

**HOUSING NEEDS ASSESSMENT
DOWNTOWN LEE'S SUMMIT, MISSOURI**

October 2015

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

HOUSING NEEDS ASSESSMENT DOWNTOWN LEE'S SUMMIT, MISSOURI

October 2015

Prepared for:

Lee's Summit Economic Development Council
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COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

October 30, 2015

Rick McDowell, President and CEO
Lee's Summit Economic Development Council
218 SE Main Street
Lee's Summit, MO 64063

Re: Housing Needs Assessment
Downtown Lee's Summit, Missouri

Mr. McDowell;

To assist the Lee's Summit Economic Development Council in evaluating the potential of downtown Lee's Summit to support the construction of new housing inventory Canyon Research Southwest, Inc. has prepared the attached *Housing Needs Assessment*.

The report provides an economic and demographic analysis of the downtown market, identification of the downtown's housing stock characteristics (both for-sale and rental) and short-term housing demand projections. The study also includes a housing questionnaire that was prepared with the assistance of the Downtown Lee's Summit Main Street Inc. for the purpose of gauging the interest and composition of housing in downtown Lee's Summit. Based on the study findings housing demand forecasts were quantified for downtown Lee's Summit and housing market opportunities identified, including appropriate market segmentation and housing product types.

Upon review of the report, should any questions arise or additional information requested, contact me directly at (716) 551-0655.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

TABLE OF CONTENTS

	<u>Page #</u>
SUMMARY OF MAJOR FINDINGS	iii
INTRODUCTION	1
Study Objective and Organization	1
DEMOGRAPHIC ANALYSIS	2
Population and Household Growth Trends	3
Population Age Distribution Trends	6
Educational Attainment	7
Household Income	8
Conclusions	9
HOUSING STOCK CHARACTERISTICS	11
Housing Stock Inventory and Occupancies	11
Age of Housing Stock	12
Housing Stock by Structure Type	13
Residential Permitting Trends	15
Conclusions	17
FOR-SALE HOUSING MARKET ANALYSIS	18
Detached Single Family Home Subdivisions	18
Detached Housing Sale Trends	19
Attached Housing Sales Trends	21
Current Supply of For-Sale Housing on the Market	23
Conclusions	24
RENTAL HOUSING MARKET ANALYSIS	26
Downtown Lee’s Summit Rental Market	26
• Market-Rate Apartments	28
• Income-Based Apartments	28
• Senior Housing	31
• Planned Development	31
Conclusions	32
FORECAST HOUSING DEMAND	34
Demographic Profile and Housing Demand	34
Housing Demand Calculations	35

TABLE OF CONTENTS (Continued)

	<u>Page #</u>
DOWNTOWN HOUSING QUESTIONNAIRE	41
STUDY CONCLUSIONS	50
• Housing Demand Forecasts	50
• Housing Market Opportunities	50
ADDENDA	52
Exhibit A: Downtown Housing Questionnaire	53
Exhibit B: Canyon Research Southwest, Inc. Client Roster	55
Exhibit C: Resume of Eric S. Lander	58
Principal of Canyon Research Southwest, Inc.	

SUMMARY OF MAJOR FINDINGS

Canyon Research Southwest, Inc. has prepared a *Housing Needs Assessment* that evaluates downtown Lee's Summit's for-sale and rental housing markets, quantifies near-term housing demand and identifies housing market opportunities to capture and support new housing construction. The report's major findings are summarized in the text below.

Demographic Overview

The City of Lee's Summit is an affluent suburban community located in the southeast quadrant of the Kansas City MSA. A community's population size, growth, household types, age composition, educational attainment and income levels influence the demand for housing.

A community's population growth patterns play a significant role in the demand for housing and supportable property values. Over the past four decades the City of Lee's Summit experienced steady population gains, increasing by 218 percent from 28,742 residents in 1970 to 91,364 residents by 2010. A community's population growth patterns play a significant role in the demand for housing and supportable property values. Over the past four decades the City of Lee's Summit experienced steady population gains, increasing by 218 percent from 28,742 residents in 1970 to 91,364 residents by 2010. The *City of Lee's Summit 2014 Development Report* forecasts the City's population to reach 99,699 residents by 2020. This steady population growth will fuel continued expansion of the new housing market.

Over the past decade the composition of households in Lee's Summit shifted slightly with single female and non-family households comprising larger market shares. The number of female householder families with no husband present rose from 2,345 in 2000 to 3,754 by 2010. Married-couple family households decreased from 62.1 percent of all households in 2000 to 58.3 percent by 2010. Married-couple families with children under 18 years old also declined from 32.9 percent in 2000 to 27.9 percent by 2010. The percentage of householders living alone rose just slightly from 2000 to 2010. These shifts in the types of households in Lee's Summit have likely had an impact on the composition of housing demand and new home construction.

The age composition of a community's population plays a role in the demand for housing. Housing demand, needs and expenditures change as individuals grow older. From 2012 to 2017 the population of college age adults 20 to 24 years (-7.0%) and ages 45 to 54 years (-5.3%) in Lee's Summit are projected to decline while the senior population ages 65+ years is projected to increase by 14.3 percent.

Education levels figure into a community's socio-economic status. Because income increases with advancing educational attainment, communities with high education levels generally support higher levels of homeownership and housing values. Lee's Summit residents on average are more educated than the norms for both Missouri and the United States. Approximately 50.4 percent of Lee's Summit residents 25 years and over have attained associate, bachelors or advanced degrees. By comparison, 32.7 percent of Missouri residents and 39.1 percent of U.S. residents possess an associate, bachelors or advanced degree. The City's well above average educational levels yield higher attainable incomes, housing values and homeownership levels.

Recent and near-term demographic trends for Lee's Summit residents suggest a continued need for affordable housing and strong growth in the need for move-up and luxury housing. The growth in the number of young adults aged 25 to 34 years will fuel the need for attached rental and entry-level owner-occupied housing. The growing number of empty nesters will fuel downsizing and residents 65+ will generate heightened demand for independent and assisted living.

Overall, the City of Lee's Summit supports a young, educated and affluent population. The demographics of the Downtown Market Area population vary substantially from the citywide norm. The Downtown Market Area has more householders living alone than married couple family households with children. The Downtown Market Area population is on average considerably younger than that of Lee's Summit with a higher percentage of college aged residents 20 to 24 years and young adults (25 to 34 years) as well as lower a percentage of empty nesters aged 45 to 64 years. Education attainment levels and household income levels for the Downtown Market Area are much lower than that for the remainder of the City. Downtown's differing demographic composition creates housing needs much different than that of the balance of Lee's Summit.

Housing Stock Characteristics

Supportable residential housing values and the mix of housing are a function of resident income levels. Generally, as income rises higher home ownership levels and housing costs are supported. Just 11.5 percent of households in Lee's Summit earned less than \$25,000 annually. These households tend to be perpetual renters. Meanwhile, an estimated 51.1 percent of households earned \$75,000 or more, fueling strong demand for move-up and luxury housing.

Recent and near-term demographic trends for Lee's Summit residents suggest a continued need for affordable housing and a strong growth in the need for move-up and luxury housing. The growth in the number of young adults aged 25 to 34 years will fuel the need for attached rental and entry-level owner-occupied housing. The growing number of empty nesters will fuel downsizing and residents 65+ will generate heightened demand for independent and assisted living. By offering a pedestrian-friendly, mixed-use urban environment with a range of housing product and pricing the Downtown Market Area can capitalize on future population growth and demographic shifts forecast for Lee's Summit.

The Downtown Market Area supports a much more diverse mix of housing than that of Lee's Summit with a larger emphasis on higher density multi-family housing. The *2009-2013 American Community Survey* published by the U.S. Census Bureau reported the Downtown Market Area housing stock at 4,115 dwelling units. Single family housing accounts for just 50.6 percent of the Downtown Market Area housing stock, compared to 73.5 percent for Lee's Summit. Multi-family housing with 5+ dwelling units account for 19.0 percent of the Downtown Market Area housing stocked compared to just 9.9 percent for Lee's Summit.

The Downtown Market Area also supports an older housing stock than Lee's Summit as a whole. The *2009-2013 American Community Survey* reported that nearly 80 percent of the Downtown Market Area's existing inventory was built prior to 1980 with just 2.6 percent built since 2000. Given recent population growth trends the Lee's Summit housing stock is much newer with 52.4 percent of the housing stock built since 1990.

The 2009-2013 American Community Survey reported that 3,632 dwelling units in the Downtown Market Area were occupied, equating to an occupancy rate of 88.3 percent. Renter-occupied housing accounted for 55.2 percent of the total inventory of occupied housing units (compared to just 24.2 percent for Lee's Summit) with owner-occupied housing accounting for the remaining 44.8 percent.

Renters are much less likely to occupy detached single family homes accounting for just 17.4 percent of all occupied rental units. Attached multi-family housing accounts for 68.5 percent of the Downtown Market Area's inventory of renter-occupied housing. Properties with 10+ rental units are the most popular for renters accounting for 24.0 percent of all renter-occupied units. Properties with two dwelling units account for 22.8 percent of all renter-occupied units.

The Downtown Market Area is comprised of two Census Tracts with Census Tract 137.03 located east of the Missouri Pacific Railroad line and Census Tract 180 to the west. Census Tract 137.03 maintains a total of 2,501 housing units with Census Tract 180 supporting 1,614 housing units. These two Census Tracts support distinctively different housing stocks. Detached single family homes account for 43.2 percent of the total housing stock within the eastern portion of the Downtown Market Area (Census Tract 137.03) while multi-family housing accounts for 45.5 percent. By comparison, the housing stock within the western portion of the Downtown Market Area is dominated by detached single family homes accounting for 62.1 percent of the total inventory, with attached multi-family housing accounting for 24.7 percent. Furthermore, rental housing accounts for 64.4 percent of the occupied housing stock in Census Tract 137.03, but only 39.8 percent in Census Tract 180.

The Downtown Market Area supports a mature housing market with very little vacant land available for future new home construction. From 2004 to 2013 just 44 residential dwelling units were permitted for construction. The mix of new residential construction included 18 multi-family dwelling units, 14 duplex units and 12 single family homes.

For-Sale Housing Market

Lee's Summit's Downtown Market Area is a mature housing market with just six detached single family homes constructed since 2002. The *City of Lee's Summit 2014 Development Report* identified ten single family subdivisions within the Downtown Market Area totaling 550 platted lots. Seven of the subdivisions achieved build-out over a decade ago. At the close of 2014 the platted lot inventory within the three remaining subdivisions totaled 37 lots. From 2010 to 2014 only two homes were permitted for construction, suggesting the subdivisions with remaining lots are currently inactive.

Despite high levels of new home construction in Lee's Summit since 2000, the Downtown Market Area remains a popular place to live with for-sale housing in steady demand. From 2009 to 2013 the Multiple Listing Service ("MLS") reported a total of 475 detached single family homes and 49 attached housing units sold within the Downtown Market Area.

Detached single family home sales velocity from 2009 through 2011 ranged from 83 to 94 sales annually. During 2012, home sales increased by 15.9 percent to 102 homes sold. Despite rising mortgage rates, during 2013 home sales continued to improve, up 5.9 percent to 108 sales for the year. Total home sale proceeds reached a high of \$10.4 million during 2013.

The MLS reported the average sales price for detached single family homes in the Downtown Market Area at \$99,994 during 2009. Through 2011, due to a continued weak economy and declining home sales velocity the average sale price declined by 11.7 percent to \$88,314. Over the past two years as housing demand has accelerated the average sales price rose to \$89,057 in 2012 and \$96,520 during 2013.

A healthy for-sale housing market generally garners a sale price of 95 percent or better of the listing price. Over the past five years the Downtown Market Area supported an average sales price in excess of 95 percent of the average list price. As market conditions have improved the average sales price reached a high in 2013 of 96.3 percent of the average list price.

From 2009 to 2013, three bedroom homes accounted for over two-thirds of the detached single family homes sold within the Downtown Market Area. Two bedroom homes captured 24 percent of all home sales over the 5-year period.

From 2009 through 2013, attached housing units accounted for 9.4 percent of all for-sale housing sold in the Downtown Market Area. Annual sales velocity for attached housing mirrored that for detached housing with sales peaking in 2010 at 15 dwelling units sold. After declining to a low of four sales during 2011, sales of attached housing improved to eight units in 2012 and nine units in 2013.

At the peak of attached housing sales velocity within the Downtown Market Area the average days on the market was just 75 days in 2009 to 56 days in 2010. During 2011 when just four attached housing units sold the average time on the market ballooned to 192 days. As demand strengthened the average days on the market moderated to 83 days in 2012 and 93 days in 2013, indicative of a healthy supply and demand balance.

No new single family subdivisions in the Downtown Market Area have obtained final plat approval. Future single family subdivision development will likely require the assemblage of several under-utilized properties. The 18-unit Vogue Condos, built at 3rd and Douglas Streets in the heart of downtown, is currently inactive after the sale of just 3 or 4 units. No other attached for-sale housing is approved for development within the Downtown Market Area.

Rental Housing Market

Renter-occupied housing accounts for 55.2 percent of the Downtown Market Area's total inventory of occupied housing units. By comparison, renter-occupied housing in Lee's Summit as a whole accounts for just 24.2 percent of all occupied housing units.

Very little new multi-family housing has been constructed in the Downtown Market Area over the past 25 years. Prior to 1987 a total of 1,158 multi-family dwelling units had been constructed. From 1987 through 2000 a reported 158 multi-family dwelling units were permitted and built within the Downtown Market Area with another 68 dwelling units constructed from 2001 to 2005. Since 2005, the Downtown Market Area has not supported any additional multi-family residential construction. As a result, much of the rental housing is old and lacks the unit features and property amenities of new, more modern multi-family housing stock.

Nine large-scale rental apartment properties were surveyed in the Downtown Market Area totaling 806 dwelling units. Six of the surveyed apartment communities totaling 612 rental units operate as market-rate properties. Vacancy rates are healthy ranging from 3 to 6 percent. These properties are Class B and lower offering 1- and 2-bedroom apartments for rent with monthly rental rates ranging from \$525 to \$670 for 1-bedroom models and \$639 to \$740 for 2-bedroom models. The absence of quality market-rate rental properties in the Downtown Market Area results in higher income households seeking housing to look elsewhere. A quality rental housing stock is an important component of fostering a healthy for-sale housing market by offering prospective residents the opportunity to live in the community before buying a home.

Two apartment communities totaling 226 rental units surveyed within the Downtown Market Area are designated as income-based properties. The Ashbrooke Apartments and Sage Crossing Apartments are both privately owned and were acquired and rehabbed using tax credits and operate as Section 8 low income housing. Conversations with managers and leasing agents indicated that demand for affordable rental housing is strong marked by low vacancies. Market rents for 1-, 2-, 3- and 4-bedroom apartments are set at \$591 to \$908 per month with qualified tenants paying 30 percent.

The Lee's Summit Housing Authority administers both a public housing and Section 8 Choice Voucher Program. The Lee's Summit Housing Authority also operates two income-based rental communities with the 50-unit Lee Haven Apartments located in the Downtown Market Area. Through the Section 8 Choice Voucher Program the Lee's Summit Housing Authority currently serves 680 families.

The Lee's Summit Housing Authority does not operate an income-based rental community catering exclusively to seniors. The only senior housing community operating within the Downtown Market Area is LeGrand Retire Village, a 40-unit market-rate rental property that accepts Section 8 vouchers.

Over one-quarter of Downtown Market Area households earn less than \$25,000 per year which creates considerable demand for income-based and affordable housing. The 2010 Census reported that people aged 65+ accounted for 11.5 percent of the Downtown Market Area's total population, or 1,050 residents. While the Downtown Market Area's rate for residents 65+ years is below the state-wide average of 14.0 percent, the senior population is large and growing. Esri Business Analyst estimates that by 2017 the Downtown Market Area's senior population to increase by 152 residents, generating increased need for senior housing.

The modest inventory of affordable rental apartments and current population demographics suggest the Downtown Market Area can support additional income-based rental units with an escalating need for senior housing.

Downtown Housing Questionnaire

To further assess the demand for housing in the Downtown Market Area, an online survey was conducted through the assistance of Downtown Lee's Summit Main Street Inc. Respondents were asked whether they would be interested in living in downtown Lee's Summit and to indicate what type of housing they would prefer. The goal was to identify opportunities to

support new housing stock in the Downtown Market Area. The nine question survey is available for review in Exhibit A of the Addenda.

The housing survey was both posted on the Downtown Lee's Summit Main Street Inc. Facebook page and forwarded to 5,705 email addresses. The response was overwhelming with 449 questionnaires completed.

Approximately 82 percent of the respondents currently reside in Lee's Summit while 18 percent are nonresidents. Approximately 82 percent of the respondents would consider residing in or near Lee's Summit while just 18 percent would not. Interestingly, nearly 92 percent of non-residents would consider living in or near downtown Lee's Summit.

Young people consider downtown attractive with 89 percent of respondents ages 20 to 39 years indicating they would consider living downtown. Empty nesters ages 50 to 64 years also find downtown Lee's Summit an attractive place to live.

As a desirable place to live downtown Lee's Summit scored high with respondents on the mix of shops and restaurants (86.04%); pedestrian-friendly environment (81.53%); festivals and events (78.6%) and its urban and historic character (75.9%).

The respondents indicated a desire for a wide range of housing product which is desirable in creating a vibrant downtown. Single family homes were the most desirable housing type favored by 42.9 percent of respondents, though loft-style apartments came in a close second at 27.8 percent. Senior housing was selected by 11.0 percent of respondents.

Two and three bedroom homes were the overwhelming choice by respondents who indicated they would consider living in or near downtown Lee's Summit. This is common among downtown housing which attracts young adults, empty nesters and seniors.

Nearly half of all respondents selected a monthly rent excluding utilities of \$700 to \$999. Over 21 percent of respondents indicated they would pay \$1,000+ per month in rent, suggesting demand for luxury apartments. Fifteen percent of respondents indicated they would pay less than \$600 in monthly rent, suggesting a need for affordable rental housing.

A reported 63 percent of respondents would pay \$700 or more in monthly rent for a 2-bedroom unit while 58 percent would pay \$800 or more for a 3-bedroom rental unit. Nearly 54 percent of respondents would pay \$1,000 or more in rent for a 4+ bedroom unit. These rental rates suggest there is significant demand for luxury rental housing in downtown Lee's Summit.

Approximately half of all respondents indicated they would consider for-sale housing priced from \$125,000 to \$199,999 while 16.2 percent would consider housing priced at \$250,000 or more. The responses suggest a demand for a wide range of for-sale housing product including entry-level attached product, luxury condominiums and upscale single family homes.

Approximately one-third of those respondents preferring single family homes indicated they would consider a home priced from \$150,000 to \$199,999, with 20.4 percent selecting homes priced at \$250,000 or more. Over 60 percent of those respondents selecting homes priced at \$250,000 or more prefer single family homes over all other housing types.

Approximately two-thirds of the respondents preferring townhomes or condominiums would consider a home priced from \$125,000 to \$199,999. Affordable townhomes or condominiums priced under \$125,000 were selected by 18.2 percent of respondents.

Of those respondents preferring loft-style housing, 53 percent would consider a home priced from \$125,000 to \$199,999 with 25 percent selecting \$200,000 or more.

Study Conclusions

Findings and recommendations provided by the *Housing Demand Market Analysis* prepared for the Downtown Market Area include:

- Quantify short-term housing absorption and
- Identify housing market opportunities, including market segmentation and housing product types (i.e., for-sale, rental and senior housing).

Forecast Housing Demand

Through population growth the demand for new housing from 2015 through 2020 in Lee's Summit is estimated at 2,193 to 2,325 residential dwelling units. According to the 2010 Census Lee's Summit's mix of occupied housing units was 76.4 percent owner-occupied and 23.6 percent renter occupied. This report estimates that through 2020, owner-occupied housing will account for 75 percent of all new housing units with renter-occupied housing accounting for the remaining 25 percent. Therefore, from 2015 through 2020 the mix of new housing demand is estimated at 1,645 to 1,744 owner-occupied units and 548 to 581 rental units.

The Downtown Market Area's housing stock totals 4,115 dwelling units, amounting to an 11.5 percent share of the Lee's Summit housing inventory. Future new residential construction within the Downtown Market Area will involve infill development and adaptive re-use of existing structures. Infill development options include the use of vacant land and the assemblage of underutilized properties for the construction of single family homes, attached multi-family housing and mixed-use projects that include a residential component. Increased residential density and mixed-use development in the downtown core is appropriate and encouraged for creating a vibrant urban environment.

The downtown housing questionnaire illustrated the heightened demand for housing within the Downtown Market Area. Through the year 2020 the Downtown Market Area is forecast to capture 5 to 7 percent of new housing demand within Lee's Summit for a total of approximately 110 to 165 residential dwelling units. This rate of new housing is a significant departure from recent residential construction trends within the Downtown Market Area. To achieve this rate of new housing absorption municipal policies must be put into place to encourage infill development, the adaptive re-use of existing structures and high density development.

Housing Market Opportunities

Given land constraints and the goal to create a vibrant downtown the bulk of new housing demand and construction within the Downtown Market Area will come in the form of attached for-sale and rental housing located primarily in the downtown core. The Downtown Market Area housing market will cater primarily to young singles and couples, empty nesters and seniors.

The potential exists to support a variety of attached rental housing in the Downtown Market Area, including affordable entry-level product at monthly rents of less than \$600 excluding utilities, luxury apartment at rents starting at \$800 per month, and senior housing.

The bulk of for-sale housing demand within the Downtown Market Area would be priced from \$125,000 to \$200,000, consisting primarily of attached lofts, townhomes and condominiums.. A notable luxury market also exists priced in excess of \$200,000 at taking the form of attached lofts/townhomes and detached single family housing.

An example of vacant land suitable for detached single family home construction exists north of the downtown core along Main Street in the vicinity of Orchard Drive and Forest Street. Several underutilized potential attached housing development sites exist within the downtown core, including: 1) south side of 2nd Street between Green Street and Johnson Street; 2) east side of Green Street between 2nd and 3rd Streets; 3) southeast corner of 3rd Street and Green Street; 4) southeast corner of 4th Street and Main Street; 5) west side of Main Street at 1st Street; 6) southwest corner of 2nd Street and Market Street and 7) former City Hall site on the east side of Market Street between 2nd and 3rd Street.

**HOUSING NEEDS ASSESSMENT
DOWNTOWN LEE'S SUMMIT, MISSOURI**

October 2015

INTRODUCTION

Canyon Research Southwest, Inc. has prepared a *Housing Needs Assessment* that evaluates for-sale and rental housing market conditions in downtown Lee's Summit and quantifies future demand for housing by product type (i.e., owner-occupied single family; market-rate and income-based rental housing; and senior housing). Downtown Lee's Summit's Market Area is defined as the geographic area bound by Chipman Road to the north; U.S. Highway 50 to the south and west; and MO Highway 50 to the east.

The *Housing Needs Assessment* is segmented into five sections, including: 1) Demographic Analysis, 2) Housing Stock Characteristics, 3) For-Sale Housing Market Analysis, 4) Rental Housing Market Analysis; 5) Forecast Housing Demand and 6) Housing Questionnaire.

The need for and composition of housing is directly related to Downtown Market Area population demographics and economic activity. The Demographic Analysis section identifies the Downtown Market Area population and household growth trends, household size, household composition, age distribution, household incomes and educational attainment. This section of the report provides the baseline data necessary in forecasting future demand for-sale and rental housing in downtown Lee's Summit's Market area. The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are: entry-level households, first-time homebuyers and move-up renters, move-up homebuyers, empty-nesters, younger independent seniors and older seniors.

The Housing Stock Characteristics section of the report identifies the inventory, age and composition of the Downtown Market Area's existing housing stock, housing stock composition, inventory of for-sale and rental housing, occupancies and recent new home construction trends.

The For-Sale Housing Market Analysis section addresses recent trends in the sale of existing single family homes, current inventory of homes actively on the market and a survey of active residential subdivisions.

The Rental Housing Market Analysis section of the report surveys market-rate, income-based and senior housing communities in the Downtown Market Area in an effort to gauge the inventory, quality and occupancies of the current rental housing stock.

The Housing Demand section of the report provides short-term housing demand forecasts by product type for the Downtown Market Area.

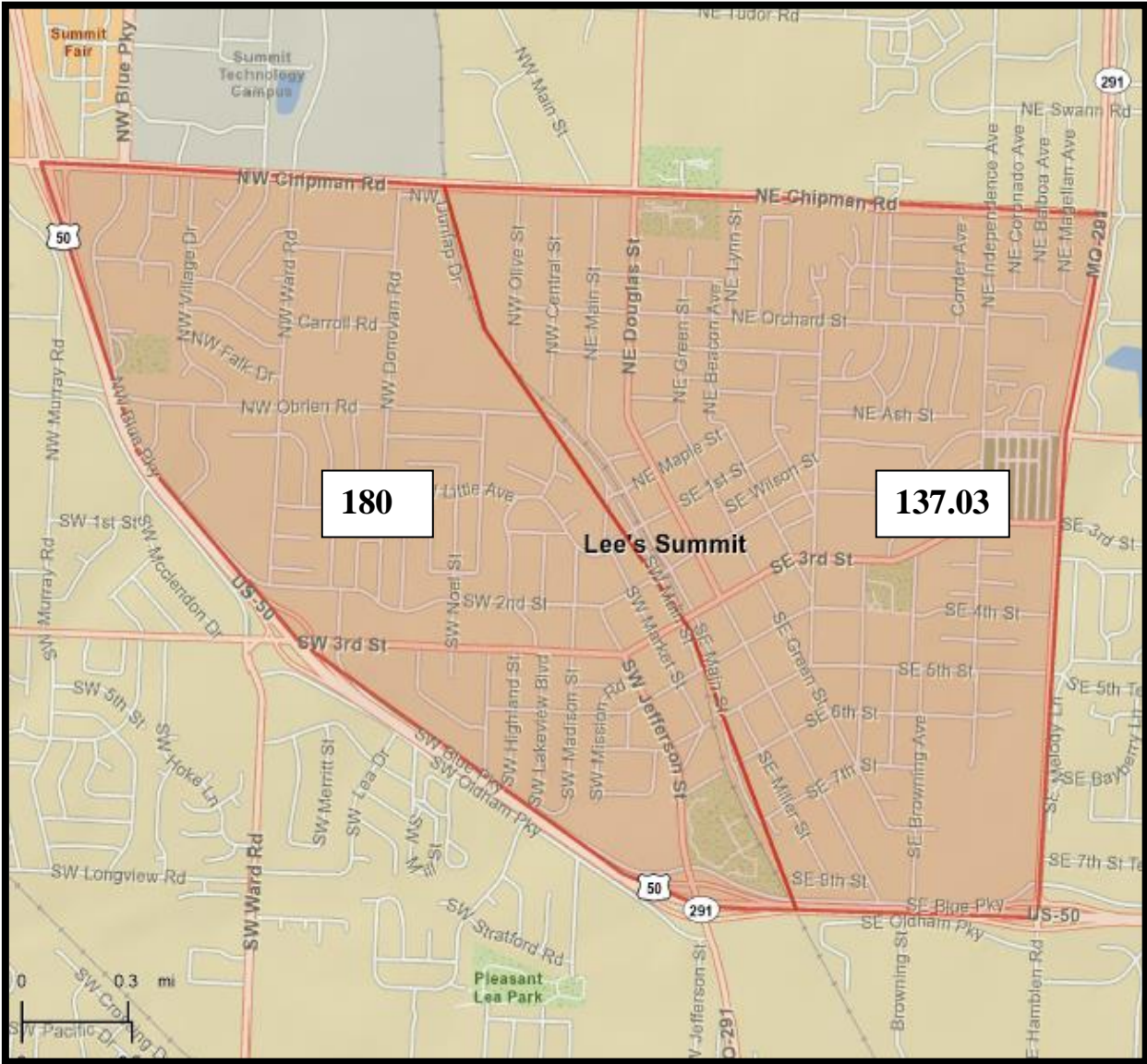
The Downtown Housing Questionnaire includes a nine question survey that was conducted with the assistance of the Downtown Lee's Summit Main Street Inc. for the purpose of gauging the interest and composition of housing demand in downtown Lee's Summit. The goal was to identify current and future opportunities to support new housing stock in the Market Area.

Based on the study findings housing demand forecasts by product type were quantified for the Downtown Market Area and opportunities to support new housing construction are identified, including appropriate market segmentation and housing product.

DEMOGRAPHIC ANALYSIS

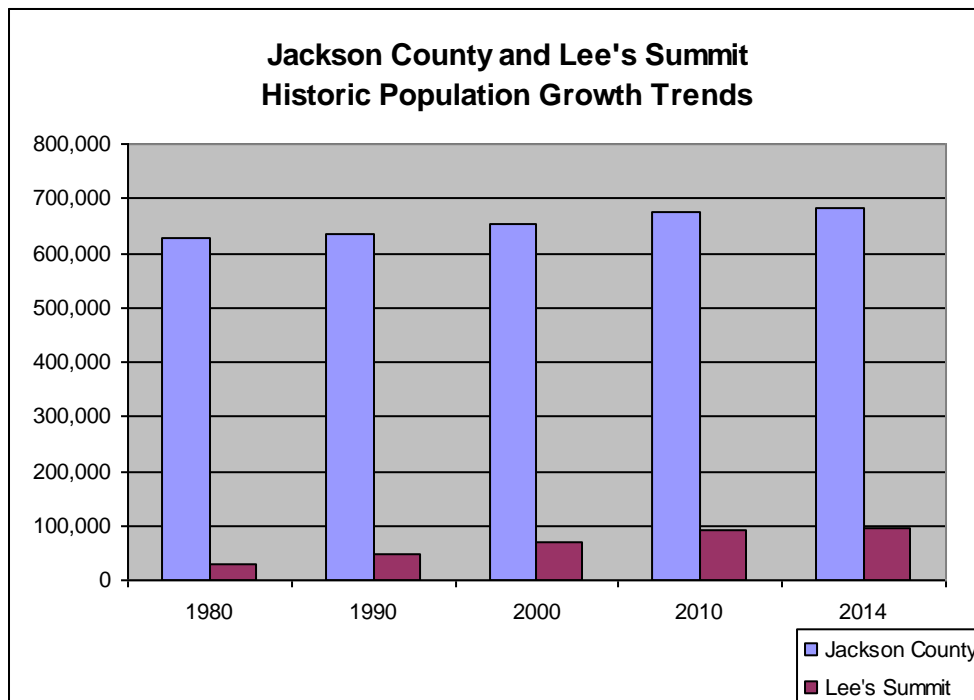
This section of the report examines demographic factors impacting the downtown Lee’s Summit Market Area, including population and household growth trends, age distribution, educational attainment and household income trends. Five-year demographic projections were provided by Esri Business Analyst, a national demographic research firm. The Downtown Market Area is bound by Chipman Road to the north; U.S. Highway 50 to the south and west; and MO Highway 291 to the east, consisting of Census Tracts 137.03 and 180. Quantifying these demographic characteristics will assist in projecting the future demand for housing in both the City of Lee’s Summit and the Downtown Market Area.

Downtown Lee’s Summit Market Area



Population and Household Growth Trends

Population and household growth are key components for quantifying the current market size and forecasting future demand for residential housing. Over the past four decades the City of Lee's Summit experienced steady population gains, increasing by 218 percent from 28,742 residents in 1970 to 91,364 residents by 2010. Jackson County too has supported significant population gains, increasing by 7.1 percent since 1980 to a 2010 Census count of 674,158 residents. These historical population gains for both Lee's Summit and Jackson County have fueled a strong new home construction market.



Since the 2010 Census the population for both Lee's Summit and Jackson County has continued to grow. The U.S. Census Bureau estimated the July 2014 population at 93,864 for Lee's Summit and 683,191 for Jackson County.

Since the 1960 Census the Lee's Summit population has grown steadily, peaking during the 1990's when 24,529 new residents were added. From 2000 to 2010 the City's population increased by 20,439 residents. During these two decades Jackson County's population growth was due primarily to Lee's Summit's population gains. From just 1.33 percent of the Jackson County population in 1960 with 8,267 residents, Lee's Summit now accounts for 13.65 percent of the countywide population.

The *Lee's Summit Development Report 2014* forecasts the City's population to reach 99,699 residents by 2020. This steady population growth will fuel continued expansion of the new housing market.

Historical Population Trends for the City of Lee's Summit and Jackson County

Year	City of Lee's Summit			Jackson County			Lee's Summit % of County
	Population	Population Change	Growth Rate	Population	Population Change	Annual Growth Rate	
1960	8,267			622,732			1.33%
1970	16,204	7,937	96.01%	624,558	1,826	0.29%	2.59%
1980	28,742	12,538	77.38%	629,266	4,708	0.75%	4.57%
1990	46,396	17,654	61.42%	633,232	3,966	0.63%	7.33%
2000	70,925	24,529	52.87%	654,880	21,648	3.42%	10.83%
2010	91,364	20,439	28.82%	674,158	19,278	2.94%	13.55%
2014	93,864	2,500	3.90%	683,191	9,033	4.00%	13.74%

Source: U.S. Census and Canyon Research Southwest, Inc.

Over the past decade the composition of households in Lee's Summit shifted slightly with single female and non-family households comprising larger market shares. The number of female householder families with no husband present rose from 2,345 in 2000 to 3,754 by 2010. Family households in Lee's Summit as a percentage of total households declined from 73.8 percent in 2000 to 73.0 percent by 2010, while the share of non-family households rose from 26.2 percent in 2000 to 27.0 percent by 2010. Married-couple family households decreased from 62.1 percent of all households in 2000 to 58.3 percent by 2010. Married-couple families with children under 18 years old also declined from 32.9 percent in 2000 to 27.9 percent by 2010. The percentage of householders living alone rose just slightly from 2000 to 2010. These shifts in the types of households in Lee's Summit have likely had an impact on the composition of housing demand and new home construction.

City of Lee's Summit Trends in Household Types

Household Type	% of		% of	
	2000	Total	2010	Total
Total Households	26,417	100.0%	34,429	100.0%
Family Households	19,488	73.8%	25,126	73.0%
Married-Couple Family	16,402	62.1%	20,080	58.3%
With Children Under 18	8,698	32.9%	9,563	27.8%
Female Householder, No Husband Present	2,345	8.9%	3,754	10.9%
Non-Family Households	6,229	26.2%	9,303	27.0%
Householder Living Alone	5,823	22.0%	7,849	22.8%
Householder 65 Years and Older	2,428	9.2%	3,063	8.9%
Average Household Size	2.65		2.63	
Average Family Size	3.12		3.11	

Source: U.S. Census.

A community's population growth patterns play a significant role in the demand for housing. Esri Business Analyst projects the Lee's Summit population to continue to increase from 91,364 reported by the 2010 Census to 94,112 by 2017 with the median age rising from 37.0 years to 37.4 years. The population aged 65+ is projected to increase by 20.8 percent by 2017 while children ages 0 to 19 will increase by just 0.6 percent. The population of residents in their prime working years aged 25 to 54 years is projected to increase by a modest 0.8 percent from 2010 to 2017. These expected increases in population and shifts in age demographics will result in shifts in housing needs.

The Downtown Market Area is comprised of Census Tracts 137.03 and 180. Based on the U.S. Census Bureau, the Market Area supports a population of 9,167 residents. A reported 5,754 residents live east of the Missouri Pacific Railroad track with the remaining 3,413 residents living to the west.

Downtown Lee's Summit Market Area Population and Household Composition

	Census Tract		
	137.03	180	Totals
Population	5,754	3,413	9,167
Total Households	2,394	1,418	3,812
Average Household Size	2.40	2.41	2.40
Family Households	1,413	867	2,280
Married Couple Family	567	612	1,179
With Children Under 18	767	379	1,146
Female Householder, No Husband Present	607	201	808
Male Householder, No Wife Present	239	54	293
Non-Family Households	981	551	1,532
Householder Living Alone	740	414	1,154
Householder 65 Years and Older	89	67	156

Source: U.S. Census Bureau.

The household composition of the Market Area is significantly different from that of the entire City of Lee's Summit. Family households account for 59.8 percent of all Downtown Market Area households which compares to 73.0 percent citywide. Married couples with children represent just 30.0 percent of all Downtown Market Area households, compared to 58.3 percent citywide. The Downtown Market Area actually has more householders living alone than married couple family households with children. Downtown's differing household composition creates housing needs much different than that of the balance of Lee's Summit.

Population Age Distribution Trends

The age composition of a community's population influences the demand for housing. As a person ages their housing needs change. Lee's Summit's population for 2010, 2012 and 2017 is summarized in the table below by seven primary age groups, including adolescent (0-19 years), college age adults (20 to 24 years), young adults (25 to 34 years), family/working adults (35-44 years); empty nesters (45-54 years and 55-64 years) and elderly (65+ years). Each of these age groups possess distinctively different housing needs.

From 2010 through 2012, the U.S. Census Bureau estimates the Lee's Summit population increased by 1.0 percent. The number of residents ages 35 to 44 years declined by 1.6 percent, while the number of empty nesters (55 to 64 years) increased by 6.5 percent and the number of elderly (65+ years) increased by 5.8 percent and children ages 0 to 19 years declined by 4.1 percent. Absolute population gains were the largest for empty nesters ages 55 to 64 years (650 residents), seniors (604 residents) and young adults aged 25 to 34 years (209 residents).

From 2012 to 2017, Esri Business Analyst forecasts the age groups to experience the largest declines in population include college age adults 20 to 24 years (-7.0%) and ages 45 to 54 years (-5.3%). The senior population ages 65+ years is projected to increase by 14.3 percent by 2017. These projected demographic trends suggest a growing demand for affordable entry-level, empty nesters down sizing and senior housing. The Market Area is an ideal location to accommodate this wide range of housing needs and product types.

City of Lee's Summit Population Age Distribution Trends

Age Group	2010 Census	% of Total	2012 Estimate	% of Total	2010-12 Change	% Change	2017 Forecast	2012-17 Change	% Change
0-19 Years	27,738	30.4%	27,538	29.8%	-200	-0.7%	27,895	357	1.3%
20-24 Years	4,255	4.7%	4,355	4.7%	100	2.4%	4,052	-303	-7.0%
25-34 Years	10,987	12.0%	11,196	12.1%	209	1.9%	11,428	232	2.1%
35-44 Years	13,566	14.8%	13,346	14.5%	-220	-1.6%	13,321	-25	-0.2%
45-54 Years	14,348	15.7%	14,132	15.3%	-216	-1.5%	13,384	-748	-5.3%
55-64 Years	9,968	10.9%	10,618	11.5%	650	6.5%	11,344	726	6.8%
65+ Years	10,502	11.5%	11,106	12.0%	604	5.8%	12,689	1,583	14.3%
Totals	91,364	100.0%	92,291	100.0%	927	1.0%	94,113	1,822	2.0%
Median Age	36.9		37.6				38.0		

Source: U.S. Census and Esri Business Analyst.

The Downtown Market Area population is on average considerably younger than that of Lee’s Summit with a higher percentage of college aged residents 20 to 24 years and young adults (25 to 34 years) as well as lower a percentage of empty nesters aged 45 to 64 years. Through 2017 the Market Area population is estimated to decline slightly with gains in empty nesters ages 55 to 64 years (277 residents), elderly (152 residents) and college aged (32 residents). The current and future age composition of the Downtown Market Area population favors entry-level, down-sized and senior housing.

Downtown Lee’s Summit Market Area Population Age Distribution Trends

Age Group	Census Tract 137.03	% of Total	Census Tract 180	% of Total	Total Market Area	% of Total	2017 Forecast	2010-17 Change	% Change
0-19 Years	1,752	30.4%	807	23.6%	2,559	27.9%	2,503	-56	-2.2%
20-24 Years	342	5.9%	298	8.7%	640	7.0%	672	32	5.0%
25-34 Years	1,149	20.0%	619	18.1%	1,768	19.3%	1,602	-166	-9.4%
35-44 Years	829	14.4%	462	13.5%	1,291	14.1%	1,011	-280	-21.7%
45-54 Years	732	12.7%	452	13.2%	1,184	12.9%	1,057	-127	-10.7%
55-64 Years	377	6.6%	298	8.7%	675	7.4%	952	277	41.0%
65+ Years	573	10.0%	477	14.0%	1,050	11.5%	1,202	152	14.5%
Totals	5,754	100.0%	3,413	100.0%	9,167	100.0%	8,999	-168	-1.8%
Median Age	30.7		33.1				38.0		

Source: U.S. Census and Esri Business Analyst.

Educational Attainment

Because income increases with advancing educational attainment, communities with high education levels generally support higher levels of homeownership and housing values. The U.S. Census Bureau provided 2010 educational attainment levels for the population age 25+ years for the Downtown Market Area, Lee’s Summit, Missouri and the United States.

Comparison of Educational Attainment Levels For Residents 25 Years and Over

Highest Education Level Attained	Market Area	Lee's Summit	State of Missouri	United States
9th to 12th Grade, No Diploma	7.0%	3.0%	8.6%	12.5%
High School Graduate	32.4%	21.6%	31.7%	31.2%
Some College, No Diploma	26.8%	24.1%	22.8%	16.8%
Associate Degree	7.1%	8.4%	6.9%	9.1%
Bachelors Degree	18.6%	26.3%	16.2%	19.4%
Graduate Degree	6.3%	15.7%	9.6%	10.5%

Source: U.S. Census Bureau.

Lee's Summit residents on average are more educated than the norms for both Missouri and the United States. Approximately 50.4 percent of Lee's Summit residents 25 years and over have attained associate, bachelors or advanced degrees. By comparison, 32.7 percent of Missouri residents and 39.1 percent of U.S. residents possess an associate, bachelors or advanced degree. The City's well above average educational levels yield higher attainable incomes, housing values and homeownership levels. Education attainment levels for the Market Area closely resemble that for the State of Missouri.

Household Income

Generally, as incomes rise higher housing costs are supported. The table below summarizes 2012 household income estimates for Lee's Summit and the Downtown Market Area provided by Esri Business Analyst.

**City of Lee's Summit and Downtown Market Area
Estimated Households by Income; 2012**

Income Bracket	Downtown Market Area	% of Total	City of Lee's Summit	% of Total
Less than \$15,000	626	15.9%	2,109	6.1%
\$15,000 - \$24,999	344	8.7%	1,873	5.4%
\$25,000 - \$34,999	583	14.8%	2,379	6.8%
\$35,000 - \$49,999	804	20.4%	3,630	10.5%
\$50,000 - \$74,999	859	21.8%	7,000	20.2%
\$75,000 - \$99,999	389	9.9%	5,974	17.2%
\$100,000 - \$149,999	266	6.7%	7,357	21.2%
\$150,000 - \$199,999	63	1.6%	2,795	8.0%
\$200,000+	12	0.3%	1,616	4.7%
Totals	3,946		34,733	
Median Household Income	\$41,408		\$76,133	
Average Household Income	\$50,312		\$89,017	

Source: U.S. Census and Esri.

The U.S. Census Bureau estimated the 2012 median household income for Missouri of \$47,333 and the United States of \$53,046. The 2012 median household income of \$76,133 for the City of Coffeyville is well above the national and statewide averages. According to Esri Business Analyst, during 2012 just 11.5 percent of households in Lee's Summit earned less than \$25,000 annually. These households tend to be perpetual renters. Meanwhile, an estimated 51.1 percent of households earned \$75,000 or more, fueling strong demand for move-up and luxury housing.

By comparison, the Downtown Market Area's 2012 median household income of \$41,408 is well below the national and statewide averages. Nearly one-quarter of households earn less than \$25,000 annually, suggesting strong demand for affordable and income-based housing. Just 18.5 percent of households earn \$75,000 or more annually.

Conclusions

The City of Lee's Summit is an affluent suburban community located in the southeast quadrant of the Kansas City MSA. A community's population size, growth, household types, age composition, educational attainment and income levels influence the demand for housing.

A community's population growth patterns play a significant role in the demand for housing and supportable property values. Over the past four decades the City of Lee's Summit experienced steady population gains, increasing by 218 percent from 28,742 residents in 1970 to 91,364 residents by 2010. The *Lee's Summit Development Report 2014* forecasts the City's population to reach 99,699 residents by 2020. This steady population growth will fuel continued expansion of the new housing market.

Over the past decade the composition of households in Lee's Summit shifted slightly with single female and non-family households comprising larger market shares. The number of female householder families with no husband present rose from 2,345 in 2000 to 3,754 by 2010. Married-couple family households decreased from 62.1 percent of all households in 2000 to 58.3 percent by 2010. Married-couple families with children under 18 years old also declined from 32.9 percent in 2000 to 27.9 percent by 2010. The percentage of householders living alone rose just slightly from 2000 to 2010. These shifts in the types of households in Lee's Summit have likely had an impact on the composition of housing demand and new home construction.

The age composition of a community's population plays a role in the demand for housing. Housing demand, needs and expenditures change as individuals grow older. From 2012 to 2017 the Lee's Summit population is forecast to increase by 2.0 percent. Those age groups projected to experience the largest declines in population include college age adults 20 to 24 years (-7.0%) and ages 45 to 54 years (-5.3%). The senior population ages 65+ years is projected to increase by 14.3 percent by 2017. These project demographic trends suggest a growing demand for affordable entry-level, empty nesters down sizing and senior housing. The Downtown Market Area is an ideal location to accommodate this wide range of housing needs and product types.

Education levels figure into a community's socio-economic status. Because income increases with advancing educational attainment, communities with high education levels generally support higher levels of homeownership and housing values. Lee's Summit residents on average are more educated than the norms for both Missouri and the United States. Approximately 50.4 percent of Lee's Summit residents 25 years and over have attained associate, bachelors or advanced degrees. By comparison, 32.7 percent of Missouri residents and 39.1 percent of U.S. residents possess an associate, bachelors or advanced degree. The City's well above average educational levels yield higher attainable incomes, housing values and homeownership levels.

Supportable residential housing values and the mix of housing are a function of resident income levels. Generally, as income rises higher home ownership levels and housing costs are supported. Just 11.5 percent of households in Lee's Summit earned less than \$25,000 annually. These households tend to be perpetual renters. Meanwhile, an estimated 51.1 percent of households earned \$75,000 or more, fueling strong demand for move-up and luxury housing.

Recent and near-term demographic trends for Lee's Summit residents suggest a continued need for affordable housing and strong growth in the need for move-up and luxury housing. The growth in the number of young adults aged 25 to 34 years will fuel the need for attached rental and entry-level owner-occupied housing. The growing number of empty nesters will fuel downsizing and residents 65+ will generate heightened demand for independent and assisted living.

Overall, the City of Lee's Summit supports a young, educated and affluent population. The Downtown Market Area population demographics vary substantially from the citywide norm. The Downtown Market Area has more householders living alone than married couple family households with children. The Downtown Market Area population is on average considerably younger than that of Lee's Summit with a higher percentage of college aged residents 20 to 24 years and young adults (25 to 34 years) as well as lower a percentage of empty nesters aged 45 to 64 years. Education attainment levels and household income levels for the Downtown Market Area are much lower than that for the remainder of the City. Nearly one-fourth of Lee's Summit households with annual incomes of less than \$25,000 reside within the Downtown Market Area. Downtown's differing demographic composition creates housing needs much different than that of the balance of Lee's Summit.

HOUSING STOCK CHARACTERISTICS

This section of the report evaluates the Downtown Market Area’s housing stock by quantifying the inventory, occupancies, age and type of the existing housing inventory as well as recent trends in new home construction activity. The goal is to identify current and future opportunities to support new housing stock in the Downtown Market Area.

Housing Stock Inventory and Occupancies

The 2010 Census inventoried 4,278 housing units in the Downtown Market Area operating at an overall occupancy rate of 93.1 percent. The 3,981 occupied housing units included 1,879 owner-occupied units and 2,102 renter-occupied units. The Downtown Market Area supports a large percentage of renter-occupied housing, reported at 52.8 percent of the total inventory of occupied housing units. By comparison, renter-occupied housing in Lee’s Summit as a whole accounted for just 23.6 percent of all occupied housing units. The overall vacancy rate of 6.9 percent for the Downtown Market Area was slightly higher than the city-wide average of 6.1 percent.

Downtown Market Area vs. Lee’s Summit Housing Stock and Occupancies; 2010 Census

	Market Area	% of Total	Lee's Summit	% of Total
	Housing Units	% of Total	Housing Units	% of Total
Total Housing Units	4,278	100.0%	36,679	100.0%
Occupied Housing Units	3,981	93.1%	34,429	93.9%
Owner-Occupied Housing Units	1,879	47.2%	26,313	76.4%
Renter-Occupied Housing Units	2,102	52.8%	8,116	23.6%
Vacant Housing Units	297	6.9%	2,250	6.1%
For Rent	147	49.5%	987	43.9%
Rented, Not Occupied	3	1.0%	32	1.4%
For Sale Only	71	23.9%	642	28.5%
Sold, Not Occupied	9	3.0%	75	3.3%
For Seasonal, Recreational or Occasional Use	10	3.4%	140	6.2%
All Other Vacant Units	57	19.2%	374	16.6%

Source: U.S. Census Bureau and Esri Business Analyst.

The 2009-2013 American Community Survey published by the U.S. Census Bureau indicates that the Downtown Market Area supports very differing housing stocks on either side of the Missouri Pacific Railroad line. The Downtown Market Area is comprised of two Census Tracts with Census Tract 137.03 located east of the rail line and Census Tract 180 to the west.

Downtown Lee's Summit Market Area Housing Stock and Occupancies by Census Tract

	Tract 137.03	Tract 180
	Housing Units	Housing Units
	% of Total	% of Total
Total Housing Units	2,501	1,614
Occupied Housing Units	2,270	1,362
Owner-Occupied Housing Units	809	819
Renter-Occupied Housing Units	1,461	543
Vacant Housing Units	231	252

Source: U.S. Census Bureau.

The Census Bureau reported the Downtown Market Area housing stock at 4,115 dwelling units, including 2,501 housing units in Census Tract 137.03 and 1,614 housing units in Census Tract 180. Rental housing accounts for 64.4 percent of the occupied housing stock in Census Tract 137.03, but only 39.9 percent in Census Tract 180.

Age of Housing Stock

The table below compares the age of the Downtown Market Area housing stock with that of the City of Lee's Summit as reported by the *2013 American Community Survey* published by the U.S. Census Bureau. The Downtown Market Area housing stock is relatively old with nearly 80 percent of the existing inventory built prior to 1980 and just 2.6 percent built since 2000. Given recent population growth trends the Lee's Summit housing stock is much newer with 52.4 percent of the housing stock built since 1990.

Downtown Market Area Housing Stock by Year Built

Year Structure Built	# of Units	% of Total	Lee's Summit %
Total Housing Units	4,107	100.0%	100.0%
2010 or Later	16	0.4%	0.4%
2000 to 2009	90	2.2%	25.3%
1990 to 1999	202	4.9%	26.7%
1980 to 1989	526	12.8%	19.1%
1970 to 1979	1,037	25.2%	14.8%
1960 to 1969	974	23.7%	6.4%
1950 to 1959	806	19.6%	4.3%
1949 or Earlier	464	11.3%	2.8%

Source: U.S. Census Bureau.

Housing Stock by Structure Type

The Lee's Summit housing stock is dominated by detached single family homes, accounting for 73.8 percent of the total inventory. This preference for detached housing is consistent with high-growth emerging suburban areas. By comparison, detached singly family homes account for 70.2 percent of Missouri's total housing stock.

Another common characteristic of growing suburban area's housing mix is a modest inventory of multi-family housing units. Multi-family structures with 10 or more dwelling units account for just 7.7 percent of the total housing stock for both Lee's Summit and Missouri. The housing stock of 2 to 9 unit structures accounts for 9.0 percent of Lee's Summit's housing units, compared to 11.9 percent of Missouri's.

The table below compares the housing stock by unit type for both Census Tracts comprising the Downtown Market Area with that of the City of Lee's Summit as reported by the *2013 American Community Survey*.

Downtown Market Area Housing Stock by Type

Units in Structure	Census 137.03		Census 180		Total		Lee's Summit %
	# of Units	% of Total	# of Units	% of Total	# of Units	% of Total	
1-Unit, Detached	1,081	43.2%	1,003	62.1%	2,084	50.6%	73.4%
1-Unit, Attached	283	11.3%	212	13.1%	495	12.0%	9.8%
2 Units	453	18.1%	76	4.7%	529	12.9%	3.1%
3 or 4 Units	187	7.5%	39	2.4%	226	5.5%	3.7%
5 to 9 Units	222	8.9%	147	9.1%	369	9.0%	2.3%
10 to 19 Units	267	10.7%	96	6.0%	363	8.8%	3.8%
20+ Units	8	0.3%	41	2.5%	49	1.2%	3.9%
Mobile Home	0	0.0%	0	0.0%	0	0.0%	0.0%
Boat, RV, Van, etc.	0	0.0%	0	0.0%	0	0.0%	0.0%
Total Housing Units	2,501	100.0%	1,614	100.0%	4,115	100.0%	100.0%

Source: U.S. Census Bureau.

This housing stock data further illustrates the presence of two distinct housing markets within the Downtown Market Area. Detached single family homes account for 46.6 percent of the total housing stock within the eastern portion of the Downtown Market Area (Census Tract 137.03) while multi-family housing accounts for 43.2 percent. By comparison, the housing stock within the western portion of the Downtown Market Area is dominated by detached single family homes accounting for 62.1 percent of the total inventory, with attached multi-family housing accounting for 24.8 percent.

Collectively, the Downtown Market Area housing stock when compared to Lee's Summit as a whole supports a well below average percentage of detached single family housing and an above average percentage of attached multi-family housing. This housing pattern is common among

suburban downtowns and city cores which generally support a higher density, more diverse housing market.

As indicated by the table below, homeowners in the Downtown Market Area are more likely to occupy detached single family housing while renters generally occupy multi-family housing. Renters also occupy 53.9 percent of the housing within the Downtown Market Area.

For 2011, the U.S. Census Bureau estimated that 1,790 owner-occupied housing units in the Downtown Market Area were occupied, accounting for 46.1 percent of all occupied housing units. Detached single family homes accounted for 91.2 percent of all occupied owner-occupied housing units. Meanwhile, an estimated 2,089 rental housing units were occupied. Renters were much less likely to occupy detached single family homes accounting for just 17.4 percent of all occupied rental units.

Multi-family housing with 2 or more units accounted for 68.5 percent of all renter-occupied units in the Downtown Market Area and just 1.6 percent of all owner-occupied housing units. Properties with 10+ rental units were the most popular for renters accounting for 24.0 percent of all renter-occupied units. Properties with two dwelling units account for 22.8 percent of all renter-occupied units. Structures with 5 to 9 dwelling units accounted for just 12.9 percent of all renter-occupied units. The dominance of 10+ unit apartment properties stems from the presence of several large-scale market-rate and income-based apartment communities.

Downtown Market Area Occupied Housing Stock by Type Owner-Occupied vs. Renter-Occupied Housing; 2011

Housing Type	Total	Owner-Occupied	Renter-Occupied
Occupied Housing Units	3,879	1,790	2,089
Units in Structure			
1-Unit, Detached	51.5%	91.2%	17.4%
1-Unit, Attached	10.7%	6.9%	14.1%
2 Units	13.0%	1.6%	22.8%
3 to 4 Units	4.7%	0.0%	8.8%
5 to 9 Units	7.0%	0.0%	12.9%
10+ Units	12.9%	0.0%	24.0%
Mobile Home or Other	0.2%	0.3%	0.0%

Source: U.S. Census Bureau.

Residential Permitting Trends

The *City of Lee's Summit 2014 Development Report* provides annual residential building permit activity for single family, duplex and multi-family housing. As depicted in the table below, from 2000 to 2014 a total of 10,474 residential housing units were permitted for construction in Lee's Summit, including 7,203 single family housing units, 480 duplex units and 2,791 multi-family dwelling units. Residential construction peaked from 2002 to 2005 with annual permitting levels ranging from 1,176 to 1,339 dwelling units. Commencing in 2006 following the national housing bust, new residential construction declined dramatically to a low of just 95 housing units in 2009. Over the past five years new residential construction levels have rebounded steadily, but have yet to approach the volumes experienced during the height of the market.

City of Lee's Summit, Missouri Residential Building Permits

Year	Single Family	Duplex	Multi-Family	Total Units
2000	680	40	524	1,244
2001	748	32	163	943
2002	887	80	372	1,339
2003	853	94	229	1,176
2004	911	44	270	1,225
2005	791	66	323	1,180
2006	489	42	296	827
2007	380	56	343	779
2008	129	10	12	151
2009	91	4	0	95
2010	170	0	0	170
2011	166	0	0	166
2012	270	4	0	274
2013	319	6	9	334
2014	319	2	250	571
Totals	7,203	480	2,791	10,474

Source: City of Lee's Summit 2014 Development Report.

From 2000 through 2014 the single family sector accounted for nearly 69 percent of the total residential construction activity in Lee's Summit. Permitting levels peaked from 2001 through 2005, before experiencing a steady and dramatic downward slide to a low of just 91 new housing units by 2009. Since 2010 single family permitting levels have been on the rebound but remain 65 percent below the height of the market.

From 2000 through 2014 a total of 2,791 multi-family dwelling units were permitted for construction in Lee's Summit, effectively increasing the City's stock of multi-family housing by 50 percent. Multi-family residential construction in Lee's Summit peaked between 2002 and 2007 when a total of 1,833 dwelling units were permitted for construction. From 2009 through 2014 just 259 multi-family dwelling units were permitted for construction in Lee's Summit.

The Downtown Market Area supports a mature housing market with very little vacant land available for future new home construction. To illustrate, according to the City of Lee's Summit, from 2004 to 2014 just 44 residential dwelling units were permitted for construction. The mix of new residential construction included 18 multi-family dwelling units, 14 duplex units and 12 single family homes. The Vogue Condominiums at 319 SE Douglas Street accounted for all the multi-family residential construction with permits issued in 2007. All 14 duplex units were built in 2004 and 2005. Single family home construction was the most active from 2004 to 2007 when nine homes were built. Since 2008, new residential construction within the Downtown Market Area was limited to just three single family homes.

Downtown Market Area Residential Building Permits

Year	Single Family	Duplex	Multi-Family	Total Units
2004	2	4	0	6
2005	3	10	0	13
2006	2	0	0	2
2007	2	0	18	20
2008	1	0	0	1
2009	0	0	0	0
2010	0	0	0	0
2011	1	0	0	1
2012	1	0	0	1
2013	0	0	0	0
2014	0	0	0	0
Totals	12	14	18	44

Source: City of Lee's Summit 2014 Development Report.

Given the mature nature of the Downtown Market Area the majority of future residential construction will require the assemblage of underutilized properties. Attached housing is best located within the downtown core and along major arterials such as 2nd and 3rd Streets. New single family construction is most appropriate within interior locations that are currently predominantly detached single family in character.

Conclusions

The Downtown Market Area supports a much more diverse mix of housing than that of Lee's Summit with a larger emphasis on higher density multi-family housing. The *2009-2013 American Community Survey* published by the U.S. Census Bureau reported the Downtown Market Area housing stock at 4,115 dwelling units. Single family housing accounts for just 50.6 percent of the Downtown Market Area housing stock, compared to 73.5 percent for Lee's Summit. Multi-family housing with 5+ dwelling units account for 19.0 percent of the Downtown Market Area housing stock compared to just 9.9 percent for Lee's Summit.

The Downtown Market Area also supports an older housing stock than Lee's Summit as a whole. The *2009-2013 American Community Survey* reported that nearly 80 percent of the Downtown Market Area's existing inventory was built prior to 1980 with just 2.6 percent built since 2000. Given recent population growth trends the Lee's Summit housing stock is much newer with 52.4 percent of the housing stock built since 1990.

The *2009-2013 American Community Survey* reported that 3,632 dwelling units in the Downtown Market Area were occupied, equating to an occupancy rate of 88.3 percent. Renter-occupied housing accounted for 55.2 percent of the total inventory of occupied housing units (compared to just 24.2 percent for Lee's Summit) with owner-occupied housing accounting for the remaining 44.8 percent.

Renters are much less likely to occupy detached single family homes accounting for just 17.4 percent of all occupied rental units. Attached multi-family housing accounts for 68.5 percent of the Downtown Market Area's inventory of renter-occupied dwelling units. Properties with 10+ rental units are the most popular for renters accounting for 24.0 percent of all renter-occupied units. Properties with two dwelling units account for 22.8 percent of all renter-occupied units.

The Downtown Market Area is comprised of two Census Tracts with Census Tract 137.03 located east of the Missouri Pacific Railroad line and Census Tract 180 to the west. Census Tract 137.03 maintains a total of 2,501 housing units with Census Tract 180 supporting 1,614 housing units. These two Census Tracts support distinctively different housing stocks. Detached single family homes account for 43.2 percent of the total housing stock within the eastern portion of the Downtown Market Area (Census Tract 137.03) while multi-family housing accounts for 45.5 percent. By comparison, the housing stock within the western portion of the Downtown Market Area is dominated by detached single family homes accounting for 62.1 percent of the total inventory, with attached multi-family housing accounting for 24.7 percent. Furthermore, rental housing accounts for 64.4 percent of the occupied housing stock in Census Tract 137.03, but only 39.9 percent in Census Tract 180.

The Downtown Market Area supports a mature housing market with very little vacant land available for future new home construction. From 2004 to 2014 just 44 residential dwelling units were permitted for construction. The mix of new residential construction included 18 multi-family dwelling units, 14 duplex units and 12 single family homes.

FOR-SALE HOUSING MARKET ANALYSIS

This section of the report evaluates the Downtown Market Area’s for-sale housing market by identifying: 1) single family residential subdivisions; 2) detached and attached home sale trends; and 3) current supply of for-sale homes on the market. The goal was to determine the ability of the Downtown Market Area to support near-term absorption of new for-sale housing.

Detached Single Family Home Subdivisions

The *City of Lee’s Summit 2014 Development Report* provides a list of detached single family home subdivisions identifying a detailed platting history, annual building permit history and remaining lots for each subdivision. Those single family subdivisions located within the Downtown Market Area are listed in the table below.

Ten single family subdivisions with identified within Downtown Market Area totaling 550 platted lots. Seven of the subdivisions achieved build-out over a decade ago. At the close of 2014 the platted lot inventory within the three remaining subdivisions totaled 37 lots. From 2010 to 2014 only two homes were permitted for construction, suggesting the subdivisions with remaining lots are currently inactive. The lack of available lot inventory is consistent with mature housing markets.

No new single family subdivisions in the Downtown Market Area have obtained final plat approval. Future single family subdivision development will likely require the assemblage of several underutilized properties.

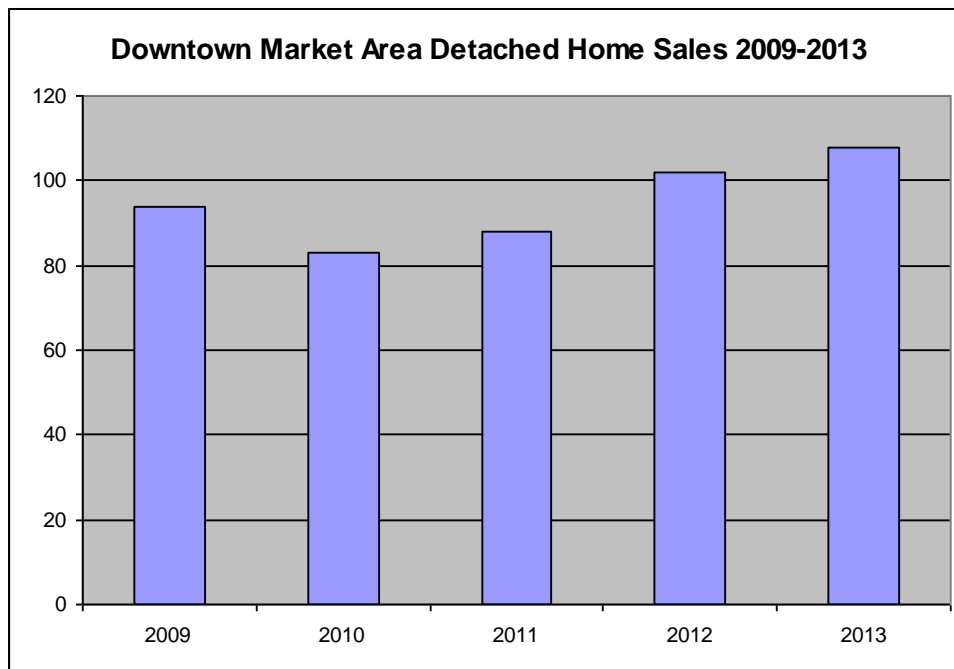
Downtown Lee’s Summit Market Area Single Family Subdivisions

Subdivision	# of Platted Lots	Units Permitted						Units Built	Vacant Lots
		Prior to 2010	2010	2011	2012	2013	2014		
Gray Ridge Acres	27	27	0	0	0	0	0	27	0
Harris Highlands	29	29	0	0	0	0	0	29	0
Heather Hill Farms	27	1	0	0	0	0	0	1	26
Metheny Addition	20	20	0	0	0	0	0	20	0
Morningside Acres	19	19	0	0	0	0	0	19	0
Orchard View	26	23	0	0	0	0	0	23	3
Roseland Height	85	85	0	0	0	0	0	85	0
Schick Place	2	0	0	0	2	0	0	2	0
Valle Vista	66	66	0	0	0	0	0	66	0
Village Fair	249	241	0	0	0	0	0	241	8
Totals	550	511	0	0	2	0	0	513	37

Source: City of Lee’s Summit 2014 Development Report.

Detached Housing Sale Trends

Multiple Listing Service (“MLS”) data provided by Keller Williams Realty was consulted to ascertain recent detached single family home sales trends for the Downtown Market Area. The bar chart below depicts annual detached home sales volumes from 2009 through 2013. Single family home sales remained steady from 2009 through 2011 ranging from 83 to 94 sales annually. During 2011, home sales in the Downtown Market Area were up 15.9 percent to a reported 102 homes sold. Despite rising mortgage rates, during 2013 home sales continued to improve, up 5.9 percent to 108 sales for the year.



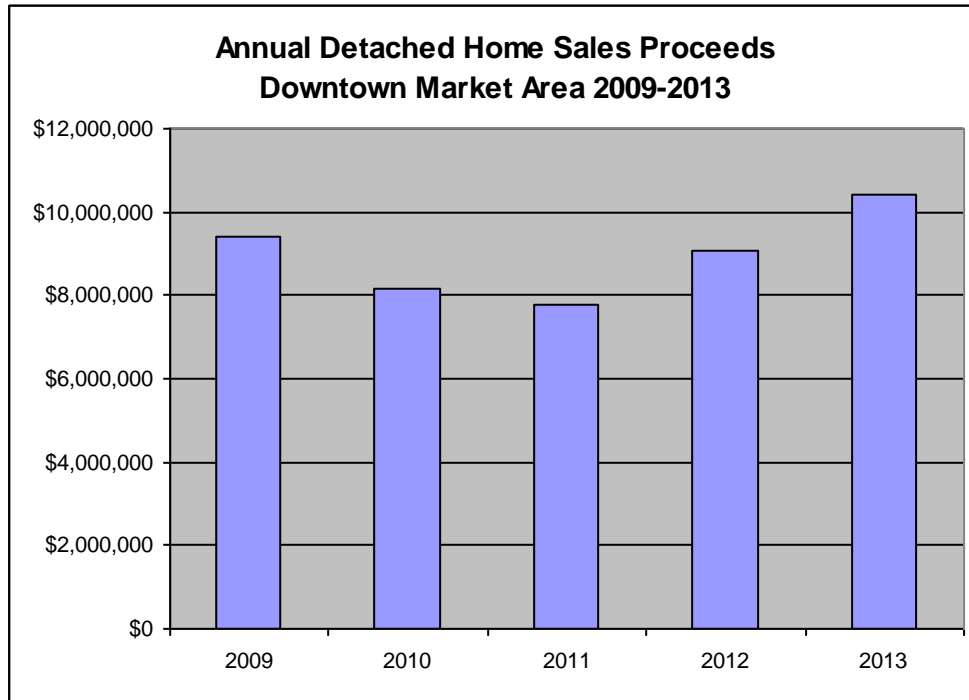
From 2009 to 2013, three bedroom homes accounted for over two-thirds of the single family homes sold within the Downtown Market Area. Two bedroom homes captured 24 percent of all home sales over the 5-year period.

Downtown Market Area Homes Sales by # of Bedrooms

# of Bedrooms	Home Sales					Total Units	% of Total
	2009	2010	2011	2012	2013		
1 Bedroom	0	0	0	2	0	2	0.4%
2 Bedroom	19	17	18	30	30	114	24.0%
3 Bedroom	65	57	66	66	67	321	67.6%
4 Bedroom	8	9	4	3	10	34	7.2%
5 Bedroom	2	0	0	1	1	4	0.8%
Totals	94	83	88	102	108	475	100.0%

Source: Multiple Listing Service.

From 2009 through 2013 a total of 475 single family homes sold in the Downtown Market Area. Total home sale proceeds declining in both 2010 and 2011, reaching a low of \$7.8 million. Home sale proceeds rebounded in 2012 to \$9.1 million and again in 2013 to \$10.4 million.



Key indicators that are reflective of the health of a local for-sale housing market include annual sales velocity, average sales price, average days on the market (“DOM”) and average sales price as a percentage of the average list price. Each of these market indicators are identified in the table below from 2009 to 2013 for the Downtown Market Area.

Detached Home Sales Market Indicators Downtown Market Area 2009-2013

Year	Home Sales	Total Sales Proceeds	Average Sales Price	Average Days on Market	Sale Price As % of List Price
2009	94	\$9,399,465	\$99,994	82	95.9%
2010	83	\$8,178,506	\$98,536	71	95.3%
2011	88	\$7,771,626	\$88,314	111	95.3%
2012	102	\$9,083,856	\$89,057	86	96.0%
2013	108	\$10,424,110	\$96,520	75	96.3%

Source: Multiple Listing Service

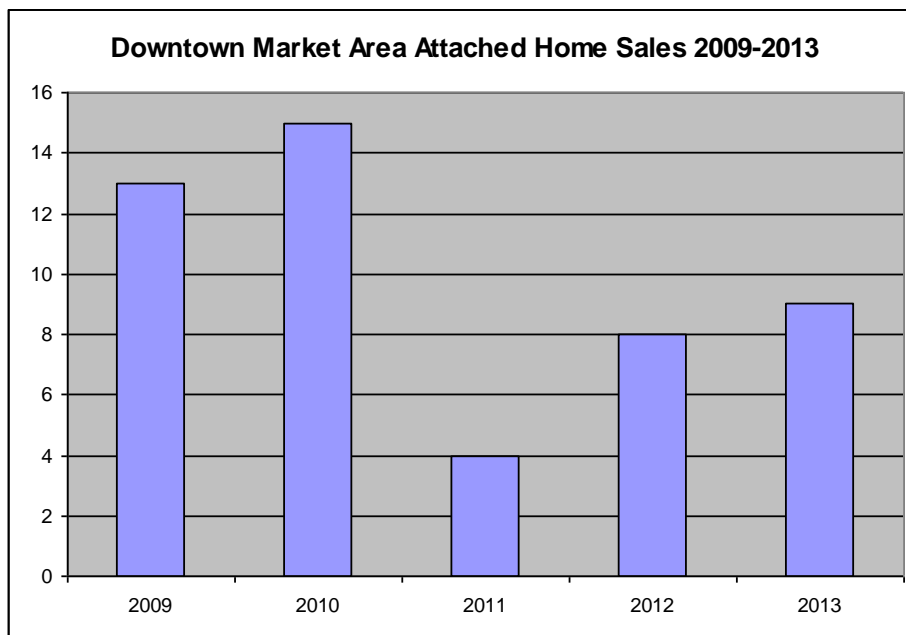
In 2009 the average sales price for single family homes in the Downtown Market Area was reported at \$99,994. Home sales ranged in price from \$30,000 to \$280,000. Through 2011, due to a continued weak economy and declining home sales velocity the average sale price declined by 11.7 percent to \$88,314. Over the past two years as housing demand has accelerated the average sales price rose to \$89,057 in 2012 and \$96,520 during 2013.

With the exception of red hot housing markets homes generally sell for less than the listing price. A healthy for-sale housing market generally garners a sale price of 95 percent or better of the listing price. Over the past five years the Downtown Market Area supported an average sales price in excess of 95 percent of the average list price. During 2012 and 2013 as market conditions improved the average sales price increased to a high in 2013 of 96.3 percent of the average list price.

A healthy for-sale housing market generally operates at an average days on the market of 90 days or less. According to the MLS, as the Kansas City area housing market continued to weaken through 2011 the average days on the market for single family homes sold within the Downtown Market Area rose from 71 days in 2010 to 111 days in 2011, suggesting a supply and demand imbalance. As demand strengthened the average days on the market moderated to 86 days in 2012 and 75 days in 2013, indicative of a healthy supply and demand balance.

Attached Housing Sale Trends

The Multiple Listing Service (“MLS”) provided attached home sales trends for the Downtown Market Area from 2009 through 2013. During the 5-year timeframe a total of 49 attached housing units sold, accounting for 9.4 percent of the Downtown Market Area for-sale housing market. Annual sales velocity for attached housing mirrored that for detached housing with sales peaking in 2010 with 15 dwelling units sold. After reaching a low of four sales during 2011, sales of attached housing improved to eight units in 2012 and nine units in 2013.



From 2009 to 2013, two bedroom homes accounted for nearly 70 percent of the attached housing sold within the Downtown Market Area. Three bedroom units captured 26.5 percent of all attached housing sales with one bedroom units capturing just a 4.1 percent market share. This sales mix is indicative of the attraction of attached housing for young adults and empty nesters.

Downtown Market Area Homes Sales by # of Bedrooms

# of Bedrooms	Home Sales					Total Units	% of Total
	2009	2010	2011	2012	2013		
1 Bedroom	1	1	0	0	0	2	4.1%
2 Bedroom	7	12	3	4	8	34	69.4%
3 Bedroom	5	2	1	4	1	13	26.5%
4 Bedroom	0	0	0	0	0	0	0.0%
5 Bedroom	0	0	0	0	0	0	0.0%
Totals	13	15	4	8	9	49	100.0%

Source: Multiple Listing Service.

Key indicators that are reflective of the health of a local for-sale housing market include annual sales velocity, average sales price, average days on the market (“DOM”) and average sales price as a percentage of the average list price. Each of these market indicators are identified in the table below for attached housing sold from 2009 to 2013 in the Downtown Market Area.

Attached Home Sales Market Indicators Downtown Market Area 2009-2013

Year	Home Sales	Total Sales Proceeds	Average Sales Price	Average Days on Market	Sale Price As % of List Price
2009	13	\$1,139,051	\$87,619	75	96.1%
2010	15	\$1,169,950	\$77,997	56	96.4%
2011	4	\$279,739	\$69,935	192	94.7%
2012	8	\$597,945	\$74,743	83	93.3%
2013	9	\$630,480	\$70,053	93	96.1%

Source: Multiple Listing Service

In 2009 the average sales price for attached housing in the Downtown Market Area was reported at \$87,619. Sales ranged in price from \$46,951 to \$140,000. During 2010 and 2011, due to declining demand the average sale price declined by 20.2 percent to a low of \$69,935. Over the past two years as housing demand has accelerated the average sales price rose to \$74,743 in 2012 and \$70,053 during 2013.

Over the past five years, with the exception of 2012, the Downtown Market Area supported an average sales price for attached housing in excess of 95 percent of the average list price. During

2013 as market conditions improved the average sales price improved to 96.3 percent of the average list price.

A healthy for-sale housing market generally operates at an average days on the market of 90 days or less. At the peak of attached housing sales velocity the average days on the market within the Downtown Market Area was just 75 days in 2009 to 56 days in 2010. During 2011 when just four attached housing units sold the average time on the market ballooned to 192 days. As demand strengthened the average days on the market moderated to 83 days in 2012 and 93 days in 2013, indicative of a healthy supply and demand balance.

Current Supply of For-Sale Housing on the Market

A list of detached and attached homes actively on the market for sale in the Downtown Market Area was provided by Keller Williams Realty via the Multiple Listing Service (“MLS”). As of the date of this report 13 detached homes and four attached housing units were under contract. Active listings totaled 31 detached single family homes and five attached housing units. Based on recent trends in sales velocity, this current stock of available homes represents approximately a 5-month supply.

For-Sale Homes in Downtown Market Area Active Listings and Pending Sales

	# of Homes	Price Low	Price Range High	Average Price
Pending Sales				
Detached Single Family	13	\$30,500	\$150,000	\$102,981
Attached Housing	4	\$49,900	\$113,000	\$75,700
Active Listing				
Detached Single Family	31	\$74,900	\$420,000	\$124,706
Attached Housing	5	\$74,900	\$130,000	\$95,360

Source: Multiple Listing Service.

The 13 detached homes in the Downtown Market Area under contract are priced at \$30,500 to \$150,000, averaging \$102,981. Homes range in size from 1,078 to 2,418 square feet, averaging 1,540 square feet with three bedroom homes comprising over two-thirds of the pending sales. The homes pending sale were on the market for between 18 and 453 days, averaging 123 days on the market. Eight of the 13 homes under contract were on the market for 100 days or less.

The 31 detached homes on the market are priced from \$74,900 to \$420,000, averaging \$124,706. Over one-third of the homes currently on the market are priced under \$100,000. The active listings have been on the market between 2 and 492 days, averaging 98 days on the market. A reported 17 homes have been on the market for 100 days or less with four homes on the market

for 180 days or more. The homes range in size from 624 to 3,846 square feet, averaging 1,486 square feet. Three bedroom homes account for 71 percent of the active listings.

The four attached housing units in the Downtown Market Area under contract are priced at \$49,900 to \$113,000, averaging \$75,700. The homes were built from 1983 to 2003 with two and three bedroom units each comprising one-half of the pending sales. The homes pending sale were on the market for between 20 and 177 days, averaging 95 days on the market.

The five attached housing units on the market are priced from \$74,900 to \$130,000, averaging \$95,360. Two of the housing units currently on the market are priced at \$100,000 or more. The active listings have been on the market between 21 and 212 days, averaging 116 days on the market. The homes range in size from 780 to 1,484 square feet and were built between 1981 and 1988.

Conclusions

Lee's Summit's Downtown Market Area is a mature housing market with just six detached single family homes constructed since 2002. The *City of Lee's Summit 2014 Development Report* identified ten single family subdivisions within the Downtown Market Area totaling 550 platted lots. Seven of the subdivisions achieved build-out over a decade ago. At the close of 2014 the platted lot inventory within the three remaining subdivisions totaled 37 lots. From 2010 to 2014 only two homes were permitted for construction, suggesting the subdivisions with remaining lots are currently inactive.

Despite high levels of new home construction in Lee's Summit since 2000, the Downtown Market Area remains a popular place to live with for-sale housing in steady demand. From 2009 to 2012 the Multiple Listing Service ("MLS") reported a total of 475 detached single family homes and 49 attached housing units sold within the Downtown Market Area.

Detached single family home sales velocity from 2009 through 2011 ranged from 83 to 94 sales annually. During 2012, home sales increased by 15.9 percent to 102 homes sold. Despite rising mortgage rates, during 2013 home sales continued to improve, up 5.9 percent to 108 sales for the year. Total home sale proceeds reached a high of \$10.4 million during 2013.

The MLS reported the average sales price for detached single family homes in the Downtown Market Area at \$99,994 during 2009. Through 2011, due to a continued weak economy and declining home sales velocity the average sale price declined by 11.7 percent to \$88,314. Over the past two years as housing demand has accelerated the average sales price rose to \$89,057 in 2012 and \$96,520 during 2013.

A healthy for-sale housing market generally garners a sale price of 95 percent or better of the listing price. Over the past five years the Downtown Market Area supported an average sales price in excess of 95 percent of the average list price. As market conditions have improved the average sales price reached a high in 2013 of 96.3 percent of the average list price.

From 2009 to 2013, three bedroom homes accounted for over two-thirds of the detached single family homes sold within the Downtown Market Area. Two bedroom homes captured 24 percent of all home sales over the 5-year period.

From 2009 through 2013, attached housing units accounted for 9.4 percent of all for-sale housing sold in the Downtown Market Area. Annual sales velocity for attached housing mirrored that for detached housing with sales peaking in 2010 with 15 dwelling units sold. After declining to a low of four sales during 2011, sales of attached housing improved to eight units in 2012 and nine units in 2013.

At the peak of attached housing sales velocity the average days on the market within the Downtown Market Area was just 75 days in 2009 to 56 days in 2010. During 2011 when just four attached housing units sold the average time on the market ballooned to 192 days. As demand strengthened the average days on the market moderated to 83 days in 2012 and 93 days in 2013, indicative of a healthy supply and demand balance.

As of the date of this report 13 detached homes and four attached housing units were under contract. Active listings totaled 31 detached single family homes and five attached housing units. Based on recent trends in sales velocity, this current stock of available homes represents approximately a 5-month supply.

No new single family subdivisions in the Downtown Market Area have obtained final plat approval. Future single family subdivision development will likely require the assemblage of several underutilized properties. The 18-unit Vogue Condos, built at 3rd and Douglas Streets in the heart of downtown, is currently inactive after the sale of just 3 or 4 units. No other attached for-sale housing is approved for development within the Downtown Market Area.

RENTAL HOUSING MARKET ANALYSIS

This section of the report evaluates the Downtown Market Area's rental housing market. Three rental housing products were surveyed, including: 1) market-rate housing; 2) income-based apartments; and 3) senior housing.

Downtown Market Area Rental Market

According to the *2013 American Community Survey* published by the U.S. Census Bureau, the Downtown Market Area housing stock totaled 4,115 dwelling units; of which 37.3 percent or 1,536 dwelling units are in multi-unit structures. Renter-occupied housing in the Downtown Market Area accounts for 55.2 percent of the total inventory of occupied housing units. By comparison, renter-occupied housing in Lee's Summit as a whole accounts for just 24.2 percent of all occupied housing units.

Multi-family housing with 2 or more units accounts for 68.5 percent of all renter-occupied units in the Downtown Market Area. Properties with 10+ rental units are the most popular accounting for 24.0 percent of all renter-occupied units. Properties with two dwelling units account for 22.8 percent of all renter-occupied units while properties with 5 to 9 dwelling units account for 12.9 percent of all renter-occupied units.

Attached multi-family housing accounts for 45.5 percent of the total housing stock within the eastern portion of the Downtown Market Area (Census Tract 137.03). By comparison, the housing stock within the western portion of the Downtown Market Area (Census Tract 180) is dominated by detached single family homes, with attached multi-family housing accounting for just 24.7 percent of the total housing stock.

Very little new multi-family housing units have been constructed in the Downtown Market Area over the past 25 years. To illustrate, the *Lee's Summit 2014 Development Report* identified 46 multi-family subdivisions within the Downtown Market Area approved for a total of 1,386 dwelling units. Prior to 1987 a total of 1,158 multi-family dwelling units had been constructed. From 1987 through 2000 a reported 158 multi-family dwelling units were permitted and built within the Downtown Market Area with another 68 dwelling units constructed from 2001 to 2005. Since 2005, the Downtown Market Area has not supported any additional multi-family residential construction. As a result, much of the rental housing is old and lacks the unit features and property amenities of new, more modern multi-family housing stock.

Consult the table on the following page for a complete list of multi-family subdivisions planned and built within the Downtown Market Area.

Downtown Market Area Multi-Family Housing Subdivisions

Subdivision	Building Type	# of Units Approved	Built Pre-1987	Units Permitted				Units Built
				1987-2000	2001-2005	2006-2010	2011-2014	
Arlington Park Estates	Duplex	18	18	0	0	0	0	18
Ash Court	Duplex	14	0	14	0	0	0	14
Ashbrooke	Apartment	75	75	0	0	0	0	75
Avanti East	Apartment	120	120	0	0	0	0	120
BC White House Addition	Duplex	2	2	0	0	0	0	2
Benton Heights	Duplex	18	18	0	0	0	0	18
Borders Addition	Apartment	14	14	0	0	0	0	14
Braeside Park	Mixed Density	98	64	34	0	0	0	98
Butterfields Addition	Duplex	4	2	2	0	0	0	4
Cottage Gate	Duplex	10	10	0	0	0	0	10
Court Villas	Duplex	20	0	20	0	0	0	20
East Ridge Addition	Duplex	2	2	0	0	0	0	2
Fresh Woods	Duplex	8	0	0	8	0	0	8
Gambles Subdivision	Duplex	12	12	0	0	0	0	12
Gover Addition	Duplex	2	2	0	0	0	0	2
Hamel Heights	Duplex	90	90	0	0	0	0	90
Hearnes Addition	Apartment	58	30	8	20	0	0	58
Heather Hill Farm	Duplex	12	10	0	2	0	0	12
Higginbotham Acres	Duplex	4	4	0	0	0	0	4
Higgins Addition	Duplex & Fourplex	12	8	4	0	0	0	12
Ironwood Addition	Duplex & Fourplex	30	0	0	30	0	0	30
Kingston Trails	Duplex	44	44	0	0	0	0	44
Lee Haven	Apartment & Duplex	50	50	0	0	0	0	50
Lee Heights	Duplex	6	6	0	0	0	0	6
The Lodge	Apartments	64	64	0	0	0	0	64
Lowes Addition	Duplex	12	0	4	8	0	0	12
Marketplace	Duplex	112	112	0	0	0	0	112
Michael Manor	Duplex	42	42	0	0	0	0	42
Morningside Acres	Duplex	4	0	4	0	0	0	4
Myrtle Park	Duplex	12	10	2	0	0	0	12
Onahome Addition	Apartment	12	12	0	0	0	0	12
Peter's Resurvey	Triplex	4	4	0	0	0	0	4
Pin Oak Estates	Duplex	46	46	0	0	0	0	46
Pinecrest	Duplex & Fourplex	10	0	10	0	0	0	10
Pinetree Village	Fourplex	56	0	56	0	0	0	56
Ranville Corner	Duplex	2	0	0	0	0	0	2
Robin Hills	Apartment & Duplex	107	107	0	0	0	0	107
Second & Corder Place	Duplex	6	6	0	0	0	0	6
Southview Heights	Duplex	6	6	0	0	0	0	6
Strasbourg	Apartments	71	71	0	0	0	0	71
Summit	Apartments	12	12	0	0	0	0	12
Sunrise East	Duplex	26	26	0	0	0	0	26
Valle Vista	Duplex	14	14	0	0	0	0	14
Walnut Grove	Duplex	2	2	0	0	0	0	2
WB Howards	Apartment & Duplex	31	31	0	0	0	0	31
Whiting & Cooper's Addition	Duplex	12	12	0	0	0	0	12
Totals		1,386	1,158	158	68	0	0	1,386

Source: Lee's Summit 2014 Development Report.

In an effort to identify current rental housing market conditions in the Downtown Market Area a survey was conducted of larger rental properties. For purposes of the analysis, rental properties were classified into three groups, including: 1) market-rate apartments; 2) income-based apartments; and 3) senior housing. Independent and assisted living senior communities were excluded from the survey. The property data was compiled by contacting the property managers and leasing agents for each apartment community. Findings of the competitive apartment survey are summarized in the table on the following page.

Nine large-scale rental apartment properties were surveyed in the Downtown Market Area totaling 806 dwelling units. The Summit Point Apartments are located on the north side of Chipman Road, but were included in the survey. The inventory of rental properties is old and according to the *Lee's Summit 2014 Development Report* all eight surveyed rental properties within the Downtown Market Area were built prior to 1987. Given their age, most surveyed apartment communities lack the property amenities offered by newer, more modern apartment communities (i.e., clubhouse, fitness center, swimming pool, etc.).

Market-Rate Housing

Six apartment communities totaling 612 rental units operate as market-rate properties. Vacancy rates are healthy ranging from 3 to 6 percent. These properties are Class B and lower offering 1- and 2-bedroom apartments for rent with monthly rental rates ranging from \$525 to \$670 for 1-bedroom models and \$639 to \$740 for 2-bedroom models. By comparison, Summit Ridge Apartments located north of the Downtown Market Area at 701 NE Tudor Road, is a Class A property with monthly rents of \$769 to \$997 for 1-bedroom and \$962 to \$1,471 for 2-bedroom models. The Charles and Summit East Plaza are considered the highest quality market-rate rental properties within the Downtown Market Area, featuring a swimming pool, carpools, volleyball and cookout area, storage lockers and laundry facilities. The Charles was recently renovated and renamed.

The absence of quality market-rate rental properties in the Downtown Market Area results in higher income households seeking housing to look elsewhere. A quality rental housing stock is an important component of fostering a healthy for-sale housing market by offering prospective residents the opportunity to live in the community before buying a home.

Income-Based Apartments

Two apartment communities totaling 226 rental units surveyed within the Downtown Market Area are designated as income-based properties. The Ashbrooke Apartments and Sage Crossing Apartments are both privately owned and were acquired and rehabbed using tax credits and operate as Section 8 low income housing. The 74-unit Ashbrooke Apartments were placed in service in 2001 with the 152-unit Sage Crossing Apartments placed in service during 2007. Conversations with managers and leasing agents indicated that demand for affordable rental housing is strong marked by low vacancies. Market rents for 1-, 2-, 3- and 4-bedroom apartments are set at \$591 to \$908 per month with qualified tenants paying 30 percent.

Survey of Downtown Market Area Large-Scale Apartment Properties

Apartment Community	Year Built	Tax Credit Project	Total Units	Unit Type	# of Units	Size Sq. Ft.	Monthly Rent	Rent Per Sq. Ft.	Vacancy Rate
Market-Rate Properties									
Summit East Plaza Apartments 217 N. Independence Avenue			150	1 Bedroom / 1 Bath	37	577	\$525	\$0.91	3%
				1 Bedroom / 1 Bath		691	\$615	\$0.89	
				1 Bedroom / 1 Bath		723	\$575	\$0.80	
				2 Bedroom / 1.5 Bath	113	896	\$645	\$0.72	
The Charles 416 SE 3rd Street			119	1 Bedroom / 1 Bath	10	572	\$600	\$1.05	
				1 Bedroom / 1 Bath	9	676	\$640	\$0.95	
				1 Bedroom / 1 Bath	33	695	\$670	\$0.96	
				2 Bedroom / 1 Bath	67	808 - 944	\$700 - \$740	\$0.78 - \$0.87	
Summit Point Apartments 504 NE Chipman Road			100	1 Bedroom / 1 Bath	25	605	\$595	\$0.98	3%
				2 Bedroom / 1 Bath	75	720	\$645	\$0.90	
The Lodge Apartments 600 SE MO 291 Hwy			64	2 Bedroom / 1 Bath	64	765	\$639	\$0.84	6%
Robin Hills Apartments 607 SW 2nd Street			107						
Strasbourg Apartments 3 NW O'Brien Road	1965		72	1 Bedroom	24				6%
				2 Bedroom	48				
Income-Based Properties									
Ashbrooke Apartments 524 SE 2nd Street	2001	YES	74	2 Bedroom	55	900	\$752	\$0.84	3%
				3 Bedroom / 1.5 Bath	19	970	\$841	\$0.87	
Sage Crossing Apartments 506 NE Howard Avenue	2007	YES	152	1 Bedroom / 1 Bath	24	560	\$591	\$1.06	5%
				2 Bedroom / 1 Bath	52	710	\$664	\$0.94	
				3 Bedroom / 1 Bath	71	840	\$804	\$0.96	
				4 Bedroom / 1.5 Bath	5	900	\$908	\$1.01	
Senior Housing									
LeGrand Retirement Village 303 - 311 SE Grand Avenue		HUD Vouchers	40	1 Bedroom		400	\$560 - \$596	\$1.40 - \$1.49	8%
				1 Bedroom		525 - 550	\$638 - \$708	\$1.22 - \$1.29	
				2 Bedroom		610	\$744 - \$761	\$1.22 - \$1.25	
Grand Total Units			806						

Source: Canyon Research Southwest, Inc.

Nearly one-quarter of Downtown Market Area households earn less than \$25,000 per year with another 14.8 percent earning \$25,000 to \$34,999. In total, an estimated 1,553 households within the Downtown Market Area possess annual income levels of \$35,000 and less. This large number of low to moderate income households creates considerable demand for income-based and affordable housing. In Lee's Summit, affordable housing assistance takes the form of the Department of Housing and Urban Development ("HUD") providing subsidized housing through its Section 8 Housing Choice Voucher Program.

Eligibility for the Section 8 Choice Voucher Program is determined based on the total annual gross income and family size and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. All Section 8 programs use the very low-income or low-income standards of the median income for the county or metropolitan area in which the eligible household chooses to live. Jackson County is part of the Kansas City, MO-KS HUD Metro FMR Area and for FY 2014 the maximum very low-income limit (50% of Area's median income) ranges from \$24,500 annually for a one person household to \$46,150 annually for an 8-person household. The low-income limit (80% of Area's median income) ranges from \$39,150 annually for a one person household to \$73,800 annually for an 8-person household.

The Lee's Summit Housing Authority administers both a public housing and Section 8 Choice Voucher Program. In January 2013 the Lee's Summit Housing Authority served 680 families. Recipients can use the vouchers anywhere in Jackson County. By December 2013 the number of families served dropped to 598 due to automatic spending cuts in the Federal budget. Congress' 2-year budget agreement restored funding for 20 additional vouchers in January 2014, all of which have been awarded to eligible families.

There is a growing demand in Lee's Summit and Jackson County for income-based housing, particularly for seniors. To illustrate the extent in which affordable housing is needed, in 2007 the Lee's Summit Housing Authority opened the HUD voucher waiting list for a period of five days and processed over 3,500 applications. The waiting list remained closed until 2011 when over 1,500 applications were processed in five days. The waiting list is purged each year to eliminate applicants that are no longer seeking housing. With just 620 vouchers currently available, all of which have been awarded, vouchers only become available through attrition. The 20 new vouchers allocated in January 2014 to the Lee's Summit Housing Authority have already been awarded to families on the waiting list.

The Lee's Summit Housing Authority operates the 50-unit Lee Haven Apartments located within the Downtown Market Area at 111 SE Grand Avenue. Income-based apartments are available to both families and seniors. Lee Haven is currently fully occupied. The next person on the waiting list eligible for a one bedroom unit applied back in 2009. The organization also operates Duncan Estates, a 68-unit income-based rental community located outside of the Downtown Market Area. Collectively, of the 118 total income-based rental communities operated by the Lee's Summit Housing Authority, just 10 to 12 apartments turn over every year and become available for lease. Neither property caters exclusively to seniors.

Senior Housing

The Lee's Summit Housing Authority does not operate an income-based rental community catering exclusively to seniors. In fact, the Lee's Summit Housing Authority does not operate a senior housing rental community anywhere in the city. Seniors are eligible to apply for available housing within the Housing Authorities two income-based communities of Lee Haven and Duncan Estates.

The 40-unit LeGrand Retire Village is a market-rate senior housing community that accepts Section 8 vouchers. At the time of the survey a reported three apartment units were available for lease, through the on-site property manager indicated the property generally operates at full occupancy. Monthly rents range from \$560 to \$708 for 1-bedroom models and \$744 to \$761 for 2-bedroom units.

According to the 2010 Census, the senior population 65+ years of age accounted for 11.5 percent of the Lee's Summit population, totaling 10,502 residents. By 2012, the city's senior population reached 11,106, or 12.0 percent of the total population. Esri Business Analyst estimates that by 2017 the Lee's Summit's senior population will increase by 14.3 percent to 12,689 residents (14.3% of city's population). In 2010 the Downtown Market Area's senior population was estimated at 1,050 residents, or 11.5 percent of the total population. By 2017, the senior population is forecast to increase by 14.5 percent to 1,202 residents. The forecast growth in both the Lee's Summit and Downtown Market Area senior population will generate increased need for senior housing in the coming years.

Planned Development

The City of Lee's Summit Planning Department identified two planned apartment projects within the Downtown Market Area, including the Market Street Lofts and Park Place.

Dahmer Development received approval for development of the Market Street Lofts on the former City Hall site located on Market Street between 2nd and 3rd Streets. The site plan features a 4-story building with ground floor retail space, 18 apartments on the second and third floors (4, one bedroom units; 8, two bedroom units and 2, three bedroom units) and two penthouses on the fourth floor. Building amenities would include underground parking, elevator service, building security system, basement storage space and trash chute. The application has expired.

The Park Place Apartments are proposed just east of City Hall on the Herrington Block on Green Street between 2nd and 3rd Streets. The preliminary plan calls for 185, one and two bedroom apartment units with ground floor commercial space possible. No application has been filed.

The downtown core is an appropriate location for multi-family residential development, supported by a mixed-use urban setting featuring a pedestrian-friendly environment and mix of shops, restaurants, entertainment and employment. The Lee's Summit Downtown Master Plan completed in 2004 identified several vacant or underutilized properties in the downtown core suitable for residential development. A few of these prospective development sites include: 1) southwest corner of 2nd and Market Streets; 2) 1st Street on the west side of Main Street; 3) southeast corner of 4th and Main Streets; 4) southeast corner of 3rd and Green Streets; and 5) south side of 2nd Street between Green and Johnson Streets.

Conclusions

The Downtown Market Area housing stock totals 4,115 dwelling units; of which 37.3 percent or 1,536 dwelling units are in multi-unit structures. Renter-occupied housing accounts for 55.2 percent of the total inventory of occupied housing units. By comparison, renter-occupied housing in Lee's Summit as a whole accounts for just 24.2 percent of all occupied housing units.

Very little new multi-family housing has been constructed in the Downtown Market Area over the past 25 years. Prior to 1987 a total of 1,158 multi-family dwelling units had been constructed. From 1987 through 2000 a reported 158 multi-family dwelling units were permitted and built within the Downtown Market Area with another 68 dwelling units constructed from 2001 to 2005. Since 2005, the Downtown Market Area has not supported any additional multi-family residential construction. As a result, much of the rental housing is old and lacks the unit features and property amenities of new, more modern multi-family housing stock.

Nine large-scale rental apartment properties were surveyed in the Downtown Market Area totaling 806 dwelling units. Six of the surveyed apartment communities totaling 612 rental units operate as market-rate properties. Vacancy rates are healthy ranging from 3 to 6 percent. These properties are Class B and lower offering 1- and 2-bedroom apartments for rent with monthly rental rates ranging from \$525 to \$670 for 1-bedroom models and \$639 to \$740 for 2-bedroom models. The absence of quality market-rate rental properties in the Downtown Market Area results in higher income households seeking housing to look elsewhere. A quality rental housing stock is an important component of fostering a healthy for-sale housing market by offering prospective residents the opportunity to live in the community before buying a home.

Two apartment communities totaling 226 rental units surveyed within the Downtown Market Area are designated as income-based properties. The Ashbrooke Apartments and Sage Crossing Apartments are both privately owned and were acquired and rehabbed using tax credits and operate as Section 8 low income housing. Conversations with managers and leasing agents indicated that demand for affordable rental housing is strong marked by low vacancies. Market rents for 1-, 2-, 3- and 4-bedroom apartments are set at \$591 to \$908 per month with qualified tenants paying 30 percent.

The Lee's Summit Housing Authority administers both a public housing and Section 8 Choice Voucher Program. The Lee's Summit Housing Authority operates two income-based rental communities with the 50-unit Lee Haven Apartments located in the Downtown Market Area. Through the Section 8 Choice Voucher Program the Lee's Summit Housing Authority currently serves 680 families.

The Lee's Summit Housing Authority does not operate an income-based rental community catering exclusively to seniors. The only senior housing community operating within the Downtown Market Area is LeGrand Retire Village, a 40-unit market-rate rental property that accepts Section 8 vouchers.

Over one-quarter of Downtown Market Area households earn less than \$25,000 per year which creates considerable demand for income-based and affordable housing. The 2010 Census reported that people aged 65+ accounted for 11.5 percent of the Downtown Market Area's total population, or 1,050 residents. While the Downtown Market Area's rate for residents 65+ years

is below the state-wide average of 14.0 percent, the senior population is large and growing. Esri Business Analyst estimates that by 2017 the Downtown Market Area's senior population to increase by 152 residents, generating increased need for senior housing.

The modest inventory of affordable rental apartments and current population demographics suggest the Downtown Market Area can support additional income-based rental units with an escalating need for senior housing.

FORECAST HOUSING DEMAND

The previous sections of this study analyzed the demographic characteristics of the population and households and existing housing stock in the Downtown Market Area of Lee's Summit, Missouri. This section of the report provides housing absorption estimates for both the City of Lee's Summit and Downtown Market Area through the year 2020.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that is needed and supportable. The various housing life-cycle stages are defined in the text below.

Entry-Level Householders

- Often prefer to rent basic, inexpensive apartments
- Usually singles or couples without children in their early 20's
- Will often "double-up" with roommates in an apartment setting

First-Time Homebuyers and Move-Up Renters

- Often prefer to purchase modestly-priced single family homes or rent more upscale apartments
- Usually married or cohabitating couples, in their mid-20's or 30's, some with children, but most are without children

Move-up Homebuyers

- Typically prefer to purchase newer, larger, and more expensive single family homes
- Typically families with children where householders are in their late 30's to 40's

Empty-Nesters and Never-Nesters

- Empty-nesters are persons whose children have grown and left home while never-nesters are persons who never had children
- Prefer owning but will consider renting their housing
- Some will move to alternative lower-maintenance housing products such as patio homes, garden homes and condominiums
- Generally couples in their 50's or 60's

Younger Independent Seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
- Generally in their late 60's or 70's

Older Seniors

- May need to move out of their single family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Through the year 2017, young adults ages 25 to 34 years and empty nesters ages 55 to 64 years will have the biggest impact on the Lee's Summit housing market with these age cohorts accounting for nearly one-quarter of the city's population and over half of the projected population growth. Some of those residents in their mid-50's and 60's who become empty nesters will prefer to downsize into housing products such as patio homes, garden homes and condominiums. While empty nesters prefer owning their home, some will consider renting. Young adults will be first-time home buyers purchasing modest-priced entry-level homes or rent more upscale apartments as their incomes rise.

Seniors will also have a significant impact on the local housing market as the number of residents 65+ years of age is estimated to increase by 14.3 percent from 2012 through 2017. Many newly retired residents 65 to 74 years of age will downsize from the single family home where they raised their families. Many older seniors 75+ years old will move out of their single family homes into independent or assisted living communities.

Housing Demand Calculations

Residential housing absorption estimates for the City of Lee's Summit, Missouri through the year 2020 were forecast based on anticipated demographic and economic trends for the community. Key input to the model includes historical patterns in annual residential building permit activity and projected population and household growth, average household formation rates, households by income levels, and population by age. Demographic characteristics for the City of Lee's Summit through 2017 were provided by Esri Business Analyst, a leading provider of global demographic and economic data. Population and housing construction trends were taken from data published in the *City of Lee's Summit 2014 Development Report*.

Future demand for additional housing in Lee's Summit will primarily come from household growth. Pent-up demand can also be a source of housing demand and generally occurs when the overall rental vacancy rate is below the 5 to 7 percent stabilized rate. The 2010 Census reported the overall occupancy rate for housing in Lee's Summit at 93.9 percent, suggesting a stabilized housing market and the presence of little or no pent-up demand for housing. Replacement need may also contribute to the demand for additional residential housing stock, but given the relative young age of Lee's Summit's housing stock replacement demand is negligible. The 2010 Census reported the average household size for Lee's Summit at 2.63 residents.

According to the *City of Lee's Summit Development Report*, from 2000 to 2014 the city's population increased by 23,188 residents, prompting an increase in the housing stock of 10,474 residential dwelling units. Supportable residential housing absorption through 2020 will be a function of resident population growth and household size while income levels and age composition will dictate the type and mix of housing product.

The *City of Lee's Summit 2014 Development Report* estimates Lee's Summit's 2014 population at 93,888 residents. The rate of population growth slowed during the recent economic downturn from 2008 through 2010 as a result of job losses and a significant decline in new home construction activity throughout the Kansas City MSA. With employment growth and residential construction on the upswing, population growth in Lee's Summit accelerated from 2012 to 2014. Based on these market factors Lee's Summit is forecast to support annualized population growth of 877 to 1,097 residents from 2015 through 2020, yielding a net increase of 5,812 residents. Consistent with national trends the elderly and family/working adult populations are expected to continue to grow. Based on an average household size of 2.5 to 2.65 persons, the forecast population growth through 2020 will yield an estimated 2,193 to 2,325 new households.

Population and New Housing Unit Projections Lee's Summit, Missouri; 2015-2020

Year	New Housing Units	Population Growth	Projected Total Population	% Growth
2015	425	932	94,820	1.00%
2016	450	987	95,807	1.04%
2017	500	1,097	96,904	1.15%
2018	450	987	97,891	1.02%
2019	425	932	98,823	0.96%
2020	400	877	99,700	0.89%
Totals	2,650	5,812		

Source: City of Lee's Summit 2014 Development Report.

According to the 2010 Census Lee's Summit's mix of occupied housing units was 76.4 percent owner-occupied and 23.6 percent renter occupied. This report estimates that through 2020, owner-occupied housing will account for 75 percent of all new housing units with renter-occupied housing accounting for the remaining 25 percent. Therefore, from 2015 through 2020 the mix of new housing demand is estimated at 1,645 to 1,744 owner-occupied units and 548 to 581 rental units.

Household income levels directly influence housing affordability. The 2012 median household income for Lee's Summit of \$76,133 compared to \$47,333 for the State of Missouri, illustrates the affluent nature of the Lee's Summit population as a whole. From 2012 to 2017 Esri Business Analyst forecasts a 5.7 percent increase in the median household income of Lee's Summit to \$80,438 annually. By 2017, an estimated 35.9 percent of households in Lee's Summit will earn \$100,000 or more, generating strong demand for move-up and luxury housing.

Despite high income levels, 11.5 percent, or 3,982 households in Lee's Summit support an annual income of less than \$25,000, suggesting a need for affordable for-sale and rental housing. Nearly one-fourth of Lee's Summit households with annual incomes of less than \$25,000 reside within the Downtown Market Area.

Projected Households by Income City of Lee's Summit, Missouri; 2012-2017

Income Bracket	2012 Estimate	% of Total	2017 Projection	% of Total	% Change 2012-17
Less than \$15,000	2,109	6.1%	1,900	5.4%	-9.9%
\$15,000 - \$24,999	1,873	5.4%	1,306	3.7%	-30.3%
\$25,000 - \$34,999	2,379	6.8%	1,527	4.3%	-35.8%
\$35,000 - \$49,999	3,630	10.5%	2,910	8.2%	-19.8%
\$50,000 - \$74,999	7,000	20.2%	8,044	22.8%	14.9%
\$75,000 - \$99,999	5,974	17.2%	6,976	19.7%	16.8%
\$100,000 - \$149,999	7,357	21.2%	7,714	21.8%	4.9%
\$150,000 - \$199,999	2,795	8.0%	3,204	9.1%	14.6%
\$200,000+	1,616	4.7%	1,770	5.0%	9.5%
Median Household Income	\$76,133		\$80,438		5.7%
Average Household Income	\$89,017		\$97,621		9.7%

Source: U.S. Census and Esri.

Standard down payments are 3 percent for FHA and 10 to 20 percent for conventional loans. Future new housing demand in Lee's Summit by price range was based on a 30-year loan, a 20 percent down payment and a housing expense-to-income ratio of 28 percent for conventional loans and 31 percent for FHA insured loans. The maximum FHA loan in Jackson County for a single family home is \$278,300. Housing expenses include principal, interest, property taxes and insurance payments. Property taxes and insurance payments are estimated to average 20 percent of total housing costs. The current average mortgage rate for a 30-year loan is 3.89 percent and from 2010 to 2014 mortgage rates averaged approximately 4.23 percent. Because mortgage rates increased from an annual average of 3.66 percent in 2012 to 4.17 percent in 2014 and are expected to edge higher in 2015 this analysis used a range from 4.75 to 6.25 percent.

Approximately 10.5 percent of Lee's Summit households earn from \$35,000 to \$49,999 per year. At the current 30-year mortgage rate of 4.75 percent and a 20 percent down payment this household income range can support an estimated home purchase of approximately \$156,000 to \$247,000. At a 30-year mortgage rate of 6.25 percent the supportable housing price drops to approximately \$132,000 to \$189,000.

Approximately 20.2 percent of Lee's Summit households earn from \$50,000 to \$74,999 per year. At a 30-year mortgage rate of 4.75 percent this income range can current support a home purchase price estimated at \$223,000 to \$371,000. At a 30-year mortgage rate of 6.25 percent the supportable housing price drops to approximately \$189,000 to \$315,000.

Approximately 17.2 percent of Lee's Summit households earn from \$75,000 to \$99,999 per year. At a 30-year mortgage rate of 4.75 percent this income range can current support a home purchase price estimated at \$335,000 to \$495,000. At a 30-year mortgage rate of 6.25 percent the supportable housing price drops to approximately \$284,000 to \$420,000.

Approximately 33.9 percent of Lee’s Summit households earn \$100,000 or more per year. At a 30-year mortgage rate of 4.75 percent this income range can support a minimum home purchase price of approximately \$447,000. At a 30-year mortgage rate of 6.25 percent the minimum supportable housing price drops to approximately \$379,000.

For-Sale Housing Affordability Estimates

Household Income	Monthly Housing Costs	Principal & Interest	Mortgage Amount		Housing Value	
			4.75%	6.25%	4.75%	6.25%
\$35,000						
28%	\$817	\$653.33	\$125,232	\$106,112	\$156,540	\$132,640
31%	\$904	\$723.33	\$138,649	\$117,481	\$173,312	\$146,852
\$50,000						
28%	\$1,167	\$933.33	\$178,902	\$151,589	\$223,628	\$189,486
31%	\$1,292	\$1,033.33	\$198,070	\$167,831	\$247,588	\$209,788
\$75,000						
28%	\$1,750	\$1,400.00	\$268,353	\$227,383	\$335,442	\$284,229
31%	\$1,938	\$1,550.00	\$297,106	\$251,746	\$371,382	\$314,682
\$100,000						
28%	\$2,333	\$1,866.67	\$357,805	\$303,178	\$447,256	\$378,972
31%	\$2,583	\$2,066.67	\$396,141	\$335,661	\$495,176	\$419,577
\$150,000						
28%	\$3,500	\$2,800.00	\$536,707	\$454,767	\$670,884	\$568,459
31%	\$3,875	\$3,100.00	\$594,211	\$503,492	\$742,764	\$629,365

Source: Canyon Research Southwest, Inc.

At a sale price of approximately \$100 per square foot for new single family construction it is difficult to offer new homes priced under \$100,000. Based on current and estimated future household income growth in Lee’s Summit, through the year 2020 **new** demand for housing priced under \$100,000 is forecast to account for 10 percent of total owner-occupied housing absorption. Housing priced from \$100,000 to \$199,999 is forecast to account for 20 percent of total owner-occupied housing absorption. Homes priced from \$200,000 to \$299,999 are estimated to account for 25 percent of new housing demand. Homes priced at \$300,000 and over are anticipated to account for 45 percent of total for-sale housing absorption.

Income levels suggest considerable new demand for affordable rental housing will materialize in Lee’s Summit through the year 2020. An estimated 11.5 percent of households in Lee’s Summit earn less than \$25,000 annually. These households tend to be perpetual renters. Through 2020 rental housing at rents of less than \$600 (current dollars) in Lee’s Summit is forecast to account for 30 percent of total new rental housing absorption. An estimated 30 percent of new rental

housing absorption will originate at rents of \$600 to \$799 per month. An estimated 40 percent of new rental housing absorption will originate at rents of \$800 or more per month.

The table below outlines our calculations of general-occupancy new housing absorption in Lee’s Summit, Missouri from 2015 through 2020.

Forecast New Housing Absorption by Product Type City of Lee’s Summit, Missouri; 2015-2020

Housing Type	Affordability Factor % of Households	Total Low	Units High
New Owner-Occupied Housing Units (Value)			
Up to \$100,000	10%	165	174
\$100,000 - \$199,999	20%	329	349
\$200,000 - \$299,999	25%	411	436
\$300,000+	45%	740	785
Total Owner-Occupied Housing Demand		1,645	1,744
New Rental Housing Units (Monthly Rent)			
Up to \$600	30%	164	174
\$600 - \$799	30%	164	174
\$800+	40%	220	233
Total Rental Housing Demand		548	581
Total Housing Demand		2,193	2,235

Source: Canyon Research Southwest, Inc.

The Downtown Market Area’s housing stock totals 4,115 dwelling units, amounting to an 11.5 percent share of the Lee’s Summit housing inventory. Future new residential construction within the Downtown Market Area will involve infill development and adaptive re-use of existing structures. Infill development options include the use of vacant land and the assemblage of underutilized properties for the construction of single family homes, attached multi-family housing and mixed-use projects that include a residential component. Increased residential density and mixed-use development in the downtown core is appropriate and encouraged for creating a vibrant urban environment.

An example of available vacant land exists north of the downtown core along Main Street in the vicinity of Orchard Drive and Forest Street. Several underutilized potential development sites exist within the downtown core, including: 1) south side of 2nd Street between Green Street and Johnson Street; 2) east side of Green Street between 2nd and 3rd Streets; 3) southeast corner of 3rd Street and Green Street; 4) southeast corner of 4th Street and Main Street; 5) west side of Main Street at 1st Street; 6) southwest corner of 2nd Street and Market Street and 7) former City Hall site on the east side of Market Street between 2nd and 3rd Street.

Factors driving the market for urban housing include evolving demographic shifts and lifestyle trends; disenchantment with suburbia; the renaissance of downtowns as places to live, work and play; and public policies that encourage urban housing development. People who choose an

urban lifestyle are in search of a location that offers something special, whether it is interesting architecture, historic or cultural ambiences, trendy or unique living space, or pedestrian access to urban amenities. Downtown Lee's Summit is considered a desirable place to live based on such factors as the mix of shops and restaurants; pedestrian-friendly environment; festivals and events and its urban and historic character. Prospective downtown residents include young singles and couples; empty nesters and retirees.

The downtown housing questionnaire illustrated the heightened demand for housing within the Downtown Market Area. From 2015 through 2020 the Downtown Market Area is forecast to capture 5 to 7 percent of new housing demand within Lee's Summit for a total of approximately 110 to 165 residential dwelling units. This rate of new housing is a significant departure from recent residential construction trends within the Downtown Market Area. To achieve this rate of new housing absorption municipal policies must be put into place to encourage infill development, the adaptive re-use of existing structures and high density development. Given land constraints and the goal to create a vibrant downtown the bulk of new housing demand and construction will come in the form of attached for-sale and rental housing within the downtown core. The Downtown Market Area housing market will cater primarily to young singles and couples, empty nesters and seniors.

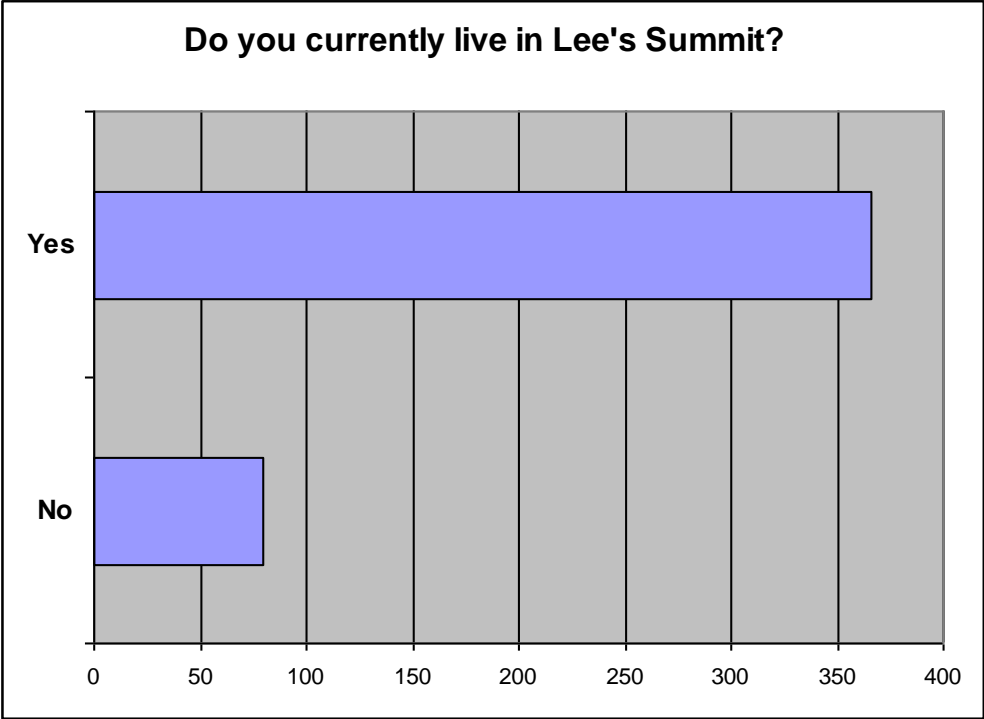
DOWNTOWN HOUSING QUESTIONNAIRE

In a further effort to assess the market for housing in the Downtown Market Area, an online survey was conducted through the assistance of Downtown Lee’s Summit Main Street Inc. Respondents were asked whether they would be interested in living in downtown Lee’s Summit and to indicate what type of housing they would prefer. Respondents were also asked to indicate their age and gender for the purpose of gauging the demographic characteristics of prospective residents. The goal was to identify opportunities to support new housing stock in the Downtown Market Area. The nine question survey is available for review in Exhibit A of the Addenda.

The housing survey was both posted on the Downtown Lee’s Summit Main Street Inc. Facebook page and forwarded to 5,705 email addresses, of which there were 2,098 opens and 524 clicks. The response was overwhelming with 449 questionnaires completed. The findings of the questionnaire are summarized below.

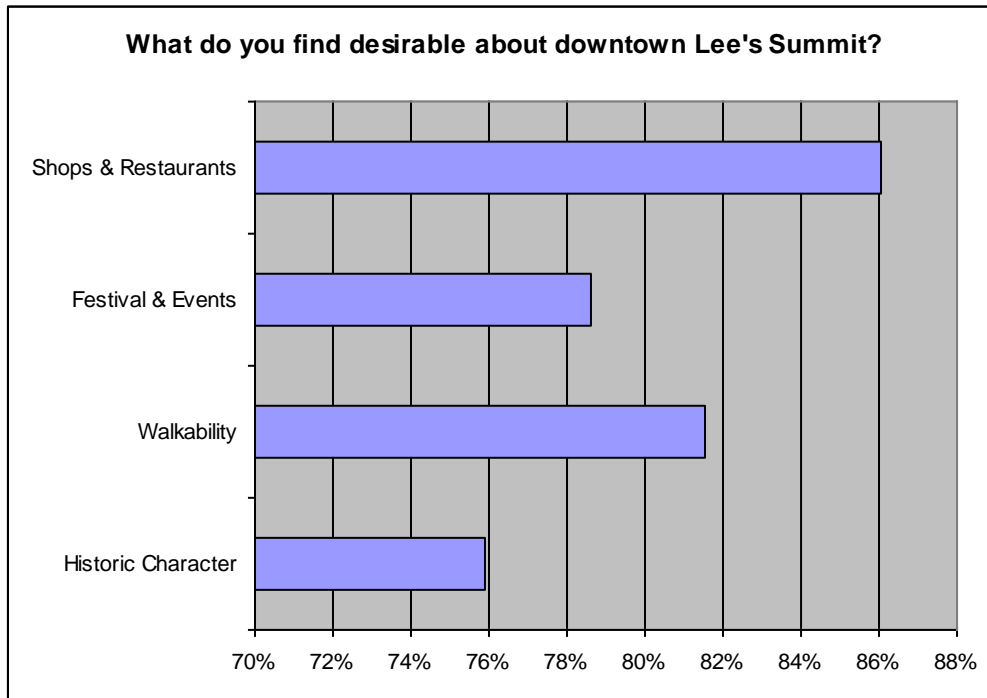
Question #1: Do you currently live in Lee’s Summit?

Approximately 82 percent of the respondents currently reside in Lee’s Summit while 18 percent are nonresidents.



Question #2: What do you find desirable about downtown Lee's Summit?

As a desirable place to live downtown Lee's Summit scored high with respondents on the mix of shops and restaurants (86.04%); pedestrian-friendly environment (81.53%); festivals and events (78.6%) and its urban and historic character (75.9%).



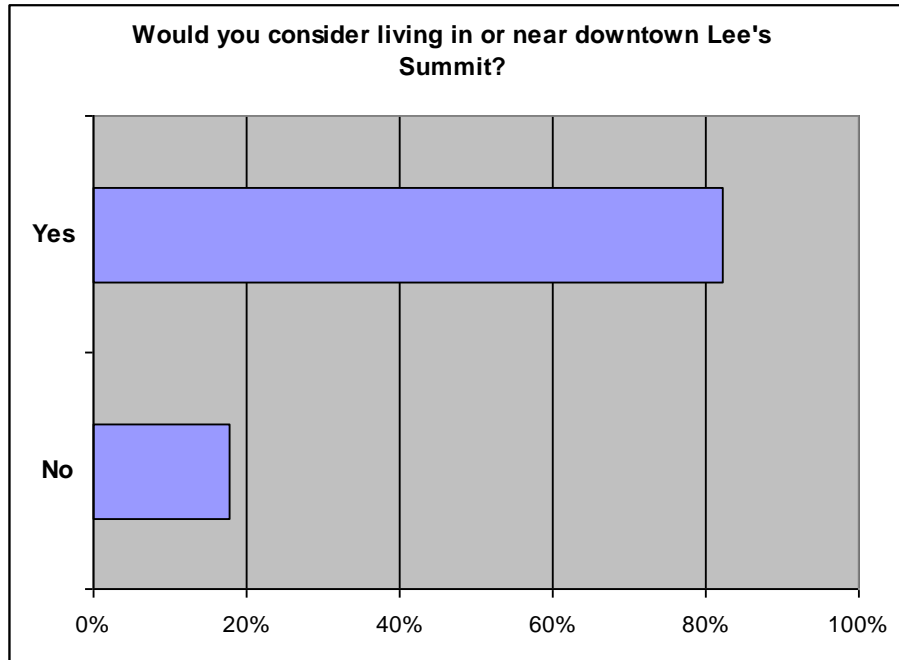
The respondents were allowed to elaborate on the qualities of downtown Lee's Summit they find most desirable. Some of the most desirable qualities are summarized below.

- Clean and safe
- Unique homes
- Small town feel
- Close to churches, library and parks
- Farmers market
- Friendly people and shop owners
- Sense of community

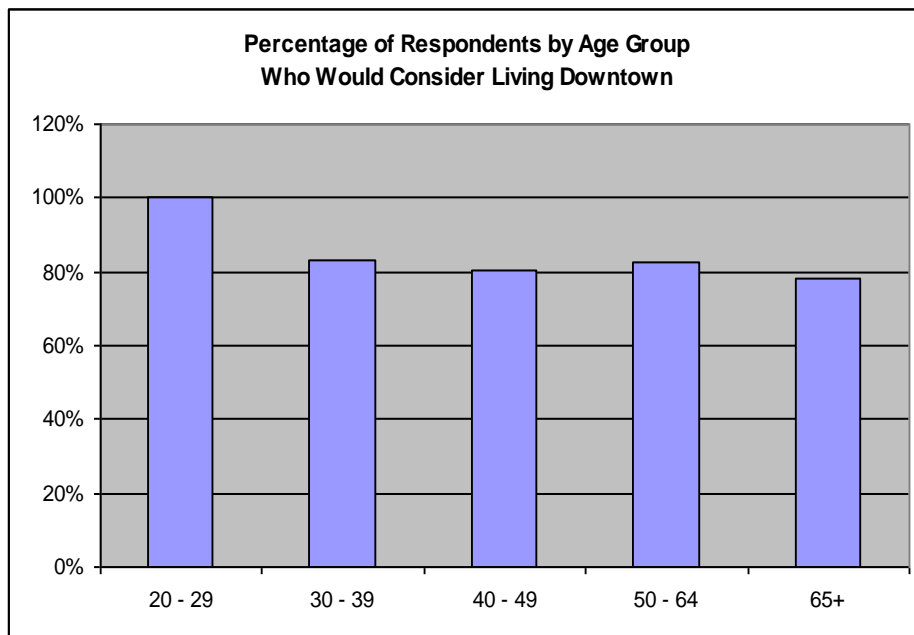
The principal criticisms of downtown Lee's Summit include the need for a wider variety of shops and more restaurants,

Question #3: Would you consider living in or near downtown Lee's Summit?

Approximately 82 percent of the respondents would consider residing in or near Lee's Summit while just 18 percent would not. Interestingly, nearly 92 percent of non-residents would consider living in or near downtown Lee's Summit.

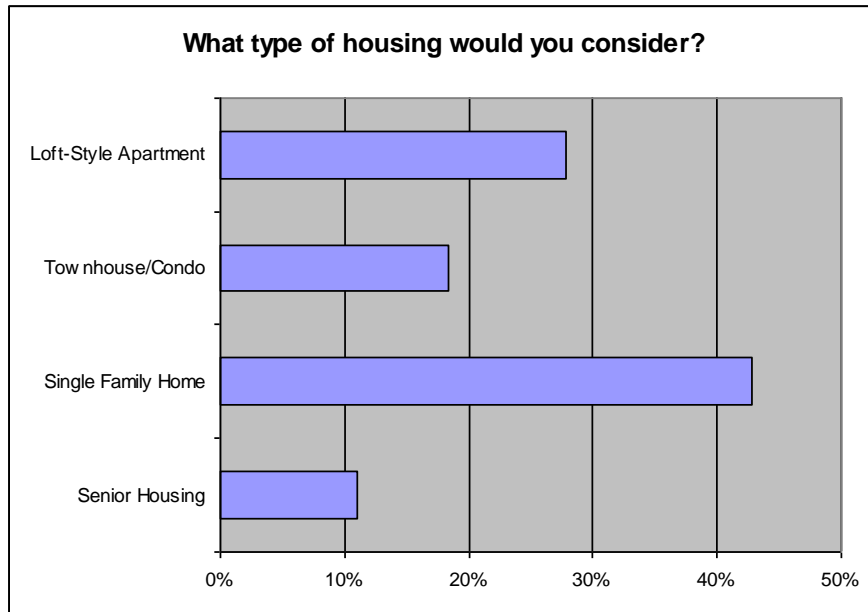


Young people consider downtown attractive with 89 percent of respondents ages 20 to 39 years indicating they would consider living downtown. Empty nesters ages 50 to 64 years also find downtown Lee's Summit an attractive place to live.



Question #4: What type of housing would you consider?

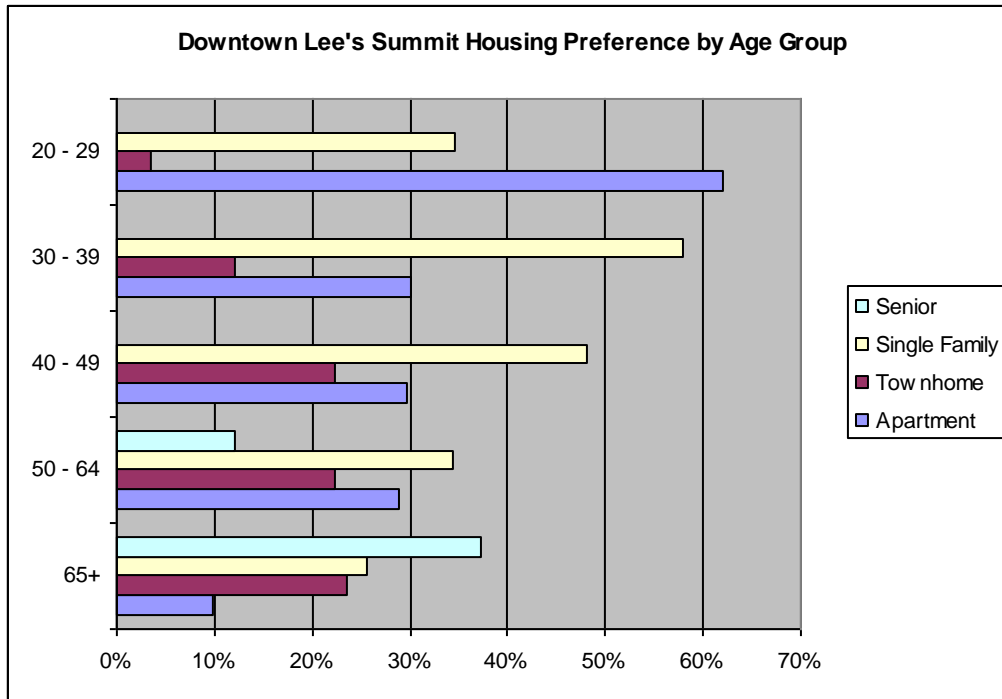
The respondents indicated a desire for a wide range of housing product which is desirable in creating a vibrant downtown. Single family homes were the most desirable housing type favored by 42.9 percent of respondents, though loft-style apartments came in a close second at 27.8 percent. Senior housing was selected by 11.0 percent of respondents. Attached housing with underground parking and maintenance-free housing were identified as desirable.



As a person ages their housing needs change. Young adults ages 20 to 29 years are generally renters and first-time, entry-level home buyers. Of the respondents in this age range who indicated they would consider living in or near downtown Lee's Summit, 62.1 percent prefer loft-style apartments with 34.5 percent preferring a single family home. This housing choice is both for lifestyle and economic reasons. For those ages 30 to 39 years who generally have a higher income and maybe starting a family there is a greater preference among respondents for single family homes (58.0%).

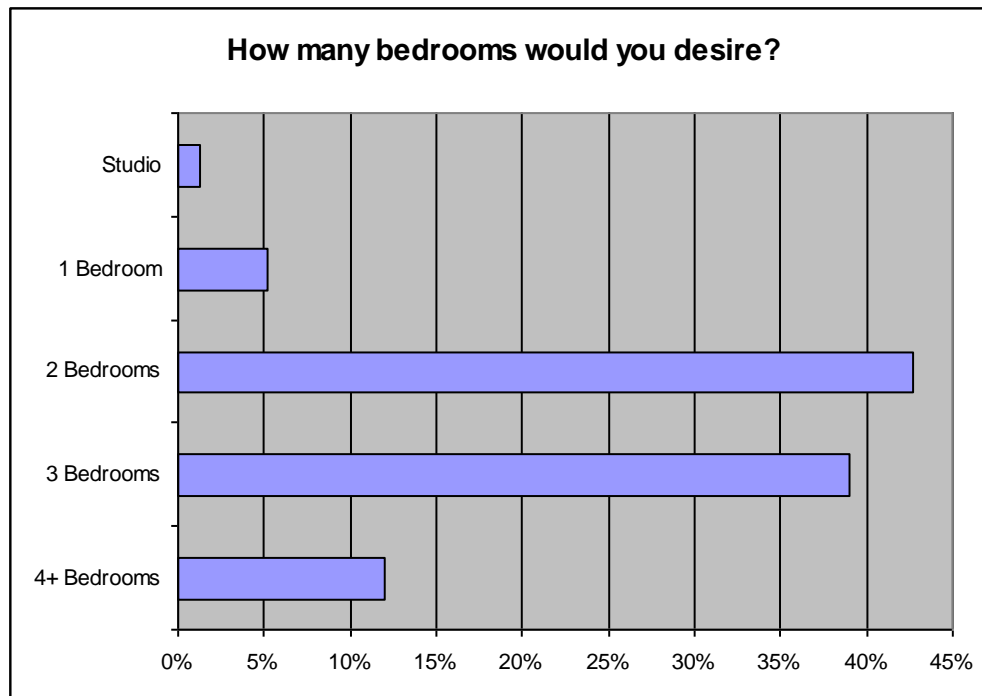
Interestingly, of those respondents ages 40 to 49 years only 48 percent prefer single family homes with 29.6 percent preferring loft-style apartments and 22.4 percent townhomes. The increasing preference for attached housing escalates notably for the empty-nesters ages 50 to 64 with single family homes desired by just 34.3 percent of respondents, followed by 28.9 percent for loft-style apartments and 22.3 percent for townhomes. Twelve percent of respondents indicated they would prefer senior housing.

Those respondents aged 65+ years their housing needs are more diverse with an emphasis on maintenance-free living and healthcare. Senior housing was the leading response at 37.3 percent. Apartments and townhomes totaled 33.3 percent with single family homes accounting for just 25.5 percent.

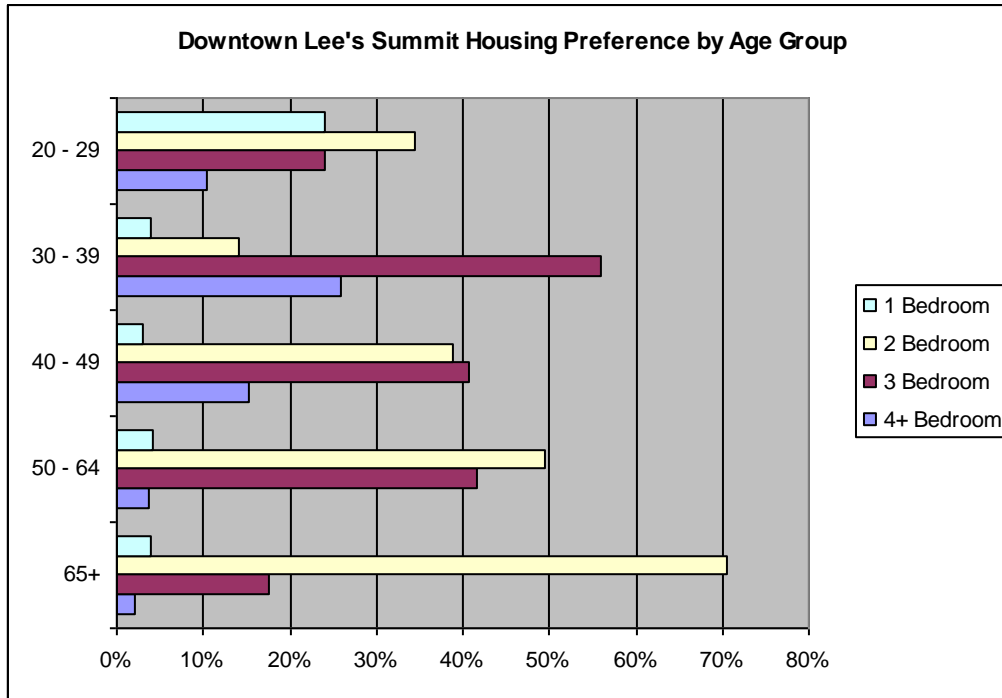


Question #5: How many bedrooms would you desire?

Two and three bedroom homes were the overwhelming choice by respondents who indicated they would consider living in or near downtown Lee's Summit. This is common among downtown housing which attracts young adults, empty nesters and seniors.



Young adults age 20 to 29 years who are generally renters or first-time home buyers have a preference for 1- and 2-bedroom housing units. Respondents age 30 to 39 years place more emphasis on 3- and 4-bedroom housing as many households are raising families. Respondents age 40 to 49 years and 50 to 64 years both have a preference for 2- and 3-bedroom homes as many households are empty-nesters. Studio units were preferred by only a small segment of respondents, reported at 1.0 percent of those age 40 to 49 years, 3.9 percent of those 65+ years of age and 6.9 percent of young adults age 20 to 29 years.



For those respondents indicating they would consider living in or near downtown Lee’s Summit the preferred unit mix by housing type was compiled from the survey results and summarized in the table below.

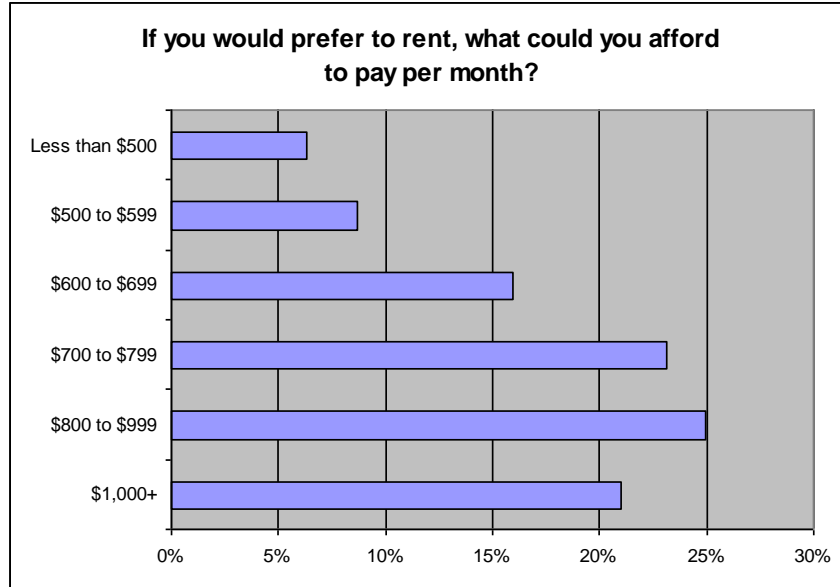
For loft apartments 2- and 3-bedroom units are the overwhelming preference reported at 60.9 percent and 21.7 percent, respectively. A similar preference was conveyed for townhomes, though more respondents selected 3-bedroom models. The number of bedrooms for single family homes, the predominant choice for family households, was heavily skewed to 3- and 4+ bedrooms. Two bedroom units was the principal selection for senior housing.

Preference for Number of Bedrooms by Housing Type

Housing Type	Unit Mix				
	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4+ Bedroom
Loft Apartments	2.6%	13.0%	60.9%	21.7%	1.7%
Townhome	0.0%	2.6%	61.0%	33.8%	2.6%
Single Family	0.7%	0.0%	21.1%	55.9%	22.4%
Senior Housing	2.7%	8.1%	64.9%	24.3%	0.0%

Question #6: If you would prefer to rent, what could you afford to pay per month (utilities excluded)?

A monthly rent excluding utilities of \$800 to \$999 was selected by 24.9 percent of respondents, followed by \$700 to \$799 per month by 23.1 percent. Over 21 percent of respondents indicated they would pay \$1,000+ per month in rent, suggesting demand for luxury apartments. Fifteen percent of respondents indicated they would pay less than \$600 in monthly rent, suggesting a need for affordable rental housing.



For those respondents indicating they would consider living in or near downtown Lee's Summit the preferred monthly rent by number of bedrooms was sorted from the survey results and summarized in the table below.

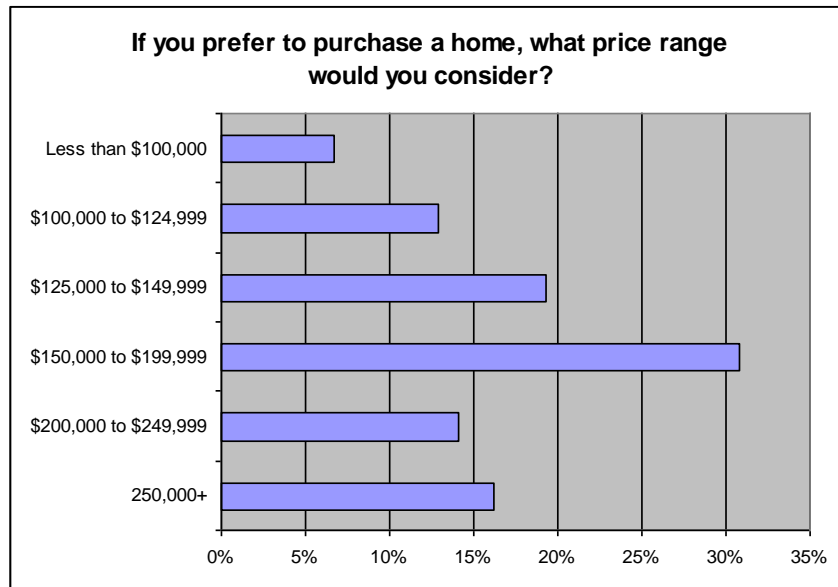
A reported 63 percent of respondents would pay \$700 or more in monthly rent for a 2-bedroom unit while 58 percent would pay \$800 or more for a 3-bedroom rental unit. Nearly 54 percent of respondents would pay \$1,000 or more in rent for a 4+ bedroom unit. These rental rates suggest there is significant demand for upscale rental housing in downtown Lee's Summit.

Preference for Monthly Rent by Number of Bedrooms

Unit Type	Monthly Rent					
	Less than \$500	\$500-\$599	\$600-\$699	\$700-\$799	\$800-\$999	\$1,000+
Studio	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
1 Bedroom	5.0%	30.0%	30.0%	20.0%	15.0%	0.0%
2 Bedroom	9.1%	9.1%	18.8%	26.0%	22.1%	14.9%
3 Bedroom	2.5%	3.4%	11.8%	24.4%	31.9%	26.1%
4+ Bedroom	3.8%	7.7%	3.8%	19.2%	11.5%	53.8%

Question #7: If you would prefer to purchase a home, what price range would you consider?

Nearly 31 percent of respondents indicated they would consider for-sale housing priced from \$150,000 to \$199,999, followed by \$125,000 to \$149,999 at 19.3 percent. A reported 16.2 percent of respondents would consider housing priced at \$250,000 or more. The responses suggest a demand for a wide range of for-sale housing product including entry-level attached product, luxury condominiums and upscale single family homes.



Approximately one-third of those respondents preferring single family homes indicated they would consider a home priced from \$150,000 to \$199,999, with 20.4 percent selecting homes priced at \$250,000 or more. Over 60 percent of those respondents selecting homes priced at \$250,000 or more prefer single family homes over all other housing types.

Approximately two-thirds of the respondents preferring townhomes or condominiums would consider a home priced from \$125,000 to \$199,999. Affordable townhomes or condominiums priced under \$125,000 were selected by 18.2 percent of respondents.

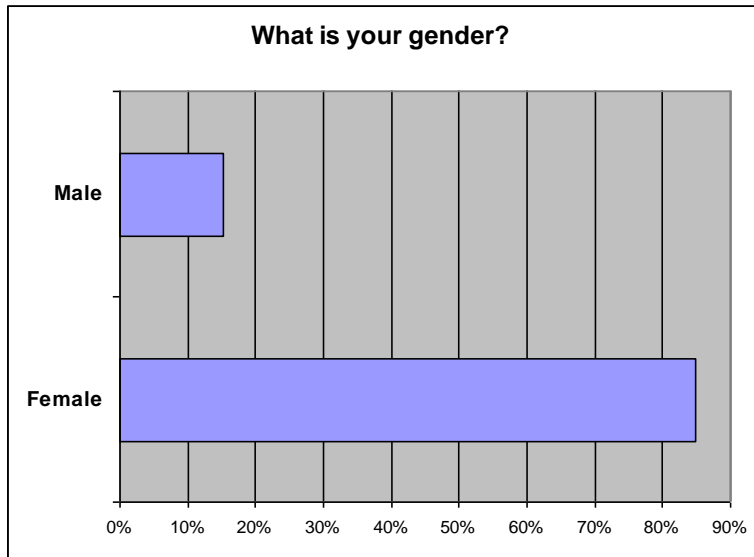
Of those respondents preferring loft-style housing, 53 percent would consider a home priced from \$125,000 to \$199,999 with 25 percent selecting \$200,000 or more.

Preference for Housing Value by Housing Type

Unit Type	Home Price					
	Less than \$100,000	\$100,000 - \$124,999	\$125,000 - \$149,999	\$150,000 - \$199,999	\$200,000 - \$249,999	\$250,000+
Loft-Style	8.0%	14.0%	22.0%	31.0%	14.0%	11.0%
Townhouse	3.9%	14.3%	29.9%	32.5%	11.7%	7.8%
Single Family	7.9%	13.8%	11.2%	32.2%	14.5%	20.4%
Senior Housing	15.2%	18.2%	21.2%	24.2%	12.1%	9.1%

Question #8: What is your gender?

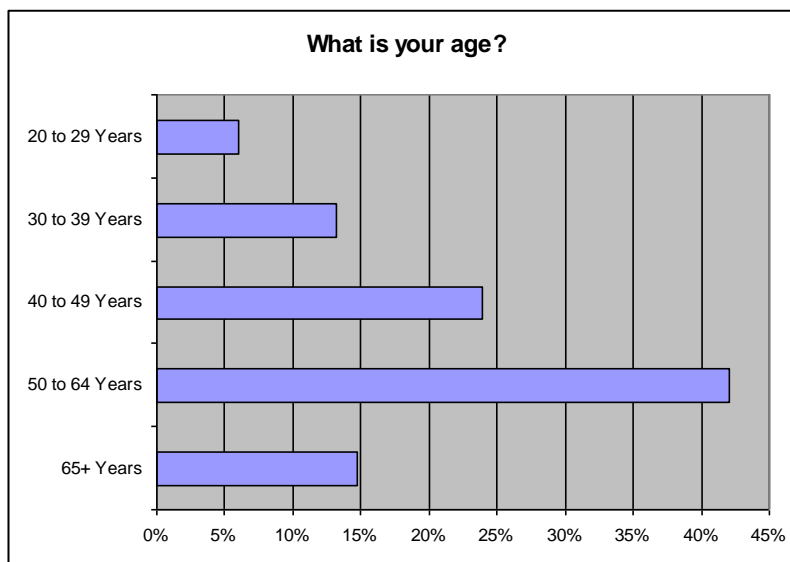
Approximately 85 percent of respondents were female with the remaining 15 percent male.



Question #8: What is your age?

Approximately 42 percent of respondents are ages 50 to 64 years and are generally classified as empty nesters and prime candidates for downtown housing. This age group prefers to own their home but will consider renting. Some will downsize and move to lower-maintenance housing products such as patio homes, garden homes and condominiums

The second largest age group is ages 40 to 49 years representing 24 percent of respondents. Young adults aged 20 to 29 years are typically renters or first-time homebuyers and accounted for 13.2 percent of respondents. Seniors aged 65+ years account for 14.8 percent of respondents and generally downsize their living arrangements and later in life may opt for senior housing.



STUDY CONCLUSIONS

Findings and recommendations provided by the *Housing Demand Market Analysis* prepared for the Downtown Market Area of Lee's Summit, Missouri include:

- Quantify short-term housing absorption for the City of Lee's Summit and Downtown Market Area.
- Identify opportunities for future new housing construction in the Downtown Market Area, including market segmentation (i.e., prospective target markets and pricing) and housing product types (i.e., for-sale, rental and senior housing).

Housing Demand Forecasts

Through population growth the demand for new housing from 2014 through 2020 in Lee's Summit is estimated at 2,723 to 2,887 residential dwelling units. According to the 2010 Census Lee's Summit's mix of occupied housing units was 76.4 percent owner-occupied and 23.6 percent renter occupied. This report estimates that through 2020, owner-occupied housing will account for 75 percent of all new housing units with renter-occupied housing accounting for the remaining 25 percent. Therefore, through 2020 the mix of new housing demand is estimated at 2,043 to 2,165 owner-occupied units and 680 to 722 rental units.

The Downtown Market Area's housing stock totals 4,107 dwelling units, amounting to an 11.0 percent share of the Lee's Summit housing inventory. Future new residential construction within the Downtown Market Area will involve infill development and adaptive re-use of existing structures. Infill development options include the use of vacant land and the assemblage of underutilized properties for the construction of single family homes, attached multi-family housing and mixed-use projects that include a residential component. Increased residential density and mixed-use development in the downtown core is appropriate and encouraged for creating a vibrant urban environment.

The downtown housing questionnaire illustrated the heightened demand for housing within the Downtown Market Area. Through the year 2020 the Downtown Market Area is forecast to capture 5 to 7 percent of new housing demand within Lee's Summit for a total of approximately 135 to 200 residential dwelling units. This rate of new housing is a significant departure from recent residential construction trends within the Downtown Market Area. To achieve this rate of new housing absorption municipal policies must be put into place to encourage infill development, the adaptive re-use of existing structures and high density development.

Housing Market Opportunities

Given land constraints and the goal to create a vibrant downtown the bulk of new housing demand and construction within the Downtown Market Area will come in the form of attached for-sale and rental housing located primarily in the downtown core. The Downtown Market Area housing market will cater primarily to young singles and couples, empty nesters and seniors.

The potential exists to support a variety of attached rental housing in the Downtown Market Area, including affordable entry-level product at monthly rents of less than \$600 excluding utilities, luxury apartment at rents starting at \$800 per month, and senior housing.

The bulk of for-sale housing demand within the Downtown Market Area would be priced from \$125,000 to \$200,000, consisting primarily of attached lofts, townhomes and condominiums.. A notable luxury market also exists priced in excess of \$200,000 at taking the form of attached lofts/townhomes and detached single family housing.

An example of vacant land suitable for detached single family home construction exists north of the downtown core along Main Street in the vicinity of Orchard Drive and Forest Street. Several underutilized potential attached housing development sites exist within the downtown core, including: 1) south side of 2nd Street between Green Street and Johnson Street; 2) east side of Green Street between 2nd and 3rd Streets; 3) southeast corner of 3rd Street and Green Street; 4) southeast corner of 4th Street and Main Street; 5) west side of Main Street at 1st Street; 6) southwest corner of 2nd Street and Market Street and 7) former City Hall site on the east side of Market Street between 2nd and 3rd Street.

ADDENDA

EXHIBIT A

Downtown Housing Questionnaire

Downtown Lee's Summit Housing Questionnaire

Do you currently live in Lee's Summit? Yes No

What do you find desirable about downtown Lee's Summit? (Check all that apply)

- Shops and Restaurants
- Festivals and Events
- Walkability
- Urban and Historic Character
- Other (Please specify)

Would you consider living in or near downtown Lee's Summit? Yes No

What type of housing would you consider?

- Loft-style Apartments
- Townhouse or Condominium
- Single Family Home
- Senior Housing

How many bedrooms would you desire?

- Studio
- 1 Bedroom
- 2 Bedrooms
- 3 Bedrooms

If you would prefer to rent what could you afford to pay per month (utilities excluded)?

- Less than \$500
- \$500 to \$599
- \$600 to \$699
- \$700 to \$799
- \$800 to \$999
- \$1,000 or More

If you prefer to purchase a home what price range would you consider?

- Less than \$100,000
- \$100,000 to \$124,999
- \$125,000 to \$149,999
- \$150,000 to \$199,999
- \$200,000 to \$249,999
- \$250,000 or More

What is your gender? Female Male

What is your age: 20 to 29 Years

- 30 to 39 Years
- 40 to 49 Years
- 50 to 64 Years
- 65+ Years

EXHIBIT B

Canyon Research Southwest, Inc., Client Roster

CLIENT ROSTER

During its period of operation, Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

Appraisal Technology, Inc.
Arizona State Land Department
Aspen Enterprises
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Belz-Burrow (Jonesboro, Arkansas)
Biskind, Hunt & Taylor, PLC
Bridgeview Bank Group
Browning-Ferris Industries
Cameron Group (Syracuse, New York)
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
Circle G Development
City of Belton, Missouri
City of St. Charles, Missouri
City of Coffeyville, Kansas
City of Dodge City, Kansas
City of Duncan, Oklahoma
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Newton, Kansas
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
Danny's Family Car Wash
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Frontera Development, Inc.
Gilded Age (St. Louis, Missouri)
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company
Canyon Research Southwest, Inc.

Heritage Bank (Louisville, Colorado)
Holiday Hospitality Corporation (Atlanta, Georgia)
Jordan & Bischoff, PLC
JPI Development
Kaiser Permanente (Oakland, California)
Landmark Organization (Austin, Texas)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lewis and Roca
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
AJ Martinez & Associates (Prescott, Arizona)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Pulte Home Corporation
Pulte Homes of Greater Kansas City
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
River Run Development (Boise, Idaho)
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Weststone Properties
Widewaters (Syracuse, NY)
Yavapai-Apache Nation (Camp Verde, Arizona)

EXHIBIT C

Resume of Eric S. Lander, Principal
Canyon Research Southwest, Inc.

EDUCATION

In May, 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration. He attended Arizona State University from September 1977 to May 1981, and received honors status for his superior cumulative grade point average. During this time, he was an active member of the Marketing Club and National AMA as well as a participant in several research projects involving both local and national firms. In May, 1992, Mr. Lander received a Masters in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.

President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

Mountain West Research

Associate (December 1988 to January 1990)

Senior Consultant (October 1983 to October 1984)

Mr. Lander managed the company's Commercial Real Estate Services Division. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

Iliff, Thorn & Company

Marketing Assistant (January 1982 to December 1983)

Joined Iliff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

RANGE OF EXPERIENCE

For two years Mr. Lander was an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Mr. Lander is Vice Chairman of the City of Buffalo Preservation Board and a board member for the Campaign for Greater Buffalo History, Architecture & Culture.

For public financing offerings has prepared revenue forecasts for a large number of mixed-use developments throughout the United States.

Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on large-scale, master planned communities throughout the United States. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Masters program in Real Estate, City and Regional Planning, and Business.

Mr. Lander has provided consulting services on downtown redevelopment projects and historic preservation efforts. Examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plans for the 24 Highway Corridor in Independence, Missouri and Porter Avenue Corridor in Norman, Oklahoma.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funding is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several major tourism-related developments in Kansas. Projects in the Kansas City area include the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, Rosedale Station Shopping Center, Prairiefire at LionsGate and The Gateway. Elsewhere in Kansas studies have been prepared for RiverWalk in Wichita and downtown Manhattan, Kansas. The *Market Study* evaluates the market positioning, market demand, short-term development potential and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.