

# GRANDVIEW HOUSING ASSESSMENT AND STRATEGY

EXECUTIVE SUMMARY

March 26, 2018



DEVELOPMENTSTRATEGIES®

After two decades of decline, Grandview made significant investments in its infrastructure and parks, and partnered with developers to revitalize Truman Marketplace into a modern shopping center. As a result, Grandview's population is growing again. Yet, the city has not yet attracted its share of new housing development, particularly of for-sale homes, that is occurring in most of its peer cities in the Kansas City region.

## INTRODUCTION

Development Strategies was commissioned to prepare this *Housing Needs Assessment and Strategy* to provide the Board of Alderman and city of Grandview staff with detailed data analysis and a set of strategies that will help the city attract new housing development. Key elements of this study include stakeholder interviews, data and existing conditions analysis, analysis of real estate and housing trends, identification of opportunities and constraints, demand projections, and defining goals and strategies.

## KEY CONSTRAINTS

The course of this study included extensive research and many conversations about the condition of housing in Grandview, perceptions of trends and forces, and the effects of changing market circumstances. Several critical housing-related issues were identified that form this report's recommended strategies:

- Grandview has a **perception problem** regarding crime, its schools, and general physical conditions.
- Grandview has concentrations of **obsolete housing** because of age and design.
- Grandview has a **lack of new housing** construction.
- Grandview faces challenges with some of its **rental properties** due to absentee landlords and poor maintenance.

## KEY OPPORTUNITIES

Recent investments in Grandview's parks, Main Street, infrastructure, trail system, and Truman Marketplace helped end the period of decline dating from about 1990 to 2010. Grandview's leadership and many of the stakeholders interviewed see multiple opportunities relating to housing:

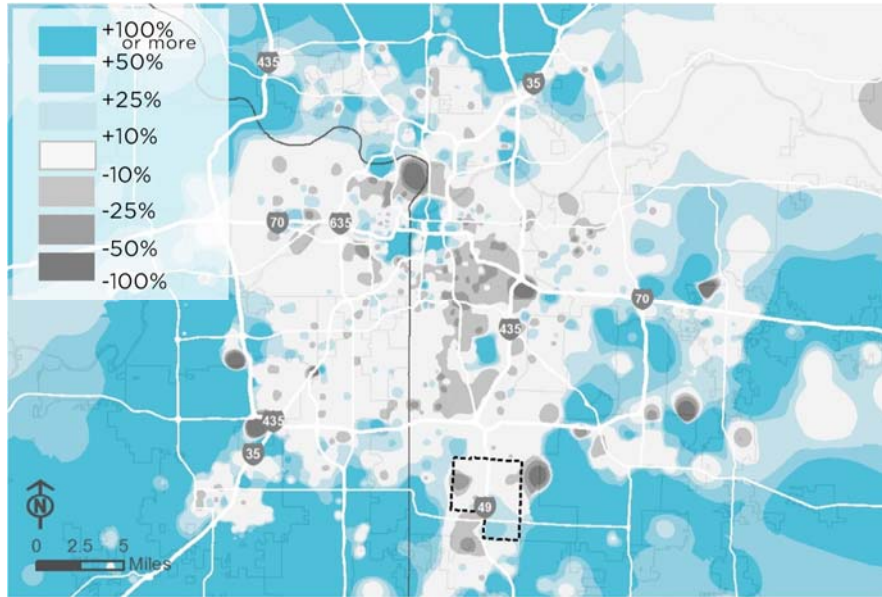
- Grandview has a **favorable location** for commuters.
- With a suitable housing stock, Grandview could keep current residents ready to **"move up"** into larger and/or nicer housing.
- Grandview lacks suitable housing options for those who wish to **downsize**.

## OTHER KEY OBSERVATIONS

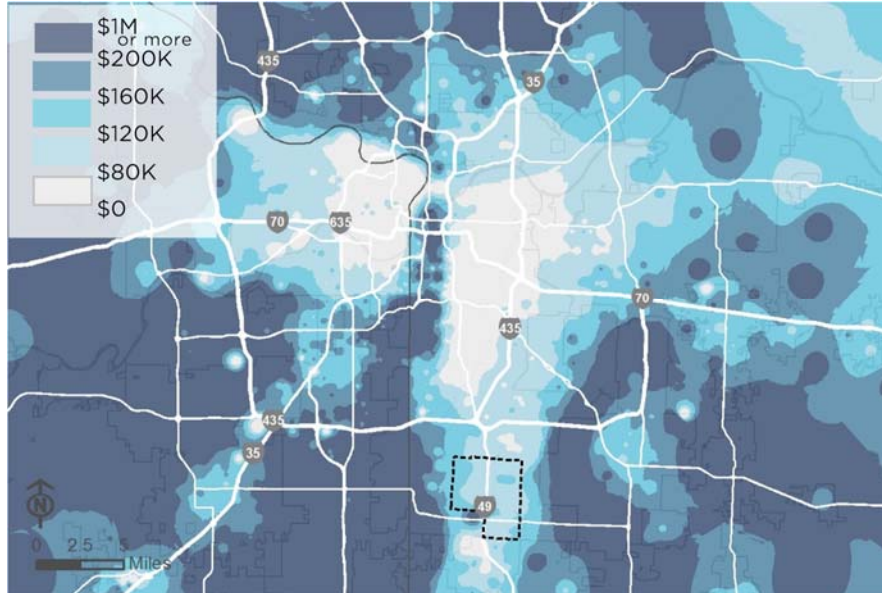
Data analysis resulted in several additional key observations that impact housing demand and the strategic framework:

- Grandview is located within 5 miles of more than 100,000 jobs.
- 90 percent of jobs in Grandview are filled by non-residents.
- Regional trends, including the expansion of Cerner to the north of Grandview, indicate a strong outlook for jobs.
- Grandview grew at a higher rate than Jackson County and many of its peer cities between 2010 and 2017.
- Grandview had minimal home value appreciation from 2010 to 2017 compared to neighboring cities.
- Grandview had substantially lower single-family permit activity than Lee's Summit, Belton, and Raymore in 2016 and 2017, which is indicative of the lack of new housing available on the market today.

CHANGE IN POPULATION 2000–2016



MEDIAN HOUSING VALUE



KEY METRICS  
GRANDVIEW

**1,800** residents added since 2010—a seven percent increase

**35%** of city’s population is between 25 and 49 years old—key demographics for new housing

**25%** of city residents earn \$75,000 or more per year

**54%** owner-occupied housing units

**1973** median year built of existing housing stock

**\$114,000** median housing value

Source: Esri, 2016

## SUPPLY ANALYSIS

Though Grandview has been one of the fastest growing communities in Jackson County over the past decade, residential development has not kept pace.

More than 70 percent of housing units in Grandview were constructed before 1980—30 percent were constructed in the 1970s. Less than 10 percent of units were built after 2000. This data means that the housing stock in Grandview is dated—most units were built more than 40 years ago. An older housing stock poses many challenges, including overall marketability, competing with newer housing elsewhere, and the costs associated with maintenance.

## FOR-SALE HOUSING

Approximately 54 percent of all housing units in Grandview are owner-occupied, compared to an owner ratio of 70 percent or higher in Belton, Raymore, and Lee's Summit. The median home value is \$114,000, 20 percent below the Jackson County average and 35 percent below the regional average.

Conversations with local real estate professionals highlighted several trends in the for-sale market:

- Recent sale prices remain low relative to the regional average—a reflection of the age and condition of the housing stock, not a lack of demand.
- Most well-maintained properties in Grandview sell within 48 hours of being listed, and multiple bids are common.
- Properties are occasionally appraised at values below a prospective buyer's offer, suggesting a disconnect between actual market conditions and the expectations of some lenders and appraisers.
- Investors have purchased a significant number of single-family homes in Grandview, marketing them as single-family rentals. While this can be a benefit in diversifying residential uses community-wide, speculative buyers in struggling areas may have little incentive to renovate properties until the surrounding neighborhood improves.

### 2 BR

800 SF-1,100 SF  
\$65,000-\$95,000

### 3 BR

1,000 SF-1,400 SF  
\$80,000-\$110,000

## 1960s & 1970s



### 2 BR

900 SF-1,200 SF  
\$85,000-\$105,000

### 3 BR

1,000 SF-1,400 SF  
\$90,000-\$180,000

## 1970s & 1980s



### 3 BR

1,200 SF-1,500 SF  
\$150,000-\$180,000

### 4 BR

1,500 SF-2,000 SF  
\$160,000-\$200,000

## 2000s & 2010s



## EXECUTIVE SUMMARY

### RENTAL HOUSING

The multifamily market added the majority of new housing units to Grandview from 2000 to 2017—744 units at Grand Summit Apartments were added during this period. The median gross rent (including utilities) in Grandview is \$760 per month.

Additional trends are summarized below:

- The proliferation of single-family homes for rent in Grandview highlights a deep market niche for larger three-bedroom and four-bedroom rentals.
- Existing apartment properties consist almost entirely of smaller one-bedroom and two-bedroom units, offering few options for families or larger households.
- Welcome Home and Daisy Walnut apartments, were built in 1974 and 1987, respectively. Both properties show significant signs of age and deferred maintenance around the grounds and building exteriors, and as recently as July 2017 significant portions of Daisy Walnut were shuttered due to safety-related code violations.
- Existing multifamily properties are generally performing well, with strong occupancy rates. Grand Summit plans to add more than 300 new units to meet demand for its product—it is typically full with a waiting list.

Overall, the supply analysis shows that:

- There is a lack of new single-family homes priced over \$200,000.
- There are considerable challenges with rental properties in specific neighborhoods in Grandview—single-family and duplex rentals in Belvidere and multifamily properties in northwest Grandview.
- There is a lack of quality affordable options for family and seniors.
- There is a lack of high-end market-rate options.
- There is a decent supply of developable lots in existing subdivisions.

### GRAND SUMMIT



Built 2001-2013  
744 units  
550 —1,000 SF  
\$0.80—\$1.10 PSF

AVG. RENT  
**1BR: \$1.00/SF**  
**2BR: \$0.85/SF**

### SINGLE-FAMILY



Built 1950s/1960s  
950 —1,300 SF  
\$1.15-\$1.25 PSF

AVG. RENT  
**2BR: \$0.85/SF**  
**3BR: \$0.90/SF**  
**4BR: \$0.90/SF**

### DAISY WALNUT



Built 1987  
301 units  
650 —930 SF  
\$0.70—\$0.85 PSF

AVG. RENT  
**1BR: \$0.85/SF**  
**2BR: \$0.70/SF**

## DEMAND ANALYSIS

There is a significant mismatch between what current residents could afford and what is currently available in Grandview. This leads some residents to move out of Grandview because they cannot find a suitable housing option.

Two demand analysis methodologies were utilized—conventional and target market analysis—to quantify demand for for-sale and rental housing at various price points. Both methodologies conclude demand for new homes prices over \$200,000, and well as for rental units at most price points. Conventional analysis identified mismatches between supply and demand. The target market analysis was used to identify specific housing typologies for which there is moderate-to-strong demand.

This analysis clearly concludes that there is current and potential future demand for new housing in Grandview, yet little new development has occurred. Where current demand is unmet by the housing stock, households will move to other communities for desired housing types.

There are other factors that are limiting developer interest in Grandview, namely perceptions of crime and of the performance of the school district. The strategic framework presented in the following section provides tools for Grandview to implement to address those issues. This will be critical to attract new development.

The graphics to the right summarize projected demand over the next 10 years. The numbers represent a reconciliation of the two demand methods.

### KEY FINDINGS: CONVENTIONAL



- A mismatch exists between what Grandview households can afford and what is available in the current housing stock, specifically for homes priced \$200,000 to \$300,000. More than 40% of households can afford this price range, yet less than 10% of the housing stock is in this range.
- In addition to current unmet demand, there will be demand for nearly 500 new for-sale units priced over \$200,000 over the next 10 years.
- There will be additional demand for more modest for-sale homes priced between \$120,000 and \$200,000—about 180 units. This price point could require some subsidy, or be met with a more compact urban-style townhome.
- Nearly half of renter households in Grandview can afford rents between \$650 and \$1,000 per month—the midscale multifamily market is deep, which is reflected by the strong performance of and planned addition to Grand Summit Apartments.
- Approximately 20% of renters can afford rents over \$1,000 per month, which is the primary demand generator for new upscale apartments.
- Demand for new multifamily will be modest—with the strongest demand for units priced under \$700 per month. New construction of this price point typically requires subsidy.
- There will be demand for approximately 100 units priced between \$700 and \$1,000 and 110 units priced over \$1,000 per month.

### KEY FINDINGS: TARGET MARKET



- There is current demand for approximately 285 upscale single-family homes (\$250,000 to \$500,000), a market segment that is largely unmet by the existing stock.
- In addition, there is potential future demand for up to 210 units of upscale single-family homes (\$250,000 to \$500,000) over the next 10 years.
- There is current demand for more than 300 upscale for-sale multifamily units or townhomes (\$180,000 to \$300,000), another market segment largely unmet by the current stock.
- There is projected demand for up to 90 upscale townhomes or multifamily units (for-sale and rental) over the next 10 years.
- There is current demand for approximately 265 midscale multifamily units (\$700 to \$1,000 per month), with additional demand for 135 units projected over the next 10 years.

## TARGET PRODUCT SUMMARIES

### UPSCALE SINGLE-FAMILY



Sale Price: \$250K-\$500K  
 Size: 2,500-3,800 SF  
 10-Year Demand: 210 Homes

Target Market: Families,  
 Couples w/ Older Children,  
 Empty Nesters

### TOWNHOMES



Sale Price: \$180K-\$300K  
 Size: 1,400-2,000 SF  
 10-Year Demand: 80 Homes

Target Market: Singles,  
 Couples, Empty Nesters

### MIDSCALE MULTIFAMILY



Avg. Rent: \$700-\$1,000/Mo.  
 Size: 650-1,000 SF  
 10-Year Demand: 150 Units

Target Market: Singles,  
 Roommates, Couples, Young  
 Families

### UPSCALE MULTIFAMILY

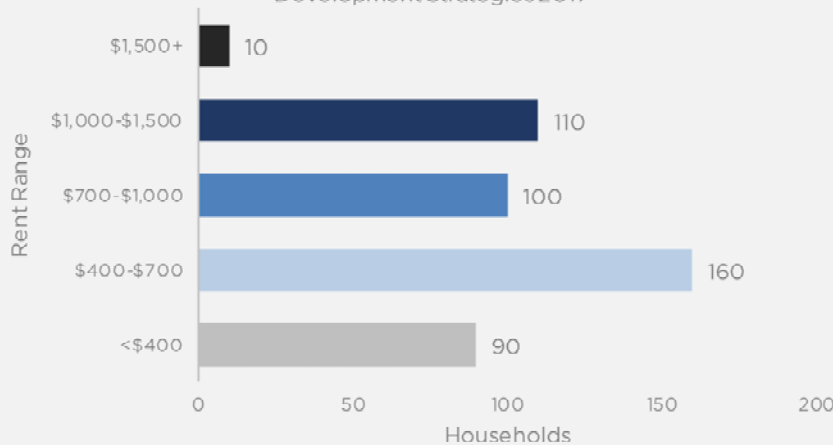


Avg. Rent: \$900-\$1,500/mo.  
 Size: 750-1,200 SF  
 10-Year Demand: 70 Units

Target Market: Singles,  
 Couples, Empty Nesters

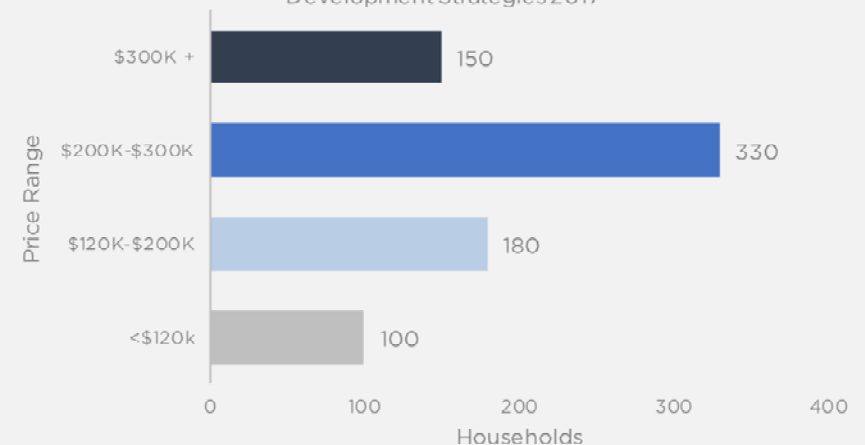
### PROJECTED 10-YEAR RENTAL DEMAND BY PRODUCT PRICING

Grandview  
 Development Strategies 2017



### PROJECTED 10-YEAR FOR-SALE DEMAND BY PRODUCT PRICING

Grandview  
 Development Strategies 2017



## STRATEGY RECOMMENDATIONS

The strategies are based on researched best practices that communities implement to address housing and related issues. Strategy recommendations are designed to address the specific opportunities and constraints that were identified through the course of this study.

Three housing-related goals were identified, as summarized on the following page.

The following statements summarize the eight strategies Development Strategies recommends that Grandview implement to accomplish those goals.

1. Create a **Housing Task Force or Commission** to oversee housing-related tasks and provide accountability to ensure that progress is made.
2. Create a **Development Review Team** to formalize a streamlined and straightforward development review process. The intent is to give Grandview a competitive advantage over peer communities by shortening the review period for project review and permitting, thereby lowering entitlement risk.
3. Implement a **Housing Marketing Campaign** to proactively market housing development opportunities to the development community and address barriers to new development. It would include identifying specific housing development opportunities; providing data that addresses negative perceptions; working with the police department and school district to tell the story of how those entities are addressing, and improving upon various challenges; publicizing ongoing public and private developments; and, marketing Grandview's many assets.
4. **Brand Neighborhoods or Districts** to foster placemaking in unique areas of Grandview, enhance community price, and attract investment.
5. Implement a **Rental Occupancy Permit or Registration System** to allow for stricter code enforcement with the intent of reducing absentee ownership of rental properties and improve overall housing conditions. A property owner/landlord would have to address all code violations before a tenant could legally live in the units.
6. Create **Targeted Development Zones** to focus city's limited resources on specific areas and enhance the impact of strategic investments. This concept is based on traditional community planning and helps organize housing-related efforts that are under the city's control. Components of targeted development zones could include an acquisition and demolition strategy if there is a concentration of severely dilapidated structures, enhanced code enforcement, and city asset improvements.
7. Coordinate with **Local and Regional Employers** to understand the housing needs of their employees. This includes conducting a survey to understand housing preferences of employees, identify what types of housing help business recruit talent, and maintain an ongoing dialogue with employers.
8. Create a **Strategic Neighborhood Plan for Belvidere** to address the many challenges facing the neighborhood. Neighborhood like Belvidere require a long-term strategy (15 to 25 years) that leverages the expertise and services of many community partners. Uncoordinated and one-time interventions will have limited long-term impact. This would require detailed GIS analysis, identifying a leader to carry the project forward, leveraging existing community assets, enhancing code enforcement, seeking funds for land banking and/or property demolition, and taking a phased approach.



GRANDVIEW HOUSING GOALS AND OBJECTIVES

FUTURE

**GOAL 1**  
Attract New Housing Development

- Capture Grandview's share of regional population growth
- Diversify supply of housing types
- Diversify tax base
- Support community growth
- Enhance community vibrancy
- Support K-12 and post-secondary education systems
- Support growth of existing businesses and industry sectors
- Build a diverse, equitable, and inclusive community
- Enhance Grandview's marketability
- Leverage significant public investment in trails, parks, infrastructure, and connectivity



STABILITY

**GOAL 2**  
Support Redevelopment in Existing Neighborhoods

- Reduce code violations and nuisance complaints
- Improve existing housing conditions
- Create unique neighborhoods
- Maintain stability in strong neighborhoods
- Enhance Grandview's marketability
- Leverage significant public investment in trails, parks, infrastructure, and connectivity



IDENTITY

**GOAL 3**  
Tell Grandview's Story

- Attract new housing development to meet pent-up and forecasted demand
- Change outside perceptions of Grandview
- Expose new people to Grandview's amenities
- Support economic development
- Sell an identity



## ACKNOWLEDGEMENTS

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## HOUSING STUDY STEERING COMMITTEE

**Cemal Gungor**  
City Administrator

**Sandra Kessinger**  
Ward I Alderman

**Brian Hochstein**  
Ward II Alderman

**Dennis Randolph**  
Director of Public Works

**Chris Chiodini**  
Director of Community Development

**Kim Curtis**  
Director of Grandview Chamber of Commerce

**Valerie Poindexter**  
Director of Grandview Communications

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Fire Chief

**Keith Dabney**  
Building Official

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