



City of Osawatomie,
Kansas

HOUSING STUDY AND NEEDS ASSESSMENT



Canyon Research Southwest, Inc,
505 Ellicott Street, Suite A202
Buffalo, NY 14203

July 2022

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

HOUSING STUDY AND NEEDS ASSESSMENT CITY OF OSAWATOMIE, KANSAS

July 2022

Prepared for:

City of Osawatomie, Kansas
439 Main Street
Osawatomie, KS 66064

Prepared by:

Canyon Research Southwest, Inc.
505 Ellicott Street, Suite A202
Buffalo, NY 14203

PR# 2022.07.03

505 ELLICOTT STREET, SUITE A202 / BUFFALO, NY 14203 / (716) 327-5576

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

July 22, 2022

Michael Scanlon
City Manager
City of Osawatomie
439 Main Street
Osawatomie, KS 66064

Re: Housing Study and Needs Assessment
City of Osawatomie, Kansas

Mr. Scanlon;

The City of Osawatomie, Kansas is seeking to establish a Rural Housing Incentive District ("RHID") under K.S.A. 12-5244(a). The Rural Housing Incentive District Act provides cities and counties a program to assist developers to build housing in rural communities by assisting in the financing of public improvements. A requirement of establishing a RHID the governing body of the city or county must conduct a housing needs analysis to determine what, if any, housing needs exist within the community.

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. These criteria form the primary basis upon which the Secretary of the Kansas Department of Commerce will review the housing needs analysis and consider its approval.

Canyon Research Southwest, Inc. has prepared the enclosed *Housing Study and Needs Assessment*. The objective of the study was to address the four findings and determinations outlined by the Rural Housing Incentive District Act as they relate to the Osawatomie housing market.

Based on the findings of the *Housing Study and Needs Assessment* a conclusion was made applying the Rural Housing Incentive District Act's four findings and determinations as to the need and eligibility of the City of Osawatomie as a RHID have been met. In addition, the suitability of the City-owned 9.75-acre parcel located east of 6th Street between Chestnut and Kelly Avenues as a single-family home subdivision development site was evaluated.

Upon review of the report, should any questions arise, or additional information requested, contact me directly at (716) 327-5576.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

505 ELLICOTT STREET, SUITE A202 / BUFFALO, NY 14203 / (716) 327-5576

TABLE OF CONTENTS

	<u>Page #</u>
SUMMARY OF MAJOR FINDINGS	iii
INTRODUCTION	1
Study Objective and Organization	1
Property Description	2
DEMOGRAPHIC AND ECONOMIC ANALYSIS	5
Population and Household Growth Trends	5
Population Age Distribution Trends	8
Educational Attainment	11
Household Income	12
Employment Trends	15
Conclusions	17
HOUSING STOCK CHARACTERISTICS	18
Housing Stock Inventory and Occupancies	18
Age of Housing Stock	19
Housing Stock by Structure Type	20
Conclusions	24
FOR-SALE HOUSING MARKET ANALYSIS	25
Market Overview	25
Home Sale Trends	28
Current Supply of Homes on the Market	31
Active Residential Construction	32
Conclusions	33
RENTAL HOUSING MARKET ANALYSIS	34
Osawatomie Rental Market	34
Rental Housing Survey.....	37
• Market-Rate Rental Housing	37
• Income-Based Family Apartments	37
• Income-Based Senior Housing	38
Conclusions	39
FORECAST HOUSING NEED	40
Demographic Profile and Housing Need	40
Housing Need Calculations	41
• Housing Need Forecasts	42
• Housing Mix	44
• Pricing Segmentation	47

TABLE OF CONTENTS (Continued)

	<u>Page #</u>
SITE EVALUATION	50
RURAL HOUSING INCENTIVE DISTRICT	52
ADDENDA	57
Exhibit A: Canyon Research Southwest, Inc. Client Roster	58
Exhibit B: Resume of Eric S. Lander	61
Principal of Canyon Research Southwest, Inc.	

SUMMARY OF MAJOR FINDINGS

The City of Osawatomie, Kansas is seeking to establish a Rural Housing Incentive District (“RHID”) under K.S.A. 12-5244(a). The Rural Housing Incentive District Act provides cities and counties a program to assist developers to build housing in rural communities by assisting in the financing of public improvements. A requirement of establishing a RHID is the governing body of the city or county must conduct a housing needs analysis to determine what, if any, housing needs exist within the community.

Of behalf of the City of Osawatomie, Canyon Research Southwest, Inc. has prepared a *Housing Study and Needs Assessment* that evaluates the City’s for-sale and rental housing markets. The report’s major findings are summarized in the text below.

Demographic and Economic Overview

A community’s changing demographic trends have a significant impact on the local housing market. Those population demographics that play a role in shaping the composition of a local housing market include population growth, age distribution, household composition, educational attainment, and household income.

From 2000 to 2020, Osawatomie experienced an 8.4 percent decline in population, losing 390 residents. As a result of the declining population, over the past 15 years or so new home construction was stagnant. Favorable interest rates assisted in supporting a recent trend in investors purchasing homes in Osawatomie, renovating them, and selling at a profit. This “flipping” activity has transitioned into a modest volume of infill new home construction.

The age composition of a community’s population plays a significant role in the demand for various housing types. As a person ages, their housing needs change. Over the next five years the elderly (65+ years), adolescent ages 0 to 14 years, and young adults ages 25 to 34 years are forecast to support the largest gains in population in Osawatomie. The future age demographic trends suggest a need for affordable rental housing, entry-level housing, and senior housing.

Compared to statewide averages, Osawatomie has above average rates of single parent households, households with one or more people under 18 years of age, and households with one or more people 65+ years of age. Osawatomie supports below average rates of married couple households and married couple households with children present. These household composition characteristics suggest a need for single-family housing, rental housing, and senior housing.

Because income increases with advancing educational attainment, communities with high education levels generally support higher rates of homeownership and housing values. The educational attainment levels of Osawatomie residents favor entry-level homeownership and renting. Demand for entry-level for-sale housing and rental housing is supported by the fact that the highest level of education for 49.7 percent of renters is a high school degree. The 16.2 percent of Osawatomie residents with a bachelor’s or graduate degree are candidates to be homeowners of more expensive move-up housing.

The 39.6 percent of households in Osawatomie earning less than \$35,000 annually tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. The 31.1 percent of households earning \$35,000 to \$74,999 create a need for

Canyon Research Southwest, Inc. iii

rental housing and entry-level, for-sale housing, with the highest income households supporting the need for move-up, for-sale housing. The 29.1 percent of Osawatomie households earning \$75,000 or more create a market for move-up and upscale housing.

To conclude, Osawatomie's diverse population demographics produce the need for a wide range of rental and for-sale housing product. A strong need exists for income-based and market-rate rental housing. Those households earning \$35,000 to \$49,999 annually create the need for entry-level, for-sale housing. The median household income for those householders 25 to 44 years of age supports a need for quality rental housing and for-sale, move-up housing. High-income households create a need for upscale, for-sale housing. The large population of residents 65+ years of age will create a growing need for senior housing.

Housing Market Overview

Osawatomie's housing stock totals 1,826 dwelling units. Detached single-family homes comprise 85.6 percent of Osawatomie's housing stock. Properties with 3 or 4 dwelling units account for 4.8 percent of the total housing stock, while multi-family structures with 10 or more dwelling units account for 6.4 percent.

Owner-occupied housing accounts for 61.5 percent of Osawatomie's occupied housing stock with rental housing amounting to 38.5 percent. By comparison, statewide owner-occupied housing accounts for 66.2 percent of the occupied housing stock with rental housing accounting for 33.8 percent. In Osawatomie, detached single family homes account for 95.1 percent of all owner-occupied housing units and 65.5 percent of all occupied rental housing units. Multi-family structures with 3 to 4 rental units account for 14.0 percent of all renter-occupied units while properties with ten or more dwelling units account for 18.7 percent.

The rate of homeownership in Osawatomie increases as a householder gets older, peaking at 27.7 percent for those householders 35 to 44 years of age. Elderly 65 years and older account for 19.4 percent of homeownership, suggesting in coming years the inventory of available for-sale housing units may increase.

Nearly 21 percent of households in Osawatomie under the age of 35 years are renters. The rate of renter households remains high among older householders, amounting to 17.9 percent for those 45 to 54 years of age and 13.5 percent for those 55 to 64 years. Senior households 65 years and older account for 38.5 percent of all renter households in Osawatomie.

Nearly three-quarters of homeowner households in Osawatomie have a median income of \$50,000 or more, with 14.7 percent of households with median incomes of \$100,000 or more. By comparison, just 20.7 percent of renter households possess a median income of \$50,000 or more. A reported 19.7 percent of renter households have median incomes of less than \$15,000 and may qualify for rental assistance. The 41.3 percent of renter households possessing a median income of \$35,000 to \$74,999 and represent the market-rate rental market.

Nearly three-quarters of both homeowners and renters in Osawatomie pay \$500 to \$1,499 per month on housing expenses. This trend may be due to the predominance of single-family housing for both homeowners and renters. Interestingly, the median monthly housing cost for rents of \$883 exceeds that of \$848 for homeowners.

Osawatomie's current and future demographics and mix of housing suggests that additional emphasis on affordable rental housing and for-sale housing is needed to foster a more diverse housing market that meets the needs of a wider range of household types. The large number of households with incomes of less than \$25,000 suggest a need for affordable rental housing. There also appears to be a growing need for affordable for-sale housing priced under \$150,000 and move-up housing priced at \$250,000 and above.

For-Sale Housing Market

Detached single-family homes in Osawatomie garner an above average share of the owner-occupied housing market. Specifically, detached single-family homes in Osawatomie accounts for 95.1 percent of Osawatomie's owner-occupied housing stock, compared to 92.1 percent for the State of Kansas. The inventory of owner-occupied housing units in Osawatomie has declined from 1,264 units in 2013 to 993 units by 2020. Meanwhile, no owner-occupied multi-family housing units were reported in Osawatomie, compared to 0.9 percent statewide.

Osawatomie's median housing value of \$89,000 is well below the statewide median of \$157,600. Nearly two-thirds of Osawatomie's owner-occupied housing stock is valued under \$100,000. Osawatomie's lagging housing values are due in large part a much older housing stock that is small and lacks the amenities of modern housing. Much of Osawatomie's housing stock is also in poor condition relative to the statewide inventory. The lack of quality housing stock is a huge issue when local employers are recruiting new employees.

From January 2021 to June 2022, a total of 94 homes sold in Osawatomie at a median price of \$131,250. Two- and three-bedroom homes accounted for 38.3 percent and 47.9 percent of all homes sales, respectively. Over 57 percent of the homes sold for less than \$150,000 while just 16.0 percent sold for \$200,000 or more.

Seventeen homes in Osawatomie are currently on the market for sale with 14 homes under contract. The homes on the market are priced from \$85,000 to \$350,000, averaging \$167,276. The pending home sales are under contract for \$15,000 to \$249,000, averaging \$150,529. These market factors indicate that the Osawatomie entry-level for-sale housing market continues to support strong demand while the move-up housing market is beginning to gain traction.

From 2000 through 2019, just two single-family homes were built in Osawatomie. There has been escalating activity in Osawatomie by small investors to purchase, renovate, and flip homes. The renovated homes have been well received into the market, prompting recent new single-family home construction. New home construction in Osawatomie totaled three homes in 2020 and eleven homes in 2021. According to the MLS, since January 2021, six new homes sold in Osawatomie, priced from \$205,000 to \$254,000. One additional new home is currently on the market for sale priced at \$249,000.

Based on the market acceptance of new homes in Osawatomie and with 12.1 percent of Osawatomie households earning \$75,000 to \$99,999 annually, a larger market for housing priced from \$200,000 \$299,999 appears supportable.

The principal constraint in attracting homebuilders to Osawatomie is the limited availability of large tracts of land serviced with utility and road infrastructure. Recent homebuilding activity has

focused on infill lots. Some infill lots remain in town, but many are in undesirable locations (i.e., near train tracks) or are in areas that aren't accessible by large equipment needed to build homes.

Rental Housing Market

By 2020, Osawatomie's housing stock totaled 1,826 dwelling units, of which 11.2 percent, or just 303 dwelling units were in multi-unit structures. By comparison, multi-family housing accounts for 18.4 percent for the State of Kansas housing stock. Osawatomie's multi-family housing stock consists of entirely of properties with 3- to 4-units or 20 or more dwelling units.

Rental housing accounts for 38.5 percent of Osawatomie's occupied housing stock which exceeds the statewide average of 33.8 percent. From 2012 to 2018, the inventory of renter-occupied housing units in Osawatomie increased from 467 units to 671 units. By 2020, the inventory of renter-occupied housing declined slightly to 621 dwelling units. One-unit detached housing accounts for 65.5 percent of the occupied rental housing stock.

A shortage of quality rental properties exists in Osawatomie with single family homes accounting for most of the market-rate stock. Over three-quarters of Osawatomie's rental housing was built prior to 1940. As a result, most of Osawatomie's rental housing is old and lacks the modern design and amenities of newer properties.

The median rent in Osawatomie of \$799 per month compares to the statewide average of \$863. Nearly 54 percent of Osawatomie's rental stock supports rents of \$500 to \$999 per month with 26.1 percent rented at \$1,000 to \$1,499 per month. Just 10.2 percent of the housing stock rented for excess of \$2,000 per month. These rents are reflective of the age and poor quality of Osawatomie's rental housing stock.

For 46.3 percent of Osawatomie households, the gross rent accounts for 30 percent or more of total income which exceeds the statewide average of 34.2 percent. These households are experiencing rental stress which is defined as paying more than one-third of household income on rent.

No market-rate rental apartment properties currently operate in Osawatomie. At the time of this study market-rate housing available for rent in Osawatomie was limited to three single-family homes, mobile home, and apartment units. The absence of market-rate rental apartments in Osawatomie places a significant constraint on the ability of many individuals and families to obtain suitable rental housing.

An estimated 17.0 percent of Osawatomie households earn less than \$15,000 per year which creates demand for income-based rental assistance. Seniors 65+ years of age account for 15.2 percent of the city's total population, fueling demand for senior housing. Income-based rental housing in Osawatomie is limited to 64 units catering to families and singles and 102 units serving seniors. All the income-based properties are now fully rented.

The primary barrier for prospective renters in Osawatomie is the limited availability of quality market-rate and rental assistance housing units. A quality rental housing stock is an important component in fostering a healthy for-sale housing market by offering prospective residents the opportunity to live in the community before buying a home. Current market conditions and

demographics suggest Osawatomie is in need of additional market-rate and income-based rental housing.

Housing Need Forecast

Through latent demand and population growth, new housing need from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units. The mix of new housing is estimated at 39 to 53 owner-occupied units and 26 to 35 rental units. The breakdown of new for-sale housing and rental housing need by price range through 2027 is illustrated in the table below.

Forecast New Housing Need by Product Type City of Osawatomie, Kansas; 2022-2027

Housing Type	Affordability Factor % of Households	Total Housing Units	
		Low	High
Owner-Occupied Housing (\$ Value)			
Under \$150,000	20%	8	10
\$150,000 to \$199,999	20%	8	11
\$200,000 to \$249,999	30%	12	16
\$250,000+	30%	11	16
Total Owner-Occupied Housing Need		39	53
Renter-Occupied Housing (Monthly Rent)			
Under \$500	15%	4	5
\$500 to \$799	25%	6	9
\$800 to \$999	25%	8	11
\$1,000 to \$1,499	25%	5	7
\$1,500+	10%	3	3
Total Renter-Occupied Housing Need		26	35
Total Housing Need		65	88

Source: Canyon Research Southwest, Inc.

Site Evaluation

Based on standard site selection criteria the City-owned property located east of 6th Street between Chestnut and Kelly Avenues is suitable for the development of single-family home subdivision, offering the necessary physical attributes; infrastructure; zoning; visibility and exposure; access; and proximity to housing demand generators and services.

Assuming 25 percent to 30 percent of a single-family subdivision's land area is dedicated to street right-of-way and public space, assuming a standard lot size of 9,000 square feet, the subject property could accommodate an average density of approximately 3.4 to 3.6 dwelling units per acre. Therefore, the 9.75-acre parcel could support up to 35 homesites.

Rural Housing Incentive District

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. These criteria form the primary basis upon which the Secretary will review the housing needs analysis and consider its approval. Based on the findings of the *Housing Study and Needs Assessment* for the City of Osawatomie, the four findings and determinations outlined by the Rural Housing Incentive District Act were addressed.

1) There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers.

Osawatomie suffers from a shortage of quality housing at various product types and price points. Osawatomie homebuyers find it very difficult to find quality, affordable housing that doesn't require considerable renovation and upgrades.

Osawatomie's housing stock is old with nearly half of the existing inventory built prior to 1940 and only 6.9 percent built since 1980. Osawatomie's older housing stock is generally in poor condition, small, and lacks the modern amenities sought by homebuyers that are provided in newer housing. In addition, the city's housing stock has declined from 1,947 dwelling units in 2000 to 1,826 dwelling units by 2020. From 2000 through 2019, just two single-family homes were constructed in Osawatomie.

Osawatomie's for-sale housing stock is heavily skewed toward low-priced housing with very little housing upper-end product. As reported by the *American Community Survey 2020*, 62.5 percent of Osawatomie's owner-occupied housing stock was valued under \$100,000 compared to 30.1 percent for the state of Kansas. About 35 percent of Osawatomie's owner-occupied housing stock is valued at \$100,000 to \$199,999, none valued at \$200,000 to \$299,999, and just 2.3 percent valued over \$300,000. The abundance of lower priced homes is attributed to the age, size, and condition of Osawatomie's housing stock.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

From 2015 to 2020, home values in Osawatomie appreciated in value by 8.0 percent which lags the statewide rate of 19.4 percent. By 2020, the median housing value in Osawatomie of \$89,000 compared to the statewide rate of \$157,600. The well below average median home value and rate of appreciation is directly linked to the characteristics and condition of Osawatomie's housing stock.

According to the *American Community Survey 2020*, for 31.4 percent homeowner households and 46.3 percent of renter households in Osawatomie housing costs amount to 30 percent or more of total household income. These households are experiencing housing cost stress which is defined as paying more than one-third of household income on housing.

Osawatomie's housing stock supports a disproportionately high rate of detached single-family homes and a small inventory of attached, multi-family housing product. Detached single-family homes account for 85.6 percent of Osawatomie's housing stock, compared to the statewide average

of 72.7 percent. Multi-family housing account for just 11.2 percent of the total housing stock, compared to 18.4 percent for all of Kansas. Due to the below average inventory of multi-family housing in Osawatomie, detached and attached single-family homes account for nearly two-thirds of all occupied rental housing units. No large-scale, market-rate apartment properties exist in Osawatomie.

Osawatomie residents age, education, and income demographics suggest a more diverse mix of for-sale and rental housing is supportable. The market warrants quality entry-level for-sale housing, move-up housing priced over \$200,000, and quality market-rate rental housing. The abundance of low-income households and full occupancy of existing income-based rental properties suggest additional housing inventory is needed.

According to the *American Community Survey*, 23 percent of households in Osawatomie possess incomes under \$25,000 and potentially qualifying for some form of housing assistance. The current inventory of income-based rental housing in Osawatomie totals just 64 dwelling units for singles and families and 102 dwelling units for seniors, all of which are occupied. According to leasing agents for the existing income-based apartment properties the demand for affordable rental housing in Osawatomie has been strong for several years.

Despite in recent years the rate of renovations and resales in Osawatomie has increased and eleven new homes have been built or are under construction, the level of new quality housing has fallen far short from correcting the imbalanced housing market for both owner-occupied housing at a wide range of price points that meets the needs of today's homebuyers. New home construction has focused on existing infill lots serviced with utilities. A larger inventory of vacant lots in Osawatomie is required to stimulated increased new home construction, including infill lots and vacant land.

To conclude, Osawatomie suffers from a shortage of quality for-sale and rental housing at various price points. Market constraints such as the limited inventory of available vacant lots and raw land serviced by infrastructure has hampered efforts by the City and homebuilders to provide sufficient new housing inventory to alleviate the housing shortage.

2) The shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county.

From 2000 to 2019, just two new housing units were constructed in Osawatomie. During 2020 and 2021, 14 homes were built. The new homes provide the design and amenities homebuyers seek and have illustrated a market exists for homes priced from \$200,000 to \$250,000. This modest level of new residential construction is insufficient to foster a balanced housing market in Osawatomie.

Housing built prior to 1940 accounts for nearly half of the city's total housing stock. The low costs of much of the city's older housing stock has prompted an upturn in the investment by "flippers" who buy, renovate, and sell at a profit. While the increased level of activity by flippers has produced more quality, affordable housing in Osawatomie, it is insufficient to foster a balanced housing market.

The principal constraints in facilitating new residential construction in Osawatomie is a modest inventory of vacant infill lots and lack of residential land serviced by the necessary infrastructure. A larger inventory of vacant lots and developable land is required to escalate the rate of new home construction activity in Osawatomie.

To conclude, the shortage of quality housing in Osawatomie is expected to persist as attracting builders has proven difficult given the modest inventory of vacant lots and residential land serviced with infrastructure. Additional economic incentives are necessary in order to extend infrastructure needed to facilitate new lot inventory, encourage builders to construct new housing, and private property owners to invest in home renovations.

3) The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county.

Over the past 50 years Osawatomie's population has been stagnant and from 2000 to 2020 experienced an 8.4 percent decline in population, losing 390 residents. The lack of population growth places constraints on the local workforce which adversely impacts new business recruitment and opportunities for existing businesses to grow and expand. The city's existing population of 4,255 residents place constraints on the ability to attract retail businesses need to support area residents.

Continued economic expansion is critical to the economic and fiscal health of a community. To be competitive in attracting businesses a community must offer an excellent quality of life that includes a variety of housing at a wide range of price points, quality schools, low crime, ample recreational entertainment opportunities, and a pro-business environment.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

A diverse housing market is a key factor in influencing a community's economic growth and development. Communities with a variety of for-sale and rental housing offer employers a diverse workforce. The shortage of quality for-sale and rental housing is a deterrent to the future economic growth and development of Osawatomie. To be more attractive to prospective businesses, support a diverse mix of residents and skills, and be more competitive with other communities in the arena of economic development, Osawatomie must improve the selection of its housing stock.

While the City of Osawatomie applies all available statutory incentives to attract businesses and job growth, in recent years economic growth and development has been modest. Economic indicators that are reflective of a community's economic growth and development include trends in total assessed valuation, construction, and retail sales tax collections. The City of Osawatomie's total assessed valuation rose from \$22,285,924 in 2015 to \$23,217,564 by 2018, increasing at an annualized rate of just 1.4 percent. Increased assessed valuation associated with new improvements amounted to \$15,789 in 2015, \$26,051 in 2016, \$89,160 in 2017, and \$424,191 in 2018. The City sales tax collections increased from \$261,754 in 2014 to \$355,682 in 2021. New home construction in Osawatomie totaled 14 homes during 2020 and 2021. These economic indicators suggest that in recent years the City of Osawatomie has experienced modest economic expansion.

The City of Osawatomie's inability to meet prospective companies site requirements hampers the ability to attract employers. Lost economic development opportunities are a symptom of the City's inability to effectively compete with other communities as it pertains to infrastructure, workforce, and housing.

To conclude, the shortage of quality for-sale and rental housing at various price points places the City of Osawatomie at a considerable disadvantage in competing for and fostering future economic growth and development. The shortage of quality housing hampers population growth and the ability to offer prospective businesses a diverse workforce and a growing economy.

4) The future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.

To properly stimulate the Osawatomie new housing market the greatest hurdle to overcome is providing a larger inventory of vacant lots to entice builders to construct new housing as well as extend infrastructure to residentially zoned land to ensure a continued long-term pipeline of building sites. The principal constraint in providing additional lot and land inventory is the City's ability to fund the necessary improvements.

To facilitate future residential construction, new roads need to be constructed and utility lines extended. The City of Osawatomie owns a 9.75-acre parcel of land serviced with off-site infrastructure that is being considered for future development of a single-family subdivision. With a current total assessed valuation of \$23.2 million the City's bonding capacity is limited and may not be sufficient to fund the required street and infrastructure improvements to the property. Alternative funding sources may likely be required to facilitate development of a single-family home subdivision at the property.

To conclude, City of Osawatomie applies all available statutory incentives to attract businesses and job growth, but lack incentives needed to invest in infrastructure required to stimulate new home construction and population growth. Additional incentives are needed by the City to spur the construction of new housing. Without a substantial investment in infrastructure and the resulting increase in available residential lots and serviced tracts of land designated for future residential use the Osawatomie housing market will continue to suffer from modest new home construction activity and unmet housing market needs. Osawatomie's continued housing imbalance will place significant constraints on the ability to attract employers and foster continued population and economic growth.

Based on the findings of the *Housing Study and Needs Assessment* it has been determined that the City of Osawatomie qualifies as a Rural Housing Incentive District. Osawatomie suffers from a severe shortage of quality for-sale and rental housing at various price points with economic incentives necessary to encourage builders to construct new housing. The economic incentives could be used to fund the construction of additional residential lots and the extension of infrastructure to land designated for future residential use.

**HOUSING STUDY AND NEEDS ASSESSMENT
CITY OF OSAWATOMIE, KANSAS**

July 2022

INTRODUCTION

Study Objective and Organization

The City of Osawatomie, Kansas, is seeking to establish a Rural Housing Incentive District (“RHID”) under K.S.A. 12-5244(a). The Rural Housing Incentive District Act provides cities and counties a program to assist developers to build housing in rural communities by assisting in the financing of public improvements. Part of the process of establishing a RHID requires the governing body of the city or county to conduct a housing needs analysis to determine what, if any, housing needs exist within the community. The housing needs analysis must then be adopted by the governing body and is subject to the review and approval of the Kansas Department of Commerce.

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. These criteria form the primary basis upon which the Secretary for the Kansas Department of Commerce will review the housing needs analysis and consider its approval. Guidance with respect to those four findings is provided below.

1. There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers;
2. The shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county;
3. The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county; and
4. The future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.

As part of the process in establishing a RHIS, the City of Osawatomie retained Canyon Research Southwest, Inc. to prepare a *Housing Study and Needs Assessment*. The objective of the study is to quantify the supply and demand for both owner-occupied and renter-occupied housing in Osawatomie and provide a strategic plan to support a sustainable and diverse housing stock.

The *Housing Study and Needs Assessment* is segmented into six sections, including: 1) a community-wide demographic and economic analysis, 2) define the characteristics of existing housing stock, 3) for-sale housing analysis, 4) rental housing analysis, 5) near-term housing need projections, and 6) prospective development site evaluation. The study involved both primary and secondary sources of data gathering.

The Demographic and Economic Analysis section identifies the City’s demographic and economic characteristics impacting the local housing market including population and household growth trends, household types, household income, educational attainment, and historical employment growth trends. This section of the report provides the baseline data necessary in forecasting future demand of for-sale and rental housing in Osawatomie. The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are: entry-level households, first-time homebuyers and move-up renters, move-up homebuyers,

empty-nesters, younger independent seniors and older seniors. The *American Community Survey* by the U.S. Census Bureau provided historical demographic data while demographic projections were supported by data published by Esri Business Analyst, a national demographic research firm. Quantifying these demographic and economic characteristics assisted in projecting the future demand for various housing types in Osawatomie.

The Housing Stock Characteristics section of the report assessed the status of Osawatomie's existing housing stock by identifying the inventory, age and composition of the City's existing housing, housing tenure and occupancies, inventory of for-sale and rental housing, and recent new home construction trends. The issues of barriers to new housing construction and housing affordability relative to household income levels were addressed. The goal was to identify current and future opportunities to support new housing in Osawatomie. Historical housing data for the City of Osawatomie was provided by the *American Community Survey* published by the U.S. Census Bureau.

The For-Sale Housing Analysis section addressed recent trends in the sale of existing single-family homes, current inventory of homes actively on the market, and a survey of active residential construction. The Multiple Listing Service (MLS) provided data on these market trends.

The Rental Housing Market Analysis section of the report surveyed market-rate and income-based housing communities in Osawatomie to gauge the inventory, quality, and occupancies of the current rental housing stock.

The Housing Demand section of the study provides current and 5-year housing demand forecasts by product type for the City of Osawatomie. Demand for additional housing was further provided by sales price range for both for-sale housing and by rental rate range for rental housing.

The Site Evaluation section of the study evaluates the suitability of the City-owned 10-acre parcel at 6th Street and Chestnut Avenue as a single-family home subdivision development site.

Based on the findings of the *Housing Study and Needs Assessment* for the City of Osawatomie the four findings and determinations outlined by the Rural Housing Incentive District Act were addressed.

Property Description

The City of Osawatomie owns a 9.75-acre parcel of vacant land located just east of 6th Street between Chestnut and Kelly Avenues within the southern portion of the city. The property is relatively flat with vegetation limited to grass and a few scattered trees. All utilities are available to the property. Adjacent street improvements include two asphalt paved lanes of traffic, gutters, streetlights, and power lines on 6th Street; two asphalt paved lanes of traffic, curbing, and power lines on Chestnut Avenue; and two asphalt paved lanes of traffic and power lines on Kelly Avenue. Land uses fronting the east side of 6th Street include Country Vintage Inn, ten single-family homes, and Whistle Stop Café. Single-family homes border the property to the north and east with vacant land to the south. Photos of the city-owned property are on page 3 with an aerial view on page 4.

Photos of the City-Owned Property

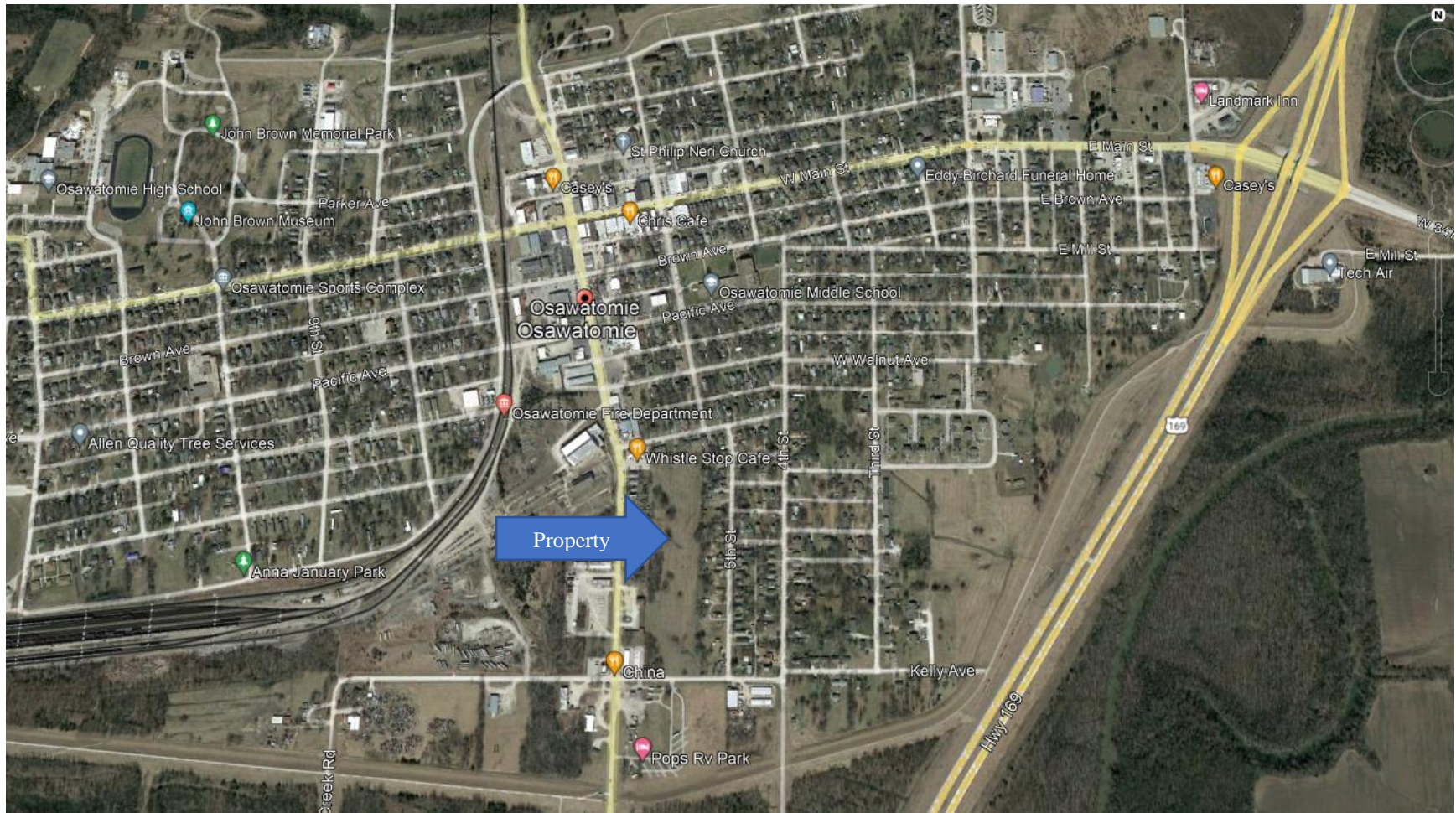


Photo Looking South



Photo Looking East from Whistle Stop Café Parking Lot

Aerial Photo of the City-Owned Property



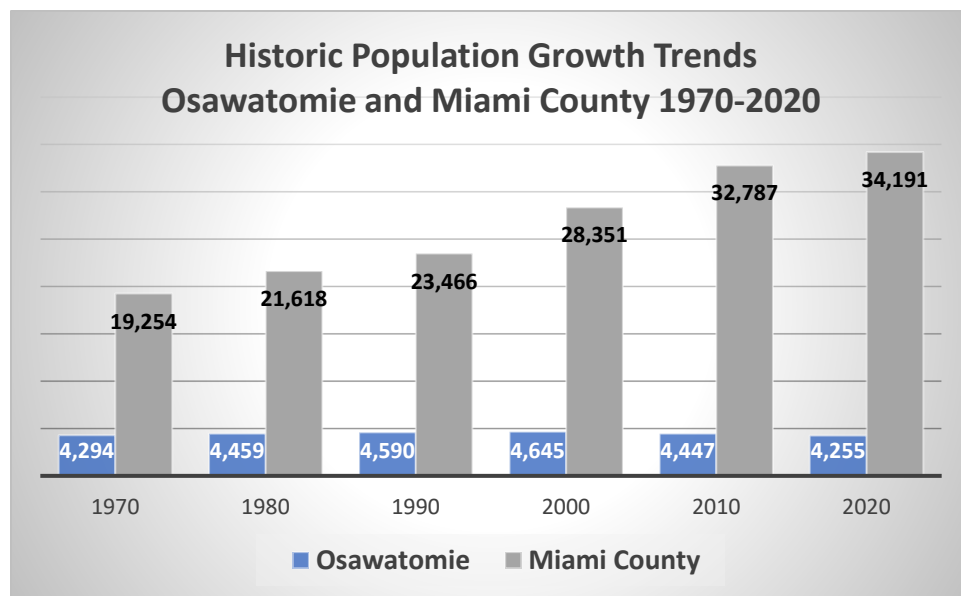
DEMOGRAPHIC AND ECONOMIC ANALYSIS

This section of the report examines housing-related demographic and economic factors impacting Miami County and the City of Osawatomie, including population and household growth trends, age distribution, educational attainment, household income, and employment trends. Demographic data was provided by the U.S. Census Bureau with employment statistics provided by the U.S. Bureau of Labor Statistics. Five-year demographic projections were provided by Esri Business Analyst, a national demographic research firm. Quantifying these demographic and economic characteristics will assist in projecting the future demand for housing in the City of Osawatomie.

Population and Household Growth Trends

Population and household growth are key components for quantifying the current housing market size and forecasting future demand. Osawatomie is in Miami County. From 1970 through 2000 the City of Osawatomie experienced steady though modest population growth, increasing by 8.2 percent to 4,645 residents by 2000. From 1970 through 2000, Miami County also recorded population gains, increasing by 47.2 percent, added 9,097 residents.

From 2000 to 2020, Miami County's population continued to grow, adding 5,840 residents. During the same 20-year timeframe Osawatomie experienced an 8.4 percent decline in population, losing 390 residents.



A community's population demographics play a significant role in the demand for housing. Of specific importance to the level and composition of a community's future housing demand are population growth, age distribution, household composition, and household income. Future employment and population growth are necessary to foster a healthy new housing market of both

for-sale and rental product. From 22.3 percent of the Miami County population in 1970, Osawatomie now accounts for just 12.4 percent of the County population.

Historical Population Trends for the City of Osawatomie and Miami County

Osawatomie				Miami County			Osawatomie % of County
Year	Population	Change	Growth Rate	Population	Change	Growth Rate	
1970	4,294	-328	-7.10%	19,254	-630	-3.17%	22.30%
1980	4,459	165	3.84%	21,618	2,364	12.28%	20.63%
1990	4,590	131	2.94%	23,466	1,848	8.55%	19.56%
2000	4,645	55	1.20%	28,351	4,885	20.82%	16.38%
2010	4,447	-198	-4.26%	32,787	4,436	15.65%	13.56%
2020	4,255	-192	-4.32%	34,191	1,404	4.28%	12.44%

Source: U.S. Census Bureau.

A potential source of future housing demand in Osawatomie is the continued expansion of the Kansas City MSA that now supports a population of 2.2 million. Since 2000, the Kansas City MSA population has increased by 19.4 percent, adding 356,000 residents. The steady population growth has fueled continued new home construction at the edges of the metropolitan area.

Trends in household types for the City of Osawatomie are depicted in the table on the following page. From 2010 to 2020, the composition of households in Osawatomie shifted significantly with single parent households and senior households comprising larger market shares. Male households increased from 5.9 percent in 2010 to 28.8 percent by 2020, while female households rose from 8.7 percent to 12.6 percent over the same ten-year timeframe. Households with one or more people 65+ years old rose from 18.4 percent in 2010 to 29.6 percent by 2020. Senior households are expected to have a growing impact on the Osawatomie housing market including an increased demand for independent and assisted living facilities.

The number of married-couple households in Osawatomie declined from 45.6 percent in 2010 to 29.1 percent by 2020. The number of married-couple households with children under 18 years old declined from 26.5 percent in 2010 to 13.8 percent by 2020. Single person households accounted for 37.6 percent of all households in 2010, dropped to 34.0 percent by 2020. Seniors living alone also declined from 20.8 percent in 2010 to just 4.2 percent by 2020.

Compared to statewide averages, Osawatomie has above average rates of single parent households, households with one or more people under 18 years of age, and households with one or more people 65+ years of age. Osawatomie supports below average rates of married couple households and married couple households with children present. These household composition characteristics suggest a need for single-family housing, rental housing, and senior housing.

City of Osawatomie Trends in Household Types

Household Type	Osawatomie 2010	% of Total	Osawatomie 2020	% of Total		Kansas 2020	% of Total
Total Households	1,700		1,614			1,141,985	
Family Households	1,052	61.9%	918	56.9%		731,014	64.0%
With Children Under 18 Years	700	41.2%	546	33.8%		326,380	28.6%
Married-Couple Family	776	45.6%	470	29.1%		576,150	50.5%
With Children Under 18 Years	451	26.5%	222	13.8%		231,619	20.3%
Male Householder, No Wife Present	101	5.9%	465	28.8%		210,431	18.4%
With Children Under 18	101	5.9%	52	3.2%		16,474	1.4%
Female Householder, No Husband Present	175	10.3%	516	32.0%		287,099	25.1%
With Children Under 18	148	8.7%	204	12.6%		53,063	4.6%
Householder Living Alone	611	37.6%	253	15.7%		178,052	15.0%
65 Years and Older	169	20.8%	67	4.2%		89,424	7.8%
Households with one or more people under 18	749	44.1%	549	34.0%		353,882	31.0%
Households with one or more people 65+	312	18.4%	477	29.6%		324,145	28.4%

Source: U.S. Census Bureau.

Population Age Distribution Trends

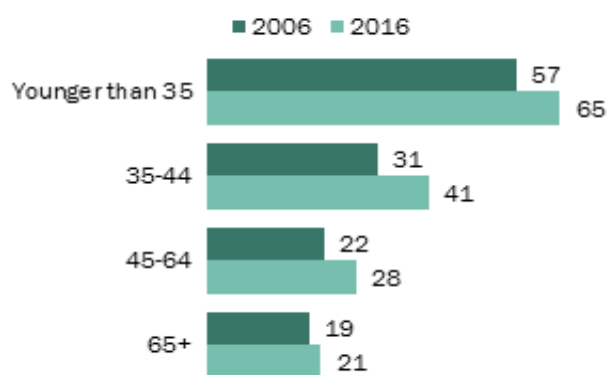
The age composition of a community's population plays a significant role in the demand for various housing types. As persons age their housing needs change. Each age group is at a different stage in life and possesses differing housing needs that includes renting versus homeownership as well as the type of housing product (i.e., detached single family, attached townhouse and condominium, apartment, etc.).

The total number of households in the United States grew by 7.6 million between 2006 and 2016. But over the same period, the number of households headed by owners remained relatively flat, in part because of the lingering effects of the housing crisis. Meanwhile, the number of households residing in rental housing increased significantly during that span, as did the share, which rose from 31.2 percent of households in 2006 to 36.6 percent by 2016. The current renting level exceeds the recent high of 36.2 percent set in 1986 and 1988 and approaches the rate of 37.0 percent reported in 1965.

Certain demographic groups – such as young adults and the lesser educated – have historically been more likely to rent than others. Young adults – those younger than 35 – continue to be the most likely of all age groups to rent. In 2016, 65 percent of households headed by people younger than 35 were renting, up from 57 percent in 2006. In 2016, about 41 percent of households headed by someone ages 35 to 44 were renting, up from 31 percent in 2006.

About two-thirds of households headed by young adults are rentals

% of household heads who rent their home, by householder's age



Note: Based on revised estimates.

Source: Pew Research Center analysis of Census Bureau estimates of housing inventory.

PEW RESEARCH CENTER

The Home Ownership Rate in the United States was reported at 65.5 percent in the fourth quarter of 2021 up from 64.30 percent in the second quarter of 2018. Home Ownership Rate in the United States averaged 65.23 percent from 1965 until 2018, reaching an all-time high of 69.20 percent in the second quarter of 2004 and a record low of 62.90 percent in the second quarter of 1965.

Estimates published by the *American Housing Survey* are that 87.9 percent of owner-occupied housing units are single family homes or townhouses while 80.5 percent of renter-occupied dwellings are apartments or condominiums.

In the United States there is a strong correlation between the age of a household's family structure and homeownership. The rate of homeownership increases with the age of the householder up until age 65, when a slight decrease becomes visible. Only 21.9 percent of households with a householder under the age of 25 years owns a home, increasing to 32.6 percent for householders under the age of 30 years and 43.0 percent for householders under the age of 35 years. By comparison, 81.6 percent of those households with a householder between the ages of 55 and 64 are homeowners.

Osawatomie's population for 2010 and 2020 is summarized in the table below by seven primary age groups, including adolescent (0-19 years), college age adults (20 to 24 years), young adults (25 to 34 years), family/working adults (35-44 years); empty nesters (45-54 years and 55-64 years) and elderly (65+ years).

City of Osawatomie Population Age Distribution Trends; 2010-2020

Age Group	2010	% of Total	2020	% of Total	2010-2020 Change	% Change	Kansas Age Distribution
0-19 Years	1,426	31.6%	1,102	25.8%	-324	-22.7%	27.1%
20-24 Years	316	7.0%	358	8.4%	42	13.3%	7.3%
25-34 Years	654	14.5%	597	14.0%	-57	-8.7%	13.1%
35-44 Years	663	14.7%	590	13.8%	-73	-11.0%	12.3%
45-54 Years	638	14.1%	588	13.7%	-50	-7.8%	11.6%
55-64 Years	370	8.2%	421	9.8%	51	13.8%	12.8%
65+ Years	442	9.8%	623	14.6%	181	41.0%	15.8%
Totals	4,509	100.0%	4,279	100.0%	-230	-5.1%	100.0%
Median Age	33.3		37.8				36.9

Source: U.S. Census Bureau.

From 2010 through 2020, the *American Community Survey* published by the U.S. Census Bureau estimated the adolescent population in Osawatomie declined by 324 residents and by 2020 accounted for 25.8 percent of the population compared to 27.1 percent statewide.

The number of college age adults (20 to 24 years) in Osawatomie increased by 42 residents from 2010 through 2020 and now account for 8.4 percent of the population compared to 7.3 percent for all of Kansas. Meanwhile, the population of young adults (25 to 34 years) declined by 57 residents

and now account for 14.1 percent of the city's population, compared to 13.1 percent statewide. These two age cohorts account for 22.5 percent of the City's population as support the need for entry-level for-sale housing and rental housing in Osawatomie.

Family/working adults (35-44 years) account for 13.8 percent of the City's population compared to 12.3 percent for the State of Kansas. This age bracket lost 73 residents from 2010 to 2020 and generates a need for entry-level, for-sale housing in Osawatomie.

Osawatomie's empty-nesters (45-64 years) accounts for 23.5 percent of the population and support a need for two types of housing, move-up for-sale housing and smaller downsize housing.

From 2010 to 2020, the elderly (65+ years) population residing in Osawatomie increased by 41 percent, adding 181 residents. The continued growth of the senior population is expected to drive the increased need for smaller homes as well as independent and assisted living.

Esri Business Analyst provided 5-year population age distribution forecasts for the City of Osawatomie that are helpful in identifying possible near-term trends in the demand for various housing types.

Absolute population gains from 2022 to 2027 in Osawatomie are forecast to the largest for seniors ages 65+ years (86 residents); adolescent ages 0 to 14 years (20 residents); and young adults ages 25 to 34 years (14 residents). These age cohorts suggest a future growing need for affordable rental housing, entry-level single-family homes, and senior housing.

Osawatomie, Kansas Population Age Distribution Projections; 2022-2027

Age Group	2022 Estimate	% of Total	2027 Projection	% of Total	2022-2027 Change	% Change
0-14 Years	920	22.0%	940	22.4%	20	2.1%
15-24 Years	573	13.7%	537	12.8%	-36	-6.3%
25-34 Years	535	12.8%	541	12.9%	6	1.1%
35-44 Years	506	12.1%	520	12.4%	14	2.8%
45-54 Years	515	12.3%	462	11.0%	-53	-10.3%
55-64 Years	494	11.8%	474	11.3%	-19	-3.9%
65+ Years	636	15.2%	722	17.2%	86	13.5%
Totals	4,183	100.0%	4,196	100.0%	13	0.3%
Median Age	36.1		36.6			

Source: Esri Business Analyst.

Educational Attainment

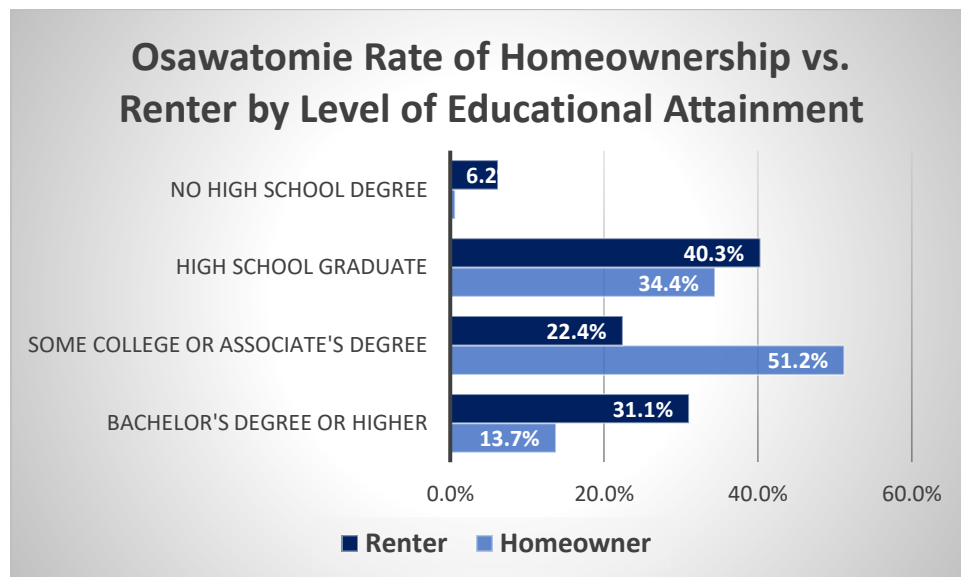
Because income increases with advancing educational attainment, communities with high education levels generally support higher levels of homeownership and housing values. According to the *American Community Survey 2020* Osawatombie supports lower educational levels than the Kansas and national norms. A reported 54.3 percent of Osawatombie residents 25 years and over possess a high school degree or less, compared to 36.5 percent for Miami County, 34.5 percent for Kansas, and 38.2 percent for the United States. Just 16.2 percent of Osawatombie residents have attained a bachelor's or graduate degree.

Educational Attainment Levels – Osawatombie, KS For Residents 25 Years and Over

Highest Education Level Obtained	City of Osawatombie	Miami County	State of Kansas	United States
Less than 9th Grade	0.3%	1.5%	3.5%	4.9%
9th - 12th Grade, No Diploma	4.3%	2.9%	5.2%	6.6%
High School Graduate / GED	49.7%	32.1%	25.8%	26.7%
Some College, No Degree	25.2%	24.3%	22.8%	20.3%
Associate Degree	4.4%	8.0%	8.8%	8.6%
Bachelor's Degree	11.4%	20.0%	21.5%	20.2%
Graduate / Professional Degree	4.8%	11.2%	12.5%	12.7%

Source: American Community Survey, U.S. Census Bureau.

The rate of homeownership in Osawatombie increases from 0.6 percent for those residents with less than a high school degree or less to 51.2 percent with some college or an associate's degree. Conversely, 46.5 percent of residents with a high school degree or less are renters.



The educational attainment levels of Osawatomie residents favor entry-level homeownership and renting. Demand for entry-level for-sale housing and rental housing is supported by the fact that the highest level of education for 49.7 percent of renters is a high school degree. The 16.2 percent of Osawatomie residents with a bachelor's or graduate degree are candidates to be homeowners of more expensive move-up housing.

Household Income

Generally, as household incomes increase higher housing costs can be supported of both for-sale and rental housing. The table below summarizes household income comparisons for the City of Osawatomie and State of Kansas provided by the *American Community Survey 2020*.

Trends in Households by Income for 2020 City of Osawatomie vs. State of Kansas

Income Bracket	City of Osawatomie	% of Total	State of Kansas	% of Total
Less than \$15,000	275	17.0%	105,925	9.3%
\$15,000 - \$24,999	97	6.0%	99,905	8.7%
\$25,000 - \$34,999	268	16.6%	109,267	9.6%
\$35,000 - \$49,999	144	8.9%	154,259	13.5%
\$50,000 - \$74,999	361	22.4%	213,858	18.7%
\$75,000 - \$99,999	195	12.1%	153,945	13.5%
\$100,000 - \$149,999	254	15.7%	172,235	15.1%
\$150,000 - \$199,999	17	1.1%	67,637	5.9%
\$200,000+	3	0.2%	64,956	5.7%
Totals	1,614		1,141,985	
Median Income	\$51,307		\$61,091	

Source: U.S. Census.

The *American Community Survey 2020* published by the U.S. Census Bureau estimated the median household income for Kansas of \$61,091 and the United States of \$64,994. Osawatomie's median household income of \$51,307 lags both the statewide and national averages. Due to the above average rate of high-income households earning \$75,000 and more annually the homeownership rate for Osawatomie of 67.5 percent exceeds that for both Kansas (66.4%) and the United States (63.8%).

An estimated 39.6 percent of households in Osawatomie earned less than \$35,000 annually compared to 27.6 percent for the State of Kansas. These households tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. The 31.3 percent of households earning \$35,000 to \$74,999 create a need for quality rental housing and entry-level, for-sale housing, with the highest income households supporting the need for move-up, for-sale housing market. The estimated 29.1 percent of Osawatomie households earning \$75,000 or more create a market for move-up and upscale housing.

Income levels generally increase with age. The *American Community Survey 2020* reported that for householders in Osawatomie under the age of 25 years the median household income was \$51,167 (compared to \$34,184 for Kansas), suggesting these residents are capable of being either first-time homebuyers or renters. The median household income for those householders 25 to 44 years of age was estimated at \$75,346, suggesting upscale renters and move-up homeowners. The median household income for those householders 45 to 65 years of age was estimated at \$60,192, suggesting homeowners of single-family housing. Osawatomie's median household income is due in part to the large 65+ population with well below statewide income levels.

Median Income by Age, 2020

Age Bracket	Osawatomie	State of Kansas
Under 25 Years	\$51,167	\$34,184
25 to 44 years	\$75,346	\$67,765
45 to 64 Years	\$60,192	\$74,733
65+ Years	\$30,104	\$45,777
Median Household Income	\$51,307	\$61,091

Source: U.S. Census Bureau.

The table on the following page summarizes 2022 household income estimates and 2027 projections for the City of Osawatomie provided by Esri Business Analyst. For 2022, an estimated 20.5 percent of households in Osawatomie earn less than \$35,000 annually. These households tend to be renters with households under \$25,000 potentially qualifying for some sort of housing assistance. The 12.6 percent of all households earning \$35,000 to \$49,999 suggests a need for entry-level, for-sale housing. Meanwhile, the estimated 26.7 percent of households earning \$75,000 or more, fuel demand for upscale housing.

From 2022 to 2027, the median household income for Osawatomie is forecast to increase by 6.2 percent to \$60,365 annually. By 2027, just 13.7 percent of the city's households are estimated to earn less than \$35,000 annually, suggesting a continued need for affordable housing. The 10.2 percent of all households earning \$35,000 to \$49,999 suggests an average need for entry-level, for-sale housing. By 2027, high-income households possess median incomes of \$100,000 or more are estimated to account for 17.3 percent of all Osawatomie households, suggesting a growing need for move-up housing.

**Projected Trends in Households by Income
Osawatomie, Kansas; 2022-2027**

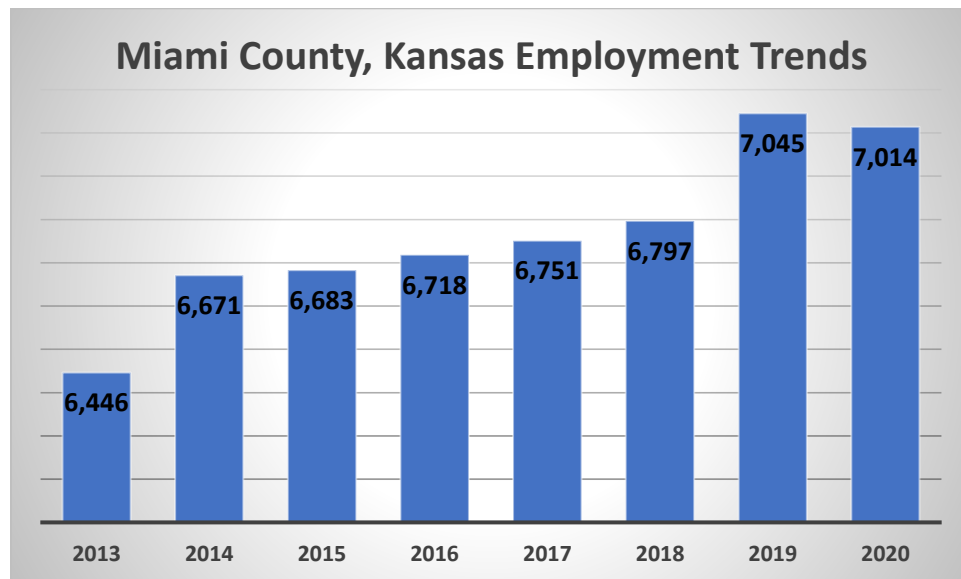
Income Bracket	2022 Estimate	% of Total	2027 Projection	% of Total	2022-2027 Change	% Change
Less than \$15,000	132	8.4%	90	5.7%	-41	-31.5%
\$15,000 to \$24,999	56	3.6%	40	2.5%	-17	-29.8%
\$25,000 to \$34,999	133	8.5%	87	5.5%	-46	-34.6%
\$35,000 to \$49,999	198	12.6%	162	10.2%	-36	-18.2%
\$50,000 to \$74,999	628	40.0%	716	45.2%	89	14.2%
\$75,000 to \$99,999	179	11.4%	216	13.6%	37	20.5%
\$100,000 to \$149,999	166	10.6%	185	11.7%	19	11.5%
\$150,000 to \$199,999	46	2.9%	52	3.3%	7	15.0%
\$200,000+	28	1.8%	36	2.3%	8	29.1%
Totals	1,569	100.0%	1,585	100.0%	16	1.0%
Median HH Income	\$56,851		\$60,365		\$3,514	6.2%

Source: Esri Business Analyst.

Employment Trends

Since gains in employment generally fuels population, income and housing market growth, employment trends are a reliable indicator of general economic conditions and housing demand. Typically, households prefer to live near work for convenience.

The bar chart below illustrates annualized employment trends for Miami County since 2013 published by the U.S. Bureau of Labor Statistics. Following the 2008-2011 national recession, employment in Miami County began to rebound in early 2012. During 2014, employment in Miami County grew by 3.5 percent, totaling 6,671 jobs. Job growth continued at a modest pace over the next four years reaching 6,797 jobs by 2018. During 2019, job growth of 3.6 percent yielded 248 new jobs. Job growth dipped slightly during 2020 as the COVID-19 pandemic resulted in business interruptions and layoffs. In total, from 2013 through 2020 a total of 568 jobs were created in Miami County, fueling population growth and the need for additional housing.



According to the *American Community Survey 2020*, Osawatomie's median household income is \$51,307. By comparison, the median household income for Kansas is \$61,091 and the United States is \$64,994. Lower median household income levels suggest supportable housing values in Osawatomie would be lower than that for Kansas as the nation as a whole.

The mean commute time to work for Osawatomie residents is 23.6 minutes, compared to 19.6 minutes statewide. These commute patterns suggest many Osawatomie residents drive into the Kansas City MSA for work.

Local wages have a direct impact on housing values and rents. To illustrate, the median housing value of \$89,000 in Osawatomie lags well behind the State of Kansas median of \$157,600 and the United States median of \$229,800. The median monthly rent in Osawatomie of \$799 compares to \$863 for the State of Kansas and \$1,096 for the United States.

The composition of an area's employment base helps dictate income levels and the composition of housing demand. High levels of such white-collar occupations as professional, management and administrative; information; and financial, insurance and real estate generate demand for owner-occupied housing. Meanwhile, employment sectors more likely to create a need for rental housing typically include construction, manufacturing, wholesale trade, retail trade, and transportation and warehousing. The table below provides a comparison of civilian employment levels by industry for Miami County and Kansas residents published in the *American Community Survey 2020*.

Civilian Employment by Sector Comparison Miami County vs. State of Kansas; 2020

Industry Classification	Miami Total	County %	State of Total	Kansas %
Total Civilian Employment	16,563	100.0%	1,444,074	100.0%
Agriculture	444	2.7%	44,776	3.1%
Construction	1,846	11.1%	92,469	6.4%
Manufacturing	1,577	9.5%	180,810	12.5%
Wholesale Trade	359	2.2%	39,755	2.8%
Retail Trade	1,877	11.3%	151,825	10.5%
Transportation, Warehousing & Utilities	1,253	7.6%	74,028	5.1%
Information	295	1.8%	26,172	1.8%
Finance, Insurance & Real Estate	1,249	7.5%	90,552	6.3%
Professional, Management & Admin.	1,340	8.1%	139,489	9.7%
Education & Health Care	4,083	24.7%	357,098	24.7%
Arts, Entertainment, Accommodations & Food Services	788	4.8%	117,866	8.2%
Other Services, Except Public Administration	896	5.4%	64,545	4.5%
Public Administration	550	3.3%	64,691	4.5%

Source: U.S. Census Bureau.

As of 2020, the leading employment sectors for residents of Miami County included education & health services (4,083 jobs); retail trade (1,877 jobs); construction (1,846 jobs); manufacturing (1,577 jobs); professional, management and administrative (1,340 jobs); and transportation, warehousing, and utilities (1,253 jobs).

When compared to statewide averages, Miami County supports above average concentrations of jobs in construction; retail trade; transportation, warehousing and utilities; finance, insurance and real estate; and other services except public administration. Conversely, Miami County lags below the statewide norms in agriculture; manufacturing; wholesale trade; professional, management, and administration; arts, entertainment, accommodations, and food services; and public administration. Miami County's employment composition suggests a need for entry-level for-sale housing and rental housing.

Conclusions

A community's changing demographic trends have a significant impact on the local housing market. Those population demographics that play a role in shaping the composition of a local housing market include population growth, age distribution, household composition, educational attainment, and household income.

From 2000 to 2020, Osawatomie experienced an 8.4 percent decline in population, losing 390 residents. As a result of the declining population, over the past 15 years or so new home construction was stagnant. Favorable interest rates assisted in supporting a recent trend in investors purchasing homes in Osawatomie, renovating them, and selling at a profit. This "flipping" activity has transitioned into a modest volume of infill new home construction.

The age composition of a community's population plays a significant role in the demand for various housing types. As a person ages, their housing needs change. Over the next five years the elderly (65+ years), adolescent ages 0 to 14 years, and young adults ages 25 to 34 years are forecast to support the largest gains in population in Osawatomie. The future age demographic trends suggest a need for affordable rental housing, entry-level housing, and senior housing.

Compared to statewide averages, Osawatomie has above average rates of single parent households, households with one or more people under 18 years of age, and households with one or more people 65+ years of age. Osawatomie supports below average rates of married couple households and married couple households with children present. These household composition characteristics suggest a need for single-family housing, rental housing, and senior housing.

Because income increases with advancing educational attainment, communities with high education levels generally support higher rates of homeownership and housing values. The educational attainment levels of Osawatomie residents favor entry-level homeownership and renting. Demand for entry-level for-sale housing and rental housing is supported by the fact that the highest level of education for 49.7 percent of renters is a high school degree. The 16.2 percent of Osawatomie residents with a bachelor's or graduate degree are candidates to be homeowners of more expensive move-up housing.

The 39.6 percent of households in Osawatomie earning less than \$35,000 annually tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. The 31.1 percent of households earning \$35,000 to \$74,999 create a need for rental housing and entry-level, for-sale housing, with the highest income households supporting the need for move-up, for-sale housing. The 29.1 percent of Osawatomie households earning \$75,000 or more create a market for move-up and upscale housing.

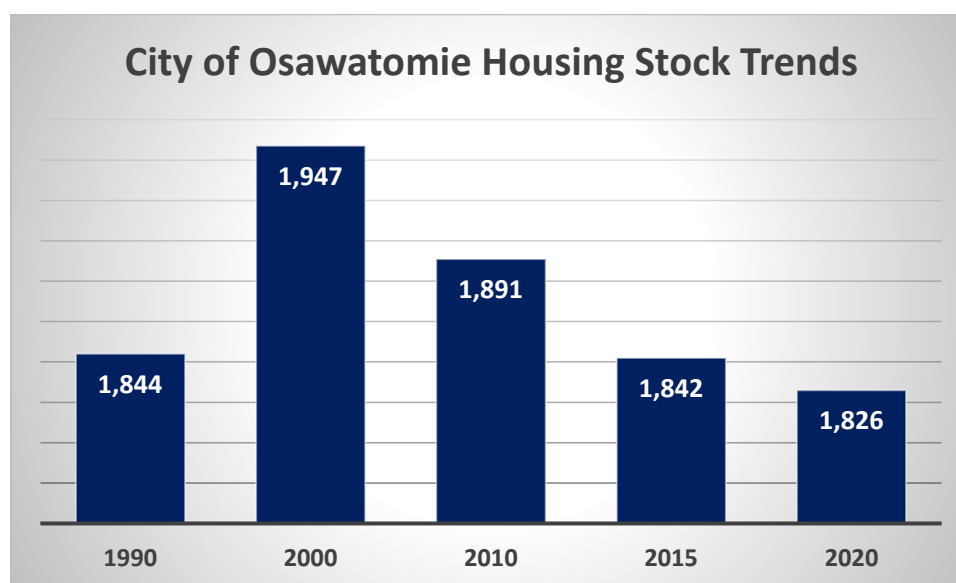
To conclude, Osawatomie's diverse population demographics produce the need for a wide range of rental and for-sale housing product. A strong need exists for income-based and market-rate rental housing. Those households earning \$35,000 to \$49,999 annually create the need for entry-level, for-sale housing. The median household income for those householders 25 to 44 years of age supports a need for quality rental housing and for-sale, move-up housing. High-income households create a need for upscale, for-sale housing. The large population of residents 65+ years of age will create a growing need for senior housing.

HOUSING STOCK CHARACTERISTICS

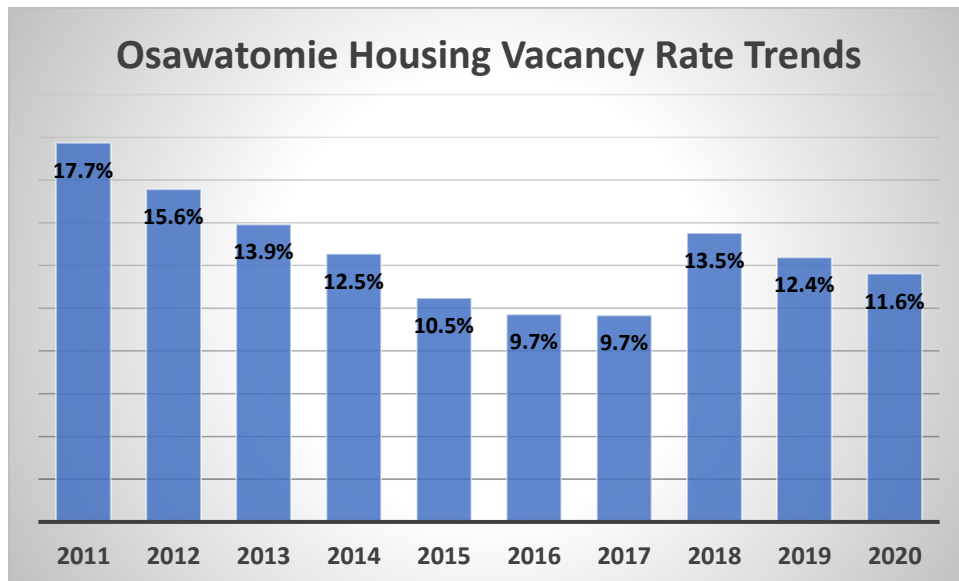
This section of the report evaluates the City of Osawatomie's existing housing stock by identifying such characteristics as total inventory of dwelling units, housing types, occupancies, and age of housing stock. The goal is to identify current and future opportunities to support new housing stock in Osawatomie.

Housing Stock Inventory and Occupancies

The 1990 Census reported the Osawatomie, Kansas housing stock at 1,844 dwelling units. By the 2000 Census the city's housing stock increased by 5.6 percent to 1,947 dwelling units. From 2000 to 2010 Osawatomie's housing stock declined by 56 dwelling units as the population began to decline. According to the *American Community Survey*, since the 2010 Census Osawatomie's housing stock continued to decline with a reduction of dwelling units to an inventory of 1,826 dwelling units by 2020.



According to the *American Community Survey*, over the past decade the housing vacancy rate in Osawatomie peaked at 17.7 percent in 2011. Several years of improving market conditions pushed vacancies to a low of 9.7 percent during both 2016 and 2017. Over the past three years the overall vacancy rate has risen slightly to an annualized rate of 11.6 percent to 13.5 percent. By 2020, 212 housing units were vacant in Osawatomie. Yielding a vacancy rate of 11.6 percent. The bar chart on the following page illustrates annual housing vacancy rate trends in Osawatomie from 2011 through 2020.



Age of Housing Stock

The table below compares the age of Osawatombie's housing stock with that of the State of Kansas as reported by the *American Community Survey 2020* published by the U.S. Census Bureau. Compared to Kansas' housing stock, Osawatombie's housing stock is much older with nearly half of the existing inventory built prior to 1940. By comparison, just 16.2 percent of the state's housing stock was built prior to 1940. Modest new home construction booms in Osawatombie were recorded during the 1950's (454 new housing units) and the 1970's (234 new housing units). The U.S. Census Bureau reported no new home construction in Osawatombie since 2000.

Osawatombie, Kansas Housing Stock by Year Built; 2020

Year Structure Built	# of Units	% of Total	Kansas
Total Housing Units	1,826		1,280,376
Built 2014 or Later	0	0.0%	2.8%
Built 2010 to 2013	0	0.0%	2.5%
Built 2000 to 2009	0	0.0%	10.9%
Built 1990 to 1999	68	3.7%	12.9%
Built 1980 to 1989	59	3.2%	11.6%
Built 1970 to 1979	234	12.8%	14.7%
Built 1960 to 1969	48	2.6%	10.2%
Built 1950 to 1959	454	24.9%	12.6%
Built 1940 to 1949	78	4.3%	5.5%
Built 1939 or Earlier	885	48.5%	16.2%

Source: U.S. Census.

Housing built prior to 1950 accounts for 52.8 percent of the city’s total housing stock, compared to 21.7 percent statewide. Osawatomie’s older housing units are generally smaller in size and lack the modern amenities of newer housing. Older housing stock is generally less expensive than new housing and is ideally suited for renovation/investment catering to first-time homebuyers. The large inventory of housing units in Osawatomie constructed prior to 1950 provides an excellent opportunity to foster entry-level, for-sale housing through property investment and renovation efforts. Osawatomie’s stock of older housing could benefit from a small home repair program offering low interest loans or grants to income-qualifying households.

Housing Stock by Structure Type

The table below identifies Osawatomie’s housing stock by unit type as reported by the *American Community Survey 2020*.

Osawatomie, Kansas Housing Stock by Type – 2020

Units in Structure	# of Units	% of Total	Kansas %
1-Unit, Detached	1,563	85.6%	72.7%
1-Unit, Attached	10	0.5%	4.7%
2 Units	0	0.0%	2.5%
3 or 4 Units	87	4.8%	3.6%
5 to 9 Units	0	0.0%	3.9%
10 to 19 Units	0	0.0%	3.6%
20+ Units	116	6.4%	4.8%
Mobile Home	50	2.7%	4.2%
Boat, RV, Van, etc.	0	0.0%	0.1%
Total Housing Units	1,826	100.0%	100.0%

Source: U.S. Census Bureau.

Osawatomie’s housing stock is dominated by detached single family homes, accounting for 85.6 percent of the total inventory. By comparison, detached single family housing accounts for 72.7 percent of Kansas’ housing units.

A common characteristic of outlying and rural area’s housing mix is a modest inventory of multi-family housing units. In Osawatomie, properties with 3 or 4 dwelling units account for 4.8 percent of the total housing stock, compared to 3.6 percent statewide. Multi-family structures with 10 or more dwelling units account for 6.4 percent of the total housing stock, compared to 8.4 percent for all of Kansas. The below average rate for multi-family properties with 10 or more dwelling units is due to the apprehension of major apartment builders to construct large market-rate apartment communities in rural areas.

As indicated by the table below, homeowners and renters in Osawatomie are both more likely to occupy detached single-family housing than multi-family housing. For 2020, the U.S. Census Bureau estimated that detached single family homes accounted for 95.1 percent of all owner-occupied housing units and 65.5 percent of all occupied rental housing units.

Multi-family housing with 2 or more dwelling units account for 32.7 percent of all renter-occupied units in Osawatomie and few owner-occupied housing units. Properties with 3 to 4 rental units account for 14.0 percent of all renter-occupied units while properties with ten or more dwelling units account for 18.7 percent. Most, if not all, properties with ten or more dwelling units are income-based rental housing.

Osawatomie, Kansas Occupied Housing Stock by Type – 2020 Owner-Occupied vs. Renter-Occupied Housing

Housing Type	City Total	Owner- Occupied	Renter- Occupied
Occupied Housing Units	1,614	993	621
Units in Structure			
1-Unit, Detached	83.7%	95.1%	65.5%
1-Unit, Attached	0.6%	1.0%	0.0%
2 Units	0.0%	0.0%	0.0%
3 to 4 Units	5.4%	0.0%	14.0%
5 to 9 Units	0.0%	0.0%	0.0%
10+ Units	7.2%	0.0%	18.7%
Mobile Home or Other	3.1%	3.9%	1.8%

Source: U.S. Census Bureau.

A person's propensity to rent versus homeownership changes as they age. Younger people are more likely to be renters while older householders were more likely to be homeowners.

According to *American Community Survey 2020*, the rate of homeownership in Osawatomie increases as a householder gets older, peaking at 27.7 percent for those householders 35 to 44 years of age. Householders under the age of 35 years account for 12.7 percent of homeowners in Osawatomie, with householders ages 35 to 44 percent accounting for 20.2 percent. Elderly 65 years and older account for 19.4 percent of homeownership, suggesting in coming years the inventory of available for-sale housing units may increase.

A reported 20.8 percent of households under the age of 35 years were renters, declining to 9.3 percent for householders ages 35 to 44 years. Interestingly, the rate of renter households remains high for householders ages 45 years and older. The rate of renter households is 17.9 percent for those 45 to 54 years of age and 13.5 percent for those 55 to 64 years. Senior households 65 years and older account for 38.5 percent of all renter households in Osawatomie.

The future age distribution of Osawatomie's population will play a role in the composition of owner-occupied and renter-occupied housing.

Osawatomie, Kansas Occupied Housing Stock by Age of Householder – 2020

Housing Type	City Total	Owner- Occupied	Renter- Occupied
Occupied Housing Units	1,614	993	621
Under 35 Years	15.8%	12.7%	20.8%
35 to 44 Years	16.0%	20.2%	9.3%
45 to 54 Years	23.9%	27.7%	17.9%
55 to 64 Years	17.5%	19.9%	13.5%
65 to 74 Years	13.9%	14.5%	12.9%
75 to 84 Years	7.9%	4.9%	12.7%
85 Years and Over	5.0%	0.0%	12.9%

Source: U.S. Census Bureau.

The median household income in Osawatomie is \$51,307. Homeowners in Osawatomie possess a median household income of \$60,425. By comparison the median household income for renters in Osawatomie is \$32,259.

As illustrated in the table on the following page, nearly three-quarters of homeowner households in Osawatomie have a median income of \$50,000 or more, with 14.7 percent of households with median incomes of \$100,000 or more. Just 15.4 percent of homeowner households have a median income of less than \$25,000. These above average income levels support demand for single-family homes.

By comparison, just 20.7 percent of renter households possess a median income of \$50,000 or more. A reported 19.7 percent of renter households have median incomes of less than \$15,000 and may qualify for rental assistance. A reported 41.3 percent of renter households possess a median income of \$35,000 to \$74,999 and represent the market-rate rental market.

Owner vs. Renter Households Median Income Comparison Osawatomie, Kansas 2020

Median Household Income	Owner-Occupied	Renter-Occupied
Less than \$5,000	3.3%	10.0%
\$5,000 to \$9,999	0.0%	5.9%
\$10,000 to \$14,999	3.3%	3.8%
\$15,000 to \$19,999	4.3%	4.1%
\$20,000 to \$24,999	4.5%	3.8%
\$25,000 to \$34,999	4.2%	23.6%
\$35,000 to \$49,999	5.6%	28.0%
\$50,000 to \$74,999	46.6%	13.3%
\$75,000 to \$99,999	13.5%	7.4%
\$100,000 to \$149,999	11.6%	0.0%
\$150,000 or more	3.1%	0.0%
Median Household Income	\$60,425	\$32,259

Source: American Community Survey, 2020.

The table below illustrates monthly housing costs in Osawatomie for both owner-occupied and renter-occupied housing. A reported 74.1 percent of homeowners and 74.6 percent of renters in Osawatomie pay \$500 to \$1,499 per month on housing expenses. Just 13.6 percent of homeowners and 14.4 percent of renters pay less than \$500 in monthly housing costs. The median monthly housing cost is \$848 for homeowners and \$883 for renters.

Osawatomie, Kansas Monthly Housing Costs; 2020 Owner-Occupied vs. Renter Occupied

Monthly Cost	Owner Occupied	Renter Occupied
Less than \$300	2.8%	2.9%
\$300 - \$499	10.8%	11.5%
\$500 - \$799	29.8%	23.0%
\$800 - \$999	19.8%	19.2%
\$1,000 - \$1,499	24.5%	32.4%
\$1,500 - \$1,999	8.7%	9.6%
\$2,000 - \$2,499	0.0%	0.0%
\$2,500 - \$2,999	0.3%	0.4%
\$3,000+	3.3%	1.0%
Median Cost	\$848	\$883

Source: American Community Survey.

Conclusions

Osawatomie's housing stock totals 1,826 dwelling units. Detached single-family homes comprise 85.6 percent of Osawatomie's housing stock. Properties with 3 or 4 dwelling units account for 4.8 percent of the total housing stock, while multi-family structures with 10 or more dwelling units account for 6.4 percent.

Owner-occupied housing accounts for 61.5 percent of Osawatomie's occupied housing stock with rental housing amounting to 38.5 percent. By comparison, statewide owner-occupied housing accounts for 66.2 percent of the occupied housing stock with rental housing accounting for 33.8 percent. In Osawatomie, detached single family homes account for 95.1 percent of all owner-occupied housing units and 65.5 percent of all occupied rental housing units. Multi-family structures with 3 to 4 rental units account for 14.0 percent of all renter-occupied units while properties with ten or more dwelling units account for 18.7 percent.

The rate of homeownership in Osawatomie increases as a householder gets older, peaking at 27.7 percent for those householders 35 to 44 years of age. Elderly 65 years and older account for 19.4 percent of homeownership, suggesting in coming years the inventory of available for-sale housing units may increase.

Nearly 21 percent of households in Osawatomie under the age of 35 years are renters. The rate of renter households remains high among older householders, amounting to 17.9 percent for those 45 to 54 years of age and 13.5 percent for those 55 to 64 years. Senior households 65 years and older account for 38.5 percent of all renter households in Osawatomie.

Nearly three-quarters of homeowner households in Osawatomie have a median income of \$50,000 or more, with 14.7 percent of households with median incomes of \$100,000 or more. By comparison, just 20.7 percent of renter households possess a median income of \$50,000 or more. A reported 19.7 percent of renter households have median incomes of less than \$15,000 and may qualify for rental assistance. The 41.3 percent of renter households possessing a median income of \$35,000 to \$74,999 and represent the market-rate rental market.

Nearly three-quarters of both homeowners and renters in Osawatomie pay \$500 to \$1,499 per month on housing expenses. This trend may be due to the predominance of single-family housing for both homeowners and renters. Interestingly, the median monthly housing cost for rents of \$883 exceeds that of \$848 for homeowners.

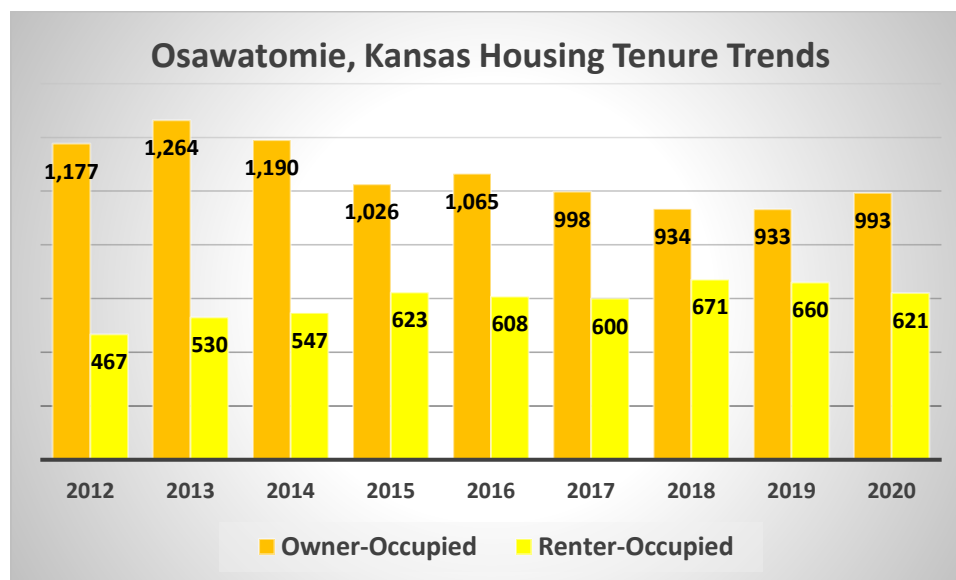
Osawatomie's current and future demographics and mix of housing suggests that additional emphasis on affordable rental housing and for-sale housing is needed to foster a more diverse housing market that meets the needs of a wider range of household types. The large number of households with incomes of less than \$25,000 suggest a need for affordable rental housing. There also appears to be a growing need for affordable for-sale housing priced under \$150,000 and move-up housing priced at \$250,000 and above.

FOR-SALE HOUSING MARKET ANALYSIS

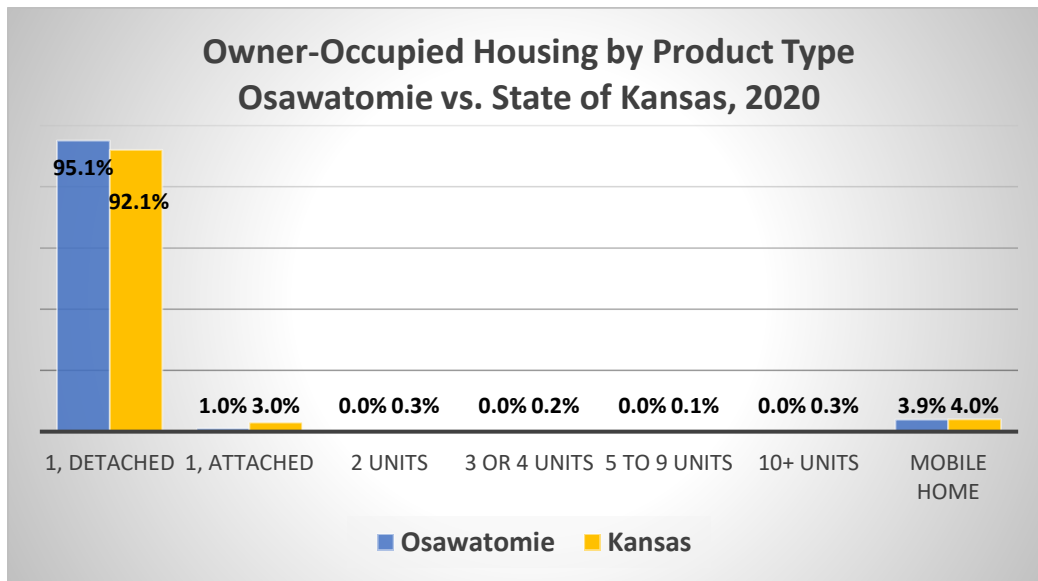
This section of the report evaluates the City of Osawatomie's for-sale housing market by identifying: 1) new and existing home sale trends; 2) current supply of for-sale homes on the market; and 3) active for-sale residential construction. Stakeholder interviews were also conducted with the purpose of identifying current housing trends and future for-sale housing opportunities in Osawatomie. The goal was to determine the city's for-sale housing market's ability to support near-term new housing construction as well as pricing opportunities.

Market Overview

According to the *American Community Survey 2020*, Osawatomie's inventory of housing units totaled 1,826 dwelling units. From 2013 to 2019, the Osawatomie housing market experienced a downward trend the inventory of owner-occupied housing units while the number of renter-occupied housing units rose. From 2013 to 2019, owner-occupied housing declined from 1,264 units to 933 units while the inventory of renter-occupied housing units increased from 530 units to 660 units. As a share of occupied housing units, owner-occupied housing declined from a high of 71.6 percent in 2012 to a low of 58.2 percent by 2018. During 2020, owner-occupied housing experienced a slight improvement, due in part to the accelerated active of "flippers".

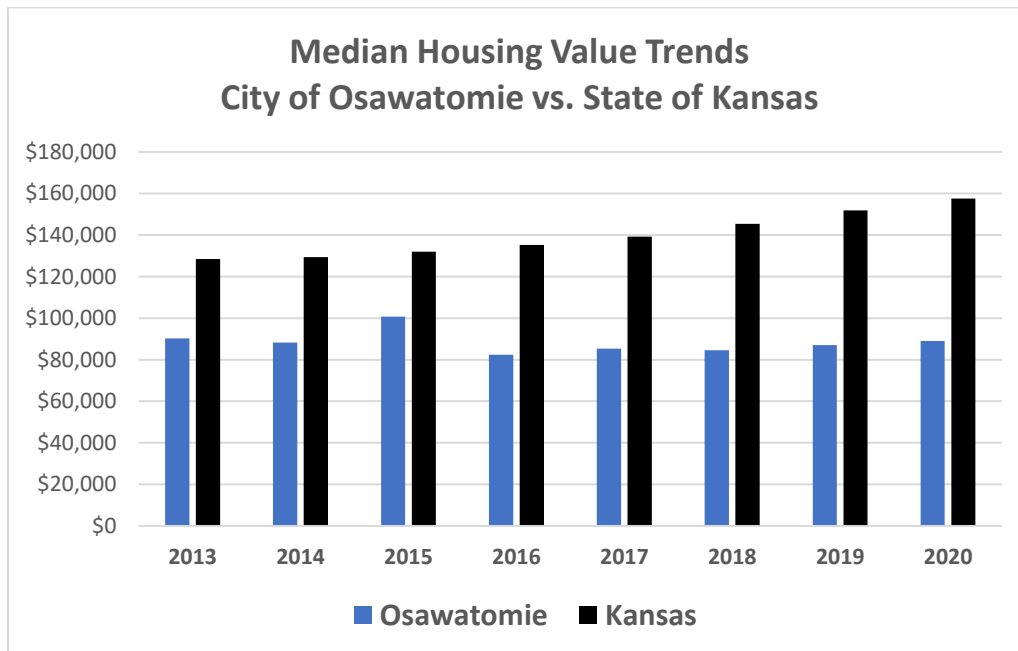


According to the *American Community Survey 2020*, detached single-family homes account for 95.1 percent of Osawatomie's owner-occupied housing stock, compared to 92.1 percent for the State of Kansas. The predominance of owner-occupied detached single-family housing is common within rural communities. Meanwhile, there are no owner-occupied multi-family housing units in Osawatomie, compared to 0.9 percent statewide. Mobile homes account for 3.9 percent of Osawatomie's owner-occupied housing and 4.0 percent of the statewide total.



According to the *American Community Survey*, during 2012 Osawatomie’s median housing value of \$90,200 lagged the statewide median of \$128,400. After peaking at \$100,700 in 2015, the median home value in Osawatomie declined to \$84,400 in 2015. By 2020, Osawatomie’s median housing value reached \$89,000, compared to \$157,600 statewide.

Osawatomie’s lagging housing values are due in large part a much older housing stock that is small and lacks the amenities of modern housing. Much of Osawatomie’s housing stock is also in poor condition relative to the statewide inventory. The bar chart below provides a comparison of median housing values between Osawatomie and the State of Kansas from 2013 to 2020.



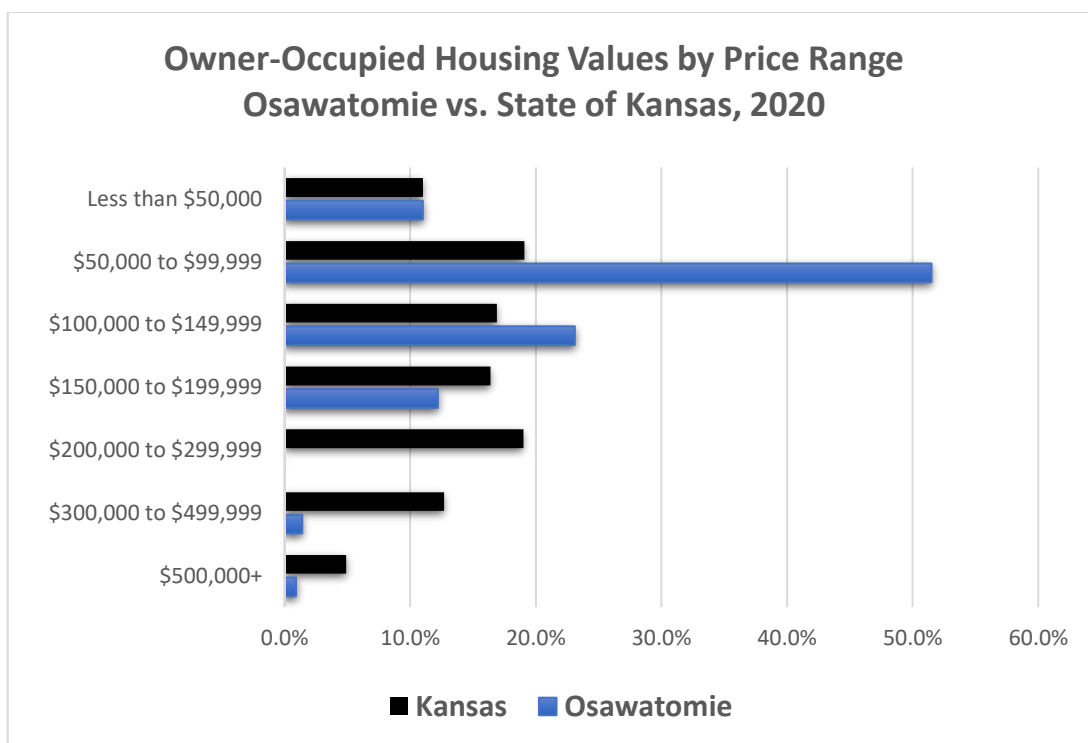
Osawatomie homebuyers seek affordable houses that don't require significant improvements or upgrades. However, such housing is scarce in Osawatomie as much of the housing stock was built when the city was a railroad town and there hasn't been much new home construction or remodels until recently.

As reported by the *American Community Survey 2020*, 62.5 percent of Osawatomie's owner-occupied housing stock was valued under \$100,000 compared to 30.1 percent for the state of Kansas. The abundance of lower priced homes is attributed to the age, size, and condition of Osawatomie's housing stock.

Osawatomie maintains an above average inventory of moderately priced homes. A reported 23.1 percent of Osawatomie's owner-occupied housing stock is valued at \$100,000 to \$149,999 compared to 16.9 percent statewide. Homes valued at \$150,000 to \$199,999 account for 12.2 percent of Osawatomie's owner-occupied housing stock which compares to 16.4 percent of the statewide housing stock.

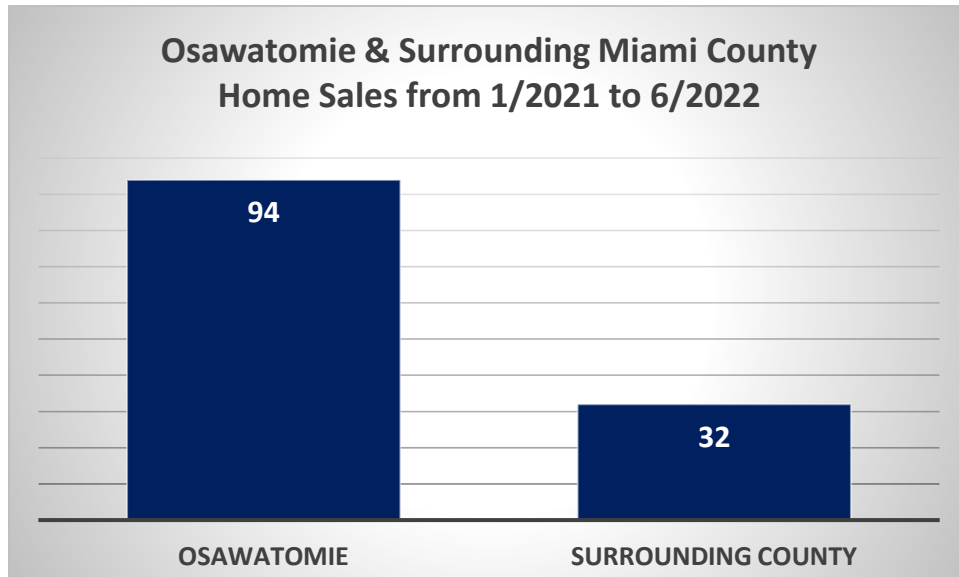
No move-up housing priced from \$200,000 to \$299,999 is available in Osawatomie. With 12.1 percent of Osawatomie households earning \$75,000 to \$99,999 annually, a larger market for move-up housing priced from \$200,000 to \$299,999 may be supportable.

Just 2.3 percent of housing in Osawatomie is valued over \$300,000. Given that 17.0 percent of Osawatomie households earn \$100,000 or more annually, suggests that a larger market for upscale housing priced in excess of \$300,000 may be supportable.

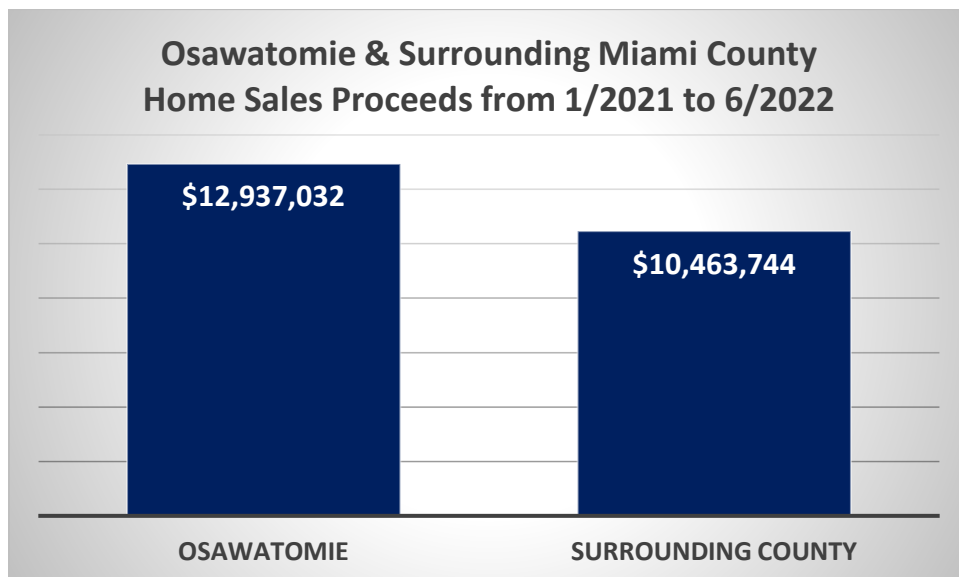


Home Sale Trends

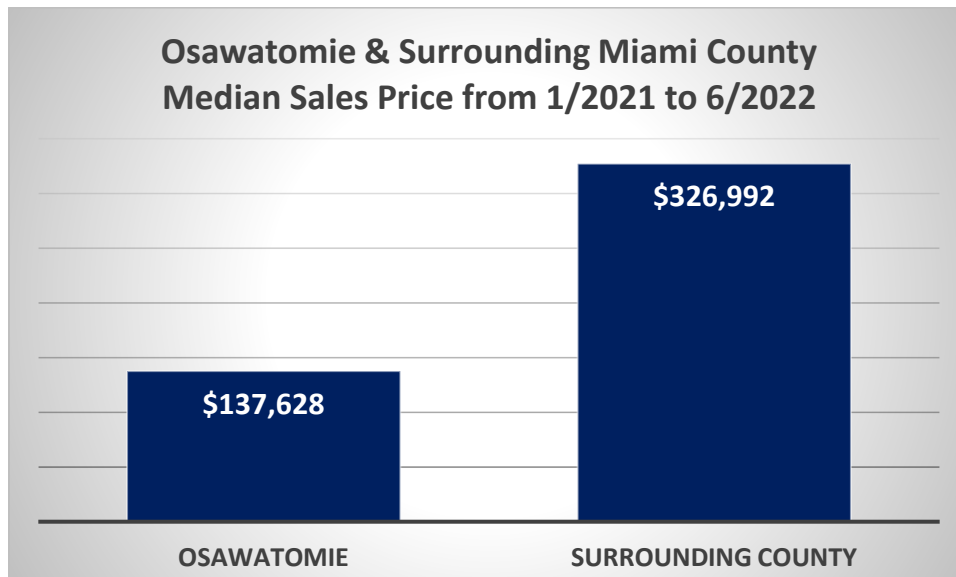
Multiple Listing Service (“MLS”) data was consulted to ascertain recent single-family home sales velocity trends in the Osawatomie city limits. From January 2021 to June 2022 a total of 94 homes sold in Osawatomie. Another 32 homes were sold in Miami County surrounding Osawatomie.



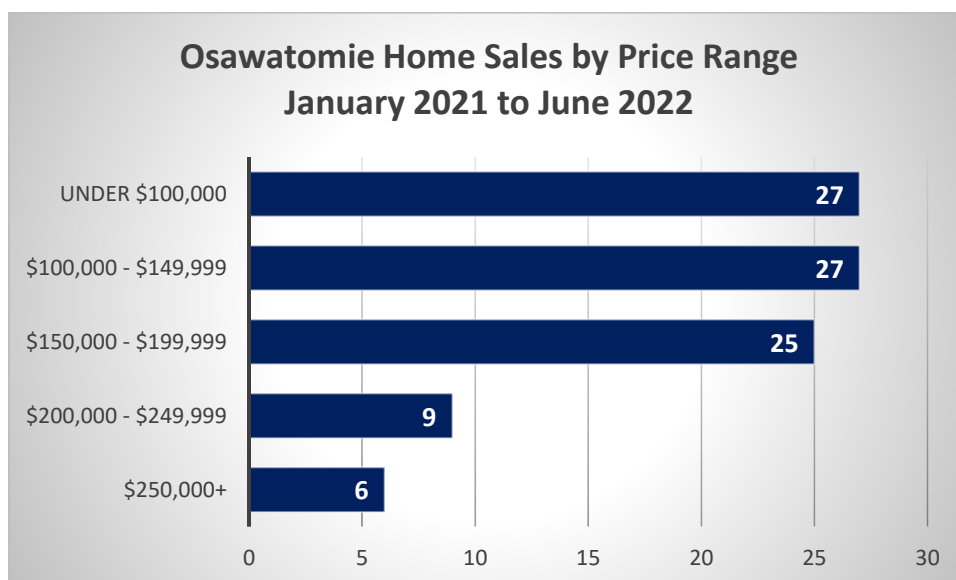
From January 2021 through June 2022, home sales proceeds totaled \$12.9 million in Osawatomie and \$10.5 million in the surrounding Miami County.



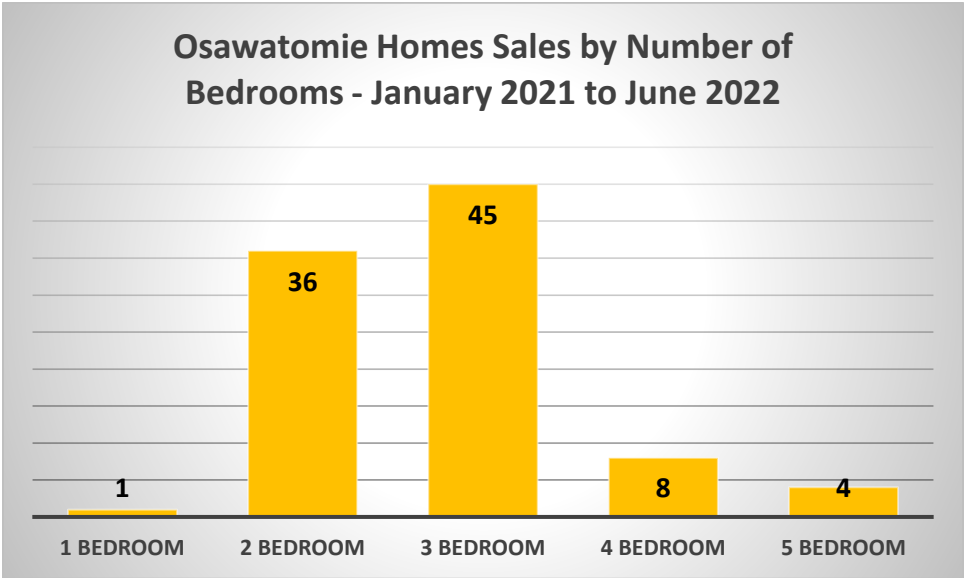
The MLS reported the median home sale price in Osawatomie from January 2021 to June 2022 at \$131,250 which exceeded the median listing price of \$129,925. Homes in surrounding Miami County are more expensive due to newer construction, larger home size, and accompanied acreage. The MLS reported the median home sale price in surrounding Miami County from January 2021 to June 2022 at \$326,992 which exceeded the median sales price in Osawatomie by 138 percent.



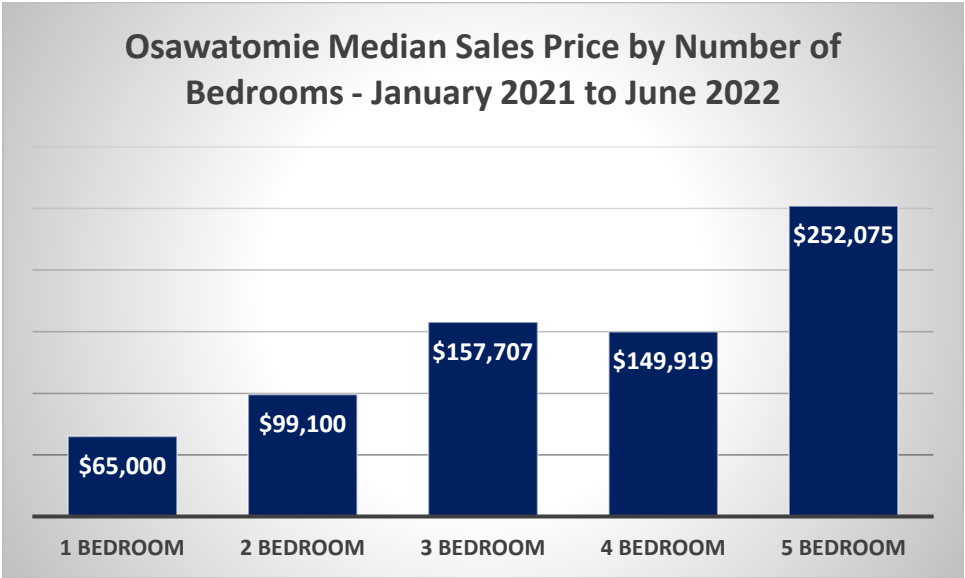
Based on home sales data published by the Multiple Listing Service, Osawatomie's for-sale housing market offers a wide range of price points. From January 2020 through June 2022, 28.7 percent of homes sold in Osawatomie were priced under \$100,000. The lowest priced homes were generally sold to flippers. Entry-level homes priced from \$100,000 to \$149,999 accounted for another 28.7 percent of home sales. Move-up housing priced from \$150,000 to \$199,999 accounted for 26.6 percent of all sales with homes priced at \$200,000 to \$249,999 accounting for just 9.6 percent of total sales. Upscale housing priced at \$250,000 and above accounted for just 6.4 percent of all home sales from January 2020 to June 2022.



The bar chart below illustrates home sales in Osawatomie from January 2021 through June 2022 by number of bedrooms. Over the 18-month timeframe 3-bedroom homes accounted for 47.9 percent of all homes sales, totaling 45 sales. Two-bedroom homes accounted for the second highest share at 38.3 percent, or 36 home sales.



The bar chart below illustrates the median sales price by number of bedrooms in Osawatomie from January 2021 through June 2022. The 36, 2-bedroom homes sold for \$30,000 to \$153,500, averaging \$99,100. The 45, 3-bedroom homes sold for \$25,000 to \$254,000, averaging \$157,707. The average sales price for 4-bedroom homes was \$149,919 with 5-bedroom homes selling for an average of \$252,075.



Portions of Osawatomie experiencing strong home sales volumes include neighborhoods closest to Highway 169 and the southwest quadrant where a couple small subdivisions built 15 to 20 years ago are located. Historically, the most active price range for for-sale, single family homes was

\$120,000 to \$150,000. Quality homes priced at \$200,000 or more possess the greatest opportunity for future growth.

Osawatomie's largest employers are the State Hospital and the School District. Many residents live in Osawatomie for the smalltown atmosphere and housing affordability, and drive into the Kansas City area for their jobs.

Residents of Osawatomie are attracted by the smalltown feel, good schools, community spirit, and recent upturn in home renovations and new home construction. The bike trail is also a draw for those people seeking an active lifestyle. Constraints in attracting new residents to Osawatomie include the poor quality of much of the housing stock and limited inventory of homes available for sale or rent. In addition, the lack of quality housing stock is a huge issue when local employers are recruiting new employees. New employees struggle to find a home that appeals to them, forcing many to find housing in neighboring towns.

Current Supply of Homes on the Market

According to the Multiple Listing Service, as of July 11, 2022, just 17 homes in Osawatomie were on the market for sale with 14 homes under contract. Two new homes are on the market, both priced at \$249,000.

For-Sale Homes in Osawatomie, Kansas Active Listings and Pending Sales

	# of Homes	Price Range		Average Price
		Low	High	
Active Listing	17	\$85,000	\$350,000	\$167,276
Pending Sale	14	\$15,000	\$249,000	\$150,529
Totals	31	\$15,000	\$350,000	\$159,713

Source: Multiple Listing Service.

The 17 homes on the market are priced from \$85,000 to \$350,000, averaging \$167,276. Only two homes are priced under \$100,000. Nine homes on the market are priced from \$100,000 to \$149,999, two homes priced from \$150,000 to \$199,999, and four homes priced at over \$200,000.

The 14 pending home sales are under contract for \$15,000 to \$249,000, averaging \$150,529. Three pending home sales are priced at less than \$100,000 with eight homes priced from \$100,000 to \$199,999. Three of the pending home sales are under contract at a price exceeding \$200,000. These market factors indicate that the Osawatomie entry-level for-sale housing market continues to support strong demand while the move-up housing market is beginning to gain traction.

Active Residential Construction

From 2000 through 2019, just two new homes were built in Osawatomie. During 2020 and 2021, a total of 14 homes were constructed and four homes are currently under construction. There are currently no actively developing residential subdivisions in Osawatomie. Hickory Valley located in the southwest quadrant of the city has two lots for sale priced at \$20,000 with the potential of up to 35 additional lots.

In recent years there has been escalating activity by small investors to purchase, renovate, and flip homes in Osawatomie. The renovated homes have been well received into the market, prompting recent new single-family home construction. Wright Way Homes and Cassone Homes are actively building homes on infill lots in Osawatomie. Wright Way Homes is under construction on three homes at 406, 408, and 410 Lincoln Avenue. Cassone Homes is planning to build five homes during 2022.

The table below identifies recent sales and active listings for new homes built in Osawatomie. Since January 2021, six new homes have sold in Osawatomie, priced from \$205,000 to \$254,000. All recent new builds are 3 bedroom and 2 bath homes ranging in size from 1,320 square feet of livable area. One additional new home is currently on the market for sale, that being a 1,292 square foot, 3 bedroom and 2 bath home at 308 Reed Avenue priced at \$249,000.

Osawatomie Recent New Home Sales and Listings

Address	# of Bedrooms	# of Baths	Sq. Ft.	Sales Price	Status
Closed Sales					
608 Retan Street	3	2	1,320	\$205,000	Sold
606 Retan Street	3	2	1,320	\$206,000	Sold
315 East Mill Street	3	2	1,464	\$239,999	Sold
104 Walnut Avenue	3	2	1,464	\$250,000	Sold
100 Walnut Avenue	3	2	1,464	\$254,000	Sold
820 3rd Street	3	2	1,246	\$249,000	Sold
Active Listings					
308 Reed Avenue	3	2	1,292	\$249,000	Active

Source: Crown Realty.

The principal constraint in attracting homebuilders to Osawatomie is the limited availability of large tracts of land serviced with utility and road infrastructure. Recent homebuilding activity has focused on infill lots. Some infill lots remain in town, but many are in undesirable locations (i.e., near train tracks) or are in areas that aren't accessible by large equipment needed to build homes.

Conclusions

Detached single-family homes in Osawatomie garner an above average share of the owner-occupied housing market. Specifically, detached single-family homes in Osawatomie accounts for 95.1 percent of Osawatomie's owner-occupied housing stock, compared to 92.1 percent for the State of Kansas. The inventory of owner-occupied housing units in Osawatomie has declined from 1,264 units in 2013 to 993 units by 2020. Meanwhile, no owner-occupied multi-family housing units were reported in Osawatomie, compared to 0.9 percent statewide.

Osawatomie's median housing value of \$89,000 is well below the statewide median of \$157,600. Nearly two-thirds of Osawatomie's owner-occupied housing stock is valued under \$100,000. Osawatomie's lagging housing values are due in large part a much older housing stock that is small and lacks the amenities of modern housing. Much of Osawatomie's housing stock is also in poor condition relative to the statewide inventory. The lack of quality housing stock is a huge issue when local employers are recruiting new employees.

From January 2021 to June 2022, a total of 94 homes sold in Osawatomie at a median price of \$131,250. Two- and three-bedroom homes accounted for 38.3 percent and 47.9 percent of all homes sales, respectively. Over 57 percent of the homes sold for less than \$150,000 while just 16.0 percent sold for \$200,000 or more.

Seventeen homes in Osawatomie are currently on the market for sale with 14 homes under contract. The homes on the market are priced from \$85,000 to \$350,000, averaging \$167,276. The pending home sales are under contract for \$15,000 to \$249,000, averaging \$150,529. These market factors indicate that the Osawatomie entry-level for-sale housing market continues to support strong demand while the move-up housing market is beginning to gain traction.

From 2000 through 2019, just two single-family homes were built in Osawatomie. There has been escalating activity in Osawatomie by small investors to purchase, renovate, and flip homes. The renovated homes have been well received into the market, prompting recent new single-family home construction. New home construction in Osawatomie totaled three homes in 2020 and eleven homes in 2021. According to the MLS, since January 2021, six new homes sold in Osawatomie, priced from \$205,000 to \$254,000. One additional new home is currently on the market for sale priced at \$249,000.

Based on the market acceptance of new homes in Osawatomie and with 12.1 percent of Osawatomie households earning \$75,000 to \$99,999 annually, a larger market for housing priced from \$200,000 \$299,999 appears supportable.

The principal constraint in attracting homebuilders to Osawatomie is the limited availability of large tracts of land serviced with utility and road infrastructure. Recent homebuilding activity has focused on infill lots. Some infill lots remain in town, but many are in undesirable locations (i.e., near train tracks) or are in areas that aren't accessible by large equipment needed to build homes.

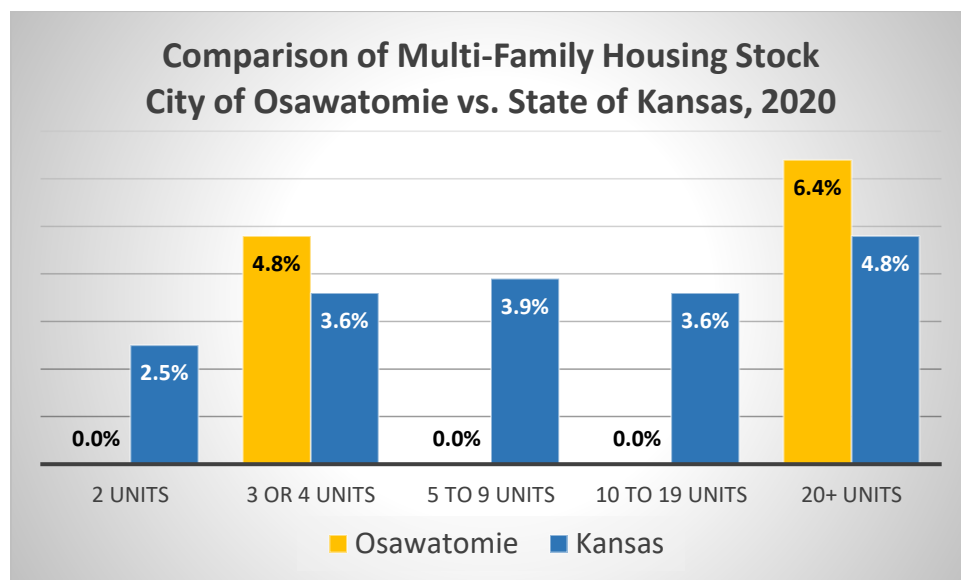
RENTAL HOUSING MARKET ANALYSIS

This section of the report evaluates the City of Osawatomie's rental housing market. Three rental housing products were surveyed, including: 1) market-rate apartments; 2) income-based apartments; and 3) income-based senior housing.

Osawatomie Rental Market

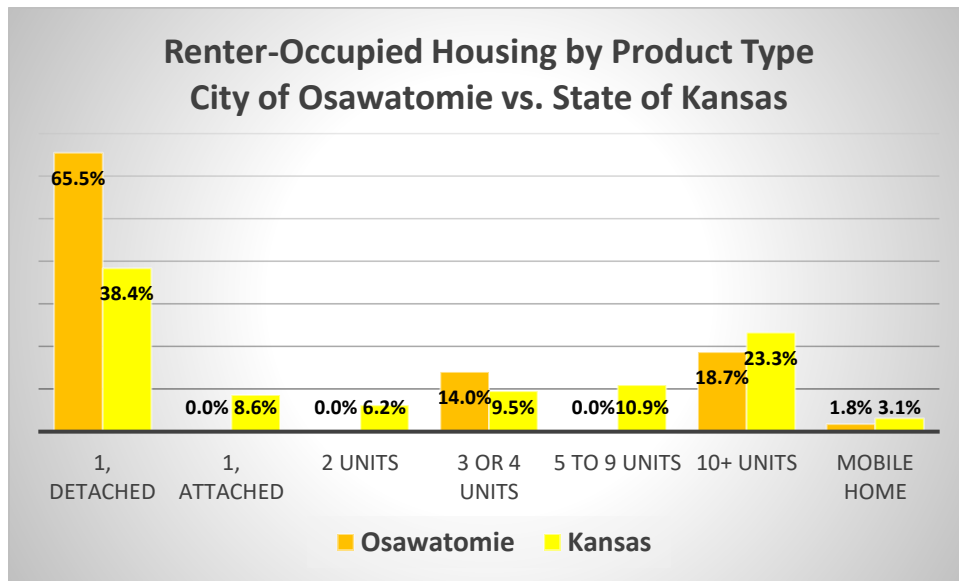
According to the *American Community Survey* in 2020 Osawatomie's housing stock totaled 1,826 dwelling units, of which 11.2 percent, or 303 dwelling units were in multi-unit structures. By comparison, multi-family housing accounts for 18.4 percent for the statewide housing stock.

Multi-family structures with 3 or 4 dwelling units account for 4.8 percent of Osawatomie's total housing stock, compared to 3.6 percent for all of Kansas. Multi-family structures with 20 or more dwelling units account for 6.4 percent of Osawatomie's housing stock compared to 4.8 percent statewide.

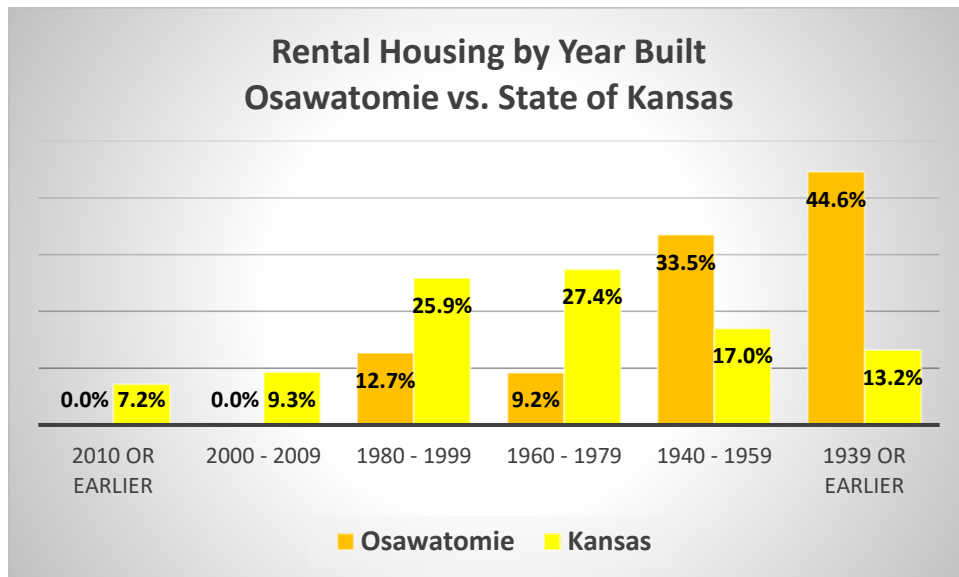


According to the *American Community Survey 2020*, rental housing accounted for 38.5 percent of Osawatomie's occupied housing stock which exceeds the statewide average of 33.8 percent. From 2012 to 2018, the inventory of renter-occupied housing units in Osawatomie increased from 467 units to 671 units. By 2020, the inventory of renter-occupied housing declined slightly to 621 dwelling units.

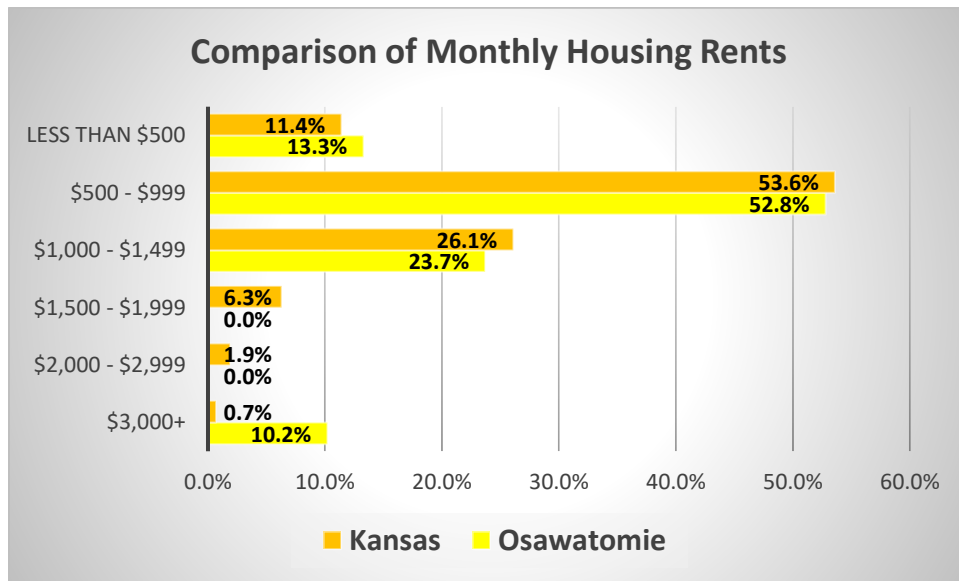
One-unit detached housing accounts for 65.5 percent of the occupied rental housing stock. Structures with 3 or 4 dwelling units accommodate 14.0 percent of all occupied rental housing in Osawatomie, followed by structures with 10+ dwelling units at 18.7 percent. By comparison, the State of Kansas' rental housing market supports much lower percentages of one unit detached and attached housing at 47.1 percent and structures with 10 or more dwelling units at 23.0 percent.



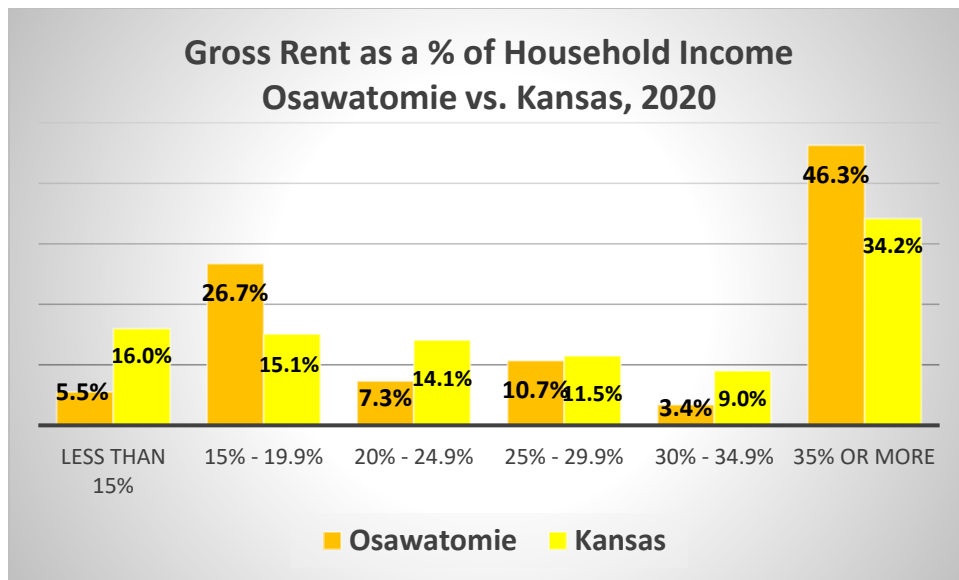
A shortage of quality rental properties exists in Osawatombie with single family homes accounting for most of the market-rate stock. An estimated 21.9 percent of Osawatombie’s rental housing was built between 1960 and 1999 with 78.1 percent prior to 1940. As a result, most of Osawatombie’s rental housing is old and lacks the modern design and amenities of newer properties.



According to the *American Community Survey 2020* the median rent in Osawatombie of \$799 per month compared to the statewide average of \$863. Of the 621 occupied rental housing units, just 13.3 percent rented for less than \$500 per month compared to 11.4 percent statewide. Nearly 53 percent of Osawatombie’s rental stock supported rents of \$500 to \$999 per month with 53.6 percent rented at \$1,000 to \$1,499 per month. No housing in Osawatombie rents for \$1,500 to \$2,999 per month. These rents are reflective of the age and general poor quality of Osawatombie’s rental housing stock.



For 32.2 percent of renter households in Osawatomie the gross rent accounts for less than 20 percent of total household income compared to 31.1 percent statewide. The 46.3 percent of Osawatomie households where the gross rent accounts for 30 percent or more of total household income exceeds the statewide average of 34.2 percent. These households are experiencing rental stress which is defined as paying more than one-third of household income on rent. These rent to household income percentages suggest the need for more affordable and income-based rental housing in Osawatomie.



Rental Housing Survey

To identify current rental housing market conditions in Osawatomie, Kansas a survey was conducted of larger rental properties. For purposes of the analysis, rental properties were classified into three groups, including: 1) market-rate apartments; 2) income-based family apartments; and 3) income-based senior housing. Independent and assisted living senior communities were excluded from the survey. The property data was compiled via the Miami County parcel search and by contacting property managers and leasing agents.

Market-Rate Rental Housing

No large-scale market-rate rental apartment properties currently operate in Osawatomie. As mentioned, single-family homes account for approximately two-thirds of Osawatomie's rental housing stock. Rents for 2-bedroom homes start at \$700 per month with 3-bedroom homes starting at \$800 per month.

At the time of this study market-rate housing available for rent in Osawatomie was limited to a 960 square foot 3 bedroom/1 bath home for \$1,100 per month, a 2 bedroom/1 bath mobile home for \$675 per month, and a 1-bedroom apartment for \$900 per month. The lack of market-rate rental apartments in Osawatomie places a significant constraint on the ability of many individuals and families to obtain suitable rental housing.

Income-Based Family Apartments

An estimated 17.0 percent of Osawatomie households earn less than \$15,000 per year which creates demand for income-based rental assistance. Affordable housing assistance in Osawatomie takes the form of Section 42 Low-Income Housing Tax Credit Program, Section 521 USDA Rental Assistance Program, and the Department of Housing and Urban Development's ("HUD") subsidized housing through its Section 8 Housing Choice Voucher Program.

Eligibility for the Section 8 Choice Voucher Program is determined based on the total annual gross income and family size and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. All Section 8 programs use the very low-income or low-income standards of the median income for the county or metropolitan area in which the eligible household chooses to live.

Based on the Kansas City HUD Metro FMR Area median household income of \$97,700, for FY 2022 the maximum very low-income limit (50% of median income) ranges from \$33,900 annually for a one-person household to \$63,900 annually for an 8-person household. The low-income limit (80% of median income) ranges from \$54,250 annually for a one-person household to \$102,250 annually for an 8-person household. Fair market value monthly rents range from \$762 for efficiency to \$1,569 for 4-bedroom units.

The Multifamily Tax Subsidy Projects income limits are used to determine qualification levels and to set rental rates for low-income housing tax credit or tax-exempt bond projects. Section 42 of the Internal Revenue Service's tax code, also known as the Low-Income Housing Tax Credit (LIHTC), exists to serve high-need households in qualified Census Tracts with an income level at

60 percent of the local median income in distressed housing areas, both for residential purposes and through other community services. The program allows property owners to charge a rental amount not to exceed 30 percent of the tenant's income. Eligibility for the Section 42 Tax Credit Program is determined based on maximum income limits set annually by HUD as a percentage of area median income adjusted for household size.

One income-based apartment property catering to families and singles operates in Osawatomie. The Lom Vista Estates are located at 900 Melody Lane in the southeast quadrant of the city. The property was built in 1981 and totals 64 rental units. Property amenities include an on-site laundry, playground, and off-street parking. The unit mix includes 1-, 2- and 3-bedroom models. The 1 bedroom/1 bath models are 650 square feet of livable area, the 2 bedroom/1.5 bath models are 955 square feet, and the 3 bedroom/1.5 bath models are 1,018 square feet. The property is a Low-Income Housing Tax Credit (LIHTC) so rents can't exceed 30 percent of the tenant's income. Maximum monthly rents are \$524 for the one-bedroom models, \$740 for the two-bedroom models, and \$801 for the three-bedroom models. The property is owned by Yarco Property Management and is fully leased. Demand for income-based rental housing in Osawatomie has been strong for several years.

Income-Based Senior Housing

Seniors 65+ years of age account for 15.2 percent of Osawatomie's total population, or 636 residents. By 2027, the city's senior population is forecast to increase by 13.5 percent, or 86 residents, generating increased need for senior housing.

Three income-based senior rental communities operate in Osawatomie totaling 102 dwelling units.

Built in 1991, Osawatomie Senior Apartments is a Low Income Housing Tax Credit (LIHTC) community in the western portion of Osawatomie at 1545 Brown Avenue. The one-story buildings offer 24, 1-bedroom apartments. Owned by the Hamilton Properties Corporation, property amenities include a laundry and community room. The property is currently fully leased.

The Osawatomie Court Apartments is a senior community located at 405 Carr Avenue within the city's northeast quadrant. Built in 1982, the property features 54 one-bedroom apartments of 500 square feet of livable area. The property was built or renovated using funding from HUD's Section 202 Supportive Housing for the Elderly program. The property is fully leased.

Woodland Hills Estates is a 24-unit rental community catering to residents 55+ years of age. Since the property received Low Income Housing Tax Credits (LIHTC) a certain number of units are reserved for low-income households. Located in the city's northwest quadrant at 502 Woodland Hills Circle, this income-based property features 963 square foot, 2 bedroom/1 bath apartments. Rents are \$575 per month. The property is fully leased.

The modest inventory of affordable rental apartments, high occupancy rates, and large lower income and senior populations suggest Osawatomie can support additional income-based rental units.

Conclusions

By 2020, Osawatombie's housing stock totaled 1,826 dwelling units, of which 11.2 percent, or just 303 dwelling units were in multi-unit structures. By comparison, multi-family housing accounts for 18.4 percent for the State of Kansas housing stock. Osawatombie's multi-family housing stock consists of entirely of properties with 3- to 4-units or 20 or more dwelling units.

Rental housing accounts for 38.5 percent of Osawatombie's occupied housing stock which exceeds the statewide average of 33.8 percent. From 2012 to 2018, the inventory of renter-occupied housing units in Osawatombie increased from 467 units to 671 units. By 2020, the inventory of renter-occupied housing declined slightly to 621 dwelling units. One-unit detached housing accounts for 65.5 percent of the occupied rental housing stock.

A shortage of quality rental properties exists in Osawatombie with single family homes accounting for most of the market-rate stock. Over three-quarters of Osawatombie's inventory of rental housing was built prior to 1940. As a result, most of Osawatombie's rental housing is old and lacks the modern design and amenities of newer properties.

The median rent in Osawatombie of \$799 per month compares to the statewide average of \$863. Nearly 54 percent of Osawatombie's rental stock supports rents of \$500 to \$999 per month with 26.1 percent rented at \$1,000 to \$1,499 per month. Just 10.2 percent of the housing stock rented for excess of \$2,000 per month. These rents are reflective of the age and poor quality of Osawatombie's rental housing stock.

For 46.3 percent of Osawatombie households, the gross rent accounts for 30 percent or more of total income which exceeds the statewide average of 34.2 percent. These households are experiencing rental stress which is defined as paying more than one-third of household income on rent.

No market-rate rental apartment properties currently operate in Osawatombie. At the time of this study market-rate housing available for rent in Osawatombie was limited to three single-family homes, mobile home, and apartment units. The absence of market-rate rental apartments in Osawatombie places a significant constraint on the ability of many individuals and families to obtain suitable rental housing.

An estimated 17.0 percent of Osawatombie households earn less than \$15,000 per year which creates demand for income-based rental assistance. Seniors 65+ years of age account for 15.2 percent of the city's total population, fueling demand for senior housing. Income-based rental housing in Osawatombie is limited to 64 units catering to families and singles and 102 units serving seniors. All the income-based properties are now fully rented.

The primary barrier for prospective renters in Osawatombie is the limited availability of quality market-rate and rental assistance housing units. A quality rental housing stock is an important component in fostering a healthy for-sale housing market by offering prospective residents the opportunity to live in the community before buying a home. Current market conditions and demographics suggest Osawatombie is in need of additional market-rate and income-based rental housing.

FORECAST HOUSING NEED

The previous sections of this study analyzed the existing housing supply and the demographic characteristics of the population and households in Osawatomie, Kansas. This section of the report provides 5-year housing need estimates for the City of Osawatomie.

Demographic Profile and Housing Need

The demographic profile of a community affects housing needs and the types of housing that is needed and supportable. The various housing life-cycle stages are defined in the text below.

Entry-Level Householders

- Often prefer to rent basic, inexpensive apartments
- Usually singles or couples without children in their early 20's
- Will often "double-up" with roommates in an apartment setting

First-Time Homebuyers and Move-Up Renters

- Often prefer to purchase modestly-priced single family homes or rent more upscale apartments
- Usually married or cohabitating couples, in their mid-20's or 30's, some with children, but most are without children

Move-up Homebuyers

- Typically prefer to purchase newer, larger, and more expensive single family homes
- Typically families with children where householders are in their late 30's to 40's

Empty-Nesters and Never-Nesters

- Empty-nesters are persons whose children have grown and left home while never-nesters are persons who never had children
- Prefer owning but will consider renting their housing
- Some will move to alternative lower-maintenance housing products such as patio homes, garden homes and condominiums
- Generally couples in their 50's or 60's

Younger Independent Seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
- Generally in their late 60's or 70's

Older Seniors

- May need to move out of their single family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Smaller rural communities such as Osawatomie, Kansas tend to have higher proportions of younger households that own their housing than in larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households. However, Osawatomie possesses much different market dynamics from most rural communities its size given its highly educated populous, above average household income levels and housing values, and a high percentage of renter-occupied housing. Therefore, the age categories for housing life cycles are somewhat different in Osawatomie than in other similar-sized rural communities.

Over the next five years residents 35 to 44 years of age and senior 65+ years of age will have the biggest effect on the housing market in Osawatomie with these age cohorts both forecast to experience population growth. Some residents ages 35 to 44 years will prefer move-up single-family homes. Seniors will have a significant impact on the local housing market as the number of residents 65+ years of age is forecast to increase by 13.5 percent over the coming five years. Some of these residents will move out of their single-family homes into independent or assisted living communities. Over the next five years many of Osawatomie's population 15 to 24 years of age will be entering the housing market with demand primarily for rental housing.

Housing Need Calculations

Residential housing need estimates for the City of Osawatomie, Kansas through the year 2027 were forecast based on a demographic and economic model of the new housing market. Key input to the model includes historical patterns in annual residential building permit activity; projected population growth; household composition; average household formation rates; age distribution; and income levels. Demographic and economic characteristics for Osawatomie were provided by the U.S. Census and Esri Business Analyst.

Rental Housing – The demand components for new rental housing units in Osawatomie include renter household growth, latent demand for rental housing, and the number of units required for a balanced market. The analysis provides the number of units that the market can support by five monthly rent segments (less than \$650, \$650 to \$799, \$800 to \$999, \$1,000 to \$1,499, and \$1,500 and higher).

For-Sale Housing – The analysis considered potential demand from new owner-occupied household growth, latent demand for owner-occupied housing, and the number of units required for a balanced market. Demand estimates were provided for four price points (less than \$150,000, \$150,000 to \$199,999, \$200,000 to \$249,999, and \$250,000 and higher).

This section of the study forecasts: 1) total new housing demand from 2022 to 2027; 2) the mix of housing demand; and 3) the pricing segmentation of for-sale housing and rental housing.

Housing Need Forecasts

Supportable residential housing absorption over the next five years will be a function of resident population growth and household size while income levels and age composition will dictate the type and mix of housing product. As of 2020, Osawatomie's supply occupied housing included 993 owner-occupied housing units and 621 renter-occupied units.

Housing Need from Population Growth

According to the U.S. Census Bureau, from 2010 to 2020, the City of Osawatomie population declined 4.3 percent, losing 192 residents. From 2022 through 2027, Esri Business Analyst forecasts the Osawatomie population to increase by 15 new residents and 16 new households. The senior (65+ years) and family/working adult (35 to 44 years) populations are forecast to experience the largest gains in population and have the greatest impact on the local housing market.

From 2000 through 2019, just two single-family homes were built in Osawatomie. During 2020 and 2021, a total of 14 new homes were built. During 2022, Cassone Homes has plans to build five new homes and Wright Way Homes has plans to build five or six new homes. The City-owned 9.5-acre parcel also has the potential to support near-term new home construction. Based on the recent level of home renovations/flips and new home construction, population growth over the next five years is anticipated to eclipse that forecast by Esri Business Analyst. Instead, by 2027 the city's population is estimated to increase by 60 to 75 new residents.

According to the *American Community Survey 2020* by the U.S. Census Bureau, the City of Osawatomie's average household size is 2.43 persons. Therefore, Osawatomie's forecast population growth through 2027 will yield an estimated 25 to 30 new households and occupied housing units.

Latent Housing Demand

Latent demand occurs when the inventory of available housing is severely constrained. A balanced housing market is generally defined as supporting a 92 percent to 95 percent occupancy rate with 5 percent to 8 percent of the housing stock vacant and available for sale or rent. Healthy markets require a suitable housing stock to be available in order to allow for inner-market mobility and encourage competitive housing prices and rental rates. Markets with vacancy rates below a healthy rate often suffer from escalating home values and rents, minimal tenant turnover, residents being forced into housing situations that do not meet their housing needs, and the inability of nonresidents to enter the market.

As of June 2022, only 17 single-family homes were actively on the market for sale in Osawatomie with 14 homes pending sale. Available rental housing is limited to three dwelling units. The current inventory of 34 available housing units equates to a vacancy rate of just 1.9 percent. The constrained supply of available housing serves as a barrier of entry for those individuals and households interested in moving to Osawatomie.

According to the *American Community Survey 2020*, Osawatomie’s labor force totals 2,102 residents. The mean commute time to work is 23.6 minutes with 58.2 percent of residents working in Miami County and 39.0 percent commuting outside of Miami County. An estimated 20.3 percent of Osawatomie residents have less than a ten-minute commute to their place of work. Another 38.0 percent of workers reside within a 10- to 29-minute commute, and 38.7 percent reside within 30 to 59 minutes. The short commute times to work affords the opportunity for Osawatomie to attract more residents and support additional housing construction.

A report by the County Economic Research Institute found that almost 17,000 Miami County residents are part of the region's workforce. The report also found that almost 43 percent of the county's employed residents work in Johnson County with about 32 percent working within Miami County. Shawnee and Wyandotte counties each attract about 3.5 percent of the county's employed persons. Within Miami County, almost 61 percent of the current jobs are filled by county residents. Another 12 percent are from Johnson County followed by 6 percent from Linn County and 5 percent from Franklin County. The influx of workers commuting into Miami County represents a source of prospective future residents and housing demand.

Favorable qualities of Osawatomie as a place to live include high quality of life, small-town atmosphere, safe affordable housing costs, good schools, and proximity to jobs, shopping, restaurants and entertainment in Southern Johnson County and the Kansas City MSA.

Constraints cited for Osawatomie as a place to live include the lack of retail businesses, restaurants, and lack of quality for-sale and rental housing.

Based on the inventory of housing, current vacancy rate, and a conservative balanced housing market vacancy rate of 4 to 5 percent, over the next five years Osawatomie can support an estimated 14 to 68 additional housing units.

Total Housing Need 2022-2027

To conclude, through population growth, latent housing demand, and achieving a balanced housing market, new housing need from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units.

Osawatomie Forecast New Housing Need; 2022-2027

Housing Demand Component	Conservative Scenario	Optimistic Scenario
Population Growth	25	30
Latent Demand	40	58
Total Housing Demand	65	88

Source: Canyon Research Southwest, Inc.

Housing Mix

The table on page 46 provides a comparison of Osawatomie's housing stock by unit type against the statewide averages and that of comparable sized cities surrounding both the Kansas City MSA and Wichita MSA. The comparable cities include Paola, Park City, Hesston, Maize, Goddard, and Louisburg. Population and median household income estimates were also provided to determine those cities most comparable to Osawatomie. The housing data was provided by the *American Community Survey 2020*.

Osawatomie's housing stock is dominated by detached single family homes that account for 85.6 percent of the total inventory. By comparison, detached single family housing accounts for 72.7 percent of Kansas' housing stock. The share of single-family housing for the six comparable cities range 61.0 percent to 89.8 percent of the total housing stock, averaging 74.9 percent. This analysis suggests that Osawatomie supports an above average proportion of single-family housing units.

Small multi-family properties with 2 to 9 dwelling units comprise 4.8 percent of Osawatomie's housing stock. By comparison, 2 to 9 dwelling unit structures account for 10.0 percent of Kansas' housing units. For the six comparable cities 2 to 9 dwelling unit structures account for 7.9 percent to 20.8 percent of the total housing stock, averaging 10.2 percent. This analysis suggests that Osawatomie supports a disproportionately low percentage of multi-family properties with 2 to 9 dwelling units.

Multi-family properties with 10 or more dwelling units comprise just 6.4 percent of Osawatomie's housing stock, compared to 8.4 percent of Kansas' housing stock. For the six comparable cities structures with 10 or more dwelling units account for 0.4 percent to 18.8 percent of the total housing stock, averaging 7.4 percent. This analysis suggests that Osawatomie supports a below average percentage of multi-family properties with 10 or more dwelling units.

The mix of future housing demand is best determined by evaluating Osawatomie's population demographics with that of the various housing life-cycle stages. Emphasis is placed on age, education, and income.

Single or couples without children in their early 20's often prefer to rent basic, inexpensive apartments or first-time, for-sale housing. Residents 20 to 24 years of age account for 8.4 percent of the Osawatomie population with those 25 to 34 years of age accounting for 14.0 percent. Individuals with high school degrees or less are more likely to be renters than homeowners. An estimated 54.3 percent of Osawatomie residents are high school graduates or less.

The median household income of renters in Osawatomie is \$32,259, with 51.2 percent of residents earning less than \$35,000 and 19.7 percent earning less than \$15,000. These households tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. There are 621 occupied rental units in Osawatomie with just 166 income-based rental units. Osawatomie's resident profile for the population under the age of 35 years suggests a significant need for market-rate and income-based rental housing.

First-time homebuyers and move-up renters are usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children. These individuals prefer to purchase moderately priced single-family homes or rent more upscale apartments. Residents 25 to 34 years of age account for 14.0 percent of the Osawatomie population with residents 35 to 44

years of age comprising 13.8 percent. The median household income for Osawatomie residents 25 to 44 years of age is \$75,346. The median household income of homeowners in Osawatomie is \$60,425, with 46.6 percent of residents earning \$50,000 to \$74,999 annually. Osawatomie's resident profile for the population 25 to 44 years suggests a sizable market exists for first-time homebuyers and move-up renters.

Move-up homebuyers are typically in their late 30's to 40's, married with children. Residents 35 to 44 years of age account for 13.8 percent of the Osawatomie population with residents 45 to 54 years of age comprising 13.7 percent. The median household income of homeowners in Osawatomie is \$60,425, with 28.2 percent of residents earning \$75,000 or more annually. Osawatomie possesses a sizable move-up market for housing priced at \$250,000 and more.

Through latent demand and population growth the need for new housing from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units. Osawatomie's current mix of occupied housing units is 61.5 percent owner-occupied and 38.5 percent renter occupied. Given Osawatomie's demographic profile and latent demand for affordable housing this report estimates that through 2027, owner-occupied housing is estimated to account for 60 percent of all **new** housing need with renter-occupied housing accounting for the remaining 40 percent. Therefore, through 2027 the mix of new housing demand is estimated at 39 to 53 owner-occupied units and 26 to 35 rental units.

Housing Stock Mix Comparison

City of Osawatomie vs. State of Kansas and Comparable Cities

Units in Structure	Housing Mix as % of Total Housing Stock								City Averages
	Osawatomie	Kansas	Paola	Park City	Hesston	Maize	Goddard	Louisburg	
Population	4,279	2,912,619	5,634	7,654	4,046	5,044	4,797	4,499	5,279
Median Household Income	\$51,307	\$61,091	\$52,417	\$67,286	\$50,644	\$59,856	\$82,270	\$77,182	\$64,943
Housing Units	1,826	1,280,376	2,523	3,156	1,541	1,989	1,579	1,747	2,089
1-Unit, Detached	85.6%	72.7%	75.6%	89.8%	61.0%	56.2%	86.1%	80.8%	74.9%
1-Unit, Attached	0.5%	4.7%	1.8%	0.2%	1.6%	13.2%	1.6%	5.4%	4.0%
2 Units	0.0%	2.5%	10.4%	0.0%	5.5%	4.0%	2.2%	5.2%	4.6%
3 or 4 Units	4.8%	3.6%	2.9%	0.0%	5.7%	3.2%	2.5%	2.3%	2.8%
5 to 9 Units	0.0%	3.9%	2.9%	0.6%	9.6%	0.7%	4.0%	4.0%	3.6%
10 to 19 Units	0.0%	3.6%	1.1%	0.0%	7.5%	12.9%	0.7%	1.1%	3.9%
20+ Units	6.4%	4.8%	3.6%	0.4%	9.1%	5.9%	2.0%	0.0%	3.5%
Mobile Home	2.7%	4.2%	1.7%	9.0%	0.0%	3.9%	0.9%	1.1%	2.8%

Source: American Community Survey 2020.

Pricing Segmentation

Household income levels directly influence housing values and rents. Communities with above average household income levels generally support higher for-sale housing values and rents that exceed those of lower income communities.

Supportable for-sale housing values in Osawatomie were calculated based on historic homes sales velocity by price range, the household composition of its residents, and current lending practices and interest rates. Standard down payments for qualified applicants are 3.5 percent for FHA and 10 percent for conventional home loans. Future for-sale housing absorption in Osawatomie by price range was based on a 30-year loan and a housing expense-to-income ratio of 28 percent for conventional loans and 31 percent for FHA insured loans. FHA conforming loans for single-family homes in Miami County is currently \$431,250.

Housing expenses include principal, interest, property taxes and insurance payments. As a share of total housing costs, annual property taxes are estimated at 2.0 percent and insurance payments at 0.5 percent. Current average mortgage rates are 5.72 percent for a 30-year conventional home loan and 5.66 percent for an FHA loan. Because mortgage rates have increased during the first half of 2022 and are expected to edge slightly higher throughout the remainder of the year this analysis used a range from 5.75 to 6.25 percent.

The table on the following page provides for-sale housing affordability estimates at various household income levels for both conventional and FHA financing.

An estimated 8.9 percent of Osawatomie households earn from \$35,000 to \$49,999 per year. At current FHA and conventional financing standards, households earning \$35,000 annually can support an estimated home purchase of \$101,000 to \$110,000.

An estimated 22.4 percent of Osawatomie households earn from \$50,000 to \$74,999 per year. At current FHA and conventional financing standards, households earning \$50,000 annually can current support a home purchase price estimated at \$144,000 to \$158,000.

An estimated 12.1 percent of Osawatomie households earn from \$75,000 to \$99,999 per year. At current FHA and conventional financing standards, households earning \$75,000 annually can current support a home purchase price estimated at \$215,000 to \$237,000.

An estimated 17.0 percent of Osawatomie households earn \$100,000 or more per year. At current FHA and conventional financing standards, households earning \$100,000 to \$150,000 annually can support a home purchase price estimated at \$290,000 to \$450,000.

Based on current and estimated future household income growth in Osawatomie, through the year 2027, **new** need for entry-level housing priced under \$150,000 is forecast to account for 20 percent of total owner-occupied housing absorption. Move-up housing priced from \$150,000 to \$199,999 are estimated to account for 20 percent of new housing demand with homes priced from \$200,000 to \$249,999 are anticipated to account for 30 percent. Upscale product priced at \$250,000 and more is forecast to account for 30 percent of owner-occupied housing need in Osawatomie through 2027.

For-Sale Housing Affordability Estimates

Household Income		Down Payment	Monthly Housing Costs	Supported Housing Costs	
				5.75%	6.25%
\$35,000					
Conventional		10.0%	\$817	\$104,784	\$101,309
FHA		3.5%	\$904	\$110,476	\$106,544
\$50,000					
Conventional		10.0%	\$1,167	\$149,502	\$144,425
FHA		3.5%	\$1,292	\$157,939	\$152,193
\$75,000					
Conventional		10.0%	\$1,750	\$223,366	\$215,837
FHA		3.5%	\$1,938	\$237,009	\$228,484
\$100,000					
Conventional		10.0%	\$2,333	\$298,778	\$289,515
FHA		3.5%	\$2,583	\$315,700	\$304,400
\$150,000					
Conventional		10.0%	\$3,500	\$450,547	\$433,997

Household income levels for Osawatomie suggest considerable new need for income-based and affordable market-rate rental housing will materialize through the year 2027. An estimated 39.6 percent of households in Osawatomie earn less than \$35,000 annually. These households tend to be renters with the lower income households a candidate for income-based rental housing.

Through 2027, rental housing at rents of less than \$500 in the City of Osawatomie is forecast to account for 15 percent of total new rental housing need. An estimated 25 percent of new rental housing absorption will originate at rents of \$500 to \$799 per month, 30 percent at monthly rents of \$800 to \$999, 20 percent at monthly rents of \$1,000 to \$1,499, and 10 percent at monthly rents of \$1,500 and more. Single-family housing is expected to capture the highest rents.

The table on the following page outlines our calculations of general-occupancy new housing absorption in Osawatomie, Kansas from 2022 through 2027.

Forecast New Housing Need by Product Type City of Osawatomie, Kansas; 2022-2027

Housing Type	Affordability Factor % of Households	Total Housing Units	
		Low	High
Owner-Occupied Housing (\$ Value)			
Under \$150,000	20%	8	10
\$150,000 to \$199,999	20%	8	11
\$200,000 to \$249,999	30%	12	16
\$250,000+	30%	11	16
Total Owner-Occupied Housing Need		39	53
Renter-Occupied Housing (Monthly Rent)			
Under \$500	15%	4	5
\$500 to \$799	25%	6	9
\$800 to \$999	25%	8	11
\$1,000 to \$1,499	25%	5	7
\$1,500+	10%	3	3
Total Renter-Occupied Housing Need		26	35
Total Housing Need		65	88

Source: Canyon Research Southwest, Inc.

To conclude, through latent demand and population growth new housing need from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units. This report estimates that through 2027, owner-occupied housing will account for 60 percent of all **new** housing demand with renter-occupied housing accounting for the remaining 40 percent. Therefore, through 2027 the mix of new housing is estimated at 39 to 53 owner-occupied units and 26 to 35 rental units.

Through 2027 entry-level and first-time move-up new housing need in Osawatomie is estimated at 8 to 10 housing units priced under \$150,000. Owner-occupied housing need is further estimated at 20 to 27 housing units for move-up housing priced from \$150,000 to \$249,999 and 11 to 16 upscale housing priced at \$250,000 and more.

The breakdown of new rental housing need through 2027 is estimated at 4 to 5 dwelling units at a monthly rent under \$500 and 6 to 9 units at \$500 to \$799 per month, much of which may consist of income-based housing. Market-rate rental housing demand is estimated at 8 to 11 units at \$800 to \$999 per month and 8 to 10 units renting at \$1,000 or more per month.

SITE EVALUATION

This section of the study evaluates the 9.75-acre City-owned parcel of land east of 6th Street between Chestnut and Kelly Avenues for its suitability as a single-family home subdivision development site.

The criteria used to evaluate the suitability of the City-owned property as a future residential housing development site include site location; infrastructure; entitlements; visibility and exposure; access; and proximity to housing demand generators and services.

Location

The property is in the southern portion of Osawatomie and in proximity to the downtown area. Access to U.S. Highway 169 is provided via Main Street. Existing single-family home neighborhoods abut the property to the north and east.

Infrastructure

All off-site infrastructure is available to the property, including road access, electricity, natural gas, domestic water, and sanitary sewer. The City owns the utility services except for natural gas.

Adjacent street improvements include two asphalt paved lanes of traffic, gutters, streetlights, and power lines on 6th Street; two asphalt paved lanes of traffic, curbing, and power lines on Chestnut Avenue; and two asphalt paved lanes of traffic and power lines on Kelly Avenue. Plans call for the complete reconstruction of 6th Street past the property.

On-site improvements will require the construction of interior circulation roads complete with the necessary utility extensions. The City of Osawatomie could create a special district and issue a municipal-back bond issue to fund the necessary on-site infrastructure.

Entitlements

The subject property is zoned for residential use. Envisioned is a single-family home subdivision.

Visibility and Exposure

Visibility and exposure are important to the image and marketability of single-family subdivisions.

While the subject property does not offer frontage onto the major arterial of 6th Street, it does benefit from visibility from the road. Therefore, the subject property offers sufficient visibility and exposure to support development of a single-family home subdivision.

Accessibility

Regional, local, and on-site vehicular access is important when assessing a prospective single-family home subdivision site.

The subject property benefits from adequate local and regional vehicular access via 6th Street, Main Street, and U.S. Highway 169. On-site access is provided via the adjacent neighborhood streets of Chestnut Street and Kelly Avenue.

Proximity to Housing Demand Generators

Proximity to such housing demand generators as employment centers, colleges and urban cores is critical when evaluating a potential residential development site. Osawatomie's largest employers include the Osawatomie State Hospital and Osawatomie Unified School District #367. Many Osawatomie residents commute to southern Johnson County and the Kansas City MSA for work.

To conclude, the subject property benefit from proximity to several housing demand generators for for-sale housing.

Availability of Community Services

A prospective for-sale, single-family subdivision development site should afford convenient access to such community services as shopping, dining, entertainment, recreation, and schools. Osawatomie offers shopping, restaurants, public schools, Flint Hills Trail eastern terminus trailhead, Karl E. Cole Sports Complex, John Brown Memorial Park, public library, and places of worship. Southern Johnson County is a convenient drive from Osawatomie, offering a wide selection of shopping and entertainment options.

Conclusions

Based on the outlined site selection criteria the City-owned property located east of 6th Street between Chestnut and Kelly Avenues is suitable for the development of single-family home subdivision, offering the necessary physical attributes; infrastructure; zoning; visibility and exposure; access; and proximity to housing demand generators and services.

Assuming 25 percent to 30 percent of a single-family subdivision's land area is dedicated to street right-of-way and public space, assuming a standard lot size of 9,000 square feet, the subject property could accommodate an average density of approximately 3.4 to 3.6 dwelling units per acre. Therefore, the 9.75-acre parcel could support up to 35 homesites.

RURAL HOUSING INCENTIVE DISTRICT

The Rural Housing Incentive District (“RHID”) is a program designed to aid developers in building housing within rural communities by assisting in the financing of public improvements. RHID captures the incremental increase in real property taxes created by a housing development project for up to 25 years. To take advantage of the incentive, a property must be within a redevelopment district. Districts are defined by the City or County and must be based on the Housing Needs Analysis.

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. The housing needs analysis must demonstrate the following:

- That there is a shortage of quality housing within City/County;
- That the shortage of housing expected to persist;
- That the shortage of housing is a substantial deterrent to future economic growth in City/County; and
- That the future economic well-being of the City/County depends on governing body providing additional incentives for the construction or renovation of quality housing in City/ County.

These criteria form the primary basis upon which the Secretary will review the housing needs analysis and consider its approval. Based on the findings of the *Housing Study and Needs Assessment* for the City of Osawatomie the four findings and determinations outlined by the Rural Housing Incentive District Act were addressed.

There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers.

Osawatomie suffers from a shortage of quality housing at various product types and price points. Osawatomie homebuyers find it very difficult to find quality, affordable housing that doesn’t require considerable renovation and upgrades.

Osawatomie’s housing stock is old with nearly half of the existing inventory built prior to 1940 and only 6.9 percent built since 1980. Osawatomie’s older housing stock is generally in poor condition, small, and lacks the modern amenities sought by homebuyers that are provided in newer housing. In addition, the city’s housing stock has declined from 1,947 dwelling units in 2000 to 1,826 dwelling units by 2020. From 2000 through 2019, just two single-family homes were constructed in Osawatomie. During 2020 and 2021, a total of 14 homes were built in Osawatomie.

Osawatomie’s for-sale housing stock is heavily skewed toward low-priced housing with very little housing upper-end product. As reported by the *American Community Survey 2020*, 62.5 percent of Osawatomie’s owner-occupied housing stock was valued under \$100,000 compared to 30.1 percent for the state of Kansas. About 35 percent of Osawatomie’s owner-occupied housing stock is valued at \$100,000 to \$199,999, none valued at \$200,000 to \$299,999, and just 2.3 percent valued over \$300,000. The abundance of lower priced homes is attributed to the age, size, and condition of Osawatomie’s housing stock.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

From 2015 to 2020, home values in Osawatomie appreciated in value by 8.0 percent which lags the statewide rate of 19.4 percent. By 2020, the median housing value in Osawatomie of \$89,000 compared to the statewide rate of \$157,600. The well below average median home value and rate of appreciation is directly linked to the characteristics and condition of Osawatomie's housing stock.

According to the *American Community Survey 2020*, for 31.4 percent homeowner households and 46.3 percent of renter households in Osawatomie housing costs amount to 30 percent or more of total household income. These households are experiencing housing cost stress which is defined as paying more than one-third of household income on housing.

Osawatomie's housing stock supports a disproportionately high rate of detached single-family homes and a small inventory of attached, multi-family housing product. Detached single-family homes account for 85.6 percent of Osawatomie's housing stock, compared to the statewide average of 72.7 percent. Multi-family housing account for just 11.2 percent of the total housing stock, compared to 18.4 percent for all of Kansas. Due to the below average inventory of multi-family housing in Osawatomie, detached and attached single-family homes account for nearly two-thirds of all occupied rental housing units. No large-scale, market-rate apartment properties exist in Osawatomie.

Osawatomie residents age, education, and income demographics suggest a more diverse mix of for-sale and rental housing is supportable. The market warrants quality entry-level for-sale housing, move-up housing priced over \$200,000, and quality market-rate rental housing. The abundance of low-income households and full occupancy of existing income-based rental properties suggest additional housing inventory is needed.

According to the *American Community Survey*, 23 percent of households in Osawatomie possess incomes under \$25,000 and potentially qualifying for some form of housing assistance. The current inventory of income-based rental housing in Osawatomie totals just 64 dwelling units for singles and families and 102 dwelling units for seniors, all of which are occupied. According to leasing agents for the existing income-based apartment properties the demand for affordable rental housing in Osawatomie has been strong for several years.

Despite in recent years the rate of renovations and resales in Osawatomie has increased and eleven new homes have been built or are under construction, the level of new quality housing has fallen far short from correcting the imbalanced housing market for both owner-occupied housing at a wide range of price points that meets the needs of today's homebuyers. New home construction has focused on existing infill lots serviced with utilities. A larger inventory of vacant lots in Osawatomie is required to stimulate increased new home construction, including infill lots and vacant land.

To conclude, Osawatomie suffers from a shortage of quality for-sale and rental housing at various price points. Market constraints such as the limited inventory of available vacant lots and raw land serviced by infrastructure has hampered efforts by the City and homebuilders to provide sufficient new housing inventory to alleviate the housing shortage.

The shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county.

From 2000 to 2019, just two new housing units were constructed in Osawatomie. During 2020 and 2021, 14 homes were built. The new homes provide the design and amenities homebuyers seek and have illustrated a market exists for homes priced from \$200,000 to \$250,000. This modest level of new residential construction is insufficient to foster a balanced housing market in Osawatomie.

Housing built prior to 1940 accounts for nearly half of the city's total housing stock. The low costs of much of the city's older housing stock has prompted an upturn in the investment by "flippers" who buy, renovate, and sell at a profit. While the increased level of activity by flippers has produced more quality, affordable housing in Osawatomie, it is insufficient to foster a balanced housing market.

The principal constraints in facilitating new residential construction in Osawatomie is a modest inventory of vacant infill lots and lack of residential land serviced by the necessary infrastructure. A larger inventory of vacant lots and developable land is required to escalate the rate of new home construction activity in Osawatomie.

To conclude, the shortage of quality housing in Osawatomie is expected to persist as attracting builders has proven difficult given the modest inventory of vacant lots and residential land serviced with infrastructure. Additional economic incentives are necessary in order to extend infrastructure needed to facilitate new lot inventory, encourage builders to construct new housing, and private property owners to invest in home renovations.

The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county.

Over the past 50 years Osawatomie's population has been stagnant and from 2000 to 2020 experienced an 8.4 percent decline in population, losing 390 residents. The lack of population growth places constraints on the local workforce which adversely impacts new business recruitment and opportunities for existing businesses to grow and expand. The city's existing population of 4,255 residents place constraints on the ability to attract retail businesses need to support area residents.

Continued economic expansion is critical to the economic and fiscal health of a community. To be competitive in attracting businesses a community must offer an excellent quality of life that includes a variety of housing at a wide range of price points, quality schools, low crime, ample recreational entertainment opportunities, and a pro-business environment.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

A diverse housing market is a key factor in influencing a community's economic growth and development. Communities with a variety of for-sale and rental housing offer employers a diverse workforce. The shortage of quality for-sale and rental housing is a deterrent to the future economic growth and development of Osawatomie. To be more attractive to prospective businesses, support

a diverse mix of residents and skills, and be more competitive with other communities in the arena of economic development, Osawatombie must improve the selection of its housing stock.

While the City of Osawatombie applies all available statutory incentives to attract businesses and job growth, in recent years economic growth and development has been modest. Economic indicators that are reflective of a community's economic growth and development include trends in total assessed valuation, construction, and retail sales tax collections. The City of Osawatombie's total assessed valuation rose from \$22,285,924 in 2015 to \$23,217,564 by 2018, increasing at an annualized rate of just 1.4 percent. Increased assessed valuation associated with new improvements amounted to \$15,789 in 2015, \$26,051 in 2016, \$89,160 in 2017, and \$424,191 in 2018. The City sales tax collections increased from \$261,754 in 2014 to \$355,682 in 2021. New home construction in Osawatombie totaled 14 homes in 2020 and 2021. These economic indicators suggest that in recent years the City of Osawatombie has experienced modest economic expansion.

The City of Osawatombie's inability to meet prospective companies site requirements hampers the ability to attract employers. Lost economic development opportunities are a symptom of the City's inability to effectively compete with other communities as it pertains to infrastructure, workforce, and housing.

To conclude, the shortage of quality for-sale and rental housing at various price points places the City of Osawatombie at a considerable disadvantage in competing for and fostering future economic growth and development. The shortage of quality housing hampers population growth and the ability to offer prospective businesses a diverse workforce and a growing economy.

The future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.

To properly stimulate Osawatombie's new housing market the greatest hurdle to overcome is providing a larger inventory of vacant lots to entice builders to construct new housing as well as extending infrastructure to residentially zoned land to ensure a continued long-term pipeline of building sites. The principal constraint in providing additional lot and land inventory is the City's ability to fund the necessary improvements.

To facilitate future residential construction, new roads need to be constructed and utility lines extended. The City of Osawatombie owns a 9.75-acre parcel of land serviced with off-site infrastructure that is being considered for future development of a single-family subdivision. With a current total assessed valuation of \$23.2 million the City's bonding capacity is limited and may not be sufficient to fund the required street and infrastructure improvements to the property. Alternative funding sources may likely be required to facilitate development of a single-family home subdivision at the property.

To conclude, City of Osawatombie applies all available statutory incentives to attract businesses and job growth, but lack incentives needed to invest in infrastructure required to stimulate new home construction and population growth. Additional incentives are needed by the City to spur the construction of new housing. Without a substantial investment in infrastructure and the resulting increase in available residential lots and serviced tracts of land designated for future residential use the Osawatombie housing market will continue to suffer from modest new home construction activity and unmet housing market needs. Osawatombie's continued housing

imbalance will place significant constraints on the ability to attract employers and foster continued population and economic growth.

Based on the findings of the *Housing Study and Needs Assessment* it has been determined that the City of Osawatomie qualifies as a Rural Housing Incentive District. Osawatomie suffers from a severe shortage of quality for-sale and rental housing at various price points with economic incentives necessary to encourage builders to construct new housing. The economic incentives could be used to fund the construction of additional residential lots and the extension of infrastructure to land designated for future residential use.

ADDENDA

EXHIBIT A

Canyon Research Southwest, Inc., Client Roster

CLIENT ROSTER

During its period of operation, Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

Appraisal Technology, Inc.
Arizona State Land Department
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Belz-Burrow (Jonesboro, Arkansas)
Bridgeview Bank Group
Browning-Ferris Industries
Cameron Group (Syracuse, New York)
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
Circle G Development
City of Andover, Kansas
City of Augusta, Kansas
City of Belton, Missouri
City of St. Charles, Missouri
City of Coffeyville, Kansas
City of Dodge City, Kansas
City of Duncan, Oklahoma
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Kewanee, Illinois
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Osawatomie, Kansas
City of Loveland, Colorado
City of Newton, Kansas
City of Oak Grove, Missouri
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of Salina, Kansas
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
DMB Associates
EDAW, Inc. (Denver, Colorado)
Frontera Development, Inc.
Gilded Age (St. Louis, Missouri)

W.M. Grace Development (Phoenix, Arizona)
Greystone Group (Newport Beach, California)
Heritage Bank (Louisville, Colorado)
Highwoods Properties (Kansas City, MO)
Holiday Hospitality Corporation (Atlanta, Georgia)
DR Horton Homes (Phoenix, Arizona)
Kaiser Permanente (Oakland, California)
Landmark Organization (Austin, Texas)
Lawrence Group (St. Louis, MO)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Platte County Economic Development Council
Pulte Home Corporation
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Weststone Properties
Widewaters (Syracuse, NY)
Yavapai-Apache Nation (Camp Verde, Arizona)

EXHIBIT B

Resume of Eric S. Lander, Principal
Canyon Research Southwest, Inc.

EDUCATION

In May, 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration. He attended Arizona State University from September 1977 to May 1981, and received honors status for his superior cumulative grade point average. During this time, he was an active member of the Marketing Club and National AMA as well as a participant in several research projects involving both local and national firms. In May 1992, Mr. Lander received a Master's in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.

President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

Mountain West Research

Associate (December 1988 to January 1990)

Senior Consultant (October 1983 to October 1984)

Mr. Lander managed the company's Commercial Real Estate Services Division. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

Iliff, Thorn & Company

Marketing Assistant (January 1982 to December 1983)

Joined Iliff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

RANGE OF EXPERIENCE

For two years Mr. Lander was an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Mr. Lander is Vice Chairman of the City of Buffalo Preservation Board and a board member for the Campaign for Greater Buffalo History, Architecture & Culture.

For public financing offerings has prepared revenue forecasts for a large number of mixed-use developments throughout the United States.

Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on large-scale, master planned communities throughout the United States. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Master's program in Real Estate, City and Regional Planning, and Business.

Mr. Lander has provided consulting services on downtown redevelopment projects and historic preservation efforts. Examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plans for the 24 Highway Corridor in Independence, Missouri and Porter Avenue Corridor in Norman, Oklahoma.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funding is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several major tourism-related developments in Kansas. Projects in the Kansas City area include the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, Rosedale Station Shopping Center, Prairiefire at LionsGate and The Gateway. Elsewhere in Kansas studies have been prepared for RiverWalk in Wichita and downtown Manhattan, Kansas. The *Market Study* evaluates the market positioning, market demand, short-term development potential and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.