

**HOUSING DEMAND MARKET ANALYSIS
CITY OF COFFEYVILLE, KANSAS**

March 2014

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

HOUSING DEMAND MARKET ANALYSIS CITY OF COFFEYVILLE, KANSAS

March 2014

Prepared for:

City of Coffeyville, Kansas
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CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

March 31, 2014

Gary Bradley
City Manager
City of Coffeyville
102 W. 7th Street
Coffeyville, KS 67337

Re: Housing Demand Market Analysis
City of Coffeyville, Kansas

Mr. Bradley;

To assist the City of Coffeyville in evaluating the potential of the local housing market to support the construction of new housing inventory Canyon Research Southwest, Inc. has prepared the attached *Housing Demand Market Analysis*.

The report provides an economic and demographic analysis of the Coffeyville market, identification of the City's housing stock characteristics (both for-sale and rental) and future housing demand projections. Based on the study findings housing demand forecasts by product type were quantified for the City of Coffeyville and housing market opportunities identified, including appropriate market segmentation, housing product and location.

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

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Principal of Canyon Research Southwest, Inc.	

SUMMARY OF MAJOR FINDINGS

Canyon Research Southwest, Inc. has prepared a *Housing Demand Market Analysis* that evaluates the City of Coffeyville's current 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.

Economic and Demographic Overview

The City of Coffeyville is a rural community located in Montgomery County in southeast Kansas. A community's population size, growth, household types, age composition, educational attainment and income levels play significant roles in the demand for housing.

A community's population growth patterns play significant roles in the demand for housing and supportable property values. Over the past five decades Coffeyville experienced steady population loss, declining by 31.9 percent from 15,116 residents in 1970 to 10,295 residents by 2010. Over the same time frame the Montgomery County population declined by 11.2 percent to 35,471 by 2010.

Over the past decade the composition of households in Coffeyville shifted slightly with the number of female householder families with no husband present rising by 2.0 percent and number of married-couple families with children under 18 years old declining by 22.8 percent. These shifts in the types of households have likely had an impact on the composition of housing demand in Coffeyville.

The age composition of a community's population plays a significant role in the demand for different types of housing. Housing demand and expenditures change as individuals grow older. From 2010 through 2013, the Coffeyville population declined by 0.6 percent. The number of residents ages 45 to 54 years declined by 5.9 percent, while the number of elderly (65+ years) increased by 1.2 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 (74 residents) and young adults ages 25 to 34 years (45 residents), suggesting a future growing demand for affordable entry-level and senior housing. From 2013 to 2018 the age groups projected to experience the last losses in population include ages 20 to 24 years (-15.0%) and ages 45 to 54 years (-11.2%). The senior population ages 65+ years is projected to increase by 7.4 percent by 2018, suggesting a growing need for affordable senior housing.

Education levels figure into a community's socio-economic status. Because income increases with advancing educational attainment, communities with high education levels generally support above average levels of homeownership and housing values. Coffeyville residents on average are less educated than the norms for both Kansas and the United States. Approximately 28.2 percent of Coffeyville residents 25 years and over have attained associate, bachelors and advanced degrees. By comparison, 35.7 percent of Kansas residents and 39.1 percent of U.S. residents possess an associate, bachelors or advanced degree. Coffeyville's below average educational levels place constraints on 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. An estimated 38.8 percent of households in Coffeyville earn less than \$25,000 annually. These households tend to be perpetual renters but given the low cost of existing single family housing in Coffeyville can support the purchase of rehabilitated housing. Meanwhile, only 13.5 percent of households earn \$75,000 or more. Coffeyville's large concentration of low-income households and small percentage of high-income households suggests a strong need for affordable housing and restricts the size of the luxury housing market.

Coffeyville has been successful in generating new jobs, but has not fully capitalized on those jobs due to a lack of affordable, quality housing. According to the U.S. Census Bureau, in 2010 Coffeyville supported 4,450 jobs, of which less than 35 percent were residents of the City. Nonresidents working in Coffeyville represent an untapped housing market.

For-Sale Housing Market

The 2010 Census inventoried 5,021 housing units in Coffeyville, Kansas, down 9.5 percent from 5,550 housing units reported by the 2000 Census. A reported 459 homes were damaged by the 2007 flood, representing approximately 10 percent of Coffeyville's housing stock. Most of the damaged homes were demolished accounting for decline in the City's housing stock from 2000 to 2010. The overall occupancy rate for existing housing in Coffeyville was reported by the 2010 Census at 84.2 percent with 4,226 housing units occupied.

Coffeyville's housing stock is relatively old with over two-thirds of the existing inventory built prior to 1960 (compared to 36.9% for Kansas). Newer housing built since 1990 represents just over 10 percent of Coffeyville's total inventory. According to the U.S. Census Bureau from 2000 to 2012, just 111 new housing units were added in Coffeyville.

Similar to the national housing market, from 2009 to 2011 Coffeyville suffered from declining sales velocity and property values. By 2012 and 2013 home sales velocity, average sales price and total sales proceeds improved considerably, suggesting Coffeyville's for-sale housing market is in recovery.

From 2005 through 2013 a total of 1,130 homes sold in Coffeyville. After peaking at 192 home sales in 2006, single family housing sales in Coffeyville declined steadily to a low of 97 sales in 2011. Home sales experienced the largest drop in 2009, declining by 38.1 percent over 2008. The trend in declining home sales was attributed to a weakening national and local economy, national housing slump and more restrictive lending practices. During 2012 home sales in Coffeyville rebounded, up 40.2 percent to a reported 136 homes sold. Home sales declined 12.5 percent in 2013 to 119 sales as interest rates escalated and the inventory of homes on the market declined throughout the year.

Home sale prices in Coffeyville peaked in 2008 at an average price of \$71,412. In 2009 the average home sales price dropped 9.1 percent to \$64,927. Through 2011, due to a weakening economy and declining home sales velocity the average sale price declined by another 17.7 percent to \$53,435. Over the past two years as housing demand has accelerated the average sales price rose to \$66,287 by 2013.

Total annual home sales proceeds in Coffeyville peaked from 2006 to 2008 averaging \$11.2 million per year. From 2009 to 2011 annual home sales proceeds declined to a low of \$5.2 million, a 54.1 percent drop from the peak in 2006. By 2012 home sales rebounded with total proceeds of nearly \$9.1 million.

Given the limited new home construction since 2000, new home sales in Coffeyville account for a very small market share of total home sales. From 2009 through 2013 the MLS reported a total of just 38 new home sales in Coffeyville. The rate of new home sales ranged from a low of three sales in both 2010 and 2011 to a high of 14 new home sales in 2012 and 2013. The number of year-end active listing increased from just one listing in 2010 to nine listings by 2013. The average new home listing price in Coffeyville peaked in 2012 at \$179,950.

While Coffeyville supports a diverse for-sale housing market, it is heavily skewed to homes priced under \$100,000. Older, smaller homes are very affordable and are suitably priced for first time buyers and empty nesters seeking to down-size. New housing located primarily in the west side of the city is suitable for move-up buyers and people relocating from outside the area. Primary complaints of area realtors are the lack of quality move-up housing product and the limited supply of quality homes built over the past 20 years. These market deficiencies have limited the ability of Coffeyville to attract new employees to the community as evident by the fact that less than 35 percent of people employed locally live in Coffeyville. There appears to be an opportunity in Coffeyville to construct new housing targeting the first-time move-up and upscale market segments.

Interviews were conducted with several realtors in an effort to gain a deeper understanding of Coffeyville's for-sale housing market. The comments received are summarized below.

- A lot of Oklahoma residents work in Coffeyville, providing for an untapped housing market opportunity.
- There is pent-up, but limited demand in Coffeyville for luxury housing priced above \$200,000. Northbrook is the only custom home subdivision developed over the past 20 years. Many newly hired executives buy homes in Bartlesville, Oklahoma. In the past two years several doctors have moved to Coffeyville and generated demand for luxury for-sale and rental housing. The Big Hill area of Coffeyville is an excellent location for the construction of luxury housing.
- The construction of new luxury housing in Coffeyville will trigger a domino effect allowing first-time homebuyers to purchase move-up housing vacated by families moving into luxury homes.
- Pent-up demand in Coffeyville exists for new housing targeting young families priced from \$120,000 to \$160,000.
- There has been very little new home construction over the past 25 years. The lack of newer, modern housing hampers the Coffeyville housing market and results in many homebuyers to purchase homes outside of the city.
- The presence of deteriorated homes in Coffeyville and poor condition of some residential neighborhoods are issues for prospective homebuyers.

- The west and north portions of Coffeyville represent the most desirable residential areas and support the highest demand for for-sale housing.

Rental Housing Market

Rental housing accounts for 39 percent of Coffeyville's occupied housing stock, totaling 1,647 dwelling units. An estimated one-third of the rental housing stock is owned by absentee landlords. The existing stock of rental housing is old with the median year built reported at 1956, compared to 1968 for the state of Kansas. Very little attached rental housing has been constructed in Coffeyville over the past 25 years. As a result, much of the rental housing is old and poorly maintained.

Monthly rents for single family homes generally range from \$375 to \$550 for 2-bedroom homes and \$600 to \$750 for 3-bedroom/2 bath homes. High-end rental housing, of which there is little, generally commands a monthly rent of \$1,000 to \$1,200. The median rental rate in Coffeyville is \$550 per month. Quality rental properties in Coffeyville generally rent quickly. Realtors interviewed indicated rental housing in Coffeyville is currently operating at an average vacancy rate of just 5.0 percent.

Ten larger rental apartment properties were surveyed in Coffeyville totaling 404 dwelling units. Given the demographics of the Coffeyville population highlighted by low income levels and a large elderly population all ten properties operate as tax credit or income-based rental communities. Four properties totaling 162 dwelling units are available to singles and families with six properties totaling 242 dwelling units catering exclusively to seniors. No exclusively market-rate apartment properties were identified in Coffeyville.

Over one-third of Coffeyville 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 18.1 percent of Coffeyville's total population, or 1,868 residents. The state-wide average for residents 65+ years is 13.2 percent, indicating Coffeyville supports an above average senior population. Esri Business Analyst estimates that by 2018 the city's senior population to increase by 162 residents, generating increased need for senior housing.

The modest inventory of affordable rental apartments and current population demographics suggest Coffeyville can support additional income-based rental units.

The primary barrier for prospective renters in Coffeyville is the limited availability of quality rental units in the form of single family homes, duplexes and apartment properties. The absence of quality rental properties in Coffeyville 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.

Study Conclusions

Findings and recommendations provided by the *Housing Demand Market Analysis* prepared for the City of Coffeyville, Kansas include:

- Quantify 5-year housing absorption for the City of Coffeyville and
- Identify housing market opportunities in Coffeyville, including market segmentation, housing product types (i.e., for-sale, rental and senior housing) and location.

Forecast Housing Demand

Through population growth and the modest capture of nonresidents working locally new housing demand from 2013 through 2018 in Coffeyville is estimated at 126 to 230 dwelling units. According to the 2010 Census Coffeyville's mix of occupied housing units was 61 percent owner-occupied and 39 percent renter occupied. This report estimates that through 2018, owner-occupied housing will account for 60 percent of all new housing units with renter-occupied housing accounting for the remaining 40 percent. Therefore, through 2018 the mix of new housing demand is estimated at 76 to 138 owner-occupied units and 50 to 92 rental units. The table below outlines our calculations of general-occupancy new housing demand in Coffeyville, Kansas from 2014 through 2018.

Forecast New Housing Absorption by Product Type City of Coffeyville, Kansas; 2014-2018

Housing Type	Affordability Factor % of Households	Total Low	Units High
New Owner-Occupied Housing Units (Value)			
Up to \$100,000	15%	11	21
\$100,000 - \$149,999	30%	23	41
\$150,000 - \$199,999	35%	27	48
\$200,000+	20%	15	28
Total Owner-Occupied Housing Demand		76	138
New Rental Housing Units (Monthly Rent)			
Up to \$550	55%	27	51
\$550 - \$749	35%	18	32
\$750+	10%	5	9
Total Rental Housing Demand		50	92
Total Housing Demand		126	230

Source: Canyon Research Southwest, Inc.

Household income levels directly influence housing values. Based on current and estimated future household income growth in Coffeyville, through the year 2018 **new** demand for housing priced under \$100,000 is forecast to account for 15 percent of total owner-occupied housing absorption. Housing priced from \$100,000 to \$149,999 is forecast to account for 30 percent of total owner-occupied housing absorption. Homes priced from \$150,000 to \$199,999 are estimated to account for 35 percent of new housing demand. Homes priced at \$200,000 and over are anticipated to account for 20 percent of total for-sale housing absorption.

Income levels suggest considerable new demand for income-based and affordable rental housing will materialize in Coffeyville through the year 2018. An estimated 38.8 percent of households in Coffeyville earn less than \$25,000 annually. These households tend to be perpetual renters. Through 2018, rental housing at rents of less than \$550 (current 2011 dollars) in the City of Coffeyville is forecast to account for 55 percent of total new rental housing absorption, or 28 to 51 dwelling units. An estimated 35 percent of new rental housing absorption, or 18 to 32 dwelling units, will originate at rents of \$550 to \$749 per month.

Housing Market Opportunities

Coffeyville has successfully attracted a large employment base including such notable companies as Amazon.com and John Deere. However, despite supporting approximately 4,450 jobs only 35 percent of workers reside in the community. A primary hurdle in attracting new employees and residents is the limited availability of quality for-sale and rental housing. Several area employers indicated a difficulty in filling available positions due primarily to the shortage of quality housing in Coffeyville. Many new employees at local firms relocating to the area must seek housing in such places as Bartlesville, Oklahoma and commute to work. For Coffeyville to successfully retain and attract jobs as well as lure new residents it must offer prospective employers and their employees a more diverse mix of quality housing, including both new for-sale and rental product.

Single family housing in Coffeyville is very affordable. In 2013, the average sales price was just \$66,287 for resale homes. Therefore, the current housing market is affordable to hourly workers, office staff and management. However, what is needed is a greater mix and stock of quality new for-sale housing priced from \$120,000 to \$160,000 aimed at entry-level and first-time move-up buyers and \$200,000+ targeting upper management, professionals and physicians.

Coffeyville's west side is the preferred location for new home construction targeting entry-level and first-time move-up buyers, boasting schools, shopping, recreation, health services and employment. New semi-custom and custom housing priced at \$200,000 and above will require a unique and prestigious location. The Big Hill area in northwest Coffeyville highlighted by excellent view corridors and the presence of two golf courses and the Northbrooke custom home subdivision is an ideal location for the development of a premier single family home community.

The primary barrier for prospective renters in Coffeyville is the limited availability of quality rental units in the form of single family homes, duplexes and apartment properties. The absence of quality rental properties in Coffeyville 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.

An estimated 29.3 percent, or 1,230 households, in Coffeyville earn \$35,000 to \$74,999 per year, of which some are prospective renters of market-rate housing. By 2018, an additional 111 households are forecast to earn \$35,000 to \$74,999 per year, suggesting a modest growth in the demand for market-rate rental housing. Large-scale market-rate apartment development targeting move-up renters is best suited on the west side of Coffeyville. In addition, the construction of market-rate duplexes is appropriate infill development.

With nearly 39 percent of households in Coffeyville earning less than \$25,000 there is projected to be a continued need for affordable rental housing. In addition, Coffeyville's senior population is large and growing. Esri Business Analyst estimated Coffeyville's current population aged 65 and older at 1,890 residents, or 18.5 percent of the City's population. By comparison, seniors comprise just 13.7 percent of Kansas' total population. By 2018 Coffeyville's senior population is estimated to increase by 7.4 percent, or 162 new people, generating a growing demand for affordable rental housing geared specifically to seniors. Only six income-based senior apartment properties totaling just 242 dwelling units currently operate in Coffeyville, suggesting a supply-demand imbalance.

Based on Coffeyville's income and age demographics as well as current supply of affordable rental housing, over the next five years additional construction of income-based rental properties for singles, families and senior will be required. Appropriate location for the development of future affordable rental housing is within the portion of Coffeyville located south of 11th Street.

**HOUSING DEMAND MARKET ANALYSIS
CITY OF COFFEYVILLE, KANSAS**

March 2014

INTRODUCTION

Canyon Research Southwest, Inc. has prepared a *Housing Demand Market Analysis* that evaluates the City of Coffeyville's current for-sale and rental housing markets and quantifies near-term housing demand. Based on the study findings housing market opportunities for Coffeyville are identified.

The *Housing Demand Market Analysis* is segmented into five sections, including: 1) a community-wide demographic and economic analysis, 2) inventory of existing housing characteristics, 3) for-sale housing analysis, 4) rental housing analysis and 5) future housing demand projections.

The Demographic and Economic Analysis section identifies the market area, population and household growth trends, household types, household incomes, educational attainment and historical employment growth trends. This section of the report provides the baseline data necessary in forecasting future demand for-sale and rental housing in Coffeyville, Kansas. 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 Coffeyville's existing housing stock, housing tenure and occupancies, inventory of for-sale and rental housing, and recent new home construction trends. The goal is to identify current and future opportunities to support new housing stock in Coffeyville.

The For-Sale Housing 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 Coffeyville in an effort to gauge the inventory, quality and occupancies of the current rental housing stock.

The Housing Demand section of the report provides 5-year housing demand forecasts by product type for the City of Coffeyville. Demand for additional housing in the City of Coffeyville will primarily come from household growth stemming from new employment. Pent-up rental demand can also be a source of future housing demand.

Based on the study findings housing demand forecasts by product type were quantified for the City of Coffeyville and opportunities to support new housing construction will be identified, including appropriate market segmentation, housing product and location.

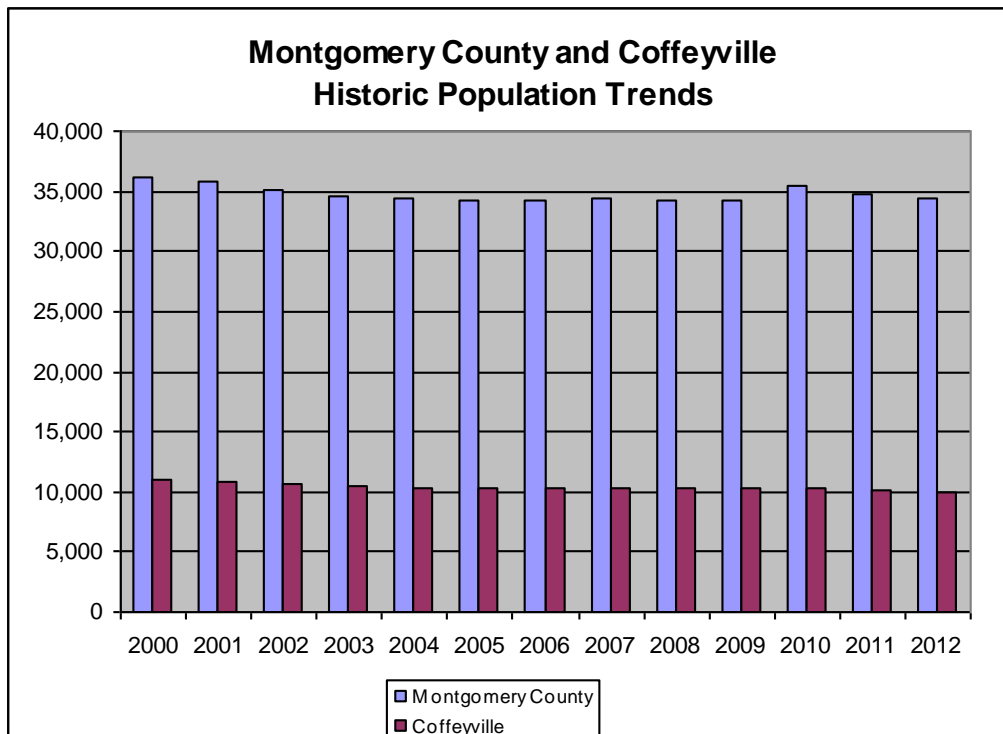
DEMOGRAPHIC AND ECONOMIC ANALYSIS

This section of the report examines economic and demographic factors impacting Montgomery County and the City of Coffeyville, including population and household growth trends, age distribution, educational attainment, household income and employment trends. Five-year demographic projections were provided by Esri Business Analyst, a national demographic research firm. Quantifying these demographic and economic characteristics will assist in projecting the future demand for housing in Coffeyville.

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 five decades the City of Coffeyville experienced steady population loss, declining by 31.9 percent from 15,116 residents in 1970 to 10,295 residents by 2010. Montgomery County too has suffered significant population loss, declining by 13.7 percent since 1970 to a 2010 Census count of 35,471 residents. Population levels for both Coffeyville and Montgomery County peaked during the 1960 Census with populations of 17,382 and 45,007, respectively.

The U.S. Census Bureau reported annual population estimates for both Montgomery County and Coffeyville from 2000 to 2012. During this 13-year timeframe the Coffeyville population declined by 9.4 percent, a loss 1,039 residents. Over the same time period the population of Montgomery County declined by 4.8 percent, a loss of 1,746 residents.



Since the 2010 Census the population for both Coffeyville and Montgomery County has continued to decline. The U.S. Census Bureau estimated the July 2012 population at 9,993 residents for Coffeyville and 34,459 residents for Montgomery County. Coffeyville’s population has declined from 37.89 percent of the Montgomery County population in 1970 to 29.0 percent by 2012.

Historical Population Trends for the City of Coffeyville and Montgomery County

Year	City of Coffeyville			Montgomery County			Coffeyville % of County
	Population	Population Change	Growth Rate	Population	Population Change	Growth Rate	
1970	15,116	-2,266	-13.04%	39,949	-5,058	-11.24%	37.84%
1980	15,185	69	0.46%	42,281	2,332	5.84%	35.91%
1990	12,917	-2,268	-14.94%	38,816	-3,465	-8.20%	33.28%
2000	11,062	-1,855	-14.36%	36,261	-2,555	-6.58%	30.51%
2010	10,295	-767	-6.93%	35,471	-790	-2.18%	29.02%
2012	9,993	-302	-2.90%	34,459	-1,012	-2.90%	29.00%

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

The Wichita State University, Center for Economic Development and Business Research projects the Montgomery County population will continue to decline through 2030, dropping to 31,633, a loss of 3,838 residents from the 2010 Census. This projected 10.8 percent decline in population, if realized, would have a detrimental impact on the local housing market in the form of declining future demand and trends in housing values.

A community’s population growth patterns play a significant role in the demand for housing. Esri Business Analyst projects the Coffeyville population to continue to decline from 10,295 reported by the 2010 Census to 10,013 by 2018 with the median age rising from 36.9 years to 38.0 years. The population aged 65+ is projected to increase by 8.7 percent by 2018 while children ages 0 to 19 will decline by 6.0 percent. The population of residents in their prime working years aged 25 to 54 years is projected to decline by 4.4 percent from 2010 to 2018. These expected declines in population and shifts in age demographics will result in shifts in housing needs.

Over the past decade the composition of households in Coffeyville shifted slightly with single female and non-family householder comprising larger market shares. The number of female householder families with no husband present rose from 558 in 2000 to 569 by 2010. Family households in Coffeyville as a percentage of total households declined from 60.7 percent in 2000 to 58.1 percent by 2010, while the share of non-family households rose from 39.3 percent in 2000 to 41.9 percent by 2010. From 2000 to 2010, the number of married-couple family households decreased by 426 households, or 20.2 percent. The number of married-couple families with children under 18 years old also declined from 786 in 2000 to 607 by 2010. The percentage of householders living alone rose just slightly from 2000 to 2010. These shifts in the

types of households in Coffeyville have likely had an impact on the composition of housing demand and new home construction.

City of Coffeyville Trends in Household Types

Household Type	2000	% of		2010	% of	
		Total			Total	
Total Households	4,691	100.0%		4,226	100.0%	
Family Households	2,848	60.7%		2,456	58.1%	
Married-Couple Family	2,111	45.0%		1,685	39.9%	
With Children Under 18	786	16.8%		607	14.4%	
Female Householder, No Husband Present	558	11.9%		569	13.5%	
Non-Family Households	1,843	39.3%		1,770	41.9%	
Householder Living Alone	1,662	35.4%		1,510	35.7%	
Householder 65 Years and Older	872	18.6%		681	16.1%	
Average Household Size	2.25			2.29		
Average Family Size	2.90			2.98		

Source: U.S. Census.

The number of householders 65 years and older account for 16.1 percent of all households in Coffeyville. In the coming years senior households are expected to have a growing impact on the Coffeyville housing market and the demand for independent and assisted living facilities.

Population Age Distribution Trends

The age composition of a community’s population plays a significant role in the demand for housing. As a person ages their housing needs change. Coffeyville’s population for 2010, 2013 and 2018 is summarized in the table on the following page 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 consumer and housing needs.

From 2010 through 2013, the Coffeyville population declined by 0.6 percent. The number of residents ages 45 to 54 years declined by 5.9 percent, while the number of elderly (65+ years) increased by 1.2 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 (74 residents) and young adults ages 25 to 34 years (45 residents), suggesting a future growing demand for affordable entry-level and senior housing. From 2013 to 2018 the age groups projected to experience the last losses in population include ages 20 to 24 years (-15.0%) and ages 45 to 54 years (-11.2%). The senior population ages 65+ years is projected to increase by 7.4 percent by 2018.

City of Coffeyville Population Age Distribution Trends

Age Group	2010 Census	% of Total	2013 Estimate	% of Total	2010-13 Change	% Change	2018 Forecast	2013-18 Change	% Change
0-19 Years	2,870	27.9%	2,753	26.9%	-117	-4.1%	2,698	-55	-2.0%
20-24 Years	821	8.0%	795	7.8%	-26	-3.2%	676	-119	-15.0%
25-34 Years	1,248	12.1%	1,293	12.6%	45	3.6%	1,290	-3	-0.2%
35-44 Years	1,059	10.3%	1,076	10.5%	17	1.6%	1,068	-8	-0.7%
45-54 Years	1,253	12.2%	1,179	11.5%	-74	-5.9%	1,047	-132	-11.2%
55-64 Years	1,176	11.4%	1,250	12.2%	74	6.3%	1,203	-47	-3.8%
65+ Years	1,868	18.1%	1,890	18.5%	22	1.2%	2,030	140	7.4%
Totals	10,295	100.0%	10,236	100.0%	-59	-0.6%	10,012	-224	-2.2%
Median Age	36.9		37.6				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 City of Coffeyville, Kansas and the United States.

Educational Attainment Levels – Coffeyville, KS For Residents 25 Years and Over

Highest Education Level Attained	City of Coffeyville	State of Kansas	United States
9th to 12th Grade, No Diploma	7.90%	14.00%	12.47%
High School Graduate	33.60%	29.80%	31.24%
Some College, No Diploma	23.50%	20.50%	16.84%
Associate Degree	12.60%	6.20%	9.13%
Bachelors Degree	9.90%	19.30%	19.40%
Graduate Degree	5.70%	10.20%	10.53%

Source: U.S. Department of Labor.

Coffeyville residents on average are less educated than the norms for both Kansas and the United States. Approximately 28.2 percent of Coffeyville residents 25 years and over have attained associate, bachelors and advanced degrees. By comparison, 35.7 percent of Kansas residents and 39.1 percent of U.S. residents possess an associate, bachelors or advanced degree. Coffeyville's below average educational levels place constraints on attainable incomes, housing values and homeownership levels.

Household Income

Generally, as incomes rise higher housing costs are supported. The table below summarizes 2013 household income estimates and 2018 projections for Coffeyville provided by Esri Business Analyst.

City of Coffeyville Trends in Households by Income

Income Bracket	2013 Estimate	% of Total	2018 Projection	% of Total	% Change 2013-18
Less than \$15,000	877	20.9%	844	20.6%	-3.8%
\$15,000 - \$24,999	752	17.9%	547	13.4%	-27.3%
\$25,000 - \$34,999	770	18.4%	650	15.9%	-15.6%
\$35,000 - \$49,999	457	10.9%	410	10.0%	-10.3%
\$50,000 - \$74,999	773	18.4%	931	22.8%	20.4%
\$75,000 - \$99,999	242	5.8%	322	7.9%	33.1%
\$100,000 - \$149,999	257	6.1%	302	7.4%	17.5%
\$150,000 - \$199,999	18	0.4%	24	0.6%	33.3%
\$200,000+	47	1.1%	58	1.4%	23.4%
Totals	4,193		4,088		
Median Income	\$30,221		\$35,082		16.1%
Median Household Income					
Kansas	\$51,273				
United States	\$53,046				

Source: U.S. Census and Esri.

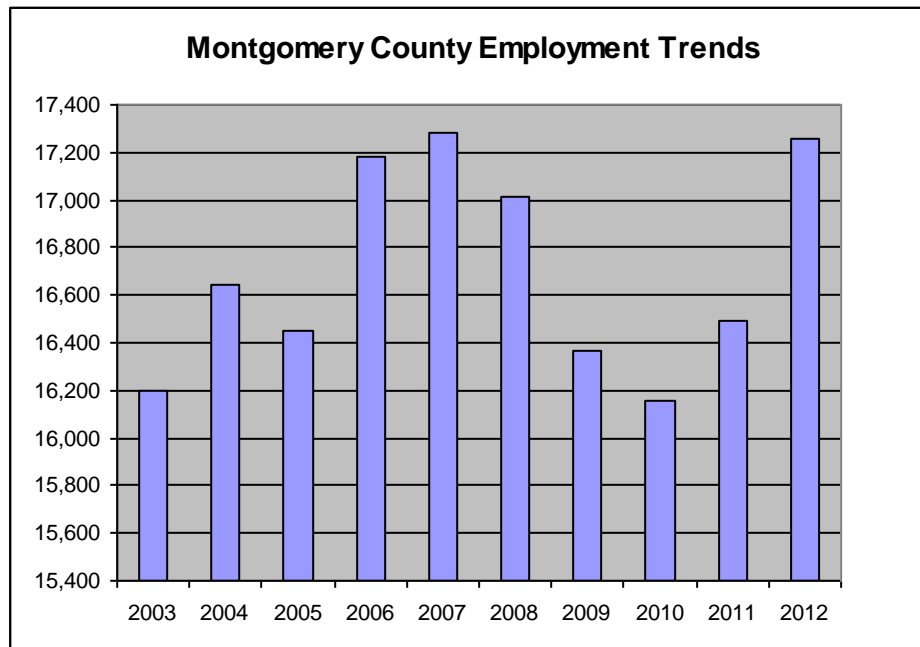
The U.S. Census Bureau estimated the 2012 median household income for Kansas of \$51,273 and the United States of \$53,046. The 2012 median household income of \$31,878 for the City of Coffeyville is well below the national and statewide averages. According to Esri Business Analyst, during 2013 an estimated 38.8 percent of households in Coffeyville earned less than \$25,000 annually. These households tend to be perpetual renters but given the low cost of existing single family housing in Coffeyville can support the purchase of rehabilitated housing. During 2013 an estimated 13.4 percent of households earned \$75,000 or more, fueling a moderate demand for move-up and luxury housing.

From 2013 to 2018, Esri Business Analyst projects the median household income for Coffeyville to increase by 16.1 percent to \$35,082 annually. Approximately half of the city's households are estimated to earn less than \$35,000 annually by 2018. By 2018, 17.3 percent of all Coffeyville households are estimated to possess median incomes of \$75,000 or more, an increase of 142 households from 2013. These household income trends suggest over the next five years a continued strong need in Coffeyville for affordable housing and a moderate growth in the need for move-up and luxury housing.

Employment Trends

Since gains in employment generally fuels population, income and housing market growth, employment trends are a reliable indicator of general economic conditions and housing demand. Typically, households prefer to live near work for convenience.

The bar chart below illustrates annualized employment trends for Montgomery County since 2003 published by the U.S. Bureau of Labor Statistics. Throughout the recent national recession, like most areas of the country, Montgomery County suffered a decline in employment. After peaking at total employment of 17,281 jobs in 2007 employment levels dropped by 6.5 percent through 2010. Beginning in March 2011 and continuing throughout the remainder of the year monthly employment in Montgomery County began to grow to levels exceeding the same month for the prior year. This employment growth trend continued throughout 2012 and for the year total annualized employment had reached the pre-recession level. By August 2013 Montgomery County supported 17,003 jobs and an unemployment rate of 7.5 percent.



According to the U.S. Bureau of Labor Statistics, for the second quarter 2012 the average weekly wage for Montgomery County was reported at \$586. By comparison, the average weekly wage was \$763 for Kansas and \$903 for the United States. Montgomery County's well below average wages are indicative of its rural location and below average educational attainment levels.

The composition of an area's employment base helps dictate income levels and the composition of housing demand. High levels of such white collar occupations as professional and technical services; financial, insurance and real estate; and administrative generate demand for professional office space while health and social services jobs create demand for owner-occupied

housing. The table below provides a comparison of civilian employment levels by industry for Montgomery County and Kansas as published in the 2010 Census.

Civilian Employment by Sector Comparison Montgomery County vs. State of Kansas; 2010

Industry Classification	Montgomery Total	County %	State of Total	Kansas %
Total Civilian Employment	15,473	100.0%	1,395,634	100.0%
Agriculture	361	2.3%	48,741	3.5%
Construction	626	4.0%	88,243	6.3%
Manufacturing	3,340	21.6%	179,685	12.9%
Wholesale Trade	289	1.9%	39,154	2.8%
Retail Trade	1,776	11.5%	156,320	11.2%
Transportation, Warehousing & Utilities	979	6.3%	66,797	4.8%
Information	209	1.4%	32,953	2.4%
Finance, Insurance & Real Estate	394	2.5%	84,583	6.1%
Professional, Management & Admin.	849	5.5%	117,261	8.4%
Education & Health Care Services	4,530	29.3%	341,871	24.5%
Arts, Entertainment, Accommodations & Food	898	5.8%	108,752	7.8%
Other Services, Except Public Administration	810	5.2%	64,074	4.6%
Public Administration	412	2.7%	67,200	4.8%

Source: U.S. Census Bureau.

According to the U.S. Census Bureau, as of the 2010 Census the leading employment sectors in Montgomery County included education & health services (4,530 jobs); manufacturing (3,340 jobs); retail trade (1,776 jobs) and transportation, warehousing and utilities (979 jobs). When compared to statewide averages Montgomery County supports above average concentrations of jobs in manufacturing; transportation, warehousing and utilities; and education and health care services.

Coffeyville and Montgomery County have been successful in generating new jobs in the area, but have not fully capitalized on those jobs due to a lack of affordable, adequate housing. According to the U.S. Census Bureau, in 2010 Coffeyville supported 4,450 jobs, of which less than 35 percent were residents of the City. Nonresidents working in Coffeyville represent an untapped housing market.

Business Location Factors

Interviews conducted with several local real estate agents, business owners, and government and economic development staff identified assets/opportunities and constraints/limitations of Coffeyville, Kansas as a business location. The bullet points below summarize the content of those interviews.

Assets / Opportunities

- Coffeyville offers a low cost of labor and low rate of unionization;
- Low housing costs for both owner-occupied and rental housing;
- The City of Coffeyville supports a large employment base;
- The City of Coffeyville operates an electric utility with the opportunity to offer prospective businesses low electricity rates and sufficient capacity;
- The City of Coffeyville can provide prospective businesses adequate domestic water and sanitary sewer service capacity;
- Coffeyville offers good highway access that affords convenient overnight trucking to a large geographic area and major metropolitan areas. Highway 169 through Coffeyville is the shortest route between Kansas City and Tulsa;
- Coffeyville offers excellent short-line and regional rail service as well as close proximity to the Port of Catoosa;
- City-owned industrial park provides a large inventory of fully serviced land for prospective businesses as well as the opportunity to offer economic incentives in the form of discounted land acquisition costs;
- Coffeyville supports a strong existing industrial base highlighted by such major companies as Amazon.com and John Deere;
- The presence of Coffeyville Community College assists in providing an educated and skilled workforce;
- The City of Coffeyville's commercial real property tax levy compares favorably to similar sized cities in Kansas;
- The City of Coffeyville has in the past offered economic incentives to prospective businesses; and
- Presence of medical services at the Coffeyville Regional Medical Center.

Constraints / Limitations

- Coffeyville's and Montgomery County's small population and labor pool places limitations on attracting major retailers and employers;
- The perception is that Coffeyville's real property mill levy is high;
- The City of Coffeyville has suffered from steady population decline over the past several decades;
- Despite supporting a large employment base, according to the U.S. Census only approximately 35 percent of all people employed in Coffeyville live in Coffeyville;
- Coffeyville suffers from an old housing stock with a limited inventory of quality for-sale and rental housing;
- Given its small population base Coffeyville supports modest community amenities such as retail, entertainment, personal services and recreation; and
- Coffeyville suffers from an inferiority complex.

Coffeyville possesses ample advantages for attracting businesses, jobs and development activity. The large manufacturing base and presence of such major companies as Amazon.com and John Deere are favorable assets for attracting additional industry. Other community assets include affordable housing costs, city-owned electric service, adequate public utilities, availability of economic incentives and presence of Coffeyville Community College and Coffeyville Regional Medical Center. Challenges facing future economic development of Coffeyville include a limited stock of quality housing and community amenities, small population and labor force, and declining population.

Conclusions

The City of Coffeyville is a rural community located in Montgomery County in southeast Kansas. A community's population size, growth, household types, age composition, educational attainment and income levels play significant roles in the demand for housing.

A community's population growth patterns play significant roles in the demand for housing and supportable property values. Over the past five decades Coffeyville experienced steady population loss, declining by 31.9 percent from 15,116 residents in 1970 to 10,295 residents by 2010. Over the same time frame the Montgomery County population declined by 11.2 percent to 35,471 by 2010. The Wichita State University, Center for Economic Development and Business Research projects the Montgomery County population will continue to decline through 2030, dropping to 31,633, a loss of 3,838 residents from the 2010 Census. This projected population loss, if realized, would have a significant detrimental impact on the future demand for housing and value appreciation in Coffeyville.

Over the past decade the composition of households in Coffeyville shifted slightly with the number of female householder families with no husband present rising by 2.0 percent and number of married-couple families with children under 18 years old declining by 22.8 percent. These shifts in the types of households in Coffeyville have likely had an impact on the composition of housing demand.

The age composition of a community's population plays a significant role in the demand for housing. Housing demand and expenditures change as individuals grow older. From 2000 through 2010, the Montgomery County population declined by 2.2 percent. Over the decade the number of family/working adult residents declined by 23.2 percent, while the number of elderly (65+ years) declined by 7.0 percent and children ages 0 to 19 years declined by 5.0 percent. Absolute population gains were the largest for empty nesters ages 55 to 64 years (794 residents), suggesting a future growing demand for senior housing in the form of independent living and assisted living facilities.

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. Coffeyville residents on average are less educated than the norms for both Kansas and the United States. Approximately 28.2 percent of Coffeyville residents 25 years and over have attained associate, bachelors and advanced degrees. By comparison, 35.7 percent of Kansas residents and 39.1 percent of U.S. residents possess an associate, bachelors or advanced degree. Coffeyville's below average educational levels place constraints on 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. An estimated 38.8 percent of households in Coffeyville earn less than \$25,000 annually. These households tend to be perpetual renters but given the low cost of existing single family housing in Coffeyville can support the purchase of rehabilitated housing. Meanwhile, an estimated 13.4 percent of households earn \$75,000 or more, fueling demand for move-up and luxury housing.

Approximately half of the city's households are estimated to earn less than \$35,000 annually by 2018. By 2018, 17.3 percent of all Coffeyville households are estimated to possess median incomes of \$75,000 or more, an increase of 142 households from 2013. These household income trends suggest over the next five years a continued strong need in Coffeyville for affordable housing and a moderate growth in the need for move-up and luxury housing.

Coffeyville and Montgomery County have been successful in generating new jobs in the area, but have not fully capitalized on those jobs due to a lack of affordable, adequate housing. According to the U.S. Census Bureau, in 2010 Coffeyville supported 4,450 jobs, of which less than 35 percent were residents of the City. Nonresidents working in Coffeyville represent an untapped housing market.

HOUSING STOCK CHARACTERISTICS

This section of the report evaluates the City of Coffeyville’s existing housing stock by identifying 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 Coffeyville.

Housing Stock Inventory and Occupancies

The 2010 Census inventoried 5,021 housing units in Coffeyville, Kansas, down 9.5 percent from 5,550 housing units reported by the 2000 Census. A reported 459 homes were damaged by the 2007 flood, representing approximately 10 percent of Coffeyville’s housing stock. Most of the damaged homes were demolished accounting for decline in the City’s housing stock from 2000 to 2010. The overall occupancy rate for existing housing in Coffeyville was reported by the 2010 Census at 84.2 percent with 4,226 housing units occupied. The table below identifies 2000 and 2010 Census inventory and occupancy data for Coffeyville’s housing stock.

Coffeyville, Kansas Housing Stock and Occupancies; 2010 Census

	2010 Census		2000 Census	
	Units	%	Units	%
Total Housing Units	5,021	100.0%	5,550	100.0%
Occupied Housing Units	4,226	84.2%	4,691	84.5%
Owner-Occupied Housing Units	2,579	61.0%	3,047	65.0%
Renter-Occupied Housing Units	1,647	39.0%	1,644	35.0%
Vacant Housing Units	795	15.8%	859	15.5%
For Rent	205	25.8%	377	43.9%
Rented, Not Occupied	9	1.1%	89	10.4%
For Sale Only	88	11.1%	108	12.6%
Sold, Not Occupied	22	2.8%	0	0.0%
For Seasonal, Recreational or Occasional Use	20	2.5%	68	7.9%
All Other Vacant Units	451	56.7%	217	25.3%

Source: U.S. Census Bureau.

The 2000 Census reported that 4,691 housing units were occupied in Coffeyville, including 3,047 owner-occupied units and 1,644 renter-occupied units. By the 2010 Census the occupied inventory had declined to 4,226 housing units. From 2000 to 2010 the number of owner-occupied housing units in Coffeyville decreased by 15.4 percent to 2,579 units by 2010. Meanwhile, over the decade Coffeyville’s inventory of renter-occupied housing units remain virtually unchanged from 1,644 housing units in 2000 to 1,647 housing units by 2010. The overall occupancy rate declined from 84.5 percent in 2000 to 84.2 percent by 2010.

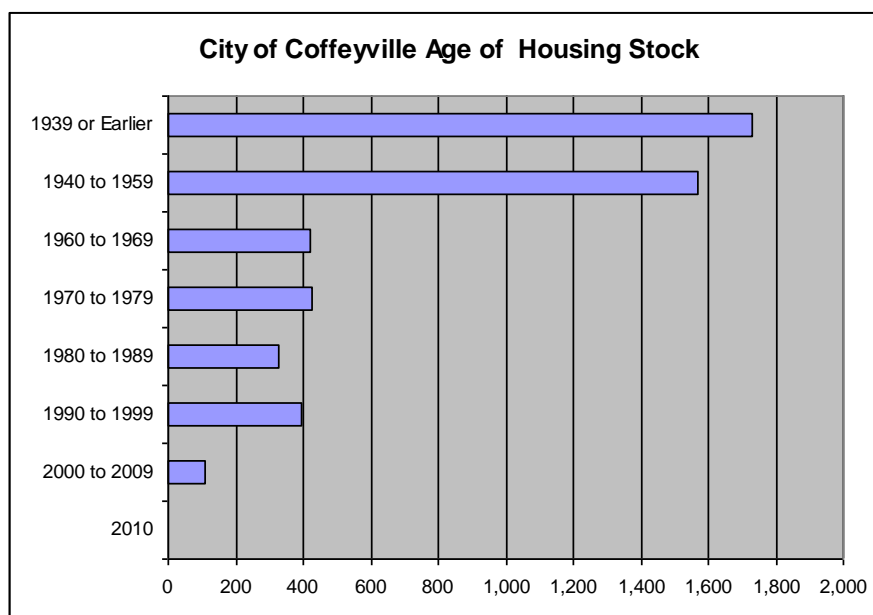
Age of Housing Stock

The table below compares the age of Coffeyville’s housing stock with that of the State of Kansas as reported by the *2012 American Community Survey* published by the U.S. Census Bureau. Coffeyville’s housing stock is relatively old with over two-thirds of the existing inventory built prior to 1960 (compared to 36.9% for Kansas). Newer housing built since 1990 represents just over 10 percent of Coffeyville’s total inventory, compared to 25.5 percent for Kansas. New home construction over the past decade decreased by nearly 72 percent over the 394 housing units built during the 1990’s. From 2000 to 2009 new home construction in Kansas declined by just 3.7 percent over the prior decade. The age of Coffeyville’s housing stock is the primary reason why quality housing that meets buyers needs is in short supply

Coffeyville, Kansas Housing Stock by Year Built

Year Structure Built	# of Units	% of Total	Kansas %
Total Housing Units	4,984	100.0%	100.0%
2010 or Later	0	0.0%	0.8%
2000 to 2009	111	2.2%	12.1%
1990 to 1999	394	7.9%	12.6%
1980 to 1989	327	6.6%	12.0%
1970 to 1979	428	8.6%	15.5%
1960 to 1969	423	8.5%	10.2%
1940 to 1959	1,571	31.5%	19.9%
1939 or Earlier	1,730	34.7%	17.0%

Source: U.S. Census Bureau.



Housing Stock by Structure Type

The table below identifies Coffeyville’s housing stock by unit type as reported by the 2012 *American Community Survey*.

Coffeyville, Kansas Housing Stock by Type – 2012

Units in Structure	# of Units	% of Total	Kansas %
1-Unit, Detached	3,756	75.4%	72.6%
1-Unit, Attached	78	1.6%	4.7%
2 Units	221	4.4%	2.4%
3 or 4 Units	192	3.9%	3.2%
5 to 9 Units	119	2.4%	3.7%
10 to 19 Units	121	2.4%	3.8%
20+ Units	314	6.3%	4.6%
Mobile Home	171	3.4%	5.0%
Boat, RV, Van, etc.	12	0.2%	0.0%
Total Housing Units	4,984	100.0%	100.0%

Source: U.S. Census Bureau.

Coffeyville’s housing stock is dominated by detached single family homes that account for 75.4 percent of the total inventory. This preference for detached housing is more common in outlying and rural areas. To illustrate, detached single family housing accounts for 72.6 percent of Kansas’ housing units.

Another common characteristic of outlying and rural area’s housing mix is a modest inventory of multi-family housing units. However, in Coffeyville multi-family structures with 20 or more dwelling units account for 6.3 percent of the total housing stock, compared to 4.6 percent for all of Kansas. The above average rate for multi-family housing may be due to the city’s large percentage of lower income households and the corresponding large inventory income-based apartment properties. The housing stock of 2 to 4 unit structures accounts for 8.3 percent of Coffeyville’s housing units but just 5.6 percent of Kansas’.

Coffeyville’s current demographics and mix of housing suggests that the city must place additional emphasis on affordable multi-family rental and for-sale housing is needed to foster a more diverse housing market that meets the needs of a wider range of household types.

As indicated by the table on the following page, homeowners in Coffeyville are more likely to occupy detached single family housing while renters generally occupy multi-family housing.

For 2012, the U.S. Census Bureau estimated that 2,761 owner-occupied housing units in Coffeyville were occupied. Detached single family homes accounted for 96.7 percent of all occupied owner-occupied housing units. Meanwhile, an estimated 1,484 rental housing units

were occupied. Renters were much less likely to occupy detached single family homes accounting for just 37.1 percent of all occupied rental units.

Multi-family housing with 2 or more units accounted for nearly 59 percent of all renter-occupied units in Coffeyville and just 0.8 percent of all owner-occupied housing units. Properties with 10+ rental units were the most popular for renters accounting for 29.3 percent of all renter-occupied units. Properties with 2 to 4 dwelling units account for 21.3 percent of all renter-occupied units. Meanwhile, structures with 5 to 9 rental units accounted for just 8.0 percent of all renter-occupied units. The dominance of 10+ unit apartment properties stems from a large inventory of income-based rental housing and preference for 2 to 4 unit properties might originate from Coffeyville’s small town character and the dominance of detached single family housing.

Coffeyville, Kansas Occupied Housing Stock by Type – 2012 Owner-Occupied vs. Renter-Occupied Housing

Housing Type	City Total	Owner- Occupied	Renter- Occupied
Occupied Housing Units	4,245	2,761	1,484
Units in Structure			
1-Unit, Detached	79.5%	96.7%	37.1%
1-Unit, Attached	1.8%	0.5%	4.2%
2 Units	4.1%	0.8%	10.3%
3 to 4 Units	3.8%	0.0%	11.0%
5 to 9 Units	2.8%	0.0%	8.0%
10+ Units	10.2%	0.0%	29.3%
Mobile Home or Other	1.2%	1.9%	0.0%

Source: U.S. Census Bureau.

Housing Conditions

Housing is one of the most visible and tangible characteristics of a community's desirability as a place to live, and the vitality of a community often centers on the quality of its housing stock. Thus, it is important that the City of Coffeyville's housing stock remains in good condition.

Upon inspection it was concluded that the City of Coffeyville's housing stock appears to be in fairly good condition, but there are housing units (particularly in the older parts of town) suffering from deferred maintenance and disinvestment. There are an estimated 795 vacant housing units throughout Coffeyville with the City identifying approximate 150 housing units that are in poor condition and require demolition. The City of Coffeyville recently approved the demolition of 20 housing units with another 30 housing units earmarked for future demolition. Also, with few exceptions, the stock of multi-family rental property is old and substandard.

With over two-thirds of Coffeyville's existing housing stock built prior to 1960, many homes might not be energy efficient or there may be issues with heating, electrical or plumbing systems simply because of their age. Other homes built in the 1960's and 1970's may be in good condition but in need of updating to make them more appealing to current buyer preferences. Newer housing built since 1990 represents just 10 percent of Coffeyville's total inventory and is located primarily in the west and northwest portions of the city. Single family housing built in the past 20 years appears to be in good condition and offers a modern design and features. The most upscale new housing in Coffeyville is within the Northbrook subdivision located on Overlook Drive north of Woodland Avenue.

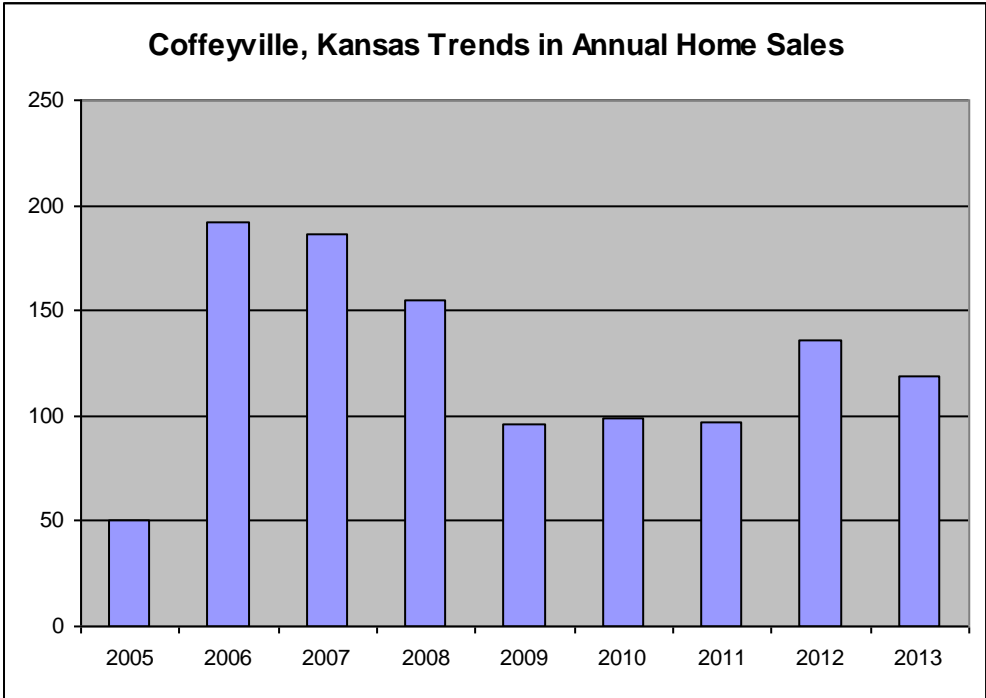
FOR-SALE HOUSING MARKET ANALYSIS

This section of the report evaluates the City of Coffeyville’s for-sale housing market by identifying: 1) new and existing home sale trends; 2) current supply of for-sale homes on the market; and 3) active residential subdivisions. Stakeholder interviews were also conducted with the purpose of identifying future for-sale opportunities in Coffeyville. The goal was to determine the Coffeyville for-sale housing market’s ability to support near-term new housing construction.

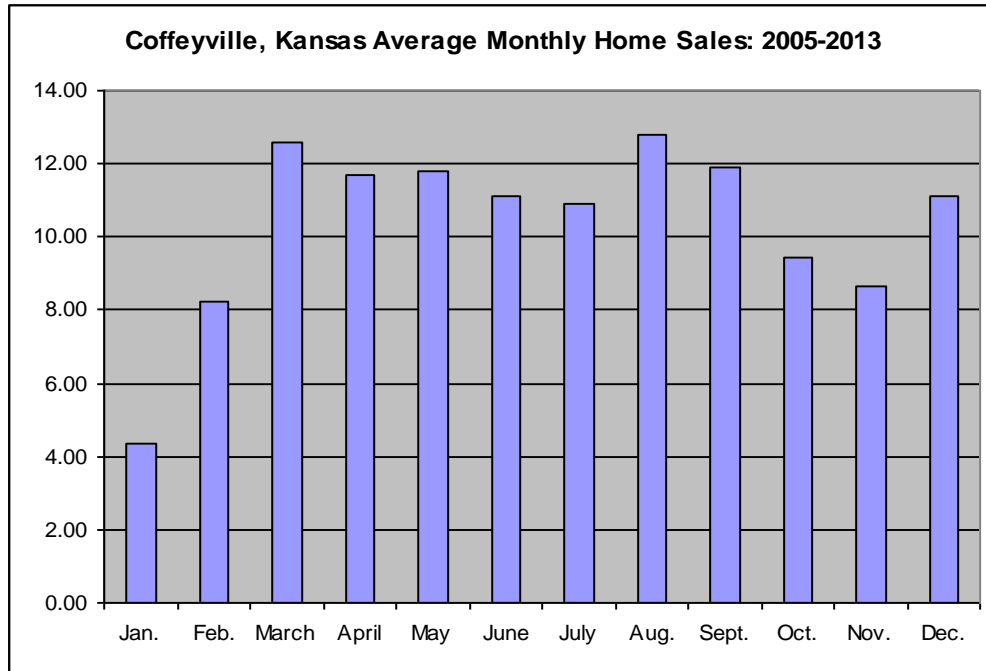
Home Sale Trends

Multiple Listing Service (“MLS”) data provided by George Realtors was consulted to ascertain recent single family home sales trends for Coffeyville. The bar chart below depicts annual home sales volumes since 2005. As illustrated, from a peak of 192 homes sales in 2006, total home sales declined gradually over the next five years to a low of 97 home sales in 2011. Home sales experienced the largest drop in 2009, declining by 38.1 percent over 2008. The trend in declining home sales was attributed to a weakening national and local economy, national housing slump and more restrictive lending practices.

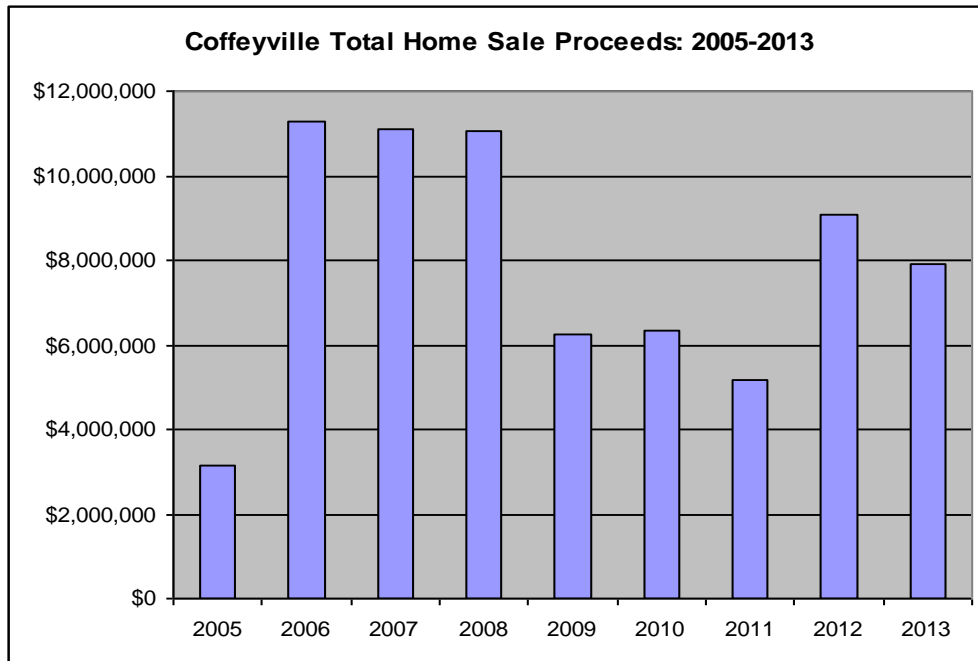
During 2012 home sales in Coffeyville rebounded, up 40.2 percent to a reported 136 homes sold. Home sales declined 12.5 percent in 2013 to 119 sales as interest rates escalated and the inventory of homes on the market declined throughout the year.



As the bar chart below illustrates, from 2005 through 2013 average monthly sales in Coffeyville ranged from a low of 4.33 sales in January to a high of 12.78 sales in August. Home sales seem to be most active during the hot summer months from May to September and lowest during the winter months of January and February. Since 2005, an average of nearly 10.5 homes sold per month in Coffeyville.



From 2005 through 2013 a total of 1,130 homes sold in Coffeyville. Total sales proceeds peaked from 2006 to 2008 averaging \$11.2 million per year. From 2009 to 2011 annual sales proceeds declined to a low of \$5.2 million, a 54.1 percent drop from the peak in 2006.



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 2005 to 2013 for Coffeyville.

Sales Velocity and Average Home Sales Prices Coffeyville, Kansas

Year	Home Sales	Total Sales Proceeds	Average Price	Average Days on Market	Sale Price As % of List Price
2005	50	\$3,147,660	\$62,953	77	93.5%
2006	192	\$11,288,385	\$58,794	71	92.9%
2007	186	\$11,096,141	\$59,657	58	95.1%
2008	155	\$11,068,845	\$71,412	89	94.4%
2009	96	\$6,232,960	\$64,927	86	94.2%
2010	99	\$6,341,666	\$64,057	118	92.6%
2011	97	\$5,183,150	\$53,435	105	93.4%
2012	136	\$9,066,463	\$66,665	111	92.7%
2013	119	\$7,888,141	\$66,287	110	92.9%

Source: Southeast Kansas Multiple Listing Service

Home sale prices in Coffeyville peaked in 2008 at an average price of \$71,412. In 2009 the average home sales price dropped 9.1 percent to \$64,927. Through 2011, due to a weakening economy and declining home sales velocity the average sale price declined by another 17.7 percent to \$53,435. Over the past two years as housing demand has accelerated the average sales price rose to \$66,287 during 2013.

A healthy for-sale housing market generally operates at an average days on the market of 90 days or less. At the height of Coffeyville’s housing market the average days on the market were reported by the Southeast Kansas MLS at 71 days in 2006 and 58 days in 2008, indicative of a healthy supply and demand balance. As the national economy weakened and housing demand softened the average days on the market rose to a high of 111 days by 2010. As demand has strengthened the average days on the market have moderated to 111 days in 2012 and 110 days in 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. At the peak of the market from 2006 to 2008 Coffeyville supported an average sales price equating to 92.9 percent to 95.1 percent of the average list price. Over the past five years the average sales price has declined to a low in 2013 of 92.9 percent of the average list price.

The active listing market can also provide insight into the condition of a local for-sale housing market. The year-end number of active listings, average list price, months supply and average days on the market from 2009 through 2013 for Coffeyville is summarized in the table below.

**Year-End For-Sale Active Listings
Coffeyville, Kansas**

Year	Active Listings	Average List Price	Months Supply	Average DOM
2009	67	\$88,893	22.30	69
2010	100	\$89,024	20.00	130
2011	102	\$88,687	11.30	149
2012	103	\$80,894	12.90	167
2013	90	\$75,979	15.00	173

Source: Southeast Kansas MLS.

As Coffeyville’s for-sale housing market softened both the number of active listings and months of supply climbed to above market equilibrium levels with the year-end inventory of homes exceeding 100 and the supply exceeding a healthy level of six months. As a result, the average list price has been on the decline and the average days on the market on the rise. On a favorable note, by year-end 2013 the inventory of active listings had declined to 90 homes. A continued decline in the inventory of available listings should place upward pressure on list prices and reduce the months of supply and average days on the market.

Data published by the Southeast Kansas MLS illustrates the lack of new housing in Coffeyville. From 2009 through 2013 the MLS reported a total of just 38 new home sales in Coffeyville. The rate of new home sales increased from three sales in both 2010 and 2011 to 14 new home sales in 2012 and 2013. The number of year-end active listing increased from just one listing in 2010 to nine listings by 2013. The average new home listing price in Coffeyville peaked in 2012 at \$179,950.

**New Home Sales and Active Listings
Coffeyville, Kansas**

Year	# of Sales	Year-End Active Listings	Average List Price
2009	4	0	
2010	3	1	\$129,900
2011	3	2	\$124,900
2012	14	2	\$179,950
2013	14	9	\$72,983

Source: Southeast Kansas MLS.

Based on home sales data published by the Southeast Kansas MLS it appears that while Coffeyville supports a diverse for-sale housing market, it is heavily skewed to homes priced under \$100,000. Older, smaller homes are very affordable and are suitably priced for first time buyers and empty nesters seeking to down-size. New housing located primarily in the western portion of the city is suitable for move-up buyers and people relocating from outside the area. Primary complaints of area realtors are the lack of quality move-up housing product and the limited supply of new, modern homes built over the past 20 years. These market deficiencies have limited the ability of Coffeyville to attract new hires to the community as evident by the fact that less than 35 percent of people employed locally live in Coffeyville. There appears to be an opportunity in Coffeyville to construct new housing targeting the first-time move-up and upscale market segments.

Current Supply of Homes on the Market

A list of new and resale homes actively on the market for sale in Coffeyville was provided by George Realtors via the Southeast Kansas Multiple Listing Service. As the table below indicates, as of the date of this report 82 homes in Coffeyville were on the market with eight homes under contract. Based on recent trends in sales velocity, this current stock of actively listed homes represents approximately a 7.7-month supply.

For-Sale Homes in Coffeyville, Kansas Active Listings and Pending Sales

	# of Homes	Price Low	Price Range High	Average Price	Average Size (SF)	Average Price Per Sq. Ft.
Active Listing	82	\$9,900	\$359,500	\$89,871	1,795	\$50.06
Pending Sale	8	\$9,999	\$389,900	\$99,487	1,703	\$58.41
Totals	90	\$9,900	\$389,900	\$90,735	1,787	\$50.77

Source: Multiple Listing Service.

The 82 homes on the market are priced from \$9,900 to \$359,500, averaging \$89,871. Nearly 70 percent of the homes currently on the market are priced under \$100,000. The active listings have been on the market between 3 and 1,365 days, averaging 180 days on the market. Only 31 homes have been on the market for 90 days or less with 25 homes on the market for 180 days or more. The homes range in size from 800 to 4,515 square feet, averaging 1,795 square feet. The average asking pricing equates to \$50.06 per square foot. The most expensive homes are located in the Northbrook subdivision with available homes priced from \$350,000 to \$359,900.

The eight homes pending sale in Coffeyville are under contract \$9,999 to \$389,900, averaging \$99,487. Homes pending sale range in size from 1,050 to 2,612 square feet, averaging 1,703 square feet. The average asking pricing equates to \$58.41 per square foot. The homes pending sale were on the market for between 14 and 458 days, averaging 99 days on the market. Five of the eight homes under contract were on the market for 30 days or less.

Active Residential Subdivisions

As mentioned earlier in the report, Coffeyville's housing is old with no new homes constructed since 2010 and only 111 homes built from 2000 to 2009. The last subdivision developed is located immediately south of the Brown Mansion on U.S. 169. Built by Pollet Construction, the subdivision is designed for both market-rate for-sale homes and subsidized rental housing. To date, just seven market-rate homes have been built on John Street with 18 rental homes built along Jefferson and Jackson Streets. The subdivision has performed poorly given its location on the south side of the city and the blend of market-rate and subsidized rental housing. One home is currently for sale priced at \$119,900. The 1,471 square foot home has been on the market for 1,065 days.

Northbrook within the northwest quadrant of Coffeyville is the latest luxury home subdivision to be developed in Coffeyville and 14 homes have been constructed. Two homes are currently available for sale in Northbrook priced from \$350,000 to \$359,900.

Conclusions

The 2010 Census inventoried 5,021 housing units in Coffeyville, Kansas, down 9.5 percent from 5,550 housing units reported by the 2000 Census. A reported 459 homes were damaged by the 2007 flood, representing approximately 10 percent of Coffeyville's housing stock. Most of the damaged homes were demolished accounting for decline in the City's housing stock from 2000 to 2010. The overall occupancy rate for existing housing in Coffeyville was reported by the 2010 Census at 84.2 percent with 4,226 housing units occupied.

Coffeyville's housing stock is relatively old with over two-thirds of the existing inventory built prior to 1960 (compared to 36.9% for Kansas). Newer housing built since 1990 represents just over 10 percent of Coffeyville's total inventory. According to the U.S. Census Bureau from 2000 to 2012, just 111 new housing units were built in Coffeyville.

Similar to the national housing market, from 2009 to 2011 Coffeyville suffered from declining sales velocity and property values. By 2012 and 2013 home sales velocity, average sales price and total sales proceeds improved considerably, suggesting Coffeyville's for-sale housing market is in recovery.

From 2005 through 2013 a total of 1,130 homes sold in Coffeyville. After peaking at 192 home sales in 2006, single family housing sales in Coffeyville declined steadily to a low of 97 sales in 2011. Home sales experienced the largest drop in 2009, declining by 38.1 percent over 2008. The trend in declining home sales was attributed to a weakening national and local economy, national housing slump and more restrictive lending practices. During 2012 home sales in Coffeyville rebounded, up 40.2 percent to a reported 136 homes sold. Home sales declined 12.5 percent in 2013 to 119 sales as interest rates escalated and the inventory of homes on the market declined throughout the year.

Home sale prices in Coffeyville peaked in 2008 at an average price of \$71,412. In 2009 the average home sales price dropped 9.1 percent to \$64,927. Through 2011, due to a weakening economy and declining home sales velocity the average sale price declined by another 17.7 percent to \$53,435. Over the past two years as housing demand has accelerated the average sales price rose to \$66,287 by 2013.

Total annual home sales proceeds in Coffeyville peaked from 2006 to 2008 averaging \$11.2 million per year. From 2009 to 2011 annual home sales proceeds declined to a low of \$5.2 million, a 54.1 percent drop from the peak in 2006. By 2012 home sales rebounded with total proceeds of nearly \$9.1 million.

Given the limited new home construction since 2000, new home sales in Coffeyville account for a very small market share of total home sales. From 2009 through 2013 the MLS reported a total of just 38 new home sales in Coffeyville. The rate of new home sales ranged from a low of three sales in both 2010 and 2011 to a high of 14 new home sales in 2012 and 2013. The number of year-end active listing increased from just one listing in 2010 to nine listings by 2013. The average new home listing price in Coffeyville peaked in 2012 at \$179,950.

Based on home sales data published by the Southeast Kansas MLS it appears that while Coffeyville supports a diverse for-sale housing market, it is heavily skewed to homes priced under \$100,000. Older, smaller homes are very affordable and are suitably priced for first time buyers and empty nesters seeking to down-size. New housing located primarily in the western portion of the city is suitable for move-up buyers and people relocating from outside the area. Primary complaints of area realtors are the lack of quality move-up housing product and the limited supply of new, modern homes built over the past 20 years. These market deficiencies have limited the ability of Coffeyville to attract new hires to the community as evident by the fact that less than 35 percent of people employed locally live in Coffeyville. There appears to be an opportunity in Coffeyville to construct new housing targeting the first-time move-up and upscale market segments.

Interviews were conducted with several realtors in an effort to gain a deeper understanding of Coffeyville's for-sale housing market. The comments received are summarized below.

- A lot of Oklahoma residents work in Coffeyville, providing for an untapped housing market opportunity.
- There is pent-up, but limited demand in Coffeyville for luxury housing priced above \$200,000. Northbrook is the only custom home subdivision developed over the past 20 years. Many newly hired executives buy homes in Bartlesville, Oklahoma. In the past two years several doctors have moved to Coffeyville and generated demand for luxury for-sale and rental housing. The Big Hill area of Coffeyville is an excellent location for the construction of luxury housing.
- The construction of new luxury housing in Coffeyville will trigger a domino effect allowing first-time homebuyers to purchase move-up housing vacated by families moving into luxury homes.
- Pent-up demand in Coffeyville exists for new housing targeting young families priced from \$120,000 to \$160,000.

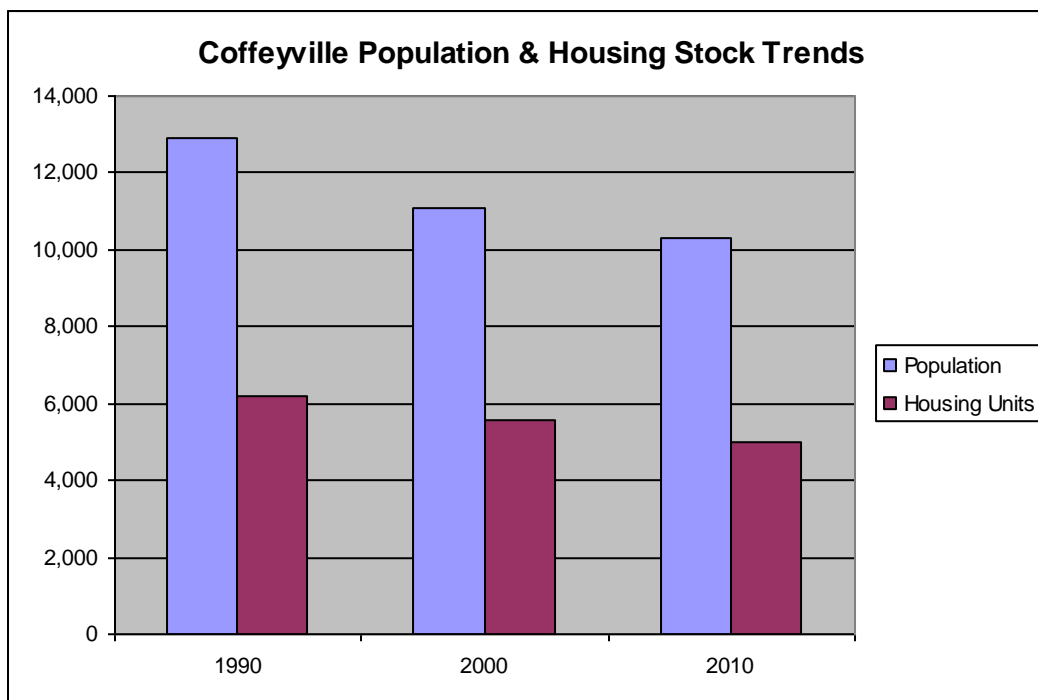
- There has been very little new home construction over the past 25 years. The lack of newer, modern housing hampers the Coffeyville housing market and results in many homebuyers to purchase homes outside of the city.
- The presence of deteriorated homes in Coffeyville and poor condition of some residential neighborhoods are issues for prospective homebuyers.
- The west and north portions of Coffeyville represent the most desirable residential areas and support the highest demand for for-sale housing.

RENTAL HOUSING MARKET ANALYSIS

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

Coffeyville Rental Market

According to the 2010 Census the housing stock of Coffeyville totals 5,021 dwelling units, of which 19.4 percent, or 974 dwelling units are in multi-unit structures. The homeownership rate for Coffeyville is 65.0 percent compared to 68.2 percent for Kansas. Over the past two decades the housing stock of Coffeyville has declined by 19.1 percent from 6,203 dwelling units in 1990 to 5,021 dwelling units in 2010. During this 20-year period the population of Coffeyville declined by 20.3 percent. The loss of 1,182 housing units is attributed both to the demolition of substandard properties as well as the 2007 flood that impacted 459 dwelling units.



The City has addressed the deteriorated and dilapidated housing problem in recent years by dedicated funds for demolition and pursuing demolition of approximately 50 structures each year. In addition, the City of Coffeyville has recently rated every residential property within the city limits. Based on the findings of the rating system the city is now in the process of entering into the eminent domain process on approximately 150 homes for the purpose of demolition.

The City faces a continuing reduction in the inventory of available affordable housing units through deterioration, dilapidation and from the demolition of uninhabitable housing that resulted from the 2007 flood. Homes in the flood impacted area were renting at a reported \$250 to \$300 per month.

Rental housing accounts for 39 percent of Coffeyville's occupied housing stock, totaling 1,647 dwelling units. The existing stock of rental housing is old with the median year built reported at 1956, compared to 1968 for the state of Kansas. In addition, according to realtors interviewed much of Coffeyville's stock of market-rate rental housing consists of single family homes with approximately one-third of the inventory owned by absentee landlords. There is a shortage of quality inventory.

Monthly rents for single family homes generally range from \$375 to \$550 for 2-bedroom homes and \$600 to \$750 for 3-bedroom/2 bath homes. High-end rental housing, of which there is little, generally commands a monthly rent of \$1,000 to \$1,200. The median rental rate in Coffeyville is \$550 per month. Quality rental properties in Coffeyville generally rent quickly. Realtors interviewed indicated rental housing in Coffeyville is current operating at an average vacancy rate of just 5.0 percent.

Very little attached rental housing has been constructed in Coffeyville over the past 25 years. As a result, much of the rental housing is old and poorly maintained. Given the area's declining population and modest income levels, despite a healthy overall occupancy rate existing rental housing garners modest rental rates.

According to the U.S. Census Bureau Coffeyville's median household income of \$31,878 is 40 percent below the national with nearly 39 percent of all households earning less than \$25,000 annually. In addition, 18.1 percent of the Coffeyville population is aged 65 years and older. Based on the income levels and age distribution of Coffeyville residents considerable demand exists for affordable rental and senior housing.

Rental Housing Survey

In an effort to identify current rental housing market conditions in Coffeyville, Kansas a survey was conducted of larger rental properties. In addition, interviews were conducted with real estate agents and rental housing management firms. For purposes of the analysis, rental properties were classified into three groups, including: 1) market-rate housing; 2) income-based apartments; and 3) senior housing. Independent and assisted living senior communities were excluded from the survey. The property data was compiled via the Montgomery County parcel search and contacting property managers and leasing agents. Findings of the competitive apartment survey are summarized in the table on the following page.

Ten large-scale rental apartment properties were surveyed in Coffeyville totaling 404 dwelling units. Half of the surveyed apartment properties are located in or near downtown Coffeyville. Given the demographics of the Coffeyville population highlighted by low income levels and a large elderly population all ten properties operate as tax credit or income-based rental apartment communities. Four properties totaling 162 dwelling units are available to singles and families with six properties totaling 242 dwelling units catering exclusively to seniors. No exclusively market-rate apartment properties were identified in Coffeyville. The surveyed apartment communities offer limited amenities, the most common being laundry facilities and playground. The senior apartment properties generally operate a community room.

Survey of Coffeyville Large-Scale Apartment Properties

Apartment Community	Year Built	Tax Credit / Section 8	Senior Housing	# of Units	Studio	1/1	2/1	2/2	3/2
Income-Base Properties									
Cleveland Apartments									
502 East 2nd Street	1981	YES	NO	24		16			8
705 East 3rd Street	1983	YES	NO	24			16		8
Coffeyville Village Apartments	1969	YES	NO	42		16	10		16
601-619 East 3rd Street									
Mill Supply Apartments	2011	YES	NO	32		10	2	20	
713 Union Street									
Coffeyville Garden Apartments	1969	YES	NO	40		10	20		10
2516 West 10th Street									
Total Income-Based Units				162	0	52	48	20	42
Senior Housing									
Patterson Square Apartments	1982	YES	YES	24		24			
401 Union Street									
Manor House	1981	YES	YES	51		51			
101 East 5th Street									
Pickwick Place Apartments	1977	YES	YES	60		60			
600 Maple Street									
Dale Apartments	1925	YES	YES	47	20	27			
206 West 8th Street									
Bella Rose Villas	1961	YES	YES	20		16	4		
1203 West 14th Street									
Sycamore Landing Apartments	1994	YES	YES	40		38	2		
701 Leward Street									
Total Senior Housing Units				242	20	216	6	0	0
Grand Total Units				404	20	268	54	20	42

Source: Canyon Research Southwest, Inc. and Montgomery County Parcel Search.

The tax credit and income-based apartment communities surveyed were new built or acquired and rehabbed using tax credits or are operated 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.

Coffeyville's inventory of rental apartments is old with an average year built of 1976. All but two of the apartment communities were built prior to 1984. The 32-unit Mill Supply Apartments located at 713 Union Street in downtown Coffeyville is the latest apartment property to be built, opening in 2011.

The modest inventory of affordable rental apartments and current population demographics suggest Coffeyville can support additional tax credit and/or income-based rental units.

Market-Rate Housing

The housing survey did not identify any large market-rate apartment properties in Coffeyville. Local realtors indicated single family homes and 2- to 4-unit properties account for the bulk of market-rate rental housing in Coffeyville.

According to the *2012 American Community Survey* published by the U.S. Census Bureau, detached single family homes account for 37.1 percent of all occupied rental units. Properties with 2 to 4 dwelling units account for 21.3 percent of all renter-occupied units.

Monthly rents for single family homes generally range from \$375 to \$550 for 2-bedroom homes and \$600 to \$750 for 3-bedroom/2 bath homes. High-end rental housing, of which there is little, generally commands a monthly rent of \$1,000 to \$1,200. The median rental rate in Coffeyville is \$550 per month. Realtors estimated the current vacancy rate for single family rental units at approximately 5.0 percent. Quality rental housing in Coffeyville rents quickly.

As of the date of this report just ten single family homes were available for rent in Coffeyville quoting an asking rental rate of \$450 to \$1,200 per month. Two bedroom homes are renting for \$450 to \$550 per month with three bedroom homes renting for \$750 to \$1,200.

The absence of quality market-rate rental properties in Coffeyville 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

Over one-third of Coffeyville households earn less than \$25,000 per year which creates considerable demand for subsidized and affordable housing. In Coffeyville, affordable housing assistance takes the form of Section 42 Tax Credit Program and the Department of Housing and Urban Development ("HUD") provides 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. Based on Montgomery County's median household income of \$55,400, for FY 2014 the maximum very low-income limit (50% of County's median income) ranges from \$19,400 annually for a one person household to \$36,600 annually for an 8-person household. The low-income limit (80% of County's median income) ranges from \$31,050 annually for a one person household to \$58,500 annually for an 8-person household.

The Multifamily Tax Subsidy Projects income limits are used to determine qualification levels and to set rental rates for low-income housing tax credit or tax-exempt bond projects. Eligibility for the Section 42 Tax Credit Program is determined based on maximum income limits set as a percentage of area median income adjusted for household size. The FY 2014 maximum annual income limits for Montgomery County, Kansas range from \$21,050 for a one person household to \$39,700 for an 8-person household.

Our survey identified ten tax credit and income-based rental properties in Coffeyville with a total of 404 dwelling units. Monthly rents are based on 30 percent of adjusted gross income. Four of the surveyed properties totaling 162 dwelling units rent to singles and families. The unit mix includes 52 one bedroom, 48 two bedroom/one bath, 20 two bedroom/two bath and 43 three bedroom/2 bath models. Three of the surveyed properties were confirmed to be built or rehabilitated using tax credits, including the Cleveland Apartments, Coffeyville Garden Apartments and Mill Supply Apartments.

The 48-unit Cleveland Apartments occupy two locations at the northeast corner of 2nd and Cedar Streets and the southeast corner of 3rd and Linden Streets on the eastside of Coffeyville. The properties were rehabbed using tax credits and placed in service in 1997 and 1999.

The 40-unit Coffeyville Garden Apartments located at 2516 West 10th Street were rehabbed using tax credits. Monthly rents inclusive of utilities are \$385 for one bedroom, \$485 for two bedroom and \$585 for three bedroom models.

The 32-unit Mill Supply Apartments located at 713 Union Street in downtown Coffeyville is the latest apartment property to be built, opening in 2011. The unit mix includes 10 one bedroom, 2 two bedroom/1 bath and 20 two bedroom/two bath units.

Senior Housing

Six senior apartment properties operate in Coffeyville totaling 242 dwelling units, all of which are tax credit and/or income-based. Because the properties cater to seniors the unit mix is dominated by one bedroom models which account for 89.3 percent of the total housing stock, or 216 dwelling units. Four of the surveyed properties were confirmed to be built or rehabilitated using tax credits, including the Patterson Square Apartments, Dale Apartments, Bella Rose Villas and Sycamore Landing Apartments.

The 40-unit Sycamore Land Apartments located at 701 Leward Street were built in 1994 using tax credit. The unit mix includes 38 one bedroom models and two 2 bedroom/1 bath models.

The 24-unit Patterson Square Apartments located at 401 Union Street were built in 1982 and rehabbed in 1997 using tax credits. All the apartment units are one bedroom models.

The 20-unit Bella Rose Villas located at 1203 West 14th Street were built in 1961 and rehabbed in 2006 using tax credits. The property's unit mix includes 16 one bedroom models and four two bedroom/ one bath models.

The 47-unit Dale Apartments located at 206 West 8th Street were built in 1925 and rehabbed in 2008 using tax credits. The 6-story brick building is located in downtown Coffeyville and features ground floor commercial space. The property's unit mix includes 20 studios and 27 one bedroom models.

Esri Business Analyst estimates Coffeyville's current senior population 65+ years of age at 1,890 residents. By 2018, the city's senior population is forecast to increase by 7.4 percent, or 140 residents, generating increased need for senior housing.

Conclusions

Rental housing accounts for 39 percent of Coffeyville's occupied housing stock, totaling 1,647 dwelling units. An estimated one-third of the rental housing stock is owned by absentee landlords. The existing stock of rental housing is old with the median year built reported at 1956, compared to 1968 for the state of Kansas. Very little attached rental housing has been constructed in Coffeyville over the past 25 years. As a result, much of the rental housing is old and poorly maintained.

Monthly rents for single family homes generally range from \$375 to \$550 for 2-bedroom homes and \$600 to \$750 for 3-bedroom/2 bath homes. High-end rental housing, of which there is little, generally commands a monthly rent of \$1,000 to \$1,200. The median rental rate in Coffeyville is \$550 per month. Quality rental properties in Coffeyville generally rent quickly. Realtors interviewed indicated rental housing in Coffeyville is currently operating at an average vacancy rate of just 5.0 percent.

Ten larger rental apartment properties were surveyed in Coffeyville totaling 404 dwelling units. Given the demographics of the Coffeyville population highlighted by low income levels and a large elderly population all ten properties operate as tax credit or income-based rental apartment communities. Four properties totaling 162 dwelling units are available to singles and families with six properties totaling 242 dwelling units catering exclusively to seniors. No exclusively market-rate apartment properties were identified in Coffeyville.

Over one-third of Coffeyville 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 18.1 percent of Coffeyville's total population, or 1,868 residents. The state-wide average for residents 65+ years is 13.2 percent, indicating Coffeyville supports an above average senior population. Esri Business Analyst estimates that by 2018 the city's senior population to increase by 162 residents, generating increased need for senior housing.

The modest inventory of affordable rental apartments and current population demographics suggest Coffeyville can support additional income-based rental units.

The primary barrier for prospective renters in Coffeyville is the limited availability of quality rental units in the form of single family homes and apartment properties. The absence of quality rental properties in Coffeyville 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.

FORECAST HOUSING DEMAND

The previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and households in Coffeyville, Kansas. This section of the report provides 5-year housing absorption estimates for the City of Coffeyville.

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 therefore, 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

Smaller communities and rural areas such as Coffeyville, Kansas tend to have higher proportions of younger households that own their housing than in larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single family housing for young households and a scarcity of senior housing alternatives for older households. Therefore, the age categories for housing life cycles will be somewhat different in Coffeyville than in the nearby metropolitan areas of Wichita, Tulsa and Kansas City.

Over the next five years residents 35 to 64 years of age will have the biggest effect on the housing market in Coffeyville with this age cohort accounting for over one-third of the city's population. Some of those residents in their mid-30's and 40's will prefer more expensive single family homes, while others who become empty nesters may prefer to downsize. 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 over the coming decade. Some of these people will move out of their single family homes into independent or assisted living communities. Finally, over the coming the next five years the young population in Coffeyville aged 20 to 24 years will be entering the housing market placing increased demand on affordable housing.

Housing Demand Calculations

Residential housing absorption estimates for the City of Coffeyville, Kansas through the year 2018 were forecast based on an economic model of the new housing market. Key input to the model includes historical patterns in annual residential building permit activity; projected population growth; average household formation rates and income levels. Demographic characteristics for the City of Coffeyville published by the U.S. Census influencing the demand and composition of housing are summarized in the table on the following page.

Future demand for additional housing in Coffeyville, Kansas will primarily come from household growth, although replacement need may also contribute to the demand for additional residential housing stock. 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. While the 2010 Census reported the overall occupancy rate for rental housing in Coffeyville at 84.2 percent; pent-up demand may exist given the large stock of rental housing in poor condition. Only two large market-rate apartment properties have been built since 1990 in Coffeyville and our research indicates there is some demand for newer, contemporary product.

According to the *2012 American Community Survey* published by U.S. Census Bureau from 2000 to 2012 a total of 111 residential housing units were constructed within the City of Coffeyville. Supportable residential housing absorption over the next five years 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.

Over the past five decades the City of Coffeyville experienced steady population loss, declining by 31.9 percent from 15,116 residents in 1970 to 10,295 residents by 2010. From 2013 to 2018, Esri Business Analyst forecasts the Coffeyville population to decline by 2.1 percent. The Wichita State University Center for Economic Development and Business Research projects that the Montgomery County population will decline by 4.7 percent from 2010 to 2020, to 32,767 residents.

Esri Business Analyst estimates Coffeyville’s 2013 population at 10,232 residents. The rate of population loss has slowed and it appears the negative impact of the 2007 flood has passed. Also, employment growth in Montgomery County is on the upswing. Based on these market factors Coffeyville is forecast support a modest population annualized growth of 0.3 percent to 0.5 percent from 2013 through 2018, yielding a net increase of 154 to 258 residents. Consistent with national trends the elderly and family/working adult populations are expected to continue to grow. The City of Coffeyville’s average household size as published by the 2010 Census is 2.27 persons. Therefore, as illustrated in the table below, Coffeyville’s forecast population growth through 2018 will yield 68 to 114 new households.

Population and Household Projections Coffeyville, Kansas; 2013-2018

Year	Growth 0.30%	Rate 0.50%
2013	10,232	10,232
2014	10,263	10,283
2015	10,293	10,335
2016	10,324	10,386
2017	10,355	10,438
2018	10,386	10,490
Population Growth	154	258
Households	68	114

Another potential source of future housing demand in Coffeyville is the capture of employees of local businesses that are nonresidents. According to the U.S. Census Bureau, in 2010 Coffeyville supported 4,450 jobs, of which less than 35 percent were residents of the City. Realtors cited the lack of quality housing as a principal reason why local employees live elsewhere. At modest capture rates of 2 to 4 percent pent up housing demand is estimated at 58 to 116 dwelling units.

Another factor in calculating demand for housing is an examination of replacement need. Replacement need is generated from the loss of housing, or the need to replace housing units that are physically or functionally obsolete. A review of the age of Coffeyville’s housing stock from the U.S. Census Bureau revealed that 1,850 housing units, or 22.5 percent of the total housing stock, were built prior to 1940. As a means to address the issue of substandard and neglected properties the City of Coffeyville has rated each residential property in the city. Based on the findings of the rating system the city is now in the process of entering into the eminent domain process on approximately 150 homes for the purpose of demolition. Given Coffeyville’s large

inventory of vacant substandard and neglected housing units, replacement need is anticipated to be negligible.

To conclude, through population growth and the modest capture of nonresidents working locally new housing demand from 2013 through 2018 in Coffeyville is estimated at 126 to 230 dwelling units. According to the 2010 Census Coffeyville's mix of occupied housing units was 61 percent owner-occupied and 39 percent renter occupied. This report estimates that through 2018, owner-occupied housing will account for 60 percent of all new housing units with renter-occupied housing accounting for the remaining 40 percent. Therefore, through 2018 the mix of new housing demand is estimated at 76 to 138 owner-occupied units and 50 to 92 rental units.

According to the 2010 Census, an estimated 795 residential dwelling units were unoccupied in Coffeyville. Given the level of recent housing demolition activity and large inventory of deteriorated and functionally obsolete housing in Coffeyville, this report assumes that the bulk of new housing demand forecast through 2018 will migrate to new housing.

Household income levels directly influence housing affordability. From 2013 to 2018 Esri Business Analyst forecasts a 13.7 percent increase in the average household income of Coffeyville to \$49,193 annually. By 2018, an estimated 17.3 percent of households will earn \$75,000 or more. Coffeyville's large concentration of low-income households and small percentage of high-income households suggests a strong need for affordable housing and restricts the size of the luxury housing market.

Projected Households by Income City of Coffeyville; 2012-2018

Income Bracket	2013 Estimate	% of Total	2018 Projection	% of Total	% Change 2013-18
Less than \$15,000	877	20.9%	844	20.6%	-3.8%
\$15,000 - \$24,999	752	17.9%	547	13.4%	-27.3%
\$25,000 - \$34,999	770	18.4%	650	15.9%	-15.6%
\$35,000 - \$49,999	457	10.9%	410	10.0%	-10.3%
\$50,000 - \$74,999	773	18.4%	931	22.8%	20.4%
\$75,000 - \$99,999	242	5.8%	322	7.9%	33.1%
\$100,000 - \$149,999	257	6.1%	302	7.4%	17.5%
\$150,000 - \$199,999	18	0.4%	24	0.6%	33.3%
\$200,000+	47	1.1%	58	1.4%	23.4%
Totals	4,193		4,088		
Average Household Income	\$43,255		\$49,193		13.7%

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 Coffeyville 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 Montgomery County for a single family home is \$271,050. 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 4.43 percent and from 2009 to 2013 mortgage rates averaged approximately 4.37 percent. Because mortgage rates increased throughout 2013 and are expected to edge higher in 2014 this analysis used a range from 4.75 to 6.25 percent.

Approximately 10.9 percent of Coffeyville 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 18.4 percent of Coffeyville 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 5.8 percent of Coffeyville 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.

For-Sale Housing Affordability Estimates

Household Income	Monthly Housing Costs		Mortgage Amount		Housing Value	
	Principal & Interest		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 Coffeyville, through the year 2018 **new** demand for housing priced under \$100,000 is forecast to account for 15 percent of total owner-occupied housing absorption. Housing priced from \$100,000 to \$149,999 is forecast to account for 30 percent of total owner-occupied housing absorption. Homes priced from \$150,000 to \$199,999 are estimated to account for 35 percent of new housing demand. Homes priced at \$200,000 and over are anticipated to account for 20 percent of total for-sale housing absorption.

Income levels suggest considerable new demand for affordable rental housing will materialize in Coffeyville through the year 2018. An estimated 38.8 percent of households in Coffeyville earn less than \$25,000 annually. These households tend to be perpetual renters. Through 2018 rental housing at rents of less than \$550 (current 2011 dollars) in the City of Coffeyville is forecast to account for 55 percent of total new rental housing absorption, or 28 to 51 dwelling units. An estimated 35 percent of new rental housing absorption, or 18 to 32 dwelling units, will originate at rents of \$550 to \$749 per month.

The table below outlines our calculations of general-occupancy new housing absorption in Coffeyville, Kansas from 2014 through 2018.

Forecast New Housing Absorption by Product Type City of Coffeyville, Kansas; 2014-2018

Housing Type	Affordability Factor % of Households	Total Low	Units High
New Owner-Occupied Housing Units (Value)			
Up to \$100,000	15%	11	21
\$100,000 - \$149,999	30%	23	41
\$150,000 - \$199,999	35%	27	48
\$200,000+	20%	15	28
Total Owner-Occupied Housing Demand		76	138
New Rental Housing Units (Monthly Rent)			
Up to \$550	55%	27	51
\$550 - \$749	35%	18	32
\$750+	10%	5	9
Total Rental Housing Demand		50	92
Total Housing Demand		126	230

Source: Canyon Research Southwest, Inc.

STUDY CONCLUSIONS

Findings and recommendations provided by the *Housing Demand Market Analysis* prepared for the City of Coffeyville, Kansas include:

- Quantify 5-year housing absorption for the City of Coffeyville and
- Identify opportunities for future new housing construction in Coffeyville, including market segmentation (i.e., prospective target markets and pricing), housing product types (i.e., for-sale, rental and senior housing) and location of development sites.

Forecast Housing Demand

Through population growth and the modest capture of nonresidents working locally new housing demand from 2013 through 2018 in Coffeyville is estimated at 126 to 230 dwelling units. According to the 2010 Census Coffeyville’s mix of occupied housing units was 61 percent owner-occupied and 39 percent renter occupied. This report estimates that through 2018, owner-occupied housing will account for 60 percent of all new housing units with renter-occupied housing accounting for the remaining 40 percent. Therefore, through 2018 the mix of new housing demand is estimated at 76 to 138 owner-occupied units and 50 to 92 rental units. The table below outlines our calculations of general-occupancy new housing demand in Coffeyville, Kansas from 2014 through 2018.

Forecast New Housing Absorption by Product Type City of Coffeyville, Kansas; 2014-2018

Housing Type	Affordability Factor % of Households	Total Low	Units High
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Up to \$100,000	15%	11	21
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Total Rental Housing Demand		50	92
Total Housing Demand		126	230

Source: Canyon Research Southwest, Inc.

Household income levels directly influence housing values. Based on current and estimated future household income growth in Coffeyville, through the year 2018 **new** demand for housing priced under \$100,000 (2011 dollars) is forecast to account for 15 percent of total owner-occupied housing absorption. Housing priced from \$100,000 to \$149,999 is forecast to account for 30 percent of total owner-occupied housing absorption. Homes priced from \$150,000 to \$199,999 are estimated to account for 35 percent of new housing demand. Homes priced at \$200,000 and over are anticipated to account for 20 percent of total for-sale housing absorption.

Income levels suggest considerable new demand for affordable rental housing will materialize in Coffeyville through the year 2018. An estimated 38.8 percent of households in Coffeyville earn less than \$25,000 annually. These households tend to be perpetual renters. Through 2018, rental housing at rents of less than \$550 (2011 dollars) in the City of Coffeyville is forecast to account for 55 percent of total new rental housing absorption, or 28 to 51 dwelling units. An estimated 35 percent of new rental housing absorption, or 18 to 32 dwelling units, will originate at rents of \$550 to \$749 per month.

Housing Market Opportunities

Coffeyville has successfully attracted a large employment base including such notable companies as Amazon.com and John Deere. However, despite supporting approximately 4,450 jobs only 35 percent of workers reside in the community. A primary hurdle in attracting new residents is the limited availability of quality for-sale and rental housing. Several area employers indicated a difficulty in filling available positions due primarily to the shortage of quality housing in Coffeyville. Many new employees at local firms relocating to the area must seek housing in such places as Bartlesville, Oklahoma and commute to work. For Coffeyville to successfully retain and attract jobs as well as lure new residents it must offer prospective employers and their employees a more diverse mix of quality housing, including both new for-sale and rental product.

Single family housing in Coffeyville is very affordable. In 2013, the average sales price was just \$66,287 for resale homes. Therefore, the current housing market is affordable to hourly workers, office staff and management. However, what is needed is a greater mix and stock of quality new for-sale housing priced from \$120,000 to \$160,000 aimed at entry-level and first-time move-up buyers and \$200,000+ targeting upper management, professionals and physicians.

Coffeyville's west side is the preferred location for new home construction targeting entry-level and first-time move-up buyers, boasting schools, shopping, recreation, health services and employment. New semi-custom and custom housing priced at \$200,000 and above will require a unique and prestigious location. The Big Hill area in northwest Coffeyville highlighted by excellent view corridors and the presence of two golf courses and the Northbrooke custom home subdivision is an ideal location for the development of a premier single family home community.

The primary barrier for prospective renters in Coffeyville is the limited availability of quality rental units in the form of single family homes, duplexes and apartment properties. The absence of quality rental properties in Coffeyville 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.

An estimated 29.3 percent, or 1,230 households, in Coffeyville earn \$35,000 to \$74,999 per year, of which some are prospective renters of market-rate housing. By 2018, an additional 111 households are forecast to earn \$35,000 to \$74,999 per year, suggesting a modest growth in the demand for market-rate rental housing. Large-scale market-rate apartment development targeting move-up renters is best suited on the west side of Coffeyville. In addition, the construction of market-rate duplexes for rent is appropriate infill development.

With nearly 39 percent of households in Coffeyville earning less than \$25,000 there is projected to be a continued need for affordable rental housing. In addition, Coffeyville's senior population is large and growing. Esri Business Analyst estimated Coffeyville's current population aged 65 and older at 1,890 residents, or 18.5 percent of the City's population. By comparison, seniors comprise just 13.7 percent of Kansas' total population. By 2018 Coffeyville's senior population is estimated to increase by 7.4 percent, or 162 new people, generating a growing demand for affordable rental housing geared specifically to seniors. Only six income-based senior apartment properties totaling just 242 dwelling units currently operate in Coffeyville, suggesting a supply-demand imbalance.

Based on Coffeyville's income and age demographics as well as current supply of affordable rental housing, over the next five years additional construction of income-based rental properties for singles, families and senior will be required. Appropriate location for the development of future affordable rental housing is within the portion of Coffeyville located south of 11th Street.

ADDENDA

EXHIBIT A

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 B

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. Funded 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.