

CHARACTERISTICS OF APARTMENT DEVELOPMENT
IN
TOPEKA, KANSAS

by

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A special thanks must go out to my employers, Bill Kiene and Jack Bradley, for without their indulgence, patience, understanding and support of my intentions, the entry into graduate school for all practical purposes would not have been made.

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Finally, there is my wife, who has had to endure more hardships, misery, neglect and an excessive amount of procrastination on my part the past year-and-one-half than anyone should have to put up with in a lifetime. I literally could not have made it to this end without her loving encouragement and understanding.

INTRODUCTION

The Topeka, Kansas Metropolitan Area has in the past several decades increased noticeably in both its population, and its economic activities.

Presently the factors providing for the area's steady growth are healthy and well diversified. It is because of the city's progressive activities that the housing industry has accelerated intensely its movement to improve and re-supply its market for multiple family dwelling units.

Housing development has been most rapid in the construction of moderate sized apartment complexes; that is those ranging in size from 15 to 30 units per complex. In the past five years this particular type of apartment development has increased two-fold. The factors contributing to this rapid development are unclear. The housing market itself is difficult to understand because of many variables which one must consider.

It was for this reason, and the fact that I live and work in Topeka, that I became interested in the problem. By evaluating the characteristics and needs of moderate sized apartment development, I would hope to contribute to the better understanding of the market for those involved in its development.

PURPOSE OF REPORT

It is the purpose of this study to determine the characteristics contributing to the development of moderate sized apartment complexes in Topeka. The objectives are not only to provide approximate

costs of such development, but also to evaluate the impact of apartment development on the city's housing market. Thereby enabling developers to coordinate their future activities. The objectives of the report are as follows:

1. Determine why renter(s) selected an apartment as a place to live.
2. Determine why renter(s) selected the particular apartment he did.
3. Determine renter(s) likes and dislikes of apartment development.
4. Determine the demographic characteristics of renter(s).
5. Determine why developers build apartments 15 to 30 units in size.
6. Determine the factors contributing to the location and selection of site.
7. Determine the demand of the multiple family housing market.
8. Examine models used in apartment development.
9. Determine the impact of other factors contributing to apartment development.
10. Outline renter/developer characteristics and future needs.

The developer producing moderate sized apartment complexes must know and understand better the characteristics, needs and desires of the apartment renter in the future.

METHODOLOGY

The methodology of this study rests primarily on the development of a meaningful questionnaire which would yield the desired responses from the interviews taken. The interviews themselves accounted for the majority of data collected from the various groups having some interaction with the multiple family housing market.

It was determined at the outset, and later proven by the assessment of results, that the interview and discussion technique would make clear the most important characteristics of the groups inventoried as each related to the purpose of the report. The specific steps followed were:

1. New and existing moderate sized apartment complexes were inventoried and then locations were mapped. Those apartment developments inventoried were constructed between January, 1960 and May, 1972.
2. Renters living in the group of apartments were interviewed. Because it was not possible to interview every renter personally, a 10% sample was taken. If an apartment had 15 to 20 units, two interviews were taken. In apartments of 20 to 30 units, 3 interviews were taken. In order to eliminate bias, the apartment to be surveyed was selected by starting with the odd numbered units and progressing until there were no more odd numbered apartments. The survey started with Apartment #3, the next surveyed followed the odd progression #5, #7, etc. If there was no respondent from the odd numbered units than the procedure was started again this time beginning with the even numbered units.
3. Developers responsible for constructing the apartment inventoried were interviewed. If the developer resided outside Topeka another developer within the city was selected.
4. Data collected thus far was placed in a matrix, formulated so that it could be tabulated and evaluated as to the most frequently occurring responses.

5. Discussions were held with the financial institutions responsible for lending money to the development of apartments in the control group.
6. Discussions were held with the City Building Inspector regarding development cost, zoning and land area.
7. Discussions were held with the Metropolitan Area Planning Agency regarding the city housing market and zoning details.
8. Additional data collected was placed in tabular form so that it could be evaluated as to the most frequently occurring responses.
9. Pertinent literature was reviewed.
10. Data pertaining to the Topeka's population and economy collected, tabulated, and evaluated.
11. The interview data collected was then summarized.
12. The results of this project was then prepared in this document.

It can be noted from the series of steps and the method of analysis outlined above, that many of the major groups responsible for the effects felt in the city's multiple family housing market have been inventoried. The need to understand the market's fluctuations and future development is necessary, for flooding the housing market by over supply aids no one. If an analysis at one point in time can indicate a probable trend for the future, I believe the conclusions made in this report can aid the developer concerned with the market's progress in the future.

REVIEW OF LITERATURE

In the past thirty years following World War II, an ever increasing number of books, articles, papers and acts by the Congress have addressed themselves to the problem of housing and housing markets in the United States. Although there has been much written on the subject of housing, no one author can discuss all levels of the housing problem; why it is present, how to cope with it, the best model to follow in correcting housing ills or the measurable successes with any one model. Each author can support his own research but his analysis of the problem and its probable solution will not necessarily hold true for other communities.

The housing problem may be reviewed from any number of perspectives. The National Commission on Urban Problems in 1968 viewed housing as both a product and process. "It includes all of the immediate physical environment both within and outside of buildings in which families and households live, grow, and decline."¹ One may evaluate the national problems and methods of dealing with them, but that still would not provide the level of understanding the developer in the market must have.

Doris B. Holleb uses the market approach in the country's housing problems in the sixties in order to develop an understanding of the future. "The general affluence of the sixties, coupled with improved communications has raised expectations and standards in housing in the United States, intensifying a shortage of already largescale dimensions."² In her judgement, this will continue at a faster rate in the 70's in all housing and related markets.

The Department of Housing and Urban Development in 1970 sponsored the Urban Growth and New Community Development Act. The approach was a blanket cover to guide proper development in growing areas of the country.³

Joseph P. Fried in his book, "Housing Crisis U.S.A.", takes a rather unique approach to the housing problem. He demonstrates the nations failure by stating accurately, the record of unsuccessful programs. "Operation Breakthrough is a reminder of what the federal government is failing to do to achieve a breakthrough other than on paper."⁴ Fried contends that unless the national spirit is stimulated into correcting housing ills the nation of the future will wallow in the problems of the past.

Lowdon Wingo, Jr., an economist and geographer, evaluates the problem of housing as a function of the journey to work. In "Transportation and Urban Land", Wingo points out that the housing market for any one income group oscillates between the neighborhood where one has lived in the past and the developing tract down the street. He supports this by stating, "consideration of space has been confined to the determination of distance along a transportation net between a set of points, household location and employment sites."⁵

As stated these diverse and relatively unrelated contributions to the literature on housing and the housing market bear little relation to the problems encountered in Topeka, Kansas. All of the literature serves as a guide through a series of bench marks, but since it does not fit the specific situation then new methods and approaches must be developed.

As it pertains to this report the review of the literature was directive. However, if an understanding of our housing market is desired then the cause and effect studies for specific communities must be undertaken.

REFERENCES

1. National Commission on Urban Problems, Building the American City, Washington, D.C., Government Printing Office, 1968, p.p. 56.
2. Doris B. Holleb, Social and Economic Information for Urban Planning, Chicago, Illinois, 1969, p.p. 92.
3. U. S. Department of Housing Urban Development, Urban Growth and New Community Development Act, of 1970: Excerpts From, Washington, D. C., Government Printing Office, 1970, p.p.3.
4. Joseph P. Fried, Housing Crisis, U.S.A., New York, Praeger Publishers, 1971, p.p. 178.
5. Lowdon Wingo, Jr., Transportation and Urban Land, Baltimore, Maryland, Johns Hopkins Press, 1961, p.p. 75.

QUESTIONNAIRE RESPONSES

INTRODUCTION

The data guiding and supporting this report was gathered in the summer of 1972. The bulk of the research dealt with the opinions of those individuals residing in the apartments of moderate size and of those developing small apartments. This section of the report will review the responses obtained from those surveyed. Other pertinent data such as the City Building Inspector's reports on cost, density, and square footage of the apartments surveyed, as well as interviews taken with financial institutions is also presented here.

The apartment developments used as the control group in this survey were those which had been built and occupied from January, 1960, to May, 1972. Those units are:

TABLE 1
MODERATE SIZED APARTMENT DEVELOPMENT
FROM 1960

	<u>YEAR</u>	<u>COMPLEX</u>	<u>ADDRESS</u>	<u>NO. OF UNITS</u>
1.	1960	Holliday House	1101 Tyler	24
2.	1960	Gardner Place	1115 Tyler	30
3.	1962	Sunset Arms	712 Polk	23
4.	1963	Parkmere	619 Taylor	18
5.	1965	800 Polk Apts.	800 Polk	29
6.	1967	Brookside	3302 W. 29th	16
7.	1967	*Coachlamp East	1037 Garfield	32
8.	1968	College Park	1414 Byron	32
9.	1968	*Fairlane	1435 Fairlawn	32
10.	1968	*Coachlamp West	1034 Mulvane	32

<u>YEAR</u>	<u>COMPLEX</u>	<u>ADDRESS</u>	<u>NO. OF UNITS</u>
11. 1969	Lancer's West	1214 Harrison	17
12. 1969	Fountain Junior	718 Western	18
13. 1969	Candlelight Arms	617 Taylor	18
14. 1969	*Fairlane	1407 Fairlawn	32
15. 1970	Jason	2900 Arnold	15
16. 1970	Plaza View	1306 Harrison	30
17. 1970	Fountain	712 Western	23
18. 1971	Plaza Terrace	1306 Van Buren	14
19. 1971	Tall Oaks	1111 Filmore	30
20. 1972	Bluewood	1232 Belle Terrace	24
21. 1972	Turner House	1125 Polk	30
22. 1972	Harlyn	1347 Woodhull	17
23. 1972	*Washburn North	1514 West 17th	21
<u>Under Construction</u> (unoccupied at time of survey)			
24. 1972	Taylor Arms West	1324 Western	12
25. 1972	Western	1312 Western	12
26. 1972	Dimark	1256 Fillmore	24
27. 1972	Colony One	West 29th Terr.	28
28. 1972	*Brandon Place	3714 W. 29th Terr.	34

*Complexes having two separate buildings that were in the control group. When combined however, these units totaled more than 30.

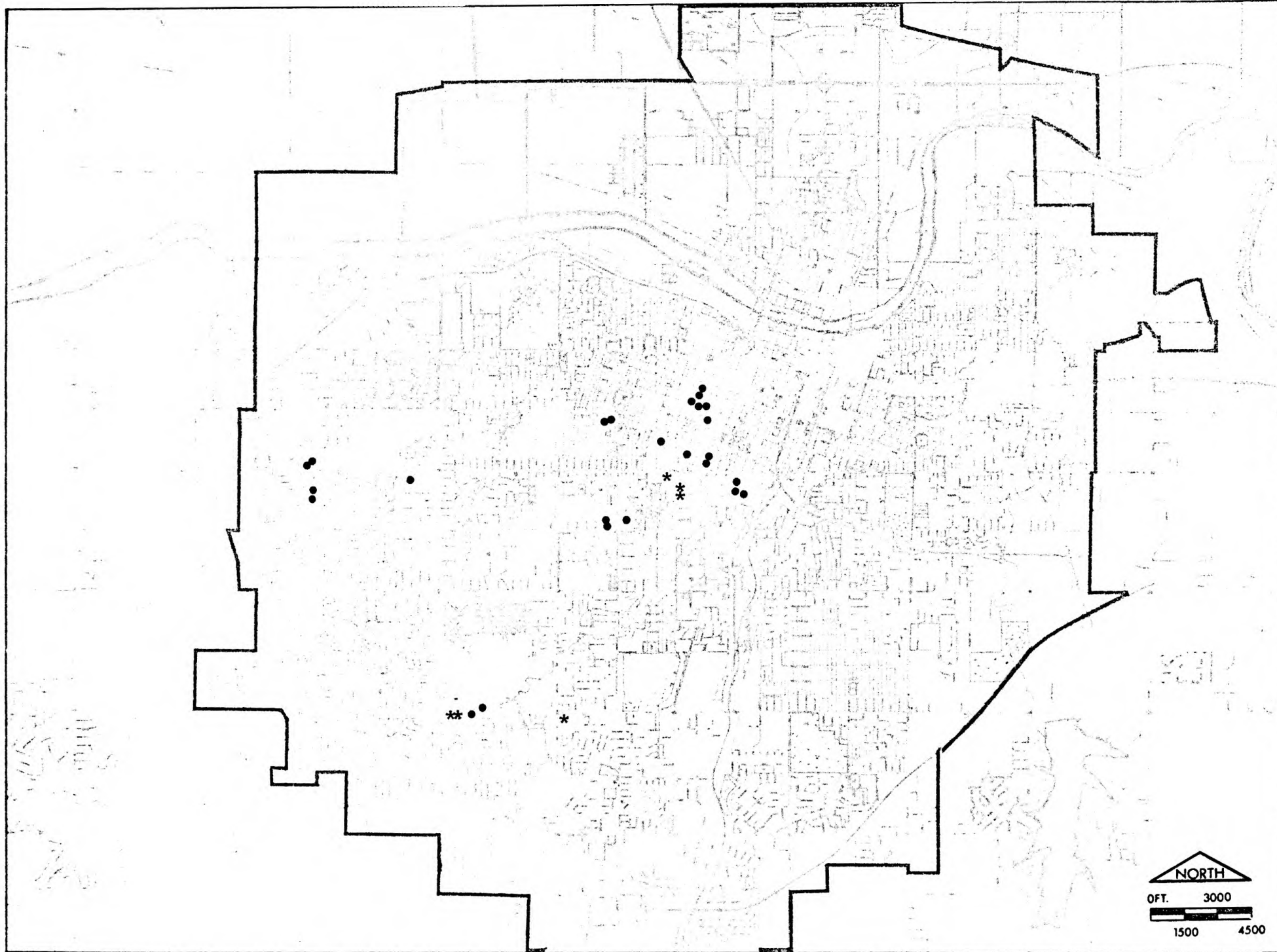
Source: Topeka Home Builders Association.

The apartments listed above, and as located on plate 1, had between 12 and 34 units per complex. Together they make up Topeka's moderate sized apartment market. During the same period of time, since 1960, other larger complexes were also developed in Topeka, but they were not included in the scope of this study.

LOCATION of APARTMENTS

Plate 1

- APARTMENTS INVENTORIED
- * APARTMENTS UNDERCONSTRUCTION



During the research of this study it became clear that there were three distinct areas where the majority of the complexes in the city located and developed successfully. The areas were 1) west and south of the Central Business District; 2) the areas surrounding Washburn University; and the 3) periphery of the metropolitan area and close to transportation arteries. Plate 2 illustrates the general location of these areas. It was found after the surveys were taken, that the college and periphery areas lacked the sufficient number of responses to be correlated meaningfully with the CBD area. Therefore, the college and periphery area were combined into one district; the Suburban district.

RENTER CHARACTERISTICS




The purpose of the renter questionnaire was to obtain an understanding of the renters in moderate sized apartments as to the reasons they live in apartment complexes, why they selected the apartment they did, and their likes and dislikes for apartment living. The questionnaire consisted of three principal parts:

1. Characteristics of the particular apartment complex
 - a. apartment size
 - b. apartments furnished or unfurnished
 - c. rent per month
 - d. utilities as part of rent
 - e. distance of public schools and convenience shopping
 - f. means of transportation
2. Respondent's opinion on apartment and apartment living
 - a. average length of stay as a resident
 - b. type of resident before apartment
 - c. reason for the selection of an apartment as a place to reside

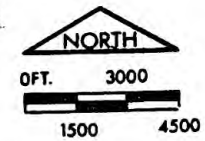


AREA DESIGNATIONS

Plate 2

-  **CENTRAL
BUSINESS DISTRICT**
-  **COLLEGE***
-  **PERIPHERY***

* Combined to form
Suburban Area



- d. reason for selecting this particular apartment
 - e. whether other apartments considered; and if so in which areas
 - f. amenities offered
 - g. tenant likes and dislikes of apartment complex
3. Respondent's demographic and occupation characteristics
- a. marital status
 - b. average size of family
 - c. distribution of the age groups
 - d. approximate annual income
 - e. occupation of respondent

Apartment Complex: The tabulated results of the survey have been structured in such a way as to indicate the differences among the respondents and the areas of Topeka in which they live. Thus each table has two sections; the Central Business District (CBD) and the Suburban. Responses from all areas surveyed can be found in Appendix C.

TABLE 2
APARTMENT SIZE

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Studio	3	1
1 Bedroom	16	12
2 Bedroom	12	5
3 Bedroom	--	--
<u>Percent</u>		
Studio	10%	7%
1 Bedroom	51%	66%
2 Bedroom	39%	27%
3 Bedroom	--	--

Source: Renter Interviews

The apartment size having the greatest frequency response in the

survey was the 1 Bedroom apartment. Both areas indicate that the renters customarily rent the 1 Bedroom; 51% and 66% respectively.

TABLE 3
APARTMENTS FURNISHED AND UNFURNISHED

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Furnished	20	8
Unfurnished	11	10
<u>Percent</u>		
Furnished	65%	45%
Unfurnished	35%	55%

Source: Renter Interviews

The Central Business District (CBD) had a high percentage of its apartments furnished, 65%. However, in the Suburban area the situation was reversed. The unfurnished apartment accounted for 55% of those responding.

TABLE 4
AVERAGE APARTMENT RENT PER MONTH*

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Rent</u>	\$157.00	\$155.50

*See Matrix in Appendix C for individual apartment rents per month.

Source: Renter Interviews

The average monthly rent of apartments fluctuates little. The factors controlling rent are: whether the apartment is furnished or unfurnished, the amenities offered in the complex, its density and the size of the apartment itself. These factors contributing to apartment rent and development characteristics will be evaluated in detail later. In general, however, it can be stated that the

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It can be noted from Table 6 that the majority of complexes sampled were on the average, 2 to 4 blocks away from a public school (usually elementary) and 2 to 4 blocks away from convenience shopping (usually a grocery store or drug store). In all areas 2 to 4 blocks would be considered easy walking distance.

TABLE 7
MEANS OF TRANSPORTATION

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Car*	27	16
Bus	--	--
Taxi	--	--
Walk	4	2
<u>Percent</u>		
Car	87%	88%
Bus	--	--
Taxi	--	--
Walk	13%	12%

*60% of those who indicated they used a car as a means of transportation stated they walked on good weather days. See Matrix in Appendix C.

Source: Renter Interviews

It is interesting to note that in all areas, none of those surveyed used a bus or taxi as transportation. Only a negligible percentage of those surveyed walked as their primary means of transportation. The average number of cars per family was found to be 1.15.

TABLE 8
AVERAGE LENGTH OF STAY AS A RESIDENT

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
1-4 Months	4	4
4-6 Months	4	--
6-12 Months	5	2
Over 12 Months	--	--
<u>Percent</u>		
1-4 Months	30%	36%
4-6 Months	30%	--
6-12 Months	40%	18%
Over 12 Months	--	46%

Source: Renter Interviews

Opinion of Respondent: Taken as an average figure per complex surveyed, the Suburban area appears to have the highest rate of turnover, or the shortest length of stay. 36% live in Suburban apartments from 1 to 4 months only. The CBD area has a relatively high resident turnover, but not as frequent as the suburban area.

TABLE 9
TYPE OF RESIDENCE BEFORE APARTMENT

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Single Family	14	3
Multi-Family	16	14
Other	2	1
<u>Percent</u>		
Single Family	45%	16%
Multi-Family	51%	77%
Other	4%	7%

Source: Renter Interviews

For the majority of persons presently residing in apartments, the greatest frequency of previous housing was multiple family, either apartment complex or an older residence subdivided into two or more apartments. The third classification, other, usually implied mobile homes, or manufactured units.

TABLE 10

REASON FOR THE SELECTION OF AN APARTMENT
AS A PLACE TO RESIDE

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Location	8	1
Costs	5	8
Upkeep on House	4	4
Temporary Housing	5	1
Personal Convenience	3	1
Other	6	3
<u>Percent</u>		
Location	25%	5%
Costs	16%	44%
Upkeep on House	13%	25%
Temporary Housing	16%	5%
Personal Convenience	10%	5%
Other	20%	16%

Source: Renter Interviews

In the Central Business District (CBD) 25% of those surveyed stated that location in relation to work was the primary reason for their desiring to live in an apartment. Cost and temporary housing were other important factors. Those surveyed in the Suburban area stated that costs and upkeep on a house were the reasons for their living in an apartment complex.

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Location	25%	5%
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Other	20%	16%

Source: Renter Interviews

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TABLE 12
OTHER APARTMENTS CONSIDERED

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Yes	24	16
No	7	2
CBD	14	2
College	3	3
Periphery	3	1
Scattered	11	12
<u>Percent</u>		
Yes	77%	88%
No	23%	12%
CBD	45%	12%
College	10%	16%
Periphery	10%	5%
Scattered	35%	67%

Source: Renter Interviews

The majority of respondents in both areas, 77% in CBD area, 88% in the Suburban area, considered other apartments before settling in their present location. The greatest percentage of the total respondents stated they had no particular preference area when selecting the apartment.

Table 11 stated that those persons renting in the CBD area alone prefer the area because of location to work. That response is reinforced in Table 12 where 45% of the respondents in the CBD area considered other apartments within the area before renting.

TABLE 13
AMENITIES OFFERED

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Swimming Pool	7	3
Club House	2	1
Storage Lockers	2	2
Laundry Facilities	12	7
Parking Facilities	13	8
Range	13	8
Refrigerator	13	8
Dishwasher	8	5
Disposal	13	8
<u>Percent</u>		
Swimming Pool	54%	38%
Club House	15%	13%
Storage Lockers	15%	25%
Laundry Facilities	92%	88%
Parking Facilities	100%	100%
Range	100%	100%
Refrigerator	100%	100%
Dishwasher	62%	63%
Disposal	100%	100%

Source: Renter Interviews

An average for each apartment complex is expressed in Table 13, for the individual responses within each complex did not vary. In all areas apartments offered to their tenants vehicular parking, refrigerators, ranges and disposals. It is interesting to note that a greater percentage of apartments in the CBD area have swimming pools than those in the Suburban area, 54% and 38% respectively. Other amenities such as club houses and storage lockers are noteworthy because of their absence in the majority of complexes within the surveyed group. Dishwashers in both areas appeared in only one-third of the apartments surveyed. It was mistakenly thought at the outset that this amenity was surely to be as common as a range or disposal.

TABLE 14

TENANT LIKES AND DISLIKES OF APARTMENT COMPLEX

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Likes-Frequency</u>		
Clean and New	8	3
Quiet and Private	9	3
Location	5	5
Spacious	3	3
Other	6	4
<u>Likes-Percent</u>		
Clean and New	26%	17%
Quiet and Private	29%	17%
Location	16%	27%
Spacious	10%	17%
Other	19%	22%
<u>Dislikes-Frequency</u>		
Not enough storage area	16	--
Apartment too small	4	6
Not enough parking area	8	4
Other	3	8
<u>Dislikes-Percent</u>		
Not enough storage area	51%	--
Apartment too small	13%	33%
Not enough parking area	26%	22%
Other	10%	45%

Source: Renter Interviews

It is interesting to compare the likes and dislikes of the moderate sized apartment complex. In the CBD area respondents liked the apartment because it was quiet and they had privacy (29%) or because it was clean and new (26%). However, they disliked the fact that there was not enough storage (51%) or parking area (26%). Location was the most desirable aspect according to the Suburban area respondents. The classification "other", accounted for 45%

of the apartment dislikes which ranged from negligent apartment management to no complaints from those surveyed.

TABLE 15
MARITAL STATUS

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
Single	17	11
Married	12	10
Other	2	--
<u>Percent</u>		
Single	55%	53%
Married	39%	47%
Other	6*	--

Source: Renter Interviews

Demographic and Occupational Characteristics: Both the CBD and the Suburban areas have a larger percentage of those single persons residing in the apartment complexes, 55% and 53% respectively.

TABLE 16
AVERAGE SIZE OF FAMILY*

	<u>CBD</u>	<u>SUBURBAN</u>
<u>No. of Persons</u>	1.73	1.25

*See Matrix in Appendix C for family size breakdown per apartment.

Source: Renter Interviews

It can be noted from the Matrix in Appendix C that the size of the average family is larger in the periphery area, 2.22 persons, than in the other two areas. It is followed by the CBD with an average of 1.73 persons per family, and the college area, 1.16 persons per family.

TABLE 17
DISTRIBUTION OF AGE GROUPS

<u>Frequency</u>	<u>CBD</u>		<u>SUBURBAN</u>	
	M	F	M	F
6-14	1	1	1	2
15-19	2	4	1	1
20-24	6	19	5	7
25-29	5	6	3	-
30-39	1	2	3	-
40 and Over	1	4	4	4
<u>Percent</u>				
0-14	2%	2%	3%	6%
15-19	4%	8%	3%	3%
20-24	4%	36%	16%	23%
25-29	10%	11%	10%	--
30-34	2%	4%	10%	---
40 and Over	2%	8%	13%	13%

Source: Renter Interviews

The dominant age group of the persons living in moderate sized apartments was found to be 20-24, 47% in the CBD area, and 39% in the Suburban Area. The average age for males was 25.4 in the CBD, and 26.3 in the Suburban area. Conversely, the average age for females in both areas was 24.6, 24.8 respectively.

TABLE 18
APPROXIMATE ANNUAL INCOME

	<u>CBD</u>	<u>SUBURBAN</u>
<u>Frequency</u>		
\$0-\$5,000	6	3
\$5,000-\$10,000	20	12
\$10,000-\$15,000	5	3
\$15,000-\$20,000	--	--
Over \$20,000	--	--
<u>Percent</u>		
\$0-\$5,000	20%	16%
\$5,000-\$10,000	65%	68%
\$10,000-\$15,000	15%	16%
\$15,000-\$20,000	--	--
Over \$20,000	--	--

Source: Renter Interviews

In both areas the respondents with an income of \$5,000 to \$10,000 per year had the greatest frequency. In the Suburban area, 16% of the respondents earned between \$10,000 and \$15,000 annually, while 15% in the CBD area reported having that same income.

TABLE 19
OCCUPATION OF RESPONDENTS

	<u>CBD</u>		<u>SUBURBAN</u>	
	M	F	M	F
<u>Frequency</u>				
Professionally Trained	5	7	3	3
White Collar	3	18	4	2
Blue Collar	1	--	1	--
Student	2	4	3	1
Housewife	--	4	--	6
Military Services	4	--	4	--
Retired	1	--	1	--
<u>Percent</u>				
Professionally Trained	31%	21%	19%	25%
White Collar	19%	55%	25%	17%
Blue Collar	6%	--	6%	--
Student	13%	12%	19%	8%
Housewife	--	12%	--	50%
Military Services	25%	--	25%	--
Retired	6%	--	6%	--

Source: Renter Interviews

The majority of female respondents in the CBD area have white collar jobs with the State Office Building, Bell Telephone or Santa Fe, the major employers. Students at Washburn University or students in nurses training accounted for the majority of other occupations. Very few, only 12%, were housewives. In the Suburban area, females either worked professionally or were housewives.

In the CBD area 31% of the males are professionally trained, while 25% were military personnel. In the Suburban area the majority of males were either in the military service or were employed in white collar occupations, such as sales or wholeselling.

DEVELOPER CHARACTERISTICS

The developers responsible for 21 of those apartments in the survey group were interviewed. The major thrust of the interviews, involving seven Topeka developers, was to discover why they developed moderate sized apartments. It was also hoped to determine whether the demand in Topeka for moderate sized apartments will continue to increase.

The questionnaire was quite subjective and it was not possible to tabulate responses in a precise manner. A matrix enumerating those responses is included in Appendix D. The questions asked were as follows:

1. Why was that particular tract of land developed?
2. Was there an effort made to change the existing zoning?
3. Why develop a moderate sized apartment complex?
4. Was the apartment developed for a certain type of clientele?
5. Do apartments such as these bring a good return to the investment?
6. What is the time period that must expire before the returns are realized?
7. Why is there a demand for this type of housing development?
8. Have you plans for future development of similar projects?
9. Do you experience a large tenant turnover rate?
10. Does the turnover rate lead to high vacancies?

The results of the survey taken and other pertinent comments made by the seven developers are ranked as follows:

TABLE 20

REASON FOR LAND DEVELOPMENT

<u>Description</u>	<u>Frequency</u>
Location	3
Land availability	2
Price of Land	1
Other	1

Source: Developer Interviews

The location of the tracts of land developed was the single most important factor. The second most important factor was the availability of the land when development was desired.

TABLE 21

WAS ZONING CHANGED

<u>Description</u>	<u>Frequency</u>
Yes	7
No	-
Duplex to Multi-Family	3
Single Family to Multi-Family	4

Source: Developer Interviews

In all cases the developer had to change the existing zoning. In four cases it was from a single family zone to a multi-family zone. The majority of the developers stated that there were no problems involved in obtaining the zoning change requested.

TABLE 22

REASON FOR DEVELOPING MODERATE SIZED APARTMENT

<u>Description</u>	<u>Frequency</u>
Investment	4
Land Productivity	1
Other	2

Source: Developer Interviews

Investment of capital was most frequently noted by developers as the reason for developing their apartment complexes. Other responses to the question usually centered around the need for more apartments in Topeka.

TABLE 23

CLIENTELE FOR WHICH APARTMENT WAS DEVELOPED

<u>Description</u>	<u>Frequency</u>
Yes	6
No	1
Professional	4
White Collar	2
Other	1

Source: Developer Interviews

Six of the seven developers surveyed constructed their apartments for a certain clientele. Professionally trained individuals was the clientele sought by four of the developers. Two sought white collar workers.

One-third of the respondents stated that single tenants were preferred but age was not an important factor. One respondent commented, however, that the younger tenants want more amenities, smaller space, and higher density, while the older tenants desire fewer amenities, and lower rent.

TABLE 24

APARTMENT(S) RETURN TO INVESTMENT

<u>Description</u>	<u>Frequency</u>
(Yes) Tax Shelter	6
(No) Larger Complexes Better	1

Source: Developer Interviews

The developer's investment return is very important and widely varied. Six of the seven respondents, indicated the greatest return to the original investment came in the form of a tax break or tax shelter for those with high taxable personal incomes. They indicated this was the primary reason for their being in apartment development.

Several respondents stated that the timing of apartment development was the single most important factor assuring a return to their original investment. The market must be relatively steady. This is usually measured in the vacancy rates of existing developments. The wise investor waits until that time when the market has few vacancies. His investment in apartments then has a better chance for success.

TABLE 25

TIME PERIOD BEFORE INVESTMENTS REALIZED

<u>Description</u>	<u>Frequency</u>
1-3 years	1
3-5 years	4
5-10 years	2
Over 10 years	---

Source: Developer Interviews

Four of the seven developers interviewed stated that they found the greatest profit on their investment between 3-5 years after developing the apartment. The primary reason for this frequency was that the complex had proven itself in the multi-family market and therefore could be sold to another investor resulting in a cash profit. The cash flow between parties will turn the original investment into the profit desired by the developer.

TABLE 26

REASON FOR APARTMENT DEMAND

<u>Description</u>	<u>Frequency</u>
Burden of Home Ownership	3
Cost Factors	3
Other	1

Source: Developer Interviews

The developers of moderate sized apartment complexes believe the continuing demand for such apartments will be based on the burdens of home ownership. Present day costs of residing in a new and contemporary structure; those of labor costs, mortgage payment, and special assessments for improvements are among the important factors influencing persons to become apartment dwellers.

TABLE 27

DEVELOPER PLANS FOR FUTURE APARTMENT CONSTRUCTION

<u>Description</u>	<u>Frequency</u>
Yes	7
No	-
CBD Area	5
College Area	1
Periphery Area	-
Scattered	1

Source: Developer Interviews

All of the respondents stated that they were considering future apartment development. Five of those surveyed said the Central Business District (CBD) area was the prime location for such development. The reason for this response is that the CBD is the largest employment center in Topeka; and it is therefore, a prime area from which to draw prospective tenants.

TABLE 28

TENANT TURNOVER RATE

<u>Description</u>	<u>Frequency</u>
Yes	7
No	-
10%-25%	-
25%-50%	-
50%-75%	2
75%-100%	5

Source: Developer Interviews

Five of the developers interviewed stated that the tenant turnover rate they experience is between 75% and 100% of their total occupancy. Furthermore, the rate is constant because of the housing market's diverse selection in multi-family as well as single family

units. Thus each year the apartment owner can expect a complete turnover of tenants. This turnover rate requires apartment clean up and repair on an annual basis. The maintenance accounts for an expense of approximately 5% of the gross annual returns.

TABLE 29

APARTMENT VACANCY RATE

<u>Description</u>	<u>Frequency</u>
Yes	6
No	1
Negligible	6
Constant	1
Extremely high	-

Source: Developer Interviews

Although the turnover rate is very high in moderate sized apartment complexes, the vacancy rate is negligible in the opinion of six of the developers. The respondents offered additional comments regarding this phenomenon.

Many tenants move out of the apartment in which they lived for a short period of time. The vacancy created by this turnover is almost always filled by a new tenant seeking temporary housing. The respondents concluded that the vacancy rate is therefore negligible, because the market is active and the turnover constant. The moderate apartment market is so tight that a new tenant will always be willing to take what is available regardless of rent, amenities or size of apartment.

DEVELOPMENT CHARACTERISTICS

The data on development characteristics revealed a need for additional clarification on Topeka's apartment market. This led to discussions with those financial institutions involved in apartment

development within the city, the city building inspector, and the metropolitan planning agency.

Financial Institutions: Financial institutions interviewed were, Fidelity Investment Company, American Savings Association, and the Federal Home Loan Bank of Topeka. Opinions from the institutions were sought as to why the market in Topeka was consistently active, and whether or not their institutions would continue to finance apartment development projects. The responses were as follows:

Fidelity Investment Company This institution lends money for apartment projects larger than those in the study group. The institution believes that at least 80 to 100 units are needed per complex in order to realize a profit over land costs, development costs, maintenance costs and costs of having a manager "inhouse". It is believed that given the same costs, in relation to the project, moderate sized apartment construction will not return as great a profit, because of the many amenities it must offer in order for it to remain competitive in Topeka's multi-family housing market.

The reason for the presently active apartment market is believed to be the difference between the cost of renting and the cost of building or buying a residence. In the future, the institution will continue to loan money to established developers constructing apartments over 80 units per development. Other factors governing Fidelity's interest and support of a project were: density factors (no less than 22 units per acre); design of structure (appearance); suitable floor plan; location near high employment centers or the access routes to make quicker the journey to and from work.

American Savings Association This institution in the past has loaned considerable sums of money to moderate sized apartment developers. American seldom loans money to the larger complexes because they feel the "capital outlay" is too great when compared to the annual profits realized. In regard to the housing market the respondent believes that in the past the CBD area was the most profitable location in town because of land costs, rental rates and cost per apartment unit. However, presently American Savings is limiting its financing of moderate sized apartment construction, because it is their opinion that the single family market is stronger and a more secure investment of capital. The respondent also noted that if a developer with a good reputation needed financing the Board of Directors would consider supporting him.

Federal Home Loan Bank of Topeka This institution functions as a lending company to other financial institutions. Quarterly they publish an apartment survey for the Topeka area. The survey measures only the vacancy rates per unit in the area and is seen by the respondent as a method of guiding the developer and other lending institutions into the correct market decisions based principally on vacancy rates. The information the Home Loan Bank conveys to its member institutions is that the market is still viable and more apartment units, one and two bedroom, can be developed without fear of over supplying the market. When a balance between supply and demand is reached the Federal Home Loan Bank of Topeka will so advise their member institutions and caution against development until the market improves.

Discussions with the City Building Inspector and the Metropolitan Area Planning Agency yielded different kinds of information regarding apartment development. The approximate cost per unit, the average size of an apartment development in the area, the zoning, the densities and the number of square feet in the net living area were calculated and evaluated.

The City Building Inspector: The city issues building permits for all development and maintains a record on them showing the area of the tract of land developed, the cost of development, and land cost. From that data the following tables were constructed:

TABLE 30

APPROXIMATE LAND AREA AND CONSTRUCTION COST

Name of Apartment	Approx. Land Area (Sq.Ft.)	Approx. Construc. + Cost	Approx.* Land Cost	=	Approx. Development Cost
<u>CBD</u>					
Taylor Arms	12,500	\$105,000	\$18,000		\$123,000
Western	10,530	\$ 80,000	\$15,600		\$ 95,600
Dimark	18,225	\$230,000	\$27,000		\$257,000
Turner House	24,277	\$273,000	\$38,800		\$311,800
Tall Oaks	25,110	\$200,000	\$37,200		\$237,200
Plaza Terrace	8,500	\$115,000	\$20,400		\$135,400
Plaza View	29,900	\$220,000	\$38,000		\$258,000
Average	18,387 sq.ft.	\$174,714	\$27,857		\$202,571
<u>Suburban</u>					
Bluewood	36,480	\$200,000	\$72,000		\$272,000
Colony I	39,100	\$300,000	\$36,000		\$336,000
Brandon Place	23,040	\$275,000	\$46,400		\$321,400
Harlyn	20,203	\$165,000	\$35,000		\$200,000
Average	29,705 sq.ft.	\$235,000	\$47,350		\$282,350

*Land cost averaged \$6,000 per 25 feet of frontage.

Source: City of Topeka Building Inspector
Metropolitan Area Planning Agency

In order to have an indication of the approximate development cost of apartments in the survey group the approximate construction and land costs of several apartments were evaluated. Not all of the apartments in the survey group were evaluated in this way because much of the data on them was either incomplete or did not exist.

It is emphasized that the figures in Table 30 are only approximate values and should be viewed as such. The computation in order to determine approximate land cost and approximate costs per unit are used as indicators of those probable costs, so that the average value of developing a moderate sized apartment complex can be better understood.

The approximate land area in the CBD area is 18,387 square feet per development. In the Suburban area there was approximately 29,705 square feet of land area per development. Thus average Suburban area development has a greater land area by approximately 10,000 square feet.

Dividing the approximate development cost by the number of apartments in the complex provides an average cost per unit. In the CBD the cost approximates \$10,153 per unit. In the Suburban area the average cost is \$13,921 per unit, more than \$3,700 greater. The average number of apartment units in the sample and the average approximate development cost per complex are shown in Tables 30 and 31. In the CBD area these averages are 23.3 units and \$229,458 per complex. In the Suburban area averages are 20.8 units and \$267,113 per complex.

In Table 31, the building area statistics have been combined with the height of the structures to show the Gross Living Area (the total floor area in the entire structure) and the Net Living Area (the floor area per apartment unit). The formula used for the calculations was as follows:

TABLE 31

GROSS AND NET LIVING AREA

Name of Apartment	Total Building Area (x) (sq.ft.)	Structure Height (=) (Stories)	Gross Living Area (-) (sq.ft.)	Hall Dedica- tion (÷) (10%)	Number of Apartment = Units	Net Living Area (sq.ft.)
CBD						
Taylor Arms	2,916	3	8,748	874	12	656.16
Western	4,212	3	12,636	1,263	12	947.75
Dimark	7,371	3	22,113	2,211	24	829.25
Turner House	8,432	3	25,296	2,529	30	758.90
Tall Oaks	7,128	3	21,384	2,138	30	641.53
Plaza Terrace	4,212	2.5	10,530	1,053	14	676.92
Plaza View	8,820	3	26,460	2,646	35	680.74
AVERAGE	6,155	3	18,166	1,846	22	720.39
SUBURBAN						
Bluewood	24,948	3	74,844	7,484	24	2,806.66
Colony I	9,396	4	37,584	3,578	28	1,208.17
Brandon Place	5,184	3	15,552	1,555	17	823.30
Harlan	5,184	3	15,552	1,555	17	823.30
AVERAGE	6,588	3	22,896	1,976	21	951.95

Source: City of Topeka, Building Inspection
Topeka Home Builders Association

Total Building area times Height of Structure = GROSS LIVING AREA.
 Gross living Area minus 10% for Hall Dedication divided by No. of
 Apartments = NET LIVING AREA.

Example: Taylor Arms Apartments

2,916 (column 1)		8,748
x 3 (column 2)		- 874 (column 4)
8,748 (Gross Living Area-column 3)		7,874
7,874 (column 4)		
12 (column 5)	=	656.16 Net Living Area (column 6)

If an average of the two products is made, the CBD apartments would show a Gross Living Area of 18,166 square feet. The Suburban apartments would have a Gross Living Area of 22,896 square feet, Table 31. If the number of apartments in each complex is divided into the Gross Living Area minus 10% for hall dedication, the figure for the Net Living Area will result. In the CBD the Net Living Area averages approximately 720.39 square feet, in the Suburban area the average square footage per unit is 951.95, more than 230 square feet greater.

Metropolitan Planning Agency: The discussion with the planning agency's staff gave some insight as to zoning and subdivision requirements of apartment development. There are primarily two multiple family zones in which development may occur. Although multi-family housing is noted as an exception used in every Topeka zone, excluding that of detached single family, development of multi-family units in the Suburban area usually occurs in the area Zoned "D". In the Central Business District a similar zone "E" is used primarily for multi-family development. Although both zones control density, floor area, building height, etc., they are

quite different. The "D" zone in the Suburban area requires a minimum of 1,500 square feet of ground area per apartment unit. Zone "D" does not state whether the one apartment should be a one bedroom, two bedroom, or three bedroom. The structure is limited to two and one-half levels.

The "E" zone is written much like the "D" zone except that it requires a minimum of 600 square feet of ground area per apartment. Again, it is not stated what the size of the apartment should be. Therefore, density is not really controlled in either zone. No one knows for sure how many one, two, or three bedroom apartments are allowed in a given land area. The height limitation in the "E" zone is six and one-half levels. However, structures of moderate sized apartments seldom exceed 3 levels. Parking ratios in both the "D" and "E" multiple family zones is a ratio of 1 car to 1 apartment.

The respondent at the planning agency stated, when asked about the control of development around the Capitol Area Plaza in the CBD, that the Plaza Authority has recommended certain regulations to be adopted by the city limiting development in the area. However, the Metropolitan Planning Agency and City Planning Commission have not yet amended the City's existing ordinance in order to enforce those recommendations made by the Plaza Authority. Other areas in the city are not presently a matter of concern in terms of apartment development.

SUMMARY

The questionnaires regarding characteristics of apartment renters and developers proved many previous beliefs to be true. Others were proven to be untrue. The most predominant renter and developer characteristics are those which are relatively constant throughout the population and economic shifts of the metropolitan area. Those characteristics and their impact will be analyzed in the next section. Development characteristics of Topeka are unique only to the Metropolitan Area and play a most important roll in future moderate sized apartment development.

The financial institutions generally felt that the market guiding apartment building was very active and the majority of those surveyed indicated they would continue to finance additional apartment construction.

The office of the City Building Inspector indicated, through its records, that apartment development in the Suburban area had more Net Living Area per apartment unit, had a greater developed land area, and had fewer apartment units per complex. The per unit of development cost in the Suburban area was about \$3,700 greater on the average than the same apartment in the CBD.

Renter characteristics data is forever fluctuating, and may very soon be outdated. Development characteristics, on the other hand, seem to be most concerned with location, land availability, and the depreciation schedule of previously developed apartments.

In this section it was the intention to discover the most frequent desire lines of both renters and developers. Once desires are understood, along with the market constraints and fluctuations, a more a realistic apartment development trend can be structured.

The economy and population of the Topeka Metropolitan Area is healthy and well diversified. Statistics indicate the steady growth of economy and population in the area since the 1940's. Projections by the Metropolitan Planning Agency show that this trend will continue in the future.

Over the past years the Topeka Metropolitan Area has made economic progress. The total civilian workforce increased from 56,000 in 1960 to 70,850 in 1970; an increase of 26%. The unemployment during the same period decreased from 2.93% to 2.90%. Personal income increased in the past decade as fast as the population. Retail sales have also increased.

The most important factor in the growth of the Topeka Metropolitan Area is the employment force, supported by State and Federal funds. The Employment Security Division with governmental activities has seen an increase from 16,250 in 1960.

ANALYSIS

BACKGROUND INFORMATION

When evaluating the characteristics of any area, it is important first to study the factors contributing to the livelihood of that area. The economy and population of the Topeka Metropolitan Area is healthy and well diversified. Statistics when evaluated indicate the steady growth of economy and population in the area since the 1940's. Projections by the Metropolitan Planning Agency show that this trend will continue in the future.

Economy: In recent years the Topeka Metropolitan Area has made significant economic progress. The total civilian workforce increased from 56,300 in 1960 to 70,850 in 1970; an increase of 25.5%, as shown in Table 32. The unemployment during the same time period decreased from 2.93% to 2.90%. Personal income increased in the past decade as fast as the population.¹ Retail sales, manufacturing output and bank deposits have also increased substantially as a result of this growth.

The most important basic industry of Topeka is government. Government activities sustain a large local employment force, supported by State and Federal funds. The Employment Security Division of the Kansas Department of Labor states that the workforce associated with governmental activities is expected to increase from 15,800 to 16,250 in 1980.

TABLE 32
WORKFORCE COMPARISON
TOPEKA SMSA

	1960	1965	1970	Percent Change 1960-1970	Projected 1980	Change 1970-1980
Civilian Workforce	56,300	61,100	79,850	+ 25.8		
Unemployed	1,650	1,530	2,050	+ 24.2		
Percent Unemployed	2.93	2.53	2.90			
Total Employed	54,650	59,550	68,150	+ 24.8	78,650	10,500
Agriculture	1,400	1,200	950	- 32.1		
Non-Agriculture	53,250	58,350	67,200	+ 26.1		
Manufacturing	6,628	7,308	9,000	+ 35.7	12,250	3,250
Durable Goods	840	1,103	1,650	+ 96.4		
Non-Durable Goods	5,788	6,205	7,350	+ 26.9		
Mining	97	57	50	- 48.4	50	---
Construction	2,884	2,920	3,150	+ 9.2	3,800	650
Transportation, Commu- nication & Utilities	7,143	6,966	7,300	+ 2.1	7,800	500
Wholesale Trade	2,232	2,762	3,150	+ 41.1	4,204	1,054
Retail Trade	7,602	8,789	9,750	+ 28.2	12,064	2,314
Finance	2,711	2,948	4,000	+ 47.5	4,400	400
Services	6,854	8,361	10,200	+ 48.8	14,000	3,800
Government	11,950	13,202	15,800	+ 32.2	16,250	450
Other *	5,149	5,037	4,800	- 6.7	4,000	- 800

* Non-Agricultural, Self-Employed, Unpaid Family Workers, Domestic Workers in Private Households

Source: Kansas Department of Labor
Employment Security Division

Retail and wholesale trade employs the second largest workforce. Of these, employment in retail trade is presently 9,750, and is expected to increase to 12,064 by 1980. Wholesale trade is expected to increase from 3,150 in 1970 to 4,204 in 1980.

Business and personal service employment has increased significantly since 1960. It is expected that these categories will continue to increase and that there will be 14,000 employed by 1980, as compared to 6,854 in 1960, and 10,200 in 1970.

Although manufacturing plays a very important role in the basic economy of the area, it ranks fourth in total employment.² Substantial efforts have been made to attract additional manufacturing to Topeka, but the outlook for such growth is not optimistic. The reason for this, as stated by the Kansas Wage Survey 1971, is the drawing away of labor from Topeka by the more active Kansas City and Wichita markets. It is estimated that manufacturing will reach 12,250 persons in 1980 as compared to 9,000 in 1970.

Employment in transportation, communications and public utilities will likely remain rather small, an increase to 7,800 by 1980 from 7,143 in 1960 can be anticipated.

Other employment categories, such as non-agricultural and self employed, have experienced decreases in the past; and with new machinery and changing production techniques the number of employees required in the future will not increase substantially. Part of this is due to technology and part to the migration of labor between jobs in different communities.

Population: Since 1950, the population of the Topeka Metropolitan Area has grown at a more rapid rate than at any time since 1890.³ The net increase in population in the last decade was not as great nationally or locally as in the previous decade. Reasons for this lower rate of increase lies with improved birth control methods, a lower percentage of women of childbearing age wanting to produce, and those families who are having children are having fewer of them.⁴

The population for the Topeka Metropolitan Statistical Area (SMSA) will continue to experience the growth that it did in the 1950's and 1960's, Table 33. The major contribution to this increase will be primarily the migration of people into the area. However, a steady rate of births in Topeka will also add to the future population. The question concerning the future birth rate depends not only on how many children married couples decide to have, but also upon when they have those children.⁵ With more persons moving into the Topeka Metropolitan Area and more families resulting, the steady rate of births and deaths will make the population numbers increase naturally.

The birth rate was 29.0 in 1960, declined to 21.0 in 1965, and 19.0 in 1970. This rate was the lowest since the early forties. Nationally, births rates are declining to historic lows. The death rate on the other hand has remained relatively constant in the last ten years. Natural increases have declined an average of 1,025 persons per year in the Topeka SMSA over the last ten years, Table 34. As the vital statistics indicate, migration of persons into the area provided for the majority of growth in the metropolitan area from 1960 to 1970.

TABLE 33

DISTRIBUTION OF POPULATION BY AGE GROUPS

TOPEKA STANDARD METROPOLITAN STATISTICAL AREA

	1970		1975		1980		1985	
	Male	Female	Male	Female	Male	Female	Male	Female
Under 5	6,806	6,300	7,832	7,298	8,536	7,954	9,289	8,651
5 - 9	7,856	7,518	8,917	8,544	9,719	9,312	10,571	10,128
10 - 14	8,042	7,601	9,273	8,772	10,107	9,506	10,993	10,339
15 - 19	7,031	7,091	8,077	8,188	8,749	8,924	9,516	9,706
20 - 24	7,318	7,208	8,366	8,205	9,318	9,243	10,017	9,927
25 - 34	10,086	10,022	11,409	11,592	12,435	12,416	13,717	13,504
35 - 44	8,854	8,881	10,146	10,163	11,058	11,077	12,027	12,148
45 - 54	7,885	8,060	9,078	9,095	9,894	9,913	10,761	10,832
55 - 64	5,823	6,995	6,679	8,010	7,178	8,730	7,807	9,495
Over 65	<u>6,260</u>	<u>9,685</u>	<u>7,320</u>	<u>11,036</u>	<u>7,903</u>	<u>12,028</u>	<u>8,490</u>	<u>13,082</u>
Total	75,961	79,361	87,097	90,903	94,897	99,103	103,188	107,812
Grand Total	155,322		178,000		194,000		211,000	

Source: U. S. Census of Population
Topeka Area Planning Study (Statistics Report)

TABLE 34

VITAL STATISTICS

TOPEKA SMSA

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Births	3,956	4,105	4,007	3,792	3,514	3,159	2,752	2,722	2,717	2,819	2,951
Birth Rate	29	29	27	26	24	21	19	18	16	16	19
Deaths	1,277	1,248	1,318	1,279	1,257	1,227	1,258	1,214	1,280	1,346	1,297
Death Rate	9	8	9	8	8	8	8	8	8	8	8
Natural Increase	2,679	2,857	2,689	2,513	2,257	1,932	1,494	1,508	1,437	1,473	1,654
Net Migration	6,392	4,497	-1,001	-1,659	- 501	1,937	-8,003	-3,293	5,584	5,548	-14,102
Total Population Increase	3,713	7,176	1,688	859	1,756	3,869	-6,509	4,801	12,669	7,021	-12,448
Kansas Birth Rate	23.8	23.3	27.0	21.2	19.4	17.8	16.3	15.6	15.7	15.5	15.9
Kansas Death Rate	10.0	9.8	10.0	10.2	9.9	9.9	9.9	9.7	9.9	9.8	9.7
U. S. Birth Rate	23.6	23.4	22.4	21.6	21.0	19.4	18.5	17.9	17.6	17.7	17.7

Source: Kansas State Department of Health Division of Registration
and Health Statistics Services
U.S. Census of Population

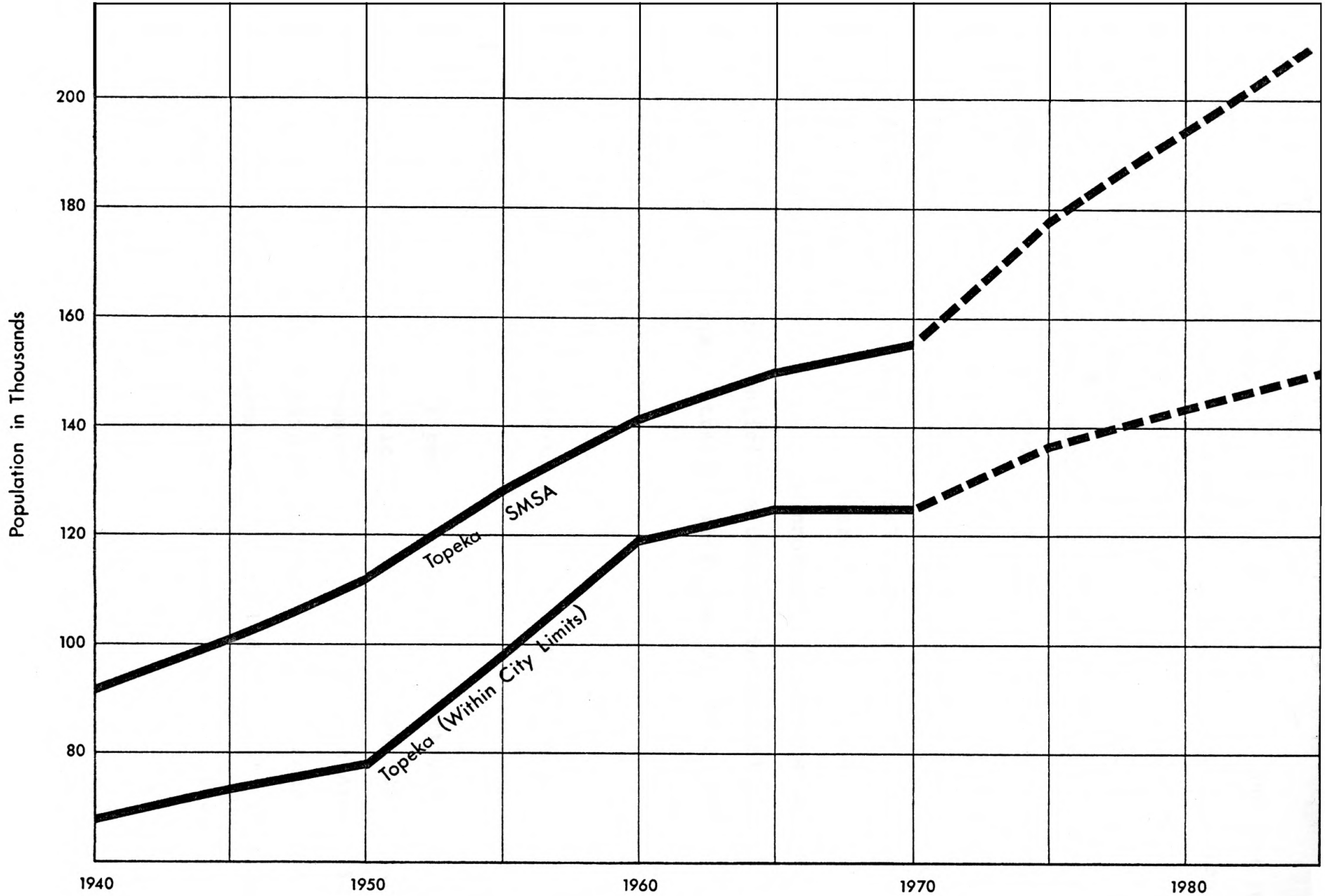


Plate 3

Population Forecast

SOURCE: U.S. CENSUS OF POPULATION
 COUNTY ASSESSOR
 KANSAS STATISTICAL ABSTRACT
 TOPEKA AREA PLANNING STUDY (STATISTICS REPORT)

The present unemployment rate in Topeka is low, and new jobs will mean that new employees must come from outside the region. Economic projections for 1980 indicate 18,650 new jobs will be available. Based on this anticipated economic growth a population of 194,000 could be supported.⁶ Because the expected natural increase would support a population of only 189,000, the difference will be made up of persons migrating into the area. This figure, approximately 800 persons yearly, could provide an active market for apartment development up to and past 1980. These figures are based on the Kansas Department of Labor Statistics assumption that for every one person employed there is another 2.5 persons at home whom he supports, does not anticipate unusual industrial growth or sudden changes in military strength at Forbes Air Force Base.

ANALYSIS OF CHARACTERISTICS

The evaluation of the renter, developer and development characteristics should make noteworthy those items which are both unique and dominant.

It was discovered that people living in a particular apartment do so because of its location to work, 30% in the CBD, or because of personal unrelated reasons, 50% in the Suburban Area. The unrelated reasons respondents gave varied from "able to keep pets" to "hobbies" and "remain in the same public school district." What the developer should notice here is that no mention was made of amenities.

The primary area for future apartment development is in the Central Business District area. Of the total responses, other than those of no preference, the CBD area had the highest preference factor, 45% and 12%. In this category, five of the seven developers were correct in assuming the high employment area was the best location for future development. The majority of developers surveyed went on to say that more one bedroom apartments would be needed to meet future demand. Presently 57% of those apartments were furnished.

54% of the total respondents were single, had either white collar jobs, or were professionally trained; and 65% had an annual income of \$5,000 to \$10,000. It is interesting to note that of those respondents surveyed, there was an average family size of 1.71. The developer should take this into consideration when locating future developments in the general proximity of public schools. It is in fact an unnecessary effort when land availability is another important consideration of the developer.

The developer must consider the physical problems and dislikes of the renter. 33% desired more odds and ends storage area, 20% stated the apartment was too small. Because today we are living in a world of consumers, additional areas should be allocated for cars and other personal items, in future apartment development.⁷ The developer, if he is to follow the market demand in the CBD area, must have a greater Gross Living Area such as in the Suburban area. In this way the Net Living Area will increase and the developer will be able to offer other marketable items as pointed out in the analysis of the renter characteristics before.

The renter on the average terminates his residency in 6 to 12 months. In the Suburban area 46% of the respondents remain residents for longer periods, usually over 12 months. Although six of the seven developers stated that the turnover rate does not lead to a high vacancy rate, the characteristics such as age, marital status, income, and occupation of those renters moving so often should be analyzed further.

In the Suburban area where turnover was found to be the greatest, one finds 47% of the respondents married, with an average family size of 2.22. 25% of the males are in the military service or employed in white collar jobs and 50% of the females are housewives. 55% of the respondents own their own furniture and 44% locate in apartment dwellings because of the cost factors of temporary housing. On the other hand, in the CBD area, where turnover is less, 55% of the respondents were single, 31% of the males were professionally trained and 55% of the females had white collar jobs, 51% of the respondents had one bedroom apartments, 65% of those surveyed had furnished apartments and 30% lived in the CBD because they were close to work.

With this data, the developer can more accurately determine his market; depending on the location of land area available. As a rule developers do not follow the city's master plan for development. The fact is that four of the seven developers surveyed are developing for investment only. They must therefore time their development to coincide with the markets positive fluctuations.

The apartment survey from the Federal Home Loan Bank of Topeka can indicate when vacancy rates are low and which area of Topeka has the greatest potential for development.

Investment is the primary reason for apartment development. The profits realized are in the form of tax shelter for individuals with high personal incomes. The profit is a matter of capital gain as opposed to real income. That is, the developer is able to deduct the depreciation of the apartment complex from his personal income tax. This deduction amounts to a considerable capital savings on the developers part. Four of the seven developers surveyed indicated that within 3 to 5 years additional profits can be made on the original investment if the development is sold. In 3 to 5 years the apartment complex will be an extremely marketable item, because its vacancy rate will have tended to level off. To a potential buyer that is an attractive characteristic. To the developer the cost of maintenance and upkeep on the structure will be increasing yearly, and if sold at that time, the cash flow between parties will be additional real income to the developer.

All of the developers surveyed indicated future development possibilities for themselves. As several respondents stated the next development will have more one bedroom apartments because they rent better. This has been proven true by the analysis of renter characteristics before. Also to keep the maintainance cost down, that is those which rob a developer of profits annually, five developers stated they would retain in the next complex an efficient manager to live "in house" and run the every day operations of the development.

CONCLUSIONS

Conclusions may be made in regard to the data analyzed here. What is important to the decision making process is how many times a situation occurs and whether it is meaningful to the overall development of future apartment complexes.

Population in the Topeka Metropolitan Area will continue to increase. The baby boom of the '40's and '50's is not expected to repeat itself because of the trend to smaller family size and lessening of birth rates. However, the population will increase and that will be due mainly to those moving into the area. The employment for those persons of working age will be primarily in the Central Business District area of Topeka, where government and retail and wholesale trade flourish.

Because of the workforce, the CBD area will continue to be the most profitable area in which to develop. It goes without saying that the moderate sized apartment development will also be marketable in the Suburban areas, for a demand exercised by a special clientele will exist there. However, the CBD will capture the major market demand in the future.

It appears from the analysis that the one bedroom furnished apartments will continue to be the most marketable in Topeka. The amenities offered by the development will be of lesser importance than those factors of cost, personal convenience and the location to work. The majority of renters will continue to be single and in their mid-twenties. Most will remain extremely mobile, moving from one apartment complex to another, taking advantage of better rent rates, more storage area for personal items, more pleasing decor and a more spacious apartment unit.

The cost of developing moderate sized apartment complexes will continue to be more expensive in the Suburban area than in the CBD area, primarily because land area to be developed will continue to be larger. In the CBD, the developer will continue to place the maximum number of apartment units on the land to justify his cost.

As long as the vacancy rate is negligible in the Topeka Metropolitan Area, the financial institutions will continue to lend money for apartment construction. As long as the possibility for financing is there the developer will continue to build moderate sized apartment complexes. The capital gain through tax shelters for developers will be possible as long as apartments are developed.

In conclusion, it can be stated that the fluctuations of the housing market are such that no set development formula is completely reliable. The probable trends indicated here were deduced for the most part on the characteristics data accumulated and analyzed for this report. The basic factors called out here and in the analysis section should serve as a conceptual guide for future apartment development. Developers of moderate sized apartments must have an indication of what the renter characteristics are so that they may produce accurately for an active and responsive market in the Topeka area. All that this analysis can do is act as a barometer for the developer, aiding his attempts in understanding the market.

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SUMMARY

The market for apartment development in the Topeka Metropolitan Area has been one to confuse, disorient and perplex the most noble attempts to understand its unique characteristics. This report has drawn together those attributes characteristic of the moderate sized apartment renter and developer as well as other contributing development factors. Many questions were asked, responses tabulated and analysis made. However, it is possible here only to relate the most predominant characteristics contributing to the development of Topeka's multiple family housing units at that point in time.

The items summarized here could with all reason change within the month as the market fluctuates. Nonetheless, developers of future apartment complexes of this size must be cognizant of the characteristics, needs and desires of the individual for whom he is developing housing. The following statements are those most predominant factors of development and renter characteristics:

1. Renters have no one single location in mind when selecting an apartment residence. However, the analysis indicates the CBD area to have a greater drawing power than any other location in the Topeka area.
2. Renters select the apartments they do because of many unrelated personal conveniences. Those conveniences are not allied to the usual amenities an apartment complex offers.

3. Apartment location in the CBD area has the greatest future development prospect because of its proximity to the highest employment area.
4. The average cost for CBD development will be less per unit than in outlying area.
5. Greater care should be taken in construction and sound-proofing so tenants may enjoy a quiet and private place in which to reside.
6. Greater square footage should be devoted to extra storage and locker facilities.
7. Proximity to public schools is on the whole unnecessary because there was found to be very few children of school age who live in the type of apartment surveyed.
8. Proximity to convenience shopping was found to be a necessary consideration in apartment location.
9. The regulation of density factors in multiple family zones, "D" and "E", need to be more explicit and implemented in that spirit.

There is, of course, no guarantee for success when developing an apartment complex. The timing of the project must be correct and the assessment of the market's demand accurate. It is felt that the items presented in this report will be able to assist the developer in those decisions.

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APPENDIX A

RENTER QUESTIONNAIRE

RENTER QUESTIONNAIRE

I. CHARACTERISTICS OF APARTMENT COMPLEX

A. Apartment Size

1. Studio _____
2. One bedroom _____
3. Two bedroom _____
4. Three bedroom _____

B. Additional Questions

1. Furnished _____
2. Unfurnished _____
3. Rent per month _____

C. Utilities Paid

1. Yes _____
2. No _____
3. Which ones _____

D. Distance to:

1. Public school _____ (blocks)
2. Convenience shopping _____ (blocks)

E. Means of Transportation

1. Car _____; number _____
2. Bus _____
3. Taxi _____
4. Walk _____

II. OPINION OF APARTMENT FROM RESPONDENT

- A. How long have you been a resident of this apartment complex? _____ (months)
- B. What type of housing did you live in before this apartment?
1. Single family _____
 2. Multiple family _____
 3. Other _____ (type)
- C. Why did you select an apartment as a place to live?
1. The location _____
 2. Cost factors _____
 3. Upkeep on private home _____
 4. Needed for temporary housing _____
 5. Personal convenience _____
 6. Other (comments) _____
- D. Why did you select this particular apartment to live in?
1. The location _____
 2. Apartment appearance _____
 3. Cost of apartment (rent) _____
 4. Selection of apartments limited _____
 5. Convenient and new _____
 6. Other (comments) _____
- E. Did you try to rent in other apartment complexes?
1. Yes _____
 2. No _____
 3. Location _____

F. What amenities are offered in this apartment complex?

1. Swimming pool _____
2. Clubhouse _____
3. Storage lockers _____
4. Laundry facilities _____
5. Parking facilities _____
6. Range _____
7. Refrigerator _____
8. Dishwasher _____
9. Disposal _____

G. In particular what is it that you like or dislike about this apartment complex?

1. Likes

- a. clean _____
- b. quiet _____
- c. location _____
- d. size of apartment _____
- e. other (comments) _____

2. Dislikes

- a. storage facilities _____
- b. parking facilities _____
- c. size of apartment _____
- d. other (comments) _____

III. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENT

A. Marital status

- 1. Single _____
- 2. Married _____
- 3. Other _____ (specify)

B. Family size _____

C. Age

- 1. Male _____
- 2. Female _____

D. Approximate annual income

- 1. \$0 - \$5,000
- 2. \$5,000 - %10,000
- 3. \$10,000 - \$15,000
- 4. \$15,000 - \$20,000
- 5. over \$20,000

E. Occupation of those working

	Male	Female
1. Professionally trained	_____	_____
2. White collar	_____	_____
3. Blue collar	_____	_____
4. Student	_____	_____
5. Housewife	_____	_____
6. Military service	_____	_____
7. Retired	_____	_____

APPENDIX B

DEVELOPER QUESTIONNAIRE

DEVELOPER QUESTIONNAIRE

1. Complexes developed in Topeka _____.
2. Why was that particular tract of land developed?
 - a. Location _____
 - b. Land available _____
 - c. Price of land _____
 - d. Other (comments) _____
3. Was there an appeal for a zoning change?
 - a. Yes _____
 - b. No _____
 1. Duplex to multi-family _____
 2. Single family to multi-family _____
 3. Others (comments) _____
4. Why did you develop a complex of only moderate size?
 - a. Land _____
 - b. Investment margin _____
 - c. Other (comments) _____
5. Was the apartment developed for a certain type of clientele?
 - a. Yes _____
 - b. No _____
 1. Professionally trained _____
 2. White collar _____
 3. Other (comments) _____
6. Do apartments such as these bring good returns to the original investment? Comments _____

7. Is there a time period that must expire before investments are realized?

a. Yes _____

b. No _____

1. number of years _____

2. comments _____

8. Why is there a demand in Topeka for moderate sized apartment development?

a. Burden of home ownership _____

b. Cost factors _____

c. Need for temporary housing _____

d. Other (comments) _____

9. Do you have plans for the future development of moderate size apartment dwellings?

a. Yes _____

b. No _____

c. Location _____

10. Is there a large number of turnovers in those renting apartments?

a. Yes _____

b. No _____

c. Approximate percentage _____ (%)

11. Does the turnover rate lead to high vacancy rates?

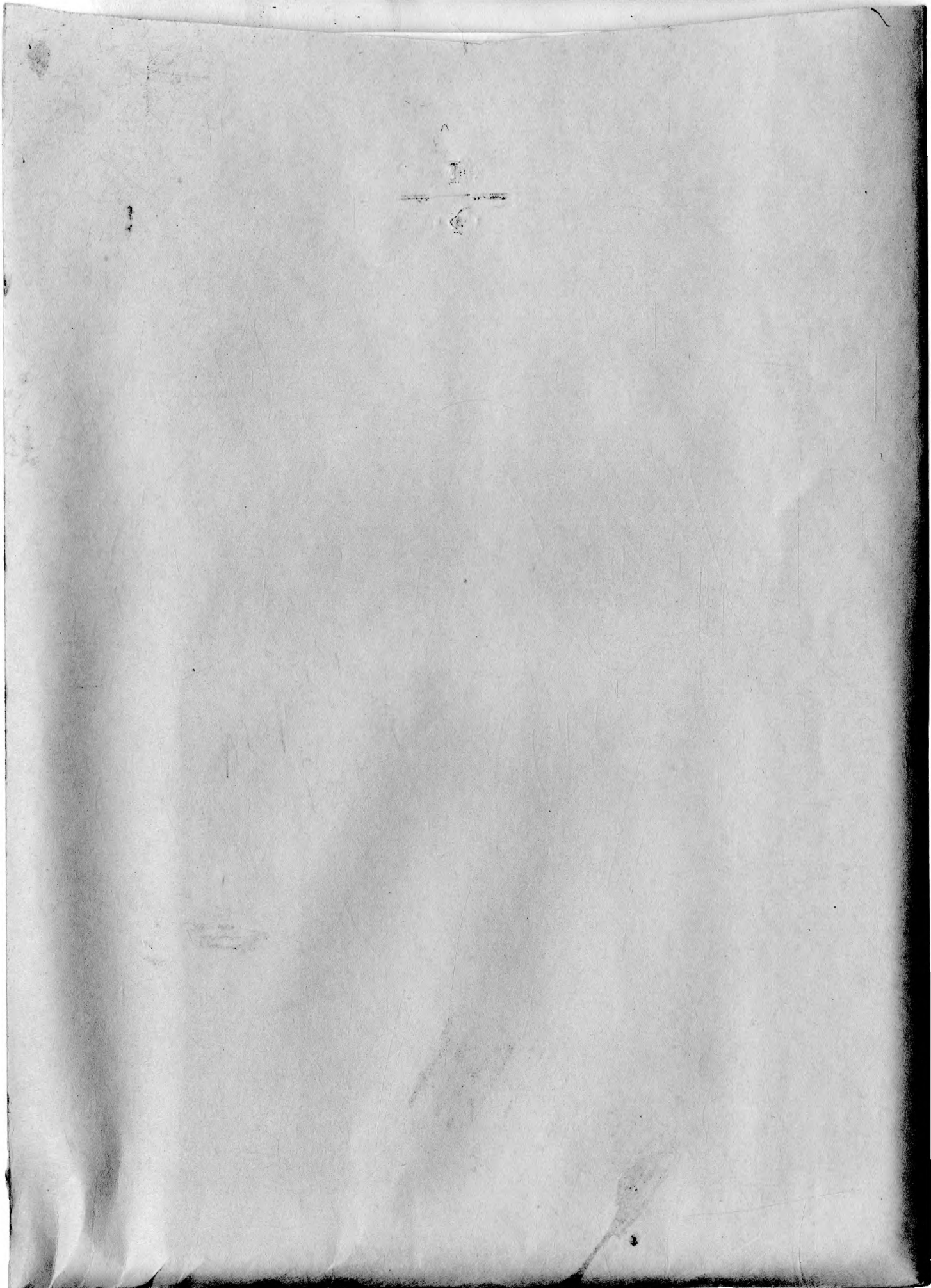
a. Yes _____

b. No _____

c. Comments _____

APPENDIX C

RENTER MATRIX



APPENDIX D

DEVELOPER MATRIX

