

DOWNTOWN
REVITALIZATION &
ECONOMIC
ASSISTANCE FOR
MISSOURI

September 2008

RESIDENTIAL DEMAND ANALYSIS

FINAL SURVEY
FINDINGS & RESULTS

Chillicothe, Missouri



ACKNOWLEDGMENTS



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



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

PLANNING CONSULTANT



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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 Chillicothe 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 Chillicothe, Livingston County, Missouri and parties interested in the possible development of residential housing units in the downtown area of Chillicothe, 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 Chillicothe 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 Chillicothe, within the specific geographic boundaries as described within this report.

Effective Date of the Report

The effective date of the report is August 27, 2008.

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 Chillicothe 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.

SECTION I

EXECUTIVE SUMMARY

Some of the conclusions of the report are as follows:

- A baseline assessment of the current residential housing options in the downtown area of Chillicothe was made. The result of the assessment is that at the present time residential options are limited in the downtown area. The housing that does exist includes single family homes, duplex units, small multifamily developments, and a few mid sized rental developments like the Franklin Apartments, Center Apartments, and the Strand Hotel Apartments. All but the Strand Hotel Apartments are located around the downtown area and not within the courthouse square area of downtown.
- Like many downtown areas around the country the downtown area of Chillicothe has gone through a period of decline as businesses have moved outward to other areas of the community. The result is vacant and underutilized retail space, including the upper floor space of commercial buildings. Even though there has been an obvious economic decline in the downtown area the area appears to be stable and has benefited from the community's downtown beautification initiatives.
- The vacant land and building space in the downtown area of Chillicothe presents the community with the opportunity to take the blank canvas of the downtown area and paint it with various strokes to create a unique and diverse business, retail, entertainment, and residential environment unlike any that currently exists in the community. The downtown area has the potential to be transformed into an area where people can walk or bike to work, shops and restaurants, or enjoy special features like water fountains, flower gardens, or the beautiful murals that already exist downtown. Christopher Leinberger, a recognized expert on downtown revitalization says that one of the keys to a successful downtown is 'walkable urbanity'. In other words, a strong sense of place; people living downtown; people meeting on the streets; and different things to do.
- Housing can play a significant role in the creation of a new community village in the downtown area of Chillicothe by bringing people to the area beyond the daytime business hours. An increase in the residential density should help to support the existing businesses in the area and attract new businesses to serve the needs of the new residents. The increased residential density should also make it economically feasible for more businesses in the downtown area to extend their evening business hours.
- The downtown area of Chillicothe has some vacant buildings like the Leeper Hotel at the northwest corner of Washington and Webster, the Winklemeyer building at the southeast corner of Locust and Clay, and a significant amount of upper floor space in existing commercial buildings around the Courthouse Square that can be readapted and used for residential purposes. In addition to the buildings, there are a couple of large tracts of land around Jackson and Vine that could accommodate residential new construction, zoning permitting.

- Chillicothe appears to have a cadre of active residential builders and developers that have created a significant number of duplex units around the city. It would be beneficial to the downtown revitalization efforts in Chillicothe if the local builders or investors could be motivated into producing housing in the downtown area. The inducement could take the form of subsidy, transaction assistance, or waivers that could ease the development process.
- The typical households that could create the demand for housing in the downtown market area of Chillicothe are generally small households with no children, or very few children, who are young professionals, empty nesters, or seniors, that are primarily interested in a one or two bedroom unit. There also should be demand from households at different ends of the economic range.
- The population of Chillicothe is projected to decline, but the number of households is expected to increase as the number of people in households is expected to decline. An increase in the number of households creates housing demand that can be served by new residential units in the downtown area.
- The City of Chillicothe is projected to have an increase in workforce of approximately 200 to 300 people due to the construction of the new correctional facility. The new facility will attract a large number of prospective employees from outside of the City of Chillicothe and should create housing demand in the Chillicothe market. Some of the new housing demand can be served by new residential units in the downtown area.
- A survey of the existing rental housing markets in Chillicothe indicated that they generally have strong demand at this time. The rental housing demand from moderate and upper income households in particular appeared to be strong as evidenced by the current high occupancy levels and the reports that most new units are pre-leased prior to construction completion. The affordable senior housing developments for lower income seniors have good occupancy and some developments have waiting lists. The family affordable housing developments for lower income families generally have good occupancy, but property managers indicated that it was a soft occupancy. Any excess rental housing demand can be served by new or rehabilitated rental units in the downtown area.
- The homeownership market in the form of loft style condos or townhouses has not quite formed in the downtown area of Chillicothe. Part of the reason could be due to the lack of product that has the optimal combination of quality and price that would be acceptable to the market. A good quality ownership unit, particularly of the type that will limit the maintenance responsibilities of the owner, in the price range of \$90,000 to \$125,000 should be marketable in the downtown area of Chillicothe.
- The city has approved a large scale residential development on part of the site of the former Chillicothe Correctional Facility. Much of the residential demand in Chillicothe could be attracted to units in the development, but the unique community village that can be created in the Chillicothe downtown area should also attract some of the residential demand.

- The beautification efforts that have taken place in the downtown area have made a positive difference in the appearance of the area. Another relatively inexpensive idea that should be considered, which could make a significant difference to the visual appearance of the downtown area is to require owners of buildings in the downtown area to apply window covers, like blinds, to the windows of vacant units to eliminate the vacant space appearance.
- A quantitative demand analysis was prepared for various types of housing to estimate the level of market household demand that exists in the downtown market area. The intent of the demand analysis is to provide the City of Chillicothe, builders and developers with an idea of the market demand for new housing that could be produced in the downtown market area of Chillicothe. The results of the downtown residential demand analysis for the various housing types are as follows:

Chillicothe, Missouri Downtown Residential Housing Demand 2007-2012

<u>Housing Type</u>	<u>Potential Household Demand</u>
Homeownership (Condo Loft /Townhome/Single Family)	5
Market Rate Rental	10
Affordable Senior Rental	<u>32</u>
Total	47

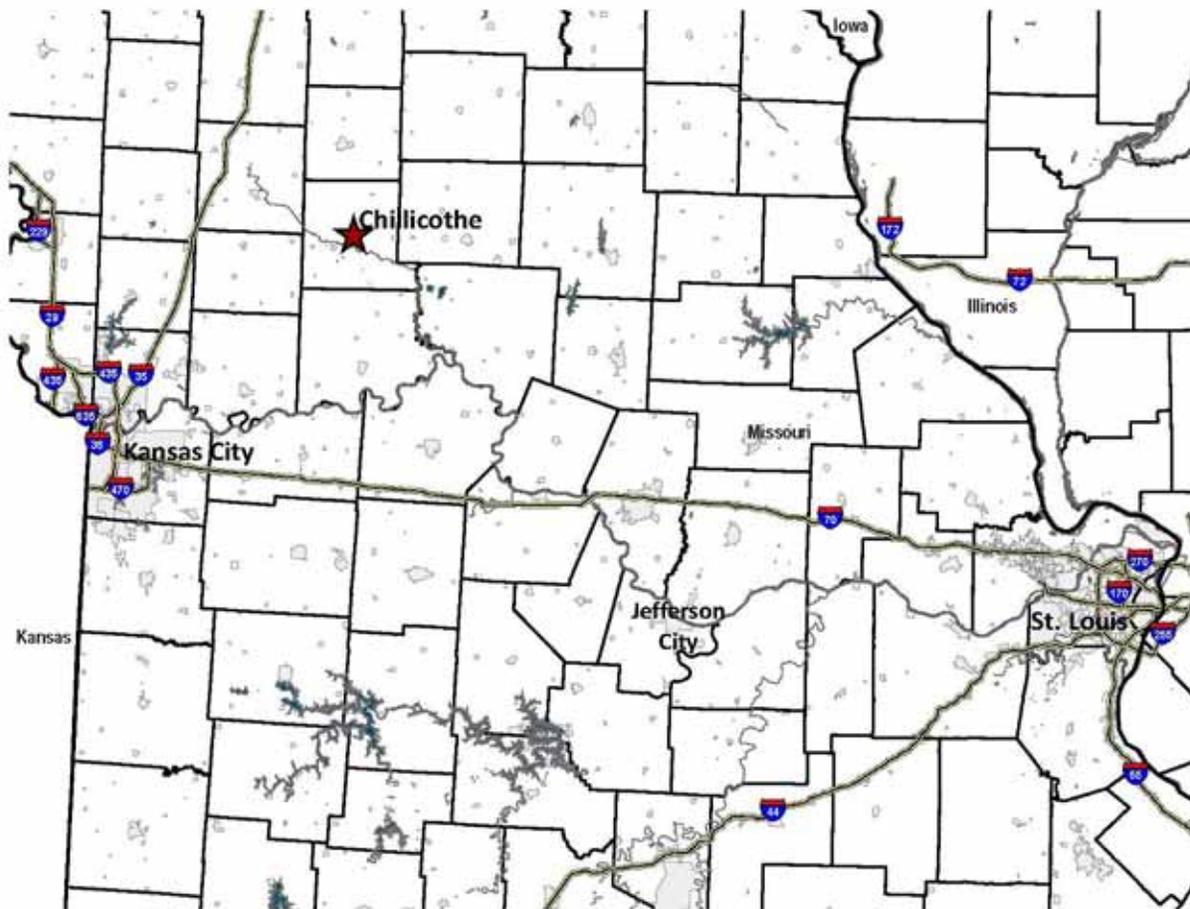
A demand analysis for the affordable family rental market was not produced because the affordable family rental market in Chillicothe is reported to have soft occupancy conditions and the production of new units could adversely affect the existing affordable family rental

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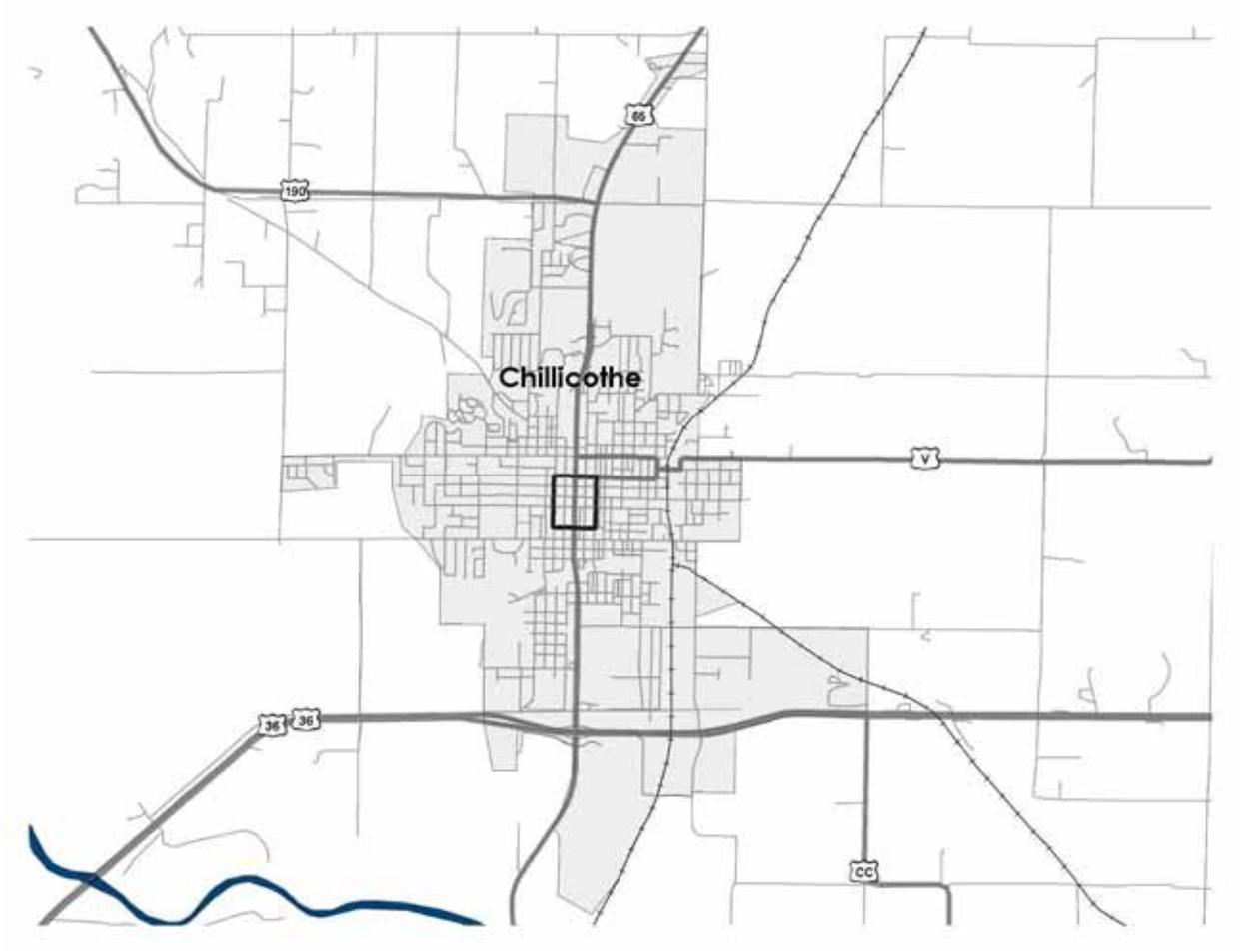
SECTION II MARKET AREA DESCRIPTION

The area of study is the downtown area of Chillicothe, Livingston 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 and the specific boundaries of the downtown market area that is the subject of this report (Map #4).

Map #1.



Map #2



Map #3



Overview

Chillicothe, which is the county seat of Livingston County, is located in northwest Missouri, approximately 75 miles east of St. Joseph and 80 miles northeast of Kansas City. The city, which was incorporated in 1855, is named after an old Shawnee Indian settlement in the area. The name Chillicothe has Shawnee Indian roots, and signifies the big town where we live, or our big home.

Chillicothe is a rural community that has an agricultural base. It wasn't until the railroad came through the community that it really began to grow in terms of commerce.

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

The downtown area of Chillicothe, like many small rural communities, is anchored by the county government building, which sits in the center of the square. Most of the other buildings in the downtown area are generally two and three story brick buildings, with retail space on the street level. Some of the upper floor space of these buildings appears to be occupied with offices and a few of the buildings contain space that is used for residential purposes. Much of the upper floor space of these downtown area buildings appears to be vacant.

The loft style rental and condominium market that has helped to revive many downtown areas by making use of the vacant upper floor space of the downtown buildings has not yet gained momentum in Chillicothe. There are a small number of upper floor rental units and at least one loft style owner occupied unit in downtown Chillicothe that the analyst is aware of. There are also plans to improve other upper floor space for residential use, but to date the existing units and the proposed activity appears to be minimal compared to the large amount of upper floor space that appears to be available.

Like many downtown areas, Chillicothe's was the major shopping area in the community until the city began to grow and more retail, dining, and service oriented businesses began to sprout north and south of the downtown area, primarily along Highway 65. The loss of businesses to these other areas contributed to the decline of the downtown area. Even with the decline of retail businesses the downtown area appears to be very attractive and vibrant. This can be attributed to planter box and mural beautification projects in downtown and the vehicular and pedestrian activity still generated by the local and county governments and the remaining downtown businesses.

Existing Downtown Housing

Within the downtown revitalization area residential housing options are limited to some single family homes that are located around Walnut and Cherry Streets, a few duplexes, and some large homes that have been converted to multifamily structures.

Most of the single family homes in the downtown area are older structures of 60 years or more and most appear to be in average to fair condition. The deferred maintenance and physical depreciation of some of the homes in the downtown revitalization area are a detriment to the area.

The city of Chillicothe has a significant number of side by side duplex residential structures, some of which are located in the downtown area. Most appear to be in average condition.

The largest residential structure in the downtown revitalization area is the Strand Apartments, a five story former hotel that was converted to a small household affordable housing development. The development contains 32 units.

Within the downtown area are also a few loft style residential units that are located on the upper floors of commercial buildings. Most of these are rental units, but at least one loft unit is owner occupied. These types of units are limited. The loft style residential market that has been a large part of the renaissance many downtown areas across the country has so far not been a large factor in the downtown area of Chillicothe.



Loft style apartment at 722 Washington



Loft style apartment at 602 Jackson



Large home conversion to multiple rental units at 410 Elm



Loft Style Owner Occupied Unit at 610 Jackson

The upper floor of the building at 504 Washington is reported to be in the process of rehab for apartment rental



Boundaries

The boundaries of the downtown revitalization area that is the subject of this report is Calhoun Street on the north, Ann Street to the south, Elm Street on the east, and Walnut Street on the west.

Traffic Arteries

Washington Street/Highway 65 is the primary north/south traffic artery through the downtown area and the community. The street accommodates regional travel as well as local traffic. Most of the traffic arteries in the downtown area allow two way traffic, except for Calhoun Street, which is one way west, Cherry Street, which is one way north, and Walnut Street, which is one way south through the downtown area.

Existing Land Uses

The existing land uses in the downtown area is a mixture of government, retail, office, service, and residential land uses. Most of the residential land use can be found on the west side of the downtown revitalization area, but there are residential land uses in other areas of the downtown area as well.

Adjacent Areas

Land uses adjacent to the downtown area are generally residential to the east and west, and predominately commercial to the north and south.

Parking

Parking is generally allowed on the streets throughout the downtown revitalization area and is reported to be limited during the daytime. The Livingston County Courthouse has private parking lots on the east and west sides of the building and dedicated parking spots on the street to the north and south of the building. The Citizens Bank and the Strand Apartments also have parking lots for their customers and residents. During evening hours when most offices and businesses are closed there are more than enough available parking spaces in the downtown area.

Retail Shopping

The primary retail shopping areas in the community are strip shopping areas along Highway 65, north and south of the downtown area, a Wal-Mart Supercenter which is located south of downtown in the northwest quadrant of Highways 36 and 65, and Lowes, which is located south of the downtown area, near Highway 36. Retail shopping options in the downtown area are very limited.

Entertainment

No entertainment venues were noted in the downtown area, but the community does have a movie theater, bowling alley, and a public golf course, that are located in close proximity to the downtown area.

Dining Establishments

Dining options are limited in the downtown area. Only The Steakhouse at 607 Jackson and the Boji Stone at 612 Washington were the only eateries noted in the downtown revitalization area.

Parks and Recreation

No parks are located within the downtown area, but the city has seven parks that contain an aquatic park, ball diamonds, tennis courts, walking trails, picnic shelters, volleyball courts, and horseshoe pits. Chillicothe also has the Grand River YMCA, which has a number of recreational and health programs and facilities for adults and children.

Schools

None of the public schools in Chillicothe are located in the downtown area, but all are located in close proximity. Chillicothe High School is relatively new, being completed in 2000.

Public Transportation

Chillicothe does not have a public transportation system. The city does have a taxi service, an OATs transportation service for older residents, and a small municipal airport. National and international travel is through bus, train, and airline service in the nearby communities of St. Joseph and Kansas City.

Public Safety

The City of Chillicothe has a fire station that is located just south of the downtown revitalization area at 700 N. 2nd Street. The local emergency medical service is also located at that address. The Chillicothe Police Department is located within the downtown revitalization area at 613 Walnut.

Downtown Area Photographs



Livingston County Courthouse
at the Chillicothe downtown
square

East side of the 600 block of Locust



West side of the 600 block
of Washington



North side of 700 block of
Webster

Livingston County Library at southeast
corner of Locust and Clay





Leeper Hotel (vacant and boarded) at 702 Washington

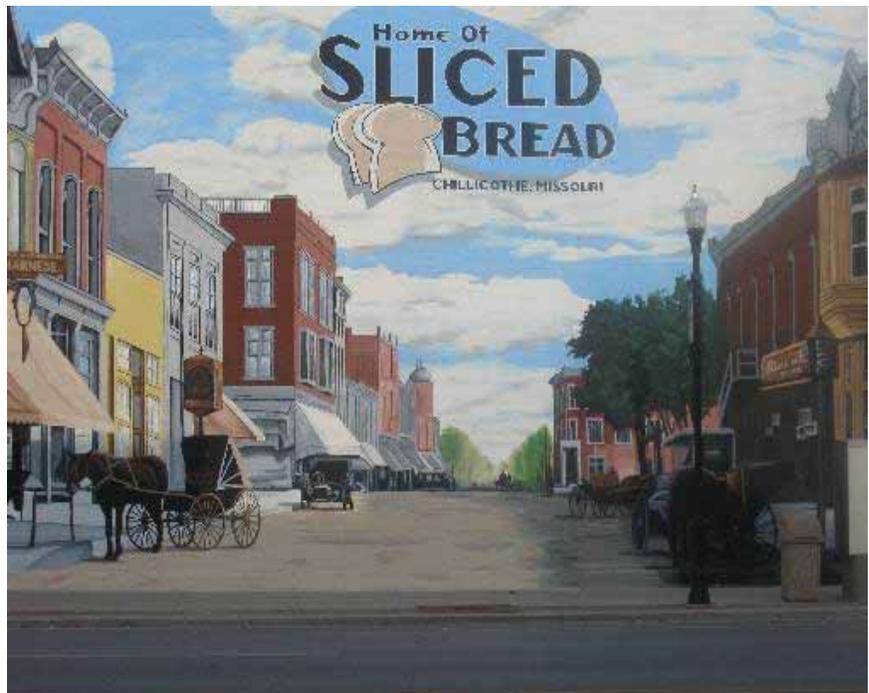
Citizens Bank & Trust at 515 Washington





Vacant multifamily building at 517 Elm

Downtown building mural





Downtown building mural

Downtown area planter box



Downtown Area Strengths and Weaknesses

From a market perspective, the strengths of the Chillicothe downtown market area are significant. Some of them include the following:

- **Historic Buildings:** The downtown area contains buildings that are historical; that are signatures of the community; that have the benefit of qualifying for special tax credits and financing to preserve and restore their historic character.
- **Positive Momentum:** The community has already shown a commitment to the goal of downtown revitalization, which is evidenced by the formation and downtown beautification activities of the Chillicothe Main Street program, and the investment the community has made in the infrastructure of the downtown area.
- **Pioneering Commitment:** The downtown area benefits from the pioneering efforts of private investors that have established businesses and in some cases renovated space in the older buildings for residential use.
- **Traffic flow:** Highway 65 is a major north/south traffic artery that runs through the heart of the downtown area and exposes the downtown area to significant consumer exposure.
- **Blank Canvas:** The vacant buildings and land in the downtown area offer opportunities for creative entrepreneurs. The large amount of vacant and underutilized buildings and land provide the opportunity to consider numerous options to create something special in the downtown area in terms of housing, business, entertainment, shopping, and dining establishments.
- **Employment:** The downtown is the center of municipal and county government. Citizens Bank and Trust is located downtown and Hedrick Medical Center is located in close proximity to downtown. These employers all draw a large number of people (potential customers) to the area during daylight hours.
- **Proximity to Essential Neighborhood Services –** Because Chillicothe is a relatively small community, most essential services, such as grocer, service stations, etc. are located in relatively close proximity to the downtown area.
- **Walkability:** The downtown area is compact with a friendly street pattern.
- **Accessibility:** Access to and from the area is relatively easy in all directions.
- From a market perspective, current weaknesses of the downtown Chillicothe market area also exist. They include the following:
 - **Lack of Parking:** There is at least a perception that the downtown area has a lack of a sufficient number of parking spaces for the potential customers of the downtown businesses.

- **Unproven Residential Market:** The residential market in the downtown area is very limited at this time. The lack of a proven residential market limits the obtainable market rate rents and possible home ownership prices, making the feasibility of certain types of residential properties questionable.
- **Diminished Community Stature:** The downtown area needs to re-establish itself as the heart of the community. Currently most people only come to downtown to conduct business.
- **Weak Retail Market:** The downtown area has a weak retail market that limits its economic impact.
- **Traffic Nuisance:** Highway 65 is a major north/south traffic artery that runs through the heart of the downtown area and exposes the downtown area to a significant number of large trucks, which sometimes are considered to be an auditory nuisance.

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 Chillicothe, Missouri Chamber of Commerce.

Chillicothe's Industrial Park is located in the southeast area of the city, just north of Highway 36 within a Missouri Enterprise Zone. The Enterprise Zone was approved by the state of Missouri and is intended to create a favorable atmosphere for qualifying businesses by offering 12 different tax incentive programs.

The largest employer in Chillicothe is growing. The new Chillicothe Correctional Center, which is an incarceration facility for women, has just been completed at the north edge of the community. It replaces an older correctional facility that was located at the southern area of the city. The old facility employed approximately 400 individuals. The new facility is expected to employ approximately 600 individuals, which will increase the employment base of the community by at least 200 individuals. The average salary of the largest group of the workforce at the facility is reported to be approximately \$26,000.

Major Employers

Major Employers - Chillicothe Area		
Employers	Type of Business	Employees
Mo. Department of Corrections	Law Enforcement	400
Chillicothe Schools	Education	325
Hedrick Medical Center	Health Care	300
MidWest Quality Gloves, Inc.	Manufacturing	175
Gear For Sports	Manufacturing	145
Wire Rope Corp of America	Manufacturing	125
Donaldson Company	Manufacturing	120
Lowes Home Improvement Center	Retail	110
Associated Packaging Technologies	Manufacturing	100
Citizen's Bank and Trust	Finance	100
City of Chillicothe	Health Care	78

Source: Neosho Chamber of Commerce

Employment Categories and Wages

Average Employment and Wages - Livingston County, Missouri								
Industry	2007*		2006		2005		2004	
	Avg. Emp.	Avg. Mthly. Wages						
11 - Agriculture, Etc.	40	\$3,232	25	\$2,868	35	\$2,808	33	\$2,793
21 - Mining	0	\$2,897	0	\$0	0	\$2,234	0	\$3,621
22 - Utilities	64	\$4,085	47	\$3,661	59	\$3,539	58	\$3,453
23 - Construction	297	\$2,689	210	\$2,842	282	\$2,733	280	\$2,571
31 - Manufacturing	677	\$2,869	479	\$3,138	710	\$2,913	772	\$2,904
42 - Wholesale trade	412	\$2,813	394	\$2,352	494	\$2,170	464	\$2,157
44 - Retail Trade	928	\$1,696	693	\$1,700	946	\$1,672	989	\$1,609
48 - Transportation and warehousing	226	\$3,040	170	\$2,953	221	\$2,800	242	\$2,609
51 - Information	78	\$2,186	68	\$1,913	96	\$1,710	96	\$1,497
52 - Finance & Ins.	334	\$3,063	262	\$3,025	353	\$2,890	365	\$2,757
53 - Real estate	38	\$2,251	29	\$2,325	37	\$2,056	27	\$1,904
54 - Professional and technical services	123	\$2,236	85	\$2,445	118	\$2,591	125	\$2,410
55 - Mgmt. (companies)	43	\$3,239	10	\$7,941	14	\$6,216	17	\$5,004
56 - Administrative, etc.	210	\$1,359	224	\$1,190	252	\$1,070	180	\$1,934
61 - Educational	400	\$2,550	290	\$2,170	386	\$2,078	389	\$1,990
62 - Health care, social	949	\$2,543	725	\$2,409	994	\$2,272	1007	\$2,200
71 - Arts, etc.	41	\$876	26	\$874	0	\$425	0	\$339
72 - Accom. & food svcs	467	\$966	356	\$932	478	\$892	477	\$893
81 - Other services	188	\$1,211	140	\$1,126	192	\$1,102	193	\$1,054
Public Administration	349	\$2,498	262	\$2,432	353	\$2,367	363	\$2,251

*Information available to date

Source: U.S. Census Bureau

The largest employment trades in the county area are health care, retail, and manufacturing. The average monthly wages in Livingston County in 2007 for those trades was \$2,543 for health care, \$1,696 for retail, and \$2,869 for manufacturing.

A recent report by Ball State University's Bureau of Business Research named Missouri as the best state in the country for manufacturing and logistics. High marks were earned in the areas of research and development, relatively low long-term health care costs and health insurance premiums, and lower corporate and property taxes.

Labor Force and Unemployment

Local Area Employment - Livingston County					
Year	Labor Force	Employment	Unemployment	Unemployment Rate	Missouri Unemployment Rate
2002	7,516	7,193	323	4.3%	5.2%
2003	7,121	6,754	367	5.2%	5.6%
2004	7,169	6,805	364	5.1%	5.8%
2005	7,303	6,958	345	4.7%	5.3%
2006	7,062	6,764	298	4.2%	4.8%
2007	7,171	6,859	312	4.4%	5.0%

Source: Department of Economic Development

The unemployment rate for Livingston County has generally been lower or significantly better than the State unemployment rate.

Commuting Patterns

North Central Missouri 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
Livingston	6,554	926	14.1	10.5	283	3.6
Carroll	4,578	1,521	33.2	27.3	385	6.0
Caldwell	4,007	2,499	62.4	46.5	956	15.8
Chariton	3,813	1,582	41.6	29.0	432	12.6
Daviess	3,540	1,720	48.6	39.2	531	9.4
Grundy	4,681	1,121	23.9	12.9	554	11.0
Linn	6,172	1,281	20.8	12.8	559	8.0
Ray	10,829	6,946	64.1	63.0	1,162	1.2

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

The table indicates that as of year 2000 approximately 14% of the residents of Livingston County commuted outside of the county for employment. This was a slight increase since the previous census in 1990, but was well below the commuter percentage of all of the surrounding counties. It says that Livingston County is doing a good job of retaining its workforce.

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SECTION IV DEMOGRAPHIC PROFILE

Population

Total Population						
Year	Chillicothe	Annual Change %	Livingston County	Annual Change %	Missouri	Annual Change %
1990	9,162		14,592		5,117,083	
2000	8,968	-0.2%	14,558	0.0%	5,595,211	0.9%
2007	8,596	-0.7%	14,244	-0.4%	5,877,928	0.8%
2012	8,450	-0.3%	14,185	-0.1%	6,071,973	0.7%

Source: Applied Geographic Solutions, MHDC

The 2007 population estimate for Chillicothe by the U.S. Census Bureau is 8,688, which is slightly higher than the demographic source used for this analysis. The difference in the estimates is considered minimal and the underlying downward trend in population is the same from both sources. The more significant point is that Chillicothe, like many communities in the rural northern area of the state, and like Livingston County as a whole is showing a declining population trend. This is not unusual for smaller agricultural based communities. The trend is likely to continue unless the economic base of the area shifts to a more stable or growing industry.

Population by Age

Population By Age Group									
Chillicothe, Missouri									
Age Cohort	1990	Percent	2000	Percent	2007	Percent	2012	Percent	
0-19	2,385	26%	2,329	26%	2,006	23%	1,982	23%	
20-24	564	6%	456	5%	564	7%	581	7%	
25-34	1,366	15%	1,120	12%	1,092	13%	1,088	13%	
35-54	2,054	22%	2,459	27%	2,241	26%	2,091	25%	
55-64	867	9%	787	9%	937	11%	999	12%	
65-74	916	10%	768	9%	723	8%	781	9%	
75-84	690	8%	717	8%	659	8%	581	7%	
85+	326	4%	332	4%	371	4%	344	4%	

Source: Applied Geographic Solutions, MHDC

The table indicates that the largest age cohorts in the community are 0-19 years of age and 35-54 years of age. The number of persons in these age cohorts has gone down since 2000 as some have aged into older age groups and some, particularly the younger persons, have migrated to other areas, either for school or permanently.

Median Age of Population

Total Population Median Age	
Chillicothe, Missouri	
Year	
1990	37.0
2000	39.4
2007	41.2
2012	40.7

Source: Applied Geographic Solutions, MHDC

The table illustrates that the median age of the population increased between 2000 and 2007, which is typical in most small rural communities, particularly in the northern section of the state. Between 2007 and 2012 the median age is expected to decline slightly, which differs from the rising age trend in most rural communities in the state.

Population by Gender

Population By Gender								
Chillicothe, Missouri								
Gender	1990	Percent	2000	Percent	2007	Percent	2012	Percent
Male	3,961	43%	3,896	43%	3,747	44%	3,695	44%
Female	5,201	57%	5,072	57%	4,849	56%	4,754	56%

Source: Applied Geographic Solutions, MHDC

The table illustrates that the past population gender distribution that included a majority of females is expected to remain the same through 2012.

Total Households

Total Households				
Chillicothe, Missouri				
Year	Chillicothe	Annual Change %	Livingston County	Annual Change %
1990	3,640		5,645	
2000	3,608	-0.1%	5,736	0.2%
2007	3,675	0.3%	5,972	0.7%
2012	3,732	0.3%	6,150	0.6%

Source: Applied Geographic Solutions, MHDC

The number of households in Chillicothe is estimated to have increased between 2000 and 2007 and the trend is expected to continue through 2012. Between 2007 and 2012, even though the population is expected to decline the number of households is expected to increase by approximately 60.

Average Household Size

Average Household Size Chillicothe, Missouri	
Year	Average
1990	2.32
2000	2.27
2007	2.12
2012	2.05

Source: Applied Geographic Solutions, MHDC

Like most areas of the state and Livingston County as a whole, the average household sizes in Chillicothe are decreasing. The implication for housing is that there could be more of a demand for smaller apartments and homes to accommodate smaller households.

Households by Size

Households By Size Chillicothe, Missouri								
Household Size	1990		2000		2007		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 Person	1,223	33.6%	1,284	35.6%	1,397	38.0%	1,420	38.0%
2 Persons	1,172	32.2%	1,150	31.9%	1,262	34.3%	1,285	34.4%
3 Persons	520	14.3%	505	14.0%	501	13.6%	511	13.7%
4 Persons	464	12.7%	408	11.3%	313	8.5%	315	8.4%
5 Persons	195	5.4%	176	4.9%	137	3.7%	140	3.8%
6 Persons	41	1.1%	64	1.8%	58	1.6%	59	1.6%
7+ Persons	25	0.7%	21	0.6%	7	0.2%	2	0.1%
Total	3,640	100.0%	3,608	100%	3,675	100%	3,732	100%

Source: Applied Geographic Solutions, MHDC

The table indicates that the most significant change in household sizes has and will occur with the one and two person households. Between 2007 and 2012 the number of these small households is projected to increase by approximately 46 households. The number of three person households is stable. The number of 4+ person households has been and is expected to continue to decline.

Female Head of Household with Children

Female Head of Household with Children	
Chillicothe, Missouri	
Year	Number
1990	257
2000	230
2007	485
2012	515

Source: Applied Geographic Solutions, MHDC

The table indicates that in 2007 approximately 13% the households in Chillicothe were headed by females with children. The 1990 and 2000 year numbers are U.S. Census estimates and the 2007 and 2012 estimate and projection was determined by Applied Geographic Solutions.

Hispanic Households

Hispanic Households	
Chillicothe, Missouri	
Year	Number
2000	20
2007	33
2012	40

Source: Applied Geographic Solutions, MHDC

The table indicates that the number of Hispanic households in Chillicothe is relatively small and is not projected to increase significantly between 2007 and 2012.

Tenure of Housing Units

Tenure of Occupied Housing Units - 2007			
Area	Owner Occupied Percentage	Renter Occupied Percentage	Vacant Percentage
Chillicothe	56.4%	32.0%	11.6%
Trenton	56.6%	30.4%	13.1%
Brookfield	60.9%	25.0%	14.2%
Carrollton	56.2%	30.6%	13.2%
Cameron	55.0%	33.6%	11.4%
Gallatin	56.2%	29.5%	14.3%
Bethany	57.9%	31.0%	11.1%

Source: Applied Geographic Solutions

The previous table illustrates that Chillicothe is comparable with other communities in the region in terms of owner occupied housing units, renter occupied units, and the percentage of vacant housing units.

Tenure by Household Size (Owner)

Tenure By Household Size					
Owner Occupied Housing Units					
Chillicothe, Missouri					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	572	24.7%	645	27.8%	12.8%
2 Persons	890	38.4%	880	38.0%	-1.1%
3 Persons	317	13.7%	329	14.2%	3.8%
4 Persons	340	14.7%	308	13.3%	-9.4%
5 Persons	149	6.4%	101	4.4%	-32.2%
6 Persons	40	1.7%	45	1.9%	12.5%
7+ Persons	9	0.4%	10	0.4%	11.1%

Source: Applied Geographic Solutions, MHDC

The table indicates that the largest percentage of owner occupied housing units is by one and two-person households.

Tenure by Household Size (Renter)

Tenure By Household Size					
Renter Occupied Housing Units					
Chillicothe, Missouri					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	617	50.8%	642	49.7%	4.1%
2 Persons	249	20.5%	302	23.4%	21.3%
3 Persons	185	15.2%	175	13.5%	-5.4%
4 Persons	110	9.1%	82	6.3%	-25.5%
5 Persons	41	3.4%	69	5.3%	68.3%
6 Persons	8	0.7%	17	1.3%	112.5%
7+ Persons	4	0.3%	6	0.5%	50%

Source: Applied Geographic Solutions, MHDC

The table indicates that the largest percentage of renter occupied housing units has been one and two person households.

Tenure by Age of Householder (Owner)

Tenure by Age of Householder					
Owner Occupied Housing Units					
Chillicothe, Missouri					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	54	2.3%	39	1.7%	-27.8%
25-34	301	13.0%	204	8.8%	-32.2%
35-44	368	15.9%	396	17.1%	7.6%
45-54	290	12.5%	446	19.2%	53.8%
55-64	363	15.7%	353	15.2%	-2.8%
65-74	473	20.4%	388	16.7%	-18.0%
75+	468	20.2%	492	21.2%	5.1%

Source: Applied Geographic Solutions, MHDC

Tenure by Age of Householder (Renter)

Tenure by Age of Householder					
Renter Occupied Housing Units					
Chillicothe, Missouri					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	164	13.5%	153	11.8%	-6.7%
25-34	248	20.4%	292	22.6%	17.7%
35-44	221	18.2%	247	19.1%	11.8%
45-54	122	10.0%	193	14.9%	58.2%
55-64	162	13.3%	93	7.2%	-42.6%
65-74	114	9.4%	133	10.3%	16.7%
75+	183	15.1%	182	14.1%	-0.5%

Source: Applied Geographic Solutions, MHDC

Tenure by Bedrooms (Owner Occupied)

Tenure By Bedrooms (2000)		
Owner Occupied		
Chillicothe, Missouri		
Bedrooms	Households	Percentage
No BR.		0.0%
1	41	1.8%
2	555	23.9%
3	1,203	51.9%
4	398	17.2%
5 or more	121	5.2%

Source: U.S. Census Bureau

The table indicates that the majority of the owner occupied homes in Chillicothe were three bedroom homes.

Tenure by Bedrooms (Renter Occupied)

Tenure By Bedrooms (2000)		
Renter Occupied		
Chillicothe, Missouri		
Bedrooms	Households	Percentage
No BR.	18	1.4%
1	354	27.4%
2	686	53.1%
3	157	12.1%
4	72	5.6%
5 or more	6	0.5%

Source: U.S. Census Bureau

The table above indicates that the majority of renter occupied units in Chillicothe are two-bedroom units.

Households by Income Distribution

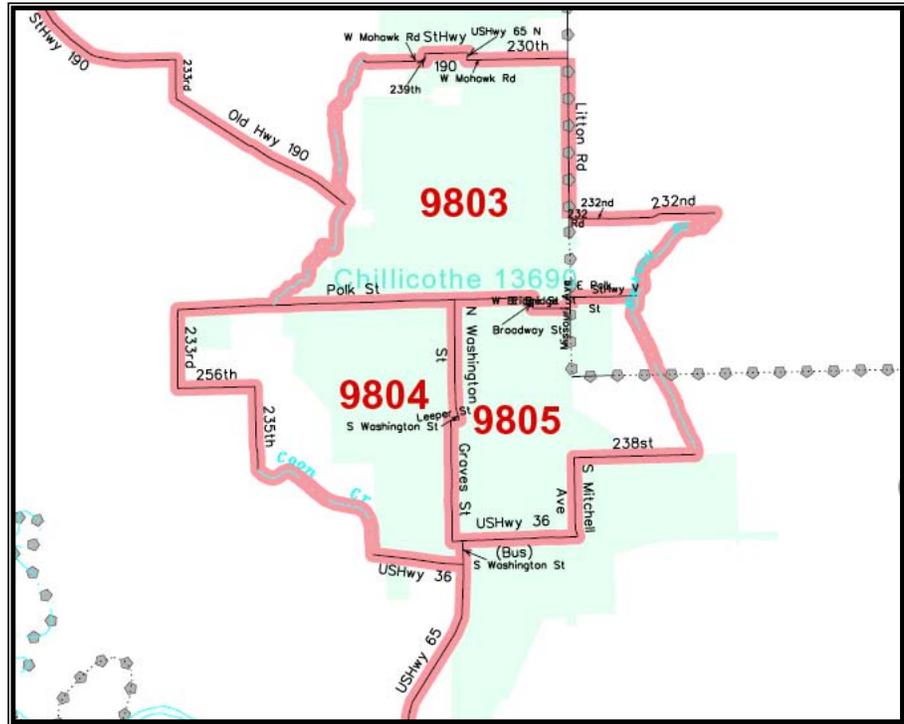
Household Income Distribution								
Chillicothe, Missouri								
	1990		2000		2007		2012	
Income Cohort	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< than \$10,000	962	26.4%	552	15.3%	494	13.4%	469	12.5%
\$10,000-\$14,999	393	10.8%	370	10.3%	287	7.8%	251	6.7%
\$15,000-\$19,999	423	11.6%	298	8.3%	279	7.6%	289	7.7%
\$20,000-\$24,999	353	9.7%	322	8.9%	274	7.5%	250	6.6%
\$25,000-\$29,999	314	8.6%	235	6.5%	272	7.4%	251	6.7%
\$30,000-\$34,999	261	7.2%	257	7.1%	195	5.3%	221	5.9%
\$35,000-\$39,999	210	5.8%	259	7.2%	203	5.5%	193	5.1%
\$40,000-\$49,999	289	7.9%	432	12.0%	436	11.9%	375	10.0%
\$50,000-\$59,999	187	5.1%	294	8.2%	348	9.5%	417	11.1%
\$60,000-\$74,999	118	3.2%	281	7.8%	341	9.3%	350	9.3%
\$75,000-\$99,999	63	1.7%	136	3.8%	286	7.8%	360	9.6%
\$100,000 +	68	1.9%	171	4.7%	259	7.0%	335	8.9%
Total	3,641	100.0%	3,607	100.0%	3,674	100.0%	3,761	100.0%

Source: Applied Geographic Solutions, MHDC

The table indicates that in 2007 approximately 85% of the households in Chillicothe was estimated to have household incomes of less than \$75,000. Approximately 8% of households had incomes between \$75,000 and \$100,000, and approximately 7% had incomes in excess of \$100,000.

The following tables were created using information from Claritas. Claritas, Inc., a leading national demographic data provider, working with another company, Ribbon Demographics, has recently developed a unique data product called HISTA. HISTA breaks households within defined geographic areas 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.

Following are the HISTA tables for census tracts 9803, 9804, and 9805, which covers most of the City of Chillicothe:



2007 Owner Households

Chillicothe Owner Households Under Age 55 Years Current Year Estimates - 2007						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	18	0	0	10	5	33
\$10,000-20,000	34	13	12	13	11	83
\$20,000-30,000	49	21	27	9	3	109
\$30,000-40,000	39	26	36	27	24	152
\$40,000-50,000	7	15	37	53	17	129
\$50,000-60,000	12	36	36	44	18	146
\$60,000+	0	123	100	123	46	392
Total	159	234	248	279	124	1,044

Chillicothe Owner Households Aged 55-61 Years Current Year Estimates - 2007						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	12	6	0	0	0	18
\$10,000-20,000	8	0	0	0	0	8
\$20,000-30,000	19	0	3	3	0	25
\$30,000-40,000	11	22	0	0	0	33
\$40,000-50,000	1	46	11	1	1	60
\$50,000-60,000	4	16	0	13	0	33
\$60,000+	0	99	20	6	0	125
Total	55	189	34	23	1	302

Chillicothe Owner Households Aged 62+ Years Current Year Estimates - 2007						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	123	7	0	0	0	130
\$10,000-20,000	119	62	0	3	0	184
\$20,000-30,000	80	113	0	6	0	199
\$30,000-40,000	10	61	4	0	3	78
\$40,000-50,000	37	68	19	0	0	124
\$50,000-60,000	24	28	9	1	2	64
\$60,000+	0	133	8	0	25	166
Total	393	472	40	10	30	945

2007 Renter Households

Chillicothe Renter Households Under Age 55 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	124	13	13	9	3	162
\$10,000-20,000	56	49	26	4	7	142
\$20,000-30,000	53	15	30	7	28	133
\$30,000-40,000	26	21	25	27	17	116
\$40,000-50,000	15	55	9	30	3	112
\$50,000-60,000	0	8	21	0	17	46
\$60,000+	11	8	40	16	6	81
Total	285	169	164	93	81	792

Chillicothe Renter Households Aged 55-61 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	27	0	0	0	0	27
\$10,000-20,000	38	0	0	0	0	38
\$20,000-30,000	3	8	0	0	0	11
\$30,000-40,000	4	0	0	0	0	4
\$40,000-50,000	2	2	2	2	1	9
\$50,000-60,000	0	3	0	0	0	3
\$60,000+	0	0	0	0	5	5
Total	74	13	2	2	6	97

Chillicothe Renter Households Aged 62+ Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	97	0	0	0	0	97
\$10,000-20,000	102	10	0	0	0	112
\$20,000-30,000	43	0	0	0	0	43
\$30,000-40,000	13	11	0	0	0	24
\$40,000-50,000	6	0	0	0	0	6
\$50,000-60,000	1	4	1	1	2	9
\$60,000+	0	21	0	0	0	21
Total	262	46	1	1	2	312

2012 Owner Households

Chillicothe Owner Households Under Age 55 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	15	0	0	9	4	28
\$10,000-20,000	29	10	9	11	9	68
\$20,000-30,000	41	15	19	6	2	83
\$30,000-40,000	35	17	28	20	18	118
\$40,000-50,000	5	13	30	42	10	100
\$50,000-60,000	12	32	37	43	15	139
\$60,000+	0	132	113	135	51	431
Total	137	219	236	266	109	967

Chillicothe Owner Households Aged 55-61 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	11	5	0	0	0	16
\$10,000-20,000	8	0	0	0	0	8
\$20,000-30,000	13	0	3	3	0	19
\$30,000-40,000	11	23	0	0	0	34
\$40,000-50,000	1	35	9	1	1	47
\$50,000-60,000	4	19	0	20	0	43
\$60,000+	<u>0</u>	<u>115</u>	<u>26</u>	<u>6</u>	<u>0</u>	<u>147</u>
Total	48	197	38	30	1	314

Chillicothe Owner Households Aged 62+ Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	103	5	0	0	0	108
\$10,000-20,000	106	49	0	2	0	157
\$20,000-30,000	92	104	0	7	0	203
\$30,000-40,000	14	72	3	0	2	91
\$40,000-50,000	40	56	21	0	0	117
\$50,000-60,000	35	32	14	2	1	84
\$60,000+	<u>0</u>	<u>157</u>	<u>10</u>	<u>0</u>	<u>33</u>	<u>200</u>
Total	390	475	48	11	36	960

2012 Renter Households

Chillicothe Renter Households Under Age 55 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	116	10	12	8	2	148
\$10,000-20,000	53	41	21	3	6	124
\$20,000-30,000	54	12	26	5	24	121
\$30,000-40,000	25	18	20	24	15	102
\$40,000-50,000	13	47	8	32	2	102
\$50,000-60,000	0	10	22	0	20	52
\$60,000+	18	10	51	21	6	106
Total	279	148	160	93	75	755

Chillicothe Renter Households Aged 55-61 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	26	0	0	0	0	26
\$10,000-20,000	36	0	0	0	0	36
\$20,000-30,000	5	8	0	0	0	13
\$30,000-40,000	7	0	0	0	0	7
\$40,000-50,000	2	2	2	1	2	9
\$50,000-60,000	0	3	0	0	0	3
\$60,000+	0	0	0	0	8	8
Total	76	13	2	1	10	102

Chillicothe Renter Households Aged 62+ Years Five Year Projections - 2012						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	92	0	0	0	0	92
\$10,000-20,000	99	9	0	0	0	108
\$20,000-30,000	39	0	0	0	0	39
\$30,000-40,000	18	13	0	0	0	31
\$40,000-50,000	9	0	0	0	0	9
\$50,000-60,000	2	4	1	1	1	9
\$60,000+	0	27	0	0	0	27
Total	259	53	1	1	1	315

Cost Burdened Households

Cost Burdened Households (2000) - Chillicothe, Missouri			
	Renter	Owner	Renter & Owner
Total	1,259	2,284	3,543
Cost Burdened >30%	22.0%	16.4%	18.4%
Severely Cost Burdened >50%	10.8%	5.9%	7.6%
Elderly 1 & 2 Persons	321	895	1,216
Cost Burdened >30%	22.3%	14.0%	16.2%
Severely Cost Burdened >50%	10.6%	1.8%	4.1%
Single Person Non-Elderly	434	251	685
Cost Burdened >30%	26.0%	26.3%	26.1%
Severely Cost Burdened >50%	11.5%	12.1%	11.7%
Small Fam 2-4 Persons	411	986	1,397
Cost Burdened >30%	16.5%	11.0%	12.6%
Severely Cost Burdened >50%	7.3%	2.8%	4.1%
Large Fam 5+ Persons	93	152	245
Cost Burdened >30%	31.4%	8.1%	16.9%
Severely Cost Burdened >50%	22.2%	1.8%	9.5%

Source: 2000 Chas Data

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

Source: 2000 Chas Data

The Chillicothe Cost Burdened table indicates that 10.8% of all renter households in Chillicothe 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 Chillicothe appears to be large family renter households at 22.2%. Statewide only 12.6% of large family renter households were severely cost burdened.

Area Maximum Affordable Housing Income and Rents

Maximum Income and Rents for HOME and Housing Tax Credit Programs for Livingston County												
2007 Median Income	Income %	Maximum Incomes						Max. HOME/LIHTC Rents				
		Persons in Household						Bedroom Sizes				
		1	2	3	4	5	6	0Br	1Br	2Br	3Br	4Br
\$44,400	50%	17,700	20,250	22,750	25,300	27,300	29,350	442	474	568	657	733
	60%	21,240	24,300	27,300	30,360	32,760	35,220	531	569	682	789	880
							HUD Fair Market Rents					
							394	395	501	669	876	

Source: HUD, IRS, MHDC

The table below illustrates the maximum income and rents for the HOME and Housing Tax Credit programs for Livingston County

Educational Attainment

Educational Attainment (Pop. 25+ Age)			
Chillicothe, Missouri			
Level	1990	2000	2007
9th to 12th grade, no diploma	15.5%	12.9%	11.7%
Associate Degree	5.7%	5.1%	5.7%
Bachelors Degree	8.2%	9.4%	9.5%
College No Degree	15.0%	17.3%	17.4%
Graduate Degree	5.4%	4.1%	4.2%
High School Diploma	38.3%	43.9%	45.6%
Less than 9th grade	11.9%	7.1%	5.9%

Source: Applied Geographic Solutions, MHDC

Marital Status

Marital Status (Pop. 15+ Age)			
Chillicothe, Missouri			
Status	1990	2000	2007
Divorced	11.4%	12.6%	12.8%
Never Married	17.8%	18.7%	18.8%
Now Married	56.0%	49.1%	49.0%
Separated	2.2%	10.1%	9.9%
Widowed	12.6%	9.6%	9.5%

Source: Applied Geographic Solutions, MHDC

Migration Patterns

Following are tables that show the migration patterns into and out of Livingston County, and the net migration totals between 2003 and 2006.

Gross Annual Household In-Migration								
Livingston County, Missouri								
County of Origin	2003		2004		2005		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	329	100%	296	100%	311	100%	327	100%
Total In-Migration Same State	240	73%	228	77%	211	68%	229	70%
Total In-Migration Out of State	89	27%	68	23%	100	32%	98	30%
Clay County, Mo	9	3%	23	8%	15	5%	18	6%
Grundy County, Il	19	6%	16	5%	23	7%	31	9%
Jackson County, Mo	15	5%	11	4%	14	5%	14	4%
Linn County, Mo	29	9%	35	12%	24	8%	40	12%
Buchanan County, Mo	11	3%	10	3%	10	3%	9	3%
Carroll County, Mo	22	7%	26	9%	9	3%	13	4%
Boone County, Il	10	3%	10	3%	11	4%	9	3%
Caldwell County, Mo	22	7%	17	6%	19	6%	17	5%
Platte County, Mo	9	3%	10	3%	9	3%	9	3%
All Other Counties	183	56%	138	47%	177	57%	167	51%

Source: Internal Revenue Service

Gross Annual Household Out-Migration								
Livingston County, Missouri								
Destination County	2003		2004		2005		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	328	100%	333	100%	342	100%	337	100%
Total Out-Migration Same State	244	74%	240	72%	253	74%	253	75%
Total Out-Migration Out of State	84	26%	93	28%	89	26%	84	25%
Clay County, Mo	21	6%	27	8%	23	7%	24	7%
Grundy County, Il	13	4%	26	8%	13	4%	19	6%
Jackson County, Mo	15	5%	14	4%	24	7%	19	6%
Linn County, Mo	37	11%	27	8%	34	10%	16	5%
Buchanan County, Mo	14	4%	14	4%	13	4%	14	4%
Carroll County, Mo	18	5%	12	4%	25	7%	14	4%
Boone County, Il	11	3%	10	3%	11	3%	13	4%
Caldwell County, Mo	11	3%	11	3%	11	3%	12	4%
Platte County, Mo	10	3%	10	3%	10	3%	11	3%
All Other Counties	178	54%	182	55%	178	52%	195	58%

Source: Internal Revenue Service

Net Annual Household Migration				
Livingston County, Missouri				
County	2003	2004	2005	2006
	Number	Number	Number	Number
Clay County, Mo	-12	-4	-8	-6
Grundy County, Il	6	-10	10	12
Jackson County, Mo	0	-3	-10	-5
Linn County, Mo	-8	8	-10	24
Buchanan County, Mo	-3	-4	-3	-5
Carroll County, Mo	4	14	-16	-1
Boone County, Il	-1	0	0	-4
Caldwell County, Mo	11	6	8	5
Platte County, Mo	-1	0	-1	-2
All Other Counties	5	-44	-1	-28
Net Migration	1	-37	-31	-10

Source: Internal Revenue Service

The migration tables indicate that from 2003 to 2006 Livingston County attracted a little over 300 new households annually. In 2003 Livingston County broke even in terms of net migration, but in years 2004 through 2006 lost slightly more households than it gained for a net migration loss in those years.

SECTION V

REVIEW OF PREVIOUS DOWNTOWN HOUSING MARKET STUDIES

The City of Chillicothe has never had a downtown housing market study. It has had a downtown revitalization plan and a community wide housing survey. Following are points from the Chillicothe Downtown Revitalization Report that relate to housing in the downtown area. The report was prepared in 2000 by HNTB and Richard Caplan & Associates.

- One of the recommendations was to upgrade the housing stock by promoting a wide variety of housing types and financing recommendations for generating more housing starts.
- The most important element to the revitalization of any downtown is an improved housing stock within and around the downtown.
- Housing should not be built for just one market segment, but should be built to accommodate a variety of resident types.
- Existing abandoned buildings, or at least the upper floors should be reused for residential purposes.
- Live/work units should be considered that combine a home and office into one structure.
- Chillicothe has the potential for a great deal of housing by re-using existing structures.
- Housing can be produced efficiently in the downtown area by converting upper floor space to loft style apartments that only require a minimal amount of structural finishes.
- Converting the upper stories of abandoned buildings downtown can increase the pedestrian traffic, which creates a more captive market for retail, and revenue for building owners.
- The City of Chillicothe can benefit by adopting the National Applicable Recommended Rehabilitation Provisions developed by HUD, the State of New Jersey, and the National Association of Home Builders Research Center.
- The report lists 53 residential units in the downtown area at four locations. The Strand Hotel, which was converted to apartments, contains 50 units.
- Residential reuse is proposed for 715 Webster, 521 Locust, 617 Locust, and part of 702 Washington.

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SECTION VI

EXISTING HOUSING

Building Permits

Building Permits - Chillicothe, Missouri				
	Units			
Units in Bldg.	2007	2006	2005	2004
1	10	42	38	34
2	8	16	6	0
3 to 4	0	0	0	0
5 +	0	0	0	0
Total	18	58	44	34

Source: US Census Bureau

The number of building permits for single family homes was stable through 2006, but dropped dramatically in 2007. The decline in single family home building activity in Chillicothe parallels the decline in home construction activity in markets all over the country in 2007.

A significant number of attached two unit dwellings began to be constructed in 2005 for both rental and ownership. The production peaked in 2006 and declined in 2007.

Real Estate Sales

Local real estate brokers have indicated that Chillicothe is not served by a local Multiple Listing Service. Consequently it is difficult to know the level of sales activity or average sales prices in the community.

Currently there are 26 single family homes that are for sale in Chillicothe that are listed on Realtor.com. The asking price of those listings range from \$12,000 to \$400,000.

A local realtor indicated that many of the sales that are currently taking place in the market are investors purchasing homes that will be leased to new employees of the new Chillicothe Correctional facility that is nearing completion.

Some new construction of single family detached and attached housing is occurring in subdivisions generally located on the west and northern fringes of the community. The typical sales price of the new homes is \$200,000 to \$400,000.

In the downtown area there is a building at 5th and Elm, which is known as the Old Elks building, which is currently for sale. The building is a speculative venture that is intended to be six condo units. To date only one model unit has been completed. That unit contains 2 bedrooms and 2 baths, is approximately 1,500 square feet, and is currently being offered for sale at \$219,000. The listing agent indicated that the property has been on the market since 2006. The owner is offering the finished model unit or the total building.

In the pipeline is what has been described as a “massive development” of duplex and fourplex townhomes that will be known as The Commons of Chillicothe and will consist of 128 residential units on a 13 acre site just north of 3rd Street on land that was part of the former Chillicothe Correctional Center. The units are intended to be for sale, at an estimated price range between \$90,000 and \$130,000. The City Council approved the proposal for development in early August of this year. The units are intended to provide quality housing options for many of the approximate 300 new employees of the new Chillicothe Correctional Center that is near completion on the north side of the city.

Local realtors have indicated that because the Chillicothe real estate market was not overbuilt, property values have remained stable and have not dropped as they have in larger markets that have a significant surplus of homes for sale.

Market Rate Rental Housing

Developments

A survey was made of market rate rental housing options in Chillicothe. The market rate rental housing options in Chillicothe include walk up apartments, duplexes, older single family homes, mobile homes, and a few loft style apartments in the downtown square.

Following are some of the market rate rental housing options in Chillicothe:



Franklin Apartments

503 Clay

Chillicothe, Missouri

(660)707-0269

15 - 2Br Units @ \$450-\$575

(all utilities paid)

Occupancy @ 100%



Fourplex Under Construction
902 3rd Street
Chillicothe, Missouri
Randy Mueller (owner)
4 2 Br. Units @ \$500
Currently under construction
with 3 units pre-leased

324 Walnut, etal
Chillicothe, Missouri
Randy Mueller (owner)
4 2 Br Units @ \$450- \$475
Occupancy @ 100%





Dowell Apartments
820 State
Chillicothe, Missouri
660-646-9797

1000 Fair
Chillicothe, Missouri
660-646-9797





1625-1627 Polk
Chillicothe, Missouri
2 3Br Units @ \$650
Approx. 1,267 s.f. per side
Built in 2008
Occupancy @ 100%

Duplexes at Lakeview Terrace
Chillicothe, Missouri
2 2Br Units @ \$875 - \$925
Built in 2008
Occupancy @ 100%





1618 Bryan

Chillicothe, Missouri

2 3Br Units @ \$650

Approx. 1,267 s.f. per side

Built in 2007

Occupancy @ 100%

1709 Burnam

Chillicothe, Missouri

2 3Br Units @ \$785

Approx. 1,100 s.f. per side

Built in 2007

Occupancy @ 100%



Typical Rent Range

Typical market rent ranges for rental units are \$300 to \$450 for one-bedroom units, \$350 to \$950 for two-bedroom units, and \$450 to \$1,000 for three-bedroom units. Units at the low end of the ranges are generally older properties in fair to poor condition. Units at the high end of the ranges are generally newer properties of good quality construction, in good locations, of good size, with desirable unit and site amenities.

Occupancy

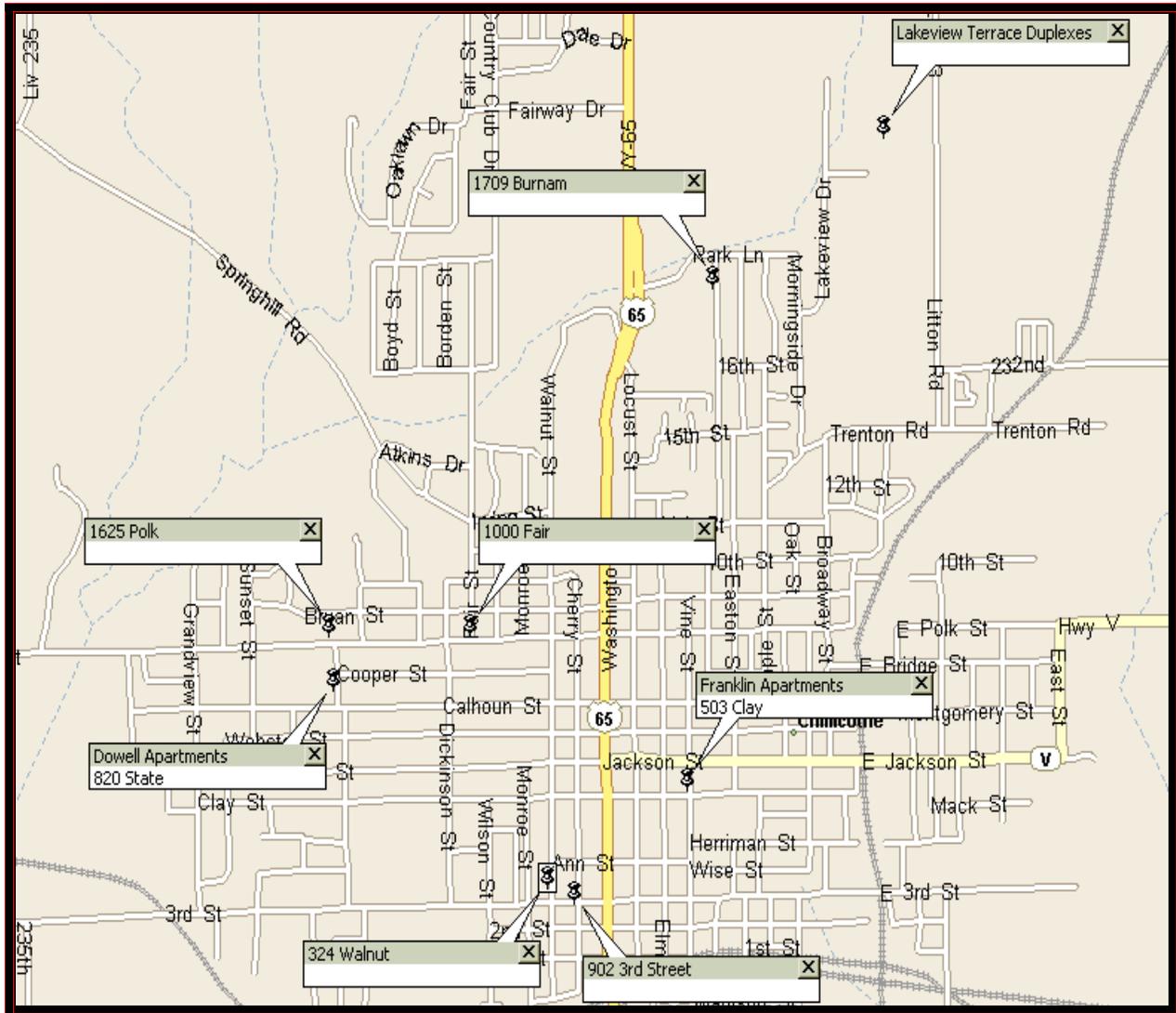
The occupancy of market rate rental developments in the community is reported to be good. More than one source has indicated that the duplex units in particular are very popular in the market to both young households, and older empty nesters. They have indicated that it is common for new units under construction to be pre-leased before construction completion.

The new Chillicothe Correctional Center, which will employ 300 additional employees in the city, should add positive pressure to an already tight market for quality rental housing.

Under Construction/Consideration

Duplex and Fourplex rental units are under construction at a couple of locations in the city. There seems to be a few builder/investors that are active in the market.

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



Senior Affordable Rental Housing

A survey was made of senior affordable rental housing options in Chillicothe. A total of four developments were noted.



Housing Authority Senior Rentals

Jackson at St. Louis
Chillicothe, Missouri
(660)646-3215 - Wanda Peetom
60 Units
All units are rent subsidized
Occupancy @ 100%

Maplepark Apartments

201 Park Lane
Chillicothe, Missouri
(660)646-3215 - Wanda Peetom
47 Units
47 – 1Br Units @ \$305
Occupancy @ 94%
Financed by Rural Development





Center Apartments

525 Jackson
Chillicothe, Missouri
(660)646-0350 – Kathryn
Ratliff
34 Units
34 – 1Br Units 100% rent
subsidized
Occupancy @ 94%
HUD Financing

Timber Villas

2660 N. Washington
Chillicothe, Missouri
(660)646-1215
36 Units
36 – 2Br Units @ \$308
Occupancy @ 100%
Waiting list of 7 households
Financed by Tax Credit



Typical Rent Range

The Chillicothe Housing Authority's senior units and the units at the Center Apartments were 100% rent subsidized based on income. A little less than half of the units at the Maplepark Apartments, were also rent subsidized. Timber Villas was financed with Housing Tax Credits and does not contain any project based rent subsidy. It's two bedroom units rent for \$308. It is also the only affordable senior development that contains two bedroom units in the Chillicothe housing market.

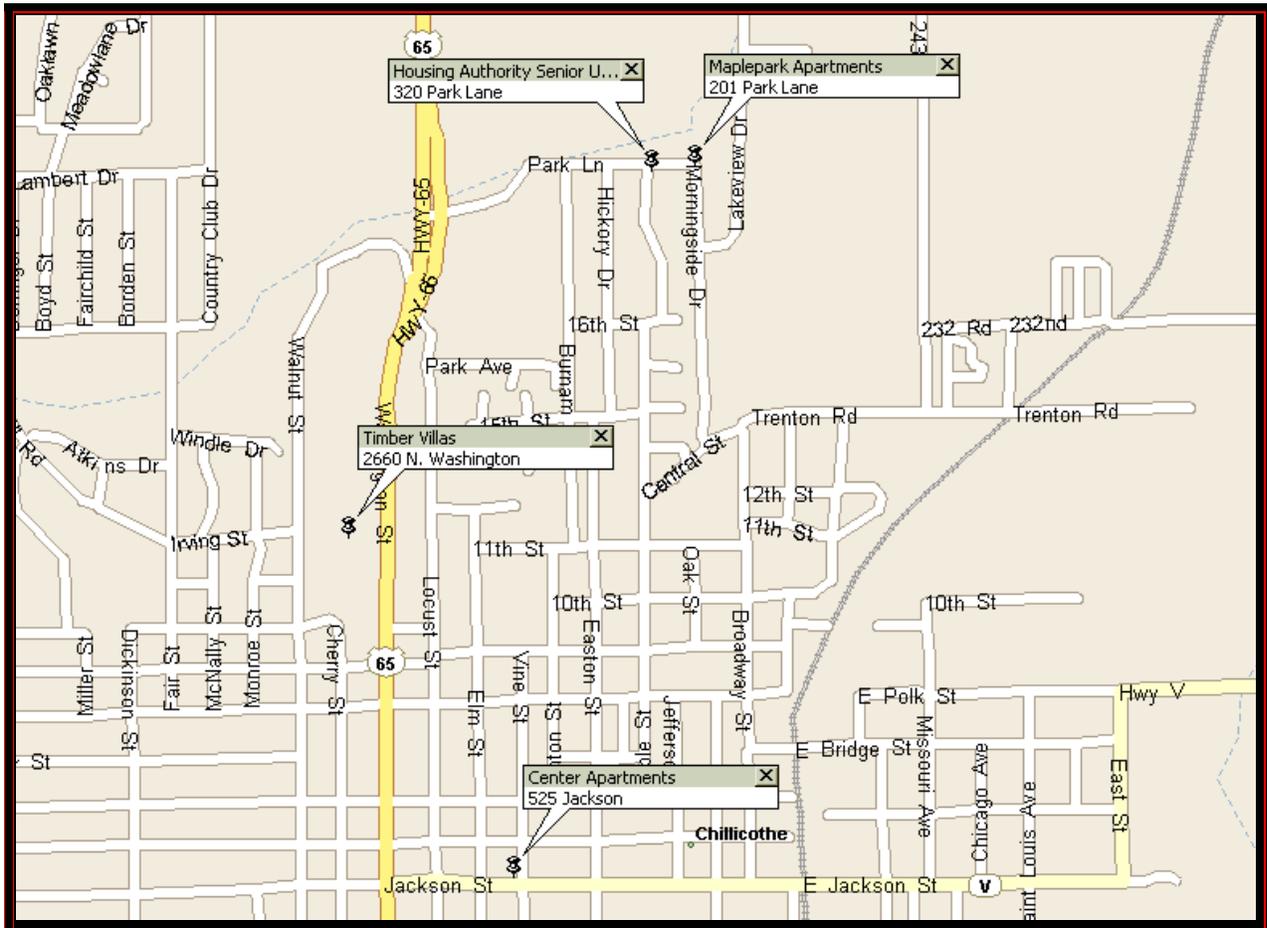
Occupancy

Occupancy is good at all of the affordable senior developments in the Chillicothe market and in some cases there are waiting lists. A couple of the property managers indicated that although their units are full keeping them full is difficult because seniors are less transient than other tenant populations. Timber Villas has an advantage in the market because it is the newest product on the market and offers unit sizes and amenities not offered by the other developments.

Under Construction/Consideration

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

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



Family Affordable Rental Housing

A survey was made of affordable family rental housing options in Chillicothe. A total of six developments were found (Green Hills scattered site units considered as one development). Following is basic information regarding the developments:



Strand Apartments

716 Clay
Chillicothe, Missouri
(660) 646-4040
32 Units
28 – 1Br Units @ \$325 - \$350
4 – 2Br Units @ \$385-\$390
Occupancy @ 100%
Tax Credit Financed

Chillicothe Plaza

1419 Alexander
Chillicothe, Missouri
(660) 535-4305
28 Units
24 – 2Br Units @ \$333
4 – 3Br Units @ \$411
Occupancy @ 96%
Tax Credit Financed





Chillicothe Apartments

2601 Shawnee

Chillicothe, Missouri

(660) 535-4305

24 Units

12 – 1Br Units \$325

12 – 2Br Units \$405

Occupancy @ 96%

Financed by Rural Development
and Tax Credit

Chillicothe Estates

555 W. Mohawk RD.

Chillicothe, Missouri

(660) 535-4305

24 Units

24 – 2Br Units @ \$380

Occupancy @ 83%

Financed by Rural Development
and Tax Credit





Green Hills Single Family Rentals

116 J.F. Kennedy

Chillicothe, Missouri

This rental unit is typical of the many scattered in-fill units that have been produced by the local non-profit

3 Br Units @- \$450

(660)646-3379 – Art Heriford

Occupancy @ 100%

Housing Authority Family Rentals

Jackson at St. Louis

Chillicothe, Missouri

(660)646-3215 - Wanda Peetom

40 Units

4 – 1Br Units

18 – 2Br Units

14 – 3Br Units

4 – 4Br Units

All units are rent subsidized

Occupancy @ 100%



Typical Rent Range

All of the affordable family developments have rents that are affected by some form of affordable housing production or rent subsidy. Consequently, the rents charged at the developments are considerably lower than the rents charged at comparable market rate units in the market. The rent range of the affordable one bedroom units is approximately \$325 to \$350. The rent range of the affordable two bedroom units is approximately \$333 to \$405. The rent range of the affordable three bedroom units is approximately \$400 to \$450.

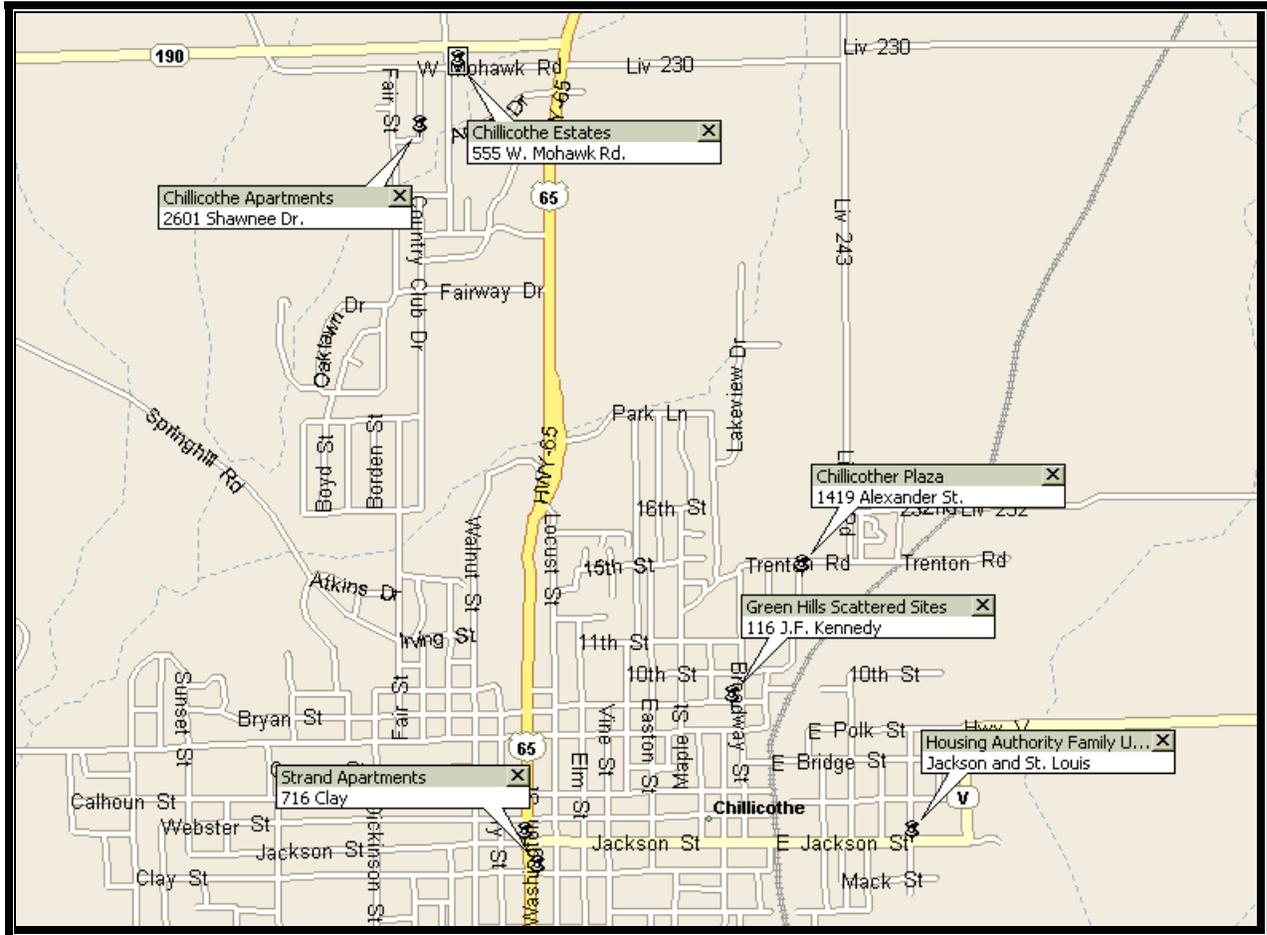
Occupancy

Most of the affordable family developments in the Chillicothe market are reported to have good occupancy.

Under Construction/Consideration

The analyst is unaware of any other affordable housing developments that are under construction or consideration in the Chillicothe, market.

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



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SECTION VII

IDENTIFICATION OF PRIMARY AND SECONDARY MARKET AREAS

The primary market area is considered to be the area in which at least 80% of the potential residential housing market of Chillicothe is expected to come from. The other 20% of the residential market will come from a larger secondary market area. After surveying the market and the surrounding areas of the market, taking into considerations the opinions of local real estate brokers and property managers, and considering the migration patterns of the area, it is the opinion of the analyst that the primary market area of the Chillicothe residential housing market is all of the city of Chillicothe and the balance of Livingston County.

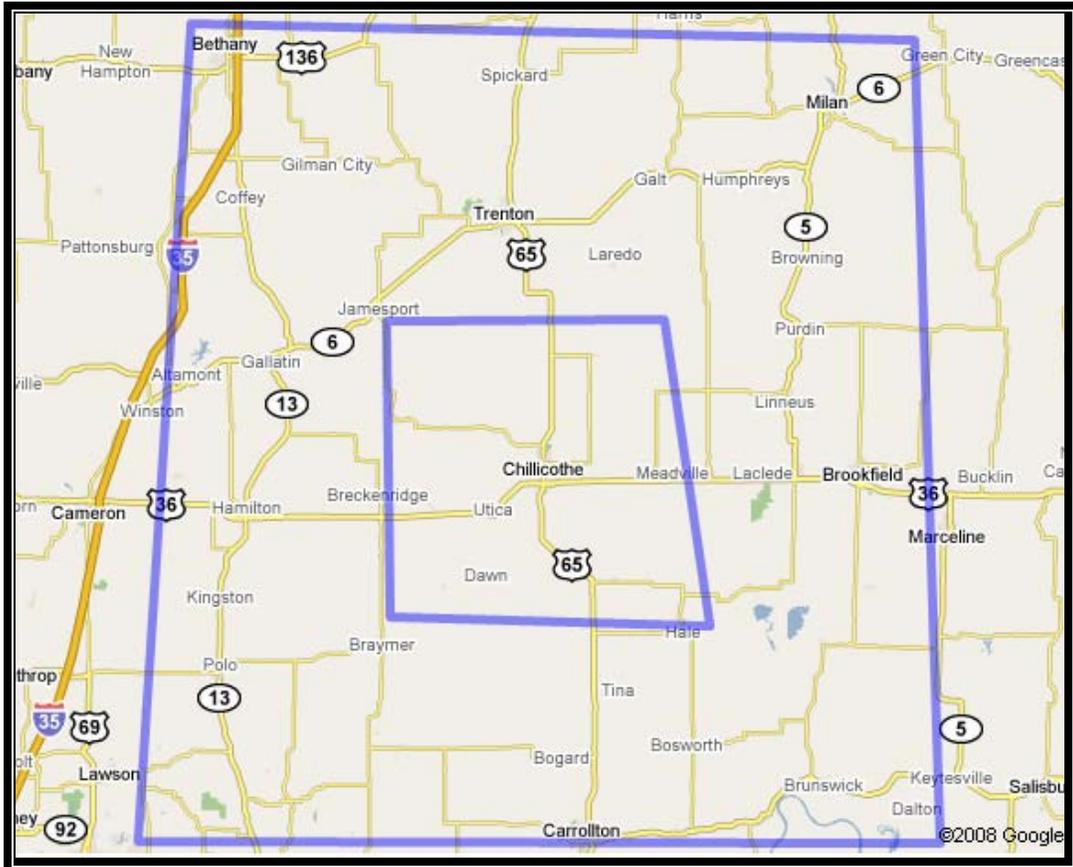
Primary Market Area

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 Chillicothe is the area outside of the primary market area that also contains households that could be attracted to residential housing in the city of Chillicothe. The number of households attracted to residential units in Chillicothe will be a lot less in number than in the primary market area, but the interest from this area is consistent. Based on the opinions of the markets real estate participants and considering migration patterns, it is the opinion of the analyst that the secondary market area for Chillicothe is the area that surrounds the primary market area in the following map.



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, the household type(s) that would comprise the likely market, the type of housing that should be considered, and the number of households 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.

Chillicothe appears to have fared better than many small rural communities in terms of its downtown area. Although there has been a decline in residential land use in the area and the types of businesses that are in the downtown, the area appears to be stable. There does not appear to be many retail vacancies and during the day there appeared to be a fair amount of pedestrian traffic. The reason that Chillicothe's downtown area appears to have fared better than most small rural communities seems to be the fact that Highway 65 is a major north/south traffic artery that runs through the downtown area, bringing potential customers by the area on a routine basis. In the case of Chillicothe, the downtown area is not out of the way. Another benefit that Chillicothe has is that it is the county seat of Livingston County, and the courthouse is a dominant draw in the area.

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

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. And it could cure some of the eyesores in the downtown area that are vacant, deteriorating, and physically dilapidated buildings.

In the case of Chillicothe the downtown appears to need something to stimulate the retail market, and something to create new uses for the vacant and underutilized building spaces. The increase in residential options in the downtown area of Chillicothe would be an important move towards creating a unique urban village with a higher level of economic activity that currently exists.

What types of households would form the potential market for housing in the Downtown Chillicothe Market Area?

In downtown communities all across America there has been resurgence towards urban living driven in part by the increase in fuel costs and in part by lifestyle changes and choices. Transportation cost increases and traffic hassles have increased the marketability of housing in urban areas closer to major employment centers. Also, the convergence of the two largest generations in the history of America: the Baby Boomers, age 44 to 62, and the adult Millennials, age 18 to 31, represent the emergence of a new lifestyle. Both groups are generally comprised of small households with no children, the prime demographic profile for downtown residential living.

Although there are some employers in the downtown area of Chillicothe, it does not seem likely that the difficulty or cost involved in getting to employment would induce many households to move to the downtown area. In Chillicothe the primary motivations for households to move to the downtown area will have to be unique housing opportunities in an environment that offers desirable neighborhood amenities not found in other parts of the community.

Baby Boomers can create significant demand for new downtown residential units as they are financially stable and undergoing lifestyle changes that allow them more leisure time to enjoy some of the entertainment and dining options that are typical in downtown areas. They are generally financially secure and have sufficient credit, equity, and savings to purchase amenity filled high quality housing in the downtown area. Also called empty nesters because their children have left home, these households form the largest demographic group in the nation, generally reside in suburban neighborhoods, and carry considerable economic clout. It has recently been reported that Baby Boomers control more than 70% of the disposable income in the United States. In small communities like Chillicothe there are no suburbs that Baby Boomers would be moving from, and most would probably be content in their current neighborhood. So the number of empty nester's that could be part of the residential demand in Chillicothe should be very limited.

Millenials are generally young student or professional households with no children, who are still in a very transient period in their life and are very open to new and different life style experiences. These younger households are attracted to the energy that can exist in high density downtown areas and are generally willing to sacrifice amenities and quality for unique and affordable housing options, like loft style housing that is non-typical in the market. Many young professionals prefer urban neighborhoods where they can work, walk, shop, dine and live. Millenials could create significant demand for loft style rental units in the downtown market of Chillicothe.

In between the Baby Boomers and the Millennials is a smaller group known as Generation X, that are generally in their 30's and early 40's. This group is generally at the height of their professional career and is financially stable, but many are still unsettled in terms of family and are still very transient in their lives. Generation X households could be singles or couples, some with children, and some without children. These types of households would tend to also enjoy the high density atmosphere of a downtown area with various entertainment and dining choices, but also have sufficient net worth and credit worthiness to afford good quality rental or homeownership options. Generation X households could create significant demand for housing in the downtown area of Chillicothe.

Another demographic group that could be attracted to downtown residential housing is older seniors. The walkability of downtown areas offers opportunities for older seniors to remain active and socialize with their peers. Also, a couple of the large commercial buildings in the downtown area are multi story structures with elevators that could easily be renovated into senior housing.

After considering the various household types that could form the market for housing in the downtown area the likely households could be young and middle age households, generally with no children and senior households. There could be some empty nesters; particularly surviving spouses that could create a demand for a portion of the units.

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

Much of the demand for units in the downtown area will come from current Chillicothe residents, some of which are presently residing in housing that may be overcrowded, in substandard condition, or more expensive than they can easily afford. Some could come from households living outside of the City of Chillicothe that are in some of the same undesirable housing situations. Some of the demand could come from households that are in a transient period in their lives or are have reached a crossroad in their life, like a surviving spouse.

Because the new Chillicothe Correctional Facility is expected to increase the workforce in Chillicothe by 300 individuals, it is certain that many of the new employees will come from communities outside of Chillicothe. With fuel costs rising, it is very likely that many of the non-resident employees of the correctional facility would consider permanent residency in Chillicothe. As a matter of fact it is this expected demand that is motivating the large residential project near the site of the old correctional facility. Some of that expected demand could be attracted to new housing options in the downtown area.

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

Because the downtown revitalization area of Chillicothe has not been established as a residential market it would be risky for households to consider ownership options there at this time. The first type of housing that may need to form the foundation of the residential market in the downtown revitalization area is rental units that would allow prospective residents to in effect "test the waters".

There is currently a condominium unit for sale in the downtown area at the southeast corner of Elm and Jackson. It has been on the market for over two years. The lack of interest in the unit could be due to undesirable attributes of the property, or the price. Or it could be due to the fact that prospective homebuyers are not attracted to homeownership in the downtown area at this time. There are not enough available units on the market to make a true assessment. Quality units at a price point affordable to the market could be very marketable.

There is at least one other owner occupied residential unit the analyst is aware of in the downtown area. That unit is on the upper floor of a commercial building in the 600 block of Jackson and is reported to be occupied by the owners of the building as a live/work space. Other owner occupied live/work residential situations may work in the downtown area, but as previously mentioned, there does not currently appear to be a market yet for owner occupied condo or loft style units.

The largest percentage of the likely household demand for housing in the downtown area should be small households, generally with no children, or very few. For that reason most of those households would probably prefer a one or two bedroom unit.

In terms of available building space the downtown area of Chillicothe has at least a couple of large multi story buildings, many smaller commercial buildings with one or two upper floors that are either vacant or underutilized, and some vacant tracts of land that could accommodate residential development.

The Leeper Hotel at 702 Washington and the Winkelmeyer building at 455 Locust are a couple of the largest vacant structures downtown. Both buildings have the potential to be readapted for residential purposes, similar the Strand Hotel at the southeast corner of Washington and Clay.

The lion's share of the available vacant or underutilized building space in downtown Chillicothe could be in the cumulative amount of upper floor space in the commercial buildings around the square. The difficulty in developing this wealth of available space is that it is spread across a large number of individual owners. Consequently, the use or non-use of the space is up to each individual owner to determine. Considered individually, the space would not have the cost benefit of economies of scale, the benefits of unified design, development, marketing, and management.

In order to motivate individual building owners and prospective lenders to make an investment in that upper floor space there will probably need to be some other types of pioneering residential ventures that fuel the perception of downtown as a mixed use neighborhood that could offer unique and desirable housing options in addition to the commercial uses.

In terms of rents and price points, that will depend upon the size of the units, number of bedrooms, quality and desirability of the construction, location, and property and unit amenities. In the case of rental property it will also depend on whether the intended target market will be lower income or moderate to upper income households. In the case of ownership units it will depend on whether the target market is moderate or upper income.

The following rent and price ranges reflect the current market in Chillicothe and offer a good indication of the possible rents and prices for new residential units in the downtown area:

Affordable Senior Rental Units

1 Br. Units - \$325 - \$350

2 Br. Units - \$350 - \$400

Market Rate Family Rental Units

1 Br. Units - \$400 - \$500

2 Br. Units - \$500 - \$600

3 Br. Units - \$700 - \$900

Affordable Family Rental Units

1 Br. Units - \$350 - \$375

2 Br. Units - \$400 - \$450

3 Br. Units - \$450 - \$500

Home Ownership (Condo/Loft/Townhouse)

2 Br. Units - \$90,000 to \$125,000

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

In order to estimate the number of households that could create residential housing demand in the Chillicothe downtown market area it will first be necessary to estimate demand for the Chillicothe 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 Chillicothe residential demand. The downtown capture rate represents the percentage of households in the Chillicothe 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.

Following are the HISTA tables for the primary market area, which includes the City of Chillicothe and the balance of Livingston County. The HISTA data will be used for the potential residential demand analysis that follows.

Owner Households Under Age 55 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	31	3	3	16	8	61
\$10,000-20,000	57	30	24	15	15	141
\$20,000-30,000	62	39	40	24	15	180
\$30,000-40,000	57	49	55	54	42	257
\$40,000-50,000	23	53	71	81	44	272
\$50,000-60,000	17	55	61	81	33	247
\$60,000+	<u>6</u>	<u>231</u>	<u>204</u>	<u>223</u>	<u>97</u>	<u>761</u>
Total	253	460	458	494	254	1,919

Owner Households Aged 55-61 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	27	9	0	0	0	36
\$10,000-20,000	35	8	0	0	0	43
\$20,000-30,000	37	7	8	7	0	59
\$30,000-40,000	11	34	2	0	0	47
\$40,000-50,000	7	73	11	5	1	97
\$50,000-60,000	4	29	9	13	7	62
\$60,000+	<u>0</u>	<u>175</u>	<u>46</u>	<u>6</u>	<u>4</u>	<u>231</u>
Total	121	335	76	31	12	575

Owner Households Aged 62+ Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	178	17	0	0	0	195
\$10,000-20,000	184	96	0	3	0	283
\$20,000-30,000	114	177	7	8	0	306
\$30,000-40,000	39	105	23	6	6	179
\$40,000-50,000	44	117	28	0	0	189
\$50,000-60,000	29	71	9	1	2	112
\$60,000+	6	237	8	0	35	286
Total	594	820	75	18	43	1,550

Owner Households Under Age 55 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	28	2	2	14	7	53
\$10,000-20,000	52	25	20	13	12	122
\$20,000-30,000	54	30	31	19	13	147
\$30,000-40,000	49	32	42	40	31	194
\$40,000-50,000	17	38	54	62	29	200
\$50,000-60,000	18	52	66	83	31	250
\$60,000+	7	236	218	237	102	800
Total	225	415	433	468	225	1,766

Owner Households Aged 55-61 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	28	8	0	0	0	36
\$10,000-20,000	32	5	0	0	0	37
\$20,000-30,000	33	7	8	6	0	54
\$30,000-40,000	11	33	2	0	0	46
\$40,000-50,000	8	67	9	6	1	91
\$50,000-60,000	4	35	7	20	5	71
\$60,000+	<u>0</u>	<u>206</u>	<u>59</u>	<u>6</u>	<u>6</u>	<u>277</u>
Total	116	361	85	38	12	612

Owner Households Aged 62+ Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	152	13	0	0	0	165
\$10,000-20,000	161	76	0	2	0	239
\$20,000-30,000	124	154	5	9	0	292
\$30,000-40,000	46	119	23	10	5	203
\$40,000-50,000	49	119	34	0	0	202
\$50,000-60,000	42	84	14	2	1	143
\$60,000+	<u>11</u>	<u>307</u>	<u>10</u>	<u>0</u>	<u>47</u>	<u>375</u>
Total	585	872	86	23	53	1,619

Renter Households Under Age 55 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	142	26	16	13	5	202
\$10,000-20,000	73	57	39	9	17	195
\$20,000-30,000	66	27	37	7	44	181
\$30,000-40,000	36	31	28	37	22	154
\$40,000-50,000	20	63	17	42	7	149
\$50,000-60,000	0	13	29	3	20	65
\$60,000+	11	13	45	22	18	109
Total	348	230	211	133	133	1,055

Renter Households Aged 55-61 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	32	0	0	0	0	32
\$10,000-20,000	44	9	0	5	0	58
\$20,000-30,000	3	22	0	0	0	25
\$30,000-40,000	14	8	0	0	0	22
\$40,000-50,000	2	2	2	2	1	9
\$50,000-60,000	0	3	0	0	0	3
\$60,000+	0	5	0	0	5	10
Total	95	49	2	7	6	159

Renter Households Aged 62+ Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	116	10	0	0	0	126
\$10,000-20,000	132	23	0	0	0	155
\$20,000-30,000	43	8	0	0	0	51
\$30,000-40,000	13	19	0	0	0	32
\$40,000-50,000	6	0	0	0	0	6
\$50,000-60,000	1	4	1	1	2	9
\$60,000+	0	39	0	0	0	39
Total	311	103	1	1	2	418

Renter Households Under Age 55 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	135	23	14	12	4	188
\$10,000-20,000	71	50	35	8	16	180
\$20,000-30,000	68	23	32	5	41	169
\$30,000-40,000	34	26	23	33	20	136
\$40,000-50,000	19	56	16	42	5	138
\$50,000-60,000	0	15	31	5	24	75
\$60,000+	18	16	57	26	21	138
Total	345	209	208	131	131	1,024

Renter Households Aged 55-61 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	33	0	0	0	0	33
\$10,000-20,000	42	8	0	5	0	55
\$20,000-30,000	5	26	0	0	0	31
\$30,000-40,000	16	7	0	0	0	23
\$40,000-50,000	2	2	2	1	2	9
\$50,000-60,000	0	3	0	0	0	3
\$60,000+	0	8	0	0	8	16
Total	98	54	2	6	10	170

Renter Households Aged 62+ Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	110	8	0	0	0	118
\$10,000-20,000	127	19	0	0	0	146
\$20,000-30,000	39	7	0	0	0	46
\$30,000-40,000	18	25	0	0	0	43
\$40,000-50,000	9	0	0	0	0	9
\$50,000-60,000	2	4	1	1	1	9
\$60,000+	0	54	0	0	0	54
Total	305	117	1	1	1	425

Home Ownership Housing Demand Analysis

The purpose of this analysis is to quantify the potential homeownership demand in the downtown area of Chillicothe 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 Chillicothe, the downtown home ownership market has yet to form, and for the most part will have to rely on rental units to increase interest in a residential market downtown. At the present time though, it is the opinion of the analyst that if good quality homeownership units could be created in either loft style or townhouse style units, that were within a price range of slightly below to slightly above \$100,000, that there could be some demand from a few households.

The following analysis will estimate the number of potential homebuyers for units in the downtown market area of Chillicothe. Typical homebuyers in the downtown Chillicothe market are considered to be small households, with incomes from \$30,000 to \$50,000, for ownership units that could be priced from \$90,000 to \$125,000.

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

\$90,000 - \$125,000 Home Ownership Potential Demand Analysis		
1	Owner Occupied Units (2007)	2,346
2	Estimated Annual Owner Unit Turnover Rate	5%
3	Existing Homeowner Turnover	117
4	First Time Homebuyers (40% of market)	78
5	Total Estimated Homebuyers	196
6	Estimated Age, Size, and Income Qualified HH (2007)	31
7	Owner Occupied Units (2012)	2,357
8	Estimated Annual Owner Unit Turnover Rate	5%
9	Existing Homeowner Turnover	118
10	First Time Homebuyers (40% of market)	79
11	Total Estimated Homebuyers	196
12	Estimated Age, Size, and Income Qualified HH (2012)	31
13	Chillicothe Market Target HH Growth/Decline (2007-2012)	0
14	Chillicothe Market Target HH Current Demand	31
15	Chillicothe Downtown Market Estimated Capture Rate	15%
16	Chillicothe Downtown Market Home Ownership Demand*	5

Line 6 is an estimate of the total number of target households in the primary market area in 2007 that was determined by considering the total number of owner occupied units, the estimated annual turnover rate of existing homeowners, the estimated number of first time homebuyers, and the profile of target households in the downtown area of Chillicothe. The target profile are small households (1-2 persons), aged 18-65+, with incomes from \$30,000 to \$50,000.

Line 12 is an estimate of the total number of target households in the primary market area in 2012 that was determined by considering the total number of owner occupied units, the estimated annual turnover rate of existing homeowners, the estimated number of first time homebuyers, and the profile of target households in the downtown area of Chillicothe. The target profile are small households (1-2 persons), aged 18-65+, with incomes from \$30,000 to \$50,000.

Line 13 is the target household growth/decline in the primary market area from 2007 to 2012 that was determined by subtracting the total target households in 2007 from the target households in 2012.

Line 14 is the target household potential demand (2007-2012) in the overall Chillicothe Market Area.

Line 15 is the estimated capture rate for the downtown market area of Chillicothe. It is an estimate of the percentage of target households in the overall Chillicothe market area that would consider homeowner options in the downtown market area.

Line 16 is an estimate of the typical number of target households that could be attracted to homeownership options in the downtown market area.

Chillicothe, Missouri Downtown Home Ownership

Current Market Demand Estimate

5 Households

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 Chillicothe over the next few years. Generally, rental housing is the first type of housing to be developed in reviving downtown areas because there generally are more tenant households willing to make a short term financial commitment in a newly formed housing market than there are homebuyers willing to make a long term financial commitment in an unproven market.

In the case of Chillicothe, the downtown home ownership market has yet to form, and for the most part will have to rely on rental units to increase interest in a residential market downtown. At the present time there are very few market rate rental units available for rent in the downtown area. It is the opinion of the analyst that an increase in the number of good quality rental units would be marketable to small moderate income households. Several people in the community that were interviewed for this report indicated that generally any new rental units (which are usually built as duplex or four-plex units) are pre-leased prior to construction completion. The strong rental housing demand could benefit the downtown revitalization efforts if developers/builders could be motivated to build downtown, or if existing building owners could be motivated to improve their upper floor space, whenever it is financially or structurally feasible.

Following is the quantitative analysis of the potential market rate family rental housing demand and an explanation of the process used in the analysis:

Market Rate Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2007)		1BR	2BR	3BR
1	Gross Rent (Includes utility costs paid by tenants)	\$ 525	\$ 630	\$ 840
2	Percentage of Income to Housing	25%	25%	25%
3	Minimum Income (Affordability)	\$ 25,200	\$ 30,240	\$ 40,320
4	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2007)	193	187	120
5	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>20%</u>
6	PMA Qualified Household Demand (2007)	48	47	24
7	SMA Qualified Household Demand (2007)	10	9	5
8	PMA and SMA Market Rate Rental Potential Household Demand (2007)	58	56	29
PMA Qualified Households (2012)		1BR	2BR	3BR
9	Gross Rent (Includes utility costs paid by tenants)	\$ 580	\$ 696	\$ 927
10	Percentage of Income to Housing	25%	25%	25%
11	Minimum Income (Affordability)	\$ 27,821	\$ 33,385	\$ 44,513

	Appropriate Sized (1-5 Person HH) , Income Qualified,			
12	Renter HH, Age 18-61 (2012)	175	181	112
13	Percentage of Annual Turnover of Existing HH	25%	25%	20%
14	PMA Qualified Household Demand (2012)	44	45	22
15	SMA Qualified Household Demand (2012)	9	9	4
16	PMA and SMA Market Rate Rental Potential Household Demand (2012)	53	54	27
17	PMA and SMA Qualified Household Growth/Decline (2007-2012)	-5	-2	-2
18	PMA and SMA Average Annual/Potential Demand (2007-2012)	57	56	28
19	Chillicothe Market Area Capture Rates	50%	50%	50%
		1BR	2BR	3BR
20	Chillicothe Market Rate Family Rental Demand	28	28	14
21	Downtown Chillicothe Market Area Capture Rates	15%	15%	15%
		1BR	2BR	3BR
22	Downtown Chillicothe Market Rate Family Rental Demand	4	4	2

Line 6 is a current estimate (2007) of the total number of existing households that form the potential market rate 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, estimated annual turnover rate of renter households, and the HISTA data.

Line 7 is a current estimate of the total number of households that form the potential market rate 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 8 is an estimate of the potential market rate rental housing demand from households from the primary and secondary market areas in 2007.

Line 14 is a projection (2012) of the total number of households that form the potential market rate 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, estimated annual turnover rate of renter households, and the HISTA data.

Line 15 is a projection of the total number of households that form the potential market rate 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 16 is a projection of the potential market rate rental housing demand from households from the primary and secondary market areas in 2012.

Line 17 is a projection of qualified household growth/decline between 2007 and 2012 and is calculated by subtracting the 2007 household estimate from the 2012 household demand projection.

Line 18 is the average annual potential demand that is calculated by considering the current demand in 2007 and the annual growth or decline between 2007 and 2012.

Line 19 is the estimated capture rates for the Chillicothe market area. It is an estimate of the percentages of qualified households in the primary and secondary market areas that would consider market rate rental units in the Chillicothe market area by bedroom size. The capture rate selected takes into consideration the size of the primary and secondary market areas and the ability of the Chillicothe market to attract prospective households as compared to other competing markets in the area. Chillicothe is the largest urban area in the primary market area, has the largest rental housing inventory in the primary market area, so it is reasonable to assume that it would capture the majority of the qualified households in the primary market area.

Line 20 is a projection of the number of qualified households that are expected to be in the primary and secondary market areas that could be attracted to market rate rental units in the Chillicothe market area. This is a point in time estimate and could change based on changes in market rental housing supply between this point in time and 2012.

Line 21 is the estimated capture rates for the downtown Chillicothe market area. It is an estimate of the percentages of qualified households in the overall Chillicothe market area that would consider market rate rental units in the *Downtown* Chillicothe market area by bedroom size.

Line 22 is a projection of the number of qualified households that are expected to be in the primary and secondary market areas that could be attracted to market rate rental units in the downtown Chillicothe market area. This is a point in time estimate and could change based on changes in market rental housing supply between this point in time and 2012. The demand estimate is based on the rents as shown and could vary based on different rent levels

Chillicothe, Missouri Downtown Market Rate Rental Housing

Current Market Demand Estimate

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	4
Two Bedrooms	4
Three Bedrooms.....	2
Total	10

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 Chillicothe 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 Chillicothe, affordable housing has already played a role in the downtown revitalization process, which is evidenced by the conversion of the old Strand Hotel into new affordable rental units. That development and most of the other affordable housing developments in the community have good occupancy. Some affordable housing property managers have indicated that while most affordable family units are full, it is a struggle to keep them full and there generally are no waiting lists. Because there are indications that the affordable housing market for family housing may be soft, no additional affordable family units would be recommended at this time for the downtown area of Chillicothe. Affordable family units may be viable and may provide a benefit the downtown area but the soft market conditions makes them risky at this time. In addition, a new affordable housing development could draw tenants from some of the older existing developments, which is not beneficial to the overall affordable housing market in Chillicothe.

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 Chillicothe over the next few years. As previously mentioned, 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 Chillicothe, affordable senior housing may be a good complement to the downtown revitalization efforts because there are vacant buildings like the Leeper Hotel in the downtown area that can be readapted for senior housing. The conversion of buildings like the Leeper Hotel would cure a significant eyesore in the downtown area and the community, would help to repopulate the downtown area, and would serve a need for additional affordable senior housing.

Following is the quantitative analysis of the potential affordable senior rental housing demand and an explanation of the process used in the analysis:

Affordable Senior Rental Potential Demand Analysis		
PMA Qualified Household Demand (2007)		1BR/2BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 475
2	Percentage of Income to Housing	50%
3	Minimum Income (Affordability)	\$ 11,400
4	Maximum Income (Tax Credit Limit)	\$ 24,300
5	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2007)	155
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	23
8	Appropriate Sized, Income Qualified, <u>Owner</u> Households, Age 62+ (2007)	366
9	Percentage of Existing Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	5%
10	Number of Existing Senior <u>Owner</u> Households Likely to Move If New Affordable Rental Housing Were Available	18
11	PMA Qualified Household Demand (2007)	42
12	SMA Qualified Household Demand (2007)	8
13	PMA and SMA Affordable Senior Housing Potential Hsld Demand (2007)	50
PMA Projected Qualified Household Growth 2007-2012		1BR/2BR
14	Gross Rent (includes utility costs paid by tenants)	\$ 524
15	Percentage of Income to Housing	50%
16	Minimum Income (Affordability)	\$ 12,586
17	Maximum Income (Tax Credit Limit)	\$ 26,827
18	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2012)	140
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	21
21	Appropriate Sized, Income Qualified, <u>Owner</u> Households, Age 62+ (2012)	364
22	Percentage of Projected Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	5%
23	Number of Projected Senior <u>Owner</u> Households Likely to Move If New Affordable Rental Housing Were Available	18
24	PMA Qualified Household Demand (2012)	39
25	SMA Qualified Household Demand (2012)	8
26	PMA and SMA Affordable Senior Housing Potential Hsld Demand (2012)	47
27	PMA and SMA Qualified Household Growth/Decline (2007-2012)	-3
28	PMA and SMA Average <i>Annual</i> /Potential Demand (2007-2012)	49
29	Chillicothe Market Area Capture Rate	80%
30	Chillicothe Affordable Senior Rental Potential Demand	39
31	Downtown Chillicothe Market Area Capture Rate	80%
32	Downtown Market Area Affordable Senior Rental Potential Demand	32

Line 11 is a current estimate (2007) 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 from the primary and secondary market area in 2007.

Line 24 is a projection (2012) 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 from the primary and secondary market areas in 2012.

Line 27 is a projection of qualified household growth/decline between 2007 and 2012 and is calculated by subtracting the 2007 household estimate from the 2012 household demand projection.

Line 28 is the average annual potential demand that is calculated by considering the current demand in 2007 and the annual growth or decline between 2007 and 2012.

Line 29 is the estimated capture rate for the Chillicothe market area. It is an estimate of the percentage of qualified households in the primary and secondary market areas that would consider affordable senior rental units in the Chillicothe market area. The capture rate selected takes into consideration the size of the primary and secondary market areas and the ability of the Chillicothe market to attract prospective households as compared to other competing markets in the area.

Line 30 is a projection of the number of qualified households that are expected to be in the primary and secondary market areas between 2007 and 2012 that could be attracted to affordable senior rental units in the Chillicothe market area. This is a point in time estimate and could change based on changes in the affordable senior housing supply between this point in time and 2012.

Line 31 is the estimated capture rate for the downtown Chillicothe market area. It is an estimate of the percentage of qualified households in the overall Chillicothe market area that would consider affordable senior rental units in the downtown market area of Chillicothe. The capture rate selected reflects the fact that at the current time any affordable senior housing development that would be produced in the downtown market area would have little competition and should attract a large share of the affordable senior housing market. Normally a capture rate at 80% would appear to be risky, but because the market is so limited in its choices a new development could be expected to attract a large portion of the pool of prospective tenants.

Line 32 is a projection of the number of qualified households that are expected to be in the primary and secondary market areas between 2007 and 2012 that could be attracted to affordable senior rental units in the downtown market area of Chillicothe. This is a point in time estimate and could change based on changes in the affordable senior housing supply between this point in time and 2012.

Chillicothe, Missouri Annual Downtown Market Demand 2007-2012

Affordable Senior Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	6
Two Bedrooms	<u>26</u>
Total	32

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SECTION IX

DOWNTOWN RESIDENTIAL IMPLEMENTATION STRATEGY AND FINANCIAL INCENTIVES

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.
- Continue the 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.

Some of the financial 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 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 donor 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.

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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
August 27, 2008