

GRANDVIEW HOUSING ASSESSMENT AND STRATEGY

March 26, 2018

DEVELOPMENTSTRATEGIES®

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Chapter 1

INTRODUCTION AND PROCESS OVERVIEW

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.

Development Strategies was commissioned to prepare this study to provide the Board of Alderman and city of Grandview staff with a set of strategies that will help the city attract new housing development.

As part of the study, Development Strategies interviewed multiple stakeholder groups representing citizens, city staff, bankers, developers, real estate agents, and others to understand what current housing concerns are and what opportunities people think exist.

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:

- **Perception:** Grandview is perceived as having high crime, disinvestment, and poor schools. Yet, most stakeholders argue that negative perceptions are based on information from the past and do not reflect Grandview today.
- **Obsolete Housing Stock:** Grandview experienced dramatic growth from 1950 to 1970 and a large portion of the housing stock built during that period is obsolete—it either no longer meets modern preferences or it was simply not designed for 50 to 70 years of use, particularly in the Belvidere neighborhood.

- **Lack of New Housing:** The lack of new single-family development forces some households who would otherwise stay to leave Grandview to find the housing type they want.
- **Rental Properties:** There are some landlords who create significant problems because they do not properly maintain their properties or treat their tenants well. They have frequent code violations and contributed to disinvestment and decline.

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:

- **Location:** Grandview is located within 5 miles of a number of major, expanding employers that hire a lot of young professionals. Grandview's Main Street environment could be an attractive location for housing catered toward this demographic.
- **"Move Up" Housing:** There is a need for new single-family homes priced over \$200,000 for families that wish to move up from their existing home and stay in Grandview.
- **Housing for those Downsizing:** Empty nesters and other similar households do not have any options in Grandview to downsize from their larger homes. There is opportunity for maintenance-free, upscale townhomes or villas.

This study evaluates the above concerns and opportunities using detailed data analysis. The result is the identification of demand for for-sale and rental housing at different price points, as well as strategies that will help Grandview address the concerns so that the city can effectively attract new development.

STUDY AREA



REPORT STRUCTURE AND METHODOLOGY

Demand, supply, and site opportunities are interrelated variables that must be evaluated separately and then reconciled to arrive at an economically sustainable development program. This process is equal parts art and science, relying on a qualitative understanding of trends and housing preferences as well as market metrics.

This study utilized a four-step process—gather, analyze, strategize, and finalize. The first step involved gathering data and information to understand Grandview’s market context within the region. The second involved a deeper dive into housing an real estate, which is described in more detail in the following paragraphs. Their third took what was learned in steps one and two and synthesized key trends into strategies aimed at helping Grandview meet its housing objects. This report is the main component of the fourth step, report and finalize pertinent analysis and recommendations.

Market opportunities are very dependent on neighborhood and community conditions—which are the sum of amenities, assets, and linkages, as well as barriers, constraints, and incompatibilities—and are shaped and informed by competition (or lack thereof). Therefore, while demand analysis sometimes yields a high volume of support, this demand is necessarily passed through the “filters” of competition and locational analysis, leading to a lower number of supportable or marketable units for a neighborhood or community

This process of market analysis is equal parts art and science, and is as much dependent on a market analyst’s experience, vision, and knowledge of the more qualitative influences on consumer behavior and preferences as it is on quantitative metrics such as absorption, occupancy, and lease rates. In this study, demand, supply, and community opportunities and constraints are evaluated separately before being reconciled to conclude likely demand for new housing product in Grandview.

As is inherently the case with a study of this complexity, particularly one with a 10-to 15-year horizon, numerous assumptions will be made that are based on past histories, market performance, and knowledge of human behavior. While the demand figures may appear prescriptive, it is not intended to be the final prognosis for future development. Rather, it is intended to serve to guide the plan using numbers to inform planners, investors, and policymakers of the timing, market performance, product types, locations, scale, quality, design, and mix of development that are likely to result in an optimal and economically sustainable community.

This study consists of five chapters:

1. **Regional Overview:** Evaluation of local and regional demographic and economic trends that impact demand for housing.
2. **Peer City Review:** Comparison of key metrics of Kansas City area suburbs that Grandview competes with. This establishes a baseline understanding of how Grandview currently compares to similar areas and helps identify issues that need to be addressed.
3. **Market Analysis— Supply:** Understanding Grandview’s existing housing environment is paramount in identifying potential development opportunities. Frequently, there exists a gap between what is available in market and what households can afford. Identifying this gap is the first step in quantifying demand for various housing products.
4. **Market Analysis—Demand:** Demand projections are provided for for-sale and rental housing at various price points. Specific target markets for housing that is currently missing in Grandview, but popular in the market area are also identified.
5. **Opportunities and Strategy Recommendations:** The study culminates with several recommended strategies designed to aid they city’s efforts in marketing itself to the development community.

DS also offers its sincerest gratitude for each of the individuals who participated in this study. Your insight was extremely helpful and informative.



REGIONAL OVERVIEW

Grandview is located about 14 miles southeast of downtown Kansas City, near the center of the Kansas City Metropolitan Statistical Area (MSA) and its market potential for new development is very much influenced by economic trends in this broader region.

The Kansas City MSA was the 29th largest metropolitan area in the United States in the 2010 census. In 2017, over 2.1 million residents lived in the 14-county MSA, with approximately one-third of this total population residing in Jackson County. As a whole, the region has grown by 6.1 percent since 2010 (0.6 percent per year), adding 122,700 new residents, or approximately 20,000 per year. About half of this growth was due to natural population growth, while the other half was attributed to net in-migration from other areas. This pace of growth is expected to continue over the next five years—the region is projected to grow by an additional 18,000 residents per year. This population growth places Kansas City in a very small group of Midwestern cities (Minneapolis-St. Paul, Minnesota, and Columbus, Ohio) that have grown by more than one percent since 2010.

For many years, a most new growth in the Kansas City region took place in Johnson County; however, the trend towards urban living has resulted in population growth in the urban core, especially in and around downtown Kansas City. Downtown has seen the region's greatest concentration of redevelopment, including the adaptive reuse of many historic downtown warehouses and buildings that are being converted to apartments, hotels, and office space. In recent years, the reuse of historic buildings Downtown has been complemented by new development, especially residential and mixed-use multi-family developments, as well as the addition of the streetcar and the Power and Light District.

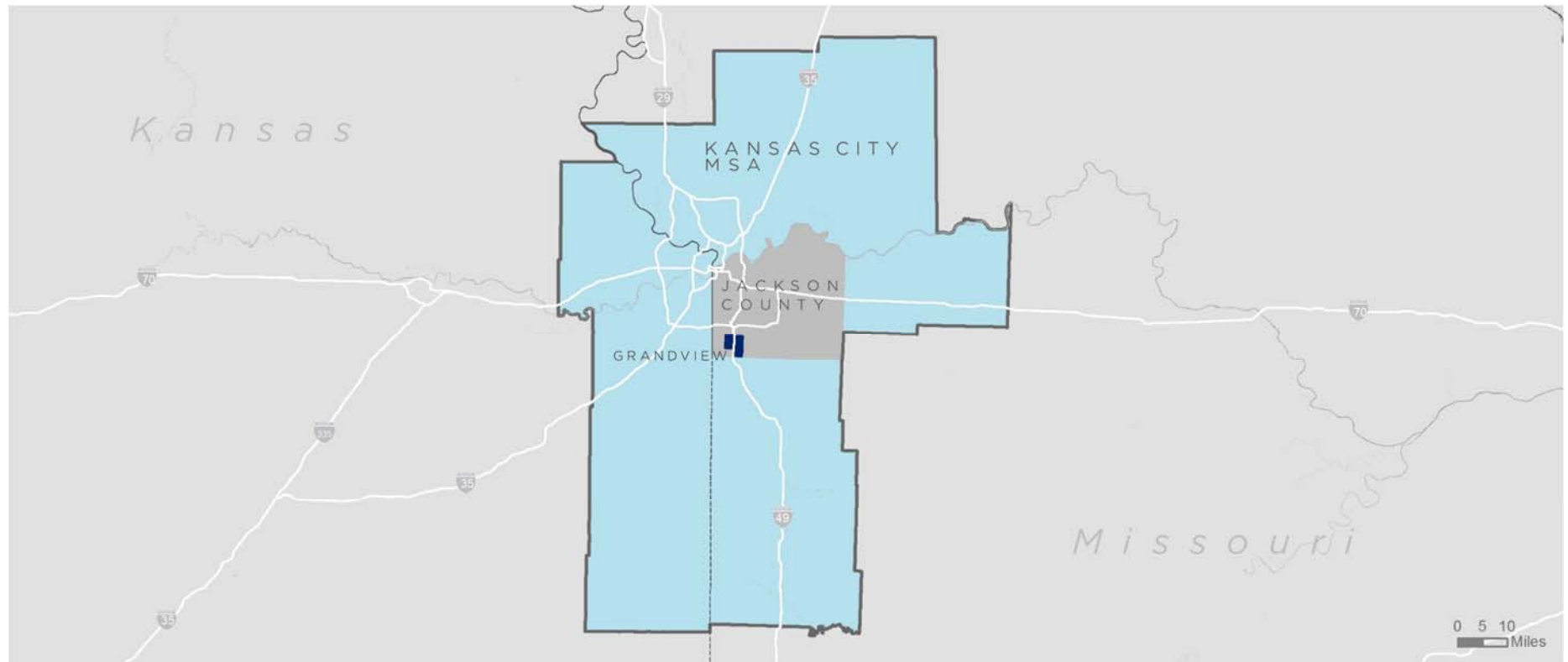
Nonetheless, most population growth continues to occur in Johnson County and other outlying counties, aided by land available for new development and

high-quality school districts that attract families. Much of the new growth and development in Johnson County takes place along the Interstate 35 corridor, which provides access to downtown various employment, shopping, and recreational centers throughout the region.

Grandview and its neighbors Belton and Raymore form a collection of inner ring suburbs that saw the bulk of their growth during the national period of suburban expansion in the 1950s and 1960s. Nationally, many of these inner-ring suburban communities are beginning to reinvent and reposition themselves because of shifting consumer preferences. In some cases, retail is relocating away from these types of communities towards higher-growth exurban locations, and the smaller, midcentury housing stock is less competitive with housing products being developed elsewhere. However, Grandview continues to be an attractive location with its access to Interstate 49, high quality of life and low cost of living. From 2010 to 2017, the city grew by 7.3 percent (1.0 percent annually) and added approximately 120 housing units per year.



INTRODUCTION AND PROCESS OVERVIEW



	Grandview	Jackson County	Kansas City MSA
POPULATION, 2017	26,000	705,000	2,132,000
ANNUAL POPULATION CHANGE 2010 - 2017	+1.0%	+0.6%	+0.8%
MEDIAN HOUSEHOLD INCOME	\$44,000	\$51,000	\$60,000
MEDIAN HOUSING VALUE	\$114,000	\$140,000	\$178,000
HOUSING UNITS ADDED ANNUALLY 2010 - 2017	120	2,100	7,200

Source: Esri, 2016

MARKET AREA DEMOGRAPHICS

Since 2010, many of the close-in areas of Kansas City have experienced population loss and have relatively low median household incomes and housing values compared to the region as a whole. Grandview reversed this trend, growing more than seven percent over the period.

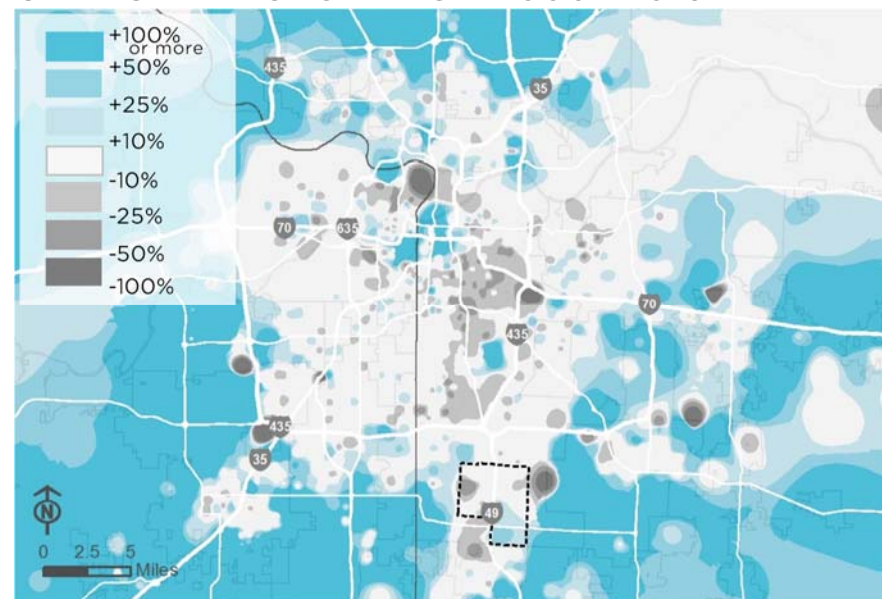
POPULATION CHANGE

Since 2000, population growth in the Kansas City region has occurred primarily outside the Interstate 435 beltline. In Jackson County, the most significant growth has been in the communities of Lee's Summit and Blue Springs, while population growth west of the state line in Johnson County has been most rapid in Overland Park and Spring Hill. While neighborhoods near Downtown continue to thrive, households continue to leave the formerly dense urban areas of south Kansas City.

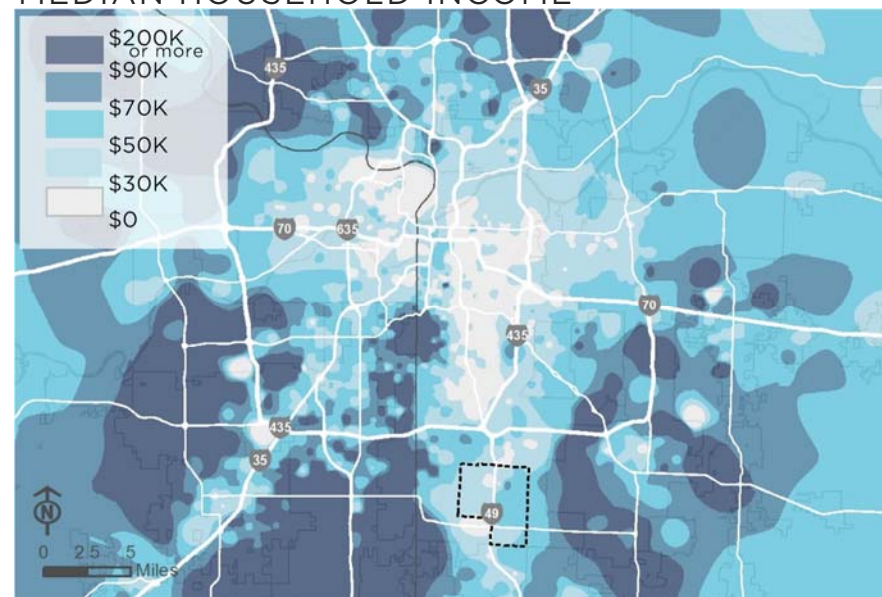
MEDIAN HOUSEHOLD INCOME

The spatial patterns of median household income in the Kansas City metro area are not atypical of many Midwestern regions. Areas in the urban core have tend to have higher concentrations of lower-income residents, while the suburban areas tend to attract medium- and higher-income households for a number of reasons, including access to new single-family construction and quality schools. While incomes in and around Grandview lag somewhat behind other nearby communities, ample buying power remains for new housing, and the city's proximity to economic opportunities and amenities is similar or superior to high-demand suburbs.

CHANGE IN POPULATION 2000–2016



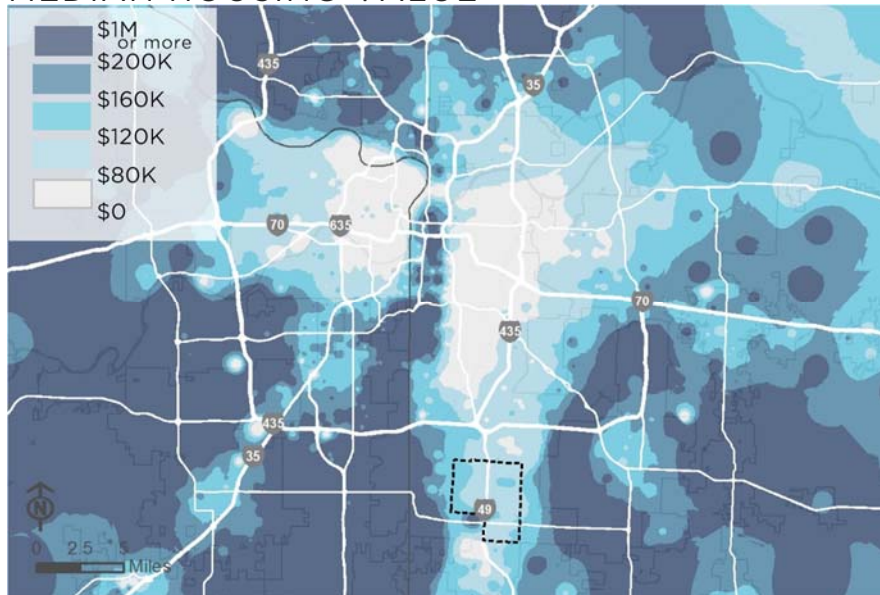
MEDIAN HOUSEHOLD INCOME



HOUSING VALUES

The distribution of housing values follows similar patterns as median household income with some of the highest housing values in the region in the northern portions of Kansas City and the communities in Johnson County to the southwest as well as Lee's Summit to the southeast. Though lower home values in Grandview reflect the age and condition of the existing housing stock, overall affordability and a close-in location present opportunities for new investment.

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% percent of owner-occupied housing units

1973 median year built of existing housing stock

\$114,000 median housing value

Source: Esri, 2016

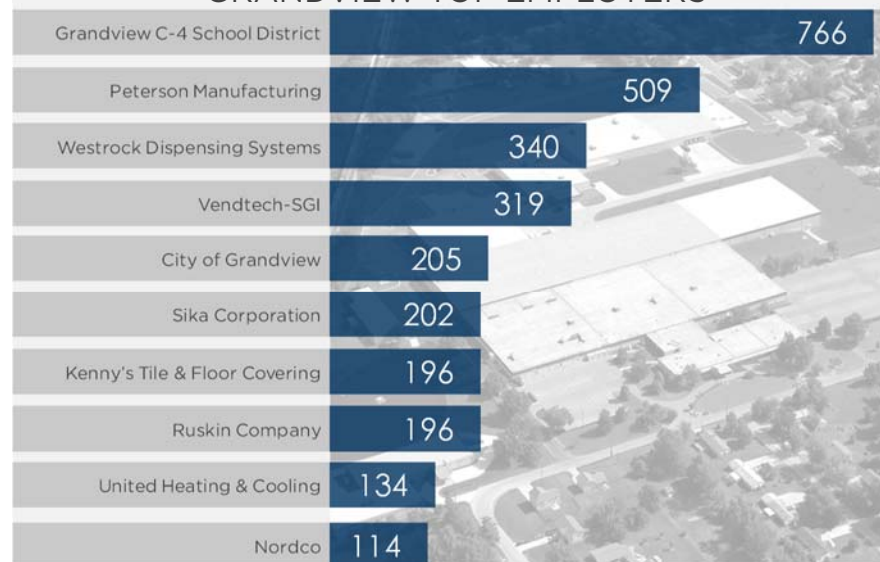
ECONOMIC AND INDUSTRY DATA

Grandview residents work throughout the Kansas City region in diverse sectors such as healthcare, professional and technical services, and retail, while the economy of Grandview relies on the manufacturing, construction, and warehousing and distribution sectors.

The Kansas City regional economy has particular strength in a variety of industrial sectors—including transportation and distribution, and manufacturing—information technology, the financial industry, professional services, and telecommunications. Commute data shows that Grandview residents travel throughout the region to work. Nearly one-third (32 percent) travel to Kansas City, ten percent travel to Overland Park, and six percent work in Lee’s Summit. Nearly nine percent of Grandview residents work within Grandview, and the remaining 43 percent travel to other locations mostly within the greater Kansas City area. Ninety-four percent of workers travel by car (alone or by carpooling), while the remaining six percent walk, bike, take transit, or work from home. The average commute time for Grandview residents is 22 minutes.

Compared to Jackson County, the economy of Grandview is strongly anchored in the manufacturing industry. Nearly half of all Grandview jobs are clustered in the three “blue collar” industries of manufacturing (24 percent of jobs), warehousing and distribution (11 percent of jobs), and construction (14 percent of jobs). Top Grandview employers include the school district and city as well as a number of manufacturing firms, including Peterson Manufacturing, Westrock Dispensing Systems, and Vendtech-SGI. Communities across the country have been challenged by a decline in manufacturing employment brought about by offshoring and automation. Manufacturing employment in Johnson County decreased by 8,000 jobs from 2001 to 2015. Manufacturing will continue to be a vital industry in the U.S. and the Kansas City region, however, the changing needs of manufacturers are leading communities to invest in workforce development and industry diversification.

GRANDVIEW TOP EMPLOYERS



EMPLOYMENT CHANGE BY INDUSTRY

Jackson County, 2001-2015

Source: Bureau of Economic Analysis, 2017

Top Six Growing Sectors	Net Change	Percent Change	Top Six Contracting Sectors	Net Change	Percent Change
Healthcare	12,900	29%	Information	(16,200)	(61%)
Professional & Technical	10,600	33%	Manufacturing	(8,000)	(26%)
Accommodation & Food Service	5,300	17%	Government	(4,400)	(7%)
Real Estate	3,300	21%	Administrative	(4,200)	(14%)
Arts & Recreation	2,400	28%	Construction	(3,000)	(11%)
Education	2,100	27%	Retail	(2,300)	(5%)

INTRODUCTION AND PROCESS OVERVIEW

Overall economic indicators in the Kansas City region are positive, with unemployment lower than the state and national averages and positive job growth over most of the past decade.

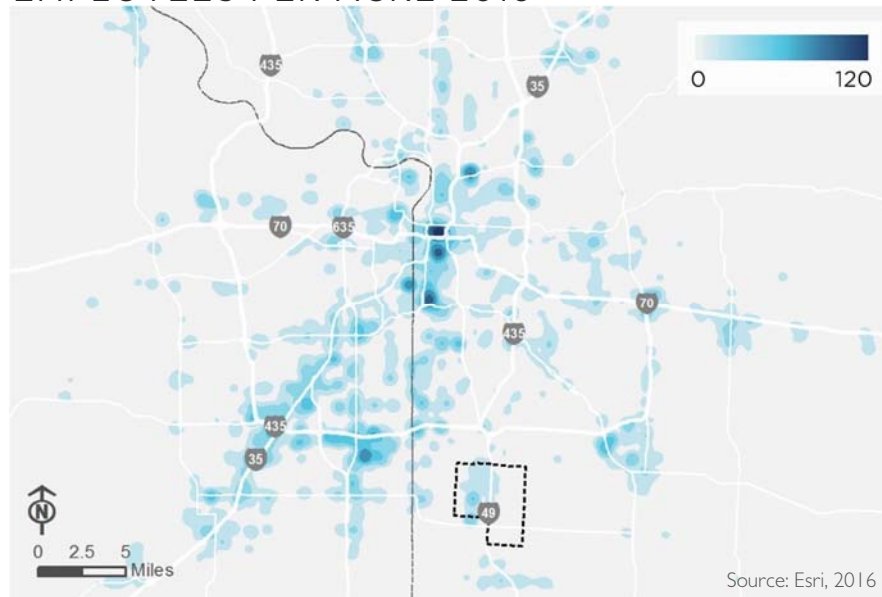
Current unemployment statistics indicate that the Kansas City metro area is at 3.9 percent unemployment, compared to 4.1 percent nationally. Since 2008, unemployment in the region has averaged 6.2 percent compared to 7.0 percent nationally, while local unemployment in Grandview averaged 7.4 percent, slightly higher than the national average.

Since 2001, the Kansas City region has seen the greatest growth in the professional and technical services sector, traditionally a source of well-paying jobs. This sector added nearly 11,000 jobs, growing by 33 percent. The second-fastest growing sector was healthcare, which added nearly 13,000 jobs at diverse income levels. Moving forward, healthcare's expansion is projected to continue, especially in nursing and health aide positions. Other fields that have expanded

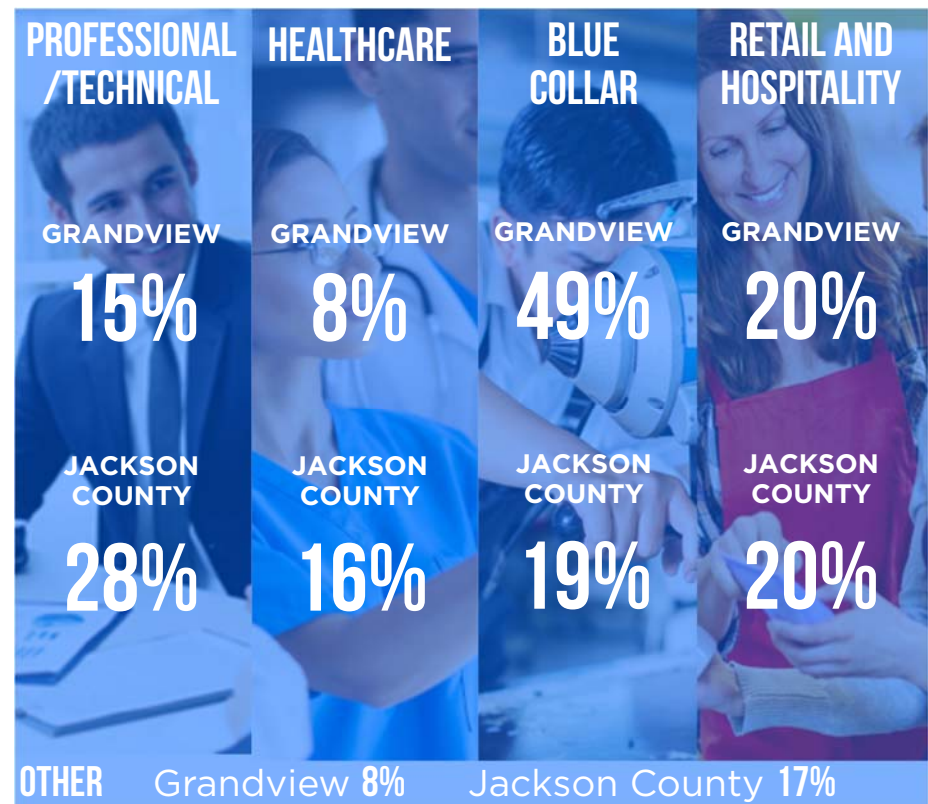
since 2001 in the region include accommodation and food service, real estate, arts and recreation, and education. Industries that contracted during this same period include the information sector, which includes telecommunications companies such as Sprint, as well as manufacturing and government.

Growth will continue nationally in information technology, advanced manufacturing, and the service industries, which includes higher-paying scientific and technical services and lower-paying food service, retail, and hospitality positions. The growth of sectors requiring advanced training makes workforce development an important economic development strategy.

EMPLOYEES PER ACRE 2016



DISTRIBUTION OF JOBS BY SECTOR





Chapter 2

PEER CITIES

PEER CITY COMPARISON

The communities of the southern Kansas City region were generally founded during the 1800s but saw their most significant development during the period of post-WWII suburban expansion. Even though the epicenter of growth has shifted west to Johnson County, these communities offer affordable housing options, regional highway access, good school districts, and high quality of life.

Because of these factors, these six communities have seen population and household growth since 2010. Grandview and Raymore have grown in population and households at a faster rate than the region (which grew at an annual rate of 0.82 percent in population and 0.76 percent in households) since 2010. Although the other communities grew at a slower rate, each added population since 2010.

Median household income varies greatly across these six communities. The highest median income is found in Lee's Summit, at about \$81,000. This is nearly twice the median income in Grandview, which is \$44,000. There is similar variation across median housing value, which ranges from a low of \$110,600 in Raytown, to nearly twice that, \$207,200, in Lee's Summit. Percentage of renter households varied from a low of 20 percent in Raymore to a high of 40 percent in Grandview, indicating a greater supply of rental housing in Grandview.

Change in the Zillow Housing Value Index shows the rate of change in housing values for all homes sold between 2010 and early 2017. The community where housing values appreciated the most was the portion of south Kansas City to the west of Grandview, where housing values increased by 20 percent. Housing values increased the least in Grandview and Raytown, which measured only a one percent increase. Given inflation of approximately 12 percent during this same period, homes in these two communities actually decreased in value in the aggregate over the past seven years.



Lee's Summit



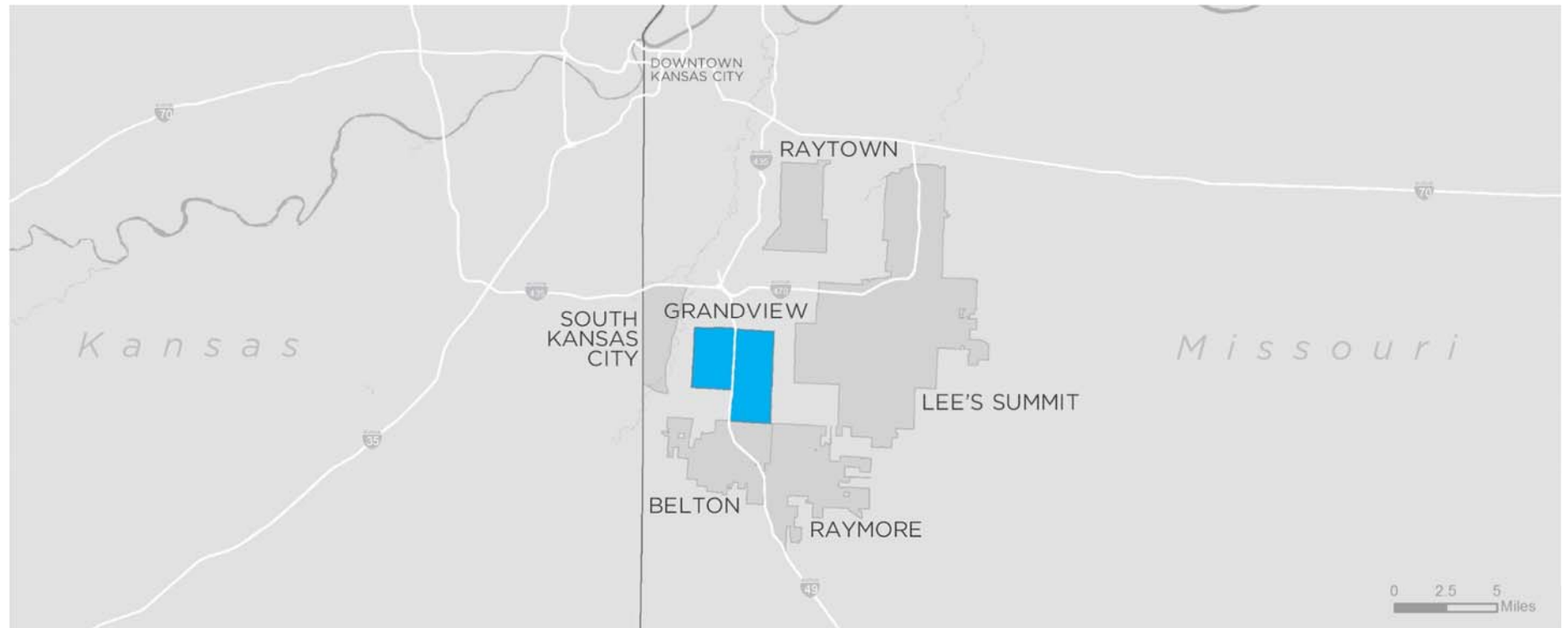
Belton



Raytown

PEER CITIES

PEER CITIES



CITIES	TOTAL POPULATION 2017	ANNUAL POP. GROWTH SINCE 2010	HOUSEHOLDS 2017	ANNUAL HH GROWTH SINCE 2010	MEDIAN HOUSEHOLD INCOME	MEDIAN HOUSING VALUE	PERCENT RENTER HOUSEHOLDS	CHANGE IN ZILLOW HOUSING VALUE INDEX SINCE 2010
GRANDVIEW	26,300	0.98%	10,300	0.93%	\$44,000	\$113,800	40%	+1%
BELTON	23,700	0.33%	8,900	0.36%	\$53,800	\$126,300	30%	+15%
RAYMORE	20,900	1.13%	7,500	1.03%	\$76,600	\$194,000	20%	+18%
LEE'S SUMMIT	96,800	0.78%	36,100	0.63%	\$81,300	\$207,200	23%	+17%
RAYTOWN	30,300	0.34%	12,300	0.24%	\$51,700	\$110,600	28%	+1%
SOUTH KC	16,000	0.36%	7,100	0.31%	\$60,400	\$206,800	32%	+20%

BUILDING PERMIT COMPARISON

Grandview significantly lags behind most of its peer cities in terms of new building permit activity for single-family homes and current listings for new construction single-family homes.

Another interesting comparison between Grandview and the peer cities is recent building permit activity. As summarized in the map to the right, Grandview issued four single-family permits in 2017 and none in 2016. Lee's Summit, which is a much larger city, issued more than nearly 360 in 2017 and nearly 370 in 2016. Raymore issued more than 180 in 2017 and nearly 210 in 2016, and Belton issued about 100 permits in 2016 and 2017.

CURRENT LISTING COMPARISON

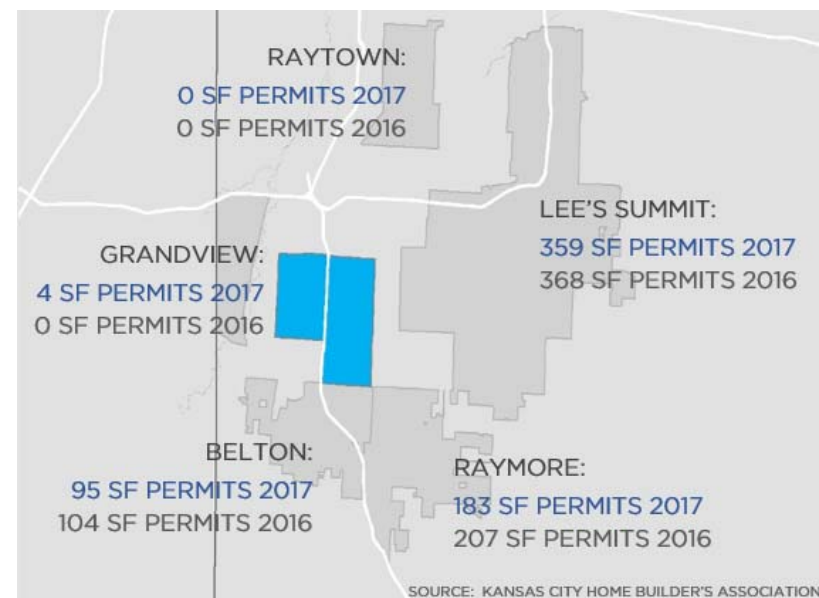
A similar trend emerges for new construction single-family home listings priced between \$250,000 and \$350,000. There are none in Grandview (as of December 21, 2017), while there are about 20 each in Lee's Summit and Raymore. There are only two listings in Belton.

Lee's Summit has nearly 60 listings of new construction single-family homes in Lee's Summit, nearly 40 in Raymore, and five in Belton.

Grandview lags behind its neighbors in term of active listings for new construction single-family homes—existing home listings were excluded.

The lack of new construction and current supply means that households that would consider living in Grandview are looking elsewhere to buy homes.

BUILDING PERMIT COMPARISON MAP

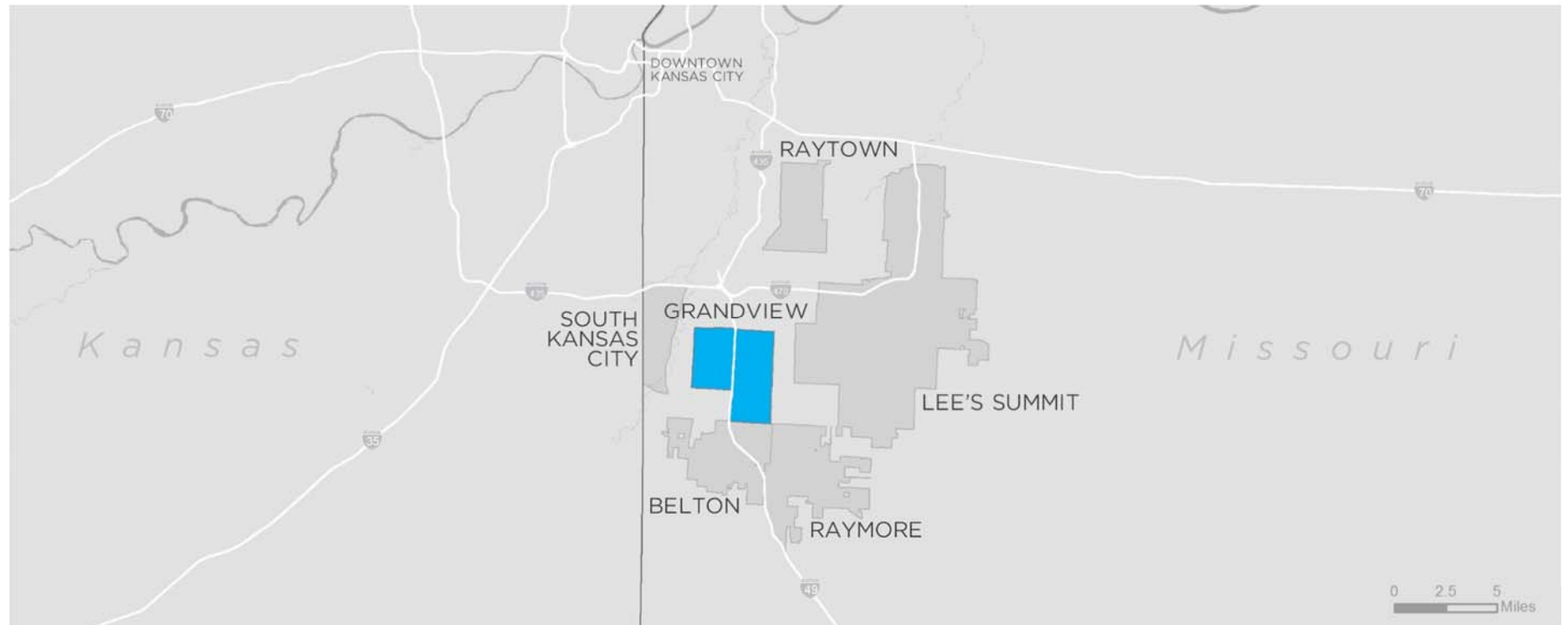


ACTIVE LISTING COMPARISON MAP



PEER CITIES

PEER CITIES



CITIES	TOTAL POPULATION 2017	ANNUAL POP. GROWTH SINCE 2010	HOUSEHOLDS 2017	ANNUAL HH GROWTH SINCE 2010	MEDIAN HOUSEHOLD INCOME	MEDIAN HOUSING VALUE	PERCENT RENTER HOUSEHOLDS	CHANGE IN ZILLOW HOUSING VALUE INDEX SINCE 2010
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Chapter 3

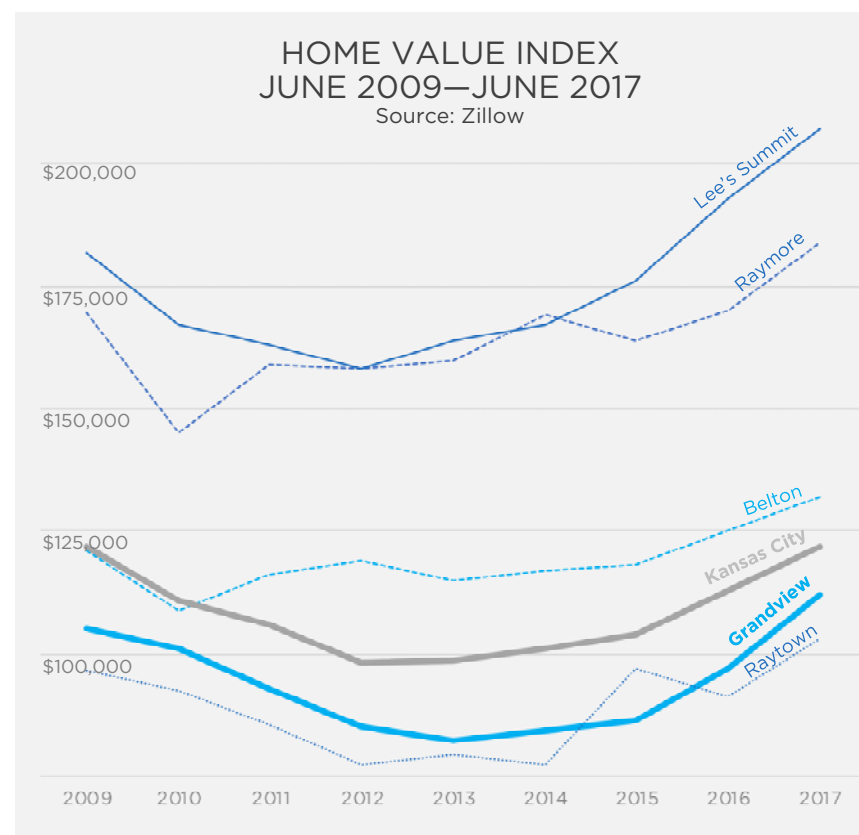
MARKET ANALYSIS: SUPPLY

FOR-SALE HOUSING OVERVIEW

After years of decline during the Great Recession, the for-sale housing has picked up considerable momentum. As the market continues to improve, there will be an increase in opportunities for new for-sale housing development.

Following a flurry of building activity from the late 1990s to 2006, the national for-sale housing market collapsed, and communities along the Missouri-Kansas line followed a similar trajectory. Due to national migration patterns prior to the Great Recession, property values in the Kansas City region did not appreciate at the same rapid pace as the national average, which muted the impacts on statewide housing markets. Since 2012, property values nationally and throughout the Midwest increased after five to six years of decline.

Though home values in Johnson County communities remain among the highest in the region, sharp appreciation in Grandview and Raytown since 2014 provides an optimistic outlook for continued growth in Jackson County as well. Overall, the housing market in the Kansas City metro area has largely stabilized, with property values in each of the selected communities now surpassing pre-recession levels.

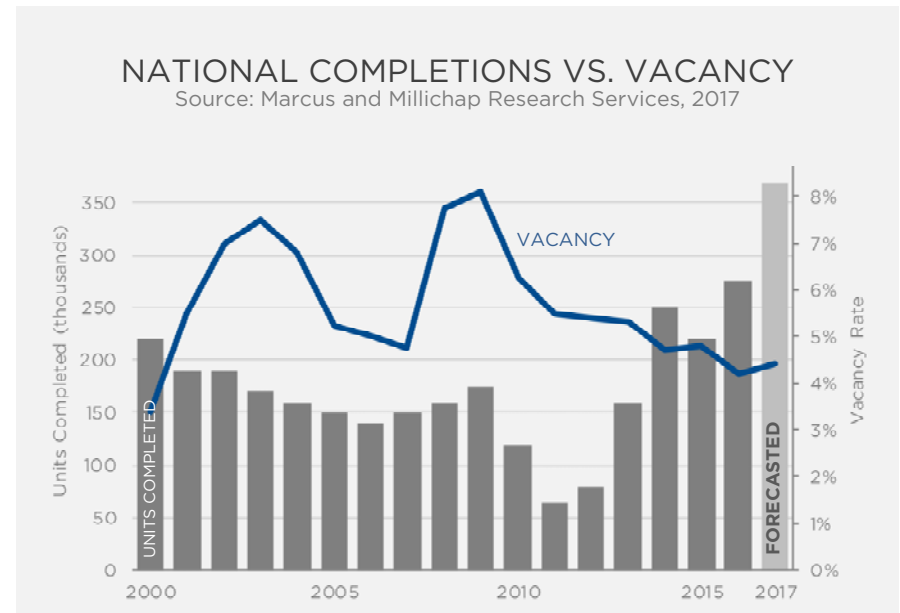


RENTAL HOUSING OVERVIEW

The rental market locally and nationally is on the rise. Homeownership rates are declining, while the proportion of renter-occupied housing units is increasing, even for higher-income households.

From 2009 to 2015, the number of renter-occupied housing units for households earning more than \$50,000 annually increased by 31 percent nationally, while the number of owner-occupied housing units for this income bracket increased by only three percent. This trend was even more dramatic in Jackson County, where the number of rental units occupied by households earning more than \$50,000 increased 52 percent over the same span, compared to just over six percent for owner-occupied units. Capturing a portion of this affluent, though somewhat transient, demographic will require diversification of the existing rental stock.

- **Job Growth is Fueling Rental Demand:** Overall employment growth over the first six months of 2017 has equaled the total 2016 figure. Approximately 370,000 units are set to be completed this year, with nearly half in high-growth markets such as Dallas-Forth Worth, Houston, Washington DC, and Atlanta.
- **Rents Continue to Rise, but Slowly:** Average rents are expected to increase about three percent nationwide in 2017. The significant volume of new construction reduced this figure from five percent in 2016,
- **Homeownership Remains Down:** Homeownership rates have fallen across all age groups since the recession, but the biggest drop has been among those aged 25 to 34. Today, only 39 percent of households in this group own a home, compared to nearly 60 percent a decade prior. Though these figures have begun to recover somewhat from the immediate aftermath of the housing bust, they are projected to remain well below the early 2000s boom.



RESIDENTIAL DEVELOPMENT TRENDS

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

Grandview's population has grown more than seven percent—1,600 residents—since the 2010 Census, reversing nearly three decades of stasis and decline. A key component in sustaining this growth is the continued development of new single-family and multi-family housing to accommodate these individuals and families.

Since 1980, 1,300 single-family permits have been issued in Grandview, representing less than two percent of all permits issued in the county over the period. The city has not issued more than 100 permits in a twelve-month period in more than 30 years, and has not issued more than 50 annual permits since the late 1990s. Over this time, the existing housing stock continued to age, as residential structures in Grandview have a median age of 44 years, and about one-third percent of homes in the community are more than 50 years old. Most homes will require significant investment and renovation to reach the standard of finishes and amenities demanded by buyers.

Multi-family development trends have been uneven. Older garden-style communities built in the 1970s are visible along several primary thoroughfares, a number of which have generated building code violations. Incentivizing ownership to renovate or improve these properties has proven difficult, with only minimum safety measures implemented. Essentially all apartments constructed within the past 15 years have been contained within the Grand Summit development adjacent the golf course of the same name. The two-phase community currently includes about 700 units, though a third phase of 300 additional units is planned. High occupancy rates at the property highlight an appetite for modern apartments, further supported by the strong performance of a small number of nearby contemporary single-family rehabs.

While the professionally-managed multifamily market in Grandview is somewhat limited, it is supplemented by a sizable number of small individually-owned properties. This distribution is reflected in the housing data, which indicates that more than one-third of all multifamily properties in Grandview contain four or fewer units.



FOCUS AREAS

Grandview is a city of neighborhoods, most of which are stable and desirable. However, there are areas that pose challenges that require targeted strategies, as well as areas with specific potential.

Six distinct focus areas were defined based on conversations with stakeholders, socioeconomic analysis, and observations made during field work. The primary intent of defining focus areas is to delineate areas of the city that require

particular attention—whether to address code issues, absentee ownership, housing age challenges, or to identify areas and sites with particular redevelopment potential.

The following map displays the selected focus areas and additional details are included on the following pages.





MAIN STREET

Investment in Grandview's Main Street in recent years resulted in visible improvements in the streetscape and surrounding public spaces. Storefronts directly along Main Street are generally well-occupied, while several developable sites are present within one block of the route. Though there is very little existing residential development along the corridor, the stretch is among the most walkable in Grandview, and its connections to public transit provide increased accessibility to area job opportunities and amenities. The mix of uses in the area offers development opportunities for unique housing typologies currently absent from the community.



NORTH MAIN

The residential area north of Grandview's Main Street includes a diverse mix of housing typologies. The pocket west of Grandview Road and south of Lena Avenue is characterized by very small lots and some of the oldest homes in the city, with most structures dating to the early 1900s. In contrast, homes to the north and east were generally built between the 1950s and 1960s on identical one-third acre lots typical of the post-war period. Oak Tree Square Apartments—a 189 unit apartment community built in 1967—dominates the eastern portion of North Main Street, occupying more than eight acres near Freedom Park and city hall. Though properties in this area are older, they generally remain in average condition, with few instances of vacancy or neglect.



SOUTH MAIN

Development south of the Main Street corridor is relatively homogenous in terms of building type and age. Homes dating to the 1940s and 1950s are most common, though there is a collection of larger, linear, 0.7-acre lots to the east between 13th Street and the highway. A small townhome development is located near the southern boundary of the area along East 135th Street near John Anderson Park, though a significant number of units in the community are currently being marketed as rentals.

MARKET ANALYSIS: SUPPLY



NORTHWEST

Though the overall supply of multi-family properties is limited and generally scattered, a number of older apartment communities are clustered in the northwest portion of Grandview along Blue Ridge Boulevard. Built in the 1960s and 1970s, the properties are significantly dated and will require significant investment to return to their most productive use. Code enforcement has been a challenge with some property owners, though improvement of the most visible properties would help stabilize the area and generate additional rent growth.



BELVIDERE

Though recent sale prices in the Belvidere area south of Highway 150 have lagged behind more established neighborhoods to the north, the densely developed area benefits from its proximity to community assets such as Belvidere Park and the high-performing Belvidere Elementary School. Homes in the area were constructed in the 1960s and 1970s, and contain small footprints occupying small lots of about one-fifth of an acre. Overall, their conditions are mixed, as some properties require significant investment to be marketable. The Belvidere area is also adjacent the Grand Summit Apartments—the largest modern apartment community in Grandview.

The south Belvidere area is unique in its high concentration of two-family barracks housing built in the mid-1960s. These structures pose particular challenges because they have generally outlived their intended lifespan and show significant signs of age and wear. The structures are essentially identical and consist of two units on a single level, each containing about 600 square feet of living area. Following the closure of the nearby air base there is a very limited market for such small units in this location. Further, there is little incentive for owners to renovate the properties, which creates a challenge in fostering widespread improvement in the area.

EXISTING SUPPLY: FOR SALE

Aging single-family homes and obsolete military housing form the largest segments of the existing for-sale supply in the selected focus areas.

While the lack of new construction is evident across most of Grandview, homes in the selected focus areas tend to be older, and in poorer condition, than the city as a whole. This is reflected in recent sales prices that often dip below \$100,000 despite increasing demand for single-family homes in the area.

Homes constructed in the 1950s and 1960s are most common in the focus areas both north and south of Main Street. While a number of historic properties dating to the early 20th century are clustered in the western portions of these areas, few of these homes have sold in recent years. Instead, most transactions are modest two-bedroom or three-bedroom layouts containing between 800 and 1,400 square feet. Sale prices vary significantly. The smallest move-in ready homes sell for as low as \$70,000, though finishes and interiors are often dated. Larger properties with more contemporary updates sell for up to \$130,000, though no homes in these areas have sold for more than \$150,000 over the past several years, despite a healthy market.

Challenges across the Belvidere focus areas are more stark. While structures in these neighborhoods are of similar age as those surrounding Main Street, their overall construction quality is lower, as a significant portion were designed as military housing for the nearby air base. This is especially true in the southern portion of the neighborhood, where single-story side-by-side duplexes are the predominant typology. Square footage among these homes ranges from about 900 to 1,200 square feet, and all recent sales have included three bedrooms. However, only a minimal number of properties have been updated significantly, and resulting sales prices range from \$50,000 to \$85,000.

Conversations with real estate professionals throughout the community have highlighted several trends in the for-sale market. Though recent sale prices remain low relative to the regional average, it is reflection of the age and condition of the current housing stock, not a lack of demand. Most well-located properties in Grandview sell within 48 hours of being listed, and multiple bids are not uncommon. Further, properties are occasionally appraised at values below a prospective buyer's recent offer, suggesting a disconnect between actual market conditions and the expectations of some lenders. Finally, investors have purchased a significant number of single-family homes in and around the selected focus areas, 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

NORTH MAIN STREET



3 BR
925 SF-1,100 SF
\$65,000-\$85,000

NORTH BELVIDERE



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

3 BR
1,000 SF-1,400 SF
\$90,000-\$130,000

SOUTH MAIN STREET



3 BR
900 SF-1,200 SF
\$50,000-\$70,000

SOUTH BELVIDERE



EXISTING SUPPLY: RENTAL

Grandview's current supply of rental units includes a mix of aging garden-style apartment communities, single-family rentals, and a limited number of recently-developed apartments, essentially all of which are contained within the Grand Summit and Fairways at Grand Summit communities.

While single-family rentals are scattered throughout the neighborhoods on either side of the Main Street corridor as well as across the Belvidere area, larger apartment communities are located along the periphery of the community to both the north and the south. The Northwest Grandview focus area includes that largest concentration of older apartment properties, most visibly the Welcome Home and Daisy Walnut apartments, which 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 issues.

The success of code enforcement efforts between the properties has been mixed. Despite their dated appearance, both properties are currently reaching rents between \$0.80 and \$0.90 per square foot for one-bedroom units, and \$0.70 to \$0.80 per square foot for two-bedroom units. While these rent levels are modest overall, they compare relatively favorably to newer apartment properties in Grandview given Welcome Home and Daisy Walnut's age and limited amenities. Investment by property owners into these communities would result in higher achievable rents, though properties such as Grand Summit create a limit on this rent growth, as asking rents will not be able to exceed those of a newer community.

The example of Grand Summit and Fairways at Grand Summit is unique, as essentially all new apartment construction in Grandview since 2001 is included within the development. Located immediately east of the Belvidere neighborhood, the Grand Summit site is adjacent the golf course of the same name and currently includes more than 700 one-bedroom and two-bedroom units. The properties have performed very well since opening, and current rents range from about \$0.85 to \$1.00 per square foot, on average, depending on unit size. The performance of the properties indicates a strong appetite for modern rental units, and a final phase that would include approximately 300 additional units is planned.

The proliferation of single-family homes for rent across 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. Despite their greater square footage, single-family homes for rent in the area still achieve rents that are comparable to smaller apartment layouts on a per-square-foot basis. The success of these properties has an impact on the for-sale market as well, as such homes are attractive, low-risk investment opportunities.

MARKET ANALYSIS: SUPPLY

DAISY WALNUT

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

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



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



WELCOME HOME

Built 1972
104 units
600 — 800 SF
\$0.78-\$0.88 PSF

AVG. RENT
1BR: \$0.88/SF
2BR: \$0.78/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



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AVG. RENT
2BR: \$0.85/SF
3BR: \$0.90/SF
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EXISTING SUPPLY: SUBDIVISION LOTS

There are currently more than 200 buildable lots in existing single-family subdivisions. There are more than 200 additional platted lots in subdivisions that were never developed.

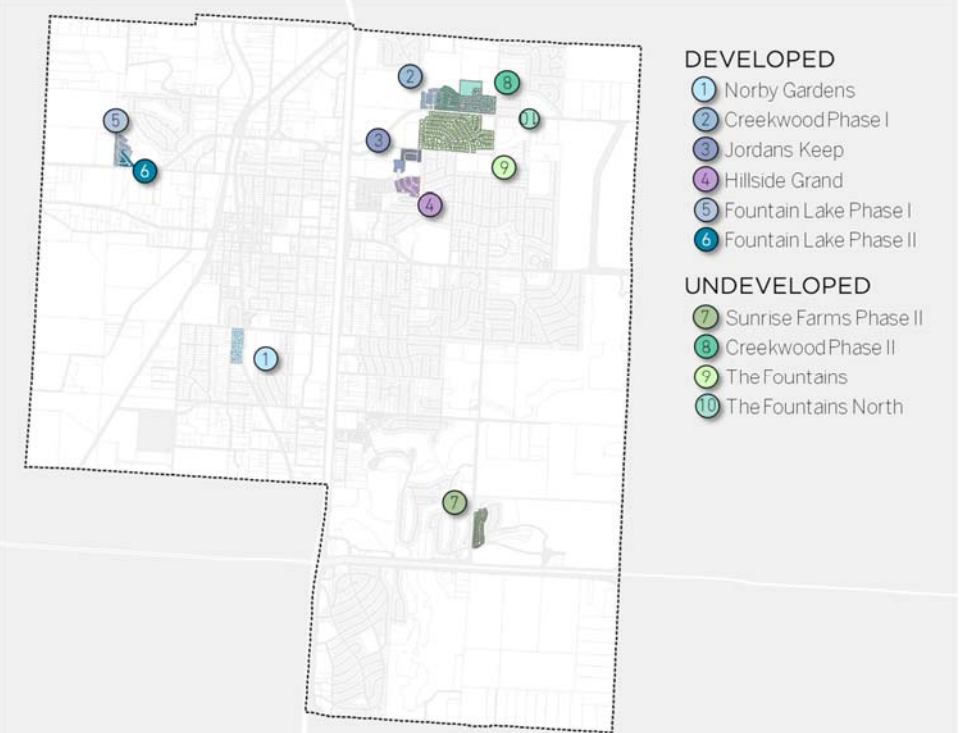
There are more than 200 platted subdivision lots that could be built on in Grandview today, but are currently vacant, although some of the remaining lots may not be desirable. Subdivision covenants may need to be modified to allow for different housing types, such as large homes on combined lots. Yet, developing these lots could meet much of the pent-up demand for new single-family homes and developers might be able to make a bulk purchase for a relatively low per lot price, which would enhance the feasibility of building new homes.

There are also four subdivisions containing 203 lots that have been platted, but were not developed, meaning infrastructure (i.e., roads, water and sewer) was not installed. A new developer could take over the subdivisions, adjust lot sizes if needed, and build new homes designed to meet current and future demand.

LOTS AVAILABLE IN PLATTED, UNDEVELOPED SUBDIVISIONS		
	Available Lots	Total Lots
7 Sunrise Farms II	40	40
8 Creekwood Phase II	50	50
9 The Fountains	40	40
10 Fountains North	73	73
Subtotals	203	203

Source: City of Grandview; Jackson County Assessor's Office

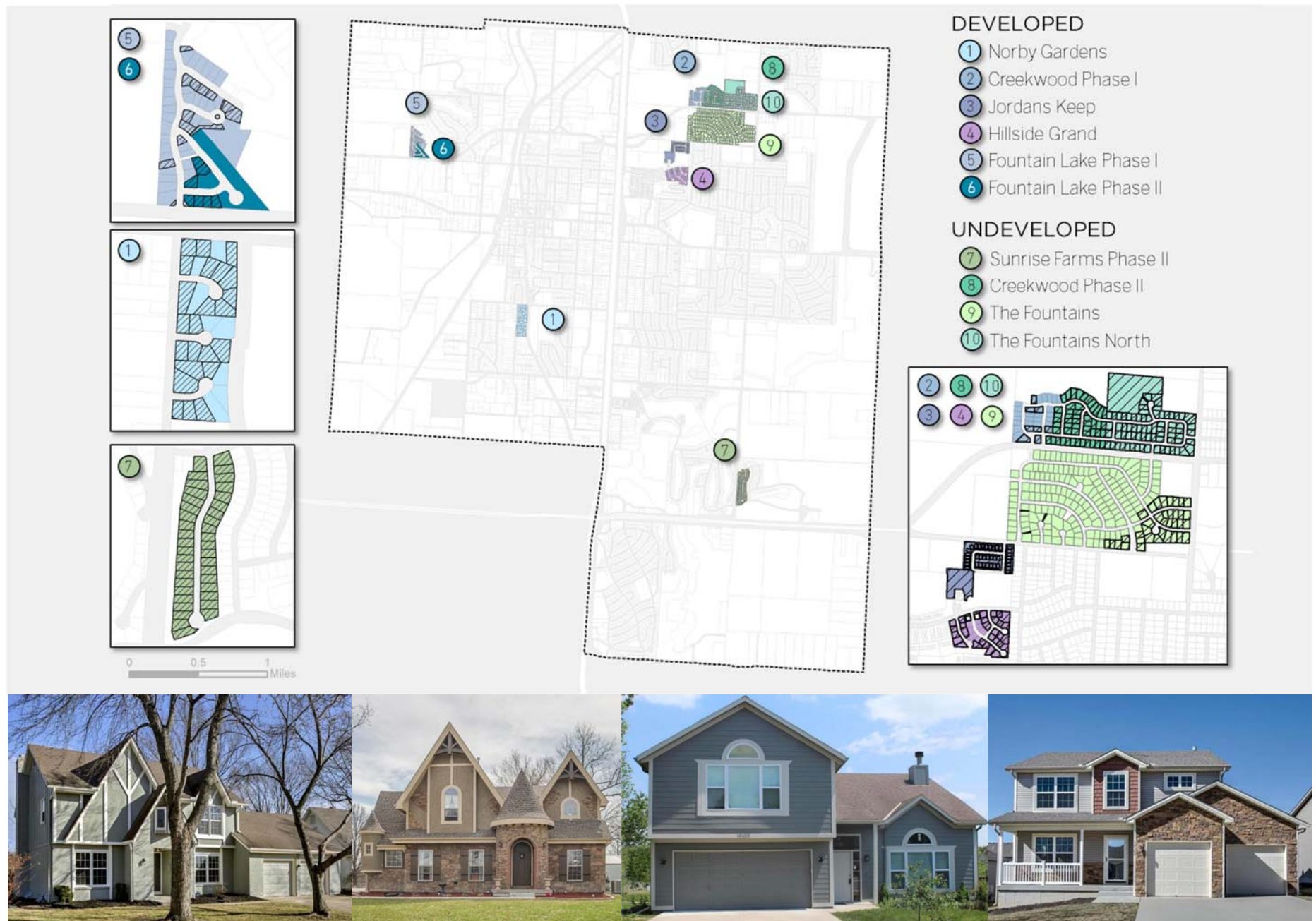
PLATTED SUBDIVISIONS WITH AVAILABLE LOTS



LOTS AVAILABLE IN EXISTING DEVELOPED SUBDIVISIONS				
	Available Lots	Total Lots	Average Year Built	Average Assessor Market Value
1 Norby Gardens	23	31	2005	\$ 125,910
2 Creekwood Phase I	9	31	2010	\$ 188,178
3 Jordans Keep	18	40	2011	\$ 112,697
4 Hillside Grand	29	36	2012	\$ 134,379
5 Fountain Lake Phase I	9	45	1993	\$ 129,370
6 Fountain Lake Phase II	7	20	2007	\$ 154,888
Subtotals	95	203	2006	\$ 140,903

Source: City of Grandview; Jackson County Assessor's Office

MARKET ANALYSIS: SUPPLY





Chapter 4

MARKET ANALYSIS: DEMAND

DEFINITION OF RESIDENTIAL MARKET AREA

Market Areas are defined by hard and soft boundaries, as well as consumer preferences. Analysis of these market areas provides useful insight into the types of demographic groups that would be attracted to living in Grandview.

In market analysis, a Primary Market Area (PMA) is typically defined as the smallest geographic area from which a high percentage (often 75 percent) of support for a project will be drawn. In some cases, particularly in large metropolitan regions, a Secondary Market Area (SMA) is identified as the origin for most of the remaining support, in order to focus the analysis on the most relevant geographies for a project.

Market boundaries are sometimes defined by hard boundaries, such as rivers, highways and other major thoroughfares, railroads, etc. Often, market areas are defined by soft boundaries—that is, marked changes in socio-economic condition, such as income, density, ethnicity, and educational attainment. Additionally, this study relied partly on geo-demographic segmentation analysis, which considers not only conventional demographic variables like age and income, but also neighborhood preferences (i.e. geographic characteristics) and culture, values, and buying habits (psychographic variables). As a result, the market boundaries are not only defined by hard and soft boundaries, but by clusters of households with similar lifestyle preferences.

The PMA for Grandview is defined as a 20-minute drive time because this area includes most of the competitive markets for the city and represents the average commute time for area workers. Given the size of the region, no SMA is defined.

DEMAND ANALYSIS

Determining market demand is complicated. For instance, conventional market analysis looks specifically at income variables in the market area, without consideration of consumer preferences, while target market analysis utilizes consumer preferences, but relies on national averages. Other types of analyses measure demand from very specific populations. Ultimately, a number of methods have been used in this study, and are then reconciled at the end of this chapter:

CONVENTIONAL



Assesses income variables within the defined market areas to determine the amount and types of units that are affordable to existing residents in the region.

TARGET MARKET



Considers consumer profiles of residents within the Grandview market to determine desirable housing products.

Stakeholders interviewed for this study identified the following housing products that there is demand for, but no options available, in Grandview:

- “Move up” housing for expanding families that can afford a larger, more expensive home.
- New construction.
- Upscale homes—both single-family and multi-family.
- Housing options for empty nesters who want to downsize and stay in the community. This would include maintenance-free villa-style product.

MARKET AREA



	Grandview	Market Area
POPULATION GROWTH 2010 - 2017 (Annual)	1.0%	0.7%
POPULATION GROWTH 2017 - 2022 (Annual)	0.6%	0.7%
MEDIAN HOUSEHOLD INCOME	\$44,000	\$57,500
MEDIAN HOUSING VALUE	\$114,000	\$175,000
HOUSING UNITS ADDED 2010 - 2017 (Annual)	60	1,630

Source: Esri (2017), Development Strategies, 2017

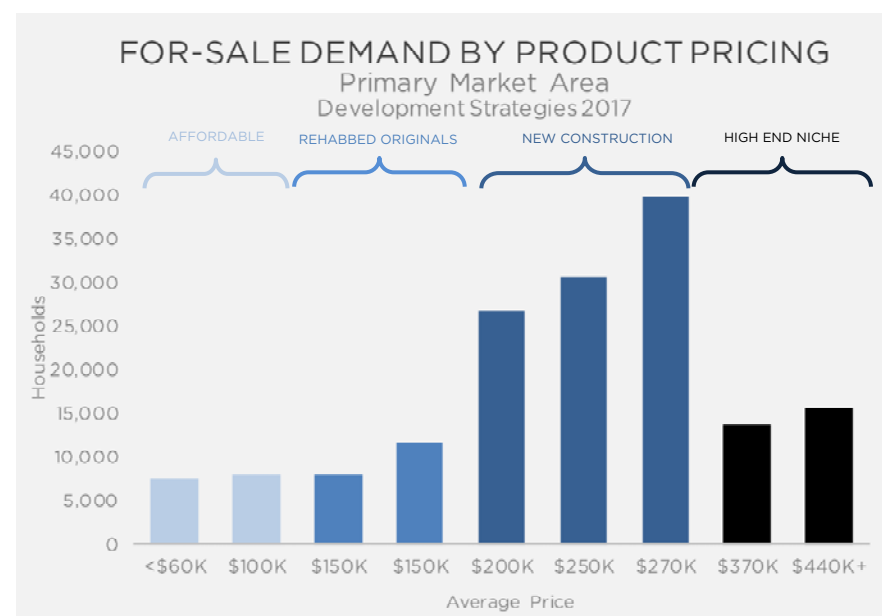
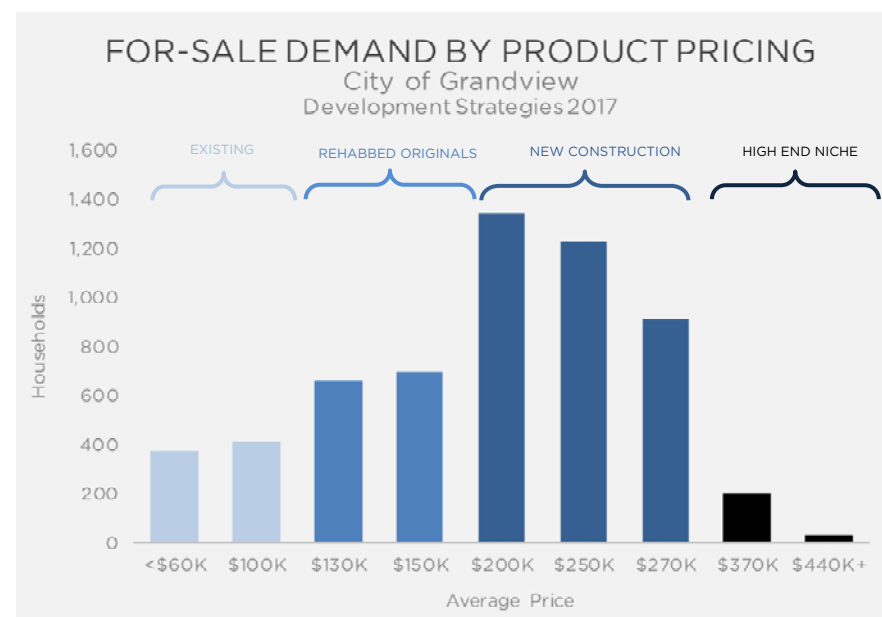
CONVENTIONAL ANALYSIS

Conventional market analysis yields insight into key price points that are affordable to portions of the market. Homes priced at \$200,000 to \$300,000 have significant support, as do apartments with monthly rents ranging from roughly \$750 to \$1,200.

Conventional market demand analysis utilizes household income data to determine for-sale and rental housing price points that will be in highest demand in Grandview and the larger market area. While target market analysis provides a nuanced look at how consumer preferences in the market align with specific housing products, conventional analysis offers an additional level of understanding of local market conditions and depth of demand. The conventional analysis of Grandview and the PMA is illustrated in the graphs to the right.

The greatest support based on household affordability in the market for for-sale products is at a price point around \$200,000—homes at this price point are in short supply in Grandview. There is also significant support—over 2,100 households, or nearly 20 percent—for homes priced from around \$220,000 to \$320,000, which would represent a newly constructed single-family home in this market.

The demand picture for the PMA is different than in Grandview—the greatest support is for for-sale homes priced around \$270,000. There is also strong demand in the \$170,000 to \$270,000 price range, as well as modest demand for high-end homes priced \$350,000 and above. The difference in demand distribution between the PMA, which includes Grandview, and Grandview indicates that there is an opportunity for Grandview to capture a greater share of households that can afford homes in the \$270,000 range if that product were available.



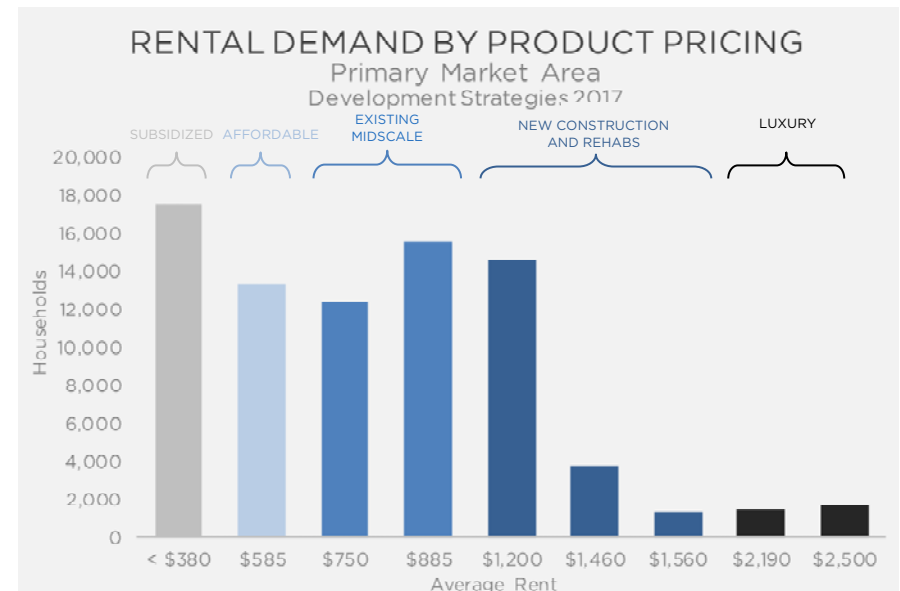
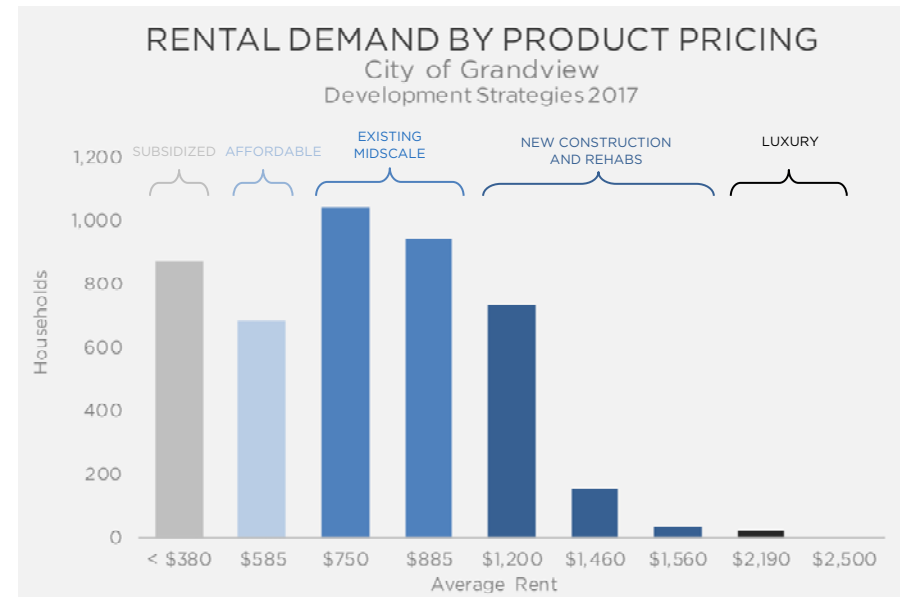
A similar analysis was conducted for rental housing and nearly 80 percent of renter households in Grandview can only afford monthly rents of less than \$1,000. There are only about 200 renter households, or four percent of total renter households in Grandview, that could afford luxury rental products priced above \$1,500.

Approximately 44 percent of renters in Grandview are in the \$650 to \$1,000 price range, which is reflective of the midscale multifamily supply in Grandview—particularly Grand Summit Apartments. The distribution of rental demand in Grandview is indicative of the current supply overall as well—it is possible that the distribution of renter demand would change if a different product, perhaps more upscale, were introduced to the market, thereby attracting higher income renter households from other location in the PMA.

The rental demand distribution in the PMA, like for-sale demand, is skewed toward higher rent affordability than Grandview, although there is still a large “midscale” proportion. Approximately 20 percent, or 14,600, of households can afford rents between \$1,000 and \$1,500 and 10 percent can afford rents of \$1,500 or more.

If Grandview were to capture only one percent of market area demand for new, upscale units priced \$1,000 to \$1,500 per month, that would result in 140 new units. There is opportunity for this product as more of a niche development, perhaps along Main Street so that there is a walkable, urban environment.

The planned addition to Grand Summit will meet much of the anticipated demand for the \$750 to \$1,000 price point.



CONVENTIONAL: SUPPLY VS. DEMAND

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.

METHODOLOGY

The pent-up demand method assembles data for housing values, what percentage of household income residents spend on housing household income, and homeownership rates to pinpoint mismatches between supply and what residents can afford at different price points.

Certain assumptions are made about homeownership, including interest rates (4.5 percent), mortgage terms (30 years), the cost of insurance, utilities, and taxes (or, PITI, 25 percent of mortgage payment), and the amount of down payment (10 percent).

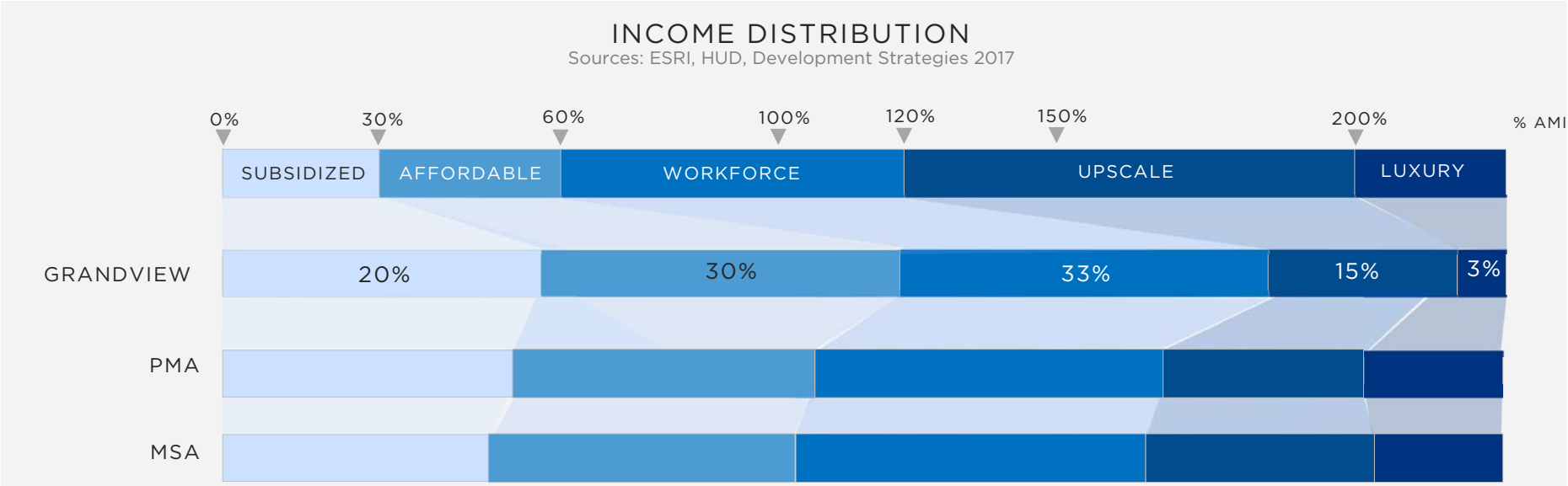
ANALYSIS

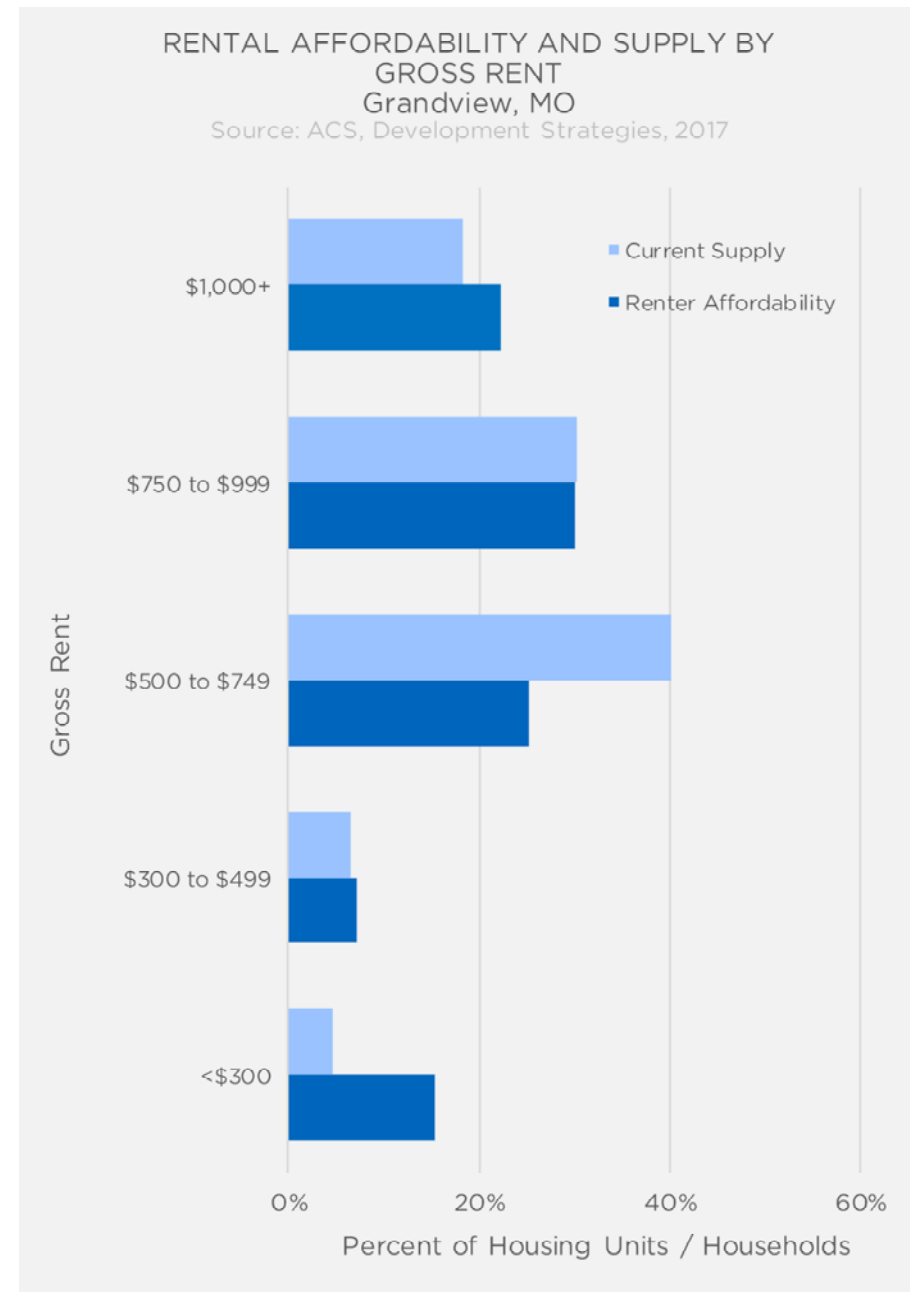
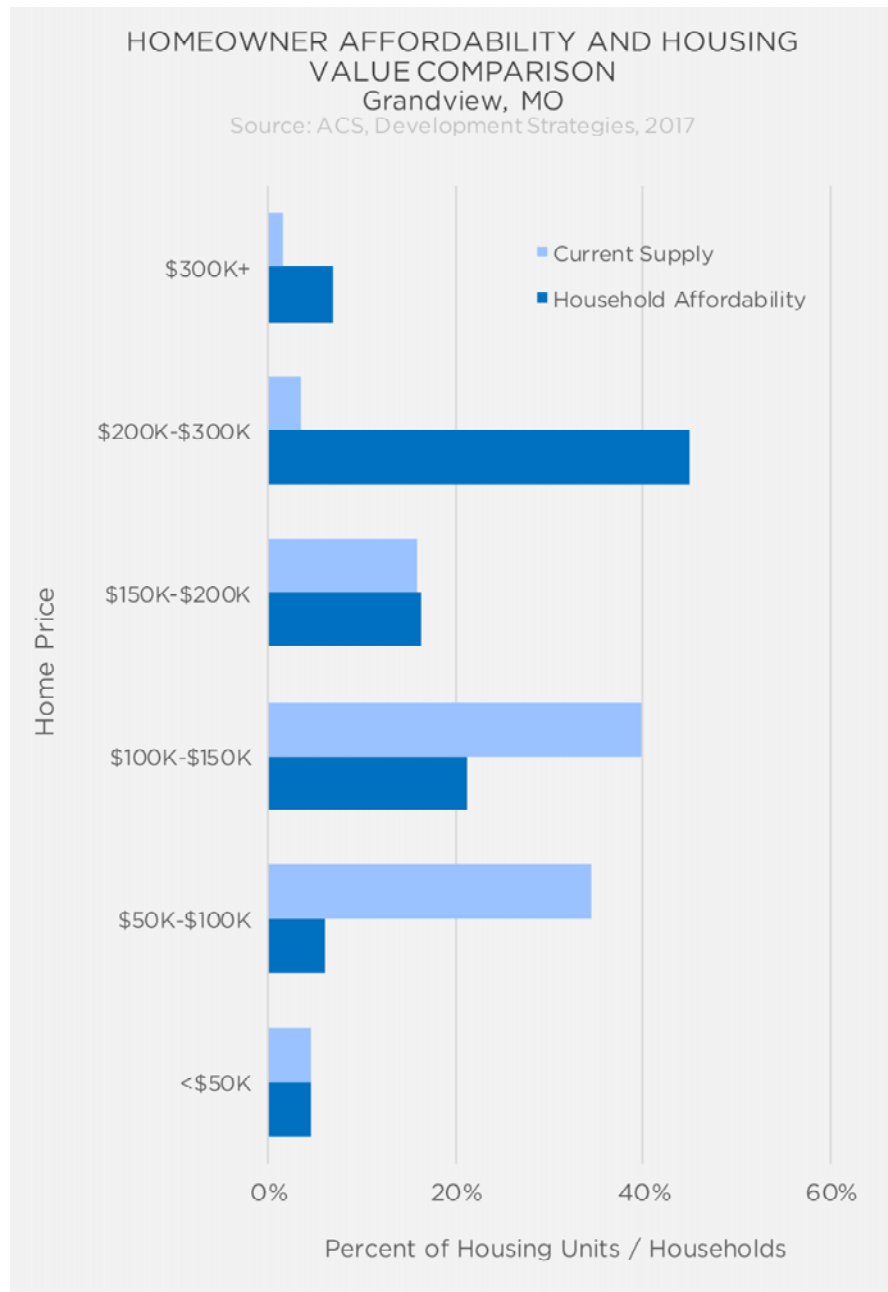
The most significant gap between what residents can afford and what is currently available is for for-sale homes priced above \$200,000. This confirms what was heard from stakeholders and suggests that there is market opportunity to meet this pent-up demand. In fact,

The data also shows an oversupply of homes priced \$50,000 to \$150,000, which is a theme heard from stakeholders.

For rental housing, there is a need for more affordable rental housing, as well as a niche opportunity for rental units priced over \$1,000 per month.

An important caveat is that not all households that could afford more expensive housing would choose to purchase it if it were available. Nonetheless, the gap between supply and demand for upscale homes is significant.





CONVENTIONAL ANALYSIS

10-YEAR PROJECTIONS

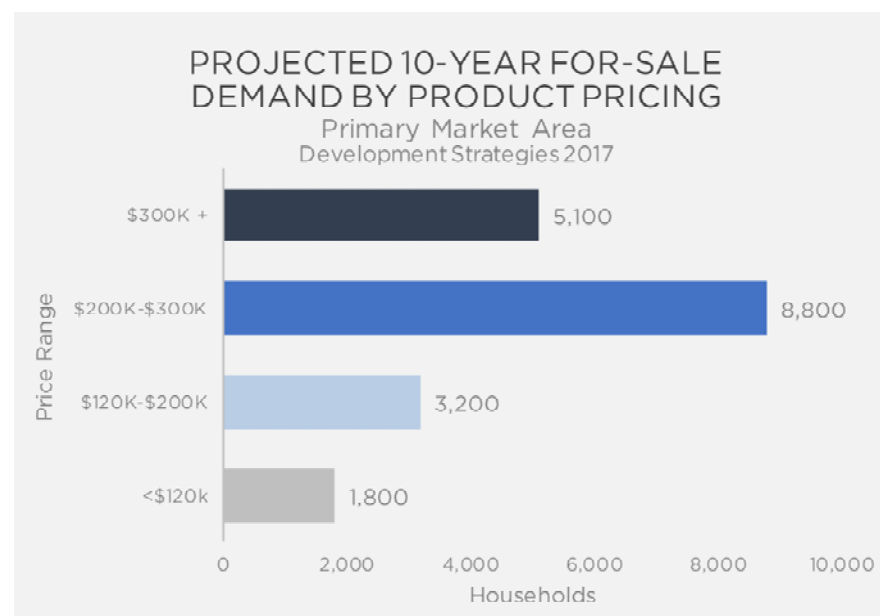
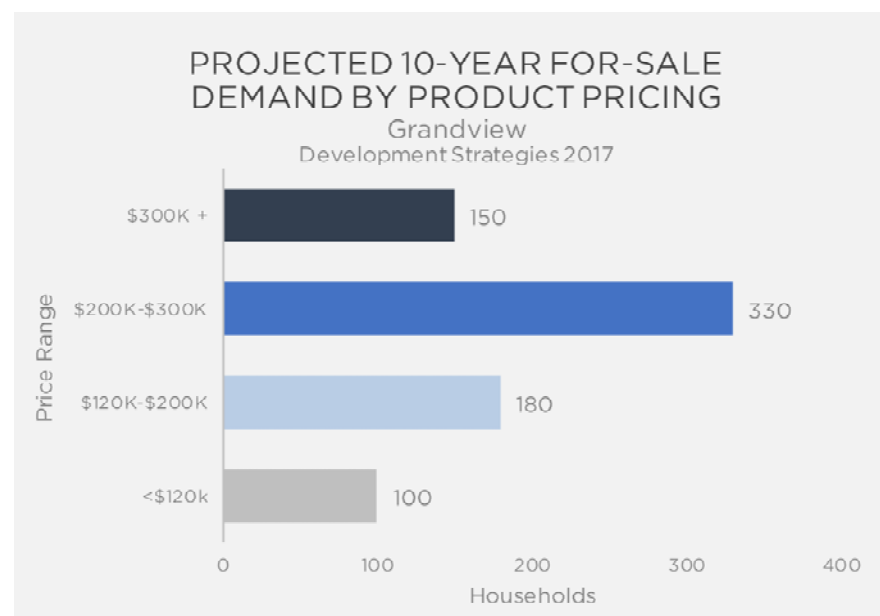
Assuming continued growth, more than 800 for-sale homes will be needed in Grandview to accommodate demand. The “sweet spot” will be for homes priced \$200K to \$300K.

The demand projections for Grandview considered two options: continued household growth with a similar distribution of household incomes, and an adjusted distribution of household income based on market area trends. The demand numbers to the right balance those two scenarios and reflect the reality that adding new housing types to the Grandview market will change the household makeup of the community.

There clearly demand for housing units priced over \$200,000—a price point where new construction becomes feasible. Demand for homes priced less than \$200,000 will primarily be met by the existing housing stock. Demand will be primarily for single-family homes, although a well-designed townhome project is a niche product that would be well-received.

If projected demand is met in Grandview, it would require nearly 50 units of new for-sale housing to be built in the city per year, on average. This significant for Grandview—a total of 50 single-family permits were issued over the past 5 years combined. It would serve to enhance the tax base, bring new consumers to the city, and support general economic development.

Demand projections for the PMA indicate a similar pattern—the greatest demand will be for homes priced \$200,000 to \$300,000. However, there will be greater demand for homes priced \$300,000 and up compared to Grandview.



Similar 10-year projections were made for rental housing in Grandview and the PMA.

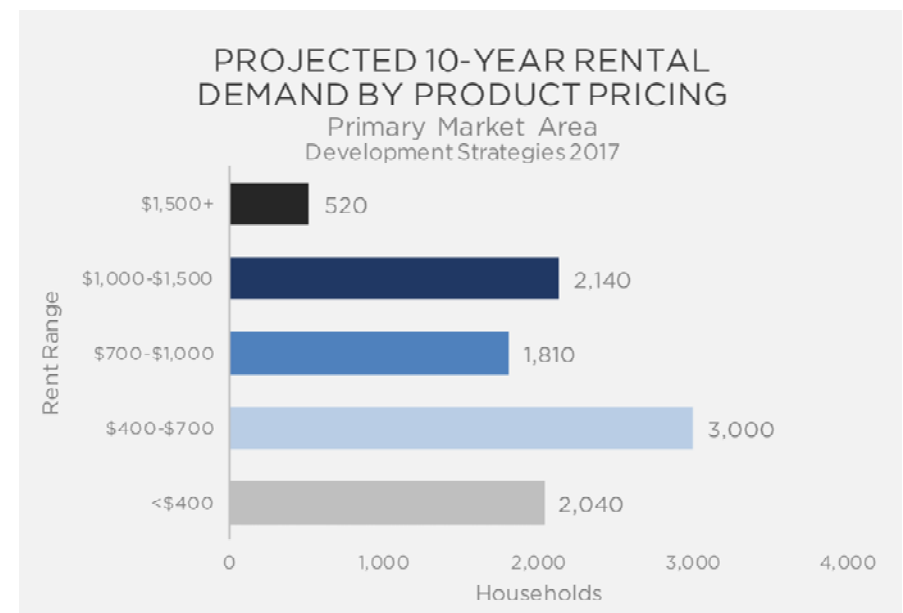
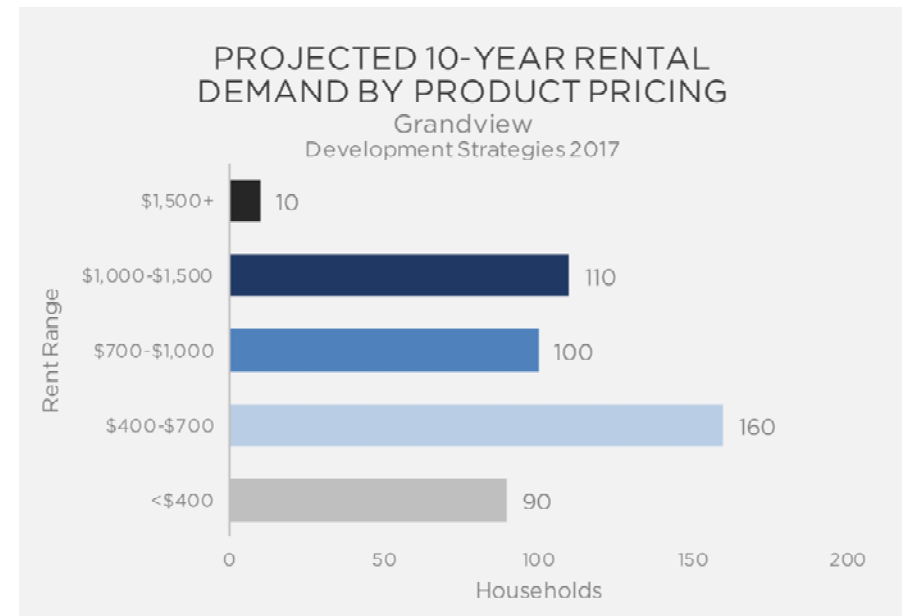
Projections for Grandview indicate that there will be demand for nearly 400 new rental housing units over the next 10 years. Demand will be greatest for units with rents under \$700 per month. This market is typically met by older, existing properties, or new developments utilizing financing tools such as Low Income Housing Tax Credits or various grants.

New households will also demand about 100 units priced between \$700 and \$1,000—the price range of Grand Summit, which is planning to add approximately 300 more units. The new construction there will meet much of the current and future demand for this price point in Grandview.

Notably, the projections indicate that there will be modest demand for units priced over \$1,000 per month, which is equivalent to the base rent for much of the new Class A apartment construction in the region. Most of these properties contain more than 200 units, so the demand projections would support a smaller-scale development or niche product—perhaps mixed-use properties with ground level commercial and two to three stories of apartments above along Main Street.

Projections for the PMA suggest that there will be demand for nearly 10,000 new rental units over the next 10 years. Similar to Grandview, the largest demand cohort is for affordable units priced between \$400 and \$700 per month. There will also be substantial demand for more upscale apartments priced between \$1,000 and \$1,500.

Demand patterns for the PMA should support new development in Grandview.



TARGET MARKET ANALYSIS

Target market analysis is used to determine demand based not only on geography and demographic traits, but also on consumer preferences. As a result, desired product types can be determined, in addition to affordability.

Just as market segmentation is used to determine tendencies to buy different types of consumer products—including products as diverse as cars, computers, and dish soap—data on market segments can be used to identify demand for different types of housing products at a particular location.

The segments present in Grandview and the surrounding area are identified using ESRI's Community Tapestry™ data, which uses algorithms to link demographic, geographic, and psychographic data to create 65 unique geodemographic segments. In other words, these “segments” are essentially 65 household groupings, each with their own unique combination of demographic (income, age, etc.), geographic, and psychographic (values, culture, etc.) characteristics.

This study utilizes the Tapestry data to focus on specific product types that stakeholders indicated were missing in Grandview, yet are common in peer communities:

- **Upscale Single-Family Homes:** This market includes segments that are primarily homeowners with high incomes for the market area.
- **Upscale Multifamily & Townhomes:** This market includes segments with relatively high incomes that may be downsizing or prefer housing requiring less maintenance than a typical single-family home.
- **Midscale Multifamily:** This market includes young professionals and similar cohorts who want quality rental housing, but cannot yet afford typical luxury product.

TARGET MARKET METHODOLOGY— IMPLIED PRODUCT PRICING PMA MARKET DEMAND

Sources: ESRI, Development Strategies 2017

Tapestry Group/ Segment	Implied Owner Households	Implied Average Price	Implied Renter Households	Implied Average Rent
Upscale Single-Family Homes	28,500	\$350,000	3,200	\$1,700
Upscale Multifamily & TH	18,500	\$220,000	6,400	\$1,140
Midscale Multifamily	4,450	\$150,000	12,400	\$880

CURRENT MARKET FOR TARGET PRODUCTS Primary Market Area

Sources: ESRI, Development Strategies 2017

Upscale Single-Family Homes

31,200

Upscale Multifamily & Townhomes

24,900

Midscale Multifamily

16,900

CURRENT DEMAND

Target market analysis yields theoretical demand for more than 1,000 housing units in Grandview, split between upscale single-family homes, upscale townhomes, and midscale multifamily.

By applying a mathematical model to ESRI Tapestry™ data on market segmentation, demand analysis of target market households indicated demand from nearly 1,000 households for housing types that are not available or are in short supply in Grandview.

This demand is generated by households living in the PMA that Grandview could capture if suitable housing options existed. An important caveat is that it is important for Grandview to address negative perceptions to make the city and the locations of these neighborhoods competitive with the cities and neighborhoods where these households currently live.

TARGET MARKET SEGMENT METHODOLOGY— IMPLIED CURRENT DEMAND

Grandview

Sources: ESRI, Development Strategies 2017

Tapestry Group/ Segment	Implied Owner Households	Price Range	Implied Renter Households	Rent Range
Upscale Single-Family Homes	285	\$250K- \$500K	30	\$1,400- \$2,500
Upscale Multifamily & TH	225	\$180K- \$300K	90	\$900- \$1,700
Midscale Multifamily	105	\$100K- \$180K	265	\$700- \$1,200

PROJECTED 10-YEAR DEMAND

Projected growth in Grandview and the Primary Market Area will generate demand for more than 500 new housing units over the next 10 years

The target markets in PMA are projected to grow by more than 12,000 households over the next 10 years. If Grandview captures its current share of market area households—4.4 percent—the city will gain more than 500 new households from the target market segments.

This will generate demand for approximately 210 for-sale upscale single-family homes, which could be contained in a single subdivision or neighborhood.

The growth will also generate demand for 90 upscale multifamily units or townhomes (65 for-sale and 25 rental), and 210 midscale multifamily units, which would be primarily rental units.

TARGET MARKET SEGMENT METHODOLOGY— FORECASTED 10-YEAR DEMAND

Grandview

Sources: ESRI, Development Strategies 2017

Tapestry Group/ Segment	Implied Owner Households	Price Range	Implied Renter Households	Rent Range
Upscale Single-Family Homes	210	\$250K- \$500K	20	\$1,400- \$2,500
Upscale Multifamily & TH	65	\$180K- \$300K	25	\$900- \$1,700
Midscale Multifamily	75	\$100K- \$180K	135	\$700- \$1,200

DEMAND CONCLUSIONS

Conventional market analysis gives a better overall picture of demand for housing at various price points, while target market analysis focuses on specific product typologies that are missing in the Grandview market, but are supported by market demand.

While the conventional and target market methods emphasize slightly different aspects of the market, the results from each support the other. Key findings are summarized below:

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.
- 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 luxury 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.

To help Grandview meet the goals of this study, various target product typologies are summarized on the following page, along with reasonable 10-year demand estimates. It is important to note that one development could meet demand for all of one of the product types—such as a high end home subdivision, although that product would be built over several years. Demand could be met in a shorter period of time for one product than another.

This analysis clearly concludes that there is current and potential future demand for new housing in Grandview, yet little new development has occurred. 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.

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.
- Where current demand is unmet by the housing stock, households will move to other communities for desired housing types.

TARGET PRODUCT: UPSCALE MULTIFAMILY

KEY METRICS

Avg. Monthly Rent:	\$900 – \$1,500
Unit Sizes (Sq. Ft.):	750 – 1,200
Avg. Rent Per Sq. Ft.:	\$1.35 – \$2.00
Units Per Acre:	40-60
Target Market:	Singles, Couples, Empty nesters



DEMAND ESTIMATES

10-Year Market Demand Est. (Net New)	1,600
Grandview Capture Rate	4.4%
10-Yr. Grandview Demand (Net New)	70 units



TARGET PRODUCT: MULTIFAMILY

KEY METRICS

Avg. Monthly Rent:	\$750 – \$1,000
Unit Sizes (Sq. Ft.):	650 – 1,000
Avg. Rent Per Sq. Ft.:	\$1.00 – \$1.50
Units Per Acre:	20-30
Target Market:	Singles, Roommates, Couples, Young families



DEMAND ESTIMATES

10-Year Market Demand Est. (Net New)	3,500
Grandview Capture Rate	4.4%
10-Yr. Grandview Demand (Net New)	150 units



TARGET PRODUCT: UPSCALE TOWNHOMES

KEY METRICS

Sales Price:	\$180,000 – \$300,000
Unit Sizes (Sq. Ft.):	1,400 – 2,000
Avg. Price Per Sq. Ft.:	\$125 – \$175
Units Per Acre:	10-20
Target Market:	Singles, Couples, Empty Nesters



DEMAND ESTIMATES

10-Year Market Demand Est. (Net New)	1,700
Grandview Capture Rate	4.4%
10-Yr. Grandview Demand (Net New)	80 units



TARGET PRODUCT: UPSCALE SINGLE-FAMILY

KEY METRICS

Sale Price:	\$250,000 – \$500,000
Unit Sizes (Sq. Ft.):	2,500 – 3,800
Avg. Price Per Sq. Ft.:	\$120 – \$150
Units Per Acre:	3-4
Target Market:	Families, Couples w/older children, Empty nesters



DEMAND ESTIMATES

10-Year Market Demand Est. (Net New):	4,800
Grandview Capture Rate:	4.4%
10-Yr. Grandview Demand (Net New):	210 units





Chapter 5

STRATEGY RECOMMENDATIONS

STRATEGY RECOMMENDATIONS

The strategies described in this chapter 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.

HOUSING GOALS

It is important to define Grandview's housing goals before assigning strategies to meet those goals. In defining the goals, it is clear that the city and its stakeholders want to focus on the future, propose stability, and create a marketable identity.

Goal #1 is to **attract new housing development** to Grandview in order to capture Grandview's share of regional growth, diversify housing choices, support economic development, and support the school system.

Goal #2 is to **support redevelopment in existing neighborhoods**. The primary intent is to improve existing housing and neighborhood conditions, and create unique neighborhoods.

Goal #3 is to **tell Grandview's story** to the development community and potential residents.

Various objectives for each goal are summarized in the table on the next page.

The strategy recommendations are intended to reflect best practices for cities in addressing housing and community development needs. There is always flexibility as to how a community can implement the strategies.

STRATEGY #1: Create A Housing Task Force or Commission

STRATEGY #1: Create A Development Review Team

STRATEGY #1: Create A Housing Marketing Campaign

STRATEGY #1: Brand Neighborhoods or Districts

STRATEGY #1: Implement Rental Occupancy or Permit System

STRATEGY #1: Create Targeted Development Zones

STRATEGY #1: Coordinate with Local and Regional Employers to Understand the Housing Needs of Their Employees

STRATEGY #1: Create A Strategic Neighborhood Plan for Belvidere



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



STRATEGY #1: CREATE A HOUSING TASK FORCE OR COMMISSION

PURPOSE: Accountability and Coordination—the Housing Task Force will be responsible for prioritizing housing tasks and following up with task leads and key stakeholders to ensure that progress is being made.

BASIS: Grandview does not have a dedicated housing manager or housing department. There is currently no individual or group overseeing Grandview’s efforts relating to housing. Cities that are able to proactively address housing issues similar to Grandview’s typically have a task force or commission dedicated to monitoring housing programs and strategies.

KEY STEPS/COMPONENTS:

1. Identify community members and city staff with particular interest in housing and the ability to commit to regular meetings and other activities to sit on task force.
2. Define specific role and responsibility of the task force. For instance, this task force would provide recommendations about implementing the housing strategies, resource allocation, potential new funding sources, and other related items.
3. Schedule regular meetings to ensure progress is made.

STAKEHOLDERS (lead in bold): **Board of Alderman**, City staff (community development, planning, economic development, and code enforcement), neighborhood associations, realtors, landlords, Chamber of Commerce, bankers, etc.

Housing commissions generally oversee housing goals and initiatives in lieu of a city housing department, whereas housing task forces typically focus on a specific housing need—such as affordable housing—or specific neighborhoods.

Hutchinson, Kansas Housing Commission

The Hutchinson Housing Commission was formed to identify housing problems and opportunities for the greater Hutchinson area and to develop, promote, and support comprehensive housing solutions.



It has eleven members—nine voting members and two ex-officio, non-voting members. The Commission meets at least nine times annually and all meetings are open to the public.

<http://www.hutchgov.com/308/Housing-Commission>

Durham, North Carolina Housing Task Force

The Durham Housing Task Force was formed as part of the city’s Transformation in Ten Initiative, a community-led and data-driven initiative to reduce poverty in Durham neighborhoods.



The Housing Task force hosts housing resource fairs, boards up problem properties, is responsible for conducting lead/risk assessments, and coordinates homebuyer education.

<https://durhamnc.gov/3240/Housing-Task-Force>

STRATEGY #2: CREATE A DEVELOPMENT REVIEW TEAM

PURPOSE: Formalizing a streamlined and straightforward development review process will better position Grandview to take advantage of new opportunities.

BASIS: Many cities have development review teams for building permits or commercial development. One way Grandview can meet its goal of attracting new housing development is to offer a straightforward entitlement review and approval process. Grandview's short review and approval process relative to other communities gives it a competitive advantage—some metro area communities take 6 to 9 months to approve a subdivision development, which increases development cost and risk for developers. However, a formalized development review team would enable Grandview to further leverage this advantage to market housing development opportunities.

KEY STEPS/COMPONENTS:

1. Select staff members from city departments typically involved in the development approval process, such as the building division, development services, neighborhood services, and public works. Projects likely to involve city programs should also include staff from finance and economic development, and possibly parks and the fire department.
2. Offer a free preliminary plan review meeting with key staff members to talk through proposed projects and offer feedback about what will be required to efficiently move through the entitlement process.
3. Revamp the “Housing” section of the city’s website, and/or create a “Development Review Team” site to include all relevant information about the development process. We suggest including:
 - Information about the preliminary plan review service
 - Potential housing development opportunities
 - Information for local, state, and federal housing programs, and who administers those programs.
 - Links to local housing providers, Realtors, developers, architects,

contractors, and other housing professionals with a short description of their specialty.

- Project highlights, with pictures, success stories, investments in progress.
- Information explaining the permitting process, including when permits are required, what is needed to obtain a permit, inspections required, etc.
- Information about the complaint process of code violations and other housing/neighborhood issues.
- Development guidelines.
- Concepts for remodeling older homes from the First Suburbs Coalition *Remodeling Idea Book*. (<http://www.marc.org/Community/First-Suburbs-Coalition/For-Homeowners/Idea-Book>)

STAKEHOLDERS (lead in bold): Community Development

Department, Housing Commission, Realtors, developers, landlords, Chamber of Commerce, economic development, etc.

Englewood, Colorado Development Review Team (DRT)

Englewood's DRT includes staff from the building division, community development, economic development, engineering, fire department, parks, public works, utilities, traffic, and wastewater.

The DRT Meets with applicants and informs them about the review process, codes and policies that apply, identifies potential problems, and suggests possible solutions.

<http://www.engagewoodco.gov/inside-city-hall/city-departments/community-development/zoning-and-development-overview/development-review-team>

STRATEGY #3: CREATE A HOUSING MARKETING CAMPAIGN (TELL GRANDVIEW'S STORY)

PURPOSE: Attract new housing development by proactively marketing opportunities to potential residents, developers, Realtors, the Home Builder's Association of Greater Kansas City (KCHBA), employers, and other groups interested in housing development.

BASIS: Grandview is not currently on the radar of most housing developers in the region. The Home Builder's Association of Greater Kansas City recently surveyed members to ask why they are not building in Grandview, when significant new development is underway in Lee's Summit, Belton, and Raymore. The top three challenges are summarized at the bottom of this column.

These barriers are important because they reflect the perceptions of the development community, whether they are true or not, and help focus remedial efforts Grandview can pursue. Changing perceptions of Grandview, which appear to be based on occurrences in the past that do not reflect current conditions, are an important step in attracting new housing development.

The intent of a housing marketing campaign is to promote housing as part of a greater economic development strategy.

KEY STEPS/COMPONENTS

1. Identify and market housing development opportunities.
 - a. Existing single-family subdivisions with buildable lots.
 - b. Platted, but undeveloped, single-family subdivisions.
 - c. Potential greenfield sites for single-family or maintenance-free townhomes.
 - d. Infill development opportunities, particularly on or within walking distance of Main Street. This will help leverage the recent streetscape improvements to support additional development
 - e. For-sale opportunities at various price points, as indicated on the following page.
 - f. Rental opportunities: senior, affordable, market-rate, urban-style, etc.
 - g. Use GIS to map potential development areas with target development type.

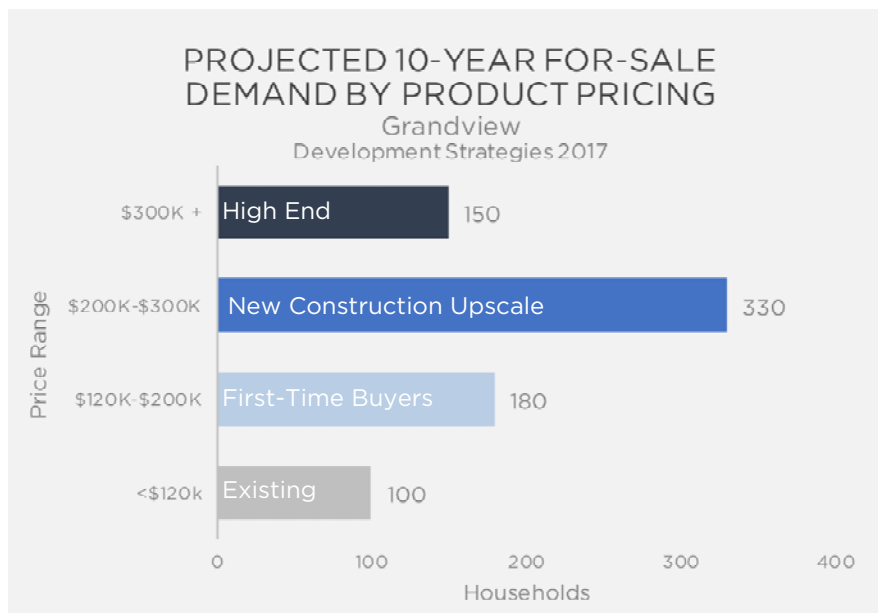


Barriers to New Housing Development in Grandview

- 1 Grandview has a perceived high crime rate.
- 2 Grandview's Infrastructure is old and dated.
- 3 Grandview School District is thought of as weak.

STRATEGY RECOMMENDATIONS

2. Combat negative perceptions with data analysis.
3. Work with the Police Department to document decline in crime rates during past decade and tell the story of how the department is continuing to address challenging issues.
4. Advertise recently completed, under construction, and planned public improvements—parks, trails, streetscape, etc.—including the dollar amount and schedule to reinforce the idea that Grandview is investing in itself.
5. Track and publicize key private developments that show further investment in the city, including renovations of buildings and shopping centers, housing projects, etc.
6. Coordinate with the Grandview School District to help tell their story of recent successes and their plans to continue to improve school performance in the future.
7. Highlight Grandview’s community assets:
 - a. Parks and path/trail network.
 - b. Ongoing civic activities.
 - c. Location—Grandview is within five miles of 100,000 jobs.
 - d. Substantial investment and improvements over the last X years.
8. Actively market Grandview to developers, Realtors, KCHBA, and other groups. Include demand data from this study, and the information recommended in this strategy.
9. Inform target audiences of Development Review Team and streamlined development process.
10. Include this information on the housing website.



STAKEHOLDERS (lead in bold): **City staff (communications)**, Housing Commission, Community Development Department, City Administrator, developers, Realtors, property owners, Chamber of Commerce, Police Department, etc.

STRATEGY #4: BRAND NEIGHBORHOODS OR DISTRICTS

PURPOSE: Pursue a placemaking strategy to give specific areas within Grandview a unique identity that could be leveraged to attract investment.

BASIS: Creating unique places is a fundamental aspect of economic development. Historic districts, main streets, and other unique neighborhoods are an avenue to generating community pride, which attracts investment.

KEY STEPS/COMPONENTS

1. Select two to three districts within the city that offer—or could offer—unique character.
2. Work with residents and businesses to name and brand those districts.
3. Map neighborhood anchors, connections to parks, Main Street, trails, etc.
4. Include branded neighborhoods as part of Housing Marketing Campaign, identifying key development opportunities within those districts.

STAKEHOLDERS (lead in bold): Housing Commission, Board of Alderman, Main Street, neighborhood groups, Community Development Department, Chamber of Commerce, City Communications Department.



Energize our Neighborhoods: Boise, ID

Boise implemented the Energize our Neighborhoods initiative in 2014 with the primary goal of keeping established neighborhoods unique and desirable.

It is a collaboration between residents, city staff, community leaders, and other public and private partners. Working with these partners, the intent is to invest in specific, measurable projects to increase economic activity, provide additional services, and create measurable change at a neighborhood level.

There are eight focus areas: children & youth, economic development, health & community services, housing, placemaking, arts & history, public safety, sustainability, and transportation

<https://energize.cityofboise.org/>



STRATEGY #5: IMPLEMENT RENTAL OCCUPANCY PERMIT OR REGISTRATION SYSTEM

PURPOSE: Reduce absentee ownership of rental properties and improve the overall condition of rental housing stock.

BASIS: An occupancy permit system would require a housing unit to pass inspection before a new resident moves in. This would allow the city to be more proactive in addressing certain housing condition issues instead of reacting to code violation complaints, and further enhance the effectiveness of the Minimum Standards Code Enforcement efforts already under way.

KEY STEPS/COMPONENTS

1. Implement an occupancy permit or rental licensing ordinance for rental housing. This will require any rental property to be inspected when a new tenant moves in for a nominal fee. As a result, city inspectors will be able to inspect the interiors of homes or units for code violations, especially health and safety issues. Property owners will have to pass inspection or resolve any violations in order to legally lease their property, and owners with persistent violations can have their rental licenses revoked.
2. Create a system whereby the most severe code violations, or those that

pose immediate health and safety risks to the occupants, carry a higher fine and have a shorter “remedy” period. Examples include exposed wiring, plumbing fixtures that do not work properly, faulty HVAC equipment, the appearance of peeling lead paint, and structural issues.

3. Hire sufficient inspections staff that is dedicated to and properly trained for housing inspections. Housing inspectors provide more “eyes on the street” and should be empowered to also discuss non-housing issues they observe with relevant parties (e.g., sidewalk issues to Public Works, crimes to the police, loose dogs to animal control, etc.).
4. Work with the Municipal Court to promote uniform enforcement of fines. Communicate the importance of the program and the anticipated outcomes and overall benefit to the community.
5. Create an online complaint system and/or smartphone app to streamline violation reporting.

STAKEHOLDERS (lead in bold): Neighborhood Services Division, Housing Commission, landlords, Municipal Court, Board of Alderman.

Occupancy Permits and Inspections: University City, MO

Anyone who moves to University City is required to apply for and obtain an occupancy permit prior to moving in (\$25 application fee).

An occupancy permit enforces the city’s property maintenance code standards by requiring that an inspection be done to ensure that the house or apartment is safe for occupancy. Occupancy is illegal without an occupancy permit.

The maintenance code standards not only protect residents’ well-being, but also protect financial investments and property values.

<http://www.ucitymo.org/faq.aspx?TID=23>

Rental Ready Program: Independence, MO

Rental Ready was established in 2016 to protect the health, safety, and welfare of residents, maintain attractive and desirable neighborhoods, and ensure minimum standards for the interior of residential buildings.

It requires all residential rental units to be licensed and pass a basic health and safety inspection every two years.

The city contracts with six private companies that provide qualified rental housing inspections.

<https://www.ci.independence.mo.us/ComDev/RentalReady>

STRATEGY #6: CREATE TARGETED DEVELOPMENT ZONES

PURPOSE: The concept of targeted area development helps cities focus limited resources on specific areas. This increases the impact of strategic investments and creates a snowball effect so that the benefits begin to spread to nearby areas. It will encourage the coordination of public infrastructure improvement with individual home improvements and general community capital projects.

BASIS: CI 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.

KEY STEPS/COMPONENTS

1. Identify community assets and strengths that can be leveraged as starting points for development or redevelopment. These include parks, historic neighborhoods, Main Street, land marks, major public investment projects, etc. Areas already experiencing reinvestment are a good starting point as well. Examples in Grandview include Shalimar Park renovations, recent Main Street investments, and street work on 155th Street that could be leveraged to begin various efforts in Belvidere.
2. Classify city neighborhoods districts based on general housing conditions and/or property values. One way to classify neighborhoods is as follows:
 - a. Stable Neighborhoods: Stable neighborhoods are those that do not show signs of widespread disinvestment. They make up a large portion of Grandview's existing neighborhood, and city efforts should include maintaining property standards in these areas to encourage continued investment .
 - b. Growing Neighborhoods: New subdivision with available

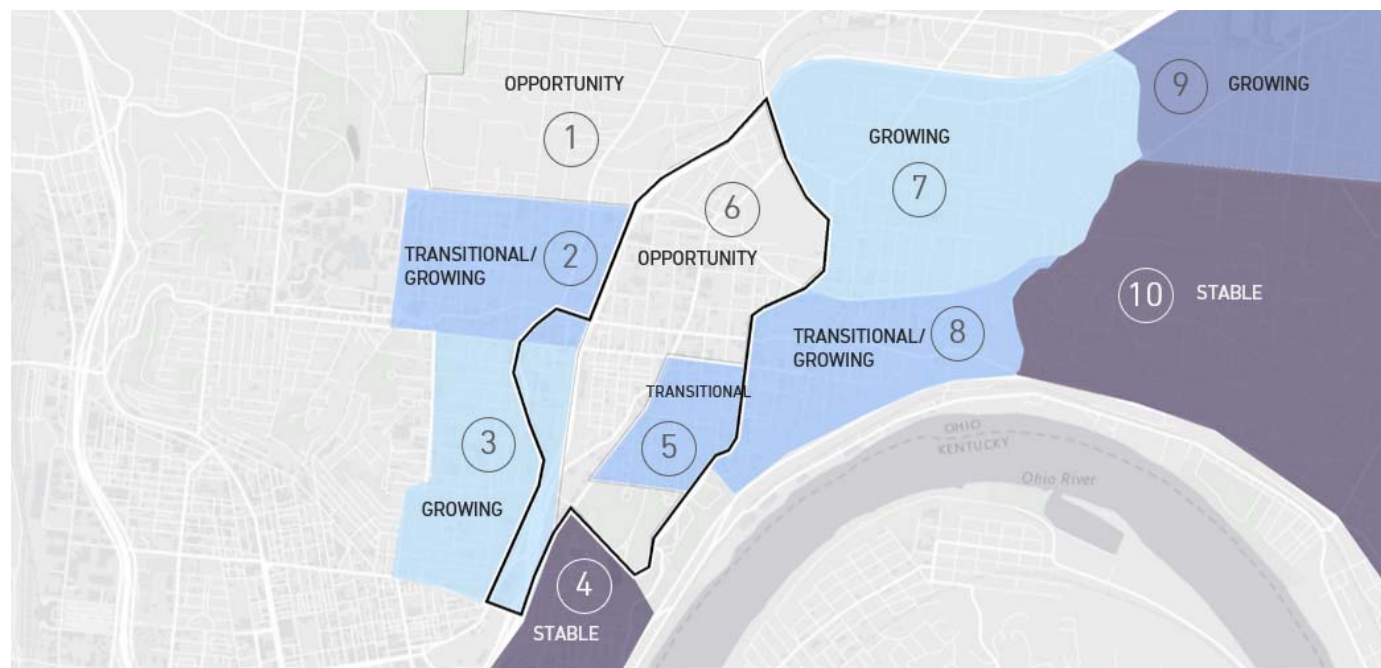
development sites, or neighborhoods undergoing reinvestment and redevelopment. List developers, types of housing allowed, number of lots available, cost of lots, etc.

- c. Transitional Neighborhoods: Transitional neighborhoods are areas in which disinvestment appears to be spreading. Areas in Grandview that meet these criteria are portions of northwest Grandview and the areas north and south of Main Street. City efforts should include consistent code enforcement, public infrastructure, community improvement days, etc.
 - d. Opportunity Neighborhoods: Opportunity neighborhoods are part of the city that have experienced the most disinvestment and abandonment. Belvidere is the primary neighborhood that meets this criteria. While this area faces complex challenges, there are opportunities for reinvestment. City efforts should include consistent code enforcement, site assemblage, partnerships with community groups and nonprofits for community clean up and infill development opportunities, coordinated public improvements, etc. See *Strategy #8* for more detail on neighborhood planning in Belvidere.
3. Use GIS to map districts, community assets, and planned public investments to focus public investment efforts.
 4. Review zoning code to evaluate flexibility for infill redevelopment typologies.
 5. Review demolition policy and consider creating a demolition fund to assist with site assemblage in opportunity areas.

STAKEHOLDERS (lead in bold): Community Development

Department, Housing Commission, Main Street, neighborhood groups, Public Works, nonprofits, etc.

EXAMPLE NEIGHBORHOOD CLASSIFICATION MAP



	1	2	3	4	5	6	7	8	9	10
	Opportunity	Transitional	Transitional /Growing	Stable	Transitional	Opportunity	Transitional /Growing	Transitional	Growing	Stable
Income	\$16K	\$18K	\$33K	\$93K	\$44K	18K	\$28K	\$34K	\$60K	\$80K
Housing	\$77K	\$136K	\$111K	\$374K	\$183K	\$78K	\$95K	\$184K	\$250K	\$300K+
Population '10-'15	-0.6%	5.6%	-1.4%	0.5%	0.1%	0.0%	-0.8%	1.6%	2.5%	2.4%
Sales	<%50K-\$100K	\$125K-\$350K	<50K-\$250K	\$300K+	\$125K-\$350K	<\$50K-\$100K	<50K-\$250K	\$150K-\$300K	\$200K-\$300K	\$300K+

KCMO Revitalize, Rebuild, & Repopulate: Demolition Program

In 2016, Kansas City, Missouri established a \$10 million demolition program to tear down 800 homes on its Dangerous Buildings List within two years.

The intent is to removed properties that are severely dilapidated and pose a serious nuisance to the community. Removing these structures will improve public safety and create new development opportunities.

<http://kcmo.gov/news/2016/city-ramps-up-neighborhood-revitalization/>

STRATEGY #7: COORDINATE WITH LOCAL AND REGIONAL EMPLOYERS TO UNDERSTAND THE HOUSING NEEDS OF THEIR EMPLOYEES

PURPOSE: Support local and regional employment growth, as well as new development in Grandview, by understanding the needs of the business community

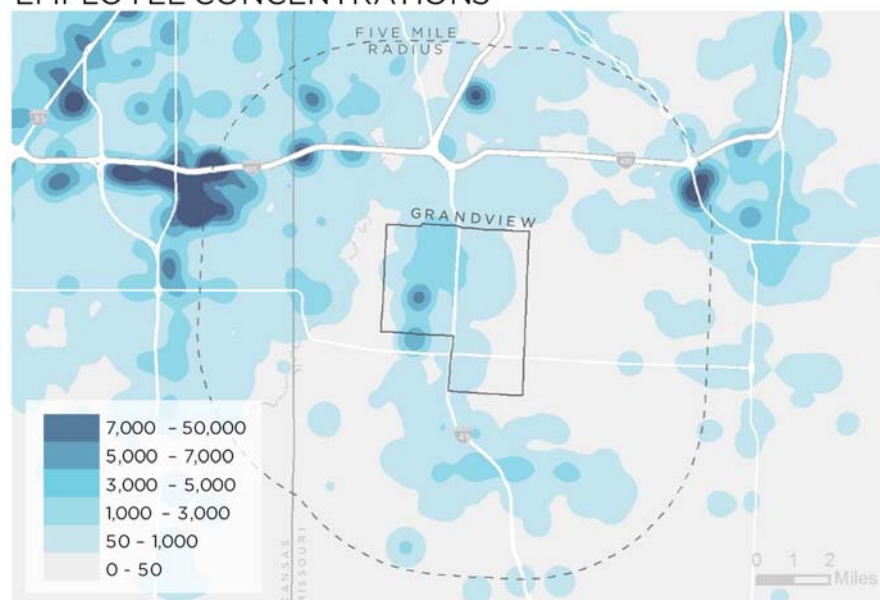
BASIS: Ninety (90) percent of jobs in Grandview are filled by non-residents, while the city is located within five miles of 100,000 jobs. Grandview is well-located to capture a higher share of regional growth than it has for the past 20 years.

KEY STEPS/COMPONENTS:

1. Conduct a survey with local employers to understand housing preferences of employees, housing types that would help businesses recruit talent, and tangible reasons why employees choose not to live in Grandview.
2. Communicate with growing regional employers within a reasonable commute, such as Cerner and Honeywell, to understand what types of housing help their recruitment efforts.
3. Share Housing Market Campaign with key businesses to inform them of efforts underway in Grandview to attract new development. (i.e., market Grandview to businesses)
4. Share results of survey and information from other conversations with businesses with developers to begin to target specific development types.
5. Identify appropriate sites for housing that will meet employer demand.

STAKEHOLDERS (lead in bold): Housing Commission, city staff (administrator, communications, **economic development**), Chamber of Commerce, business leaders.

EMPLOYEE CONCENTRATIONS



STRATEGY #8: CREATE A STRATEGIC NEIGHBORHOOD PLAN FOR BELVIDERE

PURPOSE: A formal long-term strategic plan is needed to address the many challenges facing the Belvidere neighborhood and to begin fostering positive change.

BASIS: 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.

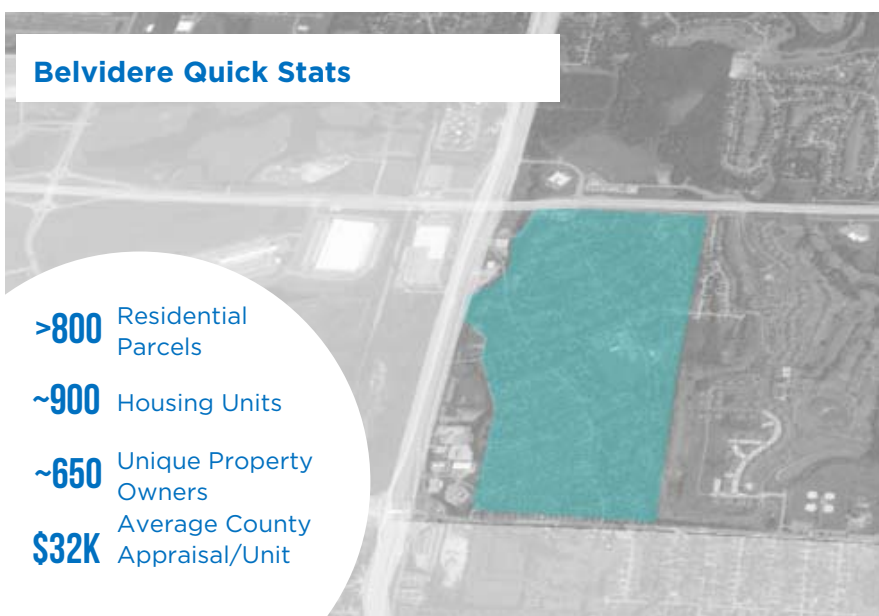
KEY STEPS/COMPONENTS:

2. Use GIS to analyze key metrics that will allow prioritization of goals and interventions.
 - Property values
 - Frequency of code violations and/or police and nuisance complaints
 - Delinquent taxes
 - Foreclosed properties
 - Area assets and connectivity
 - Housing condition ratings
2. Identify a champion/leader—neighborhood organizations, CDCs, foundations, or non-profit organization normally fill this role. The city does not have the resources to fill this role, but can support it in many ways. Further, engage residents, area social service agencies, businesses, and others with ties to the neighborhood to gain their input and suggestions.
3. Leverage the academic successes of Belvidere Elementary School as a neighborhood anchor and asset.

4. Enhance code enforcement efforts through rental inspection program and consider increasing fees for repeat offenders.
5. Create a land bank for city-owned property to manage problem properties when acquired by the city. This could serve as a conduit to assemble a critical mass of properties for redevelopment.
6. Create a fund for targeted neighborhood improvements.
7. Create a phased strategy by prioritizing the goals and objectives that come out of the planning process.

STAKEHOLDERS (lead in bold): Community Development

Department, Housing Commission, Realtors, developers, landlords, area social service agencies, businesses, etc.





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APPENDIX
