

DOWNTOWN
REVITALIZATION &
ECONOMIC
ASSISTANCE FOR
MISSOURI

Caruthersville, Missouri

RESIDENTIAL DEMAND ANALYSIS

DOWNTOWN
MARKET AREA

CARUTHERSVILLE
PEMISCOT COUNTY
JULY 1, 2009



ACKNOWLEDGMENTS



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ASSISTANCE FOR MISSOURI (DREAM)
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REPORT PREPARATION INFORMATION

CONSULTING REPORT PREPARATION

This consulting report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the standards adopted by the National Council of Affordable Housing Market Analyst (NCHMA).

IDENTIFICATION OF THE MARKET ANALYST

This market analysis was prepared on April 23, 2009 by Steve Sillimon, the staff appraiser for the Missouri Housing Development Commission.

INTENDED USE OF REPORT

The intent of this report is to assist the community of Caruthersville in its effort to revitalize its Downtown through the DREAM Initiative by analyzing the possible demand for housing that would support that effort.

THE IDENTITY OF THE CLIENT AND THE INTENDED USERS OF REPORT

The client of the report is the Missouri Housing Development Commission, the appraiser's employer, and the intended users are the City of Caruthersville, Pemiscot County, Missouri and parties interested in the possible development of residential housing units in Downtown Caruthersville, Missouri.

ANALYSIS, RECOMMENDATION, OR OPINION TO BE DEVELOPED

The analysis, recommendations, or opinions will include the following:

- A review of previous housing market studies or consumer surveys;
- Identification of Primary and Secondary Market Areas;
- Identification of existing housing inventory and competitive locations;
- Demographic profile for the area;
- Economic profile of the market;
- Opinions regarding the household demand for residential units in the Downtown Market Area of Caruthersville that could complement Downtown revitalization efforts.

IDENTIFICATION OF THE SUBJECT AREA

The area that is the subject of this report is the Downtown Market Area of the City of Caruthersville, within the specific geographic boundaries as described within this report.

EFFECTIVE DATE OF THE REPORT

The effective date of the report is April 23, 2009.

EXTRAORDINARY ASSUMPTIONS

In preparing this report the appraiser has relied on various physical, economic, and demographic data and information from various sources, including market studies submitted to MHDC from other analysts, and believes the information to be to be credible, reliable, and critical to the preparation of this report. The use of this information will affect the assignment results.

SCOPE OF WORK

The scope of work necessary to prepare this report is as follows:

- Physical survey of the area that is the subject of the report;
- Physical survey of existing housing options in the market;
- Economic survey and competitive analysis of existing housing options in the market;
- Obtain and review general and historical information about the market;
- Obtain and review any housing related studies prepared for the market;
- Obtain and review any current information regarding activities in the market that could affect the marketability of housing;
- Obtain and analyze demographic information for the primary and secondary market areas;
- Estimate the current and future household demand in the primary market area that would be attracted to housing options in the Downtown Market Area;
- Prepare a target market analysis for affordable, market rate, and for-sale housing in the primary market area for family and senior households.

INFORMATION USED, METHODS AND TECHNIQUES EMPLOYED, AND REASONING THAT SUPPORTS THE CONCLUSIONS

The information used in the report comes from local sources, market surveys; and public and proprietary information. The techniques employed in the report are industry standard demand analysis techniques based on estimating the number of target households that can be captured in the Downtown housing market. The reasoning that will support the conclusions is based on the benefit that additional residential housing can make to Downtown revitalization efforts.

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SECTION I

EXECUTIVE SUMMARY

Some of the conclusions of the report are as follows:

- A baseline assessment of the current residential housing options in the Downtown revitalization area of Caruthersville was made. The conclusion of the assessment is that there are quite a few housing options in the footprint of the Downtown revitalization area, but much of the housing is detrimental to the area due to its poor condition.
- Like many downtowns across the country, Downtown Caruthersville has gone through a period of transition as some businesses have moved to other locations in the City. Vacancies were noted in street level commercial space along Ward Avenue and some of the upper floor areas of Downtown commercial buildings. Many upper floor windows exhibited a vacant look.
- The loft-style condo and rental market that has helped to revive downtowns in other parts of the country has not formed yet in the Caruthersville market. The analyst was unaware of any loft-style units in Downtown.
- The production of additional residential units in the area would complement Downtown revitalization efforts by increasing the 24-hour people presence and enhancing the area as a unique neighborhood. Increasing the level of permanent residents will help build the perception of Downtown as a true neighborhood and increase the customer base for existing and prospective businesses.
- The production of additional residential units in the area on infill lots would also complement Downtown revitalization efforts by improving vacant tracts that are currently not making a positive contribution, or are having a negative effect on the area.
- New and rehabilitated residential units for young working households and seniors should be considered on vacant or underutilized sites in and around Downtown, and in existing vacant commercial buildings. Specific tracts to consider are the two small apartment buildings at the northeast corner of 4th Street and Carleton Avenue and the vacant tract of land nearby. Other tracts include the vacant land at the northeast corner of 4th Street and Walker Avenue and at the southeast corner of 4th Street and Eastwood Avenue.
- Demographic data from a reputable industry source indicates that between 2000 and 2008 the number of households in Caruthersville has declined by approximately 173 households. It is projected that between 2008 and 2013 the number of households will further decline by 124 households. The pace of this decline is significantly higher than for Pemiscot County as a whole. Downtown revitalization, which includes new housing production, may help to reduce the out-migration in the community and increase the in-migration by encouraging residency in a unique urban-style neighborhood in a small rural community.

- A survey of existing rental housing developments in Caruthersville indicates they have good occupancy. Opportunity exists to serve some excess demand with new or rehabilitated rental units in Downtown.
- Caruthersville has the benefit of having a casino within walking distance of Downtown. This advantage should be capitalized on by strengthening the link between Downtown and the casino area.
- Quantitative demand analyses were prepared for various types of housing to estimate the level of market demand that exists in Downtown. The intent of the demand analyses is to provide the City of Caruthersville, builders, and developers with an idea of the potential market demand for new residential units that could be produced in Downtown. This is a point-in-time estimate and could change based on fluctuations in the housing supply, economy, and demand factors considered. The results of the Downtown residential demand analyses for various housing types are as follows:

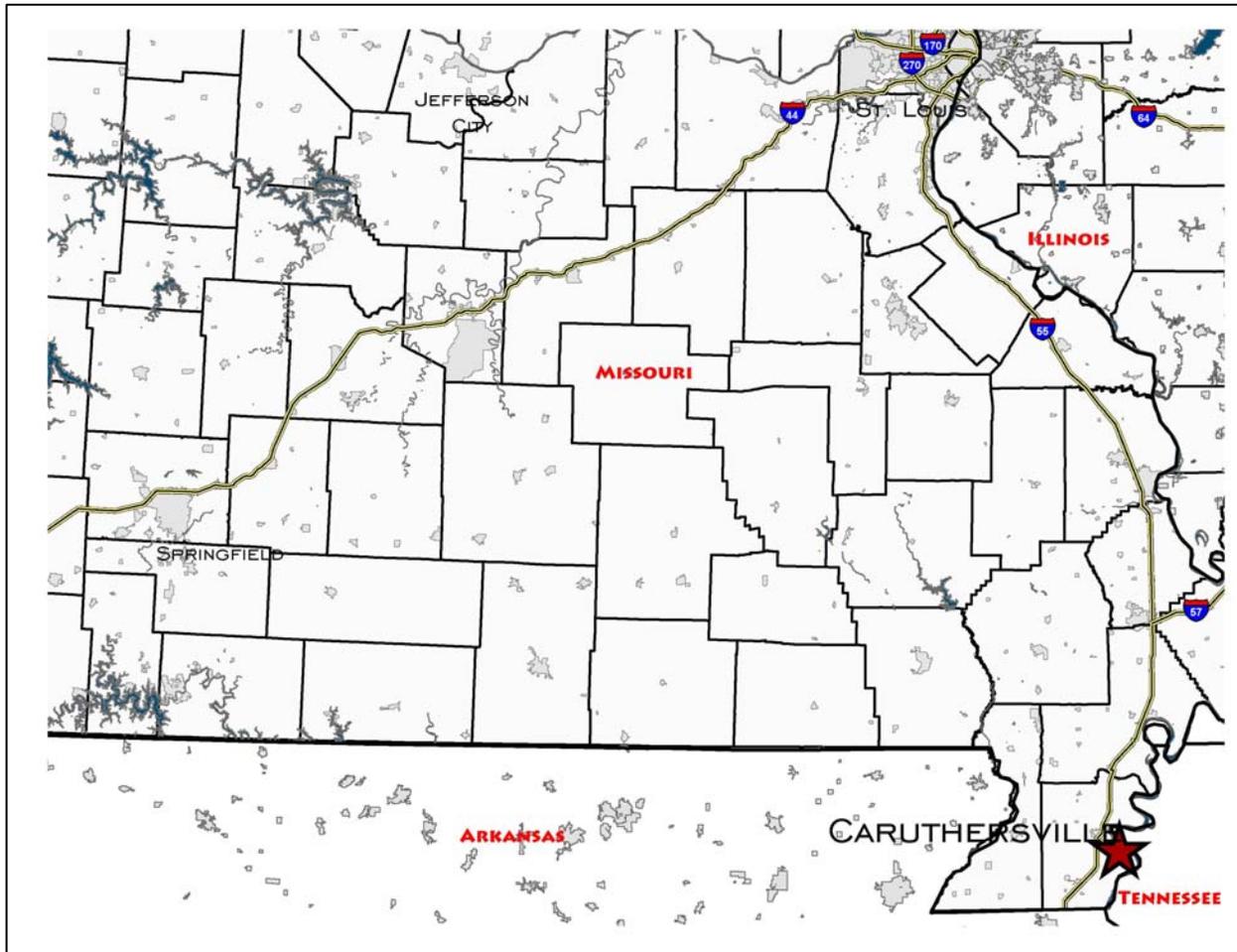
<u>Housing Type</u>	<u>Potential Household Demand</u>
Market Rate Rental	16
Affordable Family Rental	25
Affordable Senior Rental	<u>20</u>
Total Household Demand	61

SECTION II

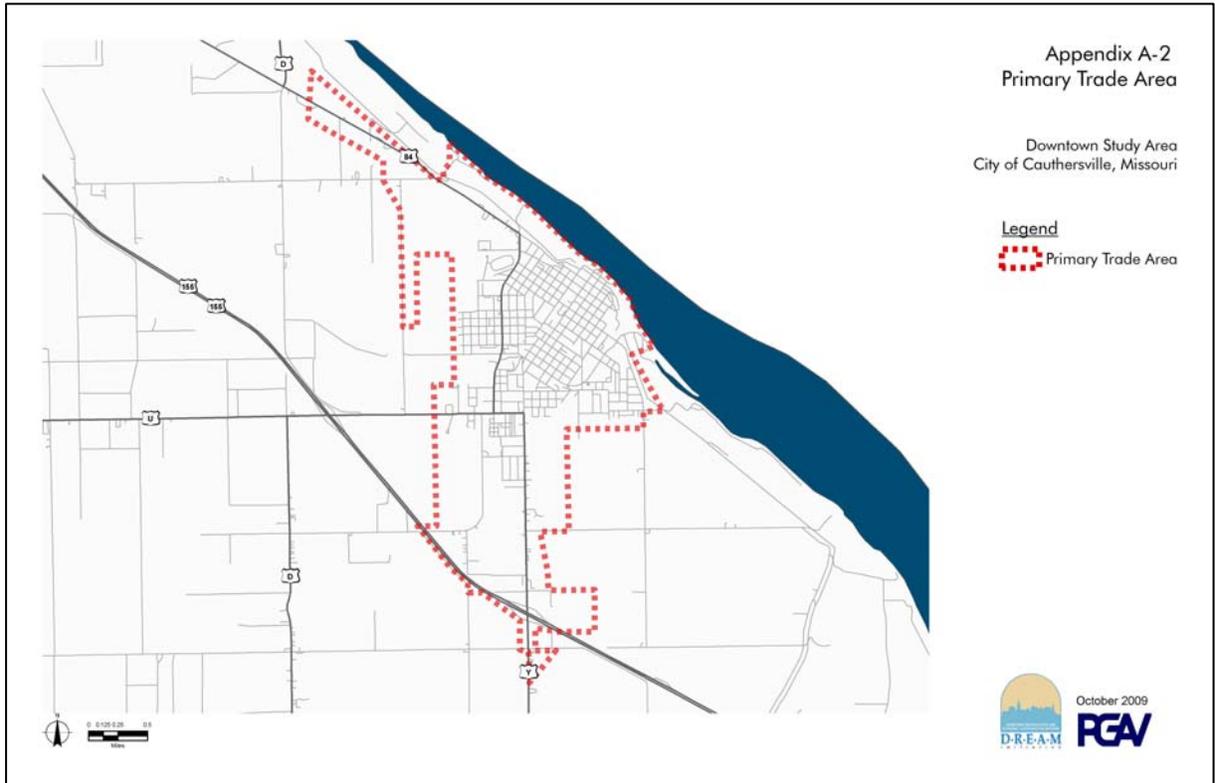
MARKET AREA DESCRIPTION

The area of study is Downtown Caruthersville in Pemiscot County, Missouri. The following maps show the location of the City within the State of Missouri (Map #1), the primary traffic arteries and City limit, also termed the Primary Trade Area in other DREAM reports (Map #2), and the DREAM Study Boundary that is the subject of this report.

MAP #1



MAP #2



MAP #3



OVERVIEW

Caruthersville, the county seat of Pemiscot County, is located in the Bootheel of Missouri approximately 200 Miles South of St. Louis. The City sits along the west bank of the Mississippi River, approximately 5 miles east of Interstate 55. Highway access is afforded by Interstate 155 and Missouri State Route 84. The City was incorporated in 1874 and was named after Sam Caruthers, the area's first Congressman. Early on the area was susceptible to flooding, but after levees were built to protect the community, the land became very rich cotton-producing soil.

Today Caruthersville is a small rural community with an economy anchored by Trinity Marine and Lady Luck Casino, the Community's largest employers. Many residents commute to nearby communities in Missouri and Arkansas for employment opportunities. Caruthersville also has the only bridge that crosses the Mississippi River between Cairo, Illinois and Memphis, Tennessee.

Caruthersville is located within an earthquake risk area. The New Madrid Fault System covers an area 100 miles south from near Charleston, Missouri, and Cairo, Illinois, through New Madrid and Caruthersville, and along Interstate 55 to Blytheville and Marked Tree, Arkansas. The fault crosses five state lines, cuts across the Mississippi River in three places, and the Ohio River in two.

Although Caruthersville is the County Seat of Pemiscot County, the Pemiscot County Courthouse is not the centerpiece of a town square like it is in many small rural communities. It is located at 6th Street and Ward Avenue, in the southern part of Downtown.

Downtown also contains City Hall, attorney's offices, banks, title companies, churches, and other businesses including restaurants, antique shops, beauty and nail salons, miscellaneous retailers, and resale and thrift stores.

Most buildings in Downtown are older commercial buildings. The community suffered considerable damage from a series of tornados in 2006. Damage from those tornados is still evident in the Downtown area. Downtown exhibits newer sections added onto older buildings, new infill buildings, and vacant gaps where some buildings were either razed or collapsed.

Downtown does not appear to have good building occupancy. Many storefronts along the thoroughfare were vacant. The soft commercial real-estate market is consistent with the soft overall economic conditions in the Bootheel region, which is one of the lowest income areas in the State. The low income levels of the area do not seem to support much economic activity in Downtown, with the exception of the casino.

The appearance of Downtown has been positively influenced by a beautification program that includes brick sidewalk inlays and decorative street and road signs.

EXISTING DOWNTOWN HOUSING

The type of residential housing that predominates within the DREAM Study Area is single family homes. Additionally, some duplexes, small apartment buildings, and an affordable senior housing development are also present. There are residential land uses located primarily to the south and southwest of Downtown.

Most residential properties in Downtown would be considered to be in no better than fair condition and some would be considered in poor condition. Many properties appear to have physical defects and overall the neighborhood exhibits wide scale disinvestment.

No residential units were noted on the upper floors of the commercial buildings in Downtown.

TRAFFIC ARTERIES

Ward Avenue is the primary north/south traffic artery and 3rd Street is the primary east/west traffic artery through Downtown.

EXISTING LAND USES

Existing land uses in Downtown are a mix of government, retail, office, service, and residential. Government, retail, office, and other business uses are primarily located along Ward Avenue and 3rd Street. The residential land uses are spread around the other streets. There are some large vacant tracts of land at 3rd Street and Walker Avenue, near the casino. There is a riverfront park near Front Street, which is accessed through the levee walls at Ward and Walker Avenues.

ADJACENT AREAS

Land uses adjacent to the DREAM Study Area are predominately residential.

PARKING

On-street parking appeared to be adequate throughout Downtown.

RETAIL SHOPPING

Retail shopping is very limited and currently not much of a draw for Downtown. Retailers in Downtown include a sporting goods store, small shops, a pharmacy, and a men's clothing store.

ENTERTAINMENT

The only entertainment venue noted in Downtown was the Lady Luck Casino, which is docked near 3rd Street and Franklin Avenue. The Armory located on the western edge of the Study Area has infrequent live performances and children's theatre.

DINING ESTABLISHMENTS

Dining establishments noted in Downtown included the restaurants at the Lady Luck Casino, Little Pizza Heaven, 4th Street Deli, and Knox's Drive-In.

PARKS AND RECREATION

Caruthersville has numerous parks, including Reynolds Park and General John Riggs Veteran's Park, which are located in Downtown. There is also a walking trail that links the parks, Historic Water Tower and the casino.

SCHOOLS

Educational facilities in Caruthersville include the public high, middle, and elementary schools. The High School is currently being rebuilt due to the tornado damage.

PUBLIC TRANSPORTATION

Caruthersville is not served by a public transportation system. The City is served by a taxi service. Travel services via bus, train, and air service are located in larger nearby communities, such as St. Louis, Missouri, Memphis and Nashville, Tennessee, and Little Rock, Arkansas.

DOWNTOWN AREA PHOTOGRAPHS



Pemiscot County Courthouse





Reynolds Park

General John Riggs Veteran's Park



Caruthersville Water Towers



Lady Luck Casino

Country Hearth Inn across from Casino



Walking trail along Mississippi River





Grizzly Jig at southeast corner of 3rd and Ward

First State Bank at northwest corner of
3rd and Ward



Looking east down 3rd Street from Grand Street



Looking west down 3rd Street from Eastwood

U.S. Post Office



Looking north down Ward from 4th Street



Looking north at the east side of the 300 block of Ward

Looking north at the west side of Ward from 5th Street



Historic building at the corner of 3rd and Ward



View of grain elevator on the north side of
Downtown

Knox's Drive-In restaurant on 6th
and Ward



DOWNTOWN AREA STRENGTHS AND WEAKNESSES

From a residential market perspective the Caruthersville Downtown Market Area has some positive attributes, including:

- **Government Center:** Downtown is the center of the municipal and county governments, which brings employees and people conducting business (potential consumers) to the area on a daily basis throughout the work week.
- **Existing Residential Market:** Downtown already contains a significant number of residential units and also has residential neighborhoods that adjoin the area to the south and west. So there will be no need to jumpstart a Downtown residential market, because the market already exists.
- **Potential Development Space:** Downtown has some vacant upper floor space that has the potential to be used for residential development. There are also vacant tracts and tracts improved with vacant and deteriorated structures in Downtown that have residential development potential.

- **Employment Anchor:** The Lady Luck Casino, one of the major employers in the community, is located within the DREAM Study Area.
- **Natural Amenity:** Downtown is located along the west bank of the Mississippi River, a natural amenity to the community.
- **Commitment:** The City is committed to improving Downtown, which is evidenced by the submission of the DREAM application and other efforts such as Downtown beautification and implementation of the Home Repair Opportunities (HeRO) program.

From a market perspective current weaknesses of the Caruthersville Downtown Market Area also exist, including:

- **Sluggish Commercial Real Estate Market:** Although Downtown has many small businesses, there are also a significant number of commercial building vacancies and a very low level of consumer traffic.
- **Deteriorated Housing Stock:** There appears to be an overall atmosphere of disinvestment in Downtown residential housing stock, which is evidenced by the large number of housing units in the area that are in fair to poor condition.
- **Deteriorated Commercial Buildings and Sites:** Some buildings in Downtown are deteriorated and adversely impact the appeal and impression of the area. Some sites where buildings have either collapsed or were razed also create a negative impact.

SECTION III ECONOMIC PROFILE

OVERVIEW

The following section includes an analysis of the economy of the market area. The analysis will focus on employment by industry, major employers, area employment, unemployment, and labor force trends. MHDC has obtained economic information from the Missouri Department of Economic Development, Bureau of Labor Statistics, U.S. Census Bureau, and the Greater Caruthersville Chamber of Commerce.

Major Employers

Major resources for the Caruthersville area include commerce supplied by the Mississippi river barge and transportation industry and agriculture. These industries account for 60% of the local economy. Large portions of the area’s cash crops such as rice, soy beans, and cotton, are sent through the Mississippi River transportation industry to distribution points along the Mississippi Delta region.

Economic anchors in the community include Trinity Marine, which manufactures marine transportation products, and the Lady Luck Riverboat Casino.

Some of the Caruthersville workforce also commutes to employment at major employers in other parts of the Missouri Bootheel and northeast Arkansas.

Major Employers - Caruthersville, Missouri Area		
Employers	Type of Business	Employees
Trinity Marine	Manufacturing	540
Lady Luck Casino	Casino	285
Caruthersville Nursing Center	Nursing Center	98
Wal-Mart	Retail	80
White & Associates	Insurance	78
Trinity Cover Fabrication	Manufacturing	64
Hays Grocery	Grocery	36
Sonic Drive-In	Restaurant	36
CMV	Home Health Services	30
Bunge	Grain Elevator	15
Consolidated Grain	Grain Elevator	13

Source: Pemiscot County Port Authority

Employment Categories and Wages

The largest employment trades in Pemiscot County are healthcare, manufacturing, retail, and education. Average monthly wages in Pemiscot County in 2007 for those trades was \$2,217 for healthcare, \$2,967 for manufacturing, \$1,557 for retail, and \$2,456 for education.

The number of employees in the predominate trades in the County has generally been stable over the last few years.

Average Employment and Wages for Pemiscot County								
Industry	2007*		2006		2005		2004	
	Avg. Employment	Avg. Mthly. Wages						
11 - Agriculture, Etc.	220	\$2,215	206	\$2,103	252	\$1,847	235	\$1,946
21 - Mining		\$2,789		\$2,644		\$2,458		\$1,956
22 - Utilities	63	\$2,772	60	\$2,655	65	\$2,401	60	\$2,375
23 - Construction	84	\$2,462	83	\$2,536	66	\$2,134	68	\$2,290
31 - Manufacturing	846	\$2,967	803	\$2,815	721	\$2,544	733	\$2,365
42 - Wholesale trade	257	\$3,467	261	\$3,440	276	\$3,364	261	\$3,159
44 - Retail Trade	783	\$1,557	775	\$1,529	730	\$1,529	679	\$1,480
48 - Trans and warehousing	193	\$2,947	196	\$2,905	194	\$2,615	186	\$2,495
51 - Information	17	\$1,783	16	\$1,809	16	\$1,845	16	\$1,756
52 - Finance & Ins.	181	\$2,863	183	\$2,849	199	\$2,638	174	\$2,455
53 - Real estate	59	\$1,860	67	\$1,885	64	\$1,890	65	\$1,613
54 - Professional & tech svcs	44	\$2,384	33	\$2,243	52	\$2,589	60	\$2,736
55 - Mgmt. (companies)		\$2,309		\$2,384	21	\$2,242	27	\$2,486
56 - Administrative, etc.	61	\$2,489	65	\$2,513	58	\$1,831	65	\$1,728
61 - Educational	698	\$2,456	702	\$2,451	711	\$2,367	709	\$2,313
62 - Health care, social	1,316	\$2,217	1,332	\$2,102	1,226	\$2,004	1,093	\$2,037
71 - Arts, etc.	313	\$1,906	313	\$1,839	320	\$1,734	328	\$1,656
72 - Accom. & food svc	315	\$927	332	\$898	353	\$874	314	\$863
81 - Other services	212	\$1,176	184	\$1,147	170	\$1,193	163	\$1,271
92 - Public Administration	347	\$1,822	338	\$1,794	329	\$1,708	312	\$1,698

*Information available to date

Source: U.S. Census Bureau

Labor Force and Unemployment

The unemployment rate for Pemiscot County has been considerably higher than the overall unemployment rate for the State of Missouri.

Local Area Employment for Pemiscot County					
Year	Labor Force	Employment	Unemployment	County Unemployment Rate	Missouri Unemployment Rate
2002	8,343	7,656	687	8.2%	5.2%
2003	8,082	7,299	783	9.7%	5.6%
2004	7,880	7,202	678	8.6%	5.8%
2005	8,009	7,406	603	7.5%	5.3%
2006	8,118	7,587	531	6.5%	4.8%
2007	8,103	7,569	534	6.6%	5.0%

Source: Missouri Department of Economic Development

Commuting Patterns

The table indicates that as of year 2000 approximately 31% of the residents of Pemiscot County commuted outside of the County for employment. That percentage was lower than the state average and comparable to some of the surrounding counties.

Commuting Patterns						
State/County	Total Workers 16+ in 2000	Workers Commuting Outside Place of Residence 2000	Percent of Total Workers 2000	Percent of Total Workers 1990	Change 1990-2000 Number of Workers	Change 1990-2000 Percent of Workers
Missouri	2,629,296	877,655	33.4%	31.2%	146,250	2.2%
Pemiscot	7,158	2,233	31.2%	22.9%	543	8.3%
Dunklin	12,999	3,753	28.9%	24.3%	904	4.6%
New Madrid	7,987	2,682	33.6%	27.9%	591	5.7%
Stoddard	12,784	3,774	29.5%	22.2%	1,218	7.4%
Scott	17,934	6,663	37.2%	39.1%	(5)	-1.9%
Butler	16,618	1,838	11.1%	10.6%	241	0.5%
Mississippi	5,283	1,866	35.3%	25.8%	487	9.5%

Source: Office of Social and Economic Data Analysis and U.S. Census Data

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SECTION IV DEMOGRAPHIC PROFILE

Population

The population trend obtained from Claritas shows a declining trend. This trend and estimates are also similar to the trends and population estimates for Caruthersville, Missouri by the U.S. Census Bureau. The 2007 U.S. Census Bureau population estimate for Caruthersville is 6,237.

Total Population						
Year	Caruthersville	Change %	Pemiscot County	Change %	Missouri	Annual Change %
2000	6,760		20,047		5,595,211	
2008	6,254	-7.5%	18,949	-5.5%	5,870,906	4.9%
2013	5,909	-5.5%	18,132	-4.3%	6,053,252	3.1%

Source: Claritas, MHDC

Population Change Comparison 2000 – 2008

The declining population trend of Caruthersville is comparable to other nearby communities in the Bootheel region.

Population Change Comparison 2000-2008				
Community	Population		Change	% Change
	2000	2008*		
Caruthersville	6,760	6,254	-506	-7%
Hayti	3,207	3,005	-202	-6%
Steele	2,263	2,171	-92	-4%
Kennett	11,260	10,835	-425	-4%
Portageville	3,295	2,965	-330	-10%

Source: Claritas

*Estimate

Population by Age

The age distribution of the population of Caruthersville has not changed much and is expected to remain the same into the near future.

Population By Age Group						
Caruthersville, Missouri						
Age Cohort	2000	Percent	2008	Percent	2013	Percent
0-20	2,503	37%	2,311	37%	2,209	37%
21-24	361	5%	308	5%	346	6%
25-34	793	12%	768	12%	694	12%
35-44	879	13%	695	11%	636	11%
45-54	765	11%	777	12%	643	11%
55-64	541	8%	596	10%	607	10%
65-74	486	7%	381	6%	401	7%
75-84	316	5%	291	5%	239	4%
85+	116	2%	127	2%	134	2%

Source: Claritas, MHDC

Average Age of Population

The table illustrates that the average age of the population of Caruthersville has been stable and is expected to remain about the same into the near future. This is different than most small communities in Missouri that show a trend towards an older average age. The difference could be due to a high number of births as compared to deaths in the community.

Total Population Average Age	
Caruthersville, Missouri	
Year	
2000	34.3
2008	34.6
2013	34.4

Source: Claritas

Average Age Comparison 2000-2008

The average age of the residents of Caruthersville is lower than some of the surrounding communities.

Average Age Comparison 2000-2008			
Community	Population		Change (Years)
	2000	2008*	
Caruthersville	34	35	1
Hayti	38	38	0
Steele	37	37	0
Kennett	38	38	0
Portageville	38	39	1

Source: Claritas

*Estimate

Population by Gender

The table illustrates that the past population gender distribution that included a majority of females is expected to remain the same through 2013.

Population By Gender						
Caruthersville, Missouri						
Gender	2000	Percent	2008	Percent	2013	Percent
Male	3,131	46%	2,929	47%	2,797	47%
Female	3,629	54%	3,325	53%	3,112	53%

Source: Claritas, MHDC

Educational Attainment

Of the population age 25 and older in Caruthersville, 8% have a graduate degree and 41% do not have a high school diploma or GED.

2008 Est. Population Age 25+ Educational Attainment		
Caruthersville, Missouri		
Type	Population	Percentage
Less than 9th grade	706	19%
Some High School, no diploma	784	22%
High School Graduate (or GED)	1,256	35%
Some College, no degree	424	12%
Associate Degree	143	4%
Bachelor's Degree	230	6%
Master's Degree	67	2%
Professional School Degree	25	1%
Doctorate Degree	0	0%

Source: Claritas

Marital Status

2008 Est. Population Age 15+ by Marital Status		
Caruthersville, Missouri		
Type	Population	Percentage
Total, Never Married	1,219	18%
Married, Spouse present	2,021	30%
Married, Spouse absent	271	4%
Widowed	459	7%
Divorced	540	8%
Males, Never Married	554	8%
Previously Married	342	5%
Females, Never Married	665	10%
Previously Married	657	10%

Source: Claritas

Total Households

The number of households in Caruthersville is estimated to have decreased between 2000 and 2008 and the trend is expected to continue through 2013.

Total Households				
Caruthersville, Missouri				
Year	Caruthersville	Change %	Pemiscot County	Change %
2000	2,643		7,906	
2008	2,470	-6.5%	7,596	-3.9%
2013	2,346	-5.0%	7,357	-3.1%

Source: Claritas, MHDC

Average Household Size

Average Household Size	
Caruthersville, Missouri	
Year	Average
2000	2.53
2008	2.50
2013	2.48

Source: Claritas

Households by Age

The age of households in Caruthersville has not changed significantly and is expected to remain about the same into the near future.

Households by Age of Householder						
Caruthersville, Missouri						
Age Cohort	2000	Percent	2008	Percent	2013	Percent
Under 25	218	8%	196	8%	207	9%
25-34	439	17%	429	17%	398	17%
35-44	506	19%	404	16%	374	16%
45-54	468	18%	481	19%	404	17%
55-64	348	13%	386	16%	401	17%
65-74	343	13%	268	11%	289	12%
75-84	244	9%	225	9%	187	8%
85+	77	3%	81	3%	86	4%

Source: Claritas, MHDC

Households by Size

The size of the households in Caruthersville has not changed significantly and is expected to be about the same into the near future.

Households By Size						
Caruthersville, Missouri						
Household Size	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
1 Person	813	30.8%	771	31.2%	738	31.5%
2 Persons	764	28.9%	720	29.1%	690	29.4%
3 Persons	438	16.6%	410	16.6%	386	16.5%
4 Persons	339	12.8%	311	12.6%	290	12.4%
5 Persons	157	5.9%	141	5.7%	134	5.7%
6 Persons	78	3.0%	72	2.9%	67	2.9%
7+ Persons	54	2.0%	45	1.8%	41	1.7%
Total	2,643	100%	2,470	100%	2,346	100%

Source: Claritas, MHDC

Household Type and Presence of Own Children

The largest household type in Caruthersville is estimated to be married couples with no children.

2008 Est. Household Type, Presence Own Children		
Caruthersville, Missouri		
Type	Households	Percentage
Single Male Householder	292	12%
Single Female Householder	479	19%
Married-Couple Family, own children	438	18%
Married-Couple Family, no own children	560	23%
Male Householder, own children	68	3%
Male Householder, no own children	30	1%
Female Householder, own children	371	15%
Female Householder, no own children	142	6%
Nonfamily, Male Householder	54	2%
Nonfamily, Female Householder	36	1%

Source: Claritas

Hispanic Households

The table indicates that the number of Hispanic households in Caruthersville is relatively small and is not projected to increase significantly between 2008 and 2013.

Hispanic Households	
Caruthersville, Missouri	
Year	Number
2008	32
2013	34

Source: Claritas

Tenure By Occupancy of Housing Units

The City of Caruthersville has a very high percentage of renter occupied units at 48%. In comparison, the percentage of renter occupied housing units in the State of Missouri is 30%. The nearby communities of Kennett and Sikeston have a combined total percentage of 42% renter occupied housing units.

Tenure by Occupancy of Housing Units				
Caruthersville, Missouri				
Bedrooms	2000	Percent	2008	Percent
Owner Occ.	1,365	52%	1,290	52%
Renter Occ.	1,278	48%	1,180	48%

Source: Claritas

Tenure by Bedroom Size (Owner Occupied)

More than 50% of the owner occupied units in Caruthersville are three bedroom units.

Tenure By Bedrooms (2000)		
Owner Occupied		
Caruthersville, Missouri		
Bedrooms	Households	Percentage
No BR.	8	0.6%
1	42	3.1%
2	405	29.7%
3	724	53.1%
4	171	12.5%
5 or more	13	1.0%

Source: U.S. Census Bureau

Tenure by Household Size (Renter Occupied)

Tenure By Bedrooms (2000)		
Renter Occupied		
Caruthersville, Missouri		
Bedrooms	Households	Percentage
No BR.	12	0.9%
1	281	21.9%
2	521	40.6%
3	394	30.7%
4	70	5.5%
5 or more	5	0.4%

Source: U.S. Census Bureau

Households by Income Distribution

The table indicates that in 2008 approximately 87% of the households in Caruthersville were estimated to have household incomes of less than \$75,000. Approximately 5% of households had incomes between \$75,000 and \$100,000, and approximately 8% had incomes in excess of \$100,000.

Households by Household Income						
Caruthersville, Missouri						
Income Cohort	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
< than \$15,000	1,099	41.5%	873	35.3%	744	31.7%
\$15,000-\$24,999	485	18.3%	436	17.7%	412	17.6%
\$25,000-\$34,999	324	12.2%	313	12.7%	290	12.4%
\$35,000-\$49,999	362	13.7%	345	14.0%	320	13.6%
\$50,000-\$74,999	173	6.5%	252	10.2%	286	12.2%
\$75,000-\$99,999	90	3.4%	90	3.6%	105	4.5%
\$100,000-\$149,999	82	3.1%	104	4.2%	112	4.8%
\$150,000-\$249,999	28	1.1%	51	2.1%	64	2.7%
\$250,000-\$499,999	3	0.1%	5	0.2%	12	0.5%
\$500,000 +	0	0.0%	1	0.0%	1	0.0%
Total	2,646	100.0%	2,470	100.0%	2,346	100.0%

Source: Claritas, MHDC

Gross Rent as a % of Monthly Household Income

Approximately 38% of renter households in Caruthersville have a gross rent (rent+utilities) that exceeds 35% of their monthly household income.

Gross Rent as % of Monthly HH Income (1999)		
Caruthersville, Missouri		
Status	Households	Percentage
Less than 15 percent	193	15%
15 to 19 percent	143	11%
20 to 24 percent	147	12%
25 to 29 percent	125	10%
30 to 34 percent	95	7%
35 percent or more	483	38%
Not computed	92	7%

Source: U.S. Census Bureau

Area Maximum Affordable Housing Income and Rents

The following table shows the maximum income and rents for the HOME and Housing Tax Credit programs for Pemiscot County.

Maximum Income and Rents for HOME and Housing Tax Credit Programs for Pemiscot County												
2007 Median Income	Income %	Maximum Incomes						Maximum HOME/LIHTC Rents				
		Persons in Household						Bedroom Sizes				
		1	2	3	4	5	6	0Br	1Br	2Br	3Br	4Br
	50%	15,700	17,900	20,150	22,400	24,200	26,000	392	420	503	582	650
	60%	18,840	21,480	24,180	26,880	29,040	31,200	471	504	604	699	780
\$32,400								HUD Fair Market Rents				
								327	383	501	630	648

Source: HUD, IRS, MHDC

Cost Burdened Households

The tables that follow show different household types and the number and percentage of each that would be considered cost burdened (spending more than 30% of income for housing) and severely cost burdened (spending more than 50% of income for housing). The first table is for Pemiscot County and the second table is for the State of Missouri.

The Caruthersville Cost Burdened table indicates that approximately 21% of all renter households in Caruthersville were severely rent burdened in 2000. The severely rent burdened rate for all renter households in Missouri for the same period was approximately 15%. The most severely cost burdened renter group in Caruthersville appears to be small family renter households at approximately 24%.

Cost Burdened Households (2000) - Caruthersville, Missouri			
	Renter	Owner	Renter & Owner
Total	1,257	1,328	2,585
Cost Burdened >30%	44.0%	19.7%	31.5%
Severely Cost Burdened >50%	21.2%	8.7%	14.8%
Elderly 1 & 2 Persons	210	542	752
Cost Burdened >30%	41.0%	21.2%	26.7%
Severely Cost Burdened >50%	17.6%	7.9%	10.6%
Single Person Non-Elderly	331	146	477
Cost Burdened >30%	42.0%	29.5%	38.2%
Severely Cost Burdened >50%	21.1%	26.7%	22.8%
Small Fam 2-4 Persons	513	575	1,088
Cost Burdened >30%	46.0%	15.5%	29.9%
Severely Cost Burdened >50%	24.2%	5.2%	14.2%
Large Fam 5+ Persons	203	65	268
Cost Burdened >30%	45.3%	21.5%	39.5%
Severely Cost Burdened >50%	17.2%	6.2%	14.5%

Source: 2000 Chas Data

Cost Burdened Households (2000) - Missouri			
	Renter	Owner	Renter & Owner
Total			
Cost Burdened >30%	30.9%	16.7%	20.9%
Severely Cost Burdened >50%	14.8%	6.2%	8.8%
Elderly 1 & 2 Persons			
Cost Burdened >30%	39.4%	17.4%	22.0%
Severely Cost Burdened >50%	18.4%	7.3%	9.6%
Single Person Non-Elderly			
Cost Burdened >30%	31.5%	26.3%	29.2%
Severely Cost Burdened >50%	15.7%	10.6%	13.4%
Small Fam 2-4 Persons			
Cost Burdened >30%	27.1%	14.0%	17.2%
Severely Cost Burdened >50%	12.7%	4.6%	6.5%
Large Fam 5+ Persons			
Cost Burdened >30%	26.4%	15.7%	18.3%
Severely Cost Burdened >50%	12.6%	5.1%	6.9%

Source: 2000 Chas Data

Migration Patterns

Following are tables that show the migration patterns into and out of Pemiscot County and the net migration totals between 2004 and 2007.

The migration tables indicate that from 2004 to 2007 Pemiscot County attracted a little more than 300 new households annually, but also lost approximately 380 households annually, for a net migration loss in each year over that period.

Gross Annual Household In-Migration								
Pemiscot County, Missouri								
County of Origin	2007		2006		2005		2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	334	100%	321	100%	303	100%	289	100%
Total In-Migration Same State	127	38%	134	42%	119	39%	120	42%
Total In-Migration Out of State	207	62%	187	58%	184	61%	169	58%
Mississippi County, AR	59	18%	46	14%	46	15%	39	13%
Dunklin County, MO	34	10%	48	15%	42	14%	40	14%
New Madrid County, MO	25	7%	27	8%	20	7%	18	6%
Dyer County, TN	19	6%	21	7%	16	5%	13	4%
All Other Counties	197	59%	179	56%	179	59%	179	62%

Source: Internal Revenue Service

Gross Annual Household Out-Migration								
Pemiscot County, Missouri								
Destination County	2007		2006		2005		2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	400	100%	394	100%	389	100%	376	100%
Total Out-Migration Same State	187	47%	168	43%	151	39%	172	46%
Total Out-Migration Out of State	213	53%	226	57%	238	61%	204	54%
Mississippi County, AR	46	12%	50	13%	54	14%	52	14%
Dunklin County, MO	78	20%	63	16%	66	17%	55	15%
New Madrid County, MO	30	8%	26	7%	17	4%	22	6%
Dyer County, TN	28	7%	30	8%	32	8%	14	4%
All Other Counties	218	55%	225	57%	220	57%	233	62%

Source: Internal Revenue Service

Net Annual Household Migration				
Pemiscot County, Missouri				
County	2007 Number	2006 Number	2005 Number	2004 Number
Mississippi County, Ar	13	-4	-8	-13
Dunklin County, MO	-44	-15	-24	-15
New Madrid County, MO	-5	1	3	-4
Dyer County, TN	-9	-9	-16	-1
All Other Counties	-21	-46	-41	-54
Net Migration	-66	-73	-86	-87

Source: Internal Revenue Service

Units in Structure

Units in Structure (2000)		
Caruthersville, Missouri		
Type	Number	Percentage
1, detached	2,094	69.8%
1, attached	135	4.5%
2	235	7.8%
3 or 4	139	4.6%
5 to 9	68	2.3%
10 to 19	83	2.8%
20 or more	119	4.0%
Mobile Home	125	4.2%
Total	2,998	100.0%

Source: U.S. Census Bureau

Year Structure Built

Year Structure Built (2000)		
Caruthersville, Missouri		
Year	Number	Percentage
1999 to March 2000	44	1.5%
1995 to 1998	68	2.3%
1990 to 1994	65	2.2%
1980 to 1989	239	8.0%
1970 to 1979	754	25.1%
1960 to 1969	639	21.3%
1950 to 1959	839	27.9%
1949 or earlier	354	11.8%

Source: U.S. Census Bureau

Building Permits

The building permit records for Caruthersville from the U.S. Census Bureau show that over the last few years there have only been permits issued for single family units.

Building Permits - Caruthersville, Missouri				
Units in Bldg.	Units			
	2007	2006	2005	2004
1	4	7	6	7
2	0	0	0	0
3 to 4	0	0	0	0
5 +	0	0	0	0
Total	4	7	6	7

Source: US Census Bureau

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SECTION V

REVIEW OF PREVIOUS DOWNTOWN HOUSING MARKET STUDIES

The City of Caruthersville does not have any studies that contain plans specifically related to housing in the Downtown area.

The FEMA Community Long-Term Recovery Plan developed in July 2006 in response to the storm damage includes a housing component. It is estimated that housing damage occurred to more than 1,000 households in Pemiscot County, with over 900 households damaged in Caruthersville. The housing component of this plan focuses on replacement housing, rehabilitation assistance, developing a range of housing options, building housing capacity, and neighborhood revitalization.

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SECTION VI

EXISTING HOUSING

DOWNTOWN HOUSING

The housing in the DREAM Study Area consists primarily of older single family homes, most of which exhibit physical defects and deferred maintenance. There are also some multifamily properties in Downtown in the form of small apartments, duplexes, and a senior affordable housing development. Some of these properties also have defects and suffer from deferred maintenance.

No residential units were noted on the upper floors of Downtown commercial buildings.

SINGLE FAMILY HOUSING

The single family housing market in Caruthersville does not appear to be very active. Evidence of this is the limited number of homes for sale in the market. The multiple listing service website www.realtor.com shows very few residential listings for Caruthersville. A field survey of the market yielded very few "for sale" signs. Another indication of an inactive market is the fact that there are very few real estate brokers with offices in the community. Many homes are sold "by owner".

The single family housing inventory generally ranges in age from relatively new to 100+ years. Newer homes are primarily in the southern area of Caruthersville and many are replacement homes for residences lost to the tornados in 2006.

MARKET RATE RENTAL HOUSING

A survey was made of market rate rental housing options in Caruthersville. An attempt was made to obtain information on as many of the market rate rental housing options in the community as possible. In many cases no contact information for owners existed, contacts did not return phone calls, or private owners were reluctant to provide rental information for inclusion in this study. The information obtained appears to contain most of the larger rental developments in the market and is considered to be a good representation of the market rate rental housing market in Caruthersville.



B & D Rental Units

18th and Truman Boulevard.

Caruthersville, Missouri

573-333-1312

14 Units

8-2Br WU units @ \$550

6-2Br Duplex units @ \$600

Good Occupancy

These units appear to be the best of the market rate rental units in terms of condition, age, and appeal.



B & D Rental Units

573-333-1312

901 U Highway

Caruthersville, Missouri

14 Units

14-2Br WU units @ \$450

Good Occupancy



Slentz Apartments

4th and Highland
Caruthersville, Missouri

573-333-2328

12 units

8-2Br units @ \$400

4-3Br units @ \$450

Good occupancy and waiting list

The primary appeal of these units is reported to be the spacious amount of square footage, which ranges from 1,000 to 1,500 square feet.

Reeves Housing

Westwood and Truman
Caruthersville, Missouri

573-333-0458

8 units

4-1Br units @ \$300

4-2Br units @ \$350

Good occupancy



Fox Estates

15th and Schults
Caruthersville, Missouri

573-333-1228

10-2 Br units @ \$325

Good occupancy



306 E. 3rd Street
Caruthersville, Missouri
573-333-4534
4-Br unit @ \$550

202 E. 8th Street
Caruthersville, Missouri
573-333-4534
2-Br unit @ \$400



611 W. 8th
Caruthersville, Missouri
573-333-4534
3-Br unit @ \$500



802 Grand
Caruthersville, Missouri
573-333-4534
2-Br unit @ \$400

941 Washington
Caruthersville, Missouri
573-333-4534
2-Br units @ \$400



Apartments
7th and Walker
Caruthersville, Missouri



Apartments
300 Block of Carleton
Caruthersville, Missouri

Apartments
300 Block of Carleton
Caruthersville, Missouri



Apartments
Westwood near Truman
Caruthersville, Missouri



Duplexes
4th and Eastwood
Caruthersville, Missouri

Fourplex
8th and Grand
Caruthersville, Missouri



Fourplex
5th and Walker
Caruthersville, Missouri

Typical Rents

Not many one bedroom market rate rental units were found in the Market Area. The one bedroom units that were found were converted from strip commercial units and currently rent for \$300. A more conventional-style unit in average condition would probably rent for around \$350. The two bedroom units surveyed ranged in rents from \$325 to \$600. The high side of the range was newer single-story ranch villas, with attached garages. The older two bedroom apartments tended to rent for around \$400. Only three units of three bedrooms or more were found and they had rents that ranged from \$450 to \$550. The high side of the range was for a four bedroom single family house.

Occupancy

Two signs that the occupancy of market rate rental units is fairly strong is the lack of "for rent" signs that were noted in the community and the small number of rental units being advertised in the local newspaper.

Under Construction/Consideration

The surveyor did not note any new market rate rental developments under construction or under consideration.

SENIOR AFFORDABLE RENTAL HOUSING

A survey was made of senior affordable rental housing options in Caruthersville. Following is basic information regarding the developments surveyed:



601 West 3rd Street
Caruthersville, Missouri
Riverview Apartments
731-285-7851
40 Units
10-0Br units
30-1Br units
All units are rent subsidized.
Good occupancy with waiting list

Caruthersville Housing Authority Units

Various sites around the community
Caruthersville, Missouri
573-333-4461
304 units
126-1Br units
78-2Br units
74-3Br units
26-4Br units
All units are rent subsidized
Income limits apply
Good occupancy
Majority of 1Br units house elderly tenants



Caruthers Villa
1 Marlar Road
Caruthersville, Missouri
573-448-3000
12-1Br units
All units are rent subsidized
Income limits apply
Good occupancy and waiting list

Typical Rent Range

The amount of the tenant portion of rent for the affordable senior units in Caruthersville, is generally limited to 30% of household income. The remaining portion is a project based rent subsidy.

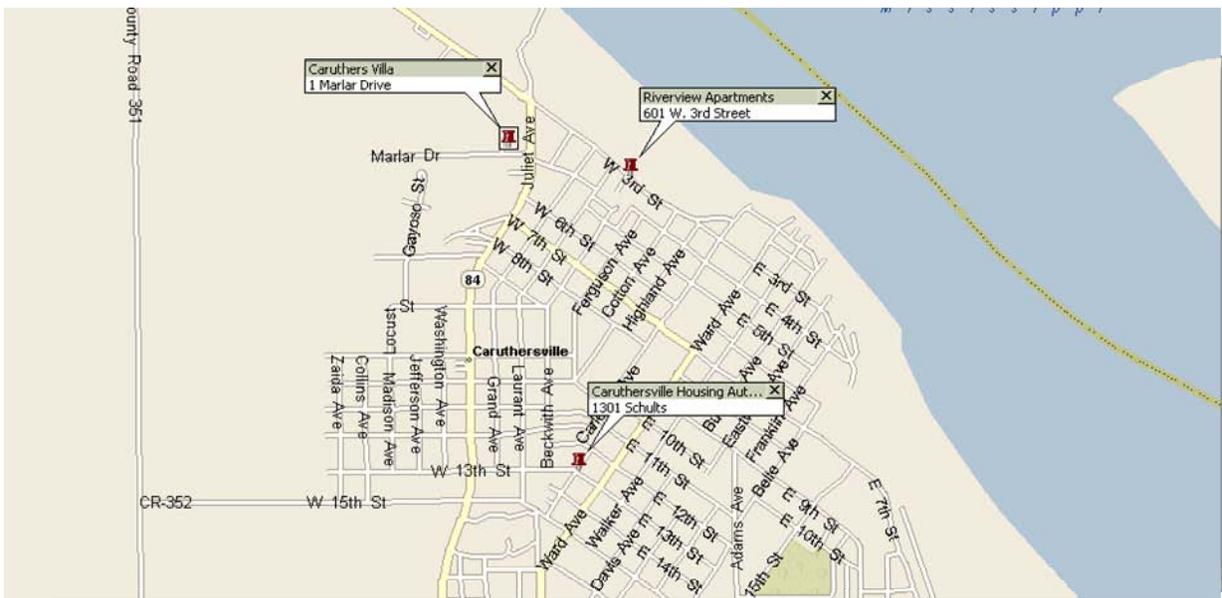
Occupancy

All of the affordable senior housing developments are limited to low income households, are reported to have good occupancy, and, in some cases, waiting lists.

Under Construction/Consideration

At the current time there are no affordable senior developments under construction or consideration in Caruthersville of which the analyst is aware.

Following is a map of the location of the affordable senior rental developments in Caruthersville:



FAMILY AFFORDABLE RENTAL HOUSING

A survey was made of affordable family rental housing options in Caruthersville. Following is basic information regarding the developments surveyed:



Charles J. Lundermann Estates
Near 18th and Compress
Caruthersville, Missouri
573-488-3000
15-3Br units @ \$445
Good occupancy with waiting list
Income limits apply
These units are the best affordable family units in the market in terms of condition, age, and overall appeal.

Taven Apartments
1008 Marlar Rd.
Caruthersville, Missouri
573-333-2775
76 units
32-2Br units
32-3Br units
12-4Br units
Units are rent subsidized
Income limits apply
Occupancy is fair



Caruthersville Housing Authority Units
Various sites around the community
Caruthersville, Missouri
573-333-4461
304 units
126-1Br units
78-2Br units
74-3Br units
26-4Br units
All units are rent subsidized
Income limits apply
Good occupancy
Majority of 1Br units house elderly tenants



Central Garden Apartments

201 E. 16th Street

Caruthersville, Missouri

This was originally a 40 unit affordable family development that was severely damaged by a tornado a few years ago. A couple of buildings have been razed and a couple of boarded-up buildings remain. The surveyor is unaware of any plans to repair and replace the buildings.

Typical Rent Range

Rents at the Housing Authority units and the Taven Apartments are subsidized by project based Section 8. Rents at the Charles J. Lundermann Estates units are lower than market rate due to the tax credit subsidy used to finance the construction, but tenants are required to pay the full amount of rent.

Occupancy

The Charles J. Lundermann Estates units and the Caruthersville Housing Authority units are reported to have good occupancy. The newer Lundermann Estates units also have a waiting list for units. The Taven Apartments has vacancies reportedly due to what prospective tenant's perceive as a less than desirable condition of the overall development and the units.

Under Construction/Consideration

The analyst is unaware of any affordable housing family apartments that are currently under construction or consideration. There currently are no plans to repair or replace buildings at the Central Garden Apartment site.

Following is a map of the location of the affordable family rental developments in Caruthersville:



SECTION VII

IDENTIFICATION OF PRIMARY AND SECONDARY MARKET AREAS

The Primary Market Area is considered to be the area from which the majority of the market demand for Downtown housing in Caruthersville is expected to be drawn. This is generally an irregular shaped geographic area that extends from the outer boundaries of the target market (Downtown) for miles, and may include many nearby communities and rural areas where households reside that would readily consider available housing options in the target market. After surveying the target market and the surrounding areas of the community, taking into consideration the opinions of local market participants, and considering the migration patterns of the area, it is the opinion of the analyst that the primary market area of the Caruthersville Downtown housing market is all of the City of Caruthersville, the nearby communities of Hayti and Hayti Heights, and the adjoining rural areas around those communities.

PRIMARY MARKET AREA

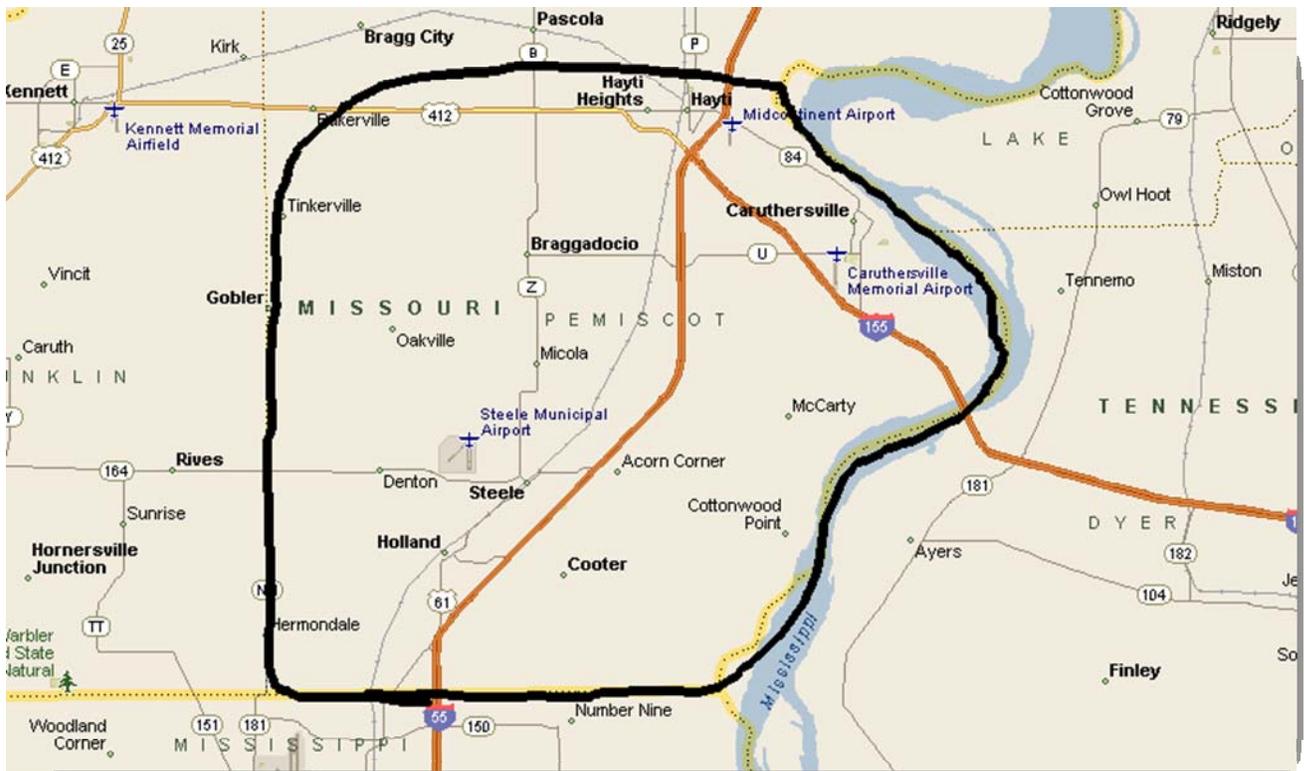
The following map shows the area that is considered to be the Primary Market Area for purposes of this report.



SECONDARY MARKET AREA

The Secondary Market Area of Caruthersville is the area surrounding the Primary Market Area that also contains households that could be attracted to residential housing in Downtown Caruthersville. The number of households generating residential demand in this market area will be significantly less than the Primary Market Area, but will still make up part of the overall Downtown housing demand and should be considered.

The following map shows the area that is considered to be the Secondary Market Area for purposes of this report.



SECTION VIII

POTENTIAL RESIDENTIAL DOWNTOWN HOUSING DEMAND

OVERVIEW

The purpose of this study is to determine if residential development would benefit Downtown revitalization efforts in Caruthersville. Aspects of residential demand such as the household type(s) that would comprise the likely residential market for Downtown housing, the type of housing that could be in demand, and the estimated households from the overall market that can be captured for residential units in Downtown are considered.

Many older downtowns have suffered from urban sprawl as new apartments, residential subdivisions, shopping centers, and commercial strip malls have been developed outside of the central business district. As tenants, homeowner households, and business consumers became attracted to the housing and shopping destinations outside of downtowns, the housing and retail demand in downtowns across the country decreased dramatically. The result in many cases has been empty and underutilized buildings.

Downtown Caruthersville has some vacant and underutilized buildings, but the cause for the vacancies and underutilization of the commercial space does not appear to be caused by growth in other areas of the community. The cause seems to be the population loss and the weak overall economic conditions of the area. Weak economic conditions have made it difficult for the community to retain and attract businesses, particularly in Downtown.

Caruthersville was also hurt by a series of tornados in 2006 that destroyed and damaged many buildings. Since then, a few new buildings have been built to replace some of the damaged and destroyed properties, but there are still gaps between buildings, particularly on the west side of the 300 and 400 block of Ward Avenue.



Would additional residential units complement the efforts to revitalize Downtown?

In many urban communities across the country the revitalization of downtowns has involved an increase in the population of permanent residents. Permanent residents provide a neighborhood energy that has many positive social and economic benefits. Higher population density in downtowns promotes greater interaction as people are more likely to take advantage of the walkable urbanity that the downtown offers. It can offer a quality of life not found in other areas of the community, especially if the area offers a concentrated mix of dining, entertainment, and retail venues. From an economic point of view an increase in the population of a downtown can provide a dedicated customer base for existing and new businesses. It can have a positive impact on the demand, value, and consequently the tax base, of real estate. It can motivate existing property owners to improve their property and cure some of the eyesores that are vacant or deteriorated buildings.

Smaller communities like Caruthersville should also benefit from an increase in the permanent Downtown population. The results may not be as dramatic as in a larger community, but any increase in the permanent population should make a positive contribution to Downtown revitalization efforts. New housing units could play a role Downtown revitalization, but its contribution will be small compared to other initiatives like tourist-driven commercial development, incentives to attract businesses, financial assistance for building rehabilitation, or enforcement activities to induce commercial and residential property owners in the area to cure deficiencies that cause economic obsolescence in the area.

What types of housing should be considered in the Caruthersville Downtown Market Area?

When thinking about the impact of demographic structures and changes in housing demand, it is important to watch trends with respect to three critical age groups, which tend to represent the three major stages of a household's life cycle:

- 25-34: includes mostly young, married households, with no children, demanding mostly rental housing and smaller, lower-priced, single family units or apartments (this is referred to as the pre-nest stage of the life cycle)
- 35-54: encompasses launching and maturing (move-up) families, demanding mostly owner-occupied housing and larger, higher-quality, single family units, depending on income (this is referred to as the full-nest stage)
- 55 and older: includes older households, demanding mostly owner-occupied housing and smaller, single family units, condominiums, or apartments, depending on income (this is referred to as the empty-nest stage)

The type of housing units to be added to the housing inventory in Downtown Caruthersville that could complement revitalization efforts are units that will be marketable generally to households with no children. Downtown is not an ideal neighborhood for households with children because of the high amount of vehicular traffic, evening pedestrian traffic, and the lack of play areas. Generally young singles and couples with no children and older adults 55 and older that may be

looking to downsize their housing situation, or who may be attracted to new housing options, will create most residential market demand for Downtown.

Young adult households could create a market for new, substantial, or moderately rehabbed units. Older adults most likely will only be drawn to Downtown housing options that are new or substantially updated.

Young adult households that are still very mobile and in the prime of their income earning capacity could add energy to Downtown. Their presence could encourage a pedestrian friendly atmosphere that would be unique in the community.

Older households, some of which may be retired, could contribute to the area by adding to the social diversity of Downtown. They could also encourage a pedestrian friendly atmosphere and bring their economic weight, which could entice new businesses to meet their needs.

The type of housing options that should be increased in Downtown Caruthersville likely to have the best impact on revitalization efforts are market rate rental housing for young and older households, generally with no children, or affordable housing for limited income senior households.

Where are the households that form the potential market for housing in the Caruthersville Downtown Market Area likely to come from?

The demand for units in Downtown Caruthersville will come from households that live in and around the City, some of which are presently residing in housing that is potentially overcrowded, in substandard condition, or more expensive than they can easily afford. Demand may also come from households with larger housing than they want at this stage in their life or from local households that are attracted to the loft-style apartments that are unique to Downtown.

Where are potential locations for new residential units in the DREAM Study Area?

There are buildings in the DREAM Study Area along Ward Avenue that appear to have some vacancies. These are storefront buildings that generally seem to be in average to fair condition and may be suitable for rehabilitation of upper or lower floors into housing units. There are also vacant warehouse and manufacturing buildings in Downtown or nearby that are in poor condition and could be demolished to make the land available for new infill development. There are also a few existing vacant tracts of land that may have residential development potential.

Rehabbing or converting commercial buildings to residential may be the highest and best use of some vacant space, but will only be possible if it's financially feasible. The limited incomes and rents in the market limit the viability of such projects because the rental income is not sufficient to service debt required to do the rehabilitation and provide the owner with an adequate rate of return. Without the assurance of tenant rent subsidies, grants, or other soft funding sources, the production of vacant space into residential units may not be feasible by local owners.

Rehabbing larger buildings in Downtown Caruthersville may require a professional real-estate developer and several sources of subsidy funding. In many small communities, these types of

rehabilitations were only feasible because of federal and state historic tax credits. Rehabilitation costs for qualified buildings could be entitled to a 20% Federal Historic Tax Credit and a 25% Missouri Historic Tax Credit. In order to be eligible the building either has to be listed on the National Register of Historic Places or be a contributing element of a historic district that is listed on the National Register of Historic Places. In Missouri, the application for a building or district is made through the Missouri Department of Natural Resources.

Following are photos of some of the buildings and vacant upper floor space that have the potential for residential development in Downtown.

The following building is located at the northeast corner of 3rd Street and Ward Avenue and may qualify for federal and state historic tax credit.



Photos on the following page depict buildings with upper floor space that could be converted or rehabilitated for residential use in Downtown Caruthersville. As noted earlier, although they have the potential to be adapted for residential space the cost to improve the space may be prohibitive. Similar projects have been completed in other communities by commercial business owners that create a vibrant living and working space. They have also occurred with financially sound local investors that were willing to provide sufficient equity capital. Typically such investors have a strong commitment or tie to the community and are willing to donate their equity for the benefit of the area.

Even if it is not feasible to improve upper floor spaces for residential use, it would benefit Downtown revitalization efforts if owners could provide window treatments to help eliminate the vacant space look. This activity will help reduce the evidence of blight and have positive economic benefits in the form of real-estate market appeal, increased property values, and increased tax revenue. The illusion of prosperity is much better than the present illusion of blight.



Following are examples of Downtown Caruthersville upper floor spaces that do not look blighted and are positively influencing the marketability of the area.



What is the estimated number of households that could create residential household demand in the Caruthersville Downtown Market Area?

In order to estimate the number of households that could create residential housing demand in the Caruthersville Downtown Market Area it is necessary to estimate demand for the Caruthersville residential market as a whole. The next step is to apply a Downtown capture rate to the total number of households that form the entire Caruthersville residential demand. The Downtown capture rate represents the percentage of households in the entire Caruthersville residential market that could create the residential demand in Downtown.

Claritas, Inc., a leading national demographic data provider, working with another company, Ribbon Demographics, has recently developed a unique data product that is designed specifically for housing analysis. The product is called HISTA. HISTA breaks households down by income, size, tenure and broad age groups. It is a custom four way cross-tabulation of household data; not extrapolations of SF3 data and eliminates the need for the analyst to perform various extrapolation steps, which is not as accurate as cross-tabulation.

Following are HISTA (Households by Income, Size, Tenure, and Age) tables for the primary market area that are used for the potential household demand analysis.

Owner And Renter Households 2008

Owner Households Under Age 55 Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	37	24	18	2	3	84
\$10,000-20,000	24	24	6	26	20	100
\$20,000-30,000	33	26	35	36	22	152
\$30,000-40,000	8	32	24	41	11	116
\$40,000-50,000	13	32	43	24	31	143
\$50,000-60,000	0	38	16	5	27	86
\$60,000+	8	79	101	70	5	263
Total	123	255	243	204	119	944

Owner Households Aged 55-61 Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	31	11	0	0	0	42
\$10,000-20,000	16	14	3	4	4	41
\$20,000-30,000	25	8	5	7	0	45
\$30,000-40,000	5	26	4	7	0	42
\$40,000-50,000	4	39	9	0	0	52
\$50,000-60,000	5	2	8	2	5	22
\$60,000+	0	57	13	6	0	76
Total	86	157	42	26	9	320

Owner Households Aged 62+ Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	158	9	2	0	0	169
\$10,000-20,000	132	73	3	4	3	215
\$20,000-30,000	29	88	7	0	0	124
\$30,000-40,000	24	38	15	3	3	83
\$40,000-50,000	46	48	4	4	0	102
\$50,000-60,000	8	23	5	0	0	36
\$60,000+	25	51	26	5	7	114
Total	422	330	62	16	13	843

Renter Households Under Age 55 Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	164	81	132	59	61	497
\$10,000-20,000	131	71	76	53	84	415
\$20,000-30,000	26	36	32	64	34	192
\$30,000-40,000	51	35	18	17	37	158
\$40,000-50,000	6	21	4	20	27	78
\$50,000-60,000	7	3	3	13	6	32
\$60,000+	8	37	21	11	5	82
Total	393	284	286	237	254	1,454

Renter Households Aged 55-61 Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	29	3	7	0	0	39
\$10,000-20,000	32	7	6	2	4	51
\$20,000-30,000	0	9	8	0	2	19
\$30,000-40,000	6	0	4	0	3	13
\$40,000-50,000	0	0	0	0	0	0
\$50,000-60,000	2	2	2	2	4	12
\$60,000+	0	0	0	0	0	0
Total	69	21	27	4	13	134

Renter Households Aged 62+ Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	170	13	7	0	0	190
\$10,000-20,000	73	26	5	0	0	104
\$20,000-30,000	7	5	0	0	3	15
\$30,000-40,000	29	6	0	0	4	39
\$40,000-50,000	0	0	0	0	0	0
\$50,000-60,000	0	5	0	0	0	5
\$60,000+	6	0	0	0	0	6
Total	285	55	12	0	7	359

Owner and Renter Households 2013

Owner Households Under Age 55 Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	28	18	15	1	2	64
\$10,000-20,000	20	18	6	19	15	78
\$20,000-30,000	28	20	25	31	21	125
\$30,000-40,000	8	26	22	37	9	102
\$40,000-50,000	9	27	27	18	25	106
\$50,000-60,000	0	42	18	4	37	101
\$60,000+	8	84	105	75	7	279
Total	101	235	218	185	116	855

Owner Households Aged 55-61 Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	32	9	0	0	0	41
\$10,000-20,000	13	12	4	4	3	36
\$20,000-30,000	26	6	4	7	0	43
\$30,000-40,000	5	20	4	3	0	32
\$40,000-50,000	4	40	8	0	0	52
\$50,000-60,000	6	3	8	2	4	23
\$60,000+	0	72	16	6	0	94
Total	86	162	44	22	7	321

Owner Households Aged 62+ Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	129	6	1	0	0	136
\$10,000-20,000	115	56	2	3	1	177
\$20,000-30,000	28	106	8	0	0	142
\$30,000-40,000	22	28	9	2	2	63
\$40,000-50,000	72	39	3	4	0	118
\$50,000-60,000	8	28	10	0	0	46
\$60,000+	42	63	30	5	6	146
Total	416	326	63	14	9	828

Renter Households Under Age 55 Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	154	64	111	53	53	435
\$10,000-20,000	128	63	65	44	74	374
\$20,000-30,000	21	32	34	64	37	188
\$30,000-40,000	57	33	17	16	34	157
\$40,000-50,000	8	15	5	23	26	77
\$50,000-60,000	10	9	9	13	6	47
\$60,000+	12	44	25	14	6	101
Total	390	260	266	227	236	1,379

Renter Households Aged 55-61 Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	27	2	7	0	0	36
\$10,000-20,000	32	6	5	2	3	48
\$20,000-30,000	0	10	12	0	4	26
\$30,000-40,000	8	0	5	0	2	15
\$40,000-50,000	0	0	0	0	0	0
\$50,000-60,000	3	4	4	3	2	16
\$60,000+	0	0	0	0	0	0
Total	70	22	33	5	11	141

Renter Households Aged 62+ Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	152	11	5	0	0	168
\$10,000-20,000	77	22	3	0	0	102
\$20,000-30,000	12	8	0	0	2	22
\$30,000-40,000	29	5	0	0	2	36
\$40,000-50,000	0	0	0	0	0	0
\$50,000-60,000	0	14	0	0	0	14
\$60,000+	11	0	0	0	0	11
Total	281	60	8	0	4	353

HOME OWNERSHIP HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential home ownership demand in Downtown Caruthersville over the next few years. Generally the demand for home ownership in reviving downtowns follows a period of time in which renter households reestablish the area as a desirable place to live by creating a rental market. Once the area proves itself to be a desirable and safe place to live it attracts households with sufficient credit, net worth, and desire to make a long-term investment.

In the case of Caruthersville, the Downtown home ownership market for loft-style condos and townhouses has not yet developed, and may never develop. Some of the things that make home ownership of loft-style condos popular in larger urban communities are not present in smaller communities like Caruthersville. Larger urban communities generally have a significant number of jobs still within the central business district and a variety of eating, drinking, and entertainment venues. Caruthersville also seems to have many affordable single family homes in desirable neighborhoods that would strongly compete with Downtown loft-style condos.

Another factor regarding home ownership demand in Downtown that must be considered is the nationwide downturn in housing, which has adversely affected property values and limited mortgage financing options for prospective homebuyers. For the above reasons no home ownership demand analyses was prepared for Downtown.

MARKET RATE RENTAL HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential market rate rental housing demand in Downtown Caruthersville over the next few years. The largest amount of the market rate rental housing demand is expected to come from young working households (age 25-34), generally with no children, or a very limited number of children.

The demographic data that will be used in this analysis does segment renter households in the Caruthersville market by age, but not specifically by the age range of 25 to 34. It does segment renter households of the age of 55 or less. Because the lion’s share of renter households in most communities in Missouri are younger than 35 years old, for purposes of this analysis it will be assumed that the target age group of age 25 to 34 will represent at least 85% of the estimated and projected demographic data totals.

Following is the quantitative analysis of the potential market rate rental housing demand for households that could be attracted to market rate rental housing in Downtown Caruthersville:

Market Rate Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2008)				
		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 450	\$ 585	\$ 725
2	Percentage of Income to Housing	25%	25%	25%
3	Minimum Income (Affordability)	\$ 21,600	\$ 28,080	\$ 34,800
4	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2008)	140	95	99

5	Percentage of Annual Turnover of Existing HH	25%	25%	20%
6	PMA Qualified Household Demand (2008)	35	24	20
7	SMA Qualified Household Demand (2008)	7	5	4
8	PMA and SMA Market Rate Rental Potential Household Demand (2008)	42	29	24
	PMA Qualified Households (2013)	1BR	2BR	3BR
9	Gross Rent (includes utility costs paid by tenants)	\$ 497	\$ 646	\$ 800
10	Percentage of Income to Housing	25%	25%	25%
11	Minimum Income (Affordability)	\$ 23,846	\$ 31,000	\$ 38,419
12	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2013)	145	96	88
13	Percentage of Annual Turnover of Existing HH	25%	25%	20%
14	PMA Qualified Household Demand (2013)	36	24	18
15	SMA Qualified Household Demand (2013)	7	5	4
16	PMA and SMA Market Rate Rental Potential Household Demand (2013)	44	29	21
17	PMA and SMA Qualified Household Growth/Decline (2008-2013)	2	0	-3
18	Caruthersville Market Rate Family Rental Demand	42	29	23
19	Downtown Caruthersville Market Area Capture Rates	20%	20%	10%
20	Downtown Caruthersville Market Rate Family Rental Demand	1BR	2BR	3BR
		8	6	2

Line 6 is a current estimate (2008) of the total number of existing income qualified households that form the potential rental housing demand from the Primary Market Area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the estimated annual turnover rate of renter households, and the HISTA data.

Line 7 is a current estimate of the total number of income qualified households that form the potential housing demand from the Secondary Market Area. The estimate was made by considering that 10% to 15% of the demand for rental housing developments could come from the Secondary Market Area.

Line 8 is an estimate of the potential rental housing demand in the market area in 2008.

Line 14 is a projection (2013) of the total number of income qualified households that could form the potential rental housing demand from the Primary Market Area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the estimated annual turnover rate of renter households, and the HISTA data.

Line 15 is a projection of the total number of income qualified households that form the potential rental housing demand from the Secondary Market Area. The projection was made by considering that 10% to 15% of the demand for rental housing units could come from the Secondary Market Area.

Line 16 is a projection of the potential rental housing demand in the market area in 2013.

Line 17 is a projection of household growth/decline between 2008 and 2013.

Line 18 is the average annual potential demand that is calculated by considering the current demand in 2008 and the annual growth or decline between 2008 and 2013.

Line 19 is the estimated capture rates for the Downtown Market Area. It is an estimate of the percentages of households in the primary and secondary market areas that would consider rental units in the Downtown Market Area by bedroom size.

Line 20 is an annual projection of the number of households that are expected to be in the market area between 2008 and 2013 that could be attracted to market rate rental units in the Downtown Market Area. This is a point-in-time estimate and could change based on fluctuations in the supply housing between this point in time and 2013.

MARKET RATE RENTAL HOUSING

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	8
Two Bedrooms	6
Three Bedrooms.....	2
Total	16

AFFORDABLE FAMILY RENTAL HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential affordable family rental housing demand in Downtown Caruthersville over the next few years. In many downtowns in the midst of a revitalization process, rental housing starts the repopulation of the area by offering housing options to the pioneering households. In many unproven markets affordable rental housing is one of the first types of new housing that is developed because the various subsidy programs help to ensure project feasibility in risky markets.

In the case of Caruthersville good quality affordable family housing units could complement Downtown revitalization efforts by providing workforce housing for lower income households and by utilizing vacant tracts.

Following is the quantitative analysis and an explanation of the process used in the analysis:

Affordable Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2008)				
		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 400	\$ 500	\$ 600
2	Percentage of Income to Housing	35%	35%	35%
3	Minimum Income (Affordability)	\$ 13,714	\$ 17,143	\$ 20,571
4	Maximum Income (Tax Credit Limits)	\$ 21,480	\$ 26,880	\$ 31,200
5	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2008)	154	78	100
6	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>20%</u>
7	PMA Qualified Household Demand (2008)	39	20	20
8	SMA Qualified Household Demand (2008)	8	4	4
9	PMA and SMA Affordable Family Rental Potential Hshld Demand (2008)	46	23	24
PMA Qualified Household Demand (2013)				
		1BR	2BR	3BR
11	Gross Rent (includes utility costs paid by tenants)	\$ 442	\$ 552	\$ 662
12	Percentage of Income to Housing	35%	35%	35%
13	Minimum Income (Affordability)	\$ 15,141	\$ 18,926	\$ 22,711
14	Maximum Income (Tax Credit Limits)	\$ 23,714	\$ 29,676	\$ 34,445
15	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2013)	111	77	100
16	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>20%</u>

17	PMA Qualified Household Demand (2013)	28	19	20
18	SMA Qualified Household Demand (2013)	6	4	4
19	PMA and SMA Affordable Family Rental Potential Hshld Demand (2013)	33	23	24
20	PMA and SMA Qualified Household Growth/Decline (2008-2013)	-13	0	0
		1BR	2BR	3BR
21	Caruthersville Affordable Family Rental Demand	44	23	24
22	Downtown Caruthersville Market Area Capture Rates	30%	30%	20%
		1BR	2BR	3BR
23	Downtown Caruthersville Affordable Family Rental Demand	13	7	5

Line 7 is a current estimate (2008) of the total number of existing limited income households that form the potential affordable rental housing demand from the Primary Market Area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of renter households, and the HISTA data.

Line 8 is a current estimate of the total number of limited income households that form the potential affordable housing demand from the Secondary Market Area. The estimate was made by considering that 15% to 20% of the demand for affordable rental housing developments typically comes from the Secondary Market Area.

Line 9 is an estimate of the potential affordable housing demand in the market area in 2008.

Line 17 is a projection (2013) of the total number of limited income households that form the potential affordable rental housing demand from the Primary Market Area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of renter households, and the HISTA data.

Line 18 is a projection of the total number of limited income households that form the potential affordable housing demand from the Secondary Market Area. The projection was made by considering that 15% to 20% of the demand for affordable rental housing developments typically comes from the Secondary Market Area.

Line 19 is a projection of the potential affordable housing demand from households in the market area in 2013.

Line 20 is a projection of qualified household growth/decline between 2008 and 2013.

Line 21 is an annual projection of the number of qualified households that are expected to be in the market area between 2008 and 2013 that could be attracted to affordable rental units in the Caruthersville market area.

Line 22 is the estimated capture rates for the Downtown market area. It is an estimate of the percentages of qualified households in the market areas that would consider affordable rental units in the Downtown market area by bedroom size.

Line 23 is an annual projection of the number of qualified households that are expected to be in the market areas between 2008 and 2013 that could be attracted to affordable rental units in Downtown.

AFFORDABLE FAMILY RENTAL HOUSING

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	13
Two Bedrooms	7
Three Bedrooms.....	<u>5</u>
Total	25*

*The total potential household demand shown above is based on the number of households that can afford to pay 100% of the rent. The demand will be higher if households are assisted with rent subsidy.

AFFORDABLE SENIOR RENTAL HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential affordable senior rental housing demand in Downtown Caruthersville over the next few years. As noted earlier, in many downtowns in the midst of a revitalization process, rental housing starts the repopulation of the area by offering housing options to the pioneering households. In many unproven markets affordable rental housing is one of the first types of new housing that is developed because of the various subsidy programs. These programs also appeal to the senior rental market which is often viewed as more acceptable.

In the case of Caruthersville good quality affordable senior housing units could complement Downtown revitalization efforts by adding social diversity to the area and utilizing vacant tracts.

Following is the quantitative analysis and an explanation of the process used in the analysis:

Affordable Senior Rental Potential Demand Analysis		
PMA Qualified Household Demand (2008)		
		1BR/2BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 450
2	Percentage of Income to Housing	50%
3	Minimum Income (Affordability)	\$ 10,800
4	Maximum Income (Tax Credit Limit)	\$ 21,480
5	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2008)	93
6	Percentage of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available	15%
7	Number of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available	14
8	Appropriate Sized, Income Qualified, <u>Owner Households, Age 62+ (2008)</u>	205
9	Percentage of Existing Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	5%
10	Number of Existing Senior <u>Owner</u> Households Likely to Move If New Affordable Rental Housing Were Available	10
11	PMA Qualified Household Demand (2008)	24
12	SMA Qualified Household Demand (2008)	5
13	PMA and SMA Affordable Senior Housing Potential Hsld Demand (2008)	29

	PMA Projected Qualified Household Growth 2008-2013	1BR/2BR
14	Gross Rent (includes utility costs paid by tenants)	\$ 497
15	Percentage of Income to Housing	50%
16	Minimum Income (Affordability)	\$ 11,923
17	Maximum Income (Tax Credit Limit)	\$ 23,714
18	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2013)	87
19	Percentage of Projected Senior Renter Households Likely to Move if New Affordable Housing Were Available	15%
20	Number of Projected Senior Renter Households Likely to Move if New Affordable Housing Were Available	13
21	Appropriate Sized, Income Qualified, <u>Owner</u> Households, Age 62+ (2013)	187
22	Percentage of Projected Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	5%
23	Number of Projected Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	9
24	PMA Qualified Household Demand (2013)	22
25	SMA Qualified Household Demand (2013)	4
26	PMA and SMA Affordable Senior Housing Potential Hsld Demand (2013)	27
27	PMA and SMA Qualified Household Growth/Decline (2008-2013)	-2
28	Caruthersville Affordable Senior Rental Potential Demand	29
29	Downtown Caruthersville Market Area Capture Rate	70%
30	Downtown Market Area Affordable Senior Rental Potential Demand	20

Line 11 is a current estimate (2008) of the total number of existing senior households that forms the potential senior rental housing demand from the Primary Market Area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, the estimated annual turnover rate of existing senior renter households, estimated interest from senior homeowner households, and the HISTA data.

Line 12 is a current estimate of the total number of existing senior households that form the potential affordable rental housing demand from the Secondary Market Area. The estimate was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the Secondary Market Area.

Line 13 is an estimate of the potential affordable senior rental housing demand from households in the market areas in 2008.

Line 24 is a projection (2013) of the total number of existing senior households that form the potential senior rental housing demand from the Primary Market Area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, the estimated annual turnover rate of existing senior renter households, estimated interest from senior homeowner households, and the HISTA data.

Line 25 is a projection of the total number of existing senior households that form the potential affordable rental housing demand from the Secondary Market Area. The projection was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the Secondary Market Area.

Line 26 is a projection of the potential affordable senior rental housing demand from households in the market areas in 2013.

Line 27 is a projection of qualified household growth/decline between 2008 and 2013.

Line 28 is an annual projection of the number of qualified senior households that are expected to be in the market area between 2008 and 2013 that could be attracted to affordable senior rental units in the Caruthersville market area.

Line 29 is the estimated capture rate for the Downtown market area. It is an estimate of the percentage of qualified senior households in the market areas that would consider affordable rental units in the Downtown market area by bedroom size. Because the occupancy levels at the existing affordable senior developments in Caruthersville is strong it is reasonable to assume that any new, high quality senior affordable units that would become available in the Caruthersville market, and in particular Downtown, should be able to capture a significant portion of the available household demand.

Line 30 is a projection of the number of qualified senior households that are expected to be in the market areas between 2008 and 2013 that could be attracted to affordable senior rental units in Downtown Caruthersville. This is a point-in-time estimate and could change based on fluctuations in the affordable senior housing supply and demand.

AFFORDABLE SENIOR RENTAL HOUSING

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	6
Two Bedrooms	14
Total	20*

*The total potential household demand shown above is based on the number of households that can afford to pay 100% of the rent. The demand will be higher if households are assisted with rent subsidy.

QUANTITATIVE DEMAND ANALYSIS CONCLUSIONS

DOWNTOWN CARUTHERSVILLE AREA HOUSING DEMAND

<u>Housing Type</u>	<u>Potential Household Demand</u>
Home Ownership	0
Market Rate Rental	16
Affordable Family Rental	25
Affordable Senior Rental	20

The analyses concludes that after considering the Primary and Secondary Market Areas from which households could reasonably be expected to be drawn, the number of units shown above for each of the various housing types is a conservative estimate of the potential household demand for additional units in the Downtown area. This is a point-in-time estimate and could change based on fluctuations in the housing supply, economy, and demand factors considered.

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SECTION IX

DOWNTOWN RESIDENTIAL IMPLEMENTATION STRATEGY

Strategies and financial programs to consider in order to implement Downtown residential development include:

- Plan for a multifunctional Downtown in which housing complements other uses, such as employment, shopping, culture, entertainment, government, and tourism.
- Identify and give high priority to catalyst projects that have the ability to energize or raise the awareness level of Downtown.
- Identify available building and land space that could accommodate new residential units in Downtown and consult with the owners regarding their plans for the use, improvement, or sale of the building or land. The upper floors of many of the buildings in Downtown Caruthersville have the potential to be converted into unique rental housing spaces.
- Identify builders, developers, and investors that would be willing to produce or improve residential space in Downtown. Request developer lists from agencies like Missouri Housing Development Commission. Contact companies in the development industry and make them aware of opportunities that may exist to produce housing in Downtown Caruthersville.
- Encourage building designs and improvements that are comparable and complimentary to the existing architectural building designs in Downtown.
- Review applicable zoning and building codes to ensure they do not present barriers to Downtown residential development.
- Provide technical assistance and financial incentives where possible to support Downtown residential development. The proposed Downtown revolving loan program to assist owners with repairs to their buildings is a good example of the types of initiatives the community may have to implement to make improvements financially feasible. Consideration should also be given to seeking historic designations to buildings in Downtown whereby much needed historic tax credits would be made available to help finance development costs.
- Identify and try to mitigate all adverse conditions such as, lack of parking, traffic patterns, and vacant feel to buildings that may adversely affect the Downtown residential market.
- Encourage existing property owners in Downtown to properly maintain their property through aggressive code enforcement.
- Implement Downtown beautification programs and consider improvements that would help to increase visitor appeal. This could include sidewalk repair, planter boxes, new ornamental street lights, building murals, and decorative trash receptacles.
- Attract commercial businesses to Downtown that serve resident's and visitor's needs.

In order to fund larger developments or more expensive historic renovation projects, it may be necessary to utilize various government subsidy and incentive programs. Financial programs and incentives that could help to produce Downtown residential housing include:

- Historic Federal and State Tax Credit – These are one time federal and state tax credits that help to raise development equity through the sale of the tax credits to investors.
- Federal and State Affordable Housing Tax Credit – These are 10 year federal and state tax credits that help to raise development equity through the sale of tax credits to investors for affordable housing developments.
- Federal and State New Markets Tax Credit – This is a federal and state tax program that was intended to increase businesses and jobs in areas of low income concentration.
- Missouri Housing Development Commission Multifamily Loan Programs – The Commission administers both federal and state funds that can be used as loans or grants for the production of affordable housing.
- Hope VI Main Street Grants – This is a HUD administered grant program specifically designed to foster residential production in Downtown areas. Initial tenants must be low income, but subsequent tenants can be non-low income.
- 353 Property Tax Abatement – This is a 25 year tax abatement program that reduces the property taxes over a 25 year period for developments located in blighted areas.
- Tax Increment Financing – This program allow for the future real property taxes generated by a new development to be used to help to retire the debt required to finance the improvement.
- Brownfield Redevelopment Program – Is intended to provide incentives for the redevelopment of commercial/industrial sites that may have contamination caused by hazardous substances.
- Community Development Block Grant Program (CDBG) – This is a grant program to local communities to improve local facilities and to develop greater capacity for growth.
- Community Development Corporation (CDC) Grant Program – This is a state program where the Department of Economic Development will issue grants to a CDC to cover expenses directly linked to administering neighborhood initiatives.
- Enterprise Zone Tax Benefit – This is a state tax program that is designed to provide tax incentives to businesses that are creating new jobs.
- Industrial Development Bonds – Provides funding through the sale of tax exempt bonds for projects.

- Neighborhood Assistance Program – This is a program administered by Missouri Department of Economic Development that provides state tax credits to donors who make donations to local neighborhood project.
- MODESA – This is a program administered by Missouri Department of Economic Development that is intended to help facilitate the redevelopment of Downtown areas by diverting taxes from community projects to help pay for related infrastructure costs.
- Neighborhood Preservation Act – This is a state tax credit that is provided to a home owner or developer that either rehabilitates or builds a home that will be located in a distressed community.
- First Place Loan Program – This is a low interest loan and down payment assistance program designed for first time homebuyers.
- HeRO Program – This is a program administered by Missouri Housing Development Commission that provides home repair grants for owner occupied homes.
- Missouri Housing Trust Fund – This is a program administered by MHDC that provides funding for a variety of housing needs, such as homeless prevention, rehab or new construction of rental housing, rental assistance and home repair.
- Community Improvement Districts – This is a program that creates special districts that are able to assess special tax assessments to fund infrastructure and other improvements that would benefit the property owners in the district.

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SECTION X

ASSUMPTIONS AND LIMITING CONDITIONS

1. The area description supplied to the appraiser is assumed to be correct;
2. No survey of the area has been made or reviewed by the appraiser, and no responsibility is assumed in connection with such matters. Illustrative material, including maps and plot plans, utilized in this report are included only to assist the reader in visualizing the property. Area dimensions and sizes are considered to be approximate;
3. No responsibility is assumed for matters of a legal nature affecting title to properties in the area, nor is any opinion of title rendered. Property titles are assumed to be good and merchantable unless otherwise stated;
4. Information furnished by others is believed to be true, correct, and reliable. However, no responsibility for its accuracy is assumed by the appraiser;
5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property in the area is assumed to be under responsible, financially sound ownership and competent management;
6. It is assumed that there are no hidden or unapparent conditions to the subsoil or structures which would render the properties more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies which may be required to discover them;
7. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the area, was not observed by the appraiser.

However, the appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The conclusions in this report are predicated on the assumption that there are no such materials on or in the area that would cause a loss of value. No responsibility is assumed for any such conditions, or for the expertise required to discover them. The client is urged to retain an expert in this field if desired. The analysis and demand conclusions in this report are null and void should any hazardous material be discovered;

8. Unless otherwise stated in this report, no environmental impact studies were either requested or made in conjunction with this report. The appraiser reserves the right to alter, amend, revise, or rescind any opinions of demand based upon any subsequent environmental impact studies, research, or investigation;
9. It is assumed that there is full compliance with all applicable federal, state. And local environmental regulations and laws unless noncompliance is specified, defined, and considered in this report;

10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been specified, defined and considered in this report;
11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or federal governmental or private entity or organization have been or can be obtained or renewed for any use on which the demand estimate is based;
12. The appraiser will not be required to give testimony or appear in court because of having made this report, unless arrangements have previously been made;
13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the intended users without the written consent of the appraiser, and in any event, only with properly written qualification and only in its entirety;
14. The liability of the appraiser is limited to the intended users only. There is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the intended users, they shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions;
15. Acceptance and/or use of this report constitutes acceptance of the foregoing assumptions and limiting conditions.

SECTION XI

APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no interest in the market that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the within the market of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the market that is the subject of this report.
- **Robert Odell** provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.

By: **Steve Sillimon**-Certified General Real Estate Appraiser # RA003250
Missouri Housing Development Commission
April 23, 2009