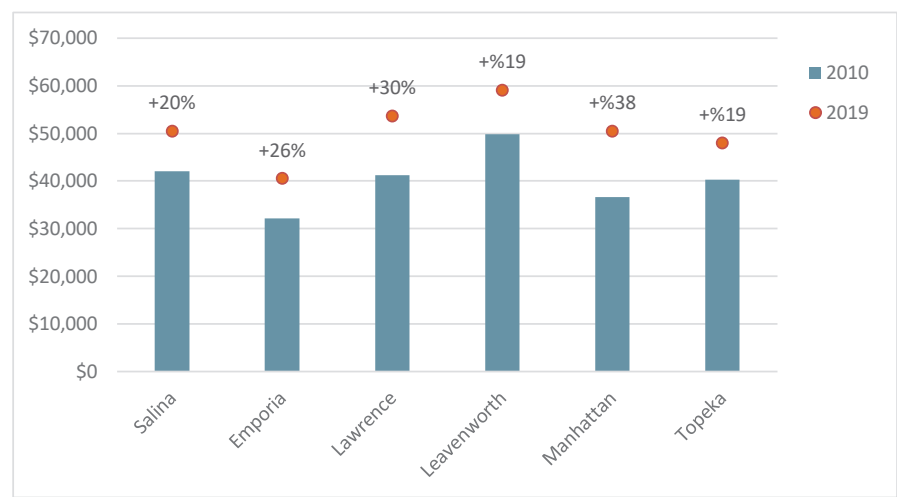
FIGURE 3: Salina Projected Population, 2020-2030

	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

INCOME DISTRIBUTION

Figure 4 updates data available for the 2016 study using 2019 estimates. These data naturally do not account for the economic impact of the COVID pandemic. While Salina remains a moderate income market, it has experienced significant income growth of about 20% between 2010 and 2019. This level of growth (slightly higher than inflation) is generally consistent with the group of peer cities in the study and produces a median household income also approximately equal to them with the exception of Leavenworth (higher) and Emporia (lower). Figure 5 describes the geography of incomes in the city, again displaying highest median incomes in the east and southeast parts of the city. Figure 6, updating information on poverty rates, displays poverty rates by census tract. Highest rates exist in the triangle defined by State/Iron Avenue and the railroad/Old Highway 40 corridor, followed by the broader area north of Crawford Street. The actual income distribution and its relationship to housing affordability are discussed below.

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

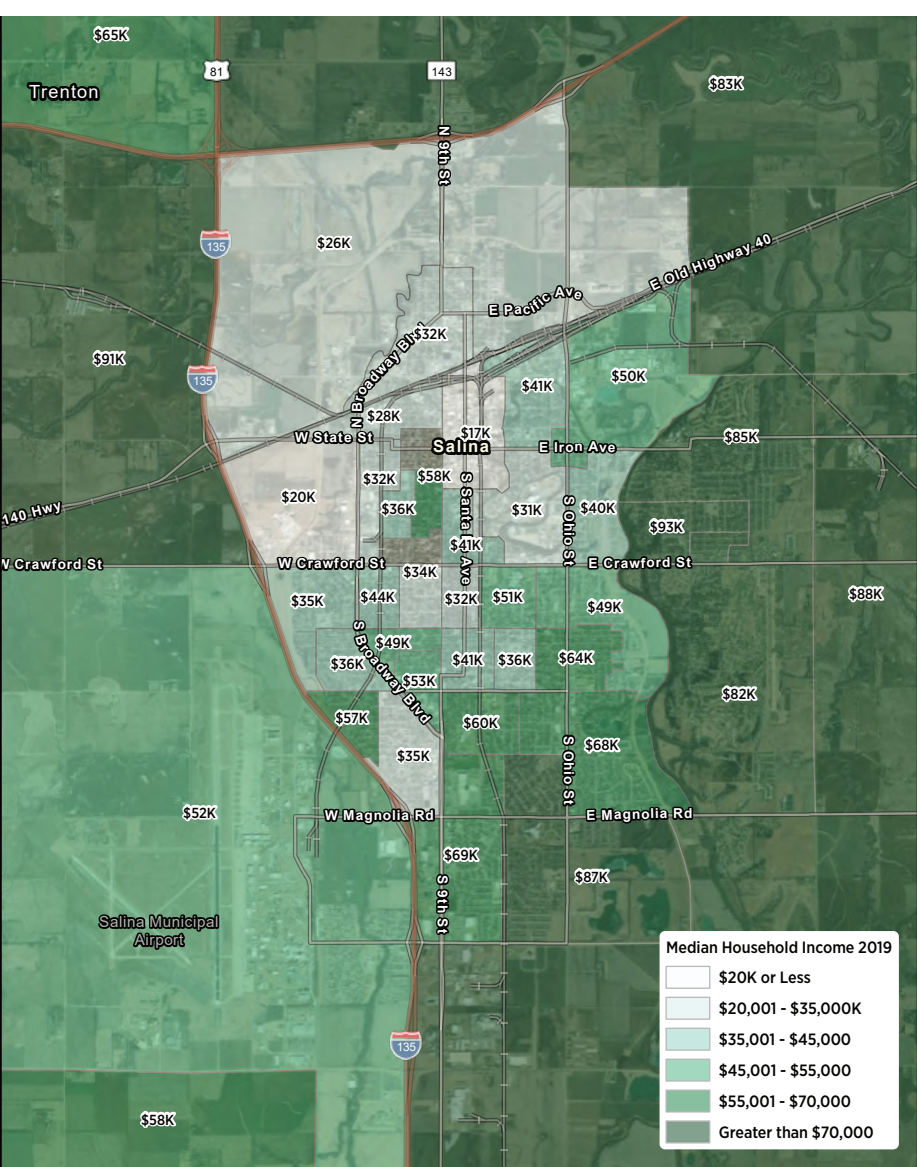
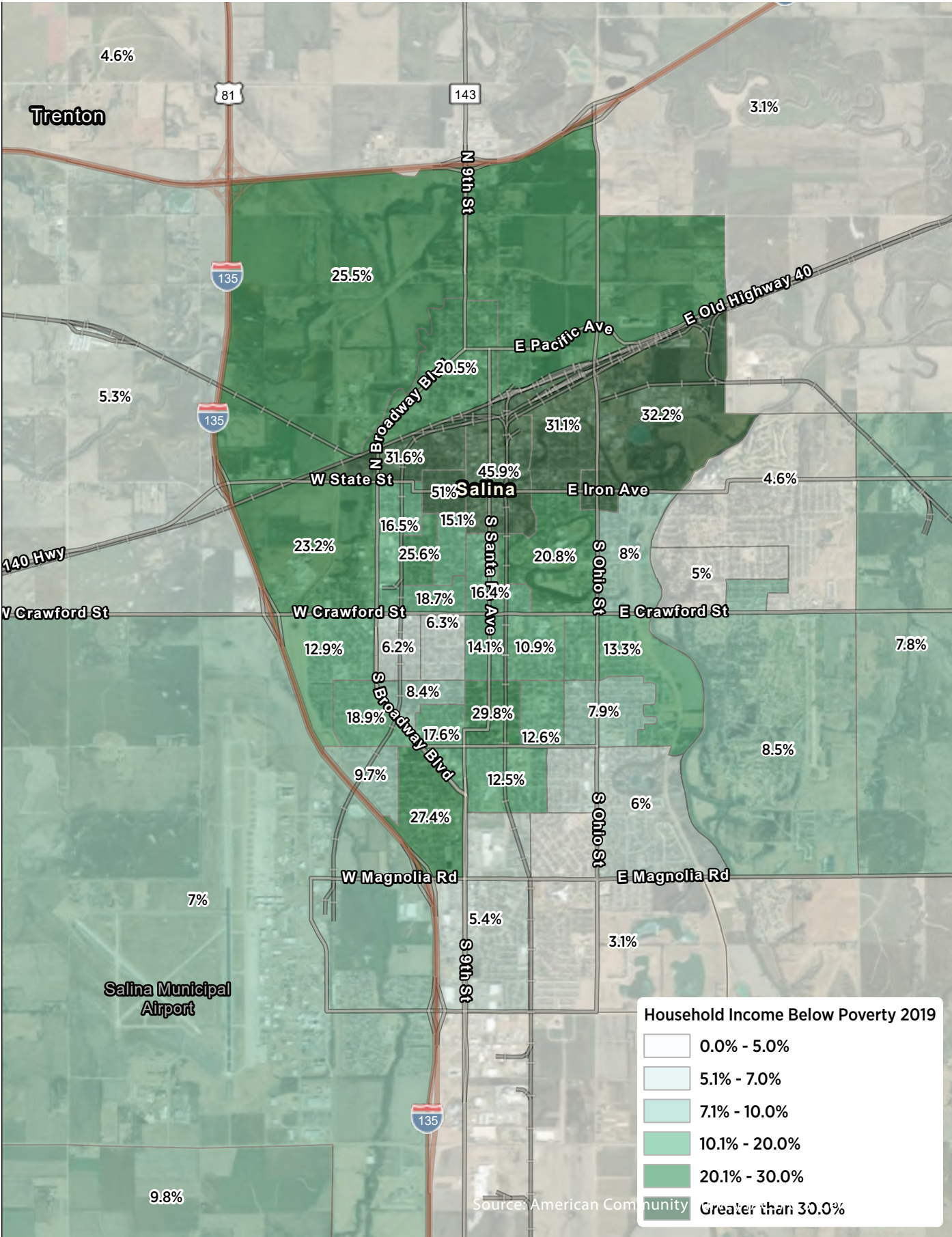


FIGURE 6: Household Income Below Poverty



HOUSING TENURE AND COMPARATIVE COST

The 2016 document used comparative data from actual census counts from 2000 and 2010. Table 7 below shows estimates of tenure form the 2019 ACS. Salina currently has an owner/renter occupancy split of about 63% owner to 37% renter. The ACS estimates indicate a vacancy rate of 9.7%, which seems to have little relationship to actual vacancy on the ground. To get a truer sense of the market, we have subtracted the “other vacancy” category from the actual number of vacancies. These represent housing units that are not in the market because they are being withheld for personal reasons, are uninhabitable, in estates, or off the market for a number of other reasons. In addition, the margin of error for vacancy counts is plus or minus 20%, an extremely unreliable sample. Our opinion is that for planning purposes, the 6.2% vacancy rate used here is more accurate.

In a comparative analysis of six cities, Salina has the highest owner-occupancy rate, noting that college communities typically have high rental occupancy rates. Values and rents in Salina fall within the middle range, substantially below Lawrence and Manhattan, but above Emporia and Topeka. However, existing rents are on the low side of the sample.

The ration of median home value to median household income is a useful measure of relative burden that housing costs place on the local population.

FIGURE 7: Occupancy Change in Salina, 2010-2019

	2019	% of Total Available nits	% 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

A ratio between 2.5 and 3.0 suggests housing costs generally affordable to existing residents on a citywide level while still sustaining reasonable market values. A ratio above 3 borders on higher burdens. Salina's ratio of 2.6 falls within this relative comfort zone. On the other hand, new construction for both owner and renter occupied units will require substantially higher costs and rents above these median levels.

Figure 10, updates the geographic distribution of vacancy, median home value, and median block value with 2019 ACS data. The basic findings of the 2016 study have not changed. Highest vacancy rates and lowest home values are located in the north and northeast parts of the city.

AFFORDABILITY ANALYSIS

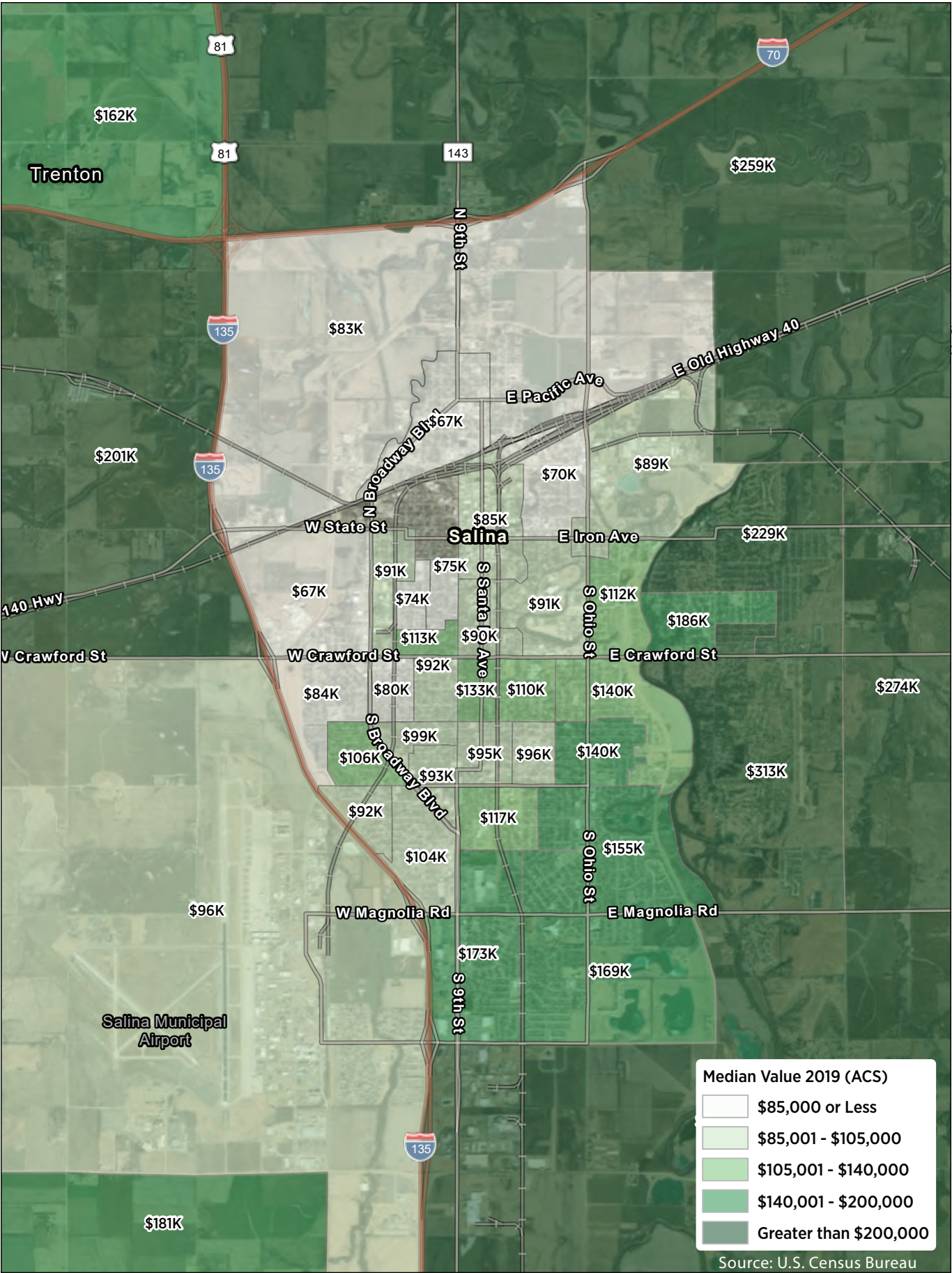
The affordability analysis included in the 2016 document pairs the number of households within specific income ranges with the number of units that fall within the 30% of income affordability standard for that specific range. A negative balance shows a relative deficit for that range, but this deficit means different things for different groups. At the lower end of the income scale, it displays a shortage of affordable units. But at the upper end, it suggests that a large number of people are paying less for housing than they can afford, partially the result of natural preference but also partly related to undersupply of higher priced owner and rental units. Table 9 below displays this analysis using 2019 ACS data, with some adjustments to affordable cost ranges to align more consistently with current housing costs and the 30% standard. Compared with the 2016 analysis, the deficit has decreased somewhat for the lowest income group and grown at the upper end of the income scale. This indicates that higher income households are occupying some of the city's more affordable stock and that housing in the city may also be somewhat undervalued. The largest deficits above \$200,000 for owner-occupied housing and above \$1,000 a month for renters. We draw the following conclusions from these data:

- Significant opportunities for move-up housing, in turn opening lower-cost existing units for new or moderate-income households.
- In general, housing in the city is relatively undervalued, an important finding of the original Live Salina study.
- Production, even of market-rate units, is a significant challenge.

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



CONSTRUCTION ACTIVITY

Figure 11 displays construction activity in Salina during the last decade. Residential construction was overwhelmingly in single-family detached residential, accounting for about 80% of all new housing units. This runs counter to trends in most other cities, where single-family and other forms were roughly in parity. This is now manifesting itself in Salina's current shortage of contemporary rental housing. Also counter to trends in much of the country after the 2008 financial crisis, Salina's single-family production remained relatively strong at the beginning of the decade. It has tailed off since 2016, possibly because rising costs for detached housing are affordable to a smaller slice of the potential market. Multi-family development has focused on the occasional large project, rather than proceeding at a steady annual rate.

Table 12 elaborates on this shortage by providing an inventory focused on relatively large multi-family projects. Most large, relatively contemporary developments have nearly no vacancy. Additionally, most recent projects were developed with Low Income Housing Tax Credits, with income constraints on at least a large percentage of units. Typical new Salina development appears to rent in the range of \$1.00-\$1.10 per square foot. We will discuss the implications of this for development later in this document.

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

SOURCE: City of Salina

KEY

SFD: Single-family detached

SFA: Single-family attached

DUP: Duplex

MF: Multi-family

DEMO: Demolitions

NET: Net annual change

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

HOUSING DEMAND PROGRAM

Figure 13 uses the population and household projections and affordability analysis to develop an updated demand projection for the next ten years in Salina. Basic assumptions used to calculate demand include:

A constant vacancy rate

- ACS indicates a current 6.2% vacancy rate, excluding the “other vacancy” rate which involves housing units not in the market but includes both owner and rental housing.
- The large number of “other vacancy” and high margin of error in the survey raise reliability questions. Observations suggests a lower real vacancy rate in habitable housing.
- In any case, a 6% vacancy rate is a reasonable target in a healthy market, and the calculation holds this rate constant.

Replacement rate of 15 units/year

- Replacement is generated by demolition, conversion of housing to other uses
- Average annual residential demolition permits since 2010 at 16 units
- Forecast model assumes annual replacement need of 15 unit

Owner/Renter tenure split

- During the first five years of rapid employment growth, immediate demand is likely to be for quality rentals. This is especially true given the shortage of contemporary rentals
- During the following five years, demand may level out somewhat and people, becoming vested in the city, are likely to increase demand for ownership housing.
- Given this reasoning, the program includes a 50/50 split through 2025 and a more typical 60/40 owner/renter split between 2025 and 2030.

The calculation indicates a potential need for over 1,600 new housing units

over the next ten years, assuming projected growth in employment occurs. This compares with new production of about 700 units over the past five years. It is important to note that this is not a prediction, but a projection of potential if the market responds and Salina competes successfully in attracting new households.

DEMAND BY PRICE POINT

Figure 14 distributes this demand by price point, based on the current relative distribution of household incomes in Salina. We believe this calculation improves on the 2016 calculation by assuming that the lower income ranges of the income distribution will be served by existing housing, a much more realistic assumption given development costs. The majority of new demand for owner occupied units will be in the \$200,000 to \$300,000 range in current dollars; and in rents up to \$1,000 per month, or about \$1.10 to \$1.25 per square foot, assuming average apartments between 800 and 900 square feet.

While Salina is likely to remain a moderate cost market, a significant demand for higher cost units will remain. The projections suggest an annual demand for about 33 owner-occupied units over \$300,000, very similar to the city's single-family production since 2016. The projections also suggest a ten-year potential for about 180 rental units with monthly rents about the \$1,000 mark.

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

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

DEMAND BY HOUSING TYPE

The analysis illustrated in Figures 13 and 14 has important implications for the types of housing products built in the Salina market. Most of the city's housing production to date has been in conventional single-family detached homes on relatively large lots, typically of 8,000 square feet and more; and multi-family development in either new construction or adaptive reuse in projects like Lee Hardware Lofts and Pioneer Presidents Place. Nationally, a significant amount of attention has been given to the "missing middle" – moderate and medium density housing forms that are more efficient and affordable to family households entering the ownership market. These products include single-family attached, duplexes (including owner-occupied duplexes where a household rents out the attached unit), townhouses and rowhouses, and small footprint apartments. These products are scarce in the Salina market, and builders are not familiar with developing and marketing them.

Figure 15 distributes the housing demand by price point over different housing forms, assuming that single-family detached homes will continue to dominate higher-end markets, but other solutions like attached units will be needed to deliver family-friendly, affordable products. This model shows the percent of specific price points accommodated by various housing types. Figure 16 then distributes the unit demand according to these percentages. Together they illustrate an affordable model and help project the potential yield of different development areas. This model generates a net residential density of about 6.2 units per acre and a gross density of about 5 units per acre.

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%

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

FIGURE 17: Alternative Housing Forms



Small lot single-family



Townhouses



Owner-occupied duplexes



Rowhouses



Single-family attached



Small footprint apartments

AN EXERCISE IN DEVELOPMENT ECONOMICS

Salina in 2021 needs to ramp up housing production substantially and quickly to take full advantage of the opportunity presented by industrial expansions. As these opportunities emerge, development interest in Salina has also begun to accelerate. In the face of this several major policy questions present themselves – do developers need incentives to build needed housing? If so, how should these tools be used to create maximum benefit for the city? This section is designed to help answer the first question. The next will address the second.

The previous discussion leads to several significant conclusions that affect future policy:

- **Salina has a very low vacancy rate, especially in good quality, multifamily housing.** Many properties have no vacancies, and new residents have few options in the city.
- **Existing rents in Salina are at relatively modest levels.** The top of the market is in the \$1.00 to \$1.10/square foot range. Some rents in quality developments are as low as \$0.75/square foot.
- **Rental development has been very limited during the last ten years.** The only two major projects during the decade were The Heritage in 2011 and Lee Hardware Lofts in 2020. A significant amount of the multifamily inventory is limited to older adults.
- **Very little “missing middle” housing forms have been developed in Salina.** Most new development has been conventional lot single-family detached homes and a relatively small number of rental units.
- **Typical apartment density is about 13 to 14 units per acre, with the exception of downtown area adaptive reuse projects.**

The Economics of New Rentals: A Hypothetical Case

A financial analysis built around a hypothetical 50 unit apartment project in Salina can help test the need for and effectiveness of development incentives. Figure 18 below presents the basic parameters of this face study, built around typical project character in the city.

FIGURE 18: Key Variables for Hypothetical Project

Variable	Units	Assumptions
Dwelling Units	50 units	
Site Area (Acres)	3.85 acres	13 units/acre
Site Area (SF)	167,500 SF	
Gross Residential Area (SF)	52,941 SF	
Net Residential Area (SF)	45,000 SF	85% efficiency
Average Unit Size	900 SF	
On-Site Parking	88 Stalls	1.75 stalls/unit

Figure 19 below summarizes development costs for this theoretical project, again based on local land and construction cost and Figure 20 lists typical financing assumptions for a project of this scale. Figure 21 on the following page displays a simplified proforma for our hypothetical and concludes with the amount of rent necessary per square foot to “make the numbers work” on this typical development. The calculation indicates that a project developed along these relatively typical lines requires about \$1.83/SF/month. This is well above Salina’s current top of the market of about \$1.10/SF., a gap that can be very difficult to fill.

FIGURE 19: Hypothetical Development Cost

Component	Cost	Assumptions
Land Cost	\$670,154	\$4/SF for improved land
Building Construction	7,941,176	\$150/SF
Parking	153,125	\$5/SF, 350 SF per stall
Other Site Development Cost	335,077	\$2/SF
Contingency	454,976	5%
Hard Cost	9,554,509	
Soft Cost	2,388,627	25% of hard cost
Total Development Cost	\$11,943,136	

FIGURE 20: Hypothetical Sources of Funds

Component	Assumption	Notes
Equity	30%	\$3,583,000
Debt	70%	\$8,360,200
Mortgage Loan Rate	4.5%	
Permanent Loan Term	25 years	
Permanent Loan Take-Out Year	Year 2	
Construction Loan Cost	4.25%	
Construction Loan Fee	0.75%	
Expected Cash on Cash Return	5%	Note: 5% annual cash on equity may seem like a low rate of return. It is important to remember though that many equity investors realize their return from tax advantages rather than annual cash return. In Low Income Housing Tax Credit (LIHTC) projects, an investor may receive a tax credit up to 9% annually (a direct reduction of income tax liability) for ten years plus the residual value of their capital investment and depreciation.

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	

Filling the Gap

A variety of financial tools and incentives are available to reduce this financing gap. Since this hypothetical project is designed as a market rate development, the Low Income Housing Tax Credit is not included in this analysis. The techniques evaluated here include:

- Tax Incentives, including Rural Housing Incentive Districts and tax abatements through Industrial Revenue Bonds (IRB's) or the Neighborhood Revitalization Program. RHIDs are a tax increment device, allocating added taxes created by the project to financing eligible project-related improvements. IRB's offer sales tax exemptions and a ten year abatement of property taxes.
- Interest rate subsidy.
- Land contributed without cost to a project.
- Increasing the density yield on the site to achieve higher revenues. In this example, an increase in density from 13 to 20 units/acre would increase the density yield from 50 to 77 units.
- Deferral of annual cash on equity return. If the project is sold to limited partners (equity investors) who are in the project for tax benefits and residual value at the end of a given period rather than annual cash return, the required yield drops substantially
- Grant through the State of Kansas Moderate Income Housing program, with a maximum grant of \$400,000.
- Lengthening the loan term from 25 to 30 years.
- Reducing construction cost from \$150 to \$125/SF.

Figure 22 on the following page displays the impact of each of these incentives or variations have on the base \$1.83/SF rent requirement.

This calculation shows that the most effective strategies are tax related tools

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

such as RHIDs or tax abatements; deferral or elimination of annual cash on equity payments that are at least partially a tax driven policy as well; and promoting higher density development on a given site to increase revenues and reduce marginal cost per unit.

Approaches Taken by Other Cities

Salina's issues are by no means unique and experiences and programs in other cities can provide significant guidance. The next page briefly describes some concepts being used to address housing finance gaps and development issues.

Grand Rapids, Michigan



- Goal of 30% of housing inventory in “affordable” range
- Affordable Housing Fund capitalized by:
 - City appropriations from tax growth
 - Private contributions
 - General operating fund
 - Directed annual service fee on rental property
- Nonprofit and for-profit developers, housing authority
- Targets: mixed use projects, small-scale development
- Homeownership incentives: downpayment grants
- Regulatory changes for missing middle housing

Omaha, Nebraska



- TIF on most central city rental and ownership projects
- Extensive use of blended mortgages on homeownership in redevelopment area
- Substantial use of nonprofit developers for development projects
- Omaha 100 Lenders Consortium
- Significant philanthropic support
- Sanitary and Improvement Districts for suburban development (GO bonding entities)

Lincoln, Nebraska



- Goal to produce 5,000 affordable units during next 10 years
- Lincoln Affordable and Workforce Housing Consortium
- Targets: Rents at 40-80% AMI, Ownership for 80-120% AMI
- Focus on funding gaps: typical \$10-20K for \$200K unit, \$5-25K for rental units, operating cost shortfalls
- Lending (direct loans through CDFI) and pipeline (gap financing)
- \$10 million capitalization target

Minneapolis, Minnesota



- Minimum requirements to include affordable housing in new rental projects. Option for payment into an affordable housing fund.
- Property tax reductions for agreement to keep 20% or more of units affordable to <60% AMI incomes for 10 years. Energy retrofit incentives.

RHIDs

Rural Housing Incentive Districts

A “Tax Increment Financing” variation.

Allocates added taxes created by a housing development project to debt retirement or reimbursement for eligible costs related to the project.

- Includes all taxing jurisdictions with a base exclusion from school levies.
- Front-end financing by the developer as a loan reimbursed by added taxes; or the sale of special revenue (not general obligation) bonds, retired by added taxes and/or special assessments.
- Maximum 25 year term tax allocation term.
- Eligible uses include:
 - Property acquisition. Eminent domain acquisitions are prohibited.
 - Relocation assistance
 - Site preparation
 - Infrastructure: sewers, lift stations, stormwater, streets, lighting, utilities, sidewalks, water distribution
 - Associated activities must be within designated district

Advantages:

- Reduces risk on the most speculative elements of many projects: front-end costs and infrastructure
- Generates development without direct capital outlays by the city
- Does not legally obligate the city
- Requires planning and thoughtful development

Disadvantages:

- Long Process
- Defers growth in tax revenue
- Requires consensus among jurisdictions
- Not always well understood by public

TOWARD A HOUSING POLICY FOR SALINA

A housing policy for Salina now, as in 2016, is founded on understanding and moderating private sector risk. While developers are often characterized as being risk takers, they often stick to products they know and markets they can rely on. In our analysis, housing priorities for the city’s next ten years will take some requirements that entail risk, specifically:

- *New kinds of projects.* To build for a major segment of the coming market, builders and developers may have to build housing types that they are not familiar or comfortable with. RISK
- *Prices above current comfort levels.* Housing values and rents in Salina tend to be on somewhat low. Highest home values are in the central-east areas, generally in the \$350,000 range. Many sectors have values in the \$100-200,000 range. As we have seen, typical rents are too low for projects to be feasible without some form of assistance.
- *Uncertainty over size of the market.* Beyond “steady state” production, the two factors most at work to increase housing need are pent-up demand and the prospect of major employment growth. It is easier for a market to react to employment growth than to build in advance.

Tools and Techniques

A number of potential tools are available to Salina in addressing the issues of opening new markets and reducing risk. These tools fall into three broad categories: producer, operational, and resident.

Producer Tools

Producer tools are focused on reducing obstacles and risks to housing development. They fill gaps in revenues or financing, addressing feasibility problems illustrated in our previous hypothetical. They may include direct monetary or tax incentives geared to bringing about community housing goals and priorities. Producer tools and techniques further fall into several types:

Tax-based. These use tax policy to provide significant capital assistance for projects. They include:

- Rural Housing Incentive Districts (RHID’s), a tax increment financing tool for land acquisition, site preparation, and infrastructure development.
- Low Income Housing Tax Credits, providing federal income tax credits to investors in rental housing developments that serve low-income residents.
- Historic Tax Credits, providing federal income tax credits to qualified investors in projects involving buildings listed on or eligible for listing on the National register of Historic Places and rehabilitated in compliance with the Secretary of the Interior’s standards for rehabilitation.
- Depreciation, allowing an income tax deduction for theoretical diminishing of a building’s value through aging.
- Neighborhood Housing Investment Act, a legislative proposal in the Senate to provide tax credits to investors filling a gap between market value and actual cost of owner-occupied homes in target neighborhoods.

NRP

Neighborhood Revitalization Program

A Tax Rebate. Rebate of property tax increases attributed to a residential improvement project in a designated district.

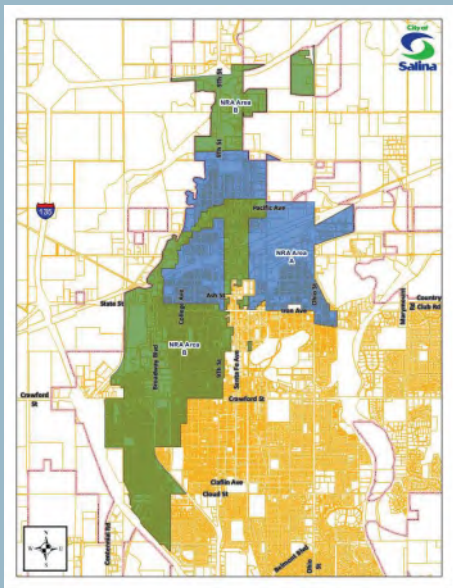
- Requires specific district designation.
- Provides 50-100% rebate for added taxes for first five years, 25-50% for next five years.
- Applies to both relatively small (minimum of \$10K) and large residential projects.

Advantages:

- An incentive (or “disincentive remover”) rather than risk abatement program.
- Rewards reinvestment
- Relatively simple process in approved districts
- Applies to projects of all sizes

Disadvantages:

- Requires the improvement to be completed before benefits kick-in
- Does not address front-end risks



- Industrial Revenue Bonds (IRBs), in Salina providing a property tax abatement for up to ten years and a sales tax exemption for labor and materials for new facilities.
- Neighborhood Revitalization Program, tax rebate on added value created by property improvements in designated NRP areas.

Development. Development tools include direct funding or cost reduction for construction or creation of development entities to execute projects. Examples include:

- Reduction or waiver of permit fees.
- Direct production subsidies, including grants (such as the Moderate Income Housing program) or subordinated loans.
- Real estate acquisition and reductions of sales price to a developer.
- Direct employer assistance or investment in new housing.
- Creation of a development entity, including nonprofit community housing development organizations like the Salina CHDO, nonprofit community development corporations, and limited dividend or for-profit development companies. These entities can carry out a variety of special programs, from acquisition/rehabilitation/resale of existing structures to new developments and subdivisions.

Infrastructure. Infrastructure tools develop public improvements to support new development projects. Public infrastructure development might be designed to open larger areas for development consistent with the city's comprehensive plan. RHIDs are also largely an infrastructure development program, using the tax increment tool to finance public improvements. Other examples include:

- Special assessment districts (including CIDs or Community Improvement Districts), using special assessments on property to retire revenue bonds that provide front-end financing. The use of special assessments, which reduce a developer's front-end risk, was a major source of controversy during the 2016 process, but has been resolved.
- Joint public/private financing, including a possible mechanism that provides some level of return to the city based on its percentage of contribution to public infrastructure.
- Pioneer public financing, using bond funds or other general fund sources to build infrastructure to key areas in advance of anticipated development.

Legislative. Legislative tools provide statutory incentives or requirements to reach desirable housing goals. Examples include:

- Zoning incentives and bonuses. These address entitlements and will typically involve higher density or other modifications of development regulations to encourage certain kinds of development. In some places, these incentives may include expedited process, code relief, or other “accelerants.” However, this implies a level of favoritism that could well be unacceptable, in addition to implying that normal processes are substandard.
- Zoning changes to permit higher density or different forms of development like auxiliary dwelling units and duplexes on residential lots.

IRB

Industrial Revenue Bonds

A Financing Pass-Through with substantial tax advantages. City issues bonds to finance commercial projects (including multifamily residential) but does not advance capital or incur obligations or debt. I

- Originally used to establish tax-exempt status to economic development projects. Availability of tax exemptions were sharply limited by federal tax reforms in 1980s.
- Bonds are placed with developer's lender or other private placement.
- City offers sales tax exemption and property tax abatement for up to 10 years

- Mandates or minimum requirements for affordable housing. This would follow the Minneapolis model of requiring a certain percentage of units in a project to fall within affordability guidelines.

Operational Tools

Operational tools focus on reducing the annual operating cost of rental development, thereby reducing the required income necessary to support the project. Examples of these tools include:

- Tax abatements and rebates. In terms of tax policies, RHIDs have greatest impact on the front-end, or development aspects of the project -- buying and preparing land, developing infrastructure, building parks and public facilities, and similar elements. IRBs and NRP rebates have their greatest impact on annual operating costs.
- Fee reductions and waivers.
- Financing incentives or participation that reduces annual costs by reducing debt service.
- Utility cost reductions.
- Energy conservation grants and tax credits.

Resident Tools

Resident tools provide direct assistance to residents of a development or home to make that unit more affordable to them. While these tools indirectly benefit developers by broadening their markets, their primary benefits flow to the owner or renter of an affordable unit.

Renter-Oriented Tools

- Rent Subsidies (Section 8), providing payments that fill the gap between 30% of a renter's adjusted gross household income and fair market rents established for the area. The program is administered through the Salina Housing Authority.
- Employer Assistance, providing direct assistance through downpayment assistance or other financial incentives to employees who buy or rent units in the city.
- Indirect Assistance through tax credits.
- Shared Equity/CROWN. These programs put aside a portion of rent or use some other methods to enable renters to accumulate equity. In rent to own developments, this equity can then be used to buy the unit or another parallel unit in the city. Many of the best shared equity programs are executed by nonprofit development corporations.

Owner-Oriented Tools

- Incentive Payments, often including a cash incentive to qualified buyers purchasing a unit in the city or in a specific project.
- Blended/Subordinated Loans, combining a privately-originated mortgage with a zero- or low-interest subordinated mortgage to reduce overall mortgage cost to the buyer. Sources of the subordinated mortgages are often CDBG or HOME funds,
- Lenders Consortium (Public Interest Lending), pooling lenders' resources to make mortgage loans to higher risk buyers who have the income to support a mortgage. Consortiums also can be important in providing

CROWN

Rent to Own Program

Renters in CROWN units are offered homeownership/financial educational assistance to prepare for a transition to homeownership.

- A portion of monthly rent is placed in an equity fund that can be used to purchase a home.
- May be used in combination with LIHTC.
- Participants build equity and receive education on sustaining homeownership



EMPLOYER ASSISTED HOUSING

Saint Louis University

- Provides housing information and referrals to staff.
- Preferred rates and reduced closing costs on mortgage and refinancing costs through participating institutions
- Forgivable loans for eligible staff buying homes in designated neighborhoods



construction period financing or funding innovative projects that are penetrating new markets or introducing new products to the area. They become a method of lender involvement but reducing individual exposure

- Loan Guarantees, the primary historical FHA instrument used to expand the homeownership market in the country.
- Employer assistance through some form of cost reduction and technical assistance to employees.

A STRATEGIC FRAMEWORK

A framework for housing strategy in Salina must take both short and long views – meeting immediate housing demands created by employment growth while building toward a sound, self-sustaining housing market in all parts of the city. From a variety of tools, the program will select those that are most relevant to the task at hand, but the most immediate priority will be using existing tools such as RHIDs and IRBs to their best advantage for the community. This section introduces a framework to guide city housing policy during the next ten years.

A Three-Phased Strategy

The framework anticipates three phases, addressing immediate, intermediate, and longer-term perspectives. The tasks of the first phase, for the next three years are to:

- Meet the immediate demand, primarily focusing on rental housing, by both encouraging development through incentives and ensuring that projects meet the city's overall housing goals.
- While doing that, build the organizational and financial capacity to revitalize the city's core and its existing, older housing stock.
- Demonstrate the market for more diverse and affordable housing types in a well-designed, planned development.
- Make infrastructure investments where necessary to direct new development in areas that take advantage of community assets and provide highly attractive and competitive living environments.

During the next period of over about five years, the policy framework pivots to address an increasing demand for owner-occupied development as new residents attracted to Salina settle down and invest in the city. This type of equity development occurs in both new or “greenfield” areas and in the established city. These “infill” investments are reinforced by the engagement of the reinvestment structure created during the next three years. We call this process “neighborhood fortification,” completion of substantial projects that have clear market appeal and the ability to lift property values and increase the security of individual investment and home purchases.

FIGURE 23: A three-phase strategy framework

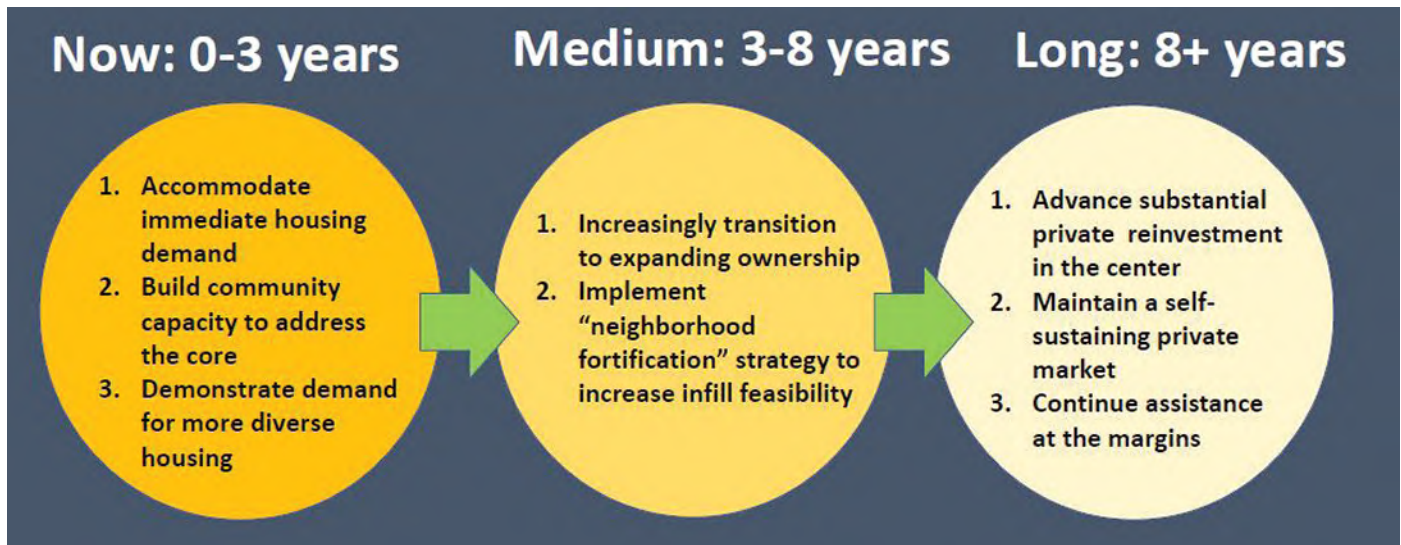




FIGURE 24: Phases with Overall Policies

In the third phase, development and reinvestment will continue consistent with markets in all parts of the city, with both infill and continued residential rehabilitation in the city north of Magnolia and quality new development in other areas. The reinvestment partnership will continue to operate effectively, concentrating on affordable developing and filling gaps that the private sector alone does not fill. But it is no longer acting alone as a pioneering agency, but joined by a variety of partners.

MAJOR IMPLEMENTATION ELEMENTS: THE “NOW” PHASE

This section explores key elements of the “Now” Phase form the next three years, meeting both immediate needs and establishing a foundation for the future.

1. Incentive Policy

In the face of potential multifamily developers seeking assistance through the use of Salina’s available incentives – RHID’s and IRBs – the city needs a systematic method to evaluate applications and provides appropriate levels of assistance. We suggest a three step evaluation process for both reviewing and approving projects and determining factors like the duration of tax allocations under the RHID program. The steps include:

1. A basic screening process that identifies basic qualifiers for further consideration. These include a rapid enough completion date to address immediate housing needs; sufficient scale to provide a significant contribution to the housing inventory; and ability to arrange front-end financing or bond plement.
2. A commitment to maintain median prices and rents at a specific maximum, ensuring that at least 50% of the units will be priced at or below that level.
3. For projects that clear the second step, scoring qualifying projects on their ability to fulfill a series of design and performance criteria that

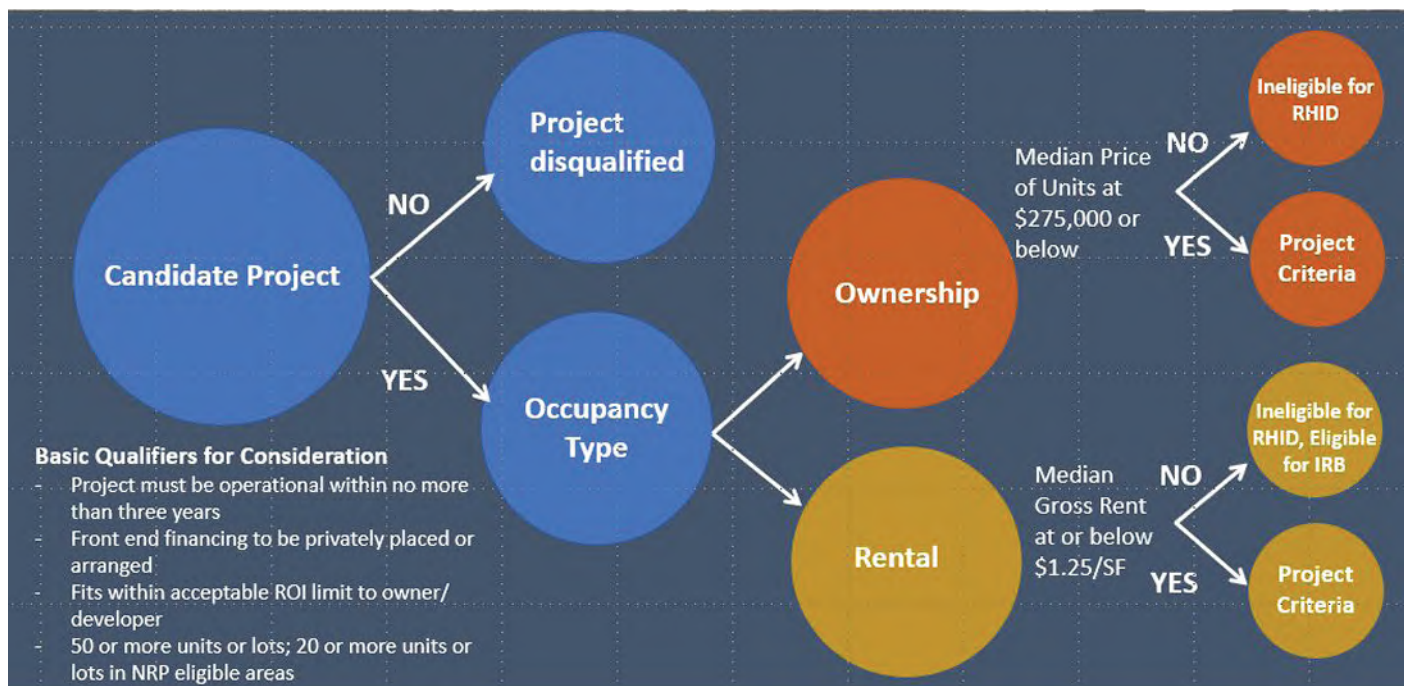
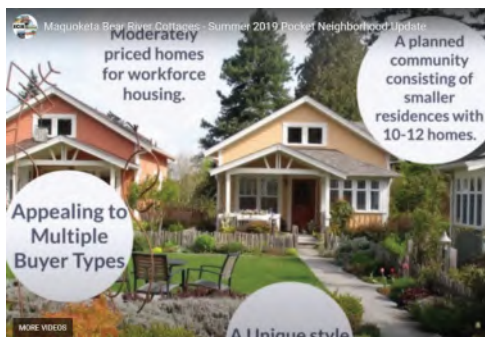


FIGURE 25: Evaluation Process Diagram



include density, innovation, walkability, proximity to services, location, available infrastructure, and others. The length of time that the district remains in place is linked to the project's score on these performance criteria.

Figure 25 diagrams this evaluation process.

2. "Quick Win" Project

This project would be designed to incorporate a variety of housing types, integrating both ownership and rental housing at moderate price points. Its characteristics include:

- A phased plan with completion of a project at meaningful scale
- A demonstration of market acceptance, economic feasibility, and design quality and innovation.
- Integration of multiple housing types that fill gaps not addressed by the current private market
- A targeting toward "missing middle" income and household groups

Requirements for successful development include:

- A desirable site with good access to services: schools, parks, and commercial assets in an area that is generally considered highly marketable. Lessons will be learned here that can then be exported to somewhat more difficult development areas. . . but it is important not to try to do everything with one project.
- A developer with risk tolerance. This is likely to be the Salina CHDO.
- A means of financing. This may be an initial opportunity to test the reinvestment consortium discussed below (and in the 2016 plan)
- A market-based program and development plan

3. Reinvestment Partnership

The recommendation of the 2016 Live Salina plan for a housing partnership remains a critical and highly relevant element of the housing program, especially in phases one and two. The partnership has three major private sector components in partnership with the city:

- A development entity, now available with the rebirth of the Salina CHDO,
- A finance and support consortium that includes lenders, major employers, and private philanthropy that can include program related investment, and
- The private development and building community.

Development Entity

Aspects of the development entity include:

- Focus on the Salina CHDO, which will also need permanent staff. At present the CHDO is operating with expert but volunteer leadership. However, permanent, paid staff will be necessary as the scope of the CHDO increases.
- Ability to expand and potentially generate other development corporations that may be more specialized..
- Capacity to form partnerships with private developers, and act as a general partner with limited partnerships of equity investors
- Access to LIHTC, MIH, CDBG/HOME, and other programs
- A Focus on unusual programs – “plowing the road” for private developers
- A gradual shift of focus toward infill and redevelopment as resources and experience grow

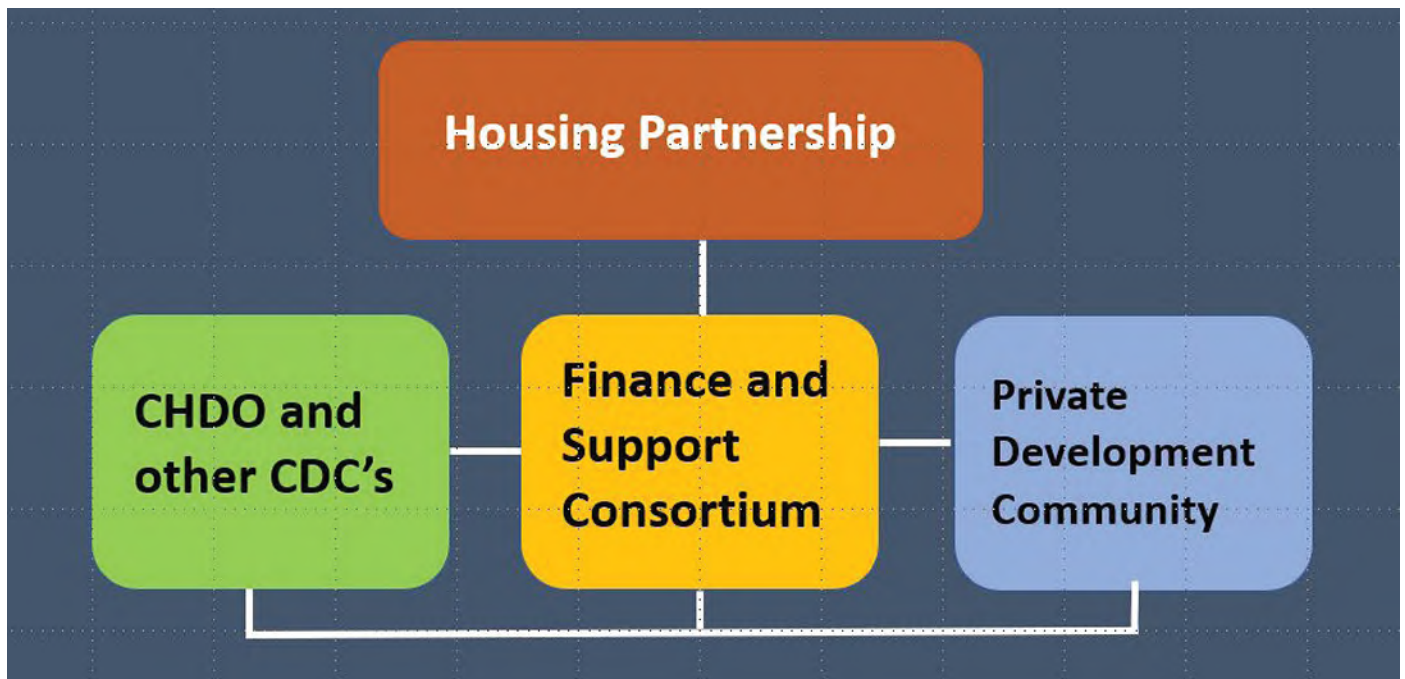


FIGURE 26: Organizational Diagram

Finance and Support Consortium

Aspects of the consortium include:

- Capital participation by financial institutions, philanthropy, employers and corporations, the economic development corporation, and the public sector
- Direct or “leveraged” financing for Salina CHDO or other nonprofit development corporation
- Interim financing for private developers of higher risk or exposure projects
- Gap financing to broaden income range of market
- A public spirited but not necessarily “charitable” organization –Intended for growth of initial capitalization
- Significant focus on infill as resources grow and during the second phase of the program

Employer Participation

Employers have a significant role to play in the consortium and in the overall housing market. Employee recruitment, a challenging problem as America emerges from the pandemic year and labor shortages are widespread, demands good housing solutions. It is clearly in the interest of Salina’s major industries to participate, and employers have both short and long-term roles to play. Short-term roles include:

- Meeting employment projections
- Commitment to a certain number of units/revenue stream to the developer, abating some of the risk faced by rental housing developers.
- Housing counseling and referrals following the Saint Louis University model
- Participation as equity investors through limited partnerships with ongoing projects

In the long term, employers can:

- Participate in a financing consortium
- Form a cooperative local development company. Such a company can be organized as a for-profit entity.
- Bring equity with expectation of return to development projects of interest

4. Pioneer Infrastructure in Strategic Areas

The prospect of COVID recovery funds to Salina opens the possibility of making highly strategic investments in pioneer infrastructure and road projects that can open new areas for development. This process begins with evaluating the potential yield and return on investment of extensions to future development areas. Figure 27 identifies vacant sites in the immediate Salina urban area, including infill sites and city-owned properties. Figure 28 groups the larger acreages into potential development clusters that can be evaluated for development potential and the cost of necessary infrastructure. This provides the basis for a decision-making process that concentrates investments in directions that create the maximum relative benefit.

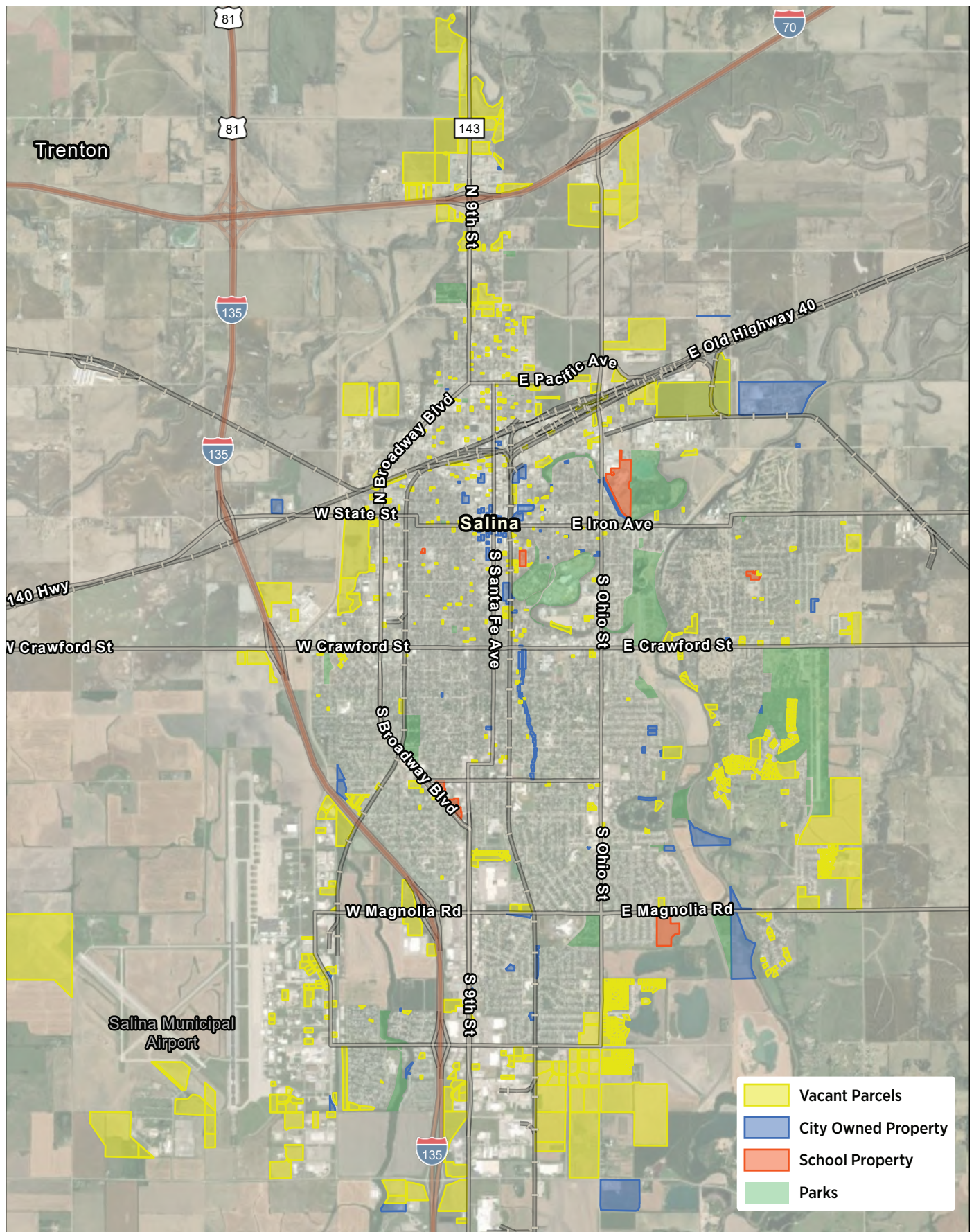


FIGURE 27: Vacant and City-Owned Parcels in the Immediate Salina Area

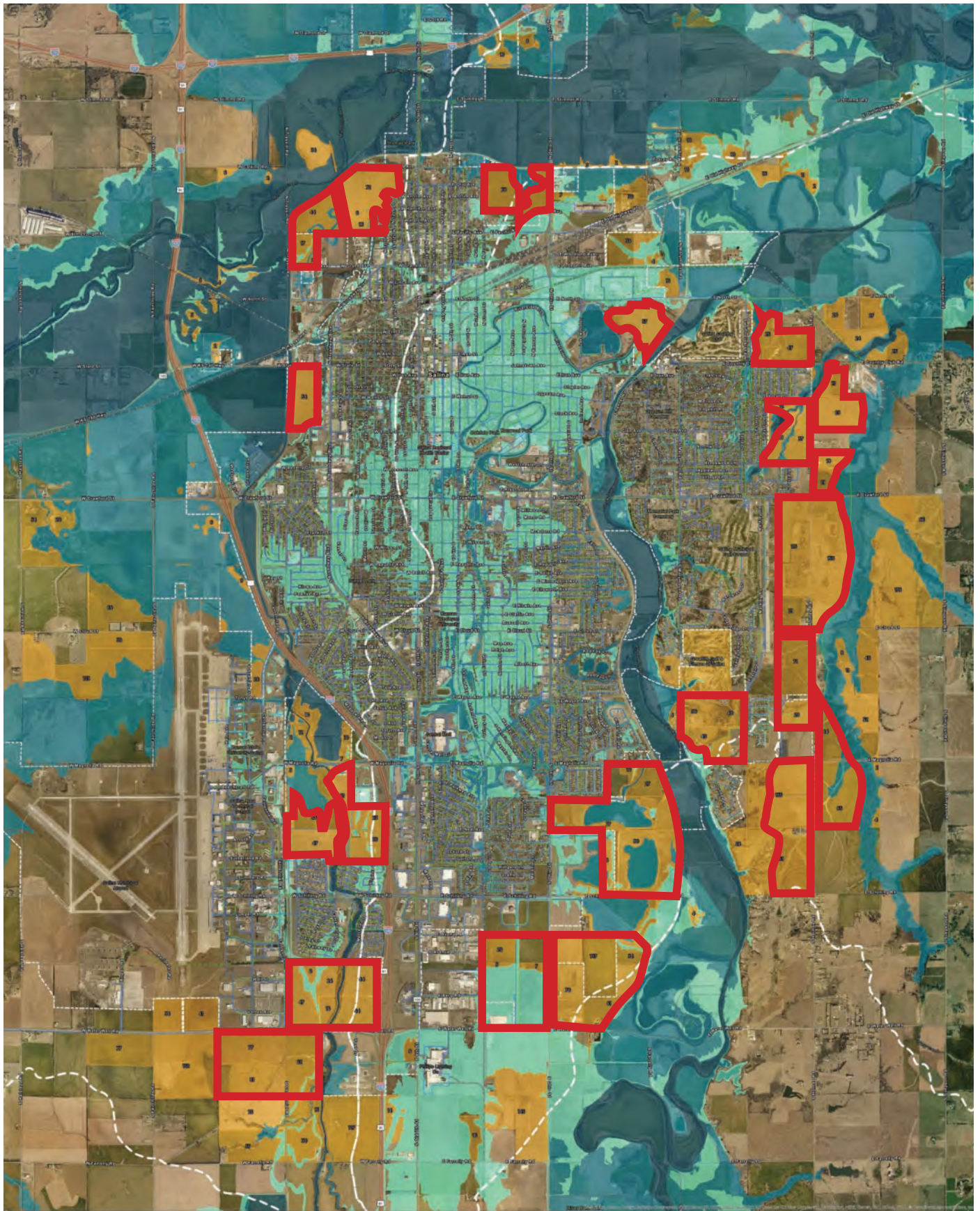


FIGURE 28: Development Cluster for Cost/Benefit Evaluation



MAJOR IMPLEMENTATION ELEMENTS: NEIGHBORHOOD FORTIFICATION

This section explores key elements of the Medium Phase estimated for years four through eight of the program. It anticipates full operation of the reinvestment partnership and turning its focus on established parts of the city. In addition, the medium phase envisions an increasing but not exclusive emphasis on owner-occupied housing. The evaluation process will require re-evaluation during this period to remain relevant to changing demands.

1. Ownership Focus

Development of products that provide affordable ownership opportunities will be especially important during this period. The city and the partnership will continue to work with the private sector, using available tools described above and diverse housing forms to deliver these products.

2. Neighborhood Fortification

This key concept will be a major transitional phase in the older parts of the city and concentrates on image and value building efforts to create an economically viable market in these neighborhoods. As a result, existing neighborhoods reinvigorated will provide a key resource for a new generation of younger households. Elements of this program will include:

- Building needed projects with demonstrated demand on infill sites to build value and credibility of established neighborhoods.
- Using the Housing Partnership as the main force advancing the concept, in collaboration with the city.
- Making city capital investments that support the fortification effort. These include street and curb rehabilitation, better street lighting, sidewalk repair, and placemaking features.
- Creating conditions for feasible private reinvestment, from individual homeowners to substantial developers.
- Revisiting past performance of the NRP effectiveness and making necessary program modifications to increase its ability to encourage private reinvestment. These include better marketing, adjustments to district borders, and possible modifications of abatement schedules.

Possible project types that respond to well-defined markets include:

- Affordable senior housing
- Equity-building programs, including shared equity and CROWN rent to own development
- Acquisition/rehab/resale of low-cost existing units
- Infill mini-subdivisions on new sites and clusters of lots
- Combinations of housing and support services, with a special emphasis on child care
- New housing forms unavailable elsewhere (townhomes, live/work, auxiliary units, owner/renter duplexes)
- Adaptive reuse and historic preservation.

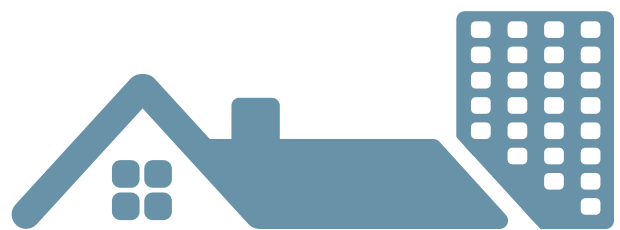
CONCLUSION:

OBJECTIVES OF SALINA'S FUTURE HOUSING PROGRAM

- 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.



Live Salina Plan: A Strategic Housing Plan - March 2016



LIVE SALINA:

A STRATEGIC HOUSING PLAN

MARCH // 2016

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CHAPTER 1:

COMMUNITY VISION



OVERVIEW OF COMMUNITY INPUT AND VISIONING FOR SALINA HOUSING STUDY

The Salina Housing and Neighborhood study included a comprehensive public engagement process, to help understand the vision and needs of Salina residents. The planning team held four public open houses, 8 small group discussions with key stakeholders, and conducted two surveys: a survey of local landlords, and a survey of the general public that received 840 responses (1.8% of the city's total population). Full summaries and methodology of the surveys and stakeholder groups are provided in the appendix, and an overview of the themes from all engagement methods is below.

OVERALL THEMES & ISSUES IDENTIFIED THROUGH COMMUNITY INPUT

The public engagement process revealed several important themes that became the guide for the completion of the Salina Housing study. These themes were distilled from input received from open houses, stakeholder discussions and surveys.

“WE NEED TO TAKE CARE OF OUR OLDER HOUSING AND CLEAN UP OUR EXISTING NEIGHBORHOODS.”

Salina residents are concerned about the poor conditions of many homes in older parts of town, such as north, west, and central Salina. North Salina in particular was the subject of much discussion during the public input process, as this area lacks neighborhood amenities, such as a school, and has some of the poorest condition housing. The need for revitalization in existing neighborhoods was the second most common comment in the Live Salina survey (second only to the cost of housing) and was a prominent theme in the stakeholder groups. Several residents suggested that Centennial Park would be a good opportunity for a quality residential infill project, which could provide a demonstration of how this type of work could be done in Salina. Others stressed that new construction interests should not overshadow efforts to preserve existing neighborhoods.

“The need for revitalization in existing neighborhoods was the second most common comment in the Live Salina survey.”

“THE COST OF HOUSING IS TOO HIGH. WE NEED MORE AFFORDABLE OPTIONS.”

The most common comment shared in the Live Salina survey was that housing is too expensive. Participants in the stakeholder groups shared that there is a particular need for quality housing in the \$100,000 range. Since it is difficult to construct new housing in this price range, this need relates back to the first theme summarized in this section: rehabilitating existing, older housing. However, participants in the stakeholder group pointed out that there is very little rehabilitation occurring in Salina.

“A WIDE RANGE OF NEW HOUSING PRODUCTS ARE NEEDED IN SALINA TODAY, ESPECIALLY 2-3 BEDROOM HOUSES, INDEPENDENT SENIOR LIVING, TOWNHOUSES AND APARTMENTS.”

Salina residents feel that there are many types of housing that are under-provided in the community. A common theme was a need for senior housing options, especially independent living. Many residents also thought that Salina could use more townhomes, small to mid-size single family homes (2-3 bedrooms) and apartments. Several participants in the stakeholder groups and survey mentioned a lack of accessible housing for disabled individuals. Larger homes (4+ bedrooms) and upscale residential were not generally seen as a need for Salina.

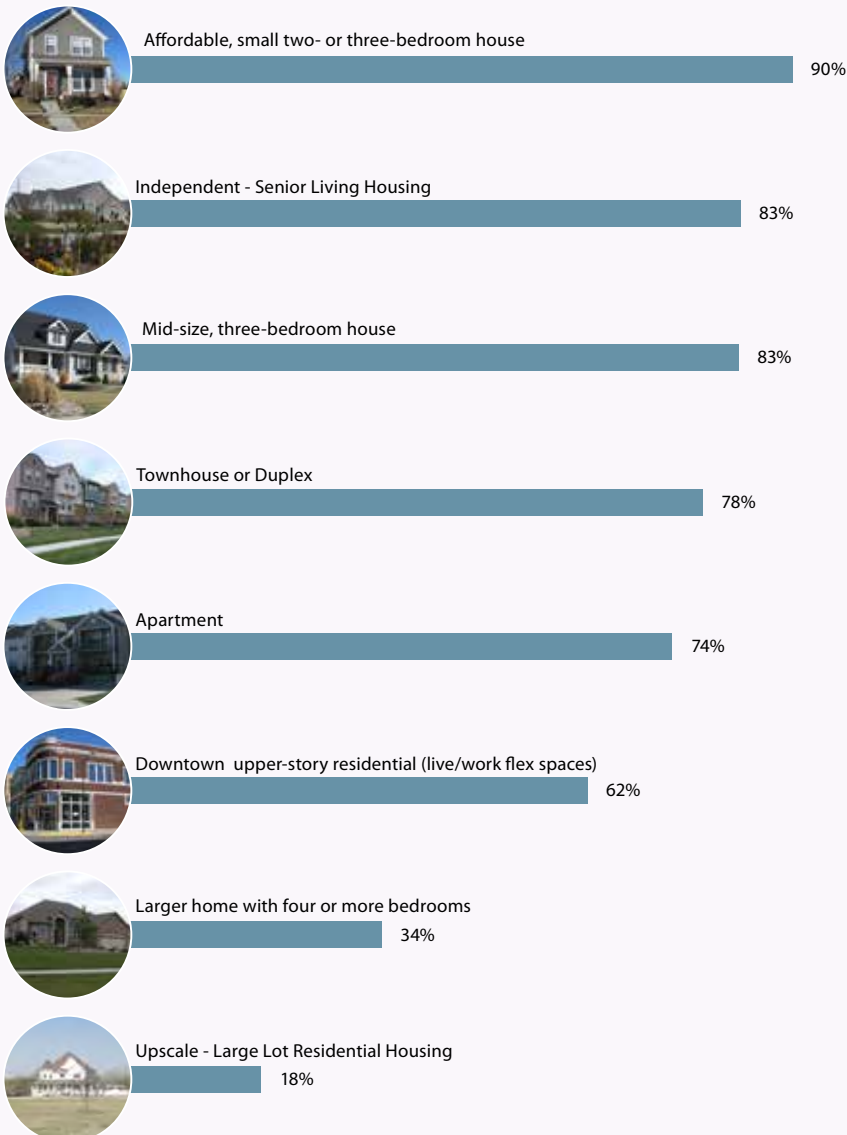
MOST POPULAR HOUSING TYPES

In the Live Salina survey, respondents were given eight types of housing choices and asked if they felt any of these would be successful in Salina today. The results of that question are shown below. The most popular housing types, as chosen by $\frac{3}{4}$ or more of the respondents were:

- Affordable, small two or three bedroom home
- Independent – Senior Living Housing
- Mid Size – Three Bedroom House
- Townhouse or Duplex
- Apartment

Downtown upper-story residential ranked slightly lower, but still received majority support, with 62% of respondents believing this would be successful.

The two housing types that the majority did not think would be successful were larger homes with four or more bedrooms and upscale – large lot housing.



NEW HOUSING

What new housing products do you think would be successful in Salina today? (percent who responded 'yes')



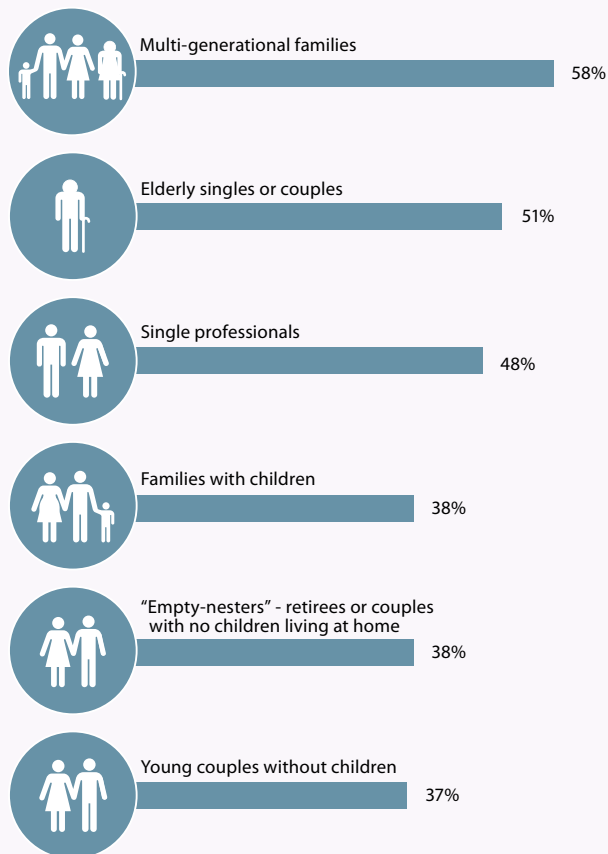
“SOME POTENTIAL HOMEBUYERS ARE UNDERSERVED BY THE SALINA MARKET, INCLUDING MULTI-GENERATIONAL FAMILIES, OLDER ADULTS, AND SINGLE PROFESSIONALS.”

In the Live Salina survey, many respondents voiced that there were several groups of potential homebuyers that were not adequately served by the Salina housing market. Approximately half or more of respondents felt that multi-generational families, elderly singles or couples, and single professionals are not having their needs met by the current housing supply.

Respondents felt differently when asked about families with children, young couples without children, and “empty-nesters” - about 3/5 of respondents feel that these groups are adequately served. The survey responses are summarized in the graphic below.

UNDERSERVED HOMEBUYERS

Do you believe the current housing supply adequately meets the needs of the following homebuyers? (percent who responded 'no')



“THE QUALITY OF RENTAL HOUSING IS LOW.”

In surveys of the general public and local landlords, a number of respondents used words like “poor” and “deplorable” to describe rental conditions. Yet at the same time, there is the perception that rental rates are too high for the quality provided, and are too high for the incomes of Salina residents. Few market rate and high-end rentals are available.

“USE OF SPECIAL ASSESSMENTS AND INCENTIVES HAS BEEN UNEVEN AND MISTARGETED.”

Local developers shared that the sudden removal of special assessments by the city was problematic. They note that “greenfield” development is very different from infill development, especially with regards to the financing aspect. Special assessments are not an incentive but a way to fund infrastructure development in the community. This financing tool cannot be used for infill development and more financial hurdles exist when doing infill. With the use of special assessments, new greenfield development will continue to happen, but several developers and members of the general public recommended that incentives for infill housing would be necessary.

CHAPTER 2:

SALINA TODAY



This chapter summarizes the characteristics of our community that strongly affect our housing market. A thorough understanding of our demographics and housing conditions will provide the first step in crafting a housing plan.

OUR RESIDENTS: SALINA'S DEMOGRAPHIC CHARACTERISTICS

This section reviews Salina’s demographic trends – historical population growth, trends in age distribution, and household economic characteristics – all of which have a tremendous effect on the local housing market.

POPULATION GROWTH

After a population dip in the 1960s, Salina has experienced slow but steady growth since 1970. However, population growth has not been evenly distributed around the city, with many older neighborhoods losing population. [Figure 2.1 and Figure 2.2]

- The average annual rate of growth was 0.8% from 1990-2000 and 0.4% from 2000-2010.
- As compared to nearby peer communities, Salina’s 2000-2010 growth was higher than Emporia and Leavenworth, but slower than the thriving college towns of Manhattan and Lawrence. [Table 2.1]
- Population change varied dramatically by geographic area. North and west-central Salina lost about 5-7% of its population from 1980-2010, while parts of South and East Salina grew tremendously, with population increases ranging from 25% to 120%. [Figure 2.2]



FIGURE 2.1: Population Change

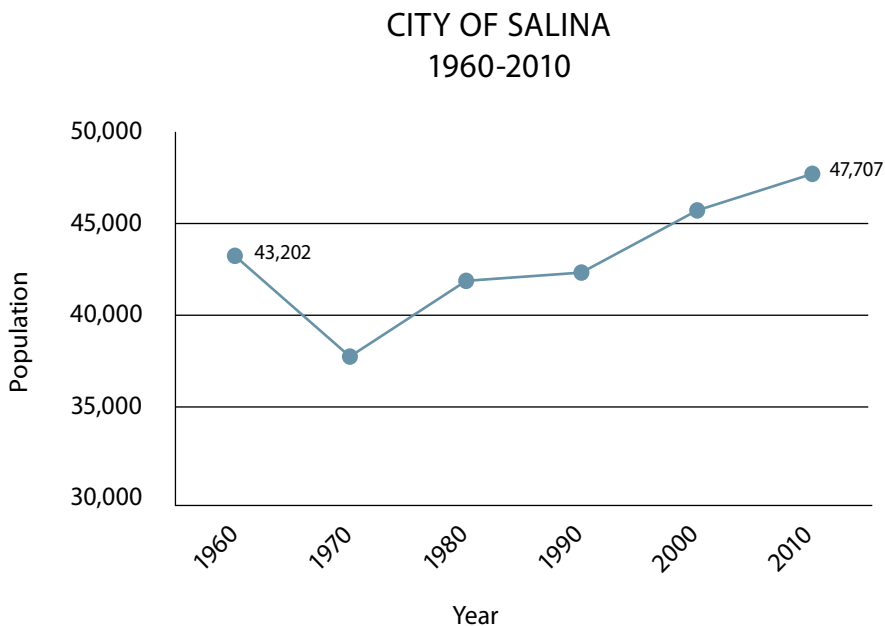
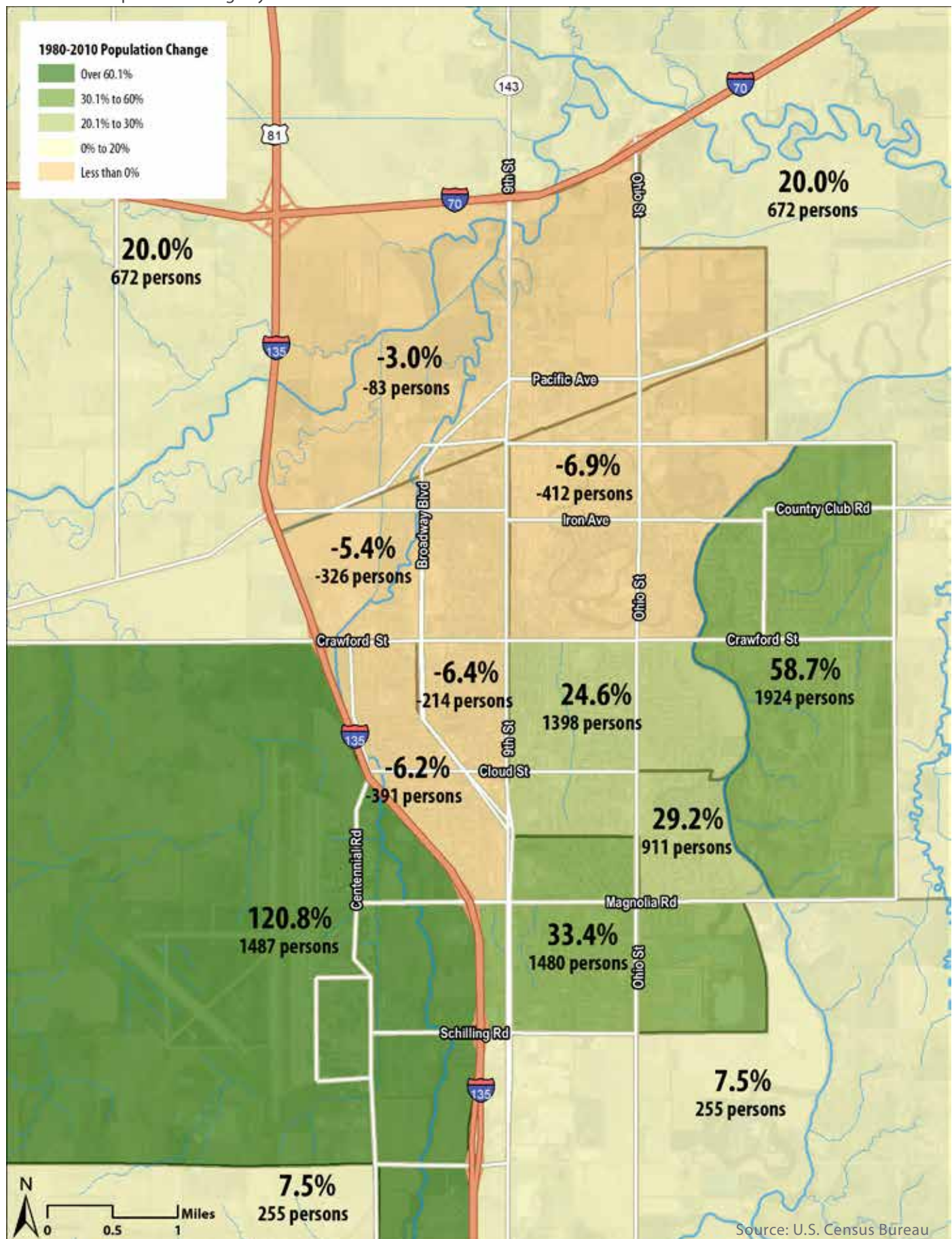


TABLE 2.1: Population Comparison			
City	2000	2010	% Change
Salina	45,679	47,707	4.4%
Emporia	26,760	24,916	-6.9%
Lawrence	80,098	87,643	9.4%
Leavenworth	35,420	35,251	-0.5%
Manhattan	44,831	52,281	16.6%
Topeka	122,377	127,473	4.2%

Source: U.S. Census Bureau

FIGURE 2.2: Population Change by Census Tract



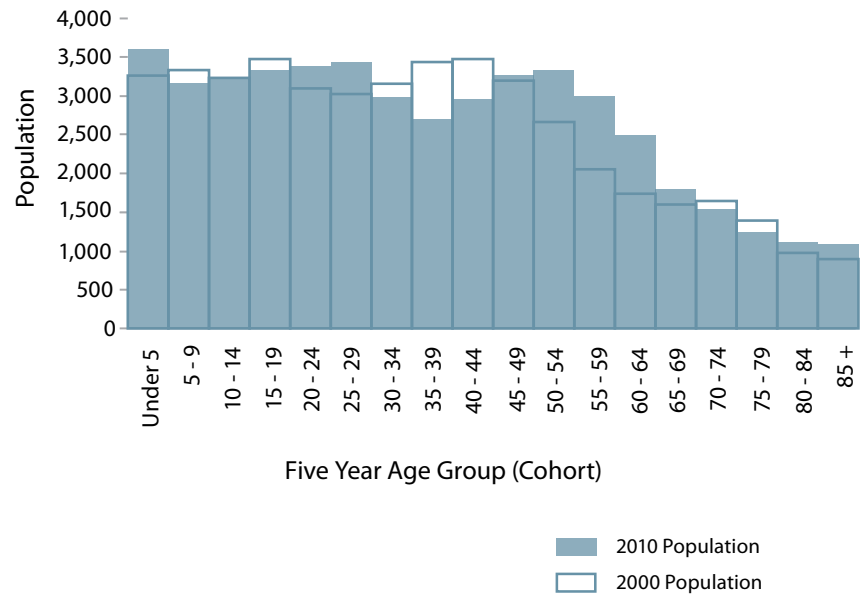
TRENDS IN AGE GROUPS

Salina's age distribution is relatively stable, but the community has experienced a small loss among mid-career adults and an increase in adults of early retirement age.

Figure 2.3 shows the population of Salina by age group in 2000 and 2010. Figure 2.4 shows a comparison of the actual population in 2010 versus the population that would be predicted if there had been no migration between 2000 and 2010 (i.e. - natural population change based on birth and death rates). Age groups that have a discrepancy between predicted and actual population levels are likely the result of migration in or out of the community. Together, these charts show that:

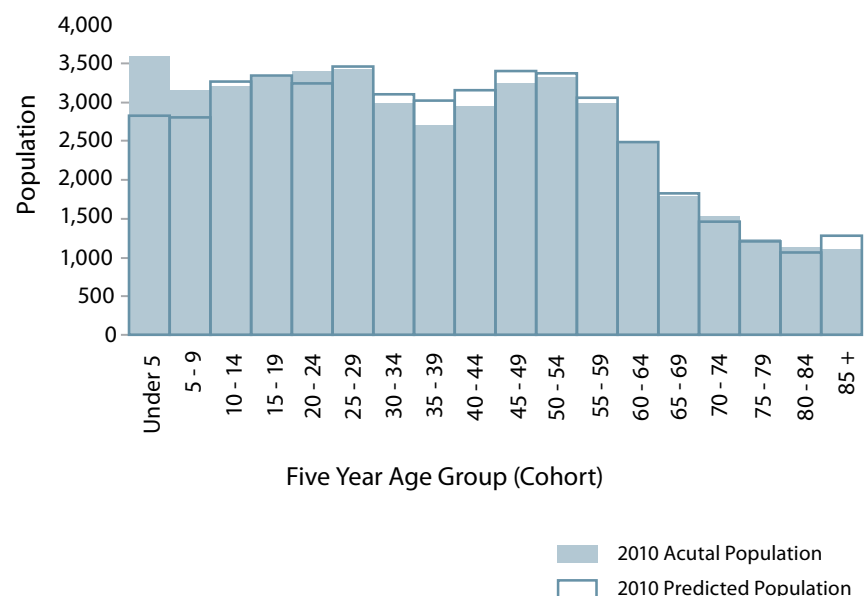
- There was a slight out-migration in the 30-44 age group.
- As in most communities, the aging of the baby boomer generation is contributing to an increase in the pre- and early-retirement age residents (50-64, see Figure 3) This is likely to generate an increased need for senior-friendly housing now and in the coming decades. Later in this chapter the potential demand generated by seniors is estimated in Tables 2.9 and 2.10.
- There was a higher than expected number of children under 9 in 2010. However, because this is not accompanied by a mirror influx in adults of child-bearing age, it is likely the result of a higher than average birth rate - a trait that was common among many Midwestern cities.
- Age distribution varies by neighborhood. Western Salina has a much lower median age and lower percentage of residents over 55 than the newer, eastern parts of town, which appear to have a greater concentration of older residents [Figure 2.5 & Figure 2.6].
- This age trend corresponds roughly to median homes prices, as shown later in Figure 2.15 (with higher price areas having higher median ages).

FIGURE 2.3: Salina Population by Age



Source: U.S. Census Bureau

FIGURE 2.4: Predicted and Actual Age Distribution



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

FIGURE 2.5: Census 2010 Median Age

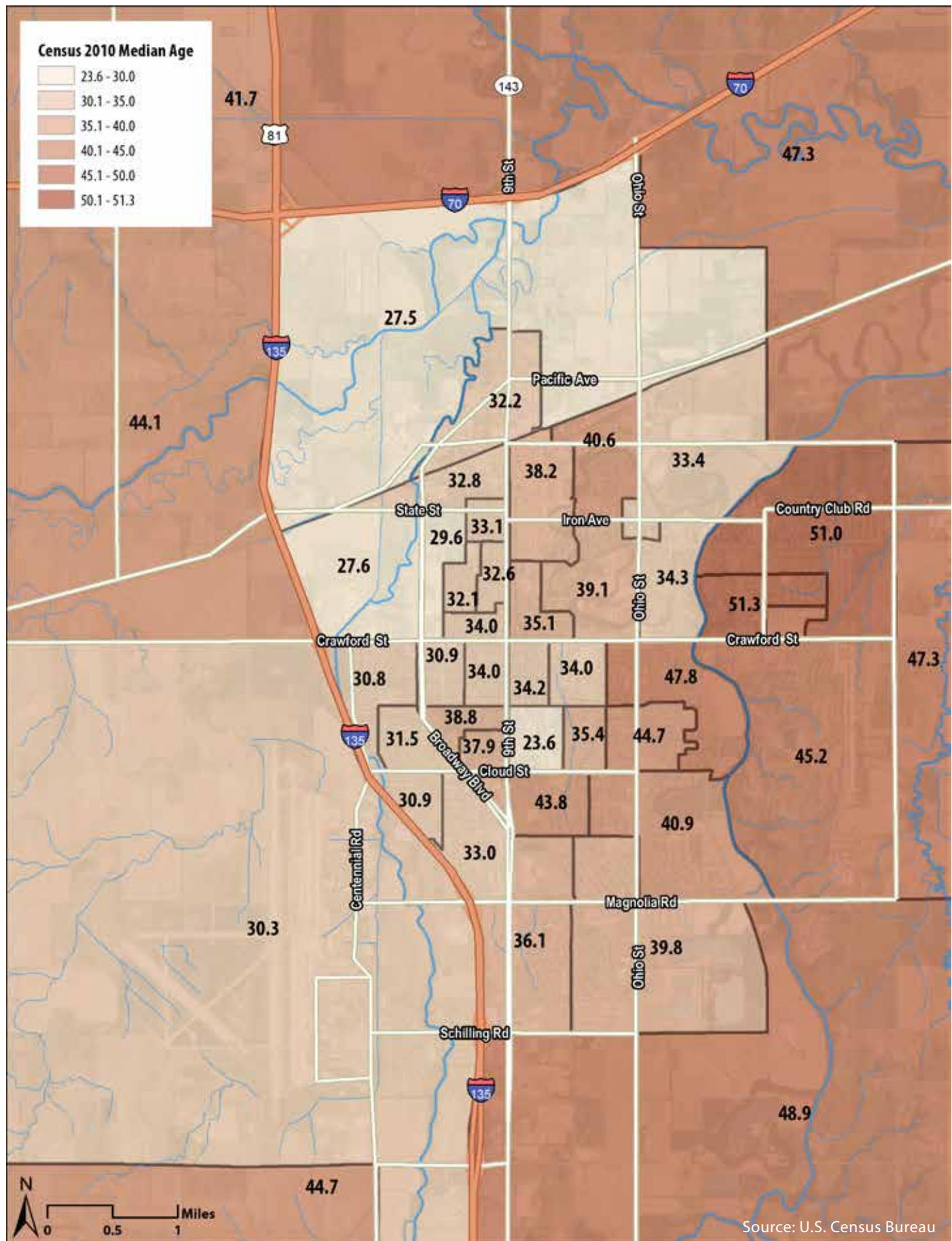
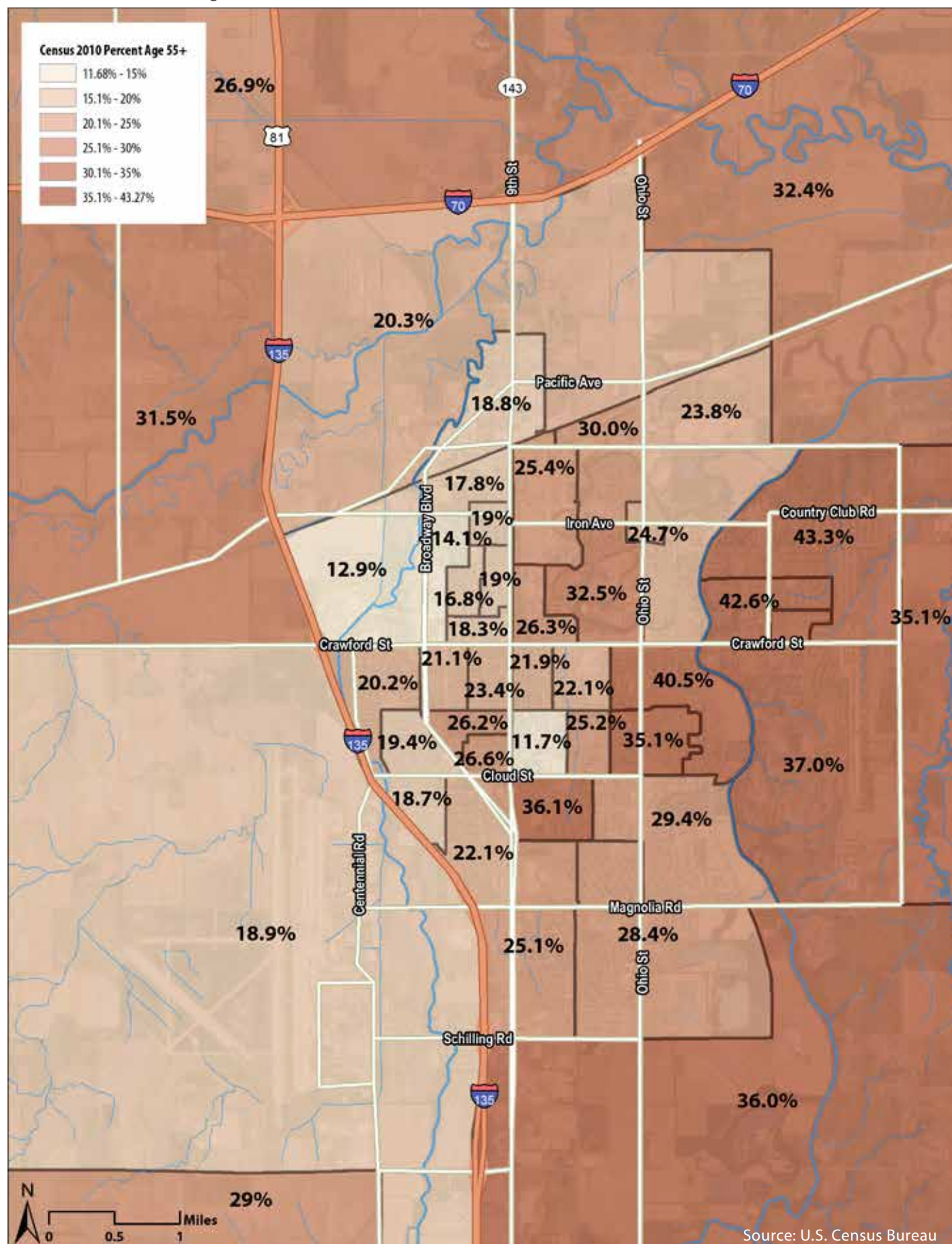


FIGURE 2.6: Census 2010 Age 55+



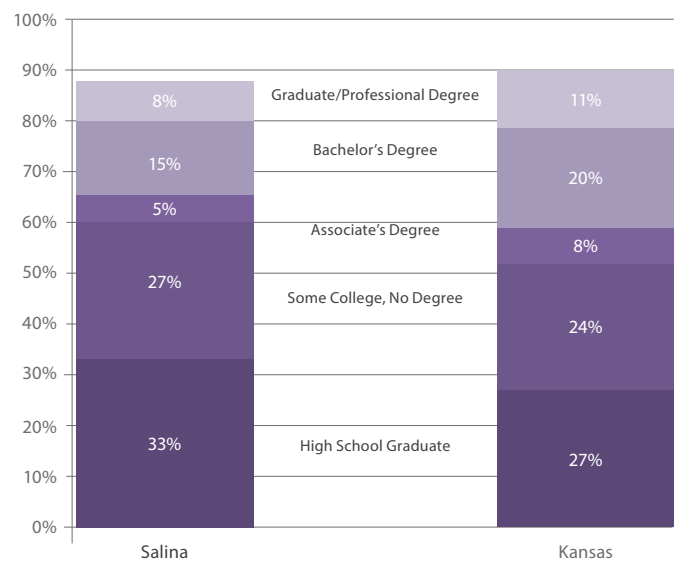
HOUSEHOLD ECONOMIC CHARACTERISTICS

Salina is a middle income community, with an employment composition similar to the State as a whole, and slightly lower education levels.

- The median household income for Salina residents is \$41,822. This puts it in the mid-range among comparison communities, both in terms of current income and recent growth rates. Salina's income falls between Emporia and Leavenworth, two peer cities. [Figure 2.7]
- Salina has a smaller percentage of residents with advanced degrees as compared to the State as a whole. 23% of Salina residents have a Bachelor's degree or higher, compared to 31% of Kansas residents. This will have an effect on residents' earning potential. [Figure 2.8]
- Like most cities, household income varies by neighborhood. Higher income areas of Salina are concentrated in the east and south, while the north and west tend to have lower incomes and a higher incidence of households in poverty. [Figure 2.9 and Figure 2.10]
- Salina's employment distribution across industries largely mirrors the state - Educational services, Manufacturing, and Retail trade are the top three employers for both.
- From 2000 to 2013, Salina experienced significant change in employment in certain industries. Most notably:
 - Construction employment dropped by ~30% in Salina, while growing by 2% across the State.

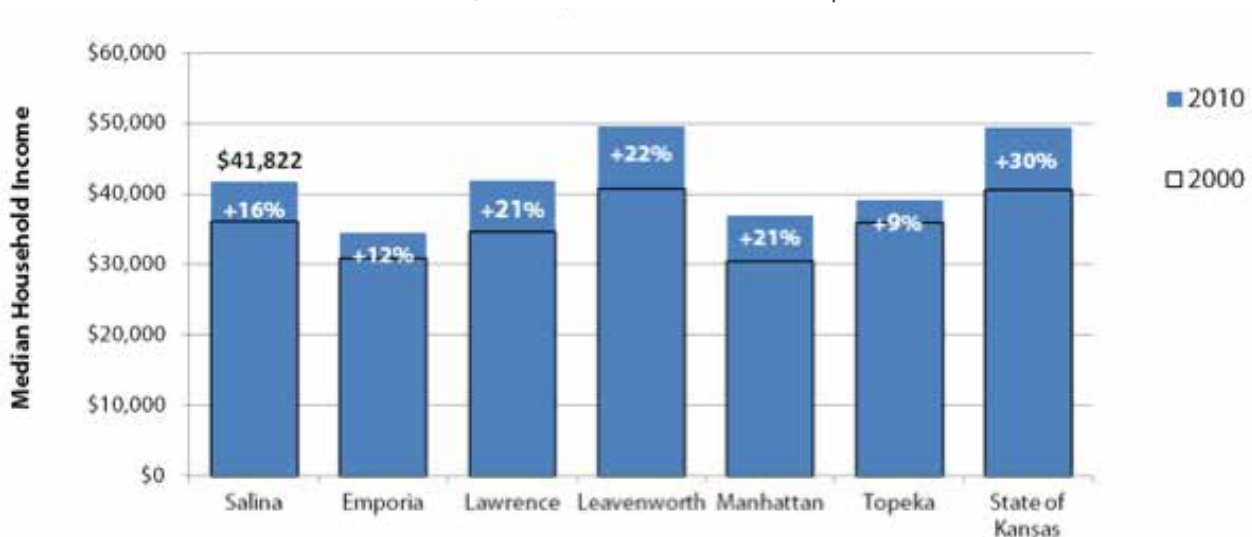
- Manufacturing grew by ~22% in Salina, while dropping by 10% across the State
- Employment dropped 53% in Information and increased 24% in Professional, Scientific, and Management, which was fairly consistent with state-wide trends.

FIGURE 2.8: Percent of Residents 25 Years and Over, High School Graduates



Source: U.S. Census Bureau

FIGURE 2.7: Annual Median Household Income, 2000 and 2010 - Salina and Comparison Communities



Source: U.S. Census Bureau

FIGURE 2.9: Median Household Income

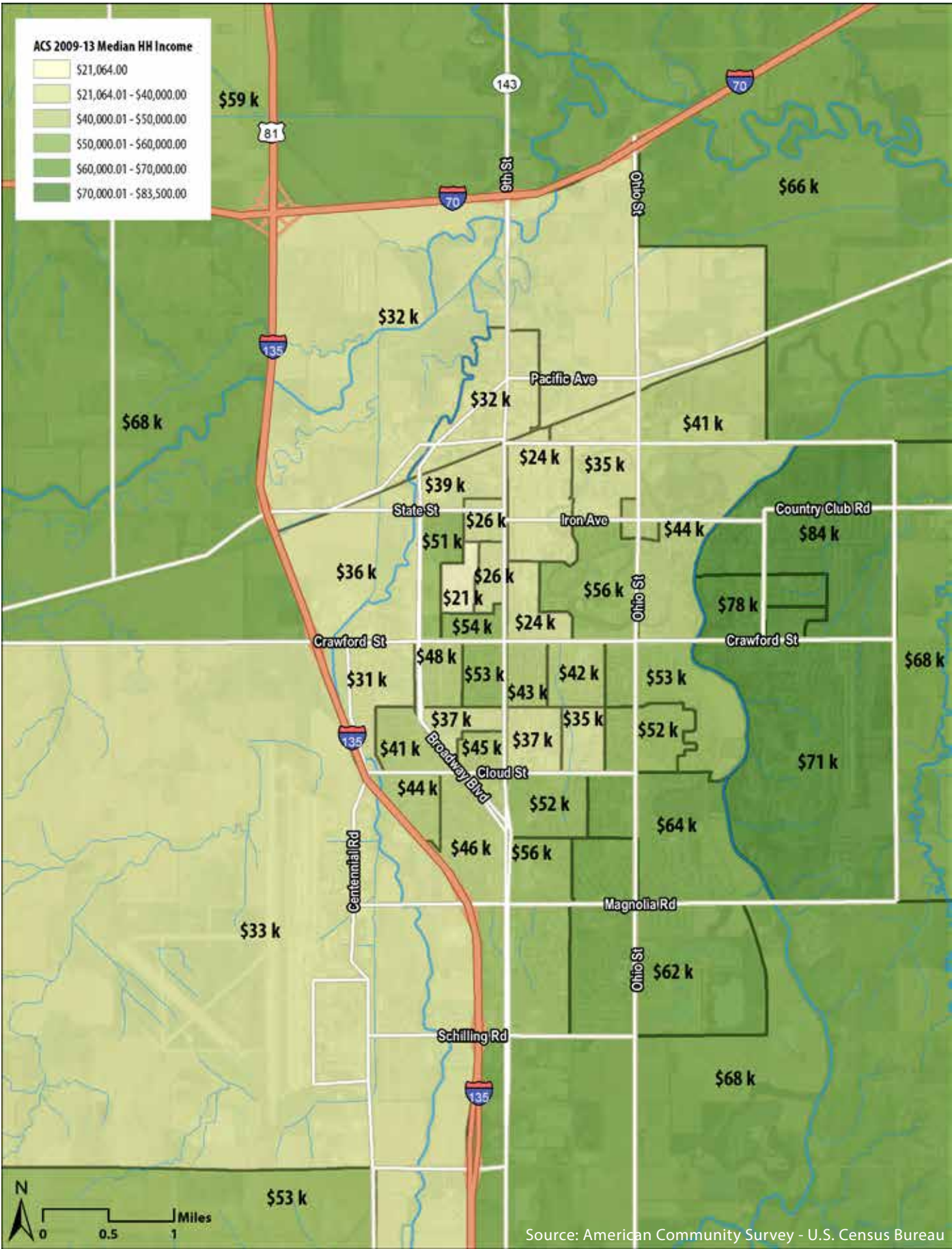
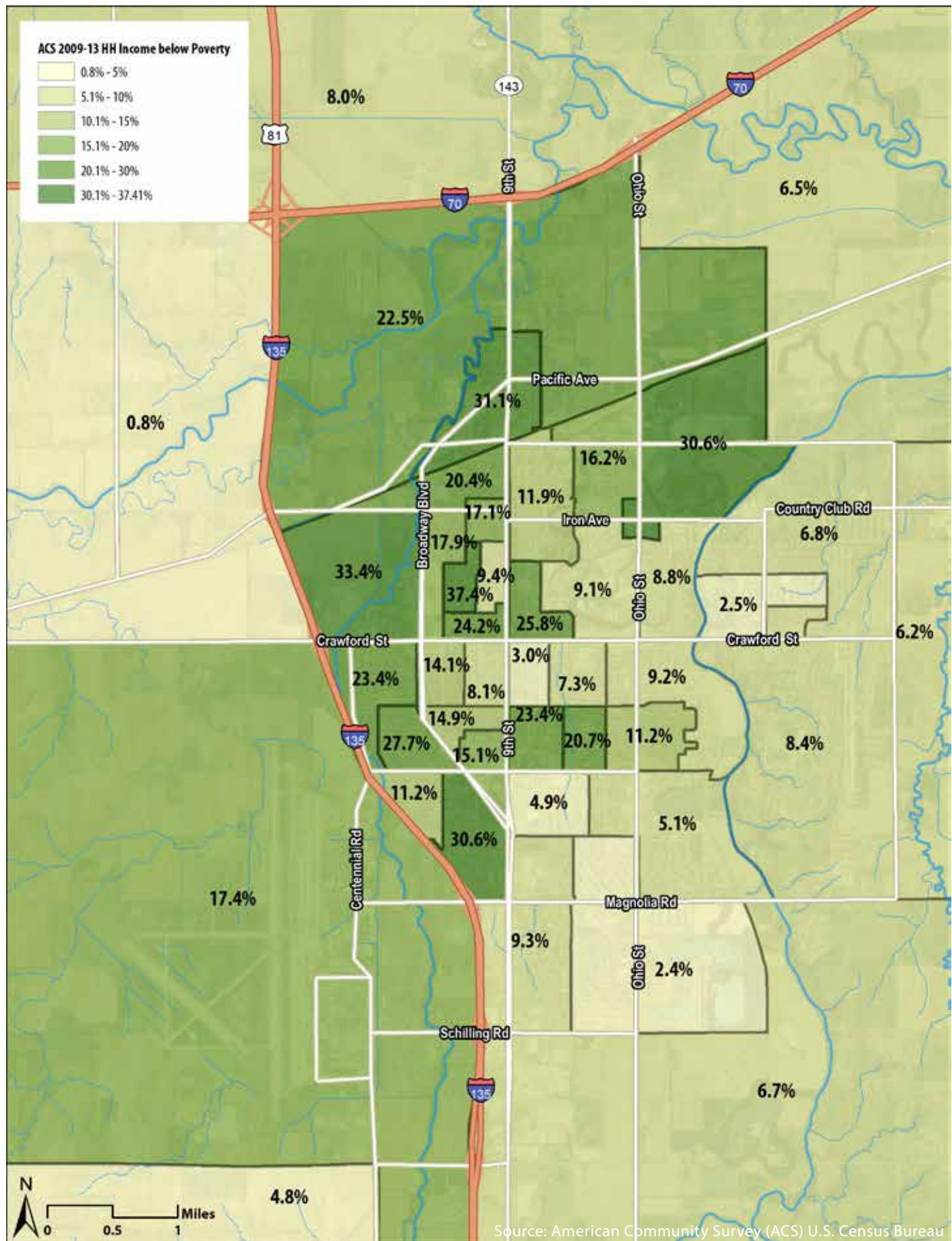


FIGURE 2.10: Household Income Below Poverty



OUR HOMES: SALINA'S HOUSING CHARACTERISTICS

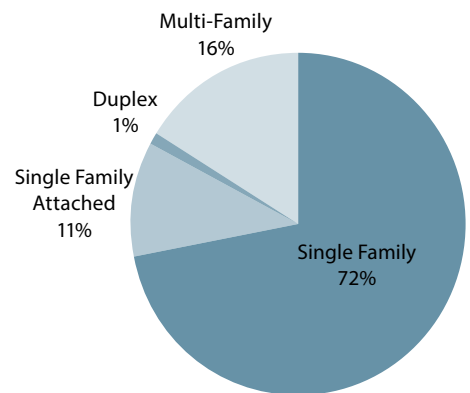
Salina has a relatively good housing stock, but conditions are very uneven across the community, with some neighborhoods showing dramatically better conditions than others.

HOUSING CONSTRUCTION

Salina had a good residential construction market, but over the past several years construction levels have been too low to support much growth.

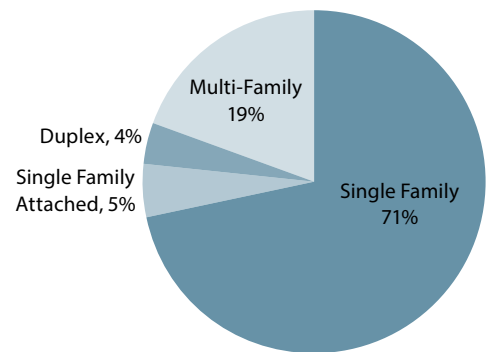
- **Ninety units per year:** Like many other communities across the country, Salina saw a drop in construction rates in 2008. The market rebounded some in 2010 and 2011 but dropped again in the following three years. Salina currently is not building at a rate necessary to support population growth. With inclusion of the higher construction years of 2005 to 2007, Salina's overall (single and multi-family) 10-year average is 89.5 units per year, a rate necessary to support growth rates similar to the 2000s. [Figure 2.11]
- **Mostly Single Family Construction:** The majority of new units over the past 10 years have been single family units, with just two multi-family projects in that time frame. The mixture of new construction by housing type has been largely consistent with the mixture of Salina's current housing stock, with the exception of single-family attached housing, which accounted for 11% of new construction in the 10-year period, but is only 5% of the overall housing stock. [Figures 2.12 & 2.13]

FIGURE 2.12: New Construction by Type (2004-2014)



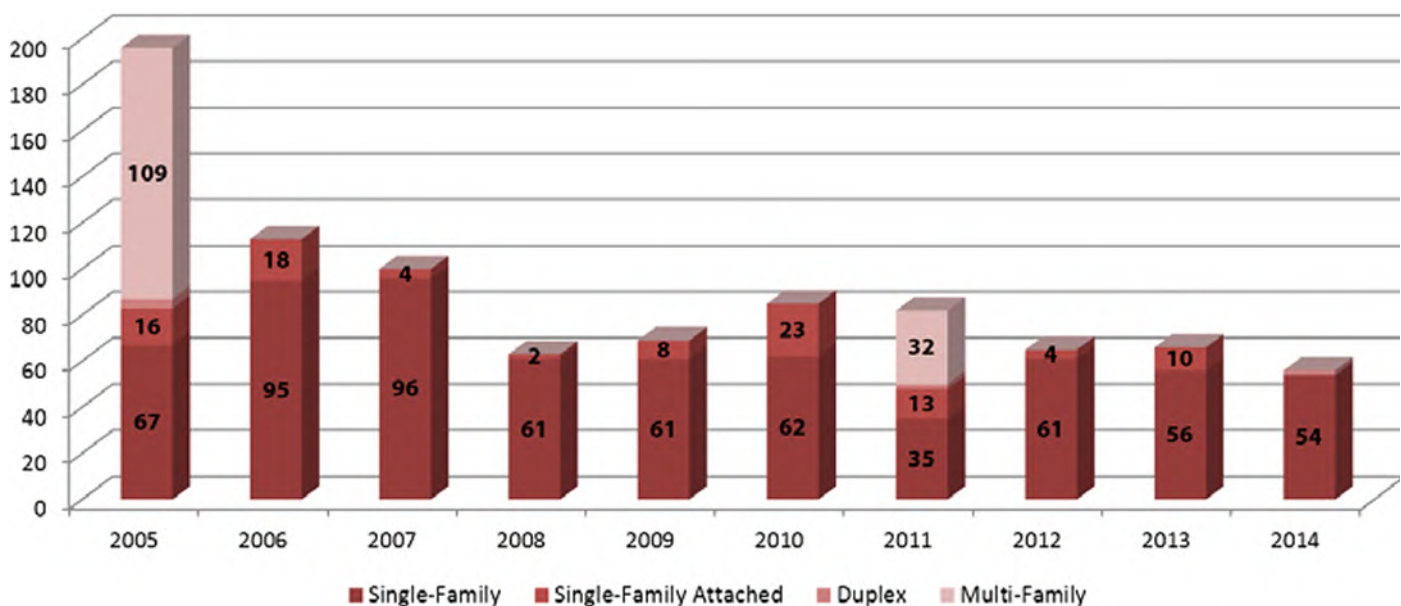
Source: City of Salina

FIGURE 2.13: Total Housing Stock by Type



Source: U.S. Census Bureau

FIGURE 2.11: Residential Building Permits by Unit



Source: City of Salina

HOUSING CHARACTERISTICS

Salina has a typical distribution of housing types and a good split between renter and owner properties. Vacancy rates, housing age, and housing values vary widely by neighborhood.

HOUSING TYPE DISTRIBUTION TYPICAL

Salina's distribution of housing types is fairly typical for towns of similar size and character. [Figure 2.13]

- 71% detached single family homes
- 5% attached single family homes (such as townhomes)
- 4% duplexes
- 19% multi-family homes (apartments)

GOOD RENTER/OWNER SPLIT

Salina has a good balance between owner and renter occupied housing, with about 36% renter-occupied homes and 64% owner-occupied. [Table 2.2]

Salina's owner-occupied percentage is much higher than comparison communities, which are closer to a 50/50 split. While it is important for the market to offer a good supply of rental housing, a higher ratio of renter housing can present more challenges from a maintenance standpoint.

LACK OF NEW MULTI-FAMILY

During the 2000s the number of rental units increased by over 700, however, the number of new multi-family units was significantly lower than this (approximately 200 or fewer). This likely indicates that the rental market is occupying more single family homes. These rentals tend to be either older, smaller homes that can be picked up cheaply as investment properties or older larger structures that can be divided into multiple units. Many of these would otherwise provide affordable entry level single-family units.

VACANCY LEVELS UNEVEN

Salina's city-wide vacancy rate of 7% is fairly good, and is the second lowest among the comparison communities. 4-8% is considered a good rate, neither too high, nor too low (which restricts the market). [Table 2.2]

However, vacancy rates vary greatly by neighborhood, with some neighborhoods in worrisome ranges. While newer neighborhoods in the south and east have vacancy rates ranging from about 2.5%-4.5%, some central and north neighborhoods are in the 12-15% range. [Figure 2.14] The neighborhoods with some of the highest vacancy rates also correspond to some of the highest rates of poor condition housing [Figure 2.19]. This correlation reflects the lack of housing reinvestment and perception of value that these neighborhoods struggle to overcome.

TABLE 2.2: 2010 Housing Characteristics - Salina and Comparison Communities

	Salina	Emporia	Lawrence	Leavenworth	Manhattan	Topeka
Total Units	20,803	11,352	37,502	13,670	22,619	59,582
% Owner	64%	54.2%	46.7%	51.2%	39.2%	58.3%
% Renter	36%	45.8%	53.3%	48.8%	60.8%	41.7%
Vacancy Rates	6.8%	13.6%	6.8%	10.3%	7.5%	9.5%
Median Value (Owner-Occupied)	\$109,700	\$85,700	\$172,900	\$124,200	\$163,800	\$94,200
Median Rent (Gross)	\$599	\$567	\$774	\$762	\$739	\$628
Median Year Structure Built	1962	1963	1981	1962	1976	1964
Average Household Size	2.39	2.39	2.28	2.55	2.30	2.29
Value-to-Income Ratio*	2.6	2.5	4.1	2.5	4.4	2.4

*see page 29 for definition

Source: U.S. Census Bureau

TABLE 2.3: Occupancy Change in Salina, 2000-2010

	2000	2010	Change
Owner-Occupied	12,244	12,409	165
Renter-Occupied	6,279	6,982	703
Total Vacant	1,076	1,412	336
Vacancy Rate	5.5%	6.8%	
Total	19,599	20,803	1,204

Source: U.S. Census Bureau

FIGURE 2.14: Housing Units: Percent Vacant, 2010

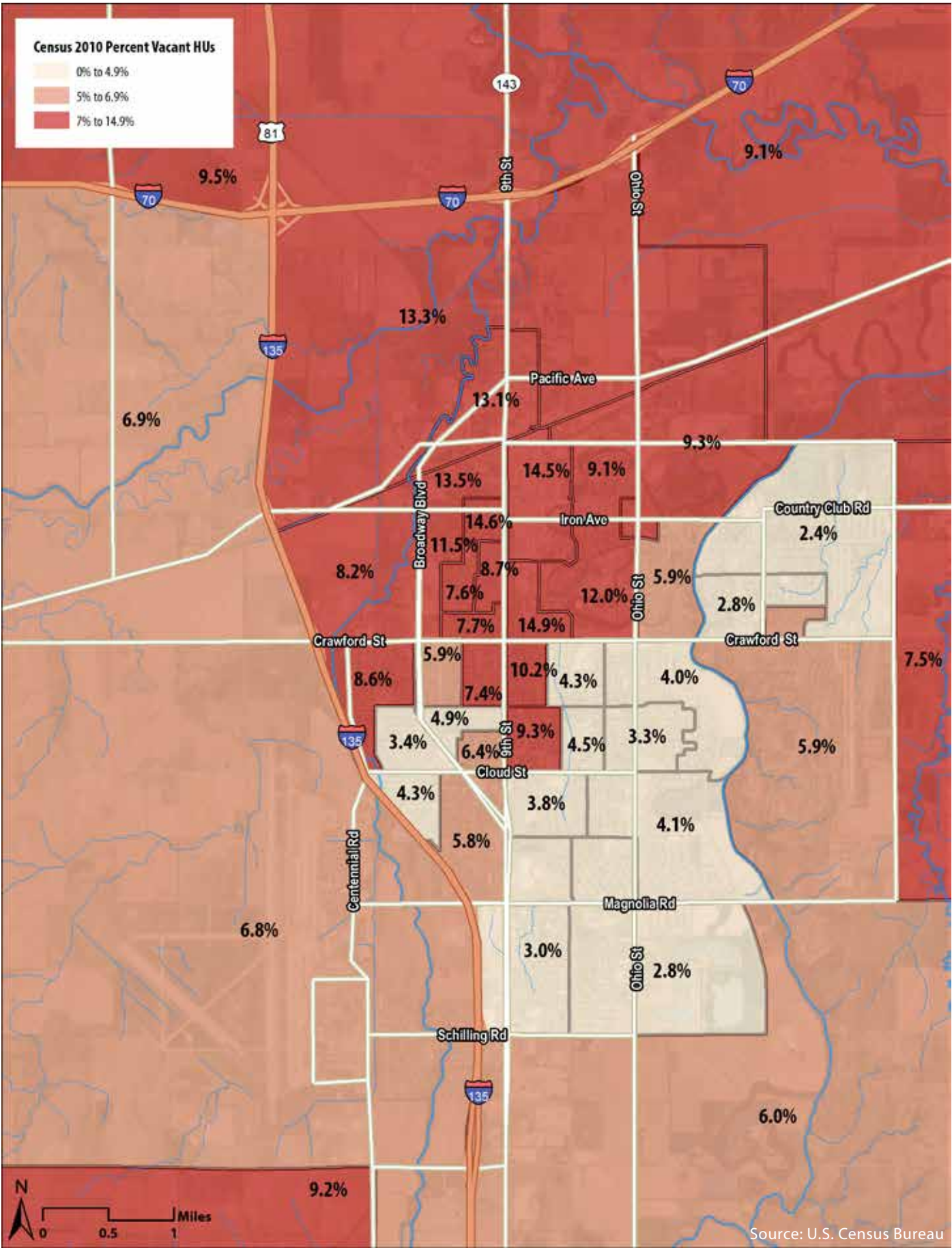
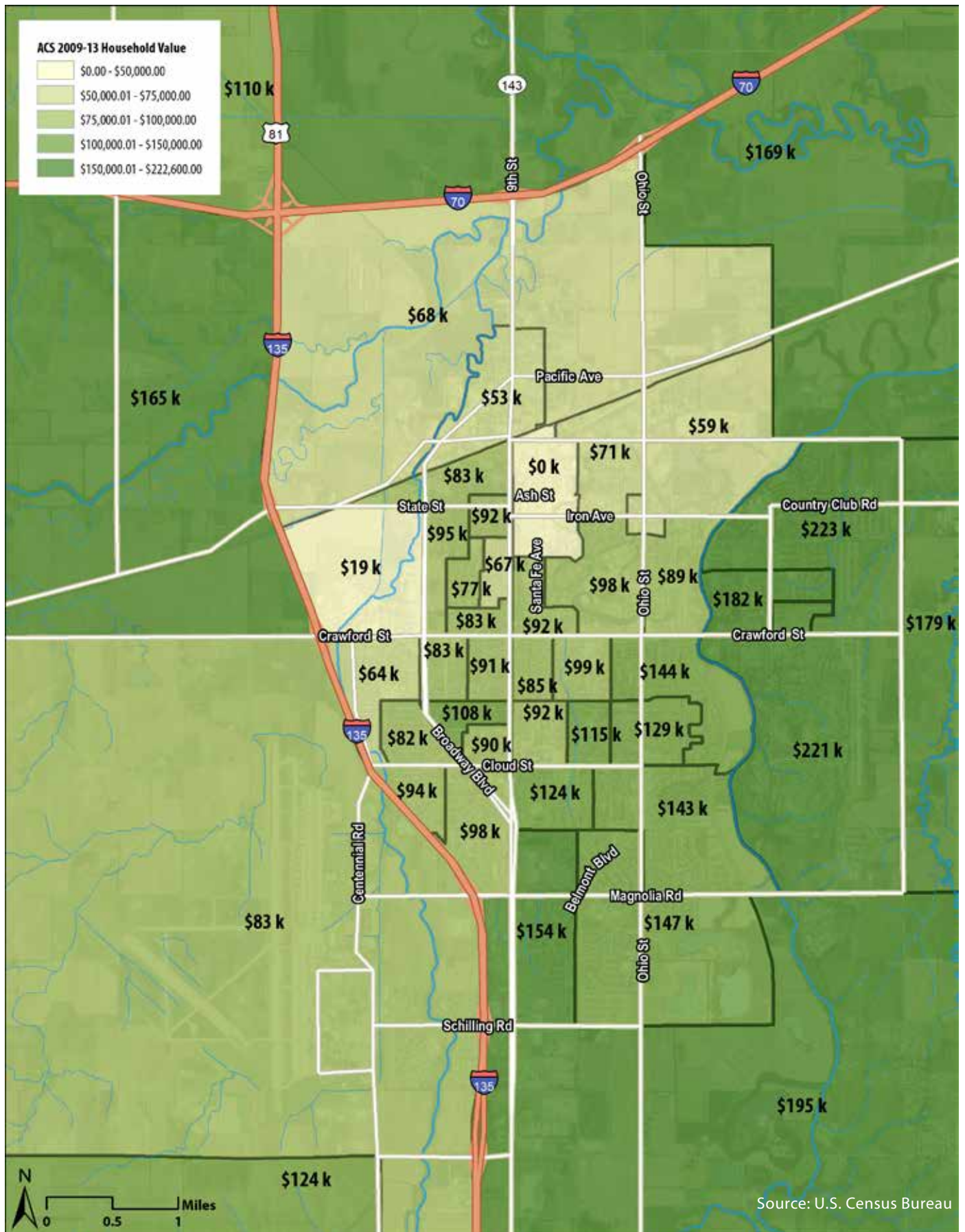


FIGURE 2.15: Median Housing Values by Neighborhood



EXTREME DIFFERENCES IN HOUSING VALUES BY NEIGHBORHOOD

Salina's owner-occupied housing has a median value of \$109,700. This is in a mid-range among the comparison communities.

Like many cities, housing values vary greatly depending on the neighborhood. While homes in the north, west and central areas of Salina are all below the median value, most east and south neighborhoods are much above the median, in some cases, 50-90% higher. [Figure 2.15]

This trend is also clear when looking at average appraised value by block. Areas in the north have the lowest values, followed by moderately low values in the west central and the near southwest. Blocks in the east and south are higher value, even though these blocks include some undeveloped lots. This reflects the higher value needed for "greenfield" lots. The East-Central part of Salina, however, has a mix. [Figure 2.16]

Figure 2.15 and 2.16 both illustrate the struggle to construct new housing priced below \$200,000. In neighborhoods with lower home and lot values, assessed valuations often cannot support new construction, while areas with higher lot values require higher value homes. These issues and potential solutions will be discussed further in Chapter 3.

HOUSING AGE

Approximately half of the Salina housing stock has been built since 1960 (52.3%).

Housing age varies greatly by neighborhood. Older neighborhoods in the central and northern part of the city have median housing ages in the 1940s and 1950s, while the southern and eastern parts of town are newer, with median ages in the 1970s and 1980s. [Figure 2.17]

Salina has one of the oldest housing stocks among the comparison communities – the median year of construction for Salina's existing homes is 1962. This often means there are a large number of units in need of rehabilitation that are not "move in ready." [Table 2.2]

REAL ESTATE TRENDS

Housing sales have been steady for the past several years. Sale prices correspond roughly to the overall housing value distribution for all existing owner-occupied units [Table 2.4 & Table 2.5] and reflect what local realtors say are selling well in the market.

TABLE 2.4: December Year-to-Date Sales, 2012-2014

	2012	2013	2014
Number of Sales	726	937	852
Median Sale Price	\$107,275	\$110,000	\$120,000
Median Days on Market	48	47	41

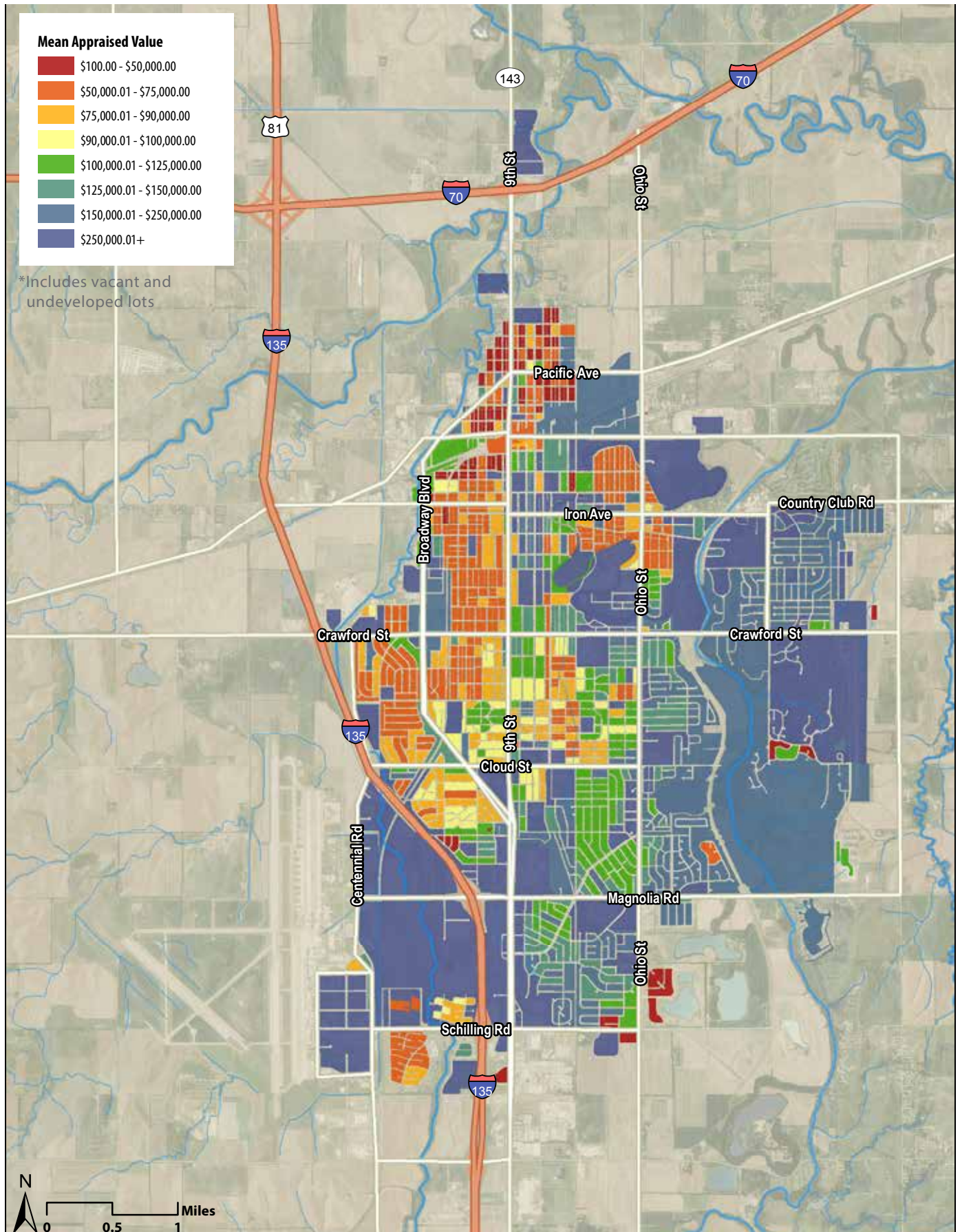
Source: Multiple Listing Service 2014

TABLE 2.5: Distribution of Salina Existing Housing Values Compared to Distribution of Salina Housing Sale Prices in December 2014

Housing Value/Price Range	% of Owner Units	% Sales December 2014
\$0 - 50,000	10%	9%
\$50,000 - \$99,999	33%	23%
\$100,000 - \$149,999	27%	24%
\$150,000 - \$199,999	17%	21%
\$200,000 - \$300,000	9%	15%
\$300,000 +	4%	9%

Source: Multiple Listing Service and U.S. Census Bureau

FIGURE 2.16: Mean Block Value*



ACS 2008-12 Median HU Age

- 1930s
- 1940s
- 1950s
- 1960s
- 1970s
- 1980s

Map showing Median Household Age (HU Age) by census tract in the Columbus, Ohio area, based on ACS 2008-12 data. The map displays various tracts with their corresponding median age in years. Major roads and highways are labeled, including I-70, I-135, I-81, and various local streets like Pacific Ave, Iron Ave, and Schilling Rd. The map also includes a scale bar (0 to 1 mile) and a north arrow.

HOUSING AFFORDABILITY

Salina has a shortage of housing on both the low and high end of the value spectrum, and affordability levels vary widely by neighborhood.

SHORTAGE OF LOW AND HIGH-END HOMES

An affordability analysis shows a shortage of housing for both ends of the income spectrum. [Table 2.6]

For the lowest income households, below \$25k/year, there is an extreme shortage, with less than half of the need being met. This is common in many communities. These households include retirees on fixed income that live in homes with no mortgage or households that are spending more than 30% of their income on housing. The analysis also illustrates that there is an oversupply of units for households making between \$25,000 and \$50,000. It should be noted that these numbers do not take into consideration the quality of these units. Often housing in the poorest condition falls within these ranges, resulting in an undersupply of quality housing.

At the same time, higher value homes are undersupplied. This means that there are households with higher incomes that could potentially be willing to purchase higher value homes, but they are not available. This can have a negative impact on the entire housing market - since higher income residents are occupying mid-range housing, this reduces the available supply of affordable homes for mid-range and lower income residents.

Policy direction to address the needs of different price points is discussed in Chapter 3.

VALUE-TO-INCOME RATIO:

Good Overall: The ratio between Salina's median housing value and median household income is 2.6, meaning that the median value is 2.6 times greater than the median income. Generally a ratio between 2 - 2.5 is considered good, where the housing stock is affordable, but not undervalued. Salina's rate is comparable to Leavenworth, Emporia, Topeka, and much lower than college-dominated towns of Manhattan and Lawrence.

Variation By Neighborhood: The value-to-income ratio is vastly different depending on the neighborhood. The north and west neighborhoods have very low ratios below 2, which reflects that the housing stock is under-valued - well below values that could support new construction. For these neighborhoods it is difficult to construct new units or make major investments in existing units since their appraised values are lowered by surrounding properties. Lighter areas on the map - in south, east and parts of central Salina - have higher value-to-income ratios, but are still in a good range of affordability. [Figure 18]

HOUSING CONDITIONS

A windshield housing survey was conducted to identify dilapidated and poor condition housing in Salina. [Figure 2.19]. Dilapidated housing is primarily concentrated in north Salina. Poor condition housing is in both the north and central neighborhoods, with concentrations north of Sunset Park, around Hawley Park, and along 9th Street between Crawford and State Street.

TABLE 2.6: 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	4,905	\$0 - \$50,000	1,255	\$0 - \$400	720	1,975	-2,930
\$25,000 - \$49,999	5,818	\$50,000 - \$99,999	4,045	\$400 - \$800	4,615	8,660	2,842
\$50,000 - \$74,999	4,283	\$100,000 - 149,999	3,313	\$800 - 1,250	1,350	4,663	380
\$75,000 - \$99,999	2,079	\$150,000 - \$200,000	2,149	\$1250 - \$1,500	98	2,247	168
\$100,000 - \$150,000	1,542	\$200,000 - \$300,000	1,103	\$1500 - \$2,000	119	1,222	-320
\$150,000 +	764	\$300,000 +	544	\$2,000 +	80	624	-140

FIGURE 2.18: Value to Income Ratio

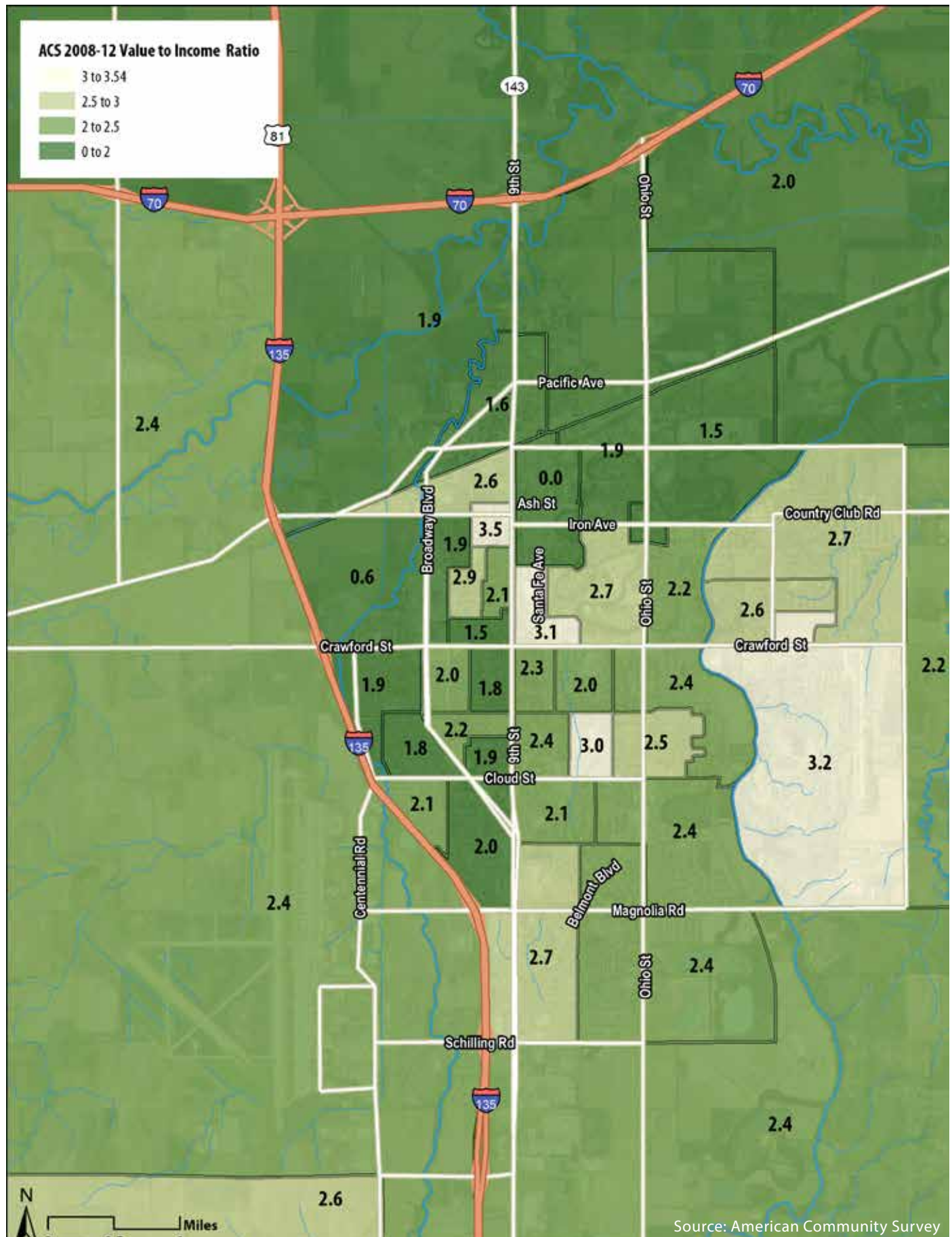
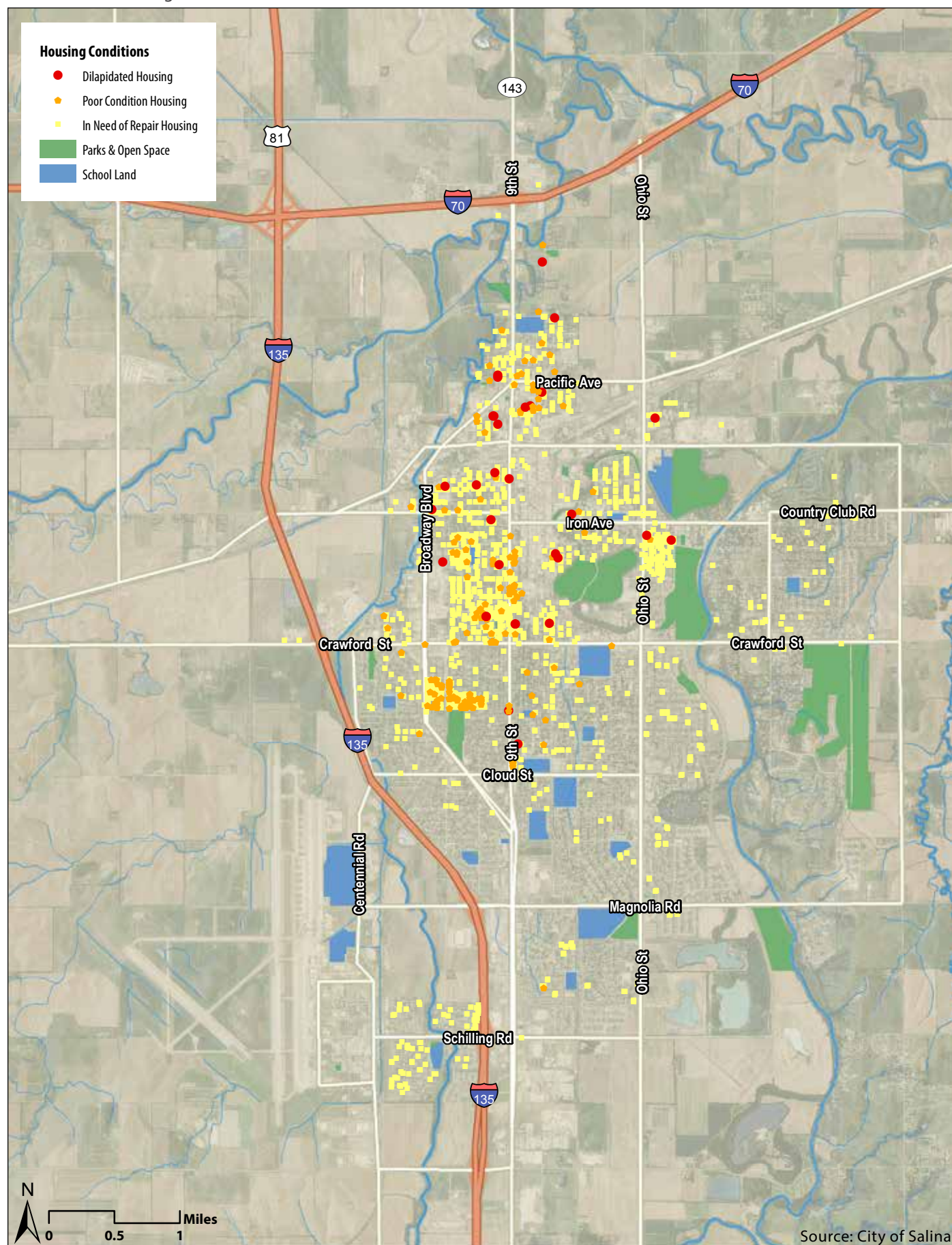


FIGURE 2.19: Housing Conditions



OUR NEIGHBORHOODS: PROFILE OF ASSETS AND CHALLENGES IN EACH QUADRANT OF TOWN

Salina is made up of many different neighborhoods, which can be roughly grouped into four sections of town: north, central, south and east [Figure 20]. The previous section provided a variety of housing, demographic and economic data - the profiles below draw on this data and local knowledge to create a summary of conditions and trends in each quadrant.

NORTH SALINA

HOUSING AND GROWTH TRENDS

North Salina has a number of challenges with its housing stock. Compared to other areas of Salina, this area has higher than average vacancy rates, very low property values, and older housing. North Salina housing is under-valued and less in-demand than other areas of Salina, as evidenced by the low value-to-income ratio for the housing stock and the 5-7% loss in population from 1980-2010 (compared to 14% population growth in the city as a whole during this time). Most of the city's dilapidated housing is located in this area. All of these factors make it a higher risk investment for any income range. North Salina also lacks neighborhood services and many of its commercial uses are run-down, marginal or vacant.

KEY ASSETS

North Salina has good access to the interstate and railroad, important civic institutions such as St. John's Military Academy and the Community Theatre, and recreation amenities such as the levee trail system and Thomas Park.

ENVIRONMENTAL FACTORS

North Salina has a handful of homes in the 100-year floodplain – on the northern end, a few homes along North 5th and E Stimmel, and to the East, a cul-de-sac development on River Place (off of Iron Ave), and homes along Riverside Drive (west of Lakewood Middle School).

CENTRAL SALINA

HOUSING AND GROWTH TRENDS

Housing in Central Salina is a mixed bag. The area overall has some challenges, with higher than average vacancy rates, lower than average property values, and older housing. However, Central Salina also has a large portion of the city's historic housing assets, along Santa Fe Avenue, Iron Avenue, and other areas near downtown. Although housing appears to be undervalued in western parts of Central Salina, locations east of 9th street fare better in their value-to-income ratio.

Central Salina has several concentrations of poor condition housing, north of Sunset Park, around Hawley Park, and along 9th Street between Crawford and State Street. While most of Central Salina is losing population, the area around Central High School is an exception.

KEY ASSETS

Central Salina has a variety of the community's important assets, including the downtown district, Oakdale Park and Kenwood Park, Central High School, Salina Christ Academy, and Kansas Wesleyan University. With the downtown and commercial along Crawford, this area is relatively well-served with commercial amenities.

ENVIRONMENTAL FACTORS

South of Kenwood Park there is a concentration of homes in the 100-year floodplain, a 6-square block area roughly bordered by Highland Ave, Front St, Prescott Ave, and Crawford St.

SOUTH SALINA

HOUSING AND GROWTH TRENDS

South Salina housing is faring better than average, with lower than average vacancy rates, higher than average property values, and newer housing. The area has been gaining population over the past several decades at a much faster rate than the city overall.

KEY ASSETS

South Salina has a number of important community assets, such as Kansas State University, South Junior High and South High School, Ivey Park, the Airport, and the interstate-oriented commercial district on 9th Street, including Central Mall.

ENVIRONMENTAL FACTORS

South Salina has a number of homes in the 100-year floodplain, including several blocks of single family homes north of Salina South Middle School, a large apartment development east of the Mall, homes to the west and south of Salina South High School, and a portion of the houses within the triangular area formed by Belmont Blvd, Magnolia Road and Ohio Street.

EAST SALINA

HOUSING AND GROWTH TRENDS

East Salina arguably has the strongest housing market in the community, with lower than average vacancy rates, the highest overall property values, and some of the newest housing. This area has been gaining population at a much higher rate than the city overall.

KEY ASSETS

East Salina has many of the community's natural and recreational amenities: Smoky Hill River, Lakewood Park, Salina Country Club, the Municipal Golf Course, the Sports Complex/ Indian Rock Park, the Soccer Complex, and East Crawford Recreation Area.

ENVIRONMENTAL FACTORS

There are quite a few east-side homes in the 100-year floodplain, primarily in the area between the Smoky Hill River and Ohio Street, from Crawford Street on the North to Magnolia Road on the South.

CITY-WIDE OPPORTUNITY AREAS

The existing conditions outlined above, combined with land availability data [Figure 2.22], help point to several primary opportunity areas for housing programs, investments, and infill development.

Figure 2.23 identifies these opportunity areas, and classifies them into three categories:

- **Conservation Areas:** Areas where the existing housing stock has a cluster of housing in fair condition. Policies for this area should be to conserve the existing housing stock with a coordinated rehabilitation strategy.
- **Infill Areas:** Areas with more serious housing deficiencies and vacant lots. These sites are large enough and clustered enough that a targeted program to remove deteriorated structures and develop vacant lots will have a major impact.
- **Redevelopment Areas:** Sites focused on areas with a number of vacant lots or a combination of vacant lots and deteriorated structures. These areas are large enough to support significant investment in new affordable housing. Infrastructure improvements should address stormwater drainage, urban street standards and any water and sewer infrastructure.

The following chapters will outline strategies for investing and redeveloping in these target opportunity areas and throughout the community.



FIGURE 2.20: Housing Quadrants

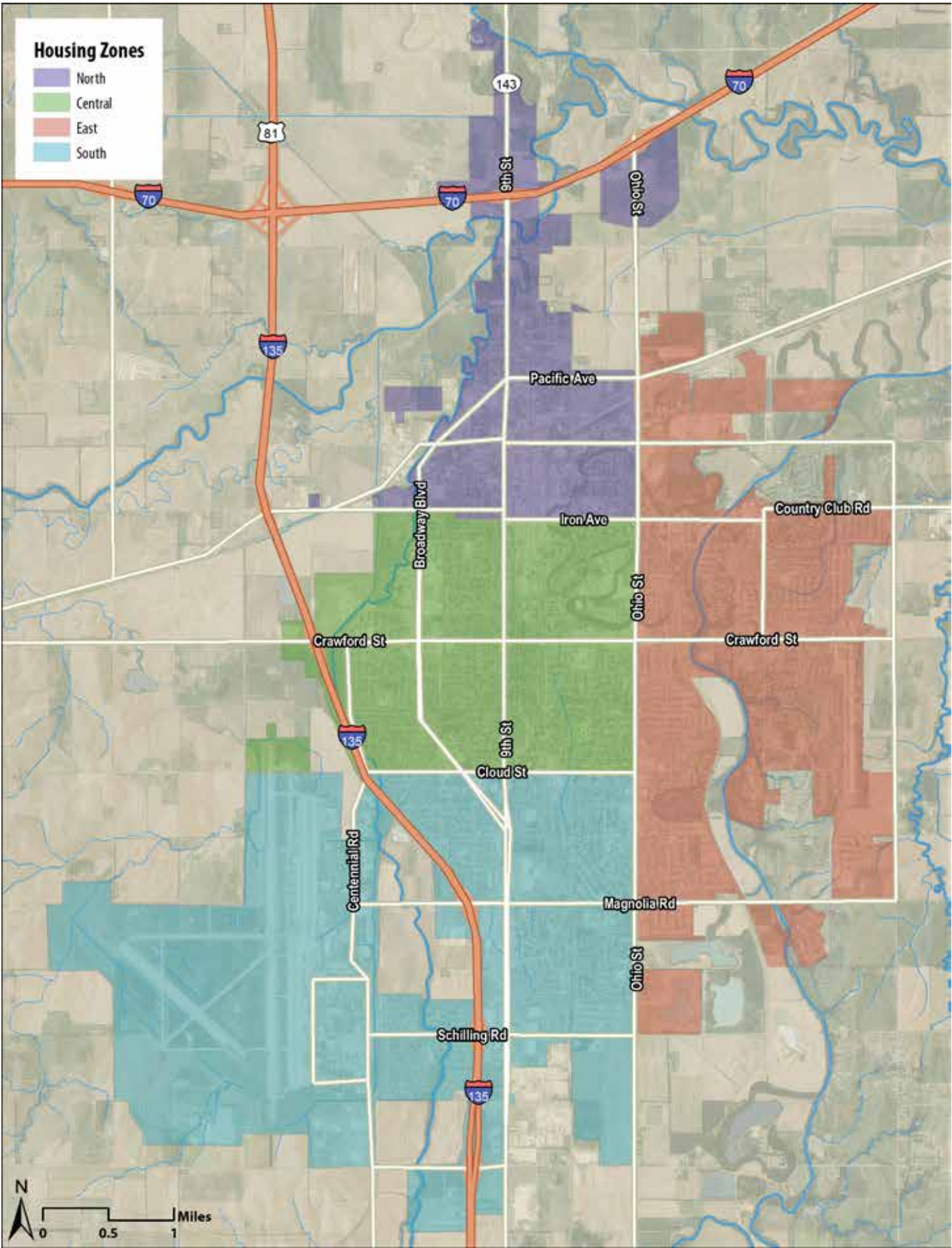


FIGURE 2.21: Hundred Year Floodplain

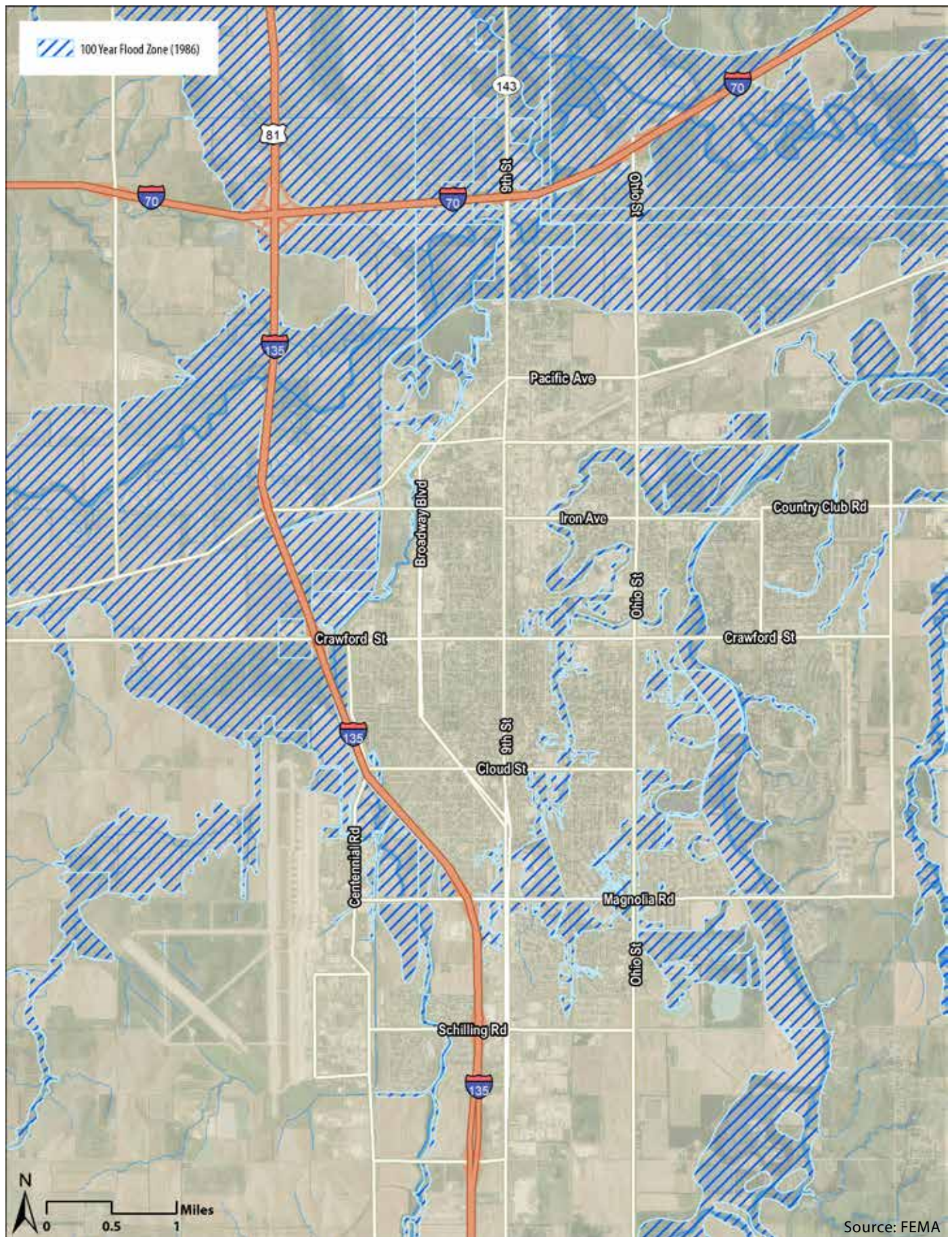


FIGURE 2.22: Vacant Properties

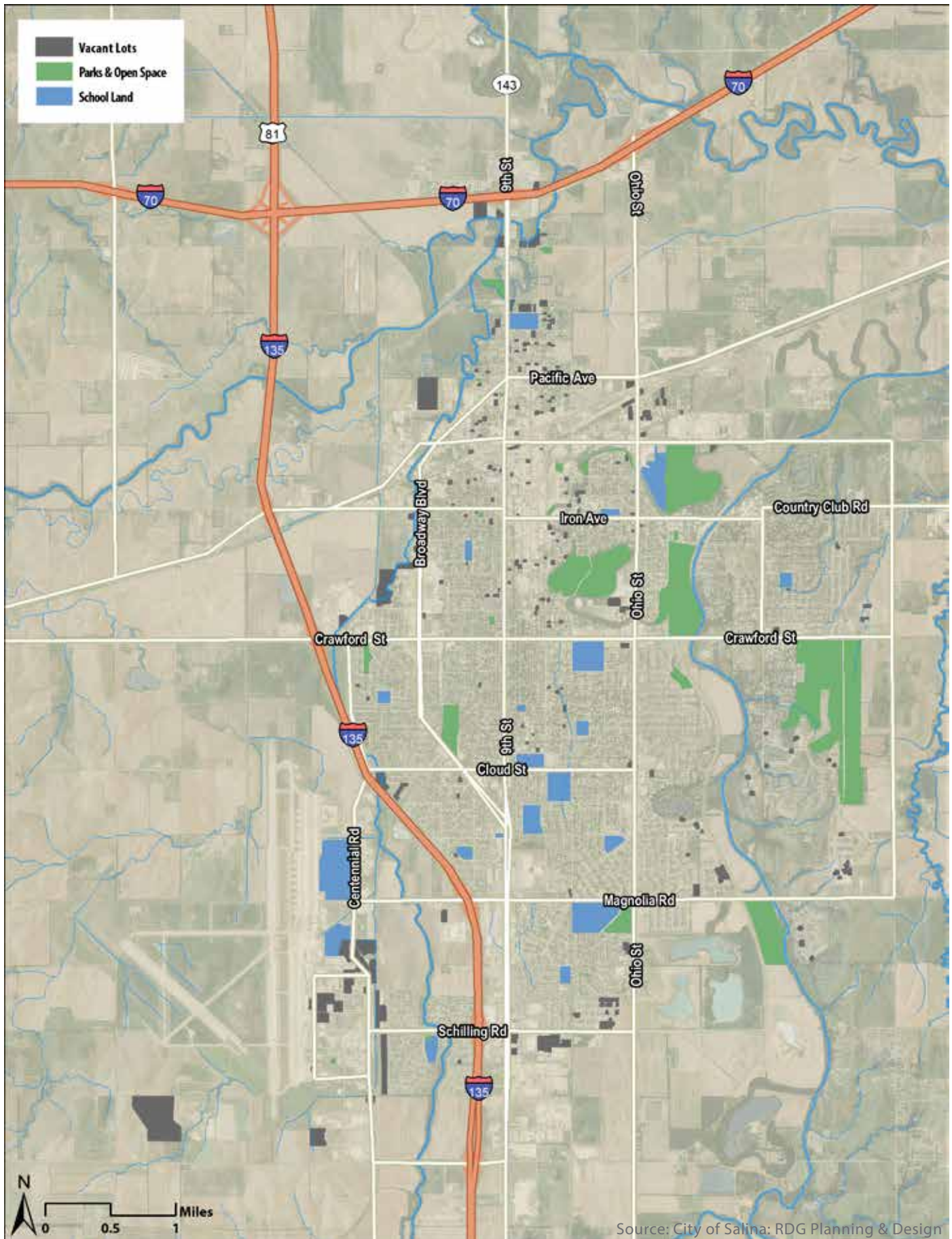
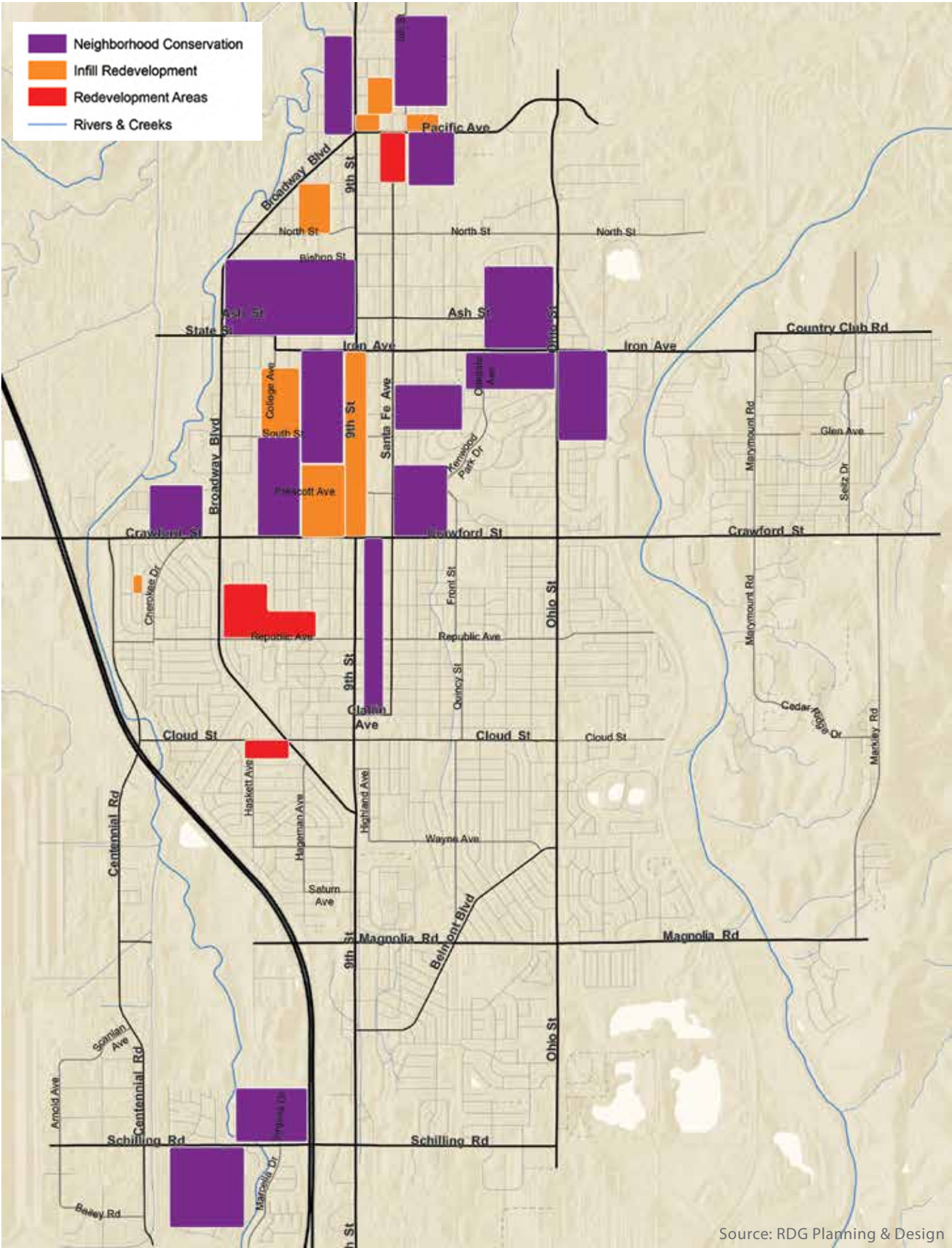


FIGURE 2.23: Opportunity Areas (see page 58 for additional detail)



OUR FUTURE: POPULATION AND HOUSING PROJECTIONS

If current trends continue, Salina could grow by approximately 5,000 residents in the next 20 years, creating a demand for approximately 2,400 new housing units.

POPULATION

If Salina continues to grow at approximately the same rate as the last couple of decades, it will reach 54,000 residents by 2035.

Figure 2.24 shows 4 population growth scenarios. For the purposes of this plan, the 0.5% annual growth rate is considered the most likely scenario. This is consistent with recent growth rates:

- Average Growth Rate from 2000-2010 = 0.4%
- Average Growth Rate from 1990-2010 = 0.6%

HOUSING

Based on the population projection above (0.5% annual growth rate) and current housing characteristics, Salina would need 2,373 new housing units between 2015 and 2035 [Table 7].

10-YEAR DEVELOPMENT PROGRAM

It's important for Salina's new housing units to be constructed at a diverse range of price options, to serve the needs of all residents. Table 2.8 shows the projected housing unit need broken down by price range and by owner/renter status. The development program is split into two 5-year increments, 2015-2020 and 2020-2025.

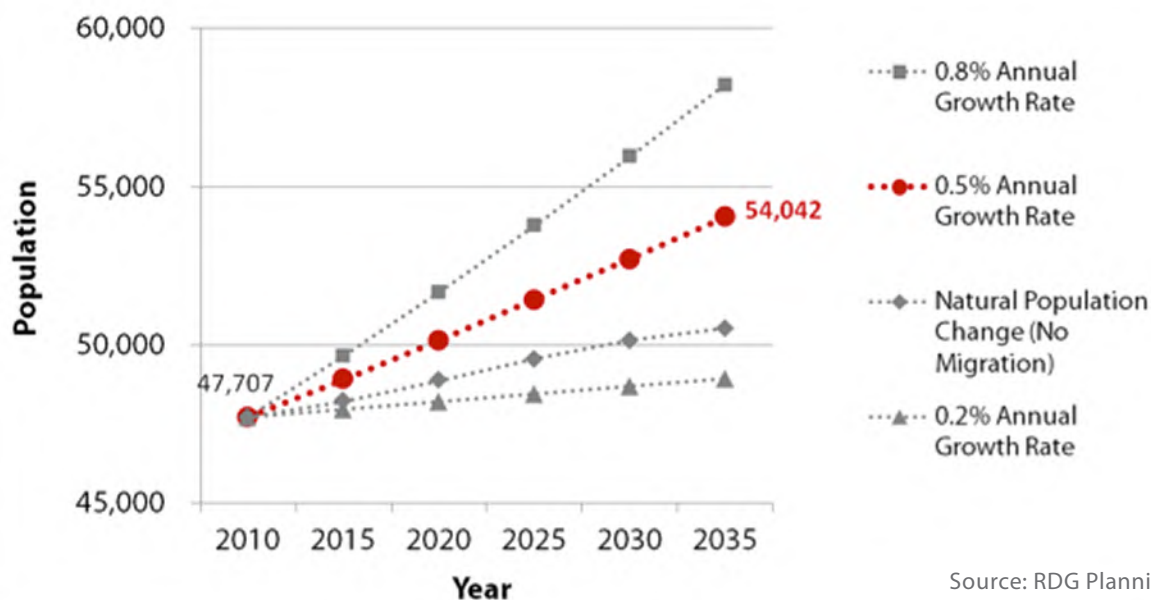
Approximately 48% of all owner-occupied units should ideally be priced below \$125,000. Units at this price are often below construction costs; therefore many of these units may be produced indirectly by developing higher-cost housing that serves the "move-up" market of owners that now occupy the lower-value homes.

New development in Salina should be approximately 55% owner-occupied and 45% renter-occupied. This is a slightly higher percentage of renter housing than today's mix, which is needed to address previous shortfalls in rental construction.

Owner-occupied units will be distributed roughly in proportion to the income distribution of households. Most low-income residents will be accommodated in rental units.

Approximately 48% of all owner-occupied units should ideally be priced below \$125,000 (current dollars). Units at this price are often below construction costs; therefore many of these units may be produced indirectly by developing higher-cost housing that serves the "move-up" market for owners that now occupy the lower-value homes.

FIGURE 2.24: Growth Rate



Source: RDG Planning & Design

TABLE 2.7: Salina Housing Projections, 2015 - 2035

	2015 - 2025	2025 - 2035	Total: 2015 - 2035
Population at End of Period	51,413	54,042	
Household Population at End of Period	49,819	52,367	
Average Household Size	2.41	2.41	
Household Demand at End of Period	20,672	21,729	
Projected Vacancy Rate	6.8%	6.8%	
Unit Needs at End of Period	22,180	23,314	
Annual Replacement Need	8	8	
Cumulative Need During Period	1,159	1,214	2,373
Average Annual Construction	116	121	119
Source: RDG Planning & Design			

TABLE 2.8: Ten Year Development Program

	2015 - 2020	2020 - 2025	2015 - 2025
Total Need	573	586	1,159
Total Owner Occupied	315	322	638
Affordable Low: <\$125,000	150	154	304
Affordable Moderate: \$125,000 - \$175,000	54	55	109
Moderate Market: \$175,000 - \$250,000	66	67	133
High Market: Over \$250,000	46	47	93
Total Renter Occupied	258	264	522
Low: Less Than 450	151	155	306
Affordable: 450 - 700	52	54	106
Market: Over \$700	54	56	110
Source: RDG Planning & Design			

Note: Affordability ranges are also influenced by interest rates – people can afford more expensive homes when interest rates are low. Increases in residential interest rates may reduce the stock of affordable workforce housing and create an even greater demand for quality rental units.

SENIOR HOUSING DEMAND

With the aging of the baby boomer generation, Saline County's senior population is growing tremendously. This reflects a nation-wide trend of growth in the over 55 population, which is expected to continue through the coming decades. This section examines senior population characteristics and trends in the city to quantify demand for senior housing. These households are the primary market for targeted new residential products, including maintenance-provided ownership settings, senior independent living, and assisted living. As shown in Table 2.9, findings include:

- 26% of the Salina County's population is 55 and over; about 14% of the population is 65 and older.
- From 2000 to 2010, Saline County's senior population grew at a much greater rate than the general population. While the total population grew by 3.7%, the 55 and over group grew by 22%. A large part of this growth is from the 55-64 age group, which grew by 46% due to the natural aging of the large baby boomer age group.
- Some senior age groups experienced migration into the county, while others did not. The migration rate from 2000 to 2010 for the total population was +1.1%, and 3.1% for adults age 65-74. However, adults 75 and over migrated out of the county, with a loss of 1.8%.
- A variety of housing types may be appealing to the senior population in the coming years. These may include:
 - Townhomes in condo ownership configurations that decrease maintenance demands
 - Independent living units with some additional services, such as cleaning and laundry services
 - Assisted living
- Table 2.10 projects the population of each senior age group, based on recent migration rates and current population distribution.
 - Potential new demand for alternative senior housing settings in 2020, such as those listed above, is about 88 units. This represents just under 1% of the potential senior households.
 - Based on estimated aggregate value of homes and the number of householders over the age of 65, it appears that the average home value for these households is \$126,400, a price range residents indicated was in high demand. If only 50% of the estimated 88 units were filled by Salina city residents an additional 44 units, averaging \$126,000, would be added to the market.

CURRENT HOUSING PROGRAMS AND REGULATIONS

Salina has a system of organizations that help manage housing services, along with programs and regulations that influence the housing market.

HOUSING SERVICE ORGANIZATIONS AND ENTITIES

The **Salina Housing Authority** helps provide affordable housing for the community, and manages a number of programs, including:

- Section 8/Rent Vouchers. This program uses HUD dollars to provide rental vouchers to income qualified applicants. Participants rent from private landlords, and receive monthly rental assistance paid directly to the landlord.
- Shelter Plus Care. This program provides rental assistance to chronically homeless individuals with disabilities and families who have a qualifying disability.
- Public Housing. Salina Housing Authority has 163 units, consisting of single family houses, duplexes, triplexes and quadplexes ranging from 1 to 5 bedrooms.
- VASH. This program provides section 8 vouchers for veterans.

The **City of Salina Neighborhood Services Division** is a department of the City which administers a number of programs that affect the quality of our housing and neighborhoods, including:

- Code enforcement
- Neighborhood outreach, including clean-up and revitalization action plans
- Administration of state and local programs for housing, such as CDBG, HOME, and the Emergency Solutions Grant
- Neighborhood Revitalization Tax Rebate

The **Salina City Code** has a number of areas related to housing, including

- Chapter 8 – Building Code
- Chapter 22 – Mobile Homes and Trailers
- Chapter 31 – Property Maintenance
- Chapter 36 – Subdivision Regulations
- Chapter 42 – Zoning Regulations

TABLE 2.9: Saline County Senior Population Change, 2000 - 2010

Market Area	Saline County		Total	Percent Migration
	2000	2010	Percent Change	
Total Population	53,597	55,606	3.7%	1.1%
55 - 64	4,626	6,760	46.1%	0.1%
65 - 74	3,818	4,053	6.2%	3.1%
75 and Over	3,662	3,949	7.8%	-1.8%
Total 55 and Over	12,106	14,762	21.9%	1.3%
5-Year Age Groups (65+)				
65 - 69	1,927	2,231	15.8%	
70 - 74	1,891	1,822	-3.6%	
75 - 79	1,601	1,463	-8.6%	
80 - 84	1,095	1,265	15.5%	
85 and Over	996	1,221	26.4%	
Total 65 and Over	7,480	8,002	7%	

Source: U.S. Census Bureau

TABLE 2.10: Projected Senior Population and Housing Demands for 2020, Saline County

	2020 Population Projection	Estimated Household Size	Total Housing Unit Demand	Demand for Alternative Senior Housing Settings (0.5% - 1% of Total)
55 - 64	7,555	2	3,778	38
65 - 74	5,921	1.75	3,383	34
75 and Over	4,187	1.25	3,349	17
Total 55 and Over	17,663	--	10,510	88

Source: RDG Planning & Design

If only 50% of the estimated 88 units were filled by Salina city residents, an additional 44 units, averaging \$126,000, would be added to the market.

The **City of Salina Community Relations Commission** helps keep housing equitable by investigating fair housing claims.

The **City of Salina Planning & Community Development Division** administers regulations that govern housing and neighborhood development, such as zoning and development regulations, covenants, neighborhood infrastructure, easements, and special assessments.

Local Homeowner's Associations also influence housing through their codes and covenants, which typically address items related to the appearance of homes and yards. Cities can not enforce these covenants, and generally Salina has not had a history of active homeowner associations. The lack of activity among homeowner associations or neighborhood associations is not unusual in a city the size of Salina. These groups can help create stronger and more vibrant neighborhoods but require a significant commitment from volunteers. Homeowners taking responsibility for maintenance of common areas and collection of dues is challenging to maintain. When maintenance does not occur, it often falls to the city.

LOCAL HOUSING INCENTIVE PROGRAMS

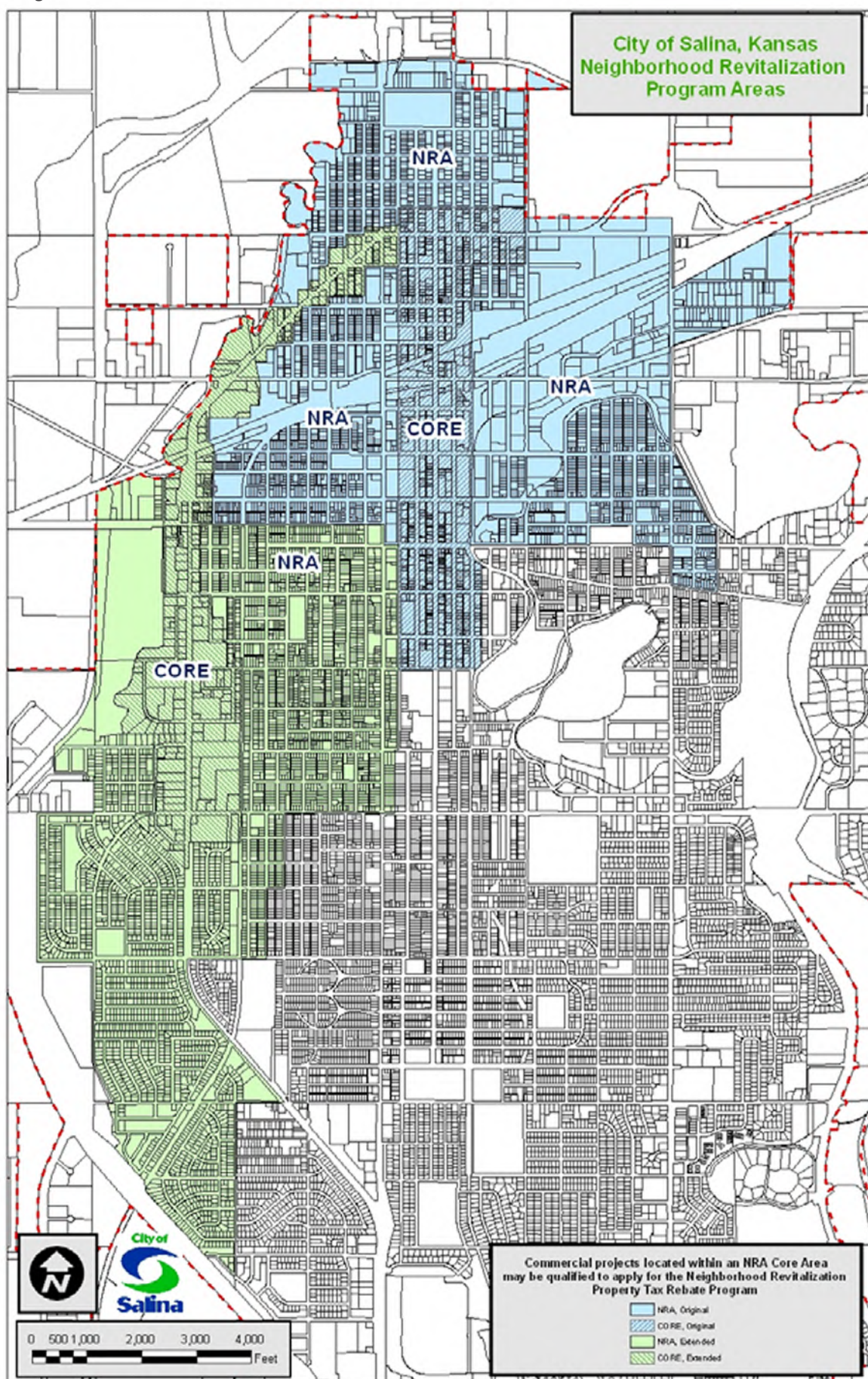
The City of Salina offers two incentive programs for housing, both administered by the City's Neighborhood Services Division:

- Neighborhood Revitalization Tax Rebate
 - Offers property tax rebates from 10.5%-99.9% for residential or commercial/industrial projects in the neighborhood revitalization area (see Figure 2.25).
 - Eligible improvements include new construction, rehabilitation, alterations or additions, and must cost more than \$10,000 and increase assessed value by 10% or more (for residential).
 - The program has been used mostly by investors and very few homeowners. Targeted advertising to identified neighborhoods [Figure 2.23] should work to expand the use of the program. Marketing dollars may need to be raised to assist in this effort.
- Housing Rehabilitation Program:
 - Provides grants to homeowners to maintain and improve homes through minor rehabilitation of items such as: furnace, plumbing, electrical, emergency repairs, roof, house structure, doors, windows, side walls, siding, and minor foundation repairs.
 - Income qualifications apply.
 - This program has low use. Information on the program

should be targeted to all homes that have been identified in Figure 2.19.

- Homeowners Assistance Program
 - This program has not been fully defined, but should provide assistance to owner-occupied housing.
 - Full funding and program guidelines need to be defined.
 - Once program is fully operational, targeted marketing should be done to those homes identified in Figure 2.19.

FIGURE 2.25: Neighborhood Revitalization Areas



CHAPTER 3:

A POLICY FRAMEWORK FOR “LIVING IN SALINA”



The information, analysis, and community engagement process presented in the previous two chapters indicate a number of key issues that face Salina as it considers its capacity to meet housing and neighborhood development needs during the next ten years. This material also suggests specific policy directions and initiatives that can help the city meet the residential needs of a range of residents and stabilize neighborhoods that are currently at risk. The purpose of this chapter is to articulate these specific issues and problems, and to provide a citywide policy framework for addressing them. The following chapter will look more deeply at specific opportunity areas and provide reinvestment concepts to take full advantage of their potential.

HOUSING DELIVERY CHALLENGES

As we think about public policy, we must remember that housing development in Salina and throughout the country is largely driven by the private market. Local public policy has a significant, but limited, impact on housing production. It has the ability to provide incentives (or disincentives) that can steer development in certain directions and in some cases fill gaps that are keeping the private market from meeting demands.

But while the private market dominates housing production, it is in many ways an imperfect market because it leaves many demands and needs unsatisfied. This is the result of a number of factors, including the cost of production, the expectations of both the provider and consumer sectors, the cost and availability of financing, and the economic resources and capabilities of customers.

- *From a business perspective, housing producers (developers, subdividers, homebuilders) are driven by two fundamental and highly rational objectives: to maximize return and to minimize risk.* Clearly, people in the industry are motivated by other factors as well – the desire to help build their city, contribute to society, continue family businesses and traditions, and gain personal satisfaction by doing good work. But they often seek directions that will meet the two basic objectives of maximizing return and minimizing risk. Based on this calculation, one of the most desirable business models is to build high-cost custom homes (with high profit margins) for a known buyer followed by higher-end speculative homes for a known market. One of the least desirable is to build an inventory of low-cost homes (with low individual profit margins) on a speculative basis, hoping to find buyers. This includes infill housing in what many developers would consider marginal neighborhoods.
 - *Housing consumers also have expectations.* The most basic expectation is for a decent and affordable home, a place that provides a safe, secure, and reasonably comfortable place to establish a household, raise a family, or live out various periods of our respective lives. But the meaning of that expectation varies for people in different situations. For example, a home that embodied the American dream for GIs returning from World War II would be unacceptable in terms of space and features for many contemporary buyers – our standards for what we need in terms of space, finishes, and amenities have changed over the last seven decades.
- Homebuyers also tend to see themselves as investors as well as consumers. For most people, their home is their single largest capital asset, especially as their equity increases. At worst, people do not want to see this asset shrink in value, which happens when the actual cost of the house exceeds its market value. At best, they hope (and during the years leading up to the housing finance crisis of 2008, expected) it to increase in value and provide them with a return when they sell. The relative value of a house is determined by a variety of factors: changing market tastes, the condition and character of the structure itself, the state of the neighborhood and surrounding property, marketplace competition, and the availability of financing, among other things.
- *Construction costs are largely determined by the cost of materials, labor, and logistics, and are generally independent of other external market drivers.* Thus, the actual construction cost of a new, 1,500 square foot house is not affected by the value of surrounding property – such a house may cost the builder a

“The most basic expectation is for a decent and affordable home, a place that provides a safe, secure, and reasonably comfortable place to establish a household, raise a family, or live out various periods of our respective lives.”

minimum of \$150,000, even if the average market price of existing houses in a neighborhood is \$80,000. Various techniques and technologies over the years have promised to lower construction costs, but these have largely failed for a variety of reasons, including an inability to deliver a product that meets consumer's expectations at lower cost and market perceptions of residual value. As a result, most housing production continues to be dominated by conventional construction. High quality manufactured construction may shorten construction time, but rarely reduces construction cost; and more moderately priced products are, rightly or wrongly, viewed as depreciating products rather than appreciating assets.

In many communities there is a perception that subdivision standards and code requirements elevate hard costs to an excessive degree. Like many cities, Salina follows similar building codes and subdivision requirements. These requirements are necessary to secure the long term investment in the neighborhoods and the housing stock, avoiding excessive costs in the future.

With the exception of individual builder efficiency, the one technique proven to reduce unit construction cost is economy of scale. Mass builders in high absorption markets who can build large numbers of homes at one time cut initial mobilization costs, use crews very efficiently, have a more competitive labor force, establish uniform designs and components, and order materials in large quantities, all of which help reduce construction cost per square foot. In small and medium-sized cities like Salina, where the demand is not sufficient to support mass construction, important efficiencies are realized by construction of even five to ten homes at a time. However, this brings the issue of risk into focus. In Salina's market, building this number of units simultaneously entails a speculative inventory that might expose a builder to considerable financial exposure.

The issues of value and construction cost affect rental economics as well as ownership markets, particularly for new rental supply. Local construction cost appears to require rents in the range of \$1/square foot/month to make new, market rate rental development feasible, a fairly typical level for the Midwest. However, typical rents in most existing rental stock are in the range of \$450-600 per month, well below \$1/square foot. Programs like the Low Income Housing Tax Credit (LIHTC) were designed to address this gap for low and moderate income renters by providing developers and investors with substantial tax benefits. However, it does not address production for people whose income is too high to qualify for housing built with the assistance of the LIHTC program.

- *Availability of financing and capital clearly has a significant impact on housing production.* One of the causes of the mortgage crisis of 2008 was overleveraging – practices that loaned money to people (and sometimes builders) without adequate underwriting standards, subsequently creating a housing bubble that inflated prices and eventually saddled homeowners with debt that they could not repay. The reaction to the crash was twofold. Regulatory policy and lender practices dramatically increased underwriting standards to require buyers to invest substantial downpayment equity and demonstrate both good credit and adequate incomes to support mortgage payments. Monetary policy, on the other hand, reduced interest rates to stimulate the economy. These policy directions were completely rational but produced contradictions: financing was extremely affordable but extremely difficult to obtain. While Salina and other midwestern cities did not experience the housing bubble that helped create the financial crisis, it did suffer from the fallout of the crash. Tighter money, increasing construction costs, and low real income growth together make it harder for owners to afford new homes or reinvestment in existing houses.

In a tighter lending environment, the issue of neighborhood property value takes on added importance. When the cost of a new ownership or rental unit is well above the typical value of housing in the surrounding neighborhood, it becomes difficult to find comparable sales values for appraisal purposes. This reduces the value of the property itself as collateral to potential lenders, and makes it extremely difficult to finance new construction. Builders and developers who participated in this planning process reported that this is a serious issue in Salina, particularly in potential revitalization areas.



HOUSING CHALLENGES AND SALINA

How then do these issues relate to Salina? As noted above, local community policy cannot solve every housing problem in a city. However, by taking a strategic approach, Salina as a community can move in very productive directions. And this strategic approach requires a clear appraisal of how these overall market characteristics relate to the city. These basic facts, derived from conversations with stakeholders in housing and neighborhood development in the city and the analysis of Chapters One and Two, include the following:

1. Development in Salina tends to be incremental with relatively slow absorption of lots and new homes at typical new construction costs. The calculation of risk and rewards, discussed above, in this development environment produces the following effects:

- Slow generation of new subdivisions and lots with urban infrastructure. As discussed in more detail below, private financing of subdivisions (with land purchase, grading, streets, and urban infrastructure) involves a significant fixed investment that ties up a developer's resources and incurs interest cost. These exposures end when a lot sells to a builder or buyer, and a house is built. But when lots are slow to move, costs and risks add up and the expectation of return on investment drops. This is also true when special assessments are used to finance infrastructure, because until that lot is sold the developer is responsible for those specials.
- Inability to achieve economies of scale in construction. In Salina, as in most comparable markets, absorption rates of homes encourage most builders to build for individual customers and discourage them from building a number of units at the same time. In such markets, building speculative homes without specific buyers, like accumulating an inventory of lots, exposes builders to what they consider as unacceptable risks without commensurate rewards.

2. Consequently, Salina's residential industry builds housing for demonstrated markets in neighborhoods where comparable home values support the sales price of new construction. The dominant product are single-family houses with prices above \$150,000 (and in most cases above \$180,000) in eastern and southern parts of the city, where appraised values of existing homes are consistent with the cost of new construction.

3. Salina has a significant number of homes with code violations and deteriorating conditions. A number of Salina's older neighborhoods, especially in the west and north, have older, smaller homes that have received little

maintenance over the last several years. Deteriorating properties occur for several reasons, but most frequently it is tied to lower home ownership rates, high maintenance costs, and income levels that are challenged to update older homes.

4. Home values in older Salina neighborhoods are typically well below the costs of new construction. Figure 2.15 in Chapter Two displayed average home values in various parts of Salina. A wide disparity between average assessed and recorded sales values and the actual development cost of even modest new houses makes it extremely difficult to secure financing construction in older neighborhoods. The lack of comparable sales means that a potential lender has no certainty that the house's actual worth on the sales market approaches the potential size of the loan. From a potential owner's point of view, this also reduces the probability that they will recover their investment on resale. "Neighborhood value" is influenced by a number of factors that include:

- age of housing
- size and character of existing units
- condition and maintenance of surrounding properties
- land use conflicts, such as adjacent industrial uses, railroad corridors, or other potential incompatibilities
- condition of the public environment, including streets, sidewalks, and parks
- public safety
- appearance and viability of nearby commercial property

These disparities are especially challenging in north Salina, the area most in need of reinvestment. The revitalization process poses the classic "chicken and egg" paradox: substantial new investment establishes conditions that can lead to more new investment, creating a virtuous cycle that eventually leads to a normal, self-sustaining market. But existing conditions produce lower values that make investment unfeasible. Some form of intervention and risk-taking – public, private, or community-based – is necessary to move forward.

5. Salina lacks a community-based development structure to reinvest in relatively risky or unproven markets. The economic gaps that discourage necessary new development can be bridged by public/private partnerships that share or redirect risk and have access to patient capital that does not require immediate returns. Some projects have the scale, access to financing, or specific markets that allows them to proceed without the complexities of neighborhood effects or comparables for appraisals. Thus, a project like The Heritage at Hawthorne

Village used low income housing tax credits and took advantage of a highly demonstrable market for low-cost, high quality rental housing, providing an important asset (image and otherwise) for north Salina. The expansion of Salina Regional Health Center and the proposed Downtown Field House, while non-residential, also build confidence for their surrounding neighborhoods.

But smaller-scale projects that attract new residents, establish comparable values, and create momentum are the foundation of healthy neighborhoods. These projects are not being built by Salina's private sector, given the understandable aversion to risk in untested areas. This situation is by no means unique to Salina. Many cities with successful urban revitalization programs have organized a project delivery system that temporarily absorbs short-term risk and paves the way for the future evolution of a healthy private market. (Specific programs and even a case study are outlined later in this chapter) Cornerstones of such a system are 1) a nonprofit development entity with access to community-based capital and 2) a financing mechanism that insulates the private housing industry from excessive personal exposure. In the past, Salina had a nonprofit development organization in the form of a community housing development organization, but its actual production was very limited. Nevertheless, an effective community-based development structure will be essential to Salina's goals to build affordable housing and revitalize older neighborhoods. There are numerous examples of success stories including Holy Name Housing in Omaha Nebraska, a non-profit that began doing housing rehabilitation and graduated to larger infill projects. Neighborworks is another organization that provides technical assistance, training, and grants to non-profit developers.

STRATEGIC DIRECTIONS

This analysis suggests a four-point strategic approach:

1. Addressing and resolving the issue of urban growth policy, along with risk sharing of infrastructure to meet community housing demands and development goals.
2. Creating an effective housing delivery structure capable of filling housing needs that the private sector alone cannot satisfy.
3. Establishing a program that systematically increases the value of currently undervalued neighborhoods.
4. Identifying and executing up to three targeted neighborhood initiatives that begin the value enhancement program.

The following discussion considers each of these points in more detail. Chapter Four to follow presents concepts for potential target neighborhoods in different community settings.

POINT ONE: ADDRESSING AND RESOLVING URBAN GROWTH POLICY AND PUBLIC PARTICIPATION IN INFRASTRUCTURE

Necessary housing production is stymied in 2015 by a fundamental philosophical debate about the future of city development. In this debate, however, both sides are right.

Chapter Two considered the geography of platting and housing development in Salina. This analysis shows that the majority of relatively recent housing development in the city, driven by the private market, has taken place west of the Smoky Hill River and more recently in the south-central sector between Ohio and the River south of Magnolia Road. While much of this development was contiguous to pre-existing urban development, many people perceive it as growth on the edge. For the most part, housing development within the built-up city has involved occasional multi-family construction and new infill single-family and two-family units. But this in-city development represents a tiny percentage of the city's total housing production, and leaves the city with a fairly extensive inventory of vacant lots and skipped over sites. Moreover, without an injection of new housing, many of these areas tend to experience a plateauing of housing values, which in turn further complicates the economics of new development.

In the past, Salina has encouraged "greenfield" development by using special assessments to finance public improvements in new subdivisions. Under this commonly used infrastructure financing technique, cities issue tax-exempt revenue bonds to provide front-end financing for municipal infrastructure. These bonds are then retired by annual assessments on properties, paid over a specific term. While public sector approaches such as Rural Housing Incentive Districts (RHID) or Tax Increment Financing (TIF), grants, or direct development of infrastructure exist and have been used in Kansas, private financing is the primary alternative to the special assessment method. In Salina, special assessments are used to finance local streets, sewers, water lines, and sidewalks.

The special assessment technique has several virtues that contribute to its popularity among private sector developers and homebuilders and address the issue of risk in a medium-size housing market discussed earlier in this chapter:

- It shifts the risk of front-end investments in public

infrastructure. With private financing, developers must borrow capital at a higher interest rate than a municipality would incur to build improvements and then service this debt themselves until lots are sold and homes built. In similar markets, subdivision development is at best a break-even proposition, and may be a significant drain on the developer's personal resources during downturns. As we have seen, this risk, accompanied by a low expectation of profit, discourages developers from proceeding with subdivision development, and can dramatically reduce the supply of improved, buildable lots. Public financing of infrastructure shifts at least some of this risk from the private to public sector. In the worst case scenario of a private default on special assessments, the community at least has the land as collateral. Defaults on special assessments, however, are most common in boom/bust markets, where a city has financed infrastructure in expectation of a dramatic increase in demand that failed to materialize.

- It reduces the initial cost of housing to homebuyers. In a private financing scenario, the direct cost of public improvements, a profit margin, and some allowance for previous costs and debt service are all added to the price of a home. This increases the initial cost of the home, which may put the unit beyond the reach of some buyers, and adds cost

that in turn increases monthly payments. Table 3.1 below compares the typical costs of two identical hypothetical homes, one in a subdivision with improvements financed by special assessments and the other privately financed. Both examples assume similar development costs at \$50/linear foot each for storm sewer, sanitary sewer, and water lines; \$150/linear foot for streets; and \$25/linear foot for sidewalks. These assumptions place the public improvement cost of a typical 70-foot single family lot at about \$23,000. The private finance scenario also assumes five years of debt service at 5% interest and a 15% margin. In both cases, the typical home assumption is a 1,600 square foot structure and a cost (including profit) of \$120/square foot.

In summary, the special assessment technique has been effective at encouraging development by addressing the two major obstacles to new subdivision development:

- The inherent market disincentives to developers of private infrastructure development in a housing market that tends to build out at a slow to moderate rate: high financial exposure and risk of personal resources and low expectations of return.
- The added initial cost and downpayment requirement to buyers of front-end loading of development costs. However, the difference in equivalent monthly payments is only about \$80 per month.

TABLE 3.1: Comparative Costs of a Hypothetical Home with Private Financing and Special Assessments

	Private	Special Assessment	
Land Cost	12,000	12,000	
Structure	192,000	192,000	
Infrastructure Cost	32,000	NA	
Debt Service on Infrastructure	5,000		Assume 5%, 15-year debt retirement, 5 years average holding period
Profit (15% on infrastructure-related costs)	5,500		
Total Cost	246,500	204,000	
Comparative Monthly Payments			
Required Down payment	24,650	20,400	
Amount to Finance	221,850	183,600	
Monthly Principal and Interest	1,754	1,452	Assumes 10% DP, 5% interest rate, 15 year amortization
Special Assessment	NA	220	Assumes 3% interest rate, 15 year assessment period
Total	1,754	1,672	

The alternative position is that the majority of new housing development should occur within the established city, rather than at its edges. There are a number of strong arguments to support this perspective. Infill development, using vacant properties or skipped over parcels surrounded by or adjacent to well-established neighborhoods, will use existing infrastructure more effectively. It may provide reinvestment and comparable sales that sustain the quality and property value of the previously built-up residential areas. Placing a priority on infill development tends to increase the city's density, which in turn may:

- Reduce or minimize response time for first responders and other critical public services.
- Reduce the amount of hard infrastructure necessary to serve a given number of people and housing units.
- Use less land to accommodate the city's population, preserving open space and reducing farmland conversion.
- Support transportation alternatives such as pedestrian, bicycle, and public transportation, in turn increasing transportation choice and reducing capital construction and street maintenance needs.
- Expand economic opportunity by placing more people within the logical service area of a given business.
- Respond to preferences of a growing sector of the younger household market for stronger, more walkable neighborhoods, walking and biking distance destinations, and quality in place of quantity for housing and lot sizes.

These are highly desirable advantages. However, just as infrastructure development costs are an important obstacle to new development on the edge of the city, infill development faces its own substantial risks and barriers. Because in-city development typically uses existing infrastructure and public facilities, special assessments do not address the specific problems of infill development, discussed below.

The conversation in Salina, then, has become a debate between edge development versus infill development. Underlying this debate is the perception that special assessments constitute an incentive that pushes new housing out to greenfield development on the edges, placing the established city at a competitive disadvantage. The corollary to this position is that if the special assessment incentive were removed or limited, the private market will use infill sites to meet the community's continuing demand for new housing. The City Council established a temporary moratorium on the use of special assessments but has seen no increase in infill housing. Providing a policy framework for development financing is laid out in the following pages.

OBSTACLES TO IN-CITY DEVELOPMENT

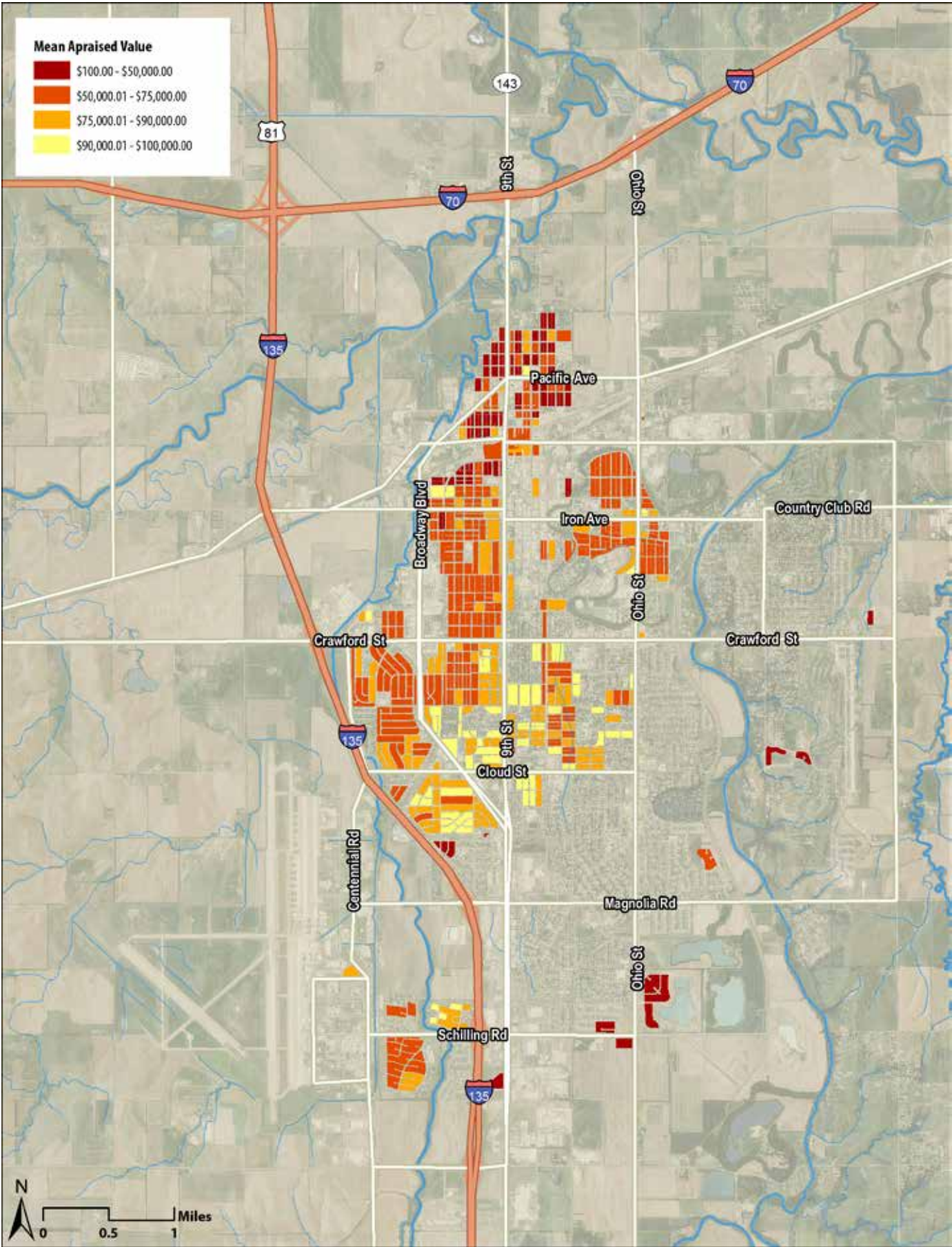
In recent months, Salina has experienced significant interest in downtown housing development, largely a consequence of the vitality of its city center and distinctive opportunities presented by structures such as the Lee Building. However, the hope of redirecting attention of the city's established builders and developers to in-city sites has, by and large, not been realized. In order to establish a sound policy framework to address the city's range of housing demands, we must investigate some of the obstacles to in-city development in Salina (and many other communities around the country).

Availability of contiguous sites. In greenfield development, sites are usually large enough to create a cohesive residential environment. Rightly or wrongly, homebuyers often want the level of security and predictability offered by a critical mass of adjacent homes. We see evidence of this when a small number of speculative homes built in a relatively isolated subdivision fail to sell. In established or older neighborhoods needing reinvestment, the average market value of surrounding homes is often lower than the offering price of a new home that meets consumer market demands. This makes critical mass especially important – enough units are needed to define the value of the neighborhood, rather than be defined by the value of adjacent and perhaps undervalued units. In addition, homebuilders are able to achieve some economies of scale by marketing and building units in the same project area.

While Salina has a reasonable number of vacant, infill lots, sites big enough to create their own neighborhood are relatively scarce for several reasons:

- Neighborhood fabric. Even when relatively distressed, most Salina neighborhoods have fortunately retained their fabric sufficiently to make assembly of large sites difficult without significant acquisition and relocation.
- Land ownership patterns. Some areas that appear to be vacant and potentially available are in fact parts of very deep lots that have occupied houses on them.
- Flood plain. The relatively expansive flood plains created by the Smoky Hill River network eliminate some well-located parcels (Map 2.21, page 33)

FIGURE 3.1: Blocks with Assessed Values <60% of Hypothetical Moderate Cost House*



*Includes vacant and undeveloped lots

Adjacent housing prices and rent levels. As discussed earlier in this chapter, the disparity between market value or assessments of existing housing and the probable cost of new houses that meet contemporary market requirements discourages new construction on available infill lots and larger sites even when they are available. At Salina's typical residential development cost (in the range of \$120 per square foot), a relatively modest 1,200 square foot single-family home will approach \$150,000. Typical construction costs in the Midwest, where labor is in short supply. Map 3.1 highlights areas where the average assessed value is less than 60% of that typical cost, or \$100,000.

We have previously noted the problems created by an inability to obtain comparable appraisals to support mortgages for new housing. When surrounding values are low, these agencies do not have the collateral value necessary to secure the loan. In addition, moderate or middle income buyers cannot afford to risk equity because of the lower value of surrounding properties. A mitigating factor (and one that has driven much urban revitalization across the country) is a reasonable expectation of increasing property values, but many people cannot afford to take that risk or lack confidence in undervalued neighborhoods.

The environmental and physical condition of a neighborhood. People in some of Salina's older neighborhoods are housed in structures that are obsolete because of size or physical character, or are in poor condition. In some situations, public infrastructure such as streets, sidewalks, or street lighting, are also in poor condition. These characteristics put infill development at a further disadvantage to "greenfield" development where a certain standard of maintenance of property and infrastructure is more or less guaranteed.

Lack of experience with urban housing types. In many urban markets, developers and homebuilders tend to build the product that they know best, typically single-family detached homes on moderate to large-sized residential lots. Infill sites, where space is more limited, tend to require other, higher density forms that are less familiar and riskier to many builders. While Salina is beginning to experience interest in new housing forms including downtown adaptive reuse, its building community (and housing consumers as well) still has relatively little experience with higher density housing forms like small-lot single-family, single-family attached, and townhomes.

These issues, among others, discourage Salina's builders from developing in established neighborhoods as part of the normal course of business. It appears that rather than shift demonstrable demand into infill areas, they have simply slowed production of moderately priced housing.



A DEVELOPMENT POLICY CONCEPT

Developing a policy framework to meet Salina's housing needs requires us to understand the expected profits and risks entailed by serving different markets and community priorities supported by the community engagement process and market projections described in previous chapters. These market preferences can be placed in four categories: price point, contiguity, density/urban form, and reinvestment. Specifically:

Price points: Public policy should focus on encouraging development of affordable moderate and medium-cost housing, where financing gaps and challenges are more likely to keep the market from satisfying the need. (see Table 2.6 page 27 and Table 2.8 page 37)

Contiguity: Policy should encourage development on infill sites within the built-up city, or on greenfield sites that are adjacent to development and can feasibly and affordably access infrastructure. This policy is also laid out in the city's Comprehensive plan.

Density and form: Policy should encourage and moderate the risks of non-conventional or emerging forms of residential development that both provide urban settings that encourage local economic development and provide public service efficiencies on a per unit basis.

Reinvestment: Policy should provide strong, positive incentives for housing and mixed use investment in targeted revitalization areas such as north Salina, in conjunction with neighborhood-based specific plans.

POLICY DIRECTIONS BASED ON PRICE POINTS

Overall Policy Direction: Public policy should focus on encouraging development of affordable moderate and medium-cost housing, where financing gaps and challenges are more likely to keep the market from satisfying the need.

High cost (>\$250,000). This type of development represents 8% of the 10-year demand and typically occurs in subdivisions. Most of this development has occurred in the eastern part of the city and typically in low-density settings. Infrastructure may be relatively expensive on a per lot basis, but this is a conscious choice made by high-income buyers seeking large lot environments. Public improvement costs also account for a small proportion of the total cost of this category. From a builder's perspective, this market represents the highest expectation of return and, since houses are often custom-built, the lowest expectation of risk. Public financing of this development type may be seen as an incentive to encourage the building of high cost, low-density housing within the city limits rather than on acreages outside of Salina's jurisdiction, a desirable outcome. But public financing is not necessary to serve this market, even within Salina's limits. Strong schools, good public services, park and open space amenities, and other community features are more powerful incentives than long-term infrastructure financing. *Policy direction: Use special assessment as necessary to avoid larger lot development out side the city limits and to provide options for move-up housing.*

Medium-cost (\$175-250,000) or market rate rentals (\$700+). This type of development represents 20% of the ten-year demand and now is usually built within subdivisions in the central and southeastern parts of Salina. Builders can deliver housing within this price range, but infrastructure costs begin to be a factor, particularly at the lower end. In addition, absorption rates of subdivision lots are slow enough that carrying costs become a significant factor. Public financing of infrastructure begins to be a significant need as infrastructure approaches 15 to 20% of the cost of a new unit.

From a rental perspective, households in this range can afford monthly rents needed to make the projects economically feasible. Typical rents in Salina are somewhat lower than this required level, normally in the range of \$1/ square foot. This gap presents a challenge, but in many cases, new consumers expect higher rent levels than people who have been in Salina's market for many years. *Policy direction: Use infrastructure assistance through a form of front-end public financing to encourage development of market-rate rental products and medium cost owner-occupied housing.*

Moderate-cost (\$125-175,000) or market rate rentals(\$450-700). This type of development represents 18% of the ten-year demand. Development at the upper end of this scale typically occurs in subdivisions, or in the higher-density small lot or attached developments that are relatively rare in Salina. The lower part of this range addresses workforce housing needs in Salina, but construction costs alone make it difficult for current builders to deliver a marketable product. This price category cannot support the cost of new infrastructure in conventional development. Infill development on sites or lots that use existing infrastructure and higher-density housing forms that reduce the unit cost of public improvements are viable approaches, but infill faces the various obstacles discussed above. Most development in this range can be accomplished privately with public incentives, but some project types may require participation of a community partnership, the second point in the strategic approach. *Policy direction: Use public incentives to support private development in this range and community partnerships for more untested housing types.*

Low-cost (under \$75-125,000) or below market rate rentals. This type of development represents 52% of the ten-year demand and represent the majority of the rental construction in the last ten years. It is virtually impossible for new construction to serve this significant market category without deep assistance that includes land assembly, infrastructure, development financing, and in some cases mortgage assistance. Program approaches that preserve and rehabilitate existing housing stock or build alternatives for demographic groups like seniors can be effective in addressing this price category. These techniques may be necessary to encourage rental housing, in conjunction with existing tax policy incentives like Low Income Housing Tax Credits and New Market Tax Credits. Delivery will require a public/private partnership, discussed later, that includes an effective community development corporation, financial institutions, builders, realtors, and city government. *Policy directions: Develop public/private partnerships to ensure delivery of quality housing units for lower income households.*

POLICY DIRECTIONS BASED ON CONTIGUITY

Overall Policy Direction: Policy should encourage development on infill sites within the built-up city, or on greenfield sites that are adjacent to development and can feasibly and affordably access infrastructure. This policy is also laid out in the city's Comprehensive plan.

Encouraging new development contiguous to the limit of existing urban growth and that has direct and feasible infrastructure is strongly in Salina's municipal and public policy

interest. Contiguous development reduces the marginal cost of extending urban services, minimizes increases in response time by emergency service, and utilizes existing infrastructure most efficiently. Policies related to contiguous growth must have their base in the comprehensive plan, and may be placed in the following categories:

Non-contiguous greenfield development within the subdivision jurisdiction and the urban services area (USA), but not currently served by municipal utilities. While development in these areas where utilities will eventually be extended may be compliant with the comprehensive plan, it may also be premature. Public financing approaches for these areas depend on specific context. In most cases, developments may be permitted, but would not receive public front-end incentives like special assessment financing unless they met another compelling public need. In cases where the city plans an infrastructure extension to open a development area (not a current condition), a special district may be established by which a pioneer line is financed publicly and developers platting within the benefitted area pay a per lot assessment at the time of platting to reimburse this construction. *Policy direction: Developments should be discouraged and should not receive public financing like special assessments unless they met another compelling public need.*

Contiguous greenfield development. Public front-end financing can encourage this desirable goal, even for higher end housing that would not normally need incentives. *Policy direction: Public financing, including special assessments can be used to meet the demand for new construction of higher end homes, necessary to support higher end job growth and to open lower price point housing.*

Infill development. While development within the built-up city typically uses pre-existing infrastructure, some sites within reinvestment areas may lack urban services entirely, or may have existing utilities that require reconstruction or relocation. In most cases, these necessary changes should be publicly funded, utilizing TIF, CDBG, GO bonds, or other direct public/private financing. Projects may also require other forms of development or financing assistance, but investments that create buildable sites are the first priority. *Policy direction: Use necessary public financing tools and partnerships to create buildable sites.*

POLICY DIRECTIONS BASED ON DENSITY, FORM, AND INNOVATION

Overall Policy Direction: Policy should encourage and moderate the risks of non-conventional or emerging forms of residential development that provide urban settings to encourage local economic development and provide public service efficiencies on a per unit basis.



Higher-density development, which increases the number of housing units per acre, creates significant capital and operational efficiencies. The development and housing financing structure should encourage introduction of housing forms or project designs that incorporate:

- Higher-density products that have proven successful in similar markets, including small-lot single-family detached or attached configurations, townhomes, and street-oriented multi-family development, with gross densities at or above 6 units per acre.
- Mixed housing environments that integrate different types and price points into coherent developments.
- Mixed use projects that integrate housing, services, retail, and/or employment.

POLICY DIRECTIONS BASED ON REINVESTMENT

Overall Policy Direction: Policy should provide strong, positive incentives for housing and mixed use investment in targeted revitalization areas such as north Salina, in conjunction with neighborhood-based specific plans.

Chapter Four looks in detail at specific redevelopment or reinvestment areas, identifying potential target areas and pilot infill projects. Reinvestment in existing areas is important to a community on many levels. Protection of the existing tax base, protecting community image and livability, and ensuring a variety of housing styles and price points are just a few of the reasons. Special programs and partnerships will be required to execute these projects, which include:

- Specific project plans
- Site acquisition, assembly, and conveyance to potential developers
- Rehabilitation and housing conservation
- Commercial revitalization in some cases
- Public infrastructure construction and rehabilitation
- Appearance and housing condition code enforcement

In some cases, specific projects alone may provide the reinvestment necessary to meet the dual needs of housing development and value stabilization. Other areas, notably north Salina, will require more comprehensive approaches.

The city may also consider ways to encourage community engagement. Residents tend to have greater ownership in their neighborhoods when they are engaged. This may be something as simple encouraging the development of neighborhood associations for older neighborhoods and homeowner associations for new developments. There are a number of on-line resources now that organized associations can use to help find resources, share news and monitor their neighborhoods. These include association websites, Facebook or Nextdoor.

A SUMMARY MATRIX

Table 3.2 below summarizes financing and incentive approaches for each of these contexts, but uses price points, the measure of fundamental housing affordability, as the starting point. It is intended to provide the basic structure for more detailed recommendations that follow in this section.

TABLE 3.2: Development Policies

Market Drivers				
Price Range	Price Point Alone	Contiguity	Density/Innovation	Reinvestment
High (>\$250,000)	Private Financing	Special assessment if contiguous	Special assessment if mixed with other housing price points and/or uses.	Full development incentive package in reinvestment areas
Medium (\$175-250,000 & rents above \$700)	Partial special assessment (50% of development cost)	Full special assessment if contiguous	Full special assessment if mixed with other housing price points and/or uses.	Full development incentive package in reinvestment areas
Moderate (\$125-175,000 & rents \$450-700)	Full special assessment Direct public infrastructure financing Development incentives (TIF) Direct development assistance	Same as previous column but must be infill or contiguous	No requirement	Full development incentive package in reinvestment areas
Low (Under \$125,000 and below market rate rentals)	Direct public infrastructure financing Development incentives (TIF) Direct development assistance	Same as previous column but must be infill or contiguous	No requirement	Full development incentive package in reinvestment areas

POINT TWO: CREATING AN EFFECTIVE HOUSING DELIVERY STRUCTURE THAT FILLS MARKET GAPS

An effective public/private partnership with adequate financial and human resources will be central to Salina's affordable housing and neighborhood development effort.

Chapter 2 laid out a demand model (Table 2.9) that illustrated a continued need for additional housing priced below market rate. In the past some of this demand has been met through the use of low income housing tax credits but this has often not been enough to meet demand nor has it met the demand for housing just above these price points but below costs that are economically feasible for the private market to tackle alone. Much of the discussion in this chapter leads to a primary conclusion: that Salina's private homebuilder and development sector alone cannot carry out initiatives to meet the city's dual goals of meeting affordable housing needs and building value and confidence in neighborhoods. These primary initiatives include:

- Delivering new, moderately priced workforce products that are affordable to the majority of Salina's residents.
- Building enough units at one time to realize efficiencies of scale.
- Creating developments in potential revitalization areas with adequate critical mass to affect the image of the neighborhood and offer a higher degree of financial security to prospective residents.
- Developing market-rate rental housing affordable for moderate to middle-income households.
- Preserving existing residential buildings for a new generation of residents.

All five of these approaches involve a relatively low expectation of short-term return and a relatively high level of uncertainty. Yet, the private sector has an indispensable role to play in a partnership that can bridge these gaps and help create a more self-sustaining housing economy in older parts of the city. At the beginning of the revitalization process, such a partnership almost always requires a high level of public and private sector effort: incentives and investment on the public side, patience, risk capital, and persistence on the private side. But gradually, in a successful program, the need for exceptional effort is reduced as the private market begins to work.

During the planning process, we found significant private interest in participating in such a partnership. Financial institutions appeared generally open to the idea of a community financing tool that involved shared participation and risk. Homebuilders and developers also recognized the need for housing products that they could not afford to build alone. And all participants were keenly aware of the importance of strong neighborhoods to the health of central Salina. There are a number of precedents for effective partnerships around the country and the sidebar on this page explores the approach of Des Moines. Any of these approaches started with small steps, but have been very successful over the long term. But most successful housing and revitalization partnerships have common ingredients:

DES MOINES REINVESTMENT STRUCTURE

Des Moines, Iowa has a tradition of strong private/public partnership in neighborhood reinvestment. While nonprofit faith-based initiatives have been very effective housing developers, the city's two primary reinvestment organizations provide valuable precedents for Salina.

The Neighborhood Development Corporation (NDC) is a nonprofit developer that does residential, commercial, and mixed use development in revitalization areas. It was established in 1999 and has been especially active in multi-cultural areas like the 6th Avenue and East Grand corridors, which have similarities to 9th Street in Salina. NDC has three staff members and a twelve member board that includes city and county government staff, real estate developers, and business interests. Financing for projects comes from a variety of public and private sources. (www.ndcdsm.org)

The Neighborhood Finance Corporation (NFC) is a mortgage bank. Since beginning operations in 1990, it has originated \$290 million in loans, affecting about 5,300 units. It provides loans for both home purchase and rehabilitation. It is capitalized by loan repayments, investments by city businesses and lenders, the housing trust fund, and \$800,000 to \$1 million in GO bond proceeds from the City of Des Moines and Polk County. Current investments in NFC total \$253 million, primarily from regional banks. NFC has a 12 member professional staff and a 15 member board representing six banks, city and county government, neighborhoods, and the city's Neighborhood Revitalization Board. (www.neighborhoodfinance.org)



East Grand Avenue Master Plan and retail development by the Neighborhood Development Corporation, Des Moines.

COMMUNITY DEVELOPMENT CORPORATION (CDC)

A Community Development Corporation is a nonprofit developer governed by a Board of Directors and operating in the same entrepreneurial way as a conventional developer. They often grow out of established organizations that have identified housing as vital to their work, or of other community organizations (such as churches, human services groups, or community action agencies) that identify housing as a critical need. In some places, for example, Habitat for Humanity organizations have moved beyond their original mission of volunteer-built single homes for low-income owners to become larger scale developers of affordable housing. CDCs such as Holy Name Housing Corporation (HNHC) and the Omaha Economic Development Corporation (OEDC) started as faith-based neighborhood revitalization efforts. In other situations, these development entities were Chamber of Commerce or city initiatives. When successful, they operate as private developers and need the same permanent expertise and adequate capitalization as a private enterprise.

A community development corporation may be either a for-profit or nonprofit organization. On the nonprofit side, a corporation may be organized as a “community development housing organization,” or CDHO, as occurred in Salina. CDHOs require majority community board representation, in return, they enjoy a special allocation of tax credits for affordable rental housing financing through the state housing finance agency.

While the original mission of a CDC in Salina will be housing development, it should also maintain the right to do commercial projects as well. Many contemporary projects involve some level of use mixing, with both retail and residential components. Also, the health of adjacent commercial development affects the marketability and value of houses. Des Moines’ Neighborhood Development Corporation (NDC), for example, has been an efficient commercial and mixed use developer in revitalization settings, and this work has helped to support housing developments. This dual role, while requiring more sophistication, is especially relevant to north Salina, where businesses have been especially involved as neighborhood revitalization advocates.

While much of the focus here has been on new development, a CDC also can have a significant role in preserving existing housing. Based on stakeholder group conversations, investors are buying lower value but habitable single-family houses when they become available, making minor improvements, and renting them. While this activity is both profitable and fulfills a short-term need for relatively inexpensive rental housing, it works against the long-term goal of self-sustaining, sound neighborhoods. A CDC, with less concern about profit

margins, can provide an option by buying these houses, completing major rehabilitation, and selling them to new owners. This activity has worked successfully in many places and is especially useful because its lower sales prices make quality homes more affordable with smaller appraisal gaps than new construction.

FINANCING AND ACCESS TO CAPITAL

A community development corporation (CDC) must have a source of financing to do its work. Such a financing program should be designed for maximum leverage (in the language of community development, “leverage” is the ability of program dollars to generate private investment in response to a principal investment); shared risk; and quick turnover rather than long-term financing. The partnership should include a “lenders consortium,” a cooperative venture among lending institutions active in Salina that spreads individual exposure. These cooperative ventures can attract the support of other agencies such as the Kansas Department of Commerce and the Federal Home Loan Bank.

A community-based financing mechanism typically has two overall roles to consider:

- Interim financing for projects of the community development corporation or a participating private builder. A primary function is providing working capital for the CDC that shares risk among a number of lenders so that no individual institution is heavily exposed. This permits construction of enough units to both achieve some economy of scale and, in owner-occupied projects, provide security to prospective owners. A hypothetical example would be a project by the CDC to develop a cluster of twelve new homes in two phases. The CDC master plans the project and receives interim financing sufficient to build six units. When the homes sell, the proceeds cycle back and are used to complete the second phase. Some CDCs have their own construction capability, but working with one or more homebuilders on a turn-key basis is more common. The consortium may also work directly with private builders who will undertake a project in return for limited risk.
- Direct loans to low and moderate income homebuyers for new homes or property owners rehabilitating existing homes. Some community lending consortiums also provide direct loans to homebuyers for houses built as part of a CDC or other community-based programs. In addition to expanding the number of people who might qualify for mortgages, this type of lending often helps bridge the appraisal gap, either by structuring the mortgage into repayable and deferred or forgivable components or by blending consortium loans with public sources like HOME Investment Partnership or

Community Development Block Grant funds.

Let us assume, for example, that a new home in a revitalization area has a replacement cost of \$140,000 but is unable to achieve comparable appraisals in the neighborhood above \$90,000. This value gap, common in north Salina and other older Salina neighborhoods, makes conventional financing virtually impossible. In this situation, the homeowner is able to invest 10% in a downpayment, still leaving a \$36,000 gap. The mortgage may be structured as a \$90,000 first mortgage, consistent with comparables, with a \$36,000 deferred or forgivable second mortgage drawn from the consortium or public financing, with repayment obligations only from appreciation of value. This technique has successfully overcome the short-term financing gap in areas with depressed property values. By reducing monthly payments, it also makes a greater number of households bankable. The Des Moines Neighborhood Finance Corporation (NFC) and Omaha’s Omaha 100 use these loan types in combination with other city housing development efforts.

THE CITY OF SALINA

The City of Salina is a critical partner in many elements of the housing and neighborhood revitalization process. Point One focused on one of its roles, infrastructure finance, but this primarily addresses new construction, typically in greenfield areas. This is consistent with the responsibility to provide and maintain urban infrastructure and municipal services. Under point two, other City roles that address housing and neighborhood revitalization issues include assembling or acquiring property for development or redevelopment as needed, removing obstacles to desirable development, direct financial participation, and taking actions in the public realm that encourage private reinvestment. Point Three below discusses these roles in detail.

LAND BANK

The assembly of property and who should hold that property can often be a challenge. The formation of a land bank provides an organizational structure for the assembly and oversight of vacant, bankrupt, and deteriorated properties. In Kansas this tool has historically been used by the state’s largest cities but interest is growing in medium sized communities. Features of a land bank include:

- Governance by a board of trustees
- The ability to consolidate, assemble, or subdivide parcels
- Retention of the special assessments. Any existing specials will remain in place but the city can work with the land bank to abate or defer those specials while the lot is held

by the land bank. This may not be an issue in Salina, where most lots in the older portions of the city will no longer have special assessment.

POINT THREE: ESTABLISHING A VALUE-ADDED NEIGHBORHOOD DEVELOPMENT PROGRAM

The City of Salina should establish a strong, multi-faceted, and reliably funded Neighborhood Revitalization Program.

Traditionally, Midwestern city governments have not seen neighborhood reinvestment as part of their basic responsibilities. Clearly, some projects – such as local park improvements, a community center, street resurfacing, or sewer reconstruction – benefit affected areas. But they are rarely part of a concerted neighborhood policy. Community development has largely relied on federal programs and tax-based incentives (tax increment financing, tax abatements through designation of revitalization districts, and rural housing incentive districts). But federal funds are in decline and are no longer a reliable funding source. Cities are increasingly on their own, and should take the initiative.

A lack of public reinvestment has clear consequences that over the long term cost everyone in the community money. The effects include stagnant or declining property valuations, added costs because of deteriorating infrastructure, and declining population and support for neighborhood commercial services. Ultimately, declining neighborhoods cost more than they produce and drain municipal resources. Productive reinvestment can reverse this negative trend.

Many of the struggling neighborhoods also face higher foreclosure rates and abandoned structures with accumulated back taxes. These homes and lots further deteriorate the value of the neighborhood, discourage reinvestment, and lower the tax base necessary to support public investment in the city overall. Pro-actively adding these lots and units to the tax rolls benefits the entire community.

The concept of a coordinated neighborhood revitalization program starts with predictable resources. Neighborhood development should be an annual budget item, funded through general revenues or bonds as necessary, and administration of this program should be transparent, strategic, and accountable. It should focus on specific measures appropriate to Salina that support neighborhood growth but are not funded under other program categories. These focuses include:

- Site assembly and preparation. Site control can be a critical obstacle, especially since reinvestment sites should be

large enough or clustered sufficiently to create their own reality. Acquisition and preparation of these sites (including demolition of existing deteriorated structures), following a specific neighborhood plan, is a major area of public action.

- Street, sidewalk, and curb rehabilitation. Streets and sidewalks in poor condition convey a sense of neglect that causes property owners to respond in kind. Peer cities like Council Bluffs, Iowa have found that local street and sidewalk rehabilitation causes property owners to respond with their own improvements and better maintenance. Similarly, investments in public assets like parks and community places are confidence builders that promote reinvestment.
- Infrastructure for new development. Subdivision or multiple unit scale developments will use existing urban infrastructure but will still require improvements such as local streets, alleys, sidewalks, and sewer and water service. Public financing without special assessments can make housing in these developments more affordable.
- Support for other projects and development efforts. In the Des Moines area, public investment in the Neighborhood Finance Corporation leveraged considerable private capitalization and was vital to launching that program. Individual projects of a CDC could also require investment to fill gaps.

In addition to a budgeted neighborhood program, other areas for public action include:

- Designations of project areas as Rural Housing Incentive Districts (RHIDs), tax increment districts, or urban revitalization districts that open additional avenues for financing and investment incentives. RHIDs, a type of tax increment district available in Kansas and tailored to the needs of residential development, were previously limited to cities with populations under 40,000. However, the State has increased this ceiling and Salina now qualifies for this attractive program.
- Review of development regulations that can discourage the development of efficient housing forms such as small lot single-family, attached or semi-detached single-family, townhomes, and mixed uses. These residential types reduce unit costs by increasing density and using infrastructure efficiently. But traditional zoning regulations like Salina's, oriented to single-use districts and suburban development standards, may include items that discourage innovative housing forms.
- Making city-owned sites available for desirable development projects. Some public lands provide excellent sites for new housing, while still maintaining and even

enhancing public use.

- Considering the need for more assertive property maintenance and code enforcement approaches. This may include implementing a rental inspection program or a targeted code enforcement campaign. Any of these would require additional funding and staffing by the city.

POINT FOUR: IDENTIFYING AND EXECUTING TARGET REVITALIZATION PROJECTS

Salina should begin an active revitalization program by identifying and completing specific projects that address different development opportunities.

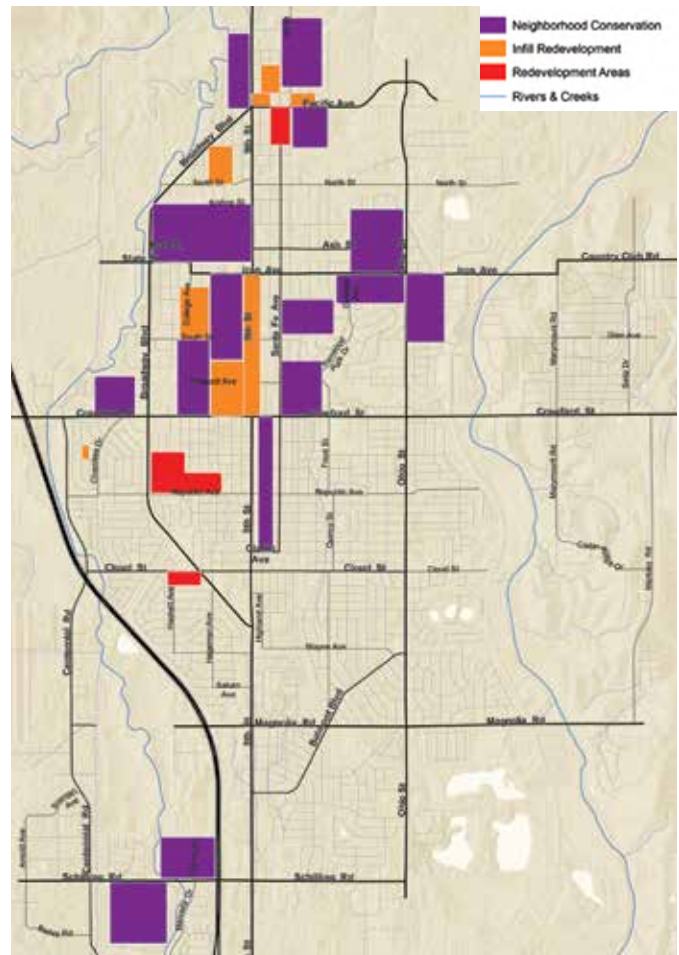
The first three points of the overall strategy address growth policy issues and infrastructure finance, and establish the organizational and financial basis for a housing and neighborhood revitalization delivery network. With these elements in place, the next step is putting the program into operation. It is not possible to do everything at once, so the program should identify specific initial target projects. Figure 3.3 identifies opportunity areas divided into three broad categories:

- Neighborhood conservation areas, where the basic fabric of the neighborhood is intact, with few vacant lots or large vacant or deteriorated sites. Appropriate strategies for these areas include housing rehabilitation, code enforcement to prevent incipient problems, neighborhood organization, and supporting public actions like neighborhood street rehabilitation. From a development corporation perspective, acquisition/rehab/resale that preserve the value of homes are appropriate programs.
- Infill redevelopment, where existing housing conditions may be eroding and/or vacant lots and somewhat larger available sites can promote new construction of significant scale.
- Redevelopment areas, where neighborhood quality has declined to the degree that major new development becomes both feasible and desirable to reverse disinvestment.

This analysis presents a general diagram for initial revitalization focuses. In general, these first projects should be:

- Large enough to change the image of a neighborhood, help stabilize values, and provide economies of scale and security to prospective residents.
- Visible enough to be seen by the public and have a significant amount of surface area to create positive

FIGURE 3.3: Opportunity Areas (for larger view see page 35)



momentum in surrounding areas. Initial projects should avoid isolated areas that are outside normal lanes of commerce or travel.

- Important enough to be on the community agenda.
- Strong enough to maximize chances of success and have significant community anchors such as schools, churches, campuses, activity centers, quality of life features, new housing, and other assets.

These standards should be applied to any project that falls just outside areas that are identified in Figure 3.3.

Based on this plan's analysis of city conditions and development patterns, we have selected several demonstration areas that are candidates for these targeted projects:

- The Five Points area in north Salina, including a radius of

about three to five blocks around the central intersection of 9th Street/Pacific Avenue/Broadway Boulevard. Most participants in the planning process regard north Salina as the city's primary and most challenging revitalization area. Yet, this immediate district has several strong assets, including an active development corporation, Hawthorne and Thomas Parks, possible trail connections, the Heritage at Hawthorne Village apartment complex, relative nearness to Downtown, and infill sites that have promise for new development.

- The Depot area between 12th and College Avenue south of the Union Pacific tracks. This target has a relatively good housing supply and a commercial area along Bishop Street that has the character of a special community district.
- Centennial Park. The center of this solid, post-World War II residential area is an underutilized neighborhood park and an adjacent city-owned site that was cleared after homes were destroyed by a storm. Proposed reuse of the underutilized non-park part of the site was opposed by the surrounding neighborhood and was abandoned by the city. However, an opportunity exists to enhance the park and use the surplus ground productively and respectfully.
- Fourth and Prescott. This area is near the Salina Regional Health Care Campus and is located between the hospital and Kenwood Park, the city's central commons. It includes a full square block for potential development and can have an impact on surrounding areas.
- Broadway and Cloud, a highly visible intersection with underused property surrounded by a mix of residential densities.

Each of these sites has the potential to contribute to the city's supply of affordable housing and help sustain the value of surrounding neighborhoods. Chapter Four presents concepts for how the revitalization partnership can accomplish this.

SUMMARY

Table 3.3 summarizes the demand identified in Chapter 2 along with appropriate strategies for implementation of the policy directions identified in this chapter.

TABLE 3.3: Program Matrix

Household Incomes	% of Households 2013	Potential Demand from Existing Households	10 Year Demand	Affordable Rent	Affordable Homeownership	Applicable Housing Type & Strategies
<\$15,000	38%	10	306	<\$450	-	- Rental - Public housing - Section 8 certificates & vouchers - Low Income Housing Tax Credit rental development - Senior only housing tax credit rentals
\$15 - \$25,000	13%	4	106	\$450-\$700	<\$50,000	- Most households are in rental units - Low Income Housing Tax Credit rental development - Senior only housing tax credits
\$25 - \$50,000	24%	7	413	>\$700	\$50 - \$125,000	- Mixture of rental and entry level homeownership - Market rate rental development - Existing housing rehabilitation/Neighborhood Revitalization Program - Infill development (see Points 2,3, & 4) - Rural Housing Development Program for new developments - Moderate-Income Housing (MIH) Program - Market rate senior housing
\$50 - \$70,000	8%	6	109	>\$700	\$125 - \$175,000	- Mixture of rental and homeownership - Market rate rental development - Existing housing rehabilitation/Neighborhood Revitalization Program - Infill development - Rural Housing Development Program for new development on lower end - Special assessments for infrastructure development
\$70 - \$100,000	10%	7	133	>\$700	\$175 - \$250,000	- Mostly homeownership with some rental - Market rate rental development - Subdivision development with infrastructure financing
>\$100,000	7%	5	93	>\$700	>\$250,000	- Majority homeownership - Market based single-family development - Subdivision development with infrastructure financing under specific conditions

Source: RDG Planning & Design

CHAPTER 4:

BALANCING GROWTH: AN INFILL DEVELOPMENT STRATEGY



Most of Salina’s new housing has gravitated toward greenfield development on the south and east edges of the built up city. As described in Chapter Three, this has created considerable concern about the ability of older neighborhoods to maintain and renew themselves by attracting their share of new growth. The previous chapter analyzed the factors that tend to favor development at the edges and proposed a policy framework to produce a greater balance of new development and redevelopment. This chapter proposes a specific neighborhood-based development sequence designed to create the conditions for balanced development – improved existing housing, new destination commercial, reduced impact of commercial and industrial uses, and incremental new construction. It is not an immediate process, but rewards persistence and gradual reinvestment. This chapter has a special focus on the area of the city most frequently mentioned as requiring new investment: north Salina. But we also know that if values are increased and development balanced in the north, all parts of the established city will benefit.

BALANCING GROWTH

Chapter Three discussed issues, controversies, and policy solutions related to housing development in Salina. The community has significant differences of opinion on such issues as development financing, annexation, and location and character of new development. But all participants in the planning process agree on several important points:

- Salina needs a way to develop housing affordable to its moderate income workforce and the private market is not able to meet this need successfully without assistance.
- Major parts of Salina require reinvestment, but the area that requires the greatest focused attention is the northern portion of the city.
- The entire city would benefit from a greater geographic balance of development. To date, most new housing construction occurs in the southern and eastern parts of Salina.
- Infill development is important to both the goals of providing affordable housing and stabilizing older neighborhoods. But infill development faces very difficult obstacles, including availability of sites and lack of comparable housing value.

Salina benefits from having a private sector that understands the need for reinvestment and is poised to participate in the neighborhood development process, but it cannot economically do the work alone. It also benefits from having elected officials and a private sector who are committed to infill development and neighborhood reconstruction, and who may be positioned to provide resources to accomplish this task. The goal of this chapter is to propose a strategic and targeted neighborhood development program that takes advantage of these important public and private sector attributes. It does assume that three key mechanisms discussed in Chapter Three are either in place or are in the advanced state of organization:

- A public-interest developer, such as a community development corporation (CDC) or community housing development organization (CHDO), with the staff capable of executing projects.
- A source of private working capital, such as a lending consortium.
- Availability of public funding through the city's general or capital budget, tax-increment based mechanisms such as Rural Housing Incentive Districts (RHIDs), various federal and state programs such as CDBG and HOME funds, and tax incentives like New Market Tax Credits.
- A capacity to acquire and landbank sites for redevelopment.

THE OVERALL STRATEGY

This program is an incremental strategy based on the following sequential principles:

- First, demonstrate the credibility and potential acceptance of a new moderate-cost ownership project. This should occur on a readily available infill site that suggests a high probability of success. Execution of this project can encourage private builders to become involved in this market with relatively shallow subsidy, and enable them to develop their own projects at sites around the city.

“Salina benefits from having a private sector that understands the need for reinvestment and is poised to participate in the neighborhood development process, but it cannot economically do the work alone.”



The Heritage at Hawthorne Village demonstrates the ability of new development on a visible site to improve the image (and hence the value) of an established neighborhood.



Landscaping project at 9th and Broadway completed by north Salina Community Development underlines the importance of image building projects on neighborhood value.

- Second, establish a target neighborhood as a focus for a major neighborhood development effort, recognizing that such a turnaround requires a significant multi-year commitment. We consider north Salina to be the most logical target neighborhood for reasons described below.
- Third, establish a beachhead by creating a destination that attracts people from different parts of the city, building “pilot” quantities of relatively low-risk housing products that will nevertheless increase neighborhood property value, reinvest in neighborhood infrastructure, and minimize or eliminate blighting effects of surrounding uses. This beachhead must meet certain criteria, including high visibility and surrounding assets to build on.
- Fourth, expand the beachhead onto adjacent sites, and develop a substantial new infill project on redevelopment sites.
- Fifth, increase the size of new housing developments, expanding the former target neighborhood into a significant community growth center.

The actions specified for each step should progressively increase the value and decrease the risk to developers, consequently reducing the amount of assistance necessary to make projects work economically. Rebalancing development directions and encouraging infill growth have major long-term benefits, among which are:

- Increasing the value of property and neighborhood quality of Salina’s existing built environment, ultimately maintaining the city’s revenue base.
- Strengthening key community attractions and features like

Downtown and the riverfront park network.

- Making city services more efficient and economical by encouraging concentric and compact development. This reduces the demand for dispersing urban services to maintain acceptable response times and customer convenience.
- Providing population that sustains neighborhood retail services in all parts of the city.

These benefits will generate a far healthier Salina than a continuation of current trends, in which new growth and higher values extend to the south and east, and the value and marketability of older neighborhoods to the north tends to diminish. However, creating conditions that support infill development and rebalanced growth requires a significant and continuing investment of effort and funds. The experience of other cities indicates that a sustained community effort will be rewarded by a revived market that advances through its own momentum. Downtown Salina is already beginning to experience some of this momentum, and that in turn will help to build a stronger foundation for revitalization of surrounding neighborhoods. But land must be assembled, blighting influences mitigated, financing gaps filled, infrastructure upgraded, and risks abated in the short-term for neighborhood revitalization to take root. As a community, we must be in this process for the long-haul. This chapter provides a scenario that is based on markets and we believe will help lead over time to the reinvestment and neighborhood health that people in Salina clearly desire by implementing a logical structure for approving and assisting new development in current growth areas and creating conditions that make balanced growth logical and economical.

STAGE ONE: DEMONSTRATE A MARKET FOR MODERATE COST HOMEOWNERSHIP

Objectives:

Execute a successful initiative to develop moderately-priced, owner-occupied housing in an established neighborhood setting.

Provide a model that private homebuilders might replicate with relatively minimal city assistance.

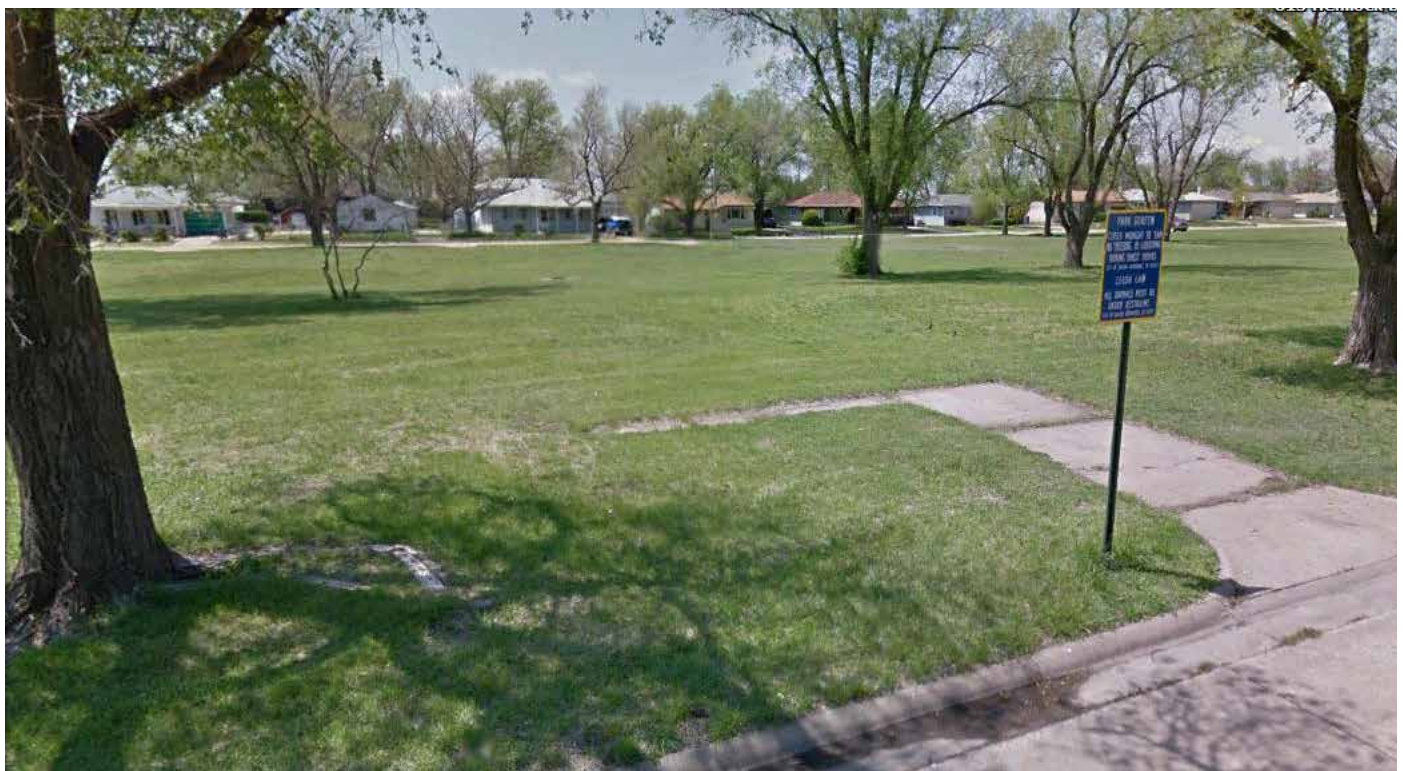
Comprehensive neighborhood revitalization requires a major, multi-year effort, but private development of at least some moderately-priced housing is feasible. Such a demonstration project can be accomplished while the organizational infrastructure necessary for a major revitalization effort is being assembled. It can also introduce Salina's existing private developers, several of whom recognize the need for workforce housing and are willing to participate in this process, to a new market segment which they may then pursue either on their own or with some city assistance. Finally, this type of project can make relatively immediate use of existing state programs, such as a current (as of July, 2015) request for proposals for Moderate Income Housing issued by the Kansas Housing

Resources Corporation (KHRC), funded through the state Housing Trust Fund.

It is important that this initial project be located on a site that offers a high probability of success; that is, a stable neighborhood with values and housing conditions that reasonably support the probable higher cost of new housing. The ideal site should also have good access to features like an elementary school, neighborhood park, and retail services. Finally, the site should be in "friendly" hands; that is, in public ownership or on land owned or controlled by a candidate developer.

POTENTIAL SITE

An excellent site that meets these criteria is the Centennial Park site, north of Plum Drive between Birch and Hemlock Drives in west central Salina. This prospective site included homes that were destroyed by a tornado. It is adjacent to a neighborhood park with a community center; about two blocks from Sunset Elementary School; surrounded by sound, 1950s/1960s era homes; and about six blocks from a neighborhood shopping center at Broadway and Crawford. Residential use of this vacant land has been proposed in the past, but has encountered neighborhood opposition. Opposition grew from concerns that the development would be high-density and/or "low-income" housing and support for maintaining this land as permanent open space. Vestiges of about 18 houses (driveways and slabs) remain visible on the parcel.





Rear driveway homes on relatively narrow lots (Top: Junction City, KS & Bottom: Crescent Creek in Raytown, MO)

The site concept proposed here envisions a 10 home, single-family residential development on the southern part of the site, with significant open space enhancements that enlarge the overall usable area of the park. New homes would be oriented to Plum Drive and a new street separating them from the park would maximize open space frontage. Garages would open off an alley to avoid interrupting the street frontage with driveways. Two potential house models are illustrated in the diagram: an attached rear garage concept and a patio home with an enclosed connection to a semi-detached rear garage.

In this concept, all driveway and slab encroachments into the open space would be replaced by three multi-use play



Concept for rear loaded single-story housing

areas and a lawn defined by existing mature trees. Sidewalk connections to the community center would be improved with a path connecting the new residential street to the park building and existing splash pad. The result is a better, more usable and attractive park, along with ten new, owner-occupied homes.

PROJECT CONCEPT AND FINANCING

This project anticipates private building and sale to new homeowners of the ten homes on the site. The illustrated building footprints are 1,500 square feet (30x50) plus a one or two-car garage, making them somewhat larger than surrounding houses. Typical nominal sales price may be in the range of \$150,000, placing them above the appraised value of surrounding homes. Successful funding through the Moderate-Income Housing (MIH) Program could be used as 1) part of interim financing to the builder and 2) as a subordinated, deferred payment loan to fill the gap between sales and comparable value and to make the larger units more affordable. MIH funds could also be used for the street and alley construction, sidewalks and paths, and related improvements.



STAGE TWO: IDENTIFY A TARGET REVITALIZATION NEIGHBORHOOD

Objective:

Identify a target neighborhood whose comprehensive revitalization will have the greatest beneficial effect on other older city neighborhoods.

A project like the proposed Centennial Park concept hopes to involve the private sector in building affordable, primarily owner-occupied housing by creating a model that can be repeated where opportunities present themselves around the city. However, the second part of our strategic approach involves identifying a larger revitalization target, a neighborhood of large enough scale that its transformation would both expand the housing supply and change opinions about the geography of growth in Salina. We believe that the north Salina neighborhood should be this target area for a number of reasons:

- Throughout the planning process, participants mentioned north Salina most frequently as the area in the city that most needed a comprehensive reinvestment program. The neighborhood's relatively low-valued housing stock makes new construction in the area difficult and may even affect housing values in other potential infill neighborhoods. Similarly, a successful revitalization effort would have beneficial impacts that other neighborhoods would feel.
- North Salina is highly visible, with direct access to I-70 via 9th Avenue. It is the most direct connection between the interstate and Downtown Salina, and represents a significant gateway to the city.
- The neighborhood already has an active community development corporation, North Salina Community Development, that has undertaken and completed projects, holds regular meetings, and has a structured board of directors.
- North Salina is a mixed use area that has a variety of businesses and industries. While this mixed use character sometimes presents conflicts between residential, commercial, and industrial land uses, it also introduces economic vitality to the area.
- The neighborhood has significant anchors, including the St. John's campus, the community garden, Hawthorne Village apartments, Thomas Park, and the Five Points intersection.



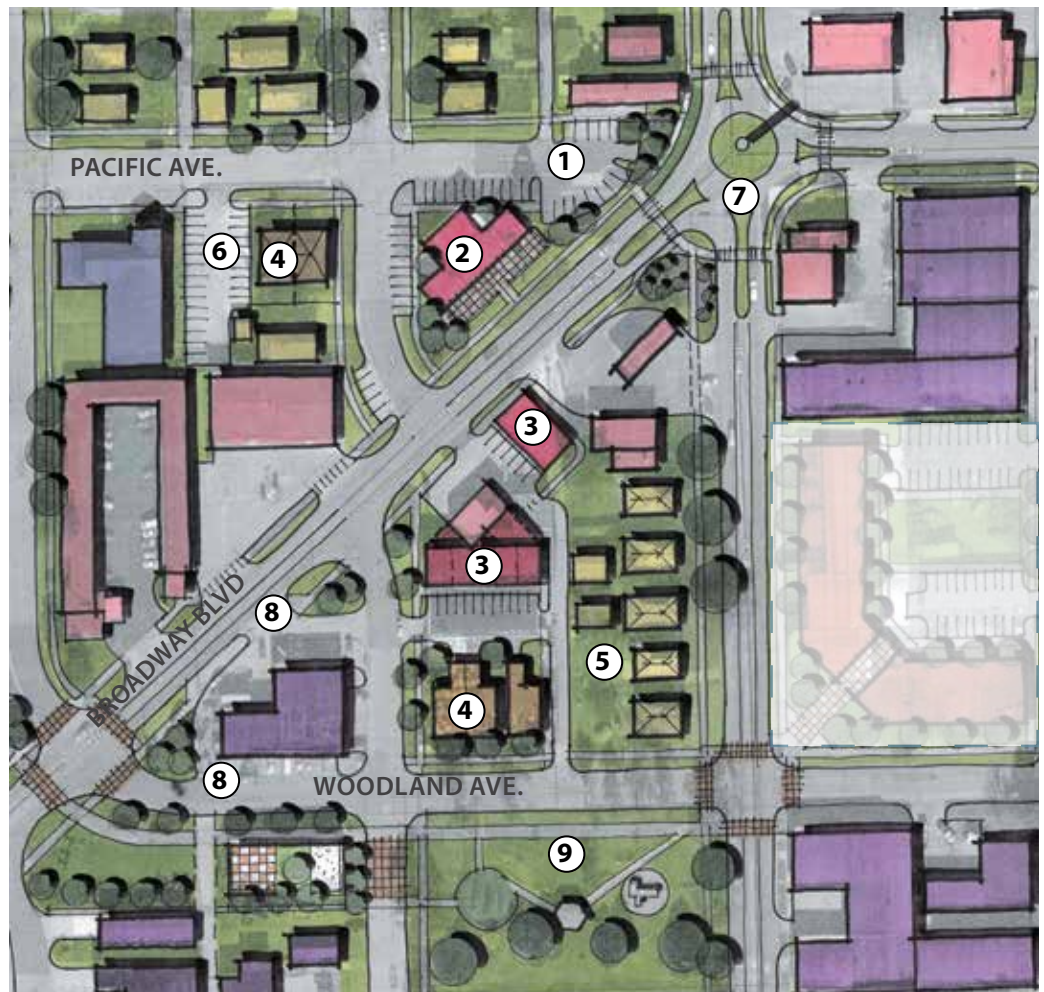
Top: The former Midas building could be the site for a destination business that would attract people to the Five Points district. Above: 3 Amigos restaurant in Williston, ND is a highly successful adaptation of a similar building, also at a key community intersection in an older part of town.

North Salina, as identified in the following Stages, focuses mainly on the area north of Elm Street. This area has room to grow, and undeveloped land masses on the periphery large enough for new residential growth. While the Dry Creek flood plain limits current development, areas between Dry Creek and the Mulberry Creek levee are outside of flood plain areas and could accommodate significant residential development in the future. There are also potential growth areas between Front and Ohio Streets north of Pacific. These areas are identified for future residential use in the Salina Comprehensive Plan. Their development could help balance growth, but both are dependent on changing perceptions of the central part of north Salina.

Stage Two should begin while Stage One is underway. This step, while less prescriptive, is essential to laying the ground work and building buy-in for implementation of any of the following stages.

Five Points “Beachhead” Concept

- 1 Parking Plaza
- 2 Destination Commercial
- 3 New Commercial
- 4 Infill Residential
- 5 Rehabilitated Homes
- 6 New Parking Lot
- 7 Roundabout
- 8 Landscaped Screening
- 9 Hawthorne Park



STAGE THREE: ESTABLISH A BEACHHEAD WITHIN TARGETED NEIGHBORHOODS

Objectives:

Define a critical starting point from which other reinvestment initiatives radiate.

Create a destination project (probably commercial in nature) that attracts people to the area as a matter of routine.

Upgrade parts of the public environment to reinforce existing businesses and encourage reinvestment in residential properties.

Develop needed infill housing on a small-scale, low-risk basis.

Begin to assemble vacant properties and minimize blighting influences.

We believe that the north Salina revitalization process begins at “Five Points” – the intersection of 9th Avenue, Broadway, and Pacific Avenue. North Salina Community Development has explicitly recognized the importance of this intersection with its landscape project on the southwest corner. This Beachhead Plan builds on that initial effort to reinforce Five Points as a destination and neighborhood environment. This in turn provides a base for more ambitious development in later phases.

Elements of the Five Points Beachhead Plan include:

Creating a retail/restaurant destination on the Pacific-Broadway triangle west of 9th Avenue. Previous modifications of the Five Points intersection cut the west Pacific Avenue leg off from 9th Avenue. The terminated street now provides several parking stalls for the adjacent CK Graphics, an important commercial anchor at Five Points. Minor additional changes would add a parking circle, additional landscaping, and off-street head-in parking to



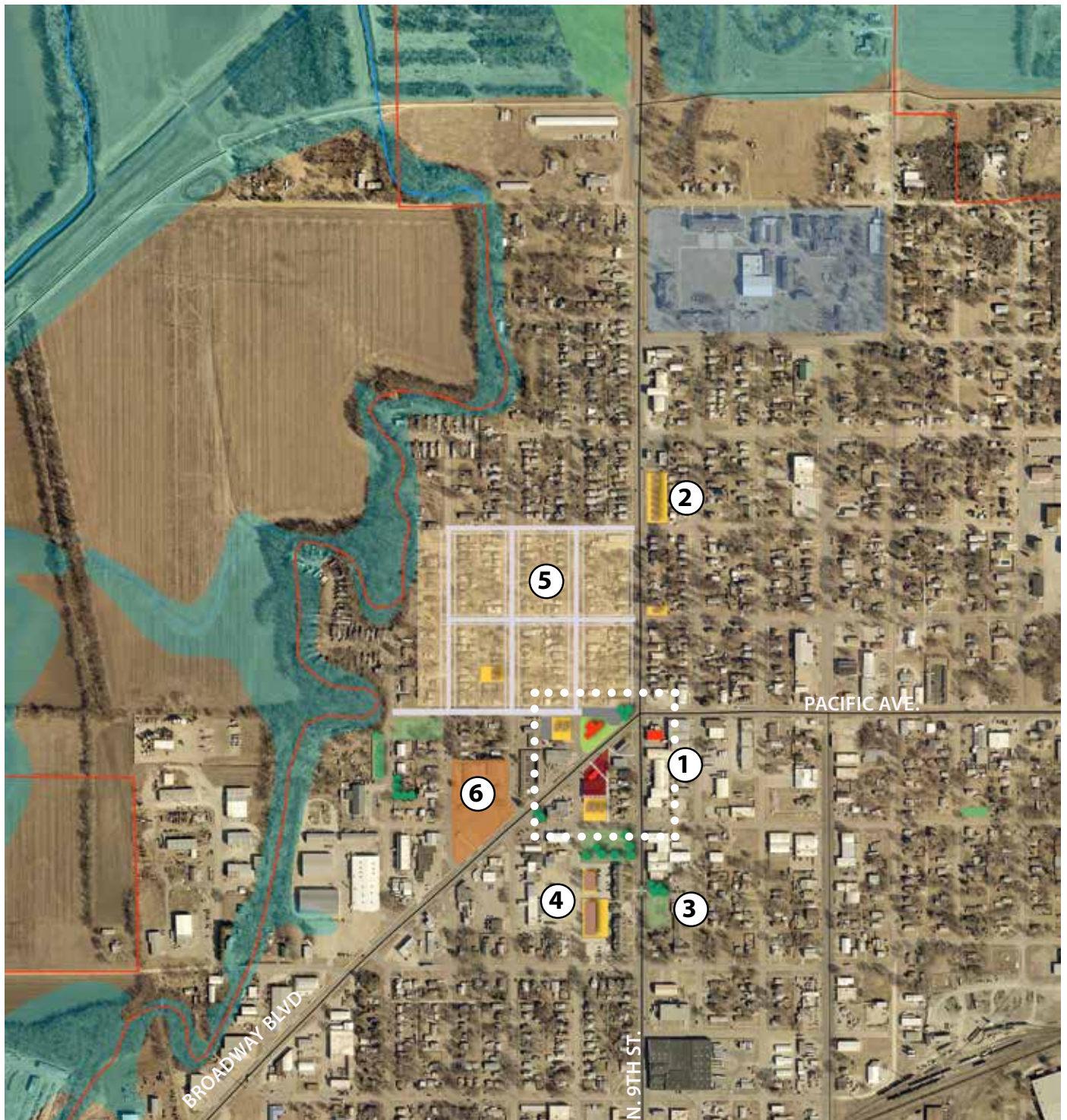
strengthen the public environment of this triangle, creating a setting for reuse of the now-vacant former Midas building at 10th Street. The building, its overhead doors, and setback from the street are ideally suited to creating a consumer destination at this highly visible location. An example of a very similar repurposing of an auto service building into a highly successful community anchor is the 3 Amigos restaurant in Williston, North Dakota, pictured on page 68. This building houses an innovative, southwestern themed restaurant and frozen yogurt shop. While projects like these are not residential, they strategically improve the housing market and desirability of surrounding areas, increasing their value and decreasing their isolation.

A project like this could develop privately as a response to city improvement of parking and landscaping on the triangle. The City of Salina could guide the ultimate use of this strategic property by acquiring the building through an organization like NSCD, advertising it for redevelopment proposals, and providing some financing assistance if necessary to implement its successful reuse.

Redeveloping the block between Woodland to Broadway from 9th to 10th Street. This block currently includes a convenience store improved with landscaping by NSCD; Doright Glass, a vacant automotive building, and five single-family houses. It is particularly important because it links the Five Points intersection with Hawthorne Park. The redevelopment idea illustrated here would:

- Acquire and redevelop the vacant building.
- Provide space for expansion of Doright Glass.
- Develop two new commercial buildings.
- Redirect traffic to provide more off-street parking and reduce conflicts with Broadway traffic.
- Build three new housing units with rear garage access and front doors oriented to Hawthorne Park. These and other early stage housing units are envisioned as rent-to-own units. In a rent to own program, a portion of rent payments is set aside as equity, permitting the renter to accumulate downpayment funds to purchase that unit or another one in the neighborhood or city. Rent-to-own units may be financed with the help of Low Income Housing Tax Credits, but LIHTC units must remain in qualified occupancy for 15 years. Thus, homes built in this way in most cases are not purchased by their original occupants. Rent-to-own can be a transition to full homeownership, builds equity without exposing the buyer to excessive cost or risk, and improves visible housing quality and, therefore, value in the neighborhood.





Stage Three Diagram

- 1 Five Points Beachhead
- 2 Rent-to-Own infill (either side of 9th as starting point)
- 3 9th Street Crosswalk
- 4 Heritage Village Completion
- 5 Rehabilitation Focus Area
- 6 Motel Acquisition

- Provide a clear and pleasant pedestrian path between Five Points, Hawthorne Park, and Hawthorne Village.
- Rehabilitate the five 9th Street homes.

While not a required part of this stage of development, the illustration also suggests reconfiguration of the Five Points intersection as a roundabout. A roundabout here may have functional advantages by calming traffic movement through the intersection, providing a smoother flow, accommodating trucks with large radius turns, and providing safer pedestrian movement.

Rehabilitation focus on the Pacific to Hamilton Avenue blocks between 9th and 12th Streets. This focus includes:

- Rehabilitation of residential streets, including resurfacing, curbs, and sidewalk repair or replacement without assessment to properties. This can strongly encourage better maintenance and private rehabilitation of residential property.
- Focus by a Community Development Corporation on purchase, rehab, and resale of housing units when they become available.
- Exterior code enforcement of site and building envelope standards.
- Targeting of available rehabilitation financing for homeowners.

Construction of single-family rent to own units on sites in the immediate area. Potential sites include land east of the Seventh Day Adventist Church along the south side of Pacific Avenue, including improved church parking; infill sites on 11st Street between Pacific and Harsh and the corner of 9th and Harsh; and most significantly, a large site along 9th Street between Hamilton and Antrim Avenues. These sites together can add 12 units of new single-family housing.

Completion of Hawthorne Village units along 10th Street as per original plans.

Clean-up and landscaping of industrial sites at strategic locations. Poor maintenance of these sites at visible locations or near proposed development can have a dampening effect on overall quality. These may be resolved through code enforcement, but frequently some assistance or incentive is required to screen these locations attractively. Important sites include the southeast point of Broadway and Woodland; sites along 13th Street between Woodland and Pacific on the Pacific Park block; and the loading area west of Hawthorne Village.

Acquisition of the Airliner Motel and adjacent commercial for future development. This land may offer a significant opportunity for more contemporary housing and commercial development.

9th Street Pedestrian Crossing. A signalized pedestrian crossing at a midblock location across 9th Street between Woodland and Grand Avenues would link the Hawthorne Village complex with the north Salina Community Garden and Grand Avenue Methodist Church. A pedestrian refuge median should be included in the center lane at this crossing location.

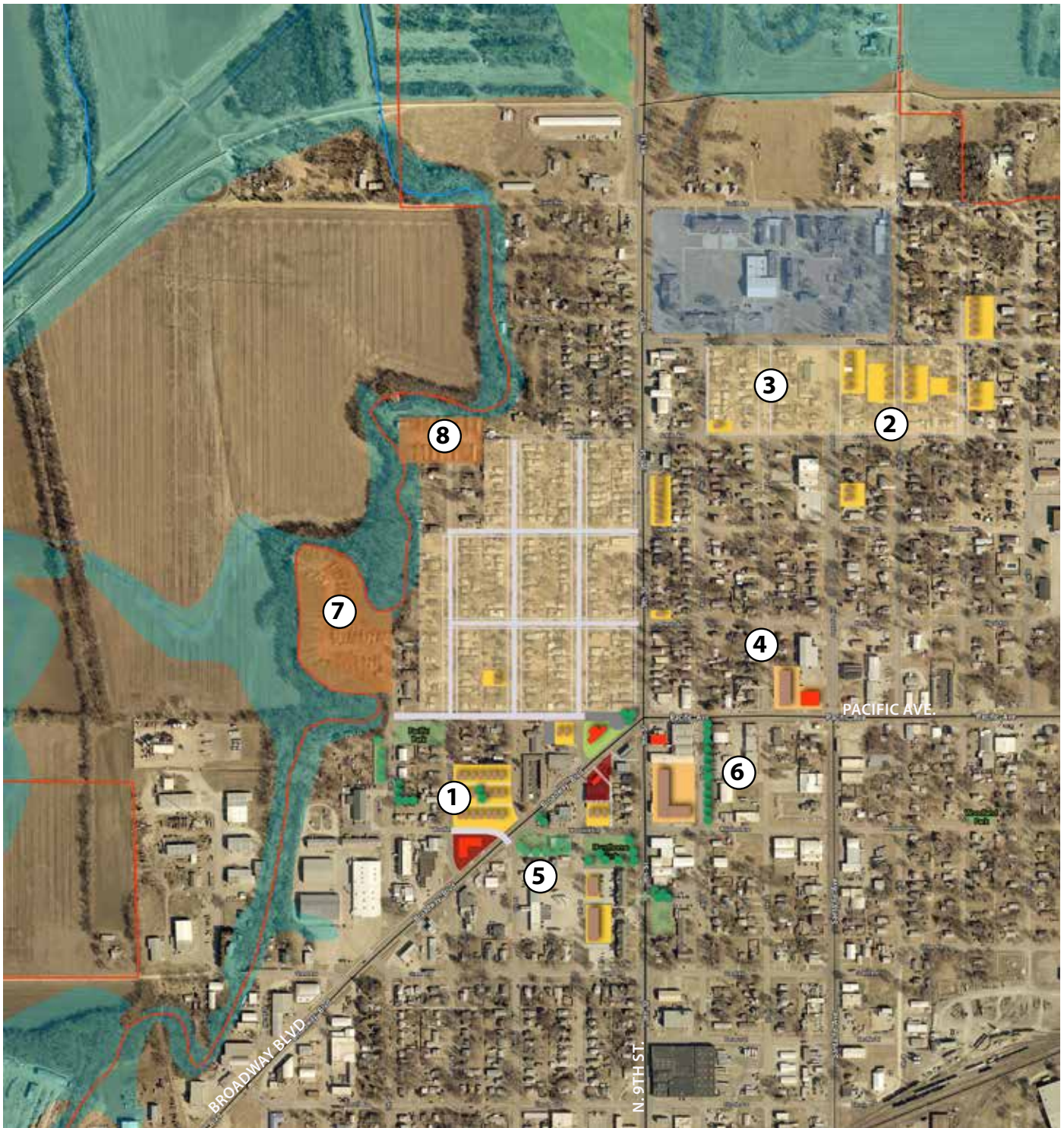


Expanding the Beachhead

- 1 Airliner Residential Redevelopment
- 2 New Retail Building
- 3 Hawthorne to Pacific Park Greenway
- 4 Improved Crosswalk
- 5 New Multifamily Development



Towns at Little Italy. This successful development in Omaha, NE is a possible model for residential redevelopment at the Airliner site.



Stage Four Diagram

- 1 Airliner Redevelopment
- 2 St John's Infill Cluster
- 3 Rehabilitation Focus Area
- 4 Pacific Avenue Mixed Use Project
- 5 Hawthorne-Pacific Greenway
- 6 Defensible Edge
- 7 13th Street Mobile Home Park Acquisition
- 8 Antrim Avenue Acquisition

STAGE FOUR: MAJOR INFILL DEVELOPMENT

Objectives:

Complete two major infill initiatives to establish a market for homeownership.

Continue and expand rehabilitation programs.

Acquire redevelopment sites for new residential subdivisions.

Begin a major greenway system in north Salina as a community amenity.

With Five Points established as a community focus and growing center, the housing revitalization effort starts to grow with major new construction projects in concentrated areas. These projects, within the built-up part of the neighborhood, include both single-family urban housing and new multi-family settings.

Elements of the Major Infill Stage include the following:

Redevelopment of the Airliner site. The site concept illustrated on page 73 proposes 20 single-family units on small urban lots with a neighborhood open space in the center. Houses are organized along east-west lanes, providing access to garages and gardens. The triangle formed by Broadway, Woodland, and 12th Street would include a new commercial/retail site with parking along 12th Street and Woodland Avenue. Infrastructure would be financed through the RHID program, and mortgage financing of owner-occupied units would use the blended gap-filling program proposed for the Centennial Park project. However, these larger projects will start to set comparable appraisals for subsequent new construction, and overall neighborhood vitality should tend to make deeper subsidies less necessary.

Infill development near St. John's. The area formed by Santa Fe Avenue to 4th Street and Antrim to north of Otis Avenue provides an opportunity for contiguous infill development. These units could be developed as equity or rent-to-own units, and are anchored by the St. John's campus. These sites can accommodate up to 22 single-family homes, with another scattering of new homes on adjacent blocks to the south. In addition to providing needed new affordable housing, these blocks also move the edge of new development closer to Ohio Street, bringing the northeastern development area into play.

Acquisition of the 13th Street and Antrim Avenue mobile home parks for future platting. These two small and substandard parks, while providing housing for a specific market, have generally had a negative effect on neighborhood image and values. New housing developed in earlier stages of this program may provide something of a relocation resource, and a market should emerge for a more standard, planned mobile home park in Salina to replace these substandard facilities. Future development on these sites will reduce density and provide a gateway for new development in the northwest sector.



New Northwest Subdivisions

- 1 13th Street Extension
- 2 13th Street Redevelopment
- 3 Antrim Extension
- 4 Antrim Avenue Townhomes
- 5 New Northwest Phase 1
- 6 Dry Creek Trail
- 7 Floodplain
- 8 Harsh Avenue Extension

New multi-family development at strategic sites. Multi-family development on the site of an unused industrial building at the northeast corner of 9th and Woodland would add to the potential walk-in customer base for the Five Points area and continue residential definition of Hawthorne Park. The plan concept envisions an L-shaped building with a ceremonial corner entrance facing the park, and parking behind along the 8th Street industrial edge. A site on the north side of Pacific between 7th Street and Santa Fe has a similar transitional location. Here, the concept recommends a residential building oriented to 7th Street with a separate or attached commercial/retail structure on the Pacific Avenue frontage.

- » **Rehabilitation focus on the Hamilton to Antrim blocks between 9th and 12th Streets, and the Otis to Antrim blocks between 4th and 8th Streets.** This target area includes the same features as the Pacific to Hamilton blocks in Stage Three, including residential street and sidewalk rehabilitation; purchase/rehab/resale program; focused exterior code enforcement; and targeted rehabilitation financing to homeowners.
- » **Hawthorne Park Greenway Extension.** This project envisions eventual acquisition and relocation of an existing truck equipment building and lot on the south side of Woodland Avenue between Broadway and 10th Street. Acquisition and open space development, along with improved pedestrian crossings of 9th Street at Hawthorne Village and Broadway, along with the Airliner redevelopment, provide a continuous pedestrian greenway possibility from the Community Garden through Hawthorne and Pacific Park, and ultimately to a trail and greenway system along Dry and Mulberry Creeks, linking to Thomas Park. This would provide a significant open space amenity throughout north Salina.
- » **Development of “Defensible Edges.”** Landscaping and screening along 8th Street between Woodland and Pacific and the Hawthorne Park extension described above provide strong and attractive division lines between residential and industrial uses, managing changes in the character of the neighborhood, and helping to ensure comfortable co-existence of potentially incompatible land uses.

STAGE FIVE: NEW SUBDIVISION DEVELOPMENT

Objectives:

Transition north Salina to a future growth center by completing subdivisions on redevelopment and greenfield sites.

Open areas west of Dry Creek with streets and infrastructure.

Continue and expand rehabilitation programs.

Connect north Salina development areas with Thomas Park.

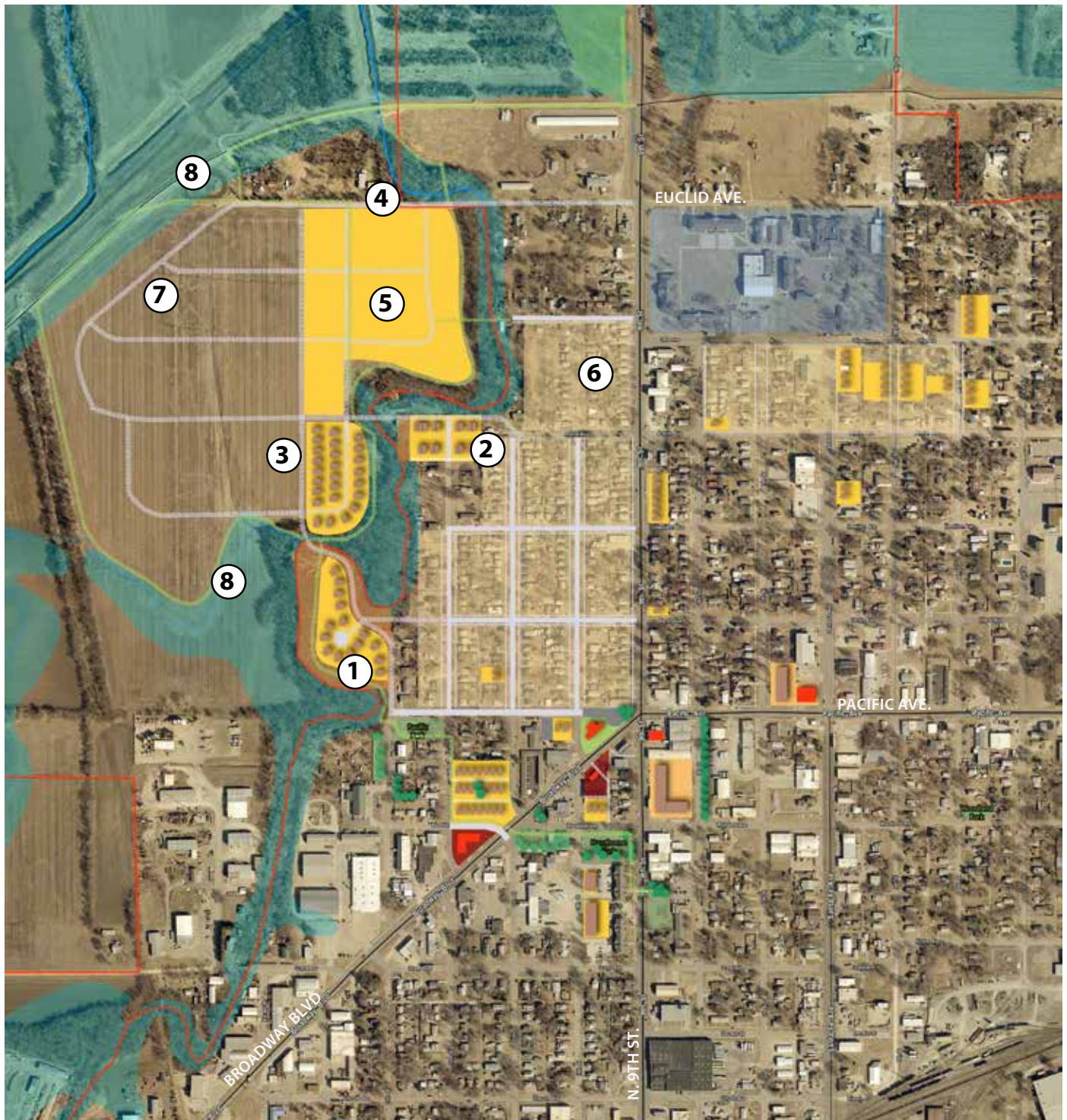
This stage now moves out from the revitalizing north Salina core and begins the process of bridging Dry Creek with new development and infrastructure, opening up a new northwest development area. These projects now become feasible with the expected increase in value and marketability of north Salina. It is still likely that development in this sector, while for the most part market rate, will be more moderately priced than housing in the traditional south and east directions. These initial subdivisions, built on portions of mobile home sites and adjacent areas that are out of floodplains, will eventually lead to larger projects in this growth sector.

Elements of this stage include:

13th Street Development. This project redevelops portions of the current 13th Street mobile home park that are out of the floodplain. New infrastructure includes reconstruction of 13th Street and extension across Dry Creek to Antrim Avenue. This project, developed at conventional single-family density, provides about 15 lots.

Antrim Avenue development. New development along the Antrim corridor anticipates up to 15 units in a design with townhouses and single-family attached and detached units on the site of the existing 12th and Antrim mobile home park. A parcel on the west side of Dry Creek to the extended 13th Street adds another 25 single-family homes. Antrim Avenue would be reconstructed and extended across the creek to 13th Street, providing the basic street infrastructure necessary to reach the northwest growth center. The Antrim Avenue extension requires a realignment around existing homes at 12th and Antrim.

Harsh Avenue Extension. In addition to the extensions of 13th Street and Antrim Avenue, extension of Harsh Avenue west



Stage Five Diagram

- 1 13th Street Redevelopment
- 2 Antrim Avenue Townhomes
- 3 Northwest Phase 1
- 4 Euclid Avenue Extension
- 5 Northwest Phase 2
- 6 Rehabilitation Focus Area
- 7 Mulberry Creek Loop
- 8 Levee and Greenway Trails

greatly improves street connectivity between the established and emerging north neighborhoods.

Antrim Avenue Rehabilitation Focus. The rehabilitation focus program used in earlier phases would now extend to the area north of Antrim and west of 9th Street to Dry Creek. Potential infill sites northeast of 11th and Antrim and east of Dry Creek between Euclid and Otis may be available as well, but now appear to be part of large occupied residential lots.

Dry Creek Trail. A multi-use trail along Dry Creek would extend from Pacific Park to Mulberry Creek and Thomas Park, creating an attractive park network that would add further appeal to this emerging growth center.



Potential redevelopment and landscaping opportunities



STAGE FIVE-A: ACHIEVING BALANCED GROWTH

Objectives:

Continuing north residential development and achieving a self-sustaining housing market in the area.

At this point, north Salina has become a growth center that for the most part proceeds on the same financing basis as subdivision development in the southern and eastern parts of the city. Public policy here will provide major streets and infrastructure that open the north area to growth. Development in the northwest sector is limited by the Mulberry Creek floodplain and incorporates about 60 acres of development. At an average density of 3 units/acre, this corresponds to a capacity of 180 to 200 units. The northeast sector is defined by Front, Ohio, Pacific, and Euclid, but excludes industrial frontage along Pacific. It provides about 100 developable acres, or the equivalent of about 300 units at conventional density.

Project initiatives include:

Phased extensions of the street system. Extensions of major streets would be publicly funded. Street extensions in the northwest sector include continuation of 13th Street from Antrim to Euclid Avenues; and paving and extending Euclid to 13th Street. A later increment would complete this sector by connecting Euclid and Antrim Avenues with a collector loop. In a northeast growth sector, it would include Antrim and Euclid Avenues from Front Street to Old US 40, and north-south Columbia Avenue from Pacific to Euclid Avenues. Local streets would be financed through special assessments or tax increment-based finance techniques such as the RHIDs.

Sewer extensions. Interceptor or trunk sewers into the northwest area would be funded through the city's capital budget, while local connections would be financed through special assessments.

Trail development. The northwest sector concept would add a new path at the periphery of the development area to the existing Mulberry Creek levee trail, completing a loop to 13th Street and Pacific Park. The northeast sector is adjacent to the levee trail, which in turn connects to Thomas Park and Kenwood and Lakewood Parks. A system of internal paths should connect residential areas in this sector to the peripheral trail.

THE DEPOT DISTRICT

Placemaking and providing opportunities for investment and innovation can have a beneficial impact on neighborhood

value in cities of all sizes, especially when they reverse physical conditions that offer important possibilities. The "Depot District" on both sides of the Union Pacific right-of-way and incorporating a small business block along Bishop Street appears to provide this potential for overall north Salina revitalization. This small district is close to the north Salina target area, includes a commercial building stock that could accommodate incubator and "life-style" businesses, and also includes infill and residential rehabilitation possibilities. Establishing rehabilitation focuses north along 12th Street and Grand Avenue links the Depot District to the Hawthorne Park area and the rest of the north Salina strategy area discussed above. Similarly, extending rehabilitation focuses to the south link this area to high-quality central-west residential areas along Park Street, which in turn links north neighborhoods to City Hall and the downtown center. As such, initiatives to help establish the Depot District with its landmark railroad station as a creative and entrepreneurial center add substantial energy and desirability to the entire north part of town.

Elements of a Depot District revitalization program include:

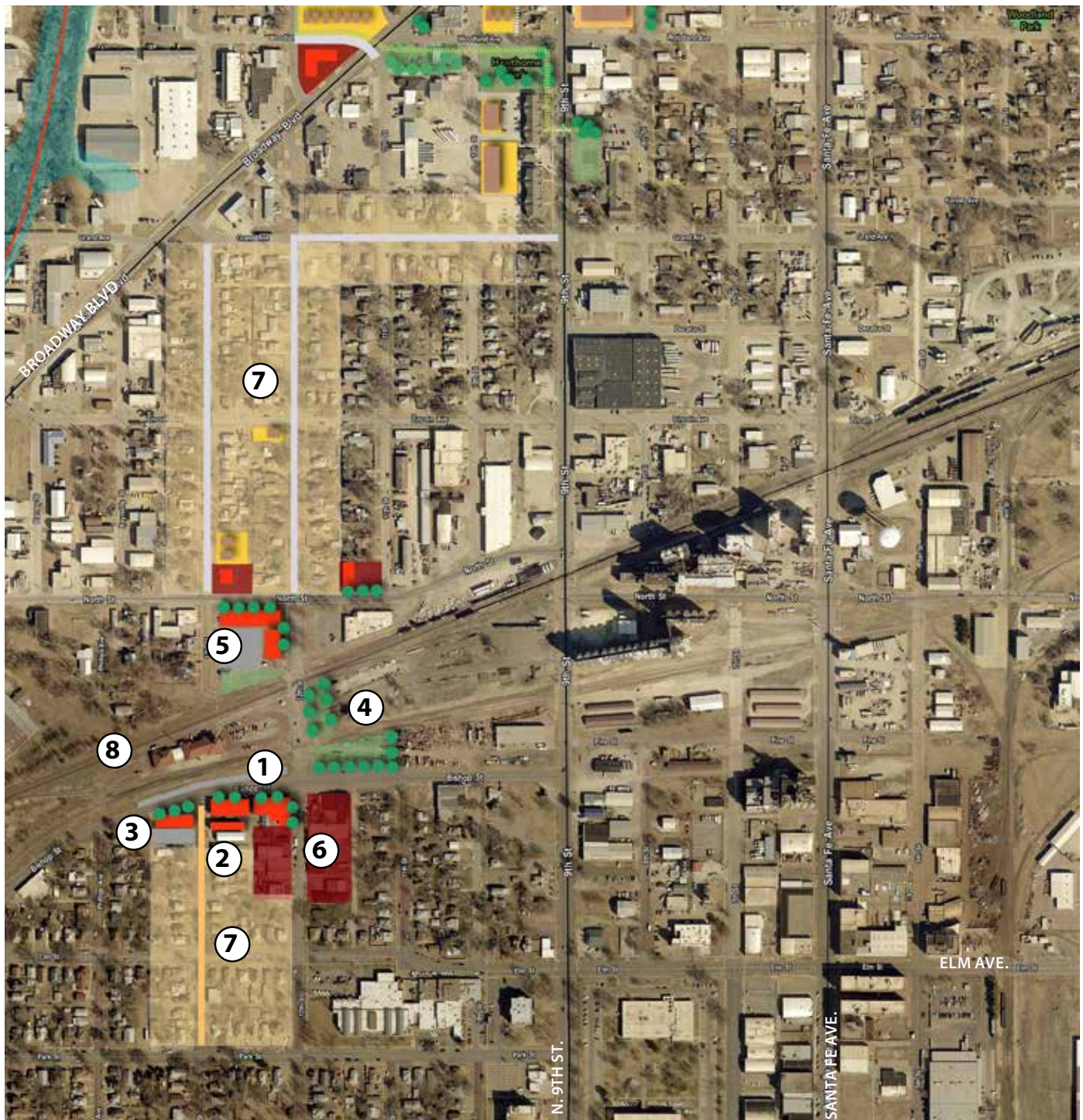
Focus on the Bishop Street frontage. Actions include streetscape enhancement along Bishop Street between 12th Street and Philips Avenue, enhanced street lighting, identifying graphics, and perpendicular parking off the north side of Bishop Street. Commercial rehabilitation and business financing should be available to qualifying businesses in buildings on or adjacent to Bishop between 12th and 13th.

Live/work development. Live/work buildings combine retail or workshop space at street level with housing on one or more upper levels, often lived in by the proprietor of the street-level business. This development form integrates residential use into proposed mixed use environments and, if properly structured, can provide both security and a financial incentive for young businesses. Nonprofit development corporations have been successful in a number of settings at similar commercial and small-scale mixed use development, but patient financing is essential to allow selection of appropriate tenants. Attractive sites for new construction live/work development are a vacant site on the southeast corner of 13th and Bishop, adjacent to the initial target block and the south side of north Street between 12th and 13th Streets.

Commercial rehabilitation or redevelopment. Commercial and business financing incentives, including façade and building rehabilitation loans, tax abatement through revitalization district designation, and business incentives for rehabilitation or demolition and replacement of vacant buildings should be focused at 13th and North, 11th and North, and the 12th Street block between Bishop and Elm Street.

Green space on blighted sites. Unnecessary and unsightly salvage or vehicle storage on visible sites should be leased or acquired for use as green space. Remaining salvage or storage uses should be screened from the Bishop and 12th Street target blocks. Sites for landscape and screening treatment include the east side of 12th Street between the tracks and Bishop Street, and the north side of the railroad corridor between 12th and 13th Streets.

Rehabilitation focuses. This includes acquisition/rehab/resale actions by the community development corporation, rehabilitation loan financing, and neighborhood street and sidewalk rehabilitation for the 12th and 13th Street blocks between North Street and Grand Avenue; the Grand Avenue blocks between 9th and 13th Streets; and the 12th and 13th Street blocks between Bishop and Park Streets.



Depot District

- 1 Bishop Street Streetscape
- 2 Commercial Reuse Focus
- 3 New Live/Work Units
- 4 Railroad Greens
- 5 New Commercial or Live/Work Development
- 6 Commercial or Mixed Use Rehab/Redevelopment
- 7 Rehabilitation Focus Areas
- 8 Depot Preservation

APPENDIX A: COMMUNITY INPUT



SALINA COMMUNITY SURVEY: METHODOLOGY & ADDITIONAL RESPONSES

The Salina housing survey was distributed during the spring of 2015 through a variety of avenues, both online and in paper copies. Distribution methods included:

- Online Survey Link, posted on Salina City website and distributed by e-mail
- Door to door surveys
- Distribution of paper copies in City mailing

As an incentive, survey respondents were offered the chance to enter a drawing for 2 airline tickets. A Spanish language version of the survey was made available online, but received only one response.

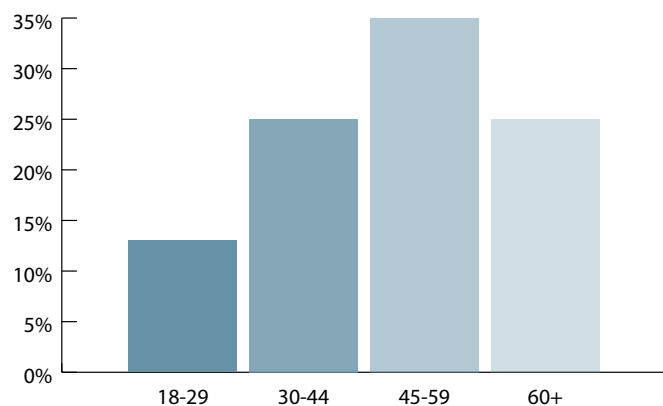
Across all distribution methods and versions, the survey received a total of 847 responses. Approximately 540 were collected online, and 300 were received on paper.

The results of the primary two survey questions are shared in Chapter 1. These questions were:

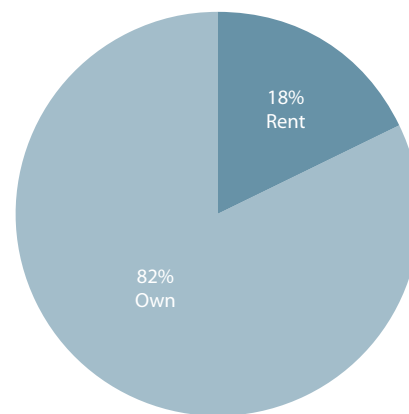
- Do you believe that the current housing supply adequately meets the needs of the following types of potential homebuyers?
- What new housing products do you think would be successful in Salina today? (8 choices were given)
- The results of the other survey questions are shared below.

CHARACTERISTICS OF SURVEY RESPONDENTS

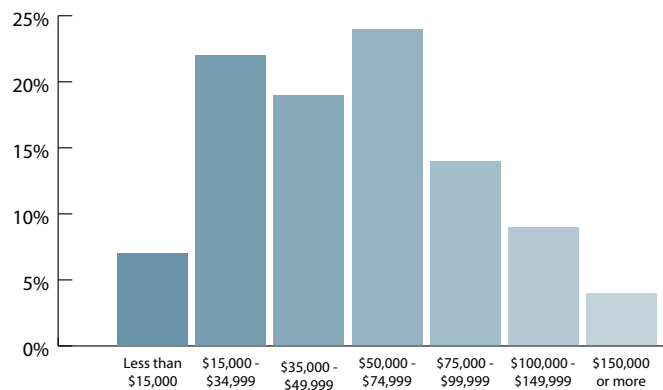
WHAT IS YOUR AGE?



DO YOU OWN OR RENT YOUR HOME?



WHAT IS YOUR ANNUAL INCOME?



OPEN ENDED COMMENTS

Respondents had the option to submit additional comments at the end of the survey. 187 respondents submitted a comment. The most common types of comments were:

- Housing costs are too high (38 comments)
- Need to renovate older housing, clean up existing neighborhoods (24 comments)
- Need more “affordable” options (19 comments)
- Need more independent living options for seniors (17 comments)
- Need better rental upkeep, more responsible landlords (14 comments)
- Need more low income housing options (10 comments)
- Need more housing for Low-to-Moderate Income households that make too much to qualify for assistance (7 comments)
- Need more quality and higher-end apartment options (7 comments)
- Need affordable handicap accessible housing (6 comments)
- Need improvement in north Salina (6 comments)
- Build more townhomes (6 comments)
- Recent construction is cheap and “cookie cutter” (5 comments)
- Reduce use of special assessments (3 comments)

STAKEHOLDER GROUP INTERVIEWS: FULL SUMMARY OF PARTICIPANT COMMENTS, BY ISSUE CATEGORY

- Rental properties
 - There is a perception that rents are high compared to other cities
 - The relationship of rents to income and rents to housing quality are out of sync
 - Little to no market-rate rentals are being built
 - No incentives when single-family homes are so affordable for either ownership or as income properties
- Struggling Neighborhoods
 - Developers can not get the assessments necessary to support new construction in struggling neighborhoods
 - Need neighborhood amenities in north Salina, such

as a school, and services, such as retail, to feel like a neighborhood

- The lack of a school in north Salina leaves a gap in the neighborhood, since a school is a central meeting point and focus of neighborhood identity
- The unused land south of Centennial Park provides an opportunity for infill residential development. This should be paired with park improvements.
- New construction
 - Special assessments were not seen as a benefit by developers. Many developers could not get the private financing necessary to do the improvements.
 - Special assessments should not have been turned off overnight. If the city wants to stop special assessments, they need to be phased out.
 - Developers can't get the appraisals if the cost is put into the lots instead of specials; the comparables are not available
 - Infill development needs more incentives since it is challenging to finance the site preparation cost and get the assessments necessary
 - Developers don't have access to the lots they need to do new construction - the lots that are available are the least desirable or most expensive
 - Developers should be a tool but they should not be putting the deals together
- Ownership
 - Salina needs quality housing in the \$92,000 to \$115,000 range
 - Salina has very little, if any, rehabilitation and/or flipping of older homes
- Specialty markets
 - Salina needs more senior housing. There are few market rate units with amenities available. There is also a need for more memory assisted units and options for low income seniors.
 - Townhomes have been an appealing product and have held value
 - Salina needs housing for middle-aged disabled individuals – homes need more universal design to be accessible.
- Overall statements
 - Salina needs to do “a little bit of everything” in the housing market; Variety of housing with a variety of funding sources and avenues

LANDLORD SURVEY: METHODOLOGY & FULL SUMMARY OF RESPONSES

The Salina landlord survey was distributed to the 70-member e-mail list of the Salina Landlord Association, and received 18 responses (26% response rate). The 18 respondents represented a total of approximately 1,600 rental units, including 6 respondents that represented a total of 600-700 subsidized units. Their responses are summarized below. (Please note: Irregularities in response numbers below are due to the fact that some respondents did not answer every question.)

Strength of Rental Market:

- 10 of 17 responses said the market is “good” or “strong”

Diversity of Rental Market:

- 8 of 15 responses said diversity is good; 2 said it is average

Quality of Rentals:

- 7 of 18 responses said “low” or “poor” and 3 said “fair”
- 3 of 18 responses said there is a wide range

Gaps in the Market:

- 4 of 15 responses – need more larger, 3 bedroom homes
- 3 of 15 responses – need more market rate housing
- 3 of 15 responses – need more 1 bedroom units

Vacancy Rates:

- 5 of 18 responses had rates of 5% or less while 6 additional responses indicated that it is rare for them to have vacancies
- 3 of 18 had rates of 5%-10%

Rental Price Ranges: Respondents reported the following rental ranges for their properties

- Studio
 - Median - \$400; Average - \$392; Range \$280-\$450
- 1 Bedrooms
 - Median - \$425; Average - \$422; Range \$225-\$595
- 2 Bedroom
 - Median - \$550; Average - \$558; Range: \$275-\$715

- 3 or More Bedrooms
 - Median - \$800; Average - \$790; Range - \$525-\$1400

Misc comments:

- Provide incentives for landlords that serve lower income renters (3 respondents)
- Need to hold landlords to higher standards; we are allowing a “slum lord mentality” (2 respondents)
- We have plenty of rentals, don’t overbuild
- Having hard time renting high-end large units (4 br)
- Increasing regulations making it hard to provide high quality for low rent
- Low income renters don’t make enough to pay for housing
- Not much multi-family
- Incentives should be geared toward “entrepreneurs” instead corporations or government agencies
- The city over-regulates rentals and their conditions

Imagine Salina

Imagine Salina

TURNING **WHAT IF**
INTO **WHAT IS**



TURNING **WHAT IF**
INTO **WHAT IS**

What if Salina would attract more talented people and their families to our workforce and community? **What if** there were an even stronger economic base in Saline County? **What if** our workforce were more aptly prepared to meet the needs of Salina area employers? Much like the once imagined ideas of downtown development, and projects like Kenwood Cove, the Salina Fieldhouse, USD 305 enhancements and the Smoky Hill River Renewal, **Imagine Salina** is built for **TURNING WHAT IF INTO WHAT IS**.

Imagine Salina is comprised of two primary strategies to be accomplished over the next five years, including support of organic and new business growth. This plan was developed by the Salina Area Chamber of Commerce Board of Directors, with significant input from the business community. The core of **Imagine Salina** focuses on two initiatives:

- **Workforce Development**
- **Business Expansion & Retention**

Imagine Salina Program Co-Chairs



Mark Ritter
Crown Distributors, LLC



Joyce Volk
Joyce Volk Insurance Agency



Linda Salem
Great Plains Manufacturing



Steve Ryan
Ryan Mortuary



John Gunn



Don Weiser
Salina Area Chamber of Commerce

Salina Area Chamber of Commerce Business Development Program

Core Goals & Strategies 2019-2023

The initial step will be to hire a **Workforce Solutions Director**. This position will be dedicated to the implementation of applicable aspects of the strategic plan of action. While this document outlines specific Action Items to address our Core Strategies, it will remain a working document with projects, programs and steps to be further explored by the Chamber of Commerce staff and Advisory Task Force.

For oversight, a **Workforce Advisory Task Force** will be created, comprised of Chamber BOD members, Program Stakeholders, and others to provide counsel and guidance on a quarterly basis over 5-years. As the primary strategies of the program are implemented, this Task Force will monitor results and respond with urgency should course corrections be needed or plans of actions changed. These members would be staggered with rotational positions to maintain appropriate continuity of mission and accountability.

We recognize that strong collaboration among entities Salina-wide is the healthiest, most effective approach to developing the community, and plan to do so on many levels. The plan before you is primarily built of initiatives that will be the Chamber’s responsibility. Further, as the plan features many new initiatives, we will be creating baselines for measurement in several areas. With those measurements, comparisons on an annual basis will be conducted and reported in all areas.

“Through **Imagine Salina**, the Chamber will fulfill its mission of advancing prosperity in Salina. Current excitement about private and public investment in Salina is palpable across the community **creating opportunities, some we can only imagine.**”

- Don Weiser, President, Salina Area Chamber of Commerce





Workforce Development

GOAL: Through recruitment, training/professional development and retention of talent, create a talented and ready workforce pipeline

STRATEGY: RECRUITMENT

A. Market and promote the area’s unique skills training, and post secondary programs to populations beyond the region and state;

Action Steps:

- Highlight programs/opportunities at Salina Area Technical College and classroom/employment opportunities;
- Support Kansas State Polytechnic Global Aeronautic Initiative, including UAS training of public safety related organizations;

B. Develop an aggressive marketing plan to include job fairs, campus visits, targeting of high unemployment areas combined with potential relocation incentives;

Action Steps:

- Develop a “Salina Recruiting Package” for job fairs and marketing;
- Develop and sustain a task force to work with industries and develop an incentives program for relocation of skilled employees to fill specific tiers of available jobs;
- Enhance the Chamber’s website and reach;
- Expand online information sources for potential employees and those looking to relocate, to include area companies, jobs, careers, educational programs, housing, incentives, recreation, and opportunities that exist in Salina;
- Develop and maintain an inventory of available jobs and points of contact in Salina and Saline County, accessible via the Salina Chamber’s website;
- Promote companies and highlight industry sophistication to draw population into Salina using various online portals, including the Chamber website;
- Provide support to both public and private entities working toward the goal of implementing the results contained in the City of Salina’s Comprehensive Salina Housing Action Plan;

C. Identify high unemployment areas of the state and country and have representation at job fairs or organize job fairs to recruit individuals to Salina;

Action Steps:

- Work with KansasWorks and subscribe to services providing information on RIFs or shutdowns in Kansas and surrounding states;
- Place a quick response recruiting representation team on-site;
- Conduct job fairs in areas where natural disasters have occurred and provide displaced individuals with opportunities in Salina;
- Develop an incentive package for relocation, housing, training and other options for individuals and link trailing spouse and family to available resources to be included in the “Trailing Spouses Program.”
- Offer incentives to potential employees for attending job fairs in Salina;

D. Develop an attractive collegiate level internship program with local professionals and businesses, beginning with local post-secondary institutions and broadening across the region;

Action Steps:

- Host summer program for young professionals to visit the area and spend time attending a Leadership Salina week;
- Develop leading industry programs for internship exposure and industry development in areas like cybersecurity, e-gaming, UAS operations & Summer Camp, etc.;

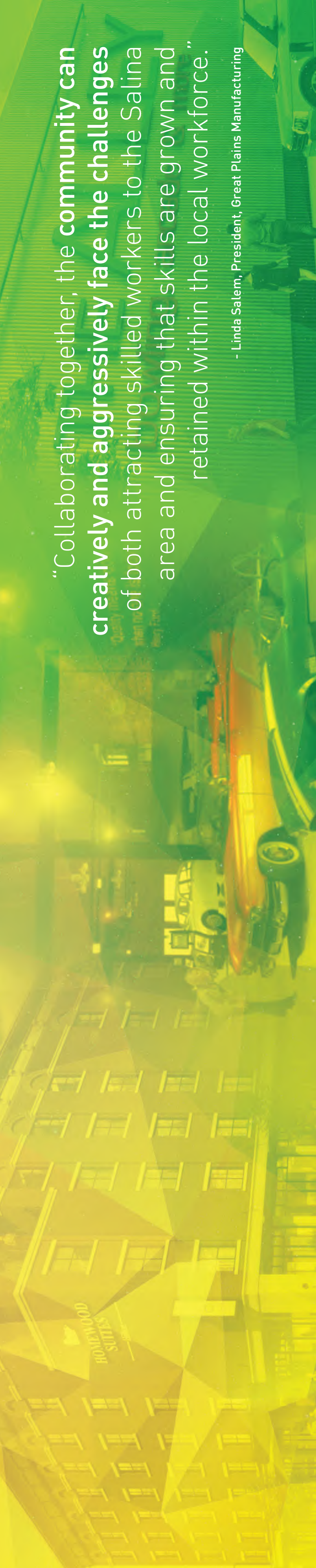
STRATEGY: TRAINING/PROFESSIONAL DEVELOPMENT

A. Survey and document area programs and training resources that support workforce development and enhance these programs to upscale the quality of the existing workforce;

Action Steps:

- Coordinating through SHRMA and Task Force, gather and share available training program information with businesses to reduce costs and enhance training;





“Collaborating together, the community can **creatively and aggressively face the challenges** of both attracting skilled workers to the Salina area and ensuring that skills are grown and retained within the local workforce.”

- Linda Salem, President, Great Plains Manufacturing



Imagine Salina

TURNING WHAT IF INTO WHAT IS



“As the Salina Regional Healthcare System continues to grow, we believe **a collaborative community effort to grow the workforce** is paramount to the Salina area’s continued success.”

- Micheal Terry, President/CEO, Salina Regional Health Center



- Expand or create training programs for area businesses based on survey results;
- Develop a summer SATC/Industry certificate program for 16 to 18 year olds in needed skill areas for employment upon HS graduation;
- Develop online skills training programs for employees and offer incentives for completion;
- Develop and coordinate programs and find funding for training at temp agencies - boot camp, basic training skills, communications skills, and advance 5S, LEAN or others;
- Find funding for training of hard to employ groups/ individuals;

B. Review 5-year Workforce Skill Set and Position Needs Plan, commissioned by SCEDO, and develop pipeline for filling positions;

Action Step:

- Coordinate projected industry needs with local training resources and begin initiative to fill future positions;

C. Work with community partners like Kansas Department for Children and Families, Salina Adult Education Center, Kansas Workforce One and Community Corrections in their efforts to upskill unemployed and/or underemployed individuals;

Action Steps:

- Review options and funding available and develop plans to utilize these resources;
- Support a program to reduce recidivism;

D. Provide seminars and training for employees from front-line to mid-level management;

Action Steps:

- Develop and enhance online training for employees and management;
- Connect the frontline to the bottom-line;
- Enhance and deliver customer service communications skills training to Salina’s first point of contact employees;

STRATEGY: RETENTION

- A. Administer the School-to-Career program with local high schools;
- B. In cooperation with Network Kansas, organize and host annual Youth Entrepreneurship Challenge events to promote entrepreneurship among HS youth in Saline County;

Action Steps:

- Offer online certification to teachers in Entrepreneurship and offer classes in HS;
- Sustain the Salina Innovation Foundation facility;
- Utilize the planning grant from the EDA/North Central Regional Planning Commission to create a fabrication lab;
- Make Salina 1st on lists of “Best Communities” to Live - Work - Play...;

Measurement:

1. Increase workforce from 28,159 to 29,159 over 5 years;
2. Increase population from 55,417 to 57,817 over 5 years;
3. Work with employers to develop process to determine net jobs numbers;
4. Make 60 marketing calls/contacts annually to promote Salina and opportunities;
5. Increase number of website visits; Conduct 2 community tours of various industry sectors annually;
6. Increase requests of relocation resources and packages by 2% annually above 2018 baseline numbers;
7. Attend 6 job fairs annually; Conduct 2 job fairs in Salina annually; Increase by 2% annually number of companies attending above initial meeting;
8. Develop collection of data process on employment in Salina and identify best practice and resources used;
9. Expand Trailing Spouse Program, track numbers and identify the main draw/incentive;
10. Track and report on all post secondary work programs; establish 2018 baseline and increase by 5% over 5-year period;
11. Develop dashboard reporting of all numbers to be updated quarterly online and presented quarterly to stakeholders;

Business Expansion & Retention

GOAL: Support the growth of existing employers in Salina and Saline County by providing project assistance, resource information, and advocacy

STRATEGIES:

- A. Conduct local business and corporate headquarter visits to determine challenges that affect expansion;
- B. Determine future needs based on business visits, standardized survey of needed skills, and identification of programs to address skills gap;
- C. Implement recommendations included in “Global Aeronautic Initiative Study” pertaining to the Salina community and in cooperation with K-State Polytechnic;
- D. Promote and ramp up activities at the K-State Bulk Solids Innovation Center;
- E. Review the healthcare sector needs and plans and assist where possible;
- F. Develop the logistics sector;
- G. Purchase and implement database software to manage contact information, needs and assessment;
- H. Conduct information sessions with school counselors, parents, and company representatives to cover employment opportunities, skills, costs, and future growth projections;
- I. Discuss and consider enhancing the workplace environment such as flexible schedules, job sharing, incentives for referrals, and improved transportation options;

“In today’s business environment, finding good, qualified employees has become a monumental challenge. With the Chamber’s help, Salina can become a place where people want to live, work and enjoy their lives!”

- Mark Ritter, Crown Distributors



5-Year Strategy

WORKFORCE DEVELOPMENT

\$190,000
ANNUAL ALLOCATION

\$950,000
5-YEAR ALLOCATION

BUSINESS EXPANSION & RETENTION

\$130,000
ANNUAL ALLOCATION

\$650,000
5-YEAR ALLOCATION

TOTAL

\$320,000
ANNUAL ALLOCATION

\$1,600,000
5-YEAR ALLOCATION

- J. Expand marketing of the Project Open Entrepreneur Assistance program;
- K. Collect and share relevant data, i.e. Salina Wage and Benefit Survey, Economic Development Key Performance Indicators, and others;
- L. Collaborate with Salina Community Economic Development Organization on organic and new business growth;

Measurement:

1. Visit 6 local businesses per month with standardized questionnaire to identify issues and opportunities;
2. Develop a plan to have representation at existing industry association meetings, events, or other gatherings to highlight opportunities in Salina;
3. Report on number of expansion projects, jobs, and investments quarterly;
4. Produce annual report on Project Open and outcomes;
5. Identify workforce development initiatives underway and establish one-stop-shop approach;
6. Conduct quarterly Advisory Council/Workforce Development Task Force meetings to review progress, assess needs and respond accordingly;
7. Conduct 2 combined meetings per year with school counselors, parents, and potential employers to discuss employment opportunities, training, certificates, costs, and resources available;

Oversight of Investments

The funds needed to implement the **Imagine Salina** program of work will be sought from those with a stake in Salina and Saline County's future – businesses, organizations, community leaders, and individual stakeholders. The Salina Area Chamber of Commerce along with major campaign stakeholders will provide oversight of invested funds and program implementation, through a Workforce Advisory Task Force.

Accountability

In order to track its progress, implement strategic activities and demonstrate tangible returns to its investors, **Imagine Salina** strategically pursues meaningful goals using performance-based metrics to be achieved by the end of the five-year cycle. The Chamber board, staff, and Advisory Task Force will be held accountable to its investors and the community.

Campaign Committee Members

OPERATIONS COMMITTEE

Jennifer Brantley
Schwan Global Supply Chain, Inc.

Brandon Ebert
BE Wealth - Waddell & Reed, Inc.

Brandon Hughes
Harbin Construction

Dahx Marrs
Techniqol Consulting

Mark Ritter
Crown Distributors

Joyce Volk
Joyce Volk Insurance Agency

Guy Walker
Blue Beacon International

Don Weiser
Salina Area Chamber of Commerce

REFINEMENT COMMITTEE

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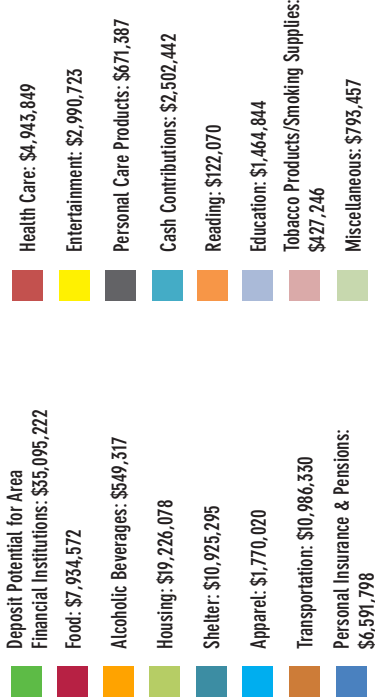
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Salina Blue

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Joyce Volk Insurance Agency, Inc.

TOTAL CONSUMER SPENDING BY YEAR 6 OF THE PROGRAM





TURNING **WHAT IF** INTO **WHAT IS**



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Salina Housing Economic Incentive Policy

SALINA HOUSING ECONOMIC INCENTIVE POLICY



The policies and process below focus on the need to implement a systematic evaluation system for different types of housing incentives to meet the City's strategic housing goals. As additional incentives are developed or used, it is the intent of this document to be amended in order to encapsulate additional or modified housing incentive policies.

This policy is subject to review as deemed necessary.

INTRODUCTION AND NEED

Salina in 2021 was presented with unusual opportunities, created by both the prospect of substantial employment growth and major investments that the city had made to enhance its quality and improve its competitive position. Its downtown initiative created a renewed city center that is both visually attractive and economically strong. Continued public and private investment also strengthened its previously strong foundation of community assets and institutions. Finally, its strong and diverse base of major industries and other employers was expected to continue to generate new positions. However, one major issue remained a constant and unresolved community priority – the creation of a self-sustaining housing marketing that served the needs of all people and parts of the community. Ultimately, the resolution of this issue was identified as a critical need for the city to capitalize fully on its investments and potential.

The persistence of the housing problem was certainly not because of lack of community or City Commission interest, and the housing affordability and production remain priority issues throughout the State of Kansas and in most parts of the nation. In 2016, the City commissioned the Live Salina study, which included a detailed analysis of housing and neighborhood characteristics in Salina and provided policy recommendations for addressing specific housing issues. Major issues included:

- The perceived competition between “greenfield” versus infill development, and the appropriate use of financing tools such as special assessments; and
- A neighborhood development strategy based on building and sustaining neighborhood and housing values necessary to create a self-sustaining market for infill housing and rehabilitation.

The City made significant progress on those issues since 2016. Special assessment financing, which was paused during 2016 because of the greenfield versus infill debate, was resolved and that technique is still in use. The city's extensive downtown renovation increased the attractiveness and economic value of adjacent neighborhoods, and the adaptive residential reuse of the historic Lee Building introduced major residential development into the downtown core. The City also gained greater familiarity with housing production incentive tools available in Kansas. These tools included Rural Housing Incentive Districts (RHIDs), Moderate Income Housing (MIH), Neighborhood Revitalization Program (NRP), and Industrial revenue Bonds (IRBs).

Despite these advances, new housing construction demand lagged, focused on conventional single-family development outside of the price range of much of the potential market, and generated relatively little new rental development. In existing neighborhoods, replacement costs continued to exceed market value of homes, discouraging infill development or redevelopment of distressed areas and properties. Consequently, Salina had very little availability of contemporary rental housing and, in common with much of the country, a very limited supply of

new ownership housing affordable to its potential workforce. A complicating factor was the increasing cost of new construction caused, at least in the short run, by material shortages and supply chain problems.

In 2021, the City implemented a housing strategy with policies that addressed the following basic goals:

- Providing housing in the immediate term to accommodate both pent-up demand and new households attracted by employment growth.
- Creating and encouraging greater housing variety and affordability across income ranges for both the rental and ownership sectors.
- Expanding housing development and conservation of existing residential inventory in established city neighborhoods.
- The strategy further recognized that both housing and neighborhood development require a certain degree of patience and a long-term view. In this light, a policy framework is adapted to the following time frames:
 - Immediate-term (by 2024), addressing critical short-term needs created by existing demand and likely community growth, with a probable but not exclusive focus on new rental development and some greenfield development for owner occupied units.
 - Medium-term (2024-2029), achieving steady housing production consistent with market demand, with growing components of ownership and infill development.
 - Long-term (2029 and the future), achieving a substantially sound and secure inventory of existing housing in established neighborhoods and eliminating the gap between replacement and market value in these neighborhoods.

Detailed descriptions of overall strategies are provided in the Live Salina Plan – 2021 Supplement.

AN EVALUATION SYSTEM FOR PROJECT ASSISTANCE APPLICATIONS

The City's use of incentives for housing is about meeting the identified and documented need for housing. If through the use of incentives and natural market demand the City's identified housing needs are met, then the use of housing incentives will be reflective of that reduced need. Once identified housing thresholds are met, applications for housing incentives may still be made but an additional step will be required in the process. Those applications submitted after the housing thresholds have been met will still be required to go before the City Commission to seek permission to apply.

The use of any economic incentive within this policy must be consistent with all local, Federal, and State of Kansas statutes and program regulations.

INDUSTRIAL REVENUE BONDS (ONLY APPLIED TO RENTAL DEVELOPMENTS):

EVALUATION

Only rental projects qualify for IRBs. IRBs exempt the new property taxes created by the development for a period up to ten years and can include all associated project costs, including vertical construction. They are also exempt from sales taxes on labor and material during the construction period. An IRB can use either or both property and sales tax exemption. They typically use the sales tax exemption in combination with other incentives.

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.

PROJECT CRITERIA FOR IRB PROJECTS USING PROPERTY TAX EXEMPTION

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 more 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:			
• 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			

REVIEW AND APPROVAL PROCESS FOR IRBS

1. PRELIMINARY SCREENING

A. Applicant completes a preliminary screening application that describes the project with appropriate exhibits and narratives and documents compliance with the eligibility criteria of step 1- Basic Criteria for Consideration.

Applicants must also indicate whether they are applying for use of both sales tax and property tax exemption or only a signal exemption type.

B. City staff will review the preliminary application for basic eligibility.

C. A pre-application meeting will be schedule with the City Mangers Office and the Director of Community and Development Services or their designees. If needed, the City's legal counsel, bond counsel, and/or Financial Advisors may be present.

D. Based on the information provided by the preliminary application and the associated meeting, staff will review the information submitted and respond to the applicant regarding apparent eligibility. The response by City Staff shall in no way represent definitive findings or be seen as an expression of intent or obligation of the City Commission to favorable consideration or approval of a formal request for an IRB.

2. FORMAL APPLICATION

A. Funding Agreement

Completion and execution of a funding agreement is required in order for the formal application to be deemed complete and administered in accordance with this policy. The applicant is responsible for payment of other professional services including, but not limited to bond counsel, financial advisors, cost benefit analysis, development agreements, and any fees of the City Attorney incurred in connection with the issuance of bonds.

B. Application Requirements

If the project meets minimum qualifications, the Developer will submit a detailed application with the following information:

- Legal description and map of the proposed site.
- Names and addresses of the owners of record.
- Names, addresses, and interests of the Developers.
- Detailed description of the proposed project, including preliminary plans, a development program, and narrative sufficient in detail to permit evaluation of the project according to the factors displayed in Evaluation Step Two. This will help determine the permitted duration and amount of the tax exemption.
- If the project requires a change in zoning, appropriate applications for a change of zoning classification.
- Existing assessed valuation of land and improvements on the site and estimated taxable value of the project after development.
- A financial analysis and feasibility study that includes development budget, sources of funding, and a project proforma.
- Any other information deemed necessary by the City.

3. ACTION ON APPLICATION

The City, as part of any IRB project, must adhere to all statutory requirements and program regulations.

A. Cost Benefit Analysis and Development Agreement. As per Kansas State Statute and in determination of whether tax abatements should be granted, the Governing Body shall examine the cost benefit to the City as per the criteria outlined in this policy and in the Live Salina Housing Plan.

A development agreement shall be drafted by the City's Bond Counsel.

B. Public hearing. The governing body must conduct a hearing on the proposed tax exemption as required by state law.

At the time of this policy's adoption, the notice of the required public hearing must be published at least once seven days before the public hearing in the official City/County newspaper and shall indicate time, place, and purpose of the hearing. In addition, the City Clerk must notify, in writing, the governing body of the city, county, and applicable unified school district.

C. Commission Action. The City Commission shall review the analysis of the cost and benefits and receive comments from the applicant, affected taxing districts, and the general public. At the conclusion of the hearing, the City Commission will take formal action on the application. Approval shall be in the form of a resolution.

4. TERMS AND CONDITIONS

In granting an IRB, the City Commission may impose any terms or conditions as deemed necessary to fulfill the purpose and intent of this policy and the Live Salina Housing Plan.

5. INACCURACIES OR MISSTATEMENTS BY APPLICANTS DURING THE PROCESS

Any inaccuracy, misstatement of, or error in fact by the applicant or advocate during any part of the application, review, or approval process may render a project proposal null and void and may cause a repeal of any development assistance provided through any housing incentive granted by the City in reliance of such information.

MODERATE INCOME HOUSING (MIH):

The State of Kansas' Moderate Income Housing (MIH) program serves the needs of moderate-income households that typically don't qualify for federal housing assistance. MIH grants are awarded to cities and counties for down payment assistance or to develop multi-family rental units, single-family for-purchase homes, and infrastructure in communities with populations fewer than 60,000 people. The shortages of safe, affordable housing have the greatest impact on our rural communities. In smaller communities across Kansas, the lack of housing is creating challenges in attracting and retaining residents. While employment opportunities are plentiful in many communities, housing options are not. The MIH program is designed to address these challenges. Salina meets the minimum requirements to apply for the MIH program and most certainly reflects the need for housing that the program is meant to address.

APPLICATION EVALUATION

1. BASIC CRITERIA FOR CONSIDERATION

Objectives:

- To serve the needs of moderate-income households that don't typically qualify for federal housing assistance.
- To develop multi-family rental units, single-family owner-occupied units, and any associated infrastructure
- Return on investment reviewed and acceptable to the City.

2. UNIT PRICE AND RENT ELIGIBILITY GUIDELINES

Objectives:

- To ensure that housing costs in projects are reasonably affordable to new households and the existing market
- To see identifiable and appreciable reduction of cost to the buyer / renter
- Owners or renters of the new units must have an income that falls within 60% to 150% of the AMI of Saline County

3. DESIRABLE PROJECT CRITERIA

If the proposed project creates a number of housing units that helps increase the number of affordable rental or owner-occupied housing units in the community that fall within the needed housing units identified in the Live Salina Plan and can demonstrate that the adoption of this incentive will reduce the cost of the product to the buyer or renter, the City Commission could approve the application for a MIH grant for the development project.

MIH REVIEW AND APPROVAL PROCESS

1. PRELIMINARY SCREENING

A. Applicant completes a preliminary screening application that describes the project with appropriate exhibits and narratives and documents compliance with the eligibility criteria of step 1- Basic Criteria for Consideration.

B. City staff will review the preliminary application for basic eligibility.

C. A pre-application meeting will be schedule with the City Mangers Office and the Director of Community and Development Services or their designees. If needed, the City’s legal counsel, bond counsel, and/or Financial Advisors may be present.

D. Based on the information provided by the preliminary application and the associated meeting, staff will review the information submitted and respond to the applicant regarding apparent eligibility. The response by City Staff shall in no way represent definitive findings or be seen as an expression of intent or obligation of the City Commission to favorable consideration or approval of a formal request for a permit fee waiver.

2. FORMAL APPLICATION

Application Requirements

If the project meets minimum qualifications, the Developer will submit a detailed application with the following information:

- Legal description and map of the proposed site.
- Names and addresses of the owners of record.
- Names, addresses, and interests of the Developers.
- Detailed description of the proposed project, including preliminary plans, a development program, financial information, and narrative sufficient in detail to explain the project to the governing body.
- Any other information deemed necessary by the City.

3. CITY COMMISSION ACTION ON APPLICATION

The City Commission shall review the proposal for the MIH application and receive comments from staff, the applicant, and the general public. At the conclusion of the meeting, the City Commission will take formal action on the authorization of the submission of the application.

4. AWARD ACCEPTANCE

If authorized to apply and funding is awarded, the resolution adopted by the City Commission will also authorize the City Manager to accept the award and a grant agreement regarding administration of the grant and the relationship and obligations of the developer.

If awarded, the City will be involved in the grant administration by working alongside the developers to monitor reporting, compliance with regulations, and act as the gatekeeper for eligible activities and requests to disburse grant funds. A grant agreement between the Kansas Housing Resources Corporation (KHRC) and the City of Salina would need to be signed by the City Manager. The grant agreement defines the roles and responsibilities associated with the acceptance and management of the grant. This includes necessary documentation, timelines and dates, reporting requirements, and financial assurances and procedures.

4. TERMS AND CONDITIONS

In authorizing the submittal of an MIH application, the City Commission may impose any terms or conditions as deemed necessary to fulfill the purpose and intent of this policy and the Live Salina Housing Plan.

5. INACCURACIES OR MISSTATEMENTS BY APPLICANTS DURING THE PROCESS

Any inaccuracy, misstatement of, or error in fact by the applicant or advocate during any part of the application, review, or approval process may render a project proposal null and void and may cause a repeal of any development assistance provided through any housing incentive granted by the City in reliance of such information.

NEIGHBORHOOD REVITALIZATION PROGRAM:

The details of the Neighborhood Revitalization Program were adopted as part of the City's Neighborhood Revitalization Plan. The details have been included in the Housing Policy to bring all adopted housing incentives into one policy for developers and staff but the adopted resolutions are the governing code for this program. Please see Resolution Numbers 04-6028, 04-6029, and 04-6030 for more information.

EVALUATION

Under the Neighborhood Revitalization Program (NRP), property owners have the opportunity to receive a property tax rebate on additional taxes levied as a result of eligible property improvements within the designated areas. The purpose of the tax rebate is to encourage both new construction and rehabilitation of existing buildings in identified redevelopment areas. The rebate is based on a formula applied to the added taxes paid resulting from the increased assessed value of the property after completion of improvements. The rebate ranges from 50% to 100% for the first five years and 25% to 50% for the next five years, depending upon the improvement and the increase in valuation.

1. BASIC CRITERIA FOR CONSIDERATION

Residential: Provided that they are located within approved geographic areas and in conformance with the City's adopted plan, all types of residential property are eligible except accessory structures such as detached garages and storage buildings. Improvements must cost \$10,000 or more and increase the assessed property value by at least 10% for residential property.

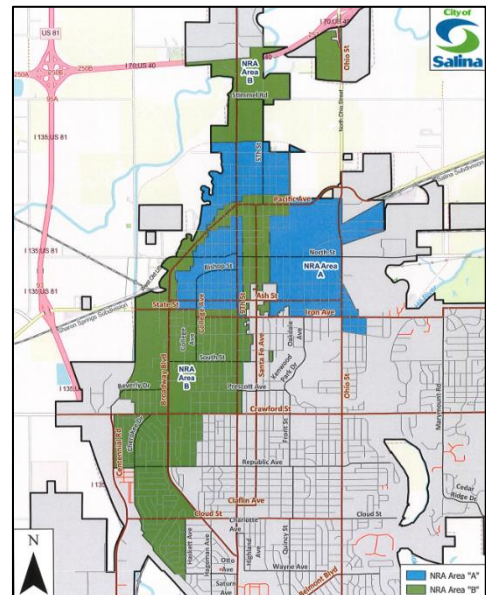
Commercial: Provided that they are located within approved geographic areas and in conformance with City's adopted plan, all types of commercial and industrial property are eligible except public utilities and railroads. Improvements must cost \$20,000 or more and increase the assessed property value by at least 20% for commercial and industrial property.

2. QUALIFIED IMPROVEMENTS

- New construction, rehabilitation, alterations, and additions

All of the above require a building permit. Improvements must comply with City codes and regulations [Resolution No. 04-6028, 6029, 6030]. *Applications must be filed within 60 days of building permit issuance.*

3. PROJECTS OF EXCEPTIONAL COMMUNITY SIGNIFICANCE



Applications for designation as a Project of Exceptional Community Significance shall be subject to City Commission review and approval utilizing the applicable plan criteria which are in effect at the time of review of an application:

- a) Provision of a minimum of 50 housing units or 40,000 square feet of commercial space;
- b) Demonstration of a significant blighting influence of the existing building and respective property on the surrounding neighborhood;
- c) Significant mitigation of blight demonstrated by minimum project investment of \$10 Million;
- d) Preservation and redevelopment of a National, State or Locally Designated Historic Landmark; and/or
- e) Demonstrated vacancy for a minimum of 5 years or underutilization for a minimum of 5 years demonstrated by significantly low levels of: residential and/or retail/commercial occupancy (primary and accessory storage uses excluded); levels of employment per square foot; employee wage rates relative to the Saline County average wage rate (non-retail); and/or retail / commercial sales activity per square foot.

ELIGIBILITY FOR NRP

The following formulas shall be used for determining the rebate amount and number of years of rebate eligibility under the Neighborhood Revitalization Program.

NRP — ELIGIBLE RESIDENTIAL PROJECTS		
	YEARS 1-5	YEARS 6-10
A. Rehabilitation, alteration, or addition*	50% **	25%
B. New Structure	100%	50%

* If the structure is at least 50 years old or has been vacant for at least five consecutive years, the rebate shall be 100% for years 1-5 and 50% for years 6-10.

NRP — ELIGIBLE COMMERCIAL/INDUSTRIAL PROJECTS		
	YEARS 1-5	YEARS 6-10
A. Rehabilitation, alteration, or addition*	75%	50%
B. New Structure	50%	25%

*If the structure is at least 50 years old or has been vacant for at least five consecutive years, the rebate shall be 100% for years 1-5 and 50% for years 6-10.

ELIGIBLE PROJECTS OF EXCEPTIONAL COMMUNITY SIGNIFICANCE:

Projects designated by the City Commission as a Project of Exceptional Community Significance shall be eligible for a 95% rebate for 15 years.

Note: For each eligible project categories identified above, if an existing building on the site has been demolished with all required authorizations and permits, the property may be eligible under the program. If the demolition has occurred within the twelve months prior to application, the value of the demolished building shall be included when determining the value of the property tax increment created by the project. This shall be accomplished by use of the structure's prior value in determining the existing/base value, or alternatively by deducting the value of the demolished building from the final value of the new building.

**The tax rebate formulas above shall be used to calculate an initial rebate amount for Years 1-5 and Years 6-10 which shall remain fixed during the 10 year rebate eligibility period.

ADMINISTRATIVE PROCEDURES FOR NRP

1. PRELIMINARY SCREENING

The City Manager or his designee shall have the administrative authority and discretion to approve or reject applications based on the standards and criteria in the Plan. In addition, if an applicant disagrees with the Finance Director's calculation of the rebate amount the Finance Director's determination may be appealed to the City Manager. The City Manager or his designee shall have the authority to make reasonable administrative guidelines and interpretations necessary in carrying out the Plan, consistent with its purpose. If an applicant is dissatisfied with the City Manager's decision, a written appeal may be submitted to the City Commission for final determination.

RURAL HOUSING INCENTIVE DISTRICT (RHID):

The RHID is a tax increment instrument that allocates the added property tax revenues created by the project to retire the cost of eligible project-related costs. These include site acquisition, preparation, public improvements, and infrastructure. RHID proceeds cannot be used for actual construction of the project and may be allocated for a term up to a maximum of 25 years. RHIDs apply to both ownership and rental development or combinations thereof, and a variety of housing forms. RHIDs are most effective for projects with substantial front-end costs for land and site development.

APPLICATION EVALUATION

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 private 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 reasonably 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

3. DESIRABLE PROJECT CRITERIA

Objectives:

- To identify desirable project goals, features, and innovations
- To encourage projects to include these features by using length of tax allocation as an incentive

The third 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.

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		
30% 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			

RENTAL PROPERTIES: PROJECT CRITERIA			
Criterion	Weighting	Inclusion	Points Awarded
Location in an NRP Eligible Area ¹	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			
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 RENTAL 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			

RHID REVIEW AND APPROVAL PROCESS

1. DEFINING THE DISTRICT

A. Applicant completes a preliminary screening application that establishes the boundaries of the proposed district and documents compliance with the eligibility criteria of the evaluative steps 1 and 2 above.

B. City staff will review the preliminary application for compliance and will refer for review to the Incentive Review Committee. The Incentive Review Committee's membership will include the City Manager or his/her designee; the Director of the Department of Community and Development Services; the Saline County Administrator or his/her designee; and the Superintendent of USD 305 or his/her designee. The Committee will review and evaluate any housing incentive application that will require consideration by its Governing Body because of its impact on property taxes. The Committee has the ability to request additional information and conduct preliminary discussions with the project applicant or advocate and engage the outside professional consultants if necessary to assist it in its work. Committee records, including proposal submissions, may be maintained without public disclosure if allowed under

the Kansas Open Records Act. If there is no objection, staff will prepare a resolution finding the area eligible for designation as an RHID.

C. After publication in the official newspaper of the City of Salina, the Commission approves the resolution and supporting material and submits it to the State Department of Commerce for approval.

D. The Secretary of Commerce reviews and acts on the resolution.

2. DEVELOPMENT PLAN

A. Following approval by the Secretary of Commerce, the City and the Developer/Applicant will prepare a Development Plan and Development Agreement package.

B. The Developer will submit the following information for the Development Plan:

- Legal description and map of the proposed district.
- Names and addresses of the owners of record.
- Names, addresses, and specific real estate interests in the district of the Developers.
- Detailed description of the proposed project, including preliminary plans, a development program, and narrative sufficient in detail to permit evaluation of the project according to the factors displayed in Evaluation Step Three. This will help determine the permitted duration of allocation of incremental taxes.
- If the project requires a subdivision, preliminary plat drawings; if rezoning is required, appropriate applications.
- Existing assessed valuation of land and improvements within the RHID and estimated taxable value of the project after development.
- A financial analysis and feasibility study that includes development budget, sources of funding, and a project proforma. The financial analysis must show that value and resultant rebates are sufficient to fund the estimated RHID-eligible costs of the project and demonstrate that the project is not financially feasible without that level of RHID assistance.

C. Funding Agreement

Completion and execution of a funding agreement is required in order for the formal application to be deemed complete and administered in accordance with this policy. The applicant is responsible for payment of other professional services including, but not limited to bond counsel, financial advisors, cost benefit analysis, development agreements, and any fees of the City Attorney incurred in connection with the issuance of bonds.

D. The City will review and assemble the Development Plan. During this stage, the City will prepare a draft development agreement establishing the mutual responsibilities of the parties. The Development Plan and Agreement will be referred it to the Incentive Review Committee for approval.

E. Following positive review by the Committee, the City Commission will act on a resolution setting a public hearing date for the Ordinance approving the RHID Development Plan and Agreement for not less than 30 days nor more than 70 days. The resolution and documents will be sent to all property tax funded entities for notification and review.

3. ADOPTION OF THE DEVELOPMENT PLAN

A. On the appointed date, the Commission will hold a public hearing and subsequently act on the Development Plan and Agreement.

B. After approval, the County and the Unified School District have a 30 day period during which they can protest the creation of the RHID. Approval of a protest by the governing body of either entity will prevent the RHID from allocating added taxes to project related expenses. Such a protest does not prevent the development from moving forward without RHID assistance, any subdivision or rezoning approval, or the use of other potential incentives by the City of Salina.

4. TERMS AND CONDITIONS

In granting an RHID, the City Commission may impose any terms or conditions as deemed necessary to fulfill the purpose and intent of this policy and the Live Salina Housing Plan.

5. INACCURACIES OR MISSTATEMENTS BY APPLICANTS DURING THE PROCESS

Any inaccuracy, misstatement of, or error in fact by the applicant or advocate during any part of the application, review, or approval process may render a project proposal null and void and may cause a repeal of any development assistance provided through any housing incentive granted by the City in reliance of such information.

PERMIT FEE WAIVERS

EVALUATION

Fees associated with building permits are adopted by the City Commission in the Comprehensive Fee Schedule and are reviewed annually through the budgeting process. Permit fee waivers have typically included the building permit, plan review, land disturbance permit, and water meter fees. As there is no way to predict the revenue that will be gained year to year by building permit fees, this incentive has low fiscal impact as the revenue generated is not allocated to a specific expense. This incentive is solely a local decision that allows the governing body to incentivize projects that will have a desirable outcome on the community.

1. BASIC CRITERIA FOR CONSIDERATION

Objectives:

- To provide an additional incentive to make a project more viable for development
- To provide special flexibility for projects in both greenfield and infill development areas
- Return on investment reviewed and acceptable to the City.

2. DESIRABLE PROJECT CRITERIA

The second stage of evaluation assesses whether proposed projects achieve certain desirable outcomes based on public policy goals. If the development project is expected to achieve any of the desirable outcomes below, the City Commission can decide whether to waive all normal building permit fees associated with the project, including the plan review and water meter fees.

FEE WAIVER DESIRABLE OUTCOMES
Construct new, quality owner or renter-occupied housing within the City that is deemed affordable to low and moderate income households
Construction or renovation of rental units that will have affordable rents targeted to individuals and families with low to moderate incomes
Other desirables outcomes that the Commission deems appropriate
City Commission Action
The City Commission may decide whether to waive all or some of the normal building permit fees associated with the project, including the plan review and water meter fees, depending on the desirable outcome(s) that are expected to achieve.

REVIEW AND APPROVAL PROCESS FOR PERMIT FEE WAIVERS

1. PRELIMINARY SCREENING

A. Applicant completes a preliminary screening application that describes the project with appropriate exhibits and narratives and documents compliance with the eligibility criteria of step 1- Basic Criteria for Consideration.

B. City staff will review the preliminary application for basic eligibility.

C. A pre-application meeting will be scheduled with the City Mangers Office and the Director of Community and Development Services or their designees. If needed, the City’s legal counsel, bond counsel, and/or Financial Advisors may be present.

D. Based on the information provided by the preliminary application and the associated meeting, staff will review the information submitted and respond to the applicant regarding apparent eligibility. The response by City Staff shall in no way represent definitive findings or be seen as an expression of intent or obligation of the City Commission to favorable consideration or approval of a formal request for a permit fee waiver.

2. FORMAL APPLICATION

Application Requirements

If the project meets minimum qualifications, the Developer will submit a detailed application with the following information:

- Legal description and map of the proposed site.
- Names and addresses of the owners of record.
- Names, addresses, and interests of the Developers.
- Detailed description of the proposed project, including preliminary plans, a development program, and narrative sufficient in detail to explain the project to the governing body.
- Any other information deemed necessary by the City.

3. CITY COMMISSION ACTION ON APPLICATION

The City Commission shall review the proposal for the project and fee waiver and receive comments from staff, the applicant, and the general public. At the conclusion of the hearing, the City Commission will take formal action on the application. Approval shall be in the form of a resolution.

4. TERMS AND CONDITIONS

In granting a permit fee waiver, the City Commission may impose any terms or conditions as deemed necessary to fulfill the purpose and intent of this policy and the Live Salina Housing Plan.

5. INACCURACIES OR MISSTATEMENTS BY APPLICANTS DURING THE PROCESS

Any inaccuracy, misstatement of, or error in fact by the applicant or advocate during any part of the application, review, or approval process may render a project proposal null and void and may cause a repeal of any development assistance provided through any housing incentive granted by the City in reliance of such information.

STATE PROGRAMS THAT REQUIRE GOVERNING BODY SUPPORT

The State of Kansas has incentive programs to help with different types of development projects including but not limited to adding rental units in downtown districts, renovating historic properties, or adding new units in either greenfield or infill developments. Oftentimes, the program used for incentives at the state level require some type of governing body support at the local level. The state has firm and pre-determined deadlines that must be met for applications and all applicants must communicate as early as possible with City staff to ensure that there is ample time for their request to be placed on the City Commission's agenda. The following policies and process below focus on how applicants can request governing body support for their incentive applications at the state level.

KANSAS HOUSING INVESTOR TAX CREDITS (KHITC)

PROGRAM OVERVIEW

Kansas Housing Resources Corporation (KHRC) is a public corporation that administers federal and state housing programs on behalf of the State of Kansas. KHRC manages applications for the Kansas H.B. 2237 Tax Credit. This economic incentive is designed to reduce the income tax liability for housing investors proportional to the awarded credits. H.B. 2237 (Section 3 & Section 4) has \$13,000,000 available in tax credits for qualified housing projects located in counties of less than 75,000 residents. From the statute, depending on the population of the county, up to \$35,000 per unit in credit can be earned. KHRC will allocate credits to the investor – either the builder/developer or a qualified investor – once it has been made to the project. It is anticipated that credits will be sold for equity in the project, which will help pay for the project. Awards are for no more than a \$1,200,000 credit against the state income tax liability per project per year (Up to \$30,000 per residential unit and up to 40 units per project per year based on the population of Salina as of 2024). Qualified projects are evaluated and determined by KHRC in accordance with Section 42 of the federal internal revenue code.

Tax credits are provided through the Kansas Housing Investor Tax Credits (KHITC) program. The housing tax credit is independent of other programs and offers three application rounds throughout a year. Investors of housing projects can apply for tax credits even if the associated project has not applied for or been awarded MIH or other funds. Additionally, KHITC applications do not require the local governing authority to be the applicant. Applications are submitted directly by the developer(s)/builder(s) requesting tax credits. Applications require a resolution of support from the local governing authority to be included as part of their application to make the application valid.

1. BASIC CRITERIA FOR CONSIDERATION

Objectives:

- To increase housing in the community
- To encourage new developments and infill housing opportunities
- To encourage investors to create new housing developments by providing support in the way of a Resolution of Support for a KHITC application
- Return on investment reviewed and acceptable to the City.

2. DESIRABLE PROJECT CRITERIA

If the proposed project creates a housing product that helps decrease the shortage of quality housing and therefore potentially increases the future economic well-being of the City at a reasonable rate of return to the developer, a

KHITC Resolution of Support has been determined to be a tool to provide an additional financial incentive to encourage the private sector to construct or renovate housing in the City.

REVIEW AND APPROVAL PROCESS FOR KHITC

1. PRELIMINARY SCREENING

A. Applicant completes a preliminary screening application that describes the project with appropriate exhibits and narratives and documents compliance with the eligibility criteria of step 1- Basic Criteria for Consideration.

B. City staff will review the preliminary application for basic eligibility.

C. A pre-application meeting will be schedule with the City Mangers Office and the Director of Community and Development Services or their designees. If needed, the City’s legal counsel, bond counsel, and/or Financial Advisors may be present.

D. Based on the information provided by the preliminary application and the associated meeting, staff will review the information submitted and respond to the applicant regarding apparent eligibility. The response by City Staff shall in no way represent definitive findings or be seen as an expression of intent or obligation of the City Commission to favorable consideration or approval of a formal request for a permit fee waiver.

2. FORMAL APPLICATION

Application Requirements

If the project meets minimum qualifications, the Developer will submit a detailed application with the following information:

- Legal description and map of the proposed site.
- Names and addresses of the owners of record.
- Names, addresses, and interests of the Developers.
- Detailed description of the proposed project, including preliminary plans, a development program, and narrative sufficient in detail to explain the project to the governing body.
- Any other information deemed necessary by the City.

3. CITY COMMISSION ACTION ON APPLICATION

The City Commission shall review the proposal for the project and receive comments from staff, the applicant, and the general public. At the conclusion of the hearing, the City Commission will take formal action on the application. Approval shall be in the form of a resolution of a support for the KHITC application.

4. TERMS AND CONDITIONS

In granting a resolution of support, the City Commission may impose any terms or conditions as deemed necessary to fulfill the purpose and intent of this policy and the Live Salina Housing Plan.

5. INACCURACIES OR MISSTATEMENTS BY APPLICANTS DURING THE PROCESS

Any inaccuracy, misstatement of, or error in fact by the applicant or advocate during any part of the application, review, or approval process may render a project proposal null and void and may cause a repeal of any development assistance provided through any housing incentive granted by the City in reliance of such information.

LOW INCOME HOUSING TAX CREDITS (LIHTC)

PROGRAM OVERVIEW

The Tax Reform Act of 1986 established a tax credit to replace previous federal tax incentives for investment in low-income rental housing. The credit offers a reduction in tax liability to an investor in an eligible low-income residential housing development.

The Kansas Housing Resources Corporation (KHRC) is responsible for administration and allocation of the Tax Credit program for the State of Kansas. The State's LIHTC (Low Income Housing Tax Credit) program goals include leveraging the construction of more affordable rental housing in communities throughout the state of Kansas. These Tax Credits are designed to attract and secure private equity capital for the project by selling the tax credits to investors who wish to reduce and enhance the developers' debt financing.

The application requirements, selection criteria, overall process and required forms are described in greater detail in the KHRC document entitled Qualified Allocation Plan for 2018 Housing Tax Credit Program. One of the required elements of an application is a Resolution of Support from the local governing body. Applications will be considered without a Resolution of Support but applications that have a Resolution of Support may gain additional points in the project evaluation by KHRC.

1. BASIC CRITERIA FOR CONSIDERATION

Objectives:

- To increase the number of affordable rental housing units in the community
- To encourage the addition of those units by providing support in the way of a Resolution of Support for a LIHTC application
- Return on investment reviewed and acceptable to the City.

2. DESIRABLE PROJECT CRITERIA

If the proposed project creates a housing product that helps increase the number of affordable rental housing units in the community, a LIHTC Resolution of Support has been determined to be a tool to provide an additional financial incentive to encourage the private sector to construct or renovate housing in the City.

REVIEW AND APPROVAL PROCESS FOR LIHTC

1. PRELIMINARY SCREENING

A. Applicant completes a preliminary screening application that describes the project with appropriate exhibits and narratives and documents compliance with the eligibility criteria of step 1- Basic Criteria for Consideration.

B. City staff will review the preliminary application for basic eligibility.

C. A pre-application meeting will be scheduled with the City Manager's Office and the Director of Community and Development Services or their designees. If needed, the City's legal counsel, bond counsel, and/or Financial Advisors may be present.

D. Based on the information provided by the preliminary application and the associated meeting, staff will review the information submitted and respond to the applicant regarding apparent eligibility. The response by City Staff shall in no way represent definitive findings or be seen as an expression of intent or obligation of the City Commission to favorable consideration or approval of a formal request for a permit fee waiver.

2. FORMAL APPLICATION

Application Requirements

If the project meets minimum qualifications, the Developer will submit a detailed application with the following information:

- Legal description and map of the proposed site.
- Names and addresses of the owners of record.
- Names, addresses, and interests of the Developers.
- Detailed description of the proposed project, including preliminary plans, a development program, and narrative sufficient in detail to explain the project to the governing body.
- Any other information deemed necessary by the City.

3. CITY COMMISSION ACTION ON APPLICATION

The City Commission shall review the proposal for the project and receive comments from staff, the applicant, and the general public. At the conclusion of the hearing, the City Commission will take formal action on the application. Approval shall be in the form of a resolution of a support for the LIHTC application.

4. TERMS AND CONDITIONS

In granting a resolution of support, the City Commission may impose any terms or conditions as deemed necessary to fulfill the purpose and intent of this policy and the Live Salina Housing Plan.

5. INACCURACIES OR MISSTATEMENTS BY APPLICANTS DURING THE PROCESS

Any inaccuracy, misstatement of, or error in fact by the applicant or advocate during any part of the application, review, or approval process may render a project proposal null and void and may cause a repeal of any development assistance provided through any housing incentive granted by the City in reliance of such information.

Policy Amendment and Adoption Record		
Date	Reso. #	Notes
10/28/2024	24-8252	Update to include NRP, Permit Fee Waivers, MIH, KHITC, and LIHTC
7/19/2021	21-7971	Initial Adoption

Housing Incentive Request Application

Housing Incentive Request Form

Project Name:																						
Land Owners																						
Name:			Phone Number:																			
Address:			E-mail:																			
Developer																						
Name:			Phone Number:																			
Address:			E-mail:																			
Builder																						
Name:			Phone Number:																			
Address:			E-mail:																			
Project Main Contact																						
Name:			Phone Number:																			
Address:			E-mail:																			
Property Information:																						
Project Address:																						
Within the City:			Y / N		Within Area of Change:		Y / N		Within NRA/SRA:		Y / N		Census Tract Number:									
Zoning/Current:					Zoning/Needed:																	
Water Installed:			Y / N		Sewer Installed:		Y / N		Streets Installed:		Y / N											
Perimeter Street Specials:					Applied /		Applicable /		Not Applicable		Other Existing Special:			Applied /		Applicable /		Not Applicable				
Within Floodplain or Floodway:					Y / N		If yes, which applies:										Floodplain /			Floodway		
If within Floodplain, what is the identified flood hazard zone?																						

Project & Product Information																	
Total Number of Units:					Number of Lots:												
Total Gross Residential Area (Sqft):					Total Net Residential Area (Sqft):												
Total Number of Parking Spaces (Sqft):					Number of Parking Spaces Per Unit (Sqft):												
Project Duration:					Start Date:		End Date:										
Phases: Y/N					Number of Phases:					Phase Duration:							
Unit Type		Total # Of Units – By Type		Production Type		Total Units Produced Per Year		Occupancy Type: Own/Rent/Lease		Rent (Monthly) Or Purchase Price		Unit Size		Cost Per Sqft		Total Cost Per Unit	
SFR, multifamily, duplex, townhomes, triplex, other				Stick built, modular, prefab, other		Can use months or years for most accurate calculation						Square feet (sqft)				Unit size * per sqft cost =	
1)																	
2)																	
3)																	
4)																	

Project Finances									
Land Acquisition Cost:		Building Construction Cost:		Infrastructure:					
Parking Cost:		Soft Costs:		Other Site Development Cost:					
Total Project Cost:									
Equity:		Debt:							
Mortgage Loan Rate:		Permanent Loan Term:		Permanent Loan, Take-Out Year:					
Construction Loan Cost:				Construction Loan Fee:					
Annual Debt Service				Annual O&M:					
Annual Property Tax:				ROI:					
Total Annual Fixed Cost:				Total Leasable Area:					
Unit Type:		Revenue – Needed Annually:		Revenue – Needed Per Sqft:		Revenue – Needed Per Unit:		Average Monthly Rent Or Purchase Price:	
1)									
2)									
3)									
4)									

Incentives Request									
Please indicate below each incentive being requested for this project and provide additional information where applicable...									
RHID	Already Within A District: Y / N		Percentage:		Term Length(Years):		Pay As You Go: Y / N		
IRB	Percentage:		Term Length (Years):		Pay As You Go: Y / N		Sales Tax Included: Y / N		
CID	Within Designated Area Of Change: Y / N		Already Within A District: Y / N		If No, Attach Proposed District Boundaries		Percentage Of Property Generating Sales Tax:		
Sales Tax Waiver	Total Construction Material Costs:		Percent Of Construction Materials Purchased Or Delivered To Salina:		Anticipated Sales Tax Generated By Construction Materials:				
SRA	Within SRA Area: Y / N		Number of Building Permits Anticipated:		Total Cost of Anticipated Building Permits:				
NRA	Within NRA Area: Y / N		Improvement of 10K: Y / N		Increase of 10% or more in property assed value post construction: Y / N				

References			
Please provide three reference projects and local contact information			
Project Name	Location (Full Address)	Project Description (product types, number of units, total project duration with starts and end dates)	Local Municipal Contact (name, title, e-mail, phone)

Development Review Team (DRT) Process Summary

Development Review Team (DRT)

The City of Salina's DRT process saves time and money by working with project representatives to proactively identify opportunities and resolve problems cooperatively.

Our Approach

- The DRT meeting provides an opportunity to present a project or idea and receive feedback and guidance from City staff involved in permit plan review.

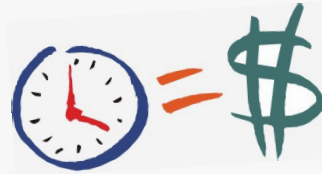
Our discussion will include all approvals, permits and plan submittals required for your project based on what is known at the time of your meeting.

Our Purpose

- To bring together all project stakeholders at one time, in one room, to ensure effective and efficient communication and to assist in preparing a complete application submittal to ensure the fastest review time and permit issuance.

★ CONTACT ★

Daisy Miller-Wells | Development Coordinator
785-309-5715 | daisy.millerwells@salina.org
salina-ks.gov/drt



Do You Know...?

- DRT meetings are a **FREE** service offered by the City!
- The DRT includes City staff from every department involved in permit review.
- There are 2 DRT meeting options: Conceptual Presentation and Complete Development Presentation (see reverse for details).
- DRT meetings are held on Wednesday afternoons and may be scheduled as little as one week in advance.
- DRT meeting attendees receive summary notes of the discussion and a customized checklist to assist in completing an application submittal.
- The City of Salina strives for a **10 BUSINESS DAY** turnaround for initial review of plan submittals and a **5 BUSINESS DAY** turnaround for review of corrections submitted in response to initial plan review comments.



Are You Ready for DRT?

The Development Review Team (DRT) offers two meeting options:

- **Are you considering a change of use or new business in Salina?**
- **Are you in the preliminary stages of planning a project?**

OPTION #1: A Conceptual Presentation meeting is an opportunity to share an idea with City staff to determine whether the proposed use is permitted and to identify any potential red flags. A conceptual meeting is *not* intended to be an in-depth discussion about code requirements and does *not* involve advanced review of plans. However, to ensure your meeting is as productive as possible you are encouraged to provide a preliminary code footprint, site plan and floor plan. Plans do NOT need to be prepared by a design professional. A conceptual presentation meeting requires little advance notice; we will simply schedule the next available DRT meeting that works for you.

- **Do you have plans to submit for preliminary review?**
- **Are there specific code concerns you would like to discuss?**

OPTION #2: A Complete Development Presentation meeting serves as a pre-application meeting and provides an opportunity to submit architectural plans for review and comments in advance of a permit submittal. A complete development presentation meeting includes an in-depth discussion about specific code requirements. In order for this type of DRT meeting to be most beneficial, City staff requests that plan submittals be received a minimum of five full business days prior to the desired meeting date. Requested submittals include a code footprint, site plan, floor plan, and building elevations. The project team is encouraged to attend a complete development presentation meeting.

Our mission is to encourage and promote safe, quality development and construction in the city of Salina.

