

RESIDENTIAL DEMAND ANALYSIS

ST. JOSEPH DOWNTOWN MARKET AREA

CITY OF ST. JOSEPH, MISSOURI
BUCHANAN COUNTY

October 2007



D·R·E·A·M
I N I T I A T I V E

ACKNOWLEDGMENTS



DOWNTOWN REVITALIZATION AND ECONOMIC ASSISTANCE FOR



PLANNING CONSULTANT



PREPARED BY
MISSOURI HOUSING DEVELOPMENT COMMISSION

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USPAP REQUIRED INFORMATION

The following information is required to comply with the Uniform Standards of Professional Appraisal Practice (USPAP).

Intended Use of Report

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

Intended Users of Report

The intended users of this report are Missouri Housing Development Commission (Employer), the City of St. Joseph, Peckham, Guyton, Albers & Viets, Missouri Development Finance Board, and Missouri Department of Economic Development.

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 Market Area, City Market Area, and Downtown Market Area;
- Identification of existing housing inventory and competitive locations;
- Demographic analysis for the area;
- Economic profile of the market;
- Opinion of present and future housing demands;
- Recommendations regarding the number and type of housing units that should be provided to support the overall goal of downtown revitalization.

Effective Date of the Report

The effective date of the report is October 10, 2007.

Physical, Legal, and Economic Characteristics of the Market Area

The boundaries of the market area are as described in the DREAM application submitted by the community and as further delineated in this report.

Extraordinary Assumptions

In preparing this report and any recommendations, or opinions, the appraiser has relied on various physical, economic, and demographic data and information from various sources that the appraiser believes to be credible and reliable. The use of information obtained from the various sources is critical to the preparation of the report and the appraiser believes that the information has resulted in a credible analysis.

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;
- Prepare a target market analysis for affordable, market rate, and for-sale housing in the primary market area for family and senior households;
- Estimate the current and future household demand in the primary market area that would be attracted to housing options in the St. Joseph, Missouri market area;
- Prepare a recommendation or opinion of the type and number of housing units that would complement the St. Joseph downtown revitalization efforts.

SECTION I

EXECUTIVE SUMMARY

The purpose of this market study is to quantify the potential residential demand in the downtown area of St. Joseph, Missouri that would complement the overall revitalization efforts of the downtown area; the type of residential demand that exists and the depth of the market demand. A map of the designated area is included at page 10 of this report. The study includes a demographic and economic analysis of the community and a demand analysis of the housing markets. The housing analysis will focus on the potential demand for senior rental housing, family rental housing, family affordable housing, and for sale housing in the market area in general and the downtown redevelopment area in particular. A review will be made of the existing housing and projections of the housing markets through 2012. The analysis will consider the projected change in the number of households in the market, migration patterns of new households to the market, and the mobility patterns of existing households. The analysis will determine what types of housing may be underserved in the market, the estimated number of units that are projected to meet the needs, and if the housing will complement the downtown revitalization area.

Some of the conclusions of the report are as follows:

- ✚ After inspecting the downtown area of St. Joseph, Missouri it is the opinion of the analyst that increasing the level of residential occupancy in the area will contribute to the overall revitalization of the downtown area by promoting a large and continuous people presence that can support existing and new businesses.
- ✚ After inspecting the market, reviewing migration patterns, and taking into consideration the opinions of the market's real estate participants, it is the opinion of the analyst that the Primary Market Area, or area in which households are expected to come from for residential demand in downtown St. Joseph is generally all of Buchanan and Andrew Counties in Missouri and the eastern portion of Doniphan County in Kansas.
- ✚ A demographic demand analysis indicates that between 2007 and 2012 approximately 130 market rate renter households could be attracted to rental housing in the downtown market area and that the market rate rental units should make a positive contribution to the revitalization efforts by increasing the number of households in the area with enough discretionary income to help support existing and new businesses. The many architecturally significant underutilized buildings in downtown St. Joseph would allow the production of "loft" style units, which has proven to be very popular in many markets around the country and an important key to central business district revitalization.
- ✚ It is the opinion of the analyst that between 2007 and 2012 approximately 125 limited-income households could be attracted to rental housing in the downtown market area. Approximately 40 of the households could be served by the San Regis Apartments at 10th and Faraon, which is currently undergoing renovation. The affordable housing rental units should make a positive contribution to the revitalization efforts by increasing the number of households that can help support existing and new businesses in downtown and provide housing in close proximity for employees of many of the businesses in the area. The

affordable housing production programs have already proven to be successful in starting the process of reintroducing a significant number of residential units in the downtown market of St. Joseph.

✚ It is the opinion of the analyst that between 2007 and 2012 approximately 60 limited income senior households could be attracted to rental housing in the downtown market area and that the affordable senior units should make a positive contribution to the revitalization efforts by increasing the age diversity of the area, which makes the market attractive to a wider assortment and larger number of households. It also should increase the types of businesses in the area.

✚ It is the opinion of the analyst that between 2007 and 2012 approximately 250-275 potential home owners could be attracted to ownership units in the downtown market area and that the ownership units should make a positive contribution to the revitalization efforts by being the catalyst for further permanent residential investment in the area. The price range for the potential homeowners should be from a low of \$150,000 to around a high of \$230,000.

St. Joseph's more recent downtown residential redevelopment projects mirror state and national trends in downtown revitalization efforts. Often, low to moderate income restricted units lead housing development in downtowns through adaptive reuse of former industrial or public buildings. These projects are typically subsidized due to the development challenges associated with redevelopment or adaptive reuse of vacant or underutilized buildings as well as the "uncertainty" of a "housing market" for downtown. These pioneering projects initiate the establishment of downtown as a neighborhood community and equally important they "benchmark" the demand for urban or downtown living in a particular community. Through projects such as the Lofts at Landmark and the 4th Street Lofts, downtown St. Joseph has demonstrated that there is sufficient demand from the community to live in a downtown "neighborhood".

Missouri cities such as Kansas City, Springfield, and St. Louis have demonstrated that each community reached a "tipping point" whereby market-rate residential development opportunities quickly surpassed the development of affordable or senior living facilities in their downtown. St. Joseph's existing housing unit ratio in the downtown area, which includes a high proportion of low to moderate income housing units, is a relatively common imbalance for a downtown area emerging from the beginning of a comprehensive revitalization effort.

The conclusions of this report suggest that the future demand for housing units will begin to take on a different balance between low to moderate income housing compared to market rate housing units, provided St. Joseph's overall revitalization efforts continue to make downtown a compelling alternative for homebuyers and higher income tenants. The conclusions of this report indicate that the future demand for the capture of market rate units is estimated to comprise approximately 65-70% of future housing units in the downtown market area. By comparison, the future demand for the capture of low to moderate income units is estimated to comprise approximately 30-35% of future housing units in the downtown area. This is a significant shift in the downtown housing market and may provide new opportunities for the public and private sector's role in housing development for downtown St. Joseph.



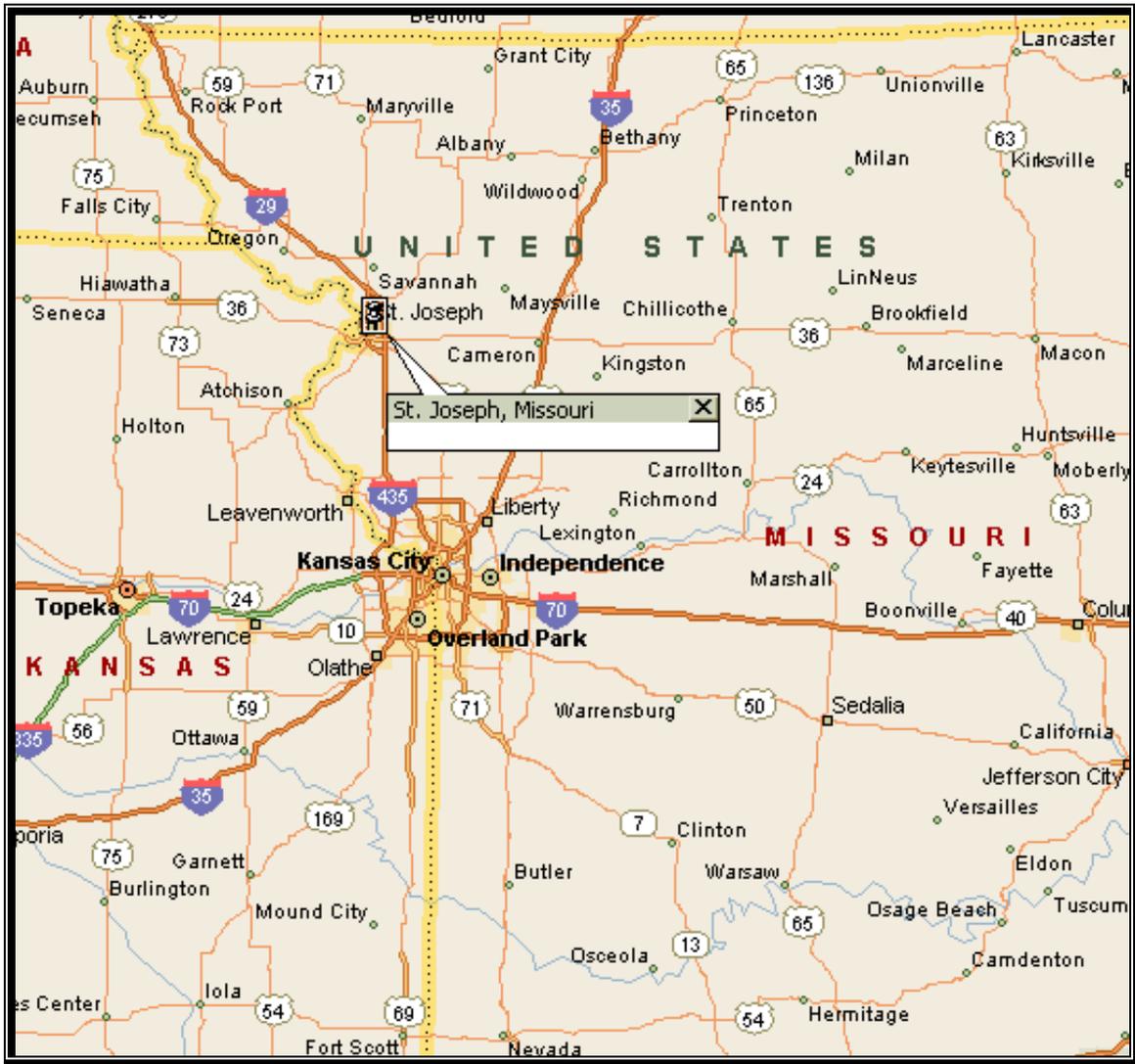
Downtown St. Joseph, Missouri



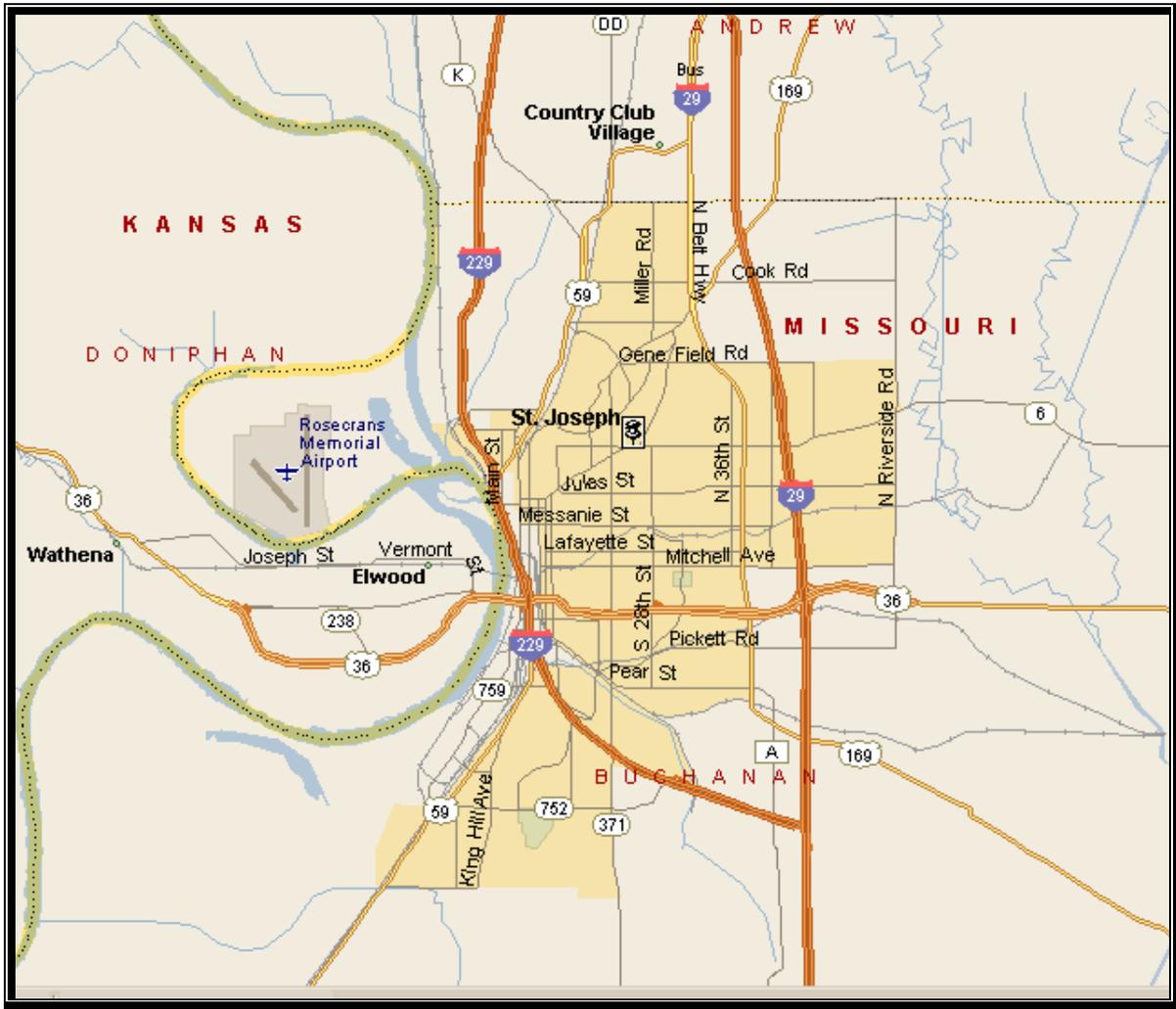
SECTION II

AREA OF STUDY

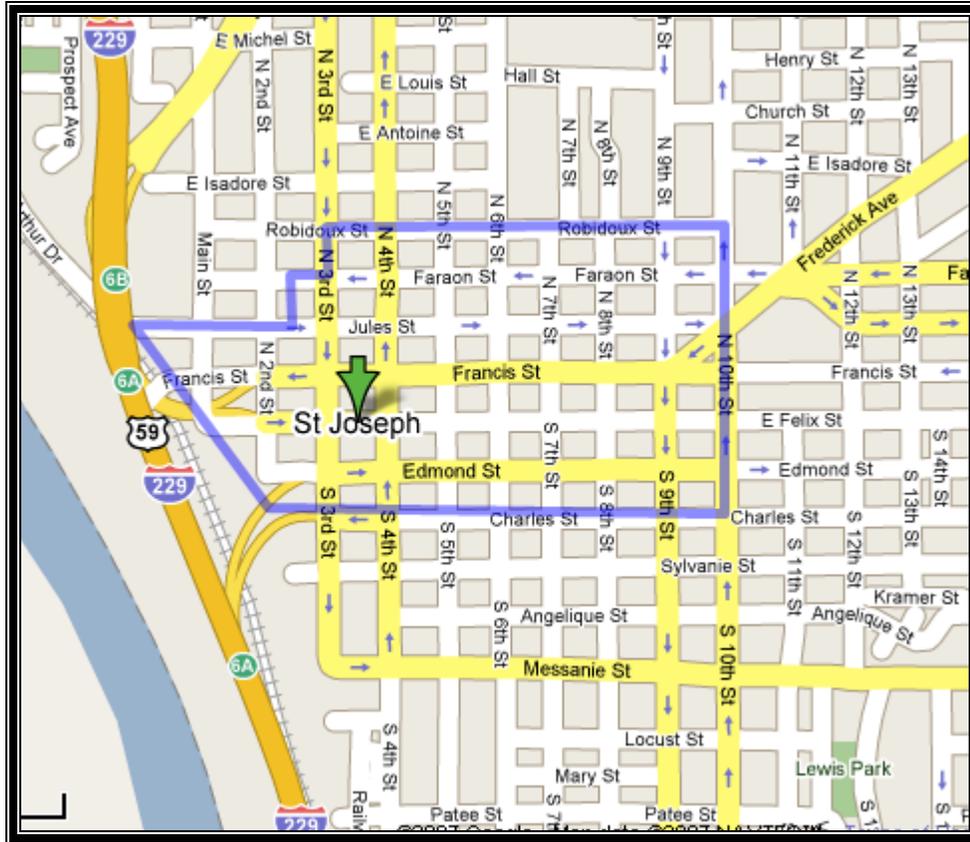
The area of study is a section of the downtown area of St. Joseph, Buchanan County, Missouri. Following is a map of the location of the city.



The following map shows the municipal boundaries of St. Joseph.



The map below highlights the downtown area of St. Joseph and the specific subject of this report.



The downtown area of St. Joseph, Missouri like many downtown areas across the country went through a period of decline, primarily due to urban sprawl. In recent years efforts have been made to revitalize the area, which has many architecturally significant buildings, many of which are underutilized. The area is the employment center of the municipal and county governments and also is the location of several large service oriented companies. The area lacks retail and residential land uses, but efforts are underway to cure those shortfalls by focusing community and financial resources on a revitalization plan which will create a sense of place in the downtown area. Redefining the area as a desirable place to work, live, and to be entertained should increase the 24 hour people presence, increase the tax base of the area, motivate existing property owners to make improvements, and attract new businesses that will continue the economic growth.

This study is intended to provide some indication of the initial residential demand in the downtown area for market rate family, limited income family, senior rental and home ownership that could complement the pioneering revitalization efforts.

EXISTING DOWNTOWN HOUSING

A survey was made of the existing housing options in and around the downtown area of St. Joseph. The survey indicated that there is a variety of housing options including income restricted and non-income restricted rental housing for small families and seniors, and some units that are owned by their occupants (condos). Most of the income restricted rental housing in the area has been recently developed, with many units located in older multi-story commercial buildings that were rehabilitated and transformed to residential use. At least three of the income restricted developments (Lofts at Landmark, Townsend and Wall Lofts, 4th Street Lofts) have helped to jumpstart a Loft style residential rental market in the downtown area.

In terms of non-income restricted rental housing, the Lofts at 415, which is supported with the assistance of Historic Tax CREDIT, is the most significant market rate rental housing project in downtown St. Joseph. All of these newer loft style rental developments enjoyed rapid lease up, have good occupancy, and currently have demand beyond their capacity to serve. The units at the Lofts at 415 can be converted from rental to ownership in a few years and the site manager indicated that some current tenants were motivated to lease based on the opportunity to purchase a unit in the near future.

In addition to the newer loft style rental developments there are quite a few older and smaller rental apartments located in and around the downtown area. The units range in quality and condition from good to poor and in the income range of the tenants served. Most serve low and moderate income households, but some have been designed and marketed to higher income tenants. In all cases where contact was made with the property manager indication was that the market demand is strong. At the present there seems to be more demand than there are quality rental housing units in the downtown market.

Senior housing options exist in the area at a couple of lower income rental developments (Wesley Towers, Chilton Place). These are highrise fully rent subsidized rental developments that were built specifically for elderly tenants, but now must also accept non-elderly disabled tenants. The property manager at these developments indicated that the demand for these units by elderly tenants is not as strong as they would like. The reasons could be the lack of appeal by seniors to live in highrise structures, the condition and quality of the older units/development, or the mixed tenancy. Any additional lower income senior units in the downtown market should be carefully considered due to the soft occupancy at the existing developments and the adverse affect that a newer development could have on the existing developments.

The Fountains at Corby Place is a market rate, non-limited income senior development that is also located in the downtown market. It caters to a higher income level than the previously mentioned lower income developments. The site manager indicated that it has good occupancy and more demand than units. It is full service facility and offers services and amenities that are not offered at many other developments in the community. Similar developments could be feasible and complimentary to the downtown market.

There are a very limited number of units in the downtown market area that are ownership situations. The analyst was able to speak with one of the owners at the Gateway Condos on 7th

and Francis. They indicated that they enjoyed living in the downtown area, believe the area is on the upswing, and anticipate that more people will want to do so in the future. This opinion, coupled with the comments by the manager of the Lofts at 415 - that tenants rented units with the anticipation of purchasing - indicates that there is probably a pent up and growing demand for unit ownership in the downtown area. A large scale development like the proposed Uptown Project on the site of the old Heartland Hospital Campus and the many upper floor areas of underutilized commercial buildings in the downtown area have the potential to serve what appears to be a growing and underserved market.

A significant number of affordable housing rental developments have helped to generate residential momentum in the downtown market area of St. Joseph. Those developments have proved the residential demand in downtown and should help to support the feasibility of creating market rate rental and ownership units for higher income households. The property managers at some of the affordable housing developments indicated that many individuals who had an interest in their units were over income and could not be served.

As previously stated, affordable housing has played an important role in helping the downtown revitalization efforts, and there currently continues to be strong demand for affordable housing units in the downtown market. Unfortunately it has been more difficult to produce non-income restricted market rate housing, which has led to an imbalance in the downtown housing stock that appears to be weighted in favor of affordable housing. Following is a list of existing housing developments in the downtown area. An effort was made to identify all of the housing in the downtown area, but a few units may not be included. The list is considered to be representative of the downtown housing stock.

Of all the non-elderly developments listed 254 are income restricted (<60% AMI) and 210 are open to all incomes. This data may be misleading when you consider that 125 of the non-income restricted units are units of low quality, fair condition, and also appear to serve lower income households. The approximately 85 units remaining appear to be at least of average quality and condition to possibly serve more moderate or upper income households. The role that residential housing will play in the downtown revitalization efforts from this point forward should be weighted more in favor of new housing options that will draw higher income households (especially homeowners). At present there are not enough housing options for higher income households in the downtown area to meet an unmet demand from higher income households that is being underserved. These higher income households have higher levels of discretionary incomes help to support existing and new businesses in the area, which is key to downtown revitalization.

Following is a summary of some of the existing housing options in and near the St. Joseph Downtown Market Area.

Table 1 – Existing Housing Options

Selected Housing Options in the St. Joseph Downtown Market Area								
#	Apartment	Location	Units	Tenancy	Financed	Avg. Rent	Occupancy	Contact
1	Fountains at Corby Place	422 Felix	77	Senior / Mkt	Conv.	\$ 1,850	Good	Chris Burns 816-233-4600
This is a senior independent living apartment community, with meal, housekeeping, transportation and laundry services that is located in the downtown market.								
2	Mertland Apts.	210 N. 8th	65	Family	Conv.	\$ 299	Unk.	Unk. 816-262-2705
This is an older building in the downtown area that has a combination of commercial uses on the first level on Francis and small residential rental units on the upper floors and the rear section of the building that fronts on 8th street. The condition appears to be fair. Occupancy appears to be small limited income households.								
3	Krug Building	724 Francis	4	Family	Conv.	Unk.	Unk.	Unk.
This is an older building in the downtown area that exhibits the great architectural design of many of the older buildings in downtown St. Joseph. The first floor is used for commercial purposes and the upper floors appear to be used for residential purposes. The condition appears to be fair.								
4	Gateway Condos	712-716 Francis	8	Family	Conv.	Owned	Unk.	None
This is an older building in the downtown area that is reported to contain 8 units that are owned by separate owners. It is one of the few condominium developments currently in the downtown market. There is a front entrance, but primary access and parking appear to be at the rear of the building.								

Selected Housing Options in the St. Joseph Downtown Market Area								
#	Apartment	Location	Units	Tenancy	Financed	Avg. Rent	Occupancy	Contact
5	Downtown Apts.	6th and Jules	5	Family	Conv.	Unk.	Unk.	Unk.
This is a small building that was converted from commercial use to rental residential purposes. It appears to be in average condition.								
6	Brittain Richardson Building	224 N. 4th	14	Family	Conv.	\$465-\$545	Good	Tiffany Miller
These are rental residential units on the upper floors of a commercial building. The units appear to be loft style units with high ceilings and large open space. The property manager indicated that interest is strong enough that they maintain a waiting list.								
7	Robidoux Hill Apartments	Near North 5th Street	40	Family	Con.	\$425-\$555	Good	Ellis Cross
This rental development is comprised of several large and architecturally significant single family homes that have been converted to rental units. Unit sizes range from studios to two bedrooms. The contact indicated that the development usually has good demand, but presently has some vacancies.								
8	Commerce Bank Bldg.	7th and Edmond	3	Family	Conv.	Unk.	Unk.	Unk.
This is a commercial building with commercial uses on the first floor and rental residential uses on the second floor. It is reported that the units are upscale rental units.								
9	416 N. 7th Apts.	416 N. 7th	11	Family	Conv.	Unk.	Unk.	Unk.
This is a small rental building in the downtown area that appears to be in average condition.								
10	Chilton Place	8th and Faraon	57	Senior / Sec. 8	HUD	Sec. 8	Fair	Carol Hunt
Demand has been soft for older high-rise senior structures and non-seniors have been allowed in occupancy to fill the units. The soft demand does not seem to be indicative of the senior rental market as a whole, but appears to be more indicative of the lack of appeal seniors have for these types of buildings.								

Selected Housing Options in the St. Joseph Downtown Market Area								
#	Apartment	Location	Units	Tenancy	Financed	Avg. Rent	Occupancy	Contact
11	Wesley Sr. Towers	10th and Francis	110	Senior / Sec. 8	HUD	Sec. 8	Fair	Carol Hunt
								816-233-4250
Demand has been soft for older high-rise senior structures and non-seniors have been allowed in occupancy to fill the units. The soft demand does not seem to be indicative of the senior rental market as a whole, but appears to be more indicative of the lack of appeal seniors have for these types of buildings.								
12	Townsend and	6th and Francis	47	Family	Tax Credit	\$285 to	Good	Lynne Harris
	Wall Lofts						\$395	
Development was rehabbed in 2003-2004 with the Housing Tax Credit Program. Demand is reported to be strong from limited income households and also from non-limited income households that are unable to qualify for the units due to the income limits.								
13	Lofts at Landmark	212 N. 4th	45	Family	Tax Credit	\$355 to	Good	Lynne Harris
							\$395	
Development was rehabbed in 2003-2004 with the Housing Tax Credit Program. Demand is reported to be strong from limited income households and also from non-limited income households that are unable to qualify for the units due to the income limits.								
14	4th Street Lofts	216 N. 4th	24	Family	Tax Credit	\$352 to	Good	Cathy Chavez
							\$441	
Development was rehabbed in 2003-2004 with the Housing Tax Credit Program. Demand is reported to be strong from limited income households and also from non-limited income households that are unable to qualify for the units due to the income limits.								
15	San Regis	10th and Faraon	40	Family	Tax Credit	\$345 to	N/A	Paula Wilhoit
							\$450	
Development is currently being rehabilitated and when finished will be marketed to limited income households.								

Selected Housing Options in the St. Joseph Downtown Market Area								
#	Apartment	Location	Units	Tenancy	Financed	Avg. Rent	Occupancy	Contact
16	Museum Hill Rehab	200-500 block of S. 13th, 14th and 15th	9	Family	Tax Credit	\$ 390	Good	Jean Thuman
Development was rehabbed in 1995-1996 with the Housing Tax Credit Program. This development is located just east of the downtown market area.								
17	Uptown Project	Near 8th and Robidoux	105	Family	Conv.	Owned	N/A	N/A
This is the planned development of 105 condo and townhouse units on a large vacant tract on the north side of the downtown area that was formerly the Heartland Hospital Downtown Campus. This development will be very significant to the downtown revitalization efforts by adding a large residential ownership market in the heart of the downtown area.								
18	Oak Ridge	1201 Angelique	98	Family	Tax Credit	\$435 to \$638	Good	Jean Thuman
Development was built in 2001 with the Housing Tax Credit program. This development is located just east of the downtown market area.								
19	Robidoux School	201 S. 10th	60	Family	Conv.	\$375 to \$525	Fair	Bill Hipsher 402-578-7775
This development was originally renovated in 1988 with Housing Tax Credit as an elderly development, but is now out of the tax credit program and is a family development. It appears to be in fair to poor condition.								
20	Lofts at 415	415 N. 3rd	45	Family / Mkt	Hist Tx Cr	\$780 to \$1,050	Good	Mary DeVan 816-332-2710
This development was financed with historic tax credit and is the only significant market rate rental development the analyst was able to locate in the downtown market area. The site manager indicated that many tenants rented units in anticipation of being able to purchase the units in 5 years when the occupancy requirements associated with the historic tax credit expires.								



Fountains at Corby Place



Mertland Apartments



Krug Building



Gateway Condos



Downtown Apartments



Brittain Richardson Building



Robidoux Hill Apartments



Commerce Bank Building



416 N. 7th Street



Chilton Place



Wesley Towers



Townsend and Wall Apartments



Lofts at Landmark



4th Street Lofts



San Regis Apartments



Museum Hill Rehab



Uptown Project Site



Oak Ridge Apartments



Robidoux School Apartments



Lofts at 415

SECTION III

DEMOGRAPHIC AND HOUSING STATISTICS

In this section of the report is population, household, income, and housing demographic data in the market area of St. Joseph, Missouri. The following information was obtained from the United States Census Bureau, U.S. Department of Agriculture, the St. Joseph Regional Association of Realtors, and several national proprietary data providers, including Applied Geographic Solutions, and Claritas.

Table 2 -- Total Population

The table illustrates total population in St. Joseph from 1990 through 2011.

Total Population - St. Joseph						
Year	St. Joseph	Annual Change %	Buchanan County	Annual Change %	Missouri	Annual Change %
1990	71,673		83,083		5,117,083	
2000	73,990	0.3%	85,998	0.4%	5,595,211	0.9%
2006	71,186	-0.6%	83,992	-0.4%	5,828,639	0.7%
2011	68,979	-0.6%	82,296	-0.4%	6,013,950	0.6%

Source: Applied Geographic Solutions, MHDC

The population of St. Joseph increased very slightly between 1990 and 2000 and is projected to decline slightly from 2000 through 2011. That pattern of growth and decline closely mirrors the population change for Buchanan County and differs from the state, which has had a small, but steady growth in population.

Table 3 -- Population by Age

The table illustrates population by age in St. Joseph from 1990 through 2011.

Population By Age Group - St. Joseph								
Age Cohort	1990	Percent	2000	Percent	2006	Percent	2011	Percent
0-19	28,499	36%	19,366	27%	21,198	29%	20,391	28%
20-24	4,988	6%	6,065	8%	5,743	8%	5,106	7%
25-34	11,361	14%	9,916	14%	10,034	14%	10,287	14%
35-54	16,025	20%	20,269	28%	19,442	26%	18,259	25%
55-64	6,466	8%	6,025	8%	6,907	9%	7,742	11%
65-74	6,356	8%	5,326	7%	4,870	7%	5,135	7%
75-84	4,275	5%	4,308	6%	3,881	5%	3,537	5%
85+	1,597	2%	1,728	2%	1,944	3%	1,800	2%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that the largest age cohorts in the community are 0-19 years of age and 35-54 years of age. These age groups are expected to remain the largest through 2011.

Table 4 -- Median Age of Population

The table illustrates the median age in St. Joseph from 1990 through 2011.

Total Population Median Age - St. Joseph	
Year	Median Age
1990	34.0
2000	35.6
2006	36.6
2011	37.2

Source: Applied Geographic Solutions, MHDC

The preceding table illustrates that the population of the community on average is getting older. This is typical of most communities in the Midwest.

Table 5-- Population by Gender

The table below illustrates population by gender in St. Joseph from 1990 through 2011.

Population By Gender - St. Joseph								
Gender	1990	Percent	2000	Percent	2006	Percent	2011	Percent
Male	33,629	47%	36,192	49%	35,083	49%	34,201	50%
Female	38,044	53%	37,798	51%	36,102	51%	34,778	50%

Source: Applied Geographic Solutions, MHDC

The previous table illustrates that the past population gender distribution that included a majority of females is expected to change to a more balanced distribution by 2011.

Table 6 -- Total Households

The table below illustrates total households in St. Joseph from 1990 through 2011.

Total Households - St. Joseph		
Year	Population	Annual Change
1990	28,359	-
2000	29,026	0.2%
2006	29,608	0.3%
2011	29,854	0.2%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that since 1990 the trend in St. Joseph has been an increase in the number of households and that trend is expected to continue through 2011.

Table 7 -- Average Household Size

The table below illustrates average household size in St. Joseph from 1990 through 2011.

Average Household Size - St. Joseph	
Year	Average
1990	2.44
2000	2.39
2006	2.24
2011	2.15

Source: Applied Geographic Solutions, MHDC

Average household size is a statistical average calculated by dividing the number of persons living in households by the number of households (which is the same as occupied housing units). The previous table illustrates that the average size of households in the city has been on a decline since 2000 and is projected to continue through 2011.

Table 8 -- Households by Size

The table below illustrates households by size in St. Joseph from 1990 through 2011.

Households By Size - St. Joseph								
Household Size	1990		2000		2006		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 Person	8,239	29.1%	8,816	30.4%	9,712	32.8%	10,009	33.5%
2 Persons	9,175	32.4%	9,670	33.3%	10,467	35.4%	10,846	36.3%
3 Persons	4,624	16.3%	4,530	15.6%	4,635	15.7%	4,777	16.0%
4 Persons	3,890	13.7%	3,624	12.5%	2,899	9.8%	2,663	8.9%
5 Persons	1,666	5.9%	1,592	5.5%	1,268	4.3%	1,170	3.9%
6 Persons	508	1.8%	553	1.9%	414	1.4%	387	1.3%
7+ Persons	255	0.9%	237	0.8%	212	0.7%	2	0.0%
Total	28,357	100%	29,022	100%	29,607	100%	29,854	100%

Source: Applied Geographic Solutions, MHDC

The table shows that in St. Joseph the trend in household size is towards smaller households. In 2000 approximately 79% of all households in the community had 3 persons or less. In 2011 that percentage is expected to increase to 86%.

Table 9-- Households by Tenure Patterns

The table below illustrates households by tenure pattern in St. Joseph from 1990 through 2011.

Tenure Patterns By Households - St. Joseph				
Year	Owner Occupied Units		Renter Occupied Units	
	Number	Percent	Number	Percent
1990	18,702	66%	9,656	34%
2000	18,874	65%	10,152	35%
2006	19,367	65%	10,241	35%
2011	19,603	66%	10,251	34%

Source: Applied Geographic Solutions, MHDC

The above table illustrates that the tenure patterns of the community seem to be very stable. Future tenure patterns can differ from projected trends based on an unanticipated level of housing production skewed either towards single or multifamily.

Table 10 -- Tenure by Household Size (Owner)

The table below illustrates owner by household size in St. Joseph from 1990 through 2000.

Tenure by Household Size - St. Joseph					
Owner Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	4,319	23.1%	4,664	24.8%	8.0%
2 Persons	6,903	36.9%	7,045	37.5%	2.1%
3 Persons	3,139	16.8%	3,010	16.0%	-4.1%
4 Persons	2,739	14.6%	2,468	13.1%	-9.9%
5 Persons	1,096	5.9%	1,115	5.9%	1.7%
6 Persons	352	1.9%	305	1.6%	-13.4%
7+ Persons	150	0.8%	162	0.9%	8.0%

Source: Applied Geographic Solutions, MHDC

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

Table 11 -- Tenure by Household Size (Renter)

The table below illustrates renter by household size in St. Joseph from 1990 through 2000.

Tenure by Household Size - St. Joseph					
Renter Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	3,946	40.8%	4,176	41.2%	5.8%
2 Persons	2,289	23.7%	2,640	26.0%	15.3%
3 Persons	1,498	15.5%	1,498	14.8%	0.0%
4 Persons	1,145	11.8%	1,137	11.2%	-0.7%
5 Persons	574	5.9%	460	4.5%	-19.9%
6 Persons	220	2.3%	233	2.3%	5.9%
7+ Persons	41	0%	71	1%	73%

Source: Applied Geographic Solutions, MHDC

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

Table 12 -- Tenure by Age of Householder (Owner)

The tables below illustrate tenure by age of householder in St. Joseph from 1990 through 2000.

Tenure by Age of Householder - St. Joseph					
Owner Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
<25	265	1.4%	447	2.4%	68.7%
25-34	2,685	14.4%	2,281	12.2%	-15.0%
35-44	3,462	18.5%	3,949	21.0%	14.1%
45-54	2,756	14.7%	3,653	19.5%	32.5%
55-64	3,395	18.2%	2,878	15.3%	-15.2%
65-74	3,424	18.3%	2,692	14.3%	-21.4%
75+	2,711	14.5%	2,869	15.3%	5.8%

Source: Applied Geographic Solutions, MHDC

The above table shows that the community has a fair distribution of homeowners at all ages above 25 years old. Between 1990 and 2000 the age cohort 25-34 declined by 2%. This indicates that there has been a decline in young family owner households.

Table 13 -- Tenure by Age of Householder (Renter)

Tenure by Age of Householder - St. Joseph					
Renter Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
<25	1,423	14.7%	1,812	17.7%	27.3%
25-34	3,195	32.9%	2,495	24.4%	-21.9%
35-44	1,722	17.7%	1,954	19.1%	13.5%
45-54	776	8.0%	1,366	13.4%	76.0%
55-64	580	6.0%	771	7.5%	32.9%
65-74	864	8.9%	666	6.5%	-22.9%
75+	1,153	11.9%	1,151	11.3%	-0.2%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that in St. Joseph most renter households are 54 years of age or less, with the largest concentration being 25 to 54 years old.

Table 14 -- Households by Income Distribution

The table below illustrates households by income distribution in St. Joseph from 1990 through 2011.

Household Income Distribution - St. Joseph								
Income Cohort	1990		2000		2006		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< than \$10,000	6,453	22.8%	3,478	12.0%	3,253	11.0%	3,124	10.5%
\$10,000-\$14,999	3,259	11.5%	2,526	8.7%	2,115	7.1%	1,901	6.4%
\$15,000-\$19,999	2,943	10.4%	2,393	8.2%	2,099	7.1%	1,931	6.5%
\$20,000-\$24,999	2,875	10.1%	2,514	8.7%	2,263	7.6%	2,169	7.3%
\$25,000-\$29,999	2,666	9.4%	2,335	8.0%	2,180	7.4%	2,227	7.5%
\$30,000-\$34,999	2,210	7.8%	2,054	7.1%	2,124	7.2%	2,120	7.1%
\$35,000-\$39,999	1,723	6.1%	1,928	6.6%	1,847	6.2%	1,411	4.7%
\$40,000-\$49,999	2,737	9.7%	3,138	10.8%	3,092	10.4%	3,176	10.6%
\$50,000-\$59,999	1,470	5.2%	2,778	9.6%	2,643	8.9%	2,541	8.5%
\$60,000-\$74,999	959	3.4%	2,465	8.5%	3,122	10.5%	3,239	10.8%
\$75,000-\$99,999	582	2.1%	1,965	6.8%	2,550	8.6%	3,001	10.1%
\$100,000 +	474	1.7%	1,453	5.0%	2,317	7.8%	3,016	10.1%
Total	28,351	100%	29,027	100%	29,605	100%	29,856	100%

Source: Applied Geographic Solutions, MHDC

The table above indicates that there is a wide distribution of households at various income levels in St. Joseph. Between 2000 and 2011 the income levels of \$75,000+ is estimated and projected to continue an upward trend. The number of households with income of \$100,000 is projected to increase by more than 100% between 2000 and 2011.

Table 15 -- Cost Burdened Households

The table below illustrates the percentage of cost burdened households in St. Joseph as of the last census (2000). A household is considered severely rent burdened if their total housing cost (rent, mortgage, maintenance, insurance, taxes and utilities) exceeds 50% of their income.

Cost Burdened Households (2000) - St. Joseph			
	Renter	Owner	Renter & Owner
Total	10,205	18,748	28,953
Cost Burdened >30%	33.3%	13.0%	20%
Severely Cost Burdened >50%	15.5%	4.9%	9%
Elderly 1 & 2 Persons	1865	5989	7,854
Cost Burdened >30%	44.3%	14.3%	21%
Severely Cost Burdened >50%	21.1%	5.2%	9%
Single Person Non-Elderly	3726	2452	6,178
Cost Burdened >30%	34.8%	19.9%	29%
Severely Cost Burdened >50%	16.7%	8.3%	13%
Small Fam 2-4 Persons	3889	8,736	12,625
Cost Burdened >30%	28.9%	10.4%	16%
Severely Cost Burdened >50%	12.7%	4.0%	7%
Large Fam 5+ Persons	725	1571	2,296
Cost Burdened >30%	20.3%	11.3%	14%
Severely Cost Burdened >50%	10.1%	3.1%	5%

Source: 2000 Chas Data

The table indicates that almost 16% of all renter households in St. Joseph are severely cost burdened and that only a small percentage of homeowners are severely cost burdened. The most severely cost burdened renter group appears to be elderly renter households.

Table 16 -- Units in Structure

The table below illustrates the percentage of residential units in structures in St. Joseph as of the last census (2000).

Units in Structure (2000) - St. Joseph		
Type	Number	Percentage
1, detached	22,275	67.3%
1, attached	967	3.0%
2	2,124	6.7%
3 or 4	1,538	4.9%
5 to 9	1,446	4.6%
10 to 19	1,053	3.3%
20 or more	1,245	7.2%
Mobile home	1,052	3.3%
Total	31,700	103%

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in St. Joseph 67% of the residential structures were detached single family units. The balance of the structures was spread across the other residential construction types, including 3.3% mobile homes.

Table 17 -- Year Structure Built

The table below illustrates the timeframe in which residential structures were built in St. Joseph as of the last census (2000).

Year Structure Built (2000) - St. Joseph		
Year	Number	Percentage
1999 to March 2000	323	1.0%
1995 to 1998	1,041	3.3%
1990 to 1994	1,016	3.2%
1980 to 1989	2,021	6.4%
1970 to 1979	4,630	14.6%
1960 to 1969	4,259	13.4%
1940 to 1959	7,302	23.0%
1939 or earlier	11,115	35.1%

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in St. Joseph about 92.4% of the residential structures were built prior to 1990.

Table 18 -- Percentage of Monthly Owner Housing Cost

The table below illustrates the percentage of monthly owner housing cost in St. Joseph as of the last census (2000).

% of Monthly Owner Housing Cost (2000) - St. Joseph	
Status	Percentage
Less than 15 percent	51.4%
15 to 19 percent	17.0%
20 to 24 percent	11.6%
25 to 29 percent	5.9%
30 to 34 percent	3.3%
35 percent or more	9.9%
Not computed	0.8%

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in St. Joseph 68% of all owner occupied housing units had a monthly housing cost (mortgage payment, taxes, and insurance) of 19% or less of their total income.

Table 19 -- Gross Rent

The table below illustrates the gross rent for residential rental units in St. Joseph as of the last census (2000).

Gross Rent (2000) - St. Joseph		
Rent	Number	Percentage
Units	10,205	100%
Less than \$200	721	7.1%
\$200 to \$299	1,015	9.9%
\$300 to \$499	4,637	45.4%
\$500 to \$749	2,687	26.3%
\$750 to \$999	433	4.2%
\$1,000 to \$1,499	126	1.2%
\$1,500 or more	119	1.2%
No cash rent	467	4.6%
Median (dollars)	\$ 435	

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in St. Joseph 55% of rental units had a gross rent of \$300 to \$500 and 84% had a gross rent of \$500 or less.

Table 20 -- Gross Rent as a Percentage of Monthly Housing Cost

The table below illustrates the gross rent as a percentage of monthly housing cost in St. Joseph as of the last census (2000).

Gross Rent as % of Monthly Renter Housing Cost (2000) - St. Joseph	
Status	Percentage
Less than 15 percent	20.2%
15 to 19 percent	15.6%
20 to 24 percent	13.9%
25 to 29 percent	9.4%
30 to 34 percent	7.2%
35 percent or more	27.8%
Not computed	5.9%

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in St. Joseph the majority of units had a gross rent of less than 30% of their income.

Table 21 -- Building Permits

The table below illustrates the number of residential housing permits issued in St. Joseph between 2002 and 2006.

Building Permits - St. Joseph Metro				
Units in Bldg.	Units			
	2006	2005	2004	2003
1	181	229	206	247
2	32	28	26	14
3 to 4	0	0	0	3
5+	15	40	107	40
Total	228	297	339	304

Source: U.S. Census Bureau

The preceding table shows that in St. Joseph housing permits have been issued for an average of 292 housing units between 2003 and 2006.

Table 22 -- Multiple Listing Service Sales Statistics

Real Estate Sales Statistics – Buchanan County				
Year	Residential Detached		Residential Attached	
	Number	Avg. Price	Number	Avg. Price
2002	948	\$94,205	35	\$118,767
2003	984	\$100,990	33	\$128,927
% Change	4%	7%	-6%	9%
2004	1,068	\$112,705	34	\$136,879
% Change	9%	12%	3%	6%
2005	988	\$111,949	44	\$144,223
% Change	-7%	-1%	29%	5%
2006	1,025	\$109,966	32	\$160,517
% Change	4%	-2%	-27%	11%

Source: St. Joseph Regional Association of Realtors

The preceding real estate sales information was obtained from the St. Joseph Regional Association of Realtors. The multiple listing statistics indicate that over the last five years Buchanan County has averaged approximately 1,000 real estate sales of single family homes. Over this period the high point for single family sales was in 2004. During that period Buchanan County averaged approximately 36 real estate sales of attached residential units (townhouses/condos/lofts).

Sales prices for single family homes in the Buchanan County market have increased annually by approximately 4% over the last 5 years. From 2002 to 2006 the average sales price of single family homes increased by a total of approximately 17%.

Sales prices for attached residential units in the Buchanan County market have increased annually by approximately 8.8% over the last 5 years. From 2002 to 2006 the average sales price of attached residential units increased by a total of approximately 35%.

While the average sales price of attached residential units have shown a steady increase the average sales price of detached single family homes has declined over the last two years. The decline could be due to a readjustment in the market after a spike in prices and values brought about by an overactive market that was fueled by very low interest rates and an abundance of creative financing options.

SECTION IV

EMPLOYMENT AND ECONOMY

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 commuter patterns, and 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 St. Joseph, Missouri Chamber of Commerce.

LOCAL AREA EMPLOYMENT

Table 23 -- State of Missouri – Unemployment Rate

Unemployment Rate - State of Missouri	
2001	4.5%
2002	5.2%
2003	5.6%
2004	5.8%
2005	5.4%

Source: MERIC

Table 24 -- Buchanan County – Labor Force/Employment/Unemployment

Local Area Employment - Buchanan County				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	43,818	41,661	2,157	4.9%
2002	43,912	41,454	2,458	5.6%
2003	44,775	42,210	2,565	5.7%
2004	45,803	43,014	2,789	6.1%
2005	46,008	43,310	2,698	5.9%

Source: Department of Economic Development

Table 25 -- St. Joseph – Labor Force/Employment/Unemployment

Local Area Employment - St. Joseph				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	36,998	35,070	1,928	5.2%
2002	37,093	34,896	2,197	5.9%
2003	37,825	35,533	2,292	6.1%
2004	38,702	36,209	2,493	6.4%
2005	38,870	36,459	2,411	6.2%

Source: Department of Economic Development

The preceding tables indicate that unemployment rates in Missouri began to increase in 2002 and continued to increase until 2005. The unemployment rates of Buchanan County and St. Joseph followed a similar pattern. The level of unemployment for Buchanan County has historically been slightly higher than the state, and the unemployment rates for St. Joseph have historically been higher than the county and state.

Table 26 -- St. Joseph Area Major Employers

Major Employers - St. Joseph Area		
Employers	Type of Business	Employees
Heartland Health	Health Services	2,900
Public School District	Education	1,650
American Family Insurance	Insurance	841
Altec Industries	Utility Equipment	840
City of St. Joseph	Government	655
Boehringer Ingelheim, etc.	Animal Pharmaceuticals	607
Western Diag. and Corr. Ctr.	Corrections	590
Systems and Services	Loan Servicing	584
Johnson Controls	Automotive	554
Missouri Western State Univ.	Education	550
Sara Lee	Meat	540
Wal-Mart	Retail	509
MODot	Government	420

Source: St. Joseph Missouri Chamber of Commerce

Table 27 -- Area Employment by Category

The following table shows the dispersion of employees by industry within St. Joseph.

<u>City of St. Joseph Area Employment by Category</u>	2003		2002	
	Count	Share	Count	Share
Total Employers	2,142		202	
* All Jobs	41,641	100.00%	40,599	100.00%
* All Jobs (Private Sector Only)	32,638	78.4%	31,565	77.70%
<u>Jobs by Worker Age</u>	2003		2002	
	Count	Share	Count	Share
* Age 30 or younger	10,461	32.10%	9,944	31.50%
* Age 31 to 54	17,964	55.00%	17,584	55.70%
* Age 55 or older	4,213	12.90%	4,037	12.80%
<u>Jobs by Earnings Paid</u>	2003		2002	
	Count	Share	Count	Share
* \$1,200 per month or less	12,153	37.20%	11,937	37.80%
* \$1,201 to \$3,400 per month	14,703	45.00%	14,294	45.30%
* More then \$3,400 per month	5,782	17.70%	5,334	16.90%
<u>Jobs by Industry Type (2-digit NAICS)</u>	2003		2002	
	Count	Share	Count	Share
* Agriculture, Forestry, Fishing and Hunting	119	0.40%	121	0.40%
* Mining	11	0.00%	11	0.00%
* Utilities	110	0.30%	103	0.30%
* Construction	1,815	5.60%	1,777	5.60%
* Manufacturing	5,279	16.20%	5,845	18.50%
* Wholesale Trade	2,849	8.70%	1,988	6.30%
* Retail Trade	4,449	13.60%	4,402	13.90%
* Transportation and Warehousing	975	3.00%	960	3.00%
* Information	622	1.90%	624	2.00%
* Finance and Insurance	2,327	7.10%	1,923	6.10%
* Real Estate and Rental and Leasing	521	1.60%	616	2.00%
* Professional, Scientific, and Tech. Services	850	2.60%	704	2.20%
* Management of Companies and Enterprises	198	0.60%	34	0.10%
* Administration & Support, Waste Mgmt. and Remediation	2,894	8.90%	2,914	9.20%
* Educational Services	100	0.30%	113	0.40%
* Health Care and Social Assistance	4,061	12.40%	4,106	13.00%
* Arts, Entertainment, and Recreation	636	1.90%	710	2.20%
* Accommodation and Food Services	3,493	10.70%	3,330	10.50%
* Other Services (excluding Public Administration)	1,329	4.10%	1,284	4.10%
* Public Administration	0	0.00%	0	0.00%

Data Source: Department of Economic Development and US Census Bureau

The table above is the latest data that could be obtained at the city level and indicates that other major sectors of employment in addition to manufacturing is retail, healthcare, and accommodation and food services.

Table 28 -- Area Employment by Category

Average Annual Earnings By Industry - Buchanan County					
NAICS	Industry Jobs	Earnings (\$)			
		2001	2002	2003	2004
11	Agriculture, Forestry, Fishing and Hunting	35,475	36,006	37,689	40,059
21	Mining	53,940	55,809	59,709	63,546
22	Utilities	54,600	61,491	53,895	53,091
23	Construction	39,531	41,076	42,015	42,285
31-33	Manufacturing	38,724	40,929	39,978	41,442
42	Wholesale Trade	40,509	40,191	38,460	40,872
44-45	Retail Trade	19,833	19,713	20,469	20,739
48-49	Transportation and Warehousing	28,596	28,863	28,446	29,313
51	Information	31,743	33,951	32,559	33,003
52	Finance and Insurance	38,889	39,798	41,382	43,293
53	Real Estate and Rental and Leasing	21,729	22,362	22,365	21,690
54	Professional, Scientific, and Technical Services	33,363	32,985	43,212	41,802
55	Management of Companies and Enterprises	64,518	25,860	33,939	36,588
56	Admin. & Support, Waste Mgmt. and Remediation	16,569	17,913	19,605	20,661
61	Educational Services	25,209	25,611	25,695	25,533
62	Health Care and Social Assistance	33,765	34,902	36,597	37,563
71	Arts, Entertainment, and Recreation	19,872	19,005	21,243	21,321
72	Accommodation and Food Services	11,544	11,742	12,099	12,513
81	Other Services (excluding Public Administration)	18,168	18,060	17,934	18,339
92	Public Administration	28,959	30,702	30,903	31,584

Source: Missouri Department of Economic Development

The table above indicates that the average annual earnings for the job sectors that comprise the largest share of the economy of St. Joseph (manufacturing, retail, healthcare, accommodation and food services) were within a range from approximately \$12,500 to \$41,000 in 2004. Employees in the manufacturing industry were the highest paid of the four dominant industries.

SECTION V

REVIEW OF PREVIOUS HOUSING MARKET STUDIES

The following reports were reviewed with a focus on housing related issues that could complement the downtown redevelopment efforts. Significant points in the reports are noted in bullet form.

*Downtown Master Plan
St. Joseph, Missouri
Prepared By LDR International, Inc.
August 2001*

- Hall Street and Museum Hill Historic Districts are historic residential neighborhoods that are adjacent to downtown, which provide immediate value to the downtown through their quality and proximity.
- Heartland Hospital site would be ideal for housing. The boundaries are Church Street on the north, Faraon Street to the south, 7th Street to the west, and 9th street to the east.
- The renovation of underutilized buildings for residential use (lofts) would help increase the number of people in the downtown area throughout the 24 hour period.
- The city should support tax incentives, give assistance with acquisition costs, building code amendments, and all other economic incentives that encourage and foster further residential development.

*The City of St. Joseph Downtown Precise Plan
Prepared By James Holley
December 2001*

- The plan encourages a mix of uses in the downtown area to add diversity, including the establishment of a residential neighborhood.
- The boundaries of the plan are 10th street to the east, Missouri River to the west, Charles Street to the South and Robidoux Street to the north.
- Enhance the role of Francis, Felix, and Edmond Streets by encouraging building rehabilitation and infill development along the length of the streets.
- Encourage the development of residential uses as a means of creating an active downtown neighborhood with an attractive day and nighttime environment.
- Focus residential development in the upper levels of buildings within the core downtown commercial area, and at street level and above in the transition areas between the existing traditional residential neighborhoods and the core downtown commercial area.

- Mixed use buildings with retail, office and residential uses are strongly encouraged on Felix Street, between 4th and 8th street.

*City of St. Joseph Land Use Plan 2004 – 2024
Prepared By City of St. Joseph*

- Page 8 of 26 contains a section of “Recommended Strategies” that lists specific housing and residential development strategies to be pursued.

*St. Joseph Revitalization Analysis: MeadWestvaco Reuse & Downtown Retail/Entertainment Strategies
Prepared By E.D. Hovee & Company, LLC
February 2007*

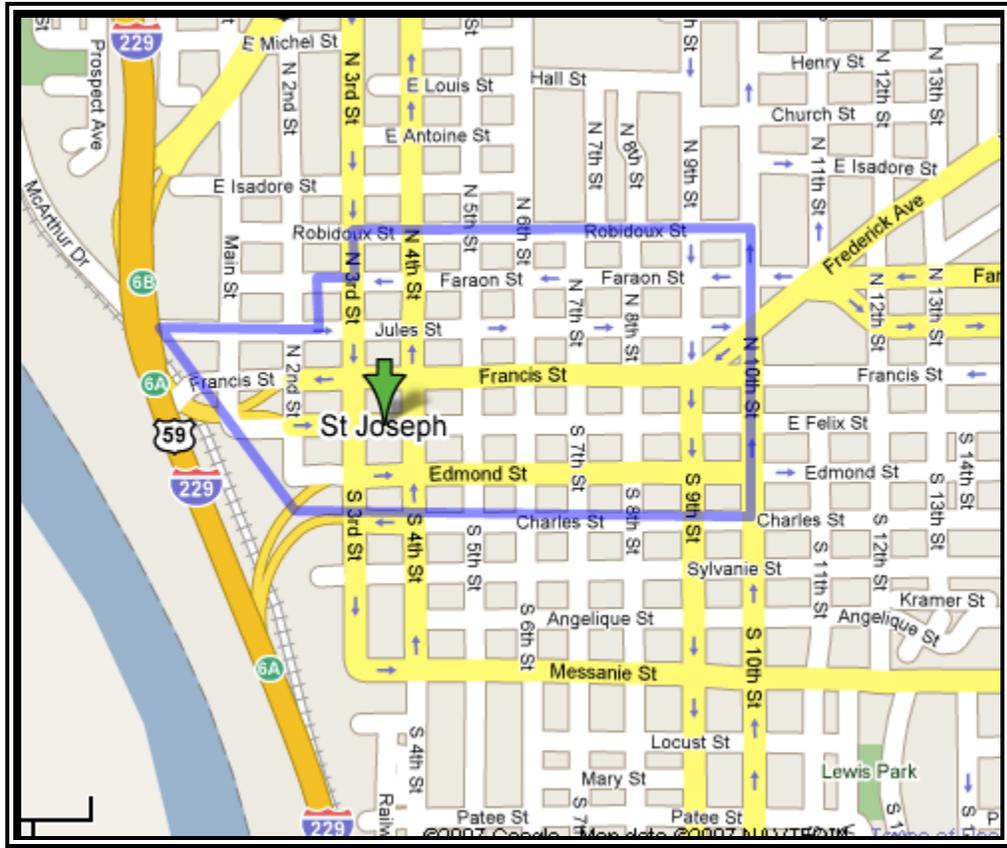
- MeadWestvaco building was a paper manufacturing plant that closed. Plans are to reuse the building for loft housing of approximately 230 units.
- Loft housing has proven to be remarkably successful for downtown areas.
- Kansas City is in the early to mid-stages of a massive transformation which involves the conversion of old warehousing space to loft space and young professionals are proving to be the lifeblood of the activity. Amenities of importance include views of the Missouri River and downtown, private secured parking and spacious bathrooms and kitchens. Units are built to meet the needs of diverse market segments-including single professionals, dual income households with and without children, and wealthy empty nesters. Another component of the market involves migration of people from rural and small town environments attracted to the urban amenities of Kansas City. The surge in activity was “catalyzed” by a 2002 housing study that contained the results of a survey that indicated that 25-30% of downtown employees were very or somewhat likely to move downtown.
- St. Joseph has experienced considerable success in recent years with the conversion of old buildings to loft housing. The conversion is occurring both in the downtown and in some non-downtown neighborhood areas.
- The St. Joseph Downtown Partnership indicated that as of March 2006, five downtown loft projects have generated an added 179 units of housing downtown. Of the 179 units, 117 are income restricted and 62 are market rate units. To date all of the units has been rental units. The 62 market rate units could be available for sale after the 5 year historic credit occupancy requirements are satisfied. The market rate units rent in a range of \$0.60 to just under \$1.00 per square foot and range in size from 850 to 1,600 square feet. The subsidized units rent in a range of \$0.35 to \$0.45 and range in size from 800 to 1,200 square feet.
- Other downtown area housing projects that are planned or under construction are listed in the report.

- Overall in the larger multi-family rental market, St. Joseph area market rate rents are in a range from \$0.50 to \$1.00.
- Condos represent a very small portion of the St. Joseph market. Purchase prices range from \$40,000 to \$300,000.
- A cautionary note by a contact person in the market was that the large number of units at the MeadWestvaco building development could have an adverse impact on the existing rental market.

SECTION VI

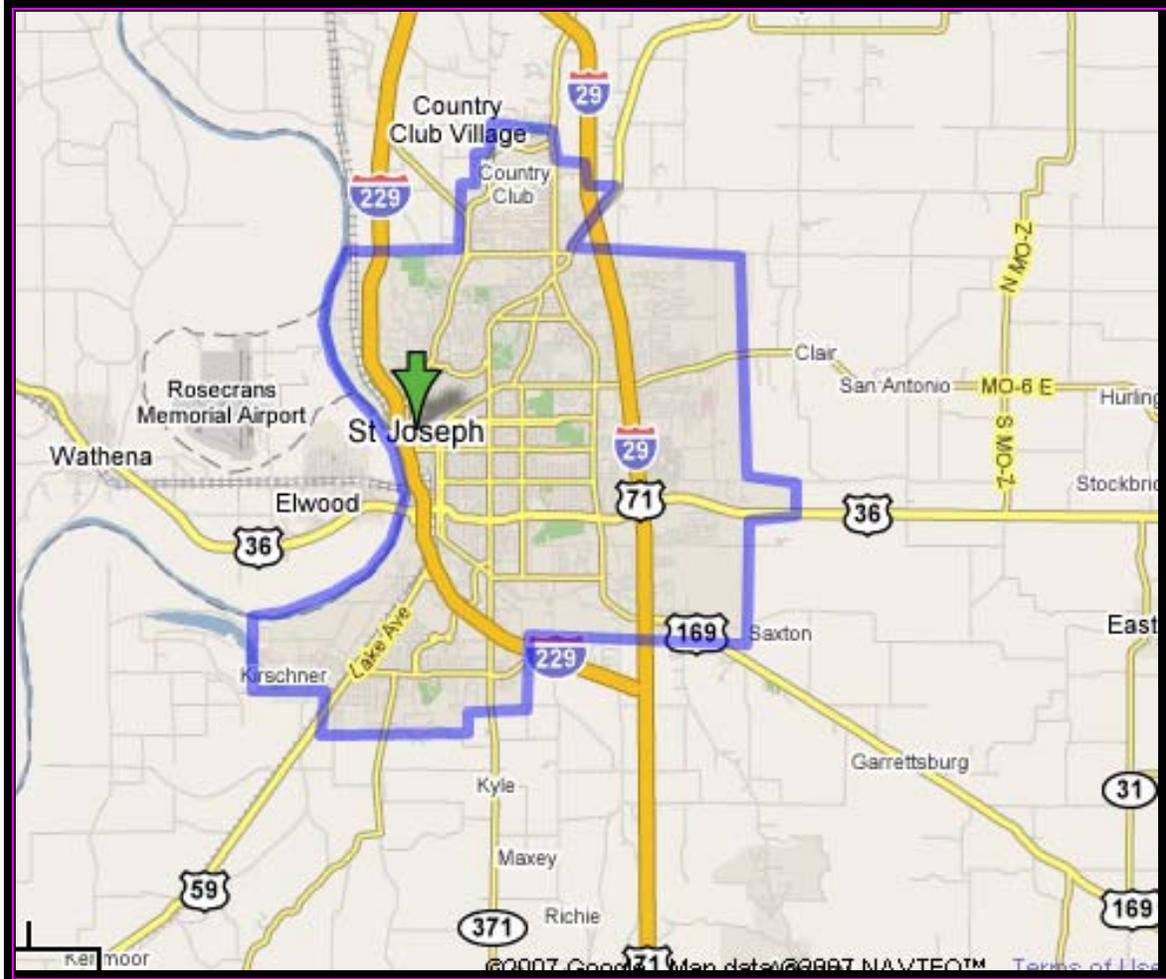
IDENTIFICATION OF DOWNTOWN, CITY, AND PRIMARY MARKET AREAS

St. Joseph Downtown Market Area (DMA) – This is the redevelopment area of downtown St. Joseph that has been identified by the city and is the subject of this report.



This area is bounded on the north by Robidoux Street, on the south by Charles Street, on the east by 10th street, and on the west by the Interstate.

St. Joseph City Market Area (CMA) – This area is generally the city limits of St. Joseph and is the larger market that contains the smaller downtown market area.



Although net migration is very helpful in understanding the market's historic ability to attract or retain households compared to other locations, it is those households likely to move into the market (gross in-migration) that represents the market's external market potential.

The gross in-migration data for Buchanan County shows that the strongest demand from households moving into the county are from Andrew County. Annually close to 20% of the in-migration into Buchanan County comes from Andrew County to the north. Another 20% comes from the combined counties of Jackson, Platte, and Clay Counties in Missouri and Doniphan County in Kansas. Between 2002 and 2005 Buchanan County had an in-migration of around 7,300 households, and an out-migration of around 7,900 households, which resulted in a net loss for the county of approximately 600 households.

Buchanan County for the last few years was losing population to Andrew County, but that trend changed in 2005 when Buchanan County showed a positive net migration number with Andrew County. The migration data indicates that Buchanan County's net migration numbers for Jackson, Platte, and Clay Counties are negative, but are positive for Doniphan County, Kansas.

Table 29 -- Buchanan County In-Migration

Gross Annual Household In-Migration								
Buchanan County, Missouri								
County of Origin	2002		2003		2004		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	1,835	100%	1,820	100%	1,783	100%	1,848	100%
Total In-Migration Same State	1,091	59%	1,127	62%	1,106	62%	1,098	59%
Total In-Migration Out of State	744	41%	693	38%	677	38%	750	41%
Andrew County, Mo	354	19%	343	19%	366	21%	335	18%
Jackson County, Mo	99	5%	86	5%	88	5%	101	5%
Platte County, Mo	98	5%	109	6%	96	5%	77	4%
Clay County, Mo	83	5%	85	5%	80	4%	81	4%
Doniphan County, Ks	75	4%	71	4%	78	4%	84	5%
Clinton County, Mo	51	3%	74	4%	56	3%	62	3%
De Kalb County, Mo	47	3%	59	3%	60	3%	71	4%
Atchison County, Ks	38	2%	24	1%	43	2%	28	2%
Nodaway County, Mo	36	2%	51	3%	44	2%	44	2%
All Other Counties	954	52%	918	50%	872	47%	965	52%

Source: Internal Revenue Service

Table 30 -- Buchanan County Out-Migration

Gross Annual Household Out-Migration								
Buchanan County, Missouri								
Destination County	2002		2003		2004		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	2,064	100%	1,913	100%	1,982	100%	1,935	100%
Total Out-Migration Same State	1,254	61%	1,163	61%	1,240	63%	1,171	61%
Total Out-Migration Out of State	810	39%	750	39%	742	37%	764	39%
Andrew County, Mo	403	20%	362	19%	405	20%	316	16%
Jackson County, Mo	125	6%	107	6%	105	5%	119	6%
Platte County, Mo	136	7%	140	7%	148	7%	138	7%
Clay County, Mo	134	6%	117	6%	116	6%	128	7%
Doniphan County, Ks	61	3%	76	4%	61	3%	61	3%
Clinton County, Mo	49	2%	50	3%	37	2%	43	2%
De Kalb County, Mo	56	3%	55	3%	71	4%	73	4%
Atchison County, Ks	35	2%	32	2%	20	1%	35	2%
Nodaway County, Mo	35	2%	25	1%	43	2%	38	2%
All Other Counties	1,030	50%	949	50%	976	49%	984	51%

Source: Internal Revenue Service

Table 31 -- Buchanan County Net-Migration

Net Annual Household Migration				
Buchanan County, Missouri				
County	2002	2003	2004	2005
	Number	Number	Number	Number
Andrew County, Mo	-49	-19	-39	19
Jackson County, Mo	-37	-54	-60	-37
Platte County, Mo	-36	-8	-20	-51
Clay County, Mo	-42	-22	-25	-38
Doniphan County, Ks	40	46	35	46
Clinton County, Mo	-10	-2	-5	1
De Kalb County, Mo	-9	4	-11	-2
Atchison County, Ks	-11	-26	6	-15
Nodaway County, Mo	1	19	24	9
All Other Counties	-76	-31	-104	-19

Source: Internal Revenue Service

SECTION VII

POTENTIAL HOUSING DEMAND

The steps that will be used to estimate housing demand in the PMA is an analysis of the current and projected households in the PMA that are likely to seek housing in the PMA. The steps in the analysis are as follows:

1. Estimate the likely rent or cost of the rental unit or home in the PMA.
2. Estimate the “affordability gap,” which is the range of income where the low side of the range is the minimum income needed to afford the housing and the high side is the maximum income of any applicable subsidy programs. If no subsidy programs are applicable then this step will be the estimation of the “minimum threshold of affordability.”
3. Estimate the current number of households that are qualified to rent or purchase the housing in the PMA based on income, size, tenure, or age, if applicable.
4. Estimate the current number of qualified households that are likely to move from their current housing to any new housing that would be built in the PMA.
5. Estimate the projected household growth in the PMA of qualified households.
6. Combine the current household demand and the projected household demand for an estimate of the total household demand in the PMA.
7. Apply an appropriate capture rate to the total household demand in the PMA to determine the estimated unit demand in the CMA.
8. Determine the estimated demand in the DMA by considering what portion of the CMA demand would be likely target households for residency in the DMA.

For purposes of this analysis the capture rate is considered to be the percentage of qualified households in the PMA that would be attracted to units in the CMA and DMA.

There are various sources of demographic data, including the most recent decennial census. Because the methodologies used by these sources can vary widely, resulting in significant disparities in household estimates, it is best to use a widely recognized source of information.

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

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

HISTA (HOUSEHOLD, INCOME, SIZE, TENURE, AGE) TABLES

Table 32 -- PMA Owner Households (Under Age 55 Years) - 2007 Estimates

Owner Households Under Age 55 Years						
<i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	245	98	61	40	21	465
\$10,000-20,000	258	129	87	118	48	640
\$20,000-30,000	488	265	352	149	134	1,388
\$30,000-40,000	410	550	304	324	286	1,874
\$40,000-50,000	264	611	516	477	282	2,150
\$50,000-60,000	123	559	518	625	270	2,095
\$60,000+	280	1,793	1,963	2,151	1,442	7,629
Total	2,068	4,005	3,801	3,884	2,483	16,241

Source: Claritas, Ribbon Demographics

Table 33 -- PMA Owner Households (Aged 55-61) - 2007 Estimates

Owner Households Aged 55-61 Years						
Current Year Estimates - 2007						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	129	75	7	6	7	224
\$10,000-20,000	203	124	14	5	18	364
\$20,000-30,000	173	126	43	24	4	370
\$30,000-40,000	76	273	53	29	3	434
\$40,000-50,000	88	230	78	25	10	431
\$50,000-60,000	8	237	80	15	5	345
\$60,000+	123	1,154	342	90	56	1,765
Total	800	2,219	617	194	103	3,933

Source: Claritas, Ribbon Demographic

Table 34 -- PMA Owner Households (Aged 62+) - 2007 Estimates

Owner Households Aged 62+ Years						
Current Year Estimates - 2007						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	676	94	3	0	0	773
\$10,000-20,000	1,176	520	22	16	0	1,734
\$20,000-30,000	678	888	68	14	4	1,652
\$30,000-40,000	406	815	121	20	3	1,365
\$40,000-50,000	252	813	108	26	24	1,223
\$50,000-60,000	127	339	124	63	11	664
\$60,000+	378	1,145	277	72	51	1,923
Total	3,693	4,614	723	211	93	9,334

Source: Claritas, Ribbon Demographic

Table 35 -- PMA Renter Households (Under Age 55 Years) - 2007 Estimates

Renter Households Under Age 55 Years						
<i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	851	281	136	91	92	1,451
\$10,000-20,000	717	557	331	165	90	1,860
\$20,000-30,000	658	354	288	243	140	1,683
\$30,000-40,000	480	347	251	235	111	1,424
\$40,000-50,000	117	261	181	196	115	870
\$50,000-60,000	67	203	152	128	117	667
\$60,000+	181	360	194	264	237	1,236
Total	3,071	2,363	1,533	1,322	902	9,191

Source: Claritas, Ribbon Demographics

Table 36 -- PMA Renter Households (Aged 55-61) - 2007 Estimates

Renter Households Aged 55-61 Years						
<i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	178	9	10	4	1	202
\$10,000-20,000	83	26	8	10	1	128
\$20,000-30,000	87	69	8	7	6	177
\$30,000-40,000	36	66	14	6	0	122
\$40,000-50,000	22	43	24	9	9	107
\$50,000-60,000	37	17	37	9	10	110
\$60,000+	23	33	14	20	0	90
Total	466	263	115	65	27	936

Source: Claritas, Ribbon Demographics

Table 37 -- PMA Renter Households (Aged 62+) - 2007 Estimates

Renter Households Aged 62+ Years						
<i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	708	22	2	0	0	732
\$10,000-20,000	655	124	0	0	0	779
\$20,000-30,000	284	99	18	3	18	422
\$30,000-40,000	70	75	32	0	0	177
\$40,000-50,000	0	73	36	9	0	118
\$50,000-60,000	46	14	9	20	6	95
\$60,000+	98	46	50	8	11	213
Total	1,861	453	147	40	35	2,536

Source: Claritas, Ribbon Demographics

Table 38 -- PMA Owner Households (Aged 18-54) - 2012 Projections

Owner Households Under Age 55 Years						
<i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	213	77	48	28	17	383
\$10,000-20,000	216	94	70	90	39	509
\$20,000-30,000	412	194	269	119	106	1,100
\$30,000-40,000	383	436	263	272	233	1,587
\$40,000-50,000	223	490	422	409	247	1,791
\$50,000-60,000	124	485	449	558	246	1,862
\$60,000+	325	1,853	2,109	2,332	1,554	8,173
Total	1,896	3,629	3,630	3,808	2,442	15,405

Source: Claritas, Ribbon Demographics

Table 39 -- PMA Owner Households (Aged 55-61) - 2012 Projections

Owner Households Aged 55-61 Years						
<i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	128	77	5	6	5	221
\$10,000-20,000	212	110	13	6	20	361
\$20,000-30,000	185	114	43	25	9	376
\$30,000-40,000	76	254	58	21	1	410
\$40,000-50,000	99	227	74	35	10	445
\$50,000-60,000	26	231	79	18	14	368
\$60,000+	178	1,412	435	118	75	2,218
Total	904	2,425	707	229	134	4,399

Source: Claritas, Ribbon Demographics

Table 40 -- PMA Owner Households (Aged 62+) - 2012 Projections

Owner Households Aged 62+ Years						
<i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	590	81	2	0	0	673
\$10,000-20,000	1,041	404	21	13	0	1,479
\$20,000-30,000	698	811	69	14	3	1,595
\$30,000-40,000	441	794	123	19	3	1,380
\$40,000-50,000	278	829	123	29	22	1,281
\$50,000-60,000	157	422	155	70	11	815
\$60,000+	535	1,398	348	92	62	2,435
Total	3,740	4,739	841	237	101	9,658

Source: Claritas, Ribbon Demographics

Table 41 -- PMA Renter Households (Aged 18-54) – 2012 Projections

Renter Households Under Age 55 Years						
<i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	804	239	119	77	76	1,315
\$10,000-20,000	664	454	279	139	83	1,619
\$20,000-30,000	616	289	248	205	123	1,481
\$30,000-40,000	498	320	235	223	104	1,380
\$40,000-50,000	115	224	171	180	113	803
\$50,000-60,000	82	194	146	136	114	672
\$60,000+	242	427	238	328	288	1,523
Total	3,021	2,147	1,436	1,288	901	8,793

Source: Claritas, Ribbon Demographics

Table 42 -- PMA Renter Households (Aged 55-61) – 2012 Projections

Renter Households Aged 55-61 Years						
<i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	192	8	9	6	0	215
\$10,000-20,000	97	27	8	9	1	142
\$20,000-30,000	85	70	9	10	10	184
\$30,000-40,000	36	75	16	6	1	134
\$40,000-50,000	30	58	30	13	12	143
\$50,000-60,000	42	17	41	13	13	126
\$60,000+	37	41	19	29	0	126
Total	519	296	132	86	37	1,070

Source: Claritas, Ribbon Demographics

Table 43 -- PMA Renter Households (Aged 62+) – 2012 Projections

Aged 62+ Years						
Five Year Projections - 2012						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	687	21	3	0	0	711
\$10,000-20,000	647	102	0	0	0	749
\$20,000-30,000	330	99	18	4	18	469
\$30,000-40,000	76	81	31	0	0	188
\$40,000-50,000	2	93	48	13	0	156
\$50,000-60,000	60	20	17	23	4	124
\$60,000+	145	57	67	12	15	296
Total	1,947	473	184	52	37	2,693

Source: Claritas, Ribbon Demographics



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HISTA DATA

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SECTION VIII

MARKET RATE FAMILY RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for market rate family rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential market rate family rental unit demand in the PMA between 2007 and 2012. The market assumptions used in the analysis are discussed below.

Quantitative Analysis Assumptions:

- Gross rent estimates are comprised of typical rents in the market for units considered to be in good condition, with average appeal and marketability, and an estimated monthly utility cost for utilities paid by the tenants.
- Percentage of income to housing is the estimated percentage of gross income that households spend for housing costs (gross rent). The estimate was based on U.S. Census statistics.
- Minimum Income is the minimum amount of income a household would need to afford the gross rent.
- The household estimates were obtained from the HISTA tables based on income, household size, tenure, and age. It is assumed that on average 1 Br units are occupied by 1 and 2 person households, 2 Br units are occupied by 2 and 3 person households, and 3 Br units are occupied by 4 and 5 person households. Only rental households under the age of 62 were considered.
- The annual household turnover rate was estimated considering the U.S. Census based turnover rate for St. Joseph. That rate considers all residents, including homeowners. The rate used in the analysis is a little higher because it is limited to renter households that are more transient.
- Projected rents in 2012 have been trended by an annual rate of 2% per year.
- Market capture rate is the percentage of qualified households in the primary market area that the city market area could be expected to comfortably capture between 2007 and 2012. The smaller the capture rate the more likely any new units will be feasible. A larger capture rate corresponds with a larger percentage of risk in terms of feasibility because it means that any new units would have to capture or attract a larger portion of qualified households to reach a sustaining threshold. It is the opinion of the analyst that a capture rate of 50% for the city market of St. Joseph is reasonable considering that it is the largest community by far in the primary market area and would be expected to contain the largest concentration of the rental market in the primary market area.

Following is the Market Rate Family Unit Demand Analysis:

Table 44 -- Market Rate Family Rental Unit Demand Analysis

Market Rate Family Rental Unit Demand Analysis			
PMA Existing Qualified Households	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 550	\$ 650	\$ 800
Percentage of Income to Housing	24%	24%	24%
Minimum Income (Affordability)	\$27,500	\$32,500	\$40,000
Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61	1868	1415	1114
Estimated Annual Turnover of Existing HH	<u>30%</u>	<u>30%</u>	<u>30%</u>
PMA Existing Qualified Households	560	425	334
PMA Projected Qualified Household Growth (2007-2012)	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 610	\$ 720	\$ 885
Percentage of Income to Housing	24%	24%	24%
Minimum Income (Affordability)	\$30,500	\$36,000	\$44,250
PMA Projected Household Growth 2007-2012 of Appropriate Sized (1-5 Person HH), Income Qualified, Renter HH, Age 18-61	<u>0</u>	<u>0</u>	<u>0</u>
PMA Total Qualified Households (2007-2012)	560	425	334
Market Capture Rate 50%			
	1BR	2BR	3BR
CMA Market Family Rental Unit Demand (2007-2012)	280	212	167
	1BR	2BR	3BR
DMA Family Rental Unit Demand (2007-2012)	45	75	10

Quantitative Analysis Conclusions:

- Currently there is estimated to be 1,319 income qualified market rate renter households that create demand in the PMA, aged 18-61 (1Br-560, 2Br-425, and 3Br-334).
- Between 2007 and 2012 there is not projected to be an increase in the number of income qualified market rate renter households in the market.
- The total demand from qualified households for market rate rental units in the PMA between 2007 and 2012 that are estimated to be captured by the CMA for rental units in St. Joseph is 50% of the total, or 659 household units (1Br-280, 2Br-212, and 3Br-167). Although the capture rate may appear to be high it is reasonable considering the St. Joseph rental market is by far the largest in the primary market area. Over the five year period of 2007 to 2012 it is reasonable to assume that 659 market rate renter households will be actively seeking market rate rental housing in the St. Joseph market.
- It is the opinion of the analyst that of the 659 market rate renter households that should create market rate rental demand in the CMA between 2007 and 2012, that approximately 115 households could be attracted to market rate rental housing in the downtown market area of St. Joseph. This estimate is based on the assumption that a small portion of the 1Br market rate rental demand in the CMA could be young singles, or professionals, generally childless, who prefer to live in diverse urban settings, near restaurants, clubs, and cultural opportunities, who are satisfied with the space of a one bedroom unit, or are limited by housing cost to a smaller space.

Some of the 2Br and 3Br households that will comprise part of the market rental demand could also be the same as the previous group, but could have a need or desire for more space, or they could be empty nesters and retirees who also have a preference for restaurants and cultural opportunities, and have no need to be concerned with living in close proximity to schools. These households are the leading edge of the baby boomers and many are looking forward to relieving themselves from the responsibilities of home ownership. Many of these empty nester households have grown accustomed to their space and although small households, some would prefer the extra space of a 3 bedroom unit.

These quantitative estimates are based on the assumption that blight in and around the downtown area will be minimized to the point that it will not adversely affect marketability and that many of the businesses and services valued by the market households will increase in the downtown area as a result of the redevelopment efforts.

- In terms of supply there currently are a very limited number of market rate rental units in the downtown market area. Most are on the upper floors of existing commercial storefront buildings and are in fair to poor condition. There is one market rate rental development in the downtown market area at 415 N. 3rd street that was recently improved using historic tax credit. According to the site manager of that loft style development, the development has strong demand. There are other recent loft style apartment developments that have been produced as affordable housing for low and moderate income tenants in the downtown market, but the development at 415 N. 3rd street is the only newly developed market rate rental development in the redevelopment area.

- It is the opinion of the analyst that the production of approximately 130 market rate rental units in the downtown market area over the next five years will serve a currently unmet housing need, support existing and new businesses in the area, increase the demand for residential ownership in the area, create a sense of place, motivate property improvements by existing owners, and enhance property values and tax revenues.

SECTION IX

AFFORDABLE FAMILY RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for affordable family rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential affordable family rental unit demand in the PMA between 2007 and 2012. The market assumptions used in the analysis are discussed below.

Quantitative Analysis Assumptions:

- Gross rent estimates are comprised of typical rents in the market for units considered to be in average condition, with average appeal and marketability, and an estimated monthly utility cost for utilities paid by the tenants.
- Percentage of income to housing is the estimated percentage of gross income that households spend for housing costs (gross rent). The affordable housing industry for years has used the income percentage of 30%, but it is the opinion of the analyst and other low income industry experts that lower income households commonly spend more than 30% of their income for housing. An estimate of 35% was used for this analysis.
- Minimum Income is the minimum amount of income a household would need to afford the gross rent.
- Maximum Income is the maximum amount of income applicable for the federal housing tax credit program, which is the most widely used financial production tool for affordable housing.
- The household estimates were obtained from the HISTA tables based on income, household size, and age. It is assumed that on average 1 Br units are occupied by 1 and 2 person households, 2 Br units are occupied by 2 and 3 person households, and 3 Br units are occupied by 4 and 5 person households. Only households under the age of 62 were considered.
- The annual household turnover rate was estimated considering the U.S. Census based turnover rate for St. Joseph. That rate considers all residents, including homeowners. The rate used in the analysis is a little higher because it is limited to lower income renter households, which are the most transient segment of the housing market.
- Projected rents in 2012 have been trended by an annual rate of 2% per year.
- Market capture rate is the percentage of qualified households in the primary market area that the city market area could be expected to comfortably capture between 2007 and 2012. The smaller the capture rate the more likely any new units will be feasible. A larger

capture rate corresponds with a larger percentage of risk in terms of feasibility because it means that any new units would have to capture or attract a larger portion of qualified households to reach a sustaining threshold. It is the opinion of the analyst that a capture rate of 50% for the city market area of St. Joseph is reasonable considering that it is the largest community by far in the primary market area and also contains the largest concentration of affordable rental units.

Following is the Affordable Family Rental Unit Demand Analysis:

Table 45 -- Affordable Family Rental Unit Demand Analysis

Affordable Family Rental Unit Demand Analysis			
Existing Qualified Households	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 475	\$ 575	\$ 700
Percentage of Income to Housing	35%	35%	35%
Minimum Income (Affordability)	\$16,286	\$19,714	\$24,000
Maximum Income (Tax Credit Limits)	\$23,490	\$28,200	\$32,580
Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61	738	436	330
Estimated Annual Turnover of Existing HH	<u>35%</u>	<u>35%</u>	<u>35%</u>
Existing Qualified Households	258	153	116
Projected Qualified Household Growth (2007-2012)	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 525	\$ 635	\$ 775
Percentage of Income to Housing	35%	35%	35%
Minimum Income (Affordability)	\$18,000	\$21,771	\$26,571
Maximum Income (Tax Credit Limits)	\$25,900	\$31,100	\$36,000
Projected Household Growth 2007-2012 of Appropriate Sized (1-5 Person HH), Income Qualified, Renter HH, Age 18-61	<u>0</u>	<u>0</u>	<u>0</u>
Total Qualified Households (2007-2012)	258	153	116
Market Capture Rate 70%			
	1BR	2BR	3BR
CMA Affordable Family Rental Unit Demand (2007-2012)	181	107	81
	1BR	2BR	3BR
DMA Affordable Family Rental Unit Demand (2007-2012)	30	80	15

Quantitative Analysis Conclusions:

- Currently there is estimated to be 527 income qualified low income renter households that could create affordable housing demand in the PMA, aged 18-61 (1Br-258, 2Br-153, 3Br-116).
- The pool of income qualified renter households is not expected to grow any larger than the current number of income qualified households. So even though there will be new income qualified households in the future, some of the current income qualified households with either no longer fall within the qualified income gap or move out of the area, leaving the net number of qualified households about the same.
- The total demand from qualified low income households for affordable rental units in the PMA between 2007 and 2012 that is estimated to be captured by the CMA for rental units in St. Joseph is 70% of the total, or 369 household units (1Br-181, 2Br-107, 3Br-81). Although the capture rate may appear to be high it is reasonable considering the St. Joseph rental market is by far the largest in the primary market area, and that the other communities in the PMA have a very limited number of affordable rental housing units. Over the five year period of 2007 to 2012 it is reasonable to assume that 369 limited income renter households will be actively seeking affordable rental housing in the St. Joseph market.
- It is the opinion of the analyst that of the 369 limited income renter households that should create affordable family rental demand in the CMA between 2007 and 2012, that approximately 125 households could be attracted to affordable rental housing in the downtown market area of St. Joseph. This estimate is based on the assumption that a portion of the 1Br market rate rental demand in the CMA could be young singles, generally childless, who prefer to live in diverse urban settings, near restaurants, clubs, and cultural opportunities, who are satisfied with the space of a one bedroom unit, or are limited by housing cost to a smaller space.

Some of the 2Br and 3Br households that will comprise part of the market rental demand could also be the same as the previous group, but could have a need or desire for more space, or they could be empty nesters and retirees who also have a preference for restaurants and cultural opportunities, and have no need to be concerned with living in close proximity to schools. These households are the leading edge of the baby boomers and many are looking forward to relieving themselves from the responsibilities of home ownership. Many of these empty nester households have grown accustomed to their space and although small households, some would prefer the extra space of a 3 bedroom unit.

These quantitative estimates are based on the assumption that blight in and around the downtown area will be minimized to the point that it will not adversely affect marketability and that many of the businesses and services valued by the market households will increase in the downtown area as a result of the redevelopment efforts.

In terms of supply, St. Joseph has several affordable housing developments that were recently developed in the downtown market area. All of the developments in the downtown area are loft style developments in existing multi-story buildings and according to their management agents, all have good occupancy and excess demand.

There is currently a 40-unit affordable housing development (San Regis Apartments) that is being rehabilitated that is not located in the downtown redevelopment area, but is just on the northeast fringe of the area. It is expected to serve some of the demand in the downtown area for affordable housing by limited income households.

It is the opinion of the analyst that the production of approximately 125 affordable rental units in the downtown market (including San Regis) area over the next five years will serve a currently unmet affordable housing need, support existing and new businesses in the area, increase the demand for residential ownership in the area, create a sense of place, motivate property improvements by existing owners, and enhance property values and tax revenues.

SECTION X

AFFORDABLE SENIOR RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for affordable senior rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential affordable senior rental unit demand in the PMA between 2007 and 2012. The market assumptions used in the analysis are discussed below.

Quantitative Analysis Assumptions:

- Gross rent estimates are comprised of typical rents in the market for units considered to be in average condition, with average appeal and marketability, and an estimated monthly utility cost for utilities paid by the tenants. The estimate was based on a survey of existing units in the market.
- Percentage of income to housing is the estimated percentage of gross income that households spend for housing costs (gross rent). The affordable housing industry for years has used the income percentage of 30%, but it is the opinion of the analyst and other low income industry experts that lower income senior households commonly spend more than 40% of their income for housing. An estimate of 50% was used for this analysis.
- Minimum Income is the minimum amount of income a household would need to afford the gross rent.
- Maximum Income is the maximum amount of income applicable for the federal housing tax credit program, which is the most widely used financial production tool for affordable housing.
- The household estimates were obtained from the HISTA tables based on income, household size, and age (62+). It is assumed that senior households typically prefer 1 Br and 2 Br units and that the typical household size is one or two persons. For this analysis the incomes for a 2person household was considered. Only households above the age of 62 were considered.
- The percentage of senior renter households likely to move if new affordable housing were available is estimated to be 25% and is based on surveys of senior affordable housing site managers over many years. The managers have indicated that if a new senior development is affordable it is attractive to senior tenants of older developments because of its superior condition, and updated site and unit amenities. Also, many of the older HUD subsidized developments have to accept non-elderly tenant households, which diminish the desirability of the development to senior households who favor a limited residency of their peers.
- The percentage of senior owner households that likely would move to new affordable rental housing is estimated at 5% and is also based on the opinions of senior affordable housing site managers who indicated that the rent up of new developments routinely includes many senior owner households that are seeking to downsize to a smaller unit and relieve themselves of homeowner responsibilities.

- Projected rents in 2012 have been trended by an annual rate of 2% per year.
- Market capture rate is the percentage of qualified households in the PMA that the CMA could be expected to comfortably capture between 2007 and 2012. The smaller the capture rate the more likely any new units will be feasible. A larger capture rate corresponds with a larger percentage of risk in terms of feasibility because it means that any new units would have to capture or attract a larger portion of qualified households to reach a sustaining threshold. It is the opinion of the analyst that a capture rate of 60% for the city market of St. Joseph is reasonable considering that it is the largest community by far in the primary market area and contains the largest concentration of the affordable senior rental units in the PMA.

Following is the Affordable Senior Rental Unit Demand Analysis:

Table 46 -- Affordable Senior Rental Unit Demand Analysis

<i>Affordable Senior Rental Unit Demand</i>	
Existing Qualified Households	1BR/2BR
Gross Rent (includes utility costs paid by tenants)	\$ 500
Percentage of Income to Housing	50%
Minimum Income (Affordability)	\$ 12,000
Maximum Income (Tax Credit Limit)	\$ 25,080
(A) Appropriate Sized, Income Qualified, Renter HH, Age 62+	819
(B) Percentage of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available	25%
Number of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available (A X B)	205
(C) Appropriate Sized, Income Qualified, <u>Owner</u> HH, Age 62+	2156
(D) Percentage of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available	5%
Number of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available (C X D)	108
Existing Qualified Households	313

Affordable Senior Rental Unit Demand (Con't)

Projected Qualified Household Growth (2007-2012)	1BR/2BR
Gross Rent (includes utility costs paid by tenants)	\$ 550
Percentage of Income to Housing	50%
Minimum Income (Affordability)	\$ 13,200
Maximum Income (Tax Credit Limit)	\$ 27,700
Appropriate Sized, Income Qualified, Renter HH, Age 62+ Growth (2007-2012)	20
(C) Appropriate Sized, Income Qualified, <u>Owner</u> HH, Age 62+ Growth (2007-2012)	0
(D) Percentage of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available	5%
Number of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available (C X D)	0
Projected Qualified Household Growth (2007-2012)	20
PMA Total Qualified Households (2007-2012)	333
Target Capture Rate 60%	
	1BR/2BR
CMA Estimated Affordable Senior Rental Unit Demand (2007-2012)	200
	1BR/2BR
DMA Estimated Affordable Senior Rental Unit Demand (2007-2012)	60

Quantitative Analysis Conclusions:

- There are currently approximately 313 qualified households for affordable senior rental units in the PMA.
- There is projected to be net qualified household growth for affordable senior rental units in the PMA between 2007 and 2012 of 20 households.
- The total number of qualified households for affordable senior rental units in the PMA between 2007 and 2012 is estimated to be 333.

- The total number of qualified households for affordable senior rental units in the PMA between 2007 and 2012 that are estimated to be captured by the CMA for rental units in St. Joseph is 60% of the total, or 200.
- It is the opinion of the analyst that of the approximately 200 affordable senior renter households that should be in the St. Joseph city market area between 2007 and 2012 that approximately 60 of the senior renter households could be attracted to rental units in the downtown area and that those units will make a positive contribution to the revitalization of downtown by increasing the 24 hour people presence in the area. The estimate is based on opinions of property managers in the market who indicated that most seniors do not drive, or do not drive far and would prefer to reside in close proximity to typical neighborhood services and amenities, many of which are currently missing, or in short supply in the Downtown Market Area. Some though could be attracted to units in the downtown area because of the high quality of the units, and the affordable rents.
- In terms of supply there are currently no senior affordable housing units in production in the market. Generally the newer affordable senior developments have good occupancy and demand. Many of the older affordable senior developments have declining marketability due to the age of the development or high rise construction, which is not desired by many senior households. Because of the diminished marketability many of the older senior developments have started allowing non-elderly to boost their occupancy.

SECTION XI

HOMEOWNERSHIP DEMAND

The following analysis will project the potential homeownership demand in the St. Joseph market area. Following are two methods for determining the depth of the market for the sale of homes/condos in the downtown market area of St. Joseph. One is based on U.S. Census information and the other is based on sales information from the St. Joseph Regional Association of Realtors.

U. S. Census Data Method

This method of estimating the number of potential homebuyers for homes/condos/lofts in the downtown St. Joseph market is considers the turnover rate of homeowners in the St. Joseph market.

U.S. Census 2000 data indicates that in the city of St. Joseph 20.99% of all housing units were turned over to new occupants over one year. Considering that the U.S. Census estimate considers both rental and for sale housing a reasonable conclusion is that for the more transient renter households the turnover rate was higher than 21% and for the more stable homeowner households the turnover rate was lower than 21%. A one year turnover rate for homeowners is estimated to be approximately 10%. Applying the 10% homeowner turnover rate to the total number of owner occupied units in St. Joseph in 2006 yields a total of 1,937 annual potential homebuyers in St. Joseph.

How many of the estimated 1,937 households that annually are in the market for a home would be in the market for a home/condo/loft in the downtown area of St. Joseph?

In order to answer that question the number of potential homebuyers should be limited to those most likely to be interested in living in the downtown market area. Generally small households of one to three persons, who are either young working adults, most with no children or very few children or empty nesters. Most of the prospective homebuyers would have annual salaries of \$30,000 to \$100,000, and most would tend to be between the ages of 18 and 61. This profile would limit the potential pool of prospective buyers for units in the downtown area to approximately 562 households using the HISTA demographic data that breaks out households based on income, size, tenure, and age.

How many of the 562 households that fit the age, income, and household size profile that are annually in the St. Joseph homebuyer market would be interested in a home/condo/loft in the downtown area of St. Joseph?

Since the homeownership market in downtown St. Joseph has yet to fully launch there is little hard data to rely on for an indication of market depth. At this point a judgment has to be made based on the anticipation that the housing units to be developed in the downtown area would be of good quality, in a good location, with a good package of amenities that would be

competitive with other housing options throughout the market. If all those conditions are true then it is the opinion of the analyst that the downtown market should be able to draw at least 10% of the annual prospective homebuyers in the St. Joseph market that fit the profile.

Following is a table of the results:

Table 47 – Annual Downtown Market Area Homebuyers (Census Methodology)

2006 Owner Occupied Units in St. Joseph, Missouri	19,367
Est. Owner Unit Turnover Rate	10%
Annual Potential Homebuyers	1,937
Number of Income, Size, and Age qualified HH that fit downtown profile	562
Downtown Capture Rate	10%
Annual Potential Downtown Market Area Homebuyers	56

The conclusion of this method is that there is an annual potential into the near future of approximately 55 downtown market area homebuyers for any available quality housing opportunities that exist or will be produced.

Multiple Listing Service Method

Homebuyers with incomes of \$30,000 to \$100,000, which is the likely income profile of the majority of the prospective homebuyers in the downtown market area, can generally afford a home of \$100,000 to \$300,000. That income estimate is based on the profile of the typical households that would be interested in living in the downtown area.

Another method for estimating the size of the potential homebuyer market for units in St. Joseph is to start with the number of homes that sell annually in the target price range of \$100,000 to \$300,000. Data from the St. Joseph Regional Association of Realtors indicates that in 2006 approximately 1,000 homes were sold by listings with area brokers. Of that total approximately 502 sold in the price range of \$100,000 to \$300,000. If that trend is expected to continue, what percentage of homes/condos/lofts in that price range can be marketed in the downtown area of St. Joseph?

Again, because the downtown homeownership market has yet to launch a judgment has to be made based on the anticipation that the housing units to be developed in the downtown area would be of good quality, in a good location, with a good package of amenities that would be competitive with other housing options throughout the market. If all those conditions are true then it is the opinion of the analyst that the downtown market should be able to draw at least 10% of the annual prospective homebuyers that fit the profile.

Following is a table of the results:

Table 48 – Annual Downtown Market Area Homebuyers (MLS Methodology)

Number of MLS Home/Condo Sales in St. Joseph, Missouri (2006)	1,057
Number of MLS Home/Condo Sales (2006) in Price Range of \$100K-\$300K	502
Downtown Capture Rate	10%
Annual Potential Downtown Home/Condo Sales in Price Range of \$100K to \$300K	50

If there are approximately 500 homes and condos sales in the St. Joseph market in the price range of \$100,000 to \$300,000, it is reasonable to assume that quality homeownership options in the downtown area should be able to capture at least 10% (50) of those sales annually over the next few years. Once the momentum of the downtown area begins to increase the market share that the downtown area should be able to capture should also increase.

SECTION XII

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;

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;

9. 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;
10. 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;
11. 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;
12. 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;
13. 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;
14. Acceptance and/or use of this report constitutes acceptance of the foregoing assumptions and limiting conditions.

SECTION XIII

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 (or the specified) present or prospective interest in the market that is the subject of this report, and I have no (or the specified) 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
October 10, 2007