

W. Frank Barton School of Business

Center for Economic Development and Business Research

Kansas Rural Housing

Surveys of Rural Economic Developers and Rural Mortgage
Lenders



WICHITA STATE
UNIVERSITY

1845 Fairmount St.
Wichita KS 67260-0121
316-978-3225
www.CEDBR.org
cedbr@wichita.edu

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Summary

The Center for Economic Development and Business Research (CEDBR), W. Frank Barton School of Business, at Wichita State University (WSU) contracted with the Kansas Housing Resources Corporation to conduct two surveys, one of rural economic developers and one of rural mortgage lenders. The purpose of these surveys was to gather information on community economic development issues as they relate to housing in rural Kansas.¹

All survey participants were asked about the quantity and quality of moderate income housing available in their area. Both the rural economic developers and the rural mortgage lenders were in agreement that the availability of moderate income housing is inadequate to meet demand. It is also their professional opinion that the quality of moderate income housing is poor relative to current demand.

The survey of rural economic developers was primarily focused on the impact of housing on job creation. It was generally found that the lack of available housing was having a negative impact on the development of jobs in the rural areas surveyed. Seventy-four percent of the economic developers surveyed were aware of local hiring decisions that had been impacted by housing availability, with 71 percent of those decisions resulting in the hiring of fewer workers.

Due to the negative impact of inadequate housing on development, many rural areas have implemented housing improvement projects. These projects were most frequently infrastructure improvements, first time home buyer programs and subsidies or grants. However, when asked about the future availability of housing relative to jobs in their area, few of the economic developers surveyed anticipated improvement in the housing situation.

The survey of rural mortgage lenders was primarily focused on local impediments to housing development and provides potential explanations for the current housing situation in some areas of Kansas. Potential home owners are either unable to get approved for financing or approved borrowers are unable to find an acceptable home available in the area in which they are looking.

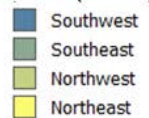
Borrower credit qualifications were considered to be the most significant impediment to housing finance, although more of a problem in the eastern part of the state than the western. Low wages relative to housing cost was the second most significant impediment, which is more of an issue in the southern regions. Low collateral value of new home construction was the third most significant impediment to housing finance in all areas of the state, except the Southeast.

The experience of approved borrowers being unable to find acceptable housing varied greatly across the state. It happened less frequently in the Eastern regions of the state, and the occurrences related to specific ranges of value. In the western regions there was a much higher occurrence of approved borrowers being unable to find acceptable housing, and this occurred across all ranges of value.

¹ As with any survey, the results may be subject to self-selection bias and non-sampling errors. Self-selection bias arises when participants have control over their participation in the survey. Non-sampling errors occur during the collection or the survey data. A common type of non-sampling error would be for the person filling out the survey to select the wrong box when answering a question. The survey results have not been adjusted for these types of errors.

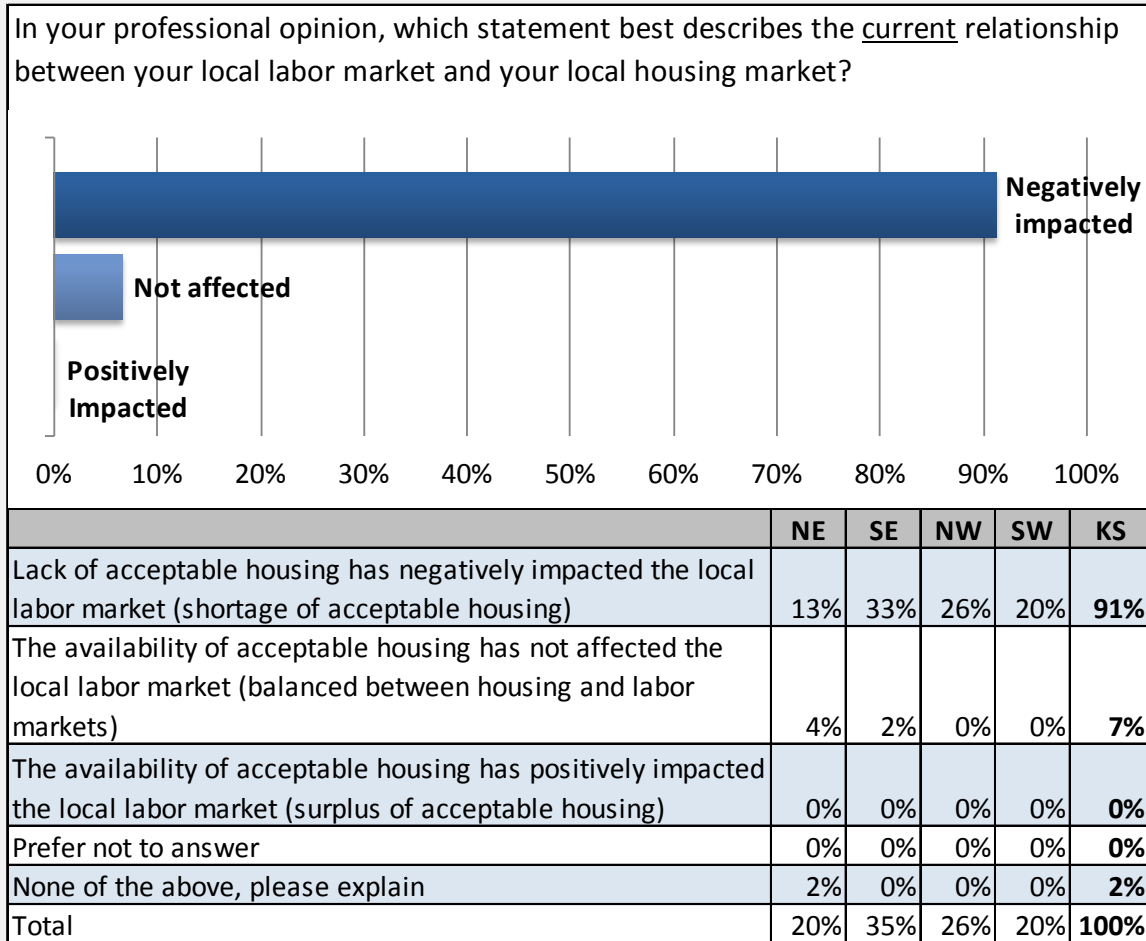
The focus of the survey of rural economic developers was to establish how housing issues are impacting job creation in Kansas. Topics covered in this survey included the extent to which housing has impacted local job growth, the potential increase in local jobs if housing is addressed, and the steps, if any, that have been taken to address local housing issues.

Survey respondents from the Southeast part of the state accounted for 35 percent of the total respondents, followed by the Northwest region at 26 percent of respondents. The Northeast and Southwest regions each accounted for 20 percent of respondents.



Current Local Housing and Labor Markets

Ninety-one percent of respondents indicated that housing is negatively impacting their local labor market. This appears to be true across the state; however, there are areas in the eastern part of the state where there is a balance between the labor market and housing market.



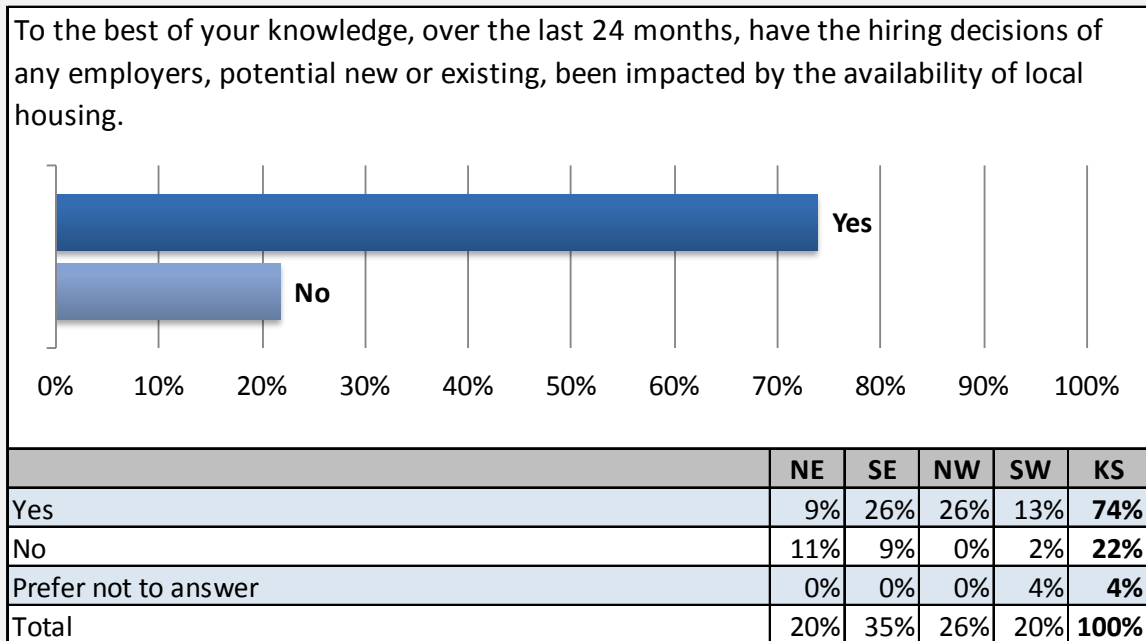
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Additionally, a respondent in the Northeast indicated that, in their opinion, low wages are preventing ownership and construction of acceptable housing. The low wages result in no demand for new construction, which has led to the housing shortage in the Northeast.

The economic developers surveyed cited a variety of local events that have affected housing in their areas. Rural Opportunity Zones and new oil and gas exploration were the most common reasons for recent changes in local housing markets.

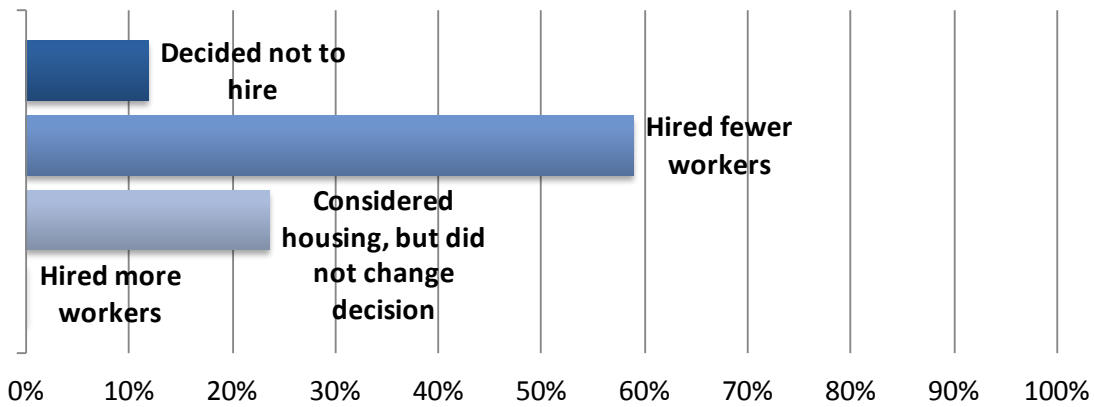
In the past 24 months, have there been local events that have affected existing housing conditions?				
	NE	SE	NW	SW
Rural Opportunity Zone (ROZ) initiatives	X	X	X	X
New oil and gas exploration		X	X	X
Rural housing tax incentives		X		X
Local industry expansion		X		X
Strong general economy	X			
Strong agricultural economy	X			
Growth in the local University			X	
Population and job growth			X	
Deliberate recruitment of young professionals			X	
Adoption of Neighborhood Revitalization Program				X

Of the 74 percent of respondents that indicated the availability of housing was impacting the hiring decisions of local employers, 71 percent indicated the result was fewer workers being hired due to the local housing situation.



Totals may not sum due to rounding.

If the hiring decisions of employers have been impacted by the availability of local housing, on average, how did the local housing situation alter their hiring decision?



	NE	SE	NW	SW	KS
Decided not to hire	0%	3%	6%	3%	12%
Hired fewer workers	9%	15%	21%	15%	59%
Considered housing, but did not change decision	0%	15%	9%	0%	24%
Hired more workers	0%	0%	0%	0%	0%
Prefer not to answer	3%	3%	0%	0%	6%
Total	12%	35%	35%	18%	100%

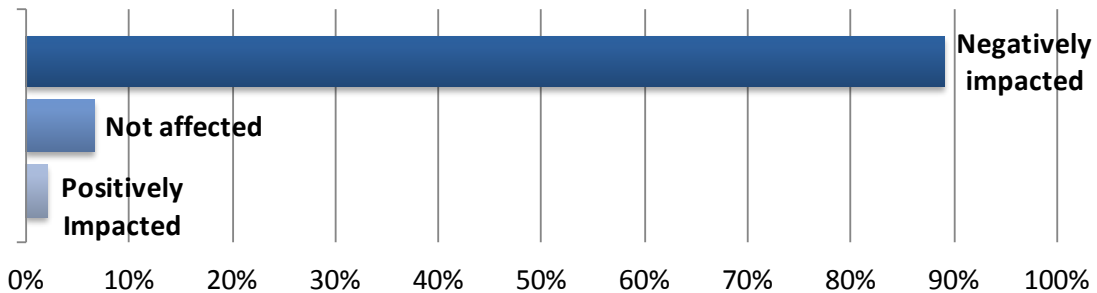
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Future Local Housing and Job Growth

Although it is generally accepted that the current housing situation is negatively impacting the labor market in the areas surveyed, there is also little expectation the situation will improve in the future. Across the four regions, only economic developers in two areas in the Southwest are anticipating the relationship between housing markets and labor markets to improve in the future.

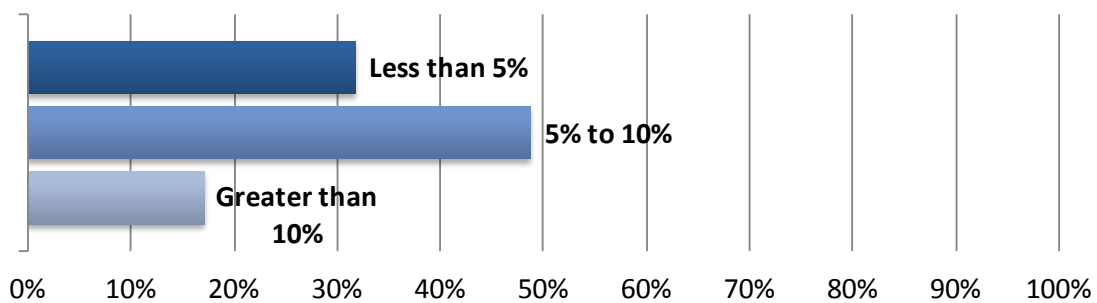
On average, in the professional opinion of the economic developers responding to the survey, the extended negative impact of housing on local labor markets is reducing job growth by approximately 5 to 10 percent.

In your professional opinion, which statement best describes the future relationship between your local labor market and your local housing market?



	NE	SE	NW	SW	KS
Lack of acceptable housing will negatively impact the local labor market (shortage of acceptable housing)	15%	33%	26%	15%	89%
The availability of acceptable housing will not affect the local labor market (balanced between housing and labor markets)	4%	0%	0%	2%	7%
The availability of acceptable housing will positively impact the local labor market (surplus of acceptable housing)	0%	0%	0%	2%	2%
Prefer not to answer	0%	0%	0%	0%	0%
None of the above, please explain	0%	2%	0%	0%	2%
Total	20%	35%	26%	20%	100%

In your professional opinion, if the lack of acceptable housing in your area was not an issue, the additional job growth achieved would be? (Only asked if housing was expected to have a negative impact on the labor market in the future.)



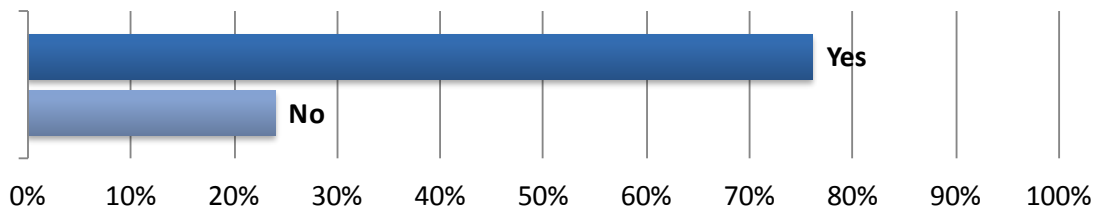
	NE	SE	NW	SW	KS
Less than 5%	7%	7%	15%	2%	32%
5% to 10%	7%	22%	12%	7%	49%
Greater than 10%	2%	5%	2%	7%	17%
Prefer not to answer	0%	2%	0%	0%	2%
Total	17%	37%	29%	17%	100%

Totals may not sum due to rounding.

Local Housing Activities

Although the economic developers responding to the survey do not anticipate future changes in the relationship between their local labor markets and housing markets, local governments have attempted to improve the situation. Seventy-six percent of respondents were from an area with programs aimed at increasing the availability of housing.

In the past five years, have there been any local initiatives focused on changing the availability of acceptable housing in your area?



	NE	SE	NW	SW	KS
Yes	17%	24%	20%	15%	76%
No	2%	11%	7%	4%	24%
Prefer not to answer	0%	0%	0%	0%	0%
Total	20%	35%	26%	20%	100%

Totals may not sum due to rounding.

If there have been local initiatives, what types of initiatives have been implemented?				
	NE	SE	NW	SW
Infrastructure improvements	X	X	X	X
First time home buyer program	X	X	X	X
Subsidies or grants	X	X	X	
Tax incentives		X	X	X
Forgivable Loans		X		X
Neighborhood Revitalization Program		X	X	
RHID/ MIH			X	X
Government sponsored program - application denied	X			
Building incentives	X			
Entrepreneurs are rehabbing homes for rental and re-sale	X			
CDBG Grant		X		
Housing Code for rental properties		X		
Utility discounts				
Community assessment			X	
Free housing lots			X	
Recreation discounts			X	

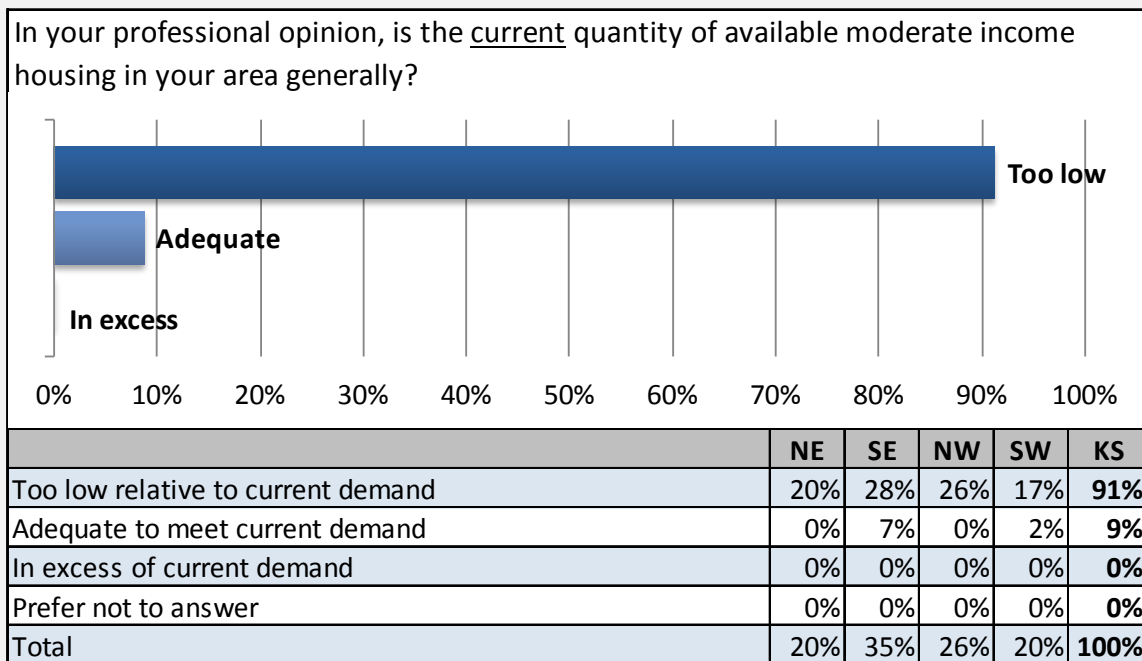
When asked to please share any additional comments about the impact of housing on economic development in their area, the economic developers responded as follows:

- **Northeast**
 - Our largest problem is with labor force taking residency in neighboring communities.
- **Southeast**
 - In our area there is a lack of suitable housing for middle class. It hurts our ability to retain middle and upper management personnel in our community as they choose to commute from other nearby communities with more housing options.
 - Lack of housing at all income levels hinders employers from being able to attract qualified employees. Additional compensation has been offered by some employers to employees who have to travel a large distance to reach the workplace.
 - Lack of housing has negatively impacted availability of workforce for decades. Income based housing projects have done little to address our problem because the income guidelines are too low.
 - There are multiple issues. 1. The lack of available housing meeting the requirements of our workers in terms of size, location, composition (number of bedrooms) results in workers, particularly those at the higher income levels, living in other communities. This effectively dilutes the local impact of economic development as the local community who is often providing incentives do not receive the full impact of growth, tax base, population, etc. 2. The lack of availability of Quality housing that is affordable at the pay scales of our local businesses adds to a stagnation of our local labor pool. Will a worker move into the area at the pay rate being offered to live in the quality of housing this pay affords them? 3. At current construction costs, new housing in our community appraises for 10-25% below cost of construction. The only new construction going on is that which is heavily subsidized. Even that which is subsidized often results in a final cost that is still unaffordable to the majority of our local workers. 4. These issues result in declining population and labor force making it more difficult to recruit new employers to the area and factors in negatively to existing businesses employment decision making for locations in our community. More worrisome is a trend (verified with census data) showing the percentages of workers commuting into our community rising sharply over the last 9 years. Altogether, our county has lost more population than any other in the state since 2010.
- **Northwest**
 - At this point, we have major employers looking to add key leadership positions (administrators, engineers, etc.). It is only a few jobs, but jobs that will be difficult to recruit for, due to lack of availability of acceptable housing.
 - Housing has most affected the manufacturing sector. Due to lack of skilled labor, employers are searching for skilled workers to move to this area from regions of high unemployment. Wages and benefits are competitive, but housing cost and availability stopped all interest in relocating. Our largest manufacturer has already stated part of his next expansion will be outside our community, and possibly outside the state.
 - Moderate Income housing and rentals are needed. We are doing what we can locally, but will need more than just our resources to do it.
 - The limited housing supply is a significant impediment for businesses, families, and the entire community.

- We do not have the availability to house a large corporation at this time but the availability of housing for RENT is a serious problem. We lack people short term rental for contractors and we have large projects coming available soon with no place to put the workers.
- **Southwest**
 - We are finally starting to get additional housing.
 - In some labor markets, healthcare and education, the lack of acceptable housing meant the candidate did not accept the position offered in our locale. As a result, our communities lose, because lack of housing deterred the professional from taking the job.
 - It is often difficult to say which needs to come first, but I think if we had more affordable housing, we would increase the population and the growth of businesses would follow as we have people working in a neighboring community not able to afford to live here.
 - Private sector seems to be dealing with the housing shortage better, because they have no restrictions on hiring people inside the County AND can raise wages to better entice people to drive further. The Hospital, city and county are harder hit because of the housing shortage.

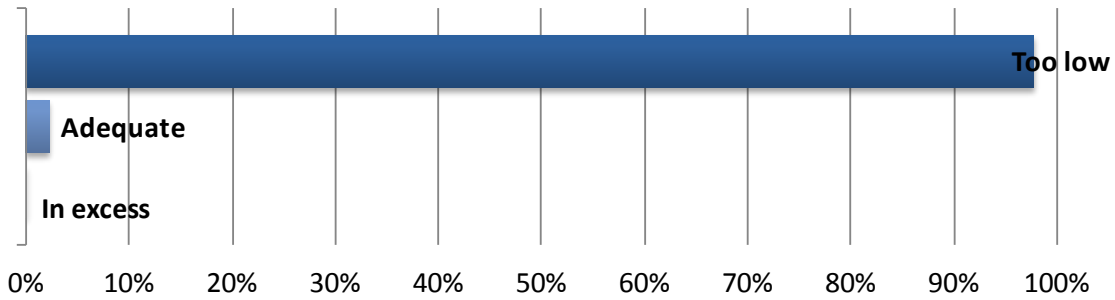
Moderate Income Housing

Across the state, the economic developers surveyed find the current and future level of moderate income housing inadequate to meet demand. There are currently some areas of adequate available moderate income housing in the southern parts of the state; however, they are expected to diminish in the future. The quality of moderate income housing is also found to be poor relative to the needs of potential buyers.



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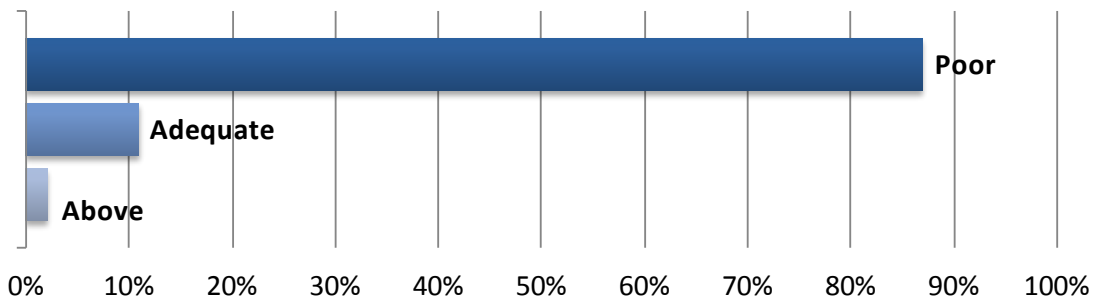
In your professional opinion, is the estimated future quantity of available moderate income housing in your area generally?



	NE	SE	NW	SW	KS
Too low relative to estimated future demand	20%	33%	27%	18%	98%
Adequate to meet estimated future demand	0%	2%	0%	0%	2%
In excess of estimated future demand	0%	0%	0%	0%	0%
Prefer not to answer	0%	0%	0%	0%	0%
Total	20%	36%	27%	18%	100%

Totals may not sum due to rounding.

In your professional opinion, is the quality of available moderate income housing in your area generally?



	NE	SE	NW	SW	KS
Poor relative to buyers' needs	15%	33%	24%	15%	87%
Adequate to meet buyers' needs	4%	2%	2%	2%	11%
Above the quality of buyers' needs	0%	0%	0%	2%	2%
Prefer not to answer	0%	0%	0%	0%	0%
Total	20%	35%	26%	20%	100%

Totals may not sum due to rounding.

Additional Comments

Please share any additional information about your local housing market, as it relates to economic development, that you feel is important and relevant.

- **Northeast**

- Much like many counties, we are experiencing a major shortage for the amount of houses demanded. Our community is working to hopefully get this issue resolved as best we can at this time by wanting to build an apartment complex in two of the County communities.
- One of the first questions asked if the housing market affected the hiring decisions of the business person. Our problem is that it affects the one being hired. They don't take the job that was offered because they don't have a place to move to. Recently a man accepted a new position here and he and his wife are living in an apartment looking for a house. She's letting everyone know that she's not happy in the apartment but that there are no acceptable houses available either.
- The personal property tax on houses is what keeps people from buying a home.
- There is a need for more low income (primarily senior and handicap) housing. The availability of quality homes on the market is unstable and often moves quickly in our communities. I think it is also very important to note that the desired building sites in our "rural" area tends to be subdivisions located very close to communities in our county where they enjoy city living with much larger lot sizes. I would like to see our counties focus more on this growth potential.
- Too much money and energy is expended to make housing more affordable. If Kansans were paid an appropriate living wage the housing market would correct itself, filling the voids in the market that now exist, particularly in rural counties and small towns everywhere.
- Assisted living units would provide appropriate housing for our aging population and free up housing stock.
- Multi-family units are as proportionally needed in small towns as they are in larger cities and are much safer than mobile homes.
- Low-maintenance entry-level homes would retain young Kansans renters and first-time homeowners.
- New housing units could be built to satisfy a market segment other than the top 10% of income earners for the first time in many years.
- The housing "shortage" solution starts with our employers. Employees deserve a substantial raise and so do their employers. Their products and services are worth more than what they are getting; they deserve a raise too. Tax breaks for targeted groups has never worked. It does NOT float all boats! Higher incomes produce income, property tax and sales tax revenues across the board, providing the funds badly needed for our infrastructure, particularly schools, bridges, roads, health care and programs for those in need.
- Why would we want to be the county or state that boasts a low cost of living? Low cost housing is most attractive to householders with minimal expendable income. Growth in that economic environment will surely come at the expense of the employee, forcing our

youngest Kansans to seek greener pastures elsewhere after we have invested millions to bring them to adulthood. The loudest voices keep us in fear of inflation and global competition and it is holding us back, as a state and as a nation.

- **Southeast**

- After looking at a recent housing developer's analysis rural cities/towns cannot afford a rental of \$575-\$648 for a two bedroom apt. We need more incentives from Fed's and State of Kansas especially with infrastructure and property taxes.
- Although many blighted structures have been removed, nothing has been done that would help build moderate housing in our area.
- In a recent housing white paper I completed for the City Council, I found that 34% of the existing housing stock was built circa 1939. This significantly hampers economic development opportunities.
- It appears that housing negatively impacts decisions made by potential employees, not the decisions made by employers.
- The lack of incentives for the moderate housing developers discourages them from that market.
- There is a lack of available middle income housing - especially 3 bedroom, 1-2 bath family housing of all types. Apartments are all full. Decent rentals of any type are hard to find. This makes it hard to grow communities even if there are jobs available. It is difficult for our employers to fill positions especially in management positions.
- This is an area of great concern here at the county wide and individual community level without exception. Flexibility within solutions has to be a key.
- We are told that our major employers would increase employment if we had the labor pool to support their expansion. We could have the increased labor pool if we had additional affordable housing available for them and their families to move to.
- We need a modern, NON income restricted apartment complex. We desperately need quality off-campus student apartments for students. We need more modern homes in the price range of \$90,000 to \$120,000.

- **Northwest**

- After working with city leaders, I have switched my mind-set that we do have a lack of available adequate housing---- but we also have a wage issue and a sentimental value issue. There are several properties sitting empty that families refuse to sell or rent--- just in case.... Also, there is a huge demand for rental housing (through the HAT assessment), but people are unwilling to be landlords. I also would note that there are not a lot of city codes on the books to help with the empty/abandoned houses. Finally, a lot of house in the county have not been updated (electricity, air conditioning/heating, or cosmetically). So you end up buying a house for \$45,000 or less and you put in at least that much to get it safe and clean.
- Appraisals in western Kansas need to be looked at as a factor in new development as well.
- Difficult to get the city leadership to buy into the housing issue. High housing values are a boon to property tax and home owners, local contractor rates significantly higher than other

areas. City leadership does not have the political will to make changes that could affect these demographics.

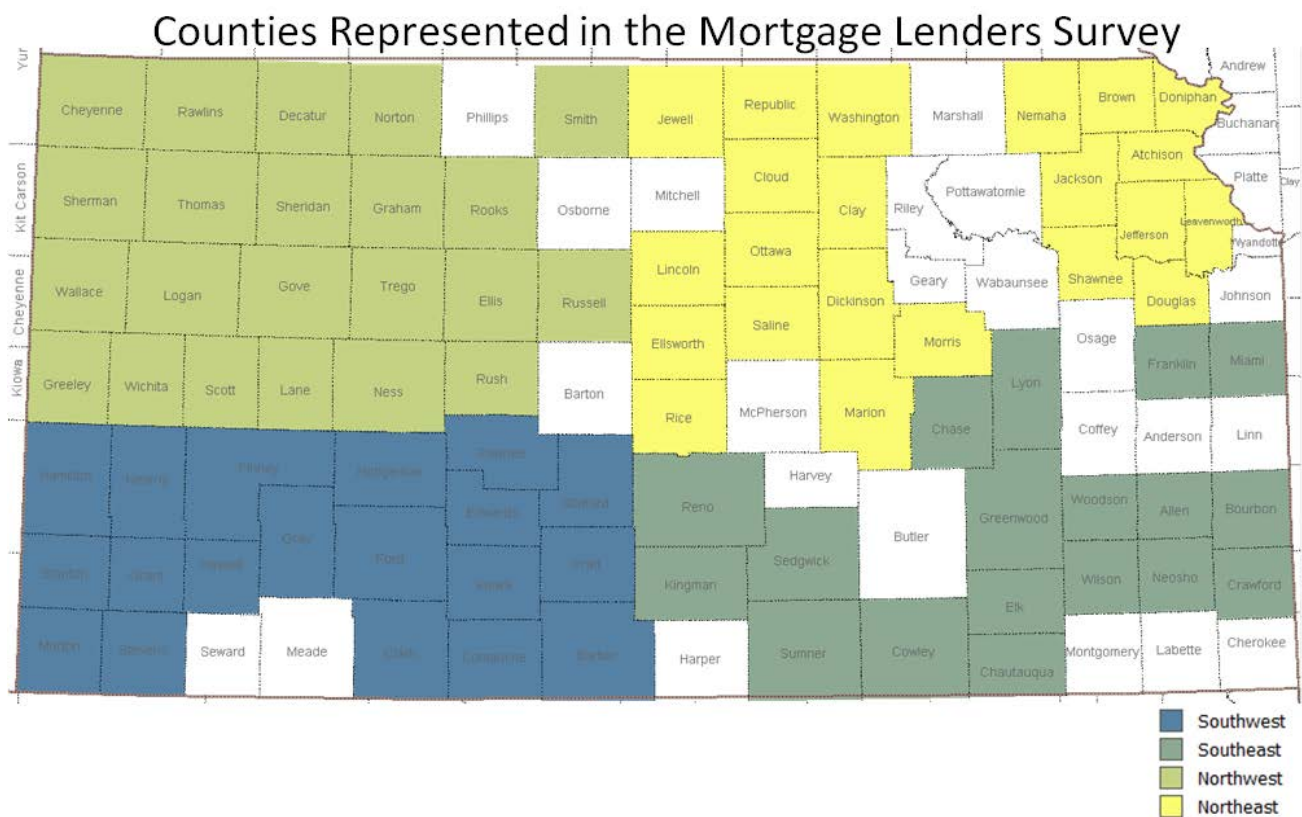
- The homes available for rent are zero. We don't have contractor housing placement. What are available are low incomes which most do not want to pay \$600 for the same thing someone else gets for \$400. Homes for sale need a lot of work. When do you demo and rebuild vs. rehab?
- It is difficult to attract new businesses to a county with a limited labor pool. You need people to fill positions and houses for those people to live in.
- Though all types of housing are needed, our community's largest need is for moderate-income rental properties.
- We have more than adequate low income and senior housing. We lack good modern housing for mid income and working families. Decent 3 bedroom homes sell quickly. Available rentals are very hard to obtain.
- **Southwest**
 - Difficulty finding investors for affordable moderate housing projects.
 - I was thrilled at the prospect of having the ROZ program as a marketing tool for our County...but without housing, it isn't doing me much good. Right now I know of 3 families waiting on housing and two entities that have job openings, but no housing for prospective employees. Very frustrating.
 - You can't attract industry without a workforce and you can't attract a workforce without housing. There are several people in small communities who are prospering from the status quo and they are the ones resistant to increasing the housing supply because it would make them have to compete by fixing up their dumps they call apartments.

Survey of Rural Mortgage Lenders

The focus of the survey of rural mortgage professionals was to understand impediments to rural housing development. Topics covered in this survey included the extent to which collateral values impede lending, the extent to which approved borrowers have difficulty finding acceptable housing, and the extent to which the average level of local wages impede lending.

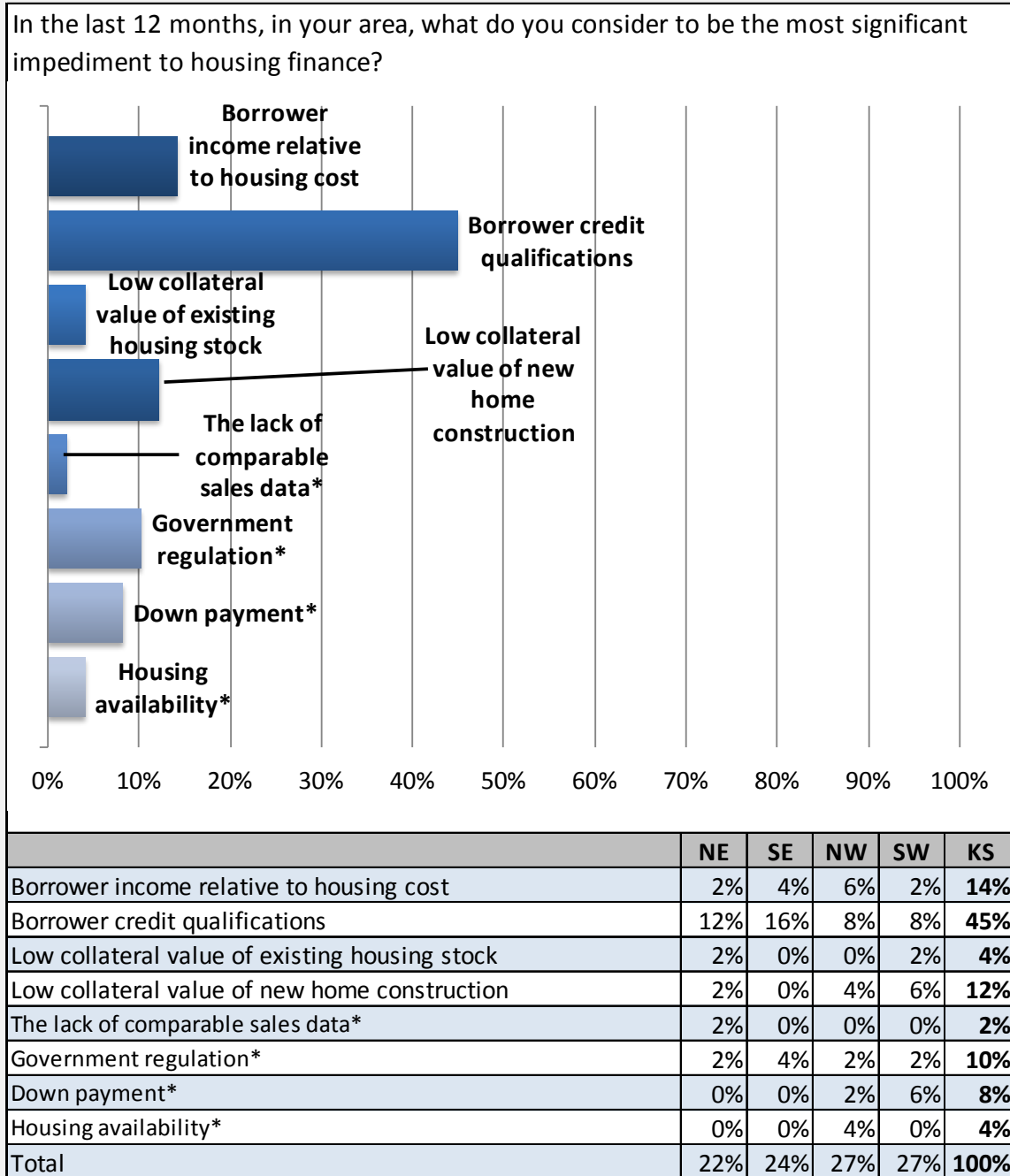
A web-based survey was used to collect responses from the rural mortgage lenders. The survey was available from October 31, 2013, through November 19, 2013. There were 98 invitations issued, with 49 rural mortgage lenders, or 50 percent, completing the survey.

Survey respondents were fairly evenly distributed across the state. The Northwest and Southwest each accounted for 27 percent of respondents, followed by the Southeast at 24 percent, and the Northeast at 22 percent. Each mortgage lender may make loans in many counties. The 49 lenders responding to the survey represent mortgage lending in 81, of the 105, Kansas Counties.



Impediments to Housing Finance

By a considerable margin, borrower credit qualifications were considered to be the most significant impediment to housing finance, although more of an issue in the eastern part of the state than the western. Credit qualifications as an impediment were followed by income relative to housing cost and low collateral value of new home construction.

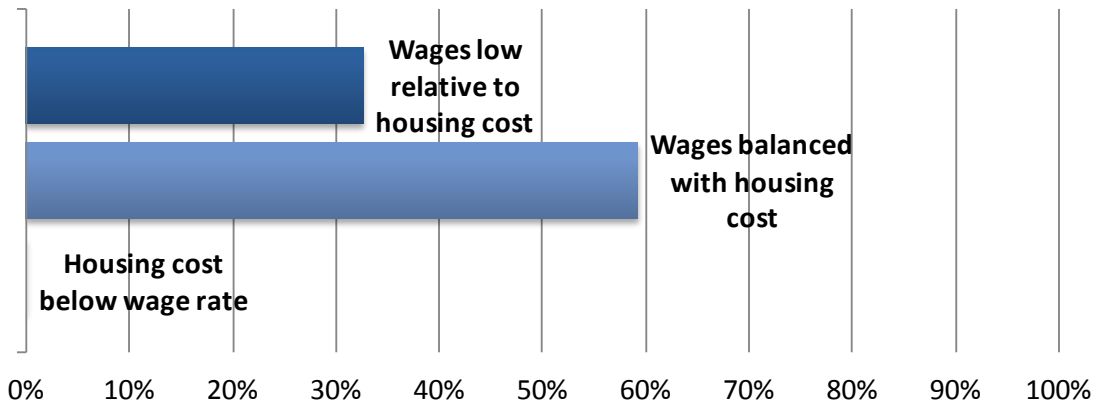


Totals may not sum due to rounding.

*Answer not part of the original options, but commonly listed as another reason.

Wages and Home Value

In your professional opinion, which statement best describes the relationship between average local wages and average housing prices in your area



	NE	SE	NW	SW	KS
The average local wage rate does not support the purchase of a typical home in the area (wage rates low compared to housing cost)	4%	10%	6%	12%	33%
The average local wage rate adequately supports the purchase of a typical home in the area (wage rates are in balance with housing costs)	18%	14%	12%	14%	59%
The average local wage rate exceeds the quality of a typical home in the area (housing stock quality is inferior to buying power based on wage rates)	0%	0%	0%	0%	0%
Prefer not to answer	0%	0%	2%	0%	2%
None of the above, please explain	0%	0%	6%	0%	6%
Total	22%	24%	27%	27%	100%

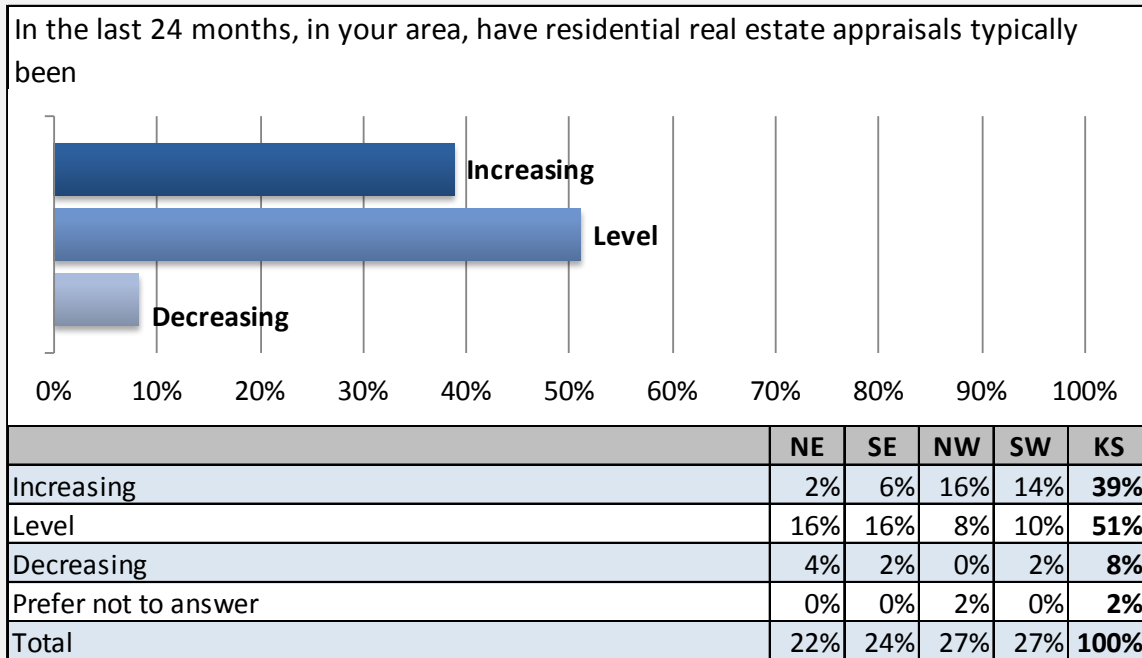
Totals may not sum due to rounding.

- Northwest**

- Wages are lower in Northwest Kansas versus the rest of the state, however, borrowers tend to be more aware of finances and generally buy what they can afford
- Wage rate is high enough but additional consumer debt service prohibits home purchases
- Our area is an agricultural based area, thus the word wages implies W-2 earnings and that would not be accurate to use in our area. Currently, farming is very good and farmers are able to afford higher-end housing, which is not available in our area. New construction appraisals have not kept pace with farm incomes.

Collateral Value

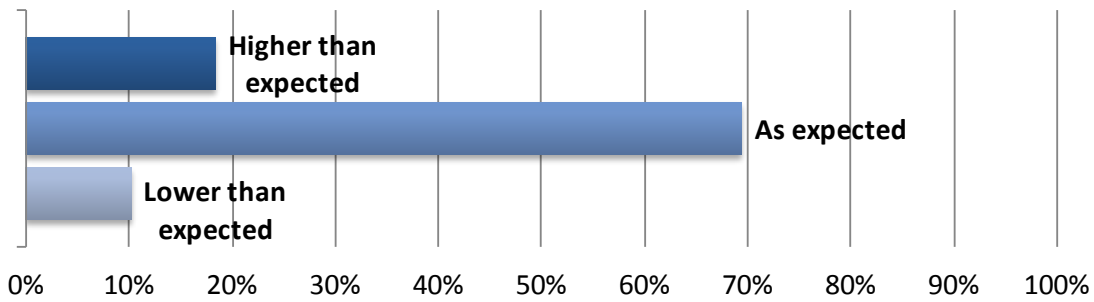
Over the past two years the trend in residential appraisal values has varied across the state. Values in the eastern regions have generally been level with small pockets of both increasing and decreasing values. Values in the western regions of the state have more typically been increasing with some areas where values have been level. There were fewer areas in the western regions with decreasing values.



Totals may not sum due to rounding.

Although the general trend in residential appraisals has varied across the state in the last 24 months, the appraisal values in the last 12 months have generally been as expected for the majority of mortgage lenders completing the survey. Of the 18 percent who were seeing appraisals higher than expected, approximately two thirds indicated they were on existing homes and one third indicated both new and existing homes were appraising higher than expected. Only 10 percent of lenders were seeing appraisal values lower than expected. The lower than expected values were mixed between new and existing homes. Of the 10 percent seeing lower than expected appraisal values, it resulted in an otherwise qualified borrower not purchasing the home 78 percent of the time.

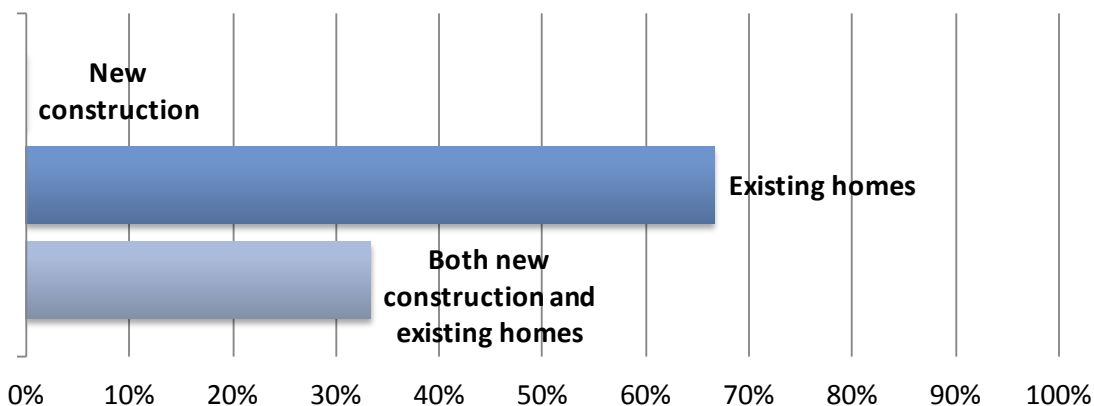
In the last 12 months, in your area, have residential real estate appraisals typically been



	NE	SE	NW	SW	KS
Higher than expected	2%	4%	8%	4%	18%
As expected	16%	20%	14%	18%	69%
Lower than expected	4%	0%	2%	4%	10%
Prefer not to answer	0%	0%	2%	0%	2%
Total	22%	24%	27%	27%	100%

Totals may not sum due to rounding.

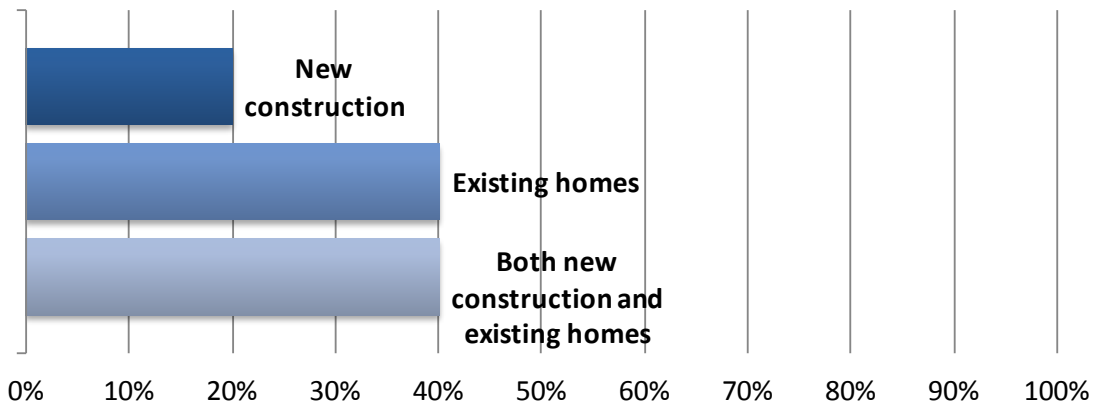
If appraisals have been higher than expected, have the higher than expected appraisal values typically happened on



	NE	SE	NW	SW	KS
New construction	0%	0%	0%	0%	0%
Existing homes	11%	11%	33%	11%	67%
Both new construction and existing homes	0%	11%	11%	11%	33%
Prefer not to answer	0%	0%	0%	0%	0%
Total	11%	22%	44%	22%	100%

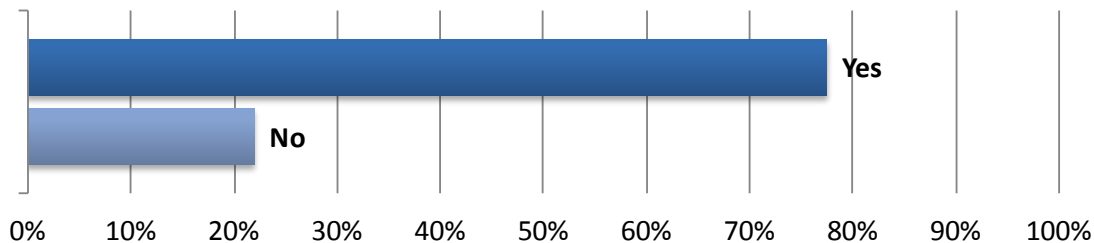
Totals may not sum due to rounding.

If appraisals have been lower than expected, have the lower than expected appraisal values typically happened on



	NE	SE	NW	SW	KS
New construction	20%	0%	0%	0%	20%
Existing homes	20%	0%	0%	20%	40%
Both new construction and existing homes	0%	0%	20%	20%	40%
Prefer not to answer	0%	0%	0%	0%	0%
Total	40%	0%	20%	40%	100%

In the last 12 months, has a lower than expected appraisal value prevented the purchase of a home by an otherwise qualified borrower?



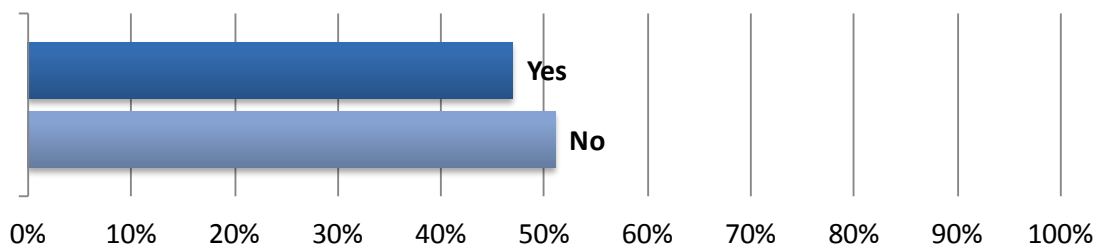
	NE	SE	NW	SW	KS
Yes	37%	4%	18%	18%	78%
No	2%	2%	0%	18%	22%
Prefer not to answer	0%	0%	0%	0%	0%
Total	39%	6%	18%	37%	100%

Totals may not sum due to rounding.

Available Housing Stock

The experience rural mortgage lenders have had with approved borrowers being unable to find acceptable housing varied greatly across the state. It does occasionally happen in the eastern regions, but is much more prevalent in the western regions of the state. The northwestern region has the highest occurrence of approved borrowers being unable to find acceptable housing.

In the last 12 months, have you had experience with approved borrowers being unable to find acceptable housing to purchase in your area?



	NE	SE	NW	SW	KS
Yes	6%	6%	22%	12%	47%
No	16%	18%	2%	14%	51%
Prefer not to answer	0%	0%	2%	0%	2%
Total	22%	24%	27%	27%	100%

Totals may not sum due to rounding.

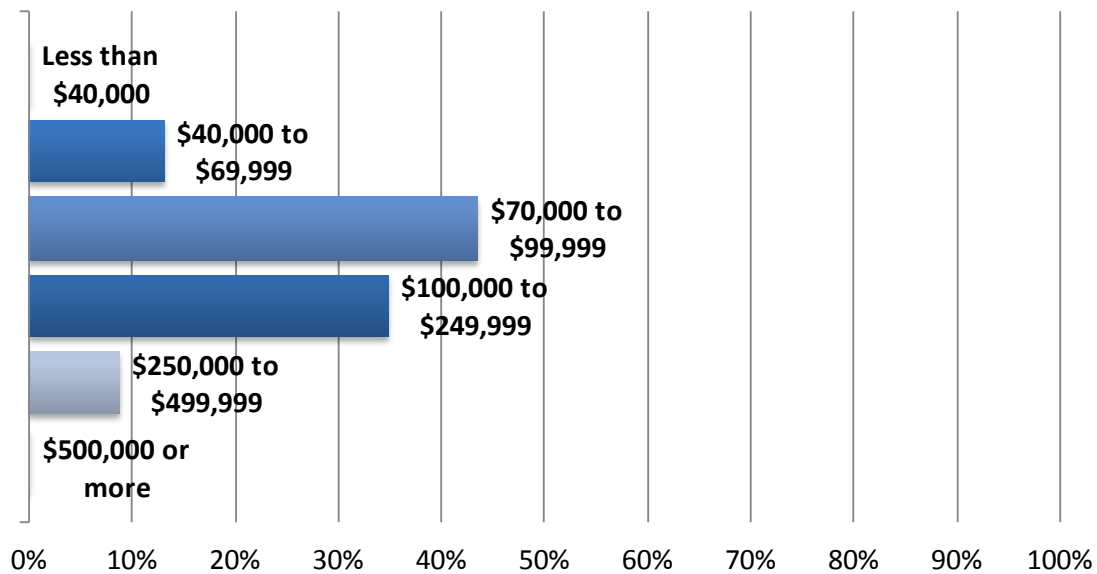
Although approved borrowers being unable to find acceptable housing does not happen as frequently in the eastern part of the state, the price range of homes that were unavailable was consistent. In the Northeast the approved borrowers were generally looking for homes valued at \$70,000 to \$99,999, and the available housing stock was priced above that range. In the Southeastern region the approved borrowers were generally looking for homes valued at \$100,000 to \$249,999 and the available housing stock was priced below that range.

In the western regions of the state, there is a much lower occurrence of acceptable housing, and also a more narrow range of values that are available. In the Southwest the highest occurrence was in approved borrowers looking for homes valued at \$100,000 to \$249,999, and the available housing stock was valued below that range. However, the approved borrowers looking for homes valued at \$70,000 to \$99,999 were also finding the available housing stock valued below that range. The approved borrowers in the Southwest, unable to find acceptable housing in the \$40,000 to \$69,999 range, were finding the available housing stock valued above that range.

In the Northwestern region the survey results were mixed. The mortgage lenders indicated that approved borrowers were unable to find acceptable housing in all ranges from \$40,000 to \$499,999; however, in the ranges from \$70,000 to \$249,999 they indicated borrowers were finding the available

housing stock to be both above and below the range in which they were looking. Approved borrowers in the \$40,000 to \$69,999 range found the available housing stock valued above the range they were looking for. Approved borrowers in the \$250,000 to \$499,999 found the available housing stock valued below the range they were looking for.

If you have had experience with approved borrowers being unable to find acceptable housing, on average what was the price range of the homes for which they were looking?



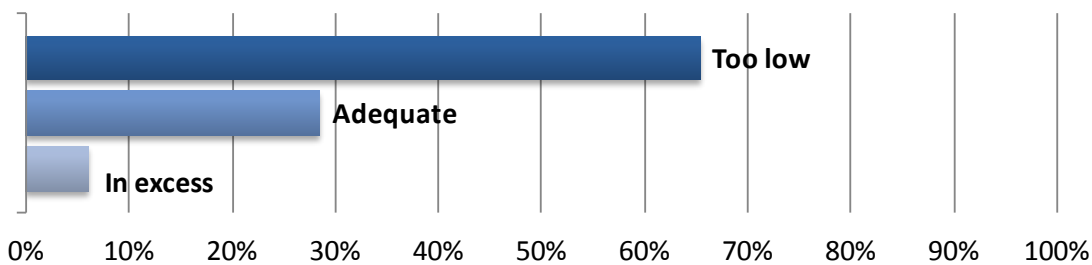
	NE	SE	NW	SW	KS
Less than \$40,000	0%	0%	0%	0%	0%
\$40,000 to \$69,999	0%	0%	4%	9%	13%
\$70,000 to \$99,999	13%	0%	26%	4%	43%
\$100,000 to \$249,999	0%	13%	9%	13%	35%
\$250,000 to \$499,999	0%	0%	9%	0%	9%
\$500,000 or more	0%	0%	0%	0%	0%
Prefer not to answer	0%	0%	0%	0%	0%
Total	13%	13%	48%	26%	100%

Totals may not sum due to rounding.

Moderate Income Housing

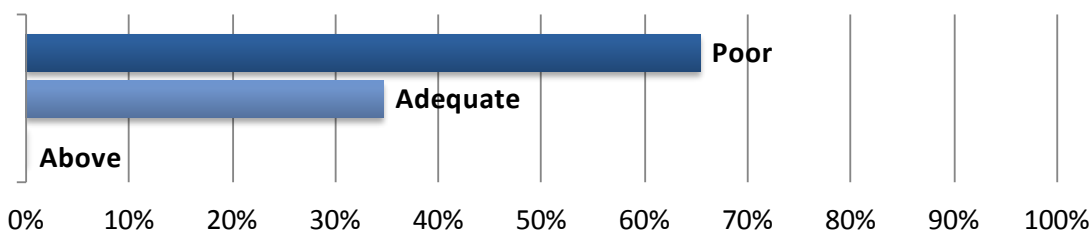
Across the state rural mortgage lenders find the quantity and quality of moderate income housing inadequate to meet demand. There are currently some areas of adequate available moderate income housing in the eastern parts of the state and, in general, the rural mortgage lenders find there to be more areas of adequate availability than economic developers do.

In your professional opinion, is the quantity of available moderate income housing in your area generally?



	NE	SE	NW	SW	KS
Too low relative to current demand	12%	10%	24%	18%	65%
Adequate to meet current demand	8%	12%	2%	6%	29%
In excess of current demand	2%	2%	0%	2%	6%
Prefer not to answer	0%	0%	0%	0%	0%
Total	22%	24%	27%	27%	100%

In your professional opinion, is the quality of available moderate income housing in your area generally?



	NE	SE	NW	SW	KS
Poor relative to buyers' needs	12%	14%	18%	20%	65%
Adequate to meet buyers' needs	10%	10%	8%	6%	35%
Above the quality of buyers' needs	0%	0%	0%	0%	0%
Prefer not to answer	0%	0%	0%	0%	0%
Total	22%	24%	27%	27%	100%

Totals may not sum due to rounding.

Additional Comments

Please share any additional information about your local housing market that you feel is important and relevant.

- **Northeast**

- We have a difficult time meeting the requirements mandated by the Federal Government as it pertains to income guidelines. Also, it is difficult to get appraisals that include adequate comps.
- We have a huge demand for housing in this area, especially in our attempts to attract youth and young adults into this county. However, being rejected in our grant application from KHRC last fall for the construction of townhomes for retirement age residents (thus bringing a minimum commitment of 8 homes to be available for sale to young adults) considerably hindered our housing supply. In addition, RESPA debt to income regulations have greatly hindered our ability to loan funds on home mortgages to farmer income families in which their Schedule F Income is the sole source of income. It is nearly impossible for a young farmer who has any farm debt load whatsoever to qualify for a home mortgage with the monthly debit-to-income requirements.
- We have noticed an increase in younger potential buyers, ages 18-30. However, down payment is an issue with the majority of inquiries as we do not participate in a first-time homebuyers or rural development program and require a minimum 15% down.

- **Southeast**

- In our housing market, housing values have stayed pretty static over the past 4-5 years despite the economic problems throughout the country. We did not see the big decreases in the value of people's homes here. In our area the demand for the standard 3 bedroom 2 bath home stayed level and as long as the property was reasonably priced the seller didn't have much trouble selling the property (perhaps on average an additional 1-2 months in sales time as compared to the time it took to sell property prior to 2008).

- **Northwest**

- We ceased making home loans in August of 2010 due to the severe amount of regulatory burden imposed upon small community banks like us. It is our hope that sometime in the future regulators will allow banks of a certain size or those that are not located in MSA's to once again make home loans without all the regulatory burden that they entail. The rules that they have imposed are hurting the very people they are trying to help.

- **Southwest**

- Homes are high priced and borrowers either don't earn enough to qualify for the size of home they need or their credit scores/histories do not meet investor requirements.
- Our community has a large inventory of very low end housing for sale. There is good demand and limited supply of average homes. The upper end homes in are market are typically sold very easily as there are many borrowers who prefer to wait for a nice home to come up for sale rather than build due to the high cost of construction.

- The cost to build or purchase a manufactured home is not supported by comparable sales for appraisal purposes.
- The other trend we see is borrowers do not have savings or other forms of income for the down payment or closing costs. Consumers fail to save but expect banks to loan them 110%.

Conclusion

These surveys show there is a lack of acceptable and available moderate income housing in many rural areas of Kansas. The current quantity of available moderate income housing available is considered too low by 91 percent of the economic developers and 65 percent of rural mortgage lenders who responded to the survey.

The survey of rural economic developers generally found that the lack of available housing is having a negative impact on job creation. Seventy-four percent of the economic developers surveyed were aware of local hiring decisions that had been impacted by housing availability, with 71 percent of those decisions resulting in the hiring of fewer workers. It is their professional opinion that, in areas where housing is having a negative impact on hiring, local job growth could be 5 to 10 percent higher if housing were not an issue.

The survey of rural mortgage lenders provides insights as to why housing development is needed, but not happening, in some areas of Kansas. Potential home owners are either unable to get approved for financing or approved borrowers are unable to find an acceptable home available in the area in which they are looking.

When a potential home owner is unable to get approved for financing, the rural mortgage lenders surveyed considered borrower credit qualifications to be the most significant impediment, although this is more of an issue in the eastern part of the state than the western. Credit qualifications as an impediment were followed by income relative to housing cost and low collateral value of new home construction.

The experience of approved borrowers being unable to find acceptable housing varied greatly across the state. It has happened less frequently in the Eastern regions of the state. However, when it did happen in the Northeast the approved borrowers were generally looking for homes valued at \$70,000 to \$99,999, and the available housing stock was priced above that range. In the Southeastern region the approved borrowers were generally looking for homes valued at \$100,000 to \$249,999, and the available housing stock was priced below that range. In the Western regions there was a much higher occurrence of approved borrowers being unable to find acceptable housing, and this occurred across all ranges of value.