Residential Demand Analysis

Neosho Downtown Market Area

City of Neosho, Missouri
Newton County

November, 2008

DOWNTOWN REVITALIZATION AND ECONOMIC ASSISTANCE FOR MISSOURI

D·R·E·A·M

INITIATIVE

Acknowledgments

Downtown Revitalization and Economic Assistance for Missouri (DREAM) Program Sponsors:

Planning Consultant

Prepared by
Missouri Housing Development Commission

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REPORT PREPARATION INFORMATION

CONSULTING REPORT PREPARATION

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

IDENTIFICATION OF THE MARKET ANALYST

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

INTENDED USE OF REPORT

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

THE IDENTITY OF THE CLIENT AND THE INTENDED USERS OF REPORT

The client of the report is the Missouri Housing Development Commission, the appraiser's employer, and the intended users are the City of Neosho, Newton County, Missouri and parties interested in the possible development of residential housing units in the downtown area of Neosho, Missouri.

ANALYSIS, RECOMMENDATION, OR OPINION TO BE DEVELOPED

The analysis, recommendations, or opinions will include the following:

- A review of previous housing market studies or consumer surveys;
- Identification of Primary and Secondary Market Areas
- Identification of existing housing inventory and competitive locations;
- Demographic analysis for the area;
- Economic profile of the market;
- Opinions regarding the household demand for residential units in the Downtown Market Area of Neosho that could complement the downtown revitalization efforts.

IDENTIFICATION OF THE SUBJECT AREA

The area that is the subject of this report is the downtown market area of the City of Neosho, within the specific geographic boundaries as described within this report.

EFFECTIVE DATE OF THE REPORT

The effective date of the report is July 22, 2008.

EXTRAORDINARY ASSUMPTIONS

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

SCOPE OF WORK

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

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

INFORMATION USED, METHODS AND TECHNIQUES EMPLOYED, AND REASONING SUPPORTING CONCLUSIONS

The information used in the report comes from local sources, market surveys, and public and proprietary information. The techniques employed in the report are industry standard demand analysis techniques based on estimating the number of target households that can be captured in the downtown housing market. The reasoning that will support the report conclusions will be based on the analyst's conclusion of whether additional housing units could benefit the Neosho downtown revitalization efforts by increasing the number of permanent residents in the area.

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SECTION I

EXECUTIVE SUMMARY AND CONCLUSION(S)

Some of the conclusions of the report are as follows:

- A baseline assessment of the current residential housing options in the downtown area of Neosho was made. In addition to the typical single family homes and small older rental developments in the downtown area outside of the courthouse square, there has recently been a number of new residential units added to the market through the readaptive reuse of vacant or underutilized space on the upper floors of the commercial buildings around the courthouse square. Some of the units are owner occupied and some are rental units. The recent additions to the market have been a catalyst for a unique type of residential neighborhood that is beginning to form in the downtown courthouse square area.

- Like many downtown areas around the country the downtown area of Neosho has gone through a period of decline as businesses have moved outward to other areas of the community. In order to retain and attract businesses to the downtown area, it would be beneficial to increase the household/residential density in the downtown market to increase the level of local consumers or business patrons in the area. A larger people presence around the clock will help to make it possible for downtown businesses to consider longer business hours. Evening business hours would increase the financial viability of the retail market.

- The typical households that could create the demand for housing in the downtown market area are generally small households with no children, who are young professionals, empty nesters, or seniors, that are primarily interested in a one or two bedroom unit. There are a few households that would desire the additional space flexibility of a third bedroom. The market rate rent range is generally from $500 to $800 for a one to three bedroom unit. The affordable senior rent range for a unit with no rent subsidy is generally $350 to $450. The price range of a newer good quality ownership unit in the downtown market at this time is approximately $100,000 to $150,000 for the largest segment of the target market. There are some units in the downtown area that would be valued higher than this range, but most of the demand should fall within this range.

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

Neosho, Missouri Downtown Residential Housing Demand 2007 – 2012

Housing Type	Potential Household Demand
Homeownership (Condo/Townhome)	9
Market Rate Rental	23
Total	32

- The potential housing demand could be served by loft style units on the upper floors of existing buildings, on the street levels of existing commercial buildings, or attached townhomes and detached homes on vacant or underutilized in-fill lots in the downtown area.

- It is possible that there could be a demand for affordable family rental housing in the downtown area and in many communities affordable housing has been the catalyst for downtown residential revitalization. Because of soft occupancy conditions at this time at existing affordable family developments in other areas of the community it is the opinion of the analyst that the feasibility of affordable family rental housing units in downtown could be questionable. As the market strengthens for affordable family rental housing in the community it could be considered as an option to help stimulate repopulation in the downtown area.

- Senior renter households could also be part of the target market for the housing renaissance in downtown Neosho. The Newton Place Apartments is a 15 unit affordable senior development that is currently under construction at the northeast corner of the square. Until that development has reached a sustaining occupancy level and the occupancy of the Greystone Apartments, another affordable senior rental housing development that is also located in the downtown area improves, it would not seem feasible to consider producing any new affordable senior rental housing units in the downtown area.

- One of the key considerations to the success of any housing and retail initiatives in the downtown area will be adequate and convenient parking for residents and customers.

- Housing will play an important role in the downtown revitalization effort, but it will have to be accompanied by a plan that will establish the downtown area as a destination in the community for unique shopping, entertainment, dining, or other life style venues. The renaissance of many downtown areas is driven by energy costs and job proximity. In a community the size of Neosho job proximity will not be a significant inducement for residency in the downtown area. There will have to be other benefits to living in the downtown area, some of which exist and more that will have to be created to attract a large number of potential residents.

- Housing developers should consider available housing production programs like the Federal and State Historic Tax Credits, Federal and State Affordable Housing Tax Credits, New Markets Tax Credits, HOME program, First Time Homebuyer Bond Program, State Down Payment Assistance Programs, HOPE VI Main Street Program, local property tax abatement, etc.

- The community of Neosho should continue to do whatever it can to stimulate private and philanthropic investment in the downtown area.

- The municipal government should continue to do everything possible to make the downtown area "development friendly" by considering changes to local building and zoning codes and considering economic incentives and professional assistance, where possible.

- Some other things the city could consider in order to help with downtown residential development are:

    - to donate land or make it available below market,
    - use its powers of eminent domain,
    - assist developers with land assemblage,
    - provide parking for downtown residential developments,
    - consider special districts for sales and income tax waivers, and real estate tax abatement,
    - consider reducing or waiving construction related fees,
    - consider fast tracking the permit approval process,
    - consider assisting developers with demolition and remediation costs, if necessary, and
    - consider forming public/private partnerships with developers as a catalyst for downtown residential development.

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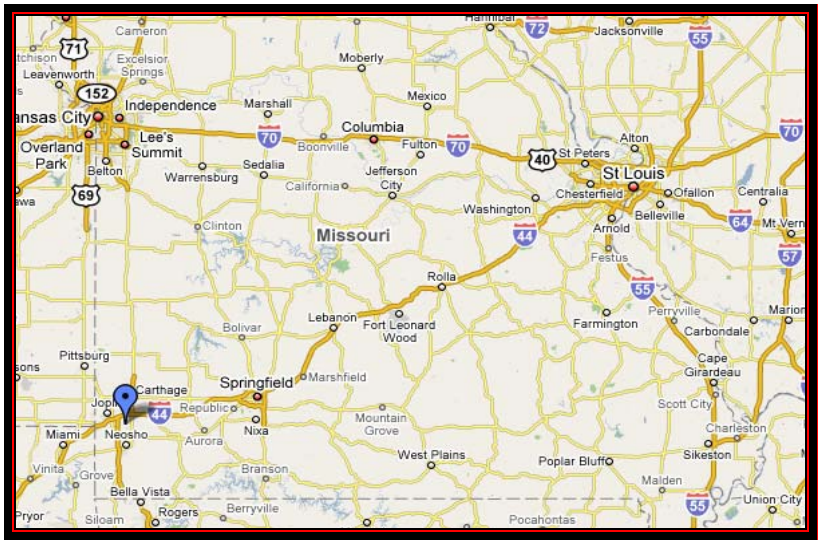
SECTION II

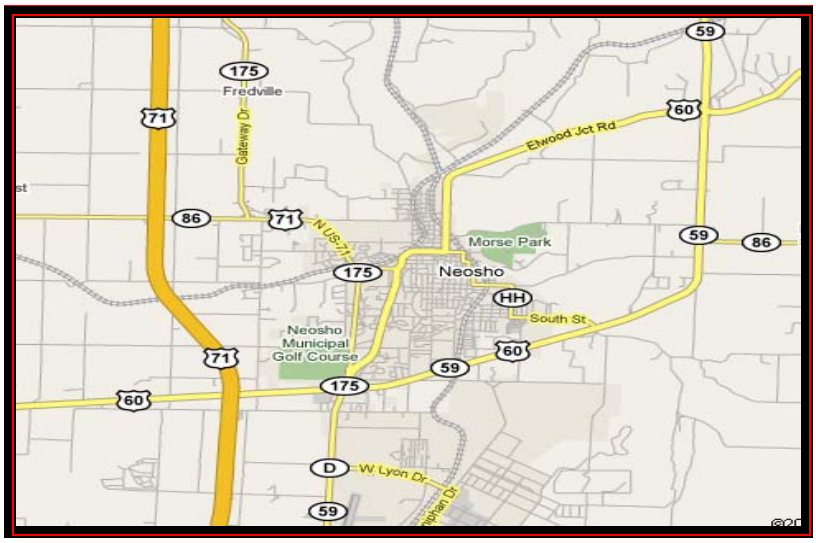
MARKET AREA DESCRIPTION

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

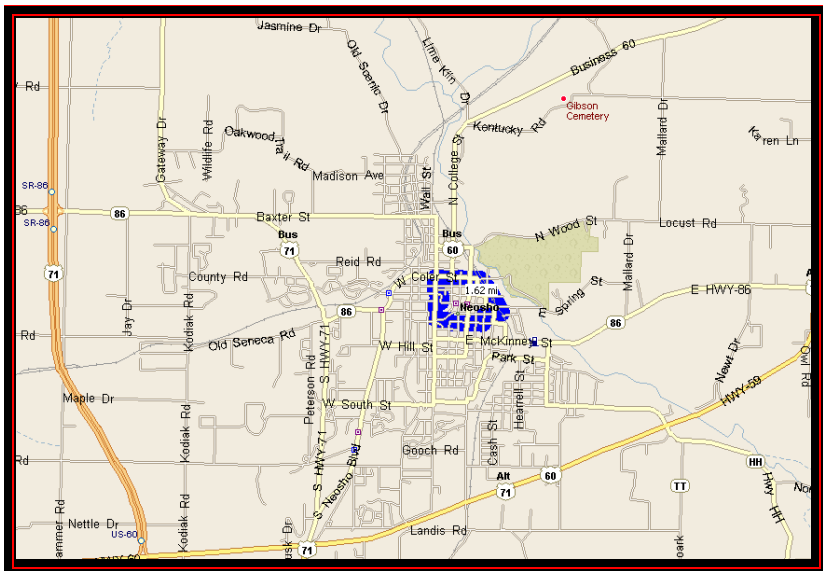
Map #1.



Map #2



Map #3


Jasmine Dr
Old Sparta Dr
Lime Kiln Dr
Business 60
Gibson Cemetery
Kentucky Rd
Mallard Dr
Gateway Dr
Wildlife Rd
Oakwood
Tall Rd
Madison Ave
Wall St
N College St
SR-86
Baxter St
Bus
N Wood St
Locust Rd
Reid Rd
County Rd
W Cole
1.62 mi
Neosho
E Spring St
E HWY-86
Jay Dr
Kodiak Rd
Old Seneca Rd
W Hill St
E McKinney St
Park St
Peterson Rd
S HWY-71
Newt Dr
Maple Dr
W South St
Hearrell St
HWY-59
Gooch Rd
Cash St
Alt
Nettle Dr
US-60
Landis Rd
HH
TT
Hwy HH

Map #4

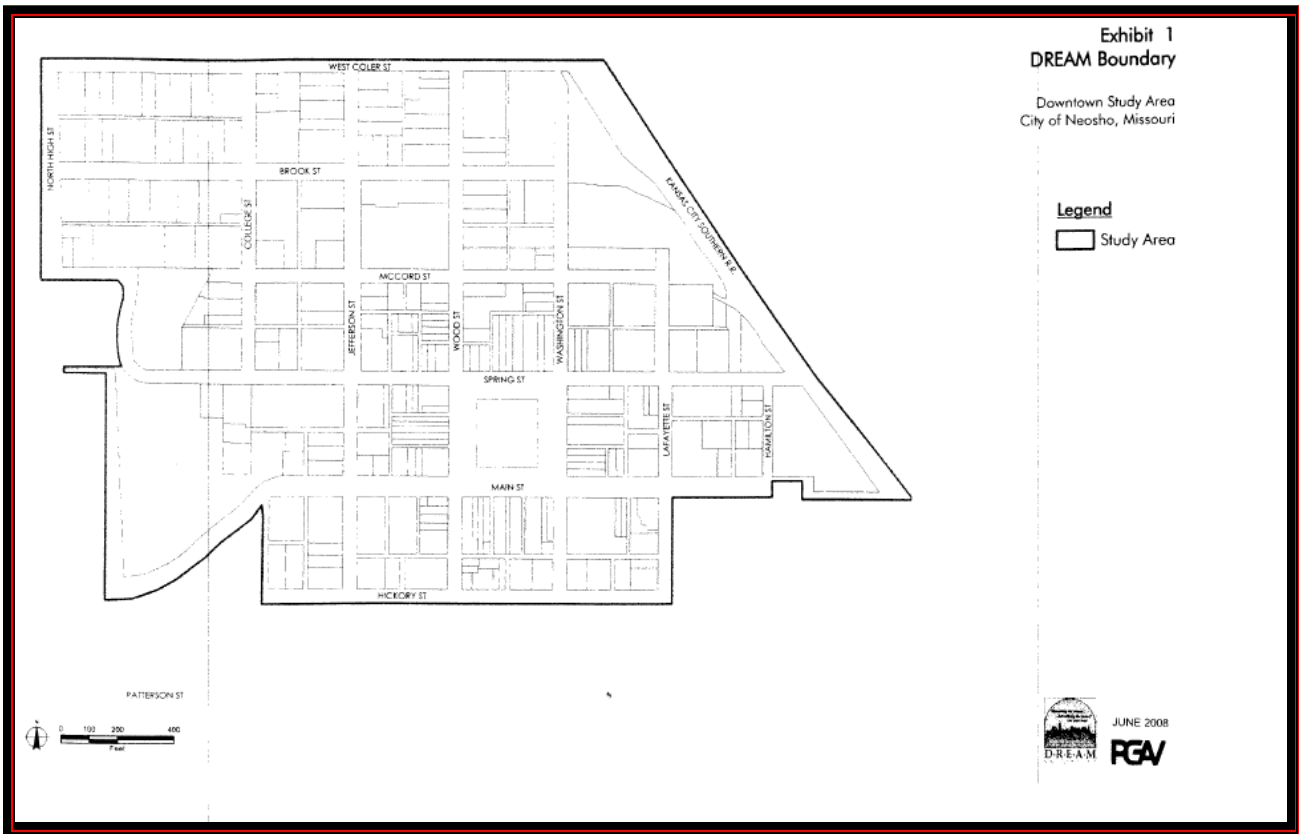


Exhibit 1
DREAM Boundary
Downtown Study Area
City of Neosho, Missouri
Legend
Study Area
WEST COLER ST
NORTH HIGH ST
BROOK ST
COLLEGE ST
KANSAS CITY SOUTHERN R.R.
MCCORD ST
JEFFERSON ST
WOOD ST
WASHINGTON ST
SPRING ST
LAFAYETTE ST
HAMILTON ST
MAIN ST
HICKORY ST
PATTERSON ST
0 100 200 400
Feet
JUNE 2008
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OVERVIEW

Neosho, which is the county seat of Newton County, is located in southwest Missouri, approximately 15 miles south of Joplin and approximately 60 miles southwest of Springfield. The city, which was incorporated in 1878, sits on the western edge of the Missouri Ozarks. The name of the city has an Indian derivation meaning "clear or abundant water", and was given to the city because of the numerous springs that run through the community.

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

The downtown square is anchored by the county government building, which sits in the center of the square. The other buildings in the downtown square are generally two story brick buildings, with retail space on the street level. Some of the upper floor space of the buildings on the square appears to be vacant, but much of the upper floor space is used for business and residential purposes.

Generally all of the upper floor residential space of the buildings on the square that is occupied is occupied by the owners of the buildings. There is some upper floor space in buildings just off of the square that is also occupied by tenant households. The loft style rental and condominium market that has helped to revive many downtown areas by making use of the vacant upper floor space is just starting to take shape in Neosho. In addition to the loft style residential units occupied by building owners on the square and the market rate rental units located just off the square, new loft style residential units for rent and ownership are currently under construction at the Sterling Building, at the southwest corner of the square, and at the Newton Place Apartments, on the northeast corner of the square.

The existing residential units and the units currently under construction on the square could lead to a tipping point in the downtown area, where the demand for the unique housing options in the downtown area will increase and induce further residential and retail development.

Like many downtown areas, Neosho's was the major shopping area in the community until the community began to grow and more shopping, eating, and service locations began to sprout along Neosho Boulevard and near the intersection of Highways 60 and 71. The loss of businesses to these other areas of the community was the primary reason for the economic downfall in the downtown area. In order to rebound the downtown area will have to carve out a unique residential and retail niche that offers different housing and shopping experiences than exist in the other areas of the community.

The signs of a renaissance of the downtown area are evident, and because of the amount of vacant and underutilized buildings and land in the area, the downtown area provides the opportunity and flexibility to create a special place within the community built around a combination of civic, business, shopping, entertainment, dining, and residential land uses.

BOUNDARIES

The boundaries of the downtown revitalization area that is the subject of this report is West Coler Street on the north, Hickory Street to the south, the Kansas City Southern railroad tracks on the east, and Harvey and North High Street on the west.

TRAFFIC ARTERIES

The primary traffic artery to the downtown area is Coler Street, which is an east/west traffic artery on the north boundary of the downtown revitalization area. Coler Street is also Missouri Highway 86 and Neosho Boulevard. The courthouse square of Neosho is comprised of Spring, Washington, Wood, and Main Streets. One of the weaknesses of the downtown area seems to be that there does not appear to be a rapid traffic artery that grants ease of access and egress directly to and from the downtown square. There also did not appear to be any signage that would provide direction to visitors to the downtown central business district.

EXISTING LAND USES

The existing land uses in the downtown area is a mixture of government, retail, office, service, and residential land uses. Most of the residential land use can be found on the north and west sides of the downtown revitalization area. Land uses around the square were generally commercial and government related. Land use to the south and east were generally commercial, including the large Twin Rivers Food Plant that dominates the northeast corner of the downtown revitalization area. The Kansas City Southern RR tracks runs along the eastern boundary of the downtown revitalization area.

ADJACENT AREAS

Land uses adjacent to the downtown area are generally residential to the north, west, and south sides, and primarily unimproved land on the east side.

EXISTING DOWNTOWN HOUSING

Currently there is a mixture of different types of housing within the downtown revitalization area. There are older single family homes that are spread out along the northern, western, and southern areas of downtown. Most homes are typically over 60 years old, in average to fair condition, and most range in value from $30,000 to $75,000. There are a few homes in the downtown area that are just outside of the low and high sides of that price range.

There are a few small, older rental developments, like the six units at the intersection of N. High and McCord, at the intersection of Jefferson and Main Streets, and near the intersection of Washington and McCord Streets. All of these small, older rental developments appear to be in fair to poor condition, and appear to cater to small, limited income households in the market. In addition to the multifamily properties many of the single family homes in the area are also being used as rental properties.

Located just outside of the downtown revitalization area to the south are the Lane Apartments and the Oaks Apartments. Both are rent subsidized apartments in high rise buildings for limited income senior households. The buildings appear to be in good condition and have good market appeal.

Within the downtown courthouse square are rental units on the upper floors of some of the commercial buildings on the courthouse square. Most of these are older units that have not been updated.

The role that residential housing will play in the revitalization of the downtown area is already very evident. Owners and investors using public and private financing have produced and are in the process of producing good quality residential units for rent and for sale by readapting the upper floor space of older existing commercial buildings on the downtown square for residential use.

There is a private townhouse, which utilizes the upper and lower space of a building at the northwest corner of the square (100 North Wood), and a loft style residential unit on the upper floor of a building at the southeast corner of the square (125 S. Washington). Both are occupied by the owners of the buildings. The building on Washington also houses a book store and coffee shop on the street level. There is also a building just south of the courthouse square on Washington where the upper floor is also reported to be occupied by the owner of the building. The building has commercial space on the lower level and New Orleans style wrought iron porch design on the upper residential level. All of the buildings appear to have been renovated and make a positive impression on the downtown square area.

Just off the square on the upper floors of a commercial building at 116 W. Spring are five market rate loft style rental units. This building also has good street appeal and appears to have undergone a recent renovation. The property manager indicated that the units enjoy good demand and there is a waiting list for the units.

Currently under renovation is the Newton Place apartments, which is the conversion of a multi-story commercial building at the northeast corner of the square (130 E. Spring) into 15 affordable housing units for seniors. Also under renovation is the Sterling building at the southwest corner of the square (124 S. Wood). That building will contain five storefronts on the lower level and seven market rate apartments and five loft style condos on the upper level. The developer indicated that two of the condos have been pre-sold and six of the rental units have been pre-leased. The developer also indicated that there are future plans to do a similar development in a building at the southwest corner of the square (101 W. Main).

The success of the existing residential units and the demand for the units currently being produced indicates a strong interest for good quality housing options in the downtown area.

PARKING

Parking is generally allowed on the streets throughout the downtown revitalization area and is reported to be very limited during the daytime, especially on days that courts are in session at the Newton County Courthouse. The lack of parking in the downtown square area was cited as a

significant problem for downtown businesses because parking spaces in front of many of the businesses on the downtown square is being utilized by downtown area employees and people conducting business at the county courthouse. There are a couple of municipal lots just off the courthouse square, but they do not appear to get much use. Parking for local businesses in the downtown area must be addressed in order to promote the economic revival of the area.

RETAIL SHOPPING

The primary retail shopping areas in the community are commercial strips located along Neosho Boulevard and a large shopping area anchored by Wal-Mart that is located on the south end of the community. Shopping options in the downtown area are very limited.

ENTERTAINMENT

No entertainment venues were noted in the downtown area. Neosho has a 27 hole municipal golf course, a recreation center that has tennis courts, a gymnasium, meeting rooms, baseball fields, the new 41,000 s.f. Freeman Southwest Family YMCA, numerous municipal parks, a movie theater, bowling alley, pool hall, a municipal swimming pool, etc.

EATING ESTABLISHMENTS

There are some restaurants in the downtown area, but they are limited and do not include any national chain selections. Most of the restaurants in the city are located along Neosho Boulevard and near the intersection of Neosho Boulevard and Highway 60.

PARKS AND RECREATION

No parks are located within the downtown revitalization area, but the city has numerous parks including Big Spring Park, which is one of the jewels of the community. It is located a few blocks west of the downtown courthouse square.

SCHOOLS

Neosho's public school system is comprised of five elementary schools, an early childhood center, an alternative school, a middle, junior, and high school. The South West Alternative Education Center and the Central Elementary School are located within the boundaries of the downtown revitalization area. The middle, junior, and high school are located on Neosho Boulevard, a few blocks west of the downtown revitalization area.

PUBLIC TRANSPORTATION

Neosho does not have a public transportation system. The city does have a taxi service, and a small airport. National and International travel is through bus, train, and airline service in the nearby communities of Joplin or Springfield.

PUBLIC SAFETY

The City of Neosho has two fire stations and the one is located in the downtown revitalization area at 125 N. College. The Neosho Police Department is also located within the downtown revitalization area at 201 N. College.

SOCIAL SERVICES

Neosho has numerous social service entities that are located within the downtown revitalization area including Neosho Crossline Ministries at 308 E. Spring and 415 N. High, Help Center at 214 E. Main, Newton County Child Support Office at 101 S. Wood, Accent on Health at 113 W. Hickory, Economic Security Corporation at 116 N. Jefferson, United Fund Drive Office at 216 W. Spring, and the Department of Social Services at 201 N. Washington.

DOWNTOWN AREA PHOTOGRAPHS

Newton County Courthouse at the Neosho downtown square

Buildings on the north side of the courthouse square

Buildings on the south side of the courthouse square

Buildings on the east side of the courthouse square

Buildings on the west side of the courthouse square

Owner occupied upper floor space on the courthouse square at 123 S. Washington

Owner occupied building just south of the courthouse square on Washington

Owner occupied building on the courthouse square at 100 N. Wood

Market rate rental units on the upper floor of 116 W. Spring, just off the courthouse square

Newton Place Apartments, which will be senior affordable rental units at 130 E. Spring on the courthouse square

Storefronts, market rate apartments and condos under construction at 124 S. Wood on the courthouse square

Rental units on the west side of the downtown revitalization area at 201 N. High

Rental housing units on McCord in the downtown revitalization area, just north of the courthouse square

Rental units (Main Street Apartments) on West Main Street, just west of the courthouse square

Rental units (Sale Apartments) on West Main Street, just west of the courthouse square

Building at the southwest corner of the square (101 W. Main) that is being considered for future housing and commercial development

Freeman Neosho Hospital is a major employer in the community and is located just south of the downtown revitalization area.

Municipal Auditorium, which is located on West Main Street in the downtown revitalization area

STRENGTHS AND WEAKNESSES

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

- Historic buildings: The downtown area contains buildings that are historical, that are signatures of the community, and have the benefit of qualifying for special tax credits and financing to preserve and restore their historic character.

- Pioneering Commitment: The downtown area benefits from the pioneering efforts of private investors that have already began to establish downtown as livable neighborhood by renovating and readapting space on the lower and upper levels of the commercial buildings on the courthouse square to rental and owner occupied living space.

- Momentum: The downtown revitalization efforts are underway and are evidenced by the noticeable private and public financed construction projects that are in progress in the downtown area and the many private projects that have already been completed.

- Blank Canvas: The vacant buildings and land offer opportunities for creative entrepreneurs. The large amount of vacant and underutilized buildings and land provide the opportunity to consider numerous options for the best utilization of the space to create something special in the downtown area in terms of housing, business, entertainment, shopping, and eating establishments.

- Employment: The downtown is still the center of municipal and county government, and has other major employers, like the Twin Rivers Plant and the Freeman Neosho Hospital that draws a large number of people (potential customers) to the area during the daylight hours.

- Potential Market Support: There is a large residential population base (consumers) on three sides of the downtown area that presently must look to other areas of the community for retail, entertainment, shopping, and business needs that could be located in closer proximity in the downtown revitalization area.

- Walkability: The downtown area is compact with a friendly street pattern.

- Accessibility: Access to and from the area is relatively easy in all directions.

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

- Economic Obsolescence: The lack of businesses in the downtown area is an obvious indication that there are economic disadvantages for businesses in the downtown area that have to be addressed through some form of incentives. There must be a way to level the playing field for the downtown area in competition for businesses with other areas of the community.

- Lack of Parking: The downtown area seems to lack a sufficient number of parking spaces for the potential customers of the downtown businesses.

- Wayfinding: Although the downtown area is known to the residents of the community, visitors may have a difficult finding the downtown area because of the lack of signage leading to the area. Consequently, customer opportunities are being lost.

- Sense of Place: The downtown area needs to re-establish itself as the heart of the community. Currently, it appears that most people only come to downtown to conduct business.

- People Presence: The downtown area needs to continue to attract more permanent residents to the area to help support and attract existing and new businesses and to help make extended business hours in the downtown area viable.

- Active Railroad Tracks: The downtown area has an active rail line, which means that during the course of the day trains come through the area and sound their horns at the railroad crossings in the downtown area. While most occupants of the area get used to it, the loud horns are not appealing to most residents and probably limit the residential marketability of the area. Wayside horn systems should be considered that reduce the broadcast area of the train warnings in residential areas.

SECTION III

ECONOMIC PROFILE

OVERVIEW

The following section includes an analysis of the economy of the market area. The analysis will focus on employment by industry, the areas major employers, area employment, unemployment, and labor force trends. MHDC has obtained economic information from the Missouri Department of Economic Development, Bureau of Labor Statistics, U.S. Census Bureau, and the Neosho, Missouri Chamber of Commerce.

Neosho's Industrial Park is located within the city limits, off of W. Lyon Drive and is within a Missouri Enterprise Zone.

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

COMPETITIVE TAX INCENTIVE PROGRAMS OFFERED:

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

MAJOR EMPLOYERS

Major Employers - Neosho Area		
Employers	Type of Business	Employees
La-Z-Boy Midwest	Manufacturing	1380
Neosho Schools	Education	510
Scholastic, Inc	Call Center	478
Twin Rivers Group, Inc.	Food Processing	450
Crowder College	Education	420
Moark Productions	Egg Production	420
Talbott Industries	Manufacturing	350
Freeman Neosho Hospital	Healthcare	280
Brass Eagle Paintball	Manufacturing	250
Crowder Industries	Manufacturing	190
Branco Enterprises, Inc.	Building Contractors	180
Sunbeam Products, Inc.	Warehouse & Distr.	180
Premier Turbines	Engine Maintenance	177
Community Bank and Trust	Banking	167
Daisy Manufacturing	Manufacturing	150
City of Neosho	Government	140
Koplin Outdoor, Inc.	Manufacturing	125

Source: Neosho Chamber of Commerce

The largest employer in the area is La-Z-Boy, a furniture manufacturing plant that is almost three times larger in terms of the number of employees than the next largest employer.

EMPLOYMENT CATEGORIES AND WAGES

Average Employment and Wages - Newton County, Missouri								
	2007*		2006		2005		2004	
Industry	Avg. Emp.	Avg. Mthly. Wages	Avg. Emp.	Avg. Mthly. Wages	Avg. Emp.	Avg. Mthly. Wages	Avg. Emp.	Avg. Mthly. Wages
11 - Agriculture, Etc.	109	$1,678	199	$1,872	263	$1,956	239	$1,930
21 - Mining	23	$4,182	46	$2,501	53	$2,190	46	$2,167
22 - Utilities	108	$5,677	108	$4,457	107	$4,316	116	$4,327
23 - Construction	993	$2,482	956	$2,631	886	$2,496	846	$2,381
31 - Manufacturing	3993	$2,898	4072	$2,832	4501	$2,731	4922	$2,888
42 - Wholesale trade	667	$4,596	722	$3,862	589	$4,160	511	$3,563
44 - Retail Trade	2476	$1,836	2518	$1,853	2474	$1,821	2404	$1,750
48 - Transportation and warehousing	4702	$3,864	4413	$4,301	4193	$4,161	4064	$3,883
51 - Information	235	$3,725	275	$3,390	249	$3,329	234	$3,289
52 - Finance & Ins.	571	$2,615	544	$2,581	517	$2,563	480	$2,488
53 - Real estate	209	$2,017	232	$2,309	216	$2,165	188	$2,436
54 - Professional and technical services	248	$2,735	229	$2,248	201	$1,986	330	$2,627
55 - Mgmt. (companies)	84	$4,082	30	$4,156	19	$5,624	17	$4,372
56 - Administrative, etc.	642	$1,534	688	$1,484	608	$1,563	627	$1,438
61 - Educational	2160	$2,041	1940	$2,189	1946	$2,130	1885	$2,046
62 - Health care, social	5509	$3,527	5133	$3,874	5126	$3,711	5027	$3,599
71 - Arts, etc.	125	$1,365	150	$1,393	155	$1,275	146	$1,253
72 - Accom. & food srvc	2518	$1,078	2482	$1,082	2253	$1,037	2212	$1,026
81 - Other services	455	$2,245	435	$1,590	419	$1,484	380	$1,393
Public Administration	442	$2,374	426	$2,272	444	$2,147	436	$2,090

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

The largest employment trades in the county area are health care, transportation and warehousing, and manufacturing. In 2007 in Newton County the average monthly wage for those trades was approximately $3,900 for transportation and warehousing, $3,500 for healthcare, and $2,900 for manufacturing.

In terms of job growth, the largest number of jobs in Newton County since 2004 has occurred in transportation and warehousing, and healthcare. Jobs in the manufacturing trades have declined significantly.

LABOR FORCE AND UNEMPLOYMENT

Local Area Employment - Newton County					
Year	Labor Force	Employment	Unemployment	Unemployment Rate	Missouri Unemployment Rate
2002	27,382	25,830	1,552	5.7%	5.2%
2003	28,040	26,401	1,639	5.8%	5.6%
2004	27,932	26,437	1,495	5.4%	5.8%
2005	27,977	26,596	1,381	4.9%	5.3%
2006	28,489	27,222	1,267	4.4%	4.8%
2007	28,255	26,950	1,305	4.6%	5.0%

Source: Department of Economic Development

The unemployment rate in Newton County was higher than the State of Missouri is 2002 and 2003, but has been lower than the State since 2004.

COMMUTING PATTERNS

Southeast Missouri Commuting Patterns						
State/County	Total Workers 16+ in 2000	Workers Commuting Outside Place of Residence 2000	Percent of Total Workers 2000	Percent of Total Workers 1990	Change 1990-2000 Number of Workers	Change 1990-2000 Percent of Workers
Missouri	2,629,296	877,655	33.4	31.2	146,250	2.2
Newton	24,482	10,382	42.4	43.4	1,650	(0.9)
Jasper	48,176	8,353	17.3	12.6	3,245	4.8
McDonald	9,590	4,637	48.4	45.2	1,557	3.1
Lawrence	15,679	7,368	47.0	40.3	2,123	6.7
Barry	14,523	3,784	26.1	21.0	1,369	5.0
Greene	119,180	8,320	7.0	6.2	2,097	0.8

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

The information indicates that the last official census indicated that 42% of the workers in Newton County commuted outside of the community for employment. That trend is similar to most of the surrounding counties in the area.

SECTION IV

DEMOGRAPHIC PROFILE

POPULATION

Total Population - Neosho						
Year	Neosho	Annual Change %	Newton County	Annual Change %	Missouri	Annual Change %
2000	10,505		52,636		5,595,211	
2007	10,984	0.8%	56,622	1.3%	5,870,906	0.8%
2012	11,370	0.7%	59,501	1.0%	6,053,252	0.6%

Source: Claritas, MHDC

The 2007 population estimate for Neosho by the U.S. Census Bureau is 11,284, which indicates a more aggressive population growth trend than the demographic source used for this analysis.

POPULATION BY AGE

Population By Age Group - Neosho						
Age Cohort	2000	Percent	2007	Percent	2012	Percent
0-17	2,753	26%	2,643	24%	2,670	23%
18-24	1,132	11%	1,157	11%	1199	11%
25-34	1,329	13%	1,566	14%	1,538	14%
35-54	2,610	25%	2,767	25%	2,892	25%
55-64	883	8%	1,068	10%	1,150	10%
65-74	775	7%	742	7%	850	7%
75-84	722	7%	730	7%	685	6%
85+	301	3%	311	3%	386	3%

Source: Claritas, MHDC

The table indicates that the largest age cohorts in the community are 0-17 years of age and 35-54 years of age. These age groups are expected to remain the largest through 2012.

MEDIAN AGE OF POPULATION

Total Population Average Age - Neosho	
Year	Average Age
2000	37.7
2007	38.4
2012	38.9

Source: Claritas, MHDC

The table illustrates that the average age of the population has gotten older between 2000 and 2007 and that trend is expected to continue through 2012.

POPULATION BY GENDER

Population By Gender - Neosho						
Gender	2000	Percent	2007	Percent	2012	Percent
Male	4,956	47%	5,263	48%	5,479	48%
Female	5,549	53%	5,721	52%	5,891	52%

Source: Claritas, MHDC

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

HOUSEHOLDS

Total Households

Total Households - Neosho		
Year	Households	Annual Change
2000	4,136	
2007	4,292	0.6%
2012	4,416	0.6%

Source: Claritas, MHDC

Total Households - Newton County		
Year	Households	Annual Change
2000	20,140	
2007	21,776	1.4%
2012	22,939	1.1%

Source: Claritas, MHDC

The number of households in Neosho has increased between 2000 and 2007 and that trend is expected to continue through 2012, but the pace of the household growth in Neosho is significantly lower than Newton County as a whole. Neosho is the largest city in Newton County, so the difference in the growth patterns seems to indicate that more households are choosing to live in the open country near the city and in the rural areas of the county.

It is important to note that most of the household growth in Neosho appears to be due primarily to the growth in Hispanic households. Between 2000 and 2007 the estimated growth in the number of Hispanic households in Neosho exceeds the overall estimated household growth estimate for the community. That trend is also true of the household projections between 2007 and 2012. (See Hispanic Households Table on page 35).

Average Household Size

Average Household Size - Neosho	
Year	Average
2000	2.44
2007	2.46
2012	2.47

Source: Claritas, 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). Unlike most areas around the state and Newton County as a whole the average household sizes in Neosho are projected to increase.

Households by Size

Households By Size - Neosho						
	2000		2007		2012	
Household Size	Number	Percent	Number	Percent	Number	Percent
1 Person	1,223	29.6%	1,257	29.3%	1,285	29.1%
2 Persons	1,385	33.5%	1,427	33.2%	1,459	33.0%
3 Persons	636	15.4%	675	15.7%	702	15.9%
4 Persons	512	12.4%	523	12.2%	538	12.2%
5 Persons	229	5.5%	241	5.6%	250	5.7%
6 Persons	98	2.4%	106	2.5%	111	2.5%
7+ Persons	53	1.3%	63	1.5%	71	1.6%
Total	4,136	100%	4,292	100%	4,416	100%

Source: Claritas, MHDC

The table indicates that the distribution of households by size is expected to remain generally the same through 2012. Approximately 63% of the households in Neosho are one and two person households.

Female Head of Household with Children

Female Head of Household with Children	
Neosho, Missouri	
Year	Number
2007	614
2012	647

Source: Applied Geographic Solutions

The table indicates that approximately 14% the households in Neosho are headed by females with children.

Hispanic Households

Hispanic Households	
Neosho, Missouri	
Year	Number
2000	444
2007	651
2012	830

Source: Claritas

The table indicates that in Neosho there has been a significant increase in the number of Hispanic households and that trend is expected to continue through 2012. A recent article in the USA Today seemed to contradict the widely held assumption that Hispanic household growth is primarily due to immigration. The article indicated that births, not immigration, now accounts for most of the growth in the nation's Hispanic population, a direct reversal of the trend for the past 30 years. The article also indicated that some rural counties where the population had been shrinking and aging are now growing because of Hispanic immigration and births and that those communities must plan to provide the necessary services for this growing segment of their population.

In 2000 Hispanic households were 11% of the total households in Neosho. In 2007 Hispanic households were estimated to be 15% of the total household population and by 2012 are projected to make up 19% of the total households in Neosho.

TENURE

Tenure of Housing Units

Tenure of Occupied Housing Units - 2007			
Area	Owner Occupied Percentage	Renter Occupied Percentage	Vacant Percentage
Neosho	59.8%	31.9%	8.3%
Joplin	47.9%	39.4%	12.7%
Carthage	55.5%	34.4%	10.1%
Springfield	46.6%	43.2%	10.2%
Monett	58.4%	33.9%	7.7%
Republic	67.9%	24.5%	7.7%
Aurora	60.9%	30.0%	9.1%

Source: Applied Geographic Solutions

The table illustrates that Neosho compares favorably with other communities in the region in terms of owner occupied housing units and the percentage of vacant housing units.

Tenure by Household Size (Owner)

Tenure By Household Size					
Owner Occupied Housing Units					
Neosho, Missouri					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	669	26.9%	639	24.4%	-4.5%
2 Persons	825	33.2%	1,021	39.0%	23.8%
3 Persons	434	17.5%	369	14.1%	-15.0%
4 Persons	376	15.1%	374	14.3%	-0.5%
5 Persons	141	5.7%	151	5.8%	7.1%
6 Persons	27	1.1%	40	1.5%	48.1%
7+ Persons	12	0.5%	25	1.0%	108.3%

Source: Applied Geographic Solutions, MHDC

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

Tenure by Household Size (Renter)

Tenure By Household Size					
Renter Occupied Housing Units					
Neosho, Missouri					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	509	39.5%	548	36.7%	7.7%
2 Persons	378	29.3%	349	23.3%	-7.7%
3 Persons	162	12.6%	251	16.8%	54.9%
4 Persons	130	10.1%	172	11.5%	32.3%
5 Persons	89	6.9%	91	6.1%	2.2%
6 Persons	13	1.0%	68	4.5%	423.1%
7+ Persons	7	0.5%	16	1.1%	129%

Source: Applied Geographic Solutions, MHDC

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

Tenure by Age of Householder (Owner)

Tenure by Age of Householder					
Owner Occupied Housing Units					
Neosho, Missouri					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	37	1.5%	119	4.5%	221.6%
25-34	333	13.4%	257	9.8%	-22.8%
35-44	481	19.4%	477	18.2%	-0.8%
45-54	321	12.9%	502	19.2%	56.4%
55-64	347	14.0%	415	15.8%	19.6%
65-74	494	19.9%	400	15.3%	-19.0%
75+	471	19.0%	449	17.1%	-4.7%

Source: Applied Geographic Solutions, MHDC

Tenure by Age of Householder (Renter)

Tenure by Age of Householder					
Renter Occupied Housing Units					
Neosho, Missouri					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	199	15.5%	272	18.2%	36.7%
25-34	421	32.7%	445	29.8%	5.7%
35-44	189	14.7%	208	13.9%	10.1%
45-54	72	5.6%	186	12.4%	158.3%
55-64	118	9.2%	107	7.2%	-9.3%
65-74	101	7.8%	116	7.8%	14.9%
75+	188	14.6%	161	10.8%	-14.4%

Source: Applied Geographic Solutions, MHDC

Tenure by Bedrooms (Owner Occupied)

Tenure By Bedrooms (2000)		
Owner Occupied		
Neosho, Missouri		
Bedrooms	Households	Percentage
No BR.	6	0.2%
1	68	2.6%
2	516	19.7%
3	1,564	59.7%
4	369	14.1%
5 or more	96	3.7%

Source: U.S. Census Bureau

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

Tenure by Bedrooms (Renter Occupied)

Tenure By Bedrooms (2000)		
Renter Occupied		
Neosho, Missouri		
Bedrooms	Households	Percentage
No BR.	88	5.9%
1	429	28.7%
2	535	35.8%
3	353	23.6%
4	84	5.6%
5 or more	6	0.4%

Source: U.S. Census Bureau

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

INCOME

Households by Income Distribution

Household Income Distribution - Neosho						
	2000		2007		2012	
Income Cohort	Number	Percent	Number	Percent	Number	Percent
< than $15,000	874	21.1%	779	18.2%	733	16.6%
$15,000-$24,999	738	17.9%	671	15.6%	625	14.2%
$25,000-$34,999	727	17.6%	688	16.0%	653	14.8%
$35,000-$49,999	747	18.1%	821	19.1%	858	19.4%
$50,000-$74,999	692	16.7%	762	17.8%	795	18.0%
$75,000-$99,999	225	5.4%	319	7.4%	395	8.9%
$100,000-$149,999	81	2.0%	181	4.2%	261	5.9%
$150,000-$249,999	37	0.9%	47	1.1%	62	1.4%
$250,000-$499,999	11	0.3%	21	0.5%	29	0.7%
$500,000 or more	1	0.0%	3	0.1%	5	0.1%
Total	4,133	#DIV/0!	4,292	#DIV/0!	4,416	100%

Source: Claritas

The table indicates that approximately 86% of the households in Neosho have household incomes of less than $75,000. Approximately 8% of households have incomes between $75,000 and $100,000, and approximately 6% have incomes in excess of $100,000.

HISTA DEMOGRAPHIC DATA

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

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

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

Owner Households Under Age 55 Years *Current Year Estimates - 2007*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	30	12	4	11	0	**57**
$10,000-20,000	47	29	33	17	20	**146**
$20,000-30,000	76	66	60	49	36	**287**
$30,000-40,000	46	126	57	58	39	**326**
$40,000-50,000	17	83	77	111	75	**363**
$50,000-60,000	21	69	88	110	31	**319**
$60,000+	16	275	241	275	192	**999**
Total	**253**	**660**	**560**	**631**	**393**	**2,497**

Source: Claritas, Ribbon Demographics

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	15	21	0	0	0	**36**
$10,000-20,000	41	12	0	0	4	**57**
$20,000-30,000	48	34	3	0	0	**85**
$30,000-40,000	1	56	6	17	0	**80**
$40,000-50,000	0	67	6	0	0	**73**
$50,000-60,000	0	59	8	4	0	**71**
$60,000+	0	124	65	18	0	**207**
Total	**105**	**373**	**88**	**39**	**4**	**609**

Source: Claritas, Ribbon Demographic

MA 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	127	17	3	0	0	**147**
$10,000-20,000	187	86	3	0	0	**276**
$20,000-30,000	146	165	6	0	0	**317**
$30,000-40,000	82	89	25	0	5	**201**
$40,000-50,000	37	94	31	0	0	**162**
$50,000-60,000	17	52	10	4	0	**83**
$60,000+	36	165	20	15	6	**242**
Total	**632**	**668**	**98**	**19**	**11**	**1,428**

Source: Claritas, Ribbon Demographic

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

Renter Households Under Age 55 Years *Current Year Estimates - 2007*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	135	35	34	23	32	**259**
$10,000-20,000	90	87	54	30	43	**304**
$20,000-30,000	47	70	80	68	11	**276**
$30,000-40,000	52	93	77	41	38	**301**
$40,000-50,000	6	36	57	31	59	**189**
$50,000-60,000	4	9	24	12	26	**75**
$60,000+	11	43	21	37	45	**157**
Total	**345**	**373**	**347**	**242**	**254**	**1,561**

Source: Claritas, Ribbon Demographics

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

Renter 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	41	8	0	0	0	**49**
$10,000-20,000	14	0	3	0	0	**17**
$20,000-30,000	5	14	0	0	0	**19**
$30,000-40,000	2	3	0	0	0	**5**
$40,000-50,000	0	5	0	0	0	**5**
$50,000-60,000	0	0	6	5	0	**11**
$60,000+	0	0	0	0	0	**0**
Total	**62**	**30**	**9**	**5**	**0**	**106**

Source: Claritas, Ribbon Demographics

PMA Renter Households (Aged 62+) - 2007 Estimates

Renter 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	125	6	0	0	0	131
$10,000-20,000	98	15	0	0	0	113
$20,000-30,000	10	8	5	0	0	23
$30,000-40,000	22	24	0	8	0	54
$40,000-50,000	0	8	3	0	0	11
$50,000-60,000	0	19	5	0	0	24
$60,000+	10	6	0	0	0	16
Total	265	86	13	8	0	372

Source: Claritas, Ribbon Demographics

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

Owner Households Under Age 55 Years *Five Year Projections - 2012*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	29	10	4	11	0	54
$10,000-20,000	40	21	28	13	17	119
$20,000-30,000	67	50	48	42	30	237
$30,000-40,000	45	105	49	50	35	284
$40,000-50,000	18	84	77	104	66	349
$50,000-60,000	22	65	93	113	37	330
$60,000+	18	303	277	316	221	1,135
Total	239	638	576	649	406	2,508

Source: Claritas, Ribbon Demographics

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

Owner Households Aged 55-61 Years *Five Year Projections - 2012*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	15	17	0	0	0	**32**
$10,000-20,000	46	11	0	0	4	**61**
$20,000-30,000	50	35	4	0	0	**89**
$30,000-40,000	2	55	5	18	0	**80**
$40,000-50,000	0	70	8	0	0	**78**
$50,000-60,000	0	46	6	6	0	**58**
$60,000+	0	160	86	20	0	**266**
Total	**113**	**394**	**109**	**44**	**4**	**664**

Source: Claritas, Ribbon Demographics

PMA Owner Households (Aged 62+) - 2012 Projections

Owner Households Aged 62+ Years *Five Year Projections - 2012*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	118	14	3	0	0	**135**
$10,000-20,000	185	75	3	0	0	**263**
$20,000-30,000	156	159	6	0	0	**321**
$30,000-40,000	92	94	26	0	4	**216**
$40,000-50,000	52	107	40	0	0	**199**
$50,000-60,000	21	58	18	4	0	**101**
$60,000+	51	211	24	21	6	**313**
Total	**675**	**718**	**120**	**25**	**10**	**1,548**

Source: Claritas, Ribbon Demographics

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

Renter Households Under Age 55 Years *Five Year Projections - 2012*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	139	30	29	20	30	**248**
$10,000-20,000	88	74	47	26	39	**274**
$20,000-30,000	49	61	73	64	10	**257**
$30,000-40,000	54	88	74	39	37	**292**
$40,000-50,000	9	35	58	27	70	**199**
$50,000-60,000	5	9	26	13	31	**84**
$60,000+	14	54	25	48	59	**200**
Total	**358**	**351**	**332**	**237**	**276**	**1,554**

Source: Claritas, Ribbon Demographics

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

Renter Households Aged 55-61 Years *Five Year Projections - 2012*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	41	8	0	0	0	**49**
$10,000-20,000	15	0	3	0	0	**18**
$20,000-30,000	6	16	0	0	0	**22**
$30,000-40,000	3	5	0	0	0	**8**
$40,000-50,000	0	7	0	0	0	**7**
$50,000-60,000	0	0	4	4	0	**8**
$60,000+	0	0	0	0	0	**0**
Total	**65**	**36**	**7**	**4**	**0**	**112**

Source: Claritas, Ribbon Demographic

PMA Renter Households (Aged 62+) – 2012 Projections

Renter Households Aged 62+ Years *Five Year Projections - 2012*						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
$0-10,000	125	6	0	0	0	**131**
$10,000-20,000	105	15	0	0	0	**120**
$20,000-30,000	12	9	6	0	0	**27**
$30,000-40,000	34	25	0	10	0	**69**
$40,000-50,000	0	12	7	0	0	**19**
$50,000-60,000	0	16	6	0	0	**22**
$60,000+	17	9	0	0	0	**26**
Total	**293**	**92**	**19**	**10**	**0**	**414**

Source: Claritas, Ribbon Demographics

COST BURDENED HOUSEHOLDS

Cost Burdened Households (2000) - Neosho			
	Renter	Owner	Renter & Owner
Total			
Cost Burdened >30%	22.0%	16.4%	17.9%
Severely Cost Burdened >50%	10.8%	5.9%	7.2%
Elderly 1 & 2 Persons			
Cost Burdened >30%	22.3%	14.0%	15.9%
Severely Cost Burdened >50%	10.6%	1.8%	3.8%
Single Person Non-Elderly			
Cost Burdened >30%	26.0%	26.3%	26.1%
Severely Cost Burdened >50%	11.5%	12.1%	11.7%
Small Fam 2-4 Persons			
Cost Burdened >30%	16.5%	11.0%	12.8%
Severely Cost Burdened >50%	7.3%	2.8%	4.3%
Large Fam 5+ Persons			
Cost Burdened >30%	31.4%	8.1%	17.6%
Severely Cost Burdened >50%	22.2%	1.8%	10.1%

Source: 2000 Chas Data

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

Source: 2000 Chas Data

The Neosho Rent Burdened table indicates that 10% of all renter households in Neosho are severely cost burdened. The severely cost burdened rate for all renter households in Missouri for the same period was 14.8%. The most severely cost burdened renter group in Neosho appears to be large family renter households at 22.2%. Statewide only 12.6% of large family renter households were severely cost burdened.

AREA MAXIMUM AFFORDABLE HOUSING INCOME AND RENTS

Maximum Income and Rents for HOME and Housing Tax Credit Programs for Newton County												
2008 Median Income	Income %	Maximum Incomes						Maximum HOME/LIHTC Rents				
		Persons in Household						Bedroom Sizes				
		1	2	3	4	5	6	0Br	1Br	2Br	3Br	4Br
	50%	16,750	19,150	21,550	23,950	25,850	27,800	418	448	538	622	695
	60%	20,100	22,980	25,860	28,740	31,020	33,360	502	538	646	747	834
$44,700								HUD Fair Market Rents				
								360	433	551	701	722

Source: HUD, IRS, MHDC

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

EDUCATIONAL ATTAINMENT

Educational Attainment (Pop. 25+ Age)			
Neosho, Missouri			
Level	1990	2000	2007
9th to 12th grade, no diploma	15.2%	14.7%	13.4%
Associate Degree	7.1%	8.1%	9.1%
Bachelors Degree	9.6%	10.6%	10.8%
College No Degree	21.4%	22.4%	22.5%
Graduate Degree	6.0%	7.6%	7.9%
High School Diploma	30.6%	30.4%	31.4%
Less than 9th grade	10.1%	5.6%	4.9%

Source: Applied Geographic Solutions, MHDC

The table indicates that the educational attainment level in Neosho has not changed significantly since 1990.

MARITAL STATUS

Marital Status (Pop. 15+ Age)			
Neosho, Missouri			
Status	1990	2000	2007
Divorced	9.3%	13.1%	13.0%
Never Married	17.7%	18.1%	18.2%
Now Married	58.8%	56.9%	56.9%
Separated	1.9%	2.8%	2.9%
Widowed	12.3%	9.2%	9.0%

Source: Applied Geographic Solutions, MHDC

MIGRATION PATTERNS

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

The migration tables that follow indicate that Newton County attracts approximately 1,600 new households annually, and annually loses a little less than that amount, for a small positive net migration total. The tables also indicate that most of the households that move in and out of Newton County are moving from and into nearby Jasper County.

Gross Annual Household In-Migration								
Newton County, Missouri								
	2003		2004		2005		2006	
County of Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	1,371	100%	1,348	100%	1,598	100%	1,624	100%
Total In-Migration Same State	814	59%	797	59%	936	59%	928	57%
Total In-Migration Out of State	557	41%	551	41%	662	41%	696	43%
Jasper County, MO	470	34%	427	32%	553	35%	549	34%
McDonald County, MO	125	9%	142	11%	131	8%	136	8%
Barry County, MO	50	4%	56	4%	43	3%	51	3%
Ottawa County, OK	45	3%	34	3%	35	2%	47	3%
Benton County, AR	28	2%	28	2%	45	3%	34	2%
Greene County, MO	21	2%	25	2%	53	3%	30	2%
Lawrence County, MO	20	1%	34	3%	24	2%	29	2%
Cherokee County, KS	21	2%	18	1%	26	2%	21	1%
Washington County, AR	10	1%	11	1%	14	1%	16	1%
All Other Counties	581	42%	573	43%	674	42%	711	44%

Source:Internal Revenue Service

Gross Annual Household Out-Migration								
Newton County, Missouri								
	2003		2004		2005		2006	
Destination County	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	1,211	100%	1,287	100%	1,506	100%	1,583	100%
Total Out-Migration Same State	772	64%	819	64%	947	63%	1,025	65%
Total Out-Migration Out of State	439	36%	468	36%	559	37%	558	35%
Jasper County, MO	457	38%	506	39%	567	38%	620	39%
McDonald County, MO	108	9%	75	6%	106	7%	96	6%
Barry County, MO	41	3%	45	3%	49	3%	54	3%
Ottawa County, OK	40	3%	36	3%	42	3%	44	3%
Benton County, AR	22	2%	23	2%	36	2%	31	2%
Greene County, MO	34	3%	42	3%	45	3%	57	4%
Lawrence County, MO	27	2%	32	2%	30	2%	24	2%
Cherokee County, KS	16	1%	20	2%	22	1%	19	1%
Washington County, AR	18	1%	14	1%	17	1%	20	1%
All Other Counties	448	37%	494	38%	592	39%	618	39%

Source:Internal Revenue Service

Net Annual Household Migration				
Newton County, Missouri				
	2003	2004	2005	2006
County	Number	Number	Number	Number
Jasper County, MO	13	-79	-14	-71
McDonald County, MO	17	67	25	40
Barry County, MO	9	11	-6	-3
Ottawa County, OK	5	-2	-7	3
Benton County, AR	6	5	9	3
Greene County, MO	-13	-17	8	-27
Lawrence County, MO	-7	2	-6	5
Cherokee County, KS	5	-2	4	2
Washington County, AR	-8	-3	-3	-4
All Other Counties	133	79	82	93
Net Migration	160	61	92	41

Source:Internal Revenue Service

SECTION V

REVIEW OF PREVIOUS HOUSING MARKET STUDIES

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

Neosho, Missouri Comprehensive Plan, May, 2006

- "Superstores" and big box centers could be incorporated into identified redevelopment areas in the downtown core, if they are designed as part of a master planned development that is pedestrian oriented streetscape, and are of exceptional design quality.

- Infill and redevelopment that is in keeping with the historic character and scale of the established neighborhood is strongly encouraged to utilize vacant or underutilized sites and enhance the vitality of the Central Core.

- The renovation and reuse of existing older underutilized structures is strongly encouraged.

- Conversion of upper floors above retail storefronts to office or residential uses is strongly encouraged to reinforce the variety and vitality of the downtown environment.

- The provision of outdoor dining and seating areas along the sidewalk edge is strongly encouraged, particularly in the downtown core, to create activity along the street and increase the overall vitality of the Central Core.

Active, visible uses that encourage pedestrian activity, such as restaurants or retail storefronts, are most appropriate as first floor uses, Offices, residential or other uses that typically are "closed off" from the street and lend little to the pedestrian atmosphere should be encouraged as upper floor uses in retail areas.

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SECTION VI

EXISTING HOUSING

BUILDING PERMITS

Building Permits - Neosho		
Units		
2008 to Date	2007	2006
29	48	58

Source: City of Neosho

REAL ESTATE SALES

Real Estate Sales Statistics - City of Neosho		
Residential Detached and Attached		
Year	Number	Avg. Price
2007	210	$ 99,667
2006	259	$ 87,687
2005	269	$ 88,614

Source: City of Neosho

The table indicates that real estate sales in 2007 appear to be at a slower pace than previous years. This indicates that the Neosho housing market has slowed as has housing markets across Missouri and the nation.

The average sales price increased significantly from 2006 to 2007. The average price increase could be due to the sub prime lending that helped fuel price run ups in many markets across the nation.

The website Realtor.com currently shows 266 listings in the primary zip code area for Neosho of 64850. The listings range in value from a low of $20,800 to over $1,000,000.

NEW HOMEOWNERSHIP CONSTRUCTION

Following is a list of subdivisions in Neosho with either developed residential lots or new single family homes that are for sale:

Neosho Heights Subdivision

- Located in the southern part of the city off of Industrial Drive
- Duplex buildings with tenants for sale at approximately $200,000
- Plans are to build single family homes with a price range of $130,000 to $140,000.

Ravenhurst Subdivision

- Located just off of Ridgewood Road
- Single family home price range of $130,000 to $180,000.
- Lots currently available for development
- Homes are currently under construction

Royal Crest Subdivision

- Located just off of Ridgewood Road
- Single family home price range of $140,000 to $160,000.
- Lots currently available for development
- Homes are currently under construction

Fox Ridge Subdivision

- Located just off of Freeman Road
- Single family home price range of $125,000 to $200,000+.
- Lots currently available for development
- Homes are currently under construction

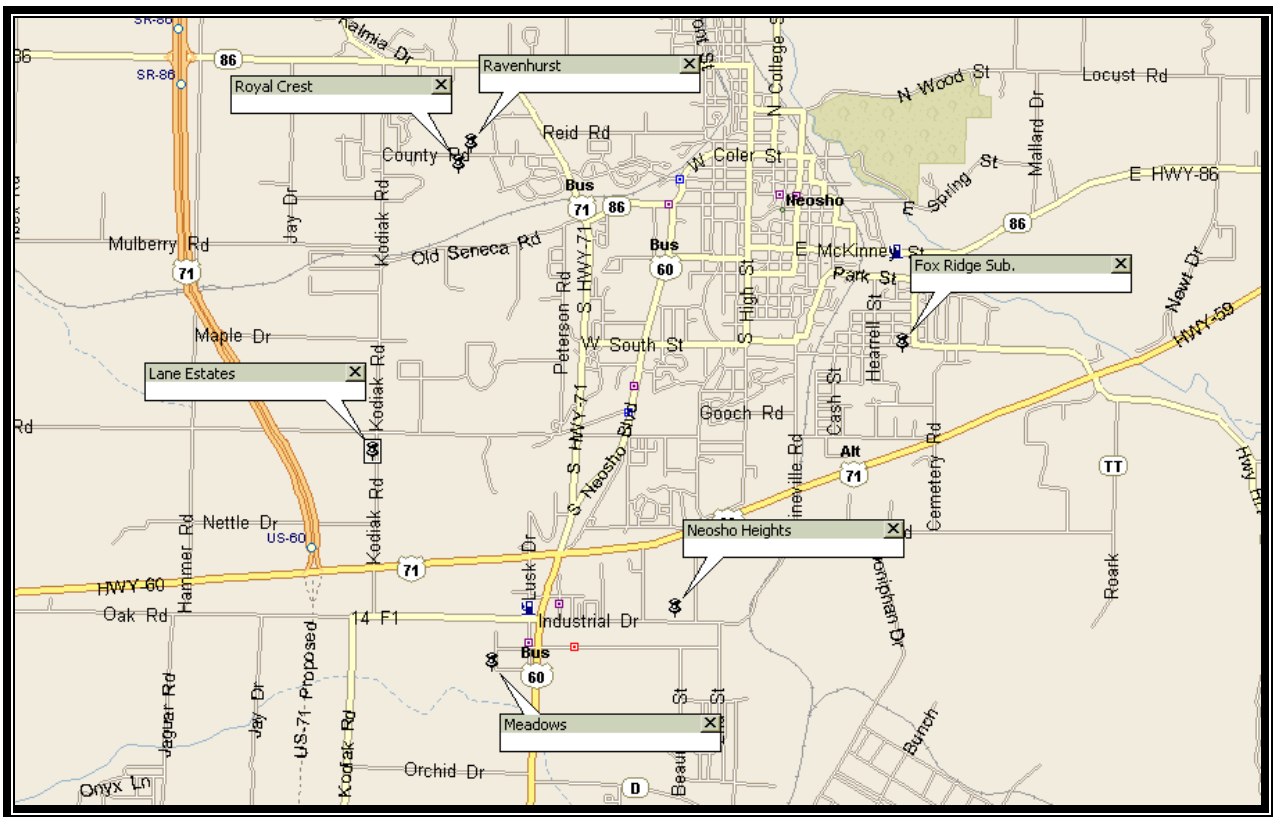
Lane Estates Subdivision

- Located just off of Kodiak Road
- Single family home price range of $150,000 to $165,000.
- Lots currently available for development
- Homes are currently under construction
- Some duplex units are currently available for rent for $675 - $700.

Meadows Subdivision

- Located just off of 71 Highway, south of Hwy. 60
- Single family home price range of $150,000 to $200,000.
- Lots currently available for development
- Homes are currently under construction

Following is a location map of the subdivisions mentioned above:



MARKET RATE RENTAL HOUSING

Developments

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

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

Neosho Heights Subdivison

2800 Neosho Heights Ave.
Neosho, Missouri
417-451-7000 (Dave)
8 Units
3 Br Units @ $775
Units are built, leased, and then sold to individual investors. These buildings are located in subdivision that will also contain single family homes.

Spring Street Suites
116 W. Spring
Neosho, Missouri
417-455-2005 (Lorena)
5 Units
0 Br Units @ $395
1 Br Units @ $495
2 Br Units @ $595
100% Occupancy and waiting list
Good condition
Loft style apartment units in downtown Neosho
Just off the downtown square

Sterling Building
124 S. Wood
Neosho, Missouri
417-455-2005 (Larry)
5 Storefronts
5 Condominiums
7 Apartment Units
4 - 1 Br Units @ $595
3 - 2 Br Units @ $850
Six of the apartments are pre-leased as of 6/20/2008
Located on the downtown square

Cedar Ridge Apartments
1526 Pineville Road
Neosho, Missouri
417-451-0174 (Shirley)
36 units
16 - 1Br Units @ $300
20 - 2Br Units @ $350
92% Occupancy
Condition – Poor

Unnamed Apartments
201 N. High
Neosho, Missouri
417-456-1010
6- 0 Br Units @ $250
100% Occupancy
Condition - Fair
Located on western edge of the downtown revitalization area

Main Street Apartments
West Main Street
Neosho, Missouri
No contact information was apparent, so information regarding rents and occupancy was not obtained.
Condition appears to be fair
Located on the western edge of the downtown revitalization area

Sale Apartments
West Main Street
Neosho, Missouri
No contact information was apparent, so information regarding rents and occupancy was not obtained.
Condition appears to be fair
Located on the western edge of the downtown revitalization area

Unnamed Apartments
McCord Street
Neosho, Missouri
No contact information was apparent, so information regarding rents and occupancy was not obtained.
Condition appears to be poor
Located in the northeast section of the downtown revitalization area

H.D. Properties Apartments
Southwest corner of W. Lyon Drive and Doniphan Drive
Will contain 64 small family units
Currently being constructed

Georgetown Apartments
1201-1212 Linsey Lane
Neosho, Missouri
417-451-1514 (Vickie)
10 Units
10-2Br Units @ $690-$775
Resident base is primarily seniors
Occupancy is 100%

Quail Run Apartments
Mayberry Drive
Neosho, Missouri
37 Units
1 Br Unit @ $400
2 Br Units @ $450-$600
2 Br, 2 Ba, one car garage rent for $600
Occupancy at 98%
Two separate ownership groups

Springs Apartments
410 and 416 Spring
Neosho, Missouri
14 Units

Park Place Apartments
1501 Pineville Road
Neosho, Missouri
417-451-4493 (Kenneth)
31 Units
7-1Br Units
16-2 Br Units
8-3 Br Units
Owner declined to provide rent information
Occupancy is 100%

Typical Rent Range

Typical market rent ranges for rental units are $300 to $600 for one-bedroom units, $350 to $800 for two-bedroom units, and $450 to $900 for three-bedroom units. Units at the low end of the ranges are generally older properties in fair to poor condition. Units at the high end of the ranges are generally newer properties of good quality construction, in good locations, of good size, with desirable unit and site amenities.

Occupancy

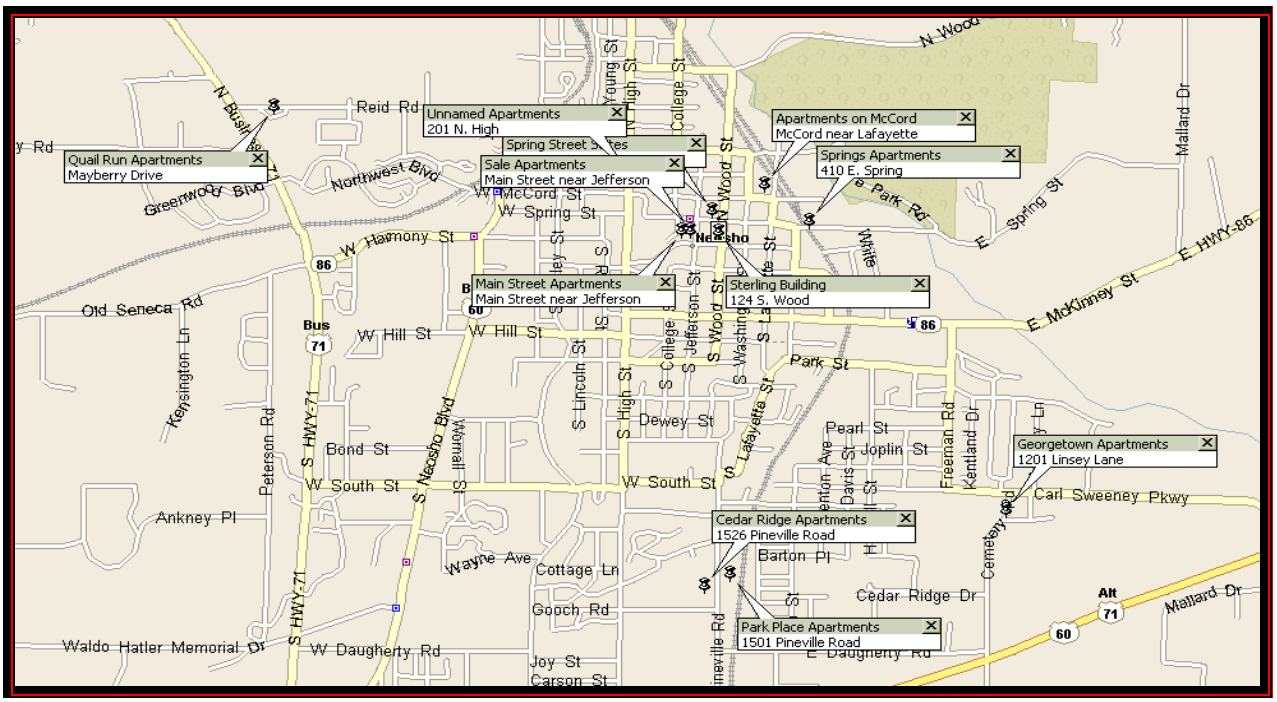
The occupancy of market rate rental developments in the community is reported to be good. The demand appears to be good for all bedroom sizes.

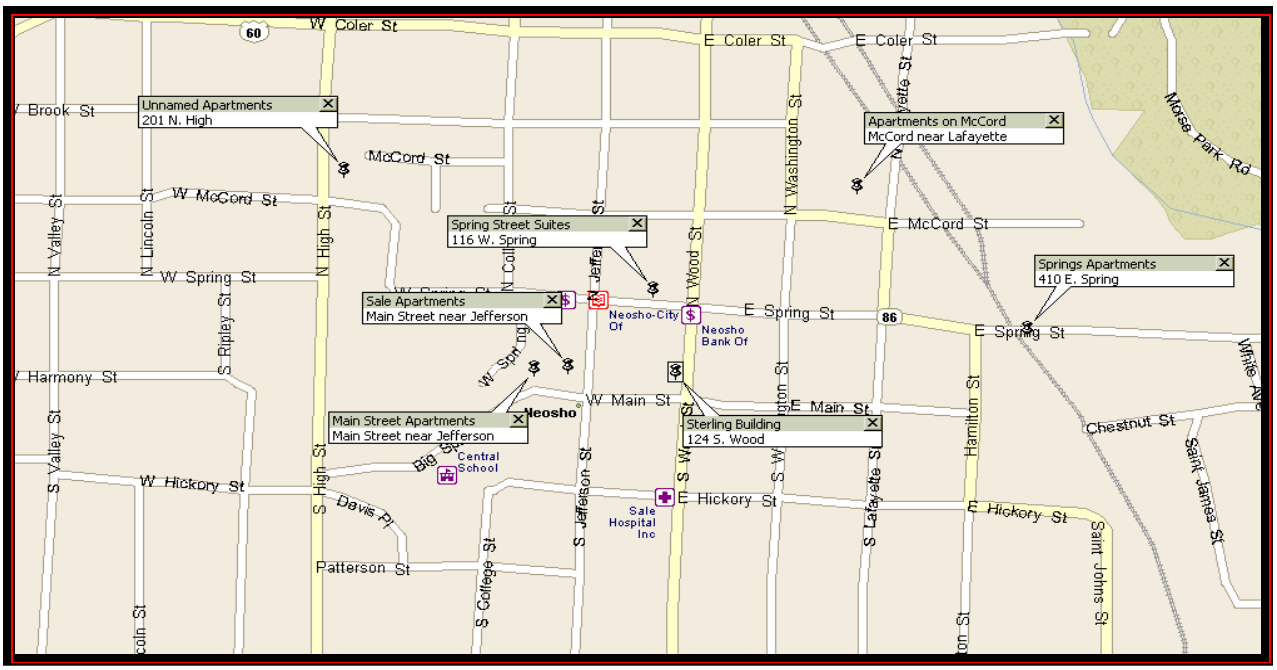
Under Construction/Consideration

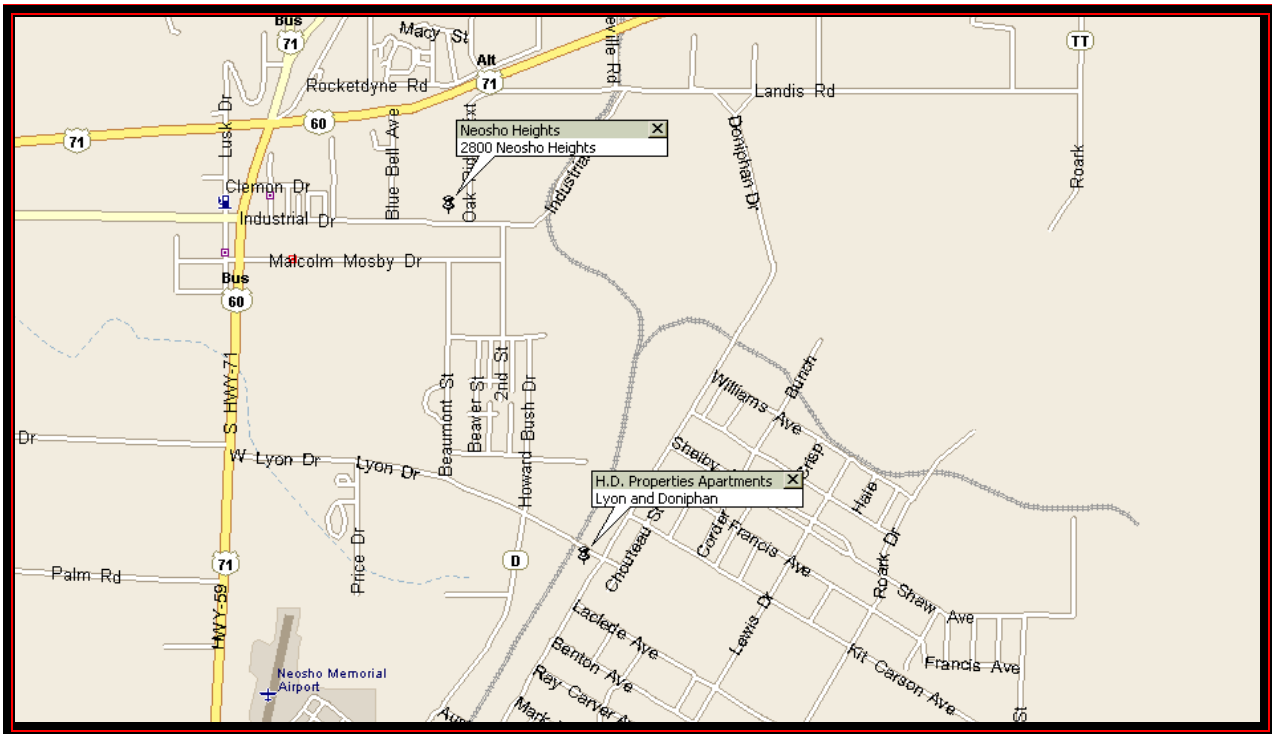
Market rate units in the Sterling Building are currently under construction at the southwest corner of the downtown courthouse square. The principal of that development also indicated that there are plans to rehab and create market rate rental units in the McGinty Building, across the street to the south of the Sterling Building.

Construction on the rental development on Doniphan Drive across from Crowder College, that will contain 64 units, is set to resume construction. Construction was halted due to because of zoning issues, but those issues reportedly have been resolved. Those units are intended to be marketed to the students of Crowder College and employees of the companies in the Industrial Park.

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







SENIOR AFFORDABLE RENTAL HOUSING

A survey was made of senior affordable rental housing options in Neosho. A total of five developments were noted, including the Newton Place apartments that are under construction in the downtown revitalization area, at the northeast corner of the courthouse square. At least three of the developments have some rent subsidy (Lane Apartments, Oaks Apartments, and the Brook Street Apartments) and all of the developments are multi-story developments.

Three of the four existing developments have good occupancy, but property managers indicate that they do not have long waiting lists. The Greystone Apartments has some vacancies, which management attributed to nursing home placements. Because it is a tax credit development with income limitations lower than the other three senior developments, and because it has no rent subsidy, it labors a little harder than the other three existing senior developments to stay full.

In addition to the affordable senior housing options there is also a nursing home (Medical Lodges) and two senior assisted living facilities (Springhill and Gran Villas) that serve the special needs of older senior households in Neosho.

Following are the senior affordable rental housing options in Neosho:

Lane Apartments
303 E. Hickory
Neosho, Missouri
417-451-4399 (Karen)
48 Units (All 1 Br. Units)
100% Rent Subsidized
100% Occupancy with Waiting List
Condition appears to be average

Oaks Apartments

321 Hamilton
Neosho, Missouri
417-451-5303 (Lee Ireland)
50 Units
30 - 0Br Units
20 - 1Br Units
100% Rent Subsidized
100% Occupancy
Public Housing Units
The development struggles with occupancy. One of the contributing factors is probably the weak marketability of the 0 bedroom units.

Brook Street Apartments
423 W. Brook Street
Neosho, Missouri
417-455-2005 (Lorena)
20 Units (All 1 Br Units)
Some Units have Rent Subsidy
100% Occupancy
Condition appears to be average
Financed by Rural Development

Greystone Place Apartments
200 North Wood
Neosho, Missouri
417-451-3002
31 Units
5 - 1Br. Units @ $280
26 - 2Br units @ $360
75% occupancy
Tax Credit Development
This development struggles with occupancy. A contributing factor is probably the narrow affordability and income qualification bands of the Affordable Housing Tax Credit Program.

Newton Place Apartments
130 E. Spring
Neosho, Missouri
573-875-5151 (Jay)
15 Units
11 - 1 Br Units @ $315 to $375
4 - 2 Br Units @ $435
Currently Under Construction
Tax Credit Development
This development is one of the cornerstones of the downtown revitalization efforts

Typical Rent Range

Most of the senior affordable rental units in Neosho are rent subsidized. Once the Newton Place Apartments are completed the rent range of affordable one bedroom senior apartments in Neosho will be from $280 to $375. The rent range of the affordable two bedroom senior apartments in Neosho will be $360 to $435.

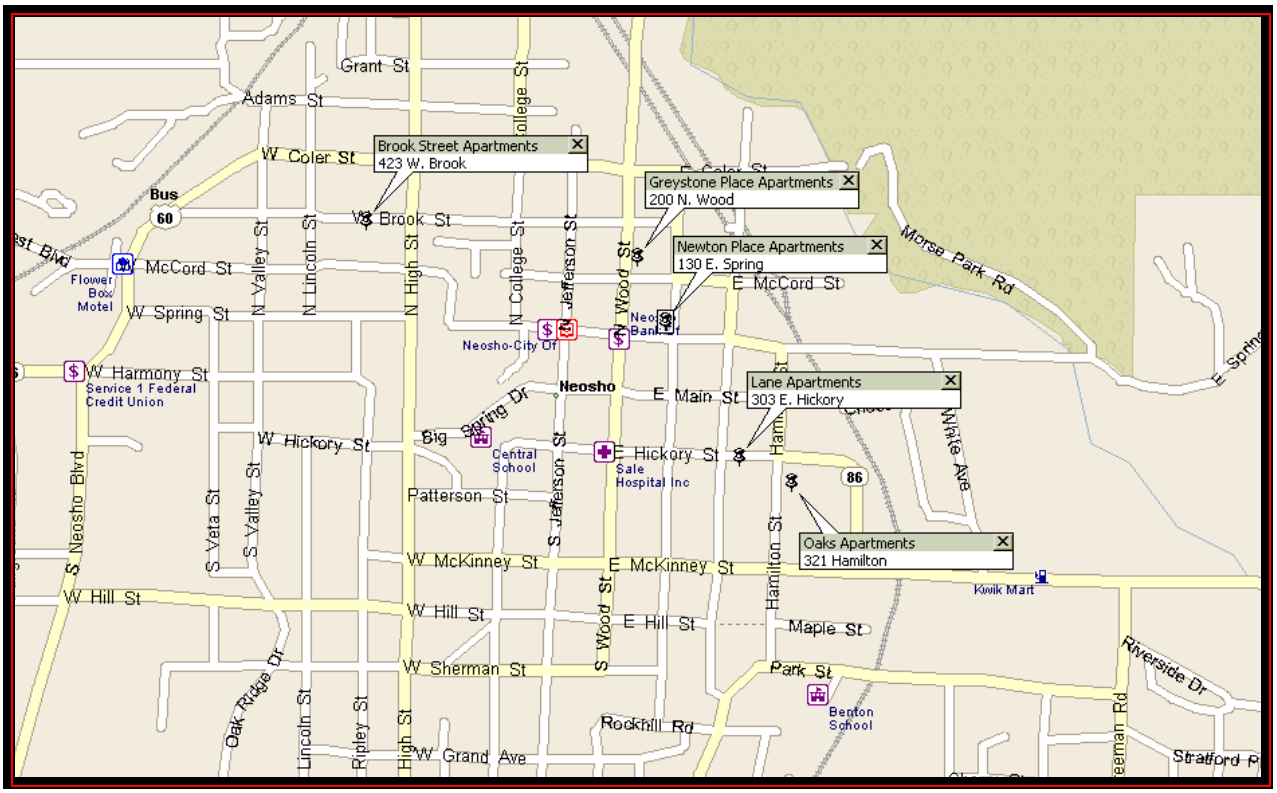
Occupancy

Occupancy is good at most of the affordable senior developments in the Neosho market and in some cases there are waiting lists. Although the units are generally full at The Oaks, management indicated that it is a struggle to keep them full. It is possible that the weak demand for the units at The Oaks could be due to a lack of strong demand for the small efficiency units at the development. Occupancy is also weak at the Greystone Apartments, which is due to a narrow band of tenants who are income qualified, that can also afford the rent without rent subsidy.

Under Construction/Consideration

The Newton Place Apartments should be completed and ready for occupancy at the end of the year.

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



FAMILY AFFORDABLE RENTAL HOUSING

A survey was made of affordable family rental housing options in Neosho. A total of five developments were found. Following is basic information regarding the developments:

Hamptons of Neosho
3605 Beaumont
Neosho, Missouri
417-455-1035
64 Units
32 – 2Br Units @ $313
32 – 3Br Units @ $370
Occupancy at 96% with wait list
Tax Credit Finanaced

Neosho Meadows
3080 Laramie Lane
Neosho, Missouri
417-451-5446 (Pamela)
36 Units (All 2 Br Units) @ $343
Occupancy at 100% with waiting list
Tax Credit Financed

Neosho Villas
3935 Crowder Drive
Neosho, Missouri
417-451-4024 (Tony)
64 Units
32 – 2Br Units @ $320
32 – 3Br Units @ $380
Occupancy at 86% (no wait list)
Management indicated that occupancy could be affected by lack of washer/dryer hook-ups
Tax Credit Financed

Summit View Apartments
Near Summit View and Valley Street
Neosho, Missouri
417-451-5303 (Lee Ireland)
30 Units
6 - 1Br Units
14 - 2Br Units
8 - 3Br Units
2 – 4Br Units
Units are rent subsidized by the Neosho Housing Authority

Century Village Apartments
1451 Pineville Road
Neosho, Missouri
64 Units
10 – 1Br Units @ $283 - $339
30 – 2Br Units @ $324 - $372
20 – 3Br Units @ $371 - $425
4 – 4Br Units @ $399 - $453
12 units of rent subsidy
Occupancy at 48%
This development is a HUD financed development that is in the process of being sold. Management indicates that the transition has adversely affected occupancy as tenants fear a risk of rent increase under the new ownership.

Stewart Apartments
345 S. Wood
Neosho, Missouri
417-455-2005 (Larry)
32 Units
16 – 1Br Units
16 – 2Br Units
Rent is based on income
Occupancy at 100%
Some units have rent subsidy
Financed by Rural Development FmHA

The Trails Apartments
3760 2nd Street
Neosho, Missouri
417-624-4144 (Bell Mgmt)
12 Units (All 2 Br Units
Some units are rent subsidized
Occupancy at 100%
Financed by Rural Development FmHA

NO PICTURE

Typical Rent Range

All of the affordable family developments have rents that are affected by some form of rent, interest, or tax credit subsidy. Consequently, the rents charged at the developments are considerably lower than the rents charged at comparable market rate units in the market. The rent range of the affordable one bedroom units is approximately $280 to $340. The rent range of the affordable two bedroom units is approximately $310 to $375. The rent range of the affordable three bedroom units is approximately $370 to $425.

Occupancy

Most of the affordable family developments in the Neosho market are reported to have good occupancy. Occupancy is very low at the Century Village development due to issues associated with an ownership change and at Neosho Villas due to the lack of washer and dryer hook ups that tenants consider a desirable unit amenity. It is possible that the sale of Century Village would be a conversion of an affordable housing development to market rate rental housing.

Under Construction/Consideration

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

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

SECTION VII

IDENTIFICATION OF PRIMARY AND SECONDARY MARKET AREAS

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

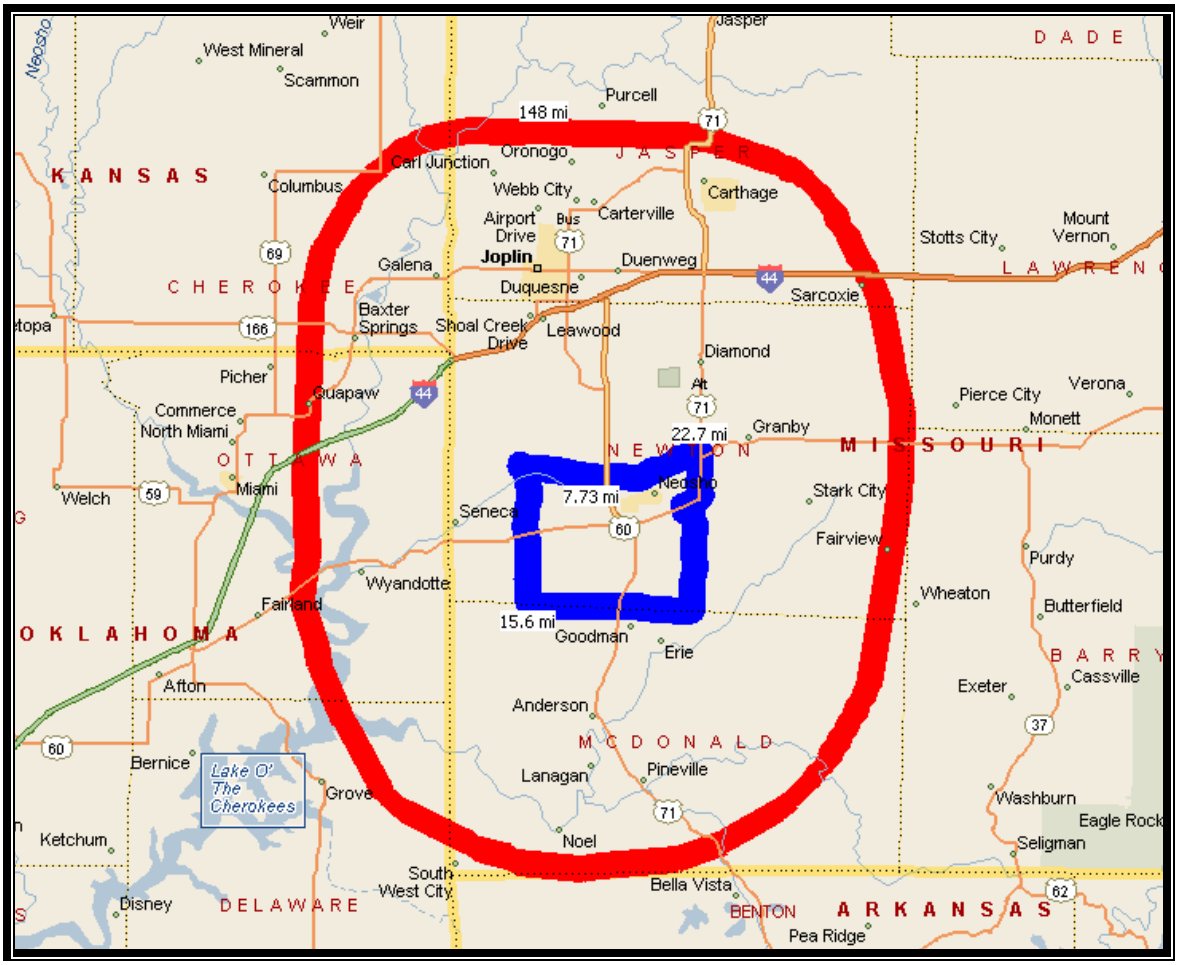
PRIMARY MARKET AREA

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

SECONDARY MARKET AREA

The secondary market area of Neosho is the area outside of the primary market area that contains some households that could be attracted to residential housing in the city of Neosho. The number of households attracted to residential units in Neosho will be a lot less in number than in the primary market area, but the interest from this area is consistent. Based on the opinions of the markets real estate participants and considering migration patterns, it is the opinion of the analyst that the secondary market area for Neosho could be parts of Jasper County, all of McDonald County and the balance of Newton County in Missouri, and parts of Ottawa County in Oklahoma, and Cherokee County in Kansas.

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



SECTION VIII

POTENTIAL RESIDENTIAL DOWNTOWN HOUSING DEMAND

OVERVIEW

The purpose of this study is to determine if residential development would benefit the downtown revitalization efforts, the household type(s) that would comprise the likely market, the type of housing that should be considered, and the number of households that can be captured for residential units in the Downtown Market Area.

Many older downtown areas have suffered from urban sprawl as new shopping centers and commercial strip malls have been developed outside of the central business district. This is the case of Neosho as most shopping is now done at Wal-Mart, in the other shopping areas around the intersection of 71 and 60 Highways, and other strip shopping centers along Neosho Boulevard. Neosho's downtown area, which once was the center of government and commerce, also had retail, recreational, social, and residential land uses. It still has many of those land uses, but is now reduced primarily to the center of government.

The Newton County Courthouse occupies the center of the square and City Hall is located at the southeast corner of the square. Around the square are banks, title companies, law firms, and other related businesses. The square also contains small mom and pop type businesses like antique stores and gift shops. And there is a coffee shop and a couple of family style restaurants. Even with these businesses the downtown square appears to have soft demand for much of its commercial space, which is evidenced by the significant amount of vacant storefronts and vacant upper floor space.

Like many downtown areas Neosho has gone through a period of economic decline, but there are positive signs that the area is in the midst of transition, which is being fueled by residential development. Some of the upper floor space of many of the commercial buildings in the downtown area around the courthouse square has already been renovated or readapted for residential use. Some units were improved and are used as rental units, such as the Spring Suites, and some were improved and are occupied by the owners of the buildings, like the Farber Townhouse on the northwest corner of the square. There are currently two projects in construction on the square that will bring almost 30 new rental and owner occupied units to the square. Newton Place will have 15 affordable rental units for seniors 55 years and older and The Sterling building will contain seven rental units and five condominiums, in addition to the commercial space on the street level.

The combination of public and privately financed residential developments has already began the process of drawing urban pioneers to residential options in the downtown square area and should eventually entice more businesses to serve the needs of the growing resident base.

In addition to the expanding resident base around the downtown square there has always been households living in the downtown area in neighborhoods to the north, west and south sides of the courthouse square. The improvements being made to the highly visible downtown square

should also cause positive reverberations out to the surrounding areas. As the demand for housing grows on the square, and new businesses start up to serve the needs of the new residents, the demand and value of homes and rental units should also increase in other areas of and around downtown that surround the square.

Efforts should continue to utilize vacant and underutilized buildings and land in the downtown area for residential development, particularly on the upper floors of the commercial buildings. Most of the units initially should be rental units, but over time as the desirability of the market increases and the demand for the units grows there should be a shift towards more owner occupied units.

Potential market for housing in the Downtown Neosho Market Area

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

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

Baby Boomers can create significant demand for new downtown residential units as they are financially stable and undergoing lifestyle changes that allow them more leisure time to enjoy some of the entertainment and dining options that are typical in downtown areas. They are generally financially secure and have sufficient credit, equity, and savings to purchase amenity filled high quality housing in the downtown area. Also called empty nesters because their children have left home, these households form the largest demographic group in the nation and carry considerable economic clout. In small communities like Neosho there generally are no suburbs that Baby Boomers would be moving from, and the downtown area at this time does not offer many entertainment or dining options, so the number of empty nester's that could be part of the residential demand in Neosho should be very limited.

Millenials are generally young student or professional households with no children, who are still in a very transient period in their life and are very open to new and different life style experiences. The type of housing that can be created in the downtown area of Neosho would be different than the housing options that currently exists in the community and could have a strong demand from the young working or student households. These younger households are attracted to the energy that can exist in high density downtown areas and are generally willing to sacrifice amenities and quality for unique and affordable housing options, like loft style housing that is non-typical in the market. Millenials could create the largest demand for loft style rental units in the downtown market.

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

Another demographic group that could be attracted to downtown residential housing is older seniors. The walkability of downtown areas along with the possible variety of shops offers opportunities for older seniors to remain active and socialize with their peers. All of the affordable senior rental housing options in Neosho are all located in or near the downtown area and the concentration of senior developments provides the opportunity for the older senior demographic cohort to play a significant role in the formation of a new urban village with many shops and services that would cater to their demands. As the concentration of seniors in the area continues to grow the amenities and services that these older households desire should also increase as new businesses could be attracted to the economic opportunities.

The Newton Place Apartments is currently under construction and will add 15 new senior units to the market. Because that development has not yet reached a sustaining occupancy level and also because of soft occupancy conditions reported by some existing senior developments the analyst does not feel that there is sufficient demand beyond the available units. Therefore no additional affordable senior units will be recommended at this time in support of the Neosho downtown revitalization efforts.

After considering the existing occupancy rates of market rate family rental units in the community and the current leasing experience in the downtown area, it appears that there could be a demand for more market rate rental units in downtown at this time. The profile of the typical tenant households most likely to create the demand are young individuals or couples, generally with no children, between the age of 18 and 40. These types of households would be interested in new and unique housing options and the lifestyle experiences associated with living within an urban area, where it may be possible to walk to many of the eating, shopping, entertainment, and other retail destinations. The production of additional market rate rental units would help to increase the 24 hour people presence in the area, which would be a benefit to the downtown revitalization efforts in Neosho.

In terms of home ownership there are already loft style and upper floor residential units that are owner occupied around the downtown square. Most of these are occupied by owners of the buildings, but recently condominium units have been sold to individual owners in a price range from $100,000 t0 $125,000. There should be a demand for downtown loft style residential units from young households and also from empty nesters looking to transition from a larger home. These households generally will have no children and are attracted to the benefits of home ownership without the burdens of the site and exterior maintenance responsibilities. Because they will not have the responsibilities associated with maintenance and raising children, they generally will have the leisure time and income to fully appreciate and enjoy the walkable urbanity, and the cultural, social, and entertainment activities that could be created downtown.

Home ownership in the downtown area is critical to establishing stability, which is one of the key factors to retail growth in the area. The production of additional home ownership opportunities in the downtown area of Neosho is very important to the revitalization efforts.

Another type of housing market that is usually at the forefront of many downtown revitalization efforts is affordable housing for families. In most downtown markets that are trying to come back to economic life, housing is a key step in the process. Because there generally is no existing downtown residential market, it is not feasible to build market rate rental housing or for sale housing because the downtown market cannot support the market rate rents and home prices necessary to make production of the units feasible. In those cases affordable family housing, with affordable rents is often a catalyst because the deep subsidies make it possible to produce rental housing in the risky downtown markets.

In the case of Neosho there is a downtown residential market that exists and is growing to the point that it can support market rate rental units and for sale housing, with the benefit of patient capital investors. Neosho seems to have local patient investors who are willing to take a chance on the market and have been critical to the start of a unique housing market in the community. Consequently, affordable housing in this case does not have to be the catalyst for change.

Another factor regarding the role of affordable rental housing in the downtown revitalization process is the fact that a couple of the affordable family developments in Neosho have soft occupancy conditions at this time. The addition of more affordable family rental units would contribute further to the occupancy problems of the existing affordable family developments. For these reasons the analyst would not recommend affordable family housing as a part of the downtown revitalization plans at this time.

There does appear to be a market in the downtown area of Neosho for market rate rental housing and home ownership units. The production of more market rate residential units in the downtown area would be beneficial to the revitalization efforts by creating a new and unique housing market in the community that currently does not exist and repopulating the area with households that could help to support existing and new businesses.

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

In order to estimate the number of households that could create residential housing demand in the downtown Neosho market area it will first be necessary to estimate demand from the primary and secondary market areas for the Neosho market as a whole. The next step would be to apply a capture rate to the Neosho residential demand estimate of households that have the potential of creating the residential demand in the downtown market area of Neosho. The demographic data that will be used for the analysis is a product by Claritas and Ribbon Demographics called HISTA. HISTA breaks households down by income, household size, tenure and broad age groups. It is a custom four-way cross tabulation of household data; not extrapolations of SF3 data. It eliminates the need for the analyst to perform various extrapolation steps, which is not as accurate as cross tabulation.

Demand Capture Rate Methodology

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

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

HOME OWNERSHIP HOUSING DEMAND ANALYSIS

The downtown area of Neosho has vacant and underutilized land and building space that could be used to create new residential opportunities. Some of this space is on the upper floors of the existing multi-story commercial buildings in the downtown area, which can be converted to loft condominiums. In addition, it could be possible to do in-fill development on vacant lots or use land currently occupied by deteriorated structures that could be razed to develop attached or detached home ownership units.

The purpose of this analysis is to quantify the potential homeownership demand in the downtown area of Neosho over the next few years. Generally the demand for homeownership in reviving downtown areas follows the period of time in which young urban pioneers have reestablished the downtown area as a place to live by creating a rental market. Once the area proves itself to be a desirable and safe place to live it should attract less transient households with sufficient credit, net worth, and desire to locate permanently to the area. In the case of Neosho, the downtown home ownership market has already begun to form. The typical households that comprise the pool of initial homebuyers in revitalized downtown areas are generally young professionals and Baby Boomer empty nesters.

The following analysis will estimate the number of potential homebuyers for units in the downtown market area of Neosho between the present and 2012. Typical homebuyers in the downtown Neosho market are considered to be small households, with incomes from $30,000 to $50,000, for ownership units that could be priced from $75,000 to $150,000.

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

	$75,000 - $150,000 Home Ownership Potential Demand Analysis	
1	Owner Occupied Units (2007)	4,534
2	Estimated Annual Owner Unit Turnover Rate	5%
3	Existing Homeowner Turnover	227
4	First Time Homebuyers (40% of market)	151
5	Total Estimated Homebuyers	378
6	Estimated Age, Size, and Income Qualified HH (2007)	60
7	Owner Occupied Units (2012)	4,720
8	Estimated Annual Owner Unit Turnover Rate	5%
9	Existing Homeowner Turnover	236
10	First Time Homebuyers (40% of market)	157
11	Total Estimated Homebuyers	393
12	Estimated Age, Size, and Income Qualified HH (2012)	59
13	Neosho Market Target HH Growth/Decline (2007-2012)	(1)
14	Neosho Market Target HH Demand	60
15	Neosho Downtown Market Estimated Capture Rate	15%
16	Neosho Downtown Market Home Ownership Demand	9

Line 6 is an estimate of the total number of target households in the primary market area in 2007 that was determined by considering the total number of owner occupied units, the estimated annual turnover rate of existing homeowners, the estimated number of first time homebuyers, and the profile of target households in the downtown area of Neosho. The target profile are small households (1-2 persons), aged 18-61, with incomes from $30,000 to $50,000.

Line 12 is an estimate of the total number of target households in the primary market area in 2007 that was determined by considering the total number of owner occupied units, the estimated annual turnover rate of existing homeowners, the estimated number of first time homebuyers, and the profile of target households in the downtown area of Neosho. The target profile are small households (1-2 persons), aged 18-61, with incomes from $30,000 to $50,000.

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

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

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

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

Neosho, Missouri Downtown Home Ownership

Annual Market Demand Estimate 2007-2012

9 Households

MARKET RATE RENTAL HOUSING DEMAND ANALYSIS

Early in the downtown revitalization process rental housing will play a key role by housing some of the pioneers of the downtown residential renaissance. This has already began in Neosho as market rate rental units that have been developed on the upper floors of some of the commercial buildings in downtown have good occupancy and in some cases waiting lists. Even when the downtown residential market strengthens to support more home ownership, there will always be a demand for market rate rental housing from households wanting to live in the area, but unwilling or unable to purchase a unit. The typical households that comprise the pool of prospective market rate tenants in revitalized downtown areas are generally young professionals and Baby Boomer empty nesters.

Following is the quantitative analysis of the potential household demand for market rate rental units in the downtown market area of Neosho, based on typical market rent levels as shown below:

	Market Rate Family Rental Potential Demand Analysis			
	PMA Qualified Household Demand (2007)	1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	$ 575	$ 700	$ 850
2	Percentage of Income to Housing	25%	25%	25%
3	Minimum Income (Affordability)	$ 27,600	$ 33,600	$ 40,800
4	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2007)	187	233	215
5	Percentage of Annual Turnover of Existing HH	25%	25%	20%
6	PMA Qualified Household Demand (2007)	47	58	43
7	SMA Qualified Household Demand (2007)	9	12	9
8	PMA and SMA Market Rate Rental Potential Household Demand (2007)	56	70	52
	PMA Qualified Households (2012)	1BR	2BR	3BR
9	Gross Rent (includes utility costs paid by tenants)	$ 635	$ 773	$ 938
10	Percentage of Income to Housing	25%	25%	25%
11	Minimum Income (Affordability)	$ 30,470	$ 37,094	$ 45,043
12	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2012)	184	201	204
13	Percentage of Annual Turnover of Existing HH	25%	25%	20%
14	PMA Qualified Household Demand (2012)	46	50	41
15	SMA Qualified Household Demand (2012)	9	10	8
16	PMA and SMA Market Rate Rental Potential Household Demand (2012)	55	60	49
17	PMA and SMA Qualified Household Growth/Decline (2007-2012)	-1	-10	-3
18	PMA and SMA Average *Annual* Potential Demand (2007-2012)	56	68	51

19	Neosho Market Area Capture Rates	75%	75%	75%
		1BR	2BR	3BR
20	Neosho Market Rate Family Rental Demand	42	51	38
21	Downtown Neosho Market Area Capture Rates	25%	25%	10%
		1BR	2BR	3BR
22	Downtown Neosho Market Rate Family Rental Demand	10	13	4

Line 6 is a current estimate (2007) of the total number of existing households that form the potential market rate rental housing demand from the primary market area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, estimated annual turnover rate of renter households, and the HISTA data.

Line 7 is a current estimate of the total number of households that form the potential market rate rental housing demand from the secondary market area. The estimate was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the secondary market area.

Line 8 is an estimate of the potential market rate rental housing demand from households from the primary and secondary market areas in 2007.

Line 14 is a projection (2012) of the total number of households that form the potential market rate rental housing demand from the primary market area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, estimated annual turnover rate of renter households, and the HISTA data.

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

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

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

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

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

selected takes into consideration the size of the primary and secondary market areas and the ability of the Neosho market to attract prospective households as compared to other competing markets in the area. Neosho is the largest urban area in the primary market area, has the largest rental housing inventory in the primary market area, so it is reasonable to assume that it would capture the majority of the qualified households in the primary market area.

Line 20 is an ***annual*** projection of the number of qualified households that are expected to be in the primary and secondary market areas between 2007 and 2012 that could be attracted to market rate rental units in the Neosho market area. This is a point in time estimate and could change based on changes in market rental housing supply between this point in time and 2012.

Line 21 is the estimated capture rates for the *Downtown* Neosho market area. It is an estimate of the percentages of qualified households in the primary and secondary market areas that would consider market rate rental units in the *Downtown* Neosho market area by bedroom size.

Line 22 is an ***annual*** projection of the number of qualified households that are expected to be in the primary and secondary market areas between 2007 and 2012 that could be attracted to market rate rental units in the *Downtown* Neosho market area. This is a point in time estimate and could change based on changes in market rental housing supply between this point in time and 2012. The demand estimate is based on the rents as shown and could vary based on different rent levels. **There are seven market rate rental units currently under construction in the Sterling Building on the Courthouse Square that will serve some of the projected one and two bedroom unit demand.**

Neosho, Missouri Downtown Market Rate Rental Housing
Annual Market Demand Estimate 2007-2012

Bedroom Size	Potential Household Demand
One Bedroom	10
Two Bedrooms	13
Three Bedrooms	4
Total	27

CONCLUSIONS

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

The role of housing in the downtown revitalization process is already evident in the few existing buildings, where the upper floors have been readapted into residential units, and the Sterling Building and Newton Place Apartments that is currently under construction. The types of households served by the new loft style housing units include market rate rental tenants, home owners, and affordable senior rental tenants. Most of the housing has been, or is being developed by local investors, using conventional financing, historic tax credits and affordable housing tax credits.

The typical households that could create the demand for housing in the downtown market area are generally small households with no children, who are young professionals, empty nesters, or seniors, that are primarily interested in a one or two bedroom unit. There are a few households that would desire the additional space flexibility of a third bedroom. The market rate rent range is generally from $500 to $725 for a one to three bedroom unit. The affordable senior rent range for a unit with no rent subsidy is generally $350 to $400. The price range of the typical ownership unit in the downtown market at this time is approximately $100,000 to $150,000. There are some units in the downtown area that would be valued higher than this range, but most of the demand should fall within this range.

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

Neosho, Missouri Downtown Residential Housing Demand 2007 – 2012

Housing Type	Potential Household Demand
Homeownership	9
Market Rate Rental	23
Total	32

The potential housing demand could be served by loft style units on the upper floors of existing buildings, on the street levels of existing commercial buildings, where it can be aesthetically blended in with the existing buildings, or attached townhomes and detached homes on vacant or underutilized in-fill lots in the downtown area.

Following are some examples of the adaptive reuse of several buildings in the Kansas City area that are loft conversions. They are intended to show some of the residential possibilities that are possible with old buildings. Most of these buildings have street level space that has also been readapted to residential space.

Loft building in the Quality Hill neighborhood

Jewell Lofts

Pacific House Lofts in River Market

Lofts in Crossroads Art District

At this time the analyst does not feel that affordable family rental housing could complement the downtown revitalization efforts because of questionable demand. Some of the existing affordable family developments in the market currently have soft occupancy conditions. As the market strengthens affordable family housing could be considered as a way to continue to repopulate the downtown area.

At this time the analyst also does not feel that additional affordable senior rental housing could complement the downtown revitalization efforts, beyond the 15 units that are currently under construction at the Newton Place Apartments. Once that development has reached sustaining occupancy and all of the senior affordable housing developments in the market have good occupancy, additional units could be considered in the downtown revitalization area as another way to help repopulate the downtown area.

Housing can play an important role in the downtown revitalization efforts, but it will have to be accompanied by a plan that will establish the downtown area as a destination in the community for unique shopping, entertainment, dining, or other life style choices.

Housing developers will have to take advantage of the available programs like the Federal and State Historic Tax Credits, Federal and State Affordable Tax Credits, New Markets Tax Credits, HOME program, First Time Homebuyer Bond Program, State Down Payment Assistance Programs, HOPE VI Main Street Program, local property tax abatement, etc.

The local governments will need to do everything that is possible to make the downtown area "development friendly" by considering changes to local building and zoning codes and considering economic incentives and professional assistance, where possible.

The community of Neosho should continue to do whatever it can to stimulate private and philanthropic investment in the downtown area.

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SECTION IX

ASSUMPTIONS AND LIMITING CONDITIONS

1. The area description supplied to the appraiser is assumed to be correct;

2. No survey of the area has been made or reviewed by the appraiser, and no responsibility is assumed in connection with such matters. Illustrative material, including maps and plot plans, utilized in this report are included only to assist the reader in visualizing the property. Area dimensions and sizes are considered to be approximate;

3. No responsibility is assumed for matters of a legal nature affecting title to properties in the area, nor is any opinion of title rendered. Property titles are assumed to be good and merchantable unless otherwise stated;

4. Information furnished by others is believed to be true, correct, and reliable. However, no responsibility for its accuracy is assumed by the appraiser;

5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property in the area is assumed to be under responsible, financially sound ownership and competent management;

6. It is assumed that there are no hidden or unapparent conditions to the subsoil or structures which would render the properties more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies which may be required to discover them;

7. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the area, was not observed by the appraiser.

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

8. Unless otherwise stated in this report, no environmental impact studies were either requested or made in conjunction with this report. The appraiser reserves the right to alter, amend, revise, or rescind any opinions of demand based upon any subsequent environmental impact studies, research, or investigation;

9. It is assumed that there is full compliance with all applicable federal, state. And local environmental regulations and laws unless noncompliance is specified, defined, and considered in this report;

10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been specified, defined and considered in this report;

11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or federal governmental or private entity or organization have been or can be obtained or renewed for any use on which the demand estimate is based;

12. The appraiser will not be required to give testimony or appear in court because of having made this report, unless arrangements have previously been made;

13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the intended users without the written consent of the appraiser, and in any event, only with properly written qualification and only in its entirety;

14. The liability of the appraiser is limited to the intended users only. There is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the intended users, they shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions;

15. Acceptance and/or use of this report constitutes acceptance of the foregoing assumptions and limiting conditions.

SECTION X

APPRAISER'S CERTIFICATION

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

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

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

July 22, 2008