Yours Truly

Multi-Family Housing Assessment Summary
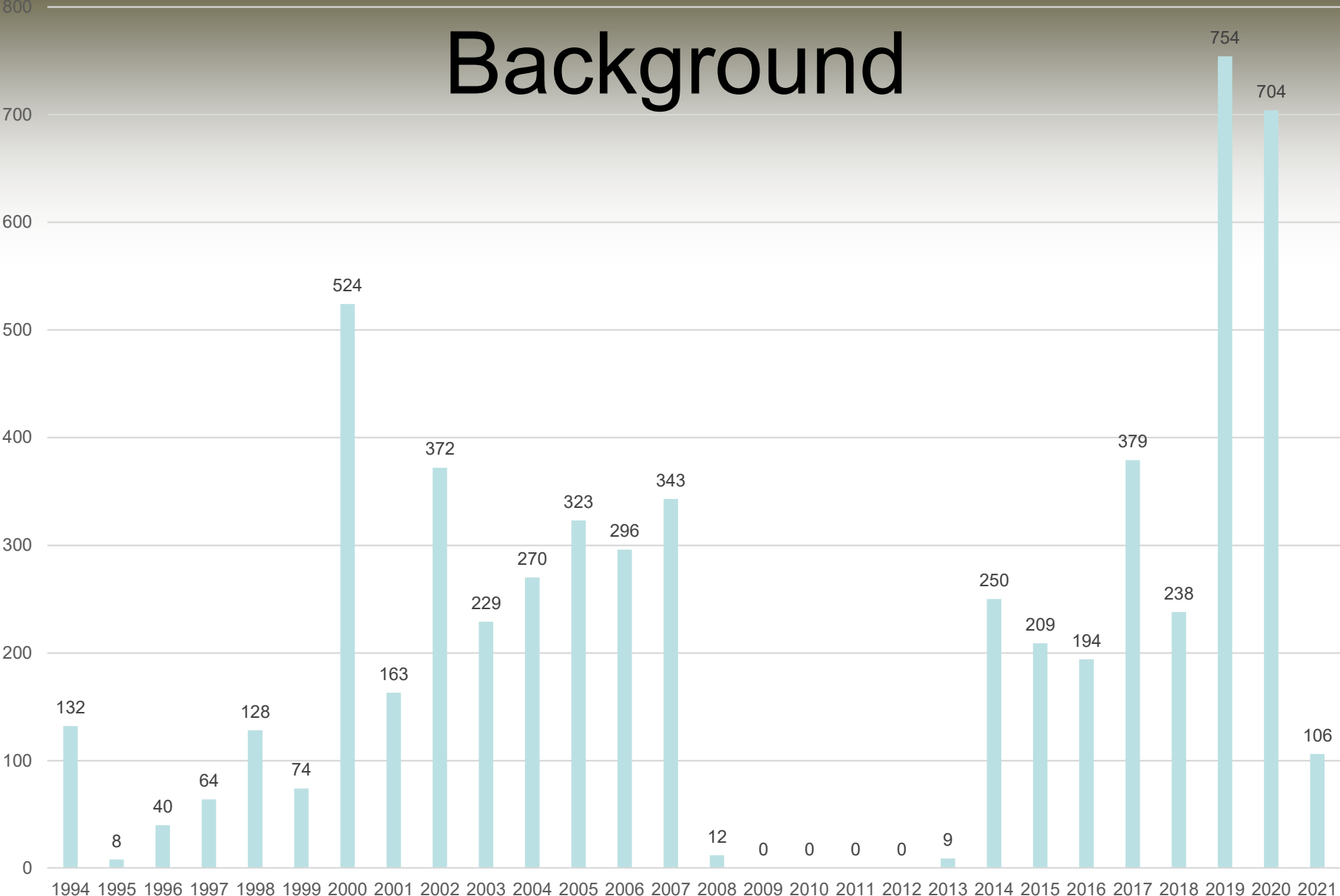
July 19, 2022

LS LEE'S SUMMIT
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Agenda

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

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Background

Purpose

- Evaluate future market demand and support for new rental housing developments

- Focus on Market-Rate Multi-Family Demand

- Include surrounding communities

- Develop a 10-year Market-Rate Multi-Family housing demand forecast

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Methodology

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

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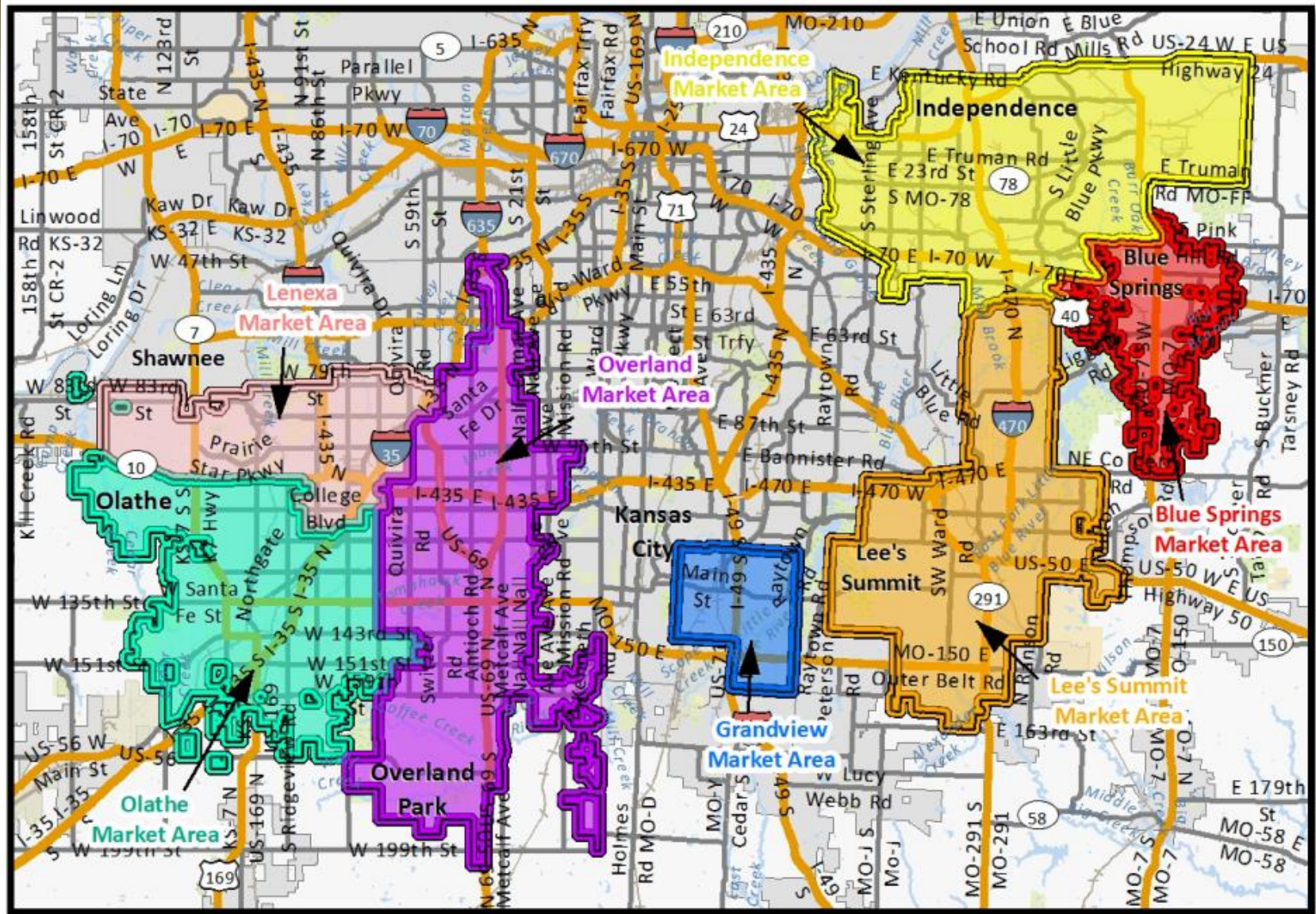
Methodology

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

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Methodology

- **Field Survey**
  - Unit Mix
  - Amenities
  - Vacancies
  - Rent Level
  - Overall Quality
- 34 Projects – 4,934 units in LS
- 180 Projects – 27,936 units in submarkets

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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

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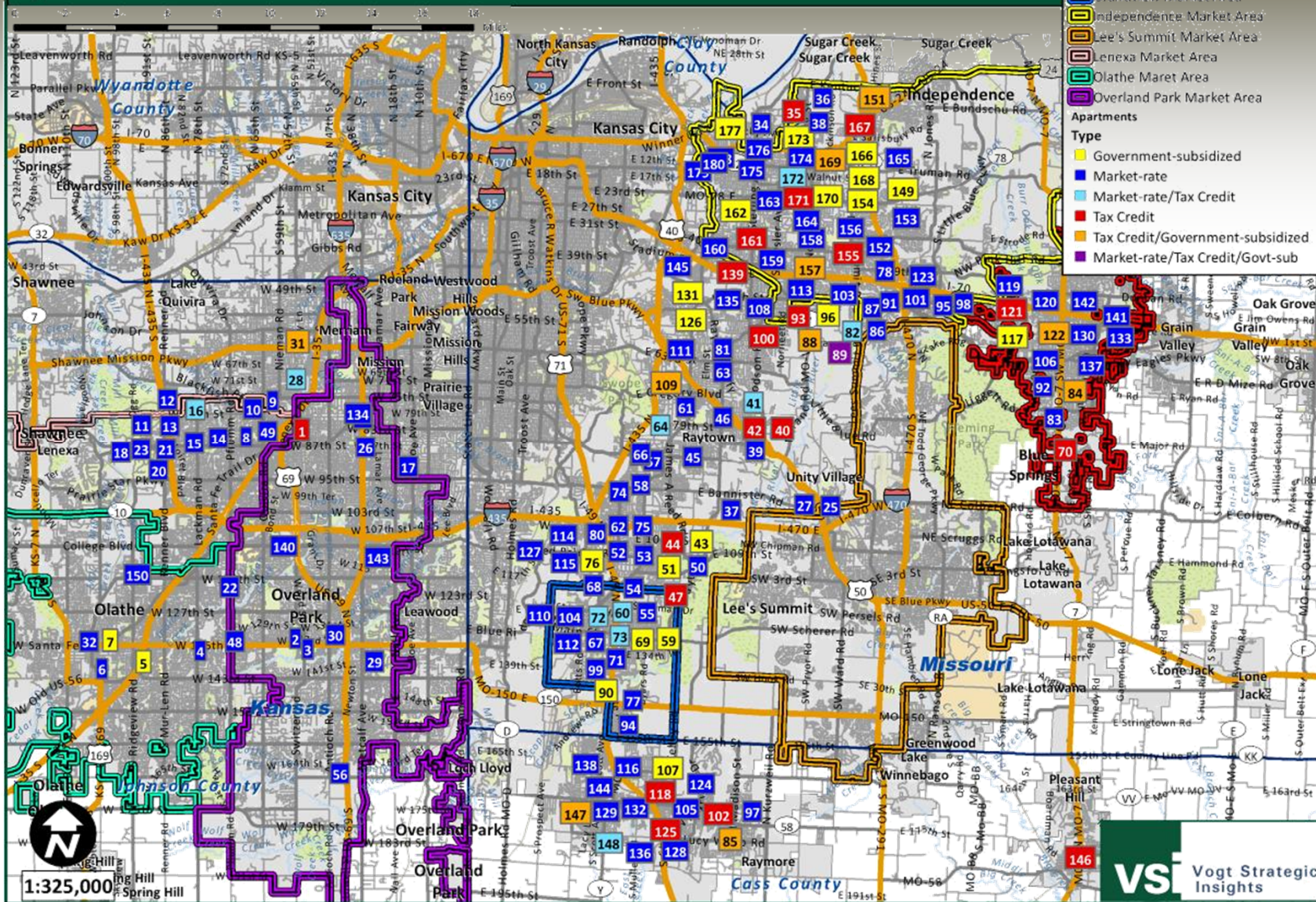
Analysis

- Demographic Highlights
  - Growth rates are considered moderate
  - 9% Total population and household growth
  - Greatest increase among ages 65+
  - Projecting increase in renter households
    - 74.4% Owner-Occupied (30,704)
    - 25.6% Renter-Occupied (10,590)

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	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.	H.H.	Pop.	H.H.	Pop.	H.H.	Pop.	H.H.	Pop.	H.H.
2000 Census	71,156	26,556	113,719	47,525	48,522	17,476	24,841	9,695	151,297	60,450	94,193	32,690	40,184	15,581
2010 Census	91,432	34,484	116,860	48,754	52,607	19,534	24,475	9,640	173,714	71,549	125,925	44,528	48,190	19,288
Change '00-'10	20,276	7,928	3,141	1,229	4,085	2,058	-366	-55	22,417	11,099	31,732	11,838	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 2022	100,546	37,977	119,613	50,077	55,781	20,861	26,173	10,389	199,567	82,005	142,970	50,345	58,175	23,521
Change '10-'22	9,114	3,493	2,753	1,323	3,174	1,327	1,698	749	25,853	10,456	17,045	5,817	9,985	4,233
% Change '10-'22	10.0%	10.1%	2.4%	2.7%	6.0%	6.8%	6.9%	7.8%	14.9%	14.6%	13.5%	13.1%	20.7%	21.9%
Projected 2027	105,088	39,636	121,613	50,898	57,251	21,400	26,955	10,716	210,472	86,451	151,070	53,089	62,569	25,418
Change '22-'27	4,542	1,659	2,000	821	1,470	539	782	327	10,905	4,446	8,100	2,744	4,394	1,897
% Change '22-'27	4.5%	4.4%	1.7%	1.6%	2.6%	2.6%	3.0%	3.1%	5.5%	5.4%	5.7%	5.5%	7.6%	8.1%
2032 Projected	109,630	41,295	123,613	51,719	58,721	21,939	27,737	11,043	221,377	90,897	159,170	55,833	66,963	27,315
Change '27-'32	4,542	1,659	2,000	821	1,470	539	782	327	10,905	4,446	8,100	2,744	4,394	1,897
% Change '27-'32	4.3%	4.2%	1.6%	1.6%	2.6%	2.5%	2.9%	3.1%	5.2%	5.1%	5.4%	5.2%	7.0%	7.5%
Total Change 2022-2032	9,084	3,318	4,000	1,642	2,940	1,078	1,564	654	21,810	8,892	16,200	5,488	8,788	3,794
% Change 2022-2032	9.0%	8.7%	3.3%	3.3%	5.3%	5.2%	6.0%	6.3%	10.9%	10.8%	11.3%	10.9%	15.1%	16.1%

Source: VSI; ESRI; 2000, 2010 Census

H.H. – Households

Pop. – Population

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Analysis

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

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Analysis

- **Rental Market Conditions**
  - 97.0% Regional Occupancy Rate
  - Considered a high rate
  - 98.8% LS Occupancy Rate
  - Considered a high rate
  - Demand is considered very strong

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Analysis

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%

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 Sizes and Gross Rents (2022)			
Bedrooms/Baths	**Square Feet**	**Gross Rents**	**Gross Rent Per Square Foot**
One-Bedroom/1.0-Bath	700 - 850	$1,450 - $1,650	~$1.75 - $2.40
Two-Bedroom/2.0-Bath	950 - 1,300	$1,800 - $2,250	~$1.65 - $2.30
Three-Bedroom/2.0-Bath	1,200 - 1,500	$2,200 - $2,500	~$1.50 - $2.00

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Conclusions

- ## Demographic Support
  - New Households – 20%
  - Existing Households – 80%
  - Income Eligibility - $60,000 minimum

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Market-Rate (2032) Renter Demographic Support Analysis				
Income Range	Total Renter Households 2022	Total Renter Households 2032	Change 2022 to 2032	Income-Qualified Renters ($60,000 and Higher) 2032
Up to $10,000	520	293	-227	-
$10,000 to $20,000	1,165	726	-439	-
$20,000 to $30,000	971	671	-300	-
$30,000 to $40,000	832	718	-114	-
$40,000 to $50,000	909	821	-88	-
$50,000 to $60,000	788	640	-148	-
$60,000 to $75,000	1,108	1,042	-66	1,042
$75,000 to $100,000	1,254	1,113	-141	1,113
$100,000 to $125,000	752	1,131	+379	1,131
$125,000 to $150,000	684	1,437	+753	1,437
$150,000 to $200,000	352	1,015	+663	1,015
$200,000 and Higher	340	983	+643	983
Total	**9,676**	**10,590**	**+914**	**6,721**
Income-, Age- and Size-Appropriate Renters				6,721
20% Additional Support Component From Homeowner Conversion to Renters and New Renter Households Currently Outside the Lee's Summit market				+ 1,680 (= 6,721 / 80% [- 6,721])
Projected Demographic Support Base (2032)				**= 8,401**
Modern Units (Quality) (Existing, Under Construction and Pipeline)				**- 4,127** (= 3,854 existing + 273 U/C)
Projected Housing Demand (2032)				**= approximately 4,275 Housing Units**

Source: Ribbon Demographics; ESRI; Urban Decision Group
U/C – Under construction

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Conclusions – 2022-2032

- Income Eligible Renters: 6,721
- 20% Additional Support: 1,680

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- Demographic Support Base: 8,401

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Conclusions – 2022-2032 per study

- Demographic Support Base: 8,401
- Existing Modern Units: 3,854
- Units Under Construction: 273
- Units Approved:

_____

- Total Unit Shortage: 4,274

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Conclusions – 2022-2032 updated 7/14/2022

- Demographic Support Base: 8,401
- Existing Modern Units: 3,949
- Units Under Construction: 641
- Units Approved: 1,862

- Total Unit Shortage: 1,949

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Conclusions – 2022-2032

- Senior Renter Households (55+)
  - Can be served by non-age restricted units
  - 15% to 20% of Total Units
  - 640 to 850 Unit Shortage
  - Analysis does not include continuing care facilities

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Conclusions – 2022-2032

- ## Affordable Housing
  - Clear pent-up market demand
  - Net Support Base of 2,965 income qualified renters
  - 40% to 60% of Area Median Household Income
  - Many of the support base reside in lower quality market-rate alternatives

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Conclusions – 2022-2032

- Affordable Housing
  - Typically 15% respond to new affordable alternatives
  - Additional 450 Units
  - 25% - 30% of affordable units for Seniors
  - 110 - 135 Senior Units

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Conclusions – 2022-2032

- 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

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Questions?

Type of Housing	Projected 10 Year Housing Demand 2022-2032
Market Rate	**4,275**
Market Rate (Age 55+)	640 – 850
Affordable	**450**
Affordable (Age 55+)	110 – 135