

RESIDENTIAL DEMAND ANALYSIS

Cape Girardeau Downtown Market Area

CITY OF CAPE GIRARDEAU, MISSOURI
CAPE GIRARDEAU COUNTY

January 2008



D·R·E·A·M
I N I T I A T I V E

ACKNOWLEDGMENTS



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



PLANNING CONSULTANT



PREPARED BY
MISSOURI HOUSING DEVELOPMENT COMMISSION

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USPAP REQUIRED INFORMATION

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

Intended Use of Report

The intent of this report is to assist the community of Cape Girardeau 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 Cape Girardeau, 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 existing housing inventory and competitive locations;
- Demographic analysis for the area;
- Economic profile of the market;
- Opinion of present and future housing demands;
- Recommendations regarding the number and type of housing units that should be provided to support the overall goal of downtown revitalization.

Effective Date of the Report

The effective date of the report is January 14, 2008.

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;
- 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 Cape Girardeau, Missouri market area;
- Prepare a recommendation or opinion of the type and number of housing units that would complement the Cape Girardeau 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 Cape Girardeau, Missouri that would complement the overall revitalization efforts of the downtown area; the type of residential demand that exists and the depth of the market demand. A map of the designated area is included at page 9 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 2012. The analysis will consider the projected change in the number of households in the market, migration patterns of new households to the market, and the mobility patterns of existing households. The analysis will determine what types of housing may be underserved in the market, the estimated number of units that are projected to meet the needs, and if the housing will complement the downtown revitalization area.

Some of the conclusions of the report are as follows:

- A baseline assessment of the current residential conditions in and around the downtown revitalization area is that the market rate family, limited income family, and the limited income senior rental housing markets all appear to be at full occupancy, with some waiting lists.
- The downtown area market has had a small number of condo/loft sales, but purchase opportunities are limited, especially for upper income buyers.
- The production of new residential units in the downtown revitalization area would complement other revitalization efforts by increasing the residential population that could help support existing and new businesses, and increase the tax revenue of the community.
- Target households for units in the downtown revitalization area would generally be smaller households of students, young professionals, and empty nesters.
- Between 2007 and 2012 the estimated residential production potential for the downtown area is 290 units broken down as follows:

| <u>Type</u> | <u>Units</u> |
|---------------------------------------|--------------|
| For Sale Condos/Lofts/Townhouses | 60 |
| Market Rate Family Rental | 100 |
| Affordable Senior Rental | 90 |
| Affordable Family Rental ⁴ | 40 |

- In the Riverfront/Main Street area residential units for ownership and rentals should be considered on the upper floors of the commercial buildings and on vacant tracts of land north of Broadway on Main Street.
- In the Good Hope area residential units and rentals should be developed on some of the large tracts of vacant land along Good Hope, which is one block north of the new River Campus. Units should also be considered on in-fill lots in the area.
- Existing residential property owners in and around the downtown area should be encouraged and required to improve and maintain their properties for the overall good of the area.
- Efforts should be made to reverse the trend of converting large single family homes to multi-unit structures in the downtown area.
- Whenever possible new housing options in the downtown riverfront area should be built to market the panoramic views of the river.
- Whenever possible consideration should be given to readapting vacant and underutilized buildings for residential uses that have outlived their original purposes.



Downtown Cape Girardeau, Missouri

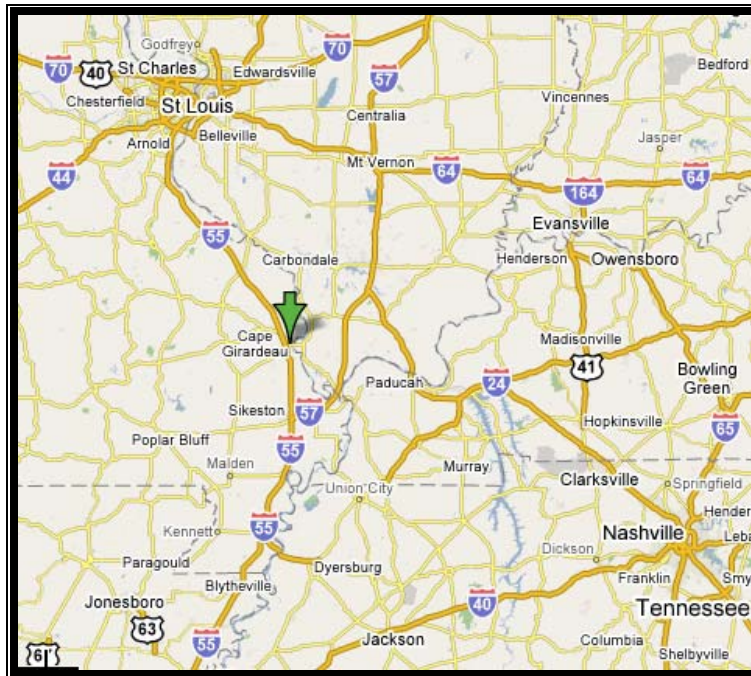


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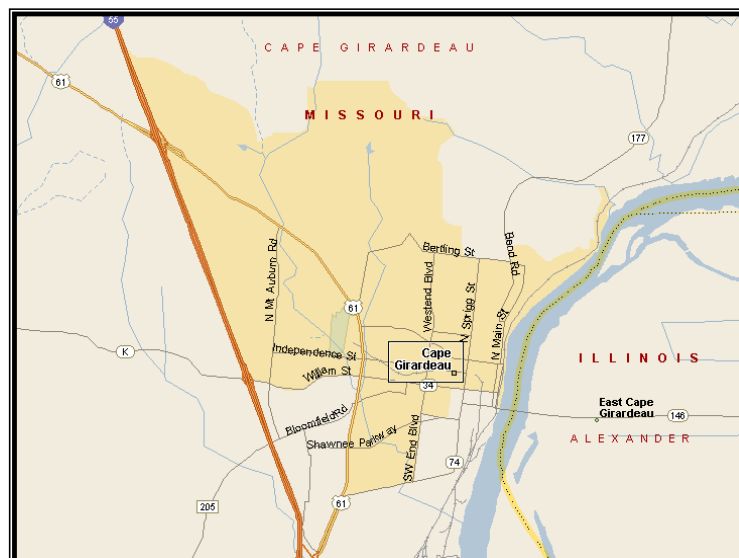
SECTION II

AREA OF STUDY

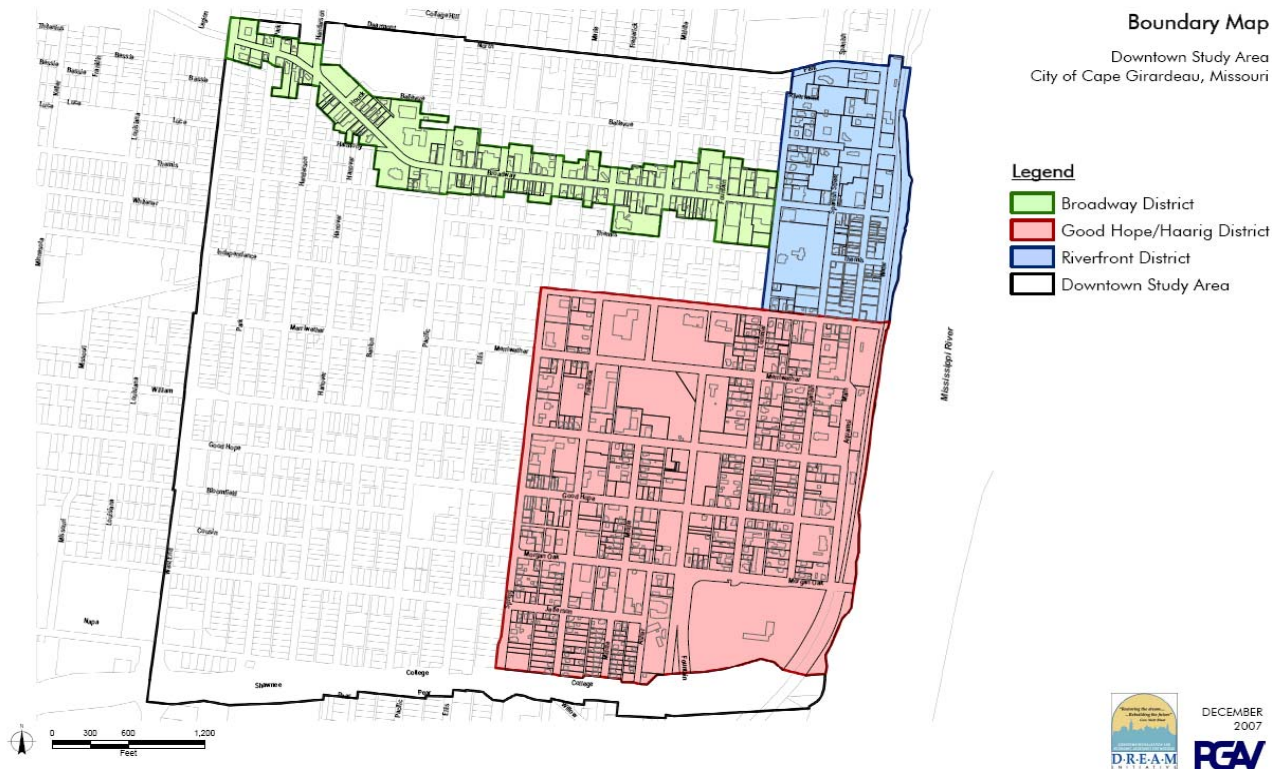
The area of study is a section of the downtown area of Cape Girardeau, Cape Girardeau County, Missouri. Following is a map of the location of the city.



The following map shows the municipal boundaries of Cape Girardeau.



The map below highlights the downtown area of Cape Girardeau and the specific subject of this report.



The boundaries of the downtown revitalization area are North Street to the north, Shawnee Parkway on the south, the Mississippi River to the east, and West End Boulevard to the west.

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 Cape Girardeau, Missouri. The following information was obtained from the United States Census Bureau, U.S. Department of Agriculture, the Cape Girardeau County Board of Realtors, and several national proprietary data providers, including Applied Geographic Solutions, and Claritas.

Table 1----Total Population

The table illustrates total population in Cape Girardeau from 1990 through 2011.

| Total Population - Cape Girardeau | | | | | | |
|-----------------------------------|----------------|--------------------|-----------------------|--------------------|-----------|--------------------|
| Year | Cape Girardeau | Annual Change % | Cape Girardeau County | Annual Change % | Missouri | Annual Change % |
| 1990 | 34,991 | | 61,634 | | 5,117,083 | |
| 2000 | 35,349 | 0.1% | 68,693 | 1.1% | 5,595,211 | 0.9% |
| 2006 | 35,394 | 0.0% | 71,316 | 0.6% | 5,828,639 | 0.7% |
| 2011 | 35,530 | 0.1% | 73,427 | 0.6% | 6,013,950 | 0.6% |

Source: Applied Geographic Solutions, MHDC

The population of Cape Girardeau increased very slightly between 1990 and 2000 and is projected to remain stable from 2000 through 2011. That growth pattern is a little slower than Cape Girardeau County and the State of Missouri.

Table 2----Population by Age

The table illustrates population by age in Cape Girardeau from 1990 through 2011.

| Population By Age Group - Cape Girardeau | | | | | | | | |
|--|-------|---------|-------|---------|-------|---------|-------|---------|
| Age Cohort | 1990 | Percent | 2000 | Percent | 2006 | Percent | 2011 | Percent |
| 0-19 | 9,554 | 27% | 9,279 | 26% | 8,407 | 24% | 8,103 | 23% |
| 20-24 | 4,750 | 14% | 4,537 | 13% | 4,051 | 11% | 3,556 | 10% |
| 25-34 | 5,364 | 15% | 4,496 | 13% | 5,280 | 15% | 5,549 | 16% |
| 35-54 | 7,500 | 21% | 8,877 | 25% | 8,673 | 25% | 8,528 | 24% |
| 55-64 | 2,750 | 8% | 2,704 | 8% | 3,339 | 9% | 3,917 | 11% |
| 65-74 | 2,632 | 8% | 2,420 | 7% | 2,438 | 7% | 2,725 | 8% |
| 75-84 | 1,776 | 5% | 2,088 | 6% | 2,155 | 6% | 2,058 | 6% |
| 85+ | 668 | 2% | 947 | 3% | 1,051 | 3% | 1,094 | 3% |

Source: Applied Geographic Solutions, MHDC

The 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 Cape Girardeau from 1990 through 2011.

| Total Population Median Age - Cape Girardeau | |
|--|------------|
| Year | Median Age |
| 1990 | 30.7 |
| 2000 | 33.4 |
| 2006 | 34.9 |
| 2011 | 36.3 |

Source: Applied Geographic Solutions, MHDC

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

Table 4----Population by Gender

The table below illustrates population by gender in Cape Girardeau from 1990 through 2011.

| Population By Gender - Cape Girardeau | | | | | | | | |
|---------------------------------------|--------|---------|--------|---------|--------|---------|--------|---------|
| Gender | 1990 | Percent | 2000 | Percent | 2006 | Percent | 2011 | Percent |
| Male | 16,418 | 47% | 16,702 | 47% | 16,776 | 47% | 16,883 | 48% |
| Female | 18,573 | 53% | 18,647 | 53% | 18,618 | 53% | 18,647 | 52% |

Source: Applied Geographic Solutions, MHDC

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

Table 5----Total Households

The table below illustrates total households in Cape Girardeau from 1990 through 2011.

| Total Households - Cape Girardeau | | |
|-----------------------------------|------------|---------------|
| Year | Population | Annual Change |
| 1990 | 13,677 | - |
| 2000 | 14,380 | 0.5% |
| 2006 | 15,366 | 1.1% |
| 2011 | 16,140 | 1.0% |

Source: Applied Geographic Solutions, MHDC

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

Table 6----Average Household Size

The table below illustrates average household size in Cape Girardeau from 1990 through 2011.

| Average Household Size - Cape Girardeau | |
|---|---------|
| Year | Average |
| 1990 | 2.34 |
| 2000 | 2.25 |
| 2006 | 2.10 |
| 2011 | 2.01 |

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 Cape Girardeau from 1990 through 2011.

| Households By Size - Cape Girardeau | | | | | | | | |
|-------------------------------------|--------|---------|--------|---------|--------|---------|--------|---------|
| | 1990 | | 2000 | | 2006 | | 2011 | |
| Household Size | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 1 Person | 4,157 | 30.4% | 4,866 | 33.8% | 5,628 | 36.6% | 6,030 | 37.4% |
| 2 Persons | 4,721 | 34.5% | 4,986 | 34.7% | 5,537 | 36.0% | 5,919 | 36.7% |
| 3 Persons | 2,171 | 15.9% | 2,032 | 14.1% | 2,152 | 14.0% | 2,240 | 13.9% |
| 4 Persons | 1,732 | 12.7% | 1,605 | 11.2% | 1,370 | 8.9% | 1,324 | 8.2% |
| 5 Persons | 589 | 4.3% | 655 | 4.6% | 496 | 3.2% | 482 | 3.0% |
| 6 Persons | 202 | 1.5% | 171 | 1.2% | 151 | 1.0% | 145 | 0.9% |
| 7+ Persons | 105 | 0.8% | 62 | 0.4% | 33 | 0.2% | 1 | 0.0% |
| Total | 13,677 | 100% | 14,377 | 100% | 15,367 | 100% | 16,141 | 100% |

Source: Applied Geographic Solutions, MHDC

The table shows that in Cape Girardeau the trend in household size is towards smaller households. In 2000 approximately 83% of all households in the community had 3 persons or less. In 2011 that percentage is expected to increase to 88%.

Table 8----Households by Tenure Patterns

The table below illustrates households by tenure pattern in Cape Girardeau from 1990 through 2011.

| Tenure Patterns By Households - Cape Girardeau | | | | |
|--|----------------------|---------|-----------------------|---------|
| | Owner Occupied Units | | Renter Occupied Units | |
| Year | Number | Percent | Number | Percent |
| 1990 | 7,882 | 58% | 5,793 | 42% |
| 2000 | 8,256 | 57% | 6,124 | 43% |
| 2006 | 8,837 | 58% | 6,529 | 42% |
| 2011 | 9,298 | 58% | 6,842 | 42% |

Source: Applied Geographic Solutions, MHDC

The table illustrates that the tenure patterns of the community seem to be very stable. Future tenure patterns can be influenced by a higher level of production of either owner occupied or renter occupied units.

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

The table below illustrates owner by household size in Cape Girardeau from 1990 through 2000.

| Tenure by Household Size - Cape Girardeau | | | | | |
|---|-------|---------|-------|---------|------------------|
| Owner Occupied Housing Units | | | | | |
| Household Size | 1990 | Percent | 2000 | Percent | % Change 90-2000 |
| 1 Person | 1,735 | 22.5% | 2,093 | 25.4% | 20.6% |
| 2 Persons | 2,772 | 36.0% | 3,233 | 39.2% | 16.6% |
| 3 Persons | 1,323 | 17.2% | 1,231 | 14.9% | -7.0% |
| 4 Persons | 1,277 | 16.6% | 1,149 | 13.9% | -10.0% |
| 5 Persons | 414 | 5.4% | 392 | 4.8% | -5.3% |
| 6 Persons | 125 | 1.6% | 102 | 1.2% | -18.4% |
| 7+ Persons | 63 | 0.8% | 37 | 0.4% | -41.3% |

Source: Applied Geographic Solutions, MHDC

The 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 Cape Girardeau from 1990 through 2000.

| Tenure by Household Size - Cape Girardeau | | | | | |
|---|-------|---------|-------|---------|------------------|
| Renter Occupied Housing Units | | | | | |
| Household Size | 1990 | Percent | 2000 | Percent | % Change 90-2000 |
| 1 Person | 2,358 | 41.4% | 2,745 | 44.9% | 16.4% |
| 2 Persons | 1,875 | 33.0% | 1,804 | 29.5% | -3.8% |
| 3 Persons | 803 | 14.1% | 783 | 12.8% | -2.5% |
| 4 Persons | 418 | 7.3% | 459 | 7.5% | 9.8% |
| 5 Persons | 156 | 2.7% | 250 | 4.1% | 60.3% |
| 6 Persons | 80 | 1.4% | 67 | 1.1% | -16.3% |
| 7+ Persons | 43 | 1% | 24 | 0% | -44% |

Source: Applied Geographic Solutions, MHDC

The 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 Cape Girardeau from 1990 through 2000.

| Tenure by Age of Householder - Cape Girardeau | | | | | |
|---|-------|---------|-------|---------|------------------|
| Owner Occupied Housing Units | | | | | |
| Age | 1990 | Percent | 2000 | Percent | % Change 90-2000 |
| <25 | 99 | 1.3% | 180 | 2.2% | 81.8% |
| 25-34 | 1,007 | 13.1% | 836 | 10.1% | -17.0% |
| 35-44 | 1,555 | 20.2% | 1,717 | 20.8% | 10.4% |
| 45-54 | 1,251 | 16.2% | 1,747 | 21.2% | 39.6% |
| 55-64 | 1,388 | 18.0% | 1,255 | 15.2% | -9.6% |
| 65-74 | 1,294 | 16.8% | 1,184 | 14.4% | -8.5% |
| 75+ | 1,115 | 14.5% | 1,318 | 16.0% | 18.2% |

Source: Applied Geographic Solutions, MHDC

The table shows that the community has a fair distribution of homeowners at all ages above 25 years old. Between 1990 and 2000 the age cohort 25-34 declined by 17%. 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 - Cape Girardeau | | | | | |
|---|-------|---------|-------|---------|------------------|
| Renter Occupied Housing Units | | | | | |
| Age | 1990 | Percent | 2000 | Percent | % Change 90-2000 |
| <25 | 1,454 | 25.4% | 1,603 | 26.1% | 10.2% |
| 25-34 | 1,698 | 29.6% | 1,563 | 25.5% | -8.0% |
| 35-44 | 860 | 15.0% | 1,064 | 17.4% | 23.7% |
| 45-54 | 492 | 8.6% | 672 | 11.0% | 36.6% |
| 55-64 | 311 | 5.4% | 350 | 5.7% | 12.5% |
| 65-74 | 381 | 6.6% | 341 | 5.6% | -10.5% |
| 75+ | 537 | 9.4% | 539 | 8.8% | 0.4% |

Source: Applied Geographic Solutions, MHDC

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

Table 13----Households by Income Distribution

The table below illustrates households by income distribution in Cape Girardeau from 1990 through 2011.

| Household Income Distribution - Cape Girardeau | | | | | | | | |
|--|--------|---------|--------|---------|--------|---------|--------|---------|
| Income Cohort | 1990 | | 2000 | | 2006 | | 2011 | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| < than \$10,000 | 3,285 | 24.0% | 1,950 | 13.6% | 1,964 | 14.2% | 1,983 | 12.3% |
| \$10,000-\$14,999 | 1,542 | 11.3% | 1,256 | 8.7% | 1,128 | 8.2% | 1,066 | 6.6% |
| \$15,000-\$19,999 | 1,339 | 9.8% | 1,188 | 8.3% | 1,076 | 7.8% | 1,028 | 6.4% |
| \$20,000-\$24,999 | 1,068 | 7.8% | 1,201 | 8.4% | 1,155 | 8.4% | 1,160 | 7.2% |
| \$25,000-\$29,999 | 1,060 | 7.8% | 1,063 | 7.4% | 1,052 | 7.6% | 1,135 | 7.0% |
| \$30,000-\$34,999 | 943 | 6.9% | 1,127 | 7.8% | 1,047 | 7.6% | 1,029 | 6.4% |
| \$35,000-\$39,999 | 1,044 | 7.6% | 833 | 5.8% | 1,009 | 7.3% | 843 | 5.2% |
| \$40,000-\$49,999 | 1,277 | 9.3% | 1,528 | 10.6% | 1,468 | 10.6% | 1,593 | 9.9% |
| \$50,000-\$59,999 | 819 | 6.0% | 1,050 | 7.3% | 721 | 5.2% | 1,375 | 8.5% |
| \$60,000-\$74,999 | 581 | 4.3% | 1,144 | 8.0% | 533 | 3.9% | 1,367 | 8.5% |
| \$75,000-\$99,999 | 373 | 2.7% | 1,077 | 7.5% | 1,324 | 9.6% | 1,534 | 9.5% |
| \$100,000 + | 337 | 2.5% | 963 | 6.7% | 1,336 | 9.7% | 2,029 | 12.6% |
| Total | 13,668 | 100% | 14,380 | 100% | 13,813 | 100% | 16,142 | 100% |

Source: Applied Geographic Solutions, MHDC

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

Table 14----Cost Burdened Households

The table illustrates the percentage of cost burdened households as of the last census (2000). A household is severely rent burdened if their total housing cost exceeds 50% of their income.

| Cost Burdened Households (2000) - Cape Girardeau | | | |
|--|--------|-------|----------------|
| | Renter | Owner | Renter & Owner |
| Total | 6,113 | 8,214 | 14,327 |
| Cost Burdened >30% | 35.6% | 16.1% | 24% |
| Severely Cost Burdened >50% | 18.5% | 5.6% | 11% |
| | | | |
| Elderly 1 & 2 Persons | 890 | 525 | 1,415 |
| Cost Burdened >30% | 45.8% | 18.4% | 36% |
| Severely Cost Burdened >50% | 20.8% | 8.1% | 16% |
| Single Person Non-Elderly | 3032 | 1169 | 4,201 |
| Cost Burdened >30% | 36.3% | 28.2% | 34% |
| Severely Cost Burdened >50% | 20.6% | 9.2% | 17% |
| Small Fam 2-4 Persons | 1869 | 3,782 | 5,651 |
| Cost Burdened >30% | 30.3% | 10.7% | 17% |
| Severely Cost Burdened >50% | 14.3% | 3.3% | 7% |
| Large Fam 5+ Persons | 322 | 525 | 847 |
| Cost Burdened >30% | 30.7% | 15.6% | 21% |
| Severely Cost Burdened >50% | 16.8% | 1.5% | 7% |

Source: 2000 Chas Data

The table indicates that almost 18.5% of all renter households in Cape Girardeau are severely cost burdened. The severely cost burdened rate for all renter households in Missouri for the same period was 14.8%. The most severely cost burdened renter groups appear to be elderly and single person renter households.

Table 15----Units in Structure

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

| Units in Structure (2000) - Cape Girardeau | | |
|--|--------|------------|
| Type | Number | Percentage |
| 1, detached | 9,835 | 62.2% |
| 1, attached | 248 | 1.6% |
| 2 | 793 | 5.0% |
| 3 or 4 | 1,121 | 7.1% |
| 5 to 9 | 1,541 | 9.7% |
| 10 to 19 | 1,040 | 6.6% |
| 20 or more | 631 | 4.0% |
| Mobile home | 609 | 3.9% |
| Total | 15,818 | 100% |

Source: U.S. Census Bureau

The table shows that as of the last census in 2000 in Cape Girardeau 62% of the residential structures were detached single family units. The balance of the structures was spread across the other residential construction types, including 3.9% mobile homes.

Table 16----Year Structure Built

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

| Year Structure Built (2000) - Cape Girardeau | | |
|--|--------|------------|
| Year | Number | Percentage |
| 1999 to March 2000 | 280 | 1.8% |
| 1995 to 1998 | 985 | 6.2% |
| 1990 to 1994 | 953 | 6.0% |
| 1980 to 1989 | 1,965 | 12.4% |
| 1970 to 1979 | 3,279 | 20.7% |
| 1960 to 1969 | 2,692 | 17.0% |
| 1940 to 1959 | 3,369 | 21.3% |
| 1939 or earlier | 2,295 | 14.5% |

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in Cape Girardeau about 86% of the residential structures were built prior to 1990.

Table 17----Percentage of Monthly Owner Housing Cost

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

| % of Monthly Owner Housing Cost (2000) - Cape Girardeau | |
|--|------------|
| Status | Percentage |
| Less than 15 percent | 46.9% |
| 15 to 19 percent | 18.1% |
| 20 to 24 percent | 11.5% |
| 25 to 29 percent | 8.0% |
| 30 to 34 percent | 3.3% |
| 35 percent or more | 11.7% |
| Not computed | 0.4% |

Source: U.S. Census Bureau

The table shows that as of the last census in 2000 in Cape Girardeau 65% 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 18----Gross Rent

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

| Gross Rent (2000) - Cape Girardeau | | |
|------------------------------------|--------|------------|
| Rent | Number | Percentage |
| Units | 6,129 | 100% |
| Less than \$200 | 381 | 6.2% |
| \$200 to \$299 | 843 | 13.8% |
| \$300 to \$499 | 2,656 | 43.3% |
| \$500 to \$749 | 1,602 | 26.1% |
| \$750 to \$999 | 350 | 5.7% |
| \$1,000 to \$1,499 | 96 | 1.6% |
| \$1,500 or more | 14 | 0.2% |
| No cash rent | 187 | 3.1% |
| Median (dollars) | \$ 436 | |

Source: U.S. Census Bureau

The table shows that as of the last census in 2000 in Cape Girardeau 43% of rental units had a gross rent of \$300 to \$500 and 63% had a gross rent of \$500 or less.

Table 19----Affordable Housing Program Maximum Incomes and Rents

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

| Maximum Income and Rents for HOME and Housing Tax Credit Programs for Cape Girardeau County | | | | | | | | | | | | |
|---|-----------------|----------------------|--------|--------|--------|--------|--------|--------------------------|-----|-----|-----|-----|
| 2007 Median Income | Income % | Maximum Incomes | | | | | | Maximum HOME/LIHTC Rents | | | | |
| | | | | | | | | | | | | |
| | | Persons in Household | | | | | | Bedroom Sizes | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 0Br | 1Br | 2Br | 3Br | 4Br |
| | 50% | 19,750 | 22,550 | 25,400 | 28,200 | 30,450 | 32,700 | 493 | 528 | 635 | 733 | 817 |
| | 60% | 23,700 | 27,060 | 30,480 | 33,840 | 36,540 | 39,240 | 592 | 634 | 762 | 879 | 981 |
| \$53,200 | | | | | | | | HUD Fair Market Rents | | | | |
| | | | | | | | | 353 | 412 | 543 | 702 | 884 |

Source: HUD, IRS, MHDC

Table 20----Gross Rent as a Percentage of Monthly Household Income

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

| Gross Rent as % of Monthly Household Income (2000) - Cape Girardeau | |
|--|------------|
| Status | Percentage |
| Less than 15 percent | 17.8% |
| 15 to 19 percent | 12.9% |
| 20 to 24 percent | 16.1% |
| 25 to 29 percent | 9.7% |
| 30 to 34 percent | 7.2% |
| 35 percent or more | 30.0% |
| Not computed | 6.2% |

Source: U.S. Census Bureau

The table shows that as of the last census in 2000 in Cape Girardeau approximately 37.2% of households had gross rent that was more than 30% of their income.

Table 21----Building Permits

The table below illustrates the number of residential housing permits issued in Cape Girardeau between 2003 and 2006.

| Building Permits - Cape Girardeau Metro | | | | |
|---|-------|------|------|------|
| | Units | | | |
| Units in Bldg. | 2006 | 2005 | 2004 | 2003 |
| 1 | 90 | 112 | 96 | 72 |
| 2 | 22 | 36 | 18 | 42 |
| 3 to 4 | 0 | 0 | 4 | 3 |
| 5+ | 54 | 0 | 10 | 10 |
| Total | 166 | 148 | 128 | 127 |

Source: U.S. Census Bureau

The table shows that in Cape Girardeau housing permits have been issued for an average of 142 housing units between 2003 and 2006.

Table 22----Multiple Listing Service Sales Statistics

| Real Estate Sales Statistics - City of Cape Girardeau | | |
|---|--------|------------|
| Residential Detached | | |
| Year | Number | Avg. Price |
| 2002 | 482 | \$ 118,105 |
| 2003 | 575 | \$ 119,907 |
| 2004 | 566 | \$ 127,533 |
| 2005 | 516 | \$ 134,547 |
| 2006 | 538 | \$ 142,366 |

Source: Cape Girardeau Board of Realtors

The preceding real estate sales information was obtained from the Cape Girardeau County Board of Realtors. The multiple listing statistics indicate that over the last five years Cape Girardeau has averaged approximately 535 real estate sales of single family homes. Over this period the high point for single family sales was in 2003.

Sales prices for single family homes in the Cape Girardeau market have increased annually by approximately 5% over the last 5 years. From 2002 to 2006 the average sales price of single family homes increased by a total of approximately 21%.

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 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 Cape Girardeau, 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----Cape Girardeau County – Labor Force/Employment/Unemployment

| Local Area Employment - Cape Girardeau County | | | | |
|---|-------------|------------|--------------|-------------------|
| | | | | |
| Year | Labor Force | Employment | Unemployment | Unemployment Rate |
| 2001 | 38,639 | 37,128 | 1,511 | 3.9% |
| 2002 | 38,441 | 36,815 | 1,626 | 4.2% |
| 2003 | 38,699 | 37,030 | 1,669 | 4.3% |
| 2004 | 38,587 | 36,802 | 1,785 | 4.6% |
| 2005 | 38,135 | 36,441 | 1,694 | 4.4% |

Source: Department of Economic Development

Table 25----Cape Girardeau City – Labor Force/Employment/Unemployment

| Local Area Employment - Cape Girardeau | | | | |
|--|-------------|------------|--------------|--------------|
| Year | Labor Force | Employment | Unemployment | Unemployment |
| | | | | Rate |
| 2001 | 19,205 | 18,278 | 927 | 4.8% |
| 2002 | 19,121 | 18,124 | 997 | 5.2% |
| 2003 | 19,253 | 18,230 | 1,024 | 5.3% |
| 2004 | 19,212 | 18,117 | 1,095 | 5.7% |
| 2005 | 18,979 | 17,940 | 1,039 | 5.5% |

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 Cape Girardeau County and Cape Girardeau followed a similar pattern. While the unemployment rates for the City of Cape Girardeau closely mirrors the state the rates for the county over the period has been better than the city and state.

Table 26----Cape Girardeau Area Major Employers

| Major Employers - Cape Girardeau Area | | |
|---------------------------------------|--------------------|-----------|
| Employers | Type of Business | Employees |
| St. Francis Medical Center | Hospital | 2,012 |
| Southeast Mo. Hospital | Hospital | 2,000 |
| Procter and Gamble | Paper Products | 1,300 |
| Southeast Mo. State Univ. | Education | 1,250 |
| Cape Girardeau Public Schools | Education | 713 |
| Rubbermaid | Closet Accessories | 530 |
| Wal-Mart Supercenter | Retail | 460 |
| The Lutheran Home | Health/Retirement | 394 |
| Thorngate | Sportswear | 375 |
| Nordenia | Film Packaging | 375 |
| VIP Industries | Packaging | 360 |
| City of Cape Girardeau | Government | 365 |
| Blue Cross and Blue Shield | Insurance | 358 |

Source: Cape Girardeau Chamber of Commerce

Table 27----Area Employment by Category

The following table shows the dispersion of employees by industry within Cape Girardeau.

| <u>City of Cape Girardeau Area Employment by Category</u> | | 2003 | | 2002 | |
|---|--|-------------|---------|-------------|---------|
| | | Count | Share | Count | Share |
| Total Employers | | 1,330 | | 1,280 | |
| * All Jobs | | 23,821 | 100.00% | 22,877 | 100.00% |
| * All Jobs (Private Sector Only) | | 21,979 | 92.30% | 21,113 | 92.30% |
| <u>Jobs by Worker Age</u> | | 2003 | | 2002 | |
| | | Count | Share | Count | Share |
| * Age 30 or younger | | 7,245 | 33.00% | 7,140 | 33.80% |
| * Age 31 to 54 | | 11,804 | 53.70% | 11,288 | 53.50% |
| * Age 55 or older | | 2,930 | 13.30% | 2,685 | 12.70% |
| <u>Jobs by Earnings Paid</u> | | 2003 | | 2002 | |
| | | Count | Share | Count | Share |
| * \$1,200 per month or less | | 8,806 | 40.10% | 8,550 | 40.50% |
| * \$1,201 to \$3,400 per month | | 10,143 | 46.10% | 9,769 | 46.30% |
| * More then \$3,400 per month | | 3,030 | 13.80% | 2,794 | 13.20% |
| <u>Jobs by Industry Type (2-digit NAICS)</u> | | 2003 | | 2002 | |
| | | Count | Share | Count | Share |
| * Agriculture, Forestry, Fishing and Hunting | | 23 | 0.10% | 20 | 0.10% |
| * Mining | | 41 | 0.20% | 32 | 0.20% |
| * Utilities | | 67 | 0.30% | 72 | 0.30% |
| * Construction | | 877 | 4.00% | 972 | 4.60% |
| * Manufacturing | | 1,442 | 6.60% | 1,498 | 7.10% |
| * Wholesale Trade | | 1,167 | 5.30% | 1,199 | 5.70% |
| * Retail Trade | | 3,030 | 13.80% | 3,083 | 14.60% |
| * Transportation and Warehousing | | 514 | 2.30% | 428 | 2.00% |
| * Information | | 530 | 2.40% | 564 | 2.70% |
| * Finance and Insurance | | 735 | 3.30% | 710 | 3.40% |
| * Real Estate and Rental and Leasing | | 211 | 1.00% | 207 | 1.00% |
| * Professional, Scientific, and Tech. Services | | 624 | 2.80% | 575 | 2.70% |
| * Management of Companies and Enterprises | | 622 | 2.80% | 0 | 0.00% |
| * Administration & Support, Waste Mgmt. and Remediation | | 1,195 | 5.40% | 1,109 | 5.30% |
| * Educational Services | | 53 | 0.20% | 93 | 0.40% |
| * Health Care and Social Assistance | | 7,242 | 32.90% | 6,929 | 32.80% |
| * Arts, Entertainment, and Recreation | | 261 | 1.20% | 253 | 1.20% |
| * Accommodation and Food Services | | 2,711 | 12.30% | 2,797 | 13.20% |
| * Other Services (excluding Public Administration) | | 634 | 2.90% | 572 | 2.70% |
| * Public Administration | | 0 | 0.00% | 0 | 0.00% |

Data Source: Department of Economic Development and US
Census Bureau

The table is the latest data that could be obtained at the city level and indicates that approximately 1/3 of the employment in Cape Girardeau is in healthcare. The next largest employment sectors in the city are retail and accommodation and food services.

Table 28----Area Employment by Category

| Average Annual Earnings By Industry - Cape Girardeau County | | | | | |
|---|--|---------------|--------|--------|--------|
| NAICS | Industry Jobs | Earnings (\$) | | | |
| | | 2001 | 2002 | 2003 | 2004 |
| 11 | Agriculture, Forestry, Fishing and Hunting | 17,091 | 18,882 | 18,783 | 20,376 |
| 21 | Mining | 30,207 | 28,548 | 31,170 | 32,073 |
| 22 | Utilities | 38,247 | 42,669 | 37,455 | 39,018 |
| 23 | Construction | 32,382 | 34,539 | 34,188 | 33,828 |
| 31-33 | Manufacturing | 28,212 | 29,970 | 31,980 | 32,619 |
| 42 | Wholesale Trade | 35,757 | 36,030 | 35,631 | 37,494 |
| 44-45 | Retail Trade | 20,544 | 20,943 | 21,357 | 22,152 |
| 48-49 | Transportation and Warehousing | 33,231 | 35,253 | 35,661 | 37,071 |
| 51 | Information | 32,949 | 34,917 | 35,967 | 41,445 |
| 52 | Finance and Insurance | 35,343 | 39,036 | 39,252 | 42,540 |
| 53 | Real Estate and Rental and Leasing | 19,407 | 23,292 | 24,267 | 25,833 |
| 54 | Professional, Scientific, and Technical Services | 40,671 | 45,486 | 44,316 | 32,814 |
| 55 | Management of Companies and Enterprises | - | 15,387 | 29,022 | 30,765 |
| 56 | Admin. & Support, Waste Mgmt. and Remediation | 17,892 | 16,845 | 19,704 | 20,718 |
| 61 | Educational Services | 26,829 | 27,882 | 28,488 | 29,166 |
| 62 | Health Care and Social Assistance | 31,980 | 34,077 | 35,547 | 37,068 |
| 71 | Arts, Entertainment, and Recreation | 16,749 | 15,885 | 17,166 | 20,169 |
| 72 | Accommodation and Food Services | 14,097 | 14,256 | 13,113 | 13,497 |
| 81 | Other Services (excluding Public Administration) | 19,878 | 19,836 | 20,361 | 21,198 |
| 92 | Public Administration | 26,130 | 26,427 | 26,928 | 27,462 |

Source: Missouri Department of Economic Development

The table indicates that the average annual earnings for the job sectors that comprise the largest share of the economy of Cape Girardeau (healthcare, retail, accommodation and food services) were within a range from approximately \$13,500 to \$37,000 in 2004. Employees in the healthcare industry were the highest paid of the three dominant industries.

SECTION V

REVIEW OF PREVIOUS HOUSING MARKET STUDIES

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

Old Town Cape Downtown Framework

Prepared by: Hoisington Kogler Group Inc.

June 2001

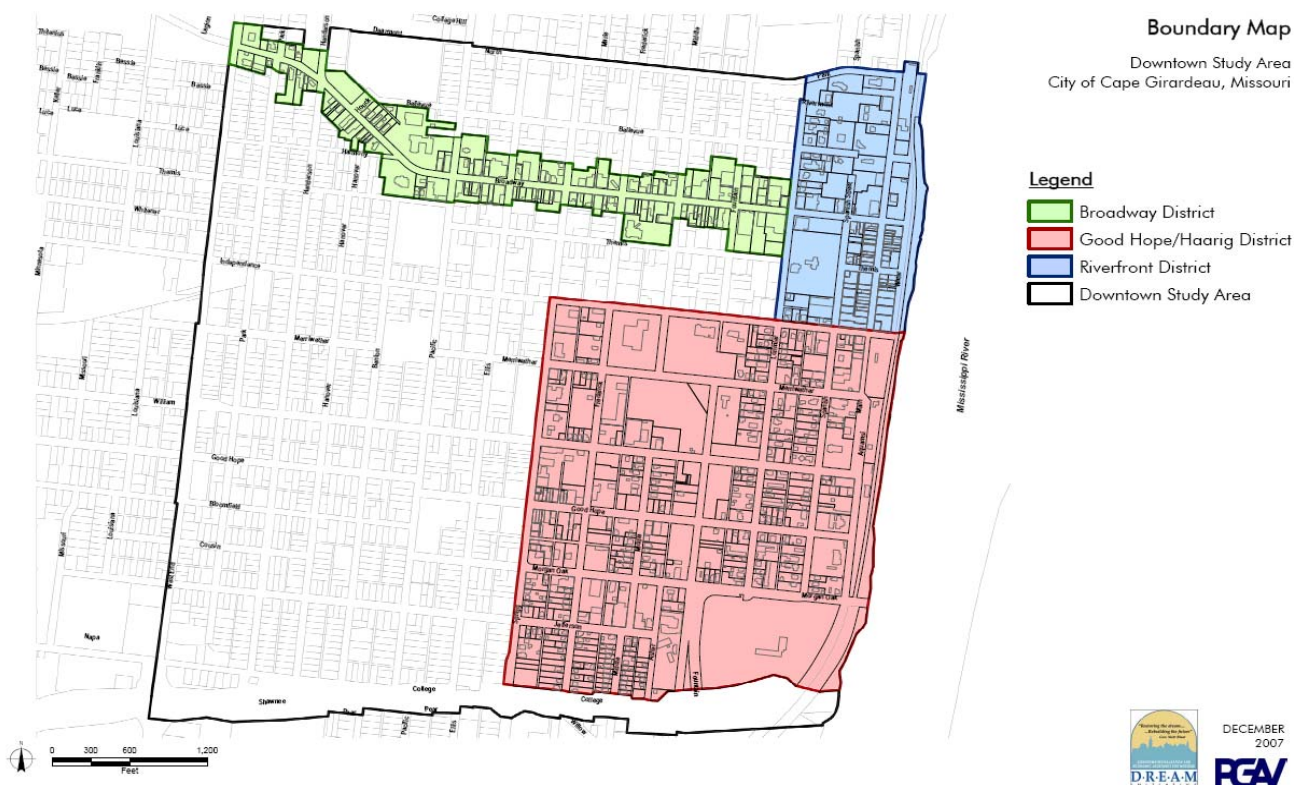
- Report indicates that there is a resurgence of interest in downtown living – in upper story apartments and unique renovations of commercial structures
- The arts focus of the River Campus could drive revitalization of downtown where the older stock of buildings might offer interesting space for artists lofts.
- At the north end of the Main Street district, in an area that is currently vacant, the elevation allows for dramatic views of the river.
- Goals and strategies provide a wide variety of housing options in downtown, and increase the desirability of downtown as a place to live by developing or enhancing amenities that attract people to live in downtown.
- One of the primary land uses in the Main Street and Haarig districts should be upper level office and residential.
- A variety of residential uses is envisioned along the “Greensward”, a corridor through downtown.
- The health of the neighborhoods surrounding downtown is important to the health of the commercial portions of downtown.
- There is no single market for downtown residents – people of all ages, incomes, and interests might find it desirable to live in downtown.
- The “Greensward” is an effort at creating a viable and attractive environment for living near downtown. A parkway is proposed at the centerpiece of a new housing initiative beginning at Highway 74 and moving north along the Fountain Street right-of-way to Happy Hollow.
- Along Good Hope in the Haarig district artist lofts, live/work housing and rowhouses are envisioned.

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SECTION VI

IDENTIFICATION OF DOWNTOWN, CITY, AND PRIMARY MARKET AREAS

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

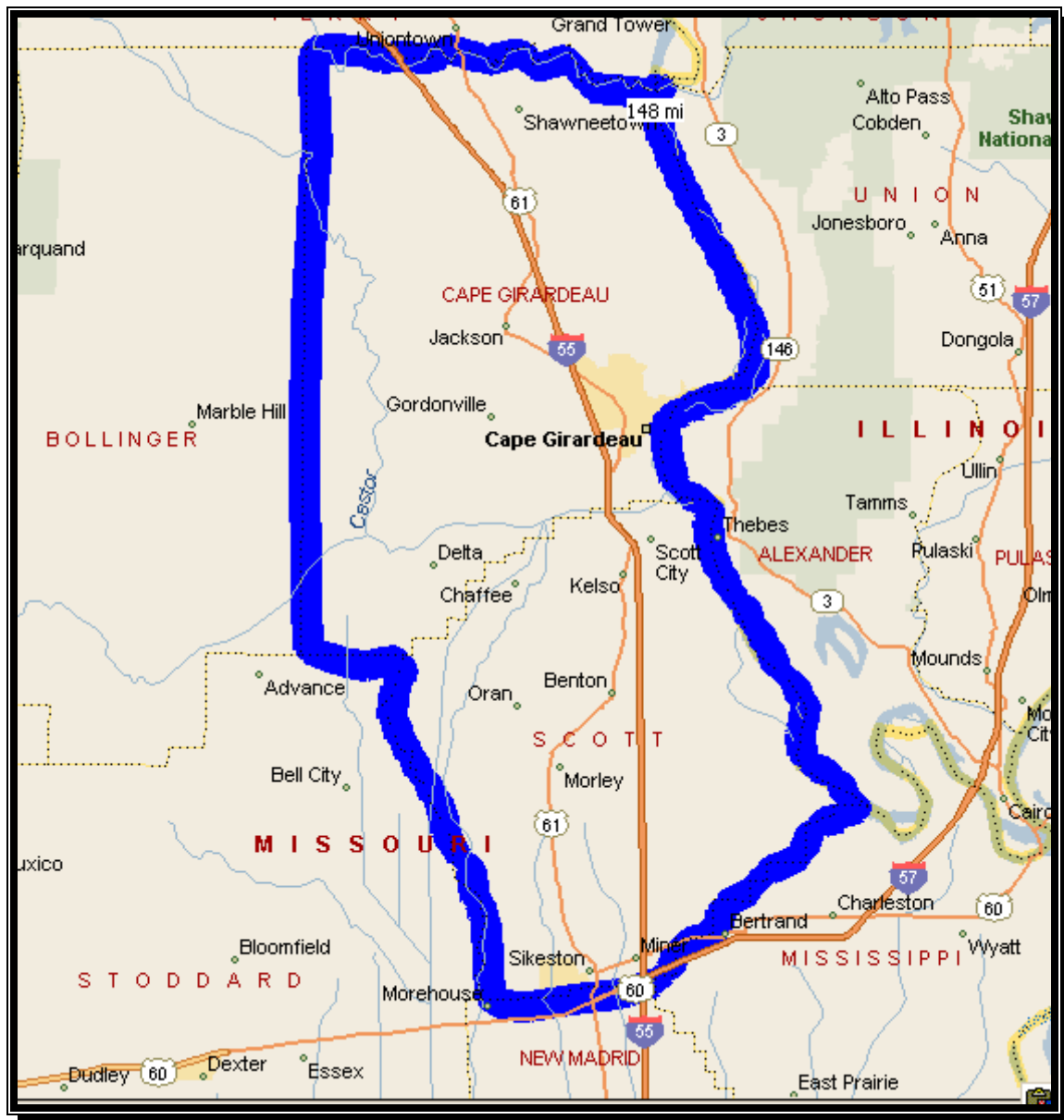


This area is bounded on the north by North Street, on the south by Shawnee Parkway (Missouri Highway 74), on the east by the Mississippi River, and on the west by West End Boulevard.

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



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



After inspecting the market, reviewing migration patterns, and taking into consideration the opinions of the market's real estate participants, it is the opinion of the analyst that the PMA for residential demand is generally all of Cape Girardeau and Scott Counties in Missouri. Many of the households from the smaller communities within this area could be drawn to housing options in Cape Girardeau 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 Cape Girardeau County, and the net migration totals for Cape Girardeau 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 Cape Girardeau County shows that the strongest demand from households moving into the county from another area are from nearby Scott County. Up to 85% of the in-migration for Cape Girardeau County comes from all parts of the state and nation, but a significant 15% of the in-migration consistently comes from Scott County, to the south of Cape Girardeau.

Table 29----Cape Girardeau County In-Migration

| Gross Annual Household In-Migration | | | | | | | | |
|-------------------------------------|--------|---------|--------|---------|--------|---------|--------|---------|
| Cape Girardeau County, Missouri | | | | | | | | |
| County of Origin | 2002 | | 2003 | | 2004 | | 2005 | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Total In-Migration | 1,699 | 100% | 1,754 | 100% | 1,848 | 100% | 1,997 | 100% |
| Total In-Migration Same State | 989 | 58% | 1,012 | 58% | 1,113 | 60% | 1,022 | 51% |
| Total In-Migration Out of State | 710 | 42% | 742 | 42% | 735 | 40% | 975 | 49% |
| Scott County, Mo | 277 | 16% | 270 | 15% | 303 | 16% | 269 | 13% |
| St. Louis County, Mo | 92 | 5% | 104 | 6% | 104 | 6% | 101 | 5% |
| Bollinger County, Mo | 84 | 5% | 80 | 5% | 101 | 5% | 83 | 4% |
| Perry County, Mo | 66 | 4% | 58 | 3% | 74 | 4% | 62 | 3% |
| Stoddard County, Mo | 50 | 3% | 63 | 4% | 67 | 4% | 71 | 4% |
| Alexander County, Ill | 47 | 3% | 56 | 3% | 54 | 3% | 58 | 3% |
| Jefferson County, Mo | 37 | 2% | 31 | 2% | 42 | 2% | 44 | 2% |
| New Madrid County, Mo | 35 | 2% | 44 | 3% | 30 | 2% | 31 | 2% |
| Butler County, Mo | 34 | 2% | 44 | 3% | 40 | 2% | 34 | 2% |
| All Other Counties | 977 | 49% | 1,004 | 57% | 1,033 | 52% | 1,244 | 62% |

Source: Internal Revenue Service

Table 30----Cape Girardeau County Out-Migration

| Gross Annual Household Out-Migration | | | | | | | | |
|--------------------------------------|--------|---------|--------|---------|--------|---------|--------|---------|
| Cape Girardeau County, Missouri | | | | | | | | |
| Destination County | 2002 | | 2003 | | 2004 | | 2005 | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Total Out-Migration | 1,768 | 100% | 1,718 | 100% | 1,639 | 100% | 1,700 | 100% |
| Total Out-Migration | | | | | | | | |
| Same State | 972 | 55% | 967 | 56% | 939 | 57% | 946 | 56% |
| Total Out-Migration | | | | | | | | |
| Out of State | 796 | 45% | 751 | 44% | 700 | 43% | 754 | 44% |
| Scott County, Mo | 219 | 12% | 240 | 14% | 224 | 14% | 218 | 13% |
| St. Louis County, Mo | 148 | 8% | 155 | 9% | 132 | 8% | 149 | 9% |
| Bollinger County, Mo | 90 | 5% | 68 | 4% | 71 | 4% | 86 | 5% |
| Perry County, Mo | 52 | 3% | 44 | 3% | 48 | 3% | 45 | 3% |
| Stoddard County, Mo | 46 | 3% | 43 | 3% | 42 | 3% | 43 | 3% |
| Alexander County, Ill | 30 | 2% | 34 | 2% | 31 | 2% | 33 | 2% |
| Jefferson County, Mo | 27 | 2% | 26 | 2% | 44 | 3% | 39 | 2% |
| New Madrid County, Mo | 16 | 1% | 18 | 1% | 17 | 1% | 13 | 1% |
| Butler County, Mo | 33 | 2% | 18 | 1% | 18 | 1% | 31 | 2% |
| All Other Counties | 1,107 | 63% | 1,072 | 62% | 1,012 | 62% | 1,043 | 61% |

Source: Internal Revenue Service

Table 31----Cape Girardeau County Net-Migration

| Net Annual Household Migration | | | | |
|---------------------------------|--------|--------|--------|--------|
| Cape Girardeau County, Missouri | | | | |
| | 2002 | 2003 | 2004 | 2005 |
| County | Number | Number | Number | Number |
| Scott County, Mo | 58 | 30 | 79 | 51 |
| St. Louis County, Mo | -56 | -51 | -28 | -48 |
| Bollinger County, Mo | -6 | 12 | 30 | -3 |
| Perry County, Mo | 14 | 14 | 26 | 17 |
| Stoddard County, Mo | 4 | 20 | 25 | 28 |
| Alexander County, Ill | 17 | 22 | 23 | 25 |
| Jefferson County, Mo | 10 | 5 | -2 | 5 |
| New Madrid County, Mo | 19 | 26 | 13 | 18 |
| Butler County, Mo | 1 | 26 | 22 | 3 |
| All Other Counties | -130 | -68 | 21 | 201 |

Source: Internal Revenue Service

SECTION VII

DOWNTOWN CAPE GIRARDEAU CURRENT RESIDENTIAL USES

In many parts of the country and in some areas of Missouri, most notably in Kansas City and St. Louis, housing has been very important to downtown revitalization efforts by increasing the number of residents in the area, which helps to support existing and new businesses. While there are clearly benefits to the downtown area, there are also benefits to the community in terms of enhanced community pride, increased economic activities, which means more jobs, increased tax revenues and increased land and home values.

A survey of the residential land uses in the target revitalization area of downtown Cape Girardeau was made. The boundaries of the target revitalization area, which is known as Old Cape Town is North Street on the north, West End Boulevard to the west, Shawnee Parkway (Missouri Highway 74) to the south and the Mississippi River on the east side.

The downtown revitalization area is made up of three distinct commercial districts.

The Riverfront/Main street area is the area farther east, next to the river. This is the original downtown area where the majority of commerce took place in years past. Most of the present land uses in this area are small retail shops, restaurants, bars, offices, a small number of single family homes, small rental developments, duplexes and loft style ownership and rental units on the upper floors of some commercial buildings. The primary attributes of this area are the proximity to the river, which allows some buildings to have spectacular river views, and its many small shopping, eating, and entertainment venues in older buildings that are architecturally and historically significant. This is the area that attracts most tourists to the city.

The Upper Broadway area is located towards the north side of the downtown revitalization area, primarily along the Broadway corridor. This area was the theater district of the city and had many theaters, hotels, and small commercial businesses. One of the most significant buildings in the district is the Marquette Hotel, which has recently been renovated into office space. Most of the present land uses in the area are small retail stores, eateries, offices and some bars along Broadway, and single family homes, single family homes converted to multi unit rentals, and small rental developments in the balance of the area. This area is located just south of the Southeast Missouri State University campus and most of the businesses in this area appear to get customer support from the campus.

The Good Hope area is located on the south side of the downtown revitalization area and is centered on Good Hope Street. The land use predominate in the area was small commercial, but there appears to be very little commercial activity in the area presently. The area has many single family homes, small rental developments, and some mom and pop type small businesses. There are large vacant tracts of land where buildings have been demolished along both sides of Good Hope Street. The most significant land use in the area is the recently completed River Campus to Southeast Missouri State University, which is dedicated to the visual arts. For this reason, much of the area should have some appeal to students and artists. This area of the city also appears to have one of the higher concentrations of limited income households.

The west entrance onto the newly completed Bill E. Emerson Memorial Bridge over the Mississippi River is also located in this area.

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SECTION VIII

DOWNTOWN CAPE GIRARDEAU RESIDENTIAL POTENTIAL

In terms of market potential there appear to be some opportunities in the downtown area to serve some housing needs and to complement downtown revitalization efforts. Although it was not possible to survey all of the housing developments in the market a cursory sample seemed to indicate that rental units for market rate households, limited income households, and limited income senior households in all parts of the market presently have good occupancy and in some cases waiting lists. The need to serve these housing markets could pose opportunities for development in the downtown revitalization area.

Following is a list of some of the rental developments that were surveyed:

| Summary of Selected Apartments in the Cape Girardeau Market Area | | | | | | | | |
|--|----------------|----------------------------|-------|---------|--------------------------|--|-----------|---------------------------------|
| # | Apartments | Location | Units | Tenancy | Market/Limited Income | Avg. Rent | Occupancy | Contact |
| 1 | Napa Ridge | Jefferson and Louisiana | 38 | Family | Limited Income | 2 Br \$409 3 Br \$463 | Good | Bob Whalen 573-334-4138 |
| 2 | Sundance | 900 Hackberry | 48 | Family | Limited Income | 2 Br \$400 3 Br \$475 | Good | Vicotoria 573-332-1175 |
| 3 | Fort Hope | 801 Good Hope | 44 | Family | Limited Income | 1 Br \$240 2 Br \$325 3 Br \$355 | Good | Bob Whalen 573-334-4138 |
| 4 | Heritage Manor | 1224 Linden | 44 | Senior | Limited Income | 1 Br \$300 2 Br \$375 | Good | Carol Mauser 573-332-1085 |
| 5 | Park West | 2834 Independence | 22 | Family | Market Rate | 1 Br \$350 2 Br \$450 3 Br \$600 | Good | Jim McClanahan 573-339-4611 |
| 6 | Cape Gardens | 611 S. West End Blvd. | 60 | Senior | Limited Income | Sec. 8 | Good | Rhonda Compas 573-334-7682 |
| 7 | Lindenwood | 1201 Linden | 67 | Senior | Limited Income | Sec. 8 | Good | Rhonda Compas 573-334-7682 |
| 8 | Broadway | 1230 West Cape Rock | 81 | Family | Market Rate | 1 Br \$400 2 Br \$500 | Good | Windridge Prop. 573-651-3078 |
| 9 | Plaza | 100 Clark Rd. | 32 | Family | Market | 0 Br \$275 | Fair | Owner |

| | | | | | | | | |
|----|-----------------|----------------------|-----|--------|---------|------------|------|----------------|
| | | | | | Rate | 1 Br \$355 | | 573-382-5551 |
| | | | | | | 2 Br \$425 | | |
| 10 | Cape LaCroix | 430 S. Spring | 341 | Family | Limited | 1 Br \$530 | Good | Donna Williams |
| | | | | | Income | 2 Br \$620 | | 573-335-5535 |
| 11 | Boulevard | Independence and | 69 | Family | Market | 0 Br \$195 | Good | Becky Goehman |
| * | | S. West End Blvd. | | | Rate | 1 Br \$250 | | 573-651-0258 |
| 12 | Unnamed | 509-511 Bellevue | 12 | Family | Market | 1 Br \$475 | Good | James Harris |
| | | | | | Rate | | | 573-332-7840 |
| 13 | Unnamed | 234 N. Lorimier | 12 | Family | Market | 2 Br \$525 | Good | James Harris |
| | | | | | Rate | | | 573-332-7840 |
| 14 | Pear Tree Court | 2037 Pear Tree Court | 72 | Family | Market | 2 Br \$685 | Good | Alberta Gwin |
| | | | | | Rate | | | 573-335-2073 |

In addition to the renter households the downtown revitalization area could serve the needs of prospective homeowners. Cape Girardeau, like many markets around the state could be experiencing soft market conditions, but there does not appear to be a lot of quality home ownership opportunities in the downtown area. Local real estate professionals have indicated that there is interest, but very little quality product. Most new homes are being developed in subdivisions in the northern and southwest areas of the city. Most new homes are in the price of \$175,000 to \$300,000, but many are being built at upwards of \$500,000+ to serve the needs of upper income homebuyers in the market.

There is a trend toward loft/condo style living in urban areas that primarily is being driven by young professionals and empty nesters. There have been some efforts in the downtown area of Cape Girardeau to serve this market, but the efforts have been limited.

A few years ago an upscale condo development was built at the corner of Main and Good Hope (picture below) that has a spectacular view of the Mississippi River. The units have a gated entry to a courtyard and balconies on the east side of the building that allow spectacular views of the Mississippi River. The primary selling points appear to be the contemporary, upscale site and building design and the view of the river. Below is a photo of the condo development and its river view.



Another example of loft/condo style residences in the downtown area of Cape Girardeau are the units that recently sold on North Water Street (picture below). It was reported that these units were completely rehabbed and sold for approximately \$220,000. These units are located on the upper floors of a commercial building with frontage on Main Street. They also have a river view. Following is a picture of the condo looking from North Water Street.



There are currently eight other loft/condo units that are currently being marketed in the downtown area that the analyst is aware of (pictures below). These units are located at 20 N. Main Street and are being offered from \$156,000 to \$247,000, depending on the size of the unit and whether or not the unit has a river view. These units have been on the market for over 6 months. While there has been some interest, at the present time there are no buyers. The selling agent indicated that the soft interest could be due to the limited renovations to the units rather than a lack of interest in the location and style of the units.



A front and rear view of the condos currently for sale at 20 N. Main



Although any increase in occupancy in the Riverfront/Main Street district of the downtown revitalization area would be positive, it is the opinion of the analyst that the most benefit to downtown revitalization efforts would be to attract higher income residents. In order to change the perception of the downtown area the overall number and quality of residences and business establishments have to be increased. The area has a significant limited income and moderate income residential base, but is lacking in housing opportunities and businesses that would attract a higher income resident like young professionals or empty nesters.

Much of the space on the upper floors of the commercial buildings in the Riverfront/Main Street area (pictures below) appears to be vacant and could be improved for occupancy.



Typical building facades in downtown Cape Girardeau

Another possible option for residential development in the Riverfront/Main Street area is the land along Main Street, between Park and Mill Street. Much of this land is vacant and although some of it abuts the railroad track and the levee wall, it could still be marketable for upscale housing development if a multi story development could be built to offer river views.



Main Street between Park and Mill Street looking east towards the levee wall

Another housing opportunity appears to exist in the Good Hope Area of downtown along Good Hope Street near Middle Street. This area, which is one block from the newly constructed River Campus, has a lot of vacant land that could be developed into single family homes, townhouses, apartments, or work/live spaces that would appeal primarily to students and faculty of the River Campus for Visual and Performing Arts. Demand could also come from young professionals and other moderate income households.



Looking east along Good Hope



Looking west along Good Hope

In the Upper Broadway area of downtown, which is close to the Southeast Missouri State University campus there appears to be a lot of small rental developments that primarily serve the students of the university. A recent article also indicated that the University had plans to build more student housing, presumably in close proximity to the University. With that in mind it would seem to be of benefit to the downtown revitalization efforts to encourage any student housing plans that would increase the population in the area. An increase in student renters would help support both existing and new businesses in the Upper Broadway area.

In all other parts in and around the downtown revitalization area that are not located in the three previously mentioned districts all types of housing should be encouraged for all income levels. Any quality housing that is produced, whether for upper income, moderate income, limited income, renters, owners, families, or seniors, in the balance of the downtown revitalization area should positively impact the area by increasing the number of households that create the demand for housing and businesses in the area.

One example of a development opportunity that has been acted upon by the development community and which will certainly play a part in the revitalization of downtown is the Louis B. Schultz School located at 101 Pacific. This school was no longer operating to capacity for a variety of reasons and was suitable for redevelopment as senior rental housing. Recently, the Missouri Housing Development Commission funded redevelopment of the building as affordable housing for senior citizens.



Louis B. Schultz School

The steps that will be used to estimate the potential rental housing demand in the downtown market area (DMA) is to first estimate the potential rental demand from the primary market area (PMA) to the city market area (CMA). Once that determination is made then an estimate will be made of the number of households in the CMA that can reasonably be expected to be drawn or pulled into units in the DMA.

The steps are further detailed below

1. Estimate the target rent of the rental unit(s).
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 an estimate of the “minimum threshold of affordability”.
3. Estimate the current number of households that are qualified to rent 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 annual household growth in the PMA of qualified households.
6. Combine the current household demand and the annual 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. Apply an appropriate capture rate to the total household demand in the CMA to determine the estimated unit demand in the DMA.

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

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

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

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

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

Table 33----PMA Owner Households (Under Age 55 Years) - 2007 Estimates

| Owner Households Under Age 55 Years <i>Current Year Estimates - 2007</i> | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|---------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 113 | 25 | 45 | 3 | 20 | 206 |
| \$10,000-20,000 | 206 | 111 | 74 | 52 | 23 | 466 |
| \$20,000-30,000 | 310 | 175 | 204 | 101 | 50 | 840 |
| \$30,000-40,000 | 267 | 313 | 250 | 303 | 175 | 1,308 |
| \$40,000-50,000 | 183 | 328 | 377 | 355 | 144 | 1,387 |
| \$50,000-60,000 | 100 | 325 | 422 | 476 | 257 | 1,580 |
| \$60,000+ | 191 | 1,423 | 1,342 | 1,762 | 833 | 5,551 |
| | | | | | | |
| Total | 1,370 | 2,700 | 2,714 | 3,052 | 1,502 | 11,338 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 34----PMA Owner Households (Aged 55-61) - 2007 Estimates

| Owner Households Aged 55-61 Years <i>Current Year Estimates - 2007</i> | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 61 | 44 | 18 | 0 | 1 | 124 |
| \$10,000-20,000 | 105 | 40 | 15 | 2 | 2 | 164 |
| \$20,000-30,000 | 78 | 113 | 2 | 18 | 1 | 212 |
| \$30,000-40,000 | 97 | 194 | 48 | 12 | 0 | 351 |
| \$40,000-50,000 | 71 | 238 | 51 | 9 | 0 | 369 |
| \$50,000-60,000 | 41 | 182 | 42 | 30 | 2 | 297 |
| \$60,000+ | <u>36</u> | <u>704</u> | <u>216</u> | <u>96</u> | <u>69</u> | <u>1,121</u> |
| | | | | | | |
| Total | 489 | 1,515 | 392 | 167 | 75 | 2,638 |
| | | | | | | |

Source: Claritas, Ribbon Demographic

Table 35----PMA Owner Households (Aged 62+) - 2007 Estimates

| Owner Households Aged 62+ Years <i>Current Year Estimates - 2007</i> | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 417 | 77 | 0 | 0 | 0 | 494 |
| \$10,000-20,000 | 623 | 362 | 13 | 0 | 0 | 998 |
| \$20,000-30,000 | 412 | 468 | 41 | 0 | 0 | 921 |
| \$30,000-40,000 | 193 | 607 | 47 | 7 | 0 | 854 |
| \$40,000-50,000 | 127 | 451 | 59 | 18 | 26 | 681 |
| \$50,000-60,000 | 30 | 340 | 50 | 13 | 10 | 443 |
| \$60,000+ | <u>199</u> | <u>891</u> | <u>311</u> | <u>62</u> | <u>30</u> | <u>1,493</u> |
| | | | | | | |
| Total | 2,001 | 3,196 | 521 | 100 | 66 | 5,884 |
| | | | | | | |

Source: Claritas, Ribbon Demographic

Table 36----PMA Renter Households (Under Age 55 Years) - 2007 Estimates

| Renter Households Under Age 55 Years <i>Current Year Estimates - 2007</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 837 | 217 | 126 | 59 | 28 | 1,267 |
| \$10,000-20,000 | 656 | 401 | 229 | 68 | 42 | 1,396 |
| \$20,000-30,000 | 505 | 434 | 195 | 123 | 155 | 1,412 |
| \$30,000-40,000 | 357 | 322 | 204 | 110 | 46 | 1,039 |
| \$40,000-50,000 | 175 | 191 | 138 | 100 | 56 | 660 |
| \$50,000-60,000 | 88 | 101 | 108 | 66 | 50 | 413 |
| \$60,000+ | 170 | 294 | 134 | 99 | 58 | 755 |
| | | | | | | |
| Total | 2,788 | 1,960 | 1,134 | 625 | 435 | 6,942 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 37----PMA Renter Households (Aged 55-61) - 2007 Estimates

| Renter Households Aged 55-61 Years <i>Current Year Estimates - 2007</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 94 | 16 | 1 | 1 | 1 | 113 |
| \$10,000-20,000 | 83 | 23 | 2 | 6 | 15 | 129 |
| \$20,000-30,000 | 26 | 35 | 30 | 2 | 2 | 95 |
| \$30,000-40,000 | 9 | 26 | 13 | 0 | 0 | 48 |
| \$40,000-50,000 | 15 | 21 | 0 | 0 | 0 | 36 |
| \$50,000-60,000 | 9 | 3 | 21 | 4 | 3 | 40 |
| \$60,000+ | 36 | 62 | 0 | 6 | 0 | 104 |
| | | | | | | |
| Total | 272 | 186 | 67 | 19 | 21 | 565 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 38----PMA Renter Households (Aged 62+) - 2007 Estimates

| Renter Households Aged 62+ Years <i>Current Year Estimates - 2007</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 422 | 21 | 8 | 0 | 3 | 454 |
| \$10,000-20,000 | 301 | 76 | 0 | 0 | 7 | 384 |
| \$20,000-30,000 | 123 | 102 | 22 | 11 | 0 | 258 |
| \$30,000-40,000 | 44 | 52 | 13 | 0 | 0 | 109 |
| \$40,000-50,000 | 25 | 40 | 0 | 8 | 12 | 85 |
| \$50,000-60,000 | 29 | 32 | 0 | 2 | 0 | 63 |
| \$60,000+ | <u>75</u> | <u>42</u> | <u>0</u> | <u>14</u> | <u>0</u> | <u>131</u> |
| | | | | | | |
| Total | 1,019 | 365 | 43 | 35 | 22 | 1,484 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 39----PMA Owner Households (Under Age 55 Years) - 2012 Projections

| Owner Households Under Age 55 Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|---------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 100 | 18 | 38 | 3 | 17 | 176 |
| \$10,000-20,000 | 178 | 81 | 58 | 40 | 21 | 378 |
| \$20,000-30,000 | 280 | 138 | 167 | 84 | 40 | 709 |
| \$30,000-40,000 | 243 | 252 | 210 | 254 | 145 | 1,104 |
| \$40,000-50,000 | 184 | 285 | 344 | 324 | 130 | 1,267 |
| \$50,000-60,000 | 95 | 291 | 358 | 422 | 224 | 1,390 |
| \$60,000+ | <u>236</u> | <u>1,552</u> | <u>1,528</u> | <u>2,001</u> | <u>948</u> | <u>6,265</u> |
| | | | | | | |
| Total | 1,316 | 2,617 | 2,703 | 3,128 | 1,525 | 11,289 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 40----PMA Owner Households (Aged 55-61) - 2012 Projections

| Owner Households Aged 55-61 Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 62 | 46 | 19 | 0 | 1 | 128 |
| \$10,000-20,000 | 111 | 41 | 13 | 2 | 3 | 170 |
| \$20,000-30,000 | 92 | 121 | 3 | 19 | 3 | 238 |
| \$30,000-40,000 | 99 | 168 | 45 | 12 | 1 | 325 |
| \$40,000-50,000 | 83 | 242 | 54 | 12 | 0 | 391 |
| \$50,000-60,000 | 52 | 238 | 39 | 40 | 5 | 374 |
| \$60,000+ | <u>53</u> | <u>923</u> | <u>309</u> | <u>125</u> | <u>89</u> | <u>1,499</u> |
| | | | | | | |
| Total | 552 | 1,779 | 482 | 210 | 102 | 3,125 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 41----PMA Owner Households (Aged 62+) - 2012 Projections

| Owner Households Aged 62+ Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 400 | 67 | 0 | 0 | 0 | 467 |
| \$10,000-20,000 | 597 | 307 | 10 | 0 | 0 | 914 |
| \$20,000-30,000 | 429 | 454 | 43 | 0 | 0 | 926 |
| \$30,000-40,000 | 213 | 609 | 48 | 8 | 0 | 878 |
| \$40,000-50,000 | 153 | 492 | 83 | 20 | 21 | 769 |
| \$50,000-60,000 | 38 | 406 | 58 | 13 | 15 | 530 |
| \$60,000+ | <u>271</u> | <u>1,109</u> | <u>407</u> | <u>81</u> | <u>38</u> | <u>1,906</u> |
| | | | | | | |
| Total | 2,101 | 3,444 | 649 | 122 | 74 | 6,390 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 42----PMA Renter Households (Under Age 55 Years) – 2012 Projections

| Renter Households Under Age 55 Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 802 | 187 | 109 | 54 | 25 | 1,177 |
| \$10,000-20,000 | 626 | 342 | 198 | 62 | 38 | 1,266 |
| \$20,000-30,000 | 498 | 375 | 181 | 113 | 147 | 1,314 |
| \$30,000-40,000 | 398 | 301 | 194 | 105 | 45 | 1,043 |
| \$40,000-50,000 | 202 | 197 | 135 | 102 | 53 | 689 |
| \$50,000-60,000 | 109 | 103 | 103 | 66 | 53 | 434 |
| \$60,000+ | <u>244</u> | <u>367</u> | <u>172</u> | <u>134</u> | <u>74</u> | <u>991</u> |
| | | | | | | |
| Total | 2,879 | 1,872 | 1,092 | 636 | 435 | 6,914 |
| | | | | | | |

Source: Claritas, Ribbon Demographics

Table 43----PMA Renter Households (Aged 55-61) – 2012 Projections

| Renter Households Aged 55-61 Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 116 | 15 | 1 | 1 | 1 | 134 |
| \$10,000-20,000 | 96 | 27 | 2 | 6 | 14 | 145 |
| \$20,000-30,000 | 37 | 38 | 32 | 3 | 2 | 112 |
| \$30,000-40,000 | 13 | 31 | 13 | 0 | 1 | 58 |
| \$40,000-50,000 | 13 | 11 | 0 | 0 | 0 | 24 |
| \$50,000-60,000 | 13 | 4 | 26 | 7 | 4 | 54 |
| \$60,000+ | <u>60</u> | <u>85</u> | <u>0</u> | <u>11</u> | <u>0</u> | <u>156</u> |
| | | | | | | |
| Total | 348 | 211 | 74 | 28 | 22 | 683 |
| | | | | | | |

Source: Claritas, Ribbon Demographic

Table 44----PMA Renter Households (Aged 62+) – 2012 Projections

| Renter Households Aged 62+ Years <i>Five Year Projections - 2012</i> | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$0-10,000 | 430 | 20 | 8 | 0 | 2 | 460 |
| \$10,000-20,000 | 320 | 72 | 0 | 0 | 7 | 399 |
| \$20,000-30,000 | 137 | 106 | 26 | 10 | 0 | 279 |
| \$30,000-40,000 | 54 | 57 | 23 | 0 | 0 | 134 |
| \$40,000-50,000 | 37 | 54 | 0 | 9 | 7 | 107 |
| \$50,000-60,000 | 34 | 59 | 0 | 3 | 0 | 96 |
| \$60,000+ | 103 | 50 | 1 | 23 | 1 | 178 |
| | | | | | | |
| Total | 1,115 | 418 | 58 | 45 | 17 | 1,653 |
| | | | | | | |

Source: Claritas, Ribbon Demographics



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HISTA DATA

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SECTION IX

MARKET RATE FAMILY RENTAL HOUSING

Following is a quantitative analysis of the potential demand for market rate family rental units in the PMA, CMA, and DMA. 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 between 2007 and 2012. The quantitative analysis is as follows:

| Market Rate Family Rental Potential Demand | | | | |
|---|---|----------|----------|----------|
| PMA Existing Qualified Households 2007 | | 1BR | 2BR | 3BR |
| 1 | Gross Rent (includes utility costs paid by tenants) | \$450 | \$550 | \$800 |
| 2 | Percentage of Income to Housing | 25% | 25% | 25% |
| 3 | Minimum Income (Affordability) | \$21,600 | \$26,400 | \$38,400 |
| 4 | Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 | 2,014 | 1,295 | 467 |
| 5 | Estimated Annual Turnover of Existing HH | 25% | 25% | 25% |
| 6 | PMA Existing Qualified Households 2007 | 504 | 324 | 117 |
| PMA Projected Qualified Households 2012 | | 1BR | 2BR | 3BR |
| 7 | Gross Rent (includes utility costs paid by tenants) | \$500 | \$610 | \$885 |
| 8 | Percentage of Income to Housing | 25% | 25% | 25% |
| 9 | Minimum Income (Affordability) | \$24,000 | \$29,280 | \$42,480 |
| 10 | Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 | 2,050 | 1,225 | 437 |
| 11 | Estimated Annual Turnover of Existing HH | 25% | 25% | 25% |
| 12 | PMA Projected Qualified Households 2012 | 513 | 306 | 109 |
| 13 | PMA Qualified Household Growth/Decline (2007-2012) | 9 | -18 | -8 |
| 14 | PMA Annual/Projected Household Growth/Decline (2007-2012) | 2 | -4 | -2 |
| 15 | PMA Annual/Market Rate Family Rental Potential Demand (2007-2012) | 505 | 320 | 115 |
| 16 | CMA Capture Rate = 70% | | | |
| CMA Annual/Market Rate Family Rental Potential Demand (2007-2012) | | 1BR | 2BR | 3BR |
| 18 | DMA Capture Rates | 354 | 224 | 81 |
| | | 3% | 3% | 3% |
| DMA Annual/Market Rate Family Rental Potential Demand (2007-2012) | | 1BR | 2BR | 3BR |
| 20 | Recommended Number of New Market Rate Rental Units to be Produced in or around the Downtown Market Area (2007-2012) | 11 | 7 | 2 |
| | | 55 | 35 | 10 |

Quantitative Analysis Notes:

1. **Gross Rent** estimates are typical rents (including utility costs paid by tenants) in the market for units considered to be in good condition, with average appeal and marketability.
2. **Percentage of Income to Housing** is the estimated percentage of gross income households spend for housing costs (gross rent). The estimate was based on U.S. Census statistics.
3. **Minimum Income** is the minimum amount of income a household would need to make in order to afford the gross rent.
4. **Appropriate Sized Income Qualified Renter HH, Age 18-61** was calculated for the entire PMA.
5. **The Estimated Annual Turnover of Existing HH** is estimated percentage of existing households in the PMA that move within the PMA. It is the estimate of mobility that was derived from census data and adjusted upwards to reflect the more transient renter households.
6. **PMA Existing Qualified Households 2007** is an estimate of the number of renter households broken down by unit size that is expected to make up part of the demand for rental housing in the PMA in 2007.
7. through 12 is the same as 1 through 6 above with rents and incomes trended upwards for time and is a determination of the number of renter households broken down by unit size that is expected to make up part of the demand for market rate rental housing in the PMA in 2007.
13. **PMA Qualified Household Growth/Decline (2007-2012)** is the difference between the number of qualified renter households in 2007 and 2012 and represents the growth or decline of qualified households.
14. **PMA Annual/Projected Household Growth/Decline (2007-2012)** is the annualized difference in the number of qualified households between 2007 and 2012 and represents an annual estimate of the growth of renter households broken down by unit size that is expected to make up part of the demand for market rate rental housing in the PMA between 2007 and 2012.
15. **PMA Annual/Market Rate Family Rental Potential Demand (2007-2012)** is the annual estimate of renter households broken down by unit size that is expected to make up the demand for market rate rental housing in the PMA between 2007 and 2012.
16. **CMA Capture Rate** is the percentage of renter household demand from the larger PMA that is expected to be captured or attracted to market rate rental housing in the CMA. The rate considers the size of the PMA and the size of the market rate rental housing inventory throughout the PMA. HISTA and other demographic data indicate that the Cape Girardeau CMA contains 70% of the renter households in the CMA, so the capture rate is a reflection of that market share.

17. **CMA Annual Market Rate Family Rental Potential Demand (2007-2012)** is the annual estimate of the number of renter households broken down by unit size that is expected to make up the demand for rental housing in the CMA between 2007 and 2012.
18. **DMA Capture Rates** are the percentages of renter households that can be captured from the larger CMA to newly produced market rate rental housing in the DMA, without adversely affecting the existing rental developments in the CMA. The rate considers the size of the CMA and the size and condition of the existing market rate rental housing inventory throughout the CMA.
19. **DMA Annual Market Rate Family Rental Potential Demand (2007-2012)** is the estimate of the annual number of renter households broken down by unit size that is expected to make up the demand for market rate rental housing in the DMA between 2007 and 2012.
20. **Recommended Number of New Market Rate Rental Units to be produced in the Downtown Market Area (2007-2012)** is an estimate of the number of new market rate family units that can be produced in or around the downtown area of Cape Girardeau between 2007 and 2012 that will serve the needs moderate and upper income renter households and complement downtown revitalization efforts.

Currently there is a significant amount of market rate rental housing in and around the downtown market area, with a significant portion of it occupied by students of Southeast Missouri State University. There is an ebb and flow to the market brought about by the transient nature of the student tenant households. Because of the fluctuations some landlords limit their units to non-student households.

Although there are various forms of market rate rental units (apartments, duplexes, single family homes, converted single family homes) there appears to be a limited amount of high quality market rate rental housing in the downtown market area that would be attractive to higher income renter households. High quality is considered to be architecturally appealing, in good condition, in a prime location (river view), with the latest amenities and equipment. It would be the type of unit that would appeal to higher income renter households that would be attracted to the active downtown environment of restaurants, entertainment venues, shops, and the panoramic views of the river.

The preceding demand analysis concludes that in the CMA of Cape Girardeau there is an annual demand for market rate rental units of approximately 660 units. This does not mean there is a need annually for 660 new units; it means that annually there are approximately 660 households leasing market rate family rental units, or said another way the pool of target households is approximately 660 households.

A survey of the market supports the conclusion that market rate family rental occupancy rates are high and that new units should be introduced into the market to fill the need for units lost to the market due to demolition, poor physical condition, conversion to ownership, lack of affordability, or other reasons. Also, although the population of Cape Girardeau is stable the number of households is increasing as households become smaller.

If new market rate family rental units will be introduced into the city market it would be a benefit to the city if some were produced in the downtown market area. The analysis assumes that a very small percentage of the demand could be captured by new units in the DMA, and that the addition of those units should not adversely affect the existing rental market.

The market rate rental units can make a positive impact to the downtown revitalization efforts by adding to the resident base which will support existing and new businesses. Also, the success of incorporating good quality market rate rental housing into the downtown area will help to jumpstart the ownership market in the downtown area by helping to frame the downtown area as a great place to live.

The analysis concludes that between the present and 2012 approximately 100 new market rate family rental units should be produced in or around the downtown market area of Cape Girardeau. The units should be considered in the Riverfront/Main street area and the Good Hope area of the DMA, on the upper floors of the commercial buildings along Main, Spanish, and Water Streets, on vacant tracts of land north of Broadway on Main Street, on the vacant tracts along Good Hope Street, and on scattered in-fill lots throughout the area.

SECTION X

AFFORDABLE FAMILY RENTAL HOUSING

Following is a quantitative analysis of the potential demand for Affordable family rental units in the PMA, CMA, and DMA. 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 between 2007 and 2012. The quantitative analysis is as follows:

| Affordable Family Rental Potential Demand Analysis | | | |
|--|----------|----------|----------|
| PMA Existing Qualified Households 2007 | 1 BR | 2 BR | 3 BR |
| Gross Rent (includes utility costs paid by tenants) | \$ 400 | \$ 485 | \$ 720 |
| Percentage of Income to Housing | 35% | 35% | 35% |
| Minimum Income (Affordability) | \$13,714 | \$16,629 | \$24,686 |
| Maximum Income (Tax Credit Limits) | \$25,380 | \$28,770 | \$35,190 |
| Appropriate Sized (1-5 Person HH), Income Qualified, Renter HH, Age 18-61 | 1011 | 555 | 230 |
| Estimated Annual Turnover of Existing HH | 25% | 25% | 25% |
| PMA Existing Qualified Households 2007 | 253 | 139 | 58 |
| PMA Projected Qualified Households 2012 | 1 BR | 2 BR | 3 BR |
| Gross Rent (includes utility costs paid by tenants) | \$ 440 | \$ 535 | \$ 800 |
| Percentage of Income to Housing | 35% | 35% | 35% |
| Minimum Income (Affordability) | \$15,086 | \$18,343 | \$27,429 |
| Maximum Income (Tax Credit Limits) | \$28,020 | \$31,762 | \$38,850 |
| Appropriate Sized (1-5 Person HH), Income Qualified, Renter HH, Age 18-61 | 1038 | 545 | 202 |
| Estimated Annual Turnover of Existing HH | 25% | 25% | 25% |
| PMA Projected Qualified Households 2012 | 260 | 136 | 51 |
| PMA Qualified Household Growth/Dedine (2007-2012) | 7 | -3 | -7 |
| PMA Annual/Qualified Household Growth/Dedine (2007-2012) | 1 | -1 | -1 |
| PMA Annual Affordable Family Rental Potential Demand (2007-2012) | 254 | 138 | 56 |
| CMA Capture Rate = 70% | | | |
| | 1 BR | 2 BR | 3 BR |
| CMA Annual Affordable Family Rental Potential Demand (2007-2012) | 178 | 97 | 39 |
| DMA Capture Rates | 0.5% | 5% | 5% |
| | 1 BR | 2 BR | 3 BR |
| DMA Annual Affordable Family Rental Potential Demand (2007-2012) | 1 | 5 | 2 |
| Recommended Number of New Affordable Family Rental Units to be Produced in or around the Downtown Market Area (2007-2012) | 5 | 25 | 10 |

Quantitative Analysis Notes:

1. **Gross Rent** estimates are typical rents in the market (including utility costs paid by tenants) for units considered to be in good condition, with average appeal and marketability.
2. **Percentage of Income to Housing** is the estimated percentage of gross income households spend for housing costs (gross rent). The estimate used is based on affordable housing industry standards. For years the industry considered the affordability standard to be 30% of income for housing, but that has increased over the past few years.
3. **Minimum Income** is the minimum amount of income a household would need to make in order to afford the gross rent.
4. **Maximum Income** is the Affordable Housing Tax Credit maximum income which has been estimated based on the typical occupancy of the units. The typical occupancy of a one-bedroom unit is considered to be one or two persons; the typical occupancy of a two-bedroom unit is considered to be two or three persons; and the typical occupancy of a three-bedroom unit is considered to be four or five persons.
5. **Appropriate Sized Income Qualified Renter HH, Age 18-61** was determined for the entire PMA.
6. **The Estimated Annual Turnover of Existing HH** is estimated percentage of existing households in the PMA that move within the PMA. It is the estimate of mobility that was derived from census data and adjusted upwards to reflect the more transient limited income renter households.
7. **PMA Existing Qualified Households 2007** is an estimate of the number of renter households broken down by unit size that is expected to make up part of the demand for affordable family rental housing in the PMA in 2007.
8. through 14 is the same as 1 through 7 above with rents and incomes trended upwards for time and is a determination of the number of renter households broken down by unit size that is expected to make up the demand for affordable family rental housing in the PMA in 2012.
15. **PMA Qualified Household Growth/Decline (2007-2012)** is the difference between the number of affordable family renter households in 2007 and 2012 and represents the growth or decline of qualified households.
16. **PMA Annual/Projected Household Growth/Decline (2007-2012)** is the annualized difference in the number of qualified households between 2007 and 2012 and represents an annual estimate of the growth of renter households broken down by unit size that is expected to make up part of the demand for affordable family rental housing in the PMA between 2007 and 2012.
17. **PMA Annual/Affordable Family Rental Potential Demand (2007-2012)** is the annual estimate of the number of renter households broken down by unit size that is expected to make up the demand for affordable family rental housing in the PMA between 2007 and 2012.

18. **CMA Capture Rate** is the percentage of renter household demand from the larger PMA that is expected to be captured or attracted to affordable family rental housing in the CMA. The rate considers the size of the PMA and the size of the affordable family rental housing inventory throughout the PMA. HISTA and other demographic data indicate that the Cape Girardeau CMA contains 70% of the renter households in the CMA, so the capture rate is a reflection of that market share.
19. **CMA Annual/Affordable Family Rental Potential Demand (2007-2012)** is the annual estimate of the number of renter households broken down by unit size that is expected to make up the demand for affordable family rental housing in the CMA between 2007 and 2012.
20. **DMA Capture Rates** are the percentages of renter households that can be captured from the larger CMA to newly produced affordable family rental housing in the DMA, without adversely affecting the existing affordable housing inventory in the CMA.
21. **DMA Annual/Affordable Family Rental Potential Demand (2007-2012)** is the estimate of the annual number of renter households broken down by unit size that is expected to make up the demand for affordable family rental housing in the DMA between 2007 and 2012.
22. **Recommended Number of New Affordable Family Rental Units to be produced in the Downtown Market Area (2007-2012)** is an estimate of the number of new affordable family units that can be produced in or around the downtown area of Cape Girardeau between 2007 and 2012 that will serve the needs of limited income households and complement downtown revitalization efforts.

Several affordable housing developments have been produced in the area just south and southwest of the downtown market area over the past 10 years. All have leased quickly and generally have had good demand. One of the developments has had some management issues, which may have affected its occupancy, but currently it is improving. Management of the majority of the developments has been good and generally they have been a positive influence in the communities. The area does not seem to have reached a saturation point and the analyst is of the opinion that another well constructed, well managed development of good design will make a positive impact.

The demand analysis concludes that in the CMA of Cape Girardeau there is an annual demand for affordable rental units of approximately 300 units. This does not mean there is a need annually for 300 new units; it means that annually there are approximately 300 households leasing affordable family rental units, or said another way the pool of target households is approximately 300 households.

A survey of the market supports the conclusion that affordable family rental occupancy rates are high and that new units should be introduced into the market to fill the need for units lost to the market due to demolition, poor physical condition, conversion to ownership, lack of affordability, or other reasons. Also, although the population of Cape Girardeau is stable the number of households is increasing as households become smaller.

If new affordable family rental units will be introduced into the city market it would be a benefit to the city if some were produced in or near the downtown market area. The analysis assumes that

a very small percentage of the demand could be captured by new units in the DMA, and that the addition of those units should not adversely affect the existing rental market.

The affordable family rental units can make a positive impact to the downtown revitalization efforts by adding to the resident base which will support existing and new businesses.

The analysis concludes that between the present and 2012 approximately 40 new affordable family rental units should be produced in or around the downtown market area of Cape Girardeau.

SECTION XI

AFFORDABLE SENIOR RENTAL HOUSING

Following is a quantitative analysis of the potential demand for Affordable senior rental units in the PMA, CMA, and DMA. 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 between 2007 and 2012. The quantitative analysis is as follows:

| Affordable Senior Rental Potential Demand | | |
|---|--|-----------|
| | | |
| | PMA Existing Qualified Households 2007 | 1BR/2BR |
| | | |
| 1 | Gross Rent (includes utility costs paid by tenants) | \$ 500 |
| 2 | Percentage of Income to Housing | 50% |
| 3 | Minimum Income (Affordability) | \$ 12,000 |
| 4 | Maximum Income (Tax Credit Limit) | \$ 25,380 |
| | | |
| | (A) Appropriate Sized, Income Qualified, | |
| 5 | Renter HH, Age 62+ | 423 |
| | | |
| | (B) Percentage of Existing Senior Renter Households Likely to Move if | |
| 6 | New Affordable Housing Were Available | 15% |
| | | |
| | Number of Existing Senior Renter Households Likely to Move if | |
| 7 | New Affordable Housing Were Available (A X B) | 63 |
| | | |
| | (C) Appropriate Sized, Income Qualified, | |
| 8 | <u>Owner</u> HH, Age 62+ | 1,263 |
| | | |
| | (D) Percentage of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental | |
| 9 | if New Affordable Housing Were Available | 5% |
| | | |
| | Number of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New | |
| 10 | Affordable Housing Were Available (C X D) | 63 |

| | | |
|----|--|-----------|
| 11 | PMA Existing Qualified Households 2007 | 127 |
| | | |
| | PMA Projected Qualified Households 2012 | 1BR/2BR |
| | | |
| 12 | Gross Rent (includes utility costs paid by tenants) | \$ 552 |
| 13 | Percentage of Income to Housing | 50% |
| 14 | Minimum Income (Affordability) | \$ 13,248 |
| 15 | Maximum Income (Tax Credit Limit) | \$ 28,020 |
| | | |
| | (A) Appropriate Sized, Income Qualified, | |
| 16 | Renter HH, Age 62+ | 462 |
| | | |
| | (B) Percentage of Existing Senior Renter Households Likely to Move if | |
| 17 | New Affordable Housing Were Available | 15% |
| | | |
| | Number of Existing Senior Renter Households Likely to Move if | |
| 18 | New Affordable Housing Were Available (A X B) | 69 |
| | | |
| | (C) Appropriate Sized, Income Qualified, | |
| 19 | <u>Owner</u> HH, Age 62+ | 1,321 |
| | | |
| | (D) Percentage of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental | |
| 20 | if New Affordable Housing Were Available | 5% |
| | | |
| | Number of Qualified <u>Owner</u> HH, 62+, Likely to Move to Rental if New | |
| 21 | Affordable Housing Were Available (C X D) | 66 |
| | | |
| 22 | PMA Projected Qualified Households 2012 | 135 |
| | | |
| 23 | PMA Qualified Household Growth/Decline (2007-2012) | 9 |
| | | |
| 24 | PMA Annual/Qualified Household Growth/Decline (2007-2012) | 2 |
| | | |
| 25 | PMA Annual/Senior Affordable Rental Potential Demand (2007-2012) | 128 |

| | | |
|----|--|----------|
| | | |
| | CMA Capture Rate | |
| 26 | 70% | |
| | | 1 BR/2BR |
| 27 | CMA Annual Estimated Affordable Senior Rental Potential Demand (2007-2012) | 90 |
| | | |
| 28 | DMA Capture Rate | 20% |
| | | |
| | | 1 BR/2BR |
| 29 | DMA Annual Affordable Senior Rental Potential Demand (2007-2012) | 18 |
| | | |
| | Recommended Number of New Affordable Senior Rental Units | |
| 30 | to be produced in or around the Downtown Market Area (2007-2012) | 90 |

Quantitative Analysis Notes:

1. **Gross Rent** estimates are typical rents in the market (including utility costs paid by tenants) for units considered to be in good condition, with average appeal and marketability.
2. **Percentage of Income to Housing** is the estimated percentage of gross income households spend for housing costs (gross rent). The estimate used is based on affordable housing industry standards.
3. **Minimum Income** is the minimum amount of income a household would need to make in order to afford the gross rent.
4. **Maximum Income** is the Affordable Housing Tax Credit maximum income which has been estimated based on the typical occupancy of the units. The typical occupancy of a one or two bedroom senior unit is one or two persons.
5. **Appropriate Sized Income Qualified Renter HH, Age 62+** was derived from HISTA data and MHDC income limits.
6. **Percentage of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available** is an estimate based on surveys over time of affordable senior development site managers. They indicate that new affordable senior developments that may have market advantages in terms of rents, condition, amenities, design; location, etc. could attract a significant portion of their existing tenants.
7. **Number of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available** is calculated using the number of income and age qualified renter households and the percentage of households likely to move.

8. **Appropriate Sized, Income Qualified, Owner HH, Age 62+** was derived from HISTA data and MHDC income limits.
9. **Percentage of Qualified Owner HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available** is an estimate based on surveys over time of affordable senior development site managers. They indicate that a significant portion of their tenants are former homeowners transitioning from their home.
10. **Number of Qualified Owner HH, 62+, Likely to Move to Rental if New Affordable Housing Were Available** is calculated using the number of income and age qualified owner households and the percentage of households likely to move.
11. **PMA Existing Qualified Households 2007** is an estimate of the number of senior renter households that is expected to make up part of the demand for affordable senior rental housing in the PMA in 2007.
12. through 22 is the same as 1 through 10 above with rents and incomes trended upwards for time and is a determination of the number of affordable senior renter households that is expected to make up part of the demand for senior rental housing in the PMA in 2012.
23. **PMA Qualified Household Growth/Decline (2007-2012)** is an estimate of the number of senior renter households that is expected to make up part of the demand for affordable senior rental housing in the PMA in 2007.
24. **PMA Annual Qualified Household Growth/Decline (2007-2012)** is the annualized difference in the number of qualified households between 2007 and 2012 and represents an annual estimate of the growth of senior renter households that is expected to make up part of the demand for affordable senior rental housing in the PMA between 2007 and 2012.
25. **PMA Annual Affordable Senior Rental Potential Demand (2007-2012)** is the annual estimate of the number of qualified senior renter households that is expected to make up the demand for affordable senior rental housing in the PMA between 2007 and 2012.
26. **CMA Capture Rate** is the percentage of renter household demand from the larger PMA that is expected to be captured or attracted to affordable senior rental housing in the CMA. The rate considers the size of the PMA and the size of the affordable senior rental housing inventory throughout the PMA. HISTA and other demographic data indicate that the Cape Girardeau CMA contains 70% of the renter households in the CMA, so the capture rate is a reflection of that market share.
27. **CMA Annual Affordable Senior Rental Potential Demand (2007-2012)** is the annual estimate of the number of renter households broken down by unit size that is expected to make up the demand for affordable senior rental housing in the CMA between 2007 and 2012.
28. **DMA Capture Rate** is the percentage of renter households that can be captured from the larger CMA to newly produced affordable senior rental housing in the DMA, without adversely affecting the existing affordable housing inventory in the CMA.

29. **DMA Annual/Affordable Senior Rental Potential Demand (2007-2012)** is the estimate of the annual number of renter households that is expected to make up the demand for affordable senior rental housing in the DMA between 2007 and 2012. This is the conclusion of this analysis and indicates the annual depth of the potential market for affordable senior rental housing in the DMA. This is a demand side analysis and is intended to show the depth of the market that could be attracted to new or rehabilitated affordable senior rental housing in the DMA.
30. **Recommended Number of New Senior Affordable Rental Units to be produced in the Downtown Market Area (2007-2012)** is an estimate of the number of new affordable senior units that can be produced in or around the downtown area of Cape Girardeau between 2007 and 2012 that will serve the needs of limited income senior households and complement downtown revitalization efforts.

Several affordable senior housing developments have been produced in the area just south and southwest of the downtown market area over the past 25 years. West Court Manor, which is an affordable senior development that is currently under construction and will be ready for occupancy within the next month, already has leased the majority of its units. The market for affordable senior developments is strong and the trend is expected to continue as the number of seniors inside the city and from the small surrounding communities continues to grow.

If new affordable senior rental units will be introduced into the city market it would be a benefit to the city if some were produced in or near the downtown market area. The analysis assumes that a very small percentage of the demand could be captured by new units in the DMA, and that the addition of those units should not adversely affect the existing rental market.

The affordable senior rental units can make a positive impact to the downtown revitalization efforts by adding to the resident base which will support existing and new businesses.

The analysis concludes that between the present and 2012 approximately 90 new affordable senior rental units should be produced in or around the downtown market area of Cape Girardeau, in addition to the 48 units that will be placed in service at West Court Manor. However, the 45 units that will be produced at the Schultz Senior Apartments, which were recently approved for funding by the Missouri Housing Development Commission, will account for half of the projected 90 unit demand.

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SECTION XII

HOMEOWNERSHIP

A significant contribution to the downtown revitalization efforts is an increase in homeownership in the area. Homeownership is a stabilizing land use that adds households with an investment in the area and a stake in its future. Homeowners also generally have more discretionary incomes than renter households, which help to support existing and new downtown area businesses.

As previously mentioned in this report, there are several areas in or near the downtown revitalization area that would seem to be good locations for new homeownership options. Those areas are the vacant tracts just to the north of the downtown revitalization area that has the panoramic view of the river, the upper floors of the commercial buildings along Main, Spanish, and Water Streets in the heart of downtown, and along Good Hope, near the River Campus.

The method of estimating the number of potential homebuyers for homes/condos/lofts in the downtown Cape Girardeau market will consider the turnover rate of existing homeowners and an estimate of first time homebuyers in the Cape Girardeau market.

U.S. Census 2000 data indicates that in the city of Cape Girardeau 26.69% of all housing units were turned over to new occupants over one year. Cape Girardeau's turnover rate is highly influenced by the hyper transient student population. For purposes of this analysis a turnover rate for homeowners is estimated to be approximately 10% per year.

According to a study released earlier this year first time home-buyers account for 36% of homebuyers.

Using the estimated turnover rate of existing homeowners of 10%, the percentage of first time homebuyers of 36%, and the Census estimate of the number of homeownership households in Cape Girardeau of 8,837, an estimated number of annual homebuyers in the Cape Girardeau market are calculated to be 690.

How many of the estimated 690 homebuyer households that are in the market for a home would be in the market for a home/condo/loft in the downtown area of Cape Girardeau?

In order to answer that question the number of potential homebuyers should be limited to those most likely to be interested in living in the downtown market area. Generally small households of one to three persons, who are either young working adults, most with no children or very few children or empty nesters. Most of the prospective homebuyers would tend to be between the ages of 18 and 61. This profile would limit the potential pool of prospective buyers for units in the downtown area to approximately 207 households.

How many of the 207 households that fit the downtown homebuyer profile would be interested in a home/condo/loft in the downtown area of Cape Girardeau?

Since the homeownership market in downtown Cape Girardeau has yet to fully launch there is little hard data to rely on for an indication of market depth. At this point a judgment has to be made based on the anticipation that the housing units to be developed in the downtown area would be of good quality, in a good location, with a good package of amenities that would be competitive with other housing options throughout the market. If all those conditions are true then it is the opinion of the analyst that the downtown market should be able to draw at least 6% of the annual prospective homebuyers in the Cape Girardeau market that fit the profile.

Following is a table of the results:

| | |
|---|-------|
| 2006 Owner Occupied Units | 8,837 |
| Owner Unit Turnover Rate | 5% |
| Existing Homeowner Turnover | 442 |
| First Time Homebuyers (36% of market) | 249 |
| Total Estimated Homebuyers | 690 |
| Estimated Age, Size, and Income Target House Holds for Downtown | 207 |
| Downtown Capture Rate | 6% |
| Annual Potential Downtown Market Area Homebuyers | 12 |
| Potential Downtown Market Area Homebuyers 2007-2012 | 60 |

The conclusion of this method is that there is an annual potential of approximately 12 downtown market area homebuyers for any available quality housing opportunities that exist or will be produced in or near the downtown market area. Projecting that annual total from 2007 to 2012 means there could be a potential homebuyer market of 60 households in the downtown market area. Using the HISTA data and standard mortgage loan underwriting criteria a breakdown of the number of potential homebuyers over the next 5 years in the downtown market by income and home price are as follows:

Potential Downtown

| <u>Homebuyers 2007-2012</u> | <u>Income Range</u> | <u>Home Price Range</u> |
|-----------------------------|-----------------------|-------------------------|
| 24 | \$30,000 to \$50,000 | \$100,000 to \$150,000 |
| 24 | \$50,000 to \$75,000 | \$150,000 to \$230,000 |
| 12 | \$75,000 to \$100,000 | \$232,000 to \$310,000 |

Other projected changes in the demographic profiles of homebuyers in the Cape Girardeau PMA are shown in the tables that follow. After that are the base HISTA tables that were used for the homeownership demand analysis.

Table 45----Cape Girardeau PMA Projected Homeowner Change by Household Size 2007-2012

The following table shows the owner household growth in the PMA from 2007 to 2012 by household size. It projects a growth in all household sizes, with the largest growth in 2 person households.

| Cape Girardeau PMA Projected Homeowner Change by Household Size 2007-2012 | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 1 Person Household | 2 Person Household | 3 Person Household | 4 Person Household | 5 Person Household |
| 2007 | 3,860 | 7,411 | 3,627 | 3,319 | 1,643 |
| 2012 | 3,969 | 7,840 | 3,834 | 3,460 | 1,701 |
| Change | 109 | 429 | 207 | 141 | 58 |

Source: Claritas, Ribbon Demographics, MHDC

Table 46----Cape Girardeau PMA Net Owner Household Change by Income, 2007-2012

The following table shows the owner household growth that is expected in the PMA from 2007 to 2012 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 cohorts from \$75,000 to \$125,000.

| Cape Girardeau PMA Net Owner Household Change by Income 2007-2012 | | | |
|---|-----------------------|-----------------------|--------------------------------------|
| Household Incomes | 2007 Owner Households | 2012 Owner Households | Net Owner Household Change 2007-2012 |
| \$0-50,000 | 9,375 | 8,840 | (535) |
| \$50,000-75,000 | 5,034 | 5,235 | 201 |
| \$75,000-100,000 | 2,516 | 2,872 | 356 |
| \$100,000-125,000 | 1,258 | 1,675 | 417 |
| \$125,000-150,000 | 525 | 675 | 150 |
| \$150,000-200,000 | 419 | 599 | 180 |
| \$200,000-\$250,000 | 104 | 191 | 87 |
| \$250,000+ | 629 | 717 | 88 |
| Total | 19,860 | 20,804 | 944 |

Source: Claritas, Ribbon Demographics, MHDC

Table 47----Cape Girardeau PMA Potential New Homeowner Demand 2007-2012 by Household Age

The following table shows the owner household growth in the PMA from 2007 to 2012 by age. It indicates a reduction in households under the age of 55 and a growth in the number of households age 55-62 years.

| Cape Girardeau PMA Projected Homeowner Change by Household Age 2007-2012 | | | |
|--|-------------------------------|----------------------------|--------------------------|
| | Under Age 55 Owner Households | Age 55-61 Owner Households | Age 62+ Owner Households |
| 2007 | 11338 | 2638 | 5884 |
| 2012 | 11289 | 3125 | 6390 |
| Change | -49 | 487 | 506 |

Source: Claritas, Ribbon Demographics, MHDC

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

Table 48----PMA Owner Households (Under Age 55) 2007 High Income Projections

| Owner Households Under Age 55 Years <i>Current Year Estimates - 2007</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$30,000-50,000 | 450 | 641 | 627 | 658 | 319 | 2,695 |
| \$50,000-75,000 | 137 | 822 | 829 | 1,052 | 512 | 3,352 |
| \$75,000-100,000 | 70 | 420 | 423 | 537 | 262 | 1,711 |
| \$100,000-125,000 | 35 | 210 | 212 | 269 | 131 | 856 |
| \$125,000-150,000 | 15 | 87 | 88 | 112 | 55 | 357 |
| \$150,000-200,000 | 12 | 70 | 71 | 90 | 44 | 285 |
| \$200,000-\$250,000 | 3 | 17 | 18 | 22 | 11 | 71 |
| \$250,000+ | 17 | 105 | 106 | 134 | 65 | 428 |
| Total | 738 | 2,372 | 2,373 | 2,874 | 1,398 | 9,755 |
| | | | | | | |

Source: Claritas, Ribbon Demographics, MHDC

Table 49----PMA Owner Households (Aged 55-61) 2007 High Income Projections

| Owner Households Aged 55-61 Years <i>Current Year Estimates - 2007</i> | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$30,000-50,000 | 168 | 432 | 99 | 21 | 0 | 720 |
| \$50,000-75,000 | 36 | 416 | 121 | 59 | 33 | 666 |
| \$75,000-100,000 | 18 | 213 | 62 | 30 | 17 | 340 |
| \$100,000-125,000 | 9 | 106 | 31 | 15 | 9 | 170 |
| \$125,000-150,000 | 4 | 44 | 13 | 6 | 4 | 71 |
| \$150,000-200,000 | 3 | 35 | 10 | 5 | 3 | 57 |
| \$200,000-\$250,000 | 1 | 9 | 3 | 1 | 1 | 14 |
| \$250,000+ | 5 | 53 | 15 | 8 | 4 | 85 |
| Total | 244 | 1,309 | 354 | 146 | 70 | 2,124 |

Source: Claritas, Ribbon Demographics, MHDC

Table 50----PMA Owner Households (Aged 62+) 2007 High Income Projections

| Owner Households Aged 62+ Years <i>Current Year Estimates - 2007</i> | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$30,000-50,000 | 320 | 1,058 | 106 | 25 | 26 | 1,535 |
| \$50,000-75,000 | 108 | 579 | 170 | 35 | 19 | 910 |
| \$75,000-100,000 | 55 | 295 | 87 | 18 | 10 | 465 |
| \$100,000-125,000 | 27 | 148 | 43 | 9 | 5 | 232 |
| \$125,000-150,000 | 11 | 62 | 18 | 4 | 2 | 97 |
| \$150,000-200,000 | 9 | 49 | 14 | 3 | 2 | 77 |
| \$200,000-\$250,000 | 2 | 12 | 4 | 1 | 0 | 19 |
| \$250,000+ | 14 | 74 | 22 | 5 | 2 | 116 |
| Total | 547 | 2,277 | 463 | 99 | 66 | 3,452 |
| | | | | | | |

Source: Claritas, Ribbon Demographics, MHDC

Table 51----PMA Owner Households (Under Age 55) 2012 High Income Projections

| Owner Households Under Age 55 Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|---------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+ -Person Household | Total |
| \$30,000-50,000 | 427 | 537 | 554 | 578 | 275 | 2,371 |
| \$50,000-75,000 | 146 | 811 | 830 | 1,066 | 516 | 3,368 |
| \$75,000-100,000 | 79 | 442 | 453 | 582 | 281 | 1,837 |
| \$100,000-125,000 | 46 | 258 | 264 | 339 | 164 | 1,072 |
| \$125,000-150,000 | 19 | 104 | 106 | 137 | 66 | 432 |
| \$150,000-200,000 | 17 | 92 | 94 | 121 | 59 | 383 |
| \$200,000-\$250,000 | 5 | 29 | 30 | 39 | 19 | 122 |
| \$250,000+ | 20 | 111 | 113 | 145 | 70 | 459 |
| Total | 759 | 2,384 | 2,445 | 3,007 | 1,450 | 10,044 |
| | | | | | | |

Source: Claritas, Ribbon Demographics, MHDC

Table 52----PMA Owner Households (Aged 55-61) 2012 High Income Projections

| Owner Households Aged 55-61 Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+ -Person Household | Total |
| \$30,000-50,000 | 182 | 410 | 99 | 24 | 1 | 716 |
| \$50,000-75,000 | 46 | 511 | 153 | 73 | 41 | 824 |
| \$75,000-100,000 | 25 | 279 | 84 | 40 | 23 | 450 |
| \$100,000-125,000 | 15 | 163 | 49 | 23 | 13 | 262 |
| \$125,000-150,000 | 6 | 65 | 20 | 9 | 5 | 106 |
| \$150,000-200,000 | 5 | 58 | 17 | 8 | 5 | 94 |
| \$200,000-\$250,000 | 2 | 19 | 6 | 3 | 2 | 30 |
| \$250,000+ | 6 | 70 | 21 | 10 | 6 | 112 |
| Total | 287 | 1,574 | 448 | 189 | 95 | 2,593 |
| | | | | | | |

Source: Claritas, Ribbon Demographics, MHDC

Table 53----PMA Owner Households (Aged 62+) 2012 High Income Projections

| Owner Households Aged 62+ Years <i>Five Year Projections - 2012</i> | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|--------------|
| Income | 1-Person Household | 2-Person Household | 3-Person Household | 4-Person Household | 5+-Person Household | Total |
| \$30,000-50,000 | 366 | 1,101 | 131 | 28 | 21 | 1,647 |
| \$50,000-75,000 | 136 | 667 | 205 | 41 | 23 | 1,072 |
| \$75,000-100,000 | 74 | 364 | 112 | 23 | 13 | 585 |
| \$100,000-125,000 | 43 | 212 | 65 | 13 | 7 | 341 |
| \$125,000-150,000 | 17 | 85 | 26 | 5 | 3 | 137 |
| \$150,000-200,000 | 15 | 76 | 23 | 5 | 3 | 122 |
| \$200,000-\$250,000 | 5 | 24 | 7 | 2 | 1 | 39 |
| \$250,000+ | 19 | 91 | 28 | 6 | 3 | 146 |
| Total | 676 | 2,620 | 597 | 122 | 74 | 4,089 |

Source: Claritas, Ribbon Demographics, MHDC

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 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.

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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

January 14, 2008