

RESIDENTIAL DEMAND ANALYSIS

WASHINGTON DOWNTOWN MARKET AREA

CITY OF WASHINGTON, MISSOURI
FRANKLIN COUNTY

August, 2007



D·R·E·A·M
I N I T I A T I V E

ACKNOWLEDGMENTS



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



PLANNING CONSULTANT



PREPARED BY
MISSOURI HOUSING DEVELOPMENT COMMISSION

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USPAP Required Information

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

Intended Use of Report

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

Intended Users of Report

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

Analysis, Recommendation, or Opinion to be Developed

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

- A review of previous housing market studies or consumer surveys;
- Identification of Primary Market Area, City Market Area, and Downtown Market Area;
- Identification of new housing inventory and competitive locations;
- Demographic analysis for prospective renters and buyers;
- Economic profile of the market;
- Opinion of present and future housing demands; and
- Recommendations regarding the number and type of housing units that should be provided to support the overall goal of downtown revitalization.

Effective Date of the Report

The effective date of the report is April 2, 2007.

Physical, Legal, and Economic Characteristics of the Market Area

The physical, legal, and economic characteristics of the market area are as described in the DREAM application submitted by the community and as further delineated in this report.

Extraordinary Assumptions

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

Scope of Work

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

- Physical survey of the area that is the subject of the report to determine the primary market area;
- 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 review legal and physical information about the market that could affect the marketability of housing;
- Obtain the opinions of local participants in the market regarding the marketability of housing;
- Obtain and analyze demographic information for the primary and secondary market areas;
- Prepare a target market analysis for affordable, market rate, and for-sale housing in the primary market area for family and senior households;
- Estimate the current and future household demand in the primary market area that would be attracted to housing options in the Washington, Missouri market area; and
- Prepare a recommendation or opinion of the type and number of housing units that would complement the Washington downtown revitalization efforts.

SECTION I EXECUTIVE SUMMARY

The purpose of this market study is to quantify the potential residential demand in the downtown area of Washington, Missouri that would complement the overall revitalization efforts of the area; the type of residential demand that exists and the depth of the market demand. For purposes of this study the downtown area is considered to be the area that was designated by the city as the Downtown Washington Redevelopment Area. A map of the designated area is included at page 11 of this report. The area is loosely bounded by the Missouri River on the north, 5th street to the south, State Highway 47 to the east, and High street to the west.

The study includes a demographic and economic analysis of the community and a demand analysis of the housing markets. The housing analysis will focus on the potential demand for senior rental housing, family rental housing, family affordable housing, and for sale housing in the market area in general and the downtown redevelopment area in particular. A review will be made of the existing housing and projections will be made of the housing markets through 2011. The analysis will consider the projected change in the number of households in the market, migration patterns of new households to the market, and the mobility patterns of existing households. The analysis will determine what types of housing may be underserved in the market, if the housing will complement the downtown revitalization area, the rent and sale price levels of the housing in need, and the estimated number of units that are projected to meet the needs.

Some of the conclusions of the study are as follows:

- ✚ After inspecting the market, reviewing migration patterns, and taking into consideration the opinions of the market's real estate participants, it is the opinion of the analyst that the primary market area for residential demand in the city of Washington as a whole, and the downtown area of Washington is generally all of Franklin County, and portions of the surrounding counties of St. Louis, Jefferson, Crawford, St. Charles, Gasconade, and Warren (See pages 62-66).
- ✚ Between 2006 and 2011 there could be approximately 107 *market rate renter households* from the primary market area that could be attracted to new rental units in the city of Washington and that approximately 60 could be attracted to rental housing in the downtown market area of Washington. Market rate rental housing designed to attract empty nesters, retirees, and young professional households should complement the downtown revitalization efforts by increasing the population density of the area with households with lifestyles and discretionary income to support the types of businesses located in the area (See pages 75-78).
- ✚ The type of market rate rental housing that would best complement the downtown revitalization efforts is upper income rentals, of high quality design and construction, with a full complement of unit amenities, including enclosed parking, of a unit size large enough to accommodate a significant amount of household furniture, and preferably with a view of the river, or other desired view.

- ✚ Between 2006 and 2011 there will be approximately 32 *affordable family renter households* from the primary market area that could be attracted to new affordable rental units in the city of Washington. Because many of the lower income households are families with children most should prefer other areas closer to schools and green space rather than the downtown market area. In addition, because there are areas in close proximity to downtown that contains numerous rental housing developments that could be affordable to lower income households, the addition of more units in the area would be unnecessary (See pages 79-82).
- ✚ Between 2006 and 2011 there will be approximately 114 *senior affordable renter households* from the primary market area that could be attracted to new affordable housing in the city of Washington. About 56 of those senior households could be served by the senior affordable housing units currently under construction at the MHDC financed Macarthur Park development. The other 58 senior households would probably be attracted to new affordable senior units in the Washington downtown area. There is currently a significant senior presence in the downtown area. Senior households seem to be attracted to the small town charm of the downtown area and the close proximity to the basic services and neighborhood amenities, including one of the areas largest major medical facilities (See pages 83-87).
- ✚ A significant number of any new affordable senior rental units should be 2 bedroom units, which are in short supply and high demand in the primary market area.
- ✚ Between 2006 and 2011 there will be approximately 351 *potential owner households* from the primary market area that could be attracted to new residential units in the city of Washington and that approximately 100 of those households could be attracted to home ownership in the downtown market area of Washington. High density ownership units designed to attract empty nesters, retirees, and young professional households should complement the downtown revitalization efforts by increasing the population density of the area with households with lifestyles and discretionary income to support the types of businesses located in the area (See pages 88-96).
- ✚ Any new for sale units in the downtown market area should be developed for various price points ranging from a low of approximately \$150,000 to \$500,000+. The market outside of the downtown area has been building to meet the needs of this price range. It would be beneficial to the downtown area to try and capture a portion of this anticipated market.
- ✚ The order in which new residential development should occur in the downtown area to best complement the revitalization is to first develop rental housing to establish a presence and start the residential momentum and then develop the more permanent for sale residential units.
- ✚ The development of new residential housing in the downtown area should pressure property values in the area higher, which should motivate capital improvements to existing residential structures in the area.
- ✚ There appears to be numerous vacant and improved sites in the DMA that could be used to develop additional rental and for sale housing units (See pages 97-102).

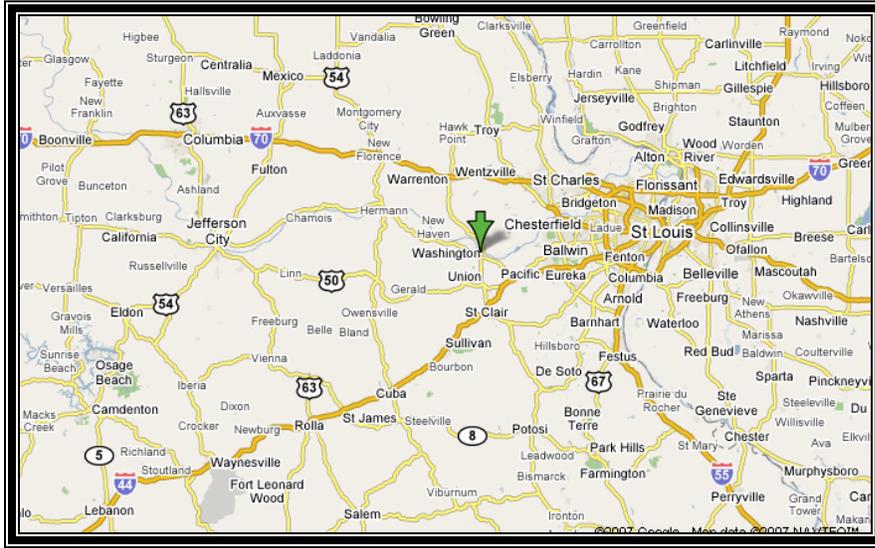


Downtown Washington, Missouri

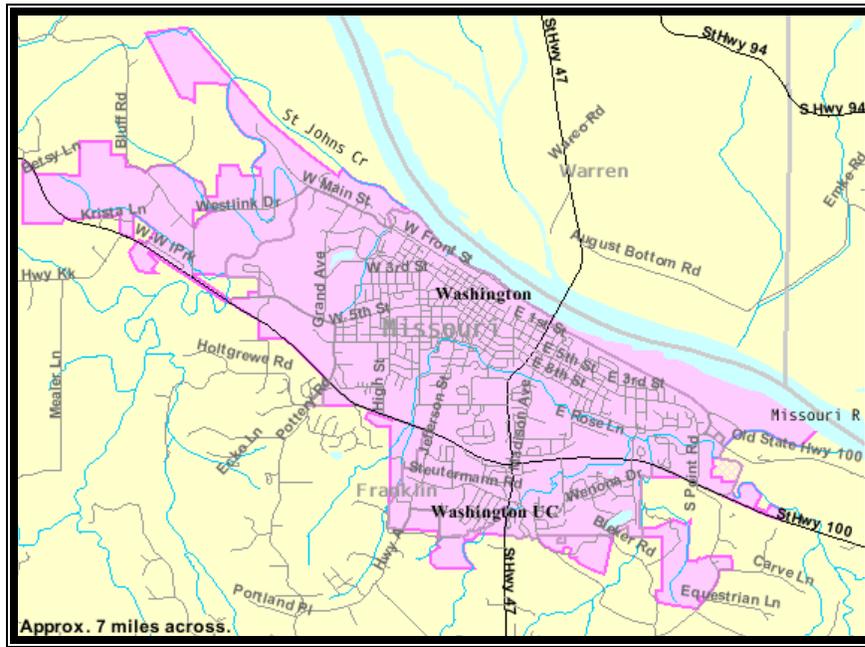


SECTION II AREA DESCRIPTION

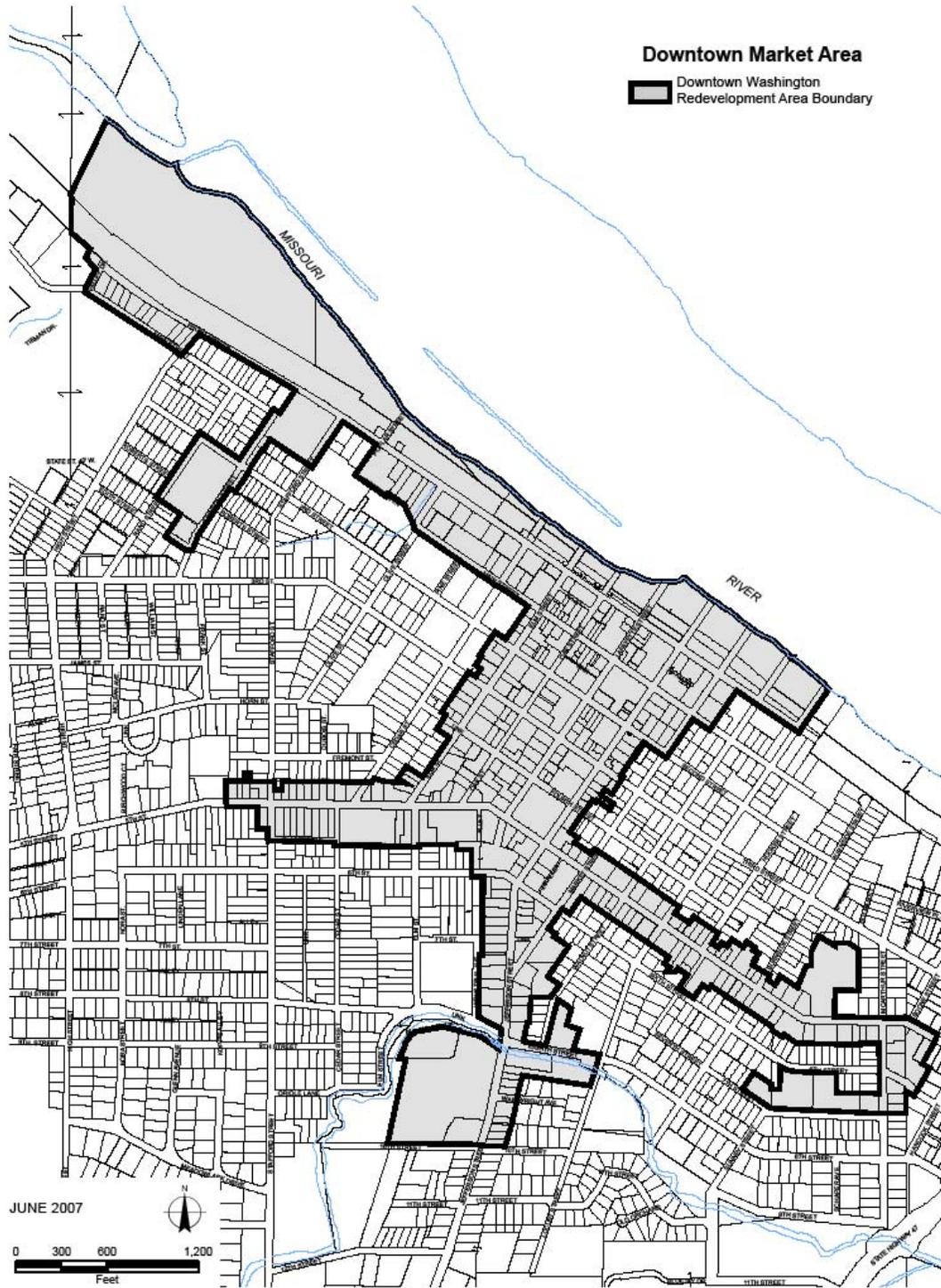
The area of study is a section of the downtown area of Washington, Franklin County, Missouri. Following is a map of the city within the county, which is part of the St. Louis metropolitan area.



The following map shows the municipal boundaries of the city of Washington.



The following map highlights the area of the city of Washington that has been designated as the Downtown Redevelopment Area.



Residential Demand Analysis

City of Washington, Missouri



Washington, Missouri is located along the southern banks of the Missouri River, in Franklin County, approximately 40 miles west of St. Louis. It covers approximately 8.5 square miles and is at the junction of State Highways 47 and 100, and is approximately 17 miles south of Interstate 70 and 7 miles north of U.S. highway 50. It is served by daily Amtrak service and has one of the few bridges that cross the Missouri River.

Washington was incorporated in 1839, but even before then it was populated with early settlers, many of which were German immigrants.

In 2000 the city had a population of slightly more than 13,000, which were approximately 1,400 more than in 1990. It is the largest city between St. Louis County and Jefferson City.

The city has a stable and diverse economy with a predominate manufacturing base, is a major retail trade area for the region, and has a major medical facility that serves the surrounding county area.

Because of its location along the river and in the heart of the Missouri wine country, its recreational boating ramp, and its historic downtown area, which has many antique shops, galleries, and restaurants, Washington is a tourist destination and a desirable place to live.

Unlike many small towns in Missouri, Washington has a thriving downtown area, where the majority of its storefronts are occupied. There are a significant number of occupied residential units above the store fronts, and a lot of pedestrian traffic during daylight hours. In addition to being the government and business center of the community the downtown area also has many art galleries, antique shops, a long term grocer, and other essential neighborhood service businesses.

Also in the downtown area at the river is the James W. Rennick Riverfront Park, which houses a large lighted pavilion, picnic areas, restroom facilities, and a large boat ramp for access to the Missouri River. This area is popular with hikers, bikers, and folks who just enjoy parking and enjoying the gentle meandering of the river.

The downtown area primarily contains local grown businesses and has virtually no nationally known retail or eating establishments. This helps the downtown area maintain its small town charm. The majority of the community's retail and eating establishments are located away from the downtown area at the crossroads of State Highways 47 and 100 and along the respective highways. The area also includes a wide array of national fast food chains, including Subway, McDonalds, Kentucky Fried Chicken, Taco Bell, etc.

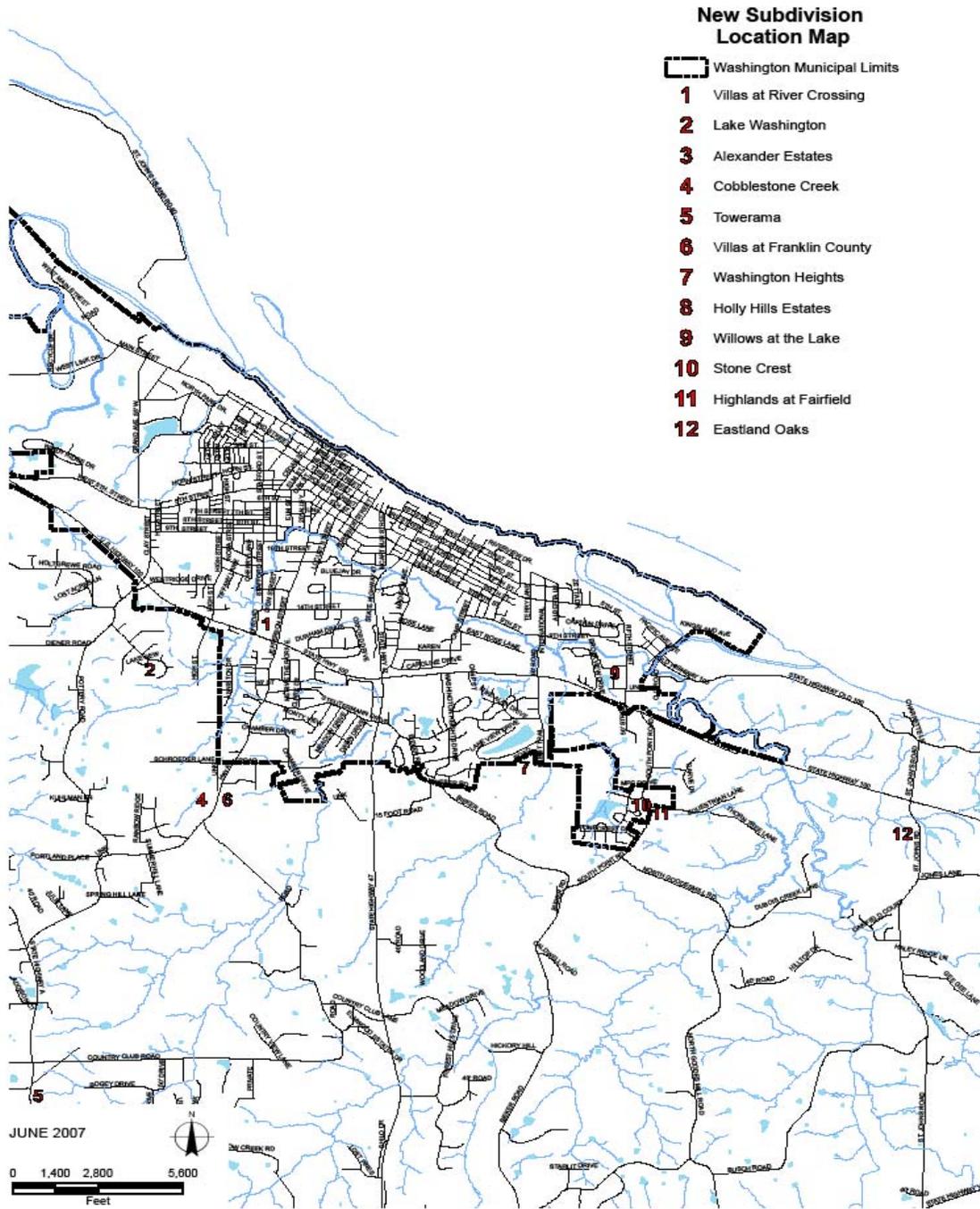
A new Wal-Mart Super Center recently opened along the north side of Highway 100 in the city. A new Target store is currently under construction on the south side of Highway 100, and Kohl's Department Store is planned for a site in the same area. Another recent development is a shopping center at the southwest quadrant of state highways 47 and 100 that features Lowe's as the anchor tenant.

The older sections of the city with the oldest housing stock are the areas north of state highway 100. Most of the newly developed subdivisions are located south of state highway 100 and contain a variety of values and styles. While most contain detached single family homes, many contain attached single family units.

Prices for single family homes ranged from a low of around \$110,000 for older homes to a high of over \$1,000,000 for large, luxury, newer homes. The homes at the high side of the price range can be found in many of the newly developed subdivisions south of State Highway 100, such as Stone Crest, Cobblestone Creek, Hickory Creek East, Ming Estates, and Eastland Oaks subdivisions.

Prices for newly constructed condo/townhouse/villas range from a low of around \$125,000 to a high of over \$500,000. There seemed to be a large number of attached homes that have recently been built in Stone Crest, Villas at Franklin County, Lake Washington, Southport, and numerous other subdivisions in the city. Many of the newly developed subdivisions have a large number of vacant lots that are currently being marketed. Lot prices range from around \$50,000 to \$100,000.

The following is a map of some of the newer subdivisions in the market.



Residential Demand Analysis

City of Washington, Missouri

Prepared by:   

Following is a list of new attached and detached homes currently for sale in Washington.

Summary of Selected New Homes in the Washington Market Area						
Subdivision	Address	Housing Type	Listed Price	Unit Sq.Ft.	Unit Configuration	Price Per Square Foot
N/A	4103 Old Highway 100	Detached	\$ 825,000	5,100	4 Br/3.5 Ba	\$161.76
Stonecrest	3102 Deutsch Crest Dr.	Detached	\$ 675,000	5,000	4 Br/4.5 Ba	\$135.00
Ming Estates	930 Prairie View Ct.	Detached	\$ 665,000	5,000	5 Br/3.5 Ba	\$133.00
Villas at FCCC	338 Torrey Pine Cir	Attached	\$ 596,000	2,528	2 Br/2 Ba	\$235.76
Cobblestone	954 Cobblestone Dr.	Detached	\$ 549,900	3,068	4 Br/3.5 Ba	\$179.24
Lake Washington	312 Lake View Dr.	Detached	\$ 447,500	3,300	5 Br/2.5 Ba	\$135.61
Stonecrest	2517 Deutsch Crest Dr.	Attached	\$ 320,000	1,625	3 Br/3 Ba	\$196.92
Lake Washington	2504 Rabbit Trail Dr.	Attached	\$ 299,000	2,300	4 Br/3.5 Ba	\$130.00
Apple Blossom	1304 Apple Blossom Ln.	Attached	\$ 269,000	2,200	3 Br/3 Ba	\$122.27
Stonecrest	2518 Andrea Crest Dr.	Attached	\$ 249,900	1,620	2 Br/2 Ba	\$154.26
Lake Washington	350 Lake View Dr.	Attached	\$ 227,000	1,527	2 Br/2 Ba	\$148.66
Highlands at,etc.	3000 Thoroughbred Dr.	Detached	\$ 210,000	1,588	3 Br/2 Ba	\$132.24
Lake Washington	2415 Rabbit Trail	Attached	\$ 199,900	1,540	2 Br/2 Ba	\$129.81
Holly Hills Est.	1901 Kaleb Ct. 45A	Attached	\$ 194,500	1,288	3 Br/3 Ba	\$151.01
Birchwood Court	807 W. 5th	Attached	\$ 137,500	1,250	3 Br/1.5 Ba	\$110.00

Following are pictures of some of the new and existing homes in the Washington market.



Villas in the Franklin County Country Club Subdivision



Homes in the Cobblestone Creek Subdivision



Home in the Stone Crest Subdivision



Birchwood Courts, near 5th and High Streets



Villas at River Crossing, Washington, Missouri



Villas at Alexander Estates Subdivision



Villas at the Lakes Subdivision



Home under construction at the Highlands at Fairfield Subdivision



Villas at Stone Crest Subdivision



Single family home at Stone Crest subdivision



Typical home in Eastland Oaks Subdivision



Vacant, developed lots at Alexander Estates Subdivision



Photo of numerous developed lots marketed at Stone Crest Subdivision



Vacant, developed lots at Cobblestone Creek Subdivision



Vacant, developed lots at Villas at Franklin County Country Club Subdivision



Vacant, developed lots at Stone Crest Subdivision

As previously mentioned, there are a number of apartments on the second and third floors of many of the commercial buildings in the downtown area with retail establishments on the street level. Most of the units are efficiencies or one bedroom units and very few of them have been updated. An opinion of the condition of most of the units was rendered by a local property manager that manages and leases some of the units. They indicated that most units are in no better than fair condition. Rents for these units are generally from \$400 to \$500 per month.

Although many of the units have not been updated, the analyst was informed that the demand for any available units is high and that the typical tenant profile generally is seniors or young singles.

Very few of these upper floor units in the downtown area are owner occupied.

Following are some examples of the buildings in the downtown area that have retail space on the bottom level and residential units on the upper levels.



Typical 2nd and 3rd floor apartments over retail space in downtown Washington, Missouri



Streetscape in downtown Washington, Missouri shows large number of 2nd and 3rd floor apartments above retail spaces



Typical 2nd and 3rd floor apartments over retail space in downtown Washington, Missouri

The downtown area is the oldest section of the city and many of its buildings are on the National Historic Register.

Some of the downtown area is also dotted with single family land uses. Most of the improvements are one and a half and two story dwellings that appear to be approximately 80+ years of age, in average to fair condition, with values that average approximately \$130,000 according to local realtors. Similar homes can be found in the neighborhoods that surround the downtown area.

Following is an example of the older existing single family homes in the downtown area.



Typical homes in downtown Washington, Missouri



Typical homes in downtown Washington, Missouri



Single family home in downtown Washington, Missouri



Single family home in downtown Washington, Missouri



Single family home in downtown Washington, Missouri

The only existing multifamily development that was noted in the downtown area is the Hillcrest Apartments, which has 54 one-bedroom units and is exclusively a lower income seniors development that was built in the early 80's with funding through USDA Rural Development.

Although it is not in the heart of the downtown area, the Macarthur Park Apartments is located in the Downtown Washington Redevelopment Area. It is a 56 unit income restricted seniors development that is currently under construction with funding provided by Missouri Housing Development Commission. It will contain 41 one-bedroom units and 15 two-bedroom units, and is scheduled to be placed in service later this year.

Just southwest of the downtown area is a residential neighborhood that contains other rental developments, including Heritage Village, another lower income seniors only development that was funded in the early 80's by USDA Rural Development. It contains a total of 30 one-bedroom units.

Washington is one of the few cities in the state of its size that has never had an affordable housing tax credit financed development for small or large family households. The IRS Section 42 Tax Credit program was started in 1986 and has been the catalyst for thousands of new affordable rental developments around the state for low and moderate income senior and family households. The tax credit program is being used for the first time in Washington to help finance the Macarthur Park senior development.

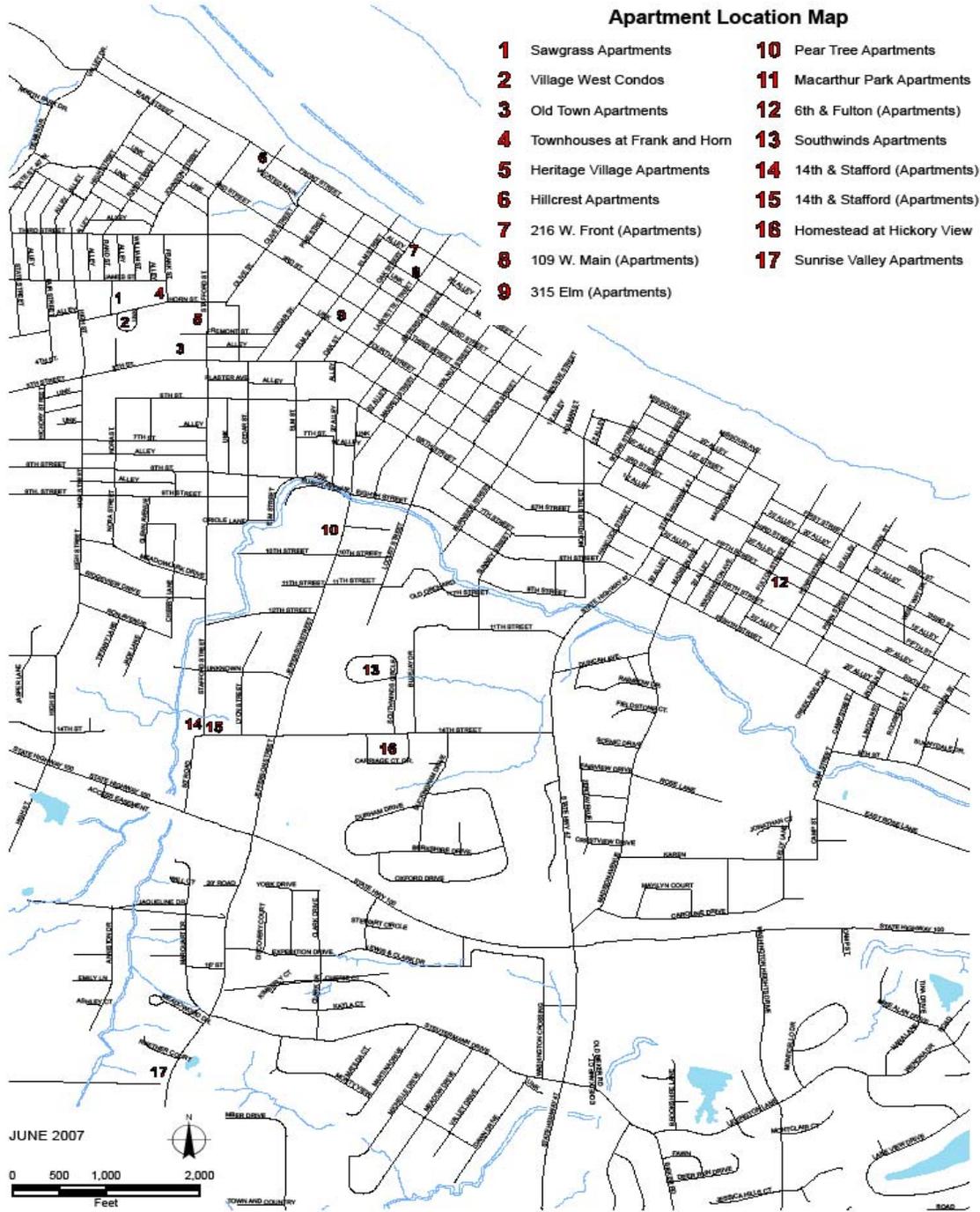
The tax credit program is used in communities where there is a need for low and moderate income housing. It is the opinion of the analyst that the reason that no small or large family development has ever been considered in Washington with tax credit is because the market seems to have a sufficient level of affordable rental housing for families. There are a few large multifamily complexes in the city like Village West Apartments, Sawgrass Apartments, and Pear Tree Apartments on Horn Avenue, just east of High Street, Southwinds Apartments at 14th and Southwinds Drive, Old Town Apartments, and Birchwood Condos on 5th Street between Stratford and High Avenues, and the Sunrise Valley Apartments on Missouri Highway A. A large number of single family homes are part of the markets rental inventory.

The analyst was unable to quantify the occupancy level of the rental market because none of the apartment communities have a staffed leasing office, and many of them have multiple owners of individual or groups of units within the same apartment community. But, based on comments from local property managers and a review of the offerings in the local real estate for rent section of the local newspaper, there appears to be a significant number of available non-senior apartment units and single family homes for rent.

In terms of senior rental housing occupancy levels the market is at capacity, as both of the existing lower income developments (Heritage Village and Hillcrest Apartments) and one market rate development (Homestead at Hickory View) are constantly at full occupancy with waiting lists. The Macarthur Park Apartments will serve some of that pent up demand, but because of the popularity of the area to retiring households and senior households looking to downsize, from within the market and those that will be drawn to the market, the demand is anticipated to be in excess of that which will be served by Macarthur Park.

Many empty nesters within the area are the leading edge of the baby boomers and have a significant influence on the market because of their high incomes and net worth, and their desire to either escape the hustle and bustle of the big city, or to relocate from a more sparsely populated rural area to the charm of the small river town of Washington. This is evidenced by the large number of attached homes and villas that have recently been built in the Washington area.

Following is a map of some of the apartments in the market.



Residential Demand Analysis

City of Washington, Missouri



Following is a summary of some of the apartments in Washington.

Summary of Selected Apartments in the Washington Market Area					
Apartment	Location	Bedrooms	Unit Size	Avg. Rent	Rent Per Square Foot
109 W. Main	Downtown	0Br	500	\$ 290	\$0.58
216 W. Front	Downtown	1Br	900	\$ 600	\$0.67
315 Elm	Downtown	1Br	800	\$ 400	\$0.50
		2Br	950	\$ 475	\$0.50
Townhouse	403 Frank	3Br	1,350	\$ 750	\$0.56
Village West	Horn and Village West Ct.	1Br	800	\$ 380	\$0.48
		2Br	1,000	\$ 425	\$0.43
		3Br	1,100	\$ 565	\$0.51
Southwinds	14th and Southwinds Dr.	2Br	960	\$ 570	\$0.59
No Name	W. side 13th and Stafford	2Br	1,000	\$ 750	\$0.75
		3Br	1,200	\$ 800	\$0.67
Sunrise Valley	Highway A	1Br	750	\$ 350	\$0.47
		2Br	875	\$ 450	\$0.51
Hillcrest Apts.	539 W. 2nd Street	1Br	750	\$ 310	\$0.41
Macarthur Park	5th and Macarthur	1Br	700	\$ 435	\$0.62
		2Br	1,015	\$ 485	\$0.48
No Name	E. side 13th and Stafford	2Br	1,100	\$ 800	\$0.73
Heritage Village	700 Fremont	1Br	760	\$ 330	\$0.43

Following are pictures of some of the apartments in Washington.



Apartments at the Southwinds Rental Community, 14th and Southwinds Dr.



Townhouses at the Southwinds Rental Community, 14th and Southwinds Dr.



Pear Tree Apartments, 10th and Jefferson



Apartments at 6th and Fulton



Apartments at 14th and Stafford



Apartments at 109 W. Main



Apartments at 216 W. Front Street



Apartments at 315 Elm



Sunrise Valley Apartments, Highway A



Macarthur Park Senior Apartments, 5th and Macarthur



Townhouses near Horn and Frank Streets



Old Town Apartments near 5th and Stafford



Village West Condos at Village West Court



Sawgrass Apartments near Horn and McClean



Birchwood Condos near 5th and High



Homestead at Hickory View at 14th and Marbach Dr.

SECTION III DEMOGRAPHIC AND HOUSING STATISTICS

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

Table 1----Total Population

The table illustrates total population in the City of Washington from 1990 through 2011.

Total Population - City of Washington						
Year	Washington	Annual Change %	Franklin County	Annual Change %	Missouri	Annual Change %
1990	11,784		80,604		5,117,083	
2000	13,243	1.2%	93,807	1.6%	5,595,211	0.9%
2006	13,893	0.8%	99,773	1.1%	5,828,639	0.7%
2011	14,425	0.8%	104,490	0.9%	6,013,950	0.6%

Source: Applied Geographic Solutions, MHDC

The population of Washington has increased by 12% between 1990 and 2000, which is an annual increase of 1.2%. That rate of growth is slightly less than all of Franklin County and a little more than the state. The population growth trend is expected to continue into the near future at a slightly slower pace.

Table 2----Population by Age

The table illustrates population by age in the City of Washington from 1990 through 2011.

Population By Age Group - City of Washington								
Age Cohort	1990	Percent	2000	Percent	2006	Percent	2011	Percent
0-19	3,452	29%	3,797	29%	3,591	26%	3,541	25%
20-24	848	7%	779	6%	1,104	8%	1,100	8%
25-34	2,084	18%	1,872	14%	1,840	13%	2,040	14%
35-54	2,622	22%	3,711	28%	3,806	27%	3,663	25%
55-64	1,002	8%	1,056	8%	1,301	9%	1,540	11%
65-74	873	7%	1,000	8%	1,106	8%	1,293	9%
75-84	638	5%	715	5%	784	6%	844	6%
85+	270	2%	314	2%	362	3%	405	3%

Source: Applied Geographic Solutions, MHDC

The table above indicates that the largest age cohorts in the community are 0-19 years of age and 25-54 years of age. These age groups are expected to remain the largest through 2011.

Table 3----Median Age of Population

The table illustrates the median age in the City of Washington from 1990 through 2011.

Total Population Median Age - City of Washington	
Year	Median Age
1990	33
2000	36
2006	37
2011	38

Source: Applied Geographic Solutions, MHDC

The table above illustrates that the population of the community on average is getting older. In the period between 2000 and 2011 the median age of the population is expected to increase by almost 5 years.

Table 4----Population by Gender

The table below illustrates population by gender in the City of Washington from 1990 through 2011.

Population By Gender - City of Washington								
Gender	1990	Percent	2000	Percent	2006	Percent	2011	Percent
Male	5,589	47%	6,369	48%	6,689	48%	6,951	48%
Female	6,194	53%	6,874	52%	7,473	52%	7,473	52%

Source: Applied Geographic Solutions, MHDC

The previous table illustrates that the past population gender distribution that included a majority of females is expected to remain consistent through 2011.

Table 5----Total Households

The table below illustrates total households in the City of Washington from 1990 through 2011.

Total Households - City of Washington		
Year	Population	Annual Change
1990	4,440	-
2000	5,258	1.8%
2006	5,861	1.9%
2011	6,354	1.7%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that since 1990 the trend in Washington has been an increase in the number of households and that trend is expected to continue through 2011. Between 2006 and 2011 the number of households is expected to increase by 493, or a little less than 100 per year.

Table 6----Average Household Size

The table below illustrates average household size in the City of Washington from 1990 through 2011.

Average Household Size - City of Washington	
Year	Average
1990	2.60
2000	2.48
2006	2.33
2011	2.23

Source: Applied Geographic Solutions, MHDC

The previous table illustrates that the average size of households in the city has been on a decline since 1990 and is expected to continue through 2011.

Table 7----Households by Size

The table below illustrates households by size in the City of Washington from 1990 through 2011.

Households By Size - City of Washington								
Household Size	1990		2000		2006		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 Person	1,137	25.6%	1,468	27.9%	1,782	30.4%	1,946	30.6%
2 Persons	1,390	31.3%	1,746	33.2%	2,060	35.2%	2,313	36.4%
3 Persons	747	16.8%	810	15.4%	899	15.3%	1,007	15.9%
4 Persons	687	15.5%	759	14.4%	692	11.8%	695	10.9%
5 Persons	322	7.3%	317	6.0%	299	5.1%	300	4.7%
6 Persons	104	2.4%	119	2.3%	92	1.6%	92	1.4%
7+ Persons	53	1.2%	36	0.7%	36	0.6%	1	0.0%
Total	4,440	100%	5,255	100%	5,860	100%	6,354	100%

Source: Applied Geographic Solutions, MHDC

The table shows that in Washington the trend in household size is towards smaller households. In 2000 approximately 77% of all households in the community had 3 persons or less. In 2011 that percentage is expected to increase to 83%.

Table 8----Households by Tenure Patterns

The table below illustrates households by tenure pattern in the City of Washington from 1990 through 2011.

Tenure Patterns By Households - City of Washington				
Year	Owner Occupied Units		Renter Occupied Units	
	Number	Percent	Number	Percent
1990	3,138	71%	1,303	29%
2000	3,668	70%	1,590	30%
2006	4,123	70%	1,738	30%
2011	4,496	71%	1,858	29%

Source: Applied Geographic Solutions, MHDC

The above table illustrates that the tenure patterns of the community have been constant and are expected to continue. Future tenure patterns can differ from past trends and projected trends based on an unanticipated level of housing production skewed either towards single or multifamily.

Table 9----Tenure by Household Size (Owner)

The table below illustrates owner by household size in the City of Washington from 1990 through 2000.

Tenure by Household Size - City of Washington					
Owner Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	566	20.0%	785	21.4%	38.7%
2 Persons	969	34.2%	1,303	35.5%	34.5%
3 Persons	483	17.0%	579	15.8%	19.9%
4 Persons	476	16.8%	619	16.9%	30.0%
5 Persons	230	8.1%	276	7.5%	20.0%
6 Persons	73	2.6%	71	1.9%	-2.7%
7+ Persons	38	1.3%	37	1.0%	-2.6%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that the largest percentage of owner occupied housing units is by two-person households, and that between 1990 and 2000 the largest increase in the percentage of owner occupied housing units was by one and two person households. The owner occupied housing implication for Washington in the future could be an increased demand for smaller units.

Table 10----Tenure by Household Size (Renter)

The table below illustrates renter by household size in the City of Washington from 1990 through 2000.

Tenure by Household Size - City of Washington					
Renter Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	530	50.0%	706	51.9%	33.2%
2 Persons	332	31.3%	442	32.5%	33.1%
4 Persons	127	12.0%	126	9.3%	-0.8%
5 Persons	52	4.9%	53	3.9%	1.9%
6 Persons	13	1.2%	24	1.8%	84.6%
7+ Persons	7	0.7%	10	0.7%	42.9%

Source: Applied Geographic Solutions, MHDC

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

Table 11----Tenure by Age of Householder (Owner)

The tables below illustrate tenure by age of householder in the City of Washington from 1990 through 2000.

Tenure by Age of Householder - City of Washington					
Owner Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
<25	43	1.5%	56	1.5%	30.2%
25-34	555	19.6%	553	15.1%	-0.4%
35-44	540	19.0%	851	23.2%	57.6%
45-54	414	14.6%	694	18.9%	67.6%
55-64	464	16.4%	505	13.8%	8.8%
65-74	429	15.1%	535	14.6%	24.7%
75+	390	13.8%	476	13.0%	22.1%

Source: Applied Geographic Solutions, MHDC

The above table shows that the community has an even distribution of homeowners at all ages above 25 years old. Between 1990 and 2000 the age cohorts that showed the largest increase in homeowners was 35-54 years old.

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

Tenure by Age of Householder - City of Washington					
Renter Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
<25	165	13.1%	215	13.5%	30.3%
25-34	443	35.0%	427	26.9%	-3.6%
35-44	230	18.2%	341	21.5%	48.3%
45-54	111	8.8%	210	13.2%	89.2%
55-64	76	6.0%	103	6.5%	35.5%
65-74	91	7.2%	103	6.5%	13.2%
75+	148	11.7%	189	11.9%	27.7%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that in Washington most renter households are 54 years of age or less, with the largest concentration being 25 to 54 years old. The age cohorts that showed the most significant growth between 1990 and 2000 were 35-44 and 45 to 54.

Table 13----Households by Income Distribution

The table below illustrates households by income distribution in the City of Washington from 1990 through 2011.

Household Income Distribution - City of Washington								
Income Cohort	1990		2000		2006		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< than \$10,000	440	9.9%	361	6.9%	375	6.4%	388	6.1%
\$10,000-\$14,999	399	9.0%	264	5.0%	245	4.2%	236	3.7%
\$15,000-\$19,999	443	10.0%	281	5.4%	260	4.4%	255	4.0%
\$20,000-\$24,999	444	10.0%	423	8.0%	356	6.1%	335	5.3%
\$25,000-\$29,999	406	9.1%	307	5.8%	364	6.2%	426	6.7%
\$30,000-\$34,999	464	10.5%	414	7.9%	345	5.9%	326	5.1%
\$35,000-\$39,999	452	10.2%	320	6.1%	387	6.6%	318	5.0%
\$40,000-\$49,999	559	12.6%	644	12.3%	585	10.0%	649	10.2%
\$50,000-\$59,999	391	8.8%	631	12.0%	631	10.8%	612	9.6%
\$60,000-\$74,999	245	5.5%	643	12.2%	817	13.9%	856	13.5%
\$75,000-\$99,999	129	2.9%	614	11.7%	808	13.8%	963	15.2%
\$100,000 +	60	1.4%	357	6.8%	689	11.7%	988	15.6%
Total	4,432	100%	5,259	100%	5,862	100%	6,352	100%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that in 1990 the distribution of households by income was wide, but that in 2000 more than 50% of the households in the community had incomes above \$40,000. By 2011 more than 60% of households are projected to have incomes above \$40,000. In 1990 only 1.4% of all households had income of \$100,000 or more. In 2011 that percentage is expected to rise to 15.6%.

The estimated percentage of households in Washington with incomes higher than \$75,000 increased by 54% between 1990 to 2000. The percentage of households in Washington with incomes higher than \$75,000 is projected to increase by 30% from 2006 to 2011. That pace of income growth is comparable with the same income range.

Table 14----Cost Burdened Households

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

Cost Burdened Households (2000) - City of Washington			
	Renter	Owner	Renter & Owner
Total	1,583	3,636	5,219
Cost Burdened >30%	27.6%	11.7%	16.5%
Severely Cost Burdened >50%	13.4%	2.8%	6.0%
Elderly 1 & 2 Persons	267	1183	1450
Cost Burdened >30%	44.6%	13.4%	19.1%
Severely Cost Burdened >50%	25.8%	4.6%	8.5%
Single Person Non-Elderly	620	468	1088
Cost Burdened >30%	27.4%	18.8%	23.7%
Severely Cost Burdened >50%	14.5%	5.1%	10.5%
Small Fam 2-4 Persons	577	1,640	2217
Cost Burdened >30%	18.9%	9.5%	11.9%
Severely Cost Burdened >50%	8.5%	1.5%	3.3%
Large Fam 5+ Persons	119	345	464
Cost Burdened >30%	32.8%	7.2%	13.8%
Severely Cost Burdened >50%	3.4%	0.0%	0.9%

Source: 2000 Chas Data

The preceding table indicates that 13.4% of all renter households in Washington are severely rent burdened and that only a small percentage of homeowners are severely cost burdened. The most severely rent burdened renter group appears to be elderly households. The most severely rent burdened non-elderly renter households are single persons.

Table 15----Units in Structure

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

Units in Structure (2000) - City of Washington		
Type	Number	Percentage
1-unit, detached	3,845	69.2%
1-unit, attached	214	3.9%
2 units	405	7.3%
3 or 4 units	370	6.7%
5 to 9 units	337	6.1%
10 to 19 units	121	2.2%
20 or more units	67	1.2%
Mobile home	197	3.5%
Boat, RV, van, etc.	-	0.0%
Total	5,556	100%

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in the city of Washington 69% of the residential structures were detached single family units. The balance of the structures was spread across the other residential construction types, including 3.5% mobile homes.

Table 16----Year Structure Built

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

Year Structure Built (2000) - City of Washington		
Year	Number	Percentage
1999 to March 2000	185	3.3%
1995 to 1998	528	9.5%
1990 to 1994	477	8.6%
1980 to 1989	829	14.9%
1970 to 1979	901	16.2%
1960 to 1969	646	11.6%
1940 to 1959	983	17.7%
1939 or earlier	1,007	18.1%

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in the City of Washington about 21% of the residential structures were built after 1990. This is comparable to the corresponding county percentage of 23%. Most of the residential structures in the downtown area of the city were built prior to 1939.

Table 17----Owner Occupied Housing Values

The table below illustrates the owner occupied housing values in the city of Washington as of the last census (2000).

Owner Occupied Housing Values (2000) - City of Washington		
Value	Number	Percentage
Less than \$50,000	48	2%
\$50,000 to \$99,999	1,543	48%
\$100,000 to \$149,999	1,087	34%
\$150,000 to \$199,999	330	10%
\$200,000 to \$299,999	163	5%
\$300,000 to \$499,999	34	1%
\$500,000 to \$999,999	9	0%
\$1,000,000 or more	-	0%
Median (dollars)	100,600	

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in the city of Washington almost half of the owner occupied housing units had a value of between \$50,000 and \$100,000. About 84% of all owner occupied housing units in Washington had a value of \$150,000 or less. In 1990 about 99% of all owner occupied housing units had a value of \$150,000 or less, so in that 10 year period the percentage of owner occupied housing units with a value of \$150,000 or more increased by 18%.

In today’s market homes in the downtown area are valued from \$130,000 to \$250,000.

Table 18----Percentage of Monthly Owner Housing Cost

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

% of Monthly Owner Housing Cost (2000) - City of Washington		
Status	Number	Percentage
Less than 15 percent	1,534	48%
15 to 19 percent	678	21%
20 to 24 percent	318	10%
25 to 29 percent	277	9%
30 to 34 percent	126	4%
35 percent or more	257	8%
Not computed	24	1%

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in the City of Washington 69% of all owner occupied housing units had a monthly housing cost (mortgage payment, taxes, and insurance) of 19% or less of their total income.

Table 19----Gross Rent

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

Gross Rent (2000) - City of Washington		
Rent	Number	Percentage
Units	1,588	100%
Less than \$200	67	4.2%
\$200 to \$299	129	8.1%
\$300 to \$499	527	33.2%
\$500 to \$749	541	34.1%
\$750 to \$999	175	11.0%
\$1,000 to \$1,499	52	3.3%
\$1,500 or more	8	0.5%
No cash rent	89	5.6%
Median (dollars)	\$ 506	

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in the city of Washington 33% of rental units had a gross rent of \$300 to \$500 and 34% had a gross rent of \$500 to \$750. The rental units on the second and third levels of the commercial buildings in the downtown area are primarily studios and one bedroom units that are generally in fair condition and rent within a range of \$400 to \$500. HUD studio and one bedroom Fair Market Rents are \$497 and \$539.

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

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

Gross Rent as % of Monthly Renter Housing Cost (2000) - City of Washington		
Status	Number	Percentage
Less than 15 percent	366	23%
15 to 19 percent	234	15%
20 to 24 percent	276	17%
25 to 29 percent	147	9%
30 to 34 percent	113	7%
35 percent or more	355	22%
Not computed	97	6%

Source: U.S. Census Bureau

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

Table 21----Building Permits

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

Building Permits - City of Washington										
Family Size	2006		2005		2004		2003		2002	
	Bldgs.	Units								
Single	40	40	68	68	68	68	93	93	51	51
2	2	4	19	38	14	28	13	26	21	42
3 to 4	0	0	0	0	4	16	0	0	0	0
5+	3	72	1	6	1	10	0	0	0	0
Total	45	116	88	112	87	122	98	108	72	93

Source: U.S. Census Bureau

The preceding table shows that in the City of Washington there has been an annual average of 63 single family housing permits issued between 2002 and 2006. During that same time an annual average of 13 two family housing permits issued, but only two permits in 2006. During that period there were very few permits issued for buildings containing five units or more, but three permits of that type were issued in 2006 for a total of 72 multifamily units. Presumably, this includes the 56 senior units at the previously mentioned Macarthur Park development.

Table 22----Multiple Listing Service Sales Statistics

Real Estate Sales Statistics				
Year	Single Family Home		Condo	
	Number	Avg. Price	Number	Avg. Price
2002	194	\$ 143,630	24	\$ 136,965
2003	268	\$ 152,677	25	\$ 124,063
% Change	38%	6%	4%	-9%
2004	255	\$ 169,692	41	\$ 140,152
% Change	-5%	11%	64%	13%
2005	253	\$ 184,058	49	\$ 145,210
% Change	-1%	8%	20%	4%
2006	250	\$ 198,986	39	\$ 147,199
% Change	-1%	8%	-20%	1%

Source: Mid America Regional Information Services (MLS)

The multiple listing statistics indicate that over the last five years the city of Washington has averaged 244 real estate sales of single family homes and 36 sales of condo units. Over this period the high point for single family sales was in 2003. Condo sales over the past five years have averaged 36 units per year, with a significant increase in sales in 2004.

The real estate market in Washington appears to be very strong. Sales prices for single family homes have increased annually by 6% or more over the last 5 years. From 2002 to 2006 the average sales price of single family homes increased by a total of approximately 39%. The sales prices of condos have fluctuated over that period, and price appreciation has not kept pace with the price of single family homes. During the same period, the average price of condos only increased by 7.5%.

Statistical information from the National Association of Realtors indicated that in the Midwest the median sales price of single family homes increased by 11% from 2004 to 2005, but declined by 2% from 2005 to 2006. The median sales price of condos in the Midwest increased by 4.5% from 2004 to 2005, and slowed to a 1% increase from 2005 to 2006.

SECTION IV EMPLOYMENT AND ECONOMY

The following section includes an analysis of the economy of the market area. The analysis will focus on employment by industry, the areas major employers, area commuter patterns, and area employment, unemployment, and labor force trends.

MHDC has obtained economic information from the Missouri Department of Economic Development, Bureau of Labor Statistics, U.S. Census Bureau, and the Washington, Missouri Chamber of Commerce.

Local Area Employment

Table 23----State of Missouri – Unemployment Rate

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

Source: MERIC

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

Local Area Employment - Franklin County				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	52,454	49,966	2,488	4.7%
2002	52,893	50,088	2,805	5.3%
2003	52,748	49,829	2,919	5.5%
2004	53,000	49,937	3,063	5.8%
2005	53,259	50,239	3,020	5.7%

Source: Department of Economic Development

Table 25----City of Washington – Labor Force/Employment/Unemployment

Local Area Employment - City of Washington				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	7,388	7,180	209	2.8%
2002	7,433	7,197	235	3.2%
2003	7,405	7,160	245	3.3%
2004	7,433	7,176	257	3.5%
2005	7,472	7,219	253	3.4%

Source: Department of Economic Development

The preceding tables indicate that unemployment rates in Missouri began to increase in 2002 and continued to increase until 2005. The unemployment rates of Franklin County and the City of Washington followed a similar pattern. While the level of unemployment for Franklin County has historically been very close to that of the state, the unemployment rates for the City of Washington have always been significantly better than those of the county and state.

Table 26----Washington Area Major Employers

Major Employers - Washington Missouri		
Employers	Type of Business	Employees
Sporlan Valve	Refrigeration Valves	1120
St. John's Mercy Hospital	Health Care	756
Washington School District	Education	575
Wal-Mart Supercenter	Retail Sales	425
Magnet, Inc.	Advertising Specialties	390
Patients First	Health Care	284
Pauwels Transformers, Inc.	Transformers	280
Rawlings Sporting Goods	Sporting Goods	230
RTI TRADCO	Research, Aircraft Parts	190
Canam Steel	Structural Steel	175
Cedarcrest Manor	Nursing Care	150
Clemco Industries	Abrasive Cleaning Equip.	125
Grand View Healthcare	Nursing Care	120
GH Tool & Mold	Machine and Mold Work	115
Enduro Binders, Inc.	Book Bindery	114
Washington Metal Fabricators	Metal Fabricators	110
Missourian Publishing	Newspaper and Printing	110
Happy Apple Company	Food Products	100+
Sheltered Workshops	Shipping Crates, etc.	110

Source: Washington Chamber of Commerce

Table 27----Area Employment by Category

The following table shows the dispersion of employees by industry within the city of Washington.

<u>City of Washington Area Employment by Category</u>	2003		2002	
	Count	Share	Count	Share
Total Employers	355		339	
* All Jobs	4,617	100.0%	4,393	100.0%
* All Jobs (Private Sector Only)	3,995	86.5%	3,789	86.3%
Jobs by Worker Age				
	2003		2002	
	Count	Share	Count	Share
* Age 30 or younger	1,220	30.5%	1,118	29.5%
* Age 31 to 54	2,237	56.0%	2,171	57.3%
* Age 55 or older	538	13.5%	500	13.2%
Jobs by Earnings Paid				
	2003		2002	
	Count	Share	Count	Share
* \$1,200 per month or less	1,464	36.6%	1,323	34.9%
* \$1,201 to \$3,400 per month	1,914	47.9%	2,004	52.9%
* More then \$3,400 per month	617	15.4%	462	12.2%
Jobs by Industry Type (2-digit NAICS)				
	2003		2002	
	Count	Share	Count	Share
* Agriculture, Forestry, Fishing and Hunting	0	0.0%	0	0.0%
* Mining	0	0.0%	0	0.0%
* Utilities	13	0.3%	0	0.0%
* Construction	123	3.1%	127	3.4%
* Manufacturing	1,185	29.7%	1,307	34.5%
* Wholesale Trade	47	1.2%	44	1.2%
* Retail Trade	699	17.5%	675	17.8%
* Transportation and Warehousing	10	0.3%	10	0.3%
* Information	137	3.4%	112	3.0%
* Finance and Insurance	198	5.0%	186	4.9%
* Real Estate and Rental and Leasing	27	0.7%	19	0.5%
* Professional, Scientific, and Tech. Services	228	5.7%	190	5.0%
* Management of Companies and Enterprises	10	0.3%	0	0.0%
* Administration & Support, Waste Mgmt. and Remediation	73	1.8%	59	1.6%
* Educational Services	17	0.4%	8	0.2%
* Health Care and Social Assistance	618	15.5%	519	13.7%
* Arts, Entertainment, and Recreation	35	0.9%	39	1.0%
* Accommodation and Food Services	336	8.4%	308	8.1%
* Other Services (excluding Public Administration)	239	6.0%	186	4.9%
* Public Administration	0	0.0%	0	0.0%

Data Source: Department of Economic Development and US Census Bureau

The table above is the latest data that could be obtained on the information at the city level and it indicates that other major sectors of employment in addition to manufacturing is retail and healthcare. The City of Washington is a major retail trade center for the area and Mercy

Hospital is one of the largest in the area. During the time period reflected in the table there was a decline in the percentage of manufacturing jobs and a significant increase in jobs in the healthcare industry.

Table 28----Area Employment by Category

Average Annual Earnings By Industry - Franklin County					
NAICS	Industry Jobs	Earnings (\$)			
		2001	2002	2003	2004
11	Agriculture, Forestry, Fishing and Hunting	34,044	26,160	30,432	32,538
21	Mining	34,968	36,429	34,935	36,474
22	Utilities	59,007	61,845	60,414	65,679
23	Construction	33,279	34,005	34,113	34,716
31-33	Manufacturing	32,271	33,612	34,677	35,787
42	Wholesale Trade	37,953	36,891	37,050	38,595
44-45	Retail Trade	20,583	21,222	21,960	22,584
48-49	Transportation and Warehousing	27,504	27,675	28,254	29,979
51	Information	27,282	28,434	29,538	29,760
52	Finance and Insurance	42,486	39,276	37,671	40,512
53	Real Estate and Rental and Leasing	20,556	19,509	45,561	21,783
54	Professional, Scientific, and Technical Services	31,560	32,436	33,798	36,267
55	Management of Companies and Enterprises	8,967	24,207	41,727	40,974
56	Admin. & Support, Waste Mgmt. and Remediation	21,189	20,538	20,202	21,120
61	Educational Services	26,841	27,282	27,465	28,476
62	Health Care and Social Assistance	22,164	22,401	22,677	24,690
71	Arts, Entertainment, and Recreation	19,707	19,032	20,538	21,051
72	Accommodation and Food Services	10,674	11,094	11,442	11,760
81	Other Services (excluding Public Administration)	17,832	18,618	19,599	20,268
92	Public Administration	25,728	27,162	27,531	29,181

Source: Missouri Department of Economic Development

The preceding table indicates that the average annual earnings for the job sectors that comprise over half of the economy of Washington (manufacturing, retail, healthcare) were within a range of from \$22,500 to \$35,800. Employees in the manufacturing industry were the highest paid of the three dominant industries.

Both the preceding tables illustrate that the largest job sector in the City of Washington is manufacturing. The city's largest employer is Sporlan Valve, which has more than 300 more employees than the second largest employer in the city. Although there has been an erosion of manufacturing employment in the state and the nation over the past five years, Washington's manufacturing employment, which has a diverse number of businesses seems to be stable. While there has been a closure of a manufacturing business in the city in the last few years (Hazel Promotional Products) there has also been a new manufacturing business (Harmon International) and the expansion of several other major employers, some of them in manufacturing.

SECTION V

REVIEW OF PREVIOUS HOUSING MARKET STUDIES

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

*Comprehensive Downtown Preservation and Improvement Plan
Washington, Missouri
Prepared By Winter & Company
May 1990*

- Consideration must be given to zoning regulation improvements that help to reinforce the diversity of land uses, including housing, retail, offices, and recreation.
- Opportunities exist to develop more desirable residential space above commercial uses in the historic buildings in the core area.
- Older buildings may be adapted for different uses, such as residential occupancies.

*Envision Washington Comprehensive Plan
Prepared By Horner & Shifrin, Inc.
April 2003*

- Added housing in the downtown area creates evening population.
- Provisions should be made for affordable housing.
- Rewrite zoning codes to support/encourage downtown residential living.
- Adopt regulations and establish an enforcement mechanism to keep housing exteriors/interiors in good condition.
- Restructure zoning codes to allow for smaller lots and more affordable home construction.
- Allow Planning & Zoning Commission to review house designs, along with the preliminary plats for new construction.
- A growing trend in the city has been the demand for two-family dwellings, many of which have been constructed to cater to the aging population.
- Multi-family residential development in the form of apartment buildings has been limited since the mid 1990's.

- In the early 1990's the City modified the downtown district ordinance to require special use permits for residential uses.
- The City of Washington should promote affordable housing to encourage community-housing diversity.
- One of the implementation strategies mentioned is to rewrite the zoning codes to support/encourage downtown residential living.
- The plan contained a section on "Future Land Use" and suggested changes to the City's zoning, subdivision regulations, building codes, and other regulations to implement it.
- The appendix contained notes from focus groups on different subjects, including affordable housing. Some of the affordable housing focus group comments were the following:
 - Starter homes were important to retain and attract young households.
 - Washington is losing households to nearby Union and St. Clair due to less expensive homes and lower rents.
 - Suggestion for more R-2 zoning on outer perimeter of city to allow for duplexes.
 - City offers diverse housing, but not enough for households at all income levels.
 - There is a need for more affordable senior housing.
- The appendix also contained the following notes from the City Growth focus group:
 - With the minimum asking prices at that time of \$125,000 in some subdivisions and the median wage of \$30,000 to \$35,000 for a family in Washington, those households could not afford the lowest price new home in those subdivisions.
 - Downtown area needs "higher end" units to help with continuing revitalization of downtown.
 - Downtown Washington needed a good mix of residential and commercial development.

*Downtown Economic Revitalization Plan
Prepared By PGAV Urban Consulting
November 2004*

- Housing alternatives can include loft or apartments in second and third story units above commercial/retail spaces; town home or condo development at infill locations; or senior-living facilities located within or at the edge of downtown areas.

- The lack of residential density in the downtown area presents challenges to maintaining a vibrant and commercially active downtown core. The limited number of residential units in the area inhibits the presence of pedestrian traffic before and after 9 to 5 and on weekends.
- Residential living in the area creates an immediate customer base for downtown businesses.
- The presence of pedestrians within the area will assist in creating a sense of place in the downtown area.
- The development of Area #3 as a high-density residential development would introduce much needed pedestrian activity into the central portion of the downtown area.
- The conversion of upper floors to either condo/loft space or office space will promote the financial viability of reinvestment in the buildings of downtown.
- Infill development should occur on vacant lots or on underutilized properties.
- Initiate an occupancy permit program for residential units in the downtown district. The occupancy permit program would ensure that upper-floor residential units meet minimum safety standards, that property owners maintain property in accordance with basic maintenance standards and provides a regulatory mechanism for monitoring the number of individuals that can occupy a unit.
- River views increase the likelihood that upper floor units with a river view could provide luxury units, which is a housing niche that is currently not being provided for in Washington.
- Increase the downtown residential population by providing high-density residential units (an example is the Quality Hill Redevelopment in Kansas City).

After reviewing the studies that have been prepared regarding the City of Washington and in particular the downtown area, the following points were noted that pertain to housing:

- Housing can complement the downtown redevelopment area by creating a sense of place.
- Housing in the downtown area can create a ready market for many downtown commercial businesses.
- Housing in the downtown area can be an adaptive use for the second and third story of existing downtown buildings that will have commercial/retail uses on the first level.
- Housing in the upper stories of the downtown buildings can help supplement the monthly cost of building operations.
- Housing in the downtown area can serve a housing niche for luxury condos/lofts that is currently not being served.

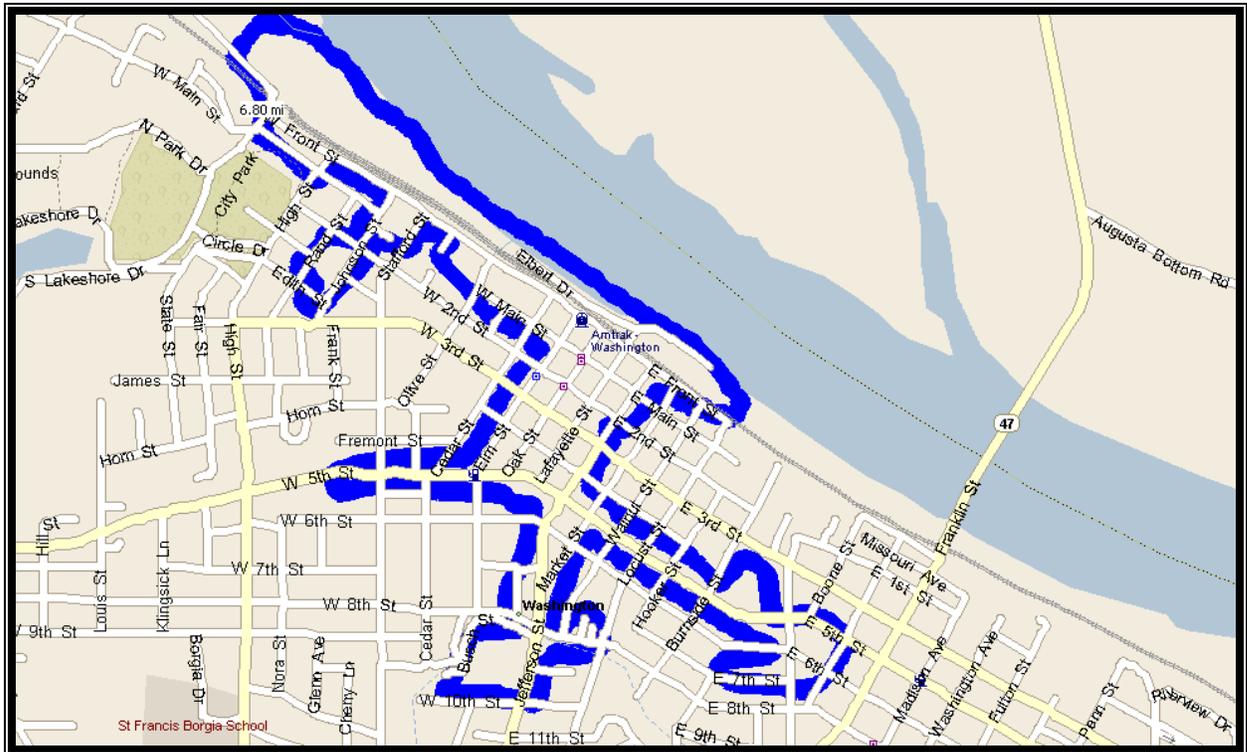
- Affordable housing in the community can help to retain and attract young households that currently must look to other communities for affordable housing.
- Housing in the downtown area can be developed on vacant infill lots, which would cure the eyesore of the vacant lot, provide needed housing to the community that would also complement downtown revitalization, and also increase the community tax revenue.
- Housing for senior citizens could be created in the downtown area near essential services and amenities.

SECTION VI

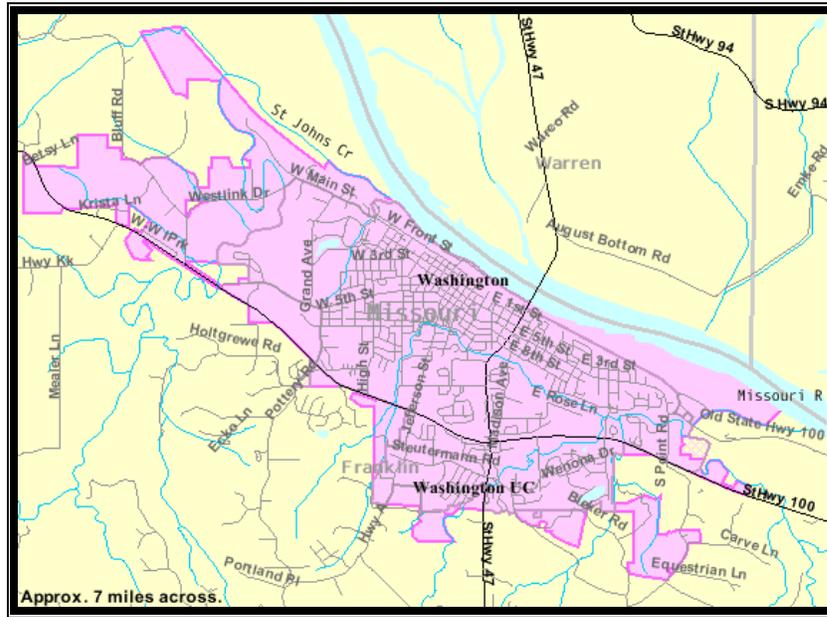
IDENTIFICATION OF WASHINGTON DOWNTOWN, CITY, AND PRIMARY MARKET AREAS

For purposes of the following quantitative analysis several geographic areas need to be defined. Those definitions are as follows:

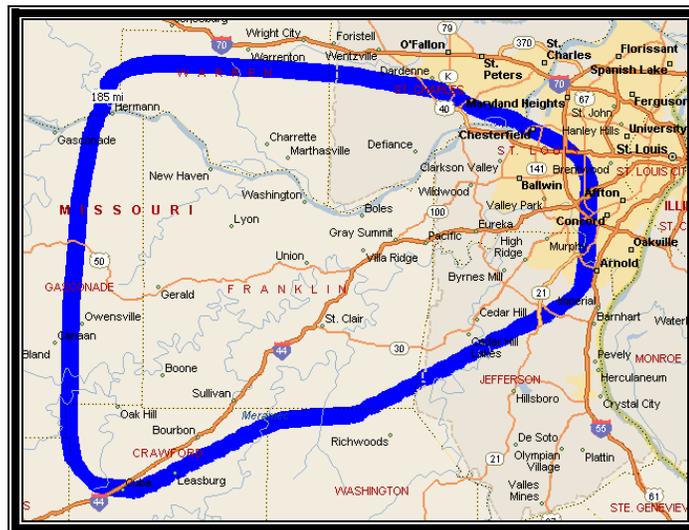
- Washington Downtown Market Area (DMA) – This is the redevelopment area of downtown Washington that has been identified by the city, and the target area for potential residential demand.



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



- Washington Primary Market Area (PMA) – This area is considered to be the geographic area from where the majority of potential residents of the DMA and CMA will be drawn from. Up to 80 to 85% of the prospective residents of the DMA and CMA are expected to come from this area.



After inspecting the market, reviewing migration patterns, and taking into consideration the opinions of the market's real estate participants, it is the opinion of the analyst that the PMA for residential demand is generally all of Franklin County, and portions of the surrounding counties of St. Louis, Jefferson, Crawford, St. Charles, Gasconade, and Warren. Many of the households from the smaller communities within this area could be drawn to housing options in the city of Washington because of its employment options, the depth, variety, and affordability of its housing market, proximity to desirable neighborhood services and amenities, its close proximity to major highways, or the influence of its location along the Missouri River. Many of the households from the west county area of St. Louis County could be attracted to the market for some of the same reasons, but additionally they are drawn because of lower real estate taxes, larger building lots and home site acreage, the increased choice of custom built homes versus the tract housing of the larger subdivisions in St. Louis County, and the small community charm not far from the entertainment, retail, and employment benefits of the urban area of St. Louis.

Taxpayer migration data is a very helpful tool in determining the origin of households that are likely to move to the market area. The data is maintained at the county level by the Internal Revenue Service and provides a clear representation of mobility patterns. Following are tables that show the migration patterns into and out of Franklin County, and the net migration totals for Franklin County.

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

The gross in-migration data for Franklin County shows that the strongest demand from households moving into Franklin County from a single location is from St. Louis County. Between 2001 and 2005 almost 1,600 households from St. Louis County migrated to Franklin County. The in-migration from St. Louis County represented 20% of the total in-migration during that period. The next largest in-migration percentages were from Jefferson and Crawford Counties, which represented 9% and 8% of the in-migration from 2001-2005. St. Charles and Gasconade Counties each showed 6% in-migration percentages. The Franklin County in-migration data indicates that 35% of new households to the county are spread across various areas near and far in relation to Franklin County. Following are the county migration tables.

Table 29----Franklin County In-Migration

Gross Annual Household In-Migration								
Franklin County, Missouri								
County of Origin	2002		2003		2004		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	2,132	100%	2,053	100%	2,136	100%	2,158	100%
Total In-Migration Same State	1,632	77%	1,596	78%	1,638	77%	1,670	77%
Total In-Migration Out of State	500	23%	457	22%	498	23%	488	23%
St. Louis County	535	25%	536	26%	556	26%	557	26%
Jefferson County	272	13%	264	13%	258	12%	280	13%
Crawford County	124	6%	127	6%	131	6%	134	6%
St. Louis City	102	5%	91	4%	102	5%	111	5%
St. Charles County	116	5%	120	6%	115	5%	103	5%
Gasconade County	111	5%	89	4%	95	4%	82	4%
Warren County	63	3%	67	3%	52	2%	63	3%
Phelps County	23	1%	26	1%	30	1%	39	2%
Washington County	28	1%	19	1%	27	1%	32	1%
All Other Counties	758	35%	714	35%	770	36%	757	35%

Source: Internal Revenue Service

Table 30----Franklin County Out-Migration

Gross Annual Household Out-Migration								
Franklin County, Missouri								
Destination County	2002		2003		2004		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	2,015	100%	1,999	100%	1,976	100%	2,027	100%
Total Out-Migration Same State	1,501	74%	1,494	75%	1,514	77%	1,510	74%
Total Out-Migration Out of State	514	26%	505	25%	462	23%	517	26%
St. Louis County	409	20%	385	19%	412	21%	388	19%
Jefferson County	204	10%	179	9%	176	9%	183	9%
Crawford County	173	9%	142	7%	147	7%	152	7%
St. Louis City	73	4%	89	4%	95	5%	89	4%
St. Charles County	106	5%	145	7%	118	6%	126	6%
Gasconade County	105	5%	115	6%	122	6%	131	6%
Warren County	61	3%	65	3%	78	4%	69	3%
Phelps County	34	2%	32	2%	30	2%	31	2%
Washington County	18	1%	30	2%	21	1%	26	1%
All Other Counties	832	41%	817	41%	777	39%	832	41%

Source: Internal Revenue Service

Table 31----Franklin County Net-Migration

Gross Annual Household Net-Migration				
Franklin County, Missouri				
County	2002	2003	2004	2005
	Number	Number	Number	Number
St. Louis County	126	151	144	169
Jefferson County	68	85	82	97
Crawford County	-49	-15	-16	-18
St. Louis City	29	2	7	22
St. Charles County	10	-25	-3	-23
Gasconade County	6	-26	-27	-49
Warren County	2	2	-26	-6
Phelps County	-11	-6	0	8
Washington County	10	-11	6	6
All Other Counties	-74	-103	-7	-75

Source: Internal Revenue Service

SECTION VII

POTENTIAL HOUSING DEMAND

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

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

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

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

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

Following are the HISTA tables for the PMA for 2006 and 2011 and for owner households and renters. They will be used for the rental housing demand analysis. The tables contain current household estimates (2007 estimates are not currently available) for the PMA by tenure (renter or homeowner), income, and household size, for age groups 18-54, 55-61, and aged 62+. The same type of tables is shown based on year 2011 household projections. The differences in the number of households in each of the categories provide a good indication of future potential residential growth or housing demand.

HISTA TABLES

Table 32----PMA Owner Households (Aged 18-54) - 2006 Estimates

PMA Owner Households						
Aged 18-54 Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	184	55	41	13	30	323
\$10,000-20,000	253	108	99	70	55	585
\$20,000-30,000	378	276	243	184	107	1,189
\$30,000-40,000	396	334	276	329	146	1,480
\$40,000-50,000	334	497	446	574	369	2,220
\$50,000-60,000	169	468	588	665	353	2,243
\$60,000+	<u>272</u>	<u>2,239</u>	<u>2,601</u>	<u>2,988</u>	<u>2,054</u>	10,154
Total	1,986	3,977	4,294	4,823	3,114	18,194

Source: Claritas, Ribbon Demographics

Table 33----PMA Owner Households (Aged 55-61) - 2006 Estimates

PMA Owner Households Aged 55-61 Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	102	44	0	0	0	146
\$10,000-20,000	143	84	4	3	4	239
\$20,000-30,000	114	135	21	1	35	306
\$30,000-40,000	76	192	57	9	7	341
\$40,000-50,000	49	315	100	8	8	481
\$50,000-60,000	53	375	64	13	11	516
\$60,000+	<u>114</u>	<u>1,203</u>	<u>461</u>	<u>219</u>	<u>129</u>	<u>2,127</u>
Total	652	2,348	707	254	195	4,156

Source: Claritas, Ribbon Demographics

Table 34----PMA Owner Households (Aged 62+) - 2006 Estimates

PMA Owner Households Aged 62+ Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	539	103	0	0	3	645
\$10,000-20,000	774	418	19	7	5	1,223
\$20,000-30,000	648	842	69	33	0	1,591
\$30,000-40,000	183	789	124	14	2	1,112
\$40,000-50,000	173	746	101	37	5	1,062
\$50,000-60,000	61	510	73	66	19	728
\$60,000+	<u>121</u>	<u>1,178</u>	<u>329</u>	<u>133</u>	<u>165</u>	<u>1,925</u>
Total	2,498	4,586	714	290	199	8,286

Source: Claritas, Ribbon Demographics

Table 35----PMA Renter Households (Aged 18-54) - 2006 Estimates

Renter Households Aged 18-54 Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	249	119	82	52	43	546
\$10,000-20,000	483	233	138	57	57	967
\$20,000-30,000	428	212	201	111	111	1,064
\$30,000-40,000	309	285	170	158	127	1,049
\$40,000-50,000	168	246	114	113	89	730
\$50,000-60,000	165	78	219	121	95	678
\$60,000+	<u>100</u>	<u>314</u>	<u>248</u>	<u>277</u>	<u>285</u>	<u>1,225</u>
Total	1,902	1,488	1,173	888	806	6,258

Source: Claritas, Ribbon Demographics

Table 36----PMA Renter Households (Aged 55-61) - 2006 Estimates

Renter Households Aged 55-61 Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	110	11	0	11	0	133
\$10,000-20,000	37	29	9	4	4	83
\$20,000-30,000	61	50	0	10	0	121
\$30,000-40,000	6	27	2	2	1	38
\$40,000-50,000	6	7	1	7	1	22
\$50,000-60,000	0	23	15	0	0	38
\$60,000+	<u>87</u>	<u>47</u>	<u>23</u>	<u>9</u>	<u>6</u>	<u>172</u>
Total	307	195	50	43	12	607

Source: Claritas, Ribbon Demographics

Table 37----PMA Renter Households (Aged 62+) - 2006 Estimates

Renter Households Aged 62+ Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	442	15	0	0	0	457
\$10,000-20,000	370	87	3	0	9	468
\$20,000-30,000	138	135	9	0	9	291
\$30,000-40,000	57	49	11	1	21	139
\$40,000-50,000	18	24	0	0	0	41
\$50,000-60,000	6	23	0	0	0	29
\$60,000+	<u>16</u>	<u>66</u>	<u>12</u>	<u>11</u>	<u>9</u>	<u>114</u>
Total	1,046	398	35	12	48	1,539

Source: Claritas, Ribbon Demographics

Table 38----PMA Owner Households (Aged 18-54) - 2011 Projections

Owner Households Aged 18-54 Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	164	43	32	12	23	274
\$10,000-20,000	213	76	76	55	40	460
\$20,000-30,000	314	213	178	139	80	925
\$30,000-40,000	355	265	224	269	113	1,226
\$40,000-50,000	312	398	393	494	305	1,902
\$50,000-60,000	162	411	528	599	313	2,014
\$60,000+	<u>350</u>	<u>2,459</u>	<u>2,898</u>	<u>3,412</u>	<u>2,356</u>	<u>11,475</u>
Total	1,870	3,865	4,330	4,981	3,230	18,276

Source: Claritas, Ribbon Demographics

Table 39----PMA Owner Households (Aged 55-61) - 2011 Projections

Owner Households Aged 55-61 Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	107	48	0	0	0	156
\$10,000-20,000	163	79	3	5	3	253
\$20,000-30,000	114	121	19	1	35	289
\$30,000-40,000	82	206	69	12	8	377
\$40,000-50,000	57	274	84	11	10	436
\$50,000-60,000	60	365	72	18	15	529
\$60,000+	160	1,550	640	293	175	2,817
Total	743	2,643	887	339	246	4,858

Source: Claritas, Ribbon Demographics

Table 40----PMA Owner Households (Aged 62+) - 2011 Projections

Owner Households Aged 62+ Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	511	84	0	0	2	597
\$10,000-20,000	721	343	16	7	5	1,092
\$20,000-30,000	703	776	69	35	0	1,583
\$30,000-40,000	234	879	135	20	5	1,272
\$40,000-50,000	212	781	107	35	4	1,139
\$50,000-60,000	73	685	81	75	30	945
\$60,000+	191	1,661	491	203	247	2,793
Total	2,645	5,209	900	375	293	9,422

Source: Claritas, Ribbon Demographics

Table 41----PMA Renter Households (Aged 18-54) – 2011 Projections

Renter Households Aged 18-54 Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	252	109	76	44	36	518
\$10,000-20,000	452	198	122	46	49	867
\$20,000-30,000	396	174	173	97	105	945
\$30,000-40,000	312	243	156	146	113	970
\$40,000-50,000	180	234	116	107	83	721
\$50,000-60,000	173	72	221	117	96	680
\$60,000+	137	400	325	351	367	1,580
Total	1,902	1,430	1,190	909	850	6,281

Source: Claritas, Ribbon Demographics

Table 42----PMA Renter Households (Aged 55-61) – 2011 Projections

Renter Households Aged 55-61 Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	125	11	0	11	0	147
\$10,000-20,000	40	24	10	4	4	82
\$20,000-30,000	74	54	1	9	0	138
\$30,000-40,000	11	34	4	4	3	56
\$40,000-50,000	11	9	2	9	2	33
\$50,000-60,000	0	26	20	0	0	45
\$60,000+	137	66	34	12	11	260
Total	398	223	71	49	20	760

Source: Claritas, Ribbon Demographics

Table 43----PMA Renter Households (Aged 62+) – 2011 Projections

Renter Households Aged 62+ Years <i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	462	14	0	0	0	476
\$10,000-20,000	386	80	3	0	8	478
\$20,000-30,000	167	143	11	0	9	330
\$30,000-40,000	78	69	19	5	27	198
\$40,000-50,000	26	34	0	0	0	60
\$50,000-60,000	8	38	0	0	0	46
\$60,000+	26	96	19	21	15	176
Total	1,153	474	51	26	59	1,763

Source: Claritas, Ribbon Demographics



www.ribbondata.com

HISTA DATA

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SECTION VIII

MARKET RATE FAMILY RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for market rate family rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential market rate family rental unit demand in the PMA between 2006 and 2011. The market assumptions used in the analysis are discussed below.

Quantitative Analysis Assumptions:

- Gross rent estimates are comprised of typical rents in the market for units considered to be in good condition, with average appeal and marketability, and an estimated monthly utility cost for utilities paid by the tenants. The estimate was based on a survey of existing units in the market.
- Percentage of income to housing is the estimated percentage of gross income that households spend for housing costs (gross rent). The estimate was based on U.S. Census statistics.
- Minimum Income is the minimum amount of income a household would need to afford the gross rent.
- The household estimates were obtained from the HISTA tables based on income, household size, and age. It is assumed that on average 1 Br units are occupied by 1.5 person households, 2 Br units are occupied by 3 person households, and 3 Br units are occupied by 4.5 person households. Only households under the age of 62 were considered.
- The estimated annual household turnover rate was estimated considering the U.S. Census based turnover rate for the city of Washington. That rate considers all residents, including homeowners. The rate used in the analysis is a little higher because it is limited to renter households that are more transient.
- Projected rents in 2011 have been trended by an annual rate of 2% per year.
- Target capture rate is the percentage of qualified households in the PMA that the CMA could be expected to comfortably capture between 2006 and 2011. The smaller the capture rate the more likely any new units will be feasible. A larger capture rate corresponds with a larger percentage of risk in terms of feasibility because it means that any new units would have to capture or attract a larger portion of qualified households to reach a sustaining threshold. It is the opinion of the analyst that a capture rate of 18% is a very conservative estimate for the CMA because in competition with the other larger communities in the PMA (Union, St. Clair, New Haven, Pacific, Sullivan, Owensville, etc.) Washington should be very appealing to prospective renter households.

Following is the Market Rate Family Unit Demand Analysis:

Table 44---- Market Rate Family Rental Unit Demand Analysis

Market Rate Family Rental Unit Demand Analysis			
PMA Existing Qualified Households	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 650	\$ 750	\$ 950
Percentage of Income to Housing	22%	22%	22%
Minimum Income (Affordability)	\$35,455	\$40,909	\$51,818
Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61	762	610	378
Estimated Annual Turnover of Existing HH	<u>30%</u>	<u>30%</u>	<u>30%</u>
PMA Existing Qualified Households	229	183	113
PMA Projected Qualified Household Growth (2006-2011)	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 710	\$ 825	\$ 1,050
Percentage of Income to Housing	22%	22%	22%
Minimum Income (Affordability)	\$38,727	\$45,000	\$57,273
PMA Projected Household Growth 2006-2011 of Appropriate Sized (1-5 Person HH), Income Qualified, Renter HH, Age 18-61	<u>0</u>	<u>49</u>	<u>22</u>
PMA Total Qualified Households (2006-2011)	229	232	135
Target Capture Rate 18%			
	1BR	2BR	3BR
CMA Market Family Rental Unit Demand (2006-2011)	41	42	24
	1BR	2BR	3BR
DMA Family Rental Unit Demand (2006-2011)	31	21	6

Quantitative Analysis Conclusions:

- There are currently 525 qualified households for market rate rental units in the PMA for all the unit sizes (1Br-229, 2Br-183, 3Br-113).
- There is projected to be qualified household growth for market rate rental units in the PMA between 2006 and 2011 of 71 households (1Br-0, 2Br-49, 3Br-22).
- The total number of qualified households for market rate rental units in the PMA between 2006 and 2011 is estimated to be 596 (1Br-229, 2Br-232, 3Br-135).
- The total number of qualified households for market rate rental units in the PMA between 2006 and 2011 that are estimated to be captured by the CMA for rental units in Washington is 18% of the total, or 107 households units (1Br-41, 2Br-42, 3Br-24).
- It is the opinion of the analyst that of the 107 market rate renter households that should be in the CMA between 2006 and 2011, approximately 58 could be attracted to housing in the DMA. This estimate is based on the assumption that at least 75% of the 1Br renter households in the CMA could be young singles, or professionals, generally childless, who prefer to live in diverse urban settings, near restaurants, clubs, and cultural opportunities. It is estimated that at least 50% of the 2Br households and about 25% of 3Br households could be empty nesters and retirees who also have a preference for restaurants and cultural opportunities, and have no need to be concerned with living in close proximity to schools. These households are the leading edge of the baby boomers and many are looking forward to relieving themselves from the responsibilities of home ownership. Many of these empty nester households have grown accustomed to their space and although small households, some would prefer the extra space of a 3 bedroom unit.

In terms of supply the market rate rental market of the city has some vacancies, but many of the vacancies are units that are in fair condition, in developments with multiple ownerships, which facilitates inconsistent management and maintenance problems, and consequently low market appeal to moderate to upper income renter households. This leaves a pent up demand for higher quality market rate rental units, especially in the DMA. It is the opinion of the analyst that the production of approximately 107 market rate rental units in the CMA between the present and 2011 will serve a housing need and that placing approximately 60 of those units in the DMA will enhance the DMA by creating more of a residential presence, which will increase the evening pedestrian traffic, increase the demand for commercial services in the area, increase the demand for other residential space in the area, create a sense of place, motivate property improvements by existing owners, which will enhance property values and tax revenues.

Any new market rate rental units in the DMA should have the following characteristics:

- The units should be large enough to accommodate the furniture and possessions accumulated over a lifetime by empty nesters that should make up a significant portion of the prospective tenants, and also to allow working space for young professionals.

- The units should be of luxury quality to attract and retain higher income residents that will help to lift and maintain the economic base of the area.
- The units should have all of the living space on one level, which gives older residents the ability to age in place.
- The units should have a view of the river, or other scenic view, which is a marketing advantage.
- The units should be close to typical neighborhood amenities for convenience.
- The units should offer attached or built in parking space for the safety and convenience of the residents and to minimize the on-street parking demand.

SECTION IX

FAMILY RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for affordable family rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential affordable family rental unit demand in the PMA between 2006 and 2011. The market assumptions used in the analysis are discussed below.

Quantitative Analysis Assumptions:

- Gross rent estimates are comprised of typical rents in the market for units considered to be in average condition, with average to fair appeal and marketability, and an estimated monthly utility cost for utilities paid by the tenants. The estimate was based on a survey of existing units in the market.
- Percentage of income to housing is the estimated percentage of gross income that households spend for housing costs (gross rent). The affordable housing industry for years has used the income percentage of 30%, but it is the opinion of the analyst and other low income industry experts that lower income households commonly spend more than 30% of their income for housing. An estimate of 35% was used for this analysis.
- Minimum Income is the minimum amount of income a household would need to afford the gross rent.
- Maximum Income is the maximum amount of income applicable for the federal housing tax credit program, which is the most widely used financial production tool for affordable housing.
- The household estimates were obtained from the HISTA tables based on income, household size, and age. It is assumed that on average 1 Br units are occupied by 1.5 person households, 2 Br units are occupied by 3 person households, and 3 Br units are occupied by 4.5 person households. Only households under the age of 62 were considered.
- The estimated annual household turnover rate was estimated considering the U.S. Census based turnover rate for the city of Washington. That rate considers all residents, including homeowners. The rate used in the analysis is a little higher because it is limited to lower income renter households, which are the most transient segment of the housing market.
- Projected rents in 2011 have been trended by an annual rate of 2% per year.

- Target capture rate is the percentage of qualified households in the PMA that the CMA could be expected to comfortably capture between 2006 and 2011. The smaller the capture rate the more likely any new units will be feasible. A larger capture rate corresponds with a larger percentage of risk in terms of feasibility because it means that any new units would have to capture or attract a larger portion of qualified households to reach a sustaining threshold. It is the opinion of the analyst that a capture rate of 15% is a very conservative estimate for the CMA because in competition with the other larger communities in the PMA (Union, St. Clair, New Haven, Pacific, Sullivan, Owensville, etc.) Washington should be very appealing to prospective lower income renter households because of the employment and wide housing opportunities.

Following is the Affordable Family Rental Unit Demand Analysis:

Table 45---- Affordable Family Rental Unit Demand Analysis

Affordable Family Rental Unit Demand Analysis			
Existing Qualified Households	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 550	\$ 650	\$ 750
Percentage of Income to Housing	35%	35%	35%
Minimum Income (Affordability)	\$18,857	\$22,286	\$25,714
Maximum Income (Tax Credit Limits)	\$29,640	\$35,580	\$41,130
Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61	285	176	156
Estimated Annual Turnover of Existing HH	<u>35%</u>	<u>35%</u>	<u>35%</u>
Existing Qualified Households	100	62	55
Projected Qualified Household Growth (2006-2011)	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 605	\$ 715	\$ 885
Percentage of Income to Housing	35%	35%	35%
Minimum Income (Affordability)	\$20,743	\$24,514	\$30,343
Maximum Income (Tax Credit Limits)	\$32,720	\$39,280	\$45,410
Projected Household Growth 2006-2011 of Appropriate Sized (1-5 Person HH), Income Qualified, Renter HH, Age 18-61	<u>0</u>	<u>0</u>	<u>0</u>
Total Qualified Households (2006-2011)	100	62	55
Target Capture Rate 15%			
	1BR	2BR	3BR
CMA Affordable Family Rental Unit Demand (2006-2011)	15	9	8
	1BR	2BR	3BR
DMA Affordable Family Rental Unit Demand (2006-2011)	0	0	0

Quantitative Analysis Conclusions:

- There are currently 217 qualified households for affordable family rental units in the PMA for all the unit sizes (1Br-100, 2Br-62, 3Br-55).
- There is projected to be qualified household growth for affordable family rental units in the PMA between 2006 and 2011 of 0 households (1Br-0, 2Br-0, 3Br-0).
- The total number of qualified households for affordable family rental units in the PMA between 2006 and 2011 is 217 (1Br-100, 2Br-62, 3Br-55).
- The total number of qualified households for affordable family rental units in the PMA between 2006 and 2011 that are estimated to be captured by the CMA for rental units in Washington is 15% of the total, or 32 household units (1Br-15, 2Br-9, 3Br-8).
- It is the opinion of the analyst that of the 32 affordable family renter households that should be in the CMA between 2006 and 2011 that in comparison to other areas of the city most would not be attracted to housing in the DMA. Lower income households generally would prefer to be closer to the concentration of retail, service, and eating establishments that are located near the intersections of Highways 47 and 100. Many lower income households are families with children that would prefer to be closer to public schools, which are not in the DMA. It is also the opinion of the analyst that some of the existing rental housing units in and around the DMA already offer housing opportunities for lower income households and that there would be no economic benefit to the DMA to increase the number of units for lower income households.

In terms of supply, the City of Washington does not have any subsidized family housing. It appears that the large number of market rate rental units in the city has adequately served the needs of lower income households. This could continue, but the future increased appeal of the market should reduce the number of affordable units available to lower income households. Therefore, it is the opinion of the analyst that between the present and 2011 there could be a need for approximately 30 quality affordable family housing units in the CMA, outside of the DMA.

SECTION X

AFFORDABLE SENIOR RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for affordable senior rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential affordable senior rental unit demand in the PMA between 2006 and 2011. The market assumptions used in the analysis are discussed below.

Quantitative Analysis Assumptions:

- Gross rent estimates are comprised of typical rents in the market for units considered to be in average condition, with average appeal and marketability, and an estimated monthly utility cost for utilities paid by the tenants. The estimate was based on a survey of existing units in the market.
- Percentage of income to housing is the estimated percentage of gross income that households spend for housing costs (gross rent). The affordable housing industry for years has used the income percentage of 30%, but it is the opinion of the analyst and other low income industry experts that lower income senior households commonly spend more than 40% of their income for housing. An estimate of 50% was used for this analysis.
- Minimum Income is the minimum amount of income a household would need to afford the gross rent.
- Maximum Income is the maximum amount of income applicable for the federal housing tax credit program, which is the most widely used financial production tool for affordable housing.
- The household estimates were obtained from the HISTA tables based on income, household size, and age (62+). It is assumed that senior households typically prefer 1 Br and 2 Br units and that the typical household size is one or two persons. For this analysis the incomes for a 1.5 person household was considered. Only households above the age of 62 were considered.
- The percentage of senior renter households likely to move if new affordable housing were available is estimated to be 25% and is based on the analyst experience, which is based on surveys of senior affordable housing site managers over many years. The managers have indicated that if a new senior development is affordable it is attractive to seniors because of its superior condition, and updated site and unit amenities.
- The percentage of senior owner households that likely would move to new affordable rental housing is estimated at 10% and is also based on the opinions of senior affordable housing site managers who indicated that the rent up of new developments routinely includes many senior owner households that are seeking to downsize to a smaller unit and relieve themselves of homeowner responsibilities.

- Projected rents in 2011 have been trended by an annual rate of 2% per year.
- Target capture rate is the percentage of qualified households in the PMA that the CMA could be expected to comfortably capture between 2006 and 2011. The smaller the capture rate the more likely any new units will be feasible. A larger capture rate corresponds with a larger percentage of risk in terms of feasibility because it means that any new units would have to capture or attract a larger portion of qualified households to reach a sustaining threshold. It is the opinion of the analyst that a capture rate of 50% is a reasonable estimate for the CMA because in competition with the other larger communities in the PMA (Union, St. Clair, New Haven, Pacific, Sullivan, Owensville, etc.) Washington should be very appealing to prospective senior households because of its river market charm and because of the limited availability of affordable senior housing options in the PMA.

Following is the Affordable Senior Rental Unit Demand Analysis:

Table 46---- Affordable Senior Rental Unit Demand Analysis

<i>Affordable Senior Rental Unit Demand</i>	
Existing Qualified Households	1BR/2BR
Gross Rent (includes utility costs paid by tenants)	\$ 550
Percentage of Income to Housing	50%
Minimum Income (Affordability)	\$ 13,200
Maximum Income (Tax Credit Limits)	\$ 31,620
(A) Appropriate Sized, Income Qualified, Renter HH, Age 62+	301
(B) Percentage of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available	25%
Number of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available (A X B)	75
(C) Appropriate Sized, Income Qualified, <u>Owner</u> HH, Age 62+	1228
(D) Percentage of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available	10%
Number of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available (C X D)	123
Existing Qualified Households	198

(Quantitative analysis continued on next page)

(Table 46, Affordable Senior Rental Unit Demand Analysis, continued)

Projected Qualified Household Growth (2006-2011)	1BR/2BR
Gross Rent (includes utility costs paid by tenants)	\$ 600
Percentage of Income to Housing	50%
Minimum Income (Affordability)	\$ 14,400
Maximum Income (Tax Credit Limits)	\$ 34,900
Appropriate Sized, Income Qualified, Renter HH, Age 62+ Growth (2006-2011)	21
(C) Appropriate Sized, Income Qualified, <u>Owner</u> HH, Age 62+ Growth (2006-2011)	83
(D) Percentage of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available	10%
Number of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available (C X D)	8
Projected Qualified Household Growth (2006-2011)	29
PMA Total Qualified Households (2006-2011)	227
Target Capture Rate 50%	
	1BR/2BR
CMA Estimated Affordable Senior Rental Unit Demand (2006-2011)	114
	1BR/2BR
DMA Estimated Affordable Senior Rental Unit Demand (2006-2011)	56

Quantitative Analysis Conclusions:

- There are currently 198 qualified households for affordable senior rental units in the PMA.
- There is projected to be qualified household growth for affordable senior rental units in the PMA between 2006 and 2011 of 29 households.
- The total number of qualified households for affordable senior rental units in the PMA between 2006 and 2011 is 227.
- The total number of qualified households for affordable senior rental units in the PMA between 2006 and 2011 that are estimated to be captured by the CMA for rental units in Washington is 50% of the total, or 114 household units.
- It is the opinion of the analyst that of the 114 affordable senior renter households that should be in the CMA between 2006 and 2011, approximately 56 could be attracted to housing in the DMA. This estimate is based on the assumption that a little more than half of the demand, or 58 units, will be served by the units currently under construction at the MHDC financed Macarthur Park development. It is also based on the opinion of the fact that many of the current residents of the DMA are senior households and that senior households seem to be attracted to the small town charm of the downtown area, which has the basic service amenities seniors desire within close proximity, many antique shops and museums, and is relatively close to the area's major medical facility.

In terms of supply, the market has two existing affordable rental developments and one under construction. The two existing developments are always at maximum occupancy, with waiting lists, and demand should be strong for the units under construction. It is the opinion of the analyst that the current supply is not sufficient to meet the future demands of the market through 2011 and that approximately 114 additional units are needed (including Macarthur Park units) to serve the demand.

SECTION XI

HOMEOWNERSHIP DEMAND

The following analysis will project the potential homeownership demand in the Washington Market Area. The methodology for the analysis is a projection of the owner household growth in the PMA between 2006 and 2011 using the HISTA demographic data, and an estimate of the portion of the projected growth in the PMA that would be attracted to housing in city of Washington and in particular, the downtown area. As previously mentioned, HISTA is a custom four-way cross tabulation of household data designed specifically for housing analysis that has been built by Claritas, a leading provider of demographic data worldwide. HISTA cross tabulates information on households income, size, tenure, and age, which makes it one of the most accurate housing market projection tools available.

The steps used in the analysis are as follows:

1. Estimate owner household growth in the PMA between 2006 and 2011 using HISTA tables
2. Estimate potential household growth in the CMA from 2006 to 2011 using capture rates that reflect the percentages of owner household growth (by household income) in the PMA that can be captured in the CMA.
3. Estimate the home purchase price range of households at the various income levels based on a current interest rate and typical mortgage underwriting terms.
4. Estimate the portion of the potential household growth in the CMA that would be marketable in the DMA, and that would contribute to the overall revitalization efforts in the DMA from 2006 to 2011.

The HISTA tables used in the analysis are as follows:

Table 47----PMA Owner Households (Aged 18-54) 2006 High Income Projections

PMA Owner Households						
Aged 18-54 Years						
<i>Current Year Estimates - 2006</i>						
Income Ranges	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	730	831	722	903	515	3,701
\$50,000-75,000	302	1,565	1,862	2,129	1,359	7,217
\$75,000-100,000	71	582	676	777	534	2,640
\$100,000-125,000	35	291	338	388	267	1,319
\$125,000-150,000	14	112	130	149	103	508
\$150,000-200,000	8	67	78	90	62	305
\$200,000- \$250,000	3	22	26	30	21	102
\$250,000+	8	67	78	90	62	305
Total	1,171	3,537	3,910	4,556	2,923	16,097

Source: Claritas, Ribbon Demographics, MHDC

Table 48----PMA Owner Households (Aged 55-61) 2006 High Income Projections

PMA Owner Households Aged 55-61 Years						
<i>Current Year Estimates - 2006</i>						
Income Ranges	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	125	507	157	17	15	821
\$50,000-75,000	109	964	290	120	74	1,557
\$75,000-100,000	30	313	120	57	34	554
\$100,000-125,000	15	156	60	28	17	276
\$125,000-150,000	6	60	23	11	6	106
\$150,000-200,000	3	36	14	7	4	64
\$200,000-\$250,000	1	12	5	2	1	21
\$250,000+	3	36	14	7	4	64
Total	289	2,048	669	242	151	3,463

Source: Claritas, Ribbon Demographics, MHDC

Table 49----PMA Owner Households (Aged 62+) 2006 High Income Projections

PMA Owner Households Aged 62+ Years						
<i>Current Year Estimates - 2006</i>						
Income Ranges	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	356	1,535	225	51	7	2,174
\$50,000-75,000	120	1,087	234	131	100	1,672
\$75,000-100,000	31	306	86	35	43	501
\$100,000-125,000	16	153	43	17	21	250
\$125,000-150,000	6	59	16	7	8	96
\$150,000-200,000	4	35	10	4	5	58
\$200,000-\$250,000	1	12	3	1	2	19
\$250,000+	4	35	10	4	5	58
Total	534	3,187	617	246	186	4,828

Source: Claritas, Ribbon Demographics, MHDC

Table 50----PMA Owner Households (Aged 18-54) 2011 High Income Projections

Owner Households Aged 18-54 Years						
<i>Five Year Projections - 2011</i>						
Income Ranges	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	667	663	617	763	418	3,128
\$50,000-75,000	334	1,616	1,948	2,271	1,467	7,636
\$75,000-100,000	91	639	753	887	613	2,983
\$100,000-125,000	46	320	377	444	306	1,493
\$125,000-150,000	18	123	145	171	118	575
\$150,000-200,000	11	74	87	102	71	345
\$200,000- \$250,000	4	25	29	34	24	116
\$250,000+	11	74	87	102	71	345
Total	1,171	3,460	3,956	4,672	3,017	16,621

Source: Claritas, Ribbon Demographics, MHDC

Table 51----PMA Owner Households (Aged 55-61) 2011 High Income Projections

Owner Households Aged 55-61 Years						
<i>Five Year Projections - 2011</i>						
Income Ranges	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	139	480	153	23	18	813
\$50,000-75,000	138	1,125	386	162	101	1,912
\$75,000-100,000	42	403	166	76	46	733
\$100,000-125,000	21	202	83	38	23	367
\$125,000-150,000	8	78	32	15	9	142
\$150,000-200,000	5	47	19	9	5	85
\$200,000- \$250,000	2	16	6	3	2	29
\$250,000+	5	47	19	9	5	85
Total	355	2,351	845	326	204	4,166

Source: Claritas, Ribbon Demographics, MHDC

Table 52----PMA Owner Households (Aged 62+) 2011 High Income Projections

Owner Households Aged 62+ Years						
Five Year Projections - 2011						
Income Ranges	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	446	1,660	242	55	9	2,412
\$50,000-75,000	167	1,499	322	174	151	2,313
\$75,000-100,000	50	432	128	53	64	727
\$100,000-125,000	25	216	64	26	32	363
\$125,000-150,000	10	83	25	10	12	140
\$150,000-200,000	6	50	15	6	7	84
\$200,000- \$250,000	2	17	5	2	2	28
\$250,000+	6	50	15	6	7	84
Total	706	3,957	801	326	277	6,151

Source: Claritas, Ribbon Demographics, MHDC

The preceding HISTA tables show the current (2006) and projected (2011) owner households in the PMA by income, size, tenure, and age.

Table 53----PMA Net Owner Household Change 2006-2011

Washington PMA Net Owner Household Change 2006-2011			
Household Incomes	2006 Owner Households	2011 Owner Households	Net Owner Household Change 2006-2011
\$30,000-50,000	6696	6353	-343
\$50,000-75,000	10446	11861	1415
\$75,000-100,000	3695	4443	748
\$100,000-125,000	1845	2223	378
\$125,000-150,000	710	857	147
\$150,000-200,000	427	514	87
\$200,000-\$250,000	142	173	31
\$250,000+	427	514	87

Source: Claritas, Ribbon Demographics, MHDC

The table above shows the owner household growth that is expected in the PMA from 2006 to 2011 by income grouping. All owner income groups increased, with the exception of the lowest income cohort \$30,000 to \$50,000.

Table 54----PMA Potential New Homeowner Demand 2006-2011 by Income and Household Size

Washington PMA Potential New Homeowner Demand 2006-2011 By Size			
Household Incomes	Net Owner Household Change 2006-2011	1-2 Person Owner Households	3+ Person Owner Households
\$30,000-50,000	-343	0	0
\$50,000-75,000	1415	732	683
\$75,000-100,000	748	324	424
\$100,000-125,000	378	164	214
\$125,000-150,000	147	63	84
\$150,000-200,000	87	40	47
\$200,000-\$250,000	31	15	16
\$250,000+	87	40	47

Source: Claritas, Ribbon Demographics, MHDC

The table above shows the owner household growth in the PMA from 2006 to 2011 by income and household size. It indicates that future owner household growth should be about even for both small and large households.

Table 55----PMA Potential New Homeowner Demand 2006-2011 by Income and Age

Washington PMA Potential New Homeowner Demand 2006-2011 By Age				
Household Incomes	Net Owner Household Change 2006-2011	Age 18-54 Owner Households	Age 55-61 Owner Households	Age 62+ Owner Households
\$30,000-50,000	-343	0	0	0
\$50,000-75,000	1415	419	355	641
\$75,000-100,000	748	343	179	226
\$100,000-125,000	378	174	91	113
\$125,000-150,000	147	67	36	44
\$150,000-200,000	87	40	21	26
\$200,000-\$250,000	31	14	8	9
\$250,000+	87	40	21	26

Source: Claritas, Ribbon Demographics, MHDC

The preceding table shows the owner household growth in the PMA from 2006 to 2011 by income and age. It indicates that the single largest income/age cohort is the \$50,000-\$60,000 / 62+.

Table 56----Estimated Home Purchase Price Range

Income	\$ 50,000	\$ 75,000	\$ 100,000	\$125,000	\$ 150,000	\$200,000	\$ 250,000
Percentage for PITI	30%	30%	30%	30%	30%	30%	30%
Monthly Income Available for PITI	\$ 1,250	\$ 1,875	\$ 2,500	\$ 3,125	\$ 3,750	\$ 5,000	\$ 6,250
Percentage for P&I	80%	80%	80%	80%	80%	80%	80%
Monthly Income Available for PI	\$ 1,000	\$ 1,500	\$ 2,000	\$ 2,500	\$ 3,000	\$ 4,000	\$ 5,000
Supportable Mortgage @	\$150,308	\$225,461	\$300,615	\$375,769	\$450,923	\$601,230	\$751,538
Amortization Period (months) 360	Annual Interest Rate 7.0%	Monthly Interest Rate 0.58%	Down payment 3%				
Estimated Purchase Price	\$ 154,956	\$ 232,434	\$ 309,913	\$387,391	\$ 464,869	\$619,825	\$ 774,781

The table above shows the estimated purchase price of homes based on typical market purchase financing terms for various income levels. It provides a good estimate of what households at the various income levels in the PMA can be expected to afford.

Table 57---- Potential New Homeowner Demand 2006-2011 in the PMA, CMA, and DMA

Potential New Homeowner Demand 2006-2011 By Home Price Range						
Household Incomes	Net Owner Household Change 2006-2011 in the PMA	Estimated Capture Rates	Estimated CMA Market Demand*	Home Purchase Price Range		Estimated DMA Market Demand*
				Low	High	
\$30,000-50,000	-343	N/A	N/A	N/A	N/A	N/A
\$50,000-75,000	1415	10%	142	\$ 155,000	\$ 232,500	47
\$75,000-100,000	748	10%	75	\$ 232,500	\$ 310,000	25
\$100,000-125,000	378	15%	57	\$ 310,000	\$ 387,500	19
\$125,000-150,000	147	15%	22	\$ 387,500	\$ 465,000	7
\$150,000-200,000	87	25%	22	\$ 465,000	\$ 619,800	0
\$200,000-\$250,000	31	25%	8	\$ 619,800	\$ 775,000	0
\$250,000+	87	30%	26	\$ 775,000	775,000+	0
	2,550		351			97

Source: Claritas, Ribbon Demographics, MHDC

The table above indicates that the PMA is expected to have a net increase in owner households from 2006 to 2011 of approximately 2,550 households. After considering capture rates to reflect the percentage of the overall new household growth in the PMA that can be expected to be attracted to new housing in the CMA from 2006 to 2011, a total of 351 new owner households is projected. Of that total approximately 100 of the new owner households in the CMA are expected to be attracted to new housing in the DMA. The DMA estimate is detailed in the following conclusions.

Quantitative Analysis Conclusions:

- In 2006 the PMA had a total of approximately 24,000 owner households with incomes from \$30,000 to \$250,000+.
- From 2006-2011 the PMA is projected to have net household growth of approximately 10%, or 2,550 households. The income cohort that is expected to make up the largest percentage of that growth is from \$50,000 to \$75,000, with 1,415 new owner households, followed by the cohort of from \$75,000 to \$100,000, with 748 new owner households. The income cohort from \$30,000 to \$50,000 is expected to decline from 2006 to 2011.

- Approximately 85% of the owner households in the PMA in 2006 had incomes of \$100,000 or less, approximately 12% had incomes of between \$100,000 and \$200,000, and approximately 2% had incomes of \$200,000+.
- In 2011 the percentage of owner households in the PMA with incomes of \$100,000 or less is projected to increase by approximately 9%, the owner households with incomes of \$100,000 to \$200,000 is expected to increase by 21%, and the owner households with incomes of \$200,000+ is expected to increase by 21%.
- Approximately 66% of the owner households in the PMA in 2006 were between the ages of 18-54, approximately 14% were between the ages of 55-61, and approximately 20% were aged 62+.
- In 2011 the percentage of owner households in the PMA between the ages of 18-54 are projected to increase by approximately 3%, the owner households from 55-61 are projected to increase by approximately 20%, and the owner households aged 62+ are expected to increase by approximately 27%.
- Approximately 44% of the owner households in the PMA in 2006 were one and two person households, approximately 56% were three plus person households.
- In 2011 the percentage of owner households in the PMA that are one and two person households is projected to increase by approximately 11%, and the percentage of three plus person households is expected to increase by approximately 7%.
- In terms of income the owner households at all income levels except from \$30,000 to \$50,000 are projected to increase between 2006 and 2011 in the PMA.
- In the analysis it is assumed that of the 2,550 new owner households that are projected to be in the PMA between 2006 and 2011, the CMA, which is considered to be the immediate market area in and around the city of Washington, should be able to capture a portion of the demand. Capture rates from 15% to 35% are applied to the different income levels to estimate the estimated portion of the new owner household growth in the PMA that should come to the CMA. The lower capture rate percentages are reflective of the fact that the lower income levels generally have widespread housing choices throughout the PMA. The higher capture rate percentages are reflective of the fact that upper income households in the PMA have limited housing choices, many of which are in the area around the City of Washington. Because of the larger market of upper income homes around the CMA it should be able to capture a higher percentage of the upper income new home ownership growth.
- The estimated DMA market demand of 97 units is a conservative estimate of the potential owner household demand that could be attracted to residency in the downtown area from 2006 to 2011, if appropriate housing options were available. The estimate considers the size of the DMA and the limited development sites that could facilitate high quality, high density housing.

The DMA currently has no housing options for mid to upper income prospective homeowners. This is a lost opportunity for the city, as financially stable, permanent residents create a solid residential neighborhood base. Generally, once the downtown residential alternative has been established, the percentage of households that will consider downtown housing typically increases.

Most of the demand in the downtown area will come from Baby Boomers born between 1946 and 1964 who are moving into the empty nest stage of their life and Millennials, born between 1977 and 1996, who are at the stage in their life where they are moving out of the nest. Family oriented families are more likely to seek housing outside of the downtown area, near schools, and safe and secure streets, with plenty of green space.

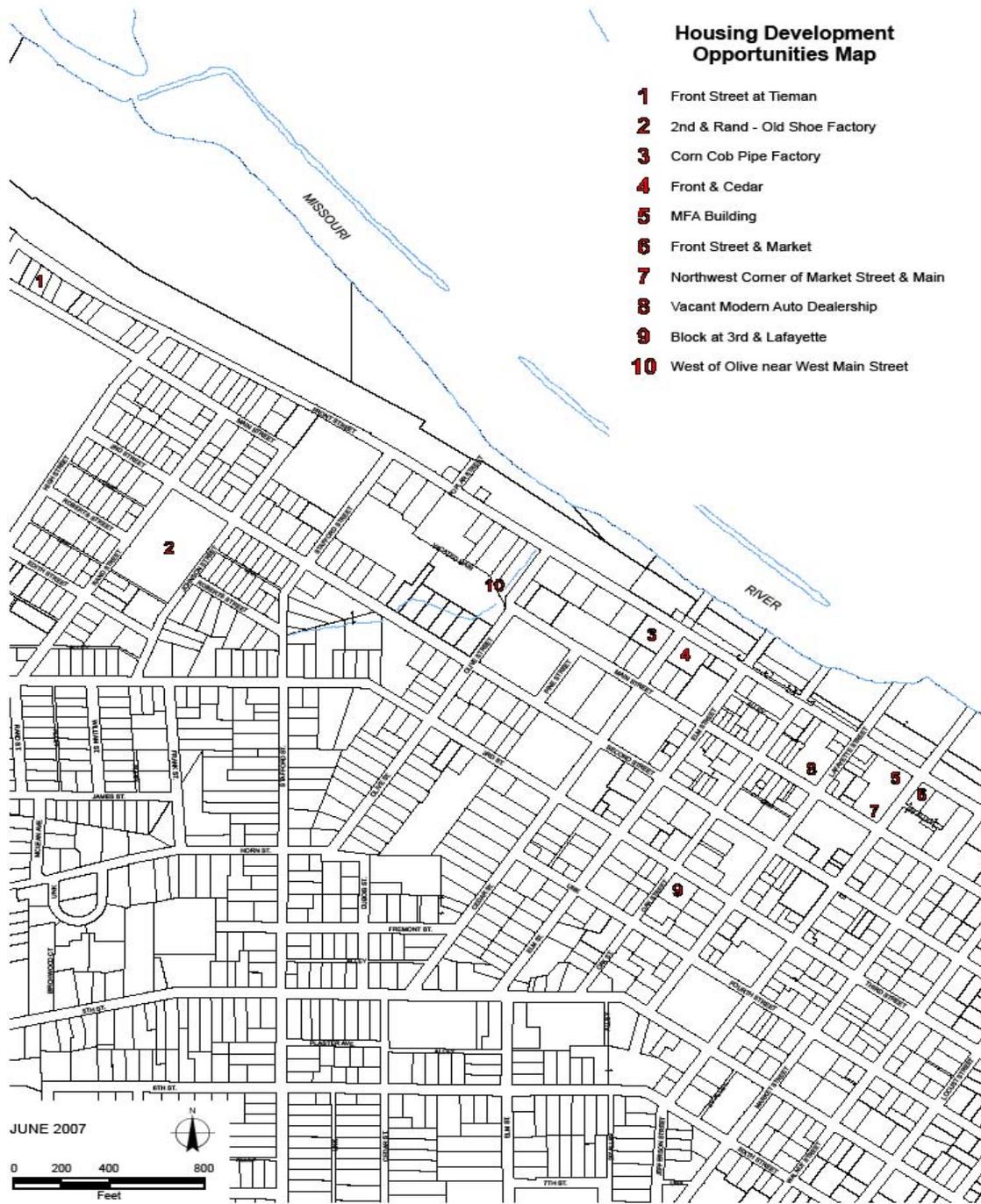
The analysis indicates that the potential market for the DMA will likely be in the price range of units from \$150,000 to \$450,000.

SECTION XII

POTENTIAL DOWNTOWN DEVELOPMENT SITES

The analyst noted several sites in the DMA that could be potential development sites for residential units. Some of the sites would create units with a view of the river and some are away from the river. Obviously units with a river view would be most appealing to the majority of the prospective downtown residents. The sites are identified on the map and pictures that follow.

The Potential Downtown Development Site Map is shown on the following page.



Residential Demand Analysis
City of Washington, Missouri

Prepared by: 



Vacant Shoe Factory at 2nd and Rand



Low density block at Front Street and Tieman Dr.



Building for sale at Front Street and Cedar



West side of Olive, near West Main Street



MFA and adjoining building at Market and Front Street



Northwest corner of Market and E. Main Street



The blocks southwest of 3rd and Lafayette



Vacated car dealership at northwest corner of East Main and Jefferson



Southeast corner of Front Street and Market

SECTION XIII

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 XIV

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no (or the specified) present or prospective interest in the market that is the subject of this report, and I have no (or the specified) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the within the market of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the market that is the subject of this report.
- No one 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
April 6, 2007