

Yours Truly

Multi-Family Housing Assessment Summary

City Council Presentation July 20, 2017

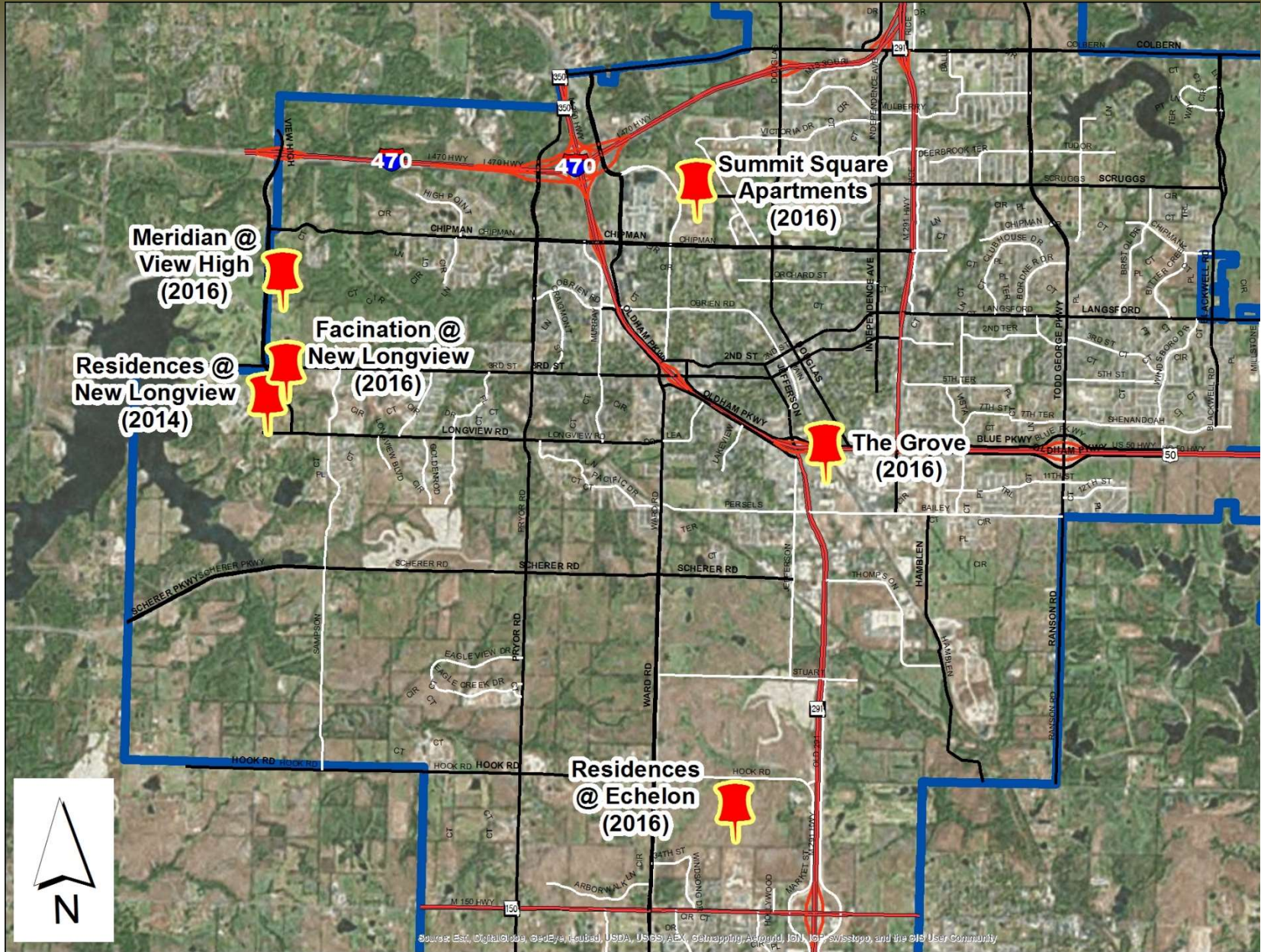
Agenda

- Background
- Purpose
- Methodology
- Analysis
- Conclusions
- Questions



Background

- Increase in Luxury Multi-Family Projects
 - Residences @ New Longview (2014, 309)
 - Summit Square Apartments (2016, 308)
 - Residences @ Echelon (2016, 243)
 - Meridian @ View High (2016, 312)
 - Fascination @ New Longview (2016, 172)
 - The Grove (2016, 384)



Background

- December 2016 – Saturation discussion
- March 2017 – RFP Issued
- March 2017 – Vogt Strategic Insights (VSI) Selected
- May 2017 – Draft Report Received
- June 2017 – Final Report Received

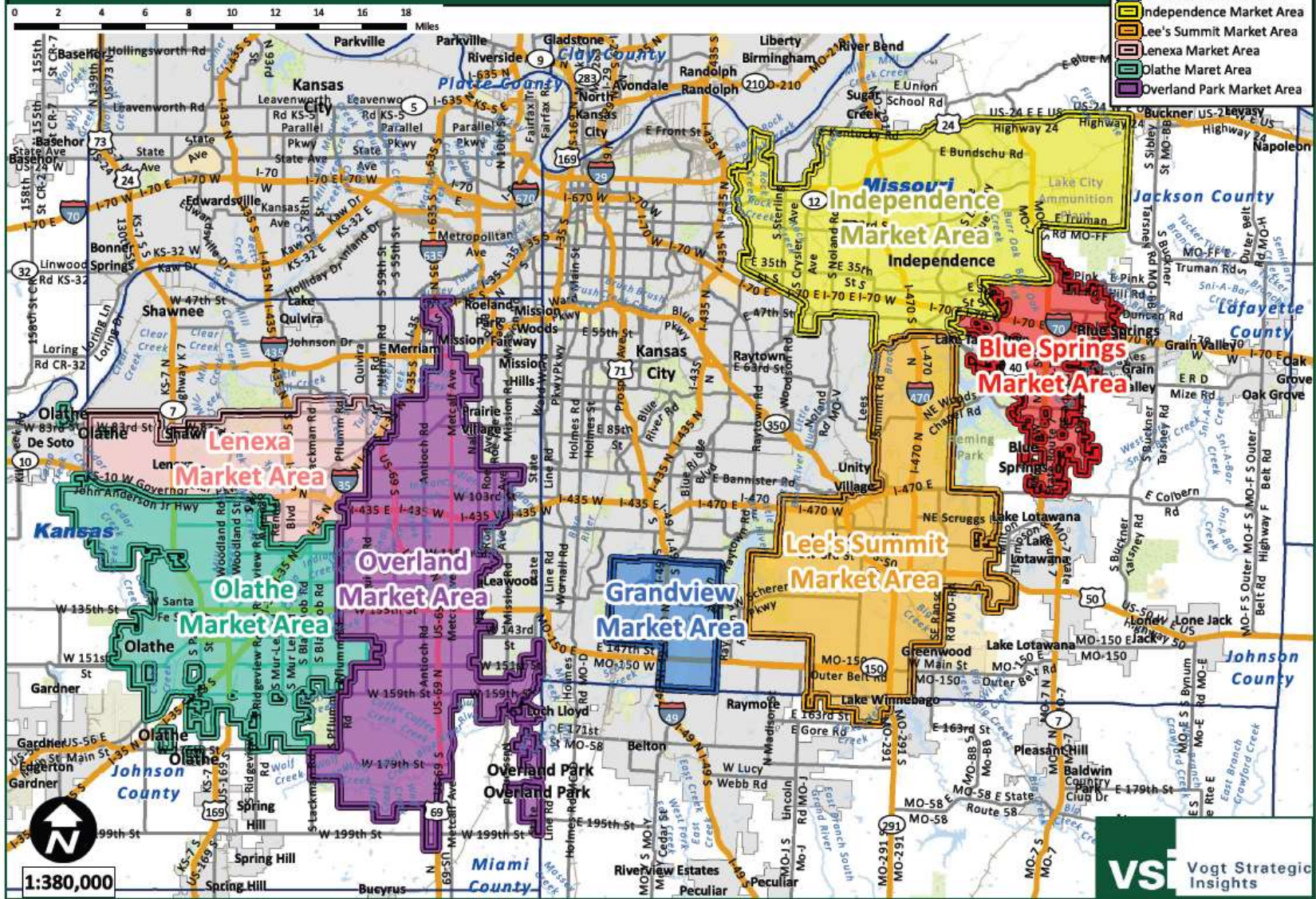
Purpose

- Evaluate future market demand and support for new rental housing developments
- Focus on Market-Rate and Luxury Multi-Family Demand
- Include surrounding communities
- Develop a 10-year Luxury Multi-Family housing demand forecast

Methodology

- Market Area & Surrounding Market Areas
 - Lee's Summit
 - Independence
 - Blue Springs
 - Grandview
 - Overland Park
 - Olathe
 - Lenexa

Lee's Summit, MO Market Areas



Methodology

- Statistical Trend Analysis
 - Population, Age Distribution, Education
 - Household Characteristics
 - Renter/Owner
 - Household Income
 - Housing Values
- Sources
 - ESRI, ACS, HISTA data

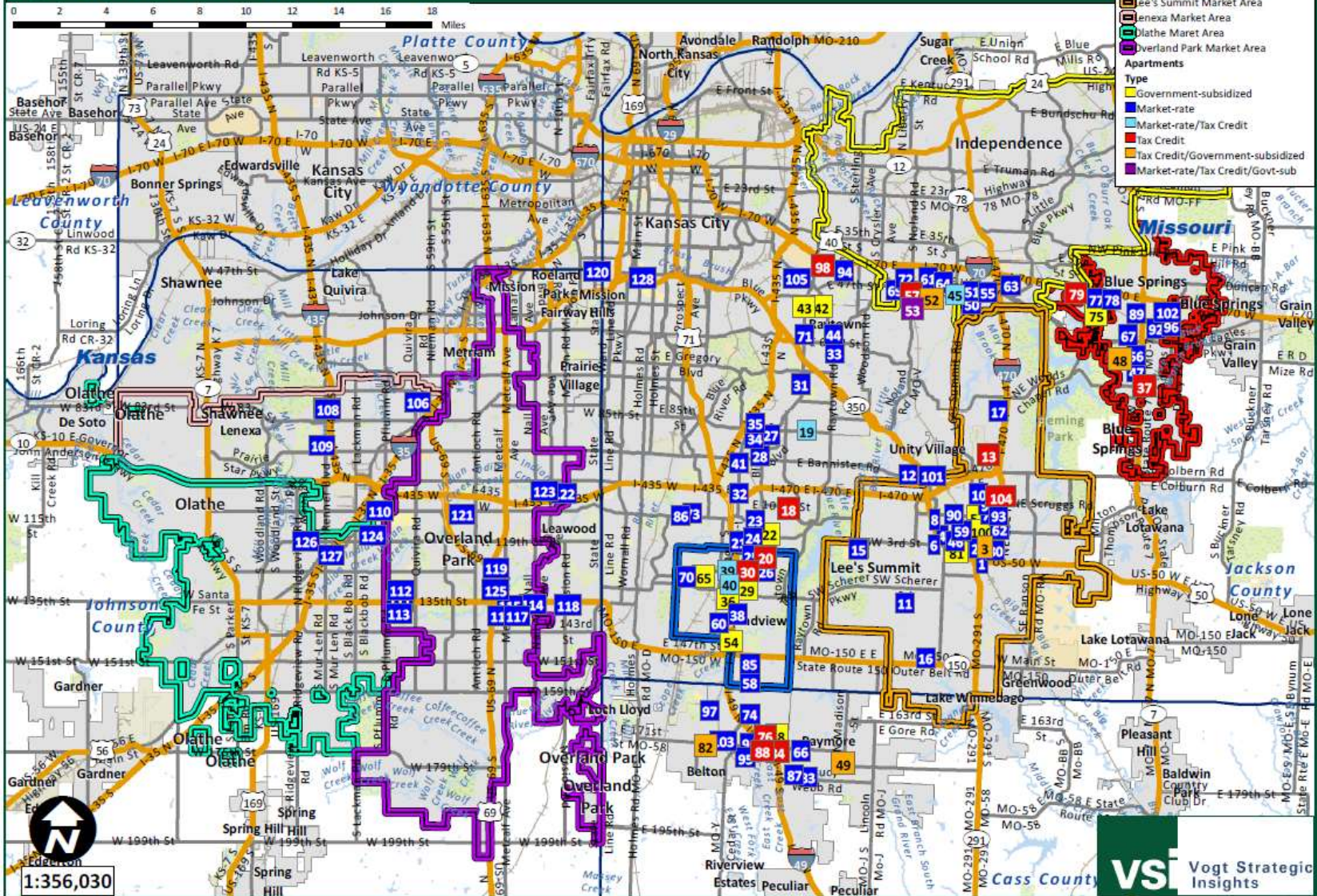
Methodology

- Field Survey
 - Unit Mix
 - Amenities
 - Vacancies
 - Rent Level
 - Overall Quality
- 27 Projects – 3,272 units in LS
- 101 Projects – 18,900 units in submarkets

Methodology

- Quality Ratings
 - A: Upscale/high quality property
 - B: Good condition and quality
 - C: Fair condition, in need of minor improvements
 - D: Poor condition
 - F: Serious disrepair, dilapidated

Lee's Summit, MO Apartment Locations



Analysis

- Demographic Highlights
 - Only Olathe experienced higher percentage growth in population and households
 - Total population and household growth
 - Greatest increase among ages 65-74
 - Projecting increase in renter households

	Demographic Overview													
	Lee's Summit Market Area		Independence Market Area		Blue Springs Market Area		Grandview Market Area		Overland Park Market Area		Olathe Market Area		Lenexa Market Area	
	Pop.	H.H.	Pop.	H.H.	Pop.	Pop.	Pop.	H.H.	Pop.	H.H.	Pop.	H.H.	Pop.	H.H.
2000 Census	71,154	26,555	113,693	47,515	48,512	17,472	24,841	9,695	151,321	60,464	94,151	32,678	40,184	15,581
2010 Census	91,431	34,483	116,830	48,742	52,596	19,530	24,475	9,640	173,744	71,575	125,876	44,508	48,190	19,288
Change '00-'10	20,277	7,928	3,137	1,227	4,084	2,058	-366	-55	22,423	11,111	31,725	11,830	8,006	3,707
% Change '00-'10	28.5%	29.9%	2.8%	2.6%	8.4%	11.8%	-1.5%	-0.6%	14.8%	18.4%	33.7%	36.2%	19.9%	23.8%
Estimated 2017	94,812	35,353	119,203	49,411	54,038	19,966	26,136	10,255	187,826	77,039	137,363	48,236	53,246	21,137
Change '10-'17	3,381	870	2,373	669	1,442	436	1,661	615	14,082	5,464	11,487	3,728	5,056	1,849
% Change '10-'17	3.7%	2.5%	2.0%	1.4%	2.7%	2.2%	6.8%	6.4%	8.1%	7.6%	9.1%	8.4%	10.5%	9.6%
Projected 2022	97,414	36,116	121,592	50,240	55,340	20,383	27,256	10,677	199,410	81,606	146,436	51,294	57,036	22,571
Change '17-'22	2,602	763	2,389	829	1,302	417	1,120	422	11,584	4,567	9,073	3,058	3,790	1,434
% Change '17-'22	2.7%	2.2%	2.0%	1.7%	2.4%	2.1%	4.3%	4.1%	6.2%	5.9%	6.6%	6.3%	7.1%	6.8%
2027 Projected	100,044	36,911	124,024	51,094	56,668	20,811	28,428	11,115	211,773	86,421	156,101	54,526	61,086	24,106
Change '22-'27	2,630	795	2,432	854	1,328	428	1,172	438	12,363	4,815	9,665	3,232	4,050	1,535
% Change '22-'27	2.7%	2.2%	2.0%	1.7%	2.4%	2.1%	4.3%	4.1%	6.2%	5.9%	6.6%	6.3%	7.1%	6.8%
Total Change 2017-2027	5,232	1,558	4,821	1,683	2,630	845	2,292	860	23,947	9,382	18,738	6,290	7,840	2,969
% Change 2017-2027	5.5%	4.4%	4.0%	3.4%	4.9%	4.2%	8.8%	8.4%	12.7%	12.2%	13.6%	13.0%	14.7%	14.0%

Source: VSI; ESRI; 2000, 2010 Census

H.H. – Households

Pop. – Population

Analysis

- Economic Highlights
 - Employment growth has a positive effect on Population and household
 - Stable employment growth main catalyst for additional market-rate housing

Analysis

- Rental Market Conditions
 - 95.8% Regional Occupancy Rate
 - Considered a stable rate
 - 98.4% LS Occupancy Rate
 - Considered a high rate
 - Demand is considered very strong

Analysis

- Modern Rental Supply

Suggested Market-Rate Unit Sizes and Gross Rents (2017)			
Bedrooms/Baths	Square Feet	Gross Rents	Collected Rent Per Square Foot
One-Bedroom/1.0-Bath	700 - 850	\$1,100 - \$1,300	\$1.29 - \$1.86
Two-Bedroom/2.0-Bath	950 - 1,300	\$1,450 - \$1,800	\$1.15 - \$1.75
Three-Bedroom/2.0-Bath	1,200 - 1,500	\$1,700 - \$2,000	\$1.13 - \$1.67

Suggested Market-Rate Unit Mix for a Lee's Summit Development	
Bedrooms	Recommended Share of Units
One-Bedroom	45% - 60%
Two-Bedroom	30% - 45%
Three-Bedroom	5% - 10%

Conclusions

- Demographic Support
 - New Households – 30%
 - Existing Households – 70%
 - Income Eligibility - \$35,000 minimum

Market-Rate (2027) Renter Demographic Support Analysis				
Income Range	Total Renter Households 2017	Total Renter Households 2027	Change 2017 to 2027	Income-Qualified Renters (\$35,000 and Higher) 2027
Up to \$10,000	854	841	-13	-
\$10,000 to \$20,000	1,318	1,295	-23	-
\$20,000 to \$30,000	1,152	1,171	19	-
\$30,000 to \$40,000	1,269	1,252	-17	626
\$40,000 to \$50,000	904	921	17	921
\$50,000 to \$60,000	871	889	18	889
\$60,000 to \$75,000	703	740	37	740
\$75,000 to \$100,000	663	709	46	709
\$100,000 to \$125,000	301	323	22	323
\$125,000 to \$150,000	107	130	23	130
\$150,000 to \$200,000	154	174	20	174
\$200,000 and Higher	184	231	47	231
Total	8,479	8,680	201	4,743
Income-, Age- and Size-Appropriate Renters				4,743
30% Additional Support Component From Homeowner Conversion to Renters and New Renter Households Currently Outside the Lee's Summit market				+ 2,033 (= 4,743 / 70% [- 4,743])
Projected Demographic Support Base (2027)				= 6,776
Modern Units (B Quality and Higher) (Existing, Under Construction and Pipeline)				- 4,457 (= 2,304 existing + 647 U/C + 1,506 P/P)
Projected Housing Demand (2027)				= 2,319 Housing Units

Source: Ribbon Demographics; ESRI; Urban Decision Group

U/C – Under construction

P/P – Planned and proposed pipeline units

Conclusions – 2017-2027

- Income Eligible Renters: 4,743
- 30% Additional Support: 2,033

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- Demographic Support Base: 6,776

Conclusions – 2017-2027

- Demographic Support Base: 6,776
 - Existing Modern Units: 2,304
 - Units Under Construction: 647
 - Units Approved: 1,506
-
- Total Unit Shortage: 2,319

Conclusions – 2017-2027

- Senior Renter Households (55+)
 - Can be served by non-age restricted units
 - 15% to 20% of Total Units
 - 350 to 465 Unit Shortage
 - Analysis does not include continuing care facilities

Conclusions – 2017-2027

- Affordable Housing
 - Clear pent-up market demand
 - Net Support Base of 3,836 income qualified renters
 - 40% to 60% of Area Median Household Income
 - Many of the support base reside in lower quality market-rate alternatives

Conclusions – 2017-2027

- Affordable Housing
 - Typically 10% respond to new affordable alternatives
 - Additional 384 Units
 - 25% - 30% of affordable units for Seniors
 - 54 existing units
 - Net 42 - 61 Senior Units

Conclusions – 2017-2027

- Strong demographic support and market demand for additional rental housing
- Additional modern alternatives will be able to attract additional renter households from outside of LS
- Projections are considered conservative

Questions?

Type of Housing	Projected 10 Year Housing Demand 2017-2027
Market Rate	2,319
Market Rate (Age 55+)	350 – 465
Affordable	384
Affordable (Age 55+)	42 - 61