

RESIDENTIAL DEMAND ANALYSIS

EXCELSIOR SPRINGS DOWNTOWN MARKET AREA

CITY OF EXCELSIOR SPRINGS, MISSOURI
CLAY COUNTY

June, 2007



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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 Excelsior Springs 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 Excelsior Springs, Peckham, Guyton, Albers & Veits, 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 June 1, 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 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 Excelsior Springs, Missouri market area; and
- Prepare a recommendation or opinion of the type and number of housing units that would complement the Excelsior Springs 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 Excelsior Springs, 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 the subject of the DREAM application. A map of the designated area is included at page 11 of this report.

The study includes a demographic and economic analysis of the community and a demand analysis of the housing markets. The housing analysis will focus on the potential demand for senior rental housing, family rental housing, family affordable housing, and for sale housing in the market area in general and the downtown redevelopment area in particular. A review will be made of the existing housing and projections 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.

After reviewing the community and the downtown area it is the opinion of the analyst that although there is evidence of revitalization of the downtown area, the pace of improvement will be slow until some of the following things occur:

- ✚ The drug rehabilitation center in downtown is relocated out of the downtown central business district. While the center has a positive purpose, its presence has a negative economic impact on the downtown area.
- ✚ Code enforcement efforts are increased to improve the condition of the existing housing stock in the downtown area. The poor condition of some of the existing housing stock in the downtown market area has a negative economic impact and contributes to further disinvestment by other owners.
- ✚ Consideration is given to making changes to zoning laws that would limit the density of rental units in converted single family homes in the downtown area. The small units in the converted single family houses promotes overcrowding in poorly configured units and encourages a concentration of low income households that has a negative economic impact on the downtown area. While providing affordable housing to lower income households is a positive social goal the concentration of low income households creates a less than desirable atmosphere for the low income households and the downtown housing market.

- ✚ Upper income market rate rental and for sale units are introduced in the downtown market area to promote economic integration and signal a positive change in the downtown housing market. The perception of the downtown housing market being a low income market will continue until there is a larger presence of upper income market rate housing units. The increase in households with higher incomes will also help support the feasibility and long term viability of more retail and service businesses in the downtown market area.
- ✚ More retail and service businesses are attracted to the downtown area to serve the residents of the market. Neighborhood businesses that serve the downtown area would increase the marketability of the area. In addition to attracting new households to the market the businesses could serve the demand from the large number of elderly households that currently reside in the large rental developments in the downtown area.

Some of the quantitative conclusions of the housing demand analysis 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 (PMA) for residential demand is generally the eastern portion of Clay County and the western portion of Ray County (Census Tracts 216, 217, 218.01, 218.02, 800, 803). The PMA is the area that most households will be drawn from for housing options in the city and downtown markets of Excelsior Springs.
- ✚ Of the 515 market rate renter households that will create demand in the PMA between 2006 and 2011, approximately 180 should be in the Excelsior Springs market area and approximately 30 could be attracted to market rate rental housing in the downtown market area (assuming a minimization or elimination of some of the conditions creating negative market perceptions).
- ✚ Of the 274 low income family renter households that will create demand in the PMA between 2006 and 2011, approximately 137 should be in the Excelsior Springs market area. It is the opinion of the analyst that it would not be beneficial to the downtown revitalization efforts to produce new low income family units in the downtown market. The area already has a high concentration of low income residents and the housing authority has a development north of the downtown area that has a large number of vacant and subsidized units that will be available after repair. It may be possible for a for profit developer to partner with the housing authority to obtain the funding necessary to get the development back on line.
- ✚ Of the 228 senior low income renter households that will create demand in the Primary Market Area between 2006 and 2011, approximately 114 should be in the Excelsior Springs market area. It is the opinion of the analyst that these senior households should be drawn to the ample existing supply of affordable senior housing in the downtown area, including The Oaks, which is nearing construction completion, and that no additional units should be produced at this time.

- ✚ Of the 1,776 homeowner households that will create demand in the Primary Market Area between 2006 and 2011, approximately 275 should be in the Excelsior Springs market area. It is the opinion of the analyst that approximately 10 households could be attracted to new single family attached or detached housing in the downtown market area in the price range from \$150,000 to \$235,000.
- ✚ 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.



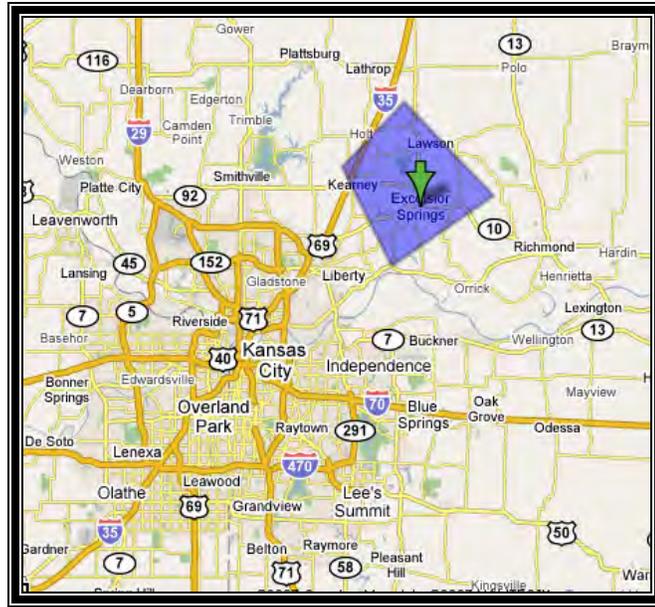
Downtown Excelsior Springs, Missouri



Downtown Excelsior Springs, Missouri

SECTION II AREA DESCRIPTION

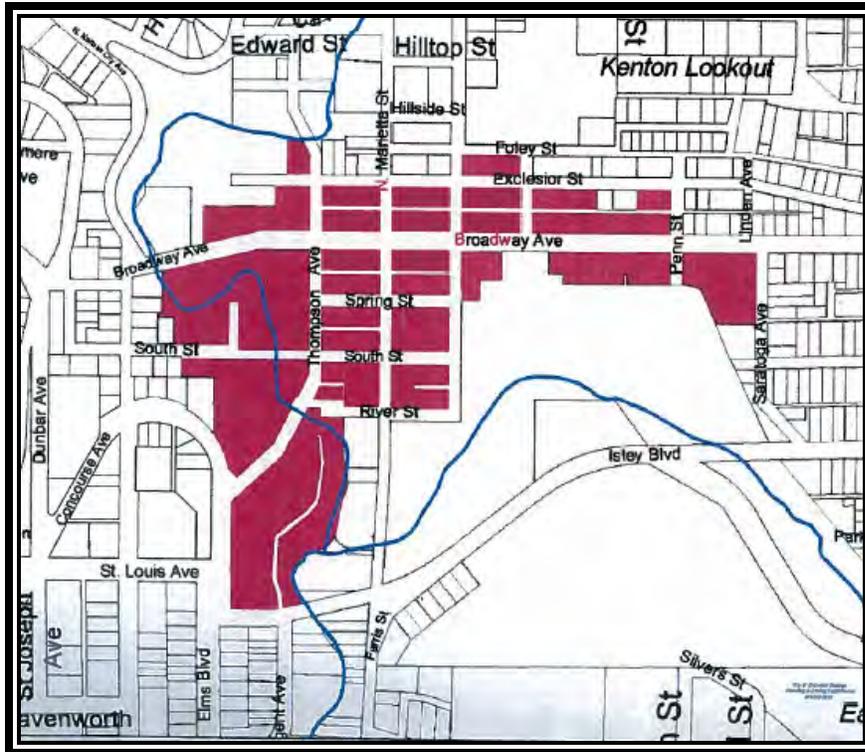
The area of study is a section of the downtown area of Excelsior Springs, Clay County, Missouri. Following is a map of the city, which is part of the Kansas City metropolitan area.



The following map shows the municipal boundaries of Excelsior Springs.



The map below highlights the downtown area of Excelsior Springs.



Excelsior Springs is located near the east central border of Clay County Missouri, approximately 10 miles east of Interstate 35 (via US Highway 69), 10 miles north of the Missouri River, and approximately 30 miles northeast of downtown Kansas City. The city covers approximately 9.8 square miles and is part of the metropolitan area of Kansas City.

Excelsior Springs was incorporated in 1881 and owes its beginnings to the unique mineral waters from several springs in the area. The water in the local springs contained a variety of minerals that were found to have medicinal qualities. Excelsior Springs had one of the largest varieties of spring waters found in the world. The springs were the foundation for a tourist industry in the community until most dried up or were capped in the 60's and 70's. The closure of the springs started an economic downturn in the community, which resulted in numerous business closures and many abandoned buildings. Other factors that have had an adverse effect on the community is flooding from the Fishing River, which runs through much of the community, including downtown, and instances of arson, which occurred to vacant buildings in the business district.

The topography of the community is very diverse with many hills and valleys. One of the largest valleys in the area is the location of downtown Excelsior Springs.

The major employers in the community are the public school district, Excelsior Springs Medical Center, Elms Hotel, Wal-Mart, and several manufacturing companies, including American Italian Pasta Company, the largest dry pasta maker in North America.

Highway 69 runs from southwest to north through the city. The older part of the city, including the downtown central business district is located on the east side of Highway 69. The newer area of the city is located on the west side of Highway 69 and is where the high school, middle school, and most of the new residential subdivisions are located.

Wal-Mart and a couple of national fast food establishments are located at the southwestern edge of the community, along Highway 69. The Excelsior Springs Medical Center and other national fast food establishments are located at the north end of the city, also along Highway 69. Jesse James Road is a major north south traffic artery through the city and also contains many of the communities retail and service establishments.

The downtown area of the city portrays a mixed view. One view is a stable and active downtown area with many occupied businesses along its major streets that would appear to have appeal to local residents and occasional tourists. The other view is an area of blight due to high density rental housing in the downtown area, some of which appears to be poorly maintained and managed, and the human side of a few social service agencies in the downtown area. Clients from these agencies spend some of their time outdoors. The analyst is unaware of any specific problems the clients might be causing, but their presence gives the appearance of loitering, which does not present a positive view of the area and probably has an adverse impact on the marketability of the downtown market area.

Many of the storefront buildings in the downtown area are occupied by small local businesses. Some appear to have residential uses on the upper floors, but most appear to be vacant. There were no national level retail stores, restaurants, or fast food establishments noted in the downtown area. There also was no grocer or drugstore noted in the downtown area.

The downtown area is home to a several senior rental housing developments, a couple of which are high rise structures that dominate the skyline of the downtown area.

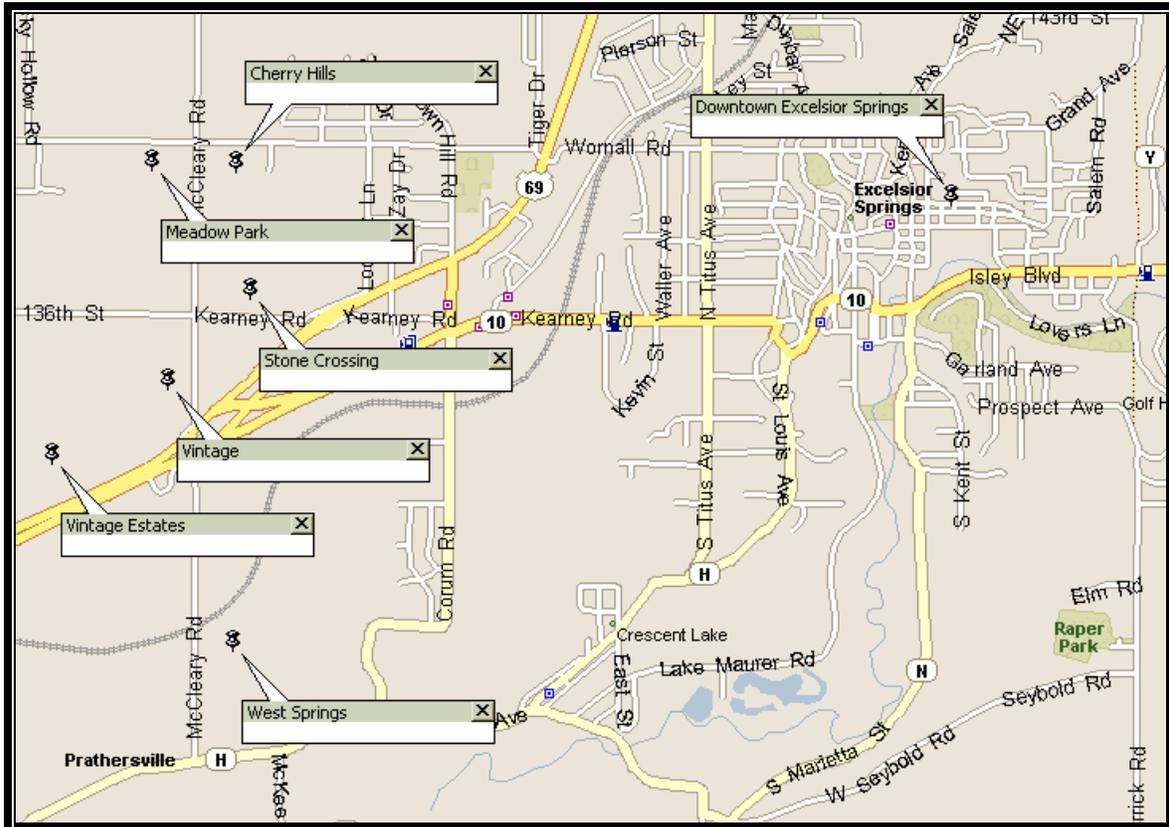
The community is served by a public transportation system, which provides transportation for many of the elderly downtown residents to other parts of the community for shopping and other services.

Also within the downtown area is the famous Elms Hotel, which has undergone some renovation in recent years and a large JOB Corps facility.

As previously mentioned, the newer housing in the community is located on the west side of the community, west of Highway 69. Very few new single family homes have been built in the community east of Highway 69. Prices for single family homes in the new subdivisions range from a low of around \$140,000 to a high of \$350,000. Homes in the older neighborhoods and subdivisions of the city generally are selling for \$25,000 to \$150,000.

Many of the new subdivisions like Madison Park, Vintage, Cherry Hills, etc, all seem to have a large number of developed residential lots available for purchase, but not a lot of residential construction activity at this time.

Following is a map that shows the location of the new subdivisions in the Excelsior Springs market.



Following are pictures of some homes in the new subdivisions in the Excelsior Springs market.



Vintage Estates Subdivision



Vintage Subdivision



Stone Crossing Subdivision



Cherry Hills Subdivision



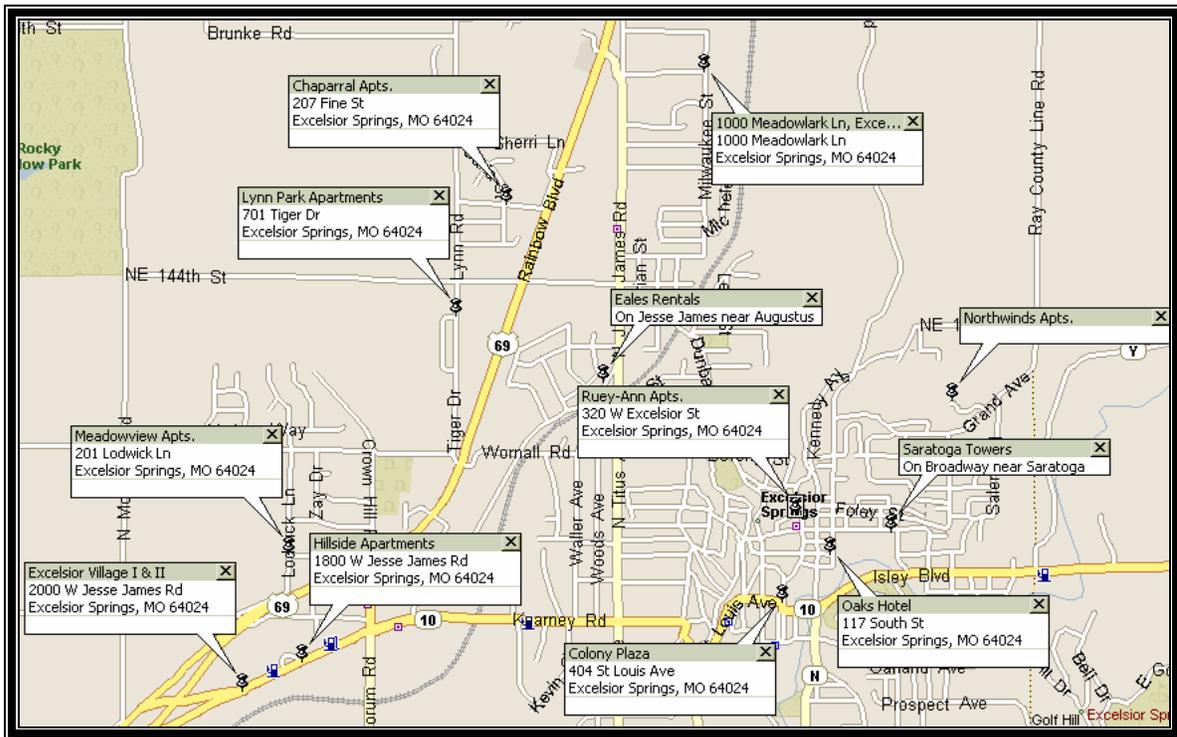
Madison Park Subdivision



West Springs Subdivision

The rental market in most of the community is comprised of several multifamily rental developments, a large number of single family rental properties, and a small number of duplexes. In the downtown area the largest number of rental units is affordable senior units, most of which are in two high-rise structures. Most of the non-elderly rental housing in the downtown area is in small multi-family buildings, single family homes, single family homes that have been converted into multi-tenant buildings, and rental units above commercial store fronts.

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



Following is a list of some of the apartments in Excelsior Springs.

Summary of Selected Apartments in the Excelsior Springs Market Area									
#	Apartment	Location	Occupancy	Financed	Br. Size	Avg. Unit Size	Avg. Rent	Rent Per Sq. Ft.	Occupancy
1	317 E. Excelsior	Downtown	Family	Conventional	2	544	\$500	\$ 0.92	Good
2	Excelsior Village	2000 W. Jesse James	Family	Bonds/Sec 8	1	600	\$460	\$ 0.77	Fair/Good
					2	820	\$573	\$ 0.70	Fair/Good
					3	960	\$650	\$ 0.68	Fair/Good
3	Eales Apartments	Jesse James Rd.	Family	Conventional	2	700	\$435	\$ 0.62	Good
					3	900	\$465	\$ 0.52	Good
4	Chaparral Apts.	207 Fine	Family	Conventional	2	850	\$485	\$ 0.57	Good
5	Meadowview	201 Lodwick Ln.	Family	Tax Credit	2	800	\$525	\$ 0.66	Good
6	Lynn Park	701 Tiger Dr.	Family	Tax Credit	2	850	\$500	\$ 0.59	Good
7	Hillside Apts.	1800 W. Jesse James	Family	Conventional	1	500	\$400	\$ 0.80	Good
					2	750	\$500	\$ 0.67	Good
8	Northwinds	Northwind Street	Family	Hsg Auth.	1	600	\$400	\$ 0.67	Poor
					2	750	\$400	\$ 0.53	Poor
					3	900	\$400	\$ 0.44	Poor
9	Ruey-Ann	320 W. Excelsior	Senior	Hsg Auth.	1	600	\$400	\$ 0.67	Poor
10	Saratoga	Broadway & Saratoga	Senior	Hsg Auth.	1	600	\$400	\$ 0.67	Poor
11	Meadowlark Apts.	1001 Meadowlark	Senior	Tax Credit	1	650	\$444	\$ 0.68	Good
12	Colony Plaza	404 St. Louis	Senior	Bonds/Sec 8	1	554	\$528	\$ 0.95	Good
13	Oaks Apts.	117 South	Senior	HOME/Tx Cr.	1	625	\$405	\$ 0.65	Undr Const.
					2	825	\$430	\$ 0.52	Undr Const.
14	425 Broadway	Downtown	Family	Conventional	3	1325	\$800	\$ 0.60	Marketing
					4	1467	#####	\$ 0.68	Marketing
15	204 Marietta	Downtown	General	Conventional	1	750	\$350	\$ 0.47	Good
					2	1000	\$500	\$ 0.50	Good

Following are pictures of some of the apartments in Excelsior Springs.



317 E. Excelsior



Excelsior Village Apartments



Eales Apartments



Chapparel Apartments



Meadowview Apartments



Lynn Park Apartments



Hillside Apartments



Northwinds Apartments



Ruey-Ann Apartments



Saratoga Apartments



Meadowlark Apartments



Colony Plaza Apartments



Oaks Apartments



425 E. Broadway



204 Marietta

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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 Excelsior Springs, Missouri. The following information was obtained from the United States Census Bureau, U.S. Department of Agriculture, the Heartland Multiple Listing Service, and several national proprietary data providers, including Applied Geographic Solutions, and Claritas.

Table 1----Total Population

The table illustrates total population in Excelsior Springs from 1990 through 2011.

Total Population - Excelsior Springs						
Year	Excelsior Springs	Annual Change %	Clay County	Annual Change %	Missouri	Annual Change %
1990	10,416		153,412		5,117,083	
2000	10,847	0.4%	184,006	2.0%	5,595,211	0.9%
2006	11,240	0.6%	203,719	1.8%	5,828,639	0.7%
2011	11,556	0.6%	219,403	1.5%	6,013,950	0.6%

Source: Applied Geographic Solutions, MHDC

The population of Excelsior Springs increased by 4.14% between 1990 and 2000, which is an annual increase of .4%. That rate of growth is considerably slower than the growth rate for Clay County during that period and slower than the pace of growth for the state. The projected population growth rate for the city is expected to continue a slow pace into the near future.

Table 2----Population by Age

The table illustrates population by age in Excelsior Springs from 1990 through 2011.

Population By Age Group - Excelsior Springs								
Age Cohort	1990	Percent	2000	Percent	2006	Percent	2011	Percent
0-19	3,330	32%	3,349	31%	3,269	29%	3,263	28%
20-24	726	7%	780	7%	866	8%	875	8%
25-34	1,673	16%	1,447	13%	1,321	12%	1,239	11%
35-54	2,463	24%	2,885	27%	2,981	27%	2,939	25%
55-64	857	8%	963	9%	1,282	11%	1,480	13%
65-74	704	7%	718	7%	769	7%	960	8%
75-84	488	5%	469	4%	485	4%	497	4%
85+	175	2%	236	2%	267	2%	303	3%

Source: Applied Geographic Solutions, MHDC

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

Table 3----Median Age of Population

The table illustrates the median age in Excelsior Springs from 1990 through 2011.

Total Population Median Age – Excelsior Springs	
Year	Median Age
1990	32
2000	34
2006	36
2011	38

Source: Applied Geographic Solutions, MHDC

The preceding table illustrates that the population of the community on average is getting older. This is typical of most communities in the Midwest. In the period between 2000 and 2011 the median age of the population is projected to increase by almost 4 years.

Table 4----Population by Gender

The table below illustrates population by gender in Excelsior Springs from 1990 through 2011.

Population By Gender - Excelsior Springs								
Gender	1990	Percent	2000	Percent	2006	Percent	2011	Percent
Male	4,925	47%	5,260	48%	5,489	49%	5,671	49%
Female	5,491	53%	5,587	52%	5,751	51%	5,884	51%

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 Excelsior Springs from 1990 through 2011.

Total Households - Excelsior Springs		
Year	Population	Annual Change
1990	3,856	-
2000	4,079	0.6%
2006	4,522	1.8%
2011	4,885	1.6%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that since 1990 the trend in Excelsior Springs has been an increase in the number of households and that trend is expected to continue through 2011. The rate of growth in households exceeds the rate of growth of the population, which indicates that households are projected to be smaller.

Table 6----Average Household Size

The table below illustrates average household size in Excelsior Springs from 1990 through 2011.

Average Household Size - Excelsior Springs	
Year	Average
1990	2.57
2000	2.51
2006	2.35
2011	2.24

Source: Applied Geographic Solutions, MHDC

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

Table 7----Households by Size

The table below illustrates households by size in Excelsior Springs from 1990 through 2011.

Households By Size - Excelsior Springs								
	1990		2000		2006		2011	
Household Size	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 Person	1,030	26.7%	1,070	26.3%	1,296	28.7%	1,442	29.5%
2 Persons	1,159	30.1%	1,376	33.8%	1,626	36.0%	1,802	36.9%
3 Persons	686	17.8%	705	17.3%	779	17.2%	843	17.3%
4 Persons	609	15.8%	563	13.8%	517	11.4%	513	10.5%
5 Persons	257	6.7%	231	5.7%	209	4.6%	211	4.3%
6 Persons	76	2.0%	103	2.5%	73	1.6%	72	1.5%
7+ Persons	39	1.0%	28	0.7%	22	0.5%	2	0.0%
Total	3,856	100%	4,076	100%	4,522	100%	4,885	100%

Source: Applied Geographic Solutions, MHDC

The table shows that in Excelsior Springs 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 84%. This trend seems to be typical.

Table 8----Households by Tenure Patterns

The table below illustrates households by tenure pattern in Excelsior Springs from 1990 through 2011.

Tenure Patterns By Households - Excelsior Springs				
	Owner Occupied Units		Renter Occupied Units	
Year	Number	Percent	Number	Percent
1990	2,450	64%	1,404	36%
2000	2,707	66%	1,372	34%
2006	3,041	67%	1,481	33%
2011	3,274	67%	1,611	33%

Source: Applied Geographic Solutions, MHDC

The above table illustrates that the tenure patterns of the community are trending towards a higher percentage of owner occupied units. 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 Excelsior Springs from 1990 through 2000.

Tenure by Household Size - Excelsior Springs					
Owner Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	452	18.4%	520	19.2%	15.0%
2 Persons	851	34.7%	1,028	38.0%	20.8%
3 Persons	460	18.8%	483	17.8%	5.0%
4 Persons	427	17.4%	416	15.4%	-2.6%
5 Persons	185	7.6%	165	6.1%	-10.8%
6 Persons	53	2.2%	64	2.4%	20.8%
7+ Persons	22	0.9%	31	1.1%	40.9%

Source: Applied Geographic Solutions, MHDC

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

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

The table below illustrates renter by household size in Excelsior Springs from 1990 through 2000.

Tenure by Household Size - Excelsior Springs					
Renter Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	600	43.2%	575	42.2%	-4.2%
2 Persons	308	22.2%	310	22.8%	0.6%
4 Persons	227	16.3%	218	16.0%	-4.0%
5 Persons	165	11.9%	173	12.7%	4.8%
6 Persons	69	5.0%	65	4.8%	-5.8%
7+ Persons	20	1.4%	20	1.5%	0.0%

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 Excelsior Springs from 1990 through 2000.

Tenure by Age of Householder - Excelsior Springs					
Owner Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
<25	49	2.0%	74	2.7%	51.0%
25-34	440	18.0%	418	15.4%	-5.0%
35-44	525	21.4%	590	21.8%	12.4%
45-54	466	19.0%	566	20.9%	21.5%
55-64	403	16.4%	454	16.8%	12.7%
65-74	322	13.1%	350	12.9%	8.7%
75+	245	10.0%	255	9.4%	4.1%

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 cohort 25-34 declined by 5%. This indicates that there has been a decline in young family owner households.

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

Tenure by Age of Householder - Excelsior Springs					
Renter Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
<25	180	12.8%	201	14.7%	11.7%
25-34	423	30.1%	308	22.4%	-27.2%
35-44	230	16.4%	279	20.3%	21.3%
45-54	115	8.2%	181	13.2%	57.4%
55-64	102	7.3%	124	9.0%	21.6%
65-74	158	11.3%	114	8.3%	-27.8%
75+	196	14.0%	165	12.0%	-15.8%

Source: Applied Geographic Solutions, MHDC

The preceding table indicates that in Excelsior Springs most renter households are 54 years of age or less, with the largest concentration being 25 to 54 years old. Between 1990 and 2000 the age cohort 25-34 declined by 27%. This indicates that there has been a decline in young family renter households.

Table 13----Households by Income Distribution

The table below illustrates households by income distribution in Excelsior Springs from 1990 through 2011.

Household Income Distribution - Excelsior Springs								
Income Cohort	1990		2000		2006		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< than \$10,000	743	19.3%	463	11.3%	475	10.5%	492	10.1%
\$10,000-\$14,999	461	12.0%	289	7.1%	268	5.9%	259	5.3%
\$15,000-\$19,999	333	8.6%	264	6.5%	250	5.5%	247	5.1%
\$20,000-\$24,999	420	10.9%	287	7.0%	272	6.0%	277	5.7%
\$25,000-\$29,999	405	10.5%	352	8.6%	311	6.9%	315	6.5%
\$30,000-\$34,999	325	8.4%	231	5.7%	326	7.2%	378	7.7%
\$35,000-\$39,999	177	4.6%	284	7.0%	249	5.5%	187	3.8%
\$40,000-\$49,999	338	8.8%	406	10.0%	472	10.4%	524	10.7%
\$50,000-\$59,999	230	6.0%	339	8.3%	343	7.6%	369	7.6%
\$60,000-\$74,999	220	5.7%	526	12.9%	547	12.1%	472	9.7%
\$75,000-\$99,999	151	3.9%	393	9.6%	569	12.6%	737	15.1%
\$100,000 +	49	1.3%	246	6.0%	439	9.7%	626	12.8%
Total	3,852	100%	4,080	100%	4,521	100%	4,883	100%

Source: Applied Geographic Solutions, MHDC

The table above indicates that there is a wide distribution of households at various income levels in Excelsior Springs. Between 2000 and 2011 the income levels of \$75,000+ is estimated and projected to continue and upward trend. The number of households with income of \$100,000 is projected to increase by 155% between 2000 and 2011.

Table 14----Cost Burdened Households

The table below illustrates the percentage of cost burdened households in Excelsior Springs 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) - Excelsior Springs			
	Renter	Owner	Renter & Owner
Total	1,376	2,716	4,092
Cost Burdened >30%	32.6%	13.8%	20.1
Severely Cost Burdened >50%	17.8%	4.8%	9.2
Elderly 1 & 2 Persons	232	704	936
Cost Burdened >30%	29.7%	12.8%	17.0%
Severely Cost Burdened >50%	10.8%	5.7%	7.0%
Single Person Non-Elderly	429	319	748
Cost Burdened >30%	33.6%	25.1%	30.0%
Severely Cost Burdened >50%	14.5%	5.1%	10.5%
Small Fam 2-4 Persons	625	1,408	2033
Cost Burdened >30%	36.0%	10.9%	18.6%
Severely Cost Burdened >50%	20.0%	2.5%	7.9%
Large Fam 5+ Persons	90	285	375
Cost Burdened >30%	11.1%	17.5%	16.0%
Severely Cost Burdened >50%	11.1%	3.5%	5.3%

Source: 2000 Chas Data

The preceding table indicates that almost 18% of all renter households in Excelsior Springs are severely cost burdened and that only a small percentage of homeowners are severely cost burdened. The most severely cost burdened renter group appears to be small family renter households.

Table 15----Units in Structure

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

Units in Structure (2000) - Excelsior Springs		
Type	Number	Percentage
1, detached	3,096	70.0%
1, attached	16	0.4%
2	183	4.1%
3 or 4	334	7.5%
5 to 9	184	4.2%
10 to 19	136	3.1%
20 to 49	72	1.6%
50 or more	220	5.0%
Mobile home	184	4.2%
Total	4,425	100%

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in Excelsior Springs 70% of the residential structures were detached single family units. The balance of the structures was spread across the other residential construction types, including 4.2% mobile homes.

Table 16----Year Structure Built

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

Year Structure Built (2000) – Excelsior Springs		
Year	Number	Percentage
1999 to March 2000	76	1.8%
1995 to 1998	204	4.9%
1990 to 1994	335	8.1%
1980 to 1989	400	9.7%
1970 to 1979	970	23.5%
1960 to 1969	772	18.7%
1940 to 1959	936	22.7%
1939 or earlier	438	10.6%

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in Excelsior Springs about 15% of the residential structures were built after 1990.

Table 17----Owner Occupied Housing Values

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

Owner Occupied Housing Values (2000) - Excelsior Springs		
Value	Number	Percentage
Less than \$50,000	412	16.7%
\$50,000 to \$99,999	1,341	54.4%
\$100,000 to \$149,999	519	21.1%
\$150,000 to \$199,999	149	6.0%
\$200,000 to \$299,999	44	1.8%
\$300,000 to \$499,999	-	0.0%
\$500,000 to \$999,999	-	0.0%
\$1,000,000 or more	-	0.0%
Median (dollars)	82,900	

Source: U.S. Census Bureau

The table above shows that as of the last census in 2000 in Excelsior Springs slightly more than half of the owner occupied housing units had a value of between \$50,000 and \$100,000. About 92% of all owner occupied housing units in Excelsior Springs had a value of \$150,000 or less.

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

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

% of Monthly Owner Housing Cost (2000) - Excelsior Springs	
Status	Percentage
Less than 20 percent	61%
20 to 24 percent	17%
25 to 29 percent	7%
30 to 34 percent	5%
35 percent or more	10%
Not computed	0.4%
*Households with and without a mortgage	
Median with a mortgage	19%
Median without a mortgage	10%

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in Excelsior Springs 61% 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 Excelsior Springs as of the last census (2000).

Gross Rent (2000) - Excelsior Springs		
Rent	Number	Percentage
Units	1,374	100%
Less than \$200	172	13.0%
\$200 to \$299	219	16.0%
\$300 to \$499	771	55.0%
\$500 to \$749	158	12.0%
\$750 to \$999	15	1.1%
\$1,000 to \$1,499	7	0.5%
\$1,500 or more	-	0.0%
No cash rent	32	2.3%
Median (dollars)	\$ 390	

Source: U.S. Census Bureau

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

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

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

Gross Rent as % of Monthly Renter Housing Cost (2000) - Excelsior Springs	
Status	Percentage
Less than 20 percent	38%
20 to 24 percent	17%
25 to 29 percent	9%
30 to 34 percent	4%
35 percent or more	28%
Not computed	4%
Median for all households	23%

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in Excelsior Springs 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 Excelsior Springs between 2002 and 2006.

Building Permits - Excelsior Springs								
	2005		2004		2003		2002	
Family Size	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units
Single	49	49	54	54	58	58	49	49
2			1	2			1	2
3 to 4								
5+								
Total	49	49	55	56	58	58	50	51

Source: U.S. Census Bureau

The preceding table shows that in Excelsior Springs there has been an annual average of 53 single family housing permits issued between 2002 and 2006. During that same time there were very few permits issued for structures containing more than one residential unit.

Table 22----Multiple Listing Service Sales Statistics

Real Estate Sales Statistics – Excelsior Springs (Zip code 64024)				
	Residential Detached		Residential Attached	
Year	Number	Avg. Price	Number	Avg. Price
2002	275	\$ 105,306	-	\$ -
2003	250	\$ 109,246	-	\$ -
% Change	-9%	4%	#DIV/0!	#DIV/0!
2004	309	\$ 114,620	1	\$ 126,000
% Change	24%	5%	#DIV/0!	#DIV/0!
2005	306	\$ 117,259	-	\$ -
% Change	-1%	2%	-100%	-100%
2006	268	\$ 121,203	-	\$ -
% Change	-12%	3%	#DIV/0!	#DIV/0!

Source: Kansas City Regional Association of Realtors

The multiple listing statistics indicate that over the last five years Excelsior Springs has averaged 282 real estate sales of single family homes. Over this period the high point for single family sales was in 2004.

Only one sale was reported over the five year period of an attached home.

Sales prices for single family homes in the Excelsior Springs market have increased annually by approximately 3% over the last 5 years. From 2002 to 2006 the average sales price of single family homes increased by a total of approximately 15%.

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.

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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 Excelsior Springs, 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----Clay County – Labor Force/Employment/Unemployment

Local Area Employment - Clay County				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	109,324	105,711	3,613	3.3%
2002	109,400	104,840	4,560	4.2%
2003	109,990	104,966	5,024	4.6%
2004	111,301	105,964	5,337	4.8%
2005	111,799	106,760	5,039	4.5%

Source: Department of Economic Development

Table 25----Excelsior Springs – Labor Force/Employment/Unemployment

Local Area Employment - Excelsior Springs				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	5,587	5,368	220	3.9%
2002	5,601	5,324	277	4.9%
2003	5,635	5,330	305	5.4%
2004	5,705	5,381	324	5.7%
2005	5,727	5,421	306	5.3%

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 Clay County and Excelsior Springs followed a similar pattern. While the level of unemployment for Clay County has historically been lower than the state, the unemployment rates for Excelsior Springs have always been similar to those of the state.

Table 26----Excelsior Springs Area Major Employers

Major Employers - Excelsior Springs Area		
Employers	Type of Business	Employees
Excelsior Springs School Dist.	Education	312
American Italian Pasta Co.	Pasta	260
Excelsior Springs Med. Ctr.	Health Care	250
Wal-Mart	Retail	201
Magna Interior Systems	Auto Supplier	190
Elms Hotel	Hospitality	175
Gilmour Hose	Garden Hoses	170
Rexam	Plastic Injection	131
City of Excelsior Springs	Government	130
Price Chopper	Grocer	116
Excelsior Springs Job Corps	Training	100+
Waller Truck Line	Trucking	100+
NASB	Banking	54

Source: Show-Me Missouri Community Profile Center

Table 27----Area Employment by Category

The following table shows the dispersion of employees by industry within Excelsior Springs.

<u>City of Excelsior Springs Area Employment by Category</u>	2003		2002	
	Count	Share	Count	Share
Total Employers	215		202	
* All Jobs	3,164	100.00%	3,034	100.00%
* All Jobs (Private Sector Only)	2,581	81.6%	2,478	81.70%
<u>Jobs by Worker Age</u>	2003		2002	
	Count	Share	Count	Share
* Age 30 or younger	837	32.40%	754	30.40%
* Age 31 to 54	1,387	53.70%	1,363	55.00%
* Age 55 or older	357	13.80%	361	14.60%
<u>Jobs by Earnings Paid</u>	2003		2002	
	Count	Share	Count	Share
* \$1,200 per month or less	1,061	41.10%	967	39.00%
* \$1,201 to \$3,400 per month	1,034	40.10%	1,052	42.50%
* More then \$3,400 per month	486	18.80%	459	18.50%
<u>Jobs by Industry Type (2-digit NAICS)</u>	2003		2002	
	Count	Share	Count	Share
* Agriculture, Forestry, Fishing and Hunting	2	0.10%	4	0.20%
* Mining	0	0.00%	5	0.20%
* Utilities	10	0.40%	10	0.40%
* Construction	99	3.80%	74	3.00%
* Manufacturing	568	22.00%	572	23.10%
* Wholesale Trade	14	0.50%	19	0.80%
* Retail Trade	511	19.80%	503	20.30%
* Transportation and Warehousing	6	0.20%	6	0.20%
* Information	36	1.40%	31	1.30%
* Finance and Insurance	39	1.50%	77	3.10%
* Real Estate and Rental and Leasing	32	1.20%	35	1.40%
* Professional, Scientific, and Tech. Services	46	1.80%	36	1.50%
* Management of Companies and Enterprises	1	0.00%	0	0.00%
* Administration & Support, Waste Mgmt. and Remediation	179	6.90%	106	4.30%
* Educational Services	4	0.20%	14	0.60%
* Health Care and Social Assistance	463	17.90%	485	19.60%
* Arts, Entertainment, and Recreation	10	0.40%	17	0.70%
* Accommodation and Food Services	461	17.90%	394	15.90%
* Other Services (excluding Public Administration)	100	3.90%	90	3.60%
* Public Administration	0	0.00%	0	0.00%

Data Source: Department of Economic Development and US Census Bureau

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

Table 28----Area Employment by Category

Average Annual Earnings By Industry - Clay County					
NAICS	Industry Jobs	Earnings (\$)			
		2001	2002	2003	2004
11	Agriculture, Forestry, Fishing and Hunting	23,253	19,287	26,661	30,282
21	Mining	39,150	36,159	41,223	47,955
22	Utilities	50,796	51,531	49,932	53,166
23	Construction	40,638	40,959	40,938	41,406
31-33	Manufacturing	50,112	49,383	50,802	51,294
42	Wholesale Trade	44,502	45,651	48,075	49,926
44-45	Retail Trade	23,865	24,576	25,899	25,866
48-49	Transportation and Warehousing	37,488	37,521	38,643	41,073
51	Information	27,672	25,929	24,123	22,521
52	Finance and Insurance	38,199	40,113	42,018	39,507
53	Real Estate and Rental and Leasing	29,229	29,889	30,699	31,440
54	Professional, Scientific, and Technical Services	51,360	53,982	56,628	61,092
55	Management of Companies and Enterprises	65,766	58,431	45,792	50,376
56	Admin. & Support, Waste Mgmt. and Remediation	21,033	22,023	23,907	25,539
61	Educational Services	28,047	28,998	29,052	29,487
62	Health Care and Social Assistance	35,580	36,525	37,701	38,364
71	Arts, Entertainment, and Recreation	27,219	28,704	29,628	29,421
72	Accommodation and Food Services	13,365	13,650	13,542	13,641
81	Other Services (excluding Public Administration)	25,104	25,953	25,698	28,173
92	Public Administration	25,557	26,289	26,547	27,561

Source: Missouri Department of Economic Development

The table above indicates that the average annual earnings for the job sectors that comprise the largest share of the economy of Excelsior Springs (manufacturing, retail, healthcare, accommodation and food services) were within a range from approximately \$13,500 to \$51,000. Employees in the manufacturing industry were the highest paid of the four dominant industries.

SECTION V

REVIEW OF PREVIOUS HOUSING MARKET STUDIES

The City has indicated that it does not have any previous housing market studies.

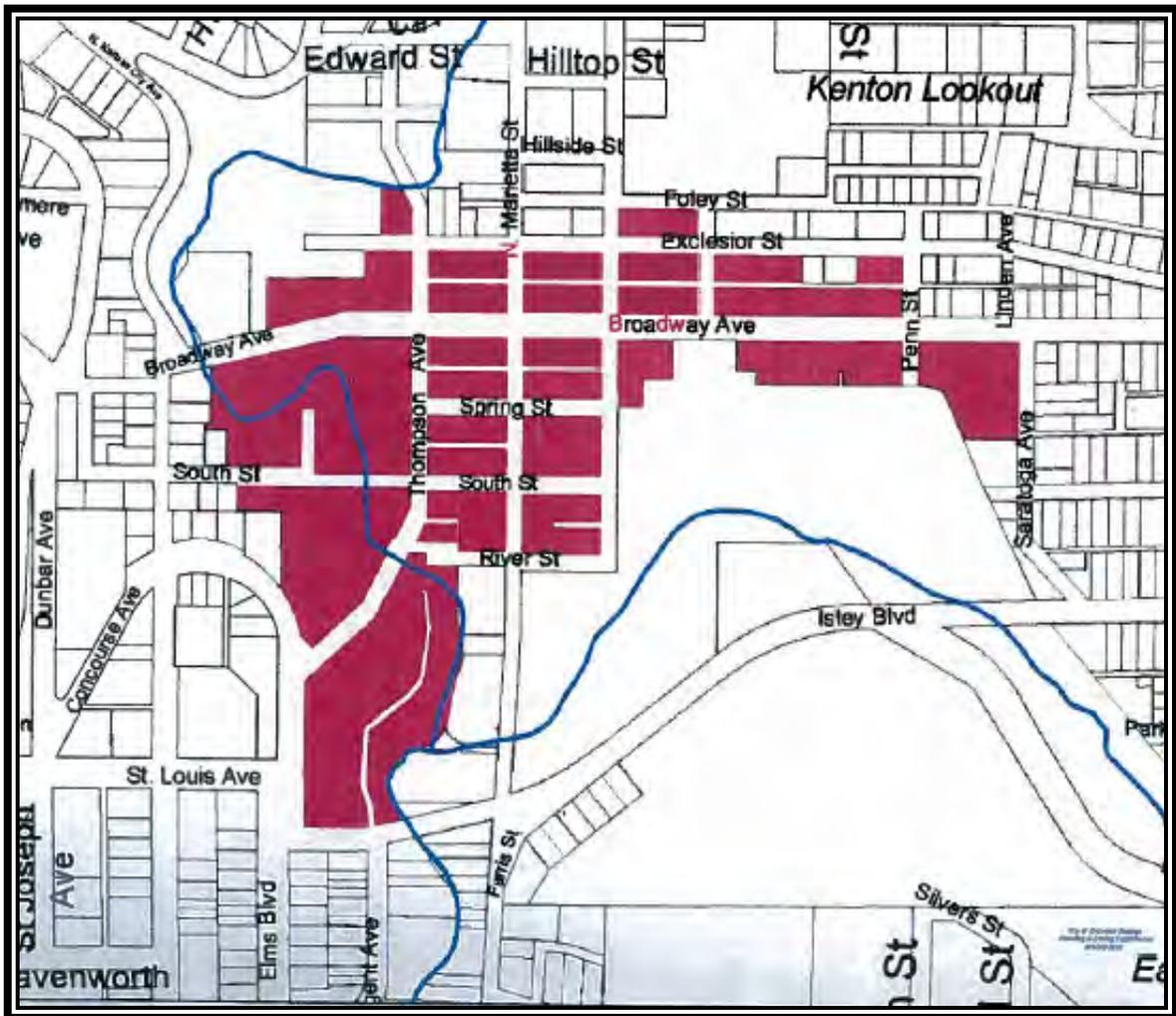
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SECTION VI

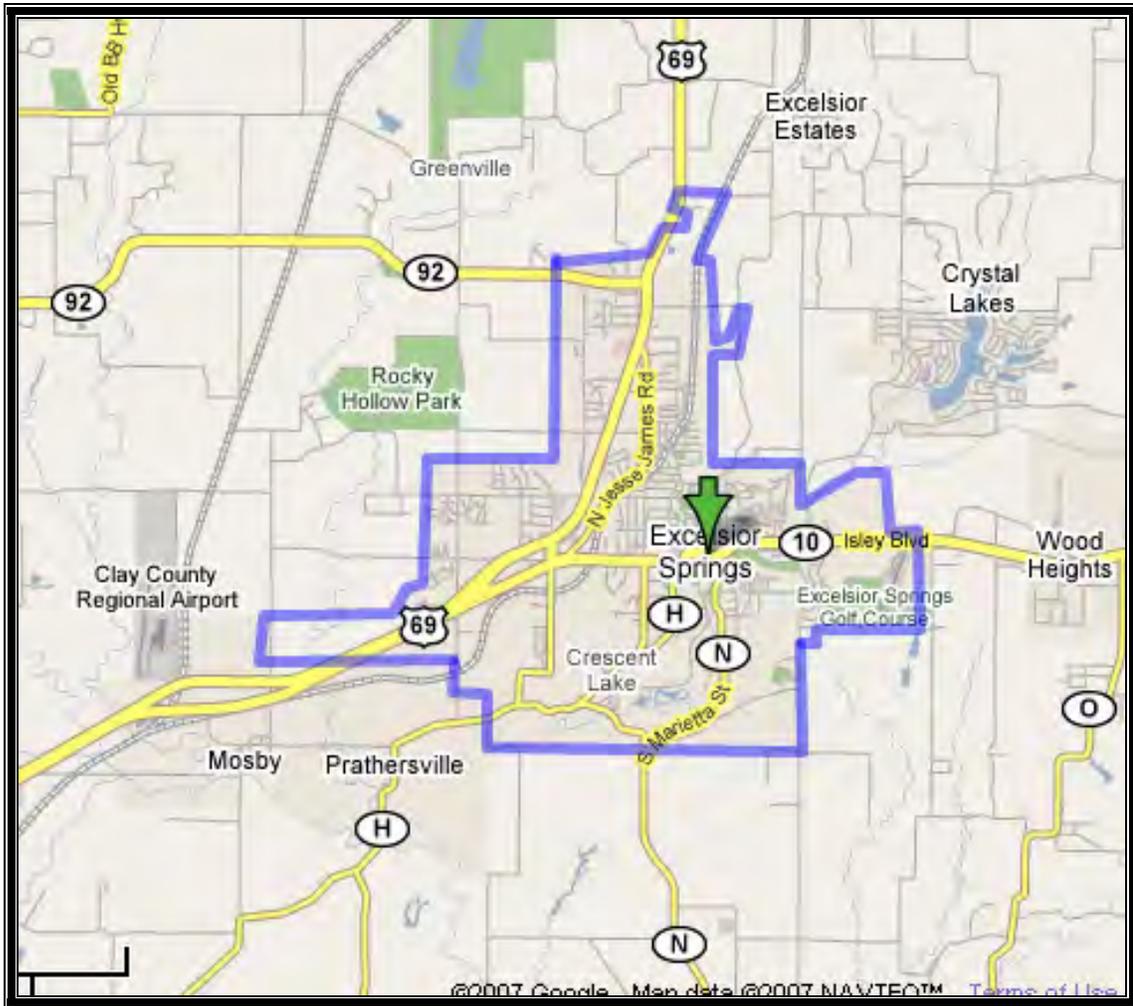
EXCELSIOR SPRINGS DOWNTOWN, CITY, AND PRIMARY MARKET AREAS

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

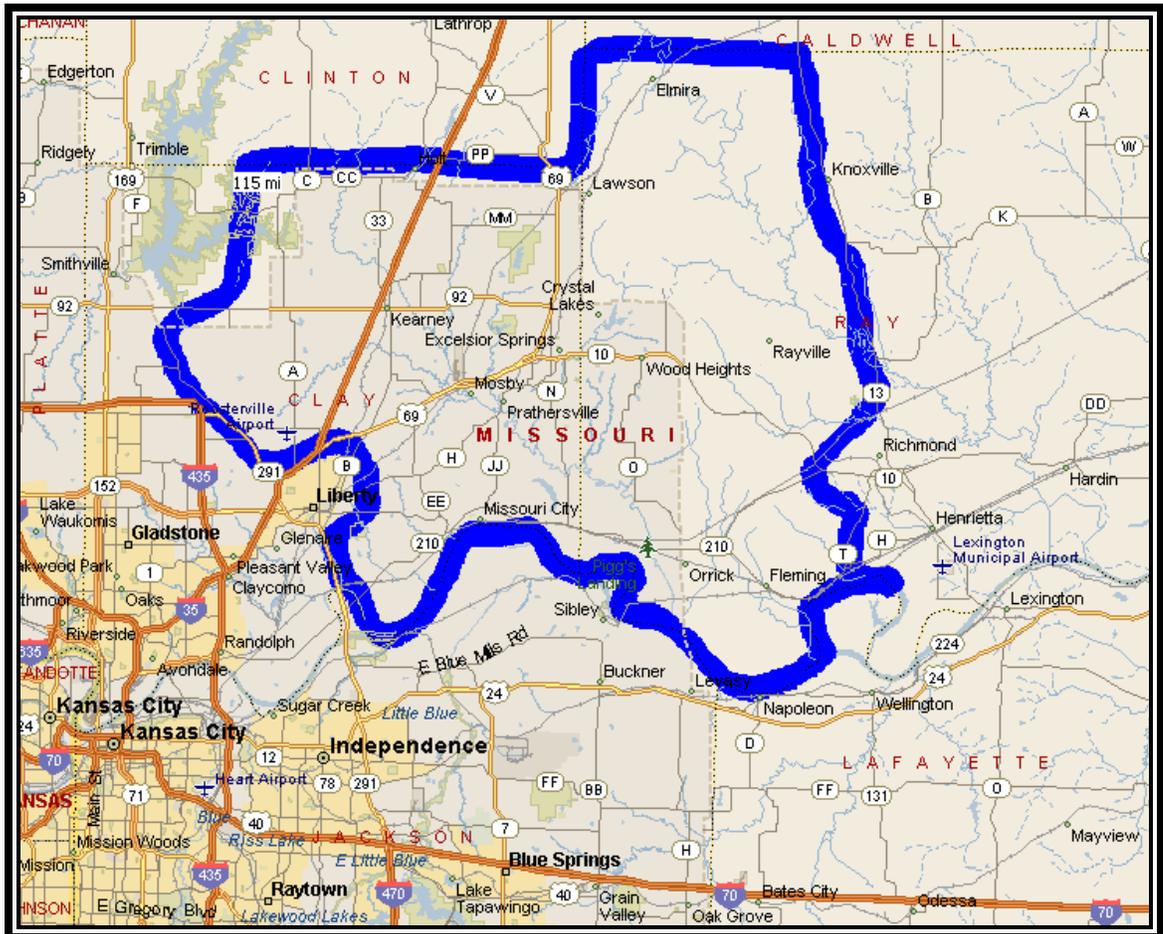
- Excelsior Springs Downtown Market Area (DMA) – This is the redevelopment area of downtown Excelsior Springs that has been identified by the city and is the target area for potential residential demand.



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



- Excelsior Springs 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 the eastern portion of Clay County and the western portion of Ray County (Census Tracts 216, 217, 218.01, 218.02, 800, 803). Many of the households from the smaller communities within this area could be drawn to housing options in Excelsior Springs because of its employment opportunities, the depth, variety, and affordability of its housing market, proximity to desirable neighborhood services and amenities, and its close proximity to major highways.

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 Clay County, and the net migration totals for Clay 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 Clay County shows that the strongest demand from households moving into Clay County are from Jackson and Platte Counties. Between 2002 and 2005 slightly less than half of all the in migration into Clay County came from those two adjoining counties. A significant portion of the in-migration (Approximately 35%) was from out of the state of Missouri. Between 2002 and 2005 Clay County had an annual in-migration of around 7,400 households. Numbers seem to indicate that Excelsior Springs is capturing very few of those households. Within that same time frame of 2002 through 2005 the estimated annual increase in households in Excelsior Springs from inside and outside the city was approximately 70 households per year.

Table 29----Clay County In-Migration

Gross Annual Household In-Migration								
Clay County, Missouri								
County of Origin	2002		2003		2004		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	7,447	100%	7,147	100%	7,278	100%	7,515	100%
Total In-Migration Same State	4,726	63%	4,599	64%	4,734	65%	4,928	66%
Total In-Migration Out of State	2,721	37%	2,548	36%	2,544	35%	2,587	34%
Jackson County, Mo	1,833	25%	1,818	25%	1,848	25%	1,894	25%
Platte County, Mo	1,423	19%	1,501	21%	1,602	22%	1,622	22%
Johnson County, Ks	412	6%	392	5%	444	6%	430	6%
Ray County, Mo	189	3%	185	3%	204	3%	238	3%
Wyandotte County, Ks	223	3%	183	3%	190	3%	205	3%
Clinton County, Mo	164	2%	136	2%	147	2%	200	3%
Buchanan County, Mo	134	2%	117	2%	116	2%	128	2%
Cass County, Mo	78	1%	72	1%	79	1%	74	1%
Boone County, Mo	48	1%	42	1%	52	1%	65	1%
All Other Counties	2,943	39%	2,701	38%	2,596	35%	2,659	35%

Source: Internal Revenue Service

Table 30----Clay County Out-Migration

Gross Annual Household Out-Migration								
Clay County, Missouri								
Destination County	2002		2003		2004		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	6,744	100%	6,600	100%	6,439	100%	6,462	100%
Total Out-Migration Same State	4,154	62%	4,072	62%	3,998	62%	4,062	63%
Total Out-Migration Out of State	2,590	38%	2,528	38%	2,441	38%	2,400	37%
Jackson County, Mo	1,462	22%	1,396	21%	1,365	21%	1,402	22%
Platte County, Mo	1,370	20%	1,434	22%	1,374	21%	1,357	21%
Johnson County, Ks	478	7%	457	7%	418	6%	375	6%
Ray County, Mo	201	3%	180	3%	186	3%	243	4%
Wyandotte County, Ks	121	2%	154	2%	136	2%	134	2%
Clinton County, Mo	187	3%	192	3%	209	3%	178	3%
Buchanan County, Mo	83	1%	85	1%	80	1%	81	1%
Cass County, Mo	68	1%	70	1%	63	1%	63	1%
Boone County, Mo	42	1%	52	1%	51	1%	61	1%
All Other Counties	2,732	41%	2,580	39%	2,557	40%	2,568	40%

Source: Internal Revenue Service

Table 31----Clay County Net-Migration

Net Annual Household Migration				
Clay County, Missouri				
County	2002	2003	2004	2005
	Number	Number	Number	Number
Jackson County, Mo	371	422	483	492
Platte County, Mo	53	67	228	265
Johnson County, Ks	-66	-65	26	55
Ray County, Mo	-12	5	18	-5
Wyandotte County, Ks	102	29	54	71
Clinton County, Mo	-23	-56	-62	22
Buchanan County, Mo	51	32	36	47
Cass County, Mo	10	2	16	11
Boone County, Mo	6	-10	1	4
All Other Counties	211	121	39	91

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 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

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	42	18	14	6	20	100
\$10,000-20,000	57	59	32	31	2	181
\$20,000-30,000	170	91	75	69	16	421
\$30,000-40,000	158	133	195	111	68	665
\$40,000-50,000	128	228	246	207	177	986
\$50,000-60,000	92	232	243	317	171	1,055
\$60,000+	259	1,782	1,666	2,194	1,193	7,094
Total	906	2,543	2,471	2,935	1,647	10,502

Source: Claritas, Ribbon Demographics

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

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	35	5	0	0	0	40
\$10,000-20,000	69	36	0	0	0	105
\$20,000-30,000	82	98	11	0	7	198
\$30,000-40,000	86	80	14	21	11	212
\$40,000-50,000	24	152	29	7	0	212
\$50,000-60,000	12	156	73	4	27	272
\$60,000+	37	1,027	234	160	33	1,491
Total	345	1,554	361	192	78	2,530

Source: Claritas, Ribbon Demographics

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

Owner Households Aged 62+ Years						
Current Year Estimates - 2006						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	168	23	2	3	0	196
\$10,000-20,000	294	131	20	3	0	448
\$20,000-30,000	186	425	36	6	3	656
\$30,000-40,000	89	398	51	5	0	543
\$40,000-50,000	113	269	34	5	5	426
\$50,000-60,000	28	144	65	19	0	256
\$60,000+	103	911	137	61	41	1,253
Total	981	2,301	345	102	49	3,778

Source: Claritas, Ribbon Demographics

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

Renter Households Aged 18-54 Years						
Current Year Estimates - 2006						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	75	70	45	26	20	236
\$10,000-20,000	112	41	47	39	8	247
\$20,000-30,000	143	92	40	55	13	343
\$30,000-40,000	68	51	116	90	50	375
\$40,000-50,000	23	96	21	72	31	243
\$50,000-60,000	29	54	66	48	65	262
\$60,000+	80	186	194	93	163	716
Total	530	590	529	423	350	2,422

Source: Claritas, Ribbon Demographics

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

Renter Households Aged 55-61 Years						
Current Year Estimates - 2006						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	72	0	1	0	0	73
\$10,000-20,000	38	28	0	0	0	66
\$20,000-30,000	4	26	3	0	0	33
\$30,000-40,000	17	20	6	6	7	56
\$40,000-50,000	0	2	0	0	0	2
\$50,000-60,000	0	0	0	0	0	0
\$60,000+	9	25	11	0	14	59
Total	140	101	21	6	21	289

Source: Claritas, Ribbon Demographics

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

Renter Households Aged 62+ Years						
Current Year Estimates - 2006						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	175	3	0	0	0	178
\$10,000-20,000	177	24	0	0	0	201
\$20,000-30,000	46	34	0	0	10	90
\$30,000-40,000	15	37	37	0	0	89
\$40,000-50,000	30	24	0	0	0	54
\$50,000-60,000	20	4	0	0	3	27
\$60,000+	33	0	9	0	10	52
Total	496	126	46	0	23	691

Source: Claritas, Ribbon Demographics

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

Owner Households						
Aged 18-54 Years						
Five Year Projections - 2011						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	42	17	12	4	14	89
\$10,000-20,000	48	47	23	23	2	143
\$20,000-30,000	132	62	53	48	13	308
\$30,000-40,000	154	108	165	94	57	578
\$40,000-50,000	110	154	189	150	126	729
\$50,000-60,000	92	204	212	289	153	950
\$60,000+	322	1,949	1,893	2,497	1,362	8,023
Total	900	2,541	2,547	3,105	1,727	10,820

Source: Claritas, Ribbon Demographics

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

Owner Households						
Aged 55-61 Years						
Five Year Projections - 2011						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	31	4	0	0	0	35
\$10,000-20,000	66	29	0	0	0	95
\$20,000-30,000	84	81	9	0	5	179
\$30,000-40,000	92	83	12	25	13	225
\$40,000-50,000	42	167	28	4	0	241
\$50,000-60,000	13	142	68	3	20	246
\$60,000+	47	1,305	312	216	41	1,921
Total	375	1,811	429	248	79	2,942

Source: Claritas, Ribbon Demographics

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

Owner Households						
Aged 62+ Years						
Five Year Projections - 2011						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	163	22	2	1	0	188
\$10,000-20,000	286	108	17	2	0	413
\$20,000-30,000	214	419	41	7	3	684
\$30,000-40,000	135	493	64	7	0	699
\$40,000-50,000	166	337	44	8	8	563
\$50,000-60,000	40	221	98	32	0	391
\$60,000+	<u>167</u>	<u>1,352</u>	<u>213</u>	<u>92</u>	<u>62</u>	<u>1,886</u>
Total	1,171	2,952	479	149	73	4,824

Source: Claritas, Ribbon Demographics

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

Renter Households						
Aged 18-54 Years						
Five Year Projections - 2011						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	80	66	47	24	20	237
\$10,000-20,000	114	35	43	33	7	232
\$20,000-30,000	133	73	35	45	12	298
\$30,000-40,000	74	47	118	88	48	375
\$40,000-50,000	20	82	14	59	28	203
\$50,000-60,000	32	58	65	53	62	270
\$60,000+	<u>115</u>	<u>231</u>	<u>249</u>	<u>120</u>	<u>208</u>	<u>923</u>
Total	568	592	571	422	385	2,538

Source: Claritas, Ribbon Demographics

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

Renter Households						
Aged 55-61 Years						
Five Year Projections - 2011						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	71	0	1	0	0	72
\$10,000-20,000	39	25	0	0	0	64
\$20,000-30,000	4	23	3	0	0	30
\$30,000-40,000	24	28	8	8	8	76
\$40,000-50,000	0	6	0	0	0	6
\$50,000-60,000	0	0	0	0	0	0
\$60,000+	13	32	18	0	22	85
Total	151	114	30	8	30	333

Source: Claritas, Ribbon Demographics

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

Renter Households						
Aged 62+ Years						
Five Year Projections - 2011						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	197	2	0	0	0	199
\$10,000-20,000	200	22	0	0	0	222
\$20,000-30,000	53	41	0	0	13	107
\$30,000-40,000	24	49	57	0	0	130
\$40,000-50,000	45	33	0	0	0	78
\$50,000-60,000	26	3	0	0	8	37
\$60,000+	57	0	18	0	19	94
Total	602	150	75	0	40	867

Source: Claritas, Ribbon Demographics



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HISTA DATA

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SECTION VIII

MARKET RATE FAMILY RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for market rate family rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential market rate family rental unit demand in the PMA between 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 and 2 person households, 2 Br units are occupied by 2 and 3 person households, and 3 Br units are occupied by 4 and 5 person households. Only households under the age of 62 were considered.
- The annual household turnover rate was estimated considering the U.S. Census based turnover rate for Excelsior Springs. 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 35% for the city market of Excelsior Springs is reasonable considering that it is the largest community by far in the primary market area and would be expected to contain the largest concentration of the rental market in the PMA.

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)	\$ 575	\$ 700	\$ 825
Percentage of Income to Housing	23%	23%	23%
Minimum Income (Affordability)	\$30,000	\$36,522	\$43,043
Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61	442	529	455
Estimated Annual Turnover of Existing HH	<u>30%</u>	<u>30%</u>	<u>30%</u>
PMA Existing Qualified Households	133	159	137
PMA Projected Qualified Household Growth (2006-2011)	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 635	\$ 775	\$ 900
Percentage of Income to Housing	23%	23%	23%
Minimum Income (Affordability)	\$33,130	\$40,435	\$46,957
PMA Projected Household Growth 2006-2011 of Appropriate Sized (1-5 Person HH), Income Qualified, Renter HH, Age 18-61	<u>32</u>	<u>18</u>	<u>36</u>
PMA Total Qualified Households (2006-2011)	165	177	173
Target Capture Rate 35%			
	1BR	2BR	3BR
CMA Market Family Rental Unit Demand (2006-2011)	58	62	60
	1BR	2BR	3BR
DMA Family Rental Unit Demand (2006-2011)	5	20	5

Quantitative Analysis Conclusions:

- Currently there is estimated to be 429 income qualified market rate renter households that create demand in the PMA, aged 18-61 (1Br-133, 2Br-159, 3Br-137).
- There is projected to be additional demand from qualified household growth for market rate rental units in the PMA between 2006 and 2011 of 86 households (1Br-32, 2Br-18, 3Br-36).
- The total of the current and projected demand from qualified households for market rate rental units in the PMA between 2006 and 2011 is estimated to be 515 (1Br-165, 2Br-177, 3Br-173).
- The total demand from 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 Excelsior Springs is 35% of the total, or 180 household units (1Br-58, 2Br-62, 3Br-60). Although the capture rate may appear to be high it is reasonable considering the Excelsior Springs rental market is by far the largest in the primary market area. Over the five year period of 2006 to 2011 it is reasonable to assume that 180 market rate renter households will be actively seeking market rate rental housing in the Excelsior Springs market.
- It is the opinion of the analyst that of the 180 market rate renter households that should create market rate rental demand in the CMA between 2006 and 2011, that approximately 30 could be attracted to market rate rental housing in the downtown market area of Excelsior Springs. This estimate is based on the assumption that a small portion of the 1Br market rate rental demand in the CMA could be young singles, or professionals, generally childless, who prefer to live in diverse urban settings, near restaurants, clubs, and cultural opportunities, who are satisfied with the space of a one bedroom unit, or are limited by housing cost to a smaller space.
- Some of the 2Br and 3Br households that will comprise part of the market rental demand could also be the same as the previous group, but could have a need or desire for more space, or they could be empty nesters and retirees who also have a preference for restaurants and cultural opportunities, and have no need to be concerned with living in close proximity to schools. These households are the leading edge of the baby boomers and many are looking forward to relieving themselves from the responsibilities of home ownership. Many of these empty nester households have grown accustomed to their space and although small households, some would prefer the extra space of a 3 bedroom unit.
- These quantitative estimates are based on the assumption that blight in the downtown area will be minimized to the point that it will not adversely affect marketability and that many of the businesses and services valued by the market households will increase in the downtown area as a result of the redevelopment efforts.

- In terms of supply the existing market rate rentals of the city are generally comprised of older developments, many of which are in fair and poor condition. There seems to be an obvious lack of good quality market rate rental housing throughout the community and is generally non-existent in the downtown market area. It is the opinion of the analyst that the production of approximately 30 market rate rental units in the downtown market area between the present and 2011 will serve a currently unmet housing need, increase the demand for commercial services in the area, increase the demand for residential ownership in the area, create a sense of place, motivate property improvements by existing owners, and enhance property values and tax revenues.
- It is the opinion of the analyst that the downtown market area has limited good quality market rate rental units and that the production of good quality rental units for moderate income households in the downtown market area could introduce a higher income population to the area, which could support new and existing businesses, contribute to a positive change in the perception of the downtown market, and promote further residential improvements and investments.

SECTION IX

AFFORDABLE FAMILY RENTAL UNIT DEMAND ANALYSIS

Following is a quantitative analysis of the potential demand for affordable family rental units in the PMA. The foundation of the analysis is the HISTA data, which is used along with market assumptions to arrive at a projection of the potential affordable family rental unit demand in the PMA between 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 and 2 person households, 2 Br units are occupied by 2 and 3 person households, and 3 Br units are occupied by 4 and 5 person households. Only households under the age of 62 were considered.
- The annual household turnover rate was estimated considering the U.S. Census based turnover rate for Excelsior Springs. 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 50% for the city market of Excelsior Springs is reasonable considering that it is the largest community by far in the primary market area and would be expected to contain the largest concentration of the affordable rental market in the PMA.

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)	\$ 500	\$ 625	\$ 725
Percentage of Income to Housing	35%	35%	35%
Minimum Income (Affordability)	\$17,143	\$21,429	\$24,857
Maximum Income (Tax Credit Limits)	\$30,780	\$36,960	\$42,690
Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61	268	198	216
Estimated Annual Turnover of Existing HH	<u>35%</u>	<u>35%</u>	<u>35%</u>
Existing Qualified Households	94	69	76
Projected Qualified Household Growth (2006-2011)	1BR	2BR	3BR
Gross Rent (includes utility costs paid by tenants)	\$ 550	\$ 690	\$ 800
Percentage of Income to Housing	35%	35%	35%
Minimum Income (Affordability)	\$18,857	\$23,657	\$27,429
Maximum Income (Tax Credit Limits)	\$33,980	\$40,800	\$47,130
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>35</u>
Total Qualified Households (2006-2011)	94	69	111
Target Capture Rate			
50%			
	1BR	2BR	3BR
CMA Affordable Family Rental Unit Demand (2006-2011)	47	35	55
	1BR	2BR	3BR
DMA Affordable Family Rental Unit Demand (2006-2011)	0	0	0

Quantitative Analysis Conclusions:

- Currently there is estimated to be 239 income qualified low income renter households that could create affordable housing demand in the PMA, aged 18-61 (1Br-94, 2Br-69, 3Br-76).
- There is projected to be additional demand from low income qualified household growth for affordable rental units in the PMA between 2006 and 2011 of 35 households (1Br-0, 2Br-0, 3Br-35).
- The total of the current and projected demand from qualified low income households for affordable rental units in the PMA between 2006 and 2011 is estimated to be 274 (1Br-94, 2Br-69, 3Br-111).
- The total demand from qualified low income households for affordable rental units in the PMA between 2006 and 2011 that is estimated to be captured by the CMA for rental units in Excelsior Springs is 50% of the total, or 137 household units (1Br-47, 2Br-35, 3Br-55). Although the capture rate may appear to be high it is reasonable considering the Excelsior Springs rental market is by far the largest in the primary market area, and that the other communities in the PMA have a very limited number of affordable rental housing units. Over the five year period of 2006 to 2011 it is reasonable to assume that 137 low income renter households will be actively seeking affordable rental housing in the Excelsior Springs market.
- In terms of supply, Excelsior Springs has four family affordable housing developments. Excelsior Village Apartments has 160 units, of which 65 are subsidized by project based Section 8 project based assistance. Management indicated that the affordable housing units are generally full and that vacancies regularly occur in their non-subsidized units.

Meadowview Apartments and Lynn Park Apartments contain a total of 88 tax credit financed affordable housing units and generally have good occupancy. Neither has much of a waiting list.

Northwinds Apartments is a 48 unit Excelsior Springs Public Housing authority development that has had a significant number of "down" units for a period of years. The executive director of the housing authority indicated that the units are being repaired, but are coming back on line slowly due to limited funding. At least 40 units are still vacant. The development appears to be marketable when the units are repaired.

- Until the public housing units are placed back into service it is the opinion of the analyst that it would be difficult to estimate the affordable housing demand that would exist in the city market area beyond what could be served by these units. For this reason it is the opinion of the analyst that the production of family affordable housing in the downtown market area would not be feasible at this time. Future consideration would also need to include the lack of schools and the limited neighborhood commercial services and the existing concentration of lower income households and individuals that currently reside in the downtown central business district.

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 2person household was considered. Only households above the age of 62 were considered.
- The percentage of senior renter households likely to move if new affordable housing were available is estimated to be 25% and is based on 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% for the city market of Excelsior Springs is reasonable considering that it is the largest community by far in the primary market area and would be expected to contain the largest concentration of the affordable senior rental market in the PMA.

Following is the Affordable Senior Rental Unit Demand Analysis:

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

<i>Affordable Senior Rental Unit Demand</i>	
Existing Qualified Households	1BR/2BR
Gross Rent (includes utility costs paid by tenants)	\$ 500
Percentage of Income to Housing	50%
Minimum Income (Affordability)	\$ 12,000
Maximum Income (Tax Credit Limits)	\$ 32,820
(A) Appropriate Sized, Income Qualified, Renter HH, Age 62+	255
(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)	64
(C) Appropriate Sized, Income Qualified, <u>Owner</u> HH, Age 62+	1087
(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)	109
Existing Qualified Households	172
Projected Qualified Household Growth (2006-2011)	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)	\$ 36,230
Appropriate Sized, Income Qualified, Renter HH, Age 62+ Growth (2006-2011)	35
(C) Appropriate Sized, Income Qualified, <u>Owner</u> HH, Age 62+ Growth (2006-2011)	203

Table 46---- Affordable Senior Rental Unit Demand Analysis – Con't	
(D) Percentage of Qualified <i>Owner</i> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available	10%
Number of Qualified <i>Owner</i> HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available (C X D)	20
Projected Qualified Household Growth (2006-2011)	55
PMA Total Qualified Households (2006-2011)	228
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)	114

Quantitative Analysis Conclusions:

- There are currently 172 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 55 households.
- The total number of qualified households for affordable senior rental units in the PMA between 2006 and 2011 is 228.
- 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, most should be drawn to the downtown market area because that is where most of the senior affordable rental housing is located in the community. Other than the 24 unit senior affordable housing development on the north side of the city all of the other senior affordable housing developments, with a combined total of 266 units, are located in the downtown market area.

- In terms of supply there will be a total of 290 senior affordable housing units in the Excelsior Springs market with the completion of the Oaks Apartments later this year. All are currently occupied, with the exception of 40 units at the Oaks Apartments and approximately 50 units at two of the Excelsior Springs Housing Authority senior developments. The executive director of the housing authority indicated that many of the vacancies were due to management issues and many are due to tenant incompatibility. Public housing guidelines allow non-elderly handicapped individuals to reside in the development, but the mixed tenancy has had an adverse affect on the marketability of the development. Another condition that the analyst was told has had an adverse affect on the marketability of the public housing units is the close proximity of one of their developments (Saratoga Towers) to negative neighborhood influences.
- Due to the impending lease up of the Oaks Apartments and the vacancies of the housing authorities developments, both of which are in the downtown area it is the opinion of the analyst that additional senior affordable housing units would not positively contribute to the downtown redevelopment efforts at this time.

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SECTION XI

HOMEOWNERSHIP DEMAND

The following analysis will project the potential homeownership demand in the Excelsior Springs 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 Excelsior Springs 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

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
\$30,000-50,000	286	361	441	318	245	1,651
\$50,000-75,000	165	947	897	1,180	641	3,830
\$75,000-100,000	105	604	573	753	409	2,445
\$100,000-125,000	42	242	229	301	164	978
\$125,000-150,000	14	81	76	100	55	326
\$150,000-200,000	11	60	57	75	41	244
\$200,000-\$250,000	4	20	19	25	14	81
\$250,000+	11	60	57	75	41	244
Total	626	2,315	2,293	2,754	1,568	9,556

Source: Claritas, Ribbon Demographics, MHDC

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

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
\$30,000-50,000	110	232	43	28	11	424
\$50,000-75,000	23	556	144	77	28	829
\$75,000-100,000	15	355	92	49	18	529
\$100,000-125,000	6	142	37	20	7	212
\$125,000-150,000	2	47	12	7	2	71
\$150,000-200,000	1	35	9	5	2	53
\$200,000-\$250,000	0	12	3	2	1	18
\$250,000+	1	35	9	5	2	53
Total	158	1,380	341	187	69	2,134

Source: Claritas, Ribbon Demographics, MHDC

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

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
\$30,000-50,000	202	667	85	10	5	969
\$50,000-75,000	62	496	95	38	19	709
\$75,000-100,000	39	317	61	24	12	453
\$100,000-125,000	16	127	24	10	5	181
\$125,000-150,000	5	42	8	3	2	60
\$150,000-200,000	4	32	6	2	1	45
\$200,000-\$250,000	1	11	2	1	0	15
\$250,000+	4	32	6	2	1	45
Total	329	1,690	281	88	45	2,433

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>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	264	262	354	244	183	1,307
\$50,000-75,000	195	1,012	989	1,309	712	4,217
\$75,000-100,000	124	646	632	836	455	2,692
\$100,000-125,000	50	258	253	334	182	1,077
\$125,000-150,000	17	86	84	111	61	359
\$150,000-200,000	12	65	63	84	45	269
\$200,000-\$250,000	4	22	21	28	15	90
\$250,000+	12	65	63	84	45	269
Total	666	2,350	2,396	2,946	1,653	10,011

Source: Claritas, Ribbon Demographics, MHDC

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

Owner Households Aged 55-61 Years						
Five Year Projections - 2011						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	134	250	40	29	13	466
\$50,000-75,000	28	680	179	103	29	1,018
\$75,000-100,000	18	434	114	66	18	650
\$100,000-125,000	7	174	46	26	7	260
\$125,000-150,000	2	58	15	9	2	87
\$150,000-200,000	2	43	11	7	2	65
\$200,000-\$250,000	1	14	4	2	1	22
\$250,000+	2	43	11	7	2	65
Total	192	1,654	409	241	72	2,568

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						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$30,000-50,000	301	830	108	15	8	1,262
\$50,000-75,000	97	739	146	58	29	1,070
\$75,000-100,000	62	472	93	37	19	683
\$100,000-125,000	25	189	37	15	7	273
\$125,000-150,000	8	63	12	5	2	91
\$150,000-200,000	6	47	9	4	2	68
\$200,000-\$250,000	2	16	3	1	1	23
\$250,000+	6	47	9	4	2	68
Total	502	2,356	410	135	68	3,471

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----Excelsior Springs PMA Net Owner Household Change by Income 2006-2011

Excelsior Springs PMA Net Owner Household Change by Income 2006-2011			
Household Incomes	2006 Owner Households	2011 Owner Households	Net Owner Household Change 2006-2011
\$0-50,000	5389	5169	-220
\$50,000-75,000	5368	6306	938
\$75,000-100,000	3426	4025	599
\$100,000-125,000	1371	1610	239
\$125,000-150,000	457	537	80
\$150,000-200,000	343	403	60
\$200,000-\$250,000	114	134	20
\$250,000+	343	403	60

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 \$0 to \$50,000. The largest growth is expected in the income cohort from \$50,000 to \$75,000.

Table 54----Excelsior Springs PMA Projected Homeowner Change by Household Size 2006-2011

Excelsior Springs PMA Projected Homeowner Change by Household Size 2006-2011					
	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household
2006	2232	6398	3177	3229	1774
2011	2446	7304	3455	3502	1879
Change	214	906	278	273	105

Source: Claritas, Ribbon Demographics, MHDC

The preceding table shows the owner household growth in the PMA from 2006 to 2011 by household size. It indicates a very significant owner household growth for two person households, which could be indicative of empty nesters.

Table 55----Excelsior Springs PMA Potential New Homeowner Demand 2006-2011 by Household Age

Excelsior Springs PMA Projected Homeowner Change by Household Age 2006-2011			
	Age 18-54 Owner Households	Age 55-61 Owner Households	Age 62+ Owner Households
2006	10502	2530	3778
2011	10820	2942	4824
Change	318	412	1046

Source: Claritas, Ribbon Demographics, MHD

The table above shows the owner household growth in the PMA from 2006 to 2011 by age. It indicates a significant growth in the market of households age 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 preceding table 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	-220	N/A	N/A	N/A	N/A	N/A
\$50,000-75,000	938	20%	188	\$ 155,000	\$ 232,500	10
\$75,000-100,000	599	10%	60	\$ 232,500	\$ 310,000	0
\$100,000-125,000	239	10%	24	\$ 310,000	\$ 387,500	0
\$125,000-150,000	80	5%	4	\$ 387,500	\$ 465,000	0
\$150,000-200,000	60	2%	1	\$ 465,000	\$ 619,800	0
\$200,000-\$250,000	20	0%	0	\$ 619,800	\$ 775,000	0
\$250,000+	60	0%	0	\$ 775,000	775,000+	0
	1,776		277			10

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 1,776 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 housing in the CMA from 2006 to 2011, a total of 277 new owner households is projected. Of that total approximately 10 of the new owner households in the CMA are expected to be attracted to new housing in the DMA.

Quantitative Analysis Conclusions:

- In 2006 the PMA had a total of approximately 16,811 owner households with incomes from \$0 to \$250,000+.
- From 2006-2011 the PMA is projected to have net household growth of approximately 10.5%, or 1,776 households. The income cohort that is expected to make up the largest percentage of that growth is from \$50,000 to \$75,000, with 938 new owner households, followed by the cohort of from \$75,000 to \$100,000, with 599 new owner households. The income cohort from \$0 to \$50,000 is expected to decline from 2006 to 2011.

- Approximately 84% of the owner households in the PMA in 2006 had incomes of \$100,000 or less, approximately 13% had incomes of between \$100,000 and \$200,000, and approximately 3% 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 17.5%, and the owner households with incomes of \$200,000+ is expected to increase by 17.5%.
- Approximately 62.5% of the owner households in the PMA in 2006 were between the ages of 18-54, approximately 15% were between the ages of 55-61, and approximately 22.5% 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 16%, and the owner households aged 62+ are expected to increase by approximately 28%.
- Approximately 51% of the owner households in the PMA in 2006 were one and two person households, approximately 49% 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 13%, and the percentage of three plus person households is expected to increase by approximately 8%.
- In the analysis it is assumed that of the 1,776 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 Excelsior Springs, should be able to capture a portion of the demand. Capture rates from 0% to 20% 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 estimated DMA market demand of 10 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 ownership 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 likely come from young singles, childless couples, or older empty nesters. Families with children 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 \$235,000.

SECTION XII

ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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 XIII

APPRAISER'S CERTIFICATION

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

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

By: **Steve Sillimon**-Certified General Real Estate Appraiser # RA003250
Missouri Housing Development Commission
June 1, 2007