

DOWNTOWN  
REVITALIZATION &  
ECONOMIC  
ASSISTANCE FOR  
MISSOURI

MARCH 2009

# RESIDENTIAL DEMAND ANALYSIS

FINAL SURVEY  
FINDINGS & RESULTS

Mexico, Missouri





# ACKNOWLEDGMENTS



DOWNTOWN REVITALIZATION AND ECONOMIC  
ASSISTANCE FOR MISSOURI (DREAM)  
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## REPORT PREPARATION INFORMATION

### CONSULTING REPORT PREPARATION

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

### IDENTIFICATION OF THE MARKET ANALYST

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

### EFFECTIVE DATE OF THE REPORT

The effective date of the report is March 16, 2009.

### EXTRAORDINARY ASSUMPTIONS

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

### SCOPE OF WORK

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

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

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

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

## SECTION I

### EXECUTIVE SUMMARY AND CONCLUSIONS

Some of the conclusions of the report are as follows:

- A baseline assessment of the current residential housing options in the Downtown revitalization area of Mexico was made. The conclusion of the assessment is that there are not a lot of housing options in the footprint of the Downtown revitalization area. The housing that is within the Downtown revitalization area footprint is primarily rental units on the upper floors of the Downtown commercial buildings. There are also a few single family homes in Downtown Mexico.
- Downtown Mexico has gone through a period of transition as some businesses have moved to other locations in the City. Although it has gone through an economic transition the Downtown appears to be stable. Few vacancies were noted in street level commercial space around the Courthouse Square and some of the upper floor areas of Downtown commercial buildings appeared to be occupied with apartments.
- The loft style condo market that has helped to revive downtowns in other parts of the country and state has not yet formed in the Mexico market. The analyst was unaware of any loft style units in the Downtown that are owner occupied.
- Even though the Downtown appears to be stable, the production of additional residential units in the area would complement the Downtown revitalization efforts by increasing the level of permanent residents, enhancing the perception of the Downtown as a true neighborhood and providing an around the clock customer base for existing and prospective businesses in Downtown.
- Development of new and rehabilitated residential units for young working households and seniors should be considered on available vacant or underutilized sites in the Downtown area, and on the vacant lower and upper floors of Downtown commercial buildings.
- Demographic data from a reputable industry source indicates that between 2000 and 2008 the number of households in Mexico has declined by approximately 129 households. It is projected that between 2008 and 2013 the number of households will further decline by 127 households. The pace of this decline is significantly more than Audrain County as a whole. Downtown revitalization, which includes new housing production, may help to reduce the out-migration in the community and increase the in-migration by encouraging residency in a unique, urban-style, neighborhood in a small rural community.
- A survey of existing senior affordable housing developments in Mexico indicates that most have good occupancy. The opportunity exists to serve some of the excess demand with new or rehabilitated rental units in Downtown if potential building sites can be identified.

- Mexico, unlike many small communities, has the benefit of having a shopping district within walking distance of its Downtown. The Downtown should capitalize on this advantage by strengthening the link between the two areas.
- Quantitative demand analyses were prepared for various types of housing to estimate the level of market demand that exists in the Downtown revitalization area. The intent of the demand analyses is to provide the City of Mexico, builders, and developers with an idea of the potential market demand for new residential units that could be produced in Downtown Mexico. This is a point in time estimate and could change based on changes in the housing supply, economy, and demand factors considered. The results of the Downtown residential demand analyses for the various housing types are as follows:

<u>Housing Type</u>	<u>Potential Household Demand</u>
Market Rate Rental	23
Affordable Family Rental	16
Affordable Senior Rental	32
Total Household Demand	71

- The production of market rate rental units may be difficult due to the relatively low rent levels in the market. Generally it will take owners/investors that are willing to accept an equity return and profit that may be low and over an extended holding period.
- The production of affordable senior rental units in the Downtown area may require the services of an experienced developer that is familiar with the typical state and federal housing subsidy programs. A list of developers may be obtained from Missouri Housing Development Commission.
- The City should explore the possibility of applying for historic status for buildings or districts in Downtown, which would allow access to federal and state historic tax credits which have been a part of the revitalization plans of other downtown areas across Missouri.
- The City might want to consider requiring owners of Downtown commercial buildings to provide some form of window covering or treatment for windows of unoccupied building space to eliminate the vacant space look that could have a negative effect on the Downtown real estate market.

## SECTION II

### MARKET AREA DESCRIPTION

The area of study is Downtown Mexico, Audrain 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), and the specific boundaries of the Downtown market area that is the subject of this report (Map #3).

Map #1.





## OVERVIEW

Mexico, which is the County Seat of Audrain County, is located on the eastern side of Missouri, approximately 18 miles north of Interstate 70, and approximately 110 miles west of St. Louis. The City started out as a shipping point for horses and mules, and at one time was a major source of fire brick production. Mexico was known as the "Fire Brick Capitol of the World". However, the industry fell on hard times and the refractories in the area closed around 2000.

Mexico was also known as the "Saddle Horse Capitol of the World" because celebrities and other people from around the world would come to the City to purchase riding horses. The Simmons Stables is listed on the National Register of Historic Places.

Today Mexico is a small rural community with a diverse economy anchored by manufacturing, healthcare, and retail businesses. The largest number of jobs is in the manufacturing sector, but the largest single employer is the Audrain Medical Center.

In addition to being the County Seat, the City Hall and other municipal offices are located Downtown. The Downtown area contains businesses associated with government (attorney's offices, title companies, etc.), restaurants, antique shops, beauty and barber shops, auto dealerships, and various community venues such as a library and a church.

Downtown Mexico is anchored by the county government building, which is located on what is known as "the Courthouse Square." Most of the other buildings around the Courthouse Square are generally two and three story brick buildings with retail and office space on the street level. Some of the upper floor space of the commercial buildings around the Courthouse Square appears to be occupied as apartments, but most is vacant or used for storage.

Mexico's Downtown was the major shopping district in the community until the City began to grow and more businesses, including Wal-Mart, began to sprout up in other areas. Although most retail and service businesses are located in other areas of the community, a few small businesses continue to operate Downtown and appear to generate some pedestrian traffic around the square. Some commercial vacancies were noted, but overall the Downtown seems to have good occupancy and appears to be economically vibrant for a small rural community.

The boundaries of the DREAM Downtown revitalization area contain the Courthouse Square, the blocks immediately surrounding the Courthouse Square, and a few blocks to the south and west.

Downtown Mexico is served by a couple of gas stations and a shopping area called West Plaza of Mexico. The shopping area contains a grocer, fast food restaurants, auto repair shops and other typical neighborhood businesses.

## EXISTING DOWNTOWN HOUSING

The footprint of the Downtown revitalization area is generally Love Street to the north, Promenade and Liberty Streets to the south, Coal Street to the east, and Olive and Western Streets to the west. Within that footprint, the only residential units that were noted were a couple of single family homes and some units on the upper floors of some of Downtown commercial buildings. There are residential land uses in the neighborhoods to the north, east and south of the Downtown area.

Unlike many rural downtown areas in Missouri, Mexico seems to have quite a few upper floor units. The analyst was unable to determine exactly how many upper floor units are occupied or available, but there were enough to conclude that there is a market demand for the units. Most Downtown buildings with upper floors did not appear to be occupied. The reasons for the vacant space could be lack of adequate ingress and egress, challenges associated with building codes, questionable financial feasibility of improving the space, or a lack of interest on the part of the building owners. It does appear though, that there is a market for the upper floor units in the Downtown.

### TRAFFIC ARTERIES

Jefferson and Washington Streets are the primary north/south traffic arteries and Jackson and Monroe are the primary east/west traffic arteries through the Downtown area.

Traffic flow is one way around the Courthouse Square.

### EXISTING LAND USES

The existing land use mix in Downtown consists of government, retail, office, service, and residential. Not many vacant tracts of land were noted in Downtown.

### ADJACENT AREAS

Land uses adjacent to the Downtown revitalization area are predominately residential to the north, east, and south. West Plaza of Mexico is a retail shopping center located just west of the Downtown revitalization area.

### PARKING

Parking was noted as dense during daytime hours around the Courthouse Square. At the time that the survey was made of the Downtown area the surveyor noted that parking time limit restrictions were being enforced by law enforcement.

There are also public parking lots in Downtown.

### RETAIL SHOPPING

There were a few retail shops in Downtown. Shops that sold furniture, jewelry, gifts, pets, sewing machines, and used items were noted. There are also a couple of auto dealerships in the Downtown area. One is located at the northeast corner of the Courthouse Square.

As previously mentioned, West Plaza of Mexico shopping center is located just west of the Downtown revitalization area and includes a grocer, hardware store, clothing store, drugstore, and other small retail businesses.

ENTERTAINMENT

No entertainment venues were noted in Downtown, but the community does have two golf courses, a bowling alley, swimming pools, tennis courts, and a movie theater.

DINING ESTABLISHMENTS

The Downtown area had a few eating establishments that were dine-in or carry-out, including the Jackson Street Diner, which is located on the Courthouse Square.

PARKS AND RECREATION

The City of Mexico has numerous parks, including Hardin Park, which is located close to Downtown.

SCHOOLS

Educational facilities in Mexico include public high, middle, and elementary schools, the Advanced Technology Center, Mexico Area Vocational School, and the Missouri Military Academy.

PUBLIC TRANSPORTATION

Mexico is not served by a public transportation system. The City does have taxi service. Travel services via bus, train, and air service is located in the nearby communities of Columbia and St. Louis.

DOWNTOWN AREA PHOTOGRAPHS



Audrain County Courthouse  
101 N. Jefferson



Mexico City Hall  
300 N. Coal



Landmark Building  
201 E. Monroe

East side of the Courthouse Square on Jefferson Street



South side of the Courthouse Square Jackson Street

West side of Courthouse Square on Washington Street





North side of Courthouse Square on Monroe Street

Looking east on the south side of Promenade Street from Western Street



Looking north on Washington Street from Promenade Street

Looking west down Promenade Street from Jefferson Street





Looking west down Promenade Street from Olive Street

New car dealership that anchors the northeast corner of the Courthouse Square



A vest pocket park on the east side of the Courthouse Square

Typical dense parking during the work week on the Courthouse Square





Parking enforcement on the Courthouse Square

Looking on the west side of Coal Street south of Monroe Street



West Plaza of Mexico Shopping Center, located just west of the Downtown revitalization area

Car dealership located on south side of Downtown area on Liberty Street





Garage buildings located near Olive and Promenade Streets

Gas station in the Downtown revitalization area  
at Jackson and Clark Streets



## DOWNTOWN AREA STRENGTHS AND WEAKNESSES

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

- **Government Center:** The Downtown is the center of the municipal and county governments, which brings employees and people conducting business (potential consumers) to the area on a daily basis throughout the work week.
- **Existing Business Market:** The Downtown has a good number of small and medium sized businesses, including two auto dealerships. Most of the street level commercial space around the Courthouse Square is occupied.
- **Essential Neighborhood Services:** Many essential neighborhood services like a grocer, hardware store, gas station, eating establishments are located in and around the Downtown area.
- **Existing Residential Market:** The Downtown revitalization area does not have a large number of residential units, but of the residential units it does have, many are located on the upper floors of the Downtown commercial buildings. That means that there is already an established market for the upper floor apartments and loft style units.

- **Potential Development Space:** The Downtown revitalization area appears to have a significant amount of vacant upper floor space that has the potential to be used for residential development. There are also blocks of possibly underutilized real estate in the southwestern portion of the Downtown revitalization area around Promenade Streets that could be enhanced with new commercial or residential development.
- **Location:** The Downtown is centrally located in the community, which makes it easily accessible from all areas of the community.
- **Commitment:** The City is committed to improving Downtown, which is evidenced by the submission of the DREAM application and other efforts such as the creation of the Revolving Loan Fund and Home Repair Opportunities (HeRO) programs.

From a market perspective, current weaknesses of the Downtown Mexico market area also exist. They include the following:

- **Lack of Adequate Parking:** Available parking spaces are limited around the Courthouse Square during daylight hours through the work week.
- **Deteriorated Buildings:** Some buildings are deteriorated and create an eyesore that could adversely affect the appeal and impression of Downtown.
- **The close proximity of active railroad tracks on the south side of the Downtown revitalization area could be an audible nuisance that may adversely affect residential development potential.**

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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 Mexico, Missouri Chamber of Commerce.

### MAJOR EMPLOYERS

Major Employers - Mexico, Missouri Area		
Employers	Type of Business	Employees
Audrain Medical Center	Medical Center	698
True Manufacturing	Manufacturing	400
Mexico School District	Public School District	394
Home Decorator's Collection	Catalog Distribution Center	270
Wal-Mart	Discount Store	250
Dawn Food Products	Manufacturer of frozen dough products	240
Continental Products	Printed aprons, textile products, tote bags	216
Missouri Veteran's Home	Veteran's Home	200
Spartan Light Metal Products	Magnesium Casting	189
Brookstone Company	Catalog Distribution Center/Call Center	170
Missouri Military Academy	Private School	110

Source: City of Mexico, Department of Economic Development

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

Audrain County should see a temporary increase in jobs this year due to the construction of the Keystone crude oil pipeline that will pass through the County to the north of Mexico. The construction of the Audrain County portion is expected to last six months and should bring increased revenue to the area in the form of wages and expenditures for meals, lodging, and shopping.

## EMPLOYMENT CATEGORIES AND WAGES

Average Employment and Wages - Audrain County, Missouri								
Industry	2007*		2006		2005		2004	
	Avg. Employment	Avg. Mthly. Wages						
11 - Agriculture, Etc.	32	\$2,511	37	\$2,283	40	\$1,917	37	\$1,791
21 - Mining		\$3,662		\$3,618		\$2,188		\$1,191
22 - Utilities	76	\$5,235	75	\$5,158	74	\$4,958	75	\$4,788
23 - Construction	372	\$2,468	367	\$2,328	297	\$2,316	324	\$2,251
31 - Manufacturing	2,189	\$3,111	1,984	\$3,086	1,931	\$2,954	1,830	\$2,947
42 - Wholesale trade	453	\$2,627	421	\$2,702	420	\$2,535	418	\$2,450
44 - Retail Trade	1,280	\$1,735	1,274	\$1,706	1,404	\$1,621	1,339	\$1,627
48 - Transportation and warehousing	206	\$2,344	232	\$2,565	326	\$1,953	308	\$1,810
51 - Information	137	\$1,718	135	\$1,630	139	\$1,577	132	\$1,527
52 - Finance & Ins.	235	\$2,575	223	\$2,493	209	\$2,405	223	\$2,383
53 - Real estate	48	\$1,953	46	\$2,093	54	\$2,051	52	\$1,914
54 - Professional and technical services	108	\$3,016	131	\$3,133	135	\$3,192	127	\$2,861
55 - Mgmt. (companies)		\$2,175		\$2,218				\$2,751
56 - Administrative, etc.	84	\$2,490	78	\$2,468	73	\$2,490	91	\$2,133
61 - Educational	735	\$1,956	762	\$1,916	809	\$1,927	715	\$1,906
62 - Health care, social	1,686	\$2,433	1,662	\$2,338	1,657	\$2,266	1,614	\$2,220
71 - Arts, etc.	91	\$1,108	97	\$1,066	75	\$1,217	71	\$1,090
72 - Accom. & food service	462	\$927	459	\$866	447	\$835	439	\$847
81 - Other services	325	\$1,646	306	\$1,748	312	\$1,733	325	\$1,636
Public Administration	730	\$2,329	734	\$2,235	722	\$2,152	704	\$2,104

\*Information available to date

Source: U.S. Census Bureau

The largest employment trades in the county area are manufacturing, healthcare, and retail trade. The average monthly wages in Audrain County in 2007 for those trades was \$3,111 for manufacturing, \$2,433 for healthcare and \$1,735 for retail trade.

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

**LABOR FORCE AND UNEMPLOYMENT**

Local Area Employment - Audrain County					
Year	Labor Force	Employment	Unemployment	Unemployment Rate	Missouri Unemployment Rate
2002	12,393	11,733	660	5.3%	5.2%
2003	11,902	11,181	721	6.1%	5.6%
2004	11,722	11,056	666	5.7%	5.8%
2005	12,067	11,449	618	5.1%	5.3%
2006	12,034	11,506	528	4.4%	4.8%
2007	12,320	11,724	596	4.8%	5.0%

Source: Department of Economic Development

The unemployment rate for Audrain County in recent years has been lower than the overall unemployment rate for the State of Missouri.

**COMMUTING PATTERNS**

Commuting Patterns						
State/County	Total Workers 16+ in 2000	Workers Commuting Outside Place of Residence 2000	Percent of Total Workers 2000	Percent of Total Workers 1990	Change 1990-2000 Number of Workers	Change 1990-2000 Percent of Workers
Missouri	2,629,296	877,655	33.4	31.2	146,250	2.2
Audrain	11,278	2,263	20.1	16.8	555	3.3
Montgomery	5,419	2,412	44.5	37.4	656	7.1
Ralls	4,784	2,883	60.3	59.9	590	0.4
Marion	12,663	3,059	24.2	20.8	599	3.4
Randolph	10,513	2,386	22.7	17.5	678	5.2
Callaway	19,441	9,426	48.5	40.3	3,235	8.2
Boone	71,967	6,615	9.2	8.0	2,075	1.2

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

The table indicates that as of year 2000 approximately 20% of the residents of Audrain County commuted outside of the county for employment. That amount was lower than all of the counties that surround Audrain County.

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## SECTION IV DEMOGRAPHIC PROFILE

### POPULATION

Total Population						
Year	Mexico	Change %	Audrain County	Change %	Missouri	Annual Change %
2000	11,320		25,853		5,595,211	
2008	10,937	-3.4%	25,758	-0.4%	5,870,906	4.9%
2013	10,604	-3.0%	25,585	-0.7%	6,053,252	3.1%

Source: Claritas, MHDC

The population trend obtained from Claritas shows a declining trend for the City. This trend and estimates are also similar to the trends and population estimates for Mexico, Missouri by the U.S. Census Bureau. The 2007 U.S. Census Bureau population estimate for Mexico is 10,978.

### POPULATION CHANGE COMPARISON 2000 - 2008

Population Change Comparison 2000-2008				
Community	Population		Change	% Change
	2000	2008*		
Mexico	11,320	10,937	-383	-3%
Centralia	3,774	3,553	-221	-6%
Vandalia	2,529	2,229	-300	-12%
Moberly	11,945	12,211	266	2%
Fulton	12,128	11,812	-316	-3%

Source: Claritas

\*Estimate

### POPULATION BY AGE

Population By Age Group						
Mexico, Missouri						
Age Cohort	2000	Percent	2008	Percent	2013	Percent
0-20	3,089	27%	2,929	27%	2,926	28%
21-24	504	4%	457	4%	497	5%
25-34	1,359	12%	1,283	12%	1,103	10%
35-44	1,475	13%	1,365	12%	1,237	12%
45-54	1,468	13%	1,408	13%	1,297	12%
55-64	1,076	10%	1,248	11%	1,271	12%
65-74	975	9%	886	8%	920	9%
75-84	992	9%	851	8%	801	8%
85+	382	3%	510	5%	552	5%

Source: Claritas, MHDC

### AVERAGE AGE OF POPULATION

Total Population Average Age	
Mexico, Missouri	
Year	
2000	40.9
2008	41.5
2013	41.7

Source: Claritas

The table illustrates that the average age of the population increased slightly between 2000 and 2008 and is expected to continue to increase slightly between 2008 and 2013.

### AVERAGE AGE COMPARISON 2000-2008

Average Age Comparison 2000-2008			
Community	Population		Change (Years)
	2000	2008*	
Mexico	41	41	0
Centralia	38	38	0
Vandalia	42	41	-1
Moberly	39	38	-1
Fulton	37	37	0

Source: Claritas

\*Estimate

The average age of the residents of Mexico is slightly higher than some of the surrounding communities.

### POPULATION BY GENDER

Population By Gender						
Mexico, Missouri						
Gender	2000	Percent	2008	Percent	2013	Percent
Male	5,259	46%	5,048	46%	4,929	46%
Female	6,061	54%	5,889	54%	5,675	54%

Source: Claritas, MHDC

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

## EDUCATIONAL ATTAINMENT

2008 Estimated Population Age 25+ Educational Attainment		
Mexico, Missouri		
Type	Population	Percentage
Less than 9th grade	760	10%
Some High School, no diploma	1,037	14%
High School Graduate (or GED)	3,168	42%
Some College, no degree	1,191	16%
Associate Degree	259	3%
Bachelor's Degree	722	10%
Master's Degree	267	4%
Professional School Degree	103	1%
Doctorate Degree	44	1%

Source: Claritas

## MARITAL STATUS

2008 Estimated Population Age 15+ by Marital Status		
Mexico, Missouri		
Type	Population	Percentage
Total, Never Married	1,766	14%
Married, Spouse present	4,475	35%
Married, Spouse absent	330	3%
Widowed	1,087	9%
Divorced	1,096	9%
Males, Never Married	938	7%
Previously Married	650	5%
Females, Never Married	828	7%
Previously Married	1,533	12%

Source: Claritas

## TOTAL HOUSEHOLDS

Total Households				
Mexico, Missouri				
Year	Mexico	Change %	Audrain County	Change %
2000	4,804		9,872	
2008	4,675	-2.7%	9,796	-0.8%
2013	4,548	-2.7%	9,708	-0.9%

Source: Claritas, MHDC

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

## AVERAGE HOUSEHOLD SIZE

Average Household Size	
Mexico, Missouri	
Year	Average
2000	2.25
2008	2.20
2013	2.18

Source: Claritas

## HOUSEHOLDS BY AGE

Households by Age of Householder						
Mexico, Missouri						
Age Cohort	2000	Percent	2008	Percent	2013	Percent
Under 25	291	6%	267	6%	282	6%
25-34	751	16%	725	16%	649	14%
35-44	848	18%	787	17%	733	16%
45-54	854	18%	825	18%	768	17%
55-64	621	13%	725	16%	748	16%
65-74	599	12%	542	12%	572	13%
75-84	661	14%	570	12%	541	12%
85+	179	4%	234	5%	255	6%

Source: Claritas, MHDC

## HOUSEHOLDS BY SIZE

Households By Size						
Mexico, Missouri						
Household Size	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
1 Person	1,596	33.2%	1,617	34.6%	1,604	35.3%
2 Persons	1,668	34.7%	1,614	34.5%	1,567	34.5%
3 Persons	714	14.9%	688	14.7%	666	14.6%
4 Persons	518	10.8%	489	10.5%	467	10.3%
5 Persons	218	4.5%	190	4.1%	174	3.8%
6 Persons	60	1.2%	56	1.2%	56	1.2%
7+ Persons	30	0.6%	21	0.4%	14	0.3%
Total	4,804	100%	4,675	100%	4,548	100%

Source: Claritas, MHDC

## HOUSEHOLD TYPE AND PRESENCE OF OWN CHILDREN

2008 Est. Household Type, Presence Own Children		
Mexico, Missouri		
Type	Households	Percentage
Single Male Householder	526	11%
Single Female Householder	1091	23%
Married-Couple Family, own children	826	18%
Married-Couple Family, no own children	1356	29%
Male Householder, own children	97	2%
Male Householder, no own children	63	1%
Female Householder, own children	410	9%
Female Householder, no own children	169	4%
Nonfamily, Male Householder	84	2%
Nonfamily, Female Householder	53	1%

Source: Claritas

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

## HISPANIC HOUSEHOLDS

Hispanic Households	
Mexico, Missouri	
Year	Number
2008	45
2013	46

Source: Claritas

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

## TENURE BY OCCUPANCY OF HOUSING UNITS

Tenure by Occupancy of Housing Units				
Mexico, Missouri				
Bedrooms	2000	%	2008	%
Owner Occ.	3187	66%	3106	66%
Renter Occ.	1617	34%	1569	34%

Source: Claritas

**TENURE BY BEDROOM SIZE (OWNER OCCUPIED)**

Tenure By Bedrooms (2000)		
Owner Occupied		
Mexico, Missouri		
Bedrooms	Households	Percentage
No BR.	10	0.3%
1	59	1.8%
2	951	29.7%
3	1,688	52.8%
4	336	10.5%
5 or more	153	4.8%

Source: U.S. Census Bureau

**TENURE BY HOUSEHOLD SIZE (RENTER OCCUPIED)**

Tenure By Bedrooms (2000)		
Renter Occupied		
Mexico, Missouri		
Bedrooms	Households	Percentage
No BR.	28	1.7%
1	369	22.7%
2	830	51.1%
3	342	21.0%
4	34	2.1%
5 or more	22	1.4%

Source: U.S. Census Bureau

**HOUSEHOLDS BY INCOME DISTRIBUTION**

Households by Household Income						
Mexico, Missouri						
Income Cohort	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
< than \$15,000	1,048	21.8%	941	20.1%	861	18.9%
\$15,000-\$24,999	822	17.1%	725	15.5%	663	14.6%
\$25,000-\$34,999	881	18.3%	809	17.3%	740	16.3%
\$35,000-\$49,999	740	15.4%	796	17.0%	806	17.7%
\$50,000-\$74,999	694	14.4%	700	15.0%	708	15.6%
\$75,000-\$99,999	365	7.6%	350	7.5%	351	7.7%
\$100,000-\$149,999	188	3.9%	275	5.9%	319	7.0%
\$150,000-\$249,999	53	1.1%	61	1.3%	76	1.7%
\$250,000-\$499,999	9	0.2%	11	0.2%	14	0.3%
\$500,000 +	4	0.1%	7	0.1%	10	0.2%
Total	4,804	100.0%	4,675	100.0%	4,548	100.0%

Source: Claritas, MHDC

The table above indicates that in 2008 approximately 85% of the households in Mexico were estimated to have household incomes of less than \$75,000. Approximately 8% of households had incomes between \$75,000 and \$100,000, and approximately 8% had incomes in excess of \$100,000.

**GROSS RENT AS A % OF MONTHLY HOUSEHOLD INCOME**

Gross Rent as % of Monthly HH Income (2000)		
Mexico, Missouri		
Status	Number	Percentage
Less than 15 percent	371	20%
15 to 19 percent	228	12%
20 to 24 percent	82	4%
25 to 29 percent	246	13%
30 to 34 percent	170	9%
35 percent or more	542	30%
Not computed	191	10%

Source: U.S. Census Bureau

Approximately 30% of renter households in Mexico have a gross rent (rent + utilities) that exceeds 35% of their monthly household income.

**AREA MAXIMUM AFFORDABLE HOUSING INCOME AND RENTS**

Maximum Income and Rents for HOME and Housing Tax Credit Programs for Audrain County												
2008 Median Income	Income %	Maximum Incomes						Maximum HOME/LIHTC Rents				
		Persons in Household						Bedroom Sizes				
		1	2	3	4	5	6	0Br	1Br	2Br	3Br	4Br
\$47,300	50%	17,400	19,900	22,350	24,850	26,850	28,850	435	466	558	646	721
	60%	20,880	23,880	26,820	29,820	32,220	34,620	522	559	670	775	865
								HUD Fair Market Rents				
								415	416	501	632	803

Source: HUD, IRS, MHDC

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

### COST BURDENED HOUSEHOLDS

Cost Burdened Households (2000) - Mexico, Missouri			
	Renter	Owner	Renter & Owner
<b>Total</b>	1,626	3,154	4,780
Cost Burdened >30%	26.0%	12.4%	17.0%
Severely Cost Burdened >50%	9.9%	5.0%	6.7%
<b>Elderly 1 &amp; 2 Persons</b>	293	1222	1,515
Cost Burdened >30%	38.6%	11.3%	16.6%
Severely Cost Burdened >50%	16.7%	4.3%	6.7%
<b>Single Person Non-Elderly</b>	610	339	949
Cost Burdened >30%	31.6%	21.2%	27.9%
Severely Cost Burdened >50%	10.3%	14.5%	11.8%
<b>Small Family 2-4 Persons</b>	619	1,396	2,015
Cost Burdened >30%	16.8%	10.3%	12.3%
Severely Cost Burdened >50%	7.3%	3.2%	4.5%
<b>Large Family 5+ Persons</b>	104	197	301
Cost Burdened >30%	11.5%	18.3%	16.0%
Severely Cost Burdened >50%	3.8%	5.1%	4.7%

Source: 2000 Chas Data

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

Source: 2000 Chas Data

The Mexico Cost Burdened table indicates that 9.9% of all renter households in Mexico were severely rent burdened in 2000. The severely rent burdened rate for all renter households in Missouri for the same period was 14.8%. The most severely cost burdened renter group in Mexico appears to be one and two person elderly renter households at 16.7%.

**MIGRATION PATTERNS**

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

Gross Annual Household In-Migration								
Audrain County, Missouri								
County of Origin	2004		2005		2006		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	492	100%	511	100%	555	100%	456	100%
Total In-Migration Same State	381	77%	372	73%	418	75%	331	73%
Total In-Migration Out of State	111	23%	139	27%	137	25%	125	27%
Boone	88	18%	71	14%	120	22%	76	17%
Callaway	51	10%	67	13%	48	9%	52	11%
Montgomery	27	5%	29	6%	43	8%	34	7%
Monroe	15	3%	22	4%	25	5%	21	5%
Ralls	14	3%	11	2%	19	3%	15	3%
St. Louis	21	4%	18	4%	14	3%	15	3%
Randolph	13	3%	10	2%	10	2%	14	3%
Pike	18	4%	29	6%	24	4%	13	3%
		0%		0%		0%		0%
All Other Counties	245	50%	254	50%	252	45%	216	47%

Source: Internal Revenue Service

Gross Annual Household Out-Migration								
Audrain County, Missouri								
Destination County	2004		2005		2006		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	613	100%	537	100%	559	100%	613	100%
Total Out-Migration Same State	466	76%	433	81%	433	77%	463	76%
Total Out-Migration Out of State	147	24%	104	19%	126	23%	150	24%
Boone	155	25%	119	22%	135	24%	134	22%
Callaway	42	7%	58	11%	63	11%	68	11%
Montgomery	27	4%	21	4%	23	4%	26	4%
Monroe	27	4%	21	4%	21	4%	22	4%
Ralls	14	2%	15	3%	11	2%	11	2%
St. Louis	13	2%	13	2%	30	5%	19	3%
Randolph	15	2%	17	3%	17	3%	16	3%
Pike	11	2%	22	4%	17	3%	20	3%
		0%		0%		0%		0%
All Other Counties	309	50%	251	47%	242	43%	297	48%

Source: Internal Revenue Service

Net Annual Household Migration				
Audrain County, Missouri				
County	2004	2005	2006	2007
	Number	Number	Number	Number
Boone	-67	-48	-15	-58
Callaway	9	9	-15	-16
Montgomery	0	8	20	8
Monroe	-12	1	4	-1
Ralls	0	-4	8	4
St. Louis	8	5	-16	-4
Randolph	-2	-7	-7	-2
Pike	7	7	7	-7
All Other Counties	-64	3	10	-81
Net Migration	-121	-26	-4	-157

Source: Internal Revenue Service

The migration tables indicate that from 2004 to 2007 Audrain County attracted about 500 new households annually, but also lost around 600 households annually, for a net migration loss in each year over that period.

### UNITS IN STRUCTURE

Units in Structure (2000)		
Mexico, Missouri		
Type	Number	Percentage
1, detached	4,217	79.4%
1, attached	123	2.3%
2	404	7.6%
3 or 4	197	3.7%
5 to 9	107	2.0%
10 to 19	131	2.5%
20 or more	36	0.7%
Mobile Home	99	1.9%
Total	5,314	100.0%

Source: U.S. Census Bureau

### YEAR STRUCTURE BUILT

Year Structure Built (2000)		
Mexico, Missouri		
Year	Number of Units	Percentage
1999 to March 2000	27	0.5%
1995 to 1998	351	6.6%
1990 to 1994	127	2.4%
1980 to 1989	369	6.9%
1970 to 1979	749	14.1%
1960 to 1969	779	14.7%
1950 to 1959	1,763	33.2%
1939 or earlier	1,149	21.6%

Source: U.S. Census Bureau

### BUILDING PERMITS

Building Permits - Mexico, Missouri				
Units in Bldg.	Units			
	2007	2006	2005	2004
1	17	25	10	19
2	0	1	1	1
3 to 4	1	0	0	0
5 +	0	0	0	0
Total	18	26	11	20

Source: US Census Bureau

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## SECTION V

### REVIEW OF PREVIOUS DOWNTOWN HOUSING MARKET STUDIES

Following are points from studies or reports that were prepared for the City of Mexico that may relate to housing in the Downtown market area:

#### **CITY OF MEXICO, MISSOURI - CENTRAL BUSINESS DISTRICT REDEVELOPMENT PLAN - 2000**

- Objective is to prevent further deterioration and blighting of the Central Business District by preservation of existing buildings, infill construction on vacant tracts, implementation of concentrated code enforcement, provide assistance for structural inspections, provide loan assistance for building repairs, provide grant assistance for beautification, acquire, fix, and dispose of some buildings to owners via lease purchase for residential and commercial activities, and acquire and construct adequate parking facilities.
- The City of Mexico created a Tax Increment Finance (TIF) Commission in 1995.
- Of the 75 buildings in the redevelopment area, only 12 are considered to be in good condition. The remaining buildings require work to prevent further structural deterioration.
- The Downtown Central Business District generates more traffic than the streets were designed for.

#### **CITY OF MEXICO, MISSOURI – COMPREHENSIVE PLAN UPDATE - 2007**

- There are no indications that the population of Mexico will experience significant growth or decline in the future. Continued construction of new housing and job creation could make population increases possible.
- One of the housing goals is to provide a variety of affordable housing options for all residents of Mexico and all who are interested in living in the City.
- Since 1996, 26 new residential subdivisions have been developed making 229 lots available for residential development.
- The City is considering an occupancy permit program to address housing deterioration. Cost constraints could limit the program to rental properties and it may be necessary to phase in the program over a period of years.
- The Central Business District should remain the commercial, social, and psychological heart of the community.
- The community will enforce all building codes. All housing units that are dilapidated, unsafe, and represent a blighting influence on adjacent properties will be acquired by the City and will either be rehabilitated or demolished.

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## SECTION VI

### EXISTING HOUSING

#### SINGLE FAMILY HOUSING

Currently, the multiple listing service website [www.realtor.com](http://www.realtor.com) has 184 residential listings for the Mexico market that have asking prices that range from a low of approximately \$20,000 to a high of approximately \$600,000. The upper end of the range represents homes with acreage in the county on the fringe of the city. The typical price range of homes, average to good condition, in the Downtown Mexico market seems to be from \$30,000 to \$150,000.

At the present time the single family housing market in Mexico is slow, which is similar to markets in other parts of Missouri and the United States. Local realtors have indicated that Mexico's housing market has been adversely affected by the sub-prime lending boom of a few years ago and the results are an increased level of repossessed homes on the market.

Many of the homes are slowly becoming a part of the rental inventory in the market as a way to generate revenue.

A survey of the market showed that there are some relatively new subdivisions, some of which currently have homes under construction. Of the four or five subdivisions surveyed, most though had no current building activity, new homes currently for sale, and quite a few vacant lots for sale.



No loft-style ownership units were found in the Downtown area on the upper floors of the commercial buildings. Loft-style ownership units appear to be a market that has not yet formed in Mexico. There is a rental market for upper floor units in the Downtown area, so it is very possible that an ownership market could form in Downtown Mexico in the future.

### DOWNTOWN AREA HOUSING

A survey was made of the existing housing options in the Downtown area of Mexico. Following is basic information regarding the properties:



**105 W. Monroe**  
Mexico, Missouri  
1 Upper Floor Unit  
1-3Br Unit @ \$700  
Info per tenant

**201 N. Washington**  
Mexico, Missouri  
573-581-3497  
2 Upper Floor Units  
1-1Br Units @ \$325  
1-2Br Units @ \$475  
Good Occupancy



**207 N. Washington**  
Mexico, Missouri  
573-581-3497  
1 Upper Floor Units  
1 Loft Style Unit @ \$300  
Good Occupancy



**216 W. Monroe**  
Mexico, Missouri  
573-581-8007  
4 Upper Floor Units  
4-1Br Units @ \$425  
Utilities included in rent  
Good Occupancy

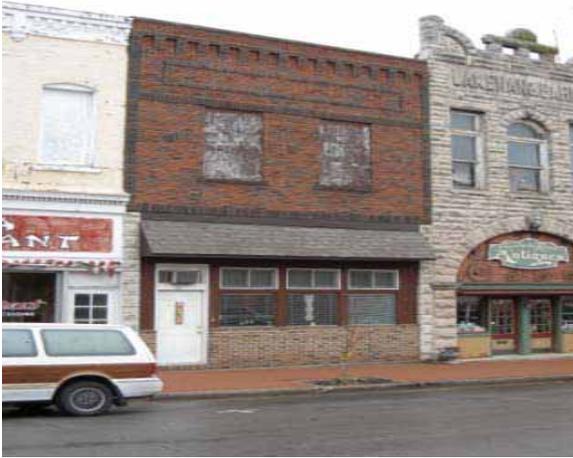
**101 W. Promenade**  
Mexico, Missouri  
573-581-7050  
1 Upper Floor Unit  
1-2Br Unit @ \$325  
Good Occupancy



**121 S. Jefferson**  
Mexico, Missouri  
573-581-7050  
3 Upper floor units  
3-2Br units @ \$350  
Good Occupancy

**Seville Apartments**  
203 E. Jackson  
Mexico, Missouri





111 S. Washington  
Storefront conversion to apartment

### Typical Rent Range

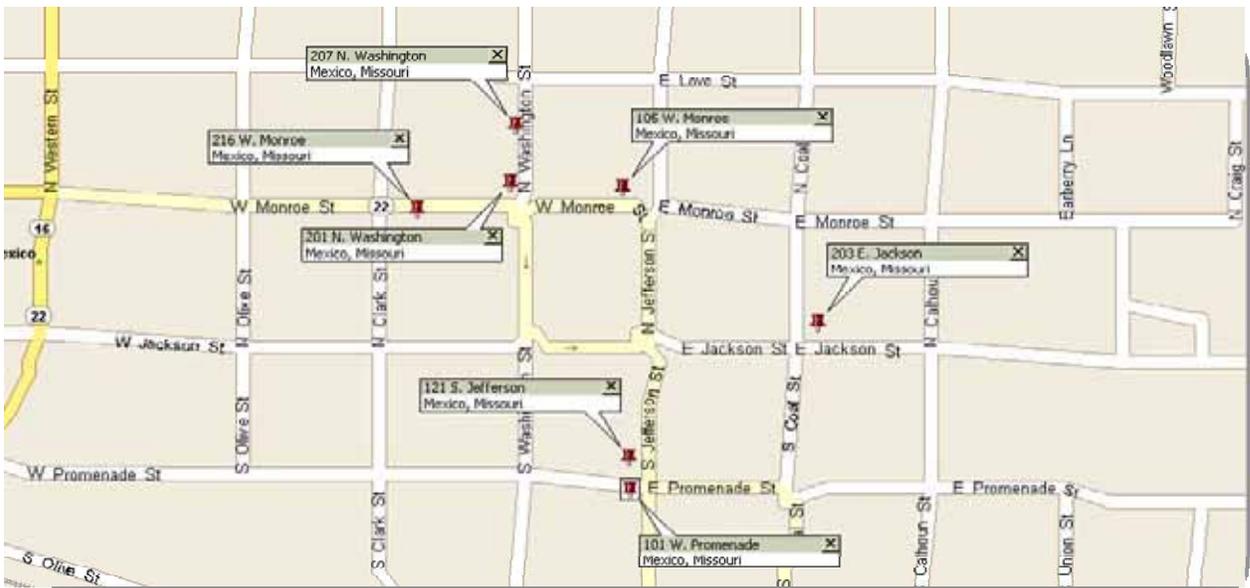
Rent for the loft style apartments depends on the condition of the units, amenities and utilities offered, and space configuration. Most seem to rent from \$300 to \$500. A three bedroom loft style unit rents for \$700.

### Occupancy

It is the impression of the analyst that all residential upper floor space that is in rentable condition has good occupancy. Some of the owners indicated they generally have no problem renting units that are in a habitable condition.

### Under Construction/Consideration

The surveyor did not note any upper floor units or other types of rental units in the Downtown area that are under construction or being renovated.



## MARKET RATE RENTAL HOUSING

A survey was made of market rate rental housing options in Mexico. Following are some of the market rate rental housing options that are representative of the market rate rental housing options in Mexico. Unfortunately because these are generally small rental developments, generally with no staffed rental office, and many times with no contact phone number, or are owned by private owners that are reluctant to return phone calls or provide information, no current rent information could be obtained for most of the properties. In some cases, information from older market studies that have been submitted to MHDC has been shown.



**600 N. Wade**  
Mexico, Missouri  
11 -2Br Units @ \$400\*  
\*Information as of 9/2007



**523 N. Wade**  
Mexico, Missouri



**728 S. Western**  
Mexico, Missouri  
573-581-5521  
2-1Br Units @ \$225

**910 Curtis**  
Mexico, Missouri



**615 W. Maple**  
Mexico, Missouri  
573-581-5521  
2 Br @ \$410

**1949 Ashley**  
Mexico, Missouri





**Friendship Duplexes**  
Friendship Drive  
Mexico, Missouri  
3Br units @ approximately \$600



**Howell Manor**  
311 Howell Manor  
Mexico, Missouri  
573-999-3232  
24 Units  
4-1Br Units @ \$300\*  
16-2Br Units @ \$375\*  
4-3Br Units @ \$425\*  
\*Information as of 9/2006.



**6 Wonneman Circle**  
Mexico, Missouri  
2-1Br Units @ \$275\*  
\*Information as of 9/2006

Typical Rent Range

Rents for one and two bedroom units are generally between \$250 and \$400. Rents for three bedroom units are generally \$400 or higher.

Occupancy

Two signs that the occupancy of market rate rental units is fairly stable are the lack of “For Rent” signs that were noticed in the community and the small number of rental units that are currently being advertised in the local newspaper.



### SENIOR AFFORDABLE RENTAL HOUSING

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



**Mexico Apartments I & II**  
2717 Clark  
Mexico, Missouri  
573-581-8805  
68-1Br Units \$320  
All units are rent subsidized.  
Some units are being rehabbed.  
Good occupancy with waiting list

**Rosewood Apartments**  
1717 Ashley Court  
Mexico, Missouri  
636-239-6656  
12-1Br Units @ \$209-\$410  
All units are rent subsidized  
Good Occupancy



**Housing Authority Senior Units**  
Lafayette Street  
Mexico, Missouri  
Office located at 828 Garfield  
12-1Br Units  
All units are rent subsidized  
Good Occupancy

### Typical Rent Range

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

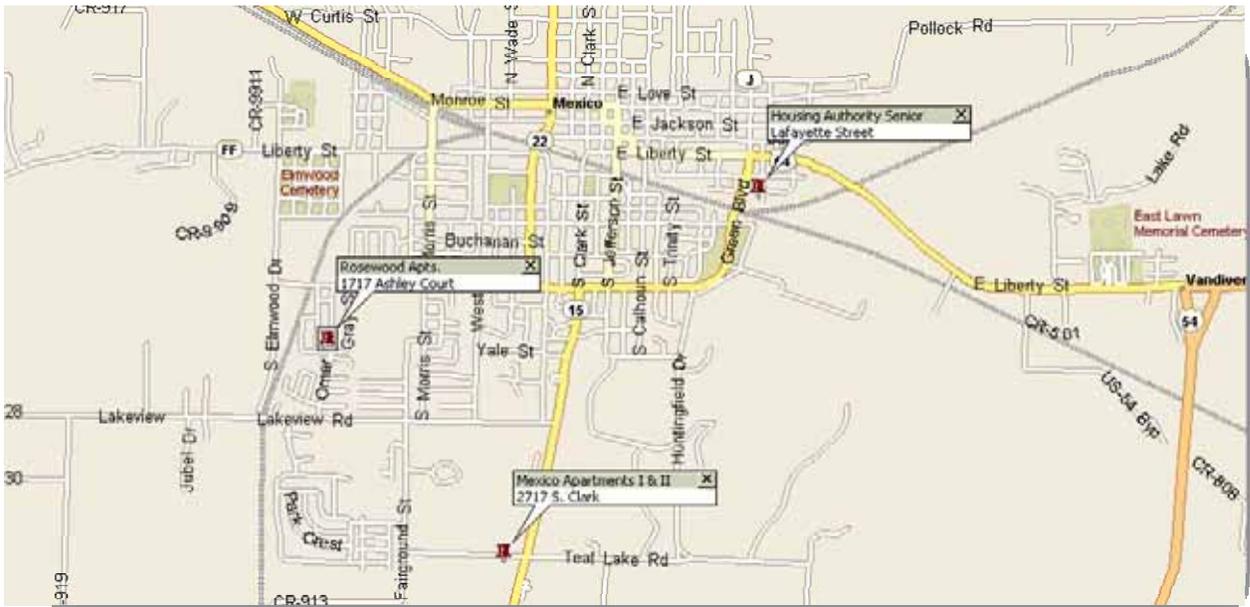
### Occupancy

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

### Under Construction/Consideration

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

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



### FAMILY AFFORDABLE RENTAL HOUSING

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



**Mexico Meadows**  
2150 Jubel Drive  
Mexico, Missouri  
573-581-5745  
64-2Br Units @ \$330  
Approx. 91% Occupancy

**Berkshire Estates**  
601 Mars  
Mexico, Missouri  
573-470-1492  
12-1Br Units @ \$355-\$387  
Section 8 Subsidized  
100% Occupied  
This was a 36 unit development,  
but some buildings are empty  
and scheduled to be demolished.



**Country Place Duplexes**  
4294 Friendship Drive  
Mexico, Missouri  
417-882-4440  
17-3Br Units @ \$405 to \$485  
Good Occupancy



**Mexico Housing Authority**  
Scattered Sites  
Office located at 828 Garfield  
Mexico, Missouri  
573-581-2294  
191 Units  
74-1Br Units  
89-2Br Units  
22-3Br Units  
6-4Br Units  
All units are rent subsidized  
Good occupancy

**Chevy Chase Apartments**  
1224 W. Breckenridge Dr.  
Mexico, Missouri  
314-361-8868  
58 Units  
11-1Br Units @ \$325  
22-2Br Units @ \$395  
26-3Br Units @ \$510  
All units are Section 8 Subsidized  
Good occupancy



### Typical Rent Range

Rents at the Mexico Housing Authority, Berkshire Estates, and Chevy Chase Apartments are Section 8 rent subsidized, where tenants are required to pay at least 30% of their income and the Section 8 subsidy makes up the difference. Rents at Country Place and Mexico Meadows are below market rate for units of similar quality and amenities.

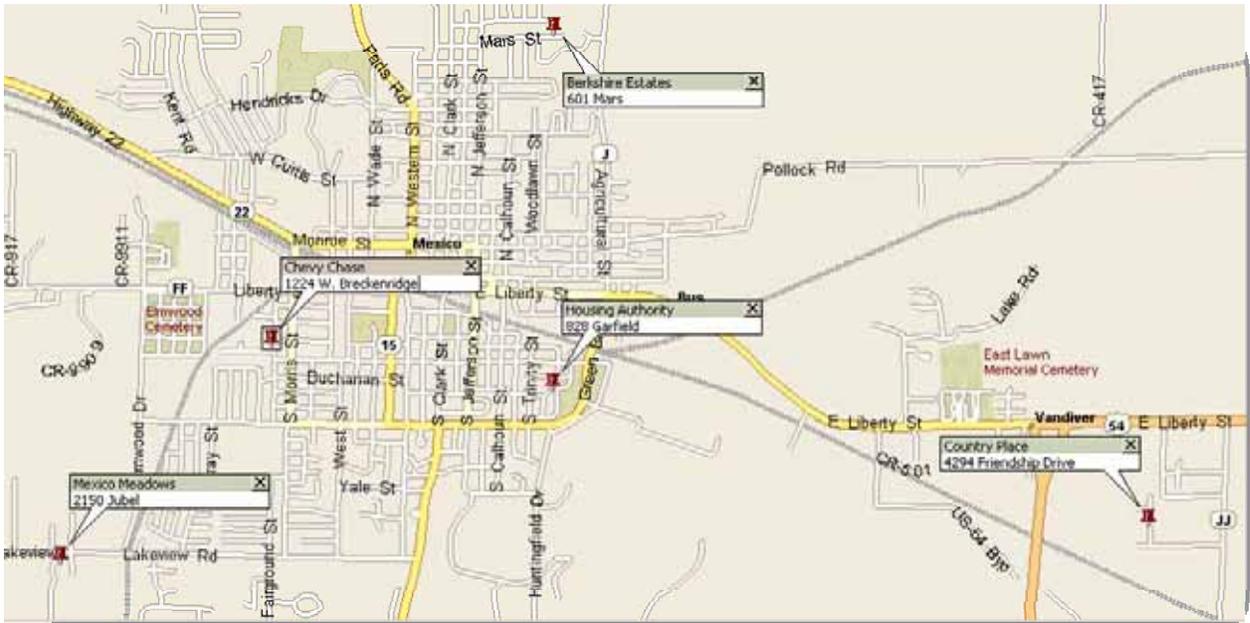
### Occupancy

All of the affordable family developments in Mexico generally have good occupancy.

### Under Construction/Consideration

The analyst is unaware of any affordable housing family apartments that are currently under construction or consideration.

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



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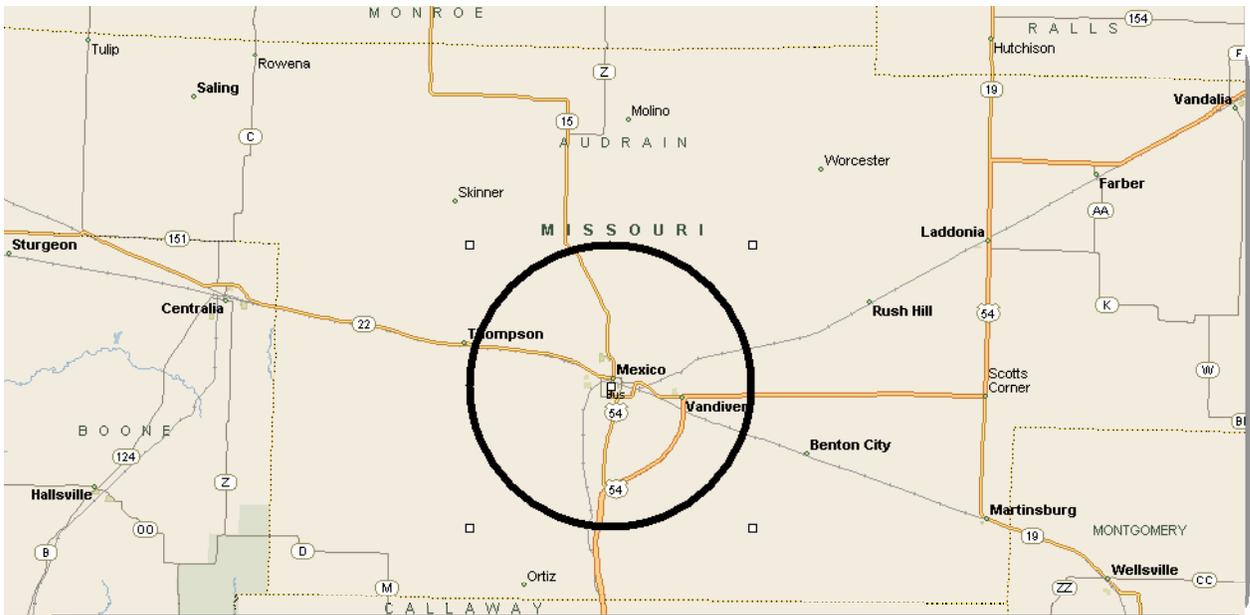
## SECTION VII

### IDENTIFICATION OF PRIMARY AND SECONDARY MARKET AREAS

The primary market area is considered to be the area from which the majority of the market demand for Downtown housing in Mexico is expected to be drawn. This is generally an irregular shaped geographic area that extends from the outer boundaries of the target market (Downtown area) for miles, and includes many nearby communities and rural areas where households reside that would readily consider available housing options in the target market. After surveying the target market and the surrounding areas of the community, taking into consideration the opinions of local market participants, and considering the migration patterns of the area, it is the opinion of the analyst that the primary market area of the Downtown Mexico housing market is all of the City of Mexico and an area that extends approximately 5 miles around the City of Mexico.

#### 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 Mexico is the area surrounding the primary market area that also contains households that could be attracted to residential housing in Downtown Mexico. The number of households in this secondary market area will be significantly less than the primary market area, but will still make up part of the overall housing demand and should be considered.

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



## SECTION VIII

### POTENTIAL RESIDENTIAL DOWNTOWN HOUSING DEMAND

#### OVERVIEW

The purpose of this study is to determine if residential development would benefit the Downtown revitalization efforts in Mexico. The household type(s) that would comprise the likely residential market for Downtown housing, the type of housing that could be in demand, and the estimated number of households from the overall market that can be captured for residential units in the Downtown Market Area are also identified.

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

Although there is some vacant building space in Downtown Mexico, the City seems to have fared better than most small communities. Most of the commercial buildings in Downtown are occupied by businesses and many of the multi-story commercial buildings appear to be occupied on the upper floors with rental apartments.

#### Would additional residential units in the Downtown area complement the efforts to revitalize Downtown Mexico?

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

Smaller communities like Mexico, although not located in a large urban area, should also benefit from an increase in the permanent population of Downtown. The results may not be as dramatic, but any increase in the permanent population of Downtown should make a positive contribution to the Downtown revitalization effort. Mexico is already ahead of many small communities because its Downtown upper floor areas are already considered to be a viable rental housing option in the market.

Downtown Mexico also has the benefit of a thriving commercial district to the west. The economic success of that area and all of the neighborhood amenities and services that it offers could be attractive to potential residents of any new housing units that could be created in the Downtown revitalization area.

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

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

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

The type of housing units that should be added to the housing inventory in Downtown Mexico to complement the Downtown revitalization efforts should be units that will be generally marketable to households with no children. Downtown is really not an ideal neighborhood for households with children because of the high amount of vehicular traffic, the high amount of possible pedestrian traffic, and the lack of play areas. Generally, young singles, couples with no children, and adults 55 and older that may be looking to downsize their housing situation, are among those most attracted to new housing options and will create most of the market demand for Downtown housing.

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

Young adult households that will still be very mobile and in the prime of their income earning capacity will add energy to Downtown. An increase in their numbers could help to reinforce Downtown as the community's gathering place. More of their presence would encourage a pedestrian friendly place that could be very unique in the community.

Older households, some of which may be retired, could also contribute to the area by adding a social diversity that is not currently present in the area. Older individuals could also take advantage of the pedestrian friendly aspects of the area and the many shopping opportunities, such as the grocer, pharmacy, hardware store, etc, that are located just a couple of blocks west of Downtown.

The type of housing options to best complement the Downtown revitalization efforts should be either market rate or affordable housing generally for households with no children or older households age 55 and older.

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

The demand for units in Downtown will come from households that live in and around Mexico, some of which are presently residing in housing that may be overcrowded, in substandard condition, or more expensive than they can easily afford. Some may come from households with more housing than they want at this stage in their life. And some of the demand could come from local households that could be attracted to the loft style apartments that are unique to the Downtown area.

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



The Downtown area of Mexico overall seems to be very stable, with few vacant tracts of land and limited vacant building space. Although limited, there are buildings in the Downtown revitalization area that appear to be vacant on either the lower and upper floors and land that is currently improved with buildings that appear to be underutilized or do not appear to reflect the highest and best use of the land.

habitable appear to be occupied. The owners of some of those apartments indicated that it does not take long to fill a vacated unit. If it is physically and financially feasible for owners to improve their upper floor space for occupancy there does appear to be a market for the units and the units would benefit the Downtown area.

Because of the age and condition of much of this upper floor space it will be cost prohibitive to try and improve it for occupancy. There should be some though where it may be feasible. Those cases may require patient owner equity and other forms of subsidy, such as the revolving loan fund program that is being created by the City.



Some buildings in the Downtown area are of a size that may require a professional real estate developer and several sources of subsidy funding. In many small communities across Missouri, these types of rehabs were only feasible because of federal and state historic tax credits for preservation. Rehabilitation costs for qualified buildings could be entitled to a 20% Federal Historic Tax Credit and a 25% Missouri Historic Tax Credit. In order to be eligible the building either has to be listed on the National Register of Historic Places or be a contributing element of a historic district that is listed on the National Register of Historic Places. In Missouri, the application for a building or district is made through the Missouri Department of Natural Resources.



The building at the northeast corner of Jefferson and Promenade, that appears to be a former hotel, and the building at the southwest corner of Clark and Promenade, that was a former sheriff's office, appear to have the potential to be improved with residential units. These buildings may require a significant amount of subsidy to be feasible and may qualify as historic structures.



Another site that may have the potential for residential development in the future is along the southern side of Promenade Street between Clark and Western. Most of the buildings on this site appear to be either vacant or underutilized. The site does abut active railroad tracks, so an environmental and/or noise study would probably be necessary to determine if it is feasible for residential uses. No railroad crossings were noted in the area, so it is unknown if train whistles are a significant nuisance. There also are other residential units within a block or so of the site.

Another site that could have the potential for residential development in the future is the east half of the block bounded by Jackson, Promenade, Olive, and Western. The west half of this block is improved with a U.S. Post Office. The east half is improved with two single-family homes and several garage structures.



This area is within walking distance of the Courthouse Square to the east and the West Plaza Shopping Center to the west.



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

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

Claritas, Inc., a leading national demographic data provider, working with another company, Ribbon Demographics, has recently developed a unique data product that is designed specifically for housing analysis. The product is called HISTA (Households by Income, Size, Tenure, and Age). 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.

On the following pages are the HISTA tables for the primary market area, which includes the City of Mexico and an area that extends approximately 5 miles around Mexico. The HISTA data will be used for the potential residential demand analysis that follows.

**OWNER AND RENTER HOUSEHOLDS 2008**

Owner Households Under Age 55 Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	53	9	8	2	11	83
\$10,000-20,000	21	27	0	7	24	79
\$20,000-30,000	90	49	34	10	20	203
\$30,000-40,000	79	29	90	42	7	247
\$40,000-50,000	19	63	37	42	52	213
\$50,000-60,000	23	72	60	79	11	245
\$60,000+	0	142	223	177	82	624
<b>Total</b>	<b>285</b>	<b>391</b>	<b>452</b>	<b>359</b>	<b>207</b>	<b>1,694</b>

Owner Households Aged 55-61 Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	3	15	0	0	0	18
\$10,000-20,000	7	4	0	0	0	11
\$20,000-30,000	13	28	4	0	0	45
\$30,000-40,000	3	30	35	5	0	73
\$40,000-50,000	2	27	9	2	2	42
\$50,000-60,000	0	14	0	4	0	18
\$60,000+	0	144	39	12	5	200
<b>Total</b>	<b>28</b>	<b>262</b>	<b>87</b>	<b>23</b>	<b>7</b>	<b>407</b>

Owner Households Aged 62+ Years Current Year Estimates - 2008						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	98	24	0	0	0	122
\$10,000-20,000	233	60	2	0	0	295
\$20,000-30,000	110	145	3	0	0	258
\$30,000-40,000	67	180	4	3	0	254
\$40,000-50,000	31	94	12	0	0	137
\$50,000-60,000	9	46	2	4	0	61
\$60,000+	60	165	22	5	0	252
<b>Total</b>	<b>608</b>	<b>714</b>	<b>45</b>	<b>12</b>	<b>0</b>	<b>1,379</b>

Renter Households Under Age 55 Years <i>Current Year Estimates - 2008</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	129	29	40	14	15	227
\$10,000-20,000	135	36	39	10	10	230
\$20,000-30,000	117	78	27	62	10	294
\$30,000-40,000	68	70	19	31	21	209
\$40,000-50,000	23	31	12	4	29	99
\$50,000-60,000	0	4	17	33	4	58
\$60,000+	16	50	5	17	11	99
<b>Total</b>	<b>488</b>	<b>298</b>	<b>159</b>	<b>171</b>	<b>100</b>	<b>1,216</b>

Renter Households Aged 55-61 Years <i>Current Year Estimates - 2008</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	53	0	0	0	0	53
\$10,000-20,000	21	25	0	0	0	46
\$20,000-30,000	36	0	0	0	0	36
\$30,000-40,000	4	3	0	0	0	7
\$40,000-50,000	12	7	2	2	2	25
\$50,000-60,000	0	17	3	0	0	20
\$60,000+	0	5	0	0	0	5
<b>Total</b>	<b>126</b>	<b>57</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>192</b>

Renter Households Aged 62+ Years <i>Current Year Estimates - 2008</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	86	8	0	0	0	94
\$10,000-20,000	108	22	0	0	0	130
\$20,000-30,000	18	18	0	0	0	36
\$30,000-40,000	8	0	0	0	0	8
\$40,000-50,000	7	6	0	0	0	13
\$50,000-60,000	6	0	0	0	0	6
\$60,000+	13	0	0	0	0	13
<b>Total</b>	<b>246</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>

### OWNER AND RENTER HOUSEHOLDS 2013

Owner Households Under Age 55 Years <i>Five Year Projections - 2013</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	45	6	6	2	9	68
\$10,000-20,000	15	20	0	6	16	57
\$20,000-30,000	78	36	25	8	15	162
\$30,000-40,000	77	21	79	35	6	218
\$40,000-50,000	19	51	35	42	45	192
\$50,000-60,000	24	59	53	63	8	207
\$60,000+	0	142	232	185	85	644
<b>Total</b>	<b>258</b>	<b>335</b>	<b>430</b>	<b>341</b>	<b>184</b>	<b>1,548</b>

Owner Households Aged 55-61 Years <i>Five Year Projections - 2013</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	4	16	0	0	0	20
\$10,000-20,000	8	3	0	0	0	11
\$20,000-30,000	13	33	4	0	0	50
\$30,000-40,000	2	29	33	4	0	68
\$40,000-50,000	2	24	10	2	3	41
\$50,000-60,000	0	17	0	3	0	20
\$60,000+	0	154	45	13	4	216
<b>Total</b>	<b>29</b>	<b>276</b>	<b>92</b>	<b>22</b>	<b>7</b>	<b>426</b>

Owner Households Aged 62+ Years <i>Five Year Projections - 2013</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	91	20	0	0	0	111
\$10,000-20,000	215	48	3	0	0	266
\$20,000-30,000	109	131	3	0	0	243
\$30,000-40,000	77	174	3	3	0	257
\$40,000-50,000	37	104	12	0	0	153
\$50,000-60,000	12	67	4	5	0	88
\$60,000+	69	185	26	6	0	286
<b>Total</b>	<b>610</b>	<b>729</b>	<b>51</b>	<b>14</b>	<b>0</b>	<b>1,404</b>

Renter Households Under Age 55 Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	118	24	33	13	12	200
\$10,000-20,000	132	33	33	9	8	215
\$20,000-30,000	111	65	23	54	10	263
\$30,000-40,000	74	66	19	33	22	214
\$40,000-50,000	26	32	11	5	29	103
\$50,000-60,000	0	4	18	29	3	54
\$60,000+	20	57	7	17	14	115
<b>Total</b>	<b>481</b>	<b>281</b>	<b>144</b>	<b>160</b>	<b>98</b>	<b>1,164</b>

Renter Households Aged 55-61 Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	52	0	0	0	0	52
\$10,000-20,000	21	22	0	0	0	43
\$20,000-30,000	35	0	0	0	0	35
\$30,000-40,000	3	2	0	0	0	5
\$40,000-50,000	15	8	2	3	2	30
\$50,000-60,000	0	16	6	0	0	22
\$60,000+	0	5	0	0	0	5
<b>Total</b>	<b>126</b>	<b>53</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>192</b>

Renter Households Aged 62+ Years Five Year Projections - 2013						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	91	8	0	0	0	99
\$10,000-20,000	112	20	0	0	0	132
\$20,000-30,000	18	17	0	0	0	35
\$30,000-40,000	9	0	0	0	0	9
\$40,000-50,000	8	6	0	0	0	14
\$50,000-60,000	10	0	0	0	0	10
\$60,000+	19	0	0	0	0	19
<b>Total</b>	<b>267</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>318</b>

## HOME OWNERSHIP HOUSING DEMAND ANALYSIS

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

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

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

## MARKET RATE RENTAL HOUSING DEMAND ANALYSIS

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

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

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

Market Rate Rental Potential Demand Analysis				
PMA Qualified Household Demand (2008)		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 450	\$ 550	\$ 700
2	Percentage of Income to Housing	25%	25%	25%
3	Minimum Income (Affordability)	\$ 21,600	\$ 26,400	\$ 33,600
4	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2008)	255	177	135
5	Percentage of Annual Turnover of Existing HH	25%	25%	20%
6	<b>PMA Qualified Household Demand (2008)</b>	64	44	27
7	<b>SMA Qualified Household Demand (2008)</b>	13	9	5
8	<b>PMA and SMA Market Rate Rental Potential Household Demand (2008)</b>	77	53	32
PMA Qualified Households (2013)		1BR	2BR	3BR
9	Gross Rent (includes utility costs paid by tenants)	\$ 497	\$ 607	\$ 773
10	Percentage of Income to Housing	25%	25%	25%
11	Minimum Income (Affordability)	\$ 23,846	\$ 29,146	\$ 37,094
12	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2013)	221	164	118
13	Percentage of Annual Turnover of Existing HH	25%	25%	20%
14	<b>PMA Qualified Household Demand (2013)</b>	55	41	24
15	<b>SMA Qualified Household Demand (2013)</b>	11	8	5
16	<b>PMA and SMA Market Rate Rental Potential Household Demand (2013)</b>	66	49	28
17	<b>PMA and SMA Qualified Household Growth/Decline (2008-2013)</b>	-10	-4	-4
18	<b>Mexico Market Rate Rental Demand</b>	74	52	32
19	<b>Downtown Mexico Market Area Capture Rates</b>	15%	20%	5%
20	<b>Downtown Mexico Market Rate Family Rental Demand</b>	11	10	2

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

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

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

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

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

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

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

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

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

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

Market Rate Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom .....	11
Two Bedrooms .....	10
Three Bedrooms.....	2
Total .....	23

## AFFORDABLE FAMILY RENTAL HOUSING DEMAND ANALYSIS

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

In the case of Downtown Mexico there is already an active rental market, so it won't be necessary for affordable housing to try and "jumpstart" the market. Good quality, affordable family housing units could complement the Downtown revitalization efforts by providing workforce housing for lower income households.

On the following pages are the quantitative analysis and an explanation of the process used in the analysis:

Affordable Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2008)				
		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 400	\$ 500	\$ 600
2	Percentage of Income to Housing	35%	35%	35%
3	Minimum Income (Affordability)	\$ 13,714	\$ 17,143	\$ 20,571
4	Maximum Income (Tax Credit Limits)	\$ 23,880	\$ 26,820	\$ 32,220
5	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2008)	112	64	79
6	Percentage of Annual Turnover of Existing HH	25%	25%	20%
7	PMA Qualified Household Demand (2008)	28	16	16
8	SMA Qualified Household Demand (2008)	6	3	3
9	PMA and SMA Affordable Family Rental Potential Household Demand (2008)	34	19	19
PMA Qualified Household Demand (2013)				
		1BR	2BR	3BR
11	Gross Rent (includes utility costs paid by tenants)	\$ 442	\$ 552	\$ 662
12	Percentage of Income to Housing	35%	35%	35%
13	Minimum Income (Affordability)	\$ 15,141	\$ 18,926	\$ 22,711
14	Maximum Income (Tax Credit Limits)	\$ 26,364	\$ 29,609	\$ 35,571
15	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2013)	119	61	76
16	Percentage of Annual Turnover of Existing HH	25%	25%	20%
17	PMA Qualified Household Demand (2013)	30	15	15
18	SMA Qualified Household Demand (2013)	6	3	3
19	PMA and SMA Affordable Family Rental Potential Household Demand (2013)	36	18	18
20	PMA and SMA Qualified Household Growth/Decline (2008-2013)	2	-1	-1
		1BR	2BR	3BR
21	Mexico Affordable Family Rental Demand	34	19	19
		1BR	2BR	3BR
22	Downtown Mexico Market Area Capture Rates	25%	30%	5%
		1BR	2BR	3BR
23	Downtown Mexico Affordable Family Rental Demand	9	6	1

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

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

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

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

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

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

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

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

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

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

Affordable Family Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom .....	9
Two Bedrooms .....	6
Three Bedrooms.....	1
Total .....	16

### AFFORDABLE SENIOR RENTAL HOUSING DEMAND ANALYSIS

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

In the case of Mexico there is already an active rental market in the Downtown area, so it won't be necessary for affordable housing to try and "jumpstart" the market. Good quality, affordable senior housing units could complement the Downtown revitalization efforts by adding social and economic diversity to the area.

On the following pages are the quantitative analysis and an explanation of the process used in the analysis:

Affordable Senior Rental Potential Demand Analysis		
	PMA Qualified Household Demand (2008)	1BR/2BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 450
2	Percentage of Income to Housing	50%
3	Minimum Income (Affordability)	\$ 10,800
4	Maximum Income (Tax Credit Limit)	\$ 23,880
5	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2008)	133
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	20
8	Appropriate Sized, Income Qualified, Owner Households, Age 62+ (2008)	369
9	Percentage of Existing Senior Owner Households Likely to Move if New Affordable Rental Housing Were Available	5%
10	Number of Existing Senior Owner Households Likely to Move If New Affordable Rental Housing Were Available	18
11	PMA Qualified Household Demand (2008)	38
12	SMA Qualified Household Demand (2008)	8
13	PMA and SMA Affordable Senior Housing Potential Household Demand (2008)	46

	<b>PMA Projected Qualified Household Growth 2008-2013</b>	<b>1BR/2BR</b>
14	Gross Rent (includes utility costs paid by tenants)	\$ 497
15	Percentage of Income to Housing	50%
16	Minimum Income (Affordability)	\$ 11,923
17	Maximum Income (Tax Credit Limit)	\$ 26,364
18	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2013)	129
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	19
21	Appropriate Sized, Income Qualified, <i>Owner</i> Households, Age 62+ (2013)	364
22	Percentage of Projected Senior <i>Owner</i> Households Likely to Move if New Affordable Rental Housing Were Available	5%
23	Number of Projected Senior <i>Owner</i> Households Likely to Move If New Affordable Rental Housing Were Available	18
24	<b>PMA Qualified Household Demand (2013)</b>	<b>38</b>
25	<b>SMA Qualified Household Demand (2013)</b>	<b>8</b>
26	<b>PMA and SMA Affordable Senior Housing Potential Household Demand (2013)</b>	<b>45</b>
27	<b>PMA and SMA Qualified Household Growth/Decline (2008-2013)</b>	<b>-1</b>
28	<b>Mexico Affordable Senior Rental Potential Demand</b>	<b>46</b>
29	<b>Downtown Mexico Market Area Capture Rate</b>	<b>70%</b>
30	<b>Downtown Market Area Affordable Senior Rental Potential Demand</b>	<b>32</b>

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

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

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

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

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

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

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

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

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

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

Affordable Senior Rental Housing

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom .....	8
Two Bedrooms .....	24
Total .....	<u>32</u>

QUANTITATIVE DEMAND ANALYSIS CONCLUSIONS

Downtown Mexico Area Housing Demand

<u>Housing Type</u>	<u>Potential Household Demand</u>
Home Ownership .....	0
Market Rate Rental .....	23
Affordable Family Rental .....	16
Affordable Senior Rental .....	<u>32</u>

The analyses concludes that after considering the primary and secondary market areas from where households could reasonably be expected to be drawn from to housing in Downtown Mexico, the number of units shown above for each of the various housing types is a conservative estimate of the potential household demand for additional units in the Downtown area. This is a point in time estimate and could change based on changes in the housing supply, economy, and demand factors considered.

## SECTION IX

### DOWNTOWN RESIDENTIAL IMPLEMENTATION STRATEGY

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

- Consider a multifunctional Downtown for Mexico, where housing will complement other uses, such as employment, shopping, culture, entertainment, government, and possibly tourist attractions.
- Identify and give high priority to catalyst projects that have the ability to energize or raise the awareness level of the Downtown. Consideration should be given to any project that can improve the appearance of the area between the Courthouse Square and the shopping center on Western Street.
- In order to develop residential momentum in Downtown, focus should be on the production of quality rental units. Mexico already has the advantage of an existing Downtown rental market upon which to build.
- Identify all available building and land space that could accommodate new residential units in Downtown and consult with property owners regarding their plans for the use, improvement, or sale of the building or land. The upper floors of many of the buildings in Downtown have the potential to be converted into unique rental housing space.
- Identify builders, developers, and investors that would be willing to participate in the production or improvement of residential space in Downtown. Request developer lists from agencies like Missouri Housing Development Commission. Contact companies in the development industry and make them aware of the housing development opportunities in Downtown Mexico.
- Encourage building designs and improvements that are comparable and/or complimentary to the existing architectural building designs in Downtown.
- Review all applicable zoning and building codes to ensure that they do not provide barriers to Downtown residential development.
- Provide technical assistance and financial incentives where possible to support Downtown residential development. The proposed revolving loan program to assist owners with repairs to their buildings in Downtown is an example of an initiative to make improvements financially feasible. Consideration should also be given to property owners seeking historic designation to buildings or areas in Downtown that could make much needed historic tax credits available to finance development costs.
- Identify and try to mitigate all adverse conditions, such as the lack of parking, traffic patterns, etc that may adversely affect the Downtown residential market.

- Encourage existing property owners in Downtown to properly maintain their property through code enforcement.
- Implement Downtown beautification programs and consider any changes or improvements that would help to increase the draw power of the area. This could include sidewalk repair, planter boxes, new ornamental street lights, building murals, decorative trash receptacles, etc.
- Try to attract and maintain commercial businesses in and around Downtown area that will serve the needs of the local downtown neighborhood.

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

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

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

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## SECTION X

### ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

## SECTION XI

### APPRAISER'S CERTIFICATION

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

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

By: **Steve Sillimon**-Certified General Real Estate Appraiser # RA003250  
Missouri Housing Development Commission  
March 16, 2009