

Kerrville 2019 Housing Study and Strategic Plan

City Council Workshop
October 8, 2019



Purpose of Study

This study was undertaken on behalf of the City of Kerrville as a result of the Kerrville 2050 Comprehensive Plan to complete an updated housing study and housing strategic plan.

This study contains the most recent research, findings, analysis, and strategies for improvements related to the housing market in the City of Kerrville.

Research Conducted

- ✓ Secondary source data – demographics, employment, housing
 - ✓ Primary research – interviews, field work, phone
 - ✓ Employee survey
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Economic and Demographic Context

- ❑ Population growth outpacing job growth until last couple years – due to retirees
 - ❑ 42% of households with householder over age 65
 - ❑ 52% of under-65 households have incomes less than \$50,000 per year
 - ❑ 40% of non-senior renter households are cost-burdened (42% for all households)
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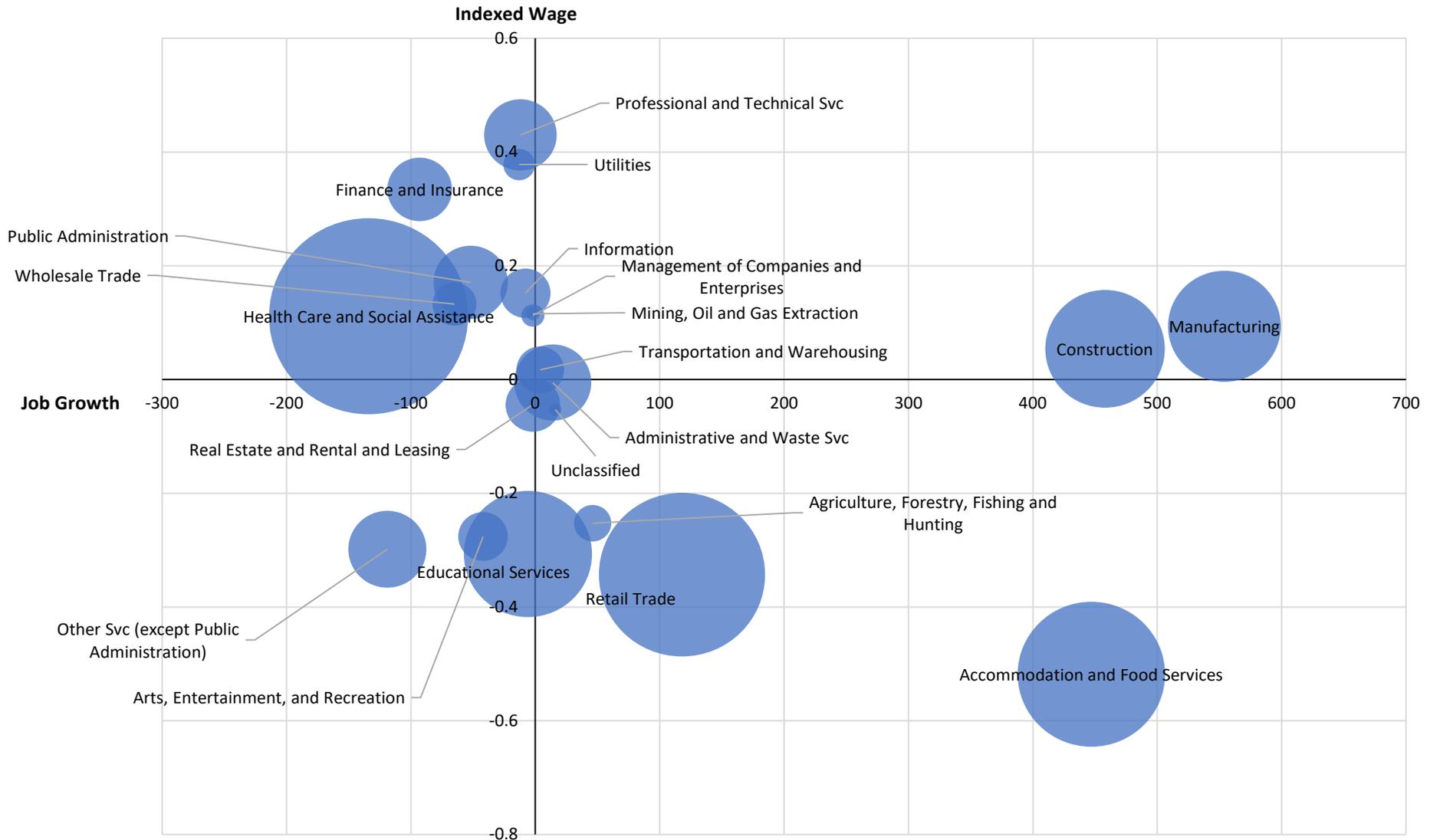
Economic and Demographic Context

- ❑ Growth in the past decade:
 - ❑ 1,100 net new jobs in Kerr County
 - ❑ 1,690 net new residents and 801 net new households in Kerrville
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Economic and Demographic Context

- ❑ Growing employment sectors:
 - ❑ Construction, manufacturing – middle income wages
 - ❑ Retail, accommodations – lower wages
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Employment Growth (2008-2018) and Indexed Avg. Weekly Wage (2019)



Housing Demand and Supply

- ❑ Rental housing:
 - ❑ Very tight market at all price levels
 - ❑ 340 new multi-family units built in last 10 years (1 income-restricted complex, 2 market rate complexes)
 - ❑ No “missing middle” rental construction activity
 - ❑ However – rents not appreciating excessively
 - ❑ 240 units soon under construction
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Rental Housing Market Findings

➤ Kerrville Multifamily Property Composition

Property Type	% of Market	# of Units	Occupancy	Avg. SF	Avg. Rent
Conventional	67%	1,546	96%	917	\$784
Affordable	13%	293	-	-	-
Senior Living	21%	484	-	-	-
Totals		2,323	94%	915	\$784

Rental Housing Market Findings

- Demand for **752** affordable rental units

Income Range	# Cost-Burdened Households	Monthly Rent Range Needed
Less than \$20,000	621	Under \$500
\$20,000 to \$34,999	46	\$500 to \$875
\$35,000 to \$49,999	85	\$875 to \$1,250
Total	752	

Housing Demand and Supply

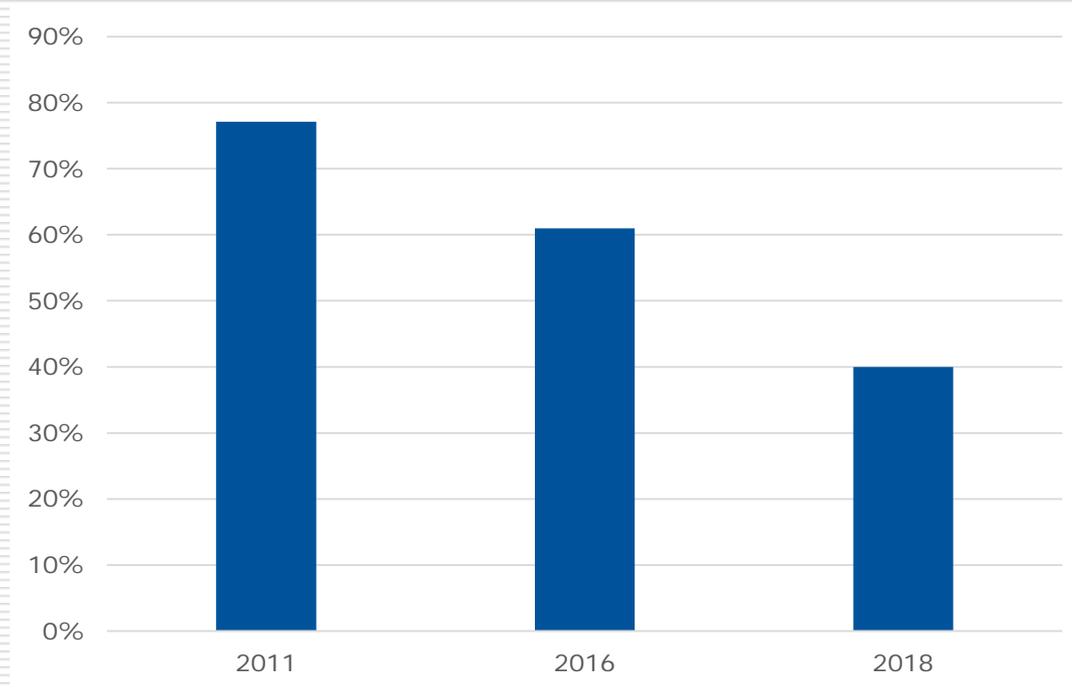
- ❑ For-sale housing:
 - ❑ Supply of homes under \$200,000 shrinking rapidly, sell quickly if condition OK
 - ❑ Low \$200,000s and under needed for middle income buyers (\$180,000 for buyers at median income)
 - ❑ Competition from investors (cash buyers) in lower price ranges
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Housing Demand and Supply

- ❑ For-sale housing:
 - ❑ Inspection issues (FHA etc.) with older less expensive homes
 - ❑ Homes above \$300,000 – not supply-constrained
 - ❑ 720 single family lots in development – at least two projects may offer homes low \$200s and below
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For-Sale Housing Market Findings

Percent of homes sold in Kerrville \$200,000 and below 2011, 2016, 2018



For-Sale Housing Market Findings

- Demand for **555** affordable for-sale units

Income Range	# Cost-Burdened Households	Monthly Rent Range Needed
\$20,000 to \$34,999	295	Under \$150,000
\$35,000 to \$49,999	140	Under \$200,000
\$50,000 to \$74,999	120	\$200,000 - \$300,000
Total	555	

Employee Survey

- Respondents' housing costs still moderate
 - Strong support for growing workforce housing supply
 - City of Kerrville desirable as a housing location
 - Most reported difficulty in finding housing
 - Strong desire to purchase single family homes
 - Smaller homes are OK
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Overall Demand Summary

- ❑ Current potential demand:
 - ❑ Nearly 1,300 rental units
 - ❑ Nearly 1,800 for sale units
 - ❑ Includes relief for cost-burdened, recapture of workers not living locally

 - ❑ Future demand based on announced job growth:
 - ❑ Additional 315 housing units
 - ❑ Emphasis on moderate-priced rentals
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Development Environment

- ❑ Challenges / barriers
 - ❑ Land cost and availability (major issue)
 - ❑ Infrastructure and land development costs (major issue)
 - ❑ Constrained housing types (moderate issue)
 - ❑ Buyer / renter qualification (moderate issue)
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Development Environment

- ❑ Opportunities / strengths
 - ❑ New development code
 - ❑ Underutilized / redevelopable sites
 - ❑ Land in public / nonprofit / institutional ownership
 - ❑ Potential new market actors
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Housing Strategies

- 1) Increase stock of moderately priced rental units with moderate-density infill development
- 2) Increase the supply of single family for-sale homes on infill lots



Compact single family



Attached Townhomes



Fourplex



Accessory Dwelling Unit

Housing Strategies

- 3) Preserve existing low-income and moderately-priced rental housing through rehab programs and opportunity investment
 - 4) Support additional low-income rental housing development through the federal LIHTC program
 - 5) Create an official incentive policy for workforce housing development
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Housing Strategies

- 6) Utilize land owned by public agencies, institutions, and philanthropic organizations for workforce housing development and preservation
 - 7) Initiate an effort to accommodate specialized renter populations
 - 8) Examine other regulatory elements that affect development costs
 - 9) Create a Cooperative Housing Navigation and Financial Education Program
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