

DOWNTOWN
REVITALIZATION &
ECONOMIC
ASSISTANCE FOR
MISSOURI

August 26, 2009

RESIDENTIAL DEMAND ANALYSIS

FINAL SURVEY
FINDINGS & RESULTS

Kirksville, Missouri



ACKNOWLEDGMENTS



DOWNTOWN REVITALIZATION AND ECONOMIC
ASSISTANCE FOR MISSOURI (DREAM)
PROGRAM SPONSORS:



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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

Steve Sillimon, the market analyst, is the staff appraiser for the Missouri Housing Development Commission.

INTENDED USE OF REPORT

The intent of this report is to assist the community of Kirksville in its effort to revitalize its downtown area 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 Kirksville, Adair County, Missouri and parties interested in the possible development of residential housing units in the downtown area of Kirksville, 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 analysis for the area;
- Economic profile of the market;
- Opinions regarding the household demand for residential units in the Downtown Market Area of Kirksville that could complement the 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 Kirksville, within the specific geographic boundaries as described within this report.

EFFECTIVE DATE OF THE REPORT

The effective date of the report is January 28, 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 Kirksville 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 the downtown revitalization effort.

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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 Downtown Kirksville was made. The conclusion is that there is a high density of various types of rental housing units and very few owner occupied housing units Downtown.
- The real estate market in Kirksville is strongly influenced by the presence of Truman State University and the smaller A.T. Still University, which are both located within the downtown revitalization area and have a combined student population of more than 6,000, of which approximately half reside in private off-campus units.
- Like many downtown areas around the Downtown, Kirksville has gone through a period of transition as some businesses have moved to other locations in the city. Although it has gone through an economic transition, Downtown appears to be stable and has a lot of vehicular and pedestrian activity. Few vacancies were noted in street level commercial space around the Courthouse Square and much of the upper floor space also appeared to be occupied.
- The rental housing market in Downtown appears to be strong. Most of it is attributable to the student housing market, which should be strong for some time to come, but some of it is attributable to demand from small working households.
- In many rural downtown areas the upper floor units of downtown commercial buildings for the most part have ceased to be a significant part of the housing inventory. That is not the case in Kirksville, where most of the upper floor units appear to be occupied.
- There are still buildings in Downtown that have vacant space, that have the potential to be rehabilitated or readapted to serve the strong rental demand in Downtown.
- The loft style condo market that has helped to revive downtown areas in other parts of the country and state has not formed yet in the Kirksville market. The analyst was unaware of any loft style units in the downtown area that are owner occupied. Based on the strength of the Downtown rental market, and the current state and future plans for Downtown, it is conceivable that a loft style condo market could begin to form in the future.
- Even though Downtown appears to be stable, the production of additional residential units in the area should complement the downtown revitalization efforts by increasing the 24 hour people presence. Increasing the level of permanent residents will help to build the perception of Downtown as a true neighborhood and increase the around the clock customer base for existing and prospective businesses in the downtown area.
- Downtown Kirksville would benefit from a diversity of households, including more upper income residents. Increasing the economic diversity should increase the discretionary income of the area, the variety of the businesses needed to serve a wider customer base, and provide the financial benefits of higher residential and commercial property values and higher real estate and sales tax revenue for the area.

- Consideration should be given to limiting the conversion of additional single family homes in the downtown area to multi-unit dwellings. Many of these conversions detract from the visual appeal of a neighborhood and continue the trend towards limited homeownership.
- Consideration should be given to increasing the code enforcement efforts in the downtown area in an effort to raise the appeal and marketability of the area to non-student households.
- New residential units for seniors, working households, and upper income residents should be considered on available vacant or underutilized sites in the downtown area, on the vacant lower and upper floors of downtown commercial buildings, and possibly in some of the vacated schools in and around the downtown area.
- A survey of the existing rental markets in Kirkville indicates that they generally have strong demand at this time and in some cases waiting lists. The opportunity exists to serve some of the excess demand with new or rehabilitated rental units in Downtown.
- Quantitative demand analyses were prepared for various types of housing to estimate the level of market demand that exists in the downtown revitalization area. The intent of the demand analyses is to provide the City of Kirkville, builders, and developers with an idea of the potential market demand for new residential units that could be produced in Downtown Kirkville. This is a point in time estimate and could change based on changes in the housing supply, economy, and demand factors considered. The results of the downtown residential demand analyses for the various housing types are as follows:

<u>Housing Type</u>	<u>Potential Household Demand</u>
Market Rate Rental	82
Affordable Family Rental	33*
Affordable Senior Rental	<u>30</u>
Total Household Demand	145

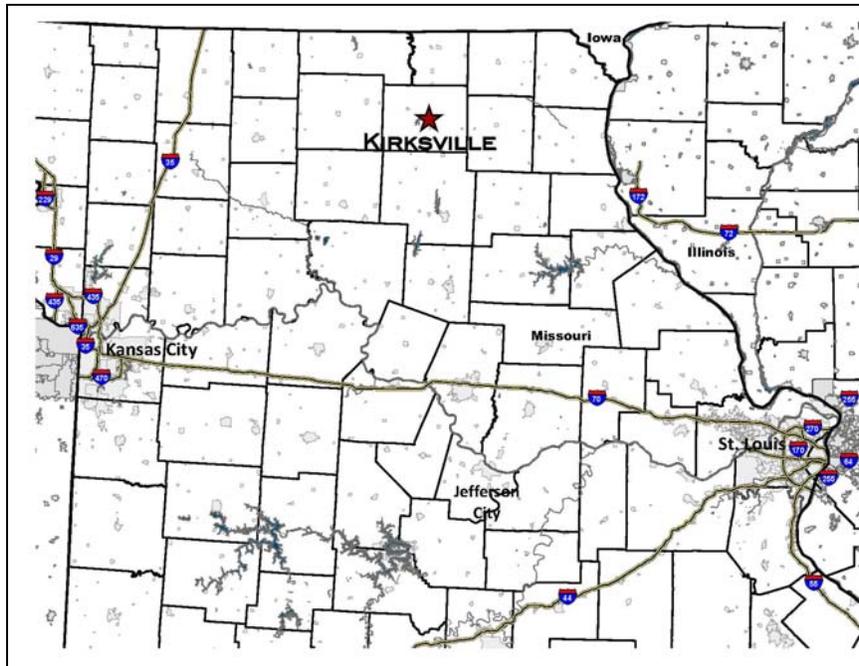
***This affordable family rental housing demand should be served by the Traveler’s Hotel development**

SECTION II

MARKET AREA DESCRIPTION

The area of study is the downtown area of Kirkville, Adair County, Missouri. The following maps show the location of the city within the state (Map #1), the primary traffic arteries through the city (Map #2), the general area of the study within the city (Map #3), and the specific boundaries of the downtown market area that is the subject of this report (Map #4).

Map #1.



OVERVIEW

Kirkville, which is the county seat of Adair County, is located in northeast Missouri, approximately 35 miles south of the Iowa border. The city started out as a trade center for early settlers in the area, and in 1867 became the home of what is now known as Truman State University. Kirkville is a rural community, but its economy is heavily influenced by Truman State University, A.T. Still University, and the Northeast Regional Medical Center, which are the city's largest employers.

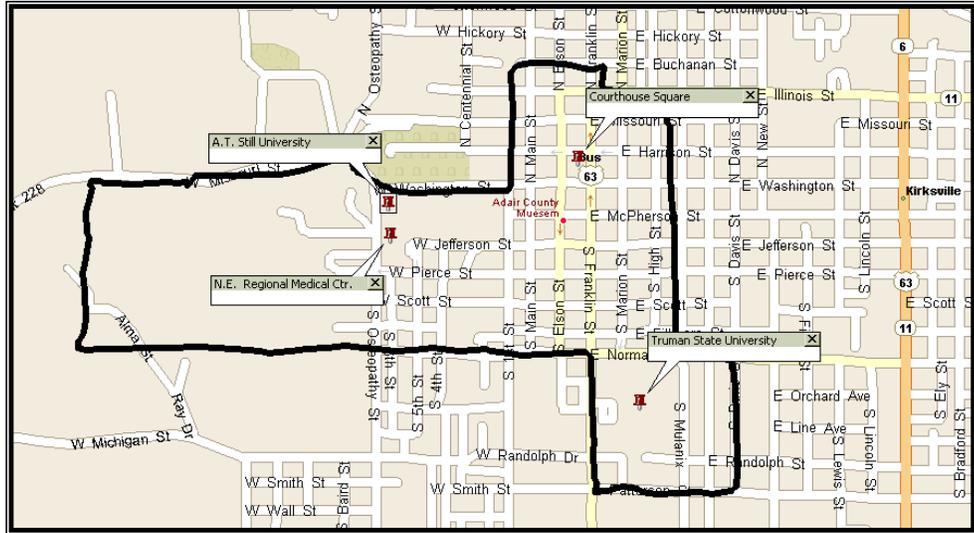
Like many downtown areas, Kirkville's is the center of government. In addition to the municipal government offices, Kirkville's downtown is the location of the county government offices of Adair County. The downtown area also contains many businesses that are associated with government (attorney's offices, title companies, etc.), banks, a library, museum, churches, and many small businesses.

The downtown area of Kirkville is anchored by the county government building, which is located on what is known as "the courthouse square". The square is bounded by Harrison Street on the north, Washington Street to the south, Franklin Street on the east, and Elson Street to the west. Most of the other buildings around the courthouse square are generally two and three story brick buildings with retail and office space on the street level. Much of the upper floor space of the commercial buildings around the courthouse square appears to be occupied as apartments and offices.

The north end of the courthouse square is anchored by an 8 screen movie complex that also contains a small arcade. The other three sides of the square contain a mix of small businesses. Most of the businesses around the square are only open during the daytime, but the movie complex and several eating establishments are open after dark.

Kirkville's downtown area was the major shopping district in the community until the city began to grow and more businesses, including Wal-Mart, began to sprout along Baltimore Avenue, to the east and northeast of the downtown area. Although most retail and service businesses are located along Baltimore Avenue, a few small businesses continue to operate downtown and appear to generate some pedestrian traffic around the square. There are not many vacant commercial spaces on the street level that were noted. Overall the downtown area seems to have good occupancy and appears to be economically vibrant for a small rural community.

The boundaries of the DREAM downtown revitalization area contains the courthouse square, an employment and service district just north of the courthouse square, Truman State University and residential neighborhoods to the south of the courthouse, A.T. Still University, Northeast Regional Medical Center, and residential neighborhoods southwest of the courthouse square. The western section of the downtown revitalization area, west of Osteopathy, is a densely wooded area of undulating terrain.



EXISTING DOWNTOWN HOUSING

The majority of the existing housing within the boundaries of the downtown revitalization area are rental units that primarily serve student and faculty households of Truman State and A.T. Still University, and small working households. Both universities have student populations that exceed their on-campus student housing availability.

In addition to the on-campus housing units the downtown revitalization area has a high density of small apartment buildings, many of which appear to be relatively new. There are also single family homes, some of which are rental properties, and single family homes that have been converted into multi unit rental properties.

In the downtown area around the courthouse square some of the commercial buildings have rental units on the upper floors.

The largest concentration of rental units within the downtown revitalization area is south of Jefferson Street, east of Osteopathy, north of Normal Avenue, and west of High Street. Neighborhoods that adjoin the downtown revitalization area to the east and south also have a significant number of rental units.

Truman State University is a major anchor in the community and housing its students seems to be a significant economic generator for the community. An adverse consequence of the high density of rental units in this area is a highly transient market area, with a very low level of home ownership investment, and consequently the pride of ownership and neighborhood cohesiveness that is found in most traditional neighborhoods.

TRAFFIC ARTERIES

Franklin Street is the primary north/south traffic artery through the downtown area and provides linkage to the downtown area from Highway 63 through Truman State University and into the courthouse square. Jefferson Street is the primary east/west traffic artery in the downtown area and provides linkage to the downtown area and A.T. Still University from Highway 63.

Traffic flow is one way around the courthouse square.

EXISTING LAND USES

The existing land uses in the downtown area is a mixture of government, retail, office, service, and residential land uses. Not many vacant tracts of land were noted in the downtown area.

ADJACENT AREAS

Land uses adjacent to the downtown revitalization area are predominately residential to the north, east, and south, and unimproved to the west. Truman State University is located just south of the downtown revitalization area and has a significant impact on the area.

PARKING

Parking was noted as dense during daytime hours around the courthouse square. A public lot is located on north Main Street, one block west of the courthouse square. It appeared to have very little usage during a typical weekday.

Many of the rental developments in the downtown revitalization area had off street parking, but on-street parking was very dense in some neighborhoods around the university.

RETAIL SHOPPING

There were a few retail shops in the downtown area, but not many. Shops that sold furniture, jewelry, gifts, and books were noted.

ENTERTAINMENT

An 8 screen movie theater is located on the west side of the courthouse square and is a major entertainment venue in the downtown area, the city, and the immediate region. The city also has an aquatic center, a bowling alley, and a golf course.

DINING ESTABLISHMENTS

The downtown area had several eating establishments that were dine in or carry out. Some were bar and grills, and some primarily served pizza and oriental cuisine.

PARKS AND RECREATION

The city of Kirkville has numerous parks, including Memorial Park and Rotary Park, which are located close to the downtown area. Rotary Park is the location of an aquatic center and amphitheater. Thousand Hills State Park is also located to the southwest of Kirkville and offers all forms of outdoor activities.

SCHOOLS

Educational facilities in Kirkville include Truman State University, which is located just south of the downtown revitalization area, A.T. Still University, which is located on the west side of the downtown revitalization area, the Kirkville Area Technical Center, Northeast Missouri Bible College, and the Kirkville High, Middle, Elementary Schools, and the Kirkville Early Childhood Center.

PUBLIC TRANSPORTATION

Kirksville has a public transportation system that operates within the city limits and a 15 mile radius of downtown Kirksville. The city also has taxi service. An Amtrak station is located in La Plata, Missouri, just south of Kirksville. National and international travel via bus and airline service is in the nearby communities of Columbia and St. Louis.

DOWNTOWN AREA PHOTOGRAPHS



Adair County Courthouse

Movie Theater on west side of courthouse square



Buildings on the north side of the courthouse square



Buildings on the east side of the courthouse square



Buildings on the south side of the courthouse square



Looking south down Franklin from Washington



Main Street Mini Mall at 205 N. Main

Armory building at 304 S. Franklin



A.T. Still University Administrative Offices at n.w
corner of Jefferson and Elson



Downtown commercial building at n.w. corner of Franklin and McPherson with apartments on the upper floor

Downtown commercial building at n.e. corner of Franklin and Harrison with apartments on the upper floor



Downtown commercial buildings on the east side of 300 block of South Franklin



Kirkville City Hall at 201 S. Franklin

Northeast Regional Medical Center at 315 S. Osteopathy



Public parking lot at 200 block of N. Main during daytime at midweek



Historic Travelers Hotel at 301 W. Washington

I

Truman State University



Bank Midwest on the courthouse square



Downtown commercial building at n.e. corner of Elson and McPherson

Pagliaias Pizza at 101 W. Washington



Connell Information Technologies Center on the campus of A.T. Still University

DOWNTOWN AREA STRENGTHS AND WEAKNESSES

From a market perspective the Kirksville downtown market area has some positive attributes. Some of them include the following:

- **Major Anchors:** A.T. Still University and the larger Truman State University are both located within the boundaries of the Kirksville downtown study area and have considerable influence on the economy of the downtown area.
- **Government Center:** The downtown area 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:** The downtown area already has a significant amount of residential units, so it will not have to reinvent itself as a residential neighborhood.
- **Stability:** The downtown area appears to be relatively stable. Most of the street level commercial space is occupied and much of the upper floor space also appears to be occupied.
- **Positive Momentum:** The community has already shown a commitment to the goal of downtown revitalization, which is evidenced by the movie theater complex that anchors the west side of the courthouse square and the communities support for other downtown projects, like the renovation of the Cochran Building, Picklers Famous Building, and the Traveler's Hotel.
- **Neighborhood Diversity:** The downtown area appears to be serving the needs of the large student population, visitors, and the local residents.

From a market perspective current weaknesses of the downtown Kirksville market area also exist. They include the following:

- **Lack of Adequate Parking:** There is a perception that the downtown area has a lack of sufficient parking spaces for potential customers of the downtown businesses, local employees, and downtown residents, particularly during daylight hours.
- **Deteriorated Buildings:** Some buildings in the downtown area are deteriorated and create an eyesore that adversely affects the appeal and impression of the downtown area.
- **Uncoordinated Building Facades:** Many of the downtown buildings around the courthouse square do not complement each other because of the wide range of façade materials and designs that are uncoordinated and in some cases unattractive.
- **Lack of Essential Neighborhood Businesses:** The downtown area could benefit from certain businesses, like a grocer, drugstore, and a greater variety of eating establishments.
- **Downtown Appearance:** The downtown area is in need of beautification to increase its appearance and walkable appeal. Some things that could be considered include wider sidewalks, decorative street lighting, planter boxes, sidewalk benches, trash receptacles, building murals, and water fountains

- **Lack of Residential Diversity:** The residential market in the downtown area is primarily serving the student population. There are not many housing opportunities for seniors, moderate income working households, and upper income households. Expanding the residential diversity could expand the economic diversity of the area.

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, the areas 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 Kirkville, Missouri Chamber of Commerce.

Major Employers

Major Employers - Kirkville, Missouri Area		
Employers	Type of Business	Employees
Truman State University	Liberal Arts & Sciences University	800
Northeast Regional Health System	Health Care/Hospital	700
A.T. Still University of Health Sciences	Medical Education College	450
Adair Foods	Packaged Meat Products	400
Wal-Mart Super Center	Retail - General Merchandise	396
Kirkville R-III Public School District	K-12, Technical & Adult Education	386
Maritz Research	Market Research	322
Preferred Family Healthcare	Mental Health/Substance Abuse	311
Hollister, Inc.	Medical Device Manufacturing	244
Sodexo	Truman Campus Food Service	225
Hy-Vee Food and Drug	Grocery, Drug Store, Floral Shop	200

Source: Kirkville Chamber of Commerce

Some of the jobs in the Kirkville market are in the manufacturing sector, which currently has slowed due to the economy. Kirkville also has a significant number of jobs in education and healthcare, which generally have been recession proof sectors.

Employment Categories and Wages

Average Employment and Wages - Adair County, Missouri								
Industry	2007*		2006		2005		2004	
	Avg. Employment	Avg. Mthly. Wages						
11 - Agriculture, Etc.	10	\$2,638	NA	\$2,158	NA	\$2,020	NA	\$1,915
21 - Mining	NA	NA	NA	NA	NA	NA	NA	
22 - Utilities	57	\$2,966	55	\$2,884	55	\$2,868	58	\$2,725
23 - Construction	357	\$2,783	359	\$2,767	354	\$2,547	360	\$2,418
31 - Manufacturing	628	\$2,773	895	\$2,534	900	\$2,691	633	\$2,922
42 - Wholesale trade	257	\$2,679	253	\$2,686	241	\$2,757	196	\$2,769
44 - Retail Trade	1333	\$1,731	1351	\$1,724	1359	\$1,614	1399	\$1,562
48 - Transportation and warehousing	155	\$2,618	156	\$2,536	156	\$2,339	275	\$2,156
51 - Information	201	\$2,284	207	\$2,216	200	\$2,173	202	\$1,997
52 - Finance & Ins.	336	\$2,818	330	\$2,708	313	\$2,693	291	\$2,502
53 - Real estate	126	\$2,191	120	\$2,130	122	\$2,004	126	\$1,961
54 - Professional and technical services	149	\$2,416	145	\$2,220	146	\$2,205	133	\$2,196
55 - Mgmt. (companies)	79	\$2,558	80	\$2,528	90	\$2,291	78	\$2,033
56 - Administrative, etc.	104	\$1,618	111	\$1,567	93	\$1,474	97	\$1,439
61 - Educational	1859	\$2,937	1790	\$2,886	1825	\$2,879	1807	\$2,811
62 - Health care, social	2201	\$2,604	2163	\$2,551	2127	\$2,490	2070	\$2,487
71 - Arts, etc.	132	\$1,912	126	\$1,815	124	\$1,908	135	\$1,907
72 - Accom. & food srvc	1253	\$917	1,255	\$863	1,205	\$844	1,236	\$799
81 - Other services	377	\$1,509	390	\$1,410	419	\$1,260	414	\$1,269
Public Administration	279	\$2,372	270	\$2,257	259	\$2,243	260	\$2,187

*Information available to date
Source:U.S. Census Bureau

The largest employment trades in the county area are education and healthcare. The average monthly wages in Adair County in 2007 for those trades was \$2,604 for healthcare and \$2,937 for education.

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

Labor Force and Unemployment

Local Area Employment - Adair County					
Year	Labor Force	Employment	Unemployment	Unemployment Rate	Missouri Unemployment Rate
2002	13,321	21,757	564	4.2%	5.2%
2003	13,300	12,651	649	4.9%	5.6%
2004	13,022	12,390	632	4.9%	5.8%
2005	13,327	12,767	560	4.2%	5.3%
2006	13,656	13,072	584	4.3%	4.8%
2007	13,363	12,722	641	4.8%	5.0%

Source: Department of Economic Development

The unemployment rate for Adair County has generally been much better than the state as a whole. On one hand this is a positive note regarding the economy in Kirksville and Adair County, but the low unemployment rate makes it difficult for existing businesses to expand and for the area to attract new businesses because of the lack of available workforce.

Commuting Patterns

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
Adair	11,740	1,115	9.5	7.9	259	1.6
Macon	7,312	2,049	28.0	24.0	547	4.0
Schuyler	1,905	979	51.4	44.1	207	7.3
Linn	6,172	1,281	20.8	12.8	559	8.0
Putnam	2,175	818	37.6	21.4	401	16.2
Sullivan	3,217	697	21.7	14.6	322	7.1
Knox	1,885	666	35.3	27.2	150	8.2

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

The table indicates that as of year 2000 approximately 10% of the residents of Adair County commuted outside of the county for employment. That amount was significantly lower than all of the counties that surround Adair County.

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SECTION IV DEMOGRAPHIC PROFILE

Population

Total Population						
Year	Kirkville	Change %	Adair County	Change %	Missouri	Annual Change %
2000	16,988		24,977		5,595,211	
2008	16,644	-2.0%	24,368	-2.4%	5,870,906	4.9%
2013	16,303	-2.0%	23,862	-2%	6,053,252	3.1%

Source: Claritas

The population trend obtained from Claritas shows a declining trend. This trend differs from U.S. Census population estimates that show a slight population increase in Kirkville between 2000 and 2007. It is not unusual for different sources to have differing estimates even with similar estimate methodologies. The US Census population estimate for 2007 is 17,139, which is approximately 500 more than the Claritas 2008 estimate.

Both of the sources show a declining population trend for Adair County.

Population by Age

Population By Age Group						
Kirkville, Missouri						
Age Cohort	2000	Percent	2008	Percent	2013	Percent
0-20	6,148	36%	5,916	36%	5,762	35%
21-24	2,880	17%	2,453	15%	2,049	13%
25-34	1,830	11%	2,249	14%	2,299	14%
35-44	1,646	10%	1,447	9%	1,643	10%
45-54	1,482	9%	1,494	9%	1,379	8%
55-64	963	6%	1,171	7%	1,277	8%
65-74	880	5%	854	5%	865	5%
75-84	755	4%	612	4%	594	4%
85+	404	2%	448	3%	435	3%

Source: Claritas

The table indicates that the most significant change in the age cohorts occurs within the age groups of 21 to 24 years and 25 to 34 years. Between 2000 and 2013 the population of the 21 to 24 age group is expected to decline by approximately 4%, and the population of the 25 to 34 age group is expected to increase by 3%.

Average Age of Population

Total Population Average Age	
Kirkville, Missouri	
Year	
2000	33.0
2008	34.0
2013	34.0

Source: Claritas

The table illustrates that the average age of the population increased very slightly between 2000 and 2008. The average age is projected to stay about the same between 2008 and 2013.

Average Age Comparison 2000-2008

Average Age Comparison 2000-2008			
Community	Population		Change (Years)
	2000	2008*	
Kirkville	33	34	1
Queen City	46	48	2
Novinger	38	38	0
La Plata	43	42	-1
Green Castle	38	38	0

Source: Claritas

*Estimate

The average age of the residents of Kirkville is significantly younger than surrounding communities. This is probably due to the influence of the university students of Truman State University.

Population by Gender

Population By Gender						
Kirkville, Missouri						
Gender	2000	Percent	2008	Percent	2013	Percent
Male	7,679	45%	7,622	46%	7,508	46%
Female	9,309	55%	9,022	54%	8,795	54%

Source: Claritas

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

Educational Attainment

2008 Est. Population Age 25+ Educational Attainment		
Kirkville, Missouri		
Type	Households	Percentage
Less than 9th grade	457	6%
Some High School, no diploma	786	9%
High School Graduate (or GED)	2292	28%
Some College, no degree	1694	20%
Associate Degree	280	3%
Bachelor's Degree	1573	19%
Master's Degree	687	8%
Professional School Degree	215	3%
Doctorate Degree	291	4%

Source: Claritas

Marital Status

2008 Est. Population Age 15+ by Marital Status		
Kirkville, Missouri		
Type	Households	Percentage
Total, Never Married	7241	31%
Married, Spouse present	4648	20%
Married, Spouse absent	392	2%
Widowed	908	4%
Divorced	1100	5%
Males, Never Married	3389	14%
Previously Married	536	2%
Females, Never Married	3852	16%
Previously Married	1472	6%

Source: Claritas

Total Households

Total Households				
Kirkville, Missouri				
Year	Kirkville	Change %	Adair County	Change %
2000	6,583		9,669	
2008	6,511	-1.1%	9,553	-1.2%
2013	6,398	-1.7%	9,399	-1.6%

Source: Claritas

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

Average Household Size

Average Household Size	
Kirkville, Missouri	
Year	Average
2000	2.16
2008	2.14
2013	2.13

Source: Claritas

Like most areas of the state and Adair County as a whole, the average household size in Kirkville is decreasing.

Households by Age

Households by Age of Householder						
Kirkville, Missouri						
Age Cohort	2000	Percent	2008	Percent	2013	Percent
Under 25	1,722	26%	1,569	24%	1,381	22%
25-34	1,048	16%	1,262	19%	1,287	20%
35-44	995	15%	856	13%	948	15%
45-54	895	14%	894	14%	815	13%
55-64	608	9%	730	11%	787	12%
65-74	574	9%	547	8%	555	9%
75-84	515	8%	410	6%	396	6%
85+	226	3%	243	4%	229	4%

Source: Claritas

The table indicates that between 2000 and 2013 there is expected to be a 4% decrease in the age of the youngest households and an increase in the age of households between 25 to 34 years old.

Households by Size

Households By Size						
Kirkville, Missouri						
Household Size	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
1 Person	2,426	36.9%	2,447	37.6%	2,429	38.0%
2 Persons	2,234	33.9%	2,187	33.6%	2,140	33.4%
3 Persons	952	14.5%	951	14.6%	933	14.6%
4 Persons	605	9.2%	582	8.9%	564	8.8%
5 Persons	231	3.5%	218	3.3%	213	3.3%
6 Persons	94	1.4%	91	1.4%	87	1.4%
7+ Persons	41	0.6%	35	0.5%	32	0.5%
Total	6,583	100%	6,511	100%	6,398	100%

Source: Claritas

The table indicates that there is not expected to be a significant change in the size distribution of households between 2000 and 2013.

Household Type and Presence of Own Children

2008 Est. Household Type, Presence Own Children		
Kirksville, Missouri		
Type	Households	Percentage
Single Male Householder	934	14%
Single Female Householder	1513	23%
Married-Couple Family, own children	959	15%
Married-Couple Family, no own children	1337	21%
Male Householder, own children	77	1%
Male Householder, no own children	69	1%
Female Householder, own children	324	5%
Female Householder, no own children	184	3%
Nonfamily, Male Householder	505	8%
Nonfamily, Female Householder	609	9%

Source: Claritas

The table indicates that there are considerably more single female householders in Kirksville than there are single male householders.

Hispanic Households

Hispanic Households	
Kirksville, Missouri	
Year	Number
2008	106
2013	118

Source: Claritas

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

Tenure By Occupancy of Housing Units

Tenure by Occupancy of Housing Units				
Kirksville, Missouri				
Bedrooms	2000	%	2008	%
Owner Occ.	3163	48%	3107	48%
Renter Occ.	3420	52%	3404	52%

Source: Claritas

The high percentage of renter occupied units in Kirksville is reflective of the transient student population at the University.

Tenure by Bedroom Size (Owner Occupied)

Tenure By Bedrooms (2000)		
Owner Occupied		
Kirkville, Missouri		
Bedrooms	Households	Percentage
No BR.	-	0.0%
1	78	2.5%
2	947	30.3%
3	1,502	48.1%
4	436	14.0%
5 or more	159	5.1%

Source: U.S. Census Bureau

Tenure by Household Size (Renter Occupied)

Tenure By Bedrooms (2000)		
Renter Occupied		
Kirkville, Missouri		
Bedrooms	Households	Percentage
No BR.	121	3.5%
1	1,021	29.8%
2	1,576	45.9%
3	502	14.6%
4	158	4.6%
5 or more	52	1.5%

Source: U.S. Census Bureau

Households by Income Distribution

Households by Household Income						
Kirkville, Missouri						
Income Cohort	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
< than \$15,000	2,421	37.0%	2,018	31.0%	1,793	28.0%
\$15,000-\$24,999	1,086	16.6%	1,103	16.9%	1,077	16.8%
\$25,000-\$34,999	926	14.1%	853	13.1%	807	12.6%
\$35,000-\$49,999	772	11.8%	953	14.6%	991	15.5%
\$50,000-\$74,999	775	11.8%	749	11.5%	737	11.5%
\$75,000-\$99,999	279	4.3%	414	6.4%	451	7.0%
\$100,000-\$149,999	168	2.6%	275	4.2%	357	5.6%
\$150,000-\$249,999	95	1.5%	93	1.4%	121	1.9%
\$250,000-\$499,999	25	0.4%	43	0.7%	49	0.8%
\$500,000 +	3	0.0%	10	0.2%	15	0.2%
Total	6,550	100.0%	6,511	100.0%	6,398	100.0%

Source: Claritas

The table indicates that in 2008 approximately 87% of the households in Kirkville were estimated to have household incomes of less than \$75,000. Approximately 6.4% of households had incomes between \$75,000 and \$100,000, and approximately 6.5% had incomes in excess of \$100,000.

Gross Rent as a % of Monthly Household Income

Gross Rent as % of Monthly HH Income (1999)		
Kirkville, Missouri		
Status	Number	Percentage
Less than 15 percent	492	14%
15 to 19 percent	389	11%
20 to 24 percent	361	11%
25 to 29 percent	277	8%
30 to 34 percent	204	6%
35 percent or more	1511	44%
Not computed	192	6%

Source: U.S. Census Bureau

Approximately 44% of renter households in Kirkville have a gross rent (rent + utilities) that exceeds 35% of their monthly household income.

Area Maximum Affordable Housing Income and Rents

Maximum Income and Rents for HOME and Housing Tax Credit Programs for Adair County													
2008 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	
\$44,600	50%	16,500	18,850	21,200	23,550	25,450	27,300	412	441	530	612	682	
	60%	19,800	22,620	25,440	28,260	30,540	32,760	495	530	636	735	819	
							HUD Fair Market Rents						
							361	419	553	726	802		

Source: HUD, IRS, MHDC

The table above illustrates the maximum income and rents for the HOME and Housing Tax Credit programs for Adair County.

Cost Burdened Households

Cost Burdened Households (2000) - Kirkville, Missouri			
	Renter	Owner	Renter & Owner
Total	3,406	3,094	6,500
Cost Burdened >30%	49.1%	14.8%	32.8%
Severely Cost Burdened >50%	28.6%	3.7%	16.7%
Elderly 1 & 2 Persons	299	1,104	1,403
Cost Burdened >30%	35.8%	15.4%	19.7%
Severely Cost Burdened >50%	18.1%	3.9%	6.9%
Single Person Non-Elderly	2136	544	2,680
Cost Burdened >30%	60.0%	20.4%	52.0%
Severely Cost Burdened >50%	35.5%	5.0%	29.3%
Small Fam 2-4 Persons	857	1,279	2,136
Cost Burdened >30%	29.5%	12.8%	19.5%
Severely Cost Burdened >50%	15.8%	3.0%	8.1%
Large Fam 5+ Persons	114	167	281
Cost Burdened >30%	28.1%	7.2%	15.7%
Severely Cost Burdened >50%	24.6%	2.4%	11.4%

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

The Kirkville Cost Burdened table indicates that approximately 29% of all renter households in Kirkville were severely rent burdened in 2000. The severely rent burdened rate for all renter households in Missouri for the same period was 14.8%. The most severely cost burdened renter group in Kirkville appears to be single person non-elderly renter households at 36%.

Migration Patterns

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

Gross Annual Household In -Migration								
Adair County, Missouri								
County of Origin	2004		2005		2006		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	576	100%	555	100%	674	100%	667	100%
Total In-Migration Same State	305	53%	320	58%	356	53%	356	53%
Total In-Migration Out of State	271	47%	235	42%	318	47%	311	47%
Macon	30	5%	40	7%	35	5%	48	7%
Schuyler	33	6%	31	6%	22	3%	32	5%
Boone	15	3%	15	3%	25	4%	31	5%
Putnam	11	2%	17	3%	32	5%	23	3%
St. Louis	11	2%	25	5%	14	2%	22	3%
Knox	32	6%	18	3%	25	4%	19	3%
Sullivan	31	5%	20	4%	23	3%	19	3%
Jackson	11	2%	13	2%	11	2%		0%
Cole	10	2%	12	2%	10	1%	10	1%
All Other Counties	392	68%	364	66%	477	71%	463	69%

Source: Internal Revenue Service

Gross Annual Household Out -Migration								
Adair County, Missouri								
Destination County	2004		2005		2006		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	688	100%	665	100%	680	100%	739	100%
Total Out-Migration Same State	357	52%	366	55%	369	54%	438	59%
Total Out-Migration Out of State	331	48%	299	45%	311	46%	301	41%
Macon	28	4%	38	6%	32	5%	52	7%
Schuyler	18	3%	22	3%	19	3%	20	3%
Boone	62	9%	61	9%	56	8%	62	8%
Putnam	10	1%	17	3%	17	3%	21	3%
St. Louis	31	5%	28	4%	34	5%	38	5%
Knox	25	4%	14	2%	12	2%	11	1%
Sullivan	17	2%	17	3%	17	3%	21	3%
Jackson	13	2%	24	4%	17	3%	30	4%
Cole	12	2%	12	2%	16	2%	11	1%
All Other Counties	472	69%	432	65%	460	68%	473	64%

Source: Internal Revenue Service

Net Annual Household Migration				
Adair County, Missouri				
County	2004	2005	2006	2007
	Number	Number	Number	Number
Macon	2	2	3	-4
Schuyler	15	9	3	12
Boone	-47	-46	-31	-31
Putnam	1	0	15	2
St. Louis	-20	-3	-20	-16
Knox	7	4	13	8
Sullivan	14	3	6	-2
Jackson	-2	-11	-6	-30
Cole	-2	0	-6	-1
All Other Counties	-80	-68	17	-10
Net Migration	-112	-110	-6	-72

Source: Internal Revenue Service

The migration tables indicate that from 2004 to 2007 Adair County attracted an average of 600 new households annually, but also lost an average of 700 households annually.

Units in Structure

Units in Structure (2000)		
Kirkville, Missouri		
Type	Number	Percentage
1, detached	3,993	54.8%
1, attached	132	1.8%
2	661	9.1%
3 or 4	856	11.8%
5 to 9	640	8.8%
10 to 19	139	1.9%
20 or more	255	3.5%
Mobile Home	605	8.3%
Total	7,281	100.0%

Source: U.S. Census Bureau

Year Structure Built

Year Structure Built (2000)		
Kirkville, Missouri		
Year	Number	Percentage
1999 to March 2000	125	1.7%
1995 to 1998	473	6.5%
1990 to 1994	315	4.3%
1980 to 1989	891	12.2%
1970 to 1979	1,546	21.2%
1960 to 1969	1,173	16.1%
1950 to 1959	1,347	18.5%
1940 to 1949		0.0%
1939 or earlier	1,411	19.4%

Source: U.S. Census Bureau

Building Permits

Building Permits - Kirkville, Missouri				
Units in Bldg.	Units			
	2007	2006	2005	2004
1	33	27	41	28
2	7	7	7	13
3 to 4	3	1	0	1
5 +	0	0	1	0
Total	43	35	49	42

Source: US Census Bureau

SECTION V

REVIEW OF PREVIOUS DOWNTOWN HOUSING MARKET STUDIES

Following are points from studies or reports that were prepared for the city of Kirksville that may relate to housing in the downtown market area:

Kirksville Downtown Improvement Plan, December, 1999

- In the downtown commercial/town square area a goal is to build upon the success of downtown by developing a destination atmosphere base on a mixed use approach, including entertainment, residential, commercial and special activities, in an inviting and unique atmosphere.
- In downtown neighborhoods a goal is to stabilize residential uses in a manner that maintains a safe living environment and encourages diversity of housing opportunities within the development framework of downtown.
- The medical school encourages senior housing and suggests wide sidewalks and protective overhangs to make Kirksville attractive to senior citizens as well as students.
- A mix of residential and office development should complement the retail, restaurant, and entertainment uses in order to expand the level of use in downtown throughout the day.
- The upper floors of existing or new structures would be encouraged to develop for residential use.
- The City, KCOM, Truman State University, and private development interests will need to work cooperatively when planning for growth and development of the neighborhoods in the downtown areas.
- The neighborhood located west of Franklin, south of Pierce and north of Normal should be strengthened as a residential neighborhood. A mixture of housing types should be considered that would appeal to students, faculty, senior citizens, and other Kirksville residents that desire to live near downtown.
- Single family home conversions to multiple residential units or commercial functions should not occur in the future.
- Zoning and land use policies should be adjusted to reflect a single family orientation, with an allowance for multifamily dwellings that can provide adequate parking and complement the single family nature of the predominately residential neighborhoods.
- Minimum standards for vehicle parking, property upkeep and housing conditions should be applied through the use of routine proactive inspection and code enforcement.

- Because of the transitory nature of the rental market an annual occupancy permit system may be appropriate for code enforcement.
- Target the use of CDBG and other funds in the adjacent neighborhoods to downtown in order to stabilize viable residential areas.

SECTION VI

EXISTING HOUSING

SINGLE FAMILY MARKET

Demographic data indicates that slightly less than half of the occupied housing units in Kirksville (48%) are owner occupied. This is below the average for a community the size of Kirksville and reflects the fact that the residential market is significantly influenced by the large transient student population of the area's universities.

Currently, on the multiple listing service website Realtor.com, there are 264 residential listings for the Kirksville market that have asking prices that range from a low of \$20,000 to a high of \$1,750,000. The upper end of the range represents homes with acreage in the county on the fringe of the city. The typical price range of homes in the Kirksville market for homes in average to good condition in neighborhoods around the downtown area seems to be from \$40,000 to \$90,000.

Many of the single family homes in the downtown area are used for rental property and cater to the student housing market. Some of the larger single family homes in the downtown area, and close to the universities, have also been converted to multifamily units.

The transient real estate market around the universities has limited the appeal and marketability of homes in the area for existing and potential homeowners, particularly families with children. The lack of homeowners in the area contributes to low level of pride of ownership and deferred maintenance that many homes in the area exhibit. Although not uncommon for an area of non-invested, transient tenant households, it is less than desirable for potential homeowners looking to make a long term investment and commitment.

There are a few attached homes for sale in the Kirksville market that range in price from approximately \$65,000 to \$100,000+. Some of these attached home ownership units are located in the downtown revitalization area just off of Osteopathy Street, on Sundown Drive. According to local realtors, the market for these types of units is generally teachers and employees of the medical center, universities, or other businesses in the area.

No loft style ownership units were found in the downtown area on the upper floors of the commercial buildings. Loft style ownership units appears to be a market that has not yet formed in Kirksville, but is possible in the future because of the growing popularity of downtown, the available upper floor building space, and the large segment of the market that are young, educated, and well paid teachers, doctors, and other professionals.

MARKET RATE RENTAL HOUSING

Demographic data indicates that more than half of the occupied housing units in Kirkville are renter occupied. As previously stated throughout this report, the high number of rental units is due to the presence of Truman State and A.T. Still University in the community. The concentration of rental units is particularly dense in the areas around the universities, both of which are within the downtown revitalization area. Following is a survey of some of the rental housing options in the community and the downtown area.



Baxter-Miller Apartments
101 E. Harrison
Kirkville, Missouri
660-665-8245
11-1Br Units @ \$395
1-2Br Units @ \$450
Includes some utilities
Good Occupancy

Karlton Apartments
200 E. Jefferson
Kirkville, Missouri
660-341-8567
31-0Br Units @ \$300 (Util. Incl.)
Good Occupancy



Jefferson Apartments
116 E. Jefferson
Kirkville, Missouri
660-341-8567
13-1Br Units @ \$325
4-2Br Units @ \$400
Good Occupancy



Boardwalk Apartments
416 W. Dodson
Kirkville, Missouri
660-665-7368
6-2Br Units @ \$420
Good Occupancy

St. James Apartments
204 W. Michigan
Kirkville, Missouri
660-665-7368
8-2Br Units @ \$440
Good Occupancy



108 W. Harrison
Kirkville, Missouri
660-665-8245
2-2Br Units @ \$400-\$750
Good Occupancy



Waterworks Apartments
700 S. Sheridan
Kirkville, Missouri
660-665-7368
12-2Br Units @ \$425-\$450
4-3Br Units @ \$475
Good Occupancy

Miller Apartments
215 S. Franklin
Kirkville, Missouri
660-665-1195
20-0Br Units @ \$350
10-1Br Units @ \$375-\$400
Rent includes utilities
Approximately 5 units out of service
In need of repairs



Osteopathy Heights
601 S. Osteopathy
Kirkville, Missouri
660-627-0111
6-0Br Units @ \$295
Good Occupancy



Pepper Mill Ridge
1116 West Missouri Street
Kirkville, Missouri
660-626-8819
11-3Br Units @ \$800

508 W. Dodson
Kirkville, Missouri
660-626-5088
2Br Units @ \$400



619 E. Pierce
Kirkville, Missouri
660-488-5100
2 Br Units "For Rent" @ \$350



215 W. Pierce
Kirkville, Missouri
660-488-5100
2 Br Units "For Rent" @ \$500
Includes some utilities

Med Row Apartments
415 W. Pierce
Kirkville, Missouri
660-665-5638
22-1Br Units @ \$375
Good Occupancy



610 S. 6th
Kirkville, Missouri
660-627-0111
3Br Units @ \$750
Good Occupancy





804 E. Harrison
Kirkville, Missouri
660-488-5100
1 Br Units "For Rent" @ \$300

University Square
Leharpe and High
Kirkville, Missouri
660-665-8182
40-1Br Units @ \$270-\$300
Good Occupancy



Vista Heights
2201 S. Marion
Kirkville, Missouri
660-665-5638
24-1Br Units @ \$375-\$400
80-2Br Units @ \$400-\$470
Occupancy @ 90%



Foxfire Estates
South Franklin and Foxfire Estate
Kirkville, Missouri
660-665-5638
2-1Br Units @ \$375
15-2Br Units @ \$450-\$475
3-3Br Units @ \$550
Good Occupancy

Woodwinds
State Route P and Woodwind Ct.
Kirkville, Missouri
2 Br Units @ \$400-\$575
3 Br Units @ \$600-\$675
This development is a combination of
rental and condo units



1005 Kings Rd.
Kirkville, Missouri
3 Br Duplex Unit @ \$950



New York Avenue Apartments
2100 S. Marion
Kirkville, Missouri
24-2Br Units @ \$350-\$550
Soft Occupancy

Typical Rent Range

Rents generally were \$300 to \$350 for studio units, \$300 to \$450 for 1Br units, \$350 to \$550 for 2Br units, and \$500 to \$1,000 for 3+ Br units. Rents varied based on location (proximity to universities), condition, amenities, utilities included, and age of the units.

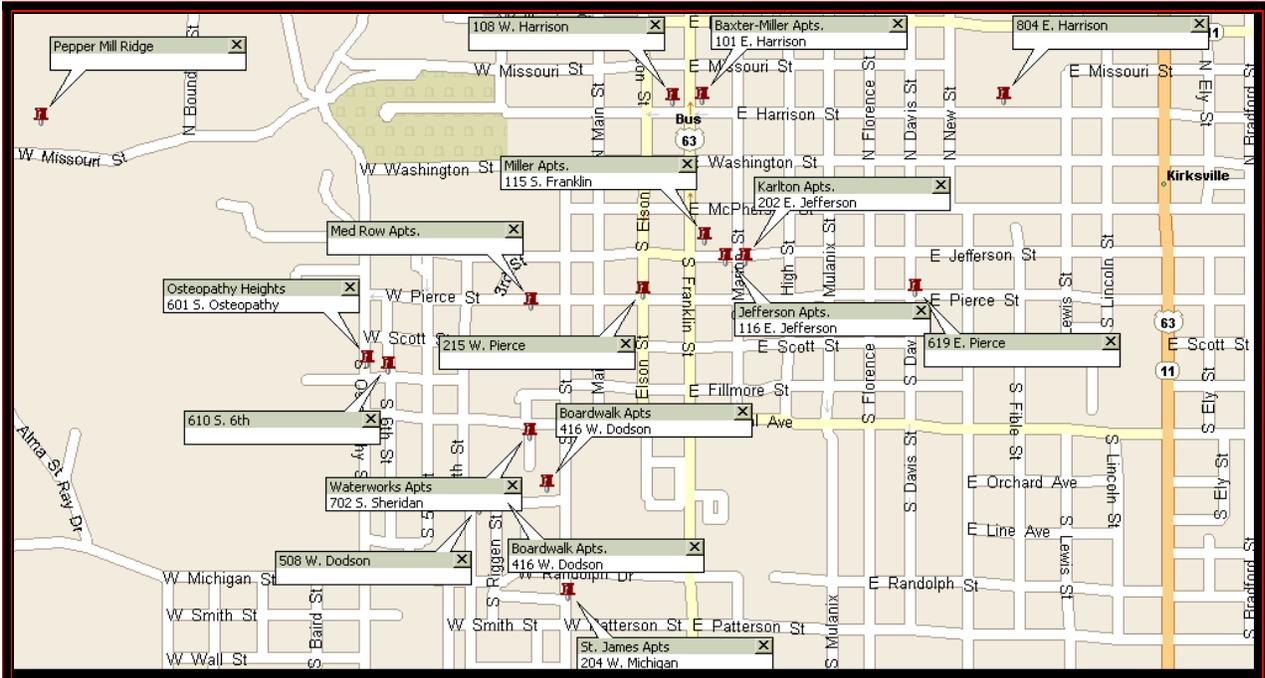
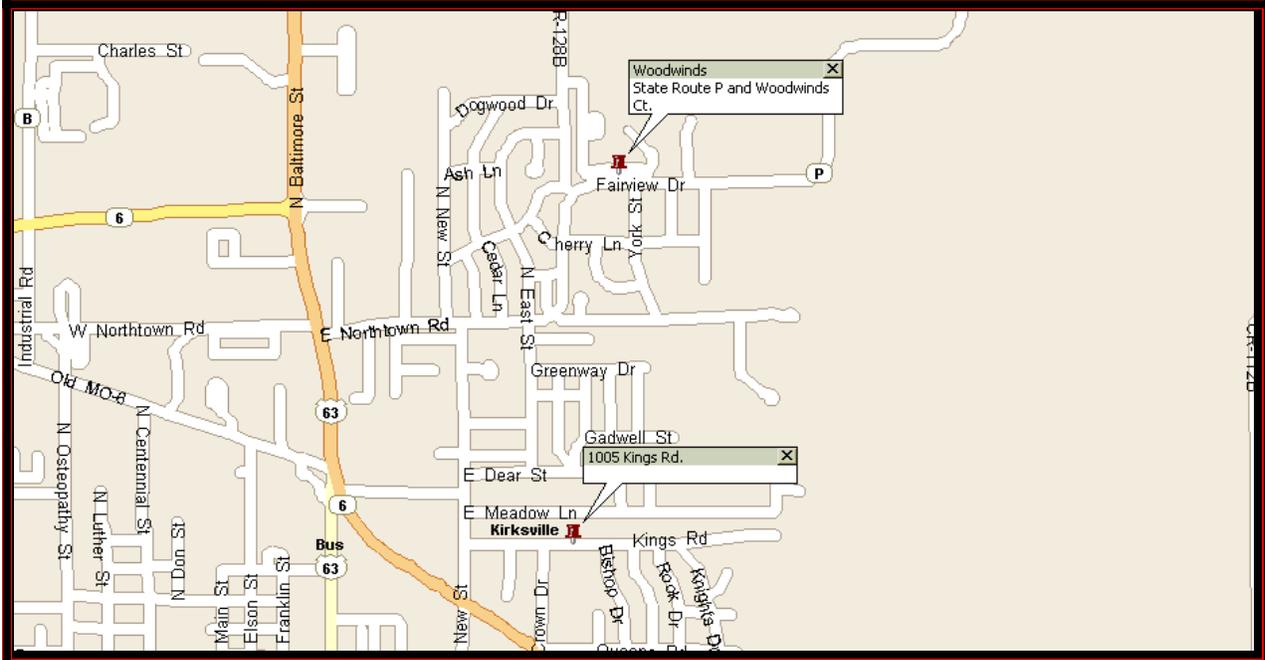
Occupancy

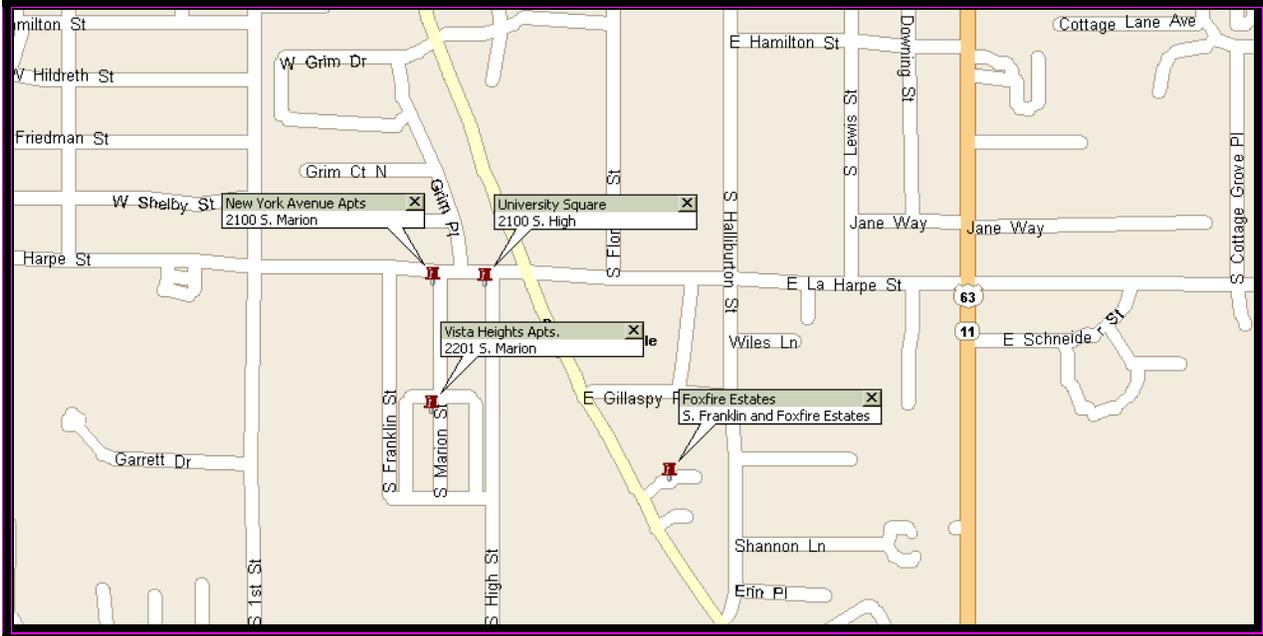
The occupancy of market rate rental units in the community is reported to be good, including rental units in Downtown, in close proximity to the Universities. Although most tenants of Downtown rental units are students, many are local working households.

Under Construction/Consideration

The analyst noted a few new buildings under construction, which indicates good market demand.

Following are maps of the location of the surveyed market rate rental developments in Kirkville:





STUDENT HOUSING

A couple of the economic anchors of Kirkville are Truman State and A.T. Still Universities, which are located with the downtown revitalization area. The combined enrollment of both schools is slightly more than 6,000 students. The number of units/beds to accommodate those students totals approximately 3,000, so a little more than half of the students reside in housing units off-campus. Representatives of both universities indicated that there are no present plans to build new student units on campus.

The residential areas that surround the universities, and in particular the larger Truman State University are generally neighborhoods dominated by student households that reside in apartments, duplexes, single family homes, and single family home conversions. The areas most impacted are south and east of the downtown business district.

On-campus student housing at Truman State University



On-campus student housing at A.T. Still University



SENIOR AFFORDABLE RENTAL HOUSING

A survey was made of senior affordable rental housing options in Kirkville. Following is basic information regarding the development(s):



Housing Authority Senior Units
100 Valley Forge Drive
Kirkville, Missouri
660-665-8539
22-0Br Units @ Income Based Rent
72-1Br Units @ Income Based Rent
6-2Br Units @ Income Based Rent
Good Occupancy w/waiting list

Kirkville Heights Apartments
2400 S. Baltimore
Kirkville, Missouri
660-665-0088
50-1Br Units @ Income Based Rent
Good Occupancy





Sheraton Square Apartments
316 Pfeiffer
Kirkville, Missouri
660-665-6847
24-1Br Units @ \$330
Good Occupancy

St. Andrews Apartments
500 S. Osteopathy
Kirkville, Missouri
660-627-5400
Subsidized Units
31-1Br Units @ \$377-\$399
9-2Br Units @ \$497
Market Rate
5-1Br Units @ \$575
5-2Br Units @ \$675



Field Apartments
2016 Florence Place
Kirkville, Missouri
60-1Br Units @Income Based Rent
Good Occupancy

Typical Rent Range

The amount of the tenant portion of rent for most of the affordable senior units in Kirksville is limited to 30% of household income. The remaining portion is a project based rent subsidy. St. Andrews Apartments is a senior housing development that has a mix of low income and market rate units. Low income tenants are required to pay the total amount of rent, unless they have a tenant based Section 8 subsidy. Non-low income senior households pay a higher unsubsidized rent.

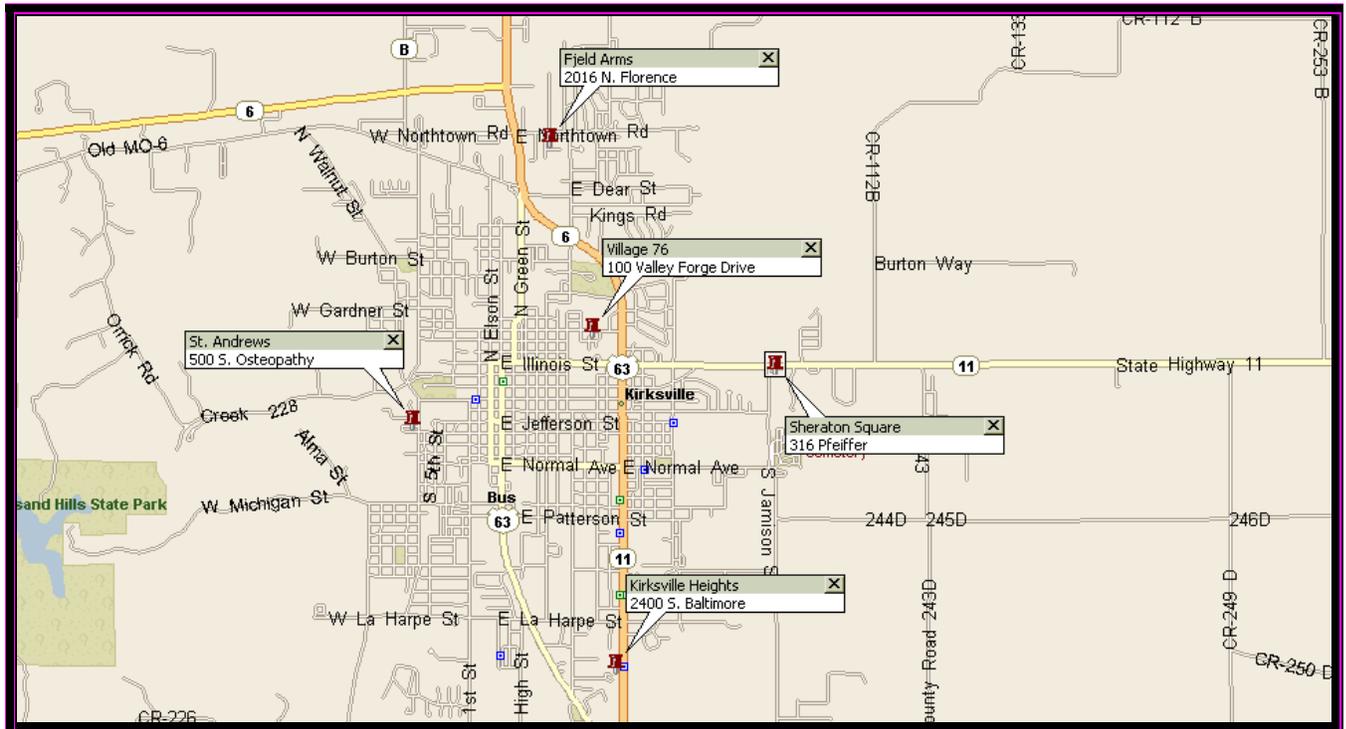
Occupancy

All of the affordable senior housing developments are reported to have good occupancy.

Under Construction/Consideration

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

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



FAMILY AFFORDABLE RENTAL HOUSING

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



Kirkville Housing Authority (Devlin Place)

Hamilton and Still
Kirkville, Missouri
660-665-8539
10-2Br Units @ Income Based Rents
15-3Br Units @ Income Based Rents
5-4Br Units @ Income Based Rents
Good Occupancy w/waiting list

Kirkville Gardens
1501 Jamison
Kirkville, Missouri
660-665-4773
12-2Br Units @ \$325
30 3Br Units @ \$360
Good occupancy w/ waiting List



Kirkville Village
2118 E. Normal
Kirkville, Missouri
660-627-2700
32-2Br Units @ \$330
Good occupancy w/ waiting list



Kirkville Apartments
2202 E. Normal
Kirkville, Missouri
660-627-5188
20-1Br Units @ \$ 300
4-2br Units @ \$325
Good Occupancy

Kirkville Estates
2200 E. Normal
Kirkville, Missouri
660-665-4000
8-1Br Units @ \$305
16-2Br Units @ \$375
Good occupancy w/ waiting list



Travelers Apartments
301 West Washington
Kirkville, Missouri
23-1Br Units @ \$375-\$475
11-2Br Units @ \$400-\$525
Just approved for rehab financing

Typical Rent Range

Affordable unit rents generally were \$300 to \$375 for 1Br units, \$325 to \$400 for 2Br units, and \$360 for 3 Br units. There was only one affordable family development with 3Br units and it was an older development. The Travelers Apartments will also have some market rate units at higher rent levels.

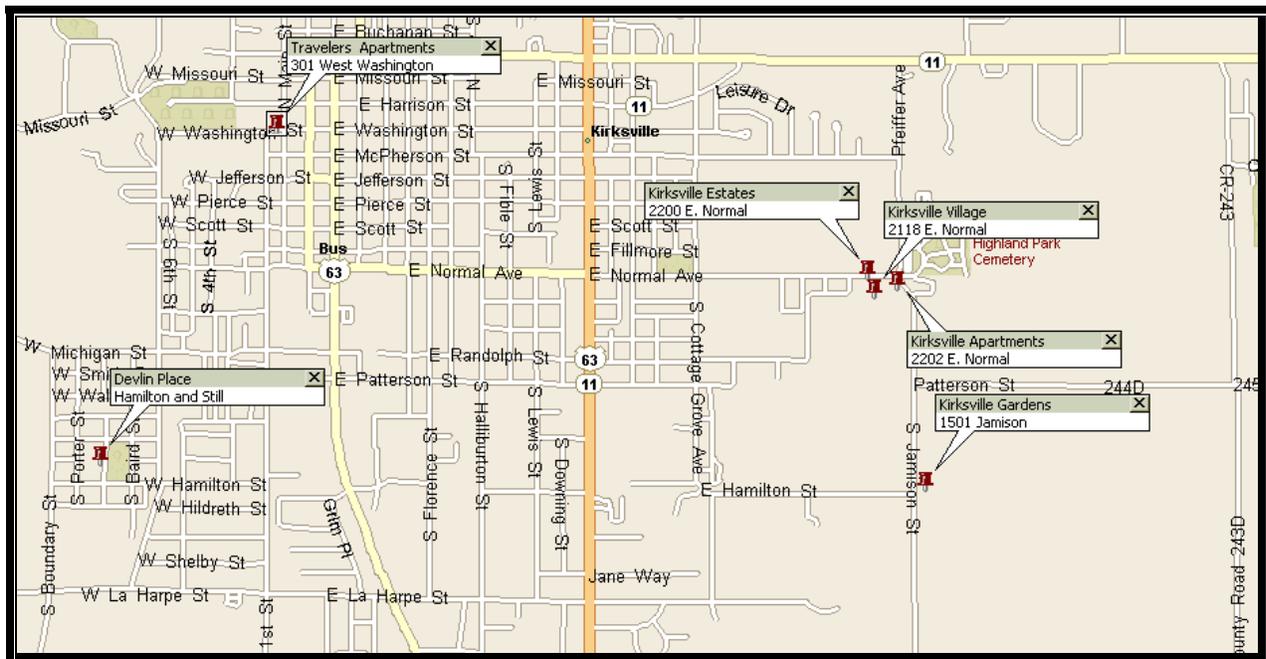
Occupancy

All of the affordable family developments have good occupancy and in some cases waiting lists.

Under Construction/Consideration

The Travelers Apartments was recently approved for rehabilitation financing by the Missouri Housing Development Commission.

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



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SECTION VII

IDENTIFICATION OF PRIMARY AND SECONDARY MARKET AREAS

The primary market area is considered to be the area that the majority of the market demand for downtown housing in Kirksville is expected to be drawn from. In addition to the student households that are drawn to the Kirksville market from other parts of the state, country, and possibly the world, a portion of the households that could create the demand in the Kirksville market are drawn from surrounding communities that are geographically contiguous with Kirksville. Based on a survey of the market and with consideration given to realtors and property managers in the Kirksville market, it is the opinion of the analyst that the majority of non-student households that could be drawn to housing in the downtown area of Kirksville would most likely come from within the city of Kirksville or other parts of Adair County.

The HISTA demographic data product that will be used for the housing demand analyses is well suited to the bifurcated geographic and non-geographic (student) household demand segments of the market because it considers the number of households that are in residence within a specified area and segments those households based on income, size, tenure (renter or homeowner), and age. In the case of Kirksville there are estimated to be approximately 3,800 renter households within the selected primary market area of Adair County in 2008. That total is comprised of both the non-student renter households and the student renter households from all parts of the state, county, or world, that are renting a unit within Adair County, which includes Kirksville.

These households form the primary market demand for housing in the downtown market because many of them already reside in downtown Kirksville or could reasonably be expected to consider housing in the downtown Kirksville market based on cost, convenience, or quality considerations.

The HISTA demographic data that will be used is based on current estimates and future projections out to 2013. Any change in the student component of the demand between the present and 2013 is considered in the projection methodology.

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 Kirkville is the area outside of the primary market area that also contains households that could be attracted to residential housing in the downtown area of Kirkville. The number of households in this secondary market area will be significantly less than the primary market area, but will still make up part of the overall 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 the downtown revitalization efforts in Kirksville, 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 number of households from the overall market that can be captured for residential units in the Downtown Market Area.

Many older downtown areas 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 tenant and homeowner households, and business consumers became attracted to the housing and shopping destinations outside of the downtown area, the housing and retail demand in downtown areas across the country decreased dramatically. The result in many cases has been empty and underutilized buildings.

Although there is some vacant building space in the downtown area, Kirksville's downtown seems to have fared better than most small communities. Most of the commercial buildings in the downtown area are occupied by businesses and most of the multi-story commercial buildings appear to be occupied on the upper floors with rental apartments or offices.

Would additional residential units in the downtown area complement the efforts to revitalize the downtown area of Kirksville?

"Downtown housing provides visible and tangible evidence of urban vitality that has important psychological and economic impacts"----The Brookings Institution

In many communities across the country the revitalization of downtown areas has involved an increase in the population of permanent residents in the downtown area. Permanent residents give the downtown a neighborhood energy that has many positive social and economic benefits. From a social point of view high density downtown housing 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 downtown area offers a concentrated mix of dining, entertainment, and retail venues. From an economic point of view an increase in the population of the downtown area 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 in the downtown area. It can motivate existing downtown property owners to improve their property. Increasing the population base of the downtown area could help to cure some of the eyesores in the downtown area that are vacant or deteriorated buildings.

In the opinion of the analyst, it would be beneficial to the downtown revitalization process in Kirksville to increase the number of residential units in the downtown area.

What types of housing should be considered in the Kirkville 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)

In addition to the three typical age groups that comprise the residential households in most communities, there is another household age group unique to college towns that must be considered. In Kirkville, which is heavily influenced by the presence of the universities, the age group that exerts considerable influence in the residential market is college age individuals and households between the ages of 18 and 24 years old. The student population in Kirkville exceeds the number of available housing units on the campuses, and as a consequence the rental residential market of Kirkville is comprised of a significant number of students.

Of the four age groups mentioned the greatest demand for residential units in the downtown area is from young student households of the nearby universities. The demand from the student households is a steady foundation of the rental housing market in the downtown area, which obviously is good for the area economy, but the area would benefit more by expanding on that foundation and serving other types of households in that market.

Students are limited in their discretionary income. The downtown market would seem to benefit from an increasing number of other types of households like young professional households, empty nester seniors and retirees, and other low and moderate income households in the workforce.

Adding to the social and economic diversity of the downtown area will increase the amount of discretionary income that can be spent in the area, increase the variety of businesses that may locate to the area to serve the variety of households, increase the social atmosphere of the area as a variety of individuals live, work, play, and dine and interact with each other in a unique, walkable place in the community. Increasing the diversity of the area would also expand the customer base for both real estate and products in the area, and should help to increase the real estate and sales tax base and the demand for both residential and commercial real estate in the area.

Expanding the variety of housing in the area that could be marketed to lower income seniors, young lower income working households; moderate and upper income professional households and empty nester households would be beneficial to the area.

The types of units that would be marketable for lower income seniors should be one and two bedroom units. Seniors in today's market value their space and most prefer two bedroom units. The amount of rent for affordable senior units could vary based on unit quality, location, and amenities, but should range from approximately \$400 to \$500, with the tenant paying typical utilities. The type of building should be ground level or a multi-story building with an elevator. Around the state numerous vacated school buildings similar to the vacant school buildings near the downtown area in Kirksville have been readapted for affordable senior units.

The affordable family units should be a combination of one and two bedroom units, and very few three bedroom units. Most households in the downtown market generally are not expected to have children, so there will be minimal demand for large family units downtown. The amount of rent for affordable family units could vary based on unit quality, location, and amenities, but should range from approximately \$400 to \$600, with the tenant paying typical utilities. The Travelers Hotel was recently approved for funding and rehabilitation and appears to be a good building site for development.

The market rate rental units for moderate to upper income professional households should also be a combination of one and two bedroom units, with very few three bedroom units, generally for small households that just want the extra space. The amount of rent for the market rate rental units could vary based on unit quality, location, and amenities, but should range from approximately \$600 to \$900 with the tenant paying typical utilities. These types of units could be developed on the upper and lower floors of downtown commercial buildings, in some of the vacant schools in the area, or in new garden or townhouse style developments on available vacant land in or near the downtown area. The finish and amenities in the high end rental units should represent the best, or close to the best that is available in the market.

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

The demand for units in the downtown area will come from the college students and other non-student, non-children households that live in and around Kirksville, some of which are presently residing in housing that may be overcrowded, in substandard condition, or more expensive than they can easily afford. Some may come from households with more housing than they want at this stage in their life. And some of the demand could come from current households that will be attracted to new and unique housing options that can be created in the downtown area, such as loft style condos, townhouses, or apartments.

Where are the potential locations for new residential units in the downtown revitalization area?

There are some buildings and tracts of land that appear to be available for development that possibly could be improved for residential uses. The opportunities that exist to create unique, high quality, rental housing is in the vacant upper and lower floor space of downtown commercial buildings, vacated school buildings, and vacant tracts of land in the downtown area. Some of the available subsidy programs that are available for affordable housing or the higher rents that are achievable by targeting higher income tenants could justify the feasibility of the improvements.

The city would be encouraged to do whatever it can in terms of zoning and building codes, approval processing, tax abatement, and other financing options, to facilitate the improvement of available downtown space for quality housing by owners and developers.

Following are some of the specific buildings and tracts that were noted as possible development sites:



Vacant school at 411 E. McPherson

Vacant school at 509 E. Harrison



Vacant school at corner of Filmore and Halliburton

Deteriorated building at NE corner of Jefferson and Franklin Streets



Building at SW corner of Franklin and McPherson

Upper floor of building at SW corner of Marion and Washington





Cochran Building at SW corner of Main and Harrison

Vacant tract at corner of Michigan and Orchard



Vacant tract at NW corner of Main and Missouri

Development of the upper floor space of commercial buildings for residential purposes is difficult, so it will be necessary for the city to do everything within its power to make it a relatively smooth process, while maintaining the standards that would assure decent, safe, and sanitary housing conditions.

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

In order to estimate the number of households that could create residential housing demand in the Kirkville downtown market area it will first be necessary to estimate demand for the Kirkville residential market as a whole. The next step would be to apply a downtown capture rate to the total number of households that form the Kirkville residential demand. The downtown capture rate represents the percentage of households in the Kirkville residential market that could create the residential demand in the downtown market area.

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, household size, tenure and broad age groups. It is a custom four-way cross tabulation of household data; not extrapolations of SF3 data. It eliminates the need for the analyst to perform various extrapolation steps, which is not as accurate as cross tabulation.

Below are the HISTA (Households by Income, Size, Tenure, and Age) tables for the primary market area, which includes the City of Kirkville and the balance of Adair County. The HISTA data will be used for the potential residential demand analysis that follows.

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	58	34	16	3	2	113
\$10,000-20,000	96	42	33	12	8	191
\$20,000-30,000	187	78	53	48	29	395
\$30,000-40,000	83	105	55	84	50	377
\$40,000-50,000	54	84	111	91	36	376
\$50,000-60,000	39	85	68	62	54	308
\$60,000+	61	333	279	357	207	1,237
Total	578	761	615	657	386	2,997

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	30	26	3	2	3	64
\$10,000-20,000	47	15	4	0	0	66
\$20,000-30,000	4	65	15	0	0	84
\$30,000-40,000	39	55	18	0	7	119
\$40,000-50,000	49	84	1	0	0	134
\$50,000-60,000	2	52	7	10	0	71
\$60,000+	28	181	116	12	7	344
Total	199	478	164	24	17	882

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	192	20	8	0	0	220
\$10,000-20,000	236	115	0	0	0	351
\$20,000-30,000	125	162	6	0	3	296
\$30,000-40,000	96	173	6	0	0	275
\$40,000-50,000	64	138	5	6	0	213
\$50,000-60,000	12	138	6	0	0	156
\$60,000+	90	256	46	10	0	402
Total	815	1,002	77	16	3	1,913

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	562	252	72	47	22	955
\$10,000-20,000	371	269	205	72	50	967
\$20,000-30,000	189	147	135	38	30	539
\$30,000-40,000	85	102	106	17	56	366
\$40,000-50,000	6	58	49	56	39	208
\$50,000-60,000	9	21	14	12	7	63
\$60,000+	6	35	48	56	20	165
Total	1,228	884	629	298	224	3,263

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	22	3	2	3	6	36
\$10,000-20,000	16	0	0	1	1	18
\$20,000-30,000	5	20	0	0	0	25
\$30,000-40,000	7	7	1	4	0	19
\$40,000-50,000	0	0	0	0	0	0
\$50,000-60,000	0	5	0	0	1	6
\$60,000+	0	11	5	0	0	16
Total	50	46	8	8	8	120

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	100	26	0	0	0	126
\$10,000-20,000	116	24	0	3	0	143
\$20,000-30,000	21	9	0	0	0	30
\$30,000-40,000	19	6	0	0	0	25
\$40,000-50,000	4	6	3	0	0	13
\$50,000-60,000	0	0	0	0	0	0
\$60,000+	20	21	0	0	0	41
Total	280	92	3	3	0	378

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	45	25	13	1	1	85
\$10,000-20,000	80	31	26	9	5	151
\$20,000-30,000	161	63	40	33	25	322
\$30,000-40,000	77	89	49	76	43	334
\$40,000-50,000	57	82	110	93	36	378
\$50,000-60,000	45	74	70	50	49	288
\$60,000+	70	346	298	385	223	1,322
Total	535	710	606	647	382	2,880

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	23	3	2	4	64
\$10,000-20,000	43	13	2	1	1	60
\$20,000-30,000	2	64	15	0	0	81
\$30,000-40,000	39	37	16	0	4	96
\$40,000-50,000	59	74	0	0	1	134
\$50,000-60,000	5	67	5	8	0	85
\$60,000+	33	200	133	14	9	389
Total	213	478	174	25	19	909

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	178	15	6	0	0	199
\$10,000-20,000	212	90	0	0	0	302
\$20,000-30,000	128	155	5	0	2	290
\$30,000-40,000	101	177	5	0	0	283
\$40,000-50,000	70	123	4	6	0	203
\$50,000-60,000	17	147	10	0	0	174
\$60,000+	114	297	58	12	0	481
Total	820	1,004	88	18	2	1,932

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	516	209	64	40	21	850
\$10,000-20,000	352	223	184	62	47	868
\$20,000-30,000	196	128	122	34	29	509
\$30,000-40,000	95	98	100	14	54	361
\$40,000-50,000	10	69	57	64	45	245
\$50,000-60,000	12	22	20	11	8	73
\$60,000+	9	40	61	70	24	204
Total	1,190	789	608	295	228	3,110

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	26	3	2	2	4	37
\$10,000-20,000	24	1	1	0	0	26
\$20,000-30,000	8	21	0	0	0	29
\$30,000-40,000	7	8	0	2	0	17
\$40,000-50,000	0	1	0	1	1	3
\$50,000-60,000	0	3	0	0	7	10
\$60,000+	0	17	7	0	0	24
Total	65	54	10	5	12	146

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	102	24	0	0	0	126
\$10,000-20,000	121	25	0	4	0	150
\$20,000-30,000	29	13	0	0	0	42
\$30,000-40,000	24	7	0	0	0	31
\$40,000-50,000	5	7	3	0	0	15
\$50,000-60,000	0	0	0	0	0	0
\$60,000+	28	30	0	0	0	58
Total	309	106	3	4	0	422

HOME OWNERSHIP HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential homeownership demand in the downtown area of Kirkville over the next few years. Generally the demand for homeownership in reviving downtown areas follows the period of time in which young urban pioneers have reestablished the downtown area as a place to live by creating a rental market. Once the area proves itself to be a desirable and safe place to live it should attract less transient households with sufficient credit, net worth, and desire to locate permanently to the area.

In the case of Kirkville, the downtown home ownership market for loft style condos and townhouses has not yet developed. As previously mentioned in this report, the housing market in the downtown area at present is primarily comprised of rental units that cater to student households of the university. The transient environment and the high density of existing rental units generally do not encourage homeownership.

Another factor regarding homeownership demand in the downtown area 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 those reasons no demand analyses was prepared for the downtown revitalization area.

MARKET RATE RENTAL HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential market rate rental housing demand in the downtown area of Kirkville over the next few years. Currently, the market rate rental housing market in the downtown area of Kirkville is dominated by student households. The south and west areas of the downtown area, and the areas adjacent to the downtown area are densely improved with older and newer rental units in the form of apartments, duplexes, single family homes, and single family homes that have been converted to multi-unit apartments that serve the student market. Most of the upper floor apartments of the commercial buildings around the downtown square are also rented to students. There are currently several units under construction in the area.



Future market rate rental housing demand will continue to be driven by the student market, but a portion of that market will also be driven by small working class individuals and families of moderate and upper income levels.

Following is the quantitative analysis of the potential market rate rental housing demand. The analysis considers income qualified renter households and non-income qualified student households. Non-income qualified student households are student households that may not independently have the income to afford the rent, but that are able to afford the rent by means of family or other financial support.

Market Rate Family Rental Potential Demand Analysis				
Qualified Household Demand (2008)		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 700	\$ 825	\$ 1,000
2	Percentage of Income to Housing	25%	25%	25%
3	Minimum Income (Affordability)	\$ 33,600	\$ 39,600	\$ 48,000
4	Appropriate Sized (1-5+ Person HH) , Income Qualified, Renter HH, Age 18-61 (2008)	179	181	115
5	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>20%</u>
6	PMA Income Qualified Household Demand (2008)	45	45	23
7	SMA Income Qualified Household Demand (2008)	4	5	2
8	Estimated Non-Income Qualified Student Households (2008)	597	204	96
9	Market Rate Rental Potential Household Demand (2008)	646	254	121
Qualified Households (2013)		1BR	2BR	3BR
10	Gross Rent (includes utility costs paid by tenants)	\$ 773	\$ 911	\$ 1,104
11	Percentage of Income to Housing	25%	25%	25%
12	Minimum Income (Affordability)	\$ 37,094	\$ 43,718	\$ 52,992
13	Appropriate Sized (1-5+ Person HH) , Income Qualified, Renter HH, Age 18-61 (2013)	150	186	113
14	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>20%</u>
15	PMA Qualified Household Demand (2013)	38	47	23
16	SMA Qualified Household Demand (2013)	4	5	2
17	Estimated Non-Income Qualified Student Households (2013)	542	232	85
18	Market Rate Rental Potential Household Demand (2013)	583	283	110
19	Qualified Household Growth/Decline (2008-2013)	-63	29	-11
20	Average Annual Potential Demand (2008-2013)	634	260	119
21	Kirkville Market Area Capture Rates	85%	85%	85%

		1BR	2BR	3BR
22	Kirkville Market Rate Family Rental Demand	539	221	101
23	Downtown Kirkville Market Area Capture Rates	10%	10%	5%
		1BR	2BR	3BR
24	Downtown Kirkville Market Rate Family Rental Demand	54	23	5

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 a current estimate of the non-income qualified student households

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

Line 15 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 16 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 17 is a projection of the non-income qualified student households in 2013.

Line 18 is a projection of the potential rental housing demand in the market area in 2013.

Line 19 is a projection of household growth/decline between 2008 and 2013.

Line 20 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 21 is the estimated capture rates for the Kirkville market area. It is an estimate of the percentages of households that would consider rental units in the Kirkville market area by bedroom size. The selected capture rates take into consideration the size of the community of Kirkville and its housing options in comparison to the larger primary market area.

Line 22 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 City of Kirkville. This is a point in time estimate and could change based on changes in the housing supply between this point in time and 2013.

Line 23 is the estimated capture rates for the downtown Kirkville 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 Kirkville market area by bedroom size.

Line 24 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 Kirkville market area. This is a point in time estimate and could change based on changes 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	54
Two Bedrooms	23
Three Bedrooms	<u>5</u>
Total	82

AFFORDABLE FAMILY RENTAL HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential affordable family rental housing demand in the downtown area of Kirkville over the next few years. In many downtown areas 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 Kirkville there is already an active and strong rental market in the downtown area, so it won't be necessary for affordable housing to try and "jumpstart" the market. Good quality, affordable family housing units could complement the downtown revitalization efforts by providing workforce housing for lower income households.

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

Affordable Family Rental Potential Demand Analysis				
Qualified Household Demand (2008)				
		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 450	\$ 550	\$ 750
2	Percentage of Income to Housing	35%	35%	35%
3	Minimum Income (Affordability)	\$ 15,429	\$ 18,857	\$ 25,714
4	Maximum Income (Tax Credit Limits)	\$ 21,210	\$ 25,440	\$ 29,400
5	Appropriate Sized (1-5+ Person HH) , Income Qualified, Renter HH, Age 18-61 (2008)	274	155	29
6	Percentage of Annual Turnover of Existing HH	25%	25%	20%
7	PMA Qualified Household Demand (2008)	69	39	6
8	SMA Qualified Household Demand (2008)	14	8	1
9	Affordable Family Rental Potential Household Demand (2008)	82	47	7
Qualified Household Demand (2013)				
		1BR	2BR	3BR
11	Gross Rent (includes utility costs paid by tenants)	\$ 497	\$ 607	\$ 828
12	Percentage of Income to Housing	35%	35%	35%
13	Minimum Income (Affordability)	\$ 17,033	\$ 20,818	\$ 28,389
14	Maximum Income (Tax Credit Limits)	\$ 23,416	\$ 28,086	\$ 32,458
15	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2013)	241	157	27
16	Percentage of Annual Turnover of Existing HH	25%	25%	20%
		-	-	-

17	PMA Qualified Household Demand (2013)	60	39	5
18	SMA Qualified Household Demand (2013)	12	8	1
19	Affordable Family Rental Potential Hshld Demand (2013)	72	47	6
20	Qualified Household Growth/Decline (2008-2013)	-10	1	0
21	Average Annual Potential Demand (2008-2013)	80	47	7
22	Kirkville Market Area Capture Rates	85%	85%	85%
		1BR	2BR	3BR
23	Kirkville Affordable Family Rental Demand	68	40	6
24	Downtown Kirkville Market Area Capture Rates	30%	30%	20%
		1BR	2BR	3BR
25	Downtown Kirkville Affordable Family Rental Demand	20	12	1

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 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 22 is the estimated capture rates for the Kirkville market area. It is an estimate of the percentages of qualified households that would consider affordable rental units in the Kirkville market area by bedroom size. The selected capture rates take into consideration the size of the community of Kirkville and its affordable housing options in comparison to the larger primary market area.

Line 23 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 Kirkville market area.

Line 24 is the estimated capture rates for the downtown Kirkville 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 Kirkville market area by bedroom size.

Line 25 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 the downtown Kirkville revitalization area.

Affordable Family Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	20
Two Bedrooms	12
Three Bedrooms	1
Total	33

The Travelers Hotel has recently been approved for funding that will convert it into 34 units of family affordable housing for low and moderate income working households. The demand conclusion of this analysis of 33 households will be served by that development.

AFFORDABLE SENIOR RENTAL HOUSING DEMAND ANALYSIS

The purpose of this analysis is to quantify the potential affordable senior rental housing demand in the downtown area of Kirksville over the next few years. It has been stated earlier that in many downtown areas 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 Kirksville there is already an active and strong rental market in the downtown area, so it won't be necessary for affordable housing to try and "jumpstart" the market. Good quality, affordable senior housing units could complement the downtown revitalization efforts by adding social and economic diversity to a market that is dominated by young student households.

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

Affordable Senior Rental Potential Demand Analysis		
Qualified Household Demand (2008)		
		1BR/2BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 500
2	Percentage of Income to Housing	50%
3	Minimum Income (Affordability)	\$ 12,000
4	Maximum Income (Tax Credit Limit)	\$ 21,210
5	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2008)	118
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	18
8	Appropriate Sized, Income Qualified, <i>Owner Households, Age 62+ (2008)</i>	317
9	Percentage of Existing Senior <i>Owner</i> Households Likely to Move if New Affordable Rental Housing Were Available	10%
10	Number of Existing Senior <i>Owner</i> Households Likely to Move If New Affordable Rental Housing Were Available	32
11	PMA Qualified Household Demand (2008)	49
12	SMA Qualified Household Demand (2008)	10
13	Affordable Senior Housing Potential Hsld Demand (2008)	59

	Projected Qualified Household Growth 2007-2012	1BR/2BR
14	Gross Rent (includes utility costs paid by tenants)	\$ 552
15	Percentage of Income to Housing	50%
16	Minimum Income (Affordability)	\$ 13,248
17	Maximum Income (Tax Credit Limit)	\$ 23,416
18	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2013)	116
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	17
21	Appropriate Sized, Income Qualified, <u>Owner Households, Age 62+ (2013)</u>	304
22	Percentage of Projected Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	10%
23	Number of Projected Senior <u>Owner</u> Households Likely to Move If New Affordable Rental Housing Were Available	30
24	PMA Qualified Household Demand (2013)	48
25	SMA Qualified Household Demand (2013)	10
26	Affordable Senior Housing Potential Hsld Demand (2013)	57
27	Qualified Household Growth/Decline (2008-2013)	-2
28	Average Annual Potential Demand (2008-2013)	59
29	Kirksville Market Area Capture Rate	85%
30	Kirksville Affordable Senior Rental Potential Demand	50
31	Downtown Kirksville Market Area Capture Rate	60%
32	Downtown Market Area Affordable Senior Rental Potential Demand	30

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

Line 29 is the estimated capture rate for the Kirksville market area. It is an estimate of the percentage of qualified senior households that would consider affordable rental units in the Kirksville market area by bedroom size. The selected capture rate takes into consideration the size of the community of Kirksville and its affordable housing options in comparison to the larger primary market area.

Line 30 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 Kirksville market area.

Line 31 is the estimated capture rate for the Downtown Kirksville 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 Kirksville market area by bedroom size. Because the occupancy levels at the existing affordable senior developments in Kirksville is strong it is reasonable to assume that any new, high quality senior affordable units that would become available in the Kirksville market, and in particular the downtown area, should be able to capture a significant portion of the available household demand.

Line 32 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 the Kirkville downtown revitalization area. This is a point in time estimate and could change based on changes in the affordable senior housing supply and demand between this point in time and 2013.

Affordable Senior Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	6
Two Bedrooms	<u>24</u>
Total30

QUANTITATIVE DEMAND ANALYSIS CONCLUSIONS

Kirkville Downtown Area Housing Demand

<u>Housing Type</u>	<u>Potential Household Demand</u>
Home Ownership	0
Market Rate Rental (Non-Student)	24
Affordable Family Rental.....	33
Affordable Senior Rental	<u>30</u>
Total Household Demand.....	87

The analyses concludes that after considering the primary and secondary market areas from where households could reasonably be expected to be drawn from to housing in the downtown area of Kirkville, 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 changes in the housing supply, economy, and demand factors considered.

SECTION IX

DOWNTOWN RESIDENTIAL IMPLEMENTATION STRATEGY

Following are some of the strategies and financial programs that should be considered in order to implement downtown residential development:

- Plan for a multifunctional downtown, where housing will complement other uses, such as employment, shopping, culture, entertainment, government, and tourist attractions.
- Identify and give high priority to catalyst projects that have the ability to energize or raise the awareness level of the downtown area.
- In order to development residential momentum in the downtown area early focus should be on the production of quality rental units.
- Identify all available building and land space that could accommodate new residential units in the downtown area and consult with the owners regarding their plans for the use, improvement, or sale of the building or land.
- Identify builders, developers, and investors that would be willing to participate in the production or improvement of residential space in the downtown area.
- Encourage building designs and improvements that are comparable and/or complimentary to the existing architectural building designs in the downtown area.
- Review all applicable zoning and building codes to ensure that they do not provide barriers to downtown residential development
- Provide technical assistance and financial incentives where possible to support downtown residential development.
- Identify and try to mitigate all adverse conditions, such as the lack of parking, traffic patterns, etc that may adversely affect the downtown residential market.
- Encourage existing property owners in the downtown area to properly maintain their property.
- Implement downtown beautification programs and consider any changes or improvements that would help to increase the draw power of the area.
- Continue to maintain and improve the infrastructure in the downtown area, including pedestrian walkways.
- Try to attract commercial businesses to the downtown area that will serve the needs of the local downtown neighborhood.

Financing residential units in the downtown area will depend upon the size of the project and the extent of work that needs to be done. If the project is relatively small, involving no more than a few units it may be possible that it can be accomplished with conventional financing and an owner/investor that is willing to accept possibly low and slow payback of their equity investments through cash flow and income tax benefits. The analyst noted many examples of small rental developments that have been produced primarily for student tenants in the city. The number newer rental developments in the city seem to indicate the willingness on the part of local lenders to provide funding and owner/investors to be patient for equity recapture.

In order to fund larger developments or projects that may require expensive historic renovation costs it may be necessary to utilize various government subsidy and incentive programs. Some of the financial programs and incentives that could help to produce downtown residential housing include the following:

- 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
January 28, 2009