

RESIDENTIAL DEMAND ANALYSIS

KENNETT DOWNTOWN MARKET AREA

CITY OF KENNETT, MISSOURI
DUNKLIN COUNTY

June 9, 2008



D·R·E·A·M
I N I T I A T I V E

ACKNOWLEDGMENTS



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



PLANNING CONSULTANT



PREPARED BY
MISSOURI HOUSING DEVELOPMENT COMMISSION

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

EFFECTIVE DATE OF THE REPORT

The effective date of the report is June 9, 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 Kennett 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 SUPPORTING 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 report conclusions will be based on the analyst's conclusion of whether additional housing units could benefit the Kennett downtown revitalization efforts by increasing the number of permanent residents in the area.

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SECTION I

EXECUTIVE SUMMARY AND CONCLUSIONS

Some of the conclusions of the report are as follows:

- A baseline assessment of the current residential availability in and around the downtown revitalization area is that at the present time, other than the recently completed Ely & Walker affordable family development, housing options are very limited for homebuyers, market rate renters and senior renter households.
- Like many downtown areas around the country the downtown area of Kennett has gone through a period of decline as businesses have moved outward to other areas of the community. In order to reverse that trend and attract more businesses back to the area it would be beneficial to increase the population density in the downtown area.
- The repopulation of the downtown area, like many other communities may have to be catalyzed by affordable rental housing, such as the Ely & Walker Apartments, until the market strengthens enough to make market rate rental housing and new homeownership construction feasible.
- Unlike many other downtown areas of its era Kennett's courthouse square is comprised primarily of one story buildings due to a number of fires over the years that claimed the upper floors of many of the buildings. Consequently there is a limited amount of upper floor space than can be converted to "loft" style residential units. Loft style units have been the cornerstone of the renaissance of many downtown areas across the country.
- Whenever it is financially feasible the opportunity to produce new residential units in the downtown area in vacant and underutilized buildings, such as the Cotton Exchange Bank and on any vacant tracts of land or infill lots in the downtown area should be pursued.
- At the present time the rental markets in Kennett have strong occupancy. Much of the excess demand can be served by housing in the downtown market area, if housing were available. Good quality developments that are affordable to the market should be able to capture a large portion of the available household demand in the city.
- The intent of the demand analysis is to determine an estimate of the depth of the market demand for new residential units that could be produced in the downtown market area of Kennett that would complement the downtown revitalization efforts. The results of the downtown residential demand analysis for the various housing types are as follows:

Kennett, Missouri Downtown Residential Housing Demand 2007 – 2012

<u>Housing Type</u>	<u>Potential Household Demand</u>
Homeownership	6
Market Rate Rental	16
Affordable Senior Rental Housing	34
Affordable Family Rental Housing	52****

**** The quantitative analysis concluded a potential affordable family housing demand from approximately 52 households, but most of that projected household demand could be served by the Ely & Walker Apartments, which is currently in lease up. For that reason this report cannot support the production of additional affordable family housing units in the downtown area of Kennett until the Ely & Walker development has reached a consistent level of full occupancy and market demand beyond its capacity to serve.

- Unlike many other downtown areas of its size, Kennett's downtown appears to have an advantage because one of the primary traffic arteries in the community (First Street) runs directly through the downtown area giving it a high level of market visibility.
- In addition to the high volume of traffic running through the downtown area Kennett's downtown area is generally surrounded by densely populated residential neighborhoods on at least three sides. The residential density of the area is an asset to potential downtown businesses.
- Housing demand in and around the downtown area would be greatly enhanced if the downtown square area could be transformed or reborn into an eating, entertainment, or cultural destination, or a unique shopping area.
- The city should completely review its zoning and building codes to try and ensure that they do not prevent a barrier to residential production in the downtown market area. Building codes should not require existing building renovations to meet standards for new construction and zoning should allow more high density residential developments.
- Some other things the city could consider in order to help with downtown residential development are:
 - to donate land or make it available below market,
 - use its powers of eminent domain,
 - assist developers with land assemblage,
 - provide parking for downtown residential developments,

- consider special districts for sales and income tax waivers, and real estate tax abatement,
- consider reducing or waiving construction related fees,
- consider fast tracking the permit approval process,
- consider assisting developers with demolition and remediation costs, if necessary, and
- consider forming public/private partnerships with developers as a catalyst for downtown residential development.

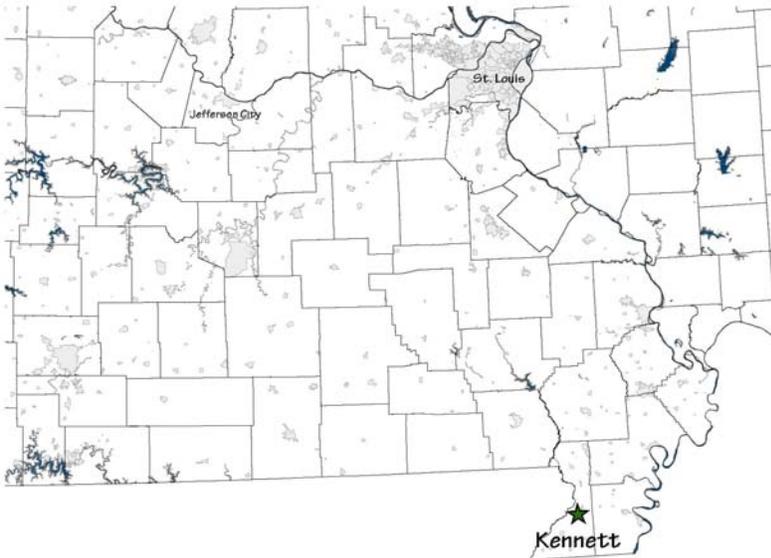
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SECTION II

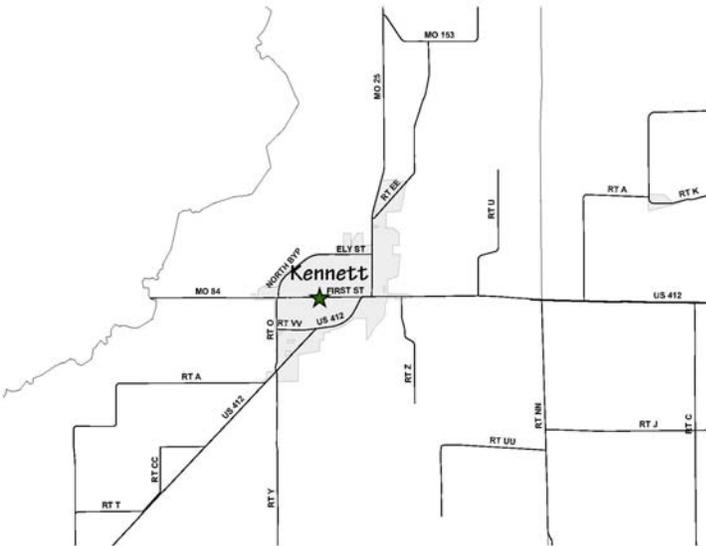
MARKET AREA DESCRIPTION

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

Map #1



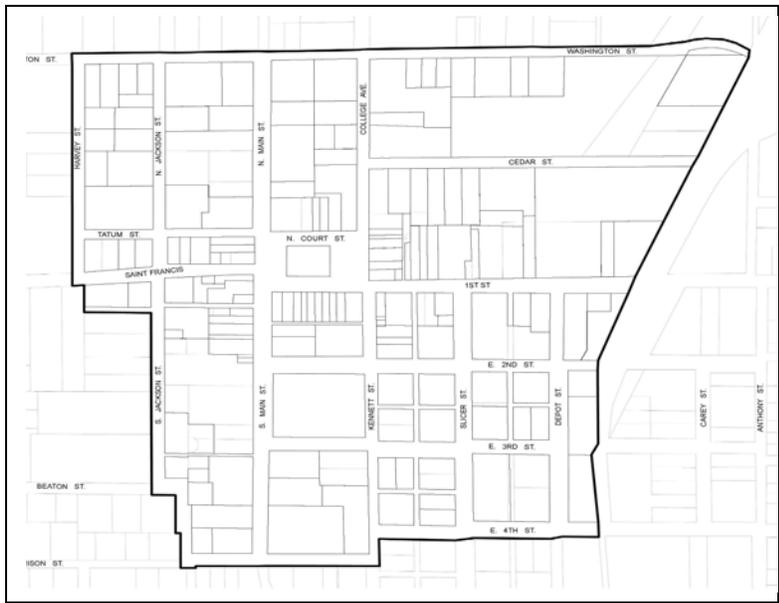
Map #2



Map #3



Map #4



OVERVIEW

Kennett is located in southeast Missouri's bootheel on U.S. 412 / Missouri 84, in Dunklin County. The city began as an Indian village and eventually became the trade and legal center of Dunklin County. Over time the city also developed into a major agricultural area of the state. The Kennett area produced livestock, soybean, rice, corn and is reported to be the state's largest cotton, watermelon and cantaloupe producer. Kennett also contains the largest drainage system in the US Drainage District, and is hometown to 3-time Pulitzer Prize winner Sally Stapleton and 11-time Grammy award winner Sheryl Crow.

Like many downtown areas, Kennett's is the center of government. In addition to the municipal government offices, Kennett's downtown is the location of the county government offices of Dunklin County. The downtown area also contains many businesses that are associated with government (attorney's offices, title companies, etc.). The downtown area also contains banks, a library, a post office, places of worship, a museum, small retail and service businesses, and a small number of residential units.

The downtown square is anchored by the county government building and is surrounded by primarily one story store front properties. Most of the buildings on the downtown square were built as two story buildings, but several fires over the years have caused the loss of most of the second floor space, which was demolished. Some of the storefront space is occupied, but some of the space is vacant or underutilized. A combination of the demolished upper floor areas, uncoordinated store front façade modifications and unattractive awnings on the front of many of the buildings has diminished the visual appeal of most of the buildings on the downtown square. The downtown square has a steady amount of vehicular traffic because First Street through the downtown square and to the west is Missouri Highway 84, while U.S. Highway 412 is to the east. These highways are a major east/west traffic artery through the community and the area.

BOUNDARIES

The boundaries of the downtown market area that is the subject of this report is Washington Avenue on the north, Fourth Street to the south, Frisco Street and the railroad tracks on the east, and Harvey and Jackson Streets on the west.

TRAFFIC ARTERIES

The primary east/west traffic artery through the downtown area is known as 1st. Street/Francis Street and is also U.S. Highway 412 and Missouri State Highway 84. The major north/south traffic artery through the downtown area is known as Kennett Street/College Avenue.

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 and south sides of the downtown revitalization areas, including the new apartments at the Ely-Walker building. Government offices and associated businesses are located around the square. Commercial and retail businesses are generally around the square and the north and west sides of the downtown revitalization area. Land use in the northeast area of the downtown revitalization area is warehouse space and light industrial and manufacturing.

ADJACENT AREAS

Land uses adjacent to the downtown area are generally residential to the north, west, and south and a mix of residential, agricultural, commercial, and light industrial to the west.

EXISTING DOWNTOWN HOUSING

Existing housing in the downtown revitalization area is limited to small clusters of single family homes, small multifamily developments, most of which appear to be in fair to poor condition, and the newly completed large multifamily development at the historic Ely and Walker Shirt Factory. The Ely and Walker development is a 46 unit family affordable housing development that currently is in their lease up period. Property management indicates that interest for the new units has been good.

PARKING

Parking is generally allowed on the streets throughout the downtown revitalization area. There appears to be ample parking in all areas outside of the downtown square. Parking opportunities on the downtown square appear to be limited, especially considering that the square is not operating at full business capacity. County employee and District Court activities appear to play a role in this parking limitation issue.

RETAIL SHOPPING

Wal-mart Super Center, the Bootheel Plaza Shopping Center, and the Cottonwood Plaza Shopping Center are located a few miles east of the downtown area and are generally the primary shopping areas in the community.

ENTERTAINMENT

There is a single screen movie theater located in the downtown area on First Street. No other entertainment venues were noted in the downtown area. A bowling alley is located west of the downtown area and a country club with a public 18-hole golf course is located east of downtown.

PARKS AND RECREATION

Mitchell park is the only park within the downtown market area, and is located to the West of the recently completed Sheryl Crow Aquatic Center near 2nd and Kennett Street.

SCHOOLS

Kennett's public school system is comprised of an early childhood education program at 1205 Wiggs, Masterson Elementary School at 1600 Ely, South Elementary School at 920 South Street, Kennett Middle School at 510 College, Kennett High School at 1400 West Washington, and the Kennett Career and Technology Center at 1400 West Washington.

PUBLIC TRANSPORTATION

Kennett does not have a public transportation system. Dunklin County Cab services the area and is located in the downtown area of Kennett. The closest interstate to Kennett is I-55, which is located 15 miles east of Kennett. Kennett has a municipal airport.

PUBLIC SAFETY

A fire station is located at 303 St. Francis Street, on the western edge of the downtown revitalization area and on First Street near Airport Road. The Kennett Police Department is located at 200 Second Street, which is within the downtown revitalization area.

SOCIAL SERVICES

Bootheel Healthy Start Program is located north of the downtown area at 824 N. Bypass and promotes the health and well-being of babies, children and families through education and community programs. The Dunklin County Library is located in the downtown revitalization area at 209 N. Main Street. The Delta Area Economic Opportunity Corporation is located at 210 First Street and offers an array of services and social programs. Dale's Daycare is located near the downtown area at 312 Harold Place. Sherry's Daycare is also located near the downtown revitalization area at 203 Beaton Street. The Dunklin Day Activity Center for developmentally disabled adults is located at 320 Kennett.

DOWNTOWN AREA PHOTOGRAPHS



Cotton Exchange Bank
SE Corner of 1st. and Kennett Street

Dunklin County Courthouse
Courthouse Square





Dunklin County Library
North Main Street

Dunklin County Museum
College Avenue



Sheryl Crow Aquatic Center
2nd and Kennett

East Side of Downtown Square





West Side of Downtown Square

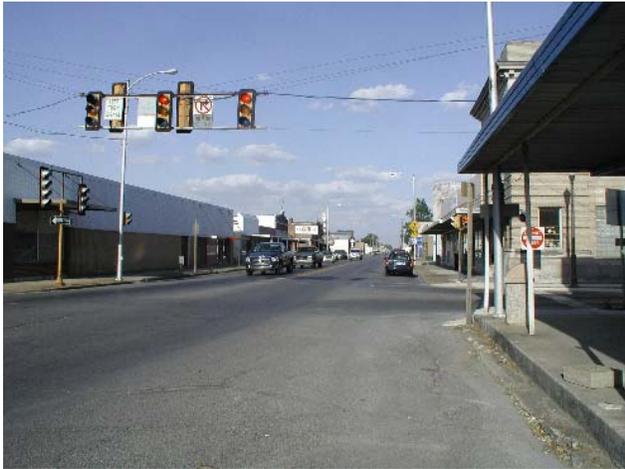
North Side of Downtown Square



South Side of Downtown Square

Looking south down S. Main
from Courthouse Square





Looking east down 1st. Street from
Downtown Square



Ely-Walker Apartments
S. Main Street



Looking east down first street towards
the downtown square

Movie Theater on 1st. Street in downtown





Riggs Building Supply and Home Center located at the northeast corner of downtown revitalization area

Residential properties on Washington Street in the downtown redevelopment area



Residential properties on Cedar Street in the downtown redevelopment area

STRENGTHS AND WEAKNESSES

Even though it is in a state of decline, from a market perspective, the strengths of the Kennett downtown area are significant. Some of them include the following:

- **Historic buildings:** The downtown area contains the Cotton Exchange Bank building and other buildings that are historical, that are signatures of the community and have the benefit of qualifying for special tax credits and financing to preserve and restore their historic character.
- **Sheryl Crow Affiliation:** The community benefits by being known as the hometown of an 11 time Grammy Award winning musical superstar and from the generosity of Ms. Crow who has opened her heart and financial resources to the community, particularly regarding the Sheryl Crow Aquatic Center in the downtown area of Kennett.
- **Momentum:** The downtown revitalization efforts are underway and are evidenced by the new Sheryl Crow Aquatic Center and the recent transformation of the Ely and Walker Shirt Factory to a high quality rental development in the downtown area.
- **High Traffic Volume Area:** There is a heavy traffic flow through the downtown area, particularly the downtown square because Missouri Highway 84 and U.S. Highway 412 are significant east/west traffic arteries. Traffic equates to people, people equate to potential customers, and potential customers equate to a potential customer base for new and existing downtown businesses.
- **Vacant and underutilized buildings and land area:** The vacant buildings and land offer opportunities for creative entrepreneurs.
- **Employment:** The downtown is still the center of municipal and county government, which draws people (potential customers) to the area during the daylight hours.
- **Walkability:** The downtown area is compact with a friendly street pattern.
- **Accessibility:** Access to and from the area is relatively easy in all directions.
- **Blank Canvas:** The downtown area is basically a blank canvas that can be moved in various demographic, business and entertainment directions to maximize its future benefit to the community.

From a market perspective, the current weaknesses of the Downtown Kennett Market area are also significant. They include the following:

- **Unattractiveness of the downtown square:** The mix of building façade covers and awnings on the store fronts and over some of the streets is a detriment to the area.
- **Because Highways 84 and 412 are major east/west traffic routes in the area, the area sees a high number of large trucks, which are a heightened safety risk and is visually unappealing to the area.**

- Sense of place: The downtown area needs to re-establish itself as the heart of the community. Currently, it appears that people only come to downtown as a necessity.
- People presence: The downtown area needs to attract more permanent residents to the area to help support and attract existing and new businesses and to help make extended business hours in the downtown area viable.
- Lack of housing opportunities: The downtown area needs more high quality housing opportunities to attract permanent residents.
- Retailers: The downtown area has very few neighborhood oriented businesses that would support the needs of area residents.
- Dining and entertainment: The area has very few dining and entertainment venues.

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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 Kennett, Missouri Chamber of Commerce.

Kennett's Industrial Park is located within the city limits, off the North Bypass at Progress Drive. The 116 acre park includes a 50,000 sq. ft. city-owned speculative building and is home to Custom Steel Division of Steel Technologies, American Railcar, C&C Cartage and Skeeter-Kell Distribution.

Kennett has an Enterprise Zone that was approved by the state of Missouri to create a favorable atmosphere for qualifying businesses by offering 12 different tax incentive programs.

COMPETITIVE TAX INCENTIVE PROGRAMS OFFERED:

- Dunklin County Tax Lien Credits
- Real Property Tax Abatement
- Enhanced Enterprise Zone
- Film Production Tax Credit Program
- Loan Guarantee Fee Tax Credit Program
- Mutual Fund Tax Apportionment
- Quality Jobs
- Rebuilding Communities Tax Credit Program
- Sales Tax Exemption
- Small Business Incubator Tax Credit Program
- Wine and Grape Tax Credit Program
- Work Force Incentive

MAJOR EMPLOYERS

Major Employers - Kennett Area		
Employers	Type of Business	Employees
Twin Rivers Med Ctr.	Health Care	375
Wal-Mart	Retail	358
Public Schools	Education	300
ARI Industries	Manufacturing	200
NHC HealthCare	Nursing Home	145
Parker-Hannifin	Manufacturing	95
Pepsi Mid-America	Bottling	87
Heritage Nursing Ctr.	Nursing Home	72
ACS	Mail Processing	60
Independence Home	Pharmacy	60
Manac Trailers	Manufacturing	40

Source: Kennett Chamber of Commerce

The major employer in the community is the Twin Rivers Medical Center. Health care is an area of growth, so the major employer in the community should be stable or expanding in the future.

EMPLOYMENT CATEGORIES AND WAGES

Average Employment and Wages - Dunklin County, Missouri								
Industry	2007*		2006		2005		2004	
	Avg. Emp.	Avg. Mthly. Wages						
11 - Agriculture, Etc.	334	\$1,745	437	\$2,126	457	\$2,024	410	\$2,022
21 - Mining	0	\$0	0	\$0	0	\$0	0	\$0
22 - Utilities	93	\$3,607	95	\$3,448	94	\$3,306	93	\$3,284
23 - Construction	216	\$2,360	227	\$2,731	252	\$2,726	372	\$2,902
31 - Manufacturing	647	\$3,647	1021	\$3,023	1207	\$2,839	1169	\$2,724
42 - Wholesale trade	352	\$3,081	338	\$3,121	357	\$2,880	372	\$2,792
44 - Retail Trade	1494	\$1,692	1498	\$1,694	1528	\$1,632	1505	\$1,617
48 - Transportation and warehousing	274	\$2,313	290	\$2,403	302	\$2,335	315	\$2,095
51 - Information	98	\$2,265	93	\$2,009	93	\$1,658	99	\$1,798
52 - Finance & Ins.	325	\$2,841	322	\$2,770	315	\$2,622	353	\$2,408
53 - Real estate	247	\$1,675	244	\$1,500	203	\$1,318	244	\$1,257
54 - Professional and technical services	131	\$1,891	116	\$2,046	123	\$1,980	118	\$2,082
55 - Mgmt. (companies)	65	\$6,365	64	\$4,643	63	\$5,067	67	\$4,853
56 - Administrative, etc.	97	\$2,235	90	\$2,024	79	\$1,578	59	\$1,346
61 - Educational	1122	\$2,393	1000	\$2,523	962	\$2,464	960	\$2,412
62 - Health care, social	2479	\$1,622	2514	\$1,618	2582	\$1,589	2783	\$1,565
71 - Arts, etc.	51	\$1,206	62	\$1,315	84	\$1,190	72	\$1,073
72 - Accom. & food svc	641	\$923	627	\$882	621	\$881	660	\$859
81 - Other services	279	\$1,262	260	\$1,261	264	\$1,331	207	\$1,368
Public Administration	469	\$1,772	465	\$1,757	455	\$1,784	423	\$1,803

*Information available to date

Source: U.S. Census Bureau

The largest employment trade in the county area is health care, followed by retail and education. In 2007 in Dunklin County the average monthly wage for those trades was slightly more than \$1,600 for healthcare and retail, and approximately \$2,400 for education.

LABOR FORCE AND UNEMPLOYMENT

Local Area Employment - Dunklin County					
Year	Labor Force	Employment	Unemployment	County Unemployment Rate	Missouri Unemployment Rate
2002	14,455	13,447	1,008	7.0%	5.2%
2003	14,400	13,291	1,109	7.7%	5.6%
2004	14,426	13,348	1,078	7.5%	5.8%
2005	14,128	13,082	1,046	7.4%	5.3%
2006	14,067	13,036	1,031	7.3%	4.8%
2007	14,209	13,071	1,138	8.0%	5.0%

Source: Department of Economic Development

The unemployment rate in Dunklin County is at a 6 year high at 8% and is considerably above the unemployment rate for the State of Missouri. The 3% difference in the unemployment rate between Dunklin County and the State of Missouri is also the widest disparity over the past 6 years.

COMMUTING PATTERNS

Southeast 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
Missouri	2,629,296	877,655	33.4	31.2	146,250	2.2
Dunklin	12,999	3,753	28.9	24.3	904	4.6
Pemiscot	7,158	2,233	31.2	22.9	543	8.3
New Madrid	7,987	2,682	33.6	27.9	591	5.7
Stoddard	12,784	3,774	29.5	22.2	1,218	7.4
Butler	16,618	1,838	11.1	10.6	241	0.5
Scott	17,934	6,663	37.2	33.9	1,037	3.2
Mississippi	5,283	1,866	35.3	25.8	487	9.5

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

SECTION IV

DEMOGRAPHIC PROFILE

POPULATION

Total Population						
Year	Kennett	Annual Change %	Dunklin County	Annual Change %	Missouri	Annual Change %
1990	10,974		33,112		5,117,083	
2000	11,260	0.3%	33,155	0.0%	5,595,211	0.9%
2007	10,843	-0.6%	32,279	-0.4%	5,877,928	0.8%
2012	10,676	-0.3%	32,014	-0.2%	6,071,973	0.7%

Source: Applied Geographic Solutions, MHDC

The population of Kennett increased slightly between 1990 and 2000, but is projected to decline 2000 through 2012. That negative growth pattern is similar to Dunklin County as a whole. U.S. Census Bureau Population Estimates show a similar declining population trend.

Population By Age

Population By Age Group								
Kennett, Missouri								
Age Cohort	1990	Percent	2000	Percent	2007	Percent	2012	Percent
0-19	3,297	30%	3,289	29%	3,101	29%	3,104	29%
20-24	671	6%	735	7%	754	7%	780	7%
25-34	1,554	14%	1,391	12%	1,368	13%	1,307	12%
35-54	2,609	24%	2,882	26%	2,719	25%	2,527	24%
55-64	981	9%	1,153	10%	1,193	11%	1,206	11%
65-74	1,055	10%	845	8%	843	8%	915	9%
75-84	622	6%	718	6%	606	6%	590	6%
85+	184	2%	245	2%	260	2%	248	2%

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. These age groups are expected to remain the largest through 2012.

Median Age of Population

Total Population Median Age	
Kennett, Missouri	
Year	
1990	34.8
2000	36.5
2007	36.6
2012	36.2

Source: Applied Geographic Solutions, MHDC

The table illustrates that between 1990 and 2000 the median age of the population increased slightly and is projected to remain stable through 2012. This trend differs from most areas of the state and could be due to older households leaving for housing options in other areas and/or the Kennett area may have a higher percentage of children than other areas of the state.

Population by Gender

Population By Gender								
Kennett, Missouri								
Gender	1990	Percent	2000	Percent	2007	Percent	2012	Percent
Male	4,991	45%	5,147	46%	5,025	46%	4,989	47%
Female	5,983	55%	6,112	54%	5,818	54%	5,688	53%

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.

HOUSEHOLDS

Total Households

Total Households				
Kennett, Missouri				
Year	Kennett	Annual Change %	Dunklin County	Annual Change %
1990	4,425		13,128	
2000	4,540	0.3%	13,411	0.2%
2007	4,647	0.4%	13,892	0.6%
2012	4,733	0.4%	14,261	0.5%

Source: Applied Geographic Solutions, MHDC

Although the population of Kennett is projected to decrease the number of households is expected to increase. This trend is similar to Dunklin County as a whole.

Average Household Size

Average Household Size	
Kennett, Missouri	
Year	Average
1990	2.44
2000	2.40
2006	2.26
2011	2.18

Source: Applied Geographic Solutions, MHDC

Average household size is a statistical average calculated by dividing the number of persons living in households by the number of households (which is the same as occupied housing units). The previous table illustrates that the average size of households in the city has been on a decline since 2000 and is projected to continue through 2012.

Households by Size

Households By Size								
Kennett, Missouri								
Household Size	1990		2000		2007		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 Person	1,297	29.3%	1,314	28.9%	1,440	31.0%	1,463	30.9%
2 Persons	1,406	31.8%	1,531	33.7%	1,705	36.7%	1,760	37.2%
3 Persons	780	17.6%	771	17.0%	785	16.9%	816	17.2%
4 Persons	569	12.9%	574	12.6%	444	9.6%	451	9.5%
5 Persons	240	5.4%	238	5.2%	176	3.8%	180	3.8%
6 Persons	86	1.9%	72	1.6%	63	1.4%	62	1.3%
7+ Persons	46	1.0%	41	0.9%	34	0.7%	0	0.0%
Total	4,424	100.0%	4,541	100%	4,647	100%	4,732	100%

Source: Applied Geographic Solutions, MHDC

Female Head of Household with Children

Female Head of Household with Children	
Kennett, Missouri	
Year	Number
2007	953
2012	1,003

Source: Applied Geographic Solutions, MHDC

The table indicates that the number of household headed by females with children is significant and expected to increase into the future.

Hispanic Households

Hispanic Households	
Kennett, Missouri	
Year	Number
2000	47
2007	84
2012	107

Source: Applied Geographic Solutions, MHDC

The table indicates that in Kennett there has been a consistent increase in the number of Hispanic households.

TENURE

Households by Tenure Patterns

Tenure Patterns By Households				
Kennett, Missouri				
Year	Owner Occupied Units		Renter Occupied Units	
	Number	Percent	Number	Percent
1990	2,712	61%	1,713	39%
2000	2,716	60%	1,824	40%
2007	2,730	59%	1,917	41%
2012	2,757	58%	1,976	42%

Source: Applied Geographic Solutions, MHDC

The table illustrates that the tenure patterns of the community seem to be stable, but the trend is towards a decrease in owner occupied units and an increase in renter occupied units.

Tenure by Household Size (Owner)

Tenure By Household Size					
Owner Occupied Housing Units					
Kennett, Missouri					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	684	25.3%	647	23.8%	-5.4%
2 Persons	969	35.8%	1,104	40.7%	13.9%
3 Persons	503	18.6%	496	18.3%	-1.4%
4 Persons	367	13.6%	344	12.7%	-6.3%
5 Persons	138	5.1%	93	3.4%	-32.6%
6 Persons	41	1.5%	28	1.0%	-31.7%
7+ Persons	6	0.2%	2	0.1%	-66.7%

Source: Applied Geographic Solutions, MHDC

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

Tenure by Household Size (Renter)

Tenure By Household Size					
Renter Occupied Housing Units					
Kennett, Missouri					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	617	36.3%	665	36.3%	7.8%
2 Persons	424	24.9%	440	24.0%	3.8%
3 Persons	272	16.0%	284	15.5%	4.4%
4 Persons	210	12.4%	233	12.7%	11.0%
5 Persons	125	7.4%	123	6.7%	-1.6%
6 Persons	52	3.1%	46	2.5%	-11.5%
7+ Persons	-	0.0%	39	2.1%	#DIV/0!

Source: Applied Geographic Solutions, MHDC

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

Tenure by Age of Householder (Owner)

Tenure by Age of Householder					
Owner Occupied Housing Units					
Kennett, Missouri					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	39	1.4%	58	2.1%	48.7%
25-34	293	10.8%	233	8.6%	-20.5%
35-44	485	17.9%	480	17.7%	-1.0%
45-54	509	18.8%	550	20.3%	8.1%
55-64	539	19.9%	557	20.5%	3.3%
65-74	465	17.2%	421	15.5%	-9.5%
75+	378	14.0%	415	15.3%	9.8%

Source: Applied Geographic Solutions, MHDC

Tenure by Age of Householder (Renter)

Tenure by Age of Householder					
Renter Occupied Housing Units					
Kennett, Missouri					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	174	10.2%	209	11.4%	20.1%
25-34	461	27.1%	553	30.2%	20.0%
35-44	254	14.9%	363	19.8%	42.9%
45-54	190	11.2%	232	12.7%	22.1%
55-64	194	11.4%	162	8.9%	-16.5%
65-74	234	13.8%	138	7.5%	-41.0%
75+	193	11.4%	173	9.5%	-10.4%

Source: Applied Geographic Solutions, MHDC

The table indicates that between 1990 and 2000 the age cohorts below 55 years of age increased and those above 54 years decreased.

Tenure by Bedrooms (Owner Occupied)

Tenure By Bedrooms (2000)		
Owner Occupied		
Kennett, Missouri		
Bedrooms	Households	Percentage
No BR.	12	0.4%
1	47	1.7%
2	713	26.3%
3	1,646	60.6%
4	246	9.1%
5 or more	50	1.8%

Source: U.S. Census Bureau

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

Tenure by Bedrooms (Renter Occupied)

Tenure By Bedrooms (2000)		
Renter Occupied		
Kennett, Missouri		
Bedrooms	Households	Percentage
No BR.	42	2.3%
1	380	20.8%
2	905	49.5%
3	437	23.9%
4	59	3.2%
5 or more	7	0.4%

Source: U.S. Census Bureau

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

INCOME

Households by Income Distribution

Household Income Distribution								
Kennett, Missouri								
Income Cohort	1990		2000		2007		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< than \$10,000	1,600	36.1%	1,070	23.6%	992	21.3%	958	20.2%
\$10,000-\$14,999	565	12.7%	470	10.4%	388	8.3%	348	7.4%
\$15,000-\$19,999	451	10.2%	403	8.9%	356	7.7%	351	7.4%
\$20,000-\$24,999	412	9.3%	265	5.8%	331	7.1%	349	7.4%
\$25,000-\$29,999	302	6.8%	285	6.3%	229	4.9%	189	4.0%
\$30,000-\$34,999	231	5.2%	284	6.3%	235	5.1%	209	4.4%
\$35,000-\$39,999	198	4.5%	250	5.5%	229	4.9%	229	4.8%
\$40,000-\$49,999	295	6.7%	419	9.2%	413	8.9%	403	8.5%
\$50,000-\$59,999	130	2.9%	359	7.9%	363	7.8%	348	7.4%
\$60,000-\$74,999	116	2.6%	286	6.3%	415	8.9%	450	9.5%
\$75,000-\$99,999	53	1.2%	253	5.6%	340	7.3%	404	8.5%
\$100,000 +	81	1.8%	194	4.3%	357	7.7%	496	10.5%
Total	4,434	100.0%	4,538	100.0%	4,648	100.0%	4,734	100.0%

Source: Applied Geographic Solutions, MHDC

The table indicates that there is a wide distribution of households at various income levels in Kennett. The number of households with income of \$100,000+ is projected to increase by approximately 39% between 2007 and 2012.

HISTA Demographic Data

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 for 2007 and 2012. They will be used for the housing demand analysis which begins on page 66. The tables contain current household estimates for the Primary Market Area by tenure (renter or homeowner), income, and household size, for age groups 18-54, 55-61, and aged 62+. The same type of tables is shown based on year 2012 household projections. The differences in the number of households in each of the categories provide a good indication of future potential residential growth or decline.

PMA Owner Households (Under Age 55 Years) - 2007 Estimates

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	154	116	85	31	20	406
\$10,000-20,000	123	186	132	84	88	613
\$20,000-30,000	136	174	150	171	101	732
\$30,000-40,000	111	258	227	188	95	879
\$40,000-50,000	80	308	252	251	93	984
\$50,000-60,000	12	239	183	181	123	738
\$60,000+	101	509	672	666	243	2,191
Total	717	1,790	1,701	1,572	763	6,543

Source: Claritas, Ribbon Demographics

PMA Owner Households (Aged 55-61) - 2007 Estimates

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	157	71	10	0	0	238
\$10,000-20,000	90	71	20	9	12	202
\$20,000-30,000	96	90	28	17	4	235
\$30,000-40,000	33	114	42	10	5	204
\$40,000-50,000	14	129	37	11	4	195
\$50,000-60,000	8	124	26	28	11	197
\$60,000+	49	341	147	65	20	622
Total	447	940	310	140	56	1,893

Source: Claritas, Ribbon Demographic

PMA Owner Households (Aged 62+) - 2007 Estimates

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	689	103	27	6	2	827
\$10,000-20,000	589	430	45	7	8	1,079
\$20,000-30,000	237	463	68	3	9	780
\$30,000-40,000	129	390	51	23	13	606
\$40,000-50,000	153	275	25	38	27	518
\$50,000-60,000	53	171	44	4	11	283
\$60,000+	174	489	88	16	14	781
Total	2,024	2,321	348	97	84	4,874

Source: Claritas, Ribbon Demographic

PMA Renter Households (Under Age 55 Years) - 2007 Estimates

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	580	309	295	146	140	1,470
\$10,000-20,000	427	286	298	215	191	1,417
\$20,000-30,000	168	188	191	187	155	889
\$30,000-40,000	153	135	119	123	134	664
\$40,000-50,000	39	50	50	75	113	327
\$50,000-60,000	22	27	57	45	54	205
\$60,000+	38	113	97	130	89	467
Total	1,427	1,108	1,107	921	876	5,439

Source: Claritas, Ribbon Demographics

PMA Renter Households (Aged 55-61) - 2007 Estimates

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	151	51	25	6	0	233
\$10,000-20,000	100	45	19	7	14	185
\$20,000-30,000	31	35	9	8	2	85
\$30,000-40,000	13	9	19	8	4	53
\$40,000-50,000	12	13	18	0	9	52
\$50,000-60,000	3	1	2	1	2	9
\$60,000+	33	16	5	0	0	54
Total	343	170	97	30	31	671

Source: Claritas, Ribbon Demographics

PMA Renter Households (Aged 62+) - 2007 Estimates

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	672	51	13	7	3	746
\$10,000-20,000	270	108	15	0	4	397
\$20,000-30,000	74	102	21	2	2	201
\$30,000-40,000	27	34	6	0	6	73
\$40,000-50,000	4	12	0	0	0	16
\$50,000-60,000	14	7	14	1	1	37
\$60,000+	17	18	17	6	5	63
Total	1,078	332	86	16	21	1,533

Source: Claritas, Ribbon Demographics

PMA Owner Households (Under Age 55 Years) - 2012 Projections

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	132	82	65	22	18	319
\$10,000-20,000	108	138	98	65	66	475
\$20,000-30,000	117	138	126	140	88	609
\$30,000-40,000	91	213	186	152	81	723
\$40,000-50,000	74	251	211	216	79	831
\$50,000-60,000	17	219	176	185	134	731
\$60,000+	124	554	745	753	270	2,446
Total	663	1,595	1,607	1,533	736	6,134

Source: Claritas, Ribbon Demographics

PMA Owner Households (Aged 55-61) - 2012 Projections

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	139	60	8	0	0	207
\$10,000-20,000	98	66	18	8	8	198
\$20,000-30,000	97	83	34	16	4	234
\$30,000-40,000	28	104	41	10	3	186
\$40,000-50,000	12	128	37	13	3	193
\$50,000-60,000	9	107	25	24	15	180
\$60,000+	65	397	182	85	23	752
Total	448	945	345	156	56	1,950

Source: Claritas, Ribbon Demographics

PMA Owner Households (Aged 62+) - 2012 Projections

Owner 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	596	77	22	4	1	700
\$10,000-20,000	536	349	40	8	7	940
\$20,000-30,000	261	471	70	3	8	813
\$30,000-40,000	143	419	53	27	10	652
\$40,000-50,000	195	303	31	42	42	613
\$50,000-60,000	67	205	48	6	13	339
\$60,000+	267	655	120	21	17	1,080
Total	2,065	2,479	384	111	98	5,137

Source: Claritas, Ribbon Demographics

PMA Renter Households (Under Age 55 Years) – 2012 Projections

Renter Households						
Under Age 55 Years						
Five Year Projections - 2012						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	555	261	253	126	124	1,319
\$10,000-20,000	408	241	257	189	169	1,264
\$20,000-30,000	167	168	182	186	147	850
\$30,000-40,000	144	114	107	109	112	586
\$40,000-50,000	47	44	47	76	128	342
\$50,000-60,000	24	35	66	51	64	240
\$60,000+	52	136	121	156	112	577
Total	1,397	999	1,033	893	856	5,178

Source: Claritas, Ribbon Demographics

PMA Renter Households (Aged 55-61) – 2012 Projections

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	152	46	24	6	0	228
\$10,000-20,000	108	45	22	9	14	198
\$20,000-30,000	25	39	12	9	3	88
\$30,000-40,000	14	9	21	10	4	58
\$40,000-50,000	15	13	13	0	6	47
\$50,000-60,000	6	2	5	2	4	19
\$60,000+	44	19	6	0	0	69
Total	364	173	103	36	31	707

Source: Claritas, Ribbon Demographic

PMA Renter Households (Aged 62+) – 2012 Projections

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	630	42	10	7	3	692
\$10,000-20,000	279	99	11	0	3	392
\$20,000-30,000	88	108	24	3	2	225
\$30,000-40,000	30	38	8	0	6	82
\$40,000-50,000	5	13	0	0	0	18
\$50,000-60,000	13	11	18	1	1	44
\$60,000+	29	29	24	2	5	96
Total	1,074	340	95	20	20	1,549

Source: Claritas, Ribbon Demographics

COST BURDENED HOUSEHOLDS

Cost Burdened Households (2000) - Kennett			
	Renter	Owner	Renter & Owner
Total	1,790	4,495	6,285
Cost Burdened >30%	35.6%	22.7%	26.4%
Severely Cost Burdened >50%	16.3%	8.9%	11.0%
Elderly 1 & 2 Persons	334	923	1,257
Cost Burdened >30%	40.4%	16.4%	22.8%
Severely Cost Burdened >50%	13.2%	5.2%	7.3%
Single Person Non-Elderly	500	261	761
Cost Burdened >30%	36.6%	26.1%	33.0%
Severely Cost Burdened >50%	17.8%	3.1%	12.8%
Small Fam 2-4 Persons	767	1,394	2,161
Cost Burdened >30%	32.6%	10.6%	18.4%
Severely Cost Burdened >50%	14.2%	3.6%	7.4%
Large Fam 5+ Persons	189	127	316
Cost Burdened >30%	37.0%	11.0%	26.6%
Severely Cost Burdened >50%	26.5%	0.0%	15.8%

Source: 2000 Chas Data

Cost Burdened Households (2000) - Missouri			
	Renter	Owner	Renter & Owner
Total	651,909	1,542,305	2,194,214
Cost Burdened >30%	30.9%	16.7%	20.9%
Severely Cost Burdened >50%	14.8%	6.2%	8.8%
Elderly 1 & 2 Persons	112905	423495	536,400
Cost Burdened >30%	39.4%	17.4%	22.0%
Severely Cost Burdened >50%	18.4%	7.3%	9.6%
Single Person Non-Elderly	248083	201663	449,746
Cost Burdened >30%	31.5%	26.3%	29.2%
Severely Cost Burdened >50%	15.7%	10.6%	13.4%
Small Fam 2-4 Persons	244194	771,144	1,015,338
Cost Burdened >30%	27.1%	14.0%	17.2%
Severely Cost Burdened >50%	12.7%	4.6%	6.5%
Large Fam 5+ Persons	46727	146003	192,730
Cost Burdened >30%	26.4%	15.7%	18.3%
Severely Cost Burdened >50%	12.6%	5.1%	6.9%

Source: 2000 Chas Data

The table indicates that 11% of all renter households in Kennett are severely cost burdened. The severely cost burdened rate for all renter households in Missouri for the same period was 8.8%. The most severely cost burdened renter group in Kennett appears to be large family renter households at 26.5%. Statewide only 12.6% of large family renter households were severely cost burdened.

AREA MAXIMUM AFFORDABLE HOUSING INCOME AND RENTS

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

Maximum Income and Rents for HOME and Housing Tax Credit Programs for Dunklin County												
2007 Median Income	Income %	Maximum Incomes						Maximum HOME/LIHTC Rents				
		Persons in Household						Bedroom Sizes				
		1	2	3	4	5	6	0Br	1Br	2Br	3Br	4Br
\$37,100	50%	15,700	17,900	20,150	22,400	24,200	26,000	392	420	503	582	650
	60%	18,840	21,480	24,180	26,880	29,040	31,200	471	504	604	699	780
								HUD Fair Market Rents				
								388	422	501	640	715

Source: HUD, IRS, MHDC

EDUCATIONAL ATTAINMENT

Educational Attainment (Pop. 25+ Age)			
Kennett, Missouri			
Level	1990	2000	2007
9th to 12th grade, no diploma	21.8%	19.6%	18.1%
Associate Degree	2.2%	2.0%	2.3%
Bachelors Degree	7.2%	8.1%	8.8%
College No Degree	11.4%	16.0%	16.8%
Graduate Degree	3.5%	3.6%	3.9%
High School Diploma	29.4%	36.1%	38.6%
Less than 9th grade	24.4%	13.0%	11.5%

Source: Applied Geographic Solutions, MHDC

The table indicates that the educational attainment level has been increasing.

MARITAL STATUS

Marital Status (Pop. 15+ Age)			
Kennett, Missouri			
Status	1990	2000	2007
Divorced	10.5%	12.0%	12.0%
Never Married	18.9%	19.2%	19.2%
Now Married	56.0%	51.8%	52.2%
Separated	2.4%	5.6%	5.6%
Widowed	12.2%	11.3%	11.0%

Source: Applied Geographic Solutions, MHDC

The table indicates that the marital status breakdown of households in the city has not changed much at all over the years.

MIGRATION PATTERNS

Following are tables that show the migration patterns into and out of Dunklin County, and the net migration totals.

The migration tables that follow indicate that Dunklin County attracts approximately 550 new households annually, but it also loses over 600 households per year for a net migration loss. The tables also indicate that while Dunklin County has a negative migration relationship with most of the surrounding counties it has a positive migration pattern with Pemiscot and New Madrid Counties.

Gross Annual Household In-Migration								
Dunklin County, Missouri								
County of Origin	2003		2004		2005		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	576	100%	550	100%	650	100%	559	100%
Total In-Migration Same State	288	50%	283	51%	308	47%	288	52%
Total In-Migration Out of State	288	50%	267	49%	342	53%	271	48%
Pemiscot County, MO	55	10%	55	10%	66	10%	63	11%
New Madrid County, MO	55	10%	46	8%	68	10%	41	7%
Butler County, MO	33	6%	28	5%	33	5%	40	7%
Stoddard County, MO	47	8%	9	2%	56	9%	37	7%
Clay County, AR	45	8%	34	6%	47	7%	32	6%
Cape Girardeau Co, MO	19	3%	18	3%	14	2%	19	3%
Greene County, AR	35	6%	19	3%	39	6%	16	3%
Mississippi County, AR	24	4%	18	3%	25	4%	15	3%
Craighead County, AR	17	3%	21	4%	15	2%	14	3%
All Other Counties	246	43%	302	55%	287	44%	282	50%

Source: Internal Revenue Service

Gross Annual Household Out-Migration								
Dunklin County, Missouri								
Destination County	2003		2004		2005		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	646	100%	681	100%	632	100%	664	100%
Total Out-Migration Same State	322	50%	339	50%	323	51%	338	51%
Total Out-Migration Out of State	324	50%	342	50%	309	49%	326	49%
Pemiscot County, MO	50	8%	40	6%	42	7%	48	7%
New Madrid County, MO	36	6%	41	6%	34	5%	36	5%
Butler County, MO	45	7%	56	8%	56	9%	59	9%
Stoddard County, MO	53	8%	59	9%	52	8%	51	8%
Clay County, AR	45	7%	38	6%	37	6%	31	5%
Cape Girardeau Co, MO	19	3%	34	5%	21	3%	24	4%
Greene County, AR	35	5%	12	2%	42	7%	44	7%
Mississippi County, AR	18	3%	19	3%	18	3%	23	3%
Craighead County, AR	21	3%	27	4%	30	5%	29	4%
All Other Counties	324	50%	355	52%	300	47%	319	48%

Source: Internal Revenue Service

Net Annual Household Migration				
Dunklin County, Missouri				
County	2003	2004	2005	2006
	Number	Number	Number	Number
Pemiscot County, MO	5	15	24	15
New Madrid County, MO	19	5	34	5
Butler County, MO	-12	-28	-23	-19
Stoddard County, MO	-6	-50	4	-14
Clay County, AR	0	-4	10	1
Cape Girardeau Co, MO	0	-16	-7	-5
Greene County, AR	0	7	-3	-28
Mississippi County, AR	6	-1	7	-8
Craighead County, AR	-4	-6	-15	-15
All Other Counties	-78	-53	-13	-37
Net Migration	-70	-131	18	-105

Source: Internal Revenue Service

SECTION V

REVIEW OF PREVIOUS HOUSING MARKET STUDIES

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

The city has never had a housing or downtown study prepared.

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SECTION VI

EXISTING HOUSING

BUILDING PERMITS

Building Permits - Kennett				
Units in Bldg.	2006	2005	2004	2003
1	12	13	19	18
2	0	0	0	0
3 to 4	0	0	0	0
5 +	0	0	0	0
Total	12	13	19	18
Source: US Census Bureau				

The above table indicates that there are only a small number of new single family units built annually in Kennett. No permits were issued for any new multifamily units from 2003 through 2006.

REAL ESTATE SALES

Real Estate Sales Statistics - City of Kennett		
Residential Detached and Attached		
Year	Number	Avg. Price
2008*	12	\$ 52,758
2007	71	\$ 84,986
2006	64	\$ 71,000
2005	72	\$ 73,217

*To Date

Source: Creative Design Group (MLS Administrator)

The table indicates that sales in 2008 so far appear to be at a slower pace than previous years.

This is not surprising considering the decline in real estate sales nationwide over the past year. The typical price range of homes sold in the Kennett market seems to be from the lower 70's to the mid 80's. The price range of homes listed and sold on the MLS site in Kennett from 2005 through the first four months of this year is from \$4,000 to \$302,000.

The low average sales price is an indication that there are limited new homes or upper income homes being sold in the market. Most homes are probably older homes that are occupied by low and moderate income homebuyers.

There are currently 67 properties that are listed for sale on the local MLS site, at asking prices that range from \$23,000 to \$297,500.

NEW HOMEOWNERSHIP CONSTRUCTION

Following is information regarding new home construction and available building lots in or near the City of Kennett that was provided by the city:

• Michael Jones Third Subdivision	22 total lots	7 lots built out and one home under construction
• Sutton Place Subdivision	33 total lots	11 lots built out and one home under construction
• Shelton Place Subdivision	27 total lots	20 lots are built out
• Greenfield Subdivision	76 total lots	4 lots are built out
• Teal Point Subdivision	34 total lots	1 lot is built out
Totals:	192 total lots	43 lots built out

After surveying the subdivisions listed the analyst did not note much current building activity. At the present time new homeownership alternatives in the market are very limited. The analyst noted that generally all of the subdivisions surveyed contained homes for moderate to upper income homebuyers. The price range of new homes in the community was generally from \$150,000 to \$300,000, but some custom homes being built are in excess of \$500,000. None of the surveyed subdivisions contained new starter homes for first time homebuyers. No new attached or detached homes in the price range of \$90,000 to \$150,000 were noted in the market.

The lack of starter homes for young and first time homebuyers increases the demand for market rate rental properties. The increased demand pressures occupancy rates and rents higher, which may cause many households to leave the market to find suitable housing alternatives.

Following is a map showing the locations of the newer subdivisions that were surveyed.



200 Homecrest Street

Kennett, Missouri



410 Beaton

Kennett, Missouri



900 Jackson
Kennett, Missouri



9th and Jackson
Kennett, Missouri



9th and Park
Kennett, Missouri



1471 Ballard
Kennett, Missouri



5th and Jackson

Kennett, Missouri



Eastview Apartments

2025 Bradley

Kennett, Missouri

573-888-2225

18 units (All 2 Br. Units)

Rent - \$310

Significant vacancies were reported

Condition – Fair



Unnamed Apartments

Electric Street
Kennett, Missouri



Straiton Arms Apartments

4th and Beaton
Kennett, Missouri

Typical Rent Range

Typical market rent ranges for rental units are \$250 to \$400 for one-bedroom units, \$300 to \$625 for two-bedroom units, and \$500 to \$800 for three-bedroom units.

Occupancy

Private owners overall were reluctant to provide details regarding their rental units. The analyst did not note any rent signs in the market and there were no units offered for rent in the Kennett market in the classified section of the local newspaper. The signs are that the occupancy rate for good quality rental units is high.

Under Construction/Consideration

The analyst was not aware of any market rate rental developments that are currently under construction or under consideration.

SENIOR AFFORDABLE RENTAL HOUSING

Developments

In addition to the 110 senior rental housing units administered by the Kennett Housing Authority the City of Kennett also has three other affordable rental developments for seniors, which are commonly known as Autumn View I & II, and Cotton Boll Commons.



Autumn View Apartments

921 Floyd
Kennett, Missouri

573-888-1558

48 Senior Units (1Br. Units)

Financed by Rural Development

Some Rent Subsidy

Good Occupancy



Cotton Boll Commons

515 1st. Street
Kennett, Missouri

573-717-1666

39 Senior Units
33 1Br. Units
6 2Br. Units

Tax Credit Development

Good Occupancy



**Housing Authority Senior
Development**

9th and Depot
Kennett, Missouri

573-888-4612

110 Senior Units

All unit rents based on income

Good Occupancy

Typical Rent Range

Most of the units at the Autumn View and Cotton Boll Commons developments and all of the units at the Kennett Housing Authorities senior development are rent subsidized. A typical market rent for the majority of the prospective tenants would be within a range of \$300 to \$375 for a one or two bedroom unit with the tenant paying all utilities other than cold water and trash pickup.

Occupancy

Occupancy and demand is reported to be good for all the available affordable senior housing developments.

Under Construction/Consideration

Currently there are no affordable senior developments under construction or consideration in the Kennett market that the analyst is aware of. The Ely and Walker development that is a family affordable housing development currently in lease up is also attracting senior households.

FAMILY AFFORDABLE RENTAL HOUSING

Developments

In addition to the 190 affordable family rental housing units administered by the Kennett Housing Authority the City of Kennett also has five other affordable family rental developments, which are commonly known as Bradley Estates, Northtown Properties I & II, Kennett Apartments, and the newly completed Ely & Walker development.



Housing Authority Family

Riggs, Dolph, Louis Streets near
Kennett, Missouri

573-888-4612

All unit rents based on income

Good Occupancy

Housing Authority has 190 family units in the city. Exact number at this location is unknown.



Housing Authority Family

9th and Slicer
Kennett, Missouri

573-888-4612

All unit rents based on income

Good Occupancy

Housing Authority has 190 family units in the city. Exact number at this location is unknown.



Bradley Estates Apartments

2011 Bradley
Kennett, Missouri

573-888-1436

36 units
16 1Br. Units
20 2Br. Units

Some units have rent subsidy

Financed by Rural Development

Good Occupancy



Norhtown Properties I & II

1184 Floyd
Kennett, Missouri

573-888-5410

64 units
24 1Br. Units
40 2Br. Units

Some units have rent subsidy

Financed by Rural Development

Good Occupancy



Kennett Apartments

1033 Astrachan
Kennett, Missouri

573-888-1746

75 Units
2 0Br. Units
28 1 Br. Units
29 2 Br. Units
16 3 Br. Units

Some units have rent subsidy

Good Occupancy



Ely-Walker Apartments

221 S. Main
Kennett, Missouri

573-717-1500

46 Units
22 1 Br. Units
24 2 Br. Units

Financed with Tax Credits

Currently in Lease Up

Typical Rent Range

All of the Kennett Housing Authority family units are rent subsidized and many of the units at the other affordable family developments are also rent subsidized. Units at the newly completed Ely & Walker tax credit development are not rent subsidized, but rents have been reduced from market rates by the financing structure.

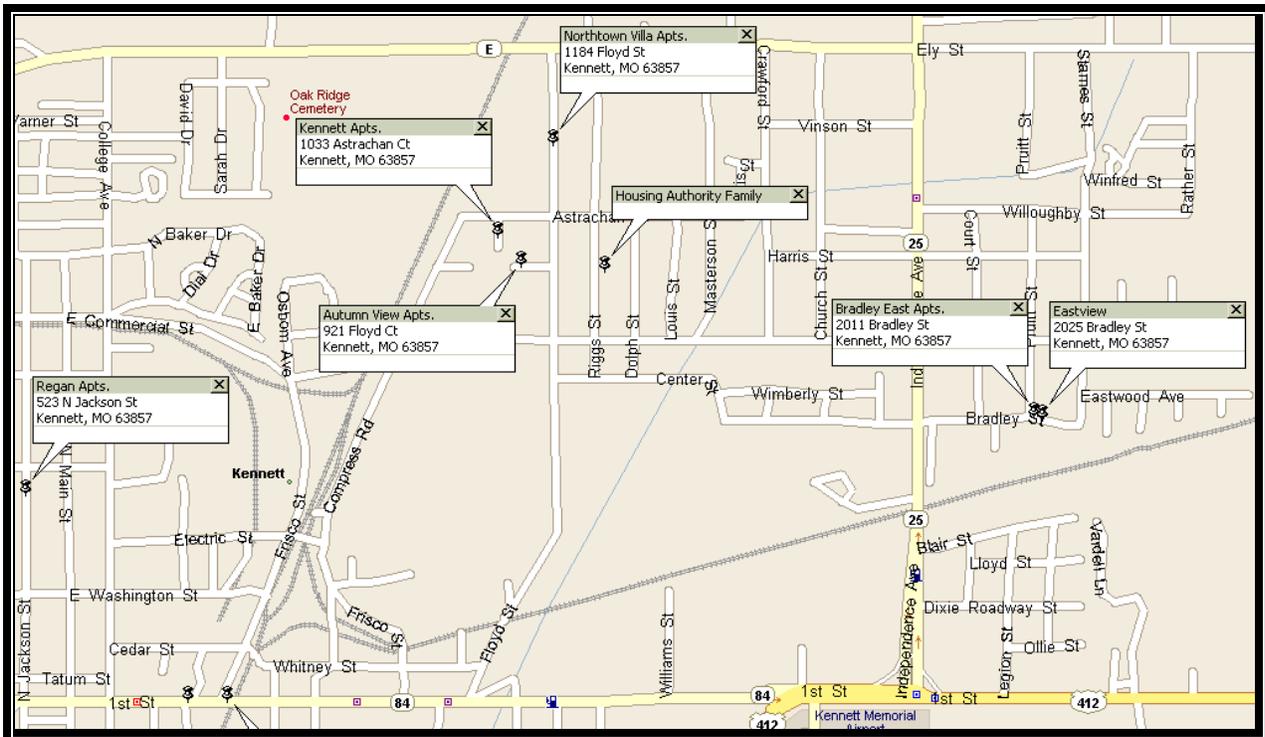
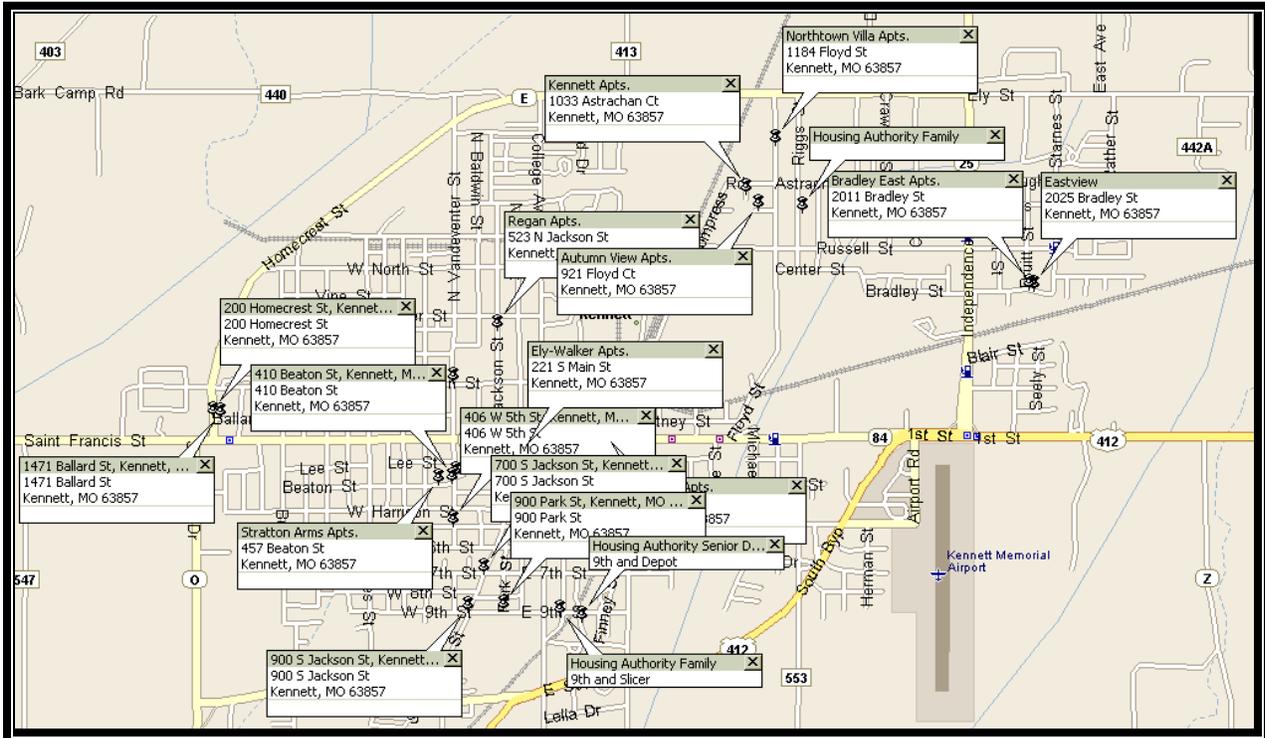
The unsubsidized rent that low income households could afford to pay in the Kennett market for good quality affordable housing would be approximately \$325 for a one-bedroom unit, \$375 for a two-bedroom unit, and around \$500 for a three-bedroom unit.

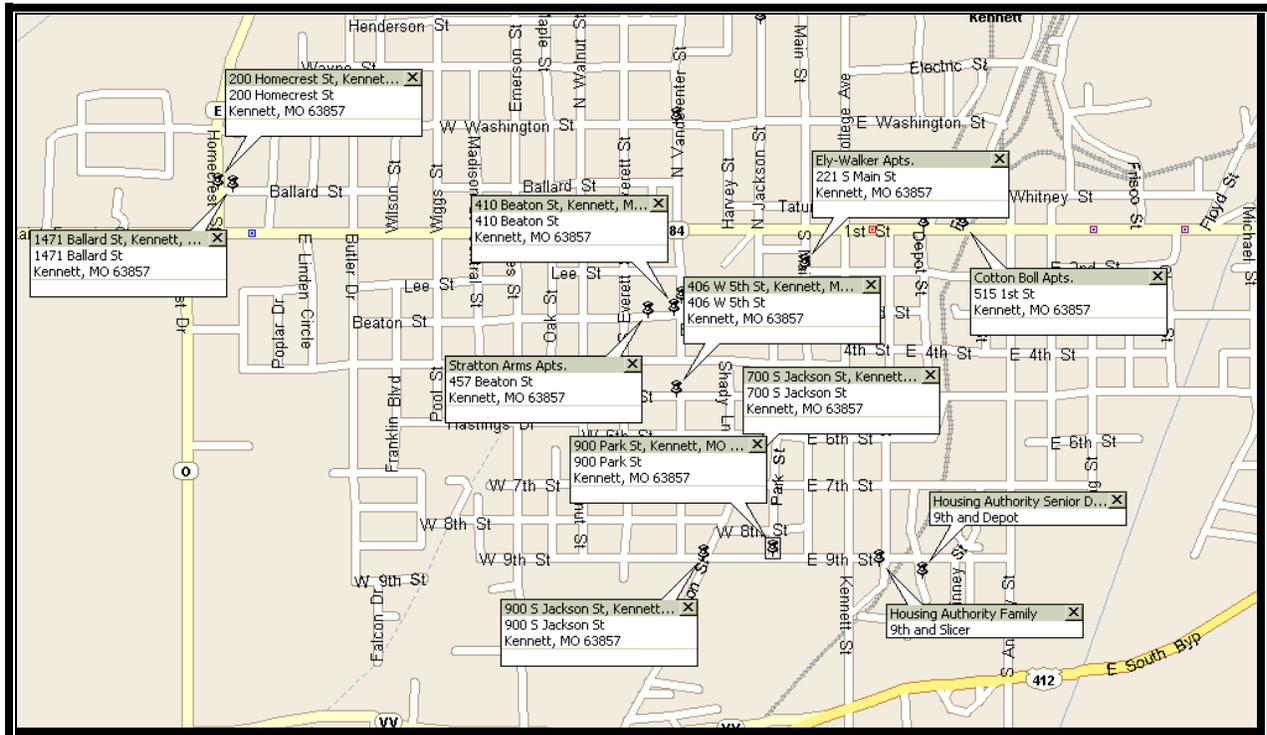
Occupancy

All of the affordable family developments in the Kennett market are reported to have good occupancy. Ely & Walker Apartments is currently in lease up.

Under Construction/Consideration

The analyst is unaware of any other affordable housing developments that are under construction or consideration.





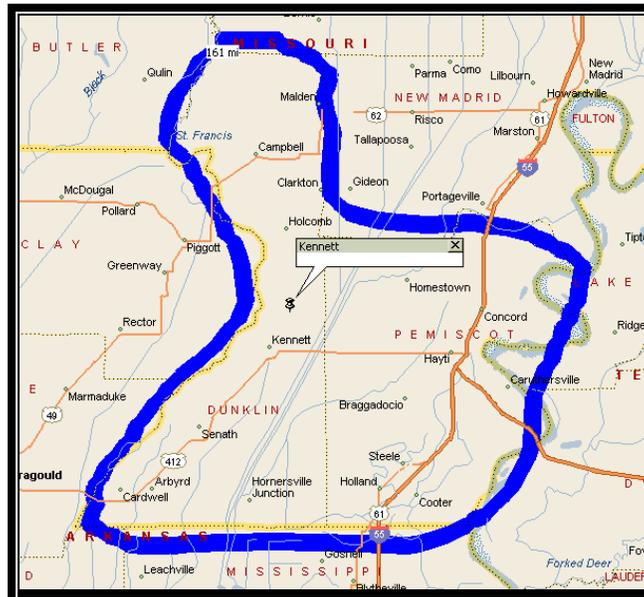
SECTION VII

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 households for housing in the residential housing market of Kennett are expected to come from. The other 20% of households that form the residential market will come from a larger secondary market area. After surveying the market and the surrounding areas of the market and taking into considerations the opinions of local real estate brokers and property managers it is the opinion of the analyst that the primary market area of the Kennett residential housing market is generally all of Dunklin and Pemiscot Counties. Local transportation patterns can have a significant effect on the draw area of a market. In the case of the Kennett residential market U.S. Highway 412 provides rapid transportation between Kennett and the southern parts of Dunklin County. Missouri Highway 25 provides rapid access to the northern area of Dunklin County. U.S. Highway 412 also provides rapid access to Pemiscot County and the major north/south Interstate 55.

PRIMARY MARKET AREA

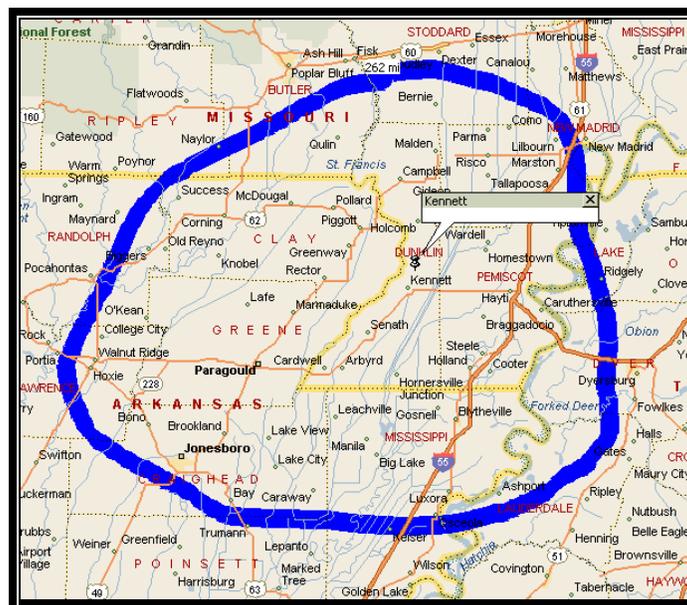
The following map shows the area that is considered to be the primary market area for purposes of this report.



SECONDARY MARKET AREA

The secondary market area of Kennett is the area outside of the primary market area that contains some households that could be attracted to residential housing in the city of Kennett. The number of households attracted to residential units in Kennett 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 Kennett could be parts of Butler, Stoddard, and New Madrid Counties in Missouri and some parts of Arkansas and Tennessee.

The following map shows the area that is considered to be the secondary market area for purposes of this report.



SECTION VIII

POTENTIAL RESIDENTIAL DOWNTOWN HOUSING DEMAND

OVERVIEW

The purpose of this study is to determine if residential development would benefit the downtown revitalization efforts, 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 shopping centers and commercial strip malls have been developed outside of the central business district. This is the case of Kennett as most shopping is now done at the Wal-Mart and other shopping centers near Independence Avenue. What once was the center of government, commerce, and in some cases social and recreational activities is now reduced primarily to just the center of government, with some ancillary and small businesses still in tact.

The City of Kennett was incorporated in 1873 and its early prosperity was directly related to the agriculture. Kennett became the county seat of Dunklin County and grew as a trade and legal center as Dunklin County developed into a noted cotton, soybean and livestock farming area. The early economic success of the area helped to build, at that time, a very vibrant downtown area. Over the years there have been several fires that have damaged many of the downtown buildings and changed the look of the area as many buildings that were originally built as two story buildings were reduced to one story buildings as a result of the fires. The physical changes combined with the growth of shopping areas in other parts of the city contributed to the decline in the downtown area. That left many vacant or underutilized buildings in the downtown area.

Generally, many downtown areas have included as a part of their revitalization efforts the conversion or rehabilitation of the upper floor space of downtown commercial buildings to residential lofts. That strategy has converted vacant space to income producing space and helped to repopulate the downtown areas by providing unique living area not previously present in the market. That strategy will be severely limited in Kennett because many of the commercial buildings in the downtown square that originally were two story buildings are now one story buildings as a result of the fires over the years. There are a few buildings left in the square, including the Cotton Exchange Bank, and the buildings to the south of it that could accommodate residential lofts on the upper floors. There are also two other buildings that were noted on the square near the intersection of North Main and Tatum that have upper floors that could be utilized for residential purposes.

A survey of the downtown revitalization area did not yield many vacant tracts or infill lots that could be utilized for residential purposes. Most of the land in the downtown area is improved with a residence or commercial property, is utilized for parking, or appears to be better suited for commercial purposes.

The Ely & Walker Apartments at the former shirt factory has made good use of what was a large unused property in the downtown area and is bringing approximately 45 households to the downtown area.

The revitalization of downtown Kennett will generally need to follow the pattern that many downtowns have followed during their revitalization process. There first must be a reason for people to come to the downtown area. More than government or business there must be an entertainment reason for a critical mass of people to want to spend their time and money in the downtown area. The second step is to create rental housing opportunities for the pioneers, who generally will be looking for a unique lifestyle and good quality, affordable housing not available in other areas of the community.

The Sheryl Crow Aquatic Center and the Ely & Walker are major steps in the revitalization process, but it is the opinion of the analyst that something must be done to convert the downtown square into an entertainment, eating, or shopping destination in order to make any monumental progress in the downtown area. The downtown square is a very underutilized area with tremendous potential, which gets a lot of vehicular traffic throughout the day because 1st Street is a major traffic artery through the community. If the square were given a face lift, and parking and traffic flow issues were addressed, and federal, state, and local resources were provided to the “commercial pioneers” the downtown area could be readapted into a unique place the could become the heart and soul of the community.

Potential market for housing in the Downtown Kennett Market Area

In downtown communities all across America there has been resurgence towards urban living driven in part by increasing 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 Millenials, 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 Kennett, 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. So in Kennett the primary motivations for households to move to the downtown area will have to be unique housing opportunities in an environment that offers some desirable neighborhood amenities.

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 and carry considerable economic clout. In small communities like Kennett there generally are no suburbs that Baby Boomers would be moving from, and the downtown area at this time does not

offer many entertainment or dining options, so the number of empty nester's that could be part of the residential demand in Kennett should be very limited.

Millenials are generally young student or professional households with no children, who are in a transient period in their life and are open to new and different life style experiences. The type of housing that can be created in the downtown area of Kennett would be different than the housing options that currently exist in the community and could have a strong demand from the young working or student households. 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. Millenials could create the largest demand for loft style units in the downtown market.

In between the Baby Boomers and the Millenials 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 Kennett.

Another demographic group that could create demand for housing in the downtown area are senior households. These are generally households age 62+, that are either retired, semi-retired, or in the twilight of their working lives. Their children are grown and many at this point in their life are a surviving spouse. Many of these older households are looking to downsize from a large home and are no longer interested in the maintenance responsibilities of home ownership. These households generally have more leisure time than the other generations and many would enjoy the walkable atmosphere of the downtown area. If the housing was affordable to them and the downtown area could offer opportunities to socialize with their peers and satisfy their daily and medical needs, senior households could create significant demand for housing in downtown Kennett.

Current occupancy rates and waiting lists for both family and senior rental housing in Kennett means there is an underserved demand. There also appears to be a lack of good quality housing options for households looking to downsize and minimize their property maintenance responsibilities. What that means is that any new residential housing options, of good quality, that is generally affordable, and well located to essential services in downtown Kennett should enjoy good market demand.

Estimated number of households that could create residential housing demand in the Downtown Kennett Market area within the next few years

In order to estimate the number of households that could create residential housing demand in the downtown Kennett market area it will first be necessary to estimate demand from the primary and secondary market areas for the Kennett market as a whole. The next step would be to apply a capture rate to the Kennett residential demand estimate of households that have the potential of creating the residential demand in the downtown market area of Kennett. The demographic

data that will be used for the analysis is a product by Claritas and Ribbon Demographics 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.

Demand Capture Rate Methodology

The quantitative analysis will be a capture rate analysis, which is an estimate of the number of qualified households in the primary market area that could create residential demand in the downtown area of Kennett. The estimate will be based on the premise that a portion, or percentage of the qualified households that have the propensity to move into, or within the primary market area could be attracted to residential units in the downtown area of Kennett. A capture rate will be applied to the potential pool of qualified households to yield an estimate of the potential draw power of available residential units in the downtown area. The capture rate estimate is determined by considering the size of the primary and secondary market areas and the current supply and demand of residential units in the primary market area that would be considered competitive with the downtown residential units.

The Capture Rate Analysis that follows should not be construed as the number of units that should be built in the downtown area, but as the estimated size of the residential demand pool for various housing types. With that information a developer could then consider how many units could be feasible to produce based on their interpretation of the market risk. The analysis includes conclusions by the analyst, but more importantly provides a framework for evaluation that can be considered and used by developers and other interested parties.

HOME OWNERSHIP HOUSING DEMAND ANALYSIS

The downtown area of Kennett has a limited amount of space that could be used to create new residential opportunities. Some of this space is on the upper floors of the few existing multi-story commercial buildings on the downtown square, which can be converted to apartments and lofts for rental or ownership. In addition to the existing buildings there are a few small tracts of land in the downtown area that could be improved with new rental or ownership housing opportunities.

The purpose of this analysis is to quantify the potential homeownership demand in the downtown area of Kennett 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. The typical households that comprise the initial homebuyers in reviving downtowns are young professionals and Baby Boomer empty nesters.

The purpose of this analysis is to estimate the number of potential homebuyers for units in the Downtown Market Area of Kennett between the present and 2012. Typical homebuyers in the downtown Kennett market are considered to be small households with incomes from \$30,000 to \$50,000 for ownership units that could be priced from \$75,000 to \$150,000.

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

\$75,000 - \$150,000 Home Ownership Potential Demand Analysis		
1	Owner Occupied Units (2007)	2,730
2	Estimated Annual Owner Unit Turnover Rate	5%
3	Existing Homeowner Turnover	137
4	First Time Homebuyers (40% of market)	91
5	Total Estimated Homebuyers	228
6	Estimated Age, Size, and Income Qualified HH (2007)	52
7	Owner Occupied Units (2012)	2,757
8	Estimated Annual Owner Unit Turnover Rate	5%
9	Existing Homeowner Turnover	138
10	First Time Homebuyers (40% of market)	92
11	Total Estimated Homebuyers	230
12	Estimated Age, Size, and Income Qualified HH (2012)	51
13	Kennett Market Target HH Growth/Decline (2007-2012)	(2)
14	Kennett Market Target HH Current Demand	52
15	Kennett Downtown Market Estimated Capture Rate	10%
16	Kennett 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 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 Kennett. The target profile are small households (1-3 persons), aged 18-61, 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 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 Kennett. The target profile are small households (1-3 persons), aged 18-61, 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 2012 from the target households in 2007.

Line 14 is the average annual target household potential demand (2007-2012) in the entire Kennett market area.

Line 15 is the estimated capture rate for the downtown market area. It is an estimate of the percentage of target households in the entire primary market area that would consider homeowner options in the downtown market area. The rate selected is considered to be a conservative estimate because the homeownership market in downtown at this time is unproven and other homeownership options exist in the primary market area.

Line 16 is an annual projection of the number of target households that are expected to be in the primary market area between 2007 and 2012 that could be attracted to homeownership options in the downtown market area. The annual projection could change based on future changes in the supply of housing in the downtown area.

Kennett, Missouri Annual Downtown Market Demand 2007-2012

Home Ownership

5 Households

MARKET RATE RENTAL HOUSING DEMAND ANALYSIS

Early in the downtown revitalization process rental housing will play a key role by housing some of the pioneers of the downtown residential renaissance. The market for non-subsidized, market rate rental housing will probably follow the lead of affordable housing into the downtown area due to rent and production cost limitations, but should play a key role in attracting more moderate and upper income households as the market gains momentum. This section will contain an analysis of the potential residential demand in the downtown area for market rate rental units. Currently the market rate rental housing options in the downtown area of Kennett are very limited, as is the case in the community in general.

Following is the quantitative analysis of the potential household demand for market rate rental units in the downtown market area of Kennett:

Market Rate Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2007)				
		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 475	\$ 585	\$ 700
2	Percentage of Income to Housing	25%	25%	25%
3	Minimum Income (Affordability)	\$ 22,800	\$ 28,080	\$ 33,600
4	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2007)	755	617	691
5	Percentage of Annual Turnover of Existing HH	25%	25%	20%
6	PMA Qualified Household Demand (2007)	189	154	138
7	SMA Qualified Household Demand (2007)	38	31	28
8	PMA and SMA Market Rate Rental Potential Household Demand (2007)	227	185	166
PMA Qualified Households (2012)				
		1BR	2BR	3BR
9	Gross Rent (includes utility costs paid by tenants)	\$ 524	\$ 646	\$ 773
10	Percentage of Income to Housing	25%	25%	25%
11	Minimum Income (Affordability)	\$ 25,171	\$ 31,000	\$ 37,094
12	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2012)	675	554	667
13	Percentage of Annual Turnover of Existing HH	25%	25%	20%

		-	-	-
14	PMA Qualified Household Demand (2012)	169	139	133
15	SMA Qualified Household Demand (2012)	34	28	27
16	PMA and SMA Market Rate Rental Potential Household Demand (2012)	203	166	160
17	PMA and SMA Qualified Household Growth/Decline (2007-2012)	-24	-19	-6
18	PMA and SMA Average Annual/Potential Demand (2007-2012)	222	181	165
19	Kennett Market Area Capture Rates	15%	15%	15%
		1BR	2BR	3BR
20	Kennett Market Rate Family Rental Demand	33	28	25
21	Downtown Kennett Market Area Capture Rates	25%	25%	5%
		1BR	2BR	3BR
22	Downtown Kennett Market Rate Family Rental Demand	8	7	1

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 Kennett 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 Kennett 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 Kennett market to attract prospective households as compared to other competing markets in the area.

Line 20 is an *annual* 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 market rate rental units in the Kennett 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* Kennett 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 *Downtown* Kennett market area by bedroom size.

Line 22 is an *annual* 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 market rate rental units in the *Downtown* Kennett 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.

Kennett, Missouri Annual Downtown Market Demand 2007-2012

Market Rate Family Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	8
Two Bedrooms	7
Three Bedrooms.....	1
Total	16

AFFORDABLE SENIOR RENTAL HOUSING DEMAND ANALYSIS

If buildings or land were available in or near the downtown market area an affordable senior development could benefit the downtown revitalization process. Because the market for senior affordable housing in Kennett is strong, generally any good quality, affordable senior development should be feasible in any section of the city. If the downtown square can be improved it could become a walkable area that would be especially desirable to senior households that would enjoy walking the square, socializing, shopping, or taking care of other business. More senior households in the downtown area would help to attract businesses and services to the area that cater to seniors.

Following is the quantitative analysis of the potential household demand for affordable senior rental units in the downtown market area of Kennett:

Affordable Senior Rental Potential Demand Analysis		
	PMA Qualified Household Demand (2007)	1BR/2BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 500
2	Percentage of Income to Housing	50%
3	Minimum Income (Affordability)	\$ 12,000
4	Maximum Income (Tax Credit Limit)	\$ 21,480
5	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2007)	328
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	49
8	Appropriate Sized, Income Qualified, <u>Owner</u> Households, Age 62+ (2007)	920
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	46
11	PMA Qualified Household Demand (2007)	95
12	SMA Qualified Household Demand (2007)	19

13	PMA and SMA Affordable Senior Housing Potential Hsld Demand (2007)	114
	PMA Projected Qualified Household Growth 2007-2012	1BR/2BR
14	Gross Rent (includes utility costs paid by tenants)	\$ 552
15	Percentage of Income to Housing	50%
16	Minimum Income (Affordability)	\$ 13,248
17	Maximum Income (Tax Credit Limit)	\$ 23,714
18	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2012)	330
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	50
21	Appropriate Sized, Income Qualified, <u>Owner</u> Households, Age 62+ (2012)	872
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	44
24	PMA Qualified Household Demand (2012)	93
25	SMA Qualified Household Demand (2012)	19
26	PMA and SMA Affordable Senior Housing Potential Hsld Demand (2012)	112
27	PMA and SMA Qualified Household Growth/Decline (2007-2012)	-3
28	PMA and SMA Average Annual/Potential Demand (2007-2012)	114
29	Kennett Market Area Capture Rate	40%
30	Kennett Affordable Senior Rental Potential Demand	45
31	Downtown Kennett Market Area Capture Rate	75%
32	Downtown Market Area Affordable Senior Rental Potential Demand	34

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, 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, 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 Kennett 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 Kennett market area. The capture rate selected takes into consideration the size of the primary and secondary market areas and the ability of the Kennett market to attract prospective households as compared to other competing markets in the area.

Line 30 is an *annual* 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 Kennett 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 29 is the estimated capture rate for the *Downtown* Kennett 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 downtown market area of Kennett. 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 75% 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 30 is an *annual* 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 Kennett. This is an estimate of the total number of senior households on an annual basis that could provide the potential market demand for an affordable senior development in the downtown 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.

Kennett, Missouri Annual Downtown Market Demand 2007-2012

Affordable Senior Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	8
Two Bedrooms	26
Total	34

AFFORDABLE FAMILY RENTAL HOUSING DEMAND ANALYSIS

As previously mentioned in a preceding section, early on in the downtown revitalization process rental housing could play a key role by housing some of the pioneers of the downtown residential renaissance. The market for affordable family rental housing could be one of the first markets to develop in the downtown market area because of the limited affordable rental options in the community and the financial ease of producing this type of development. This is the case with the Ely & Walker Apartments, which is the transformation of a vacant shirt factory to 46 units of quality affordable family units. Because of rent and production cost constraints it is generally easier to develop affordable rental housing using the many subsidy programs that are available than it is to develop market rate rental housing. This section will contain an analysis of the potential residential demand in the downtown area for affordable family rental units. The analysis covers a period of time from 2007 through 2012, so it will take into consideration the households that may be served by the Ely & Walker development, which is currently in lease up.

Following is the quantitative analysis of the potential demand for affordable family housing units in the downtown area of Kennett:

Affordable Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2007)				
		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 425	\$ 500	\$ 600
2	Percentage of Income to Housing	35%	35%	35%
3	Minimum Income (Affordability)	\$ 14,571	\$ 17,143	\$ 20,571
4	Maximum Income (Tax Credit Limits)	\$ 21,480	\$ 24,180	\$ 29,040
5	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2007)	429	292	317
6	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>20%</u>
7	PMA Qualified Household Demand (2007)	107	73	63
8	SMA Qualified Household Demand (2007)	21	15	13
9	PMA and SMA Affordable Family Rental Potential Hshld Demand (2007)	129	88	76
PMA Qualified Household Demand (2012)				
		1BR	2BR	3BR
11	Gross Rent (includes utility costs paid by tenants)	\$ 469	\$ 552	\$ 662
12	Percentage of Income to Housing	35%	35%	35%
13	Minimum Income (Affordability)	\$ 16,087	\$ 18,926	\$ 22,711
14	Maximum Income (Tax Credit Limits)	\$ 23,714	\$ 26,695	\$ 32,060
15	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2012)	366	244	315
16	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>20%</u>
17	PMA Qualified Household Demand (2012)	92	61	63
18	SMA Qualified Household Demand (2012)	18	12	13
19	PMA and SMA Affordable Family Rental Potential Hshld Demand (2012)	110	73	76
20	PMA and SMA Qualified Household Growth/Decline (2007-2012)	-19	-14	0

21	PMA and SMA Average Annual/Potential Demand (2007-2012)	125	85	76
22	Kennett Market Area Capture Rates	30%	30%	30%
		1BR	2BR	3BR
23	Kennett Affordable Family Rental Demand	37	25	23
24	Downtown Kennett Market Area Capture Rates	70%	70%	35%
		1BR	2BR	3BR
25	Downtown Kennett Affordable Family Rental Demand	26	18	8

Line 7 is a current estimate (2007) of the total number of existing limited income households that form the potential affordable rental housing demand from the primary market area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of renter households, and the HISTA data.

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

Line 9 is an estimate of the potential affordable housing demand from households from the primary and secondary market area in 2007.

Line 17 is a projection (2012) of the total number of limited income households that form the potential affordable rental housing demand from the primary market area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of renter households, and the HISTA data.

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

Line 19 is a projection of the potential affordable housing demand from households from the primary and secondary market areas in 2012.

Line 20 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 projection.

Line 21 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 22 is the estimated capture rates for the Kennett market area. It is an estimate of the percentages of qualified households in the primary and secondary market areas that would consider affordable rental units in the Kennett 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 Kennett market to attract prospective households as compared to other competing markets in the area.

Line 23 is an **annual** 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 rental units in the Kennett market area. This is an estimate of the total number of limited income households on an annual basis that could provide the potential market demand for an affordable family development in the Kennett market area. This is a point in time estimate and could change based on changes in the affordable family housing supply between this point in time and 2012.

Line 24 is the estimated capture rates for the *Downtown* Kennett market area. It is an estimate of the percentages of qualified households in the primary and secondary market areas that would consider affordable rental units in the *Downtown* Kennett market area by bedroom size. The capture rate selected reflects the fact that at the current time any affordable family housing development that would be produced in the downtown market area would have little competition and should attract a large share of the affordable family housing market. Normally a capture rate at 70% 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 25 is an **annual** 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 rental units in the *Downtown* Kennett market area. This is an estimate of the total number of limited income households on an annual basis that could provide the potential market demand for an affordable family development in the *Downtown* Kennett market area. This is a point in time estimate and could change based on changes in the supply of affordable family rental housing between this point in time and 2012.

Kennett, Missouri Annual Downtown Market Demand 2007-2012

Affordable Family Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom	26
Two Bedrooms	18
Three Bedrooms	8
Total	52*

* The Ely & Walker Apartments is a 46 unit affordable family development that was recently completed and is currently in lease up. To date approximately 10 units have been leased and over 25 applications are in processing. This report assumes that the Ely & Walker Apartments will serve the majority of the affordable family housing demand that was estimated above. This is a point in time estimate and the demand could change based on a change in the supply of affordable family housing or a growth in the number of low income households in the market. But for now the analyst would not recommend the production of additional affordable housing family units in the downtown area or the community.

CONCLUSIONS

The purpose of this report was to determine if housing can complement the downtown revitalization efforts of Kennett, Missouri. After surveying the community and considering market and demographic data the analyst is of the opinion that housing can play a complementary role in the revitalization effort by increasing the 24 hour people presence in the downtown area. Residents are consumers and the more consumers that can be concentrated in the downtown area the more economic support there will be for new and existing businesses. In addition, another benefit to the downtown area via housing production is the re-adaptive reuse of vacant or underutilized buildings, or the utilization of vacant tracts or infill lots.

The heart of the downtown area is the courthouse square. Unlike most courthouse squares of its era, Kennett's contains a majority of one story commercial buildings on the square surrounding the courthouse. Many of the buildings were originally built as two story buildings, but over the years many of the buildings have lost their upper floors to major fires. Generally it is these upper floor spaces that can be converted to "loft" style residential units that has helped many downtown areas use some of their vacant and underutilized space, create unique housing options in the community that previously did not exist, and bring people back to the downtown area. There are still a few buildings on the square in Kennett that have upper floors, but there are very few. Consequently, loft style living in the downtown area on the upper floors of the commercial buildings will be a very limited possibility.

The downtown area of Kennett did not appear to have a significant amount of vacant land or infill lots that could accommodate new housing. If land or lots were available, consideration should be given to providing incentives for builders or developers to produce attached or detached residences.

The downtown revitalization area of Kennett did contain some single family and multifamily residences. Most of the single family residences in the downtown area appeared to be in average to fair condition, but a couple of the multifamily residences around 4th and Beaton Street appeared to be in fair to poor condition and efforts should be made to encourage the owners to physically improve the properties to increase the overall appeal of the downtown area.

A prime example of the re-adaptive reuse of vacant or underutilized buildings is the recent conversion of the long vacated Ely & Walker Shirt Factory into 46 units of high quality multifamily housing. The now Ely & Walker Apartments is located in the downtown revitalization area and is

currently in lease up. The development has helped to bring permanent residents to the downtown area and cured a significant area of blight caused by the large vacant factory in the downtown area. Another candidate for adaptive reuse in the downtown area is the former Cotton Exchange Bank, which sits at the southeast corner of the square. The building is currently underutilized and is attached to a series of buildings that run along Kennett Street, south of the square, that also appear to be underutilized and in some cases vacant.

A demand analysis was prepared for various housing types to determine the level of market demand that exists in the downtown market area from the primary market of Kennett and the secondary market that considers areas outside of Kennett in the bootheel area that tenants could be attracted from for housing in the downtown area of Kennett. The intent of the demand analysis is to provide builders and developers an idea of the depth and breath of the market demand for new housing that could be produced in the downtown market area of Kennett. The results of the downtown residential demand analysis for the various housing types are as follows:

Kennett, Missouri Downtown Residential Housing Demand 2007 – 2012

<u>Housing Type</u>	<u>Potential Household Demand</u>
Homeownership	6
Market Rate Rental	16
Affordable Senior Rental Housing	34
Affordable Family Rental Housing	52****

**** The quantitative analysis concluded a potential affordable family housing demand from approximately 52 households, but most of the projected household demand will be served by the Ely & Walker Apartments. This report does not support the production of additional affordable family housing in the downtown area of Kennett until the Ely & Walker development has reached a consistent level of sustaining occupancy and market demand beyond its capacity to serve.

SECTION IX

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 X

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 present or prospective 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

June 9, 2008